One Bank One UniCredit

2016

Consolidated Reports and Accounts

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.

Simple Pan-European Commercial Bank

We are a simple pan-European commercial bank with a fully plugged in CIB, enriched by multiple cultures and strong local knowledge, where everybody shares the same vision: One Bank, One UniCredit. That's why when it comes to our client's international needs we have the solution. Whether it is trade or other banking services, we can help: with our deep local knowledge and our unique Western Central and Eastern European network serving our clients in Europe and beyond, we are fully equipped to meet our clients' needs, both in our home-markets and further afield.

Introduction

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.

Board of Directors, Board of Statutory Auditors and External Auditors as at December 31, 2016

Board of Directors

Giuseppe Vita	Chairman
Vincenzo Calandra Buonaura	Deputy Vice Chairman
Luca Cordero di Montezemolo Fabrizio Palenzona(*)	Vice Chairman
Jean Pierre Mustier	CEO
Mohamed Hamad Al Mehairi Sergio Balbinot Cesare Bisoni Henryka Bochniarz Martha Boeckenfeld Alessandro Caltagirone Lucrezia Reichlin Clara-Christina Streit Paola Vezzani Alexander Wolfgring Anthony Wyand Elena Zambon	Directors
Gianpaolo Alessandro	Company Secretary

Board of Statutory Auditors

Pierpaolo Singer	Chairman
Angelo Rocco Bonissoni Enrico Laghi Benedetta Navarra Maria Enrica Spinardi	Standing Auditors
Francesco Giordano	**Manager in charge with preparing the financial reports**
Deloitte & Touche S.p.A.	**External Auditors**

(*) On March 1, 2017 Mr. Fabrizio Palenzona was stepping down from his role as Vice Chairman.

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 € 20,862,962,205.11 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

Chairman's message

“With the launch of the Transform 2019 Strategic Plan, UniCredit introduced a new way of banking – a way that is both more sustainable and more competitive.”

Giuseppe Vita
Chairman

Dear Shareholders,

2016 saw a series of upheavals that significantly contributed to uncertainty about the future. It began with rising concerns about the health of the Italian banking sector, continued with the jolt that Brexit delivered to an already weakened Europe, and closed with rising turmoil in the Middle East and the introduction of new unknowns to a changing geopolitical landscape. Through it all, a steady stream of terrorist attacks further undermined our shared sense of security.

Concurrently, the European banking industry was compelled to reinvent itself in an era of zero interest rates, more stringent regulation and rising customer expectations.

In light of all of these developments, UniCredit cannot afford to stand still. If it is going to seize every opportunity to generate value and maintain its position as one of Europe's premier banks, it must continue to evolve.

To drive this evolutionary process forward, significant steps were taken over the past 12 months. Indeed, 2016 marked a major turning point for UniCredit, headlined by the appointment of Jean Pierre Mustier as the bank's new chief executive officer. He accepted the reins from Federico Ghizzoni, whom I would like to thank for his many years of dedicated service and for the steadfast commitment he displayed as UniCredit's CEO over the past six years.

Jean Pierre's return to the Group was most welcome. Given the years he previously spent as the head of our Corporate and Investment Banking division, I am confident that his extensive knowledge of the bank, along with his many stellar personal qualities, will enable him to steer UniCredit through its current transformation.

The replenishment of our management team represented yet another important change for UniCredit. All of our new managers, who were carefully chosen for their international vision and experience, were appointed from within the Group – an outcome that underscores the superb pool of professional talent to be found at UniCredit.

Yet I believe that the most significant event of the year for our Group was the launch of the Transform 2019 Strategic Plan, which resulted from the diligent work of our Board of Directors and our entire management team. With this plan, UniCredit introduced a new way of banking – a way that is both more sustainable and more competitive.

This break with the past can be summed up in three words: discipline, efficiency and profitability. Our priority is to increase UniCredit's capacity to create value by strengthening its balance sheet and taking a more vigilant approach to risk management. At the same time, we will leverage the full potential of new technologies to accelerate the digitization of the bank's processes and provide customers with higher-quality services.

In 2016, changes were also made to UniCredit's corporate governance. In particular, the functions of the Corporate Governance Committee were expanded to include supervision of sustainability-related issues, which have continued to grow in importance. With the renewal of the board to take place in 2018, as previously scheduled, additional changes will come into force. These include a reduction in the number of board members and vice presidents and the introduction of term limits for directors to ensure adequate turnover. Further work is ongoing to improve the efficiency of the board, including measures related to the management of documents and the flow of information. The object is to make more time available for strategic discussions.

Finally, Martha Dagmar Böckenfeld and Sergio Balbinot joined the board this year following the resignations of Helga Jung and Manfred Bischoff. I would like to thank both of these departing directors for their invaluable contributions.

All of these changes were made for the sake of a common objective: to make UniCredit more competitive. We cannot afford to be complacent and must redouble our efforts to ensure we are fully equipped for the future.

Only by working together can we overcome all the challenges ahead. Now more than ever before, the commitment and skill of our colleagues, as well as the confidence of our shareholders, are our primary sources of strength. We are grateful for their ongoing support at this key moment in UniCredit's long and proud history.

Sincerely,

Giuseppe Vita
Chairman
UniCredit S.p.A.

Chief Executive Officer's message

"I am proud to have the opportunity to lead UniCredit. I and my management team are fully committed to making UniCredit one of the most attractive banks in Europe."

Jean Pierre Mustier
Chief Executive Officer

Dear Shareholders,

as this is my very first letter to you, I would like to say how proud and honored I am to have the opportunity to lead UniCredit and that I and my management team, are fully committed to making UniCredit one of the most attractive banks in Europe and to creating recurring value for all our stakeholders.

2016 was an eventful year for European financial services, including for the Italian banking sector. This, coupled with rapidly evolving client behaviors and expectations and the need to transform and strengthen the Bank, led us to launch an in depth strategic review in early July.

Our core priorities are to reinforce and optimize the Group's capital position, improve profitability, ensure continuous transformation of operations, maintain flexibility to seize value creating opportunities, further reduce costs, increase cross selling and above all further improve risk discipline.

There is now one executive governing body, one closely knit management team, led by the CEO and composed of the leaders of the key activities and geographies within UniCredit, with one single General Manager in charge of all businesses activities. There is now One Bank, One UniCredit.

Before we presented the outcome of the strategic review, Transform 2019, which is the beginning of a long term transformative process for the bank, we took bold actions to strengthen our capital ratios. We did so by agreeing the sales of Pioneer and Pekao and by optimizing our participation in Fineco as well as improving our asset quality by addressing our Italian legacy issues through the de-risking of a 17.7 billion euro non performing portfolio.

Transform 2019's core message is that UniCredit is a simple Pan-European Commercial Bank, with a fully plugged in CIB, delivering a unique Western, Central and Eastern European network to its extensive client franchise; competitive advantages - on which we shall build.

The plan is based on pro-active self-help. Key levers of the plan, cost and risk, are fully under management control. This to ensure maximum value creation for all our stakeholders while reducing execution risk.

We de-risked the balance sheet by taking an 8.1 billion euro one-off provision in 2016 resulting in boosted coverage. This will significantly improve our asset quality.

Very strong risk discipline is another key component of the plan, this to further improve the quality of future origination with the objective to bring our group cost of risk down to about 49 bps by end 2019.

The transformation of business processes will allow our teams more client facing time, provide a better service and leading to a recurring 1.7 billion euro net annual cost reduction as of 2019. Group cost income ratio will decrease by more than 9.5 percentage points to below 52 per cent.

However, this transformation will also lead to a number of colleagues leaving the Group, primarily through early retirements and voluntary redundancies. We shall endeavor to treat everyone concerned with the utmost respect and dignity to facilitate their transition. My thanks for the contribution they have made to the Bank.

Going forward we will have a much leaner but strong steering corporate centre to drive Group performance and ensure accountability through a set of Group-wide KPIs.

Taking the current low rate environment and prevailing economic context into account, our objective is to reach a RoTE above 9 per cent in 2019.

Fully loaded CET1 will be above 12.5 per cent in 2019.

The Transform 2019 targets are tangible pragmatic and based on conservative assumptions. As a team we are fully committed to achieving them with management's interests fully aligned with shareholders'.

In order to achieve the plan targets and to significantly strengthen the Group's capital position in line with best-in-class global SIFIs, a 13 billion euro rights issue was proposed.

Let me also pay tribute to our employees and thank them for their ongoing commitment. This is only the beginning of our transformative journey and it is thanks to our teams, that we will be successful and create value.

Sincerely,

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

Highlights

UniCredit is a strong pan-European Group with a simple commercial banking model and a fully plugged in Corporate & Investment Bank, delivering its unique Western, Central and Eastern European network to its extensive 25 million strong client franchise. UniCredit offers local expertise as well as international reach and accompanies and supports its clients globally, providing clients with unparalleled access to leading banks in its 14 core markets as well as an another 18 countries worldwide. UniCredit's European banking network includes Italy, Germany, Austria, Bosnia and Herzegovina, Bulgaria, Croatia, Czech Republic, Hungary, Romania, Russia, Slovakia, Slovenia, Serbia and Turkey.

Financial Highlights[1]

Operating income
€ 18,801 m

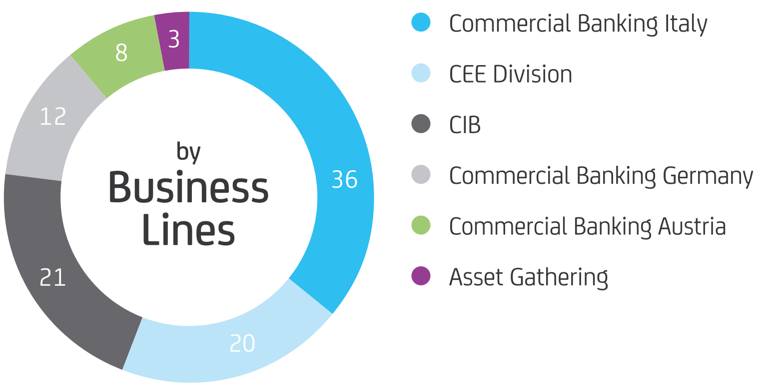
Net profit (loss)
€ (11,790) m

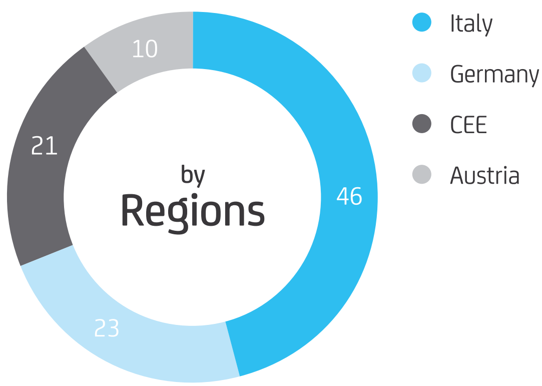
Shareholders' equity
€ 39,336 m

Total assets
€ 859,533 m

Common Equity Tier 1 ratio*
11.15%

Revenues[1] (%)



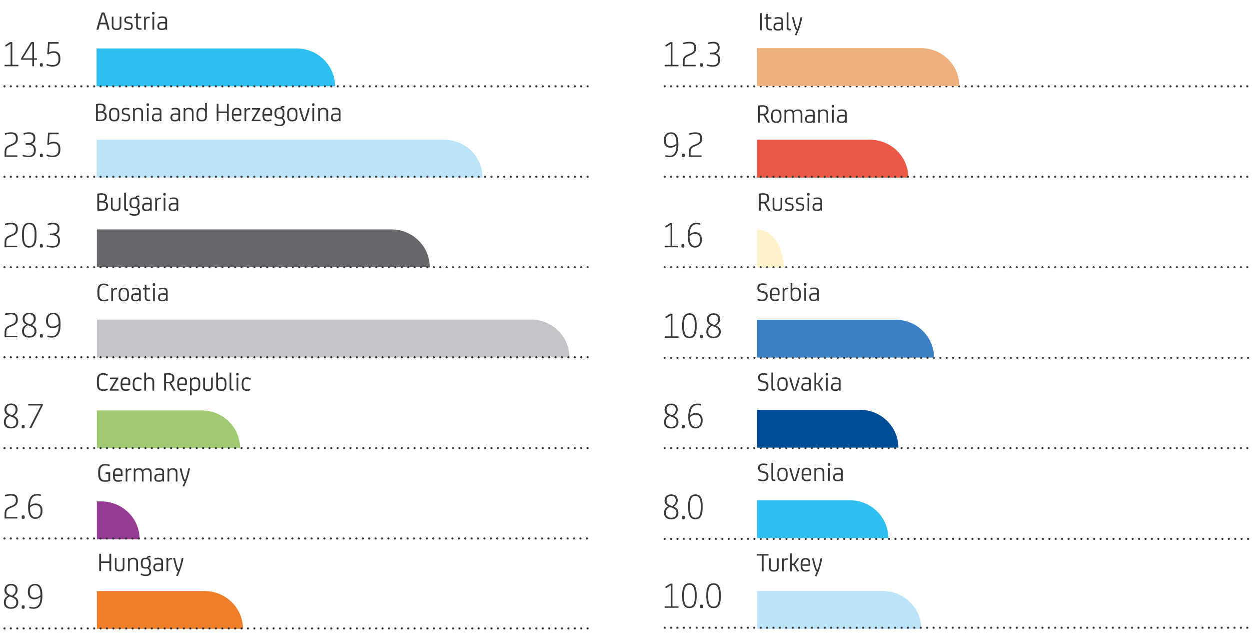


1. Data as at December 31, 2016. As at December 31, 2016, in accordance with IFRS5, the assets/liabilities and the profit/loss of Bank Pekao S.A., Pioneer Global Asset Management S.p.A. and their subgroups' companies, as a result of their classification as "discontinued operations", were recognized:
• in Balance Sheet under items "Non-current assets and disposal groups classified as held for sale" and "Liabilities included in disposal groups classified as held for sale";
• in Income Statement under item "Profit (loss) after tax from discontinued operation";
• the previous periods were restated accordingly to increase comparability.
* Fully loaded CET1 ratio at 11.15% post capital increase, above 12% including Pioneer and Pekao deals. CET1 ratio transitional at 11.49% post capital increase.

International Presence[2]

- Austria
- Bosnia and Herzegovina
- Bulgaria
- Croatia
- Czech Republic
- Germany
- Hungary
- Italy
- Romania
- Russia
- Serbia
- Slovakia
- Slovenia
- Turkey

Market Shares[3] (%)



2. On December 8, 2016, UniCredit ("UCG") entered into a binding agreement with PZU SA and PFR (Polish Development Fund) for the sale of a 32.8% stake in Bank Pekao (Poland) and, on the same date, it announced the disposal of the remaining 7.3% via a market transaction. The CEE division includes only the 11 countries in which the Group operates through Retail branches. Accordingly, Azerbaijan, Estonia, Latvia and Lithuania have been excluded.
3. Market Shares in terms of Total Loans as at December 31, 2016. Source: Company data, National Central Banks.

One Bank, One UniCredit Transform 2019

A challenging business environment marked by greater regulatory pressure and a lengthy period of low growth and low interest rates has prompted a deep strategic review of every major area of the bank. More specifically, the review has focused on how to reinforce and optimize the Group's capital position, reduce the risk profile of the balance sheet, improve profitability, and ensure that operations are transformed continuously in ways that enable increased client focus, further cost reductions and cross-selling across Group entities. These goals are to be pursued while maintaining the flexibility to seize value-creating opportunities and while improving risk discipline still further.

Hence, the Transform 2019 strategic plan targets are pragmatic, tangible and achievable and are based on conservative assumptions associated with five strategic pillars defined as follows:

- **Strengthen and optimize capital,** to align capital ratios with the best in class G-SIFIs
- **Improve the asset quality,** addressing Italian legacies via a proactive balance sheet de-risking
- **Transform the operating model,** strengthening our client focus while simplifying and streamlining products and services
- **Maximize commercial bank value,** capitalizing on the potential of our retail client relationships and our status as the "go-to" bank for corporate clients in Western Europe while building on our leadership position in Central and Eastern Europe and increasing cross-selling across business lines and countries
- **Adopt a lean but strong steering Group Corporate Center,** establishing consistent Groupwide KPIs to drive performance and improve accountability

This transformation will enable the Group to take advantage of future opportunities and generate long-term profits, functioning successfully as a **simple pan-European commercial bank with a fully plugged in CIB and a unique network in Western, Central and Eastern Europe.**

Five Strategic Pillars

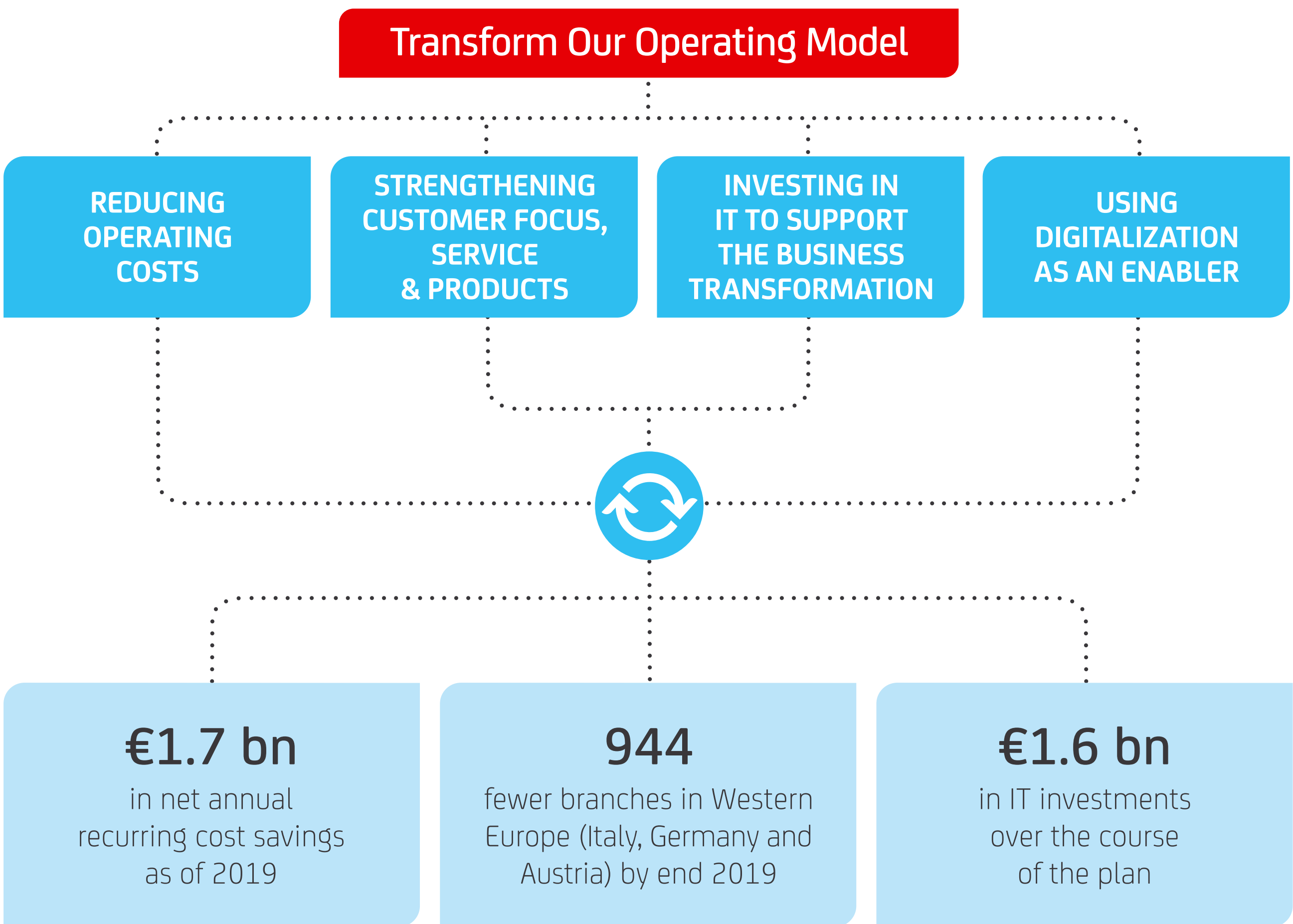
STRENGTHEN AND OPTIMIZE CAPITAL	IMPROVE ASSET QUALITY	TRANSFORM OPERATING MODEL	MAXIMIZE COMMERCIAL BANK VALUE	ADOPT LEAN BUT STEERING CENTER
Reinforce capital Capital optimization actions	Increasing coverage ratio of bad loans Strong risk discipline	Digitalization and process redesign Improved efficiency and customer focus	Tailored strategies Synergies and cross-selling	KPIs to drive performance and accountability Leaner support functions and transparent cost allocation

Transform Our Operating Model

Among the key pillars of UniCredit's strategic plan for 2017-2019, one of the most important objectives is the transformation of the Group's operating model. The purpose of this is to strengthen our customer focus, service and products while simplifying our structure and increasing our efficiency.
Digitalization will enable the transformation and make it possible to achieve a lower sustainable cost base.

The main initiatives include:

- **Redesigning end-to-end processes and lowering the cost of "running the bank"** by leveraging our global operations and developing economies of scale
- **Strengthening client focus** by further improving the customer experience, carrying out product standardization, and engaging in more client-facing activities
- **Investments in IT** that will support the business transformation with greater digitalization, the technological improvement of core systems, and ongoing infrastructure updates



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.

Strategy and Results

2016 Highlights(*)

Q4 2016

- **Net Loss**: €13.6 bn. Excluding €13.2 bn one-offs[1], Group net loss at €352 m.
- **Revenues:** €4.2 bn (-9.0 per cent Q/Q, -10.6 per cent Y/Y).
- **Total costs:** €3.6 bn (+20.9 per cent Q/Q, +17.5 per cent Y/Y), adjusted cost/income ratio of 64.5 per cent[2] (+3.8p.p. Q/Q, +3.4p.p. Y/Y).
- **Asset Quality:** LLP at €9.6 bn (above 100 per cent Q/Q and Y/Y), adjusted cost of risk at 132bp[3] (+47bp Q/Q, +25bp Y/Y); gross NPE ratio down to 11.8 per cent (-3.4p.p. Q/Q, -4.2p.p. Y/Y) and coverage ratio at 55.6 per cent; net bad loan ratio at 2.5 per cent and coverage ratio at 65.6 per cent.
- **Capital ratio:** CET1 ratio fully loaded at 7.54 per cent, CET1 ratio transitional at 8.15 per cent, Tier 1 ratio transitional at 9.04 per cent and Total Capital ratio transitional at 11.66 per cent.
  CET1 Fully loaded including €13 bn rights issue at 11.15 per cent. Capital ratios transitional including €13bn rights issue: CET1 ratio at 11.49 per cent Tier 1 ratio at 12.43 per cent and Total Capital ratio at 15.08 per cent.
  Leverage ratio transitional at 3.61 per cent and fully loaded at 3.24 per cent; figures following €13 bn capital increase at 4.94 per cent and 4.66 per cent respectively.

YEAR 2016

- **Net Loss:** €11.8 bn. Excluding €13.1 bn one-offs[4], Group net profit at €1.3 bn.
- **Revenues:** €18.8 bn (-0.3 per cent FY/FY).
- **Total costs:** €12.5 bn (+1.5 per cent FY/FY), adjusted cost/income ratio of 61.1 per cent[2] (-0.7p.p. FY/FY).
- **Asset Quality:** LLP at €12.2 bn (above 100 per cent FY/FY), adjusted cost of risk at 91bp[3] (+8bp FY/FY).

1 In addition to -€12.2 bn one-offs disclosed during the Capital Markets Day (CMD) on December 13, 2016, certain further negative on-off items amounting to c. -€1.0 bn are recorded in 4Q16 and are mainly resulting from: a higher write-down of the participation in Atlante Fund, write-downs of DTA for temporary differences, increased provisions to risk and charges related to the National Resolution Fund in Italy and further write downs of participations and subsidiaries.
In detail, -€13.2 bn of one-offs registered in 4Q16 is composed as follow: -€8.1 bn LLPS, -€1.7bn integration costs mainly related to Italy and Germany, +€0.4 bn net gain on card processing activities, -€2.2 bn write-down on Group participations and other charges, -€0.3 bn write-down of DTA, -€0.9 bn Ukrsotsbank disposals and Pekao IFRS5 valuation and -€0.5 bn write off of goodwill and other intangibles.
2 Adjusted Cost/Income for temporary effect due to the classification of Pioneer under IFRS5 and by non-recurring items related to the Transform 2019 impacting costs and revenues (cost/income ratio is equala t c. 84% without taking into consideration such effects).
3 Cost of risk adjusted for -8.1bn non recurring LLP in 4Q16, related to Transform 2019.
4 FY16 non recurring items at -€13.1 bn as follow: -€13.2 bn in 4Q16 o/w -€8.1 bn LLP, -€1.7bn integration costs mainly related to Italy and Germany, +€0.4 bn net gain on card processing activities, -€2.2 bn write-down on Group participations and other general provisions, -€0.3 bn write-down of DTA, -€0.9 bn Ukrsotsbank disposals and Bank Pekao IFRS5 valuation and -€0.5 bn write off of goodwill and other intangibles and +€0.1 bn in 9M16 (mainly referring to Deferred Benefit Obligations in Austria, integration costs in Italy, extraordinary trading gain, capital gain from the disposal of VISA Europe stake, LLP release, restructuring charges in Italy and guarantee fees for DTA conversion in Italy).

(*) Informations published on institutional web-site with the press release issued on February 9, 2017.

Note to the Consolidated Report on Operations and Accounts

General Aspects

The UniCredit group's Consolidated Reports and Accounts as at December 31, 2016 have been compiled under IFRS as required by Banca d'Italia Circular No.262 of December 22, 2005 (fourth amendment dated December 15, 2015). These instructions lay down the Accounts tables and compilation methods, as well as the Notes to the Accounts.

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

Included in this Report are:
- the Certification of the Consolidated Financial Statements pursuant to Art.81-ter of Consob Regulation No.11971/99 as amended and supplemented;
- the Report of the External Auditors in accordance with Articles 14 and 16 of Legislative Decree No.39 of January 27, 2010.

UniCredit's website also contains the press releases concerning the main events of the period, the presentation to the market of the results for the period and the Disclosure by Institutions according to Regulation (EU) 575/2013.

Any discrepancies between data disclosed in the Consolidated Report on Operations and in the consolidated accounts are solely due to the effect of rounding.

General Principles Followed in the Preparation of the Consolidated Report on Operations

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

The Consolidated Report on Operations is accompanied by a number of tables - Highlights, Reclassified Accounts and their Quarterly Figures, Reclassified Income Statement - Comparison of Q4 2016/Q4 2015, Segment Reporting, Group historical data and UniCredit Share - as well as a comment on Group Results and Results by Business Segment, accompanied, in order to provide further information about the performance achieved by the Group, by some alternative performance indicators (as Cost/income ratio, EVA, Net bad loans to customers/Loans to customers, Net Non-Performing loans to customers/Loans to customers, Absorbed Capital, ROAC, Cost of risk).

Although some of this information, including certain alternative performance indicators, are not extracted nor directly reconciled with Consolidated Financial Statements, in the Consolidated Report on Operations and in Annexes are inserted explanatory descriptions of the contents and, in case, of the calculation methods used, in accordance with European Securities and Markets Authority Guidelines (ESMA/2015/1415) of October 5, 2015.

Reconciliation Principles Followed for the Reclassified Balance Sheet and Income Statement

The Reclassified Balance Sheet and Income Statement have substantially led to the restatement, as shown in the reconciliation tables annexed to this volume, of the accounting entries as follows:

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

Note to the Consolidated Report on Operations and Accounts

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

As 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 were restated accordingly to increase comparability, pursuant to the regulations in force; while the opening balances of the tables showing the annual changes were unchanged.

Scope of consolidation

During 2016 the following overall changes have been recorded in the consolidation perimeter:
- the number of fully consolidated companies changed from 713 at the end of 2015 to 680 at December 2016 (38 incoming and 71 exited), presenting a decrease of 33;
- the number of companies consolidated using the equity method changed from 67 at the end of 2015 to 65 at December 2016 (1 incoming and 3 exited), presenting a decrease of 2.

For further details see Part A - Accounting Policies; A.1 General, Section 3 - Consolidation Procedures and Scope and Part B - Consolidated Balance Sheet - Assets, Section 10 - Investments in associates and joint ventures (item 100).

Non-Current Assets and Asset Groups Held for Disposal

In the Balance Sheet at December 31, 2016, the main reclassified assets based on the IFRS5 accounting principle, as non-current assets and asset disposal groups refer to:
- regarding the individual asset and liabilities held for sale:
  - the subsidiaries Bankhaus Neelmayer AG and UniCredit Leasing TOB;
  - the real estate properties held by certain companies in the Group;
  - credit exposures belonging to the FINO Portfolio in view of the Group intention to gradually dispose of the entire portfolio within 12 months;
- regarding the data relating to groups of assets held for sale and associated liabilities:
  - the companies of the Pekao and Pioneer Groups (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 e Pioneer Alternative Investments (Israel) Ltd, belonging to Pioneer Group and not subject to sale);
  - the companies of the Immobilien Holding Group (Austria).

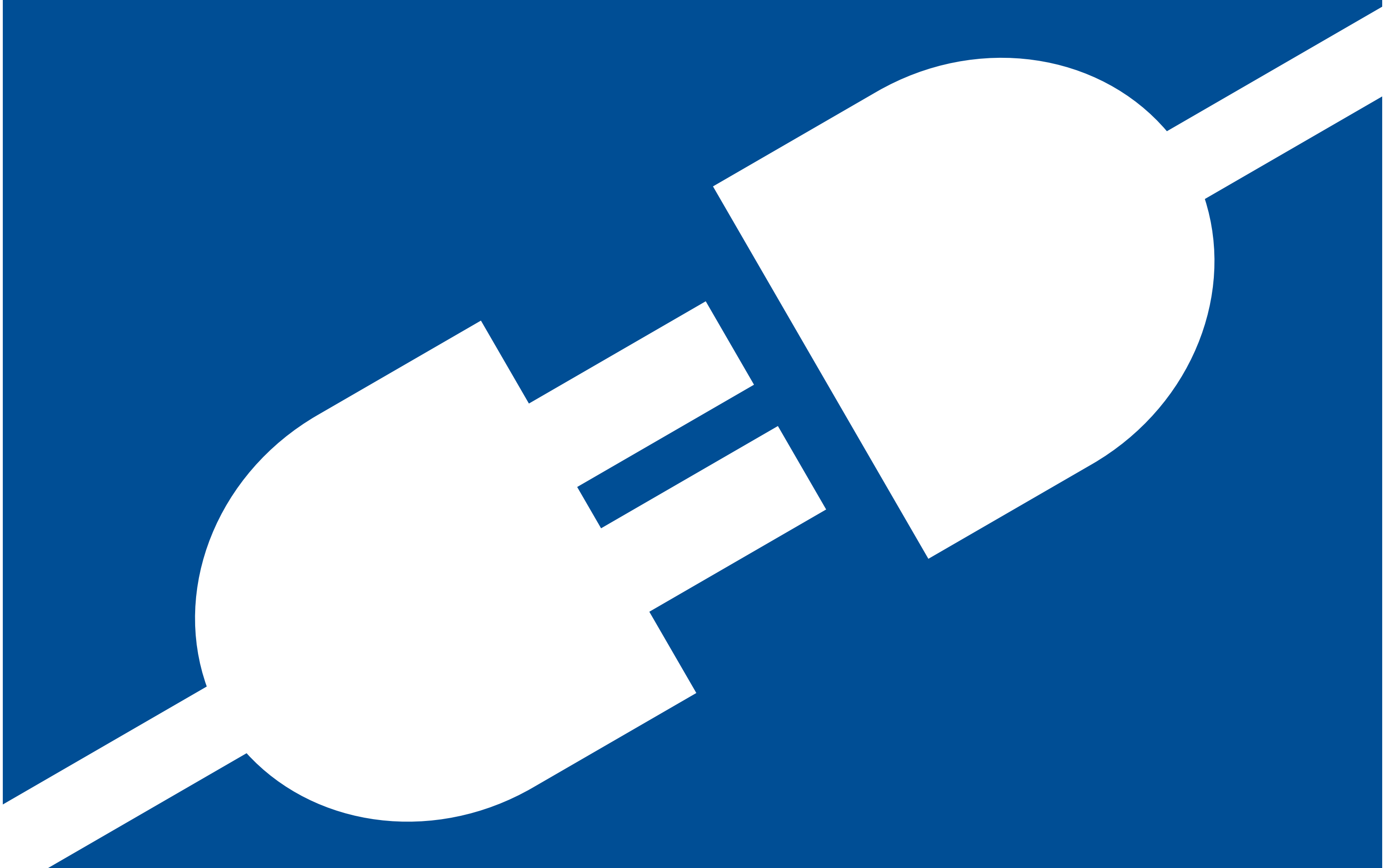
For additional information, reference is made to Part B - Information on the consolidated balance sheet - Assets - Section 15 of the Consolidated Financial Statements - Notes to the Consolidated Accounts.

Segment Reporting

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

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

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.

Consolidated Report on Operations

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

Highlights

Income Statement

(€ million)

	YEAR		
	2016	2015	% CHANGE
Operating income	18,801	18,866	- 0.3%
of which: - net interest	*10,307*	*10,922*	*- 5.6%*
- dividends and other income from equity investments	*844*	*822*	*+ 2.6%*
- net fees and commissions	*5,458*	*5,519*	*- 1.1%*
Operating costs	(12,453)	(12,266)	+ 1.5%
Operating profit	6,348	6,600	- 3.8%
Profit (loss) before tax	(10,978)	749	n.s.
Net profit (loss) attributable to the Group	**(11,790)**	**1,694**	**n.s.**

The figures in this table refer to reclassified income statement.

Balance Sheet

(€ million)

	AMOUNTS AS AT		
	12.31.2016	12.31.2015	% CHANGE
Total assets	859,533	860,433	- 0.1%
Financial assets held for trading	87,467	89,995	- 2.8%
Loans and receivables with customers	444,607	445,382	- 0.2%
of which: - Non-Performing loans	*24,995*	*38,268*	*- 34.7%*
Financial liabilities held for trading	68,361	68,029	+ 0.5%
Deposits from customers and debt securities in issue	567,855	553,483	+ 2.6%
of which: - deposits from customers	*452,419*	*419,686*	*+ 7.8%*
- securities in issue	*115,436*	*133,797*	*- 13.7%*
Shareholders' Equity	**39,336**	**50,087**	**- 21.5%**

The figures in this table refer to reclassified balance sheet.

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

Staff and Branches

	AS AT		
	12.31.2016	12.31.2015	CHANGE
Employees (1)	117,659	125,510	-7,851
Branches	6,221	6,934	-713
of which: - Italy	*3,524*	*3,873*	*-349*
- Other countries	*2,697*	*3,061*	*-364*

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

Profitability Ratios

	YEAR 2016	YEAR 2015	CHANGE
EPS[1] (€)	(1.982)	0.273	-2.26
Cost/income ratio	66.2%	65.0%	1.22bp
EVA[2] (€ million)	(12,051)	(3,196)	- 8,855
ROA[3]	-1.32%	0.24%	-1.56bp

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

(2) Economic Value Added: equal to the difference between NOPAT (net operating profit after tax) and the cost of capital.

(3) Return on assets: calculated as the ratio of Net profit or loss to Total assets pursuant to art. 90 of CRD IV.

Risk Ratios

	AS AT 12.31.2016	AS AT 12.31.2015
Net bad loans to customers/Loans to customers	2.46%	4.41%
Net Non-Performing loans to customers/Loans to customers	5.62%	8.59%

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

Transitional Capital Ratios

	AS AT 12.31.2016(*)	AS AT 12.31.2015(*)
Total own funds (€ million)	45,150	55,579
Total risk-weighted assets (€ million)	387,136	390,599
Common Equity Tier 1 Capital Ratio	**8.15%**	**10.59%**
Total Capital Ratio	**11.66%**	**14.23%**

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

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

Ratings

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

Data as at December 23, 2016.

Reclassified Consolidated Accounts

Reclassified Consolidated Balance Sheet

(€ million)

ASSETS	AMOUNTS AS AT		CHANGE	
	12.31.2016	12.31.2015	AMOUNT	%
Cash and cash balances	13,858	9,611	+ 4,247	+ 44.2%
Financial assets held for trading	87,467	89,995	- 2,528	- 2.8%
Loans and receivables with banks	74,692	77,437	- 2,745	- 3.5%
Loans and receivables with customers	444,607	445,382	- 775	- 0.2%
Financial investments	149,004	147,634	+ 1,370	+ 0.9%
Hedging instruments	6,872	7,911	- 1,039	- 13.1%
Property, plant and equipment	9,092	9,673	- 581	- 6.0%
Goodwill	1,484	1,744	- 261	- 14.9%
Other intangible assets	1,708	1,908	- 200	- 10.5%
Tax assets	15,161	15,615	- 454	- 2.9%
Non-current assets and disposal groups classified as held for sale	45,854	44,576	+ 1,278	+ 2.9%
Other assets	9,735	8,948	+ 787	+ 8.8%
Total assets	**859,533**	**860,433**	**- 901**	**- 0.1%**

(€ million)

LIABILITIES AND SHAREHOLDERS' EQUITY	AMOUNTS AS AT		CHANGE	
	12.31.2016	12.31.2015	AMOUNT	%
Deposits from banks	103,852	110,333	- 6,482	- 5.9%
Deposits from customers	452,419	419,686	+ 32,733	+ 7.8%
Debt securities in issue	115,436	133,797	- 18,362	- 13.7%
Financial liabilities held for trading	68,361	68,029	+ 332	+ 0.5%
Financial liabilities designated at fair value	2,497	455	+ 2,042	+ 449.1%
Hedging instruments	9,405	11,004	- 1,598	- 14.5%
Provisions for risks and charges	10,541	9,720	+ 821	+ 8.5%
Tax liabilities	1,399	1,428	- 29	- 2.1%
Liabilities included in disposal groups classified as held for sale	35,869	35,985	- 116	- 0.3%
Other liabilities	16,566	16,511	+ 55	+ 0.3%
Minorities	3,853	3,399	+ 454	+ 13.4%
Group Shareholders' Equity:	39,336	50,087	- 10,751	- 21.5%
- Capital and reserves	*51,881*	*48,336*	*+ 3,545*	*+ 7.3%*
- AfS assets fair value reserve, Cash-flow hedging reserve and Defined benefits plans reserve	*(755)*	*56*	*- 812*	*n.s.*
- Net profit (loss)	*(11,790)*	*1,694*	*- 13,484*	*n.s.*
Total liabilities and Shareholders' Equity	**859,533**	**860,433**	**- 901**	**- 0.1%**

Notes:
As 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 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 period was restated accordingly to increase comparability, pursuant to the regulations in force.

As at 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)

	YEAR		CHANGE		
	2016	2015	P&L	%	ADJUSTED [1]
Net interest	10,307	10,922	- 614	- 5.6%	- 5.3%
Dividends and other income from equity investments	844	822	+ 22	+ 2.6%	+ 7.7%
Net fees and commissions	5,458	5,519	- 61	- 1.1%	- 0.4%
Net trading income	2,080	1,485	+ 595	+ 40.0%	+ 41.0%
Net other expenses/income	112	118	- 6	- 5.1%	- 21.0%
OPERATING INCOME	**18,801**	**18,866**	**- 65**	**- 0.3%**	**+ 0.3%**
Payroll costs	(7,124)	(7,486)	+ 362	- 4.8%	- 4.0%
Other administrative expenses	(4,900)	(4,750)	- 150	+ 3.2%	+ 3.8%
Recovery of expenses	768	807	- 39	- 4.8%	- 4.3%
Amortisation, depreciation and impairment losses on intangible and tangible assets	(1,196)	(837)	- 359	+ 42.9%	+ 46.1%
Operating costs	**(12,453)**	**(12,266)**	**- 187**	**+ 1.5%**	**+ 2.4%**
OPERATING PROFIT (LOSS)	**6,348**	**6,600**	**- 252**	**- 3.8%**	**- 3.7%**
Net write-downs on loans and provisions for guarantees and commitments	(12,207)	(3,991)	- 8,216	+ 205.9%	+ 209.8%
NET OPERATING PROFIT (LOSS)	**(5,858)**	**2,609**	**- 8,468**	n.s.	n.s.
Other charges and provisions	(2,078)	(1,447)	- 631	+ 43.6%	+ 44.2%
Integration costs	(2,132)	(386)	- 1,745	+ 451.9%	+ 451.6%
Net income from investments	(910)	(27)	- 883	n.s.	n.s.
PROFIT (LOSS) BEFORE TAX	**(10,978)**	**749**	**- 11,727**	**n.s.**	**n.s.**
Income tax for the period	(713)	98	- 812	n.s.	n.s.
NET PROFIT (LOSS)	**(11,691)**	**848**	**- 12,538**	**n.s.**	**n.s.**
Profit (Loss) from non-current assets held for sale, after tax	630	1,377	- 747	- 54.3%	- 53.9%
PROFIT (LOSS) FOR THE PERIOD	**(11,061)**	**2,225**	**- 13,286**	**n.s.**	**n.s.**
Minorities	(464)	(352)	- 112	+ 31.9%	+ 36.1%
NET PROFIT (LOSS) ATTRIBUTABLE TO THE GROUP BEFORE PPA	**(11,524)**	**1,873**	**- 13,398**	**n.s.**	**n.s.**
Purchase Price Allocation effect	(5)	(179)	+ 174	- 97.1%	- 97.1%
Goodwill impairment	(261)	-	- 261	-	-
NET PROFIT (LOSS) ATTRIBUTABLE TO THE GROUP	**(11,790)**	**1,694**	**- 13,484**	**n.s.**	**n.s.**

(1) Changes at constant foreign exchange rates and perimeter.

Notes:

As at 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.

Reclassified Consolidated Accounts - Quarterly Figures

Reclassified Consolidated Balance Sheet

(€ million)

	AMOUNTS AS AT				AMOUNTS AS AT			
ASSETS	12.31.2016	09.30.2016	06.30.2016	03.31.2016	12.31.2015	09.30.2015	06.30.2015	03.31.2015
Cash and cash balances	13,858	15,582	11,904	8,793	9,611	10,555	9,316	9,299
Financial assets held for trading	87,467	93,433	104,047	97,239	89,995	90,306	96,567	113,249
Loans and receivables with banks	74,692	75,473	67,452	85,442	77,437	89,736	84,237	86,786
Loans and receivables with customers	444,607	452,849	462,069	455,756	445,382	444,999	445,120	453,865
Financial investments	149,004	148,859	157,463	154,422	147,634	146,023	146,259	142,920
Hedging instruments	6,872	8,017	8,025	8,451	7,911	8,847	9,199	11,341
Property, plant and equipment	9,092	9,220	9,229	9,285	9,673	9,702	9,718	9,890
Goodwill	1,484	1,744	1,744	1,744	1,744	1,736	1,736	1,736
Other intangible assets	1,708	1,885	1,905	1,893	1,908	1,778	1,781	1,760
Tax assets	15,161	15,368	15,604	15,601	15,615	14,934	14,980	14,457
Non-current assets and disposal groups classified as held for sale	45,854	43,540	43,179	43,386	44,576	45,920	46,708	46,105
Other assets	9,735	8,557	8,857	10,192	8,948	8,970	9,505	9,241
Total assets	**859,533**	**874,527**	**891,477**	**892,203**	**860,433**	**873,506**	**875,126**	**900,649**

(€ million)

	AMOUNTS AS AT				AMOUNTS AS AT			
LIABILITIES AND SHAREHOLDERS' EQUITY	12.31.2016	09.30.2016	06.30.2016	03.31.2016	12.31.2015	09.30.2015	06.30.2015	03.31.2015
Deposits from banks	103,852	113,838	112,038	111,175	110,333	118,831	119,623	129,522
Deposits from customers	452,419	441,033	443,968	449,360	419,686	420,039	406,141	393,617
Debt securities in issue	115,436	119,426	123,569	127,628	133,797	136,637	144,011	149,595
Financial liabilities held for trading	68,361	67,800	79,304	71,154	68,029	66,473	71,722	89,228
Financial liabilities designated at fair value	2,497	1,509	1,465	1,217	455	455	460	539
Hedging instruments	9,405	11,545	12,427	12,014	11,004	11,465	12,283	16,132
Provisions for risks and charges	10,541	9,733	9,723	9,357	9,720	9,796	9,853	10,288
Tax liabilities	1,399	1,378	1,299	1,534	1,428	1,465	1,313	1,762
Liabilities included in disposal groups classified as held for sale	35,869	35,418	35,453	34,861	35,985	36,408	36,692	35,526
Other liabilities	16,566	17,704	18,933	19,959	16,511	18,371	19,560	19,398
Minorities	3,853	3,906	3,174	3,513	3,399	3,327	3,272	3,711
Group Shareholders' Equity:	39,336	51,237	50,123	50,431	50,087	50,239	50,195	51,331
- Capital and reserves	*51,881*	*50,409*	*49,812*	*49,998*	*48,336*	*49,255*	*50,157*	*50,699*
- AfS assets fair value reserve, Cash-flow hedging reserve and Defined	*(755)*	*(941)*	*(1,011)*	*27*	*56*	*(558)*	*(997)*	*120*
- Net profit (loss)	*(11,790)*	*1,768*	*1,321*	*406*	*1,694*	*1,541*	*1,034*	*512*
Total liabilities and Shareholders' Equity	**859,533**	**874,527**	**891,477**	**892,203**	**860,433**	**873,506**	**875,126**	**900,649**

Notes:

As 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 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 period was restated accordingly to increase comparability, pursuant to the regulations in force.

As at 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)

	2016				2015			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Net interest	2,415	2,591	2,670	2,631	2,778	2,678	2,751	2,715
Dividends and other income from equity investments	148	189	295	212	248	191	265	117
Net fees and commissions	1,306	1,334	1,401	1,417	1,370	1,326	1,385	1,437
Net trading income	405	478	860	337	261	221	447	555
Net other expenses/income	(51)	49	37	77	67	54	(32)	30
OPERATING INCOME	**4,223**	**4,642**	**5,262**	**4,674**	**4,724**	**4,471**	**4,817**	**4,854**
Payroll costs	(1,665)	(1,791)	(1,837)	(1,832)	(1,819)	(1,864)	(1,912)	(1,891)
Other administrative expenses	(1,561)	(1,112)	(1,122)	(1,105)	(1,187)	(1,186)	(1,186)	(1,191)
Recovery of expenses	207	191	194	176	209	198	212	188
Amortisation, depreciation and impairment losses on intangible and tangible assets	(536)	(228)	(218)	(214)	(227)	(205)	(203)	(202)
Operating costs	**(3,555)**	**(2,940)**	**(2,982)**	**(2,976)**	**(3,025)**	**(3,057)**	**(3,089)**	**(3,095)**
OPERATING PROFIT (LOSS)	**667**	**1,702**	**2,280**	**1,698**	**1,699**	**1,414**	**1,728**	**1,759**
Net write-downs on loans and provisions for guarantees and commitments	(9,586)	(977)	(884)	(760)	(1,187)	(975)	(881)	(948)
NET OPERATING PROFIT (LOSS)	**(8,919)**	**726**	**1,397**	**938**	**513**	**439**	**846**	**811**
Other charges and provisions	(973)	(247)	(477)	(381)	(730)	(139)	(339)	(239)
Integration costs	(1,771)	(26)	(83)	(252)	(383)	(3)	(1)	-
Net income from investments	(885)	(8)	-	(18)	(45)	5	18	(5)
PROFIT (LOSS) BEFORE TAX	**(12,547)**	**445**	**837**	**288**	**(644)**	**302**	**525**	**567**
Income tax for the period	(103)	(271)	(153)	(186)	682	(129)	(178)	(277)
NET PROFIT (LOSS)	**(12,650)**	**173**	**684**	**102**	**38**	**173**	**347**	**290**
Profit (Loss) from non-current assets held for sale, after tax	(525)	378	379	398	202	457	333	385
PROFIT (LOSS) FOR THE PERIOD	**(13,175)**	**551**	**1,064**	**500**	**240**	**629**	**680**	**676**
Minorities	(121)	(103)	(147)	(93)	(72)	(78)	(100)	(102)
NET PROFIT (LOSS) ATTRIBUTABLE TO THE GROUP BEFORE PPA	**(13,296)**	**448**	**917**	**407**	**168**	**551**	**580**	**574**
Purchase Price Allocation effect	(2)	(1)	(1)	(1)	(15)	(44)	(58)	(62)
Goodwill impairment	(261)	-	-	-	-	-	-	-
NET PROFIT (LOSS) ATTRIBUTABLE TO THE GROUP	**(13,558)**	**447**	**916**	**406**	**153**	**507**	**522**	**512**

Notes:
As at 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.

Reclassified Consolidated Accounts - Comparison of Q4 2016/Q4 2015

Reclassified Consolidated Income Statement

(€ million)

	Q4		CHANGE		
	2016	2015	P&L	%	ADJUSTED [1]
Net interest	2,415	2,778	- 363	- 13.1%	- 13.9%
Dividends and other income from equity investments	148	248	- 100	- 40.3%	- 37.1%
Net fees and commissions	1,306	1,370	- 65	- 4.7%	- 4.0%
Net trading income	405	261	+ 144	+ 55.0%	+ 55.1%
Net other expenses/income	(51)	67	- 118	n.s.	n.s.
OPERATING INCOME	**4,223**	**4,724**	**- 501**	**- 10.6%**	**+ 11.0%**
Payroll costs	(1,665)	(1,819)	+ 155	- 8.5%	- 8.3%
Other administrative expenses	(1,561)	(1,187)	- 374	+ 31.5%	+ 31.7%
Recovery of expenses	207	209	- 2	- 1.0%	- 1.8%
Amortisation, depreciation and impairment losses on intangible and tangible assets	(536)	(227)	- 309	+ 136.0%	+ 134.8%
Operating costs	**(3,555)**	**(3,025)**	**- 531**	**+ 17.5%**	**+ 17.8%**
OPERATING PROFIT (LOSS)	**667**	**1,699**	**- 1,032**	**- 60.7%**	**- 0.6%**
Net write-downs on loans and provisions for guarantees and commitments	(9,586)	(1,187)	- 8,399	n.s.	n.s.
NET OPERATING PROFIT (LOSS)	**(8,919)**	**513**	**- 9,431**	**n.s.**	**n.s.**
Other charges and provisions	(973)	(730)	- 243	+ 33.3%	+ 32.9%
Integration costs	(1,771)	(383)	- 1,388	+ 362.7%	+ 362.3%
Net income from investments	(885)	(45)	- 840	n.s.	n.s.
PROFIT (LOSS) BEFORE TAX	**(12,547)**	**(644)**	**- 11,903**	**n.s.**	**n.s.**
Income tax for the period	(103)	682	- 785	n.s.	n.s.
NET PROFIT (LOSS)	**(12,650)**	**38**	**- 12,688**	**n.s.**	**n.s.**
Profit (Loss) from non-current assets held for sale, after tax	(525)	202	- 728	n.s.	n.s.
PROFIT (LOSS) FOR THE PERIOD	**(13,175)**	**240**	**- 13,415**	**n.s.**	**n.s.**
Minorities	(121)	(72)	- 49	+ 67.9%	+ 69.8%
NET PROFIT (LOSS) ATTRIBUTABLE TO THE GROUP BEFORE PPA	**(13,296)**	**168**	**- 13,464**	**n.s.**	**n.s.**
Purchase Price Allocation effect	(2)	(15)	+ 13	- 85.8%	- 85.8%
Goodwill impairment	(261)	-	- 261	-	-
NET PROFIT (LOSS) ATTRIBUTABLE TO THE GROUP	**(13,558)**	**153**	**- 13,711**	**n.s.**	**n.s.**

(1) Changes at constant foreign exchange rates and perimeter.

Notes:
As at 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.

Segment reporting

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									
2016	7,438	2,460	1,624	4,162	4,252	558	(1,417)	(276)	**18,801**
2015	*7,668*	*2,652*	*1,669*	*4,010*	*3,974*	*543*	*(1,678)*	*28*	***18,866***
OPERATING COSTS									
2016	(4,589)	(1,903)	(1,235)	(1,495)	(1,723)	(226)	(1,131)	(150)	**(12,453)**
2015	*(4,620)*	*(1,997)*	*(1,332)*	*(1,491)*	*(1,772)*	*(233)*	*(643)*	*(177)*	***(12,266)***
OPERATING PROFIT									
2016	2,849	556	389	2,667	2,529	332	(2,548)	(426)	**6,348**
2015	*3,047*	*655*	*336*	*2,519*	*2,202*	*311*	*(2,321)*	*(150)*	***6,600***
PROFIT BEFORE TAX									
2016	(531)	179	(348)	1,709	1,332	305	(4,242)	(9,382)	**(10,978)**
2015	*1,066*	*409*	*431*	*1,319*	*1,879*	*287*	*(2,659)*	*(1,983)*	***749***
Balance Sheet									
CUSTOMERS LOANS (NET REPOS AND IC)									
as at December 31, 2016	134,976	80,660	44,984	59,865	75,463	910	2,041	18,969	**417,868**
as at December 31, 2015	*131,487*	*80,172*	*44,867*	*57,151*	*65,850*	*706*	*1,758*	*35,802*	***417,793***
CUSTOMERS DEPOS (NET REPOS AND IC)									
as at December 31, 2016	134,768	86,603	47,096	59,175	45,501	18,570	3,300	967	**395,979**
as at December 31, 2015	*122,130*	*82,527*	*45,664*	*55,405*	*42,939*	*15,623*	*3,173*	*1,584*	***369,045***
TOTAL RISK WEIGHTED ASSETS									
as at December 31, 2016	79,463	36,109	23,675	91,210	74,733	1,890	53,859	26,198	**387,136**
as at December 31, 2015	*77,008*	*34,083*	*24,969*	*92,859*	*70,754*	*1,804*	*57,948*	*31,174*	***390,599***
EVA									
2016	(779)	(96)	(203)	340	493	112	(2,251)	(9,667)	**(12,051)**
2015	*68*	*(14)*	*86*	*(429)*	*490*	*112*	*(1,746)*	*(1,764)*	***(3,196)***
Cost/income ratio									
2016	61.7%	77.4%	76.0%	35.9%	40.5%	40.6%	- 79.8%	- 54.3%	**66.2%**
2015	*60.3%*	*75.3%*	*79.8%*	*37.2%*	*44.6%*	*42.8%*	*- 38.3%*	*644.3%*	***65.0%***
Employees									
as at December 31, 2016	35,046	10,949	5,781	24,271	3,662	1,052	36,374	524	**117,659**
as at December 31, 2015	*36,561*	*11,542*	*6,138*	*28,485*	*3,951*	*1,019*	*37,097*	*717*	***125,510***

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

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

Group historical data

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

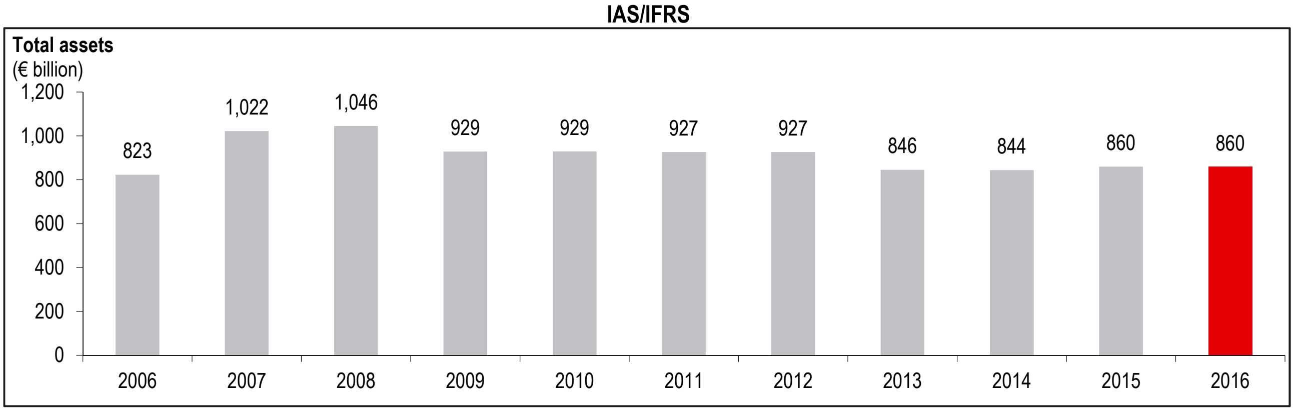
This expansion was characterized, particularly:
- by the merger with the HVB Group, achieved by means of a public exchange offer furthered by UniCredit on August 26, 2005 so as to take over control of HVB and the companies it headed up. Following this offer, finalized during 2005, UniCredit in fact acquired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

Group Figures 2006 - 2016

	IAS/IFRS										
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Income Statement (€ million)											
Operating income	18,801	22,405	22,513	23,973	25,049	25,200	26,347	27,572	26,866	25,893	23,464
Operating costs	(12,453)	(13,618)	(13,838)	(14,801)	(14,979)	(15,460)	(15,483)	(15,324)	(16,692)	(14,081)	(13,258)
Operating profit (loss)	6,348	8,787	8,675	9,172	10,070	9,740	10,864	12,248	10,174	11,812	10,206
Profit (loss) before income tax	(10,978)	2,671	4,091	(4,888)	317	2,060	2,517	3,300	5,458	9,355	8,210
Net profit (loss) for the period	(11,061)	2,239	2,669	(3,920)	1,687	644	1,876	2,291	4,831	6,678	6,128
Net profit (loss) attributable to the Group	(11,790)	1,694	2,008	(13,965)	865	(9,206)	1,323	1,702	4,012	5,961	5,448
Balance Sheet (€ million)											
Total assets	859,533	860,433	844,217	845,838	926,827	926,769	929,488	928,760	1,045,612	1,021,758	823,284
Loans and receivables with customers	444,607	473,999	470,569	503,142	547,144	559,553	555,653	564,986	612,480	574,206	441,320
of which: Non-Performing loans	*10,945*	*19,924*	*19,701*	*18,058*	*19,360*	*18,118*	*16,344*	*12,692*	*10,464*	*9,932*	*6,812*
Deposits from customers and debt	567,855	584,268	560,688	571,024	579,965	561,370	583,239	596,396	591,290	630,533	495,255
Shareholders' Equity	39,336	50,087	49,390	46,841	62,784	51,479	64,224	59,689	54,999	57,724	38,468
Profitability ratios (%)											
Operating profit (loss)/Total assets	0.74	1.02	1.03	1.08	1.09	1.05	1.17	1.32	0.97	1.16	1.24
Cost/income ratio	66.2	60.8	61.5	61.7	59.8	61.4	58.8	55.6	62.1	54.4	56.5

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

IAS/IFRS



UniCredit Share

Share Information

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Share price (€)(*)											
- maximum	5.015	6.550	6.870	5.630	4.478	13.153	15.314	17.403	31.810	42.841	37.540
- minimum	1.753	4.910	5.105	3.238	2.286	4.222	9.820	4.037	8.403	28.484	30.968
- average	2.735	5.889	5.996	4.399	3.292	8.549	12.701	11.946	21.009	6.489	34.397
- end of period	2.734	5.135	5.335	5.380	3.706	4.228	10.196	14.730	9.737	31.687	37.049
Number of outstanding shares (million)											
- at period end(1)	6,180	5,970	5,866	5,792	5,789	1,930	19,297.6	16,779.3	13,368.1	13,278.4	10,351.3
- shares cum dividend	6,084	5,873	5,769	5,695	5,693	1,833	18,330.5	18,329.5	13,372.7	13,195.3	10,357.9
of which: savings shares	*2.52*	*2.48*	*2.45*	*2.42*	*2*	*2*	*24.2*	*24.2*	*21.7*	*21.7*	*21.7*
- average(1)	6,110	5,927	5,837	5,791	5,473	1,930	19,101.8	16,637.8	13,204.6	11,071.6	10,345.2
Dividend											
- total dividends (€ million)		706	697	570	512	(***)	550	550	(**)	3,431	2,486
- dividend per ordinary share		0.120	0.120	0.100	0.090	(***)	0.030	0.030	(**)	0.260	0.240
- dividend per savings share		0.120	1.065	0.100	0.090	(***)	0.045	0.045	(**)	0.275	0.255

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

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

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

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

In 2011 the following operations were carried out:

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

In the first quarter of 2012 the capital increase of €7.5 billion equal to a number of shares issued of 3,859.602.938 was fully subscribed for.
Figures relating to the 2013 dividend are shown according to the specific Board of Directors' reports on the distribution to Shareholders.

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

The Shareholders' Meeting of the May 13, 2015, approved the payment of dividends in the form of a "scrip dividend", with the assignment to shareholders who hold ordinary shares of one new share per fify 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 th payment of dividends in the form of a "scrip dividend", with the assignment to shareholders who hold ordinary shares of one new share per twenty-three shares held, and to holders of savings shares one new share per fifty-four shares held. The assignment of the new shares occurred following a free share-capital increase, without affecting the shareholders' right to request payment of the dividend in cash (€0.12 per ordinary and savings share), in place of assignment of shares.

UniCredit Share

Earnings Ratios

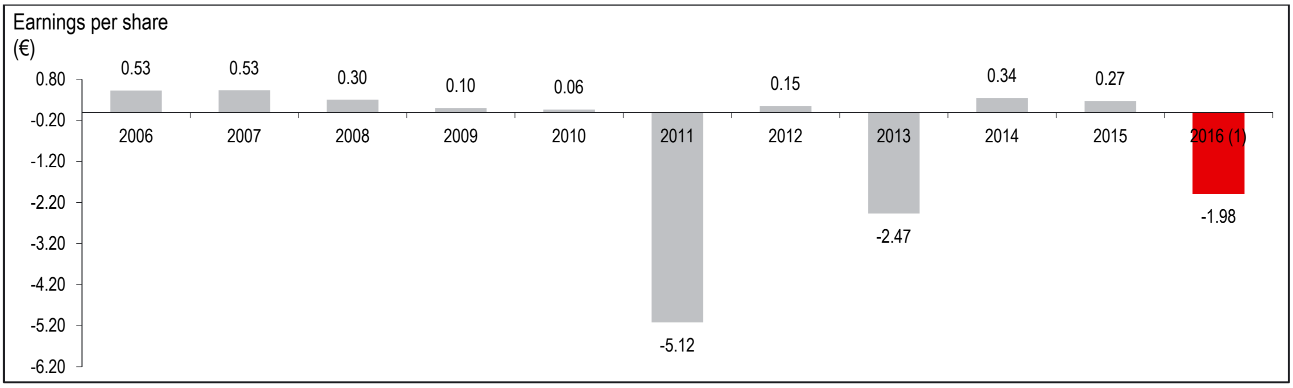
	IAS/IFRS										
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Shareholders' Equity (€ million)	39,336	50,087	49,390	46,841	62,784	51,479	64,224	59,689	54,999	57,724	38,468
Group portion of net profit (loss) (€ million)	(11,790)	1,694	2,008	(13,965)	865	(9,206)	1,323	1,702	4,012	5,961	5,448
Net worth per share (€)	6.36	8.39	8.42	8.09	10.85	26.67	3.33	3.56	4.11	4.35	3.72
Price/Book value	4.30	0.61	0.63	0.67	0.34	0.16	3.06	4.14	2.37	7.28	9.97
Earnings per share (1) (€)	-1.982	0.27	0.34	-2.47	0.15	-5.12	0.06	0.10	0.30	0.53	0.53
Payout ratio (%)		41.7	34.7	-4.1	59.2		41.6	32.3	(*)	58.1	45.6
Dividend yield on average price per ordinary share (%)		2.04	2.00	2.27	2.73		1.55	1.58	(*)	3.98	3.90

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

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

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

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



IAS/IFRS

(1) Annualized figure.

Macroeconomic situation, banking and financial markets

International situation

USA/Eurozone

In the second half of 2016, the global recovery continued at the annualized pace of 3%. But there was a lot of variation in economic performance across regions. The recovery in advanced economies accelerated more than expected, supported by a pickup in manufacturing activity and a reduced drag from inventories. In Japan, some statistical revisions pointed to a more decent performance than previously expected, while both the US and the UK economy held up well, despite the Brexit shock. In the emerging world, the picture was more variegated. The Chinese economy, which continued to be boosted by an expansionary fiscal policy and fast credit growth, grew at about 6.5%. Activity, instead, was weaker than expected in some Latin American countries currently in recession, such as Argentina and Brazil, as well as in Turkey that has struggled to regain investors' confidence in the aftermath of the failed coup. And in Russia the recovery was slightly stronger than expected thanks to a rebound in oil prices.

In the euro area, the recovery remains overall moderate. Despite Brexit and ongoing weakness in global trade, business and household confidence in the euro area has remained remarkably stable. In the second half of 2016, GDP likely grew at about 1.6% and the most recent PMIs suggest that both domestic and external demand supported the expansion at the end of the year. This marks the second consecutive year of above-trend growth. The bad news is that this recovery phase remains weak by historical standards, with an average annualized pace of expansion of only 1.5%.

Inflationary pressures are gaining traction. In December, euro area's inflation rate was only 1.1%, mostly driven by the jump in oil prices triggered by OPEC's agreement signed in November. The path for core inflation warrants special attention, given there are virtually no signs of improvement from the cyclical lows touched in early-2015. Three main factors explain the flat trajectory in core prices so far: 1. the lack of responsiveness of wage growth to the improving labor market outlook, which has exerted downward pressure on services prices; 2. subdued import price dynamics, and 3. second-round effects from the past drop in the price of oil and other commodities. In its December meeting, the ECB decided to extend its asset purchases from March 2017 until December 2017, but, and this is the main news, at a reduced pace of €60 billion per month.

Economic activity in the United States improved markedly in the third quarter of 2016, following modest growth in the first half of the year. Net exports and inventory investment rebounded strongly and made an important contribution to real GDP growth in the third quarter, while private fixed investment remained weak and consumer spending softened. The outcome of the US presidential elections, with the unexpected victory of Donald Trump, has increased policy uncertainty, particularly when it comes to the size of the fiscal stimulus. The immediate market reaction, with the USD appreciating and Treasury yields rising, led to a tightening in financial conditions. As expected, in December 2016, the monetary policies of the Fed and the ECB started to diverge. Just as in 2015, the Fed has thus delivered at least one rate hike during the calendar year.

Banking and financial markets

The recovery of bank lending in the eurozone strengthened towards the end of 2016. This was mainly driven by an improvement in loans to non-financial corporations, the annual growth of which stood at about 2.0% at the end of 2016 (vs. -0.3% a year earlier). In addition, loans to households continued to expand at about 2.0% yoy.
The credit recovery, in particular, gained strength in all of the group's reference countries, and especally in Germany. In Italy, the annual growth rate of loans to households converged towards that in the eurozone over the course of the year (+1.8% in November, the latest data available); in contrast, loans to non-financial corporations showed a slower and more fragile recovery. Towards the end of 2016, corporate lending also lost momentum in Austria, although loans to households showed an acceleration.

As for the funding, at the end of 2016, while bank deposits continued to increase at a healthy pace in Germany and Austria, in Italy they failed to improve further, although they continued to expand compared to 2015. During 2016, in all three reference countries for the group, the expansion in bank deposits continued to be mainly supported by an increase in sight deposits, at the expense of medium and long-term funding (including bank bonds), consistent with the low yields of bank liabilities.
At the end of 2016, there was a general stabilization in bank interest rates, both on loans and deposits, at historically low levels. This continues to reflect the expansionary stance of ECB's monetary policy, which is expected to characterize 2017, too. Thus, in all three reference countries, the bank spreads (the difference between the average rate on loans and the average rate on deposits) stabilized substantially throughout 2016.

Financial markets in the eurozone showed higher volatility in the second half of 2016, following the outcome of the Brexit referendum and the political uncertainty related to US elections, as well as the Italian constitutional referendum. The major consequences in terms of stock market performance were observed in Italy, where investors' concerns about developments in the banking system accentuated the risk-off mood. In December 2016, the Italian stock market recorded the worst performance of the three core countries of the group, albeit recovering compared to 3Q16, posting a decline of approximately 10% compared to December 2015. In contrast, both the Austrian and German stock markets showed positive performance, with gains of about 9.0% for the Austrian stock market and about 7% for the German stock exchange in December 2016, compared to December 2015.

CEE Countries

Political shocks, financial markets' volatility and sharp reversals in risk appetite turned 2016 into a rollercoaster ride for CEE. The benign global environment that had prevailed since the Brexit vote has reversed sharply following Mr. Trump's victory in the U.S. presidential election, triggering major capital outflows from EMs amid rising core yields and higher risk premia.

Against this background, the already significant divergence within the CEE has deepened. Solid fundamentals and the absence of macroeconomic imbalances have enabled the CEE-EU to weather the post-U.S. election storm relatively unscathed, with only minor adjustments in risk premia. Russia has become more resilient, too, thanks to sound policies and rising oil prices, while Turkey, with its large imbalances, misguided olices and dysfunctional politics, has been hit particularly hard.
Economic performance has diverged, too. In CEE-EU, growth slowed in 2016 to a still solid 3%, This however, reflected a temporary drop in EU transfers at the start of the new planning period that cut public investment and which ought to be reversed already this year. On the other hand, growth picked up in Croatia and Serbia, pulled by the firmer foreign demand, but also thanks to strengthened confidence with elections behind us and improved policies. However, growth in both Croatia and Serbia still lagged CEE-EU.

Further east, growth remained elusive. Russia posted another year of contraction, the first back-to-back recessions since 1994, as Ukraine continues to crawl along the bottom. All the same, trends in both countries differed.

For Turkey, 2016 was a year to forget. A series of political shocks, growing security concerns, and imprudent policies have taken a heavy toll. The economy slipped into recession in 2H16, for the first time since 2009, as macroeconomic imbalances widened further. Financial markets have been battered, with the TRY and Turkish bonds among the worst performers globally. Confidence gas been shattered by the failed coup attempt in July, the loss of investment grade in October, as wellas intensified fighting with the Kurds and in Syria and a steadily deteriorating security situation. These developments hit tourism hard and have constrained investment. For the FY16 we expect growth to be stay at about 1.6%,the weakest since the global financial crisis.

In 2016 real GDP growth in the CEE-EU ranged from 2.2% in Hungary to 4.5% in Romania. The countries with best EU funds absorption such as Hungary and Poland saw the biggest slowdowns, while expansionary fiscal policy contributed to Romania's outperformance. More generally, growth in CEE-EU was driven by private consumption with investment remaining a drag. Exports started the year on a weak note but have gained momentum recently as demand in Europe has strengthened.

Even though output has remained at or above potential in most of CEE-EU, low commodity and food prices and imported deflation from the euro area have kept inflation all but absent. This has allowed central banks to keep interest rates at record lows. Accommodative monetary conditions have been accompanied by moderate fiscal easing as cyclically stronger revenues have enabled governments to ease fiscal stances without affecting fiscal deficits. Current accounts remained broadly balanced, helped in part by low oil prices, keeping macroeconomic imbalances minimal if at all.

Elsewhere the challenges were quite different. The need to advance fiscal adjustment and reduce government debt left no policy space for neither Croatia nor Serbia. Still, progress in advancing reforms and renewed sense of political stability after elections brought back to power pro-reform governments have helped cut risk premia and borrowing costs. Serbia, however, looks a bit more vulnerable given a still sizable current account deficit and heavy reliance on foreign official financing.

In Russia, the economy appears to have found the bottom near the end of the year. Despite the significant economic slack, economic policies have remained restrictive. The tight fiscal stance has constrained incomes and consumption, but has ensured smooth financing and helped boost confidence. Monetary policy also remained unusually tight as the CBR sought to reduce inflation and inflation expectations. This goal was mostly achieved, helping stabilize the ruble and achieve a near-term external equilibrium.

In Turkey, by contrast, the CBRT, partly under political pressure, has failed to act forcefully enough to the signs of mounting inflation pressures and intensified financial markets volatility. The latter has been reinforced by the rise in US bond yields and the stepped-up outflows from EM. This, along with a series of shocks, has brought growth to a standstill despite sharply accommodative fiscal policy and, until very recently, lax monetary policy. While growth has slowed, macroeconomic imbalances have widened, with inflation again trending towards the double digits and the C/A deficit deteriorating anew.

Ukraine's economy has bottomed out, but just barely, with growth lackluster at 1-2%. What is more worrisome, the tenuous recovery has been accompanied by renewed sizable increases in the fiscal and the C/A deficits. While a measure of macroeconomic stability has been preserved thanks mostly to the prudent policy of the NBU, reforms have continued to lag and political resolve to advance reforms and combat corruption very weak. Ukraine continued to rely on foreign funding, something that will become increasingly unsustainable in the future as the IMF program lapses and repayments on the restructured private sector debt commence in 2018.

Main results and performance for the period

Introduction

In December 2016 the Group presented the new Strategic Plan 2016 - 2019 "Transform 2019", based on five fundamentals:

- **Strengthen and optimize capital**, to align capital ratios with the best in class G-SIFIs;
- **Improve the asset quality**, with decisive actions to address a proactive risk reduction, an increase of the NPE coverage, and by tightening risk management policies to further improve the quality of new loans origination;
- **Transform the operating model**, increase client focus whilst simplifying and streamlining products and services to reduce the cost to serve customers;
- **Maximize commercial bank value**, capitalize on Retail client relationship potential and the "go to" bank status for Corporate clients in Western Europe, further strengthen the leadership position in Central and Eastern Europe and enhance cross selling across business lines and countries;
- **Adopt a lean but strong steering Group Corporate Center**, consistent Group-wide KPIs to drive performance, ensure accountability, leaner support functions and transparent cost allocation.

With this in mind, already during the last quarter some extraordinary operations have been defined, in particular:

- the proposal of a €13 billion capital increase by rights issue , fully underwritten by volume by a consortium of leading international banks. The proposal has been than approved by the Extraordinary Shareholders' Meeting held on January 12, 2017;
- the Fineco's 20% selling performed in October 2016 (after the 10% already sold in July 2016) still retaining the management control of the company;
- the selling of the majority of the Bank Pekao stake considering the attractive trading multiples and therefore exit Poland where local regulation limited Group synergies;
- the sale of Pioneer group to Amundi releasing value for the Group and with a signed strategic partnership for the distribution in place, assuring to UniCredit's customers the access to a wider range of quality products and to the Group the chance of benefit from additional fees from increased network sales;
- the execution of project FINO; a de-risking of €17.7 billion of gross bad loans through the securitization of a portfolio of which UniCredit plans on selling a vertical tranche larger than 50.1% to third party investors in July 2017 and completing the whole portfolio disposal by the year 2017;
- the execution of project PORTO: an increase of the provisioning levels on the non-performing loans in order to boost the strategy finalized to the non performing exposures (NPE) reduction, based on their accelerate closing, through a list of various possible actions to be applied to different portfolios, on more quick and efficient disposals, on the improved valuation of the potentials of recoveries and guarantees.

It should be stated that according to the IFRS5 accounting principle, Pioneer and Bank Pekao, subject to future selling to third parties, have been classified as dismissal legal entities and their economic results have been accounted to the item "Profit (Loss) from non-current assets held for sale, after tax", while their assets and liabilities have been respectively 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". 2015 figures have been consequently restated accordingly to allow their comparability.

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.

The mentioned operations, referring to Bank Pekao and Non-performing loans of FINO and PORTO; jointly with further impairments of participations and other devaluations and accruals, negatively affected the Group net result for the year.
In 2016 the Group in fact recorded a net loss of €11,790 million in comparison to €1,694 million profit achieved in 2015.

In detail, the extraordinary items accounted in fourth quarter of 2016 that contributed to the creation of the loss of the year totaled €13.2 billion net of taxes and are listed here below:

- posting of additional loan loss provisions of €8.1 billion, of which €3.6 billion related to FINO project and €3.9 billion related to PORTO project, in order to address the legacy of the Italian credit portfolio and to generate an acceleration of the run-down of the Non-Core portfolio, targeting a €8.1 billion net residual exposure by 2019;
- the accrual of €1.8 billion for severance, finalized to streamline the staff by further 5,600 units out of the additional 6,500 leavers already planned by 2019;
- the €0.7 billion charge deriving from the reclassification through profit and loss of the exchange reserve (R.O.C.), related to the completion of the sale of Ukrainian subsidiary PJSC Ukrsotsbank to Alfa Group;
- the charge of €0.2 billion posted to the discontinued operations, referred to the impairment of net assets of Bank Pekao group, as a consequence of its sale;
- a goodwill impairment of €0.3 billion;
- the write-off of intangible assets related to IT software for €0.3 billion;
- a €0.4 billion capital gain stemmed out from the sale to SIA of UBIS's card processing activities in Italy, Germany and Austria;
- further impairment of investments and other charges for €2.2 billion, among which the Atlante stake and the Koc Finansal Hizmetler AS subsidiary impairments, the renegotiation of some

Group Results

outsourcing agreements, the accrual for the additional contribution to the National Resolution Fund.

Excluding the extraordinary items, the year 2016 would record a net profit of €1,297 million.

Accordingly with the new principle “One Bank - One UniCredit” adopted by the Strategic Plan “Transform 2019” the explanations of 2016 results will be detailed below with reference to the whole Group, giving up the exposure of the details of the aggregate Core Bank.

Operating income

In 2016 Group’s revenues stayed substantially table, amounting to €18,801 million, decreasing by 0.3% over 2015 (but up by 0.2% at constant exchange rates). Such a result was mainly due to the positive trend of net trading, hedging and fair value income, that almost offset the net interest drop.

In particular net interest was equal to €10,307 million, decreasing by 5.6% over the previous year (down by 5.2% at constant exchange rates).
During the year the net interest was 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 growth of the other non-commercial components. Also 2016 has been indeed affected by the progressive reduction of credit spreads, in an environment of interest rates remained in a negative territory (average 3 months Euribor equal to -0.26% in 2016 compared with -0.02% in the year 2015).

Net interests result has took place anyway in an improving loans dynamic. In particular loans to customers (equal to €444.6 billion as of December 31, 2016) were down by 0.2% over the previous year (down by 0.7% at constant exchange rates), even if affected by the posting of the mentioned additional loan loss provisions of €8.1 billion.
A similar trend was registered for the stock of loans to customers net of repos, that was stable compared to the last year (down by 0.6% at constant exchange rates), showing however broad growths at geographical level, counterbalanced by the Non-Core reduction.
It is worth to highlight the recovery sign of Italy, that, net of Non-Core division, has grown by 7.1% compared to 2015. The loans to customers net of repos grew also in Germany up by 5.7%, while Austria showed a decrease of 7.9%. Positive trend of the CEE division’s countries (up by 4.7% at constant exchange rates), driven by Czech Republic (up by 9.6% at constant exchange rates), Romania (up by 8.5% at constant exchange rates) Bulgaria (up by 6.2% at constant exchange rates) and Hungary (up by 6.1% at constant exchange rates), while Russia showed a decline (down by 23.2% at constant exchange rates).
Non-Core division saw the further reduction of customers loans net of repos from €35.8 billion of 2015 year end, to €19.0 billion of 2016 year end (down by 47%), also as an effect of the additional loans loss provisions, partly related to FINO project.
Deposits from customers registered a relevant growth, resulting in growth by 7.8% (up by 7.1% at constant exchange rates) over 2015. Focusing on deposits from customers net of repos, Italy grew up by 10.9%, Germany up by 5.1% and Austria up by 1.8%. The CEE division continues to keep a balance between loans and deposits, growing by 6.8% (up by 1.6% at constant exchange rates) over 2015, driven Romania (up by 22.9% at constant exchange rates), Bulgaria (up by 11.7% at constant exchange rates), Croatia (up by 7.1% at constant exchange rates), Hungary (up by 2.9% at constant exchange rates) and Czech Republic (up by 2.6% at constant exchange rates), while Russia was down (down by 16.3% at constant exchange rates).

Dividends (which include the profits of the companies accounted at equity method) in 2016 amounted at €844 million, growing by €22 million compared with 2015. In particular the item includes the positive evaluation items at equity method of the Turkish group Koc Finansal Hizmetler AS for €378 million in 2016 against €349 million accounted in 2015.

The net fees and commissions in 2016 amounted to €5,458 million, decreasing by 1.1% (down by 0.9% at constant exchange rates) over the previous year.
Decrease was originated by the financing services that were down by 12.6% over 2015, mainly as an effect of the commission expenses on securitizations and on credit recovery services performed by DoBank.
Conversely, transactional services fees showed a positive trend (up by 10.0% in comparison to 2015). Positive results also from the investment services (up by 2.7% compared to 2015), on which contributed both the asset under management fees (up by 2.6% over 2015) and the asset under custody fees (+3.4% over 2015).

The net trading, hedging and fair value income in 2016 was €2,080 million, growing by 40.0% over 2015 (up by 41.1% at constant exchange rate). To such a result contributed the disposal of VISA Europe stakes (€273 million) and the effects related to the termination of securitization transactions.

Finally, net other expenses/income in 2016 amounted to €112 million, down by €6 million over 2015.

Operating income

(€ million)

	YEAR				% CHANGE
	2015	2016	% CHANGE	2016 Q4	ON Q3 2016
Net interest	10,922	10,307	- 5.6%	2,415	- 6.8%
Dividends and other income from equity investments	822	844	+ 2.6%	148	- 21.8%
Net fees and commissions	5,519	5,458	- 1.1%	1,306	- 2.1%
Net trading income	1,485	2,080	+ 40.0%	405	- 15.2%
Net other expenses/income	118	112	- 5.1%	(51)	- 203.1%
Operating income	**18,866**	**18,801**	**- 0.3%**	**4,223**	**- 9.0%**

Operating costs

Group's operating costs in 2016 were equal to €12,453 million, growing by 1.5% compared with 2015 (up by 1.7% at constant exchange rates). Such a negative result on operating costs stemmed out from some extraordinary charges of €626 million recorded in the last quarter of the year, net of which the operating costs would have recorded a 3.6% decrease compared to the last year.

Analyzing more in detail the single components, staff expenses of 2016 were €7,124 million, decreased by 4.8% over the 2015 (down by 4.7% at constant exchange rates).
Such a trend was achieved mainly thanks to the resolute dynamic of employees reduction and to the pension scheme restructuring which took place in Austria.

Concerning conversely the other administrative expenses, in 2016 they amounted to €4,900 million, growing by 3.2% in comparison to 2015 (up by 3.3% at constant exchange rates).
The increase is related to extraordinary charges amounting to €308 million, mainly as an effect of the outsourcing agreement with the VTS Company renegotiation. Excluding this charges, the other administrative expenses would have been down by 3.3%.

The expenses recovery in 2016 was €768 million, in comparison to the €807 million of last year.

Finally, the write-downs on tangible and intangible assets in 2016 were €1,196 million, growing by 42.9% (up by 43.3% at constant exchange rates) over 2015. The item has been affected by some extraordinary devaluations of a subsidiary's (UBIS) applications internally developed and of real estates in Austria for total €318 million, excluding which the growth would have been by 4.9%.

Operating costs

(€ million)

	YEAR				% CHANGE
	2015	2016	% CHANGE	2016 Q4	ON Q3 2016
Payroll costs	(7,486)	(7,124)	- 4.8%	(1,665)	- 7.0%
Other administrative expenses	(4,750)	(4,900)	+ 3.2%	(1,561)	+ 40.5%
Recovery of expenses	807	768	- 4.8%	207	+ 8.6%
Write downs of tangible and intangible assets	(837)	(1,196)	+ 42.9%	(536)	+ 134.9%
Operating costs	**(12,266)**	**(12,453)**	**+ 1.5%**	**(3,555)**	**+ 20.9%**

The dynamics of the slightly decreasing revenues and of the growing costs led to €6,348 million Group gross operating profit in 2016, down by 3.8% over 2015 (down by 2.5% at constant exchange rates). Excluding the mentioned extraordinary charges, a 1.2% growth of the gross operating profit would have been recorded.

The cost income ratio of 2016 amounted to 66.2%, worsening by 1.2% over 2015. Excluding the extraordinary items, 2016 cost income would be 63.9%, improving by 1.1% in comparison to 2015.

Group Results

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

Net write-downs on loans and provisions for guarantees and commitments of the Group in 2016 were €12,207 million, compared to €3,991 million of 2015.
As already reminded, the provisions of the year have been affected by the charges related to FINO (€3.6 billion) and PORTO (€3.9 billion) projects, as well as by other extraordinary provisions, for a total of €8.1 billion, accounted in fourth quarter, aimed to address the legacy of the Italian credit portfolio and to accelerate the run-down of the Non-Core portfolio.

As a result of the extraordinary provisions, in 2016 cost of risk rose to 269 basis points, worsening by 180 basis points in comparison to 2015 (amounted to 89 basis points), however continuing to show relevant differences on geographical basis, with Italy, affected by the extraordinary provisions, amounting to 510 basis points, Germany to 26 basis points, Austria to -1 basis points and CEE to 134 basis points.

The Group gross impaired loans at December the 31, 2016 were decreasing by €21.5 billion compared to December 31, 2015, largely due to FINO project effect, according to which the non-performing loans subject to future sale have been classified to the "Non-current assets and disposal groups classified as held for sale" according to the IFRS5 accounting principle.
Thanks to this decrease, the gross impaired loans on total loans ratio improved, moving from 15.97% in December 2015 to 11.78% in December 2016. Gross non-performing loans stock was at €31.8 billion, decreasing by €18.0 billion over December 2015.

The Group coverage ratio as of December 31, 2016 improved by almost 5 percent points, reaching 55.64% in comparison to 50.84% as of 2015 year end. Taking into accounts FINO portfolio, classified among assets held for sale, the Group coverage ratio as of December 31, 2016 would amount to 62.93% higher 12 percentage points compared to the end of 2015.

For more details refer 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 values)".

Loans to customers - Asset quality

(€ million)

	BAD EXPOSURES	UNLIKELY TO PAY	NON-PERFORMING PAST-DUE	TOTAL(*)NON-PERFORMING	PERFORMING	TOTAL LOANS
As at 12.31.2016						
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%*	
As at 12.31.2016 ("FINO" portfolio included)(1)						
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%*	
As at 12.31.2015 - Recasted						
Gross Exposure	49,841	25,419	2,578	**77,838**	409,428	**487,266**
as a percentage of total loans	*10.23%*	*5.22%*	*0.53%*	***15.97%***	*84.03%*	
Writedowns	30,181	8,694	697	**39,571**	2,313	**41,884**
as a percentage of face value	*60.55%*	*34.20%*	*27.02%*	***50.84%***	*0.56%*	
Carrying value	19,660	16,726	1,882	**38,268**	407,114	**445,382**
as a percentage of total loans	*4.41%*	*3.76%*	*0.42%*	***8.59%***	*91.41%*	

(*) The perimeter of Impaired loans, including the FINO portfolio recognized in the item "150 Non-current assets and disposal groups classified in held for sale", is substantially equivalent to the perimeter of EBA NPE exposures.

(1) The FINO portfolio concerns a group of credit exposures on loans with customers classified as bad loans (amounting to gross €17,045 million and with a carrying value of €2,209 million as at December 31, 2016) held for sale. This portfolio is recognized in item "150. Non-current assets and disposal groups classified as held for sale" pursuant to IFRS5. For a more complete disclosure, please refer to Part E - Information on risks and hedging policies, under table "A.1.2 Breakdown of credit exposures by portfolio and credit quality (gross and net values)".

Figures as at December 31, 2015 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.

From net operating profit to profit before tax

As a consequence of a gross operating profit decreasing by €252 million and net write-downs on loans up by €8,216 million over 2015, 2016 Group's net operating profit amounted to -€5,858 million, worsening by €8,468 million compared to 2015.

Group's provisions for risk and charges were -€2,078 million, compared to -€1,447 million of 2015. This item includes legal cases and estimated liabilities of various nature totaling -€1,021 million, in addition to the systemic charges, amounting to -€1,057 million. These last include the contributions to the new Single Resolution Fund (SRF), the Deposits Guarantee Scheme (DGS) charges, as well as the Bank Levies, in addition to the new guarantee fee for the DTA conversion.

Integration costs were -€2,132 million against -€386 million registered in 2015 and were mainly related to severance finalized to streamline the staff by further 5,600 units, in Italy, in Germany and Austria, out of the additional 6,500 leavers already planned. They included also 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 2016 was -€910 million, versus -€27 million of 2015. The item trend was affected by some extraordinary charges posted to the fourth quarter mainly due to the Atlante stake carrying value impairment and the Koc Finansal Hizmetler AS subsidiary impairment. On the contrary, the item benefitted from the €447 million gain stemmed out from the sale to SIA of card processing activities in Italy, Germany and Austria by UBIS subsidiary.

As an effect of the items above mentioned, in 2016 the Group registered a loss before tax of -€10,978 million, compared to €749 million profit of 2015.

Profit before tax by business segment

(€ million)

	OPERATING INCOME	OPERATING COSTS	NET WRITE-DOWNS ON LOANS AND PROVISIONS	NET OPERATING PROFIT	PROFIT BEFORE TAX YEAR 2015	PROFIT BEFORE TAX YEAR 2016
Commercial Banking Italy	7,438	(4,589)	(1,978)	870	1,066	(531)
Commercial Banking Germany	2,460	(1,903)	44	600	409	186
Commercial Banking Austria	1,624	(1,235)	(32)	357	431	(348)
Central Eastern Europe	4,162	(1,495)	(791)	1,876	1,319	1,709
Corporate & Investment Banking	4,252	(1,723)	(595)	1,934	1,879	1,346
Asset Gathering	558	(226)	(4)	328	287	305
Group Corporate Center	(1,417)	(1,131)	(5)	(2,553)	(2,659)	(4,263)
Non Core	(276)	(150)	(8,845)	(9,271)	(1,983)	(9,382)
Group Total	**18,801**	**(12,453)**	**(12,207)**	**(5,858)**	**749**	**(10,978)**

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

Group Results

Profit (loss) attributable to the Group

In 2016 Group's income taxes were -€713 million, also as an effect of the missing DTAs inscription, related to the Italian fiscal perimeter, on the fiscal loss recorded in the year and of a partial devaluation of the DTAs previously registered.
Such impacts are mostly a consequence of the results of the DTAs sustainability test relating to the Italian Tax Consolidation Perimeter, performed under a 5-year time horizon (consistent with the approach set by the main Group's legal entities), embedding the new Strategic Plan 2016-2019 profit & loss projections, approved in December 2016 and also the forecasts for the conversion of DTAs into tax credits under the terms of Italian Law No.214/2011.

Profit from discontinued operations net of taxes in 2016 was €630 million and referred to Bank Pekao, to Pioneer group, to the Ukrainian subsidiary PJSC Ukrsotsbank and to Immobilien Holding group, classified according to the IFRS5.
The item shows a decrease of €747 million compared to the €1,377 million accounted in 2015, mainly as an effect of the reclassification through profit and loss of the exchange reserve (R.O.C.) of Ukraine impairment for -€718 million and the Bank Pekao impairment for -€171 million, both posted to fourth quarter 2016.
The loss for the period of 2016 was -€11,061 million, in comparison to the €2,225 million profit achieved in 2015.

Minorities in 2016 were €464 million, against €352 million of 2015.

Purchase price allocation was -€5 million, decreasing in comparison to the -€179 million accounted in 2015.

In the last quarter of 2016 a goodwill impairment of €261 million was recorded.

Consequently, in 2016, a net loss attributable to the Group of -€11,790 million was registered, compared to the profit of €1,694 million registered in 2015.

Profit (loss) attributable to the Group

(€ million)

	YEAR				
	2015	2016	% CHANGE	2016 Q4	% CHANGE ON Q3 2016
Operating income	18,866	18,801	- 0.3%	4,223	- 9.0%
Operating costs	(12,266)	(12,453)	+ 1.5%	(3,555)	+ 20.9%
Operating profit (loss)	**6,600**	**6,348**	**- 3.8%**	**667**	**- 60.8%**
Net write-downs on loans and provisions for guarantees and commitments	(3,991)	(12,207)	+ 205.9%	(9,586)	n.s.
Net operating profit (loss)	**2,609**	**(5,858)**	**n.s.**	**(8,919)**	**n.s.**
Other charges and provisions	(1,447)	(2,078)	+ 43.6%	(973)	+ 294.2%
Integration costs	(386)	(2,132)	n.s.	(1,771)	n.s.
Net income from investment	(27)	(910)	n.s.	(885)	n.s.
Profit (loss) before tax	**749**	**(10,978)**	**n.s.**	**(12,547)**	**n.s.**
Income tax for the period	98	(713)	n.s.	(103)	- 62.2%
Net profit (loss) of discontinued operations	1,377	630	- 54.3%	(525)	- 239.1%
Profit (loss) for the period	**2,225**	**(11,061)**	**n.s.**	**(13,175)**	**n.s.**
Minorities	(352)	(464)	+ 31.9%	(120)	+ 17.2%
Net profit (loss) attributable to the Group before PPA	**1,873**	**(11,524)**	**n.s.**	**(13,296)**	**n.s.**
Purchase Price Allocation effects	(179)	(5)	- 97.1%	(2)	+ 121.8%
Goodwill impairment	-	(261)	n.s.	(261)	n.s.
Net profit (loss) attributable to the Group	**1,694**	**(11,790)**	**n.s.**	**(13,558)**	**n.s.**

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.

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Capital Ratios

The Group dynamically manages its capital base by monitoring regulatory capital ratios, anticipating the appropriate changes necessary to achieve its targets, and optimizing the composition of its assets and equity. Planning and monitoring refer, on the one hand, to the total own funds (Common Equity Tier 1, Additional Tier 1 and

Tier 2 Capital) and, on the other hand, to the Risk-Weighted Assets (RWAs). The Risk-Weighted Assets, for portfolios managed using the Advanced model, not only depend on the nominal value of the assets but also on the relevant credit parameters. Besides volume dynamics, it is also crucial to monitor and forecast the change in the loan quality of the portfolio in view of the macroeconomic scenario (the so-called pro-cyclical effect).

Transitional Own Funds and Capital Ratios (€ million)

	AS AT	
	12.31.2016(*)	12.31.2015(*)
Common Equity Tier 1 Capital	31,537	41,375
Tier 1 Capital	35,005	44,920
Total own funds	45,150	55,579
Total RWA	387,136	390,599
Common Equity Tier 1 Capital Ratio	**8.15%**	**10.59%**
Tier 1 Capital Ratio	**9.04%**	**11.50%**
Total Capital Ratio	**11.66%**	**14.23%**

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

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

Therefore, over the last years, global regulators introduced a series of new regulatory requirements that have contributed greatly to re-shape the financial markets landscape. In particular, in December 2010, the Basel Committee for Banking Supervision (BCBS) published a series of changes relating to the requirements for banking institutions on capital and liquidity, also known as "Basel 3". The regulatory changes introduced by the Basel 3 framework define more stringent rules for capital requirements and introduce for the first time liquidity and leverage limits. According to the Basel 3 framework, the new rules are introduced gradually in order to allow the banking system to comply with the new requirements and contain the impact on the real economy. In Europe, the Basel 3 framework has been translated into law by means of two separate legislative instruments applied from January 1, 2014: the Directive 213/36/EU (CRD) and the Regulation (EU) No.575/2013 (CRR). Moreover, in December 2013 Banca d'Italia published "Circolare 285" which updated the rules on Italian banks and banking groups, so to adjust them to the new international regulation framework.

In addition, Council Regulation (EU) No.1024/2013 of October 15, 2013 (Regulation "SSM" - Single Supervisory Mechanism) has conferred specific tasks on the European Central Bank (ECB) concerning policies relating to the prudential supervision of credit institutions.

Group Results

Over the years, to discipline specific regulatory issues, several delegated Regulation and Regulation have been published respectively by Commission and European Central Bank.

In application of Article 92 of CRR, UniCredit group is required to satisfy the following minimum capital requirements: Common Equity Tier 1 (CET1) ratio at 4.5%, Tier 1 ratio at 6% and Total Capital ratio at 8%.

UniCredit group is also required to satisfy the combined buffer requirement as defined in Article 128(6) of Directive 2013/36/EU. Failure to comply with such combined buffer requirement triggers restrictions on distributions, up to a limit which is defined as Maximum Distributable Amount (MDA), and the need to adopt a capital conservation plan.

The combined buffer requirement applicable to UniCredit group includes the following:

- a Capital Conservation Buffer (CCB) set at 2.5% by Bank of Italy for Italian Banking Groups[5] until December 31, 2016;
- an institution specific Countercyclical Capital Buffer (CCyB) to be applied in period of excessive credit growth, for UniCredit group is equal to 0.005% of the risk weighted exposures. This buffer depends on national authorities decisions defining country-specific buffers, to be calculated on a quarterly basis.
  As of December 31, 2016, only Sweden, Norway and Hong Kong have defined countercyclical capital buffers different from 0% (respectevely 1.5%, 1.5% and 0.625%).
  According to the transitional rules set by Banca d'Italia, the maximum applicable factor for 2016 is equal to 0.625%, increasing by 0.625% per year up to 2.5% from January 1, 2019;
- a Global Systemically Important Institutions ("G-SII") capital buffer of 0.25% since Banca d'Italia has identified UniCredit group as a G-SII in the first subcategory of global systemic importance authorized to operate in Italy[6]. According to the transitional period envisaged under the CRD, this buffer will have to increase annually by 0.25%, to reach 1% no later than January 1, 2019.
  UniCredit group is classified in the first sub category of the Systemically Important Institutions according to transitional provisions as defined by 2013/36/UE Directive (CRD IV);
- an Other Systemically Important Institutions ("O-SII") buffer, equal to 0% since Banca d'Italia has identified UniCredit (together with Intesa Sanpaolo and Monte dei Paschi di Siena banking groups) as an O-SII authorized to operate in Italy. The 'O-SII buffer' for UniCredit remains equal 0% for 2017 while from January 1, 2018 is increased annually by 0.25% to reach 1% no later than January 1, 2021[7]. However, it has to be taken into account that Article 131 (14) CRD requires that the greatest between G-SII and O-SII applies (as a consequence UniCredit group will have to comply with a G-SII 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 December 31, 2016).

Moreover UniCredit group is required to satisfy the capital requirements that are imposed yearly by the decision following the results of the Supervisory Review and Evaluation Process (SREP) performed by the ECB in application of Article 16(2) of SSM Regulation.
Following the result of SREP 2015, UniCredit has been required to meet on a consolidated basis a CET1 ratio of 9.75% in 2016.
The 2015 SREP requirement includes the Capital Conservation buffer (CCB), while the G-SII Buffer and the CCyB capital buffers apply on top of it: as a consequence the CET1 ratio level which triggers the obligation to calculate the MDA for UniCredit group in 2016 is equal to 10.005%.

As of December 31, 2016, UniCredit group's CET1 equals 8,15% and therefore does not temporarily comply with SREP 2015 limits, with a gap of 1.86%[8].

SREP 2016

Following the result of SREP 2016, ECB has set a Pillar 2 Requirement (P2R) for UniCredit group equal to 2.5%; as a consequence from January 1, 2017, further to the application of European Banking Authority (EBA) Guideline EBA/GL/2014/13, the following Total SREP Capital Ratios (TSCR) apply to UniCredit on a consolidated basis:

- 7% CET 1 ratio;
- 8.5% Tier 1 ratio;
- 10.5% Total Capital ratio.

5 As of January 2017, based on the 18th update of Circular 285 of the Banca d'Italia (published October 6, 2016) which provides for the modification of capital preservation requirement, national regulation is aligned with the transitional rules as required by the CRD both individual and consolidated: the reserve of capital preservation is fixed at 1.25% for 2017 and subsequently increased each year of 0.625% until reaching 2.5% by January 1, 2019.

6 The decision was taken pursuant to Banca d'Italia Circular No.285/2013 on prudential regulations for banks, which implements the CRD IV rules in Italy and specifies the criteria on which the methodology for identifying the G-SIIs is based. The criteria and data required to identify and classify the G-SIIs among the various subcategories are listed in the Commission Delegated Regulation (EU) No.1222/2014. The delegated regulation contains provisions consistent with the methodology used by the Basel Committee on Banking Supervision and the Financial Stability Board (FSB), in order to ensure that each year the banks identified as global systemically important institutions correspond to the European banks included on the FSB list, also published annually.

7 The decision to identify the three banking groups as O-SIIs was taken pursuant to Banca d'Italia Circular No.285/2013 on prudential regulations for banks, which implements Directive 2013/36/EU (Capital Requirements Directive, CRD IV) in Italy and specifies the criteria on which the methodology for identifying the O-SIIs is based. The assessment was carried out following the European Banking Authority Guidelines (EBA/GL/2014/10), which set out the criteria and the data required to identify O-SIIs in EU jurisdictions. The Guidelines are consistent with the rules set by the Basel Committee on Banking Supervision to identify systemically important banks at a national level, the goal being uniformity in the identification process at an international level.

8 This negative gap is entirely due to non-compliance with the Combined buffers (Capital conservation, Countercyclical capital and G-SII) equal to 2.755%.

Likewise, the Overall Capital Requirements (OCR), which encompass the Combined Buffer Requirement in addition to the TSCR, have to be satisfied from January 2017. The combined buffer requirement, applicable to UniCredit group on a consolidated basis in 2017, is equal to 1.78% and consists of I) a Capital Conservation Buffer (CCB), equal to 1.25%, II) a buffer for Global Systemically Important Institution (GSII), equal to 0.50%; III) an institution specific Countercyclical Capital Buffer equal to 0.03% (estimated on the basis of the national buffers rates applicable since March 2017[9], and credit exposures as of December 2016).

Therefore, the following Overall Capital Requirements (OCR) apply to UniCredit on a consolidated basis in 2017:

- 8.78% CET 1 ratio;
- 10.28% Tier 1 ratio;
- 12.28% Total Capital ratio.

Moreover a Pillar 2 Guidance (P2G) for UniCredit group has been set by ECB equal to 1.25%, which brings the CET1 ratio requirement to 10.03% in 2017[10].

UniCredit group capital ratios, calculated as of December 31, 2016 were temporarily not compliant with SREP 2016 requirements applicable from January 1, 2017. In particular OCR requirements are temporarily not compliant with a gap of 0.63%, 1.24%, 0.62% respectively for CET1 ratio, Tier1 ratio and Total Capital ratio. In addition also OCR + Pillar 2 Guidance ("P2G") requirement, relevant only for CET1 ratio is not respected with a gap of 1.88%[11].

Following the completion of the subscription of the Capital Increase, occurred on March 2, 2017, considering the €13 billion subscribed by investors, compliance with SREP 2016, capital requirements ("OCR" capital requirements including also "P2G" defined for CET1 ratio, applicable from January 1, 2017) has been restored.
Following the restored compliance with capital regulatory requirements, UniCredit group is no more subject to the constraints on dividend allocation, Additional Tier 1 instruments payments and variable remunerations, as stated in Art.141 of the CRD.

The Board of Directors proposes to not allocate dividend for 2016.

9 In line with Basel Committee official website the following national authorities have defined buffer requirements different from 0%, applicable from March 2017: Sweden (2%), Norway (1.5%), Hong Kong (1.25%), United Kingdom (0.5%) and Czech Republic (0.5%).
According to Basel 3 transitional rules, the maximum applicable factor for 2017 is equal to 1.25%, increasing by 0.625% per year up to 2.5% from January 2019.
10 OCR including also Pillar 2 Guidance (10.03% CET1 ratio) is not MDA relevant. However, its breach requires immediate notification to ECB, which might impose measures, including the submission of a capital restoration plan.
11 The gap of 1.88% is due to the Pillar 2 Capital guidance (equal to 1.25%) and to the combined buffer (Capital conservation, Coutercyclical Capital and G-SII) for the remaining 0.63%.

Shareholders' Equity attributable to the Group

The Shareholders' Equity of the Group, including the result of the period (€11,790 million), amounted to €39,336 million at December 31, 2016, compared to €50,087 million at December 31, 2015.
The statement of changes in Shareholders' Equity is included in the Consolidated Accounts.

The following table shows the main changes occurred in 2016.

Shareholders' Equity attributable to the Group (€ million)

Shareholders' Equity as at December 31, 2015	**50,087**
Capital increase (net of capitalized costs)	-
Equity instruments	495
Disbursements related to Cashes transaction ("canoni di usufrutto")	(128)
Dividend payment(*)	(158)
Forex translation reserve(**)	1,197
Change in afs/cash-flow hedge reserve	(397)
Others(***)	30
Net profit (loss) for the period	(11,790)
Shareholders' Equity as at December 31, 2016	**39,336**

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

(**) This effect is mainly due to positive exchange rate fluctuations for €502 million (basically due to Ruble and Krivna, partially offset by the negative effect of Zloty for €108 million) and to the effect of the reclassification through profit and loss of the exchange reserve of PJSC Ukrsotsbank (€718 million) sold on October 31, 2016.

(***) This includes mainly the negative change in the reserves relating to the actuarial gains/losses on defined benefit plans of €414 million net of taxes and the negative change in the valuation reserve of the companies accounted for using the equity method for €389 million, mainly due to the revaluation of the items in Turkish Lira. Furthermore are included the effects of the sale of 10% of Pekao S.A and the 30% of FinecoBank S.p.A., UniCredit still has a controlling shareholding of both companies.

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

Group Results

Capital Strengthening

On January 12, 2017, the Shareholders' Meeting approved a share capital increase for cash consideration up to an aggregate amount of €13 billion, including any share premium, to be carried out no later than June 30, 2017, also in one or more tranches and in a divisible form, through the issue of ordinary shares with regular entitlement to be pre-emptively offered to the Company's ordinary shareholders and holders of saving shares pursuant to article 2441, paragraphs first, second and third of the Italian Civil Code ("Rights Issue").

The Rights Issue is one of the pillars of the 2016-2019 Strategic Plan and will allow a significant strengthening of the Group's capital ratios, so as to be in line with the best European systemic banks. The positive impact on the UniCredit's pro-forma CET1 consolidated ratio is estimated equal to 361 basis points (calculated net of transaction costs) based on the financial position as of December 31, 2016 adjusted for the Strategic Plan perimeter post M&A transactions (i.e. disposal of Bank Pekao to Powszechny Zakład Ubezpieczeń S.A. ("PZU") and Polski Fundusz Rozwoju S.A. ("PFR"), and Pioneer Investments to Amundi) and assuming the full application of the Basel III Agreement provisions as well as the execution of the full €13 billion issue volume of the Rights Issue.

The Shareholders' Meeting granted the Board of Directors the powers to establish, shortly prior to the launch of the public offering, the definitive amount of the Rights Issue, the subscription price of the newly issued shares, the portion to be allocated to the share capital and that to be allocated to the share premium reserve, the terms of effectiveness of the related subscriptions, the number of shares to be issued and the option ratio applicable to the ordinary and savings shares. The Shareholders' Meeting also granted the Board of Directors the powers to determine the timing for the approval of the Rights Issue, specifically for the launch of the offering of option rights as well as the later offer on the stock exchange of any rights that have not been exercised at the end of the subscription period.

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 January 30, 2017, UniCredit S.p.A. filed the registration document and made it available to the public following the approval by the Commissione Nazionale per le Società e la Borsa (CONSOB), through the note dated January 27, 2017, ref. No.0013115/17.

On February 1, 2017, the Board of Directors of UniCredit S.p.A. approved the terms and conditions and the timetable of the pre-emptive offer of ordinary shares to the existing shareholders (the "Offering"), to be offered in Italy, Germany and Poland, based on the resolution of the extraordinary shareholders' meeting dated January 12, 2017.

The Offering has been carried out through the issuance of no par value new ordinary shares, to be pre-emptively offered to existing holders of ordinary and savings shares of the Company at the price of Euro 8.09 per share (of which Euro 0.01 as share capital and Euro 8.08 as share premium) at the subscription ratio of 13 new ordinary shares for every 5 ordinary and/or savings share held.

As a result, a maximum of No.1,606,876,817 new ordinary shares have been issued in the context of the Offering, for an aggregate amount of the transaction equal to maximum Euro 12,999,633,449.53 (of which up to Euro 16,068,768.17 as share capital and up to Euro 12,983,564,681.36 as share premium).

Therefore it has been planned that:

- subscription rights could be exercised from February 6, 2017 (included) to February 23, 2017 (included) in Italy and Germany and from February 8, 2017 (included) to February 22, 2017 (included) in Poland;
- subscription rights could be traded on the MTA from February 6, 2017 to February 17, 2017 and on the WSE from February 8, 2017 to February 17, 2017;
- subscription rights that are not exercised on or before the end of the subscription period could be auctioned by the Company on the MTA, pursuant to Article 2441, paragraph 3, of the Italian Civil Code.

In addition the underwriting agreement related to the transaction was signed. The underwriting syndicate has been coordinated and led by UniCredit Corporate & Investment Banking, Morgan Stanley and UBS Investment Bank acting as structuring advisors and, together with BofA Merrill Lynch, J.P. Morgan and Mediobanca, as joint global coordinators and joint bookrunners and, in addition, including Citigroup, Credit Suisse, Deutsche Bank, Goldman Sachs International and HSBC acting as co-global coordinators and joint bookrunners, Banca IMI, Banco Santander, Barclays, BBVA, BNP PARIBAS, COMMERZBANK, Crédit Agricole CIB, Natixis and Société Générale acting as joint bookrunners, ABN AMRO, Banca Akros, and Macquarie Capital acting as co-bookrunners, Danske Bank as co-lead manager, as well as CaixaBank, Equita SIM, Haitong, Jefferies, RBC Capital Markets, SMBC Nikko and Keefe, Bruyette & Woods acting as co-managers. The underwriting syndicate members (with the exception of UniCredit Corporate & Investment Banking) have committed, severally and not jointly, to subscribe any newly issued shares that remain unsubscribed at the end of the auction period which has been held after the subscription period, up to a maximum amount equal to the aggregate amount of the Offering.

On February 3, 2017, UniCredit S.p.A. filed the Securities Note and the Summary Note related to the rights offering following the approval by CONSOB (the "Prospectus" along with the Registration Document). On the same date, UniCredit S.p.A. announced that, following to the accomplishment of the so-called "passporting procedure" set forth in the European applicable law, the English translation (the "English Prospectus") of the Registration Document, the Securities Note and the Summary Note (the "Prospectus"), as well as the Polish and German translation of the Summary Note, were available on the Company's website www.unicreditgroup.eu.

On February 15, 2017, UniCredit S.p.A. informed that, following the approval by the Commissione Nazionale per le Società e la Borsa (CONSOB), it published a supplement to the prospectus relating to the rights offering. The supplement was prepared for the purpose of supplementing the information contained in the Prospectus following to: (i) the resolution of the Board of Directors of the Company dated February 9, 2017 which approved both on an individual and consolidated basis the preliminary figures relating to the Q4 2016 and the preliminary results for the year ended December 31, 2016, also for the purpose of European Union harmonised, consolidated regulatory reporting (FINancial REPorting - FINREP) pursuant to the applicable binding implementation technical standards; and (ii) the

signing, on February 4, 2017, of an agreement with the Trade Unions related to the redundancies envisaged in Italy as part of the UniCredit Group's strategic plan 2016-2019.
Pursuant to applicable laws and regulations, the investors that agreed to subscribe new shares that were the object of the offer in Italy during the period between February 6, 2017 and the date of publication of the Supplement in Italy (included), they had the right to revoke their subscription within two business days from the date of publication of the Supplement (i.e. until February 17, 2017 included) at the depositary intermediary where the subscription rights were exercised.
On the same date February 15, 2017, UniCredit S.p.A. announced that, following to the accomplishment in Germany and Poland of the so-called "passporting procedure" set forth in the European applicable law with respect to the supplement to the prospectus relating to the rights offering, the English translation of the Supplement as well as the Polish and German translations of the summary note, as amended and supplemented by the Supplement, have been made available to the public.
On February 23, 2017, UniCredit S.p.A. announced that during the subscription period (February 6, 2017 - February 23, 2017 in Italy and Germany and February 8, 2017 - February 22, 2017 in Poland, the "Subscription Period") No.616,559,900 subscription rights were exercised in respect of No.1,603,055,740 New Shares, representing 99.8% of the total New Shares offered, for an aggregate amount of Euro 12,968,720,936.60.
At the end of the Subscription Period, No.1,469,645 rights relating to the subscription of No.3,821,077 New Shares, representing 0.2% of the total New Shares offered, for an aggregate amount of Euro 30,912,512.93 remained unexercised.
On February 27, 2017, UniCredit S.p.A. announced that during the first trading session (held on February 27) all 1,469,645 rights not exercised during offering period (the "Unexercised Rights"), for the subscription of No.3,821,077 newly issued UniCredit ordinary shares (the "New Shares") have been sold for a total amount of Euro 15,063,861.25.
On March 2, 2017, UniCredit S.p.A. announced that the rights issue for the subscription of No.1,606,876,817 newly issued UniCredit ordinary shares has been completed. The rights issue has been fully subscribed for an aggregate amount of Euro 12,999,633,449.53 and no New Shares were subscribed by the underwriters.
Pursuant to art.2444 of the Italian Civil Code, the certification of the full subscription of the rights issue, including the updated share capital amount, has been filed for registration with the Rome Companies' Register.

On December 14, 2016 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 €500 million in private placement format.
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 2022) and thereafter at any interest payment date. Notes pay fixed rate coupons of 9.25% 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 +930 bps. In line with the regulatory requirements, the coupon payments are fully discretionary.
Besides the operations of Capital Strengthening previously mentioned, during 2016 the following capital transactions occurred:

- on February 9, 2016 UniCredit's Board of Directors, pursuant to the powers conferred by the Extraordinary Shareholders' Meeting of April 29, 2011, the Extraordinary Shareholders' Meeting of May 11, 2012 and the Extraordinary Shareholders' Meeting of May 11, 2013, resolved to increase the share capital by €40,674,329.08 by issuing No.11,993,660 ordinary shares to be granted to the employees of UniCredit and of Group banks and companies;
- following the scrip dividend scheme approved by the Extraordinary Shareholders' Meeting of April 14, 2016, under which newly-issued ordinary and savings shares of the Company were allocated to the shareholders entitled to receive a dividend who did not opted for a cash payout, the share capital increased by €548,551,596.24, corresponding to No.198,646,706 ordinary shares and No.44,219 savings shares.

Reconciliation of the Parent Company's Accounts to the Consolidated Accounts

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

Reconciliation of Parent Company to Consolidated Accounts (€ million)

	SHAREHOLDERS' EQUITY	of which: NET PROFIT
Balance as at December 31, 2016 as per UniCredit S.p.A. Accounts	**32,697**	**(11,460)**
Surplus over carrying values:	6,990	1,346
- subsidiaries (consolidated)	*4,425*	*376*
- associates accounted for at net equity	*2,564*	*970*
Dividends received in the period by the Holding Company	-	(1,098)
Other reclassification on consolidation	(351)	(579)
Balance as at December 31, 2016 attributable to the Group	**39,336**	**(11,790)**
Minorities	3,853	464
Balance as at December 31, 2016 (minorities included)	**43,188**	**(11,326)**

Result by Business Segment

Commercial Banking Italy

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

Income Statement, Key Ratios and Indicators

(€ million)

COMMERCIAL BANKING ITALY	YEAR 2015	YEAR 2016	% CHANGE	2016 Q4	% CHANGE ON Q3 2016
Operating income	7,668	7,438	- 3.0%	1,676	- 8.7%
Operating costs	(4,620)	(4,589)	- 0.7%	(1,103)	- 3.9%
Net write-downs on loans	(1,210)	(1,978)	+ 63.5%	(1,267)	n.s
Net operating profit	1,838	870	- 52.6%	(694)	- 254.9%
Profit before tax	1,066	(531)	- 149.8%	(1,712)	n.s
Customers loans (net Repos and IC)	131,487	134,976	+ 2.7%	134,976	- 1.5%
Customer depos (net Repos and IC)	122,130	134,768	+ 10.3%	134,768	+ 4.5%
Total RWA Eop	77,008	79,463	+ 3.2%	79,463	+ 0.8%
EVA (€ million)	68	(779)	n.s	(948)	n.s
Absorbed Capital (€ million)	8,105	7,989	- 1.4%	6,593	- 23.7%
ROAC	+ 8.86%	- 7.29%	n.s.	- 84.27%	n.s.
Cost/Income	+ 60.3%	+ 61.7%	144bp	+ 65.8%	324bp
Cost of Risk	0.91%	1.45%	54bp	3.72%	303bp
Full Time Equivalent (eop)	36,561	35,046	- 4.1%	35,046	- 1.6%

Commercial Banking Germany

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

Income Statement, Key Ratios and Indicators

(€ million)

COMMERCIAL BANKING GERMANY	YEAR 2015	YEAR 2016	% CHANGE	2016 Q4	% CHANGE ON Q3 2016
Operating income	2,652	2,460	- 7.3%	613	+ 3.4%
Operating costs	(1,997)	(1,903)	- 4.7%	(471)	- 0.7%
Net write-downs on loans	(44)	44	- 199.6%	36	- 274.0%
Net operating profit	611	600	- 1.7%	178	+ 81.8%
Profit before tax	409	179	- 56.2%	(220)	n.s
Customers loans (net Repos and IC)	80,172	80,660	+ 0.6%	80,660	- 0.1%
Customer depos (net Repos and IC)	82,527	86,603	+ 4.9%	86,603	- 1.0%
Total RWA Eop	34,083	36,109	+ 5.9%	36,109	+ 3.1%
EVA (€ million)	(14)	(96)	n.s	(73)	+ 142.8%
Absorbed Capital (€ million)	3,236	3,565	+ 10.2%	3,649	+ 1.9%
ROAC	+ 9.80%	+ 1.55%	n.s.	- 17.33%	n.s.
Cost/Income	+ 75.3%	+77.4%	208bp	+ 76.9%	-315bp
Cost of Risk	0.06%	-0.05%	-11bp	-0.18%	-28bp
Full Time Equivalent (eop)	11,542	10,949	- 5.1%	10,949	- 1.1%

Commercial Banking Austria

Commercial Banking Austria provides all Austrian customers, except CIB clients, with a complete range of banking products and services. The goal of Commercial banking Austria is to strengthen regional responsibility, to increase synergies, effectiveness and to improve time-to-market; therefore customer service teams can now adjust more quickly to local market changes.

Commercial Banking Austria holds large market shares and a strategic market position in retail banking, in Private Banking and especially in business with local corporate customers (including Factoring and Leasing).

Income Statement, Key Ratios and Indicators

(€ million)

COMMERCIAL BANKING AUSTRIA	YEAR 2015	YEAR 2016	% CHANGE	2016 Q4	% CHANGE ON Q3 2016
Operating income	1,669	1,624	- 2.7%	397	- 2.7%
Operating costs	(1,332)	(1,235)	- 7.3%	(309)	+ 4.7%
Net write-downs on loans	(12)	(32)	+ 158.6%	(60)	n.s
Net operating profit	324	357	+ 10.2%	29	- 78.6%
Profit before tax	431	(348)	- 180.8%	(345)	n.s
Customers loans (net Repos and IC)	44,867	44,984	+ 0.3%	44,984	+ 1.1%
Customer depos (net Repos and IC)	45,664	47,096	+ 3.1%	47,096	- 0.5%
Total RWA Eop	24,969	23,675	- 5.2%	23,675	+ 0.6%
EVA (€ million)	86	(203)	n.s	(201)	n.s
Absorbed Capital (€ million)	2,451	2,400	- 2.1%	2,325	- 2.9%
ROAC	+ 28.25%	- 17.42%	n.s.	- 64.13%	n.s.
Cost/Income	+ 79.8%	+ 76.0%	-380bp	+ 77.7%	547bp
Cost of Risk	0.03%	0.07%	4bp	0.49%	67bp
Full Time Equivalent (eop)	6,138	5,781	- 5.8%	5,781	- 0.8%

CEE Division

UniCredit has a broad network of branches in Central and Eastern Europe. Its regional footprint is diverse and includes a direct presence in 15 countries (Azerbaijan, Bosnia & Herzegovina, Bulgaria, Croatia, the Czech Republic, Hungary, Romania, Russia, Serbia, Slovakia, Slovenia, Turkey and Leasing activities in the 3 Baltic countries). The Group's market position in CEE provides local banks with substantial competitive advantages. This includes the sharing of best practices, significant economies of scale, access to international markets and strong brand recognition. Moreover, the diversified portfolio in this region enables modular growth and increased market penetration for UniCredit's global product lines.

Income Statement, Key Ratios and Indicators

(€ million)

CEE DIVISION	YEAR 2015	YEAR 2016	% CHANGE	2016 Q4	% CHANGE ON Q3 2016
Operating income	4,010	4,162	+ 3.8%	999	- 5.3%
Operating costs	(1,491)	(1,495)	+ 0.3%	(371)	- 3.1%
Net write-downs on loans	(1,016)	(791)	- 22.1%	(313)	+ 107.2%
Net operating profit	1,503	1,876	+ 24.8%	314	- 39.7%
Profit before tax	1,319	1,709	+ 29.6%	268	- 46.7%
Customers loans (net Repos and IC)	57,151	59,865	+ 4.7%	59,865	+ 0.5%
Customer depos (net Repos and IC)	55,405	59,175	+ 6.8%	59,175	+ 2.9%
Total RWA Eop	92,859	91,210	- 1.8%	91,210	- 2.4%
EVA (€ million)	(429)	340	- 179.2%	(54)	- 132.4%
Absorbed Capital (€ million)	8,568	9,158	+ 6.9%	8,844	- 4.9%
ROAC	+ 7.54%	+ 14.80%	n.s.	+ 8.42%	n.s.
Cost/Income	+ 37.2%	+ 35.9%	-126bp	+ 37.2%	88bp
Cost of Risk	1.74%	1.34%	-40bp	2.09%	107bp
Full Time Equivalent (eop)	28,485	24,271	- 14.8%	24,271	- 15.1%

Result by Business Segment

CIB

Corporate & Investment Banking (CIB) is dedicated to Multinational and Large Corporate clients with highly sophisticated financial profile and needs for investment banking services, as well as institutional clients of UniCredit group. 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	YEAR 2015	YEAR 2016	% CHANGE	2016 Q4	% CHANGE ON Q3 2016
Operating income	3,974	4,252	+ 7.0%	974	- 8.8%
Operating costs	(1,772)	(1,723)	- 2.7%	(426)	- 2.0%
Net write-downs on loans	(16)	(595)	n.s	(437)	n.s
Net operating profit	2,186	1,934	- 11.5%	111	- 81.7%
Profit before tax	1,879	1,332	- 29.1%	(275)	- 147.5%
Customers loans (net Repos and IC)	65,850	75,463	+ 14.6%	75,463	+ 4.9%
Customer depos (net Repos and IC)	42,939	45,501	+ 6.0%	45,501	+ 3.2%
Total RWA Eop	70,754	74,733	+ 5.6%	74,733	+ 0.5%
EVA (€ million)	490	493	+ 0.5%	(23)	- 112.3%
Absorbed Capital (€ million)	7,010	7,734	n.s	8,276	+ 6.2%
ROAC	+ 19.60%	+ 15.03%	-457bp	+ 4.62%	n.s.
Cost/Income	+ 44.6%	+ 40.5%	-406bp	+ 43.7%	303bp
Cost of Risk	0.02%	0.57%	55bp	1.68%	157pb
Full Time Equivalent (eop)	3,951	3,662	- 7.3%	3,662	- 3.5%

Asset Gathering

Asset gathering is a division specialized in wealth management through the direct channel and the financial advisors network, mainly focused on the retail customer segment.
It operates in Italy through FinecoBank S.p.A., 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	YEAR 2015	YEAR 2016	% CHANGE	2016 Q4	% CHANGE ON Q3 2016
Operating income	543	558	+ 2.7%	138	+ 5.0%
Operating costs	(233)	(226)	- 2.6%	(55)	+ 3.7%
Net write-downs on loans	(7)	(4)	- 37.4%	(1)	- 5.8%
Net operating profit	304	328	+ 7.7%	82	+ 6.0%
Profit before tax	287	305	+ 6.3%	74	+ 11.7%
Customers loans (net Repos and IC)	706	910	+ 29.0%	910	+ 11.8%
Customer depos (net Repos and IC)	15,623	18,570	+ 18.9%	18,570	+ 9.1%
Total RWA Eop	1,804	1,890	+ 4.8%	1,890	+ 6.3%
TFAs Outstading Stock (eop)	55,327	60,195	+ 8.8%	60,195	+ 4.6%
TFAs Net Sales	5,490	5,036	- 8.3%	1,452	+ 55.2%
EVA (€ million)	112	112	- 0.0%	21	- 8.1%
Absorbed Capital (€ million)	142	93	- 34.4%	(34)	- 138.2%
ROAC	+ 87.33%	+ 126.16%	n.s.	- 198.46%	n.s.
Cost/Income	+ 42.8%	+ 40.6%	-224bp	+ 40.0%	-52bp
Full Time Equivalent (eop)	1,019	1,052	+ 3.2%	1,052	+ 1.8%

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. 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)

	YEAR		%		% CHANGE
NON-CORE	2015	2016	CHANGE	2016 Q4	ON Q3 2016
Operating income	28	(276)	n.s	(132)	+ 85.5%
Operating costs	(177)	(150)	- 15.6%	(51)	+ 41.3%
Net write-downs on loans	(1,674)	(8,845)	n.s	(7,556)	n.s
Net operating profit	(1,823)	(9,271)	n.s	(7,739)	n.s
Profit before tax	(1,983)	(9,382)	n.s	(7,789)	n.s
Customers loans (net Repos and IC)	35,802	18,969	- 47.0%	18,969	- 35.7%
Net Impaired Loans(percentage of total net loans)	69.21%	70.64%	1.4bp	70.64%	-7.5bp
Total RWA Eop	31,174	26,198	- 16.0%	26,198	- 0.2%
EVA (€ million)	(1,764)	(9,667)	n.s	(8,385)	n.s
Absorbed Capital (€ million)	3,511	2,795	- 20.4%	2,628	- 2.3%
ROAC	- 38.31%	- 335.28%	n.s.	n.s	n.m.
Cost/Income	+ 644.3%	- 54.3%	n.s.	- 38.7%	n.s.
Cost of Risk	4.12%	29.22%	n.s.	124.17%	n.s.
Full Time Equivalent (eop)	717	524	- 26.9%	524	- 1.6%

Other information

Report on corporate governance and ownership structure

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

Report on remuneration

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

Research and development projects

In 2016 UniCredit S.p.A's Research and Development projects were mainly aimed at:

- prototyping a new software for low latency data flow processing such as financial markets data and others from different strategic areas of the bank such as electronic FX;
- providing the CEE Division with a an accurate group mapping tool on corporate customers based on structured and unstructured internal and external data sources;
- supporting NPL initiatives creating a DB of millions of PDF documents scanned, read and indexed by the machines with a huge impact in term of automation;
- allowing, in the Media Relation environment, the press to register and use any press release with the possibility to choose among different categories both at thematic and geographical level;
- promoting the Open Source adoption - through Github and committing to existing projects;
- strengthening industrial and academic partnerships enabling the development of long-term solutions for UniCredit, as well as developing new network in the scientific environment.

Group activities development operations and other corporate transactions

During 2016, UniCredit pursued new initiatives, in line with the multi-year plan strategies, on one hand focused on the development of digitization and innovation activities, and on the other hand starting a reorganization project of the CEE Division activities.
In addition, there have been further operations regarding the Group's shareholding portfolio.

Initiatives deemed to sustain new Strategic Plan

Accelerated bookbuilding of 10% of FinecoBank shares

On July 11 2016, UniCredit announced the launch of a placement of ordinary shares in its subsidiary, FinecoBank S.p.A. representing to 10% of the Fineco existing share capital. On July 12 2016, a successful completion of the operation has been announced, following a placement to institutional investors of approximately No.60.7 million of ordinary shares in FinecoBank S.p.A. (equal to 10% of the Fineco's issued share capital) for a total gross proceeds of approximately €328 million.
The price represents a discount of approximately 6% to the last pre-announcement closing price of FinecoBank. The transaction results in a gain of €217 million, gross of tax, recognized in UniCredit S.p.A. separate financial statements.

Accelerated bookbuilding of 10% of Bank Pekao shares

On July 12 2016, Unicredit announced the launch and a successful completion of the accelerated bookbuilding offering for the a placement to institutional investors of approximately 26.2 million of ordinary shares in Bank Pekao S.A, equal to approximately 10% of the Pekao's issued share capital at a price of PLN 126 per share. Gross proceeds raised by UniCredit from the placement amounted to approximately PLN 3.3 billion (equal to approximately €749 million).
The price represents a discount of approximately 6% to the last pre-announcement closing price of Pekao. The transaction results in a gain of about €1 million, net of transaction fees, recognized in UniCredit S.p.A. separate financial statements.
After the completion of the placement, the shareholding of UniCredit S.p.A. in Bank Pekao S.A. is 40.1% of its share capital.

Accelerated bookbuilding of 20% of FinecoBank shares

On October 12 2016, UniCredit announced the launch of a placement of ordinary shares in its subsidiary, FinecoBank S.p.A. representing up to 20% of the Fineco existing share capital.
On October 13 2016, a successful completion of the operation has been announced, following a placement to institutional investors of approximately No.121.4 million of ordinary shares in FinecoBank S.p.A. (equal to 20% of the Fineco's issued share capital) for a total gross proceeds of approximately €552 million.
The price represents a discount of approximately 5% to the last pre-announcement closing price of FinecoBank. The transaction results in a gain of €326 million, gross of tax, recognized in UniCredit S.p.A. separate financial statements.
After completion of the placement, UniCredit S.p.A. continues to control and consolidate the company with a shareholding of c.a. 35%, hence leveraging on FinecoBank's distinctive capabilities and know-how and supporting its liquidity investment policy.
UniCredit has agreed to a 360 days lockup period from the closing of the Placement with respect to sales of any remaining shares it holds in FinecoBank. No additional sales of shares of FinecoBank will be made by UniCredit during the lock-up period without the consent of UBS Limited on behalf of the Joint Bookrunners.

Bank Pekao

On December 8, UniCredit announced it has entered into an agreement for the disposal of a 32.8% stake in Bank Pekao S.A. to Powszechny Zakład Ubezpieczeń S.A. ("PZU") and Polish Development Fund S.A. ("PFR").
The agreed purchase price for the disposal of such stake is equal to PLN 123 per share, or PLN 10.6 billion for the shareholding sold (equivalent to ca. Euro 2.4 billion with an exchange rate as of December 8, 2016) and is equivalent to a price to book value multiple of 1.42x based on September 30, 2016 accounts.
The Transaction is subject to the customary regulatory and antitrust approvals and is expected to be completed around mid 2017.

In order to complete the disposal of its entire stake in Bank Pekao, on the same date, UniCredit has launched a market transaction with respect to the remaining 7.3% of Pekao's share capital issuing a mandatorily-settled secured equity linked certificates and allowing the Group to benefit from the potential upside in the shares of Pekao resulting from the additional value which PZU and PFR may be able to generate following the completion of the acquisition.

In addition, UniCredit has agreed with PZU and PFR the transfer of further investments in Polish companies held by other Group's entities: Pioneer Pekao Investment Management S.A., Pekao Pioneer PTE S.A. and Dom Inwestycyjny Xelion Sp. Z.o.o., for an overall price of PLN 634 million (approximately Euro 142 million with exchange rate as of December 8, 2016).

In line with the prospected disposal of Bank Pekao S.A. and pursuant to IFRS5, as at December 31, 2016 this shareholding was transferred to "Non-current assets and disposal groups classified as held for sale" - item 150 (Assets).

Pioneer Investments

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

On December 5, 2016 UniCredit and Amundi announced that they have entered into exclusive negotiations in relation to the possible sale of the Pioneer Investments business to Amundi
On December 12, 2016 UniCredit successfully signed a binding agreement with Amundi for the sale of Pioneer: the purchase price paid by Amundi will be €3,545 million and in addition UniCredit will receive a €315 million pre-transaction extraordinary dividend to be distributed by Pioneer. The considerations excludes the Pioneer operations in Poland.
As part of the transaction, UniCredit and Amundi will form a strategic partnership for the distribution of asset management products underpinned by a 10-year distribution agreement for Italy, Germany and Austria. UniCredit will re-focus on its distribution business model while retaining exposure to the commission income generated from the distribution of asset management products.
The transaction, which has been approved by the Boards of Directors of UniCredit, Pioneer and Amundi, is subject to customary closing conditions, regulatory and antitrust approvals. The transaction is expected to close in the first half of 2017.
In line with the prospected disposal of Pioneer, global asset management company in 28 countries, controlled by Pioneer Global Asset Management S.p.A., wholly controlled by UniCredit S.p.A., pursuant to IFRS5, as at December 31, 2016 the shareholding in Pioneer Global Asset Management S.p.A. was transferred to "Non-current assets and disposal groups classified as held for sale" - item 150 (Assets).

FINO Project

The "Project FINO" aims to dispose of the "*non-core*" assets of UniCredit group through a market transaction. The project covers a set of credit exposures classified as non-performing, referring to various sectors, collected within a portfolio called "FINO portfolio".

Other information

In December 2016, UniCredit S.p.A. signed two *Framework Agreements* with two separate third-party Investors, designed to define the characteristics of two (or more) proposed securitization transactions (expected to be finalized in July 2017), out of a set of loans classified as non-performing as of June 30, 2016 for a nominal gross value of €17,700 million euros, making up the FINO portfolio. The *Framework Agreements* (and the associated documentation) describe the overall structure of the relationships with third party investors and outline, individually, the structure of the two phases of the Project, also setting the selling price for the various sub-portfolios involved, according to their characteristics and peculiarities.
On February 1, 2017, the Board of Directors of the Bank approved the FINO Project according to the features and content outlined in the *Framework Agreements* (and the attached documentation), and authorized the Directors to put in place the necessary steps to ensure its completion.
Pursuant to IFRS5, the credit exposures belonging to the FINO Portfolio (amounting to gross €17,045 million and with a net book value of €2,209 million as at December 31, 2016) are recognized in item "150. Non-current assets and disposal groups classified as held for sale", in view of the Group intention to gradually dispose of the entire portfolio within 12 months. For a more complete disclosure on the FINO Project (and its accounting treatment), please refer to Part E - Information on risks and hedging policies - Section 1. Credit Risk, under table "A.1.2 Breakdown of credit exposures by portfolio and credit quality (gross and net values)".

Rationalization and business development initiatives

Digitization and innovation plan

As part of the digitization and innovation plan that calls for an acceleration of the digital transformation of the multichannel retail bank and the building of the future digital business model, during 2016, UniCredit continued to carry out activities to implement innovative projects aimed at leading, on the one hand, to the supply of banking services, designed in particular to meet the more technological needs of the market (for example using smartphone and other mobile devices) and, on the other hand, to identify the best investment opportunities both in already consolidated fintech companies and in new start-ups through a partnership (called UniCredit EVO) with Anthemis Group (investment and advisory firm focused on re-inventing financial services).
Through this investment, UniCredit has the opportunity to scout for new fintech solutions, to be then used to innovate the Group's banking business. As of December, 31 2016 the UniCredit EVO fund has already made some investments in companies based in the US and in the UK, for a total amount of 25.6 million and, being an entity controlled by UniCredit S.p.A., it belongs to the consolidation perimeter. UniCredit is also lead investor, with EIF, in the fund Anthemis Venture Fund I, dedicated to investments in the fintech sector in new start-ups, both in the US and Europe.

Reorganization of the CEE Division activities

The transfer of the CEE Division, including the shareholdings of CEE subsidiaries, from UniCredit Bank Austria AG to UniCredit S.p.A. has been completed on September 30, 2016 following the registration of the demerger of the CEE Division from UniCredit Bank Austria AG to UCG Beteiligungsverwaltung GmbH (an Austrian NewCo wholly owned by UniCredit S.p.A) and the subsequent cross border merger of UCG Beteiligungsverwaltung GmbH into UniCredit S.p.A., having all regulatory approvals been granted.
The transaction was completed with legal validity from October 1, 2016 and accounting effects retroactive from January, 1 2016.
From the accounting relating to this transaction derived a significant negative effect upon individual net equity of UniCredit S.p.A. to cover through use of available reserves.
This transaction did not impact the consolidated shareholders' equity has a Group internal operation.
Such reorganization will allow to simplify the structure and strengthen the central steering functions under the direct supervision of the Group's General Manager, in line with the streamlining of the organizational structure announced on July 26, while preserving the existing know-how and customers' relationships. The CEE Division is a core asset of the UniCredit group and is expected to remain a core engine of growth, by leveraging on its exposure to the most dynamic European markets and by enhancing the synergies with the other divisions, while increasing the Group's flexibility in allocating capital, funding and liquidity across the regions thanks to the new corporate structure.
The management team of CEE Division will continue to be led by the Head of CEE Division, who will be supported by the following business heads: Head of CEE CIB, Head of CEE Retail and Head of CEE Private Banking. The majority of the team will continue to be located in Vienna.

Cordusio SIM - company of Wealth Management Group

The Group, as disclosed in the Consolidated Report on Operations of 2015 Consolidated Reports and Accounts, has decided to strengthen its presence in Wealth Management in Italy, using a dedicated company, located in SIM Cordusio controlled, to offer all the services of consulting and investment management for customers with more than 5 million financial assets (Ultra High wealth Individuals Network, below UHNWI).

In this context, last November it took effect the transfer of the business unit UHNWI of UniCredit in favor of Cordusio SIM. By virtue of that transfer, Cordusio, in addition to consultancy services in the field of investments, take place the following investment services referred to in Art.1, paragraph 5, of Legislative Decree 24 February 1998 No.58: placement without firm or standby commitment to issuers, portfolio management and reception/transmission of orders.
Cordusio SIM, which currently manages assets of over 23 billion with significant growth targets for the next three years, will continue to perform corporate advisory services, in collaboration with UniCredit Corporate and Investment Banking division, and advice even in areas not strictly financial, such as real-estate, art and collectibles, generational transitions, asset protection and philanthropy.

IDeA Corporate Credit Recovery

In June 2016, UniCredit, together with other banks reached an agreement for the transfer of their exposure related to a selected number of companies with loan exposures being restructured in the Credit Department of the fund IDeA Corporate Credit Recovery I (the "Fund"), managed by IDeA Capital Sgr, receiving units of the Fund in exchange.
The initiative represents an alternative route for recovering problem loans, the objective of which is to relaunch Italian SMEs in a state of financial tension, leveraging proactive managerial abilities and the injection of new finance by new investors, as well as a new ownership structure. The benefits brought will be shared by the original lending institutions and by the new investors.As the conditions provided for in IAS39 for derecognition were fulfilled, this transfer entailed derecognition of the receivables from the UniCredit S.p.A. financial statements for a gross original amount of about €90 million, making a capital gain on disposal of approximately €26 million.

Platform for managing Non-Performing loans with Intesa Sanpaolo and KKR

During July 2016 an agreement was reached between Pillarstone, UniCredit S.p.A, Intesa Sanpaolo and Banca Carige for the transfer of their exposure in receivables related to Premuda.
In execution of the agreement with KKR (see Consolidated Report on Operations of 2015 Consolidated Reports and Accounts), UniCredit S.p.A. securitised through the vehicle Pillarstone Italy SPV S.r.l. (set up under the terms of Italian Law 130/99) the exposure in relation to the Premuda group for a total nominal amount of €98 million. As for the previous transfers, as the conditions provided for in IAS39 for derecognition were not fulfilled, this transfer did not entail derecognition of the receivables and, therefore, the same continue to be recognised in the UniCredit S.p.A. financial statements.

Cards Processing

On August 3, UniCredit announced that its global services company, UniCredit Business Integrated Solutions ("UBIS"), and SIA have signed a framework agreement for the sale of UBIS's card processing activities in Italy, Germany and Austria for an aggregate consideration of €500 million in cash. At the same time the Group has agreed to enter into a ten year outsourcing contract with SIA for the provision of card processing services, allowing UniCredit group to retain access to the same high quality standard of service whilst exiting a non-core activity. The transaction has been finalized on December 23, 2016 generating a consolidated net capital gain of around €447 million for UniCredit in 2016.

Sale of an Italian SME Non-Performing credit portfolio

On September 8, UniCredit reached an agreement with Balbec Asset Management ("Balbec") in relation to the disposal on a non-recourse basis (pro-soluto) of a Non-Performing unsecured Italian SME loans credit portfolio.
The portfolio consists entirely of Italian loans with a gross book value of approximately €570 million.
The sale is part of UniCredit's on-going activities to sell non-core assets and strengthen Group's credit profile.

Sale of a Non-Performing credit portfolio

During October 2016 UniCredit reached an agreement with Kruk Group ("Kruk") in relation to the disposal on non-recourse basis (pro-soluto) of a Non-Performing credit portfolio, mainly private individuals claims and residually corporate claims towards small/medium entities, originated by different banks time by time incorporated into UniCredit Group.
The portfolio consists entirely of Italian loans with a gross book value of about €940 million.
The sale is part of UniCredit's on-going activities to sell non-core assets and strengthen its credit profile.

The agreement between UniCredit, Pimco, GWM and Finance Roma to manage a real estate credit portfolio

On December 9, 2016 the agreement that defines the platform's functioning to manage a real estate credit portfolio has in fact been signed through the partnership between UniCredit S.p.A., Pimco (global asset manager), GWM (real estate specialist) and Finance Roma (real estate loan management specialist).
It envisages the investors taking on the portfolio management - through their subsidiary Aurora Recovery Capital (AREC) - with the aim of enhancing efficiency in managing medium to long term real estate loans part of a selected portfolio totaling €1.3 billion.
The platform aims at increasing the future value of the pool through the proactive management of the underlying assets, the implementation of innovative solutions and, when necessary new funding.

Other information

Loans and the related underlying assets owned by more than 40 customers, in different development phases, from green field to finished assets, will be part of the pool.
The agreement envisages the establishing of both a securitization vehicle (SPV) and a management company that will have the objective to extract higher value from the assets underlying the selected and transferred portfolio.
The transfer of the loans to the SPV is envisaged to take place in two waves: the first one occurred on December 12, 2016 and regarded an amount of loans to customers of about gross €863 million.
As at December 31, 2016 the transaction has not resulted in the write-off of the loans from the financial statement of UniCredit S.p.A., since the derecognition requirements pursuant to IAS39 had not been fulfilled.

Other transactions and initiatives involving shareholdings

Disposal to Visa Inc. of the shareholding in Visa Europe

In June, UniCredit group sold own VISA Europe shares (representing 0.39% of the share capital) to VISA Inc.
The consideration for the sale comprises around 194 million in cash and 81,662 class C preferred shares of VISA Inc., unlisted and convertible into listed class A shares, valued at around 57 million in total, plus a three-year-deferred cash payment of around 16.7 million (including interest).
The sale contributed positively for €268 million to UniCredit Group's consolidated income statement, gross of taxes and including the share of Yapi Kredi group. In addition, UniCredit group's consolidated income statement benefited of €95 million related to this transaction with reference to VISA Austria. The total contribution net of taxes and minorities has been €229 million.

Exchange of shareholding in ERG Renew

Last October UniCredit finalized the barter of the entire stake (7.14%) held in ERG Renew S.p.A. (renewable energy sector) with a stake of 4.00% of ERG S.p.A. (listed at MTA) which generated a consolidated capital gain of €9.6 million; in the context of the operation UniCredit has taken on a commitment not to sell the shares received for a period of six months.

Disposal of PJSC Ukrsotsbank to Alfa Group

Following the reception of the relevant regulatory approvals, on October 31 2016 UniCredit completed the sale of a 99.9% stake in PJSC Ukrsotsbank to Alfa Group. Economic impacts are already included in the 2015 results, with the exception of the cumulative currency effects amounting to approximately minus €718 million, which will be capital neutral.
The terms and conditions of the transaction remained unchanged to the ones published on institutional web-site with the press release issued on January 11, 2016, leading to the acquisition of newly issued shares of ABH Holding SA ("ABHH" a privately owned Luxembourg-based holding company investing into several banking activities in the CIS) representing 9.9% stake of ABHH post-transaction.

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 Fund is aimed at investing in Italian banks rights issues and supporting disposals of NPLs. In particular, Atlante Fund is aimed at (i) ensuring successful execution of capital increases of troubled Italian banks, acting as a back stop facility; (ii) sorting out issues with NPLs by investing in junior and mezzanine tranches of related securitization trying to facilitate the revamp of the Italian NPLs market.
As at December 31, 2016, UniCredit has been holding No.845 shares of Atlante Fund (out of 4,249 total shares) with a carrying value of €139 million (amount equal to the shares already paid for €686 million net of the impairment of €547 million), classified as financial assets available for sale, and a residual commitment to invest €159 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 to invest into NPLs and other instruments related to NPLs transactions only (e.g. Warrants) aiming at reducing the risk, in line with institutional investors criteria. Atlante II will invest in junior and mezzanine notes issued by SPVs of NPL securitizations from Italian banks (expected profitability in line with single B bonds).
UniCredit has subscribed No.155 shares for a total consideration of €155 million of which €1.1 million effectively paid on December 31, 2016. As at December 31, 2016, total funds of Atlante II were €2.155 billion (UniCredit stake 7.2%).

Significant organizational changes in 2016

On July 26, 2016, the Board of Directors approved the new organizational model for UniCredit S.p.A., focused on the following changes:

- creation of a new role of General Manager who takes on the responsibilities for all the business activities, focusing on the ongoing development of clients services aiming to maximize the cross selling and leading the Group digital strategies, as well as defining the new service model of the Bank;
- cancellation of the Deputy General Manager roles with the contextual reallocation of responsibilities and activities;
- set up of a new the Chief Operating Office, position covered by two co-Heads (co-Chief Operating Officers) who lead the oversight of the operational machine with a specific focus on Costs and on IT&Operations; in particular the two co-Heads are respectively responsible for Finance&Cost Management and for IT&Operations, Security and Internal Controls.

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 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. Specifically:

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

Other information

2016 EU-Wide Stress test results

On July 29 the EBA announced the results of the EU-wide stress test, to which UniCredit was subject. The 2016 EU-wide stress test does not contain a pass-fail threshold and instead is designed to be used as a crucial piece of information for the supervisory review process in 2016. The results will thus allow competent authorities to assess UniCredit's ability to meet applicable minimum and additional own funds requirements under stressed scenarios based on a common methodology and assumptions.

The adverse stress test scenario was set by the ECB/ESRB and covers a three-year time horizon (2016-2018). The stress test has been carried out applying a static balance sheet assumption as at December 2015, and therefore does not take into account future business strategies and management actions. It is not a forecast of UniCredit profits.

Based on the results of the exercise, that will constitute a relevant input to the 2016 supervisory review process, UniCredit will work with SSM to understand the extent to which credible management actions may offset some of the impact of the adverse scenario; to assess the impact of the results on UniCredit forward looking capital plans and its capacity to meet applicable own funds requirements; and to determine whether any additional measures or changes to the UniCredit capital plan are needed.

UniCredit's results in 2018 are summarized below:

- baseline scenario: CET1 ratio at 11.57%, corresponding to 98bps higher than CET1 ratio transitional as at the end of December 2015,
- adverse scenario: CET1 ratio at 7.12%, corresponding to 347bps lower than CET1 ratio transitional as at the end of December 2015.

Conversion of DTAs into tax credit

UniCredit S.p.A. closed 2015 financial year with a net loss of €1,441.4 million; as such, the conditions for a new conversion of Deferred Tax Assets (DTA) into tax credits, pursuant to art.2, paragraph 55, of Decree Law December 29, 2010 n.225, were met. The conversion carried out by UniCredit S.p.A. amounted to €341.4 million.

In order to preserve for the future the regime of conversion of DTAs into tax credits, and in order to overcome the issues raised by the European Commission in connection to the application of State Aid rules, art.11 of DL May 3, 2016 n.59 (cd. "Banks Decree", converted into Law June 30, 2016 n.119), introduced the possibility, starting from 2016 since 2029, to opt for the payment of an annual fee to the extent of 1.5% of an aggregate amount deriving from the difference between:

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

In 2016 an estimated amount of €253.7 million has been recognized, which includes the fee due for the year 2015, paid in July 2016, and an estimation of the fee due for year 2016.

On February 17, 2017, upon conversion into law of the Decree “salva-risparmio” (Law Decree of December 23, 2016, No.237), amendments to the article 11 of the Law Decree 59/2016 has been introduced, among which the one year postponement for the DTA fee payment period from 2015-2029 to 2016-2030.

Please note that these amendments has been considered as “non-adjusting events” as, on December 31, 2016, the preconditions of “virtual certainty” and “substantively enactment” required by the international accounting standards in order to recognize in 2016 financial statements the effect of these amendments where not fulfilled.

Certifications and other communications

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

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

a) according to the “Global policy for the management of transactions with persons in conflict of interest” adopted by the Board of Directors of UniCredit S.p.A. on March 10, 2016, and published on the website www.unicreditgroup.eu, during 2016 Bank’s Presidio Unico received a report of four transactions of greater importance all ended in the period. Specific disclosure of one of these transactions was provided to Consob;
b) during 2016, no transactions with related parties as defined by Article 2427, paragraph 22-bis of the Civil Code were conducted, under different conditions from normal market conditions and materially affecting the Group’s financial and economic situation;
c) during 2016, there were no changes or developments in the individual transactions with related parties already described in the latest annual report that had a material effect on the Group’s financial position or results during the reference period.

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

Subsequent Events and Outlook

Subsequent Events[12]

On January 12, 2017, the shareholders' Meeting approved a share capital increase completed on March 2, 2017.
Following completion of the operation the new fully subscribed and paid-up share capital of UniCredit S.p.A. amounts to €20.862.962.205,11 and is divided into No.2.224.911.123 shares with no nominal value, in turn made up of No.2.224.658.634 ordinary shares and No.252.489 savings shares.
See paragraph "Capital Strengthening" of this Consolidated Report on Operations further details.

On January 17, 2017 UniCredit reached an agreement with B2 KAPITAL in relation to the disposal on a non-recourse basis (pro-soluto) of a portfolio composed of secured/unsecured non-performing loans granted by UniCredit Bulbank (Bulgaria) to corporate customers.
The portfolio consists entirely of Bulgarian loans with a Legal Claim value of approximately €93 million.
The sale is part of UniCredit Group's on-going activities to sell non-core assets and strengthen its credit profile. The impact will be reflected in first quarter 2017 accounts.

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 pre-retirement 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.

On February 17, 2017, upon conversion into law of the Decree "salva-risparmio" (Law Decree of December 23, 2016, No.237), amendments to the article 11 of the Law Decree 59/2016 has been introduced, among which the one year postponement for the DTA fee payment period from 2015-2029 to 2016-2030; see paragraph "Conversion of DTAs into tax credit" of this Consolidated Report on Operations further details.

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 sale is part of the overall UniCredit Group's on-going strategy to reduce non-performing exposure ("NPE").
The Transaction will not impact UniCredit Group's NPE ratio, as Yapi Kredi is accounted for by the Equity Method.

12 Up to the date of approval by the Board of Directors' Meeting of March 13, 2017.

Outlook

In the second half of 2016, the global recovery continued at the annualized pace of 3%, in front of a lot of variations in economic performance across regions. The recovery in advanced economies accelerated more than expected, supported by a pickup in manufacturing activity and a reduced drag from inventories. In Japan, some statistical revisions pointed to a more decent performance than previously expected, while both the US and the UK economy held up their recovery at a steady peace, despite the Brexit shock. Trump's fiscal plan, as outlined during his electoral campaign, could add stimulus for the American economy during the second half 2017 and into 2018, while in the UK the economic performance will be largely impacted by the confidence effects generated by the unfolding of the Brexit negotiations. In the emerging markets, the picture was more variegated. The Chinese economy, which continued to be boosted by an expansionary fiscal policy and fast credit growth, grew at about 6.5%. GDP growth remains consistent with a soft landing scenario, but the excessively high stock of corporate debt represents the main systemic risk, if it is not properly addressed. Economic activity, instead, was weaker than expected in some Latin American countries currently in recession, such as Argentina and Brazil, as well as in Turkey that has struggled to regain investors' confidence in the aftermath of the failed coup of last summer. In Russia the recovery was slightly stronger than expected thanks to a rebound in oil prices.

In the euro area, the recovery remains overall moderate. Despite Brexit and ongoing weakness in global trade, business and household confidence in the euro area has remained stable. In the second half of 2016, GDP likely grew at about 1.6% annualized and the most recent leading indicators suggest that both domestic and external demand supported the expansion at the end of the year. This marks the second consecutive year of above-trend growth. The negative point is that this recovery phase remains weak by historical standards. We think 2017 will show a continuation of this moderate recovery, mostly driven by the low interest rates and a pickup in global trade. Italy's economic activity is expected to reach the 0.9% in 2016. In the latter part of 2016, encouraging news came from business survey indicators and industrial production data, all pointing to an improvement in industrial activity, driven by a recovery in demand from abroad.

A steady economic recovery is likely to continue in 2017 (with GDP growth of 0.8%), although the expansion's pace is expected to remain modest.
In particular, private consumption and fixed investments will continue to support growth, with the recovery in fixed investment expected to be mainly driven by an acceleration in machinery and equipment investments. The latter is expected to benefit from a strengthening of fiscal incentives for equipment and innovation introduced in 2016 and a cut in the corporate tax rate, in addition to the support coming from favorable financing conditions for companies. Lending to the private sector picked up modestly at the end of 2016, mainly driven by the increasing demand for credit coming from both firms and, above all, households.

Inflationary pressures are gaining traction. In December, euro area's inflation rate reached 1.1%, mostly driven by the jump in oil prices triggered by OPEC's agreement signed in November. The path for core inflation warrants special attention, given there are virtually no signs of improvement from the cyclical lows touched in early-2015. Three main factors explain the flat trajectory in core prices so far: 1. the lack of responsiveness of wage growth to the improving labor market outlook, which has exerted downward pressure on services prices; 2. subdued import price dynamics, and 3. second-round effects from the past drop in the price of oil and other commodities. In its December meeting, the ECB decided to extend its asset purchases from March 2017 until December 2017, but – and this is the main news – at a reduced pace of €60 billion per month.

During the year 2017, the Group should benefit of a general, albeit limited, recovery in economic cycle, even though the level of interest rates remains extraordinarily low, consequently affecting the net interest income dynamic. Moreover, the Group will leverage on the initiatives envisaged in 2016-2019 Multi-Year Plan "Transform 2019", reported to the market on December 2016, aiming at keeping a sustainable level of profitability over time. More specifically, in line with what envisaged in the Plan, the Group aims to significantly strengthen the capital together with an improvement in asset quality and to transform the governance and operating model, maximizing the commercial bank value, the cross selling and keeping an increasingly more efficient cost structure.

Milan - March 13, 2017

THE BOARD OF DIRECTORS

CHAIRMAN
GIUSEPPE VITA

CEO
JEAN PIERRE MUSTIER

Corporate Governance

Governance organizational structure

Introduction

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

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

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

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

The Report on Corporate Governance and ownership structure approved by the Board of Directors (in the meeting held on March 13, 2017) is published at the same time as the Consolidated Report on Operations on the Issuer's website (https://www.unicreditgroup.eu/en/governance/governance-system-and-policies.html). For further information on the UniCredit Corporate Governance system please see the first of the above document.

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

The information provided, unless otherwise specified, refers to the financial year January 1/December 31, 2016.

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

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

The reasons behind the choice of such governance model are that it has proven capable of managing the business efficiently, while ensuring effective controls. That is, it creates the conditions for UniCredit S.p.A. to be able to guarantee the sound and prudent management of a complex and global banking group, such as the UniCredit group.

Moreover, the traditional management ascribes certain aspects to the sole responsibility of the Shareholders' Meeting, creating in this way an opportunity for dialogue and debate between shareholders and management about fundamental elements of governance. These include the appointment and dismissal of directors, the appointment of the Board of Statutory Auditors members, the granting of a mandate for the external auditing to an audit firm, the setting of the related remuneration, as well as the approval of the financial statements, the profit allocations, the resolutions on the remuneration and incentive policies and practices provided for by the current provisions and the criteria to determine the compensation to be granted in the event of early termination of employment or early retirement from office.

Shareholders' Meeting

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

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

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

Board of Directors

The Board of Directors of UniCredit may be comprised of between a minimum of 9 up to a maximum of 24 members. As at March 13, 2017, UniCredit has 17 Directors.

