Consolidated Interim Report
as at March 31, **2011**

UniCredit S.p.A. - A joint stock company.
Registered Office in Rome: Via Alessandro Specchi, 16.
Head Office in Milan: Piazza Cordusio.
Share capital Euro € 9,649,245,346.50, fully paid in.
Fiscal Code, VAT number and Registration number with the Company Register of Rome: 00348170101
Registered in the Register of Banking Groups and Parent Company of the UniCredit Banking Group, with cod. 02008.1.
Cod. ABI 02008.1
Member of the National Interbank Deposit Guarantee Fund.

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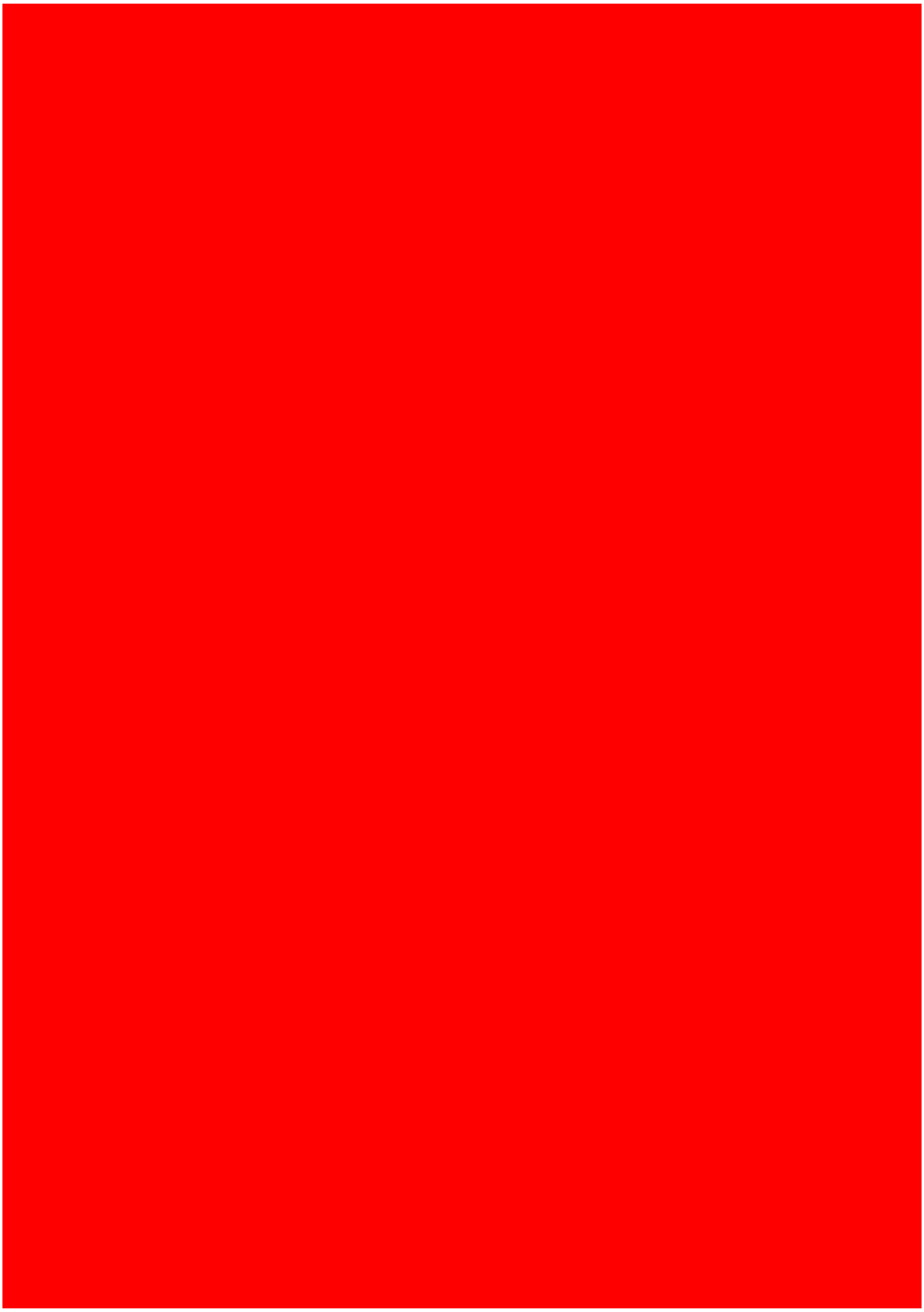


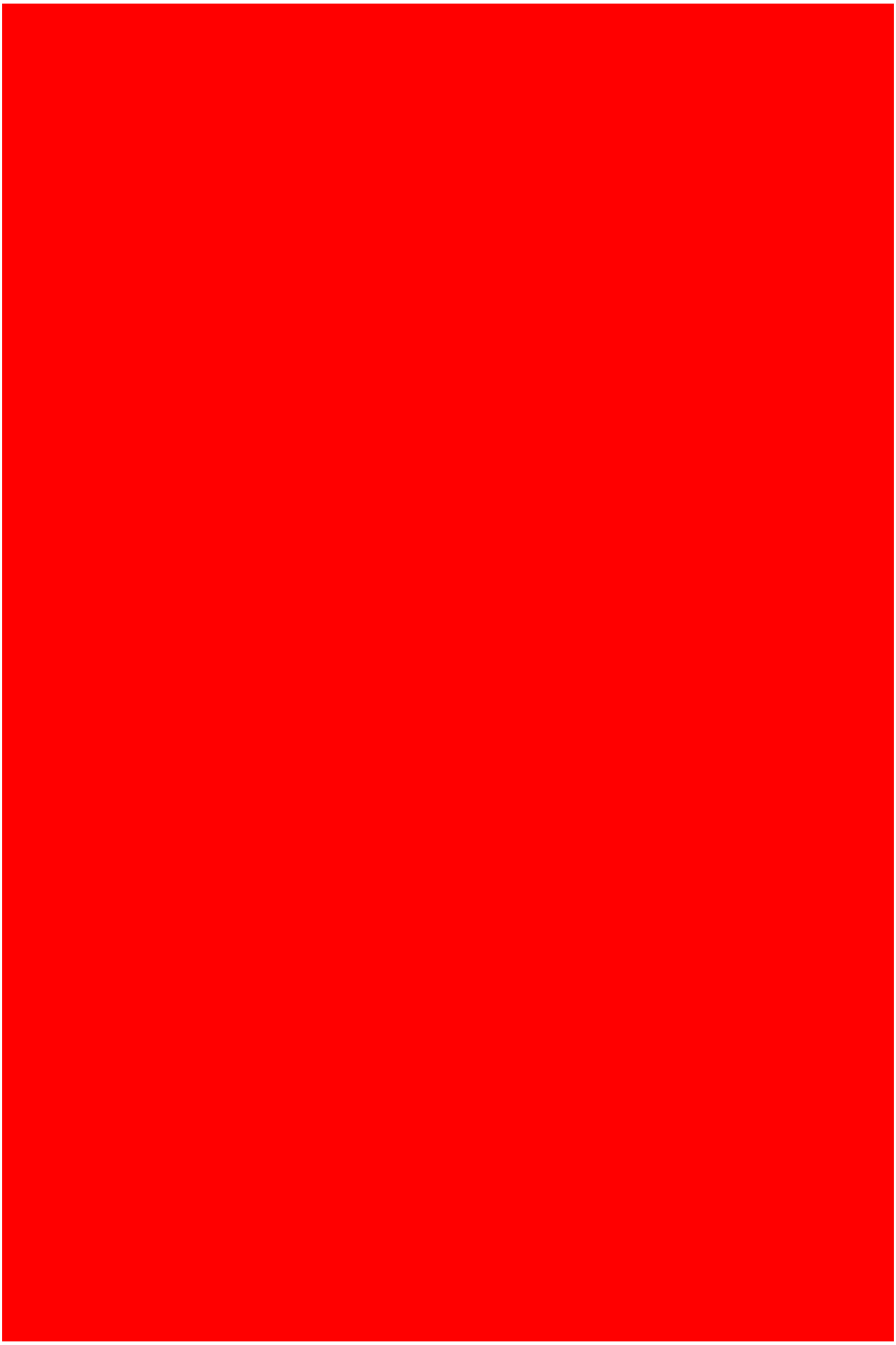
Contents

Notes

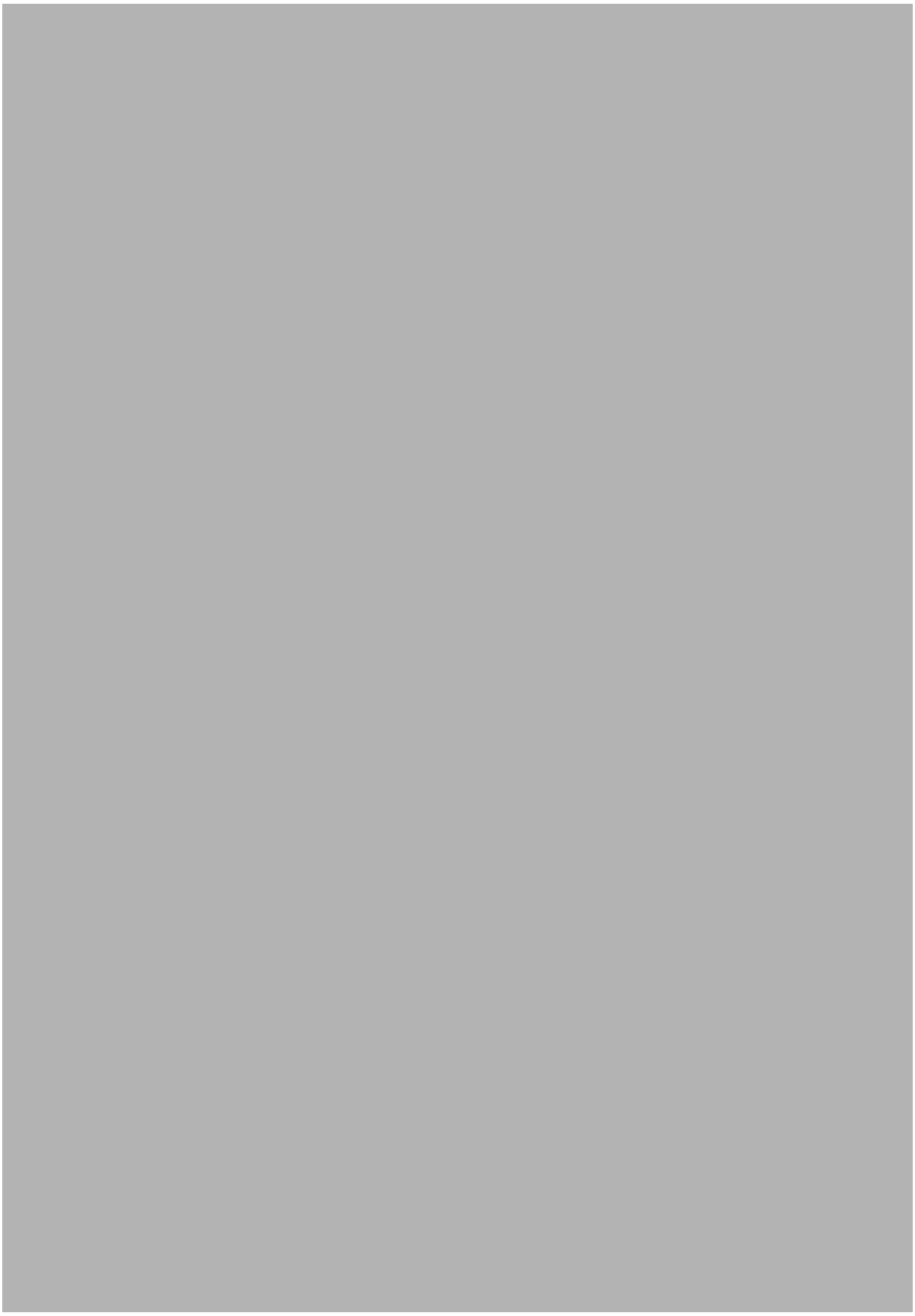
The following conventional symbols have been used in the tables:

- a dash (**-**) indicates that the item/figure is inexistent;
- two stops (**..**) or "**n.s**." 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 given in the Consolidated Interim Report are due to the effect of rounding.



Introduction



Board of Directors, Board of Statutory Auditors and External Auditors

Board of Directors

Dieter Rampl	Chairman
Luigi Castelletti	Deputy Vice Chairman
Farhat Omar Bengdara Vincenzo Calandra Buonaura Fabrizio Palenzona	Vice Chairmen
Federico Ghizzoni	CEO
Giovanni Belluzzi Manfred Bischoff Enrico Tommaso Cucchiani Donato Fontanesi Francesco Giacomin Piero Gnudi Friedrich Kadrnoska Marianna Li Calzi Luigi Maramotti Antonio Maria Marocco Carlo Pesenti Lucrezia Reichlin Hans-Jürgen Schinzler Theodor Waigel Anthony Wyand Franz Zwickl	Directors
Lorenzo Lampiano	Company Secretary

Board of Statutory Auditors

Maurizio Lauri	Chairman
Cesare Bisoni Vincenzo Nicastro Michele Rutigliano Marco Ventoruzzo	Standing Auditors
Massimo Livatino Paolo Domenico Sfameni	Alternate Auditors

General Manager

Roberto Nicastro

Nominated Official in charge of drawing up Company Accounts

Marina Natale

External Auditors

KPMG S.p.A.

Prefatory Note to the Consolidated Interim Report

General aspects

This Consolidated Interim Report as at **March 31, 2011** has been prepared in consolidated form as dictated by Article 154-*ter* of the Consolidated Finance Act introduced by Legislative Decree No. 195/07 to implement EU Directive 204/109/EC concerning periodic reporting, and it has been prepared in accordance with international accounting standards (IAS/IFRS) as described in the Further Information at the end of this document.

Press releases on significant events during the period, the market presentation on first quarter results and the public disclosure under Pillar III of Basel 2 are also available on UniCredit's website.

Any discrepancies between data disclosed in the Consolidated Interim Report are solely due to the effect of rounding.

Preparation criteria

The structure of this report references quarterly reports from previous periods with condensed reclassified tables for the balance sheet and income statement.

Starting from Q1 2011 the condensed reclassified tables for liabilities in the balance sheet and for the income statement are in revised form. Prior periods have been restated accordingly.

Consolidated Interim Report is accompanied by the following tables:

- Highlights;
- Condensed Accounts;
- Quarterly Figures;
- Segment Reporting (Summary);
- Group Figures;
- UniCredit Share;

as well as:

- Group Results;
- Results by Business Segment;
- Other Information;
- Subsequent Events and Outlook;
- Further Information;
- Declaration by the Nominated Official in charge of drawing up Company Accounts.

Scope of Consolidation

There were no significant changes in the scope of consolidation in Q1 2011. Where necessary figures have been restated on a like-for-like basis.

Since December 31, 2010, 13 fully consolidated subsidiaries were newly included and five no longer included following absorption or disposal - an increase of eight companies and a new total of 743 subsidiaries at March 31, 2011. Proportionally consolidated subsidiaries are 19, unchanged from December 31, 2010. Two associates consolidated at net equity were sold and at March 31, 2011 the new total for these was 43.

Non-current assets and disposal groups held for sale

The main assets classified under IFRS 5 as non-current assets and disposal groups held for sale in the balance sheet at March 31, 2011 were our shares in Banca Agricola Commerciale della Repubblica di San Marino S.p.A..

On March 31, 2011 UniCredit signed an agreement for the sale of its 85% stake in the share capital Banca Agricola Commerciale della Repubblica di San Marino S.p.A. to Demas S.A. a Luxembourg-law company which holds 77% of the share capital of Istituto Bancario Sammarinese.
The price of UniCredit's stake in Banca Agricola Commerciale della Repubblica di San Marino S.p.A. was €62.2 million. Before closing Banca Agricola Commerciale della Repubblica di San Marino S.p.A. will distribute dividends and reserves amounting to €40.6 million (of which €34.6 million to UniCredit); this values UniCredit's stake in Banca Agricola Commerciale della Repubblica di San Marino S.p.A. at €96.8 million.
Completion of this transaction is subject to the approval of the banking supervisor of San Marino (Banca Centrale della Repubblica di San Marino) and the distribution of reserves by Banca Agricola Commerciale della Repubblica di San Marino S.p.A..

Segment Reporting (Summary)

Following the introduction of the new organizational model and the revision of managerial responsibilities, business segments have been modified accordingly from those of 2010.
The Retail Area now manages SME clients (previously under the CIB Division) and has been renamed Family&SME Division witht the identification of five new segments: *Network* for each market (Italy, Germany, Austria and Poland) and *Factories*, viz. *Leasing, Factoring, Consumer Finance* and *Asset Gathering*. Prior period income statements have been restated accordingly.

Reclassified Financial Assets

EC Regulation 1004 dated October 15, 2008 transposed the changes made to IAS 39 and IFRS 7 “Reclassification of financial assets” by the IASB. These changes applied as from July 1, 2008 and allow, after initial recognition, the reclassification of certain “held for trading” and “available for sale” financial assets.

The following may be reclassified:

- “Held for trading” and “available for sale” financial assets which would have complied with the IFRS definition of loans and receivables (if they had not been recognized as “held for trading” and “available for sale” financial assets on initial recognition), provided that the entity has the intention and ability to hold them for the foreseeable future or to maturity.
- ”Only in rare circumstances” held for trading financial assets failed to satisfy the loans and receivables definition on initial recognition and § 2 of the above Regulation noted that “the current financial crisis is considered one of such rare circumstances that may justify the use of this option [sc. reclassification] by the entity”.

A portion of financial instruments held for trading and available for sale were reclassified between H2 2008 and H1 2009, as the rare circumstance of the financial crisis had been recognized in respect of assets held for trading.

The following table (which is broken down by type of underlying asset and portfolio) provides the book value and fair value as at March 31, 2011 of assets which had been reclassified in H2 2008 and H1 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.

No further reclassifications have occurred since H2 2009.

Reclassified financial assets: book value, fair value and effects on comprehensive income								(€ Million)
Instruments type (1)	Accounting Portfolio before reclassification (2)	Accounting Portfolio after reclassification (3)	Carrying amount as at 03.31.2011 (4)	Fair Value as at 03.31.2011 (5)	Income/expenses absent reclassification (before taxes)		Income/expense recognized during the period (before taxes)	
					From measurement (6)	Other (7)	From measurement (8)	Other (9)
A. Debt securities			**11,922**	**11,262**	**167**	**125**	**-4**	**108**
	HFT	AFS	7	7	0	0	0	0
	HFT	HTM	204	205	-3	2	0	2
	HFT	Loans to Banks	3,790	3,784	-13	30	0	32
	HFT	Loans to Customers	7,506	6,866	183	89	-4	68
	AFS	Loans to Banks	73	73	0	1	0	1
	AFS	Loans to Customers	342	327	0	3	0	5
B. Equity instruments			-	-	-	-	-	-
	HFT	AFS	-	-	-	-	-	-
C. Loans			**492**	**489**	**-12**	**8**	**0**	**7**
	HFT	AFS	-	-	-	-	-	-
	HFT	HTM	-	-	-	-	-	-
	HFT	Loans to Banks	169	166	-4	3	0	3
	HFT	Loans to Customers	323	323	-8	5	0	4
	AFS	Loans to Banks	-	-	-	-	-	-
	AFS	Loans to Customers	-	-	-	-	-	-
D. Units in investment funds								
	HFT	AFS						
		Total	**12,414**	**11,751**	**155**	**133**	**-4**	**115**

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 5,677 million at March 31, 2011.

Consolidated Interim Report

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

Highlights

INCOME STATEMENT			(€ million)
	Q1		CHANGE
	2011	2010	
Operating income	6,928	6,746	+ 2.7%
of which: - net interest	*3,884*	*3,890*	*- 0.2%*
- dividends and other income from equity investments	*117*	*60*	*+ 93.8%*
- net fees and commissions	*2,168*	*2,136*	*+ 1.5%*
Operating costs	(3,858)	(3,842)	+ 0.4%
Operating profit	3,070	2,903	+ 5.7%
Profit before tax	1,486	1,020	+ 45.8%
Net Profit attributable to the Group	**810**	**520**	**+ 55.7%**

Starting from Q1 2011 the PPA related to the acquisition of HVB, formerly classified within different P&L lines, is entirely allocated in the “Purchase Price Allocation effect” line of P&L (as already done for Capitalia’s acquisition). Previous periods has been reclassified.

Following the recent merger – which entailed the absorption of certain placement entities by the issuer – the result arising from the placement of securities issued by UniCredit SpA recognised by the former in 2009 has been reclassified from “net fees and commissions” to “net interest".

BALANCE SHEET			(€ million)
	AMOUNTS AS AT		CHANGE
	03.31.2011	12.31.2010	
Total assets	910,977	929,488	- 2.0%
Financial assets held for trading	106,400	122,551	- 13.2%
Loans and receivables with customers	558,825	555,653	+ 0.6%
of which: - impaired loans	*38,145*	*37,429*	+ 1.9%
Financial liabilities held for trading	97,016	114,099	- 15.0%
Deposits from customers and debt securities in issue	582,369	583,239	- 0.1%
of which: - deposits from customers	*401,923*	*402,248*	*- 0.1%*
- securities in issue	*180,446*	*180,990*	*- 0.3%*
Shareholders' Equity	**64,686**	**64,224**	**+ 0.7%**

The figures in these tables refer to reclassified balance sheet and income statement.

STAFF AND BRANCHES			
	AS AT		CHANGE
	03.31.2011	12.31.2010	
Employees [1]	160,679	162,009	-1,330
Employees (subsidiaries are consolidated proportionately)	150,867	152,183	-1,316
Branches [2]	9,607	9,617	-10
of which: - Italy	*4,507*	*4,510*	*-3*
- Other countries	*5,100*	*5,107*	*-7*

1. "Full time equivalent" data (FTE): number of employees counted for the rate of presence. These figures include all employees of subsidiaries consolidated proportionately, such as Koç Financial Services Group employees.
2. These figures include all branches of subsidiaries consolidated proportionately, such as Koç Financial Services Group branches.

PROFITABILITY RATIOS			
	Q1		CHANGE
	2011	2010	
EPS [1] (€)	0.17	0.11	0.06
ROE [2]	6.3%	4.1%	+ 2.2
Cost/income ratio [3]	55.7%	57.0%	- 1.3
EVA (€ million) [4]	190	(359)	+ 549

1. Annualised figure. The Q1 2011 EPS calculation used a net profit of €768 million instead of €810 million due to payments charged to equity relating to the own shares usufruct agreement entered into as part of the Cashes transaction.
2. Calculated on the basis of the average Shareholders' Equity for the period (excluding dividends to be distributed and reserves in respect of AfS assets and cash-flow hedge), net of goodwill arising from the business combination with HVB and Capitalia, which were carried out with an exchange of shares and recorded in accordance with IFRS 3.
3. The Q1 2010 figure has been restated following revision of the condensed income statement.
4. Economic Value Added, equal to the difference between NOPAT (net operating profit after taxes) and the cost of capital.

RISK RATIOS			
	AS AT		CHANGE
	03.31.2011	12.31.2010	
Net non-performing loans to customers / Loans to customers	2.90%	2.94%	- 0.04
Net impaired loans to customers / Loans to customers	6.83%	6.74%	+ 0.09

CAPITAL RATIOS		
	AS AT	
	03.31.2011	12.31.2010
Capital for regulatory purposes (€ million)	59,787	57,655
Total risk weighted assets (€ million)	443,727	454,850
Core Tier 1 Ratio[1]	**9.06%**	**8.58%**
Total regulatory capital/Total risk-weighted assets	**13.47%**	**12.68%**

1. Including shares subject to usufruct with Mediobanca and that rappresent the underlying to the Cashes.

RATINGS			
	SHORT-TERM DEBT	MEDIUM AND LONG-TERM	OUTLOOK
Fitch Ratings	F-1	A	STABLE
Moody's Investors Service	P-1	Aa3	STABLE
Standard & Poor's	A-1	A	STABLE

Condensed Accounts

CONSOLIDATED BALANCE SHEET				(€ million)
	AMOUNTS AS AT		CHANGE	
	03.31.2011	12.31.2010	AMOUNT	PERCENT
Assets				
Cash and cash balances	5,982	6,414	- 432	- 6.7%
Financial assets held for trading	106,400	122,551	- 16,151	- 13.2%
Loans and receivables with banks	67,319	70,215	- 2,896	- 4.1%
Loans and receivables with customers	558,825	555,653	+ 3,171	+ 0.6%
Financial investments	96,373	96,148	+ 226	+ 0.2%
Hedging instruments	9,828	13,616	- 3,789	- 27.8%
Property, plant and equipment	12,629	12,611	+ 18	+ 0.1%
Goodwill	20,293	20,428	- 135	- 0.7%
Other intangible assets	5,061	5,164	- 103	- 2.0%
Tax assets	12,797	12,961	- 165	- 1.3%
Non-current assets and disposal groups classified as held for sale	726	776	- 50	- 6.4%
Other assets	14,744	12,949	+ 1,796	+ 13.9%
Total assets	**910,977**	**929,488**	**- 18,510**	**- 2.0%**

				(€ million)
	AMOUNTS AS AT		CHANGE	
	03.31.2011	12.31.2010	AMOUNT	PERCENT
Liabilities and Shareholders' Equity				
Deposits from banks	112,908	111,735	+ 1,173	+ 1.0%
Deposits from customers	401,923	402,248	- 325	- 0.1%
Debt securities in issue	180,446	180,990	- 544	- 0.3%
Financial liabilities held for trading	97,016	114,099	- 17,083	- 15.0%
Financial liabilities designated at fair value	1,156	1,268	- 112	- 8.8%
Hedging instruments	8,447	12,479	- 4,032	- 32.3%
Provisions for risks and charges	8,156	8,088	+ 68	+ 0.8%
Tax liabilities	5,821	5,837	- 15	- 0.3%
Liabilities included in disposal groups classified as held for sale	761	1,395	- 634	- 45.4%
Other liabilities	26,153	23,645	+ 2,509	+ 10.6%
Minorities	3,502	3,479	+ 23	+ 0.7%
Group Shareholders' Equity:	64,686	64,224	+ 462	+ 0.7%
- Capital and reserves	*64,259*	*63,237*	*+ 1,022*	*+ 1.6%*
- Available-for-sale assets fair value reserve and cash-flow hedging reserve	*(384)*	*(336)*	*- 47*	*+ 14.1%*
- Net profit	*810*	*1,323*	*- 513*	*- 38.8%*
Total liabilities and Shareholders' Equity	**910,977**	**929,488**	**- 18,510**	**- 2.0%**

As regard previous periods, “Deposit from customers” and “Debt securities in issue” are now in two separate lines.

CONSOLIDATED INCOME STATEMENT					(€ million)
	Q1		CHANGE		
	2011	2010	€m	PERCENT	ADJUSTED [1]
Net interest	3,884	3,890	- 7	- 0.2%	+ 0.4%
Dividends and other income from equity investments	117	60	+ 57	+ 93.8%	+ 94.6%
Net fees and commissions	2,168	2,136	+ 32	+ 1.5%	+ 1.9%
Net trading, hedging and fair value income	700	560	+ 140	+ 24.9%	+ 25.3%
Net other expenses/income	59	99	- 40	- 40.0%	- 32.5%
OPERATING INCOME	**6,928**	**6,746**	**+ 182**	**+ 2.7%**	**+ 3.3%**
Payroll costs	(2,333)	(2,322)	- 11	+ 0.5%	+ 1.1%
Other administrative expenses	(1,345)	(1,341)	- 4	+ 0.3%	+ 0.6%
Recovery of expenses	104	101	+ 3	+ 2.6%	+ 2.6%
Amortisation, depreciation and impairment losses on intangible and tangible assets	(284)	(281)	- 3	+ 1.1%	+ 1.8%
Operating costs	**(3,858)**	**(3,842)**	**- 15**	**+ 0.4%**	**+ 0.9%**
OPERATING PROFIT	**3,070**	**2,903**	**+ 167**	**+ 5.7%**	**+ 6.4%**
Net write-downs of loans and provisions for guarantees and commitments	(1,504)	(1,791)	+ 287	- 16.0%	- 15.9%
NET OPERATING PROFIT	**1,566**	**1,113**	**+ 453**	**+ 40.8%**	**+ 42.6%**
Provisions for risks and charges	(161)	(156)	- 5	+ 3.2%	+ 3.2%
Integration costs	(3)	(6)	+ 2	- 42.4%	- 42.8%
Net income from investments	84	68	+ 16	+ 23.3%	+ 23.6%
PROFIT BEFORE TAX	**1,486**	**1,020**	**+ 467**	**+ 45.8%**	**+ 47.9%**
Income tax for the period	(555)	(393)	- 162	+ 41.4%	+ 41.7%
NET PROFIT	**932**	**627**	**+ 304**	**+ 48.5%**	**+ 51.8%**
Profit (Loss) from non-current assets held for sale, after tax	-	-	-	n.s.	n.s.
PROFIT (LOSS) FOR THE PERIOD	**932**	**627**	**+ 304**	**+ 48.5%**	**+ 51.8%**
Minorities	(107)	(63)	- 44	+ 69.6%	+ 71.4%
NET PROFIT ATTRIBUTABLE TO THE GROUP BEFORE PPA	**825**	**564**	**+ 261**	**+ 46.2%**	**+ 49.5%**
Purchase Price Allocation effect	(15)	(44)	+ 29	- 66.0%	- 64.7%
Goodwill impairment	-	-	-	n.s.	n.s.
NET PROFIT ATTRIBUTABLE TO THE GROUP	**810**	**520**	**+ 290**	**+ 55.7%**	**+ 59.4%**

Notes:

1. Changes at constant foreign exchange rates and perimeter.

Starting from Q1 2011 the PPA related to the acquisition of HVB, formerly classified within different P&L lines, is entirely allocated in the “Purchase Price Allocation effect” line of P&L (as already done for Capitalia’s acquisition). Previous periods has been reclassified.

Following the recent merger – which entailed the absorption of certain placement entities by the issuer – the result arising from the placement of securities issued by UniCredit S.p.A. recognised by the former in Q1 2010 has been reclassified from “Net fees and commissions” to “Net interest”.

