This document constitutes a registration document (the "Registration Document") within the meaning of section 12 (1) of the German Securities Prospectus Act (Wertpapierprospektgesetz – "WpPG") in connection with Art. 14 and Annex XI of the Commission Regulation (EC) No. 809/2004 of 29 April 2004, as amended (the "Regulation").

HypoVereinsbank Member of UniCredit

UniCredit Bank AG

Munich, Federal Republic of Germany

17 May 2013

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PERSONS RESPONSIBLE

UniCredit Bank AG having its registered office at Kardinal-Faulhaber-Strasse 1, 80333 Munich ("HVB", acting through its head office or one of its foreign branches) accepts responsibility for the information contained in this Registration Document. UniCredit Bank AG declares that the information contained in this Registration Document is, to the best of its knowledge, in accordance with the facts and that no material information has been omitted.

STATUTORY AUDITORS

The independent auditors (*Wirtschaftsprüfer*) of UniCredit Bank AG for the financial years 2011 and 2012 have been KPMG AG Wirtschaftsprüfungsgesellschaft ("KPMG"), Ganghoferstrasse 29, 80339 Munich. KPMG is a member of the Chamber of German Public Accountants, an institution incorporated under public law (*Wirtschaftsprüferkammer, Anstalt des Öffentlichen Rechts*), Rauchstrasse 26, 10787 Berlin.

By way of a resolution adopted by the Shareholders' Meeting on 3 August 2012, HVB elected Deloitte & Touche GmbH, Wirtschaftsprüfungsgesellschaft (Deloitte) based in Munich, Rosenheimer Platz 4, 81669 Munich, to act as independent auditor of the annual and consolidated financial statements for the 2013 financial year. Deloitte is a member of the Chamber of German Public Accountants, an institution incorporated under public law (*Wirtschaftsprüferkammer, Anstalt des Öffentlichen Rechts*), Rauchstrasse 26, 10787 Berlin.

RISK FACTORS

The following is a disclosure of risk factors (the "Risk Factors") that are material with respect to the ability of UniCredit Bank AG ("HVB", and together with its consolidated subsidiaries, the "HVB Group") to fulfill its obligations under securities issued by it. Prospective investors should consider these Risk Factors before deciding to purchase securities issued by HVB, especially since in certain cases the investor may lose his entire investment or (substantial) parts of it.

Prospective investors should consider all information provided in the Registration Document and consult with their own professional advisers (including their financial, accounting, legal and tax advisers) if they consider it necessary. In addition, prospective investors should be aware that the risk described below may arise individually or cumulatively with other risks and might have mutually reinforcing effects.

Risks relating to HVB Group

General Notice

In 2013 the sovereign debt crisis continued to affect the European financial markets and the global economy.

The recovery at euro-wide level is getting increasingly entrenched, but the pace of growth remains uneven across countries, with peripheral countries lagging significantly behind the core group. In 2012 the debt crisis in Greece has been an important topic. With the successful historical haircut of debt (obligation conversion of Government loans) in March 2012, Greece achieved the requirements for the new auxiliary package from the European Financial Stability Facility (EFSF). The possibility of an unordered national bankruptcy of Greece was eliminated for the moment. In addition, the economic situation in Spain, Cyprus and Italy becomes more and more strained which now also effects the stock market. The European Stability Mechanism (ESM), which startet in September 2012, shall secure the stability of the Eurozone.

In general, the overall economic environment will be subject to numerous sources of uncertainty in 2013 and the financial sector will continue to face major challenges during the year. For example, if HVB Group experiences renewed turmoil on the financial markets, such as insolvencies in the financial sector or sovereign defaults, this could have a negative effect on the assets, liabilities, financial position and profit or loss of HVB Group.

1. Credit Risk

By purchasing the financial instruments issued by HVB Group, investors are financing the latter. As a result investors are subject to the risk that HVB Group is not able to honour its obligations relating to financial instruments where its financial condition will become negative.

1.1. Risks connected to an economic slowdown and volatility of the financial markets

The banking and financial services market in which the HVB Group operates is affected by unpredictable factors, including overall economic developments, fiscal and monetary policies, liquidity and expectations within capital markets and consumers' behaviour in terms of investment and saving. In particular, the demand for financial products in traditional lending operations could lessen during periods of economic downturn. Overall economic development can furthermore negatively impact the solvency of mortgage debtors and other borrowers of HVB Group such as to affect their overall financial condition. Such developments could negatively affect the recovery of loans and amounts due by counterparties of the Group companies, which, together with an increase in the level of insolvent clients compared to outstanding loans and obligations, will have an impact on the levels of credit risk.

The Group is exposed to potential losses linked to such credit risk, in connection with the granting of financing, commitments, credit letters, derivative instruments, currency transactions and other kinds of transactions. This credit risk derives from the potential inability or refusal by customers to honour their contractual obligations under these transactions and the HVB Group's consequent exposure to the risk that receivables from third parties owing money, securities or other assets to it will not be collected when due and must be written off (in whole or in part) due to the deterioration of such third parties' respective financial standing (counterparty risk). This risk is present in both the traditional on-balance sheet uncollateralised and collateralised lending business and off-balance sheet business, for example when extending credit by means of a bank guarantee. Credit risks have historically been aggravated during periods of economic downturn or stagnation, which are typically characterised by higher rates of insolvencies and defaults. The HVB Group's future earnings could also be adversely affected by depressed asset valuations resulting from a deterioration in market conditions in any of the markets in which the HVB Group companies operate. The above factors could also have a significant impact in terms of capital market volatility. As a result, volumes, revenues and net profits in banking and financial services business could vary significantly over time.

The HVB Group monitors credit quality and manages the specific risk of each counterparty and the overall risk of the respective loan portfolios, and the HVB Group will continue to do so, but there can be no assurance that such monitoring and risk management will suffice to keep the Group's exposure to credit risk at acceptable levels. Any deterioration of the creditworthiness of significant individual customers or counterparties, or of the performance of loans and other receivables, as well as wrong assessments of creditworthiness or country risks may have a material adverse effect on the Group's business, financial condition and results of operations.

1.2. Deteriorating asset valuations resulting from poor market conditions may adversely affect the HVB Group's future earnings

The global economic slowdown and economic crisis in certain countries of the Eurozone have exerted, and may continue to exert, downward pressure on asset prices, which has an impact on the credit quality of the HVB Group's customers and counterparties. This may cause the Group to incur losses or to experience reductions in business activity, increases in non-performing loans, decreased asset values, additional write-downs and impairment charges, resulting in significant changes in the fair values of the Group's exposures.

A substantial portion of the Group's loans to corporate and individual borrowers are secured by collateral such as real estate, securities, ships, term deposits and receivables. In particular, as mortgage loans are one of the Group's principal assets, it is highly exposed to developments in real estate markets.

Continued decline in the general economy of the countries in which the Group operates, or a general deterioration of economic conditions in any industries in which its borrowers operate or in other markets in which the collateral is located, may result in decreases in the value of collateral securing the loans to levels below the outstanding principal balance on such loans. A decline in the value of collateral securing these loans or the inability to obtain additional collateral may require the Group to reclassify the relevant loans, establish additional provisions for loan losses and increase reserve requirements. In addition, a failure to recover the expected value of collateral in the case of foreclosure may expose the Group to losses which could have a material adverse effect on its business, financial condition and results of operations. Moreover, an increase in financial market volatility or adverse changes in the liquidity of its assets could impair the Group's ability to value certain of its assets and exposures or result in significant changes in the fair values of these assets and exposures, which may be materially different from the current or estimated fair value. Any of these factors could require the Group to recognise write-downs or realise impairment charges, any of which may adversely affect its financial condition and results of operations.

1.3. The economic conditions of the geographic markets in which the Group operates have had, and may continue to have, adverse effects on the Group's results of operations, business and financial condition

While the Group operates in many countries, Germany is the primary country in which it operates. Thus, the Group's business is particularly linked to the macroeconomic situation existing in Germany and could be materially adversely affected by any changes thereto, particularly with regard to recoverability of loans. Recently, economic forecasts have suggested considerable uncertainty over the future growth of the German economy.

In addition to other factors that may arise in the future, rising unemployment and unfavourable conditions in the financial and capital markets in Germany could result in declining consumer confidence and investment in the German financial system, increases in the number of impaired loans and/or loan defaults, leading to an overall reduction in demand for the products and services offered by the Group.

Thus, a persistence of adverse economic conditions, political and economic uncertainty and/or a slower economic recovery in Germany compared with other Organisation for Economic Co-operation and Development ("OECD") countries could materially adversely affect the Group's results of operations, business and financial condition.

Furthermore, the uncertainties surrounding Western European economies, could adversely affect the Group's achievement of its strategic goals.

1.4. Non-traditional banking activities expose the HVB Group to additional credit risks

In addition to traditional banking activities such as lending and deposit-taking, the Group carries out non-traditional banking activities, which may expose the Group to additional credit and/or counterparty risk. Such additional risk may originate, for example, from: executing securities, futures, currency or commodity trades that fail to settle timely due to non-delivery by the counterparty or to system failures by clearing agents, exchanges, clearing houses or other financial intermediaries (including the Group); owning securities of third parties; and extending credit through other arrangements.

Parties to these transactions, such as trading counterparties or counterparties issuing securities held by entities of the Group, may default on their obligations due to insolvency, political and economic events, lack of liquidity, operational failure or other reasons. Defaults by counterparties with respect to a significant number of transactions or one or more transactions that involve significant volumes would have a material adverse effect on the Group's results of operations, business and financial condition.

The Group has made a series of significant investments in other companies, including those resulting from the conversion of debt into equity in the context of restructuring processes. Any losses or risks, operational or financial, to which the invested companies may be exposed may restrict the Group's ability to dispose of the above mentioned investments, and may cause considerable reductions in their value, with possible adverse effects to the Group's results of operations, business and financial condition.

In addition, the Group, as a result of executing guarantees and/or signing agreements to restructure debt, holds, and could acquire in the future, control or minority stakes in companies operating in industries other than those in which the Group currently operates, including, for example, real estate, oil, transport and consumer goods. These industries require specific skills in terms of knowledge and management that are not among those skills currently held by the Group. Nevertheless, in the course of any disposals, the Group may have to deal with such companies. This exposes the Group to the risks inherent in the activities of an individual company or subsidiary and to the risks arising from the inefficient management of such shareholdings, which could have adverse effects on the Group's results of operations, business and financial condition.

1.5. HVB Group's income can be volatile related to trading activities and fluctuations in interest and exchange rates

HVB Group's trading income can be volatile and is dependent on numerous factors beyond HVB Group's control, such as the general market environment, overall trading activity, equity prices, interest rate and credit spread levels, fluctuations in exchange rates and general market volatility.

HVB Group generates a significant amount of its income and incurs a significant amount of its expenses outside the Eurozone, and therefore is exposed to currency risk.

Fluctuations in interest rates in Europe and in the other markets in which the Group operates may influence the Group's performance. The results of the Group's banking operations are affected, inter alia, by the Group's management of interest rate sensitivity. Interest rate sensitivity refers to the relationship between changes in market interest rates and changes in net interest income. A mismatch of interest-earning assets and interestbearing liabilities in any given period, which tends to accompany changes in interest rates, may have a material effect on the Group's financial condition and results of operations.

Rising interest rates along the yield curve can increase the cost of the Group's borrowed funds faster and at a higher rate than the yield on its assets, due to, for example, a mismatch in the maturities of its assets and liabilities that are sensitive to interest rate changes or a mismatch in the degree of interest rate sensitivity of assets and liabilities with similar maturities. At the same time, decreasing interest rates can also reduce the yield on the Group's assets at a rate which may not correspond to the decrease in the cost of funding.

Furthermore, a significant portion of the Group's operations are conducted in currencies other than the Euro. Unfavourable movements in foreign exchange rates could, therefore, significantly influence the Group's results of operations, business, financial condition and prospects. As a result, the Group is exposed to foreign currency exchange rates and foreign currency transaction risks.

The Group's consolidated financial statements (including its interim financial statements) are prepared in Euro and carry out the necessary currency translations in accordance with applicable international accounting standards.

The Group employs a hedging policy with respect to the profits and dividends of its subsidiaries operating outside the Euro-Zone. The Group takes prevailing market conditions into account in implementing its hedging policy. Any negative change in exchange rates and/or a hedging policy that is ineffective at covering risk could significantly adversely affect the Group's results of operations, business and financial condition.

1.6. Changes in the German and European regulatory framework could adversely affect the Group's business

The HVB Group is subject to extensive regulation and supervision in all jurisdictions in which it operates, including but not limited to the German Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht ("BaFin")), the European Central Bank ("ECB") and the European Banking Authority (EBA). The rules applicable to banks are aimed at preserving the stability and solidity of banks and limiting their risk exposure. The HVB Group is also subject to regulations applicable to financial services that govern, among other things, the sale, placement and marketing of financial instruments as well as to those applicable to its bank-assurance activities.

The supervisory authorities mentioned above govern various aspects of the Group, which may include, among other things, liquidity levels and capital adequacy, the prevention and combating of money laundering, privacy protection, ensuring transparency and fairness in customer relations and registration and reporting obligations. In order to operate in compliance with these regulations, the Group has in place specific procedures and internal policies. Despite the existence of these procedures and policies, there can be no assurance that violations of regulations will not occur, which could adversely affect the Group's results of operations, business and financial condition. The above risks are compounded by the fact that, as at the date of this Registration Document, certain laws and regulations have only been recently approved and the relevant implementation procedures are still in the process of being developed.

In 2010, the Basel Committee on Banking Supervision of the Bank for International Settlements (BIS) published a set of reforms with a view to strengthening the resilience of the banking sector by enacting stricter global rules for equity capital and liquidity. The Basel III reform essentially comprises more stringent qualitative and quantitative capital requirements complete with additional liquidity standards comprising a short-term (Liquidity Coverage Ratio) and a long-term ratio (Net Stable Funding Ratio) as well as a non-risk-sensitive debt ratio (Leverage Ratio). Furthermore, the reforms include an expansion of the content of the monitoring process and the disclosure rules.

The Basel reform measures are implemented at European level by the Capital Requirement Regulation ("CRR") and the Capital Requirement Directive ("CRD IV"). CRD IV is a guideline that the individual member states are required to translate into national law. The CRR is a regulation that is immediately binding on all EU financial institutions without having to be translated into national law. This means that the CRR has immediate binding effect for all German financial institutions. The Basel reform package called for implementation in national and European law to take place in 2012 and the requirements to take effect from 1 January 2013. A transition period through to 2018 is permitted for certain requirements in order to give the banks enough time to adapt to the stricter requirements. In December 2012, the Basel Committee published a revised reform proposal regarding the new Liquidity Coverage Ratio ("LCR"). The LCR is intended to ensure that enough high-quality liquid assets are on hand to cope with a onemonth stress scenario. To satisfy the LCR, the high-quality liquid assets to net cash outflows must be at least 100%. This new proposal eases the qualitative requirements. It includes a graduated increase in the minimum requirement from 2015 to 2019 that requires a level of at least 60% to be achieved in 2015 and 100% in 2019.

There was no agreement at EU level (EU commission, European Parliament and the Council of the European Union) in 2012 on the implementation of the Basel reforms. In light of this, the new regulatory requirements have not been adopted at either EU level or at national level, and hence did not come into force in January 2013. The impact of these regulations could, therefore, have an adverse effect on the Group's results of operations, business and financial condition.

The various requirements may affect the activities of the Group, including its ability to grant funding, or result in the need for further capital injections in order to meet capital requirements as well as require other sources of funding to satisfy liquidity requirements, which could result in adverse effects to the Group's results of operations, business, assets, cash flows and financial condition, the products and services offered by the Group as well as the Group's ability to pay dividends.

In addition, consistent with the exercise carried out by the Committee of European Banking Supervisors ("CEBS") in 2010, the European Banking Authority in 2011 commenced a stress test over a sample of 90 European banks. The HVB Group passed the stress test. Furthermore, in October 2011, the EBA in collaboration with other competent authorities, initiated a regulatory capital exercise with respect to 71 banks throughout Europe, including HVB Group.

Due to the uncertainties connected with the above laws and regulations, there can be no assurance that their application will not have a significant impact on the Group's results of operations, business, assets, cash flows and financial condition, as well as on the products and services offered by the Group. In carrying out its activities, the Group is subject to numerous regulations of general application such as those concerning taxation, social security, pensions, occupational safety and privacy. Any changes to the above laws and regulations and/or changes in their interpretation and/or their application by the supervisory authorities could adversely affect the Group's results of operations, business and financial condition.

In addition, the Group follows international accounting standards in preparing its financial statements and interim financial statements. Due to the fact that some of these accounting standards are in the process of being amended and the fact that applications have been made to introduce new standards, the Group may need to restate figures in its financial statements that have already been published for prior financial years and/or periods. Moreover, the Group may also need to revise its accounting treatment of certain transactions and the related income and expense, which could have potentially negative effects on the estimates contained in the Group's financial plans for future years.

In this regard, the Group has taken into account the amendments to IFRS 7 and IAS 1 introduced by the IASB in preparing its financial statements for the year ended 31 December 2012. Furthermore, the Group will, in the future, have to take into account the amendments to IAS 19 and the new IFRS 10, IFRS 11, IFRS 12 and IFRS 13 standards, which hve been approved by the European Union and entered into force on 1 January 2013. The new IFRS 9 standard that is currently being prepared to replace IAS 39 will introduce significant changes to the classification, measurement, impairment and hedge accounting of certain instruments. The new IFRS 9 standard is currently expected to enter into force on 1 January 2015, pending final publication and European Union approval.

1.7. Loan losses may exceed anticipated levels

HVB Group is a major lender to several large corporate customers that have filed for the initiation of insolvency proceedings in the past years or are undergoing restructuring. There is the risk that HVB Group may require provisions for losses on loans and advances or incur loan losses in excess of HVB Group's expectations.

HVB Group is a major lender to large corporate customers, banks and financial institutions in Germany and other countries. The number of insolvencies to be expected in the future among HVB Group customers is unpredictable. If such number exceeds the anticipated levels, HVB Group may require provisions for losses on loans and advances or incur loan losses in excess of the budgeted amounts.

In such scenarios, loan losses may exceed anticipated levels.

1.8. Risks related to market implementations

Investors are relying upon the creditworthiness of the HVB Group and the results of the HVB Group are affected by general economic, financial and other business conditions. During recessionary periods, there may be less demand for loan products and a greater number of HVB Group's customers may default on their loans or other obligations. Higher interest rates may also have an impact on the demand for mortgages and other loan products. Fluctuations in interest rates in Europe and in the other markets in which the HVB Group operates influence HVB Group's performance.

1.9. Systemic risk could adversely affect the Group's business

In light of the relative shortage of liquidity and relatively high funding costs that have prevailed in the interbank lending market since the onset of the global financial crisis, the Group is exposed to the risk that the financial viability (actual or perceived) of the financial institutions with whom, and of the countries in which, it carries out its activities could deteriorate. The Group routinely executes a high volume of transactions with numerous counterparties in the financial services industry, including brokers and dealers, commercial banks, investment banks and other institutional clients. Financial services institutions that transact with each other are interrelated as a result of trading, investment, clearing, counterparty and other relationships; concerns about the stability of any one or more of these institutions or the countries in which they operate could lead to significant constraints on the availability of liquidity (including completely frozen interbank funding markets), losses or other institutional failures. In addition, should one of the counterparties of a certain financial institution suffer losses due to the actual or perceived threat of default of a sovereign country, that counterparty may be unable to satisfy its obligations to the above financial institution. The above risks, commonly referred to as „systemic“ risks, could adversely affect financial intermediaries, such as clearing agencies, clearing houses, banks, securities firms and exchanges, with whom the Group interacts on a daily basis, which in turn could adversely affect the Group's ability to raise new funding. The occurrence of any "systemic" risks could adversely affect the Group's results of operations, business and financial condition.

In addition, in each of the countries in which the Group operates, it could be required to participate in deposit guarantee and investor protection schemes. As a result, the insolvency of one or more of the participants in these schemes could result in HVB Group , or one of its banking subsidiaries', obligation to settle guaranteed customer claims against such insolvent participant(s) or to pay increased or additional contributions, which could materially adversely affect the Group's results of operations, business and financial condition.

2. Market Risk

Difficult market situations can add to volatility in HVB Group's income

HVB Group is responsible for the regional management of the German market and is also the centre of competence for the markets and investment banking operations. This gives rise to a balanced, solid business model built around several pillars. Depending on developments on external markets, it is possible that imbalances in earnings contributions may arise.

The strategic objective of HVB's Corporate & Investment Banking division is to be a leading, integrated European corporate and investment bank, offering its customers added value through specific relationship models geared to customer individual needs.

Despite the customer-oriented approach of its investment banking activities and the gradual elimination of proprietary trading, income naturally remains relatively volatile. Although investment banking is very profitable in a normal market environment, it is subject to increased income risks in difficult market situations.

3. Liquidity Risk

The HVB Group is subject to liquidity risk, i.e., the risk that it will be unable to meet its obligations, including funding commitments and deposit withdrawals, as they fall due. In this context, the procurement of liquidity for business activities and the ability to access long-term financing are necessary to enable the Group to meet its payment obligations in cash, scheduled or unscheduled, and avoid prejudice to its current activities and financial situation.

3.1. Risks concerning liquidity could affect the Group's ability to meet its financial obligations as they fall due

The global financial crisis and resulting financial instability have significantly reduced the levels and availability of liquidity and term funding. In particular, the perception of counterparty credit risk between banks has increased significantly, resulting in further reductions in interbank lending and the level of confidence from banks' customers, together with pressures on bond markets as a result of speculation.

In addition, the Group's access to liquidity could be further prejudiced through its inability to access bond markets, issue securities or secure other forms of wholesale funding. In this context, the Group has announced, as part of its strategic plan, its intention to decrease the proportion of wholesale funding in favour of retail funding. Therefore, reduced customer confidence could result in the Group's difficulty in accessing retail funding and to increased deposit outflows, which in turn could further limit the Group's ability to fund its operations and meet its minimum liquidity requirements. Furthermore, the differing tax treatment of securities issued by HVB group and those issued by the German Government has resulted in the securities issued by HVB Group being comparatively less favourable to investors, which could lead to higher funding costs.

Therefore, further increases in the cost of interbank funding, reductions in the availability of such funding, increases in the costs of, together with decreases in the availability of, similar or other forms of funding and/or the inability of the Group to dispose of its assets or liquidate its investments could affect the Group's business and materially adversely affect its results of operations and financial condition.

HVB Group also borrows from the European Central Bank (the "ECB"). Thus, any adverse change to the ECB's lending policy or any changes to the funding requirements set by the ECB, including changes to collateral requirements (particularly those with retroactive effect), could significantly affect the Group's results of operations, business and financial condition.

In addition, supervisory authorities are increasingly monitoring the transfer of liquidity between HVB Group entities as well as requiring Group subsidiaries to reduce their respective exposures to other Group companies. This increased oversight could affect the Group's ability to support the liquidity requirements of its parent company and subsidiaries through inter-group transfers of capital, which in turn could adversely affect the Group's results of operations, business and financial condition.

3.2. The HVB Group's results of operations, business and financial condition have been and will continue to be affected by adverse macroeconomic and market conditions

The Group's performance is influenced by the condition of financial markets and the macroeconomic situations of the countries in which it operates. In recent years, the global financial system has been subject to considerable turmoil and uncertainty and, as of the date of this Registration Document, short to medium term expectations of global economic performance remain uncertain. The global financial system began showing signs of disruption in August 2007 and its condition worsened significantly thereafter following the bankruptcies of several major international financial institutions beginning in September 2008. Such continued deterioration has led to significant distortions in global financial markets, including critically low levels of liquidity and of the availability of financing (with consequentially high funding costs), historically high credit spreads, volatile and unstable capital markets and declining asset values. In addition, the international banking system has been imperilled with unprecedented issues, which have led to sharp reductions in and, in some cases, the suspension of interbank lending.

The businesses of many leading commercial banks, investment banks and insurance companies have been particularly subject to significant pressure. Some of these institutions have failed or have become insolvent, have been integrated with other financial institutions, or have required capital injections from governmental authorities, central banks and/or the International Monetary Fund (the „IMF“). These governmental and quasi-governmental institutions have also provided needed capital and liquidity to the global financial system in addition to, in certain cases, requiring and/or participating in the recapitalisation of financial institutions.

Additional adverse effects of the global financial crisis include the deterioration of loan portfolios, decreased consumer confidence in financial institutions, high levels of unemployment and a general decline in the demand for financial services.

Furthermore, the general economic decline in the countries in which HVB Group operates has had, and could continue to have, adverse effects on its operations, financing costs, share price and the value of its assets and has led, and could continue to lead, to additional costs relating to such devaluations and decreases in value.

All of the above could be further impacted by any measures taken with respect to the currencies of such countries as well as by political instability in such countries and/or the inability of the governments thereof to take prompt action to confront the financial crisis.

3.3. The European sovereign debt crisis has adversely affected, and may continue to, adversely affect the Group's results of operations, business and financial condition

The continued deterioration of the sovereign credit ratings of various countries, including, among others, Greece, Italy, Ireland, Spain and Portugal, together with the potential for contagion to spread to other countries in Europe, mainly France and Germany, has exacerbated the severity of the global financial crisis. Such developments have lead to credible doubts being raised over the stability and status quo of the European Monetary Union.

On 5 December 2011, Standard & Poor's threatened Italy and 14 other countries in the Euro-Zone, including France and Germany, with a change of their amid rising concern over the capacity of those countries to manage their sovereign debt, as a consequence of the continued deterioration of the political, financial and monetary environment throughout the Eurozone. On 16 December 2011, Fitch threatened Italy to lower their rating and on 13 January 2012, among other Euro-zone sovereign downgrades, Standard & Poor's lowered Italy's long-term rating, citing their assessment that the policy initiatives taken by European policymakers in previous weeks may be insufficient to fully address ongoing systemic stresses in the Eurozone. Germany's rating is also subjecto to a continuous review by the rating agencies. Any further deterioration of the German economy would have a material adverse effect on the HVB Group's business, in light of the Group's significant exposure to the German economy. In addition, if any of the countries in which the Group operates enter recession again, the Group's results of operations, business and financial condition would be materially and adversely affected.

Furthermore, the increasing risk that other Eurozone countries will become subject to rising borrowing costs and will therefore have to confront the economic crisis in a manner similar to Italy, Greece, Spain and Portugal and Cyprus, together with the risk that member countries, even small countries in terms of Gross Domestic Product („GDP“), will exit the European Monetary Union (voluntarily or involuntarily), would likely have an adverse effect on the Group's business across Europe, as well as the impact of such events on Europe and the global financial system could be severe.

In an effort to reduce such unrest and avoid further acceleration of the crisis, the European Central Bank and the International Monetary Fund („IMF“) allocated €440 billion to the European Financial Stability Facility („EFSF“) to assist ailing European economies and to avoid the crisis from spreading throughout the Eurozone. At the time of this Registration Document, European leaders discussed additional austerity measures, including, among others, a substantial increase of the EFSF and a plan to restructure Greek sovereign debt. Furthermore, some countries have adopted, and may adopt in the future, restrictive fiscal policies, which have impacted, or could impact, disposable incomes and corporate profits and the Group's results of operations, business and financial condition.

Despite the various measures taken at the European level to manage the accelerating European sovereign debt crisis, including the ECB having lent approximately €500 billion in low cost, three year loans to more than 500 banks across the region as part of a single liquidity operation to help ease liquidity constraints, high levels of volatility and uncertainty persist in markets worldwide. This is in part due to the lack of agreement among the leading European governments on the appropriate use of the EFSF and other financial levers to support ailing Eurozone economies. Any further acceleration of the European sovereign debt crisis would likely significantly impact, among other things, the recoverability and quality of the sovereign debt securities held by the Group as well as the financial resources of the Group's clients holding similar securities. The occurrence of any of the above events could have a material adverse effect on the Group's results of operations, business and financial condition.

Furthermore, concerns over the European sovereign debt crisis could lead to the reintroduction of one or more Eurozone countries' national currencies. In a worst case scenario, the same concerns could result in the Euro being abandoned altogether. The occurrence of either of the above scenarios could adversely affect certain contractual relationships to which the Group is a party, both in terms of the Group's ability to satisfy its obligations to counterparties and in terms of counterparties' abilities to satisfy their obligations to the Group, which would materially adversely affect the Group's results of operations, business and financial condition.

With regard to the weaker Eurozone countries, any worsening of its socio-economic and political situation and any voluntary participation of HVB Group in the restructuring of 'the sovereign debt (e.g., through maturity extensions or discounts to nominal value) may negatively impact the Group's profitability, leading to even more significant losses.

In addition, should the ECB suspend, or revise the methods for making, its open market purchases of the sovereign debt securities of European countries and/or should the ongoing initiatives of supranational institutions aimed at resolving the European sovereign debt crisis ultimately fail, the value of sovereign debt securities could be negatively impacted and the Group's results of operations, business and financial condition could be adversely affected.

3.4. HVB Group has significant exposure to weaker Eurozone countries

In carrying out its activities, the Group has significant financial exposure to the major European countries and municipal corporations of those countries, as well as to other countries outside the Eurozone (so-called „sovereign exposure“).

In addition to HVB Group's exposure to sovereign debt securities, the Group is also exposed to sovereign debt through loans made to central and local governments and other governmental bodies.

Furthermore, any future downgrades to the credit ratings of the countries referred to above could result in HVB Group having to revise the weighting criteria it uses for calculating risk weighted assets („RWAs“), which could adversely affect HVB Group's capital ratios.

Thus, any negative developments in the Group’s „sovereign exposure“ could adversely affect its results of operations, business and financial condition.

Financial regulators have requested that HVB Group companies reduce their credit exposure to other Group entities, particularly their upstream exposure to UniCredit, which could have a material adverse effect on the way in which the HVB Group funds its operations and provides liquidity to members of the Group.

In common with other multi-jurisdictional banking groups, the Group companies have historically provided funding to other members of the Group, resulting in the transfer of excess cash liquidity from one member of the Group to another. Currently, one of the largest such outstanding exposures is from HVB to UniCredit, although HVB also has exposures to other Group companies. In addition, as the UniCredit Group’s investment banking activities are centralised within HVB, significant non-cash intra-group credit exposures exist on a day-to-day basis between HVB and other Group companies resulting from, among other things, HVB acting as an intermediary between such Group companies, on the one hand, and external counterparties, on the other hand, in connection with various financial risk hedging transactions. Due to the nature of this business, the intra-group credit exposure of HVB is volatile and can change significantly on a daily basis.

As a result of the ongoing global financial crisis, banking regulators in many of the jurisdictions in which the Group operates have sought, and continue to seek, to reduce the exposure of banks operating within their jurisdictions to other affiliated banks operating in jurisdictions over which they have no legal and/or regulatory control. This could have a material adverse effect on the way in which the Group funds its operations and provides liquidity to other Group companies.

Furthermore, under applicable German regulations, credit institutions may be exempted from including intra-group exposures in their overall limit for large exposures if certain conditions are met. HVB relies on this exemption with respect to the intra-group exposures described above. If such exemption is no longer available due to changes in applicable regulations or otherwise, HVB could have to either reduce or balance its risk-weighted assets by allocating additional qualifying regulatory capital to remain in compliance with its statutory minimum solvency ratio, as well as the higher ratio it has agreed with the "BaFin" to maintain.

In Germany, as a result of the level of HVB's intra-group cash and non-cash exposures and consequent discussions between UniCredit, HVB and BaFin, UniCredit and HVB Group have undertaken to reduce HVB's net intra-group exposure to the UniCredit Group, including through the use of collateral, based on ongoing discussions with BaFin and the Bank of Italy.

The implementation of the measures described above, the inability of the Group to provide additional collateral to support these arrangements were it required to do so, a request by BaFin to further reduce HVB's intra-group exposure because of a perceived or actual deterioration in the credit outlook of its counterparties or any other reason could have a material adverse effect on the Group's liquidity and the liquidity of certain of its subsidiaries. Any of these events could have a material adverse effect on the way the Group funds itself internally, on the cost of such funding (particularly if it must be obtained externally) as well as on the results of operations, business and financial condition of HVB and the Group.

3.5. Disruptions on financial markets potentially impact the liquidity situation of HVB Group

As market participant with global activities HVB Group is exposed to the general risk of disruptions on financial markets. As a consequence there might be the situation that HVB Group has to refinance assets at significantly increased funding costs. Longer lasting market tension might lead to an elevated liquidity risk situation caused by a lack of available funding sources.

4. Operative Risk

The Group is exposed to operational risks and losses that can result from, among other things, internal and external fraud, unauthorised activities in the capital markets, inadequate or faulty systems and controls, telecommunications and other equipment failures, data security system failures, errors, omissions or delays of employees, including with respect to the products and services offered, unsuitable Group policies and procedures, including those related to risk management, customer complaints, natural disasters, terrorist attacks, computer viruses and violations of law.

4.1. HVB Group's risk management strategies and techniques may leave HVB Group exposed to unidentified or unanticipated risks

Banks belonging to HVB Group are subject to the risks inherent to banking and financial activities. HVB Group has structures, processes and human resources aimed at developing risk management policies, procedures and assessment methods for its activities in line with best market practices in the industry.

The HVB Group's risk management division provides strategic direction and defines the risk management policies implemented. Some of the methods used to monitor and manage these risks involve observations of historic market conditions and the use of statistical models for identifying, monitoring, controlling and managing risk.

However, these methods and strategies may be inadequate for the monitoring and management of certain risks, such as the risks attached to financial products that are traded on unregulated markets (e.g., OTC derivatives), and, as a result, HVB Group could suffer greater losses than those contemplated by the methods or suffer losses not previously considered.

In addition, the occurrence of unforeseeable events, which have not been considered by the Risk Management Division and which may affect the performance of the markets in which HVB Group operates, could adversely affect the Group's results of operations, business and financial condition. These risks, and their effects, may be further aggravated by the complexities of integrating risk management policies into the Group's acquired entities.

At the date of this Registration Document, some of the relevant supervisory authorities are carrying out procedures to validate internal risk measurements that will be used for regulatory purposes by HVB and other companies belonging to the HVB Group. These procedures apply to models awaiting initial authorisation as well as models already approved, but for which the HVB Group must demonstrate its maintenance of regulatory requirements.