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

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

The UniCredit Directors shall be appointed, according to the current legal and regulatory provisions, on the basis of a proportional representation mechanism ("voto di lista") abiding by the membership criteria concerning minority and independent Directors, apart from abiding by the rules on the balance between genders envisaged by Law No.120/2011, pursuant to the procedures specified in Clause 20 of the UniCredit Articles of Association.

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

Moreover, Directors must take into account the provisions of Section 36 of the Law Decree No.201/2011 ("ban on interlocking directorships"), approved as statute by Law No.214/2011 which establishes that holders of a seat in managerial, supervisory and controlling bodies, as well as top management officers in companies or group of companies active in banking, insurance and financial markets are forbidden to hold, or to exercise, similar duties, in competing companies or groups of companies.

The function and competencies of the Board of Directors are set forth in the UniCredit Corporate Bodies Regulations. The Corporate Bodies Regulations are available on the Governance/Governance system & policies Section of the UniCredit website.

Independence of Directors

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

With reference to the Board of Directors' members in office as of the approval date of this document, the Corporate Governance, Nomination and Sustainability Committee (formerly the Corporate Governance, HR and Nomination Committee) and the Board of Directors, the latter at the annual verification carried out at its meeting on January 13, 2016, as well as at the verification of individual directors made on May 10, July 11, October 13, 2016 and February 9, 2017, carried out the assessment of the Directors' independence requirements based on the statements made by the parties concerned and on the information available to the Company. In that regard, information relating to possible existence of direct or indirect relationships (credit relationships, significant offices held, employee relationships and business / professional relationships) of the Directors with UniCredit and Group Companies were taken into account, also taking into consideration the following significance criteria: amount of the consideration and features of the relationship; amount of the credit granted and its weight vis-à-vis the banking system as a whole, counterparty's characteristics, Director's position.

As a result of such assessments, the number of independent Directors according to the provisions of the Code is equal to 11.

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

According to the Code, the Board of Statutory Auditors, in its February 9, 2016 (annual verification), May 20 and October 18, 2016 as well as February 16, 2017, meetings, ascertained, with a positive outcome, the proper application of the criteria and procedures adopted by the Board of Directors to assess the independence of its own members.

Governance organizational structure

Status and activities of the Directors

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

Position	Members	In office since	In office until	Slate (M/m) (*)	Executive	Non-executive	Independent as per Articles of Association and Code	Independent as per TUF	Board meetings attendance % (**)	Number of other positions (***)
Chairman	Vita Giuseppe	05-13-2015	Approval of 2017 financial statements	m		X		X	100	1
Deputy Vice Chairman	Calandra Buonaura Vincenzo	05-13-2015	Approval of 2017 financial statements	m		X		X	100	--
Vice Chairman	Cordero di Montezemolo Luca	05-13-2015	Approval of 2017 financial statements	m		X	X	X	86.36	5
CEO ◊	Mustier Jean Pierre	06-30-2016[1]	Approval of 2017 financial statements	--	X				100	--
Director	Al Mehairi Mohamed Hamad	10-15-2015[2]	Approval of 2017 financial statements	--		X	X	X	72.73	6
Director	Balbinot Sergio	06-09-2016[3]	Approval of 2017 financial statements	--		X		X	78.57	7
Director	Bisoni Cesare	05-13-2015	Approval of 2017 financial statements	m		X	X	X	100	--
Director	Bochniarz Henryka	05-13-2015	Approval of 2017 financial statements	m		X	X	X	86.36	2
Director	Böckenfeld Martha Dagmar	09-22-2016[4]	Approval of 2017 financial statements	--		X	X	X	100	6
Director	Caltagirone Alessandro	05-13-2015	Approval of 2017 financial statements	m		X	X	X	72.73	6
Director	Palenzona Fabrizio	05-13-2015[5]	Approval of 2017 financial statements	m		X		X	95.45	2
Director	Reichlin Lucrezia	05-13-2015	Approval of 2017 financial statements	M		X	X	X	90.91	4
Director	Streit Clara C.	05-13-2015	Approval of 2017 financial statements	m		X	X	X	90.91	4
Director	Vezzani Paola	05-13-2015	Approval of 2017 financial statements	m		X	X	X	100	--
Director	Wolfgring Alexander	05-13-2015	Approval of 2017 financial statements	m		X	X	X	100	4
Director	Wyand Anthony	05-13-2015	Approval of 2017 financial statements	m		X		X	100	2
Director	Zambon Elena	05-13-2015	Approval of 2017 financial statements	m		X	X	X	77.27	13
Directors that left off during the Period										
CEO	Ghizzoni Federico	05-13-2015[6]	07-12-2016	m	X				90.91	1
Director	Bischoff Manfred	05-13-2015[7]	05-31-2016	m		X		X	100	3
Director	Jung Helga	05-13-2015[8]	05-31-2016	m		X			100	5
***Quorum* required for the submission of the slates for the latest appointment: 0.5%**										
Number of meetings held during the financial year: 22										

Notes:

(*) **M** = Member elected from the slate that obtained the majority of the Shareholders' votes
m = Member elected from the slate voted by the minority

(**) Number of meeting attended / number of meetings held during the concerned party's term of office with regard to the Period

(***) Number of positions as Director or Auditor held in other companies listed on regulated markets (both in Italy and abroad), including financial services companies, banks, insurance companies or other large companies. There is a list of such companies for each Director attached to the Report on corporate governance and ownership structure

◊ Director in charge of the internal controls and risks management system

(1) Co-opted on June 30, 2016 in place of Mr. Manfred Bischoff and confirmed by the Shareholders' Meeting on January 12, 2017. Mr. Mustier as from July 12, 2016, has taken on the office as Chief Executive Officer, in place of Mr. Federico Ghizzoni, who at the same date stepped down from the Board of Directors
(2) Co-opted on October 15, 2015 in place of Mr. Mohamed Badawy Al-Husseiny and confirmed by the Shareholders' Meeting on April 14, 2016
(3) Co-opted on June 9, 2016 in place of Ms. Helga Jung and confirmed by the Shareholders' Meeting on January 12, 2017
(4) Co-opted on September 22, 2016, bringing back the number of the Board of Directors members to the one resolved upon with the resolution taken by the Shareholders' Meeting of May 13, 2015; confirmed by the Shareholders' Meeting on January 12, 2017
(5) Mr. Palenzona stepped down from his role as Vice Chairman on March 1, 2017
(6) Mr. Ghizzoni stepped down from the Board of Directors on July 12, 2016
(7) Resigned effective as from June 1, 2016
(8) Resigned on May 31, 2016 with immediate effect

Governance organizational structure

Committees of the Board of Directors

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

The Internal Controls & Risks Committee, the Corporate Governance, Nomination and Sustainability Committee and the Remuneration Committee have been set up in compliance with the provisions contained in the Banca d'Italia Supervisory Regulations on banks' corporate governance envisaging 3 specialist committees, one on appointments, one on risks and one on remuneration, while the Related-Parties and Equity Investments Committee, established for overseeing issues concerning transactions with related-parties and with associated parties, as well as issues concerning investments in non-financial equities, has been set up in compliance with the CONSOB regulatory provisions and the Banca d'Italia Supervisory Regulations.
Starting from the end of 2016, the committee on appointments supervises the sustainability issues linked to the activity exercised by UniCredit and to the dynamics of the interactions of the latter with all the stakeholders.

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

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

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

Internal Controls & Risks Committee

The Internal Controls & Risks Committee is comprised of 9 Directors, all non-executive and the majority of whom are independent pursuant to the Corporate Governance Code and the Articles of Association. All members of the Committee, in its current composition, are independent pursuant to Section 148, paragraph 3, of the Consolidated Financial Act. The majority of the members (5 out of 9) also meet the independence requirements prescribed by the Code, which coincide with those envisaged by the UniCredit Articles of Association. The Chairman of the Committee is independent pursuant to Section 148, paragraph 3, of the Consolidated Financial Act and the Code. The work of the Committee is coordinated by the Chairman, chosen from the independent members. The Chairman of the Board of Directors is member by right.

Under the Corporate Bodies Regulations, the Committee members must have the knowledge, skills and experience to be able to fully understand and monitor the bank's strategies and risk appetite; furthermore, at least one member must possess appropriate experience in accounting and finance or risk management, which must be assessed by the Board of Directors at such time as they are appointed to the Committee.

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

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

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

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

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

The External Auditors may also be invited to attend.

In 2016, the Committee held 12 meetings.

Duties

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

Among other things, the Committee:

a) Drawing on input from the Corporate Governance, Nomination and Sustainability Committee, identifies and proposes to the Board who should be appointed Head of Group Compliance, Internal Audit and Group Risk Management; issues its opinion on setting remuneration for the Head of Internal Audit in line with company policy;

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

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

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

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

The Committee reports to the Board of Directors on the work it has done after every meeting. Moreover, the Committee reports to the Board of Directors on the status and effectiveness of the Group's internal controls system.

Related-Parties and Equity Investments Committee

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

The Related-Parties and Equity Investments Committee shall be called by its Chairman whenever deemed necessary.

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

In 2016 the Committee held No.16 meetings.

Duties

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

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

- Issues advance and justified opinions, also binding, in view of the Board resolution, on the overall adequacy of internal procedures governing the identification and management of transactions with related parties and/or associated parties undertaken by UniCredit and/or Group companies, as well as relevant amendments, pursuant to CONSOB Regulation for transactions with related parties, Banca d'Italia Regulation for transaction with associated parties and Section 136 of the Legislative Decree no. 385/1993 for transactions with corporate officers;
- Issues advance and justified opinions as expressly envisaged, including any interest in completing transactions with related parties and/or associated parties undertaken by UniCredit and/or Group companies, as well as on the convenience and substantive

Governance organizational structure

propriety of the conditions associated;
- In the case expressly envisaged of the transactions with related parties and/or associated parties undertaken by UniCredit and/or Group companies, the Committee is involved – if deemed necessary through one or more delegated members – already during the negotiations stage and during due diligence, receiving a full and timely flow of information, and including the power to request information and make comments to the delegated bodies and parties assigned to perform the negotiations or due diligence;
- Expresses its opinion, on the basis of the information made available by the competent office of the Bank, about significant topics concerning the Group Perimetro Unico on related and associated parties.

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

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

a) Temporary replacement in cases of conflict of interest

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

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

b) Temporary replacement of members who are not available in the event of urgent convocation

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

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

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

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

Corporate Governance, Nomination and Sustainability Committee

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

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

In 2016, the Committee held No. 12 meetings.

Duties

The Corporate Governance, Nomination and Sustainability Committee provides opinions to Board, amongst other issues on:

a) Defining the UniCredit corporate governance system, corporate structure and Group governance models and guidelines;

b) Defining the self-assessment process, the qualitative and quantitative composition of the Board deemed to be optimal, and the maximum number of posts held at other companies

considered compatible with effectively fulfilling these roles at UniCredit;
c) Verifying that UniCredit Directors meet the statutory and Articles of Association-based requirements (including requirements on interlocking directorates envisaged under applicable law), and verifying the correspondence between the qualitative and quantitative composition of the Board considered optimal and the outcome downstream from the appointments process;
d) Appointing the CEO, General Manager, Deputy General Managers and other directors with strategic responsibilities, as well as Senior Executive Vice Presidents;
e) Defining policy on the appointment and succession plan for the CEO, General Manager, Deputy General Managers and other directors with strategic responsibilities, Senior Executive Vice Presidents, Group Management Team (Executive Vice Presidents) and Leadership Team (Senior Vice Presidents);
f) Defining policy for the appointment of corporate officers (members of the Boards of Directors, Boards of Statutory Auditors and Supervisory Boards) at Group companies;
d) Designating corporate officers (members of the Boards of Directors, Boards of Statutory Auditors and Supervisory Boards) at the main companies (UniCredit Bank AG, UniCredit Bank Austria, Fineco Bank, Bank Pekao, Mediobanca, Associazione Bancaria Italiana, UniCredit Foundation and UniCredit & Universities);
h) Identifying candidates for the post of UniCredit Director in the case of co-optation, and, in case the Board should present a list of candidates for the position of independent Director for submission to the UniCredit Shareholders' Meeting, taking into account any indications from shareholders;
i) Appointing members to the other Board Committees.

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

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

Remuneration Committee

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

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

Committee meetings shall be scheduled on a quarterly basis.

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

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

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

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

In 2016, the Committee held No.10 meetings.

Duties

Among other things, the Committee:
- Formulates proposals to the Board on remuneration of members of the Board of Directors, the General Manager, Deputy General Managers, the Heads of corporate control functions and the personnel whose remuneration and incentive systems are decided upon by the Board;
- With regard to the CEO's earnings, serves in an advisory capacity in terms of setting the performance targets associated with the

Governance organizational structure

variable portion of the CEO's remuneration;
- Acts in an advisory capacity on setting criteria for remunerating the most significant employees, as identified pursuant to applicable Banca d'Italia provisions.

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

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

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

Board Committees

				Internal Controls & Risks Committee		Remuneration Committee		Corporate Governance, Nomination and Sustainability Committee		Related-Parties and Equity Investments Committee	
Members	**Exec.**	**Non exec.**	**Indep. as per Articles of Association and Code**	(*)	(**)	(*)	(**)	(*)	(**)	(*)	(**)
Vita Giuseppe		X		M	100%	M	90%	M	100%		
Calandra Buonaura Vincenzo		X		M	100%			M	100%		
Cordero di Montezemolo Luca		X	X					C	91.67%		
Mustier Jean Pierre	X										
Al Mehairi Mohamed Hamad		X	X								
Balbinot Sergio		X									
Bisoni Cesare		X	X	M	91.67%					C	100%
Bochniarz Henryka		X	X			M	90%				
Böckenfeld Martha Dagmar		X	X								
Caltagirone Alessandro		X	X			C	80%	M	66.67%		
Palenzona Fabrizio		X		M	91.67%			M	100%		
Reichlin Lucrezia		X	X	M	91.67%					M	93.75%
Streit Clara C.		X	X	M	91.67%			M	91.67%		
Vezzani Paola		X	X	M	100%					M	100%
Wolfgring Alexander		X	X	C	100%	M	100%				
Wyand Anthony		X		M	100%	M	90%				
Zambon Elena		X	X					M	75%		
----- Members that left off during the Period -----											
--											
No. of meetings held during the financial year				***IC&RC: 12***		***RC: 10***		***CGN&SC: 12***		***RP&EIC:16***	

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

Governance organizational structure

Board of Statutory Auditors

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

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

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

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

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

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

Statutory Auditors							
Position	**Members**	**In office**		**Slate (M/m) (*)**	**Independent as per Code**	**% (**)**	**Number of others positions (***)**
		since	**until**				
Chairman	Singer Pierpaolo	04-14-2016	Approval of 2018 financial statements	m	X	97.92%	
Permanent Statutory Auditor	Bonissoni Angelo Rocco	04-14-2016	Approval of 2018 financial statements	M	X	89.58%	
Permanent Statutory Auditor	Laghi Enrico	04-14-2016	Approval of 2018 financial statements	M	X	58.33%	2
Permanent Statutory Auditor	Navarra Benedetta	04-14-2016	Approval of 2018 financial statements	M	X	100%	
Permanent Statutory Auditor	Spinardi Maria Enrica	04-14-2016	Approval of 2018 financial statements	m	X	100%	1
Substitute Statutory Auditor	Paolucci Guido	04-14-2016	Approval of 2018 financial statements	M	X		
Substitute Statutory Auditor	Manes Paola	04-14-2016	Approval of 2018 financial statements	M	X		
Substitute Statutory Auditor	Bientinesi Antonella	04-14-2016	Approval of 2018 financial statements	m	X		
Substitute Statutory Auditor	Talamonti Maria Francesca	04-14-2016	Approval of 2018 financial statements	m	X		
----- Statutory Auditors who terminated their office during the Period ----							
Chairman	Lauri Maurizio	05-11-2013	04-14-2016	m	X	100%	
Quorum required for the submission of the slates for the latest appointment: 0.5%							
Number of meetings held during the financial year: 48							

Note:

(*) **M** = Member elected from the slate obtaining the majority of the Shareholders' votes
m = Member elected from the slate voted by a minority

(**) Meetings' attendance percentage (number of meetings attended / number of meetings held during the concerned party's term of office with regard to the Period)

(***) Number of positions as Director or Auditor held by the concerned party pursuant to Section 148/*bis* of the TUF. A complete list of such positions is published by the CONSOB on its website pursuant to Section 144-*quinquiesdecies* of the CONSOB Issuers Rules.

Major Shareholders

On the basis of the results from the Shareholders Register, completed with the communications received according to Section 120 of the Consolidated Financial Act and other information known to the Company, updated to December 31, 2016, the UniCredit major shareholders (shareholders owning more than 3%) were as follows:

Declarant	Direct Shareholder	% of ordinary capital	% of voting capital
Capital Research and Management Company		**6.725%**	**6.725%**
	EuroPacific Growth Fund	*5.132%*	*5.132%*
International Petroleum Investment Company	**Aabar Luxembourg S.a.r.l.**	**5.042%**	**5.042%**

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

SHARE CAPITAL (AS AT DECEMBER 31, 2016)	SHARES	EURO
Total shares	6,180,343,073	20,846,893,436.94
Ordinary shares	6,177,818,177	20,838,376,719.14
Savings shares	2,524,896	8,516,717.80

Participation Rights

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

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

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

Executive Management Committee

JEAN PIERRE MUSTIER

Chief Executive Officer

GIANNI FRANCO PAPA

General Manager

GIANPAOLO ALESSANDRO

Head of Group Legal - Secretary of the Board of Directors

CARLO APPETITI

Group Compliance Officer

GIANFRANCO BISAGNI

Co-Head of CIB Division

ANDREA CASINI

Co-Head Italy

PAOLO CORNETTA

Head of Group Human Capital

RANIERI DE MARCHIS

Co-Chief Operating Officer

MASSIMILIANO FOSSATI

Group Chief Risk Officer

ALESSANDRO FOTI

Head of Asset Gathering

FRANCESCO GIORDANO

Co-Chief Operating Officer

OLIVIER KHAYAT

Co-Head of CIB Division

GIORDANO LOMBARDO

Head of Asset Management

LUIGI LOVAGLIO

Country Chairman Poland

GIOVANNI RONCA

Co-Head Italy

CARLO VIVALDI

Head of Central and Eastern Europe Division

THEODOR WEIMER

Country Chairman Germany

ROBERT ZADRAZIL

Country Chairman Austria

MIRKO BIANCHI

Group Chief Financial Officer

Group Management Team

List of other members of Group Management Team*

SENIOR EXECUTIVE VICE PRESIDENT

Serenella De Candia
Head of Internal Audit

EXECUTIVE VICE PRESIDENT

ASSET MANAGEMENT
Werner Kretschmer
Chief Executive Officer Pioneer Investment Austria

CENTRAL EASTERN EUROPE
Mikhail Alekseev
Chief Executive Officer - Russia

Graziano Cameli
General Manager - Russia

Claudio Cesario
General Manager - Croatia

Marco Cravario
General Manager - Romania

Levon Hampartzoumian
Chief Executive Officer - Bulgaria

Marco Iannaccone
General Manager - Hungary

Paolo Iannone
General Manager - Czech Republic

Csilla Ihasz
Chief Executive Officer - Serbia

Jiri Kunert
Chief Executive Officer - Czech Republic

Mauro Maschio
Special Projects CEE

Enrico Maria Minniti
General Manager - Bulgaria

Mihaly Patai
Chief Executive Officer - Hungary

Rasvan Radu
Chief Executive Officer - Romania

Niccolò Ubertalli
General Manager – Turkey

Ivan Vlaho
Head of CEE Retail

Miljenko Zivaljic
Chief Executive Officer - Croatia

CORPORATE & INVESTMENT BANKING
Richard Burton
Co-Head Global F&A

Claudio Camozzo
Co-Head Global Transaction Banking (GTB)

Guy Laffineur
Head of Markets & Research

Andreas Mayer
Co-Head Global F&A

Vittorio Ogliengo
Head of CIB Italy

Patrick Soulard
Country Head France

COUNTRY AUSTRIA – UNICREDIT BANK AUSTRIA AG
Giuseppe Aquaro
Head of Audit

Romeo Collina
Deputy Chief Executive Officer/Chief Operating Officer

Dieter Hengl
Head of CIB Austria

Juergen Kullnigg
Chief Risk Officer

Doris Tomanek
Head of HR Austria

COUNTRY GERMANY – UNICREDIT BANK AG
Sandra Betocchi
Head of GBS Division

Bernhard Brinker
Head of Private Banking

Peter Buschbeck
Head of Private Clients Bank

Michael Diederich
Head of Corporates & Investment Banking Germany

Joachim Dobrikat
Head of Accounting, Shareholding & Regulatory Reporting

Andreas Frueh
Head of Legal, Corporate Affairs & Documentation

Heinz Laber
GBS Division

Angelika Plauk
Head of Audit Management

Robert Schindler
Head of Unternehmer (Corporate) Bank

Andrea Varese
Chief Risk Officer

Guglielmo Zadra
Chief Financial Officer

COUNTRY ITALY
Ferdinando Brandi
Head of Country Development and Value Optimization Italy

Giovanni Buson
Head of Organization Italy

Monica Cellerino
Head of Customer Satisfaction and Stakeholder Insight Italy

Giovanni Chelo
Chief Executive Officer UniCredit Subito Casa

Diego Donisi
Head of GBS UniCredit Leasing

Gianluca Finistauri
Head of Group Digital Governance and Internal Communication

Giovanni Forestiero
Regional Manager Centro

Stefano Giorgini
General Manager UniCredit Subito Casa

Elena Goitini
Regional Manager Sud

Lucio Izzi
Head of Corporate Sales & Marketing

Carlo Marini
Head of Corporate Transformation

Renato Martini
Chief Executive Officer UniCredit Factoring

Sebastiano Musso
Regional Manager Nord Est

Ferdinando Natali
Head of Corporate Sud e Sicilia

Rodolfo Ortolani
Chief Executive Officer Cordusio Fiduciaria

Corrado Piazzalunga
Chief Executive Officer UniCredit Leasing

Salvatore Pisconti
Head of Private Banking Italy Network

Dario Prunotto
Regional Manager Nord Ovest

Giovanni Solaroli
Regional Manager Lombardia

Remo Taricani
Head of Retail Sales & Marketing

COUNTRY POLAND – BANK PEKAO SA
Diego Biondo
Chief Risk Officer

Andrzej Kopyrski
Head of Corporate Banking and Markets Investment Banking Division

Grzegorz Piwowar
Head of Retail Banking Division

Roberto Vergnano
Head of GBS Division

Marian Wazynski
Head of Logistics & Procurement

FINECOBANK
Mauro Albanese
Head of Commercial PFA Network

Paolo Di Grazia
Head of Direct Bank Management

Carlo Giausa
Head of Investment Services and Wealth Management

Fabio Milanesi
Head of GBS Department

Lorena Pelliciari
Chief Financial Officer

CORDUSIO SIM
Paolo Langè
Chief Executive Officer

Michele Ungaro
Chief Operating Officer

HEAD OFFICE COMPETENCE LINES

AUDIT
Jurgen Dennert
Head of Audit And Corporate Bodies Support & QAR

GROUP IDENTITY & COMMUNICATIONS
Maurizio Beretta
Head of Group Identity & Communications

Silvio Santini
Head of Group Brand Management

HUMAN RESOURCES & ORGANIZATION
Angelo Carletta
Head of HR COO Area

Cihangir Kavuncu
Head of HR Transformation And Operations Office

Luigi Luciani
Head of HR Italy & CEO Functions

Giandomenico Miceli
Head of Group Organization & Processes

Ivan Tardivo
Head of HR CIB

RISK MANAGEMENT
Ljiljana Cortan
Head of Group Credit Transactions

Maurizio Maria Francescatti
Head of Group Financial Risks

Thiam J Lim
Deputy Head of Group Risk Management

Corrado Pavanati
Head of Group Credit Risk Governance

Wolfgang Schilk
CEE CRO

OTHER HEAD OFFICE FUNCTIONS
Aurelio Maccario
Head of Regulatory Affairs

Andrea Francesco Maffezzoni
Deputy Head of Strategy, Business Development & M&A

Laura Stefania Penna
Head of Management Consultancy

Giuseppe Scognamiglio
Head of Institutional Affairs

COO AREA
Danilo Augugliaro
Head of Banking Service Lines Management

Mirko Davide Georg Bianchi
Head of Group Planning, Finance, Shareholding And Investor Relations

Alessandro Cataldo
COO Business Management

Stefano Ceccacci
Head Group Tax Affairs

Paolo Gencarelli
Head of Group Demand, Cost Management & Procurement

Lissimahos Hatzidimoulas
Head of UniCredit Business Integrated Solutions Branch Germany

Massimo Milanta
Head of Group ICT And Security Office

Roberto Monachino
Head of Group Data Office

Stefano Porro
Head of Planning And Capital Management

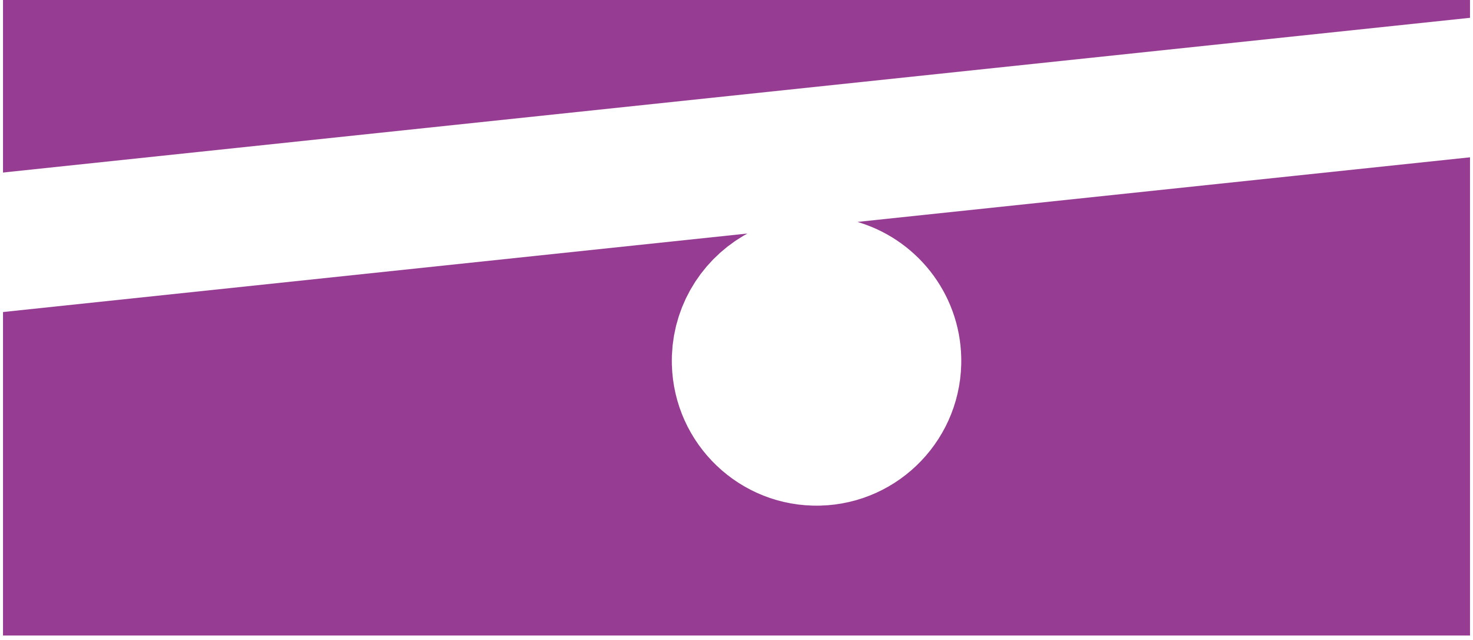
Luca Rubaga
CEE GBS

Daniele Tonella
Chief Executive Officer - UniCredit Business Integrated Solutions

Arcangelo Michele Vassallo
Head of Accounting & Regulatory Reporting

* Data as at March 1, 2017

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.

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 12.31.2016	AMOUNTS AS AT 12.31.2015
10. Cash and cash balances	13,857,831	9,611,119
20. Financial assets held for trading	87,466,838	89,994,912
30. Financial assets at fair value through profit or loss	28,701,661	34,250,477
40. Available-for-sale financial assets	110,180,074	105,505,276
50. Held-to-maturity investments	3,963,222	1,301,206
60. Loans and receivables with banks	74,691,847	77,436,995
70. Loans and receivables with customers	444,607,482	445,381,979
80. Hedging derivatives	4,514,597	5,270,149
90. Changes in fair value of portfolio hedged items (+/-)	2,357,447	2,641,257
100. Equity investments	6,158,551	6,576,605
110. Insurance reserves attributable to reinsures	-	-
120. Property, plant and equipment	9,091,558	9,673,049
130. Intangible assets	3,191,380	3,652,119
of which: - goodwill	*1,483,721*	*1,744,231*
140. Tax assets	15,161,189	15,614,781
a) current tax assets	*1,142,944*	*1,316,839*
b) deferred tax assets	*14,018,245*	*14,297,942*
of which for purposes of L. 214/2011	*11,339,783*	*11,685,183*
150. Non-current assets and disposal groups classified as held for sale	45,853,911	44,575,543
160. Other assets	9,735,186	8,947,908
Total assets	**859,532,774**	**860,433,375**

continued: Consolidated Balance Sheet

(€ '000)

BALANCE SHEET - LIABILITIES AND SHAREHOLDERS' EQUITY	AMOUNTS AS AT	
	12.31.2016	12.31.2015
10. Deposits from banks	103,851,521	110,333,165
20. Deposits from customers	452,419,189	419,686,119
30. Debt securities in issue	115,435,500	133,797,014
40. Financial liabilities held for trading	68,361,337	68,029,463
50. Financial liabilities at fair value through profit or loss	2,496,732	454,656
60. Hedging derivatives	4,921,464	5,898,545
70. Changes in fair value of portfolio hedged items (+/-)	4,484,034	5,105,112
80. Tax liabilities	1,398,525	1,427,923
a) current tax liabilities	*896,901*	*888,921*
b) deferred tax liabilities	*501,624*	*539,002*
90. Liabilities included in disposal groups classified as held for sale	35,868,601	35,984,908
100.Other liabilities	15,440,363	15,378,504
110. Provision for employee severance pay	1,125,758	1,132,457
120. Provisions for risks and charges	10,541,448	9,719,986
a) post-retirement benefit obligations	*5,241,807*	*5,107,031*
b) other provisions	*5,299,641*	*4,612,955*
130. Insurance reserves	-	-
140. Revaluation reserves	(4,039,304)	(3,976,940)
150. Share capital repayable on demand	-	-
160. Equity instruments	2,383,463	1,888,463
170. Reserves	17,553,781	14,254,879
180. Share premium	14,384,918	15,976,604
190. Share capital	20,846,893	20,257,668
200. Treasury shares (-)	(4,107)	(8,171)
210. Minorities (+/-)	3,852,752	3,398,780
220. Net profit (loss) for the year (+/-)	(11,790,094)	1,694,240
Total liabilities and Shareholders' Equity	**859,532,774**	**860,433,375**

Notes:

As 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 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 period was restated accordingly to increase comparability, pursuant to the regulations in force.

As at 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".

Consolidated Income Statement

Consolidated Income Statement

(€ '000)

ITEMS	YEAR 2016	YEAR 2015
10. Interest income and similar revenues	15,964,800	18,218,291
20. Interest expenses and similar charges	(5,657,789)	(7,554,287)
30. Net interest margin	**10,307,011**	**10,664,004**
40. Fees and commissions income	6,778,422	6,648,335
50. Fees and commissions expense	(1,193,190)	(1,159,854)
60. Net fees and commissions	**5,585,232**	**5,488,481**
70. Dividend income and similar revenues	405,223	403,470
80. Gains (Losses) on financial assets and liabilities held for trading	1,205,730	977,140
90. Fair value adjustments in hedge accounting	(7,786)	(15,472)
100. Gains (Losses) on disposal and repurchase of:	641,573	321,463
a) loans	*(60,244)*	*28,500*
b) available-for-sale financial assets	*699,106*	*339,873*
c) held-to-maturity investments	*-*	*80*
d) financial liabilities	*2,711*	*(46,990)*
110. Gains (Losses) on financial assets/liabilities at fair value through profit or loss	(80,187)	(1,336)
120. Operating income	**18,056,796**	**17,837,750**
130. Net losses/recoveries on impairment:	(12,790,521)	(4,019,152)
a) loans	*(11,929,784)*	*(3,964,084)*
b) available-for-sale financial assets	*(707,377)*	*(59,126)*
c) held-to-maturity investments	*204*	*(6,271)*
d) other financial assets	*(153,564)*	*10,329*
140. Net profit from financial activities	**5,266,275**	**13,818,598**
150. Premiums earned (net)	-	-
160. Other income (net) from insurance activities	-	-
170. Net profit from financial and insurance activities	**5,266,275**	**13,818,598**
180. Administrative costs:	(15,432,240)	(13,341,191)
a) staff expense	*(9,315,458)*	*(7,811,672)*
b) other administrative expense	*(6,116,782)*	*(5,529,519)*
190. Net provisions for risks and charges	(964,376)	(742,895)
200. Impairment/write-backs on property, plant and equipment	(808,517)	(630,192)
210. Impairment/write-backs on intangible assets	(731,972)	(414,315)
220. Other net operating income	1,094,975	1,090,790
230. Operating costs	**(16,842,130)**	**(14,037,803)**
240. Profit (Loss) of investments	97,209	604,183
250. Gains (Losses) on tangible and intangible assets measured at fair value	(1,537)	(1,888)
260. Impairment of goodwill	(260,510)	-
270. Gains (Losses) on disposal of investments	495,837	107,470
280. Total profit (loss) before tax from continuing operations	**(11,244,856)**	**490,560**
290. Tax expense (income) related to profit or loss from continuing operations	(711,568)	178,007
300. Total profit (loss) after tax from continuing operations	**(11,956,424)**	**668,567**
310. Profit (Loss) after tax from discontinued operations	630,111	1,377,381
320. Net profit (loss) for the year	**(11,326,313)**	**2,045,948**
330. Minorities	(463,781)	(351,708)
340. Profit (Loss) for the year attributable to the Parent Company	**(11,790,094)**	**1,694,240**

Earnings per share (€)	(1.982)	0.273
Diluted earnings per share (€)	(1.973)	0.272

Notes:
As at 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.

For further information on earnings per share and diluted earnings per share please see Notes to the Accounts, Part C - Consolidated Income Statement - Section 24.

Consolidated Statement of Comprehensive Income

Consolidated Statement of Comprehensive Income

(€ '000)

ITEMS	YEAR 2016	YEAR 2015
10. Net profit (loss) for the year	**(11,326,313)**	**2,045,948**
Other comprehensive income after tax not reclassified to profit or loss		
20. Property, plant and equipment	-	-
30. Intangible assets	-	-
40. Defined benefit plans	(418,338)	621,501
50. Non-current assets classified as held for sale	(10,392)	2,286
60. Portion of revaluation reserves from investments valued at equity	88	2,094
Other comprehensive income after tax that may be reclassified to profit or loss		
70. Hedges of foreign investments	-	-
80. Exchange differences	1,077,503	(253,168)
90. Cash flow hedges	(125,670)	(158,123)
100. Available-for-sale financial assets	(277,883)	333,211
110. Non-current assets classified as held for sale	(109,332)	(60,694)
120. Valuation reserves from investments accounted for using the equity method	(387,704)	(357,891)
130. Total other comprehensive income after tax	**(251,728)**	**129,216**
140. Comprehensive income after tax (Item 10+130)	**(11,578,041)**	**2,175,164**
150. Consolidated comprehensive income attributable to minorities	(264,196)	(322,191)
160. Consolidated comprehensive income attributable to the Parent Company	(11,842,237)	1,852,973

Notes:
Figures as at December 31, 2015 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

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

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

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

Notes:

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 €417 million of actuarial gain (losses) from the measurement of the actuarial liabilities (defined benefit plans) and the negative effect of €278 million of the reserve on AFS financial assets. It includes furthermore the positive effect of exchange differences reserve for €1,078 million, partially net of the negative change in the valuation reserve of the companies accounted for using the equity method for €389 million, mainly due to the revaluation of the items in Turkish Lira.

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

The changes in shareholdings relate to the effects of the sale of 10% of Pekao S.A. and 30% of Finecobank S.p.A.; UniCredit still has a controlling interest in both companies.

For further details about the Shareholders' Equity changes see Part B - Consolidated Balance Sheet - Liabilities - Section 15 of the Consolidated Financial Statement, Note to the Consolidated Accounts.

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

(€ '000)

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

Statement of changes in Shareholders' Equity

Statement of changes in Shareholders' Equity as at December 31, 2015

	BALANCE AS AT 12.31.2014	CHANGE IN OPENING BALANCE	BALANCE AS AT 01.01.2015	ALLOCATION OF PROFIT FROM PREVIOUS YEAR	
				RESERVES	DIVIDENDS AND OTHER ALLOCATIONS
Issued capital:					
a) ordinary shares	20,433,062	-	20,433,062	-	-
b) other shares	8,312	-	8,312	-	-
Share premiums	17,223,368	-	17,223,368	-	-
Reserves:					
a) from profits	8,523,226	-	8,523,226	1,979,605	-
b) other	6,503,965	-	6,503,965	-	-
Revaluation reserves	(4,130,026)	-	(4,130,026)	-	-
Advanced dividends	-	-	-	-	-
Equity instruments	1,888,463	-	1,888,463	-	-
Treasury shares	(2,845)	-	(2,845)	-	-
Net profit (loss) for the year	2,388,027	-	2,388,027	(1,979,605)	(408,422)
Total Shareholders' Equity	**52,835,552**	**-**	**52,835,552**	**-**	**(408,422)**
Shareholders' Equity Group	49,389,733	-	49,389,733	-	(8,315)
Shareholders' Equity minorities	3,445,819	-	3,445,819	-	(400,107)

Notes:

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 other reserves includes the negative effect due to the reclassification of actuarial gain (losses) (valuation reserve) to equity reserves relating to the pension fund of the Austrian subsidiary for €739 million, with reference to the subsidiary UniCredit Bank Austria AG, deriving from the settlement of part of its defined benefit obligations (active employees) transferred to the Austrian pension system.

The change of revaluation reserve includes the positive effect for €625 million of actuarial gain (losses) from the measurement of the actuarial liabilities (defined benefit plans), of which €499 million related to the above mentioned settlement transaction.

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 2015	TOTAL SHAREHOLDERS' EQUITY AS AT 12.31.2015	SHAREHOLDERS' EQUITY GROUP AS AT 12.31.2015	SHAREHOLDERS' EQUITY MINORITIES AS AT 12.31.2015
(62,845)	351,788	-	-	-	-	-	-	-	-	20,722,005	20,249,250	472,755
-	106	-	-	-	-	-	-	-	-	8,418	8,418	-
10,329	-	-	-	-	-	-	-	-	-	17,233,697	15,976,604	1,257,093
(17,931)	(351,894)	-	-	(168,751)	-	-	-	-	-	- 9,964,255	- 8,745,881	- 1,218,374
(961,304)	-	-	-	-	-	-	93,208	-	-	5,635,868	5,508,997	126,871
(1,170)	-	-	-	-	-	-	-	-	129,216	(4,001,980)	(3,976,940)	(25,040)
-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	1,888,463	1,888,463	-
(8,307)	-	-	-	-	-	-	-	-	-	(11,152)	(8,171)	(2,981)
-	-	-	-	-	-	-	-	-	2,045,948	2,045,948	1,694,240	351,708
(1,041,228)	**-**	**-**	**-**	**(168,751)**	**-**	**-**	**93,208**	**-**	**2,175,164**	**53,485,523**	**50,086,743**	**3,398,780**
(1,072,105)	-	-	-	(168,751)	-	-	93,208	-	1,852,973	50,086,743		
30,877	-	-	-	-	-	-	-	-	322,191	3,398,780		

Consolidated Cash Flow Statement

Consolidated Cash Flow Statement (indirect method)

(€ '000)

	YEAR	
	2016	2015
A. OPERATING ACTIVITIES		
1. Operations	**7,189,637**	**8,576,475**
- profit (loss) of the year (+/-)	(11,790,094)	1,694,240
- capital gains/losses on financial assets/liabilities held for trading and on assets/liabilities designated at fair value through profit and loss (+/-)	(1,000,453)	(1,405,717)
- capital gains (losses) on hedging operations (+/-)	7,786	15,472
- net losses/recoveries on impairment (+/-)	15,214,317	6,310,574
- net write-offs/write-backs on tangible and intangible assets (+/-)	1,542,026	1,046,395
- provisions and other incomes/expenses (+/-)	235,730	694,974
- uncollected net premiums (-)	-	-
- other uncollected incomes and expenses from insurance activities (+/-)	-	-
- unpaid taxes and tax credits (+/-)	516,697	(1,049,586)
- Impairment/write-backs on discontinued operations, net of tax (-/+)	1,415,365	870,016
- other adjustments (+)	1,048,263	400,107
2. Liquidity generated/absorbed by financial assets	**(9,916,058)**	**(26,006,066)**
- financial assets held for trading	3,662,631	11,540,455
- financial assets at fair value	5,545,548	(2,552,288)
- available-for-sale financial assets	(5,890,724)	(13,178,042)
- loans and receivables with banks	2,638,331	(8,026,968)
- loans and receivables with customers	(10,965,894)	(10,887,817)
- other assets	(4,905,950)	(2,901,406)
3. Liquidity generated/absorbed by financial liabilities	**7,706,462**	**19,551,990**
- deposits from banks	(5,755,980)	5,422,635
- deposits from customers	29,830,326	39,032,029
- debt certificates including bonds	(17,940,267)	(20,140,304)
- financial liabilities held for trading	307,218	(7,330,361)
- financial liabilities designated at fair value	2,042,076	(112,311)
- other liabilities	(776,911)	2,680,302
Net liquidity generated/absorbed by operating activities	**4,980,041**	**2,122,399**
B. INVESTMENT ACTIVITIES		
1. Liquidity generated by	**1,041,066**	**2,129,002**
- sales of equity investments	51,893	32,522
- collected dividends on equity investments	131,022	172,553
- sales of financial assets held to maturity	61,723	1,120,553
- sales of tangible assets	342,540	295,592
- sales of intangible assets	36,940	6,414
- sales of subsidiaries and divisions	416,948	501,368
2. Liquidity absorbed by	**(2,377,014)**	**(1,822,588)**
- purchases of equity investments	(38,871)	(71,651)
- purchases of financial assets held to maturity	(510,650)	(256,703)
- purchases of tangible assets	(1,277,902)	(885,289)
- purchases of intangible assets	(549,591)	(608,945)
- purchases of sales/purchases of subsidiaries and divisions	-	-
Net liquidity generated/absorbed by investment activities	**(1,335,948)**	**306,414**
C. FUNDING ACTIVITIES		
- issue/purchase of treasury shares	-	-
- issue/purchase of equity instruments	495,000	-
- distribution of dividends and other scopes	(780,410)	(841,871)
Net liquidity generated/absorbed by funding activities	**(285,410)**	**(841,871)**
NET LIQUIDITY GENERATED/ABSORBED DURING THE YEAR	**3,358,683**	**1,586,942**

continued: Consolidated Cash Flow Statement (indirect method)

Reconciliation

(€ '000)

ITEMS	YEAR 2016	YEAR 2015
Cash and cash equivalents at the beginning of the year	**10,303,334**	**8,051,122**
Net liquidity generated/absorbed during the year	3,358,683	1,586,942
Cash and cash equivalents: effect of exchange rate variations	195,814	(26,945)
Cash and cash equivalents at the end of the year	**13,857,831**	**9,611,119**

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

Notes:
The liquidity of the operating activities of 2016 year includes the liquidity generated by the sale of 10% of Pekao S.A. and 30% of FinecoBank S.p.A., for which UniCredit still owns the control, for a total amount of €1.616 million.

Figures as at December 31, 2015 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.

Notes to the Consolidated Accounts

In accordance with IFRS5, the amounts shown in this Note to the Consolidated Accounts 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 Report on Operations and Accounts for further details.

Part A - Accounting Policies

Part A - Accounting Policies

A.1 - General

Section 1 - Statement of Compliance with IFRSs

These Consolidated Accounts have been prepared in accordance with the IFRS issued by the International Accounting Standards Board (IASB), including the interpretation documents issued by the SIC and the IFRIC, and endorsed by the European Commission up to December 31, 2016, pursuant to EU Regulation No.1606/2002 which was incorporated into Italian legislation through the Legislative Decree No.38 of February 28, 2005 (see Section 5 - Other matters).

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

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

On December 15, 2015, the fourth update of this circular was issued, adapting the notes on "credit quality" to the definitions of impaired loans as "Non-Performing exposures" and "forborne exposures" laid down by the European Commission in Regulation 2015/227, as recommended by EBA. In addition, with this update some of the previously applicable templates of the tables have been rationalized.
In particular, the main rationalization changes to the disclosure templates concerned the following areas:
- in Part B disclosure on the balance sheet:
  - tables concerning annual changes to the financial instruments presented in the assets and liabilities of the balance sheet (for example, table 2.3 "On-balance-sheet financial assets held for trading: annual changes");
- in Part E - Information on risks and related risk management policies:
  - tables relating to the securitisation transactions provided for in Section 1 "Credit risks - C. securitisation transactions" (for example, tables C.1 "Exposures deriving from securitisation transactions broken down by quality of underlying assets", C.4 "Exposures deriving from securitisation transactions broken down by portfolio and type", and C.5 "Total amount of securitised assets underlying junior securities or other forms of credit support");
  - in Section 1 "Credit risks - credit quality" of the consolidated financial statements, tables A.1.1. "Breakdown of financial assets by portfolio and credit quality (carrying value)" and A.1.2 "Breakdown of credit exposures by portfolio and credit quality (gross and net values)", no distinction is made between "banking group" and "other companies".

Section 2 - General Preparation Criteria

As mentioned above, these Consolidated Accounts have been prepared in accordance with the IFRS endorsed by the European Commission.
The following documents have been used to interpret and support the application of IFRS, even though not all of them have been endorsed by the European Commission:

- The Conceptual Framework for Financial Reporting;
- Implementation Guidance, Basis for Conclusions, IFRICs and any other documents prepared by the IASB or International Financial Reporting Interpretations Committee (IFRIC) supplementing the IFRS;
- Interpretative documents on the application of IFRS in Italy prepared by the Organismo Italiano di Contabilità (OIC) and Associazione Bancaria Italiana (ABI);
- ESMA (European Securities and Markets Authority) and CONSOB documents on the application of specific IFRS provisions.

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

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

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

In their joint Document No.4 of March 3, 2010, Banca d'Italia, Consob and Isvap made a few observations on the current situation of the markets and businesses and requested that information essential for a better understanding of business trends and outlook be disclosed in financial reports. In this regard, the Directors identified no symptoms in the capital and financial structure and in the economic performance that could indicate uncertainty about the ability to continue as a going-concern and therefore believe with reasonable certainty that the Group will continue to operate profitably in the foreseeable future; as a result, in accordance with the provisions of IAS1, the Consolidated Financial Statements as at December 31, 2016 were prepared on a going-concern basis.
Indeed, the Directors took account of the fact that the loss for the financial year 2016 was characterized by non-recurrent negative impacts on the economic result of the fourth quarter mainly resulting from the actions that followed the approval of the new 2016-2019 Strategic plan, which involved i) the alignment of the value of an impaired loans portfolio held for sale to the amounts expected from market transactions initiated in relation to such loans; ii) the change in the estimates of the value of impaired loans to customers, in order to reflect the prevailing conditions at the balance sheet date based on the new impaired loans management approach; iii) the liabilities attributable to business restructuring costs as well as to legal and compliance risks; iv) the write-down of intangible assets (including goodwill), certain investments, deferred tax assets and other financial investments.
Despite these losses resulted in the temporary failed observance of the SREP minimum capital requirements, 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, the Directors believe that there are no uncertainties regarding the business being a going-concern.
The measurement criteria adopted are therefore consistent with the assumption that the business is a going-concern and with the principles of accrual based accounting, the relevance and materiality of accounting information, and the prevalence of economic substance over legal form. These criteria have not changed with respect to the previous year.

Risk and uncertainty related to the use of estimates

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 potential assets and liabilities. Estimates and related assumptions are based on previous experience and other factors considered reasonable under the circumstances and have been used to estimate the carrying values of assets and liabilities not readily available from other sources.

Estimated figures have been used for the recognition of some of the largest value-based items in the Consolidated Accounts at December 31, 2016, as required by the accounting policies and regulations described above. These estimates are largely based on calculations of future recoverability of the values recognized in the accounts according to the rules laid down in current legislation and have been made on the assumption of a going concern, i.e. without contemplating the possibility of the forced sale of the estimated items.

The processes adopted confirm the carrying values at December 31, 2016. Valuation is particularly difficult because of the uncertainty in the macroeconomic and market environment.

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

Part A - Accounting Policies

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

Uncertainty affecting estimates is generally inherent in the measurement of:
- fair value of financial instruments not listed in active markets;
- loans and receivables, investments and, in general, any other financial assets/liabilities;
- severance pay (Italy) and other employee benefits;
- provisions for risks and charges and contingent assets (for more information on legal risks see Part E - Section 4);
- 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, (iii) real estate market affecting the value of property owned by the Bank or received as collateral.

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

With specific reference to future cash flow projections used in the valuation of goodwill and other intangible assets, it should be noted that the parameters and information used are significantly influenced by the macro-economic market situation, which may change in unpredictably.
For further information see Part B - "Consolidated Balance Sheet - Section 13 - Intangible assets".

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

Section 3 - Consolidation Scope and Methods

The consolidation criteria and principles used to prepare the Consolidated Accounts at December 31, 2016 are described below.

Consolidated Accounts

For the preparation of the Consolidated Accounts as at December 31, 2016 the following sources have been used:

- UniCredit S.p.A. accounts at December 31, 2016;
- the accounts as at December 31, 2016, approved by the competent bodies and functions, of the other fully consolidated subsidiaries duly reclassified and adjusted to take account of consolidation needs and, where necessary, to align them to the Group accounting principles;
- the sub-consolidated Accounts of Nuova Compagnia di Partecipazioni Group, including Nuova Compagnia di Partecipazioni S.p.A. (formerly Compagnia Italpetroli S.p.A.), and Capital Dev Group, including Capital Dev S.p.A., and their direct and indirect subsidiaries, as at December 31, 2016.

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

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

Subsidiaries

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

Control over an entity entails:

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

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

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

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

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

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

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

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

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

Part A - Accounting Policies

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

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

Joint arrangements

A joint arrangement is a contractual agreement under the terms of which two or more counterparties arrange to jointly control an entity.
Joint control is the contractually agreed sharing of control of an arrangement, which exists only when the decisions about the relevant activities require the unanimous consent of the parties sharing control.
According to the standard 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.

1. Investments in Subsidiaries

	NAME	MAIN OFFICE	ADMINISTRATIVE OFFICE	TYPE OF RELATIONSHIP (1)	OWNERSHIP RELATIONSHIP HELD BY	HOLDING %	VOTING RIGHTS % (2)
	A. LINE BY LINE METHOD						
1	**UNICREDIT SPA** Issued capital EUR 20,846,893,436.94	**ROME**	**MILAN**		**HOLDING**		
2	A&T-PROJEKTENTWICKLUNGS GMBH & CO. POTSDAMER PLATZ BERLIN KG Issued capital EUR 613,550	MUNICH	MUNICH	1	GRUNDSTUCKSAKTIENGESELLSCHAFT AM POTSDAMER PLATZ (HAUS VATERLAND)	100.00	
3	ACIS IMMOBILIEN- UND PROJEKTENTWICKLUNGS GMBH & CO. OBERBAUM CITY KG Issued capital EUR 26,000	GRUNWALD	GRUNWALD	1	ACIS IMMOBILIEN- UND PROJEKTENTWICKLUNGS GMBH	..	1.89
					SIRIUS IMMOBILIEN- UND PROJEKTENTWICKLUNGS GMBH	100.00	98.11
4	ACIS IMMOBILIEN- UND PROJEKTENTWICKLUNGS GMBH & CO. PARKKOLONNADEN KG Issued capital EUR 26,000	GRUNWALD	GRUNWALD	1	A&T-PROJEKTENTWICKLUNGS GMBH & CO. POTSDAMER PLATZ BERLIN KG	100.00	98.11
					ACIS IMMOBILIEN- UND PROJEKTENTWICKLUNGS GMBH	..	1.89
5	ACIS IMMOBILIEN- UND PROJEKTENTWICKLUNGS GMBH & CO. STUTTGART KRONPRINZSTRASSE KG Issued capital EUR 26,000	GRUNWALD	GRUNWALD	1	ACIS IMMOBILIEN- UND PROJEKTENTWICKLUNGS GMBH	..	1.89
					HVB GESELLSCHAFT FUR GEBAUDE MBH & CO KG	100.00	98.11
6	AGROB IMMOBILIEN AG Issued capital EUR 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 3,576,202	VIENNA	VIENNA	1	UNICREDIT LEASING (AUSTRIA) GMBH	99.80	
					UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
9	ALLIB LEASING S.R.O. Issued capital CZK 100,000	PRAGUE	PRAGUE	1	UNICREDIT LEASING CZ, A.S.	100.00	
10	ALLIB NEKRETNINE D.O.O. ZA POSLOVANJE NEKRETNINAMA Issued capital HRK 20,000	ZAGREB	ZAGREB	1	LOCAT CROATIA DOO	100.00	
11	ALMS LEASING GMBH. Issued capital EUR 36,337	VIENNA	SALZBURG	1	UNICREDIT LEASING (AUSTRIA) GMBH	100.00	
12	ALPINE CAYMAN ISLANDS LTD. Issued capital EUR 798	GRAND CAYMAN	GEORGE TOWN	1	UNICREDIT BANK AUSTRIA AG	100.00	
13	ALTUS ALPHA PLC	DUBLIN	DUBLIN	4	UNICREDIT BANK AG	..	(3)
14	ALV IMMOBILIEN LEASING GESELLSCHAFT M.B.H. Issued capital EUR 36,500	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
					UNICREDIT LEASING (AUSTRIA) GMBH	99.80	
15	AMBASSADOR PARC DEDINJE D.O.O. BEOGRAD Issued capital RSD 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 25,653,475	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	
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)

Part A - Accounting Policies

	NAME	MAIN OFFICE	ADMINISTRATIVE OFFICE	TYPE OF RELATIONSHIP (1)	OWNERSHIP RELATIONSHIP HELD BY	HOLDING %	VOTING RIGHTS % (2)
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.	VIENNA	VIENNA	1	GALA GRUNDSTUECKVERWALTUNG GESELLSCHAFT M.B.H.	99.80	
	Issued capital EUR 36,337				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	VIENNA	VIENNA	1	BETEILIGUNGSVERWALTUNGSGESELLSCHAFT DER BANK AUSTRIA CREDITANSTALT LEASING GMBH	0.40	
	Issued capital EUR 36,336				GALA GRUNDSTUECKVERWALTUNG GESELLSCHAFT M.B.H.	99.40	
					UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
29	B 03 IMMOBILIEN GMBH & CO KG	VIENNA	VIENNA	1	B A I BAUTRAEGER AUSTRIA IMMOBILIEN GMBH	90.00	
	Issued capital EUR 10,000				INV TOTALUNTERNEHMER GMBH	10.00	
30	B A I BAUTRAEGER AUSTRIA IMMOBILIEN GMBH	VIENNA	VIENNA	1	BA-CA MARKETS & INVESTMENT BETEILIGUNG GES.M.B.H.	0.25	
	Issued capital EUR 730,000				IMMOBILIEN HOLDING GMBH	99.75	
31	B A I BETEILIGUNGSVERWALTUNGS-GMBH	VIENNA	VIENNA	1	BA-CA MARKETS & INVESTMENT BETEILIGUNG GES.M.B.H.	0.25	
	Issued capital EUR 730,000				IMMOBILIEN HOLDING GMBH	99.75	
32	B.I. INTERNATIONAL LIMITED Issued capital EUR 792	GEORGE TOWN	GEORGE TOWN	1	TRINITRADE VERMOGENSVERWALTUNGS-GESELLSCHAFT MIT BESCHRANKTER HAFTUNG	100.00	
33	BA ALPINE HOLDINGS, INC. Issued capital USD 74,435,918	WILMINGTON	WILMINGTON	1	UNICREDIT BANK AUSTRIA AG	100.00	
34	BA BETRIEBSOBJEKTE GMBH Issued capital EUR 5,630,000	VIENNA	VIENNA	1	UNICREDIT BANK AUSTRIA AG	100.00	
35	BA BETRIEBSOBJEKTE GMBH & CO BETA VERMIETUNGS OG	VIENNA	VIENNA	1	BA BETRIEBSOBJEKTE GMBH	94.00	
	Issued capital EUR 1,000				MY DREI HANDELS GMBH	6.00	
36	BA BETRIEBSOBJEKTE PRAHA, SPOL.S.R.O. Issued capital CZK 100,000	PRAGUE	PRAGUE	1	BA BETRIEBSOBJEKTE GMBH	100.00	
37	BA CA LEASING (DEUTSCHLAND) GMBH	HAMBURG	HAMBURG	1	UNICREDIT LEASING S.P.A.	94.90	
	Issued capital EUR 153,388				TRAMITE SOCIETA' FIDUCIARIA NON DEL GRUPPO	5.10	(4)
38	BA CA SECUND LEASING GMBH	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
	Issued capital EUR 36,500				UNICREDIT LEASING (AUSTRIA) GMBH	99.80	
39	BA EUROLEASE BETEILIGUNGSGESELLSCHAFT M.B.H. Issued capital EUR 363,364	VIENNA	VIENNA	1	UNICREDIT LEASING (AUSTRIA) GMBH	100.00	
40	BA GEBAEUDEVERMIETUNGSGMBH	VIENNA	VIENNA	1	BA GVG-HOLDING GMBH	89.00	
	Issued capital EUR 36,336				BA-CA MARKETS & INVESTMENT BETEILIGUNG GES.M.B.H.	10.00	
					PAYTRIA UNTERNEHMENSBETEILIGUNGEN GMBH	1.00	
41	BA GVG-HOLDING GMBH Issued capital EUR 18,168	VIENNA	VIENNA	1	UNICREDIT BANK AUSTRIA AG	100.00	
42	BA IMMO GEWINNSCHEIN FONDS1	VIENNA	VIENNA	4	UNICREDIT BANK AUSTRIA AG	..	(3)
43	BA-CA ANDANTE LEASING GMBH Issued capital EUR 36,500	VIENNA	VIENNA	1	UNICREDIT LEASING (AUSTRIA) GMBH	100.00	

	NAME	MAIN OFFICE	ADMINISTRATIVE OFFICE	TYPE OF RELATIONSHIP (1)	OWNERSHIP RELATIONSHIP HELD BY	HOLDING %	VOTING RIGHTS % (2)
44	BA-CA FINANCE (CAYMAN) II LIMITED	GEORGETOWN	GEORGE TOWN	1	ALPINE CAYMAN ISLANDS LTD.	100.00	
	Issued capital EUR 15,000						
45	BA-CA FINANCE (CAYMAN) LIMITED	GEORGETOWN	GEORGE TOWN	1	ALPINE CAYMAN ISLANDS LTD.	100.00	
	Issued capital EUR 15,000						
46	BA-CA LEASING DREI GARAGEN GMBH	VIENNA	VIENNA	1	BETEILIGUNGSVERWALTUNGSGESELLSCHAFT DER BANK AUSTRIA CREDITANSTALT LEASING GMBH	99.80	
	Issued capital EUR 35,000				UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
47	BA-CA LEASING MAR IMMOBILIEN LEASING GMBH	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
	Issued capital EUR 36,500				UNICREDIT LEASING (AUSTRIA) GMBH	99.80	
48	BA-CA MARKETS & INVESTMENT BETEILIGUNG GES.M.B.H.	VIENNA	VIENNA	1	UNICREDIT BANK AUSTRIA AG	100.00	
	Issued capital EUR 127,177						
49	BA-CA PRESTO LEASING GMBH	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
	Issued capital EUR 36,500				UNICREDIT LEASING (AUSTRIA) GMBH	99.80	
50	BA-CA WIEN MITTE HOLDING GMBH	VIENNA	VIENNA	1	UNICREDIT BANK AUSTRIA AG	100.00	
	Issued capital EUR 35,000						
51	BA/CA-LEASING BETEILIGUNGEN GMBH	VIENNA	VIENNA	1	CALG DELTA GRUNDSTUECKVERWALTUNG GMBH	99.80	
	Issued capital EUR 454,000				UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
52	BACA CENA IMMOBILIEN LEASING GMBH	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
	Issued capital EUR 36,500				UNICREDIT LEASING (AUSTRIA) GMBH	99.80	
53	BACA HYDRA LEASING GMBH	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
	Issued capital EUR 36,500				UNICREDIT LEASING (AUSTRIA) GMBH	99.80	
54	BACA KOMMUNALLEASING GMBH	VIENNA	VIENNA	1	UNICREDIT LEASING (AUSTRIA) GMBH	100.00	
	Issued capital EUR 36,500						
55	BACA LEASING ALFA S.R.O.	PRAGUE	PRAGUE	1	UNICREDIT LEASING CZ, A.S.	100.00	
	Issued capital CZK 110,000						
56	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	
57	BACA LEASING UND BETEILIGUNGSMANAGEMENT GMBH	VIENNA	VIENNA	1	CALG IMMOBILIEN LEASING GMBH	98.80	
	Issued capital EUR 21,936,492				UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
					UNICREDIT LEASING (AUSTRIA) GMBH	1.00	
58	BACA-LEASING AQUILA INGATLANHASNOSITO KORLATOLT FELELOSSEGUE TARSASAG	BUDAPEST	BUDAPEST	1	UNIVERSALE INTERNATIONAL REALITAETEN GMBH	100.00	
	Issued capital HUF 3,000,000						
59	BACAL ALPHA DOO ZA POSLOVANJE NEKRETNINAMA	ZAGREB	ZAGREB	1	LOCAT CROATIA DOO	100.00	
	Issued capital HRK 20,000						
60	BAI WOHNUNGSEIGENTUMSGESELLSCHAFT M.B.H.	VIENNA	VIENNA	1	B A I BAUTRAEGER AUSTRIA IMMOBILIEN GMBH	99.90	
	Issued capital EUR 73,000				BA-CA MARKETS & INVESTMENT BETEILIGUNG GES.M.B.H.	0.10	
61	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	
62	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	
63	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	

Part A - Accounting Policies

	NAME	MAIN OFFICE	ADMINISTRATIVE OFFICE	TYPE OF RELATIONSHIP [1]	OWNERSHIP RELATIONSHIP HELD BY	HOLDING %	VOTING RIGHTS % [2]
64	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	
65	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	
66	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	
67	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	
68	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	
69	BALEA SOFT GMBH & CO. KG Issued capital EUR 500,000	HAMBURG	HAMBURG	1	UNICREDIT LEASING GMBH	100.00	
70	BALEA SOFT VERWALTUNGSGESELLSCHAFT MBH Issued capital EUR 50,000	HAMBURG	HAMBURG	1	UNICREDIT LEASING GMBH	100.00	
71	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	
72	BANK AUSTRIA FINANZSERVICE GMBH Issued capital EUR 490,542	VIENNA	VIENNA	1	UNICREDIT BANK AUSTRIA AG	100.00	
73	BANK AUSTRIA HUNGARIA BETA LEASING KORLATOLT FELELOSSEGUE TARSASAG Issued capital HUF 3,000,000	BUDAPEST	BUDAPEST	1	UNIVERSALE INTERNATIONAL REALITAETEN GMBH	100.00	
74	BANK AUSTRIA LEASING ARGO IMMOBILIEN LEASING GMBH	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
	Issued capital EUR 36,500				WOEM GRUNDSTUECKSVERWALTUNGS-GESELLSCHAFT M.B.H.	99.80	
75	BANK AUSTRIA LEASING HERA IMMOBILIEN LEASING GMBH	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
	Issued capital EUR 36,337				UNICREDIT GARAGEN ERRICHTUNG UND VERWERTUNG GMBH	99.80	
76	BANK AUSTRIA LEASING IKARUS IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
	Issued capital EUR 36,500				UNICREDIT LEASING (AUSTRIA) GMBH	99.80	
77	BANK AUSTRIA LEASING MEDEA IMMOBILIEN LEASING GMBH	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
	Issued capital EUR 36,500				UNICREDIT LEASING (AUSTRIA) GMBH	99.80	
78	BANK AUSTRIA REAL INVEST CLIENT INVESTMENT GMBH Issued capital EUR 145,500	VIENNA	VIENNA	1	BANK AUSTRIA REAL INVEST IMMOBILIEN-MANAGEMENT GMBH	100.00	
79	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	
80	BANK AUSTRIA REAL INVEST IMMOBILIEN-MANAGEMENT GMBH Issued capital EUR 10,900,500	VIENNA	VIENNA	1	UNICREDIT BANK AUSTRIA AG	94.95	
81	BANK AUSTRIA WOHNBAUBANK AG Issued capital EUR 18,765,944	VIENNA	VIENNA	1	UNICREDIT BANK AUSTRIA AG	100.00	
82	BANK PEKAO SA Issued capital PLN 262,470,034	WARSAW	WARSAW	1	UNICREDIT SPA	40.10	
83	BANKHAUS NEELMEYER AG Issued capital EUR 12,800,000	BREMEN	BREMEN	1	UNICREDIT BANK AG	100.00	
84	BARD ENGINEERING GMBH Issued capital EUR 100,098	EMDEN	EMDEN	4	BARD HOLDING GMBH	..	[3]

	NAME	MAIN OFFICE	ADMINISTRATIVE OFFICE	TYPE OF RELATIONSHIP (1)	OWNERSHIP RELATIONSHIP HELD BY	HOLDING %	VOTING RIGHTS % (2)
85	BARD HOLDING GMBH Issued capital EUR 25,000	EMDEN	EMDEN	4	UNICREDIT BANK AG	..	(3)
86	BAREAL IMMOBILIENTREUHAND GMBH Issued capital EUR 35,000	VIENNA	VIENNA	1	B A I BAUTRAEGER AUSTRIA IMMOBILIEN GMBH	100.00	
87	BARODA PIONEER ASSET MANAGEMENT COMPANY LTD Issued capital INR 880,440,640	MUMBAI	MUMBAI	1	PIONEER GLOBAL ASSET MANAGEMENT SPA	51.00	
88	BARODA PIONEER TRUSTEEE COMPANY PVT LTD Issued capital INR 500,000	MUMBAI	MUMBAI	1	PIONEER GLOBAL ASSET MANAGEMENT SPA	51.00	
89	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	
90	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	
91	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	
92	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	
93	BETEILIGUNGSVERWALTUNGSGESELLSCHAFT DER BANK AUSTRIA CREDITANSTALT LEASING GMBH Issued capital EUR 36,500	VIENNA	VIENNA	1	UNICREDIT LEASING (AUSTRIA) GMBH	100.00	
94	BF NINE HOLDING GMBH Issued capital EUR 35,000	VIENNA	VIENNA	1	ALLEGRO LEASING GESELLSCHAFT M.B.H.	100.00	
95	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
96	BIL LEASING-FONDS VERWALTUNGS-GMBH Issued capital EUR 26,000	GRUNWALD	GRUNWALD	1	WEALTHCAP PEIA MANAGEMENT GMBH	100.00	
97	BORGO DI PEROLLA SRL Issued capital EUR 2,043,952	MASSA MARITTIMA	MASSA MARITTIMA	1	FONDIARIA LASA SPA	100.00	
98	BREWO GRUNDSTUECKSVERWALTUNGS-GESELLSCHAFT M.B.H. Issued capital EUR 36,337	VIENNA	VIENNA	1	GALA GRUNDSTUECKVERWALTUNG GESELLSCHAFT M.B.H.	99.80	
					UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
99	BUCHSTEIN IMMOBILIENVERWALTUNG GMBH UND CO OG Issued capital EUR 18,168	VIENNA	VIENNA	1	UNICREDIT BANK AUSTRIA AG	100.00	
100	BUDDY SERVIZI MOLECOLARI SPA Issued capital EUR 15,000,000	MILAN	MILAN	1	UNICREDIT SPA	100.00	
101	BUITENGAATS HOLDING B.V. Issued capital EUR 18,000	EEMSHAVEN	EEMSHAVEN	4	BARD ENGINEERING GMBH	..	(3)
102	BV GRUNDSTUCKSENTWICKLUNGS-GMBH Issued capital EUR 511,300	MUNICH	MUNICH	1	HVB IMMOBILIEN AG	100.00	
103	BV GRUNDSTUCKSENTWICKLUNGS-GMBH & CO. VERWALTUNGS-KG Issued capital EUR 511,292	MUNICH	MUNICH	1	UNICREDIT BANK AG	100.00	
104	C.E.CO.S. COMPLETAMENTO EDILIZIO CORSO SICILIA SPA Issued capital EUR 103,300	CATANIA	CATANIA	1	ISTITUTO IMMOBILIARE DI CATANIA SPA	100.00	
105	CA-LEASING EURO, S.R.O. Issued capital CZK 100,000	PRAGUE	PRAGUE	1	UNICREDIT LEASING CZ, A.S.	100.00	

Part A - Accounting Policies

	NAME	MAIN OFFICE	ADMINISTRATIVE OFFICE	TYPE OF RELATIONSHIP (1)	OWNERSHIP RELATIONSHIP HELD BY	HOLDING %	VOTING RIGHTS % (2)
106	CA-LEASING OVUS S.R.O.	PRAGUE	PRAGUE	1	UNICREDIT LEASING CZ, A.S.	100.00	
	Issued capital CZK 100,000						
107	CA-LEASING SENIOREN PARK GMBH	VIENNA	VIENNA	1	BETEILIGUNGSVERWALTUNGSGESELLSCHAFT DER BANK AUSTRIA CREDITANSTALT LEASING GMBH	99.80	
	Issued capital EUR 36,500				UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
108	CA-ZETA REAL ESTATE DEVELOPMENT LIMITED LIABILITY COMPANY	BUDAPEST	BUDAPEST	1	UNIVERSALE INTERNATIONAL REALITAETEN GMBH	100.00	
	Issued capital HUF 3,000,000						
109	CABET-HOLDING GMBH	VIENNA	VIENNA	1	UNICREDIT BANK AUSTRIA AG	100.00	
	Issued capital EUR 290,909						
110	CABO BETEILIGUNGSGESELLSCHAFT M.B.H.	VIENNA	VIENNA	1	CABET-HOLDING GMBH	100.00	
	Issued capital EUR 35,000						
111	CAFU VERMOEGENSVERWALTUNG GMBH & CO OG	VIENNA	VIENNA	1	SCHOELLERBANK AKTIENGESELLSCHAFT	100.00	
	Issued capital EUR 6,719,227						
112	CAL-PAPIER INGATLANHASZNOSITO KORLATOLT FELELOESSEGUE TARSASAG	BUDAPEST	BUDAPEST	1	UNIVERSALE INTERNATIONAL REALITAETEN GMBH	100.00	
	Issued capital HUF 3,000,000						
113	CALG 307 MOBILIEN LEASING GMBH	VIENNA	VIENNA	1	BETEILIGUNGSVERWALTUNGSGESELLSCHAFT DER BANK AUSTRIA CREDITANSTALT LEASING GMBH	98.80	
	Issued capital EUR 90,959				UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
					UNICREDIT LEASING (AUSTRIA) GMBH	1.00	
114	CALG 443 GRUNDSTUECKVERWALTUNG GMBH	VIENNA	VIENNA	1	BETEILIGUNGSVERWALTUNGSGESELLSCHAFT DER BANK AUSTRIA CREDITANSTALT LEASING GMBH	98.80	
	Issued capital EUR 36,336				CALG IMMOBILIEN LEASING GMBH	1.00	
					UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
115	CALG 445 GRUNDSTUECKVERWALTUNG GMBH	VIENNA	VIENNA	1	CALG IMMOBILIEN LEASING GMBH	99.80	
	Issued capital EUR 18,168				UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
116	CALG 451 GRUNDSTUECKVERWALTUNG GMBH	VIENNA	VIENNA	1	CALG DELTA GRUNDSTUECKVERWALTUNG GMBH	99.80	
	Issued capital EUR 36,500				UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
117	CALG ALPHA GRUNDSTUECKVERWALTUNG GMBH	VIENNA	VIENNA	1	CALG DELTA GRUNDSTUECKVERWALTUNG GMBH	99.80	
	Issued capital EUR 36,500				UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
118	CALG ANLAGEN LEASING GMBH	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
	Issued capital EUR 55,945,753				UNICREDIT LEASING (AUSTRIA) GMBH	99.80	
119	CALG ANLAGEN LEASING GMBH & CO GRUNDSTUECKVERMIETUNG UND -VERWALTUNG KG	MUNICH	MUNICH	1	CALG ANLAGEN LEASING GMBH	99.90	
	Issued capital EUR 2,326,378						
120	CALG DELTA GRUNDSTUECKVERWALTUNG GMBH	VIENNA	VIENNA	1	CALG ANLAGEN LEASING GMBH	99.80	
	Issued capital EUR 13,318,789				UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
121	CALG GAMMA GRUNDSTUECKVERWALTUNG GMBH	VIENNA	VIENNA	1	CALG IMMOBILIEN LEASING GMBH	99.80	
	Issued capital EUR 36,337				UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
122	CALG GRUNDSTUECKVERWALTUNG GMBH	VIENNA	VIENNA	1	CALG IMMOBILIEN LEASING GMBH	74.80	
	Issued capital EUR 36,500				UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
					UNICREDIT LEASING (AUSTRIA) GMBH	25.00	

	NAME	MAIN OFFICE	ADMINISTRATIVE OFFICE	TYPE OF RELATIONSHIP (1)	OWNERSHIP RELATIONSHIP HELD BY	HOLDING %	VOTING RIGHTS % (2)
123	CALG IMMOBILIEN LEASING GMBH	VIENNA	VIENNA	1	CALG ANLAGEN LEASING GMBH	99.80	
	Issued capital EUR 41,384,084				UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
124	CALG IMMOBILIEN LEASING GMBH & CO. 1120 WIEN, SCHOENBRUNNER SCHLOSSSTRASSE 38-42 OG	VIENNA	VIENNA	1	CALG IMMOBILIEN LEASING GMBH	99.80	
	Issued capital EUR 300				UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
125	CALG IMMOBILIEN LEASING GMBH & CO. PROJEKT VIER OG	VIENNA	VIENNA	1	CALG IMMOBILIEN LEASING GMBH	99.80	
	Issued capital EUR 300				UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
126	CALG MINAL GRUNDSTUECKVERWALTUNG GMBH	VIENNA	VIENNA	1	CALG ANLAGEN LEASING GMBH	99.80	
	Issued capital EUR 18,286				UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
127	CAPITAL DEV SPA Issued capital EUR 221,000	ROME	ROME	1	UNICREDIT SPA	100.00	
128	CAPITAL MORTGAGE SRL (CARTOLARIZZAZIONE : BIPCA CORDUSIO RMBS)	VERONA	VERONA	4	UNICREDIT SPA	..	(3)
129	CAPITAL MORTGAGE SRL (CARTOLARIZZAZIONE : CAPITAL MORTGAGE 2007 - 1)	VERONA	VERONA	4	UNICREDIT SPA	..	(3)
130	CARD COMPLETE SERVICE BANK AG Issued capital EUR 6,000,000	VIENNA	VIENNA	1	UNICREDIT BANK AUSTRIA AG	50.10	
131	CARDS & SYSTEMS EDV-DIENSTLEISTUNGS GMBH	VIENNA	VIENNA	1	CARD COMPLETE SERVICE BANK AG	5.00	
	Issued capital EUR 75,000				DC BANK AG	1.00	
					UNICREDIT BANK AUSTRIA AG	52.00	
132	CASTELLANI LEASING GMBH	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	10.00	
	Issued capital EUR 1,800,000				UNICREDIT ZEGA LEASING-GESELLSCHAFT M.B.H.	90.00	
133	CAVE NUOVE SPA Issued capital EUR 140,000	ROME	ROME	1	CAPITAL DEV SPA	100.00	
134	CDM CENTRALNY DOM MAKLERSKI PEKAO SA Issued capital PLN 56,331,898	WARSAW	WARSAW	1	BANK PEKAO SA	100.00	
135	CENTAR KAPTOL DOO Issued capital HRK 46,830,400	ZAGREB	ZAGREB	1	ZAGREBACKA BANKA D.D.	100.00	
136	CENTRUM BANKOWOSCI BEZPOSREDNIEJ SPOLKA Z OGRANICZONA ODPOWIEDZIALNOSC Issued capital PLN 500,000	KRAKOW	KRAKOW	1	BANK PEKAO SA	100.00	
137	CENTRUM KART SA Issued capital PLN 26,782,648	WARSAW	WARSAW	1	BANK PEKAO SA	100.00	
138	CHARADE LEASING GESELLSCHAFT M.B.H.	VIENNA	VIENNA	1	BETEILIGUNGSVERWALTUNGSGESELLSCHAFT DER BANK AUSTRIA CREDITANSTALT LEASING GMBH	74.80	
	Issued capital EUR 36,500				UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
					UNICREDIT LEASING (AUSTRIA) GMBH	25.00	
139	CHEFREN LEASING GMBH Issued capital EUR 36,500	VIENNA	VIENNA	1	UNICREDIT LEASING (AUSTRIA) GMBH	100.00	
140	CIVITAS IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
	Issued capital EUR 36,500				UNICREDIT LEASING (AUSTRIA) GMBH	99.80	
141	COMMUNA - LEASING GRUNDSTUECKSVERWALTUNGSGESELLSCHAFT M.B.H.	VIENNA	VIENNA	1	REAL-LEASE GRUNDSTUECKSVERWALTUNGS-GESELLSCHAFT M.B.H.	99.80	
	Issued capital EUR 36,337				UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
142	COMPAGNIA FONDIARIA ROMANA - SOCIETA' A RESPONDABILITA' LIMITATA	ROME	ROME	1	NUOVA COMPAGNIA DI PARTECIPAZIONI SPA	87.50	
	Issued capital EUR 103,400				SOCIETA' VERONESE GESTIONE COMPRAVENDITA IMMOBILI A R.L.	12.50	

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	NAME	MAIN OFFICE	ADMINISTRATIVE OFFICE	TYPE OF RELATIONSHIP (1)	OWNERSHIP RELATIONSHIP HELD BY	HOLDING %	VOTING RIGHTS % (2)
143	CONSUMER THREE SRL (CARTOLARIZZAZIONE : CONSUMER THREE)	VERONA	VERONA	4	UNICREDIT SPA	..	(3)
144	CONSUMER TWO SRL (CARTOLARIZZAZIONE : CONSUMER TWO)	VERONA	VERONA	4	UNICREDIT SPA	..	(3)
145	CONTRA LEASING-GESELLSCHAFT M.B.H.	VIENNA	VIENNA	1	BETEILIGUNGSVERWALTUNGSGESELLSCHAFT DER BANK AUSTRIA CREDITANSTALT LEASING GMBH	74.80	
	Issued capital EUR 36,500				JAUSERN-LEASING GESELLSCHAFT M.B.H.	25.00	
					UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
146	CORDUSIO RMBS - UCFIN SRL (CARTOLARIZZAZIONE : CORDUSIO RMBS UCFIN - SERIE 2006)	VERONA	VERONA	4	UNICREDIT SPA	..	(3)
147	CORDUSIO RMBS SECURITISATION SRL (CARTOLARIZZAZIONE : CORDUSIO RMBS SECURITISATION - SERIE 2006)	VERONA	VERONA	4	UNICREDIT SPA	..	(3)
148	CORDUSIO RMBS SECURITISATION SRL (CARTOLARIZZAZIONE : CORDUSIO RMBS SECURITISATION - SERIE 2007)	VERONA	VERONA	4	UNICREDIT SPA	..	(3)
149	CORDUSIO SIM SPA Issued capital EUR 51,282,051	MILAN	MILAN	1	UNICREDIT SPA	96.10	(5)
150	CORDUSIO SOCIETA' FIDUCIARIA PER AZIONI Issued capital EUR 520,000	MILAN	MILAN	1	UNICREDIT SPA	100.00	
151	CORIT - CONCESSIONARIA RISCOSSIONE TRIBUTI S.P.A. IN LIQUIDAZIONE Issued capital EUR 1,243,732	ROME	ROME	1	UNICREDIT SPA	60.00	
152	CRIVELLI SRL Issued capital EUR 10,000	MILAN	MILAN	1	UNICREDIT SPA	100.00	
153	CUMTERRA GESELLSCHAFT FUR IMMOBILIENVERWALTUNG MBH	MUNICH	MUNICH	1	HVB IMMOBILIEN AG	93.85	
	Issued capital EUR 26,000				UNICREDIT BANK AG	6.15	
154	CUXHAVEN STEEL CONSTRUCTION GMBH Issued capital EUR 25,000	CUXHAVEN	CUXHAVEN	4	BARD ENGINEERING GMBH	..	(3)
155	DBC SP.Z O.O. Issued capital PLN 50,000	WARSAW	WARSAW	1	UNIVERSALE INTERNATIONAL REALITAETEN GMBH	100.00	
156	DC BANK AG Issued capital EUR 5,000,000	VIENNA	VIENNA	1	CARD COMPLETE SERVICE BANK AG	99.94	
157	DC ELEKTRONISCHE ZAHLUNGSSYSTEME GMBH Issued capital EUR 35,000	VIENNA	VIENNA	1	KSG KARTEN-VERRECHNUNGS- UND SERVICEGESELLSCHAFT M.B.H.	100.00	
158	DEBO LEASING IFN S.A.	BUCHAREST	BUCHAREST	1	UNICREDIT CONSUMER FINANCING IFN S.A.	0.01	
	Issued capital RON 724,400				UNICREDIT LEASING CORPORATION IFN S.A.	99.99	
159	DELPHA IMMOBILIEN- UND PROJEKTENTWICKLUNGS GMBH & CO. GROSSKUGEL BAUABSCHNITT ALPHA MANAGEMENT KG Issued capital EUR 255,650	MUNICH	MUNICH	1	HVB PROJEKT GMBH	100.00	
160	DELPHA IMMOBILIEN- UND PROJEKTENTWICKLUNGS GMBH & CO. GROSSKUGEL BAUABSCHNITT BETA MANAGEMENT KG Issued capital EUR 255,650	MUNICH	MUNICH	1	HVB PROJEKT GMBH	100.00	
161	DELPHA IMMOBILIEN- UND PROJEKTENTWICKLUNGS GMBH & CO. GROSSKUGEL BAUABSCHNITT GAMMA MANAGEMENT KG Issued capital EUR 255,650	MUNICH	MUNICH	1	HVB PROJEKT GMBH	100.00	
162	DINERS CLUB CS, S.R.O. Issued capital EUR 995,000	BRATISLAVA	BRATISLAVA	1	DC BANK AG	100.00	
163	DINERS CLUB POLSKA SP.Z.O.O. Issued capital PLN 7,500,000	WARSAW	WARSAW	1	DC BANK AG	100.00	

	NAME	MAIN OFFICE	ADMINISTRATIVE OFFICE	TYPE OF RELATIONSHIP (1)	OWNERSHIP RELATIONSHIP HELD BY	HOLDING %	VOTING RIGHTS % (2)
164	DIRANA LIEGENSCHAFTSVERWERTUNGSGESELLSCHAFT M.B.H.	VIENNA	VIENNA	1	UNIVERSALE INTERNATIONAL REALITAETEN GMBH	100.00	
	Issued capital EUR 17,500						
165	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	
166	DOBLERHOF IMMOBILIEN GMBH & CO KG	VIENNA	VIENNA	1	B A I BAUTRAEGER AUSTRIA IMMOBILIEN GMBH	90.00	
	Issued capital EUR 10,000				EUROGATE BETEILIGUNGSVERWALTUNG GMBH	10.00	
167	DOM INWESTYCYJNY XELION SP. Z O.O.	WARSAW	WARSAW	1	BANK PEKAO SA	50.00	
	Issued capital PLN 60,050,000				UNICREDIT SPA	50.00	
168	DOMUS CLEAN REINIGUNGS GMBH	VIENNA	VIENNA	1	UNICREDIT BUSINESS INTEGRATED SOLUTIONS AUSTRIA GMBH	100.00	
	Issued capital EUR 17,500						
169	DONAUMARINA PROJEKTENTWICKLUNG GMBH	VIENNA	VIENNA	1	B A I BAUTRAEGER AUSTRIA IMMOBILIEN GMBH	100.00	
	Issued capital EUR 35,000						
170	DR. W. W. DONATH IMMOBILIENVERWALTUNG GMBH	VIENNA	VIENNA	1	B A I BAUTRAEGER AUSTRIA IMMOBILIEN GMBH	100.00	
	Issued capital EUR 37,000						
171	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	
172	DV ALPHA GMBH	VIENNA	VIENNA	1	PIRTA VERWALTUNGS GMBH	100.00	
	Issued capital EUR 35,000						
173	EKAZENT GEBAEUDEVERMIETUNG GMBH	VIENNA	VIENNA	1	BA-CA MARKETS & INVESTMENT BETEILIGUNG GES.M.B.H.	0.06	
	Issued capital EUR 1,310,000				EKAZENT REALITAETENGESELLSCHAFT M.B.H.	99.94	
174	EKAZENT IMMOBILIEN MANAGEMENT GMBH	VIENNA	VIENNA	1	IMMOBILIEN HOLDING GMBH	100.00	
	Issued capital EUR 35,000						
175	EKAZENT REALITAETENGESELLSCHAFT M.B.H.	VIENNA	VIENNA	1	BA-CA MARKETS & INVESTMENT BETEILIGUNG GES.M.B.H.	0.02	
	Issued capital EUR 4,370,000				IMMOBILIEN HOLDING GMBH	99.98	
176	ELEKTRA PURCHASE NO. 17 S.A. - COMPARTEMENT 2	LUXEMBOURG	LUXEMBOURG	4	UNICREDIT BANK AG	..	(3)
177	ELEKTRA PURCHASE NO. 28 DAC	DUBLIN	DUBLIN	4	UNICREDIT BANK AG	..	(3)
178	ELEKTRA PURCHASE NO. 31 DAC	DUBLIN	DUBLIN	4	UNICREDIT BANK AG	..	(3)
179	ELEKTRA PURCHASE NO. 32 S.A.	LUXEMBOURG	LUXEMBOURG	4	UNICREDIT BANK AG	..	(3)
180	ELEKTRA PURCHASE NO. 33 DAC	DUBLIN	DUBLIN	4	UNICREDIT BANK AG	..	(3)
181	ELEKTRA PURCHASE NO. 34 DAC	DUBLIN	DUBLIN	4	UNICREDIT BANK AG	..	(3)
182	ELEKTRA PURCHASE NO. 35 DAC	DUBLIN	DUBLIN	4	UNICREDIT BANK AG	..	(3)
183	ELEKTRA PURCHASE NO. 36 DAC	DUBLIN	DUBLIN	4	UNICREDIT BANK AG	..	(3)
184	ELEKTRA PURCHASE NO. 37 DAC	DUBLIN	DUBLIN	4	UNICREDIT BANK AG	..	(3)
185	ELEKTRA PURCHASE NO. 38 DAC	DUBLIN	DUBLIN	4	UNICREDIT BANK AG	..	(3)
186	ELEKTRA PURCHASE NO. 39 DAC	DUBLIN	DUBLIN	4	UNICREDIT BANK AG	..	(3)
187	ELEKTRA PURCHASE NO. 40 DAC	DUBLIN	DUBLIN	4	UNICREDIT BANK AG	..	(3)
188	ELEKTRA PURCHASE NO. 41 DAC	DUBLIN	DUBLIN	4	UNICREDIT BANK AG	..	(3)
189	ELEKTRA PURCHASE NO. 42 DAC	DUBLIN	DUBLIN	4	UNICREDIT BANK AG	..	(3)
190	ELEKTRA PURCHASE NO. 43 DAC	DUBLIN	DUBLIN	4	UNICREDIT BANK AG	..	(3)
191	ELEKTRA PURCHASE NO. 46 DAC	DUBLIN	DUBLIN	4	UNICREDIT BANK AG	..	(3)
192	ELEKTRA PURCHASE NO. 47 DAC	DUBLIN	DUBLIN	4	UNICREDIT BANK AG	..	(3)
193	ELEKTRA PURCHASE NO. 48 DAC	DUBLIN	DUBLIN	4	UNICREDIT BANK AG	..	(3)
194	ELEKTRA PURCHASE NO. 911 LTD	ST. HELIER	ST. HELIER	4	UNICREDIT BANK AG	..	(3)

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	NAME	MAIN OFFICE	ADMINISTRATIVE OFFICE	TYPE OF RELATIONSHIP (1)	OWNERSHIP RELATIONSHIP HELD BY	HOLDING %	VOTING RIGHTS % (2)
195	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
196	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
197	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
198	EUROGATE BETEILIGUNGSVERWALTUNG GMBH	VIENNA	VIENNA	1	B A I BAUTRAEGER AUSTRIA IMMOBILIEN GMBH	100.00	
	Issued capital EUR 35,000						
199	EUROGATE PROJEKTENTWICKLUNG GMBH	VIENNA	VIENNA	1	B A I BAUTRAEGER AUSTRIA IMMOBILIEN GMBH	100.00	
	Issued capital EUR 35,000						
200	EUROGATE PROJEKTENTWICKLUNG GMBH & CO AREA BETA KG	VIENNA	VIENNA	1	B A I BAUTRAEGER AUSTRIA IMMOBILIEN GMBH	100.00	
	Issued capital EUR 35,000						
201	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	
202	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	
203	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	
204	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	
205	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	
206	EUROLEASE RAMSES IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
	Issued capital EUR 14,398,879				UNICREDIT LEASING (AUSTRIA) GMBH	99.80	
207	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						
208	EUROPE REAL-ESTATE INVESTMENT FUND	BUDAPEST	BUDAPEST	4	UNICREDIT BANK HUNGARY ZRT.	..	(3)
209	EUROPEAN-OFFICE-FONDS	MUNICH	MUNICH	4	UNICREDIT BANK AG	..	(3)
210	EUROVENTURES-AUSTRIA-CA-MANAGEMENT GESMBH	VIENNA	VIENNA	1	CABET-HOLDING GMBH	100.00	
	Issued capital EUR 36,336						
211	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	
212	F-E GOLD SRL (CARTOLARIZZAZIONE : F-E GOLD)	MILAN	MILAN	4	UNICREDIT LEASING S.P.A.	..	(3)
213	F-E MORTGAGES SRL (CARTOLARIZZAZIONE : F-E MORTGAGES 2005)	VERONA	VERONA	4	UNICREDIT SPA	..	(3)
214	F-E MORTGAGES SRL (CARTOLARIZZAZIONE : F-E MORTGAGES SERIES 1 - 2003)	VERONA	VERONA	4	UNICREDIT SPA	..	(3)
215	FACTORBANK AKTIENGESELLSCHAFT	VIENNA	VIENNA	1	UNICREDIT BANK AUSTRIA AG	100.00	
	Issued capital EUR 3,000,000						
216	FCT UCG TIKEHAU	PARIS	PARIS	4	UNICREDIT SPA	..	(3)
	Issued capital EUR 14,380,000						

	NAME	MAIN OFFICE	ADMINISTRATIVE OFFICE	TYPE OF RELATIONSHIP (1)	OWNERSHIP RELATIONSHIP HELD BY	HOLDING %	VOTING RIGHTS % (2)
217	FINECO VERWALTUNG AG (IN LIQUIDATION) Issued capital EUR 50,000	MUNICH	MUNICH	1	UNICREDIT SPA	100.00	
218	FINECOBANK SPA Issued capital EUR 200,245,794	MILAN	REGGIO EMILIA	1	UNICREDIT SPA	35.44	
219	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	
220	FMC LEASING INGATLANHASZNOSITO KORLATOLT FELELOESSEGUE TARSASAG Issued capital HUF 3,000,000	BUDAPEST	BUDAPEST	1	UNIVERSALE INTERNATIONAL REALITAETEN GMBH	100.00	
221	FMZ SAVARIA SZOLGALTATO KORLATOLT FELELOESSEG TARSASAG Issued capital HUF 3,000,000	BUDAPEST	BUDAPEST	1	UNICREDIT LEASING KFT	75.00	
222	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	
223	FOLIA LEASING GESELLSCHAFT M.B.H.	VIENNA	VIENNA	1	BETEILIGUNGSVERWALTUNGSGESELLSCHAFT DER BANK AUSTRIA CREDITANSTALT LEASING GMBH	99.80	
	Issued capital EUR 1,981,769				UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
224	FONDIARIA LASA SPA Issued capital EUR 3,102,000	ROME	ROME	1	NUOVA COMPAGNIA DI PARTECIPAZIONI SPA	100.00	
225	FONDO SIGMA IMMOBILIARE Issued capital EUR 180,100,960	ROME	ROME	4	UNICREDIT SPA	..	(3)
226	FOOD & MORE GMBH Issued capital EUR 100,000	MUNICH	MUNICH	1	UNICREDIT BANK AG	100.00	
227	FORUM POLSKIEGO BIZNESU MEDIA SP.Z O.O. Issued capital PLN 13,758,000	WARSAW	WARSAW	1	PEKAO PROPERTY SA	100.00	
228	FUGATO LEASING GESELLSCHAFT M.B.H. Issued capital EUR 36,336	VIENNA	VIENNA	1	BETEILIGUNGSVERWALTUNGSGESELLSCHAFT DER BANK AUSTRIA CREDITANSTALT LEASING GMBH	100.00	
229	GALA GRUNDSTUECKVERWALTUNG GESELLSCHAFT M.B.H.	VIENNA	VIENNA	1	CALG IMMOBILIEN LEASING GMBH	99.80	
	Issued capital EUR 21,872,755				UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
230	GARAGE AM HOF GESELLSCHAFT M.B.H.	VIENNA	VIENNA	1	IMMOBILIEN HOLDING GMBH	90.60	
	Issued capital EUR 220,000				SCHOELLERBANK AKTIENGESELLSCHAFT	2.00	
231	GBS GRUNDSTUECKSVERWALTUNGSGESELLSCHAFT M.B.H.	VIENNA	VIENNA	1	CALG ANLAGEN LEASING GMBH	99.00	
	Issued capital EUR 36,500				UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	1.00	
232	GEBAEUDELEASING GRUNDSTUCKSVERWALTUNGSGESELLSCHAFT M.B.H.	VIENNA	VIENNA	1	BETEILIGUNGSVERWALTUNGSGESELLSCHAFT DER BANK AUSTRIA CREDITANSTALT LEASING GMBH	98.80	
	Issued capital EUR 36,500				UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
					UNICREDIT LEASING (AUSTRIA) GMBH	1.00	
233	GELDILUX-TS-2013 S.A. Issued capital EUR 31,000	LUXEMBOURG	LUXEMBOURG	4	UNICREDIT LUXEMBOURG S.A.	..	(3)
234	GELDILUX-TS-2015 S.A. Issued capital EUR 31,000	LUXEMBOURG	LUXEMBOURG	4	UNICREDIT LUXEMBOURG S.A.	..	(3)

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	NAME	MAIN OFFICE	ADMINISTRATIVE OFFICE	TYPE OF RELATIONSHIP (1)	OWNERSHIP RELATIONSHIP HELD BY	HOLDING %	VOTING RIGHTS % (2)
235	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	
236	GEMMA VERWALTUNGSGESELLSCHAFT MBH & CO. VERMIETUNGS KG Issued capital EUR 68,325,723	PULLACH	PULLACH	4	ORESTOS IMMOBILIEN-VERWALTUNGS GMBH	6.13	(3)
237	GENERAL LOGISTIC SOLUTIONS LLC Issued capital RUB 2,342,309,444	MOSCOW	MOSCOW	1	UCTAM RU LIMITED LIABILITY COMPANY	100.00	
238	GIMMO IMMOBILIEN-VERMIETUNGS- UND VERWALTUNGS GMBH Issued capital EUR 25,600	MUNICH	MUNICH	1	TERRENO GRUNDSTUCKSVERWALTUNG GMBH & CO. ENTWICKLUNGS- UND FINANZIERUNGSVERMITTLUNGS-KG	100.00	
239	GOLF- UND COUNTRY CLUB SEDDINER SEE IMMOBILIEN GMBH	MUNICH	MUNICH	1	ANTUS IMMOBILIEN- UND PROJEKTENTWICKLUNGS GMBH	6.00	
	Issued capital EUR 52,500				HVB PROJEKT GMBH	94.00	
240	GRAND CENTRAL FUNDING CORPORATION Issued capital USD 1,000	NEW YORK	NEW YORK	4	UNICREDIT BANK AG	..	(3)
241	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	
242	GRUNDSTUCKSGESELLSCHAFT SIMON BESCHRANKT HAFTENDE KOMMANDITGESELLSCHAF Issued capital EUR 51,500	MUNICH	MUNICH	1	HVB GESELLSCHAFT FUR GEBAUDE MBH & CO KG	100.00	
243	GRUNDSTUECKSVERWALTUNG LINZ-MITTE GMBH	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
	Issued capital EUR 35,000				UNICREDIT LEASING (AUSTRIA) GMBH	99.80	
244	H & B IMMOBILIEN GMBH & CO. OBJEKTE KG Issued capital EUR 5,000	MUNICH	MUNICH	1	HVB GESELLSCHAFT FUR GEBAUDE MBH & CO KG	100.00	
245	H.F.S. IMMOBILIENFONDS GMBH Issued capital EUR 25,565	EBERSBERG	EBERSBERG	1	WEALTHCAP INVESTMENT SERVICES GMBH	100.00	
246	H.F.S. LEASINGFONDS DEUTSCHLAND 1 GMBH & CO. KG (IMMOBILIENLEASING)	MUNICH	MUNICH	1	HVB IMMOBILIEN AG	99.34	
	Issued capital EUR 61,170,962				WEALTHCAP REAL ESTATE MANAGEMENT GMBH	0.08	
247	H.F.S. LEASINGFONDS DEUTSCHLAND 7 GMBH & CO. KG	MUNICH	MUNICH	4	HVB PROJEKT GMBH	..	(3)
	Issued capital EUR 56,605,126				WEALTHCAP REAL ESTATE MANAGEMENT GMBH	0.08	
248	HAWA GRUNDSTUCKS GMBH & CO. OHG HOTELVERWALTUNG	MUNICH	MUNICH	1	HVB GESELLSCHAFT FUR GEBAUDE MBH & CO KG	99.50	
	Issued capital EUR 276,200				TIVOLI GRUNDSTUCKS-AKTIENGESELLSCHAFT	0.50	
249	HAWA GRUNDSTUCKS GMBH & CO. OHG IMMOBILIENVERWALTUNG	MUNICH	MUNICH	1	HVB GESELLSCHAFT FUR GEBAUDE MBH & CO KG	99.50	
	Issued capital EUR 54,300				TIVOLI GRUNDSTUCKS-AKTIENGESELLSCHAFT	0.50	
250	HBF PROJEKTENTWICKLUNG ZWEI GMBH & CO KG Issued capital EUR 1,000	VIENNA	VIENNA	1	B A I BAUTRAEGER AUSTRIA IMMOBILIEN GMBH	100.00	
251	HBF PROJEKTENTWICKLUNG DREI GMBH & CO KG Issued capital EUR 1,000	VIENNA	VIENNA	1	B A I BAUTRAEGER AUSTRIA IMMOBILIEN GMBH	100.00	
252	HBF PROJEKTENTWICKLUNG EINS GMBH & CO KG Issued capital EUR 1,000	VIENNA	VIENNA	1	B A I BAUTRAEGER AUSTRIA IMMOBILIEN GMBH	100.00	
253	HELICONUS SRL (CARTOLARIZZAZIONE : HELICONUS)	VERONA	VERONA	4	UNICREDIT SPA	..	(3)
254	HERKU LEASING GESELLSCHAFT M.B.H.	VIENNA	VIENNA	1	BETEILIGUNGSVERWALTUNGSGESELLSCHAFT DER BANK AUSTRIA CREDITANSTALT LEASING GMBH	74.80	
	Issued capital EUR 36,500				UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
					UNICREDIT LEASING (AUSTRIA) GMBH	25.00	

	NAME	MAIN OFFICE	ADMINISTRATIVE OFFICE	TYPE OF RELATIONSHIP (1)	OWNERSHIP RELATIONSHIP HELD BY	HOLDING %	VOTING RIGHTS % (2)
255	HJS 12 BETEILIGUNGSGESELLSCHAFT MBH Issued capital EUR 25,000	MUNICH	MUNICH	1	UNICREDIT BANK AG	100.00	
256	HONEU LEASING GESELLSCHAFT M.B.H.	VIENNA	VIENNA	1	BETEILIGUNGSVERWALTUNGSGESELLSCHAFT DER BANK AUSTRIA CREDITANSTALT LEASING GMBH	74.80	
	Issued capital EUR 36,336				UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
					UNICREDIT LEASING (AUSTRIA) GMBH	25.00	
257	HUMAN RESOURCES SERVICE AND DEVELOPMENT GMBH Issued capital EUR 18,168	VIENNA	VIENNA	1	UNICREDIT BANK AUSTRIA AG	100.00	
258	HVB ASSET MANAGEMENT HOLDING GMBH Issued capital EUR 25,000	MUNICH	MUNICH	1	HVB VERWA 4 GMBH	100.00	
259	HVB CAPITAL LLC Issued capital USD 10,000	WILMINGTON	WILMINGTON	1	UNICREDIT BANK AG	100.00	
260	HVB CAPITAL LLC II Issued capital USD 12	WILMINGTON	WILMINGTON	1	UNICREDIT BANK AG	100.00	
261	HVB CAPITAL LLC III Issued capital USD 10,000	WILMINGTON	WILMINGTON	1	UNICREDIT BANK AG	100.00	
262	HVB CAPITAL PARTNERS AG Issued capital EUR 2,500,000	MUNICH	MUNICH	1	UNICREDIT BANK AG	100.00	
263	HVB EXPORT LEASING GMBH Issued capital EUR 25,600	MUNICH	MUNICH	1	UNICREDIT BANK AG	100.00	
264	HVB FUNDING TRUST	WILMINGTON	WILMINGTON	4	UNICREDIT BANK AG	..	(3)
265	HVB FUNDING TRUST II Issued capital USD 2,211	WILMINGTON	WILMINGTON	1	UNICREDIT BANK AG	100.00	
266	HVB FUNDING TRUST III	WILMINGTON	WILMINGTON	4	UNICREDIT BANK AG	..	(3)
267	HVB GESELLSCHAFT FUR GEBAUDE BETEILIGUNGS GMBH Issued capital EUR 25,000	MUNICH	MUNICH	1	UNICREDIT BANK AG	100.00	
268	HVB GESELLSCHAFT FUR GEBAUDE MBH & CO KG Issued capital EUR 10,000,000	MUNICH	MUNICH	1	UNICREDIT BANK AG	100.00	
269	HVB HONG KONG LIMITED Issued capital USD 129	HONG KONG	HONG KONG	1	UNICREDIT BANK AG	100.00	
270	HVB IMMOBILIEN AG Issued capital EUR 520,000	MUNICH	MUNICH	1	UNICREDIT BANK AG	100.00	
271	HVB INVESTMENTS (UK) LIMITED Issued capital GBP 2	GEORGE TOWN	GEORGE TOWN	1	UNICREDIT BANK AG	100.00	
272	HVB LEASING CZECH REPUBLIC S.R.O. Issued capital CZK 49,632,000	PRAGUE	PRAGUE	1	UNICREDIT LEASING CZ, A.S.	100.00	
273	HVB LIFE SCIENCE GMBH & CO. BETEILIGUNGS-KG Issued capital EUR 1,025,000	MUNICH	MUNICH	1	UNICREDIT BANK AG	100.00	
274	HVB LONDON INVESTMENTS (AVON) LIMITED Issued capital GBP 2	LONDON	LONDON	1	UNICREDIT BANK AG	100.00	
275	HVB PROFIL GESELLSCHAFT FUR PERSONALMANAGEMENT MBH Issued capital EUR 26,000	MUNICH	MUNICH	1	UNICREDIT BANK AG	100.00	
276	HVB PROJEKT GMBH	MUNICH	MUNICH	1	HVB IMMOBILIEN AG	94.00	
	Issued capital EUR 24,543,000				UNICREDIT BANK AG	6.00	
277	HVB SECUR GMBH Issued capital EUR 50,000	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)
278	HVB TECTA GMBH	MUNICH	MUNICH	1	HVB IMMOBILIEN AG	94.00	
	Issued capital EUR 1,534,000				UNICREDIT BANK AG	6.00	
279	HVB VERWA 1 GMBH Issued capital EUR 51,200	MUNICH	MUNICH	1	UNICREDIT BANK AG	100.00	
280	HVB VERWA 4 GMBH Issued capital EUR 26,000	MUNICH	MUNICH	1	UNICREDIT BANK AG	100.00	
281	HVB VERWA 4.4 GMBH Issued capital EUR 25,000	MUNICH	MUNICH	1	HVB VERWA 4 GMBH	100.00	
282	HVB-LEASING FORTE INGATLANHASNOSITO KORLATOLT FELELOESSEGUE TARSASAG Issued capital HUF 3,000,000	BUDAPEST	BUDAPEST	1	UNIVERSALE INTERNATIONAL REALITAETEN GMBH	100.00	
283	HVB-LEASING GARO INGATLANHSZNOSITO KORLATOLT FELELOESSEGUE TARSASAG Issued capital HUF 3,100,000	BUDAPEST	BUDAPEST	1	UNIVERSALE INTERNATIONAL REALITAETEN GMBH	100.00	
284	HVB-LEASING JUPITER INGATLANHASZNOSITO KORLATOLT FELELOESSEGUE TARSASAG Issued capital HUF 3,000,000	BUDAPEST	BUDAPEST	1	UNIVERSALE INTERNATIONAL REALITAETEN GMBH	100.00	
285	HVB-LEASING LAMOND INGATLANHASZNOSITO KFT (IN LIQUIDAZIONE) Issued capital HUF 3,000,000	BUDAPEST	BUDAPEST	1	UNICREDIT LEASING S.P.A.	100.00	
286	HVB-LEASING MAESTOSO INGATLANHASZNOSITO KFT. Issued capital HUF 3,100,000	BUDAPEST	BUDAPEST	1	UNIVERSALE INTERNATIONAL REALITAETEN GMBH	100.00	
287	HVB-LEASING ROCCA INGATLANHASZNOSITO KORLATOLT FELELOESSEGUE TARSASAG Issued capital HUF 3,000,000	BUDAPEST	BUDAPEST	1	UNIVERSALE INTERNATIONAL REALITAETEN GMBH	100.00	
288	HVB-LEASING RUBIN KFT. Issued capital HUF 3,000,000	BUDAPEST	BUDAPEST	1	UNIVERSALE INTERNATIONAL REALITAETEN GMBH	100.00	
289	HVB-LEASING SMARAGD KFT. Issued capital HUF 3,000,000	BUDAPEST	BUDAPEST	1	UNIVERSALE INTERNATIONAL REALITAETEN GMBH	100.00	
290	HVBFF INTERNATIONAL GREECE GMBH Issued capital EUR 25,000	MUNICH	MUNICH	1	HVBFF INTERNATIONALE LEASING GMBH	100.00	
291	HVBFF INTERNATIONALE LEASING GMBH	MUNICH	MUNICH	1	HVBFF OBJEKT BETEILIGUNGS GMBH	10.00	
	Issued capital EUR 26,000				WEALTHCAP PEIA MANAGEMENT GMBH	90.00	
292	HVBFF OBJEKT BETEILIGUNGS GMBH Issued capital EUR 25,000	MUNICH	MUNICH	1	WEALTHCAP PEIA MANAGEMENT GMBH	100.00	
293	HVZ GMBH & CO. OBJEKT KG Issued capital EUR 148,090,766	MUNICH	MUNICH	1	PORTIA GRUNDSTUCKS-VERWALTUNGSGESELLSCHAFT MBH & CO. OBJEKT KG	100.00	
294	HYPO-BANK VERWALTUNGSZENTRUM GMBH Issued capital EUR 25,600	MUNICH	MUNICH	1	PORTIA GRUNDSTUCKS-VERWALTUNGSGESELLSCHAFT MBH & CO. OBJEKT KG	100.00	
295	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	
296	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	
297	HYPOVEREINSFINANCE N.V. Issued capital EUR 181,512	AMSTERDAM	AMSTERDAM	1	UNICREDIT BANK AG	100.00	
298	I-FABER SPA Issued capital EUR 5,652,174	MILAN	MILAN	1	UNICREDIT SPA	88.32	
299	IMMOBILIEN HOLDING GMBH Issued capital EUR 36,336	VIENNA	VIENNA	1	UNICREDIT BANK AUSTRIA AG	100.00	

	NAME	MAIN OFFICE	ADMINISTRATIVE OFFICE	TYPE OF RELATIONSHIP [1]	OWNERSHIP RELATIONSHIP HELD BY	HOLDING %	VOTING RIGHTS % [2]
300	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	
301	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	
302	IMU IMMOBILIENENTWICKLUNG MUTHGASSE GMBH & CO KG Issued capital EUR 2,500	VIENNA	VIENNA	1	B A I BAUTRAEGER AUSTRIA IMMOBILIEN GMBH	60.00	
303	INTERRA GESELLSCHAFT FUR IMMOBILIENVERWALTUNG MBH	MUNICH	MUNICH	1	HVB IMMOBILIEN AG	93.85	
	Issued capital EUR 26,000				UNICREDIT BANK AG	6.15	
304	INTRO LEASING GESELLSCHAFT M.B.H. Issued capital EUR 36,336	VIENNA	VIENNA	1	PROJEKT-LEASE GRUNDSTUECKSVERWALTUNGS-GESELLSCHAFT M.B.H.	100.00	
305	INV TOTALUNTERNEHMER GMBH Issued capital EUR 35,000	VIENNA	VIENNA	1	B A I BAUTRAEGER AUSTRIA IMMOBILIEN GMBH	100.00	
306	ISB UNIVERSALE BAU GMBH Issued capital EUR 6,288,890	BERLIN	BERLIN	1	UNIVERSALE INTERNATIONAL REALITAETEN GMBH	100.00	
307	ISTITUTO IMMOBILIARE DI CATANIA SPA	CATANIA	CATANIA	1	CAPITAL DEV SPA	93.92	
	Issued capital EUR 7,700,000				UNICREDIT SPA	1.12	
308	ISTITUTO PER L'EDILIZIA POPOLARE DI SAN BERILLO SRL IN LIQUIDAZIONE Issued capital EUR 154,800	CATANIA	CATANIA	1	ISTITUTO IMMOBILIARE DI CATANIA SPA	99.90	
309	IVONA BETEILIGUNGSVERWALTUNG GMBH Issued capital EUR 18,168	VIENNA	VIENNA	1	BA IMMO GEWINNSCHEIN FONDS1	100.00	
310	JAUSERN-LEASING GESELLSCHAFT M.B.H. Issued capital EUR 2,802,537	VIENNA	VIENNA	1	UNICREDIT LEASING (AUSTRIA) GMBH	100.00	
311	JOHA GEBAEUDE- ERRICHTUNGS- UND VERMIETUNGS- GESELLSCHAFT M.B.H. Issued capital EUR 37,000	LEONDING	LEONDING	1	UNO-EINKAUFSZENTRUM-VERWALTUNGSGESELLSCHAFT M.B.H.	99.03	
312	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
313	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	
314	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	
315	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	
316	KSG KARTEN-VERRECHNUNGS- UND SERVICEGESELLSCHAFT M.B.H. Issued capital EUR 44,000	VIENNA	VIENNA	1	CARD COMPLETE SERVICE BANK AG	100.00	
317	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	
318	KUR- UND SPORTHOTEL GESELLSCHAFT M.B.H.	KITZBUHEL	KITZBUHEL	1	BA-CA MARKETS & INVESTMENT BETEILIGUNG GES.M.B.H.	..	
	Issued capital EUR 3,650,000				KLEA TERRAIN- UND BAU-GESELLSCHAFT M.B.H.	100.00	
319	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	

Part A - Accounting Policies

	NAME	MAIN OFFICE	ADMINISTRATIVE OFFICE	TYPE OF RELATIONSHIP (1)	OWNERSHIP RELATIONSHIP HELD BY	HOLDING %	VOTING RIGHTS % (2)
320	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	
321	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	
322	LARGE CORPORATE ONE SRL (CARTOLARIZZAZIONE: LARGE CORPORATE ONE)	VERONA	VERONA	4	UNICREDIT SPA	..	(3)
323	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	
324	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	
325	LEASFINANZ BANK GMBH	VIENNA	VIENNA	1	BACA LEASING UND BETEILIGUNGSMANAGEMENT GMBH	100.00	
	Issued capital EUR 5,136,500						
326	LEASFINANZ GMBH	VIENNA	VIENNA	1	BACA LEASING UND BETEILIGUNGSMANAGEMENT GMBH	100.00	
	Issued capital EUR 672,053						
327	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	
328	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	
329	LIFE MANAGEMENT ERSTE GMBH	MUNICH	MUNICH	1	WEALTHCAP PEIA MANAGEMENT GMBH	100.00	
	Issued capital EUR 25,000						
330	LIFE MANAGEMENT ZWEITE GMBH	GRUNWALD	GRUNWALD	1	WEALTHCAP PEIA MANAGEMENT GMBH	100.00	
	Issued capital EUR 26,000						
331	LINDENGASSE BUROHAUSGESELLSCHAFT M.B.H.	VIENNA	VIENNA	1	BA-CA MARKETS & INVESTMENT BETEILIGUNG GES.M.B.H.	0.20	
	Issued capital EUR 37,000				KLEA TERRAIN- UND BAU-GESELLSCHAFT M.B.H.	99.80	
332	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	
333	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	
334	LIVA IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
	Issued capital EUR 38,731				UNICREDIT GARAGEN ERRICHTUNG UND VERWERTUNG GMBH	99.80	
335	LOCAT CROATIA DOO	ZAGREB	ZAGREB	1	ZAGREBACKA BANKA D.D.	100.00	
	Issued capital HRK 39,000,000						
336	LOCAT SV SRL (CARTOLARIZZAZIONE : SERIE 2005)	CONEGLIANO	CONEGLIANO	4	UNICREDIT LEASING S.P.A.	..	(3)
337	LOCAT SV SRL (CARTOLARIZZAZIONE : SERIE 2006)	CONEGLIANO	CONEGLIANO	4	UNICREDIT LEASING S.P.A.	..	(3)
338	LOCAT SV SRL (CARTOLARIZZAZIONE : SERIE 2014)	CONEGLIANO	CONEGLIANO	4	UNICREDIT LEASING S.P.A.	..	(3)
339	LOCAT SV SRL (CARTOLARIZZAZIONE : SERIE 2016)	CONEGLIANO	CONEGLIANO	4	UNICREDIT LEASING S.P.A.	..	(3)
340	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	

	NAME	MAIN OFFICE	ADMINISTRATIVE OFFICE	TYPE OF RELATIONSHIP (1)	OWNERSHIP RELATIONSHIP HELD BY	HOLDING %	VOTING RIGHTS % (2)
341	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						
342	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	
343	MCL RE LJUBLJANA, POSLOVNI NAJEM NEPREMI NIN, D.O.O.	LJUBLJANA	LJUBLJANA	1	UNIVERSALE INTERNATIONAL REALITAETEN GMBH	100.00	
	Issued capital EUR 7,500						
344	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	
345	MERKURHOF GRUNDSTUCKSGESELLSCHAFT MIT BESCHRANKTER HAFTUNG	MUNICH	MUNICH	1	UNICREDIT BANK AG	100.00	
	Issued capital EUR 5,112,919						
346	MILLETERRA GESELLSCHAFT FUR IMMOBILIENVERWALTUNG MBH	MUNICH	MUNICH	1	HVB IMMOBILIEN AG	100.00	
	Issued capital EUR 25,000						
347	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	
348	MOBILITY CONCEPT GMBH	OBERHACHING	OBERHACHING	1	UNICREDIT LEASING GMBH	60.00	
	Issued capital EUR 4,000,000						
349	MOC VERWALTUNGS GMBH & CO. IMMOBILIEN KG	MUNICH	MUNICH	4	HVB PROJEKT GMBH	23.00	(3)
	Issued capital EUR 0						
350	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	
351	MOVIE MARKET BETEILIGUNGS GMBH	MUNICH	MUNICH	1	WEALTHCAP PEIA MANAGEMENT GMBH	100.00	
	Issued capital EUR 25,000						
352	MY DREI HANDELS GMBH	VIENNA	VIENNA	1	UNICREDIT BANK AUSTRIA AG	100.00	
	Issued capital EUR 17,500						
353	NAGE LOKALVERMIETUNGSGESELLSCHAFT 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	
354	NEWSTONE MORTGAGE SECURITIES NO.1 PLC	LONDON	LONDON	4	REDSTONE MORTGAGES LIMITED	..	(3)
355	NF OBJEKT FFM GMBH	MUNICH	MUNICH	1	HVB IMMOBILIEN AG	100.00	
	Issued capital EUR 25,000						
356	NF OBJEKT MUNCHEN GMBH	MUNICH	MUNICH	1	HVB IMMOBILIEN AG	100.00	
	Issued capital EUR 25,000						
357	NF OBJEKTE BERLIN GMBH	MUNICH	MUNICH	1	HVB IMMOBILIEN AG	100.00	
	Issued capital EUR 25,000						
358	NOE HYPO LEASING ASTRICTA GRUNDSTUECKVERMIETUNGS GESELLSCHAFT M.B.H.	VIENNA	VIENNA	1	UNICREDIT LEASING (AUSTRIA) GMBH	95.00	
	Issued capital EUR 36,337						
359	NORDBAHNHOF PROJEKTE HOLDING GMBH	VIENNA	VIENNA	1	BA-CA MARKETS & INVESTMENT BETEILIGUNG GES.M.B.H.	7.00	
	Issued capital EUR 35,000				UNICREDIT BANK AUSTRIA AG	93.00	
360	NUOVA COMPAGNIA DI PARTECIPAZIONI SPA	ROME	ROME	1	UNICREDIT SPA	100.00	
	Issued capital EUR 200,000						

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	NAME	MAIN OFFICE	ADMINISTRATIVE OFFICE	TYPE OF RELATIONSHIP (1)	OWNERSHIP RELATIONSHIP HELD BY	HOLDING %	VOTING RIGHTS % (2)
361	OCEAN BREEZE ASSET GMBH & CO. KG	BREMEN	BREMEN	1	OCEAN BREEZE ENERGY GMBH & CO. KG	100.00	
	Issued capital EUR 2,000						
362	OCEAN BREEZE ENERGY GMBH & CO. KG	BREMEN	BREMEN	1	HJS 12 BETEILIGUNGSGESELLSCHAFT MBH	100.00	
	Issued capital EUR 2,000						
363	OCEAN BREEZE FINANCE S.A. - COMPARTMENT 1	LUXEMBOURG	LUXEMBOURG	4	UNICREDIT BANK AG	..	(3)
364	OCEAN BREEZE GMBH	BREMEN	BREMEN	1	OCEAN BREEZE ENERGY GMBH & CO. KG	100.00	
	Issued capital EUR 25,000						
365	OCT 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	
366	OLG HANDELS- UND BETEILIGUNGSVERWALTUNGSGESELLSCHAFT M.B.H.	VIENNA	VIENNA	1	BETEILIGUNGSVERWALTUNGSGESELLSCHAFT DER BANK AUSTRIA CREDITANSTALT LEASING GMBH	100.00	
	Issued capital EUR 36,336						
367	OMNIA GRUNDSTUCKS-GMBH & CO. OBJEKT EGGENFELDENER STRASSE KG	MUNICH	MUNICH	1	HVB IMMOBILIEN AG	94.00	
	Issued capital EUR 26,000				UNICREDIT BANK AG	6.00	
368	OMNIA GRUNDSTUCKS-GMBH & CO. OBJEKT HAIDENAUPLATZ KG	MUNICH	MUNICH	1	HVB IMMOBILIEN AG	94.00	
	Issued capital EUR 26,000				UNICREDIT BANK AG	6.00	
369	OMNIA GRUNDSTUECKS-GMBH & CO. OBJEKT PERLACH KG	MUNICH	MUNICH	1	OMNIA GRUNDSTUCKS-GMBH	..	0.99
	Issued capital EUR 5,125,701				ORESTOS IMMOBILIEN-VERWALTUNGS GMBH	94.78	93.87
					WEALTHCAP LEASING GMBH	5.22	5.14
370	OOO UNICREDIT LEASING	MOSCOW	MOSCOW	1	AO UNICREDIT BANK	100.00	
	Issued capital RUR 149,160,248						
371	ORESTOS IMMOBILIEN-VERWALTUNGS GMBH	MUNICH	MUNICH	1	HVB PROJEKT GMBH	100.00	
	Issued capital EUR 10,149,150						
372	OSI OFF-SHORE SERVICE INVEST GMBH	HAMBURG	HAMBURG	4	UNICREDIT BANK AG	..	(3)
373	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	
374	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	
375	OWS LOGISTIK GMBH	EMDEN	EMDEN	4	OSI OFF-SHORE SERVICE INVEST GMBH	..	(3)
	Issued capital EUR 12,500						
376	OWS NATALIA BEKKER GMBH & CO. KG	EMDEN	EMDEN	4	OWS LOGISTIK GMBH	..	(3)
	Issued capital EUR 1,000						
377	OWS OCEAN ZEPHYR GMBH & CO. KG	EMDEN	EMDEN	4	OWS OFF-SHORE WIND SOLUTIONS GMBH	..	(3)
	Issued capital EUR 6,000						
378	OWS OFF-SHORE WIND SOLUTIONS GMBH	EMDEN	EMDEN	4	OSI OFF-SHORE SERVICE INVEST GMBH	..	(3)
	Issued capital EUR 25,000						
379	OWS WINDLIFT 1 CHARTER GMBH & CO. KG	EMDEN	EMDEN	4	OWS LOGISTIK GMBH	..	(3)
	Issued capital EUR 1,000						
380	PALAIS ROTHSCHILD VERMIETUNGS GMBH & CO OG	VIENNA	VIENNA	1	SCHOELLERBANK AKTIENGESELLSCHAFT	100.00	
	Issued capital EUR 2,180,185						
381	PARCO DELLE ACACIE DUE S.P.A.	ROME	ROME	1	CAPITAL DEV SPA	100.00	
	Issued capital EUR 90,000						
382	PARSEC 6 SPA	ROME	ROME	1	CAPITAL DEV SPA	100.00	
	Issued capital EUR 90,000						

	NAME	MAIN OFFICE	ADMINISTRATIVE OFFICE	TYPE OF RELATIONSHIP (1)	OWNERSHIP RELATIONSHIP HELD BY	HOLDING %	VOTING RIGHTS % (2)
383	PAYTRIA UNTERNEHMENSBETEILIGUNGEN GMBH Issued capital EUR 36,336	VIENNA	VIENNA	1	UNICREDIT BANK AUSTRIA AG	100.00	
384	PEKAO BANK HIPOTECZNY S.A. Issued capital PLN 223,000,000	WARSAW	WARSAW	1	BANK PEKAO SA	100.00	
385	PEKAO FAKTORING SP. ZOO Issued capital PLN 50,587,900	LUBLIN	LUBLIN	1	BANK PEKAO SA	100.00	
386	PEKAO FINANCIAL SERVICES SP. ZOO Issued capital PLN 4,500,000	WARSAW	WARSAW	1	BANK PEKAO SA	100.00	
387	PEKAO FUNDUSZKAPITA OWY SP. Z O.O. IN LIQUIDATION Issued capital PLN 51,380,000	WARSAW	WARSAW	1	BANK PEKAO SA	100.00	
388	PEKAO INVESTMENT BANKING SA Issued capital PLN 225,141,851	WARSAW	WARSAW	1	BANK PEKAO SA	100.00	
389	PEKAO LEASING SP ZO.O. Issued capital PLN 241,588,600	WARSAW	WARSAW	1	BANK PEKAO SA	100.00	
390	PEKAO PIONEER P.T.E. SA	WARSAW	WARSAW	1	BANK PEKAO SA	65.00	
	Issued capital PLN 20,760,000				PIONEER GLOBAL ASSET MANAGEMENT SPA	35.00	
391	PEKAO PROPERTY SA Issued capital PLN 51,346,400	WARSAW	WARSAW	1	BANK PEKAO SA	100.00	
392	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	
393	PENSIONSKASSE DER HYPO VEREINSBANK VVAG	MUNICH	MUNICH	4	UNICREDIT BANK AG	..	(3)
394	PERIKLES 20092 VERMOGENSVERWALTUNG GMBH Issued capital EUR 25,000	BREMEN	BREMEN	1	HJS 12 BETEILIGUNGSGESELLSCHAFT MBH	100.00	
395	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	
396	PIONEER ALTERNATIVE INVESTMENT MANAGEMENT (BERMUDA) LIMITED Issued capital USD 12,000	HAMILTON	HAMILTON	1	PIONEER GLOBAL ASSET MANAGEMENT SPA	100.00	
397	PIONEER ALTERNATIVE INVESTMENT MANAGEMENT LTD Issued capital EUR 1,032,000	DUBLIN	DUBLIN	1	PIONEER GLOBAL ASSET MANAGEMENT SPA	100.00	
398	PIONEER ALTERNATIVE INVESTMENTS (ISRAEL) LTD Issued capital ILS 50,000	RAMAT GAN.	RAMAT GAN	1	PIONEER GLOBAL ASSET MANAGEMENT SPA	100.00	
399	PIONEER ALTERNATIVE INVESTMENTS (NEW YORK) LTD Issued capital USD 1	DOVER	NEW YORK	1	PIONEER GLOBAL ASSET MANAGEMENT SPA	100.00	
400	PIONEER ASSET MANAGEMENT AS Issued capital CZK 27,000,000	PRAGUE	PRAGUE	1	PIONEER GLOBAL ASSET MANAGEMENT SPA	100.00	
401	PIONEER ASSET MANAGEMENT S.A.I. S.A.	BUCHAREST	BUCHAREST	1	PIONEER GLOBAL ASSET MANAGEMENT SPA	97.42	
	Issued capital RON 3,022,000				UNICREDIT BANK S.A.	2.58	
402	PIONEER ASSET MANAGEMENT SA Issued capital EUR 10,000,000	LUXEMBOURG	LUXEMBOURG	1	PIONEER GLOBAL ASSET MANAGEMENT SPA	100.00	
403	PIONEER FUNDS DISTRIBUTOR INC Issued capital USD 2,060	BOSTON	BOSTON	1	PIONEER INVESTMENT MANAGEMENT INC	100.00	
404	PIONEER GLOBAL ASSET MANAGEMENT SPA Issued capital EUR 1,219,463,434	MILAN	MILAN	1	UNICREDIT SPA	100.00	

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	NAME	MAIN OFFICE	ADMINISTRATIVE OFFICE	TYPE OF RELATIONSHIP (1)	OWNERSHIP RELATIONSHIP HELD BY	HOLDING %	VOTING RIGHTS % (2)
405	PIONEER GLOBAL FUNDS DISTRIBUTOR LTD Issued capital EUR 12,900	HAMILTON	HAMILTON	1	PIONEER GLOBAL ASSET MANAGEMENT SPA	100.00	
406	PIONEER GLOBAL INVESTMENTS (AUSTRALIA) PTY LIMITED Issued capital AUD 3,980,000	SYDNEY	SYDNEY	1	PIONEER GLOBAL ASSET MANAGEMENT SPA	100.00	
407	PIONEER GLOBAL INVESTMENTS (TAIWAN) LTD. Issued capital TWD 70,000,000	TAIPEI	TAIPEI	1	PIONEER GLOBAL ASSET MANAGEMENT SPA	100.00	
408	PIONEER GLOBAL INVESTMENTS LIMITED Issued capital EUR 752,500	DUBLIN	DUBLIN	1	PIONEER GLOBAL ASSET MANAGEMENT SPA	100.00	
409	PIONEER INSTITUTIONAL ASSET MANAGEMENT INC Issued capital USD 1,000	WILMINGTON	BOSTON	1	PIONEER INVESTMENT MANAGEMENT USA INC.	100.00	
410	PIONEER INVESTMENT COMPANY AS Issued capital CZK 61,000,000	PRAGUE	PRAGUE	1	PIONEER GLOBAL ASSET MANAGEMENT SPA	100.00	
411	PIONEER INVESTMENT FUND MANAGEMENT LIMITED Issued capital HUF 100,000,000	BUDAPEST	BUDAPEST	1	PIONEER GLOBAL ASSET MANAGEMENT SPA	100.00	
412	PIONEER INVESTMENT MANAGEMENT INC Issued capital USD 20,990	WILMINGTON	BOSTON	1	PIONEER INVESTMENT MANAGEMENT USA INC.	100.00	
413	PIONEER INVESTMENT MANAGEMENT LIMITED Issued capital EUR 1,032,912	DUBLIN	DUBLIN	1	PIONEER GLOBAL ASSET MANAGEMENT SPA	100.00	
414	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	
415	PIONEER INVESTMENT MANAGEMENT USA INC. Issued capital USD 1	WILMINGTON	BOSTON	1	PIONEER GLOBAL ASSET MANAGEMENT SPA	100.00	
416	PIONEER INVESTMENTS (SCHWEIZ) GMBH Issued capital CHF 20,000	ZURICH	ZURICH	1	PIONEER GLOBAL ASSET MANAGEMENT SPA	100.00	
417	PIONEER INVESTMENTS AUSTRIA GMBH Issued capital EUR 5,000,000	VIENNA	VIENNA	1	PIONEER GLOBAL ASSET MANAGEMENT SPA	100.00	
418	PIONEER INVESTMENTS KAPITALANLAGEGESELLSCHAFT MBH Issued capital EUR 6,500,000	MUNICH	MUNICH	1	PIONEER GLOBAL ASSET MANAGEMENT SPA	100.00	
419	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	
420	PIONEER PEKAO INVESTMENT MANAGEMENT SA Issued capital PLN 28,914,000	WARSAW	WARSAW	1	BANK PEKAO SA	49.00	
					PIONEER GLOBAL ASSET MANAGEMENT SPA	51.00	
421	PIRTA VERWALTUNGS GMBH Issued capital EUR 2,067,138	VIENNA	VIENNA	1	UNICREDIT SPA	100.00	
422	PISANA S.P.A. Issued capital EUR 1,000,000	ROME	ROME	1	CAPITAL DEV SPA	100.00	
423	POLLUX IMMOBILIEN GMBH Issued capital EUR 36,500	VIENNA	VIENNA	1	PAYTRIA UNTERNEHMENSBETEILIGUNGEN GMBH	0.20	
					UNICREDIT BANK AUSTRIA AG	99.80	
424	POMINVEST DD Issued capital HRK 17,434,000	SPLIT	SPLIT	1	ZAGREBACKA BANKA D.D.	88.66	88.95
425	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	
426	PORTIA GRUNDSTUCKSVERWALTUNGS-GESELLSCHAFT MIT BESCHRANKTER HAFTUNG Issued capital EUR 25,600	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)
427	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	
428	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	
429	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	
430	PROJEKT-LEASE GRUNDSTUECKSVERWALTUNGS-GESELLSCHAFT M.B.H.	VIENNA	VIENNA	1	ARNO GRUNDSTUECKSVERWALTUNGS GESELLSCHAFT M.B.H.	74.80	
	Issued capital EUR 36,500				UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
					UNICREDIT LEASING (AUSTRIA) GMBH	25.00	
431	PRVA STAMBENA STEDIONICA DD ZAGREB	ZAGREB	ZAGREB	1	ZAGREBACKA BANKA D.D.	100.00	
	Issued capital HRK 80,000,000						
432	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	
433	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	
434	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	
435	RAMSES IMMOBILIEN GESELLSCHAFT M.B.H. & CO OG	VIENNA	VIENNA	1	PAYTRIA UNTERNEHMENSBETEILIGUNGEN GMBH	0.50	
	Issued capital EUR 36,500				RAMSES-IMMOBILIENHOLDING GMBH	0.20	
					UNICREDIT BANK AUSTRIA AG	99.30	
436	RANA-LIEGENSCHAFTSVERWERTUNG GMBH	VIENNA	VIENNA	1	UNIVERSALE INTERNATIONAL REALITAETEN GMBH	99.90	
	Issued capital EUR 72,700						
437	REAL ESTATE MANAGEMENT POLAND SP. Z O.O.	WARSAW	WARSAW	1	UNICREDIT LEASING S.P.A.	100.00	
	Issued capital PLN 124,500						
438	REAL INVEST EUROPE D BA RI KAG	WIEN	AUSTRIA	4	UNICREDIT BANK AUSTRIA AG	..	(3)
439	REAL INVEST IMMOBILIEN GMBH	VIENNA	VIENNA	1	TREUCONSULT BETEILIGUNGSGESELLSCHAFT M.B.H.	99.00	
	Issued capital EUR 36,400						
440	REAL-LEASE GRUNDSTUECKSVERWALTUNGS-GESELLSCHAFT M.B.H.	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
	Issued capital EUR 36,500				UNICREDIT GARAGEN ERRICHTUNG UND VERWERTUNG GMBH	99.80	
441	REAL-RENT LEASING GESELLSCHAFT M.B.H.	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
	Issued capital EUR 73,000				UNICREDIT LEASING (AUSTRIA) GMBH	99.80	
442	REDSTONE MORTGAGES LIMITED	LONDON	LONDON	1	UNICREDIT BANK AG	100.00	
	Issued capital GBP 100,000						
443	REGEV REALITAETENVERWERTUNGSGESELLSCHAFT M.B.H.	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
	Issued capital EUR 726,728				UNICREDIT LEASING (AUSTRIA) GMBH	99.80	
444	RHOTERRA GESELLSCHAFT FUR IMMOBILIENVERWALTUNG MBH	MUNICH	MUNICH	1	HVB IMMOBILIEN AG	93.85	
	Issued capital EUR 26,000				UNICREDIT BANK AG	6.15	

Part A - Accounting Policies

	NAME	MAIN OFFICE	ADMINISTRATIVE OFFICE	TYPE OF RELATIONSHIP (1)	OWNERSHIP RELATIONSHIP HELD BY	HOLDING %	VOTING RIGHTS % (2)
445	RIGEL IMMOBILIEN GMBH	VIENNA	VIENNA	1	PAYTRIA UNTERNEHMENSBETEILIGUNGEN GMBH	0.20	
	Issued capital EUR 36,500				UNICREDIT BANK AUSTRIA AG	99.80	
446	ROLIN GRUNDSTUCKSPLANUNGS- UND - VERWALTUNGSGESELLSCHAFT MBH Issued capital EUR 30,678	MUNICH	MUNICH	1	WEALTHCAP INVESTMENT SERVICES GMBH	100.00	
447	RONCASA IMMOBILIEN-VERWALTUNGS GMBH Issued capital EUR 256,000	MUNICH	MUNICH	1	HVB PROJEKT GMBH	100.00	
448	ROSENKAVALIER 2008 GMBH	FRANKFURT	FRANKFURT	4	UNICREDIT BANK AG	..	(3)
449	ROSENKAVALIER 2015 UG	FRANKFURT	FRANKFURT	4	UNICREDIT BANK AG	..	(3)
450	RSB ANLAGENVERMIETUNG GESELLSCHAFT M.B.H.	VIENNA	VIENNA	1	CALG IMMOBILIEN LEASING GMBH	99.80	
	Issued capital EUR 36,337				UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
451	RVT BAUTRAEGER GESELLSCHAFT M.B.H. Issued capital EUR 37,000	VIENNA	VIENNA	1	IMMOBILIEN HOLDING GMBH	100.00	
452	S. MARIA DELLA GUARDIA S.R.L. Issued capital EUR 210,000	CATANIA	CATANIA	1	ISTITUTO IMMOBILIARE DI CATANIA SPA	51.00	
453	SALONE SPA Issued capital EUR 100,000	ROME	ROME	1	UNICREDIT SPA	100.00	
454	SALVATORPLATZ-GRUNDSTUCKSGESELLSCHAFT MBH & CO. OHG SAARLAND Issued capital EUR 1,533,900	MUNICH	MUNICH	1	HVB GESELLSCHAFT FUR GEBAUDE MBH & CO KG	100.00	
455	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	
456	SALVATORPLATZ-GRUNDSTUECKSGESELLSCHAFT MIT BESCHRAENKTER HAFTUNG Issued capital EUR 511,300	MUNICH	MUNICH	1	PORTIA GRUNDSTUCKS-VERWALTUNGSGESELLSCHAFT MBH & CO. OBJEKT KG	100.00	
457	SAMAR SPA Issued capital EUR 50,000	ROME	ROME	1	CAPITAL DEV SPA	100.00	
458	SANITA' - S.R.L. IN LIQUIDAZIONE Issued capital EUR 5,164,333	ROME	ROME	1	UNICREDIT SPA	99.60	
459	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	
460	SCHOELLERBANK AKTIENGESELLSCHAFT Issued capital EUR 20,000,000	VIENNA	VIENNA	1	UNICREDIT BANK AUSTRIA AG	100.00	
461	SCHOELLERBANK INVEST AG Issued capital EUR 2,543,549	SALZBURG	SALZBURG	1	SCHOELLERBANK AKTIENGESELLSCHAFT	100.00	
462	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	
463	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	
464	SELFOSS BETEILIGUNGSGESELLSCHAFT MBH Issued capital EUR 25,000	GRUNWALD	GRUNWALD	1	HVB PROJEKT GMBH	100.00	
465	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	

	NAME	MAIN OFFICE	ADMINISTRATIVE OFFICE	TYPE OF RELATIONSHIP (1)	OWNERSHIP RELATIONSHIP HELD BY	HOLDING %	VOTING RIGHTS % (2)
466	SIA UNICREDIT INSURANCE BROKER Issued capital EUR 15,080	RIGA	RIGA	1	SIA UNICREDIT LEASING	100.00	
467	SIA UNICREDIT LEASING Issued capital EUR 15,569,120	RIGA	RIGA	1	UNICREDIT SPA	100.00	
468	SIGMA LEASING GMBH Issued capital EUR 18,286	VIENNA	VIENNA	1	CALG ANLAGEN LEASING GMBH	99.40	
					UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
					UNICREDIT LEASING (AUSTRIA) GMBH	0.40	
469	SIMON VERWALTUNGS-AKTIENGESELLSCHAFT I.L. Issued capital EUR 2,556,459	MUNICH	MUNICH	1	UNICREDIT BANK AG	99.98	
470	SIRIUS IMMOBILIEN GMBH Issued capital EUR 36,500	VIENNA	VIENNA	1	PAYTRIA UNTERNEHMENSBETEILIGUNGEN GMBH	0.20	
					UNICREDIT BANK AUSTRIA AG	99.80	
471	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	
472	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	
473	SOCIETA' ITALIANA GESTIONE ED INCASSO CREDITI S.P.A. IN LIQUIDAZIONE Issued capital EUR 341,916	ROME	ROME	1	UNICREDIT SPA	100.00	
474	SOCIETA' VERONESE GESTIONE COMPRAVENDITA IMMOBILI A R.L. Issued capital EUR 108,500	ROME	ROME	1	NUOVA COMPAGNIA DI PARTECIPAZIONI SPA	100.00	
475	SOFIGERE SOCIETE PAR ACTIONS SIMPLIFIEE Issued capital EUR 3,960,000	PARIS	PARIS	1	UNICREDIT SPA	100.00	
476	SOLOS IMMOBILIEN- UND PROJEKTENTWICKLUNGS GMBH & CO. SIRIUS BETEILIGUNGS KG Issued capital EUR 35,800	MUNICH	MUNICH	1	HVB PROJEKT GMBH	100.00	
477	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	
478	SPECTRUM GRUNDSTUECKSVERWALTUNGS-GESELLSCHAFT M.B.H. Issued capital EUR 36,336	VIENNA	VIENNA	1	WOEM GRUNDSTUECKSVERWALTUNGS-GESELLSCHAFT M.B.H.	100.00	
479	SPREE GALERIE HOTELBETRIEBSGESELLSCHAFT MBH Issued capital EUR 511,300	MUNICH	MUNICH	1	ARGENTAURUS IMMOBILIEN-VERMIETUNGS- UND VERWALTUNGS GMBH	100.00	
480	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	
481	STRUCTURED INVEST SOCIETE ANONYME Issued capital EUR 125,500	LUXEMBOURG	LUXEMBOURG	1	UNICREDIT BANK AG	100.00	
482	STRUCTURED LEASE GMBH Issued capital EUR 250,000	HAMBURG	HAMBURG	1	UNICREDIT LEASING GMBH	100.00	
483	SUCCESS 2015 B.V. Issued capital EUR 1	AMSTERDAM	AMSTERDAM	4	UNICREDIT LEASING (AUSTRIA) GMBH	..	(3)
484	SUVREMENE POSLOVNE KOMUNIKACIJE D.O.O Issued capital HRK 1,110,000	ZAGREB	ZAGREB	1	ZAGREBACKA BANKA D.D.	100.00	
485	SVILUPPO IMMOBILIARE PESCACCIO - SOCIETA' A RESPONSABILITA' LIMITATA Issued capital EUR 10,000	ROME	ROME	1	CAVE NUOVE SPA	100.00	

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	NAME	MAIN OFFICE	ADMINISTRATIVE OFFICE	TYPE OF RELATIONSHIP (1)	OWNERSHIP RELATIONSHIP HELD BY	HOLDING %	VOTING RIGHTS % (2)
486	T & P FRANKFURT DEVELOPMENT B.V. Issued capital EUR 4,938,271	AMSTERDAM	AMSTERDAM	1	HVB PROJEKT GMBH	100.00	
487	T & P VASTGOED STUTTGART B.V. Issued capital EUR 10,769,773	AMSTERDAM	AMSTERDAM	1	HVB PROJEKT GMBH	87.50	
488	TERRENO GRUNDSTUCKSVERWALTUNG GMBH & CO. ENTWICKLUNGS- UND FINANZIERUNGSVERMITTLUNGS-KG Issued capital EUR 920,400	MUNICH	MUNICH	1	HVB TECTA GMBH	75.00	
489	TERRONDA DEVELOPMENT B.V. Issued capital EUR 1,252,433	AMSTERDAM	AMSTERDAM	1	HVB PROJEKT GMBH	100.00	
490	TERZ Z IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
	Issued capital EUR 36,500				UNICREDIT GARAGEN ERRICHTUNG UND VERWERTUNG GMBH	99.80	
491	TIVOLI GRUNDSTUCKS-AKTIENGESELLSCHAFT Issued capital EUR 6,240,000	MUNICH	MUNICH	1	PORTIA GRUNDSTUCKS-VERWALTUNGSGESELLSCHAFT MBH & CO. OBJEKT KG	99.67	
492	TRANSTERRA GESELLSCHAFT FUR IMMOBILIENVERWALTUNG MBH	MUNICH	MUNICH	1	HVB IMMOBILIEN AG	93.85	
	Issued capital EUR 26,000				UNICREDIT BANK AG	6.15	
493	TREDEC Z IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
	Issued capital EUR 36,500				UNICREDIT GARAGEN ERRICHTUNG UND VERWERTUNG GMBH	99.80	
494	TREUCONSULT BETEILIGUNGSGESELLSCHAFT M.B.H. Issued capital EUR 365,000	VIENNA	VIENNA	1	BANK AUSTRIA REAL INVEST IMMOBILIEN-MANAGEMENT GMBH	100.00	
495	TREUCONSULT BETEILIGUNGSGESELLSCHAFT M.B.H. U. CO. ARBEITERHEIM FAVORITEN REVITALISIERUNGS KG Issued capital EUR 6,983,859	VIENNA	VIENNA	1	TREUCONSULT PROPERTY EPSILON GMBH	99.84	100.00
496	TREUCONSULT PROPERTY EPSILON GMBH Issued capital EUR 35,000	VIENNA	VIENNA	1	TREUCONSULT BETEILIGUNGSGESELLSCHAFT M.B.H.	100.00	
497	TRICASA GRUNDBESITZ GESELLSCHAFT MBH & CO. 1. VERMIETUNGS KG	MUNICH	MUNICH	1	HYPO-REAL HAUS- UND GRUNDBESITZ GESELLSCHAFT MBH	..	
	Issued capital EUR 6,979,476				ORESTOS IMMOBILIEN-VERWALTUNGS GMBH	100.00	
498	TRICASA GRUNDBESITZGESELLSCHAFT DES BURGERLICHEN RECHTS NR. 1 Issued capital EUR 13,687,272	MUNICH	MUNICH	1	ORESTOS IMMOBILIEN-VERWALTUNGS GMBH	100.00	
499	TRIESTE ADRIATIC MARITIME INITIATIVES SRL Issued capital EUR 6,232,500	TRIESTE	TRIESTE	3	UNICREDIT SPA	36.68	
500	TRINITRADE VERMOGENSVERWALTUNGS-GESELLSCHAFT MIT BESCHRANKTER HAFTUNG Issued capital EUR 102,300	MUNICH	MUNICH	1	UNICREDIT BANK AG	100.00	
501	U2 ASPERN BAUPLATZ 1 BETEILIGUNGS-GMBH Issued capital EUR 35,000	VIENNA	VIENNA	1	B A I BAUTRAEGER AUSTRIA IMMOBILIEN GMBH	100.00	
502	U2 ASPERN BAUPLATZ 1 GMBH & CO KG	VIENNA	VIENNA	1	B A I BAUTRAEGER AUSTRIA IMMOBILIEN GMBH	90.00	
	Issued capital EUR 10,000				U2 ASPERN BAUPLATZ 1 BETEILIGUNGS-GMBH	10.00	
503	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	VIENNA	VIENNA	1	BA EUROLEASE BETEILIGUNGSGESELLSCHAFT M.B.H.	90.00	
	Issued capital EUR 10,000				BA-CA ANDANTE LEASING GMBH	10.00	
504	UCTAM BALTICS SIA Issued capital EUR 4,265,585	RIGA	RIGA	1	UNICREDIT TURN-AROUND MANAGEMENT CEE GMBH	100.00	
505	UCTAM BULGARIA EOOD Issued capital BGN 20,000	SOFIA	SOFIA	1	UNICREDIT TURN-AROUND MANAGEMENT CEE GMBH	100.00	

	NAME	MAIN OFFICE	ADMINISTRATIVE OFFICE	TYPE OF RELATIONSHIP (1)	OWNERSHIP RELATIONSHIP HELD BY	HOLDING %	VOTING RIGHTS % (2)
506	UCTAM CZECH REPUBLIC SRO	PRAGUE	PRAGUE	1	UNICREDIT TURN-AROUND MANAGEMENT CEE GMBH	99.96	
	Issued capital CZK 45,500,000				UNICREDIT TURN-AROUND MANAGEMENT GMBH	0.04	
507	UCTAM D.O.O. BEOGRAD	BELGRADE	BELGRADE	1	UNICREDIT TURN-AROUND MANAGEMENT CEE GMBH	100.00	
	Issued capital RSD 631,564,325						
508	UCTAM HUNGARY KFT	BUDAPEST	BUDAPEST	1	EUROPA BEFEKTETESI ALAPKEZELOE ZRT (EUROPA INVESTMENT FUND MANAGEMENT LTD.)	0.33	0.33
	Issued capital HUF 10,300,000				UNICREDIT TURN-AROUND MANAGEMENT CEE GMBH	99.67	99.67
509	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	
510	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	..	
511	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	
512	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	
513	UCTAM UKRAINE LLC	KIEV	KIEV	1	UNICREDIT TURN-AROUND MANAGEMENT CEE GMBH	99.99	
	Issued capital UAH 1,013,324						
514	UCTAM UPRAVLJANJE D.O.O.	LJUBLJANA	LJUBLJANA	1	UNICREDIT TURN-AROUND MANAGEMENT CEE GMBH	100.00	
	Issued capital EUR 7,500						
515	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	
516	UNI IT SRL	TRENTO	TRENTO	1	UNICREDIT BUSINESS INTEGRATED SOLUTIONS SOCIETA CONSORTILE PER AZIONI	51.00	
	Issued capital EUR 1,000,000						
517	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	
518	UNICREDIT (CHINA) ADVISORY LIMITED (IN LIQUIDAZIONE)	BEIJING	BEIJING	1	UNICREDIT BANK AG	100.00	
	Issued capital CNY 826,410						
519	UNICREDIT AURORA LEASING GMBH	VIENNA	VIENNA	1	UNICREDIT LEASING (AUSTRIA) GMBH	100.00	
	Issued capital EUR 219,000						
520	UNICREDIT BANK A.D. BANJA LUKA	BANJA LUKA	BANJA LUKA	1	UNICREDIT SPA	98.44	
	Issued capital BAM 97,055,000						
521	UNICREDIT BANK AG	MUNICH	MUNICH	1	UNICREDIT SPA	100.00	
	Issued capital EUR 2,407,151,016						
522	UNICREDIT BANK AUSTRIA AG	VIENNA	VIENNA	1	UNICREDIT SPA	100.00	
	Issued capital EUR 1,681,033,521						
523	UNICREDIT BANK CZECH REPUBLIC AND SLOVAKIA, A.S.	PRAGUE	PRAGUE	1	UNICREDIT SPA	100.00	
	Issued capital CZK 8,754,617,898						
524	UNICREDIT BANK D.D.	MOSTAR	MOSTAR	1	ZAGREBACKA BANKA D.D.	99.35	93.31
	Issued capital BAM 119,195,000						
525	UNICREDIT BANK HUNGARY ZRT.	BUDAPEST	BUDAPEST	1	UNICREDIT SPA	100.00	
	Issued capital HUF 24,118,220,000						
526	UNICREDIT BANK IRELAND PLC	DUBLIN	DUBLIN	1	UNICREDIT SPA	100.00	
	Issued capital EUR 1,343,118,650						

Part A - Accounting Policies

	NAME	MAIN OFFICE	ADMINISTRATIVE OFFICE	TYPE OF RELATIONSHIP (1)	OWNERSHIP RELATIONSHIP HELD BY	HOLDING %	VOTING RIGHTS % (2)
527	UNICREDIT BANK S.A. Issued capital RON 1,101,604,066	BUCHAREST	BUCHAREST	1	UNICREDIT SPA	98.33	
528	UNICREDIT BANK SERBIA JSC Issued capital RSD 23,607,620,000	BELGRADE	BELGRADE	1	UNICREDIT SPA	100.00	
529	UNICREDIT BANKA SLOVENIJA D.D. Issued capital EUR 20,383,765	LJUBLJANA	LJUBLJANA	1	UNICREDIT SPA	100.00	
530	UNICREDIT BETEILIGUNGS GMBH Issued capital EUR 1,000,000	MUNICH	MUNICH	1	UNICREDIT BANK AG	100.00	
531	UNICREDIT BIZTOSITASKOEZVETITO KFT Issued capital HUF 5,000,000	BUDAPEST	BUDAPEST	1	UNICREDIT BANK HUNGARY ZRT.	100.00	
532	UNICREDIT BPC MORTAGE SRL (COVERED BONDS)	VERONA	VERONA	4	UNICREDIT SPA	..	(3)
533	UNICREDIT BPC MORTGAGE S.R.L. Issued capital EUR 12,000	VERONA	VERONA	1	UNICREDIT SPA	60.00	
534	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	
535	UNICREDIT BROKER S.R.O. Issued capital EUR 8,266	BRATISLAVA	BRATISLAVA	1	UNICREDIT LEASING SLOVAKIA A.S.	100.00	
536	UNICREDIT BULBANK AD Issued capital BGN 285,776,674	SOFIA	SOFIA	1	UNICREDIT SPA	99.45	
537	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	
538	UNICREDIT BUSINESS INTEGRATED SOLUTIONS SOCIETA CONSORTILE PER AZIONI Issued capital EUR 237,523,160	MILAN	MILAN	1	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	
539	UNICREDIT CAPITAL MARKETS LLC Issued capital USD 100,100	NEW YORK	NEW YORK	1	UNICREDIT U.S. FINANCE LLC	100.00	
540	UNICREDIT CENTER AM KAISERWASSER GMBH Issued capital EUR 35,000	VIENNA	VIENNA	1	UNICREDIT BANK AUSTRIA AG	100.00	
541	UNICREDIT CONSUMER FINANCING EAD Issued capital BGN 2,800,000	SOFIA	SOFIA	1	UNICREDIT BULBANK AD	100.00	
542	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	
543	UNICREDIT DIRECT SERVICES GMBH Issued capital EUR 767,000	MUNICH	MUNICH	1	UNICREDIT BANK AG	100.00	
544	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	
545	UNICREDIT FACTORING EAD Issued capital BGN 1,000,000	SOFIA	SOFIA	1	UNICREDIT BULBANK AD	100.00	
546	UNICREDIT FACTORING SPA Issued capital EUR 414,348,000	MILAN	MILAN	1	UNICREDIT SPA	100.00	
547	UNICREDIT FLEET MANAGEMENT EOOD Issued capital BGN 100,000	SOFIA	SOFIA	1	UNICREDIT BULBANK AD	100.00	
548	UNICREDIT FLEET MANAGEMENT S.R.O. Issued capital CZK 5,000,000	PRAGUE	PRAGUE	1	UNICREDIT LEASING CZ, A.S.	100.00	

					OWNERSHIP RELATIONSHIP		
	NAME	MAIN OFFICE	ADMINISTRATIVE OFFICE	TYPE OF RELATIONSHIP [(1)]	HELD BY	HOLDING %	VOTING RIGHTS % [(2)]
549	UNICREDIT FLEET MANAGEMENT S.R.O.	BRATISLAVA	BRATISLAVA	1	UNICREDIT LEASING SLOVAKIA A.S.	100.00	
	Issued capital EUR 6,639						
550	UNICREDIT GARAGEN ERRICHTUNG UND VERWERTUNG GMBH	VIENNA	VIENNA	1	EUROLEASE RAMSES IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	99.80	
	Issued capital EUR 14,383,206				UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
551	UNICREDIT GLOBAL LEASING EXPORT GMBH	VIENNA	VIENNA	1	UNICREDIT SPA	100.00	
	Issued capital EUR 11,745,607						
552	UNICREDIT GLOBAL LEASING PARTICIPATION MANAGEMENT GMBH	VIENNA	VIENNA	1	UNICREDIT LEASING S.P.A.	100.00	
	Issued capital EUR 7,476,432						
553	UNICREDIT INGATLANLIZING ZRT	BEKESCABA	BUDAPEST	1	UNIVERSALE INTERNATIONAL REALITAETEN GMBH	100.00	
	Issued capital HUF 81,000,000						
554	UNICREDIT INSURANCE BROKER EOOD	SOFIA	SOFIA	1	UNICREDIT LEASING EAD	100.00	
	Issued capital BGN 5,000						
555	UNICREDIT INSURANCE BROKER SRL	BUCHAREST	BUCHAREST	1	UNICREDIT LEASING CORPORATION IFN S.A.	100.00	
	Issued capital RON 150,000						
556	UNICREDIT INSURANCE MANAGEMENT CEE GMBH	VIENNA	VIENNA	1	DV ALPHA GMBH	100.00	
	Issued capital EUR 156,905						
557	UNICREDIT INTERNATIONAL BANK (LUXEMBOURG) SA	LUXEMBOURG	LUXEMBOURG	1	UNICREDIT SPA	100.00	
	Issued capital EUR 10,000,000						
558	UNICREDIT JELZALOGBANK ZRT.	BUDAPEST	BUDAPEST	1	UNICREDIT BANK HUNGARY ZRT.	100.00	
	Issued capital HUF 3,000,000,000						
559	UNICREDIT KFZ LEASING GMBH	VIENNA	VIENNA	1	GALA GRUNDSTUECKVERWALTUNG GESELLSCHAFT M.B.H.	100.00	
	Issued capital EUR 648,265						
560	UNICREDIT LEASING (AUSTRIA) GMBH	VIENNA	VIENNA	1	BA-CA MARKETS & INVESTMENT BETEILIGUNG GES.M.B.H.	10.00	
	Issued capital EUR 93,510,420				PAYTRIA UNTERNEHMENSBETEILIGUNGEN GMBH	0.02	
					UNICREDIT BANK AUSTRIA AG	89.98	89.98
561	UNICREDIT LEASING AVIATION GMBH	HAMBURG	HAMBURG	1	UNICREDIT LEASING GMBH	100.00	
	Issued capital EUR 1,600,000						
562	UNICREDIT LEASING CORPORATION IFN S.A.	BUCHAREST	BUCHAREST	1	UNICREDIT BANK S.A.	99.96	
	Issued capital RON 90,989,013				UNICREDIT CONSUMER FINANCING IFN S.A.	0.04	
563	UNICREDIT LEASING CROATIA D.O.O. ZA LEASING	ZAGREB	ZAGREB	1	ZAGREBACKA BANKA D.D.	100.00	
	Issued capital HRK 28,741,800						
564	UNICREDIT LEASING CZ, A.S.	PRAGUE	PRAGUE	1	UNICREDIT BANK CZECH REPUBLIC AND SLOVAKIA, A.S.	100.00	
	Issued capital CZK 981,452,000						
565	UNICREDIT LEASING D.O.O.	SARAJEVO	SARAJEVO	1	UNICREDIT BANK D.D.	100.00	
	Issued capital BAM 8,479,356						
566	UNICREDIT LEASING EAD	SOFIA	SOFIA	1	UNICREDIT BULBANK AD	100.00	
	Issued capital BGN 2,605,000						
567	UNICREDIT LEASING FINANCE GMBH	HAMBURG	HAMBURG	1	UNICREDIT LEASING GMBH	100.00	
	Issued capital EUR 17,580,000						
568	UNICREDIT LEASING FLEET MANAGEMENT S.R.L.	BUCHAREST	BUCHAREST	1	DV ALPHA GMBH	90.02	
	Issued capital RON 680,000				UNICREDIT LEASING CORPORATION IFN S.A.	9.98	
569	UNICREDIT LEASING FUHRPARKMANAGEMENT GMBH	VIENNA	VIENNA	1	UNICREDIT LEASING (AUSTRIA) GMBH	100.00	
	Issued capital EUR 364,000						
570	UNICREDIT LEASING GMBH	HAMBURG	HAMBURG	1	UNICREDIT BANK AG	100.00	
	Issued capital EUR 15,000,000						