Quarterly Figures

CONSOLIDATED BALANCE SHEET					(€ million)
	AMOUNTS AS AT	AMOUNTS AS AT			
	03.31.2011	12.31.2010	09.30.2010	06.30.2010	03.31.2010
Assets					
Cash and cash balances	5,982	6,414	4,935	7,225	5,796
Financial assets held for trading	106,400	122,551	156,983	152,100	138,495
Loans and receivables with banks	67,319	70,215	77,977	80,295	91,862
Loans and receivables with customers	558,825	555,653	558,836	558,770	563,894
Financial investments	96,373	96,148	89,286	76,679	70,906
Hedging instruments	9,828	13,616	18,679	17,520	15,557
Property, plant and equipment	12,629	12,611	12,155	12,148	12,161
Goodwill	20,293	20,428	20,570	20,808	20,815
Other intangible assets	5,061	5,164	5,082	5,213	5,288
Tax assets	12,797	12,961	12,615	12,375	12,949
Non-current assets and disposal groups classified as held for sale	726	776	823	853	640
Other assets	14,744	12,949	10,863	10,658	10,505
Total assets	**910,977**	**929,488**	**968,804**	**954,644**	**948,867**

					(€ million)
	AMOUNTS AS AT	AMOUNTS AS AT			
	03.31.2011	12.31.2010	09.30.2010	06.30.2010	03.31.2010
Liabilities and Shareholders' Equity					
Deposits from banks	112,908	111,735	106,059	115,363	112,828
Deposits from customers	401,923	402,248	393,806	390,891	384,359
Debt securities in issue	180,446	180,990	194,765	186,454	208,180
Financial liabilities held for trading	97,016	114,099	149,382	139,487	122,753
Financial liabilities designated at fair value	1,156	1,268	1,351	1,423	1,601
Hedging instruments	8,447	12,479	17,105	16,505	14,248
Provisions for risks and charges	8,156	8,088	7,858	7,957	8,010
Tax liabilities	5,821	5,837	6,533	6,229	7,174
Liabilities included in disposal groups classified as held for sale	761	1,395	1,017	403	262
Other liabilities	26,153	23,645	23,004	22,178	20,712
Minorities	3,502	3,479	3,438	3,326	3,452
Group Shareholders' Equity:	64,686	64,224	64,487	64,428	65,288
- Capital and reserves	*64,259*	*63,237*	*63,274*	*63,664*	*64,135*
- Available-for-sale assets fair value reserve and cash-flow hedging reserve	*(384)*	*(336)*	*210*	*95*	*633*
- Net profit	*810*	*1,323*	*1,003*	*669*	*520*
Total liabilities and Shareholders' Equity	**910,977**	**929,488**	**968,804**	**954,644**	**948,867**

As regard previous periods, “Deposit from customers” and “Debt securities in issue” are now in two separate lines.

CONSOLIDATED INCOME STATEMENT					(€ million)
	2011	2010			
	Q1	Q4	Q3	Q2	Q1
Net interest	3,884	3,982	3,893	3,956	3,890
Dividends and other income from equity investments	117	144	69	135	60
Net fees and commissions	2,168	2,155	1,993	2,171	2,136
Net trading, hedging and fair value income	700	53	381	58	560
Net other expenses/income	59	139	86	114	99
OPERATING INCOME	**6,928**	**6,474**	**6,422**	**6,433**	**6,746**
Payroll costs	(2,333)	(2,196)	(2,356)	(2,331)	(2,322)
Other administrative expenses	(1,345)	(1,407)	(1,330)	(1,401)	(1,341)
Recovery of expenses	104	164	111	108	101
Amortisation, depreciation and impairment losses on intangible and tangible assets	(284)	(282)	(284)	(278)	(281)
Operating costs	**(3,858)**	**(3,720)**	**(3,859)**	**(3,903)**	**(3,842)**
OPERATING PROFIT	**3,070**	**2,754**	**2,563**	**2,530**	**2,903**
Net write-downs of loans and provisions for guarantees and commitments	(1,504)	(1,751)	(1,634)	(1,716)	(1,791)
NET OPERATING PROFIT	**1,566**	**1,003**	**929**	**814**	**1,113**
Provisions for risks and charges	(161)	(472)	(32)	(106)	(156)
Integration costs	(3)	(254)	(16)	(6)	(6)
Net income from investments	84	(155)	4	47	68
PROFIT BEFORE TAX	**1,486**	**121**	**886**	**749**	**1,020**
Income tax for the period	(555)	509	(380)	(331)	(393)
NET PROFIT	**932**	**630**	**505**	**418**	**627**
Profit (Loss) from non-current assets held for sale, after tax	-	-	-	-	-
PROFIT (LOSS) FOR THE PERIOD	**932**	**630**	**505**	**418**	**627**
Minorities	(107)	(80)	(122)	(56)	(63)
NET PROFIT ATTRIBUTABLE TO THE GROUP BEFORE PPA	**825**	**550**	**383**	**362**	**564**
Purchase Price Allocation effect	(15)	(30)	(49)	(52)	(44)
Goodwill impairment	-	(199)	(0)	(162)	-
NET PROFIT ATTRIBUTABLE TO THE GROUP	**810**	**321**	**334**	**148**	**520**

Notes:

Starting from Q1 2011 the PPA related to the acquisition of HVB, formerly classified within different P&L lines, is entirely allocated in the "Purchase Price Allocation effect" line of P&L (as already done for Capitalia's acquisition). Previous periods has been reclassified.

Following the recent merger – which entailed the absorption of certain placement entities by the issuer – the result arising from the placement of securities issued by UniCredit S.p.A. recognised by the former in Q1, Q2 and Q3 2010 quarterly figures have been reclassified from "Net fees and commissions" to "Net interest".

Segment Reporting (Summary)

KEY FIGURES by BUSINESS SEGMENT											(€ million)
	F&SME NETWORK ITALY	F&SME NETWORK GERMANY	F&SME NETWORK AUSTRIA	F&SME NETWORK POLAND	F&SME FACTORIES	CORPORATE & INVESTMENT BANKING	PRIVATE BANKING	ASSET MANAGEMENT	CENTRAL EASTERN EUROPE	GROUP CORPORATE CENTER[1]	CONSOLIDATED GROUP TOTAL
Income statement											
OPERATING INCOME											
Q1 2011	1,773	405	295	276	491	2,396	240	216	1,161	(326)	6,928
Q1 2010	*1,739*	*387*	*290*	*261*	*492*	*2,160*	*240*	*202*	*1,083*	*(108)*	*6,746*
Operating costs											
Q1 2011	(1,082)	(358)	(213)	(175)	(232)	(681)	(139)	(118)	(536)	(324)	(3,858)
Q1 2010	*(1,113)*	*(348)*	*(207)*	*(175)*	*(222)*	*(694)*	*(140)*	*(121)*	*(506)*	*(318)*	*(3,842)*
OPERATING PROFIT											
Q1 2011	691	47	82	101	259	1,715	101	98	625	(650)	3,070
Q1 2010	*626*	*38*	*84*	*86*	*270*	*1,466*	*100*	*81*	*577*	*(426)*	*2,903*
PROFIT BEFORE TAX											
Q1 2011	173	26	28	79	101	1,268	100	98	351	(737)	1,488
Q1 2010	*96*	*(28)*	*22*	*50*	*72*	*850*	*98*	*81*	*264*	*(484)*	*1,020*
Balance Sheet											
LOANS TO CUSTOMERS											
as at March 31, 2011	126,077	45,832	21,089	8,893	53,881	213,236	7,031	0	65,462	17,325	558,825
as at December 31, 2010	*126,455*	*46,885*	*22,122*	*8,764*	*54,140*	*211,118*	*6,974*	*0*	*65,946*	*13,249*	*555,653*
DEPOSITS FROM CUSTOMERS AND DEBT SECURITIES IN ISSUE											
as at March 31, 2011	97,598	39,483	23,098	13,028	16,574	127,234	23,911	-	55,103	186,340	582,369
as at December 31, 2010	*101,854*	*39,252*	*23,516*	*13,159*	*15,589*	*132,701*	*25,077*	*-*	*56,902*	*175,188*	*583,239*
TOTAL RISK WEIGHTED ASSETS											
as at March 31, 2011	51,971	13,889	12,218	7,945	46,646	190,683	4,128	1,806	78,824	35,618	443,727
as at December 31, 2010	*52,945*	*15,447*	*16,325*	*7,943*	*46,380*	*198,583*	*4,368*	*1,898*	*79,176*	*31,784*	*454,850*
EVA											
Q1 2011	(28)	(5)	(8)	28	(20)	455	56	61	67	(795)	(190)
Q1 2010	*(84)*	*(37)*	*(8)*	*14*	*(28)*	*179*	*58*	*53*	*15*	*(522)*	*(359)*
Cost/income ratio											
Q1 2011	61.0%	88.4%	72.1%	63.4%	47.2%	28.4%	58.0%	54.7%	46.1%	-99.4%	55.7%
Q1 2010	*64.0%*	*90.1%*	*71.1%*	*66.9%*	*45.1%*	*32.1%*	*58.3%*	*59.9%*	*46.8%*	*-295.0%*	*57.0%*
Employees [2]											
as at March 31, 2011	31,089	7,482	3,737	14,268	6,002	9,608	3,014	1,978	51,579	31,921	160,679
as at December 31, 2010	*31,963*	*7,495*	*3,748*	*14,260*	*5,805*	*9,541*	*3,013*	*1,888*	*51,598*	*32,699*	*162,009*

Notes

2010 figures were recasted, where necessary, on a like-to-like basis to consider changes in scope of business segments and EVA computation rules

[1] Global Banking Services, Corporate Centre, inter-segment adjustments and consolidation adjustments not attributable to individual segments.

[2] "Full time equivalent". These figures include all the employees of subsidiaries consolidated proportionately, such as Koç Financial Services

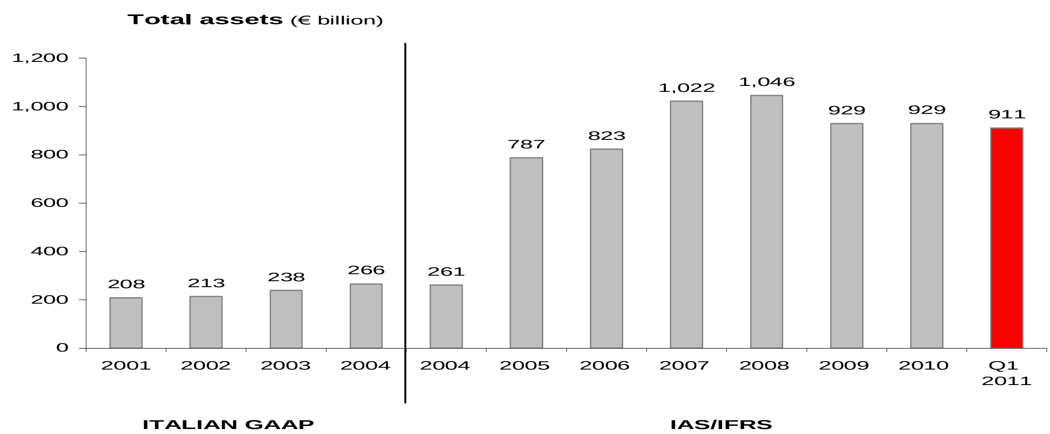
How the UniCredit Group has grown

UniCredit (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 then 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 2001 - 2011												
	IAS/IFRS								ITALIAN GAAP			
	Q1 2011	2010	2009	2008	2007	2006	2005	2004	2004	2003	2002	2001
Income Statement (€ million)												
Operating income	6.928	26.347	27.572	26.866	25.893	23.464	11.024	10.203	10.375	10.465	10.099	9.989
Operating costs	(3.858)	(15.483)	(15.324)	(16.692)	(14.081)	(13.258)	(6.045)	(5.701)	(5.941)	(5.703)	(5.483)	(5.263)
Operating profit	3.070	10.864	12.248	10.174	11.812	10.206	4.979	4.502	4.434	4.762	4.616	4.726
Profit before income tax	1.486	2.517	3.300	5.458	9.355	8.210	4.068	3.238	2.988	3.257	2.924	3.212
Net profit for the period	932	1.876	2.291	4.831	6.678	6.128	2.731	2.239	2.300	2.090	1.962	1.954
Net profit attributable to the Group	810	1.323	1.702	4.012	5.961	5.448	2.470	2.069	2.131	1.961	1.801	1.454
Balance sheet (€ million)												
Total assets	910.977	929.488	928.760	1.045.612	1.021.758	823.284	787.284	260.909	265.855	238.256	213.349	208.388
Loans and receivables to customers	558.825	555.653	564.986	612.480	574.206	441.320	425.277	139.723	144.438	126.709	113.824	117.622
of which: non-performing loans	*16.190*	*16.344*	*12.692*	*10.464*	*9.932*	*6.812*	*6.861*	*2.621*	*2.621*	*2.373*	*2.104*	*1.822*
Deposits from customers and debt securities in issue	582.369	583.239	596.396	591.290	630.533	495.255	462.226	155.079	156.923	135.274	126.745	127.320
Shareholders' Equity	64.686	64.224	59.689	54.999	57.724	38.468	35.199	14.373	14.036	13.013	12.261	9.535
Profitability ratios (%)												
ROE [1]	6,3	2,7	3,8	9,5	15,6	16,7	15,6	15,7	17,9	17,7	17,2	18
Operating profit/Total assets [1]	0,34	1,17	1,32	0,97	1,16	1,24	0,63	1,73	1,67	2,00	2,16	2,27
Cost/income ratio	55,7	58,8	55,6	62,1	54,4	56,5	54,8	55,9	57,3	54,5	54,3	52,7

1. Annualized figures.
Information in the table are "historical figures". They don't allow comparison because they are not recasted.



UniCredit Share

SHARE INFORMATION											
	Q1 2011	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Share price (€)											
- maximum	1.990	2.336	2.769	5.697	7.646	6.727	5.864	4.421	4.425	5.255	5.865
- minimum	1.488	1.512	0.634	1.539	5.131	5.564	4.082	3.805	3.144	3.173	3.202
- average	1.793	1.931	1.902	3.768	6.541	6.161	4.596	4.083	3.959	4.273	4.830
- end of period	1.754	1.570	2.358	1.728	5.659	6.654	5.819	4.225	4.303	3.808	4.494
Number of outstanding shares (million)											
- at period end [1]	19,298.0	19,297.6	16,779.3	13,368.1	13,278.4	10,351.3	10,303.6	6,249.7	6,316.3	6,296.1	5,046.4
- shares cum dividend		18,330.5	18,329.5	13,372.7	13,195.3	10,357.9	10,342.3	6,338.0	6,316.3	6,296.1	5,131.1
of which: savings shares		*24.2*	*24.2*	*21.7*	*21.7*	*21.7*	*21.7*	*21.7*	*21.7*	*21.7*	*21.7*
- average [1]	19,297.2	19,101.8	16,637.8	13,204.6	11,071.6	10,345.2	6,730.3	6,303.6	-	-	-
Dividend											
- total dividends (€ million)		550	550	(*)	3,431	2,486	2,276	1,282	1,080	995	724
- dividend per ordinary share		0.030	0.030	(*)	0.260	0.240	0.220	0.205	0.171	0.158	0.141
- dividend per savings share		0.045	0.045	(*)	0.275	0.255	0.235	0.220	0.186	0.173	0.156

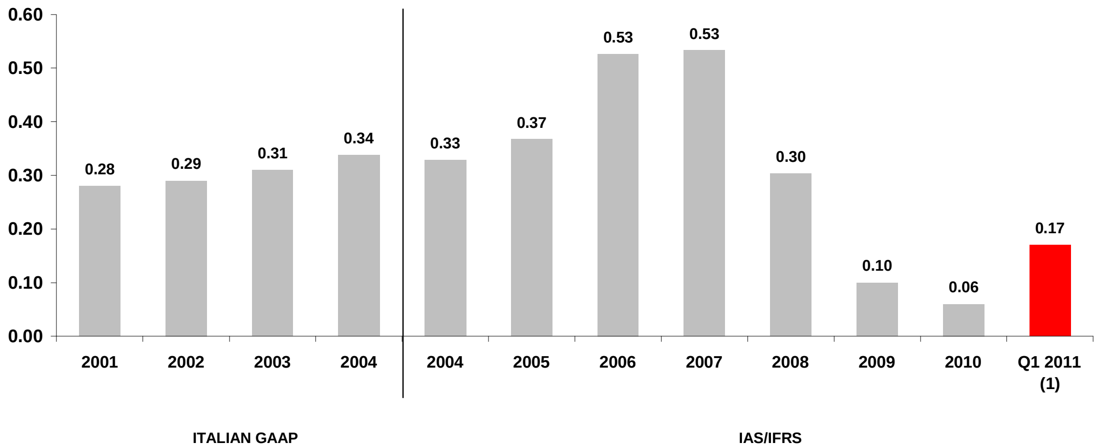
1. The number of shares is net of trasury shares.
(*) 2008 dividend was paid with cash to savings sharehoders (€0.025 per share, for a total amount of €0.5 million), and with newly issued shares (so called "scrip dividend").

EARNINGS RATIOS												
	IAS/IFRS								ITALIAN GAAP			
	Q1 2011	2010	2009	2008	2007	2006	2005	2004	2004	2003	2002	2001
Shareholders' Equity (€ million)	64,686	64,224	59,689	54,999	57,690	38,468	35,199	14,373	14,036	13,013	12,261	9,535
Group portion of net profit (€ million)	810	1,323	1,702	4,012	5,901	5,448	2,470	2,069	2,131	1,961	1,801	1,454
Net worth per share (€)	3.35	3.33	3.56	4.11	4.34	3.72	3.42	2.30	2.21	2.06	1.95	1.89
Price/ Book value	0.52	0.47	0.66	0.42	1.30	1.79	1.70	1.84	1.91	2.09	1.96	2.38
Earnings per share (€) [1]	0.17	0.06	0.10	0.30	0.53	0.53	0.37	0.33	0.34	0.31	0.29	0.28
Payout ratio (%)		41.6	32.3	(*)	58.1	45.6	92.1		60.2	55.1	55.2	49.8
Dividend yield on average price per ordinary share (%)		1.55	1.58	(*)	3.97	3.90	4.79		5.02	4.32	3.70	2.92

(*) 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").
The 2008 EPS figure published in the consolidated report as at December 31, 2008 was €0.30 and has now been amended to €0.26 due to the increase in the number of shares following the capital increase (IAS 33 § 28). For the purposes of calculating 2009 EPS, net profit for the period of €1,702 million was changed to €1,571 million due to disbursements made in connection with the foreseen use of treasury shares agreed under the 'cashes' transaction, and charged to equity. For the purposes of calculating 2010 EPS, net profit for the period of 1,323 million was changed to 1,167million due to disbursements made in connection with the foreseen use of treasury shares agreed under the 'cashes' transaction, and charged to equity.

1. Annualized figures.

Earnings per share (€)



1. Annualized figures.

Group Results

Macroeconomic situation, banking and financial markets

International Situation

USA/Eurozone

The global economic recovery continues in line with expectations and seems to have achieved a certain sustainability. While in the first half of 2010 growth was principally driven by the inventory cycle which fostered industrial production, the second half saw a pickup in investment and consumption that averted the risks of a double-dip recession in advanced economies.

However, the recovery remains uneven. Emerging economies are confirming their role as the new global growth engines, with growth rates exceeding pre-crisis levels. Real GDP in emerging and developing countries increased by 7.3% in 2010 (among others: China 10.3%, India 10.4%, Brazil 7.5% and Russia 4%). In contrast, in most advanced economies, growth remains below potential with high rates of unemployment.

Events in recent months present a number of risks for the global economy.. Foremost, the prices of oil and raw materials have grown faster than expected and have fueled inflation in emerging countries and, to a lesser extent, in advanced ones. Moreover, geopolitical instability in North Africa and the Middle East may have further repercussions on the price of oil and, more generally, on business and consumer confidence. Finally, pressures on yields of government bonds in peripheral countries (Greece, Ireland and Portugal) show no sign of relenting, though spillover effects remain modest.

In addition to being a humanitarian tragedy, the catastrophe in Japan has significantly compromised the country's productive capacity. However, natural disasters of similar proportions in the past demonstrate that, typically, the impact of these catastrophes on growth is short-lived. We therefore expect that the Japanese economy, after a contraction this spring, will be on the road to recovery driven by the process of reconstruction. The effects of the catastrophe on the global economy therefore appear to be negligible.

The recovery continues in the United States. In the fourth quarter of 2010, gross domestic product grew by 0.8% compared to the previous quarter, spurred by consumer spending, investment and net exports. In particular, consumer spending grew at the fastest rate in the last five years. Economic indicators for the first months of 2011 have provided contrasting signals, but short-term growth prospects remain favorable. There is gradual improvement in the labor market. In the first two months of 2011, the number of people employed increased on average by 200,000 units, a sharp increase with respect to previous months. The unemployment rate decreased in March for the fourth consecutive month, down to 8.8% (it was 9.8% in November, though it remains high and the slowdown seems to be drivenby a decline in the work force, which is at its lowest levels in the last 25 years).
The federal budget deficit presents a thorny problem. In a surprise move Standard and Poor's cut its long-term outlook for the United States from 'stable' to 'negative' due to the deficit (10.6% of GDP) and the failure to enact concrete medium term measures to bring it down. This, together with the recommendations of the International Monetary Fund, has put additional political pressure on the United States to implement credible fiscal consolidation.

Recovery in the Eurozone continued to strengthen in the first part of the year, relieving fears regarding the impact of higher prices of petroleum-based products on economic activity. On the basis of this performance, we expect that growth will stabilize at 1.7% in 2011. This good performance nevertheless conceals significant differences regarding the rate of growth in the individual countries: on the one hand we have Germany, which continues to grow at an annual rate of 3% and the rest of the "core" countries close to potential growth, while on the other the so called peripheral countries are experiencing sluggish growth (for example Spain and Ireland) or are in outright recession (Greece and Portugal).

Two particularly encouraging developments characterize the Eurozone recovery. Thanks to the efforts made during the crisis to restore health to balance sheets, non-financial companies are now in the favorable position to begin a new cycle of productive investments, taking into account that machinery utilization capacity appears to have regained near-normal values (80%). In addition, improvement in the prospects of a recovery of investments appears to be having positive effects on the labor market: growth in employment experienced a moderate recovery toward the end of last year and surveys about employment prospects suggest there will be an increase in job creation beginning in the first part of 2011.

In the current context of an increasingly broad-based recovery and growing inflation pressures, the Central European Bank raised in April the refi rate by 25 basis points to 1.25%, at the same time adjusting the rate on deposits and interest on marginal refinance operations. Trichet, commenting on the decision, underscored that this increase should not be considered the initial step of a monetary tightening, but simply as a measure intended to "normalize" the refi rate. Nevertheless, the general tone both of the statement and the press conference announcing the decision suggest that the central bank intends to bring the real rates, which are currently in negative territory, to near-zero levels more quickly than the central bank would like us to believe. We have accordingly reviewed our own forecast and we now expect that the refi rate will reach 1.75% by the end of 2011 and 2.75% by the end of 2012.

The Federal Reserve continues to keep the Federal funds rate unchanged at its historic minimum – between 0% e 0.25% – and to exclude any action on the interest rates in the immediate term. According to the Fed, this policy is justified by the fact that capacity utilization rate remains low, inflation trends are contained and inflation expectations remain stable. The minutes of the Federal Open Market Committee meeting in March confirm that, according to the Fed, current economic conditions call for exceptionally low rates for an extended period in order to sustain the economy and guarantee price stability. At present, the Fed appears also willing to complete the asset purchase program worth USD 600 billion by the end of June, although it has reserved the possibility to reexamine its decision in light of new data.

Banking and financial markets

In the first quarter of 2011, the Eurozone credit markets saw a consolidation of the recovery begun during 2010. In particular, the momentum of lending to the private sector was further strengthened as much as by sustained growth in lending to families as by a recovery of lending to non-financial companies that halted their contraction and showed moderately positive rates of growth in the first part of this year. Total lending to the private sector showed year-to-date growth in February (most recent data available) of 2.6%, the highest rate of growth since March of 2009. Lending to families grew by 3.1% y/y, while lending to non-financial companies expanded by 0.6% y/y.

For countries where the Group operates, the first quarter of 2011 was also characterized by positive rate growth for the extension of credit to the private sector as a result of a good performance of lending to families, as well as of a consolidation of the recovery of lending to non-financial companies, with the sole exception, with respect to the latter aspect, of Germany.

In Germany, based on the monthly data issued by the ECB, comprehensive lending to the private sector showed annual growth in February 2011 (most recent data available) of approximately 1%, following a flat growth at the turn of the year. The sectoral breakdown reveals that the performance of lending to families remains positive but contained, with a year on year growth rate in February that was stable at +0.3%, in line with the performance recorded in the previous two months. This is explained by the persistent weakness of growth in lending for the acquisition of housing, which is only modestly accelerating (0.9% in

February vs. 0.6% in December), while consumer credit, though slowing down, continues to be more sustained (3.0% vs. 3.7% in December). Lending to businesses (including self-employed workers) has instead undergone strong acceleration (+1.3% year-to-date vs. -0.3% in December), but this result is principally due to financial companies (+10.8%), while credit to non-financial enterprises has continued to contract (-0.2%) in February at the same rate as at the end of 2010.
In Austria, the private lending sector has continued to expand at moderately positive growth rates, achieving +2.3% y/y in February (vs. +2.8% in December 2010). Lending to families remains on a solid growth path (8.2% in February vs.11.5% in December), while credit to non-financial companies continues to expand, but at a less decisive pace (2.2% vs. 2.3% in December). It must nevertheless be kept in mind that the robust dynamic of lending to families is due to the appreciation of the Swiss franc – one should keep in mind that approximately 40% of total lending to families is denominated in Swiss francs – rather than to the strength of loan demand. In particular, it must be kept in mind that the strong growth of lending to families is principally due to the dynamics of mortgage lending (7.7%), which responds to the effect of appreciation of the Swiss franc, while consumer credit continues to decline (-2.2%).

In Italy, the performance of lending to the private sector continues to strengthen, registering a y/y rate of growth in February of +6.4% vs. +4.3% at the end of 2010, well exceeding those recorded in Austria and Germany. The acceleration is due as much to the credit to families sector, which grew at a y/y rate of 8.3% compared to +7.5% y/y at the end of 2010, as well as to a significant consolidation of the performance of lending to non-financial companies (+5.1% in February from +1.6% in December). With respect to lending to families, mortgages continue to be the principal driving factor, with growth rates sustained at approximately 8%, while consumer credit registers decidedly more modest growth rates (+1.6%) and is markedly decreasing with respect to the last months of 2010 (5.3% in October).

During the first months of 2011, bank inflow was substantially stable in Germany and Italy while registering a considerable decrease in Austria.
In Italy, during the first quarter of this year, deposit performance stabilized (+0.3% y/y in February, in line with the performance recorded previously at the end of 2010) with deposits in current accounts continuing to contract (-1.8% in February) and time deposits that continue instead to show sustained growth rates y/y (7.6%), although marginally declining. In Germany, after a robust acceleration during the second half of 2010, the performance of customer deposits saw substantial stabilization in the first quarter of the year, with a growth rate y/y which only rose marginally to 3.6% in February from 3.3% in December. This substantial stabilization conceals a dynamic of divergence between sight deposits (for the most part by families), whose rate of growth has declined (from 7.3% in December 2010 to 6.2% in February), and the time deposits (for the most part held by companies) which instead halted their slide in February. In Austria, on the other hand, customer deposit momentum slowed markedly during the first two months of the year: compared with positive growth rates recorded in November 2010, deposits fell back in January (-2.4% y/y) as well as in February (-0.3% y/y), following a rather precipitous decline in the growth of sight deposits, together with continued contraction (albeit marginal) of the other deposits.

With respect to bank rates, the first months of 2011 saw continued stabilization both in lending rates and rates of interest on bank deposits in all three of the countries of reference, in line with the substantial stability in money market rates recorded until March 2011. In Italy, interest rates on loans settled at approximately 3.7% in February, substantially aligned with end of 2010 levels. Since interest rates on deposits also remained substantially constant, the bank spread remained almost unchanged (2.97% in February, vs. 2.92% in December 2010).
In Germany, rates for bank lending to families and businesses settled in February at 4.54%, only 2 basis points less with respect to December 2010; meanwhile the rate of interest on bank deposits settled at 1.09% from 1.06% in December. Consequently, the bank spread recorded marginal tightening (3.51% from 3.57% in December 2010). Slightly countercurrent with respect to the other two countries, in Austria both the interest rates on loans as well as on deposits saw a marginal increase, respectively of 3.19% (vs. 3.14% in December) and of 1.19% (vs. 1.16%). Consequently, the bank spread marginally rose to 2.0% from +1.98% in December.

With respect to the performance of stock markets, after strong profits recorded both by the German stock exchange as well as by its Austrian counterpart during 2010, the first quarter of 2011 saw a substantial stabilization of these two markets, with the ATX index undergoing marginal contraction with respect to December 2010 (-0.8%) and the DAX showing an increase in profits of approximately 2%. The Italian exchange which, in contrast with those of Austria and Germany, had suffered a contraction of approximately 13% in 2010, registered an encouraging performance with an increase in profits of 7.7% in the first quarter of this year.

CEE Countries

Q1 saw the CEE region weather a growing list of global headwinds well and produce continued evidence of economic recovery. In the face of higher global food and energy prices, natural disaster in Japan and the ongoing crisis in the EMU periphery, economic activity showed strong gains towards the end of 2010. Indicators released YTD suggest that this has continued, supported by strong external demand, while 2011 is the first year in four that we forecast positive gains in economic activity in every country in the region. Amongst the positive developments, we highlight increasing evidence of a return of capital inflows. IMF/EU programmes in the region provided significant amounts of support over 2009-2010 and as these now roll off macro fundamentals have improved in some countries to the extent that they are once again able to attract foreign private sector capital. In CIS higher energy prices encourage capital inflows. To the extent that trade linkages to the EMU peripheral economies are limited and financial linkages manageable, the EMU crisis has not had a material impact. Commitment to fiscal consolidation won Estonia entry into EMU while Croatia continues to work towards concluding negotiations with the aim of entering the EU in Jan-2013. Positive ratings momentum continued (e.g. upgrades in Latvia and Serbia). The primary risk to the region at this point is the persistent increase in food and energy prices against a backdrop of a more modest recovery in private consumption. To the extent that the recovery has been led by external demand, with domestic demand and labour markets lagging, the private sector has proved unable in most cases to maintain wage growth in real terms. With this in mind, most central banks in the region have welcomed more rapid currency gains to date.