Despite the adoption of these models, it is possible that, after investigation or verification by the supervisory authorities, HVB Group's internal models will no longer be adequate, which could adversely affect HVB Group, particularly with respect to its calculation of capital requirements.

Various regulators that exercise oversight of HVB’s operations, including the German Central Bank, BaFin and the British Financial Services Authority (FSA), have conducted audits and/or reviews of HVB's risk management and internal control systems, and highlighted concerns (which were also the subject of additional internal and external HVB audits) about the extent to which such systems are fully compliant with applicable legal and regulatory requirements in Germany. As a result of discussions with BaFin regarding these matters, and after informing the Bank of Italy, HVB Group has undertaken to maintain within HVB Group a minimum solvency ratio that exceeds the statutory minimum required in order to address BaFin's concern that there be sufficient capital within HVB Group to absorb any losses that could result from shortcomings in its risk management policies, until such shortcomings are addressed to BaFin's satisfaction.

Progress on actions undertaken have been, and will continue to be, regularly reported by HVB Group to both UniCredit and to the relevant regulators, including the Bank of Italy and BaFin.

Nevertheless, even if HVB Group's plans, system improvements and robust monitoring process are acknowledged by BaFin, there can be no assurance that the actions taken, and planned to be taken, by HVB Group will be fully satisfactory to BaFin or the other regulators that have oversight of these matters. While HVB Group is in the process of addressing all the material concerns raised, there is a risk that BaFin and other regulators could take additional measures against HVB Group and its management, including issuing fines, imposing limitations on the conduct, outsourcing or the expansion of certain business activities, or seeking to require HVB Group to maintain a higher regulatory capital buffer.

4.2. IT risks

The new IT platform of HVB Group – EuroSIG - was implemented in 2010. For ensuring a fast change over period the bank accepted some internal restrictions (workarounds) mainly for credit processing topics. These restrictions have been continuously remediated.

While the Group actively employs procedures to contain and mitigate operational risk and related adverse effects, the occurrence of certain unforeseeable events, wholly or partly out of the Group's control, could substantially limit their effectiveness. As a result, there can be no assurance that the Group will not suffer future material losses due to the inadequacy or failure of the above procedures. The occurrence of one or more of above risks could adversely affect the Group's results of operations, business and financial position.

Although the Group believes that its resources are sufficient, complications and/or unexpected problems have arisen in the past and may arise in the future, which could delay or result in the inability of the Group to successfully integrate the above systems.

4.3. Risks in connection with outsourcing

Outsourcing involves the transfer of activities to external service providers. This also involves a transfer of some of the operational risk while contractual risks arising from the outsourcing arrangement remain in the Bank.

HVB has set up a standardised risk assessment process to ensure that the regulatory requirements regarding the outsourcing of business processes are met. In conjunction with relevant functional departments, such as Legal Affairs, Compliance, Internal Audit, IT Security and so on, The Outsourcing Tracking Office and the OpRisk Manager responsible for the outsourcing unit analyse all new outsourcing arrangements with regard to their materiality.

Where an outsourcing arrangement is classified as material, in-depth risk assessments are performed to analyse outsourcing-specific risk (essentially operational risk) and also non-quantifiable risks like reputational risk and strategic risk. The office responsible for each individual outsourcing arrangement (retained organisation – RTO) manages the identified risks using the processes specified at HVB and defines risk-reducing measures.

Failures in the risk assessment process or in defining risk reducing measures could lead to a negative impact on HVB Group´s results of operations, business and financial position.

4.4. Risks arising from fraud in trading

At the time of this Registration Document, no instances of fraud in HVB Group´s trading activities occured. Investigations were initiated when suspicions arose. Nevertheless such fraud in trading might arise in the future and could lead to financial losses as well as a negative perception of HVB Group.

4.5. Risks in connection with legal proceedings

As at the date of this Registration Document, there are certain legal proceedings pending against HVB Group and other companies belonging to the Group.

In many cases there is significant uncertainty as to the possible outcome of the proceedings and the amount of possible losses. These cases include criminal proceedings and administrative proceedings brought by supervising authorities as well as civil litigation where damages have not been specified.

The Group must also comply with various legal and regulatory requirements concerning, among others, conflicts of interest, ethical issues, anti-money laundering, sanctions imposed by the United States or international bodies, privacy rights and information security.

HVB Group believes that such proceedings have been properly analysed by the HVB Group in order to decide whether any increase in provisions for litigation is necessary or appropriate under the current circumstances. However, it cannot be excluded that the existing provisions may not be sufficient.

4.6. The Group is involved in pending tax proceedings

At the date of the Registration Document, there are different tax proceedings pending against HVB Group and other companies belonging to the HVB Group.

There can be no assurance that HVB Group will not be subject to an adverse outcome of one or more of the tax proceedings to which it is subject or may be subject in the future. Such an adverse outcome could have a material adverse effect on the Group's results of operations, business and financial condition. In addition, should a member of the Group breach or allegedly breach tax legislation in one or more of the countries in which the Group operates, the Group could be exposed to increased tax risks, which in turn could increase the likelihood of further tax litigation and result in reputational damage.

5. Strategic Risk

5.1. Risk from overall economic trends and risk from external market changes

The Bank provides customer-oriented products in its key business areas Corporate & Investment Banking (CIB), Private Clients Bank and Unternehmer Bank,concentrating on its core market of Germany. Against this backdrop, HVB Group views itself as a solid commercial bank with excellent customer relationships, putting it in a good position to continue operating successfully on the German market. However, should the measures aimed at stemming the euro crisis fail to success or further turmoil roil the financial markets on account of insolvencies in the financial sector or a default by individual sovereign borrowers (such as Greece), this could have a negative effect on the assets, liabilities, financial position and profit or loss of HVB Group.

5.2. Risks from the strategic positioning of HVB Group´s business model

HVB Group is responsible for the regional management of the German market and is also the centre of competence for the markets and investment banking operations of the whole of UniCredit. This gives rise to a balanced and solid business model built upon several pillars. However, depending on developments on external markets, it cannot always be ruled out that imbalances in earnings contributions could arise.

The strategic objective of our CIB division is to be a leading, integrated European corporate and investment bank, offering our customers added value through specific relationship models geared to individual customers' needs. Despite the customer-oriented approach of our investment banking activities and the discontinuation of proprietary trading, income naturally remains relatively volatile. Although investment banking is very profitable in a normal market environment, it is subject to increased income risks in difficult market situations.

5.3.Risks from the consolidation of the banking market

Consolidation on the German and international banking and financial markets is continuing apace. As a result of the uncertainty surrounding the consolidation and concentration in the German banking sector, it remains unclear how potential earnings will be divided among competitors in the future and at what cost market share can be won. In January 2013, HVB Group implemented a new business model to meet the new market requirements. Nevertheless, the assets, liabilities, financial position, and profit or loss of HVB Group could be affected negatively by an associated increase in the market power of its competitors.

5.4. Competition risk

Both investment banking and the financial services market in Germany represent highly competitive environments. In its core German market, the corporate group competes with public-sector banks, cooperative banks and other German and international private banks; certain of the public-sector banks can still call upon state guarantees for some of their operations. This may possibly have a negative impact on the assets, liabilities, financial position and profit or loss of the corporate group.

In the international financial and securities markets, in particular cyclical effects and unexpected fluctuations have a stronger impact in this environment. If the developments in these markets run counter to the expectations of HVB Group, this would impose a heavier burden on HVB's results than in previous years. This means that such swings could be reflected more visibly in the assets, liabilities, financial position and profit or loss of the corporate group.

HVB Group may not be able to further successfully implement its pricing strategy and improve interest margins in the current competitive environment. Failure to improve interest margins or maintain them at current level may have a significant negative impact on the HVB Group's results of operations and financial condition.

5.5. Uncertainty about macro-economic developments and risks from increasingly stringent regulatory requirements

The international discussion about the future regulatory environment for banks has many facets and the outcome is hard to assess at present in terms of complexity and cumulative effect. The regulatory environment will be tightened up across the board as a consequence of the financial crisis. It is possible, for instance, that the required core capital ratio will be raised and further regulatory ratios introduced. Besides increasing funding costs, the cost of implementing regulatory requirements and for updating IT systems accordingly will also rise in this context. At worst, this could weaken HVB Group's strong capital base.

5.6. The introduction of Basel III may have a material impact on the capital resources and requirements of HVB Group

Changes in existing, or new, government laws or regulations in the countries in which the Issuer operates may materially impact the Issuer. In December 2009, the Basel Committee on Banking Supervision issued a consultative document (also referred to as "Basel III") that outlined proposed changes to the definition of regulatory capital as well as the introduction of two new ratios for liquidity requirements: a short-term liquidity funding ratio and a long-term net stable funding ratio.

These proposals are going through a period of consultation and are expected to be introduced step by step in 2013, with substantial transitional arrangements.

Such proposals may significantly impact the capital resources and requirements of HVB Group and, therefore, could have a material adverse effect on the HVB Group's business, results of operations and financial condition, thereby potentially affecting HVB Group by requiring it to enter into business transactions which are not otherwise part of its current group strategy, restricting the type or volume of transactions HVB Group may enter into, set limits on or require the modification of rates or fees that HVB Group charges on loans or other financial products, HVB Group may also be faced with increased compliance costs and material limitations on its ability to pursue business opportunities.

5.7. Tax implications – new types of tax to make banks contribute to the cost of the financial crisis

Several ways of making banks contribute to the cost of the financial crisis are currently being discussed internationally. Besides a general levy on financial institutions which was implemented in several European countries in 2011, taxes on proprietary trading activities, taxes on financial transactions and taxes on variable elements of remuneration paid to bank employees with comparatively high incomes are being cited. The major industrialised nations are currently discussing all possible measures to agree upon a coordinated approach. Besides extracting a contribution to the costs, these measures also have a political purpose. HVB Group could face additional costs, should any of these issues currently under discussions actually be transformed into new tax laws.

5.8. Risks related to Ratings of HVB Group

HVB Group is rated by Fitch, by Moody's and by Standard & Poor's[1]. In determining the rating assigned to HVB, these rating agencies consider and will continue to review various indicators of the Group's performance, HVB Group's profitability and its ability to maintain its consolidated capital ratios within certain target levels. If HVB Group fails to achieve or maintain any or a combination of more than one of the indicators, including if HVB Group is unable to maintain its consolidated capital ratios within certain target levels, this may result in a downgrade of HVB Group's rating by Fitch, Moody's or Standard & Poor's.

The recognition of impairment losses, unforeseen defaults of large borrowers, financial results or capital ratios below expectations and a deterioration of the macro-economic environment in HVB Group's core markets may result in a lowering of HVB Group's credit ratings.

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[1] Fitch, Moody's and Standard & Poor's are established in the European Union and registered under Regulation (EC) No. 1060/2009 om 31 October 2011 by the relevant authority.

Also any deterioration of the credit ratings of UniCredit Group and its subsidiaries might as well lead to a further lowering of HVB Group's credit ratings. In view of the continuing turbulence on financial markets and the further worsening of the global economic condition, the financial sector ratings could be adjusted downwards in general. Should this development arise, this may well mean that the ratings of HVB Group and their subsidiaries are affected. Any deterioration of the credit ratings of HVB and related subsidiaries that are rated, for any reason, will result not only in increased funding costs, but will also limit HVB Group's funding sources and impact its liquidity.

In addition, rating downgrades may limit HVB Group's ability to conduct certain businesses, including strategically productive ones, and may have a considerable negative impact on the HVB Group. Such a change in the rating could make it harder to tap the capital markets, with higher funding costs having a negative effect on the assets, liabilities, financial position and profit or loss of HVB Group.

Moreover, the lowering of HVB Group's credit ratings may also affect the liquidity and the price of the financial instruments to be issued.

5.9. The regulatory environment for HVB Group may change; non-compliance with regulatory requirements may result in enforcement measures

HVB Group's operations are regulated and supervised by the central banks and regulatory authorities in each of the jurisdictions where it conducts business. The bank regulatory regimes in the various local jurisdictions are subject to change.

Changes in the regulatory requirements in a relevant jurisdiction may impose additional obligations on HVB Group companies. In addition, compliance with the revised regulatory requirements may result in a significant increase in administrative expenses which may have an adverse impact on HVB Group's financial condition and results of operations.

The Bank's international operations expose it to increasing requirements and scrutiny under a range of both domestic and international regulatory regimes. As a result, the Bank is and may become involved in regulatory inquiries covering various areas including economic sanctions and anti-money-laundering regulations. Such inquiries may continue over significant periods of time before being closed and may result in sanctions, fines or other judicial or regulatory actions.There is a risk that in the case of a repeated violation of the regulatory requirements in any relevant jurisdiction, the banking license granted to a company of the HVB Group in such jurisdiction will be revoked or limited.

In Germany, HVB Group is regulated by BaFin. BaFin has a wide range of enforcement powers in the event it discovers any irregularities.

Among other things, if HVB's or HVB Group's own funds or liquidity requirements do not meet the statutory minimum requirements, BaFin may prohibit HVB Group from extending further credits.

Should there be a risk that a bank may not be able to perform its obligations vis-à-vis its creditors, BaFin may, for the purpose of avoiding such risk, impose a so-called moratorium on the German banking subsidiaries of HVB Group in accordance with section 46a of the German Banking Act (Gesetz über das Kreditwesen), i.e. prohibit the disposal of assets and the making of payments, impose the closing down of a bank's business with customers and prohibit the acceptance of payments not intended for the discharge of debts owed to the bank.

Should the HVB Group or one of its subsidiaries not comply fully with the regulatory demands of the supervisory authorities, this could lead to sanctioning measures, in particular by BaFin. At worst, the business capabilities of the HVB Group and its subsidiaries could be restricted as a result.

6. Additional Risks

6.1. Business risk

HVB Group defines business risk as adverse, unexpected changes in business volume and/or margins that cannot be attributed to other risk types. It can result above all from a serious deterioration in the market environment, changes in the competitive situation or customer behaviour, and changes in the cost structure. The business risk strategy of HVB Group is based on the direction of business over the medium term and is reflected in planning. As part of its cost and income responsibility, each business unit is responsible for the operational management of business risk. Nevertheless, there can be no approval that there couldn´t arise serious losses in earnings, thereby diminishing the market value of HVB Group.

6.2. Risks arising from HVB´s real estate portfolio

HVB´s real estate portfolio includes the portfolio of the property ownership companies of HVB and its special-purpose companies and shareholding companies as well as the portfolios of HVB Group subsidiaries. Despite the favourable economic developments forecasted, the basic conditions for 2013 will remain difficult both worldwide and in Germany and will be marked by several sources of uncertainty. This may have an adverse impact on HVB Group's financial condition and results of operations.

The situation in the real estate markets depends on economic trends. If growth decreases, demand for rental space will deteriorate.

6.3. Risks arising from HVB Group´s shareholdings/financial investments

The strategy for risks arising from our shareholdings/financial investments is based on the direction of business in the medium term and is reflected in planning. Fluctuations in market prices of HVB Group´s portfolio of listed and unlisted shareholdings, financial investments and corresponding fund shares could lead to potential losses.

UNICREDIT BANK AG

Information about HVB, the parent company of HVB Group

UniCredit Bank AG, formerly Bayerische Hypo- und Vereinsbank Aktiengesellschaft ("HVB", and together with its consolidated subsidiaries, the "HVB Group") was formed in 1998 through the merger of Bayerische Vereinsbank Aktiengesellschaft and Bayerische Hypotheken- und Wechsel-Bank Aktiengesellschaft. It is the parent company of HVB Group, which is headquartered in Munich. HVB has been an affiliated company of UniCredit S.p.A., Rome ("UniCredit S.p.A." and together with its consolidated subsidiaries, "UniCredit") since November 2005 and hence a major part of the UniCredit from that date as a sub-group. UniCredit S.p.A. holds directly 100% of HVB's share capital.

HVB's legal name is UniCredit Bank AG, the brand name is "HypoVereinsbank".

HVB has its registered office at Kardinal-Faulhaber-Strasse 1, 80333 Munich and is registered with the Commercial Register at the Local Court (*Amtsgericht*) in Munich under number HRB 42148, incorporated as a stock corporation under the laws of the Federal Republic of Germany. It can be reached via telephone under +49-89-378-0 or via www.hvb.de.

BUSINESS OVERVIEW

Principal Activities

As a universal bank, HVB with its subsidiaries is one of the leading providers of banking and financial services in Germany. It offers a comprehensive range of banking and financial products and services to private, corporate and public-sector customers, and international companies. Its range extends i.a., from mortgage loans, consumer loans, savings-and-loan and insurance products as well as banking services for private customers, business loans and foreign trade financing for corporate customers through to funds products for all asset classes, advisory and brokerage services, securities transactions, liquidity and financial risk management, advisory services for affluent customers and investment banking products for corporate customers. HVB is the centre of competence for the international markets and investment banking activities of the entire UniCredit.

Divisions of HVB Group

The market-related activities of HVB Group are divided into the following globally active divisions: Corporate & Investment Banking, Family & SME[2], and Private Banking.

At the outset of 2013, the business model was adjusted to cater for the changed market environment which entailed a restructuring of global and regional responsibilities and thus the segments of HVB Group.

The business segment Corporate & Investment Banking is continuing to benefit from its global business focus but, in contrast of its existing structure, the Corporates Germany and Real Estate customer care models will be transferred to the new "Unternehmer Bank". The Unternehmer Bank stands for the comprehensive care of entrepreneurs in Germany. To this end, the customer care concepts for SMEs and business customers from the former Family & SME division are being combined and the Private Wealth Management customer care model from the former Private Banking division is being incorporated. This means that the entire German corporate customer business will be bundled in the Unternehmer Bank except for multinationals.

Furthermore, the Private Banking division was transferred to the newly formed Private Clients Bank and the Family Office to the Unternehmer Bank in connection with the new corporate structure.

Also shown is an "Other/consolidation" segment that covers Global Banking Services ("GBS") and Group Corporate Centre activities and the effects of consolidations.

Corporate & Investment Banking division

[2] small and medium enterprises

HVB's Corporate & Investment Banking comprises the coverage of corporate and institutional clients and four product lines: Financing & Advisory ("F&A"), Markets, Corporate Treasury Sales ("CTS") and Global Transaction Banking ("GTB").

HVB supports the growth and internationalization of corporate, institutional and public sector clients, creating sustainable value for all stakeholders. Lending is, and is set to remain, HVB's core business, associated with an appropriate proportion of its customers' other financial activities. HVB aims to build stable, strategic business partnerships by leveraging physical and logical proximity, and providing advice and solutions in both commercial and investment banking. Based on its sector-specific expertise, HVB aims at actively driving and shaping strategic issues in close dialogue with its clients.

HVB supports its customers through its European network. The Corporate & Investment Banking division also has a presence in the top financial centres in the world, including London, New York, Hong Kong, Singapore and Tokyo.

Major subsidiaries assigned to the Corporate & Investment Banking division include i.e. UniCredit Luxembourg S.A., which is assigned to several divisions, HVB Global Assets Company L.P., HVB Capital Asia Ltd., and HVB Capital Partners AG.

Financing & Advisory

F&A's diversified product range stretches from plain vanilla and core banking relationship products to highly sophisticated structured finance and capital markets solutions as well as M&A advisory services, typically targeting a broad client range from small and medium size enterprises to large and multinational corporate clients as well as institutional clients and financial sponsors. With the integration of the Global Capital Markets department in the F&A Product Line in October 2011, HVB can now offer its clients the full financing and capital raising capacity under one roof.

Markets

Markets comprises products and services with regard to: FX, Rates, Equities, Credit Markets, Corporate Treasury Sales and Research. With its Institutional and Wholesale Distribution, HVB services institutional investors and Wholesale clients.

Global Transaction Banking

GTB bundles HVB's competencies (product development and services) in e-business, cash management and foreign trade financing.

Major subsidiaries assigned to this division include Status Vermögensverwaltung GmbH and Structured Invest S.A.

Unternehmer Bank

HVB's Unternehmer Bank serves all corporate customers in Germany and accommodates the business and private banking side of entrepreneurs. Its customers are divided into four strategic target groups: key account (larger enterprises), small and medium enterprises, wealth management (family office) and commercial real estate. In order to tie customers to the bank, the Unternehmer Bank serves the four target groups with different business models that are aimed at reflecting their individual needs, a wide range from standardised products to tailor-made solutions in a strategic dialogue. The main aim is to increase cross selling by providing demand-based advice. Unternehmer Bank is also looking to secure further growth in the target groups. To do so, the Unternehmer Bank is continuing to invest in systematic customer account planning and refining both its advisory know-how and its products. Unternehmer Bank supports the growth and internationalisation of our clients.

The Leasing unit covers a wide range of products from small contracts to special financing solutions for larger transactions.

UniCredit Luxembourg provides access to the financial centre of Luxembourg for the clients of HVB Group. It intends on strengthening its position by focussing on serving high net worth customers within the Private Banking segment by offering customized solutions. It acts as compentence center for special solutions for the Group (for e.g. international asset structuring, development of special funds etc.).

Private Clients Bank

HVB's Private Clients Bank focuses on target group private clients and private banking. In order to tie customers to the bank, HVB serves the two target groups with different service models that are aimed at reflecting their individual needs. The main aim in the private clients target group is to increase product penetration by providing demand-based advice and expanding remote based distribution channels. HVB is also looking to secure further growth in the private banking target group. The Private Banking has set itself the goal of meeting the specific expectations of wealthy customers with regard to a bank and the services it offers in line with demand. To do so, HVB is continuing to invest in systematic customer contact, refining both its needs-based approach and its products.

The three subsidiaries Bankhaus Neelmeyer, WealthCap and PlanetHome are supporting this strategy: With the Bankhaus Neelmeyer, HVB occupies the market Bremen with an independent brand. Planet Home has two pillars: real estate brokerage and mortgages financing via an online platform, which distributes the mortgage financing needs of the customers. The WealthCap is a product factory for Closed End Funds with the focus on real estate and private equity funds.

Other/consolidation division

The "Other/consolidation" division encompasses Global Banking Services, Group Corporate Centre activities and consolidation effects.

Global Banking Services (GBS)

Global Banking Services activities encompass purchasing, organisation, logistics and facility management, cost management and back-office functions for credit, accounts, foreign exchange, money market and derivatives. Payments, securities settlement, IT application development and IT operation have been outsourced.

Group Corporate Centre

The Group Corporate Centre activities include profit contributions that do not fall within the responsibility of the individual divisions. Among other items, this includes the profits and losses of consolidated subsidiaries for which HVB's strategic property management function is responsible, such as HVB Immobilien AG and its subsidiaries, and of non-consolidated holdings, provided they are not assigned to the divisions, together with the net income from securities holdings for which the Management Board is responsible. Also incorporated in this segment are the amounts arising from decisions taken by management with regard to asset/liability management. This includes contributions to earnings from securities and money trading activities involving UniCredit S.p.A. and its subsidiaries. The Group Corporate Centre also includes the Real Estate Restructuring customer portfolio (RER).

Principal Markets

HVB Group has a developed network of branches in Germany via which it serves its customers. As of 31 December 2012, HVB Group had 941 branches (31 December 2011: 934) and 19,247 employees (in full-time equivalents, FTEs) (31 December 2011: 19,442). Because of its past HVB is traditionally particularly strong in Bavaria as well as in Hamburg and the surroundings.

MANAGEMENT AND SUPERVISORY BODIES

Like all German stock corporations, UniCredit Bank AG has a two-tier board system. The Management Board (*Vorstand*) is responsible for management and the representation of HVB with respect to third parties. The Supervisory Board (*Aufsichtsrat*) appoints and removes the members of the Management Board and supervises the Management Board's activities.

In accordance with Section 24 (1) sent. 2 of the German Act on the Co-determination of Employees in Connection with a Cross-border Merger (MgVG) in conjunction with Section 95 sent. 1 and 3 and Section 96 of the German Stock Corporation Act (AktG) and Section 9 of the Articles of Association, the Supervisory Board consists of 12 members, comprising an equal number of employee and shareholder representatives in accordance with the co-determination provisions. When new members of the Supervisory Board are appointed, care is taken to ensure that they have the required knowledge and skills and do not serve on governing bodies or perform advisory functions for key competitors. The members of the Supervisory Board are obliged to act in the interests of the company. Under the Supervisory Board's by-laws, any conflicts of interest must be disclosed to the Supervisory Board.

The Management Board is directly responsible for managing the company and works with the other bodies of the company and the employee representatives in the interests of the company. It develops the strategic orientation of the company, coordinates this with the Supervisory Board and is responsible for putting it into practice.

The members of the Management Board and the Supervisory Board of HVB may be reached at its business address (UniCredit Bank AG, Kardinal-Faulhaber-Strasse 1, 80333 Munich, Germany).

As of the date of this Registration Document, the composition of the Management Board and of the Supervisory Board of HVB and the functions and major activities performed by members of the Management Board outside HVB Group and the principal occupations of the members of its Supervisory Board are as follows:

Management Board

Name	Areas of Responsibility	Major activities outside HVB Group
Dr. Andreas Bohn since 1 January 2013	Business Segment Corporate & Investment Banking since 14 January 2013	Tikehau Investment Management S.A.S., Paris, France (Member of the Supervisory Board) FSL Holdings Pte. Ltd., Singapore, Singapore (Board of Directors)
Peter Buschbeck	Family & SME division until 13 January 2013, Business Segment Private Client Bank since 14 January 2013	-
Jürgen Danzmayr	Private Banking division until 13 January 2013, Business Segment Private Client Bank (main focus Private Banking) since 14 January 2013	Schoellerbank Aktiengesellschaft, Vienna, Austria (Member of the Supervisory Board)
Lutz Diederichs	Corporate & Investment Banking until 13 January 2013, Business Segment Unternehmer Bank since 14 January 2013	-
Peter Hofbauer	Chief Financial Officer	HVB Trust Pensionsfonds AG, Munich (Deputy Chairman of the Supervisory Board),
Heinz Laber	Human Resources Management, Global Banking Services	HVB Trust Pensionsfonds AG, Munich (Chairman of the Supervisory Board), BVV Versicherungsverein des Bankgewerbes a.G., Berlin (Chairman of the Supervisory Board)
Andrea Umberto Varese	Chief Risk Officer	-
Dr Theodor Weimer	Board Spokesman	ERGO Versicherungsgruppe AG, Düsseldorf (Member of the Supervisory Board), Bayerische Börse AG, Munich (Member of the Supervisory Board)

Supervisory Board

Name	Principal Occupation
Federico Ghizzoni, Milan, Chairman	Chief Executive Officer of UniCredit S.p.A., member of the Executive Management Committee of UniCredit S.p.A.
Peter König, Munich, Haar-Salmdorf, Deputy Chairman(1)	Employee of UniCredit Bank AG
Dr Wolfgang Sprissler, Sauerlach, Deputy Chairman	Former Board Spokesman of UniCredit Bank AG
Aldo Bulgarelli, Verona	Attorney and partner in law firm NCTM
Beate Dura-Kempf, Litzendorf(1)	Employee of UniCredit Bank AG
Klaus Grünewald, Gröbenzell(1)	FB1 unit manager in the Bavarian division of Vereinte

	Dienstleistungsgewerkschaft
Werner Habich, Mindelheim(1)	Employee of UniCredit Bank AG
Dr Lothar Meyer, Bergisch-Gladbach	Former Chairman of the Management Board of ERGO Versicherungsgruppe AG
Marina Natale, Uboldo	Chief Financial Officer of UniCredit S.p.A., member of the Executive Management Committee of UniCredit S.p.A.
Klaus-Peter Prinz, Trier(1)	Employee of UniCredit Luxembourg S.A.
Jens-Uwe Wächter, Himmelpforten(1)	Employee of UniCredit Bank AG
Dr Susanne Weiss, Munich	Attorney and partner in law firm Weiss, Walter, Fischer-Zernin

(1) Representative of Employees

As at the date of this Registration Document, there are no potential conflicts of interest between the duties to HVB of the above-mentioned members of the Management Board and members of the Supervisory Board of HVB and their private interests and/or other duties.

MAJOR SHAREHOLDERS

Following the completion of the squeeze-out, which took effect when entered in the Commercial Register at the Local Court (*Amtsgericht*) in Munich on 15 September 2008, UniCredit S.p.A. is the sole shareholder of HVB.

FINANCIAL STATEMENTS AND INTERIM FINANCIAL INFORMATION OF HVB

The audited consolidated financial statement in respect of the fiscal year ended 31 December 2011 of HVB and the audited unconsolidated financial statement of HVB as at 31 December 2011 (*HGB*) are incorporated by reference into this Registration Document. The audited consolidated financial statement in respect of the fiscal year ended 31 December 2012, the audited unconsolidated financial statement of HVB as at 31 December 2012 (*HGB*) and the unaudited consolidated financial statements of HVB as at 31 March 2013 (IFRS) are laid down as F-Pages of this Registration Document.

AUDITORS

KPMG, the independent auditors of HVB for the financial years 2011 and 2012 have audited the consolidated financial statements of HVB Group and the unconsolidated financial statements of HVB as of and for the years ended 31 December 2011 and 2012 and have issued an unqualified audit opinion thereon.

OUTLOOK

The global economy and the international financial markets will continue to face a high degree of uncertainty in 2013. However, HVB believes that there is a good chance of a moderate recovery in the global economy in the course of 2013. Despite recent trends pointing to an easing of the sovereign debt crisis in the eurozone, a final conclusion to the situation is not yet foreseeable. The weak economy will necessitate further cost-cutting measures in most countries. This will continue to weigh down the domestic economy in the coming quarters.

The financial markets will continue to be affected by the unresolved sovereign debt crisis in particular. Consequently, the performance of HVB Group will depend on the future development of the financial markets and the real economy as well as on other remaining imponderables. In this environment, HVB Group will continually adapt its business strategy to reflect changes in market conditions and carefully review the management signals derived from this on a regular basis. The banking sector still faces significant challenges, from both the overall economic environment and pending regulatory initiatives by banking supervisors.

LEGAL RISKS/ARBITRATION PROCEEDINGS

HVB and other companies belonging to the HVB subgroup are involved in various legal proceedings. The following is a summary of pending cases against HVB which have a value in dispute exceeding €50 million or are of significance for HVB for other reasons.

HVB is required to deal appropriately with various legal and regulatory requirements in relation to issues such as conflict of interest, anti-money-laundering laws, privacy and data-protection rules. Failure to do so may lead to additional litigation and investigations and subject HVB to damage claims, regulatory fines or other penalties. In many cases, there is a substantial uncertainty regarding the outcome of the proceedings and the amount of possible losses. These cases include criminal or administrative proceedings by the relevant authority and claims in which the petitioner has not specifically quantified the amounts in dispute. In all legal cases where it is possible to reliably estimate the amount of possible losses, and the loss is considered likely, appropriate provisions have been set up based on the circumstances and consistent with IAS accounting principles applied by HVB.

Medienfonds and other close-end-funds lawsuits

Various investors in VIP Medienfonds 4 GmbH & Co. KG brought legal proceedings against HVB. HVB did not sell shares in the Medienfonds fund, but granted loans to all private investors for a part of the amount invested in the fund; HVB assumed specific payment obligations of certain film distributors with respect to the fund. The investors in the Medienfonds fund initially enjoyed certain tax benefits which were later revoked by the tax authorities.

On 30 December 2011, Munich Higher Regional Court (*Oberlandesgericht*) stated that the prospectus was incorrect concerning the description of tax risks, loss risk and the fund´s forecast. The court further holds HVB liable along with the promoter of Medienfonds for such errors. HVB has appealed to the German Federal Court of Justice (*Bundesgerichtshof*). Any final decision in this proceeding will affect only a few pending cases since a general settlement has already been reached with the vast majority of the investors. Besides the civil proceedings, the fiscal courts have not yet published a final decision regarding whether the tax benefits were revoked rightfully. HVB and other German banks involved in said proceedings have proposed a settlement.

Furthermore there are a number of separate lawsuits from investors pending regarding other closed-end funds (mainly media funds, but also other asset classes). The changed view of the fiscal authorities regarding tax benefits granted earlier often represents the economic background to the respective litigation. Among other things, the plaintiffs base their claims on alleged inadequate advice and/or on supposed errors in the prospectus. With their claims the investors demand restitution of their equity contribution and offer in return the transfer of the related fund share to the Bank.

Relating to one public fund with investment target in heating plants, a number of investors brought legal proceedings against HVB. In these cases some plaintiffs applied for a specific procedure pursuant to the Capital Markets Test Case Act (*Kapitalanleger-Musterverfahrensgesetz*). The Munich Higher Regional Court will deal with the issue relating to prospectus liability. HVB is currently reviewing the application.

Real estate finance/financing of purchases of shares in real estate funds

In various cases customers dispute their obligation to repay their property loan agreements. According to the law and the opinion on this subject expressed in the German Federal Court of Justice's (*Bundesgerichtshof*) established practice, the customer has to prove that the conditions for the lapse of his repayment obligation Based on the experience gained to date, HVB assumes that legal risks will not arise from these cases.

Judgements from the German Federal Court of Justice also confirmed the already narrow conditions for a possible obligation on the part of HVB to give information and advice. Only in cases of institutionalised collaboration between the bank and persons acting on the part of the seller of the property, combined with deception of the customer by those persons, as well as in cases in which the bank has advised the customer on the acquisition of the property and received commission from the seller for selling the property the bank's liability cannot be ruled out. Based on its experience so far, HVB does not expect any negative effects for HVB in this respect either.

If a bank finances the purchase of shares in real estate funds for the borrower with a loan not secured by a real property lien, the borrower can – if the transaction is a so-called related transaction – contest the claim of the financing bank to repayment on the basis of objections which the borrower is entitled to assert against the seller or agent in the fund transaction on account of having received incorrect advice. Consequently, the bank has no claim against the customer to repayment of the loan if it utilised the sales organisation of the agent arranging the sale of shares in the fund, the loan was disbursed directly to the fund, and the investor was misled when purchasing the shares, or if the borrower has a right of rescission. The borrower in each individual case would have to demonstrate that these prerequisites were met. From today's standpoint, HVB expects these circumstances to apply, if at all, only in exceptional cases.

Lawsuits related to financial instruments

On account of the persistently unstable conditions of the financial markets, the number of complaints from customers invested in securities that have been negatively affected by the financial crisis remains unchanged at a high level. Some customers have taken legal action with respect to losses from securities transactions based on information that was allegedly not suitable for the relevant investor or on investment advice that was allegedly inappropriate with respect to the relevant investment or alleged negative performance of securities of other transactions.