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	NAME	MAIN OFFICE	ADMINISTRATIVE OFFICE	TYPE OF RELATIONSHIP (1)	OWNERSHIP RELATIONSHIP HELD BY	HOLDING %	VOTING RIGHTS % (2)
571	UNICREDIT LEASING HUNGARY ZRT Issued capital HUF 50,000,000	BUDAPEST	BUDAPEST	1	UNICREDIT BANK HUNGARY ZRT.	100.00	
572	UNICREDIT LEASING IMMOTRUCK ZRT. Issued capital HUF 50,000,000	BUDAPEST	BUDAPEST	1	UNIVERSALE INTERNATIONAL REALITAETEN GMBH	100.00	
573	UNICREDIT LEASING INSURANCE SERVICES S.R.O. Issued capital EUR 5,000	BRATISLAVA	BRATISLAVA	1	UNICREDIT LEASING SLOVAKIA A.S.	100.00	
574	UNICREDIT LEASING KFT Issued capital HUF 3,100,000	BUDAPEST	BUDAPEST	1	UNIVERSALE INTERNATIONAL REALITAETEN GMBH	100.00	
575	UNICREDIT LEASING LUNA KFT Issued capital HUF 3,000,000	BUDAPEST	BUDAPEST	1	UNIVERSALE INTERNATIONAL REALITAETEN GMBH	80.00	
576	UNICREDIT LEASING MARS KFT Issued capital HUF 3,000,000	BUDAPEST	BUDAPEST	1	UNIVERSALE INTERNATIONAL REALITAETEN GMBH	80.00	
577	UNICREDIT LEASING S.P.A. Issued capital EUR 1,200,131,062	MILAN	MILAN	1	UNICREDIT SPA	100.00	
578	UNICREDIT LEASING SLOVAKIA A.S. Issued capital EUR 26,560,000	BRATISLAVA	BRATISLAVA	1	UNICREDIT LEASING CZ, A.S.	100.00	
579	UNICREDIT LEASING SRBIJA D.O.O. BEOGRAD Issued capital RSD 1,078,133,000	BELGRADE	BELGRADE	1	UNICREDIT BANK SERBIA JSC	100.00	
580	UNICREDIT LEASING TECHNIKUM GMBH	VIENNA	VIENNA	1	LEASFINANZ GMBH	99.80	
	Issued capital EUR 1,435,000				UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
581	UNICREDIT LEASING TOB Issued capital UAH 5,083,582	KIEV	KIEV	1	UNICREDIT LEASING S.P.A.	100.00	
582	UNICREDIT LEASING URANUS KFT Issued capital HUF 3,000,000	BUDAPEST	BUDAPEST	1	UNIVERSALE INTERNATIONAL REALITAETEN GMBH	80.00	
583	UNICREDIT LEASING VERSICHERUNGSSERVICE GMBH & CO KG Issued capital EUR 36,500	VIENNA	VIENNA	1	UNICREDIT LEASING (AUSTRIA) GMBH	100.00	
584	UNICREDIT LEASING, LEASING, D.O.O. Issued capital EUR 25,039,658	LJUBLJANA	LJUBLJANA	1	UNICREDIT BANKA SLOVENIJA D.D.	100.00	
585	UNICREDIT LUNA LEASING GMBH	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
	Issued capital EUR 36,500				UNICREDIT LEASING (AUSTRIA) GMBH	99.80	
586	UNICREDIT LUXEMBOURG FINANCE SA Issued capital EUR 350,000	LUXEMBOURG	LUXEMBOURG	1	UNICREDIT INTERNATIONAL BANK (LUXEMBOURG) SA	100.00	
587	UNICREDIT LUXEMBOURG S.A. Issued capital EUR 238,000,000	LUXEMBOURG	LUXEMBOURG	1	UNICREDIT BANK AG	100.00	
588	UNICREDIT MOBILIEN UND KFZ LEASING GMBH	VIENNA	VIENNA	1	BETEILIGUNGSVERWALTUNGSGESELLSCHAFT DER BANK AUSTRIA CREDITANSTALT LEASING GMBH	98.80	
	Issued capital EUR 36,500				UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
					UNICREDIT LEASING (AUSTRIA) GMBH	1.00	
589	UNICREDIT OBG S.R.L. Issued capital EUR 10,000	VERONA	VERONA	1	UNICREDIT SPA	60.00	
590	UNICREDIT OBG SRL (COVERED BONDS)	VERONA	VERONA	4	UNICREDIT SPA	..	(3)
591	UNICREDIT OPERATIV LIZING KFT Issued capital HUF 3,000,000	BUDAPEST	BUDAPEST	1	UNICREDIT BANK HUNGARY ZRT.	100.00	
592	UNICREDIT PARTNER D.O.O. BEOGRAD Issued capital RSD 2,001,875	BELGRADE	BELGRADE	1	UNICREDIT BANK SERBIA JSC	100.00	

	NAME	MAIN OFFICE	ADMINISTRATIVE OFFICE	TYPE OF RELATIONSHIP (1)	OWNERSHIP RELATIONSHIP HELD BY	HOLDING %	VOTING RIGHTS % (2)
593	UNICREDIT PARTNER D.O.O. ZA TRGOVINU I USLUGE	ZAGREB	ZAGREB	1	UNICREDIT INSURANCE MANAGEMENT CEE GMBH	20.00	
	Issued capital HRK 200,000				UNICREDIT LEASING CROATIA D.O.O. ZA LEASING	80.00	
594	UNICREDIT PARTNER LLC	KIEV	KIEV	1	UNICREDIT INSURANCE MANAGEMENT CEE GMBH	100.00	
	Issued capital UAH 53,557						
595	UNICREDIT PEGASUS LEASING GMBH	VIENNA	VIENNA	1	CALG IMMOBILIEN LEASING GMBH	74.80	
	Issued capital EUR 36,500				UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
					UNICREDIT LEASING (AUSTRIA) GMBH	25.00	
596	UNICREDIT POJISTOVACI MAKLERSKA SPOL.S R.O.	PRAGUE	PRAGUE	1	UNICREDIT LEASING CZ, A.S.	100.00	
	Issued capital CZK 510,000						
597	UNICREDIT POLARIS LEASING GMBH	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
	Issued capital EUR 36,500				UNICREDIT LEASING (AUSTRIA) GMBH	99.80	
598	UNICREDIT RENT D.O.O. BEOGRAD	BELGRADE	BELGRADE	1	UNIVERSALE INTERNATIONAL REALITAETEN GMBH	100.00	
	Issued capital RSD 3,285,948,900						
599	UNICREDIT SUBITO CASA SPA	MILAN	MILAN	1	UNICREDIT SPA	100.00	
	Issued capital EUR 500,000						
600	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	
601	UNICREDIT TURN-AROUND MANAGEMENT CEE GMBH	VIENNA	VIENNA	1	UNICREDIT TURN-AROUND MANAGEMENT GMBH	100.00	
	Issued capital EUR 750,000						
602	UNICREDIT TURN-AROUND MANAGEMENT GMBH	VIENNA	VIENNA	1	UNICREDIT SPA	100.00	
	Issued capital EUR 72,673						
603	UNICREDIT U.S. FINANCE LLC	WILMINGTON	NEW YORK	1	UNICREDIT BANK AG	100.00	
	Issued capital USD 130						
604	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	
605	UNICREDIT-LEASING HOSPES KFT	BUDAPEST	BUDAPEST	1	UNIVERSALE INTERNATIONAL REALITAETEN GMBH	100.00	
	Issued capital HUF 1,000,000						
606	UNICREDIT-LEASING NEPTUNUS KFT	BUDAPEST	BUDAPEST	1	UNIVERSALE INTERNATIONAL REALITAETEN GMBH	96.35	
	Issued capital HUF 3,010,000						
607	UNIVERSALE INTERNATIONAL REALITAETEN GMBH	VIENNA	VIENNA	1	UNICREDIT BANK AUSTRIA AG	100.00	
	Issued capital EUR 32,715,000						
608	UNO-EINKAUFSZENTRUM-VERWALTUNGSGESELLSCHAFT M.B.H.	LEONDING	LEONDING	1	TREUCONSULT BETEILIGUNGSGESELLSCHAFT M.B.H.	100.00	
	Issued capital EUR 37,000						
609	UNTERNEHMENGEWINNSCHEINFOND 1	VIENNA	VIENNA	4	UNICREDIT BANK AUSTRIA AG	..	(3)
610	V.M.G. VERMIETUNGSGESELLSCHAFT MBH	MUNICH	MUNICH	1	WEALTHCAP INVESTMENT SERVICES GMBH	100.00	
	Issued capital EUR 25,565						
611	VANDERBILT CAPITAL ADVISORS LLC	WILMINGTON	CHICAGO	1	PIONEER INSTITUTIONAL ASSET MANAGEMENT INC	100.00	
	Issued capital USD 1						
612	VAPE COMMUNA LEASINGGESELLSCHAFT M.B.H.	VIENNA	VIENNA	1	BETEILIGUNGSVERWALTUNGSGESELLSCHAFT DER BANK AUSTRIA CREDITANSTALT LEASING GMBH	74.80	
	Issued capital EUR 431,630				UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
					UNICREDIT LEASING (AUSTRIA) GMBH	25.00	

Part A - Accounting Policies

					OWNERSHIP RELATIONSHIP		
	NAME	MAIN OFFICE	ADMINISTRATIVE OFFICE	TYPE OF RELATIONSHIP (1)	HELD BY	HOLDING %	VOTING RIGHTS % (2)
613	VERBA VERWALTUNGSGESELLSCHAFT MIT BESCHRANKTER HAFTUNG Issued capital EUR 1,023,000	MUNICH	MUNICH	1	UNICREDIT BANK AG	100.00	
614	VERMIETUNGSGESELLSCHAFT MBH & CO OBJEKT MOC KG Issued capital EUR 48,728,161	MUNICH	MUNICH	1	HVB IMMOBILIEN AG	89.28	89.23
					LANDOS IMMOBILIEN- UND PROJEKTENTWICKLUNGS GMBH	..	0.06
615	VERWALTUNGSGESELLSCHAFT KATHARINENHOF MBH Issued capital EUR 511,292	MUNICH	MUNICH	1	UNICREDIT BANK AG	100.00	
616	VIENNA DC BAUTRAEGER GMBH Issued capital EUR 18,168	VIENNA	VIENNA	1	WED DONAU-CITY GESELLSCHAFT M.B.H.	100.00	
617	VIENNA DC TOWER 1 LIEGENSCHAFTSBESITZ GMBH Issued capital EUR 17,500	VIENNA	VIENNA	1	WED DONAU-CITY GESELLSCHAFT M.B.H.	100.00	
618	VILLINO PACELLI SRL Issued capital EUR 41,600	ROME	ROME	1	NUOVA COMPAGNIA DI PARTECIPAZIONI SPA	100.00	
619	VISCONTI SRL Issued capital EUR 11,000,000	MILAN	MILAN	1	UNICREDIT SPA	76.00	
620	WEALTH MANAGEMENT CAPITAL HOLDING GMBH Issued capital EUR 26,000	MUNICH	MUNICH	1	UNICREDIT BANK AG	100.00	
621	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
622	WEALTHCAP AIRCRAFT 27 KOMPLEMENTAR GMBH Issued capital EUR 25,000	GRUNWALD	GRUNWALD	1	WEALTHCAP ENTITY SERVICE GMBH	100.00	
623	WEALTHCAP ENTITY SERVICE GMBH Issued capital EUR 25,000	MUNICH	MUNICH	1	WEALTHCAP REAL ESTATE MANAGEMENT GMBH	100.00	
624	WEALTHCAP EQUITY GMBH Issued capital EUR 500,000	MUNICH	MUNICH	1	WEALTHCAP INITIATOREN GMBH	100.00	
625	WEALTHCAP EQUITY MANAGEMENT GMBH Issued capital EUR 25,000	MUNICH	MUNICH	1	WEALTHCAP EQUITY GMBH	100.00	
626	WEALTHCAP FONDS GMBH Issued capital EUR 512,000	MUNICH	MUNICH	1	WEALTHCAP INITIATOREN GMBH	100.00	
627	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
628	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
629	WEALTHCAP INITIATOREN GMBH Issued capital EUR 1,533,876	MUNICH	MUNICH	1	WEALTH MANAGEMENT CAPITAL HOLDING GMBH	100.00	
630	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	
631	WEALTHCAP INVESTMENTS INC. Issued capital USD 312,000	WILMINGTON	ATLANTA	1	WEALTHCAP FONDS GMBH	100.00	
632	WEALTHCAP INVESTORENBETREUUNG GMBH Issued capital EUR 60,000	MUNICH	MUNICH	1	WEALTHCAP INVESTMENT SERVICES GMBH	100.00	
633	WEALTHCAP KAPITALVERWALTUNGSGESELLSCHAFT MBH Issued capital EUR 125,000	MUNICH	MUNICH	1	WEALTH MANAGEMENT CAPITAL HOLDING GMBH	100.00	

	NAME	MAIN OFFICE	ADMINISTRATIVE OFFICE	TYPE OF RELATIONSHIP (1)	OWNERSHIP RELATIONSHIP HELD BY	HOLDING %	VOTING RIGHTS % (2)
634	WEALTHCAP LEASING GMBH Issued capital EUR 25,000	GRUNWALD	MUNICH	1	WEALTH MANAGEMENT CAPITAL HOLDING GMBH	100.00	
635	WEALTHCAP LOS GATOS 131 ALBRIGHT WAY L.P. Issued capital USD 1,000	WILMINGTON	WILMINGTON	1	WEALTHCAP INVESTMENTS INC.	100.00	
636	WEALTHCAP MANAGEMENT SERVICES GMBH Issued capital EUR 50,000	GRUNWALD	GRUNWALD	1	WEALTHCAP PEIA MANAGEMENT GMBH	100.00	
637	WEALTHCAP OBJEKT-VORRAT 19 GMBH & CO. KG	MUNICH	MUNICH	1	WEALTHCAP IMMOBILIEN 1 GMBH & CO. KG	6.00	25.00
	Issued capital EUR 10,000				WEALTHCAP IMMOBILIEN 2 GMBH & CO. KG	6.00	25.00
					WEALTHCAP MANAGEMENT SERVICES GMBH	88.00	25.00
					WEALTHCAP OBJEKT-VORRAT 19 KOMPLEMENTAER GMBH	..	25.00
638	WEALTHCAP OBJEKT-VORRAT 20 GMBH & CO. KG	MUNICH	MUNICH	1	WEALTHCAP IMMOBILIEN 1 GMBH & CO. KG	6.00	25.00
	Issued capital EUR 10,000				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
639	WEALTHCAP PEIA KOMPLEMENTAR GMBH Issued capital EUR 26,000	GRUNWALD	GRUNWALD	1	WEALTHCAP PEIA MANAGEMENT GMBH	100.00	
640	WEALTHCAP PEIA MANAGEMENT GMBH	MUNICH	MUNICH	1	UNICREDIT BANK AG	6.00	
	Issued capital EUR 1,023,000				WEALTH MANAGEMENT CAPITAL HOLDING GMBH	94.00	
641	WEALTHCAP PORTLAND PARK SQUARE, L.P.	WILMINGTON	WILMINGTON	1	WEALTHCAP INVESTMENTS INC.	99.90	
	Issued capital USD 1,000				WEALTHCAP PORTLAND PARK SQUARE GP INC.	0.10	
642	WEALTHCAP REAL ESTATE MANAGEMENT GMBH Issued capital EUR 60,000	MUNICH	MUNICH	1	WEALTHCAP INVESTMENT SERVICES GMBH	100.00	
643	WEALTHCAP SPEZIAL-AIF 5 GMBH & CO. KG	MUNICH	MUNICH	1	WEALTHCAP IMMOBILIEN 1 GMBH & CO. KG	6.00	
	Issued capital EUR 10,000				WEALTHCAP KAPITALVERWALTUNGSGESELLSCHAFT MBH	94.00	
644	WEALTHCAP STIFTUNGSTREUHAND GMBH Issued capital EUR 25,000	MUNICH	MUNICH	1	WEALTHCAP FONDS GMBH	100.00	
645	WEALTHCAP USA IMMOBILIEN VERWALTUNGS GMBH Issued capital EUR 25,000	MUNICH	MUNICH	1	WEALTHCAP FONDS GMBH	100.00	
646	WEALTHCAP VORRATS-2 GMBH Issued capital EUR 25,000	GRUNWALD	BAD SODEN	1	WEALTHCAP FONDS GMBH	100.00	
647	WED DONAU-CITY GESELLSCHAFT M.B.H. Issued capital EUR 726,728	VIENNA	VIENNA	1	IMMOBILIEN HOLDING GMBH	100.00	
648	WMC AIRCRAFT 27 LEASING LIMITED Issued capital USD 1	DUBLIN	DUBLIN	1	WEALTHCAP AIRCRAFT 27 GMBH & CO GESCHLOSSENE INVESTMENTKG	100.00	
649	WOEM GRUNDSTUECKSVERWALTUNGS-GESELLSCHAFT M.B.H.	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
	Issued capital EUR 3,322,141				UNICREDIT LEASING (AUSTRIA) GMBH	99.80	
650	WOHNPARK BRANDENBURG-GORDEN GMBH	BRANDENBURG	BRANDENBURG	1	IMMOBILIEN HOLDING GMBH	5.18	
	Issued capital EUR 51,150				KLEA TERRAIN- UND BAU-GESELLSCHAFT M.B.H.	94.82	
651	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	
652	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	

Part A - Accounting Policies

	NAME	MAIN OFFICE	ADMINISTRATIVE OFFICE	TYPE OF RELATIONSHIP (1)	OWNERSHIP RELATIONSHIP HELD BY	HOLDING %	VOTING RIGHTS % (2)
653	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	
654	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	
655	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	
656	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	
657	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	
658	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	
659	Z LEASING HEBE IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	VIENNA	VIENNA	1	GEBAEUDELEASING GRUNDSTUCKSVERWALTUNGSGESELLSCHAFT M.B.H.	99.80	
	Issued capital EUR 36,500				UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
660	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	
661	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	
662	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	
663	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	
664	Z LEASING KALLISTO IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
	Issued capital EUR 263,958				UNICREDIT LEASING (AUSTRIA) GMBH	99.80	
665	Z LEASING KAPA IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	VIENNA	VIENNA	1	GALA GRUNDSTUECKVERWALTUNG GESELLSCHAFT M.B.H.	99.80	
	Issued capital EUR 36,500				UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
666	Z LEASING LYRA IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	VIENNA	VIENNA	1	GALA GRUNDSTUECKVERWALTUNG GESELLSCHAFT M.B.H.	99.80	
	Issued capital EUR 36,500				UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
667	Z LEASING NEREIDE IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
	Issued capital EUR 36,500				UNICREDIT LEASING (AUSTRIA) GMBH	99.80	
668	Z LEASING OMEGA IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	VIENNA	VIENNA	1	CALG DELTA GRUNDSTUECKVERWALTUNG GMBH	99.80	
	Issued capital EUR 36,500				UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
669	Z LEASING PERSEUS IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	VIENNA	VIENNA	1	BANK AUSTRIA LEASING ARGO IMMOBILIEN LEASING GMBH	100.00	
	Issued capital EUR 16,134,987						
670	Z LEASING SCORPIUS IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
	Issued capital EUR 36,500				UNICREDIT LEASING (AUSTRIA) GMBH	99.80	

	NAME	MAIN OFFICE	ADMINISTRATIVE OFFICE	TYPE OF RELATIONSHIP (1)	OWNERSHIP RELATIONSHIP HELD BY	HOLDING %	VOTING RIGHTS % (2)
671	Z LEASING TAURUS IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	VIENNA	VIENNA	1	BA EUROLEASE BETEILIGUNGSGESELLSCHAFT M.B.H.	99.80	
	Issued capital EUR 73,000				UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
672	Z LEASING VENUS IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
	Issued capital EUR 36,500				UNICREDIT LEASING (AUSTRIA) GMBH	99.80	
673	Z LEASING VOLANS IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
	Issued capital EUR 36,500				UNICREDIT PEGASUS LEASING GMBH	99.80	
674	ZABA PARTNER DOO ZA POSREDOVANJE U OSIGURANJU I REOSIGURANJU Issued capital HRK 1,500,000	ZAGREB	ZAGREB	1	ZAGREBACKA BANKA D.D.	100.00	
675	ZAGREB NEKRETNINE DOO Issued capital HRK 5,000,000	ZAGREB	ZAGREB	1	ZAGREBACKA BANKA D.D.	100.00	
676	ZAGREBACKA BANKA D.D. Issued capital HRK 6,404,839,100	ZAGREB	ZAGREB	1	UNICREDIT SPA	84.48	
677	ZANE BH DOO Issued capital BAM 131,529	SARAJEVO	SARAJEVO	1	ZAGREB NEKRETNINE DOO	100.00	
678	ZAO LOCAT LEASING RUSSIA Issued capital RUR 107,000,000	MOSCOW	MOSCOW	1	OOO UNICREDIT LEASING	100.00	
679	ZAPADNI TRGOVACKI CENTAR D.O.O. Issued capital HRK 20,000	RIJEKA	RIJEKA	1	UNIVERSALE INTERNATIONAL REALITAETEN GMBH	100.00	
680	ZB INVEST DOO Issued capital HRK 4,000,000	ZAGREB	ZAGREB	1	ZAGREBACKA BANKA D.D.	100.00	

Notes to the table that shows the companies included in the scope of consolidation line-by-line:
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 = centralized management pursuant to paragraph 1 of art. 26 of "Legislative decree 87/92";
   6 = centralized management pursuant to paragraph 2 of art. 26 of "Legislative decree 87/92";
2. Voting rights available in general meeting. Voting rights are disclosed only if different from the percentage of ownership.
3. Entities consolidated line by line under IFRS10 as a result of the simultaneous availability of power to govern the relevant activities and exposures to variability of related returns.
4. In the consolidated financial statements the Group's stake is 100% as the trust company does not share in the profits. The voting rights are held by the grantor, a Group company.
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 90,10% and its option on minority interests representing 3,90% of the share capital.

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.

Changes in the scope of consolidation

Companies consolidated line by line, including the Parent Company, decreased by 33 entities compared with December 31, 2015 (38 inclusions and 71 exclusions) from 713 as at December 31, 2015 to 680 as at December 31, 2016.

Wholly-owned subsidiaries

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

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

	NUMBER OF COMPANIES
A. Opening balance (from previous year)	**713**
B. Increased by	**38**
B.1 Newly established companies	7
B.2 Change of the consolidation method	-
B.3 Entities consolidated for the first time in the year	31
C. Reduced by	**71**
C.1 Disposal	42
C.2 Change of the consolidation method	6
C.3 Absorption by other Group entities	23
D. Closing balance	**680**

Part A - Accounting Policies

The tables below analyze the increases occurred during the year relating to newly established companies and entities consolidated for the first time in 2016:

Newly established companies

COMPANY NAME	MAIN OFFICE
BUDDY SERVIZI MOLECOLARI SPA	MILAN
UCTAM SVK S.R.O.	BRATISLAVA
WEALTHCAP OBJEKT-VORRAT 20 GMBH & CO. KG	MUNICH
WEALTHCAP PORTLAND PARK SQUARE, L.P.	WILMINGTON

COMPANY NAME	MAIN OFFICE
ANTHEMIS UNICREDIT STRATEGIC VENTURES LLP	LONDON
WEALTHCAP SPEZIAL-AIF 5 GMBH & CO. KG	MUNICH
WEALTHCAP OBJEKT-VORRAT 19 GMBH & CO. KG	MUNICH

Entities consolidated for the first time in the year

COMPANY NAME	MAIN OFFICE
WEALTHCAP AIRCRAFT 27 KOMPLEMENTAR GMBH	GRUNWALD
ELEKTRA PURCHASE NO. 43 DAC	DUBLIN
ELEKTRA PURCHASE NO. 48 DAC	DUBLIN
CONSUMER THREE SRL (CARTOLARIZZAZIONE : CONSUMER THREE)	VERONA
TREUCONSULT PROPERTY EPSILON GMBH	LONDON
UNTERNEHMENGEWINNSCHEINFOND 1	VIENNA
ISTICA - ISTITUTO IMMOBILIARE DI CATANIA SPA	CATANIA
C.E.CO.S. COMPLETAMENTO EDILIZIO CORSO SICILIA SPA	CATANIA
PISANA S.P.A.	ROME
S. MARIA DELLA GUARDIA S.R.L.	CATANIA
PARCO DELLE ACACIE DUE S.P.A.	ROME
UCTAM RETAIL HUNGARY KFT.	BUDAPES
WEALTHCAP IMMOBILIEN 2 GMBH & CO. KG	MUNICH
BERTRAM PROJEKT UNODECIMA TECHNIKZENTRUM GMBH & CO. KG	HANNOVER
WEALTHCAP VORRATS-2 GMBH	GRUNWALD
ROLIN GRUNDSTUCKSPLANUNGS- UND -VERWALTUNGSGESELLSCHAFT MBH	MUNICH

COMPANY NAME	MAIN OFFICE
WEALTHCAP ENTITY SERVICE GMBH	MUNICH
ELEKTRA PURCHASE NO. 47 DAC	DUBLIN
ELEKTRA PURCHASE NO. 42 DAC	DUBLIN
ELEKTRA PURCHASE NO. 46 DAC	DUBLIN
TREUCONSULT BETEILIGUNGSGESELLSCHAFT M.B.H. U. CO. ARBEITERHEIM FAVORITEN REVITALISIERUNGS KG	VIENNA
LOCAT SV SRL (CARTOLARIZZAZIONE : SERIE 2016)	CONEGLIANO
PARSEC 6 SPA	ROME
ISTITUTO PER L'EDILIZIA POPOLARE DI SAN BERILLO SRL IN LIQUIDAZIONE	CATANIA
CAVE NUOVE SPA	ROME
SAMAR SPA	ROME
SVILUPPO IMMOBILIARE PESCACCIO - SOCIETA' A RESPONSABILITA' LIMITATA	ROME
CAPITAL DEV SPA	ROME
WEALTHCAP IMMOBILIEN 1 GMBH & CO. KG	MUNICH
WEALTHCAP LOS GATOS 131 ALBRIGHT WAY L.P.	WILMINGTON
ELEKTRA PURCHASE NO. 39 DAC	DUBLIN

The tables below analyze the decreases occurred during the year relating to disposal, change of the consolidation method and absorption by other Group entities:

The table shows the Entities sold or liquidated during the period.

Disposals/Liquidations

COMPANY NAME	MAIN OFFICE
DONAUTURM AUSSICHTSTURM-UND RESTAURANT-BETRIEBSGESELLSCHAFT M.B.H.	VIENNA
UNICREDITO ITALIANO FUNDING LLC III	NEW YORK
UNICREDITO ITALIANO CAPITAL TRUST III	NEWARK
ENTASI SRL IN LIQUIDAZIONE	ROME
SVIF UKRSOTSBUD	KIEV
CA-LEASING KAPPA INGATLANHASZNOSITO KORLATOLT FELELOSSEGUE TARSASAG	BUDAPES
VUWB INVESTMENTS INC.	WILMINGTON
HVB REALTY CAPITAL INC.	NEW YORK
TREVI FINANCE N 3 SRL (CARTOLARIZZAZIONE : TREVI FINANCE 3)	CONEGLIANO
UCL NEKRETNINE D.O.O.	SARAJEVO
HVB-LEASING ATLANTIS INGATLANHASZNOSITO KORLATOLT FELELOESSEGUE TARSASAG	BUDAPEST
CORDUSIO RMBS SRL (CARTOLARIZZAZIONE : CORDUSIO RMBS)	VERONA
CALG IMMOBILIEN LEASING GMBH & CO. PROJEKT ACHT OG	VIENNA
US PROPERTY INVESTMENTS INC.	DALLAS
PRIVATE JOINT STOCK COMPANY FERROTRADE INTERNATIONAL IN LIQUIDATION	KIEV
LLC UKROTSBUD	KIEV
BLUE CAPITAL EUROPA IMMOBILIEN GMBH & CO. ACHTE OBJEKTE GROSSBRITANNIEN KG I.L.	MUNICH
G.N.E. GLOBAL GRUNDSTUECKSVERWERTUNG GESELLSCHAFT M.B.H.	VIENNA
PURE FUNDING NO 10 LTD	DUBLIN
MIK 2012 KARLATOLT FELELOESSEGUE TARSASAG	BUDAPEST
UNICREDIT DELAWARE INC	NEW YORK

COMPANY NAME	MAIN OFFICE
DONAUTURM LIEGENSCHAFTSVERWALTUNGS-GESELLSCHAFT M.B.H.	VIENNA
UNICREDITO ITALIANO FUNDING LLC IV	NEW YORK
UNICREDITO ITALIANO CAPITAL TRUST IV	NEWARK
NATA IMMOBILIEN-LEASING GESELLSCHAFT M.B.H.	VIENNA
HVB-LEASING HAMLET INGATLANHASZNOSITO KORLATOLT FELELOESSEGUE TARSASAG	BUDAPEST
BACA LEASING GAMA S.R.O.	PRAGUE
BACA-LEASING OMIKRON INGATLANHASZNOSTO KORLATOLT FELELOSSEGUE TARSASAG	BUDAPEST
INTERKONZUM DOO SARAJEVO	SARAJEVO
BACAL BETA NEKRETNINE D.O.O. ZA POSLOVANJE NEKRETNINAMA	ZAGABREB
BACA NEKRETNINE DRUSTVO SA OGRANICENOM ODGOVORNOSCU	BANJA LUKA
ROYSTON LEASING LIMITED	GRAND CAYMAN
LOCAT SV SRL (CARTOLARIZZAZIONE : SERIE 2011)	CONEGLIANO
PEKAO LEASING HOLDING S.A.IN LIQUIDATION	VARSOW
PUBLIC JOINT STOCK COMPANY UKRSOTSBANK	KIEV
LTD SI&C AMC UKRSOTS REAL ESTATE (IN LIQUIDAZIONE)	KIEV
M.A.I.L. BETEILIGUNGSMANAGEMENT GESELLSCHAFT M.B.H. & CO. MCL THETA KG	VIENNA
UNICREDIT ZAVAROVALNO ZASTOPNISKA DRUZBA D.O.O.	LJUBLJANA
CEAKSCH VERWALTUNGS G.M.B.H.(IN LIQ.)	VIENNA
CONSORZIO QUENIT	VERONA
HVB ASSET LEASING LIMITED	LONDON
DV BETEILIGUNGSVERWALTUNGS GMBH IN LIQU.	VIENNA

Part A - Accounting Policies

Change of the consolidation method

COMPANY NAME	MAIN OFFICE
EUROPEYE SRL	ROME
TREVI FINANCE N. 3 S.R.L.	CONEGLIANO
KINABALU FINANCIAL PRODUCTS LLP (IN LIQUIDATION)	LONDON

COMPANY NAME	MAIN OFFICE
TREVI FINANCE S.R.L.	CONEGLIANO
HVBFF PRODUKTIONSHALLE GMBH I.L.	MUNICH
KINABALU FINANCIAL SOLUTIONS LTD (IN LIQUIDATION)	LONDON

Absorption by other Group entities

COMPANY NAME OF THE MERGERED ENTITY	MAIN OFFICE		COMPANY NAME OF THE TAKING IN ENTITY	MAIN OFFICE
INPROX POPRAD, SPOL. S.R.O.	BRATISLAVA	>>>	UNICREDIT LEASING SLOVAKIA A.S.	BRATISLAVA
INPROX SR I., SPOL. S R.O.	BRATISLAVA	>>>	UNICREDIT LEASING SLOVAKIA A.S.	BRATISLAVA
NORDBAHNHOF BAUFELD FUENF PROJEKTENTWICKLUNG GMBH	VIENNA	>>>	NORDBAHNHOF PROJEKTE HOLDING GMBH	VIENNA
NORDBAHNHOF BAUFELD ACHT PROJEKTENTWICKLUNG GMBH	VIENNA	>>>	NORDBAHNHOF PROJEKTE HOLDING GMBH	VIENNA
NORDBAHNHOF BAUFELD SIEBEN PROJEKTENTWICKLUNG GMBH	VIENNA	>>>	NORDBAHNHOF PROJEKTE HOLDING GMBH	VIENNA
UNICREDIT GLOBAL BUSINESS SERVICES GMBH	UNTERFOHING	>>>	UNICREDIT BUSINESS INTEGRATED SOLUTIONS SOCIETA CONSORTILE PER AZIONI	MILANO
SALONE N. 2 SPA	ROME	>>>	SALONE SPA	ROME
SALONE N. 3 SPA	ROME	>>>	SALONE SPA	ROME
UNICREDIT-LEASING ORION INGATLANHASZNOSITO KORLATOLT FELELOSSEGUE TARSASAG	BUDAPEST	>>>	HVB-LEASING GARO INGATLANHSZNOSITO KORLATOLT FELELOESSEGUE TARSASAG	BUDAPEST
INPROX CHOMUTOV, S.R.O.	PRAGUE	>>>	UNICREDIT LEASING CZ, A.S.	PRAGUE
INPROX KLADNO, S.R.O.	PRAGUE	>>>	UNICREDIT LEASING CZ, A.S.	PRAGUE
BA CREDITANSTALT BULUS EOOD	SOFIA	>>>	UNICREDIT LEASING EAD	SOFIA
HVB PRINCIPAL EQUITY GMBH	MUNICH	>>>	UNICREDIT BANK AG	MUNICH
UNICREDIT ZWEITE BETEILIGUNGS GMBH	MUNICH	>>>	UNICREDIT BETEILIGUNGS GMBH	MUNICH
COFIRI S.P.A. IN LIQUIDAZIONE	ROME	>>>	SOCIETA' ITALIANA GESTIONE ED INCASSO CREDITI S.P.A. IN LIQUIDAZIONE	ROME
ZM REVITALISIERUNGS-UND VERMIETUNGS-GMBH	VIENNA	>>>	IMMOBILIEN HOLDING GMBH	VIENNA
VECTIGAL IMMOBILIEN GMBH & CO KG	VIENNA	>>>	KLEA TERRAIN- UND BAU-GESELLSCHAFT M.B.H.	VIENNA
ZETA FUENF HANDELS GMBH	VIENNA	>>>	IMMOBILIEN HOLDING GMBH	VIENNA
WED HOLDING GESELLSCHAFT M.B.H.	VIENNA	>>>	IMMOBILIEN HOLDING GMBH	VIENNA
WOHNBAUERRICHTUNGS-UND-VERWERTUNGS-GMBH	VIENNA	>>>	IMMOBILIEN HOLDING GMBH	VIENNA
WED WIENER ENTWICKLUNGSGESELLSCHAFT FUER DEN DONAURAUM GMBH	VIENNA	>>>	WED DONAU-CITY GESELLSCHAFT M.B.H.	VIENNA
VIENNA DC TOWER 2 LIEGENSCHAFTSBESITZ GMBH	VIENNA	>>>	WED DONAU-CITY GESELLSCHAFT M.B.H.	VIENNA
VECTIGAL IMMOBILIEN GMBH	VIENNA	>>>	B A I BETEILIGUNGSVERWALTUNGS-GMBH	VIENNA

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

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

COMPANY NAME	MAIN OFFICE	COMPANY NAME	MAIN OFFICE
WED WIENER ENTWICKLUNGSGESELLSCHAFT FUER DEN DONAURAUM GMBH (ex. WED WIENER ENTWICKLUNGSGESELLSCHAFT FUER DEN DONAURAUM AKTIENGESELLSCHAFT)	VIENNA	HVB-LEASING LAMOND INGATLANHASZNOSITO KFT (IN LIQUIDAZIONE) (ex. HVB-LEASING LAMOND INGATLANHASZNOSITO KFT.)	BUDAPEST
UNICREDIT BIZTOSÍTASKOEZVETÍT KFT (ex. UNICREDIT FUGGETLEN BIZTOSITASKOEZVETITOE SZOLGALTATO KFT)	BUDAPEST	LTD SI&C AMC UKRSOTS REAL ESTATE (IN LIQUIDAZIONE) (ex. LTD SI&C AMC UKRSOTS REAL ESTATE)	KIEV
SALONE SPA (ex. SALONE N. 1 SPA)	ROMA	CORDUSIO SIM SPA (ex. CORDUSIO SIM - ADVISORY & FAMILY OFFICE SPA)	MILANO
ELEKTRA PURCHASE NO. 37 DAC (ex. ELEKTRA PURCHASE NO. 37 LIMITED)	DUBLINO	ELEKTRA PURCHASE NO. 35 DAC (ex. ELEKTRA PURCHASE NO. 35 LIMITED)	DUBLINO
ELEKTRA PURCHASE NO. 38 DAC (ex. ELEKTRA PURCHASE NO. 38 LIMITED)	DUBLINO	ELEKTRA PURCHASE NO. 36 DAC (ex. ELEKTRA PURCHASE NO. 36 LIMITED)	DUBLINO
ARABELLA FINANCE DAC (ex. ARABELLA FINANCE LTD.)	DUBLINO	ELEKTRA PURCHASE NO. 33 DAC (ex. ELEKTRA PURCHASE NO. 33 LIMITED)	DUBLINO
ELEKTRA PURCHASE NO. 28 DAC (ex. ELEKTRA PURCHASE NO. 28 LIMITED)	DUBLINO	ELEKTRA PURCHASE NO. 34 DAC (ex. ELEKTRA PURCHASE NO. 34 LIMITED)	DUBLINO
ELEKTRA PURCHASE NO. 31 DAC (ex. ELEKTRA PURCHASE NO. 31 LIMITED)	DUBLINO	ELEKTRA PURCHASE NO. 40 DAC (ex. ELEKTRA PURCHASE NO. 40 LIMITED)	DUBLINO
PEKAO FUNDUSZKAPITA OWY SP. Z O.O. IN LIQUIDATION (ex. PEKAO FUNDUSZ KAPITALOWY SP. ZOO)	VARSAVIA	UNICREDIT FLEET MANAGEMENT EOOD (ex. HYPOVEREINS IMMOBILIEN EOOD)	SOFIA
DV BETEILIGUNGSVERWALTUNGS GMBH IN LIQU. (ex. DV BETEILIGUNGSVERWALTUNGS GMBH)	VIENNA	ISTITUTO IMMOBILIARE DI CATANIA SPA (ex. ISTICA - ISTITUTO IMMOBILIARE DI CATANIA SPA)	CATANIA
ANTHEMIS EVO LLP (ex.ANTHEMIS UNICREDIT STRATEGIC VENTURES LLP)	LONDON		

Part A - Accounting Policies

2. Significant assumptions and assessment in determining the consolidation scope

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

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

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

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

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

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

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

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

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

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

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

With reference to December 31, 2016, it can be noted that 187 controlled entities (of which 9 belonging to the Bankig Group) were not consolidated, of which 168 for materiality threshold and/or liquidation procedures.

Among the non-consolidated remaining 19 entities can be outlined:
- 6 investment funds which the majotiry of quotas are subscribed by the Group and for which consolidation would not determine neither a significant increase in Group consolidated assets;
- 7 operating entities deriving from restructuring procedures or work- out, which risks are measured coherently as part of the credit exposures;
- 1 SPE for which the Group is the main lender which valuation pertains to the ordinary lending activity in accordance with the performance of underlying assets.

Based on available information, it is believed that their consolidation would not have impacted significantly the Group equity.

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

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

NAME	MINORITIES EQUITY RATIOS %	MINORITIES VOTING RIGHTS %	DIVIDENDS TO MINORITIES
FINECOBANK SPA	64.56	64.56	53,114
BANK PEKAO SA	59.90	59.90	256,116
ZAGREBACKA BANKA D.D.	15.52	15.52	-

Part A - Accounting Policies

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

LEGAL ENTITIES	TOTAL ASSETS	CASH AND CASH EQUIVALENTS	FINANCIAL ASSETS	TANGIBLE AND INTANGIBLE ASSETS	FINANCIAL LIABILITIES	NET EQUITY	NET INTEREST MARGIN
BANK PEKAO SA	39,509,709	-	-	-	-	5,199,852	-
FINECOBANK SPA	21,057,751	5	20,525,123	183,159	19,926,175	721,933	249,386
ZAGREBACKA BANKA	13,860,064	1,170,699	12,359,921	198,075	11,509,458	2,159,984	361,637

LEGAL ENTITIES	OPERATING INCOME	OPERATING COSTS	PROFIT (LOSS) BEFORE TAX FROM CONTINUING OPERATIONS	PROFIT (LOSS) AFTER TAX FROM CONTINUING OPERATIONS	PROFIT (LOSS) AFTER TAX FROM DISCONTINUED OPERATIONS	PROFIT (LOSS) (1)	OTHER COMPREHENSIVE INCOME AFTER TAX (2)	COMPREHENSIVE INCOME (3) = (1) + (2)
BANK PEKAO SA	-	-	-	-	512,808	512,808	- 118,539	394,269
FINECOBANK SPA	561,328	- 245,484	306,337	211,844	-	211,844	- 18,421	193,423
ZAGREBACKA	590,714	- 238,355	214,132	172,916	-	172,916	- 3,000	169,916

As at December 31, 2016, in accordance with the accounting standard IFRS5, all assets of Pekao Group and Pioneer Groups (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), are recognized under item “Non-current assets and disposal groups classified as held for sale” and measured at the lower value between carrying value and Sale price less costs to sell and the relative profit/loss is shown under item 310. “Profit (loss) after tax from discontinued operations”.

The data for Bank Pekao SA are the figure of the Pekao Sub-group, net of intercompany transactions between companies in the sub-group and include the impacts related to the Purchase Price Allocation allocated to the Company. Net Equity, Profit (Loss), Comprehensive Income include the amount related to the minorities of the Sub-group Pekao.
The data for Fineco Bank S.p.A. include the impacts related to the Purchase Price Allocation allocated to the Company.

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

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

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

With reference to contractual agreements, UniCredit group has also issued financial liabilities whose callability, redemption, repurchase or repayment is subordinated to the consent by the authorization of competent authority. The value of these instruments as of December 31, 2016 is equal to €17,084,490 thousand.

5. Other information
Please note that, as described above, for the preparation of the Consolidated Accounts the following sources have been used:
- UniCredit S.p.A. accounts at December 31, 2016;
- the accounts as at December 31, 2016, approved by the competent bodies and functions, of the other fully consolidated subsidiaries duly reclassified and adjusted to take account of consolidation needs and, where necessary, to align them to the Group accounting principles;
- the sub-consolidated Accounts of Nuova Compagnia di Partecipazioni Group, including Nuova Compagnia di Partecipazioni S.p.A. (formerly Compagnia Italpetroli S.p.A.), and Capital Dev Group, including Capital Dev S.p.A., and their direct and indirect subsidiaries, as at December 31, 2016.

Section 4 - Subsequent Events
No material events have occurred after the balance sheet date that would make it necessary to change any of the information given in the Consolidated Accounts as of December 31, 2016. For a description of the significant events after year-end see the specific paragraph of the Consolidated Report on Operations.

Part A - Accounting Policies

Section 5 - Other Matters

In 2016 the following standards, amendments or interpretations have become effective:

- Amendments to IFRS10, IFRS12 and IAS28: Investment Entities - Applying the Consolidation Exception (EU Regulation 2016/1703);
- Amendments to IAS27: Equity Method in Separate Financial Statements (EU Regulation 2015/2441);
- Amendments to IAS1: Disclosure Initiative (EU Regulation 2015/2406);
- Annual Improvements to IFRSs 2012 - 2014 Cycle (EU Regulation 2015/2343);
- Amendments to IAS16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation (EU Regulation 2015/2231);
- Amendments to IFRS11: Accounting for Acquisitions of Interests in Joint Operations (EU Regulation 2015/2173);
- Amendments to IAS16 and IAS 41: Bearer Plants (EU Regulation 2015/2113);
- Amendments to IAS19 - Defined benefit plans: employee contributions (EU Regulation 2015/29);
- Annual Improvements to IFRSs 2010 - 2012 Cycle (EU Regulation 2015/28).

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

In 2016 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 December 31, 2016 the IASB issued the following standards, amendments, interpretations or revisions, their application is subject to completion of the endorsement process by the competent bodies of the European Commission, which is still ongoing:

- IFRS14 - Regulatory Deferral Accounts (January 2014);
- IFRS16 - Leases (January 2016);
- 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 IFRS 9 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).

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

- will introduce significant changes to classification and measurement of financial instruments based on the “business model” assessment and on the characteristics of the cash flows of the financial instrument (SPPI – Solely Payments of Principal and Interests criteria), which may require a different classification and measurement method for the financial instrument compared to IAS39;
- will introduce a new accounting model for impairment, based on expected losses approach against the incurred losses approach currently in force under IAS39 and will introduce the concept lifetime expected losses, which may require an anticipation and increase of the structural provisioning with particular reference to credit losses; and
- 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 macrohedging rules.

In addition to that IFRS9 changes also the accounting treatment of “own credit”, 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 risk. The new accounting standard requires that 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.

A Group wide project has been set-up with the aim at creating common risk and accounting methodologies as well as an harmonized target operating model across the Group legal entities.
Mirroring the main changes required by IFRS 9, 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.
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.

With reference to “Classification and Measurement” work-stream the Group has finalized the identification of the applicable business model for its different lines of business and will finalize during 2017 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 IFRS 9 requirements as well as external data providers.

With reference to the “Impairment” work-stream, the Group has mostly finalized the development of Group-wide models and the 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 Stage 1 to Stage 2 (“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 will be performed during 2017 in time for IFRS9 first time application on 1 January 2018.
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.

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 “Stage 1”, which will include the new positions originated as well as all performing loans, and “Stage 2” 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 the Group, on the basis of the analysis performed as at 31 December 2016, doesn’t expect a significant amount of financial assets to be measured at Fair Value through profit or loss as a result of the circumstance that their contractual cash flows are not deemed to be solely payment of principal and interests.

Due to the entry into force of IFRS9 a revision of prudential rules for the calculation of the capital absorption on expected credit losses is also awaited. The terms of such review are not yet known.

On 10th November 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 31 December 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 26 November 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.

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.

Part A - Accounting Policies

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.

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.

It should also be noted that, following the approval of the 2016-2019 Strategic Plan in December 2016, the parent company UniCredit S.p.A. and the subsidiary UniCredit Leasing S.p.A. have introduced a series of measures and management actions designed to implement a new management approach, specifically with regard to impaired loans (the PORTO Project). As a result of this change, at December 31, 2016 the bank modified the parameters used to estimate the recoverable amount of its credit exposures to customers; in accordance with IAS8 (specifically paragraph 5), since the basis for the measurement of the loans has not been modified, this change qualifies as a “change in accounting estimates”. Detailed information on the effects of this change is provided, as required by IAS8 (paragraph 39), in Part E - Information on risks and hedging policies, under table “A.1.2 Breakdown of credit exposures by portfolio and credit quality (gross and net values)”, which should be consulted for further information.
In addition, again in conjunction with the development of the Strategic Plan, in the last quarter of 2016, UniCredit S.p.A. launched the “FINO Project”, involving a set of credit exposures to customers classified as Non-Performing Loans (the FINO Portfolio) held for sale which, according to the specific features of the Project, have been valued on the basis of their respective selling prices, in accordance with IAS39, and specifically paragraphs 63 and AG 84. Again, for a complete disclosure, see the information provided in Part E - Information on risks and hedging policies, under table “A.1.2 Breakdown of credit exposures by portfolio and credit quality (gross and net values)”.

The Parent Company Accounts and the Consolidated Accounts as at December 31, 2016 are audited by Deloitte & Touche S.p.A. pursuant to Legislative Decree No.39 of January 27, 2010 and to the resolution passed by the Shareholders’ Meeting on May 11, 2012.

The UniCredit group prepared and published within the time limits set by law and in manner required by Consob, its Consolidated First Half Financial Report as at June 30, 2016, subject to limited scope audit, as well as the Consolidated Interim Reports as at March 31 and September 30, 2016, this latter both as Press Release and in an extended version subject to limited scope audit.

The Parent Company Accounts and the Consolidated Accounts as at December 31, 2016 has been approved by the Board of Directors’ meeting of March 13, 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.

A.2 - Main Items of the Accounts

1 - Held-for-Trading Financial Assets (HfT)

A financial asset is classified as held for trading if it is:
- acquired or incurred principally for the purpose of selling or repurchasing it in the near term;
- part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking;
- a derivative (except for derivatives which constitute financial guarantees, see Section 18 - Other Information, and derivatives designated as hedging instruments - see Section 6 - Hedge Accounting).

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

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

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

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

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

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

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

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

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

Part A - Accounting Policies

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

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

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

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

In subsequent periods AfS assets are measured at fair value, the interest on interest-bearing instruments being recognized at amortized cost in the income statement. Gains or losses arising out of changes in fair value are recognized in equity item “140. Revaluation reserves” - except losses due to impairment and exchange rate gains or losses on monetary items (debt instruments) which are recognized under item “130. Net losses/recoveries on impairment b) available for sale financial assets” and item “80. Gains (Losses) on financial assets and liabilities held for trading” respectively - until the financial asset is sold, at which time cumulative gains and losses presented in Revaluation reserves are recognized in profit or loss in item “100. Gains (losses) on disposal or repurchase of: b) available for sale financial assets”.

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

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

If there is objective evidence of an impairment loss on an available-for-sale financial asset, the cumulative loss that had been recognized directly in equity item “140. Revaluation reserves”, is removed from equity and recognized in profit or loss under item “130. Net losses/recoveries on impairment b) available for sale financial assets”.

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

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

The loss of value is normally considered lasting if fair value falls to less than 50% of cost or lasts for more than 18 months.
If however the fall in the fair value of the instrument is over 20% but less than or equal to 50% or continues for no less than 9 but no longer than 18 months, UniCredit reviews further income and market indicators.
If the results of the review are such as to prejudice the recovery of the amount originally invested, a lasting loss of value is recognized.
The amount taken to profit and loss is the difference between the carrying amount (value of initial recognition less any impairment loss already recognized in profit or loss) and current fair value.

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

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

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

3 - Held to Maturity Investments (HtM)

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

If, during the financial year, more than an insignificant amount of held-to-maturity investments are sold or reclassified before maturity, the remaining HtM financial assets shall be reclassified as available-for-sale and no financial assets shall be classified as HtM investments for the two following financial years, unless the sales or reclassifications:
- are so close to maturity or the financial asset's call date that changes in the market rate of interest would not have a significant effect on the financial asset's fair value;
- occur after substantially all of the financial asset's original principal has been collected through scheduled payments or prepayments;
- are attributable to an isolated event that is beyond the reporting entity's control, is non-recurring and could not have been reasonably anticipated.

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

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

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

Held-to-maturity investments cannot be hedged for other than credit and currency risk.

4 - Loans and Receivables

Loans and Advances

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

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

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

A gain or loss on loans and receivables is recognized in profit or loss:

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

or

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

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

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

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

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

Allowances for impairment of loans and receivables are based on the present value of expected cash flows of principal and interest; in determining the present value of future cash flows, the basic requirement is the identification of estimated collections, the timing of payments and the rate used that, coherently with portfolio business management model, can refer also to market operations.

The amount of the loss on impaired exposure classified as bad loans and unlikely to pay, according to the categories specified below, is the difference between the carrying value and the present value of estimated cash flows discounted at the original interest rate of the financial asset. If the original rate is not directly available, or if obtaining it is too burdensome, its best approximation will be applied.

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

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

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

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

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

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

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

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

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

In addition the mentioned EBA standards have introduced the definition of "forborne" exposures, i.e. debt contracts in respect of which forbearance measures have been extended. Forbearance measures consist of concessions towards a debtor facing or about to face difficulties in meeting its financial commitments ("financial difficulties"), i.e. modifications of the previous contractual terms and conditions or total or partial refinancing[13]. Forborne exposures may be classified in the risk category of non -performing loans (bad loans, unlikely-to-pay, past-due impaired) or performing loans. With reference to the assessments of impairment and provisions for Forborne exposures, the accounting policies applied are in line with the general criteria in accordance with IAS39 requirements with the following clarification on forborne exposures classified as unlikely to pay.

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

Collective assessment is used for groups of loans for which individually there are no indicators of impairment: to these portfolios a latent impairment can be attributed, according to the method described below, inter alia on the basis of the risk factors used under supervisory regulations CRR.
Each loan with similar characteristics in terms of credit risk - in relation to loan type, the borrower's sector of economic activity, geographical location, type of security or other relevant factors - is assessed in terms of its Probability of Default (PD) and a Loss Given Default (LGD); these are uniform for each class of loan.
The methods used combine supervisory regulations, CRR recommendation and IFRS. The latter exclude future loan losses not yet sustained, but include losses already sustained even if they were not manifest at the date of measurement, on the basis of past experience of losses on assets having a similar risk profile to the assets being measured.

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

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The average time elapsed from deterioration of borrowers' financial condition to the recognition of impairment losses, in relation to any homogeneous group of exposures, is the Loss Confirmation Period (LCP).
The portfolio valuation of performing exposure is the product of the risk factors derived from the parameters used under supervisory regulations CRR requirements (with a one-year time horizon) and the above loss confirmation periods expressed as part of a year and diversified according to Loan classes on the basis of the characteristics of the customer's segment/portfolios. If these indicators are not available, estimated value and standard loss percentages, based on internal historical series and sectorial studies, shall be used.
Allowances for unsecured loans to residents of countries experiencing debt service difficulties, where the transfer risk is not included in the rating system applied, are generally determined, country by country, with the aim of attributing latent impairment on the basis of shared parameters.
Allowances for impairment reduce the loan or receivable's carrying amount. The risk inherent in off-balance-sheet items, such as loan commitments, losses due to impairment of guarantees and comparable credit derivatives under IAS39, is recognized in profit or loss under item "130. Net losses/recoveries on impairment: d) other financial assets" offsetting, offsetting item "100. Other liabilities".

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

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In the fourth quarter of 2016, the parent company UniCredit S.p.A. and its subsidiary UniCredit Leasing S.p.A. modified the parameters used to estimate the recoverable amount of their credit exposures to customers; in accordance with IAS8 (paragraph 5), since the basis for the measurement of the loans has not been modified, this change qualifies as a "change in accounting estimates". Detailed information on the effects of this change is provided, as required by IAS8 (paragraph 39) in Part E - Information on risks and hedging policies, under table "A.1.2 Breakdown of credit exposures by portfolio and credit quality (gross and net values)", which should be consulted for further information.

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

Any financial asset may be designated, in accordance with the provisions of IAS39 as a financial instrument measured at fair value through profit and loss on initial recognition, except for the following:
- investments in equity instruments for which there is no price quoted in active markets and whose fair value cannot be reliably determined;
- derivatives.

FIaFV includes financial assets:
- not belonging to regulatory trading book, whose risk is:
  - connected with debt positions measured at fair value (see also Section 15 - "Financial liabilities at fair value through profit and loss");
  - and managed by the use of derivatives not treatable as accounting hedges.
- represented by hybrid (combined) instruments containing embedded derivatives that otherwise should have been separated from the host contract.

FIaFV are accounted for in a similar manner to HfT financial assets (see Section 1 - Held-for-Trading Financial Assets), however gains and losses, whether realized or unrealized, are recognized in item "110. Gains (Losses) on financial assets/liabilities at fair value throught profit or loss".

6 - Hedge Accounting

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

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

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

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

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

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

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

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

Hedging derivatives are measured at fair value. Specifically:

- **Fair Value Hedging** - an effective fair value hedge is accounted for as follows: the gain or loss from remeasuring the hedging instrument at fair value is recognized through profit or loss in item "90. Fair value adjustments in hedge accounting"; the gain or loss on the hedged item attributable to the hedged risk adjusts the carrying amount of the hedged item and is recognized through profit or loss in the same item. Hedging ineffectiveness is represented by the difference between the change in the fair value of hedging instruments and the change in the fair value of hedged item. If the hedging relationship is terminated for reasons other than the sale of the hedged item, the difference between the carrying amount of the hedged item on termination of the hedging and the carrying amount it would have had if the hedge had never existed, is recognized through profit or loss in interest receivable or payable over the residual life of the original hedge, in the case of interest-bearing instruments; if the financial instrument does not bear interest, the difference is recognized in profit or loss under item "90. Fair value adjustments in hedge accounting" at once.If the hedged item is sold or repaid, the portion of fair value which is still unamortized is at once recognized through profit or loss in item "100. Gains (Losses) on disposal and repurchase";
- **Cash Flow Hedging** - hedging instruments are valued at fair value. Change in the fair value of a hedging instrument that is considered effective is recognized in equity item "140. Revaluation reserves". The ineffective portion of the gain or loss is recognized through profit or loss in item "90. Fair value adjustments in hedge accounting". If a cash flow hedge is determined to be no longer effective or the hedging relationship is terminated, the cumulative gain or loss on the hedging instrument that remains recognized in revaluation reserves from the period when the hedge was effective remains separately recognized in revaluation reserves until the forecast hedged transaction occurs or is determined to be no longer possible; in the latter case gains or losses are transferred through profit or loss to "90. Fair value adjustments in hedge accounting".
  The fair value changes are recorded in the Statement of Comprehensive Income and disclosed in item "140. Revaluation reserves";
- **Hedging a Net Investment in a Foreign Entity** - hedges of a net investment in a foreign entity whose activitities are based or conducted in a country or currency other than those of the reporting entity are accounted for similarly to cash flow hedges. The gain or loss on the hedging instrument relating to the effective portion of the hedge that has been recognized directly in equity is recognized through profit or loss on disposal of the foreign entity. The fair value changes are recorded in the Statement of Comprehensive Income and disclosed in item "140. Revaluation reserves"; the ineffective portion of the gain or loss is recognized through profit or loss in item "90. Fair value adjustments in hedge accounting";
- **Macro-hedges of Financial Assets (Liabilities)** - IAS39 allows a fair-value item hedged against interest rate fluctuations to be not only a single asset or liability but also a monetary position contained in a number of financial assets or liabilities (or parts of them); accordingly, a group of derivatives can be used to offset fair-value fluctuations in hedged items due to changes in market rates. Macro hedging may not be used for net

Part A - Accounting Policies

positions resulting from the offsetting of assets and liabilities. As for fair value micro hedging, macrohedging is considered highly effective if, at the inception of the hedge and in subsequent periods, changes in the fair value attributable to the hedged position are offset by changes in fair value of the hedging instrument and if the hedge ratio is retrospectively assessed falling within the range of 80 - 125 per cent. Net changes - gains or losses - in the fair value of the macro-hedged assets and liabilities attributable to the hedged risk are recognized in asset item 90. or liability item 70., respectively and offset the profit and loss item "90. Fair value adjustments in hedge accounting".
The ineffectiveness of the hedging arises to the extent that the change in the fair value of the hedging item differs from the change in the fair value of the hedged monetary position. The extent of hedge ineffectiveness is in any case recognized in profit and loss item "90. Fair value adjustments in hedge accounting". If the hedging relationship is terminated, for reasons other than the sale of the hedged items, cumulative gain or loss in items 90. (Assets) and 70. (Liabilities) is recognized through profit or loss in interest income or expenses, along the residual life of the hedged financial assets or liabilities. If the latter are sold or repaid, unamortized fair value is at once recognized through profit and loss in item "100. Gains (Losses) on disposal and repurchase".

7 - Equity Investments

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

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

8 - Property, Plant and Equipment (Tangible Assets)

The item includes:
- land;
- buildings;
- furniture and fixtures;
- plant and machinery;
- other machinery and equipment;

and is divided between:
- assets used in the business;
- assets held as investments.

Assets used in the business are held for use in the production or supply of goods or services or for administrative purposes and are expected to be used during more than one period. This category also (conventionally) includes assets to be let or under construction and to be leased under a finance lease, only for those finance leases which provide for retention of risk by the lessor until the acceptance of the asset by the lessee and the start of rentals under the finance lease (see also Section 4 - Loans and Receivables for finance leases with risk transfer).

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

Property, plant and equipment also include leasehold improvements relating to assets which can be separately identified. They are classified according to the specific sub-items relating to the asset type (e.g. plants).

Leasehold improvements are usually borne in order to make leased premises fit for the expected use.
Improvements and additional expenses relating to property, plant and equipment identifiable but not separable are recognized in item "160. Other assets".

Assets held for investment purposes are properties covered by IAS40, i.e. properties held (owned or under a finance lease) in order to derive rentals and/or a capital gain.

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

Subsequent costs are added to the carrying amount or recognized as a separate asset only when it is probable that there will be future economic benefits in excess of those initially foreseen and the cost can be reliably measured. Other expenses borne at a later time (e.g. normal maintenance costs) are recognized in the year they are incurred in profit and loss items:

- "180. Administrative costs b) other administrative expense", if they refer to assets used in the business;

or:

- "220. Other net operating income", if they refer to property held for investment.

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

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

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

Residual useful life is usually assessed as follows:

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

An item with an indefinite useful life is not depreciated.

Land and buildings are recognized separately, even if acquired together. Land is not depreciated since it usually has an indefinite useful life. Buildings, conversely, have a finite useful life and are therefore subject to depreciation.

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

If there is objective evidence that an asset has been impaired the carrying amount of the asset is compared with its recoverable value, equal to the greater of its fair value less selling cost and its value in use, i.e., the present value of future cash flow expected to originate from the asset. Any value adjustment is recognized in profit and loss item "200. Impairment/write-backs on property, plant and equipment".

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

An item of property, plant and equipment is derecognized (i) on disposal or (ii) when no future economic benefits are expected from its use or sale in the future and any difference between sale proceeds or recoverable value and carrying value is recognized in profit and loss item "270. Gains (losses) on disposal of investments" or "200. Impairment/write-backs on property, plant and equipment", respectively.

9 - Intangible Assets

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

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

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

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

In case of internally generated software the expenses incurred to develop the project are recognized under intangible assets only if the following elements are demonstrated: the technical feasibility of the project, the intention to complete the intangible asset, its future usefulness, the availability of adequate technical, financial and other resources to complete the development and the ability to measure reliably the expenditure attributable to the intangible asset during its development.

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

Residual useful life is usually assessed as follows:

- Software max. 10 years;
- Other intangible assets max. 20 years.

Intangible assets with an indefinite life are not amortized.

If there is objective evidence that an asset has been impaired, the carrying amount of the asset is compared with its recoverable value, equal to the greater of its fair value less selling cost and its value in use, i.e. the present value of future cash flows expected to originate from the asset.
Any impairment loss is recognized in profit and loss item “210. Impairment/write-backs on intangible assets”.

For an intangible asset with indefinite life even if there are no indications of impairment, the carrying amount is compared annually with its recoverable value. If the carrying amount is greater than the recoverable value, the difference is recognized in profit and loss item “210. Impairment/write-backs on intangible assets”.

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

An intangible asset is derecognized (i) on disposal or (ii) when any further future economic benefits are expected from its use or sale in the future and any difference between sale proceeds or recoverable value and carrying value is recognized in the profit and loss item “270. Gains (Losses) on disposal of investments” or “210. Impairment/write-backs on intangible assets”, respectively.

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

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

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

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

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

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

10 - Non-Current assets and disposal groups classified as Held for Sale

These categories include individual assets held for disposal (tangible, intangible and financial assets) or groups of assets held for sale, with the related liabilities, as required by IFRS5.
Individual assets (or groups of assets held for sale) are recognized in item "150. Non-current assets and disposal groups classified as held for sale" and item "90. Liabilities included in disposal groups classified as held for sale", respectively, at the lower of their carrying amounts and fair values less costs to sell.

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

The net balance of profits (dividends, interest income, etc.) and losses (interest expense, etc.) attributable to groups of assets or liabilities held for sale are recognized in the income statement under item "310. Profit (Loss) after tax from discontinued operations". Profits and losses attributable to individual assets held for disposal are recognized in the income statement under the most appropriate item.

11 - Current and Deferred Tax

Tax assets and tax liabilities are recognized in the Consolidated Balance Sheet respectively in item 140. of assets ("Tax assets") and item 80. of liabilities ("Tax liabilities").

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

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

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

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

Under the tax consolidation system adopted by the Bank deferred tax assets are recognized only to the extent that it is probable that sufficient taxable profit will be generated by the entity. In accordance with the provisions of IAS12, the probability that sufficient future taxable profit against which the deferred tax assets can be utilized will be available is reviewed periodically. The carrying amount of deferred tax assets should be reduced to the extent that it is not probable that sufficient taxable profit will be available.

Current and deferred taxes are recognized in profit and loss item "290. Tax expense (income) related to profit or loss from continuing operations", except for tax referred to items that in the same or in another fiscal year are credited or charged directly to equity, such as those relating to gains or losses on available-for-sale financial assets and those relating to changes in the fair value of cash flow hedging instruments, whose changes in value are recognized, net of tax, directly in the Statement of Comprehensive Income - Revaluation reserves.

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

Part A - Accounting Policies

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

12 - Provisions for Risks and Charges

Retirement Payments and Similar Obligations

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

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

Defined-benefit plans are present-valued by an external actuary using the Unit Credit Projection method.

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

More specifically, the amount recognized according to IAS19 Revised as a net liability/asset in item "120. Provisions for risks and charges a) post retirement benefit obligations" is the present value of the obligation at the balance sheet date, less any pension charges relating to benefits already provided but not yet recognized, less the fair value at the balance sheet date of plan assets other than those due to directly settle the obligations adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. Actuarial gains or losses are recorded in the Statement of Comprehensive Income and disclosed in item "140. Revaluation reserves".

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

Other Provisions

Provisions for risks and charges are recognized when:
- the entity has a present obligation (legal or constructive) as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the amount of the obligation.

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

Where the effect of the time value of money is significant, the amount of the provision should be the present value of the best estimate of the cost required to settle the obligation. The discount rate used reflects the current market assessments.

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

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

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

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

13 - Liabilities and securities in issue

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

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

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

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

Instruments convertible into treasury shares imply recognition, at the issuing date, of a financial liability and of the equity part, recognized in item "160. Equity instruments", any time contractual terms provide for physical delivery settlement.

The equity part is initially measured at the residual value, i.e. the overall value of the instrument less the separately determined value of a financial liability with no conversion clause and the same cash flow.
The resulting financial liability is then recognized at amortized cost using the effective interest method.

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

Group debts do not include *covenants* that would cause default or restructuring events. There are no debt instruments involving convertibility to equity instruments (under IASB IFRIC19 - Extinguishing Financial Liabilities with Equity Instruments).

14 - Financial Liabilities Held for Trading

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

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

Part A - Accounting Policies

15 - Financial Liabilities at Fair Value through Profit and Loss

According to IAS39, financial liabilities, as well as financial assets, may also be designated on initial recognition as measured at fair value, provided that:

- this designation eliminates or considerably reduces the discrepancy that could arise from the application of different methods of measurement of assets and liabilities and related gains or losses;
  or,
- a group of financial assets, financial liabilities or both are managed and measured at fair value under risk management or investment strategy which is internally documented with the entity's Board of Directors or equivalent body.

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

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

16 - Foreign Currency Transactions

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

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

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

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

Non-monetary assets and liabilities recognized at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary items that are measured at fair value in a foreign currency are translated at the closing rate. In this case the exchange differences are recognized:

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

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

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

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

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

All exchange differences recorded under revaluation reserves in Shareholders' Equity are also reported in the Statement of Comprehensive income.

17 - Insurance Assets and Liabilities

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

These policies are recognized briefly as follows:

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

18 - Other Information

Business Combinations

A business combination is a transaction through which an entity obtains control of a company or of a business segment, thus bringing together different businesses into one reporting entity.
A business combination may result in a Parent-subsidiary relationship in which the acquirer is the Parent and the acquiree a subsidiary of the acquirer. A business combination may involve the purchase of the net assets of another entity - in which case goodwill can arise - or the purchase of the equity of the other entity (mergers).

IFRS3 requires that all business combinations shall be accounted for by applying the purchase method, that involves the following steps:

- identifying an acquirer;
- measuring the cost of the business combination, and:
- allocating, at the acquisition date, the cost of the business combination to the assets acquired and liabilities and contingent liabilities assumed.

The cost of a business combination is the aggregate of the fair value, at the date of exchange, of assets given, liabilities incurred or assumed and equity instruments issued by the acquirer, in exchange for control of the acquiree.
The acquisition date is the date on which the acquirer effectively obtains control of the acquiree. When this is achieved through a single exchange transaction, the date of exchange coincides with the acquisition date.
A business combination may involve more than one exchange transaction; nevertheless, the cost of the business combination remains equal to the fair value of the total shareholding acquired.
This involves the revaluation at fair value - and the recognition of the effects in the Income Statement - of the equity investments previously held in the acquired entity.
The cost of a business combination is allocated by recognizing the assets, the liabilities and the identifiable contingent liabilities of the acquired company at their acquisition-date fair value.
Exceptions to this principle are deferred income tax assets and liabilities, employee benefits, indemnification assets, reacquired rights, non-current assets held for sale, and share-based payment transactions that are subject to review in accordance with the principle applicable to them.
Positive difference between the cost of the business combination and the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities so recognized is accounted for as goodwill.

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

- at fair value, or
- as a proportion of minority interests in the assets, liabilities and identifiable contingent liabilities of the acquired company.

Part A - Accounting Policies

Derecognition of financial assets

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

Before evaluating whether, and to what extent, derecognition is appropriate, under IAS39 an entity should determine whether the relevant conditions apply to a financial asset in its entirety or to a part of a financial asset. The standard is applied to a part of financial assets being transferred if, and only if, the part being considered for derecognition meets one of the following conditions:

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

In all other cases, the standard is applied to the financial asset in its entirety (or to the group of similar financial assets in their entirety).
An entity shall derecognize a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the contractual rights to receive the cash flows of the financial asset to a non-Group counterparty.
Rights to cash flow are considered to be transferred even if contractual rights to receive the asset's cash flow are retained but there is an obligation to pay this cash flow to one or more entities and all the following conditions are fulfilled (pass-through agreement):

- there is no obligation on the Group to pay amounts not received from the original asset;
- sale or pledge of the original asset is not allowed, unless it secures the obligation to pay cash flow;
- the Group is obliged to transfer forthwith all cash flows received and may not invest them, except for liquidity invested for the short period between the date of receipt and that of payment, provided that the interest accrued in that period is paid on.

Recognition is also subject to verification of effective transfer of all the risks and rewards of ownership of the financial asset. If the entity transfers substantially all the risks and rewards of ownership of the financial asset, the entity shall derecognize the asset (or group of assets) and recognize separately as assets or liabilities any rights and obligations created or retained in the transfer.
Conversely, if the entity substantially retains all the risks and rewards of ownership of the asset (or group of assets), the entity shall continue to recognize the transferred asset(s). In this case it is necessary to recognize a liability corresponding to the amount received under the transfer and subsequently recognize all income accruing on the asset or expense accruing on the liability.
The main transactions that do not allow, under the above rules, total derecognition of a financial asset are securitizations, repurchase (sell and buy-backs) and stock lending transactions.
In the case of securitizations the Group does not derecognize the financial asset on purchase of the equity tranche or provision of other forms of support of the structure which result in the Group retaining the credit risk of the securitised portfolio.
In the case of repurchase transactions and stock lending, the assets transacted are not derecognized since the terms of the transaction entail the retention of all their risks and rewards.
Lastly, it should be noted that securities lending transactions collateralized by other securities or not collateralized were recorded as off-balance sheet items.

Repo Transactions and securities lending

Securities received in a transaction that entails a contractual obligation to sell them at a later date or delivered under a contractual obligation to repurchase are neither recognized nor derecognized. In respect of securities purchased under an agreement to resell, the consideration is recognized as a loan to customers or banks, or as an asset held for trading. In respect of securities held in a repurchase agreement, the liability is recognized as due to banks or customers, or as an held for trading financial liability. Revenue from these loans, being the coupons accrued on the securities and the difference between the sale/purchase and resale/repurchase prices, is recognized in profit or loss through interest income and expenses on an accruals basis.
These transactions can only be offset if, and only if, they are carried out with the same counterparty and provided that such offset is provided for in the underlying contracts.
The same rules apply to securities lending transactions collateralized by cash fully available to the lender.

The P&L items connected with these transactions are booked respectively:

- in item Interest, with respect to the positive item (borrower) and the negative item (lender) related to the return on cash paid to the lender;
- in item Fees and commissions, with respect to the negative item (borrower) and the positive item (lender) related to the service provided by the lender by making the security available.

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

Counterparty risk related to the latter securities lending or borrowing transactions is shown under the off-balance sheet exposures in the tables of Part E - Section 1.1 - Credit risk - A. Credit quality.

Equity instruments

Equity instruments are instruments that represent a residual interest in Group's assets net of its liabilities.
Classification of an issued instrument as equity is possible only absent contractual obligation to make payments in form of capital redemptions, interest or other kinds of returns.

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

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

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

Treasury Shares

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

Finance Leases

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

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

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

Factoring

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

Italian Staff Severance Pay (Trattamento di fine rapporto – "TFR")

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

Part A - Accounting Policies

Following pension reform by Law No.252/2005, TFR installments accrued to December 31, 2006 (or to the date between January 1, 2007 and June 30, 2007 on which the employee opted to devolve their TFR to a supplementary pension fund) stay in the employer and are considered a post-employment defined benefit plan therefore incurring actuarial valuation, though with simplified actuarial assumptions, i.e., forecast future pay rises are not considered.

TFR installments accrued since January 1, 2007 (date of Law 252's coming into effect) (or since the date between January 1, 2007 and June 30, 2007) have been, at the employee's discretion, either (i) paid into a pension fund or (ii) left in the company and (where the company has in excess of 50 employees) are paid into an INPS Treasury fund by the employer, are assimilated to a defined-contribution plan.

Costs relating to TFR are recognized in the Income Statement in item "180. Administrative costs: a) staff expense" and include, for the part of obligations already exiting at the date of the reform (assimilated to a defined benefit plan), (i) service costs for companies with less than 50 employees, (ii) interest cost accrued in the year; for the part of plan considered defined contribution plan the accrued installments for the year paid into the complementary pension scheme or to the Treasury fund of INPS.

Actuarial gains (losses), i.e., the difference between the liabilities' carrying value and the present value of the obligation at the end of the period are recorded in the Statement of Comprehensive Income and disclosed in item "140. Revaluation reserves" according to IAS19R.

Share-Based Payment

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

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

This fair value is recognized as cost in profit and loss item "180. Administrative costs: a) staff expense" offsetting the Shareholders' Equity item "170. Reserves", on an accruals basis over the period in which the services are rendered.

The fair value of a cash-settled share-based payment, the services acquired and the liability incurred are measured at the fair value of the liability, recognized in item "100. Other liabilities". The fair value of the liability, as long as it remains unsettled, is remeasured at each balance sheet date and all changes in fair value are recognized in profit and loss item "180. Administrative costs: a) staff expense".

Other Long-term Employee Benefits

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

Guarantees and Credit Derivatives in the Same Class

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

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

After initial recognition, guarantees given are recognized at the greater of the initially recognized value, net of any amortized portion, and the estimated amount required to meet the obligation.

The effects of valuation, related to any impairment of the underlying, are recognized in the same balance-sheet item contra item "130. Net losses/recoveries on impairment d) other financial trasnsactions" in the income statement.

Offsetting Financial assets and Financial liabilities

The accounting offsetting of assets and liabilities items has been performed according to IAS32, assessing the fulfillment of the following requirements:

- current legally enforceable right to set off the recognized amounts;
- intention either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

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

In the new tables, in particular, following information have to be reported:

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

Recognition of income and expenses

Interest Income and Expense

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

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

Interest also includes the net credit or debit balance of differentials and margins on financial derivatives:

- hedging interest-bearing assets and liabilities;
- HfT but linked for business purposes to assets and liabilities designated as measured at fair value (fair value option);
- linked for business purposes to HfT assets and liabilities paying differentials or margins on different maturities.

Fees and Commissions

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

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

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

Dividends

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

Relevant IAS/IFRS definitions

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

Amortized cost

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

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

Part A - Accounting Policies

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

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

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

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

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

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

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

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

If there is objective evidence that an impairment loss on loans and receivables or held-to-maturity investments carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset shall be reduced either directly or through use of an allowance account. The amount of the loss is recognized in profit and loss item "130. Net losses/recoveries on impairment" and the asset's carrying value is reduced.
With respect to instruments classified as available-for-sale financial assets, this amount is equal to the balance of the negative Revaluation reserve (see Section 2 - Available-for-sale Financial Assets).

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

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

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

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

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

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

Reversals of impairment losses

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

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

Part A - Accounting Policies

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 the international accounting standards for the loan portfolio (if such assets were not classified as HfT or AfS respectively on initial recognition) if the entity intends, and is able, to hold them for the foreseeable future or until maturity;
- "only in rare circumstances" those HfT financial assets which, at the time of their recording, did not satisfy the definition of loans.

The following table provides the book value and the fair value as at December 31, 2016 (broken down by type of underlying asset and portfolio) of assets which were reclassified in the second half of 2008 and in the first half of 2009.
The income/expenses that would have been recognized if such reclassifications had not occurred, as well as those effectively recognized through profit or loss or at equity, are also provided.

These income/expenses before tax are broken down into: 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 December 31, 2016, if these assets had not been reclassified, would have been a gain of €78,355 thousand, while the impact actually recognized was a gain of €136,727 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 12.31.2016	FAIR VALUE AS AT 12.31.2016	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			**1,999,399**	**2,101,333**	**6,631**	**96,794**	**55,482**	**81,930**
	Held for trading	Available for sale	1,928	1,928	48	173	48	199
	Held for trading	Held to maturity	49,286	49,715	(1,277)	2,409	-	2,409
	Held for trading	Loans to Banks	426,223	468,187	(5,422)	12,388	-	15,008
	Held for trading	Loans to Customers	1,507,364	1,567,647	13,222	81,399	55,359	63,956
	Available for sale	Loans to Banks	-	-	-	-	-	-
	Available for sale	Loans to Customers	14,598	13,856	60	425	75	358
	Available for sale	Held to maturity	-	-	-	-	-	-
B. Equity instruments			**-**	**-**	**-**	**-**	**-**	**-**
	Held for trading	Available for sale	-	-	-	-	-	-
C. Loans			**189,204**	**196,888**	**(30,687)**	**5,617**	**(5,532)**	**4,847**
	Held for trading	Available for sale	-	-	-	-	-	-
	Held for trading	Held to maturity	-	-	-	-	-	-
	Held for trading	Loans to Banks	28,780	29,673	(883)	1,225	-	1,708
	Held for trading	Loans to Customers	160,424	167,215	(29,804)	4,392	(5,532)	3,139
	Available for sale	Loans to Banks	-	-	-	-	-	-
	Available for sale	Loans to Customers	-	-	-	-	-	-
D. Units in investment funds			**-**	**-**	**-**	**-**	**-**	**-**
	Held for trading	Available for sale	-	-	-	-	-	-
Total			**2,188,603**	**2,298,221**	**(24,056)**	**102,411**	**49,950**	**86,777**

Debt securities reclassified in the loan with customers portfolio include structured credit products (other than derivative contracts and financial instruments with incorporated derivatives) for an amount of €1,065,963 thousand at December 31, 2016.

Part A - Accounting Policies

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

(€ '000)

INSTRUMENTS TYPE (1)	ACCOUNTING PORTFOLIO BEFORE RECLASSIFICATION (2)	ACCOUNTING PORTFOLIO AFTER RECLASSIFICATION (3)	GAINS/LOSSES RECOGNIZED IN P&L (BEFORE TAXES) 2016 (4)	GAINS/LOSSES RECOGNIZED IN P&L (BEFORE TAXES) 2015 (5)	GAINS/LOSSES RECOGNIZED IN OCI (BEFORE TAXES) 2016 (6)	GAINS/LOSSES RECOGNIZED IN OCI (BEFORE TAXES) 2015 (7)
A. Debt securities			**-**	**-**	**(5,600)**	**(1,920)**
	Held for trading	Available for sale	-	-	-	-
	Held for trading	Held to maturity	-	-	-	-
	Held for trading	Loans to Banks	-	-	-	-
	Held for trading	Loans to Customers	-	-	-	-
	Available for sale	Loans to Banks	-	-	-	-
	Available for sale	Loans to Customers	-	-	-	-
	Available for sale	Held for trading-Held to maturity	-	-	(5,600)	(1,920)
B. Equity instruments			**-**	**-**	**-**	**-**
	Held for trading	Available for sale	-	-	-	-
C. Loans			**-**	**-**	**-**	**-**
	Held for trading	Available for sale	-	-	-	-
	Held for trading	Held to maturity	-	-	-	-
	Held for trading	Loans to Banks	-	-	-	-
	Held for trading	Loans to Customers	-	-	-	-
	Available for sale	Loans to Banks	-	-	-	-
	Available for sale	Loans to Customers	-	-	-	-
D. Units in investment funds			**-**	**-**	**-**	**-**
	Held for trading	Available for sale	-	-	-	-
Total			**-**	**-**	**(5,600)**	**(1,920)**

A.4 - Information on fair value

Qualitative information

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

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

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

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

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

If the observable prices in active market or other observable inputs, such as the quoted price of a similar instrument in an active market, the Group may use another valuation techniques, such as:
- a market approach (e.g. using quoted prices for similar liabilities or equity instruments held by other parties as assets).
- cost approach (e.g. it reflects the amount that would be required currently to replace the service capacity of an asset, that is the current replacement cost).
- an income approach (e.g. a present value technique that takes into account the future cash flows that a market participant would expect to receive from holding the liability or equity instrument as an asset).

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

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

As a further guarantee of the objectivity of valuations derived from valuation models, the Group employs:
- Independent price verifications (IPVs);
- Fair value adjustments (FVAs).

Independent price verification requires that the prices are verified at least monthly by Risk Management units that are independent from the units that assume the risk exposure.
This verification calls for comparing and adjusting the price in line with valuations obtained from independent market participants.

For instruments not quoted in active markets, the above verification process uses prices contributed by info providers as a reference, and assigns a greater weighting to those prices that are considered representative of the instrument being valued.
This valuation can include the "executability" of the transaction at the price observed, the number of contributors, the degree of similarity of the financial instruments, the consistency of prices from different sources, and the process followed by the info provider to obtain the information.

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

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

Assets and Liabilities measured at fair value on a recurring basis

Fixed Income Securities

Fixed Income Securities are priced in a two tier process depending on the liquidity in the respective market. Liquid instruments in active markets are marked to market and consequently positions in these instruments are disclosed in reference to Fair Value Hierarchy under Level 1[14]. In order to assess it, within the global bond Independent Price Verification (IPV) process a daily Liquidity Indicator is defined taking into account: the number of executable bid/ask quotes, their relative sizes and spreads. Such indicator is tracked over a 20 business days time window in order to obtain a stable monthly indicator.

Instruments not traded in active markets are marked to model based on implied credit spread curves derived from the former Level 1 instruments. The model maximizes the use of observable input and minimizes the use of unobservable inputs. With this respect, depending on the proximity of the credit spread curve applied, the bonds are disclosed as Level 2 or Level 3 respectively; Level 3 is applied in case credit spread curves used are significantly unobservable. Under fair value accounting, fair value adjustments for liquidity and model deficiencies compensate for the lack of market observables for the Level 2 and Level 3 positions.

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

Structured Financial Products

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

Asset Backed Securities

Since 2009, UniCredit’s valuation process relies on internal policies centered on:

- extension and implementation across all the Group’s Legal Entities of the new Independent Price Verification (IPV) process suited to the changed market conditions for Structured Credit Bonds;
- integration of current Fair Value Adjustments Policy.

According to the IPV process the quality of a price is assessed based upon the availability of quotes of independent market players for identical assets.

The process relies in the first instance on *consensus data provider* as reliable collector of market quotes.

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

Derivatives

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

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

Equity Instruments

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

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

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

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

- Real Estate Funds
  Real Estate Funds are mapped to Level 1 when quoted prices are available on an active market; when this condition does not hold, Real Estate Funds are disclosed as Level 3 and they are evaluated through an adequate credit adjustment of the NAV based on the specific features of each fund.
- Other Funds
  The Group holds investments also in mutual funds, hedge funds and private equity funds.
  Funds are usually assigned to Level 1 when a quoted price is available on an active market.
  Funds are disclosed as Level 2 or Level 3 depending on NAV availability, portfolio transparency and possible issues related to position write off.
  When sufficient information for reliable fair value measurements is not available, funds (e.g. hedge funds and private equity) are valued at cost and classified as Available for Sale at Level 3.

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

Property, plant and equipment measured at fair value
The Group owns property, plant and equipment held for investment purposes, which are valued according to the fair value model for Real Estate investments linked to liabilities that generate a return on investments themselves.
The attribution of fair value levels is based on the level of observability of the significant market parameters used by the valuation technique. Given the current portfolio composition, most of the positions are at level 3.

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

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

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

UniCredit CVA/DVA methodology is based on the following inputs:

- EAD derived by simulation techniques. Simulated exposures also take into account Specific Wrong-Way Risk that arises for transactions where there is a correlation between counterparty credit risk and the underlying derivative risk factors;
- PD implied by current market default rates, obtained from credit default swaps;
- LGD based on the estimated level of expected recovery should a counterparty default and implied by current market default rates, obtained from credit default swaps.

As of December 31, 2016, net CVA/DVA cumulative adjustment, related to performing counterparts, amounts to €141 million negative.
The part related to own credit spread evolution, which is filtered out from regulatory capital (accordingly to CRDIV), amounts to €251 million positive.

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

UniCredit FVA methodology is based on the following input:

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

Part A - Accounting Policies

Such adjustment was previously considered among the capital deduction within the AVA prudential requirements. As of December 31, 2016 the fair value adjustment component is reflected into P&L with a net cumulative adjustment equal to €116 million negative.

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

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

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

Assets and Liabilities not measured at fair value or measured at fair value on a non-recurring basis
Financial instrument not carried at fair value, for example retail loans and deposit, and credit facilities extended to corporate clients are not managed on a fair value basis.
For these instruments fair value is calculated for disclosure purposes only and does not impact the balance sheet or the profit or loss. Additionally, since these instruments generally do not trade, there is significant management judgment required to determine their fair values as defined by IFRS13.

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

Held-to-maturity investments
Considering that held to maturity investments are mainly composed by securities, fair value for this asset class is determined according to what above explained in section "Assets and Liabilities measured at fair value on a recurring basis – Fixed Income Securities".

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

Property, plant and equipment held for investment purposes
The fair value of property, plant and equipment held for investment purposes is determined on the basis of a valuation by an independent appraiser who holds a recognized and relevant professional qualification which perform its valuation mainly on the basis of an indirect knowledge of the assets through the information made available by the owner and relative to the localization, consistency, destination and in consideration of market analysis.
The attribution of fair value levels is based on the level of observability of the significant market parameters used by the valuation technique.

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

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

Description of the valuation techniques

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

Option Pricing Model

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

Discounted cash flow

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

Hazard Rate Model

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

Market Approach

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

Gordon Growth Model

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

Dividend Discount Model

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

Adjusted NAV

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

Part A - Accounting Policies

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

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

Volatility

Volatility is a measure for variation of price of a financial instrument over time. In particular, volatility measures the speed and severity of market price changes for an instrument, parameter or market index given how much the particular instrument, parameter or index changes in value over time, expressed as a percentage of relative change in price. The higher the volatility of the underlying, the riskier the instrument. In general, long option positions benefit from increases in volatility, whereas short option positions will suffer losses.
There are different types of volatility: volatility of interest rate, inflation volatility, volatility of foreign exchange and volatility of equity stocks, equity or other indices.

Correlation

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

Dividends

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

Interest rate curve

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

Inflation Swap rate

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

Credit spreads

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

Loss Given Default (LGD)/Recovery Rate

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

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

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

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

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

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

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

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

Part A - Accounting Policies

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

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

(€ million)

PRODUCT CATEGORIES			FAIR VALUE ASSETS	FAIR VALUE LIABILITIES	VALUATION TECHNIQUES	UNOBSERVABLE PARAMETERS	RANGE	
Derivatives	Financial							
		Commodities	8.41	132.22	Discounted Cash Flows	Swap Rate (% of used value)	10%	130%
					Option Pricing Model	Volatility	10%	120%
						Correlation	-95%	95%
		Equity	162.77	447.79	Option Pricing Model	Volatility	-95%	95%
						Correlation	0%	8%
					Option Pricing Model/ Discounted Cash Flows	Dividends Yield	1%	40%
		Foreign Exchange	421.57	196.29	Option Pricing Model	Volatility	1%	40%
					Discounted Cash Flows	Interest rate	-25%	20%
		Interest Rate	315.39	83.50	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	0.00	0.00	Option Pricing Model	Volatility	0%	0%
						Correlation	0%	0%
	Credit		16.23	64.83	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	1,085.65	602.21	Market Approach	Price (% of used value)	0%	146%
		Mortgage & Asset Backed Securities	8.48	0.00	Discounted Cash Flows	Credit Spread (% of used value)	68 bps	9%
						LGD	20%	70%
						Default Rate	1%	3.0%
						Prepayment Rate	0%	30%
Equity Securities		Unlisted Equity & Holdings	690.96	0.00	Market Approach	Price (% of used value)	0%	100%
					Gordon Growth Model	Ke	2.5%	21.0%
						Growth Rate	0.5%	3.0%
					Dividend Discount Model	Beta	0.35	0.45
						Risk Premium	5.5%	7.0%
Units in Investment Funds		Real Estate & Other Funds	449.25	0.00	Adjusted Nav	PD	1%	30%
						LGD	35%	60%

A.4.2 Valuations processes and sensitivities

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

When a financial instrument, measured at fair value, is valued through the use of one or more significant inputs not directly observable on the market, a further procedure for the price verification is implemented. These procedures include the revision of relevant historical data, the analysis of profits and losses, the individual valuation of each component for structural products and benchmarking. This approach uses subjective opinions and judgments based on experience and, therefore, it could require valuation adjustments which take into account the bid/ask spread, liquidity and counterparty risk, in addition to the valuation model type adopted.

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

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

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

The direction of sensitivity for instruments categorized at level 3 of fair value hierarchy to variations in significant unobservable inputs is supplied in the 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 REASONABLEPOSSIBLE ALTERNATIVES
Derivatives				
	Financial			
		Commodities	+/-	1.01
		Equity	+/-	70.43
		Foreign Exchange	+/-	6.92
		Interest Rate	+/-	10.58
		Hybrid	+/-	-
	Credit		+/-	23.35
Debt Securities and Loans				0
		Corporate/Government/Other	+/-	2.37
		Mortgage & Asset Backed Securities	+/-	0.44
Equity Securities				
		Unlisted Equity & Holdings	+/-	209.19
Units in Investment Funds				
		Real Estate & Other Funds	+/-	77-202(*)

(*) Evaluative range.

Within the unlisted Level 3 Units in Investment Funds, measured using a model, are classified the shares in Atlante Fund (€138.5 million at December 31, 2016) and, within Equity Securities, the investments in "Schema Volontario" (as at December 31, 2016 equal to zero).

The quantitative disclosure presented in this section include the effects of changes in the unobservable parameters in the valuation of Atlante Fund. For further information, please refer to see Part B - Section 4 - Available for sale.

Part A - Accounting Policies

A.4.3 Fair value hierarchy

The IFRS13 principle establishes a fair value hierarchy according to the observability of the input used in the valuation techniques adopted for valuations.

The fair value hierarchy level associated to assets and liabilities is set as the minimum level among all significant valuation inputs used.
A valuation input is not considered significant for the fair value of an instrument if the remaining inputs are able to explain the major part of the fair value variance itself over a period of three months.
In some specific cases, the significance limit is assessed in relation to the fair value of the instrument at the measurement date.

In particular, three levels are considered:

- level 1: fair value for instruments classified within this level is determined according to the quoted prices on active markets;
- level 2: fair value for instruments classified within this level is determined according to the valuation models which use observable inputs on active markets;
- level 3: fair value for instruments classified within this level is determined according to the valuation models which prevalently use significant unobservable input on active markets.

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

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

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

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

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

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

Transfers between hierarchy levels

The main drivers to transfers in and out the FV levels (both between L1 and L2 and in/out L3) include changes in market conditions (among which liquidity parameter) and enhancements to valuation techniques and weights for unobservable inputs used for the valuation itself.
Quantitative and qualitative details about transfers between FV levels occurred in the period is presented in Part A.4.5 - Fair Value Hierarchy.

A.4.4 Other information

The Group uses the IFRS13 exception for fair value measurements on a net basis with reference to financial assets and liabilities with offsetting positions of market risk or counterparty credit risk.

Quantitative information

A.4.5 Fair value hierarchy

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

A.4.5.1 Assets and liabilities measured at fair value on a recurring basis: breakdown by fair value levels (€ '000)

FINANCIAL ASSETS/LIABILITIES MEASURED AT FAIR VALUE	AMOUNTS AS AT 12.31.2016			AMOUNTS AS AT 12.31.2015		
	LEVEL 1	LEVEL 2	LEVEL 3	LEVEL 1	LEVEL 2	LEVEL 3
1. Financial assets held for trading	29,669,303	56,545,545	1,251,990	28,703,848	59,786,573	1,504,491
2. Financial assets at fair value through P&L	10,086,475	18,573,814	41,372	17,822,599	16,229,834	198,044
3. Available for sale financial assets	100,306,037	7,232,456	1,964,645	96,341,658	6,911,332	1,612,647
4. Hedging derivatives	6	4,514,591	-	-	5,265,050	5,099
5. Property, plant and equipment	-	-	57,728	-	-	68,860
6. Intangible assets	-	-	-	-	-	-
Total	**140,061,821**	**86,866,406**	**3,315,735**	**142,868,105**	**88,192,789**	**3,389,141**
1. Financial liabilities held for Trading	14,231,094	52,647,554	1,482,689	9,503,238	56,780,274	1,745,951
2. Financial liabilities at fair value through P&L	-	2,452,582	44,150	-	451,783	2,873
3. Hedging derivatives	63	4,921,401	-	2	5,894,906	3,637
Total	**14,231,157**	**60,021,537**	**1,526,839**	**9,503,240**	**63,126,963**	**1,752,461**

Transfers between level of fair value occurring between December 31, 2015 and December 31, 2016 mainly reflect the evolution of market of reference in the period and the enhancement of processes for fair value level attribution in some Group entities.

The sub-item 3. Available-for-sale financial assets at level 3 as of December 31, 2016 does not include €677 million measured at cost (€645 million as of December 31, 2015). It does include the investment in Atlante fund (carrying value €138.5 million), underwritten in the period.
See Part B - Section 4 - Available for sale for further information.

Besides the transfers related to financial assets and liabilities carried at level 3 detailed in the sections below we can note that 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 €1,147 million;
  - of financial assets measured at fair value through reserves (financial assets available for sale) for approximately €83 million;
  - of financial liabilities measured at fair value through profit & loss (financial liabilities held for trading and carried at fair value) for approximately €22 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 €1,348 million;
  - of financial assets measured at fair value through reserves (financial assets available for sale) for approximately €158 million;
  - of financial liabilities measured at fair value through profit & loss (financial liabilities held for trading and carried at fair value) for approximately €2 million.

Part A - Accounting Policies

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

(€ '000)

	CHANGES IN 2016					
	HELD FOR TRADING FINANCIAL ASSETS	AT FAIR VALUE TROUGH P&L FINANCIAL ASSETS	AVAILABLE FOR SALE FINANCIAL ASSETS	HEDGING DERIVATIVES	PROPERTY, PLANT AND EQUIPMENT	INTANGIBLE ASSETS
1. Opening balances	**1,515,822**	**198,044**	**1,712,528**	**5,099**	**68,860**	**-**
2. Increases	**1,771,073**	**19,457**	**2,201,484**	**13**	**986**	**-**
2.1 Purchases	1,434,238	15,000	1,836,617	-	48	-
2.2 Profits recognized in:	273,673	3,136	189,225	-	-	-
2.2.1 Income Statement	273,673	3,136	128,557	-	-	-
- of which Unrealized gains	*163,257*	*3,127*	*353*	-	-	-
2.2.2 Equity	X	X	60,668	-	-	-
2.3 Transfers from other levels	41,345	-	110,204	-	-	-
2.4 Other increases	21,817	1,321	65,438	13	938	-
3. Decreases	**2,034,905**	**176,129**	**1,949,367**	**5,112**	**12,118**	**-**
3.1 Sales	1,104,695	18,579	730,960	5,098	10,449	-
3.2 Redemptions	32,635	5,100	23,079	-	-	-
3.3 Losses recognized in:	641,030	38,251	728,278	-	1,537	-
3.3.1 Income Statement	641,030	38,251	636,321	-	1,537	-
- of which Unrealized losses	*317,377*	*37,747*	*34,115*	-	*1,424*	-
3.3.2 Equity	X	X	91,957	-	-	-
3.4 Transfers to other levels	224,048	114,199	271,283	-	-	-
3.5 Other decreases	32,497	-	195,767	14	132	-
4. Closing balances	**1,251,990**	**41,372**	**1,964,645**	**-**	**57,728**	**-**

The sub-item 2 increases and 3 decreases in financial assets are included in the Profit and Loss in the following items:
- Item “80. Gains (Losses) on financial assets and liabilities held for trading”;
- Item “110. Gains (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 gains and the sub-item 3.3 losses on fair value on financial assets and liabilities available for sale are accounted in item “140. Revaluation reserves” of Shareholder’s Equity - with the exception of impairment and gains and losses on exchange rates on monetary assets (liabilities) which are reported respectively within item “130. Net losses/recoveries on impairment b) available-for-sale financial assets” and item “80. Gains (Losses) on financial assets and liabilities held for trading” until the financial asset is not sold, instant in which cumulative gains and losses are reported at Profit & loss at item “100. Gains (Losses) on disposal and repurchase b) available for sale financial assets”.

Transfers between level of fair value occurring between December 31, 2015 and December 31, 2016 in Held for Trading and Fair Value through P&L financial assets mainly reflect the evolution of market of reference in the period and the enhancement of processes for fair value level attribution in some Group entities and mostly refer to exposure held by UniCredit Bank AG.

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

(€ '000)

	CHANGES IN 2016		
	FINANCIAL LIABILITIES HELD FOR TRADING	FINANCIAL LIABILITIES AT FAIR VALUE THROUGH P&L	HEDGING DERIVATIVES
1. Opening balances	**1,745,949**	**2,873**	**3,637**
2. Increases	**1,336,811**	**42,214**	**-**
2.1 Issuance	814,916	-	-
2.2 Losses recognized in:	425,211	42,214	-
2.2.1 Income Statement	425,211	42,214	-
- of which Unrealized losses	*287,928*	-	-
2.2.2 Equity	X	X	-
2.3 Transfers from other levels	75,278	-	-
2.4 Other increases	21,406	-	-
3. Decreases	**1,600,071**	**937**	**3,637**
3.1 Redemptions	616,826	-	-
3.2 Purchases	155,180	-	-
3.3 Profits recognized in:	340,301	-	-
3.3.1 Income Statement	340,301	-	-
- of which Unrealized gains	*151,696*	-	-
3.3.2 Equity	X	X	-
3.4 Transfers to other levels	467,815	-	-
3.5 Other decreases	19,949	937	3,637
4. Closing balances	**1,482,689**	**44,150**	**-**

The sub-item "2. Increases" and "3. Decreases" in financial liabilities are included in the Profit and Loss in the following items:
- Item "80. Gains (Losses) on financial assets and liabilities held for trading";
- Item "110. Gains (Losses) on financial assets/liabilities at fair value through profit or loss";
- Item "90. Fair value adjustments in hedge accounting".

Transfers between level of fair value occurring between December 31, 2015 and December 31, 2016 mainly reflect the evolution of market of reference in the period and the enhancement of processes for fair value level attribution in some Group entities and mostly refer to exposure held by UniCredit Bank AG.

Part A - Accounting Policies

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

(€ '000)

ASSETS/LIABILITIES NOT MEASURED AT FAIR VALUE OR MEASURED AT FAIR VALUE ON A NON-RECURRING BASIS	AMOUNTS AS AT 12.31.2016				AMOUNTS AS AT 12.31.2015			
	BOOK VALUE	FAIR VALUE			BOOK VALUE	FAIR VALUE		
		LEVEL 1	LEVEL 2	LEVEL 3		LEVEL 1	LEVEL 2	LEVEL 3
1. Held-to-maturity investments	3,963,222	2,724,622	1,249,727	39,902	1,301,206	138,732	1,169,931	22,820
2. Loans and receivables with banks	74,691,847	532,140	44,610,982	30,375,329	77,436,995	403,021	49,297,759	28,092,364
3. Loans and receivables with customers	444,607,482	1,066,238	158,640,473	294,399,899	445,381,979	1,173,923	165,748,976	291,184,368
4. Property, plant and equipment held for investment	2,059,867	-	91,311	2,560,417	2,514,430	-	104,400	2,820,954
5. Non-current assets and disposal groups classified as held for sale	45,853,911	-	40,158,983	743,537	44,575,543	-	21,760	2,463,254
Total	**571,176,329**	**4,323,000**	**244,751,476**	**328,119,084**	**571,210,153**	**1,715,676**	**216,342,826**	**324,583,760**
1. Deposits from banks	103,851,521	-	57,873,938	45,539,602	110,333,165	-	59,208,163	51,814,848
2. Deposits from customers	452,419,189	-	157,185,292	296,070,875	419,686,119	10,922	143,525,456	277,568,108
3. Debt securities in issue	115,435,500	51,858,536	48,393,679	20,783,312	133,797,014	60,236,168	58,460,715	22,275,395
4. Liabilities included in disposal groups classified as held for sale	35,868,601	-	33,984,196	122,208	35,984,908	-	-	1,873,921
Total	**707,574,811**	**51,858,536**	**297,437,105**	**362,515,997**	**699,801,206**	**60,247,090**	**261,194,334**	**353,532,272**

Between December 31, 2015 and December 31, 2016 changes in the ratio between fair value and book value for loans and receivables to banks and customers reflect the enhancement of the methodology and the parameters adopted for the fair value calculation for disclosure and the evolution in the benchmark interest rate, in the risk premium and in the probability of default depending on or deriving from markets trend.
The above phenomenon together with the evolution of the approach to identify the significance of non-observable inputs has been reflected in fair value hierarchy level distribution.

Sub item 5. Non-current assets and disposal groups classified as held for sale also contains €4,951 million measured at cost (see Part B, Section 15, table 15.1).

Sub item 4. Liabilities included in disposal groups classified as held for sale also contains €1,762 million measured at cost (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 above) and instruments designated at fair value (see sections 5 and 15 of Part A.2 above), any difference from the amount collected or paid is posted under the appropriate items of the income statement.

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

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

The balance of value adjustments to reflect model risk (amount not recognized in the Income Statement) sums up to €29,900 thousand at December 31,2016 (as for 2015).

Part B - Consolidated Balance Sheet

Part B - Consolidated Balance Sheet - Assets

Assets

Section 1 - Cash and cash balances - Item 10

1.1 Cash and cash balances: breakdown

(€ '000)

	AMOUNTS AS AT	
	12.31.2016	12.31.2015
a) Cash	7,164,529	3,090,517
b) Demand deposits with Central banks	6,693,302	6,520,602
Total	**13,857,831**	**9,611,119**

Section 2 - Financial assets held for trading - Item 20

2.1 Financial assets held for trading: product breakdown

(€ '000)

	AMOUNTS AS AT 12.31.2016			AMOUNTS AS AT 12.31.2015		
ITEM/VALUES	LEVEL 1	LEVEL 2	LEVEL 3	LEVEL 1	LEVEL 2	LEVEL 3
A) Financial assets (non-derivatives)						
1. Debt securities	**14,317,875**	**1,939,258**	**260,847**	**13,810,133**	**2,242,638**	**61,191**
1.1 Structured securities	12,180	823,650	901	62,944	805,698	7,940
1.2 Other debt securities	14,305,695	1,115,608	259,946	13,747,189	1,436,940	53,251
2. Equity instruments	**11,297,289**	**11,805**	**1,261**	**11,318,407**	**21,465**	**16,634**
3. Units in investment funds	**1,574,664**	**372,105**	**65,524**	**1,178,028**	**350,476**	**76,395**
4. Loans	**756,965**	**10,642,450**	**-**	**777,013**	**12,002,025**	**-**
4.1 Reverse Repos	-	10,569,976	-	-	11,953,666	-
4.2 Other	756,965	72,474	-	777,013	48,359	-
Total (A)	**27,946,793**	**12,965,618**	**327,632**	**27,083,581**	**14,616,604**	**154,220**
B) Derivative instruments						
1. Financial derivatives	**1,711,191**	**43,209,229**	**900,084**	**1,559,408**	**44,615,659**	**1,326,682**
1.1 Trading	1,711,178	39,977,731	900,084	1,559,399	42,308,766	1,326,617
1.2 Related to fair value option	-	10,225	-	-	172	-
1.3 Other	13	3,221,273	-	9	2,306,721	65
2. Credit derivatives	**11,319**	**370,698**	**24,274**	**60,859**	**554,310**	**23,589**
2.1 Trading	11,319	369,866	24,274	60,859	551,585	22,507
2.2 Related to fair value option	-	-	-	-	-	-
2.3 Other	-	832	-	-	2,725	1,082
Total (B)	**1,722,510**	**43,579,927**	**924,358**	**1,620,267**	**45,169,969**	**1,350,271**
Total (A+B)	**29,669,303**	**56,545,545**	**1,251,990**	**28,703,848**	**59,786,573**	**1,504,491**
Total Level 1, Level 2 and Level 3			**87,466,838**			**89,994,912**

Valuations at fair value were classified according to a hierarchy of levels reflecting the significance of the valuations input. For further information see Part A - Accounting Policies - A.4 Information on fair value.

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

The effect as at December 31, 2016, already included in the net presentation of these transactions, totaled €16,025,111 (€15,770,961 as at December 31, 2015).

Item 1. "Debt securities" includes securities related to securitization transactions shown in the following table.

Exposures to securities related to Securitization transactions

(€ '000)

TRANCHING	AMOUNTS AS AT 12.31.2016
Senior	59,878
Mezzanine	-
Junior	-
Total	**59,878**

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

(€ '000)

	AMOUNTS AS AT	
ITEM/VALUES	12.31.2016	12.31.2015
A. Financial assets (non-derivatives)		
1. Debt securities	**16,517,980**	**16,113,962**
a) Governments and Central Banks	10,906,425	10,170,864
b) Other public-sector entities	1,538,800	378,361
c) Banks	2,270,966	3,565,760
d) Other issuers	1,801,789	1,998,977
2. Equity instruments	**11,310,355**	**11,356,506**
a) Banks	1,099,323	1,226,259
b) Other issuers	10,211,032	10,130,247
- insurance companies	*581,435*	*662,974*
- financial companies	*354,323*	*282,663*
- non-financial companies	*9,275,274*	*9,184,610*
- other	-	-
3. Units in investment funds	**2,012,293**	**1,604,899**
4. Loans	**11,399,415**	**12,779,038**
a) Governments and Central Banks	131,568	775,635
b) Other public-sector entities	31,686	-
c) Banks	1,484,010	1,117,806
d) Other issuers	9,752,151	10,885,597
Total A	**41,240,043**	**41,854,405**
B. Derivative instruments		
a) Banks	23,144,224	25,992,216
- fair value	23,144,224	25,992,216
b) Customers	23,082,571	22,148,291
- fair value	23,082,571	22,148,291
Total B	**46,226,795**	**48,140,507**
Total (A+B)	**87,466,838**	**89,994,912**

Part B - Consolidated Balance Sheet - Assets

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 12.31.2016			AMOUNTS AS AT 12.31.2015		
ITEM/VALUES	LEVEL 1	LEVEL 2	LEVEL 3	LEVEL 1	LEVEL 2	LEVEL 3
1. Debt securities	**10,069,803**	**17,339,439**	**27,668**	**17,822,587**	**14,821,106**	**143,588**
1.1 Structured securities	-	7	-	-	1	-
1.2 Other debt securities	10,069,803	17,339,432	27,668	17,822,587	14,821,105	143,588
2. Equity instruments	**13**	**-**	**2**	**12**	**-**	**38,098**
3. Units in investment funds	**16,659**	**145,099**	**13,702**	**-**	**244,989**	**16,358**
4. Loans	**-**	**1,089,276**	**-**	**-**	**1,163,739**	**-**
4.1 Structured	-	-	-	-	-	-
4.2 Other	-	1,089,276	-	-	1,163,739	-
Total	**10,086,475**	**18,573,814**	**41,372**	**17,822,599**	**16,229,834**	**198,044**
Cost	**9,992,072**	**18,284,990**	**41,084**	**17,803,607**	**15,908,658**	**190,828**
Total Level 1, Level 2 and Level 3			**28,701,661**			**34,250,477**

Item 1. "Debt securities" includes securities related to securitization transactions shown in the following table.

Exposures to securities related to Securitization transactions

(€ '000)

TRANCHING	AMOUNTS AS AT 12.31.2016
Senior	11,187
Mezzanine	2,320
Junior	-
Total	**13,507**

Valuations at fair value were classified according to a hierarchy of levels reflecting the significance of the valuations input. For further information see Part A - Accounting Policies - A.4 Information on fair value.

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

(€ '000)

	AMOUNTS AS AT	
ITEM/VALUES	12.31.2016	12.31.2015
1. Debt securities	**27,436,910**	**32,787,281**
a) Governments and central banks	2,455,609	7,654,865
b) Other public-sector entities	18,061,963	17,415,011
c) Banks	6,033,849	6,351,844
d) Other issuers	885,489	1,365,561
2. Equity instruments	**15**	**38,110**
a) Banks	2	2
b) Other issuers:	13	38,108
- insurance companies	-	-
- financial companies	-	-
- non-financial companies	*1*	*38,097*
- other	*12*	*11*
3. Units in investment funds	**175,460**	**261,347**
4. Loans	**1,089,276**	**1,163,739**
a) Governments and central banks	313,263	329,489
b) Other public-sector entities	735,239	795,676
c) Banks	40,774	38,574
d) Other entities	-	-
Total	**28,701,661**	**34,250,477**

Section 4 - Available for sale financial assets - Item 40

4.1 Available for sale financial assets:breakdown by product

(€ '000)

	AMOUNTS AS AT 12.31.2016			AMOUNTS AS AT 12.31.2015		
	LEVEL 1	LEVEL 2	LEVEL 3	LEVEL 1	LEVEL 2	LEVEL 3
1. Debt securities	**100,031,464**	**5,826,127**	**805,687**	**96,115,287**	**5,400,845**	**999,007**
1.1 Structured securities	-	1	13,850	-	95,983	67,832
1.2 Other	100,031,464	5,826,126	791,837	96,115,287	5,304,862	931,175
2. Equity instruments	**160,676**	**1,378,350**	**1,016,444**	**88,609**	**1,483,690**	**756,260**
2.1 Measured at fair value	160,676	1,378,350	689,702	88,609	1,483,690	455,523
2.2 Carried at cost	-	-	326,742	-	-	300,737
3. Units in investment funds	**90,241**	**27,979**	**720,216**	**115,076**	**26,797**	**497,019**
4. Loans	**23,656**	**-**	**99,234**	**22,686**	**-**	**-**
Total	**100,306,037**	**7,232,456**	**2,641,581**	**96,341,658**	**6,911,332**	**2,252,286**
Total Level 1, Level 2 and Level 3			**110,180,074**			**105,505,276**

Valuations at fair value were classified according to a hierarchy of levels reflecting the significance of the valuations input. For additional information see Part A - Accounting Policies - A.4 Information on fair value.

Sub-item “2.1. Equity securities at fair value” includes (i) Banca d’Italia stake (presented among level 2 instruments), with a value of €1,241 million and (ii) ABH Holding SA investments (presented among level 3 instruments and being hedged agst Fx Risk) acquired in contemplation of the sale of PJSC Ukrsotbank to Alfa Group, with a value of €395 million as at December 31, 2016. Investment in the “Schema Volontario” (qualified as level 3 instruments) has been originally booked for €51 million and entirely impaired as at December 2016.

Sub-item “3. Units in investments fund” includes Atlante fund stake (presented among level 3 instruments) with a value of €138.5 million at December 31, 2016.

Item “1. Debt securities" includes securities related to securitization transactions shown in the following table.

Exposures to securities related to Securitization transactions

(€ '000)

TRANCHING	AMOUNTS AS AT 12.31.2016
Senior	8,654
Mezzanine	32,289
Junior	-
Total	**40,943**

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. 5.6% of Banca d’Italia share capital, reducing its shareholding to 16.5% (book value of €1,241 million).

The shares are the result of a capital increase carried out in 2013 when, in order to facilitate the redistribution of shares, a limit of 3% was introduced in respect of holding shares, establishing that after an adjustment period of no more than 36 months starting from December 2013, no voting rights would be applicable to shares exceeding the above limit. In accordance with the Law, the shareholdings can belong to: banks and insurance and re-insurance companies that have their registered and head offices in Italy; foundations pursuant to Art.27 of Italian Legislative Decree No.153 of May 17, 1999; pension and insurance entities and institutions with head office in Italy established in terms of Art. 4, paragraph 1 of Legislative Decree No.252 of December 5, 2005.

During 2015 and 2016, shareholders with excess shares began selling, finalizing sales for around 16.6% 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 December 31, 2016, in line with the figure at the end of the last period and the outcome of the measurement conducted by the committee of high-level experts on behalf of Banca d’Italia at the time of the capital increase in 2013, is supported by the price for the transactions that took place during 2015 and 2016. The relevant measurement was confirmed as level 2 in the fair value classification. Initiatives aimed at selling the shares exceeding the 3% limit are underway, with the completion of this process constituting a significant factor for the sustainability of value in the near future. The development of the secondary market should accelerate the completion of the redeployment of Banca d’Italia’ share capital.

With regard to regulatory treatment at December 31, 2016 (effects on regulatory capital and capital ratios):

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

Part B - Consolidated Balance Sheet - Assets

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 Questio 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 April 2016 UniCredit S.p.A. has signed an agreement with Quaestio SGR, an independent asset management company that manages the Atlante fund, for the sub-underwriting Atlante with reference to the commitments granted by UniCredit S.p.A. in the context of the capital increase of Banca Popolare di Vicenza.
On May 2016, acknowledging the announcement by the Italian Stock Exchange that did not allow the start of the trading on MTA of the ordinary shares of Banca Popolare di Vicenza S.p.A., Quaestio SGR has announced the upcoming underwriting (in the name, on behalf and in the interest of Atlante) of n.15 billion of newly issued ordinary shares of the Bank for a price of Euro 0.10 per share and a total consideration of €1.5 billion. Atlante obtained hence an investment representing 99.33% of share capital of Banca Popolare di Vicenza S.p.A..
On June 30, 2016, acknowledging the final outcome of the Global Offer of Veneto Banca S.p.A. shares, Quaestio SGR has underwritten (in the name, on behalf and in the interest of Atlante) n.9,885,823,295 of newly issued ordinary shares of the Bank for a price of €0.10 per share and a total consideration of €988,582,329.50. Atlante obtained hence an investment representing 97.64% of share capital of Veneto Banca S.p.A.
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 December 31, 2016 UniCredit S.p.A.
- with reference to Atlante fund holds No.845 shares (out of No.4,249 total shares), with a carrying value, in line with the subscription price, of €686 million (equal to amounts already paid), classified as financial assets available for sale. After the evaluation update of the units held as at December 2016 according to an internal evaluation model based on multiples of a banking baskets, integrated with estimates on Atlante's banks NPL credit portfolio and related equity/capital needs, an impairment for €547 million has been recognized. In addition UniCredit S.p.A. has a residual commitment to invest in Atlante for additional €159 million;
- with reference to Atlante II fund holds shares with a carrying value, in line with the subscription price, of €1.1 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 for additional €154 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 December 30, 2016 the stakes indirectly held in Banca Popolare di Vicenza and Veneto Banca. 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 (share of total investments attributable to UniCredit group, amounted to approximately €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 €74 million. Update of evaluation of the instruments as at December 2016, 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, has brought to full impairment of the position.

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

(€ '000)

ITEM/VALUES	AMOUNTS AS AT 12.31.2016	12.31.2015
1. Debt securities	**106,663,278**	**102,515,139**
a) Governments and central banks	96,030,316	91,594,466
b) Other public-sector entities	1,247,623	1,095,231
c) Banks	6,974,787	7,042,134
d) Other issuers	2,410,552	2,783,308
2.Equity instruments	**2,555,470**	**2,328,559**
a) Banks	1,409,924	1,565,807
b) Other issuers:	1,145,546	762,752
- insurance companies	*35,824*	*45,990*
- financial companies	*659,422*	*310,789*
- non-financial companies	*450,101*	*405,744*
- other	*199*	*229*
3. Units in investment funds	**838,436**	**638,892**
4. Loans	**122,890**	**22,686**
a) Governments and central banks	-	-
b) Other public-sector entities	-	-
c) Banks	23,656	22,686
d) Other entities	99,234	-
Total	**110,180,074**	**105,505,276**

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

(€ '000)

ITEM/VALUES	AMOUNTS AS AT 12.31.2016	12.31.2015
1. Financial assets subject to micro-hedging of fair value	**61,631,791**	**61,489,919**
a) Interest rate risk	61,236,357	61,489,919
b) Price risk	-	-
c) Currency risk	395,434	-
d) Credit risk	-	-
e) Multiple risks	-	-
2. Financial assets subject to micro-hedging of cash flows	**-**	**-**
a) Interest rate risk	-	-
b) Currency risk	-	-
c) Other	-	-
Total	**61,631,791**	**61,489,919**

Volumes of financial assets subject to fair value micro-hedging for currency risk refers to the investments of 9.9% into ABH Holding SA shares.

Part B - Consolidated Balance Sheet - Assets

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

5.1 Held-to-maturity investments: breakdown by product

(€ '000)

	AMOUNTS AS AT 12.31.2016				AMOUNTS AS AT 12.31.2015			
	BOOK VALUE	FAIR VALUE			BOOK VALUE	FAIR VALUE		
		LEVEL 1	LEVEL 2	LEVEL 3		LEVEL 1	LEVEL 2	LEVEL 3
1. Debt securities	**3,963,222**	**2,724,622**	**1,249,727**	**39,902**	**1,301,206**	**138,732**	**1,169,931**	**22,820**
- Structured securities	-	-	-	-	-	-	-	-
- Other securities	3,963,222	2,724,622	1,249,727	39,902	1,301,206	138,732	1,169,931	22,820
2. Loans	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total	**3,963,222**	**2,724,622**	**1,249,727**	**39,902**	**1,301,206**	**138,732**	**1,169,931**	**22,820**
Total Level 1, Level 2 and Level 3				**4,014,251**				**1,331,483**

Fair value measurements solely for the purpose of fulfilling market disclosure requirements were classified according to a hierarchy of levels reflecting the significance of the valuation inputs. For further information see Part A - Accounting Policies - A.4 Information on fair value.

The increase in the portfolio of €2,662 million was due substantially to an increase of the stocks held by FinecoBank S.p.A., mainly Italian government bonds, some of which reclassified from the Available for sale portfolio.

Item 1. "Debt securities" includes securities related to securitization transactions shown in the following table.

Exposures to securities related to Securitization transactions

(€ '000)

TRANCHING	AMOUNTS AS AT 12.31.2016
Senior	53,811
Mezzanine	9,556
Junior	-
Total	**63,367**

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

(€ '000)

	AMOUNTS AS AT	
TYPE OPERATIONS/VALUES	12.31.2016	12.31.2015
1. Debt securities	**3,963,222**	**1,301,206**
a) Governments and central banks	3,693,927	978,545
b) Other public-sector entities	106,094	114,919
c) Banks	1,406	4,209
d) Other issuers	161,795	203,533
2. Loans	**-**	**-**
a) Governments and central banks	-	-
b) Other public-sector entities	-	-
c) Banks	-	-
d) Other entities	-	-
Total	**3,963,222**	**1,301,206**
Total fair value	**4,014,251**	**1,331,483**

5.3 Held-to-maturity investments: Assets subject to micro hedging

There are no HTM assets subject to micro hedging.

Section 6 - Loans and receivables with banks - Item 60

Loans and deposits to/from banks

(€ million)

	AMOUNTS AS AT		CHANGE	
	12.31.2016	12.31.2015	AMOUNT	%
Loans to banks	74,692	77,437	-2,745	-3.5%
Deposits from banks	(103,852)	(110,333)	6,481	-5.9%
Changes (negative balance)	**(29,160)**	**(32,896)**	**3,736**	**-11.4%**

6.1 Loans and receivables with banks: breakdown by product

(€ '000)

	AMOUNTS AS AT 12.31.2016				AMOUNTS AS AT 12.31.2015			
	BOOK	FAIR VALUE			BOOK	FAIR VALUE		
TYPE OF TRANSACTIONS/VALUES	VALUE	LEVEL 1	LEVEL 2	LEVEL 3	VALUE	LEVEL 1	LEVEL 2	LEVEL 3
A. Loans to Central Banks	**22,641,061**	**-**	**5,092,017**	**17,523,333**	**19,965,405**	**-**	**5,387,370**	**13,998,258**
1. Time deposits	983,654	X	X	X	3,989,974	X	X	X
2. Compulsory reserves	17,250,565	X	X	X	13,909,071	X	X	X
3. Reverse repos	4,348,510	X	X	X	1,702,269	X	X	X
4. Other	58,332	X	X	X	364,091	X	X	X
B. Loans to banks	**52,050,786**	**532,140**	**39,518,965**	**12,851,996**	**57,471,590**	**403,021**	**43,910,389**	**14,094,106**
1. Loans	**48,964,198**	**-**	**36,901,308**	**12,837,286**	**55,044,334**	**-**	**41,884,689**	**13,981,554**
1.1 Current accounts and demand	18,199,235	X	X	X	17,972,264	X	X	X
1.2 Time deposits	5,146,155	X	X	X	6,157,826	X	X	X
1.3 Other loans	25,618,808	X	X	X	30,914,244	X	X	X
- Reverse repos	*17,576,435*	*X*	*X*	*X*	*24,695,293*	*X*	*X*	*X*
- Finance leases	*2,087*	*X*	*X*	*X*	*3,247*	*X*	*X*	*X*
- Other	*8,040,286*	*X*	*X*	*X*	*6,215,704*	*X*	*X*	*X*
2. Debt securities	**3,086,588**	**532,140**	**2,617,657**	**14,710**	**2,427,256**	**403,021**	**2,025,700**	**112,552**
2.1 Structured	-	*X*	*X*	*X*	-	*X*	*X*	*X*
2.2 Other	*3,086,588*	*X*	*X*	*X*	*2,427,256*	*X*	*X*	*X*
Total	**74,691,847**	**532,140**	**44,610,982**	**30,375,329**	**77,436,995**	**403,021**	**49,297,759**	**28,092,364**
Total impaired assets	**3,990**				**20,445**			

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

The changes that occurred between December 31, 2015 and December 31, 2016 in the ratio between fair value and book value of loans and receivables with banks reflect the refinement of the methodology and the parameters used to determine the fair value for financial statement purposes while the changes regarding the composition of the Fair Value levels mainly reflect the refinement of the measurement methodology more oriented to using market parameters.

It should be noted that securities lending transactions collateralized by other securities or not collateralized are shown under "off-balance sheet" exposures in table A.1.3 of Part E - Section 1 - Credit Risk, in accordance with current Banca d'Italia regulations. See also the Part B of paragraph "Other information".

Part B - Consolidated Balance Sheet - Assets

6.2 Loans and receivables with banks subject to micro-hedging

(€ '000)

TYPE OF TRANSACTIONS/VALUES	AMOUNTS AS AT 12.31.2016	AMOUNTS AS AT 12.31.2015
1. Loans and receivables subject to micro-hedging of fair value	**-**	**7,923**
a) Interest rate risk	-	7,923
b) Currency risk	-	-
c) Credit risk	-	-
d) Multiple risks	-	-
2. Loans and receivables subject to micro-hedging of cash flows	**-**	**-**
a) Interest rate risk	-	-
b) Currency risk	-	-
c) Other	-	-
Total	**-**	**7,923**

6.3 Finance leases

(€ '000)

LESSOR INFORMATION	AMOUNTS AS AT 12.31.2016		AMOUNTS AS AT 12.31.2015	
	MINIMUM LEASE PAYMENTS	PRESENT VALUE OF MINIMUM LEASE PAYMENTS	MINIMUM LEASE PAYMENTS	PRESENT VALUE OF MINIMUM LEASE PAYMENTS
Amounts receivable under finance leases:				
Up to 12 months	1,538	1,517	1,331	1,265
From 1 to 5 years	292	252	1,373	1,267
Later than 5 years	343	318	781	715
Total gross/net investment value	**2,173**	**2,087**	**3,485**	**3,247**
of which: - Unguaranteed residual values of assets leased	*448*	*446*	*997*	*991*
Less: Unearned finance income (by remaining maturity)	**(86)**	**X**	**(238)**	**X**
Present value of minimum lease payments receivable (net investment in the lease)	**2,087**	**2,087**	**3,247**	**3,247**

Section 7 - Loans and receivables with customers - Item 70

7.1 Loans and receivables with customers: breakdown by product

(€ '000)

TYPE OF TRANSACTION/VALUES	AMOUNTS AS AT 12.31.2016						AMOUNTS AS AT 12.31.2015					
	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	**409,855,130**	**14,867**	**24,920,275**	**-**	**151,338,775**	**292,745,983**	**398,364,619**	**41,619**	**38,113,846**	**-**	**158,780,092**	**290,320,675**
1. Current accounts	31,464,935	3,182	2,727,017	X	X	X	35,236,633	21,871	6,855,278	X	X	X
2. Reverse repos	26,739,078	-	1	X	X	X	27,589,307	-	10	X	X	X
3. Mortgages	149,827,411	7,848	11,125,551	X	X	X	143,832,154	11,583	16,599,400	X	X	X
4. Credit cards and personal loans, including wage assignment loans	13,962,078	3	265,778	X	X	X	13,154,036	6	401,420	X	X	X
5. Finance leases	20,022,356	-	3,327,619	X	X	X	21,531,995	-	4,139,730	X	X	X
6. Factoring	9,863,969	-	316,317	X	X	X	9,339,052	-	377,780	X	X	X
7. Other loans	157,975,303	3,834	7,157,992	X	X	X	147,681,442	8,159	9,740,228	X	X	X
Debt securities	**9,757,429**	**-**	**59,781**	**1,066,238**	**7,301,698**	**1,653,916**	**8,749,840**	**-**	**112,055**	**1,173,923**	**6,968,884**	**863,693**
8. Structured securities	-	-	-	X	X	X	-	-	-	X	X	X
9. Other debt securities	9,757,429	-	59,781	X	X	X	8,749,840	-	112,055	X	X	X
Total	**419,612,559**	**14,867**	**24,980,056**	**1,066,238**	**158,640,473**	**294,399,899**	**407,114,459**	**41,619**	**38,225,901**	**1,173,923**	**165,748,976**	**291,184,368**
Total carrying amount Performing and Non-Performing			**444,607,482**						**445,381,979**			

(*) The perimeter of impaired loans is substantially equivalent to the perimeter of EBA Non-Performing-Exposures (NPE).

In the fourth quarter of 2016, the parent company UniCredit S.p.A. and its subsidiary UniCredit Leasing S.p.A. modified the parameters used to estimate the recoverable amount of their credit exposures to customers; in accordance with IAS8 (paragraph 5), since the basis for the measurement of the loans has not been modified, this change qualifies as a “change in accounting estimates”. Detailed information on the effects of this change is provided, as required by IAS8 (paragraph 39) in Part E - Information on risks and hedging policies - Section 1 - Credit Risk, under table “A.1.2 Breakdown of credit exposures by portfolio and credit quality (gross and net values)”, which should be consulted for further information. In addition, following the launch of the “FINO Project", involving a set of credit exposures to customers classified as Non-Performing Loans held for sale (the FINO Portfolio), in accordance with IFRS5, the loans included in the FINO Portfolio (for a gross value at December 31, 2016 of 17,045 million and a net book value of 2,209 million) were reclassified in item "150. Non-current assets and disposal groups classified as held for sale”, given the Group’s intention to gradually dispose of the entire portfolio within 12 months. Again, for complete disclosure, see the information provided in Part E - Information on risks and hedging policies - Section 1 - Credit Risk, under table “A.1.2 Breakdown of credit exposures by portfolio and credit quality (gross and net values)”.

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

The sub-items “2 Reverse repos" and “7. Other transactions” did not include the type of securities lending transactions collateralized by securities or not collateralized. These transactions were classified under "off-balance sheet" exposures of table A.1.6 of Part E - Section 1 - Credit Risk. See also the section "Other Information" of Part B.

The sub-item “7. Other loans” includes:
- € 65,000 million for other non-current account loans (€52,367 million as at December 31, 2015);
- € 9,876 million for pooled transactions (€23,603 million as at December 31, 2015);
- € 11,925 million advances to customers for import/export (€11,199 million as at December 31, 2015);
- € 9,607 million for advances to ordinary customers (€10,215 million as at December 31, 2015);
- € 7,367 million ‘hot money’ transactions (€9,997 million as at December 31, 2015).

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

Part B - Consolidated Balance Sheet - Assets

The changes that occurred between December 31, 2015 and December 31, 2016 in the ratio between fair value and book value of loans and receivables with customers reflect the refinement of the methodology and the parameters used to determine the fair value for financial statement purposes while the changes regarding the composition of the Fair Value levels mainly reflect the refinement of the measurement methodology more oriented to using market parameters.

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.

Debt securities include securities related to securitization transactions shown in the following table.

Exposures to securities related to Securitization transactions

(€ '000)

TRANCHING	AMOUNTS AS AT 12.31.2016
Senior	6,379,186
Mezzanine	495,392
Junior	41,586
Total	**6,916,164**

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

(€ '000)

	AMOUNTS AS AT 12.31.2016			AMOUNTS AS AT 12.31.2015		
		NON-PERFORMING			NON-PERFORMING	
TYPE OF TRANSACTION/VALUES	PERFORMING	PURCHASED	OTHERS	PERFORMING	PURCHASED	OTHERS
1. Debt securities:	**9,757,429**	**-**	**59,781**	**8,749,840**	**-**	**112,055**
a) Governments	101,811	-	-	100,842	-	-
b) Other public-sector entities	1,143,419	-	-	1,064,605	-	80,844
c) Other issuers	8,512,199	-	59,781	7,584,393	-	31,211
- non-financial companies	*388,288*	-	-	*264,849*	-	-
- financial companies	*7,716,209*	-	*59,781*	*6,903,555*	-	*31,211*
- insurance companies	*406,374*	-	-	*415,989*	-	-
- other	*1,328*	-	-	-	-	-
2. Loans to:	**409,855,130**	**14,867**	**24,920,275**	**398,364,619**	**41,619**	**38,113,846**
a) Governments	8,752,622	-	191,488	8,648,908	-	47,930
b) Other public-sector entities	12,389,150	-	155,820	14,849,981	-	323,321
c) Other entities	388,713,358	14,867	24,572,967	374,865,730	41,619	37,742,595
- non-financial companies	*229,725,589*	*8,109*	*17,476,386*	*218,618,622*	*27,173*	*28,310,062*
- financial companies	*49,042,894*	*762*	*748,277*	*48,322,518*	*4,181*	*1,188,491*
- Insurance companies	*750,176*	-	*9,656*	*843,461*	-	*9,295*
- other	*109,194,699*	*5,996*	*6,338,648*	*107,081,129*	*10,265*	*8,234,747*
Total	**419,612,559**	**14,867**	**24,980,056**	**407,114,459**	**41,619**	**38,225,901**
Total Performing and Non-Performing			**444,607,482**			**445,381,979**

(*) The perimeter of impaired loans is substantially equivalent to the perimeter of EBA Non-Performing-Exposures (NPE).

For further details see the Consolidated Report on Operations or Part E - Information on risks and hedging policies - Credit quality.

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

7.3 Loans and receivables with customers hedged assets

(€ '000)

TYPE OF TRANSACTION/VALUES	AMOUNTS AS AT 12.31.2016	12.31.2015
1. Loans and receivables subject to micro-hedging of fair value	**221,039**	**341,423**
a) interest rate risk	221,039	219,457
b) currency risk	-	-
c) credit risk	-	121,966
d) multiple risk	-	-
2. Loans and receivables subject to micro-hedging of cash flows	**251**	**327**
a) interest rate risk	251	327
b) currency risk	-	-
c) other	-	-
Total	**221,290**	**341,750**

7.4 Finance leases

(€ '000)

	AMOUNTS AS AT 12.31.2016		AMOUNTS AS AT 12.31.2015	
LESSOR INFORMATION	MINIMUM LEASE PAYMENTS	PRESENT VALUE OF MINIMUM LEASE PAYMENTS	MINIMUM LEASE PAYMENTS	PRESENT VALUE OF MINIMUM LEASE PAYMENTS
Amounts receivable under finance leases				
Up to 12 months	4,848,747	4,237,324	5,960,254	5,291,395
From 1 to 5 years	10,433,725	8,888,971	10,842,422	9,028,632
Later than 5 years	11,346,093	10,223,680	12,779,818	11,351,698
Total gross/net investment value	**26,628,565**	**23,349,975**	**29,582,494**	**25,671,725**
of which: Unguaranteed residual assets due to the lessor	*2,963,889*	*2,945,187*	*5,969,670*	*5,948,103*
Less: Unearned finance income (by remaining maturity)	**(3,278,590)**	**X**	**(3,910,769)**	**X**
Present value of minimum lease payments receivable (net investment in the lease)	**23,349,975**	**23,349,975**	**25,671,725**	**25,671,725**

Section 8 - Hedging derivatives - Item 80

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

(€ '000)

	AMOUNTS AS AT 12.31.2016				AMOUNTS AS AT 12.31.2015			
	FAIR VALUE			NOTIONAL AMOUNT	FAIR VALUE			NOTIONAL AMOUNT
	LEVEL 1	LEVEL 2	LEVEL 3		LEVEL 1	LEVEL 2	LEVEL 3	
A. Financial derivatives	**6**	**4,514,591**	**-**	**161,718,529**	**-**	**5,264,927**	**5,098**	**178,137,197**
1) Fair value	6	4,054,360	-	151,863,416	-	4,786,294	5,098	149,370,734
2) Cash flows	-	460,231	-	9,855,113	-	478,633	-	28,766,463
3) Net investment in foreign	-	-	-	-	-	-	-	-
B. Credit derivatives	**-**	**-**	**-**	**-**	**-**	**123**	**1**	**68,000**
1) Fair value	-	-	-	-	-	123	1	68,000
2) Cash flows	-	-	-	-	-	-	-	-
Total	**6**	**4,514,591**	**-**	**161,718,529**	**-**	**5,265,050**	**5,099**	**178,205,197**
Total Level 1, Level 2 e Level 3			**4,514,597**				**5,270,149**	

Valuations at fair value were classified according to a hierarchy of levels reflecting the significance of the valuations input. For further information see Part A - Accounting Policies.

Part B - Consolidated Balance Sheet - Assets

8.2 Hedging derivatives: breakdown by hedged assets and risk (book value)

(€ '000)

	AMOUNTS AS AT 12.31.2016								
	FAIR VALUE HEDGES						CASH-FLOW HEDGES		
	MICRO-HEDGE								
TRANSACTIONS/TYPE OF HEDGES	INTEREST RATE RISK	CURRENCY RISK	CREDIT RISK	PRICE RISK	MULTIPLE RISKS	MACRO-HEDGE	MICRO-HEDGE	MACRO-HEDGE	FOREIGN INVESTM.
1. Available-for-sale financial assets	2,486	2,182	-	-	-	X	-	X	X
2. Loans and receivables	802,244	-	-	X	-	X	1,714	X	X
3. Held-to-maturity investments	X	-	-	X	-	X	-	X	X
4. Portfolio	X	X	X	X	X	2,194,265	X	442,812	X
5. Other investments	-	-	-	-	-	X	-	X	-
Total assets	**804,730**	**2,182**	**-**	**-**	**-**	**2,194,265**	**1,714**	**442,812**	**-**
1. Financial liabilities	26,612	-	-	X	-	X	-	X	X
2. Portfolio	X	X	X	X	X	1,026,577	X	15,705	X
Total liabilities	**26,612**	**-**	**-**	**-**	**-**	**1,026,577**	**-**	**15,705**	**-**
1. Expected transactions	X	X	X	X	X	X	-	X	X
2. Financial assets and liabilities portfolio	X	X	X	X	X	-	X	-	-

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

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

(€ '000)

	AMOUNTS AS AT	
CHANGES TO HEDGED ASSETS/GROUPS COMPONENTS	12.31.2016	12.31.2015
1. Positive changes	**4,435,595**	**4,513,419**
1.1 of specific portfolios:	427,041	349,117
a) loans and receivables	*427,041*	*349,117*
b) available-for-sale financial assets	-	-
1.2 overall	4,008,554	4,164,302
2. Negative changes	**2,078,148**	**1,872,162**
2.1 of specific portfolios:	238,440	107,402
a) loans and receivables	*238,440*	*107,402*
b) available-for-sale financial assets	-	-
2.2 overall	1,839,708	1,764,760
Total	**2,357,447**	**2,641,257**

9.2 Assets subject to macro-hedging of interest-rate risk

(€ '000)

	AMOUNTS AS AT	
	12.31.2016	12.31.2015
1. Loans and receivables	85,855,313	94,910,507
2. Available-for-sale financial assets	-	-
3. Portfolio	56,398,486	90,398,632
Total	**142,253,799**	**185,309,139**

Section 10 - Equity investments - Item 100

10.1 Equity investments: information on shareholders' equity

	NAME	MAIN OFFICE	ADMINISTRATIVE OFFICE	TYPE OF RELATIONSHIP [1]	NATURE OF RELATIONSHIP [5]	OWNERSHIP RELATIONSHIP HELD BY	OWNERSHIP RELATIONSHIP 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	[4]
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	
18	YAPI KREDI YATIRIM MENKUL DEGERLER AS Issued capital TRY 197,682,787	ISTANBUL	ISTANBUL	7	2	YAPI KREDI FINANSAL KIRALAMA AO	..	
						YAPI VE KREDI BANKASI AS	40.89	

Part B - Consolidated Balance Sheet - Assets

	NAME	MAIN OFFICE	ADMINISTRATIVE OFFICE	TYPE OF RELATIONSHIP (1)	NATURE OF RELATIONSHIP (5)	OWNERSHIP RELATIONSHIP HELD BY	HOLDING %	VOTING RIGHTS % (2)
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 SOTTOPOSTE A INFLUENZA NOTEVOLE							
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	ZAGREB	ZAGREB	8	5	ZAGREBACKA BANKA D.D.	49.00	
	Issued capital HRK 15,000,000							
23	ALLIANZ ZB D.O.O. DRUSTVO ZA UPRAVLJANJIE OBVEZNIM MIROVINSKIM FONDOM	ZAGREB	ZAGREB	8	5	ZAGREBACKA BANKA D.D.	49.00	
	Issued capital HRK 90,000,000							
24	ASSET BANCARI II	MILAN	MILAN	8	2	UNICREDIT SPA	33.78	
	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	41.29
	Issued capital EUR 55,000,000					UNICREDIT BANK AUSTRIA AG	9.85	5.42
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	CASH SERVICE COMPANY AD	SOFIA	SOFIA	8	5	UNICREDIT BULBANK AD	20.00	
	Issued capital BGN 12,500,000							
32	CBD INTERNATIONAL SP.ZO.O.	WARSAW	WARSAW	8	2	ISB UNIVERSALE BAU GMBH	49.75	
	Issued capital PLN 100,500							
33	CNP UNICREDIT VITA S.P.A.	MILAN	MILAN	8	4	UNICREDIT SPA	38.80	
	Issued capital EUR 381,698,528							
34	COINV S.P.A.	MILAN	MILAN	8	5	UNICREDIT SPA	12.00	
	Issued capital EUR 167,767,089							
35	COMPAGNIA AEREA ITALIANA S.P.A.	FIUMICINO (ROME)	FIUMICINO (ROME)	8	5	UNICREDIT SPA	32.67	
	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	CONSORZIO SE.TEL. SERVIZI TELEMATICI IN LIQUIDAZIONE	NAPLES	NAPLES	8	5	UNICREDIT BUSINESS INTEGRATED SOLUTIONS SOCIETA CONSORTILE PER AZIONI	33.33	
	Issued capital EUR 4,647							
38	CREDIFARMA SPA	ROME	ROME	8	2	UNICREDIT SPA	16.25	
	Issued capital EUR 10,462,000							

	NAME	MAIN OFFICE	ADMINISTRATIVE OFFICE	TYPE OF RELATIONSHIP (1)	NATURE OF RELATIONSHIP (5)	OWNERSHIP RELATIONSHIP HELD BY	HOLDING %	VOTING RIGHTS % (2)
39	CREDITRAS ASSICURAZIONI SPA Issued capital EUR 52,000,000	MILAN	MILAN	8	4	UNICREDIT SPA	50.00	
40	CREDITRAS VITA SPA Issued capital EUR 112,200,000	MILAN	MILAN	8	4	UNICREDIT SPA	50.00	
41	DA VINCI S.R.L. Issued capital EUR 100,000	ROME	ROME	8	5	FONDO SIGMA IMMOBILIARE	25.00	
42	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	
43	EUROPROGETTI & FINANZA S.P.A. IN LIQUIDAZIONE Issued capital EUR 5,636,400	ROME	ROME	8	2	UNICREDIT SPA	39.79	
44	FENICE HOLDING S.P.A. IN LIQUIDAZIONE Issued capital EUR 25,682,932	CALENZANO	CALENZANO	8	5	UNICREDIT SPA	25.91	
45	FOCUS INVESTMENTS SPA Issued capital EUR 50,000	MILAN	MILAN	8	5	UNICREDIT SPA	8.33	25.00
46	INCONTRA ASSICURAZIONI S.P.A. Issued capital EUR 5,200,000	MILAN	MILAN	8	4	UNICREDIT SPA	49.00	
47	MACCORP ITALIANA SPA Issued capital EUR 1,134,020	MILAN	MILAN	8	2	UNICREDIT SPA	25.45	
48	MEDIOBANCA BANCA DI CREDITO FINANZIARIO SPA Issued capital EUR 435,510,047	MILAN	MILAN	8	1	UNICREDIT SPA	8.56	
49	MEGAPARK OOD Issued capital BGN 50,936,362	SOFIA	SOFIA	8	5	UNIVERSALE INTERNATIONAL REALITAETEN GMBH	49.24	
50	MULTIPLUS CARD D.O.O. ZA PROMIDZBU I USLUGE Issued capital HRK 5,000,000	ZAGREB	ZAGREB	8	2	SUVREMENE POSLOVNE KOMUNIKACIJE D.O.O	75.00	25.00
51	NAUTILUS TANKERS LIMITED Issued capital USD 2,000	LA VALLETTA	LA VALLETTA	8	5	HVB CAPITAL PARTNERS AG	45.00	
52	NOTARTREUHANDBANK AG Issued capital EUR 8,030,000	VIENNA	VIENNA	8	1	UNICREDIT BANK AUSTRIA AG	25.00	
53	OBERBANK AG	LINZ	LINZ	8	1	CABO BETEILIGUNGSGESELLSCHAFT M.B.H.	23.76	25.97
	Issued capital EUR 105,869,525					UNICREDIT BANK AUSTRIA AG	3.41	1.32
54	OESTERREICHISCHE HOTEL- UND TOURISMUSBANK GESELLSCHAFT M.B.H. Issued capital EUR 11,628,000	VIENNA	VIENNA	8	1	UNICREDIT BANK AUSTRIA AG	50.00	
55	OESTERREICHISCHE KONTROLLBANK AKTIENGESELLSCHAFT	VIENNA	VIENNA	8	1	CABET-HOLDING GMBH	24.75	
	Issued capital EUR 130,000,000					SCHOELLERBANK AKTIENGESELLSCHAFT	8.26	
						UNICREDIT BANK AUSTRIA AG	16.14	
56	OESTERREICHISCHE WERTPAPIERDATEN SERVICE GMBH Issued capital EUR 36,336	VIENNA	VIENNA	8	2	UNICREDIT BANK AUSTRIA AG	29.30	
57	PAYDIREKT BETEILIGUNGSGESELLSCHAFT PRIVATER BANKEN MBH Issued capital EUR 104,082	BERLIN	BERLIN	8	5	UNICREDIT BANK AG	24.02	
58	PSA PAYMENT SERVICES AUSTRIA GMBH	VIENNA	VIENNA	8	2	CAFU VERMOEGENSVERWALTUNG GMBH & CO OG	4.50	4.50
	Issued capital EUR 285,000					SCHOELLERBANK AKTIENGESELLSCHAFT	0.02	4.52
						UNICREDIT BANK AUSTRIA AG	19.48	

Part B - Consolidated Balance Sheet - Assets

	NAME	MAIN OFFICE	ADMINISTRATIVE OFFICE	TYPE OF RELATIONSHIP (1)	NATURE OF RELATIONSHIP (5)	OWNERSHIP RELATIONSHIP HELD BY	OWNERSHIP RELATIONSHIP HOLDING %	VOTING RIGHTS % (2)
59	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
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 10.1 - Equity investments in joint ventures (valued at equity) and in companies under significant influence:

(1) Type of relationship:
7 = joint control;
8 = associates.
(2) Voting rights available at the general meeting. Voting rights are disclosed only if different from the percentage of ownership;
(3) Company owned by an entity fully consolidated under IFRS10;
(4) SPV consolidated IFRS11;
(5) Nature of relationship:
1= Banks;
2= Financial entities;
3= Ancillary banking entities services;
4= Insurance enterprises;
5= Non-financial enterprises;
6= Other equity investments.

See Section 3 of Part A - Accounting Policies for a description of the consolidation procedures and scope.

Companies consolidated at equity decreased from 67 at the end of December 2015 to 65 at the end of December 2016. This overall decrease of 2 entities results from 1 inclusions and 3 exclusions.

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

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

	NUMBER OF COMPANIES
A. Opening balance (from previous year)	**67**
B. Increased by	**1**
B.1 Newly established companies	-
B.2 Change of the consolidation method	-
B.3 Entities consolidated for the first time in the year	1
C. Reduced by	**3**
C.1 Disposal/Liquidation	3
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" are classified 9 entities subject to significant influence.

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

The decreases in the 2016 refer to:
- the sale of Smia S.p.A, Sp Projektentwicklung Schoenefeld Gmbh & Co.Kg;
- the liquidation of Rembra Leasing Gesellschaft M.B.H. In Liq.

The following table shows the investments in entities at Equity held by joint ventures.

Investments in entities at equity held by joint ventures

COMPANY NAME	MAIN OFFICE
ALLIANZ YASAM VE EMEKLILIK AS	ISTANBUL
YAPI KREDI KORAY GAYRIMENKUL YATIRIM	ISTANBUL
BANQUE DE COMMERCE ET DE PLACEMENTS SA	GENEVA

We remind that, since 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.

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

COMPANY NAME	MAIN OFFICE
FENICE HOLDING S.P.A. IN LIQUIDAZIONE (ex.FENICE HOLDING S.P.A.)	CALENZANO
YAPI KREDI DIVERSIFIED PAYMENT RIGHTS FINANCE COMPANY (ex.YAPI KREDI DIVERSIFIED PAYMENT RIGHTS FINANCE)	GEORGE TOWN

The following table shows the breakdown of item “100.Equity investments” in associates and joint ventures reporting the adopted accounting method held either directly or through consolidated subsidiaries.

	NUMBER OF ENTITY	CARRYING VALUE
Joint ventures accounted for under equity method	19	2,398,485
Associates accounted for under equity method	46	3,726,978
Entities controlled either directly or through consolidated subsidiaries held at cost	187	12,875
Joint Venture held either directly or through consolidated subsidiaries at cost	31	1,915
Associates held either directly or through consolidated subsidiaries at cost	27	18,298
Total	**310**	**6,158,551**

Part B - Consolidated Balance Sheet - Assets

10.2 Significant Shareholdings: book value, fair value and dividends received

NAME	BALANCE SHEET VALUE	FAIR VALUE (*)	DIVIDENDS RECEVED (**)	NOTE
A. Companies under joint control				
KOC FINANSAL HIZMETLER AS	2,396,676			(3)
B. Companies subject to significant influence				
AVIVA SPA	188,421		40,795	
BANK FUER TIROL UND VORARLBERG AKTIENGESELLSCHAFT	531,480	270,940	3,910	(1)
BKS BANK AG	242,676	197,649	2,715	(1)
CNP UNICREDIT VITA S.P.A.	354,581		9,683	(2)
CREDITRAS VITA SPA	397,759		10,000	
MEDIOBANCA BANCA DI CREDITO FINANZIARIO SPA	754,173	577,994	20,124	(1)
OBERBANK AG	590,042	572,464	5,277	(1)
OESTERREICHISCHE KONTROLLBANK AKTIENGESELLSCHAFT	369,869		9,840	(2)
Total	**5,825,677**	**1,619,046**	**102,344**	

Notes:
(1) Please note that on the basis of the international accounting standards, equity investments in associates listed on regulated markets with a fair value (price) lower than consolidated book value are impairment tested by calculating recoverable value, stated as the greater of fair value net of costs to sell and value in use, and an impairment loss is recognized when the said recoverable value is lower than the book value.
At December 31, 2016 the recoverable value of the equity investments in associates listed on regulated markets, was higher than the book value after impairment, with the exception of the company Bank Fuer Tirol und Vorarlberg Aktiengesellschaft for which a write-down was recognized (for more details see Part C - Section 16). For the other companies listed on regulated markets no write-downs were recognized in addition to those previously recognized.
Regarding Koc Finansal Hizmetler AS it should be noted that the shareholding in the subsidiary Yapi Ve Kredi Bankasi AS (its main asset) has a fair value (quote) pro rata amounting to €1,645,001thousand. The book value of Koc Finansal Hizmetler AS as at December 31, 2016 was checked through an assessment of the recoverable value measured through the valuation model. As at December 31, 2016 the recoverable amount of Koc Finansal Hizmetler AS, stated as the greater between the fair value net of cost to sell and the value in use, was less than the consolidated book value and, therefore, a write-down was recognized (for more details see Part C - Section 16).

(2) Please note that on the basis of the international accounting standards, equity investments in associates for which there is objective evidence of occurrence of events that may reduce their value, are impairment tested by calculating recoverable value, stated as the greater of fair value net of costs to sell and value in use, and an impairment loss is recognized when the said recoverable value is lower than the book value. Please note that the write-downs were recognized for the companies CNP UNICREDIT VITA S.p.A. and OSTERREICHISCHE KONTROLLBANK AKTIENGESELLSCHAFT (for more details see Part C - Section 16).

(3) The data was taken from the 2016 draft financial statements approved by the competent corporate bodies. If not available, it was taken from the latest approved financial statements or statement of financial position.

(*) It should be noted that all investments in listed associates show a fair value at level 1 (L1).

(**) Dividends received by the investor company.

10.3 Significant equity investments: accounting information

The information of an accounting nature indicated in the financial statements of the investee companies used for the purposes of measurement with the net equity method is presented below. These figures include any adjustments made on measuring the equity investment. As regards the KOC FINANSAL HIZMETLER AS equity investment the figures refer to the data of the related sub-group for the stake in the equity held.

NAME	CASH AND LIQUID ASSETS	FINANCIAL ASSET	NON-FINANCIAL ASSET	FINANCIAL LIABILIES	NON-FINANCIAL LIABILITIES	TOTAL REVENUES	THE INTEREST MARGIN
A. Companies under joint control							
KOC FINANSAL HIZMETLER AS	564,146	28,080,305	892,537	24,974,776	1,707,522	2,981,889	981,287
B. Companies subject to significant influence							
AVIVA SPA	X	9,975,500	219,380	90,450	9,886,700	2,262,900	X
BANK FUER TIROL UND VORARLBERG AKTIENGESELLSCHAFT	X	8,997,579	521,372	8,365,306	306,415	339,650	X
BKS BANK AG	X	6,702,415	207,091	6,171,388	223,876	271,466	X
CNP UNICREDIT VITA S.P.A.	X	13,028,137	929,482	1,091,322	12,055,523	2,912,303	X
CREDITRAS VITA SPA	X	25,393,014	1,119,898	15,563,968	10,295,849	676,026	X
MEDIOBANCA BANCA DI CREDITO FINANZIARIO SPA (1)	X	57,947,400	2,428,800	49,501,600	2,043,550	2,213,500	X
OBERBANK AG	X	17,988,986	803,119	16,123,097	784,925	646,453	X
OESTERREICHISCHE KONTROLLBANK AKTIENGESELLSCHAFT	X	25,007,037	208,621	23,292,681	1,719,343	327,412	X

NAME	ADJUSTMENTS TO THE BACKS ON TANGIBLE AND INTAGIBLE ASSETS	PROFIT (LOSS) FROM CONTINUING OPERATIONS BEFORE TAXES	PROFIT (LOSS) FROM CONTINUING OPERATIONS NET OF TAX	PROFIT (LOSS) FROM GROUP OF ASSETS HELD FOR SALE NET OF TAX	NET PROFIT (LOSS) (1)	OTHER COMPREHENSIVE INCOME, NET OF TAX (2)	COMPREHENSIVE INCOME (3) = (1) + (2)
A. Companies under joint control							
KOC FINANSAL HIZMETLER AS	(36,876)	469,868	378,299	-	378,299	(7,147)	371,152
B. Companies subject to significant influence							
AVIVA SPA	X	109,300	57,500	-	57,500	-	57,500
BANK FUER TIROL UND VORARLBERG AKTIENGESELLSCHAFT	X	80,187	52,775	-	52,775	(38,629)	14,146
BKS BANK AG	X	49,930	45,051	-	45,051	(668)	44,383
CNP UNICREDIT VITA S.P.A.	X	67,667	51,339	-	51,339	21,307	72,645
CREDITRAS VITA SPA	X	108,402	78,294	-	78,294	62,849	141,142
MEDIOBANCA BANCA DI CREDITO FINANZIARIO SPA (1)	X	784,450	630,950	-	630,950	(24,062)	606,888
OBERBANK AG	X	196,811	167,449	-	167,449	38,222	205,671
OESTERREICHISCHE KONTROLLBANK AKTIENGESELLSCHAFT	X	53,232	41,823	-	41,823	-	41,823

(1) It should be noted that the accounting information is based on reclassified consolidated balance sheet and reclassified consolidated profit and loss of Mediobanca Group published on its official website.

Part B - Consolidated Balance Sheet - Assets

For each significant equity investments the reconciliation between the book value of the equity investment and the information of an accounting nature presented in the company's financial statements is presented below.