Main Results and Performance for the period

During the first three months of 2011, the ECB began to prepare markets for an increase in the cost of funds. Notwithstanding the continued very strong divergence between the core economies (which have shown good growth) and peripheral economies (where, on the contrary, growth has stagnated), the era of extremely low rates in the Eurozone is at an end. In response to ECB statements, the two-year German rates have climbed approximately 100 bp in the first quarter; pressure on 10-year rates was somewhat less, with yields increasing by approximately 40 bp. Trends toward an increase in yield on the German curve, especially in the short term, are expected to continue in the months to follow.
In this regard, the dynamic of the debt crisis remains the principal element of uncertainty in the Eurozone: a worsening of the crisis could force the ECB to ease the policy of rate normalization.
The impact on money-market rates has been partially cushioned by extraordinary measures to maintain liquidity, which were extended to the end of the second quarter. The three-month Euribor rate increased from 1% at the beginning of the year to 1.37% at end of quarter, only 12 bp higher than the ECB rate (1.25%).
During the first quarter of 2011, weak economic growth and growing market pressures constrained Portugal to request European financial support, thus becoming the third Eurozone country to take this decision, following Greece and Ireland.
The market continued to consider Italy the most reliable creditor among the peripheral countries: the 10-year yield differential between Italy and Germany went from 180 bp at the start of the year down to 140 bp at the end of March 2011.

During the first quarter of 2011 UniCredit group reported **Net profit attributable to the Group** of 810 million, an increase of 290 million compared to the same period in 2010. The result was positive thanks both to the increase in **Operating profit**, rising to 167 million, and to the minor **Net adjustments on loans**, which have decreased by 287 million when both are calculated with respect to the same period in the preceding year.

Operating profit, exceeding 3 billion, increased by 5.7% (+6,4% at constant exchange rates and scope of consolidation) when compared to the same period of 2010. **Net operating profit**, which takes into account **Net adjustments on loans**, grew by 453 million (+40.8%) to 1.6 billion.

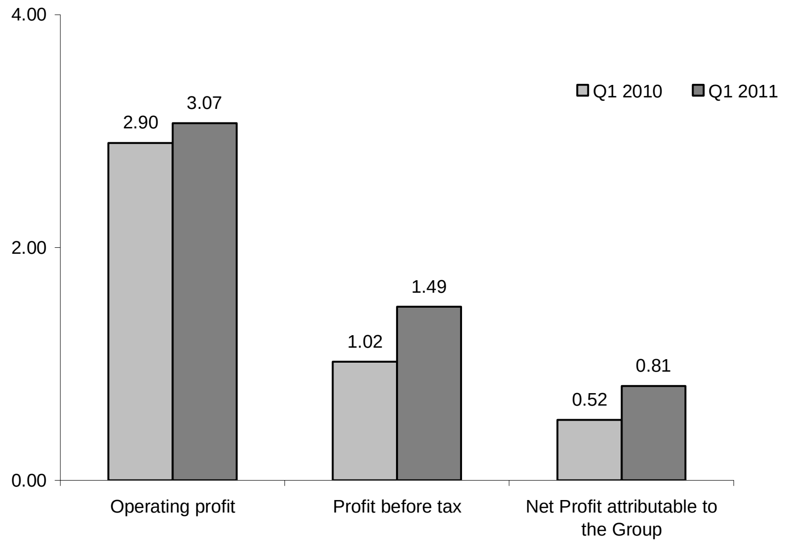
Profit before taxes totaled 1,486 million**,** an increase of 45.8% compared to the same period in 2010 (+47.9% at constant exchange rates and scope of consolidation) thanks to the lower weight of non-operating items, in particular: a decrease in **Integration costs** of 2.4 million; **Net profits on investments** of 84 million (+16 million compared to the same period of 2010); **Provisions for risks and charges** of 161 million, 311 million less than the preceding quarter, in line with the same period of the preceding year (+5 million, +3.2% y/y).

Finally, as a consequence of a 37.3% tax rate and in consideration of the share of profit attributable to minority interests as well as the impact on the Income Statement of the Purchase Price Allocation, the UniCredit Group in the first quarter of 2011 recorded a **Net Profit** of 810 million, an increase both when compared to the same quarter of 2010 (+290 million, +55.7%) and to the preceding quarter (+489 million, +152.5%).

Annualized earnings per share were 17 cents (compared to 11 cents in March 2010), while the **ROE**[1] reached 6.3% compared with 4.1% for the first quarter of 2010.

[1] Annualized figures. The shareholders' equity used in the report represents the average for the period (excluding dividends to be distributed and valuation reserves for available-for-sale assets and for cash-flow hedges), net of the goodwill acquisition of HVB and Capitalia by an exchange of stock and recognized in accordance with IFRS3.

Group Results (€ billion)

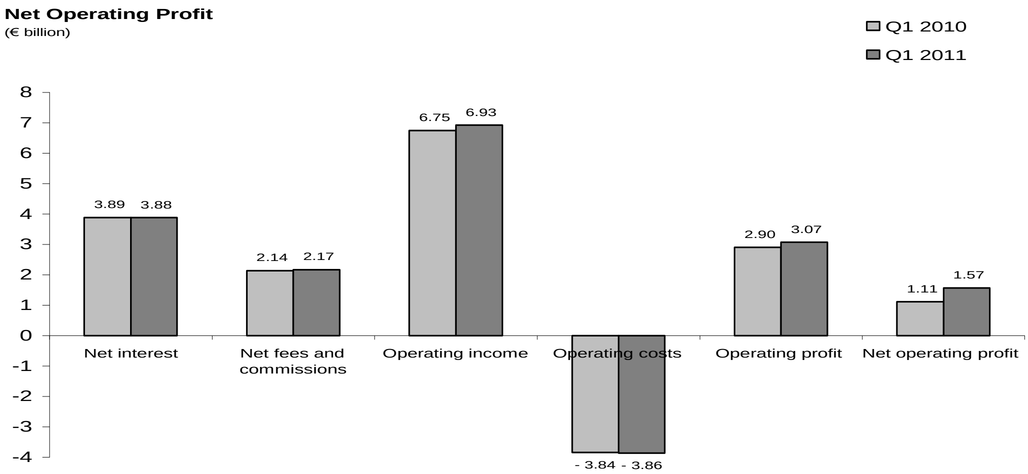


Net operating profit

Net operating profit totaled 1.57 billion, an increase of 40.8% compared to the same period of 2010, and benefited both from higher Operating profit and minor Net adjustments on loans.

The increase in **Operating profit** (+5.7%), compared with the first quarter of 2010, was due to the **Trading, hedging and fair value income** (+140 million, +24.9%) and from increased **Dividends and other income from equity investments** (+57 million, +93.8%). Operating costs increased slightly by 0.4% (-15 million compared with the first quarter of 2010).

Net operating profit									(€ million)
					QUARTERLY FIGURES				
	Q1		CHANGE		2011	2010			
	2011	2010	AMOUNT	%	Q1	Q4	Q3	Q2	Q1
Net interest	3,884	3,890	- 7	-0.2%	3,884	3,982	3,893	3,956	3,890
Dividends and other income from equity investments	117	60	57	93.8%	117	144	69	135	60
Net fees and commissions	2,168	2,136	32	1.5%	2,168	2,155	1,993	2,171	2,136
Net trading, hedging and fair value income	700	560	140	24.9%	700	53	381	58	560
Net other expenses/income	59	99	- 40	-40.0%	59	139	86	114	99
Operating income	**6,928**	**6,746**	**182**	**2.7%**	**6,928**	**6,474**	**6,422**	**6,433**	**6,746**
Operating costs	(3,858)	(3,842)	- 15	0.4%	(3,858)	(3,720)	(3,859)	(3,903)	(3,842)
Operating profit	**3,070**	**2,903**	**167**	**5.7%**	**3,070**	**2,754**	**2,563**	**2,530**	**2,903**
Net write-downs of loans and provisions for guarantees and commitments	(1,504)	(1,791)	287	-16.0%	(1,504)	(1,751)	(1,634)	(1,716)	(1,791)
Net operating profit	**1,566**	**1,113**	**453**	**40.8%**	**1,566**	**1,003**	**929**	**814**	**1,113**
Cost/income (%)	**55.7%**	**57.0%**			**55.7%**	**57.5%**	**60.1%**	**60.7%**	**57.0%**



Operating income

Net interest reached 3.9 billion, in line with the same period in 2010 (-0.2%). Two opposing trends contributed to this result: on the one hand, there was the positive effect – in particular on the profitability of deposits – of interest rate movements (with an average 3M Euribor rate of 110 basis points in the first quarter of 2011 compared to an average of 67 basis points during the same quarter of 2010); on the other hand, there was the increase in the cost of funds, as a consequence of the tensions caused by the sovereign debt crisis in Europe (the price of 5Y UniCredit CDS rose from an average of 98 basis points during the first quarter of 2010 to an average of 196 basis points in the first quarter of 2011). Another factor that should be added to the foregoing was a change in the composition of revenues from the Markets segment, in which – in the first quarter of 2011 – greater weight was given to Trading income compared to the interest income component.

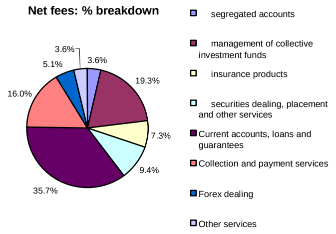
Dividends and other income from equity investments record a marked improvement compared to the same period of the preceding fiscal year (an increase of 57 million) principally due to greater attributable income from equity investments (valued at equity) and dividends on direct investment in Private Equity Funds.

Operating income				(€ million)
	Q1		CHANGE	
	2011	2010	AMOUNT	%
Net interest	3,884	3,890	- 7	-0.2%
Interest income and similar revenues	*7,136*	*7,246*	*- 110*	*-1.5%*
Interest expense and similar costs	*(3,253)*	*(3,356)*	*103*	*-3.1%*
Dividends and other income from equity investments	117	60	57	93.8%
Net fees and commissions	2,168	2,136	32	1.5%
Fee and commission income	*2,592*	*2,558*	*34*	*1.3%*
Fee and commission expense	*(424)*	*(422)*	*- 2*	*0.4%*
Net trading, hedging and fair value income	700	560	140	24.9%
Net other expenses/income	59	99	- 40	-40.0%
Other administrative income	*274*	*326*	*- 52*	*-16.0%*
Other administrative expense	*(214)*	*(227)*	*13*	*-5.6%*
Operating income	**6,928**	**6,746**	**182**	**2.7%**

Net loans to customers, at March 31, 2011, were 558.8 billion, a decrease compared to March 2010 of 0.9%, but they represent an increase compared with December 2010 (+0.6%). Credit demand by Corporate customers in Italy is on the rise, after a constant reduction in loan volumes through 2010. **Deposit from customers and debt securities**, at March 31, 2011 settled at 582.3 billion, a slight decrease compared to 583.2 billion at the end of December 2010.

Net fees and commission income rose by 32 million (+1.5%) principally due to proceeds from **Current accounts, loans and guarantees** (+34 million, +4.6%); moreover, there was an increase in **Collection and payment services** (+19 million, +5.8%).

Net fees and commissions				(€ million)
	Q1		CHANGE	
	2011	2010	AMOUNT	%
Asset management, custody and administration:	859	872	- 13	- 1.5%
segregated accounts	*78*	*84*	*- 6*	*- 7.1%*
management of collective investment funds	*419*	*409*	*+ 10*	*+ 2.4%*
insurance products	*158*	*174*	*- 16*	*- 9.2%*
securities dealing, placement and other services	*204*	*205*	*- 1*	*- 0.5%*
Current accounts, loans and guarantees	774	740	+ 34	+ 4.6%
Collection and payment services	347	328	+ 19	+ 5.8%
Forex dealing	111	115	- 4	- 3.5%
Other services	77	81	- 4	- 4.9%
Total	**2,168**	**2,136**	**+ 32**	**+ 1.5%**



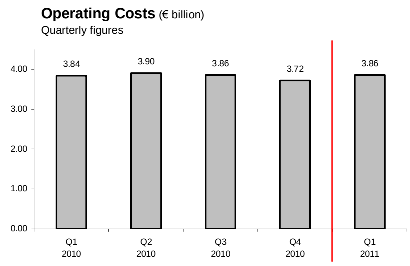
Trading, hedging and fair value income reached 700 million at the end of March, an increase of 140 million or 24.9% compared with the first quarter of 2010, thanks principally to the performance of Markets Division, and in particular to interest-rate transactions.

Group **Operating income** was 6.9 billion, with a comprehensive increase of 182 million (+ 2.7%) compared with the first quarter of 2010, and distributed per business segment as follows: Corporate & Investment Banking grew by 237 million (+11%), CEE grew by 79 million (+7.3%), F&SME Network Italy grew by 34 million (+2%), F&SME Network Germany grew by 19 million (+4.6%), F&SME Network Poland grew by 15 million (+5.8%) and Asset Management recorded an increase in revenues of 13 million (+6.4%).

Operating costs

At March 31, 2011, **Operating costs** totaled 3.9 billion, an increase of 0.4% (15 million) compared with the same quarter of 2010 (+0.9% at constant exchange rates and scope of consolidation). The largest increases were reported in the CEE (+30 million compared with the first quarter of 2010, +5.8% y/y) and in the Group Corporate Center (+40 million, +4.9% y/y), with other business segments reporting a decline. The increase in costs resulted from 39 million in greater cost due to the introduction of additional taxes on banks in Austria and Hungary, net of this, total **Operating Costs** would have decreased.

Operating Costs				(€ million)
	Q1		CHANGE	
	2011	2010	AMOUNT	%
Payroll costs	(2,333)	(2,322)	- 11	0.5%
Other administrative expenses	(1,345)	(1,341)	- 4	0.3%
Recovery of expenses	104	101	3	2.6%
Amortisation, depreciation and impairment losses on intangible and tangible assets	(284)	(281)	- 3	1.1%
Operating Costs	**(3,858)**	**(3,842)**	**- 15**	**0.4%**



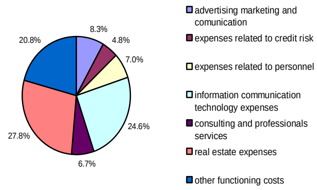
Payroll costs totaled 2.3 billion, an increase of 0.5% compared to 2010 (1.1% at constant exchange rates and scope of consolidation) due to contract renewals that were almost totally offset by a fall in the number of FTEs.

Employees (in full time equivalent[2] terms) at March 31, 2011 totaled 160,679 units, a reduction of 1,700 FTEs compared with March 31, 2010 and 1,331 FTEs from the beginning of the year. The trend in the quarter is principally influenced by the "One4C" project which resulted in a reduction of 1,265 FTEs in Italy.

Other administrative expenses totaled 1.3 billion, an increase of 0.3% compared with the same quarter of 2010. The increase in cost was due in particular to the Advertising, Marketing and Communication item (+13.5%) and to Consulting and professional services (+12.4%). Finally, there was a 28 million increase in Indirect Taxes and Duties (+24%) due to the introduction of new taxes on banks in Austria (31 million) and in Hungary (8 million), so-called "Bank Levies".

Other administrative expenses				(€ million)
	Q1		CHANGE	
	2011	2010	AMOUNT	%
Indirect taxes and duties	(145)	(117)	- 28	24.0%
Miscellaneous costs and expenses	(1,200)	(1,224)	24	-2.0%
advertising marketing and comunication	*(99)*	*(87)*	*- 12*	*13.5%*
expenses related to credit risk	*(57)*	*(57)*	*- 0*	*0.5%*
expenses related to personnel	*(84)*	*(83)*	*- 2*	*1.8%*
information communication technology expenses	*(296)*	*(298)*	*3*	*-0.9%*
consulting and professionals services	*(80)*	*(71)*	*- 9*	*12.4%*
real estate expenses	*(334)*	*(345)*	*11*	*-3.2%*
other functioning costs	*(250)*	*(282)*	*33*	*-11.6%*
Other administrative expenses	**(1,345)**	**(1,341)**	**- 4**	**0.3%**

Miscellaneous costs and expenses% breakdown



At the end of the quarter, **Recovery of expenses** totaled 104 million, and **Adjustments in value for tangible and intangible assets** amounted to 284 million: both entries represent an increase of 3 million compared to the first quarter of 2010.

As a consequence of proceeds growing at a more sustainable pace than costs, the **Cost/Income** ratio settled at 55.7%, an improvement of 128 basis points compared with 57.0% for the first quarter of 2010.

Net Impairment Losses on Loans and Provisions for Guarantees and Commitments

The first quarter of 2011 saw a continued decrease in **Adjustments on loans and provisions for guarantees and commitments** which totaled 1.5 billion, in marked decline compared with the preceding quarter (-14%) as well as with the first quarter of 2010 (-16%). The cost of risk, as measured in proportion to the average volume of loans consequently totaled 108 basis points, a decline of 19 basis points compared with the first quarter of 2010.
The presentation of data on credit quality calls for the premise that the first quarter saw a review of the criteria for classification of impaired loans in Central and Eastern European Countries, with particular regard to the "Restructured" and "Past due" categories. Consequently, and for purposes of a more uniform comparison with the preceding period, the December 2010 data are presented both in the historical version and in that comparable with the new classification adopted as of the current quarter.

Data on the **Quality of assets** demonstrate a carrying amount value of impaired loans totaling 38.1 billion, a slight decline of 119 million compared to December 31, 2010, with an impact of 6.83% on the total of loans to customers (compared with 6.89% in December 2010). The hedge rate for impaired loans at March 31, 2011 was 44.7%, an improvement compared with 43.9% as of December 31, 2010, thanks to the decline in non-performing loans in Germany and the slowdown in credit deterioration in Italy and the CEE.

[2] FTE: Personnel on the payroll minus employees seconded to other companies and those on long-term leaves, plus employees seconded from other companies; all categories are accounted for on the basis of hours worked i.e. that for which the company bears a cost.

LOANS TO CUSTOMERS ASSET QUALITY							(€ million)
	NON-PERFORMING LOANS	DOUBTFUL LOANS	RESTRUCTURED LOANS	PAST-DUE LOANS	**IMPAIRED LOANS**	PERFORMING LOANS	**TOTAL CUST. LOANS**
As at 03.31.2011							
Face value	39,335	18,873	6,502	4,265	**68,975**	523,623	**592,598**
as a percentage of total loans	*6.64%*	*3.18%*	*1.10%*	*0.72%*	***11.64%***	*88.36%*	
Writedowns	23,145	5,854	1,295	536	**30,830**	2,943	**33,773**
as a percentage of face value	*58.8%*	*31.0%*	*19.9%*	*12.6%*	***44.7%***	*0.6%*	
Carrying value	16,190	13,019	5,207	3,729	**38,145**	520,680	**558,825**
as a percentage of total loans	*2.90%*	*2.33%*	*0.93%*	*0.67%*	***6.83%***	*93.17%*	
As at 12.31.2010 comparable							
Face value	38,538	19,035	6,207	4,435	**68,215**	520,457	**588,672**
as a percentage of total loans	*6.55%*	*3.23%*	*1.05%*	*0.75%*	***11.59%***	*88.41%*	
Writedowns	22,158	5,937	1,264	592	**29,951**	3,068	**33,019**
as a percentage of face value	*57.5%*	*31.2%*	*20.4%*	*13.3%*	***43.9%***	*0.6%*	
Carrying value	16,380	13,098	4,943	3,843	**38,264**	517,389	**555,653**
as a percentage of total loans	*2.95%*	*2.36%*	*0.89%*	*0.69%*	***6.89%***	*93.11%*	
As at 12.31.2010							
Face value	38,743	19,671	5,176	3,766	**67,356**	521,316	**588,672**
as a percentage of total loans	*6.58%*	*3.34%*	*0.88%*	*0.64%*	***11.44%***	*88.56%*	
Writedowns	22,399	5,945	1,147	437	**29,928**	3,091	**33,019**
as a percentage of face value	*57.8%*	*30.2%*	*22.2%*	*11.6%*	***44.4%***	*0.6%*	
Carrying value	16,344	13,726	4,029	3,329	**37,428**	518,225	**555,653**
as a percentage of total loans	*2.94%*	*2.47%*	*0.73%*	*0.60%*	***6.74%***	*93.26%*	

Non-performing loans of 190 million, 79 million in doubtful assets and 114 million in past-due loans contributed to the decline in impaired loans; there was a slight increase in restructured loans (+264 million).

Net operating profit by business segment

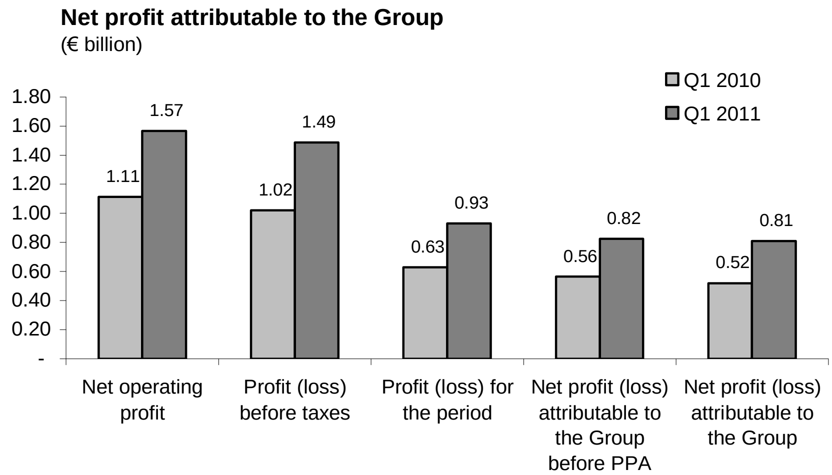
The following table reports the contribution of individual business segments to Group Net operating profit.

Net Operating profit by business segment						(€ million)
	OPERATING INCOME	OPERATING COSTS	NET WRITE DOWNS OF LOANS AND PROV. FOR GUAR. AND COMM.	NET OPERATING PROFIT		
				Q1 2011	Q1 2010	CHANGE %
F&SME Network Italy	1,773	(1,082)	(498)	194	127	53.1%
F&SME Network Germany	405	(358)	(20)	27	(30)	n.s.
F&SME Network Austria	295	(213)	(55)	27	12	128.0%
F&SME Network Poland	276	(175)	(22)	79	50	57.8%
F&SME Factories	491	(232)	(155)	104	74	39.7%
Corporate & Inv. Banking	2,396	(681)	(456)	1,259	820	53.7%
Private Banking	240	(139)	(1)	100	99	1.5%
Asset Management	216	(118)	-	98	81	20.5%
Central Eastern Europe	1,161	(536)	(274)	351	260	35.0%
Group Corporate Center	(326)	(324)	(23)	(673)	(380)	77.3%
Group Total	**6,928**	**(3,858)**	**(1,504)**	**1,566**	**1,113**	**40.8%**

Net profit attributable to the Group

For ease of presentation, the items leading from **Net operating profit** to **Net profit** are presented in comparison to the preceding year:

Net profit attributable to the Group									(€ million)
					QUARTERLY FIGURES				
	Q1		CHANGE		2011	2010			
	2011	2010	AMOUNT	%	Q1	Q4	Q3	Q2	Q1
Net operating profit	**1,566**	**1,113**	**453**	**40.8%**	**1,566**	**1,003**	**929**	**814**	**1,113**
Provisions for risks and charges	(161)	(156)	- 5	3.2%	(161)	(472)	(32)	(106)	(156)
Integration costs	(3)	(6)	2	-42.4%	(3)	(254)	(16)	(6)	(6)
Net income from investments	84	68	16	23.3%	84	(155)	4	47	68
Profit (loss) before taxes	**1,486**	**1,020**	**467**	**45.8%**	**1,486**	**121**	**886**	**749**	**1,020**
Income tax for the period	(555)	(393)	- 162	41.4%	(555)	509	(380)	(331)	(393)
Profit (loss) for the period	**932**	**627**	**304**	**48.5%**	**932**	**630**	**505**	**418**	**627**
Minorities	(107)	(63)	- 44	69.6%	(107)	(80)	(122)	(56)	(63)
Net profit (loss) attributable to the Group before PPA	**825**	**564**	**261**	**46.2%**	**825**	**550**	**383**	**362**	**564**
Purchase Price allocation effects	(15)	(44)	29	-66.0%	(15)	(30)	(49)	(52)	(44)
Goodwill impariment	-	-	-	n.s.	-	(199)	(0)	(162)	-
Net profit (loss) attributable to the Group	**810**	**520**	**290**	**55.7%**	**810**	**321**	**334**	**148**	**520**



Provisions for Risks and Charges

The entry regarding **Provisions for risks and charges** for the first quarter of 2011 amounted to 161 million, an increase of 5 million compared with 2010.

Integration Costs

Integration costs for the period totaled 3 million, compared with 6 million in 2010.

Net Income from Investments

Net income from investments for 2011 totaled 84 million, an increase of 16 million compared with profits for the same period in 2010. Of particular importance were the appreciation of Private Equity investments (21 million), the transfer of AFS bonds (17 million) and the sale of real estate (12 million).

Profit before Tax

From a **Net operating profit** for the quarter of 1.56 billion, taking into account the **Provisions for risks and charges** (-161 million), the **Net profits on investments** (+84 million) and the **Integration costs** (-3.2 million), we reach a **Profit before tax** totaling 1,486 million (1,020 million in the first quarter of 2010, an increase of 45.8%).

Profit before tax by business segment

The following table sets forth the profit before tax by business segment beginning with Operating profit, with reference to the respective headings for an analysis of the individual items.

Profit before tax by business segment						(€ million)
	OPERATING PROFIT	PROVISIONS FOR RISK AND CHARGES	INTEGRATION COSTS	NET INCOME FROM INVESTMENTS	PROFIT BEFORE TAX	
					Q1 2011	Q1 2010
F&SME Network Italy	691	(19)	(3)	-	173	96
F&SME Network Germany	47	(1)	-	(0)	26	(28)
F&SME Network Austria	82	-	-	1	28	22
F&SME Network Poland	101	0	-	-	79	50
F&SME Factories	259	(4)	(0)	1	101	72
Corporate & Investment Banking	1,715	(51)	(0)	60	1,268	850
Private Banking	101	(0)	(0)	(0)	100	98
Asset Management	98	(1)	0	1	98	81
Central Eastern Europe	625	(2)	(1)	2	351	264
Group Corporate Center	(650)	(84)	0	20	(737)	(484)
Group Total	**3,070**	**(161)**	**(3)**	**84**	**1,486**	**1,020**

Income tax for the period

Taxes on income for the first quarter totaled 555 million, an increase of 162 million compared with the same period in 2010, with a tax rate of 37.3% (38.5% in the first quarter of 2010).

Goodwill impairment

In the quarter under consideration, **Goodwill impairment**, as in the first quarter of 2010, amounted to zero.

Net profit attributable to the Group

Profit for the period totaled 932 million: less the share of **Minorities** (-107 million) and the effects of **Purchase Price Allocation**, (-15 million), we obtain a **Group net profit** of 810 million.

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 extra income measured as EVA, which is the main performance indicator related to TSR (Total Shareholder Return). The development of Group operations with a view to value creation requires a process for allocating and managing capital governed by different phases in the process of planning and control, articulated as:

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

The process of capital allocation 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.

EVA Generated by Business Segment (€ million)

	Q1	
	2011	2010
F&SME Network Italy	(28)	(84)
F&SME Network Germany	(5)	(37)
F&SME Network Austria	(8)	(8)
F&SME Network Poland	28	14
F&SME Factories	(20)	(28)
Corporate & Investment Banking	455	179
Private Banking	56	58
Asset Management	61	53
Central Eastern Europe	67	15
Group Corporate Center (1)	(795)	(522)
Group Total	**(190)**	**(359)**

Note:

2010 figures were recasted, where necessary, on a like-to-like basis to consider changes in scope of business segments and computation rules.

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

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 shareholders' equity and the composition of regulatory capital (Core Tier 1, Tier 1, Lower and Upper Tier 2, and Tier 3 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).

The Core Tier 1 Ratio (Basel 2) at March 2011 was 9.06%. The Tier 1 Ratio and Total Capital Ratio, respectively, were 9.97% and 13.47%.

Capital Ratios		(€ million)
	AS AT	
	03.31.2011	12.31.2010
Total Capital[1]	59,787	57,655
Tier 1 Capital	44,249	43,037
Core Tier 1 Capital	40,217	39,006
Total RWA	443,727	454,850
Total Capital Ratio	**13.47%**	**12.68%**
Tier 1 Ratio	**9.97%**	**9.46%**
Core Tier 1 Ratio[2]	**9.06%**	**8.58%**

1. On May 18, 2010 Banca d'Italia issued a document containing new regulatory instructions on the treatment of revaluation reserves in respect of debt securities held as "financial assets available for sale", for the purpose of calculating supervisory capital (prudential filters). In particular, Banca d'Italia allowed the option to deduct all capital gains and losses arising out of changes in fair value recognized in the above reserves after December 31, 2009 and deriving from debt securities issued by the Central Administrations of EU Countries, instead of the previously prevailing asymmetric approach, i.e. full deduction from Tier 1 capital of net capital losses and inclusion of 50% of capital gains in Tier 2 capital. On June 28, 2010 the Group informed Banca d'Italia of its decision to exercise the new option, which was accordingly applied starting from the calculation of supervisory capital as at June 30, 2010.

2. Including shares subject to usufruct with Mediobanca and that rappresent the underlying to the Cashes.

The recent economic and financial crisis, which began in 2007, has given rise to intense debate on the need to revise, in a more restrictive sense, the rules for measuring capital and the capital ratios imposed by Basel 2. With the aim to raise the resilience of the banking sector, the Basel Committee on Banking Supervision published the comprehensive reform framework (Basel 3) on December 16, 2010. The package modifies the rules for the levels of banks capital adequacy and introduces limits in terms of liquidity, medium-long term funding and leverage. The Basel Committee defined a smoothed timeline for the introduction of new rules, with the full implementation by January 2019 after a phase-in starting from January 2013. The gradual introduction will help to reduce the impact of stricter requirements on the real economy.