Complaints and lawsuits by German customers whose derivative transactions have suffered losses or currently have a negative market value have also substantially increased. Among other things, the arguments made are that the Bank allegedly did not sufficiently inform the customer with respect to the relevant investment and potential risks related to such transactions. Generally, there has been a trend for investor-friendly judgments with respect to derivative-related lawsuits. Latest rulings confirm this trend but also demonstrate that the characteristics of the relevant product and the individual circumstances of each case are decisive. Thus the ruling of the courts is mixed whereat the application of Sec. 37a WpHG a.F. (Securities Trading Act earlier regulation) may be decisive.

A class action has been filed against several members of an underwriting consortium, including UniCredit Capital Markets, Inc. (UCCM). This class action is based on mortgage-backed securities issued by Bank of America. HVB is of the opinion that the claim is unfounded and UCCM will defend itself accordingly.

Proceedings related to German Tax Credits

During the years 2006 to 2008, a client of HVB entered into various transactions based on the expectation of receiving withholding tax credits on dividends from German equities which were traded around dividend dates.

In the context of a tax audit of the client, the German tax authorities demanded payment from the client of withholding tax credits that were previously granted. The demand, together with interest, amounted to circa € 124 million. , The client and its tax advisor are challenging the tax authorities' position. The client has also made a claim against HVB and is requiring a full indemnity from HVB. While the client has the primary liability to pay, the tax authorities also served upon HVB a secondary liability notice demanding payment of the circa €124 million sum on the basis of alleged issuer liability for tax certificates. HVB has challenged the notice. HVB has also issued claims against the client requiring full indemnification. In order to avoid the accruing of further potential interest and / or potential late payment penalties HVB AG and the client made preliminary payments to the competent tax authorities on a without prejudice basis. Up to now, an amount of around € 120 million has been paid with respect to the amount stated in the liability notice. The dispute continues.

In a Preliminary Investigation *(Ermittlungsverfahren)* against the client and others (including former and current employees of HVB) the General Public Prosecutor (*Generalstaatsanwaltschaft)* Frankfurt am Main searched inter alia the Munich premises of HVB and its IT-provider. HVB is fully cooperating with the prosecutor and the tax-police (*Steuerfahndung*). There is a risk that HVB could be held liable for damages to the client in the civil proceeding or for payments to the tax authorities with respect to the outstanding claims of the tax authorities (especially on the basis of the liability notice and further interest and / late payment penalties). In addition, HVB could be subject to other penalties, fines and profit claw backs, and/or criminal exposure.

In addition, HVB has notified the competent tax authorities of the possibility of certain proprietary trading of HVB undertaken close to dividend dates and related withholding tax credits claimed by HVB. In this context, and in parallel, the Supervisory Board of HVB has commissioned external advisors to conduct an audit of such matters. This audit is fully supported by UniCredit. HVB expects results of the internal audit about mid 2013.

In the course of the open regular tax audits for past fiscal years the German Central Federal Tax Authority (Bundeszentralamt für Steuern) and the Munich tax authorities are currently especially examining such transactions close to dividend dates and related to withholding tax credits. The Management Board of HVB with the support of external advisors is actively participating in the progress of the internal audit as well as the tax audit. HVB has an ongoing dialogue and exchange of information with the relevant tax authorities. Although German tax authorities have recently denied withholding tax credits in certain types of trades undertaken near dividend dates, there is no clear guidance from the highest German tax court on the tax treatment of such transactions. At this time, the impact of any review by the competent tax authorities is unknown. In relation to the above-described securities transactions, HVB could be subject to substantial tax and interest claims in relation to these matters, as well as penalties, fines and profit claw backs, and/or criminal exposure.

HVB is in communication with its relevant regulators regarding this matter.

Lawsuit in connection with Primeo-linked notes

HVB issued several tranches of notes whose potential return was to be calculated by reference to the performance of a synthetic hypothetical investment in the Primeo fund. The nominal value of the notes issued by HVB is around €27 million. Legal proceedings have been commenced in Germany in connection with the issuance of said Primeo-linked notes, which also named HVB as a defendant.

Securitisation - financial guarantee

In 2011, a financial institution filed suit against HVB with regard to a securitisation transaction. The parties dispute the validity of an early termination notice served by HVB on the financial institution in question. In December 2012, the English Court decided that the transactions were still ongoing and thus still valid and binding upon HVB. HVB is currently considering whether to appeal this decision.

Insolvency of Landsbanki Islands

In 2008, HVB concluded money market deposit transactions with Iceland-based Landsbanki Islands, among others, which were duly settled. The Winding-up Board of Landsbanki has recently challenged in court the repayment at that time of the money borrowed and sued HVB for payment of a middle double digit million euro sum. HVB has filed statements demanding the dismissal of the claims.

Repo transactions

Two customers belonging to the same group of companies have recently filed claims against HVB with a total amount in dispute of €491.4 million (plus interest). The dispute results from the termination of their repo-transactions with HVB. The claimants assert that the compensation paid by HVB to the clients following the clients' default was insufficient. The Bank defends itself against said claims.

Legal proceedings relating to the restructuring of HVB

Numerous (former) minority shareholders filed suits challenging the resolutions of the Extraordinary Shareholders' Meeting of HVB on 25 October 2006 (resolutions of approval) approving the sale and transfer of the shares held by the Bank in Bank Austria Creditanstalt AG (Bank Austria) and in HVB Bank Ukraine to UniCredit S.p.A. and the shares held in Closed Joint Stock Company International Moscow Bank (IMB) (renamed as ZAO UniCredit Bank, Moscow in December 2007, but still referred to as IMB below) and in HVB Bank Latvia AS (later renamed as AS UniCredit Bank, Riga) to Bank Austria Creditanstalt AG, and the branches of the Bank in Vilnius and Tallinn to AS UniCredit Bank, Riga, asking the court to declare these resolutions null and void. The former minority shareholders filed their lawsuits on the basis of alleged deficiencies of formalities in connection with the invitation and conduct of the Extraordinary Shareholders' Meeting of 25 October 2006 and the allegedly inadequate, too low purchase price paid for the units sold.

In a ruling dated 31 January 2008, Munich Regional Court I declared the resolutions of approval passed at the Extraordinary Shareholders' Meeting on 25 October 2006 null and void solely for formal reasons. The court did not decide on the issue of the allegedly inadequate purchase price paid for the purchased units. HVB has appealed against this ruling.

The resolutions passed by the Extraordinary Shareholders' Meeting of 25 October 2006 were confirmed at HVB's Annual General Meeting of Shareholders on 29 and 30 July 2008. Suits were filed against said confirmatory resolutions which are mainly based on a too low and inadequate consideration.

In a ruling dated 29 October 2008, Munich Higher Regional Court suspended the appeal against the suits challenging the resolutions of approval of the Extraordinary Shareholders' Meeting of HVB of 25 October 2006 until such time as a final court decision is passed on the suits challenging the confirmatory resolutions adopted during the Annual General Meeting of HVB on 29 and 30 July 2008. On 10 December 2009 Munich Regional Court I dismissed the suits against the resolutions adopted at the Annual General Meeting on 29 and 30 July 2008, including the suits against the confirmatory resolutions adopted at this meeting. The ruling by Munich Higher Regional Court on 22 December 2010 in which the decision of Munich Regional Court was upheld, was suspended by the German Federal Court of Justice and the case has been remanded to Munich Higher Regional Court for further hearing and decision.

Other administrative proceedings

There has been increasing scrutiny of the financial institutions sector, especially by US authorities, with respect to combating money laundering and terrorist financing and enforcing compliance with economic sanctions. In March 2011 HVB received a subpoena from the New York District Attorney's Office ("NYDA") relating to historic transactions involving certain Iranian entities. HVB has provided data in response to NYDA and the US Treasury Department Office of Foreign Assets Control ("OFAC") and continues to cooperate with those authorities, inter alia, by conducting an ongoing review of accounts and transactions subject to the investigation. In June 2012, the US Department of Justice ("DOJ") opened an investigation of OFAC compliance by HVB generally, with which HVB is also cooperating. Although we cannot at this time determine the form, extent or the timing of any resolution with the US authorities, the investigation costs, remediation required and/or payment or other legal liability incurred could have a material adverse effect on the net assets, operating results and/or cash flows of HVB in any particular period. In recent years, alleged violations of US sanctions have resulted in financial institutions paying substantial fines, penalties or settlements to the US authorities, depending on the individual circumstances of each case.

GENERAL INFORMATION

Documents on Display

Copies of the articles of association of HVB, the consolidated annual reports in respect of the fiscal years ended 31 December 2012 and 2011 of HVB, the unconsolidated annual financial statements of HVB in respect of the fiscal years ended 31 December 2011 and 2012 prepared in accordance with the German Commercial Code (*Handelsgesetzbuch*) and the consolidated interim report as at 31 March 2013 of HVB will be available during usual business hours on any weekday (except Saturdays and public holidays) at the offices of HVB. For the life of this Registration Document, all documents incorporated by reference herein will be available for collection in the English language, free of charge, at the office of HVB (Arabellastraße 12, 81925 Munich).

Significant Changes in HVB's Financial Position and Trend Information

There has been (i) no significant change in the financial position of the HVB Group which has occurred since 31 March 2013, and (ii) no material adverse change in the prospects of the HVB Group since the date of its last published audited financial statements of 2012 (Annual Report 2012).

Information incorporated by reference

The information "Audited consolidated financial statements at 31 December 2011" set out on pages F-1 to F-122 of the supplement dated 5 April 2012 relating to relating to the Base Prospectus for the Euro 50,000,000,000 Debt Issuance Programme of UniCredit Bank AG dated 20 May 2011 and the information "Audited unconsolidated financial statements (HGB) at 31 December 2011" set out on pages F-1 to F-58 of the Registration Document of UniCredit Bank AG dated 16 May 2012 are incorporated by reference into this Registration Document (see "General Information – Documents incorporated by reference").

Documents incorporated by reference

The following documents with respect to HVB shall be deemed to be incorporated in, and to form part of, this Registration Document. Parts of such documents which are not incorporated by express reference are not relevant for potential investors.

Audited consolidated financial statements at 31 December 2011	**Extracted from the supplement dated 5 April 2012 relating to the Base Prospectus for the Euro 50,000,000,000 Debt Issuance Programme of HVB dated 20 May 2011**	**Inserted in this Registration Document on the following pages:**
- Consolidated Income Statement	- p. F-1 to F-2	- p.- 21 -
- Consolidated Balance Sheet	- p. F-3 to F-4	- p. - 21 -
- Statement of Changes in Consolidated Shareholders' Equity	- p. F-5 to F-6	- p. - 21 -
- Consolidated Cash Flow Statement	- p. F-7 to F-8	- p. - 21 -
- Notes to the Consolidated Financial Statements	- p. F-9 to F-121	- p. - 21 -
- Auditors' Report	- p. F-122	- p. - 21 -

Audited unconsolidated financial statements (HGB) at 31 December 2011	Extracted from the Registration Document of UniCredit Bank AG dated 16 May 2012	Inserted in this Registration Document on the following pages:
- Income Statement	- p. F-1 to F-2	- p. - 21 -
- Balance Sheet	- p. F-3 to F-8	- p. - 21 -
- Notes	- p. F-9 to F-57	- p. - 21 -
- Auditors' Report	- p. F-58	- p. - 21 -

Copies of the documents which are (partly) incorporated herein by reference will be available, free of charge, at the office of HVB (Arabellastraße 12, 81925 Munich).

Financial Highlights

Key performance indicators

	2012	2011
Net operating profit	€1,807m	€1,935m
Cost-income ratio (based on operating income)	58.1%	62.1%
Profit before tax	€2,058m	€1,615m
Consolidated profit	€1,287m	€971m
Return on equity before tax[1]	9.2%	7.2%
Return on equity after tax[1]	5.8%	4.3%
Earnings per share	€1.55	€1.16

Balance sheet figures

	31/12/2012	31/12/2011
Total assets	€348.3bn	€372.3bn
Shareholders' equity	€23.3bn	€23.3bn
Leverage ratio[2]	15.0x	16.5x

Key capital ratios compliant with Basel II

	31/12/2012	31/12/2011
Core capital without hybrid capital (core Tier 1 capital)	€19.1bn	€19.9bn
Core capital (Tier 1 capital)	€19.5bn	€20.6bn
Risk-weighted assets (including equivalents for market risk and operational risk)	€109.8bn	€127.4bn
Core capital ratio without hybrid capital (core Tier 1 ratio)[3]	17.4%	15.6%
Core capital ratio (Tier 1 ratio)[3]	17.8%	16.2%

	31/12/2012	31/12/2011
Employees (in FTEs)	19,247	19,442
Branch offices	941	934

1 return on equity calculated on the basis of average shareholders' equity according to IFRS
2 ratio of total assets to shareholders' equity compliant with IFRS
3 calculated on the basis of risk-weighted assets, including equivalents for market risk and operational risk

Ratings

	LONG-TERM	SHORT-TERM	OUTLOOK	FINANCIAL STRENGTH	CHANGED/ CONFIRMED	PFANDBRIEFS		CHANGED/ CONFIRMED
						PUBLIC	MORTGAGE	
Moody's	A3	P-2	negative	C–	6/6/2012	Aaa	Aa1	8/6/2012
Standard & Poor's	A	A-1	negative	bbb+	8/8/2012	AAA	—	4/3/2013
Fitch Ratings	A+	F1+	stable	a–*	9/10/2012	AAA	AAA	11/3/2013/ 21/12/2012

* as of 20 July 2011 Fitch uses the Viability Rating, thus replacing the previous Individual Rating

Consolidated Income Statement

for the year ended 31 December 2012

		2012	2011	CHANGE	
Income/Expenses	**NOTES**	**€ millions**	**€ millions**	**€ millions**	**in %**
Interest income		7,134	8,823	(1,689)	(19.1)
Interest expense		(3,725)	(4,750)	+ 1,025	(21.6)
Net interest	32	3,409	4,073	(664)	(16.3)
Dividends and other income from equity investments	33	147	150	(3)	(2.0)
Net fees and commissions	34	1,163	1,308	(145)	(11.1)
Net trading income	35	1,190	190	+ 1,000	>+ 100.0
Net other expenses/income	36	141	91	+ 50	+ 54.9
Payroll costs		(1,839)	(1,819)	(20)	+ 1.1
Other administrative expenses		(1,499)	(1,593)	+ 94	(5.9)
Amortisation, depreciation and impairment losses on intangible and tangible assets		(178)	(199)	+ 21	(10.6)
Operating costs	37	(3,516)	(3,611)	+ 95	(2.6)
Net write-downs of loans and provisions for guarantees and commitments	38	(727)	(266)	(461)	>+ 100.0
Provisions for risks and charges	39	195	(251)	+ 446	
Restructuring costs	40	(102)	(108)	+ 6	(5.6)
Net income from investments	41	158	39	+ 119	>+ 100.0
PROFIT BEFORE TAX		**2,058**	**1,615**	**+ 443**	**+ 27.4**
Income tax for the period	42	(771)	(640)	(131)	+ 20.5
PROFIT AFTER TAX		**1,287**	**975**	**+ 312**	**+ 32.0**
Impairment on goodwill	43	—	(4)	(4)	(100.0)
CONSOLIDATED PROFIT		**1,287**	**971**	**+ 316**	**+ 32.5**
attributable to shareholder of UniCredit Bank AG		1,246	931	+ 315	+ 33.8
attributable to minorities		41	40	+ 1	+ 2.5

Earnings per share

(in €)

	Notes	2012	2011
Earnings per share (undiluted and diluted)	44	1.55	1.16

Consolidated statement of total comprehensive income for the year ended 31 December 2012

(€ millions)

	2012	2011
Consolidated profit recognised in the income statement	**1,287**	**971**
Income and expenses recognised in other comprehensive income		
Changes from foreign currency translation	(26)	29
Actuarial profit on defined benefit plans (pension commitments)	(586)	(12)
Change in valuation of financial instruments (AfS reserve)	245	(34)
Unrealised gains/(losses)	245	(35)
Gains reclassified to the income statement	—	1
Change in valuation of financial instruments (hedge reserve)	3	(46)
Unrealised gains/(losses)	—	(46)
Gains reclassified to the income statement	3	—
Other changes	(49)	(1)
Taxes on income and expenses recognised in equity	116	60
Total income and expenses recognised in equity under other comprehensive income	**(297)**	**(4)**
Total comprehensive income	**990**	**967**
of which:		
attributable to shareholder of UniCredit Bank AG	1,004	908
attributable to minorities	(14)	59

Consolidated Balance Sheet

at 31 December 2012

Assets

	NOTES	2012 € millions	2011 € millions		CHANGE € millions		in %
Cash and cash balances	45	15,655	4,267	+	11,388	>+	100.0
Financial assets held for trading	46	131,017	138,444		(7,427)		(5.4)
Financial assets at fair value through profit or loss	47	24,282	28,045		(3,763)		(13.4)
Available-for-sale financial assets	48	5,482	5,476	+	6	+	0.1
Shares in associates accounted for using the equity method							
and joint ventures accounted for using the equity method	49	65	49	+	16	+	32.7
Held-to-maturity investments	50	261	2,463		(2,202)		(89.4)
Loans and receivables with banks	51	36,320	44,277		(7,957)		(18.0)
Loans and receivables with customers	52	122,212	136,561		(14,349)		(10.5)
Hedging derivatives	54	3,262	2,698	+	564	+	20.9
Hedge adjustment of hedged items							
in the fair value hedge portfolio		193	160	+	33	+	20.6
Property, plant and equipment	55	3,013	2,906	+	107	+	3.7
Investment properties	56	1,557	1,678		(121)		(7.2)
Intangible assets	57	540	565		(25)		(4.4)
of which: goodwill		418	418		—		—
Tax assets		3,113	3,362		(249)		(7.4)
Current tax assets		370	551		(181)		(32.8)
Deferred tax assets		2,743	2,811		(68)		(2.4)
Non-current assets or disposal groups held for sale	58	70	131		(61)		(46.6)
Other assets	59	1,258	1,230	+	28	+	2.3
Total assets		**348,300**	**372,312**		**(24,012)**		**(6.4)**

Liabilities

	NOTES	2012 € millions	2011 € millions	CHANGE € millions		in %
Deposits from banks	61	45,216	57,858	(12,642)		(21.9)
Deposits from customers	62	110,268	107,442	+ 2,826		+ 2.6
Debt securities in issue	63	35,863	42,667	(6,804)		(15.9)
Financial liabilities held for trading	64	121,501	128,875	(7,374)		(5.7)
Hedging derivatives	65	1,386	1,022	+ 364	+	35.6
Hedge adjustment of hedged items						
in the fair value hedge portfolio	66	2,858	2,417	+ 441	+	18.2
Tax liabilities		2,596	2,296	+ 300	+	13.1
Current tax liabilities		893	555	+ 338	+	60.9
Deferred tax liabilities		1,703	1,741	(38)		(2.2)
Liabilities of disposal groups held for sale	67	20	—	+ 20		
Other liabilities	68	3,375	4,304	(929)		(21.6)
Provisions	69	1,948	2,113	(165)		(7.8)
Shareholders' equity	70	23,269	23,318	(49)		(0.2)
Shareholders' equity attributable to						
shareholder of UniCredit Bank AG		22,475	22,492	(17)		(0.1)
Subscribed capital		2,407	2,407	—		—
Additional paid-in capital		9,791	9,791	—		—
Other reserves		7,759	9,389	(1,630)		(17.4)
Change in valuation of financial instruments		56	(112)	+ 168		
AfS reserve		30	(134)	+ 164		
Hedge reserve		26	22	+ 4	+	18.2
Consolidated profit		2,462	1,017	+ 1,445	>+	100.0
Minority interest		794	826	(32)		(3.9)
Total shareholders' equity and liabilities		**348,300**	**372,312**	**(24,012)**		**(6.4)**

The profit available for distribution disclosed in the separate financial statements of UniCredit Bank AG (= consolidated profit of HVB Group), which forms the basis for the appropriation of profit, amounts to €2,462 million. This comprises the net profit of €1,462 million generated by UniCredit Bank AG in 2012 and a withdrawal of €1,000 million from other retained earnings. We will propose to the Shareholders' Meeting that a dividend of €2,462 million be paid to UniCredit S.p.A. (UniCredit), Rome, Italy. This represents a dividend of around €3.07 per share after around €1.27 in 2011.

Statement of Changes in Consolidated Shareholders' Equity

	SUBSCRIBED CAPITAL	ADDITIONAL PAID-IN CAPITAL	OTHER RESERVES TOTAL OTHER RESERVES	OTHER RESERVES OF WHICH: PENSIONS AND SIMILAR OBLIGATIONS (IAS 19)
Shareholders' equity at 1/1/2011	**2,407**	**9,791**	**9,485**	**(189)**
Consolidated profit recognised in the consolidated income statement	**—**	**—**	**—**	**—**
Total income and expenses recognised				
in equity under other comprehensive income[3]	**—**	**—**	**2**	**(8)**
Change in valuation of financial instruments not affecting income	—	—	—	—
Change in valuation of financial instruments affecting income	—	—	—	—
Actuarial losses on defined benefit plans	—	—	(8)	(8)
Reserve arising from foreign currency translation and other changes	—	—	7	—
Other changes	—	—	3	—
Total other changes in equity	**—**	**—**	**(98)**	**—**
Dividend payouts	—	—	—	—
Transfers to consolidated profit	—	—	(86)	—
Changes in group of consolidated companies	—	—	(12)	—
Shareholders' equity at 31/12/2011	**2,407**	**9,791**	**9,389**	**(197)**
Shareholders' equity at 1/1/2012	**2,407**	**9,791**	**9,389**	**(197)**
Consolidated profit recognised in the consolidated income statement	**—**	**—**	**—**	**—**
Total income and expenses recognised				
in equity under other comprehensive income[3]	**—**	**—**	**(410)**	**(402)**
Change in valuation of financial instruments not affecting income	—	—	—	—
Change in valuation of financial instruments affecting income	—	—	—	—
Actuarial losses on defined benefit plans	—	—	(402)	(402)
Reserve arising from foreign currency translation and other changes	—	—	(11)	—
Other changes	—	—	3	—
Total other changes in equity	**—**	**—**	**(1,220)**	**—**
Dividend payouts	—	—	—	—
Transfers to consolidated profit	—	—	(1,216)	—
Changes in group of consolidated companies	—	—	(4)	—
Shareholders' equity at 31/12/2012	**2,407**	**9,791**	**7,759**	**(599)**

1 The Shareholders' Meeting of 18 May 2011 resolved to distribute the 2010 consolidated profit in the amount of €1,270 million as a dividend to our sole shareholder, UniCredit S.p.A. (UniCredit), Rome, Italy. This represents a dividend of around €1.58 per share of common stock.
The Shareholders' Meeting of 10 May 2012 resolved to distribute the 2011 consolidated profit in the amount of €1,017 million as a dividend to our sole shareholder, UniCredit S.p.A. (UniCredit), Rome, Italy. This represents a dividend of around €1.27 per share.
2 UniCredit Bank AG (HVB)
3 see Consolidated statement of total comprehensive income

(€ millions)

CHANGE IN VALUATION OF FINANCIAL INSTRUMENTS: AFS RESERVE	HEDGE RESERVE	CONSOLIDATED PROFIT[1]	TOTAL SHAREHOLDERS' EQUITY ATTRIBUTABLE TO SHAREHOLDER OF HVB[2]	MINORITY INTEREST	TOTAL SHAREHOLDERS' EQUITY
(141)	**54**	**1,270**	**22,866**	**804**	**23,670**
—	**—**	**931**	**931**	**40**	**971**
7	**(32)**	**—**	**(23)**	**19**	**(4)**
18	—	—	18	(3)	15
(7)	(32)	—	(39)	—	(39)
—	—	—	(8)	—	(8)
(2)	—	—	5	24	29
(2)	—	—	1	(2)	(1)
—	**—**	**(1,184)**	**(1,282)**	**(37)**	**(1,319)**
—	—	(1,270)	(1,270)	(39)	(1,309)
—	—	86	—	—	—
—	—	—	(12)	2	(10)
(134)	**22**	**1,017**	**22,492**	**826**	**23,318**
(134)	**22**	**1,017**	**22,492**	**826**	**23,318**
—	**—**	**1,246**	**1,246**	**41**	**1,287**
164	**4**	**—**	**(242)**	**(55)**	**(297)**
165	—	—	165	12	177
(1)	4	—	3	—	3
—	—	—	(402)	—	(402)
—	—	—	(11)	(15)	(26)
—	—	—	3	(52)	(49)
—	**—**	**199**	**(1,021)**	**(18)**	**(1,039)**
—	—	(1,017)	(1,017)	(32)	(1,049)
—	—	1,216	—	—	—
—	—	—	(4)	14	10
30	**26**	**2,462**	**22,475**	**794**	**23,269**

Consolidated Cash Flow Statement

for the year ended 31 December 2012

(€ millions)

	2012	2011
Consolidated profit	**1,287**	**971**
Write-downs, provisions for losses on, and write-ups of,		
loans and receivables and additions to provisions for losses on guarantees and indemnities	788	436
Write-downs and depreciation less write-ups on non-current assets	266	327
Change in other non-cash positions	(669)	(483)
Profit from the sale of investments, property, plant and equipment	(223)	(113)
Other adjustments (net interest and dividend income from the income statement, taxes on income paid)	(3,399)	(4,117)
Subtotal	**(1,950)**	**(2,979)**
Change in assets and liabilities from operating activities after correction for non-cash components		
Increase in assets/decrease in liabilities (–)		
Decrease in assets/increase in liabilities (+)		
Financial assets held for trading	7,823	13,643
Loans and receivables with banks	7,900	384
Loans and receivables with customers	13,309	2,061
Other assets from operating activities	118	135
Deposits from banks	(12,372)	5,924
Deposits from customers	2,960	(965)
Debt securities in issue	(5,657)	(3,355)
Other liabilities from operating activities	(3,677)	(16,613)
Taxes on income paid	(54)	(560)
Interest received	7,130	9,026
Interest paid	(4,021)	(4,900)
Dividends received	170	639
Cash flows from operating activities	**11,679**	**2,440**
Proceeds from the sale of investments	4,992	3,753
Proceeds from the sale of property, plant and equipment	151	70
Payments for the acquisition of investments	(2,357)	(2,939)
Payments for the acquisition of property, plant and equipment	(343)	(176)
Effects of the change in the group of companies included in consolidation	(6)	50
Effect of the disposal of discontinued operations	—	—
Cash flows from investing activities	**2,437**	**758**

(€ millions)

	2012	2011
Change in additional paid-in capital	—	—
Dividend payments	(1,017)	(1,270)
Issue of subordinated liabilities	38	—
Repayment of subordinated liabilities	(1,256)	(699)
Other financing activities (debt, fund for general banking risks) (+)	—	22
Other financing activities (debt, fund for general banking risks) (–)	(493)	(49)
Cash flows from financing activities	**(2,728)**	**(1,996)**
Cash and cash equivalents at end of previous period	**4,267**	**3,065**
Net cash provided/used by operating activities	**11,679**	**2,440**
Net cash provided/used by investing activities	**2,437**	**758**
Net cash provided/used by financing activities	**(2,728)**	**(1,996)**
Effects of exchange rate changes	—	—
Less non-current assets or disposal groups held for sale and discontinued operations	—	—
Cash and cash equivalents at end of period	**15,655**	**4,267**

Notes to the Consolidated Financial Statements

for the period from 1 January to 31 December 2012

Consolidated financial statements in accordance with IFRS
UniCredit Bank AG (HVB), is a universal bank with its registered office and principal place of business in Kardinal-Faulhaber-Straße 1, Munich, Germany. HVB is an affiliated company of UniCredit S.p.A., Rome, Italy (ultimate parent company).

As a globally active company, HVB prepares its financial statements in accordance with the requirements of the International Accounting Standards Board (IASB). This provides a reliable and internationally comparable basis for evaluating the assets, liabilities, financial position and profit or loss of HVB Group. Our value-based management is similarly based on these accounting principles.

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) pursuant to EU Commission Regulation 1606/2002 of the European Parliament and of the Council of 19 July 2002 together with further regulations regarding the adoption of certain IFRS within the framework of the EU endorsement in conjunction with Section 315a (1) of the German Commercial Code (Handelsgesetzbuch – HGB) as non-exempt consolidated financial statements compliant with Section 4 of the IAS-VO Regulation. The present consolidated financial statements were prepared by the Management Board on 12 March 2013 and adopted by the Supervisory Board on 12 March 2013. Besides the standards defined as IFRS, the IFRS also comprise the existing International Accounting Standards (IAS) together with the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) and the former Standing Interpretations Committee (SIC), respectively. All the standards and interpretations subject to obligatory application in the EU for the 2012 financial year have been applied. Section 315a HGB also contains national regulations to be applied alongside the IFRS by capital-market-oriented companies.

The voluntary statement of compliance regarding the Corporate Governance Code required by Section 161 of the German Stock Corporation Act (Aktiengesetz – AktG) has been published on our website at www.hvb.com/declarationofconformity. Our listed subsidiaries DAB Bank AG and AGROB Immobilien AG have posted the equivalent mandatory statements of compliance on their websites.

Management’s Discussion and Analysis meets the requirements of Section 315 (1, 2) HGB. Also incorporated is a risk report pursuant to Section 315 HGB.

Compliant with Section 264b HGB, the following companies are exempted from the obligation to prepare a management report and publish their annual financial statements:
– A & T-Projektentwicklungs GmbH & Co. Potsdamer Platz Berlin KG, Munich
– Acis Immobilien- und Projektentwicklungs GmbH & Co. Oberbaum City KG, Grünwald
– Acis Immobilien- und Projektentwicklungs GmbH & Co. Parkkolonnaden KG, Grünwald
– Acis Immobilien- und Projektentwicklungs GmbH & Co. Stuttgart Kronprinzstraße KG, Grünwald
– BIL Immobilien Fonds GmbH & Co Objekt Perlach KG, Munich
– BV Grundstücksentwicklungs-GmbH & Co. Verwaltungs KG, Munich
– Delpha Immobilien- und Projektentwicklungs GmbH & Co. Großkugel Bauabschnitt Alpha Management KG, Munich
– Delpha Immobilien- und Projektentwicklungs GmbH & Co. Großkugel Bauabschnitt Beta Management KG, Munich
– Delpha Immobilien- und Projektentwicklungs GmbH & Co. Großkugel Bauabschnitt Gamma Management KG, Munich
– Grundstücksgesellschaft Simon beschränkt haftende Kommanditgesellschaft, Munich
– H & B Immobilien GmbH & Co. Objekte KG, Munich
– HAWA Grundstücks GmbH & Co. oHG Hotelverwaltung, Munich
– HAWA Grundstücks GmbH & Co. oHG Immobilienverwaltung, Munich
– HVB Gesellschaft für Gebäude mbH & Co. KG, Munich
– HVZ GmbH & Co. Objekt KG, Munich

– Hypo-Bank Verwaltungszentrum GmbH & Co. KG Objekt Arabellastraße, Munich
– HYPO-REAL Haus- und Grundbesitz Gesellschaft mbH & Co. Immobilien-Vermietungs KG, Munich
– Ocean Breeze Energy GmbH & Co. KG, Munich
– Omnia Grundstücks-GmbH & Co. Objekt Eggenfeldener Straße KG, Munich
– Omnia Grundstücks-GmbH & Co. Objekt Haidenauplatz KG, Munich
– Othmarschen Park Hamburg GmbH & Co. Centerpark KG, Munich
– Othmarschen Park Hamburg GmbH & Co. Gewerbepark KG, Munich
– Portia Grundstücks-Verwaltungsgesellschaft mbH & Co. Objekt KG, Munich
– Salvatorplatz-Grundstücksgesellschaft mbH & Co. oHG Saarland, Munich
– Salvatorplatz-Grundstücksgesellschaft mbH & Co. OHG Verwaltungszentrum, Munich
– SOLARIS Verwaltungsgesellschaft mbH & Co. Vermietungs KG, Munich
– Solos Immobilien- und Projektentwicklungs GmbH & Co. Sirius Beteiligungs KG, Munich
– TERRENO Grundstücksverwaltung GmbH & Co. Entwicklungs- und Finanzierungsvermittlungs KG, Munich
– TRICASA Grundbesitz Gesellschaft mbH & Co. 1. Vermietungs KG, Munich

Compliant with Section 264 (3) HGB, the following companies are exempted from the obligation to prepare a management report and publish their annual financial statements:
– Argentaurus Immobilien-Vermietungs- und Verwaltungs GmbH, Munich
– BV Grundstücksentwicklungs-GmbH, Munich
– CUMTERRA Gesellschaft für Immobilienverwaltung mbH, Munich
– HVB Immobilien AG, Munich
– HVB Principal Equity GmbH, Munich
– HVB Profil Gesellschaft für Personalmanagement mbH, Munich
– HVB Projekt GmbH, Munich
– HVB Tecta GmbH, Munich
– HVB Verwa 4.4 GmbH, Munich
– Interra Gesellschaft für Immobilienverwaltung mbH, Munich
– MERKURHOF Grundstücksgesellschaft mit beschränkter Haftung, Munich
– MILLETERRA Gesellschaft für Immobilienverwaltung mbH, Munich
– NF Objekt FFM GmbH, Munich
– NF Objekt München GmbH, Munich
– NF Objekte Berlin GmbH, Munich
– Orestos Immobilien-Verwaltungs GmbH, Munich
– RHOTERRA Gesellschaft für Immobilienverwaltung mbH, Munich
– Selfoss Beteiligungsgesellschaft mbH, Grünwald
– Spree Galerie Hotelbetriebsgesellschaft mbH, Munich
– Status Vermögensverwaltung GmbH, Schwerin
– Transterra Gesellschaft für Immobilienverwaltung mbH, Munich
– UniCredit Direct Services GmbH, Munich
– Verwaltungsgesellschaft Katharinenhof m.b.H., Munich

Accounting and Valuation

1 Uniform Group accounting policies
The separate financial statements of the domestic and foreign subsidiaries are incorporated in the consolidated financial statements of HVB in accordance with uniform principles of accounting and valuation. Where options have been exercised, the details are explained under the balance sheet items concerned.