NAME	BALANCE SHEET VALUE	EQUITY PROQUOTA	GOODWILL ON CONSOLIDATION
A. Companies under joint control			
KOC FINANSAL HIZMETLER AS	2,396,676	2,854,674	-
B. Companies subject to significant influence			
AVIVA SPA	188,421	188,421	-
BANK FUER TIROL UND VORARLBERG AKTIENGESELLSCHAFT	531,480	556,187	-
BKS BANK AG	242,676	273,630	-
CNP UNICREDIT VITA S.P.A.	354,581	354,581	-
CREDITRAS VITA SPA	397,759	397,759	-
MEDIOBANCA BANCA DI CREDITO FINANZIARIO SPA	754,173	754,173	-
OBERBANK AG	590,042	590,042	-
OESTERREICHISCHE KONTROLLBANK AKTIENGESELLSCHAFT	369,869	369,869	-

With reference to the nature of the relationships see Section 10.1.

The carrying amount of the investments in Koc Finansal Hizmetler AS and in Bank Fuer Tirol und Vorarlberg Aktiengesellschaft was affected by the write-downs made during the year while the carrying amount of the investments in Bks Bank AG was affected by the write-downs made over the previous years.

10.4 Non-significant equity investments: accounting information

The information of an accounting nature presented in the company's financial statements shown for the related stake in the equity held is presented below. These figures include any adjustments made on measuring the equity investment.

NAME	BALANCE SHEET VALUE OF SHAREHOLDING	TOTAL ASSET	TOTAL LIABILITIES	TOTAL REVENUES	PROFIT (LOSS) FROM CONTINUING OPERATIONS NET OF TAX	PROFIT (LOSS) FROM GROUPS HELD FOR SALE, NET OF TAX	NET PROFIT (LOSS) (1)	OTHER COMPREHENSIVE INCOME, NET OF TAX (2)	COMPREHENSIVE INCOME (3) = (1) + (2)	NOTES
Companies under joint control	1,809	25,047	23,237	465	(38)	-	(38)	-	(38)	
Companies subject to significant influence	297,977	3,378,421	3,245,954	1,116,064	27,426	-	27,426	4,692	32,118	(1) (2)

Notes:
(1) For the following companies, COMPAGNIA AEREA ITALIANA S.P.A., CREDITFARMA S.P.A., ES SHARED CENTER SOCIETA' PER AZIONI, MACCORP ITALIANA S.P.A., FENICE HOLDING S.P.A, FOCUS INVESTMENT S.P.A., the book value in the consolidated financial statements reflects the results of a valuation of the investments taking into account the relevant contractual agreements.
(2) Please note that on the basis of the international accounting standards, equity investments in associates for which there is objective evidence of occurrence of events that may reduce their value, are impairment tested by calculating recoverable value, understood as the greater of fair value net of costs to sell and value in use, and an impairment loss is recognised when the said recoverable value is lower than the book value. Please note that a write-down was recognized for company COINV S.P.A.,ADLER FUNDING LLC, SMIA S.P.A., FOCUS INVESTMENTS.P.A. and COMPAGNIA AEREA ITALIANA S.P.A. (for more details see Part C - Section 16).

10.5 Equity investments: annual changes

(€ '000)

	CHANGES IN	
	2016	2015
A. Opening balance	**6,576,603**	**6,479,456**
B. Increases	**900,256**	**786,944**
B.1 Purchases	38,871	71,651
B.2 Write-backs	1,736	80
B.3 Revaluation	-	-
B.4 Other changes	859,649	715,213
C. Decreases	**1,318,308**	**689,795**
C.1 Sales	47,643	54,032
C.2 Write-downs	588,903	52,503
C.3 Other changes	681,762	583,260
D. Closing balance	**6,158,551**	**6,576,605**
E. Total revaluation	**-**	**-**
F. Total write-downs	**1,450,890**	**855,561**

10.6 Valuation and significant assumptions to establish the existence of joint control or significant influence

The Group has classified among associates the entities governed through voting rights with reference to which it can participate in defining the operating or financial policies through possession of at least 20% of the voting rights or the possibility of appointing members of the governing body. In particular, as shown in Table "10.1 Equity investments: information on shareholding relationships", we can note that the investees Mediobanca, COINV and Credifarma are classified among associates, although the Group does not have more than 20% of the voting rights, in virtue of the possibility of appointing members of the governing body.

The Group has classified its investees among jointly-controlled equity investments in the presence of agreements that state that decisions on significant activities are taken with the unanimous consent of all parties that share control.
These agreements, in particular, attribute to the Group rights related only to the net assets and not rights to the assets and obligations on the liabilities of the investee.

As at December 31, 2016 the following were carried at cost:
- 27 equity investments (all held either directly or through consolidated subsidiaries) in associates;
- 31 equity investments (o.w. 5 held either directly or through consolidated subsidiaries) in jointly-controlled companies.

10.7 Commitments related to equity investments in jointly-controlled companies

There are no commitments related to jointly-controlled companies.

10.8 Commitments related to equity investments in companies subject to significant influence

At December 31, 2016, we can note the commitment to subscribe the recapitalisation of Compagnia Aerea Italiana S.p.A. (formerly Alitalia–Compagnia Aerea Italiana S.p.A.) with an expense of €4.98 million.

10.9 Significant restrictions

At December 31, 2016, we can note the following:
- **Accenture Back Office And Administration Services S.p.A.**: existence of a shareholders' agreement on the basis of which, starting from 2015, the Group's possibility to participate in the profits in the form of dividend distribution, and the obligations to make good any losses of the company are limited to €100,000;
- **Value Transformation Services S.p.A.**: existence of a shareholders' agreement which limits the Group's possibility to participate in the profits, in the form of dividend distribution, and in the losses to a maximum amount of €300,000;
- **ES Shared Service Center S.p.A.**: existence of a shareholders' agreement which limits the Group's possibility to participate in the profits, in the form of dividend distribution, and the obligations to make good any losses to a maximum amount of 5% of the said profits or losses.

Even though not directly concluded by UniCredit S.p.A. or one of its subsidiaries, we disclose the existence of contractual agreements between Compagnia Area Italiana (CAI) and its subsidiary Alitalia SAI that limit the ability of the latter to distribute dividends to the achievement of certain parameters in terms of liquidity and net income margins.

Finally the ability to receive dividends or capital distributions from associates is subordinated to the majority, also qualified, or unanimous decision of the relevant corporate body as provided by the law or by specific shareholder agreements.

Part B - Consolidated Balance Sheet - Assets

10.10 Other information

With reference to significant equity investments in associates and jointly-controlled companies, the net equity method was applied starting from the 2016 draft financial statements approved by the competent corporate bodies or from the reports approved in the three previous months.

With reference to non-significant equity investments in associates and jointly-controlled companies, in limited cases financial statements or reports with a date prior to 3 months from December 31, 2016 were used, if no more up-to-date reports were available.

However, if financial statements or reports with a date other than December 31, 2016 were used, no subsequent transactions or events emerged such as to require an adjustment of the results contained therein.

Section 11 - Insurance reserves attributable to reinsurers - Item 110

There are no amounts to be shown.

Section 12 - Property, plant and equipment - Item 120

Property, plant and equipment, which include land, buildings used in the business, real estate investments, technical furniture and fittings, amounted to €9,092 million at end 2016, down by €581 million over the end of 2015 (€9,673 million).

12.1 Property, plant and equipment used in the business: breakdown of assets carried at cost

(€' 000)

ASSETS/VALUES	AMOUNTS AS AT 12.31.2016	AMOUNTS AS AT 12.31.2015
1. Owned assets	**6,925,239**	**7,041,142**
a) land	1,521,863	1,269,333
b) buildings	2,367,613	2,432,116
c) office furniture and fitting	281,328	290,452
d) electronic systems	499,826	524,842
e) other	2,254,609	2,524,399
2 Leased assets	**48,724**	**48,617**
a) land	14,937	14,678
b) buildings	32,799	33,097
c) office furniture and fitting	-	-
d) electronic systems	-	-
e) other	988	842
Total	**6,973,963**	**7,089,759**

As of December 31, 2016 the assets for operational use “other” include €1.4 billion related to a windmill park owned by Ocean Breeze Energy GmbH & Co. KG, for more qualitative and quantitative information please refer to the Part E.

12.2 Property, plant and equipment held for investment: breakdown of assets carried at cost

(€' 000)

ASSETS/VALUES	AMOUNTS AS AT 12.31.2016				AMOUNTS AS AT 12.31.2015			
	BOOK VALUE	FAIR VALUE			BOOK VALUE	FAIR VALUE		
		LEVEL 1	LEVEL 2	LEVEL 3		LEVEL 1	LEVEL 2	LEVEL 3
1. Owned assets	**2,049,191**	**-**	**91,311**	**2,549,740**	**2,504,124**	**-**	**104,400**	**2,810,648**
a) land	882,421	-	19,054	926,440	922,053	-	20,543	944,611
b) buildings	1,166,770	-	72,257	1,623,300	1,582,071	-	83,857	1,866,037
2. Leased assets	**10,676**	**-**	**-**	**10,677**	**10,306**	**-**	**-**	**10,306**
a) land	10,000	-	-	10,000	10,000	-	-	10,000
b) buildings	676	-	-	677	306	-	-	306
Total	**2,059,867**	**-**	**91,311**	**2,560,417**	**2,514,430**	**-**	**104,400**	**2,820,954**
Total Level 1, Level 2 and Level 3				**2,651,728**				**2,925,354**

Fair value measurements solely for the purpose of fulfilling disclosure requirements were classified according to a hierarchy of levels reflecting the significance of the valuation inputs. For further information see Part A - Accounting Policies - A.4 Information on fair value.

12.3 Property, plant and equipment used in the business: breakdown of revalued assets

There are no revaluated property, plant and equipment used in the business.

12.4 Property, plant and equipment held for investment: breakdown of assets designated at fair value

(€' 000)

ASSETS/VALUES	AMOUNTS AS AT 12.31.2016 LEVEL 1	LEVEL 2	LEVEL 3	AMOUNTS AS AT 12.31.2015 LEVEL 1	LEVEL 2	LEVEL 3
1. Owned assets	**-**	**-**	**57,728**	**-**	**-**	**68,860**
a) land	-	-	271	-	-	257
b) buildings	-	-	57,457	-	-	68,603
2. Leased assets	**-**	**-**	**-**	**-**	**-**	**-**
a) land	-	-	-	-	-	-
b) buildings	-	-	-	-	-	-
Total	**-**	**-**	**57,728**	**-**	**-**	**68,860**
Total Level 1, Level 2 and Level 3			**57,728**			**68,860**

Under IAS40.32A the Group uses the revaluation model (fair value) to measure investment properties linked with liabilities which pay a return linked to the fair value of the relevant investments.

12.5 Property, plant and equipment used in the business: annual changes

(€' 000)

	CHANGES IN 2016 LAND	BUILDINGS	OFFICE FURNITURE AND FITTINGS	ELECTRONIC SYSTEMS	OTHER	TOTAL
A. Gross opening balance	**1,290,211**	**5,177,670**	**1,402,403**	**2,969,167**	**3,936,072**	**14,775,523**
A.1 Total net reduction in value	-	(2,470,796)	(1,105,204)	(2,400,232)	(1,358,027)	(7,334,259)
A.2 Net opening balance	**1,290,211**	**2,706,874**	**297,199**	**568,935**	**2,578,045**	**7,441,264**
B Increases	**328,901**	**295,845**	**66,548**	**182,596**	**474,669**	**1,348,559**
B.1 Purchases	303,278	202,635	63,268	163,701	436,283	1,169,165
B.2 Capitalised expenditure on improvements	-	45,884	-	-	-	45,884
B.3 Write-backs	550	828	37	118	224	1,757
B.4 Increases in fair value:	-	-	-	-	-	-
a) in equity	-	-	-	-	-	-
b) through profit or loss	-	-	-	-	-	-
B.5 Positive exchange differences	1,056	19,227	237	2,133	9,436	32,089
B.6 Transfer from properties held for investment	14,907	18,833	-	-	-	33,740
B.7 Other changes	9,110	8,438	3,006	16,644	28,726	65,924
C. Reductions	**82,312**	**602,307**	**82,419**	**251,705**	**797,117**	**1,815,860**
C.1 Disposals	10,009	24,043	1,389	20,872	129,488	185,801
C.2 Depreciation	-	117,283	65,742	161,766	298,275	643,066
C.3 Impairmente losses	2,142	9,682	397	8,056	8,956	29,233
a) in equity	-	-	-	-	-	-
b) through profit or loss	*2,142*	*9,682*	*397*	*8,056*	*8,956*	*29,233*
C.4 Reduction of fair value:	-	-	-	-	-	-
a) in equity	-	-	-	-	-	-
b) through profit or loss	-	-	-	-	-	-
C.5 Negative exchange differences	308	8,486	171	1,458	2,168	12,591
C.6 Trasfer to:	69,792	431,608	6,270	40,183	288,029	835,882
a) property, plant and equipment held for	*42,845*	*49,838*	-	-	-	*92,683*
b) assets held for sale	*26,947*	*381,770*	*6,270*	*40,183*	*288,029*	*743,199*
C.7 Other changes	61	11,205	8,450	19,370	70,201	109,287
D. Net final balance	**1,536,800**	**2,400,412**	**281,328**	**499,826**	**2,255,597**	**6,973,963**
D.1 Total net reduction in value	-	(2,244,905)	(1,069,793)	(2,186,397)	(1,310,540)	(6,811,635)
D.2 Gross closing balance	**1,536,800**	**4,645,317**	**1,351,121**	**2,686,223**	**3,566,137**	**13,785,598**
E. Carried at cost	**-**	**-**	**-**	**-**	**-**	**-**

Part B - Consolidated Balance Sheet - Assets

12.6 Property, plant and equipment held for investment: annual changes

(€' 000)

	CHANGES IN 2016		
	LAND	BUILDINGS	TOTAL
A Opening balances	**932,911**	**1,656,655**	**2,589,566**
B. Increases	**83,736**	**148,820**	**232,556**
B.1 Purchases	9,842	41,426	51,268
B.2 Capitalised expenditure on improvements	94	11,491	11,585
B.3 Increases in fair value	-	-	-
B.4 Write backs	11,619	2,603	14,222
B.5 Positive exchange differences	1,554	4,747	6,301
B.6 Transfer from properties used in the business	42,845	49,838	92,683
B.7 Other changes	17,782	38,715	56,497
C. Reductions	**123,955**	**580,572**	**704,527**
C.1 Disposals	47,473	109,266	156,739
C.2 Depreciation	-	61,946	61,946
C.3 Reductions in fair value	-	1,538	1,538
C.4 Impairment losses	14,069	75,495	89,564
C.5 Negative exchange differences	477	1,118	1,595
C.6 Transfer to:	58,716	304,246	362,962
a) Properties used in the business	*14,907*	*18,833*	*33,740*
b) Non current assets classified as held for sale	*43,809*	*285,413*	*329,222*
C.7 Other changes	3,220	26,963	30,183
D. Closing balances	**892,692**	**1,224,903**	**2,117,595**
E. Measured at fair value	**955,494**	**1,696,234**	**2,651,728**

12.7 Commitments to purchase property, plant and equipment

(€' 000)

	AMOUNTS AS AT	
	12.31.2016	12.31.2015
A. Contractual commitments	5,931	8,437

Outstanding commitments refer to the purchase of property, plant and equipment.

Section 13 - Intangible assets - Item 130

An Intangible asset is an identifiable non-monetary asset without physical substance, to be used for several years. Intangible assets include goodwill and, among "other intangible assets", brands, core deposits, customer relationships and software.
Goodwill is the excess of the cost of a business combination over the net fair value of the assets and liabilities of companies or businesses at the acquisition date.
At December 31, 2016 this item was €3,191 million against €3,652 million at December 31, 2015. The decrease is due to impairment losses recognized in the fourth quarter of 2016 and split by the goodwill and other intangible assets generated internally.

13.1 Intangible assets: breakdown by asset type

(€' 000)

	AMOUNTS AS AT 12.31.2016		AMOUNTS AS AT 12.31.2015	
ASSETS/VALUES	FINITE LIFE	INDEFINITE LIFE	FINITE LIFE	INDEFINITE LIFE
A.1 Goodwill	**X**	**1,483,721**	**X**	**1,744,231**
A.1.1 attributable to the Group	X	1,483,721	X	1,744,231
A.1.2 attributable to minorities	X	-	X	-
A.2 Other intangible assets	**1,614,702**	**92,957**	**1,814,931**	**92,957**
A.2.1 Assets carried at cost:	1,614,702	92,957	1,814,931	92,957
a) Intangible assets generated internally	*1,228,358*	-	*1,420,037*	-
b) Other assets	*386,344*	*92,957*	*394,894*	*92,957*
A.2.2 Assets valued at fair value:	-	-	-	-
a) Intangible assets generated internally	-	-	-	-
b) Other assets	-	-	-	-
Total	**1,614,702**	**1,576,678**	**1,814,931**	**1,837,188**
Total finite and indefinite life		**3,191,380**		**3,652,119**

The Group does not use the revaluation model (fair value) to measure intangible assets.
Intangible Assets - Other - Indefinite life include trademarks (brands) referred to FinecoBank.
Intangible Assets - Other - Definite life include:

- Customer Relationships and Core Deposits of €2 million;
- Software of €262 million;
- Licenses, patents and similar rights of €112 million.

Part B - Consolidated Balance Sheet - Assets

13.2 Intangible assets: annual changes

(€' 000)

	CHANGES IN 2016					
		OTHER INTANGIBLE ASSETS				
		GENERATED INTERNALLY		OTHER		
	GOODWILL	FINITE LIFE	INDEFINITE LIFE	FINITE LIFE	INDEFINITE LIFE	TOTAL
A. Gross opening balance	**20,013,850**	**2,609,495**	**-**	**7,064,043**	**994,734**	**30,682,122**
A.1 Total net reduction in value	(16,395,505)	(1,189,458)	-	(6,436,908)	(901,777)	(24,923,648)
A.2 Net opening balance	**3,618,345**	**1,420,037**	**-**	**627,135**	**92,957**	**5,758,474**
B. Increases	**16,874**	**434,592**	**-**	**166,458**	**-**	**617,924**
B.1 Purchases	-	28,741	-	143,437	-	172,178
B.2 Increases in intangible assets generated internally	X	377,413	-	-	-	377,413
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	16,874	8,192	-	11,735	-	36,801
B.6 Other changes	-	20,246	-	11,286	-	31,532
C. Reduction	**2,151,498**	**626,271**	**-**	**407,249**	**-**	**3,185,018**
C.1 Disposals	-	34,431	-	2,509	-	36,940
C.2 Write-downs	260,510	588,755	-	143,217	-	992,482
- amortization	X	303,169	-	139,540	-	442,709
- write-downs	260,510	285,586	-	3,677	-	549,773
+ in equity	*X*	-	-	-	-	-
+ through profit or loss	*260,510*	*285,586*	-	*3,677*	-	*549,773*
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	1,851,970	-	-	196,454	-	2,048,424
C.5 Negative exchange differences	39,018	211	-	6,995	-	46,224
C.6 Other changes	-	2,874	-	58,074	-	60,948
D. Net Closing Balance	**1,483,721**	**1,228,358**	**-**	**386,344**	**92,957**	**3,191,380**
D.1 Total net write-down	(15,387,748)	(1,597,703)	-	(5,051,264)	(901,777)	(22,938,492)
E. Gross closing balance	**16,871,469**	**2,826,061**	**-**	**5,437,608**	**994,734**	**26,129,872**
F. Carried at cost	**-**	**-**	**-**	**-**	**-**	**-**

As at December 31, 2016, in accordance with the accounting standard IFRS5, all assets of Pekao Group and Pioneer Groups (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), are recognized under item “Non-current assets and disposal groups classified as held for sale” and measured at the lower value between carrying value and Sale price less costs to sell.

The Goodwill book value as at December 31, 2016 (€1,484 million) affected by exchange difference occurred during the period related to the original currencies in which goodwill was recognized: respectively €17 million positive in USA and €39 million negative in Poland.

The other decreases relating to goodwill, equal to €1,852 million, refers to the classification of goodwill of Pekao Group and Pioneer Group to item “Non-current assets and disposal groups classified as held for sale”. The goodwill has been subject to valuation in accordance to with the accounting standard IFRS5 as indicated in Sections 21- Profit (Loss) after tax from discontinued operations - Item 310.

The impairment of goodwill through Profit and Loss was approximately €261 million as indicated in the following paragraph 13.3.

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

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 12.31.2015	AMORTIZATION	IMPAIRMENT	OTHER CHANGES (*)	TOTAL 12.31.2016
Trademarks	93	-	-	-	93
Core deposits and customer relationships	75	(17)	-	(56)	2
Goodwill	3,618	-	(261)	(1,873)	1,484
TOTAL	**3,786**	**(17)**	**(261)**	**(1,929)**	**1,579**

(*) Mainly due to exchange rate effect related to intangible assets in foreign currency and reclassification based on the IFRS5 accounting principle.

Trademarks and goodwill are considered indefinite-life intangible assets. They are expected to contribute indefinitely to income flows.
The other intangible assets noted have finite useful lives, originally valued by discounting financial flows over the residual lifetime of the relationships in place on the date of the business combination from which they derive. Finite-life intangible assets are subject to amortization based on the associated useful life.
The types of intangible assets noted as a result of business combinations and the methods used to determine their associated fair value on the acquisition date are indicated below.

Trademarks

The fair value of initial recognition of trademarks is determined using the "relief from royalty" method, which estimates their value based on the payments received for granting their use to third parties. Royalties are calculated by applying the royalty rate to the income flows (operating income adjusted for the items not associated with the trademarks themselves).

In summary, the method consists of three stages:

- determination of the royalty rate (based on a comparison with similar cases or calculated analytically);
- application of the royalty rate to income flows;
- determination of the present value of royalties after tax, calculated by applying a discount rate that takes into account the risk context of the trademark being valued.

The residual gross amount as at December 31, 2016 of intangible assets with an indefinite useful life (trademarks) refers only to FinecoBank as to €93 million.

Core Deposits

The value of the Core Deposit comes from the fact that part of the short-term deposits of a bank (current accounts and savings deposits) and current account overdrafts remains deposited in the accounts for significant periods of time.
The useful life of the relationship is longer than the contract duration. The spread between the actual cost of deposits by means of Core Deposits and the cost of deposits at interbank market rates (the markdown) represents the most significant value component associated with this intangible asset. The income planning used to determine the fair value of Core Deposits also takes into account the fee component, which contributes to the total income from these relationships.
The determination of the fair value of this asset is based on the discounting of cash flows that represent the income margins generated by the deposits over the residual duration of the relationships in place on the date of acquisition. Inasmuch as these are finite-life assets, the associated value is amortized on a straight line over the expected duration of their economic benefit.
As of December 31, 2016, the residual value of the Core Deposits is equal to zero due to fully write-off as of December 31, 2013.

Part B - Consolidated Balance Sheet - Assets

Customer Relationships

Assets under Management (AuM)

The value of this intangible asset comes mainly from the ability of the company to obtain a profit from the placement of products that are related to the assets managed with its own customers.
The income flows used to value this asset when first posted are:
- for the placement banks, the fees granted by the producers;
- for the producers, the fees received from the customers, net of fees paid, mainly to the placement banks.

These fees are considered recurring, because they are tied to managed assets held by customers.

As of December 31, 2016, the residual value of Assets under Management is equal to zero due to fully write-off as of December 31, 2013.

Assets under Custody (AuC)

The value of this intangible asset comes mainly from the ability of the company to obtain a profit from customer assets under administration.
The income flows used to value this asset when first posted consist of the fees received for the work associated with assets under administration.
These fees are considered recurring, because they are generated by the normal activity of customers acting on their own portfolios.
As of December 31, 2016, the residual value of the Assets under custody is equal to zero due to fully write-off as of December 31, 2013.

Life Insurance

The value of this intangible asset comes mainly from the ability of the company to obtain a profit from the placement of products related to the "bancassurance" business with its own customers.
The income flows used to value this asset when first posted consist of the fees received for the work associated with the bancassurance business.
These fees are considered recurrent because, from the point of view of the investor, they are similar to the products of managed/administered deposits.
As of December 31, 2016, the residual value of the Life insurance is equal to zero due to fully write-off as of December 31, 2013.

Products

This intangible asset relates to the profitability generated by trading on behalf of the asset management companies of the Group. The income flows used to evaluate this asset when first posted consist of the fees received for the brokerage work on behalf of the asset management companies themselves. These fees are considered recurring, because they are generated by the normal activity of the funds in which customers' deposits have been invested.
Furthermore, in some cases, the value of the asset is related to fees received for the disbursement of regional incentives.
As of December 31, 2016, the residual value of the Products is equal to zero due to fully write-off as of December 31, 2013.

Other

This intangible asset includes all other types of so-called customer relationships, including by way of example those deriving from the ability of the company to obtain placement fees on third-party bonds and from securities auctions.
The average residual useful life of Other 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.

Impairment testing of intangible assets during business combinations

In accordance with IAS36, impairment testing of all indefinite-useful-life intangible assets, including goodwill must be performed at least annually and, in any case, whenever there is objective evidence of the occurrence of events that may have reduced their value (trigger events).
For UniCredit the trigger event is a market capitalization lower than Shareholders' Equity.

Recoverable value is the greater of the value in use (present value of future cash flows generated by the asset being valued) and the associated fair value, less costs to sell.

The recoverable value of intangible assets subject to impairment testing must be determined for the individual assets, unless both the following conditions exist:
- the value in use of the asset is not estimated to be close to the fair value, net of sales costs;
- the asset does not generate incoming cash flows largely independent of those coming from other assets.

If these conditions exist, the impairment test is conducted at the level of the Cash Generating Unit (CGU), as required by the cited accounting principle.

It should be noted that the impairment testing performed by the UniCredit group by way of the determination of the value in use of the Cash Generating Units (CGU), as described below, includes both indefinite-useful-life intangible assets (goodwill and trademarks) and finite-useful-life intangible assets (core deposits and customer relationships), whenever the loss indicators provided for by the accounting principle occur.
We believe that core deposits and customer relationships cannot be subjected to separate impairment testing, because these assets do not generate cash flows independent of the cash flows from other assets.
It should be noted that intangible assets and Cash Generating Units are subjected to impairment testing with reference to their current state, without taking account of the effects of restructuring plans/programs not yet approved by the competent bodies.
With reference to the positive fair value adjustments on loans to customers, recorded according to the purchase method, it should be noted that their sustainability is tested within the overall carrying value of the Group as part of the impairment test of the intangible assets as the performance of an analytical impairment test would be excessively burdensome. To this regard the adjustment to amortized cost of the loans associated with these positive fair value adjustments is deducted from the Group’s income flows of the period.
For the purposes of the impairment testing, the value in use of the so-called Cash Generating Units (CGUs) to which these intangible assets are allocated must be calculated taking into account the cash flows for all assets and liabilities included in the CGUs and not only those for which goodwill and/or the intangible asset were recorded when applying IFRS3.
Finally, please note that the impairment test performed by the UniCredit group consists of two stages:

- the first stage compares the recoverable amount and the carrying amount of each CGU;
- the second stage compares the recoverable amount and the carrying amount of the Group as a whole in order to include in the analysis the negative income flows and the positive carrying amount of assets that cannot be allocated (“corporate center”) in accordance with IAS36.

Definition of Cash Generating Units (CGU)

Estimating the value in use for the purposes of any impairment testing of intangible assets, including goodwill, which does not generate cash flows except in conjunction with other business assets, requires that these assets first be attributed to operating units that are relatively autonomous in the business context (from the points of view of independent cash flows generated and of internal planning and reporting). These operating units are defined as Cash Generating Units (CGU).
In accordance with the provisions of IFRS3 and IAS36, for the purposes of impairment testing, goodwill has been allocated to the following operational Divisions of the Group, identified as CGUs.

The CGU is the lowest level at which goodwill is monitored at Group level. The CGUs identified correspond to the organizational business units through which the Group develops its activity.

For a detailed description of the Group’s CGU refer to Part L - Segment Reporting of this Notes to the Consolidated Accounts.

The book value of the CGUs

The book value of the CGUs is determined in accordance with the criterion used to determine their recoverable value. The recoverable value of the CGUs includes flows from their respective financial assets and liabilities, so the book value must also include the financial assets and liabilities generating those flows.
The book value of each CGU is determined based on its contribution to consolidated Shareholders’ Equity, including minority interests. Specifically, the book value of the CEE CGU, excluding CEE Leasing, is determined as the total of individual book values of each company in the consolidated financial statements (corresponding to their book Shareholders’ Equity), taking into account any intangible assets recognized at the time of purchase (net of later amortization and impairment) and the consolidation entries.
Since it would be excessively complex to determine the carrying amount of the other CGUs on the basis of book values, it was necessary to use operational factors to break them down correctly. Specifically, the operational driver that is used is allocated capital, which is calculated as the Risk-Weighted Assets absorption of the single CGU. In any case, intangible assets are attributed to the CGUs in accordance with the available accounting information.

Part B - Consolidated Balance Sheet - Assets

The carrying amounts of the CGUs as at December 31, 2016, determined as described above, and the portions of goodwill and other intangible assets allocated to each of them are shown below.

(€ million)

CASH GENERATING UNIT (CGU)	VALUE AS AT 12.31.2016	OF WHICH GOODWILL (GROUP SHARE)	OF WHICH OTHER INTANGIBLE ASSET (*)
Commercial Banking Italy	8,359	8	-
Commercial Banking Germany	3,617	-	-
Commercial Banking Austria	2,372	-	-
CIB Global	8,584	878	-
Asset Gathering	850	597	62
CEE	16,537	-	-
Non-Core	5,570	-	-
Total	**45,889**	**1,484**	**62**

(*) Stated amounts are net of deferred taxes.
Any discrepancies in this table and between data given in the above table and other information in the Notes to the Accounts are solely due to the effect of rounding.

Estimating cash flows to determine the value in use of the CGUs

In accordance with IAS36, the impairment test for indefinite-life intangible assets must be performed at least annually and whenever there is any indication that their value may be impaired. The referenced accounting principles require that the impairment test is carried out by comparing the book value of each CGU with its recoverable value. When the latter proves to be less than the book value, a write-down must be recorded in the financial statement. The recoverable amount of the CGU is the greater of its fair value (net of costs to sell) and the related value in use.

Projections

The impairment test at 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.

Pursuant to paragraph 44 of the above mentioned IAS36, for the purposes of the goodwill impairment test, the optimization effect of the Risk Weighted Assets (RWAs), included in the data of the Strategic Plan, which could have led to a higher residual value of the CGUs and the Group, was not taken into account. In particular this effect arises from revisions to the models for assessing risk, planned but not yet finalized and subject to future validation and approval procedures by the relevant Authorities whose results of the validation process are still uncertain.

With regard to the scope for the purposes of the impairment test, it should be noted that the organizational structure of the Cash Generating Units reflects the organizational structure of the Group as of December 31, 2016, which excludes CGUs Poland and Asset Management which are related to the two legal entities classified in IFRS5 (Pekao and Pioneer).

Macroeconomic scenario

The following tables show the forecasts concerning the main macroeconomic indicators, related to the markets in which the Group operates, which are underlying to the latest Strategic Plan "Transform 2019", of which projections have been used for December 2016 Impairment Test purposes.

y/y % changes

ITALY	2016F	2017F	2018F	2019F
GDP	0.9	0.6	0.9	1.0
Inflation (CPI)	0.0	1.0	1.1	1.3
Unemployment rate	11.5	11.1	10.7	10.4

y/y % changes

GERMANY	2016F	2017F	2018F	2019F
GDP	1.7	0.9	1.7	1.8
Inflation (CPI)	0.4	1.6	1.7	1.8
Unemployment rate	6.3	6.7	7.3	7.8

y/y % changes

AUSTRIA	2016F	2017F	2018F	2019F
GDP	1.5	1.1	1.6	1.6
Inflation (CPI)	1.1	1.8	2.0	1.9
Unemployment rate	6.0	6.1	6.0	5.8

FINANCIAL INDICATORS	2016F	2017F	2018F	2019F
Euribor 3m eop	-0.4	-0.4	-0.2	-0.1
BTP - Bund spread (10y, eop)	110	100	90	70

CENTRAL EASTERN EUROPE (CEE)

	REAL GDP GROWTH		INFLATION (CPI) YOY, AVG	
	2017	2019	2017	2019
Hungary	**2.3**	**2.5**	**2.0**	**2.9**
Czech Rep.	**2.1**	**2.5**	**1.7**	**2.2**
Slovenia	**1.7**	**1.7**	**1.2**	**1.0**
Bulgaria	**3.0**	**3.4**	**0.7**	**2.2**
Romania	**3.1**	**3.0**	**2.0**	**2.5**
Croatia	**1.2**	**2.0**	**1.0**	**2.0**
Bosnia-H.	**3.0**	**3.0**	**1.9**	**2.0**
Serbia	**2.2**	**2.0**	**2.9**	**3.0**
Turkey	**4.0**	**4.5**	**8.4**	**6.7**
Russia	**1.1**	**2.0**	**5.8**	**4.1**

	INTERBANK RATES, AVG		EXCHANGE RATES, AVG	
	2017	2019	2017	2019
Hungary	**0.8**	**2.0**	**322.5**	**328.5**
Czech Rep.	**0.3**	**0.9**	**27.1**	**26.0**
Slovenia	**EUR**	**EUR**	**EUR**	**EUR**
Bulgaria	**-0.4**	**-0.2**	**2.0**	**2.0**
Romania	**0.6**	**1.1**	**4.5**	**4.5**
Croatia	**0.6**	**0.7**	**7.6**	**7.5**
Bosnia-H.	**EUR**	**EUR**	**2.0**	**2.0**
Serbia	**3.7**	**4.3**	**123.1**	**125.0**
Turkey	**9.5**	**8.8**	**3.4**	**3.9**
Russia	**9.1**	**6.8**	**72.4**	**69.9**

Part B - Consolidated Balance Sheet - Assets

Impairment test model

The calculation of the value in use for impairment testing purposes was conducted using a Discounted Cash Flow model (DCF). The cash flows were determined by subtracting from net profit (gross of minority interests) the annual capital requirement generated by changes in risk-weighted assets. This capital requirement is defined as the level of capitalization that the Group aims to achieve in the long term, also in light of the minimum regulatory capital requirements.

The Discounted Cash Flow model used by the Group is based on three stages:

- first period from 2017 to 2019, which relies on the Strategic Plan approved by the Board of Directors on December 12, 2016, properly adjusted as previously mentioned, in accordance with IAS 36.44;
- intermediate period from 2020 to 2024, for which the cash-flow projections are extrapolated by applying, from the last explicit forecast period (2019), growth rates decreasing to those of the "Terminal value";
- "Terminal value" determined with nominal growth rates of 2%. The average growth rate of real GDP in the eurozone from 1996 to 2015 was 1.5%. The nominal rate of 2%, corresponding to approximately 0% in real terms, was chosen for prudential reasons.

The application of an intermediate period is due to allow a normalization in parameters used (i.e. cost of equity and nominal growth rate) before the convergence to the Terminal Value, since the Group operates in different regions and business segments characterized by different risk profile and growth prospects. The growth rates for the intermediated period are defined in such a way that the weighted average of the intermediate period and the terminal value are not higher than a cap, defined by applying a haircut to the historical average of long-term growth of the respective areas or business segments.

Group assets or shared assets (corporate assets) are allocated to the CGUs to which they refer, where applicable. For the portion not allocable of these assets, the recoverable amount is assessed at overall Group level (so-called "corporate center").

Strategic Plan "Transform 2019"

The Strategic Plan was prepared with the aim of maintaining a sustainable level of profitability over time, leveraging on of a simple commercial bank business model, strengthening cross-selling activities and offering customers access to an extensive network.The Strategic Plan is broken down into five pillars indicated below:

- significant **capital strengthening**, to align the capital ratios with the best G-SIIs, whose average CET1 ratio (fully phased) was 13.1% based on quarterly data published as of September 30, 2016[15];
- **improvement of the quality of balance sheet assets**, both in terms of resolution of the issues associated with the Italian loans portfolio (legacy of the underwriting activities mainly going back to the years before the financial crisis that affected the Italian and European banking system), through a proactive de-risking of balance sheet assets and increasing the coverage ratio of non-performing loans and in parallel strengthening risk management policies to enhance new loans underwriting;
- **transformation of the operating model**, in order to reduce the cost to serve customers, whilst at the same time increasing customer focus and the quality of products and services, leveraging on IT investments;
- **maximizing the value of the commercial bank**, capitalizing on the potential of the retail customer base and exploiting the position of "go to" bank status for corporate customers in Western Europe, further strengthening the leadership position in Central and Eastern Europe ("CEE") and the generation of synergies across divisions and countries, taking advantage of Corporate and Banking Division (CIB) being fully plugged into commercial bank activities; and
- the adoption of a **lean but steering centre**, with the implementation of key performance indicators cascaded to the divisions and networks, streamlining support functions and the transparent allocation of costs between divisions.

UCGs' Strategic Directions

Commercial Banking Italy

Commercial Banking Italy will focused on **the transformation of the operating model** through sales channels redesign, the improvement of interaction with customers through a simplification of the product range and the digitalization of key processes, the reduction of "in-branch transactions" and low value added functions through self-service. All this will also permit a further streamlining of the Italian headquarter. In addition the Group will further strengthen the **new origination discipline** by centralizing underwriting for selected portfolios, focusing on investment grade customers, increasing the share of small business clients eligible for automatic lending , as well as setting up a pre-approved decision process for personal loans. **Tight monitoring will be implemented** through the use of advanced early warning signals and KPIs and automatic triggering of classification to worst status, a faster deleveraging on riskier customers vs. competitors.

15 Source: Bank data processing based of published financial statements.

Commercial Banking Germany
The Commercial Bank in Germany aims to:
- **further enhance a strong position in Corporate Banking** through the increase of the domestic market share and the expansion of the international business. This will be achieved through a comprehensive restructuring of the SME business by changing the service model and the introduction of digital services
- **continue the growth strategy in Private Banking & Wealth Management,** strengthening the positioning of Asset Gathering with both existing and new clients, leveraging on synergies with Corporate Banking, focusing on investment services
- attain **selective growth in Retail** by increasing proactive sales to target customers, growing in consumer finance with existing clients, renewing focus on bancassurance.

The streamlining of the headquarters will simplify Group corporate center interactions (e.g. reporting) and reorganize accountability leading to a more efficient decision making.

Commercial Banking Austria
Continuing the project launched in the previous MYP, the Group is comprehensively restructuring the retail segment in order to develop the business in a sustainable way, while significantly bringing down its cost-income ratio. Furthermore the Private & affluent segments revenues will be sustained by AUM volumes growth, clients acquisition and commercial synergies with Corporate and CEE.

Corporate & Investment Banking ("CIB")
On CIB division UCG intends to maintain a strict cost discipline through further simplification while maintaining a constant focus on risk culture and RWA optimization. On the business side CIB intends to leverage on Group synergies, capturing existing cross-selling opportunities across networks and divisions, focusing on joint ventures with Commercial Banking. The Group aims to confirm and improve market leadership in debt finance and GTB, leveraging on international network and clients and intensifying markets capabilities for corporate and financial institutions.

Central and Eastern Europe ("CEE")
CEE division is expected to **transform via innovation and digitalization** thanks to a further strengthening of Big Data and analytics to exploit cross-selling and increase market penetration, continuing to maintain a lean cost structure. It aims to **capture synergies with the Group** improving networks focus on cross-selling to inbound/outbound clients and best practices sharing.

Asset Gathering
Asset Gathering will keep a strong focus on lending products' enhancement and will grow in investment services supported by the boost of productivity of the PFA network that, taking a more aggressively Robo Advisory approach (more structured asset allocation based on algorithmic / quantitative approach) will be able to dedicate more time to client relationship.

Non-core
Transform 2019 is very focused on the improvement of the asset quality of the Group through a proactive review of NPE evaluation, the disposal of a substantial amount of bad loans via a securitization vehicle, the increase of coverage ratios that will enable a run down acceleration and additional decisive actions on workout and UTP portfolio in the Non-core segment.

Discount rates of cash flows and Capital Targets
The main assumptions used by Management to calculate the CGUs' recoverable amount were as follows:

CGU	INITIAL DISCOUNT RATE NET OF TAX (KE)	FINAL DISCOUNT RATE NET OF TAX (KE)	NOMINAL GROWTH RATE USED TO CALCULATE TERMINAL VALUE
Commercial Banking Italy	10.7%	9.5%	2.0%
Commercial Banking Germany	8.7%	9.0%	2.0%
Commercial Banking Austria	9.1%	9.1%	2.0%
CIB	9.0%	9.0%	2.0%
Asset Gathering	8.7%	9.0%	2.0%
Central Eastern Europe (CEE) (1)	17.1%	10.7%	2.0%
Non-Core	10.7%	9.5%	2.0%

(1) The discount rate used for Central Eastern Europe CGUs are the weighted arithmetic mean of the discount rates in local currency used for individual countries.

As shown in the above table, future financial flows were discounted using a conservative estimate of the discount rate, incorporating the various risk factors linked to the business sector into the cost of equity (Ke). The discount rate is a nominal rate, net of taxes.

Part B - Consolidated Balance Sheet - Assets

In particular, the cost of equity for the CGUs is the sum of the following:

- Country rate: whose calculation method is different depending on whether the CGU is global (operating in various countries) or relating to a single region:
  - Global CGUs: Country rate is the sum of:
    - Risk-free rate: the average over the last six years of the five-year Bund. The six-year horizon was adopted in line with the average economic cycle in the eurozone;
    - Debt risk premium: the average over the last six years of the Credit Default Swap paid by UniCredit.
  - Commercial Banking: due to the high regional specificity, rather than the risk-free rate and the debt risk premium, the Country rate is the rate of benchmark government bonds of the Country and, in particular:
    - for Commercial Banking Italy the last six years average of the 5-year BTP;
    - for Commercial Banking Austria the last six years average of the 5-year Austrian government bond rate;
    - for Commercial Banking Germany the last six years average of the 5-year Bund.
- Equity Risk Premium: calculated using the Option Price Based Model, based on the volatility of UniCredit's share price over the last six years. For global CGUs, the last six years' average volatility of a basket of banks operating in the same sector was used.

The cost of equity for CEE is differentiated for each single country and it is the sum of the following:

- Risk-free rate: the average over the last six years of the five-year local currency swap rate. If no swap rate was available, the most liquid and representative interbank rate was taken;
- Country risk premium: the average Credit Default Swap paid by the country over the last six years (in some countries, if a sufficiently long historical series is not available, a shorter period or the asset swap spread paid by a benchmark Government bond with the same maturity issued by such country is considered);
- Equity Risk Premium: calculated using the Option Price Based Model, based on the volatility of UniCredit's share price over the last six years.

The cost of equity as defined above converges in a linear way to the cost of equity of Strategic Plan 2019 and then to the Terminal Value, over the 5 years intermediate period considered in the model, to a specific value for each CGU. This value is determined taking into account the macro scenario embedded in Strategic projections and therefore the related Net Profit.

Prudentially, the cost of equity for the Global Business Lines (CIB, AG) was floored for the entire valuation period, at the level of the lowest of Commercial Banking CGUs.

Another parameter used by the model to calculate the initial allocated capital and its evolution over time is the Common Equity Tier 1 ratio target. For Western Europe Businesses, the target Common Equity Tier 1 ratio is 10 % for 2016 while for CEE countries the initial values are set to the actual ratios. The Common Equity Tier 1 ratio increases to 12% in 2017 and to 12.5% in 2018 consistently with the new target set in the Strategic Plan approved in December 2016, as one of the pillars of "Transform 2019" is capital strengthening.

Results of the impairment test

The impairment test as at December 31, 2016 did not confirm the goodwill sustainability and indicated the need for an impairment on the consolidated accounts of UniCredit group.

The impairment testing requires firstly to compare the book value of assets and liabilities attributed to each CGU with its respective recoverable amount. As a result of this comparison was identified the need of a write-off of the goodwill allocated to CBK Germany CGU set to -€261 million, with a direct impact on the consolidated accounts of UniCredit group.

The main reasons of goodwill impairment are related to the Group's new Strategic Plan "Transform 2019" and the underlying Macro Scenario, which has been reviewed versus the one used in previous impairment test taking into consideration the recent developments of macro and financial KPIs. On top of that, the increase of the Common Equity Tier 1 ratio target to 12.5% in 2018, consistently with the Strategic Plan target, has been a key determinant of goodwill impairment.

It must be underlined that the parameters and information used to verify the recoverability of goodwill (in particular the expected cash flows for the various CGU, and the discount rates applied) are significantly influenced by the macroeconomic and market situation, which may be subject, to changes currently unpredictable. In the coming reporting periods, the effect of these changes, and of changes in the corporate strategies, could therefore lead to a review of the estimated cash flows of the various CGUs and of the assumptions about the main financial variables (discount rates, expected growth rates, Common Equity Tier 1 ratio, etc.) that could impact the results of the future impairment tests.

Sensitivity analysis

As the current macroeconomic and market environment affecting the financial sector make this assessment remarkably complex and that consequently forecast of future long-term profitability are difficult to be made, sensitivity analyses were conducted, assuming changes to the main parameters used in the impairment test.

The table below summarizes (for the CGUs which still have goodwill) the percentage deviations of the initial assumptions (cost of equity, capital ratio, long-term growth rate and streams of income used for the estimation of cash flows) adopted for the different CGUs, that lead the recoverable amount of each CGU equal to its book value:

CGUs €/MN	INCREASE IN THE DISCOUNT RATE AFTER TAX (KE)	INCREASE IN THE 2018 CORE TIER 1 RATIO TARGET	DECREASE IN THE NOMINAL GROWTH RATE FOR THE CALCULATION OF TERMINAL VALUE	DECREASE IN ANNUAL EARNINGS
	ABSOLUTE CHANGE	ABSOLUTE CHANGE	ABSOLUTE CHANGE	% CHANGE
CIB	1.7%	3.0%	-21.9%	-15.9%
Asset Gathering	14.3%	n.m.	n.m.	n.m.
Commercial Banking Italy	3.8%	7.3%	-40.9%	-30.3%

The table below shows the variation of the total value in use of the Group resulting from a variation of the main parameters used in the DCF model.

GROUP LEVEL €/MN	INCREASE IN THE DISCOUNT RATE AFTER TAX (KE) (1)	INCREASE IN THE 2018 CORE TIER 1 RATIO TARGET	DECREASE IN THE NOMINAL GROWTH RATE FOR THE CALCULATION OF TERMINAL VALUE	DECREASE IN ANNUAL EARNINGS
SENSITIVITY FACTOR [%]	1%	1%	-1%	-5%
Change of Group value in use	-14%	-9%	-4%	-7%

(1) The increase of 1% in the discount rate is applied to the whole stream from 2017 to Terminal value.

The parameters and information used to verify the sustainability of goodwill (in particular the financial projections used) are significantly influenced by the macroeconomic environment and the market conditions. If the deterioration of the macroeconomic situation should continue in the coming years, the results of the next sustainability tests on goodwill could show a recoverable amount lower than the carrying value and therefore highlight the need to perform a goodwill impairment.

Comparison with market capitalization

The Group's total value in use resulting from the impairment test is higher than the current market capitalization of the Parent Company.

This difference could be largely explained by the short-term perspective implicit in the current market price, which is influenced by expectations of moderate profit in the short term and the continuing uncertainty surrounding the outlook for GDP growth in the global economy.

By contrast, the value in use takes account of mid- to long-term revenue prospects that are implicit in the financial projections used.

Part B - Consolidated Balance Sheet - Assets

Section 14 - Tax assets and tax liabilities - Item 140 (Assets) and Item 80 (Liabilities)

14.1 Deferred tax assets: breakdown

(€' 000)

	AMOUNTS AS AT	
	12.31.2016	12.31.2015
Deferred tax assets related to:		
Assets/liabilities held for trading	389,985	356,987
Other financial instruments	684,466	809,499
Property, plant and equipment/Intangible assets	5,875,006	5,963,957
Provisions	1,658,189	1,952,816
Write-downs on loans	5,767,731	6,058,361
Other assets/liabilities	438,404	359,814
Loans and receivables with banks and customers	37,778	79,962
Tax losses carried forward	524,412	477,533
Other	736,220	678,706
Effect of netting gross deferred tax position	(2,093,946)	(2,439,693)
Total	**14,018,245**	**14,297,942**

Deferred Tax Assets (DTAs) totally amounts to €14,018 million (compared with €14,297 million as of December 31, 2015), of which €11,336 million (compared with €11,685 million as of December 31, 2015) could be converted into tax credits pursuant to Law 214 of December 31, 2011. The remaining DTAs (i.e., DTAs non-convertible into tax credits) are related to costs and write-offs deductible in future years, for €2,154 million (net of related deferred tax liabilities), and to tax losses for €524 million. DTAs on tax losses carried forward are mainly referred to the German subsidiary UniCredit Bank AG (€366 million).

The item “Property, plant and equipment/Intangible assets” includes €3,964.7 million related to deferred tax assets (for IRES and IRAP taxation) due to the tax step-up, perfected in 2012, of the value of the investments in subsidiaries pursuant to art.23 of D.L.98/2011.

The above mentioned amounts are the ones resulting upon the sustainability test provided by IAS12, that takes into account the economic projections foreseeable for future years and the peculiarities of the fiscal legislations of each Country, in order to check whether there are future taxable incomes against which DTAs can be offset. With particular reference to UniCredit S.p.A., to which most of the Group's deferred tax assets are attributable, the recoverability test, performed under a 5-year time horizon set in order to harmonize the approach within the main Group Legal Entities, takes into account, besides the economic projections, the forecasts for the conversion of DTAs into tax credits under the terms of Italian Law No.214/2011.

In particular, with specific reference to DTAs convertible into tax credits pursuant to Law 214/2011, note that Law Decree No.59 of 2016 (the “Banks Decree”), provided for the faculty to preserve for future years the tax regime of DTAs conversion into tax credit, overcoming certain alleged arguments raised by the European Commission according to which said tax regime could be possibly qualified as State Aids. In particular, the Banks Decree grants the option for the conversion of DTAs into tax credits upon the payment of an annual fee to be corresponded for each year starting from 2015 and until 2029. The fee for a given financial year is calculated by applying the rate of 1.5% to a "base" obtained by adding the total amount of tax credit conversions made in the financial year of reference, net of direct taxes, as identified by the mentioned Decree, paid with regard to the specific tax periods established by said Decree to the difference between the convertible DTA recorded in the financial statements for that financial year and the corresponding convertible DTAs recorded in the 2007 financial statements for IRES and 2012 financial statements for IRAP. The Holding Company exercised the above-mentioned option by paying, by the deadline of July 31, 2016, a fee of €126.9 million due for 2015 from Group companies to which such regime is applicable. With regard to the DTA fee due for 2016, the Holding company made a provision for €121.5 million, UniCredit Leasing S.p.A. for €4.9 million and UniCredit Factoring S.p.A. for €0.3 million, based on the best estimates available.
On February 17, 2017, upon conversion into law of the Decree “salva-risparmio” (Law Decree of December 23, 2016, No.237), amendments to the article 11 of the Law Decree 59/2016 has been introduced, among which the one year postponement for the DTA fee payment period from 2015-2029 to 2016-2030; see paragraph “Conversion of DTAs into tax credit” of Consolidated Report on Operations further details.

2016 is the first year in which the loan loss provisions, pertaining loans towards customers and excluding the ones deriving from loan disposal, are treated as fully deductible for IRES and IRAP purposes in the year of accrual, as provided for by art.16 of Law Decree No.83 of June 2015. For 2015 there was a transitional regime providing for a partial deduction of the amount accrued in the financial statements.
Therefore, the total deductibility of said loan loss provision in the year of accrual implies that starting from 2016 no new DTAs are generated on this item. Consequently, the amount indicated in the financial statements refers to the DTAs generated up to 2015 included. Said DTAs will reverse in future years up to 2025 following the absorbing percentages defined in the above mentioned Law Decree No.83 of 2015, while it remains confirmed

the option to convert the DTA's relating to them into tax credits. For sake of completeness, note that current tax rules no longer provides for the possibility to create new DTA convertible into tax credits.
Finally, the Law No.208 of December 28, 2015, provides for a change of IRES rate from current 27.5% to 24% starting from 2017 tax period; at the same time, an additional IRES rate of 3.5%, to be applied only to banks, has been introduced starting from the same tax period 2017, making total IRES tax burden unchanged versus current level.

14.2 Deferred tax liabilities: breakdown

(€' 000)

	AMOUNTS AS AT	
	12.31.2016	12.31.2015
Deferred tax liabilities related to:		
Loans and receivables with Banks and Customers	266,993	215,180
Assets/liabilities held for trading	384,293	183,297
Other financial instruments	1,246,356	1,749,632
Property, plant and equipment/intangible assets	413,041	441,566
Other assets/liabilities	197,265	220,962
Deposits from Banks and Customers	2,772	2,753
Other	84,850	165,305
Effect of netting gross deferred tax position	(2,093,946)	(2,439,693)
Total	**501,624**	**539,002**

14.3 Deferred tax assets: annual changes (balancing P&L)

(€' 000)

	CHANGES IN	
	2016	2015
1. Opening balance	**13,497,154**	**13,087,284**
2. Increases	**2,966,255**	**3,907,051**
2.1 Deferred tax assets arising during the year	598,876	1,372,582
a) relating to previous years	*9,798*	*79,558*
b) due to change in accounting policies	-	-
c) write-backs	*65,322*	*128,462*
d) other	*523,756*	*1,164,562*
2.2 New taxes or increases in tax rates	7,194	2,139
2.3 Other increases	2,360,185	2,532,330
3. Decreases	**3,473,993**	**3,557,077**
3.1 Deferred tax assets derecognised during the year	1,037,584	839,486
a) reversals of temporary differences	*836,196*	*724,474*
b) write-downs of non-recoverable items	*84,846*	*38,533*
c) change in accounting policies	-	-
d) other	*116,542*	*76,479*
3.2 Reduction in tax rates	25,171	140
3.3 Other decreases	2,411,238	2,717,451
a) conversion into tax credit under L. 214/2011	*350,864*	*207,675*
b) other	*2,060,374*	*2,509,776*
4. Final amount	**12,989,416**	**13,437,258**

14.3.1 Deferred tax assets (L. 214/2011): annual changes (balancing P&L)

(€' 000)

	CHANGES IN	
	2016	2015
1. Opening balance	**11,685,183**	**11,182,084**
2. Increases	**11,015**	**717,873**
3. Decreases	**356,415**	**214,774**
3.1 Reversal	2,481	154
3.2 Conversion into tax credits	350,864	207,979
a) due to loss positions arising from P&L	*350,864*	*207,979*
b) due to tax losses	-	-
3.3 Other decreases	3,070	6,641
4. Final amount	**11,339,783**	**11,685,183**

Part B - Consolidated Balance Sheet - Assets

14.4 Deferred tax liabilities: annual changes (balancing P&L)

(€' 000)

	CHANGES IN	
	2016	2015
1. Opening balance	**474,683**	**484,645**
2. Increases	**1,989,069**	**2,502,214**
2.1 Deferred tax liabilities arising during the year	133,134	499,203
a) relating to previous years	*33,651*	*12,823*
b) due to change in accounting policies	*1,134*	*1,198*
c) other	*98,349*	*485,182*
2.2 New taxes or increases in tax rates	40,723	811
2.3 Other increases	1,815,212	2,002,200
3. Decreases	**1,980,996**	**2,494,759**
3.1 Deferred tax liabilities derecognised during the year	357,847	694,394
a) reversals of temporary differences	*313,951*	*593,839*
b) due to change in accounting policies	-	-
c) other	*43,896*	*100,555*
3.2 Reduction in tax rates	18,774	136
3.3 Other decreases	1,604,375	1,800,229
4. Final amount	**482,756**	**492,100**

14.5 Deferred tax assets: annual changes (balancing Net Equity)

(€' 000)

	CHANGES IN	
	2016	2015
1. Opening balance	**874,258**	**1,212,428**
2. Increases	**633,226**	**557,051**
2.1 Deferred tax assets arising during the year	270,375	112,292
a) relating to previous years	*5,904*	*18*
b) due to change in accounting policies	-	-
c) other	*264,471*	*112,274*
2.2 New taxes or increase in tax rates	-	-
2.3 Other increases	362,851	444,759
3. Decreases	**478,655**	**908,795**
3.1 Deferred tax assets derecognised during the year	143,192	553,113
a) reversals of temporary differences	*73,728*	*445,221*
b) writedowns of non-recoverable items	-	-
c) due to change in accounting policies	*3,702*	-
d) other	*65,762*	*107,892*
3.2 Reduction in tax rates	800	-
3.3 Other decreases	334,663	355,682
4. Final amount	**1,028,829**	**860,684**

14.6 Deferred tax liabilities: annual changes (balancing Net Equity)

(€' 000)

	CHANGES IN	
	2016	2015
1. Opening balance	**112,771**	**135,962**
2. Increases	**1,110,836**	**1,182,114**
2.1 Deferred tax liabilities arising during the year	193,616	147,044
a) relating to previous years	*909*	-
b) due to change in accounting policies	-	-
c) other	*192,707*	*147,044*
2.2 New taxes or increase in tax rates	-	-
2.3 Other increases	917,220	1,035,070
3. Decreases	**1,204,739**	**1,271,174**
3.1 Deferred tax liabilities derecognised during the year	344,379	262,691
a) reversal of temporary differences	*151,280*	*242,476*
b) due to change in accounting policies	-	-
c) other	*193,099*	*20,215*
3.2 Reduction in tax rates	12,163	-
3.3 Other decreases	848,197	1,008,483
4. Final amount	**18,868**	**46,902**

14.7 Other information

It should be noted that, pursuant to Law 10/2011, formerly Law Decree 225/2010, so-called Milleproroghe 2011, as amended and supplemented, with reference to the financial statement 2015 approved by the relevant Shareholders' Meeting, and with reference to the respective income tax returns referred to financial year 2015, UniCredit S.p.A. and UniCredit Leasing S.p.A. perfected the conversion of DTAs, IRES and IRAP, into tax credits for a total amount of €350.8 million (of which €341.4 million referred to UniCredit S.p.A. and €9.4 million to UniCredit Leasing S.p.A.) in 2016.

Part B - Consolidated Balance Sheet - Assets

Section 15 - Non-current assets and disposal groups classified as held for sale - Item 150 (Assets) and Item 90 (Liabilities)

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 recognized 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 December 30, 2016, compared with December 31, 2015, the Ukrainian Group has been sold and the following has been attributed to the non-current assets and asset disposal groups: companies of Pekao and Pioneer Group, company Bankhaus Neelmayer AG, company UniCredit Leasing TOB, Fino loans portfolio and the tangible assets and real-estate properties held by some companies in the group.

Data at December 31, 2016 refer mainly, as regards the single assets and liabilities held for sale, to Fino loans portfolio, the company Bankhaus Neelmayer, the company UniCredit Leasing TOB 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 December 31, 2016 refers to the following companies:
- the companies of the Pekao Group;
- 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.

As of December, 31 2016 the subsidiary Public Joint Stock Company Ukrsotsbank (“USB”) and its subsidiaries are sold. The disposal of 99.9% held in USB to Luxemburg based ABH Holdings S.A. ("ABHH") has been completed in exchange for a minority stake (9.90%) in ABHH classified in available for sale portfolio at €382 million at sale date.
Economic impacts are already included in the 2015 result, with the exception of the cumulative currency effects amounting to minus €718 million that impacted 2016 result.
Valuation of Pekao and Pioneer Groups has been done according to IFRS5 (measured at the lower of their carrying amount and fair value less cost to sell). In this valuation process net assets of Pekao Group have been impaired in order to reflect the relative fair value otherwise Pioneer Group remains at its carrying amount cause the fair value is higher. More information are disclosed in Part C - Consolidated Income Statement - Section 21 - Profit (Loss) after tax from discontinued operations - Item 310.

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

(€'000)

	AMOUNTS AS AT	
	12.31.2016	**12.31.2015**
A. Individual assets		
A.1 Financial assets	3,072,684	8,800
A.2 Equity investments	384	547
A.3 Property, Plant and Equipment	438,529	361,175
A.4 Intangible assets	264	-
A.5 Other non-current assets	7,767	-
Total A	**3,519,628**	**370,522**
of which carried at cost	*3,458,513*	*324,430*
of which designated at fair value - level 1	-	-
of which designated at fair value - level 2	*24,303*	*21,760*
of which designated at fair value - level 3	*36,812*	*24,332*
B. Assets groups classified as held for sale		
B.1 Financial assets held for trading	590,204	1,002,287
B.2 Financial assets at fair value through profit or loss	40,668	117,818
B.3 Available for sale financial assets	7,358,309	4,301,380
B.4 Held to maturity investments	687,534	792,095
B.5 Loans and receivables with banks	1,514,319	2,844,591
B.6 Loans and receivables with customers	27,791,588	29,984,269
B.7 Equity investments	52,178	59,682
B.8 Property, Plant and Equipment	333,965	497,999
B.9 Intangible assets	1,877,181	2,142,164
B.10 Other assets	2,088,337	2,462,736
Total B	**42,334,283**	**44,205,021**
of which carried at cost	*1,492,878*	*41,766,099*
of which designated at fair value - level 1	-	-
of which designated at fair value - level 2	*40,134,680*	-
of which designated at fair value - level 3	*706,725*	*2,438,922*
Total A+B	**45,853,911**	**44,575,543**
C. Liabilities associated with assets classified as held for sale		
C.1 Deposits	1,129,870	2,005
C.2 Securities	-	-
C.3 Other liabilities	44,162	4,073
Total C	**1,174,032**	**6,078**
of which carried at cost	*1,174,032*	*6,078*
of which designated at fair value – level 1	-	-
of which designated at fair value – level 2	-	-
of which designated at fair value - level 3	-	-
D. Liabilities included in disposal groups classified as held for sale		
D.1 Deposits from banks	956,146	1,166,218
D.2 Deposits from customers	31,134,013	31,114,878
D.3 Debt securities in issue	345,321	682,804
D.4 Financial liabilities held for trading	584,626	889,447
D.5 Financial liabilities at fair value through profit or loss	-	-
D.6 Provisions	123,190	636,550
D.7 Other liabilities	1,551,273	1,488,933
Total D	**34,694,569**	**35,978,830**
of which carried at cost	*588,165*	*34,104,909*
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	*122,208*	*1,873,921*
Total C+D	**35,868,601**	**35,984,908**

Please note that item "A.1 Financial Assets" includes loans to customers that are part of the FINO portfolio (for a gross amount at December 31, 2016 of 17,045 million and a net book value of 2,209 million), classified as Non-current assets classified as held for sale pursuant to IFRS5.
For complete disclosure on the "FINO project", see the information provided in Part E - Information on risks and hedging policies, under table "A.1.2 Breakdown of credit exposures by portfolio and credit quality (gross and net values).

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.

Part B - Consolidated Balance Sheet - Assets

With reference to the fair value levels we must specify that the figures referred to companies of the Immobilien Holding Group are presented at December 31, 2016 among level 3 assets and liabilities (as at December 31, 2015), and of the Pekao among level 2 assets and liabilities (at cost at December 31, 2015), reflecting their measurement using a valuation model. Figures referred to companies of the Pioneer Group are presented at December 31, 2016 among assets and liabilities at cost (as at December 31, 2015).

15.2 Other information

The item B.5) Loans to customers, mainly attributable to the Pekao Group, includes:

- financing for 24,991 million mainly attributable to loans for 12,326 million, current accounts for 2,214 million, credit cards /personal loans and wage assignment loans for 2,238 million and other loans for 6,691 million
- debt securities for 2,801 million, attributable to other debt securities for 2,801 million.

The item B.9) Intangible assets includes 1,681 million for goodwill related to the Pekao Group (820 million) and the Pioneer Group (861 million).

The item D.2) Deposits from customers, mainly attributable to the Pekao Group, primarily includes:

- current accounts and demand deposits for 18,086 million;
- time deposits for 12,559 million.

Please refer to Part E - Section 1 for information regarding trends of credit exposures and related write-downs.

No further information to be disclosed in this section.

15.3 Details of investments in companies subject to significant influence not valued at net equity

At December 31, 2016 there were no significant equity investments in associates not measured with the net equity method among Non-current assets and disposal groups classified as held for sale.

Section 16 - Other assets - Item 160

16.1 Other assets: breakdown

(€'000)

ITEM/VALUES	AMOUNTS AS AT 12.31.2016	AMOUNTS AS AT 12.31.2015
Margin with derivatives clearers (non-interest bearing)	508	251
Gold, silver and precious metals	17,775	12,222
Accrued income other capitalised income	662,844	690,976
Cash and other valuables held by cashier:	236,327	284,531
- current account cheques being settled, drawn on third parties	*235,779*	*283,592*
- current account cheques payable by group banks, cleared and in the process of being debited	*498*	*219*
- money orders, bank drafts and equivalent securities	*10*	*694*
- coupons, securities due on demand, revenue stamps and miscellaneous valuables	*40*	*26*
Interest and changes to be debited to:	163,277	115,607
- customers	*158,324*	*113,451*
- banks	*4,953*	*2,156*
Items in transit between branches not yet allocated to destination accounts	21,093	14,891
Items in processing	499,002	1,112,653
Items deemed definitive but not-attributable to other items:	3,037,543	2,269,503
- securities and coupons to be settled	*13,217*	*44,240*
- other transactions	*3,024,326*	*2,225,263*
Adjustments for unpaid bills and notes	187,572	34,199
Tax items other than those included in item 140	2,176,546	2,464,363
Other items	2,732,699	1,948,712
Total	**9,735,186**	**8,947,908**

As at December 31, 2016 "Other items" included €1,238 million relating to Property, Plant and Equipment, deriving from repossessing and lease, classified as inventories pursuant to IAS2, €373 million in 2015. Increase is attributable to first consolidation of Welthcap, company active into real estate business, under control of UniCredit Bank AG subsidiary.

Liabilities

Section 1 - Deposits from banks - Item 10

1.1 Deposits from banks: product breakdown

(€ '000)

TYPE OF TRANSACTIONS/GROUP COMPONENTS	AMOUNTS AS AT	
	12.31.2016	12.31.2015
1. Deposits from central banks	**36,574,160**	**29,445,265**
2. Deposits from banks	**67,277,361**	**80,887,900**
2.1 Current accounts and demand deposits	13,728,317	16,673,799
2.2 Time deposits	7,849,784	7,260,553
2.3 Loans	44,792,547	56,021,290
2.3.1 repos	*20,381,123*	*30,353,733*
2.3.2 other	*24,411,424*	*25,667,557*
2.4 Liabilities in respect of commitments to repurchase treasury shares	-	-
2.5 Other liabilities	906,713	932,258
Total	**103,851,521**	**110,333,165**
Fair value - level 1	-	-
Fair value - level 2	57,873,938	59,208,163
Fair value - level 3	45,539,602	51,814,848
Total fair value	**103,413,540**	**111,023,011**

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

The €7,129 million increase in sub-item “1. Deposits from central banks” is mainly attributable to UniCredit S.p.A. and its subsidiary Unicredit Bank AG, following the growth in the advances from their central banks.

The sub-item 2.3 Loans includes repos executed using proprietary securities issued by Group companies, which were eliminated from assets on consolidation.
The same sub-item do not include the type of securities lending transactions collateralized by securities or not collateralized. See also section “Other information” of Part B.

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

1.2 Breakdown of item 10: "Deposits from banks": subordinated debts

There were no deposits from banks: subordinated debts.

1.3 Breakdown of item 10 “Deposits from banks”: structured debts

There were no deposits from banks: structured debts.

Part B - Consolidated Balance Sheet - Liabilities

1.4 Deposits from banks: liability items subjected to micro-hedging

(€ '000)

TYPE OF TRANSACTIONS/GROUP COMPONENTS	AMOUNTS AS AT	
	12.31.2016	12.31.2015
1. Liability items subject to micro-hedging of fair value	**139,951**	**327,752**
a) Interest rate risk	139,951	327,752
b) Currency risk	-	-
c) Multiple risks	-	-
2. Liability items subject to micro-hedging of cash flows	**2,111**	**2,110**
a) Interest rate risk	2,111	2,110
b) Currency risk	-	-
c) Other	-	-
Total	**142,062**	**329,862**

1.5 Amounts payable under finance leases

There are no amounts payable to banks under finance leases.

Section 2 - Deposits from customers - Item 20

2.1 Deposits from customers: breakdown by product

(€ '000)

TYPE OF TRANSACTIONS/GROUP COMPONENTS	AMOUNTS AS AT	
	12.31.2016	12.31.2015
1. Current accounts and demand deposits	311,518,380	280,696,502
2. Time deposits	67,168,405	73,250,126
3. Loans	68,685,007	58,182,622
3.1 repos	*56,384,703*	*50,630,176*
3.2 other	*12,300,304*	*7,552,446*
4. Liabilities in respect of commitments to repurchase treasury shares	-	10,200
5. Other liabilities	5,047,397	7,546,669
Total	**452,419,189**	**419,686,119**
Fair value - level 1	-	10,922
Fair value - level 2	157,185,292	143,525,456
Fair value - level 3	296,070,875	277,568,108
Total fair value	**453,256,167**	**421,104,486**

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

The increase in sub-item “1. Current accounts and demand deposits” is mostly attributable to hodling Unicredit S.p.A.
Increases in sub-item “3.1 Loans” – repos” and sub-item “3.2. Loans – other” are mainly attributable to UniCredit Bank AG and UniCredit Bank Austria AG.

Deposits from customers are not carried at fair value, which is presented solely for the purpose of fulfilling financial disclosure requirements. Fair value measurements are classified according to a three level hierarchy that reflects the significance of the inputs used in the measurements.
The fair value of demand items was estimated to be equal to their net book value by exercising the option provided for by IFRS 7.29. According to this assumption, demand items were classified as level 3 in the fair value hierarchy.
For further information see Part A - Accounting Policies - A.4 Information on fair value.

2.2 Breakdown of item 20 "Deposits from customers": subordinated debts

(€ '000)

	AMOUNTS AS AT	
	12.31.2016	12.31.2015
Deposits from customers: subordinated debts	278,537	290,729

2.3 Breakdown of item 20 "Deposits from customers": structured debts

(€ '000)

	AMOUNTS AS AT	
	12.31.2016	12.31.2015
Deposits from customers: structured debts	-	16,574

2.4 Deposits from customers: liability items subject to micro-hedging

(€ '000)

	AMOUNTS AS AT	
TYPE OF TRANSACTIONS/VALUES	12.31.2016	12.31.2015
1. Liability items subject to micro-hedging of fair value	**644,837**	**585,354**
a) Interest rate risk	644,837	585,354
b) Currency risk	-	-
c) Other	-	-
2. Liability items subject to micro-hedging of cash flows	**-**	**189**
a) Interest rate risk	-	-
b) Currency risk	-	-
c) Other	-	189
Total	**644,837**	**585,543**

2.5 Amounts payable under finance leases

(€ '000)

	AMOUNTS AS AT 12.31.2016	
	MINIMUM LEASE PAYMENTS	PRESENT VALUE OF MINIMUM LEASE PAYMENTS
Amounts payable under finance leases:		
Up to 12 months	12,746	12,421
From 1 to 5 years	52,743	48,049
Over 5 years	148,026	132,778
Total value of minimum lease payments	**213,515**	**193,248**
Time value effect	**(20,265)**	**X**
Present value of minimum payment obligation	**193,250**	**193,248**

Part B - Consolidated Balance Sheet - Liabilities

Section 3 - Debt securities in issue - Item 30

3.1 Debt securities in issue: breakdown by product

(€ '000)

TYPE OF SECURITIES/VALUES	AMOUNTS AS AT 12.31.2016				AMOUNTS AS AT 12.31.2015			
	BOOK VALUE	FAIR VALUE			BOOK VALUE	FAIR VALUE		
		LEVEL 1	LEVEL 2	LEVEL 3		LEVEL 1	LEVEL 2	LEVEL 3
A. Listed securities								
1. Bonds	105,841,164	51,858,536	44,229,253	14,354,263	122,113,618	60,210,524	53,583,574	15,483,067
1.1 structured	5,362,749	1,241,383	4,141,908	-	9,605,895	1,552,779	8,184,857	-
1.2 other	100,478,415	50,617,153	40,087,345	14,354,263	112,507,723	58,657,745	45,398,717	15,483,067
2. Other securities	9,594,336	-	4,164,426	6,429,049	11,683,396	25,644	4,877,141	6,792,328
2.1 structured	168,383	-	204,693	-	232,555	-	247,005	-
2.2 other	9,425,953	-	3,959,733	6,429,049	11,450,841	25,644	4,630,136	6,792,328
Total	**115,435,500**	**51,858,536**	**48,393,679**	**20,783,312**	**133,797,014**	**60,236,168**	**58,460,715**	**22,275,395**
Total Level 1, Level 2 and Level 3				**121,035,527**				**140,972,278**

Fair value measurements, solely for the purpose of fulfilling financial disclosure requirements, are classified according to a hierarchy of levels reflecting the significance of the valuations input. For further information see Part A - Accounting Policies - A.4. Information on fair value.

The sum of the sub-items 1.1 “Structured bonds” and 2.1 “Other structured securities” was equal to €5,531 million and accounted for 4.8% of total debt securities. They mainly refer to interest-rate linked instruments with closely related embedded derivatives identified according to Mifid ”structured instruments” definition.

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 €61 million negative.

3.2 Breakdown of item 30 "Debt securities in issue": subordinated securities

(€'000)

	AMOUNTS AS AT	
	12.31.2016	12.31.2015
Debt securities in issue: subordinated securities	15,188,113	18,208,511

3.3 Breakdown of item 30 "Debt securities in issue": securities subject to micro-hedging

(€ '000)

TYPE OPERATIONS/VALUES	AMOUNTS AS AT	
	12.31.2016	12.31.2015
1. Securities subject to micro-hedging of fair value	**8,791,878**	**9,169,713**
a) Interest rate risk	8,791,878	9,169,713
b) Currency risk	-	-
c) Multiple risks	-	-
2. Securities subject to micro-hedging of cash flows	**11,228**	**229,514**
a) Interest rate risk	11,228	-
b) Currency risk	-	-
c) Other	-	229,514
Total	**8,803,106**	**9,399,227**

Section 4 - Financial liabilities held for trading - Item 40

4.1 Financial liabilities held for trading: breakdown by product

(€ '000)

TYPE OF OPERATIONS/GROUP COMPONENTS	AMOUNTS AS AT 12.31.2016					AMOUNTS AS AT 12.31.2015				
	NOMINAL VALUE	FAIR VALUE			FAIR VALUE*	NOMINAL VALUE	FAIR VALUE			FAIR VALUE*
		LEVEL 1	LEVEL 2	LEVEL 3			LEVEL 1	LEVEL 2	LEVEL 3	
A. Financial liabilities										
1. Deposits from banks	54,092	1,247,218	127,441	1	1,372,881	120,853	603,492	129,405	-	732,898
2. Deposits from	5,451,263	10,820,901	5,535,157	61,195	16,366,425	7,770,473	6,764,432	7,920,641	8,228	14,659,013
3. Debt securities	6,654,114	-	6,366,900	496,868	6,902,024	6,358,505	-	5,984,486	563,523	6,582,301
3.1 Bonds	4,636,977	-	4,419,127	388,291	4,845,674	4,567,194	-	4,257,581	384,405	4,676,278
3.1.1 Structured	*4,284,196*	-	*4,082,677*	*388,291*	*X*	*4,250,691*	-	*3,946,728*	*384,405*	*X*
3.1.2 Other	*352,781*	-	*336,450*	-	*X*	*316,503*	-	*310,853*	-	*X*
3.2 Other securities	2,017,137	-	1,947,773	108,577	2,056,350	1,791,311	-	1,726,905	179,118	1,906,023
3.2.1 Structured	*2,017,137*	-	*1,947,773*	*108,577*	*X*	*1,791,311*	-	*1,726,905*	*179,118*	*X*
3.2.2 Other	-	-	-	-	*X*	-	-	-	-	*X*
Total A	**12,159,469**	**12,068,119**	**12,029,498**	**558,064**	**24,641,330**	**14,249,831**	**7,367,924**	**14,034,532**	**571,751**	**21,974,212**
B. Derivatives										
1. Financial derivatives	X	2,142,528	40,208,652	859,695	X	X	2,058,975	42,182,071	1,129,534	X
1.1 Trading	X	2,142,528	39,878,894	798,333	X	X	2,058,948	41,850,899	1,055,952	X
1.2 Related to fair value option	X	-	170,622	-	X	X	-	147,130	-	X
1.3 Other	X	-	159,136	61,362	X	X	27	184,042	73,582	X
2. Credit derivatives	X	20,447	409,404	64,930	X	X	76,339	563,671	44,666	X
2.1 Trading	X	20,447	407,554	64,877	X	X	76,339	559,765	44,469	X
2.2 Related to fair value option	X	-	-	-	X	X	-	-	-	X
2.3 Other	X	-	1,850	53	X	X	-	3,906	197	X
Total B	**X**	**2,162,975**	**40,618,056**	**924,625**	**X**	**X**	**2,135,314**	**42,745,742**	**1,174,200**	**X**
Total A+B	**X**	**14,231,094**	**52,647,554**	**1,482,689**	**X**	**X**	**9,503,238**	**56,780,274**	**1,745,951**	**X**
Total Level 1, Level 2 and Level 3				**68,361,337**					**68,029,463**	

(*) Fair value: calculated excluding value adjustments due to changes in credit rating of the issuer since the issue date.

Valuations at fair value were classified according to a hierarchy of levels reflecting the significance of the valuations input. For further information see Part A - Accounting Policies - A.4.Information on Fair Value.

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

The effect as at December 31, 2016, already included in the net presentation of these transactions, totaled €16,958,054 (€17,222,039 as at December 31, 2015).

“Deposits from banks” and “Deposits from customers” include technical overdrafts totaling € 12,257 million as at 2016 and €7,501 million as at 2015, in respect of which no nominal amount was attributed.

4.2 Breakdown of item 40 "Financial liabilities held for trading": subordinanted liabilities

(€ '000)

	AMOUNTS AS AT	
	12.31.2016	12.31.2015
Financial liabilities held for trading: subordinated liabilities	73,991	77,438

4.3 Breakdown of item 40 "Financial liabilities held for trading": structured debts

There are no amounts to be shown.

Part B - Consolidated Balance Sheet - Liabilities

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

Liabilities are 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 12.31.2016					AMOUNTS AS AT 12.31.2015				
	NOMINAL VALUE	FAIR VALUE			FAIR VALUE(*)	NOMINAL VALUE	FAIR VALUE			FAIR VALUE(*)
		LEVEL 1	LEVEL 2	LEVEL 3			LEVEL 1	LEVEL 2	LEVEL 3	
1. Deposits from banks	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
1.1 Structured	-	-	-	-	X	-	-	-	-	X
1.2 Other	-	-	-	-	X	-	-	-	-	X
2. Deposits from customers	**42,214**	**-**	**-**	**42,214**	**42,214**	**-**	**-**	**-**	**-**	**-**
2.1 Structured	-	-	-	-	X	-	-	-	-	X
2.2 Other	42,214	-	-	42,214	X	-	-	-	-	X
3. Debt securities	**2,364,004**	**-**	**2,452,582**	**1,936**	**2,432,717**	**403,289**	**-**	**451,783**	**2,873**	**462,659**
3.1 Structured	2,362,068	-	2,452,582	-	X	400,416	-	451,783	-	X
3.2 Other	1,936	-	-	1,936	X	2,873	-	-	2,873	X
Total	**2,406,218**	**-**	**2,452,582**	**44,150**	**2,474,931**	**403,289**	**-**	**451,783**	**2,873**	**462,659**

Total Level 1, Level 2 and Level 3	**2,496,732**	**454,656**

(*) Fair value: calculated excluding value adjustments due to changes in credit rating of the issuer since the issue date.

The item "3.1 Debt securities - Structured" includes "Certificates", structured debt securities, issued by UniCredit S.p.A. starting from the first quarter of 2016, equal to €1,612 million. These securities are classified as measured at fair value through profit or loss and their embedded derivative component has not been separated. Furthermore, during the period have been issued €491 million of mandatorily-settled secured equity linked certificates referred to the disposal of Bank Pekao S.A.

Valuations at fair value were classified according to a hierarchy of levels reflecting the significance of the valuations input. For further information see Part A - Accounting Policies - A.4. Information on Fair Value.

5.2 Breakdown of item 50 "Financial liabilities at fair value through profit or loss": subordinated liabilities

There were no subordinated liabilities.

Section 6 - Hedging derivatives - Item 60

6.1 Hedging derivatives: breakdown by type of hedging and by levels

(€ '000)

	AMOUNTS AS AT 12.31.2016				AMOUNTS AS AT 12.31.2015			
	FAIR VALUE			NOTIONAL AMOUNT	FAIR VALUE			NOTIONAL AMOUNT
	LEVEL 1	LEVEL 2	LEVEL 3		LEVEL 1	LEVEL 2	LEVEL 3	
A. Financial derivatives	**63**	**4,921,401**	**-**	**158,932,058**	**2**	**5,891,711**	**3,636**	**147,225,459**
1) Fair value	63	4,442,639	-	150,787,745	1	5,167,149	3,636	130,082,553
2) Cash flows	-	478,762	-	8,144,313	1	724,562	-	17,142,906
3) Net investment in foreign	-	-	-	-	-	-	-	-
B. Credit derivatives	**-**	**-**	**-**	**-**	**-**	**3,195**	**1**	**52,000**
1) Fair value	-	-	-	-	-	3,195	-	52,000
2) Cash flows	-	-	-	-	-	-	1	-
Total	**63**	**4,921,401**	**-**	**158,932,058**	**2**	**5,894,906**	**3,637**	**147,277,459**
Total Level 1, Level 2 e Level 3			**4,921,464**				**5,898,545**	

Valuations at fair value were classified according to a hierarchy of levels reflecting the significance of the valuations input.
For further information see Part A - Accounting Policies.

6.2 Hedging derivatives: breakdown by hedged items and risk type

(€ '000)

	AMOUNTS AS AT 12.31.2016								
	FAIR VALUE						CASH FLOWS		
	MICRO-HEDGE								
TRANSACTIONS/HEDGE TYPES	INTEREST RATE RISK	CURRENCY RISK	CREDIT RISK	PRICE RISK	MULTIPLE RISKS	MACRO-HEDGE	MICRO-HEDGE	MACRO-HEDGE	FOREIGN INVESTMENTS
1. Available-for-sale financial assets	435,410	10,420	-	-	-	X	-	X	X
2. Loans and receivables	35,906	-	-	X	-	X	-	X	X
3. Held to maturity investments	X	-	-	X	-	X	-	X	X
4. Portfolio	X	X	X	X	X	921,275	X	199,901	X
5. Others	-	-	-	-	-	X	-	X	-
Total assets	**471,316**	**10,420**	**-**	**-**	**-**	**921,275**	**-**	**199,901**	**-**
1. Financial liabilities	228,055	-	-	X	-	X	-	X	X
2. Portfolio	X	X	X	X	X	2,811,636	X	278,861	X
Total liabilities	**228,055**	**-**	**-**	**-**	**-**	**2,811,636**	**-**	**278,861**	**-**
1. Highly probable transactions (CFH)	X	X	X	X	X	X	-	X	X
2. Financial assets and liabilities portfolio	X	X	X	X	X	-	X	-	-

Part B - Consolidated Balance Sheet - Liabilities

Section 7 - Changes in fair value of portfolio hedged items - Item 70

7.1 Changes to macro-hedged liabilities

(€ '000)

CHANGES TO MACRO-HEDGED FINANCIAL LIABILITIES/GROUP COMPONENTS	AMOUNTS AS AT 12.31.2016	AMOUNTS AS AT 12.31.2015
1. Positive changes to financial liabilities	7,595,974	6,034,952
2. Negative changes to financial liabilities	(3,111,940)	(929,840)
Total	**4,484,034**	**5,105,112**

7.2 Liabilities subject to macro-hedging of interest rate risk: breakdown

(€ '000)

HEDGED LIABILITIES	AMOUNTS AS AT 12.31.2016	AMOUNTS AS AT 12.31.2015
1. Deposits	87,375,964	102,020,348
2. Debt securities in issue	1,522,270	2,697,734
3. Portfolio	104,353,371	112,731,711
Total	**193,251,605**	**217,449,793**

Section 8 - Tax liabilities - Item 80

See Section 14 of Assets.

Section 9 - Liabilities included in disposal groups classified as held for sale - Item 90

See Section 15 of Assets.

Section 10 - Other liabilities - Item 100

10.1 Other liabilities: breakdown

(€ '000)

ITEM/VALUES	AMOUNTS AS AT 12.31.2016	AMOUNTS AS AT 12.31.2015
Liabilities in respect of financial guarantees issued	10,256	11,563
Impairment: of financial guarantees issued, of credit derivatives, of irrevocable commitments to distribute funds	881,655	734,655
Obligations for irrevocable commitments to distribute funds	-	-
Accrued expenses other than those to be capitalized for the financial liabilities concerned	562,759	779,935
Share Based Payment classified as liabilities under IFRS2	5,806	249
Other liabilities due to employees	3,147,692	1,697,995
Other liabilities due to other staff	45,289	11,107
Other liabilities due to Directors and Statutory Auditors	5,156	5,134
Interest and amounts to be credited to:	244,751	241,225
- customers	*199,358*	*187,713*
- banks	*45,393*	*53,512*
Items in transit between branches and not yet allocated to destination accounts	31,835	38,219
Available amounts to be paid to others	187,201	1,176,428
Items in processing	1,441,275	1,772,154
Entries related to securities transactions	76,821	228,543
Items deemed definitive but not attributable to other lines:	4,156,919	3,182,148
- accounts payable - suppliers	*1,106,546*	*1,012,489*
- provisions for tax withholding on accrued interest, bond coupon payments or dividends	*3,411*	*2,762*
- other entries	*3,046,962*	*2,166,897*
Liabilities for miscellaneous entries related to tax collection service	113	101
Adjustments for unpaid portfolio entries	19,215	819,358
Tax items different from those included in item 80	1,539,714	1,298,172
Other entries	3,083,906	3,381,518
Total	**15,440,363**	**15,378,504**

Section 11 - Provision for employee severance pay - Item 110

The "TFR" provision for Italy-based employee benefits is to be construed as a "post-retirement defined benefit". It is therefore recognised on the basis of an actuarial estimate of the amount of benefit accrued by employees discounted to present value. This benefit is calculated by an external actuary using the unit credit projection method (see Part A.2 - The Main Items of the Accounts).

11.1 Provision for employee severance pay: annual change

(€ '000)

	CHANGES IN	
	2016	**2015**
A. Opening balances	**1,134,776**	**1,180,206**
B. Increases	**71,371**	**27,034**
B.1 Provisions for the year	19,759	18,865
B.2 Other increases	51,612	8,169
C. Reductions	**80,389**	**74,783**
C.1 Severance payments	73,943	33,922
C.2 Other decreases	6,446	40,861
D. Closing balance	**1,125,758**	**1,132,457**

Other Decreases include €2,319 related legal entities "held for sale".

Provisions for employee severance pay: other information

(€ '000)

	CHANGES IN	
	2016	**2015**
Cost Recognised in P&L:	**19,759**	**18,865**
- Current Service Cost	291	283
- Interest Cost on the DBO	19,468	18,582
- Settlement (Gain)/Loss	-	-
- Past Service Cost	-	-
Remeasurement Effects (Gains) Losses Recognised in OCI	**47,907**	**(25,337)**
Annual weighted average assumptions		
- Discount rate	1.25%	1.75%
- Price inflation	1.10%	1.00%

Duration of defined benefit obligation equals to 8.7 years; Valuation Reserve negative balance (net of tax) move from €119 million as at December 31, 2015 to €154 million as at December 31, 2016.
A change of -25 basis points of Discount Rate would result in an increase of the liability of €24,835 (+2,21%); a correspondent increase would result in a reduction in the liability of €24,239 thousands (-2.15%). A change of -25 basis points of Price Inflation rate would result in a reduction of the liability of €15,081 thousands (-1.34%); a correspondent increase would result in an increase of the liability of €15,262 thousands (+1.36%).

Part B - Consolidated Balance Sheet - Liabilities

Section 12 - Provisions for risks and charges - Item 120

As at December 31, 2016 Provision for risks and charges amounted to €10,541 million, increased over end 2015 (€9,720 million).
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” – paragraph “B - Legal risk” for further information concerning legal disputes);
- staff expenses: severance and sundry HR costs;
- other: provisions for risks and charges not attributable to the above items. See the table 12.4 below for details.

12.1 Provisions for risks and charges: breakdown

(€ '000)

ITEMS/COMPONENTS	AMOUNTS AS AT 12.31.2016	12.31.2015
1. Pensions and other post-retirement benefit obligations	**5,241,807**	**5,107,031**
2. Other provisions for risks and charges	**5,299,641**	**4,612,955**
2.1 Legal disputes	1,402,678	977,813
2.2 Staff expenses	2,322,484	2,248,440
2.3 Other	1,574,479	1,386,702
Total	**10,541,448**	**9,719,986**

Further to restatement in order to increase comparability with previous period due to inclusion of assets and liabilities of Bank Pekao S.A., Pioneer Global Asset Management S.p.A. and their subgroups’ companies into items “Non-current assets and disposal groups classified as held for sale”, December 2015, 31st figures have been reclassified in order to reflect a better classification of some provisions included into “others”.

12.2 Provisions for risks and charges: annual changes

(€ '000)

ITEMS/COMPONENTS	CHANGES IN 2016: PENSION AND POST-RETIREMENT BENEFIT OBLIGATIONS	OTHER PROVISIONS	TOTAL
A. Opening balance	**5,198,039**	**4,656,577**	**9,854,616**
B. Increases	**989,522**	**3,150,413**	**4,139,935**
B.1 Provisions for the year	248,566	2,789,147	3,037,713
B.2 Changes due to the passing time	103,204	8,743	111,947
B.3 Differences due to discount-rate changes	-	2,276	2,276
B.4 Other adjustments	637,752	350,247	987,999
C. Decreases	**945,754**	**2,507,349**	**3,453,103**
C.1 Use during the year	722,875	1,036,153	1,759,028
C.2 Differences due to discount-rate changes	-	1,064	1,064
C.3 Other adjustments	222,879	1,470,132	1,693,011
D. Closing balance	**5,241,807**	**5,299,641**	**10,541,448**

Other adjustments decreases of Pension and Post Retirement Benefit Obligations include gains following the extinction of portion of defined benefit obligation for Italian retirees annuities oh UniCredit S.p.A. (equal to €57 million). Moreover include also €123 million due to legal entities “held for sale”.
More details about annual changes for Pension and post-retirement benefit obligation are presented in Section 12.3 - Pension and other post retirement defined benefit obligations.
More details on legal disputes are presented in Part E - Section 4 - “Operational Risk” - paragraph “B. Legal risk” for further information concerning legal disputes.

12.3 Pensions and other post-retirement defined-benefit obligations

1. DESCRIPTION OF THE CHARACTERISTICS OF THE FUNDS AND RELATED RISKS

There are several defined-benefit plans within the Group, i.e., plans whose benefit is linked to salary and employee length of service both in Italy and abroad. The Austrian, German and Italian plans account for over 90% of the Group's pension obligations.
Group's plans are not financed with segregated assets except for to the defined-benefits plans in Germany, among other 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 UniCredit Bank AG (UCB AG), and the defined-benefit plans set up in United Kingdom and in Luxembourg 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, UCG refined its Discount Rate setting methodology by limiting the number of "investment grade" bonds whose rating is lower than AA (No.13 securities ranging in 15-30y maturity), for which an adjustment is made to reduce the excess-return.
In addition, a Nelson Siegel methodology has been applied in modelling the yield-curve expressed by the basket of securities (adjusted above 25y in order to stick the long-term maturity segments of the curve to the Euribor implied-forward rate).

In 2016 the Austrian Parliament approved an ordinary law (published on April 13, 2016) and confirmed by an order issued by the Government on September 20, 2016 on the transfer of pension obligations regarding active employees of subsidiary UniCredit Bank Austria AG (UCBA) to the Austrian national pension system. The new law confirms the effectiveness of this kind of agreements, whose nature and features are the same of the Agreement reached between UCBA and the Central Works Council on December 14, 2015. The agreement is effective retroactively, in particular increasing the amount to be paid towards the transfers occurring from February 1, 2016 from 7% to 22.8% of the latest wage paid to the employee. Despite UCBA believes that the new law is unconstitutional in light of its retroactive effect and the significant increase in the percentage to be applied for the transfer of pension obligations, UCBA made provisions for the higher costs related to the new law and at the same time revised the HR charges related to the restructuring plan, reflecting the developments of the plan itself. The net increase of restructuring charges, equal to €267 million before taxes, has been included in 2016 financials.
During the year a portion of liabilities referred to the Italian pension funds (for an amount of €319 million) was paid as part of a bid made to all the beneficiaries and individually accepted by ca. 5,000 pensioners who have received a lump sum amount paid during the fourth quarter of 2016.

The remesurement at December 31, 2016 of such commitments leads to an increase in the negative balance of the revaluation reserve referred to actuarial gains/losses on defined benefit plans of €385 million, net of tax (balance moves from €2,114 million at December 31, 2015 to €2,495 million at December 31, 2016).

(€ '000)

2. CHANGES OF NET DEFINED BENEFIT LIABILITY/ASSET AND ANY REIMBURSEMENT RIGHTS AS OF THE PERIOD END DATE		
NET DEFINED BENEFIT LIABILITY/ASSET AS OF THE PERIOD END DATE	**12.31.2016**	**12.31.2015**
Defined benefit obligation	9,598,722	9,398,419
Fair value of assets	(4,377,037)	(4,341,420)
Deficit/(Surplus)	**5,221,685**	**5,056,999**
Irrecoverable surplus (effect of asset ceiling)	-	-
Net defined benefit liability/(asset) as of the period end date	**5,221,685**	**5,056,999**

Part B - Consolidated Balance Sheet - Liabilities

(€ '000)

2.1 CHANGES IN DEFINED BENEFIT OBLIGATIONS	12.31.2016	12.31.2015
Defined benefit obligation as of the prior period end date	9,513,138	11,503,596
Current service cost	107,645	175,739
Settlement (gain)/loss	82,434	(1,198,524)
Past service cost	482	1,695
Interest cost on the defined benefit obligation	205,724	247,981
Net actuarial (gain)/loss	640,702	(84,507)
Plan participants' contributions	7,327	6,201
Disbursements from plan assets	(117,740)	(115,711)
Disbursements directly paid by the employer	(419,693)	(315,191)
Settlements	(267,060)	(726,365)
Other changes on defined benefit obligation	(154,237)	(96,495)
Total defined benefit obligations as of the period end date	**9,598,722**	**9,398,419**

(€ '000)

2.2 CHANGES TO PLAN ASSETS	12.31.2016	12.31.2015
Fair value of plan assets as of the prior period end date	4,365,131	4,261,165
Interest Income on Plan Assets	102,519	100,960
Return on plan assets greater/(less) than discount rate	24,362	75,468
Employer contributions	76,367	60,378
Disbursements from plan assets	(145,918)	(139,194)
Settlements	-	-
Other changes on plan assets	(45,424)	(17,357)
Total fair value of plan assets as of the period end date	**4,377,037**	**4,341,420**

(€ '000)

3. INFORMATION ABOUT PLAN ASSETS	12.31.2016	12.31.2015
1. Equities	88,273	79,507
2. Bonds	273,455	298,898
3. Units in investment funds	3,467,238	3,489,820
4. Properties	450,862	400,712
5. Derivative instruments	-	-
6. Others	97,209	72,483
Total	**4,377,037**	**4,341,420**

4. PRINCIPAL ACTUARIAL ASSUMPTIONS	12.31.2016	12.31.2015
	%	%
Discount rate	1.77	2.21
Expected return on plan assets	1.77	2.21
Rate of increase in future compensation and vested rights	2.13	2.40
Rate of increase in pension obligations	2.01	1.90
Expected inflation rate	1.46	1.63

5. INFORMATION ON AMOUNT, TIMING AND UNCERTAINTY OF CASH FLOWS	12.31.2016
- Impact of changes in financial/demographic assumptions on DBOs	
a. Discount rate	
a1. -25 basis points	394,726
	4.11%
a2. +25 basis points	(370,125)
	-3.86%
b. Pensions increase rate	
b1. -25 basis points	(265,979)
	-2.77%
b2. +25 basis points	278,060
	2.90%
c. Mortality	
c1. Survival rate +1 year	277,782
	2.89%
- Weighted average duration (years)	15.94

12.4 Provisions for risks and charges - other provisions

(€ '000)

	AMOUNTS AS AT	
	12.31.2016	12.31.2015
2.3 Other provisions for risks and charges - other		
- Real estate risks and costs	71,776	123,976
- Restructuring costs	64,643	124,229
- Out-of-court settlements and legal costs	11,706	11,706
- Allowances payable to agents	162,669	148,175
- Disputes regarding financial instruments and derivatives	112,269	142,515
- Tax Disputes	144,827	118,882
- Costs for liabilities arising from equity investment disposals	103,557	95,705
- Other	903,032	621,514
Total	**1,574,479**	**1,386,702**

Further to restatement in order to increase comparability with previous period due to inclusion of assets and liabilities of Bank Pekao S.A., Pioneer Global Asset Management S.p.A. and their subgroups' companies into items "Non-current assets and disposal groups classified as held for sale", December 2015, 31st figures have been reclassified in order to reflect a better classification of some provisions included into "others".

The sub-item "Real estate risks and costs" decreases due to utilizations made by the subsidiary UniCredit Business Integrated Solutions.
The sub-item "Restructuring costs" is decreased by provisions related to the restructuring plans of the subsidiary UniCredit Bank Austria.
The sub-item "Other" increases mainly due to provisions made by holding UniCredit S.p.A. and its subsidiaries UniCredit Business Integrated Solutions and UniCredit Bank AG.

Section 13 - Insurance reserves - Item 130

There are no amounts to be shown.

Section 14 - Redeemable shares - Item 150

There are no amounts to be shown.

Part B - Consolidated Balance Sheet - Liabilities

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

As at December 31, 2016 the Group Shareholders' Equity, including the result for the period of (€11,790) million, amounted to €39,336 million, as against €50,087 million at end 2015.
The following table shows the breakdown of Group Equity and the changes over the previous year:

Group capital: breakdown

(€ '000)

	AMOUNTS AS AT		CHANGES	
	12.31.2016	12.31.2015	AMOUNT	%
1. Share capital	20,846,893	20,257,668	589,225	2.9%
2. Share premium reserve	14,384,918	15,976,604	-1,591,686	-10.0%
3. Reserves	17,553,781	14,254,879	3,298,902	23.1%
4. Treasury shares	(4,107)	(8,171)	4,064	49.7%
a. Parent Company	(2,440)	(2,440)	-	-
b. Subsidiaries	(1,667)	(5,731)	4,064	70.9%
5. Revaluation reserve	(4,039,304)	(3,976,940)	-62,364	-1.6%
6. Equity instruments	2,383,463	1,888,463	495,000	26.2%
7. Net profit (loss)	(11,790,094)	1,694,240	-13,484,334	n.s.
Total	**39,335,550**	**50,086,743**	**-10,751,193**	**-21.5%**

The €10.751 million decrease in Group Equity resulted from:

A free capital increase as resolved: • by the Board of Directors of February 9, 2016 and carried out taking €41 million from the specifically established reserve, for the issue of shares connected with the medium-term incentive plan for the Group's personnel; • by the Shareholders' Meeting of April 14, 2016 and connected with the payment of the "Scrip dividend" relating to financial year 2015, carried out taking the pre-existing "reserves" for €549 million.	589 million
• Coverage of the Holding loss of the financial year 2015 (€1,441 million) and increase in the "legal reserve" (€150 million) through use of "Share premium reserve".	(1,592) million
An increase in the reserves, including the change in treasury shares owing to:	
• attribution to the reserve of the result of the previous year for €1,692 million and coverage of the Holding loss of the financial year 2015 for €1,441 million taking from "Share premium reserve";	3,133 million
• increase of "legal reserve with use of "Share premium reserve";	150 million
• a decrease deriving from the use of reserves for the purpose of increasing the free capital and from the use of the reserve set aside specifically for the purpose of the issue of performance shares associated with the personnel incentive plan;	(589) million
• allocation to the reserve of the coupon paid to subscribers of the issue of Additional Tier 1 instruments, net of the related taxes;	(116) million
• use of the reserve for the usufruct fee associated with the "Cashes";	(128) million
• a decrease in the reserve for the extraordinary distribution of dividends;	(158) million
• an increase in the reserve connected with Share-Based Payments;	54 million
• the decrease in other reserves connected to the extinction of a portion of the debt relative to the Italian pension funds, which resulted in the reversal of the revaluation reserve on actuarial gains (losses) to equity reserves;	(57) million
• other increases, mainly represented by the effects of the sale of 10% of Pekao S.A. and 30% of Finecobank S.p.A.; UniCredit still has a controlling interest in both the companies.	1.013 million
• Increase of Equity instruments related to the issue of Additional Tier 1 instruments for EUR 495 million, recognized net of the related transition costs	495 million
A change in valuation reserves owing to:	
• decrease in the value of financial assets available for sale;	(271) million
• decrease in the value of the reserve on actuarial gains (losses) on defined-benefit plans;	(414) million
• decrease in the value of hedging for financial risks and of assets held for sale;	(184) million
• increase in exchange rate differences;	1.197 million
• decrease in the value of the valuation reserve of companies carried at equity.	(389) million
A decrease in the profit for the period compared with that of December 31, 2015	(13.484) million

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

15.1 "Share capital" and "treasury shares": breakdown

(€ '000)

	12.31.2016		12.31.2015	
	ISSUED SHARES	UNDERWRITTEN SHARES	ISSUED SHARES	UNDERWRITTEN SHARES
A. Share Capital				
A.1 ordinary shares	20,838,376	-	20,249,250	-
A.2 savings shares	8,517	-	8,418	-
Total A	**20,846,893**	**-**	**20,257,668**	**-**
B. Treasury Shares	**(4,107)**	**-**	**(8,171)**	**-**

In the course of 2016 share capital - which at December 31, 2015 was represented by No.5,967,177,811 ordinary shares and No.2,480,677 savings shares, both categories with no per-share face value - changed due to the reasons illustrated in the paragraph "Capital Strengthening" of the "Consolidated Report on Operations".

Specifically, share capital rose from €20,257,668 thousand at the end of 2015 to €20,846,893 thousand following the free share capital increases of:

- €40,674 thousand, resolved by the Board of Directors' meeting of February 9, 2016, executed through the concurrent withdrawal from the specifically constituted "reserves related to the medium-term incentive program for Group staff", which resulted in the issue of No.11,993,660 ordinary shares;
- €548,551 thousand, resolved by the Shareholders' Meeting of April 14, 2016 for the payment of the "Scrip dividend" for 2015, through the concurrent withdrawal from the existing reserves.

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

The scrip dividend, which took place on May 5, 2016, resulted in:

- with respect to the shareholders who decided to exercise the option to receive a cash dividend, the payment of €157,630,180.80;
- with respect to the shareholders who did not opt for a cash payout, the issue of No.198,646,706 new ordinary shares and No.44,219 new savings shares, allocated according to the ratios mentioned above. Each new ordinary and savings share issued was recognized in the Shareholders' Equity at approximately €2.76.

As a result, at December 31, 2016, the share capital is represented by No.6,177,818,177 ordinary shares and No.2,524,896 savings shares.

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

Part B - Consolidated Balance Sheet - Liabilities

15.2 Share capital - number of shares owned by the Parent company: annual changes

	CHANGES IN 2016	
ITEMS/TYPE	ORDINARY	OTHER (SAVINGS)
A. Issued shares as at the beginning of the year	**5,967,177,811**	**2,480,677**
- Fully paid	5,967,177,811	2,480,677
- not fully paid	-	-
A.1 Treasury shares (-)	(47,600)	-
A.2 Shares outstanding: opening balance	5,967,130,211	2,480,677
B. Increases	**210,640,366**	**44,219**
B.1 New issues	210,640,366	44,219
- against payment	-	-
- business combinations	-	-
- bonds converted	-	-
- warrants exercised	-	-
- other	-	-
- free	210,640,366	44,219
- to employees	*11,993,660*	-
- to Directors	-	-
- other	*198,646,706*	*44,219*
B.2 Sales of treasury shares	-	-
B.3 Other changes	-	-
C. Decreases	**-**	**-**
C.1 Cancellation	-	-
C.2 Purchase of treasury shares	-	-
C.3 Business tranferred	-	-
C.4 Other changes	-	-
D. Shares outstanding: closing balance	**6,177,770,577**	**2,524,896**
D.1 Treasury Shares (+)	47,600	-
D.2 Shares outstanding as at the end of the year	6,177,818,177	2,524,896
- Fully paid	6,177,818,177	2,524,896
- not fully paid	-	-

The usufruct agreement relative to the No.96,756,406 shares (issued in the context of the January 2009 capital increase) provides for Euribor-linked discretionary payments contingent on the payment of dividends on ordinary and/or savings shares. On these shares the voting right cannot be exercised.

15.3 Share capital: other information

Pursuant to the resolution passed by the Extraordinary Shareholders' Meeting on December 15, 2011, ordinary and savings shares have no par value.
For specific details about the Savings shares, see Articles 5, 7 and 32 of the Articles of Association of UniCredit S.p.A.

15.4 Reserves from allocation of profit: other information

(€ '000)

	AMOUNTS AS AT	
	12.31.2016	12.31.2015
Legal Reserve (*)	1,517,514	1,517,514
Statutory Reserve	840,018	1,217,304
Other Reserves	9,791,488	6,011,063
Total	**12,149,020**	**8,745,881**

(*) The legal reserve of UniCredit S.p.A. also includes €2,683,390 thousand constituted, as resolved by the approval of the Ordinary Shareholders' Meeting of May 11, 2013, May 13, 2014 and April 13, 2016 with the withdrawal from "Share premium Reserve" and therefore it is not classified among Reserves from allocation of profit from previous year.

Refers to Parent Company, for what refer to article 2427, paragraph 22-septies of the Italian Civil Code, refer to specific Board of Directors' report.

15.5 Other Information

Revaluation reserve: breakdown

(€ '000)

ITEM/TYPES	AMOUNTS AS AT 12.31.2016	12.31.2015
1. Available-for-sale financial assets	1,564,503	1,835,922
2. Property, plant and equipment	-	-
3. Intangible assets	-	-
4. Hedges of foreign investments	-	-
5. Cash-flow hedges	329,819	455,515
6. Exchange differences	(2,063,807)	(3,260,329)
7. Non-current assets classified as held for sale	(37,387)	21,266
8. Actuarial gains (losses) on defined benefit plans	(2,649,778)	(2,235,322)
9. Revaluation reserves of investments valued at net equity	(1,459,674)	(1,071,012)
10. Special revaluation laws	277,020	277,020
Total	**(4,039,304)**	**(3,976,940)**

The FX currency reserves as at December 31, 2016 mainly refer to the following currencies:

- Turkish Lira: 1,669 million (negative) included in the share of revaluation reserves of the investments valued at equity in accordance with IFRS11;
- Ruble: 1,547 million (negative);
- UAH (Ukraine): 58 million (positive).

With reference to the exchange fluctuations reserve related to the Ukrainian currency in connection with the disposal of the investment in Public Joint Stock Company Ukrsotsbank and its subsidiaries, classified as held for disposal in accordance with IFRS5, it is noted that they were sold during last October 2016. The economic effects related to the disposal were already included in 2015 profit and loss except for the effect on exchange fluctuations reserve, negative for €718 million, accounted in 2016 P&L losses.

For further details related to the sale of Ukrainian subsidiaries refer to Part C - Section 21 - Profit (Loss) after tax from discontinued operations - Item 310.

Part B - Consolidated Balance Sheet - Liabilities

Section 16 - minorities - Item 210

The table below shows a breakdown of minorities as at December 31, 2016.

16.1 Breakdown of item 210 "Shareholders' equity: minorities"

(€ '000)

	2016	2015
Equity investments in consolidated companies with minority interests	**4,049,467**	**3,463,294**
Bank Pekao SA Group	3,159,675	2,787,815
UniCredit Bank AG Group	6,165	4,524
UniCredit Bank Austria AG Group	88,633	441,816
Fineco Bank S.p.A.	459,661	229,139
Zagrebacka Banka D.D.	335,333	-
Other equity investments	**(216,890)**	**(84,014)**
Other consolidation adjustments	**20,175**	**19,500**
Total	**3,852,752**	**3,398,780**

The shareholders' equity **attributable to minority interests** for 2016 amounted to €3,853 million.

Among the largest contributions we can note that attributable to the minority shareholders of the Bank Pekao S.A. Group, the contribution of the UniCredit Bank Austria AG Group, that of the UniCredit Bank AG Group, that of Finecobank S.p.A and that of Zagrebacka Banka D.D.

With reference to the Sub-Group UniCredit Bank Austria AG, please note that the deviation from the previous year reflects the transfer of the CEE Division (including holdings of subsidiaries in CEE) by UniCredit Bank Austria AG to UniCredit S.p.A which took place during 2016. In particular, the minority interest shareholders' equity of Zagrebacka Banka D.D at December 31, 2015 amounted to €306 million.

In financial year 2015, minority interests were €3,399 million.

16.2 Capital instruments: breakdown and annual changes

There are no equity instruments.

Other information

1. Guarantees given and commitments

(€ '000)

TRANSACTIONS	AMOUNTS AS AT 12.31.2016	12.31.2015
1) Financial guarantees given to	**21,330,371**	**23,055,867**
a) Banks	9,020,669	9,671,295
b) Customers	12,309,702	13,384,572
2) Commercial guarantees given to	**52,612,003**	**48,846,589**
a) Banks	9,390,583	10,193,733
b) Customers	43,221,420	38,652,856
3) Other irrevocable commitments to disburse funds	**107,133,554**	**107,721,461**
a) banks:	4,172,554	8,080,801
i) usage certain	*2,641,037*	*3,942,963*
ii) usage uncertain	*1,531,517*	*4,137,838*
b) customers:	102,961,000	99,640,660
i) usage certain	*22,889,794*	*23,375,364*
ii) usage uncertain	*80,071,206*	*76,265,296*
4) Underlying obligations for credit derivatives: sales of protection	**-**	**-**
5) Assets used to guarantee others' obligations	**3,339**	**13,325**
6) Other commitments	**1,470,882**	**2,675,865**
Total	**182,550,149**	**182,313,107**

2. Assets used to guarantee own liabilities and commitments

(€ '000)

PORTFOLIOS	AMOUNTS AS AT 12.31.2016	12.31.2015
1. Financial assets held for trading	21,666,433	20,424,477
2. Financial assets designated at fair value	16,559,666	15,515,132
3. Financial assets available for sale	51,122,007	54,463,978
4. Financial assets held to maturity	1,213,345	964,556
5. Loans and receivables with banks	1,333,958	1,588,278
6. Loans and receivables with customers	91,207,479	76,022,509
7. Property, plant and equipment	6,621	-

Deposits from Banks include €36,090 million related to Central Banks' refinancing operations collateralized by securities and loans respectively amounting to nominal €28,448 million and €18,342 million.
Regarding collateral securities, those not recognized on balance-sheet – since they represent repurchased or retained Group's financial liabilities – amount to nominal €11,846 million.

Security borrowing transactions collateralized by securities or not collateralized

(€ '000)

	AMOUNTS AS AT 12.31.2016			
	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	908,651	1,261,866	4,723,497	1,257,854
B. Financial companies	14,196	288,075	1,552,910	332,569
C. Insurance companies	-	16,790	155,663	21,674
D. Non-Financial companies	7,612	83,656	742,142	342,668
E. Others	-	34	1,095,052	852
Total	**930,459**	**1,650,421**	**8,269,264**	**1,955,617**

Part B - Consolidated Balance Sheet - Liabilities

3. Operating leases

(€ '000)

	AMOUNTS AS AT	
	12.31.2016	12.31.2015
Lessee information		
Operating leases		
Future minimum non-cancellable lease payments:		
- up to twelve months	113,858	118,252
- from one to five years	272,630	286,908
- over five years	45,248	64,016
Total amounts	**431,736**	**469,176**
Future minimum non-cancellable lease payments (to be received)		
Total payments	-	-
Lessor information		
Operating leases		
Future minimum non-cancellable lease payments (to be received):		
- up to twelve months	117,168	108,279
- from one to five years	366,423	347,163
- over five years	93,019	151,318
Total amounts	**576,610**	**606,760**

4. Breakdown of investments relating to unit-linked and index-linked policies

There were no transactions concerning unit-linked and index-linked policies.

5. Asset management and trading on behalf of others

(€ '000)

TYPE OF SERVICES	AMOUNT AS AT 12.31.2016
1. Management and trading on behalf of third parties	
a) purchases	452,919,848
1. settled	*452,268,659*
2. unsettled	*651,189*
b) sales	455,465,480
1. settled	*454,792,713*
2. unsettled	*672,767*
2. Portfolio management	
a) individual	102,918,133
b) collective	191,894,900
3. Custody and administration of securities	
a) third party securities on deposits: relating to depositary bank activities (excluding portfolio management)	40,206,205
1. securities issued by companies included in consolidation	*596*
2. other securities	*40,205,609*
b) third party securities held in deposits (excluding portfolio management): other	373,482,779
1. securities issued by companies included in consolidation	*16,496,825*
2. other securities	*356,985,954*
c) third party securities deposited with third parties	238,536,908
d) property securities deposited with third parties	97,469,773
4. Other	**16,192,395**

6. Assets subject to accounting offsetting or under master netting agreements and similar ones

(€ '000)

INSTRUMENT TYPE		GROSS AMOUNTS OF FINANCIAL ASSETS (A)	FINANCIAL LIABILITIES OFFSET IN BALANCE SHEET (B)	NET BALANCE SHEET VALUES OF FINANCIAL ASSETS (C=A-B)	RELATED AMOUNTS NOT RECOGNIZED IN BALANCE SHEET		NET AMOUNTS AT 12.31.2016 (F=C-D-E)	NET AMOUNTS AT 12.31.2015
					FINANCIAL INSTRUMENTS (D)	CASH COLLATERAL RECEIVED (E)		
1. Derivatives		68,180,102	19,072,653	49,107,449	30,482,550	7,763,919	10,860,980	11,381,302
2. Reverse repos		30,852,988	3,770,207	27,082,781	16,108,777	-	10,974,004	16,325,306
3. Securities lending		-	-	-	-	-	-	-
4. Others		59,336,883	1,279,505	58,057,378	-	-	58,057,378	55,036,171
Total	**12.31.2016**	**158,369,973**	**24,122,365**	**134,247,608**	**46,591,327**	**7,763,919**	**79,892,362**	**X**
Total	**12.31.2015**	**159,103,975**	**23,553,771**	**135,550,204**	**44,761,263**	**8,046,162**	**X**	**82,742,779**

7. Liabilities subject to accounting offsetting or under master netting agreements and similar ones

(€ '000)

INSTRUMENT TYPE		GROSS AMOUNTS OF FINANCIAL LIABILITIES (A)	FINANCIAL ASSETS OFFSET IN BALANCE SHEET (B)	NET BALANCE SHEET VALUES OF FINANCIAL LIABILITIES (C=A-B)	RELATED AMOUNTS NOT RECOGNIZED IN BALANCE SHEET		NET AMOUNTS AT 12.31.2016 (F=C-D-E)	NET AMOUNTS AT 12.31.2015
					FINANCIAL INSTRUMENTS (D)	CASH COLLATERAL PLEDGED (E)		
1. Derivatives		65,705,882	17,755,986	47,949,896	29,846,151	10,350,090	7,753,655	6,822,519
2. Repos		30,638,930	3,770,207	26,868,723	21,783,706	-	5,085,017	7,525,107
3. Securities lending		-	-	-	-	-	-	-
4. Others		86,471,435	2,596,173	83,875,262	-	-	83,875,262	88,154,046
Total	**12.31.2016**	**182,816,247**	**24,122,366**	**158,693,881**	**51,629,857**	**10,350,090**	**96,713,934**	**X**
Total	**12.31.2015**	**189,558,379**	**22,122,622**	**167,435,757**	**53,064,417**	**11,869,668**	**X**	**102,501,672**

Part C - Consolidated Income Statement

Part C - Consolidated Income Statement

Section 1 - Interests - Items 10 and 20

In the following table, the columns "Debt Securities" and "Loans" include interest income from impaired assets, other than income recognized under "Write-backs", amounting to €2 million and €674 million respectively.

1.1 Interest income and similar revenues: breakdown

(€ '000)

ITEMS/TYPE	YEAR 2016				YEAR 2015
	DEBT SECURITIES	LOANS	OTHER TRANSACTIONS	TOTAL	TOTAL
1. Financial assets held for trading	166,403	(29,724)	444,137	580,816	962,308
2. Financial assets at fair value through profit or loss	248,859	36,278	-	285,137	377,347
3. Available-for-sale financial assets	1,572,641	-	-	1,572,641	1,889,127
4. Held-to-maturity investments	43,235	-	-	43,235	25,393
5. Loans and receivables with banks	55,913	238,170	-	294,083	404,848
6. Loans and receivables with customers	168,083	11,488,289	-	11,656,372	12,754,981
7. Hedging derivatives	X	X	1,402,302	1,402,302	1,627,236
8. Other assets	X	X	130,214	130,214	177,051
Total	**2,255,134**	**11,733,013**	**1,976,653**	**15,964,800**	**18,218,291**

1.2 and 1.5 Interest income/expense and similar revenues/charges: hedging differentials

(€ '000)

ITEMS	YEAR 2016	YEAR 2015
A. Positive differentials relating to hedging operations	5,246,890	6,078,107
B. Negative differentials relating to hedging operations	(3,844,588)	(4,450,871)
C. Net differential	**1,402,302**	**1,627,236**

For the sake of comparability, the table 1.2 "Interest income and similar revenues" also includes the figures of the table 1.5 "Interest expense and similar costs".

1.3 Interest income and similar revenues: other information

1.3.1 Interest income from financial assets denominated in currency

(€ '000)

ITEMS	YEAR 2016	YEAR 2015
a) Assets denominated in currency	3,765,972	4,582,134

1.3.2 Interest income from finance leases

(€ '000)

ITEMS	YEAR 2016	YEAR 2015
a) Financial transactions: contingent rents recognised as income in the period	405,226	504,714

1.4 Interest expense and similar charges: breakdown

(€ '000)

ITEMS/TYPE	YEAR 2016				YEAR 2015
	DEBTS	SECURITIES	OTHER TRANSACTIONS	TOTAL	TOTAL
1. Deposits from Central banks	(56,528)	X	-	(56,528)	(133,334)
2. Deposits from banks	(333,643)	X	-	(333,643)	(473,827)
3. Deposits from customers	(968,463)	X	-	(968,463)	(1,614,878)
4. Debt securities in issue	X	(3,279,106)	-	(3,279,106)	(4,112,258)
5. Financial liabilities held for trading	12,753	(96,393)	(795,102)	(878,742)	(1,112,675)
6. Financial liabilities at fair value through profit or	-	(2,484)	-	(2,484)	(3,438)
7. Other liabilities and funds	X	X	(138,823)	(138,823)	(103,877)
8. Hedging derivatives	X	X	-	-	-
TOTAL	**(1,345,881)**	**(3,377,983)**	**(933,925)**	**(5,657,789)**	**(7,554,287)**

1.5 Interest expense and similar charges: hedging differentials

For the sake of comparability, information on hedging differentials is provided in Table 1.2.

1.6 Interest expense and similar charges: other information

1.6.1 Interest expense on liabilities denominated in currency

(€ '000)

ITEMS	YEAR 2016	YEAR 2015
a) Liabilities denominated in currency	(1,836,643)	(2,107,751)

1.6.2 Interest expense on finance leases

(€ '000)

ITEMS	YEAR 2016	YEAR 2015
a) Financial leasing transaction: contingent rents recognised as expense in the period	-	-

The negative interest components on financial assets and financial liabilities, contributing to net interest margin, amount respectively to €273 million and €380 million.

Section 2 - Fees and commissions - Items 40 and 50

2.1 Fee and commission income: breakdown

(€ '000)

TYPE OF SERVICES/VALUES	YEAR 2016	YEAR 2015
a) guarantees given	**518,897**	**532,592**
b) credit derivatives	**-**	**-**
c) management, brokerage and consultancy services:	**2,640,115**	**2,456,648**
1. securities trading	235,866	251,430
2. currency trading	104,692	111,843
3. portfolio management	336,366	310,051
3.1 individual	*148,646*	*148,103*
3.2 collective	*187,720*	*161,948*
4. custody and administration of securities	198,793	176,976
5. custodian bank	34,682	37,064
6. placement of securities	389,783	273,247
7. reception and transmission of orders	134,355	158,540
8. advisory services	107,949	98,830
8.1 related to investments	*47,919*	*44,147*
8.2 related to financial structure	*60,030*	*54,683*
9. distribution of third party services	1,097,629	1,038,667
9.1 portfolio management	318,913	293,267
9.1.1 individual	*234*	*1,394*
9.1.2 collective	*318,679*	*291,873*
9.2 insurance products	744,761	693,349
9.3 other products	33,955	52,051
d) collection and payment services	**1,455,590**	**1,439,852**
e) securitization servicing	**5,354**	**9,906**
f) factoring	**79,275**	**84,666**
g) tax collection services	**-**	**-**
h) management of multilateral trading facilities	**-**	**-**
i) management of current accounts	**1,214,556**	**1,253,024**
j) other services	**843,387**	**855,624**
k) security lending	**21,248**	**16,023**
Total	**6,778,422**	**6,648,335**

Item "j) other services" mainly comprise:

- fees on loans granted: €548 million in 2016, €505 million in 2015 (+9%);
- fees for foreign transactions and services of €66 million in 2016, €57 million in 2015 (+16%);
- fees for various services provided to customers (e.g. treasury, merchant banking, etc.) of €51 million in 2016, €56 million in 2015 (-9%);
- fees for ATM and credit card services not included in collection and payment services, amounting to €69 million in 2016, €60 million in 2015 (+15%).

Part C - Consolidated Income Statement

2.2 Fee and commission expense: breakdown

(€ '000)

SERVICES/VALUES	YEAR 2016	YEAR 2015
a) guarantees received	**(124,380)**	**(85,959)**
b) credit derivatives	**-**	**(3,503)**
c) management,brokerage and consultancy services:	**(526,479)**	**(536,446)**
1. trading financial instruments	(65,281)	(62,244)
2. currency trading	(13,163)	(17,793)
3. portfolio management	(18,705)	(20,277)
3.1 own portfolio	*(7,755)*	*(8,273)*
3.2 third party portfolio	*(10,950)*	*(12,004)*
4. custody and administration of securities	(148,745)	(165,556)
5. placement of financial instruments	(31,101)	(7,313)
6. off-site distribution of financial instruments, products and services	(249,484)	(263,263)
d) collection and payment services	**(383,721)**	**(399,446)**
e) other services	**(131,997)**	**(109,278)**
f) security borrowing	**(26,613)**	**(25,222)**
Total	**(1,193,190)**	**(1,159,854)**

Section 3 - Dividend income and similar revenues - Item 70

In 2016 dividend income, which is recognized in the accounts in the year in which their distribution is approved, totaled €374 million, or €405 million if income from units in investment funds is also considered, as against €403 million in the same period in 2015.

3.1 Dividend income and similar revenues: breakdown

(€ '000)

	YEAR 2016		YEAR 2015	
ITEMS/REVENUES	DIVIDENDS	INCOME FROM UNITS IN INVESTMENT FUNDS	DIVIDENDS	INCOME FROM UNITS IN INVESTMENT FUNDS
A. Financial assets held for trading	240,188	20,163	222,393	9,595
B. Available for sale financial assets	130,409	11,517	138,137	29,014
C. Financial assets at fair value through profit or loss	6	-	352	-
D. Investments	2,940	X	3,979	X
Total	**373,543**	**31,680**	**364,861**	**38,609**
Total dividends and income from units in investment funds		**405,223**		**403,470**

Sub-item “B. Available for sale financial assets” includes €61 million in dividends received relating to the shareholding in Banca d’Italia (€75 million in 2015), €24 million in dividends received relating to the shareholding in Bayerische Immobilien-Leasing Gmbh & Co. Verwaltungs-KG and €19 million in dividends received relating to the shareholding in Kartensysteme Gesellschaft mit Beschraenkter Haftung (€41 million in 2015).

Section 4 - Gains (Losses) on financial assets and liabilities held for trading - Item 80

This table summarizes trading income for 2016 and 2015 with y/y changes.

Gains (losses) on financial assets and liabilities held for trading (€ million)

TRANSACTIONS/P&L ITEMS	YEAR 2016	YEAR 2015	CHANGE
Financial assets held for trading	269	493	- 224
Financial liabilities held for trading	(415)	8	- 423
Financial assets and liabilities in currency: exchange differences	284	932	- 648
Financial and credit derivatives	1,069	(456)	1,525
Total	**1,207**	**977**	**230**

4.1 Gains (Losses) on financial assets and liabilities held for trading: breakdown

(€ '000)

	YEAR 2016				
TRANSACTIONS/P&L ITEMS	UNREALIZED PROFITS	REALIZED PROFITS	UNREALIZED LOSSES	REALIZED LOSSES	NET PROFIT
1. Financial assets held for trading	**1,967,167**	**2,210,776**	**(1,184,592)**	**(2,724,379)**	**268,972**
1.1 Debt securities	213,614	900,695	(268,537)	(588,580)	257,192
1.2 Equity instruments	1,011,101	879,122	(198,630)	(1,443,046)	248,547
1.3 Units in investment funds	73,443	251,902	(31,080)	(233,121)	61,144
1.4 Loans	574,425	131,913	(682,266)	(234,949)	(210,877)
1.5 Other	94,584	47,144	(4,079)	(224,683)	(87,034)
2. Financial liabilities held for trading	**298,407**	**541,930**	**(514,230)**	**(741,542)**	**(415,435)**
2.1 Debt securities	232,266	328,167	(379,666)	(472,179)	(291,412)
2.2 Deposits	116	-	(27)	(4,420)	(4,331)
2.3 Other	66,025	213,763	(134,537)	(264,943)	(119,692)
3. Financial assets and liabilities: exchange differences	**X**	**X**	**X**	**X**	**283,648**
4. Derivatives	**61,794,130**	**50,390,552**	**(61,356,555)**	**(50,164,921)**	**1,068,545**
4.1 Financial derivatives:	60,103,695	49,468,560	(59,633,327)	(49,300,270)	1,043,997
- on debt securities and interest rates	*49,429,597*	*42,906,398*	*(48,493,468)*	*(43,179,366)*	*663,161*
- on equity securities and share indices	*8,809,161*	*4,618,496*	*(9,084,683)*	*(4,629,999)*	*(287,025)*
- on currency and gold	*X*	*X*	*X*	*X*	*405,339*
- other	*1,864,937*	*1,943,666*	*(2,055,176)*	*(1,490,905)*	*262,522*
4.2 Credit derivatives	1,690,435	921,992	(1,723,228)	(864,651)	24,548
Total	**64,059,704**	**53,143,258**	**(63,055,377)**	**(53,630,842)**	**1,205,730**

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

5.1 Fair value adjustments in hedge accounting: breakdown

(€ '000)

P&L COMPONENT/VALUES	YEAR 2016	YEAR 2015
A. Gains on:		
A.1 Fair value hedging instruments	11,764,847	12,764,508
A.2 Hedged asset items (in fair value hedge relationship)	916,312	584,897
A.3 Hedged liability items (in fair value hedge relationship)	418,330	1,264,093
A.4 Cash-flow hedging derivatives	3,358	3,172
A.5 Assets and liabilities denominated in currency	-	-
Total gains on hedging activities	**13,102,847**	**14,616,670**
B. Losses on:		
B.1 Fair value hedging instruments	(12,150,064)	(13,124,498)
B.2 Hedged asset items (in fair value hedge relationship)	(785,344)	(913,777)
B.3 Hedged liability items (in fair value hedge relationship)	(158,271)	(571,703)
B.4 Cash-flow hedging derivatives	(14,942)	(22,075)
B.5 Assets and liabilities denominated in currency	(2,012)	(89)
Total losses on hedging activities	**(13,110,633)**	**(14,632,142)**
C. Net hedging result	**(7,786)**	**(15,472)**

Part C - Consolidated Income Statement

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

As at December 31, 2016 the disposal/repurchase of financial assets/liabilities generated net gains in the amount of +€642 million (+€321 million in 2015), of which +€639 million on assets and +€3 million on liabilities.
In 2016 net result recognized under sub-item “3. Available-for-sale financial assets - 3.1 Debt securities” was +€376 million and comprised gains on disposal of Trevi 3 (+€132 million on BTP disposal), UniCredit S.p.A. (+€189 million, mainly due to disposal of Italian Government securities), UniCredit Bank S.A. (+€11 million, mainly due to disposal of Romanian Government securities), UniCredit Bank Austria AG (+€8 million, mainly due to disposal of Austrian and Belgian Government securities), UniCredit Banka Slovenija D.D. (+€8 million, mainly due to disposal of Slovenian Government securities), UniCredit Bank Czech Republic and Slovakia A.S.(+€6 million, mainly due to disposal of Czechs and Slovaks Government securities), FinecoBank S.p.A. (+€5 million, mainly due to disposal of Italian and Spanish Government securities).
Net results of sub-item “3. Available-for-sale financial assets - 3.2 Equity Instruments” equal to +€323 million mainly includes gain on disposal of equity investment in Visa Europe Ltd for +€273 million (+€333 million if included the impact classified in item “310. Profit (Loss) after tax from discontinued operations”), Cisalfa Sport S.p.A. for +€15 million, Erg Renew S.p.A. for +€10 million, Tikehau Capital Advisors S.A.S. for +6 million and Util Industries S.p.A. for +€7 million.
The net profit on repurchase of financial liabilities (+€3 million) principally relates to deposits with banks.

6.1 Gains (Losses) on disposals/repurchases: breakdown

(€ '000)

ITEMS/P&L ITEMS	YEAR 2016 GAINS	YEAR 2016 LOSSES	YEAR 2016 NET PROFIT	YEAR 2015 GAINS	YEAR 2015 LOSSES	YEAR 2015 NET PROFIT
Financial assets						
1. Loans and receivables with banks	**30**	**(8)**	**22**	**10,331**	**(109)**	**10,222**
2. Loans and receivables with customers	**164,985**	**(225,251)**	**(60,266)**	**139,760**	**(121,482)**	**18,278**
3. Available-for-sale financial assets	**1,077,876**	**(378,770)**	**699,106**	**676,852**	**(336,979)**	**339,873**
3.1 Debt securities	754,693	(378,719)	375,974	630,744	(334,747)	295,997
3.2 Equity instruments	322,630	(49)	322,581	43,221	(2,232)	40,989
3.3 Units in Investment funds	553	(2)	551	2,887	-	2,887
3.4 Loans	-	-	-	-	-	-
4. Held-to-maturity investments	**-**	**-**	**-**	**80**	**-**	**80**
Total assets	**1,242,891**	**(604,029)**	**638,862**	**827,023**	**(458,570)**	**368,453**
Financial liabilities						
1. Deposits with banks	**29,741**	**(24,073)**	**5,668**	**48,662**	**(44,771)**	**3,891**
2. Deposits with customers	**4,291**	**(10,476)**	**(6,185)**	**343**	**(11,781)**	**(11,438)**
3. Debt securities in issue	**134,296**	**(131,068)**	**3,228**	**50,065**	**(89,508)**	**(39,443)**
Total liabilities	**168,328**	**(165,617)**	**2,711**	**99,070**	**(146,060)**	**(46,990)**
Total financial assets and liabilities			**641,573**			**321,463**

As at December 31, 2015 the disposal/repurchase of financial assets/liabilities generated net gains in the amount of +€321 million, of which +€368 million on assets and -€47 million on liabilities.
In 2015 net result recognized under sub-item “3. Available-for-sale financial assets - 3.1 Debt securities” was +€296 million and comprised gains on disposal of UniCredit S.p.A. (+€238 million, mainly due to disposal of Italian Government securities and the unwinding of corresponding hedging derivative), UniCredit Bank Austria Ag (+€25 million, mainly due to disposal of Austrian Government securities), UniCredit Tiriac Bank S.A. (+€20 million, mainly due to disposal of Romanian Government securities).
Net results of sub-item “3. Available-for-sale financial assets – 3.2 Equity Instruments” equal to +€41 million mainly includes gain on disposal of equity investment in Wustenrot & Wurttembergische AG. for +€14 million and Sofia L.P. for +€7 million. Net result also includes gains on disposal of other equity securities realized by UniCredit Bank AG for +€7 million.
The net profit on repurchase of financial liabilities (-€47 million) principally relates to debt securities in issue, of which -€45 million relating to the offer for the partial repurchase of Subordinated Notes issued by UniCredit S.p.A. launched in the second quarter of 2015.

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 - 1.2 Related to fair value option" and "2. Credit derivatives - 2.2 Related to fair value option").

This table summarizes the net result of assets and liabilities valued at fair value for 2016 and 2015, with y/y changes.

Gains (Losses) in financial assets and liabilities at fair value through profit or loss: breakdown

(€ million)

TRANSACTIONS/P&L ITEMS	YEAR 2016	YEAR 2015	CHANGE
Financial assets	(75)	(177)	102
Financial liabilities	(80)	(5)	- 75
Financial assets and liabilities in currency: exchange differences	-	-	-
Financial and credit derivatives	75	180	- 105
Total	**(80)**	**(2)**	**- 78**

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

(€ '000)

	YEAR 2016				
TRANSACTIONS/P&L ITEMS	UNREALIZED PROFITS	REALIZED PROFITS	UNREALIZED LOSSES	REALIZED LOSSES	NET PROFIT
1. Financial assets	**239,932**	**74,024**	**(245,957)**	**(143,145)**	**(75,146)**
1.1 Debt securities	194,999	74,013	(172,017)	(136,856)	(39,861)
1.2 Equity securities	-	5	(35,898)	(389)	(36,282)
1.3 Units in investment funds	2,788	6	(28,133)	(1,861)	(27,200)
1.4 Loans	42,145	-	(9,909)	(4,039)	28,197
2. Financial liabilities	**24,350**	**3,116**	**(107,059)**	**-**	**(79,593)**
2.1 Debt securities	24,350	3,116	(75,046)	-	(47,580)
2.2 Deposits from banks	-	-	-	-	-
2.3 Deposits from customers	-	-	(32,013)	-	(32,013)
3. Financial assets and liabilities in foreign currency: exchange differences	**X**	**X**	**X**	**X**	**-**
4. Credit and financial derivatives	**524,876**	**7,464**	**(440,015)**	**(17,773)**	**74,552**
Total	**789,158**	**84,604**	**(793,031)**	**(160,918)**	**(80,187)**

Part C - Consolidated Income Statement

Section 8 - Impairment losses - Item 130

For more information, please see the 2016 Consolidated Accounts - Part E - Information on risks and hedging policies - A. Credit quality.

8.1 Impairment losses on loans and receivables: breakdown

(€ '000)

	YEAR 2016								YEAR 2015
	WRITE-DOWNS			WRITE-BACKS					
	SPECIFIC			SPECIFIC		PORTFOLIO			
TRANSACTIONS/P&L ITEMS	WRITE-OFFS	OTHER	PORTFOLIO	INTEREST	OTHER	INTEREST	OTHER	TOTAL	TOTAL
A. Loans and receivables with	**(28)**	**(6,359)**	**(13,472)**	**29**	**21,506**	**-**	**34,196**	**35,872**	**(21,444)**
- Loans	(28)	(6,359)	(13,372)	29	21,506	-	34,196	35,972	(22,549)
- Debt securities	-	-	(100)	-	-	-	-	(100)	1,105
B. Loans and receivables with	**(558,215)**	**(14,595,765)**	**(893,973)**	**763,590**	**2,605,638**	**-**	**713,069**	**(11,965,656)**	**(3,942,640)**
Impaired related to purchase agreements	**(1,529)**	**(17,232)**	**-**	**1,570**	**390**	**-**	**-**	**(16,801)**	**(7,655)**
- Loans	(1,529)	(17,232)	X	1,570	390	X	X	(16,801)	(7,655)
- Debt securities	-	-	X	-	-	X	X	-	-
Other loans	**(556,686)**	**(14,578,533)**	**(893,973)**	**762,020**	**2,605,248**	**-**	**713,069**	**(11,948,855)**	**(3,934,985)**
- Loans	(556,686)	(14,550,880)	(893,320)	760,689	2,535,396	-	704,115	(12,000,686)	(3,918,191)
- Debt securities	-	(27,653)	(653)	1,331	69,852	-	8,954	51,831	(16,794)
C. Total	**(558,243)**	**(14,602,124)**	**(907,445)**	**763,619**	**2,627,144**	**-**	**747,265**	**(11,929,784)**	**(3,964,084)**

In the fourth quarter of 2016, the parent company UniCredit S.p.A. and its subsidiary UniCredit Leasing S.p.A. modified the parameters used to estimate the recoverable amount of their credit exposures to customers; in accordance with IAS8 (paragraph 5), since the basis for the measurement of the loans has not been modified, this change qualifies as a “change in accounting estimates”. Detailed information on the effects of this change is provided, as required by IAS8 (paragraph 39) in Part E - Information on risks and hedging policies, under table “A.1.2 Breakdown of credit exposures by portfolio and credit quality (gross and net values)”, which should be consulted for further information.
In addition, again in the last quarter of 2016, following the launch of the “FINO Project”, involving a set of credit exposures to customers classified as Non-Performing Loans (the FINO Portfolio) held for sale, and according to the specific features of the Project, the loans included in the FINO portfolio have been valued on the basis of their respective selling prices, in accordance with IAS39, and specifically paragraphs 63 and AG 84. For complete disclosure on this subject, see the information provided in Part E - Information on risks and hedging policies, under table “A.1.2 Breakdown of credit exposures by portfolio and credit quality (gross and net values)”.

The columns “Write-backs: interest” disclose any increase in the presumed recovery value of impaired positions arising from interest accrued in the year on the basis of the original effective interest rate used to calculate write-downs.

Sub-item B. Loans and receivables with customers - Impaired related to purchase includes write-downs and write-backs related to impaired loans acquired as part of disposals other than business combinations.

8.2 Impairment losses on available for sale financial assets: breakdown

(€ '000)

TRANSACTIONS/P&L ITEMS	YEAR 2016					YEAR 2015
	WRITE-DOWNS		WRITE-BACKS			
	SPECIFIC		SPECIFIC			
	WRITE-OFFS	OTHER	INTEREST	OTHER	TOTAL	TOTAL
A. Debt securities	(56)	(19,182)	-	357	(18,881)	(206)
B. Equity instruments	-	(136,496)	X	X	(136,496)	(38,830)
C. Units in investment funds	-	(552,000)	X	-	(552,000)	(20,090)
D. Loans to banks	-	-	-	-	-	-
E. Loans to customers	-	-	-	-	-	-
F. Total	**(56)**	**(707,678)**	**-**	**357**	**(707,377)**	**(59,126)**

In 2016 impairment losses on available-for-sale financial assets were -€707 million, principally on units in investment funds (-€552 million), mainly attributable to Atlante fund stake (-€547 million).
Impairment losses on equity instruments (-€136 million) were mainly attributable to financial companies as Risanamento S.p.A. (-€22 million), Prelios S.p.A. (-€16 million), Ergo Versicherung Aktiengesellscaft (-€10 million), Italtel S.p.A. (-€6 millioni), Gabetti Property Solutions S.p.A. (-€3 million) and to other equity instruments, among which mainly *Schema Volontario* (-€51 million).
In 2016 impairment losses on debt securities were -€19 million..

In 2015 impairment losses on available-for-sale financial assets were -€59 million, principally equity instruments (-€39 million), mainly attributable to: Ergo Versicherung Aktiengesellscaft (-€7 million), Cisfi S.p.A. (-€5 million), FPE (IT) 1 S.p.A. (-€5 million), Bwa Beteiligungs- Und Verwaltungs-Aktiengesellschaft (-€4 million) e Eurofidi Società Consortile Di Garanzia Collettiva Fidi S.C.A.R.L. (-€4 million).
In 2015 impairment losses on units in investment funds were -€20 million, mainly attributable to private equity funds.

8.3 Impairment losses on held-to-maturity investments: breakdown

(€ '000)

TRANSACTIONS/P&L ITEMS	YEAR 2016								YEAR 2015
	WRITE-DOWNS			WRITE-BACKS					
	SPECIFIC			SPECIFIC		PORTFOLIO			
	WRITE-OFFS	OTHER	PORTFOLIO	INTEREST	OTHER	INTEREST	OTHER	TOTAL	TOTAL
A. Debt securities	-	(216)	-	-	420	-	-	204	(6,271)
B. Loans to banks	-	-	-	-	-	-	-	-	-
C. Loans to customers	-	-	-	-	-	-	-	-	-
D. Total	**-**	**(216)**	**-**	**-**	**420**	**-**	**-**	**204**	**(6,271)**

8.4 Impairment losses on other financial transactions: breakdown

(€ '000)

TRANSACTIONS/P&L ITEMS	YEAR 2016								YEAR 2015
	WRITE-DOWNS			WRITE-BACKS					
	SPECIFIC			SPECIFIC		PORTFOLIO			
	WRITE-OFFS	OTHER	PORTFOLIO	INTEREST	OTHER	INTEREST	OTHER	TOTAL	TOTAL
A. Guarantees given	-	(214,030)	(47,595)	182	291,144	-	23,199	52,900	847
B. Credit derivatives	-	-	-	-	-	-	-	-	-
C. Commitments to disburse funds	-	(116,801)	(16,416)	15	106,090	-	13,929	(13,183)	11,243
D. Other transactions	-	(195,455)	(1,426)	-	1,422	-	2,178	(193,281)	(1,761)
E. Total	**-**	**(526,286)**	**(65,437)**	**197**	**398,656**	**-**	**39,306**	**(153,564)**	**10,329**

Part C - Consolidated Income Statement

Section 9 - Premiums earned (net) - Item 150

There are no premiums earned.

Section 10 - Other income (net) from insurance activities - Item 160

There are no income net from insurance activities.

Net result of the insurance business

There is no net result of the insurance business.

Section 11 - Administrative costs - Item 180

11.1 Payroll: breakdown

(€ '000)

TYPE OF EXPENSES/SECTORS	YEAR 2016	YEAR 2015
1) Employees	**(9,251,996)**	**(7,743,032)**
a) wages and salaries	(5,056,921)	(5,169,930)
b) social charges	(1,222,604)	(1,232,165)
c) severance pay	(52,109)	(39,449)
d) social security costs	-	-
e) allocation to employee severance pay provision	(22,357)	(22,810)
f) provision for retirements and similar provisions:	(801,634)	871,950
- defined contribution	*(1,441)*	*(2,106)*
- defined benefit	*(800,193)*	*874,056*
g) payments to external pension funds:	(257,836)	(271,799)
- defined contribution	*(256,717)*	*(270,560)*
- defined benefit	*(1,119)*	*(1,239)*
h) costs related to share-based payments	(61,954)	(93,374)
i) other employee benefits	(1,802,884)	(1,813,927)
l) recovery payments seconded employees	26,303	28,472
2) Other staff	**(52,606)**	**(57,207)**
3) Directors and Statutory Auditors	**(10,856)**	**(11,433)**
4) Early retirement costs	**-**	**-**
Total	**(9,315,458)**	**(7,811,672)**

See Table 11.3 for details of sub-item f) “provision for retirement payments and similar provisions - defined benefit”.

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

See Table 11.4 for details of sub-item i) ”other employee benefits”.

11.2 Average number of employees by category

	YEAR 2016	YEAR 2015
Employees:	**132,896**	**138,946**
a) Senior managers	1,880	2,054
b) Managers	33,156	33,591
c) Remaining employees staff	97,860	103,301
Other Staff	**2,304**	**2,549**
Total	**135,200**	**141,495**

Employees by category at year end

	AMOUNTS AS AT	
	12.31.2016	12.31.2015
Employees:	**128,818**	**136,974**
a) Senior managers	1,730	2,030
b) Managers	32,754	33,558
c) Remaining employees staff	94,334	101,386
Other Staff	**2,113**	**2,495**
Total	**130,931**	**139,469**

11.3 Defined benefit company retirement funds: total costs and revenues

(€ '000)

	YEAR 2016	YEAR 2015
Current service cost	(107,570)	(175,743)
Settlement gains (losses)	(588,935)	1,198,514
Past service cost	(482)	(1,694)
Interest cost on the DBO	(205,725)	(247,980)
Interest income on plan assets	102,519	100,959
Total recognized in profit or loss	**(800,193)**	**874,056**

The balance of item “Settlement gains (losses)” is mainly due to the effects of a law approved by the Austrian Parliament in April 2016, aimed to increase, with retroactive effect, the contributions to be paid following the transfer of pension obligations regarding to the employees of UniCredit Bank Austria (“UCBA”) to the national public system. For further details please refer to Part B - Section 12 - Provisions for risks and charges.

11.4 Other employee benefits

(€ '000)

	YEAR 2016	YEAR 2015
- Seniority premiums(*)	13,076	(15,453)
- Leaving incentives	(1,594,280)	(1,534,764)
- Other	(221,680)	(263,710)
Total	**(1,802,884)**	**(1,813,927)**

(*)The forfeiture of Ex-liberality for Seniority Premiums (25th year of service), for employees of Italian Legal Entities, paid by *"Speciale Elargizione Welfare"*, resulted into release of provisions in place with related economic benefits for €22 million.

The net balance in the sub-item Leaving Incentives for 2016 is mainly determined by the effects envisaged by the Strategic Plan, related to the signing of an agreement with the unions in Italy, on February 4, 2017, for early retirement through the extraordinary industry Solidarity Fund for the population having the right to retire within the following 54 months by Plan’s expiry, while in Germany and Austria, agreements were reached with workers' representatives (Workers' Council) based on individual negotiations, without particular reference to the age range. With reference to the Austrian personnel, it is pointed out that the update of the UCBA restructuring plan, implemented in two phases during 2016, resulted in a net reduction of costs previously allocated at December 31, 2015. Previous year costs mainly refers to the effects envisaged by Strategic Plan 2015-2018.

Part C - Consolidated Income Statement

11.5 Other administrative expenses: breakdown

(€ '000)

TYPE OF EXPENSES/SECTORS	YEAR 2016	YEAR 2015
1) Indirect taxes and duties	**(872,254)**	**(904,293)**
1a. Settled	(871,875)	(902,831)
1b. Unsettled	(379)	(1,462)
2) Contributions to Resolution Funds and Deposit Guarantee Schemes (DGS)	**(659,510)**	**(606,055)**
3) Guarantee fee for DTA conversion	**(253,726)**	**-**
4) Miscellaneous costs and expenses	**(4,331,292)**	**(4,019,171)**
a) advertising marketing and communication	**(281,016)**	**(295,107)**
b) expenses related to credit risk	**(366,733)**	**(241,278)**
c) indirect expenses related to personnel	**(186,456)**	**(212,845)**
d) Information & Communication Technology expenses	**(1,489,899)**	**(1,177,958)**
lease of ICT equipment and software	(99,416)	(89,124)
software expenses: lease and maintenance	(219,186)	(210,964)
ICT communication systems	(71,116)	(70,129)
services ICT in outsourcing	(969,703)	(682,018)
financial information providers	(130,478)	(125,723)
e) consulting and professionals services	**(380,477)**	**(381,119)**
consulting	(257,887)	(259,340)
legal expenses	(122,590)	(121,779)
f) real estate expenses	**(904,839)**	**(990,048)**
premises rentals	(505,617)	(531,536)
utilities	(161,054)	(175,994)
other real estate expenses	(238,168)	(282,518)
g) operative costs	**(721,872)**	**(720,816)**
surveillance and security services	(52,822)	(53,919)
money counting services and transport	(58,111)	(54,001)
printing and stationery	(51,829)	(53,459)
postage and transport of documents	(89,847)	(93,907)
administrative and logistic services	(256,809)	(240,986)
insurance	(81,606)	(76,585)
association dues and fees and Contributions to the administrative expenses Deposit Guarantee	(66,085)	(61,758)
other administrative expenses - Other	(64,763)	(86,201)
Total (1+2+3)	**(6,116,782)**	**(5,529,519)**

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

Information Communication Technology expenses include €238 million related to the contractual renegotiation and substantial changes to the contract between the subsidiary UniCredit Business Integrated Solution and V-TServices that have brought to expiration of the rights to obtain prepaid services and consequently accounting derecognition of related credits to suppliers.

Contributions to Resolution and Guarantee Funds

The item Other administrative costs holds the contributions to resolution funds and guarantee funds, harmonised and non harmonised, respectively for €467 million (of which €214 millon referred to extraordinary contribution of UniCredit S.p.A. described in the following), and €193 million.

With reference to the harmonised funds, the ordinary annual contributions due pursuant to the Directives No.49 and No.59 of 2014 are accounted for in full when the legal condition of the obligation to make payment and the application of IFRIC21 does not allow the pro-rata attribution to the interim periods.

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

- With the introduction of the European Directive 2014/59/EU, the Regulation on the Single Resolution Mechanism ("BRRD Directive" Regulation (EU) No.806/2014 of the European Parliament and of the Council dated July 15, 2014) established a framework for the recovery and resolution of crises in credit institutions, by setting up a single resolution committee and a single resolution fund for banks (Single Resolution Fund, "SRF"). The Directive provides for the launch of a compulsory contribution mechanism that entails the collection of the target level of resources by December 31, 2023, equal to 1% of the covered deposits of all the authorised institutions acting in the European territory. The accumulation period may be extended for a further four years if the funding mechanisms have made cumulative disbursements for a percentage higher than 0.5% of the covered deposits. If, after the accumulation period, the available financial resources fall below the target level, the collection of contributions shall resume until that level has been recovered. Additionally, having reached the target level for the first time and, in the event that the available

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

- The Directive 2014/49/EU of April 16, 2014, in relation to the DGS, aims to enhance the protection of depositors through the harmonisation of the related national legislation. The Directive provides for the launch of a mandatory national contribution mechanism that will allow a target level of 0.8% of the amount of its members' covered deposits to be collected by July 3, 2024. The contribution resumes when the financing capacity is below the target level, at least until the target level is reached. If, after the target level has been reached for the first time, the available financial resources have been reduced to below two thirds of the target level, the regular contribution shall be set at a level to achieve the target level within six years. The contribution mechanism provides for ordinary annual contribution instalments, with the aim of distributing the costs evenly over time for the contributing banks, and also extraordinary contributions, if the available financial resources of a DGS are insufficient to repay depositors; the extraordinary contributions cannot exceed 0.5% of covered deposits per calendar year, but in exceptional cases and with the consent of the competent authority, the DGS may demand even higher contributions.

The Directives No.49 and No.59 specify the possibility of introducing irrevocable payment commitments as an alternative to collection of fund contributions lost through cash, up to a maximum of 30% of the total resources target.
With reference to Directive No.59 (SRF contributions) the instrument of the irrevocable payment commitments has been used by UniCredit S.p.A. and by the German subsidiary UniCredit Bank AG for an amount equal to 15% of full contributions paid in May 2016, resulting in the payment of guarantees in the form of cash, €16 million and €12 million respectively. The cash collateral has been recognized in the balance sheet as an asset and taking into account its contractual characteristics, steps were taken to affect the profit and loss.

For the operations in the 2015 financial year, the ordinary contribution to the SRF was €73 million for UniCredit S.p.A. In its capacity as National Resolution Authority ("NRA"), Banca d'Italia, with its Provisions dated November 21, 2015, approved by the Italian Minister of Economy and Finance on November 22, 2015, ordered the launch of a resolution programme (for Banca delle Marche, Banca Popolare dell'Etruria e del Lazio, Cassa di Risparmio di Ferrara, Cassa di Risparmio della Provincia di Chieti). In particular, this related to a restructuring process which resulted in the separation of the non-performing assets of the four banks concerned, which flowed into a "bad bank", from the rest of the assets and liabilities, that flowed into four new "bridge banks", held to be sold through a competitive selling procedure on the market. As a result of this intervention, the aforementioned ministerial measures led to a request for extraordinary contributions for 2015, in accordance with Directive No.59, established at the maximum rate of three times the ordinary contribution due for 2015. Therefore in 2015, UniCredit S.p.A made an extraordinary contribution of €219 million to National Resolution Fund (equal to 3 times the ordinary annual contribution due in 2015).

The liquidity needed to fund this intervention was provided through a funding plan in which UniCredit S.p.A. participated throughout:

- 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 whose nominal value at December 31, 2016 was €516 million with maturity in 2017 (portion of a total loan of €1,550 million disbursed together with other banks)
- 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).

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.

It should be noted that 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.

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Guarantee fees for DTA conversion
In 2016 an amount of €253.7 million has been recognized in UniCredit S.p.A.'s profit and loss, which includes the fee due for the year 2015, paid in July 2016, and an estimation of the fee due for year 2016.
Refer to the Report on Operations - Other Information - Conversion of DTAs into tax credit for further details.

Pursuant to article 2427, first paragraph of the Italian Civil Code, the fees paid to the auditing firm Deloitte & Touche S.p.A. (and firms in its network) by UniCredit S.p.A and the Italian entities of the UniCredit group relating to FY 2016 were as follows:
- legal audit of annual accounts (including the audit of the first half financial report): €4,423 thousand;
- other checks: €6,834 thousand;
- other non-audit services: €5,738 thousand.

The above amounts are net of VAT and expenses and do not include the audit fees for the annual statements of the investment funds.

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

In 2016 net provisions for risks and charges, which amounted to -€964 million (-€743 million in 2015), were due to expected charges deriving from post-insolvency clawback petitions, claims for damages, litigation and disputes of other nature. This item is updated according to litigation undergoing and its expected outcome.

12.1 Net provisions for risks and charges: breakdown

(€ '000)

ASSETS/P&L ITEMS	YEAR 2016 PROVISIONS	YEAR 2016 REALLOCATION SURPLUS	YEAR 2016 TOTAL	YEAR 2015 TOTAL
1. Other provisions				
1.1 legal disputes	(720,176)	132,630	(587,546)	(264,312)
1.2 staff costs	(722)	-	(722)	338
1.3 other	(714,632)	338,524	(376,108)	(478,921)
Total	**(1,435,530)**	**471,154**	**(964,376)**	**(742,895)**

Further to restatement in order to increase comparability with previous period due to inclusion of assets and liabilities of Bank Pekao S.A., Pioneer Global Asset Management S.p.A. and their subgroups' companies into items "Non-current assets and disposal groups classified as held for sale", December 2015, 31st figures have been reclassified in order to reflect a better classification of some provisions included into "others".

The item "1.1 legal disputes" is mainly contributed by provisions made by holding UniCredit S.p.A. and its subsidiaries UniCredit Bank AD and UniCredit Bank Austria (see Part E - section 4 "Operational Risk" - paragraph "B. Legal risk" for further information).
The item "1.3 other" is mainly contributed by provisions made by holding UniCredit S.p.A. and its subsidiaries UniCredit Bank AG and UniCredit Business Integrated Solutions (UBIS) for various type of risks for which refer to Part E - section 4 "Operational Risk" - paragraph "F. Other claims by customers".
The item "Net provisions for risks and charges" includes, where applicable, variations in "time value" due to the passing of time and consequent nearing of the expiry for the expected liability.

Section 13 - Impairments/write-backs on property, plant and equipment - Item 200

In 2016 impairment/write-backs on property, plant and equipment amounted to -€809 million (as against -€630 million in 2015). This amount includes €9 million impairment losses on tangible assets held for sale. The breakdown is provided in the table below:

13.1 Impairment on property, plant and equipment: breakdown

(€ '000)

	YEAR 2016			
ASSETS/P&L ITEMS	DEPRECIATION	IMPAIRMENT LOSSES	WRITE-BACKS	NET PROFIT
A. Property, plant and equipment				
A.1 Owned	**(697,552)**	**(117,521)**	**15,979**	**(799,094)**
- used in the business	(642,775)	(29,233)	1,757	(670,251)
- held for investment	(54,777)	(88,288)	14,222	(128,843)
A.2 Finance lease	**(370)**	**-**	**-**	**(370)**
- used in the business	(291)	-	-	(291)
- held for investment	(79)	-	-	(79)
Total A	**(697,922)**	**(117,521)**	**15,979**	**(799,464)**
B. Non-current assets and groups of assets held for sale	**X**	**(9,054)**	**1**	**(9,053)**
- used in the business	X	(43)	-	(43)
- held for investments	X	(9,011)	1	(9,010)
Total A + B	**(697,922)**	**(126,575)**	**15,980**	**(808,517)**

Section 14 - Impairments/write-backs on intangible assets - Item 210

In 2016 impairments/write-backs on intangible assets were -€732 million, against -€414 million in the previous year.