Shareholders' Equity attributable to the Group

The **Shareholders' Equity of the Group**, including the profits of the period (810 million), amounted to 64,686 million at March 31, 2011, compared to 64,224 million at December 31, 2010.

The following table shows the main changes that occurred in first quarter 2011.

Shareholders' Equity attributable to the Group	(€ million)
Shareholders' Equity as at December 31, 2010	**64,224**
Disbursements related to *Cashes* transaction (*"canoni di usufrutto"*)	(42)
Forex translation reserve	(223)
Change in afs / cash-flow hedge reserve	(47)
Others	(36)
Net profit for the period	810
Shareholders' Equity as at March 31, 2011	**64,686**

Information on Risks

UniCredit Group monitors and manages its risks through rigorous methodologies and procedures proving to be effective through all phases of the economic cycle. The control and steering of the Group risks are exerted by the Holding Company Risk Management function (Group CRO), to which have been assigned the following tasks:

- optimizing asset quality and minimizing the cost of the relevant risks, in line with the risk / return targets assigned to each business area;
- determining, in concert with the CFO, the Group's risk appetite and evaluating its capital adequacy, and cascading it to the Business Areas / Legal Entities, consistently with Basel II Pillar II requirements;
- defining -in compliance with Basel II standards and Bank of Italy requirements- the Group rules, methodologies, guidelines, policies and strategies for risk management, and, in cooperation with the Organisation department, the relevant processes and their implementation;
- setting up a credit and concentration risk control system, accordingly with the Basel 2 Pillar II framework, both of single counterpart / economic groups and significant clusters (e.g. as geographical areas / economic sectors), monitoring and reporting the limits beforehand defined;
- defining and providing to the Business Areas and to the Legal Entities the valuation, managerial, monitoring and reporting criteria of the risks and ensuring the consistency of systems and control procedures both at Group and Legal Entity level;
- supporting the Business Areas to achieve their targets, contributing to products and to business development;
- verifying, by means of the initial and ongoing validation process, the adequacy of the risk measurement systems adopted throughout the Group, steering the methodological choices towards higher and homogeneous qualitative standards and controlling the coherence of the usage of the above systems within the processes;
- setting up an adequate system of preventive risk analysis, in order to quantify the impacts of a quick worsening of the economic cycle or of other shock factors (i.e. Stress Test) on the Group economic - financial structure. This holds for single risk types as well as their integration and comparison to available capital;
- creating a risk culture across the whole Group.

In light of the still challenging macroeconomic environment, a sound and effective risk management has highest priority within the Group. Therefore, the Risk Management function of the Holding Company (Group CRO) has recently been redesigned in order to mirror broader Group organizational changes and consequently simplify overall risk processes. In November 2010, in fact, the Holding Company was modified with the introduction of the "Country Chairman" role as a point of synthesis for all the Group's activities in domestic markets. This geographical focus and the needs arising from One4C project made necessary a realignment of the Bank's Group Risk Management functions. The key principles of this reorganization include:

- consistency with the operative environment post One4C;
- simplification of the governance structure aimed at reinforcing the dialogue between the Group Risk Governance Functions and Country Risk Management Functions;
- creation of a specific point of reference for Italy coherently with the new Holding Company organization model, through the set up of the "CRO Italy" function, assigning to it all the responsibilities related to the Italian perimeter, as well as the managerial coordination of risk management functions in the Italian Legal Entities.
- steering at Group level the risks portfolio management (Credit, Operational, Reputational, Market) through the managerial coordination of the correspondent functions in the Group Legal Entities, in order to control and drive the risks portfolio at country level.

Consistently with the Risk Management architecture redesign, the set-up, role and rules of the Group Committees responsible for risk topics have been already revised some time ago. 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 between the relevant risk stakeholders three distinct levels of Risk Committees have been set-up:

- the "Group Risk Committee" being responsible for the Group strategic risk decisions;
- the "Group Portfolio Risks Committees", tasked with addressing, controlling and managing the portfolio risks;
- the "Group Transactional Committees", in charge of evaluating the single counterparts / transactions impacting the overall portfolio risk profile.

Regarding the compliance with the Pillar II of the New Capital Accord (Basel II), a specific capital adequacy internal valuation process (Internal Capital Adequacy Assessment Process – ICAAP) was implemented which envisages a general framework as well as a set of specific guidelines aimed at setting out a common approach at Group level in the areas of capital planning, the definition of risk appetite and the measurement, management, control and governance of risks.

Always in terms of Pillar II, the Group risk profile is represented by the Internal Capital, which equals Economic Capital plus a buffer (cushion) determined considering also aggregated stress tests.
Capital Adequacy is evaluated based on Pillar I metrics (ex. Core Tier 1 and Total Capital Ratio) and on Risk Taking Capacity.
A solid evaluation process on Capital Adequacy additionally implies that the management of Risks is based on Top Management involvement, through the identification of competent decisional levels, the correct attribution of roles and responsibilities to the different functions, as well as the overall periodic review of the process.

Within ICAAP a key element is the risk appetite, that can be defined as the variability in results, on both a short and a long term, and which the Group is prepared to accept in support of a defined strategy. The Group risk appetite framework is structured in the three dimension metrics capital adequacy, profitability and risks, liquidity and funding. For each metrics, target, trigger and limit levels are set in the budgeting process.

According to Pillar 2 provisions, credit risk strategies for the Group’s credit portfolio are an advanced credit risk management tool. Consistent both with the budget process and with Pillar II / risk appetite framework, they are aimed to provide the concrete deployment of risk appetite targets by Strategic Business Area and Legal Entity, considering the expected vulnerability of the Group credit portfolios to adverse economic downturns as well as the quantification of the sectorial concentration risk.

In the last quarter of 2010 a new parameterization of the Credit Portfolio Model has been introduced and used to estimate the credit component of the Economic Capital. A global review of the correlation framework has been implemented and combined with a more granular description of Central and Eastern European Countries' dependence on macroeconomic variables. Furthermore the correlation between retail and corporate exposures was reviewed, producing, on a global basis, a more robust design of the dependence in light of the recent financial turmoil. A new IT architecture for Credit VaR has been developed. During 2011 the Group Credit Portfolio Model will be rolled out to the main legal entities outside Italy.

In order to fight back the financial crisis and to further strengthen and coordinate within the Group the restructuring and workout activities, the overall model for the management of these particular files has been revised and the “Special Credit” department and the tasks and composition of the “Group Special Credit” Committee have been accordingly modified.
Consistently with the recent Risk Management architecture redesign, dedicated Special Credit functions have been set up, directly reporting to the local CRO, in addition to the structure already existing in Holding Company and directly reporting to the Group CRO.

Credit monitoring activities focus on the early disclosure and management of exposures considered inhering "increased risks", in order to promptly detect and react to a possible deterioration of the credit quality of a counterparty. The timely identification and consistent management of exposures with increased risk allow to intervene at a phase preceding potential default, when there is still the capability for repayment. Dedicated Group CRO reporting functions perform the reporting for credit risk at portfolio and individual counterparty level 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 initiatives.
Credit monitoring activities have been furtherly reinforced during last months.

The fundamental objective of the reporting and monitoring activities performed by the CRO function is the analysis of the main drivers and parameters of credit risk (exposure at default (“EAD”), expected loss (“EL”), cost of risk, etc.) in order to promptly initiate any counter-measures on portfolios, sub-portfolios or individual counterparts.

For Financial Institutions, Banks and Sovereign counterparts, in addition to the review of Group Credit Policies which took place last year, a dedicated policy for the crisis management framework has been issued. Moreover, in order to ensure a uniform assessment and monitoring approach and to define group-wide rules and principles for the governance of country limits, the related policy has been revised.

The Group’s business and solidity in terms of profitability, capital and finance depend *inter alia* on the creditworthiness of its borrowers. The Group has adopted procedures, rules and principles that steer, govern and standardize the assessment and management of credit risk, in line with principles and best practice.

In this context, key elements still remain credit processes. In particular, Unicreditgroup has implemented a set of activities aimed at strengthening credit processes both in underwriting and monitoring - workout phases. With particular reference to Italian perimeter, in the One4C project, a strong redesign of credit processes has been performed, with development of a new process and new underwriting tool (both Corporate and Small Business), with the double purpose to increase internal efficiency (customers response time) and reinforce risk control.
Both in Germany and Italy, improvements to IT platforms supporting credit processes have been introduced.

Regarding operational risk, UniCredit has developed an internal model for measuring the capital requirement (AMA). The measurement of operational risk relies on internal loss data, external loss data (consortium and public data), hypothetical loss data stemming from scenario analyses and risk indicators. An allocation mechanism identifies individual Group entities’ capital requirements reflecting their risk exposure.

The AMA model has been formally approved by the Supervisory Authority and is expected to be rolled out in all the relevant Group entities before the end of 2012.

Concerning reputational risk, UniCredit has defined over the last two years an approach for the identification, analysis and management of the reputational risk stemming from banking activities.
This approach resulted in 2010 in the approval by the Board of UniCredit of the Group Reputational Risk Governance Guidelines that delineate a set of principles and rules for the measurement and control of reputational risk; these are currently being implemented in the Group Entities.

In the first quarter of 2011 particular attention was given to “tax havens” and non-cooperative jurisdictions by issuing, in collaboration with Tax Affairs, a Group Policy describing the rules and principles for the management of new activities in these territories.

As far as Market Risk is concerned, VaR daily reporting is now a consolidated process along with its backtesting.
At the same time, Holding and local Market Risk functions have intensified the risks portfolios monitoring activities, with particular reference to Investment Banking, through the definition of Limits and Warning Levels.
In particular, the following concepts have been activated: Var Limits and granular Risks Limits concerning Interest Rates, Exchange Rates, share prices, etc. Loss Warning Levels and Combined Stress Test Warning Levels have been fixed.

As far as liquidity risk is concerned, this quarter is characterized by stabilization of the structural change started last year due to the public debt crisis in some European countries.
Furthermore, new SEC rules in the USA required money market funds to invest mainly in paper with a maximum tenor of one month. This reduced the available tenors in longer term (2-3 months) liquidity in the money market. There is sufficient supply of short term liquidity (below 1 one month).
This has increased the refinancing risk for banks.

In the examined quarter, Liquidity Risk Management has focused on the Liquidity Stress Test as issued by the European Banking Authority. Furthermore, initial analysis of the Basel III Liquidity consequences are on-going.

The following are some specific risk factors connected, in particular, with market liquidity, interest rate fluctuations, exchange rates, and the performance of financial markets particularly affected by the present global financial scenario and on which the results of the Group depend. Constant monitoring and management of these risk factors makes it possible to continue to follow the going-concern principle in preparing the interim report on operations.

Interest-Rate Risk

Group's results are affected by interest rate trends and fluctuations in Europe and in the other markets where the Group operates. In particular, the results of banking and lending transactions depend on managing sensitivity to interest rate exposure. In the absence of suitable hedging instruments, any misalignment between interest income and interest expense could have significant effects on the financial position and operating profits.

Currency Risk

A significant portion of UniCredit Group business is done in currencies other than the euro, predominantly those of CEE countries and US dollars. The Group is therefore exposed to risks connected with fluctuations in exchange rates and in the money market. Since our financial statements and interim reports are prepared in euros, the necessary currency conversions are made in accordance with applicable accounting standards. Any change in exchange rates may thus affect the Group's performance.

Financial Risk

Group results depend significantly on the performance of the financial markets. Specifically, volatility and the performance of financial markets affect:
(i) inflows of assets under management and administration, and thus selling commissions earned;
(ii) management commissions, due to lower asset volume (direct effect) and redemptions caused by unsatisfactory performance (indirect effect);
(iii) the Markets unit's trading profits, specifically on sales and brokerage of financial instruments; and
(iv) the results of the banking and trading books.

Results by Business Segment

Q1 2011 results by business segment are given below, to be commented on in subsequent sections.

Following the introduction of the new organizational model and the revision of managerial responsibilities, business segments have been modified accordingly from those of 2010.
The Retail Area now manages SME clients (previously under the CIB Division) and has been renamed Family&SME Division witht the identification of five new segments: *Network* for each market (Italy, Germany, Austria and Poland) and *Factories*, viz. *Leasing, Factoring, Consumer Finance* and *Asset Gathering*. Prior period income statements have been restated accordingly.

KEY FIGURES by BUSINESS SEGMENT (€ million)

	F&SME NETWORK ITALY	F&SME NETWORK GERMANY	F&SME NETWORK AUSTRIA	F&SME NETWORK POLAND	F&SME FACTORIES	CORPORATE & INVESTMENT BANKING	PRIVATE BANKING	ASSET MANAGEMENT	CENTRAL EASTERN EUROPE	GROUP CORPORATE CENTER[1]	CONSOLIDATED GROUP TOTAL
Income statement											
OPERATING INCOME											
Q1 2011	1,773	405	295	276	491	2,396	240	216	1,161	(326)	6,928
Q1 2010	*1,739*	*387*	*290*	*261*	*492*	*2,160*	*240*	*202*	*1,083*	*(108)*	*6,746*
Operating costs											
Q1 2011	(1,082)	(358)	(213)	(175)	(232)	(681)	(139)	(118)	(536)	(324)	(3,858)
Q1 2010	*(1,113)*	*(348)*	*(207)*	*(175)*	*(222)*	*(694)*	*(140)*	*(121)*	*(506)*	*(318)*	*(3,842)*
OPERATING PROFIT											
Q1 2011	691	47	82	101	259	1,715	101	98	625	(650)	3,070
Q1 2010	*626*	*38*	*84*	*86*	*270*	*1,466*	*100*	*81*	*577*	*(426)*	*2,903*
PROFIT BEFORE TAX											
Q1 2011	173	26	28	79	101	1,268	100	98	351	(737)	1,488
Q1 2010	*96*	*(28)*	*22*	*50*	*72*	*850*	*98*	*81*	*264*	*(484)*	*1,020*
EVA											
Q1 2011	(28)	(5)	(8)	28	(20)	455	56	61	67	(795)	(190)
Q1 2010	*(84)*	*(37)*	*(8)*	*14*	*(28)*	*179*	*58*	*53*	*15*	*(522)*	*(359)*
Cost/income ratio											
Q1 2011	61.0%	88.4%	72.1%	63.4%	47.2%	28.4%	58.0%	54.7%	46.1%	-99.4%	55.7%
Q1 2010	*64.0%*	*90.1%*	*71.1%*	*66.9%*	*45.1%*	*32.1%*	*58.3%*	*59.9%*	*46.8%*	*-295.0%*	*57.0%*
Employees [2]											
as at March 31, 2011	31,089	7,482	3,737	14,268	6,002	9,608	3,014	1,978	51,579	31,921	160,679
as at December 31, 2010	*31,963*	*7,495*	*3,748*	*14,260*	*5,805*	*9,541*	*3,013*	*1,888*	*51,598*	*32,699*	*162,009*

Notes
2010 figures were recasted, where necessary, on a like-to-like basis to consider changes in scope of business segments and EVA computation rules
[1] Global Banking Services, Corporate Centre, inter-segment adjustments and consolidation adjustments not attribuable to individual segments.
[2] "Full time equivalent". These figures include all the employees of subsidiaries consolidated proportionately, such as Koç Financial Services

Family & Small Medium Enterprise (F&SME)

F&SME Network Italy

The primary goal of the Family & SME[1] Division is to allow individuals, families and small businesses to satisfy their financial needs by offering them a complete range of reliable, high-quality products and services at a competitive price. The Group's major strengths in retail banking are the experience of its employees and the central role played by customer satisfaction. UniCredit occupies a strategic position in the Retail sector in Italy thanks to its nearly 4,000 branches throughout the country.

Financial performance

F&SME Network Italy ended the first quarter of 2011 with operating income of 1,773 million, up 10.7% compared to the fourth quarter of 2010. This momentum is the combined effect of a slight drop in the interest income, attributable to the expiration of notionals underlying the replication operation, which canceled out the benefit on the deposit rates side (Euribor+5bps on average over the quarter), and the strong increase in commission income due to the Network's excellent performance in the sale of investment products and personal loans.

Operating costs came in at 1,082 million, showing an increase over the previous quarter (+8.3%), which resulted from the extraordinary savings on administrative expenses recorded in fourth quarter of 2010. A year-over-year comparison shows a drop in operating costs (-2.8%), attributable to a reduction in FTEs and to cost efficiency measures in both the operations and the budget components.

The increase in revenues had a positive effect on the **cost/income ratio**, which at the end of March chalked up a value of 61.0%, down relative to both December (139 bps) and March of the preceding year (299 bps).

Net write-downs on loans totalled 498 million, in line with Q1 2010 but decreasing with respect to Q4 2010 (-9.7%) thanks to the improvement of the defaulting loans on the overall portfolio (as well as non recurring events as at 2010 year-end). At the end of March 2011, the **cost of risk** was 1.58%, down by 15 bpswith respect to 2010 year-end (1.73%) thanks to positive dynamic of write-downs.

F&SME Network Italy ended the first quarter with **gross profits** of 173 million, versus the loss recorded in fourth quarter 2010 (-109 million), which showed the effects of the approximately 120 million in consolidation expenses related to the ONE4C merger. Relative to the first quarter of 2010, gross profit was sharply on the upswing (+80.6%), thanks to positive dynamics in income and expenses.

F&SME Network Italy ended the first quarter with a virtually unchanged volume of 126,077 million (-0.3%) compared to December in **loans to customers**, thanks to the positive momentum of businesses, which offset the fall in mortgage loan inventories. **Customer deposits** (including securities) were 97,598, a large drop of 4,256 million (-4.2%) compared to December, displaying the first quarter's strong seasonality. The month of April gave the first signs of a reversal in trend. **Risk weighted assets** came in at 51,971, with a slight decrease (-1.8%) in comparison with December.

The **FTE** (Full Time Equivalent) momentum posted a strong drop of 874 units (-2.7%), a continuation of the efficiency measures begun in 2009.

[1] The introduction lists the principal business sectors that come within the scope of the Family & SME Division, also known as the F&SME Division, in addition to a brief description of its mission and principal strengths.

Income Statement (€ million)

F&SME NETWORK ITALY	2011 Q1	2010 Q4	CHANGE % ON Q4 '10	2010 Q1	CHANGE % ON Q1 '10
Operating income	1,773	1,601	+ 10.7%	1,739	+ 2.0%
Operating costs	(1,082)	(999)	+ 8.3%	(1,113)	- 2.8%
Operating profit	691	602	+ 14.8%	626	+ 10.4%
Net write-downs on loans	(498)	(551)	- 9.7%	(500)	- 0.4%
Profit before tax	173	(109)	n.s.	96	+ 80.6%

Balance Sheet (€ million)

F&SME NETWORK ITALY	AMOUNTS AS AT		CHANGE	
	03.31.2011	12.31.2010	AMOUNT	%
Loans to customers	126,077	126,455	(378)	- 0.3%
Customer deposits (incl. Securities in issue)	97,598	101,854	(4,256)	- 4.2%
Total RWA	51,971	52,945	(975)	- 1.8%
RWA for Credit Risk	41,145	41,960	(815)	- 1.9%

Key Ratios and Indicators

F&SME NETWORK ITALY	2011 Q1	2010 Q4	CHANGE % ON Q4 '10	2010 Q1	CHANGE % ON Q1 '10
EVA (€ million)	(28)	(135)	- 78.9%	(84)	- 65.9%
Absorbed Capital (€ million)	4,146	4,000	+ 3.6%	4,576	- 9.4%
RARORAC	-2.74%	-13.49%	n.s.	-7.30%	455bp
Operating Income/RWA (avg)	13.52%	12.12%	140bp	11.97%	155bp
Cost/Income	61.0%	62.4%	-139bp	64.0%	-299bp
Cost of Risk	1.58%	1.73%	-15bp	1.58%	0bp

Staff Numbers

F&SME NETWORK ITALY	AMOUNTS AS AT		CHANGE	
	03.31.2011	12.31.2010	AMOUNT	%
Full Time Equivalent	31,089	31,963	(874)	- 2.7%

Breakdown by business

In the **Mass Market segment** in the first quarter, new consumer credit products were launched, as were insurance and investment products and new current accounts intended for immigrants. To improve the sales network's ability to satisfy needs for protection against risk, a new bancassurance product was launched, "**Vita Protetta**", providing protection in the event of death. In addition, a new investment product, "**Risparmia Facile**", was offered to clients who want to start investing in a simple product. Customers may subscribe to the Risparmia Facile investment plan just by paying an initial installment of between EUR 50 to 200. Amounts invested are always available to customers, because they can decide at any time to withdraw their accumulated savings without penalty. This product has been supported by a special information initiative to highlight the ease and simplicity with which savings can be accumulated. Apart from communicating through major bank channels, valuable use was made of the advice and consulting provided by staff members using customer relationship management tools. *Agenzia Tu*, the network dedicated to the financial needs of immigrants, launched a new account package directed towards assistants and baby sitters: "**Conto Tu Famiglia**", an all inclusive product with specific characteristics geared towards satisfying the needs of migrants.

In the **Personal Banking segment**, the priority for 2011 is to guarantee the segment's sustainable growth. To achieve this strategic objective, a number of initiatives were developed in the first quarter focusing on new client acquisition, both externally and through internal word of mouth. With regard to internal word of mouth, in February a new pilot campaign was launched, "**Emersione Afi** – **Il tuo conto conta di più**," directed towards a select group of smart and affluent customers. The target group was identified by means of a CRM analysis, based on advanced criteria such as likely growth and the probability of reaching the threshold of affluence over the short to medium term; the promotion, about which clients were told by direct mail, consists of the offer of a special current account rate on additional funds brought in to the bank. The initiative has shown positive results in terms of new asset acquisitions, with a 27% increase in the number of customers signing up for the offer. As far as customer acquisition goes, a new "member get member" program, "**Ti presento UniCredit**," was used to offer exceptional rates and special terms to both the clients referred and those who referred them. Among the initiatives to support consultants in increasing wallet share and achieving retention objectives by taking advantage of attractive rates and terms, a commercial campaign was launched, "**Riacquisizione AFI**," focusing on customers who over the last 12 months have reduced their assets at UniCredit.

The product line was strengthened with the **MoneyPlus** (12 month) deposit account and the "**Gold**" (6-24 month) certificate of deposit, designed for new customer acquisition, as well as with the "**Silver**" (6-24 month) CD, created for retention purposes. The acquisition rate in the first quarter rose to 2.1% from1.8% in the same period a year ago. Stricter regulatory rules and ever more demanding customers have mandated a highly professional approach when providing financial consulting services. A new sales tool was finalized and a training program for consultants completed, allowing consultants to hone their technical skills relating to the new service model. Product innovations, retaining the characteristics of simplicity and transparency, were directed towards increased portfolio diversification, in line with the Group's market vision and customers' financial needs. A family of products, "**UniCredit Fondi Soluzione**," was launched, consisting of four offers differentiated by risk profile and directed toward clients seeking control over volatility ("asymmetric payoff") rather than pure performance. Also launched was "**Uniattiva**" insurance, which protects principal upon maturity along with the ability to consolidate 50% of annual performance as of a certain date. Finally, the multi-branch recurring policy "**Uniopportunità**" was launched, requiring a low monthly investment (EUR 50) and the ability to combine a guaranteed line with another investing in equities in order to seize any growth opportunity. Personal Banking's commercial performance generated more than 8 billion in sales of investment products during the first quarter. The increase in sales, together with the higher rates, had a positive impact on revenues (up 19% over first quarter 2010).

In the **Small Business segment**, after "Impresa Italia" (2008) and "SOS Impresa Italia" (2009) – still in progress –, an important new initiative was launched in February 2011, "**Ripresa Italia**." Through this agreement, entered into with "Rete Imprese Italia" (Italian Enterprise Network - the principal association of small and medium-sized Italian businesses), UniCredit is continuing its commitment to support the real economy in this particular phase, characterized by weak signs of recovery. The main contents of "Ripresa Italia" are a new cap of 1 billion in loans intended for SMEs and a new line of products created on the basis of the needs of such companies, concentrating on five action areas: "Production cycle recovery", "Innovation and competitiveness", "Sustainability and education", "Internationalization" and "Support for network businesses". Products relating to the first two of these areas were launched in February, while the remainder will be progressively launched over the course of 2011. Accompanying the launch of Ripresa Italia, a series of informational campaigns were carried out to let the target audience know about the value of having a partner like UniCredit. The initiative got under way with an introductory event in Rome on February 2, where the main points of the agreement were presented to the press and trade associations. To give the initiative maximum exposure, a brochure was created for point-of-sale distribution, explaining to clients the terms of the agreement and letting them know how UniCredit can help them to develop their projects. The initiative also received a lot of attention in connection with the sponsored events at a local level where UniCredit presented the agreement and the products created for the occasion. Good results are coming in from the recently launched "**Revolving Card**," which supports Small Business clients by offering them a new way to finance purchases.

The **Medium Enterprises segment** was created – beginning November 1, 2010 – within the F&SME Division to offer businesses with revenues of up to 50 million Euros dedicated service and points of contact all across Italy (160 Business Centers with 700 advisors). Different initiatives have already been launched in the first quarter of 2011, following a route which has led to the creation of a bank for medium-sized businesses that is a leader in quality. The initiative "**Risposta a breve termine**" was launched to strengthen relations with our best customers, supporting them in financing their working capital needs (14,000 customers targeted and 400 million in new short-term financing). A network of 150 dedicated specialists (trade finance, cash management, medium long-term financing, cash management products, leasing and factoring) was instituted to support advisors in their dealings with customers as well as in the furnishing of specific products. The product catalogue was enriched with the introduction of "**Credit Protection**" insurance, a set of loans specially intended for agriculture, a new interest rate cap to protect customers from rate increases and "Impresa Italia" products to support the financing needs of their own business customers. Finally, the "**Camelot**" project got under way, an approach dedicated to managing the riskiest client positions and those where there are clear signs of potential deterioration, with positive consequences for credit and loan adjustments.

Direct channels were used to offer a variety of new solutions for increasing the distinctiveness of the multi-channel service and for simplifying customers' operations. Developments are continuing on new functions in our Self Service channels, in line with the needs of customers in terms of speed, timeliness and ease of use. Standing out among the new solutions is a function allowing postal payments to banks via the Internet, permitting payment of most pre-printed postal payment forms (gas, water and electric bills, etc.) with a few simple keystrokes and a great savings of time. This function has also been made available on all ATMs and in multi-function kiosks of the commercial network. In Internet banking, the "**Online Display Case**" section has been enriched, allowing banking products to be obtained by digital signature directly from the computer, without stopping in at a branch. The first bank "**E-PRODUCTs**" have been made available (prepaid Genius Card and obtaining credit in the "Without a Thought" account), which can be obtained by signing the contract online by a "**Digital Signature**," issued through a simple and immediate process inside Internet Banking. The digital signature is issued to the customer directly in Internet Banking by a Certification Authority authorized by the Minister of Public Administration and Innovation. The **ATM channel**, in turn, continued to attract customers with its self-service solutions for cash and check payments. In the first few months of 2011, there were more than 70 million payments since the service was launched.

Concerning customer satisfaction a Tri*M Index of 61 was calculated, as compared to 60 in 2010. The activitiy in the field of Customer Satisfaction was characterized by the distribution of the annual reports by Network Head Office and Business Area, by the planning of initiatives to be performed during the year (monthly measurement of the Tri*M Index, increase of the number of Customer Satisfaction interviews, calculation of the Tri*M index at sub-segment level) and of other Tri*M Index-related initiatives (Tri*M Opinion Leader, Instant Tri*M). The cooperation with the Organization Department for complaints management continued, with the aim to further improve this process with particular focus on monitoring.

In terms of organization, analyses and initiatives were performed with the aim to reduce costs and the organizational model of competence line functions was redisigned. New projects focussing on the review of the terms management processes were developed. New management and IT tools were introduced to effectively support the needs connected to service models and customer acquisition. In the credit process area the loan monitoring tools were reviewed (irregular portfolio, pre-approved small business portfolio, mortgage cancellation).

F&SME Network Germany

The primary goal of the Family & SME Division is to allow individuals, families and small businesses to satisfy their financial needs by offering them a complete range of reliable, high-quality products and services at a competitive price. The Group's major strengths in retail banking are the experience of its employees and the central role played by customer satisfaction. UniCredit holds a strategic position in the Retail sector in Germany, thanks to its nearly 600 branches in Germany.

Financial performance

In the first quarter, F&SME Network Germany recorded **operating income** of 405 million, up 5.3% relative to the fourth quarter 2010, thanks to the combined effect of the positive momentum on spreads on deposits and the new method for calculating the replicating portfolio, on the interest margin side, and the positive commission dynamics, spurred on by the same of managed and administered investment products. Compared to the first quarter of 2010, the earnings margin chalked up a 4.9% gain, above all due to the effect of an increase in the interest margin thanks to a widening of spreads on deposits with stable volumes, partially offset by lower loan yields due to a reduction in volumes. There was also growth in commissions tied to insurance activities and loan disbursements.

Operating costs came in at 358 million, in line (-0.4%) with the fourth quarter 2010, due to the combined effect of a drop in other administrative expenses (marketing and expenses connected with loan collections), partially offset by an increase in personnel expenses tied to an increase in provisions for bonus payments. Relative to the first quarter of 2010, there was a 2.9% increase in operating costs due to the larger amounts set aside for bonus payments. The first quarter includes 6 million in payroll expenses relating to the UniCredit Direct Services call center that did not exist in first quarter 2010. Postal and marketing expenses also recorded a slight increase.

The revenue growth had a positive effect on **cost/income ratio**, which at the end of March posted a value of 88%, down both from December (93.5%) and from March of the year before (90.1%).

The **cost of risk** at the end of March established itself at very low levels (0.17%) with a further decline in comparison with the first quarter 2010 (-47 bps). The Q4 2011 was marked by an extraordinary release of provisions.

F&SME Network Germany ended the first quarter with **gross profits** of 26 million, falling 33.9% relative to the fourth quarter of 2010, above all due to the momentum of loan adjustments.