2 Consistency
In accordance with the IFRS Framework together with IAS 1 and IAS 8, we apply the accounting and disclosure principles consistently from one period to the next. Where significant accounting and valuation errors from earlier periods are corrected, the amounts involved are adjusted retroactively. Where retroactive adjustment is not possible in exceptional circumstances, the amounts involved are adjusted against retained earnings. Where we effect changes in accounting policies, any resulting adjustments are similarly recognised retrospectively.

The Bank has changed its method of accounting for purchases and sales of financial assets (except for purchases and sales of loans and receivables). Such assets are now normally recognised on the settlement date instead of on the trade date as before. The change enhances the presentation of the assets, liabilities and financial position, as all financial instruments are now normally recognised at the settlement date across the board and not, as before, financial assets (excluding loans and receivables) at the trade date and other financial instruments (liabilities, and loans and receivables) at the settlement date. Furthermore, the Bank is also adopting the procedure normally used across the UniCredit corporate group. The effects on the holding at each year-end are insignificant as there are very few spot transactions on account of the seasonally low trading activity shortly before year-end that have not already been settled. The income statement is not affected, as any changes in value relating to financial instruments carried at fair value arising between the trade date and the settlement date are taken to the income statement even if the financial instruments concerned are not recognised in the accounts until the settlement date. In the case of financial instruments carried at amortised cost, changes of value that arise between those dates may not be recognised, with the exception of impairment losses.

In order to harmonise the presentation of allowances for losses on credit commitments and guarantees, allowances for losses on credit commitments are shown together with allowances for losses on financial guarantees (guarantees and documentary credits) for the first time at 31 December 2012 (see Note 69).

For the first time, we ceased to carry the future premium payments accruing from Boston-style currency options under loans and receivables with banks and customers or deposits from banks and customers in the reporting period. They are now carried under financial assets or financial liabilities held for trading as part of the market value for the option instead. All Boston-style currency options are classified as held for trading.

In the reporting period, we made an adjustment in accordance with IAS 8.41 that led to increases of €47 million in loans and receivables with customers and €64 million in property, plant and equipment and an increase of €121 million in amounts payable under finance leases. Furthermore, the depreciation and impairments taken on property, plant and equipment increased by €10 million in the reporting period. We have not adjusted the year-ago figures for materiality reasons.

Moreover, we made an adjustment compliant with IAS 8.41 in the reporting period with regard to three consolidated companies whose shareholder agreements contain pre-emptive rights regarding the limited partnership shares vis-à-vis HVB, the exercise of which is at the sole discretion of the limited partners. Up until now, we have carried the limited partnership shares as minority interests and set up corresponding provisions for anticipated losses on pending transactions arising from the pre-emptive rights in parallel. These shares are to be treated as debt on account of the existing (conditional) purchase obligation. In the reporting period, the liability to the shareholders was recognised at the present value of the anticipated future cash flows and the previously disclosed provision for anticipated losses on pending transactions reversed. The profits attributable to the holders of limited partnership shares are recognised in interest expense. This change led to an increase of €242 million in deposits from customers and decreases of €188 million in provisions, €41 million in minority interests and €13 million in interest expense in the reporting period. The year-ago figures have not been adjusted for materiality reasons.

Compliant with IAS 8.41, the fixtures in rented buildings previously carried under other assets were reclassified to property, plant and equipment (€25 million) during the reporting period. The associated depreciation is carried under depreciation of tangible assets (€6 million) in the reporting period. We have not adjusted the prior-year figures for materiality reasons.

In accordance with the provisions of IAS 32 (IAS 32.42 in conjunction with IAS 32.48), the positive and negative market values of OTC derivatives that offset each other at currency level were netted for OTC derivatives concluded with the same central counterparty (CCP). Such netting does not lead to the derivatives being written off; they continue to be recognised as financial instruments. The year-ago figures have been adjusted accordingly. The change has no impact on the income statement, as only the presentation in the balance sheet is netted. Derivatives classified as both held for trading and hedge derivatives are affected by this. Accordingly, the positive market values for trading derivatives and hedging derivatives have decreased by €16 billion (2011: €11 billion) and €4 billion (2011: €2 billion) respectively, and negative market values of trading derivatives and hedging derivatives by €18 billion (2011: €12 billion) and €2 billion (2011: €1 billion) respectively.

In addition, we have made minor adjustments to the structure of our income statement during the reporting period. The income items "Operating income", "Operating profit" and "Net operating profit" are no longer shown. No changes have been made to the composition of the remaining individual income statement items. Compliant with IFRS 8.23, we continue to show the income items listed above in our segment reporting in accordance with the management approach.

Changes in estimates have been recognised in net income for the period affected by the change in the estimation method. Provided the change in the estimation method does not affect the income statement, the carrying amount of the concerned asset or liability, or shareholders' equity position has been adjusted.

The consolidated financial statements are prepared under the assumption of a going concern. Accounting and valuation in accordance with IFRS contains values that have been determined reliably using estimates and assumptions. The estimates and assumptions applied are based on past experience and other factors such as budgets, expectations and forecasts regarding future events which seem appropriate under the present circumstances. This mainly effects the determination of the fair values of certain financial assets and liabilities, net write-downs of loans and provisions for guarantees and commitments, deferred taxes, and the accounting and valuation of provisions. The actual values may differ from the assumptions and estimates made.

The following Notes are affected by estimates, assumptions and discretionary decisions:

Accounting and Valuation
– Note 6 Principles of consolidation (multi-year plan as the basis for the regular validation of goodwill)
– Note 14 Impairment of financial assets
– Note 24 Provisions

Notes to the Income Statement
– Note 37 Operating costs (determination of the fair value for stock options in long-term incentive programmes)
– Note 42 Income tax for the period (multi-year plan as the basis for assessing the volume of deferred taxes on tax loss carryforwards that has already been capitalised or is to be capitalised)

Notes to the Consolidated Balance Sheet
– Note 69 Provisions

Other Information
– Note 76 Fair value hierarchy (selection of the input parameters that cannot be tracked in valuations models used to calculate fair values)

Apart from this, the accounting, valuation and disclosure principles applied in 2012 are the same as those applied in the consolidated financial statements for 2011, with the exception of the new IFRS rules to be applied as described in Note 3 below.

3 Initial adoption of new IFRS accounting rules
The following standard revised by the IASB was subject to initial adoption in the 2012 financial year:
– Amendments to IFRS 7 "Financial Instruments: Disclosures – Transfer of Financial Assets"

Adoption has no significant effect on HVB Group. The amendments to IFRS 7 give rise to additional disclosures in the notes to the consolidated financial statements regarding transfers of financial assets (such as securitisation transactions).

4 Published IFRS that are not yet the subject of mandatory adoption and that have not been the subject of early adoption
As permitted, we have decided against the early voluntary adoption of the standards and interpretations adopted or revised by the IASB, which only become the subject of mandatory adoption for the 2013 financial year or thereafter. The Bank will apply these in the financial year in which the standards in question become applicable for EU-based enterprises for the first time.

Accounting and Valuation (Continued)

The EU has adopted the following into European law:
– Amendments to IFRS 7 "Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities". The provisions are subject to mandatory adoption for reporting periods beginning on or after 1 January 2013.
– IFRS 10 "Consolidated Financial Statements"
– IFRS 11 "Joint Arrangements"
– IFRS 12 "Disclosures of Interests in Other Entities"
– IAS 27 "Separate Financial Statements" (revised)
– IAS 28 "Investments in Associates and Joint Ventures" (revised). The provisions are subject to mandatory adoption by EU-based enterprises for reporting periods beginning on or after 1 January 2014.
– IFRS 13 "Fair Value Measurement". The provisions are subject to mandatory adoption for reporting periods beginning on or after 1 January 2013.
– Amendments to IAS 1 "Presentation of Financial Statements – Other Comprehensive Income". The provisions are subject to mandatory adoption for reporting periods beginning on or after 1 July 2012.
– Amendments to IAS 12 "Deferred Tax: Recovery of Underlying Assets". The provisions are subject to mandatory adoption by EU-based enterprises for reporting periods beginning on or after 1 January 2013.
– Amendments to IAS 19 "Employee Benefits". The provisions are subject to mandatory adoption for reporting periods beginning on or after 1 January 2013.
– Amendments to IAS 32 "Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities". The provisions are subject to mandatory adoption for reporting periods beginning on or after 1 January 2014.

The EU has not yet adopted the following into European law:
– IFRS 9 "Financial Instruments and subsequent amendments to IFRS 9 and IFRS 7". The provisions are subject to obligatory adoption for reporting periods beginning on or after 1 January 2015.
– Amendments to the consolidation standards IFRS 10, IFRS 11 and IFRS 12 – "Transition Guidance". These transitional rules are subject to mandatory adoption for reporting periods beginning on or after 1 January 2013.
– Amendments to the consolidation standards IFRS 10, IFRS 12 and IAS 27 – "Investment Entities". The consolidation rules for investment entities are subject to mandatory adoption for reporting periods beginning on or after 1 January 2014.
– "Annual Improvements to IFRSs 2009-2011". These minor amendments and corrections to various existing standards are subject to mandatory adoption for reporting periods beginning on or after 1 January 2013.

The new IFRS 9, only part of which has so far been published by the IASB and which has not yet been transformed into European law by the EU and for which the date of introduction has been put back to 1 January 2015, will have a significant impact on the presentation and measurement of financial instruments. The effects are still being analysed. The future new consolidation rules (IFRS 10, IFRS 11, IFRS 12, IAS 27, IAS 28) and IFRS 13 "Fair Value Measurement" are highly relevant and their effects are also being analysed at present. At the same time, we do not expect the remaining standards and interpretations to be applied in the future to have any significant effects on the consolidated financial statements.

5 Companies included in consolidation
The group of companies included in consolidation by HVB Group encompasses 169 (2011: 169) subsidiaries. The group of consolidated companies also includes 25 (2011: 33) companies and fund assets which SIC 12 requires to be consolidated as special purpose entities.

The group of companies included in consolidation has been defined taking into account materiality criteria. In addition, smaller companies that are below the materiality thresholds have also been consolidated on account of the rules defined by the supervisory authorities that regulate UniCredit. In order to avoid coordination and reconciliation problems, we have decided to gradually expand the group of companies included in consolidation. The fully consolidated subsidiaries prepared their annual financial statements for the period ending 31 December 2012.

The following companies have different year-end dates:

– Grand Central Funding Corporation, New York	31 May
– Kinabalu Financial Products LLP, London	30 November
– Kinabalu Financial Solutions Limited, London	30 November

When the consolidated financial statements are being prepared, interim financial statements are prepared at the corporate year-end date for all these companies.

No financial statements at 31 December 2012 were available for the associated companies listed below valued using the equity method when the consolidated financial statements were prepared. The following financial statements were used for valuation using the equity method:

– Adler Funding LLC, Dover	30 September 2012
– Comtrade Group B.V., Amsterdam	30 November 2012
– Martur Sünger ve Koltuk Tesisleri Ticaret ve Sanayi A.S., Istanbul	30 November 2012

There were no significant events at these companies between the date when the above financial statements were prepared and 31 December 2012 that could have an impact on the assets, liabilities, financial position, and profit or loss.

The group of consolidated companies does not include any companies for which the proportionate consolidation method is applied.

In 2012, the following companies were newly added to the group of companies included in consolidation at HVB Group:
– Chiyoda Fudosan GK, Tokyo
– HJS 12 Beteiligungsgesellschaft mbH, Munich
– Ocean Breeze Asset GmbH & Co. KG, Munich
– Ocean Breeze GmbH, Munich
– Perikles 20092 Vermögensverwaltung GmbH, Munich
– UniCredit Merchant Partners, Munich

The following companies added to the group of companies included in consolidation by HVB Group in 2012 are consolidated using the equity method:
– Bulkmax Holding Ltd., Valletta
– Nautilus Tankers Limited, Valletta

In 2012, the following companies left the group of companies included in consolidation of HVB Group due to absorption, sale or liquidation:
– Cameron Granville 2 Asset Management Inc., Global City, Taguig
– Cameron Granville 3 Asset Management Inc., Global City, Taguig
– Cameron Granville Asset Management (SPV-AMC), Inc., Global City, Taguig
– Cosima Purchase No. 13 Ltd., St. Helier
– Cosima Purchase No. 14 Ltd., Dublin
– Cosima Purchase No. 15 Ltd., Dublin
– Cosima Purchase No. 6 S.A. – Compartment 3, Luxembourg
– Elektra Purchase No. 27 Limited, Dublin
– Elektra Purchase No. 50 Limited, Dublin
– HVB Capital LLC VIII, Wilmington
– HVB Funding Trust VIII, Wilmington
– HVB International Asset Leasing GmbH, Munich
– SKB VTMK International Issuer Ltd. – Series 2011-1, Dublin
– The Trans Value Trust Company Ltd. – SFCG “REC Loan ABL” Trust, Tokyo

Accounting and Valuation (Continued)

The assets and liabilities of the company The Trans Value Trust Company Ltd. – SFCG "REC Loan ABL" Trust, Tokyo, were transferred to Chiyoda Fudosan GK, Tokyo. SFCG was liquidated upon completion of the transfer and hence left the group of companies included in consolidation as of December.

We acquired HJS 12 Beteiligungsgesellschaft mbH, Munich, on 30 November 2012. As a result of the purchase, we indirectly acquired all of the shares in Ocean Breeze Energy GmbH & Co. KG and other affiliated companies (Perikles 20092 Vermögensverwaltung GmbH, Munich; Ocean Breeze Asset GmbH & Co. KG, Munich; Ocean Breeze GmbH, Munich). Ocean Breeze Energy GmbH & Co. KG had already been incorporated in the group of companies included in consolidation by HVB Group as a special purpose entity in accordance with SIC 12 since 2008. By acquiring HJS 12, HVB now also has decision-making authority over the wind farm assets as well as the economic risks and rewards.

At year-end, we had a total of 145 (2011: 144) affiliated and associated companies, and joint ventures in HVB Group that were neither fully consolidated nor fully accounted for using the equity method as they do not have a material impact for the Group.

The effects on the balance sheet of the contractual relationships between the Group companies and these non-consolidated companies are included in the consolidated financial statements. The aggregate net income for the year of these minor non-consolidated affiliated companies makes up around 0.58% (2011: 0.53%) of the consolidated profit of HVB Group, while such companies provide around 0.02% (2011: 0.02%) of consolidated assets. Our interests in these companies are carried as available-for-sale financial assets.

	2012	2011
Total subsidiaries	**301**	**294**
Consolidated companies	169	169
Non-consolidated companies	132	125
Joint ventures	**2**	**5**
of which:		
accounted for using the equity method	—	—
Associated companies	**16**	**17**
of which:		
accounted for using the equity method	5	3

6 Principles of consolidation

Consolidation is performed by offsetting the purchase price of a subsidiary company against the value of the interest held in the completely remeasured shareholders' equity at the time of acquisition, provided the transactions involved are not internal to UniCredit. This amount represents the difference between the assets and liabilities of the acquired company measured at the fair value at the time of initial consolidation. The difference between the higher acquisition cost and the prorated recalculated shareholders' equity is recognised as goodwill under intangible assets in the balance sheet. Goodwill on companies accounted for using the equity method is carried under shares in associates valued at equity and joint ventures valued at equity. Compliant with IAS 36, depreciation is not recognised on goodwill. The goodwill is allocated to the cash-generating units that are expected to benefit from the synergies arising from the business combination. At HVB Group, these cash-generating units are the divisions. Where the commercial activities of a company span more than one segment, the goodwill is distributed in line with the expected contribution to results at the time of acquisition. The goodwill is tested for impairment at least once a year at cash-generating unit level. This involves comparing the carrying amount of the cash-generating unit with the recoverable amount defined as the maximum of the unit's value in use and the fair value less costs to sell. The most recent multi-year plan approved by the Management Board normally covering a period of five years and created at segment level forms the basis for testing impairment. In this context, the earnings drivers are net trading income, net interest, fees and commissions, operating costs and the projected net write-downs of loans and provisions for guarantees and commitments. To allow the earnings components to be planned, the multi-year plan includes an income budget as well as budgets for risk-weighted assets and loans and receivables with customers and deposits from customers. The budgets are based on forecasts by the UniCredit Economics department, with the forecasts for overall economic development (gross domestic product) and interest and inflation rates playing a crucial role. Furthermore, the multi-year plan also reflects the experience gained by management from past events and an assessment of the underlying economic conditions.

Since the value in use far exceeds the carrying amount for the cash-generating units to which goodwill is allocated, the values in use determined using the multi-year plan have been used as the recoverable amount. The division-specific cost of capital rates used for discounting amount to 12% (2011: 11%) for the Corporate & Investment Banking division and 10% (2011: 9%) for the Family & SME division. No growth factor has been assumed for the government perpetuity.

IFRS 3 is not applicable to combinations of businesses under common control (IFRS 3.2 (c)). IAS 8.10 requires an appropriate accounting and valuation method to be developed accordingly for such cases. Given that HVB Group is part of UniCredit, the carrying amounts of the parent company are retained for business combinations within UniCredit. Any difference between the purchase price paid and the net carrying amount of the company acquired is recognised in equity under reserves.

Compliant with IAS 28, shares in associates are accounted for using the equity method and disclosed in the balance sheet accordingly. HVB is able to exercise significant influence over associates without being able to control them. Significant influence is assumed when a company holds more than 20% but less than 50% of the voting rights in an associate. This assumption of association can be refuted where a qualitative analysis demonstrates that significant influence over the financial and strategic decisions of the associate is not possible. Shares in associates are recognised at cost upon initial inclusion in the consolidated financial statements. For the purposes of subsequent measurement, the carrying amount increases or decreases in accordance with the share of HVB in the profit or loss of the associate. This share of the associate's profit or loss attributable to HVB is measured on the basis of the fair values of the associate's assets, liabilities and contingent liabilities when the shares were acquired. The accounting and valuation principles of HVB Group are applied for subsequent measurement.

SIC 12 requires us to consolidate special purpose entities provided, in substance, the majority of the risks and rewards incident to the activities of these special purpose entities is attributable to us or, in substance, we control the special purpose entities. Where they are material, they are included in consolidation. An interest in the equity capital of the special purpose entities is immaterial in this regard.

The assets and liabilities of a special purpose entity are included at the reporting date measured at their fair value when initially consolidated in accordance with SIC 12. They are subsequently measured in accordance with the uniform principles of accounting and valuation used across the corporate group. The expenses and income of the special purpose entity in question are included in the consolidated income statement from the date of initial consolidation. Equity interests held by third parties in a special purpose entity consolidated by us in accordance with SIC 12 are recognised under minority interest, provided the criteria for recognition as equity are met. Otherwise they are carried as debt.

Business transactions between consolidated companies are eliminated. Any profits or losses arising from intercompany transactions are also eliminated.

7 Financial instruments

A financial instrument is any contract that gives rise to both a financial asset of one company and a financial liability or equity instrument of another company.

The classes required by IFRS 7.6 are defined as follows:

- Cash and cash reserves
- Financial assets and liabilities held for trading
- Financial assets at fair value through profit or loss
- Available-for-sale financial assets (measured at cost)
- Available-for-sale financial assets (measured at fair value)
- Held-to-maturity investments
- Loans and receivables with banks (classified as loans and receivables)
- Loans and receivables with customers (classified as loans and receivables)
- Receivables under finance leases (classified as loans and receivables)
- Hedging derivatives
- Other liabilities (deposits from banks, deposits from customers, debt securities in issue)
- Financial guarantees and irrevocable credit commitments

Accounting and Valuation (Continued)

Among other things, the balance sheet disclosures and earnings contributions of the financial instruments must be shown separately, broken down by the IAS 39 valuation categories. In the present consolidated financial statements, we have included these changes in the explanatory notes to the balance sheet and the income statement. The information required by IFRS 7 regarding risks in connection with financial instruments is also provided in the Risk Report within Management's Discussion and Analysis. Compliant with IFRS 7.36 (a), the maximum credit exposure is the same as the carrying amount of the risk-bearing financial instruments or, in the case of financial guarantees and lending commitments, the nominal amount disclosed in Note 80 for the guarantee/amount of the lending commitments not yet utilised.

IAS 39 requires all financial instruments to be recognised in the balance sheet, classified in the given categories and measured in line with this classification.

The regulations set forth in IAS 39 regarding reclassifications have been observed. Purchases and sales of financial assets are normally recognised at the settlement date (see also Note 2). The reclassifications carried out in 2008 and 2009 are disclosed in Note 74, "Application of reclassification rules defined in IAS 39.50 et seq.".

Financial assets and liabilities at fair value through profit or loss
The "at fair value through profit or loss" category is divided into two categories:

– Financial assets and liabilities held for trading

  Financial assets and liabilities classified as held for trading at the time of initial recognition are financial instruments acquired or incurred for the purpose of short-term profit-taking as a result of changes in market prices or of realising a profit margin. This category also includes all derivatives (apart from hedging derivatives) which qualify for hedge accounting. Financial assets and liabilities held for trading purposes are shown under financial assets and liabilities held for trading.

– All financial assets designated as financial instruments measured at fair value through profit or loss upon initial recognition (fair value option)

  We only use the fair value option for certain financial assets designated as at fair value through profit or loss upon initial recognition. In this context, we have limited ourselves mostly to the designation option of the accounting mismatch by means of which recognition or measurement inconsistencies are avoided or considerably reduced in economic hedges for which hedge accounting is not applied. Only for a specific, smaller portfolio is the designation based on fair value-based risk management.

Financial assets and liabilities at fair value through profit or loss are disclosed upon initial recognition at their fair value without any transaction costs.

Both financial assets held for trading and fair value option portfolios are measured at fair value. Changes in value are recognised in the income statement.

Loans and receivables
The category "loans and receivables" includes non-derivative financial assets – both originated by us and acquired – with fixed or determinable payments that are not quoted in an active market unless they are classified as at fair value through profit or loss or available for sale. We classify leveraged buyout financing as loans and receivables. Loans and receivables are measured at amortised cost and capitalised under loans and receivables with banks and loans and receivables with customers. Premiums and discounts are taken to the income statement under net interest over the term of the underlying items. Loans and receivables are disclosed upon initial recognition at their fair value including any transaction costs.

Held-to-maturity investments
Held-to-maturity (HtM) investments are non-derivative financial assets with fixed or determinable payments and fixed maturity that an entity has the positive intention and ability to hold to maturity, unless they are designated as at fair value through profit or loss or available for sale. We take a very restrictive approach when assessing whether the intention to hold to maturity exists and premature resale can be excluded. This means that investments are only classified as held-to-maturity in exceptional cases. When classifying financial instruments as held-to-maturity investments, we ensure that it is possible to hold the instruments to maturity taking liquidity considerations into account. Held-to-maturity investments are disclosed upon initial recognition at their fair value including any transaction costs and thereafter measured at amortised cost, with premiums and discounts taken to the income statement under net interest over the term of the underlying items.

Available-for-sale financial assets
All other non-derivative financial assets are classified as available-for-sale (AfS) securities and receivables. A distinction is made within this category between measurement at fair value and measurement at amortised cost.

– Debt instruments and equity instruments for which the fair value can be reliably determined are measured at fair value. The difference between the fair value and amortised cost is carried in a separate item under shareholders' equity (AfS reserve) in the balance sheet until the asset is sold or an impairment to be recognised in profit or loss has occurred. Premiums and discounts on debt instruments are taken to the income statement under net interest over the term of the underlying items.

– Equity instruments for which there is no quoted market price in an active market and whose fair value cannot be reliably determined are measured at amortised cost. Besides shares in unlisted companies, this primarily concerns investments in private equity funds, which we measure at cost. It is not possible to reliably determine a fair value for these equity instruments since there is no active market in these instruments and, especially with regard to investments in private equity funds, the Bank as shareholder with a small holding does not have enough influence to obtain the necessary data promptly for a model-based determination of fair value. Consequently, they are not included in the AfS reserve.

With the exception of the effect on results arising from the translation of monetary available-for-sale financial assets denominated in foreign currency, gains or losses on available-for-sale financial assets are recognised in net income from investments in the income statement (see Note 41).

Determination of fair value
We can normally reliably determine the fair value of financial instruments measured at fair value. Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction (other than in a forced or liquidation sale) at the reporting date.

The fair value is determined in accordance with the following valuation hierarchy (IAS 39.48 et seq. in conjunction with IAS 39.AG 71 et seq.):
Listed prices on an active market are used as fair value:
– Prices on the closing date
– Prices shortly before the closing date to be adjusted to the extent that the economic data have changed materially since the date the price was determined

If there is no active market, the fair value is derived using valuation methods:
– The latest transactions between knowledgeable, willing parties in an arm's length transaction for an identical financial instrument are used.
– The amount is compared with the current fair value of a different, essentially identical financial instrument.
– Valuation models are used (such as discounting of anticipated cash flows, option price models or other valuation models normally used by market players to value these financial instruments) as far as possible taking into account normal market valuation parameters. In exceptional cases, where price-related factors cannot be included as separate parameters in the model, these factors are taken into account by using a model reserve.

Accounting and Valuation (Continued)

The risk of a counterparty defaulting on derivatives is covered by credit valuation adjustments (CVAs). In accordance with the provisions of IAS 32 (IAS 32.42 in conjunction with IAS 32.48), the positive and negative market values of OTC derivatives that offset each other at currency level were netted for OTC derivatives concluded with the same central counterparty (CCP). The own credit spread is also included in the underlying valuation parameters for liabilities held for sale.

Suitable adjustments are taken on the fair values determined in this way to reflect further factors affecting the fair value (such as the liquidity of the financial instrument or model risks when the fair value is determined using a valuation model).

In addition to the method described above for the valuation or determination of fair values, the fair values in the hierarchy compliant with IFRS 7.27A are shown in Note 76 for further information. A three-level, fair value hierarchy is listed for every class of financial asset and financial liability carried at fair value in the balance sheet. Note 76 similarly contains a detailed description of this hierarchy, which is only used for the purpose of disclosure in the notes.

Financial guarantees

Under IAS 39, a financial guarantee contract is a contract that requires the issuer to reimburse the holder for a loss it incurs because a specific debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Viewed overall, the fair value of a financial guarantee is zero when the contract is concluded because the value of the premium received will normally match the value of the guarantee obligation in standard market contracts. The guarantee premium is recognised on a pro-rata basis. The existence of an impairment is checked during the subsequent measurement.

Credit derivatives, and most notably standardised credit default swaps (CDS), are measured at fair value through profit or loss as they are considered derivatives held for trading and not financial guarantees.

Embedded derivatives

Outside the portfolio held for trading purposes or designated at fair value through profit or loss, embedded derivative financial instruments that must be separated within a structured product are detached from the underlying contract and recorded as separate derivative financial instruments. The underlying contract is then accounted for in accordance with the classification made. The change in value arising from the derivatives that are detached and carried at fair value is recognised in net trading income in the income statement.

Hedge accounting

Hedges between financial instruments are recognised in accordance with the forms of the fair value hedge described in IAS 39. In 2008 and 2009, HVB Group changed the previously applied macro cash flow hedge accounting to the fair value hedge similarly permitted by IAS 39 for interest rate risk at portfolio level in large areas of asset/liability interest rate risk management. This is described additionally below alongside the principles covering general fair value hedges.

A fair value hedge is generally a hedge of the exposure to changes in the fair value of a recognised asset, liability or an unrecognised firm commitment – or an identified portion thereof – that is attributable to a particular risk and that might affect net income for the period. In this respect, a high level of effectiveness is required, with the changes in the fair value of the hedged item with regard to the hedged risk and hedging derivative compensating each other within a range of 80% to 125%. In fair value hedge accounting, we use interest rate and credit derivatives to hedge changes in the fair value of recognised assets and liabilities. Under this method, the hedging instrument is measured at fair value through profit or loss. The carrying amounts of the hedged item are adjusted by the valuation results relating to the hedged risk in a way that affects the income statement.

Starting in 2009, we have applied fair value hedge accounting for credit risks (micro fair value hedge). The purpose of hedge accounting for credit risks is to reduce the volatility in the income statement. This is done by including existing hedges in hedge accounting. Otherwise existing inconsistencies upon valuation (accounting mismatch) are corrected by hedge accounting.

As part of hedge accounting for credit risks, in accordance with IAS 39.86 (a) the credit-induced changes in the fair value of selected hedged items such as loans and receivables with customers and irrevocable credit commitments (off-balance-sheet fixed commitments) and the full-induced changes in the fair value of the hedging instrument (CDS) are offset. Remaining-term effects need to be adjusted in this context.

These remaining-term effects lead to a change in the credit-induced fair value over time without the current market credit spread changing. Among other things, this includes a difference between the nominal amount and the credit-induced fair value at the inception of the hedge. Excluding the possibility of an impairment, the credit-induced fair value on the settlement date will correspond to the nominal amount of the hedged item. Any difference between the credit-risk-induced fair value and the nominal amount existing when the hedge is designated amortises over the remaining time (pull-to-par effect). Differences like this can arise when hedged items are designated at a later date rather than when originated, for instance, since the contractually agreed credit spread does not generally match the normal market credit spread at the inception of the hedge in such cases.

The change in the credit-induced fair value determined in this way (after adjustment for remaining-term effects) is taken to the income statement under effects arising from hedge accounting in net trading income. Where the hedged items are assets recognised in the balance sheet, the carrying amount is adjusted for the changes in the credit-induced fair value. Irrevocable credit commitments (fixed commitments not shown in the balance sheet), on the other hand, are not recognised in the balance sheet. The credit-related changes in the fair value relating to these are carried under other assets in the balance sheet.

We show the associated hedging instruments (CDS) at their fair value as hedging derivatives; the changes in the fair value are similarly taken to the income statement as effects arising from hedge accounting in net trading income.

The hedge is terminated compliant with IAS 39.91 if either the hedging instrument or the hedged item expires, the hedge is no longer efficient, or the Bank decides to terminate the hedge.

When the hedge is terminated, the credit-induced changes in the fair value accruing to that date with regard to the hedged risk (hedge adjustment) are amortised over the remaining term of the hedged item. This amortisation is disclosed in net interest. If the hedged item similarly expires upon termination of the hedge exceptionally (e. g. in the event of early repayment by the borrower), the hedge adjustment accruing to that date is taken directly to the income statement.

Accounting and Valuation (Continued)

If the hedge is terminated prior to the hedging instrument maturing, this derivative is assigned to the held-for-trading portfolio at fair value and continues to be recognised at fair value under net trading income in the income statement.

In accordance with IAS 39, we apply the fair value hedge accounting for a portfolio hedge of interest rate risk for the accounting treatment of interest rate risk in asset/liability interest rate risk management. Recognising a fair value hedge for a portfolio of interest-bearing financial assets and liabilities using interest rate derivatives makes it possible to largely reflect the standard bank risk management procedures for the hedging of fixed interest rate risks in the accounts.

Under this accounting treatment of hedges across several items, the changes in the value of the hedged amount of the hedged items attributable to the hedged risk are carried altogether as a separate asset or liability item and not as an adjustment to the carrying amount of individual items as is the case with micro hedges. The hedge adjustments have been recognised on a gross basis in the balance sheet for subsidiaries for which asset and liability holdings can be hedged separately. The hedged amount of the hedged items is determined as part of interest rate risk management; the liabilities do not contain any sight or savings deposits. Thus, we have not made use of sight and savings deposits in the hedged amount as permitted by the EU carved-out version of IAS 39 in this regard. Where the hedge conditions are met, the offsetting changes in value of the hedged amount of the hedged items and the hedging instruments (interest derivatives) are recognised directly in profit and loss. Hedge inefficiencies arising within the necessary hedge efficiency thresholds of 80% to 125% are recognised as profit or loss in net hedging income.

Furthermore, cross-currency interest rate swaps (CCIRS) have been used in the refinancing of loans denominated in foreign currency for economic reasons. The CCIRS exchange longer dated fixed-interest positions denominated in euros for variable-yield positions denominated in foreign currency. This serves to hedge the hedged item involved against interest rate risk as part of the fair value hedge portfolio and against exchange rate-related changes in fair value as part of micro fair value hedges.

The cash flow hedge reserve existing at the changeover date and the offsetting clean fair values of the existing cash flow hedge derivatives are amortised over the remaining term of the hedging derivatives in net interest. This means that the amortisation of the cash flow hedge reserve will have no overall impact on profit or loss in the future until they are fully amortised. The changes in value of the same hedged items and hedging derivatives, together with all new contracts arising after the changeover date, are treated in accordance with the new fair value hedge portfolio model.

The cash flow hedge that is no longer used was employed to hedge the risk arising from volatile cash flows resulting from a recognised asset, recognised liability or planned transaction to be taken to the income statement. We had employed derivatives in cash flow hedge accounting to hedge future streams of interest payments. In this context, payments arising from variable-interest assets and liabilities were swapped for fixed payments primarily using interest rate swaps. Hedging instruments were measured at fair value. The valuation result was divided into an effective and an ineffective portion. The effective portion of the hedging instruments was recognised in a separate item within shareholders' equity (hedge reserve) without affecting reported profit or loss. The ineffective portion of the hedging derivatives was recognised directly in profit and loss. The hedged item was recognised at amortised cost.

At the same time, HVB has also employed a fair value hedge for a portfolio of interest rate risks since 2007 for a limited portfolio of liabilities outside of asset/liability interest rate management.

8 Financial assets held for trading

This item includes securities held for trading purposes and positive market values of traded derivatives. All other derivatives not classified as hedging derivatives (which are shown separately in the balance sheet) are similarly considered held for trading. Provided they are held for trading purposes, promissory notes, registered bonds and treasury bills are carried as other financial assets held for trading.

Financial assets held for trading purposes are carried at fair value. Gains and losses arising from the valuation and realisation of financial assets held for trading are taken to the income statement as gains less losses arising from trading securities.

9 Financial assets at fair value through profit or loss

HVB Group mainly applies the fair value option for financial assets with economic hedges for which hedge accounting is not applied. The designation removes or significantly reduces differences resulting from an accounting mismatch. The portfolio mostly comprises interest-bearing securities not held for trading that are hedged against interest rate risks by means of interest rate swaps. In the case of promissory note receivables similarly included here, there is no material fair value change in terms of the credit risk on account of the top rating of the issuers. Changes in fair value of the hedged items and the associated derivatives are shown separately in net trading income; current interest income/expenses are recognised in net interest. Given a fundamental intention to hold to maturity, the new investments were made primarily with a view to being able to sell the holdings again quickly if necessary (liquidity reserve). Alongside an accounting mismatch as the main grounds for designation, the designation for a specific, smaller portfolio is based on fair value-based risk management.