Apart from depreciation, in 2016 the impairment of the other intangible assets with finite life was approximately €289 million, mainly referred to the subsidiary UniCredit Business Integrated Solutions S.C.p.A. (UBIS).

The breakdown is set out in the table below:

14.1 Impairment on intangible assets: breakdown

(€ '000)

	YEAR 2016			
ASSETS/P&L ITEMS	AMORTISATION	IMPAIRMENT LOSSES	WRITE-BACKS	NET PROFIT
A. Intangible assets				
A.1 Owned	**(442,709)**	**(289,263)**	**-**	**(731,972)**
- generated internally by the company	(303,169)	(285,586)	-	(588,755)
- other	(139,540)	(3,677)	-	(143,217)
A.2 Finance leases	**-**	**-**	**-**	**-**
B. Non-current assets and disposal group classified as held for	**X**	**-**	**-**	**-**
Total	**(442,709)**	**(289,263)**	**-**	**(731,972)**

With reference to the intangible asset - other, see Part B - Consolidated Balance Sheet - Asset - Section 13 - Intangible Assets.

Part C - Consolidated Income Statement

Section 15 - Other net operating income - Item 220

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

Other net operating income: breakdown

(€ '000)

P&L ITEMS/VALUE	YEAR 2016	YEAR 2015
Total other operating expense	(771,583)	(746,495)
Total other operating revenues	1,866,558	1,837,285
Other net operating income	**1,094,975**	**1,090,790**

15.1 Other operating expense: breakdown

(€ '000)

TYPE OF EXPENSE/VALUE	YEAR 2016	YEAR 2015
Costs for operating leases	(5,179)	(5,084)
Non-deductible tax and other fiscal charges	(2,534)	(2,729)
Write-downs on leasehold improvements	(72,235)	(71,258)
Costs related to the specific service of financial leasing	(122,023)	(121,632)
Other	(569,612)	(545,792)
Total other operating expenses	**(771,583)**	**(746,495)**

The sub-item “Other” includes:

- various settlements and indemnities of €141 million, €134 million in 2015;
- additional costs for the leasing business of €39 million, €36 million in 2015;
- non-banking business costs €84 million, €90 million in 2015;
- charges relating to Group property of €28 million, €82 million in 2015;
- various payments relating to prior years of €3 million in 2016, €6 million in 2015;
- additional costs relating to customer accounts of €15 million, €11 million in 2015.

15.2 Other operating revenues: breakdown

(€ '000)

TYPE OF REVENUE/VALUES	YEAR 2016	YEAR 2015
A) Recovery of costs	**718,344**	**762,524**
B) Other Revenues	**1,148,214**	**1,074,761**
Revenues from administrative services	69,510	64,416
Revenues on rentals Real Estate investments (net of operating direct costs)	96,149	114,376
Revenues from operating leases	163,313	142,346
Recovery of miscellaneous costs paid in previous years	9,084	17,672
Revenues on Financial Leases activities	133,803	138,508
Others	676,355	597,443
Total operating revenues (A+B)	**1,866,558**	**1,837,285**

The sub-item “Other” includes:

- additional income received from leasing business of €37 million, €40 million in 2015;
- income from non-banking business of €299 million, €266 million in 2015;
- various income from Group property of €25 million, €58 million in 2015;
- payments of indemnities and compensation of €34 million in 2016 and in 2015.

Section 16 - Profit (Loss) of equity investments - Item 240

In 2016 profit (loss) of associates amounted to +€97 million (+€604 million in 2015), attributable to companies subject to significant influence for +€177 million and to jointly owned companies for -€80 million.

This result consists of **A. Income** of +€721 million and **B. Expense** of -€624 million. In more detail:

- sub-item **A. Income** includes:
  - +€713 million **revaluations** related to gains on companies valued at Equity method: Koc Finansal Hizmetler As consolidato (€378 million), Mediobanca Banca Di Credito Finanziario S.p.A. (€54 million), Oberbank Ag (€50 million), Coinv S.p.A. (€45 million), Creditras Vita S.p.A. (€39 million), Aviva S.p.A. (€28 million), Bank Fuer Tirol Und Vorarlberg Aktiengesellschaft (€25 million), Oesterreichische Kontrollbank Aktiengesellschaft (€21 million), Cnp UniCredit Vita S.p.A. (€20 million), Bks Bank Ag (€14 million), Barn Bv (€6 million);
  - +€6 million **gains on disposal** mainly related to Oberbank Ag (€3 million);
  - +€2 million **write-backs** mainly Fenice S.r.l. (€2 million).
- sub-item **B. Expense** includes:
  - -€14 million **write-downs** referred to losses on companies valued at Equity method: Bulkmax Holding Ltd (-€10 million);
  - -€589 million **impairment losses**, mainly attributable to write-downs on investments valued at Equity method, mainly including Koc Finansal Hizmetler As Consolidato (-€442 million), Bank Fuer Tirol Und Vorarlberg Aktiengesellschaft (-€25 million), Fenice S.r.l. (-€13 million), Compagnia Aerea Italiana S.p.A. (-€12 million), Coinv S.p.A. (-€9 million) and to permanent write-downs on positive differences in net equity, principally related to Cnp UniCredit Vita S.p.A. (-€26 million), Bank Fuer Tirol Und Vorarlberg Aktiengesellschaft (-€21 million), Koc Finansal Hizmetler As Consolidato (-€16 million), Oesterreichische Kontrollbank Aktiengesellschaft (-€14 million), Coinv S.p.A. (-€2 million);
  - -€20 million **loss on disposal**, mainly attributable to the impact arising from the dilution of holding percentage of Bks Bank AG (-€8 million) and Oberbank AG (-€7 million) and from the liquidation of Milaris S.A. En Liquidation (-€4 million).

We can note that during 2016 no transactions were carried out that would have entailed significant recognitions of gains and losses attributable to measurement at fair value of any equity interests retained at the date of losing control.

16.1 Profit (Loss) of investments: breakdown

(€ '000)

P&L ITEMS/SECTORS	YEAR 2016	YEAR 2015
1) Jointly owned companies - Equity		
A. Income	**378,414**	**351,367**
1. Revaluations	378,414	351,367
2. Gains on disposal	-	-
3. Writebacks	-	-
4. Other gains	-	-
B. Expense	**(458,171)**	**-**
1. Writedowns	(159)	-
2. Impairment losses	(458,000)	-
3. Losses on disposal	(12)	-
4. Other expenses	-	-
Net profit	**(79,757)**	**351,367**
2) Companies subject to significant influence		
A. Income	**342,332**	**326,337**
1. Revaluations	334,513	312,377
2. Gains on disposal	6,083	13,880
3. Writebacks	1,736	80
4. Other gains	-	-
B. Expense	**(165,366)**	**(73,521)**
1. Writedowns	(14,050)	(13,385)
2. Impairment losses	(130,903)	(52,689)
3. Losses on disposal	(20,413)	(7,447)
4. Other expenses	-	-
Net profit	**176,966**	**252,816**
Total	**97,209**	**604,183**

Part C - Consolidated Income Statement

In 2015 profit (loss) of associates amounted to +€604 million, attributable to companies subject to significant influence for +€253 million and to jointly owned companies for +€351 million.
This result consisted of **A. Income** of +€678 million and **B. Expense** of -€74 million. In more detail:
- sub-item **A. Income** included:
  - +€664 million **revaluations** related to gains on companies valued at Equity method: Koc Finansal Hizmetler As consolidato (€349 million), Bank Fuer Tirol Und Vorarlberg Aktiengesellschaft (€74 million), Mediobanca Banca di Credito Finanziario S.p.A. (€58 million), Oberbank AG (€47 million), Creditras Vita S.p.A. (€25 million), Oesterreichische Kontrollbank Aktiengesellschaft (€20 million), CNP UniCredit Vita S.p.A. (€15 million), Aviva S.p.A.(€20 million), BKS Bank AG (€19 million);
  - **gains on disposal** of +€14 million, arising from the disposal of the investments in the companies Martur Sunger Ve Koltuk Tesisleri Ticaret Ve Sanayi A.S. (€12 million).
- sub-item **B. Expense** included:
  - -€14 million **write-downs** largely referred to losses on companies valued at Equity method: Megapark Ood (-€3 million), Coinv S.p.A. (-€3 million);
  - -€53 million **impairment losses**, mainly attributable to write-downs on investments subject to significant influence, mainly including Compagnia Aerea Italiana S.P.A. (-€37 million) and Torre Sgr S.p.A. (-€13 million);
  - -€7 million **loss on disposal**, mainly attributable to the impact arising from the dilution of holding percentage of Oberbank AG (-€6 million).

We could note that during 2015 no transactions were carried out that would have entailed significant recognitions of gains and losses attributable to measurement at fair value of any equity interests retained at the date of losing control.

Section 17 - Gains (Losses) on tangible and intangible assets measured at fair value - Item 250

17.1 Net gains (losses) on property, plant and equipment and intangible assets measured at fair value: breakdown

(€ '000)

	YEAR 2016				
			EXCHANGE DIFFERENCES		
ASSETS/P&L COMPONENTS	REVALUATIONS	WRITEDOWNS	POSITIVE	NEGATIVE	NET PROFIT
A. Property, plant and equipment	**-**	**(1,537)**	**-**	**-**	**(1,537)**
A.1 Owned:	-	(1,537)	-	-	(1,537)
- used in the business	-	-	-	-	-
- held for investment	-	*(1,537)*	-	-	*(1,537)*
A.2 Held by finance leases:	-	-	-	-	-
- used in the business	-	-	-	-	-
- held for investment	-	-	-	-	-
B. Intangible assets	**-**	**-**	**-**	**-**	**-**
B.1 Owned:	-	-	-	-	-
B.1.1 generated internally by the company	-	-	-	-	-
B.1.2 other	-	-	-	-	-
B.2 Held by finance leases	-	-	-	-	-
Total	**-**	**(1,537)**	**-**	**-**	**(1,537)**

Section 18 - Impairment of goodwill - Item 260

In 2016 the impairment of goodwill is €261 million.

18.1 Impairment of goodwill: breakdowns

(€ '000)

P&L COMPONENTS	YEAR 2016	YEAR 2015
Impairment of goodwill	(260,510)	-

See Part A - Accounting Policies for a description of the methods used to measure impairment of goodwill.

See Part B - Consolidated Balance Sheet for a description of goodwill impairment testing procedures and results.

Section 19 - Gains (losses) on disposals of investments - Item 270

At December 31, 2016 gains (losses) on disposals of investments were +€496 million (+€107 million in 2015) and comprised:

A. Property

Net gains of +€71 million (+€67 million in 2015). This item includes the results of the property rationalization carried out by the following companies: European-Office-Fonds (€25 million), Unicredit S.p.A. (€14 million), UniCredit Bank Czech Republic And Slovakia A.S. (€7 million), Universale International Realitaeten Gmbh (€4 million), Sirius Immobilien Gmbh (€4 million), Cuxhaven Steel Construction Gmbh (€4 million), Hvb Gesellschaft Fur Gebaude Mbh & Co Kg (€4 million)

B. Other assets

Net gains of +€425 million (+€40 million in 2015). This item mainly includes €447 million of net gains on disposal of the card processing activities sale.

We can note that during 2016 no transactions were carried out that would have entailed significant recognitions of gains and losses attributable to measurement at fair value of any equity interests retained at the date of losing control.

19.1 Gains (Losses) on disposal of investments: breakdown

(€ '000)

P&L COMPONENTS/SECTORS	YEAR 2016	YEAR 2015
A. Property		
- gains on disposal	75,003	68,038
- losses on disposal	(4,463)	(653)
B. Other assets		
- gains on disposal	479,003	52,608
- losses on disposal	(53,706)	(12,523)
Net Profit	**495,837**	**107,470**

At December 31, 2015 **gains (losses) on disposals of investments** were +€107 million and comprised:

A. Property

Net gains of +€67 million. This item included the results of the property rationalization carried out by companies of subgroup HVB (+€31 million) including European-Office-Fonds (+€18 million), Hvb Gesellschaft Fur Gebaude Mbh & Co Kg (+€7 million), Rhoterra Gesellschaft Fur Immobilienverwaltung Mbh (+€5 million), by UniCredit S.p.A. (+€23 million), by companies of subgroup Baca (+€11 million).

B. Other assets

Net gains of +€40 million. This item included:

- €6 million net gains on disposal of equity investments, mainly relating to the disposal of group PlanetHome AG (+€5 million), Center Heinrich-Collin-Strasse1 Vermietungs Gmbh U.Co Kg (+€3 million);
- €34 million net gains on disposal of other assets, mainly realized by UniCredit Bank Hungary Zrt. (+€10 million), by UniCredit Bank Ag (+€8 million) and by UniCredit S.p.A. (+€11 million).

We note that during 2015 no transactions have been carried out that would have entailed significant recognitions of gains and losses attributable to measurement at fair value of any equity interests retained at the date of losing control.

Part C - Consolidated Income Statement

Section 20 - Tax expense (income) related to profit or loss from continuing operations - Item 290

In respect of the Countries where UniCredit Group operates, Italy, Germany, Austria and the United States, all have domestic income tax consolidation regimes. While the United Kingdom does not have a domestic income tax consolidation regime, tax losses can nonetheless be transferred between entities of the same Group.

Tax consolidation rules also differ from Country to Country, sometimes markedly. Generally speaking, the main and common benefit of a domestic tax consolidation regime is the offsetting of profits and losses of companies and entities belonging to the same tax consolidation perimeter.
The requirements to be included in a domestic tax consolidation regime can be very different from those set for the purpose of accounting consolidation for a banking group according to the international IAS/IFRS or local accounting standards.

As for tax rates, and with reference to the Group's key Countries, the nominal corporate income tax rate is 31.4% in Germany (also taking into account the "solidarity surcharge" and the municipal trade tax), 25% in Austria, 19% in Poland, 10% in Bulgaria, 16% in Romania, 20% in Turkey, 19% in the Czech Republic, and 20% in Russia, while in Hungary a progressive rate (10%-19%) is applied according to the taxable base.
In addition, the corporate income tax rate is 28% in the United Kingdom (also taking into account the 8% surcharge provided for banks), 12.5% in Ireland, 29.22% in Luxembourg, 35% in the United States and 25% in China.

In Italy, in 2016, the nominal corporate income tax (IRES) rate is 27.5%, to which the Italian Regional Tax on Productive Activities (IRAP) rate at a rate of 4.65% for the banking sector must be added (each Region is entitled to autonomously increase the rate by a surcharge of 0.92% up to a maximum nominal rate of 5.57%, plus an additional surcharge of 0.15% provided for Regions that have a healthcare deficit status); IRAP has a different taxable base from the one provided for in respect of IRES.

As for the Holding Company, with respect to financial year 2016, please note that:

- Law Decree No.59 of 2016 (the "Banks Decree"), provided for the faculty to preserve for future years the tax regime of DTAs conversion into tax credit, overcoming certain alleged arguments raised by the European Commission according to which said tax regime could be possibly qualified as State Aids. In particular, the Banks Decree grants the option for the conversion of DTAs into tax credits upon the payment of an annual fee to be corresponded for each year starting from 2015 and until 2029. The fee for a given financial year is calculated by applying the rate of 1.5% to a "base" obtained by adding the total amount of tax credit conversions made in the financial year of reference, net of direct taxes, as identified by the mentioned Decree, paid with regard to the specific tax periods established by said Decree to the difference between the convertible DTA recorded in the financial statements for that financial year and the corresponding convertible DTAs recorded in the 2007 financial statements for IRES and 2012 financial statements for IRAP.
  The Holding Company exercised the above-mentioned option by paying, by the deadline of 31 July 2016, a fee of €126.9 million due for 2015 from Group companies to which such regime is applicable. With regard to the DTA fee due for 2016, the Holding company made a provision for €121.5 million, UniCredit Leasing S.p.A. for €4.9 million and UniCredit Factoring S.p.A. for €0.3 million, based on the best estimates available. It should be noted that on February 17, 2017, upon conversion into law of the Decree "salva-risparmio" (Law Decree of December 23, 2016, No.237), amendments to the article 11 of the Law Decree 59/2016 has been introduced, among which the one year postponement for the DTA fee payment period from 2015-2029 to 2016-2030.
- 2016 is the first year in which the loan loss provisions, pertaining loans towards customers and excluding the ones deriving from loan disposal, are treated as fully deductible for IRES and IRAP purposes in the year of accrual, as provided for by art. 16 of Law Decree n.83 of June 2015. For 2015 there was a transitional regime providing for a partial deduction of the amount accrued in the financial statements.

20.1 Tax expense (income) related to profit or loss from continuing operations: breakdown

(€ '000)

P&L COMPONENTS/SECTOR	YEAR 2016	YEAR 2015
1. Current tax (-)	(615,347)	(747,494)
2. Adjustment to current tax of prior years (+/-)	130,851	104,063
3. Reduction of current tax for the year (+)	36,344	125,247
3. bis Reduction in current tax for the year due tax credit under L. 214/2011 (+)	341,369	174,255
4. Changes to deferred tax assets (+/-)	(807,549)	327,420
5. Changes to deferred tax liabilities (+/-)	202,764	194,516
6. Tax expense for the year (-)	**(711,568)**	**178,007**

20.2 Reconciliation of theoretical tax charge to actual tax charge

(€ '000)

	YEAR 2016	YEAR 2015
Total profit or loss before tax from continuing operations (item 280)	**(11,244,856)**	**490,560**
Theoretical tax rate	27.5%	27.5%
Theoretical computed taxes on income	**3,092,335**	**(134,904)**
1. Different tax rates	121,905	(93,951)
2. Non-taxable income - permanent differences	458,089	512,741
3. Non-deductible expenses - permanent differences	(654,179)	(156,666)
4. Different fiscal laws/IRAP	(39,163)	(6,869)
a) IRAP (italian companies)	20,600	34,646
b) other taxes (foreign companies)	(59,763)	(41,515)
5. Prior years and changes in tax rates	123,838	290,669
a) effects on current taxes	165,440	218,429
- tax loss carryforward/unused tax credit	*35,992*	*125,241*
- other effects of previous periods	*129,448*	*93,188*
b) effects on deferred taxes	(41,602)	72,240
- changes in tax rates	*(6,689)*	*1,200*
- new taxes incurred (+) previous taxes revocation (-)	*-*	*295*
- true-ups/ adjustments of the calculated deferred taxes	*(34,913)*	*70,745*
6. Valuation adjustments and non-recognition of deferred taxes	(3,827,957)	(229,443)
a) deferred tax assets write-down	(103,619)	(85,703)
b) deferred tax assets recognition	88,717	193,472
c) deferred tax assets non-recognition	(3,725,341)	(224,467)
d) deferred tax assets non-recognition according to IAS12.39 and 12.44	(71,357)	(109,693)
e) other	(16,357)	(3,053)
7. Amortization of goodwill	-	-
8. Non-taxable foreign income	(4,108)	15,117
9. Other differences	17,672	(18,687)
Recognized taxes on income	**(711,568)**	**178,007**

At December 31, 2016, in accordance with IFRS5, all assets and liabilities of the companies of the Pekao Group and 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) were recognized as disposal groups classified as held for sale and related liabilities, and all the income and expenses, tax included, were disclosed were shown under item “310. Profit (loss) after tax from discontinued operations”.
The previous period was also restated to allow comparison.

Part C - Consolidated Income Statement

Section 21 - Profit (Loss) after tax from discontinued operations - Item 310

21.1 Profit (Loss) after tax from discontinued operations: breakdown

(€ '000)

P&L ITEMS/SECTORS	YEAR 2016	YEAR 2015
1. Income	4,516,706	4,931,302
2. Expenses	(2,731,900)	(3,030,927)
3. Valuation of discontinued operations and related liabilities	(170,978)	(297,754)
4. Profit (Loss) on disposal	(708,334)	36,373
5. Tax	(275,383)	(261,613)
Profit (Loss)	**630,111**	**1,377,381**

In 2016 four groups were recognized in item 310. “Profit (loss) after tax from discontinued operations”. Specifically, these groups refer to the Ukrainian subsidiaries (Ukrsotsbank (USB) and its subsidiaries), which were sold in October 2016, Immobilien Holding group companies and new reclassification of Pekao and Pioneer Groups (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 previous period was restated to allow the comparison

The disposal of 99.9% held in USB to ABH Holdings S.A. ("ABHH") has been completed in exchange for a minority stake (9.90%) in ABHH classified in available for sale portfolio in amount of €382 million at the sale date.
Economic impacts are already included in the 2015 result, with the exception of the negative exchange rate reserve amounting to €718 million that impacted 2016 result.

The contribution of Pekao group to the income statement for the financial year, based on IFRS5 reclassification starting from December 31, 2016, was negative at €171 million, which led to an impairment of goodwill classified in intangible assets classified in held for sale. Additionally, on transfer date, as required under IAS21, the cumulative effect of exchange rate reserve (negative in amount of €316 million as of December 31, 2016, subject for updating at the date once the transfer takes place, based on prevailing market conditions) will be recognized in the UCG income statement without, however, any impact on the Group Shareholders’ Equity.

21.2 Breakdown of tax on discontinued operations

(€ '000)

	YEAR 2016	YEAR 2015
1. Current tax (-)	(264,677)	(249,537)
2. Changes in deferred tax assets (+/-)	(22,359)	(46,973)
3. Changes in deferred tax liabilities (+/-)	11,653	34,897
4. Income tax (-1+/-2+/-3)	**(275,383)**	**(261,613)**

Section 22 - Minorities gains (losses) - Item 330

The profit for 2016 attributable to minority interests amounted to €464 million.
Among the largest contributions we can note that attributable to the minority shareholders of the Bank Pekao S.A. Group, the contribution of the UniCredit Bank Austria AG Group, that of the UniCredit Bank AG Group, that of Finecobank S.p.A and that of Zagrebacka Banka D.D.
The profit for 2015 attributable to minority interests was equal to €352 million.

22.1 Breakdown of item 330 "Minority gains (losses)"

(€ '000)

	2016	2015
Consolidated equity investments with significant minority interests	**536,437**	**353,830**
Bank Pekao SA Group	307,103	266,443
UniCredit Bank AG Group	3,649	7,360
UniCredit Bank Austria AG Group	62,182	14,064
Fineco Bank S.p.A.	136,658	65,963
Zagrebacka Banka D.D.	26,845	-
Other equity investments	**(70,672)**	**(954)**
Other consolidation adjustments	**(1,984)**	**(1,168)**
Total	**463,781**	**351,708**

With reference to the Sub-Group UniCredit Bank Austria AG, please note that the deviation from the previous year reflects the transfer of the CEE Division (including holdings of subsidiaries in CEE) by UniCredit Bank Austria AG to UniCredit S.p.A which took place during 2016. In particular, the minority interest profit of Zagrebacka Banka D.D at December 31, 2015 amounted to €8 million.

Section 23 - Other information

There is no information to be disclosed in this section.

Section 24 - Earnings per share

24.1 and 24.2 Average number of diluted shares and other information

	YEAR 2016	YEAR 2015
Net profit for the period attributable to the Group (thousands of €)	(11,917,987)	1,593,831
Average number of outstanding shares	6,013,615,541	5,829,820,906
Average number of potential dilutive shares	25,756,765	22,064,400
Average number of diluted shares	6,039,372,306	5,851,885,307
Earnings per share (€)	**(1.982)**	**0.273**
Diluted earnings per share (€)	**(1.973)**	**0.272**

€127,893 thousand was added to 2016 net loss of -€11,790,094 thousand due to disbursements charged to equity made in connection with the contract of usufruct on treasury shares agreed under the 'cashes' transaction (€100,409 thousands was deducted from 2015 net profits).

Average of outstanding shares is net of treasury shares and of further 96,756,406 shares held under a contract of usufruct.

Part D - Consolidated Comprehensive Income

Part D - Consolidated Comprehensive Income

Comprehensive income is disclosed in the table below as per IAS1.
This table shows comprehensive income not recognized in the profit (loss) for the period in accordance with IFRS, divided into:
- "comprehensive income that may be reclassified to profit or loss": including income and expense items whose reserves may be reclassified to profit or loss under IFRS in case of disposal/impairment loss;
- "comprehensive income not reclassified to profit or loss": including income and expense items whose reserves are not reclassified to profit or loss under IFRS in case of disposal/impairment loss;

The following are included to this end:
- changes in value recognized in the period contra revaluation reserves relating to:
  - available-for-sale financial assets;
  - property, plant and equipment;
  - intangible assets;
  - foreign investment hedges;
  - cash flow hedges;
  - exchange differences;
  - actuarial gains (losses) on employee defined-benefit plans;
- with respect to comprehensive income that may be reclassified to profit or loss, reclassification adjustments, i.e. amounts reclassified in the profit (loss) of the current financial year already recognized as comprehensive income for the same year or previous years.

The above changes in value relating to non-current assets held for disposal and shareholdings valued at net equity are disclosed separately.

Consolidated Analytical Statement of Comprehensive Income

(€ '000)

ITEMS	YEAR 2016 BEFORE TAX EFFECT	TAX EFFECT	AFTER TAX EFFECT
10. Net profit (loss) for the year	**X**	**X**	**(11,326,313)**
Other comprehensive income not reclassified to profit or loss			
20. Property, plant and equipment	**-**	**-**	**-**
30. Intangible assets	**-**	**-**	**-**
40. Defined benefit plans	**(578,883)**	**160,545**	**(418,338)**
50. Non-current assets classified as held for sale	**(14,635)**	**4,243**	**(10,392)**
60. Portion of revaluation reserves from investments valued at equity	**205**	**(117)**	**88**
Other comprehensive income that may be reclassified to profit or loss			
70. Hedges of foreign investments:	**-**	**-**	**-**
a) fair value changes	-	-	-
b) reclassification to profit or loss	-	-	-
c) other changes	-	-	-
80. Exchange differences:	**1,077,503**	**-**	**1,077,503**
a) changes in value	-	-	-
b) reclassification to profit or loss	-	-	-
c) other changes	1,077,503	-	1,077,503
90. Cash flow hedges:	**(189,266)**	**63,596**	**(125,670)**
a) fair value changes	(185,068)	61,764	(123,304)
b) reclassification to profit or loss	(9,794)	2,523	(7,271)
c) other changes	5,596	(691)	4,905
100. Available-for-sale financial assets:	**(402,597)**	**124,714**	**(277,883)**
a) fair value changes	122,323	(7,154)	115,169
b) reclassification to profit or loss	(526,376)	94,080	(432,296)
- impairment losses	*(9,474)*	*504*	*(8,970)*
- gains/losses on disposals	*(516,902)*	*93,576*	*(423,326)*
c) other changes	1,456	37,788	39,244
110. Non-current assets classified as held for sale:	**(135,126)**	**25,794**	**(109,332)**
a) fair value changes	(138,138)	26,276	(111,862)
b) reclassification to profit or loss	1,920	(284)	1,636
c) other changes	1,092	(198)	894
120. Portion of revaluation reserves from investments valued at equity:	**(389,527)**	**1,823**	**(387,704)**
a) fair value changes	84,713	(8,582)	76,131
b) reclassification to profit or loss	(37,425)	5,120	(32,305)
- impairment losses	*(1,014)*	-	*(1,014)*
- gains/losses on disposals	*(36,411)*	*5,120*	*(31,291)*
c) other changes	(436,815)	5,285	(431,530)
130. Total other comprehensive income	**(632,326)**	**380,598**	**(251,728)**
140. Comprehensive income after tax (Item 10+130)	**(632,326)**	**380,598**	**(11,578,041)**
150. Consolidated comprehensive income attributable to minorities	**(219,162)**	**19,577**	**(264,196)**
160. Consolidated comprehensive income attributable to the Parent Company	**(851,488)**	**400,175**	**(11,842,237)**

Part E - Information on risks and hedging policies

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

Part E - Information on risks and hedging policies

The information provided in Part E refers to the Banking Group, with the exception of Tables A.1.1, A.1.2.
In this regard, please note that the Banking Group, in addition to the banking, financial and support companies that form the Group registered under Art.64 of the Consolidated Law on Banking, includes also:
- some entities (including Special purpose entities) treated similarly to the banking, financial and support companies that form the Group registered under the Law on Banking;
- the banking, financial and support companies consolidated proportionately for regulatory purposes.

The information presented in the aforementioned Tables A.1.1, A.1.2 refers to IFRS10 Scope of Consolidation, which differs from the Banking Group as above defined (regulatory scope of consolidation) as a result of:
- the line-by-line consolidation, instead of the adoption of the equity method, for subsidiaries subject to control following IFRS10 but not belonging to the Banking Group as above defined;
- the adoption of the equity method, in accordance with IFRS11, to account for jointly owned entities consolidated proportionately for regulatory purposes.

Since insurance companies and other companies don't represent a significant business, if compared to Banking Group, there is no specific section of this document on their risks and related risk management policies.

Risk Management in UniCredit Group

UniCredit group monitors and manages its risks through tight methodologies and procedures proving to be effective through all phases of the economic cycle.
The control and steering of the Group's risks is performed by the Parent Company's Group Risk Management function, which pursues its steering, coordination and control role in particular through the "Portfolio Risk Managers" which are responsible for the relevant risks from a Group perspective. From 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. Furthermore, the model considers a specific point of reference for Italy through the "CRO Italy" function, to which the responsibilities related to credit, operational and reputational risks of the Italian perimeter as well as the managerial coordination of 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. It is., moreover, supporting the Group CEO in the management and oversight of the Internal Control System ("ICS").
- the "Group Portfolio Risks Committees", tasked with addressing, controlling and managing the different portfolio risks;
- the "Group Credit Risk Governance Committee", responsible for ensuring steering, coordination and control on 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 to ensure that the Group develops within the desired risk return profile set by the Board. At local level, the risk appetite is set for the main Legal Entities and Subgroups and approved by the local competent functions.

The main goals of UniCredit group's Risk Appetite are:
- to assess explicitly the risks and their interconnections UniCredit group is willing to accept or should avoid in a forward looking view;
- to specify the types of risk UniCredit group intends to assume by setting the targets, triggers and limits, under both normal and stressed operating conditions;
- to ensure an "ex ante" risk-return profile consistent with long term sustainability, in coherence with multi-year strategic plan/ budget;
- to ensure that the business develops within the risk tolerance set by the Holding Company Board of Directors, also in respect of national and international regulations;
- to support the evaluation of future strategic options with reference to risk profile;
- to address internal and external stakeholders' view on risk profile coherent with strategic positioning;
- to provide qualitative statements concerning not quantifiable risks (e.g. strategic, reputational, compliance) in order to strategically guide the relevant processes and the internal control system.

The *Group Risk Appetite* is defined consistently with UniCredit group business model. For this purpose, *Group Risk Appetite* is integrated in the budget process, in order to guide the selection of the desired risk-return profile in alignment with the Strategic Plan guidelines and at inception of the budget process.
UniCredit *Compensation Policy* is consistent with *Group Risk Appetite* to allow the effective implementation of risk reward remuneration for bonus definition and payments.
The structure of the Risk Appetite in UniCredit 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.

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The quantitative elements of the risk appetite framework instead are represented by a Dashboard, composed by a set of KPIs, based on the analysis of the expectations of UniCredit Group internal and external stakeholders, which addresses the following dimensions, including material risks to which the Group is exposed to:

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

For each of the above dimensions, one or more KPIs are identified, in order to quantitatively measure the position of the Group in different ways: absolute values, ratios, sensitivities to defined parameters.

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. Moreover, an annual consolidated report on capital adequacy is prepared in accordance with Banca d'Italia guidelines, including an overview of the main Group companies, and is sent to the Regulator. The Board of Directors that authorizes the sending of this report to the Authorities also acknowledges that the risk governance of the Group is deemed adequate, guaranteeing that the risk management system in place is in line with the risk profile and strategy of the Group.

Section 1 - Credit Risk

Qualitative information

1. General Aspects

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

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

Since March 2008 Banca d'Italia 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, the EAD foundation values are currently used.

In the first stage, the Advanced method has been adopted for the relevant portfolios by the Parent Company and by some Italian subsidiaries, subsequently merged in UniCredit S.p.A. 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), as well as, through the adoption of the IRB Foundation method, to UniCredit Bank Ireland p.l.c, UniCredit Banka Slovenija dd, UniCredit Bulbank AD, UniCredit Bank Czech Republic and Slovakia a.s. (portfolio in Slovakia), UniCredit Bank Hungary, UniCredit Bank a.s.in Romania and ZAO UniCredit Bank in Russia.

Credit economic capital estimation is available on a unique technological platform ("CPM") and with a common methodology for Holding functions and several Legal Entities of UniCredit group. The 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 Risk Strategies & Pillar 2" department, responsible for providing Top Management with an integrated and looking-forward vision of risks affecting the Group, defining and monitoring the Group Risk Appetite and the Group credit strategies processes, preparing the Internal Capital Adequacy Assessment Process (ICAAP) and managing the stress testing process. It is also responsible for developing and maintaining models for economic capital calculation within the perimeter of competence;
  - "Group Credit Risk Initiatives, Standards & Reporting" department, responsible for defining the credit risk reporting framework and producing standard reports on credit risk. Moreover, it is responsible for mapping the economic groups, as well as coordinating and monitoring the progress of key initiatives of the "Group Risk Management" department;
  - "Group Credit Risk Planning & Monitoring" department, responsible for providing Top Management with an integrated vision (current and looking-forward) of risks affecting the Group and acting as point of reference and coordination towards Supervisor Authorities and major external stakeholders for issues within its perimeter of competence. It is responsible for monitoring, on a periodic basis, the Group overall credit portfolio and the integrated risk assessment, and for planning and controlling of provisions, RWAs and 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

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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, 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 responsibilities by acting also on the CEE perimeter.

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

With reference to the Italian perimeter of UniCredit S.p.A. ("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" departments and to Consumer and mortgage non-banking products and post-sales phases. The structure is also responsible for the administrative management of the Credit Committees activities within the Italy perimeter;
- the "Loan Administration" department, responsible for the post-sales credit activities, for providing assistance for technical legal problems and for the operative credit risk control related to medium/long term activities, guarantees, contracts and also for managing activities relating to subsidized loans. The department is furthermore responsible for the supporting activities with regards to SACE agreements;
- the "Special Credit" department, responsible for coordinating and managing positions undergoing non-revoked doubtful (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") under its perimeter of responsibility, identifying and controlling the implementation of the interventions aimed to the cost of risk reduction as well as for the management of the administrative/ accountable activities of competence according to the current rules and 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, responsible for coordinating and guiding the management of positions (assessing and making decisions

within the limits of its assigned powers - or formulating the related proposal to the competent decision-making Bodies) undergoing restructuring, with reference to customers in the Italian perimeter of UniCredit S.p.A. (e.g. “Italy” and “CIB Italy”), also monitoring compliance with the agreements set forth in the restructuring plan and any covenants established and managing 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, heading 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; oversees the “IO-WR” or "non-revoked doubtful” positions in order to confirm – with a periodically check - the existence of characteristics related to the classification itself as provided by Supervisory Authorities regulation; coordinates and leads the monitoring activities performed by central and network structures, as well as “Customer Recovery” department; guarantees the proper execution of the decision making activities carried out by central and network structures, as well as “Customer Recovery” department; supports the Business functions in monitoring the credit portfolio of the territorial areas, analyzing the performance and implementing the corrective measures required.

Furthermore, with respect to credit risk, the following Transactional Committees are active:
- the “Group Risk & Internal Control Committee is a “Top management Committee” and has responsibility of steering, coordinating and monitoring the risks at Group level as well as supporting the CEO in the management and oversight of the Group’s and UC Spa’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 perimeter of competence and its delegated powers, for approving rating overrides.

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

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.

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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 limits), that can be assumed by the Legal Entities belonging to the Group towards all counterparties (sovereigns, government entities, banks, financial institutions, corporate customers, small businesses, individuals, project finance, etc.) residing in or related to the country for cross-border transactions (from the standpoint of the Entity providing the loan).

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

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

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

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

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

The fundamental objective of the reporting and monitoring activities performed by the Group Risk Management function is the analysis of the main drivers and parameters of credit risk (exposure, portfolio mix, asset quality, cost of risk, shortfall, etc.) in order to promptly initiate any countermeasures on portfolios, sub-portfolios or individual counterparties. The reporting provides a managerial tool for supporting decision-making process in the management and mitigation of risks.

Group Risk Management function performs credit risk reporting at portfolio level, producing reports at Group level, both recurring and specific (on demand of Top Management or Regulators or external entities, e.g. rating agencies) with the objective of analyzing the main risk components and their development over time, and thus to detect any signals of deterioration at an early stage and, subsequently, to put in place the appropriate corrective actions. Credit portfolio performance is analyzed with reference to its main risk drivers (such as growth and risk indicators), customer segments, regions, industrial sectors, and impaired credits performance and relevant coverage.

Portfolio reporting activities are performed at Group level in close collaboration with the Chief Risk Officers at Legal Entities level and Credit Risk Portfolio Managers who, within their respective perimeters, implement specific reporting activities. At Group level, the reporting and monitoring activities are assigned to two different functions within the "Group Credit and Integrated Risks" Department.

The “Group Credit Risk Data Initiatives, Standards and Reporting” function is responsible for defining the requirements of data analysis systems used for reporting purposes and the Group credit risk reporting framework, producing standard reports on credit risk as well as defining the reporting taxonomy. Furthermore, it is one of the interfaces with “Group Regulatory Reporting” department for second level controls on supervisory reports. The “Risks Assessment & Monitoring” unit, instead, is responsible for analyzing and monitoring the Credit Portfolio composition and riskiness in terms of main risk drivers at Group/Legal Entities/Division level, by providing to the competent Planning & Finance structures the useful information to highlight delta versus budget/forecast. It is also in charge of producing regular analyses in order to provide to Top Management an integrated view on Group risks, as well as documents for rating agencies, investors and “ad hoc” requests coming from external organizations.

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

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

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

2.3.2 Governance and policies

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

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

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

The general rules are supplemented by policies governing 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.

Part E - Information on risks and hedging policies

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.

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.

Credit economic capital estimation is available on a unique technological platform (“CPM”) and a common methodology for Holding functions and several Legal Entities of UniCredit Group. The roll out of CPM across CEE Legal Entities allows to cover most of the relevant geographies.

To evaluate the effectiveness of securitizations in transferring credit risk, a 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.

Part E - Information on risks and hedging policies

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 26 June 2013 on prudential requirements for credit institutions and investment firms (CRR) and amending Regulation (EU) No 648/2012, the Group is firmly committed to satisfy the requirements for recognition of credit risk mitigation techniques for regulatory capital purposes, according to the different approaches adopted (Standardized, Foundation IRB or Advanced IRB), both for internal use in operations and for the 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 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.

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

Loan Categorization in the risk categories and forborne exposures

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

The new classification process:

- allocates impaired loans into the categories of bad loans, unlikely to pay and past-due loans. The total of these classes corresponds to the overall amount of Non-Performing Exposures mentioned in the EBA standards;
- eliminates the previous concepts of doubtful and restructured loans;
- introduces the qualification of forborne exposures.

With specific reference to the categories making up the "impaired" loans classes:

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

Part E - Information on risks and hedging policies

Despite no significant effect on overall volume of Non-Performing loans resulted from the initial application of the Circular 272 7th update from January 1, 2015, Forborne non-performing exposures trend might be impacted by the changes on the risk classification process arising from the introduction of the EBA standards. These dynamics might be potentially justified by differences in the detailed classification criteria as compared by the previously applicable definitions.
Specifically, in view of the changes in the regulatory and reporting scenario, actions are being taken to align the credit process to the new classification rules, to monitor the dynamics of these exposures, and to ensure reporting to the supervisory authority.

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

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.

Furthermore, during 2016, some type of measures previously not detected have been gradually included on Forborne Exposures perimeter. Nevertheless, in light of the technical complexity deriving from the dynamics of aggregated exposures and in consideration of the use of an approach based on the best estimates possible, the volumes of exposures identified as forborne could differ from those corresponding to a precise application of the new definition.
In order for these concessions to be included within the forborne perimeter, it is necessary, as defined by EBA Standard, to evaluate the existence of financial difficulty of the debtor by means of the verification of specific criteria (Troubled Debt Test). The intrinsic characteristics of each local system entailed in this phase a number of differences in terms of the type of concessions considered and ways of recognizing the state of financial difficulty, even though consistently with the EBA definition.

On September 28, 2016, EBA issued the “Guidelines on the application of the definition of default under Article 178 of Regulation (EU) 575/2013”, whose consultation process was concluded on January 22, 2016; the first application of this guidelines is planned for 2021. Simultaneously, EBA issued a 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.

On top of the overall regulatory framework, on November 15 2016, the consultation process launched by ECB on the document “Draft guidelines to Banks on Non Performing Loans” was concluded. Although it is still in a draft version, the Paper provides specific guidance on Non Performing exposures, including detailed recommendation to Banks for the definition of a clear NPL strategy which shall be aligned with the industrial plan and with following risk management actions, ultimately aiming at the reduction of Non Performing exposure stock.

Quantitative information

In the following tables, the volume of impaired assets according to the IFRS definition is substantially equivalent to the one for non-performing exposures referred to in the EBA standards.

A. Credit quality

A.1 Non-Performing and performing credit exposure: amounts, writedowns, changes, distribution by business activity/region

For the purposes of the disclosure of quantitative information about credit quality, the term "credit exposures" does not include equity instruments and units in investment funds except for table A.2.1 – Banking group – Balance Sheet and off-Balance Sheet credit exposure by external rating class, in which units in investment funds are included.

A.1.1 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	3,315	12,271	-	-	106,770,582	106,786,168
2. Held-to-maturity financial instruments	-	7,407	-	-	3,955,815	3,963,222
3. Loans and receivables with banks	752	3,235	3	-	74,687,857	74,691,847
4. Loans and receivables with customers	10,941,176	13,143,208	902,166	8,373	419,612,559	444,607,482
5. Financial assets at fair value	-	8,413	-	-	28,517,773	28,526,186
6. Financial instruments classified as held for sale	2,437,736	357,056	25,019	-	37,493,243	40,313,054
Total 12.31.2016	**13,382,979**	**13,531,590**	**927,188**	**8,373**	**671,037,829**	**698,887,959**
Total 12.31.2015	**20,524,216**	**17,485,871**	**1,952,652**	**9,725**	**658,378,076**	**698,350,540**

Breakdown of financial assets by portfolio and credit quality - Forborne exposures (carrying value) (€ '000)

PORTFOLIOS/QUALITY	BAD EXPOSURES	UNLIKELY TO PAY	NON-PERFORMING PAST-DUE EXPOSURES	OTHER NON-PERFORMING EXPOSURES	PERFORMING EXPOSURES	TOTAL
1. Available-for-sale financial assets	-	-	-	-	-	-
2. Held-to-maturity financial instruments	-	-	-	-	-	-
3. Loans and receivables with banks	-	-	-	-	-	-
4. Loans and receivables with customers	2,182,096	6,798,326	127,880	654	6,177,535	15,286,491
5. Financial assets at fair value	-	8,413	-	-	-	8,413
6. Financial instruments classified as held for sale	92,801	300,166	2,024	-	113,684	508,675
Total 12.31.2016	**2,274,897**	**7,106,905**	**129,904**	**654**	**6,291,219**	**15,803,579**
Total 12.31.2015	**2,430,789**	**7,781,114**	**303,821**	**655**	**5,828,479**	**16,344,858**

See table A.1.6 for more details about volumes of forborne exposures.

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

PORTFOLIOS/QUALITY	PAST-DUE LESS THAN 30 DAYS	PAST-DUE BETWEEN 30 AND 60 DAYS	PAST-DUE BETWEEN 60 AND 90 DAYS	PAST-DUE OVER 90 DAYS	TOTAL
1. Available-for-sale financial assets	-	-	-	-	-
2. Held-to-maturity financial instruments	-	-	-	-	-
3. Loans and receivables with banks	173,614	313	313	291	174,531
4. Loans and receivables with customers	4,475,303	1,448,039	1,418,003	2,520,754	9,862,099
5. Financial assets at fair value	-	-	-	-	-
6. Financial instruments classified as held for sale	438,732	44,908	20,429	-	504,069
Total 12.31.2016	**5,087,649**	**1,493,260**	**1,438,745**	**2,521,045**	**10,540,699**
Total 12.31.2015	**4,119,083**	**1,525,952**	**826,662**	**3,322,043**	**9,793,740**

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

Part E - Information on risks and hedging policies

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

(€ '000)

PORTFOLIOS/QUALITY	NON-PERFORMING ASSETS			PERFORMING ASSETS			12.31.2016
	GROSS EXPOSURE	SPECIFIC WRITEDOWNS	NET EXPOSURE	GROSS EXPOSURE	PORTFOLIO ADJUSTMENTS	NET EXPOSURE	TOTAL (NET EXPOSURE)
1. Available-for-sale financial assets	78,904	63,318	15,586	106,770,652	70	106,770,582	106,786,168
2. Held-to-maturity financial instruments	16,356	8,949	7,407	3,955,815	-	3,955,815	3,963,222
3. Loans and receivables with banks	60,464	56,474	3,990	74,719,642	31,785	74,687,857	74,691,847
4. Loans and receivables with customers	56,341,892	31,346,969	24,994,923	421,803,724	2,191,165	419,612,559	444,607,482
5. Financial assets at fair value	8,413	-	8,413	X	X	28,517,773	28,526,186
6. Financial instruments classified as held for sale	18,897,900	16,078,089	2,819,811	37,588,785	95,542	37,493,243	40,313,054
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**
Total 12.31.2015	**81,703,286**	**41,730,822**	**39,972,464**	**626,915,064**	**2,478,541**	**658,378,076**	**698,350,540**

As at December 31, 2016 the partial write-offs of impaired assets amounted to €11 million on Loans and receivables with banks, to €14,472 million on Loans and receivables with customers and to €5,019 million on Financial instruments classified as held for sale, all attributable to the banking Group.

As part of the preparation of the 2016-2019 Industrial Plan (hereinafter also the Strategic Plan), approved by the Board of Directors of December 12, 2016, the Group identified a significant strengthening and optimization of the capital structure and the proactive reduction of risk associated with balance sheet assets as important focus areas for achieving its strategic objectives.

These focus areas, with specific reference to the reduction of the stock of impaired loans (hereinafter also *Non Performing Exposures* or NPE) are fully consistent:

- with the *Risk Appetite Framework*, approved by the Board of Directors during the last quarter of 2016, which provides for a reduction in the stock of impaired loans over the Business Plan horizon, mainly focused on the Italian Group Companies;
- with the recommendations set out in the guidelines issued by the European Central Bank (ECB) through the "*Draft guidance to banks on non-performing loans*", published in September 2016 (hereinafter also ECB *Guidelines* or *guidance*), containing specific recommendations for banks to establish a clear strategy, aligned with the business plan *framework* and the subsequent *risk management* actions, designed to reduce the stock of *Non-performing Exposures* in a credible, achievable and timely manner. The *guidance* also highlights the need to put greater focus on improving the timeliness in capturing the quality developments of impaired loans and in quickly incorporating the effects both in the estimated recoverability of cash flows and in more effective derecognition procedures.

The focus areas also take into account the influence that external elements may have on the assessment of impaired loans, such as (i) a macroeconomic scenario that is characterized by still limited prospects for growth and a climate of profound uncertainty; (ii) a real estate market that, in general, is showing an upward trend in the number of transactions, but a downward trend in prices; (iii) continuing uncertainty about the macroeconomic outlook for the European banking sector as a whole, and (iv) a high incidence of impaired loans in the Italian banking sector, with consequent market focus on this parameter and the indicators influenced by it.

In this sense, the Group has identified - for some of the Italian companies (UniCredit S.p.A. and UniCredit Leasing S.p.A.) - a series of measures to reduce the stock of impaired loans, through a series of management changes which, essentially consist, on the one hand, in a careful and proactive assessment of opportunities for their disposal and, on the other hand, in a substantial revision of the recovery approach, with specific reference to the *restructuring* and *workout areas*.

UniCredit S.p.A.

Against this backdrop, and in conjunction with the development of the new Strategic Plan, in the fourth quarter of 2016 UniCredit S.p.A. launched the two projects described below, the "FINO Project" and the "PORTO Project", which also incorporated other updates to the assessment methods, consistent with the changed framework.
In detail:

Project FINO

The "Project FINO" (hereinafter also the "Project"), aims to dispose of the "*non-core*" assets of the UniCredit Group through a market transaction.The project covers a set of credit exposures classified as non-performing, referring to various sectors, collected within a portfolio called "FINO portfolio".

More specifically, the FINO Portfolio is made up of loans to customers held by UniCredit S.p.A. and by Arena One NPL S.r.l. (Vehicle transferee of the securitized loans originated by the Bank, of which the latter holds all the issued Asset Backed Securities), which are consistently reported in the separate financial statements of UniCredit S.p.A.

In December 2016, UniCredit S.p.A. (also in its capacity as - *Sole Noteholder* - of the securities issued by Arena One NPL S.r.l.) signed two *Framework Agreements* with two separate third-party Investors, designed to define the characteristics of two (or more) proposed securitization transactions (expected to be finalized in July 2017), out of a set of loans classified as non-performing as of June 30, 2016 for a nominal gross value of 17,700 million euros, making up the FINO portfolio.
The *Framework Agreements* (and the associated documentation) describe the overall structure of the relationships with third party investors and outline, individually, the structure of the two phases of the Project (as described below), also setting the selling price for the various sub-portfolios involved, according to their characteristics and peculiarities.
Under each of the *Framework Agreements*, the Project FINO shall be implemented in two stages:

- "Phase 1", in which the parties to each *Framework Agreement* agreed to putting in place one or more securitization transactions by setting up several Special Purpose Vehicles ("SPV" or "Vehicle") that will purchase the NPLs to be disposed of. The SPVs, which are expected to set up various segregated assets according to the loan sub-portfolios comprised in the purchased portfolio, shall issue, for each sub-portfolio, *Senior*, *Mezzanine* and *Junior* Asset Backed Securities (ABS), having different degree of subordination. Specifically, under each *Framework Agreement*, the third-party Investors agreed to subscribe 50.1% of each class of ABS issued by the relevant SPV while the remaining 49.9% of the securities will be subscribed by UniCredit S.p.A.
  The payment by the third-party Investors of the price for their 50.1% share shall take place as follows:
  - 40% in cash;
  - 60% through a Deferred Subscription Price (hereinafter also *Deferred Subscription Price* - DSP) the mechanism of which provides for a maximum term of three years and no remuneration in the form of interest. The DSP shall be covered by debt assumption under which third-party entities, being part of the respective Investors' groups - with appropriate credit standing and adequate capital structure to ensure the repayment of the DSP does not depend, either exclusively or mainly, on the payment of the ABS - fully assume the obligation to pay the amount due by way of DSP. The DSP will thus be transferred without recourse by the Vehicle to UniCredit S.p.A. as consideration for the purchase of the loans.

  As a result of the transaction, therefore, UniCredit S.p.A. will acquire:
  - 49.9% of the securities issued by the SPV;
  - a DSP vis à vis the third-party Investors subscribing the securities, the repayment of which is independent of them and of the performance of the FINO Portfolio.

  Finally, the agreements provide that the collections on the FINO portfolio taking place between June 30, 2016 and the date by which the ABS will be issued (expected by July 31, 2017) be transferred back to the transferee accordingly. This amount would then be distributed according to the priority of payments provided for in the securitization;
- "Phase 2", with respect to which the parties have identified in their respective *Framework Agreements*, the preliminary guidelines and strategies aimed at governing, inter alia: (a) the gradual transfer, including to third party investors, by UniCredit S.p.A. of securities subscribed by it, in compliance with the obligation for UniCredit to retain a net economic interest in the securitization transactions as specified by each *Framework Agreement* according to current regulations; and (b) the optimization of the financial structure of the securities issued in "Phase 1", including, possibly, obtaining the guarantee on non-performing loan securitizations ("GACS") by the Ministry of Economy and Finance (MEF). It should be noted that the procedures for the implementation of "Phase 2" have not yet been agreed in detail by the parties and are subject to further agreements between them on the basis of guidelines and strategies agreed in the respective *Framework Agreements*.

On February 1, 2017, the Board of Directors of the Bank approved the FINO Project according to the features and content outlined in the *Framework Agreements* (and the attached documentation), and authorized the Directors to put in place the necessary steps to ensure its completion.
Given the characteristics and structure of the overall transaction and the steps required for its completion, as at December 31, 2016 the conditions required by IAS 39.15 and following, were not satisfied to derecognize the loans from the financial statements of UniCredit S.p.A. (*derecognition assessment* of *financial assets).* More specifically, as the rights to collect the cash flows from the loans have not yet been transferred, nor an obligation to pay such cash flows to third parties has been assumed, the credit exposures under the FINO portfolio as at December 31, 2016 continue to be recognized as assets of the Bank and the Group.
In particular, in accordance with IFRS 5, these credit exposures have been classified in item "150. Non-current assets and disposal groups classified as held for sale", in view of the Group intention to gradually dispose of the entire portfolio within 12 months.
In the tables presented in the Notes, Part E - Information on risks and hedging policies, the FINO portfolio is therefore reported in item 6. "Financial assets held for sale". For a representation of loans which includes FINO portfolio refer to Consolidated Report on Operations - Group Results - Main results and performance for the period.

It should also be noted that, in accordance with IFRS5.5, the same portfolio was valued based on the measurement and assessment criteria set out in IAS39.

As such, the loans included in the FINO portfolio until December 31, 2016 (having a total nominal gross value at the reference date of 17,045,000), were evaluated taking into account the unique aspects of the FINO Project as a whole (as described above) on the basis of the selling price specified for the various sub-portfolios in the respective *Framework Agreements*, pursuant to IAS39, and specifically with reference to paragraphs 63 and AG 84.
To that effect, the recommendations provided in the published ECB Guidelines (see in particular Chap. 6.2.4 *Estimating future cash flows*) have been taken into account, according to which the *Authority* confirms that in estimating future *cash flows* for the accounting evaluation of assets, the procedures for managing *Non-Performing Exposures* must be taken into account. In particular, in a strategy that manages impaired loans with a focus on their sale rather than their recovery through contractual flows, the estimated future *cash flows* (and therefore the *impairment*) should reflect the market price that can be realized from the sale.

In line with these considerations, on December 31, 2016, UniCredit S.p.A. recognized greater value adjustments on the loans within the FINO portfolio for 2,949 million, raising their *coverage ratio* from 69.7% to 87.0%, which is fully consistent with the price specified for the various sub-portfolios in the respective *Framework Agreements* entered into with the selected Investors. In addition, the loan performance and the value adjustments made on the portfolio in the second half of 2016 (i.e. with effect from June 30, 2016, reference date of the FINO Portfolio based on the contractual agreements signed with third-party Investors) and the related effects, led to additional value adjustments and net charges on the loans for €674 million. Overall, the higher charges weighing on the Bank's and the Group's income statement in the second half of 2016 with respect to the FINO Portfolio totaled €3,623 million.

PORTO Project
The PORTO Project consists is the introduction of a series of management actions and measures related to the implementation of a new approach in the management of impaired loans in order to achieve the goal of reducing the stock of Non-performing Exposures as envisaged in the new 2016 -2019 Strategic Plan approved on December 12, 2016, fully in line with the new Risk Appetite Framework (RAF).
The PORTO Project refers to certain well-defined portfolios of non-performing loans (not yet included in ongoing transfer initiatives as at the date of preparing the financial statements, as is instead the case for the FINO portfolio, already discussed in detail), in relation to which UniCredit S.p.A. and UniCredit Leasing S.p.A. intend to adopt a new management approach that introduces different workout and collection procedures for impaired loans designed to rapidly reduce the stock thereof. This new strategic approach involves a wide range of management mechanisms and operational practices that characterize, within the framework of the Strategic Plan, the new managerial approach taken by UniCredit in the management of impaired loans.

In line with the external and internal rationales outlined above, the different approaches pertaining to the new strategy for managing impaired loans have been identified (with specific regard to exposures classified as non-performing and unlikely to pay), in order to more speedily and effectively dispose of the positions through a managerial administration of the workout that emphasizes the timeliness of collections and the rapid disposal of assets, focusing on the feasibility of the recovery and taking into account the most recent estimates of the realizable value of the assets, or of the collateral backing those assets.

The initiatives undertaken envisage managing the impaired credit exposures over a shorter time horizon, to take advantage of a drastic deleveraging of non-performing positions, designed to reduce risks and improve asset quality. The management, recovery and workout policies resulting from this new approach significantly affect the estimates of future cash flows expected be recovered; as such, they also affect the assessments of the loans included in the portfolios in question, which are carried out in detail, including through comparison with coverage levels statistically and automatically defined.
As at December 31, 2016, the new approach has covered:
- a range of credit exposures classified as non-performing loans with a gross value of €19,137 million, on which greater value adjustments for €2,031 million were recognized, thereby raising the overall *coverage ratio* from 57.2% to 67.8%;
- a range of credit exposures classified as unlikely to pay with a gross value of €16,975 million, on which greater value adjustments for €1,315 million were recognized, thereby raising the overall *coverage ratio* from 37.2% to 44.6%.

The above changes introduced in the assessment of UniCredit S.p.A. loans as at December 31, 2016 (which resulted in higher net impairment losses of €3,346 million) are a factor of change resulting from new information and experience that can be derived from circumstances both inside and outside the group, which took place in the fourth quarter of 2016, and which qualify as change in accounting estimates in accordance with IAS8 (in particular section 5) the effects of which are reflected in item 130 of the Bank's income statement for the fourth quarter of 2016, in line with the provisions of IAS8.36.

Further methodological updates
In line with the management approach introduced with the PORTO Project, in the fourth quarter of 2016 the Bank's assessment methods were further updated (both with regard to the observation periods and the levels of coverage), in order to make them more representative in the cash flow estimates statistically and automatically calculated, both with respect to the impaired portfolios below a defined threshold and to certain performing portfolios.
This update has affected impaired loans amounting to €9,237 million (gross nominal value) and performing loans amounting to €106,245 million (gross nominal values), and resulted in higher net impairment losses of around €385 million. The update was recorded in the accounts as a change in estimates in accordance with IAS8.35, and has affected UniCredit S.p.A. income statement for the fourth quarter of 2016.

UniCredit Leasing S.p.A.

Given the scenario described above and in conjunction with the development of the new Strategic Plan, UniCredit Leasing S.p.A. (hereinafter also the "Company")has also been involved in activities undertaken with the introduction, in the fourth quarter of 2016, of the new approach for the management of impaired loans.

PORTO Project

The strategies for the PORTO Project, extensively discussed above, are also shared with UniCredit Leasing S.p.A.

In this regard - with specific reference to the impaired loans related to financial leasing - in order to more rapidly achieve the objective of disposing of the stock of assets that UniCredit Leasing S.p.A. has acquired as a result of the termination of the related lease agreements, the Company has identified several possible, significant scenarios, designed to expedite the disposal of the "*non-core real estate*" stock, through the sale of the assets underlying the impaired portfolios (classified as non-performing and as unlikely to pay).

Accordingly, the reference values for estimating the cash flows on these portfolios have focused on the observation of the "quick sale value" which, as noted, best approximates the value of the property in the event of quick sale. For this purpose, the most recently available information and data (including market information and data) have been used.

As at December 31, 2016, the new approach has covered:

- a range of credit exposures classified as non-performing loans with a gross value of 3,073 million, on which greater value adjustments were recognized for 428 million, thereby raising the overall *coverage ratio* from 29.3% to 43.2%;
- a range of credit exposures classified as unlikely to pay with a gross value of 837 million, on which greater value adjustments for 133 million were recognized, thereby raising the overall *coverage ratio* from 13.5% to 29.4%.

The above changes introduced in the assessment of UniCredit Leasing S.p.A. loans as at December 31, 2016 (which resulted in higher net impairment losses of 561 million) are a factor of change resulting from new information and experience that can be derived form circumstances both inside and outside the group, which took place in the fourth quarter of 2016, and which qualify as change in accounting estimates in accordance with IAS 8 (in particular section 5) the effects of which are reflected in item 100 of the Bank's income statement for the fourth quarter of 2016, in line with the provisions of IAS 8.36.

Further methodological updates

In line with the new management approach introduced for *Non-performing exposures* in the fourth quarter of 2016, and the subsequent start of the underlying management processes, the Bank's assessment methods were further updated (both with regard to the observation periods and the levels of coverage), in order to make them more representative in the estimate of expected cash flows (and related recovery times), including those statistically calculated, on impaired portfolios.

This update resulted in higher net value adjustments of around 239 million. The update was recorded in the accounts as a change in estimates in accordance with IAS 8.35, and has affected UniCredit Leasing S.p.A. income statement for the fourth quarter of 2016.

The managerial actions and measures described above and introduced by the Group during the fourth quarter of 2016 with respect to the Italian companies, has resulted in higher total value adjustments and net charges on loans for 8,154 million, the effects of which are reflected in the 2016 consolidated income statement.

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	260,107	379,939	74,354,065
2. Hedging derivatives	-	-	4,580,296
Total 12.31.2016	**260,107**	**379,939**	**78,934,361**
Total 12.31.2015	**202,145**	**112,157**	**83,291,023**

Part E - Information on risks and hedging policies

A.1.3 Banking Group - On- and off-balance sheet credit exposure with banks: gross and net values and past-due buckets

(€ '000)

EXPOSURE TYPES/AMOUNTS	AMOUNT AS AT 12.31.2016							
	GROSS EXPOSURE							
	NON-PERFORMING ASSETS							
	PAST-DUE LESS THAN 90 DAYS	PAST-DUE BETWEEN 90 AND 180 DAYS	PAST-DUE BETWEEN 180 DAYS AND 1 YEAR	PAST-DUE OVER 1 YEAR	PERFORMING ASSETS	SPECIFIC WRITEDOWNS	PORTFOLIO ADJUSTMENTS	NET EXPOSURE
A. On-balance sheet exposures								
a) Bad exposures	48,975	-	-	11,273	X	59,496	X	752
- of which: forborne exposures	*4,673*	-	-	-	*X*	*4,673*	*X*	-
b) Unlikely to pay	1,908	-	-	2,358	X	1,031	X	3,235
- of which: forborne exposures	-	-	-	-	*X*	-	*X*	-
c) Non-Performing past due	-	3	-	26	X	26	X	3
- of which: forborne exposures	-	-	-	-	*X*	-	*X*	-
d) Performing past-due	X	X	X	X	174,428	X	572	173,856
- of which: forborne exposures	*X*	*X*	*X*	*X*	-	*X*	-	-
e) Other performing exposures	X	X	X	X	97,264,426	X	31,502	97,232,924
- of which: forborne exposures	*X*	*X*	*X*	*X*	-	*X*	-	-
Total A	**50,883**	**3**	**-**	**13,657**	**97,438,854**	**60,553**	**32,074**	**97,410,770**
B. Off-balance sheet exposures								
a) Non-Performing	-	-	-	-	X	-	X	-
b) Performing	X	X	X	X	45,357,140	X	10,929	45,346,211
Total B	**-**	**-**	**-**	**-**	**45,357,140**	**-**	**10,929**	**45,346,211**
Total (A+B)	**50,883**	**3**	**-**	**13,657**	**142,795,994**	**60,553**	**43,003**	**142,756,981**

Pursuant to the instructions given by Banca d'Italia in Circular 262 of December 22, 2005 (fourth amendment dated December 15, 2015), the off-balance sheet exposures do not include revocable loan commitments to disburse funds, which amount to €10,435,375 thousand.

A.1.4 Banking Group - On-balance sheet credit exposures with banks: gross changes in Non-Performing exposures

(€ '000)

SOURCE/CATEGORIES	CHANGES IN 2016 BAD EXPOSURES	UNLIKELY TO PAY	NON PERFORMING PAST-DUE
A. Opening balance (gross amount)	**94,504**	**11,027**	**118**
- of which sold but not derecognised	-	-	-
B. Increases	**2,229**	**422**	**53**
B.1 transfers from Performing loans	-	-	26
B.2 transfers from other Non-Performing exposures	-	26	26
B.3 other increases	2,229	396	1
C. Reductions	**36,485**	**7,183**	**142**
C.1 transfers to Performing loans	861	-	24
C.2 write-offs	644	-	-
C.3 recoveries	21,812	7,134	5
C.4 sales proceeds	-	-	-
C.5 losses on disposals	-	-	-
C.6 transfers to other Non-Performing exposures	-	26	26
C.7 other decreases	13,168	23	87
D. Closing balance (gross amounts)	**60,248**	**4,266**	**29**
- of which sold but not derecognised	-	-	-

A.1.4bis Banking Group - On-balance sheet credit exposures with banks: gross changes by credit quality in forborne exposures

(€ '000)

SOURCE/CATEGORIES	CHANGES IN 2016 FORBORNE EXPOSURES: NON PERFORMING	FORBORNE EXPOSURES: PERFORMING
A. Opening balance (gross amount)	**17,112**	**78,891**
- of which sold but not derecognised	-	-
B. Increase variations	**419**	**-**
B.1 transfers from Performing not forborne	-	-
B.2 transfers from Performing forborne	-	X
B.3 transfers from Non-Performing forborne	X	-
B.4 other increases	419	-
C. Reduction	**12,858**	**78,891**
C.1 transfers to Performing not forborne	X	78,891
C.2 transfers to Performing forborne	-	X
C.3 transfers to Non-Performing forborne	X	-
C.4 write-offs	32	-
C.5 recoveries	12,825	-
C.6 sales proceeds	-	-
C.7 losses from disposals	-	-
C.8 other reductions	1	-
D. Closing balance (gross amounts)	**4,673**	**-**
- of which sold but not derecognised	-	-

Part E - Information on risks and hedging policies

A.1.5 Banking Group - On-balance sheet Non-Performing credit exposures with banks: change in overall impairments

(€ '000)

	CHANGES IN 2016					
SOURCE/CATEGORIES	NON-PERFORMING LOANS	OF WHICH FORBORNE EXPOSURES	UNLIKELY TO PAY	OF WHICH FORBORNE EXPOSURES	NON PERFORMING PAST-DUE	OF WHICH FORBORNE EXPOSURES
A. Opening balance (gross amount)	**82,862**	**8,251**	**2,229**	**-**	**114**	**-**
- of which sold but not derecognised	-	-	-	-	-	-
B. Increases	**11,846**	**149**	**112**	**-**	**112**	**-**
B.1 writedowns	10,046	-	-	-	-	-
B.2 losses on disposal	-	-	-	-	-	-
B.3 transfers from other Non-Performing exposure	-	-	112	-	112	-
B.4 other increases	1,800	149	-	-	-	-
C. Reductions	**35,212**	**3,727**	**1,310**	**-**	**200**	**-**
C.1 write-backs from assessments	-	-	35	-	-	-
C.2 write-backs from recoveries	19,322	598	1,154	-	85	-
C.3 gains on disposal (-)	-	-	-	-	-	-
C.4 write-offs	644	32	-	-	-	-
C.5 transfers to other Non-Performing exposures	-	-	112	-	112	-
C.6 other decreases	15,246	3,097	9	-	3	-
D. Closing balance (gross amounts)	**59,496**	**4,673**	**1,031**	**-**	**26**	**-**
- of which sold but not derecognised	-	-	-	-	-	-

A.1.6 Banking Group - On- and off-balance sheet credit exposure with customers: gross and net values and past-due buckets

(€ '000)

	AMOUNT AS AT 12.31.2016							
	GROSS EXPOSURE							
	NON-PERFORMING ASSETS							
EXPOSURE TYPES/AMOUNTS	PAST DUE LESS THAN 90 DAYS	PAST-DUE BETWEEN 90 AND 180 DAYS	PAST-DUE BETWEEN 180 DAYS AND 1 YEAR	PAST-DUE OVER 1 YEAR	PERFORMING ASSETS	SPECIFIC WRITEDOWNS	PORTFOLIO ADJUSTMENTS	NET EXPOSURE
A. On-balance sheet exposures								
a) Bad exposures	3,247,375	298,288	1,205,055	46,204,284	X	37,350,118	X	13,604,884
- of which: forborne exposures	*2,005,922*	*135,757*	*290,266*	*2,774,409*	*X*	*2,852,724*	*X*	*2,353,630*
b) Unlikely to pay	5,351,292	599,686	2,313,722	16,263,833	X	10,569,004	X	13,959,529
- of which: forborne exposures	*3,159,623*	*232,586*	*1,083,821*	*8,330,855*	*X*	*5,395,789*	*X*	*7,411,096*
c) Non-Performing past-due	201,218	691,919	333,124	393,067	X	532,233	X	1,087,095
- of which: forborne exposures	*91,866*	*30,722*	*30,974*	*29,844*	*X*	*51,491*	*X*	*131,915*
d) Performing past-due	X	X	X	X	10,894,353	X	297,437	10,596,916
- of which: forborne exposures	*X*	*X*	*X*	*X*	*2,013,518*	*X*	*116,116*	*1,897,402*
e) Other performing exposures	X	X	X	X	620,132,738	X	2,098,960	618,033,778
- of which: forborne exposures	*X*	*X*	*X*	*X*	*4,879,520*	*X*	*127,755*	*4,751,765*
Total A	**8,799,885**	**1,589,893**	**3,851,901**	**62,861,184**	**631,027,091**	**48,451,355**	**2,396,397**	**657,282,202**
B. Off-balance sheet exposures								
a) Non-Performing	2,557,575	-	-	-	X	550,955	X	2,006,620
b) Performing	X	X	X	X	196,080,566	X	451,975	195,628,591
Total B	**2,557,575**	**-**	**-**	**-**	**196,080,566**	**550,955**	**451,975**	**197,635,211**
Total (A+B)	**11,357,460**	**1,589,893**	**3,851,901**	**62,861,184**	**827,107,657**	**49,002,310**	**2,848,372**	**854,917,413**

Pursuant to the instructions given by Banca d'Italia in Circular 262 of December 22, 2005 (fourth amendment dated December 15, 2015), the off-balance sheet exposures do not include revocable commitments to disburse funds, which amount to €124,172,217 thousand. Balance sheet exposures refer to all the financial assets (held for trading, available for sale, held to maturity, loans&receivables, at fair value through profit or loss, disposal groups/held for sale).

The total amount of forborne exposures (net of those belonging to disposal groups/held for sale) is €23 billion (€16.5 billion non performing and €6.5 billion performing). These exposures refers for 62% to the Italian perimeter, while the remaining amount refer for 19% to Germany, to CEE countries for 15% and for the 4% to Austria. The geographic distribution is substantially unchanged for performing and non-performing exposures. For a description of the ongoing implementation activities for a better identification of forborne exposures, started in 2015 and continued in 2016, please refer to section E - Information on risks and hedging policies - Section 1 Credit Risk, Paragraph 2.5 (Non performing exposures).

Part E - Information on risks and hedging policies

A.1.7 Banking Group - On-balance sheet credit exposures with customers: gross changes in Non-Performing exposures

(€ '000)

SOURCE/CATEGORIES	CHANGES IN 2016 BAD EXPOSURES	UNLIKELY TO PAY	NON-PERFORMING PAST DUE
A. Opening balance (gross amount)	**53,153,497**	**26,851,683**	**2,854,258**
- of which sold but not derecognised	*655,367*	*586,080*	*112,983*
B. Increases	**9,219,950**	**11,893,445**	**4,139,514**
B.1 transfers from Performing exposures	1,640,874	5,150,099	3,798,393
B.2 transfers from other Non-Performing exposures	5,883,115	2,774,087	93,761
B.3 other increases	1,695,961	3,969,259	247,360
C. Decreases	**11,418,445**	**14,216,600**	**5,374,443**
C.1 transfers to Performing loans (including Performing past-due)	396,801	1,067,514	1,702,713
C.2 write-offs	4,817,309	715,862	14,178
C.3 recoveries	3,214,885	5,431,736	219,835
C.4 sales proceeds	768,252	244,278	9,645
C.5 losses on disposals	204,737	16,952	286
C.6 transfers to other Non-Performing exposures	197,500	5,582,531	2,970,932
C.7 other decreases	1,818,961	1,157,727	456,854
D. Closing balance (gross amounts)	**50,955,002**	**24,528,528**	**1,619,329**
- of which sold but not derecognised	*633,620*	*658,945*	*37,910*

Sub-items B.3 “other increases” and C.3 “recoveries” include amounts recovered during the year concerning impaired exposures which were derecognized in their entirety.

On-balance sheet impaired gross exposures connected to the proposals for recourse to an arrangement with creditors made by the debtor - for the positions that have been converted into a Debt restructuring agreement pursuant to Article 182-bis of the Bankruptcy Law or continuity of business, as well as the positions not yet assigned or with liquidatory purposes - amounted to a total of €4,271 million at December 31, 2016, against which specific impairments have been made for €3,224 million, with a total coverage level of 75%.

A.1.7bis Banking Group - On-balance sheet credit exposures with customers: gross changes by credit quality in forborne exposures

(€ '000)

SOURCE/CATEGORIES	CHANGES IN 2016 FORBORNE EXPOSURES: NON PERFORMING	FORBORNE EXPOSURES: PERFORMING
A. Opening balance - gross exposure	**16,652,601**	**6,143,215**
- of which sold but not derecognised	*384,901*	*43,762*
B. Increases	**9,096,442**	**5,493,060**
B.1 Transfers from performing not forborne	2,179,322	3,967,838
B.2 Transfers from performing forborne	1,298,367	X
B.3 Transfers from non-performing forborne	X	846,021
B.4 other increases	5,618,753	679,201
C. Decreases	**7,552,398**	**4,743,237**
C.1 Transfers to performing not forborne	X	1,621,632
C.2 Transfers to performing forborne	815,155	X
C.1 Transfers to performing not forborne	X	1,329,470
C.4 write-offs	725,242	536
C.5 recoveries	3,693,597	343,503
C.6 sales proceeds	406,098	5
C.7 losses from disposals	8,995	-
C.8 other reductions	1,903,311	1,448,091
D. Closing balance (gross amounts)	**18,196,645**	**6,893,038**
- of which sold but not derecognised	*401,994*	*186,504*

A.1.8 Banking Group - On-balance sheet Non-Performing credit exposures with customers: changes in overall impairment

(€ '000)

	CHANGES IN 2016					
SOURCE/CATEGORIES	BAD EXPOSURES	OF WHICH FORBORNE EXPOSURES	UNLIKELY TO PAY	OF WHICH FORBORNE EXPOSURES	NON-PERFORMING PAST DUE	OF WHICH FORBORNE EXPOSURES
A. Opening balance (gross amount)	**32,402,651**	**2,106,968**	**9,190,666**	**3,820,493**	**757,445**	**78,319**
- of which sold but not derecognised	*240,792*	*993*	*208,852*	*173,658*	*22,189*	*2,332*
B. Increases	**13,301,369**	**1,889,557**	**5,667,863**	**3,180,478**	**589,335**	**116,558**
B.1 writedowns	10,677,238	1,181,313	4,781,599	2,380,526	402,935	26,723
B.2 Losses on disposal (+)	204,737	40	16,952	8,955	286	-
B.3 transfers from other Non-Performing exposure	1,891,310	356,122	476,939	106,165	23,172	6,126
B.4 other increases	528,084	352,082	392,373	684,832	162,942	83,709
C. Reductions	**8,353,902**	**1,143,801**	**4,289,525**	**1,605,182**	**814,547**	**143,386**
C.1 write-backs from assessments	959,185	63,633	356,989	224,096	46,597	6,459
C.2 write-backs from recoveries	1,302,141	392,221	835,230	453,866	127,593	9,589
C.3 gains on disposal (-)	70,394	2,010	35,493	31,798	160	-
C.4 write-offs	4,817,309	389,794	715,862	328,914	14,178	6,534
C.5 transfers to other Non-Performing exposures	113,078	25,911	1,794,394	348,899	483,949	93,603
C.6 other decreases	1,091,795	270,232	551,557	217,609	142,070	27,201
D. Closing balance (gross amounts)	**37,350,118**	**2,852,724**	**10,569,004**	**5,395,789**	**532,233**	**51,491**
- of which sold but not derecognised	*301,906*	*192,160*	*286,386*	*192,160*	*15,268*	*9,815*

In the fourth quarter of 2016, the parent company UniCredit S.p.A. and its subsidiary UniCredit Leasing S.p.A. modified the parameters used to estimate the recoverable amount of their credit exposures to customers; in accordance with IAS8 (paragraph 5), since the basis for the measurement of the loans has not been modified, this change qualifies as a "change in accounting estimates". Detailed information on the effects of this change is provided, as required by IAS8 (paragraph 39) in Part E - Information on risks and hedging policies, under table "A.1.2 Breakdown of credit exposures by portfolio and credit quality (gross and net values)", which should be consulted for further information.
In addition, again in the last quarter of 2016, following the launch of the "FINO Project", involving a set of credit exposures to customers classified as Non-Performing Loans (the FINO Portfolio) held for sale, and according to the specific features of the Project, the loans included in the FINO portfolio have been valued on the basis of their respective selling prices, in accordance with IAS39, and specifically paragraphs 63 and AG 84. For complete disclosure on this subject, see the information provided in Part E - Information on risks and hedging policies, under table "A.1.2 Breakdown of credit exposures by portfolio and credit quality (gross and net values)".

Sub-items B.3 "other increases" and C.2 "write-backs from recoveries" include amounts recovered during the year concerning impaired exposures which were derecognized in their entirety.

Part E - Information on risks and hedging policies

A.2 Classification of credit exposures based on internal and external ratings

A.2.1 Banking Group - On- and off- balance sheet credit exposure by external rating classes

(€ '000)

	AMOUNTS AS AT 12.31.2016							
	EXTERNAL RATING CLASSES							
EXPOSURES	CLASS 1	CLASS 2	CLASS 3	CLASS 4	CLASS 5	CLASS 6	NO RATING	TOTAL
A. On-balance sheet exposures	**82,484,480**	**44,630,358**	**134,793,682**	**16,452,453**	**4,989,909**	**29,313,053**	**445,065,533**	**757,729,468**
B. Derivative contracts	**8,282,164**	**6,308,070**	**11,536,280**	**2,341,121**	**1,249,140**	**68,117**	**15,680,084**	**45,464,976**
B.1 Financial derivative contracts	8,180,979	6,252,105	11,428,334	2,320,118	1,233,656	67,233	15,576,172	45,058,597
B.2 Credit derivative contracts	101,185	55,965	107,946	21,003	15,484	884	103,912	406,379
C. Guarantees given	**3,700,219**	**8,053,616**	**12,605,805**	**7,769,846**	**1,178,630**	**1,146,321**	**46,825,805**	**81,280,242**
D. Other commitments to disburse funds	**2,442,403**	**7,192,395**	**17,506,856**	**4,670,678**	**882,506**	**1,062,954**	**82,110,586**	**115,868,378**
E. Other	**1,021**	**42,027**	**25,651**	**5,647**	**-**	**-**	**293,480**	**367,826**
Total	**96,910,287**	**66,226,466**	**176,468,274**	**31,239,745**	**8,300,185**	**31,590,445**	**589,975,488**	**1,000,710,890**

Impaired exposures are included in class “6“.

The table details on- and off-balance sheet credits granted to counterparties rated by external rating agencies, which provide brief assessments of the creditworthiness of different classes of borrowers such as Sovereigns, Banks, Public-Sector Entities, Insurance Companies and (usually large) Enterprises.

The table refers to classification of 262/2005 Banca d’Italia Circular (4th update dated December 15, 2015); then it provides, for external ratings, 6 classes of creditworthiness.
Rating Agencies utilized to fill the table are: Moody’s, S&Ps, Fitch and DBRS.

Where more than one agency rating is available, the most prudential rating is assigned.

The 82.7% of rated counterparties were investment grade (from Class 1 to Class 3), referring to highly-rated borrowers.

Unrated exposures, i.e. those with no external rating, were 59% of the portfolio, due to the fact that a considerable proportion of borrowers were private individuals or SMEs, which are not externally rated.

A.2.2 Banking Group - On- and off- balance sheet exposure by internal rating classes

(€ '000)

	AMOUNTS AS AT 12.31.2016											
	INTERNAL RATING CLASSES									IMPAIRED EXPOSURES	NO RATING	TOTAL
EXPOSURES	1	2	3	4	5	6	7	8	9			
A. On-balance sheet exposures	**44,117,462**	**31,004,218**	**218,358,853**	**161,297,133**	**80,078,983**	**54,253,808**	**24,305,578**	**11,670,150**	**7,416,070**	**28,530,198**	**93,660,519**	**754,692,972**
B. Derivative contracts	**4,109,674**	**1,365,280**	**21,483,957**	**8,886,099**	**2,984,358**	**2,133,909**	**413,019**	**245,911**	**130,051**	**-**	**3,712,718**	**45,464,976**
B.1 Financial derivative contracts	4,065,442	1,349,929	21,273,218	8,805,055	2,966,453	2,118,092	410,223	244,186	128,564	-	3,697,435	45,058,597
B.2 Credit derivative contracts	44,232	15,351	210,739	81,044	17,905	15,817	2,796	1,725	1,487	-	15,283	406,379
C. Guarantees given	**57,202**	**1,589,693**	**26,588,800**	**22,859,482**	**6,663,288**	**6,065,608**	**1,912,816**	**707,599**	**405,252**	**1,103,094**	**13,327,408**	**81,280,242**
D. Other commitments to disburse funds	**193,751**	**3,892,142**	**38,677,564**	**25,997,837**	**8,190,990**	**4,710,755**	**1,970,966**	**631,541**	**179,629**	**952,693**	**30,470,510**	**115,868,378**
E. Other	**1,021**	**781**	**18,398**	**23,553**	**2,368**	**-**	**240**	**-**	**-**	**-**	**321,465**	**367,826**
Total	**48,479,110**	**37,852,114**	**305,127,572**	**219,064,104**	**97,919,987**	**67,164,080**	**28,602,619**	**13,255,201**	**8,131,002**	**30,585,985**	**141,492,620**	**997,674,394**

INTERNAL RATING CLASSES	PD RANGE				
1	0.0000%	<=	PD	<=	0.0036%
2	0.0036%	<	PD	<=	0.0208%
3	0.0208%	<	PD	<=	0.1185%
4	0.1185%	<	PD	<=	0.5824%
5	0.5824%	<	PD	<=	1.3693%
6	1.3693%	<	PD	<=	3.2198%
7	3.2198%	<	PD	<=	7.5710%
8	7.5710%	<	PD	<=	17.8023%
9	17.8023%	<	PD	<=	99.9999%

The table contains on- and off-balance sheet exposures grouped according to the counterparties' internal rating.
Ratings are assigned to individual counterparties using Group banks' internally-developed models included in their credit risk management processes. The internal models validated by the regulators are either 'Group-wide' (e.g. for banks, multinationals and sovereigns) or bank-specific, by segment (e.g. retail or corporate).

The various rating scales of these models are mapped onto a single master-scale of 9 classes based on Probability of Default (PD).
73.9% of internally-rated exposures were investment grade (classes 1 to 4), while exposures towards unrated counterparties were 14.2% of the total. No rating is assigned to these counterparties as either they belong to a segment not yet covered by the models, or the appropriate model is still in the roll-out phase.

Internal Ratings are used for Capital Requirements calculation by the Legal Entities/portfolios that were authorized for the IRB approach from Central bank. Legal Entities currently authorized are: UniCredit S.p.A, UniCredit Bank AG, UniCredit Bank Austria AG, UniCredit Bank Ireland p.l.c., UniCredit Bank Luxembourg S.A., UniCredit Banka Slovenija d.d., UniCredit Bulbank AD, UniCredit Bank Czech Republic and Slovakia.a.s., UniCredit Bank Hungary, UniCredit Bank Romania a.s., UniCredit Bank ZAO Russia and UniCredit Leasing GmbH and related subsidiaries UniCredit Leasing Finance GMBH, Structured Lease GMBH, UniCredit Leasing Aviation GMBH.

Part E - Information on risks and hedging policies

A.3 Distribution of secured credit exposures by type of security

A.3.1 Banking Group - Secured credit exposures with banks

(€ '000)

	AMOUNTS AS AT 12.31.2016														
		COLLATERAL (1)				GUARANTEES (2)									
						CREDIT DERIVATIVES									
							OTHER CREDIT DERVATIVES				SIGNATURE LOANS (LOANS GUARANTEES)				
		PROPERTY													
	NET EXPOSURES	MORTGAGES	FINANCE LEASES	SECURITIES	OTHER ASSETS	CREDIT LINK NOTES	GOVERNMENTS AND CENTRAL BANKS	OTHER PUBLIC ENTITIES	BANKS	OTHER ENTITIES	GOVERNMENTS AND CENTRAL BANKS	OTHER PUBLIC ENTITIES	BANKS	OTHER ENTITIES	TOTAL (1)+(2)
1. Secured On-Balance Sheet credit exposures: 1.1 totally secured	5,208,364	-	2,011	3,591,020	189,910	-	-	-	-	-	216,363	22,267	1,182,239	3,468	5,207,278
- of which Non-Performing	*1,909*	-	-	-	-	-	-	-	-	-	*1,908*	-	*1*	-	*1,909*
1.2 partially secured	5,456,996	44,966	-	4,265,404	130,492	-	-	-	-	-	379,531	-	277,829	67,884	5,166,106
- of which Non-Performing	*455*	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2. Secured Off-Balance Sheet credit exposures: 2.1 totally secured	842,969	-	-	132,916	24,025	-	-	-	-	-	-	-	215,676	470,352	842,969
- of which Non-Performing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 partially secured	2,176,396	-	-	-	590,924	-	-	-	-	-	2,866	-	98,136	5,350	697,276
- of which Non-Performing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

A.3.2 Banking Group - Secured credit exposures with customers

(€ '000)

	AMOUNTS AS AT 12.31.2016														
		COLLATERAL (1)				GUARANTEES (2)									
						CREDIT DERIVATIVES									
							OTHER CREDIT DERVATIVES				SIGNATURE LOANS (LOANS GUARANTEES)				
		PROPERTY													
	NET EXPOSURES	MORTGAGES	FINANCE LEASES	SECURITIES	OTHER ASSETS	CREDIT LINK NOTES	GOVERNMENTS AND CENTRAL BANKS	OTHER PUBLIC ENTITIES	BANKS	OTHER ENTITIES	GOVERNMENTS AND CENTRAL BANKS	OTHER PUBLIC ENTITIES	BANKS	OTHER ENTITIES	TOTAL (1)+(2)
1. Secured On-Balance Sheet credit exposures: 1.1 totally secured	208,645,225	122,285,878	9,550,519	27,600,755	16,756,897	-	-	-	18,689	-	3,098,008	1,744,516	5,001,146	19,314,020	205,370,428
- of which Non-Performing	*18,805,424*	*12,088,586*	*2,021,548*	*100,310*	*1,257,791*	-	-	-	-	-	*80,758*	*47,310*	*109,599*	*2,648,219*	*18,354,121*
1.2 partially secured	106,860,685	33,398,424	-	2,176,652	8,640,281	-	-	-	-	-	6,249,716	1,898,834	1,481,429	2,440,010	56,285,346
- of which Non-Performing	*2,827,291*	*1,017,365*	-	*98,710*	*291,720*	-	-	-	-	-	*304,965*	*36,610*	*18,980*	*323,420*	*2,091,770*
2. Secured Off-Balance Sheet credit exposures: 2.1 totally secured	36,330,680	2,565,773	-	4,786,504	1,663,220	-	-	-	1,003	-	97,498	14,189	6,072,889	20,601,554	35,802,630
- of which Non-Performing	*909,150*	*395,809*	-	*8,555*	*27,965*	-	-	-	*148*	-	*2,226*	*42*	*68,654*	*200,480*	*703,879*
2.2 partially secured	15,881,296	923,763	-	298,850	805,733	-	-	-	71,888	-	419,832	17,416	1,301,055	552,270	4,390,807
- of which Non-Performing	*252,539*	*22,619*	-	*6,103*	*14,949*	-	-	-	*8,390*	-	*26,182*	*614*	*7,411*	*9,642*	*95,910*

In accordance with the instructions of Circular 262/2005 of Banca d'Italia, as of December 31, 2015, the value of the collateral cannot exceed the book value of the secured exposures; therefore, the lower of the loan at the book value and the value of the collateral is coherently presented.

B. Distribution and concentration of credit exposures

B.1 Banking Group - Distribution by segment of On- and off-balance sheet credit exposures with customers (book value)

(€ '000)

COUNTERPARTIES/EXPOSURES	GOVERNMENTS			OTHER PUBLIC ENTITIES			FINANCIAL COMPANIES		
	NET EXPOSURE	SPECIFIC WRITE-DOWNS	PORTFOLIO ADJUSTMENTS	NET EXPOSURE	SPECIFIC WRITE-DOWNS	PORTFOLIO ADJUSTMENTS	NET EXPOSURE	SPECIFIC WRITE-DOWNS	PORTFOLIO ADJUSTMENTS
A. On-balance sheet exposures									
A.1 Bad exposures	10,982	27,080	X	94,956	47,547	X	270,115	1,185,628	X
- of which: forborne exposures	15	46	X	-	3,202	X	77,020	103,590	X
A.2 Unlikely to pay	180,311	4,740	X	56,380	28,983	X	900,583	614,278	X
- of which: forborne exposures	-	-	X	31,525	14,195	X	386,385	284,064	X
A.3 Non-Performing past-due	528	224	X	11,218	1,197	X	3,066	38,002	X
- of which: forborne exposures	-	-	X	-	-	X	149	33	X
A.4 Performing exposures	128,981,391	X	7,267	37,726,473	X	61,761	69,247,887	X	92,522
- of which: forborne exposures	347	X	-	173	X	5	49,928	X	522
Total A	**129,173,212**	**32,044**	**7,267**	**37,889,027**	**77,727**	**61,761**	**70,421,651**	**1,837,908**	**92,522**
B. Off-balance sheet exposures									
B.1 Bad exposures	-	-	X	18,764	-	X	6,364	2,877	X
B.2. Unlikely to pay	1	-	X	-	-	X	134,921	36,248	X
B.3 Other Non-Performing exposures	-	-	X	11	3	X	1	-	X
B.4 Performing exposures	5,855,403	X	537	7,856,092	X	3,006	31,786,496	X	9,568
Total B	**5,855,404**	**-**	**537**	**7,874,867**	**3**	**3,006**	**31,927,782**	**39,125**	**9,568**
Total (A+B) 12.31.2016	**135,028,616**	**32,044**	**7,804**	**45,763,894**	**77,730**	**64,767**	**102,349,433**	**1,877,033**	**102,090**
Total (A+B) 12.31.2015	**132,689,946**	**18,676**	**11,014**	**44,993,143**	**167,377**	**96,662**	**103,137,450**	**1,611,688**	**141,948**

Continued: B.1 Banking Group - Distribution by segment of On- and off-balance sheet credit exposures with customers (book value)

(€ '000)

COUNTERPARTIES/EXPOSURES	INSURANCE COMPANIES			NON-FINANCIAL COMPANIES			OTHER ENTITIES		
	NET EXPOSURE	SPECIFIC WRITE-DOWNS	PORTFOLIO ADJUSTMENTS	NET EXPOSURE	SPECIFIC WRITE-DOWNS	PORTFOLIO ADJUSTMENTS	NET EXPOSURE	SPECIFIC WRITE-DOWNS	PORTFOLIO ADJUSTMENTS
A. On-balance sheet exposures									
A.1 Bad exposures	6,357	5,736	X	9,135,004	28,869,885	X	4,087,470	7,214,242	X
- of which: forborne exposures	5,428	4,422	X	1,938,100	2,380,803	X	333,067	360,661	X
A.2 Unlikely to pay	3,346	151	X	10,885,316	8,969,014	X	1,933,593	951,838	X
- of which: forborne exposures	3,346	151	X	6,030,416	4,682,048	X	959,424	415,331	X
A.3 Non-Performing past-due	113	67	X	501,729	153,680	X	570,441	339,063	X
- of which: forborne exposures	1	-	X	86,630	36,152	X	45,135	15,306	X
A.4 Performing exposures	1,294,645	X	1,285	264,025,314	X	1,659,415	127,354,984	X	574,147
- of which: forborne exposures	12,908	X	86	3,419,774	X	118,854	3,166,037	X	124,404
Total A	**1,304,461**	**5,954**	**1,285**	**284,547,363**	**37,992,579**	**1,659,415**	**133,946,488**	**8,505,143**	**574,147**
B. Off-balance sheet exposures									
B.1 Bad exposures	130	21	X	341,872	202,060	X	80,892	39,660	X
B.2. Unlikely to pay	-	156	X	1,383,532	221,505	X	23,070	34,591	X
B.3 Other Non-Performing exposures	-	-	X	15,587	13,586	X	1,475	248	X
B.4 Performing exposures	2,549,960	X	248	126,531,023	X	228,860	20,737,538	X	209,756
Total B	**2,550,090**	**177**	**248**	**128,272,014**	**437,151**	**228,860**	**20,842,975**	**74,499**	**209,756**
Total (A+B) 12.31.2016	**3,854,551**	**6,131**	**1,533**	**412,819,377**	**38,429,730**	**1,888,275**	**154,789,463**	**8,579,642**	**783,903**
Total (A+B) 12.31.2015	**3,575,212**	**7,424**	**4,772**	**402,043,118**	**32,407,399**	**1,760,842**	**161,402,811**	**8,643,957**	**747,947**

Part E - Information on risks and hedging policies

B.2 Banking group - Distribution of On- and off-balance sheet credit exposures with customers by geographic area (book value)

(€ '000)

	AMOUNT AS AT 12.31.2016									
	ITALY		OTHER EUROPEAN COUNTRIES		AMERICA		ASIA		REST OF THE WORLD	
GEOGRAPHIC AREA/EXPOSURES	NET EXPOSURE	TOTAL WRITE-DOWNS	NET EXPOSURE	TOTAL WRITE-DOWNS	NET EXPOSURE	TOTAL WRITE-DOWNS	NET EXPOSURE	TOTAL WRITE-DOWNS	NET EXPOSURE	TOTAL WRITE-DOWNS
A. On-balance sheet exposures										
A.1 Bad exposures	10,374,058	30,316,668	2,797,596	6,222,841	58,669	83,865	78,714	54,778	295,847	671,966
A.2 Unlikely to pay	9,828,626	7,873,086	3,640,972	2,440,271	97,628	22,088	13,942	577	378,361	232,982
A.3 Non-Performing past-due exposures	605,629	301,708	310,342	140,462	5,135	5,374	335	3,672	165,654	81,017
A.4 Performing exposures	252,767,152	1,015,758	335,677,990	1,206,736	8,586,310	23,186	5,625,921	35,548	25,973,321	115,169
Total A	**273,575,465**	**39,507,220**	**342,426,900**	**10,010,310**	**8,747,742**	**134,513**	**5,718,912**	**94,575**	**26,813,183**	**1,101,134**
B. Off-balance sheet exposures										
B.1 Bad exposures	141,748	36,601	152,647	169,769	71,020	40	9,532	506	73,075	37,702
B.2 Unlikely to pay	1,189,031	103,793	337,992	177,583	14,072	11,124	426	-	3	-
B.3 Other Non-Performing exposures	6,203	12,425	10,867	1,411	-	-	-	-	4	1
B.4 Performing exposures	49,626,001	102,753	113,914,792	336,880	14,416,249	2,853	1,872,650	1,997	15,486,820	7,492
Total B	**50,962,983**	**255,572**	**114,416,298**	**685,643**	**14,501,341**	**14,017**	**1,882,608**	**2,503**	**15,559,902**	**45,195**
Total A+B 12.31.2016	**324,538,448**	**39,762,792**	**456,843,198**	**10,695,953**	**23,249,083**	**148,530**	**7,601,520**	**97,078**	**42,373,085**	**1,146,329**
Total A+B 12.31.2015	**340,849,568**	**32,656,932**	**437,372,111**	**11,815,580**	**19,845,459**	**122,550**	**4,819,319**	**67,288**	**44,955,223**	**957,356**

B.3 Banking Group - Distribution of On- and off-balance sheet credit exposures with banks by geographic area (book value)

(€ '000)

	AMOUNT AS AT 12.31.2016									
	ITALY		OTHER EUROPEAN COUNTRIES		AMERICA		ASIA		REST OF THE WORLD	
EXPOSURES/GEOGRAPHIC AREA	NET EXPOSURE	TOTAL WRITE-DOWNS	NET EXPOSURE	TOTAL WRITE-DOWNS	NET EXPOSURE	TOTAL WRITE-DOWNS	NET EXPOSURE	TOTAL WRITE-DOWNS	NET EXPOSURE	TOTAL WRITE-DOWNS
A. On-balance sheet exposures										
A.1 Bad exposures	-	-	52	14,366	158	5,749	463	39,381	79	-
A.2 Unlikely to pay	-	7	1,908	-	-	-	1,327	1,024	-	-
A.3 Non-Performing past-due	-	-	3	-	-	-	-	26	-	-
A.4 Performing exposures	19,465,592	3,553	65,451,546	11,844	4,326,307	10,557	2,869,276	4,729	5,294,059	1,483
Total A	**19,465,592**	**3,560**	**65,453,509**	**26,210**	**4,326,465**	**16,306**	**2,871,066**	**45,160**	**5,294,138**	**1,483**
B. Off-balance sheet exposures										
B.1 Bad exposures	-	-	-	-	-	-	-	-	-	-
B.2 Unlikely to pay	-	-	-	-	-	-	-	-	-	-
B.3 Other Non-Performing exposures	-	-	-	-	-	-	-	-	-	-
B.4 Performing exposures	1,614,763	259	36,281,741	5,613	3,993,270	1,704	2,493,970	2,201	906,716	1,152
Total B	**1,614,763**	**259**	**36,281,741**	**5,613**	**3,993,270**	**1,704**	**2,493,970**	**2,201**	**906,716**	**1,152**
Total A+B 12.31.2016	**21,080,355**	**3,819**	**101,735,250**	**31,823**	**8,319,735**	**18,010**	**5,365,036**	**47,361**	**6,200,854**	**2,635**
Total A+B 12.31.2015	**22,221,434**	**16,627**	**115,372,098**	**78,968**	**7,833,660**	**9,906**	**4,495,083**	**50,294**	**5,569,997**	**1,533**

B.4 Large exposures

	12.31.2016
a) Amount book value (€ million)	245,101
b) Amount weighted value (€ million)	23,845
c) Number	14

In compliance with Article 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.

Part E - Information on risks and hedging policies

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
The Group's origination of traditional transactions consists in the sale of on-balance sheet receivables portfolios to vehicles set up as securitization companies under Law 130/99 or similar non-Italian legislation.
The buyer finances the purchase of the receivables portfolios by issuing bonds of varying seniority and transfers its issue proceeds to the Group. The yield and maturity of the bonds issued by the buyer therefore mainly depend on the cash flow expected from the assets being sold.
As a further form of security to bondholders, these transactions may include special types of credit enhancement, e.g., subordinated loans, financial guarantees, standby letters of credit or over-collateralization.
The Group's objectives when carrying out these transactions are usually the following:
- to originate securities that can be used to secure repos with Banca d'Italia and the ECB (i.e. counterbalancing capacity);
- to reduce funding costs given the opportunity to issue higher-rated bonds with lower interest rates than ordinary senior bonds; and
- to free up economic and regulatory capital by carrying out transactions that reduce capital requirements under current rules by reducing credit risk of the underlying portfolio.

The Group carries out both traditional securitizations whereby the receivables portfolio is sold to the SPV and synthetic securitizations which use financial guarantees to purchase protection over all or part of the underlying credit risk of the portfolio. The latter, on the contrary to traditional securitizations, is not sold to vehicles but remains also legally within the Group.

Under traditional securitizations the Group retains the first loss in the form of junior bonds or similar exposure and in some cases provides further credit enhancement as described above. This enables the Group to benefit from the portion of the sold receivables' yield in excess of the yield due to the senior and mezzanine tranches.

Retention by the Group of the first loss risk and the corresponding yield means that most of the risk and return on the portfolio is retained. Consequently these transactions are recognized in the accounts as loans and no profits arising out of the transfer of the assets are recognized and the sold receivables are not derecognized.

In the consolidated financial statements, exposure to the variability deriving from maintenance of the risk of first loss together with the role of servicer of the underlying assets determines control by the Group over these securitisation vehicles. Therefore they are subject to full consolidation.

Synthetic securitizations also entail retention of the receivables subject to credit default protection on the balance sheet. The swap is recognized in the accounts, as well as any other retained interest.

The Group's main objectives in its securitization transactions (whether traditional or synthetic) are the optimization of the loan portfolio by freeing up regulatory and economic capital and obtaining fresh liquidity together with greater diversification of its sources of funding.
The crisis in the markets experienced since the second half of 2007 made it advisable to use securitization as a means of increasing counterbalancing capacity, i.e. the availability of assets that can be readily used to create liquidity, by retaining the securities issued by the vehicle within the Group. Eventually traditional securitizations have been used also for corporate re-organization's purposes, for assets deleveraging or for business projects' purposes.

Analysis and realization of securitization transactions are carried out within the Parent in close cooperation with the Group originator entities involved and with UniCredit Bank AG as Arranger and potential Investment Banking. This process requires an economic feasibility study to assess the impact of transactions (according to their nature and aims), on regulatory and economic capital, on risk-adjusted profitability measures and on the level of Group's liquidity. If this initial phase produces a positive result, a technical and operational feasibility study is carried out to identify the assets to be securitized and define the structure of the transaction. Once technical feasibility has been established, the transaction is realized.

Eventually it should be noted that "self-securitizations" and transactions in warehousing phase are not included in the quantitative tables of Part C, as required by regulations.

Developments of the period

The Group makes limited use of this type of transactions. The amount of securitized loans[16], net of the transactions in which the Group has acquired all the liabilities issued by the SPVs (the so-called self-securitizations), accounts for 3.99% of the Group's credit portfolio. Self-securitizations in turn account for 3.02% of the loan portfolio.

During 2016 the Group carried out three traditional transactions (of which two self-securitizations) and eight synthetic transactions:

UniCredit S.p.A.

• Consumer Three	(traditional - self-securitization)
• Pillarstone Italy - Premuda	(traditional)
• Agribond	(synthetic)
• ARTS Midcap4	(synthetic)
• ARTS Midcap5	(synthetic)
• Bond Italia3 Investimenti	(synthetic)
• Bond Italia3 Misto	(synthetic)
• Sardafidi	(synthetic)
• Bond Italia4 Investimenti	(synthetic)
• Bond Italia4 Misto	(synthetic)

UniCredit Leasing S.p.A.

• LSV 9 - Serie 2016	(traditional - self-securitization)

Details are given in the tables published in the "Annexes", which also describe transactions, traditional and synthetic, carried out in previous financial years.

It should also be noted that, again during 2016:

- the transactions Cordusio RMBS, Trevi Finance 3, Locat SV - Serie 2005 and EuroConnect Issuer SME 2007, of which the first three were traditional transactions while the latter was synthetic, were closed;
- a new securitization transaction called Sandokan was launched, concerning the sale of a portfolio of UniCredit S.p.A. mortgage loans, in warehousing as at December 31, 2016, pending the issuance of ABS securities by the Special Purpose Vehicle.

The Group as sponsor

The Group defines the role of sponsor as that performed by an entity, other than the transferor, which organises and administers a securitisation or asset-backed commercial paper structure in which financial assets are purchased from third parties.

The Group acts as sponsor of asset backed commercial paper vehicles (i.e. commercial paper issuing conduits) set up in order to allow customers the access to the securitizations' market (multi-seller Customer conduits).

Customer conduits require the formation and management of a bankruptcy-remote company (i.e., one that would be immune from any financial difficulties of the originator) which directly or indirectly buys receivables created by companies outside the Group.

The receivables underlying these transactions are not bought directly by the conduit set up by the Group, but by a purchase company which in turn is wholly funded by the conduit by means of commercial paper or medium term notes.

In some circumstances purchase companies fund further SPVs which buy loan portfolio.

(16) We refer to loans sold, also synthetically, but not derecognized from balance sheet.

Part E - Information on risks and hedging policies

The main purpose of these transactions is to give corporate customers access to the securitization market and thus to lower funding costs than would be borne with direct funding.
The conduits' purchase of assets is financed by short-term commercial paper and medium-term note issues.
Payment of interest and redemption of the securities issued by the conduit therefore depends on cash flow from the receivables purchased (credit risk) and the ability of the conduit to roll over or replace its market funding on maturity (liquidity risk).

To guarantee prompt redemption of the securities issued by the conduit, these transactions are guaranteed by a standby letter of credit covering the risk of default both of specific assets and of the whole program.
The underwriters of issued securities also benefit from security provided by specific liquidity lines which the conduit may use if it unable to place new commercial paper to repay maturing paper, e.g. during market turmoil.

These liquidity lines may not however be used to guarantee redemption of securities issued by the conduit in the event of default by the underlying assets.

In its role as sponsor, the Group selects the asset portfolios purchased by conduits or purchase companies, provides administration of the assets and both standby letters of credit and liquidity lines and purchases commercial papers issued when required by market conditions.

For these services the Group receives fees and also benefits from the spread between the return on the assets purchased by the SPV and the securities issued.

These circumstances put the Group in the condition of having the power over the assets of the conduits and being at the same time exposed to the variability deriving from such assets. Therefore the conduits sponsored by the Group have come within the perimeter of consolidation starting from 2007, in application of the conditions provided for in IFRS10 and previously by SIC 12.

In addition to the Customer Conduits, purchase companies may also be consolidated if the Group is exposed to the variability of yields deriving from funding provided directly or indirectly, through the conduit, and also has the power to manage the underlying assets.

The Group as investor
The Group also invests in structured credit products issued by special-purpose entities that are not consolidated pursuant to the accounting rules in force, insofar as such instruments do not bear most of the risk or receive most of the returns associated with the activity carried out by these special-purpose entities.

With regard to these activities, the Group holds within the Global ABS portfolio exposures of securitisations established by third-parties such as RMBS, CMBS, CDO, CBO/CLO and other ABS.

In line with the development of the financial markets and, specifically, the securitisation market, the Global ABS Portfolio was transformed from a separate portfolio in liquidation to strategic investment portfolio for the Group in 2011 and was integrated into the Markets Strategic Portfolio ("MSP"), managed with a view to generating a profit margin and creating an appreciable capital return through long-term investments in fixed-income securities.

The development of client-related operations is also an integral part of MSP activities and includes actions to strengthen the customer base and support securitisations. This portfolio is subject to monitoring and reporting by the business and risk management functions. All activities relating to the MSP are carried out in conformity with established policies and procedures, specifically credit approval procedures.

The analysis of investments in ABS focuses specifically on the following elements:
- Structural analysis of all internal and external risks inherent to a similar investment, e.g. Default Risk, Dilution Risk, Residual Value Risk, Servicer Risk, Interest Rate Risk, Liquidity Risk, Commingling Risk, Legal Risk, Adequacy of performance triggers, etc. These risks may iffer according to the underlying assets class;
- Analysis of the underlying portfolio, including the analysis of all performance indicators significant for each underlying asset class;
- Cash flows/quantitative analysis/modelling;
- Credit rating and experience of the participants e.g. vendor/servicer - financial soundness, capacity and availability to service assets.

Quantitative information

The tables below do not include information on the so-called "self-securitizations", i.e. securitization transactions in which the Group has acquired all the liabilities issued by the SPVs, and transactions in warehousing phase .

C.1 Banking Group - Exposure from the main "in-house" securitisation transaction broken down by type of securitised asset and by type of exposure

(€ '000)

	BALANCE-SHEET EXPOSURE					
	SENIOR		MEZZANINE		JUNIOR	
TYPE OF SECURITISED ASSETS /EXPOSURE	CARRYING VALUE	WRITE-DOWNS/ WRITE-BACKS	CARRYING VALUE	WRITE-DOWNS/ WRITE-BACKS	CARRYING VALUE	WRITE-DOWNS/ WRITE-BACKS
A. Totally derecognised	**-**	**-**	**-**	**-**	**35,622**	**-**
A.1 CLO/CBO OTHERS	-	-	-	-	35,622	-
B. Partially derecognised	**-**	**-**	**-**	**-**	**-**	**-**
C. Not-derecognised	**12,279,325**	**-44**	**395,508**	**-**	**2,143,607**	**-152,396**
C.1 RMBS Prime	1,046,193	-	148,167	-	557,449	-58,934
C.2 CLO/SME	1,333,885	-44	41,997	-	91,282	-
C.3 CLO/CBO Others	9,830,033	-	73,052	-	141,976	-45,007
C.4 CONSUMER LOANS	-	-	-	-	507,438	-18,092
C.5 LEASES	69,214	-	45,250	-	830,109	-30,363
C.6 OTHERS	-	-	87,042	-	15,353	-

Write-downs and write-backs, including depreciations and revaluations posted on the income statement or to reserves, refer to financial year 2016 only.

continued C.1 Banking Group - Exposure from the main "in-house" securitisation transaction broken down by type of securitised asset and by type of exposure

	GUARANTEES GIVEN					
	SENIOR		MEZZANINE		JUNIOR	
TYPE OF SECURITISED ASSETS /EXPOSURE	NET EXPOSURE	WRITE-DOWNS/ WRITE-BACKS	NET EXPOSURE	WRITE-DOWNS/ WRITE-BACKS	NET EXPOSURE	WRITE-DOWNS/ WRITE-BACKS
A. Totally derecognised	**-**	**-**	**-**	**-**	**-**	**-**
A.1 CLO/CBO OTHERS	-	-	-	-	-	-
B. Partially derecognised	**-**	**-**	**-**	**-**	**-**	**-**
C. Not-derecognised	**468,923**	**-**	**-**	**-**	**-**	**-**
C.1 RMBS Prime	164,923	-	-	-	-	-
C.2 CLO/SME	-	-	-	-	-	-
C.3 CLO/CBO Others	304,000	-	-	-	-	-
C.4 CONSUMER LOANS	-	-	-	-	-	-
C.5 LEASES	-	-	-	-	-	-
C.6 OTHERS	-	-	-	-	-	-

Part E - Information on risks and hedging policies

continued C.1 Banking Group - Exposure from the main "in-house" securitisation transaction broken down by type of securitised asset and by type of exposure

TYPE OF SECURITISED ASSETS /EXPOSURE	CREDIT FACILITIES					
	SENIOR		MEZZANINE		JUNIOR	
	NET EXPOSURE	WRITE-DOWNS/ WRITE-BACKS	NET EXPOSURE	WRITE-DOWNS/ WRITE-BACKS	NET EXPOSURE	WRITE-DOWNS/ WRITE-BACKS
A. Totally derecognised	**-**	**-**	**-**	**-**	**-**	**-**
A.1 CLO/CBO OTHERS	-	-	-	-	-	-
B. Partially derecognised	**-**	**-**	**-**	**-**	**-**	**-**
C. Not-derecognised	**13,156**	**-**	**-**	**-**	**-**	**-**
C.1 RMBS Prime	-	-	-	-	-	-
C.2 CLO/SME	-	-	-	-	-	-
C.3 CLO/CBO Others	13,156	-	-	-	-	-
C.4 CONSUMER LOANS	-	-	-	-	-	-
C.5 LEASES	-	-	-	-	-	-
C.6 OTHERS	-	-	-	-	-	-

With reference to transactions with own underlying assets it should be noted that the decrease in balance-sheet net exposures relating to transactions not derecognized to €3,500 million as at December 2016 from €3,910 million as at December 2015 was due to development of the transactions, partially offset by one new securitization called Pillarstone Italy – Premuda.

Moreover, the increase in balance-sheet net exposures concerning synthetic transactions from €9,715 million in December 2015 to €11,319 million in December 2016 was due to eight new transactions called Agribond, ARTS Midcap4, ARTS Midcap5, Bond Italia3 Investimenti, Bond Italia3 Misto, Bond Italia4 Investimenti, Bond Italia4 Misto e Sardafidi, partially offset by the development of the remaining transactions.

C.2 Banking Group - Exposure resulting from the main third-party securitisation transactions broken down by type of securitised asset and by type of exposure

(€ '000)

TYPE OF SECURITISED ASSETS/EXPOSURE	BALANCE-SHEET EXPOSURE					
	SENIOR		MEZZANINE		JUNIOR	
	CARRYING VALUE	WRITE-DOWNS/ WRITE-BACKS	CARRYING VALUE	WRITE-DOWNS/ WRITE-BACKS	CARRYING VALUE	WRITE-DOWNS/ WRITE-BACKS
A.1. RMBS PRIME	2,716,582	-	114,992	-	-	-
A.2. RMBS NON CONFORMING	101,372	-	116,959	-	-	-
A.3. RMBS US SUBPRIME	-	-	449	-	-	-
A.4. CMBS	93,973	-	49,148	-	-	-
A.5. CDO OF ABS	2,383	-	-	-	-	-
A.6. CDO - BALANCE SHEET	22,741	-	-	-	-	-
A.7. CDO - PREFERRED STOCK	34,452	-	-	-	-	-
A.8. CDO OTHER	2,278	-	5	-	-	-
A.9. CLO SME	41,228	-	-	-	-	-
A.10. CLO ARBITRAGE/BALANCE SHEET	1,384	-	39,087	-	-	-
A.11. CLO OTHER	1,917,232	-	193,869	-	-	-
A.12. CONSUMER LOANS	1,477,852	-	19,510	-	-	-
A.13. STUDENT LOANS	24,099	-7,008	1,469	-	42,370	-
A.14. LEASES	16,395	-	60	-	-	-
A.15. OTHER	61,078	-	8,012	9	43,388	-288
A.17. CONDUITS(*)	1,352,211	-	-	-	-	-

(*) exposure of subsidiaries included in the scope of consolidation, but not belonging to the banking group.

Write-downs and write-backs, including depreciations and revaluations posted on the income statement or to reserves, refer to financial year 2016 only.

continued C.2 Banking Group - Exposure resulting from the main third-party securitisation transactions broken down by type of securitised asset and by type of exposure

TYPE OF SECURITISED ASSETS /EXPOSURE		GUARANTEES GIVEN					
		SENIOR		MEZZANINE		JUNIOR	
		NET EXPOSURE	WRITE-DOWNS/ WRITE-BACKS	NET EXPOSURE	WRITE-DOWNS/ WRITE-BACKS	NET EXPOSURE	WRITE-DOWNS/ WRITE-BACKS
A.1.	RMBS PRIME	-	-	-	-	-	-
A.2.	RMBS NON CONFORMING	-	-	-	-	-	-
A.3.	RMBS US SUBPRIME	-	-	-	-	-	-
A.4.	CMBS	-	-	-	-	-	-
A.5.	CDO OF ABS	-	-	-	-	-	-
A.6.	CDO - BALANCE SHEET	-	-	-	-	-	-
A.7.	CDO - PREFERRED STOCK	-	-	-	-	-	-
A.8.	CDO OTHER	-	-	-	-	-	-
A.9.	CLO SME	-	-	-	-	-	-
A.10.	CLO ARBITRAGE/BALANCE SHEET	-	-	-	-	-	-
A.11.	CLO OTHER	-	-	-	-	-	-
A.12.	CONSUMER LOANS	-	-	-	-	-	-
A.13.	STUDENT LOANS	-	-	-	-	-	-
A.14.	LEASES	-	-	-	-	-	-
A.15.	OTHER	-	-	-	-	-	-
A.17.	CONDUITS	-	-	-	-	-	-

continued C.2 Banking Group - Exposure resulting from the main third-party securitisation transactions broken down by type of securitised asset and by type of exposure

TYPE OF SECURITISED ASSETS /EXPOSURE		CREDIT FACILITIES					
		SENIOR		MEZZANINE		JUNIOR	
		NET EXPOSURE	WRITE-DOWNS/ WRITE-BACKS	NET EXPOSURE	WRITE-DOWNS/ WRITE-BACKS	NET EXPOSURE	WRITE-DOWNS/ WRITE-BACKS
A.1.	RMBS PRIME	-	-	-	-	-	-
A.2.	RMBS NON CONFORMING	-	-	-	-	-	-
A.3.	RMBS US SUBPRIME	-	-	-	-	-	-
A.4.	CMBS	-	-	-	-	-	-
A.5.	CDO OF ABS	-	-	-	-	-	-
A.6.	CDO - BALANCE SHEET	-	-	-	-	-	-
A.7.	CDO - PREFERRED STOCK	-	-	-	-	-	-
A.8.	CDO OTHER	-	-	-	-	-	-
A.9.	CLO SME	-	-	-	-	-	-
A.10.	CLO ARBITRAGE/BALANCE SHEET	-	-	-	-	-	-
A.11.	CLO OTHER	-	-	-	-	-	-
A.12.	CONSUMER LOANS	284,603	-	-	-	-	-
A.13.	STUDENT LOANS	23,298	-	-	-	-	-
A.14.	LEASES	-	-	-	-	-	-
A.15.	OTHER	-	-	-	-	-	-
A.17.	CONDUITS	2,859,142	-	14,230	-	285	-

The transactions with third-party underlying assets are those in which the group acts as sponsor or investor.

With reference to transactions in which the Group acts as sponsor, the total amount of net exposure is equal to €4,211 million (2,931 million as of December 31, 2015), broken down into asset backed commercial paper for 1,352 million and undrawn credit lines for 2,859 million.
It should be noted that the lines of credit shown are the difference between total credit lines granted and the amount of commercial paper underwritten by the Group. This figure is the additional risk exposure incurred by the Group in addition to the underwritten commercial paper.

With reference to transactions in which the Group acts as investor, please refer to the subsequent tables 'Exposures toward other consolidated SPVs' and C.4 'Banking Group – Non consolidated Securitization Vehicles' that shows the exposure of the Group toward these SPVs.

With reference to sponsor exposures the following table provides information about exposures held toward conduits in which the Group acts as sponsor.

Part E - Information on risks and hedging policies

Exposures sponsored by the Group

(€ '000)

	AMOUNTS AS AT 12.31.2016
Asset Backed Commercial Paper	**1,352,211**
- Arabella Finance DAC	1,352,211
- Elektra Purchase No. 17 S.A. - Compartment 2	-
- Elektra Purchase No. 28 DAC	-
- Elektra Purchase No. 31 DAC	-
- Elektra Purchase No. 32 S.A. - Compartment 1	-
- Elektra Purchase No. 33 DAC	-
- Elektra Purchase No. 34 DAC	-
- Elektra Purchase No. 35 DAC	-
- Elektra Purchase No. 36 DAC	-
- Elektra Purchase No. 37 DAC	-
- Elektra Purchase No. 38 DAC	-
- Elektra Purchase No. 39 DAC	-
- Elektra Purchase No. 40 DAC	-
- Elektra Purchase No. 41 DAC	-
- Elektra Purchase No. 42 DAC	-
- Elektra Purchase No. 43 DAC	-
- Elektra Purchase No. 46 DAC	-
- Elektra Purchase No. 47 DAC	-
- Elektra Purchase No. 48 DAC	-
- Elektra Purchase No. 911 Ltd	-
Credit facilities	**2,859,140**
- Arabella Finance DAC	-
- Elektra Purchase No. 17 S.A. - Compartment 2	41,665
- Elektra Purchase No. 28 DAC	147,599
- Elektra Purchase No. 31 DAC	79,054
- Elektra Purchase No. 32 S.A. - Compartment 1	374,987
- Elektra Purchase No. 33 DAC	130,439
- Elektra Purchase No. 34 DAC	124,996
- Elektra Purchase No. 35 DAC	208,326
- Elektra Purchase No. 36 DAC	249,992
- Elektra Purchase No. 37 DAC	57,831
- Elektra Purchase No. 38 DAC	79,997
- Elektra Purchase No. 39 DAC	291,657
- Elektra Purchase No. 40 DAC	166,661
- Elektra Purchase No. 41 DAC	26,249
- Elektra Purchase No. 42 DAC	95,830
- Elektra Purchase No. 43 DAC	208,326
- Elektra Purchase No. 46 DAC	58,331
- Elektra Purchase No. 47 DAC	132,094
- Elektra Purchase No. 48 DAC	93,449
- Elektra Purchase No. 911 Ltd	291,657

The lines of credit shown are the difference between total credit lines granted and the amount of commercial paper underwritten by the Group. This figure is the additional risk exposure incurred by the Group in addition to the underwritten commercial paper.

Consolidated securitization SPVs are those for which the Group exercises power over the SPV's activity being exposed at the same time to the vehicle's variability.

The following table shows the amount of exposures towards third-party securitisation consolidated SPVs.

Exposures toward other consolidated SPV

(€ '000)

	AMOUNTS AS AT 12.31.2016
Balance sheet exposures	**591**
- Grand Central Funding Corp	591
Credit facilities	**14,515**
- Grand Central Funding Corp	14,515

C.3 SPVs for securitizations

(€ '000)

NAME OF SECURITIZATION/NAME OF VEHICLE	COUNTRY OF INCORPORATION	CONSOLIDATION	ASSETS			LIABILITIES		
			LOANS AND RECEIVEBLES	DEBT SECURITIES	OTHERS	SENIOR	MEZZANINE	JUNIOR
Arabella Finance DAC	1-2 Victoria Buildings, Haddington Road, Dublin 4, D04 XN32, Ireland	Yes	3,516,712	-	625	3,515,009	-	-
Capital Mortgage S.r.l.	Piazzetta Monte 1 - 37121 Verona	Yes	885,158	-	195,252	837,151	74,000	67,493
CONSUMER TWO SRL	Piazzetta Monte 1 - 37121 Verona	Yes	507,438	-	90,657	66,454	-	493,677
Cordusio RMBS Securitisation S.r.l. - Serie 2006	Piazzetta Monte 1 - 37121 Verona	Yes	417,192	-	184,691	415,743	141,701	10,687
Cordusio RMBS Securitisation S.r.l. - Serie 2007	Piazzetta Monte 1 - 37121 Verona	Yes	1,199,942	-	259,610	1,096,653	236,402	2,329
Cordusio RMBS - UCFin S.r.l	Piazzetta Monte 1 - 37121 Verona	Yes	665,903	-	184,845	589,386	148,001	15,032
ELEKTRA PURCHASE NO. 17 S.A. RE COMPARTMENT 2	52-54 avenue du X Septembre, L-2550 Luxembourg	Yes	50,089	-	-	50,086	-	-
Elektra Purchase No. 28 DAC	1-2 Victoria Buildings, Haddington Road, Dublin 4, D04 XN32, Ireland	Yes	177,126	-	-	177,125	-	-
Elektra Purchase No. 31 DAC	1-2 Victoria Buildings, Haddington Road, Dublin 4, D04 XN32, Ireland	Yes	82,493	-	-	82,491	-	-
Elektra Purchase No. 32 S.A. - Compartment 1	52-54 avenue du X Septembre, L-2550 Luxembourg	Yes	372,004	-	-	371,865	-	-
Elektra Purchase No. 33 DAC	1-2 Victoria Buildings, Haddington Road, Dublin 4, D04 XN32, Ireland	Yes	122,081	-	-	122,079	-	-
Elektra Purchase No. 34 DAC	1-2 Victoria Buildings, Haddington Road, Dublin 4, D04 XN32, Ireland	Yes	91,502	-	-	91,500	-	-
Elektra Purchase No. 35 DAC	1-2 Victoria Buildings, Haddington Road, Dublin 4, D04 XN32, Ireland	Yes	250,001	-	-	249,999	-	-
Elektra Purchase No. 36 DAC	1-2 Victoria Buildings, Haddington Road, Dublin 4, D04 XN32, Ireland	Yes	300,001	-	-	299,999	-	-
Elektra Purchase No. 37 DAC	1-2 Victoria Buildings, Haddington Road, Dublin 4, D04 XN32, Ireland	Yes	67,796	-	-	67,796	-	-
Elektra Purchase No. 38 DAC	1-2 Victoria Buildings, Haddington Road, Dublin 4, D04 XN32, Ireland	Yes	85,695	-	-	85,694	-	-
Elektra Purchase No. 39 DAC	1-2 Victoria Buildings, Haddington Road, Dublin 4, D04 XN32, Ireland	Yes	350,039	-	-	350,039	-	-
Elektra Purchase No. 40 DAC	1-2 Victoria Buildings, Haddington Road, Dublin 4, D04 XN32, Ireland	Yes	47,138	-	-	47,138	-	-
Elektra Purchase No. 41 Designated Activity Company	1-2 Victoria Buildings, Haddington Road, Dublin 4, D04 XN32, Ireland	Yes	30,115	-	-	30,114	-	-
Elektra Purchase No. 42 Designated Activity Company	1-2 Victoria Buildings, Haddington Road, Dublin 4, D04 XN32, Ireland	Yes	74,825	-	-	74,825	-	-
Elektra Purchase No. 43 Designated Activity Company	1-2 Victoria Buildings, Haddington Road, Dublin 4, D04 XN32, Ireland	Yes	188,619	-	-	188,619	-	-
Elektra Purchase No. 46 Designated Activity Company	1-2 Victoria Buildings, Haddington Road, Dublin 4, D04 XN32, Ireland	Yes	26,981	-	-	26,981	-	-
Elektra Purchase No. 47 Designated Activity Company	1-2 Victoria Buildings, Haddington Road, Dublin 4, D04 XN32, Ireland	Yes	158,584	-	-	158,584	-	-
Elektra Purchase No. 48 Designated Activity Company	1-2 Victoria Buildings, Haddington Road, Dublin 4, D04 XN32, Ireland	Yes	112,186	-	-	112,186	-	-
Elektra Purchase No. 911 Ltd	OGIER HOUSE, THE ESPLANADE, ST. HELIER, JE4 9WG - Jersey	Yes	350,000	-	-	349,999	-	-
F-E Gold S.r.l.	Via Pestalozza 12/14 - 20131 Milano	Yes	91,170	-	25,429	43,593	23,379	48,507
F-E Mortgages S.r.l. - 2003	Piazzetta Monte 1 - 37121 Verona	Yes	153,003	-	28,166	76,789	59,020	7,632
F-E Mortgages S.r.l. - 2005	Piazzetta Monte 1 - 37121 Verona	Yes	245,652	-	15,083	135,474	36,864	32,311
Geldilux TS 2013 S.A.	11, rue Pierre d'Aspelt, 1142 Luxembourg	Yes	867,678	-	12	750,205	89,715	12,680
GRAND CENTRAL FUNDING CORPORATION	48 WALL STREET, NEW YORK, NY 10005 - United States	Yes	4,162	-	3,194	6,959	-	-
Heliconus S.r.l	Piazzetta Monte 1 - 37121 Verona	Yes	76,561	-	13,452	35,767	30,830	8,990
LARGE CORPORATE ONE SRL	Piazzetta Monte 1 - 37121 Verona	Yes	204,900	-	83,180	253,184	-	33,644
Locat SV S.r.l. - Serie 2006	Via Vittorio Alfieri, 1 - 31015 Conegliano (TV)	Yes	219,700	-	12,156	-	134,263	8,910
Locat SV S.r.l. - Serie 2014	Via Vittorio Alfieri, 1 - 31015 Conegliano (TV)	Yes	803,381	-	56,834	248,922	-	585,000
Newstone Mortgage Securities No.1 PLC	Fifth Floor, 100 Wood Street, London EC2V 7EX - United Kingdom	Yes	210,777	-	19	165,026	-	44,623
SUCCESS 2015 B.V.	Barbara Strozzilaan 101, 1083HN Amsterdam	Yes	338,341	-	14	230,900	-	94,400
ARCOBALENO FINANCE SRL	Foro Buonaparte,70 - 20121 Milano	No	88,966	-	5,253	42,659	-	54,700
AUGUSTO SRL	Via Pontaccio, 10 - 20121 Milano	No	831	-	2,020	13,588	-	-
BLUESTONE SECURITIES PLC - 2006-1	5th Floor, 100 Wood Street, London EC2V 7EX - United Kingdom	No	61,555	-	-	38,610	19,317	3,628
BLUESTONE SECURITIES PLC - 2007-1	5th Floor, 100 Wood Street, London EC2V 7EX - United Kingdom	No	220,712	-	-	135,525	74,194	10,994
Caesar Finance S.A.	4 Rue Henry M. Schnadt - 2530 Luxembourg	No	-	35,788	-	-	-	48,341
Chapel 2007 B.V.	FREDERIK ROESKESTRAAT 123 1076 EE AMSTERDAM - NETHERLANDS	No	193,266	-	20,703	124,269	69,000	20,700
COLOMBO SRL	Via Pontaccio, 10 - 20121 Milano	No	16,325	-	6,637	-	61	19,722
CREDIARC SPV SRL	FORO BUONAPARTE,70 20121 MILANO	No	65,569	-	5,826	55,000	-	26,411
Duke Funding High Grade IV Ltd	c/o Maples Finance Ltd. PO Box 1093GT, Queensgate House, South Church Street - Grand Cayman	No	-	3,588	1,346,082	1,146,027	185,643	18,000
Duke Funding High Grade V,Ltd	c/o Maples Finance Ltd. PO Box 1093GT, Queensgate House, South Church Street - Grand Cayman	No	-	20,964	1,465,624	1,236,160	232,428	18,000
Elektra Purchase No. 8 Limited	OGIER HOUSE, THE ESPLANADE, ST. HELIER, JE4 9WG - Jersey	No	135,059	-	-	120,000	-	15,059
Elektra Purchase 17 S.A. RE COMPARTMENT 14	52-54 avenue du X Septembre, L-2550 Luxembourg	No	25,909	-	-	22,800	-	3,109
Elektra Purchase No. 17 S.A. (Re Compartment 18)	52-54 avenue du X Septembre, L-2550 Luxembourg	No	36,933	-	-	30,300	-	6,633
Elektra Purchase No. 25 DAC	1-2 Victoria Buildings, Haddington Road, Dublin 4, D04 XN32, Ireland	No	167,710	-	-	112,500	-	55,210
Elektra Purchase No. 29 DAC	1-2 Victoria Buildings, Haddington Road, Dublin 4, D04 XN32, Ireland	No	363,263	-	-	292,100	-	71,163
Harrier Finance Funding Ltd	PO Box 309GT, Ugland House, George Town - Grand Cayman	No	-	1,121,909	-	988,000	-	-
Pillarstone Italy SPV S.r.l. - Burgo	Via Pietro Mascagni 14, 20122 MILANO	No	192,183	-	4,483	6,959	132,225	27,078
Pillarstone Italy SPV S.r.l. - Comital	Via Pietro Mascagni 14, 20122 MILANO	No	38,170	-	4,145	10	19,425	24,465
Pillarstone Italy SPV S.r.l. - Lediberg	Via Pietro Mascagni 14, 20122 MILANO	No	52,498	-	161	419	7,968	44,035
Pillarstone Italy SPV S.r.l. - Premuda	Via Pietro Mascagni 14, 20122 MILANO	No	261,348	-	1,311	8,921	172,867	76,657
Pillarstone Italy SPV S.r.l. - Rainbow	Via Pietro Mascagni 14, 20122 MILANO	No	75,361	-	236	890	16,921	56,405
Sestante Finance S.r.l.	Via Borromei, 5 - 20123 Milano	No	285,191	-	-	208,925	89,502	8,610

C.4 Banking Group – Non consolidated Securitization Vehicles

As mentioned before in the context of securitization transactions the Group may operate as investor, sponsor and originator. The following table provides indication on assets and liabilities recognized in the balance sheet as well as off-balance exposures of the Group toward non-consolidated securitization vehicles and broken down by role of the Group. The maximum exposure to loss has been calculated by grossing up the difference between assets and liabilities with off balance sheet positions (irrevocable credit lines and financial guarantees) held toward these vehicles and reported in column “difference between maximum exposure to loss and accounting value”.

Part E - Information on risks and hedging policies

Exposures to Securitization SPVs not subject to consolidation

(€ '000)

BALANCE SHEET ITEM/SPV TYPE	AMOUNTS AS AT 12.31.2016 ACCOUNTING PORTFOLIO (ASSETS)	TOTAL ASSETS (A)	ACCOUNTING PORTFOLIO (LIABILITIES)	TOTAL LIABILITIES (B)	NET ACCOUNTING VALUE (C=A-B)	MAXIMUM EXPOSURE TO LOSS (D)	DIFFERENCE BETWEEN MAXIMUM EXPOSURE TO LOSS AND ACCOUNTING VALUE (E=D-C)
ABS Issuing vehicles (Investor)		**7,142,804**		**86,184**	**7,056,620**	**7,364,520**	**307,900**
	HFT	59,878	Deposits	80,152	-	-	-
	FVO	13,507	Securities	-	-	-	-
	AFS	40,943	HFT	6,032	-	-	-
	HTM	63,367	FVO	-	-	-	-
	LAR	6,965,109		-	-	-	-
Commercial Paper Conduits (Sponsor)		**-**		**14,912**	**(14,912)**	**696,733**	**711,645**
	HFT	-	Deposits	14,912	-	-	-
	FVO	-	Securities	-	-	-	-
	AFS	-	HFT	-	-	-	-
	HTM	-	FVO	-	-	-	-
	LAR	-		-	-	-	-
Own securitizations (Originator)		**194,379**		**5,252**	**189,127**	**189,127**	**-**
	HFT	-	Deposits	5,252	-	-	-
	FVO	-	Securities	-	-	-	-
	AFS	-	HFT	-	-	-	-
	HTM	-	FVO	-	-	-	-
	LAR	194,379		-	-	-	-
Total		**7,337,183**		**106,348**	**7,230,835**	**8,250,380**	**1,019,545**

HFT = Financial assets held for trading
FVO = Financial assets at fair value through profit or loss
HTM = Held to maturity Investments
AFS = Available for Sale Financial assets
LAR = Loans to Customers

Deposits = Deposits from Customers
Securities = Debt securities in issue
HFT = Financial liabilities held for trading
FVO = Financial liabilities at fair value through profit or loss

Exposures toward ABS Issuing vehicles are constituted for the most part, €7,093,859 thousand, by exposures in Asset Backed Securities.
The remaining part is constituted by loans.
The good credit quality of this portfolio is borne out by the fact that over 90% of these instruments are rated A or better and over 58% of the portfolio is triple-A rated while at December 31, 2015 over 88% of these exposures were rated A and over 51% of the portfolio was rated triple-A.
Over 82% of the exposure was toward countries belonging to European Union.
Exposure to Greece, Ireland, Portugal and Spain accounted for 16.42%, most of which concerns exposures to Spanish underlying assets (11.57%).

Structured credit product exposures broken down by rating class

EXPOSURE TYPE	AAA	AA	A	BBB	BB	B	CCC	CC	C	NR
RMBS	39.03%	43.54%	8.43%	6.20%	2.12%	0.68%	0.00%	0.00%	0.00%	0.00%
CMBS	33.26%	0.00%	19.26%	29.12%	18.36%	0.00%	0.00%	0.00%	0.00%	0.00%
CDO	0.00%	0.00%	84.20%	12.12%	0.00%	3.68%	0.00%	0.00%	0.00%	0.00%
CLO/CBO	90.82%	8.66%	0.39%	0.13%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Other ABS	55.98%	20.15%	2.67%	1.09%	0.26%	0.09%	0.00%	0.00%	0.00%	19.76%
Total	**58.52%**	**26.07%**	**5.49%**	**3.65%**	**1.34%**	**0.34%**	**0.00%**	**0.00%**	**0.00%**	**4.59%**

Structured credit product exposures broken down by geographical area

EXPOSURE TYPE	ITALY	OTHER UE COUNTRIES	OTHER EUROPEAN COUNTRIES (NON UE)	ASIA	USA	REST OF THE WORLD
RMBS	21.32%	78.27%	0.00%	0.00%	0.05%	0.36%
CMBS	16.11%	78.92%	0.00%	0.00%	4.97%	0.00%
CDO	0.00%	7.54%	0.00%	0.00%	55.70%	36.76%
CLO/CBO	1.75%	48.80%	0.00%	0.00%	39.64%	9.81%
Other ABS	21.22%	75.44%	0.00%	0.00%	0.30%	3.04%
Total	**14.96%**	**67.90%**	**0.00%**	**0.00%**	**12.93%**	**4.21%**

The following table summarizes exposure to US Subprime and Alt-A mortgages, which was €1,635 thousand at December 31, 2016, i.e. a reduction from both December 31, 2015 when this figure was €1,898 thousand. In particular exposure to Alt-a are equal to €1,186 thousand while exposures to US Subprime amounted to € 449 thousand.

Exposures toward Commercial Paper Conduit comprise non revocable credit line provided to the purchase companies that acquires the receivables from the originators external to the Group. These credit line are granted by credit enhancements (deferred purchase price and credit insurance) so that the Group does not bear the variability of the underlying portfolio.

Exposures toward own 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.
For further information on these securitizations please refer to the tables published in the “Annexes”.

During the period the Group has not provided financial support to any non - consolidated securitization vehicle in absence of contractual obligation to do so. The Group has not the current intention to provide such support.

The Group does not act as sponsor of securitization vehicles in which it has not exposures at the end of the reporting period.

Part E - Information on risks and hedging policies

C.5 Banking Group - Servicer activities – Collections of securitised loans and redemptions of securities issued by the securitisation's vehicle

(€ '000)

		SECURITISED ASSETS (YEAR END FIGURES)		LOANS COLLECTED DURING THE YEAR		PERCENTAGE OF SECURITIES REDEEMED (YEAR END FIGURES)					
						SENIOR		MEZZANINE		JUNIOR	
SERVICER	SPECIAL PURPOSE VEHICLE	IMPAIRED	PERFORMING	IMPAIRED	PERFORMING	IMPAIRED ASSETS	PERFORMING ASSETS	IMPAIRED ASSETS	PERFORMING ASSETS	IMPAIRED ASSETS	PERFORMING ASSETS
UniCredit Bank AG/ UniCredit Luxembourg S.A.	Geldilux-TS 2013 S.A.	-	852,226	-	6,888,858(*)	-	1.24%	-	-	-	-
UniCredit Bank AG/ Redstone	Newstone	5,174	168,844	1,585	25,723	-	-	-	-	-	-
UniCredit Leasing (Austria) GmbH	SUCCESS 2015 B.V.	933	338,222	-	129,661	-	-	-	-	-	-
UniCredit Leasing S.p.A.	F-E Gold S.r.L.	33,705	57,465	3,704	31,808	-	95.42%	-	64.69%	-	-
	Locat SV S.r.L. - SERIE 2005	-	-	4,006	4,347	-	100.00%	-	100.00%	-	-
	Locat SV S.r.L. - SERIE 2006	59,919	159,781	17,912	49,436	-	100.00%	-	37.84%	-	-
	LSV 8 - Serie 2014	18,943	784,438	6,715	571,117	-	65.19%	-	-	-	-
UniCredit S.p.A.	Capital Mortgage S.r.L.	133,104	752,054	7,322	112,149	-	71.45%	-	-	-	-
	Consumer Two S.r.L.	14,478	492,960	1,798	429,452	-	94.99%	-	-	-	-
	Cordusio RMBS Securitisation S.r.L. - SERIE 2006	29,570	387,622	4,384	109,050	-	89.80%	-	-	-	-
	Cordusio RMBS Securitisation S.r.L. - SERIE 2007	114,990	1,084,953	8,496	183,164	-	76.61%	-	-	-	-
	Cordusio RMBS UCFin S.r.L.	82,599	583,304	5,344	97,784	-	81.68%	-	-	-	-
	F-E Mortgage S.r.L. - SERIE 2003	17,693	135,310	2,213	21,166	-	92.22%	-	-	-	-
	F-E Mortgage S.r.L. - SERIE 2005	29,494	216,158	2,968	31,493	-	85.76%	-	10.31%	-	10.31%
	Heliconus S.r.L.	7,354	69,207	1,095	11,045	-	93.08%	-	-	-	-
	Large Corporate One S.r.L.	-	204,900	-	191,245	-	-	-	-	-	-
	Trevi Finance No.3 s.p.A.	-	-	-	377,195	100.00%	-	100.00%	-	-	100.00%

(*) replenishing of short term portfolio (3-6 months).