F&SME Network Germany ended the first quarter of 2011 with a volume of **loans to customers** equal to 45,832 million, a fall of 1,053 million (-2.2%) compared to December. **Customer deposits** (including securities) were 39,483, in line with December (+0.6%). **Risk weighted assets** came in at 13,889, with a reduction of 1,558 (-10.1%) compared to December.

Income Statement					(€ million)
	2011	2010	CHANGE	2010	CHANGE
	Q1	Q4	%	Q1	%
F&SME NETWORK GERMANY			ON Q4 '10		ON Q1 '10
Operating income	405	385	+ 5.3%	387	+ 4.9%
Operating costs	(358)	(360)	- 0.4%	(348)	+ 2.9%
Operating profit	47	25	+ 87.1%	38	+ 22.2%
Net write-downs on loans	(20)	28	- 171.4%	(68)	- 71.0%
Profit before tax	26	40	- 33.9%	(28)	- 192.0%

Balance Sheet				(€ million)
	AMOUNTS AS AT		CHANGE	
F&SME NETWORK GERMANY	03.31.2011	12.31.2010	AMOUNT	%
Loans to customers	45,832	46,885	(1,053)	- 2.2%
Customer deposits (incl. Securities in issue)	39,483	39,252	231	+ 0.6%
Total RWA	13,889	15,447	(1,558)	- 10.1%
RWA for Credit Risk	11,832	13,077	(1,246)	- 9.5%

Key Ratios and Indicators					
	2011	2010	CHANGE	2010	CHANGE
	Q1	Q4	%	Q1	%
F&SME NETWORK GERMANY			ON Q4 '10		ON Q1 '10
EVA (€ million)	(5)	7	- 180.5%	(37)	- 85.5%
Absorbed Capital (€ million)	986	942	+ 4.7%	806	+ 22.4%
RARORAC	-2.17%	2.83%	-500bp	-18.38%	n.s.
Operating Income/RWA (avg)	11.06%	10.02%	104bp	12.50%	-144bp
Cost/Income	88.4%	93.5%	-506bp	90.1%	-164bp
Cost of Risk	0.17%	-0.23%	41bp	0.65%	-47bp

Staff Numbers				
	AMOUNTS AS AT		CHANGE	
F&SME NETWORK GERMANY	03.31.2011	12.31.2010	AMOUNT	%
Full Time Equivalent	7,482	7,495	(13)	- 0.2%

Breakdown by business

One of the principal objectives of the **Mass Market segment** in the first quarter was to grow the loan business. A campaign was launched dedicated to consumer credit, supported by POS communications, mailing, and radio spots. The aim of these communications was to position UniCredit Bank AG as a fair and responsible creditor. New consumer loan production is up 11.3% relative to the preceding fiscal year. Moreover, a pilot project has been begun which uses the bank's "UniCredit Direct Services" call center to increase the number of client appointments for purposes of signing loans. Cross-selling activities are concentrated on a high-quality consulting approach and based on customers' needs, on their specific life-cycle phase. A campaign has been begun with a select group of clients seeking to reactivate dormant customer sub-segments. Thanks to the strong attention shown by the sales network to mortgage loans, new production has increase 36% relative to the preceding fiscal year. UniCredit Bank AG also offers its clients loans from more than 40 outside credit providers thanks to the PlanetHome brokerage platform. The commercial success of this platform has been sustained by the Bank's position as an integrated supplier of a complete range of real-estate products combined with a high quality of the advice provided, for which UniCredit Bank AG was the winner of numerous awards in 2010.

The **Personal Banking segment** concentrated its advisory activities on an annual investment check-up, generating strong growth in the sale of managed investment products. A particular focus was placed on growth in volumes, by means of a campaign to acquire new money thanks to offered returns of up to 3% per annum for term deposits (6 months), provided that half the new money is directed towards investments. To respond to its clients' needs for specialized advice in managing inheritances, UniCredit Bank AG increased the number of its inheritance specialists (8 to 20). An innovative single-premium insurance product was introduced that guarantees a minimum guaranteed return upon maturity of 24% after 12 years, as well as the ability to convert the investment into a portfolio of exchange-traded funds investing in equities and commodities.

In the **Small Business segment** in the first quarter, UniCredit Bank AG focused on further development of its financing activities, so as to assist its clients in further sustaining growth in an economic environment on the mend. UniCredit Bank AG launched a large-scale loan campaign based on a pro-active offer of new financing based on a client's potential credit capacity, accompanied by a mailing directed towards customers with a possible interest in mortgage loans. Another core activity for the segment is new client acquisition, continuing to benefit from the "**Konto4Business HVB**" account package, which generated a 25% increase in new client acquisitions relative to 2010. For the medical professions, two new dedicated sales and consulting units were set up in the Northwest and Southwest regions, to provide service dedicated to medical clients. In addition, after the success chalked up by the pilot project in the Eastern area, UniCredit Bank AG extended its offer of service to agricultural clients in other areas.

The **Medium Enterprises segment** was created – beginning November 1, 2010 – within the F&SME Division, to offer companies with revenues of up to EUR 50 million dedicated service and points of contact all across Germany (45,000 clients, 100 Business Centers with 280 advisors). Following an increase in the demand for new investments, UniCredit Bank AG has developed a new approach to client advisory services, focusing on secured loans and specialized financing solutions. After an analysis of all current regional, national and transnational programs in support of medium-sized business, UniCredit Bank AG has developed a short list of the programs of greatest interest in every region. Customers may obtain the best solution for their company's specific situation. Credit approvals for specialized loans have increased by more than 10% on an annual basis. To support the most efficient mid-sized companies, a new organization has been put in place with specialists in engineering and financial consulting. Furthermore, support has also now been made available in matters of trade finance, cash management and liquidity, as have specialists in product leasing.

Based on feedback from F&SME Division staff collected in the fourth quarter of 2010, common definitions have been found for the Division for excellent service and consulting standards. Specific informational activities have been scheduled, as have training courses and a program of change management intended for the sales network, to increase the **quality of service** and advice. During the first quarter, UniCredit Bank AG's Web 2.0 Customer Forum was launched, which hosts around 500 customers and is aimed at involving clients in processes of product definition. The Forum's primary objective is the integration of the "customer voice" into the bank's internal processes.

The pursuit of **customer satisfaction** initiatives brought a further recover of 3 points in the first quarter of 2011, bringing the Trim Index to 67, thanks to improvements in the personal banking segment. UniCredit Bank AG once again emerged victorious in the category "Best Branch Bank Germany 2011", in a test in which 50 financial institutions were evaluated. This comparative study was conducted by the German financial paper "€uro". The parameters examined were: products (including interest rates and terms), online security, services, web sites, claims handling and mystery shopping for consulting services.

F&SME Network Austria

The primary goal of the Family & SME Division is to allow individuals, families and small businesses to satisfy their financial needs by offering them a complete range of reliable, high-quality products and services at a competitive price. The Group's major strengths in retail banking are the experience of its employees and the central role played by customer satisfaction. UniCredit occupies a strategic position in the Retail sector in Austria thanks to its nearly 280 branches throughout the country.

Financial performance

During the first quarter, F&SME Network Austria recorded **operating income** of 295 million, up 5.4% relative to the fourth quarter of 2010. This increase was generated by the combined effect of a widening of the spread on deposits, which more than offset the impact of a slight contraction in volumes, and an increase in commissions spurred by the good sales performance.

Operating costs came in at 213 million, falling slightly with respect to the fourth quarter of 2010 (-1.4%), above all tied to other administrative expenses.

Growth in revenues in the first quarter had a positive effect on the **cost/income ratio,** which at the end of March posted a value of 72%, a drop of 496 bps compared to December.

Net write-downs on loans totalled 55 million, in line with the previous quarter and down on Q1 2010, thanks to a regular improvement of the asset quality and mainly in personal loans, At the end of March 2011, the **cost of risk** was 1.02%, down by 38 bps with respect to Q1 2010 thanks to a write-downs reduction.

F&SME Network Austria closed out the first quarter with **gross profits** of 28 million, an increase of 29.9% over first quarter 2010, mainly due to the reduced loan adjustments.

F&SME Network Austria ended the first quarter with a volume of **loans to customers** equal to 21,089 million, dropping 1,033 million as compared to December (-4.7%). **Deposits from customers** (including securities) equaled 23,098, falling slightly relative to December (-1.8%). **Risk weighted assets** came in at 12,218, with a significant 4,107 reduction (-25.2%) compared to December, above all due to certain adjustments to the calculation models for recalculating loan parameters (LGD and EADs)

Income Statement (€ million)

F&SME NETWORK AUSTRIA	2011 Q1	2010 Q4	CHANGE % ON Q4 '10	2010 Q1	CHANGE % ON Q1 '10
Operating income	295	280	+ 5.4%	290	+ 1.6%
Operating costs	(213)	(216)	- 1.4%	(207)	+ 3.0%
Operating profit	82	64	+ 28.1%	84	- 1.7%
Net write-downs on loans	(55)	(56)	- 1.5%	(72)	- 23.3%
Profit before tax	28	2	n.s.	22	+ 29.9%

Balance Sheet (€ million)

	AMOUNTS AS AT		CHANGE	
F&SME NETWORK AUSTRIA	03.31.2011	12.31.2010	AMOUNT	%
Loans to customers	21,089	22,122	(1,033)	- 4.7%
Customer deposits (incl. Securities in issue)	23,098	23,516	(418)	- 1.8%
Total RWA	12,218	16,325	(4,107)	- 25.2%
RWA for Credit Risk	10,139	14,144	(4,006)	- 28.3%

Key Ratios and Indicators					
F&SME NETWORK AUSTRIA	2011 Q1	2010 Q4	CHANGE % ON Q4 '10	2010 Q1	CHANGE % ON Q1 '10
EVA (€ million)	(8)	(30)	- 72.7%	(8)	+ 1.8%
Absorbed Capital (€ million)	1,162	1,333	- 12.8%	871	+ 33.5%
RARORAC	-2.82%	-8.99%	n.s.	-3.70%	88bp
Operating Income/RWA (avg)	8.27%	6.54%	173bp	10.83%	-256bp
Cost/Income	72.1%	77.0%	-496bp	71.1%	95bp
Cost of Risk	1.02%	1.02%	0bp	1.40%	-38bp

Staff Numbers				
	AMOUNTS AS AT		CHANGE	
F&SME NETWORK AUSTRIA	03.31.2011	12.31.2010	AMOUNT	%
Full Time Equivalent	3,737	3,748	(11)	- 0.3%

Breakdown by business

In the **Mass Market segment**, commercial campaigns were focused on the loan business. Bank Austria once again took part in the most important building sector trade show in Austria, offering home-related consulting services. More than 300 visitors (190 the year before) were provided with full information by Bank Austria specialists. The success of these efforts was confirmed by an increase in the sale of loans. The product line has been improved through introduction of the new cards "New VISA Gold" and "Diners Club." The first bank card embossed in Braille was launched for visually impaired clients, in token of Bank Austria's social commitment. Also launched was the "**Smart Banking**" service – innovative relationship management at a distance. Client contact and processing are managed digitally – by telephone or electronic means (e.g., online banking, SMS etc.). The heart of the service and the advice is the management of the relationship at a distance, supported by highly-standardized quality processes. A CRM tool was applied in the sales network based on a Top 5 methodology that seeks to alleviate the day to day work of advisors. Bank Austria has continued with the "**Family & Friends**", aimed at supporting the sales network in its work to acquire new clients, offering sizable premiums for referrals of new clients that were successfully concluded.

In the **Personal Banking segment**, Bank Austria has continued to pursue the objective of becoming the first bank of reference for affluent clients in Austria. The first quarter was marked by the continuation of the extensive training program for affluent client advisors: "**Solutions 4 Affluents**". The main objective – in addition to the need for advisory services based on customers' needs and diversification of the securities portfolio – is to increase customer satisfaction and promote new client recommendations. Campaigns and CRM reports dedicated to personal banking clients support sales by direct contact with each client at least once a year. The "Check-up meeting" and the "Feedback via e-mail" on the client's part are the heart of the segment's value proposition. In the first quarter, the check-up meeting achieved a percentage of 70%. Bank Austria has continued to offer its Personal Banking advisors, in collaboration with the "Frankfurt School of Finance and Management", the opportunity to become qualified as a "certified securities consultant" to guarantee its advisors a high level of expertise relating to products and markets. Strong attention has been given to training in the insurance business – "**Solutions4Generations**". As for investment products, four "**ErfolgsAnleihen**" (bonds of the bank) were launched: simple, transparent, with maturities ranging from two to five years and a total volume of 266 million. Bank Austria issued a covered bond and a "**USD Libor-Anleihe**". Two "**Pioneer Investment Austria**" funds were launched, with fixed maturities. "**PIA Garantie-Basket**", with a volume of 69 billion, which offers a 100%-guaranteed principal and 80% of the maximum value achieved by the investment, guaranteed upon maturity by UniCredit Bank Austria, and "**PIA Flex React**", a new fund without guaranteed principal that has chalked up 35 million in sales. Clients have continued to ask for the real estate fund "**Real Invest Austria**", which recorded 85 million in sales. In response to the need for secure investments, Bank Austria has launched three other single-premium insurance products: "**Active Cash**", "**Active Cash fix 7 / 2026**" and "**Active Capital fix 7 / 2026**" which posted sales volumes of 26 million.

In the **Small Business segment**, Bank Austria has continued to offer the service “**FinanceCheck**.” Crosschecking with our clients in the sectors of finance, investing, payments and provisions guarantees the Bank a more precise picture of the business of clients and their needs. “**FinanceCheck**” will assist customers in adjusting their financial structure to their operating and business requirements. A new information initiative, “**Small Business Infoday**,” was started up in the first quarter, which provides for eleven days dedicated to consulting services for small businesses, through making dedicated consultants available to small business customers in virtually all the provinces of Austria, and with the active participation of government entities and other organizations (in collaboration with 12 partners for each day dedicated to providing information). This active support to the Bank’s clients has contributed to a 100% increase in new tax-advantaged loans, 16% in medium/long term and 41% in short term loans in the first quarter of 2011 over the same quarter in 2010.

The new **Medium Enterprises segment** was created within the F&SME Division to better serve SME clients, via a commercial network and a dedicated service model (9,000 customers, 27 branches and 71 dedicated advisors). Various initiatives have been launched to improve service standards for SME clients: implementation of a strategic meeting with clients once a year, a standardized consulting approach – supported by specific training, “standard Solutions4SME” -, the introduction of client satisfaction feedback relating to the encounters with their advisors. A sales initiative was launched for customer acquisition, as was an initiative for cross-selling to marginal clients. The first visits have begun, in collaboration with a factoring entity, directed towards 400 targeted clients. The catalogue of investment products has been enriched with the introduction of EUR-rollover term deposits (an investing product lasting 12-24 months and an interest rate that changes every 3 months) and with 2-year bonds indexed to interest rates.

In the area of **Customer Satisfaction**, Bank Austria, in the first quarter of 2011, launched the “**6th sense**” initiative, directed towards improving overall service and consulting standards. A training and change management program, lasting one year and extending across the entire F&SME Network, was launched to increase the quality of service and consulting using Web 2.0 applications. Bank Austria “**Service-and Standards Advisory**” products have already become a point of reference on the Austrian financial market. The initiative, started in the first quarter of 2011 and involving all managers and sales staff of the sales network, has achieved a 97% sign-up rate. In the area of customer satisfaction, a series of initiatives has been begun that has allowed for a 4-point increase in the index (TRIM 69) in the first quarter. Bank Austria was the first financial institution in Austria to launch a new tool for measuring the **customer experience** of its clients. Directly following a meeting for advisory purposes, immediate feedback is sought by the sending of an e-mail questionnaire to selected clients. The pilot phase was a great success, with 13,000 e-mails sent and a response rate of 60%.

Bank Austria emerged as the winner of the “**Austrian Best Customer Service Provider 2011**” competition in various sectors of the Austrian economy. This competition was announced by the national daily newspaper “Die Presse,” in collaboration with the “University of St. Gallen” and the “Service Value Corporation Germany”. The three tests in the competition were: a questionnaire sent to management, a specific survey directed towards customers and a half-day verification at the “University of St. Gallen”. Finally, Bank Austria launched an iPhone Mobile Banking application. This application has met with great appreciation on the part of clients, with more than 20,000 downloads in the first 3 weeks, making it the Number 1 free application in the iTunes Store for that period.

F&SME Network Poland

The primary goal of the Family & SME Division in Poland is to allow individuals, families and small businesses to satisfy their financial needs by offering them a complete range of reliable, high-quality products and services at a competitive price. The Group's major strengths in retail banking are the experience of its employees and the central role played by customer satisfaction. UniCredit holds a strategic position in the Retail sector in Poland, thanks to its nearly 1,000 branches in that country.

Financial performance

F&SME Network Poland, during the first quarter, reported operating income of 276 million, in line with the fourth quarter 2010 (+0.2%). The earnings stability is being interpreted positively in light of the seasonality of banking activity in the first quarter (January and February are generally lower than the maximum values at the end of the year) as well as because of the two fewer days in the quarter. This momentum can be attributed to the increase in interest income for deposits. Operating income conversely reported an increase from the first quarter of the preceding year (+5.8%), thanks to the combined effect of the rise in interest income, related to greater profitability of deposits and higher loan volumes, and to the rise in commission income spurred by increases in the sale of loans and investment funds.

Operating costs came in at 175 million, a slight drop with respect to the fourth quarter of 2010 (-1.9%), above all in payroll expenses due to fourth quarter seasonality. Compared to the first quarter of 2010, costs were stable (+0.4%). The increase in payroll expenses due to the greater provisions for bonus payments and the mandatory adjustment to the national collective bargaining agreement (beginning March 1, 2011) was canceled out by a reduction in postal, transport and marketing expenses (due to the postponement of the expenses of a marketing campaign, put off until Q2 2011).

The drop in costs and the stability of earnings had a positive effect on the **cost-income ratio**, which at the end of March posted a value of 63.4%, a drop of 141 bps relative to December and 345 bps compared to March the year before.

Net wrire-downs on loans totalled 22 million. Net of the non-recurring event at the beginning of 2011, due to a methodological change, they show a slight increasing trend with respect to Q4 2010 and a pronounced increasing trend with respect to Q1 2010, thanks to a regular improvement of loans.
At the end of March 2011, **Cost of risk** was 0.98%. IT, net of the mentioned non recurring event, shows a decrease of 28 bps with regards to Q4 2010, thanks to a positive dynamics of write-downs.

F&SME Network Poland ended the first quarter with **gross profits** of 79 million, up 14% compared to the fourth quarter 2010 and 57.4% compared to the preceding year, above all due to the positive dynamics with loan adjustments.

F&SME Network Poland ended the first quarter with a volume of **loans to customers** of 8,893 million, an increase of 1.5% over December. **Customer deposits** (including securities) are equal to 13,028, a slight drop relative to December (-1.0%). **Risk weighted assets** came in at 7,945, in line with December.

Income Statement (€ million)

F&SME NETWORK POLAND	2011 Q1	2010 Q4	CHANGE % ON Q4 '10	2010 Q1	CHANGE % ON Q1 '10
Operating income	276	275	+ 0.2%	261	+ 5.8%
Operating costs	(175)	(179)	- 1.9%	(175)	+ 0.4%
Operating profit	101	97	+ 4.2%	86	+ 16.9%
Net write-downs on loans	(22)	(27)	- 20.4%	(36)	- 40.0%
Profit before tax	79	70	+ 14.0%	50	+ 57.4%

Balance Sheet (€ million)

	AMOUNTS AS AT		CHANGE	
F&SME NETWORK POLAND	03.31.2011	12.31.2010	AMOUNT	%
Loans to customers	8,893	8,764	129	+ 1.5%
Customer deposits (incl. Securities in issue)	13,028	13,159	(131)	- 1.0%
Total RWA	7,945	7,943	2	+ 0.0%
RWA for Credit Risk	6,497	6,460	37	+ 0.6%

Key Ratios and Indicators

F&SME NETWORK POLAND	2011 Q1	2010 Q4	CHANGE % ON Q4 '10	2010 Q1	CHANGE % ON Q1 '10
EVA (€ million)	28	23	+ 21.7%	14	+ 95.5%
Absorbed Capital (€ million)	377	384	- 1.9%	360	+ 4.6%
RARORAC	29.43%	23.71%	572bp	15.75%	n.s.
Operating Income/RWA (avg)	13.90%	13.94%	-4bp	14.09%	-19bp
Cost/Income	63.4%	64.9%	-141bp	66.9%	-345bp
Cost of Risk	0.98%	1.26%	-28bp	1.83%	-85bp

Staff Numbers

	AMOUNTS AS AT		CHANGE	
F&SME NETWORK POLAND	03.31.2011	12.31.2010	AMOUNT	%
Full Time Equivalent	14,268	14,260	8	+ 0.1%

Breakdown by business

In the **Mass Market segment**, in the first quarter of 2011, Bank Pekao continued to focus on the acquisition of new clients, with a vast offer of individual current accounts. A high percentage of new current account openings was recorded, especially in the youth segment (ages below 30). Furthermore, Bank Pekao developed an offer directed towards the bank's business customers. It has continued its mass migration from traditional debit cards to cards with PayPass technology. With volume equaling 325 million in the first quarter, loan sales have more than doubled relative to the same period a year ago. Market share in the loan sector showed a monthly trend on the rise, with a March market share of 18.2%. Loan inventories at the end of March increased by 24.6% relative to the same period in the preceding year. Bank Pekao has extended its promotional offer of cash loans to specifically targeted clients, like teachers, government employees, attorneys and doctors. In its marketing campaign, the bank has actively promoted its cash loans offer on television, in the press and over the Internet. Even local marketing initiatives have been intensified. Sales of cash loans in the first quarter were 31.6% higher than in first quarter of 2010. Inventories were up 13.9% relative to the same period in the prior year.

In the **Personal Banking segment**, implementation of the new service model has reached its final phase, with more than 80% of advisors trained and certified to make effective use of the new approach to investment counseling meetings as well as of the new support tool "**Investment Navigator**." A new segment of the personal banking site has been launched to promote the new service model, which for each site visitor makes it possible to carry out graphical, interactive financial simulations. Furthermore, press releases and direct mailings to customers were used to promote the model and to invite clients to investment meetings with certified personal banking consultants. Thus far, 15,000 customers have taken part in a meeting using "Investment Navigator" and were highly satisfied with the new way the meeting was handled. A detailed analysis was made of the structure of 1,000 client portfolios, and actions were undertaken to improve customer service, optimizing portfolio sizes and allowing families to be served by the same advisor. A pilot project was brought under way to reactivate relations with personal banking clients with high potential (who previously had met the requirements for being treated as affluent clients). The initiative aims at re-establishing strong relations with this groups of clients so as to improve the segment's profitability. A special offer has been prepared to this group of clients, consisting of a package of primary banking products on attractive price terms. In addition, a process of customer re-segmentation has been completed, which shifted 9,000 clients from the Mass Market segment over to Personal Banking. The segment has continued to pursue leadership in the area of investment products with the launch of two structured products. Two SCD products indexed to commodities were the most successful issues ever organized by the Bank, with more than 50 million in sales (80% of which were in the Personal Banking segment).

In the **Small Business and Medium Enterprises segment**, Bank Pekao has continued on its course of growth in the loan sector. The principal initiatives include a simplification of loan processes and procedures, the launching of commercial campaigns, and the introduction of a special instrument for immediate assessment of the potential credit amount (by means of a simplified valuation instrument), which have contributed to a 4.6% growth in loan portfolio in the first quarter 2011. Bank Pekao SA has begun to grant loans financed by the European Investment Bank (EIB) and financings guaranteed by the European Investment Fund (EIF). Thanks to the support of both EU financial institutions, the bank was able to grant loans to support small business investments on advantageous terms.

The "**Pekao24**" internet banking system dedicated to private clients has been marked by the implementation of a new authorization method - a hardware "Token" - which continuously generates passwords usable only once to authorize transactions over "**PekaoInternet**" and on the Call Center channel. Also improved was the Pekao24 process for new client activations, thanks to optimization of the bank's internal procedures. The name and personal details of consultants are shown in a box upon accessing the bank via "Pekaointernet," so as to facilitate possible contacts. The internet banking service was implemented by the introduction of a "**Summary of my finances**," which presents an overview of assets and liabilities. All these activities have contributed to increasing the number of Internet users by 70,000 units, reaching 1,781,000 clients. In response to client comments and desires, a series of small improvements has been introduced to the Internet banking system intended for "**PekaoFIRMA24**" companies. Moreover, the improved graphics and functionality have contributed to the acquisition of 6,500 new users, in the first quarter 2011, bringing the total number to 162,000.

F&SME Factories

In addition to the F&SME Networks in Italy, Germany, Austria and Poland, the F&SME Division includes the following product companies:

- **Asset Gathering**: includes Group banks (FinecoBank in Italy, DAB Bank in Germany and DAT Bank in Austria) that offer the banking and investment services of traditional banks, differentiating themselves by specializing in the online trading business and a pronounced bent towards technological innovation.
- **Consumer Finance**: product company specializing in the consumer credit business, which supports the Networks with solutions capable of responding to the multiple consumer financing needs of families.
- **UniCredit Leasing**: company specializing in the leasing business, which supports the Networks with solutions capable of responding to the multiple financing needs of businesses.
- **UniCredit Factoring**: company specializing in the business of extending credit against commercial invoices assigned by customers. Through factoring, companies may obtain access to credit by assigning their invoices and benefitting from a series of additional services (management, collection, credit insurance).

These companies' aim is to pursue excellence in products and services as well as effective sales and post-sale support. They also seek to support the Networks by improving the satisfaction of customers and network colleagues.

Financial performance

In the first quarter, the F&SME Factories reported **operating income** of 491 million, a drop of 11% with respect to the fourth quarter of 2010, but in line with the same period of the previous year (-0.4%). The drop relative to the fourth quarter is attributable to UniCredit Leasing and can be ascribed to a number of extraordinary items that had impacted the margin from services in the fourth quarter of 2010 (sale of a University of Vienna building and sale of an SPV in Russia).

Operating costs amounted to 232 million, a slight drop relative to the preceding quarter (-2.1%), above all due to the contribution by UniCredit Leasing's other administrative expenses tied to project expenses that will be concentrated in the second half of the year. Personal expenses grew slightly compared to the preceding quarter and show a net increase relative to the same period a year ago, in both cases feeling the effects of hiring done by the product companies.

The **cost/income ratio** for first quarter of 2011 stood at 47.2%, higher than either the fourth quarter of 2010 (42.9%) or the first quarter of 2010 (45.1%), resulting from higher operating costs connected to the greater number of human resources. This figure is particularly low, however, when compared with average figures for the banking system.

Net write-downs on loans amounts to 155 million, a slight drop relative both to the Q4 2010 (-11.5%) and Q1 2010(-20.8%). The decrease on Q4 2010 is due to a reduction in Factoring and Leasing (-41 million) and extraordinary provisions (non-recurring in next quarters) for 21 million in Consumer Finance. At the end of March 2011, **Cost of Risk** was 1.15%, down by 17 bps over Q4 2010, thanks to lower write-downs on loans.

F&SME Factories ended the first quarter with a volume of **loans to customers** equal to 53,881 million, stable relative to the end of December 2010 (-0.5%). This stability is the effect of two opposing dynamics. On the one hand, a fall in factoring volumes, marked by strong product seasonality (credit volumes hit their maximums at the end of the year, due to the related assignments of accounts receivable made by customers during that period, only to go down in subsequent months), canceled out by an increase in Consumer Finance volumes.

Customer deposits, represented by deposits and securities in issue, were 16,574 million at the end of March 2011, showing an increase of 985 million (+6.3%) over the previous quarter thanks to the positive performance of Asset Gathering.

The human resources dynamics, expressed in terms of **FTE** (Full Time Equivalent), showed a significant increase of 198 units (+3.4%), to which all of the product companies contributed.

Income Statement (€ million)

F&SME FACTORIES	2011 Q1	2010 Q4	CHANGE % ON Q4 '10	2010 Q1	CHANGE % ON Q1 '10
Operating income	491	551	- 11.0%	492	- 0.4%
Operating costs	(232)	(236)	- 2.1%	(222)	+ 4.3%
Operating profit	259	315	- 17.7%	270	- 4.2%
Net write-downs on loans	(155)	(176)	- 11.5%	(196)	- 20.8%
Profit before tax	101	121	- 16.8%	72	+ 38.9%

Balance Sheet (€ million)

	AMOUNTS AS AT		CHANGE	
F&SME FACTORIES	03.31.2011	12.31.2010	AMOUNT	%
Loans to customers	53,881	54,140	(259)	- 0.5%
Customer deposits (incl. Securities in issue)	16,574	15,589	985	+ 6.3%
Total RWA	46,646	46,380	267	+ 0.6%
RWA for Credit Risk	43,906	43,606	300	+ 0.7%

Key Ratios and Indicators

F&SME FACTORIES	2011 Q1	2010 Q4	CHANGE % ON Q4 '10	2010 Q1	CHANGE % ON Q1 '10
EVA (€ million)	(20)	2	n.s.	(28)	- 28.3%
Absorbed Capital (€ million)	3,215	2,949	+ 9.0%	2,870	+ 12.0%
RARORAC	-2.50%	0.32%	-282bp	-3.91%	140bp
Operating Income/RWA (avg)	4.22%	4.97%	-75bp	4.59%	-37bp
Cost/Income	47.2%	42.9%	429bp	45.1%	212bp
Cost of Risk	1.15%	1.32%	-17bp	1.47%	-31bp

Staff Numbers

	AMOUNTS AS AT		CHANGE	
F&SME FACTORIES	03.31.2011	12.31.2010	AMOUNT	%
Full Time Equivalent	6,002	5,805	198	+ 3.4%

Breakdown by business

ASSET GATHERING

In terms of **commercial results**, in the first quarter of 2011 Asset Gathering had net inflow of 1,387 million (+121% relative to the first quarter of 2010, and +7% relative to the fourth quarter of 2010) and assets came in at 62,757 million (+7% relative to the same period in 2010, and +1% relative to 2010 year-end). Fineco's inventories came to 35,673 million (+5% relative to the same period a year ago, +1% relative to 2010 year-end) and net funds collected were 743 million (+145% from the first quarter of 2010, +20% from the fourth quarter of 2010). Thanks to its network of financial consultants, Fineco put itself in second place in the Assoreti classification in terms of net inflow (data as of February 2011). Over the course of 2011, Fineco is confirming its market-leading position as a broker in Italy, with a total of 7.3 million transactions (stocks, derivatives, bonds, Forex, funds and sale and repurchase transactions). Furthermore, Fineco Bank emerged as the Number 1 European broker by number of executions and breadth of products offered in a single account. Dab Group confirms a growth in inventories of 1% compared to the end of the previous year, lifting assets 27,084 million (+11% from the first quarter of 2010). Total net inflow amounted to 644 million (+99% from the same period in 2010). In terms of the number of transactions, in the first quarter of 2011, Dab Bank reached 1.1 million transactions and Dat Bank 0.3 million transactions.