10 Available-for-sale financial assets

We recognise interest-bearing securities, equities and other equity-related securities, investment certificates and participating interests as available-for-sale financial instruments under available-for-sale financial assets in the balance sheet.

Interest-bearing securities are accrued in accordance with the effective interest method. Should the estimated cash inflows and outflows underlying the calculation of the effective interest change, the effects are recognised in the income statement as net interest compliant with IAS 39 AG 8.

Available-for-sale financial assets that are effectively hedged against market risk are recorded as part of fair value hedge accounting.

Provided they are not significant, both shares in non-consolidated subsidiaries and joint ventures and associates accounted for using the equity method are subsumed in available-for-sale financial assets. Listed companies are always carried at fair value. Where the fair value cannot be determined reliably for non-listed companies, they are valued at cost.

11 Shares in associated companies and joint ventures accounted for using the equity method

Investments in joint ventures and associated companies are accounted for using the equity method.

12 Held-to-maturity investments

HVB Group has classified interest-bearing assets as held to maturity and recognised them under held-to-maturity investments. Held-to-maturity investments are measured at amortised cost; the resulting interest income is included in net interest.

13 Loans and receivables

Loans and receivables are recognised in the balance sheet under loans and receivables with banks, and loans and receivables with customers. They are carried at amortised cost, provided they are not hedged items of a recognised fair value hedge. The amount shown in the balance sheet has been adjusted for allowances for losses on loans and receivables.

14 Impairment of financial assets

Impairment losses are recognised for financial assets that are measured at amortised cost and classified as available for sale.

An impairment loss is determined in two steps. First, an assessment is made to see if there is any objective evidence that the financial asset is impaired. The second step involves assessing whether the financial instrument is actually impaired.

Objective evidence of impairment refers to events that normally lead to an actual impairment. In the case of debt instruments, these are events that could result in the borrower not being able to settle his obligations in full or at the agreed date. In the case of equity instruments, significant or prolonged lower market values compared with the carrying amount represent objective evidence of impairment.

Accounting and Valuation (Continued)

Objective evidence is provided only by events that have already occurred, not anticipated events in the future.

How an impairment is determined for each relevant category is described below.

In the case of loans and receivables, objective evidence of an impairment exists when a default has occurred in accordance with the definition of a default given in Basel II and/or the German Solvency Regulation (Solvabilitätsverordnung – SolvV). This is the case when either the borrower is at least 90 days in arrears or HVB believes that the debtor is unable to meet the payment obligations in full without steps to realise collateral being undertaken. In this context, an event of default notably includes the period of 90 days in arrears, an application for or opening of insolvency proceedings, the expectation of liquidity problems as a result of the credit-monitoring process or the need for restructuring or collateral realisation steps such as terminating loans, putting loans on a non-accrual basis or enforcing realisation of collateral by HVB.

The assessment of the borrower's credit rating using internal rating processes is applicable. This is reviewed periodically and when negative events occur. When the borrower is 90 days in arrears is considered objective evidence of an impairment, similarly leading promptly to a review of the borrower's individual rating on account of the occurrence of a negative event with regard to the borrower. Based on internal procedures, the classification of the borrower is updated to "in default" or "not in default". As a result, the borrower's credit rating is always assessed with regard to his ability to meet outstanding liabilities.

The credit rating of the borrower and his ability to meet outstanding payment obligations is normally assessed irrespective of whether the borrower is already in arrears with payments or not. Being in arrears is merely an indicator of the need to verify the borrower's credit rating on an ad hoc basis. This means that a possible deferral agreement aimed at avoiding arrears does not automatically lead to the Bank recognising impairments. Where repayments are deferred or terms adjusted (such as the loan is put on a non-accrual basis, repayments are deferred or covenant clauses are waived) for rating-related reasons, this is considered a separate impairment trigger for testing whether an impairment needs to be recognised. The simple deferral of payment obligations has little influence on the borrower's financial position and his ability to meet outstanding liabilities in full. Should a borrower not be in a position to meet all outstanding liabilities, a deferral of the liabilities does not alter the overall situation. A deferral neither reduces the amount of the payment obligations nor does it influence the amount of payments received by the borrower.

Where the Bank waives payments by the borrower (such as waived fees, reduction of contractual interest rates, etc.) for rating-related reasons, such a waiver represents objective evidence of the borrower defaulting. The write-off of such payments accruing to the Bank caused by an issued waiver is recognised in the income statement as an impairment, provided an allowance had not already been set up for this in the past or recognition was waived on account of the borrower defaulting (such as putting a loan on a non-accrual basis).

An impairment is the difference between the carrying amount and the present value of the anticipated future cash flows. The future cash flows are determined taking into account past events (objective evidence). The anticipated future cash flows may comprise the repayments and/or interest payments still expected and the income from the realisation of collateral. A specific loan-loss provision is recognised for the impairment determined in this way. The Bank has defined more precisely the processes used to estimate the anticipated date when payments will be received and discounted to be used when determining the specific allowances for non-performing loans and receivables. This prospective change in estimates of the present value of anticipated cash inflows gave rise to a gain of €86 million (reversal of loan-loss provisions) at year-end 2012.

If a receivable is considered uncollectible, the amount concerned is written down, which leads to the receivable being written off.

The same method is applied for held-to-maturity investments.

In the case of loan receivables, the impairment determined in this way is posted to an impairment account, which reduces the carrying amount of the receivable on the assets side. In the case of securities, an impairment directly reduces the carrying amount of the security.

In the case of financial guarantees, a possible impairment is determined in the same way; the impairment loss is recognised as a provision.

Specific loan-loss allowances are also determined on a collective basis for individual cases where the amounts involved are not significant. The classification as impaired is also based on the individual rating of the borrower in these cases. These allowances are recognised and disclosed within specific loan-loss allowances at HVB Group. Specific loan-loss allowances or provisions to the amount of the anticipated loss have been made individually to cover all identifiable default risks arising from lending operations (loans, receivables and financial guarantees), with the amount of the expense being estimated. Specific loan-loss allowances are reversed as soon as the reason for forming the allowance no longer exists, or used if the receivable is classified as uncollectible and written off. Both changes in the anticipated future cash flows and the time effect arising from a shortening of the discounting period are taken into account in the subsequent measurement. Specific loan-loss allowances are reversed as soon as the reason for forming the allowance no longer exists, or used if the receivable is classified as uncollectible and written off. Where a specific loan-loss allowance is reversed because the reason for its formation no longer exists, the borrower concerned is classified as healthy again, meaning that the classification as "in default" is reversed. The amount is written off if the receivable in question is due, any available collateral has been realised and further attempts to collect the receivable have failed. Acute country-specific transfer risks are included in this process.

In the case of receivables (and guarantees) for which no specific allowances have been formed, portfolio allowances are set up to cover losses (= impairments) that have been incurred but not yet recognised by the Bank at the reporting date. We apply the loss confirmation period method for this. The loss confirmation period represents the period between a default event occurring or a borrower defaulting, and the point at which the Bank identifies the default. The loss confirmation period is determined separately for various credit portfolios on the basis of statistical surveys. The loss that has occurred but has not yet been recognised is estimated by means of the expected loss.

In the case of assets classified as available for sale, a distinction is made between debt and equity instruments.

A debt instrument is impaired when an event occurs that results in the borrower not being able to settle his contractual obligations in full or at the agreed date. Essentially, an impairment exists in the same cases as for credit receivables from the same borrower (issuer).

The amount of the impairment is defined as the difference between the amortised cost and the current fair value, whereby the difference first recognised in the AfS reserve in the balance sheet is taken to the income statement when an impairment occurs.

Should the reason for the impairment no longer apply, the difference between the higher market value and the carrying amount at the previous reporting date is written back in the income statement up to the amount of initial cost. If the current market value at the reporting date exceeds the initial cost, the difference is recognised in the AfS reserve under shareholders' equity.

In the case of equity instruments carried at fair value, an impairment exists if the current fair value is significantly below the carrying amount or if the fair value has remained below the carrying amount for a prolonged period of time. Where this is the case, the difference between the current fair value and initial cost is recognised as profit or loss in the income statement. Such an impairment recognised in profit or loss has to be considered for the new cost basis required for the calculation of the AfS reserve. If the fair value rises in the future, the difference between a higher fair value and the initial cost adjusted as described is recognised in the AfS reserve under shareholders' equity.

Equity instruments valued at cost are considered impaired if the present value is significantly or permanently less than the acquisition cost (or, if an impairment has already been recognised in the past, it is less than the acquisition cost less the recognised impairment). If there is objective evidence of an impairment, the present value of the equity instruments must be determined. The estimated future cash flows discounted by the current market return on a comparable asset are used as the basis for determining this value. The amount of the impairment is calculated as the difference between the present carrying amount and the value of the equity instrument determined as described above. The impairment is taken to the income statement. An impairment of an equity instrument is not permitted to be reversed if the reasons for the impairment no longer apply.

15 Property, plant and equipment

Property, plant and equipment is valued at acquisition or production cost less depreciation – insofar as the assets are depreciable – using the straight-line method based on the assets' useful lives. Fixtures in rented buildings are depreciated over the term of the rental contract, taking into account any extension options, if this is shorter than the normal useful life of the asset concerned.

Accounting and Valuation (Continued)

PROPERTY, PLANT AND EQUIPMENT	USEFUL ECONOMIC LIFE
Buildings	25 – 50 years
Fixtures in buildings not owned	10 – 25 years
Computer equipment	3 – 5 years
Other plant and office equipment	3 – 25 years

Impairments are taken in accordance with IAS 36 on property, plant and equipment whose value is impaired. Should the reasons for the impairment no longer apply, a subsequent write-up is taken to the income statement; the amount of this subsequent write-up must not increase the value of the property, plant and equipment to a level in excess of the amortised acquisition or production cost.

Depreciation, impairments and write-ups on items of property, plant and equipment are recognised in the income statement under amortisation, depreciation and impairment losses on intangible and tangible assets within operating costs.

Subsequent expenditure relating to an item of property, plant and equipment is capitalised, provided additional future economic benefits will flow to the Bank. Expenditure on repairs or maintenance of property, plant and equipment is recognised as expense in the year in which it is incurred.

Government grants for items of property, plant and equipment (IAS 20.24) are deducted from the acquisition or production cost of the underlying assets on the assets side of the balance sheet.

16 Lease operations

Under IAS 17, a lease is an agreement under which the lessor transfers the right to use an asset to the lessee for an agreed period against payment.

Lease agreements are divided into finance leases and operating leases. A lease is classified as an operating lease if the lessor retains substantially all the risks and rewards incident to ownership of the asset. By contrast, a finance lease transfers substantially all the risks and rewards incident to ownership of the asset to the lessee. Title may or may not eventually be transferred.

HVB Group nevertheless treats agreements concluded without the legal form of a lease as leases provided compliance with the agreement depends on the use of a given asset and the agreement transfers a right to use the asset.

HVB Group leases both movable assets and real estate.

HVB Group as lessor

Operating leases

The assets leased to the lessee under an operating lease are considered held by the lessor, who should continue to account for them. The leased assets are carried under property, plant and equipment, investment properties or intangible assets in the consolidated balance sheet and valued in accordance with the relevant methods. The lease proceeds are recognised on a straight-line basis over the lease term and disclosed under other operating income. The conditional lease payments received under operating leases are recognised as income in the reporting period in which they accrue.

Finance leases

Where assets are transferred under a finance lease, the lessor is required to derecognise the leased asset in its balance sheet and recognise a receivable from the lessee. The receivable is carried at the amount of the net investment in the lease when the lease agreement was concluded. The lease payments received are divided into a finance charge recognised in the income statement and a redemption payment. The interest income is recognised over the period of the lease in such a way that it essentially reflects a constant periodic return on the net investment in the lease; the redemption payment represents a repayment of the principal that reduces the amount of the receivable outstanding. Conditional lease payments received under finance leases are recognised as income in the period in which they accrue.

HVB Group as lessee

Operating leases

The lease payments made by the lessee under operating leases are recognised as expense on a straight-line basis over the lease term and carried under other operating expenses or operating costs to the extent that they represent lease expenses. The lease term commences as soon as the lessee controls the physical use of the leased asset. Conditional lease payments made under operating leases are recognised as expense in the period in which they accrue. The lessee does not capitalise the leased assets involved.

Finance leases

In the case of finance leases, the lessee recognises the leased assets under property, plant and equipment, investment properties or intangible assets in the balance sheet as well as a liability on the liabilities side. The asset and the corresponding liability are each initially recognised at the fair value of the leased asset at the inception of the lease or, if lower, the present value of the minimum lease payments. The internal rate of return underlying the lease is used to calculate the present value of the minimum lease payments. The lease payments under finance leases are divided into a finance charge and redemption payment. The redemption payment reduces the outstanding liability while the finance charge is treated as interest expense. Conditional lease payments made under finance leases are recognised as expense in the period in which they accrue.

Please refer to Note 73 for more information.

17 Investment properties

Compliant with IAS 40.30 in conjunction with IAS 40.56, land and buildings held by us as investments with a view to generating rental income and/or capital gains are carried at amortised cost and written down on a straight-line basis over a useful economic life of 25 to 50 years.

Where investment properties additionally suffer an impairment, we recognise an impairment loss compliant with IAS 36. Should the reason for the impairment no longer apply, write-ups are taken to the income statement in an amount no more than the amortised acquisition or production cost.

Current expenses and rental income from investment properties are disclosed in net other expenses/income. Scheduled depreciation on such investments carried at amortised cost is included in operating costs, whereas impairments and write-ups are recognised in net income from investments.

18 Intangible assets

The main items included in intangible assets are goodwill arising from the acquisition of fully consolidated subsidiaries and software. An intangible asset shall only be recognised if it is probable that the expected future economic benefits attributable to the asset will flow to the entity and the cost of the asset can be measured reliably.

Goodwill has an indefinite useful life. Consequently, it is only tested for impairment compliant with IAS 36 and not amortised (impairment only approach). The value of goodwill is tested annually and where there is an indication of impairment. Impairments are taken where necessary. It is not permitted to write up in subsequent periods any impairment losses recognised on goodwill.

Software has a limited useful life and is valued at amortised cost. Amortisation is taken over an expected useful life of three to five years. Other intangible assets are also recognised at amortised acquisition or production cost less cumulative amortisation, as they have a limited useful life. Amortisation is taken on a straight-line basis over an expected useful life of up to ten years.

Where intangible assets additionally suffer impairment, we recognise an impairment loss compliant with IAS 36. Should the reason for the impairment no longer apply, write-ups are taken to the income statement in an amount no more than the amortised acquisition or production cost.

Impairment losses on goodwill are shown in a separate item in the income statement.

Accounting and Valuation (Continued)

Amortisation, impairments and write-ups on software and other intangible assets are recognised in the income statement under amortisation, depreciation and impairment losses on intangible and tangible assets within operating costs.

19 Non-current assets or disposal groups held for sale
Under IFRS 5, non-current assets or disposal groups held for sale are carried upon reclassification at the lower of the carrying amount or fair value less costs to sell at the reporting date. Upon subsequent measurement following reclassification, the non-current assets or disposal groups held for sale are, if necessary, written down to a lower fair value less costs to sell if this has fallen at subsequent reporting dates. Should the fair value increase, the total may be written up to an amount that is no more than the amortised cost.

20 Liabilities
Deposits from banks and customers, and debt securities in issue that are not hedged items of an effective micro fair value hedge are reported at amortised cost. Upon initial recognition, they are disclosed at their fair value including any transaction costs.

21 Financial liabilities held for trading
This item includes the negative market values of traded derivatives and all other derivatives that are not classified as hedging derivatives (which are recognised separately). Also included here are warrants, certificates and bonds issued by our trading department as well as delivery obligations arising from short sales of securities held for trading purposes.

Financial liabilities held for trading are carried at fair value. Gains and losses arising from the valuation and realisation of financial liabilities held for trading are taken to the income statement as net trading income. We act as market maker for the structured products we issue.

22 Hedge adjustment of hedged items in the fair value hedge portfolio
Net changes in the value of the hedged amount of hedged items are carried in this hedge adjustment of the fair value hedge portfolio to be shown separately (see Note 66). The hedge adjustments have been recognised on a gross basis in the balance sheet for subsidiaries for which asset and liability holdings can be hedged separately.

23 Other liabilities
Compliant with IAS 37, accruals and other items are shown under other liabilities. These reflect future expenditure of uncertain timing or amount, but the uncertainty is much less than for provisions. Accruals are liabilities for goods and services received that have been neither paid for nor invoiced by the supplier, nor formally agreed. This also includes current liabilities to employees, such as flexi-time credits and outstanding vacation. Accruals are carried at the amount likely to be used.

24 Provisions
Present legal or constructive obligations as a result of past events involving a probable outflow of resources, and whose amount can be reliably estimated, are recognised as provisions.

When assessing provisions for uncertain liabilities and anticipated losses on onerous transactions, we use a best estimate compliant with IAS 37.36 et seq. Long-term provisions are discounted.

In accordance with IAS 19, we use actuarial principles to determine the provisions for pensions and similar commitments. The amounts are calculated using the projected unit credit method, taking into account the present value of the defined benefit obligations, the fair value of plan assets, and actuarial gains and losses. Causes of such gains and losses include irregularities in the risk profile (e.g. higher or lower rates of early retirement or mortality than anticipated in the calculation principles applied) and changes in the applicable parameters.

HVB Group exercises the option for recognising actuarial gains or losses in shareholders' equity (other comprehensive income) outside the profit or loss for the period permitted in IAS 19.93A.

The discount rate is to be determined on the basis of the yields recorded on the market at the reporting date for top-rated, fixed-income corporate bonds and with maturities and currencies that match the commitments to be measured. These individual bond data are translated into a yield curve which forms the foundation for determining the discount rate by using a numerical compensation technique.

The amount of the provision shown in the balance sheet is calculated as the present value of the obligation determined at the end of the financial year less the fair value of the plan assets determined at the end of the financial year. The plan assets set up by HVB and a number of subsidiaries to fund pension obligations are described in detail in Note 69, "Provisions".

25 Foreign currency translation

The consolidated financial statements are prepared in euros, which is the reporting currency of the corporate group. Amounts in foreign currency are translated in accordance with the principles set forth in IAS 21. This standard calls for monetary items not denominated in the respective functional currency (generally the local currency in each case) and cash transactions not completed at the valuation date to be translated into euros at the reporting date using current market rates. In the case of monetary assets available for sale, the effect arising from foreign currency translation is recognised as net currency income in net trading income. In other words, the monetary assets available for sale are treated in the same way as if they were recognised at amortised cost in the foreign currency. Non-monetary items carried at fair value are similarly translated into euros using current market prices at the valuation date. Non-monetary items carried at cost are translated using the historic rate applicable at the time of acquisition.

Income and expense items arising from foreign currency translation at the individual Group companies are stated under net trading income in the income statement.

Where they are not stated in euros, the assets and liabilities reported by our subsidiaries are translated using current market rates at the reporting date in the consolidated financial statements. Average rates are used to translate the income and expenses of these subsidiaries.

Exchange rate differences resulting from the translation of financial statements of international business units are recognised in shareholders' equity without affecting profit or loss and are only taken to the income statement if the operation is sold in part or in full.

26 Income tax for the period

Income tax for the period is accounted for in accordance with the principles set forth in IAS 12. Current taxes are determined taking into account local laws in the respective tax jurisdictions concerned. Apart from a few exceptions allowed for in the standard, deferred tax assets and liabilities are recognised for all temporary differences between the values stated in accordance with IFRS and the values stated for tax-reporting purposes (balance sheet approach). Deferred tax assets arising from unused losses carried forward for tax-reporting purposes are shown where permitted by IAS 12.

Since the concept is based on the approach of future tax assets and liabilities under the liability method, the assets and liabilities are computed using the tax rates that are expected to apply when the differences are reversed.

Segment Reporting

27 Notes to segment reporting by division
In segment reporting, the market-related activities of HVB Group are divided into the following globally active divisions: Corporate & Investment Banking, Family & SME, and Private Banking.

Also shown is the Other/consolidation segment that covers Global Banking Services (GBS) and Group Corporate Centre activities and the effects of consolidation.

Changes in segment allocation
In the 2012 financial year the expenses for the bank levies previously assigned to the Other/consolidation segment have been allocated to the operating divisions and the costs for the pension fund spread across all the segments. In addition, there were minor adjustments in the area of operating costs.

The previous year's figures and those of the previous quarters have been adjusted accordingly to reflect the changes in segment allocations described above.

Method of segment reporting
Segment reporting is based on the internal organisational and management structure together with internal financial reporting. In accordance with IFRS 8 "Operating Segments", segment reporting thus follows the Management Approach, which requires segment information to be presented externally in the same way as it is regularly used by the Management Board, as the responsible management body, when allocating resources (especially risk-weighted assets compliant with Basel II) to the business segments and assessing profitability (profit before tax). Since the income statement of HVB Group broken down by segment is reported internally to the Management Board of HVB down to profit before tax, we have also taken the profit before tax as the basis for external reporting. In this context, the segment data are determined in accordance with International Financial Reporting Standards (IFRS).

In segment reporting, the divisions operate as autonomous companies with their own equity resources and responsibility for profits and losses. The divisions are delimited by responsibility for serving customers. For a description of the customer groups assigned to the individual segments and the main components of the segments, please refer to the section entitled "Components of the segments of HVB Group" below.

The income statement items of net fees and commissions, net trading profit and net other expenses/income shown in the segments are based almost exclusively on transactions involving external customers. Net interest is assigned to the segments in accordance with the market interest calculation method on the basis of the external interest income and interest expenses. For this reason, a separate presentation broken down by external/internal revenues (operating income) has not been included. The equity capital allocation used to calculate the return on investment on companies assigned to several divisions is based on a uniform core capital allocation for each division. Pursuant to Basel II, this involves allocating 9.0% of core capital from risk-weighted assets to the divisions. The average tied core capital calculated in this way is used to compute the return on investment, which is disclosed under net interest. The percentage used for the return on the equity capital allocated to the companies assigned to several divisions (HVB, UniCredit Luxembourg S.A.) equals the base rate plus a premium in the amount of the 6-year average of the spread curve for business of UniCredit Bank AG both secured by land charges and unsecured. This rate is set for one year in advance as part of each budgeting process. The percentage changed from 4.08% in 2011 to 3.70% for the 2012 financial year. Equity capital is not standardised for the other companies included in the consolidated financial statements.

The income of €9 million (2011: €6 million) from investments in associated companies relates to the following companies accounted for using the equity method which are assigned to the Corporate & Investment Banking division: Adler Funding LLC, Bulkmax Holding Ltd., Comtrade Group B.V., Martur Sünger ve Koltuk Tesisleri Ticaret ve Sanayi A.S. and Nautilus Tankers Limited. The amount involved is disclosed under dividends and other income from equity investments in the income statement. The carrying amount of the companies accounted for using the equity method is €65 million (2011: €49 million).

Operating costs, which contain payroll costs, other administrative expenses, amortisation, depreciation and impairment losses on tangible and other intangible assets (without goodwill), are allocated to the appropriate division according to causation. Global Banking Services and the Group Corporate Centre are treated as external service providers, charging the divisions for their services at a price which covers their costs. The method of calculating the costs of general banking services involves employing a weighted allocation key (costs, income, FTEs, base amount) in the budgeting process for each segment to determine the assigned costs that cannot be allocated directly. The vast majority of the depreciation and impairment losses taken on property, plant and equipment are posted by the Other/consolidation segment via the real estate companies of HVB Group included in the Global Banking Services activities.

Components of the segments of HVB Group

Corporate & Investment Banking division

The Corporate & Investment Banking (CIB) division serves around 46,500 corporate customers through its domestic and international distribution network. The business model focuses on differentiated customer groups and the customer relationship as the key variable for the allocation of resources, while the structure meets the requirements in a hard-fought market that is in the process of re-regulation.

CIB's commercial success is built on close cooperation and the interlinking of sales and customer care with product units together with practical collaboration with other UniCredit countries and divisions. The three global product lines – Markets, Financing & Advisory and Global Transaction Banking – form part of the integrated CIB value chain. They assist the customer with strategic, transaction-oriented activities, solutions and products. In light of changing markets and rising market risk, we aim to accompany the customer and cover issues like restructuring, growth and internationalisation alongside all corporate customer needs from their bank. Among other things, this includes the very latest intelligence about specific sectors and markets that also satisfy the growing expectations of a financing partner.

CIB serves corporate customers with annual revenues in excess of €50 million. Our customer segmentation criteria and distribution channel definitions are based on different challenges, demand structures and processing standards. Consequently, we differentiate between the following service models: Multinational Corporates, Corporates Germany, Real Estate, Shipping, and Financial Institutions and Sponsors.

The **Financing & Advisory** (F&A) product unit acts as integrated product platform and architect of large-scale financing solutions. The broad range of structured transactions in financing activities includes advising the customer on corporate strategy and M&As, acquisition and project finance, more complex transactions, syndications and subordinated capital. Customers also benefit from direct access to the capital market through an integrated value-added chain with the capital market units Equity Capital Markets for equity products and Debt Equity Markets for bond products.

Global Transaction Banking (GTB) pools our competencies in cash management and e-banking, Euro-clearing for banks, foreign trade financing and supply chain finance.

The **Markets** product unit is the centre of competence for capital market-related products, notably equity and money market products, credit-based investment classes, commodities, currencies, interest rates and structured and securitised products. Innovative, tailored benchmark solutions are sold to customers through three distribution channels: Institutional Distribution, Corporate Treasury Sales, and Wholesale and Institutional Equity Derivatives Sales. Corporate Treasury Sales offers professional financial risk management involving a wide range of advisory services and products covering all possible ways of hedging entrepreneurial risks, such as liquidity management (including asset management, deposits and investments), foreign exchange and innovative derivatives.

The net income from several subsidiaries and participating interests is included in the division's results. Among others, these include UniCredit Luxembourg S.A. which handles the settlement, administration and securitisation of national and international loans for the group on a cross-divisional basis and is responsible for interest management as the funding unit for the corporate group on the money market.

Segment Reporting (Continued)

In the reporting period, the cash equity business and the related research for the region of eastern Europe was discontinued. These tasks will, however, continue to be offered to our customers through a strategic alliance with Kepler Capital.

At the outset of 2013, the business model was adjusted to cater for the changed market environment which entailed a restructuring of global and regional responsibilities and thus the segments of HVB Group.

The business segment Corporate & Investment Banking is continuing to benefit from its global business focus but, in contrast to its existing structure, the Corporates Germany and Real Estate customer care models will be transferred to the new Unternehmer Bank. The Unternehmer Bank stands for the comprehensive care of entrepreneurs in Germany. To this end, the customer care concepts for SMEs and business customers from the former Family & SME division are being combined and the Private Wealth Management customer care model from the former Private Banking division is being incorporated. This means that the entire German corporate customer business will be bundled in the Unternehmer Bank except for multinationals.

Family & SME division

The year 2012 was dominated by the uncertainty on markets caused by the sovereign debt crisis, the lack of appeal of interest-bearing cash investments and not least the persistent confidence crisis in the banking sector. For the **mass market operations** of the Bank, it was of primary importance to activate the existing customer potential and provide customer care on an all-round and needs-oriented basis. This resulted in a pleasing increase in customer satisfaction, although the sector developed negatively for the most part. In addition, there was an expansion in the distribution channels in order to offer banking services to customers outside customary opening hours, with expert relationship managers being available for this purpose by both phone and video. Steps were also initiated to expand HVB's sales network into market areas not yet represented with the aid of finance partners. For instance, ten finance partner branches were already opened in the second half of the year while further expansion is planned for the coming years.

Mass market operations centred on the core activities of transparency and sustainability in the customer relationship, simplification of the product range and an expansion of lending operations. New simplified account models tailored to different customer needs were introduced and opened via the various distribution channels. "HVB Konto Online" is highly popular among the new account models and was already requested thousands of times in the first few months. 98% of customers addressed switched from the previous account products to our new models, signifying a substantial reduction in the complexity for customers and the Bank. With an almost 12% increase over 2011, the consumer credit business, which is handled by UniCredit Family Financing S.p.A., developed well. This can be attributed to both the introduction of the new risk-based pricing and the facilitation of new distribution channels.

Close attention was paid to increasing the product penetration of our customer portfolio. Our cross-selling activities are built around our high-quality, all-round, demand-oriented advice that focuses on the needs of our customers in their specific life situations. We managed to achieve great success in the area of inheritance advice with our 37 certified inheritance experts who operate in every region throughout Germany. For advice in complex matters, our inheritance experts draw up plans subject to a charge which incorporate products particularly from the areas of pensions and materials assets, optimise their real estate portfolio and already exceed the planned expectations in the initial phase.

The volume of savings deposits was maintained in the first half of the year despite the very low level of interest rates. In the second half of the year, 9,500 new customers were won and growth of €800 million generated with our "PlusSparen (fest)" promotional product which runs for a term of three years and offers attractive promotional interest rates.

The main challenges in **wealth management** were to boost customer satisfaction and regain confidence in a volatile market environment as well as maintaining earnings performance and growth. For us, the uncertainty of the markets and the clouded outlook for the future continued to be a reason for intensively informing and advising our customers; to do so, the event concept surrounding the topic "How do I protect my money" was relaunched, enabling the prevention of outflows of money and keeping earnings from wealth advice at a stable level.

Our advice concentrated on HVB VermögensDepot privat, which has continued to perform well, meeting customer requirements especially well as it combines the expertise in asset allocation at our Bank with the transparency of exchange-traded funds (ETFs) and is also subject to regular performance measurement. Furthermore, we managed to place UniCredit Ireland bonds in several tranches with existing and new customers in the middle of 2012.

Despite a very difficult market environment, we continued to make progress along the path of developing our business model through to the self-advice and sales of insurance products. Supporting advisory media such as our HVB pension concept have additionally enhanced the quality of our tailored advisory services for customers. The great uncertainty prevailing in large sectors of the population as a result of the euro and financial crisis has resulted in our distinctly noticing the strong reticence to enter into long-term contracts, particularly in the pension solution business. In their search of financial stability and security, however, many people acknowledge the benefits afforded by pension and life assurance products, which is also reflected in the successful continuation of our innovative HVB TrendProtect Police tranche product. All in all, it was possible to maintain the business area's earnings in this environment.

We manage our **real estate financing activities** as a supporting pillar in the retail and business customer segment across all target groups. Besides obtaining loans from us directly, our customers were able to use the full product range of the market from our 40 partner banks. Again in 2012, we managed to significantly increase the volume of new business in the residential construction business compared with the previous year and in the process were clearly above the market trend. Innovative sales campaigns and our clear positioning as a provider of all-round property services offering high-quality advice are reflected by the results generated. All told, our overall result in mass market operations is also evidenced by the awards we again succeeded in winning, such as "Beste Filialbank 2012" and "Beste Baufinanzierung".

In the **SME** segment, loans are and remain our core business, coupled with an adequate share in the other financial transactions of our customers. In 2012, our operations were also driven mainly by our support for capital spending for SMEs, with the focus primarily on solutions involving development loans and leasing arrangements.

Alongside demand for investment in machinery and operating equipment as well as for the expansion of infrastructure in general, we supplied finance particularly for measures undertaken by our corporate customers with regard to energy efficiency and local energy supply in 2012. In this context, public subsidies were allocated to reflect specific regional features by arranging individual, customer-oriented financing packages. Overall, new business involving development loans grew by over 30% compared with 2011.

Leasing activities continued to represent the other focal point of investment financing for SMEs in 2012. Our UniCredit Leasing GmbH subsidiary facilitated a wide range of funding arrangements throughout Germany. Industry expertise is still an important success factor. It enhances our risk management and increases our understanding of customer requirements. Hence, the offerings for the special target groups of farmers, healthcare professionals, consultants, insolvency administrators and public sector customers are being constantly refined. In 2012, various measures served to increase the sector-specific advisory quality and expertise of our customer advisers and to develop financing and payment solutions geared specifically to the target groups.

In 2012, we published the HypoVereinsbank UnternehmerReport 2012 which received widespread attention because it dealt mainly with the topic of energy efficiency. In the coming years intelligent energy management will play a crucial role in determining the competitiveness and thus the sustainability of the German economy. The report considers the significance of energy management in SMEs, their objectives and measures as well as the question of the contribution that banks can make to finance the necessary capital spending. It is based on a study carried out as a telephone poll of 3,766 small and mid-sized enterprises in Germany. By means of a detailed sampling distribution it was possible to provide representative results for eight sectors at national level and for 29 media regions.

A new customer campaign was launched in 2012. To this end, the data management for customer advisers was optimised, various aids and presentations were created for addressing non-customers and an innovative training concept was introduced for customer advisors. In 2012, more than 15,000 new SME customers were acquired.

A major focus was the advancement of the Business Easy service model. With the structure and strategy already planned in 2011, the division succeeded in designing an attractive and efficient business model. The very latest communication channels with customers (online dialogue, postbox, webinars) and longer service times have already convinced both existing and new customers throughout Germany and have secured a unique selling proposition on the German banking market for the Business Easy advisory model. Coupling the advantages of an online bank with the personal advice of a key relationship bank is setting new standards in the world of banking.

New initiatives were launched in the multichannel function in 2012, examples of which are the online campaign for customers in the target group of healthcare professionals as well as 30 HVB@ webinars, which were carried out with over 2,600 customers and non-customers.

Segment Reporting (Continued)

Within the framework of the new corporate structure, the entire business with small and mid-sized enterprises and public sector customers was integrated into the Unternehmer Bank at the beginning of 2013.

Private Banking division
The Private Banking division has set itself the goal of optimally meeting the specific expectations of wealthy customers with regard to a bank and the services it offers. The division serves customers with an aggregate investment volume of €42.5 billion. Private Banking is divided into three subdivisions:

HVB Private Banking (PB)
This unit serves some 45,400 HVB customers with assets under management of €25 billion. Our 513 employees offer individual, personal advice at 46 locations throughout Germany. The Private Banking division offers all-round, bespoke advice to customers and customer groups with liquid assets of more than €0.5 million; the Family Office serves family groups with complex assets of more than €30 million.