C.6 Banking Group – Consolidated Securitization Vehicles

SPECIAL PURPOSE VEHICLE	**ARABELLA FINANCE DAC**
Country of incorporation	1-2 Victoria Buildings, Haddington Road, Dublin 4, D04 XN32, Ireland

(€ '000)

	12.31.2016
A. Securitised Assets	**3,514,705**
A.1 Loans	3,514,705
A.2 Bonds	-
B. Loans disbursed	**2,007**
C. Use of liquid assets resulting from loan operations	**-**
C.1 Loans (including bank current account)	-
C.2 Bonds	-
D. Other assets	**625**
D.1 Derivatives	-
D.2 Other assets	625
TOTAL ASSETS (A+B+ C+D)	**3,517,337**
E. Bond issued	**3,515,009**
E.1 Senior	3,515,009
E.2 Mezzanine	-
E.3 Junior	-
F. Loans received	**-**
F.1 Senior	-
F.2 Mezzanine	-
F.3 Junior	-
G. Other liabilities	**2,328**
G.1 Derivatives	113
G.2 Due to originator	-
G.3 Other liabilities	2,215
G.4 Own funds	-
TOTAL LIABILITIES (E+F+G)	**3,517,337**
H. Interest expense	**3,835**
H.1 Interest expense on bond issued	3,835
H.2 Interest expense on loans received	-
H.3 Interest expense on derivatives	-
I. Commissions and fees related to the transaction	**14,300**
I.1 for servicing	14,300
I.2 for other services	-
J. Other charges	**2,519**
J.1 Additional positive returns for exposure junior	-
J.2. Other costs	2,519
TOTAL COSTS (H+I+J)	**20,654**
K. Interest generated by securitised assets	**1,974**
L. Interest income on derivatives	**-**
M. Other revenues	**19,475**
M.1 Additional returns for exposure junior	-
M.2. Other revenues	19,475
TOTAL REVENUES (K+L+M)	**21,449**
PROFIT (LOSS) FOR THE PERIOD	**795**

Part E - Information on risks and hedging policies

continued - C.6 Banking Group – Consolidated Securitization Vehicles

SPECIAL PURPOSE VEHICLE	**CAPITAL MORTGAGE S.R.L.**
Country of incorporation	Piazzetta Monte 1 - 37121 Verona

(€ '000)

	12.31.2016
A. Securitised Assets	**885,158**
A.1 Loans	885,158
A.2 Bonds	-
B. Loans disbursed	**-**
C. Use of liquid assets resulting from loan operations	**180,256**
C.1 Loans (including bank current account)	180,256
C.2 Bonds	-
D. Other assets	**14,995**
D.1 Derivatives	-
D.2 Other assets	14,995
TOTAL ASSETS (A+B+ C+D)	**1,080,409**
E. Bond issued	**779,327**
E.1 Senior	679,397
E.2 Mezzanine	74,000
E.3 Junior	25,930
F. Loans received	**199,317**
F.1 Senior	157,754
F.2 Mezzanine	-
F.3 Junior	41,563
G. Other liabilities	**101,765**
G.1 Derivatives	608
G.2 Due to originator	98,141
G.3 Other liabilities	3,016
G.4 Own funds	-
TOTAL LIABILITIES (E+F+G)	**1,080,409**
H. Interest expense	**7,197**
H.1 Interest expense on bond issued	528
H.2 Interest expense on loans received	422
H.3 Interest expense on derivatives	6,247
I. Commissions and fees related to the transaction	**1,326**
I.1 for servicing	578
I.2 for other services	748
J. Other charges	**25,628**
J.1 Additional positive returns for exposure junior	-
J.2. Other costs	25,628
TOTAL COSTS (H+I+J)	**34,151**
K. Interest generated by securitised assets	**13,268**
L. Interest income on derivatives	**-**
M. Other revenues	**20,882**
M.1 Additional returns for exposure junior	18,622
M.2. Other revenues	2,260
TOTAL REVENUES (K+L+M)	**34,150**
PROFIT (LOSS) FOR THE PERIOD	**-1**

continued - C.6 Banking Group – Consolidated Securitization Vehicles

SPECIAL PURPOSE VEHICLE	**CONSUMER TWO SRL**
Country of incorporation	Piazzetta Monte 1 - 37121 Verona

(€ '000)

	12.31.2016
A. Securitised Assets	**507,438**
A.1 Loans	507,438
A.2 Bonds	-
B. Loans disbursed	**-**
C. Use of liquid assets resulting from loan operations	**83,799**
C.1 Loans (including bank current account)	83,799
C.2 Bonds	-
D. Other assets	**6,857**
D.1 Derivatives	-
D.2 Other assets	6,857
TOTAL ASSETS (A+B+ C+D)	**598,094**
E. Bond issued	**530,748**
E.1 Senior	37,071
E.2 Mezzanine	-
E.3 Junior	493,677
F. Loans received	**29,383**
F.1 Senior	29,383
F.2 Mezzanine	-
F.3 Junior	-
G. Other liabilities	**37,963**
G.1 Derivatives	6,822
G.2 Due to originator	30,912
G.3 Other liabilities	229
G.4 Own funds	-
TOTAL LIABILITIES (E+F+G)	**598,094**
H. Interest expense	**31,688**
H.1 Interest expense on bond issued	26,683
H.2 Interest expense on loans received	-
H.3 Interest expense on derivatives	5,005
I. Commissions and fees related to the transaction	**2,762**
I.1 for servicing	1,836
I.2 for other services	926
J. Other charges	**31,797**
J.1 Additional positive returns for exposure junior	13,704
J.2. Other costs	18,093
TOTAL COSTS (H+I+J)	**66,247**
K. Interest generated by securitised assets	**64,629**
L. Interest income on derivatives	**-**
M. Other revenues	**1,618**
M.1 Additional returns for exposure junior	-
M.2. Other revenues	1,618
TOTAL REVENUES (K+L+M)	**66,247**
PROFIT (LOSS) FOR THE PERIOD	**-**

Part E - Information on risks and hedging policies

continued - C.6 Banking Group – Consolidated Securitization Vehicles

SPECIAL PURPOSE VEHICLE	**CORDUSIO RMBS SECURITISATION S.R.L. - SERIE 2006**
Country of incorporation	Piazzetta Monte 1 - 37121 Verona

(€ '000)

	12.31.2016
A. Securitised Assets	**417,192**
A.1 Loans	417,192
A.2 Bonds	-
B. Loans disbursed	**-**
C. Use of liquid assets resulting from loan operations	**174,573**
C.1 Loans (including bank current account)	174,573
C.2 Bonds	-
D. Other assets	**10,118**
D.1 Derivatives	-
D.2 Other assets	10,118
TOTAL ASSETS (A+B+ C+D)	**601,883**
E. Bond issued	**396,470**
E.1 Senior	244,082
E.2 Mezzanine	141,701
E.3 Junior	10,687
F. Loans received	**171,661**
F.1 Senior	171,661
F.2 Mezzanine	-
F.3 Junior	-
G. Other liabilities	**33,752**
G.1 Derivatives	3,411
G.2 Due to originator	12,566
G.3 Other liabilities	17,775
G.4 Own funds	-
TOTAL LIABILITIES (E+F+G)	**601,883**
H. Interest expense	**5,091**
H.1 Interest expense on bond issued	1,092
H.2 Interest expense on loans received	432
H.3 Interest expense on derivatives	3,567
I. Commissions and fees related to the transaction	**2,838**
I.1 for servicing	2,003
I.2 for other services	835
J. Other charges	**3,387**
J.1 Additional positive returns for exposure junior	-
J.2. Other costs	3,387
TOTAL COSTS (H+I+J)	**11,316**
K. Interest generated by securitised assets	**7,778**
L. Interest income on derivatives	**-**
M. Other revenues	**3,539**
M.1 Additional returns for exposure junior	2,964
M.2. Other revenues	575
TOTAL REVENUES (K+L+M)	**11,317**
PROFIT (LOSS) FOR THE PERIOD	**1**

continued - C.6 Banking Group – Consolidated Securitization Vehicles

SPECIAL PURPOSE VEHICLE	CORDUSIO RMBS SECURITISATION S.R.L. - SERIE 2007
Country of incorporation	Piazzetta Monte 1 - 37121 Verona

(€ '000)

	12.31.2016
A. Securitised Assets	**1,199,942**
A.1 Loans	1,199,942
A.2 Bonds	-
B. Loans disbursed	**-**
C. Use of liquid assets resulting from loan operations	**243,417**
C.1 Loans (including bank current account)	243,417
C.2 Bonds	-
D. Other assets	**16,193**
D.1 Derivatives	-
D.2 Other assets	16,193
TOTAL ASSETS (A+B+ C+D)	**1,459,552**
E. Bond issued	**1,097,077**
E.1 Senior	858,346
E.2 Mezzanine	236,402
E.3 Junior	2,329
F. Loans received	**238,307**
F.1 Senior	238,307
F.2 Mezzanine	-
F.3 Junior	-
G. Other liabilities	**124,168**
G.1 Derivatives	6,720
G.2 Due to originator	91,625
G.3 Other liabilities	25,823
G.4 Own funds	-
TOTAL LIABILITIES (E+F+G)	**1,459,552**
H. Interest expense	**10,498**
H.1 Interest expense on bond issued	2,957
H.2 Interest expense on loans received	600
H.3 Interest expense on derivatives	6,941
I. Commissions and fees related to the transaction	**4,021**
I.1 for servicing	2,903
I.2 for other services	1,118
J. Other charges	**14,840**
J.1 Additional positive returns for exposure junior	-
J.2. Other costs	14,840
TOTAL COSTS (H+I+J)	**29,359**
K. Interest generated by securitised assets	**17,967**
L. Interest income on derivatives	**-**
M. Other revenues	**11,393**
M.1 Additional returns for exposure junior	9,673
M.2. Other revenues	1,720
TOTAL REVENUES (K+L+M)	**29,360**
PROFIT (LOSS) FOR THE PERIOD	**1**

Part E - Information on risks and hedging policies

continued - C.6 Banking Group – Consolidated Securitization Vehicles

SPECIAL PURPOSE VEHICLE	**CORDUSIO RMBS - UCFIN S.R.L**
Country of incorporation	Piazzetta Monte 1 - 37121 Verona

(€ '000)

	12.31.2016
A. Securitised Assets	**665,903**
A.1 Loans	665,903
A.2 Bonds	-
B. Loans disbursed	**-**
C. Use of liquid assets resulting from loan operations	**176,316**
C.1 Loans (including bank current account)	176,316
C.2 Bonds	-
D. Other assets	**8,529**
D.1 Derivatives	-
D.2 Other assets	8,529
TOTAL ASSETS (A+B+ C+D)	**850,748**
E. Bond issued	**590,855**
E.1 Senior	427,822
E.2 Mezzanine	148,001
E.3 Junior	15,032
F. Loans received	**161,564**
F.1 Senior	161,564
F.2 Mezzanine	-
F.3 Junior	-
G. Other liabilities	**98,329**
G.1 Derivatives	5,820
G.2 Due to originator	90,424
G.3 Other liabilities	2,085
G.4 Own funds	-
TOTAL LIABILITIES (E+F+G)	**850,748**
H. Interest expense	**6,638**
H.1 Interest expense on bond issued	1,116
H.2 Interest expense on loans received	407
H.3 Interest expense on derivatives	5,115
I. Commissions and fees related to the transaction	**3,082**
I.1 for servicing	2,231
I.2 for other services	851
J. Other charges	**12,055**
J.1 Additional positive returns for exposure junior	-
J.2. Other costs	12,055
TOTAL COSTS (H+I+J)	**21,775**
K. Interest generated by securitised assets	**12,854**
L. Interest income on derivatives	**-**
M. Other revenues	**8,921**
M.1 Additional returns for exposure junior	7,493
M.2. Other revenues	1,428
TOTAL REVENUES (K+L+M)	**21,775**
PROFIT (LOSS) FOR THE PERIOD	**-**

SPECIAL PURPOSE VEHICLE	ELEKTRA PURCHASE NO.17 S.A. RE COMPARTMENT 2
Country of incorporation	52-54 avenue du X Septembre, L-2550 Luxembourg

(€ '000)

	12.31.2016
A. Securitised Assets	**50,000**
A.1 Loans	50,000
A.2 Bonds	-
B. Loans disbursed	**89**
C. Use of liquid assets resulting from loan operations	**-**
C.1 Loans (including bank current account)	-
C.2 Bonds	-
D. Other assets	**-**
D.1 Derivatives	-
D.2 Other assets	-
TOTAL ASSETS (A+B+ C+D)	**50,089**
E. Bond issued	**-**
E.1 Senior	-
E.2 Mezzanine	-
E.3 Junior	-
F. Loans received	**50,086**
F.1 Senior	50,086
F.2 Mezzanine	-
F.3 Junior	-
G. Other liabilities	**3**
G.1 Derivatives	-
G.2 Due to originator	-
G.3 Other liabilities	3
G.4 Own funds	-
TOTAL LIABILITIES (E+F+G)	**50,089**
H. Interest expense	**350**
H.1 Interest expense on bond issued	-
H.2 Interest expense on loans received	350
H.3 Interest expense on derivatives	-
I. Commissions and fees related to the transaction	**458**
I.1 for servicing	458
I.2 for other services	-
J. Other charges	**-**
J.1 Additional positive returns for exposure junior	-
J.2. Other costs	-
TOTAL COSTS (H+I+J)	**808**
K. Interest generated by securitised assets	**808**
L. Interest income on derivatives	**-**
M. Other revenues	**-**
M.1 Additional returns for exposure junior	-
M.2. Other revenues	-
TOTAL REVENUES (K+L+M)	**808**
PROFIT (LOSS) FOR THE PERIOD	**-**

Part E - Information on risks and hedging policies

continued - C.6 Banking Group – Consolidated Securitization Vehicles

SPECIAL PURPOSE VEHICLE	**ELEKTRA PURCHASE NO.28 DAC**
Country of incorporation	1-2 Victoria Buildings, Haddington Road, Dublin 4, D04 XN32, Ireland

(€ '000)

	12.31.2016
A. Securitised Assets	**177,125**
A.1 Loans	177,125
A.2 Bonds	-
B. Loans disbursed	**-**
C. Use of liquid assets resulting from loan operations	**-**
C.1 Loans (including bank current account)	-
C.2 Bonds	-
D. Other assets	**-**
D.1 Derivatives	-
D.2 Other assets	-
TOTAL ASSETS (A+B+ C+D)	**177,125**
E. Bond issued	**-**
E.1 Senior	-
E.2 Mezzanine	-
E.3 Junior	-
F. Loans received	**177,125**
F.1 Senior	177,125
F.2 Mezzanine	-
F.3 Junior	-
G. Other liabilities	**-**
G.1 Derivatives	-
G.2 Due to originator	-
G.3 Other liabilities	-
G.4 Own funds	-
TOTAL LIABILITIES (E+F+G)	**177,125**
H. Interest expense	**252**
H.1 Interest expense on bond issued	-
H.2 Interest expense on loans received	252
H.3 Interest expense on derivatives	-
I. Commissions and fees related to the transaction	**234**
I.1 for servicing	234
I.2 for other services	-
J. Other charges	**-**
J.1 Additional positive returns for exposure junior	-
J.2. Other costs	-
TOTAL COSTS (H+I+J)	**486**
K. Interest generated by securitised assets	**485**
L. Interest income on derivatives	**-**
M. Other revenues	**-**
M.1 Additional returns for exposure junior	-
M.2. Other revenues	-
TOTAL REVENUES (K+L+M)	**485**
PROFIT (LOSS) FOR THE PERIOD	**-1**

SPECIAL PURPOSE VEHICLE	**ELEKTRA PURCHASE NO.31 DAC**
Country of incorporation	1-2 Victoria Buildings, Haddington Road, Dublin 4, D04 XN32, Ireland

(€ '000)

	12.31.2016
A. Securitised Assets	**82,492**
A.1 Loans	82,492
A.2 Bonds	-
B. Loans disbursed	**1**
C. Use of liquid assets resulting from loan operations	**-**
C.1 Loans (including bank current account)	-
C.2 Bonds	-
D. Other assets	**-**
D.1 Derivatives	-
D.2 Other assets	-
TOTAL ASSETS (A+B+ C+D)	**82,493**
E. Bond issued	**-**
E.1 Senior	-
E.2 Mezzanine	-
E.3 Junior	-
F. Loans received	**82,491**
F.1 Senior	82,491
F.2 Mezzanine	-
F.3 Junior	-
G. Other liabilities	**2**
G.1 Derivatives	-
G.2 Due to originator	-
G.3 Other liabilities	2
G.4 Own funds	-
TOTAL LIABILITIES (E+F+G)	**82,493**
H. Interest expense	**563**
H.1 Interest expense on bond issued	-
H.2 Interest expense on loans received	563
H.3 Interest expense on derivatives	-
I. Commissions and fees related to the transaction	**944**
I.1 for servicing	944
I.2 for other services	-
J. Other charges	**-**
J.1 Additional positive returns for exposure junior	-
J.2. Other costs	-
TOTAL COSTS (H+I+J)	**1,507**
K. Interest generated by securitised assets	**1,507**
L. Interest income on derivatives	**-**
M. Other revenues	**-**
M.1 Additional returns for exposure junior	-
M.2. Other revenues	-
TOTAL REVENUES (K+L+M)	**1,507**
PROFIT (LOSS) FOR THE PERIOD	**-**

Part E - Information on risks and hedging policies

continued - C.6 Banking Group – Consolidated Securitization Vehicles

SPECIAL PURPOSE VEHICLE — **ELEKTRA PURCHASE NO.32 S.A. - COMPARTMENT 1**
Country of incorporation — 52-54 Avenue du X Septembre, L-2550 Luxembourg

(€ '000)

	12.31.2016
A. Securitised Assets	**371,879**
A.1 Loans	371,879
A.2 Bonds	-
B. Loans disbursed	**125**
C. Use of liquid assets resulting from loan operations	**-**
C.1 Loans (including bank current account)	-
C.2 Bonds	-
D. Other assets	**-**
D.1 Derivatives	-
D.2 Other assets	-
TOTAL ASSETS (A+B+ C+D)	**372,004**
E. Bond issued	**-**
E.1 Senior	-
E.2 Mezzanine	-
E.3 Junior	-
F. Loans received	**371,865**
F.1 Senior	371,865
F.2 Mezzanine	-
F.3 Junior	-
G. Other liabilities	**139**
G.1 Derivatives	-
G.2 Due to originator	-
G.3 Other liabilities	139
G.4 Own funds	-
TOTAL LIABILITIES (E+F+G)	**372,004**
H. Interest expense	**846**
H.1 Interest expense on bond issued	-
H.2 Interest expense on loans received	846
H.3 Interest expense on derivatives	-
I. Commissions and fees related to the transaction	**776**
I.1 for servicing	776
I.2 for other services	-
J. Other charges	**151**
J.1 Additional positive returns for exposure junior	-
J.2. Other costs	151
TOTAL COSTS (H+I+J)	**1,773**
K. Interest generated by securitised assets	**1,774**
L. Interest income on derivatives	**-**
M. Other revenues	**-**
M.1 Additional returns for exposure junior	-
M.2. Other revenues	-
TOTAL REVENUES (K+L+M)	**1,774**
PROFIT (LOSS) FOR THE PERIOD	**1**

SPECIAL PURPOSE VEHICLE	ELEKTRA PURCHASE NO.33 DAC
Country of incorporation	1-2 Victoria Buildings, Haddington Road, Dublin 4, D04 XN32, Ireland

(€ '000)

	12.31.2016
A. Securitised Assets	**122,081**
A.1 Loans	122,081
A.2 Bonds	-
B. Loans disbursed	**-**
C. Use of liquid assets resulting from loan operations	**-**
C.1 Loans (including bank current account)	-
C.2 Bonds	-
D. Other assets	**-**
D.1 Derivatives	-
D.2 Other assets	-
TOTAL ASSETS (A+B+ C+D)	**122,081**
E. Bond issued	**-**
E.1 Senior	-
E.2 Mezzanine	-
E.3 Junior	-
F. Loans received	**122,079**
F.1 Senior	122,079
F.2 Mezzanine	-
F.3 Junior	-
G. Other liabilities	**2**
G.1 Derivatives	-
G.2 Due to originator	-
G.3 Other liabilities	2
G.4 Own funds	-
TOTAL LIABILITIES (E+F+G)	**122,081**
H. Interest expense	**1,113**
H.1 Interest expense on bond issued	-
H.2 Interest expense on loans received	1,113
H.3 Interest expense on derivatives	-
I. Commissions and fees related to the transaction	**2,165**
I.1 for servicing	2,165
I.2 for other services	-
J. Other charges	**-**
J.1 Additional positive returns for exposure junior	-
J.2. Other costs	-
TOTAL COSTS (H+I+J)	**3,278**
K. Interest generated by securitised assets	**3,277**
L. Interest income on derivatives	**-**
M. Other revenues	**-**
M.1 Additional returns for exposure junior	-
M.2. Other revenues	-
TOTAL REVENUES (K+L+M)	**3,277**
PROFIT (LOSS) FOR THE PERIOD	**-1**

Part E - Information on risks and hedging policies

continued - C.6 Banking Group – Consolidated Securitization Vehicles

SPECIAL PURPOSE VEHICLE	**ELEKTRA PURCHASE NO.34 DAC**
Country of incorporation	1-2 Victoria Buildings, Haddington Road, Dublin 4, D04 XN32, Ireland

(€ '000)

	12.31.2016
A. Securitised Assets	**91,502**
A.1 Loans	91,502
A.2 Bonds	-
B. Loans disbursed	**-**
C. Use of liquid assets resulting from loan operations	**-**
C.1 Loans (including bank current account)	-
C.2 Bonds	-
D. Other assets	**-**
D.1 Derivatives	-
D.2 Other assets	-
TOTAL ASSETS (A+B+ C+D)	**91,502**
E. Bond issued	**-**
E.1 Senior	-
E.2 Mezzanine	-
E.3 Junior	-
F. Loans received	**91,500**
F.1 Senior	91,500
F.2 Mezzanine	-
F.3 Junior	-
G. Other liabilities	**2**
G.1 Derivatives	-
G.2 Due to originator	-
G.3 Other liabilities	2
G.4 Own funds	-
TOTAL LIABILITIES (E+F+G)	**91,502**
H. Interest expense	**328**
H.1 Interest expense on bond issued	-
H.2 Interest expense on loans received	328
H.3 Interest expense on derivatives	-
I. Commissions and fees related to the transaction	**1,947**
I.1 for servicing	1,947
I.2 for other services	-
J. Other charges	**-**
J.1 Additional positive returns for exposure junior	-
J.2. Other costs	-
TOTAL COSTS (H+I+J)	**2,275**
K. Interest generated by securitised assets	**2,274**
L. Interest income on derivatives	**-**
M. Other revenues	**-**
M.1 Additional returns for exposure junior	-
M.2. Other revenues	-
TOTAL REVENUES (K+L+M)	**2,274**
PROFIT (LOSS) FOR THE PERIOD	**-1**

SPECIAL PURPOSE VEHICLE	**ELEKTRA PURCHASE NO.35 DAC**
Country of incorporation	1-2 Victoria Buildings, Haddington Road, Dublin 4, D04 XN32, Ireland

(€ '000)

	12.31.2016
A. Securitised Assets	**250,000**
A.1 Loans	250,000
A.2 Bonds	-
B. Loans disbursed	**1**
C. Use of liquid assets resulting from loan operations	**-**
C.1 Loans (including bank current account)	-
C.2 Bonds	-
D. Other assets	**-**
D.1 Derivatives	-
D.2 Other assets	-
TOTAL ASSETS (A+B+ C+D)	**250,001**
E. Bond issued	**-**
E.1 Senior	-
E.2 Mezzanine	-
E.3 Junior	-
F. Loans received	**249,999**
F.1 Senior	249,999
F.2 Mezzanine	-
F.3 Junior	-
G. Other liabilities	**2**
G.1 Derivatives	-
G.2 Due to originator	-
G.3 Other liabilities	2
G.4 Own funds	-
TOTAL LIABILITIES (E+F+G)	**250,001**
H. Interest expense	**564**
H.1 Interest expense on bond issued	-
H.2 Interest expense on loans received	564
H.3 Interest expense on derivatives	-
I. Commissions and fees related to the transaction	**558**
I.1 for servicing	558
I.2 for other services	-
J. Other charges	**-**
J.1 Additional positive returns for exposure junior	-
J.2. Other costs	-
TOTAL COSTS (H+I+J)	**1,122**
K. Interest generated by securitised assets	**1,122**
L. Interest income on derivatives	**-**
M. Other revenues	**-**
M.1 Additional returns for exposure junior	-
M.2. Other revenues	-
TOTAL REVENUES (K+L+M)	**1,122**
PROFIT (LOSS) FOR THE PERIOD	**-**

Part E - Information on risks and hedging policies

continued - C.6 Banking Group – Consolidated Securitization Vehicles

SPECIAL PURPOSE VEHICLE — **ELEKTRA PURCHASE NO.36 DAC**
Country of incorporation — 1-2 Victoria Buildings, Haddington Road, Dublin 4, D04 XN32, Ireland

(€ '000)

	12.31.2016
A. Securitised Assets	**300,001**
A.1 Loans	300,001
A.2 Bonds	-
B. Loans disbursed	**-**
C. Use of liquid assets resulting from loan operations	**-**
C.1 Loans (including bank current account)	-
C.2 Bonds	-
D. Other assets	**-**
D.1 Derivatives	-
D.2 Other assets	-
TOTAL ASSETS (A+B+ C+D)	**300,001**
E. Bond issued	**-**
E.1 Senior	-
E.2 Mezzanine	-
E.3 Junior	-
F. Loans received	**299,999**
F.1 Senior	299,999
F.2 Mezzanine	-
F.3 Junior	-
G. Other liabilities	**2**
G.1 Derivatives	-
G.2 Due to originator	-
G.3 Other liabilities	2
G.4 Own funds	-
TOTAL LIABILITIES (E+F+G)	**300,001**
H. Interest expense	**307**
H.1 Interest expense on bond issued	-
H.2 Interest expense on loans received	307
H.3 Interest expense on derivatives	-
I. Commissions and fees related to the transaction	**679**
I.1 for servicing	679
I.2 for other services	-
J. Other charges	**-**
J.1 Additional positive returns for exposure junior	-
J.2. Other costs	-
TOTAL COSTS (H+I+J)	**986**
K. Interest generated by securitised assets	**986**
L. Interest income on derivatives	**-**
M. Other revenues	**-**
M.1 Additional returns for exposure junior	-
M.2. Other revenues	-
TOTAL REVENUES (K+L+M)	**986**
PROFIT (LOSS) FOR THE PERIOD	**-**

continued - C.6 Banking Group – Consolidated Securitization Vehicles

SPECIAL PURPOSE VEHICLE	ELEKTRA PURCHASE NO.37 DAC
Country of incorporation	1-2 Victoria Buildings, Haddington Road, Dublin 4, D04 XN32, Ireland

(€ '000)

	12.31.2016
A. Securitised Assets	**67,767**
A.1 Loans	67,767
A.2 Bonds	-
B. Loans disbursed	**30**
C. Use of liquid assets resulting from loan operations	**-**
C.1 Loans (including bank current account)	-
C.2 Bonds	-
D. Other assets	**-**
D.1 Derivatives	-
D.2 Other assets	-
TOTAL ASSETS (A+B+ C+D)	**67,797**
E. Bond issued	**-**
E.1 Senior	-
E.2 Mezzanine	-
E.3 Junior	-
F. Loans received	**67,796**
F.1 Senior	67,796
F.2 Mezzanine	-
F.3 Junior	-
G. Other liabilities	**1**
G.1 Derivatives	-
G.2 Due to originator	-
G.3 Other liabilities	1
G.4 Own funds	-
TOTAL LIABILITIES (E+F+G)	**67,797**
H. Interest expense	**246**
H.1 Interest expense on bond issued	-
H.2 Interest expense on loans received	246
H.3 Interest expense on derivatives	-
I. Commissions and fees related to the transaction	**1,000**
I.1 for servicing	1,000
I.2 for other services	-
J. Other charges	**-**
J.1 Additional positive returns for exposure junior	-
J.2. Other costs	-
TOTAL COSTS (H+I+J)	**1,246**
K. Interest generated by securitised assets	**1,246**
L. Interest income on derivatives	**-**
M. Other revenues	**-**
M.1 Additional returns for exposure junior	-
M.2. Other revenues	-
TOTAL REVENUES (K+L+M)	**1,246**
PROFIT (LOSS) FOR THE PERIOD	**-**

Part E - Information on risks and hedging policies

continued - C.6 Banking Group – Consolidated Securitization Vehicles

SPECIAL PURPOSE VEHICLE	**ELEKTRA PURCHASE NO.38 DAC**
Country of incorporation	1-2 Victoria Buildings, Haddington Road, Dublin 4, D04 XN32, Ireland

(€ '000)

	12.31.2016
A. Securitised Assets	**85,647**
A.1 Loans	85,647
A.2 Bonds	-
B. Loans disbursed	**48**
C. Use of liquid assets resulting from loan operations	**-**
C.1 Loans (including bank current account)	-
C.2 Bonds	-
D. Other assets	**-**
D.1 Derivatives	-
D.2 Other assets	-
TOTAL ASSETS (A+B+ C+D)	**85,695**
E. Bond issued	**-**
E.1 Senior	-
E.2 Mezzanine	-
E.3 Junior	-
F. Loans received	**85,694**
F.1 Senior	85,694
F.2 Mezzanine	-
F.3 Junior	-
G. Other liabilities	**1**
G.1 Derivatives	-
G.2 Due to originator	-
G.3 Other liabilities	1
G.4 Own funds	-
TOTAL LIABILITIES (E+F+G)	**85,695**
H. Interest expense	**308**
H.1 Interest expense on bond issued	-
H.2 Interest expense on loans received	308
H.3 Interest expense on derivatives	-
I. Commissions and fees related to the transaction	**1,029**
I.1 for servicing	1,029
I.2 for other services	-
J. Other charges	**-**
J.1 Additional positive returns for exposure junior	-
J.2. Other costs	-
TOTAL COSTS (H+I+J)	**1,337**
K. Interest generated by securitised assets	**1,337**
L. Interest income on derivatives	**-**
M. Other revenues	**-**
M.1 Additional returns for exposure junior	-
M.2. Other revenues	-
TOTAL REVENUES (K+L+M)	**1,337**
PROFIT (LOSS) FOR THE PERIOD	**-**

SPECIAL PURPOSE VEHICLE	**ELEKTRA PURCHASE NO.39 DAC**
Country of incorporation	1-2 Victoria Buildings, Haddington Road, Dublin 4, D04 XN32, Ireland

(€ '000)

	12.31.2016
A. Securitised Assets	**350,000**
A.1 Loans	350,000
A.2 Bonds	-
B. Loans disbursed	**39**
C. Use of liquid assets resulting from loan operations	**-**
C.1 Loans (including bank current account)	-
C.2 Bonds	-
D. Other assets	**-**
D.1 Derivatives	-
D.2 Other assets	-
TOTAL ASSETS (A+B+ C+D)	**350,039**
E. Bond issued	**-**
E.1 Senior	-
E.2 Mezzanine	-
E.3 Junior	-
F. Loans received	**350,039**
F.1 Senior	350,039
F.2 Mezzanine	-
F.3 Junior	-
G. Other liabilities	**-**
G.1 Derivatives	-
G.2 Due to originator	-
G.3 Other liabilities	-
G.4 Own funds	-
TOTAL LIABILITIES (E+F+G)	**350,039**
H. Interest expense	**345**
H.1 Interest expense on bond issued	-
H.2 Interest expense on loans received	345
H.3 Interest expense on derivatives	-
I. Commissions and fees related to the transaction	**449**
I.1 for servicing	449
I.2 for other services	-
J. Other charges	**-**
J.1 Additional positive returns for exposure junior	-
J.2. Other costs	-
TOTAL COSTS (H+I+J)	**794**
K. Interest generated by securitised assets	**794**
L. Interest income on derivatives	**-**
M. Other revenues	**-**
M.1 Additional returns for exposure junior	-
M.2. Other revenues	-
TOTAL REVENUES (K+L+M)	**794**
PROFIT (LOSS) FOR THE PERIOD	**-**

Part E - Information on risks and hedging policies

continued - C.6 Banking Group – Consolidated Securitization Vehicles

SPECIAL PURPOSE VEHICLE	**ELEKTRA PURCHASE NO.40 DAC**
Country of incorporation	1-2 Victoria Buildings, Haddington Road, Dublin 4, D04 XN32, Ireland

(€ '000)

	12.31.2016
A. Securitised Assets	**47,138**
A.1 Loans	47,138
A.2 Bonds	-
B. Loans disbursed	**-**
C. Use of liquid assets resulting from loan operations	**-**
C.1 Loans (including bank current account)	-
C.2 Bonds	-
D. Other assets	**-**
D.1 Derivatives	-
D.2 Other assets	-
TOTAL ASSETS (A+B+ C+D)	**47,138**
E. Bond issued	**47,138**
E.1 Senior	47,138
E.2 Mezzanine	-
E.3 Junior	-
F. Loans received	**-**
F.1 Senior	-
F.2 Mezzanine	-
F.3 Junior	-
G. Other liabilities	**-**
G.1 Derivatives	-
G.2 Due to originator	-
G.3 Other liabilities	-
G.4 Own funds	-
TOTAL LIABILITIES (E+F+G)	**47,138**
H. Interest expense	**302**
H.1 Interest expense on bond issued	-
H.2 Interest expense on loans received	302
H.3 Interest expense on derivatives	-
I. Commissions and fees related to the transaction	**573**
I.1 for servicing	573
I.2 for other services	-
J. Other charges	**-**
J.1 Additional positive returns for exposure junior	-
J.2. Other costs	-
TOTAL COSTS (H+I+J)	**875**
K. Interest generated by securitised assets	**875**
L. Interest income on derivatives	**-**
M. Other revenues	**-**
M.1 Additional returns for exposure junior	-
M.2. Other revenues	-
TOTAL REVENUES (K+L+M)	**875**
PROFIT (LOSS) FOR THE PERIOD	**-**

continued - C.6 Banking Group – Consolidated Securitization Vehicles

SPECIAL PURPOSE VEHICLE	ELEKTRA PURCHASE NO.41 DAC
Country of incorporation	1-2 Victoria Buildings, Haddington Road, Dublin 4, D04 XN32, Ireland

(€ '000)

	12.31.2016
A. Securitised Assets	**30,114**
A.1 Loans	30,114
A.2 Bonds	-
B. Loans disbursed	**1**
C. Use of liquid assets resulting from loan operations	**-**
C.1 Loans (including bank current account)	-
C.2 Bonds	-
D. Other assets	**-**
D.1 Derivatives	-
D.2 Other assets	-
TOTAL ASSETS (A+B+ C+D)	**30,115**
E. Bond issued	**-**
E.1 Senior	-
E.2 Mezzanine	-
E.3 Junior	-
F. Loans received	**30,114**
F.1 Senior	30,114
F.2 Mezzanine	-
F.3 Junior	-
G. Other liabilities	**1**
G.1 Derivatives	-
G.2 Due to originator	-
G.3 Other liabilities	1
G.4 Own funds	-
TOTAL LIABILITIES (E+F+G)	**30,115**
H. Interest expense	**75**
H.1 Interest expense on bond issued	-
H.2 Interest expense on loans received	75
H.3 Interest expense on derivatives	-
I. Commissions and fees related to the transaction	**215**
I.1 for servicing	215
I.2 for other services	-
J. Other charges	**-**
J.1 Additional positive returns for exposure junior	-
J.2. Other costs	-
TOTAL COSTS (H+I+J)	**290**
K. Interest generated by securitised assets	**290**
L. Interest income on derivatives	**-**
M. Other revenues	**-**
M.1 Additional returns for exposure junior	-
M.2. Other revenues	-
TOTAL REVENUES (K+L+M)	**290**
PROFIT (LOSS) FOR THE PERIOD	**-**

Part E - Information on risks and hedging policies

continued - C.6 Banking Group – Consolidated Securitization Vehicles

SPECIAL PURPOSE VEHICLE	**ELEKTRA PURCHASE NO.42 DAC**
Country of incorporation	1-2 Victoria Buildings, Haddington Road, Dublin 4, D04 XN32, Ireland

(€ '000)

	12.31.2016
A. Securitised Assets	**74,825**
A.1 Loans	74,825
A.2 Bonds	-
B. Loans disbursed	**-**
C. Use of liquid assets resulting from loan operations	**-**
C.1 Loans (including bank current account)	-
C.2 Bonds	-
D. Other assets	**-**
D.1 Derivatives	-
D.2 Other assets	-
TOTAL ASSETS (A+B+ C+D)	**74,825**
E. Bond issued	**-**
E.1 Senior	-
E.2 Mezzanine	-
E.3 Junior	-
F. Loans received	**74,825**
F.1 Senior	74,825
F.2 Mezzanine	-
F.3 Junior	-
G. Other liabilities	**-**
G.1 Derivatives	-
G.2 Due to originator	-
G.3 Other liabilities	-
G.4 Own funds	-
TOTAL LIABILITIES (E+F+G)	**74,825**
H. Interest expense	**130**
H.1 Interest expense on bond issued	-
H.2 Interest expense on loans received	130
H.3 Interest expense on derivatives	-
I. Commissions and fees related to the transaction	**666**
I.1 for servicing	666
I.2 for other services	-
J. Other charges	**-**
J.1 Additional positive returns for exposure junior	-
J.2. Other costs	-
TOTAL COSTS (H+I+J)	**796**
K. Interest generated by securitised assets	**796**
L. Interest income on derivatives	**-**
M. Other revenues	**-**
M.1 Additional returns for exposure junior	-
M.2. Other revenues	-
TOTAL REVENUES (K+L+M)	**796**
PROFIT (LOSS) FOR THE PERIOD	**-**

continued - C.6 Banking Group – Consolidated Securitization Vehicles

SPECIAL PURPOSE VEHICLE	ELEKTRA PURCHASE NO.43 DAC
Country of incorporation	1-2 Victoria Buildings, Haddington Road, Dublin 4, D04 XN32, Ireland

(€ '000)

	12.31.2016
A. Securitised Assets	**188,619**
A.1 Loans	188,619
A.2 Bonds	-
B. Loans disbursed	**-**
C. Use of liquid assets resulting from loan operations	**-**
C.1 Loans (including bank current account)	-
C.2 Bonds	-
D. Other assets	**-**
D.1 Derivatives	-
D.2 Other assets	-
TOTAL ASSETS (A+B+ C+D)	**188,619**
E. Bond issued	**188,619**
E.1 Senior	188,619
E.2 Mezzanine	-
E.3 Junior	-
F. Loans received	**-**
F.1 Senior	-
F.2 Mezzanine	-
F.3 Junior	-
G. Other liabilities	**-**
G.1 Derivatives	-
G.2 Due to originator	-
G.3 Other liabilities	-
G.4 Own funds	-
TOTAL LIABILITIES (E+F+G)	**188,619**
H. Interest expense	**126**
H.1 Interest expense on bond issued	-
H.2 Interest expense on loans received	126
H.3 Interest expense on derivatives	-
I. Commissions and fees related to the transaction	**568**
I.1 for servicing	568
I.2 for other services	-
J. Other charges	**-**
J.1 Additional positive returns for exposure junior	-
J.2. Other costs	-
TOTAL COSTS (H+I+J)	**694**
K. Interest generated by securitised assets	**694**
L. Interest income on derivatives	**-**
M. Other revenues	**-**
M.1 Additional returns for exposure junior	-
M.2. Other revenues	-
TOTAL REVENUES (K+L+M)	**694**
PROFIT (LOSS) FOR THE PERIOD	**-**

Part E - Information on risks and hedging policies

continued - C.6 Banking Group – Consolidated Securitization Vehicles

SPECIAL PURPOSE VEHICLE	**ELEKTRA PURCHASE NO.46 DAC**
Country of incorporation	1-2 Victoria Buildings, Haddington Road, Dublin 4, D04 XN32, Ireland

(€ '000)

	12.31.2016
A. Securitised Assets	**26,843**
A.1 Loans	26,843
A.2 Bonds	-
B. Loans disbursed	**139**
C. Use of liquid assets resulting from loan operations	**-**
C.1 Loans (including bank current account)	-
C.2 Bonds	-
D. Other assets	**-**
D.1 Derivatives	-
D.2 Other assets	-
TOTAL ASSETS (A+B+ C+D)	**26,982**
E. Bond issued	**-**
E.1 Senior	-
E.2 Mezzanine	-
E.3 Junior	-
F. Loans received	**26,982**
F.1 Senior	26,982
F.2 Mezzanine	-
F.3 Junior	-
G. Other liabilities	**-**
G.1 Derivatives	-
G.2 Due to originator	-
G.3 Other liabilities	-
G.4 Own funds	-
TOTAL LIABILITIES (E+F+G)	**26,982**
H. Interest expense	**133**
H.1 Interest expense on bond issued	-
H.2 Interest expense on loans received	133
H.3 Interest expense on derivatives	-
I. Commissions and fees related to the transaction	**170**
I.1 for servicing	170
I.2 for other services	-
J. Other charges	**-**
J.1 Additional positive returns for exposure junior	-
J.2. Other costs	-
TOTAL COSTS (H+I+J)	**303**
K. Interest generated by securitised assets	**303**
L. Interest income on derivatives	**-**
M. Other revenues	**-**
M.1 Additional returns for exposure junior	-
M.2. Other revenues	-
TOTAL REVENUES (K+L+M)	**303**
PROFIT (LOSS) FOR THE PERIOD	**-**

continued - C.6 Banking Group – Consolidated Securitization Vehicles

SPECIAL PURPOSE VEHICLE	ELEKTRA PURCHASE NO.47 DAC
Country of incorporation	1-2 Victoria Buildings, Haddington Road, Dublin 4, D04 XN32, Ireland

(€ '000)

	12.31.2016
A. Securitised Assets	**158,519**
A.1 Loans	158,519
A.2 Bonds	-
B. Loans disbursed	**65**
C. Use of liquid assets resulting from loan operations	**-**
C.1 Loans (including bank current account)	-
C.2 Bonds	-
D. Other assets	**-**
D.1 Derivatives	-
D.2 Other assets	-
TOTAL ASSETS (A+B+ C+D)	**158,584**
E. Bond issued	**-**
E.1 Senior	-
E.2 Mezzanine	-
E.3 Junior	-
F. Loans received	**158,584**
F.1 Senior	158,584
F.2 Mezzanine	-
F.3 Junior	-
G. Other liabilities	**-**
G.1 Derivatives	-
G.2 Due to originator	-
G.3 Other liabilities	-
G.4 Own funds	-
TOTAL LIABILITIES (E+F+G)	**158,584**
H. Interest expense	**479**
H.1 Interest expense on bond issued	-
H.2 Interest expense on loans received	479
H.3 Interest expense on derivatives	-
I. Commissions and fees related to the transaction	**547**
I.1 for servicing	547
I.2 for other services	-
J. Other charges	**-**
J.1 Additional positive returns for exposure junior	-
J.2. Other costs	-
TOTAL COSTS (H+I+J)	**1,026**
K. Interest generated by securitised assets	**1,026**
L. Interest income on derivatives	**-**
M. Other revenues	**-**
M.1 Additional returns for exposure junior	-
M.2. Other revenues	-
TOTAL REVENUES (K+L+M)	**1,026**
PROFIT (LOSS) FOR THE PERIOD	**-**

Part E - Information on risks and hedging policies

continued - C.6 Banking Group – Consolidated Securitization Vehicles

SPECIAL PURPOSE VEHICLE — **ELEKTRA PURCHASE NO.48 DAC**
Country of incorporation — 1-2 Victoria Buildings, Haddington Road, Dublin 4, D04 XN32, Ireland

(€ '000)

	12.31.2016
A. Securitised Assets	**112,143**
A.1 Loans	112,143
A.2 Bonds	-
B. Loans disbursed	**43**
C. Use of liquid assets resulting from loan operations	**-**
C.1 Loans (including bank current account)	-
C.2 Bonds	-
D. Other assets	**-**
D.1 Derivatives	-
D.2 Other assets	-
TOTAL ASSETS (A+B+ C+D)	**112,186**
E. Bond issued	**112,186**
E.1 Senior	112,186
E.2 Mezzanine	-
E.3 Junior	-
F. Loans received	**-**
F.1 Senior	-
F.2 Mezzanine	-
F.3 Junior	-
G. Other liabilities	**-**
G.1 Derivatives	-
G.2 Due to originator	-
G.3 Other liabilities	-
G.4 Own funds	-
TOTAL LIABILITIES (E+F+G)	**112,186**
H. Interest expense	**64**
H.1 Interest expense on bond issued	-
H.2 Interest expense on loans received	64
H.3 Interest expense on derivatives	-
I. Commissions and fees related to the transaction	**398**
I.1 for servicing	398
I.2 for other services	-
J. Other charges	**-**
J.1 Additional positive returns for exposure junior	-
J.2. Other costs	-
TOTAL COSTS (H+I+J)	**462**
K. Interest generated by securitised assets	**462**
L. Interest income on derivatives	**-**
M. Other revenues	**-**
M.1 Additional returns for exposure junior	-
M.2. Other revenues	-
TOTAL REVENUES (K+L+M)	**462**
PROFIT (LOSS) FOR THE PERIOD	**-**

SPECIAL PURPOSE VEHICLE	**ELEKTRA PURCHASE NO.911 LTD**
Country of incorporation	OGIER HOUSE, THE ESPLANADE, ST. HELIER, JE4 9WG - Jersey

(€ '000)

	12.31.2016
A. Securitised Assets	**350,000**
A.1 Loans	350,000
A.2 Bonds	-
B. Loans disbursed	**-**
C. Use of liquid assets resulting from loan operations	**-**
C.1 Loans (including bank current account)	-
C.2 Bonds	-
D. Other assets	**-**
D.1 Derivatives	-
D.2 Other assets	-
TOTAL ASSETS (A+B+ C+D)	**350,000**
E. Bond issued	**-**
E.1 Senior	-
E.2 Mezzanine	-
E.3 Junior	-
F. Loans received	**349,999**
F.1 Senior	349,999
F.2 Mezzanine	-
F.3 Junior	-
G. Other liabilities	**1**
G.1 Derivatives	-
G.2 Due to originator	-
G.3 Other liabilities	1
G.4 Own funds	-
TOTAL LIABILITIES (E+F+G)	**350,000**
H. Interest expense	**803**
H.1 Interest expense on bond issued	-
H.2 Interest expense on loans received	803
H.3 Interest expense on derivatives	-
I. Commissions and fees related to the transaction	**940**
I.1 for servicing	940
I.2 for other services	-
J. Other charges	**-**
J.1 Additional positive returns for exposure junior	-
J.2. Other costs	-
TOTAL COSTS (H+I+J)	**1,743**
K. Interest generated by securitised assets	**1,743**
L. Interest income on derivatives	**-**
M. Other revenues	**-**
M.1 Additional returns for exposure junior	-
M.2. Other revenues	-
TOTAL REVENUES (K+L+M)	**1,743**
PROFIT (LOSS) FOR THE PERIOD	**-**

Part E - Information on risks and hedging policies

continued - C.6 Banking Group – Consolidated Securitization Vehicles

SPECIAL PURPOSE VEHICLE	**F-E GOLD S.R.L.**
Country of incorporation	Via Generale Gustavo Fara 26 - 20124 Milano

(€ '000)

	12.31.2016
A. Securitised Assets	**91,170**
A.1 Loans	91,170
A.2 Bonds	-
B. Loans disbursed	**-**
C. Use of liquid assets resulting from loan operations	**25,381**
C.1 Loans (including bank current account)	1,726
C.2 Bonds	23,655
D. Other assets	**49**
D.1 Derivatives	49
D.2 Other assets	-
TOTAL ASSETS (A+B+ C+D)	**116,600**
E. Bond issued	**66,972**
E.1 Senior	43,593
E.2 Mezzanine	23,379
E.3 Junior	-
F. Loans received	**48,507**
F.1 Senior	-
F.2 Mezzanine	-
F.3 Junior	48,507
G. Other liabilities	**1,121**
G.1 Derivatives	22
G.2 Due to originator	1,099
G.3 Other liabilities	-
G.4 Own funds	-
TOTAL LIABILITIES (E+F+G)	**116,600**
H. Interest expense	**493**
H.1 Interest expense on bond issued	27
H.2 Interest expense on loans received	466
H.3 Interest expense on derivatives	-
I. Commissions and fees related to the transaction	**174**
I.1 for servicing	19
I.2 for other services	155
J. Other charges	**10,959**
J.1 Additional positive returns for exposure junior	1,187
J.2. Other costs	9,772
TOTAL COSTS (H+I+J)	**11,626**
K. Interest generated by securitised assets	**6,792**
L. Interest income on derivatives	**81**
M. Other revenues	**4,754**
M.1 Additional returns for exposure junior	-
M.2. Other revenues	4,754
TOTAL REVENUES (K+L+M)	**11,627**
PROFIT (LOSS) FOR THE PERIOD	**1**

continued - C.6 Banking Group – Consolidated Securitization Vehicles

SPECIAL PURPOSE VEHICLE — **F-E MORTGAGES S.R.L. - 2003**

Country of incorporation — Piazzetta Monte 1 - 37121 Verona

(€ '000)

	12.31.2016
A. Securitised Assets	**153,003**
A.1 Loans	153,003
A.2 Bonds	-
B. Loans disbursed	**-**
C. Use of liquid assets resulting from loan operations	**28,018**
C.1 Loans (including bank current account)	28,018
C.2 Bonds	-
D. Other assets	**148**
D.1 Derivatives	17
D.2 Other assets	131
TOTAL ASSETS (A+B+ C+D)	**181,169**
E. Bond issued	**119,698**
E.1 Senior	53,046
E.2 Mezzanine	59,020
E.3 Junior	7,632
F. Loans received	**23,743**
F.1 Senior	23,743
F.2 Mezzanine	-
F.3 Junior	-
G. Other liabilities	**37,728**
G.1 Derivatives	-
G.2 Due to originator	34,874
G.3 Other liabilities	2,854
G.4 Own funds	-
TOTAL LIABILITIES (E+F+G)	**181,169**
H. Interest expense	**656**
H.1 Interest expense on bond issued	649
H.2 Interest expense on loans received	7
H.3 Interest expense on derivatives	-
I. Commissions and fees related to the transaction	**367**
I.1 for servicing	221
I.2 for other services	146
J. Other charges	**2,492**
J.1 Additional positive returns for exposure junior	-
J.2. Other costs	2,492
TOTAL COSTS (H+I+J)	**3,515**
K. Interest generated by securitised assets	**2,335**
L. Interest income on derivatives	**300**
M. Other revenues	**881**
M.1 Additional returns for exposure junior	260
M.2. Other revenues	621
TOTAL REVENUES (K+L+M)	**3,516**
PROFIT (LOSS) FOR THE PERIOD	**1**

Part E - Information on risks and hedging policies

continued - C.6 Banking Group – Consolidated Securitization Vehicles

SPECIAL PURPOSE VEHICLE	**F-E MORTGAGES S.R.L. - 2005**
Country of incorporation	Piazzetta Monte 1 - 37121 Verona

(€ '000)

	12.31.2016
A. Securitised Assets	**245,652**
A.1 Loans	245,652
A.2 Bonds	-
B. Loans disbursed	**-**
C. Use of liquid assets resulting from loan operations	**14,895**
C.1 Loans (including bank current account)	14,895
C.2 Bonds	-
D. Other assets	**188**
D.1 Derivatives	-
D.2 Other assets	188
TOTAL ASSETS (A+B+ C+D)	**260,735**
E. Bond issued	**204,649**
E.1 Senior	135,474
E.2 Mezzanine	36,864
E.3 Junior	32,311
F. Loans received	**-**
F.1 Senior	-
F.2 Mezzanine	-
F.3 Junior	-
G. Other liabilities	**56,086**
G.1 Derivatives	17
G.2 Due to originator	51,534
G.3 Other liabilities	4,535
G.4 Own funds	-
TOTAL LIABILITIES (E+F+G)	**260,735**
H. Interest expense	**2,042**
H.1 Interest expense on bond issued	215
H.2 Interest expense on loans received	-
H.3 Interest expense on derivatives	1,827
I. Commissions and fees related to the transaction	**517**
I.1 for servicing	365
I.2 for other services	152
J. Other charges	**4,073**
J.1 Additional positive returns for exposure junior	-
J.2. Other costs	4,073
TOTAL COSTS (H+I+J)	**6,632**
K. Interest generated by securitised assets	**4,005**
L. Interest income on derivatives	**-**
M. Other revenues	**2,627**
M.1 Additional returns for exposure junior	1,636
M.2. Other revenues	991
TOTAL REVENUES (K+L+M)	**6,632**
PROFIT (LOSS) FOR THE PERIOD	**-**

continued - C.6 Banking Group – Consolidated Securitization Vehicles

SPECIAL PURPOSE VEHICLE	**GELDILUX TS 2013 S.A.**
Country of incorporation	11, rue Pierre d'Aspelt, 1142 Luxembourg

(€ '000)

	12.31.2016
A. Securitised Assets	**867,678**
A.1 Loans	867,678
A.2 Bonds	-
B. Loans disbursed	**-**
C. Use of liquid assets resulting from loan operations	**-**
C.1 Loans (including bank current account)	-
C.2 Bonds	-
D. Other assets	**12**
D.1 Derivatives	12
D.2 Other assets	-
TOTAL ASSETS (A+B+ C+D)	**867,690**
E. Bond issued	**852,600**
E.1 Senior	750,205
E.2 Mezzanine	89,715
E.3 Junior	12,680
F. Loans received	**-**
F.1 Senior	-
F.2 Mezzanine	-
F.3 Junior	-
G. Other liabilities	**15,090**
G.1 Derivatives	-
G.2 Due to originator	-
G.3 Other liabilities	15,056
G.4 Own funds	34
TOTAL LIABILITIES (E+F+G)	**867,690**
H. Interest expense	**5,664**
H.1 Interest expense on bond issued	5,664
H.2 Interest expense on loans received	-
H.3 Interest expense on derivatives	-
I. Commissions and fees related to the transaction	**1,880**
I.1 for servicing	1,833
I.2 for other services	47
J. Other charges	**6,321**
J.1 Additional positive returns for exposure junior	-
J.2. Other costs	6,321
TOTAL COSTS (H+I+J)	**13,865**
K. Interest generated by securitised assets	**13,521**
L. Interest income on derivatives	**341**
M. Other revenues	**5**
M.1 Additional returns for exposure junior	-
M.2. Other revenues	5
TOTAL REVENUES (K+L+M)	**13,867**
PROFIT (LOSS) FOR THE PERIOD	**2**

Part E - Information on risks and hedging policies

continued - C.6 Banking Group – Consolidated Securitization Vehicles

SPECIAL PURPOSE VEHICLE	**GRAND CENTRAL FUNDING CORPORATION**
Country of incorporation	48 WALL STREET, NEW YORK, NY 10005 - United States

(€ '000)

	12.31.2016
A. Securitised Assets	**-**
A.1 Loans	-
A.2 Bonds	-
B. Loans disbursed	**4,162**
C. Use of liquid assets resulting from loan operations	**-**
C.1 Loans (including bank current account)	-
C.2 Bonds	-
D. Other assets	**3,194**
D.1 Derivatives	3,194
D.2 Other assets	-
TOTAL ASSETS (A+B+ C+D)	**7,356**
E. Bond issued	**-**
E.1 Senior	-
E.2 Mezzanine	-
E.3 Junior	-
F. Loans received	**6,959**
F.1 Senior	6,959
F.2 Mezzanine	-
F.3 Junior	-
G. Other liabilities	**397**
G.1 Derivatives	-
G.2 Due to originator	-
G.3 Other liabilities	397
G.4 Own funds	-
TOTAL LIABILITIES (E+F+G)	**7,356**
H. Interest expense	**461**
H.1 Interest expense on bond issued	-
H.2 Interest expense on loans received	429
H.3 Interest expense on derivatives	32
I. Commissions and fees related to the transaction	**228**
I.1 for servicing	228
I.2 for other services	-
J. Other charges	**2,927**
J.1 Additional positive returns for exposure junior	-
J.2. Other costs	2,927
TOTAL COSTS (H+I+J)	**3,616**
K. Interest generated by securitised assets	**355**
L. Interest income on derivatives	**448**
M. Other revenues	**1,282**
M.1 Additional returns for exposure junior	-
M.2. Other revenues	1,282
TOTAL REVENUES (K+L+M)	**2,085**
PROFIT (LOSS) FOR THE PERIOD	**-1,531**

continued - C.6 Banking Group – Consolidated Securitization Vehicles

SPECIAL PURPOSE VEHICLE	**HELICONUS S.R.L**
Country of incorporation	Piazzetta Monte 1 - 37121 Verona

(€ '000)

	12.31.2016
A. Securitised Assets	**76,561**
A.1 Loans	76,561
A.2 Bonds	-
B. Loans disbursed	**-**
C. Use of liquid assets resulting from loan operations	**13,356**
C.1 Loans (including bank current account)	13,356
C.2 Bonds	-
D. Other assets	**97**
D.1 Derivatives	30
D.2 Other assets	67
TOTAL ASSETS (A+B+ C+D)	**90,014**
E. Bond issued	**65,363**
E.1 Senior	25,543
E.2 Mezzanine	30,830
E.3 Junior	8,990
F. Loans received	**10,224**
F.1 Senior	10,224
F.2 Mezzanine	-
F.3 Junior	-
G. Other liabilities	**14,427**
G.1 Derivatives	-
G.2 Due to originator	13,710
G.3 Other liabilities	717
G.4 Own funds	-
TOTAL LIABILITIES (E+F+G)	**90,014**
H. Interest expense	**311**
H.1 Interest expense on bond issued	272
H.2 Interest expense on loans received	15
H.3 Interest expense on derivatives	24
I. Commissions and fees related to the transaction	**295**
I.1 for servicing	84
I.2 for other services	211
J. Other charges	**951**
J.1 Additional positive returns for exposure junior	24
J.2. Other costs	927
TOTAL COSTS (H+I+J)	**1,557**
K. Interest generated by securitised assets	**1,271**
L. Interest income on derivatives	**-**
M. Other revenues	**287**
M.1 Additional returns for exposure junior	-
M.2. Other revenues	287
TOTAL REVENUES (K+L+M)	**1,558**
PROFIT (LOSS) FOR THE PERIOD	**1**

Part E - Information on risks and hedging policies

continued - C.6 Banking Group – Consolidated Securitization Vehicles

SPECIAL PURPOSE VEHICLE	**LARGE CORPORATE ONE SRL**
Country of incorporation	Piazzetta Monte 1 - 37121 Verona

(€ '000)

	12.31.2016
A. Securitised Assets	**204,900**
A.1 Loans	204,900
A.2 Bonds	-
B. Loans disbursed	**-**
C. Use of liquid assets resulting from loan operations	**74,682**
C.1 Loans (including bank current account)	74,682
C.2 Bonds	-
D. Other assets	**8,498**
D.1 Derivatives	781
D.2 Other assets	7,717
TOTAL ASSETS (A+B+ C+D)	**288,080**
E. Bond issued	**284,897**
E.1 Senior	251,253
E.2 Mezzanine	-
E.3 Junior	33,644
F. Loans received	**1,930**
F.1 Senior	1,930
F.2 Mezzanine	-
F.3 Junior	-
G. Other liabilities	**1,253**
G.1 Derivatives	-
G.2 Due to originator	996
G.3 Other liabilities	257
G.4 Own funds	-
TOTAL LIABILITIES (E+F+G)	**288,080**
H. Interest expense	**9,110**
H.1 Interest expense on bond issued	8,894
H.2 Interest expense on loans received	216
H.3 Interest expense on derivatives	-
I. Commissions and fees related to the transaction	**929**
I.1 for servicing	611
I.2 for other services	318
J. Other charges	**167**
J.1 Additional positive returns for exposure junior	78
J.2. Other costs	89
TOTAL COSTS (H+I+J)	**10,206**
K. Interest generated by securitised assets	**3,366**
L. Interest income on derivatives	**4,484**
M. Other revenues	**2,356**
M.1 Additional returns for exposure junior	-
M.2. Other revenues	2,356
TOTAL REVENUES (K+L+M)	**10,206**
PROFIT (LOSS) FOR THE PERIOD	**-**

continued - C.6 Banking Group – Consolidated Securitization Vehicles

SPECIAL PURPOSE VEHICLE	**LOCAT SV S.R.L. - SERIE 2006**
Country of incorporation	Via Vittorio Alfieri, 1 - 31015 Conegliano (TV)

(€ '000)

	12.31.2016
A. Securitised Assets	**219,700**
A.1 Loans	219,700
A.2 Bonds	-
B. Loans disbursed	**-**
C. Use of liquid assets resulting from loan operations	**7,761**
C.1 Loans (including bank current account)	7,761
C.2 Bonds	-
D. Other assets	**4,395**
D.1 Derivatives	-
D.2 Other assets	4,395
TOTAL ASSETS (A+B+ C+D)	**231,856**
E. Bond issued	**143,173**
E.1 Senior	-
E.2 Mezzanine	134,263
E.3 Junior	8,910
F. Loans received	**-**
F.1 Senior	-
F.2 Mezzanine	-
F.3 Junior	-
G. Other liabilities	**88,683**
G.1 Derivatives	-
G.2 Due to originator	13,126
G.3 Other liabilities	75,557
G.4 Own funds	-
TOTAL LIABILITIES (E+F+G)	**231,856**
H. Interest expense	**496**
H.1 Interest expense on bond issued	496
H.2 Interest expense on loans received	-
H.3 Interest expense on derivatives	-
I. Commissions and fees related to the transaction	**111**
I.1 for servicing	59
I.2 for other services	52
J. Other charges	**8,781**
J.1 Additional positive returns for exposure junior	-
J.2. Other costs	8,781
TOTAL COSTS (H+I+J)	**9,388**
K. Interest generated by securitised assets	**7,995**
L. Interest income on derivatives	**-**
M. Other revenues	**1,393**
M.1 Additional returns for exposure junior	-
M.2. Other revenues	1,393
TOTAL REVENUES (K+L+M)	**9,388**
PROFIT (LOSS) FOR THE PERIOD	**-**

Part E - Information on risks and hedging policies

continued - C.6 Banking Group – Consolidated Securitization Vehicles

SPECIAL PURPOSE VEHICLE	**LOCAT SV S.R.L. - SERIE 2014**
Country of incorporation	Via Vittorio Alfieri, 1 - 31015 Conegliano (TV)

(€ '000)

	12.31.2016
A. Securitised Assets	**803,381**
A.1 Loans	803,381
A.2 Bonds	-
B. Loans disbursed	**-**
C. Use of liquid assets resulting from loan operations	**23,166**
C.1 Loans (including bank current account)	23,166
C.2 Bonds	-
D. Other assets	**33,668**
D.1 Derivatives	-
D.2 Other assets	33,668
TOTAL ASSETS (A+B+ C+D)	**860,215**
E. Bond issued	**833,922**
E.1 Senior	248,922
E.2 Mezzanine	-
E.3 Junior	585,000
F. Loans received	**-**
F.1 Senior	-
F.2 Mezzanine	-
F.3 Junior	-
G. Other liabilities	**26,293**
G.1 Derivatives	-
G.2 Due to originator	10,035
G.3 Other liabilities	16,258
G.4 Own funds	-
TOTAL LIABILITIES (E+F+G)	**860,215**
H. Interest expense	**51,586**
H.1 Interest expense on bond issued	49,725
H.2 Interest expense on loans received	-
H.3 Interest expense on derivatives	1,861
I. Commissions and fees related to the transaction	**1,132**
I.1 for servicing	270
I.2 for other services	862
J. Other charges	**13,586**
J.1 Additional positive returns for exposure junior	-
J.2. Other costs	13,586
TOTAL COSTS (H+I+J)	**66,304**
K. Interest generated by securitised assets	**54,070**
L. Interest income on derivatives	**-**
M. Other revenues	**12,235**
M.1 Additional returns for exposure junior	-
M.2. Other revenues	12,235
TOTAL REVENUES (K+L+M)	**66,305**
PROFIT (LOSS) FOR THE PERIOD	**1**

continued - C.6 Banking Group – Consolidated Securitization Vehicles

SPECIAL PURPOSE VEHICLE	NEWSTONE MORTGAGE SECURITIES NO.1 PLC
Country of incorporation	Fifth Floor, 100 Wood Street, London EC2V 7EX - United Kingdom

(€ '000)

	12.31.2016
A. Securitised Assets	**203,599**
A.1 Loans	203,599
A.2 Bonds	-
B. Loans disbursed	**7,177**
C. Use of liquid assets resulting from loan operations	**-**
C.1 Loans (including bank current account)	-
C.2 Bonds	-
D. Other assets	**19**
D.1 Derivatives	-
D.2 Other assets	19
TOTAL ASSETS (A+B+ C+D)	**210,795**
E. Bond issued	**209,649**
E.1 Senior	165,026
E.2 Mezzanine	-
E.3 Junior	44,623
F. Loans received	**-**
F.1 Senior	-
F.2 Mezzanine	-
F.3 Junior	-
G. Other liabilities	**1,146**
G.1 Derivatives	-
G.2 Due to originator	-
G.3 Other liabilities	1,146
G.4 Own funds	-
TOTAL LIABILITIES (E+F+G)	**210,795**
H. Interest expense	**6,297**
H.1 Interest expense on bond issued	6,297
H.2 Interest expense on loans received	-
H.3 Interest expense on derivatives	-
I. Commissions and fees related to the transaction	**1,062**
I.1 for servicing	1,062
I.2 for other services	-
J. Other charges	**101**
J.1 Additional positive returns for exposure junior	-
J.2. Other costs	101
TOTAL COSTS (H+I+J)	**7,460**
K. Interest generated by securitised assets	**7,465**
L. Interest income on derivatives	**-**
M. Other revenues	**-**
M.1 Additional returns for exposure junior	-
M.2. Other revenues	-
TOTAL REVENUES (K+L+M)	**7,465**
PROFIT (LOSS) FOR THE PERIOD	**5**

Part E - Information on risks and hedging policies

continued - C.6 Banking Group – Consolidated Securitization Vehicles

SPECIAL PURPOSE VEHICLE	**SUCCESS 2015 B.V.**
Country of incorporation	Barbara Strozzilaan 101, 1083HN Amsterdam

(€ '000)

	12.31.2016
A. Securitised Assets	**339,155**
A.1 Loans	339,155
A.2 Bonds	-
B. Loans disbursed	**-**
C. Use of liquid assets resulting from loan operations	**-**
C.1 Loans (including bank current account)	-
C.2 Bonds	-
D. Other assets	**14**
D.1 Derivatives	-
D.2 Other assets	14
TOTAL ASSETS (A+B+ C+D)	**339,168**
E. Bond issued	**325,300**
E.1 Senior	230,900
E.2 Mezzanine	-
E.3 Junior	94,400
F. Loans received	**-**
F.1 Senior	-
F.2 Mezzanine	-
F.3 Junior	-
G. Other liabilities	**13,868**
G.1 Derivatives	-
G.2 Due to originator	-
G.3 Other liabilities	13,868
G.4 Own funds	-
TOTAL LIABILITIES (E+F+G)	**339,168**
H. Interest expense	**2,236**
H.1 Interest expense on bond issued	2,236
H.2 Interest expense on loans received	-
H.3 Interest expense on derivatives	-
I. Commissions and fees related to the transaction	**1,323**
I.1 for servicing	1,323
I.2 for other services	-
J. Other charges	**4,985**
J.1 Additional positive returns for exposure junior	4,761
J.2. Other costs	224
TOTAL COSTS (H+I+J)	**8,544**
K. Interest generated by securitised assets	**8,544**
L. Interest income on derivatives	**-**
M. Other revenues	**-**
M.1 Additional returns for exposure junior	-
M.2. Other revenues	-
TOTAL REVENUES (K+L+M)	**8,544**
PROFIT (LOSS) FOR THE PERIOD	**-**

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 by structured entities 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 are entities that have been set-up in order to fund real estate projects used in the business by the Group or that have been acquired it the course of credit recovery processes.
- **Funding:** These structured entities are set-up by the Group so to gather funding in specific markets that is guaranteed by a Group Legal entity. This funding is then transferred to the group legal entity that guarantees it.
- **Investment funds:** These structured entities are open ended and closed ended investment funds that the Group controls under IFRS10 having acquired enough quotas to expose it to variability of returns and the ability to manage, directly and indirectly, the underlying portfolio.
- **Warehousing:** 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.

During the period the Group has not provided financial support to consolidated structured entities, other than those for securitization transactions, in absence of contractual obligation to do so and it doesn’t have current intention to provide such support.

The following table provides on balance sheet and off balance sheet, non revocable credit line and financial guarantees, provided by Group companies to consolidated structured entities.
These exposures are eliminated in the consolidation process.

(€ '000)

BALANCE SHEET ITEM/SPV TYPE	TOTAL ASSETS (A)	OFF BALANCE SHEET EXPOSURES
Leasing SPV	2,498,905	-
Project Finance SPV	1,546,820	50,386
Real Estate SPV	26,809	10,050
Funding SPV	363,166	-
Investment funds	1,003,342	-
Warehousing SPV	678,502	23,360
Total	**6,117,544**	**83,796**

Part E - Information on risks and hedging policies

D.2 Non-consolidated for accounting purposes structured entities

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

D.2.2 Other structured entities

Qualitative information
The Group has exposure toward unconsolidated structured entities either as a result of its lending activities or through the investments in quotas issued by funds that are structured entities under IFRS12 definition.

In particular, unconsolidated structured entities in which the Group is exposed to belong to the following categories:
- **Acquisition and Leveraged Finance structured entities** are set up for providing funding for the acquisition of a target business, where sponsors participate with equity contribution and lenders structure their facilities according to the cash flow profile of the target. The Group provides funding to these structured entities according to the applicable internal credit policies described in Part E – Section 1 that also define the level of equity that has to be provided by the sponsor.
  The Group has no control over these structured entities because it neither manages the company whose acquisition is being financed nor is significantly exposed to the associated variability of returns.
- **Leasing structured entities** are set-up to buy an asset and rent it to customers (based on a financial leasing contract). The funding is provided through loans – and the structured entities are the owner of the asset. At the end of the contract the asset is usually sold to the customer at a price usually equal to the residual value defined by the contract.
  The Group provides funding to these structured entities according to the applicable internal credit policies described in Part E – Section 1.
  In particular, the contracts ruling such transactions and associated guarantees ensure that the Group has no control over these structured entities because it neither manages the activities of the structured entities nor is significantly exposed to variability of returns of the leased assets.
- **Market Related structured entities** are set-up in order to allow customers to invest into financial instruments having features, in term of currency of denomination or interest rate, different from those offered in the market. In this context the Group maintains exposures against these vehicles that, however, do not transfer to the Group the main risks of the underlying.
- **Notes issuing structured entities** are structured entities that issue security different from ABS that are backed up by certain type of assets. These include covered bonds issued by third parties. The Group does not control these structured entities as it has neither the ability to manage the underlying assets nor retains significant exposures to its variability of returns.
- **Project Finance structured entities** are structured entities set up for the financing capital intensive business initiatives, where customers participate with equity contribution. The Group provides funding to these structured entities according to the applicable internal credit policies described in Part E – Section 1 that also define the level of equity that has to be provided by the customers.
- The Group has no control over these structured entities because it neither manages the assets being financed nor is significantly exposed to the resulting variability of returns.
- **Real Estate structured entities** are set-up for the financing of specific real estate initiatives. In these structures the customers, typically commercial and residential development companies, institutional investors and housing companies set up the structured entities and provides the equity. The Group provides funding according to the applicable internal credit policies described in Part E – Section 1 that also define the level of equity that has to be provided by the customers.
  The Group has no control over these structured entities because it neither manages the assets being financed nor is significantly exposed to the resulting variability of returns.
- **Shipping and Aircraft structured entities** are set up for the building or the acquisition of a ship or an aircraft that is then used by the customers in the context of their business activities. The Group provides funding to these structured entities according to the applicable internal credit policies described in Part E – Section 1 that also define the level of equity that has to be provided by the customers.
  The Group has no control over these structured entities because it neither manages the assets being financed nor is significantly exposed to the resulting variability of returns.
- **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 held towards structured entities different from non-consolidated securitization vehicles and broken down by role of the Group.
The maximum exposure to loss has been calculated by grossing up the difference between assets and liabilities with off balance sheet positions (irrevocable credit lines and financial guarantees) held toward these vehicles reported in column “difference between maximum exposure to loss and accounting value”.

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

(€ '000)

	AMOUNTS AS AT 12.31.2016						
BALANCE SHEET ITEM/SPV TYPE	ACCOUNTING PORTFOLIO (ASSETS)	TOTAL ASSETS(A)	ACCOUNTING PORTFOLIO (LIABILITIES)	TOTAL LIABILITIES(B)	NET ACCOUNTING VALUE(C=A-B)	MAXIMUM EXPOSURE TO LOSS(D)	DIFFERENCE BETWEEN MAXIMUM EXPOSURE TO LOSS AND ACCOUNTING VALUE(E=D-C)
Acquisition and Leverage Finance SPV		**168,357**		**4,767**	**163,590**	**235,603**	**72,013**
	HFT	-	Deposits	4,767	-	-	-
	FVO	-	Securities	-	-	-	-
	AFS	-	HFT	-	-	-	-
	HTM	-	FVO	-	-	-	-
	LAR	168,357		-	-	-	-
Leasing SPV		**197,690**		**2,242**	**195,448**	**202,068**	**6,620**
	HFT	-	Deposits	2,242	-	-	-
	FVO	-	Securities	-	-	-	-
	AFS	-	HFT	-	-	-	-
	HTM	-	FVO	-	-	-	-
	LAR	197,690		-	-	-	-
Market Related SPV		**248,667**		**23,329**	**225,338**	**225,338**	**-**
	HFT	19,994	Deposits	23,329	-	-	-
	FVO	-	Securities	-	-	-	-
	AFS	-	HFT	-	-	-	-
	HTM	-	FVO	-	-	-	-
	LAR	228,673		-	-	-	-
Notes Issuing Vehicles		**269,137**		**1,072**	**268,065**	**268,065**	**-**
	HFT	195,095	Deposits	-	-	-	-
	FVO	-	Securities	-	-	-	-
	AFS	-	HFT	1,072	-	-	-
	HTM	-	FVO	-	-	-	-
	LAR	74,042		-	-	-	-
Project Finance SPV		**150,330**		**47,806**	**102,524**	**102,751**	**227**
	HFT	-	Deposits	47,806	-	-	-
	FVO	-	Securities	-	-	-	-
	AFS	-	HFT	-	-	-	-
	HTM	-	FVO	-	-	-	-
	LAR	150,330		-	-	-	-
Real Estate SPV		**291,555**		**16,400**	**275,155**	**293,849**	**18,694**
	HFT	-	Deposits	16,400	-	-	-
	FVO	-	Securities	-	-	-	-
	AFS	-	HFT	-	-	-	-
	HTM	-	FVO	-	-	-	-
	LAR	291,555		-	-	-	-
Shipping Aircraft SPV		**332,177**		**43**	**332,134**	**393,164**	**61,030**
	HFT	-	Deposits	43	-	-	-
	FVO	-	Securities	-	-	-	-
	AFS	-	HFT	-	-	-	-
	HTM	-	FVO	-	-	-	-
	LAR	332,177		-	-	-	-
Investment funds		**7,434,864**		**4,880,398**	**2,554,466**	**3,979,879**	**1,425,413**
	HFT	2,012,293	Deposits	4,864,190	-	-	-
	FVO	175,460	Securities	16,208	-	-	-
	AFS	838,436	HFT	-	-	-	-
	HTM	-	FVO	-	-	-	-
	LAR	4,408,675		-	-	-	-
Total		**9,092,777**		**4,976,057**	**4,116,720**	**5,700,717**	**1,583,997**

HFT = Financial assets held for trading
FVO = Financial assets at fair value through profit or loss
HTM = Held to maturity Investments
AFS = Available for Sale Financial assets
LAR = Loans to Customers

Deposits = Deposits from Customers
Securities = Debt securities in issue
HFT = Financial liabilities held for trading
FVO = Financial liabilities at fair value through profit or loss

The Group acts, through its subsidiaries, as manager of investment funds that are considered structured entities and in which it has no exposure at the reporting date.

Part E - Information on risks and hedging policies

The following table reports the income recognized during the period on this business.

Nature of income from sponsored unconsolidated Structured Entities (different from securitization and covered bond): breakdown by entity type

(€ '000)

	12.31.2016			
ENTITY TYPE	INTEREST INCOME	FEES AND COMMISSIONS	GAIN (LOSS) ARISING FROM DISPOSAL	OTHER INCOME
Acquisitions and leveraged finance SPVs	-	-	-	-
Leasing SPVs	-	-	-	-
Market Related SPVs	-	95	-	-
Note Issuing Vehicles	-	-	-	-
Project finance SPVs	-	174	-	-
Real estate SPVs	-	-	-	-
Shipping/Aircraft SPVs	-	-	-	-
Investment funds	182	1,517,555	(12)	67
Total	**182**	**1,517,824**	**(12)**	**67**

Finally, during the period, the Group has not provided financial support absent contractual obligations to do so to any non-consolidated structured entity.
In addition it has not current intention to provide such financial support.

E. Sales Transactions

A. Financial assets sold and not fully derecognised

E.1 Banking Group - Financial assets sold and not derecognised: carrying value and full value

(€ '000)

TYPE/PORTFOLIO	AMOUNTS AS AT 12.31.2016								
	FINANCIAL ASSETS HELD FOR TRADING			FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS			AVAILABLE FOR SALE FINANCIAL ASSETS		
	A	B	C	A	B	C	A	B	C
A. On-balance sheet assets	**3,157,508**	**-**	**-**	**4,515,298**	**-**	**-**	**37,298,237**	**-**	**-**
1. Debt securities	1,472,781	-	-	-	-	-	37,298,237	-	-
2. Equity securities	-	-	-	-	-	-	-	-	-
3. UCIS	-	-	-	-	-	-	-	-	-
4. Loans	1,684,727	-	-	4,515,298	-	-	-	-	-
B. Derivatives	**-**	**-**	**-**	**X**	**X**	**X**	**X**	**X**	**X**
Total 12.31.2016	**3,157,508**	**-**	**-**	**4,515,298**	**-**	**-**	**37,298,237**	**-**	**-**
of which Non-Performing	-	-	-	-	-	-	-	-	-
Total 12.31.2015	**1,535,868**	**-**	**-**	**6,681,050**	**-**	**-**	**33,163,235**	**-**	**-**
of which Non-Performing	-	-	-	-	-	-	-	-	-

continued: E.1 Banking Group - Financial assets sold and not derecognised: carrying value and full value

TYPE/PORTFOLIO	AMOUNTS AS AT 12.31.2016									TOTAL	
	HELD-TO-MATURITY INVESTMENTS			LOANS AND RECEIVABLES WITH BANKS			LOANS AND RECEIVABLES WITH CUSTOMERS				
	A	B	C	A	B	C	A	B	C	12.31.2016	12.31.2015
A. On-balance sheet assets	**1,229,091**	**-**	**-**	**1,130,530**	**-**	**-**	**9,389,024**	**-**	**-**	**56,719,688**	**53,695,318**
1. Debt securities	1,229,091	-	-	358,076	-	-	2,450,692	-	-	42,808,877	44,328,307
2. Equity securities	X	X	X	X	X	X	X	X	X	-	-
3. UCIS	X	X	X	X	X	X	X	X	X	-	-
4. Loans	-	-	-	772,454	-	-	6,938,332	-	-	13,910,811	9,367,011
B. Derivatives	**X**	**X**	**X**	**X**	**X**	**X**	**X**	**X**	**X**	**-**	**-**
Total 12.31.2016	**1,229,091**	**-**	**-**	**1,130,530**	**-**	**-**	**9,389,024**	**-**	**-**	**56,719,688**	**X**
of which Non-Performing	-	-	-	-	-	-	*848,981*	-	-	*848,981*	*X*
Total 12.31.2015	**2,290,341**	**-**	**-**	**514,615**	**-**	**-**	**9,510,209**	**-**	**-**	**X**	**53,695,318**
of which Non-Performing	-	-	-	-	-	-	*999,721*	-	-	*X*	*999,721*

LEGEND:
A = Financial assets sold and fully recognized (carrying value)
B = Financial assets sold and partially recognized (carrying value)
C = Financial assets sold and partially recognized (total value)

Loans (A.4) are assets sold and not derecognized under securitizations.
Debt securities (A.1) are underlyings of repos.

Part E - Information on risks and hedging policies

E.2 Banking Group - Financial liabilities relating to financial assets sold and not derecognised: book value

(€ '000)

	AMOUNTS AS AT 12.31.2016						
LIABILITIES/ASSETS PORTFOLIOS	FINANCIAL ASSETS HELD FOR TRADING	FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS	AVAILABLE FOR SALE FINANCIAL ASSETS	HELD-TO-MATURITY INVESTMENTS	LOANS AND RECEIVABLES WITH BANKS	LOANS AND RECEIVABLES WITH CUSTOMERS	TOTAL
1. Deposits from customers	**3,124,377**	**11,779**	**26,588,684**	**486,331**	**-**	**6,151,069**	**36,362,240**
a) relating to fully recognised assets	3,124,377	11,779	26,588,684	486,331	-	6,151,069	36,362,240
b) relating to partially recognised assets	-	-	-	-	-	-	-
2. Deposits from Banks	**83,696**	**4,495,192**	**10,071,476**	**763,830**	**1,166,830**	**84,441**	**16,665,465**
a) relating to fully recognised assets	83,696	4,495,192	10,071,476	763,830	1,166,830	84,441	16,665,465
b) relating to partially recognised assets	-	-	-	-	-	-	-
3. Debt Securities in issue	**-**	**-**	**-**	**-**	**-**	**-**	**-**
a) relating to fully recognised assets	-	-	-	-	-	-	-
b) relating to partially recognised assets	-	-	-	-	-	-	-
Total 12.31.2016	**3,208,073**	**4,506,971**	**36,660,160**	**1,250,161**	**1,166,830**	**6,235,510**	**53,027,705**
Total 12.31.2015	**1,577,143**	**6,696,702**	**30,047,263**	**760,596**	**198,599**	**5,631,866**	**44,912,169**

E.3 Banking Group - Sales transactions relating to financial liabilities with repayment exclusively based on assets sold and not derecognized: fair value

(€ '000)

	AMOUNTS AS AT 12.31.2016					
	FINANCIAL ASSETS HELD FOR TRADING		FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS		AVAILABLE FOR SALE FINANCIAL ASSETS	
TYPE/PORTFOLIO	A	B	A	B	A	B
A. On-balance sheet assets	**3,157,508**	**-**	**4,515,298**	**-**	**37,279,081**	**-**
1. Debt securities	1,472,781	-	-	-	37,279,081	-
2. Equity securities	-	-	-	-	-	-
3. UCIS	-	-	-	-	-	-
4. Loans	1,684,727	-	4,515,298	-	-	-
B. Derivatives	**-**	**-**	**X**	**X**	**X**	**X**
Total assets	**3,157,508**	**-**	**4,515,298**	**-**	**37,279,081**	**-**
C. Associated financial liabilities	**3,202,594**	**-**	**4,506,971**	**-**	**36,189,282**	**-**
1. Deposits from customers	3,118,898	-	11,779	-	26,149,412	-
2. Deposits from banks	83,696	-	4,495,192	-	10,039,870	-
3. Debt securities in issue	-	-	-	-	-	-
Total liabilities	**3,202,594**	**-**	**4,506,971**	**-**	**36,189,282**	**-**
Total 12.31.2016	**(45,086)**	**-**	**8,327**	**-**	**1,089,799**	**-**
Total 12.31.2015	**(41,291)**	**-**	**(15,652)**	**-**	**2,205,682**	**-**

continued: E.3 Banking Group - Sales transactions relating to financial liabilities with repayment exclusively based on assets sold and not derecognized: fair value

	AMOUNTS AS AT 12.31.2016							
	HELD-TO-MATURITY INVESTMENTS		LOANS AND RECEIVABLES WITH BANKS		LOANS AND RECEIVABLES WITH CUSTOMERS		TOTAL	
TYPE/PORTFOLIO	A	B	A	B	A	B	12.31.2016	12.31.2015
A. On-balance sheet assets	**1,238,666**	**-**	**1,130,530**	**-**	**9,566,208**	**-**	**56,887,291**	**54,242,956**
1. Debt securities	1,238,666	-	358,076	-	2,450,692	-	42,799,296	44,347,504
2. Equity securities	X	X	X	X	X	X	-	-
3. UCIS	X	X	X	X	X	X	-	-
4. Loans	-	-	772,454	-	7,115,516	-	14,087,995	9,895,452
B. Derivatives	**X**	**X**	**X**	**X**	**X**	**X**	**-**	**-**
Total assets	**1,238,666**	**-**	**1,130,530**	**-**	**9,566,208**	**-**	**56,887,291**	**54,242,956**
C. Associated financial liabilities	**1,250,161**	**-**	**1,166,830**	**-**	**6,075,838**	**-**	**X**	**X**
1. Deposits from customers	486,331	-	-	-	5,991,397	-	X	X
2. Deposits from banks	763,830	-	1,166,830	-	84,441	-	X	X
3. Debt securities in issue	-	-	-	-	-	-	X	X
Total liabilities	**1,250,161**	**-**	**1,166,830**	**-**	**6,075,838**	**-**	**52,391,676**	**45,692,907**
Totale 12.31.2016	**(11,495)**	**-**	**(36,300)**	**-**	**3,490,370**	**-**	**4,495,615**	**X**
Total 12.31.2015	**1,548,942**	**-**	**316,016**	**-**	**4,536,352**	**-**	**X**	**8,550,049**

B. Financial assets sold and fully derecognised with recognition of continuing involvement

At the end of the year there were no fully derecognised financial asset sale transactions that determined recognition of continuing involvement in the financial statements.

Part E - Information on risks and hedging policies

E.4 Banking Group - Covered Bond Transactions

In 2008 the Group initiated a Covered Bond (*OBG* or *Obbligazioni Bancarie Garantite*) Program with residential mortgage loans as the underlying assets, in line with Law 130/99, the MEF decree dated December 14, 2006 and Banca d'Italia instructions dated May 17, 2007 as amended on March 24, 2010 and on June 24, 2014.

Under this program:
- UniCredit S.p.A. is issuer and also acts as transferor of suitable assets and servicer;
- UniCredit BpC Mortgage s.r.l. (a special purpose vehicle set up within the banking group as expressly authorized by Banca d'Italia) is guarantor of the OBG holders, within the limits of the cover pool; and
- the auditing firm BDO S.p.A. (formerly Mazars S.p.A.) is Asset Monitor.

The Group's main aims in issuing OBGs are to diversify its funding sources and fund at competitive rates. As with the securitizations, the difficulties in the markets made it advisable to use securitization as a means of increasing the Group's counterbalancing capacity by retaining with the Group part of the securities issued by the vehicle.

An integral feature of OBG Program management is maintaining a balance between the characteristics of the assets sold and the issues. This is necessary to maintain the efficacy of the guarantee given by the SPV to the bondholders.

Given the complexity of the transaction, a system of first- and second-level controls and procedures has been set up, as required by Banca d'Italia instructions, to identify units, functions, duties and responsibilities, and specific policies have been issued to this end.
The policies were as approved by the competent committees, the Statutory Auditors and the Board of Directors of UniCredit S.p.A.

As required by Banca d'Italia instructions on controls:
- UniCredit's Risk Management function is charged with the management of the issuer's risks and checks:
  - the quality, suitability and integrity of the assets sold to guarantee the OBGs;
  - that the maximum ratio of OBGs issued to assets sold to guarantee them is adhered to;
  - that limits on sales and supplementary sales procedures are followed;
  - the effectiveness and adequacy of the hedges provided by any derivatives contracts entered into in relation to the Program; and
  - the trend in the balance between the cash flow arising from the cover pool and that absorbed by the OBGs in issue;
- the Asset Monitor is an outside independent entity charged with checking at least annually the regularity of the transactions and the integrity of the guarantee to the bondholders;
- UniCredit's internal audit department is responsible for a complete audit (to be conducted at least once a year) of the adequacy of the controls performed;
- the results of the audits performed by the Asset Monitor and the issuer's internal audit department are submitted to the governing bodies.

Moreover, in order to create counterbalancing capacity, at the end of January 2012 UniCredit S.p.A. initiated a new Covered Bonds (*OBG* or *Obbligazioni Bancarie Garantite*) program ("New OBG Program"), without specific ratings and having residential mortgage loans and commercial mortgage loans as underlyings. The contractual and supervisory structure and the counterparties of this program are modeled on the pre-existing program, with the exception of references to Ratings Agencies and the use of a new Special Purpose Vehicle, UniCredit OBG S.r.l.
During 2014 the New OBG Programme was restructured after which the method of reimbursing OBGs was converted from Soft-bullet to Conditional Pass-through and a rating of AA+ was assigned by the rating agency Fitch.

At December 31, 2016 the series of covered bonds issued under the two programs totaled 28 and were worth €25,156 million, of which €11,450 million was repurchased by UniCredit S.p.A.

NAME	COVERED BONDS (OBBLIGAZIONI BANCARIE GARANTITE)
Originator:	UniCredit S.p.A. (formerly UniCredit Family Financing Bank S.p.A.)
Issuer:	UniCredit S.p.A.
Servicer:	UniCredit S.p.A.
Arranger:	UniCredit Bank AG, London Branch
Target transaction:	Funding
Type of asset:	Private Mortgage loans
Quality of Asset:	performing
Book value of the underlying assets at the end of accounting period (€):	16,952,595,990.48
Covered Bonds issued at the end of accounting period (€):	11,206,000,000.00
Other Credit Enhancements:	UniCredit S.p.A. has granted SPV a subordinated loans of total 17,775,276,946.85 euro.
Rating Agencies:	S & P - Moody's - Fitch
Rating:	A (from 12/19/2015) - Aa2 (from 01/21/2015) - AA+ (from 11/23/2016)

NAME	COVERED BONDS (OBBLIGAZIONI BANCARIE GARANTITE) II PROGRAM
Originator:	UniCredit S.p.A.
Issuer:	UniCredit S.p.A.
Servicer:	UniCredit S.p.A.
Arranger:	UniCredit Bank AG, London Branch
Target transaction:	Funding - Counterbalancing Capacity
Type of asset:	Private and Commercial Mortgage loans
Quality of Asset:	Performing
Book value of the underlying assets at the end of accounting period (€):	16,683,416,682.63
Covered Bonds issued at the end of accounting period (€):	13,950,000,000.00
Other Credit Enhancements:	UniCredit S.p.A. has granted SPV a subordinated loan of total 18,914,119,827.74 euro.
Rating Agencies:	Fitch
Rating:	AA+ (from 12/23/2014)

Information on Sovereign Exposures

With reference to the Group's sovereign exposures[17], the book value of sovereign debt securities as at December 31, 2016 amounted to €125,594 million, of which over 89% concentrated in eight countries; Italy, with €55,243 million, represents about 44% of the total. For each of the eight countries, the table below shows the nominal value, the book value and the fair value of the exposures broken down by portfolio as at Dec 31, 2016.

(17) 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 December 31, 2016;
- ABSs.

Part E - Information on risks and hedging policies

Breakdown of Sovereign Debt Securities by Country and Portfolio

(€ '000)

	AMOUNTS AS AT 12.31.2016		
COUNTRY/PORTFOLIO	NOMINAL VALUE	BOOK VALUE	FAIR VALUE
- Italy	**50,660,278**	**55,243,427**	**55,278,435**
financial assets/liabilities held for trading (net exposures *)	-262,714	-127,710	-127,710
financial assets at fair value through profit or loss	1,037	1,039	1,039
available for sale financial assets	48,596,368	52,935,480	52,935,480
loans and receivables	179,093	180,178	184,476
held to maturity investments	2,146,494	2,254,440	2,285,150
- Germany	**19,507,436**	**19,882,317**	**19,882,317**
financial assets/liabilities held for trading (net exposures *)	828,954	789,780	789,780
financial assets at fair value through profit or loss	16,699,382	16,988,003	16,988,003
available for sale financial assets	944,100	1,069,193	1,069,193
loans and receivables	1,035,000	1,035,341	1,035,341
held to maturity investments	-	-	-
- Spain	**14,831,385**	**16,417,560**	**16,421,387**
financial assets/liabilities held for trading (net exposures *)	29,354	18,011	18,011
financial assets at fair value through profit or loss	38,917	42,092	42,092
available for sale financial assets	13,980,000	15,412,501	15,412,501
loans and receivables	-	-	-
held to maturity investments	783,114	944,956	948,783
- Austria	**9,413,106**	**10,422,126**	**10,434,420**
financial assets/liabilities held for trading (net exposures *)	1,440,063	1,306,575	1,306,575
financial assets at fair value through profit or loss	301,322	400,724	400,724
available for sale financial assets	7,569,517	8,611,567	8,611,567
loans and receivables	-	-	-
held to maturity investments	102,204	103,260	115,554
- France	**4,148,075**	**4,338,528**	**4,338,528**
financial assets/liabilities held for trading (net exposures *)	-255,925	-356,770	-356,770
financial assets at fair value through profit or loss	459,000	465,667	465,667
available for sale financial assets	3,945,000	4,229,631	4,229,631
loans and receivables	-	-	-
held to maturity investments	-	-	-
- Czech Republic	**1,912,973**	**2,219,042**	**2,219,042**
financial assets/liabilities held for trading (net exposures *)	-1,155	10,505	10,505
financial assets at fair value through profit or loss	-	-	-
available for sale financial assets	1,914,128	2,208,537	2,208,537
loans and receivables	-	-	-
held to maturity investments	-	-	-
- Hungary	**1,674,714**	**2,005,676**	**2,005,676**
financial assets/liabilities held for trading (net exposures *)	54,574	52,096	52,096
financial assets at fair value through profit or loss	-	-	-
available for sale financial assets	1,620,140	1,953,580	1,953,580
loans and receivables	-	-	-
held to maturity investments	-	-	-
- Bulgaria	**1,554,427**	**1,675,370**	**1,675,336**
financial assets/liabilities held for trading (net exposures *)	-1,374	-2,141	-2,141
financial assets at fair value through profit or loss	-	-	-
available for sale financial assets	1,552,898	1,674,602	1,674,602
loans and receivables	2,903	2,909	2,875
held to maturity investments	-	-	-
Total on-balance sheet exposures	**103,702,394**	**112,204,046**	**112,255,141**

(*) Including exposures in Credit Derivatives.

Negative amount indicates the prevalence of liabilities positions.

The weighted duration of the sovereign bonds shown in the table above, divided by the banking[18] and trading book, is the following:

Weighted duration

(years)

	BANKING BOOK	TRADING BOOK	
		asset positions	liabilities positions
- Italy	2.61	3.55	3.14
- Germany	2.41	6.04	4.92
- Spain	2.66	12.53	5.25
- Austria	4.23	13.11	3.81
- France	3.65	8.67	8.21
- Czech Republic	4.49	3.00	7.81
- Hungary	3.82	2.42	4.25
- Bulgaria	5.76	5.84	7.93

The remaining 11% of the total of sovereign debt securities, amounting to €13,389 million with reference to the book values as at December 31, 2016, is divided into 47 countries, including Russia (€1,464 million), the US (€484 million), Slovenia (€377 million), Portugal (€103 million), Ireland (€32 million) and Argentina (€6 million). The sovereign exposure to Greece, Cyprus and Ukraine is immaterial.
With respect to these exposures, as at December 31, 2016 there were no indications that impairment may have occurred.
It should moreover be noted that among the aforementioned remaining part of sovereign debt securities as at December 31, 2016 there are also debt securities towards Supranational Organizations such as the European Union, the European Financial Stability Facility and the European Stability Mechanism amounting to €3,658 million.

The table below shows the classification of bonds belonging to the banking book and their percentage proportion of the total of the portfolio under which they are classified.

Breakdown of Sovereign Debt Securities by Portfolio

(€ '000)

	AMOUNTS AS AT 12.31.2016				
	FINANCIAL ASSETS AT FAIR VALUE	AVAILABLE FOR SALE FINANCIAL ASSETS	LOANS	HELD TO MATURITY INVESTMENTS	TOTAL
Book value	20,517,572	97,277,937	1,245,229	3,797,494	122,838,232
% Portfolio	71.49%	88.29%	0.24%	95.82%	18.55%

In addition to the exposures to sovereign debt securities, loans[19] given to central and local governments and governmental bodies must be taken into account.

The table below shows the total amount as at December 31, 2016 of loans given to countries towards which the overall exposure exceeds €140 million, representing about 93% of the total.

Breakdown of Sovereign Loans by Country

(€ '000)

COUNTRY	AMOUNTS AS AT 12.31.2016
- Germany (*)	6,569,781
- Austria (**)	5,267,333
- Italy	5,213,611
- Croatia	2,437,483
- Indonesia	262,158
- Slovenia	255,144
- Serbia	229,443
- Egitto	185,220
- Bosnia and Herzegovina	182,986
- Gabon	179,790
- Bulgaria	170,355
- Turkey	159,309
Total on-balance sheet exposures	**21,112,613**

(*) of which 947,209 thousand in financial assets held for trading and those at fair value through profit or loss.
(**) of which 264,547 thousand in financial assets at fair value through profit or loss.

18 The banking book includes assets at fair value through profit or loss, available-for-sale assets, held to maturity assets and loans.
19 Tax items are not included.

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

For more details on the sensitivity analysis of credit spreads and on the results of stress tests see the "Widespread Contagion", "China Hard Landing" and “Interest Rate Shock” scenarios in chapter 2.8. of the Section 2 - Market risk below, and for liquidity management policies see Section 3 - Liquidity risk below.

Other transactions

In accordance with Banca d'Italia/Consob/IVASS document No.6 of March 8, 2013, Booking of "long-term structured repos", the available-for-sale financial assets portfolio including investments in Italian and Spanish government bonds held by the Irish subsidiary UniCredit Bank Ireland Plc financed with repos with the same maturity (so-called term structured repos) entirely matured as at September 30, 2016.

The accounting treatment of these transactions, with respect to their individual contractual components (an investment in securities shown under item "Available-for-sale financial assets" of assets, a series of repos classified under item "Deposits from banks" of liabilities and derivative contracts shown under “Hedging derivatives”), was in line with the economic purpose, represented by the will to:

- assume a sovereign risk exposure;
- optimize the absorption of liquidity through maturity matching;
- create a positive carry for the duration of the transaction as difference between bond yield and repo funding cost, maximizing the return on net interest margin;
- maintain the right to change the funding structure of the position on sovereign risk according to any changes in market conditions or in the bank's liquidity position.

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

- outstanding contracts amounting to nominal €1.94 billion matured;
- no new transactions has been completed.

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

The changes in market values are not representative of the economic result that would be generated if all the individual contracts were analyzed in terms of synthetic derivative, also in line with the business model that, providing for the dynamic and separate management of the individual components does not consider trading choices based on these variables.

In addition, with reference to an investment of UniCredit S.p.A. in a debt security issued by the Italian Republic maturing on August 30, 2019 (ITALY 19EUR FRN) subscribed for during placement for a nominal amount of €750 million and with a book value of €739 million including accrued interest at December 31, 2016 (classified in the held-to-maturity portfolio in accordance with the economic purpose), a term repo (conducted in two stages) for a total nominal amount of €750 million, with a book value of liabilities of €761 million at December 31, 2016, was completed in 2012.
At the same time, a 4.25% BTP maturing in September 2019 was purchased under a term reverse repo (conducted in 2 stages) for a total nominal value of €750 million and a book value of €761 million at December 31, 2016, with the economic purpose of obtaining the availability of more liquid securities (compared with the security ITALY 19EUR FRN), with the same maturity and similar underlying risks, that can be therefore used more easily for refinancing operations.

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

Information on Structured Trading Derivatives with customers and exposures in the renewable energy sector

1. OTC Trading Derivatives with Customers

The business model governing OTC derivatives trading with customers provides for centralization of market risk in the CIB Division-Markets Area, while credit risk is assumed by the Group company which, under the divisional or geographical segmentation model, manages the relevant customer's account.

The Group's operational model provides for customer trading derivatives business to be carried on, as part of each subsidiary's operational independence:

- by the Commercial banks and Divisions that close transaction in OTC derivatives in order to provide non-institutional clients with products to manage currency, interest-rate and price risk. Under these transactions, the commercial banks transfer their market risks to the CIB Division by means of equal and opposite contracts, retaining only the relevant counterparty risk. The commercial banks also place or collect orders on behalf of others for investment products with embedded derivatives (e.g., structured bonds);
- by the CIB Division operating with large corporate and financial institutions, in respect of which it assumes and manages both market and counterparty risk;
- by CEE Banks, which transact business directly with their customers.

The UniCredit group trades OTC derivatives on a wide range of 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/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.

The business with non-institutional clients usually does not entail the use of margin calls, whereas with institutional counterparties (dealt with by the CIB Division) recourse may be made to credit risk mitigation techniques, by using netting and/or collateral agreements.

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

- performing exposure to customers are mapped by deriving EAD (Exposure at Default) that take into account the Wrong Way Risk and measured with PD (Probability of Default) and LGD (Loss Given Default) implied by current market default rates obtained from Credit & Loan-Credit default swaps, in order to obtain a value in terms of 'expected loss' to be used for items designated and measured at fair value maximizing usage of market's inputs;
- non-performing positions are valued in terms of estimated expected future cash flow according to specific indications of impairment (which are the basis for the calculation of the amount and timing of the cash flow).

Here follows the breakdown of balance-sheet asset item 20. "Financial assets held for trading" and of balance-sheet liability item 40. "Financial liability held for trading".
To make the distinction between customers and banking counterparties, the definition contained in Banca d'Italia Circular No.262 as for its fourth update published 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.
Fair values of OTC derivatives managed through Central Clearing counterparts are reported on a net basis. The related reduction of balances is €16,025 million and €16,958 on trading asset and liabilities, respectively.

The balance of item 20. "Financial assets held for trading" of the consolidated accounts with regard to derivative contracts totaled €46,227 million (with a notional value of €989,529 million) including €23,083 million with customers. The notional value of derivatives with customers amounted to €605,772 million including €598,042 million in plain vanilla (with a fair value of €22,721 million) and €7,730 million in structured derivatives (with a fair value of €362 million). The notional value of derivatives with banking counterparties totaled €383,757 million (fair value of €23,144 million) including €21,933 million related to structured derivatives (fair value of €325 million).

Part E - Information on risks and hedging policies

Customers entered into a total of 4,037 structured derivative contracts with the Group that are reported in balance-sheet asset item 20. "Financial assets held for trading". Of these, the largest 20 customers in terms of exposure cover 47.65% of overall exposure (generating exposure of €172 million for the Group).

The balance of item 40. "Financial liabilities held for trading" of the consolidated accounts with regard to derivative contracts totaled €43,706 million (with a notional value of €1,005,979 million) including €16,367 million with customers. The notional value of derivatives with customers amounted to €598,632 million including €592,924 million in plain vanilla (with a fair value of €15,955 million) and €5,708 million in structured derivatives (with a fair value €412 million). The notional value of derivatives with banking counterparties totaled €407,347 million (fair value of €27,339 million) including €22,335 million related to structured derivatives (fair value of €463 million).

2. Exposures in the renewable energy sector

The Group owns through Ocean Breeze Energy GmbH & Co. KG, a fully consolidated company of UniCredit Bank AG, a wind park named BARD Offshore 1 with following characteristics:

GEOGRAPHICAL LOCATION	OWNER	PERCENTAGE OF OWNERSHIP	DATE WHEN THE PLANT STARTED TO PRODUCE ENERGY	PERCENTAGE OF COMPLETION	INSTALLED CAPACITY	TOTAL VALUE OF THE ASSET
German EEZ(1), 100 km before the island of Borkum	Ocean Breeze Energy GmbH & Co. KG	100%	December 2010, final taking into operation August 2013	100%	400 MW	€1.4 billion

(1) Exclusive economic zone.

This power plant has been developed by the BARD Group on behalf of Ocean Breeze Energy GmbH & Co. KG ("OBKG") and has been classified as tangible asset since 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 amounts to €1.4 billion net of €53 million grants provided by the European Union which have been classified as government grants in accordance with IAS20 and, in compliance with IAS20.24, were 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.
With year end 2013 the wind farm was finalized and transferred to Ocean Breeze Energy GmbH & Co. KG.
Bard Holding GmbH does not have other power plants under construction. A ramp down process to close all open items has been set in January 2014 and will take until July 2019/20.
To cover the dismantling of the power plants a provision of about €21 million has been posted.

After grid outage experienced in 2014, connection is available and stable; wind farm availability has improved steadily since Q2 2015 with about 75 WECs on average available feeding-in by the end of December 2016.

Final settlement of 2014 outage from grid operator (TenneT) according to relevant compensation regime is still pending and subject to court proceedings; all compensation payments revenues have been 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 amounts invoiced to TenneT have neither been recognised 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.

The risk that the value of a financial instrument (an asset or a liability, cash or derivative) changes over time is determined by the following five standard market risk factors:
- Credit risk: the risk that the value of the instrument decreases due to credit spreads changes;
- Equity risk: the risk that the value of the instrument decreases due to stock or index prices changes;
- Interest rate risk: the risk that the value of the instrument decreases due to interest rates changes;
- Currency risk: the risk that the value of the instrument decreases due to foreign exchange rates changes;
- Commodity risk: the risk that the value of the instrument decreases due to commodity prices (e.g. gold, crude oil) changes.

UniCredit group manages and monitors market risk through two sets of measures:
- Broad Market Risk measures:
  - Value at Risk (VaR), which represents the potential loss in value of a portfolio over a defined period for a given confidence interval;
  - Stressed VaR (SVaR), which represents the potential VaR of a portfolio subject to a continuous 12-month period of significant financial stress;
  - Incremental Risk Charge (IRC), which represents the amount of regulatory capital aimed at addressing the credit shortcomings (rating migration

and default risks) that can affect a portfolio in a defined time period for a given confidence interval;
- Loss Warning Level (LWL), which is defined as the 60 calendar days rolling period accumulated economic P&L of a risk taker;
- Stress Test Warning Level (STWL), which represents the potential loss in value of a portfolio calculated on the basis of a distressed scenario.

- Granular Market Risk measures:
  - Sensitivities, which represent the change in the market value of a financial instrument due to moves of the relevant market risk factors.

On the basis of these measures, two sets of limits are defined:
- Broad Market Risk limits (Loss Warning Levels, Stress Test Warning Level, VaR, SVaR, IRC): which are meant to establish a boundary to the economic capital absorption and to the economic loss accepted for activities under trading activities regime; these limits have to be consistent with the assigned budget of revenues and the defined risk taking capacity;
- Granular Market Risk limits (Sensitivity limits, Stress scenario limits, Nominal limits): which exist independently of, but act in concert with Broad Market Risk limits and operate in a consolidated fashion across the Legal Entities (if applicable); in order to control more effectively and more specifically different risk types, desks and products, these limits are generally granular sensitivity or stress-related limits. The levels set for Granular Market Risk measures aim at limiting the concentration in individual risk factors and the excessive exposure in risk factors which are not sufficiently covered under VaR.

Banking Book
The main components of market risk in the Banking Book are credit spread risk, pure interest rate risk and FX risk.

Credit spread risk originates mainly from government bond portfolios held for liquidity purposes. The market risk of the bond portfolio is restricted based on notional, sensitivity measures and Value at Risk. The main credit spread exposure is related to Italian sovereign risk in the Italian perimeter.

The second risk type is the interest rate risk. The exposure is measured in terms of economic value sensitivity and the net interest income sensitivity. On a daily basis the treasury functions manages the interest rate risk from commercial transactions within operational limits set by the relevant risk committees. The exposure is measured and monitored on a daily basis by the risk management functions. The Asset & Liability Committee is responsible for the interest rate strategy for the strategic position. This includes the decision of investing the net position of non interest earning assets and non-interest bearing liabilities. The management of Banking Book interest rate risk aims to optimize, in an on-going scenario, the risk/return profile and long term value creation while reducing adverse impacts on bank's earnings and regulatory capital coming from interest rates volatility. The 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 Austrian and Polish loan portfolio is deemed residual therefore no prepayment hedging strategy is applied.

The overall interest risk exposure on Banking Book perimeter is periodically reported, at least on a monthly basis, to the Group ALCO. The committee's involvement in interest rate risk management includes:
- the definition of granular interest rate Banking Book limits;
- the initial approval and fundamental modifications for the measurement and control system of Banking Book interest rate risks with the support of internal validation function (where necessary);
- optimizing the Group profile for Banking Book interest rate risk;
- the definition of the operative strategies of balance sheet (e.g. replicating portfolio) and application of the internal transfer prices within the 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 Pekao and the 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.

Part E - Information on risks and hedging policies

Stress windows are recalibrated on a quarterly basis and are tailored to the portfolio of each Legal Entitiy of the Group, plus the Group itself (relevant for RWA calculation on a consolidated level).
The SVaR window at Group level and for UniCredit S.p.A. has been set to the "Sovereign Debt Crisis" window (2012). For UCB AG and UCBA AG the stressed window corresponds instead to the "Lehman Crisis" (2008/09).
The 10-day capital requirement is however obtained via a convolution approach that turns the one-day distribution into a 10-day distribution for both the VaR and the Stressed VaR. The 1-day measures are instead actively used for market risk management.

The IRC capital charge captures default risk as well as migration risk for un-securitized credit products held in Trading Book. The internally developed model simulates – via multivariate version of a Merton-type model – the rating migration events of all the issuers relevant to the Group trading positions over a capital horizon of one year. Simulated migration events are turned into credit spread scenarios while default events are associated to a simulated recovery rate. In so doing a constant position assumption is employed and products are conservatively all attributed a common liquidity horizon of 1Y.
In each scenario all the relevant product inventory is revaluated under such spread and default events producing a simulated Profit or Loss (P&L) that fully reflects convexity, basis risk, portfolio effects and portfolio concentration risks.
In this way a high-number of paths Monte Carlo simulation generates a P&L distribution for the Group (and each leaf of its portfolio tree). IRC is defined as the 99.9 percentile of such loss distribution.

Additional capital charge for securitizations and credit products not covered by IRC is evaluated through the standardized approach.

The following table summarizes the main characteristics of the different measures that define the Capital requirement for market risk in UniCredit.

Measure	Risk Type	Horizon	Quantile	Simulation	Calibration
VaR	All Market Risk Factors	1d	99%	Historical	2Y window, equally weighted
SVaR	All Market Risk Factors	1d	99%	Historical	1Y window, equally weighted
IRC	Rating Migration & Default	1Y	99.9%	Monte Carlo	Through-the-cycle (min 8Y)

"Group Internal Validation" performed its analyses in order to evaluate the conceptual soundness of the IRC model, to supplement the available analyses on that topic and to ensure the compliance of the resulting risk management environment with all the relevant regulatory requirements and internal standards.
As already remarked by the regulation, traditional back-testing procedures, regarding the 99.9% one-year soundness standard for IRC, are simply not applicable. Consequently, while validation of the IRC model relied heavily on indirect methods (including stress tests, sensitivity analysis and scenario analysis) in order to assess the qualitative and quantitative reasonableness of the model, special focus has indeed been given to the specific situation of the UniCredit portfolios.
Group Internal Validation kept the scope of their analyses as wide as possible in order to comprise the many diverse issues that are acting concurrently in such a model (general model design, regulatory compliance, numerical implementation, outcomes explanation).
In particular, among the topics Group Internal Validation addressed, we should mention model parameterization (sensitivities analysis with regard to the most relevant model parameters, stability analysis with regard to potentially hard-to-estimate model inputs), model design, model replication, portfolio structure, processes and model outputs.

While IRC has a unique view with UniCredit group, for VaR and Stressed VaR the bank differentiates between regulatory and managerial views. The Managerial measures including VaR, SVaR and IRC, are used for Risk monitoring and Business steering purposes as prescribed by Market Risk Framework: in particular VaR limits represent the main metric translating the Risk Appetite into the Market Risk framework.
The Managerial VaR has a wider scope: it is used to monitor both Trading Book and Overall perimeter (Trading Book + Banking Book), in order to have a complete picture of risk.

The major differences between Regulatory and Managerial VaR and SVaR, as far as Trading Book is concern, are:
- inclusion of the FX risk of the Banking Book for Regulatory purposes as for the approved legal entities (UniCredit Bank AG and UniCredit BankAustria AG); for those where it is not approved yet it is instead being activated in the managerial run;
- inclusion in the managerial run of UniCredit BankAustria 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 and Bank Pekao 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

Diversified VaR, SVaR and IRC are calculated taking into account the diversification arising from positions taken by different companies within the I-mod perimeter (i.e. for which the use of the internal model for the risk calculation is approved). For the first three quarters of 2016, this perimeter included all Legal Entities having legal residence within the European Union, consolidated into UniCredit BankAustria Group. After their consolidation in UniCredit SpA, the related regulatory approval for using I-mod decayed and they exited the I-mod perimeter.

VaR, SVaR and IRC measures are however in place for these 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.

VaR data

Shown below are the VaR data for the Trading Book.

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

Risk on trading book

Daily VaR on Regulatory Trading Book

(€ million)

			2016			2015
I-MOD PERIMETER	**End of 2016**	**AVERAGE LAST 60 DAYS**	**AVERAGE**	**MAX**	**MIN**	**AVERAGE**
Diversified UniCredit Group VaR	**20.7**	**18.7**	**15.8**	**38.0**	**0.3**	**12.7**

Daily VaR on Managerial Trading Book

(€ million)

			2016			2015
STANDARDIZED APPROACH PERIMETER	**End of 2016**	**AVERAGE LAST 60 DAYS**	**AVERAGE**	**MAX**	**MIN**	**AVERAGE**
Russia	1.3	2.1	2.7	4.6	1.3	3.4
Turkey	0.5	0.8	0.8	1.5	0.4	1.1
Bosnia Herzegovina	0.0	0.0	0.0	0.0	0.0	0.0
Serbia	0.1	0.1	0.1	0.3	0.0	0.1
Romania	0.5	0.5	0.5	0.9	0.3	0.5
Bulgaria	0.2	0.2	0.1	0.3	0.1	0.1
Hungary	0.5	0.7	0.7	1.1	0.5	0.8
Czech Republic	0.4	0.5	0.5	0.9	0.3	0.6
Croatia	0.1	0.1	0.2	0.7	0.1	0.1
Slovenia	0.0	0.0	0.0	0.1	0.0	0.0
Baltics	0.0	0.0	0.0	0.0	0.0	0.0
Poland	0.2	0.3	0.3	0.5	0.2	0.3
Fineco	0.2	0.2	0.2	0.5	0.0	0.1
Undiversified Unicredit Group VaR	**29.6**	**28.6**	**33.1**	**93.6**	**9.9**	**24.0**

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

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

Risk on trading book

SVaR on Regulatory Trading Book

(€ million)

			2016			2015
I-MOD PERIMETER	End of 2016	AVERAGE LAST 12 WEEKS	AVERAGE	MAX	MIN	AVERAGE
Diversified UniCredit Group	**24.8**	**25.2**	**24.7**	**52.2**	**0.1**	**30.7**

SVaR on Managerial Trading Book

(€ million)

			2016			2015
STANDARDIZED APPROACH PERIMETER	End of 2016	AVERAGE LAST 12 WEEKS	AVERAGE	MAX	MIN	AVERAGE
Russia	5.1	5.7	7.8	13.0	4.1	7.6
Turkey	1.1	1.6	1.8	3.4	1.0	2.5
Bosnia Herzegovina	0.0	0.0	0.0	0.0	0.0	0.0
Serbia	0.6	0.7	0.6	1.1	0.2	0.3
Romania	5.2	4.5	4.0	5.2	2.6	3.0
Bulgaria	0.7	0.7	0.6	0.9	0.3	0.4
Hungary	1.0	1.2	2.2	4.5	0.7	2.6
Czech Republic	1.7	1.2	1.2	1.7	0.7	1.3
Croatia	0.3	0.5	0.5	1.5	0.2	0.5
Slovenia	0.1	0.1	0.1	0.1	0.0	0.0
Baltics	0.0	0.0	0.0	0.0	0.0	0.0
Undiversified UniCredit Group	**58.1**	**60.5**	**60.6**	**75.8**	**37.8**	**61.7**

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

On average terms the IRC 2016 is aligned to IRC 2015.
The minimum value has been measured in December, due to UniCredit SpA reduced long position on Republic of Italy.

Risk on trading book

IRC on Regulatory Trading Book

(€ million)

			2016			2015
I-MOD PERIMETER	End of 2016	AVERAGE LAST 12 WEEKS	AVERAGE	MAX	MIN	AVERAGE
Diversified UniCredit Group	**343.3**	**373.4**	**389.1**	**481.9**	**180.0**	**395.7**

IRC on Managerial Trading Book

(€ million)

			2016			2015
STANDARDIZED APPROACH PERIMETER	End of 2016	AVERAGE LAST 12 WEEKS	AVERAGE	MAX	MIN	AVERAGE
Russia	3.2	6.6	5.8	17.2	2.2	7.7
Turkey	3.2	2.9	3.1	7.0	0.5	8.1
Serbia	13.9	10.9	10.3	14.8	1.9	7.8
Romania	29.4	30.4	23.7	33.0	8.4	10.3
Bulgaria	0.0	0.0	1.7	5.7	0.0	4.6
Hungary	1.3	7.1	26.7	51.1	1.3	23.3
Czech Republic	2.1	1.9	4.4	17.3	1.4	7.2
Croatia	0.3	0.4	2.2	9.2	0.3	1.5
Undiversified UniCredit Group	**487.0**	**507.6**	**546.5**	**630.5**	**329.5**	**526.7**

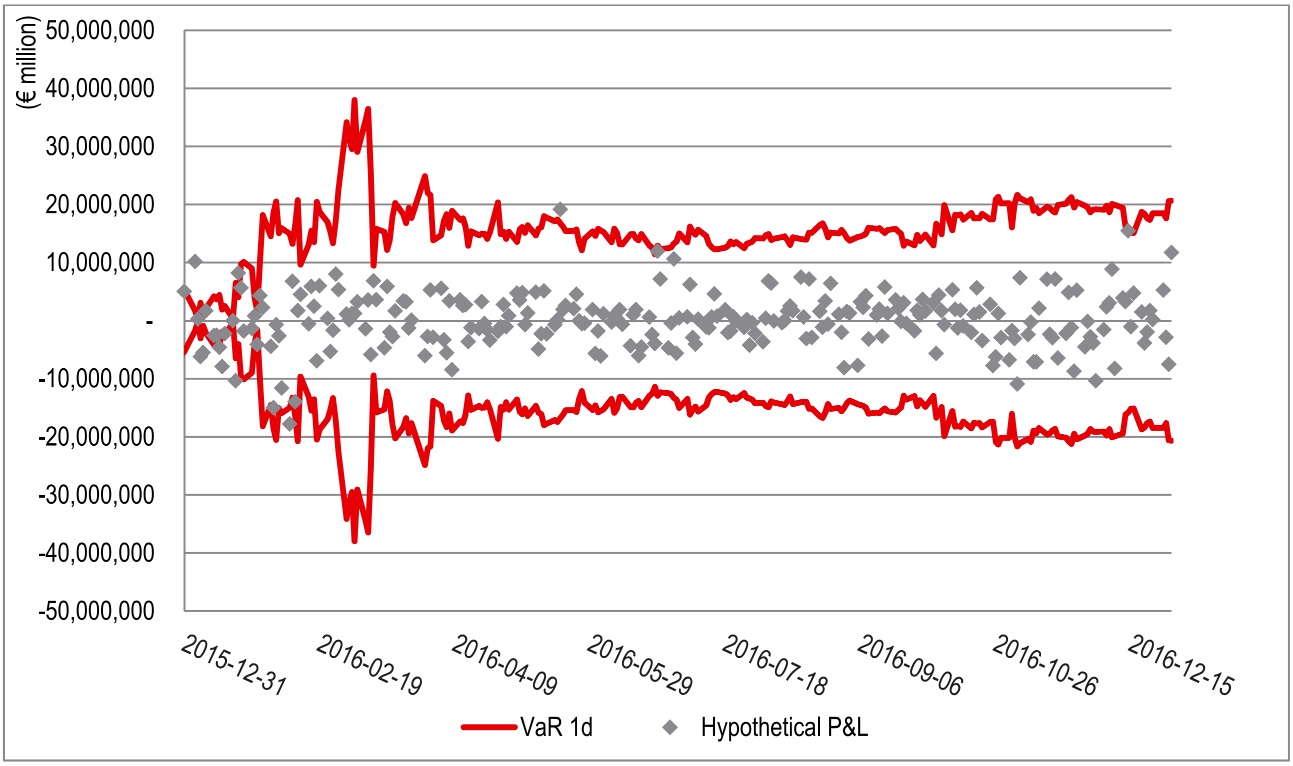
Part E - Information on risks and hedging policies

VaR back-testing

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

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

Group (I-Mod Perimeter)



Managerial VaR
Shown below are the Managerial Diversified Trading Book VaR at the end of 2016 at Group, Regional Center and Legal Entity 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.

The Managerial Trading Book VaR at Group level reduced sharply in the last quarter due to the exit of Ukraine subsidiary from Group perimeter.

Daily VaR on Managerial Trading Book (€ million)

TRADING BOOK	End of 2016
Diversified Unicredit Group as per internal model	**10.67**
RC Germany	8.97
RC Italy	5.55
RC Austria	0.19
RC Poland	0.18
RC CEE	1.61
Undiversified Unicredit Group	**18.57**

CVA data
Shown below are the CVA charge data values for the Trading Book for the Group (as sum of the individual Legal Entities charges since diversification benefit is not considered).
The charge accounts for the credit-spread volatility affecting regulatory CVA. It consists of a VaR figure computed over the current window (CVA VaR) and a VaR figure computed over a stressed window (CVA SVaR).
For exposures not covered by the CCR Internal model (used to calculate CVA exposure profiles) the standardized approach (SA) is used.

Risk on trading book
CVA trading book (€ million)

	2016				2015
	Q1	Q2	Q3	Q4	Q4
CVA	**382.3**	**336.7**	**305.4**	**273.3**	**390.5**
CVA VaR	**48.6**	**51.2**	**54.3**	**50.9**	**44.8**
CVA SVaR	**221.5**	**204.1**	**189.8**	**171.5**	**231.6**
CVA SA	**112.2**	**81.4**	**61.3**	**50.9**	**114.1**

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

2.1 Interest Rate Risk and Price Risk – Regulatory trading book

Qualitative information

A.General information
Interest rate risk arises from financial positions taken by Group specialist centers holding assigned market risk limits within certain levels of discretion. Apart from use of internal models in calculating capital requirements on market risks, risk positions in the Group are monitored and subject to limits assigned to the portfolios on the base of managerial responsibilities and not purely on regulatory criteria.

B. Management Processes and Measurement Methods of the Interest Rate and Price Risk
For both a description of internal processes for monitoring and managing risk and an illustration of the methodologies used to analyze exposure, please refer also to introduction on internal models.
In addition to the monitoring of Granular Market Limits, Group Market Risk functions conduct sensitivity analysis at least on monthly basis, in order to determine the effect on the income statement of changes in the value of individual risk factors or several risk factors of the same type. Results are reported to top management on a monthly basis. In addition to the sensitivity of financial instruments to changes in the underlying risk factor, it also calculated sensitivity to the volatility of interest rates assuming a positive shift of 50% or negative change of 30% in volatility curves or matrixes.

Part E - Information on risks and hedging policies

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.

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	**0.0**	**-0.2**	**0.2**	**0.2**	**-0.3**	**-0.3**	**-0.5**	**-0.8**	**8.7**	**-10.6**	**111.0**	**-98.7**	**11.5**	**-12.9**
of which: EUR	0.0	-0.2	0.0	0.2	0.0	-0.5	-0.7	**-1.2**	12.5	-14.4	153.5	-133.9	18.5	-19.9
USD	0.0	0.0	0.1	0.1	-0.2	0.3	-0.3	**0.1**	-1.1	1.2	-9.9	13.2	8.4	-7.1
GBP	0.0	0.0	0.0	0.0	0.1	0.0	0.4	**0.4**	-4.4	4.3	-48.6	39.4	-16.2	14.8
CHF	0.0	0.0	0.0	0.0	-0.1	0.0	0.0	**-0.1**	1.1	-1.1	10.8	-11.1	-0.2	0.1
JPY	0.0	0.0	0.0	0.0	-0.1	0.0	0.0	**0.0**	0.4	-0.4	4.1	-4.2	0.4	-0.4

(€ million)

	-30%	+30%
Interest Rates	**4.88**	**-4.80**
EUR	5.89	-6.10
USD	-1.06	1.35

2.2 Interest Rate Risk and Price Risk – Banking Book

Qualitative information

A. General aspects, operational processes and methods for measuring interest rate risk and price risk
Interest rate risk consists of changes in interest rates that are reflected in:
- interest income sources, and thus, the bank's earnings (cash flow risk);
- the net present value of assets and liabilities, due to their impact on the present value of future cash flows (fair value risk).

The Group measures and monitors this risk within the framework of a Banking Book interest rate risk policy that establishes consistent methodologies and models and limits or thresholds to focus on, with regard to the sensitivity of net interest income and the Group's economic value. Interest rate risk has an impact on all owned positions resulting from business operations and strategic investment decisions (Banking Book).

At December 30, 2016, the sensitivity of interest income to an immediate and parallel shift of +100bps was +€738 million.
The sensitivity of the economic value of shareholders' equity to an immediate and parallel change in interest rates ("parallel shift") of +200bps was -€2.656 million at December 30, 2016[20].

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

The main sources of interest rate risk can be classified as follows:

- Repricing risk: risk resulting from differences in interest reset date of assets and liabilities. Mismatches in interest reset dates lead to yield curve risk. This refers to the risk resulting from exposure of the bank's positions to changes in the slope and shape of the yield curve.
- Basis risk resulting from the imperfect correlation in lending and borrowing interest rate changes for different instruments;
- Optional risk: risk resulting from implicit or explicit options in the Group's Banking Book positions. Embedded options in the bank's mortgage portfolio are a relevant example.

Limits and threshold are defined in terms Sensitivity for each Group Bank or Company. The set of metrics is defined depending on the level of sophistication of the Company's business.

Each of the Group's banks or companies assumes responsibility for managing exposure to interest rate risk within its specified limits. At consolidated level, the Group Asset Liability Management Unit and the functions of Group Risk Management are in charge of interest rate risk measurement.

Interest rate risk measurement includes:

- Net Interest Income analysis: this involves a constant balance sheet analysis (i.e. assuming that positions remain constant during the period), an impact simulation on interest income for the current period is performed, by taking into account elasticity assumptions for sight items. In addition a simulation analysis includes the analysis of the impact on income from different shocks for the interest rates. Reference shocks for a rate rise and a rate fall scenario are an instantaneous and parallel shock of respectively +/- 100 bps Additional scenarios are performed to take into account basis risk and non-parallel shifts.
- Economic Value analysis: this includes the calculation of duration measures, value sensitivities of the balance sheet for different points on the curve, as well as the impact on the Economic Value from larger shocks, e.g. a 200bp parallel shift.

The interest rate risk is monitored in terms of Economic value sensitivity for an instantaneous and parallel shock of +1 basis point value of the interest rate term structure. On a monthly basis the Economic Value sensitivity for interest rate term structure shock of +200 basis point value and Net Interest Income Sensitivity are measured. The function responsible for interest rate risk management verifies on a daily basis the limit usage of the interest rate risk of relevant positions.

The Treasury hedges interest rate risk exposure from commercial transactions. The Treasury interest rate risk exposure is monitored through a set of limits and threshold levels. The same holds for the overall interest rate exposure of the balance sheet, taking into account also the strategic investment positions of the bank, e.g. transactions not directly related to hedging the commercial business.

B. Fair value hedging operations

Hedging strategies aimed at complying with interest rate risk limits for the banking portfolio are carried out with listed or unlisted derivative contracts, and the latter, which are commonly interest rate swaps, are the type of contracts used the most.

Macro-hedging is generally used, meaning hedges related to the amounts of cash contained in asset or liability portfolios. Under certain circumstances, the impact of micro-hedges related to securities issued or individual financial assets are recognized (especially when they are classified in the available-for-sale portfolio).

C. Cash flow hedging operations

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

Part E - Information on risks and hedging policies

Quantitative informaton

1. Banking book: breakdown by maturity (repricing date) of financial assets and liabilities

(€ '000)

	AMOUNTS AS AT	12.31.2016						
TYPE/RESIDUAL MATURITY	**ON DEMAND**	**UP TO 3 MONTHS**	**3 TO 6 MONTHS**	**6 MONTHS TO 1 YEAR**	**1 TO 5 YEARS**	**5 TO 10 YEARS**	**OVER 10 YEARS**	**UNSPECIFIED MATURITY**
1. On-balance sheet assets	**145,637,893**	**252,894,647**	**47,590,111**	**48,642,898**	**145,747,528**	**55,863,178**	**22,409,334**	**7,099,166**
1.1 Debt securities	1,770,509	22,630,374	11,984,909	17,870,382	78,957,553	24,891,935	6,302,792	28,712
- With prepayment option	*2,000*	*269,457*	*100,466*	-	*57,404*	*75,172*	-	-
- Other	1,768,509	22,360,917	11,884,443	17,870,382	78,900,149	24,816,763	6,302,792	28,712
1.2 Loans to banks	21,007,928	44,646,307	4,884,693	2,624,656	2,295,334	44,503	314,635	26,246
1.3 Loans to customers	122,859,456	185,617,966	30,720,509	28,147,860	64,494,641	30,926,740	15,791,907	7,044,208
- Current accounts	32,672,750	2,772,975	69,077	1,321,830	603,535	99,420	41,265	54,346
- Other loans	90,186,706	182,844,991	30,651,432	26,826,030	63,891,106	30,827,320	15,750,642	6,989,862
- With prepayment option	*24,627,493*	*43,399,417*	*11,122,412*	*3,076,886*	*14,994,984*	*6,673,640*	*6,061,213*	-
- Other	65,559,213	139,445,574	19,529,020	23,749,144	48,896,122	24,153,680	9,689,429	6,989,862
2. On-balance sheet liabilities	**366,063,198**	**184,404,066**	**27,606,060**	**36,623,173**	**82,857,854**	**26,325,001**	**6,240,752**	**289,404**
2.1 Deposits from customers	343,105,964	110,064,640	13,658,686	16,624,769	15,981,205	427,591	1,150,586	165,604
- Current accounts	330,039,657	8,198,958	2,281,234	1,901,750	153,610	5,142	2,977	638
- Other	13,066,307	101,865,682	11,377,452	14,723,019	15,827,595	422,449	1,147,609	164,966
- With prepayment option	*66,098*	*104*	-	-	*164,923*	-	*6,959*	-
- Other	13,000,209	101,865,578	11,377,452	14,723,019	15,662,672	422,449	1,140,650	164,966
2.2 Deposits from banks	19,795,502	42,973,857	4,940,453	3,625,732	32,261,457	3,832,155	1,040,215	66,635
- Current accounts	13,050,955	753,166	133,019	5,629	11,101	-	17	404
- Other	6,744,547	42,220,691	4,807,434	3,620,103	32,250,356	3,832,155	1,040,198	66,231
2.3 Debt securities in issue	3,155,261	31,365,569	9,006,921	16,372,672	34,615,192	22,065,255	4,049,951	57,165
- With prepayment option	-	*101,275*	*47,836*	*63,835*	*4,827,279*	*1,959,763*	*684,767*	-
- Other	3,155,261	31,264,294	8,959,085	16,308,837	29,787,913	20,105,492	3,365,184	57,165
2.4 Other liabilities	6,471	-	-	-	-	-	-	-
- With prepayment option	-	-	-	-	-	-	-	-
- Other	6,471	-	-	-	-	-	-	-
3. Financial derivatives								
3.1 Physically settled financial								
- Option								
+ Long positions	-	75,036	520	1,011	80,318	34,708	164,012	-
+ Short positions	9,958	84,827	5,092	5,655	67,992	10,320	156,264	-
- Other derivatives								
+ Long positions	-	7,668,538	333,423	83,309	925,034	40,930	155,000	-
+ Short positions	-	7,810,024	331,830	82,833	925,034	40,930	138,000	-
3.2 Cash settled financial								
- Option								
+ Long positions	-	34,660	335,848	6,237,262	41,169	992,282	1,418,305	2,031
+ Short positions	-	1,118,652	543,185	6,424,498	1,423,555	1,141,329	1,588,463	5,949
- Other derivatives								
+ Long positions	73,101	153,521,091	47,141,585	19,916,899	60,504,755	28,421,497	9,274,307	-
+ Short positions	165,818	164,690,939	40,906,639	21,167,421	62,319,211	17,576,406	12,649,063	-
4. Other off-balance sheet								
+ Long positions	34,684,732	22,444,808	2,796,393	3,230,260	19,941,378	1,291,523	3,613,872	7,163,156
+ Short positions	38,709,908	19,586,621	2,303,689	2,718,356	19,648,525	1,291,445	3,582,273	7,163,156

This distribution is made on the basis of the period between the balance sheet date and the first following yield review date. For fixed-rate transactions the residual life is the period from the balance sheet date to final maturity. On balance sheet items are disclosed at their carrying value. Derivatives are shown, under the double entry method, at settlement value for those with underlying securities and at the notional value for those without underlying securities; options are shown at their delta equivalent value.

1.1 Banking book: breakdown by maturity (repricing date) of financial assets and liabilities - Currency: euro (€ '000)

	AMOUNTS AS AT 12.31.2016							
TYPE/RESIDUAL MATURITY	ON DEMAND	UP TO 3 MONTHS	3 TO 6 MONTHS	6 MONTHS TO 1 YEAR	1 TO 5 YEARS	5 TO 10 YEARS	OVER 10 YEARS	UNSPECIFIED MATURITY
1. On-balance sheet assets	**119,338,774**	**189,804,332**	**40,471,685**	**37,776,667**	**130,281,509**	**49,152,011**	**20,353,763**	**6,620,506**
1.1 Debt securities	1,526,067	16,021,083	9,234,206	15,555,363	74,291,887	20,422,312	5,306,855	28,699
- With prepayment option	*2,000*	*227,510*	*100,466*	-	*46,184*	*75,172*	-	-
- Other	1,524,067	15,793,573	9,133,740	15,555,363	74,245,703	20,347,140	5,306,855	28,699
1.2 Loans to banks	17,751,108	30,606,801	4,139,858	2,181,162	2,136,627	42,409	314,635	26,203
1.3 Loans to customers	100,061,599	143,176,448	27,097,621	20,040,142	53,852,995	28,687,290	14,732,273	6,565,604
- Current accounts	30,159,004	806,858	44,068	1,268,722	579,833	96,319	39,565	12,123
- Other loans	69,902,595	142,369,590	27,053,553	18,771,420	53,273,162	28,590,971	14,692,708	6,553,481
- With prepayment option	*24,616,043*	*43,332,867*	*11,053,562*	*2,975,175*	*14,881,407*	*6,493,098*	*5,439,144*	-
- Other	45,286,552	99,036,723	15,999,991	15,796,245	38,391,755	22,097,873	9,253,564	6,553,481
2. On-balance sheet liabilities	**314,680,686**	**151,830,889**	**22,421,962**	**30,103,261**	**74,176,544**	**24,610,091**	**6,017,556**	**125,722**
2.1 Deposits from customers	294,038,365	86,610,827	9,753,008	12,003,958	9,791,740	393,264	1,121,938	2,326
- Current accounts	285,397,030	584,101	141,935	297,579	43,233	-	-	271
- Other	8,641,335	86,026,726	9,611,073	11,706,379	9,748,507	393,264	1,121,938	2,055
- With prepayment option	*63,906*	-	-	-	-	-	-	-
- Other	8,577,429	86,026,726	9,611,073	11,706,379	9,748,507	393,264	1,121,938	2,055
2.2 Deposits from banks	17,484,659	36,045,341	4,594,348	2,996,933	32,068,292	3,649,476	1,027,915	66,231
- Current accounts	11,986,843	298,512	133,019	2,889	7,156	-	17	-
- Other	5,497,816	35,746,829	4,461,329	2,994,044	32,061,136	3,649,476	1,027,898	66,231
2.3 Debt securities in issue	3,151,191	29,174,721	8,074,606	15,102,370	32,316,512	20,567,351	3,867,703	57,165
- With prepayment option	-	*101,275*	*47,836*	*63,835*	*4,827,279*	*1,959,763*	*664,893*	-
- Other	3,151,191	29,073,446	8,026,770	15,038,535	27,489,233	18,607,588	3,202,810	57,165
2.4 Other liabilities	6,471	-	-	-	-	-	-	-
- With prepayment option	-	-	-	-	-	-	-	-
- Other	6,471	-	-	-	-	-	-	-
3. Financial derivatives								
3.1 Physically settled financial								
- Option								
+ Long positions	-	47,455	520	1,011	80,318	34,708	164,012	-
+ Short positions	9,958	57,246	5,092	5,655	67,992	10,320	156,264	-
- Other derivatives								
+ Long positions	-	1,171,881	-	-	-	40,930	155,000	-
+ Short positions	-	1,574,368	180,559	25,078	-	40,930	138,000	-
3.2 Cash settled financial								
- Option								
+ Long positions	-	34,660	335,848	6,237,262	35,220	992,282	1,418,305	-
+ Short positions	-	1,116,000	316,358	6,424,498	1,421,524	1,141,329	1,588,463	-
- Other derivatives								
+ Long positions	31,837	148,556,015	44,718,779	19,694,480	57,641,759	26,882,281	9,159,582	-
+ Short positions	28,518	160,145,192	39,125,045	20,387,912	59,178,714	16,551,135	12,526,454	-
4. Other off-balance sheet								
+ Long positions	32,901,113	21,613,762	2,076,795	1,863,605	16,469,914	921,407	2,861,439	988,041
+ Short positions	36,930,585	18,695,155	1,593,875	1,362,102	16,181,401	921,329	2,861,439	988,041

Part E - Information on risks and hedging policies

1.2 Banking book: breakdown by maturity (repricing date) of financial assets and liabilities - Currency: other currencies

(€ '000)

	AMOUNTS AS AT 12.31.2016							
TYPE/RESIDUAL MATURITY	ON DEMAND	UP TO 3 MONTHS	3 TO 6 MONTHS	6 MONTHS TO 1 YEAR	1 TO 5 YEARS	5 TO 10 YEARS	OVER 10 YEARS	UNSPECIFIED MATURITY
1. On-balance sheet assets	**26,299,119**	**63,090,315**	**7,118,426**	**10,866,231**	**15,466,019**	**6,711,167**	**2,055,571**	**478,660**
1.1 Debt securities	244,442	6,609,291	2,750,703	2,315,019	4,665,666	4,469,623	995,937	13
- With prepayment option	-	*41,947*	-	-	*11,220*	-	-	-
- Other	244,442	6,567,344	2,750,703	2,315,019	4,654,446	4,469,623	995,937	13
1.2 Loans to banks	3,256,820	14,039,506	744,835	443,494	158,707	2,094	-	43
1.3 Loans to customers	22,797,857	42,441,518	3,622,888	8,107,718	10,641,646	2,239,450	1,059,634	478,604
- Current accounts	2,513,746	1,966,117	25,009	53,108	23,702	3,101	1,700	42,223
- Other loans	20,284,111	40,475,401	3,597,879	8,054,610	10,617,944	2,236,349	1,057,934	436,381
- With prepayment option	*11,450*	*66,550*	*68,850*	*101,711*	*113,577*	*180,542*	*622,069*	-
- Other	20,272,661	40,408,851	3,529,029	7,952,899	10,504,367	2,055,807	435,865	436,381
2. On-balance sheet liabilities	**51,382,512**	**32,573,177**	**5,184,098**	**6,519,912**	**8,681,310**	**1,714,910**	**223,196**	**163,682**
2.1 Deposits from customers	49,067,599	23,453,813	3,905,678	4,620,811	6,189,465	34,327	28,648	163,278
- Current accounts	44,642,627	7,614,857	2,139,299	1,604,171	110,377	5,142	2,977	367
- Other	4,424,972	15,838,956	1,766,379	3,016,640	6,079,088	29,185	25,671	162,911
- With prepayment option	*2,192*	*104*	-	-	*164,923*	-	*6,959*	-
- Other	4,422,780	15,838,852	1,766,379	3,016,640	5,914,165	29,185	18,712	162,911
2.2 Deposits from banks	2,310,843	6,928,516	346,105	628,799	193,165	182,679	12,300	404
- Current accounts	1,064,112	454,654	-	2,740	3,945	-	-	404
- Other	1,246,731	6,473,862	346,105	626,059	189,220	182,679	12,300	-
2.3 Debt securities in issue	4,070	2,190,848	932,315	1,270,302	2,298,680	1,497,904	182,248	-
- With prepayment option	-	-	-	-	-	-	*19,874*	-
- Other	4,070	2,190,848	932,315	1,270,302	2,298,680	1,497,904	162,374	-
2.4 Other liabilities	-	-	-	-	-	-	-	-
- With prepayment option	-	-	-	-	-	-	-	-
- Other	-	-	-	-	-	-	-	-
3. Financial derivatives								
3.1 Physically settled financial								
- Option								
+ Long positions	-	27,581	-	-	-	-	-	-
+ Short positions	-	27,581	-	-	-	-	-	-
- Other derivatives								
+ Long positions	-	6,496,657	333,423	83,309	925,034	-	-	-
+ Short positions	-	6,235,656	151,271	57,755	925,034	-	-	-
3.2 Cash settled financial derivatives								
- Option								
+ Long positions	-	-	-	-	5,949	-	-	2,031
+ Short positions	-	2,652	226,827	-	2,031	-	-	5,949
- Other derivatives								
+ Long positions	41,264	4,965,076	2,422,806	222,419	2,862,996	1,539,216	114,725	-
+ Short positions	137,300	4,545,747	1,781,594	779,509	3,140,497	1,025,271	122,609	-
4. Other off-balance sheet								
+ Long positions	1,783,619	831,046	719,598	1,366,655	3,471,464	370,116	752,433	6,175,115
+ Short positions	1,779,323	891,466	709,814	1,356,254	3,467,124	370,116	720,834	6,175,115

2. Bank portfolio: internal models and other sensitivity analysis methodologies
Please refer to paragraph "2.1 Interest Rate Risk – Regulatory trading book" – Quantitative information" for the aggregate sensitivity analysis model, used to measure the different risks.

2.3 Price Risk - Regulatory trading book

Qualitative information

A. General Information
As described above, price risk relating to equities, commodities, investment funds and related derivative products included in the trading book, originates from positions taken by Group specialist centers holding assigned market risk limits within certain levels of discretion.
Price risk deriving from own trading of these instruments is managed using both directional and relative value strategies via direct sale and purchase of securities, regulated derivatives and OTCs and recourse to security lending. Volatility trading strategies are implemented using options and complex derivatives.

B. Risk Management Processes and Measurement Methods
For both a description of internal processes for monitoring and managing risk and an illustration of the methodologies used to analyze exposure, please refer to introduction on internal models.

Quantitative information
Share-price sensitivity is expressed in two ways:
- as a "Delta cash-equivalent", i.e. the euro equivalent of the quantity of the underlying that would expose the bank to the same risk arising from its actual portfolio;
- as the economic result of a rise or fall in spot prices of 1%, 10% and 20%.

The Delta cash-equivalent and the Delta 1% (i.e. the economic impact of a 1% rise in spot prices) are calculated both for each geographical region (assuming that all stock markets in the region are perfectly correlated) and on the total (assuming therefore that all stock markets are perfectly correlated). The sensitivity arising from changes of 10% and 20% is calculated solely on the total.
The Group also calculates sensitivity to the volatility of equities assuming a positive shift of 30% or negative change of 30% in volatility curves or matrixes.
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	49.1	-	-	-	0.5	-	-
USA	-26.7	-	-	-	-0.3	-	-
Japan	7.4	-	-	-	0.1	-	-
Asia ex-Japan	28.6	-	-	-	0.3	-	-
Latin America	0.0	-	-	-	0.0	-	-
Other	1.7	-	-	-	0.0	-	-
Total	**60.1**	**-15.3**	**1.0**	**0.2**	**0.6**	**-19.2**	**-62.8**
Commodity	**4.2**	**-1.7**	**-0.7**	**-0.1**	**0.0**	**1.3**	**3.3**

(€ million)

	-30%	30%
Equities	**-23.68**	**10.01**

Part E - Information on risks and hedging policies

2.4 Price Risk - Banking Book

Qualitative information

A. General Aspects, Price Risk Management Processes and Measurement Methods
Banking book price risk primarily originates from equity interests held by the Parent Company and its subsidiaries as stable investments, as well as units in mutual investment funds not included in the trading book as they are also held as stable investments. The assessment of the whole banking book also takes account of this type of risk.

2.5 Exchange Rate Risk - Regulatory trading book

Qualitative information

A. General Information, Exchange Rate Risk Management Processes and Measurement Methods
As described above, risk relating to exchange rates and related derivative products included in the trading book, originates from positions taken by Group specialist centers holding assigned market risk limits within certain levels of discretion.
Risk deriving from own trading of these instruments is managed using both directional and relative value strategies via direct sale and purchase of securities, regulated derivatives and OTC. Volatility trading strategies are implemented using options.
For both a description of internal processes for monitoring and managing risk and an illustration of the methodologies used to analyze exposure, please refer to introduction on internal models.

Quantitative information
Exchange-Rate Sensitivity assesses the economic impact of the appreciation or depreciation by 1%, 5% and 10% of each currency against all the others. Exposure to the various currencies is expressed as the “Delta cash equivalent” in euros: this is the euro equivalent of the currency amount which would expose the bank to the same exchange-rate risk arising in its actual portfolio.

The Group also calculates sensitivity to the volatility of exchange rates assuming a positive shift of 30% or negative change of 30% in volatility curves or matrixes.

The tables below show trading book sensitivities.

(€ million)

EXCHANGE RATES	DELTA CASH-EQUIVALENT	-10%	-5%	-1%	1%	5%	10%
USD	-48.6	9.8	2.6	0.5	-0.5	-5.1	-10.5
GBP	-242.0	18.1	7.6	2.4	-2.4	-13.8	-29.6
CHF	-6.6	5.2	1.3	0.1	-0.1	-1.1	-2.1
JPY	26.1	-5.3	-2.1	-0.3	0.3	-0.4	-1.2

(€ million)

	-30%	+30%
Exchange Rates	**4.57**	**-4.33**

2.6 Exchange Rate Risk - Banking book

Qualitative information

A. General Aspects, Exchange Rate Risk Management Processes and Measurement Methods
Exchange rate risk originates both from banks in the Group operating in currency areas other than the Eurozone and from positions taken by specialist centers holding the Group's market risk within the limits assigned.
In the latter case, exchange risk originates from currency trading activities performed through the negotiation of the various market instruments and it is constantly monitored and measured by using internal models developed by group companies. These models are, in addition, used to calculate capital requirements on market risks due to the exposure to such risk.

B. Hedging Exchange Rate Risk
The Group adopts hedge strategies for profits and dividends arising from its subsidiaries not belonging to the euro zone. The hedging strategies takes into account market circumstances.

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

Quantitative information

(Regulatory trading book and Banking book)

1. Distribution by currency of assets and liabilities and derivatives

(€ '000)

	AMOUNTS AS AT 12.31.2016					
	CURRENCIES					
ITEMS	US DOLLAR	ZLOTY	YEN	TURKISH LIRA	SWISS FRANC	OTHER
A. Financial assets	**44,291,038**	**30,979,352**	**916,652**	**11,974,715**	**12,896,220**	**57,778,981**
A.1 Debt securities	4,603,232	10,005,183	439,512	2,180,839	674,462	8,342,724
A.2 Equity securities	1,486,463	1,867	49,049	734	133,833	393,354
A.3 Loans to banks	8,047,765	1,416,788	62,950	855,509	232,123	10,705,435
A.4 Loans to customers	30,034,814	19,552,816	364,921	8,775,435	11,796,787	36,549,902
A.5 Other financial assets	118,764	2,698	220	162,198	59,015	1,787,566
B. Other assets	**738,270**	**7,086**	**3,376**	**196,471**	**12,881**	**1,003,929**
C. Financial liabilities	**46,677,449**	**27,108,867**	**199,891**	**5,232,338**	**1,153,178**	**40,830,545**
C.1 Deposits from banks	15,359,526	338,791	24,142	1,494,736	180,965	6,157,325
C.2 Deposits from customers	26,156,523	26,323,827	56,706	2,819,916	650,052	32,075,309
C.3 Debt securities in issue	5,149,332	293,614	119,043	917,686	320,377	2,559,199
C.4 Other financial liabilities	12,068	152,635	-	-	1,784	38,712
D. Other liabilities	**298,300**	**3,074**	**63**	**1,219,777**	**2,110**	**3,063,648**
E. Financial derivatives						
- Options						
- Long positions	*59,595,838*	*1,682,879*	*4,396,528*	*2,046,696*	*1,683,286*	*33,965,346*
- Short positions	*57,984,827*	*1,692,477*	*4,396,457*	*3,351,409*	*1,683,286*	*40,249,415*
- Other						
- Long positions	*83,716,632*	*11,713,452*	*4,038,364*	*486,807*	*25,822,723*	*54,471,268*
- Short positions	*84,956,289*	*11,273,809*	*4,535,519*	*265,371*	*27,598,694*	*58,209,527*
Total assets	**188,341,778**	**44,382,769**	**9,354,920**	**14,704,689**	**40,415,110**	**147,219,524**
Total liabilities	**189,916,865**	**40,078,227**	**9,131,930**	**10,068,895**	**30,437,268**	**142,353,135**
Difference (+/-)	**(1,575,087)**	**4,304,542**	**222,990**	**4,635,794**	**9,977,842**	**4,866,389**

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

The table below shows trading book sensitivities.

(€ million)

	+1BP LESS THAN 1 MONTH	+1BP 1 MONTH TO 6 MONTHS	+1BP 6 MONTHS TO 1 YEAR	+1BP 1 YEAR TO 2 YEARS	+1BP 2 YEARS TO 5 YEARS	+1BP 5 YEARS TO 10 YEARS	+1BP OVER 10 YEARS	+1 BP TOTAL	+10BP	+100BP
Total	**0.0**	**0.0**	**-0.1**	**-0.1**	**0.1**	**-0.8**	**-0.1**	**-1.0**	**-11.1**	**-106.1**
Rating										
AAA	0.0	0.0	0.0	0.1	0.1	0.1	-0.1	0.2	2.2	22.6
AA	0.0	0.0	0.0	0.0	0.0	-0.1	-0.3	-0.4	-4.1	-38.8
A	0.0	0.0	0.0	0.0	-0.1	-0.1	0.0	-0.2	-2.4	-23.4
BBB	0.0	0.0	-0.1	-0.1	0.1	-0.7	0.2	-0.5	-6.0	-58.9
BB	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-0.4	-4.4
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	-0.3	-2.8
Sector										
Sovereigns & Related	0.0	0.0	-0.1	0.0	0.3	-0.6	0.0	-0.4	-4.0	-36.3
ABS and MBS	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-0.3	-2.6
Financial Services	0.0	0.0	0.0	0.0	-0.2	-0.2	0.0	-0.4	-5.2	-50.5
All Corporates	0.0	0.0	0.0	-0.1	-0.1	0.0	0.0	-0.2	-1.7	-16.7
Basic Materials	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-0.3	-2.7
Communications	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-0.2	-2.4
Consumer Cyclical	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-0.2	-2.4
Consumer Non cyclical	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-0.4	-3.9
Energy	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-0.1	-1.0
Technology	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.4
Industrial	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-0.2	-1.5
Utilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-0.3	-2.9
All other Corporates	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-0.3

2.8 Stress Tests

Stress tests complement the sensitivity analysis and VaR results in order to assess the potential risks in a different way. A stress test performs the evaluation of a portfolio under both simple scenarios (assuming change to single risk factors) and complex scenarios (assuming simultaneous changes in a number of risk factors).

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

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

Widespread Contagion

In this scenario, we assume an intensification of political risks across the EU, with more extensive policy influence of protest parties in France and Germany ahead of next year's elections, and renewed political issues in Greece – where debt relief talks remain elusive – and Portugal. In Italy the proposed constitutional amendments are rejected in the referendum and this leads to higher uncertainty, which could trigger a deterioration in financial conditions, a loss of confidence of corporate and households and a worsening in economic growth.

The downturn in the UK, which is already suffering from a surge in uncertainty following the UK vote to leave the EU, would be exacerbated by an intensification of political risks in the rest of the EU. Uncertainty will weigh on UK business investment, trade and capital flows, with knock-on effects on consumer confidence. It could also prolong negotiations over the UK's exit status from the EU.

Poor economic performance could allow populist parties to further increase their influence, calling into question the European integration project.

France and, to a lesser extent, Germany, suffer from a populist drift that negatively influences policies of current governments, and meaningfully raise uncertainty in the run-up to the 2017 general elections.

Greece and Portugal see an intensification of political instability which, however, does not ultimately lead to conditions that force the ECB to stop its bank liquidity support and, in the case of Portugal, to discontinue the QE program.

In GDP space, Italy and Spain are most impacted. France follows suit, due to the rising threat of the FN, while Germany is the least affected. At the eurozone level, GDP growth is seen slowing to 0.2% in 2016 and contracting 0.6% in 2017, with a cumulative loss vs. baseline of 3pp.

Inflation in the eurozone would remain very low in 2016 and 2017, 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 10bp, 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.

Brexit, along with an escalation of political risks in the EU, would significantly weigh on business investment and consumer confidence in the UK. Economic activity slows and outright contracts in 2017. 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 the monetary and fiscal authorities is to ease policy, with the BoE cutting Bank Rate to zero in an attempt to offset a tightening of financial conditions.

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 dissuade the Fed from any further rate hikes over the coming two years.

Part E - Information on risks and hedging policies

China hard landing

In this risk scenario, we assume a significant deceleration that pushes Chinese growth from 7% to 3% by the end of 2017, driven by a weakening of domestic demand, especially fixed investment. The main transmission channels are trade and, especially, financial markets – the latter predominantly via an aggressive sell-off in risky assets and its negative impact on confidence and investment plans. Moreover, as China is a big commodity importer, its slowdown is expected to increase downward pressure on commodity prices, damaging commodity producers like Russia.

The drag on eurozone GDP via the trade channel is supposed to account for a relatively small share of the total growth shock, as most of the hit comes from the financial and confidence channels. In general, we assume the overall drag to reflect 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 China (about 6% of total 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 has 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 2016 (-0.3%), with the pace of contraction seen deepening further in 2017 (-1.1%). The cumulative GDP loss vs. baseline would be 4pp. Germany would experience a GDP contraction of 1.1% in 2016 and 2.6% in 2017. The negative impact of 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” reflecting a larger 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 shocks, 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.

With regard to the UK economy, the trade exposure to China is small, but the adverse impact via the shock to global confidence and capital flows is much higher. The UK economy enters a quite deep recession in 2017. 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 BoE cuts the Bank Rate to zero in response and increases its stock of asset purchases.

The US economy should be less affected than the eurozone, due to its stronger reliance on domestic demand. However, in this scenario of a more global shock, weaker global growth is expected to materially slow the US recovery (GDP at 0.6% in 2016 and 0.5% in 2017) 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 will be very sensitive to the impacts of this adverse shock and is expected to bring the target rate back down to the 0%-0.25% range.

Interest Rate Shock
In this risk scenario, we assume that interest rates (IR) 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 2017 – the refi rate falls to 1.25% at the end of 2017.

The sharp rise in IR along with its pass-through is highly damaging for growth in the eurozone (GDP: -0.7% in 2016, -1.7% in 2017), with a 5pp cumulative loss vs. baseline. Within the eurozone, Italy and Spain are hit comparatively more: the former because of still weak profitability of the corporate sector and high public debt, the latter due to 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 reaching an average of 12% in 2017.

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

The substantial tightening of financial conditions in the euro area is transmitted to the UK economy via the significant trade and capital flows between the two economic areas. The UK enters a quite deep recession in 2017, exacerbated by high household and public debt. Inflation stays close to zero through 2017 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 cuts the Bank Rate to zero 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 lower the target rate back to the 0%-0.25% range. In addition, quantitative easing is expected to remain the preferred policy option of the Fed at the zero lower bound and we see it as likely that the Fed would initiate QE4 to lower yields and stimulate the stock market.

Stress Test on Trading Book (€ million)

	End of 2016		
	WIDESPREAD CONTAGION	CHINA HARD LANDING	IR SHOCK
UniCredit Group Total	**-157**	**-221**	**-213**
RC Germany	-85	-156	-177
RC Italy	-81	-81	-67
RC Austria	-1	-1	-2
RC Poland	2	6	5
RC CEE	8	11	28

The Widespread Contagion is a recurrent stress test scenario which is kept updated to market and macroeconomic dynamics every six months. The China hard landing and the Interest Rate Shock have been introduced at the end of 2015 to deep dive the magnitude of the contagion effects stemming from an unexpected China slowdown and from exogenously driven increase of interest rates respectively.

Most of conditional losses in Trading Book are in UniCredit SpA and UCB AG Group, mainly Rates business line in CIB perimeter.

Conditional profits in RC CEE are due to FX positions.

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2.9 Derivative instruments

A. Financial Derivatives

A.1 Regulatory trading book: end of period notional amounts

(€ '000)

DERIVATIVE INSTRUMENT TYPES/UNDERLYINGS	AMOUNTS AS AT 12.31.2016		AMOUNTS AS AT 12.31.2015	
	OVER THE COUNTER	CLEARING HOUSE	OVER THE COUNTER	CLEARING HOUSE
1. Debt securities and interest rate indexes	**1,562,776,561**	**95,629,061**	**1,937,867,979**	**67,809,704**
a) Options	192,012,912	38,670,000	295,650,045	27,144,004
b) Swap	1,299,915,308	5,383,967	1,437,640,428	-
c) Forward	20,014,727	36,586,627	64,116,649	720,284
d) Futures	3,192	14,988,467	-	39,945,416
e) Others	50,830,422	-	140,460,857	-
2. Equity instruments and stock indexes	**29,023,255**	**37,408,944**	**31,315,887**	**38,230,422**
a) Options	18,825,725	30,893,038	21,878,759	31,379,947
b) Swap	9,935,000	812,000	9,081,000	597,000
c) Forward	193,000	-	318,007	-
d) Futures	-	5,703,906	-	6,253,475
e) Others	69,530	-	38,121	-
3. Gold and currencies	**554,939,937**	**22,867**	**578,799,163**	**186,685**
a) Options	72,391,449	-	44,618,424	-
b) Swap	179,423,633	18,867	203,029,125	-
c) Forward	302,413,778	-	330,500,277	180,685
d) Futures	-	4,000	-	6,000
e) Others	711,077	-	651,337	-
4. Commodities	**3,910,905**	**4,091,000**	**3,554,282**	**1,909,000**
5. Other underlyings	**3,274,000**	**-**	**2,661,967**	**-**
Total	**2,153,924,658**	**137,151,872**	**2,554,199,278**	**108,135,811**

This table refers to the notional values of financial derivatives according to classification within regulatory trading book applied in the separate financial statements of the Legal Entities belonging to banking Group. Derivatives belonging to this portfolio may not be the same as derivatives classified in the held for trading portfolio for accounting purposes (see Table A.2.2).

Amounts reported in column "Over the counter" of tables A.1, A.2.1, A.2.2, A.3 and A.4 include OTC traded contracts settled with Central Clearing Counterparts.
Column "Clearing House" of tables A.1, A.2.1, A.2.2, A.3 and A.4 includes those contracts negotiated within listed markets and supported by margining processes mitigating counterparty risk exposure.

A.2. Banking portfolio: end-of-period notional amounts

A.2.1 Hedging derivatives

(€ '000)

DERIVATIVE INSTRUMENT TYPES/UNDERLYINGS	AMOUNTS AS AT 12.31.2016		AMOUNTS AS AT 12.31.2015	
	OVER THE COUNTER	CLEARING HOUSE	OVER THE COUNTER	CLEARING HOUSE
1. Debt securities and interest rate indexes	**23,356,962**	**9,331,000**	**25,167,813**	**2,690,000**
a) Options	2,697,750	-	2,735,750	-
b) Swap	20,634,212	9,303,000	22,354,063	520,000
c) Forward	25,000	-	78,000	-
d) Futures	-	28,000	-	2,170,000
e) Others	-	-	-	-
2. Equity instruments and stock indexes	**8,000**	**-**	**-**	**-**
a) Options	8,000	-	-	-
b) Swap	-	-	-	-
c) Forward	-	-	-	-
d) Futures	-	-	-	-
e) Others	-	-	-	-
3. Gold and currencies	**4,801,670**	**-**	**4,472,632**	**-**
a) Options	436,087	-	-	-
b) Swap	3,587,092	-	3,271,765	-
c) Forward	778,491	-	1,200,867	-
d) Futures	-	-	-	-
e) Others	-	-	-	-
4. Commodities	**-**	**-**	**-**	**-**
5. Other underlyings	**-**	**-**	**-**	**-**
Total	**28,166,632**	**9,331,000**	**29,640,445**	**2,690,000**

This table refers the notional value of hedging financial derivatives belonging to regulatory banking book in accordance with classification applied in the separate financial statements of the Legal Entities belonging to the banking Group.

A.2.2 Other derivatives

(€ '000)

DERIVATIVE INSTRUMENT TYPES/UNDERLYINGS	AMOUNTS AS AT 12.31.2016		AMOUNTS AS AT 12.31.2015	
	OVER THE COUNTER	CLEARING HOUSE	OVER THE COUNTER	CLEARING HOUSE
1. Debt securities and interest rate indexes	**40,081,745**	**-**	**18,796,655**	**3,600,000**
a) Options	6,037,581	-	6,010,000	-
b) Swap	34,044,164	-	12,726,439	3,600,000
c) Forward	-	-	60,216	-
d) Futures	-	-	-	-
e) Others	-	-	-	-
2. Equity instruments and stock indexes	**622,622**	**-**	**1,935,584**	**-**
a) Options	506,222	-	1,856,184	-
b) Swap	-	-	-	-
c) Forward	-	-	-	-
d) Futures	-	-	-	-
e) Others	116,400	-	79,400	-
3. Gold and currencies	**4,282,411**	**-**	**1,018,927**	**-**
a) Options	4,168	-	13,606	-
b) Swap	3,143,100	-	234,186	-
c) Forward	596,265	-	771,135	-
d) Futures	-	-	-	-
e) Others	538,878	-	-	-
4. Commodities	**-**	**-**	**3,591**	**-**
5. Other underlyings	**-**	**-**	**-**	**-**
Total	**44,986,778**	**-**	**21,754,757**	**3,600,000**

This table refers the notional value of the contracts being presented within accounting *held for trading* portfolio and belonging to regulatory banking book (in particular Held for Trading contracts connected with Asset/Liabilities carried at fair value through P&L and embedded derivative contracts bifurcated from banking book cash instruments presented in dedicated lines within Section B Table 2.1 and 4.1) in accordance with classification applied in the separate financial statements of the Legal Entities belonging to the banking Group.

Part E - Information on risks and hedging policies

A.3 Financial derivatives: gross positive fair value - breakdown by product

(€ '000)

	POSITIVE FAIR VALUE			
	AMOUNTS AS AT 12.31.2016		AMOUNTS AS AT 12.31.2015	
TRANSACTION TYPES/UNDERLYINGS	OVER THE COUNTER	CLEARING HOUSE	OVER THE COUNTER	CLEARING HOUSE
A. Regulatory trading book	**65,464,866**	**1,829,187**	**69,178,073**	**1,574,772**
a) Options	4,991,003	1,667,361	4,534,032	1,535,988
b) Interest rate swaps	47,548,527	15,595	52,709,259	-
c) Cross currency swap	6,818,746	42	6,512,649	-
d) Equity swaps	213,000	-	172,000	-
e) Forward	5,760,237	307	4,886,896	2,342
f) Futures	-	145,882	-	36,442
g) Others	133,353	-	363,237	-
B. Banking book - Hedging derivatives	**477,227**	**908**	**487,090**	**-**
a) Options	21,182	-	8,000	-
b) Interest rate swaps	334,597	908	435,186	-
c) Cross currency swap	118,299	-	36,888	-
d) Equity swaps	-	-	-	-
e) Forward	3,149	-	6,016	-
f) Futures	-	-	-	-
g) Others	-	-	1,000	-
C. Banking book - other derivatives	**3,241,850**	**-**	**2,205,861**	**891**
a) Options	559	-	2,845	-
b) Interest rate swaps	3,134,786	-	2,197,806	891
c) Cross currency swap	102,152	-	372	-
d) Equity swaps	-	-	-	-
e) Forward	1,357	-	4,838	-
f) Futures	-	-	-	-
g) Others	2,996	-	-	-
Total	**69,183,943**	**1,830,095**	**71,871,024**	**1,575,663**

This table presents distribution by product of the gross positive financial derivatives' fair values before accounting netting in accordance with regulatory classification applied in the separate financial statements of the Legal Entities belonging to the banking Group.

A.4 Financial derivatives: gross negative fair value - breakdown by product

(€ '000)

PORTFOLIOS/DERIVATIVE INSTRUMENT TYPES	NEGATIVE FAIR VALUE			
	AMOUNTS AS AT 12.31.2016		AMOUNTS AS AT 12.31.2015	
	OVER THE COUNTER	CLEARING HOUSE	OVER THE COUNTER	CLEARING HOUSE
A. Regulatory trading book	**62,470,709**	**4,165,684**	**65,869,558**	**2,154,416**
a) Options	7,485,479	2,108,297	6,539,359	2,029,823
b) Interest rate swaps	41,539,311	8,832	46,290,732	-
c) Cross currency swap	6,627,434	213	7,799,812	-
d) Equity swaps	300,000	-	135,000	-
e) Forward	6,273,053	618	4,940,656	131
f) Futures	-	2,047,724	-	124,462
g) Others	245,432	-	163,999	-
B. Banking book - Hedging derivatives	**1,308,180**	**1,962**	**1,227,172**	**75,292**
a) Options	12,591	-	8,724	-
b) Interest rate swaps	1,038,198	1,962	946,390	75,292
c) Cross currency swap	252,582	-	264,379	-
d) Equity swaps	-	-	-	-
e) Forward	4,809	-	7,679	-
f) Futures	-	-	-	-
g) Others	-	-	-	-
C. Banking book - Other derivatives	**1,035,020**	**12**	**809,001**	**108**
a) Options	62,897	-	77,703	-
b) Interest rate swaps	910,639	12	715,165	108
c) Cross currency swap	48,268	-	-	-
d) Equity swaps	-	-	8,780	-
e) Forward	6,981	-	4,759	-
f) Futures	-	-	-	-
g) Others	6,235	-	2,594	-
Total	**64,813,909**	**4,167,658**	**67,905,731**	**2,229,816**

This table presents distribution by product of the gross negative financial derivatives' fair values before accounting netting in accordance with regulatory classification applied in the separate financial statements of the Legal Entities belonging to the banking Group.

Part E - Information on risks and hedging policies

A.5 OTC Financial derivatives - regulatory trading book: notional amounts, positive and negative gross fair value by counterparty - contracts not included in netting agreement

(€ '000)

	AMOUNTS AS AT 12.31.2016						
CONTRACTS NOT INCLUDED IN NETTING AGREEMENT	GOVERNMENTS AND CENTRAL BANKS	OTHER PUBLIC-SECTOR ENTITIES	BANKS	FINANCIAL COMPANIES	INSURANCE COMPANIES	NON-FINANCIAL COMPANIES	OTHER ENTITIES
1) Debt securities and interest rate indexes							
- notional amount	1,684,725	12,950,421	50,582,078	15,920,052	1,588,833	36,258,741	531,948
- positive fair value	187	1,336,595	734,804	366,695	23,707	1,486,531	27,726
- negative fair value	6,176	294,525	1,690,168	618,894	54,799	153,891	583
- future exposure	1,323	130,722	404,679	130,547	13,324	306,990	106
2) Equity instruments and stock indexes							
- notional amount	-	-	224,779	57,776	351,546	706,303	631,980
- positive fair value	-	-	6,375	1,008	268	2,590	2,679
- negative fair value	-	-	10,781	19,000	11,609	18,416	11,026
- future exposure	-	-	31,481	4,000	1,459	8,731	4,004
3) Gold and currencies							
- notional amount	1,103,479	3,541,415	26,138,709	9,904,148	837,738	21,904,259	3,435,171
- positive fair value	2,375	23,018	366,944	135,894	19,702	521,092	66,954
- negative fair value	10,874	242,606	681,399	155,744	6,830	482,862	23,981
- future exposure	10,107	76,025	539,667	148,779	9,184	331,294	9,598
4) Other instruments							
- notional amount	-	7,000	315,910	2,838,000	25,000	795,351	-
- positive fair value	-	-	5,396	10,000	3,000	39,156	-
- negative fair value	-	1,000	14,090	74,000	-	48,969	2
- future exposure	-	1,000	31,757	187,000	-	81,822	-

Tables A.5, A.6, A.7 e A.8 refer to OTC derivatives' contracts belonging to banking Group Legal Entities (excluded those contracts negotiated within listed markets and supported by margining process thus overriding counterparty risks exposure).

A.6 OTC Financial derivatives - regulatory trading book: notional amounts, positive and negative gross fair value by counterparty - contracts included in netting agreement

(€ '000)

CONTRACTS INCLUDED IN NETTING AGREEMENT	GOVERNMENTS AND CENTRAL BANKS	OTHER PUBLIC-SECTOR ENTITIES	BANKS	FINANCIAL COMPANIES	INSURANCE COMPANIES	NON-FINANCIAL COMPANIES	OTHER ENTITIES
	AMOUNTS AS AT 12.31.2016						
1) Debt securities and interest rate							
- notional amount	168,777	23,830,568	388,723,655	978,165,792	7,405,501	44,768,473	197,000
- positive fair value	34,179	2,649,539	19,140,384	24,072,978	30,148	1,519,906	11,000
- negative fair value	279	765,546	20,750,254	21,939,959	530,389	755,795	-
2) Equity instruments and stock							
- notional amount	-	-	20,305,000	5,814,000	854,000	77,871	-
- positive fair value	-	-	411,000	226,000	2,000	-	-
- negative fair value	-	-	776,000	151,000	22,000	19,554	-
3) Gold and currencies							
- notional amount	1,160,634	1,180,000	341,261,967	66,208,420	11,458,344	66,790,297	15,355
- positive fair value	931	2,000	6,967,937	1,777,203	134,001	3,068,600	4,007
- negative fair value	229,428	49,000	8,157,130	1,468,376	82,066	1,829,206	1
4) Other instruments							
- notional amount	-	-	247,000	282,085	-	2,674,559	-
- positive fair value	-	-	13,000	5,985	-	211,372	-
- negative fair value	-	-	25,000	30,384	-	257,119	-

A.7 OTC Financial derivatives - banking book: notional amounts, positive and negative gross fair value by counterparty - contracts not included in netting agreement

(€ '000)

CONTRACTS NOT INCLUDED IN NETTING AGREEMENT	GOVERNMENTS AND CENTRAL BANKS	OTHER PUBLIC-SECTOR ENTITIES	BANKS	FINANCIAL COMPANIES	INSURANCE COMPANIES	NON-FINANCIAL COMPANIES	OTHER ENTITIES
	AMOUNTS AS AT 12.31.2016						
1) Debt securities and interest rate							
- notional amount	709,550	5,002,000	16,699,596	4,605,555	694,000	46,000	10,000
- positive fair value	414	2,368,298	860,474	76,865	17,000	1,000	-
- negative fair value	24,645	-	107,834	892,544	1,000	-	-
- future exposure	3,612	52,500	66,691	54,744	10,000	1,000	-
2) Equity instruments and stock							
- notional amount	-	-	200,000	4,789	-	970	302,463
- positive fair value	-	-	-	2,408	-	-	-
- negative fair value	-	-	3,033	-	-	-	59,528
- future exposure	-	-	-	223	-	78	16
3) Gold and currencies							
- notional amount	104,870	-	6,898,807	643,918	-	9,155	947
- positive fair value	1,338	-	182,010	25,669	-	114	-
- negative fair value	-	-	254,986	5,939	-	1	26
- future exposure	-	-	114,378	501	-	31	-
4) Other instruments							
- notional amount	-	-	-	-	-	-	-
- positive fair value	-	-	-	-	-	-	-
- negative fair value	-	-	-	-	-	-	-
- future exposure	-	-	-	-	-	-	-

Part E - Information on risks and hedging policies

A.8 OTC Financial derivatives - banking book: notional amounts, positive and negative gross fair value by counterparty - contracts included in netting agreements

(€ '000)

	AMOUNTS AS AT 12.31.2016						
CONTRACTS INCLUDED IN NETTING AGREEMENT	GOVERNMENTS AND CENTRAL BANKS	OTHER PUBLIC-SECTOR ENTITIES	BANKS	FINANCIAL COMPANIES	INSURANCE COMPANIES	NON-FINANCIAL COMPANIES	OTHER ENTITIES
1) Debt securities and interest rate							
- notional amount	-	487,484	10,353,640	24,819,301	-	11,583	-
- positive fair value	-	11,589	98,956	45,935	-	-	-
- negative fair value	-	117,381	430,637	373,324	-	4,953	-
2) Equity instruments and stock							
- notional amount	-	-	116,400	6,000	-	-	-
- positive fair value	-	-	-	6,000	-	-	-
- negative fair value	-	-	4,493	-	-	-	-
3) Gold and currencies							
- notional amount	-	-	1,245,046	181,340	-	-	-
- positive fair value	-	-	20,702	305	-	-	-
- negative fair value	-	-	60,449	2,426	-	-	-
4) Other instruments							
- notional amount	-	-	-	-	-	-	-
- positive fair value	-	-	-	-	-	-	-
- negative fair value	-	-	-	-	-	-	-

A.9 OTC financial derivatives residual maturity: notional amounts

(€ '000)

UNDERLYING/RESIDUAL MATURITY	UP TO 1 YEAR	OVER 1 YEAR UP TO 5 YEAR	OVER 5 YEARS	TOTAL
A. Regulatory trading book	**819,309,477**	**708,070,448**	**626,544,734**	**2,153,924,659**
A.1 Financial derivative contracts on debt securities and interest	434,251,776	554,992,108	573,532,678	1,562,776,562
A.2 Financial derivative contracts on equity securities and stock	10,823,046	13,849,384	4,350,825	29,023,255
A.3 Financial derivative contracts on exchange rates and gold	368,642,762	137,701,941	48,595,231	554,939,934
A.4 Financial derivative contracts on other values	5,591,893	1,527,015	66,000	7,184,908
B. Banking book	**37,742,135**	**19,468,893**	**15,942,385**	**73,153,413**
B.1 Financial derivative contracts on debt securities and interest	30,955,663	17,545,749	14,937,297	63,438,709
B.2 Financial derivative contracts on equity securities and stock	323,530	183,686	123,406	630,622
B.3 Financial derivative contracts on exchange rates and gold	6,462,942	1,739,458	881,682	9,084,082
B.4 Financial derivative contracts on other values	-	-	-	-
Total 12.31.2016	**857,051,612**	**727,539,341**	**642,487,119**	**2,227,078,072**
Total 12.31.2015	**1,215,444,973**	**736,266,472**	**653,883,035**	**2,605,594,480**

This table refers to OTC derivatives' contracts belonging to banking Group Legal Entities (excluded those contracts negotiated within listed markets and supported by margining process overriding counterparty risks exposure).