In terms of business **activities**, Asset Gathering's aim in 2011 is to improve its performance in terms of quality and efficiency in order to improve the level of customer satisfaction. To realize this strategy, FinecoBank intends to focus on the quality and technological innovation of the services offered, larger investments in advertising and marketing, increased efficiency in the sales structure and an expansion of the distribution network by making use of the customer base offered by the Group. In the first quarter of 2011, Fineco relied on marketing and communications activities through the implementation of the "M*ember get Member*" (15,000 new accounts opened) and "Securities Transfer" (500 million in assets transferred) campaigns. Off line advertising campaigns were run on TV, radio and billboards, and also on line (site dominations and high impact formats on generalist Web portals, financial sites and masthead of national daily newspaper). In trading, a constant growth in forex operations can be noted (more than 10 billion in monthly equivalent values) and an increase in bond operations thanks to the re-pricing of commissions. As regards the network of financial consultants, note the "events" run live from the network, for purposes of increasing such network's level of awareness and making the market aware of the Fineco market, increasing the capacity of individual financial planners to be effective and to do business in the territory. A launch was made of the most complete European iPhone application, with all banking, investing and trading services. Also introduced was "Apex," a new premium service for clients with consistent assets: when the "Apex" segment is reached, one is given lower trading commissions and even better terms for current account services and credit. Fineco aims to become a pan-European model and developing an advanced approach in its principal trading activities throughout the Group's CEE target audience. In particular, in addition to extending Forex and platform trading to Dab Bank e Dat Bank, the same product and the same platform have also been extended to YapiKredi for management of the bank's internal property.

Dab Group, which operates through Dab Bank in Germany and Dat Bank in Austria, has expanded its trading and consulting activity, consolidating its position as a leading broker. Dab Bank has pursued the "Dab One" project, consolidating the successful strategy of focusing on the active trader, investor and asset management customer segments and guaranteeing customers a larger and more personalized range of products and services. Customer satisfaction, due to the range of investment products available and to the advantage in commissions relative to its competitors, has brought Dab Bank to where it has been given important recognition by www.brokerwahl.de as the number one broker for certificates, investment funds and foreign exchange in 2011. Another acknowledgment came from the magazine *Euro am Sonntag,* which singled out Dab Bank for the best offering of investment plans tied to stocks, funds and certificates. Only one year after beginning trading services in the forex market, thank to the use of the Fineco platform, customers recognized Dab Bank as being the Number 1 broker in all Germany. In the first quarter of 2011, Dab Bank's customers benefitted from a variety of promotional campaigns permitting them to deal in more complex products (derivatives, ETC, ETF and convertible bonds). The mission of

Dat Bank consists of offering a quality trading platform on the best terms possible; the leading broker on the Austrian market is continuing to perfect its product offerings with the objective of optimizing service to its clients. In the first quarter of 2011, Dat Bank had to deal with the effect of changes in the Austrian taxation of capital gains, offering its clients advantageous financial terms on current accounts and on trading in financial instruments. Finally, there was an expansion of the range of products and services in the trading area, with the Forex trading service launched at the end of 2010 and the launch of stock margin trading.

CONSUMER FINANCE

Two new products were launched that enrich the product line for loans: “Credit Express Special” and “Credit Express Mini.” The “**Credit Express Special**” product is directed towards satisfying small spending expenses and small unforeseen matters that crop up in everyday life. The terms of the loan are pre-defined and non-variable, making this product quite clear and simple (amount of EUR 3,500, a term of 18 months and a highly advantageous nominal APR of 5.95%). The “**Credit Express Mini**” is a small loan (between EUR 1,000 and 3,000, flexible as to term and repayable in small monthly installments), aimed at granting one’s every wish. Periodic meetings with Consumer Associations have continued in connection with the “**Noi & UniCredit**” project. Under this project, an education activity has been carried out for the Associations dealing with loans deducted from salary, a letter was prepared to be sent to clients signing up for variable rate loans, with the aim of making them more aware and informed regarding the choice being made, and in the final stages of preparation is a “vademecum” for revolving cards, personal loans and loans deducted from salary, to give basic information in simple and transparent language to UniCredit customers and consumers who turn to Consumer Associations.

As for the commercial initiatives in the **banking channel**, the “Spazio Mutui e Prestiti” information platform has been developed, being tested at a main sales office of the FSME Network Italy. A new pre-lending model has been developed to increase the average ticket amount of loans granted and the number of clients to be contacted. A commercial initiative has been scheduled, focusing on the Piedmont-Liguria-Val d’Aosta sales office to support the sale of Personal Loans, which envisages a dedicated set-up service, “Qui Punto Finanziamenti,” with one agency in every district. In the **non-banking and partnership channel,** the “**Selected Dealers Program**” was commenced, a new program of exclusive services designed to add value to the relationship with the best auto dealers. This program envisages offering UniCredit products and services to auto dealers, taking a One-Stop-Shop-Offer approach, which includes a current account for loan settlements. UniCredit is accompanying this offer with an exclusive program for top dealers that, in addition to guaranteeing “privileged” service levels, provides focused workshops, special training, advice on carrying out promotions and team-building events. This year’s program participants will be 12 dealers chosen based on their sales performance during the preceding year. The initiative will allow for loyalty and retention of commercial partners through the offering of UniCredit products and services, thereby expanding the synergies of the Consumer Finance product companies with the Group’s various commercial networks.

In the **credit card** area, based on our partners’ customer base for the co-branded cards, Lufthansa Miles&More and Trenitalia, communications campaigns have been run and printed communications materials developed for distribution by the partners. A prize operation was launched in support of the “La Stampa” and “Kataweb” cards that, upon activation of these cards, provides a gift of a Smart Box with the themes of well-being or adventure, at the customer’s choice.

In terms of **commercial results**, in the first quarter the consumer credit market in Italy showed a further contraction in new loan issues (-3.3% in March y/y), after the sharp drop posted in 2010 (-5.3% y/y). The commercial activities carried out during the quarter permitted total loans issued to reach 1.25 billion (+9.6% y/y, net of charge cards), of which 1.06 billion was in Italy, with a total increase in market share of 30 bps (from 9.9% at the end 2010 to 10.2% in March of 2011) and 190 million were international (Germany, Bulgaria, Romania). In Italy there was a strong increase in personal loans granted thanks to the contribution by the bank’s network (760 million; +31.4% y/y), while as for auto loans (100 million; -27.6% y/y) and loans deducted from salary (50 million; -46% y/y), results were penalized by a continuation of the negative market trend.

LEASING

Unicredit Leasing has pursued its strategy of streamlining its sales channels and simplifying its governance structure. Strong attention has been given to the system of internal controls to reduce audit findings over the course of the year. The "**New Business Model**" project has been launched, addressed towards establishing the company's business model guidelines, clearly tracing out the service model for each sales channel. A particular focus was on the bank channel, identified as the fundamental driver of growth in volumes and margins, working with the three principal segments of Small Business, Medium Enterprises and Corporate. In Italy, work is being done on streamlining the agent channel, still subdivided into two separate networks, UCL and Fineco Leasing, to seek to benefit from maximum synergies and implement best practices. As for the international network, in Hungary and Ukraine turnaround projects were conducted seeking to re-launch the business, aligning our presence to the market's potential and identifying the strong and weak points of local investee companies. Also started was a project to analyze the competitive context and to determine the 5-year market expectations in all reference markets.

On the commercial initiatives front, strong attention continues to be given to improving the quality of services through optimization of customer response times. There has also been development of the vendor business through a diversification of the portfolio of agreements, so as to reduce the impact of the car business. New policies were introduced for Wholesale Financing and Agriculture. A plan was launched to select the industrial sectors and players with the greatest potential. The International Leasing offerings were reinforced by a consistent increase of business volumes in the pipeline. There was further reinforcement of the Competency Centers dedicated to Aeronautics, Renewable Energies and Insurance lending. A plan was designed for the re-launch of the insurance business in Russia and Austria. Finally, a combined offer was developed by UniCredit Leasing and the Consumer Finance product company directed towards auto dealers in Italy.

As regards the funding initiative with supranational organizations, 2011 has seen a continuation of the diversification of funding strategy, through recourse to supranational entities. Among the initiatives carried out in the first quarter of 2011, to be noted is a new 400 million line in support of SMEs, already granted by the European Investment Bank and to be utilized by Unicredit Leasing and Fineco Leasing. New EIB initiatives are also envisaged for our foreign subsidiaries, in particular in the following countries: Germany, Austria, Czech Republic and Poland.

FACTORING

In terms of **commercial results**, in the first quarter UniCredit Factoring increased year-over-year turnover by 27.4%, for the first time successfully achieving second place in amount of turnover and confirming its first-place position by market share for amounts outstanding. There was also an improvement in its portfolio rotation days, decreasing them by 6 days as against a market change of 3 days, a signal of the improvement in payment times on the part of debtors.

In terms of **product innovations**, research is being conducted on an innovative product called "**Fido Grande Debitore**". This product will allow potential assignors speedy and highly automated access to credit by guaranteeing major simplification with respect to existing standards. The complete implementation of the project will lead to the creation of a sort of computerized market place where it will be possible to assign well-defined amounts receivable at pre-set prices thanks to a pre-evaluation of credit quality based on predefined rules.

In the first quarter of 2011, the main communications activities revolved around the collaboration with ASSIFACT, the main sponsor, in organizing the event called "**Factoring Tour**," held in Turin on February 25 as well as the corporate event held in Milan on February 9, to present 2011 strategic and commercial objectives discussed within the sales structure and the central offices for corporate compliance.

Corporate & Investment Banking (CIB)

Introduction

The Corporate & Investment Banking Division (CIB), following the implementation of the ONE4C project in November 2010, is dedicated to corporate customers with revenues of over €50 million and institutional customers of the UniCredit group, offering services in the 22 countries where the Group has a presence.

During 2011 the organizational model already adopted has been strengthened, centered on a clear distinction between coverage and local distribution areas, and those areas dedicated to centralized specialization of dedicated products or services, namely Financing & Advisory (F&A), Markets and Global Transaction Banking (GTB).

Financial performance

Income Statement (€ million)

CORPORATE & INVESTMENT BANKING	2011 Q1	2010 Q4	CHANGE % ON Q4 '10	2010 Q1	CHANGE % ON Q1 '10
Operating income	2,396	1,930	+ 24.2%	2,160	+ 11.0%
Operating costs	(681)	(629)	+ 8.3%	(694)	- 1.8%
Operating profit	1,715	1,301	+ 31.9%	1,466	+ 17.0%
Net write-downs on loans	(456)	(390)	+ 16.8%	(647)	- 29.5%
Profit before tax	1,268	291	n.s.	850	+ 49.3%

Balance Sheet (€ million)

CORPORATE & INVESTMENT BANKING	AMOUNTS AS AT		CHANGE	
	03.31.2011	12.31.2010	AMOUNT	%
Loans to customers	213,236	211,118	2,118	+ 1.0%
Customer deposits (incl. Securities in issue)	127,234	132,701	(5,467)	- 4.1%
Total RWA	190,683	198,583	(7,900)	- 4.0%
RWA for Credit Risk	171,167	178,563	(7,396)	- 4.1%

Key Ratios and Indicators

CORPORATE & INVESTMENT BANKING	2011 Q1	2010 Q4	CHANGE % ON Q4 '10	2010 Q1	CHANGE % ON Q1 '10
EVA (€ million)	455	(205)	n.s.	179	+ 154.1%
Absorbed Capital (€ million)	14,230	13,893	+ 2.4%	15,088	- 5.7%
RARORAC	12.79%	-5.90%	n.s.	4.74%	n.s.
Operating Income/RWA (avg)	4.93%	3.82%	110bp	4.06%	86bp
Cost/Income	28.4%	32.6%	-418bp	32.1%	-370bp
Cost of Risk	0.86%	0.74%	12bp	1.14%	-28bp

Staff Numbers

CORPORATE & INVESTMENT BANKING	AMOUNTS AS AT		CHANGE	
	03.31.2011	12.31.2010	AMOUNT	%
Full Time Equivalent 100%	9,608	9,541	68	+ 0.7%

Breakdown of loans by country and deposits						(€ million)
	LOANS TO CUSTOMERS		CHANGE	DEPOSITS FROM CUSTOMERS AND DEBT SECURITIES IN ISSUE		CHANGE
CORPORATE & INVESTMENT BANKING	03.31.2011	12.31.2010	%	03.31.2011	12.31.2010	%
Italy	76,283	80,158	- 4.8%	37,190	54,627	- 31.9%
Germany	84,338	85,871	- 1.8%	57,714	55,767	+ 3.5%
Austria	41,592	42,795	- 2.8%	22,144	25,121	- 11.9%
Intercompany cross country loans & deposits	(326)	(8,022)	- 95.9%	(246)	(13,923)	- 98.2%
Total	**213,236**	**211,118**	**+ 1.0%**	**127,234**	**132,701**	**- 4.1%**

The Corporate & Investment Banking area ended the first quarter of 2011 with a **profit before tax** of 1,268 million, a sharp improvement compared to the previous quarter (+977 million q/q) as well as to the first quarter of 2010 (+419 million y/y).

Operating income was 2,396 million, an increase of 24.2% q/q. This trend is the result of the diversification of the CIB activities that benefitted as well from the greater contribution of **trading income** (+513 million q/q) and resilient **net commission and fee income** (+0.7% q/q), though **net interest** decreased by 6.8% q/q due to the negative impact of lower trading related interests and the reduction in deposits from customers including securities in issue. Another upward trend was visible in **dividends and other income from equity investments** which, in the first quarter of 2011, stood at 79 million (+54.9% q/q).
The annual trend showed an upturn of **operating income** (+11% q/q), driven mainly by **trading, hedging and fair value income** (+32.7% y/y), the rise in **net interest** (+3% y/y), which was due to the increase in reference interest rates and in **dividends and other income from equity investments** (+59 million y/y).

Operating costs totaled 681 million in the first quarter of 2011, a 8.3% increase compared to the fourth quarter of 2010 due to the increase in **payroll expenses** (+33.9% q/q), related principally to the variable component deferral. Positive results were seen, in turn, for **other administrative expenses,** with a decrease of 4.9%.
Comparison with the previous year, on the other hand, showed a positive trend in **operating costs** (-1.8% y/y) thanks primarily to the effect of o**ther administrative expenses** (-2.1% y/y) and **payroll expenses** (-1.2% y/y).

Net write downs on loans show an increase of 16.8% compared to the previous quarter, driven by the lower q/q contribution from write backs. Conversely, y/y values show a positive trend (-29.5%) as a result of the improved credit environment in Italy, Germany and Austria.

Operating profit was 1,259 million, a sharp improvement compared to the previous quarter (+38.4% q/q) and to 2010 (+53.7% y/y), driven essentially by the improved trend of revenues.

Profit before tax was 1,268 million, a 977 million increase compared to the fourth quarter of 2010, thanks also to the decrease in **provisions for risks and charges** and to the positive contribution from **income from investments** (+113 million q/q).

In the first quarter of 2011 **loans to customers** showed an increase of 1% compared to the previous quarter but a decrease of 2.5% y/y.

Deposits from customers (including securities in issue) showed a drop of 4.1% compared to previous quarter and 13% y/y.

Risk weighted assets were down compared to the previous quarter (-4% y/y) as a result of a methodological change in credit risk calculation. A decrease is also to be seen on a year-on-year basis (-10.1%).

EVA showed sharp improvement compared to the previous period (+660 million q/q) and to the first quarter of 2010 (+282 million y/y), thanks to the improved performance in **net profit**.

For the first quarter of 2011 the **cost/income** ratio was 28.4%, showing a decisive improvement compared to the previous period (-418bp q/q) and to the first quarter of 2010 (-370bp y/y).

The **cost of risk** in March 2011 was 0.86%, a 12bp increase compared to the previous quarter, but was an improvement compared to the same period in 2010 (-28bp y/y).

FTE (Full Time Equivalent) showed an increase of 0.7% q/q and a remained largely stable in terms of y/y development (-0.1%).

Breakdown by business, geographic area and company

The business model adopted by CIB is based on a matrix structure that provides for, on the one hand, a distribution network strongly rooted in reference markets (i.e. Italy, Germany, Austria, and Poland) and, on the other hand, the concentration of product-related capabilities in the three Product Lines (Financing & Advisory, Markets, and Global Transaction Banking). This model ensures flexibility and at the same time soundness.

The business model is supported by the following pillars:

- strong customer centricity, whereby CIB Division is deeply focused on relationship management with customers with revenues of over €50 million;
- a multi-center approach, thanks to a geographic dimension able to exploit service to customers by leveraging the Group's presence in 22 countries;
- the presence of global Product Lines, that is, functions responsible for centralized development of products and services within the scope of the Group.

The CIB Product Lines, responsible for the whole range of products and services, are:

Financing & Advisory (F&A): this is the Product Line responsible for loan-related operations and advisory services provided to businesses and institutional customers. The range of offerings extends from plain vanilla to more sophisticated products such as Corporate Finance & Advisory, Syndications, Leveraged Buy-Out Finance, Project & Commodity Finance, Real Estate Finance, Shipping Finance and Principal Investments.

Markets: the competence center for products and activities related to markets such as Rates, FX, Equities, Capital Markets and Credit, as well as entry point into markets for UniCredit.

Global Transaction Banking (GTB): this is the Product Line related to products such as Cash Management, Trade Finance, Structured Trade and Export Finance, and Global Securities Services.

Results and initiatives by geographic area

Italy Network

The first quarter of 2011 of the Italy Network ended with a slightly lower result compared to the same period in the previous year, determined mainly by a decrease in net interest income. Compared to the fourth quarter of 2010, the net interest income was however largely stable.
There was an upward trend in commission and fee income with particular reference to the "F&A" and "GTB" Product Lines that reflected the favorable trend also compared to the previous quarter and show the success of the sales and lending policies launched.
The profitability of the Italy Network shows its own positive trend strengthening the initiatives for developing cross-selling activities.
The worthwhile cost control strategy launched during the previous year has resulted in a constant reduction in operating costs.

Germany Network

The Germany Network showed a strong increase in revenues in the first quarter 2011 compared to the same period in the previous year, thanks mostly to an improved performance in interest income.
This performance was driven by the F&A Product Line results that, compared to the previous year, showed a strong growth in revenue in spite of a considerable reduction in risk weighted assets, while loans to customers are maintained at the same levels as in 2010. This is a testimony to a continued focus on products with higher value added.
The first months of the year showed in general a drop in net write downs on loans. The strategic objective of optimizing credit quality and simultaneously reducing the cost of risk proved to be successful.
The Germany Network profitability grew following the successful sales strategies to develop and increase cross selling activities.
There was a strong increase in deposit volumes compared to the previous year, but a drop compared to the previous quarter.

Austria Network

During the first quarter of 2011 the sales performance of the Austria Network showed a slight decrease compared to the previous year. The positive trend of net interest income as a result of pursuing effective re-pricing policies only partly compensated for the drop in commission and fee income. Another negative influence on the latter was the new accounting method for commissions.
The “GTB” Product Lines showed a positive performance, an improvement compared to the previous year while the “F&A” component results showed a slight drop. The “Markets” Product Line was substantially in line with the previous year.
In the first quarter there was a strong downward trend in net write downs on loans along with a positive trend of the ratio RWA to financing volume, confirming the profitable credit policies adopted.
Finally, an increase in the Network’s profitability is to be remarked as compared to the same period in 2010.

Poland Network

The Poland Network showed a solid increase in revenues during the first quarter of 2011 compared to the same period of the previous year, both in terms of net interest income and commission and fee income.
The volume of granted loans increased, associated with a continual decrease in risk weighted assets.
The effective policy of cost control and increase in profitability continues in the first quarter of the year along with the implementation of a business model focused on the creation of value.
The growth of Poland’s economy continued to be sound, one of the best performances in the European countries. In line with this trend, CIB Pekao confirms to be the first bank in the country.

During the first quarter, the sales strategy has benefitted also from the “tailor-made tools” for new financial services in order to better meet with customer’s needs.
Pekao keeps on strenghetning its positioning as leading player in Large and Mid-Corporate segments (also by means of refinancing through BEI funds), in public sector infrastructure financing and favoured partner with several cities in Poland.
In the first of quarter of 2011, Pekao participated in the issuance of a municipal bond from Warsaw City Hall for a total amount of 600 million Polish zloty and continues in providing public corporations with financing services.
Over the first quarter 2011, clearing and settlments business activity proved to be solid, together with trading products offerings.
The first quarter witnesses, furthermore, rising activity in commercial real estate financing, with the sector recording a significant recovery (+30% increase in new financing deal amount).
As unique example within Poland, Bank Pekao has been awarded for the fourth consecutive time in a row important prizes like for example: Best Trade Finance Provider 2011 - Best Foreign Exchange provider 2011 (best FX provider in Polish zloty) - Award for leading player in Treasury BondSpot Poland 2010 government bonds.

Results and initiatives by business area

Financing & Advisory

The “F&A” Product Line ended the first quarter of the year with a significant increase compared to the same period of the previous year and to the last quarter of 2010. Such performance was driven specifically by the results from Germany and Austria. Commission and fee income increased the most, confirming the success of the sales strategies for optimizing profitability through greater use of the cross-selling platform and greater focus on more structured products.
The credit risk component showed improvement with substantial decline in loan losses and lower capital absorption.
During the first quarter of 2011, some of the principal deals concluded were:

- Laiva Gold Project (Finland – mining industry, Project Term Facility for €53 million) in which CIB was Mandated Lead Arranger, Hedging Bank, Agent, Security Agent;
- Cremonini Group, (Italy – Leveraged & Structured Finance) in which CIB acted as Mandated Lead Arranger to finance the buy-back of 50% of Inalca JBS S.p.A. for €320 million;
- RCS & RDS S.A. (Romania - Telecommunications, Media & Technology) in which CIB acted as MLA, Bookrunner and Agent for €125 million of Club Term Loan and MLA for US$206 million for Forward Start Facility;
- Bayer AG, in which CIB acted as MLA and bookrunner for an amount of €3,500 million;
- Project Jade, in which CIB supported Industrie De Nora S.p.A. (Chemical Pharmaceutical) acting as MLA and Sole Bookrunner for the acquisition of two Asian leaders in the electrochemical market for a total of ¥12,500 million.

Markets

Within the Group, Markets represents the center of expertise for all business activities linked to financial markets, as well as the channel for preferential access to the markets themselves for UniCredit.

The first quarter of 2011 was characterized by a series of macro-events that pushed the volatility indicators of the financial markets upwards, after a calmer second half of 2010. On the geo-political front, the wave of insurrections in many North African and Middle Eastern countries, begun at the end of 2010 in Tunisia, ultimately strengthened the bullish pressure on raw materials further pushing inflation and interest rates upwards. The Japanese earthquake at the beginning of March occurred in a period of almost uncontested expansion of global manufacturing and exports, feeding doubts about the sustainability of the upturn. Finally, new uncertainty regarding the reliability of the support measures in the public sector in Europe, and also the American fiscal policies, contributed to increasing market volatility.
In this context, Markets revenues in the first quarter were sustained by sound business with customers, showing an increase of 74.3% compared to the fourth quarter of 2010 and 12.4% compared to the first quarter of the year ended.

At the same time, the tendency to improve the risk profile continued at the beginning of the year, with a progressive reduction in VaR. Compared to December 2010, risk-weighted assets have also continued to drop in the first quarter of 2011 (-4.3%).

In terms of business lines, **Fixed Income & Currencies** showed an increase in revenues of 29% in the first quarter compared to the same period of 2010, thanks to a marked increase in the component rates. The FX business also showed a good trend (+37% compared to the first quarter of 2010), while the area related to credit markets, given the lower activity with customers linked to geo-political uncertainty, declined by 12% in the first quarter of 2011 compared to the same period in the previous year.
Equities conformed the recent tendency of strengthened revenues, with a significant increase compared to the fourth quarter of 2010 (+45%), and approaching the level of the same period as 2010 (-5%), despite March slow down following the crisis in Japan.

For the **Capital Markets** business line, the year started with a 7% drop in revenues over the previous quarter caused above all by an unfavorable period in equity markets; a negative trend is also to be seen versus previous year (-22% y/y). On the other hand, the trend in the area of primary debt markets was favorable.

Global Transaction Banking (GTB)

During the first quarter, the "GTB" Product Line experienced solid growth compared to the same period of the previous year, encouraged mainly by the positive performance in net interest income that more than offset the slight drop seen in commission and fee income.
Deposit volumes showed a drop compared to the previous quarter, but a slight upturn compared to the first quarter of 2010.

During the first quarter of 2011, UniCredit confermed significant international awards (received in 2010). Noteworthy is the survey on a European sample of companies carried out by the international European Magazine "Trade Finace Poll 2011", by which UniCredit has been awarded:
"#1 Trade Finance Provider in Italy";
"#2 Trade Finance Provider in CEE";
"#3 Trade Finance Provider in Western Europe and Latin America";
"#5 Trade Finance Provider Globally";
"#6 Trade Finance Provider in Asia Pacific, North & Central America, Middle East & South Africa";
"#1 Best Relationship Management".

Among the principal deals concluded in the first quarter, and specifically by the Structured Trade and Export Finance unit of GTB, are: ED & F Man, in which CIB acted as Lead Arranger for a Committed Revolving Facility amounting UD$1,089 million; Ecore Group (Netherlands) in which CIB acted as MLA for a Borrowing Base Credit Facility amounting €160 million. UniCredit has also been Lead Arranger for Duferco Group for a Committed Revolving Facility amounting US$310 million; UniCredit has also financed the second round for the construction of an off-shore pipline which will connect Russia to European Union via Baltic Sea, thus allowing European Union free access to Russian natural gas sources; it also concluded the purchase agreement linked to the second allotment for equipment consignment to a Turkish company; CIB (Germany) and Yapi ve Kredi Bendasi (Turkey) received a mandate from one of the world's largest tobacco companies for a warranty guarantee for €15 million; CIB Italian team closed also as participant a €18,3 million Purchase Agreement partly covered by SACE for the supply of helicopter and civil surveillance systems to Finmeccanica Group in the Republic of Panama.

Private Banking

Introduction

The activity of the Private Banking Division primarily targets medium to high net worth private clients, providing advisory services and wealth management solutions with a 360 degree approach. The Division operates in five countries (Italy, Germany, Austria, Luxembourg and Poland) through a network of more than 1,200 private bankers located in about 250 branch offices in the countries.

Financial performance

The first quarter 2011 was characterized by a significant volatility in the financial markets, also following geopolitical tensions in the Mediterranean area and the natural disasters in Japan. In all, at March 31, 2011, the market indices of the principal countries in which the Division operates showed: an increase compared to December 2010 in Italy (FTSE MIB + 7.7%) and in Germany (DAX +1.8%), and a slight decrease in Austria (ATX -0.8%).

In this context, as at March 31, 2011, the **total financial assets under management and administration** by the Division was 156.5 billion, a slight increase (+0.3%) compared to December 31, 2010[1].

Total Financial Assets				(billion €)
	AMOUNTS AS AT		**CHANGE ON DEC '10**	
	03.31.2011	**12.31.2010**	**AMOUNT**	**%**
PRIVATE BANKING				
Total Assets	**156.5**	**156.1**	**0.4**	**0.3%**
Ordinary Assets	**121.9**	**122.2**	**-0.2**	**-0.2%**
AuM	*43.4*	*43.1*	*0.3*	*0.7%*
AuC	*56.4*	*56.0*	*0.3*	*0.6%*
Deposits (inc. Repos)	*22.1*	*23.0*	*-0.9*	*-3.9%*

Financial assets at March 31, 2011, net of the extraordinary components[2] were slightly less than 122 billion, basically unchanged (-0.2%) compared to the beginning of the year. Performance was affected by a slight outflow[3] of 0.2 billion for the quarter, largely due to deposit outflows of 1.1 billion, and to a context of strong competition. On the other hand, business results obtained in the area of indirect deposits were satisfactory, with net inflows of 0.9 billion, of which 0.6 billion were in asset management products.
The composition of **financial assets**[3] at March 31, 2011 shows an increase, though moderate, in assets under management, representing 35.6% of total assets (from 35.3% at December 31, 2010) and in assets under administration (46.2% compared to 45.9% at December 31, 2010), relating to a reduction of deposits, that decreased to 18.2% from 18.9% at the beginning of the year.

In terms of economic performance, the Private Banking Division's **operating profit** at March 31, 2011 was 101 million, an increase of 27.6% compared to the previous quarter, benefiting mainly from a double digit growth in operating income.

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[1] Total financial assets were reported on a pro-forma basis in comparison to figures published in previous reports to reflect the following changes in the scope of consolidation: sale of part of the Luxembourg business activities, withdrawal from the Division of the San Marino companies (in the process of being divested), transfer of clients from/to other Divisions in Italy (the "One4C" (*Insieme per il cliente*) Group project) and in Poland.
[2] Extraordinary transactions are those that, because of their nature, large size and low or non-existent earning potential, are not attributable to any ordinary company assets (primarily assets of institutional clients and business client shareholding).
[3] Excluding extraordinary transactions.