PB's strategic objectives are to satisfy high net worth individuals with a comprehensive range of advisory services, attractive products and outstanding customer relationships, and to increase its market share in the highly competitive private banking environment. PB aspires to quality leadership in the German market.

Wealth Management Capital Holding (WMC)
WMC structures and issues sophisticated investment products that are tailored exclusively and perfectly to the Private Banking customer group. It is one of the biggest initiators of closed-ended funds in Germany. Around 150,000 customers are served by 223 employees in this unit.

UniCredit Luxembourg S.A.
UniCredit Luxembourg S.A. gives customers of HVB Group access to the financial centre of Luxembourg. Together with HVB's Private Banking division, UniCredit Luxembourg S.A. has devised solutions that enable its customers to benefit from the advantageous underlying conditions offered by Luxembourg as a financial centre. The Private Banking unit based in Luxembourg serves about 2,300 customers with an investment volume of €13 billion and employs 22 people. The focus is on serving high net worth and ultra high net worth segments/customers and offering specialist services for the corporate group like the asset management of life insurance policies.

At the beginning of 2013, the Private Banking division was transferred to the newly formed Private Clients Bank and the Family Office to the Unternehmer Bank in connection with the new corporate structure.

Other/consolidation segment
The Other/consolidation segment encompasses Global Banking Services and Group Corporate Centre activities, and consolidation effects.

Global Banking Services activities encompass purchasing, organisation, logistics and facility management, cost management and back-office functions for credit, accounts, foreign exchange, money market and derivatives. Payments, securities settlement, IT application development and IT operation have been outsourced.

The **Group Corporate Centre** activities include profit contributions that do not fall within the jurisdiction of the individual divisions. Among other items, this includes the profits and losses of consolidated subsidiaries for which HVB's strategic property management function is responsible, such as HVB Immobilien AG and its subsidiaries, and of non-consolidated holdings, provided they are not assigned to the divisions, together with the net income from securities holdings for which the Management Board is responsible. Also incorporated in this segment are the amounts arising from decisions taken by management with regard to asset/liability management. This includes contributions to earnings from securities and money trading activities involving UniCredit S.p.A. and its subsidiaries. The Group Corporate Centre also includes the Real Estate Restructuring customer portfolio (RER).

28 Income statement broken down by segment

Income statement broken down by segment for the period from 1 January to 31 December 2012 (€ millions)

INCOME/EXPENSES	CORPORATE & INVESTMENT BANKING	FAMILY & SME	PRIVATE BANKING	OTHER/ CONSOLIDATION	HVB GROUP
Net interest	2,200	1,098	94	17	3,409
Dividends and other income					
from equity investments	126	4	14	3	147
Net fees and commissions	475	552	128	8	1,163
Net trading income	1,054	5	(1)	132	1,190
Net other expenses/income	(17)	9	(1)	150	141
OPERATING INCOME	**3,838**	**1,668**	**234**	**310**	**6,050**
Payroll costs	(580)	(637)	(77)	(545)	(1,839)
Other administrative expenses	(974)	(949)	(86)	510	(1,499)
Amortisation, depreciation and					
impairment losses on intangible					
and tangible assets	(11)	(21)	(2)	(144)	(178)
Operating costs	**(1,565)**	**(1,607)**	**(165)**	**(179)**	**(3,516)**
OPERATING PROFIT	**2,273**	**61**	**69**	**131**	**2,534**
Net write-downs of loans and					
provisions for guarantees and					
commitments	(952)	(8)	(15)	248	(727)
NET OPERATING PROFIT	**1,321**	**53**	**54**	**379**	**1,807**
Provisions for risks and charges	174	20	(4)	5	195
Restructuring costs	(10)	(78)	(8)	(6)	(102)
Net income from investments	89	15	(4)	58	158
PROFIT BEFORE TAX	**1,574**	**10**	**38**	**436**	**2,058**

Income statement broken down by segment for the period from 1 January to 31 December 2011 (€ millions)

INCOME/EXPENSES	CORPORATE & INVESTMENT BANKING	FAMILY & SME	PRIVATE BANKING	OTHER/ CONSOLIDATION	HVB GROUP
Net interest	2,435	1,240	109	289	4,073
Dividends and other income					
from equity investments	131	4	4	11	150
Net fees and commissions	597	552	150	9	1,308
Net trading income	169	(4)	—	25	190
Net other expenses/income	(84)	36	2	137	91
OPERATING INCOME	**3,248**	**1,828**	**265**	**471**	**5,812**
Payroll costs	(587)	(620)	(75)	(537)	(1,819)
Other administrative expenses	(984)	(985)	(84)	460	(1,593)
Amortisation, depreciation and					
impairment losses on intangible					
and tangible assets	(14)	(18)	(2)	(165)	(199)
Operating costs	**(1,585)**	**(1,623)**	**(161)**	**(242)**	**(3,611)**
OPERATING PROFIT	**1,663**	**205**	**104**	**229**	**2,201**
Net write-downs of loans and					
provisions for guarantees and					
commitments	(316)	(30)	(1)	81	(266)
NET OPERATING PROFIT	**1,347**	**175**	**103**	**310**	**1,935**
Provisions for risks and charges	(204)	(33)	(25)	11	(251)
Restructuring costs	(63)	(15)	(3)	(27)	(108)
Net income from investments	12	(1)	(1)	29	39
PROFIT BEFORE TAX	**1,092**	**126**	**74**	**323**	**1,615**

Segment Reporting (Continued)

Income statement of the Corporate & Investment Banking division (€ millions)

INCOME/EXPENSES	2012	2011	Q4 2012	Q3 2012	Q2 2012	Q1 2012
Net interest	2,200	2,435	522	571	553	554
Dividends and other income from equity investments	126	131	41	30	34	21
Net fees and commissions	475	597	121	118	91	145
Net trading income	1,054	169	59	160	52	783
Net other expenses/income	(17)	(84)	5	(5)	(7)	(10)
OPERATING INCOME	**3,838**	**3,248**	**748**	**874**	**723**	**1,493**
Payroll costs	(580)	(587)	(104)	(167)	(144)	(165)
Other administrative expenses	(974)	(984)	(241)	(241)	(249)	(243)
Amortisation, depreciation and impairment						
losses on intangible and tangible assets	(11)	(14)	(4)	(3)	(2)	(2)
Operating costs	**(1,565)**	**(1,585)**	**(349)**	**(411)**	**(395)**	**(410)**
OPERATING PROFIT	**2,273**	**1,663**	**399**	**463**	**328**	**1,083**
Net write-downs of loans and provisions						
for guarantees and commitments	(952)	(316)	(425)	(142)	(314)	(71)
NET OPERATING PROFIT/(LOSS)	**1,321**	**1,347**	**(26)**	**321**	**14**	**1,012**
Provisions for risks and charges	174	(204)	117	2	81	(26)
Restructuring costs	(10)	(63)	(10)	1	(1)	—
Net income from investments	89	12	(23)	98	—	14
PROFIT BEFORE TAX	**1,574**	**1,092**	**58**	**422**	**94**	**1,000**
Cost-income ratio in %	40.8	48.8	46.7	47.0	54.6	27.5

Development of the Corporate & Investment Banking division

The Corporate & Investment Banking division increased its operating income by a healthy 18.2%, or €590 million, to €3,838 million in the difficult market environment of 2012. Taking into account the slight decline in operating costs to €1,565 million (down 1.3% or €20 million on 2011), the operating profit rose by €610 million to €2,273 million (2011: €1,663 million).

The sharp rise in operating income can be primarily attributed to the significant increase in net trading income by €885 million to €1,054 million. In this context, it must be taken into account that this development benefited from the reversal of credit value adjustments of €395 million in the first quarter of 2012, while these credit value adjustments had negatively impacted the fourth quarter of 2011 by €397 million. In contrast, valuation effects on financial liabilities held for trading in the portfolio, incorporating the own credit spread served to reduce the total by €52 million; this represents a year-on-year decline of €159 million. Compared with last year, the Rates & FX (interest and currency-related products) trading units and trading with structured credit products contributed higher earnings to the division's net trading income, while the remaining trading units also managed to generate positive results but could not match last year's figures.

Net interest fell by €235 million year-on-year to €2,200 million. This decline is mainly due to the non-recurrence of one-time income effects recorded by the Multinational Corporates unit in 2011; while the total was also depressed by much lower margins particularly in deposit-taking operations on account of the low interest rates. Dividend income fell by a total of €5 million to €126 million on account of lower dividend payments by private equity funds. Net fees and commissions declined by €122 million to €475 million due primarily to weaker credit- and trading-related business.

Strict cost management helped operating costs to decrease by a slight 1.3% to €1,565 million (2011: €1,585 million); due in equal parts to declines in both payroll costs (down 1.2%) and other administrative expenses (down 1.0%). The division's cost-income ratio improved by 8.0 percentage points during the reporting period on account of the higher operating income to reach a good level of 40.8% (2011: 48.8%).

Net write-downs of loans and provisions for guarantees and commitments amounted to €952 million in the reporting period (2011: €316 million). However, this figure contains a provision in connection with the construction of an offshore wind farm. Net write-downs of loans and provisions for guarantees and commitments of €240 million were taken for this exposure as part of the credit extended for which adequate provisions for risks and charges had already been set up last year and which is why a corresponding net reversal of provisions of €240 million was carried out for this exposure in the reporting year. Without this addition of €240 million, "economic net-write downs of loans and provisions for guarantees and commitments" of €712 million are left remaining, which is €396 million higher than the very low year-ago total (€316 million). Due to the reversal of provisions described, a net gain of €174 million was posted for reversals/expenses for provisions for risks and charges. Together with net income from investments of €89 million (2011: €12 million), which was generated particularly from gains in connection with private equity investments and restructuring costs of €10 million (2011: €63 million), the division generated a good profit before tax of €1,574 million in 2012, up by a strong €482 million on the year-ago total of €1,092 million.

Income statement of the Family & SME division (€ millions)

INCOME/EXPENSES	2012	2011	Q4 2012	Q3 2012	Q2 2012	Q1 2012
Net interest	1,098	1,240	269	281	270	278
Dividends and other income from equity investments	4	4	—	—	4	—
Net fees and commissions	552	552	134	134	150	134
Net trading income	5	(4)	5	—	—	—
Net other expenses/income	9	36	(2)	6	3	2
OPERATING INCOME	**1,668**	**1,828**	**406**	**421**	**427**	**414**
Payroll costs	(637)	(620)	(160)	(160)	(164)	(153)
Other administrative expenses	(949)	(985)	(238)	(235)	(233)	(243)
Amortisation, depreciation and impairment losses on intangible and tangible assets	(21)	(18)	(7)	(5)	(5)	(4)
Operating costs	**(1,607)**	**(1,623)**	**(405)**	**(400)**	**(402)**	**(400)**
OPERATING PROFIT	**61**	**205**	**1**	**21**	**25**	**14**
Net write-downs of loans and provisions for guarantees and commitments	(8)	(30)	29	(22)	(1)	(14)
NET OPERATING PROFIT/(LOSS)	**53**	**175**	**30**	**(1)**	**24**	**—**
Provisions for risks and charges	20	(33)	(19)	19	2	18
Restructuring costs	(78)	(15)	(78)	—	—	—
Net income from investments	15	(1)	6	3	4	2
PROFIT/(LOSS) BEFORE TAX	**10**	**126**	**(61)**	**21**	**30**	**20**
Cost-income ratio in %	96.3	88.8	99.8	95.0	94.1	96.6

Development of the Family & SME division

At €10 million, the profit before tax of the F&SME division at 31 December 2012 was €116 million below the year-ago total. This development can be attributed primarily to a decline of €160 million in operating income to €1,668 million together with higher expenses for restructuring provisions (2012: €78 million). In the process, net interest fell by €142 million to €1,098 million, chiefly due to margins on account of the sharp drop in interest rates in deposit-taking operations. Lower net interest was generated in lending activities essentially due to declining volumes, although a tangible increase in new business volumes of real estate and development loans was evident in the second half of 2012. At €552 million, net fees and commissions remained at a high level compared with 2011 (€552 million) despite the persistent restraint still exercised by investors, thus reflecting the successful sale of innovative, demand-compliant products.

Operating costs declined by 1.0% to €1,607 million year-on-year thanks to consistent cost management. A decrease in indirect costs also contributed to the fall in operating costs. Payroll costs included in operating costs rose by a total of 2.7% to €637 million in line with standard pay increases and higher pension expenses.

Net write-downs of loans and provisions for guarantees and commitments showed a pleasing trend, declining by a sharp 73.3% to an extremely low level of €8 million. The restructuring provisions of €78 million (2011: €15 million) relate to the change in the organisational structure of HVB Group and measures aimed at securing the competitiveness of the mass-market operations over the coming years. They essentially reflect provisions for severance payments as well as costs incurred in connection with the closure of branches. After positive effects from the reversal of provisions and net income from investments are taken into account, the F&SME division generated a profit before tax of €10 million in 2012 overall (2011: €126 million).

Segment Reporting (Continued)

Income statement of the Private Banking division (€ millions)

INCOME/EXPENSES	2012	2011	Q4 2012	Q3 2012	Q2 2012	Q1 2012
Net interest	94	109	23	24	22	25
Dividends and other income from equity investments	14	4	6	5	2	1
Net fees and commissions	128	150	27	32	35	34
Net trading income	(1)	—	—	—	—	(1)
Net other expenses/income	(1)	2	(3)	—	1	1
OPERATING INCOME	**234**	**265**	**53**	**61**	**60**	**60**
Payroll costs	(77)	(75)	(18)	(20)	(20)	(19)
Other administrative expenses	(86)	(84)	(23)	(21)	(20)	(22)
Amortisation, depreciation and impairment losses on intangible and tangible assets	(2)	(2)	—	—	(1)	(1)
Operating costs	**(165)**	**(161)**	**(41)**	**(41)**	**(41)**	**(42)**
OPERATING PROFIT	**69**	**104**	**12**	**20**	**19**	**18**
Net write-downs of loans and provisions for guarantees and commitments	(15)	(1)	(4)	(10)	—	(1)
NET OPERATING PROFIT	**54**	**103**	**8**	**10**	**19**	**17**
Provisions for risks and charges	(4)	(25)	(6)	9	(7)	—
Restructuring costs	(8)	(3)	(8)	—	—	—
Net income from investments	(4)	(1)	(4)	—	—	—
PROFIT/(LOSS) BEFORE TAX	**38**	**74**	**(10)**	**19**	**12**	**17**
Cost-income ratio in %	70.5	60.8	77.4	67.2	68.3	70.0

Development of the Private Banking division

The Private Banking division generated a profit before tax of €38 million in 2012, falling short of the good prior-year total of €74 million. The main reason for this is a decline of €31 million in operating income to €234 million. Within operating income, the €128 million recorded for net fees and commissions in particular failed to match the high year-ago total of €150 million on account of persistently weak customer demand. Net interest fell by €15 million to €94 million, notably on account of deposit-taking operations contracting as a result of low interest rates.

The 2.5% increase in operating costs to €165 million can be attributed to payroll costs partly due to the standard pay increases and higher other administrative expenses resulting from higher indirect costs. The cost-income ratio amounted to 70.5% after 60.8% in 2011.

Income statement of the Other/consolidation segment (€ millions)

INCOME/EXPENSES	2012	2011	Q4 2012	Q3 2012	Q2 2012	Q1 2012
Net interest	17	289	(80)	3	33	61
Dividends and other income from equity investments	3	11	3	—	—	—
Net fees and commissions	8	9	(2)	3	5	2
Net trading income	132	25	3	17	87	25
Net other expenses/income	150	137	31	50	34	35
OPERATING INCOME	**310**	**471**	**(45)**	**73**	**159**	**123**
Payroll costs	(545)	(537)	(133)	(137)	(140)	(135)
Other administrative expenses	510	460	131	121	132	126
Amortisation, depreciation and impairment losses on intangible and tangible assets	(144)	(165)	(28)	(40)	(37)	(39)
Operating costs	**(179)**	**(242)**	**(30)**	**(56)**	**(45)**	**(48)**
OPERATING PROFIT/(LOSS)	**131**	**229**	**(75)**	**17**	**114**	**75**
Net write-downs of loans and provisions for guarantees and commitments	248	81	97	15	140	(4)
NET OPERATING PROFIT	**379**	**310**	**22**	**32**	**254**	**71**
Provisions for risks and charges	5	11	1	(4)	(1)	9
Restructuring costs	(6)	(27)	(6)	(1)	1	—
Net income from investments	58	29	4	4	46	4
PROFIT BEFORE TAX	**436**	**323**	**21**	**31**	**300**	**84**
Cost-income ratio in %	57.7	51.4	(66.7)	76.7	28.3	39.0

Development of the Other/consolidation segment

The operating income of this segment fell by €161 million in 2012 to €310 million (2011: €471 million). This decline essentially stems from net interest, which decreased by a total of €272 million to €17 million (2011: €289 million) due among other things to a decline in return on equity in line with interest rates. At the same time, net trading income rose by €107 million to €132 million (2011: €25 million) partly due to the gains generated in connection with the buy-back of hybrid capital instruments and supplementary capital.

Operating costs decreased by €63 million overall largely as a result of the bank levy in Austria that was no longer payable in the reporting period (expenses in bank levy in 2011: €48 million). Operating profit fell by €98 million to €131 million in 2012 (2011: €229 million) on account of the decline in operating income.

In the reporting period, a net reversal of €248 million was recorded in net write-downs of loans and provisions for guarantees and commitments arising notably from the successful reduction of expiring portfolios (net reversal in 2011: €81 million). With an increase in net income from investments to €58 million on account of gains on the sale of land and buildings coupled with a year-on-year decrease of €21 million in restructuring costs and only a slight change in net reversals of provisions for risks and charges, the profit before tax totalled €436 million, which is €113 million higher than the year-ago total of €323 million.

Segment Reporting (Continued)

29 Balance sheet figures, broken down by segment

(€ millions)

	CORPORATE & INVESTMENT BANKING	FAMILY & SME	PRIVATE BANKING	OTHER/ CONSOLIDATION	HVB GROUP[1]
Loans and receivables with banks					
2012	34,967	1,089	32	232	**36,320**
2011	42,549	735	8	985	**44,277**
Loans and receivables with customers					
2012	71,893	44,143	5,730	446	**122,212**
2011	86,183	46,203	5,020	(845)	**136,561**
Goodwill					
2012	405	13	—	—	**418**
2011	405	13	—	—	**418**
Deposits from banks					
2012	39,081	8,027	331	(2,223)	**45,216**
2011	48,688	7,136	261	1,773	**57,858**
Deposits from customers					
2012	44,553	46,158	8,858	10,699	**110,268**
2011	46,706	46,624	7,472	6,640	**107,442**
Debt securities in issue					
2012	4,473	3,930	913	26,547	**35,863**
2011	2,319	722	85	39,541	**42,667**
Risk-weighted assets compliant with Basel II					
(including equivalents for market risk and					
operational risk)					
2012	82,179	19,410	2,146	6,111	**109,846**
2011	101,369	18,194	1,736	6,136	**127,435**

1 balance sheet figures for non-current assets or disposal groups held for sale are shown separately in Notes 58 and 67

30 Employees, broken down by operating and service division[1]

	2012	2011
Corporate & Investment Banking	3,267	3,541
Family & SME	8,513	8,423
Private Banking	757	765
Global Banking Services	1,825	1,931
Group Corporate Centre	4,885	4,782
Total	**19,247**	**19,442**

1 in full-time equivalents

31 Segment reporting by region

The allocation of amounts to regions is based on the head office of the Group companies or offices involved.

Income statement, broken down by region

(€ millions)

	GERMANY	ITALY	LUXEM-BOURG	UK	REST OF EUROPE	AMERICAS	ASIA	CONSOLIDATION	HVB GROUP
OPERATING INCOME									
2012	5,345	834	277	408	71	130	37	(1,052)	6,050
2011	5,389	26	314	38	524	140	68	(687)	5,812
OPERATING PROFIT/(LOSS)									
2012	1,669	736	238	277	32	98	(3)	(513)	2,534
2011	1,861	(222)	278	35	399	61	(5)	(206)	2,201

Total assets, broken down by region

(€ millions)

	2012	2011
Germany	285,119	303,368
Italy	74,397	71,135
Luxembourg	24,598	31,972
UK	17,308	27,732
Rest of Europe	2,836	1,380
Americas	6,199	10,105
Asia	3,171	4,485
Consolidation	(65,328)	(77,865)
Total	**348,300**	**372,312**

Property, plant and equipment, broken down by region

(€ millions)

	2012	2011
Germany	2,930	2,823
Italy	—	—
Luxembourg	33	35
UK	20	18
Rest of Europe	3	3
Americas	24	25
Asia	3	2
Consolidation	—	—
Total	**3,013**	**2,906**

Employees, broken down by region [1]

	2012	2011
Germany	17,391	17,473
Italy	326	334
Luxembourg	181	185
UK	542	618
Rest of Europe	405	393
Africa	2	3
Americas	201	217
Asia	199	219
Total	**19,247**	**19,442**

1 in full-time equivalents

Notes to the Income Statement

32 Net interest

(€ millions)

	2012	2011
Interest income from	**7,134**	**8,823**
lending and money market transactions	5,070	6,001
other interest income	2,064	2,822
Interest expense from	**(3,725)**	**(4,750)**
deposits	(1,098)	(1,654)
debt securities in issue and other interest expenses	(2,627)	(3,096)
Total	**3,409**	**4,073**

Interest income and interest expense for financial assets and liabilities not carried at fair value through profit or loss totalled €5,407 million (2011: €6,560 million) and €3,038 million (2011: €3,956 million), respectively. In this context, it should be noted that a comparison of these latter figures is of only limited informative value in economic terms, as the interest expenses for financial liabilities that are not measured at fair value through profit or loss also include refinancing for financial assets at fair value through profit or loss and partially for financial assets held for trading as well. Net interest includes interest income of €158 million from non-performing loans and receivables (2011: €167 million).

Net interest attributable to related parties

The following table shows the net interest attributable to related parties:

(€ millions)

	2012	2011
Non-consolidated affiliated companies	228	289
of which: UniCredit S.p.A.	143	179
Joint ventures	—	—
Associated companies	(2)	6
Other participating interests	—	—
Total	**226**	**295**

Besides the amounts attributable to UniCredit S.p.A., the net interest of €228 million (2011: €289 million) from non-consolidated affiliated companies includes interest income of €85 million (2011: €111 million) attributable to sister companies and €0 million (2011: expense €1 million) attributable to subsidiaries.

33 Dividends and other income from equity investments

(€ millions)

	2012	2011
Dividends and other similar income	138	144
Companies accounted for using the equity method	9	6
Total	**147**	**150**

34 Net fees and commissions

(€ millions)

	2012	2011
Management, brokerage and consultancy services	555	649
Collection and payment services[1]	216	218
Lending operations[1]	382	423
Other service operations	10	18
Total	**1,163**	**1,308**

1 At 30 September 2012, guarantee and documentary-credit fees were reclassified from lending operations to collection and payment services. The year-ago-figures have been adjusted accordingly.

This item comprises the balance of fee and commission income of €1,651 million (2011: €1,832 million) and fee and commission expense of €488 million (2011: €524 million).

Net fees and commissions from related parties

The following table shows the net fees and commissions attributable to related parties:

(€ millions)

	2012	2011
Non-consolidated affiliated companies	81	63
of which: UniCredit S.p.A.	9	(16)
Joint ventures	—	—
Associated companies	4	64
Other participating interests	—	—
Total	**85**	**127**

Besides the amounts attributable to UniCredit S.p.A., the net fees and commissions of €81 million (2011: €63 million) from non-consolidated affiliated companies include €72 million (2011: €79 million) from sister companies.

35 Net trading income

(€ millions)

	2012	2011
Net gains on financial assets held for trading[1]	1,248	46
Effects arising from hedge accounting	(112)	101
Changes in fair value of hedged items	(662)	(1,004)
Changes in fair value of hedging derivatives	550	1,105
Net gains/(losses) on financial assets at fair value through profit or loss (fair value option)[2]	(5)	25
Other net trading income	59	18
Total	**1,190**	**190**

1 including dividends from financial assets held for trading
2 also including the valuation results of derivatives concluded to hedge financial assets through fair value at profit or loss (effect in 2012: minus €125 million; 2011: minus €303 million)

The net gains on financial assets in the reporting period include credit value adjustments of €374 million on our holdings of derivatives. In 2011, similar credit value adjustments of €485 million served to depress the net gains on financial assets.

Notes to the Income Statement (Continued)

Other net trading income in 2011 and 2012 almost exclusively reflected positive effects from the partial buy-back of hybrid capital.

The effects arising from hedge accounting include the hedge results of the fair value hedge portfolio and the individual micro fair value hedges as a net aggregate total.

The hedge results from hedged items include a positive effect of €128 million (2011: €183 million) arising from exchange rate changes that is offset by a corresponding negative in the hedge result from hedging derivatives.

The net gains on holdings at fair value through profit or loss (held-for-trading portfolios and fair value option) generally only contain the changes in fair value disclosed in the income statement. The interest income from held-for-trading portfolios is normally disclosed under net interest income. To ensure that the full contribution to profits is disclosed, the interest cash flows are only carried in net trading income for the interest rate swap trading book, which exclusively contains interest rate derivatives.

36 Net other expenses/income

(€ millions)

	2012	2011
Other income	384	350
Other expenses	(243)	(259)
Total	**141**	**91**

Net other expenses/income totalled €141 million in 2012 (2011: €91 million).

Other income includes rental income of €162 million (2011: €165 million) from investment properties and mixed usage buildings. Current operating expenses (including repairs and maintenance) directly allocable to investment properties and current expenses from mixed usage buildings of €50 million (2011: €44 million) are netted with the other income. Other expenses include expenses of €108 million (2011: €101 million) for the German bank levy in the 2012 financial year.

At the same time, there were gains of €59 million (2011: €14 million) on the sale of unimpaired receivables.

Net other expenses/income attributable to related parties

The following table shows the net other expenses/income attributable to related parties:

(€ milions)

	2012	2011
Non-consolidated affiliated companies	74	70
of which: UniCredit S.p.A.	15	14
Joint ventures	—	—
Associated companies	—	—
Other participating interests	—	—
Total	**74**	**70**

Besides the amounts attributable to UniCredit S.p.A., the net other expenses/income of €74 million (2011: €70 million) attributable to non-consolidated affiliated companies include €59 million (2011: €56 million) attributable to sister companies.

37 Operating costs

(€ millions)

	2012	2011
Payroll costs	**(1,839)**	**(1,819)**
Wages and salaries	(1,508)	(1,496)
Social security costs	(217)	(214)
Pension and other employee benefit costs	(114)	(109)
Other administrative expenses	**(1,499)**	**(1,593)**
Amortisation, depreciation and impairment losses	**(178)**	**(199)**
on property, plant and equipment	(115)	(127)
on software and other intangible assets, excluding goodwill	(63)	(72)
Total	**(3,516)**	**(3,611)**

Wages and salaries includes payments of €9 million (2011: €20 million) made upon the termination of the employment contract. The expense for similar payments under restructuring measures are recognised under restructuring costs in the income statement and explained in Note 40.

Operating costs of related parties

The following table shows the operating costs of related parties included in the total operating costs shown in the income statement:

(€ millions)

	2012	2011
Non-consolidated affiliated companies	(581)	(586)
of which: UniCredit S.p.A.	1	12
Joint ventures	—	—
Associated companies	—	—
Other participating interests	—	—
Total	**(581)**	**(586)**

Besides the amounts attributable to UniCredit S.p.A., the operating costs of €581 million (2011: €586 million) attributable to non-consolidated affiliated companies include €582 million (2011: €598 million) attributable to sister companies.

The Group Executive Incentive System has governed variable compensation payable to selected staff since the 2010 financial year. This system is built around the principle that the variable compensation is granted partially in shares and is scheduled for disbursement over a number of years.

Employees whose duties have a significant impact on the Bank's overall risk and employees with a promised bonus in excess of €100,000 are beneficiaries of the Group Executive Incentive Systems 2012. Under the Group Executive Incentive System, the bonus promised for the respective reporting period is split into a cash component and a stock component (share-based compensation in the sense of IFRS 2). The cash component is disbursed in tranches over a period of up to four years. Accordingly, this group of employees received 20% to 40% of the bonus for 2012 in cash with the commitment at the beginning of 2013, and a further 20% will be disbursed after year-end 2013, and a further 10% for some of the beneficiaries after year-end 2015. At the beginning of 2013, the beneficiaries receive a commitment for the remaining 40% to 50% of the total bonus to allocate shares in UniCredit S.p.A. as part of the bonus for 2012, be transferred to the beneficiaries after year-end 2014 and 2015, and partially also 2016. The delayed payment after year-end 2012/13 or partially 2015 and the allocation of shares after year-end 2014 and 2015 or partially 2016 to the beneficiaries is based on the level of target achievement in the individual agreed targets in 2012. This is subject to the proviso that they continue to work for UniCredit up to the date of payment or transfer and that, as part of malus arrangement, it is ensured that a loss has not been recorded at the UniCredit corporate level or at the level of the individual beneficiary, or a significant reduction in the results achieved.

Notes to the Income Statement (Continued)

The stock component granted as part of the bonus for 2012 is subject to the proviso that the Annual General Meeting of UniCredit S.p.A. formally approves the relevant volume of shares in April 2013. The fair value of the granted shares is calculated using the average stockmarket price of UniCredit S.p.A. shares in the month prior to the Annual General Meeting that adopts a resolution regarding the granting. 6.6 million UniCredit S.p.A. shares (before possible adjustment due to adjustments in the equity of UniCredit S.p.A.) were granted in the reporting period as the component of the bonus granted for 2011, with a fair value of €4.010 for the shares to be transferred in 2014 and 2015. The aggregate fair value of the stocks granted totals €26.4 million.

The promised bonuses are recognised in the income statement on a pro rata basis over the respective vesting period.

Bonuses for the 2012 financial year falling due for disbursement in 2013 are recognised in full as expense. Where cash payments are made at a later date, such payments are subject to the condition that the eligible employees remain employed by UniCredit or partly subject to further performance targets. Accordingly, the vesting period for the promised bonus consists of several financial years (target achievement plus waiting period) and is to be deferred over this period compliant with IAS 19.68. Thus, deferred cash payments under the bonus promised for 2012 are recognised as expense in the respective period (from the 2012 financial year to the end of the financial year in which the waiting period for the tranche in question ends) on a pro rata basis.

HVB reimburses the accrued expenses to UniCredit once the conditions for granting shares have been met. In the 2012 financial year, prorated expenses of €16.7 million accrued for the stock component arising from the bonuses promised for 2010, 2011 and 2012 in the form of share-based compensation compliant with IFRS 2. The provision set up to cover this expense totalled €33.6 million.

In addition to this, UniCredit has further share-based schemes that are similarly accounted for in accordance with IFRS 2: the long-term incentive programme, the "2012 Share Plan for Group Talents and Mission Critical Players" and the employee share ownership plan ("Let's Share"). These are described below.

Long-term incentive programme

A long-term incentive programme including share-based remuneration transactions featuring compensation in UniCredit shares, has been set up for executives and junior managers of all UniCredit companies selected using defined criteria. Within this umbrella programme, individual schemes were set up in recent years, the key elements of which included the granting of stock options starting in 2011 in the form of performance stock options and performance shares.

UniCredit undertakes the commitment to employees of HVB; in return, HVB reimburses to UniCredit the expenses accruing for the stock options and performance shares actually transferred to the beneficiaries after the vesting period has expired and the conditions attached to the commitment have been checked. The fair value of the instrument at the time granting is recognised as the expense for the stock options and performance shares transferred.

The following statements relate to all eligible HVB Group employees covered by the long-term incentive programme. The information provided in Note 85 in this regard showing the emoluments paid to members of the Management Board merely relates to the stock options and performance shares granted to members of the Management Board.

The stock options granted under the long-term incentive programme grant entitlement to purchase a UniCredit share at a price which was fixed before the option was issued. With regard to the new stock options granted during the reporting period, the strike price is the average price of the UniCredit share in the month prior to the approval of the long-term incentive programme by the UniCredit Board. In the case of stock options issued during or after 2011, beneficiaries are only entitled to exercise their options in a range between 0% and 150% (depending on the level of target achievement) of the underlying total originally granted if the respective targets have been met after around three to four years. The options may only be exercised during a fixed period which starts after the vesting period expires. If the beneficiary has already left UniCredit by that date, the stock options are normally forfeited, meaning that they can no longer be exercised. The options are acquired on a pro rata basis or in full in certain exceptional circumstances, such as disability, retirement or an employer leaving UniCredit.

The fair values of the stock options at the grant date are determined using Hull & White's trinomial model. The following parameters have been taken into account in this context:
– The probability of the option expiring due to the beneficiary leaving the company prematurely after the lock-up period has expired.
– Definition of an exercise barrier. This means that the options are only exercised before the end of the exercise period if the current price of the UniCredit share exceeds the exercise price by the exercise barrier multiplier (usually a factor of 1.5).
– Dividend yield of the UniCredit share.
– Average historical daily volatility over the vesting period.

The following information regarding numbers of shares and exercise prices for stock options represent the status at the time of granting. No adjustments have been made on account of capital increases or stock consolidations.

Information about stock options (assuming a target achievement of 100%)

	2012
Total (shares)	1,177,130
Strike price (€)	4.0100
Market price of UniCredit share on grant date (€)	4.0100
Expected volatility	56.5%
Expected dividend yield	2.0%
Risk-free interest rate included in option price model	2.5%
Conditional grant date	27/3/2012
Exercise date should criteria be met (start of exercise period)	Expected April/May 2016
End of exercise period	31/12/2022
Fair value per option on grant date (€)	1.8670

The stock options granted in 2011 become exercisable in 2014, the stock options granted in 2012 become exercisable in 2016, provided the relevant targets are achieved in each case. Furthermore, the stock options were granted subject to the condition that the beneficiaries continued to work for UniCredit. All other stock options granted in earlier years are already exercisable.