B. Credit Derivatives

B.1 Credit derivatives: end-of-period notional amounts

(€ '000)

TRANSACTION CATEGORIES		REGULATORY TRADING BOOK		BANKING BOOK	
		WITH A SINGLE COUNTERPARTY	WITH MORE THAN ONE COUNTERPARTY (BASKET)	WITH A SINGLE COUNTERPARTY	WITH MORE THAN ONE COUNTERPARTY (BASKET)
1. Protection buyer's contracts					
a) Credit default products		13,708,000	11,617,000	220,100	-
b) Credit spread products		-	-	-	-
c) Total rate of return swap		150,000	-	-	-
d) Other		-	-	-	-
Total	**12.31.2016**	**13,858,000**	**11,617,000**	**220,100**	**-**
Total	**12.31.2015**	**16,958,000**	**14,095,400**	**335,100**	**-**
2. Protection seller's contracts					
a) Credit default products		14,467,000	11,334,000	-	-
b) Credit spread products		-	3,883	-	-
c) Total rate of return swap		-	-	-	-
d) Other		-	-	-	-
Total	**12.31.2016**	**14,467,000**	**11,337,883**	**-**	**-**
Total	**12.31.2015**	**19,156,847**	**13,012,000**	**100,000**	**-**

This table refers to the notional values of credit derivatives according to classification within regulatory trading or banking book applied by any separate Legal Entity belonging to banking Group only.

B.2 Credit derivatives: gross positive fair value - breakdown by product

(€ '000)

PORTFOLIOS/DERIVATIVE INSTRUMENT TYPES	POSITIVE FAIR VALUE	
	AMOUNTS AS AT 12.31.2016	AMOUNTS AS AT 12.31.2015
A. Regulatory trading book	**498,038**	**757,724**
a) Credit default products	498,000	757,038
b) Credit spread products	38	686
c) Total rate of return swap	-	-
d) Others	-	-
B. Banking book	**1,000**	**1,000**
a) Credit default products	1,000	1,000
b) Credit spread products	-	-
c) Total rate of return swap	-	-
d) Other	-	-
Total	**499,038**	**758,724**

This table presents distribution by product of the gross positive financial derivatives' fair values before accounting netting in accordance with regulatory classification applied by any separate Legal Entity belonging to the banking Group only.

Part E - Information on risks and hedging policies

B.3 Credit derivatives: gross negative fair value - breakdown by product

(€ '000)

PORTFOLIOS/DERIVATIVE INSTRUMENT TYPES	NEGATIVE FAIR VALUE AMOUNTS AS AT 12.31.2016	NEGATIVE FAIR VALUE AMOUNTS AS AT 12.31.2015
A. Regulatory trading book	**533,058**	**774,622**
a) Credit default products	506,000	774,000
b) Credit spread products	58	622
c) Total rate of return swap	27,000	-
d) Others	-	-
B. Banking book	**2,912**	**5,147**
a) Credit default products	2,912	5,147
b) Credit spread products	-	-
c) Total rate of return swap	-	-
d) Other	-	-
Total	**535,970**	**779,769**

This table presents distribution by product of the gross negative financial derivatives' fair values before accounting netting in accordance with regulatory classification applied by any separate Legal Entity belonging to the banking Group only.

B.4 OTC Credit derivatives: gross FV (positive and negative) by counterpart - contracts not in netting agreement

(€ '000)

CONTRACTS NOT INCLUDED IN NETTING AGREEMENT	AMOUNTS AS AT 12.31.2016 GOVERNMENTS AND CENTRAL BANKS	OTHER PUBLIC-SECTOR ENTITIES	BANKS	FINANCIAL COMPANIES	INSURANCE COMPANIES	NON-FINANCIAL COMPANIES	OTHER ENTITIES
Regulatory trading book							
1) Protection purchase							
- notional amount	-	-	505,000	1,597,000	-	-	-
- positive fair value	-	-	-	13,000	-	-	-
- negative fair value	-	-	26,000	29,000	-	-	-
- future exposure	-	-	50,000	160,000	-	-	-
2) Protection sale							
- notional amount	-	-	777,883	1,195,000	-	-	-
- positive fair value	-	-	47,038	15,000	-	-	-
- negative fair value	-	-	58	15,000	-	-	-
- future exposure	-	-	77,000	120,000	-	-	-
Banking book							
1) Protection purchase							
- notional amount	-	-	50,100	-	-	-	-
- positive fair value	-	-	-	-	-	-	-
- negative fair value	-	-	912	-	-	-	-
2) Protection sale							
- notional amount	-	-	-	-	-	-	-
- positive fair value	-	-	-	-	-	-	-
- negative fair value	-	-	-	-	-	-	-

Tables B.4 and B.5 refer to OTC derivatives' contracts belonging to banking Group Legal Entities (excluded those contracts negotiated within listed markets and supported by margining process thus overriding counterparty risks exposure).

B.5 OTC Credit derivatives: gross FV (positive and negative) by counterpart - contracts in netting agreement

(€ '000)

CONTRACTS INCLUDED IN NETTING AGREEMENT	AMOUNTS AS AT 12.31.2016						
	GOVERNMENTS AND CENTRAL BANKS	OTHER PUBLIC-SECTOR ENTITIES	BANKS	FINANCIAL COMPANIES	INSURANCE COMPANIES	NON-FINANCIAL COMPANIES	OTHER ENTITIES
Regulatory trading book							
1) Protection purchase							
- notional amount	-	-	15,209,000	8,164,000	-	-	-
- positive fair value	-	-	69,000	55,000	-	-	-
- negative fair value	-	-	227,000	91,000	-	-	-
2) Protection sale							
- notional amount	-	-	12,668,000	11,164,000	-	-	-
- positive fair value	-	-	165,000	134,000	-	-	-
- negative fair value	-	-	67,000	78,000	-	-	-
Banking book							
1) Protection purchase							
- notional amount	-	-	33,000	137,000	-	-	-
- positive fair value	-	-	1,000	-	-	-	-
- negative fair value	-	-	-	2,000	-	-	-
2) Protection sale							
- notional amount	-	-	-	-	-	-	-
- positive fair value	-	-	-	-	-	-	-
- negative fair value	-	-	-	-	-	-	-

B.6 Credit derivatives residual maturity: notional amount

(€ '000)

	UP TO 1 YEAR	OVER 1 YEAR UP TO 5 YEARS	OVER 5 YEARS	TOTAL
A. Regulatory trading book	**13,598,883**	**36,085,000**	**1,596,000**	**51,279,883**
A.1 Credit derivatives with "qualified reference obligation"	6,419,883	9,241,000	189,000	15,849,883
A.2 Credit derivatives with "not qualified reference obligation"	7,179,000	26,844,000	1,407,000	35,430,000
B. Banking book	**178,000**	**42,100**	**-**	**220,100**
B.1 Credit derivatives with "qualified reference obligation"	82,000	20,100	-	102,100
B.2 Credit derivatives with "not qualified reference obligation"	96,000	22,000	-	118,000
Total 12.31.2016	**13,776,883**	**36,127,100**	**1,596,000**	**51,499,983**
Total 12.31.2015	**13,040,503**	**48,923,844**	**1,693,000**	**63,657,347**

This table refers to OTC derivatives' contracts belonging to banking Group Legal Entities (excluded those contracts negotiated within listed markets and supported by margining process overriding counterparty risks exposure).

Part E - Information on risks and hedging policies

C. Credit and Financial Derivatives

C.1 OTC Financial and credit derivatives: net fair values and future exposure by counterparty

(€ '000)

	AMOUNTS AS AT 12.31.2016						
	GOVERNMENTS AND CENTRAL BANKS	OTHER PUBLIC-SECTOR ENTITIES	BANKS	FINANCIAL COMPANIES	INSURANCE COMPANIES	NON-FINANCIAL COMPANIES	OTHER ENTITIES
1) Netting agreements related to Financial Derivatives							
- positive fair value	34,857	81,632	70,812	59,854	6,942	1,473,325	7
- negative fair value	229,454	108,793	422,056	515,984	7	459,550	-
- future exposure	33,824	8,665	224,252	83,059	2,774	346,317	-
- net counterparty risk	298,109	90,297	272,456	120,383	9,379	1,795,192	-
2) Netting agreements related to Credit Derivatives							
- positive fair value	-	-	-	-	-	-	-
- negative fair value	-	-	-	-	-	-	-
- future exposure	-	-	-	-	-	-	-
- net counterparty risk	-	-	-	-	-	-	-
3) Cross Product netting agreements							
- positive fair value	44	1,879,621	5,734,021	3,688,140	65,417	2,108,376	30,460
- negative fair value	-	290,673	8,365,976	1,573,297	542,348	1,059,847	52
- future exposure	1	780	185,165	53,947	6,768	3,437	-
- net counterparty risk	179	1,175,782	3,085,528	4,731,243	113,252	2,456,666	40,610

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.

Each Liquidity Reference Bank monitors and has oversight over the liquidity positions of the LEs it refers to and ensures that each LE falling within its perimeter has a sufficient level of liquidity to meet its individual and joint obligations as they come due.

A particularly important role is played by the Holding Company, as a "supervisory and overarching liquidity refernce 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[21].

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.

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

Part E - Information on risks and hedging policies

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 Group Planning, Finance, Shareholding And Investor Relations 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.

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:
- Short-term liquidity risk management (operational liquidity), which considers the events that will impact upon the Group's liquidity position from 1 day up to one year. The primary objective is to maintain the Group's capacity to fulfill its ordinary and extraordinary payment obligations while minimizing the relevant costs.
- Structural liquidity risk management (structural risk), which considers the events that will impact upon the Group's liquidity position over one year. The primary objective is to maintain an adequate ratio between medium/long term liabilities and medium to long-term assets, with a view to avoid pressures on short-term funding sources (both current and future), while in the meantime optimizing the cost of funding.
- Stress tests: Liquidity risk is a low probability, high impact event. Therefore stress testing is an excellent tool to reveal potential vulnerabilities in the Balance Sheet. The Bank uses several scenarios ranging from general market crisis to idiosyncratic crisis, and a combination hereof.

In this context, the mismatch model takes into account all assets, liabilities, off-balance sheet positions and also both present and future events which generate certain or potential cash flows for the Group, thereby protecting the Group Banks/Companies from risks related to the transformation of maturity.

Moreover, the liquidity risk is included in the Group's Risk Appetite framework through some specific liquidity indicators. One of these is the Funding Gap (an improved loans-to-deposits gap), which 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*, calculated for all the relevant currencies, is composed of the following building-blocks:
- Primary Gap, which shows the net wholesale refinancing requirements over the various time-buckets of the horizon.
- Counterbalancing Capacity, which shows the amount of unencumbered securities that are accepted as collateral by Central Banks and/or market counterparties. The Counterbalancing Capacity is considered at its "Liquidity Value" (i.e. the Market Value minus the applicable Haircut).
- Cumulative Gap, which is the sum of the previous components.
- Reservation for Unexpected Flows, which consists of liquidity adjustment to the Operative Maturity Ladder, to consider a buffer that can be used by the Treasury to refinance unexpected outflows impacting the Central Bank position (included in the short-term buckets). The Reservation for Unexpected Flows takes into account the volatility of the funding needs of the commercial asset portfolio, the volatility of the commercial funding sources, including potential concentration effects, the change of liquidity value of the Counterbalancing Capacity due to observed market price changes.

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

The Group adopts also the Cash Horizon as a synthetic indicator of the short-term liquidity risk levels. The Cash Horizon identifies the number of days after which the relevant Entity is no longer able to meet its liquidity obligations as expressed in the Operative Maturity Ladder, after having exhausted the available Counterbalancing Capacity.

Part E - Information on risks and hedging policies

Structural liquidity management

The Group's structural liquidity management aims to limit refinancing exposures above one year and thus reducing refinancing needs in the shorter term. The maintenance of an adequate ratio between medium to long-term liabilities and assets aims to avoid pressures on short-term sources, whether present or future.

The standard measures taken for such purposes are the following:
- the spreading of the maturity of funding operations in order to reduce the usage of less stable funding sources, while in the meantime optimizing the cost of funding (integrated management of strategic liquidity and tactical liquidity);
- the financing of growth through strategic funding activities, setting the most appropriate maturities (Yearly Funding Plan);
- the balancing of medium/to long-term wholesale funding requirements with the need to minimize costs, by diversifying sources, national markets, currencies of issuance and instruments used (realization of the Yearly Funding Plan).

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

The Structural Liquidity Ratio as described above will be dismissed at the end of 2016. It will be replaced by the Net Stable Funding Ratio (NSFR) as described by the Basel III Regulation.

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

Liquidity scenarios

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

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

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

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

Regulatory metrics
The Group is also adopting Basel 3 regulatory ratios, such as Liquidity Coverage Ratio (LCR) and the Net Stable Funding Ratio (NSFR), as integral part of the overall liquidity management analysis. The necessity to meet the LCR and the NSFR requirement is effectively taken into account both in the Group Funding Plan as well as within the Group Risk Appetite framework.
As far as the LCR is concerned, waiting for the specific disclosure obligations to became effective, in December 2016, the ratio for UniCredit Group was 132.04%.

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;
- 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.

Part E - Information on risks and hedging policies

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.

Quantitative information

1. Time breakdown by contractual residual maturity of financial assets and liabilities

(€ '000)

	AMOUNTS AS AT 12.31.2016									
ITEMS/MATURITIES	ON DEMAND	1 TO 7 DAYS	7 TO 15 DAYS	15 DAYS TO 1 MONTH	1 TO 3 MONTHS	3 TO 6 MONTHS	6 MONTHS TO 1 YEAR	1 TO 5 YEARS	OVER 5 YEARS	UNSPECIFIED MATURITY
On-balance sheet assets	**63,589,160**	**28,565,648**	**13,709,188**	**33,215,377**	**55,568,836**	**37,037,586**	**62,292,751**	**246,748,438**	**201,146,914**	**18,669,801**
A.1 Government securities	54,667	65,743	41,185	987,354	2,106,098	5,533,895	12,855,305	70,133,244	23,986,858	116
A.2 Other debt securities	80,492	1,445,212	34,132	469,907	2,490,904	2,746,330	7,387,420	23,179,199	23,809,605	64,503
A.3 Units in investment funds	978,317	-	-	-	-	-	-	1,020	-	2,175,991
A.4 Loans	62,475,684	27,054,693	13,633,871	31,758,116	50,971,834	28,757,361	42,050,026	153,434,975	153,350,451	16,429,191
- Banks	18,095,489	7,619,061	5,119,085	3,524,483	21,044,578	4,755,259	3,138,115	3,244,583	1,363,199	9,572,570
- Customers	44,380,195	19,435,632	8,514,786	28,233,633	29,927,256	24,002,102	38,911,911	150,190,392	151,987,252	6,856,621
On-balance sheet liabilities	**366,289,398**	**42,684,537**	**18,359,017**	**36,966,940**	**65,939,006**	**23,409,457**	**41,272,458**	**94,094,271**	**59,114,219**	**10,694,851**
B.1 Deposits and current accounts	349,851,953	5,942,733	5,988,741	18,979,905	27,269,036	11,100,159	15,418,813	14,379,396	1,251,906	20,014
- Banks	14,040,438	1,555,957	1,310,416	1,789,933	1,199,280	694,201	769,615	702,013	447,753	20,014
- Customers	335,811,515	4,386,776	4,678,325	17,189,972	26,069,756	10,405,958	14,649,198	13,677,383	804,153	-
B.2 Debt securities	2,975,448	325,817	1,206,250	3,436,459	5,356,030	6,284,408	20,640,575	43,143,094	43,193,957	2,766,482
B.3 Other liabilities	13,461,997	36,415,987	11,164,026	14,550,576	33,313,940	6,024,890	5,213,070	36,571,781	14,668,356	7,908,355
Off-balance sheet "transactions"										
C.1 Physically settled financial derivatives										
- Long positions	31,642	13,694,049	6,808,337	9,760,743	15,804,192	15,518,055	22,835,478	12,410,774	15,963,571	558
- Short positions	31,651	15,043,738	7,239,193	10,195,453	16,120,421	15,974,939	24,231,588	15,984,349	12,408,636	560
C.2 Cash settled financial derivatives										
- Long positions	15,773,321	492,557	932,206	1,724,422	5,523,763	2,969,309	3,771,911	18,751,935	12,431,639	-
- Short positions	15,725,230	508,071	806,292	1,709,539	5,542,463	2,947,324	3,780,936	18,745,649	12,580,462	-
C.3 Deposit to be received										
- Long positions	-	12,218,459	-	-	-	-	-	-	-	-
- Short positions	-	5,812,184	339,646	425,859	4,776,335	864,435	-	-	-	-
C.4 Irrevocable commitments to disburse funds										
- Long positions	40,353,413	5,874,885	408,080	1,246,067	2,533,721	3,437,354	10,826,895	20,464,486	4,971,682	177,312
- Short positions	44,547,170	5,199,858	397,946	523,478	1,840,923	2,070,090	10,287,886	20,151,861	4,938,720	169,316
C.5 Written guarantees	783,139	8,890	10,092	56,440	116,665	169,541	224,638	722,542	278,274	1,317,384
C.6 Financial guarantees received	7,101,254	2,789	14,433	77,982	40,308	66,833	81,952	7,525,259	67,067,452	277,043
C.7 Physically settled credit derivatives										
- Long positions	-	-	-	-	1,777,000	2,096,883	3,130,000	17,470,000	94,000	-
- Short positions	-	-	-	-	1,621,000	1,902,883	2,604,000	17,785,000	218,000	-
C.8 Cash settled credit derivatives										
- Long positions	-	-	-	-	-	112,000	112,000	265,100	642,000	-
- Short positions	-	-	-	-	-	375,000	80,000	627,100	642,000	-

Part E - Information on risks and hedging policies

1.1 Time breakdown by contractual residual maturity of financial assets and liabilities - Currency: euro

(€ '000)

ITEMS/MATURITIES	AMOUNTS AS AT 12.31.2016									
	ON DEMAND	1 TO 7 DAYS	7 TO 15 DAYS	15 DAYS TO 1 MONTH	1 TO 3 MONTHS	3 TO 6 MONTHS	6 MONTHS TO 1 YEAR	1 TO 5 YEARS	OVER 5 YEARS	UNSPECIFIED MATURITY
On-balance sheet assets	**54,063,439**	**20,720,367**	**9,577,703**	**26,063,194**	**44,172,737**	**28,955,248**	**51,541,642**	**209,559,682**	**163,920,344**	**18,145,787**
A.1 Government securities	52,276	47,798	16,962	606,917	1,752,687	4,494,566	11,611,693	64,041,447	18,910,066	103
A.2 Other debt securities	80,403	65,812	26,722	444,622	2,335,850	2,462,095	6,728,211	20,769,582	20,351,070	57,091
A.3 Units in investment funds	829,109	-	-	-	-	-	-	1,020	-	2,146,862
A.4 Loans	53,101,651	20,606,757	9,534,019	25,011,655	40,084,200	21,998,587	33,201,738	124,747,633	124,659,208	15,941,731
- Banks	13,632,740	4,029,560	1,924,651	2,698,400	16,698,181	4,008,713	2,637,736	3,066,149	767,350	9,570,485
- Customers	39,468,911	16,577,197	7,609,368	22,313,255	23,386,019	17,989,874	30,564,002	121,681,484	123,891,858	6,371,246
On-balance sheet liabilities	**317,165,612**	**38,027,829**	**13,160,622**	**23,214,540**	**56,150,689**	**18,152,822**	**34,728,187**	**85,709,799**	**53,978,070**	**10,534,990**
B.1 Deposits and current accounts	301,851,582	2,191,434	1,392,985	5,664,007	19,296,388	6,309,889	11,062,750	9,293,695	1,038,475	20,014
- Banks	12,237,926	711,160	155,827	926,858	524,140	466,785	508,904	578,563	442,279	20,014
- Customers	289,613,656	1,480,274	1,237,158	4,737,149	18,772,248	5,843,104	10,553,846	8,715,132	596,196	-
B.2 Debt securities	2,971,378	325,685	1,200,199	3,268,834	4,160,936	6,172,487	18,765,868	40,754,003	39,671,754	2,766,482
B.3 Other liabilities	12,342,652	35,510,710	10,567,438	14,281,699	32,693,365	5,670,446	4,899,569	35,662,101	13,267,841	7,748,494
Off-balance sheet "transactions"										
C.1 Physically settled financial derivatives										
- Long positions	29,462	6,647,746	2,894,773	4,309,642	7,653,881	6,895,001	16,895,738	4,118,729	12,579,299	558
- Short positions	30,336	7,096,376	3,299,454	3,601,778	6,748,788	11,001,382	17,600,565	6,661,063	7,848,485	560
C.2 Cash settled financial derivatives										
- Long positions	15,091,002	296,045	599,536	929,023	3,603,804	1,847,584	2,842,067	8,134,047	8,320,260	-
- Short positions	14,621,139	44,756	61,067	331,980	361,982	331,666	679,654	8,194,863	8,697,524	-
C.3 Deposit to be received										
- Long positions	-	12,215,098	-	-	-	-	-	-	-	-
- Short positions	-	5,811,156	339,642	425,859	4,776,335	862,105	-	-	-	-
C.4 Irrevocable commitments to disburse funds										
- Long positions	33,623,433	5,722,267	297,631	956,361	1,924,383	2,540,357	1,916,477	16,511,900	3,842,960	169,316
- Short positions	37,649,645	4,999,340	287,497	404,368	1,152,935	1,195,719	1,414,849	16,223,172	3,841,597	169,316
C.5 Written guarantees	773,928	7,460	8,569	45,277	66,615	120,651	125,083	633,272	239,152	1,317,384
C.6 Financial guarantees received	6,845,921	2,242	14,396	67,959	13,828	15,005	36,157	6,311,299	63,234,552	178,842
C.7 Physically settled credit derivatives										
- Long positions	-	-	-	-	978,000	958,000	2,037,000	10,735,000	21,000	-
- Short positions	-	-	-	-	617,000	835,000	1,546,000	11,202,000	142,000	-
C.8 Cash settled credit derivatives										
- Long positions	-	-	-	-	-	55,000	112,000	20,100	642,000	-
- Short positions	-	-	-	-	-	195,000	80,000	627,100	642,000	-

1.2 Time breakdown by contractual residual maturity of financial assets and liabilities - Currency: other currencies

(€ '000)

	AMOUNTS AS AT 12.31.2016									
ITEMS/MATURITIES	ON DEMAND	1 TO 7 DAYS	7 TO 15 DAYS	15 DAYS TO 1 MONTH	1 TO 3 MONTHS	3 TO 6 MONTHS	6 MONTHS TO 1 YEAR	1 TO 5 YEARS	OVER 5 YEARS	UNSPECIFIED MATURITY
On-balance sheet assets	**9,525,721**	**7,845,281**	**4,131,485**	**7,152,183**	**11,396,099**	**8,082,338**	**10,751,109**	**37,188,756**	**37,226,570**	**524,014**
A.1 Government securities	2,391	17,945	24,223	380,437	353,411	1,039,329	1,243,612	6,091,797	5,076,792	13
A.2 Other debt securities	89	1,379,400	7,410	25,285	155,054	284,235	659,209	2,409,617	3,458,535	7,412
A.3 Units in investment funds	149,208	-	-	-	-	-	-	-	-	29,129
A.4 Loans	9,374,033	6,447,936	4,099,852	6,746,461	10,887,634	6,758,774	8,848,288	28,687,342	28,691,243	487,460
- Banks	4,462,749	3,589,501	3,194,434	826,083	4,346,397	746,546	500,379	178,434	595,849	2,085
- Customers	4,911,284	2,858,435	905,418	5,920,378	6,541,237	6,012,228	8,347,909	28,508,908	28,095,394	485,375
On-balance sheet liabilities	**49,123,786**	**4,656,708**	**5,198,395**	**13,752,400**	**9,788,317**	**5,256,635**	**6,544,271**	**8,384,472**	**5,136,149**	**159,861**
B.1 Deposits and current accounts	48,000,371	3,751,299	4,595,756	13,315,898	7,972,648	4,790,270	4,356,063	5,085,701	213,431	-
- Banks	1,802,512	844,797	1,154,589	863,075	675,140	227,416	260,711	123,450	5,474	-
- Customers	46,197,859	2,906,502	3,441,167	12,452,823	7,297,508	4,562,854	4,095,352	4,962,251	207,957	-
B.2 Debt securities	4,070	132	6,051	167,625	1,195,094	111,921	1,874,707	2,389,091	3,522,203	-
B.3 Other liabilities	1,119,345	905,277	596,588	268,877	620,575	354,444	313,501	909,680	1,400,515	159,861
Off-balance sheet "transactions"										
C.1 Physically settled financial derivatives										
- Long positions	2,180	7,046,303	3,913,564	5,451,101	8,150,311	8,623,054	5,939,740	8,292,045	3,384,272	-
- Short positions	1,315	7,947,362	3,939,739	6,593,675	9,371,633	4,973,557	6,631,023	9,323,286	4,560,151	-
C.2 Cash settled financial derivatives										
- Long positions	682,319	196,512	332,670	795,399	1,919,959	1,121,725	929,844	10,617,888	4,111,379	-
- Short positions	1,104,091	463,315	745,225	1,377,559	5,180,481	2,615,658	3,101,282	10,550,786	3,882,938	-
C.3 Deposit to be received										
- Long positions	-	3,361	-	-	-	-	-	-	-	-
- Short positions	-	1,028	4	-	-	2,330	-	-	-	-
C.4 Irrevocable commitments to disburse funds										
- Long positions	6,729,980	152,618	110,449	289,706	609,338	896,997	8,910,418	3,952,586	1,128,722	7,996
- Short positions	6,897,525	200,518	110,449	119,110	687,988	874,371	8,873,037	3,928,689	1,097,123	-
C.5 Written guarantees	9,211	1,430	1,523	11,163	50,050	48,890	99,555	89,270	39,122	-
C.6 Financial guarantees received	255,333	547	37	10,023	26,480	51,828	45,795	1,213,960	3,832,900	98,201
C.7 Physically settled credit derivatives										
- Long positions	-	-	-	-	799,000	1,138,883	1,093,000	6,735,000	73,000	-
- Short positions	-	-	-	-	1,004,000	1,067,883	1,058,000	6,583,000	76,000	-
C.8 Cash settled credit derivatives										
- Long positions	-	-	-	-	-	57,000	-	245,000	-	-
- Short positions	-	-	-	-	-	180,000	-	-	-	-

Part E - Information on risks and hedging policies

Section 4 - Operational Risk

Qualitative information

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

Operational risk
Operational risk is the risk of loss due to errors, infringements, interruptions, damages caused by internal processes or personnel or systems or caused by external events. This definition includes legal and compliance risks, but excludes strategic and reputational risk.

For example, losses arising from the following can be defined as operational: internal or external fraud, employment practices and workplace safety, client claims, products distribution, fines and penalties due to regulation breaches, damage to the company's physical assets, business disruption and system failures, process management.

Group operational risk framework
UniCredit group sets the operational risk management framework as a combination of policies and procedures for controlling, measuring and mitigating the operational risk of the Group and controlled entities.
The operational risk policies, applying to all Group entities, are common principles defining the roles of the company bodies, the operational risk management function as well as the relationship with other functions involved in operational risk monitoring and management.

The Parent company coordinates the Group entities according to the internal regulation and the Group operational risk control rulebook. Specific risk committees (Group Risk & Internal Control Committee, GALCO, Group Operational and Reputational Risk Committee) are set up to monitor risk exposure, mitigating actions and measurement and control methods.

The methodology for data classification and completeness verification, scenario analysis, risk indicators, reporting and capital at risk measurement is set by the Parent company Group Operational & Reputational Risks department and applies to all Group entities. A pivot element of the risk control framework is the operational risk management application, allowing the collection of the data required for operational risk control and capital measurement.

The compliance of the Group Operational risk control and measurement system with external regulations and Group standards is assessed through an internal validation process under the responsibility of the Group Internal Validation department of the Holding company and independent from the Group Operational & Reputational Risks department.

Since March 2008, the UniCredit group has used the AMA model (Advanced Measurement Approach) for calculating operational risk capital. The use of this method has been rolled out to the main entities of the Group.

Organizational structure
Senior Management is responsible for approving all aspects relating to the Group operational risk framework and verifying the adequacy of the measurement and control system and is regularly updated on changes to the risk profile and operational risk exposure, with support from the appropriate risk committees if required.

The "Group Operational & Reputational Risks Committee" is responsible for monitoring operational and reputational risks at Group level, evaluating incidents significantly affecting the overall operational and reputational risk profile, submitting to the "Group Risk & Internal Control Committee", for either approval or information, operational and reputational risk strategies, policies, guidelines, methodologies, operational losses trend monitoring based on operational expected losses forecast as well as regular reporting on operational and reputational risk portfolio.

The Committee is responsible for ensuring consistency in operational and reputational risk policies, methodologies and practices across Business Functions and Legal Entities. It controls and monitors the Group operational and reputational risk portfolio and risk mitigation actions.

The "Group Operational & Reputational Risk Committee", chaired by the Parent company's head of Group Risk Management, is made up of permanent and guest members. The list of participants of the Committee has been updated in 2014, also in the light of changes in the organizational structure of the Group.

The" Group Operational & Reputational Risks Committee" meets with consulting and suggestion functions for submission to the "Group Risk & Internal Control Committee", functions/decision making Bodies/Legal Entities, for the following topics:
- Group risk appetite including capitalization targets and capital allocation criteria for Group operational risks;
- estimation model of expected operational losses for the Group and for the main Legal Entities basing on historical losses time series;
- initial approval and fundamental modifications of risk control and measurement systems for operational risk, including possible action plans, processes, IT and data quality requirements, supported by the validation reports;
- overall strategies for operational risk optimization, "Governance Guidelines" and general "Policies" for the management of Group operational risk;
- action plans to address possible critical findings related to risk control and measurement systems resulting from Group Internal Validation and Internal Audit activities, with regard to the internal control system and risk measurement;
- status update of relevant Basel 2 project activities and processes on operational risk topics;
- ICAAP topics on operational risks;
- yearly Regulatory Internal Validation Report on operational risk;
- advice on matter of operational risk, upon request of the Holding Company;

and for the following topics with reference to reputational risk:
- support, for specific reputational risk events, the crisis management capabilities and stakeholder communication, coherently with the Reputational Risk Management framework;
- advice on matter of reputational risk, upon request of the Holding Company functions/Bodies and Legal Entities;
- issue opinions, upon request of competent Committees, in case of doubt on the application of the reputational risk Global Rules, in order to evaluate the overall transaction;
- issue opinions to evaluate the reputational risk related to non-credit transactions identified by the Head of CIB Division.

The "Group Operational & Reputational Risks Committee" meets with approval function for the following topics:
- special operational and reputational risk policies;
- corrective actions for balancing Group operational risk positions, including planned mitigation actions within the expected operational losses defined by the competent Bodies;
- Group insurance strategies, including renewals, limits and deductibles;
- approval and following fundamental modifications of the methodologies for the measurement and control of operational risk, supported by the related validation reports.

The "Group Operational & Reputational Risks Committee" provides the "Group Risk & Internal Control Committee" with the following information:
- regular risk reports on operational losses, insurance recoveries, risk indicators trend, as well as, on back – testing and stress testing results, included the one addressed to the Regulatory Authorities (before the presentation to them);
- results of scenario analyses;
- results of the critical risk indicators analyses;
- relevant internal and external operational events occurred, significantly affecting the Group's portfolio;
- operational and reputational risk policies;
- corrective actions for balancing Group operational risk positions, including mitigation actions;
- Group insurance strategies, including renewals, limits and deductibles;
- methodologies for the measurement and control of operational risk;
- regular reports on reputational risks included the one addressed to Regulatory Authorities (before the presentation to them).

The "Group Operational & Reputational Risks Committee" receives from the relevant competent Committees a regular report on all transactions for which transaction inherent reputational risks, based on current reputational risk Group Rules, have been evaluated.

The Group Operational & Reputational Risks department reports to the head of Group Risk Management and supervises and manages the overall profile of the operational and reputational risks in the Group by defining the strategies, methodologies and forecast on expected operational losses.

The department has four organizational units:
- "Operational & Reputational Risks Oversight", responsible for defining the principles and rules at Group level for identification, assessment and control of operational and reputational risk and monitoring their correct application by the Legal Entities;
- "Operational & Reputational Risks Advanced Analytics and Strategies", responsible for defining risk capital measurement approaches, calculating operational risk capital and the corresponding economic capital. Furthermore it is responsible for defining operational risk strategies;
- "Operational & Reputational Risks Management", responsible for supporting the business functions (i.e. UniCredit S.p.A. Network and Competence Line, CIB Division) in the identification of the operational and reputational risks performing specific risk assessment activities (e.g. on relevant transactions);

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- “Operational, Reputational Risks on Credit Framework & Fraud Management”, responsible for the identification and control of operational risks on credit framework in order to contribute to inherent losses reduction. The unit is also responsible, with reference to UniCredit S.p.A, for identifying measures necessary to prevent, control and manage residential mortgage and consumer credit fraud.

The Operational Risk Management functions of the controlled entities provide specific operational risk training to staff, also with the use of intranet training programs, and are responsible for the correct implementation of the Group framework elements.

Internal validation process
In compliance with regulations, an internal validation process for the operational risk control and measurement system has been set up at the Parent Company and in the relevant Group Entities in order to verify the compliance with regulations and Group standards. This process is responsibility of Market, Operational and Pillar II Risks Validation unit, within the Group Internal Validation department.
Group methodologies for measuring and allocating the capital at risk and the IT system are validated at Parent Company level by the abovementioned function, while the implementation of the operational risk control and management system within the relevant Entities is analyzed by local Operational Risk Management functions with a self-assessment, following the technical instructions and policies issued by Group Internal Validation.
The results of the local assessments are annually verified by Group Internal Validation, which also performs additional analysis on data and documentation. Such evidences are the basis for the release of specific Non-Binding Opinions to the relevant subsidiaries. The local validation report, together with the opinion of Group Internal Validation and Internal Audit report are submitted to the Entities’ competent governing bodies.
All the validation outcomes on the operational risk control and measurement system, both at Parent Company and controlled entities level, are annually consolidated within the annual validation report which, along with the annual Internal Audit report, is presented to the UniCredit Board of Directors. Eventually, the Board of Directors resolves on the Group system compliance with minimum regulatory requirements, also taking into consideration the related decisions taken by individual Governing Bodies of the controlled Legal Entities.
Periodical reporting on validation activities is submitted also to “Group Operational & Reputational Risks Committee”.

Reporting
A reporting system has been developed to inform senior management and relevant control bodies on the Group operational risk exposure and the risk mitigation actions.
In particular, monthly updates are provided on operational losses, quarterly updates are provided on capital-at-risk estimates, and the main initiatives undertaken to mitigate operational risk in the various business areas.. Furthermore the validation results are submitted to the attention of the Group Operational & Reputational Risk Committee.

Operational risk management and mitigation
Operational risk management exploits process reengineering to reduce the risk exposure and insurance policies management, defining proper deductibles and policies limits. Regularly tested business continuity plans assure sound operational risk management in case of interruption of main business services.

In the Legal entities, the Risk Committee (or other bodies in accordance to local regulations) reviews risks tracked by the Operational Risk functions with the support of functions involved in daily operational risk control, and monitors the risk mitigation initiatives.

Risk capital measurement and allocation mechanism
UniCredit developed an internal model for measuring the capital requirements. The system for measuring operational risk is based on internal loss data, external loss data, scenario loss data and risk indicators.

Capital at risk is calculated per risk class. For each risk class, severity and frequency of loss data are separately estimated to obtain the annual loss distribution through simulation, considering also insurance coverage. The severity distribution is estimated on internal, external and scenario loss data, while the frequency distribution is determined using only the internal data. An adjustment for key operational risk indicators is applied to each risk class. Annual loss distributions of each risk class are aggregated through a copula functions based method. Capital at risk is calculated at a confidence level of 99.9% on the overall loss distribution for regulatory purposes for economic capital purposes. Through an allocation mechanism, the individual Legal Entities’ capital requirements are identified, reflecting the Entities’ risk exposure.

B. Legal Risks

UniCredit and other UniCredit group companies are named as defendants in several legal proceedings. In particular, as of December 31, 2016, UniCredit and other UniCredit group companies were named as defendants in about 24,000 legal proceedings (excluding labour law cases, tax cases and credit recovery actions in which counterclaims were asserted or objections raised with regard to the credit claims of Group companies). Moreover, from time to time, past and present directors, officers and employees may be involved in civil and/or criminal proceedings, the details of which the UniCredit group may not lawfully know about or communicate.

The Group is also required to appropriately fulfill various legal and regulatory requirements in relation to certain aspects of its activity, such as conflicts of interest, ethical issues, anti-money laundering laws, US and international sanctions, client assets, competition law, privacy and information security rules and others. Actual or alleged failure to do so may lead, to additional litigation and investigations and subjects the Group to damages claims, regulatory fines, other penalties and/or reputational damages. In addition, one or more Group companies and/or their current and/or former directors are subject or may in the future be subject to investigations by the relevant supervisory or prosecutorial authority in a number of countries in which the Group operates. These include investigations and/or proceedings relating, inter alia, to aspects of systems and controls and instances of actual and potential regulatory infringement by the relevant Group companies and/or its clients. Given the nature of the UniCredit group's business and its reorganisation over time there is a risk that claims or matters that initially involve one Group company may affect or involve other Group entities.

In many cases, there is substantial uncertainty regarding the outcomes of the proceedings and the amount of any possible losses. These cases include criminal proceedings, administrative proceedings brought by the relevant supervisory or prosecution authority and/or claims in which the demanded compensation and/or potential liability that the Group is responsible 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, unitil such time in which it is possible to estimate reliably potential outcomes , 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 deemed appropriate by UniCredit, or any of the Group companies involved, based on the circumstances and consistent with International Accounting Standards (IAS).

To provide for possible liabilities and costs that may result from pending legal proceedings (excluding labour law cases, tax cases and credit recovery actions), as of December 31, 2016, the UniCredit group set aside a provision for risks and charges of €1,382 million. As of December 31, 2016, the total amount of claimed damages relating to judicial proceedings other than labour, tax and debt collections proceedings was €11,529 million. This figure is affected by both the disomogeneous nature of the pending proceedings and the multiplicity of jurisdictions and their corresponding characteristics in which the UniCredit group is named as a defendant.

The estimate for reasonably possible liabilities and this provision are based upon information available as of December 31, 2016, but, given the numerous uncertainties inherent in legal proceedings, involve significant elements of judgment. In particular, in some cases it is not possible to form a reliable estimate, for example where proceedings have not yet been initiated or where there are sufficient legal and factual uncertainties to make any estimate speculative. Therefore any provision may not be sufficient to meet entirely the legal costs and the fines and penalties that may result from pending legal actions.

Set out below is a summary of information, including, if material and/or indicated, the single requests of the plaintiffs, relating to matters involving the UniCredit group which are not considered groundless or in the ordinary course of the Group's business.

This section also describes pending proceedings against UniCredit and/or other UniCredit group companies and/or employees (even former employees) that UniCredit considers relevant and which, at present, are not characterised by a defined claim or for which the respective claim cannot be quantified.

Unless expressly mentioned below, labour 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 in a US Federal Court against some 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).

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In the HSBC case, the SIPA Trustee sought to recover over 6 billion dollars (to be later determined at trial) in the aggregate against all 60 or so defendants for common law claims (i.e. claims for aiding and abetting the violations by BLMIS) and avoidance claims (also known as claw-back claims). No separate claim for damages was brought against the UniCredit group.
All claims against UniCredit and all other members of the UniCredit group relating to both common law and claw-back claims have been dismissed with prejudice, except (i) UCB Austria where the SIPA Trustee voluntarily dismissed without prejudice the claw-back claims against UCB Austria on 21 July 2015 and (ii) BAWFM where on 22 November 2016 the bankruptcy court issued a decision that requires the dismissal of clawback claims against BAWFM. The SIPA Trustee has a right to appeal the bankruptcy court's decision in respect of clawback claims against BAWFM and has indicated an intention to appeal. However, if that appeal was successful, the potential claim for damages is non-material and, therefore, there are no specific risk profiles for the UniCredit Group.

Claim by SPV OSUS Ltd
UniCredit and certain of its affiliates – UCB Austria, BAWFM and PAI – have been named as defendants, together with approximately 40 other defendants, in a lawsuit filed in the Supreme Court of the State of New York, County of New York, on 12 December 2014, by SPV OSUS Ltd. The complaint asserts common law based claims, only for compensation, against all defendants for aiding and abetting breach of fiduciary duty, aiding and abetting fraud, aiding and abetting 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 and claims damages in an unspecified amount. The action filed by SPV OSUS Ltd is in the initial stages.

Proceedings outside the United States
Investors in the Primeo and Herald funds brought numerous civil proceedings in Austria. At the moment, 65 civil proceedings remain pending with a claimed amount totalling €21.7 million plus interest, of which: 52 are pending before a judge of first instance with no judgment yet, ten are on appeal before the Court of Appeal and in three cases extraordinary appeals may be brought to the Supreme Court (the deadlines for the extraordinary appeals all end in early 2017). The claims in these proceedings pertain to the assumed breach by UCB Austria of certain duties regarding its function as prospectus controller (i.e. regarding the review of prospectuses for accuracy and completeness), or that UCB Austria improperly advised certain investors (directly or indirectly) to invest in funds in Madoff-related investments or a combination of these claims.
The Austrian Supreme Court issued 16 final decisions with respect to prospectus liability claims asserted in the legal proceedings. With respect to claims related to the Primeo funds, nine final Austrian Supreme Court decisions have been in favour of UCB Austria. In one case the Supreme Court did not accept UCB Austria's extraordinary appeal, thus rendering binding the decision of the Court of Appeal in favour of the claimant. With respect to the Herald fund, the Austrian Supreme Court ruled five times with respect to prospectus liability, twice in favour of UCB Austria and three times in favour of the claimant. In a prospectus liability case with Primeo and Herald investments the Austrian Supreme Court ruled in favour of UCB Austria. While the impact of these decisions on the remaining Herald 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 that concern 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 Office of the Prosecutor, Vienna.

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 the UniCredit Group.
Save as described above, at the moment, it is not possible to estimate reliably the timing and results of the various proceedings, nor determine the level of liability, if any responsibility exists. Save as described above, in compliance with international accounting standards, no provisions have been made for specific risks associated with Madoff related claims and charges.

Alpine Holding GmbH

Alpine Holding GmbH (a limited liability company) undertook a bond offering in 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 did they also claim 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 Labour (with the claimed amount totalling about €20.5 million). The principal claim is prospectus liability. These civil proceedings are mainly pending in the first instance.

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, at present various people in Austria are accused in the existing criminal proceedings involving the bankruptcy of Alpine Holding GmbH and UCB Austria has intervened in these proceedings as a civil party. At present investigations are also in progress involving joint lead managers (including those of UCB Austria), however, at this date, no indictments have been made with regard to employees of UCB Austria and these proceedings are at the investigatory 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, when they were squeezed out (Appraisal Proceeding). The dispute mainly concerns the valuation of UCB AG, which is the basis for the calculation of the compensation 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 I 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 are expected to be submitted to the court between the end of the first and the beginning of the second 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 initiated 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 employed, 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 essentially positive for UniCredit. Due to several formal issues, the proceeding before the Gremium is still not finalized. The next oral hearing before the Gremium will 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 deal with valuation as well as with legal issues.

At present the proceeding is pending in the first instance. Currently, it is not possible to examine and/or quantify 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

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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 31 July 2014, the Supervisory Board of UCB AG concluded its internal investigation into the cum-ex transactions (the trading of equities around dividend dates and claims for withholding tax credits) at UCB AG. The findings of the Supervisory Board's investigation indicated that UCB AG sustained losses due to certain past acts/omissions of individuals.
The Supervisory Board has thus taken appropriate action. The Supervisory Board brought an action for compensation against three individual former members of the management board, not deeming it appropriate to take any action against the members currently in office. UniCredit, UCB AG's parent company, supports the decisions taken by the Supervisory Board. In addition, criminal investigations were commenced against current and former employees of the UCB AG from prosecutors in Frankfurt on the Main, Cologne and Munich aimed at assessing alleged criminal offences of tax-evasion from their part. UCB AG has been cooperating with these prosecutors who have been investigating offences that include possible tax evasion in connection with cum-ex transactions both for UCB AG's own book as well as for a former customer of UCB AG. Proceedings in Cologne against UCB AG and its former employees were closed in November 2015 with 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 with the payment of a fine of €5 million. The investigation by the Munich prosecutor is ongoing and, at present no amount has been finally determined by Munich prosecutor. UCB AG will continue to cooperate with the Prosecutor. In relation to these matters, UCB AG could be subject to tax and interest claims, as well as further penalties, administrative fines and profit or revenue claw backs. At present, UCB AG is in communication with its relevant Supervisory Authorities and the competent tax authorities regarding these matters. It remains to be clarified whether, and under what circumstances, the taxes can be applied or refunded with regard to several types of transactions carried out close to the distribution of dividends. UCB AG has made provisions deemed appropriate for the risk.

Proceeding relating to certain forms of banking operations
The UniCredit group is named as a defendant in several proceedings in matters connected to its operations with clients, which are not specific to the UniCredit group, rather affect the financial sector in general.
In this regard, (i) proceedings pertaining to compound interest, typical of the Italian market, had a total claimed amount of €1.155 million, mediations included, against Unicredit as of 31 December 2016; (ii) proceedings pertaining to derivative products, mainly affecting the Italian market (for which the claimed amount against UniCredit was € 859 million, mediations included, as of 31 December 2016) and the German market (for which the claimed amount against UCB AG was €135 million as of December 31, 2016); and (iii) proceedings relating to foreign currency loans, mainly affecting the CEE countries (for which the claimed amount was €5.5 million as of 31 December 2016).
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 for 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. From the third quarter of 2016, the number of claims for refunds/compensation for compound interest decreased slightly compared to 2015. 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, Poland, Romania, Slovenia and Serbia.
More specifically, in Croatia, Zagrebačka banka ("Zaba") successfully defended a challenge brought by a consumer association against the validity of FX loans, with the Supreme Court finding in April 2015 that FX loans and the related currency clause were lawful. As the Court held that the variable interest rate clause was however in principle unfair, this has resulted in individual customers bringing lawsuits to challenge the validity of the interest charged.
Following the implementation of a new law in Croatia in September 2015 that purported to rewrite the terms of FX loan contracts, a number of these lawsuits were withdrawn as customers took advantage of the benefits of the new law. Zaba is of the view that the law is unlawful and has challenged it before the Croatian Constitutional Court. The outcome of that challenge is awaited.
In September 2016, UCB Austria and Zaba also initiated a claim against the Republic of Croatia under the Agreement between the Government of the Republic of Austria and the Government of the Republic of Croatia for the promotion and protection of investments in order to recover the losses suffered as a result of amendments in 2015 to the Consumer Lending Act and Credit Institutions Act mandating the conversion of Swiss franc-linked loans into Euro-linked. In the interim, Zaba complied with the provisions of the new law and adjusted accordingly all the respective contracts where the customers requested so. 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 the UniCredit group.

Medienfonds/closed-end funds

At present, 180 proceedings are pending (out of an original total of 1508 proceedings) with regard to "Medienfonds/closed end funds" cases for prospectus liability. As of 31 December 2016, the total amount claimed is €30 million. With regard to these proceedings, UCB AG has made provision deemed by it to be consistent to cover the risk of lawsuits for 2017.
With reference to these proceedings it is specified that various UCB AG customers bought shares – which were not sold by UCB AG - in a fund known as VIP Medienfonds 4 GmbH & Co. KG (the "Medienfonds Fund"). UCB AG only granted loans to all private investors for a part of the amount invested in the Medienfonds Fund, and assumed specific payment obligations of certain film distributors with respect to the Medienfonds Fund. Initially, the investors enjoyed certain tax benefits, which however were later revoked by the tax authorities. The Medienfonds Fund initiated a fiscal proceeding relating to the admissibility of its structure from the tax point of view for fiscal year 2004. At present, no final decision has been rendered as to whether the tax benefits were rightfully revoked in the first place and the proceedings relating to the admissibility of the tax position of the Medienfonds Fund for the 2004 tax year are pending.
A general settlement has been reached with the vast majority of the investors. In parallel, a test case was brought before the Higher Regional Court of Munich (and referred back to the Higher Regional Court of Munich by the German Federal Court of Justice) pursuant to the Capital Markets Test Case Act (Kapitalanleger-Musterverfahrensgesetz) with regard to the question of Hypo- und Vereinsbank AG's (presently UCB AG) liability for the prospectus. Subject to certain uncertainties relating to the pre-trial stage (such as the taking of evidence by the Higher Regional Court of Munich and the assessment of such evidence by the Higher Regional Court of Munich in its specific occupancy) there is a reasonable prospect that responsibility of UCB AG for the prospectus will continue to be rejected in the Kapitalanleger-Musterverfahrensgesetz proceeding. However, especially in relation to the possibility of a violation of disclosure obligations regarding elements in the Higher Regional Court of Munich's findings that have been upheld, it is possible to assume that the overall chances of success for the remaining lawsuits are negative. In any case, since the wind-down of the Medienfonds Fund has already progressed considerably, these risks would most likely not materialize in an amount comparable to the original amount in dispute. In the light of the general settlement reached with the majority of the investors as described above (which include a waiver of further claims), only a few pending cases will be affected by the final decision, which has yet to been rendered.
Furthermore, at present, UCB AG is defending lawsuits concerning other closed-end funds. The economic background of these lawsuits is often linked to a modified view of the tax authorities with regard to tax benefits originally envisaged and these proceedings refer to alleged violations of individual obligations by UCB AG and prospectus liability. Specifically, with regard to a mutual fund investing in heating plants, 145 investors brought legal proceedings against UCB AG based on individual breaches of duty as well as prospectus liability, for an overall amount of €12 million.

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After a model proceeding against UCB AG pursuant to the Kapitalanleger-Musterverfahrensgesetz before the Higher Regional Court of Munich has been initiated, the majority of proceedings have been suspended. Hearings in this proceeding have already taken place but will continue for considerable time. The result of the model proceeding will depend on the findings in these hearings, amongst other on expert opinion, and is difficult to predict. However, due to the successful sale of the heating plant, the proceeds already realised by the fund and the expected wind-down of the fund, negotiations have been initiated with the goal of settling the entire complex on favourable commercial terms. These negotiations have reached a promising state and a closing and settlement of the majority of the cases is expected to occur in 2017. Following such negotiations, the maximum amount of such settlement is expected to be about €7 million and UCB AG has made provisions deemed appropriate for the risk of the lawsuit for 2017.

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 collateralised debt obligations ("CDOs") managed primarily by VCA. The equity investments in VF, including those made by the ERB and SIC, became worthless. VF was later liquidated.

Beginning in 2009, several lawsuits were threatened or filed (some of which were later dismissed) on behalf of the State of New Mexico relating to the dealings between VCA and the State of New Mexico. These lawsuits include proceedings launched by a former employee of the State of New Mexico who claimed the right, pursuant to the law of the State of New Mexico, to act as a representative of the State for the losses suffered by the State of New Mexico with regard to investments managed by VCA. In these proceedings, in addition to VCA, Pioneer Investment Management USA Inc., PGAM and Unicredit were also named as defendants, by virtue of their respective corporate affiliation with VCA, as described in the previous paragraph. In addition, two class actions were launched with regard to VCA on behalf of the public pension fund managed by ERB and the State of New Mexico threatened to launch a case against VCA if its claim was not satisfied. These suits threatened or instigated relate to losses suffered by the ERB and/or SIC on their VF investments, with additional claims threatened in relation to further losses suffered by SIC on its earlier investments in other VCA-managed CDOs. The lawsuits threatened or instigated allege fraud and kickback practices. Damages claimed in the lawsuits filed by or on behalf of the State of New Mexico are computed based on multiples of the original investment, up to a total of $365 million

In 2012, VCA reached an agreement with the ERB, SIC and State of New Mexico to settle for the sum of $24.25 million all claims brought or threatened by or on behalf of the State of New Mexico or any of its agencies or funds. The settlement amount was deposited into escrow at the beginning of 2013. The settlement is contingent on the Court's approval, but that process was temporarily delayed, and the original litigation was stayed, pending the determination by the New Mexico Supreme Court of a legal matter in a lawsuit brought against a different set of defendants in other proceedings. The New Mexico Supreme Court issued its ruling on the awaited legal matter in June 2015 and in December 2015 VCA, the ERB, SIC, and the State of New Mexico renewed their request for Court approval of the settlement. The Court held a hearing on the matter in April 2016 and a decision is awaited. Said decision has not yet been issued. If the settlement is approved, 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

In November 2011, Bruce Malott, the former chairman of the ERB, brought suit in the New Mexico State Court against persons or companies allegedly involved with "pay to play" or kickback practices at the ERB, alleging damages to his reputation in earning capacity as a result of his association with the challenged practices. Among the defendants were VCA, VF, PIM US and two former officers of VCA. No damages amount is specified, but Malott sought treble damages and punitive damages (as applicable) in addition to any actual damages he might prove. In June 2013, Malott's claims were dismissed but with leave to replead; his further amended complaints were dismissed in August 2013 and May 2014. In February 2016 Malott dropped his plan to appeal those rulings and the matter is now concluded.

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. The defendants deny all the claims. In January 2017, VCA reached an agreement to settle all the claims. All costs will be paid by insurance. The parties expect to implement the settlement promptly.

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 € 6,400,000 (which would increase to €10,884,000 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 €4,137,000 (contractual rate) and €868,000 (legal rate). On 29 September 2014, the judges reserved their decision. A new expert report was then ordered, which essentially confirmed the conclusions of the previous expert report. At the hearing held on 6 June 2016 the judges reserved again their decision. On 16 January 2017, the Court issued a decision declaring not to be competent to decide on part of the plaintiff's claims and ordered UniCredit to pay, in favour of the Receiver of the Divania bankruptcy, an overall amount of approximately €7.6 million plus legal interests and part of the expenses.

Two additional lawsuits have also been filed by Divania., (i) one for € 68.9 million (which was subsequently increased up to €80.5 million pursuant to Article 183 of the Code of Civil Procedure); and (ii) a second for €1.6 million.

As for the first case, in May 2016 the Court ordered UniCredit to pay approximately €12.6 million plus costs. UniCredit appealed against the decision and at the first hearing the case was adjourned to 22 June 2018.

In respect of the second case, on 26 November 2015, the Court of Bari rejected the original claim of Divania. The judgment has res judicata effect.

UniCredit has made a provision for an amount it deems appropriate to cover the risk of the lawsuit.

Valauret S.A.

In 2004, Valauret S.A. and Hughes de Lasteyrie du Saillant filed a civil claim for losses resulting from the drop in the share price between 2002 and 2003, allegedly caused by earlier fraudulent actions by members of the company's board of directors and others. UCB Austria (as successor to 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 in 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 May 2017; (ii) as far as the second lawsuit is concerned (a claim amounting to approximately €48 million), relating mainly to disputed derivative transactions, in 2015, all the pre-trial claims, including the expert opinion, have been rejected and the judge has set a hearing for the detailed conclusions for May 2017; and (iii) lastly, with regard to the third lawsuit (a claim amounting to approximately €170 million), it is currently at the pre-trial stage and the requests made by the judge to the court-appointed expert do not affect the position of UniCredit. The next hearing for the cross examination of the court-appointed expert witness was set for September 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 lawsuit is in the sentencing stage. The company then went bankrupt. At present no provisions have been made.

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Mazza Group

The civil lawsuit originates from a criminal proceedings before the Court of Rome for illicit lending transactions of disloyal employees of UniCredit in favour 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).

The criminal proceedings relating to acts and events quantifiable as offences (fraud, continued misappropriation, forgery) committed in 2005 by representatives of a group of companies (the "Mazza Group") with the collaboration of disloyal UniCredit employees came to an end in May 2013 with an unexpected exculpatory ruling (no case to answer). This ruling was appealed by the Public Prosecutor and by Unicredit.

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; 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.

In UniCredit's view, these lawsuits currently appear to be unfounded and are at the pre-trial stage. 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, nine lawsuits are pending: one claw-back action pending in the first instance and other eight damage/ordinary claw-back claims for a total amount of €157.1 million (the last two claims for approximately €29.5 million were notified in December 2016), which allege that UniCredit (together with other banks) facilitated debt restructuring agreements aimed at sterilising the risk of possible claw-back actions and obtaining privileges.

Four of these lawsuits are in the preliminary stages (with the first hearings set, respectively, for the end of January 2017, in March 2017 and April 2017), two at the pre-trial stage (in particular: (i) in the first lawsuit, at the appearance hearing, the judge reserved on the pre-trial claims; and (ii) in the second lawsuit, the judge requested an expert opinion and scheduled the hearing for the filing of the expert opinion for the end of February 2017), and three have been decided: (i) one with judgment of October 2016 rejecting the plaintiff's claims; (ii) one with a unfavorable decision served on January 3, 2017, to be appealed by UniCredit which considers the reasoning of the decision to be objectionable under several aspects; (iii) the last one on January 17, 2017, with judgment rejecting all plaintiff's claims.

UniCredit S.p.A. considers these damage/ordinary claw-back claims to be groundless. UniCredit has made a provision for an amount that it deems appropriate to handle the risks of one lawsuit.

Disposal by Nuova Compagnia di Partecipazioni S.p.A. of the "oil" business

With reference to the disposal by Nuova Compagnia di Partecipazioni S.p.A., formerly Italpetroli S.p.A., ("NCP") of the "oil" business closed on 28 November 2014, the buyer Ludoil Energy S.r.l. ("Ludoil") had brought claims pertaining to:

- the amount of working capital as of the date of disposal, requiring to integrate it;
- alleged environmental issues related to the plants of the entities disposed, considering insufficient the related provisions recognised before the disposal and objecting the legal effectiveness of the agreements.

NCP obtained a legal opinion confirming that, at this stage, there are no elements to make an assessment on a probable or even possible potential liability that could arise from the claims brought by Ludoil in relation both to the validity of the contract and the "replenishing of the investments occurred".

In addition, during 2015, NCP appointed a group of experts on environmental matters and an independent accountant, in order to express an opinion on the appropriateness of the financial statements of the related provisions, including their quantification. Both opinions confirmed that the requests of Ludoil are unfounded.

Ludoil sent a letter dated February 1, 2016 through its legal advisors, and by repeating the claims previously brought, asked for the cancellation of the original disposal contract. On this last request, the legal advisor appointed by NCP issued an opinion confirming that it is reasonable for UniCredit to consider unfounded the requests of cancellation of the disposal contract.

In March 2016, SO.DE.CO S.r.l., controlled by Ludoil, filed a damage claim for approximately €94 million against the NCP former directors, NCP, UniCredit and others: the former directors for having, inter alia, allegedly breached their duties in the preparation and revision of the annual accounts between 2010 and 2013, and NCP and UniCredit, in their respective capacities as controlling entity and managing and coordinating entity, for having allegedly breached the principles of sound corporate management. The case is in the pre-trial stage and the next hearing is set for March 2017.

Criminal proceedings

The UniCredit group and its representatives (including those no longer in office), are involved in various criminal proceedings and/or, as far as Unicredit is aware, are under investigation by the competent authorities who are ascertaining whether there are possible liabilities of Unicredit's representatives with regard to various cases linked to banking transactions, including, specifically, in Italy, investigations related to checking any liability profiles in relation to the offence pursuant to Article 644 (usury) of the Criminal Code.

At present, these criminal proceedings have not had significant negative impacts on the operating results and capital and financial position of Unicredit and/or the Group, however there is a risk that if Unicredit and/or other UniCredit group companies or their representatives (including those no longer in office) were to be convicted following the confirmed violation of laws prosecutable by criminal law this situation could have an impact on the reputation of UniCredit and/or the UniCredit group.

For the sake of completeness, note that, on October 13, 2016, the Public Prosecutor of the Court of Tempio Pausania informed UniCredit of a notice pursuant to Article 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 Article 24-ter of Legislative Decree 231/2001 as a result of offences contested by the former representatives of the Banca del Mezzogiorno – MedioCredito Centrale S.p.A. ("MCC"), later renamed "Capitalia Merchant S.p.A.", then "UniCredit Merchant S.p.A." and then merged by incorporation into Unicredit, as well as Sofipa SGR S.p.A. and Capitalia S.p.A. (then merged by incorporation into UniCredit).

The offences being investigated are those pursuant to Articles 5 and 11 of Legislative Decree 74/2000 (offences involving income tax and VAT), Article 416 of the Criminal Code (conspiracy) and Article 318 of the Criminal Code (corruption of a public official).

The main proceedings RGNR 207/15 brings together three other separate ones (RGNR 608/16 – 375/15 and 2658/15) whereby Unicredit was only previously aware of 2658/15.

The offences being investigated with regard to the former representative of Capitalia S.p.A. are those pursuant to Article 110 of the Criminal Code (participation in the crime) and Articles 5 and 11 of Legislative Decree 74/2000.

The investigation concerns a complex case involving UniCredit as the successor of MCC, relating to shareholdings owned by the above-mentioned MCC in the group for which Colony Sardegna S.à r.l. is the parent company. The directors of this company are charged with decisions concerning financial transactions which resulted in capital gains on behalf of third-party companies and to the detriment of the company managed, as well as failures to declare IRES income; the charges involving UniCredit refer to the years 2003/2011 (in May 2011 UniCredit Merchant S.p.A. actually sold its shareholding).

C. Risks arising from employment law cases

UniCredit is involved in employment law disputes. In general, provisions have been made for all employment law disputes to cover any potential disbursements and in any event UniCredit does not believe that any liabilities related to the outcome of the pending proceedings could have a significant impact on its economic and/or financial standing.

Lawsuits filed against UniCredit by members of the former Cassa di Risparmio di Roma Fund

Lawsuits have been brought against UniCredit by members of the former Cassa di Risparmio di Roma Fund. These lawsuits, having been won in earlier proceedings by UniCredit, hang on appeal cases brought before the relevant Courts of Appeal and the Court of Cassation (as applicable) in which the main claim is a request that the funding levels of the former Cassa di Risparmio di Roma Fund be restored and that the individual social security accounts of each member be assessed and quantified. With reference to the main claim, the relief sought is estimated at €384 million.
No provisions were made as these actions are considered to be unfounded.

D. Risks arising from tax disputes

In the previous financial statements, information was given on the servicing of a tax assessment notice relative to tax year 2009, relating to the alleged non-payment of withholding taxes on interest paid in relation to debt instruments issued to strengthen capital, with total taxes and ancillary expenses of approximately €40 million. The dispute was settled on May 18, 2015 through a tax settlement proposal for a total amount of €17.7 million The dispute was settled by paying only the claimed taxes and interest, without applying penalties as the Italian Revenue Agency expressly recognized the company's actions in good faith. Provisions of €17.6 million were booked in 2014 for this claim.

In addition, during 2015 a tax audit report was served by the Italian Financial Police alleging the same violation referred to in the paragraph above, also for tax year 2010. Before the notice of assessment was serviced, the dispute was settled according to the same criteria used in 2009, through a tax settlement proposal, by paying €17.8 million. Also in this case provisions were booked for an amount equal to the higher tax challenged.

With reference to the fiscal years 2011-2014, on April 6, 2016, the Tax Authorities have served a tax audit report requesting the payment of allegedly omitted withholding tax for a total amount of €11.9 million. The company filed a settlement proposal for the fiscal year 2011 and a provision equal to the higher tax claimed has been booked (€11.9 million).

The litigation regarding 2011 has been settled out of court by means of the payment of €6.8 million (€5,8 million for taxes and €1 million for interest). The litigations regarding 2012, 2013 and 2014 have been settled out of Court on March 2017, by paying a total amount of €6.6 million (€5.9 million for higher taxes, €0.7 million for interest). Also for the years from 2011 to 2014 no penalties have been applied since the Tax Authorities expressly recognized the company's actions in good faith.

Part E - Information on risks and hedging policies

New pending cases

During 2016 UniCredit S.p.A. together with a number of Group Companies was served with several notices of assessment. The matters of particular significance include those served with regard to:

- registration tax allegedly due for the registration of the rulings that had settled a number of opposition proceedings regarding the liability status of the companies of the "Costanzo Group", for €6.3 million. The company has promptly submitted an appeal against the last notice served. Therefore, the total amount of the notices of assessment served with reference to these rulings which, as of December 31, 2015, amounted to €23.3 million, as of December 31, 2016 amounts to €29.6 million. Nearly all the litigations pending have been decided by the first degree Tax Court, except the one relating to the last notice of assessment served, and the decisions are partially favorable to the company. For all the notices served, the litigation is still pending;
- registration tax, plus interest and penalties, for a total amount of €7 million, requested after the first degree decisions referred to in the previous paragraph. A claim has been filed with the Tax Court and the decision has been partially favorable to the company. The legal term for the appeal to the second degree Tax Court is pending;
- on July 21, 2016, a tax audit report has been notified to the company UniCredit Business Integrated Solutions S.C.p.A. with reference to the years 2011 and 2012. Following the tax audit, UniCredit Business Integrated Solutions S.C.p.A. has been served with two notices of assessment relating to 2011 for the purposes of IRES and IRAP. The total amounts assessed are equal to €10.2 million (higher taxes €5.2 million, penalties €4.1 million, interest €0.9 million). The company has decided to request an out of Court settlement.
- on September 29, 2016, UniCredit Leasing S.p.A. has been served with a tax audit report relating to 2011 and 2012 for the purposes of IRES, IRAP and VAT. Following the tax audit, UniCredit Leasing S.p.A. has been served with a notice of assessment relating to 2011 for the purposes of IRAP and VAT. The total amounts assessed are equal to €21.2 million (€7.3 million for IRAP and VAT taxes, €12.5 million for penalties and €1.4 million for interest). The Company has filed a claim with the Tax Court.
- on October 10, 2016, a tax audit report has been notified to UniCredit Bank A.G. - Milan branch with which Italian Tax Authorities have challenged allegedly omitted withholding taxes on income from capital for €0.2 million. Following the tax audit, Italian Tax Authorities has served on UniCredit Bank A.G. - Milan branch a request pertaining to the transactions challenged. UniCredit Bank A.G. has filed its response within the term 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 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 December 31, 2016, the total amount of the notices canceled is equal to €15 million.

Moreover, in the first half of 2016 many litigations have been settled out of Court. In particular:

- the litigation regarding Pioneer Investment Management SGR S.p.A. (and UniCredit S.p.A. as the consolidating entity) for the years 2008, 2009, 2010, 2011, 2012 have been settled out of Court, without applications of administrative penalties since the Tax Authorities have recognized the correct application of the transfer pricing documentation regime. In particular, for the purposes of the out of Court settlement, Pioneer Investment Management SGR S.p.A. has paid, for IRES purposes, a total amount of €39.7 million (€32.9 million for tax and € 6.8 million for interest). The outcome of the negotiations are in line with the settlements relating to the previous fiscal years (2006, 2007).
- all the litigations regarding the alleged non-deductibility of goodwill amortization arising from group reorganizations carried out in 2001, regarding the company UniCredit Xelion Banca S.p.A. and, subsequently, UniCredit S.p.A. and FinecoBank S.p.A., have been settled. The aforementioned litigations refer to the fiscal years from 2004 to 2011. The settlement caused a total cost of €2.3 million, wholly borne by UniCredit S.p.A., referred only to higher IRES tax, plus interest. Also in this case Tax Authorities did not apply any administrative penalties having expressly recognized the company's actions in good faith and, in addition, have canceled all the challenges relating to IRAP tax;
- litigations started by Finecobank S.p.A. (and referred also to UniCredit S.p.A. as the consolidating entity) regarding certain allegedly non-deductible expenses suffered in connection to its financial promoters for the years 2009, 2010 e 2011, have been settled. In comparison to a request of €2 million (referred only to higher IRES tax), the company settled the litigations by paying a total amount of €0.6 million (referred to higher tax, interest and penalties);
- the litigation regarding UniCredit Factoring S.p.A. (and UniCredit S.p.A. as the consolidating entity) for IRES 2010 has been settled out of Court for a total amount of €3.9 million in comparison to a request of €6.3 million;
- the notice of assessment served on UniCredit S.p.A. and on UniCredit Business Integrated Solutions S.C.p.A. for the purposes of registration tax, with reference to the sale of a business unit, has been settled by means of the payment of €0.4 million in comparison to a request of €0.8 million.
- UniCredit Bank A.G. - Milan Branch has settled the litigation regarding IRES 2007, arising from challenges relating to its endowment capital and to foreign tax credits, by means of the payment of €2.1 million, in comparison to a request of €23.6 million.
- finally, the litigation regarding higher mortgage registration and Land Register taxes for 2013 relating to UniCredit S.p.A., arising from disputes over the calculation of the value of a building purchased in 2013, for a total amount of €0.2 million for taxes and interest, has been settled out of Court for a total amount of €0.05 million.

As of December 31, 2015, the total amount of provisions for risks relating to tax litigations and tax audits amounted to €84 million. As of December 31, 2016, the provisions amount to €96 million.

Tax proceedings in Germany
See paragraph “Legal Risks”.

E. Carlo Tassara S.p.A. restructuring process
On December 23, 2013 Carlo Tassara (“Tassara”) and the creditor banks signed the third amendment agreement on the moratorium on debt payments.
The purpose of this transaction is to allow the company to better enhance certain assets under disposal, whose proceeds will be used to pay its financial debts.

The main terms and conditions of the Amendment Agreement include:
1) the postponement of the final expiry of the agreements to December 31, 2016;
2) the appointment of the 9 members composing the Board of Directors, with 6 independent members in accordance with the new corporate governance;
3) the conversion of the creditor banks’ exposures into Strumenti Finanziari Partecipativi (“SFP”) for a total amount of €650 million. The SFP, which can be traded once the restructuring agreement expires, have no maturity date and have a priority over any classes of shares with respect to distribution of net income and reserves, as well as in case of liquidation of Carlo Tassara. The criteria to split the SFP among the banks was calculated taking into account the amount and the distribution of the unsecured debt and, for the difference, the uncovered portion of the secured debt. The value of the listed securities was determined on the basis of the 6-month average share price before the closing of the restructuring agreement;
4) the commitment of the creditor banks to subscribing additional SFP on a pro-rata basis if in the course of the plan material losses occur pursuant to article 2447 of the Italian Civil Code;
5) the commitment of the creditor banks to converting into SFP the residual credits that should remain in place after the disposal of all the available-for-sale assets of Carlo Tassara;
6) the business continuity of Carlo Tassara will be ensured by enterprises with historical links with the Valcamonica area.

The existing collateral (pledge on Intesa Sanpaolo, Eramet and Cattolica Assicurazioni shares) remained in place after the signing of the above-mentioned agreements. On December 27, 2013, following the fulfillment of the conditions precedent to the effectiveness of the third amendment agreement, the banks subscribed the SFP worth €650 million.
UniCredit subscribed for 63,131,974 SFP with a nominal value of €1.00 each and totaling €63 million, issued by Tassara pursuant to the resolution of the Extraordinary Meeting of December 23, 2013, and agreed to contemporaneously pay up these SFP by voluntarily offsetting a portion of its loans (nominal value) to Tassara totaling €63 million, reducing the Bank’s overall exposure to Tassara.

As a result of the above-mentioned offsetting, part of the Bank's loans to Tassara (€63 million) was paid off and the Company’s outstanding debts to the Bank decreased, with effect from December 27, 2013, by €63 million.
On December 23, 2013, in compliance with the governance provisions, the members of Carlo Tassara S.p.A.’s new Board of Directors were appointed.

Overall, therefore, the proceeds received during 2014 by Carlo Tassara S.p.A. as a result of collections made (for securities and dividends), amounted to about €853 million.

In 2015 Tassara sold listed securities (pledged and not pledged as collateral) and collected dividends worth approximately €459 million, which include the proceeds from the sale of 25.3% of the shareholding of Alior Bank SA, pursuant to the agreement concluded with PZU subscribed in May 2015. The sale, carried out in three stages, was concluded at the beginning of April 2016.

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 December 31, 2016 amounted to approximately €3 million gross (fully written-off), which was a significant reduction compared to the exposure of €91 million gross at the end of 2015 (for which write-downs amounting to €13 million had been made). It should also be noted that following the abovementioned operation occurred in the fourth quarter of 2016, UniCredit S.p.A. holds 1,080,000 Eramet S.A. shares (with an investor’s share of 4.07%) recognized based on the published price quotation worth approximately €61 million. For the purpose of providing complete information, it should be noted that as at December 31, 2016 UniCredit S.p.A. also holds overall 32,184,744 SFPs issued by Carlo Tassara S.p.A., each with a nominal value of €1.00.

Part E - Information on risks and hedging policies

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 services and anti- usury. Compliance as control function develops rules, check processes and procedures and monitor complaints trends.

Considering the regulatory complexity and interpretations not always homogeneous, the Bank carried out the proper alignment activities of the support technical functionalities, following which the proper actions were determined in 2016, keeping the existence of a provision for risk aimed at facing potential costs, which recorded an increase of 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 took the necessary initiatives in 2016, also allocating a provision for risks according to the likelihood of disbursement.

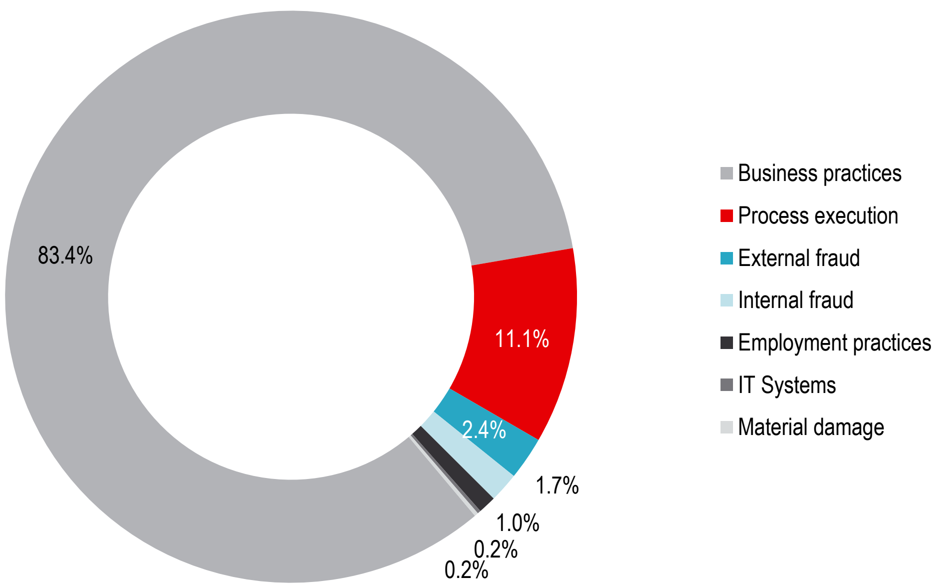
Quantitative information

Detailed below is the percentage composition, by type of event, of operational risk sources as defined by the New Basel Capital Accord and acknowledged by the Regulations for the Prudential Supervision of Banks issued by Banca d'Italia in December 2013 (Circular No.285/2013 and following updates).

The major categories are as follows:

- internal fraud: losses owing to 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 2015 divided by risk category



In 2016, the main source of operational risk was "Clients, products and business practices", a category which includes losses arising from the non-fulfillment of professional obligations towards clients or from the nature or characteristics of the products or services provided, as well as any sanctions for violating regulations. The second largest contribution to losses came from errors in process management, execution and delivery due to operational or process management shortfalls. There were also, in decreasing order, losses stemming from external fraud, internal fraud and employment practices. The residual risk categories were IT systems related problems and damage to physical assets from external events.

Part E - Information on risks and hedging policies

Section 5 - Other Risks

The so-called Pillar 1 risk types (credit risk, market risk, operational risk, as described in dedicated chapters) are considered as primary risks, but there are others the Group considers to be significant which include:

- business risk;
- real estate risk;
- financial investment risk;
- reputational risk.

These risks are defined as follows:

Business Risk

Business risk is defined as adverse, unexpected changes in business volume and/or margins that are not due to credit, market and operational risks. Business risk can result, above all, from a serious deterioration in the market environment, changes in the competitive situation or customer behavior, but may also result from changes in the legal framework.
The exposure data used to calculate business risk are taken from the income statements of each Group Entity for which the risk is significant. Volatility and correlation are derived from the relevant profit & loss reports.
Business Risk focuses on the impact of unexpected shocks on future margins; in this context the margin is defined as a difference between earnings and costs not explained by risk factors already included in economic capital, as credit, market, operational risk. Business Risk embeds also the quantifiable risk component related to the Strategic Risk.
Business Risk is calculated on a quarterly basis for monitoring and for budgeting purposes according to planning time scheduling.

Real Estate Risk

Real estate risk is defined as the potential loss resulting from market value fluctuations of the Group's real estate portfolio, including real estate special purpose vehicles. It does not take into consideration properties held as collateral.
The relevant data for the real estate risk calculation include general information related to properties and area or regional price indexes for each property to enable calculation of volatility and correlation in the model.
The real estate risk model estimates the maximum potential loss with a confidence level set according to the rating target over a one-year time horizon, using a MonteCarlo simulation approach and assuming real estate returns have a non-gaussian distribution and are correlated.
Real estate risk is calculated for monitoring purposes every six months and for budgeting purposes according to the timelines scheduled in the planning process.

Financial Investment Risk

Financial investment risk stems from the equity held in companies not included in the Group and not held in the trading book.
The relevant portfolio mainly includes listed and unlisted shares, derivatives with underlying equity, private equity, units of mutual, hedge and private equity funds.
For all Group equity positions, capital charges may be calculated using either a PD/LGD based approach or a market-based one. The PD/LGD approach is used for unlisted or listed but not liquid equities, including direct private equity holdings. The market-based approach is used for traded equities, equity hedges and all mutual, hedge and private equity funds through the mapping to market indexes.
The calculation of financial investment risk is based on the maximum potential loss, i.e. Value at Risk (VaR), with a confidence level set according to the rating target and over a one-year time horizon and is executed inside credit and market risk models according to the nature of the underlying portfolio. Financial investment risk is calculated quarterly for monitoring and for budgeting purposes according to the timelines scheduled in the planning process.

Reputational Risk

UniCredit group defines Reputational Risk as the current or future risk of a loss or decline in profits or share value as a result of a negative perception of the bank's image by customers, counterparties, bank shareholders, investors or regulators.

Since 2010 UniCredit adopts the Group Reputational Risk Governance Guidelines, which aim at defining a general set of principles and rules for assessing and controlling reputational risk.
The reputational risk management is in charge to Group Operational & Reputational Risks Department of UniCredit S.p.A. and to dedicated functions within the Group companies.

In order to refresh the methodologies of reputational risk assessment, reflecting the best practices already managed by the Group, in September 2016 the Governance Guidelines have been replaced by the Group Reputational Risk management policy.

Moreover, the setup of the Group Operational and Reputational Risk Committee ensures consistency in reputational risk policies, methodologies and practices across Divisions, Business Units and Legal Entities, controlling and monitoring the Group Reputational Risk portfolio. Furthermore the Transactional Credit Committees are in charge of evaluating possible reputational risks inherent transactions, on the basis of the current reputational risk guidelines and policies.

The current policies mitigating specific Reputational risk topics regard "Defense/Weapons Industry", "Nuclear Energy", "Mining", "Water Infrastructure (dam)" and "Coal fired power generation".

Eventually the "Human Rights Commitment" aims to identify and manage human rights risks and reduce potential human rights violations.

Risk Measurement Methods

Within the Internal Capital Adequacy Assessment Process (ICAAP) and in line with the proportionality principle defined in Pillar II of Basel II, the risk profile of the Group and the main material Legal Entities is assessed for all the Pillar 2 risk types.

Credit, market, operational, business, real estate and financial investment risks are therefore measured quantitatively, by:
- economic capital and aggregation as an input for internal capital; and
- stress tests.

On the other side, for small Legal Entities a synthetic approach (top down approach) is used, in which the book value changes of the entities are simulated using market risk-like methods.

The Internal Capital represents the capital needed to face the potential losses inherent in the Group's business activities and it takes into consideration all the Pillar 2 risk types identified by the Group and which are quantifiable in terms of Economic Capital: credit, market, operational, business, financial investment and real estate risks. The effect of the diversification between risk types is also calculated ('inter-risk diversification') together with the diversification effects at portfolio level ('intra-risk diversification'). In addition a capital add-on is calculated as prudential cushion in order to account for model uncertainty risk and the variability of the economic cycle.

The capital aggregation is performed using the Bayesian Copula approach with a one-year time horizon and a confidence level in line with the Group rating target. For control purposes, the Internal Capital is calculated quarterly or ad hoc if needed; it is also projected for budgeting purposes.

The multi-dimensional nature of risk makes it necessary to supplement the measurement of economic capital with stress testing, not only in order to estimate losses in certain scenarios, but also to assess their impacts in terms of capital requirements. Stress testing is a key risk management tool for the management of the relevant risks in order to assess the bank's vulnerability with respect to exceptional but plausible events, providing additional information to the monitoring activities.

Stress testing activities, consistently with regulatory requirements, are performed on the basis of a set of internally defined stress scenarios. The stress test activities also asses the capital requirements for the main regions where the Group is active, and are carried out at least twice a year.

The firm-wide stress test considers the various impacts of a given macro-economic scenario on all relevant risks. These scenarios are drawn analyzing both significant market events happened in the past and plausible worst-case events not yet occurred. This assessment allows to analyze the capital requirements of the Group in stressed conditions over a two year time horizon.

The output of the stress test is therefore, for each risk type and at aggregated level, a quantitative analysis of the capital requirements together with the calculations of the losses conditional on the selected stressed scenarios. In addition the total capital diversification benefit is also assessed.

The Group top management is involved in the ex-ante as well as the ex-post stress analysis in the following way:
- before the exercise is finalized, with a presentation regarding the selected scenarios and the underlying assumptions,
- after the exercise is finalized, with the disclosure of the results and a potential discussion of a contingency plan, if needed.

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

Part E - Information on risks and hedging policies

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

Top and emerging risks

In UniCredit, the management and monitoring of risks is based on a dynamic approach; Top Management is promptly informed on top risks and/or emerging risks through a strict monitoring process embedded in the risk assessment process.
The Risk Management identifies and estimates these risks and submits them regularly to senior/top management and Board of Directors which take the appropriate actions to manage and mitigate risks.

Over 2016, the Group paid particular attention to following kind of risks :

1. Economic global uncertainty and moderate growth for Italian economy;
2. **Geopolitical Risks** existing in the areas where Unicredit operates, especially in **Turkey** and **Russia;**
3. Risks stemming from **Regulatory environment evolution** and in particular regarding regulatory developments that could affect Group profitability.

1. Economic Global Uncertainty

The conditions of the global economy improved slightly in the last year. However, the outlook remains subject to several uncertainties; those of the United States depend on the economic policies of the new administration, not yet defined in detail: an expansionary impact (at the moment difficult to quantify) can be derived by the actions announced in the area of fiscal policy, but adverse effects may arise from the adoption of trade restriction measures. Global growth could be slowed by the onset of turbulence in emerging economies associated with the normalization of US monetary policy.
At the end of November, oil prices have risen following the agreement on a production cut, which was signed by the OPEC countries and some non-OPEC countries like Russia. The agreement held, however, remains doubtful, due to geopolitical tensions between the countries of the cartel.
Inside this frame the Italian economy recovery continued, albeit moderately considering the trend of main indicators are positioned at a high level in the fourth quarter of 2016, and the GDP could be increased to 0,9% for 2016 and 1,1% both in 2018 and in 2019. This reflects the assumption that there are no tensions Financial markets in Italy, reflecting also the hypothesis, which in our country is not interrupted the realization of the reform process started in the last few years.

2. Geopolitical Risks

In **Turkey**, the economic performance worsened sharply in second half 2016 with political shocks, security concerns, and rating downgrades pushing the economy into recession. While growth should pick up in 2017 in the absence of further shocks, political uncertainty will keep markets volatile and under pressure at least through mid-2017 with expected growth in Turkey to rebound to slightly above 3% by end 2017. This rebound will partly benefit from the expected recovery in global growth, and a partial recovery in tourism and the expected lifting of the Russian ban on agricultural exports from Turkey.
From political point of view, the Turkey's parliamentary constitutional committee approved a constitutional amendment
package to switch towards a presidential system while EU Commission reported it wants to improve economic ties with Turkey by expanding the already existing 20-years old Customs Union agreement also to agriculture, services and public procurement sectors; this process will modernize the Customs Union and it would bring substantial economic benefits for both partners as well as a significant increase in trade volume between Turkey and EU by 50% over the next 10 years.
In this kind of context Yapi Kredi show a solid asset quality (NPE ratio around 5%), adequately covered (>60%) with sound capital position.

In **Russia**, despite the improving external environment, the recovery remains elusive mainly due to the weakness of internal situation. External conditions for the Russian economy have improved since 3Q16, with growth in the EU and the U.S. now expected to be stronger and oil prices on the rise.
There have been some signs that the Russian political elite has come to realize the need for reforms, but it is yet uncertain whether these shifts will result in policy actions after the 2018 election.
As upside, the Mr. Trump's election as the U.S. president as beneficial for Russia, because are expected some thaw in relations, but above all the removal of sanctions implemented by previous administration.
In the meanwhile UE extended until end-July 2017 the economic sectorial sanctions against Russia, restricting financial assistance to state-owned banks, state-owned oil companies and other industries even though some Member States have been expressing, in recent months, the willingness to discuss more in-depth a further extension (July 2017), advocating a normalization in the relationships between EU and Russia, and a full recovery of the bilateral trade.
UniCredit Bank in Russia keeps on showing an acceptable NPE ratio (below 10%) coupled with a sound coverage ratio (well above 60%) and robust liquidity and capital positions.

3. Current Macroeconomic and Regulatory environments

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.
- *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 by the end of 201 for application starting in 2020.
- *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 IFRS 9 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 IAS 39). 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, the European regulatory proposal amending the current CRR/CRDIV regulation 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 are to 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"). 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

The UniCredit group has made a priority of capital management and allocation on the basis of the risk assumed in order to expand the Group's operations and create value. These activities are part of the Group planning and monitoring process and comprise:

- planning and budgeting processes:
  - proposals as to risk propensity and capitalization objectives;
  - analysis of risk associated with value drivers and allocation of capital to business areas and units;
  - assignment of risk-adjusted performance objectives;
  - analysis of the impact on the Group's value and the creation of value for shareholders;
  - preparation and proposal of the equity plan and dividend policy;
- monitoring processes:
  - analysis of performance achieved at Group and business unit level and preparation of management reports for internal and external use;
  - analysis and monitoring of limits;
  - analysis and performance monitoring of the capital ratios of the Group and individual companies.

The Group has set itself the goal of generating income in excess of that necessary to remunerate risk (cost of equity), and thus of creating value for its shareholders by allocating capital to the various business areas and business units on the basis of specific risk profiles. In support of planning and monitoring processes, the Group has adopted a methodology based on risk-adjusted performance measurement (Rapm) which provides a number of indicators that combine and summarize the operating, financial and risk variables to be considered.

Capital and its allocation are therefore extremely important in defining strategies, since on the one hand it represents the shareholders' investment in the Group which must be adequately remunerated, on the other hand it is a scarce resource on which there are external limitations imposed by regulatory provisions.

The definitions of capital used in the allocation process are as follows:

- Risk or employed capital: This is the equity component provided by shareholders (employed capital) for which a return that is greater than or equal to expectations (cost of equity) must be provided;
- Capital at risk: This is the portion of capital and reserves that is used (the budgeted amount or allocated capital) or was used to cover (at period-end - absorbed capital) risks assumed to pursue the objective of creating value.

If capital at risk is measured using risk management methods, it is defined as economic capital, if it is measured using regulatory provisions, it is defined as regulatory capital.

Economic capital and regulatory capital differ in terms of their definition and the categories of risk covered. The former is based on the actual measurement of exposure assumed, while the latter is based on schedules specified in regulatory provisions.

Economic capital is set at a level that will cover adverse events with a high level of probability, while regulatory capital is quantified on the basis of a CET1 target ratio in line with that of major international banking groups and taking into account the impacts of the supervisory regulations in force or that will be adopted (CRR, Global Systemically Important Financial Institutions: G-SIFIs, etc.).

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

The purpose of the capital management function performed by the Capital Management unit of Planning and Capital Management is to define the target level of capitalization for the Group and its companies in line with supervisory regulations and the propensity for risk. UniCredit group has identified a Fully Loaded Common Equity Tier 1 Ratio Target above 12.5% as of 2019, as communicated in December 2016 within the Strategic Plan 2019. The Strategic Plan defines the referring macroeconomic scenario, the Group strategic guidelines and the main economic and financial targets as well as dividend payout assumptions coherent with the Common Equity Tier 1 Ratio Target.

The complete Strategic Plan presentation is available in the Group site, at the following link:(https://www.unicreditgroup.eu/content/dam/unicreditgroup-eu/documents/it/press-and-media/price-sensitive/2016/CS_2016StrategicPla_Ita13.12.16.pdf-.pdf).

Capital is managed dynamically: the Capital Management unit prepares the equity plan and monitors capital ratios for regulatory purposes.

On the one hand, monitoring is carried out in relation to shareholders' equity, for both accounting and regulatory purposes (Common Equity Tier 1, Additional Tier 1 and Tier 2 Capital), and on the other hand, in relation to the planning and performance of risk-weighted assets (RWAs).

The dynamic management approach is aimed at identifying the investment and capital-raising instruments (ordinary shares and other equity instruments) that are most suitable for achieving the Group's goals. If there is a capital shortfall, the gaps to be filled and capital generation measures are indicated, and their cost and efficiency are measured using RAPM. In this context, value analysis is enhanced by the joint role played by the Capital Management unit in the areas of regulatory, accounting, financial, tax-related, risk management and other aspects and the changing regulations[22] affecting these aspects so that an assessment and all necessary instructions can be given to other Group HQ areas or the companies asked to perform these tasks.

22 E.g. Basel 2/3, IAS/IFRS etc.

B. Quantitative information

B.1 Consolidated Shareholders' Equity: breakdown by type of company

(€ '000)

	AMOUNTS AS AT 12.31.2016				
NET EQUITY ITEMS	BANKING GROUP	INSURANCE COMPANIES	OTHER COMPANIES	CONSOLIDATION ADJUSTMENTS AND ELIMINATIONS	TOTAL
Share Capital	**21,351,969**	**-**	**43,213**	**(15,589)**	**21,379,593**
Share premium reserve	**15,858,299**	**-**	**(24,860)**	**28**	**15,833,467**
Reserves	**19,342,095**	**17,191**	**110,055**	**(288,716)**	**19,180,625**
Equity instruments	**2,383,463**	**-**	**-**	**-**	**2,383,463**
Treasury shares	**(6,935)**	**-**	**-**	**-**	**(6,935)**
Revaluation reserves	**(4,254,875)**	**104,945**	**(1,566,295)**	**1,460,627**	**(4,255,598)**
- Available for sale financial assets	1,525,838	-	2	43,240	1,569,080
- Property, plant and equipment	-	-	-	-	-
- Intangible assets	-	-	-	-	-
- Hedges of foreing investments	-	-	-	-	-
- Cash-flow hedge	372,754	-	(1)	(43,214)	329,539
- Exchange difference	(3,919,330)	-	1	1,669,477	(2,249,852)
- Non current assets classified held for sale	(67,540)	-	(96)	-	(67,636)
- Actuarial gains (losses) on defined benefits	(2,652,173)	-	(1,582)	(867)	(2,654,622)
- Valuation reserves from investments accounted for using the equity method	208,009	104,945	(1,564,619)	(208,009)	(1,459,674)
- Special revaluation laws	277,567	-	-	-	277,567
Profit (loss) of the year - Minority interests	**(11,329,805)**	**95,131**	**613,379**	**(705,018)**	**(11,326,313)**
Shareholders' Equity	**43,344,211**	**217,267**	**(824,508)**	**451,332**	**43,188,302**

B.2 Revaluation reserves for available-for-sale assets: brekdown

(€ '000)

	AMOUNTS AS AT 12.31.2016									
	BANKING GROUP		INSURANCE COMPANIES		OTHER COMPANIES		CONSOLIDATION ADJUSTMENTS AND ELIMINATIONS		TOTAL	
ASSETS/VALUES	POSITIVE RESERVE	NEGATIVE RESERVE	POSITIVE RESERVE	NEGATIVE RESERVE	POSITIVE RESERVE	NEGATIVE RESERVE	POSITIVE RESERVE	NEGATIVE RESERVE	POSITIVE RESERVE	NEGATIVE RESERVE
1. Debt securities	1,700,118	(314,823)	-	-	1	(11)	(11,824)	56,064	1,688,295	(258,770)
2. Equity securities	304,685	(136,745)	-	-	7,871	(7,870)	(8,858)	7,870	303,698	(136,745)
3. Units in investment fund	26,826	(54,247)	-	-	-	-	-	-	26,826	(54,247)
4. Loans	24	-	-	-	11	-	(12)	-	23	-
Total 12.31.2016	**2,031,653**	**(505,815)**	**-**	**-**	**7,883**	**(7,881)**	**(20,694)**	**63,934**	**2,018,842**	**(449,762)**
Total 12.31.2015	**2,265,502**	**(445,925)**	**-**	**-**	**7,875**	**(7,873)**	**(22,399)**	**49,874**	**2,250,978**	**(403,924)**

Part F - Consolidated Shareholders' Equity

B.3 Revaluation reserves for available-for-sale assets: annual change

(€ '000)

	CHANGES IN 2016			
ASSETS/VALUES	DEBT SECURITIES	EQUITYSECURITIES	UNITSIN INVESTMENTSFUNDS	LOANS
1. Opening balance	**1,661,681**	**281,278**	**(20,723)**	**12**
2. Positive changes	**798,528**	**73,901**	**3,323**	-
2.1 Fair value increases	635,599	60,883	635	-
2.2 Reclassification through profit or loss of negative reserves	107,338	3,521	502	-
- due to impairment	*60*	*3,521*	*502*	-
- following disposal	*107,278*	-	-	-
2.3 Other changes	55,591	9,497	2,186	-
3. Negative changes	**(1,030,684)**	**(188,226)**	**(10,021)**	**11**
3.1 Fair value reductions	(573,217)	(3,000)	(5,724)	-
3.2 Impairment losses	(544)	(11,063)	(1,449)	-
3.3 Reclassification throught profit or loss of positive reserves: following disposal	(405,159)	(125,441)	(5)	-
3.4 Other changes	(51,764)	(48,722)	(2,843)	11
4. Closing balance	**1,429,525**	**166,953**	**(27,421)**	**23**

B.4 Revaluation reserves related to defined benefit plans: annual changes

(€'000)

	CHANGES IN 2016				
	BANKING GROUP	INSURANCE COMPANIES	OTHER COMPANIES	CONSOLIDATIONELIMINATIONSAND ADJUSTMENTS	TOTAL
1. Opening balance	**(2,265,133)**	**-**	**(1,261)**	**(663)**	**(2,267,057)**
2. Increases	**99,697**	**-**	**(13)**	**(352)**	**99,332**
2.1 Increases in fair value	269	-	-	-	269
2.2 Other changes	99,428	-	(13)	(352)	99,063
3. Decreases	**486,737**	**-**	**308**	**(148)**	**486,897**
3.1 Decreases in fair value	272,394	-	305	-	272,699
3.2 Other changes	214,343	-	3	(148)	214,198
4. Closing balance	**(2,652,173)**	**-**	**(1,582)**	**(867)**	**(2,654,622)**

Section 2 – Own funds and banking regulatory ratios

2.1 Regulatory framework

Banca d'Italia Circular No.285 of December 17, 2013, as amended, states that the asset and liability items to be included in the regulatory scope of consolidation are to be calculated according to the consolidation methods provided for by the regulations governing the preparation of financial statements (Banca d'Italia Circular No.262).

It should be noted that the scope of consolidation is determined according to the prudential regulations and, even if maintaining a general alignment, may differ from the scope of the consolidated financial statements, determined under IAS/IFRS.

In more detail, the following consolidation methods are applied:
- the line-by-line consolidation method, to banking, financial and instrumental companies belonging to the banking group;
- the proportionate consolidation method, to banking, financial and instrumental companies in which the banking group or the bank holds a stake of at least 20 per cent, when they are owned by the banking group or the bank jointly with other parties and in accordance with agreements signed with them;
- the equity method: a) to the other banking and financial companies in which the banking group or the bank holds a stake (provided that the bank also holds stakes of at least 20 per cent subject to joint control) of at least 20 per cent or subject to significant influence; b) to businesses, other than banking, financial and instrumental companies, owned exclusively or jointly by the banking group (or the bank) or subject to significant influence.

For more information regarding exclusion and exemption from consolidation see the general instructions contained in Circular No.115.

Prudential treatments have the following characteristics:
- Consolidated entities
  - banking, financial and instrumental companies directly or indirectly controlled by UniCredit S.p.A. to which the line-by-line consolidation method is applied;
  - banking, financial and instrumental companies in which UniCredit S.p.A. holds, directly or indirectly, a 20% stake or more, when they are jointly controlled with other entities and/or according to agreements signed with them; to these subsidiaries the proportional consolidation method is applied;
  - other banking and financial companies in which UniCredit S.p.A. holds, directly or indirectly, a 20% stake or more or anyway subject to significant influence, to which the equity method is applied;
  - companies, other than banking, financial and instrumental companies, directly or indirectly controlled by UniCredit S.p.A., exclusively or jointly, or subject to significant influence, to which the equity method is applied.
- Entities subject to the treatment for Own Funds pursuant to articles 46 and 48 of CRR
  - companies of the financial sector in which a non-significant/significant shareholding is owned, subject to deduction from Own Funds or weighting for the purposes of risk assets, with reference to the thresholds for exemption from deduction from Common Equity Tier 1 (CET1).
- Entities added to risk-weighted assets
  - investments in companies not belonging to the financial sector subject to weighting for the purposes of risk assets.

With reference to the substantial or legal impediments, current or foreseeable, that hinder the rapid transfer of capital resources or funds within the Group, refer to Part A "Accounting Policies" to the paragraph "Significant restrictions".

Part F - Consolidated Shareholders' Equity

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 4 - "CRD 4"), also according to their adoption by Italian Laws.
Such regulation foresees the following breakdown of Own Funds:

- Tier 1 Capital (T1), made by:
  - Common Equity Tier 1 Capital (CET1) and
  - Additional Tier 1Capital (AT1);
- Tier 2 Capital (T2);
- the sum of T1 and T2 generates the Total Own Funds (Total Capital).

Capital requirements and capital buffers

- The minimum capital requirements for the UniCredit group as of December 31, 2016 are equal to the following capital ratios (which also includes the capital conservation buffer set at 2.5% to be fulfilled through CET1, required by Bank of Italy starting January 1, 2014):
  - CET1: 7%;
  - Tier 1 Capital: 8.5%;
  - Total Capital: 10.5%.
- Following the results of the Supervisory Review and Evaluation Process (SREP) performed by European Central Bank (ECB), for 2016 UniCredit is required to meet on a consolidated basis a CET1 ratio transitional of 9.75%.
- The G-SIB buffer required by the Financial Stability Board (FSB) to be applied on top of SREP ratio is equal - for UniCredit - to 0.25% on a phase-in basis from January 1, 2016; such capital buffer will be increased by 0.25% per annum thereafter until reaching 1% on fully loaded basis in 2019.
- The countercyclical capital buffer, to be considered in addition to the SREP requirement, applies starting from January 1, 2016. According to the statement reported by the CRDIV Article 160 (paragraphs from 1 to 4) in coherence with the transitional regime granted by Bank of Italy, for the period from January 1, 2016 until December 31, 2016, institution-specific countercyclical capital buffer shall consist of Common Equity Tier 1 capital capped to 0.625 % of the total of the risk-weighted exposure amounts of the institution.
  With reference to December 31, 2016:
  - countercyclical capital rates have generally been set at 0%, except for the following countries[23]: Sweden (1.50%), Norway (1.50%) and Hong Kong (0.625%);
  - at the consolidated level, the specific countercyclical rate of UniCredit amounts to 0.005%.
- On January 22, 2016 Bank of Italy has identified UniCredit Group as an "Other Systemically Important Institution" (O-SII); Bank of Italy has also decided to apply to the Group an additional capital buffer (O-SII buffer) equal to 0% for 2016[24].

With reference to the compliance with transitional capital ratios on a consolidated basis as of December 31, 2016, please refer to the "Capital and Value Management" section in the Consolidated Report on Operations.

Transitional consolidated Own Funds

Regarding the amount of transitional adjustments as of December 31, 2016, it is worth mentioning that such amounts - compared to December 31, 2015 - also reflect the gradual reduction of the transitional adjustment requested for 2016, mainly:

- 40% for the items to be deducted from Common Equity Tier 1 (60% for 2015);
- 40% for unrealized gains on AFS securities other than those issued by EU countries' Central Administrations (60% for 2015); moreover, according to EU Regulation 2016/445, as confirmed by Bank of Italy communication issued on January 23, 2017, starting from October 1, 2016 (hence, with reference to December 31, 2016 as first applicable regulatory reporting date), a transitional adjustment equal to 40% is applied to unrealized gains on AFS securities issued by EU countries' Central Administrations.Their regulatory treatment (a fully neutralization from Own Fund was previously applied) is now aligned to the other AFS securities.
- 60% for amount of actuarial losses calculated according to CRR Article 473 (80% for 2015).

Loss of the period

The loss of 2016, equal to €11,790 million, is entirely deducted from Common Equity Tier 1 according to CRR article 36(1)(a).

23 With reference to the exposures towards Italian counterparties as of December 31, 2016 - Bank of Italy has set the rate equal to 0%.
24 The 'O-SII buffer' for Unicredit remains equal 0% for 2017 while from 1 January 2018 is increased annually by 0.25% to reach 1% no later than January 1, 2021. G-SII and O-SII buffers are not cumulative but only the highest of the two applies.

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 December 31, 2016, equal to €1,241 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.

Atlante Funds
The regulatory treatment of the quotes held by UniCredit in the Atlante Fund is based on the application of the look-through method to the underlying investments, specifically the stakes indirectly held in Banca Popolare di Vicenza and Veneto Banca are classified as non-significant holdings in financial sector entity, according to the provisions set by EU Regulation 2015/923.
With reference to the commitment held by UniCredit towards Atlante Fund and Atlante Fund II, the regulatory treatment foresees - as of December 31, 2016 - the application of a Credit Conversion Factor equal to 100% ("*full risk*" according to the Annex I of CRR).

Unrealized gains and losses related to exposures towards Central Administrations classified as Available for Sale - AFS
Until September 30, 2016, with reference to the contents of Bank of Italy Bollettino di Vigilanza n.12 issued on December 2013 related to the transitional provisions on Own Funds for unrealized gain and losses associated to exposures towards Central Administrations classified in the IAS39 category "Available For Sale - AFS", UniCredit S.p.A. exercised the option contained in Bank of Italy Circular n.285 ("Disposizioni di vigilanza per le banche", Part 2, Chapter 14, Section II, Paragraph 2) for the calculation of its Consolidated and Individual Own Funds for UniCredit S.p.A. Accordingly, starting from March 31, 2014 reporting period and in coherence with previous periods, UniCredit S.p.A. (for those securities issued by EU Central Administration classified in the portfolio "Available for Sale - AFS") excludes from Own Funds the unrealized gains and losses related to exposures towards EU Central Administration classified in the IAS39 category "Available for Sale - AFS", taking into account the provisions contained in the CRR Article 467.
According to EU Regulation 2016/445, as confirmed by Bank of Italy communication issued on January 23, 2017, starting from October 1, 2016 (hence, with reference to December 31, 2016 as first applicable regulatory reporting date), a transitional adjustment equal to 40% is applied to unrealized gains on AFS securities issued by EU countries' Central Administrations.Their regulatory treatment (a fully neutralization from Own Fund was previously applied) is now aligned to the other AFS securities; therefore, as of December 31, 2016 gains on securities issued by EU countries' Central Administrations are included in Common Equity Tier 1 for 60%.

Deductions of investments in financial sector entities and deferred tax assets that rely on future profitability and arise from temporary differences
With reference to December 31, 2016, UniCredit exceeds the thresholds related to (i) not significant investments (NSI) in financial sector entities, (ii) significant investments (SI) in CET1 instruments issued by financial sector entities and (iii) deferred tax assets that rely on future profitability and arise from temporary differences.
In this regard, the deductions applied to transitional Own Funds are calculated after taking into account the adjustments related to the application of transitional provisions concerning the treatment of prudential filters and deductions; specifically:
- the "relevant common equity tier 1 items" according to CRR article 470 are calculated after considering the transitional adjustments related to prudential filters, minority interests and deductions;
- the amount of deferred tax assets that rely on future profitability and arise from temporary differences is calculated after excluding the quota of deferred tax assets / tax liabilities related to "accumulated others comprehensive income" subjects to transitional adjustments; hence, after excluding from the amount subject to deduction the following percentage of deferred tax assets / tax liabilities: (i) 40% related to AFS portfolio; (ii) 60% related to actuarial losses on defined benefit plans.

Consequently, the table reported under section "B. Quantitative information" reflects the calculation of the relevant thresholds for deduction according to two different methods (i.e. calculation "*fully loaded*" and "*transitional*") as:
- item "*D. Items to be deducted from CET1*" includes the amount of deductions resulting from the "*fully loaded*" calculation according to CRR articles 46 and 48;
- item "*E. Transitional adjustments – Effect on CET1*" includes the amount of transitional adjustments related to deductions calculated during the transitional period (i.e. "*transitional*") according to CRR articles 46, 469 and 470.

Financial conglomerate
With reference to December 31, 2016 reporting date, UniCredit is no more classified as financial conglomerate; such indication was published by Consob (Italian Market Authority) on September 9, 2016.

Part F - Consolidated Shareholders' Equity

1. Common Equity Tier 1 Capital – CET1

Common Equity Tier 1 Capital mainly includes the following elements:

- Main Common Equity Tier 1 Capital items, recognised as Common Equity Tier 1 only where they are available to the institution for unrestricted and immediate use to cover risks or losses as soon as these occur: (I) capital instruments, provided the conditions laid down in CRR Article 28 or, where applicable, Article 29 are met (e.g. ordinary shares); (II) share premium accounts related to the instruments referred to in point (I); (III) retained earnings; (IV) accumulated other comprehensive income; (V) other reserves; Common Equity Tier 1 Capital items also include minority interest for the computable amount recognized by CRR.
- Prudential filters of Common Equity Tier 1 Capital: (I) filter related to increase in its equity under the applicable accounting framework that results from securitized assets; (II) filter related to the fair value reserves related to gains or losses on cash flow hedges of financial instruments that are not valued at fair value; (III) filter related to gains or losses on liabilities of the institution that are valued at fair value that result from changes in the own credit standing of the institution; (IV) filter related to all fair value gains and losses arising from the institution's own credit risk related to derivative liabilities; (V) filter related to additional value adjustments (prudent valuation).
- Deductions from Common Equity Tier 1 items: (I) intangible assets; (II) deferred tax assets (DTA) that rely on future profitability and do not arise from temporary differences; (III) negative amounts resulting from the calculation of expected loss amounts when compared with credit risk adjustments (shortfall) for those positions evaluated according to IRB methods; (IV) defined benefit pension fund assets on the balance sheet of the institution; (V) direct, indirect and synthetic holdings by an institution of own Common Equity Tier 1 instruments, including own Common Equity Tier 1 instruments that an institution is under an actual or contingent obligation to purchase by virtue of an existing contractual obligation; (VI 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 December 31, 2016 Common Equity Tier 1 includes ordinary shares issued by UniCredit S.p.A, equal to €20,217 million.
The item includes neither the amount related to Cashes[25] (€609 million) reclassified under Additional Tier 1 Capital, nor Saving Shares and share premium referred to Saving Shares reclassified within Tier 2 Capital (€17 million).

2. Additional Tier 1 Capital – AT1

The main Additional Tier 1 Capital elements are the following: (I) capital instruments, where the conditions laid down in CRR Article 52 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).

The ordinary shares underlying to the "Cashes" transaction, equal to €609 million, are included in Additional Tier 1 Capital.

On December 14, 2016, with value date December 21, 2016, UniCredit S.p.A. launched Additional Tier 1 notes, denominated in EUR, for a total of € 500 million with characteristics compliant with the "CRD IV" regulation in force starting from January 1, 2014. The securities are perpetual (with maturity linked to corporate duration of UniCredit S.p.A.) and can be called by the Issuer after ca. 5.5 years and thereafter at any interest payment date. Notes pay fixed rate coupons of 9.25% 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 + 930 bps. The notes were allocated to institutional investors, based in the main financial European venues (UK 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.

[25] The CASHES are equity-linked instruments, issued for a counter value of €2,983,000 thousand in February 2009 by The Bank of New York (Luxembourg) SA, with a maturity on December 15, 2050 and convertible, under certain conditions, into n.96,756,406 ordinary shares of UniCredit S.p.A. (reduced from n.967,564,061 after the reverse split occurred on December 23, 2011) underwritten by Mediobanca in the context of the capital increase approved by the UniCredit Extraordinary Shareholders' Meeting on November 14, 2008. Therefore, since such shares are legitimately issued, they are fully loss absorbing as any other ordinary share.

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	21.07.2020	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	03.06.2024	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	10.09.2021	Fixed	6.75% p.a until 10.09.2021; therafter fixed every 5 years for 5-Year Mid-Swap Rate + 610bps	Non convertible	yes	Tier 2
no	UNICREDIT SPA	XS1539597499	495	500	EUR	No maturity	03.06.2022	Fixed	9.25% p.a. until 3/06/2022; thereafter fixed every 5 years for 5-year Mid-Swap Rate + 930bps	Non convertible	yes	Tier 2
yes	UNICREDIT INTERNATIONAL BANK (LUXEMBOURG) SA	XS0372556299	136	350	GBP	No maturity	27.06.2018	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	10.12.2019	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	13.10.2036	13.10.2034	Fixed	7.76% p.a	Non convertible	yes	Tier 2
yes	ALPINE CAYMAN ISLANDS LTD.	DE000A0DD4K8	95	250	EUR	No maturity	28.10.2011	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	22.03.2012	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	20	300	USD	30.06.2031	30.06.2029	Fixed	8.741% p.a.	Non convertible	yes	Tier 2
yes	HVB FUNDING TRUST III	US404399AA50	19	200	USD	22.10.2031	22.10.2029	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 Tier 2 Capital elements are the following: (I) capital instruments and subordinated loans where the conditions laid down in CRR Article 63 are met; (II) the share premium accounts related to instruments referred to in point (I); (III) possible surplus of credit risk adjustments with reference to expected losses for positions evaluated according to IRB methods; (IV) capital instruments and subordinated loans for the amount computable in Own Funds according to the transitional provisions foreseen by CRR (grandfathering).
Consolidated Own Funds as of December 31, 2016 do not include Tier 2 instruments having a contractual amortization plan in line with regulatory rules stated by CRR Article 63; while they includes - according to CRR Article 484(5) among grandfathered instruments - the amount of such instruments issued before December 31, 2011 and subject to the grandfathering provisions.

Saving shares and related share premium are included in Tier 2 Capital for a total amount of €17 million.

On May 26, 2016, with value date June 3, 2016, UniCredit S.p.A. launched Tier 2 notes, denominated in EUR, for a total of €750 million. The securities have a legal maturity of 10.5 years and can be called by the Issuer after 5.5 years from the issue date. Notes pay fixed rate coupons of 4.375% per annum, on an annual basis; if not redeemed, coupons will be reset to the then 5-Years Mid-Swap rate +431.6 basis points. The Notes were distributed to different institutional investors' categories, mainly funds (88%) and banks and insurance companies. The demand was mainly coming from the following regions: UK (57%), Italy (20%), France (11%). Bonds are listed on the Luxembourg Stock Exchange.

Financial instruments included in Tier 2 Capital

SUBJECT TO TRANSITIONAL RULES (GRANDFATHERING)	ISSUER	UNIQUE IDENTIFIER (1)	COMPUTABLE CRR AMOUNT (€/MLN) (2)	NOMINAL AMOUNT IN ORIGINAL CURRENCY (MLN)	CURRENCY	MATURITY DATE	OPTIONAL CALL DATE	FIXED OR FLOATING DIVIDEND / COUPON	COUPON RATE AND ANY RELATED INDEX	CONVERTIBLE OR NON-CONVERTIBLE	WRITE-DOWN FEATURES	POSITION IN SUBORDINATION HIERARCHY IN LIQUIDATION (3)
no	UNICREDIT SPA	XS0322918565	140	1,000	EUR	26.09.2017	-	Fixed	5.75% p.a.	Non Convertible	no	Senior
no	UNICREDIT SPA	XS0332831485	31	171	EUR	04.12.2017	-	Floating	Max between 5.14% and 100% of swap Euro 10 y	Non Convertible	no	Senior
no	UNICREDIT SPA	XS0334815601	19	100	EUR	11.12.2017	-	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	4	15	EUR	10.04.2018	-	Floating	Max between 5.535% and 10 y Euro CMS	Non Convertible	no	Senior
no	UNICREDIT SPA	XS0356629369	26	100	EUR	24.04.2018	-	Floating	Max between 5% and 10 y Euro CMS + 0.67%	Non Convertible	no	Senior
no	UNICREDIT SPA	XS0367777884	200	1,000	EUR	05.06.2018	-	Fixed	6.70% p.a.	Non Convertible	yes	Lower Tier 2
no	UNICREDIT SPA	XS0372227982	37	125	EUR	25.06.2018	-	Floating	Euribor 6M + 1.7%	Non Convertible	yes	Lower Tier 2
no	UNICREDIT SPA	XS0503612250	43	50	EUR	21.04.2021	-	Fixed	5% p.a.	Non Convertible	no	Senior
no	UNICREDIT SPA	XS0504566414	50	50	EUR	25.04.2022	-	Fixed	5.05% p.a.	Non Convertible	no	Senior
no	UNICREDIT SPA	XS0503708280	33	50	EUR	26.04.2020	-	Fixed	4.75% p.a.	Non Convertible	no	Senior
yes	UNICREDIT SPA	IT0004605074	221	333	EUR	31.05.2020	-	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	35	50	EUR	14.06.2020	-	Fixed	5.16% p.a.	Non Convertible	no	Senior
yes	UNICREDIT SPA	IT0004615305	29	327	EUR	14.06.2017	-	Fixed	06.14.2011: 3.00%; 06.14.2012: 3.25%; 06.14.2013: 3.50%; 06.14.2014: 3.80%; 06.14.2015: 4.10%; 06.14.2016: 4.40%; 06.14.2017: 4.70%.	Non Convertible	no	Senior
yes	UNICREDIT SPA	IT0004698418	112	464	EUR	31.03.2018	-	Fixed to Floating	5.00% p.a. from 06.30.2011 to 03.31.2013; from 06.30.2013 Euribor 3M + 1% p.a.	Non Convertible	no	Senior
yes	UNICREDIT SPA	IT0004698426	183	759	EUR	31.03.2018	-	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	493	750	EUR	19.04.2021	-	Fixed	6.125% p.a.	Non Convertible	no	Senior
yes	UNICREDIT SPA	IT0004723927	112	394	EUR	30.06.2018	-	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	6	20	EUR	05.07.2018	-	Floating	Euribor 3M + 2.50% p.a.	Non Convertible	no	Senior
no	UNICREDIT SPA	XS0849517650	1,494	1,500	EUR	31.10.2022	-	Fixed	6.95% 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)
yes	UNICREDIT SPA	IT0004747330	48	157	EUR	19.08.2018	-	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	3	10	EUR	21.07.2018	-	Floating	Euribor 3M + 2.637% p.a.	Non Convertible	no	Senior
yes	UNICREDIT SPA	IT0004764004	146	414	EUR	31.10.2018	-	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	215	518	EUR	31.01.2019	-	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	194	300	SGD	30.07.2023	30.07.2018	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	708	750	USD	02.05.2023	02.05.2018	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	28.10.2025	28.10.2020	Fixed	5.75% p.a.. after the call. 5Y Swap + 410 bps	Non Convertible	no	Senior
no	UNICREDIT SPA	135_SL0001	2	10	EUR	30.10.2017	-	Fixed	5.45% p.a.	Non Convertible	no	Senior
no	UNICREDIT SPA	135_SL0002	2	10	EUR	30.10.2017	-	Fixed	5.45% p.a.	Non Convertible	no	Senior
no	UNICREDIT SPA	135_SL0003	2	10	EUR	13.11.2017	-	Fixed	5.54% p.a.	Non Convertible	no	Senior
no	UNICREDIT SPA	135_SL0004	1	5	EUR	27.11.2017	-	Fixed	5.7% p.a.	Non Convertible	no	Senior
no	UNICREDIT SPA	135_SL0005	1	5	EUR	27.11.2017	-	Fixed	5.7% p.a.	Non Convertible	no	Senior
no	UNICREDIT SPA	135_SL0006	4	20	EUR	27.11.2017	-	Fixed	5.7% p.a.	Non Convertible	no	Senior
no	UNICREDIT SPA	135_SL0007	4	20	EUR	27.11.2017	-	Fixed	5.7% p.a.	Non Convertible	no	Senior
no	UNICREDIT SPA	135_SL0008	0	1	EUR	27.11.2017	-	Fixed	5.7% p.a.	Non Convertible	no	Senior
no	UNICREDIT SPA	135_SL0009	7	40	EUR	27.11.2017	-	Fixed	5.7% p.a.	Non Convertible	no	Senior
no	UNICREDIT SPA	135_SL0010	1	5	EUR	27.11.2017	-	Fixed	5.7% p.a.	Non Convertible	no	Senior
no	UNICREDIT SPA	135_SL0011	4	20	EUR	27.11.2017	-	Fixed	5.7% p.a.	Non Convertible	no	Senior
no	UNICREDIT SPA	135_SL0012	1	5	EUR	27.11.2017	-	Fixed	5.7% p.a.	Non Convertible	no	Senior
no	UNICREDIT SPA	135_SL0013	2	10	EUR	30.01.2018	-	Fixed	5.74% p.a.	Non Convertible	no	Senior
no	UNICREDIT SPA	135_SL0014	2	10	EUR	30.01.2018	-	Fixed	5.74% p.a.	Non Convertible	no	Senior
no	UNICREDIT SPA	XS1070428732	184	185	EUR	21.05.2024	21.05.2019	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	50	10,000	JPY	12.03.2021	-	Fixed	6.3% p.a.	Non Convertible	no	Senior
no	UNICREDIT BANK AUSTRIA AG	US060587AB85	17	700	USD	15.02.2017	-	Fixed	7.25% p.a.	Non Convertible	no	Senior
no	UNICREDIT BANK AUSTRIA AG	AT0000541719	15	20	EUR	06.10.2020	-	Fixed	6.5% p.a.	Non Convertible	no	Senior

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no	UNICREDIT BANK AUSTRIA AG	AT0000541669	4	5	EUR	01.08.2020	-	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	24.01.2031	-	Floating	Euribor 3M + 0.39% p.a.	Non Convertible	no	Senior
no	UNICREDIT BANK AUSTRIA AG	XS0123313636	30	30	EUR	25.01.2031	-	Floating	Euribor 6M + 0.3925% payable semi-annually	Non Convertible	no	Senior
no	UNICREDIT BANK AUSTRIA AG	XS0123117292	46	46	EUR	25.01.2031	-	Floating	Euribor 3M + 0.35% payable quarterly	Non Convertible	no	Senior
no	UNICREDIT BANK AUSTRIA AG	AT0000539606	9	9	EUR	21.12.2026	21.12.2017	Fixed	6% p.a.	Non Convertible	no	Senior
no	UNICREDIT BANK AUSTRIA AG	XS0134061893	55	55	EUR	20.08.2033	-	Floating	Euribor 3M + 0.52% payable quarterly	Non Convertible	no	Senior
no	UNICREDIT BANK AUSTRIA AG	XS0136314415	35	35	EUR	31.10.2031	-	Floating	Euribor 3M + 0.49% payable quarterly	Non Convertible	no	Senior
no	UNICREDIT BANK AUSTRIA AG	XS0137905153	12	12	EUR	30.10.2031	-	Fixed	5.935% p.a.	Non Convertible	no	Senior
no	UNICREDIT BANK AUSTRIA AG	XS0138428684	60	60	EUR	31.12.2031	-	Floating	Euribor 3M + 0.50% payable quarterly	Non Convertible	no	Senior
no	UNICREDIT BANK AUSTRIA AG	XS0139264682	38	40	USD	05.12.2031	-	Fixed	6.21% p.a.	Non Convertible	no	Senior
no	UNICREDIT BANK AUSTRIA AG	A111_SL0040	26	28	USD	15.12.2046	-	Fixed	USD 130.000 per month/ 5.673% p.a.	Non Convertible	no	Senior
no	UNICREDIT BANK AUSTRIA AG	XS0140394817	94	95	EUR	27.12.2031	-	Floating	Euribor 3M + 0.48% payable quarterly	Non Convertible	no	Senior
no	UNICREDIT BANK AUSTRIA AG	XS0140907626	50	50	EUR	27.12.2021	-	Floating	Euribor 3M + 0.48% payable quarterly	Non Convertible	no	Senior
no	UNICREDIT BANK AUSTRIA AG	XS0140691865	50	50	EUR	27.12.2026	-	Floating	Euribor 6M + 0.5% payable semi-annually	Non Convertible	no	Senior
no	UNICREDIT BANK AUSTRIA AG	XS0140608398	63	63	EUR	27.12.2021	-	Fixed	5.80% p.a.	Non Convertible	no	Senior
no	UNICREDIT BANK AUSTRIA AG	XS0140838474	125	125	EUR	27.12.2029	-	Floating	Euribor 6M + 0.52% payable semi-annually	Non Convertible	no	Senior
no	UNICREDIT BANK AUSTRIA AG	XS0141069442	100	100	EUR	28.12.2021	-	Floating	Euribor 6M +0.48% payable semi-annually	Non Convertible	no	Senior
no	UNICREDIT BANK AUSTRIA AG	AT0000539481	39	40	EUR	29.11.2021	-	Fixed	6% p.a.	Non Convertible	no	Senior
no	UNICREDIT BANK AUSTRIA AG	A111_SL0050	24	25	EUR	19.10.2021	-	Fixed	6.01% p.a.	Non Convertible	no	Senior
no	UNICREDIT BANK AUSTRIA AG	A111_SL0053	20	20	EUR	02.12.2021	-	Fixed	5.51% p.a.	Non Convertible	no	Senior
no	UNICREDIT BANK AUSTRIA AG	AT0000246814	2	15	EUR	26.02.2021	26.02.2016	Floating	Euribor 6M + 0.20% payable semi-annually	Non Convertible	no	Senior
no	UNICREDIT BANK AUSTRIA AG	AT0000245790	0	27	EUR	25.10.2019	-	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	12	60	DEM	21.12.2018	-	Fixed	5.43% p.a.	Non Convertible	no	Senior
no	UNICREDIT BANK AG	XS0097425226	15	40	EUR	14.05.2019	-	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	28.05.2019	-	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

Part F - Consolidated Shareholders' Equity

SUBJECT TO TRANSITIONAL RULES (GRANDFATHERING)	ISSUER	UNIQUE IDENTIFIER (1)	COMPUTABLE CRR AMOUNT (€/MLN) (2)	NOMINAL AMOUNT IN ORIGINAL CURRENCY (MLN)	CURRENCY	MATURITY DATE	OPTIONAL CALL DATE	FIXED OR FLOATING DIVIDEND / COUPON	COUPON RATE AND ANY RELATED INDEX	CONVERTIBLE OR NON-CONVERTIBLE	WRITE-DOWN FEATURES	POSITION IN SUBORDINATION HIERARCHY IN LIQUIDATION (3)
no	UNICREDIT BANK AG	XS0098170003	18	43	EUR	01.06.2019	-	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	12	25	EUR	25.06.2019	25.06.2009	Fixed	7.00% p.a.	Non Convertible	no	Senior
no	UNICREDIT BANK AG	XS0104764377	39	39	EUR	19.11.2029	-	Floating	Euribor 6M + 0.62%	Non Convertible	no	Senior
no	UNICREDIT BANK AG	DE0002298890	10	20	EUR	07.06.2019	-	Fixed	5.5% p.a.	Non Convertible	no	Senior
no	UNICREDIT BANK AG	XS0105174352	12	12	EUR	13.12.2024	-	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	21.12.2029	-	Fixed	5.00% p.a.	Non Convertible	no	Senior
no	UNICREDIT BANK AG	XS0114878233	6	8	EUR	03.08.2020	-	Floating	Euribor 6M + 0.65%	Non Convertible	no	Senior
no	UNICREDIT BANK AG	XS0119485885	10	14	EUR	23.10.2020	-	Floating	Euribor 3M + 0.70%	Non Convertible	no	Senior
no	UNICREDIT BANK AG	XS0120851174	8	10	EUR	22.12.2020	-	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	2	10	EUR	27.11.2017	-	Fixed	5.85% p.a.	Non Convertible	no	Senior
no	UNICREDIT BANK AG	XS0150812872	1	10	EUR	08.07.2017	-	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	4	25	EUR	24.09.2017	-	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	1	8	EUR	22.10.2017	-	Fixed	4.625% p.a.	Convertible - AT1	no	Senior
no	UNICREDIT LUXEMBOURG FINANCE SA	US90466GAC69	117	750	USD	31.10.2017	-	Fixed	6.00% p.a.	Non Convertible	no	Senior
no	UNICREDIT SPA	IT0005087116	2,495	2,500	EUR	03.05.2025	03.05.2020	Floating	Euribor 3M + 2.75%	Non Convertible	no	Senior
no	UNICREDIT SPA	XS1426039696	747	750	EUR	03.01.2027	03.01.2022	Fixed	4.375% p.a. from issue date to 01.02.2022 payable annually; 4.316% p.a. + 5 Year Mid-Swap Rate after 01.02.2022	Non Convertible	no	Senior

Notes:
(1) Please note that ISIN Guidelines (paragraph 7) 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.
(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	12.31.2016	12.31.2015
A. Common Equity Tier 1 Capital (CET1) before prudential filters	**49,711,726**	**48,145,784**
of/w grandfathered CET1 instruments	-	-
B. CET1 Prudential Filters (+/-)	**(1,243,350)**	**(1,270,500)**
C. CET1 gross of deductions and transitional adjustments (A +/- B)	**48,468,376**	**46,875,284**
D. Items to be deducted from CET1	**19,376,328**	**6,330,745**
E. Transitional adjustments - Effect on CET1 (+/-), including minority interests subject to transitional adjustments	**2,445,154**	**830,619**
F. Common Equity Tier 1 Capital (C - D +/-E)	**31,537,202**	**41,375,158**
G. Additional Tier 1 Capital (AT1) gross of deductions and transitional adjustments	**3,732,353**	**3,601,536**
of/w grandfathered AT1 instruments	*1,348,890*	*1,713,073*
H. Items to be deducted from AT1	**125,123**	**71,078**
I. Transitional adjustments - Effect on AT1 (+/-), including qualifying instruments issued by subsidiaries and computable in AT1 due to transitional provisions	**(139,582)**	**14,448**
L. Additional Tier 1 Capital (G - H +/- I)	**3,467,648**	**3,544,906**
M. Tier 2 (T2) Capital gross of deductions and transitional adjustments	**10,686,356**	**10,654,380**
of/w grandfathered T2 instruments	*1,073,554*	*1,789,267*
N. Items to be deducted from T2	**844,400**	**791,726**
O. Transitional adjustments - Effect on T2 (+/-), including qualifying instruments issued by subsidiaries and computable in T2 due to transitional provisions	**302,961**	**795,962**
P. Tier 2 Capital (M - N +/- O)	**10,144,917**	**10,658,616**
Q. Total Own Funds (F + L + P)	**45,149,767**	**55,578,680**

Own funds are calculated according to the transitional regime applicable period by period.

The changes in the Own Funds as at December 31, 2016 compared to the previous year, are shown in detail in the Disclosure by Institutions as at December 31, 2016, in the "Own Funds" chapter, on the Group website to the link https://www.unicreditgroup.eu/it/investors/third-pillar-basel-two-and-three.html.

Description of main capital items as of December 31, 2016

A. Common Equity Tier 1 Capital (CET1) before prudential filters
The item includes:

- paid up instruments for €20,217 million: compared to December 31, 2015 such item includes the effects of the increase related to the scrip dividend scheme as approved by the Extraordinary Shareholders' Meeting of April 14, 2016, under which newly-issued ordinary shares of the Company were granted to the shareholders entitled to receive the 2015 dividend not requesting a cash payment;
- share premium for €14,368 million;
- other reserves included retained earnings for €17,554 million; compared to December 31, 2015, such amount includes, in addition to the portion of year 2015 profit brought forward, the positive effects related to the disposal of stake in Fineco S.p.A and Bank Pekao;
- minority interest given recognition in CET1 capital for €1,613 million; compared to December 31, 2015, such amount reflects the increase in Fineco S.p.A and Bank Pekao minorities as resulting from the disposal of stake of these entities;
- accumulated other comprehensive income, negative for €4,039 million; such item includes - among the others - the following items whose regulatory treatment is outlined below:
  - reserves for actuarial losses (IAS19)[26]:
    - amount of the negative reserve: €2,678 million;
    - amount of the positive transitional filter included in section "*E. Transitional adjustments - Effect on CET1 (+/-), including minority interests subject to transitional adjustments*": €1,112 million;
  - reserves on available for sale (AFS) securities:
    - amount of the positive reserve: €1,745 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*": €698 million, of/which €480 million referred to securities issued by EU Central Administrations;
  - revaluation reserve on exchange differences: amount of the negative reserve included in this item for €3,758 million.

26 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.

Part F - Consolidated Shareholders' Equity

The item includes neither the amount related to Cashes (€609 million) reclassified in the Item "*G. Additional Tier 1 Capital (AT1) gross of deductions and transitional adjustments*", nor Saving Shares and related share premium reserves (€17 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 reserves of financial instruments (CRR art.33), equal to €374 million;
  - negative filter on gains on liabilities of the institutions related to changes in own credit standing (CRR art.33), equal to €232 million;
  - negative filter related to additional value adjustments (CRR art.34), equal to €170 million;
- national filters as required by Bank of Italy Circular n.285, referred to:
  - multiple goodwill redemption ("affrancamenti mutipli"), equal to €438 million[27];
  - gain on sale of properties mainly used in operations ("cessione in blocco"), equal to €28 million.

D. Items to be deducted from CET1
The item includes the following main elements:
- loss of the period 2016, equal to 11,790 million, entirely deducted according to CRR art. 36(1)(a);
- goodwill and other intangible assets, for €4,995 million;
- deferred tax assets that rely on future profitability and do not arise from temporary differences, for €354 million;
- deductions for securitizations, for €223 million;
- deductions related to the amount of investments in financial sector entities and deferred tax assets that rely on future profitability and arise from temporary differences exceeding the conditional thresholds deductions, for overall 1,968 million, of/which:
  - common equity tier 1 instruments issued by financial sector entities where the institution does not have a significant investment, for €141 million (amount exceeding the 10% CET1 threshold according to CRR art. 46 for the portion related to common equity tier 1 instruments);
  - common equity tier 1 instruments issued by financial sector entities where the institution has a significant investment, for €154 million (amount exceeding the 10% CET1 threshold according to CRR art. 48.1);
  - aggregated amount of (i) common equity tier 1 capital instruments issued by financial sector entities where the institution has a significant investment and (ii) deferred tax assets that rely on future profitability and arise from temporary differences, for €1,672 million (amount exceeding the 17,65% CET1 threshold according to CRR art.48.2).

E. Transitional adjustments - Effect on CET1, including minority interests subject to transitional adjustments
The item includes the following main transitional adjustments:
- exclusion of 40% of unrealized gains related to (I) exposures towards EU Central Administrations classified in the portfolio "Available For Sale - AFS", equal to €480 million and (ii) debt instruments other than those issued by EU Central Administration, and capital instruments classified in the portfolio "Available For Sale - AFS", for €218 million;
- positive filter on negative actuarial reserves (IAS19) equal to 60% of the amount calculated according to CRR Article 473, for €1,112 million;
- positive adjustment equal to 40% of the deduction related to deferred tax assets that rely on future profitability and do not arise from temporary differences, for €138 million;
- positive filter due to the inclusion of minority interests subject to transitional adjustments, for €780 million;
- positive adjustment equal to 40% of the amount deducted related to CET1 instruments issued by financial sector entities where the institution does not have a significant investment, for €56 million;
- positive adjustment, for €145 million, calculated as difference between the amount deducted under the "fully loaded" scenario (€154 million) and the amount deducted during the transitional period (i.e. €9 million, equal to 40% of the amount of CET1 instruments issued by financial sector entities where the institution has a significant investment which exceeds the 10% CET1 threshold according to CRR art. 470);
- positive adjustment, for €911 million, calculated as difference between the amount deducted under the "fully loaded" scenario (€1,672million) and the amount deducted during the transitional period (i.e. €761 million, equal to 40% of the aggregated amount of (i) CET1 instruments issued by financial sector entities where the institution has a significant investment and (ii) deferred tax assets that rely on future profitability and arise from temporary differences which exceeds the 15% CET1 threshold according to CRR art. 470).

27 The amount of the filter refers to the 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 n.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, n. 225" ("Disciplina del credito d'imposta derivante dalla trasformazione di attività per imposte anticipate iscritte in bilancio di cui all'articolo 2, commi da 55 a 58, del decreto legge 29 dicembre 2010, n.225").

I. Transitional adjustments - Effect on AT1, including qualifying instruments issued by subsidiaries and computable in AT1 due to transitional provisions

The item includes the following main transitional adjustments:

- positive adjustment, for €10 million, equal to 40% (€21 million) of the deduction (€53 million) related to positions (direct, indirect and synthetic) in AT1 instruments issued by financial sector entities (FSE) where the institution does not have a significant investment, net of 50% of the residual amount of the deduction related to direct positions (€11 million).
- positive adjustment, for €9 million, equal to 40% (€18 million) of the deduction (€45 million) related to positions (direct, indirect and synthetic) in AT1 instruments issued by financial sector entities (FSE) where the institution has a significant investment, net of 50% of the residual amount of the deduction related to direct positions (€9 million);
- negative adjustment, for overall €159 million, equal to 50% of the residual amount related to investments in financial sector entities, of/which:
  - €22 million related to direct positions in CET1 instruments issued by financial sector entities where the institution does not have a significant investment;
  - €137 million related to direct positions in CET1 instruments issued by financial sector entities where the institution has a significant investment.

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 €905 million, included in Tier 2 Capital in accordance with CRR art.62, capped to 0.6% of risk-weighted exposures.

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:

- negative adjustment, for overall €179 million, equal to 50% of the residual amount related to investments in financial sector entities, of/which:
  - €22 million related to direct positions in CET1 instruments issued by financial sector entities where the institution does not have a significant investment;
  - €137 million related to direct positions in CET1 instruments issued by financial sector entities where the institution has a significant investment;
  - €11 million related to direct positions in AT1 instruments issued by financial sector entities where the institution does not have a significant investment;
  - €9 million related to direct positions in AT1 instruments issued by financial sector entities where the institution has a significant investment;
- positive adjustment due to the inclusion of instruments issued by subsidiaries and included in Tier 2 Capital according to transitional provisions, equal to €373 million;
- national positive filter as regulated by Bank of Italy Circular No.285, equal to 40% of 50% of unrealized gains on AFS, equal to €109 million.

Part F - Consolidated Shareholders' Equity

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 12.31.2016	UNWEIGHTED ASSETS 12.31.2015	WEIGHTED ASSETS/EQUIREMENTS 12.31.2016	WEIGHTED ASSETS/EQUIREMENTS 12.31.2015
A. RISK ASSETS				
A.1 CREDIT AND COUNTERPARTY RISK	**877,285,582**	**893,409,844**	**331,181,087**	**333,598,220**
1. Standardized approach(1)	411,492,617	407,955,532	180,075,863	184,884,012
2. IRB approaches	443,048,947	466,172,785	148,202,706	145,833,652
2.1 Foundation	*17,371,475*	*20,527,719*	*11,905,651*	*13,968,643*
2.2 Advanced	*425,677,472*	*445,645,066*	*136,297,055*	*131,865,009*
3. Securitizations	22,744,018	19,281,527	2,902,518	2,880,556
B. CAPITAL REQUIREMENTS				
B.1 Credit and counterparty risk			**26,494,487**	**26,687,858**
B.2 Credit valuation adjustment risk			**292,528**	**390,513**
B.3 Settlement risk			**2,278**	**1,981**
B.4 Market Risk			**1,100,151**	**877,142**
1. Standard approach			158,445	178,037
2. Internal Models			941,706	699,105
3. Concentration Risk			-	-
B.5 Operational Risk			**3,081,431**	**3,290,415**
1. Basic indicator approach			233,540	225,086
2. Traditional standardized approach			285,337	300,729
3. Advanced measurement approach			2,562,554	2,764,601
B.6 Other calculation elements			**-**	**-**
B.7 Total capital requirements			**30,970,875**	**31,247,909**
C. RISK ASSETS AND CAPITAL RATIOS				
C.1 Risk Weighted Assets			**387,135,931**	**390,598,859**
C.2 Common Equity Tier 1 Capital/Risk weighted assets (CET1 capital ratio)			**8.15%**	**10.59%**
C.3 Tier 1 Capital/Risk weighted assets (Tier 1 capital ratio)			**9.04%**	**11.50%**
C.4 Total Own Funds/Risk weighted assets (Total capital ratio)			**11.66%**	**14.23%**

Note:
(1) The weighted amount includes the "Exposures with or central counterparties as pre-funded contributions to the default fund".

Part G - Business Combinations

Part G - Business Combinations

Section 1 - Business combinations completed in the year

Business combinations with counterparties outside the Group are carried out using the "purchase method" prescribed by the accounting standard IFRS3 "Business Combinations".

Under its reorganization program the Group may carry out business combinations involving companies or businesses which were already directly or indirectly controlled by UniCredit S.p.A. (Business Combination Under Common Control).
These transactions have no economic substance and are accounted for in the acquirer's and acquired entity's accounts in accordance with the continuity principle.
These transactions have no effect on consolidated level.

1. Business combinations outside the Group

In 2016 the Group has not performed business combinations outside the Group. It should be noted that, the first consolidation of Capital Dev's conglomerate was carried on; this did not result in a goodwill recognition.
For further details please refer to Part A, Section 3 - Consolidation Scope and Methods of Notes to the Consolidated Accounts.

2. Business combinations inside the Group

Within the Group during 2016 some transactions were carried out involving disposal or buy-outs of Business Units with business combinations under common control in line with strategic guidelines of the Group. These transactions detailed below had no economic substance and were accounted for in the acquirer's and acquired entity's accounts in accordance with the continuity principle:

- The transfer of the CEE Division - including the shareholdings of CEE subsidiaries - from UniCredit Bank Austria AG to UniCredit S.p.A.. This transaction named "Delorean" was completed on October 1, 2016, with accounting and economic retroactivity to January 1, 2016, through (i) the demerger of the CEE Division business unit from UniCredit Bank Austria AG to a company named UCG Beteiligungsverwaltung GmbH (an Austrian NewCo wholly owned by UniCredit S.p.A) and (ii) the subsequent cross border merger of UCG Beteiligungsverwaltung GmbH into UniCredit S.p.A. Such reorganization will allow to simplify the structure and strengthen the central steering functions, while preserving the existing know-how and customers' relationships.
- The transfer of the business unit "Ultra High wealth Individuals Network" (UHNWI) in favor of Cordusio SIM S.p.A. in the plan to strengthen its presence in Wealth Management using a dedicated company to offer by this company all the services of consulting and investment management for customers with financial assets higher than a certain level. The disposal of the business is effective from November 1, 2016.
- Merger of UniCredit Global Business Services GMBH into UniCredit Business Integrated Solutions S.C.p.A. has been completed on April 1, 2016 within "All4Quality" initiative.

Section 2 - Business combinations completed after year-end

No business combination have been completed after year end.

Section 3 - Retrospective adjustments

No retrospective adjustments has been applied in 2016 on business combinations competed in previous years.

Part H - Related-Party Transactions

Part H - Related-Party Transactions

1. Details of Top Managers' Compensation

Details of key management personnel's 2016 remuneration are given below. Key management personnel are persons having authority and responsibility for planning, directing, and controlling UniCredit's activities, directly or indirectly. Key management personnel include the Chief Executive Officer and the other members of the Board of Directors, the Standing Auditors, the General Manager and the other Senior Executive Vice Presidents directly reporting to the Board of Directors or to the Chief Executive Officer[28].

Remuneration paid to key management personnel (including directors)

(€ '000)

	YEAR 2016	YEAR 2015
a) short-term employee benefits	20,348	22,688
b) post-retirement benefits	1,725	2,131
of which: under defined benefit plans	-	-
of which: under defined contribution plans	*1,725*	*2,131*
c) other long-term benefits	-	-
d) termination benefits	13,524	9,168
e) share-based payments	2,755	5,993
Total	**38,352**	**39,980**

In the above reported data are included compensation paid to Directors (€17,084 thousand), Statutory Auditors (€777 thousand), General Manager (€1,034 thousand) and other Managers with strategic responsibility (€11,850 thousand), as shown in the document "Compensation tables and information document pursuant Consob regulations" attached to the 2017 Group Compensation Policy, and €7,608 thousand relating to other costs borne in 2016 (the company share of social security contributions, allocations to severance pay funds and share-based payments using UniCredit and its subsidiaries' equity instruments).

The decrease in the overall compensation (€1,628 thousands) vs. 2015 is due to reduction of all compensation elements, and in particular of the variable ones (in cash and equity) linked to the corporate performance, which have more than off-set the higher expenses related to termination of the employment of the former Chief Executive Officer and of another Executive with strategic responsibilities.

28Up to September 2016 the cluster did include the other members of the CEO Office of UniCredit as well as the Head of Internal Audit.

2. Related-Party Transactions

For the purposes of financial disclosure, in accordance with the Commission Regulation (EU) No.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[29];
- associates and joint ventures, as well as their subsidiaries;
- UniCredit's "key management personnel";
- close family members of "key management personnel" and companies controlled (or jointly controlled) by key management personnel or their close family members;
- 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 No.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 No.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 2016, transactions carried out with related parties reported in the data streams provided by the reference standards, were executed, on market or standard conditions and were carried out based on assessments of the economic interests of the Group.
See also paragraph "Certifications and other communications" in Consolidated Interim Report on Operations of this document.

Details of related-party transactions carried out pursuant to IAS24 are given below.

29 For the purposes of this UniCredit's consolidated financial statement sas at December 31, 2016 transactions and outstanding balances between consolidated companies were written off as described in Part A.

Part H - Related-Party Transactions

The following table sets out the assets, liabilities, guarantees and commitments as at December 31, 2016, for each group of related parties, pursuant to IAS24:

Related-party transactions: balance sheet items

(€ '000)

	AMOUNT AS AT 12.31.2016								
	NON-CONSOLIDATED SUBSIDIARIES	JOINT VENTURE	ASSOCIATES	KEY MANAGEMENT PERSONNEL	OTHER RELATED PARTIES	TOTAL	% ON CONSOLIDATED	SHAREHOLDERS (*)	% ON CONSOLIDATED
Financial asset held for trading	-	20,102	706,705	-	4,677	731,484	0.84%	64,653	0.07%
Financial asset designated at fair value	-	-	-	-	-	-	-	-	-
Available for sale financial asset	12,264	-	188,756	-	11,112	212,132	0.19%	19,000	0.02%
Held to maturity investments	-	-	-	-	-	-	-	-	-
Loans and receivables with banks	-	2,515,052	1,310,635	-	-	3,825,687	5.12%	232	-
Loans and receivables with customers	140,119	1,174,310	931,672	2,378	98,801	2,347,280	0.53%	897,708	0.20%
Other assets	1,347	7,863	177,403	-	43	186,656	1.92%	108	-
Total Assets	**153,730**	**3,717,327**	**3,315,171**	**2,378**	**114,633**	**7,303,239**	**0.96%**	**981,701**	**0.13%**
Deposits from banks	25	78,630	7,506,106	-	-	7,584,761	7.30%	208,517	0.20%
Deposits from customers	20,118	16,389	457,601	7,756	201,775	703,639	0.16%	172,024	0.04%
Debt securities in issue	-	27,722	155,896	20	-	183,638	0.10%	526,152	0.28%
Other liabilities	166	1,062	44,450	-	386	46,064	0.30%	182	-
Total Liabilities	**20,309**	**123,803**	**8,164,053**	**7,776**	**202,161**	**8,518,102**	**1.12%**	**906,875**	**0.12%**
Guarantees given and commitments	33,032	1,711,384	2,000,728	-	44,496	3,789,640	2.08%	166,441	0.09%

(*) Shareholders and related companies holding more than 2% of voting shares in UniCredit.

The following table sets out the impact of transactions with related parties on the main Income Statement items, for each group of related parties.

Related-party transactions: profit and loss items

(€ '000)

	AMOUNT AS AT 12.31.2016								
	NON-CONSOLIDATED SUBSIDIARIES	JOINT VENTURE	ASSOCIATES	KEY MANAGEMET PERSONNEL	OTHER RELATED PARTIES	TOTAL	% ON CONSOLIDATED	SHAREHOLDERS (*)	% ON CONSOLIDATED
Interest income and similar revenues	5,022	168,764	83,407	24	3,159	260,376	1.63%	4,352	0.03%
Interest expense and similar charges	(2)	(12,771)	(28,627)	(11)	(513)	(41,924)	0.74%	(1,318)	0.02%
Fee and commission income	173	5,768	631,136	5	9,359	646,441	9.54%	9,408	0.14%
Fee and commission expense	(87)	(58)	(14,609)	-	-	(14,754)	1.24%	(124)	0.01%
Impairment losses on:	(11,054)	(42)	(149,285)	(3)	(2,967)	(163,351)	1.28%	(115)	-
a) loans	*(1,587)*	*(42)*	*(149,285)*	*(3)*	*(2,967)*	*(153,884)*	1.29%	*(115)*	-
b) available for sale assets	(9,467)	-	-	-	-	*(9,467)*	1.34%	-	-
c) held-to-maturity assets	-	-	-	-	-	-	-	-	-
d) other financial assets	-	-	-	-	-	-	-	-	-
Operating costs	788	7,371	(867,562)	2	(36,018)	(895,419)	5.32%	(4,079)	0.02%

(*) Shareholders and related companies holding more than 2% of voting shares in UniCredit.

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. Such renegotiation has brought to inclusion into 2016 Consolidated Financial Statement of € 238 million extraordinary administrative expenses related to expiration of the rights to obtain prepaid services and consequently accounting derecognition of related credits to suppliers.

  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 2016, given the conditions envisaged by the contract, the last installment referred to the 2014 result and the first three installments referred to the 2015 result amounting to €128 million were paid.

  As part of the “CASHES” transaction, Mediobanca also acts as a custodian of the shares issued by UniCredit S.p.A.

  Following a different qualification by Agenzia delle Entrate (Italian Tax Authority) of the fiscal regime of returns of CASHES compared to the interpretation used by UniCredit S.p.A (as Depositary Bank), notified to the investors qualified as related parties, conciliatory definitive transactions with such investors were defined in order to consistently compose the recourses.
- At December 31, 2016 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 2016, considered among intercompany transactions.
- In August 2014, Alitalia sealed an investment agreement with Etihad Airways aimed at strengthening Alitalia in terms of competitiveness and sustainable income, which also includes: (i) an investment of €560 million by Etihad, which thus became a non-controlling shareholder of the company; (ii) the commitment by the main stakeholders (in addition to UniCredit, Intesa Sanpaolo, Poste Italiane, Atlantia, Immsi, Pirelli, Gavio and Macca) to support an additional recapitalization of the company (maximum liability for UniCredit of €62.1 million); and (iii) support for the transaction from the shareholder financial institutions and banks with a maximum of €598 million in the form of conversion and/or consolidation of short- and medium-term debt. The transaction, which took effect on January 1, 2015, substantially resulted in: (i) the transfer by Alitalia CAI (subsequently renamed CAI) to a new company named Alitalia-Società Aerea Italiana S.p.A. (SAI) of the business pertaining to all the operating activities performed; (ii) the transfer to Midco S.p.A., by Alitalia CAI, of the investment in SAI deriving from the contribution of the aforementioned business; (iii) the subscription by Etihad, through a cash payment of €387.5 million, of a capital increase of SAI resulting in Etihad holding 49% of SAI (the residual 51% is held by CAI, through Midco).

Part H - Related-Party Transactions

Following the restructuring of the short- and medium-term debt by the financial institutions and shareholder banks, at the end of 2014 UniCredit held a share of 33.50% of CAI, reduced at 32.792% starting from March 2016.

- As occurred in previous years, during 2016 UniCredit S.p.A. had entered into an agreement with UniCredit Bank AG aimed at ensuring fulfillment of the provisions of Articles 311, paragraph 2, and 317 of the German Stock Corporation Act (Aktiengesetz, AktG), applicable to groups including a German company, when there is no domination agreement in place. Those provisions establish (i) the obligation for the parent company to compensate, or commit to compensating, the subsidiary for any damages arising from measures or transactions (or lack thereof) ordered by the parent company and that the subsidiary would not have adopted/conducted had it not belonged to the group and (ii) the subsidiary's obligation to claim a compensation from the parent company and, if no compensation is received, to prepare a report ("dependency report") on the status of all harmful measures and compensation not yet awarded. According to this "compensation agreement" Unicredit S.p.A. has granted to Unicredit Bank AG €2 million.
- It should be noted that distribution agreements concerning insurance products were signed with the following associates:
  - Aviva S.p.A.;
  - CNP UniCredit Vita S.p.A.;
  - Creditras Assicurazioni S.p.A.;
  - Creditras Vita S.p.A.;
  - Incontra Assicurazioni S.p.A
- The relationships with other related parties include the relationships with external pension funds (for UniCredit employees), since they have separate legal personality. These transactions were conducted on the same terms and conditions as those applied to transactions with independent third parties. The relationships with these pension funds are almost entirely represented by the relationships included in Deposits from customers (and related interests).
- UniCredit Bank Austria AG has issued to the Ukrainian National Bank a comfort letter to guarantee that Ukrsotsbank will continue as a going concern. The engagements arising from this guarantee were eliminated following the fine-tuning of the disposal of Ukrosotsbank occurred on October 31, 2016.

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**[30].

The first category includes the following:

- **Stock Options** allocated to selected Top & Senior Managers and Key Talents of the Group;
- **Group Executive Incentive System** that offer to eligible Group Executive a variable remuneration for which payment will be made within five years. The beneficiary will receive the payment by cash and/or by UniCredit shares; the payment are related to the achievement of performance condition (other than marked conditions) stated in the Plan Rules;
- **Group Executive Incentive System (Bonus Pool)** that offer to eligible Group Executives and relevant employees identified following regulatory rules, a bonus structure composed by upfront (following the moment of performance evaluation) and deferred payments in cash and in shares, to be paid over a period of ranging from 1 to 6 years (first year upfront and 4 or 5 years deferred). This payment structure will guarantee the alignment to shareholder interest and will be subjected to malus (which applies in case specific profitability, capital and liquidity thresholds are not met at both Group and Country/Division level) and claw back conditions (as legally enforceable) as defined in Plan Rules (both non-market vesting conditions);
- **Employee Share Ownership Plan (ESOP – Let's Share)** that offers to eligible Group employees the possibility to buy UniCredit ordinary shares with the advantages to foresee the granting of free ordinary shares ("Free Shares" or rights to receive them) measured on the basis of the shares purchased by each Participant ("Investment Shares") during the "Enrolment Period". The granting of free ordinary shares is subordinated to vesting conditions (other than market conditions) stated in the Plan Rules;
- **FinecoBank Stock granting to employees and PFA** that offer to eligible Personal Financial Advisors, FinecoBank Executives and relevant employees, identified following regulatory rules, a bonus structure composed by upfront (following the moment of performance evaluation) and deferred payments in FinecoBank ordinary shares, subject to malus and claw back conditions (as legally enforceable) as defined in Plan Rules;
- **FinecoBank PFA incentive system 2016**, that offer to eligible Personal Financial Advisors, identified following regulatory rules, a bonus structure composed by upfront (following the moment of performance evaluation) and deferred payments in cash and FinecoBank ordinary shares, subject to malus and claw back conditions (as legally enforceable) as defined in Plan Rules.

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 claw back 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;
- other equity instruments (Phantom Shares) used for Group Incentive System 2015 of FinecoBank Personal Financial Advisors, subject to malus and claw back conditions (as legally enforceable) as defined in Plan Rules

It is also noted that, according to Banca d'Italia Circular 285 (VII update dated November 19, 2014), the Equity Settled Share Based Payments, represented by deferred payments in UniCredit ordinary shares not subject to vesting conditions, are used for the settlement of the golden parachute (e.g. severance) for the relevant employees.

30 Linked to the economic value of instruments representing a subsidiaries 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 2016.

1.2.2 Group Executive Incentive System

The amount of the incentive is determined on a basis of the achievement of quantitative and qualitative goals stated by the plan. In particular, the overall evaluation of the Employee's relevant Manager expresses as a percentage, from a minimum of 0% to a maximum of 150% (non-market vesting conditions).
This percentage, adjusted by the application of a risk/opportunity factor - Group Gate - at first payment multiplied by the Bonus Opportunity, determines the effective amount that will be paid to the beneficiary.
Economic and Net Equity effects will be accrued on a basis of instruments' vesting period.