Income Statement					(€ million)
	2011	2010	CHANGE	2010	CHANGE
	Q1	Q4	%	Q1	%
PRIVATE BANKING			ON Q4 '10		ON Q1 '10
Operating income	240	215	+ 11.9%	240	+ 0.2%
Operating costs	(139)	(136)	+ 2.8%	(140)	- 0.4%
Operating profit	101	79	+ 27.6%	100	+ 0.9%
Profit before tax	100	55	+ 79.9%	98	+ 2.1%

Revenues were 240 million, a substantial increase of 11.9% over the previous quarter. Specifically:

- a slight drop in **net interest** (-1% q/q), mainly attributable to the reduction in volume (client deposits at December 31, 2010 were 24.9 billion compared to 23.8 billion at March 31, 2011), only partly offset by a slight rise in the spreads, especially in Italy, influenced positively by market rate trends;
- a sizeable increase in **net commissions** (+22.3% q/q), mainly due to the momentum in the sales of assets under administration and assets under management.

Return on ordinary financial assets (ROA) was thus equal to 79 bp in the quarter, an increase compared to the 70 bp of the fourth quarter of 2010.

Operating costs amounted to 139 million, an increase of 2.8% compared to the previous quarter. The trend, seen in payroll costs (+2.9% q/q) as well as in other administrative expenses (+2.5% q/q), is largely explained by non-recurring gains booked in the last quarter of 2010, such as for example release of personnel funds in Italy, reclassification to restructuring costs in Luxembourg, positive adjustments for ICT costs in Germany.
There was a significant improvement in the cost/income ratio that at March 31, 2011 reached 58% compared to 63.2% for the previous quarter.

Profit before tax, equal to 100 million, increased by 79.9% over the fourth quarter of 2010, in which restructuring costs of 23.4 million were recognized, attributable to the reorganization of the Luxembourg business activities and to the Group's severance incentive plan in Italy.

Key Ratios and Indicators					
	2011	2010	CHANGE	2010	CHANGE
	Q1	Q4	%	Q1	%
PRIVATE BANKING			ON Q4 '10		ON Q1 '10
EVA (€ million)	56	44	+ 27.5%	58	- 2.5%
Absorbed Capital (€ million)	399	362	+ 10.2%	281	+ 42.1%
RARORAC	56.44%	48.80%	n.s.	82.23%	n.s.
ROA, bp (*)	79bp	70bp	9bp	78bp	1bp
Cost/Income	58.0%	63.2%	-517bp	58.3%	-31bp
Operating costs/Total Financial Assets (**)	46bp	44bp	1bp	45bp	0bp

(*) Operating income on Total Financial Assets (average) net of extraordinary assets.
(**) Total cost on total Financial Assets (average) net of extraordinary assets.

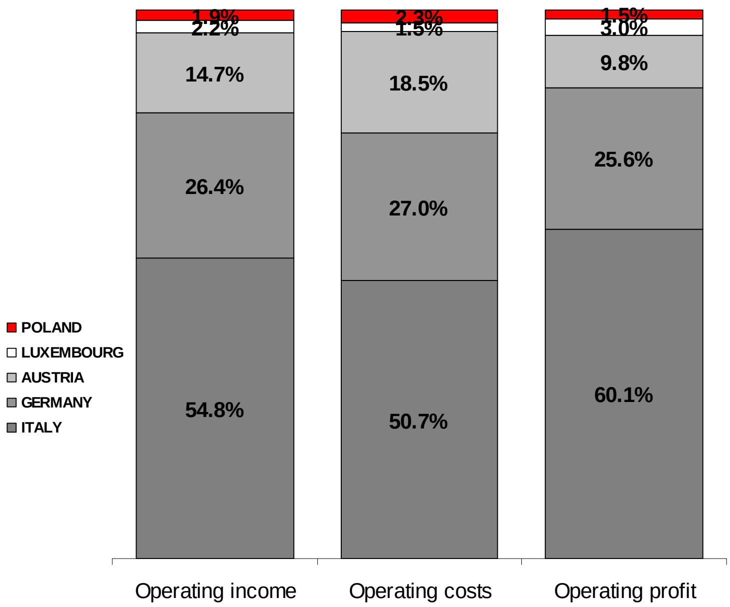
Staff Numbers				
	AMOUNTS AS AT		CHANGE	
	03.31.2011	12.31.2010	AMOUNT	%
PRIVATE BANKING				
Full Time Equivalent	3,014	3,013	1	+ 0.0%

Breakdown by business, geographic area and company

The Private Banking Division is composed of 5 business lines, corresponding to the countries in which it operates: PB Italy, PB Germany, PB Austria, PB Luxembourg, and PB Poland.

Key figures for each business line are outlined below.

Contribution % by country at March 31, 2011[4]



[4] Excluding costs of governance structures

Financial assets for Private Banking **Italy** totaled 96.4 billion. Ordinary financial assets, equal to 77.5 billion at March 31, 2011, were slightly down compared to the beginning of the year (-0.5%). The satisfactory business results in terms of assets under management (+0.4 billion) and assets under administration (+0.5 billion) inflows, only partially offset the deposit outflows (-1.1 billion) bringing the overall net outflow of ordinary assets to 0.2 billion.
Operating profit for the first quarter of 2011 was 63 million, a 56.3% rise from the previous quarter. This increase was driven by the momentum in commissions (+35.1% q/q), especially on the placement of UniCredit subordinate bonds and to a lesser extent of assets under management. Despite the negative impact of the drop in deposit volumes, net interest rose by 7.5% q/q thanks to a positive spread effect, favored by the increase in market rates. The cost/income ratio stood at 52%, a sharp decline from 60.5% in the previous quarter.

At March 31, 2001, Private Banking **Germany** reported 30.5 billion in total financial assets, including 26.2 billion in ordinary assets. The latter was down 1% from December 31, 2010. There was a net outflow of ordinary assets of 0.3 billion for the period, with outflows from deposits (-0.3 billion) and from assets under administration (-0.2 billion) compared to a net inflow of assets under management totaling 0.2 billion.
In terms of income, operating profit totaled 27 million, down 6.4% q/q. Total revenues remained basically unchanged (-0.2% q/q), thanks to satisfactory business results from higher commissions compared to the previous quarter (+22.7% q/q), that almost entirely offset the drop in net interest (-8.6% q/q) and non-recurring dividends reported in the fourth quarter of 2010.
In the area of operating costs, the increase of 5% q/q is attributable mainly to the recognition of positive adjustments to the ICT costs in the last quarter of 2010. The cost/income ratio was 57.5% compared to 54.6% for the fourth quarter of 2010.

At March 31, 2011, Private Banking **Austria** had financial assets totaling 17 billion; the ordinary component, equal to 14.9 billion, rose 1.9% from the beginning of the year, thanks to net inflow of 0.2 billion, driven by deposits.
Operating profit was 10 million, down 9.2% compared to the previous quarter. Revenues dropped by 8.2% q/q, both in terms of net interest (-4.2% q/q) and of net commissions (-11% q/q) compared to a particularly outstanding last quarter of 2010.
Operating costs dropped by 7.7% q/q, mainly because of a decrease in other administrative costs (-15% q/q), that in the last quarter of 2010 included high IT, marketing and communication costs for Schoellerbank. The cost/income ratio was 70.9%, down from 72.3% in the last quarter of the previous year.

As for Private Banking **Luxembourg**, at March 31, 2011, financial assets totaled 10.7 billion, including 1.5 billion in ordinary assets. The latter experienced a growth trend of 2.1% over that of the beginning of the year, generated by a net inflow of ordinary assets of 0.1 billion, essentially attributable to assets under management (+0.1 billion). Operating profit at March 31, 2011 was 3 million, a significant increase compared to the previous quarter thanks to the decrease in operating costs that largely offset the reduction in revenues. The drop of 5% of total revenues compared to the previous quarter was influenced by the decrease in net interest (-6.9 q/q), in particular the effect of lower volumes of lending, as well as the reduction of commissions (-6% q/q). The sound decrease in operating costs is essentially due to the benefits from restructuring, specifically in other administrative expenses. The cost/income ratio was 40%, half that of the last quarter of 2010 (80.3%).

In **Poland**, financial assets at the end of March 2011 amounted to 2 billion, a slight decrease (-0.4%[5]) compared to December 31, 2010. There was a slight net outflow of 24 million in ordinary assets in the first quarter of 2011, due to the deposit outflows of 35 million, only partially offset by an inflow in the assets under management component. In terms of income, operating profit for the period was 2 million, down 7.5% q/q[5], due to a reduction of revenues (-4% q/q[5]) only partially offset by lower costs (-2% q/q[5]). The cost/income ratio was 65.9%, an increase compared to the 64.6% of the previous quarter.

[5] % change expressed at constant exchange rates.

Asset Management

Introduction

Asset Management operates under the Pioneer Investments brand, the asset management company within the UniCredit Group specializing in the management of customer investments worldwide.
The business line, a partner of many leading international financial institutions, offers investors a broad range of innovative financial solutions, including mutual funds, hedge funds, assets under administration, portfolios for institutional investors and structured products.

In 2010 UniCredit initiated a project of strategic review; the aim was the identification of the best strategic option to improve efficiency of Pioneer Investments and to maximize value for both customers and shareholders. Following a deep analysis of all the benefits tied to each possible strategy for its own asset management, on April 21st , 2011 UniCredit announced that the best strategic solution for Pioneer Investments is organic growth, also in light of the market's growth in the last twelve months. Pioneer Investments is already developing an organic growth process, as can be seen from the noticeable improvement in financial indicators, by developing a strategic plan which will further enhance the quality of Pioneer Investments' product offering while maintaining focus on delivering an outstanding level of client service.

At the end of Q1 2011, Pioneer Investments' assets under management were down by €4.8 billion since the beginning of the year, mainly due to negative net sales (-€2.2 billion) and the depreciation of US dollar vs Euro (-€2.2 billion).

Financial performance

In the first three months of 2011, Asset Management reported operating profit of €98 million.
This was up €17 million (+20.5%) over the corresponding period of 2010, mainly attributable to the increase in net commissions (€6 million), a reduction in administrative expenses (€4 million) and an insurance reimbursement for legal fees connected to the "Madoff affair" (€8 million).

Income Statement (€ million)

ASSET MANAGEMENT	2011 Q1	2010 Q4	CHANGE % ON Q4 '10	2010 Q1	CHANGE % ON Q1 '10
Operating income	216	221	- 2.3%	202	+ 6.7%
Operating costs	(118)	(132)	- 10.6%	(121)	- 2.6%
Operating profit	98	89	+ 10.1%	81	+ 20.5%
Profit before tax	98	82	+ 18.4%	81	+ 20.3%

Operating income totaled €216 million, up 6.7% over the first quarter 2010, thanks to an increase in average assets under management (€3.7 billion), a slight improvement in profitability and the aforesaid €8 million insurance reimbursement.

Operating costs showed a €3 million decrease (equal to 2.6%) in Q1 2011 as compared to the corresponding period of the previous year, mainly due to cost containment measures on other administrative expenses.

Compared with the previous quarter, operating profit for the 2011 first quarter was up by €9 million.

Profit before tax was €98 million, with an increase of €16 million (+18.4%).
This increase was largely due to a decrease in personnel expenses (€10 million), a reduction in other administrative expenses (€4 million) and to the provisions for risks booked in Q4 2010 (€6 million).
The above is offset by a decrease in net commissions (€9 million), mainly attributable to the higher performance fees booked in Q4 2010 compared to the amount recorded in the first quarter of this year (€4 million) and to the "days effect" (i.e. February) which led to lower management commissions in Q1 2011 (€5 million).

Reduction in payroll expenses vs Q4 2010 is due to higher variable payments in Q4 as a result of the performance improvements achieved during 2010.

The business line's results are reflected in the following value indicators: EVA rose to €61 million in Q1 2011 from €54 million in Q4 2010 (+12.8%); the cost/income ratio stood at 54.7% in Q1 2011, showing a substantial improvement over Q4 2010 (59.8%), thanks to both an increase in revenues and cost containment.

Key Ratios and Indicators

ASSET MANAGEMENT	2011 Q1	2010 Q4	CHANGE % ON Q4 '10	2010 Q1	CHANGE % ON Q1 '10
EVA (€ million)	61	54	+ 12.8%	53	+ 15.1%
Absorbed Capital (€ million)	299	283	+ 5.4%	288	+ 3.6%
RARORAC	81.74%	76.39%	535bp	73.58%	n.s.
ROA, bpb (*)	46bp	45bp	1bp	46bp	0bp
Cost/Income	54.7%	59.8%	-510bp	59.9%	-519bp
Operating costs/Total Financial Assets, bp (**)	25bp	27bp	-2bp	26bp	-1bp

(*) Operating income on Total Financial Assets (average) net of extraordinary assets

(**) Operating cost on Total Financial Assets (average) net of extraordinary assets

At the end of March 2011, Asset Management had 1,978 FTE employees, showing an increase of 91 units compared to the end of December 2010, almost entirely due to reorganization projects implemented in the current year aimed at converting not-employed or temporary staff into permanent employees.

Staff Numbers

ASSET MANAGEMENT	AMOUNTS AS AT 03.31.2011	AMOUNTS AS AT 12.31.2010	CHANGE AMOUNT	CHANGE %
Full Time Equivalent	1,978	1,888	91	+ 4.8%

Breakdown by business, geographic area and company

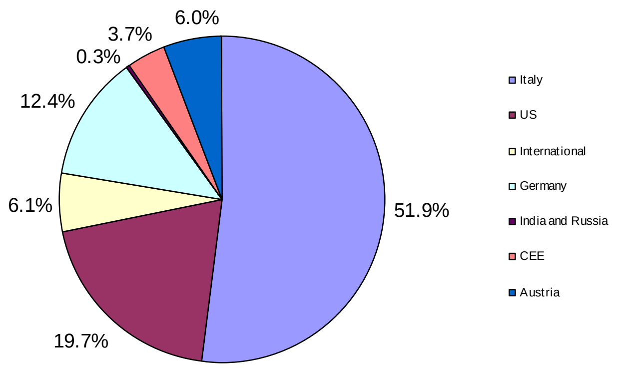
Assets under management as of March 31, 2011 totaled €182 billion, recording a 2.56% decrease since the beginning of the year, mainly due to the exchange rate effect (-1.19%) tied to the depreciation of the US dollar and to the market effect (-0.20%).

Net sales were negative by €2.19 billion.

Total Financial Assets (billion l)

ASSET MANAGEMENT	AMOUNT AS AT 03.31.2011	AMOUNT AS AT 12.31.2010	CHANGE ON DEC '10 AMOUNT	CHANGE ON DEC '10 %	AMOUNT AS AT 03.31.2010	CHANGE ON MAR '10 AMOUNT	CHANGE ON MAR '10 %
Total Financial Assets	**188.2**	**193.0**	**-4.8**	**- 2.5%**	**191.6**	**-3.4**	**- 1.8%**
Asset under management	**181.9**	**186.7**	**-4.8**	**- 2.6%**	**185.4**	**-3.5**	**- 1.9%**
- *Italy*	94.3	97.1	-2.8	- 2.9%	98.8	-4.5	- 4.6%
- *US*	35.8	36.7	-0.9	- 2.4%	34.9	0.9	+ 2.7%
- *International*	11.1	11.0	0.1	+ 1.1%	9.6	1.5	+ 15.9%
- *India and Russia*	0.5	0.5	0.1	+ 12.0%	0.5	0.0	+ 8.0%
- *Germany*	22.6	23.5	-0.8	- 3.5%	23.5	-0.9	- 3.6%
- *CEE*	6.7	6.8	-0.1	- 1.2%	6.5	0.2	+ 3.4%
- *Austria*	10.9	11.2	-0.4	- 3.3%	11.7	-0.9	- 7.3%
Asset under administration	**6.3**	**6.3**	**0.0**	**+ 0.3%**	**6.2**	**0.1**	**+ 1.6%**

AuM by Distribution Area



USA

The business unit ended the first quarter with positive net sales of €151 million and assets under management equal to €35.8 billion (US dollar 51 billion), showing a decrease of 2.38% since the beginning of the year, primarily the result of the exchange rate effect (-6.04%).
Net of Vanderbilt, net sales were positive by €251 million, while assets ended to €31.9 billion (US dollar 45.3 billion), down by 1.69% since the beginning of the year.
Average assets under management were €2.7 billion higher than in Q1 2010.

Italy
The business unit's assets under management totaled €94.3 billion, with a 2.9% decrease since the beginning of the year, due to the negative market effect equal to €1 billion (-1%) and to negative net sales of -€1.8 billion (-1.8%).
Net sales were negative mainly in the retail channel (-€1.5 billion).
Pioneer Investments' market share was lowering from 14.58% in Q4 2010 to 14.2% in Q1 2011.

Germany
Assets under management, which totaled €22.6 billion, were down 3.5% since the beginning of the year, mainly due to the negative market effect (-1.8%) and to the negative trend in net sales (-1.7%) mainly in the institutional channel.
In addition to the above mentioned assets under management, the business unit includes assets under administration of €0.5 billion, substantially unchanged since the beginning of the year.

International
In Q1 2011, the business unit reported positive net sales of €0.2 billion, primarily attributable to growth in the Asia & Middle East regions (+€303 million).
Assets under management, equal to €11 billion, were thus 1.1% higher since the beginning of the year notwithstanding the negative market effect (-0.9%).
Average assets under management were also up €2.9 billion compared to the first quarter of 2010.

Central Eastern Europe (CEE)
Even though average assets under management in Q1 2011 grew in comparison with Q1 2010 (+€0.7 billion), the business unit ended the period with negative net sales of -€123 million, mostly concentrated in Hungary (-€18 million) and Poland (-€110 million), where however Pioneer Pekao consolidated its leading position among asset management firms, with a market share of 14.89%.
Assets under management, equal to €6.7 billion, were down 1.2% since the beginning of the year.

Austria
Total assets under management were €10.9 billion, down since the beginning of the year due to the negative market effect (-1%) and to negative net sales (-€257 million).
In addition to the above mentioned assets under management, the business unit includes assets under administration of €5.8 billion.

India
Assets under management as of March 31st, equal to €472 million, were 12% higher since the beginning of the year, thanks to positive net sales (+€14 million).

Russia
Assets under management at the end of the first quarter, equal to €62 million, increasing since the beginning of the year, mainly thanks to positive net sales (+€3 million).

Alternative Investments
Despite the positive market effect (+1.34%), assets under management in hedge funds totaled €2.1 billion, recording a decrease of 3.7% since the beginning of the year, as a consequence of net outflows of €111 million.
The flows and AuM data are already included in the other business units' figures.

Central Eastern Europe (CEE)

Introduction

In Q1 2011, the broad trends that underpinned the economic performance of the CEE region over last year remained unscathed: sound external demand, especially from Germany, supported the export-led recovery, with domestic demand still depressed in some countries but gradually picking up. So far, CEE economies have been weathering relatively well the recent headwinds resulting from uncertainty in the Middle East and Japan. Higher commodity prices represent, however, the primary concern with downside risks to growth more evident for smaller economies in the region.

The more supportive macroeconomic environment brought about further stabilization in banking sector developments. Lending activity remained stronger than a year ago, despite some easing in its dynamic relative to 4Q 2010. Turkey continued to outperform the rest of the region, while lending still stagnated in the Baltics and has not yet picked up in SEE (with the exception of Serbia and, to some extent, Croatia where the government provided strong support to lending). The ongoing normalization of credit quality problems should, however, remain supportive for a broader re-acceleration in lending activity going forward.

In this environment, UniCredit's CEE banks showed a satisfactory development in Q1 and again provided a positive contribution to the results of UniCredit group. The network in Central and Eastern Europe is a key pillar for UniCredit and the Group acts as a long term strategic investor in the region.

Financial performance

Income Statement							(€ million)
	2011	2010	CHANGE % ON Q4 '10		2010	CHANGE % ON Q1 '10	
CENTRAL EASTERN EUROPE	Q1	Q4	%	NORMALIZED [1]	Q1	%	NORMALIZED [1]
Operating income	1,161	1,224	- 5.1%	- 4.3%	1,083	+ 7.3%	+ 7.5%
Operating costs	(536)	(564)	- 5.0%	- 4.1%	(506)	+ 5.8%	+ 6.2%
Operating profit	625	660	- 5.2%	- 4.5%	577	+ 8.5%	+ 8.7%
Net write-downs on loans	(274)	(449)	- 38.9%	- 39.5%	(316)	- 13.3%	- 13.7%
Profit before tax	351	211	+ 66.4%	+ 73.7%	264	+ 32.8%	+ 34.0%
Profit (Loss) for the period	285	174	+ 63.9%	+ 70.5%	223	+ 28.0%	+ 29.1%

1. At constant exchange rates

Balance Sheet				(€ million)
	AMOUNTS AS AT		CHANGE	
CENTRAL EASTERN EUROPE	03.31.2011	12.31.2010	AMOUNT	%
Total Loans	76,285	77,602	(1,317)	- 1.7%
o/w with customers	*65,462*	*65,946*	*(485)*	*- 0.7%*
Customer deposits (incl. Securities in issue)	55,103	56,902	(1,799)	- 3.2%
Total RWA	78,824	79,176	(353)	- 0.4%
RWA for Credit Risk	69,737	68,956	781	+ 1.1%

Key Ratios and Indicators					
	2011	2010	CHANGE	2010	CHANGE
	Q1	Q4	%	Q1	%
CENTRAL EASTERN EUROPE			ON Q4 '10		ON Q1 '10
EVA (€ million)	67	(40)	- 266.9%	15	n.s.
Absorbed Capital (€ million)	6,526	7,258	- 10.1%	6,632	- 1.6%
RARORAC	4.09%	-2.20%	n.s.	0.92%	317bp
Operating Income/RWA (avg)	5.88%	6.31%	-43bp	6.11%	-23bp
Cost/Income	46.1%	46.1%	6bp	46.8%	-61bp
Cost of Risk	1.67%	2.77%	-110bp	2.11%	-45bp
Tax rate	18.7%	17.5%	125bp	15.7%	309bp

Staff Numbers				
	AMOUNTS AS AT		CHANGE	
CENTRAL EASTERN EUROPE	03.31.2011	12.31.2010	AMOUNT	%
Full Time Equivalent (KFS group 100%)	51,579	51,598	(19)	- 0.0%
Full Time Equivalent (KFS Group proportional)	41,788	41,792	(4)	- 0.0%

In Q1 2011, the CEE area of UniCredit Group achieved a **net profit** of €285m which represents an increase of 64% over Q4 2010 (+71% at constant rates) and an increase of 28% (+29% at constant rates) versus Q1 2010. The strong improvement versus 4Q10 was driven mainly by a substantial reduction in loan loss provisions and, to a lesser degree, also by lower costs, while the increase versus Q1 2010 was mainly due to stronger revenues, also assisted by lower credit risk.

The Q1 2011 **net interest income** of €818 million remained practically at the level of the preceding quarter where some strengthening in the margins compensated a tightening of the regulatory framework in some countries (increase of minimum reserve requirements and the introduction of cap rates for certain products) and the effect of less accounting days in Q1 versus Q4.

Net fee & commission income overall contracted by 8% (-6% at constant rates) to €288m which is partly due to the generally higher income in Q4 when year-end fees are received. The market for assets under management and assets under custody has not yet gained its former level while commercial services such as credit cards, FX-transactions, payment and lending fees developed favorably in practically all countries.

The **trading result** of €38m represents almost a doubling of the result versus Q1 2010, but a reduction of approximately 42% (at constant rates) versus the preceding quarter. In both cases, these swings were largely the result of interest and exchange rate movements affecting the mark-to market valuation of funding derivatives and the FX-trading positions.

In sum, **total revenues** thus reached €1,161 million in the current quarter, remaining 4% below the preceding fourth quarter of 2010, but 7.5% above the first quarter of 2010 (at constant rates).

As in the prior quarters, the market-driven relative slowdown in business and revenue growth was effectively counterbalanced by the ongoing strict cost management: **operating costs** of €536 million in the first quarter of 2011 were further reduced versus the preceding quarter by more than 4% at constant exchange rates, resulting in a cost/income ratio of 46.1% which represents a 0.6 percentage points improvements versus 1Q10.

Reflecting the improvement in the market conditions, **net write-downs of loans** eased substantially in the first quarter of this year. At €274m, they were kept 39% below the previous quarter and also 13% below the comparable first quarter of 2010.The cost of risk ratio (in percent of the average loan volume) therefore improved to 1.67 versus average 2.26% in 2010.

Breakdown by business, geographic area and company

Turkey

In Q1 2011, Turkey witnessed continuation of positive growth environment following the strong GDP growth in 2010 (more than 8%). As of Q1 2011, this environment was supported by stabilised low interest rates (6.25%), strong industrial production and high consumer confidence (93.4%) despite the fluctuations in global markets. The environment was also marked by increasing regulatory and competitive pressure. Strong recovery in economic activity led to expansion in the current account deficit (CAD). In order to control the CAD, Central Bank of Turkey (CBRT) introduced an unconventional monetary policy mix starting from December 2010 defined by cutting policy rate (75 bps cut in two actions to 6.25%) to limit excessive short term capital inflows to Turkey and thus TL appreciation accompanied by increasing TL reserve requirement ratio (increase from 6% to 5%-15% according to maturity realised in 3 actions) to limit total loan growth at 25%.

Koç Financial Services (KFS), the financial holding company controlling 81.8% of Yapı Kredi Bank, recorded a performance in Q1 2011 driven by positive fee and asset quality evolution coupled with cost containment despite continued net interest margin compression.

In Q1 2011, KFS recorded TL 454 mln consolidated net income (after local minority interest) and Return on Equity of 20%. Revenues were recorded close to TL 1,380 mln (about 1% y/y) in Q1 2011 on the back of lower net interest income (approx. -14% y/y) due to strong regulatory and competitive pressure compensated by solid fee growth (about 10% y/y) together with higher contribution from trading income. Continuation of tight cost management and efficiency initiatives resulted in limited cost growth of about 3% y/y. Cost/income ratio was realised as 45%. The Bank continued investing in alternative delivery channels (ADCs) to increase customer satisfaction and decrease cost to serve and, as of February 2011 managed 77% of total banking transactions through non-branch channels.

Being the 4th largest private bank by total assets, Yapı Kredi together with its subsidiaries enjoys leadership positions in credit cards, leasing and factoring, as well as strong positions in brokerage, mutual funds, non-life insurance and private pension funds.

In terms of lending, the Group recorded loan growth of about 4% vs YE10 mainly driven by Yapı Kredi's focus on higher margin loan segments including general purpose, mortgages and SME loans on the local currency retail side and project finance loans on the foreign currency corporate side. As of the end of March 2011, the Bank had about 10% market share in total loans.
In terms of asset gathering, the Group recorded deposit growth of almost 5% in Q1 2011, in line with loan growth. As of Q1 2011, the Group had about 9% market share in total deposits.

Yapı Kredi continued to record improvement in asset quality on the back of better macroeconomic conditions, decelerating/stabilising non-performing loan (NPL) inflows, strong collections and credit infrastructure improvements. As a result, Yapı Kredi's NPL ratio declined to 3.2%, in line with the sector (vs 3.4% at YE10).
In Q1 2011, Yapı Kredi maintained a solid capital adequacy ratio of 14.9% at Bank level and 14.5% at Group level according to local accounting standards.

As of Q1 2011, Yapı Kredi had the fourth largest branch network in Turkey with 868 branches and 9.3% market share, the fifth largest ATM network with more than 2,493 ATMs as well as award winning internet branch and call center.

Russia

In early 2011, the Russian economy showed signs of slowdown. Investment demand fell by some 1.5% y/y in Q1 2011 despite strong low base effect, which has contributed to the weakness of banking sector lending early in the year. Consumer demand indicators also weakened from H2 2010 levels, with real wages starting to fall in March for the first time since 2009. Such weakness is attributed to the adverse impact of high inflation and also to considerable changes in the tax regime starting from 2011. On the positive side, unemployment continued to decline, which should start to support consumer incomes and spending later in the year. Investment is also likely to gain support from rising corporate profits and low real borrowing costs, which should trigger a robust recovery of both investment and bank lending later in the year. As a result of all this, the economy is expected to accelerate to a 4.6% GDP growth in 2011.

As a result of persistent weakness of investment demand in early 2011, the Russian banking system has also stagnated in the first two months of the year. In particular, total assets of the banking system remained practically flat, rising by just 0.2% YTD. Weak market growth on top of further increase in competition is likely to support further consolidation of the banking sector this year.

ZAO UniCredit Bank continued in Q1 2011 its strategy as a universal bank, focused on improving the range and quality of products offered to both corporate and retail clients. The Bank keeps its position as the largest foreign bank in Russia and ranks among the 10 largest banks in the country. The sustainability of its strong financial standing is proved by its strong capitalization and the profitability and efficiency indicators which remained at good levels: 17% Return on equity and 34% Cost-to-Income ratio.

The Bank registered a net profit of 3 billion Russian rubles in Q1 2011, more than 60% higher than the first quarter of the previous year, with this increase being driven mainly by higher revenues and by the reduction of risk provisions. Revenues grew by 26% up to RUR 7 billion as a consequence of increased net interest income, mainly due to a reduction of cost of raised funds. The level of fees rose by 8% y/y, out of which fees from client conversion operations and documentary business represented the main part. With a permanent cost control process in place, the level of operating expenses grew by only 10% y/y up to 2.4 billion Russian rubles despite continuation of significant investments. The level of risk provisions dropped by 24% versus the same period of last year, down to 0.9 billion Russian rubles, supported by the decrease of the share of non-performing loans in total loan portfolio. Total balance sheet of the bank rose by 6% y/y up to 521 billion Russian rubles as a result of a balanced increase of lending and deposit collection in both the corporate and retail area: at the end of Q1 2011, gross loan volume reached 388 billion Russian rubles and deposit volume stood at 286 billion Russian rubles.

Corporate banking remains the largest contributor to both the P&L and the Balance Sheet of ZAO UniCredit Bank. Q1 2011 followed the trend started in late 2010 with a system characterized by slow recovery of lending volumes, increased price competition and lower markets volatility. Despite the challenging competitive environment the Bank managed to maintain commercial results in line with the previous year. The quality of portfolio improved compared to the previous year. Notable growth Y/Y was registered in Mid Corporate segment and Private banking. Particular attention was devoted to foster the collaboration and cross selling with UniCredit Leasing and UniCredit Securities. In order to better serve our clients in all geographies where UniCredit operates, a new Global Account Management service model for selected top clients was implemented.