Notes to the Income Statement (Continued)

Analysis of outstanding stock options

	2012			2011		
	TOTAL	AVERAGE STRIKE PRICE (€)[1]	AVERAGE MATURITY	TOTAL	AVERAGE STRIKE PRICE (€)[1]	AVERAGE MATURITY
Outstanding at start of period	**29,054,141[2]**	**3.24[2]**	**October 2019**	**15,990,892**	**4.75**	**August 2018**
Additions						
Newly granted options	1,177,130	4.01	December 2022	16,044,452[2]	1.81	December 2020
Releases						
Forfeited stock options	2,137,042	3.32	October 2019	2,981,203	3.76	August 2019
Exercised stock options	—	—		—	—	—
Expired stock options	—	—		—	—	—
Total at end of period	**28,094,229**	**3.27**	**December 2019**	**29,054,141[2]**	**3.25**	**October 2019**
Exercisable options at end of period	13,256,442	4.71	August 2018	4,071,296	6.03	September 2018

1 The average strike price is only of limited information value on account of the non-inclusion of completed capital increases and stock consolidations (final measure in 2012: stock consolidation at a ratio of 10:1 and subsequent capital increase at a ratio of 1:2 at a price of €1.943) in line with the conditions for granting the stock options.
2 figures differ from 2011 due to corporate transfers

The fair value on the date of granting options is recorded as an expense on the basis of the expected number of options exercised over the period.

A set number of UniCredit shares (performance shares) are transferred free of charge if, after a period of around three years, the relevant targets have been met and the recipient is still working for UniCredit; otherwise, the performance shares are normally forfeited. As an alternative to the transfer of shares, the UniCredit Board may also decide to disburse in cash the market value of the shares at the time of transfer. The shares may be transferred on a pro rata basis or in full in certain exceptional cases, such as disability, retirement or an employer leaving UniCredit. Similarly in the case of performance shares issued during or after 2011, the actual number of shares transferred is in a range between 0% and 150% of the underlying total originally granted (depending on the level of target achievement).

The fair value for the performance shares is determined on the basis of the share price on the date when the performance shares were granted, taking into account a discount for expected dividend payments up until the grant date when the criteria are met.

No new performance shares were granted in 2012.

Analysis of outstanding performance shares

	2012		2011	
	TOTAL	AVERAGE MATURITY	TOTAL	AVERAGE MATURITY
Outstanding at start of period	**10,772,508[1]**	**May 2013**	**4,290,505**	**November 2011**
Additions				
Increase in portfolio arising from capital increase				
from company funds	(9,124,688)	May 2013	—	—
Newly granted performance shares	—	—	7,978,860[1]	December 2013
Releases				
Forfeited performance shares	72,131	October 2013	812,781	March 2013
Transferred performance shares	—	—	44,882	December 2010
Expired performance shares	494,886	December 2011	639,194	December 2010
Total at end of period	**1,080,803**	**December 2013**	**10,772,508[1]**	**May 2013**

1 figures differ from 2011 due to corporate transfers

The decline in the total compared with year-end 2011 shown in the table above can be attributed to the stock consolidation at a ratio of 10:1 and the capital increase at a ratio of 1:2.

The fair value at the grant date is recorded as an expense for performance shares over the term of the shares.

The income from forfeited instruments and the prorated expenses arising from the granted instruments totalled a net amount of €2.8 million (2011: €6.9 million) at HVB Group for both programmes (stock options and performance shares) in 2012, which is recognised under payroll costs.

The provision set up to cover this totalled €9.2 million at year-end 2012 (2011: €15.3 million).

<u>2012 Share Plan for Group Talents and Mission Critical Players:</u>
The parent company, UniCredit S.p.A., set up what is known as the Share Plan for Group Talents and Mission Critical Players in 2012 for selected employees with high potential and outstanding performance who generate sustainable growth for the corporate group. The beneficiaries are entitled to purchase a previously defined number of UniCredit S.p.A. shares. The shares are granted in three equal tranches over a period of three years in 2013, 2014 and 2015, provided annually defined performance targets are met and the employees are in regular, indefinite employment at the respective grant date. Otherwise, the shares are normally forfeited. The shares may be transferred in full in certain exceptional cases, such as disability, retirement or employer leaving UniCredit. As an alternative to transferring the shares, the Board of UniCredit S.p.A. may also decide to disburse in cash the market value of the shares at the transfer date.

Under the terms of this plan, UniCredit S.p.A. undertakes the commitments directly with the HVB employees concerned. Similarly, HVB reimburses the expenses actually accruing to UniCredit S.p.A. on the basis of the fair value at the grant date. The fair value for the shares is determined on the basis of the share price on the grant date, including a discount for expected dividend payments up to the grant date assuming the criteria are met.

Information regarding the 2012 Share Plan for Group Talents and Mission Critical Players

	2012
Total (shares)	1,176,064
Market price of UniCredit share on grant date (€)	4.0100
Conditional grant date	27/3/2012
Exercise date should criteria be met (start of exercise period)	1/3 in each case by the end of July 2013, 2014 and 2015
Fair value per share on grant date (€)	4.0100

Analysis of outstanding shares

	2012	2011
	TOTAL (SHARES)	TOTAL (SHARES)
Outstanding at start of period	—	—
Additions		
Newly granted shares	1,184,064	—
Releases		
Forfeited shares	36,855	—
Transferred shares	—	—
Expired shares	—	—
Total at end of period	**1,147,209**	**—**

Notes to the Income Statement (Continued)

The fair value at the grant date is recorded as an expense for such shares in the period that is decisive for fulfilling the respective criteria.

The income from forfeited shares and the prorated expenses arising from the granted shares totalled a net amount of €2.7 million at HVB Group in 2012 (2011: €0.0 million), which is recognised in payroll costs.

The provision set up for this share plan totalled €2.7 million at year-end 2012 (2011: €0.0 million).

Employee share ownership plan
An employee share ownership plan ("Let's Share") has been set up enabling UniCredit employees to purchase UniCredit shares at discounted prices.

Between January 2012 and December 2012, people participating in the plan had the opportunity to use their contributions to buy regular UniCredit shares (known as investment shares). However, the plan offers the following advantage compared with buying the shares directly on the market:

Participating employees first receive the right to obtain a free share for every three investment shares bought under the plan. At the end of a three-year vesting period in January 2016, the participants receive regular UniCredit shares in exchange for their rights, over which they have an immediate right of disposal. The rights to the free shares generally expire when employees sell the investment shares or their employment with a UniCredit company is terminated before the vesting period ends.

Thus, employees can enjoy an advantage of around 33% of the investment made as a result of the granting of free shares. Added to this is a tax break that exists in Germany for such employee share ownership plans.

It is intended to operate the plan on an annual basis. Similar programmes had already been set up in previous years.

38 Net write-downs of loans and provisions for guarantees and commitments

(€ millions)

	2012	2011
Additions	**(1,699)**	**(1,624)**
Allowances for losses on loans and receivables	(1,467)	(1,537)
Allowances for losses on guarantees and indemnities	(232)	(87)
Releases	**911**	**1,188**
Allowances for losses on loans and receivables	837	1,115
Allowances for losses on guarantees and indemnities	74	73
Recoveries from write-offs of loans and receivables	**64**	**171**
Gains on the disposal of impaired loans and receivables	**(3)**	**(1)**
Total	**(727)**	**(266)**

Income from the disposal of performing loans and receivables is disclosed under net other expenses/income. This gave rise to a gain of €59 million in the year under review (2011: €14 million). The net expenses (net write-downs of loans and provisions for guarantees and commitments, and gains on disposal) for loans and receivables amount to €510 million (2011: net expense of €238 million).

Net write-downs of loans and provisions for guarantees and commitments, to related parties

The following table shows the net write-downs of loans and provisions for guarantees and commitments attributable to related parties: (€ millions)

	2012	2011
Non-consolidated affiliated companies	—	—
Joint ventures	—	—
Associated companies	—	(1)
Other participating interests	(7)	(3)
Total	**(7)**	**(4)**

39 Provisions for risks and charges

All in all, there was income of €195 million from the reversal of provisions for risks and charges in the 2012 financial year. The biggest individual item in the reversals in 2012 relates to the erection of an offshore wind farm. Under the terms of a loan extended for this commitment, the provisions of €240 million set up in previous years for this exposure were reversed and an amount of €240 million transferred to net write-downs of loans and provisions for guarantees and commitments at the same time.

In addition, provisions were created for various litigation risks.

In 2011, provisions for risks and charges amounted to €251 million, which could be attributed primarily to the creation of provisions for various litigation risks.

40 Restructuring costs

Restructuring costs totalling €102 million accrued during the reporting period. These expenses relate almost exclusively to the creation of restructuring provisions for measures relating to the changes to the organisational structure of HVB Group as part of the roll-out of the three business segments – Unternehmer Bank, Private Clients Bank and Corporate & Investment Banking – and the systematic strengthening of our regional presence and for measures aimed at optimising HVB Group's network of branches and offices and expanding our multi-channel strategy in sales. These restructuring provisions have been set up mainly to cover severance payments as well as the costs involved in the closure of offices.

In 2011, provisions of €108 million were set up for various restructuring programmes, including in connection with the elimination of positions. Among other things, this included restructuring costs relating to changes in the strategic orientation of the CIB division, such as the discontinuation of the cash equity business for western Europe and the equity research activities as well as a cost-optimisation programme in the central Corporate Centre functions.

41 Net income from investments

(€ millions)

	2012	2011
Available-for-sale financial assets	72	38
Shares in affiliated companies	22	20
Companies accounted for using the equity method	—	(7)
Held-to-maturity investments	5	(4)
Land and buildings	49	15
Investment properties[1]	10	(23)
Total	**158**	**39**

1 Gains on disposal, impairments and write-ups together with fair value fluctuations for investment properties measured at market value

Notes to the Income Statement (Continued)

Net income from investments breaks down as follows:

(€ millions)

	2012	2011
Gains on the disposal of	**220**	**147**
available-for-sale financial assets	134	112
shares in affiliated companies	22	20
companies accounted for using the equity method	—	(7)
held-to-maturity investments	5	(4)
land and buildings	49	15
investment properties	10	11
Write-downs and value adjustments on	**(62)**	**(108)**
available-for-sale financial assets	(62)	(74)
shares in affiliated companies	—	—
companies accounted for using the equity method	—	—
held-to-maturity investments	—	—
investment properties	—	(34)
Total	**158**	**39**

The gain of €2 million (2011: €27 million) arising from the translation of monetary available-for-sale financial instruments denominated in foreign currency is recognised as part of the net FX income in net trading income.

HVB Group recorded net income from investments of €158 million in the 2012 financial year (2011: €39 million). The net gains (gains on disposal less write-downs and valuation adjustments) arising from available-for-sale financial instruments in the reporting period contained a net gain of €49 million from private equity funds and direct and co-investments. This consists of gains on disposal of €97 million and valuation expenses of €48 million.

In 2011, the total included a gain of €45 million on the sale to UniCredit S.p.A. of part of the Bank's holding in UniCredit Global Information Services, which had previously been consolidated using the equity method, and in the non-consolidated UniCredit Business Partners S.C.p.A. (UCBP). The net gains (gains on disposal less write-downs and valuation adjustments) arising from available-for-sale financial instruments in 2011 contained a net loss of €5 million from private equity funds and direct and co-investments. This consisted of gains on disposal of €39 million and valuation expenses of €44 million.

42 Income tax for the period

(€ millions)

	2012	2011
Current taxes	(625)	(169)
Deferred taxes	(146)	(471)
Total	**(771)**	**(640)**

The current tax expense for 2012 includes tax expenses of €103 million for previous years (2011: €10 million). Among others, provisions have been set up for legal proceedings in connection with German tax credits.

The deferred tax expense in 2012 results from expenses of €249 million arising from the origination and utilisation of tax losses and the origination, reversal and value adjustments of deferred taxes arising from temporary differences and net income of €103 million from value adjustments on deferred tax assets arising from tax losses carried forward. The deferred tax expense in 2011 comprised net expense of €85 million from value adjustments on deferred tax assets arising from tax losses carried forward and net expense of €386 million relating to the origination and utilisation of tax losses and the origination, reversal and value adjustments of deferred taxes arising from temporary differences.

The differences between computed and recognised income tax are shown in the following reconciliation: (€ millions)

	2012	2011
Profit before tax	2,058	1,615
Applicable tax rate	31.4%	31.4%
Computed income taxes	(647)	(507)
Tax effects		
arising from previous years and changes in tax rates	(103)	(4)
arising from foreign income	+ 23	+ 61
arising from non-taxable income	+ 75	+ 78
arising from different tax laws	(80)	(25)
arising from non-deductible expenses	(130)	(148)
arising from value adjustments and the non-recognition of deferred taxes	+ 91	(95)
Recognised income taxes	**(771)**	**(640)**

An applicable tax rate of 31.4% has been assumed in the tax reconciliation. This comprises the current rate of corporate income tax in Germany of 15.0%, the solidarity surcharge of 5.5% and an average trade tax rate of 15.6%. This reflects the fact that the consolidated profit is dominated by profits generated in Germany, meaning that it is subject to German corporate income tax and trade tax.

The effects arising from tax on foreign income are a result of different tax rates applicable in other countries.

The item tax effects from different tax law essentially comprises the municipal trade tax modifications applicable to domestic companies and Italian regional tax on productive activity (IRAP).

Notes to the Income Statement (Continued)

The deferred tax assets and liabilities are broken down as follows:

(€ millions)

	2012	2011
Deferred tax liabilities		
Loans and receivables with banks and customers, including provisions for losses on loans and receivables	45	74
Financial assets/liabilities held for trading	171	175
Investments	214	273
Property, plant and equipment/intangible assets	60	35
Other assets/other liabilities/hedging derivatives	802	732
Deposits from banks/customers	54	111
Non-current assets or disposal groups held for sale	6	5
Other	351	336
Recognised deferred tax liabilities	**1,703**	**1,741**
Deferred tax assets		
Financial assets/liabilities held for trading	415	436
Investments	142	150
Property, plant and equipment/intangible assets	102	142
Provisions	503	346
Other assets/other liabilities/hedging derivatives	882	838
Loans and receivables with banks and customers, including provisions for losses on loans and receivables	233	257
Losses carried forward/tax credits	464	641
Other	2	1
Recognised deferred tax assets	**2,743**	**2,811**

Deferred taxes are normally measured using the local tax rates of the respective tax jurisdiction. German corporations use the uniform corporate income tax rate that is not dependent on any dividend distribution of 15.8%, including the solidarity surcharge, and the municipal trade tax rate dependent on the applicable municipal trade tax multiplier. As last year, this resulted in an overall valuation rate for deferred taxes of 31.4% for HVB in Germany. The applicable local tax rates are applied analogously for other domestic and foreign units. Changes in tax rates have been taken into account, provided they had already been enacted or substantially enacted by the end of the reporting period.

Deferred tax assets of €16 million (2011: €85 million) were credited to the AfS reserve of HVB Group and deferred tax liabilities of €11 million (2011: €13 million) were offset against the hedge reserve. The deferred taxes are mainly included in the items "Investments" and "Other assets/other liabilities/hedging derivatives" mentioned above. On account of the option set forth in IAS 19.93A, deferred tax assets of €272 million (2011: €89 million) were directly credited to shareholders' equity and are included in "Provisions". In each case, the deferred tax items offset directly against reserves are the balance of deferred tax assets and deferred tax liabilities before adjustment for minority interests.

Compliant with IAS 12, no deferred tax assets have been recognised for unused tax losses of HVB Group of €4,217 million (2011: €4,500 million), most of which do not expire, and deductible temporary differences of €1,652 million (2011: €1,611 million).

The deferred tax assets recognised on tax losses carried forward and tax credits were calculated using plans of the individual divisions, which are based on segment-specific and general macroeconomic assumptions. The amounts were measured taking into account appropriate valuation discounts. The planning horizon remained unchanged at five years. Measurement was carried out taking into account possible restrictions of local regulations regarding time and the so-called minimum taxation rule for domestic tax losses carried forward. Estimation uncertainties are inherent in the assumptions used in any multi-year plan. Where changes are made to the multi-year plan, this may have an impact on the valuation of the volume of deferred tax assets already capitalised or to be capitalised.

43 Impairment on goodwill

No impairment on goodwill accrued during the reporting period. In 2011, impairments of €4 million were taken on goodwill in connection with the sale by DAB Bank AG of part of its majority shareholding in SRQ FinanzPartner AG.

44 Earnings per share

	2012	2011
Consolidated profit attributable to shareholder (€ millions)	1,246	931
Average number of shares	802,383,672	802,383,672
Earnings per share (€)	1.55	1.16

Notes to the Consolidated Balance Sheet

45 Cash and cash balances

(€ millions)

	2012	2011
Cash on hand	576	488
Deposits central banks	15,079	3,779
Total	**15,655**	**4,267**

46 Financial assets held for trading

(€ millions)

	2012	2011
Balance-sheet assets	**25,035**	**30,103**
Fixed-income securities	13,917	17,444
Equity instruments	3,843	3,578
Other financial assets held for trading	7,275	9,081
Positive fair value from derivative financial instruments	**105,982**	**108,341**
Total	**131,017**	**138,444**

The financial assets held for trading include €207 million (2011: €228 million) in subordinated assets. Financial assets held for trading no longer include any Greek sovereign bonds at 31 December 2012. The securities of €1 million (nominal amount: €6 million) included in 2011 were sold in 2012.

Financial assets held for trading of related entities

The following table shows the breakdown of financial assets held for trading involving related entities:

(€ millions)

	2012	2011
Non-consolidated affiliated companies	20,044	19,003
of which: UniCredit S.p.A.	14,018	13,244
Joint ventures	—	—
Associated companies	205	211
Other participating interests	—	—
Total	**20,249**	**19,214**

Besides the amounts attributable to UniCredit S.p.A., the financial assets held for trading of €20,044 million (2011: €19,003 million) attributable to non-consolidated affiliated companies include financial assets of €6,026 million (2011: €5,753 million) attributable to sister companies (mostly derivative transactions involving UniCredit Bank Austria AG) and €0 million (2011: €6 million) attributable to subsidiaries.

47 Financial assets at fair value through profit or loss

(€ millions)

	2012	2011
Fixed-income securities	22,915	26,103
Equity instruments	—	—
Investment certificates	2	2
Promissory notes	1,365	1,940
Other financial assets at fair value through profit or loss	—	—
Total	**24,282**	**28,045**

83% of the promissory notes was issued by the federal states and regional authorities in the Federal Republic of Germany. The portfolio also includes a promissory note issued by the Republic of Austria.

On account of the prime ratings of the promissory notes, the fair value fluctuations contain only minor effects from changes in credit ratings.

The financial assets at fair value through profit or loss include €301 million (2011: €308 million) in subordinated assets. Financial assets at fair value through profit or loss (fair value option) no longer include any Greek sovereign bonds. The securities with a carrying amount/market value of €8 million (nominal amount: €21 million) included in 2011 were sold in 2012.

48 Available-for-sale financial assets

(€ millions)

	2012	2011
Fixed-income securities	4,013	3,727
Equity instruments	418	648
Other available-for-sale financial assets	188	299
Impaired assets	863	802
Total	**5,482**	**5,476**

Available-for-sale financial assets at 31 December 2012 included €1,082 million (31 December 2011: €1,402 million) valued at cost. Within this total, equity instruments with a carrying amount of €65 million were sold during the reporting period, yielding a gain of €90 million.

Available-for-sale financial assets at 31 December 2012 contained a total of €863 million (31 December 2011: €802 million) in impaired assets. Impairments of €68 million (31 December 2011: €94 million) were taken to the income statement during the reporting period.

None of the non-impaired debt instruments are financial instruments past due.

The available-for-sale financial assets included €220 million (2011: €227 million) in subordinated assets at 31 December 2012.

Available-for-sale financial instruments no longer include Greek government bonds at 31 December 2012. The securities with a carrying amount/market value of €2 million (nominal amount: €6 million) still held in 2011 were sold in the first half of 2012.

49 Shares in associated companies accounted for using the equity method and joint ventures accounted for using the equity method

(€ millions)

	2012	2011
Associated companies accounted for using the equity method	65	49
of which: goodwill	36	35
Joint ventures accounted for using the equity method	—	—
Total	**65**	**49**

Notes to the Consolidated Balance Sheet (Continued)

Change in portfolio of shares in associated companies accounted for using the equity method (€ millions)

2011	ASSOCIATED COMPANIES ACCOUNTED FOR USING THE EQUITY METHOD
Carrying amounts at 1 January	**94**
Additions	**55**
Purchases	—
Write-ups	—
Changes from currency translation	—
Other additions[1]	55
Disposals	**(100)**
Sales	—
Impairments	—
Changes from currency translation	—
Non-current assets or disposal groups held for sale	—
Other disposals[1]	(100)
Carrying amounts at 31 December	**49**
2012	ASSOCIATED COMPANIES ACCOUNTED FOR USING THE EQUITY METHOD
Carrying amounts at 1 January	**49**
Additions	**16**
Purchases	10
Write-ups	—
Changes from currency translation	1
Other additions[1]	5
Disposals	**—**
Sales	—
Impairments	—
Changes from currency translation	—
Non-current assets or disposal groups held for sale	—
Other disposals[1]	—
Carrying amounts at 31 December	**65**

1 also including changes in the group of companies included in consolidation

The following tables show the main items in the balance sheets and income statements of the companies accounted for using the equity method:

(€ millions)

	2012	2011
Property, plant and equipment	240	270
Intangible assets	22	22
Other assets	179	130
Total assets	**441**	**422**

(€ millions)

	2012	2011
Deposits from banks	209	132
Other liabilities	118	226
Equity	114	64
Total liabilities	**441**	**422**

(€ millions)

	2012	2011
Net interest	(13)	(7)
Net other expenses/income	165	76
Operating costs	(99)	(54)
Profit before tax	**53**	**15**
Income tax	(8)	(4)
Consolidated profit	**45**	**11**

There were no changes in volume arising from other comprehensive income and other equity items at companies accounted for using the equity method. There was no prorated loss during the reporting period from companies accounted for using the equity method; in 2011, the unrecognised prorated loss from companies accounted for using the equity method totalled €0.3 million. Furthermore, there were no prorated cumulative losses in the reporting period from companies accounted for using the equity method; in 2011, such unrecognised prorated cumulative losses totalled €1.0 million.

50 Held-to-maturity investments

(€ millions)

	2012	2011
Fixed-income securities	261	2,463
Impaired assets	—	—
Total	**261**	**2,463**

Held-to-maturity investments at 31 December 2012 include €11 million (2011: €11 million) in subordinated assets.

As in 2011, the held-to-maturity investments at 31 December 2012 included no impaired assets.

As in 2011, the held-to-maturity investments do not include any Greek government bonds at 31 December 2012.

Development of held-to-maturity investments

(€ millions)

	2012	2011
Balance at 1 January	**2,463**	**2,600**
Additions		
Purchases	—	—
Write-ups	—	—
Other additions	—	—
Disposals		
Sales	—	—
Redemptions at maturity	(2,190)	(137)
Write-downs	—	—
Other disposals	(12)	—
Balance at 31 December	**261**	**2,463**

Held-to-maturity investments of related entities

The following table shows the breakdown of held-to-maturity investments involving related entities:

(€ millions)

	2012	2011
Non-consolidated affiliated companies	—	2,108
of which: UniCredit S.p.A.	—	2,108
Joint ventures	—	—
Associated companies	—	—
Other participating interests	—	—
Total	**—**	**2,108**

In 2011, this item related exclusively to a security issued by UniCredit S.p.A. which fell due for payment in 2012.

Notes to the Consolidated Balance Sheet (Continued)

51 Loans and receivables with banks

(€ millions)

	2012	2011
Current accounts	14,737	17,412
Repos[1]	6,975	5,738
Reclassified securities	2,171	3,154
Other loans to banks	12,437	17,973
Total	**36,320**	**44,277**

1 repurchase agreements

The other loans to banks consist mostly of term deposits and bonds.

The loans and receivables with banks included €641 million (2011: €651 million) in subordinated assets at 31 December 2012.

Loans and receivables with related entities

The following table shows the breakdown of loans and receivables with banks involving related entities:

(€ millions)

	2012	2011
Non-consolidated affiliated companies	7,365	15,206
of which: UniCredit S.p.A.	4,630	8,116
Joint ventures	—	—
Associated companies	248	112
Other participating interests	2	100
Total	**7,615**	**15,418**

Besides the loans and receivables with UniCredit S.p.A., the loans and receivables of €7,365 million (2011: €15,206 million) with non-consolidated affiliated banks include loans and receivables of €2,735 million (2011: €7,090 million) with sister companies (mainly UniCredit Bank Austria AG).

The figures stated for loans and receivables with banks are shown net of the associated allowances for losses on loans and receivables. These allowances break down as follows:

(€ millions)

	2012	2011
Properly serviced loans and receivables		
Carrying amount before allowances	36,170	44,239
Portfolio allowances	9	9
Carrying amount	**36,161**	**44,230**
Properly serviced loans and receivables past due		
Carrying amount before allowances	36	—
Portfolio allowances	—	—
Carrying amount	**36**	**—**
Non-performing loans and receivables		
Carrying amount before allowances	233	203
Specific allowances	110	156
Carrying amount	**123**	**47**

The non-performing loans and receivables are essentially loans and receivables in rating classes 8–, 9 and 10. These include receivables totalling €1 million (2011: €0 million) that are no longer assigned to rating classes 8–, 9 or 10 due to improved credit standings, but which have been in these classes for a total period of 24 months since first being classified as non-performing.

(€ millions)

	2012	2011
Carrying amount of properly serviced loans and receivables past due, broken down by period past due		
1 – 30 days	36	—
31 – 60 days	—	—
61 – 90 days	—	—

(€ millions)

	2012	2011
Value of collateral, broken down by period past due		
1 – 30 days	11	—
31 – 60 days	—	—
61 – 90 days	—	—

(€ millions)

	2012	2011
Loans and receivables, broken down by rating class		
Not rated	337	2,750
Rating class 1 – 4	34,480	40,471
Rating class 5 – 8	1,381	1,025
Rating class 9 – 10	122	31
Collateral, broken down by rating class		
Not rated	1	—
Rating class 1 – 4	11,760	13,711
Rating class 5 – 8	853	542
Rating class 9 – 10	94	18

52 Loans and receivables with customers

(€ millions)

	2012	2011
Current accounts	10,754	10,228
Repos[1]	443	5,728
Mortgage loans	42,957	46,097
Finance leases	1,883	1,982
Reclassified securities	3,552	4,737
Non-performing loans and receivables	4,468	4,216
Other loans and receivables	58,155	63,573
Total	**122,212**	**136,561**

1 repurchase agreements

Other loans and receivables largely comprise miscellaneous other loans, installment loans, term deposits and refinanced special credit facilities.

Loans and receivables with customers include an amount of €1,916 million (2011: €2,482 million) funded under the fully consolidated Arabella conduit programme. This essentially involves buying short-term accounts payable and medium-term receivables under lease agreements from customers and funding them by issuing commercial paper on the capital market. The securitised loans and receivables essentially reflect loans and receivables of European borrowers, with a majority of the loans and receivables relating to German borrowers.

The loans and receivables with customers include €1,298 million (2011: €1,753 million) in subordinated assets.

Loans and receivables with customers did not include any Greek government bonds at 31 December 2012.

Notes to the Consolidated Balance Sheet (Continued)

Loans and receivables with related entities

The following table shows the breakdown of loans and receivables with customers involving related entities:

(€ millions)

	2012	2011
Non-consolidated affiliated companies	114	210
Joint ventures	—	—
Associated companies	58	86
Other participating interests	517	600
Total	**689**	**896**

The loans and receivables of €114 million (2011: €210 million) with non-consolidated affiliated companies include loans and receivables of €114 million (2011: €132 million) with sister companies and €0 million (2011: €78 million) with subsidiaries.

The figures stated for loans and receivables with customers are shown net of the associated allowances for losses on loans and receivables. These allowances break down as follows:

(€ millions)

	2012	2011
Properly serviced loans and receivables		
Carrying amount before allowances	116,995	130,053
Portfolio allowances	419	382
Carrying amount	**116,576**	**129,671**
Properly serviced loans and receivables past due		
Carrying amount before allowances	1,175	2,684
Portfolio allowances	7	10
Carrying amount	**1,168**	**2,674**
Non-performing loans and receivables		
Carrying amount before allowances	8,371	8,402
Specific allowances	3,903	4,186
Carrying amount	**4,468**	**4,216**

The non-performing loans and receivables are essentially the loans and receivables in rating classes 8–, 9 and 10. These include receivables totalling €340 million (2011: €265 million) that are no longer assigned to rating classes 8–, 9 and 10 due to improved credit standings, but which have been in these classes for a total period of 24 months since first being classified as non-performing.

(€ millions)

	2012	2011
Carrying amount of properly serviced loans and receivables past due, broken down by period past due		
1 – 30 days	1,114	2,413
31 – 60 days	37	226
61 – 90 days	17	35

(€ millions)

	2012	2011
Value of collateral, broken down by period past due		
1 – 30 days	454	913
31 – 60 days	16	89
61 – 90 days	6	17

(€ millions)

	2012	2011
Loans and receivables, broken down by rating class		
Not rated	7,553	14,620
Rating class 1 – 4	66,411	60,092
Rating class 5 – 8	44,120	58,161
Rating class 9 – 10	4,128	3,688
Collateral, broken down by rating class		
Not rated	2,246	1,927
Rating class 1 – 4	29,391	22,473
Rating class 5 – 8	23,977	29,370
Rating class 9 – 10	1,679	1,706

Amounts receivable from customers under lease agreements (receivables under finance leases)
The amounts receivable from customers under finance lease agreements are described in more detail in Note 73.

53 Allowances for losses on loans and receivables with customers and banks

Analysis of loans and receivables

(€ millions)

	SPECIFIC ALLOWANCES	PORTFOLIO ALLOWANCES	TOTAL
Balance at 1 January 2011	**4,436**	**623**	**5,059**
Changes affecting income			
Gross additions[1]	1,528	9	1,537
Releases	(887)	(228)	(1,115)
Changes not affecting income			
Changes due to make-up of group of consolidated companies and			
reclassifications of disposal groups held for sale	—	—	—
Use of existing loan-loss allowances	(833)	—	(833)
Effects of currency translation and other changes not affecting income	98	(3)	95
Non-current assets or disposal groups held for sale	—	—	—
Balance at 31 December 2011	**4,342**	**401**	**4,743**
	SPECIFIC ALLOWANCES	PORTFOLIO ALLOWANCES	TOTAL
Balance at 1 January 2012	**4,342**	**401**	**4,743**
Changes affecting income			
Gross additions[1]	1,429	41	1,470
Releases	(831)	(6)	(837)
Changes not affecting income			
Changes due to make-up of group of consolidated companies and			
reclassifications of disposal groups held for sale	(15)	—	(15)
Use of existing loan-loss allowances	(832)	—	(832)
Effects of currency translation and other changes not affecting income	(80)	(1)	(81)
Non-current assets or disposal groups held for sale	—	—	—
Balance at 31 December 2012	**4,013**	**435**	**4,448**

1 the additions include the gains on the disposal of impaired loans and receivables

Notes to the Consolidated Balance Sheet (Continued)

54 Hedging derivatives

(€ millions)

	2012	2011
Micro fair value hedge	1	8
Fair value hedge portfolio[1]	3,261	2,690
Total	**3,262**	**2,698**

1 the cross-currency interest rate swaps used in hedge accounting are carried at their aggregate fair value in the fair value hedge portfolio

55 Property, plant and equipment

(€ millions)

	2012	2011
Land and buildings	914	845
Plant and office equipment	393	349
Other property, plant and equipment	1,706	1,712
Total[1]	**3,013**	**2,906**

1 including leased assets of €638 million (2011: €568 million). More information about leases is contained in Note 73

Other property, plant and equipment refers essentially to assets under construction of Ocean Breeze Energy GmbH & Co. KG, Munich. This item also includes the grants of €42 million (2011: €42 million) provided by the European Union that are classified as government grants in accordance with IAS 20. Compliant with IAS 20.24, these grants have been deducted from the acquisition and production cost of the other property, plant and equipment on the assets side of the balance sheet. The cash funds were granted on condition that specific expenses could be demonstrated by Ocean Breeze Energy GmbH & Co. KG. The company has provided the necessary evidence.

Development of property, plant and equipment (€ millions)

	LAND AND BUILDINGS	PLANT AND OFFICE EQUIPMENT	TOTAL INTERN-ALLY USED PROPERTY, PLANT AND EQUIPMENT	OTHER PROPERTY, PLANT AND EQUIPMENT	TOTAL PROPERTY, PLANT AND EQUIPMENT[1]
Acquisition costs at 1 January 2011	**2,411**	**952**	**3,363**	**1,728**	**5,091**
Write-downs and write-ups from previous years	(1,383)	(650)	(2,033)	(5)	(2,038)
Carrying amounts at 1 January 2011	**1,028**	**302**	**1,330**	**1,723**	**3,053**
Additions					
Acquisition/production costs[2]	7	105	112	(8)	104
Write-ups	3	—	3	1	4
Changes from currency translation	—	—	—	1	1
Other additions[3]	12	13	25	—	25
Disposals					
Sales	(6)	(12)	(18)	—	(18)
Amortisation and write-downs	(48)	(55)	(103)	(5)	(108)
Impairments	—	—	—	—	—
Changes from currency translation	—	—	—	—	—
Non-current assets					
or disposal groups held for sale	(118)	(1)	(119)	—	(119)
Other disposals[3]	(33)	(3)	(36)	—	(36)
Carrying amounts at 31 December 2011	**845**	**349**	**1,194**	**1,712**	**2,906**
Write-downs and write-ups					
from previous years plus year under review	1,189	702	1,891	9	1,900
Acquisition costs at 31 December 2011	**2,034**	**1,051**	**3,085**	**1,721**	**4,806**

	LAND AND BUILDINGS	PLANT AND OFFICE EQUIPMENT	TOTAL INTERN-ALLY USED PROPERTY, PLANT AND EQUIPMENT	OTHER PROPERTY, PLANT AND EQUIPMENT[4]	TOTAL PROPERTY, PLANT AND EQUIPMENT[1]
Acquisition costs at 1 January 2012	**2,034**	**1,051**	**3,085**	**1,721**	**4,806**
Write-downs and write-ups from previous years	(1,189)	(702)	(1,891)	(9)	(1,900)
Carrying amounts at 1 January 2012	**845**	**349**	**1,194**	**1,712**	**2,906**
Additions					
Acquisition/production costs	18	96	114	—	114
Write-ups	33	—	33	—	33
Changes from currency translation	—	—	—	—	—
Other additions[5]	80	37	117	—	117
Disposals					
Sales	(1)	(17)	(18)	—	(18)
Amortisation and write-downs	(45)	(66)	(111)	(5)	(116)
Impairments	(16)	(4)	(20)	—	(20)
Changes from currency translation	—	—	—	(1)	(1)
Non-current assets					
or disposal groups held for sale	—	(1)	(1)	—	(1)
Other disposals[5]	—	(1)	(1)	—	(1)
Carrying amounts at 31 December 2012	**914**	**393**	**1,307**	**1,706**	**3,013**
Write-downs and write-ups					
from previous years plus year under review	1,267	773	2,040	14	2,054
Acquisition costs at 31 December 2012	**2,181**	**1,166**	**3,347**	**1,720**	**5,067**

1 including leased assets. More information about leases is contained in Note 73
2 including government grants of €42 million deducted from other assets on the assets side of the balance sheet
3 also including changes in the group of companies included in consolidation. No companies were acquired in 2011
4 including government grands of €42 million deducted from acquisition cost on the assets side of the balance sheet.
5 also including changes in the group of companies included in consolidation. No companies were acquired during the reporting period

Notes to the Consolidated Balance Sheet (Continued)

56 Investment properties

The fair value of investment properties at HVB Group, which are measured at amortised cost, totalled €1,782 million (2011: €1,879 million). The appraisals prepared to calculate the fair values are based on recognised appraisal methods used by external assessors, primarily taking the form of asset-value and gross-rental methods. In the case of developed land, current market rents, operating costs and property yields are applied in the gross-rental method. Where necessary, property-specific considerations are also taken into account when determining the value. These property-specific factors include vacancy rates, deviations between current contractual rents and current market rents, the condition of the buildings' technical systems and so on. In the case of undeveloped land, figures for sales of nearby land that have been completed are normally taken as the basis; where these are not available, the standard land value is employed as a benchmark, with adjustments made for the individual location, size and layout of the land, among other factors.
The net carrying amount of the leased assets arising from finance leases included in investment properties amounted to €127 million (2011: €128 million) for land and buildings at the reporting date.
No investment properties measured at fair value were held in the reporting period or the previous year.