1.2.3 Group Executive Incentive System (Bonus Pool)

The economic value of Performance Shares is measured considering the share market price at the grant date less the present value of the future dividends during the vesting period.
Economic and Net Equity effects will be accrued on a basis of instruments' vesting period.

Group Executive Incentive System "Bonus Pool 2015" - Shares

The plan is divided into clusters, each of which can have two or three installments of share-based payments spread over a period defined according to Plan rules.

	SHARES GRANTED GROUP EXECUTIVE INCENTIVE SYSTEM - BONUS POOL 2015			
	INSTALLMENT (2018)	**INSTALLMENT (2019)**	**INSTALLMENT (2020)**	**INSTALLMENT (2021)**
Date of Bonus Opportunity Economic Value granting	Jan-21-2015	Jan-21-2015	Jan-21-2015	Jan-21-2015
Date of Board resolution (to determine number of shares)	Mar-15-2016	Mar-15-2016	Mar-15-2016	Mar-15-2016
Vesting Period Start-Date	Jan-01-2015	Jan-01-2015	Jan-01-2015	Jan-01-2015
Vesting Period End-Date	Dec-31-2015	Dec-31-2017	Dec-31-2018	Dec-31-2019
UniCredit Share Market Price [€]	3.411	3.411	3.411	3.411
Economic Value of Vesting conditions [€]	-0.261	-0.492	-0.814	-1.175
Performance Shares' Fair Value per unit @ Grant Date [€]	**3.150**	**2.919**	**2.597**	**2.236**

Group Executive Incentive System 2016 (Bonus Pool)

New Group Incentive system 2016 is based on a bonus pool approach, aligned with regulatory requirements and market practices, it defines:

- sustainability, through direct link with entity results and alignment with relevant risk categories, utilizing specific indicators linked to risk-appetite;
- link between bonuses and organization structure, defining the pool on a country/division level with further review at Group level;
- bonuses allocated to Executives and other relevant employee, on a basis of European Bank Authority (EBA) rules and local regulations;
- payment structure has been defined in accordance with Regulatory provisions qualified by directive 2013/36/EU (CRD IV) and will be distributed in a period of six years by using a mix of shares and cash.

All Profit and Loss and Net Equity effects related to the plan will be booked during the vesting period.

Part I - Share-Based Payments

1.2.4 Employee Share Ownership Plan (Let's Share for 2016)

The following tables show the measurements and parameters used in relation to Free Shares (or rights to receive them) connected to the "Employee Share Ownership Plan" approved in 2015.

Measurement of Free Shares ESOP for 2016

	FREE SHARE SELECTION WINDOW
Date of Free Shares delivery to Group employees	Jul-29-2016
Vesting Period Start-Date	Jul-29-2016
Vesting Period End-Date	Jul-29-2017
Discount Shares' Fair Value per unit [€]	**2.058**

All Profit and Loss and Net Equity effects referred to free shares will be booked during the vesting period (except adjustments, according to Plan Rules, that will be booked during the next closing after vesting period).
The Plan Let's Share for 2016 provides for the use of shares to be purchased on the market. To that end, Participants give a mandate to a broker to purchase the shares to be transferred into an account opened in their name.

1.2.5. FinecoBank Stock granting to employees

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.

1.2.6. Group Long Term Incentive Plan 2015-2018

Phantom shares will give to the beneficiaries the right to a payment at maturity of a gross amount of money ("Bonus") calculated as the arithmetic average of the official price of UniCredit ordinary shares listed on the stock market organized and managed by Borsa Italiana S.p.A. within 30 days preceding the date on which the Board of Directors will evaluate the "malus" conditions and authorize the subsequent payment.
Economic and Net Equity effects will be accrued on a basis of instruments' vesting period.

B. Quantitative information

1. Annual Changes

Stock Option and Performance Stock Option UniCredit

ITEMS/NUMBER OF OPTIONS AND EXERCISE PRICE	YEAR 2016 (1) NUMBER OF OPTIONS	YEAR 2016 (1) AVERAGE EXERCISE PRICE [€]	YEAR 2016 (1) AVERAGE MATURITY	YEAR 2015 (1) NUMBER OF OPTIONS	YEAR 2015 (1) AVERAGE EXERCISE PRICE [€]	YEAR 2015 (1) AVERAGE MATURITY
A. Outstanding at beginning of period	**32,339,127**	**21.755**	**Jul-2019**	**33,250,907**	**21.444**	**Jul-2019**
B. Increases	**-**	**-**		**-**	**-**	
B.1 New issues	-	-		-	-	
B.2 Other	-	-		-	-	
C. Decreases	**10,849,241**	**-**		**911,780**	**-**	
C.1 Forfeited	2,573,945	32.019		911,780	10.435	
C.2 Exercised	-	-		-	-	
C.3 Expired	8,275,296	-		-	-	
C.4 Other	-	-		-	-	
D. Outstanding at end of period	**21,489,886**	**27.358**	**Aug-2018**	**32,339,127**	**21.755**	**Jul-2019**
E. Vested Options at end of period	**21,489,886**	**27.358**	**Aug-2018**	**24,063,841**	**27.857**	**Aug-2018**

(1) The information related to Number of options and Average exercise price had been modified following the grouping operation resolved by UniCredit Annual General Meeting on December 15, 2011 and following the application of "adjustment factors" for:

- as the free capital increase resolved by the UniCredit Annual General Meeting on April 29, 2009 ("scrip dividend"), implied the recommendation by AIAF (Associazione Italiana Analisti Finanziari) to apply an "adjustment factor" equal to 0.88730816;
- as the capital increase resolved by the UniCredit Extraordinary Shareholder Meeting on November 16,2009 and finalized on February 24, 2010, implied the recommendation by AIAF (Associazione Italiana Analisti Finanziari) to apply an "adjustment factor" equal to 0.95476659.
- as the capital increase resolved by the UniCredit Extraordinary Shareholders' Meeting on December 15, 2011 and finalized in 2012 implied the recommendation by AIAF (Associazione Italiana Analisti Finanziari) to apply an "adjustment factor" equal to 0.6586305.

Other UniCredit equity instruments: Performance Shares

ITEMS/NUMBER OF OTHER EQUITY INSTRUMENTS AND EXERCISE PRICE	YEAR 2016 NUMBER OF OTHER EQUITY INSTRUMENTS	YEAR 2016 AVERAGE EXERCISE PRICE [€]	YEAR 2016 AVERAGE MATURITY	YEAR 2015 NUMBER OF OTHER EQUITY INSTRUMENTS	YEAR 2015 AVERAGE EXERCISE PRICE [€]	YEAR 2015 AVERAGE MATURITY
A. Outstanding at beginning of period	**32,559,217**	**-**	**Mar-2017**	**36,900,821**	**-**	**Oct-2015**
B. Increases	**23,721,118**	**-**		**12,219,858**		
B.1 New issues	23,721,118	-		12,219,858	-	
B.2 Other	-	-		-		
C. Decreases	**13,608,552**	**-**		**16,561,462**		
C.1 Forfeited	341,025	-		247,529	-	
C.2 Exercised(1)	13,267,527	-		16,313,933		
C.3 Expired	-	-		-	-	
C.4 Other	-	-		-		
D. Outstanding	**42,671,783**	**-**	**Feb-2018**	**32,559,217**	**-**	**Mar-2017**
E. Vested instruments	**16,912,324**	**-**		**13,312,560**		

(1) As far as the 2016 movement is concerned, the average market price at the exercise date is equal to €3.70 (€6.23 was the price observed at exercise date for 2015 movimentation)
(2) UniCredit undertakes to grant, conditional upon achieving performance targets set in the Strategic Plan, 42,671,783 ordinary shares at the end of 2016 (32,559,217 ordinary shares at the end of 2015).

According to Let's Share 2016 (ESOP) Plan Rules, had been delivered to Group Participants 985,925 Free Shares in July 2016 related to services rendered during the period 2016-2017.

The said above UniCredit free ordinary shares had been acquired on the market, and are not considered in the table of annual changes.

Part I - Share-Based Payments

2. Other information

UniCredit Group Employee Share Ownership Plan 2016 ("Let's Share for 2017")

In April 2016 the Ordinary Shareholders' Meeting approved the "UniCredit Group Employee Share Ownership Plan 2016" ("Let's Share for 2017") that offers to eligible Group employees the opportunity to purchase UniCredit ordinary shares at favourable conditions in order to reinforce employees' sense of belonging and commitment to achieve the corporate goals.

With reference to Let's Share for 2017, according to UniCredit discretionary evaluation, there may be two main election windows:
- 1st election window: by the end of the second quarter of 2017;
- 2nd election window: by the end of the fourth quarter of 2017.

Let's Share for 2017 envisages the following elements:
- during the "Enrolment Period", that will be communicated on due time to the Participants, they can buy UniCredit ordinary shares ("Investment Shares") by means of monthly or one-off contributions taken from their Current Account;
- at the first month of the Enrolment Period, each Participant will receive, in form of shares ("Free Shares") a discount equal to 25% of shares purchased; the Free Shares will be locked up for one year ("Holding Period"). The Participant will lose the entitlement to the Free Share if, during the holding period, he/she will no longer be an employee of a UniCredit Group Company unless the employment has been terminated for one of the specific reasons stated in the Rules of the Plan. In some countries, for fiscal reasons, it will not be possible to grant the Free Shares at the beginning of the Enrolment Period: in that case an alternative structure is offered that provides to the Participants of those countries the right to receive the Free Shares at the end of the Holding Period ("Alternative Structure");
- during the "Holding Period", the Participants can sell the Investment Shares purchased at any moment, but they will lose the corresponding Free Shares (or right to receive them).

The Free Shares are qualified as "Equity Settled Share-based Payments" as Participants will receive UniCredit Equity Instruments as consideration for the services rendered to the legal entity where they are employed. The fair value will be measured at the beginning of Enrolment Period according to the price paid by Participants to acquire the first installment of the Investment Shares on the market.

All Profit and Loss and Net Equity effects related to Let's Share for 2017 will be booked during the holding period
Let's Share for 2017 has not produced any effect on 2016 Consolidated Financial Statements.

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)

	2016		2015	
	TOTAL	VESTED PLANS	TOTAL	VESTED PLANS
(Costs)/Revenues (1)	**(62,611)**		**(93,374)**	
- connected to Equity Settled Plans (2)	*(58,393)*		*(93,343)*	
- connected to Cash Settled Plans	*(4,218)*		*(31)*	
Debts for Cash Settled Plans (3)	**5,272**	**-**	**249**	**-**

(1) Includes costs/revenues and debts for Plans referred to equity instruments of other Group's entities (e.g. FinecoBank).
(2) Includes costs for €11.3 million related to golden parachute.
(3) The measurement of the debt for Cash Settled payments refers to the component of the Group LTI Plan 2015-2019 already contained in the plan Bonus Pool 2015 and converted into Cash Settlement payment in 2016 when the performances were tested.

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 3,350 branches and multichannel services provided by new technologies.
In relation to corporate customers, Commercial Banking Italy operates trying to guarantee both the support to the economic and entrepreneurial system and the profitability and quality of its portfolio. The current Corporate channel is organized on the territory with about 743 Managers divided in 131 Corporate Centers.
The territorial organization promotes a bank closer to customers and faster decision-making processes, while the belonging to UniCredit Group allows to support companies in developing International attitudes.

Commercial Banking Germany

Commercial Banking Germany provides all German customers (excluding Large Corporate and Multinational clients, supported by Corporate and Investment Banking Division) with a complete range of banking products and services through a network of 579 branch offices.
Commercial Banking Germany holds large market shares and a strategic market position in retail banking, in private banking and especially in business with local corporate customers (including factoring and leasing).
Different service models are applied in line with the needs of its various customer groups: retail customers, private banking customers, small business and corporate customers, commercial real estate customers, and Wealth Management customers. In detail the corporates segment employs a different "Mittelstand" bank model to its competitors in that it serves both business and personal needs across the whole bandwidth of German enterprises and firms operating in Germany. The private clients segment serves retail customers and private banking customers with banking and insurance solutions across all areas of demand. The specific, all-round advisory offering reflects the individual and differentiated needs of these customer groups in terms of relationship model and product offering.
The Segment also includes the local Corporate Center, which performs tasks as sub-holding towards other Subgroup legal entities.

Commercial Banking Austria

Commercial Banking Austria provides all Austrian customers (excluding Large Corporate and Multinational clients, supported by Corporate and Investment Banking Division) with a complete range of banking products and services. It is composed of: Retail, Corporate (excluding CIB clients), Private Banking (with its two well-known brands Bank Austria Private Banking and Schoellerbank AG), the product factories Factoring and Leasing and the local Corporate Center Retail covers business with private individuals, ranging from mass-market to affluent customers 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 about 160 branches.
The goal of Commercial banking Austria is to strengthen regional responsibility, to increase synergies, effectiveness and to improve time-to-market; therefore customer service teams can now adjust more quickly to local market changes.
Commercial Banking Austria holds significant market shares and a strategic market position in retail banking, private banking and especially in business with local corporate customers and is one of the leading providers of banking services in Austria.
In response to changing customer needs and behaviors, Commercial Banking Austria has launched Smart Banking Solutions, an integrated new service model, allowing clients to decide when, where and how they contact UniCredit Bank Austria. This approach combines classic branches, new formats of advisory service centres and modern self-service branches, internet solutions, Mobile Banking with innovative apps and video-telephony.

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 (i) market coverage (carried out through an extensive network in Western, Central and Eastern Europe and an international network of branches and representative offices) and (ii) product offering (divided into three Product Lines that consolidate the breadth of the Group's CIB know-how).

The dedicated country-specific commercial networks (CIB Network Italy, CIB Network Germany, 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 and e-banking products, Supply Chain Finance and Trade Finance products and global securities services.

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 15 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 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, Austrian and Polish customers.
With respect to corporate clients, UniCredit group is constantly engaged in standardizing the customer segments and range of products. The Group shares its business models on an international level in order to ensure access to its network in any country where the Group is present. This approach is vital due to the variety of global products offered, particularly cash management and trade finance solutions, to corporate customers operating in more than one CEE country.

Asset Gathering

Asset Gathering is a business segment specialized in wealth management through the direct channel and the financial advisors network, mainly focused on the retail customer segment.
Asset Gathering operates through FinecoBank, UniCredit group's direct multichannel bank. It is one of the largest advisory networks in Italy and is the leading bank in Italy for equity trades in terms of volume of orders and the top online broker in Europe for number of order executed. FinecoBank 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 - in particular with regards to the sale of Bank Pekao and the sale of almost all of the assets of PGAM whose assets at September 30, 2016, were part of the "Poland" and the "Asset Management" business segments, respectively – and in accordance with IFRS5, Group Corporate Center includes, till these transactions will be completed, results previously referring to Poland and Asset Management segments, presented in the "Net profit (loss) of discontinued operations" P&L item.

Non-Core

Starting from the first quarter 2014 the Group decided to introduce a clear distinction between activities defined as "core" segment, meaning strategic business segments and in line with risk strategies, above described, and activities defined as "non-core" segment, including non-strategic assets and those with a poor fit to the Group's risk-adjusted return framework, with the aim of reducing the overall exposure of this last segment in the course of time and to improve the risk profile. Specifically, the "non-core" segment includes selected assets of Commercial Banking Italy (identified on a single client basis) to be managed with a risk mitigation approach and some special vehicles for securitization operations.

Part L - Segment Reporting

A - Primary Segment

Segment Reporting by Business Segment - year 2016

A.1 - Breakdown by business segment: income statement

(€ '000)

	COMMERCIAL BANKING ITALY	COMMERCIAL BANKING GERMANY	COMMERCIAL BANKING AUSTRIA	CENTRAL EASTERN EUROPE	CORPORATE & INVESTMENT BANKING	ASSET GATHERING	GROUP CORPORATE CENTER	NON CORE	CONSOLIDATED GROUP TOTAL 12.31.2016
Net interest	3,852,706	1,473,308	756,977	2,491,299	2,317,843	248,795	(660,643)	(172,829)	10,307,456
Dividends and other income from equity investments	95,179	49,160	125,564	394,380	54,893	6	124,410	-	843,592
Net fees and commissions	3,484,579	732,170	594,630	800,480	613,661	242,611	(944,840)	(65,539)	5,457,752
Net trading, hedging and fair value income	57,272	79,954	128,681	416,519	1,238,133	69,054	94,824	(4,513)	2,079,924
Net other expenses/income	(51,829)	125,090	18,288	59,535	27,256	(2,211)	(30,793)	(32,879)	112,457
OPERATING INCOME	**7,437,907**	**2,459,682**	**1,624,140**	**4,162,213**	**4,251,786**	**558,255**	**(1,417,042)**	**(275,760)**	**18,801,181**
Payroll costs	(2,645,073)	(1,057,928)	(660,910)	(707,632)	(647,025)	(73,698)	(1,284,851)	(47,133)	(7,124,250)
Other administrative expenses	(2,316,661)	(805,785)	(559,027)	(666,811)	(1,076,451)	(228,100)	974,447	(221,597)	(4,899,985)
Recovery of expenses	437,556	2,921	-	166	3,371	85,395	119,564	119,010	767,983
Amortisation, depreciation and impairment losses on tangible and intangible assets	(65,129)	(42,495)	(15,119)	(120,935)	(3,071)	(9,970)	(939,728)	(25)	(1,196,472)
Operating expenses	**(4,589,307)**	**(1,903,287)**	**(1,235,056)**	**(1,495,212)**	**(1,723,176)**	**(226,373)**	**(1,130,568)**	**(149,745)**	**(12,452,724)**
OPERATING PROFIT	**2,848,600**	**556,395**	**389,084**	**2,667,001**	**2,528,610**	**331,882**	**(2,547,610)**	**(425,505)**	**6,348,457**
Net writedowns of loans and provisions for guarantees and commitments	(1,978,423)	43,927	(31,925)	(790,861)	(594,580)	(4,199)	(5,386)	(8,845,177)	(12,206,624)
OPERATING NET PROFIT	**870,177**	**600,322**	**357,159**	**1,876,140**	**1,934,030**	**327,683**	**(2,552,996)**	**(9,270,682)**	**(5,858,167)**
Provision for risks and charges	(386,006)	(138,666)	(272,409)	(144,682)	(390,320)	(9,982)	(650,657)	(84,851)	(2,077,573)
Integration costs	(971,031)	(300,920)	(360,659)	(13,660)	(114,281)	(5,503)	(349,232)	(16,357)	(2,131,643)
Net income from investments	(44,282)	18,319	(72,363)	(8,702)	(97,219)	(6,724)	(689,316)	(9,902)	(910,189)
PROFIT BEFORE TAX	**(531,142)**	**179,055**	**(348,272)**	**1,709,096**	**1,332,210**	**305,474**	**(4,242,201)**	**(9,381,792)**	**(10,977,572)**

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)	134,976,147	80,659,910	44,983,587	59,865,126	75,463,489	910,299	2,040,903	18,968,998	**417,868,459**
CUSTOMERS DEPOS (NET REPOS AND IC)	134,767,715	86,603,143	47,095,655	59,175,367	45,500,901	18,569,697	3,299,836	967,149	**395,979,463**
TOTAL RISK WEIGHTED ASSETS (BASEL 3)	79,462,819	36,108,529	23,674,618	91,210,288	74,732,709	1,889,913	61,087,253	18,969,802	**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	CONSOLIDATEDGROUP TOTAL 12.31.2016
STAFF (KFS group on a proportional basis)									
Employees (FTE)	35,046	10,949	5,596	24,271	3,446	1,052	15,282	2,663	**98,304**
STAFF (KFS group fully considered)									
Employees (FTE)	35,046	10,949	5,781	24,271	3,662	1,052	34,235	2,663	**117,659**

Segment Reporting by Business Segment - year 2015

A.1 - Breakdown by business segment: income statement

(€ '000)

	COMMERCIAL BANKING ITALY	COMMERCIAL BANKING GERMANY	COMMERCIAL BANKING AUSTRIA	CENTRAL EASTERN EUROPE	CORPORATE & INVESTMENT BANKING	ASSET GATHERING	GROUP CORPORATE CENTER	NON CORE	CONSOLIDATED GROUP TOTAL 12.31.2015
Net interest	4,111,491	1,691,470	835,127	2,453,454	2,449,606	240,271	(859,174)	(343)	10,921,902
Dividends and other income from equity investments	62,884	51,373	170,775	363,827	15,388	-	157,594	-	821,841
Net fees and commissions	3,490,959	717,248	605,931	789,192	638,922	252,296	(1,027,171)	51,123	5,518,500
Net trading, hedging and fair value income	30,565	78,580	39,185	375,587	842,850	53,866	48,138	16,511	1,485,282
Net other expenses/income	(28,074)	113,763	17,715	28,193	27,351	(2,971)	2,242	(39,755)	118,464
OPERATING INCOME	**7,667,825**	**2,652,434**	**1,668,733**	**4,010,253**	**3,974,117**	**543,462**	**(1,678,371)**	**27,536**	**18,865,989**
Payroll costs	(2,668,990)	(1,145,319)	(717,567)	(704,599)	(690,333)	(75,049)	(1,360,487)	(123,676)	(7,486,020)
Other administrative expenses	(2,344,845)	(825,172)	(590,811)	(679,483)	(1,082,407)	(232,866)	1,178,028	(172,324)	(4,749,880)
Recovery of expenses	455,436	17,563	(649)	171	3,507	84,346	127,975	118,651	807,000
Amortisation, depreciation and impairment losses on tangible and intangible assets	(62,064)	(44,440)	(23,360)	(107,205)	(2,644)	(8,954)	(588,328)	(63)	(837,058)
Operating expenses	**(4,620,463)**	**(1,997,368)**	**(1,332,387)**	**(1,491,116)**	**(1,771,877)**	**(232,523)**	**(642,812)**	**(177,412)**	**(12,265,958)**
OPERATING PROFIT	**3,047,362**	**655,066**	**336,346**	**2,519,137**	**2,202,240**	**310,939**	**(2,321,183)**	**(149,876)**	**6,600,031**
Net writedowns of loans and provisions for guarantees and commitments	(1,209,677)	(44,102)	(12,347)	(1,015,656)	(16,050)	(6,706)	(12,524)	(1,673,610)	(3,990,672)
OPERATING NET PROFIT	**1,837,685**	**610,964**	**323,999**	**1,503,481**	**2,186,190**	**304,233**	**(2,333,707)**	**(1,823,486)**	**2,609,359**
Provision for risks and charges	(283,616)	(177,426)	(195,429)	(172,342)	(228,444)	(15,714)	(226,586)	(147,322)	(1,446,879)
Integration costs	(472,792)	(73,684)	320,365	(8,378)	(35,000)	(1,246)	(106,109)	(9,420)	(386,264)
Net income from investments	(15,424)	48,909	(17,784)	(4,142)	(43,925)	(1)	7,718	(2,414)	(27,063)
PROFIT BEFORE TAX	**1,065,853**	**408,763**	**431,151**	**1,318,619**	**1,878,821**	**287,272**	**(2,658,684)**	**(1,982,642)**	**749,153**

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 12.31.2015
CUSTOMERS LOANS (NET REPOS AND IC)	131,487,148	80,172,282	44,867,098	57,150,622	65,850,253	705,688	1,757,536	35,801,986	**417,792,613**
CUSTOMERS DEPOS (NET REPOS AND IC)	122,130,488	82,527,404	45,663,627	55,405,347	42,939,186	15,622,642	3,172,830	1,583,808	**369,045,332**
TOTAL RISK WEIGHTED ASSETS (BASEL 3)	77,008,148	34,082,847	24,969,079	92,858,614	70,753,925	1,804,193	57,947,924	31,174,131	**390,598,859**

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	CONSOLIDATEDGROUP TOTAL 12.31.2015
STAFF (KFS group on a proportional basis)									
Employees (FTE)	36,561	11,542	5,862	24,142	3,605	1,019	17,505	717	**100,952**
STAFF (KFS group fully considered)									
Employees (FTE)	36,561	11,542	6,138	28,485	3,951	1,019	37,097	717	**125,510**

Part L - Segment Reporting

B - Secondary Segment

(€ '000)

AMOUNTS AS AT 12.31.2016	TOTAL ASSETS	OPERATING INCOME(*)	COST OF INVESTMENT
Italy	364,163,592	8,523,728	217,789
Germany	243,897,380	3,898,398	216,765
Austria	89,162,837	1,772,554	102,268
Total other european countries	161,058,111	3,845,667	294,015
of which: Western Europe	*33,794,162*	*250,567*	*1,140*
of which: Central and Eastern Europe	*127,263,949*	*3,595,100*	*292,875*
America	1,222,791	17,058	-
Asia	27,237	(609)	-
Rest of the world	826	-	-
Total	**859,532,774**	**18,056,796**	**830,837**

(*) Item 120 in Income Statement.

The amounts of each country are aggregated by country of residence of the relevant legal Head Office (i.e.: foreign branches are generally included in the relevant parent company or conventionally attributed to another country).
The previous period was restated accordingly.

(€ '000)

AMOUNT AS AT 12.31.2015	TOTAL ASSETS	OPERATING INCOME(*)	COST OF INVESTMENT
Italy	363,583,175	8,647,396	266,400
Germany	236,642,415	3,339,274	308,494
Austria	101,264,580	1,928,271	70,428
Total other european countries	157,867,996	3,923,627	273,086
of which: Western Europe	*33,246,007*	*440,708*	*1,475*
of which: Central and Eastern Europe	*124,621,989*	*3,482,919*	*271,611*
America	1,048,070	(903)	3
Asia	26,459	85	3
Rest of the world	680	-	-
Total	**860,433,375**	**17,837,750**	**918,414**

(*) Item 120 in Income Statement.

Annexes

Reconciliation between reclassified balance sheet and income statement accounts and mandatory reporting schedules

Consolidated Balance Sheet

(€ million)

ASSETS		AMOUNTS AS AT 12.31.2016	AMOUNTS AS AT 12.31.2015	SEE THE NOTES PART B - ASSETS
Cash and cash balances = item 10		13,858	9,611	Section 1
Financial assets held for trading = item 20		87,467	89,995	Section 2
Loans and receivables with banks = item 60		74,692	77,437	Section 6
Loans and receivables with customers = item 70		444,607	445,382	Section 7
Financial investments		149,004	147,634	
Item 30.	*Financial assets at fair value through profit or loss*	*28,702*	*34,250*	*Section 3*
Item 40.	*Available-for-sale financial assets*	*110,180*	*105,505*	*Section 4*
Item 50.	*Held-to-maturity investments*	*3,963*	*1,301*	*Section 5*
Item 100.	*Equity Investments*	*6,159*	*6,577*	*Section 10*
Hedging instruments		6,872	7,911	
Item 80.	*Hedging derivatives*	*4,515*	*5,270*	*Section 8*
Item 90.	*Changes in fair value of portfolio hedged items*	*2,357*	*2,641*	*Section 9*
Property, plant and equipment = item 120		9,092	9,673	Section 12
Goodwill = item 130 - Intangible assets of which: goodwill		1,484	1,744	Section 13
Other intangible assets = item 130 - Intangible assets net of goodwill		1,708	1,908	Section 13
Tax assets = item 140		15,161	15,615	Section 14
Non-current assets and disposal groups classified as held for sale = item 150		45,854	44,576	Section 15
Other assets		9,735	8,948	
Item 160.	*Other assets*	*9,735*	*8,948*	*Section 16*
Total assets		**859,533**	**860,433**	

continued: Consolidated Balance Sheet

(€ million)

LIABILITIES AND SHAREHOLDERS' EQUITY		AMOUNTS AS AT 12.31.2016	12.31.2015	SEE THE NOTES PART B - LIABILITIES
Deposits from banks = item 10		103,852	110,333	Section 1
Deposits from customers = item 20		452,419	419,686	Section 2
Debt securities in issue = item 30		115,436	133,797	Section 3
Financial liabilities held for trading = item 40		68,361	68,029	Section 4
Financial liabilities at fair value through profit or loss = item 50		2,497	455	Section 5
Hedging instruments		9,405	11,004	
Item 60.	*Hedging derivatives*	*4,921*	*5,899*	*Section 6*
Item 70.	*Changes in fair value of portfolio hedged items*	*4,484*	*5,105*	*Section 7*
Provisions for risks and charges = item 120		10,541	9,720	Section 12
Tax liabilities = item 80		1,399	1,428	Section 8
Liabilities included in disposal groups classified as held for sale = item 90		35,869	35,985	Section 9
Other liabilities		16,566	16,511	
Item 100.	*Other liabilities*	*15,440*	*15,379*	*Section 10*
Item 110.	*Provision for employee severance pay*	*1,126*	*1,132*	*Section 11*
Minorities = item 210		3,853	3,399	Section 16
Group Shareholders' Equity:		39,336	50,087	
- Capital and reserves		51,881	48,336	
Item 140.	*Revaluation reserves, of which: Special revaluation laws*	*277*	*277*	*Section 15*
Item 140.	*Revaluation reserves, of which: Exchange differences*	*(2,064)*	*(3,260)*	*Section 15*
Item 140.	*Revaluation reserves, of which: equity investments valued at equity method*	*(1,460)*	*(1,071)*	*Section 15*
Item 140.	*Revaluation reserves, of which: non current assets classified held for sale*	*(37)*	*21*	*Section 15*
Item 160.	*Equity instruments*	*2,383*	*1,888*	*Section 15*
Item 170.	*Reserves*	*17,554*	*14,255*	*Section 15*
Item 180.	*Share premium*	*14,385*	*15,977*	*Section 15*
Item 190.	*Issued capital*	*20,847*	*20,258*	*Section 15*
Item 200.	*Treasury shares*	*(4)*	*(8)*	*Section 15*
- AfS assets fair value reserve, Cash-flow hedging reserve and Defined benefits plans reserve		(755)	56	
Item 140.	*Revaluation reserves, of which: Available-for-sale financial assets*	*1,565*	*1,836*	*Section 15*
Item 140.	*Revaluation reserves: actuarial gains (losses) on defined benefits plans*	*(2,650)*	*(2,235)*	*Section 15*
Item 140.	*Revaluation reserves, of which: Cash-flow hedges*	*330*	*456*	*Section 15*
- Net profit (loss) = item 220		(11,790)	1,694	Section 15
Total liabilities and Shareholders' Equity		**859,533**	**860,433**	

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)

		YEAR 2016	YEAR 2015	SEE THE NOTES PART C
Net interest		10,307	10,922	Section 1
Item 30.	*Net interest margin*	*10,307*	*10,664*	
less: Purchase Price Allocation effect		*-*	*258*	
Dividends and other income from equity investments		844	822	
Item 70.	*Dividend income and similar revenue*	*405*	*403*	*Section 3*
	less: Dividends from held for trading equity instruments included in item 70	*(260)*	*(232)*	
Item 240.	*Profit (Loss) of equity investments - of which: Profit (Loss) of equity investments valued at equity*	*699*	*650*	*Section 16*
Net fees and commissions		5,458	5,519	Section 2
Item 60.	*Net fees and commissions*	*5,585*	*5,488*	*Section 2*
	less: Other administrative expenses - of which: outsourced services for the management of Non-Performing loans	*(167)*	*(25)*	
	+ Other operating income - of which: recovery of costs - commissioni istruttoria veloce (CIV)	*40*	*55*	
Net trading income		2,080	1,485	
Item 80.	*Gains (losses) on financial assets and liabilities held for trading*	*1,206*	*977*	*Section 4*
	+ Dividends from held for trading equity instruments (from item 70)	*260*	*232*	
Item 90.	*Fair value adjustments in hedge accounting*	*(8)*	*(15)*	*Section 5*
Item 100.	*Gains (Losses) on disposal or repurchase of: d) financial liabilities*	*3*	*(47)*	*Section 6*
	+ Gains (Losses) on disposal or repurchase of: b) available-for-sale financial assets (from item 100)	*699*	*340*	*Section 6*
Item 110.	*Gains (Losses) on financial assets and liabilities designated at fair value through profit and loss*	*(80)*	*(1)*	*Section 7*
Net other expenses/income		112	118	
	Gains (losses) on disposals/repurchases on loans and receivables - not impaired position (from item 100 a)	*52*	*66*	
Item 220.	*Other net operating income*	*1,095*	*1,091*	*Section 15*
	less: Other operating income - of which: recovery of costs	*(679)*	*(707)*	
	less: Other operating income - of which: recovery of costs - commissioni istruttoria veloce (CIV)	*(40)*	*(55)*	
	Net write-downs/-backs of tangible operating lease assets (from item 200)	*(131)*	*(122)*	
	less: Write-downs on leasehold improvements (on non-separable assets) - No Group	*72*	*71*	
	less: Other operating income - Other income from invoicing JVs (only with respect to Ubis)	*(89)*	*(100)*	
	+ Result of industrial companies	*(181)*	*(131)*	
	less: Integration costs	*1*	*-*	
	Gains (Losses) on disposals of investments - assets leasing operation (from item 270)	*11*	*6*	
OPERATING INCOME		**18,801**	**18,866**	
Payroll costs		(7,124)	(7,486)	
Item 180.	*Administrative costs: a) staff expenses*	*(9,315)*	*(7,812)*	*Section 11*
	less: Administrative expenses: a) employee payroll costs - Provision for post retirement benefit obligations - Settlement Gains (Losses)	*589*	*(1,199)*	
	less: Administrative costs: a) staff expenses of industrial companies	*23*	*9*	
	less: Integration costs	*1,580*	*1,515*	
Other administrative expenses		(4,900)	(4,750)	
Item 180.	*Administrative costs: b) other administrative expenses*	*(6,117)*	*(5,530)*	*Section 11*
	less: Administrative costs: b) other administrative expenses of industrial companies	*37*	*40*	
	less: Administrative costs - contributions to Resolution Funds, Deposit Guarantee Schemes (DGS), Bank Levy and Guarantee fees for DTA	*1,068*	*773*	
	less: outsourced services for the management of Non-Performing loans	*167*	*25*	
	Write-downs on leasehold improvements (on non-separable assets) - No Group	*(72)*	*(71)*	
	less: Integration costs	*18*	*12*	
Recovery of expenses		768	807	Section 15
Item 220.	*Other net operating income - of which: Operating income - recovery of costs*	*679*	*707*	
	+ Other operating income - Other income from invoicing JVs (only with respect to Ubis)	*89*	*100*	
Amortization, depreciation and impairment losses on intangible and tangible assets		(1,196)	(837)	
Item 200.	*Impairment/Write-backs on property, plant and equipment*	*(809)*	*(630)*	*Section 13*
	less: Impairment losses/write backs on property owned for investment	*83*	*15*	
	less: Net write-downs/-backs of tangible operating lease assets (from item 200)	*131*	*122*	
	less: Integration costs	*-*	*(5)*	
Item 210.	*Impairment/Write-backs on intangible assets*	*(732)*	*(414)*	*Section 14*
	Net write-downs on property, plant and equipment and intangible assets of industrial companies	*122*	*69*	
less: Purchase Price Allocation effect		*7*	*6*	
Operating costs		**(12,453)**	**(12,266)**	
OPERATING PROFIT (LOSS)		**6,348**	**6,600**	

continued: Consolidated Income Statement

(€ million)

		YEAR		SEE THE NOTES
		2016	2015	PART C
OPERATING PROFIT (LOSS)		**6,348**	**6,600**	
Net impairment losses on loans and provisions for guarantees and commitments		(12,207)	(3,991)	
Item 100.	*Gains (Losses) on disposal and repurchase of: a) loans*	*(60)*	*29*	*Section 6*
	less: Gains (Losses) on disposals/repurchases on loans and receivables - not impaired position (from item 100 a)	*(52)*	*(66)*	
Item 130.	*Net losses/recoveries on impairment: a) loans*	*(11,930)*	*(3,964)*	*Section 8*
Item 130.	*Net losses/recoveries on impairment: d) other financial assets*	*(154)*	*10*	*Section 8*
	less: Net losses on impairment other financial assets - contribution to National Interbank Deposit Guarantee Fund (F.I.T.D.)	*(11)*	*-*	
NET OPERATING PROFIT (LOSS)		**(5,858)**	**2,609**	
Other charges and provisions		(2,078)	(1,447)	
Item 190.	*Provisions for risks and charges*	*(964)*	*(743)*	*Section 12*
	less: Provisions for risks and charges of industrial companies	*-*	*9*	
	+ Administrative costs - contributions to Resolution Funds, Deposit Guarantee Schemes (DGS), Bank Levy and Guarantee fees for DTA	*(1,068)*	*(773)*	
	+ Provisions for risks and charges - contribution to National Interbank Deposit Guarantee Fund (F.I.T.D.)	*11*	*-*	
	Surplus on release of integration provision	*(56)*	*61*	
Integration costs		(2,132)	(386)	
	+ Administrative expenses: a) employee payroll costs - Provision for post retirement benefit obligations - Settlement Gains (Losses)	*(589)*	1,199	
	Integration costs before Purchase Price Allocation effect	*(1,543)*	*(1,583)*	
less: Purchase Price Allocation effect		*-*	*(2)*	
Net income from investments		(910)	(27)	
Item 130.	*Net losses/recoveries on impairment: b) available-for-sale financial assets*	*(707)*	*(59)*	*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)	*(83)*	*(15)*	
Item 240.	*Profit (Loss) of equity investments -of which: write-backs/impairment losses and gains/losses on disposal of associates valued at equity*	*(602)*	*(46)*	*Section 16*
Item 250.	*Net valuation at fair value of tangible and intangible assets*	*(2)*	*(2)*	*Section 17*
Item 270.	*Gains (Losses) on disposal of investments*	*496*	*107*	*Section 19*
	less: Gains (Losses) on disposals of investments - assets leasing operation (from item 270)	*(11)*	*(6)*	
	less: Industrial companies	*(1)*	*-*	
PROFIT (LOSS) BEFORE TAX		**(10,978)**	**749**	
Income tax for the period		(713)	99	
Item 290.	*Tax expense related to profit from continuing operations*	*(712)*	*178*	*Section 20*
	less: Tax expense related to profit from continuing operations of industrial companies	*1*	*4*	
less: Purchase Price Allocation effect		*(2)*	*(84)*	
NET PROFIT (LOSS)		**(11,691)**	**848**	
Profit (Loss) after tax from discontinued operations = item 310		630	1,377	
Item 310.	*Profit (Loss) after tax from discontinued operations*	*630*	*1,377*	*Section 21*
PROFIT (LOSS) FOR THE PERIOD		**(11,061)**	**2,225**	
Minorities		(464)	(352)	
Item 330.	*Minorities*	*(464)*	*(352)*	*Section 22*
NET PROFIT (LOSS) ATTRIBUTABLE TO THE GROUP BEFORE PPA		**(11,524)**	**1,873**	
Purchase Price Allocation effect		(5)	(179)	
Impairment of goodwill		(261)	-	
Item 260.	*Impairment of goodwill*	*(261)*	*-*	*Section 18*
NET PROFIT (LOSS) ATTRIBUTABLE TO THE GROUP		**(11,790)**	**1,694**	

Note:

An explanation for the restatement of comparative figures is provided in the previous sections.

Fees for annual audits and related services

UniCredit Group 2016 – Deloitte Network
As prescribed by art.149-duodecies of the Consob Issuers Regulation, the following table gives fees paid in 2016 for services rendered by Deloitte & Touche S.p.A. and firms in its network.

(€ '000)

SERVICE TYPE	SERVICE PROVIDER	USER	FEES(1)
Audit(2)	Deloitte & Touche S.p.A.	Parent company – UniCredit S.p.A.	2,792
	Deloitte & Touche S.p.A.	Subsidiaries	1,631
	Deloitte Network	Subsidiaries	19,325
Certification, letters of comfort, etc(3)	Deloitte & Touche S.p.A	Parent company – UniCredit S.p.A.	6,382
	Deloitte & Touche S.p.A.	Subsidiaries	452
	Deloitte Network	Parent company – UniCredit S.p.A.	65
	Deloitte Network	Subsidiaries	4,587
Other services(4)	Deloitte & Touche S.p.A.	Parent company – UniCredit S.p.A.	200
	Deloitte Network	Parent company – UniCredit S.p.A.	153
	Deloitte Network	Subsidiaries	8,962
Total			**44,549**

(1) Excl. VAT and Expenses.
(2) Does not include fees for audits of investment funds.
(3) Mainly: verification services provided to UniCredit S.p.A. (Fees for verification and issuing Comfort Letters as part of the capital increase, Limited review of the integrated report 2016, Limited review on 3Q2016 reporting package, Issuing Comfort Letters concerning bond issues, Signing the Italian tax declaration forms), other audit related services provided to the subsidiary UniCredit Bank AG and assessments required by regulations/local Supervisory Authority in Austria, CEE Countries, China and USA.
(4) Mainly: Agreed Upon Procedure (AUP) on own funds and coefficients of Banking Supervision, Support the activities of collection Transfer Pricing documentation, Support to Project "Gestione Normativa - Processo Sub Deleghe"; ICT Services provided to the subsidiary UniCredit Business Integrated Solutions S.C.p.A. and to the indirect subsidiary UniCredit Business Integrated Solutions Austria GmbH; assistance provided to the subsidiaries UniCredit Bank AG and UniCredit Bank Austria AG.

Securitizations - qualitative tables

ORIGINATOR: UniCredit S.p.A.

Traditional securitizations of Performing and Non-Performing loans

STRATEGIES, PROCESSES AND GOALS:	The initiatives are a part of the Group's strategies, one of the objectives of which is to finance, at competitive rates (and in large amounts), the development of medium and long-term "Performing" and "Non-Performing" loan portfolios through the structuring of such portfolios and the resulting release of financial resources for new investments and also creating eligible securities for refinancing operations with the ECB and/or with third parties (counterbalancing capacity). The main advantages of the transactions can be summarized as follows: - improvement in the matching of asset maturities; - diversification of sources of financing; - broadening of investor base and resulting optimization of funding cost; - creating counterbalancing capacity. Moreover, securitization transactions can also be implemented for purposes related to business projects (for better management of assets), corporate restructuring or deleveraging projects.
INTERNAL MEASUREMENT AND RISK MONITORING SYSTEMS:	UniCredit S.p.A. acts as "Servicer" for almost all transactions concerned for which is Originator. As per the agreements entered into with issuing companies (special purpose vehicles - SPV), servicing consists of performing, on behalf of these companies, administrative, collection and securitized loan collection activities as well as the management of any recovery procedures for impaired loans. Thus, as Servicer, UniCredit S.p.A. is charged with continually tracking cash flows from securitized loans and constantly monitoring their collection, with the assistance of third party companies (especially for the recovery of impaired loans; the company involved is DoBank S.p.A., which operates as an assistant to the Servicer, governed by a special agreement). The Service provides the Special Purpose Vehicle (and other counterparties indicated in the servicing agreements) information on the activity performed by, periodically reports that indicate, among other things, the collection and transfer of the income stream sold, the amount of default positions and recoveries completed, overdue installments, etc., with all information broken down in relation to specific transactions. These reports (which are usually quarterly) are periodically checked (if contractually required) by an auditing firm.
ORGANIZATIONAL STRUCTURE AND SYSTEM FOR REPORTING TO SENIOR MANAGEMENT:	From a strategic point of view, Group Finance Department is responsible for central coordination. In this context, the above structure plays: a) in the launch phase of the operation the role of proposer and provides support to the other Bank's Divisions and to the individual Legal Entities in conducting transactions, cooperating with all the other departments (Planning & Capital Management, Group Risk Management, M&A etc.) in identifying the characteristics and the distinctive features of "true sale" securitizations loans in order to achieve the targets set in the Group's Funding Plan and in the Contingency Funding Plan, approved by the Board of Directors, in the ordinary plan of creating counterbalancing capacity, as well as in organizational strategy and business of Top Management. Specific transactions are subject to prior approval by the competent departments of the Holding and of the Originator Bank (during approval, among other things, the structure, costs and impacts in terms of liquidity, counterbalancing capacity, organizational, business and/or any capital relief are discussed and analyzed), and to final approval by the Board of Directors of the Originator Bank; b) in the management phase of the operation, the monitoring role of the securitized portfolios, the interactions with the Ratings Agencies in order to submit regular information on portfolios and comment rating actions and, more generally, the role of coordination of the Originator Bank to facilitate the solution of events relating to the securitised portfolios (management of actions of payments holidays, downgrading, restructurings, etc.). The Bank has established a special coordination unit (GL & Securitization Reporting) within the Accounting & Regulatory Reporting Department. This unit has been tasked with administrative activities connected to the Servicer and Account Bank related-duties, and to carry out these duties, it works in close cooperation with specific, qualified areas of the Bank (Group Risk Management, Group Finance, Group Legal Advice & Contracts, etc.) and the Group (UniCredit Business Integrated Solutions S.C.p.A., etc.). It also provides a technical and operational support to network units. The information regarding the monitoring of collections and the performance of the securitized portfolio is periodically submitted to the Servicer's Board of Directors.
HEDGING POLICIES:	By agreement, securitized portfolios can be protected from interest rate risk by means of the Special Purpose Vehicle entering into Interest Rate Swap (IRS) agreements to hedge a fixed-rate portfolio, and Basis Swaps to hedge an indexed rate portfolio. In connection with these swaps, always if required by agreements, related back-to-back swap contracts are entered into between the Swap counterparty and UniCredit S.p.A. as Originator, interfaced in some cases by UniCredit Bank AG.
OPERATING RESULTS:	At the end of December 2016, the operating results related to existing securitization transactions essentially reflected the performance of underlying portfolios and the resulting cash flows, and obviously are affected by the amount of defaults and prepayments during the period, which, moreover, are in line with the performance seen in other assets of this kind that are not securitized. The exercise of the option to repurchase the securitized portfolio underlying operation "Cordusio RMBS" did not result in significant additional economic impacts.

Securitizations - qualitative tables

New transactions 2016

NAME:	CONSUMER THREE	
Type of securitisation:	Traditional	
Originator:	UniCredit S.p.A.	
Issuer:	Consumer Three S.r.l.	
Servicer:	UniCredit S.p.A.	
Arranger:	UniCredit S.p.A.	
Target transaction:	Funding/Counterbalancing capacity	
Type of asset:	Personal loans	
Quality of Asset:	Performing	
Closing date:	04.20.2016	
Nominal Value of disposal portfolio (€):	4,077,354,013	
Net amount of preexinting writedown/writebacks:	4,077,354,013	
Disposal Profit & Loss realized:	-	
Portfolio disposal price (€):	4,096,856,762	
Guarantees issued by the Bank:	-	
Guarantees issued by Third Parties:	-	
Bank Lines of Credit:	-	
Third Parties Lines of Credit:	-	
Other Credit Enhancements:	UniCredit S.p.A. has granted SPV a subordinated loan of 50 million euro. UniCredit S.p.A. also paid into an eligible entity a cash reserve amount outstanding, at the end of accounting period, for €60.3 million.	
Other relevant information:	Self-securitisation	
Rating Agencies:	Moody's / Fitch	
Amount of CDS or other supersenior risk transferred:		
Amount and Condition of tranching:		
. ISIN	IT0005176505	IT0005176513
. Type of security	Senior	Junior
. Class	A	J
. Rating	A/Aa2	n.r.
. Quotation	-	-
. Issue date	04.21.2016	04.21.2016
. Legal maturity	12.31.2040	12.31.2040
. Call option	Clean-up Call	
. Expected duration (years)	3.6	3.6
. Rate	170 b.p.	500 b.p.
. Subordinated level	-	Sub A
. Nominal value issued (€)	3,015,000,000	1,062,353,969
. Nominal value at the end of accounting period (€)	3,015,000,000	1,062,353,969
. Security subscribers	UniCredit S.p.A.	UniCredit S.p.A.
Distribution of securitised assets by area (€):		
Italy - Northwest	1,028,068,148	
- Northeast	997,770,903	
- Central	918,043,661	
- South and Islands	1,133,471,301	
Other European Countries - E.U. countries	-	
- non-E.U. countries	-	
America	-	
Rest of the World	-	
TOTAL	**4,077,354,013**	
Distribution of securitised assets by business sector of the borrower (€):		
Governments	-	
other governments agencies	-	
Banks	-	
Financial Companies	-	
Insurance Companies	-	
Non-financial companies	-	
Other entities	4,077,354,013	
TOTAL	**4,077,354,013**	

The "Closing date" is the date when the securitization transaction was completed, i.e. the date when all contractual documents were signed.

Transactions from previous periods

NAME:	CONSUMER TWO		LARGE CORPORATE ONE	
Type of securitisation:	Traditional		Traditional	
Originator:	UniCredit S.p.A.		UniCredit S.p.A.	
Issuer:	Consumer TWO S.r.l.		Large Corporate ONE S.r.l.	
Servicer:	UniCredit S.p.A.		UniCredit S.p.A.	
Arranger:	UniCredit S.p.A.		-	
Target transaction:	Funding/Counterbalancing capacity		Funding/Counterbalancing capacity	
Type of asset:	Personal loans		Large Corporate Loans	
Quality of Asset:	Performing		Performing	
Closing date:	11.25.2013		08.13.2013	
Nominal Value of reference portfolio (€):	1,234,022,049		278,606,012	
Issued guarantees by the Bank:	-		Senior Notes Guarantee amounting to €304 million	
Issued guarantees by third parties:	-		-	
Bank Lines of Credit:	-		Interest Shortfall Facility amounting to €13.2 million	
Third Parties Lines of Credit:	-		-	
Other Credit Enhancements:	UniCredit S.p.A. has granted the SPV, with respect to this transaction, two subordinated loans amounting to €24.68 million and €5 million (at the end of accounting period they are fully reimbursed).		-	
Other relevant information:	In the role of Servicer, UniCredit S.p.A. has had to hedge mingling risk, with a collateral amounting to €29.38 million at December 31, 2016.		The credit line of Interest Shortfall Facility, of the original value of €15 million, was used for €1,844,085.	
Rating Agencies:	Moody's/Fitch		Standard & Poor's	
Amount of CDS or other risk transferred:	-		-	
Amount and Condition of tranching:				
. ISIN	IT0004974983	IT0004974777	IT0004955776	IT0004955479
. Type of security	Senior	Senior	Senior	Junior
. Class	A1	A2	A	B
. Rating	Aa2/AA+	Aa2/AA+	BBB-	-
. Nominal Value Issued (€)	250,000,000	490,400,000	897,000,000	103,000,000
. Reference Position (€)	250,000,000	490,400,000	250,000,000	28,706,800
. Reference Position at the end of accounting period (€)	12,516,875	24,553,102	250,000,000	28,706,800
. ISIN	IT0004974975			
. Type of security	Junior			
. Class	B			
. Rating	-			
. Reference Position (€)	493,622,030			
. Reference Position at the end of accounting period (€)	493,622,030			

The "Closing date" is the date when the securitization transaction was completed, i.e. the date when all contractual documents were signed.

Securitizations - qualitative tables

ORIGINATOR: UniCredit S.p.A. (formerly UniCredit Family Financing Bank S.p.A.)

Transactions from previous periods

NAME:	CORDUSIO RMBS UCFIN - SERIE 2006 (EX CORDUSIO RMBS 3 - UBCASA 1)	
Type of securitisation:	Traditional	
Originator:	UniCredit Banca per la Casa S.p.A.	
Issuer:	Cordusio RMBS UCFin S.r.l. (ex Cordusio RMBS 3 - UBCasa 1 S.r.l.)	
Servicer:	UniCredit S.p.A.	
Arranger:	UniCredit Banca Mobiliare S.p.A.	
Target transaction:	Funding/Counterbalancing capacity	
Type of asset:	Private Mortgage Loans	
Quality of Asset:	Performing	
Closing date:	11.16.2006	
Nominal Value of disposal portfolio (€):	2,495,969,428	
Guarantees issued by the Bank:	-	
Guarantees issued by Third Parties:	-	
Bank Lines of Credit:	-	
Third Parties Lines of Credit:	-	
Other Credit Enhancements:	UniCredit S.p.A. has granted SPV a subordinated loan of €14.976 million, which at the end of accounting period is fully reimbursed.	
Other relevant information:	Following its downgrade by debt-rating agencies, UniCredit S.p.A. paid €160 million of funds into an eligible entity to maintain its role as an Account Bank. Moreover UniCredit S.p.A. has been replaced as swap counterparty with another Bank rated as eligible by ratings Agencies.	
Rating Agencies:	Fitch/Moody's/Standard & Poor's	
Amount of CDS or other supersenior risk transferred:	-	
Amount and Conditions of tranching:		
. ISIN	IT0004144884	IT0004144892
. Type of security	Senior	Senior
. Class	A1	A2
. Rating	-	AA+/Aa2/AA-
. Nominal value issued (€)	600,000,000	1,735,000,000
. Nominal value at the end of accounting period (€)	-	427,821,852
. ISIN	IT0004144900	IT0004144934
. Type of security	Mezzanine	Mezzanine
. Class	B	C
. Rating	AA/Aa2/A	A+/Aa3/A
. Nominal value issued (€)	75,000,000	25,000,000
. Nominal value at the end of accounting period (€)	75,000,000	25,000,000
. ISIN	IT0004144959	IT0004144967
. Type of security	Mezzanine	Junior
. Class	D	E
. Rating	BBB-/Baa2/A	-
. Nominal value issued (€)	48,000,000	12,969,425
. Nominal value at the end of accounting period (€)	48,000,000	12,969,425

The "Closing date" is the date when the securitization transaction was completed, i.e. the date when all contractual documents were signed.

ORIGINATOR: UniCredit S.p.A. (formerly UniCredit Family Financing Bank S.p.A., formerly UniCredit Banca S.p.A.)

Transactions from previous periods

NAME:	CORDUSIO RMBS SECURITISATION - SERIE 2007		CORDUSIO RMBS SECURITISATION - SERIE 2006 (EX CORDUSIO RMBS 2)	
Type of securitisation:	Traditional		Traditional	
Originator:	UniCredit Banca S.p.A.		UniCredit Banca S.p.A.	
Issuer:	Cordusio RMBS Securitisation S.r.l.		Cordusio RMBS Securitisation S.r.l. (ex Cordusio RMBS 2 S.r.l.)	
Servicer:	UniCredit S.p.A.		UniCredit S.p.A.	
Arranger:	Bayerische Hypo und Vereinsbank AG, London Branch		UniCredit Banca Mobiliare S.p.A	
Target transaction:	Funding/Counterbalancing capacity		Funding/Counterbalancing capacity	
Type of asset:	Private Mortgage Loans		Private Mortgage Loans	
Quality of Asset:	Performing		Performing	
Closing date:	05.22.2007		07.06.2006	
Nominal Value of disposal portfolio (€):	3,908,102,838		2,544,388,351	
Guarantees issued by the Bank:	-		-	
Guarantees issued by Third Parties:	-		-	
Bank Lines of Credit:	-		-	
Third Parties Lines of Credit:	-		-	
Other Credit Enhancements:	UniCredit S.p.A. has granted SPV a subordinated loan of €6.253 million, at the end of accounting period that amount is fully reimbursed.		UniCredit S.p.A. has granted SPV a subordinated loan of €6.361 million, at the end of accounting period that amount is fully reimboursed.	
Other relevant information:	Following its downgrade by debt-rating agencies, UniCredit S.p.A. paid €236 million of funds into an eligible entity to maintain its role as an Account Bank. Moreover UniCredit S.p.A. has been replaced as swap counterparty with another Bank rated as eligible by ratings Agencies.		Following its downgrade by debt-rating agencies, UniCredit S.p.A. paid €170 million of funds into an eligible entity to maintain its role as an Account Bank. Moreover UniCredit S.p.A. has been replaced as swap counterparty with another Bank rated as eligible by ratings Agencies.	
Rating Agencies:	Fitch/Moody's/Standard & Poor's		Fitch/Moody's/Standard & Poor's	
Amount of CDS or other supersenior risk transferred:	-		-	
Amount and Conditions of tranching:				
. ISIN	IT0004231210	IT0004231236	IT0004087158	IT0004087174
. Type of security	Senior	Senior	Senior	Senior
. Class	A1	A2	A1	A2
. Rating	-	A+/Aa2/AA-	-	AA+/Aa2/AA-
. Nominal value issued (€)	703,500,000	2,227,600,000	500,000,000	1,892,000,000
. Nominal value at the end of accounting period (€)	-	119,746,197	-	244,081,622
. ISIN	IT0004231244	IT0004231285	IT0004087182	IT0004087190
. Type of security	Senior	Mezzanine	Mezzanine	Mezzanine
. Class	A3	B	B	C
. Rating	A+/Aa2/A	A+/Aa2/A	AA+/Aa2/A	BBB+/Ba1/A
. Nominal value issued (€)	738,600,000	71,100,000	45,700,000	96,000,000
. Nominal value at the end of accounting period (€)	738,600,000	71,100,000	45,700,000	96,000,000
. ISIN	IT0004231293	IT0004231301	IT0004087216	
. Type of security	Mezzanine	Mezzanine	Junior	
. Class	C	D	D	
. Rating	A/A1/A	B/Ba1/BBB-	-	
. Nominal value issued (€)	43,800,000	102,000,000	10,688,351	
. Nominal value at the end of accounting period (€)	43,800,000	102,000,000	10,688,351	
. ISIN	IT0004231319	IT0004231327		
. Type of security	Mezzanine	Junior		
. Class	E	F		
. Rating	CCC/Caa1/B-	-		
. Nominal value issued (€)	19,500,000	2,002,838		
. Nominal value at the end of accounting period (€)	19,500,000	2,002,838		

The "Closing date" is the date when the securitization transaction was completed, i.e. the date when all contractual documents were signed.

Securitizations - qualitative tables

ORIGINATOR: UniCredit S.p.A. (formerly UniCredit Family Financing Bank S.p.A., formerly Bipop-Carire Società per Azioni)

Transactions from previous periods

NAME:	BIPCA CORDUSIO RMBS	
Type of securitisation:	Traditional	
Originator:	Bipop - Carire, Società per Azioni	
Issuer:	Capital Mortgage Srl	
Servicer:	UniCredit S.p.A.	
Arranger:	Bayerische Hypo und Vereinsbank AG, London Branch	
Target transaction:	Funding/Counterbalancing capacity	
Type of asset:	Private Mortgage Loans	
Quality of Asset:	Performing	
Closing date:	12.17.2007	
Nominal Value of disposal portfolio (€):	951,664,009	
Guarantees issued by the Bank:	-	
Guarantees issued by Third Parties:	-	
Bank Lines of Credit:	-	
Third Parties Lines of Credit:	-	
Other Credit Enhancements:	UniCredit S.p.A. has granted SPV a subordinated loan of €9.514 million. At the end of accounting period €2.8 million of the principal amount has been repaid.	
Other relevant information:	All securities issued outstanding from December 31, 2010 have been retained by UniCredit S.p.A. Following its downgrade by debt-rating agencies, UniCredit S.p.A. paid €59 million of funds into an eligible entity to maintain its role as an Account Bank. Moreover UniCredit S.p.A. has been replaced as swap counterparty with another Bank rated as eligible by ratings Agencies.	
Rating Agencies:	Standard & Poor's/Moody's	
Amount of CDS or other supersenior risk transferred:	-	
Amount and Conditions of tranching:		
. ISIN	IT0004302730	IT0004302748
. Type of security	Senior	Senior
. Class	A1	A2
. Rating	AA-/Aa2	A/Aa2
. Nominal value issued (€)	666,300,000	185,500,000
. Nominal value at the end of accounting period (€)	87,955,331	185,500,000
. ISIN	IT0004302755	IT0004302763
. Type of security	Mezzanine	Mezzanine
. Class	B	C
. Rating	A/Aa3	BBB-/A2
. Nominal value issued (€)	61,800,000	14,300,000
. Nominal value at the end of accounting period (€)	61,800,000	14,300,000
. ISIN	IT0004302797	IT0004302854
. Type of security	Mezzanine	Mezzanine
. Class	D	E
. Rating	BB-/Baa1	CCC/Baa3
. Nominal value issued (€)	18,000,000	5,500,000
. Nominal value at the end of accounting period (€)	18,000,000	5,500,000
. ISIN	IT0004302912	
. Type of security	Junior	
. Class	F	
. Rating	-	
. Nominal value issued (€)	250,000	
. Nominal value at the end of accounting period (€)	250,000	

The "Closing date" is the date when the securitization transaction was completed, i.e. the date when all contractual documents were signed.

ORIGINATOR: UniCredit S.p.A. (formerly UniCredit Family Financing Bank S.p.A., formerly Banca di Roma S.p.A.)

Transactions from previous periods

NAME:	CAPITAL MORTGAGE 2007 - 1	
Type of securitisation:	Traditional	
Originator:	Banca di Roma S.p.A.	
Issuer:	Capital Mortgage S.r.l.	
Servicer:	UniCredit S.p.A.	
Arranger:	Capitalia S.p.A.	
Target transaction:	Funding/Counterbalancing capacity	
Type of asset:	Private Mortgage Loans	
Quality of Asset:	Performing	
Closing date:	05.14.2007	
Nominal Value of disposal portfolio (€):	2,183,087,875	
Guarantees issued by the Bank:	-	
Guarantees issued by Third Parties:	-	
Bank Lines of Credit:	-	
Third Parties Lines of Credit:	-	
Other Credit Enhancements:	UniCredit S.p.A. has granted SPV a subordinated loan of €37.19 million (as equity).	
Other relevant information:	Tranching based on an original assets portfolio €2,479.4 million, reduced to €2,183.1 million due to checks after closing date. Following its downgrade by debt-rating agencies, UniCredit S.p.A. paid funds into an eligible entity amounting to €155.75 million at December 31, 2016 to maintain its role as Account Bank.	
Rating Agencies:	S & P/Moody's/Fitch	
Amount of CDS or other supersenior risk transferred:	-	
Amount and Conditions of tranching:		
. ISIN	IT0004222532	IT0004222540
. Type of security	Senior	Senior
. Class	A1	A2
. Rating	AA-/Baa2/B+	AA-/Baa2/B+
. Nominal value issued (€)	1,736,000,000	644,000,000
. Nominal value at the end of accounting period (€)	269,356,718	410,040,596
. ISIN	IT0004222557	IT0004222565
. Type of security	Mezzanine	Junior
. Class	B	C
. Rating	BB/B3/CCC	D/Ca/CC
. Nominal value issued (€)	74,000,000	25,350,000
. Nominal value at the end of accounting period (€)	74,000,000	25,350,000

The "Closing date" is the date when the securitization transaction was completed, i.e. the date when all contractual documents were signed.

Securitizations - qualitative tables

ORIGINATOR: UniCredit S.p.A. (formerly UniCredit Family Financing Bank S.p.A., formerly FinecoBank S.p.A.)

Transactions from previous periods

NAME:	F-E MORTGAGES 2005		F-E MORTGAGES SERIES 1-2003		HELICONUS	
Type of securitisation:	Traditional		Traditional		Traditional	
Originator:	FinecoBank S.p.A.		Fin-eco Banca ICQ S.p.A.		Fin-eco Banca ICQ S.p.A.	
Issuer:	F-E Mortgages S.r.l.		F-E Mortgages S.r.l.		Heliconus S.r.l	
Servicer:	UniCredit S.p.A.		UniCredit S.p.A.		UniCredit S.p.A.	
Arranger:	MCC S.p.A. - Group Capitalia		MCC S.p.A. - Group Capitalia		MCC S.p.A. - Group Capitalia	
Target transaction:	Funding/Counterbalancing capacity		Funding/Counterbalancing capacity		Funding/Counterbalancing capacity	
Type of asset:	Private Mortgage Loans		Private Mortgage Loans		Private Mortgage Loans	
Quality of Asset:	Performing		Performing		Performing	
Closing date:	04.06.2005		11.27.2003		11.08.2002	
Nominal Value of disposal portfolio (€):	1,028,683,779		748,630,649		408,790,215	
Guarantees issued by the Bank:	-		-		-	
Guarantees issued by Third Parties:	-		-		-	
Bank Lines of Credit:	-		UniCredit S.p.A. issued a credit line for €20 million (jointly with The Royal Bank of Scotland Milan Branch). The amount of line of credit is totally redeemed.		UniCredit S.p.A. issued a credit line for €10.22 million. The amount of the credit line is totally redeemed.	
Third Parties Lines of Credit:	-		-		-	
Other Credit Enhancements:	UniCredit S.p.A. has granted SPV a subordinated loan of €15.431 million (as Equity). At the end of accounting period the amount of capital tranche is fully reimboursed.		-		-	
Other relevant information:	-		Following the downgrade of Royal Bank of Scotland Plc by Moody's, on August 3, 2012 UniCredit S.p.A. made a reserve of €20 million for the SPV, corresponding to the liquidity line.		Following its downgrade by Moody's, on January 12, 2012 UniCredit S.p.A. made a reserve of €10.22 million for the SPV, corresponding to the liquidity line.	
Rating Agencies:	S & P/Moody's/Fitch		S & P/Moody's/Fitch		S & P/Moody's/Fitch	
Amount of CDS or other supersenior risk transferred:	-		-		-	
Amount and Conditions of tranching:						
. ISIN	IT0003830418	IT0003830426	IT0003575039	IT0003575070	IT0003383855	IT0003383871
. Type of security	Senior	Mezzanine	Senior	Mezzanine	Senior	Mezzanine
. Class	A	B	A1	B	A	B
. Rating	AA-/Aa2/AA+	A/Aa2/AA+	AA-/Aa2/AA+	A/A2/AA+	AA-/Aa2/AA+	- /A1/AA
. Nominal value issued (€)	951,600,000	41,100,000	682,000,000	48,000,000	369,000,000	30,800,000
. Nominal value at the end of accounting period (€)	135,474,439	36,863,691	53,045,380	48,000,000	25,542,582	30,800,000
. ISIN	IT0003830434		IT0003575088	IT0003575096	IT0003383939	
. Type of security	Junior		Mezzanine	Junior	Junior	
. Class	C		C	D	C	
. Rating	BBB-/Aa3/A		A/Baa1/AA+	-	-	
. Nominal value issued (€)	36,000,000		11,000,000	7,630,000	8,990,200	
. Nominal value at the end of accounting period (€)	32,289,365		11,000,000	7,630,000	8,990,200	

The "Closing date" is the date when the securitization transaction was completed, i.e. the date when all contractual documents were signed.

ORIGINATOR: UniCredit S.p.A. (formerly UniCredit Credit Management Bank S.p.A.)

Transactions from previous periods

NAME:	ARENA NPL ONE	
Type of securitisation:	Self-securitisation	
Originator:	UCCMB S.p.A.	
Issuer:	Arena NPL S.r.L.	
Servicer:	UniCredit S.p.A.	
Arranger:	UBS	
Target transaction :	Funding	
Type of asset:	Unsecured loans - mortgage loans	
Quality of asset:	Non-Performing	
Closing date:	12.04.2014	
Nominal Value of disposal portfolio (€):	8,460,706,273	
Guarantees issued by the Bank:	-	
Guarantees issued by Third Parties:	-	
Bank Lines of Credit:	UniCredit S.p.A. issued a line of Liquidity Facility revolving amounts to €100 million, used for €64.24 million at the end of accounting period.	
Third Parties Lines of Credit:	-	
Other Credit Enhancements:	-	
Other relevant information:	UniCredit S.p.A. has granted SPV a loans facility of €30 million, used for legal expenses	
Rating Agencies:	No Rating Agency	
Amount of CDS or other supersenior risk transferred:	-	
Amount and Condition of tranching:		
. ISIN	IT0005070120	IT0005070138
. Type of security	Senior	Junior
. Class	A	B
. Rating	-	-
. Nominal value issued (€)	304,300,000	913,049,310
. Nominal value at the end of accounting period (€)	167,906,252	913,049,310

The "Closing date" is the date when the securitization transaction was completed, i.e. the date when all contractual documents were signed.

Securitizations - qualitative tables

ORIGINATOR: UniCredit S.p.A. (formerly Capitalia S.p.A., formerly Banca di Roma S.p.A.)

Transactions from previous periods

STRATEGIES, PROCESSES AND GOALS:	The goals of the transaction were largely to finance portfolios, diversify sources of funding and improve asset quality.
INTERNAL MEASUREMENT AND RISK MONITORING SYSTEMS:	The securitization portfolio is monitored on an ongoing basis by the servicing company and is recorded in quarterly reports with a breakdown of security status and the trend of repayments.
ORGANIZATIONAL STRUCTURE AND SYSTEM FOR REPORTING TO SENIOR MANAGEMENT:	Reporting produced by servicing companies on the monitoring of portfolio collections is forwarded to senior management and the board of directors.
HEDGING POLICIES:	Special purpose vehicles enter into IRS contracts in order to hedge rate risk related to the structure of underlying securities.
OPERATING RESULTS:	The results achieved up to the present are broadly in line with expectations; payments received from the portfolio acquired ensured punctual and full payment to security holders and other parties to the transaction.

NAME:	CAESAR FINANCE	
Type of securitisation:	Traditional	
Originator:	Banca di Roma S.p.A	
Issuer:	Caesar Finance S.A.	
Servicer:	Bank of New York	
Arranger:	Donaldson, Lufkin & Jenrette	
Target transaction:	Funding	
Type of asset:	Collateralised Bond Obligation	
Quality of asset:	Performing	
Closing date:	11.05.1999	
Nominal Value of disposal portfolio (€):	360,329,000	
Guarantees issued by the Bank:	-	
Guarantees issued by Third Parties:	-	
Bank Lines of Credit:	-	
Third Parties Lines of Credit:	-	
Other Credit Enhancements:	-	
Other relevant information:	-	
Rating Agencies:	Fitch/Moody's	
Amount of CDS or other supersenior risk transferred:	-	
Amount and Conditions of tranching:		
. ISIN	XS0103928452	XS0103929773
. Type of security	Senior	Junior
. Class	A	B
. Rating	-	-
. Nominal value issued (€)	270,000,000	90,329,000
. Nominal value at the end of accounting period (€)	-	48,340,869

ORIGINATOR: UniCredit S.p.A.

New transactions 2016

NAME:	PILLARSTONE ITALY - PREMUDA	
Type of securitisation:	Traditional	
Originator:	UniCredit S.p.A.	
Issuer:	Pillarstone Italy SPV S.r.l.	
Servicer:	Securitisation Services S.p.A.	
Arranger:	NA	
Target transaction:	Innovative structure of securitization to manage and overcome the temporary difficulties of the debtor sold, in order to optimize the reimbursement of the securitized portfolio.	
Type of asset:	Corporate loans	
Quality of Asset:	Unlikely to pay	
Closing date:	07.14.2016	
Nominal Value of disposal portfolio:	$78.220.999,08 + €28.014.541,23	
Net amount of pre-existing writedown/writebacks:	-	
Disposal Profit & Loss realized (€):	-	
Portfolio disposal price (€):	$78.220.999,08 + €28.014.541,23	
Guarantees issued by the Bank:	no	
Guarantees issued by Third Parties:	no	
Bank Lines of Credit :	no	
Third Parties Lines of Credit (€):	7,000,000	
Other Credit Enhancements (€):	no	
Other relevant information:	no	
Rating Agencies:	no	
Amount of CDS or other supersenior risk transferred:	-	
Amount and Condition of tranching:		
. ISIN	IT0005203937	IT0005203952
. Type of security	Senior (*)	Mezzanine (*)
. Class	A	B
. Rating	NA	NA
. Quotation	NA	NA
. Issue date	07.14.2016	07.14.2016
. Legal maturity	10.20.2030	10.20.2030
. Call option	no	
. Expected duration (years)	5.0	5.0
. Rate	8.50%	2.67%
. Subordinated level	-	Sub A
. Nominal value issued	€2.743.000	$57.663.000
. Nominal value at the end of accounting period	€2.743.000	$57.663.000
. Security subscribers	Pall Mall Solution ICAV	UniCredit S.p.A.
. ISIN	IT0005204125	IT0005204133
. Type of security	Junior (*)	Junior (*)
. Class	C	C
. Rating	NA	NA
. Quotation	NA	NA
. Issue date	07.14.2016	07.14.2016
. Legal maturity	10.20.2030	10.20.2030
. Call option	no	
. Expected duration (years)	5.0	5.0
. Rate	9.71%	10.69%
. Subordinated level	Sub A,B	Sub A,B
. Nominal value issued	€25.272.000	$20.558.000
. Nominal value at the end of accounting period	€25.272.000	$20.558.000
. Security subscribers	UniCredit S.p.A.	UniCredit S.p.A.
Distribution of securitised assets by area (€):		
Italy - Northwest	-	
- Northeast	$78.220.999,08 + €28.014.541,23	
- Central	-	
- South and Islands	-	
Other European Countries - E.U. countries	-	
- non-E.U. countries	-	
America	-	
Rest of the World	-	
TOTAL	**$78.220.999,08 + €28.014.541,23**	
Distribution of securitised assets by business sector of the borrower (€):		
Governments	-	
other governments agencies	-	
Banks	-	
Financial Companies	-	
Insurance Companies	-	
Non-financial companies	$78.220.999,08 + €28.014.541,23	
Other entities	-	
TOTAL	**$78.220.999,08 + €28.014.541,23**	

(*) The classification of the field "Type of security" refers to Bank of Italy Circular 262 "The Bank's Financial Statements" - Chapter 1 General principles - Section 5 Definitions - 5.23 - Securitisations: senior, mezzanine and junior exposures.

The "Closing date" is the date when the securitization vehicle has issued the securities of the transaction.

Securitizations - qualitative tables

Transactions from previous periods

NAME:	PILLARSTONE ITALY - BURGO		PILLARSTONE ITALY - COMITAL	
Type of securitisation:	Traditional		Traditional	
Originator:	UniCredit S.p.A.		UniCredit S.p.A.	
Issuer:	Pillarstone Italy SPV S.r.l.		Pillarstone Italy SPV S.r.l.	
Servicer:	Securitisation Services S.p.A.		Securitisation Services S.p.A.	
Arranger:	Not applicable		Not applicable	
Target transaction:	Innovative structure of securitization to manage and overcome the temporary difficulties of the debtor sold, in order to optimize the reimbursement of the securitized portfolio.		Innovative structure of securitization to manage and overcome the temporary difficulties of the debtor sold, in order to optimize the reimbursement of the securitized portfolio.	
Type of asset:	Corporate loans		Corporate loans	
Quality of Asset:	Unlikely to pay		Unlikely to pay	
Closing date:	12.10.2015		12.10.2015	
Nominal Value of disposal portfolio (€) :	150,646,763		33,074,000	
Net amount of pre-existing writedown/writebacks:	-		-	
Disposal Profit & Loss realized (€):	-		-	
Portfolio disposal price (€):	150,646,763		33,074,000	
Guarantees issued by the Bank:	No		No	
Guarantees issued by Third Parties:	No		No	
Bank Lines of Credit :	No		No	
Third Parties Lines of Credit (€):	7,000,000		2,500,000	
Other Credit Enhancements (€):	21,998,763		No	
Other relevant information:	Credit Enhancement is represented by the deferred purchase price (DPP), subordinated to the junior security for the payment, of a convertible loan sold to the vehicle.		No	
Rating Agencies:	No		No	
Amount of CDS or other supersenior risk transferred:	-		-	
Amount and Condition of tranching:				
. ISIN	IT0005154809	IT0005154825	IT0005152324	IT0005152340
. Type of security	Senior(*)	Mezzanine(*)	Senior(*)	Mezzanine(*)
. Class	A	B	A	B
. Rating	-	-	-	-
. Quotation	Not listed	Not listed	Not listed	Not listed
. Issue date	12.10.2015	12.10.2015	12.10.2015	12.10.2015
. Legal maturity	10.20.2030	10.20.2030	10.20.2030	10.20.2030
. Call option	Not applicable		Not applicable	
. Expected duration (years)	5.0	5.0	5.0	5.0
. Rate	8.50%	EUR6M(360) + 200bps	8.50%	EUR6M(360) + 78bps
. Subordinated level	-	Sub A	-	Sub A
. Nominal value issued (€)	5,423,000	103,043,000	810,000	15,396,000
. Nominal value at the end of accounting period (€)	5,423,000	103,043,000	6,894	13,393,035
. Security subscribers	Pall Mall Solutions 1 ICAV	UniCredit S.p.A.	Pall Mall Solutions 1 ICAV	UniCredit S.p.A.
. ISIN	IT0005155251		IT0005152357	
. Type of security	Junior(*)		Junior(*)	
. Class	C		C	
. Rating	-		-	
. Quotation	Not listed		Not listed	
. Issue date	12.10.2015		12.10.2015	
. Legal maturity	10.20.2030		10.20.2030	
. Call option	No		No	
. Expected duration (years)	5.0		5.0	
. Rate	EUR6M(360)+1000bps		EUR6M(360)+1000bps	
. Subordinated level	Sub A, B		Sub A, B	
. Nominal value issued (€)	20,182,000		16,868,000	
. Nominal value at the end of accounting period (€)	20,182,000		16,868,000	
. Security subscribers	UniCredit S.p.A.		UniCredit S.p.A.	

(*) The classification of the field "Type of security" refers to Bank of Italy Circular 262 "The Bank's Financial Statements" - Chapter 1 General principles - Section 5 Definitions - 5.23 - Securitisations: senior, mezzanine and junior exposures.

The "Closing date" is the date when the securitization vehicle has issued the securities of the transaction.

NAME:	PILLARSTONE ITALY - LEDIBERG		PILLARSTONE ITALY - RAINBOW	
Type of securitisation:	Traditional		Traditional	
Originator:	UniCredit S.p.A.		UniCredit S.p.A.	
Issuer:	Pillarstone Italy SPV S.r.l.		Pillarstone Italy SPV S.r.l.	
Servicer:	Securitisation Services S.p.A.		Securitisation Services S.p.A.	
Arranger:	Not applicable		Not applicable	
Target transaction:	Innovative structure of securitization to manage and overcome the temporary difficulties of the debtor sold, in order to optimize the reimbursement of the securitized portfolio.		Innovative structure of securitization to manage and overcome the temporary difficulties of the debtor sold, in order to optimize the reimbursement of the securitized portfolio.	
Type of asset:	Corporate loans		Corporate loans	
Quality of Asset:	Unlikely to pay		Unlikely to pay	
Closing date:	12.10.2015		12.10.2015	
Nominal Value of disposal portfolio (€):	30,508,000		74,216,000	
Net amount of pre-existing writedown/writebacks:	-		-	
Disposal Profit & Loss realized:	-		-	
Portfolio disposal price (€):	30,508,000		74,216,000	
Guarantees issued by the Bank:	No		No	
Guarantees issued by Third Parties:	No		No	
Bank Lines of Credit:	No		No	
Third Parties Lines of Credit (€):	3,000,000		3,500,000	
Other Credit Enhancements:	-		No	
Other relevant information:	-		No	
Rating Agencies:	No		No	
Amount of CDS or other supersenior risk transferred:	-		-	
Amount and Condition of tranching:				
. ISIN	IT0005154726	IT0005154734	IT0005155833	IT0005155103
. Type of security	Senior(*)	Mezzanine(*)	Senior(*)	Mezzanine(*)
. Class	A	B	A	B
. Rating	-	-	-	-
. Quotation	Not listed	Not listed	Not listed	Not listed
. Issue date	12.10.2015	12.10.2015	12.10.2015	12.10.2015
. Legal maturity	10.20.2030	10.20.2030	10.20.2030	10.20.2030
. Call option	Not applicable		Not applicable	
. Expected duration (years)	5.0	5.0	5.0	5.0
. Rate	8.50%	Until 06.30.2016: EUR6M(360) + 25bps From 07.01.2016: EUR6M(360) + 200bps	8.50%	EUR6M(360) + 129bps
. Subordinated level	-	Sub A	-	Sub A
. Nominal value issued (€)	244,000	4,637,000	890,000	16,921,000
. Nominal value at the end of accounting period (€)	244,000	4,637,000	890,000	16,921,000
. Security subscribers	Pall Mall Solutions 1 ICAV	UniCredit S.p.A.	Pall Mall Solutions 1 ICAV	UniCredit S.p.A.
. ISIN	IT0005154759		IT0005155111	
. Type of security	Junior(*)		Junior(*)	
. Class	C		C	
. Rating	-		-	
. Quotation	Not listed		Not listed	
. Issue date	12.10.2015		12.10.2015	
. Legal maturity	10.20.2030		10.20.2030	
. Call option	Not applicable		Not applicable	
. Expected duration (years)	5.0		5.0	
. Rate	EUR6M(360)+1000bps		EUR6M(360)+1000bps	
. Subordinated level	Sub A, B		Sub A, B	
. Nominal value issued (€)	25,627,000		56,405,000	
. Nominal value at the end of accounting period (€)	25,627,000		56,405,000	
. Security subscribers	UniCredit S.p.A.		UniCredit S.p.A.	

(*) The classification of the field "Type of security" refers to Bank of Italy Circular 262 "The Bank's Financial Statements" - Chapter 1 General principles - Section 5 Definitions - 5.23 - Securitisations: senior, mezzanine and junior exposures.

The "Closing date" is the date when the securitization vehicle has issued the securities of the transaction.

Securitizations - qualitative tables

NAME:	ARTS MIDCAP4		AGRIBOND	
Type of securitisation:	Tranched Cover		Tranched Cover	
Originator:	UniCredit S.p.A.		UniCredit S.p.A.	
Issuer:	UniCredit S.p.A.		UniCredit S.p.A.	
Servicer:	UniCredit S.p.A.		UniCredit S.p.A.	
Arranger:	UniCreditBank A.G.		UniCreditBank A.G.	
Target transaction:	Credit risk hedging		Credit risk hedging	
Type of asset:	Loans to Small and Mid Corporate		Unsecured loans - maturity 72 months - to small and medium enterprises pertaining to the agricolture sector	
Quality of Asset:	Performing		Performing	
Closing date:	06.21.2016		06.30.2015	
Nominal Value of reference portfolio (€):	2,258,505,513		172,000,000	
Issued guarantees by the Bank:	-		-	
Issued guarantees by third parties:	funded cash collateralized financial guarantee hedging the junior risk		unfunded financial guarantee hedging the junior risk	
Bank Lines of Credit:	-		-	
Third Parties Lines of Credit:	-		-	
Other Credit Enhancements:	-		-	
Other relevant information:	-		-	
Rating Agencies:	No rating agency, use of Supervisory Formula Approach(*)		No rating agency, use of Supervisory Formula Approach(*)	
Amount of CDS or other risk transferred:	-		-	
Amount and Conditions of tranching:				
. ISIN	n.a	n.a	n.a	n.a
. Type of security	Senior	Junior	Senior	Junior
. Class	A	B	A	B
. Rating	n.r.	n.r.	n.r.	n.r.
. Quotation	not listed	not listed	not listed	not listed
. Issue date	06.21.2016	06.21.2016	06.30.2015	06.30.2015
. Legal maturity	01.31.2036	01.31.2036	02.28.2021	02.28.2021
. Call option	Clean-up call, Regulatory Call, Time call		n.a	
. Expected duration (years)	WAL 3,8Y; time call after 5Y; regulatory call expected Mar 2024	WAL 3,8Y; time call after 5Y; regulatory call expected Mar 2024	02.28.2021	02.28.2021
. Rate	n.a.	n.a.	n.a.	n.a.
. Subordinated level	-	Sub A	-	-
. Reference Position (€)	2,145,505,513	113,000,000	161,256,654	10,743,346
. Reference Position at the end of accounting period (€)	1,874,162,768	113,000,000	130,675,784	10,743,346
. Security subscribers	UniCredit S.p.A.	hedged by protection seller	UniCredit S.p.A.	partially hedged by protection
Distribution of securitised assets by area (€):				
Italy - Northwest	630,081,597		30,888,251	
- Northeast	389,776,203		92,686,166	
- Central	960,503,955		15,908,691	
- South and Islands	278,143,758		32,516,892	
Other European Countries - E.U.. countries	-		-	
- non-E.U. countries	-		-	
America	-		-	
Rest of the World	-		-	
TOTAL	**2,258,505,513**		**172,000,000**	
Distribution of securitised assets by business sector of the borrower (€):				
Governments	-		-	
Other governments agencies	-		-	
Banks	-		-	
Financial Companies	-		-	
Insurance Companies	-		-	
Non-financial companies	2,258,505,513		172,000,000	
Other entities	-		-	
TOTAL	**2,258,505,513**		**172,000,000**	

(*) Synthetic securitizations carried out using the Supervisory Formula Approach ("Supervisory Formula Approach - SFA") as required by art . 262 of Regulation (EU) No.575/2013 (Capital Requirements Regulation - CRR), and earlier by circular 263/2006 of Banca d'Italia.
In case of absence of eligible external rating and if PD and LGD estimations can be provided, the CRR (Art . 259 1. b)) requires that the calculation of capital requirements for the various tranches of the securitization shall be performed using the Supervisory formula, in accordance with art. 262, taking care to provide the following five elements:
1. the capital requirement on the securitized assets calculated using the IRB approach (kIRB);
2. the level of credit support of the concerned tranche;
3. the thickness of the tranche;
4. the number of securitized assets;
5. the average LGD.
Then, using the Supervisory Formula Approach, it is possible to calculate the risk equivalent amount for a securitization tranche related to its seniority, granularity, support level and risk of the underlying.

New transactions 2016

NAME:	BOND ITALIA 3 INVESTIMENTI		BOND ITALIA3 MISTO	
Type of securitisation:	Tranched Cover		Tranched Cover	
Originator:	UniCredit S.p.A.		UniCredit S.p.A.	
Issuer:	UniCredit S.p.A.		UniCredit S.p.A.	
Servicer:	UniCredit S.p.A.		UniCredit S.p.A.	
Arranger:	UniCredit S.p.A.		UniCreditBank A.G.	
Target transaction:	Credit risk hedging		Credit risk hedging	
Type of asset:	unsecured loans - maturity between 24 and 60 months - to small and medium enterpises		unsecured loans - maturity between 18 and 60 months - to small and medium enterpises	
Quality of Asset:	Performing		Performing	
Closing date:	05.14.2016		05.14.2016	
Nominal Value of reference portfolio (€):	99,037,451		166,024,432	
Issued guarantees by the Bank:	-		-	
Issued guarantees by third parties:	unfunded financial guarantee hedging the junior risk		unfunded financial guarantee hedging the junior risk	
Bank Lines of Credit:	-		-	
Third Parties Lines of Credit:	-		-	
Other Credit Enhancements:	-		-	
Other relevant information:	-		-	
Rating Agencies:	No rating agency, use of Standardized Approach (*)		No rating agency, use of Standardized Approach (*)	
Amount of CDS or other risk transferred:	-		-	
Amount and Conditions of tranching:				
. ISIN	n.a	n.a	n.a	n.a
. Type of security	Senior	Junior	Senior	Junior
. Class	-	-	-	-
. Rating	n.r.	n.r.	n.r.	n.r.
. Quotation	not listed	not listed	not listed	not listed
. Issue date	05.14.2016	05.14.2016	05.14.2016	05.14.2016
. Legal maturity	02.28.2021	02.28.2021	02.28.2021	02.28.2021
. Call option	Not applicable		Not applicable	
. Expected duration (years)	02.28.2021	02.28.2021	02.28.2021	02.28.2021
. Rate	n.a.	n.a.	n.a.	n.a.
. Subordinated level	-	-	-	-
. Reference Position (€)	91,609,642	7,427,809	155,647,905	10,376,527
. Reference Position at the end of accounting period (€)	76,611,192	7,427,809	97,998,695	10,376,527
. Security subscribers	UniCredit S.p.A.	Partially hedged by protection	UniCredit S.p.A.	Partially hedged by protection
Distribution of securitised assets by area (€):				
Italy - Northwest	31,652,369		56,215,873	
- Northeast	35,296,948		50,039,764	
- Central	15,548,880		26,148,848	
- South and Islands	16,539,254		33,619,947	
Other European Countries - E.U.. countries	-		-	
- non-E.U. countries	-		-	
America	-		-	
Rest of the World	-		-	
TOTAL	**99,037,451**		**166,024,432**	
Distribution of securitised assets by business sector of the borrower (€):				
Governments	-		-	
Other governments agencies	-		-	
Banks	-		-	
Financial Companies	-		-	
Insurance Companies	-		-	
Non-financial companies	99,037,451		166,024,432	
Other entities	-		-	
TOTAL	**99,037,451**		**166,024,432**	

(*) Synthetic securitizations carried out using the Supervisory Formula Approach ("Supervisory Formula Approach - SFA") as required by art . 262 of Regulation (EU) No.575/2013 (Capital Requirements Regulation - CRR), and earlier by circular 263/2006 of Banca d'Italia.
In case of absence of eligible external rating and if PD and LGD estimations can be provided, the CRR (Art . 259 1. b)) requires that the calculation of capital requirements for the various tranches of the securitization shall be performed using the Supervisory formula, in accordance with art. 262, taking care to provide the following five elements:
1. the capital requirement on the securitized assets calculated using the IRB approach (kIRB);
2. the level of credit support of the concerned tranche;
3. the thickness of the tranche;
4. the number of securitized assets;
5. the average LGD.
Then, using the Supervisory Formula Approach, it is possible to calculate the risk equivalent amount for a securitization tranche related to its seniority, granularity, support level and risk of the underlying.

Securitizations - qualitative tables

New transactions 2016

NAME:	BOND ITALIA4 MISTO		ARTS MIDCAP5	
Type of securitisation:	Tranched Cover		Tranched Cover	
Originator:	UniCredit S.p.A.		UniCredit S.p.A.	
Issuer:	UniCredit S.p.A.		UniCredit S.p.A.	
Servicer:	UniCredit S.p.A.		UniCredit S.p.A.	
Arranger:	UniCreditBank A.G.		UniCreditBank A.G.	
Target transaction:	Credit risk hedging		Credit risk hedging	
Type of asset:	unsecured loans - maturity between 18 and 60 months - to small and medium enterpises - hedged by FCG		Loans to Mid - Corporate	
Quality of Asset:	Performing		Performing	
Closing date:	12.07.2016		12.02.2016	
Nominal Value of reference portfolio (€):	299,997,840		2,462,951,367	
Issued guarantees by the Bank:	-		-	
Issued guarantees by third parties:	unfunded financial guarantee hedging the junior risk		funded cash collateralized financial guarantee hedging the junior	
Bank Lines of Credit:	-		-	
Third Parties Lines of Credit:	-		-	
Other Credit Enhancements:	-		-	
Other relevant information:	-		-	
Rating Agencies:	No rating agency, use of SFA Approach (*)		No rating agency, use of Standardized Approach (*)	
Amount of CDS or other risk transferred:	-		-	
Amount and Conditions of tranching:				
. ISIN	n.a	n.a	n.a	n.a
. Type of security	Senior	Junior	Senior	Junior
. Class	A	B	A	B
. Rating	n.r.	n.r.	n.r.	n.r.
. Quotation	not listed	not listed	not listed	not listed
. Issue date	12.07.2016	12.07.2016	12.02.2016	12.02.2016
. Legal maturity	02.28.2021	02.28.2021	12.31.2046	12.31.2046
. Call option	n.a		Clean-up call, Regulatory Call, Time call	
. Expected duration (years)	02.28.2021	02.28.2021	WAL 3,58Y; time call after 5Y; regulatory call expected Dec 2023	WAL 3,58Y; time call after 5Y; regulatory call expected Dec 2023
. Rate	n.a.	n.a.	n.a.	n.a.
. Subordinated level	-	Sub A	-	Sub A
. Reference Position (€)	281,247,975	18,749,865	2,339,951,367	123,000,000
. Reference Position at the end of accounting period (€)	281,247,975	18,749,865	2,185,566,611	123,000,000
. Security subscribers	UniCredit S.p.A.	partially hedged by protection seller	UniCredit S.p.A.	hedged by protection seller
Distribution of securitised assets by area (€):				
Italy - Northwest	65,039,532		691,971,067	
- Northeast	105,089,243		462,819,741	
- Central	56,939,590		922,086,655	
- South and Islands	72,929,475		386,073,904	
Other European Countries - E.U.. countries	-		-	
- non-E.U. countries	-		-	
America	-		-	
Rest of the World	-		-	
TOTAL	**299,997,840**		**2,462,951,367**	
Distribution of securitised assets by business sector of the borrower (€):				
Governments	-		-	
Other governments agencies	-		-	
Banks	-		-	
Financial Companies	-		-	
Insurance Companies	-		-	
Non-financial companies	299,997,840		2,462,951,367	
Other entities	-		-	
TOTAL	**299,997,840**		**2,462,951,367**	

(*) Synthetic securitizations carried out using the Supervisory Formula Approach ("Supervisory Formula Approach - SFA") as required by art . 262 of Regulation (EU) No.575/2013 (Capital Requirements Regulation - CRR), and earlier by circular 263/2006 of Banca d'Italia.
In case of absence of eligible external rating and if PD and LGD estimations can be provided, the CRR (Art . 259 1. b)) requires that the calculation of capital requirements for the various tranches of the securitization shall be performed using the Supervisory formula, in accordance with art. 262, taking care to provide the following five elements:
1. the capital requirement on the securitized assets calculated using the IRB approach (kIRB);
2. the level of credit support of the concerned tranche;
3. the thickness of the tranche;
4. the number of securitized assets;
5. the average LGD.
Then, using the Supervisory Formula Approach, it is possible to calculate the risk equivalent amount for a securitization tranche related to its seniority, granularity, support level and risk of the underlying.

New transactions 2016

NAME:	SARDAFIDI		BOND ITALIA4 INVESTIMENTI	
Type of securitisation:	Tranched Cover		Tranched Cover	
Originator:	UniCredit S.p.A.		UniCredit S.p.A.	
Issuer:	UniCredit S.p.A.		UniCredit S.p.A.	
Servicer:	UniCredit S.p.A.		UniCredit S.p.A.	
Arranger:	UniCreditBank A.G.		UniCredit S.p.A.	
Target transaction:	Credit risk hedging		Credit risk hedging	
Type of asset:	unsecured loans to small and medium enterprises in the region Sardinia, originated with the purpose of financing working capitale and / or investments		unsecured loans - maturity between 24 and 60 months - to small and medium enterpises - hedged by FCG	
Quality of Asset:	Performing		Performing	
Closing date:	10.15.2015		12.07.2016	
Nominal Value of reference portfolio (€):	14,472,615		99,999,355	
Issued guarantees by the Bank:	-		-	
Issued guarantees by third parties:	funded cash collateralized financial guarantee hedging the junior risk		unfunded financial guarantee hedging the junior risk	
Bank Lines of Credit:	-		-	
Third Parties Lines of Credit:	-		-	
Other Credit Enhancements:	-		-	
Other relevant information:	-		-	
Rating Agencies:	No rating agency, use of Supervisory Formula Approach(*)		No rating agency, use of Supervisory Formula Approach(*)	
Amount of CDS or other risk transferred:	-		-	
Amount and Conditions of tranching:				
. ISIN	n.a	n.a	n.a	n.a
. Type of security	Senior	Junior	Senior	Junior
. Class	A	B	A	B
. Rating	n.r.	n.r.	n.r.	n.r.
. Quotation	not listed	not listed	not listed	not listed
. Issue date	10.15.2016	10.15.2016	12.07.2016	12.07.2016
. Legal maturity	06.30.2021	06.30.2021	02.28.2021	02.28.2021
. Call option	n.a		n.a	
. Expected duration (years)	06.30.2021	06.30.2021	02.28.2021	02.28.2021
. Rate	n.a	n.a	n.a	n.a
. Subordinated level	-	-	-	Sub A
. Reference Position (€)	13,186,160	1,286,455	92,499,404	7,499,951
. Reference Position at the end of accounting period (€)	7,544,240	1,286,455	92,499,404	7,499,951
. Security subscribers	UniCredit S.p.A.	partially hedged by protection seller	UniCredit S.p.A.	partially hedged by protection seller
Distribution of securitised assets by area (€):				
Italy - Northwest	-		32,389,791	
- Northeast	-		30,569,803	
- Central	14,472,615		15,539,900	
- South and Islands	-		21,499,861	
Other European Countries - E.U.. countries	-		-	
- non-E.U. countries	-		-	
America	-		-	
Rest of the World	-		-	
TOTAL	**14,472,615**		**99,999,355**	
Distribution of securitised assets by business sector of the borrower (€):				
Governments	-		-	
Other governments agencies	-		-	
Banks	-		-	
Financial Companies	-		-	
Insurance Companies	-		-	
Non-financial companies	14,472,615		99,999,355	
Other entities	-		-	
TOTAL	**14,472,615**		**99,999,355**	

(*) Synthetic securitizations carried out using the Supervisory Formula Approach ("Supervisory Formula Approach - SFA") as required by art . 262 of Regulation (EU) No.575/2013 (Capital Requirements Regulation - CRR), and earlier by circular 263/2006 of Banca d'Italia.
In case of absence of eligible external rating and if PD and LGD estimations can be provided, the CRR (Art . 259 1. b)) requires that the calculation of capital requirements for the various tranches of the securitization shall be performed using the Supervisory formula, in accordance with art. 262, taking care to provide the following five elements:
1. the capital requirement on the securitized assets calculated using the IRB approach (kIRB);
2. the level of credit support of the concerned tranche;
3. the thickness of the tranche;
4. the number of securitized assets;
5. the average LGD.
Then, using the Supervisory Formula Approach, it is possible to calculate the risk equivalent amount for a securitization tranche related to its seniority, granularity, support level and risk of the underlying.

Securitizations - qualitative tables

Transactions from previous periods

NAME:	GEPAFIN		ARTS MIDCAP2	
Type of securitisation:	Tranched Cover		Tranched Cover	
Originator:	UniCredit S.p.A.		UniCredit S.p.A.	
Issuer:	UniCredit S.p.A.		UniCredit S.p.A.	
Servicer:	UniCredit S.p.A.		UniCredit S.p.A.	
Arranger:	UniCredit S.p.A.		UniCreditBank A.G.	
Target transaction:	Credit risk hedging		Credit risk hedging	
Type of asset:	Unsecured loans with maturity > 18 months, to corporate clients settled in Umbria - granted by Gepafin (finanziaria of Regione Umbria)		Underlying pool of loans to small and mid corporates - guarantee from CRC S.à.r.l and AREO S.à.r.l.(Junior risk) and FEI (mezzanine risk)	
Quality of Asset:	Performing		Performing	
Closing date:	03.09.2015		06.12.2015	
Nominal Value of reference portfolio (€):	7,473,980		1,618,022,277	
Issued guarantees by the Bank:	-		-	
Issued guarantees by third parties:	Funded cash collateralized financial guarantee hedging the junior risk		Funded cash collateralized financial guarantee hedging the junior risk; unfunded financial guarantee hedging the mezzanine risk	
Bank Lines of Credit:	-		-	
Third Parties Lines of Credit:	-		-	
Other Credit Enhancements:	-		-	
Other relevant information:	-		-	
Rating Agencies:	No rating agency, use of Supervisory Formula Approach(*)		No rating agency, use of Supervisory Formula Approach(*)	
Amount of CDS or other risk transferred:	-		-	
Amount and Conditions of tranching:				
. ISIN	Not applicable	Not applicable	Not applicable	Not applicable
. Type of security	Senior	Junior	Senior	Mezzanine
. Class	A	B	A	B
. Rating	-	-	-	-
. Quotation	Not listed	Not listed	Not listed	Not listed
. Issue date	03.09.2015	03.09.2015	06.12.2015	06.12.2015
. Legal maturity	12.31.2019	12.31.2019	12.31.2026	12.31.2026
. Call option	Not applicable		Clean-up call, regulatory call	
. Expected duration	12.31.2019	12.31.2019	WAL 2,7 regulatory call expected Sep 2019	WAL 2,7 regulatory call expected Sep 2019
. Rate	Not applicable	Not applicable	Not applicable	Not applicable
. Subordinated level	-	Sub A	-	Sub A
. Reference Position (€)	6,772,921	701,059	1,504,772,277	32,350,000
. Reference Position at the end of accounting period (€)	567,938	700,686	855,614,120	32,350,000
. Security subscribers	UniCredit S.p.A.	Partially hedged by protection seller	UniCredit S.p.A.	Hedged by protection seller
. ISIN			Not applicable	
. Type of security			Junior	
. Class			C	
. Rating			-	
. Quotation			Not listed	
. Issue date			06.12.2015	
. Legal maturity			12.31.2026	
. Rate			Not applicable	
. Subordinated level			Sub A, B	
. Reference Position (€)			80,900,000	
. Reference Position at the end of accounting period (€)			80,345,561	
. Security subscribers			Hedged by protection seller	

(*) Synthetic securitizations carried out using the Supervisory Formula Approach ("Supervisory Formula Approach - SFA") as required by art . 262 of Regulation (EU) No.575/2013 (Capital Requirements Regulation - CRR), and earlier by circular 263/2006 of Banca d'Italia.
In case of absence of eligible external rating and if PD and LGD estimations can be provided, the CRR (Art . 259 1. b)) requires that the calculation of capital requirements for the various tranches of the securitization shall be performed using the Supervisory formula, in accordance with art. 262, taking care to provide the following five elements:
1. the capital requirement on the securitized assets calculated using the IRB approach (kIRB);
2. the level of credit support of the concerned tranche;
3. the thickness of the tranche;
4. the number of securitized assets;
5. the average LGD.
Then, using the Supervisory Formula Approach, it is possible to calculate the risk equivalent amount for a securitization tranche related to its seniority, granularity, support level and risk of the underlying.

NAME:	ARTS LEONARDO		BOND ITALIA1 INVESTIMENTI	
Type of securitisation:	Tranched Cover		Tranched Cover	
Originator:	UniCredit S.p.A.		UniCredit S.p.A.	
Issuer:	ARTS LEONARDO 2015-1 S.A.		UniCredit S.p.A.	
Servicer:	UniCredit S.p.A.		UniCredit S.p.A.	
Arranger:	UniCreditBank A.G.		UniCredit S.p.A.	
Target transaction:	Credit risk hedging		Credit risk hedging	
Type of asset:	Project financing Loans and Shipping		Unsecured loans - maturity between 24 and 60 months - to small and medium enterprises - hedged by FCG	
Quality of Asset:	Performing		Performing	
Closing date:	06.26.2015		06.30.2015	
Nominal Value of reference portfolio (€):	1,519,889,561		93,593,038	
Issued guarantees by the Bank:	-		-	
Issued guarantees by third parties:	Funded cash collateralized financial guarantee hedging the junior risk		Unfunded financial guarantee hedging the junior risk	
Bank Lines of Credit:	-		-	
Third Parties Lines of Credit:	-		-	
Other Credit Enhancements:	-		-	
Other relevant information:	-		-	
Rating Agencies:	No rating agency, use of Supervisory Formula Approach(*)		No rating agency, use of Supervisory Formula Approach(*)	
Amount of CDS or other risk transferred:	-		-	
Amount and Conditions of tranching:				
. ISIN	Not applicable	Not applicable	Not applicable	Not applicable
. Type of security	Senior	Junior	Senior	Junior
. Class	A	B	A	B
. Rating	-	-	-	-
. Quotation	Not listed	Not listed	Not listed	Not listed
. Issue date	06.26.2015	06.26.2015	06.30.2015	06.30.2015
. Legal maturity	2040	2040	02.28.2021	02.28.2021
. Call option	Clean-up call, regulatory call		Not applicable	
. Expected duration	2021	2021	02.28.2021	02.28.2021
. Rate	Not applicable	Not applicable	Not applicable	Not applicable
. Subordinated level	-	Sub A	-	Sub A
. Reference Position (€)	1,413,497,292	106,392,269	86,573,560	7,019,478
. Reference Position at the end of accounting period (€)	963,877,962	101,337,816	69,793,983	6,769,478
. Security subscribers	UniCredit S.p.A.	Hedged by protection seller	UniCredit S.p.A.	Partially hedged by protection seller

(*) Synthetic securitizations carried out using the Supervisory Formula Approach ("Supervisory Formula Approach - SFA") as required by art . 262 of Regulation (EU) No.575/2013 (Capital Requirements Regulation - CRR), and earlier by circular 263/2006 of Banca d'Italia.
In case of absence of eligible external rating and if PD and LGD estimations can be provided, the CRR (Art . 259 1. b)) requires that the calculation of capital requirements for the various tranches of the securitization shall be performed using the Supervisory formula, in accordance with art. 262, taking care to provide the following five elements:
1. the capital requirement on the securitized assets calculated using the IRB approach (kIRB);
2. the level of credit support of the concerned tranche;
3. the thickness of the tranche;
4. the number of securitized assets;
5. the average LGD.
Then, using the Supervisory Formula Approach, it is possible to calculate the risk equivalent amount for a securitization tranche related to its seniority, granularity, support level and risk of the underlying.

Securitizations - qualitative tables

NAME:	BOND ITALIA1 MISTO		BOND ITALIA2 MISTO	
Type of securitisation:	Tranched Cover		Tranched Cover	
Originator:	UniCredit S.p.A.		UniCredit S.p.A.	
Issuer:	UniCredit S.p.A.		UniCredit S.p.A.	
Servicer:	UniCredit S.p.A.		UniCredit S.p.A.	
Arranger:	UniCredit S.p.A.		UniCredit S.p.A.	
Target transaction:	Credit risk hedging		Credit risk hedging	
Type of asset:	Unsecured loans - maturity between 18 and 60 months - to small and medium enterprises - hedged by FCG		Unsecured loans - maturity between 18 and 60 months - to small and medium enterpises - hedged by FCG	
Quality of Asset:	Performing		Performing	
Closing date:	06.30.2015		12.31.2015	
Nominal Value of reference portfolio (€):	295,689,323		299,780,540	
Issued guarantees by the Bank:	-		-	
Issued guarantees by third parties:	Unfunded financial guarantee hedging the junior risk		Unfunded financial guarantee hedging the junior risk	
Bank Lines of Credit:	-		-	
Third Parties Lines of Credit:	-		-	
Other Credit Enhancements:	-		-	
Other relevant information:	-		-	
Rating Agencies:	No rating agency, use of Supervisory Formula Approach(*)		No rating agency, use of Supervisory Formula Approach(*)	
Amount of CDS or other risk transferred:	-		-	
Amount and Conditions of tranching:				
. ISIN	Not applicable	Not applicable	Not applicable	Not applicable
. Type of security	Senior	Junior	Senior	Junior
. Class	A	B	A	B
. Rating	-	-	-	-
. Quotation	Not listed	Not listed	Not listed	Not listed
. Issue date	06.30.2015	06.30.2015	12.31.2015	12.31.2015
. Legal maturity	02.28.2021	02.28.2021	02.28.2021	02.28.2021
. Call option	Not applicable		Not applicable	
. Expected duration	02.28.2021	02.28.2021	02.28.2021	02.28.2021
. Rate	Not applicable	Not applicable	Not applicable	Not applicable
. Subordinated level	-	Sub A	-	Sub A
. Reference Position (€)	277,208,740	18,480,583	281,044,256	18,736,284
. Reference Position at the end of accounting period (€)	166,856,333	18,180,583	175,483,556	18,736,284
. Security subscribers	UniCredit S.p.A.	Partially hedged by protection seller	UniCredit S.p.A.	Partially hedged by protection seller

(*) Synthetic securitizations carried out using the Supervisory Formula Approach ("Supervisory Formula Approach - SFA") as required by art . 262 of Regulation (EU) No.575/2013 (Capital Requirements Regulation - CRR), and earlier by circular 263/2006 of Banca d'Italia.
In case of absence of eligible external rating and if PD and LGD estimations can be provided, the CRR (Art . 259 1. b)) requires that the calculation of capital requirements for the various tranches of the securitization shall be performed using the Supervisory formula, in accordance with art. 262, taking care to provide the following five elements:
1. the capital requirement on the securitized assets calculated using the IRB approach (kIRB);
2. the level of credit support of the concerned tranche;
3. the thickness of the tranche;
4. the number of securitized assets;
5. the average LGD.
Then, using the Supervisory Formula Approach, it is possible to calculate the risk equivalent amount for a securitization tranche related to its seniority, granularity, support level and risk of the underlying.

NAME:	BOND ITALIA2 INVESTIMENTI		ARTS MIDCAP3	
Type of securitisation:	Tranched Cover		Tranched Cover	
Originator:	UniCredit S.p.A.		UniCredit S.p.A.	
Issuer:	UniCredit S.p.A.		UniCredit S.p.A.	
Servicer:	UniCredit S.p.A.		UniCredit S.p.A.	
Arranger:	UniCredit S.p.A.		UniCreditBank A.G.	
Target transaction:	Credit risk hedging		Credit risk hedging	
Type of asset:	Unsecured loans - maturity between 24 and 60 months - to small and medium enterprises - hedged by FCG.		Underlying pool of loans to small and mid corporates - guarantee from CRC S.à.r.l (Junior risk) and FEI (mezzanine risk).	
Quality of Asset:	Performing		Performing	
Closing date:	12.31.2015		11.21.2015	
Nominal Value of reference portfolio (€):	99,861,218		4,367,226,943	
Issued guarantees by the Bank:	-		-	
Issued guarantees by third parties:	Unfunded financial guarantee hedging the junior risk		Funded cash collateralized financial guarantee hedging the junior risk; unfunded financial guarantee hedging the mezzanine risk	
Bank Lines of Credit:	-		-	
Third Parties Lines of Credit:	-		-	
Other Credit Enhancements:	-		-	
Other relevant information:	-		-	
Rating Agencies:	No rating agency, use of Supervisory Formula Approach(*)		No rating agency, use of Supervisory Formula Approach(*)	
Amount of CDS or other risk transferred:	-		-	
Amount and Conditions of tranching:				
. ISIN	Not applicable	Not applicable	Not applicable	Not applicable
. Type of security	Senior	Junior	Senior	Mezzanine
. Class	A	B	A	B
. Rating	-	-	-	-
. Quotation	Not listed	Not listed	Not listed	Not listed
. Issue date	12.31.2015	12.31.2015	11.21.2015	11.21.2015
. Legal maturity	02.28.2021	02.28.2021	12.31.2030	12.31.2030
. Call option	Not applicable		Clean-up call, regulatory call	
. Expected duration	02.28.2021	02.28.2021	WAL 3,36 regulatory call expected Dec 2022	WAL 3,36 regulatory call expected Dec 2022
. Rate	Not applicable	Not applicable	Not applicable	Not applicable
. Subordinated level	-	Sub A	-	Sub A
. Reference Position (€)	92,371,627	7,489,591	4,105,194,943	43,672,000
. Reference Position at the end of accounting period (€)	75,452,093	7,489,591	2,734,196,405	43,672,000
. Security subscribers	UniCredit S.p.A.	Partially hedged by protection seller	UniCredit S.p.A.	Hedged by protection seller
. ISIN			Not applicable	
. Type of security			Junior	
. Class			C	
. Rating			-	
. Quotation			Not listed	
. Issue date			11.21.2015	
. Legal maturity			12.31.2030	
. Rate			Not applicable	
. Subordinated level			Sub A, B	
. Reference Position			218,360,000	
. Reference Position at the end of accounting period			214,075,138	
. Security subscribers			Hedged by protection seller	

(*) Synthetic securitizations carried out using the Supervisory Formula Approach ("Supervisory Formula Approach - SFA") as required by art . 262 of Regulation (EU) No.575/2013 (Capital Requirements Regulation - CRR), and earlier by circular 263/2006 of Banca d'Italia.
In case of absence of eligible external rating and if PD and LGD estimations can be provided, the CRR (Art . 259 1. b)) requires that the calculation of capital requirements for the various tranches of the securitization shall be performed using the Supervisory formula, in accordance with art. 262, taking care to provide the following five elements:
1. the capital requirement on the securitized assets calculated using the IRB approach (kIRB);
2. the level of credit support of the concerned tranche;
3. the thickness of the tranche;
4. the number of securitized assets;
5. the average LGD.
Then, using the Supervisory Formula Approach, it is possible to calculate the risk equivalent amount for a securitization tranche related to its seniority, granularity, support level and risk of the underlying.

Securitizations - qualitative tables

NAME:	CONFIDIMPRESA TRENTINO E COOPERATIVA ARTIGIANA DI GARANZIA DELLA PROVINCIA DI TRENTO	
Type of securitisation:	Tranched Cover	
Originator:	UniCredit S.p.A.	
Issuer:	UniCredit S.p.A.	
Servicer:	UniCredit S.p.A.	
Arranger:	UniCredit S.p.A.	
Target transaction:	Credit risk hedging	
Type of asset:	Small and Medium Enterprises Receivables, guaranteed in erogation phase by Consortia.	
Quality of Asset:	Performing	
Closing date:	06.30.2014	
Nominal Value of reference portfolio (€):	10,540,000	
Issued guarantees by the Bank:	-	
Issued guarantees by third parties:	Financial Guarantee to hedge the junior tranche in the form of a lien on fixed deposit account.	
Bank Lines of Credit:	-	
Third Parties Lines of Credit:	-	
Other Credit Enhancements:	-	
Other relevant information:	The Consortia guarantee hedges the 95% of the Junior tranche and the tranche is equal to €665,694.	
Rating Agencies:	No rating agency, use of Supervisory Formula Approach(*)	
Amount of CDS or other risk transferred:	-	
Amount and Conditions of tranching:		
. ISIN	Not applicable	Not applicable
. Type of security	Senior	Junior
. Class	A	B
. Rating	-	-
. Reference Position (€)	9,874,316	665,694
. Reference Position at the end of accounting period (€)	2,767,854	347,590
. Security subscribers	UniCredit S.p.A.	Covered by protection seller

(*) Synthetic securitizations carried out using the Supervisory Formula Approach ("Supervisory Formula Approach - SFA") as required by art . 262 of Regulation (EU) No.575/2013 (Capital Requirements Regulation - CRR), and earlier by circular 263/2006 of Banca d'Italia.
In case of absence of eligible external rating and if PD and LGD estimations can be provided, the CRR (Art . 259 1. b)) requires that the calculation of capital requirements for the various tranches of the securitization shall be performed using the Supervisory formula, in accordance with art. 262, taking care to provide the following five elements:
1. the capital requirement on the securitized assets calculated using the IRB approach (kIRB);
2. the level of credit support of the concerned tranche;
3. the thickness of the tranche;
4. the number of securitized assets;
5. the average LGD.
Then, using the Supervisory Formula Approach, it is possible to calculate the risk equivalent amount for a securitization tranche related to its seniority, granularity, support level and risk of the underlying.

NAME:	UNICREDIT MIDCAP 2014		VENETO SVILUPPO 2014	
Type of securitisation:	Tranched Cover		Tranched Cover	
Originator:	UniCredit S.p.A.		UniCredit S.p.A.	
Issuer:	UniCredit S.p.A.		UniCredit S.p.A.	
Servicer:	UniCredit S.p.A.		UniCredit S.p.A.	
Arranger:	UniCredit S.p.A.		UniCredit S.p.A.	
Target transaction:	Credit risk hedging		Credit risk hedging	
Type of asset:	Highly diversified and granular pool of UniCredit's SME loans, guaranteed in erogation phase by CRC European Loan Origination Platform, Areo Sarl.		Highly diversified and granular pool of UniCredit's SME loans, guaranteed in erogation phase by NEA Fidi and Veneto Sviluppo S.p.A.	
Quality of Asset:	Performing		Performing	
Closing date:	12.16.2014		10.27.2014	
Nominal Value of reference portfolio (€):	1,864,170,543		28,785,600	
Issued guarantees by the Bank:	-		-	
Issued guarantees by third parties:	Financial guarantee to hedge the junior tranche in the form of a lien on fixed deposit account; financial guarantee to hedge the mezzanine tranche in the form of personal guarantee.		Financial guarantee to hedge the junior tranche in the form of a lien on fixed deposit account; financial guarantee to hedge the mezzanine tranche in the form of personal guarantee.	
Bank Lines of Credit:	-		-	
Third Parties Lines of Credit:	-		-	
Other Credit Enhancements:	-		-	
Other relevant information:	-		-	
Rating Agencies:	No rating agency, use of Supervisory Formula Approach(*)		No rating agency, use of Supervisory Formula Approach(*)	
Amount of CDS or other risk transferred:	-		-	
Amount and Conditions of tranching:				
. ISIN	Not applicable	Not applicable	Not applicable	Not applicable
. Type of security	Senior	Mezzanine	Senior	Mezzanine
. Class	A	B	A	B
. Rating	-	-	-	-
. Reference Position (€)	1,715,036,900	37,133,644	26,266,860	1,259,370
. Reference Position at the end of accounting period (€)	493,062,761	37,133,644	-	1,259,370
. Security subscribers	UniCredit S.p.A.	Covered by Protection Seller	UniCredit S.p.A.	Covered by Protection Seller
. ISIN	Not applicable		Not applicable	
. Type of security	Junior		Junior	
. Class	C		C	
. Rating	-		-	
. Reference Position (€)	112,000,000		1,259,370	
. Reference Position at the end of accounting period (€)	109,953,146		1,259,370	
. Security subscribers	Covered by Protection Seller		Covered by Protection Seller	

(*) Synthetic securitizations carried out using the Supervisory Formula Approach ("Supervisory Formula Approach - SFA") as required by art . 262 of Regulation (EU) No.575/2013 (Capital Requirements Regulation - CRR), and earlier by circular 263/2006 of Banca d'Italia.
In case of absence of eligible external rating and if PD and LGD estimations can be provided, the CRR (Art . 259 1. b)) requires that the calculation of capital requirements for the various tranches of the securitization shall be performed using the Supervisory formula, in accordance with art. 262, taking care to provide the following five elements:
1. the capital requirement on the securitized assets calculated using the IRB approach (kIRB);
2. the level of credit support of the concerned tranche;
3. the thickness of the tranche;
4. the number of securitized assets;
5. the average LGD.
Then, using the Supervisory Formula Approach, it is possible to calculate the risk equivalent amount for a securitization tranche related to its seniority, granularity, support level and risk of the underlying.

Securitizations - qualitative tables

ORIGINATOR: UniCredit Leasing S.p.A.

STRATEGIES, PROCESSES AND GOALS:	The main reasons for these transactions are: improve asset allocation, diversification of funding sources and improve Regulatory Ratios.
INTERNAL MEASUREMENT AND RISK MONITORING SYSTEMS:	Each portfolio is monitored on an ongoing basis and is described in monthly and quarterly reports (required by the agreements) with a breakdown of loans by status and the trend of repayments.
ORGANIZATIONAL STRUCTURE AND SYSTEM FOR REPORTING TO SENIOR MANAGEMENT:	Coordination Structure was set up in the Accounts Department. The Board of Directors is provided with a report with a breakdown of repayments and the status of loans.
HEDGING POLICIES:	The Special Purpose Vehicle bought IRSs as fair value hedge and Basis Swaps as Cash flow hedge (and related back to back between Originator and Counterparty).
OPERATING RESULTS:	Repayments are in line with the schedule provided on issue (business plan) such that the equity tranche yield (including extra spread) is in line with expected yield on investments with similar risk level.

New transactions 2015

NAME:	LSV9 - Serie 2016	
Type of securitisation:	Traditional	
Originator:	UniCredit Leasing S.p.A.	
Issuer:	Locat SV S.r.l	
Servicer:	UniCredit Leasing S.p.A.	
Arranger:	UniCredit Bank AG London Branch	
Target transaction:	Funding / Counterbalancing capacity	
Type of asset:	Leasing loans bearing car, capital goods and real estate.	
Quality of Asset:	Performing	
Closing date:	11.11.2016	
Nominal Value of disposal portfolio (€):	3,784,088,049	
Net amount of preexinting writedown/writebacks:	-	
Disposal Profit & Loss realized:	-	
Portfolio disposal price (€):	3,784,088,049	
Guarantees issued by the Bank:	-	
Guarantees issued by Third Parties:	-	
Bank Lines of Credit:	-	
Third Parties Lines of Credit:	-	
Other Credit Enhancements:	UniCredit S.p.A. has granted SPV a subordinated loan of 40 million euro	
Other relevant information:	Self - securitization (No Revolving)	
Rating Agencies:	Moodys / DBRS	
Amount of CDS or other supersenior risk transferred:	-	
Amount and Condition of tranching:		
. ISIN	IT0005219578	IT0005219586
. Type of security	Senior	Junior
. Class	A	B
. Rating	A2/A	not rated
. Quotation	Dublin	Dublin
. Issue date	11.14.2016	11.14.2016
. Legal maturity	12.12.2042	12.12.2042
. Call option	Clean-up call	
. Expected duration		
. Expected duration (years)	3.14	n.d.
. Rate	Euribor 3m + 130bps	Euribor 3m + 500 bps
. Subordinated level	-	Sub A
. Nominal value issued (€)	2,667,800,000	1,116,288,048
. Nominal value at the end of accounting period (€)	2,667,800,000	1,116,288,048
. Security subscribers	UniCredit S.p.A.	UniCredit Leasing S.p.A.
Distribution of securitised assets by area (€):		
Italy - Northwest	1,484,946,399	
- Northeast	817,390,598	
- Central	1,099,937,645	
- South and Islands	381,813,407	
Other European Countries - E.U. countries	-	
- non-E.U. countries	-	
America	-	
Rest of the World	-	
TOTAL	**3,784,088,049**	
Distribution of securitised assets by business sector of the borrower (€):		
Governments	-	
other governments agencies	-	
Banks	1,206,607	
Financial Companies	117,496,859	
Insurance Companies	-	
Non-financial companies	3,406,009,459	
Other entities	259,375,124	
TOTAL	**3,784,088,049**	

Securitizations - qualitative tables

Transactions from previous periods

NAME:	Locat SV - Serie 2014	
Type of securitisation:	Traditional	
Originator:	UniCredit Leasing S.p.A. (ex Locat S.p.A.)	
Issuer:	Locat SV S.r.l.	
Servicer:	UniCredit Leasing S.p.A. (ex Locat S.p.A.)	
Arranger:	UniCredit Bank AG London Branch	
Target transaction:	Funding	
Type of asset:	Leasing loans bearing car, capital goods and real estate	
Quality of asset:	Performing	
Closing date:	09.30.2014	
Nominal Value of disposal portfolio (€):	1,300,000,000	
Guarantees issued by the Bank:	-	
Guarantees issued by Third Parties:	Class A1 securities are guaranteed by the European Fund Investments	
Bank Lines of Credit:	-	
Third Parties Lines of Credit:	-	
Other Credit Enhancements:	-	
Other relevant information:	True sale - Revolving (closed in September 2016)	
Rating Agencies:	Moody's/Fitch	
Amount of CDS or other supersenior risk transferred:	-	
Amount and Condition of tranching:		
. ISIN	IT0005053258	IT0005053266
. Type of security	Senior	Senior
. Class	A1	A2
. Rating	-	Aa2 (sf)/AA+ (sf)
. Nominal value issued (€)	90,000,000	400,000,000
. Nominal value at the end of accounting period (€)	-	159,310,350
. ISIN	IT0005053274	IT0005053282
. Type of security	Senior	Junior
. Class	A3	B
. Rating	Aa2 (sf)/AA+ (sf)	-
. Nominal value issued (€)	225,000,000	585,000,000
. Nominal value at the end of accounting period (€)	89,612,072	585,000,000

ORIGINATOR: UniCredit Leasing S.p.A. (formerly Locat S.p.A.)

Transactions from previous periods

NAME:	LOCAT SV - SERIE 2006	
Type of securitisation:	Traditional	
Originator:	Locat S.p.A.	
Issuer:	Locat SV S.r.l.	
Servicer:	Locat S.p.A.	
Arranger:	UniCredit Banca Mobiliare S.p.A.	
Target transaction:	Capital Relief/Funding	
Type of asset:	Leasing loans bearing car, capital goods and real estate	
Quality of asset:	Performing	
Closing date:	11.14.2006	
Nominal Value of disposal portfolio (€):	1,972,909,866	
Guarantees issued by the Bank:	-	
Guarantees issued by Third Parties:	-	
Bank Lines of Credit:	-	
Third Parties Lines of Credit:	-	
Other Credit Enhancements:	-	
Other relevant information:	Revolving	
Rating Agencies:	S&P/Moody's	
Amount of CDS or other supersenior risk transferred:	-	
Amount and Conditions of tranching:		
. ISIN	IT0004153661	IT0004153679
. Type of security	Senior	Senior
. Class	A1	A2
. Rating	-	-
. Nominal value issued (€)	400,000,000	1,348,000,000
. Nominal value at the end of accounting period (€)	-	-
. ISIN	IT0004153687	IT0004153695
. Type of security	Mezzanine	Mezzanine
. Class	B	C
. Rating	BBB (sf)/A1 (sf)	CCC (sf)/Caa2 (sf)
. Nominal value issued (€)	152,000,000	64,000,000
. Nominal value at the end of accounting period (€)	70,263,140	64,000,000
. ISIN	IT0004153885	
. Type of security	Junior	
. Class	D	
. Rating	-	
. Nominal value issued (€)	8,909,866	
. Nominal value at the end of accounting period (€)	8,909,866	

Securitizations - qualitative tables

ORIGINATOR: UniCredit Leasing (properly Fineco Leasing S.p.A.)

Transactions from previous periods

NAME:	F-E GOLD	
Type of securitisation:	Traditional	
Originator:	Unicredit Leasing S.p.A. (ex Fineco Leasing S.p.A.)	
Issuer:	F-E Gold S.r.l.	
Servicer:	Unicredit Leasing S.p.A.	
Arranger:	Capitalia S.p.A.	
Target transaction:	Funding	
Type of asset:	Loans related to leases of property (65.9%), motor vehicles (26.7%) and business assets (7.4%)	
Quality of asset:	Performing	
Closing date:	05.31.2006	
Nominal Value of disposal portfolio (€):	1,019,029,516	
Guarantees issued by the Bank:	-	
Guarantees issued by Third Parties:	-	
Bank Lines of Credit:	-	
Third Parties Lines of Credit:	-	
Other Credit Enhancements:	UniCredit Leasing S.p.A. (formerly Fineco Leasing S.p.A.) granted the SPV a subordinated loan of €31.6 million (as Equity). At the end of 2016 accounting period the amount of capital tranche is equal to €15.3 million	
Other relevant information:	Revolving closed in October 2007	
Rating Agencies:	Moody's/Fitch	
Amount of CDS or other supersenior risk transferred:	-	
Amount and Conditions of tranching:		
. ISIN	IT0004068588	IT0004068612
. Type of security	Senior	Senior
. Class	A1	A2
. Rating	-	Aa2/AA
. Nominal value issued (€)	203,800,000	749,000,000
. Nominal value at the end of accounting period (€)	-	43,592,998
. ISIN	IT0004068620	IT0004068638
. Type of security	Mezzanine	Mezzanine
. Class	B	C
. Rating	Baa2/BB+	Ba2/BB-
. Nominal value issued (€)	56,000,000	10,200,000
. Nominal value at the end of accounting period (€)	19,775,101	3,601,893

ORIGINATOR: UniCredit Bank AG

STRATEGIES, PROCESSES AND GOALS:	The main motivation for the Bank's securitization programs is the Capital relief and Funding for True Sale Transactions.
INTERNAL MEASUREMENT AND RISK MONITORING SYSTEMS:	Each portfolio is monitored by the servicing department on an ongoing basis and it is illustrated in the form of quarterly report (investor report), which provides a breakdown of the status of loans.
ORGANIZATIONAL STRUCTURE AND SYSTEM FOR REPORTING TO SENIOR MANAGEMENT:	The Board Members approve each new transaction and any other related decision and they are informed on the expected performances and on those in the final balance. The bank's annual/interim report contains information on the bank's own ABS transactions.
HEDGING POLICIES:	For true sale transactions the issuer hedged portfolio's interest rate risks through Interest Rate Swaps.
OPERATING RESULTS:	The results achieved up to the present are broadly in line with expectations; payments received from the portfolio ensured punctual and full payment to security holders and other parties to the transaction.

Transactions from previous periods

NAME:	ROSENKAVALIER 2015	
Type of securitisation:	Traditional	
Originator:	UniCredit Bank AG	
Issuer:	Rosenkavalier 2015 UG	
Servicer:	UniCredit Bank AG	
Arranger:	UniCredit Bank AG (UniCredit Markets & Investment Banking)	
Target transaction:	Liquidity	
Type of asset:	Large Corporate and SME corporate loans	
Quality of Asset:	Performing	
Closing date:	12.18.2015	
Nominal Value of disposal portfolio (€):	2,517,000,000	
Net amount of preexinting writedown/writebacks:	-	
Disposal Profit & Loss realized:	-	
Portfolio disposal price (€):	2,517,000,000	
Guarantees issued by the Bank:	-	
Guarantees issued by Third Parties:	-	
Bank Lines of Credit:	-	
Third Parties Lines of Credit:	-	
Other Credit Enhancements:	-	
Other relevant information:	Transaction executed to create ECB collateral	
Rating Agencies:	Fitch/DBRS	
Amount of CDS or other supersenior risk transferred:	-	
Amount and Condition of tranching:		
. ISIN	DE000A1687E2	DE000A1687F9
. Type of security	Senior	Junior
. Class	A	B
. Rating	A/A	NR
. Quotation	Munich	Munich
. Issue date	12.18.2015	12.18.2015
. Legal maturity	11.30.2045	11.30.2045
. Call option	Any payment date	
. Rate	EUR1M + 80bps	EUR1M + 350bps
. Subordinated level	Waterfall Position 1	Waterfall Position 2
. Nominal value issued (€)	1,728,400,000	788,600,000
. Nominal value at the end of accounting period (€)	1,728,400,000	788,600,000
. Security subscribers	UniCredit Bank AG	UniCredit Bank AG

Securitizations - qualitative tables

NAME:	GELDILUX-TS-2015	
Type of securitisation:	Traditional	
Originator:	UniCredit Bank AG	
Issuer:	Geldilux-TS-2015 S.A. (Luxembourg)	
Servicer:	UniCredit Bank AG	
Arranger:	UniCredit Bank AG (UniCredit Markets & Investment Banking)	
Target transaction:	Liquidity	
Type of asset:	SME corporate loans	
Quality of Asset:	Performing	
Closing date:	07.29.2015	
Nominal Value of disposal portfolio (€):	2,000,000,000	
Net amount of preexinting writedown/writebacks:	-	
Disposal Profit & Loss realized:	-	
Portfolio disposal price (€):	2,000,000,000	
Garantees issued by the Bank[1] (€):	2,000,000,000	
Guarantees issued by Third Parties:	-	
Bank Lines of Credit:	-	
Third Parties Lines of Credit:	-	
Other Credit Enhancements:	-	
Other relevant information:	Transaction executed to create ECB collateral, True Sale - Revolving	
Rating Agencies:	Moody's/DBRS	
Amount of CDS or other supersenior risk transferred:	-	
Amount and Condition of tranching:		
. ISIN	XS1261539610	XS1261582545
. Type of security	Senior	Senior
. Class	A	Liqudity Note
. Rating	A1/A	A2/-
. Quotation	Luxembourg	Luxembourg
. Issue date	07.29.2015	07.29.2015
. Legal maturity	04.11.2023	04.11.2023
. Call option	Clean-up call	
. Expected duration		
. Rate	EUR1M + 60bps	EUR1M + 130bps
. Subordinated level	Waterfall Position 1	Waterfall Position 2
. Nominal value issued (€)	1,830,000,000	22,000,000
. Nominal value at the end of accounting period (€)	1,830,000,000	73,714
. Security subscribers	UniCredit Luxembourg S.A.	UniCredit Luxembourg S.A.
. ISIN	XS1261576810	XS1261577206
. Type of security	Mezzanine	Mezzanine
. Class	B	C
. Rating	A2/-	Baa2/-
. Quotation	Luxembourg	Luxembourg
. Issue date	07.29.2015	07.29.2015
. Legal maturity	04.11.2023	04.11.2023
. Call option	Clean-up call	
. Expected duration		
. Rate	EUR1M + 95bps	EUR1M + 150bps
. Subordinated level	Waterfall Position 3	Waterfall Position 4
. Nominal value issued (€)	84,000,000	36,000,000
. Nominal value at the end of accounting period (€)	84,000,000	36,000,000
. Security subscribers	UniCredit Luxembourg S.A.	UniCredit Luxembourg S.A.
. ISIN	XS1261577628	
. Type of security	Junior	
. Class	D	
. Rating	-	
. Quotation	Luxembourg	
. Issue date	07.29.2015	
. Legal maturity	04.11.2023	
. Call option	Clean-up call	
. Expected duration		
. Rate	EUR1M + 760bps	
. Subordinated level	Waterfall Position 5	
. Nominal value issued (€)	50,000,000	
. Nominal value at the end of accounting period (€)	50,000,000	
. Security subscribers	UniCredit Luxembourg S.A.	

(1) UniCredit Bank AG guarantees in favour of UniCredit Luxembourg S.A. on the A, B, C, D class notes.

NAME:	GELDILUX-TS-2013	
Type of securitisation:	Traditional	
Originator:	UniCredit Bank AG	
Issuer:	Geldilux-TS-2013 S.A. (Luxembourg)	
Servicer:	UniCredit Bank AG	
Arranger:	UniCredit Bank AG (Corporate & Investment Banking)	
Target transaction:	Funding	
Type of asset:	EURO Loans	
Quality of Asset:	Performing	
Closing date:	07.30.2013	
Nominal Value of disposal portfolio (€):	852,400,000	
Guarantees issued by the Bank:	-	
Guarantees issued by Third Parties:	-	
Bank Lines of Credit:	-	
Third Parties Lines of Credit:	-	
Other Credit Enhancements:	-	
Other relevant information:	Replenishing	
Rating Agencies:	Moody´s	
Amount of CDS or other supersenior risk transferred:	-	
Amount and Condition of tranching:		
. ISIN	XS0942202622	XS0942212266
. Type of security	Senior	Senior
. Class	A	Liqudity Note
. Rating	Aaa	A2
. Nominal value issued (€)	750,000,000	10,700,000
. Nominal value at the end of accounting period (€)	750,000,000	-
. ISIN	XS0942205211	XS0942206615
. Type of security	Mezzanine	Mezzanine
. Class	B	C
. Rating	A1	Baa2
. Nominal value issued (€)	63,100,000	11,100,000
. Nominal value at the end of accounting period (€)	63,100,000	11,100,000
. ISIN	XS0942207936	XS0942209718
. Type of security	Mezzanine	Junior
. Class	D	E
. Rating	Ba2	-
. Nominal value issued (€)	12,800,000	15,400,000
. Nominal value at the end of accounting period (€)	12,800,000	15,400,000

Securitizations - qualitative tables

NAME:	ROSENKAVALIER 2008	
Type of securitisation:	Traditional	
Originator:	UniCredit Bank AG	
Issuer:	Rosenkavalier 2008 GmbH	
Servicer:	UniCredit Bank AG	
Arranger:	UniCredit Bank AG (UniCredit Markets & Investment Banking)	
Target transaction:	Liquidity	
Type of asset:	Mortgage loans	
Quality of Asset:	Performing	
Closing date:	12.12.2008	
Nominal Value of disposal portfolio (€):	3,140,316,190	
Guarantees issued by the Bank:	-	
Guarantees issued by Third Parties:	-	
Bank Lines of Credit:	-	
Third Parties Lines of Credit:	-	
Other Credit Enhancements:	-	
Other relevant information:	Transaction executed to create ECB collateral	
Rating Agencies:	S&P/Moody's	
Amount of CDS or other supersenior risk transferred:	-	
Amount and Condition of tranching:		
. ISIN	DE000A0AEDB2	DE000A0AEDC0
. Type of security	Senior	Junior
. Class	A	B
. Rating	A/Aa1	-
. Nominal value issued (€)	9,652,700,000	2,293,750,000
. Nominal value at the end of accounting period (€)	2,445,305,085	695,011,105

ORIGINATOR: Redstone Mortgages Ltd

Transactions from previous periods

NAME:	NEWSTONE MORTGAGE SECURITIES NO.1	
Type of securitisation:	Traditional	
Originator:	Redstone Mortgages Plc	
Issuer:	Newstone Mortgage Secuirities No. 1 Plc	
Servicer:	UniCredit Bank AG	
Arranger:	UniCredit Bank AG (Corporate & Investment Banking)	
Target transaction:	Funding/Counterbalancing capacity	
Type of asset:	Private Mortgage Loans	
Quality of Asset:	Performing	
Closing date:	05.13.2014	
Nominal Value of disposal portfolio (€):	277.402.837(*)	
Guarantees issued by the Bank:	Performance guarantee(**)	
Guarantees issued by Third Parties:	-	
Bank Lines of Credit:	-	
Third Parties Lines of Credit:	-	
Other Credit Enhancements:	-	
Other relevant information :	-	
Rating Agencies:	DBRS/S&P for the Class A Notes only	
Amount of CDS or other supersenior risk transferred:	-	
Amount and Condition of tranching:		
. ISIN	XS106072604	Not applicable
. Type of security	Senior	Junior
. Class	A	Credit enhancement
. Rating	AAA/AAA	-
. Nominal value issued (€)	284,079,297	52,901,538
. Nominal value at the end of accounting period (€)	164,918,872	44,622,061

(*) In addition the Liquidity Reserve Fund of £4.17 million (equal to €5.68 million) has to be considered.
(**) UCB AG issues a guarantee whereby it would repurchase the senior note at expected maturity date.

Securitizations - qualitative tables

ORIGINATOR: UniCredit Bank Austria AG

Transactions from previous periods

NAME:	AMADEUS 2015	
Type of securitisation:	Synthetic	
Originator:	UniCredit Bank Austria AG	
Issuer:	-	
Servicer:	UniCredit Bank Austria AG	
Arranger:	UniCredit Bank AG	
Target transaction:	Risk Transfer and RWA relief	
Type of asset:	Loans and Guarantees granted to SMEs	
Quality of Asset:	Performing	
Closing date:	12.21.2015	
Nominal Value of reference portfolio (€):	1,964,785,123 (of which securitised 1,866,545,867, corresponding to 95% of the portfolio)	
Net amount of preexisting writedown/writebacks:	-	
Disposal Profit & Loss realized:	-	
Portfolio disposal price:	-	
Guarantees issued by the Bank:	-	
Guarantees issued by Third Parties:	-	
Bank Lines of Credit:	-	
Third Parties Lines of Credit:	-	
Other Credit Enhancements:	-	
Other relevant information:	-	
Rating Agencies:	(*)	
Amount of CDS or other risk transferred:	-	
Amount and Conditions of tranching:		
. ISIN	Not applicable	Not applicable
. Type of security	Senior	Mezzanine
. Class	A	B
. Rating	-	-
. Quotation	-	-
. Issue date	12.21.2015	12.21.2015
. Legal maturity	11.30.2028	11.30.2028
. Call option	10% Clean Up Call	10% Clean Up Call
. Expected duration	-	-
. Rate	-	-
. Subordinated level	-	Sub A
. Reference Position (€)	1,731,221,292	41,997,282
. Reference Position at the end of accounting period (€)	1,250,080,967	41,997,282
. Security subscribers	UniCredit Bank Austria AG	Hedged by protection seller
. ISIN	Not applicable	
. Type of security	Junior	
. Class	C	
. Rating	-	
. Quotation	-	
. Issue date	12.21.2015	
. Legal maturity	11.30.2028	
. Call option	10% Clean Up Call	
. Expected duration	-	
. Rate	-	
. Subordinated level	Sub A and B	
. Reference Position (€)	93,327,293	
. Reference Position at the end of accounting period (€)	91,248,431	
. Security subscribers	Hedged by protection seller	

(*) Synthetic securitizations carried out using the Supervisory Formula Approach ("Supervisory Formula Approach - SFA") as required by art . 262 of Regulation (EU) No.575/2013 (Capital Requirements Regulation - CRR), and earlier by circular 263/2006 of Banca d'Italia.
In case of absence of eligible external rating and if PD and LGD estimations can be provided, the CRR (Art . 259 1. b)) requires that the calculation of capital requirements for the various tranches of the securitization shall be performed using the Supervisory formula, in accordance with art. 262, taking care to provide the following five elements:
1. the capital requirement on the securitized assets calculated using the IRB approach (kIRB);
2. the level of credit support of the concerned tranche;
3. the thickness of the tranche;
4. the number of securitized assets;
5. the average LGD.
Then, using the Supervisory Formula Approach, it is possible to calculate the risk equivalent amount for a securitization tranche related to its seniority, granularity, support level and risk of the underlying.

ORIGINATOR: UniCredit Leasing (Austria) GmbH

Transactions from previous periods

NAME:	SUCCESS 2015	
Type of securitisation:	Traditional	
Originator:	UniCredit Leasing (Austria) GMBH	
Issuer:	Success 2015 B.V.	
Servicer:	UniCredit Leasing (Austria) GMBH	
Arranger:	UniCredit Bank AG	
Target transaction:	Funding	
Type of asset:	Leasing Assets (Vehicle and Equipment)	
Quality of Asset:	Performing	
Closing date:	11.09.2015	
Nominal Value of disposal portfolio (€):	325,300,000	
Net amount of preexinting writedown/writebacks:	-	
Disposal Profit & Loss realized:	-	
Portfolio disposal price (€):	325,300,000	
Guarantees issued by the Bank:	-	
Guarantees issued by Third Parties:	-	
Bank Lines of Credit:	-	
Third Parties Lines of Credit:	-	
Other Credit Enhancements(€):	Subordinated Loan €4,618,000	
Other relevant information:		
Rating Agencies:	Fitch & DBRS	
Amount of CDS or other supersenior risk transferred:	-	
Amount and Condition of tranching:		
. ISIN	XS1317727698	XS1317727938
. Type of security	Senior	Junior
. Class	A	B
. Rating	AAA	-
. Quotation	Listed Luxembourg Stock Exchange	Not listed
. Issue date	11.09.2015	11.09.2015
. Legal maturity	10.31.2029	10.31.2029
. Call option	10% clean up call	
. Expected duration (years)	6.0	6.0
. Rate	EUR3M + 0,47%	EUR3M + 2%
. Subordinated level	-	sub A
. Nominal value issued (€)	230,900,000	94,400,000
. Nominal value at the end of accounting period (€)	230,900,000	94,400,000
. Security subscribers	European Investment Bank	UniCredit Leasing (Austria) GmbH

Securitizations - qualitative tables

ORIGINATOR: UniCredit Bulbank AD

Transactions from previous periods

NAME	**EIF JEREMIE**	
Type of securitisation:	Synthetic - First loss Portfolio Guarantees	
Originator:	UniCredit Bulbank AD	
Issuer:	European Investment Fund (EIF)	
Servicer:	UniCredit Bulbank AD	
Arranger:	UniCredit Bulbank AD	
Target transaction:	Risk transfer and capital relief	
Type of asset:	Highly diversified and granular pool of UniCredit Bulbank's SME loans	
Quality of Asset:	Performing	
Closing date:	08.15.2011	
Nominal Value of reference portfolio (€):	37,210,547	
Guarantees issued by the Bank:	-	
Guarantees issued by Third Parties:	First loss cash collateral EIF	
Bank Lines of Credit:	-	
Third Parties Lines of Credit:	-	
Other Credit Enhancements:	-	
Other relevant information:	- The agreed portfolio maximum volume is equal to €50 million. - The guarantee covers 80% of each outstanding loan up to a total amount equal to 25% of the portfolio volume	
Rating Agencies:	No rating agency, use of Supervisory Formula Approach(*)	
Amount of CDS or other risk transferred:		
Amount and Condition of tranching:		
. ISIN	Not applicable	Not applicable
. Type of security	Senior	Junior
. Class	A	B
. Rating	-	-
. Reference Position (€)	16,156,966	13,611,472
. Reference Position at the end of accounting period (€)	16,156,966	13,611,472

(*) Synthetic securitization carried out used the Standardized Approach as required under Basel III.
Where there is no eligible external rating, the Bank that holds or guarantees such an exposure may determine the risk weight by applying the "look through" treatment, provided the composition of the underlying pool is known at all times. The unrated most senior position receives the average risk weight of the underlying exposures subject to supervisory review. Where Bank is unable to determine the risk weights assigned to the underlying credit risk exposures, the unrated position must be deducted from regulatory capital.

Definition of Terms and Acronyms

ABCP Conduits - Asset Backed Commercial Paper Conduits
Asset Backed Commercial Paper Conduits are a type of “SPV - Special Purpose Vehicle” (see item) set up to 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.

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.

Absorbed capital
Absorbed capital represents the amount of capital that the Group sets aside as a buffer against potential losses and needs to support its business activities and all positions held. It is measured by the regulatory capital and the internal capital. The regulatory capital is obtained by multiplying risk-weighted assets by target Common Equity tier 1 ratio. The internal capital is the sum of the economic capital, obtained through aggregation of the capital needed to cover the different types of risk measured according to internal models, plus a reserve to consider the effects of the cycle and model risk.

Acquisition Finance
Finance for business acquisition operations. The most common form of Acquisition Finance is the leveraged buy-out (see Leveraged Finance).

Affluent
Banking customer segment whose available assets for investment are regarded as moderate to high.

ALM - Asset & Liability Management
Integrated management of assets and liabilities, designed to allocate resources in such a manner as to optimize the risk/return ratio.

ALT-A (residential mortgages)
Mortgages whose borrowers, while not subject to the significant repayment problems of those described as Subprime (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.

Definition of Terms and Acronyms

Asset management
Activities of management of the financial investments of third parties.

ATM - Automated Teller Machine
Automated machine that allows customers to carry out operations such as withdrawing cash, paying in cash or checks, requesting account information, paying utility bills, topping up mobile phone credits, etc.
The customer activates the terminal by inserting a smart card and entering his/her Personal Identification Number.

Audit
Process of controlling a company's activities and accounting, carried out either by an internal body (internal audit) or by an external firm of auditors (external audit).

Back-testing
Statistical technique which entails the comparison of model estimates of risk parameters with the ex-post empirical evidences.

Bad Loans ("Sofferenze")
Exposures to borrowers in a state of insolvency (even when not recognized in a court of law) or in an essentially similar situation, regardless of any loss forecasts made by the bank (i.e. irrespective of whether any - secured or personal - guarantees covering the exposures).

Banking Book
Used in relation to financial instruments, particularly securities, this term identifies the portion of such portfolios intended for "proprietary" activities.

Basel 2
New international capital agreement redefining the guidelines for determining the minimum capital requirements for banks.
The new prudential regulations, which came into force in Italy in 2008, are based on three pillars.
- Pillar 1: while the objective of a level of capitalization equivalent to 8% of the risk-weighted exposures remains unchanged, a new set of rules has been defined for measuring the typical risks associated with banking and financial activities (credit risk, counterparty risk, market risk and operational risk) which provides for alternative calculation methods characterized by different levels of complexity, with the ability to use internally developed models subject to prior authorization by the Regulatory Authority;
- Pillar 2: this requires the banks to have processes and tools for determining the adequate level of total internal capital (Internal Capital Adequacy Assessment Process - ICAAP) for covering all types of risk, including risks other than those covered by the overall capital requirement (Pillar 1), within the framework of an evaluation of current and future exposure that takes account of strategies and of changes in the reference context. It is the Regulatory Authority's task to examine the ICAAP process, formulate an overall judgment and, where necessary, apply the appropriate corrective measures;
- Pillar 3: this introduces obligations to publish information concerning capital adequacy, exposure to risks, and the general characteristics of the systems used for identifying, measuring and managing those risks.

Basel 3
In the light of the crisis that in recent years has hit the financial markets, the Basel Committee on Banking Supervision has approved the substantial enhancement of the minimum capital requirements and the changes to the rules on the liquidity of banks (Basel 3) by providing for the gradual introduction of the new prudential requirements as of January 1, 2014. These rules have been implemented at the European level through the CRD IV "Package".

Best practice
Behavior commensurate with the most significant experience and/or the best level of knowledge achieved in relation to a given technical or professional field.

Budget
Statement forecasting the future costs and revenues of a business.

CBO - Collateralized Bond Obligations
CDO - Collateralized Debt Obligations (see item) with bonds as underlyings.

CCF - Credit Conversion Factor
Ratio between (a) the unused portion of the line of credit that it is estimated may be used in the event of default and (b) the portion currently unused.

CDO - 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.

Definition of Terms and Acronyms

Cost/Income Ratio
The ratio between operating expenses and operating income. It is one of the main key performance indicators of the bank's efficiency: the lower the ratio, the more efficient the bank.

Cost of risk
The ratio between loan loss provisions and loans and receivables with customers. It is one of the indicators of the bank assets' level of risk: the lower the ratio, the less risky the bank assets.

Counterparty Credit Risk
The risk that the counterparty to a transaction involving financial instruments might default prior to completing all agreed cash-flows exchanges.

Covenant
A loan agreement clause whereby the lender is entitled to restructure or call in the loan on occurrence of the events specified in the clause, which ties changes in the borrower's profits and financial situation to events of default or restructuring (modifying e.g. the repayment schedule or the interest rate charged).

Covered bond
A bond which, as well as being guaranteed by the issuing bank, may also be covered by a portfolio of mortgages or other high-quality loans transferred, to this end, to a suitable SPV - Special Purpose Vehicle (see item).

CRD (Capital Requirement Directive)
EU directives No. 2006/48 and 2006/49, incorporated into Banca d'Italia circular 263/2006 of 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.

EAD - Exposure at Default
Relating to the on-balance and off-balance sheet positions, EAD is defined as the estimation of the future value of an exposure at the time of the debtor's default. Only banks that meet the requirements for adopting the IRB - Internal Rating Based (see item) advanced approach are allowed to estimate EAD (see item). Other banks are required to refer to regulatory estimations.

EBA - European Banking Authority
The European Banking Authority is an independent EU Authority which works to ensure effective and consistent prudential regulation and supervision across the European banking sector. Its overall objectives are to maintain financial stability in the EU and to safeguard the integrity, efficiency and orderly functioning of the banking sector.

ECA
Export Credit Agency.

ECAI
External credit assessment institution.

ECB European Central Bank
The ECB is the central bank for Europe's single currency, the euro. The ECB's main task is to preserve the purchasing power of the single currency thus ensuring the maintenance of price stability in the euro area

Economic capital
Capital level that is required to cover the bank's losses that may occur with at a time horizon of one year and a certain probability or confidence level. Economic Capital is a measure of the variability of the Expected Loss of the portfolio and depends on the degree of diversification of the portfolio itself.

EL
Expected Losses are the losses recorded on average over a one year period on each exposure (or pool of exposures).

EPS - Earnings Per Share
An indicator of a company's profitability calculated as: Net Profit divided by Average total outstanding shares (excluding treasury shares)

EVA - Economic Value Added
Expresses the ability to create value in monetary terms. EVA is equal to the difference between the Net Operating Profit After Tax ("NOPAT" Net Operating Profit After Tax - see item) and the cost of the absorbed capital.

Factoring
Contract for the sale without recourse (with credit risk borne by the buyer) or with recourse (with credit risk borne by the seller) of commercial credits to banks or specialist companies, for the purposes of management and collection. May be associated with financing in favor of the seller.

Fair value
The sum for which, in a freely competitive market, an item can be exchanged or a liability extinguished between aware and independent parties.

FINREP
Document issued by the Committee of European Banking Supervisors (CEBS). The Committee gives advice to the European Commission on policy and regulatory issues related to banking supervision; it also promotes cooperation and convergence of supervisory practice across the European Union. The objective of FINREP is to provide guidelines for implementation of the consolidated Financial Reporting framework for supervisory purposes; it is based on International Financial Reporting Standards (IFRSs).

Forbearance/Forborne exposures
According to EBA Implementing Technical Standards, forborne exposures consist of exposures to which forbearance measures have been extended, i.e. concessions towards a debtor who is facing or about to face difficulties in meeting its financial commitments ("financial difficulties").

Definition of Terms and Acronyms

Forwards
Forward contracts on interest rates, exchange rates or share indices, generally traded on "OTC - Over-the-Counter" (see item) markets, in which the conditions are fixed when the contract is agreed but execution will take place at a predetermined future date, by means of the collection or payment of differentials calculated with reference to various parameters according to the subject of the contract.

FRA - Forward Rate Agreement
Contract whereby the parties agree to receive (pay) at maturity the difference between the value calculated by applying a predetermined interest rate to the transaction amount and the value obtained on the basis of the level reached by a reference rate preselected by the parties.

FTE - Full Time Equivalent
The number of a company's full-time employees. Part-time employees are considered on a pro-rata temporis basis.

Funding
Provision, in various forms, of the funds necessary to finance business activities or particular financial transactions.

Futures
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).

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.

Definition of Terms and Acronyms

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.

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.

Definition of Terms and Acronyms

Private banking
Financial services aimed at so-called "high-end" private customers for the global management of financial needs.

Private equity
Investments in the risk capital of companies, generally unlisted but with high growth potential and the ability to generate constant cash flows. Investments in private equity include a wide range of operations that vary according to both the development phase of the company concerned and the investment techniques used. These techniques include closed-end private equity funds.

Purchase Companies
Vehicle used by “ABCP Conduits – Asset Backed Commercial Paper Conduits” (see item) to purchase the assets to be 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.

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).

Definition of Terms and Acronyms

UCITS - Undertakings for Collective Investment in Transferable Securities
This term covers open-end real estate investment funds, both Italian and foreign, and investment companies with variable capital. The latter are joint stock companies that have the sole purpose of collective investment of the assets gathered through a public offer of their own shares.

UL
Unexpected Losses are the losses exceeding the expected losses.

Unlikely to Pay
The classification in this category is the result of the judgment of the bank about the unlikeliness, without recourse to actions such as 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.

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.

Certification

Consolidated Financial Statements Certification pursuant to art. 81-ter of Consob Regulation No.11971/99, as amended

1. The undersigned Jean Pierre Mustier (as Chief Executive Officer) and Francesco Giordano (as the Manager Charged with preparing the financial reports) of UniCredit S.p.A., also in compliance with Art. 154-bis, (paragraphs 3 and 4) of Italian Legislative Decree No.58 of February 24, 1998, do hereby **certify**:
   - the adequacy in relation to the Legal Entity's features and
   - the actual application

   of the administrative and accounting procedures employed to draw up the 2016 Consolidated Financial Statements.

2. The adequacy of administrative and accounting procedures employed to draw up the 2016 Consolidated Financial Statements has been evaluated by applying a model developed by UniCredit S.p.A., in accordance with the "Internal Controls - Integrated Framework (CoSO)" and the "Control Objective for IT and Related Technologies (Cobit)", which represent generally accepted international standards for internal control system and for financial reporting in particular.

3. The undersigned also **certify** that:

   3.1 the 2016 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) correspond to the results of the accounting books and records;

   c) are suitable to provide a fair and correct representation of the economic and financial situation of the issuer and of the group of companies included in the scope of consolidation;

   3.2 the Report on Operations includes a reliable analysis of the operating trend and results, as well as of the situation of the issuer and of the Legal Entities included in the scope of consolidation, together with a description of the main risks and uncertainties they are exposed to.

Milan – March 13, 2017

Jean Pierre MUSTIER

Francesco GIORDANO

Report of the External Auditors

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INDEPENDENT AUDITORS' REPORT
PURSUANT TO ART. 14 AND 16 OF
LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010

To the Shareholders of
UniCredit S.p.A.

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of UniCredit Group, which comprise the balance sheet as at December 31, 2016, and the income statement, statement of comprehensive income, statement of changes in shareholders' equity and cash flow statement for the year then ended, and the related explanatory notes.

Management's Responsibility for the Consolidated Financial Statements

The Company's Directors are responsible for the preparation of these consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree n° 38/05 and to art. 43 of Italian Legislative Decree n° 136/15.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (ISA Italia) issued pursuant to art. 11 of Italian Legislative Decree 39/10. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation that give a true and fair view of consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the UniCredit Group as at December 31, 2016, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree n° 38/05 and to art. 43 of Italian Legislative Decree n° 136/15.

Report on Other Legal and Regulatory Requirements

Opinion on the consistency of the report on operations and of certain information included in the report on corporate governance with the consolidated financial statements

We have performed the procedures indicated in the Auditing Standard (SA Italia) n° 720B in order to express, as required by law, an opinion on the consistency of the report on operations and of certain information included in the report on corporate governance required by art. 123-bis, n° 4, of Italian Legislative Decree n° 58/98, which are the responsibility of the Directors of UniCredit S.p.A., with the consolidated financial statements of the UniCredit Group as at December 31, 2016. In our opinion the report on operations and the information included in the report on corporate governance referred to above are consistent with the consolidated financial statements of the UniCredit Group as at December 31, 2016.

DELOITTE & TOUCHE S.p.A.

Signed by
Riccardo Motta
Partner

Milan, Italy
March 20, 2017

This report has been translated into the English language solely for the convenience of international readers.

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