Retail banking continued in Q1 2011 to increase its customer base. The main focus was on sales force activities in Mortgages and SME. The “S7 Airlines” co-branded credit card, with a special supporting contest for sellers, was launched. Moreover, an increase of new sales of car loans was registered.

Private banking showed good growth of total revenues in Q1 2011 through an emphasis on deposits taking. This area focused on developing the global investment strategy approach by taking various actions related to the implementation of adequate tools for optimization of clients’ investment portfolio.

Croatia

In a still challenging economic environment Zagrebačka banka Group continued to provide its customers strong support in their efforts to overcome the impacts of the recession with its intensive advisory and partnership role.

In Q1 2011 ZABA Group achieved a gross operating profit of more than €85 million, outperforming the same period in 2010 by more than 25%. This performance was mostly driven by a growth of total revenues that increased by 14% y/y.

Cost and process efficiency was steadily improved, resulting in a cost/income ratio of 43.2% which is a notable improvement compared to the 48.4% reported at the end of Q1 2010.

Significant loan book growth during Q1 2011 accompanied by proactive and timely loan portfolio management throughout the life-cycle of a loan accounted for positive developments in Bank’s asset quality, both in terms of reduced NPL ratio and coverage increase.

Net profit rose 94% y/y as a result of net interest income upsurge supported by robust corporate loans growth, higher efficiency and productivity and notably improved net write-downs on loans.

In Q1 2011 the Bank continued with commercial activities in order to boost sale of real estate whose construction was financed by the Bank, as well as promoting “Green Loans” line for purchase energy efficient real estate. At the same time, through diversity of commercial activities, the Group continues to strengthen its regional presence, especially in the small business segment.

Besides strong attention on loan portfolio quality, the Group’s focus remains on initiatives aiming to improve sales effectiveness and network optimization.

Total loans to individuals and small business at the end of Q1 stand at a level of HRK 33 billion, while deposits from this customer segment amount to almost HRK 42 billion. Market share in individual's deposits remains stable at 25% as well as market share in loans to individuals at 24.6%. Small business segment has confirmed leading market position with 24% market share in the number of customers.

Despite still unfavorable conditions on the Croatian market, ZABA achieved a balanced growth in corporate banking in Q1 2011. Total loans to corporate clients grew from HRK 35 billion at the end of 2010 to HRK 38 billion at the end of Q1 2011. Corporate client deposits, which at the end of Q1 2011 amounted to close to HRK 15 billion, indicate a steady increase from January to March 2011 coming from both the public and the private sector.

The market share in corporate loans increased further to 26.1%, pointing to the Bank's strong market position despite fierce competition. Moreover, despite the still recessionary environment, the market share in corporate deposits also increased from 24.7% as of YE 2010 to 25.1%.

In Q1 2011, ZABA's Financing and Advisory continued to hold its position as the leading investment banking house in the region. This success was recognized most recently by EMEA Finance's award as Best Investment Bank in Croatia for 2010.

ZABA's Structured Finance segment, together with the Croatian Bank for Reconstruction and Development, recently signed an agreement with Končar, Croatia's leading electrical, transport and energy company. The total investment value of the project is HRK 252 million.

Corporate Treasury Sales increased FX market share compared to Q4 2010 by 10.5%. Brokerage department significantly improved its market position on the Zagreb Stock Exchange, holding a second position with 13% market share in total turnover. Number of clients via ZABA's internet equity brokerage platform rises continuously. Zaba's broker was rewarded by EMEA Finance as Best Broker in Croatia for 2010.

Other countries

UniCredit Bank **Czech Republic** revenues in Q1 2011 stand 9% above the same period of last year thanks to the postive development of both net interest income and fees and commissions. Cost base increased by 14% y/y as the bank continues with the retail expansion plan already launched in 2010. The steady growth of retail and corporate loan portfolio is balanced by primary deposits on the other side of the balance sheet. Despite the retail expansion activities the bank keeps a good operating profit development (ca. +5% y/y) enhancing at the same time the revenue generation base for future value creation.

As results of the improved business performance and more optimistic macro environment since the middle of last year UniCredit Bank **Slovakia** total revenues grew in Q1 2011 by 18% y/y. Operating expenses were lower than previous year thanks to an effective cost management of the bank. Better operating result and improved quality of the credit portfolio contributed to significantly better the net profit of the bank in comparison with Q1 2010. Total assets of the bank reached the volume of EUR 4bn, increasing by 14% y/y. Continuous increase of volumes of customer loans (7% y/y) and deposits (20% y/y) was reflected in improved market shares of the bank and in a reduced Loan/Deposit Ratio of 99% (versus 112% in Q1 2010).

UniCredit Bank **Hungary** showed a strong performance in the first quarter of 2011, with notable profit after tax increase, supported by recurrent revenues growth, and despite the impact of the special bank levy. Total interest revenues rose by 8% y/y, whilst fee income grew by 10% y/y respectively in Q1 2011. The upward development of operating expenses is heavily influenced by the special bank levy. Excluding this additional tax burden, expenses decreased -1% y/y and C/I ratio was thus successfully kept well below 50% in Q1 2011. Loan loss provisions decreased significantly, also supported by improved economic environment. Volume development in the first quarter of the year was affected by the low market dynamic and the HUF strengthening. As a consequence loans to customers decreased by approx. 1% while deposits grew by 2% with net L/D ratio reaching 109% in Q1 2011. Total number of customers reached 380.000 in Q1 2011, supported mostly by the retail segment.

In **Slovenia**, a gradual recovery of the economy is under way with improving manufacturing sector confidence pointing to better export performance. Within this framework, UniCredit Bank Slovenia achieved strong revenues of €20 million, 21% higher than in the first quarter of 2010. A major driver of this significant growth was the development of the net interest income, which -thanks to improved business margins and bank's funding position- increased to close to €15 million. The risk costs in Q1 2011 stand at about €7 million, more than 20% lower than in the previous quarter. The net profit for the period adds up to about €3 million and thereby clearly outperforms the previous quarter by €1.3 million. Business focus will continue to be put on both corporate/institutional and retail business. For corporates, the bank is in an excellent position to accompany trade flows from and to Slovenia through its strong cooperation with other banks of the UniCredit network. As already proven in the past, the Group's know-how will also allow the bank to continue to successfully support customers' bond placements and to participate in public finance and large-scale infrastructure projects. Besides the further development of Private Banking, the Bank also plans to expand its network by opening up to 10 new branches.

In **Bosnia and Herzegovina (B&H)**, UniCredit operates through two banks on this market - UniCredit d.d. Mostar and UniCredit a.d. Banja Luka. Character of developments within the B&H economic system is still clearly marked by the fact that the external demand is the main source of growth, but with absence of internal economic elements as a stimulus to faster recovery. After taking over leading position measured by total assets, UniCredit has recently become market leader in terms of total deposits. Furthermore, presented figures below certainly confirm the position of the most profitable banking group in the country, mostly thanks to the institution based in the Federation entity. The Group serves almost 1.3 million clients, and the network counts 136 branches (92 of UniCredit Bank Mostar and 44 of UniCredit a.d. Banja Luka). In Q1 2011, net profit after tax increased impressively by 85% y/y achieving €7 million, thanks to growing trend of revenues and lower loan loss provisions which decreased by 18% compared to the same period of previous year. As a result of the simultaneous growth of net interest income and net non-interest income by 19% y/y and 3% y/y, respectively, total revenues grew by 14% y/y, whilst total expenses even decreased slightly by 0.2% y/y. The GOP therefore achieved a significant growth of more than 50% in comparison with the same period of previous year. Customer satisfaction remained high and is reflected and proven in an outstanding customer satisfaction index of 95 points which is to be considered as a benchmark for the B&H market. Consequently, both in retail and corporate business, the banks kept their leading position in product innovation and service quality standards.

The growth outlook for **Serbia** with an expected GDP growth of close to 3% for 2011 remains unchanged. Exports are expected to continue playing a major role. As a result of UniCredit Bank Serbia's significant portfolio growth at the end of 2010 (with the bank now ranking on 4th market position in terms of business volume), the bank continued its solid performance and recorded a yoy net profit growth of close to 70%. Main generator of growth was net interest income, supported by improved fees and higher trading result. This, in combination with strict cost control, led to a further improvement of the cost-income ratio down to 35%. As per end of the Q1 2011, total assets amounted to 166 billion Serbian Dinars, representing an increase of 7% y/y. Net profit after tax for Q1 2011 stands at more than 1.270 million Serbian Dinars which means a significant outperformance of the overall banking sector. Various business activities in Q1 have proven again the bank's leading position in product innovation and customer relationship. While retail clients will soon be offered a full-fledged mobile banking solution, the bank was able to celebrate the expansion of its business cooperation with Fiat Automobiles Serbia. As one element of this cooperation, the bank opened a new branch office within Fiat's plant in Kragujevac bringing the bank's total network to 71 branches.

In **Romania**, UniCredit Tiriac Bank (UCT) registered a 9% y/y drop in revenues, driven by accounting adjustments related to delinquency accruals (from non-performing loans), statutory regulation impact and Romanian Leu 4% appreciation in Q1 2011. Operating expenses registered a 4% increase compared to last year level, influenced by higher VAT costs after budget consolidation measures of mid last year, 50% increase of deposit insurance rate and 8% y/y inflation. Risk costs registered a y/y increase of about 6%, yet dropped 53% compared to Q4 2010. NPL ratio closed at 8.8%, improving by 110 bp compared to year-end 2010. UCT maintains a solid capital adequacy level of 12.3% at the end of the period according to statutory standards..UCT registered a moderate y/y growth in gross loans, with stable growth of market share in all segments and products. Customer deposits dropped 14% y/y due to large expensive tickets while lower segments experienced a stable growth on FX adjusted basis. Main focus was laid on mortgage backed lending, corporate lending, large base deposits, small business model and risk free transactional business.

In the first quarter of 2011 UniCredit Bulbank confirmed its market leadership in **Bulgaria**, with total assets of €6 billion on consolidated basis. Total loans increased to €3.9 billion mainly driven by the corporate portfolio, which remained the backbone of bank lending, while total deposits amounted to €3.4 billion. Shareholder's equity stood at €0.9 billion, and could serve as a protective cushion in case of worsening asset quality. The rising oil prices on a global scale were also felt in the country through relatively low investment sentiment and shrinking consumer budgets. Yet, total operating income on consolidated basis was €75 million, growing by 8% y/y, with increases in both net interest income and net fees and commission result. The enhanced cost control and improved operating efficiency was reflected in lower cost-to-income ratio of 40.8%. Net loan loss provisions, although increasing versus previous year, decreased vs previous quarter, reaching €25 million. Net profit for the period (before minority interest) was € 18 million.

In Q1 2011 **Ukraine**'s industrial output grew to 9.7% y/y driven largely by the growth in export-oriented sectors like machine-building, chemicals and metallurgy. The further macroeconomic outlook for Ukraine is considered promising with GDP prospects so far confirming the path towards the 5% full year threshold. Investment demand is reviving not only due to the forthcoming European Cup 2012, but also to the clearly visible political and economic stabilization. The Government has initiated major public finance cost cuts, performed the first steps in income measures with utility tariff increases, and is currently discussing with IMF the still outstanding steps like the pension reform and the increase of the retirement age. The banking sector development in Q1 reflects the improved environment with positive growth rates both in customer deposits (+7.0%) and customer loans (+2.3%). Another positive sign is the decrease of newly created loan loss provisions in the market from 11,874 million Ukrainian hryvnia in Q1 2010 down to 7,108 million Ukrainian hryvnia in Q1 2011, indicating that the asset quality problems are flattening although full resolution might take time. Despite the deleveraging of Ukrsotsbank's gross loan portfolio by 6% y/y and thanks to a significant increase in its customer deposits by 22%, Ukrsotsbank reached a satisfactory level in Q1 2011 both in terms of total revenues (which reached close to 700 million Ukrainian hryvnia) and gross operating profit (which amounted to only slightly less than 400 million Ukrainian hryvnia). Furthermore, the bank continued its policy in risk provisioning with an allocation of about 280 million Ukrainian hryvnia. While keeping the high level of cost efficiency also for the remaining part of 2011, Ukrsotsbank defined the resumption of lending as a main priority for 2011. In Q1 2011 numerous new loan agreements signed with large and mid corporate clients allowed to stabilize the total loan portfolio compared to its significant decrease in 2010.

Kazakhstan's recovery continued in the Q1 2011 with GDP growth of about 7% y/y mainly driven by commodities sector on the back of growing prices in international markets (oil, gas, metals and grain). ATF Group's loan portfolio remained flat in the Q1 2011 with a moderate increase in Corporate and Retail segments offset by the gradual reduction of the more challenging portion of the portfolio. The positive evolution of the corporate loan book of the Bank that took place in the last months of 2010 has been confirmed also in the Q1 2011 achieving 50% or ~ USD 640 million growth versus September 2010. The loan growth is mainly coming in the natural resource, energy, transportation - core sectors of Kazakh economy. Furthermore, the client profiles of ATF are continuing to improve via acquisition of major blue chip state owned and international names enhacing asset quality mix. NII improved by 3% q/q mainly due to cheaper funding. Dependence on external funding is falling as well with L/D ratios down to 124% vs 134%. The Bank was able to increase the share of deposit base in total funding to 54% in Q1 2011 vs 47.5% in 2009, which enables the Bank to resume a stable growth of loans. In addition, ATF continued to excercise stringent cost control efforts in Q1 2011 with C/I dropping to 52% vs 74% of prior year.

In the first quarter of 2011 AS UniCredit Bank, active in all 3 Baltic countries (Estonia, Lithuania and Latvia), observed first signs of economic recovery in the Baltic states especially in Estonia where the growth is driven by vigorous exports; this positive trend in economic growth can also be observed in Lithuania where the Finance Ministry recently improved its GDP growth forecast for 2011. GDP growth is also expected in Latvia for 2011. The positive trend from Net Interest Income which started during the last three quarters of the previous year continued in Q1 2011; also fee and trading income contribute to an increase of total revenues versus Q4 2010. External funding was taken up from institutions such as the European Investment Bank and the Nordic Investment Bank. At the same time, the bank is continuing to pursue tight cost management and has reduced the number of staff, improving its C/I ratio and gross operating profit compared to Q4. AS UniCredit Bank's capital adequacy ratio stands at 10.3%.

Other Information

Rationalization of Group operations and other corporate transactions

During the first quarter of the year, the Group initiated, among others, a number of projects with the goal of streamlining and reorganizing operations carried out by facilities and by some subsidiaries in accordance with the business model with the goal of achieving greater synergies and cost reductions.

In keeping with the new organizational model post ONE4C (whereby the Italian banks were amalgamated into one unit as from November 1, 2010), UniCredit approved the executive plan for the rationalization of the departments and ancillary entities of the Global Banking Services area dedicated to the provision of services to Group entities, with the aim of simplifying and standardising the service provision model for ICT, back office and middle office, real estate, security and global sourcing.

The guidelines for the project were approved in December 2010 with implementation of the first phase to be underway by the end of 2011 in Italy, Austria and Germany.

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

Approval for the start of the project for the reorganization of the support units and companies of the Group Global Banking Services (hereinafter "GBS") was given at the end of 2010.
The project is in answer to the need for greater uniformity and coherence and a more timely response to the requests of internal and external clients and proposes to:

- simplify governance and reduce running costs by streamlining the business activities and the units responsible for all services offered, by reducing the number of legal entities, maximizing economies of scale and simplifying the procedures for the request and use of the services by internal clients,
- increase transparency with respect to the services offered, those provided and the costs incurred,
- improve services with respect to innovation, quality and risk management through the formation of integrated operational units that use an end-to-end approach and maximize economies of scope.

From a corporate perspective, the goal is the creation of a sole Group support company to be called UniCredit Global Information Services (UGIS), which will operate, under normal circumstances, as the sole company of the Group functioning as an operational sub-holding for providing services needed by the banking business or by the Group both in Italy and abroad. In this role, the company will provide a global perspective of the priorities and opportunities inherent in the requests of external and internal clients, maximizing the efficacy of investments by bringing the technologies and instruments used under a common factor.

The organizational and operational streamlining will be achieved through a progressive reorganization of the facilities and controlled companies; the project calls for two phases:

- the first (which should see completion by the end of the current year) aims at consolidation of the units and companies operating in Italy, as well as at streamlining and aligning of the ICT businesses Back Office and Middle Office, Real Estate, Security and Global Sourcing in Germany and Austria,
- the second (expected to be completed by the end of the first half of 2012) aims at the definitive consolidation of additional services in Austrian and German facilities.

In particular, with respect to the consolidation of units in Italy, the first phase calls for, among other things,

- the incorporation into UGIS of Quercia Software and of UniCredit Business Partner (UCBP), consequent on the purchase by UniCredit of the shares held in UCBP by UniCredit Bank Austria AG (28.8%) and by UniCredit Bank AG (18.1%);
- the incorporation, subject to approval by the Bank of Italy, in UniCredit of UniCredit Real Estate (URE), subsequent on the reacquisition by UniCredit of the shares held in URE by the companies of the Group;
- the transfer to UGIS – subsequent to the completion of the two previous incorporations – of the company branches of UniCredit designated “ICT, Security, Global Sourcing and Operations” and “Servizi generali immobiliari” (General Real Estate Services).

In Austria and in Germany, the project calls for the use by UGIS of two companies respectively renamed UGIS GmbH Austria and UGIS GmbH Germany, within which to incorporate the aforementioned businesses of the GBS area operated by the banks and by subsidiaries operating there.

Concentration of the activities of Private Banking Wealth Management

The developments in the private banking market, particularly in light of the recent market crisis, has underscored the increasing interest of clients in independent investment solutions that guarantee access to an open platform of product providers. From this perspective, UniCredit’s decision to internalize the portfolio management process by basing it on its own research will significantly increase the commercial effectiveness of UniCredit operations on the Private Banking market segment.

In consideration of the relationship with so-called “Private” clients, for whom wealth management represents one of the services of major interest, and in order to guarantee more timely and effective solutions and thereby increase commercial efficacy, it was considered opportune that UniCredit, after its transformation into a sole bank as a consequence of the One4C project, should handle all of the activities regarding portfolio management and the services at present provided by Pioneer Investment Management SGR (PIM), from the selection of the financial instruments for investment of the managed portfolios to providing clients with the periodic statements of account for the management service delivered.

With a view to execution of the project, upon due analysis, it was considered that the most adequate corporate method for implementing the decision is in the form of a partial splitting off of the company branch Gestioni Patrimoniali Private of PIM to UniCredit. On March 22, 2011 the Boards of Directors of the companies involved in the operation approved the proposal of the partial splitting off of the aforesaid company branch of PIM to UniCredit.

The splitting off is expected to become effective by the end of 2011, subject, in particular, to the grant of the necessary authorization by the Bank of Italy.

Transactions to dispose of equity investments and divisions

In Italy

Metis

An equity investment of 22.% held in Metis was sold in March 2011.

Other Transactions

Agreement between UniCredit and Premafin Finanziaria S.p.A.

On March 22, 2011, UniCredit and Premafin Finanziaria S.p.A. (Holding Company) reached an agreement whereby Fondiaria-SAI would proceed with recapitalization of its group.

Not least in light of the long-standing relationship between the bank and Fondiaria-SAI, the aim of the agreement is to enable Premafin to strengthen its subsidiary's capital and the bank to acquire a stable qualified minority stake with the possibility of benefiting from growth in the value of its investment in the medium-long term.

The agreement also contains certain suggested amendments to the loan agreement signed by Premafin, UniCredit and the other syndicate banks on December 22, 2004, as amended on December 22, 2010, which require the approval of the the syndicate banks to come into effect (on May 10, 2011, the agreement has been signed).

The agreement is subject to the confirmation of Consob, by June 30, 2011, that there are no obligations on Fondiaria-SAI to make an offer to purchase on performance of the agreement and to receipt by June 30, 2011 of the waivers required by the loan agreement.

Capital Strengthening

No capital strenghtening transactions were undertaken during the first quarter of 2011.

On March 22, 2011, the Board of Directors voted in favor of the issuance of the performance shares promised in the 2007 Long-Term Incentive Plan of the UniCredit Group, following verification of the achievement of the performance targets defined in the Plan. Consequently, the Board approved a scrip issue with a face value of €454,385, corresponding to 908,770 ordinary shares.

Subsequent Events and Outlook

Subsequent Events

Withdrawal of the Legal Proceedings against UniCredit S.p.A., its former CEO and the former CEO of HVB

On April 1, 2011, eight non-Italian hedge funds and a shareholders' rights protection association withdrew a legal action whereby they claimed damages of €17.35 billion from UniCredit and other persons.
The litigation began in June 2007 before the Regional Court of Munich, Germany against UniCredit, the then CEO of UniCredit (Alessandro Profumo) and the then CEO of HypoVereinsbank (Wolfgang Sprißler). The action was based on the accusation that UniCredit had induced HypoVereinsbank AG to accept damaging conditions during and after the combination of the two banks 2005. As former minority shareholders, the plaintiffs maintained that they had been damaged by these conditions.
The withdrawl of the legal proceedings – without reserve – is immediately effective. Claims for damages arising out of the combination are on-going in other litigation - specifically the valuation proceedings underway in Germany, which intend to examine the cash compensation paid to former minority shareholders.

Agreement to Purchase a Controlling Interest in AS Roma S.p.A. by Di Benedetto AS Roma LLC

On April 15, 2011, Di Benedetto AS Roma LLC entered into an agreement to purchase around 67% of the shares in AS Roma S.p.A. and 100% of ASR Real Estate S.r.l. and Brand Management S.r.l., which are companies respectively responsible for the management of the Trigoria sports center and marketing activity, from Roma 2000 S.r.l.(part of the Compagnia Italpetroli group).
The price agreed for the purchase of these three interests totals €70.3 million, of which €60.3 million for the AS Roma S.p.A. shares, i.e. a price of 67.81 euro cents per share.
The purchase will be made through a jointly held entity in which da Di Benedetto AS Roma LLC holds 60% and UniCredit S.p.A. 40%, formed on April 27, 2011 and named Neep Roma Holding S.p.A.
The purchase is subject to (i) antitrust authorization and (ii) UniCredit and Roma 2000 S.r.l granting loans totalling €40m to AS Roma S.p.A.
To conclude the acquisition, the buyer will make a public offer to purchase the AS Roma shares at a unit price of 67.81 euro cents, i.e. the price paid by the buyer to Roma 2000 S.r.l.
The joint investment agreements between Di Benedetto AS Roma LLC and UniCredit S.p.A. include a shareholders' agreement governing *inter alia*:

- appointment of the Directors and Statutory Auditors of the holding company, AS Roma and the other entities purchased, and the corporate governance rules of these entities, such that management will be entrusted to Di Benedetto and the bank will enjoy significant minority rights;
- pre-emption rights and joint sale rights and obligations in respect of the interests held in the holding company in the medium-long term, subject to the bank's option to sell part of its interest in the first quarter of 2012 to one or more suitable Italian investors and
- an undertaking by the shareholders to provide *pro rata* resources as needed to fund expenses relating to the public offering and the rights issue.

These agreements will be communicated to the market within the term prescribed by §122 TUF.

Reorganisation of IRFIS - Mediocredito della Sicilia S.p.A.

On Q1 2011 preparations for the reorganization of IRFIS – in which UniCredit has a 76.26% controlling interest and the Region of Sicily a stake of 21%, the remainder (2.74%) being held by other minority shareholders – continued, with the aim of transforming IRFIS into a financial firm and transferring UniCredit's controlling interest in it to the Region of Sicily.

In April and May 2011 Banca d'Italia and the Region of Sicily issued their respective authorisations.

In Q2 2011 the plan will be implemented by the purchase by UniCredit of IRFIS's banking business and subsequently by IRFIS's transformation into a financial firm pursuant to § 107 specializing in subsidized lending and loans financed by the Region.

Completion of the following stage - distribution to the shareholders of some of IRFIS's assets and sale of UniCredit's controlling interest in IRFIS to the Region of Sicily - is expected to take place before the end of FY 2011.

Outlook

While Q1 2011 indicated that the euro-zone's core economies were growing, the peripheral economies' recovery was slower in coming. The latter also suffer from the continuing tension due to the risk of a debt crisis for some countries, and even the ECB - though it is preparing the markets for interest-rate rises - does not rule out further support for economies in difficulties.

The Group showed good fundamentals in this business environment. Q1 2011 recorded a marked improvement in Net profit - the highest achieved by the Group since Q2 2008, thanks to increased revenues and a reduced cost of risk. Organic capital generation has also sharply accelerated and the Core Tier 1 ratio exceeds 9%.

In the coming quarters the Group will continue in this direction despite the uncertain outlook.

The main uncertainties for revenue are due to the sovereign debt crisis, which might generate volatility in investment banking's results and increase funding costs. In addition, should interest rates not continue their recent upward trend, intermediation margins could be put under pressure.

With regard to costs, the Group is working hard to complete the ONE4C project, not only to achieve the planned synergies, but also increasingly to focus our efforts on increasing customer satisfaction. With regard to asset quality, we expect the signs of stabilization already seen in Q1 2011 to continue.

Milan - May 12, 2011

THE BOARD OF DIRECTORS

Chairman	CEO
DIETER RAMPL	FEDERICO GHIZZONI

Further Information

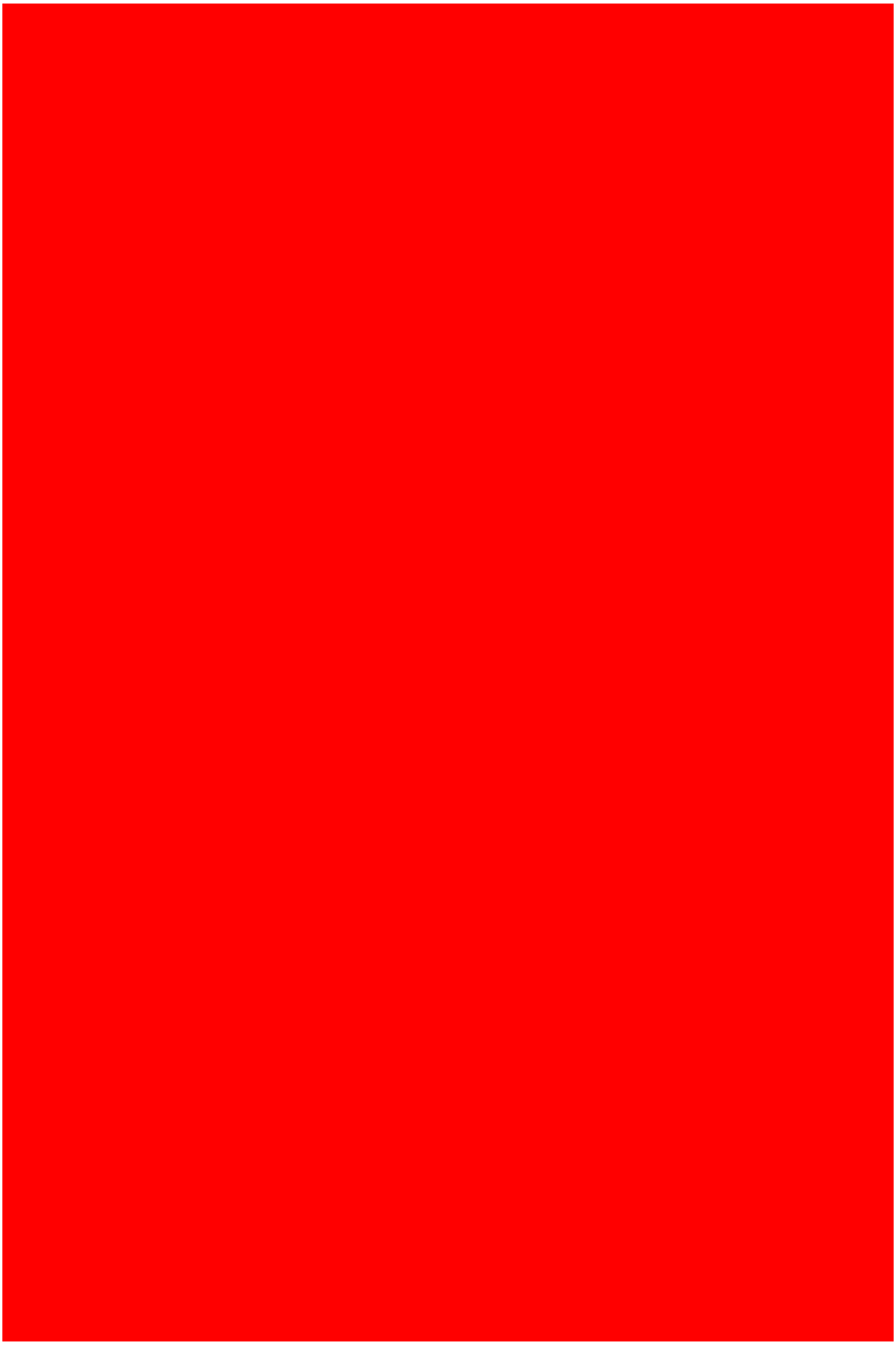
The Consolidated Interim Report as at March 31, 2011, which is presented in reclassified or condensed form, was prepared under IFRS.

For consolidation purposes, the Accounts as at March 31, 2011 of the Parent Company and subsidiaries were used and were properly reclassified and adjusted to take into account consolidation requirements, and modified as necessary to bring them into line with Group accounting principles.

In those cases in which the accounts did not fully reflect the reporting of items on an accruals basis, such as certain administrative expenses, the accounting figure was supplemented by estimates based on the budget.

All intercompany balance sheet and operating figures of a material amount were eliminated. All unreconciled amounts were posted to other assets or liabilities or to net other income/expenses, if not related to interests or commissions.

This Consolidated Interim Report is not audited by the External Auditors.



Declaration by the Nominated Official in charge of drawing up Company Accounts

The undersigned Marina Natale, in her capacity as the Nominated Official in charge of drawing up UniCredit SpA's company accounts

DECLARES

as prescribed by §154bis, 2 of the Testo unico delle disposizioni in materia di intermediazione finanziaria [the "Single Financial Services Act"] that the Consolidated Interim Report at March 31, 2011 agrees with the documentary records, ledgers and accounting data.

Milan, May 12, 2011

Nominated Official in charge
of drawing up Company Accounts

MARINA NATALE