(€ millions)

	INVESTMENT PROPERTIES MEASURED AT COST
Acquisition costs at 1 January 2011	**2,474**
Write-downs and write-ups from previous years	(595)
Carrying amounts at 1 January 2011	**1,879**
Additions	
Purchases	3
Write-ups	7
Changes from currency translation	1
Other additions[1]	76
Disposals	
Sales	(191)
Amortisation and write-downs	(40)
Impairments	(41)
Changes from currency translation	—
Non-current assets or disposal groups held for sale	(12)
Other disposals[1]	(4)
Carrying amounts at 31 December 2011	**1,678**
Write-downs and write-ups from previous years plus year under review	820
Acquisition costs at 31 December 2011	**2,498**

	INVESTMENT PROPERTIES MEASURED AT COST
Acquisition costs at 1 January 2012	**2,498**
Write-downs and write-ups from previous years	(820)
Carrying amounts at 1 January 2012	**1,678**
Additions	
Purchases	3
Write-ups	16
Changes from currency translation	1
Other additions[1]	—
Disposals	
Sales	(70)
Amortisation and write-downs	(37)
Impairments	(16)
Changes from currency translation	—
Non-current assets or disposal groups held for sale	(12)
Other disposals[1]	(6)
Carrying amounts at 31 December 2012	**1,557**
Write-downs and write-ups from previous years plus year under review	822
Acquisition costs at 31 December 2012	**2,379**

1 also including changes in the group of companies included in consolidation. No companies were acquired in 2011.

57 Intangible assets

(€ millions)

	2012	2011
Goodwill	**418**	**418**
Other intangible assets	**122**	**147**
Internally generated intangible assets	72	98
Other intangible assets	50	49
Total	**540**	**565**

Development of intangible assets

(€ millions)

	GOODWILL FROM AFFILIATED COMPANIES	INTERNALLY GENERATED INTANGIBLE ASSETS	OTHER INTANGIBLE ASSETS
Acquisition costs at 1 January 2011	**1,084**	**450**	**427**
Write-downs and write-ups from previous years	(660)	(327)	(366)
Carrying amounts at 1 January 2011	**424**	**123**	**61**
Additions			
Purchases/internally generated	—	18	18
Write-ups	—	—	—
Changes from currency translation	—	—	—
Other additions[1]	—	—	1
Disposals			
Sales	—	—	—
Amortisation and write-downs	—	(43)	(30)
Impairments	(4)	—	—
Changes from currency translation	—	—	—
Non-current assets or disposal groups held for sale	—	—	—
Other disposals[1]	(2)	—	(1)
Carrying amounts at 31 December 2011	**418**	**98**	**49**
Write-downs and write-ups from previous years plus year under review	660	360	389
Acquisition costs at 31 December 2011	**1,078**	**458**	**438**

1 also including changes in the group of companies included in consolidation. No companies were acquired in 2011

Notes to the Consolidated Balance Sheet (Continued)

Development of intangible assets (€ millions)

	GOODWILL FROM AFFILIATED COMPANIES	INTERNALLY GENERATED INTANGIBLE ASSETS	OTHER INTANGIBLE ASSETS
Acquisition costs at 1 January 2012	**1,078**	**458**	**438**
Write-downs and write-ups from previous years	(660)	(360)	(389)
Carrying amounts at 1 January 2012	**418**	**98**	**49**
Additions			
Purchases/internally generated	—	16	22
Write-ups	—	—	—
Changes from currency translation	—	—	—
Other additions[1]	—	—	—
Disposals			
Sales	—	—	—
Amortisation and write-downs	—	(42)	(21)
Impairments	—	—	—
Changes from currency translation	—	—	—
Non-current assets or disposal groups held for sale	—	—	—
Other disposals[1]	—	—	—
Carrying amounts at 31 December 2012	**418**	**72**	**50**
Write-downs and write-ups from previous years plus year under review	660	402	375
Acquisition costs at 31 December 2012	**1,078**	**474**	**425**

1 also including changes in the group of companies included in consolidation

HVB no longer generates any software internally. Software is provided to HVB by the UniCredit-wide service provider UBIS.

58 Non-current assets or disposal groups held for sale

The Bank intends to sell a property in a central location in Hamburg classified as property, plant and equipment as part of a programme to optimise office usage and costs in Bank-owned real estate. The sale of a property in Munich under the same programme was successfully completed during the reporting period.

Several investment properties have also been designated as held for sale in connection with the disposal of non-strategic real estate.

The other assets and tax assets disclosed here relate to the planned disposal of a participating interest held by HVB.

(€ millions)

ASSETS	2012	2011
Property, plant and equipment	48	119
Investment properties	12	12
Tax assets	2	—
Other assets	8	—
Total	**70**	**131**

59 Other assets

Other assets include prepaid expenses of €77 million (2011: €67 million).

60 Own securitisation

The Bank has securitised its own loan receivables for the purpose of obtaining cheap funding, generating securities for use as collateral in repurchase agreements and reducing risk-weighted assets.

This involves structuring the cash flows of the underlying loan portfolio, meaning that at least two hierarchical positions (tranches) are formed when dividing up the risks and cash flows. In the case of synthetic securitisation, the transfer of risk and the ensuing reduction in regulatory capital requirements is mainly achieved using hedges in the form of guarantees and credit derivatives. In the case of traditional securitisation (true sale), this is achieved by selling receivables to a special purpose entity which in turn issues securities.

In the case of the true sale transactions Geldilux TS 2010, Geldilux TS 2011 and Geldilux PP 2011, the senior tranche was placed on the capital market while the junior tranches were retained by HVB. HVB retained all of the tranches issued by the special purpose entity under the true sale transaction Rosenkavalier 2008. The securities generated in this way can, if required, be used as collateral for repurchase agreements with the European Central Bank (ECB). The underlying receivables continue to be recognised by HVB and the special purpose entities set up for this purpose are fully consolidated in accordance with SIC 12. The volume of lending in all true sale transactions amounted to €8.2 billion at 31 December 2012 (2011: €9.3 billion). The risk-weighted assets have not been reduced.

The only remaining securitisation transaction put in place to reduce risk-weighted assets, EuroConnect Issuer SME 2008-1, involved a volume of lending of €0.8 billion at 31 December 2012 (2011: €1.1 billion), serving to deduct €0.1 billion (2011: €0.2 billion) from risk-weighted assets taking account of the retained tranches. Here, a risk weighting of 1.250% is assumed for the items deductible from capital. The transactions Promise-XXS 2006-1 and Geldilux-TS-2007 expired in 2012; the transaction EuroConnect Issuer SME 2007-1 was no longer recognised in 2012 so as to reduce risk-weighted assets. This means that the volume of lending in the securitisation transactions put in place to reduce risk-weighted assets declined by a total of €4.4 billion year-on-year and the reduction in risk-weighted assets by €1.3 billion.

The transactions Provide-A 2006-1 and EuroConnect Issuer LC 2007-1 that had already not been recognised so as to reduce risk-weighted assets in 2011 similarly expired in 2012. The other existing transactions SFA-1-2008, SFA-2-2008, Building Comfort 2008 continue not to be recognised so as to reduce risk-weighted assets.

Notes to the Consolidated Balance Sheet (Continued)

61 Deposits from banks

(€ millions)

	2012	2011
Deposits from central banks	**6,271**	**5,507**
Deposits from banks	**38,945**	**52,351**
Current accounts and demand deposits	12,959	10,356
Reverse repos[1]	8,378	21,619
Term deposits	7,883	9,995
Other liabilities	9,725	10,381
Total	**45,216**	**57,858**

1 repurchase agreements

Amounts owed to related entities

The following table shows the breakdown of deposits from banks involving related entities:

(€ millions)

	2012	2011
Non-consolidated affiliated companies	6,690	5,894
of which: UniCredit S.p.A.	2,771	2,101
Joint ventures	—	—
Associated companies	12	116
Other participating interests	59	67
Total	**6,761**	**6,077**

Besides the deposits from UniCredit S.p.A., the deposits of €6,690 million (2011: €5,894 million) from non-consolidated affiliated companies include deposits of €3,919 million (2011: €3,793 million) from sister companies; the largest single item relates to UniCredit Bank Austria AG.

62 Deposits from customers

(€ millions)

	2012	2011
Current accounts and demand deposits	59,768	52,881
Savings deposits	14,779	13,797
Reverse repos[1]	8,550	8,989
Term deposits	17,820	22,916
Other liabilities	9,351	8,859
Total	**110,268**	**107,442**

1 repurchase agreements

Amounts owed to related entities

The following table shows the breakdown of deposits from customers involving related entities:

(€ millions)

	2012	2011
Non-consolidated affiliated companies	391	304
Joint ventures	—	1
Associated companies	6	39
Other participating interests	205	290
Total	**602**	**634**

The deposits of €391 million (2011: €304 million) from non-consolidated affiliated companies include deposits of €107 million (2011: €22 million) from subsidiaries and €284 million (2011: €282 million) from sister companies.

63 Debt securities in issue

(€ millions)

	2012	2011
Bonds	34,467	42,174
Other securities	1,396	493
Total	**35,863**	**42,667**

Debt securities in issue, payable to related entities

The following table shows the breakdown of debt securities in issue involving related entities:

(€ millions)

	2012	2011
Non-consolidated affiliated companies	598	783
of which: UniCredit S.p.A.	351	515
Joint ventures	—	—
Associated companies	252	221
Other participating interests	—	—
Total	**850**	**1,004**

Besides the debt securities attributable to UniCredit S.p.A., the debt securities in issue of €598 million (2011: €783 million) attributable to non-consolidated affiliated companies include debt securities of €248 million (2011: €268 million) attributable to sister companies.

64 Financial liabilities held for trading

(€ millions)

	2012	2011
Negative fair values arising from derivative financial instruments	105,513	109,115
Other financial liabilities held for trading	15,988	19,760
Total	**121,501**	**128,875**

The negative fair values arising from derivative financial instruments are carried as financial liabilities held for trading purposes. Also included under other financial liabilities held for trading purposes are warrants, certificates and bonds issued by our trading department as well as delivery obligations arising from short sales of securities not held for trading purposes.

The cumulative valuation effects of the financial liabilities held for trading in the portfolio at 31 December 2012, which result from including the own credit spread, total €125 million (2011: €302 million). Valuation expenses of €177 million (2011: €187 million valuation income) arising from own credit spread changes accrued for these holdings in the year under review.

Notes to the Consolidated Balance Sheet (Continued)

65 Hedging derivatives

(€ millions)

	2012	2011
Micro fair value hedge	1	1
Fair value hedge portfolio[1]	1,385	1,021
Total	**1,386**	**1,022**

1 the cross-currency interest rate swaps used in hedge accounting are carried at their aggregate fair value in the fair value hedge portfolio

66 Hedge adjustment of hedged items in the fair value hedge portfolio

The net changes in fair value of portfolio hedged items for receivables and liabilities with interest rate hedges total €2,858 million (2011: €2,417 million). The fair value of the netted fair value hedge portfolio derivatives represents an economic comparable amount. The hedge adjustments are recognised separately in the balance sheet (for hedged lending and deposit-taking activities) for some subsidiaries for which it is possible to hedge assets and liabilities separately. The corresponding amount on the assets side of the balance sheet is €193 million (2011: €160 million).

67 Liabilities of disposal groups held for sale

(€ millions)

LIABILITIES	2012	2011
Tax liabilities	1	—
Other liabilities	3	—
Provisions	16	—
Total	**20**	**—**

The liabilities disclosed here relate to the planned disposal of a participating interest held by HVB.

68 Other liabilities

This item totalling €3,375 million (2011: €4,304 million) essentially encompasses deferred income and accruals compliant with IAS 37. Accruals include, notably, commitments arising from accounts payable with invoices outstanding, short-term liabilities to employees, and other accruals arising from fees and commissions, interest, cost of materials, etc.

69 Provisions

(€ millions)

	2012	2011
Provisions for pensions and similar commitments	133	47
Allowances for losses on guarantees and commitments and irrevocable credit commitments	527	201
Restructuring provisions	184	156
Actuarial provisions	27	35
Other provisions	1,077	1,674
Total	**1,948**	**2,113**

Provisions for pensions and similar commitments
HVB Group operates both defined benefit plans and defined contribution plans for its employees.

In the case of defined benefit plans, the company undertakes to pay a defined future pension. The financial resources required to do so in the future can be accrued within the company (internal financing) or by payment of specific amounts to external pension funds (external financing).

In the case of defined contribution plans, the company undertakes to pay defined contributions to external pension funds which will later make the pension payments. These include a pension institution in which other banks are also involved. Apart from paying the periodic contributions, the company has no further de facto commitments. Drawdowns from a statutory subsidiary liability are not expected.

Defined benefit plans
The provisions for pensions and similar commitments include the direct commitments to HVB Group employees under company pension plans. These defined benefit plans are based in part on final salaries and in part on building-block schemes involving dynamic adjustment of vested rights.

Funded pension commitments differ from unfunded pension commitments in that plan assets are allocated to cover the claims of the beneficiaries. The funded pension obligations are offset against the fair value of a plan's assets. The recognised funded pension provision reflects the balance of the present value of the pension obligations and the fair value of the plan assets.

The financial commitments financed by the Pensionskasse der HypoVereinsbank VvaG pension fund are included in the disclosures regarding pension commitments. The standard HVB Group valuation parameters are used when calculating these commitments. In line with the current developments on the capital market, the much lower discount rate leads to an increase in the total obligation, meaning that the present value of the pension commitments under this plan exceeds the fair value of the plan assets for the first time. Consequently, a pension provision (defined benefit liability) has been recognised in the consolidated balance sheet the reporting period in the amount of the excess of the commitments over the plan assets; the asset ceiling defined in IAS 19.58B is now no longer applied.

For the purpose of calculating the internal pension entitlements, the valuation parameters of HVB Group were modified as follows: (in %)

	31/12/2012/ 1/1/2013	31/12/2011/ 1/1/2012
Interest rate	3.75	5.25
Expected return on plan assets	3.75	5.25
Rate of increase in pension commitments	1.70	1.70
Rate of increase in future compensation and vested rights	2.00	2.00
Rate of increase over career	0 – 1.5	0 – 1.5

Notes to the Consolidated Balance Sheet (Continued)

There was a sharp decline in the number of long-term corporate bonds denominated in euros with a rating of at least AA during the reporting period on account of numerous company downgrades by the rating agencies. As these bonds form the basis for deriving the discount rate used to value pension obligations, this development led to major volatility in the returns and hence the discount rate.

As a result of the changed market conditions, the data basis used to determine the discount rate was adjusted during the reporting period. The increase of 25 basis points in the discount rate arising from the change in the reporting estimate leads to a greater discount being taken on the total commitment and consequently to a reduction of €147 million in the present value of the pension commitments. The effect resulting from the modified estimate is recognised directly in equity (other comprehensive income) in the reporting period and the amount disclosed for retained earnings is increased by €147 million. The income statement was not affected during the reporting period.

The funding status developed as follows: (€ millions)

	2012	2011	2010	2009	2008
Funded pension commitments:					
Present value of funded pension commitments	3,640	2,875	2,937	2,861	2,751
Fair value of plan assets	(3,558)	(3,109)	(3,153)	(3,066)	(3,010)
Reduction due to asset ceiling compliant with IAS 19.58B	—	85	51	69	104
Capitalised excess cover of plan assets	18	154	171	139	174
Recognised pension provisions	**100**	**5**	**6**	**3**	**19**
Unfunded pension commitments:					
Present value of unfunded pension commitments	33	42	45	47	85
Total recognised pension provisions	**133**	**47**	**51**	**50**	**104**

The development of the experience adjustments is as follows: (€ millions)

	2012	2011	2010	2009	2008
Experience adjustments to plan liabilities	(13)	(27)	(32)	(55)	(18)
Experience adjustments to plan assets	38	(89)	30	(15)	(102)

HVB Group exercises the option permitted by IAS 19.93A for defined benefit pension plans to carry actuarial gains or losses in shareholders' equity outside the profit or loss for the period in accordance with the other comprehensive income method (OCI method).

The following table shows the breakdown of pension expense: (€ millions)

	2012	2011
Present value of the pension claims vested in the year under review	(47)	(36)
Interest expense	(149)	(113)
Expected income from plan assets	160	119
Losses from changes to plans	—	1
Total	**(36)**	**(29)**

Pension expense is recognised in payroll costs (pension and other employee benefit costs) as a net amount. The table also shows the pension expense accruing to the pension fund.

The following table shows an analysis of funded and covered pension commitments: (€ millions)

	2012	2011
Balance at 1 January	**2,875**	**2,937**
Present value of the pension claims vested in the year under review	46	47
Interest expense	147	144
Contributions from plan participants	3	2
Actuarial gains/(losses)	700	(124)
Payments affecting liquidity	(134)	(131)
Changes in consolidated group	—	—
Changes arising from foreign currency translation	1	2
Other changes	2	(2)
Balance at 31 December	**3,640**	**2,875**

The following table shows an analysis of the present value of unfunded pension commitments: (€ millions)

	2012	2011
Balance at 1 January	**42**	**45**
Present value of the pension claims vested in the year under review	1	1
Interest expense	2	2
Contributions from plan participants	—	—
Actuarial gains/(losses)	7	(1)
Payments affecting liquidity	(3)	(3)
Changes in consolidated group	—	—
Changes arising from foreign currency translation	—	—
Other changes	(16)	(2)
Balance at 31 December	**33**	**42**

HVB set up plan assets in the form of contractual trust arrangements (CTA). This involved transferring the assets required to fund its pension commitments to legally independent trustees, including HVB Trust e.V. Compliant with IAS 19.54, assets transferred are offset against the pension provisions; the amount of the pension provisions in the corporate group declines accordingly.

HVB reorganised its company pension plans (direct commitments) in 2009. HVB Trust Pensionsfonds AG (pension fund) was set up in the process. Both the pension commitments to pensioners, who in October 2009 had already received pension benefits from the Bank, and the assets required to cover these commitments were transferred to the pension fund. The pensioners' pension claims are not affected by the restructuring; HVB continues to guarantee the pension. The pension fund is a legally independent institution regulated by the German Federal Financial Supervisory Authority (BaFin).

The following table shows the plan assets available to the trustees to finance the pension commitments: (€ millions)

	2012	2011
Equities	31	28
Fixed-income securities	90	84
Property	113	86
Other assets	396	77
Investment funds	2,928	2,834
Plan assets	**3,558**	**3,109**

The fixed-income securities include own bonds of €11 million (2011: €5 million). The plan assets also include real estate used by the Bank with a fair value of €7 million (2011: €7 million). Furthermore, term and overnight deposits of €40 million (2011: €69 million) deposited with HVB are shown under other assets. The investment funds include own financial instruments with a fair value of €488 million (2011: €446 million), of which €399 million (2011: €367 million) relates to promissory loans and fixed-income securities and €89 million (2011: €79 million) to Pfandbriefs.

Notes to the Consolidated Balance Sheet (Continued)

The following table shows the development of the plan assets:

(€ millions)

	2012	2011
Balance at 1 January	**3,109**	**3,153**
Expected income from plan assets	160	155
Actuarial gains/(losses)	38	(104)
Allocations to plan assets	383	35
Employee contributions	—	—
Disbursements to beneficiaries	(134)	(132)
Additional allocations in the form of benefits not taken	—	—
Changes in exchange rates	2	2
Changes in consolidated group	—	—
Balance at 31 December	**3,558**	**3,109**

With regard to the plan assets, the item actuarial gains shows the difference between the expected income from plan assets and the income from plan assets actually realised. The balance of expected income and actuarial gains/losses from plan assets gives the actual income from plan assets of €198 million (2011: €51 million).

The cumulative actuarial losses recognised in shareholders' equity compliant with IAS 19.93A totalled €872 million in 2012 (2011: €286 million) before deferred taxes and minority interests.

The expected long-term return on the plan assets is essentially derived from the asset allocation of the plan assets and the expected returns on the asset classes held in the portfolios. Temporary fluctuations in the allocations of the plan assets do not lead to an adjustment of the expected long-term return on the plan assets. The Investment Committee, which is responsible for the plan assets, sets the respective return target on the basis of the returns forecast by our capital market research. In addition to this, the average long-term returns generated by the plan assets and historical returns on the overall market are included when the expected return is calculated.

HVB Group is planning to make contributions totalling €30 million (2012: €29 million) to defined benefit plans in 2013.

Defined contribution plans

HVB Group companies make contributions for commitments made by independent pension organisations. The pension obligations funded through retirement benefit corporations with matching cover are recognised as defined contribution plans. The cost of defined contribution plans and for the retirement benefit corporation totalled €77 million in 2012 (2011: €80 million).

Allowances for losses on financial guarantees and irrevocable credit commitments, restructuring provisions, actuarial provisions and other provisions (€ millions)

	ALLOWANCES FOR LOSSES ON FINANCIAL GUARANTEES AND IRREVOCABLE CREDIT COMMITMENTS	RESTRUCTURING PROVISIONS	ACTUARIAL PROVISIONS	OTHER PROVISIONS
Balance at 1 January 2012	**201**	**156**	**35**	**1,674**
Changes in consolidated group	—	—	—	—
Changes arising from foreign currency translation	—	—	—	—
Transfers to provisions	232	104	—	315
Reversals	(74)	(7)	—	(406)
Reclassifications	173	(30)	—	(295)
Amounts used	(5)	(39)	(8)	(211)
Non-current assets or disposal groups held for sale	—	—	—	—
Balance at 31 December 2012	**527**	**184**	**27**	**1,077**

Allowances for losses on financial guarantees and irrevocable credit commitments

As part of the plan to improve the processes used to determine net write-downs of loans and provisions for guarantees and commitments, the presentation of the allowances for losses on credit commitments and guarantees is being harmonised. Allowances for losses on credit commitments are being shown together with allowances for losses on financial guarantees (guarantees and documentary credits) for the first time at 31 December 2012. As part of the changeover, we have transferred €173 million from other provisions to allowances for losses on financial guarantees and irrevocable credit commitments. Allowances for losses on financial guarantees and irrevocable credit commitments are generally used in the following year.

Restructuring provisions

Additions were made to restructuring provisions 2012 for measures relating to the changes to the organisational structure of HVB Group announced in the fourth quarter of 2012 as part of the introduction of the three business segments – Unternehmer Bank, Private Clients Bank, and Corporate & Investment Banking – and the systematic strengthening of the regional presence together with measures aimed at securing the competitiveness of the retail customer activities over the coming years. Alongside the setup of new sales channels that are very popular with customers, this also includes the streamlining of the present branch network and an adjustment of staffing levels to reflect change patterns of customer behaviour. For the most part, this relates to provisions for severance payments, most of which are expected to be used in 2013 and 2014.

The amounts utilised in 2012 result from restructuring programmes initiated in previous years, and notably from the provisions set up in 2011 in connection with the strategic orientation of the CIB division, notably including the discontinuation of the cash equity activities for western Europe and the equity research business.

Actuarial provisions

The actuarial provisions relate to commitments arising from reinsurance policies written by our Grand Central Re Ltd. subsidiary.

Other provisions

Other provisions include provisions for litigation fees, damage payments, anticipated losses including rental guarantees and provisions for long-term liabilities to employees such as service anniversary awards, early retirement or partial retirement.

The amount of the respective provisions reflects the best estimate of the amount required to settle the obligation at the reporting date. Nevertheless, the amounts involved are subject to uncertainties in the estimates made. Besides the assumptions regarding periods, the cost estimates are validated regularly for rental guarantees in particular.

Notes to the Consolidated Balance Sheet (Continued)

Other provisions at year-end 2011 included a provision arising from the obligation to complete an offshore wind farm. HVB Group had undertaken to fund this offshore wind farm located in the North Sea, around 100 kilometres off the German coast. Allowances for losses on loans and receivables were set up in this context with a total amount of €413 million at 31 December 2011. Under the loans extended, €240 million was transferred to allowances for losses on loans and receivables with the equivalent amount reversed in provisions. An amount of €173 million was reclassified from other provisions to provisions for financial guarantees and irrevocable credit commitments in connection with credit commitments without affecting the income statement.

Other provisions also include the parts of the bonus that are disbursed on a deferred basis with the waiting period exceeding one year. Accordingly the bonus payments for the 2010, 2011 and 2012 financial years to be disbursed as of 2013 are recorded here. The bonus provisions included here have been taken to the income statement in both the reporting period and the previous financial years. It is considered highly probable that the bonus will be disbursed. For details of the bonus plan, please refer to Note 37.

With the exception of the provision for rental guarantees and pre-emptive rights, the other provisions are normally expected to be utilised during the following financial year.

70 Shareholders' equity

The shareholders' equity of HVB Group at 31 December 2012 consisted of the following:

Subscribed capital

At 31 December 2012, the subscribed capital of HVB totalled €2,407 million (2011: €2,407 million) and consisted of 802,383,672 no par shares of common bearer stock (2011: 802,383,672 no par shares).

The proportionate amount of capital stock attributable to the share amounts to €3.00 per no par share. The shares are fully paid in.

Additional paid-in capital

The additional paid-in capital results from premiums generated on the issuance of shares; the total at 31 December 2012 amounted to €9,791 million (2011: €9,791 million).

Other reserves

The other reserves of €7,759 million (2011: €9,389 million) essentially comprise retained earnings. The year-on-year decline in other provisions can essentially be attributed to a withdrawal of €1,000 million and the simultaneous transfer to consolidated profit for the reporting period and to adjustments of €402 million in pensions and similar obligations.

Change in valuation of financial instruments

The reserves arising from changes in the valuation of financial instruments recognised in equity totalled €56 million (2011: minus €112 million) at 31 December 2012. This rise of €168 million compared with year-end 2011 can for the most part be attributed to the €164 million increase in the AfS reserve to €30 million, resulting primarily from positive fair value fluctuations of fixed-income securities classified as available for sale. The hedge reserve similarly included in the reserves arising from changes in the value of financial instruments recognised in equity increased by €4 million compared with year-end 2011 to €26 million.

71 Subordinated capital

The following table shows the breakdown of subordinated capital included in deposits from banks and customers and debt securities in issue: (€ millions)

	2012	2011
Subordinated liabilities	2,103	2,496
Participating certificates outstanding	—	155
Hybrid capital instruments	358	804
Total	**2,461**	**3,455**

Pursuant to Section 10 (4 and 5a) in connection with Section 64m (1) KWG and in accordance with the Capital Accord introduced by the Basel Committee on Banking Supervision in July 1988, subordinated capital (subordinated liabilities and hybrid capital instruments) was carried as core capital and supplementary capital.

No participating certificates outstanding were included in the supplementary capital as of 31 December 2011, as at that time the participating certificates fell due for repayment in less than two years.

The following table shows the breakdown of subordinated capital by balance sheet item: (€ millions)

	2012	2011
Deposits from customers	160	181
Deposits from banks	537	538
Debt securities in issue	1,764	2,736
Total	**2,461**	**3,455**

We have incurred interest expenses of €148 million (2011: €210 million) in connection with this subordinated capital. Subordinated capital includes proportionate interest of €60 million (2011: €89 million).

Subordinated liabilities
The borrower cannot be obliged to make early repayments in the case of subordinated liabilities. In the event of insolvency or liquidation, subordinated liabilities can only be repaid after the claims of all primary creditors have been settled.

There were subordinated liabilities of €785 million payable to related entities in 2012 (2011: €787 million).

Participating certificates outstanding
In accordance with the terms and conditions of the participating certificates, all bearer participating certificates issued by UniCredit Bank AG expired on 31 December 2011. The nominal amounts to be repaid fell due for payment on 2 July 2012, attracting interest over the period between the expiry date and the repayment date. The interest payments for the 2012 financial year were disbursed in full.

Hybrid capital instruments
At 31 December 2012, HVB Group had hybrid core capital of €358 million (2011: €779 million, eligible amount compliant with the German Banking Act) to bolster its capital base.

Hybrid capital instruments include, in part, issues placed by specially created subsidiaries in the form of capital contributions from silent partners or preferred shares.

These instruments differ from supplementary capital in that they are subject to more stringent conditions in terms of maturity. The terms of issue for capital contributions from silent partners envisage a minimum term of 30 years, while an unlimited term has been agreed with the investors for preferred shares. In addition, hybrid capital instruments are not repaid until after supplementary capital has been repaid (subordinated liabilities) in the event of bankruptcy.

In contrast to traditional components of core capital such as shares, the claim to a share of profit takes the form of a fixed interest payment in the case of hybrid capital. Moreover, hybrid capital can be issued both with unlimited maturity and repayable in the long term.

Both the German Federal Banking Supervisory Authority and the Basel Committee on Banking Supervision have expressly confirmed the recognition of hybrid capital for banking supervisory purposes. The eligibility of hybrid core capital under Section 64m KWG is continued by the version of the German Banking Act applicable from 31 December 2010.

Notes to the Cash Flow Statement

72 Notes to the items in the cash flow statement

The cash flow statement shows the cash flows resulting from operating activities, investing activities and financing activities for the year under review. Operating activities are defined broadly enough to allow the same breakdown as for operating profit.

The cash and cash equivalents shown correspond to the “Cash and cash balances” item in the balance sheet, comprising both cash on hand and deposits with central banks repayable on demand.

Change in other non-cash positions comprises the changes in the valuation of financial instruments, net additions to deferred taxes, changes in provisions, changes in prorated and deferred interest, the reversal of premiums and discounts, changes arising from valuation using the equity method and minority interests in net income.

No gains (2011: €79 million) were realised on the sale of shares in fully consolidated companies in the 2012 financial year.

The following table shows the assets and liabilities of the companies acquired and sold in 2011 and 2012:

(€ millions)

	2012		2011	
	ACQUIRED	SOLD	ACQUIRED	SOLD
Assets				
Cash and cash balances	—	6	—	—
Financial assets held for trading	—	—	—	—
Financial assets at fair value through profit or loss	—	—	—	—
Available-for-sale financial assets	—	1	—	—
Shares in associated companies accounted for using the equity method				
and joint ventures accounted for using the equity method	—	—	—	—
Held-to-maturity investments	—	—	—	—
Loans and receivables with banks	—	—	—	7
Loans and receivables with customers	—	42	—	2
Hedging derivatives	—	—	—	—
Property, plant and equipment	—	—	—	75
Investment properties	—	—	—	—
Intangible assets	—	—	—	2
of which: goodwill	—	—	—	—
Tax assets	—	—	—	—
Non-current assets or disposal groups held for sale	—	—	—	—
Other assets	—	16	—	—
Liabilities				
Deposits from banks	—	37	—	3
Deposits from customers	—	75	—	33
Debt securities in issue	—	—	—	—
Financial liabilities held for trading	—	—	—	—
Hedging derivatives	—	—	—	—
Hedge adjustment of hedged items in the fair value hedge portfolio	—	—	—	—
Tax liabilities	—	—	—	—
Liabilities of disposal groups held for sale	—	—	—	—
Other liabilities	—	5	—	4
Provisions	—	—	—	—

There were no acquisitions in the 2011 and 2012 financial years.

73 Information regarding lease operations

HVB Group as lessor

Operating leases

HVB Group acts as a lessor under operating leases. The relevant lease agreements notably encompass real estate (land and buildings) and movable assets such as plant and office equipment, aircraft, motor vehicles and industrial machinery in the reporting period. The lease agreements for real estate are based on customary market terms and contain extension options and price adjustment clauses in the form of stepped rents or index clauses; options to purchase have generally not been agreed. The lease agreements for movable assets have generally been concluded with lease periods of between four and ten years and an additional option to purchase; they do not contain any extension or price adjustment clauses.

The following table shows the breakdown of the minimum lease payments to be received on non-cancellable operating leases: (€ millions)

	2012	2011
Remaining maturity:		
up to 12 months	58	39
from 1 year to 5 years	285	267
from 5 years and over	224	252
Total	**567**	**558**

The operating agreements do not contain any conditional lease payments in the reporting period (as in 2011).

Finance leases

HVB Group leases mobile assets as a lessor under finance leases. This notably includes plant and office equipment, aircraft, motor vehicles and industrial machinery. As a general rule, the lease agreements stipulate lease periods of between four and ten years and an additional option to purchase; they do not contain any extension or price adjustment clauses.

The following table shows the reconciliation from the future minimum lease payments to the gross and net investment in the lease and to the present value of the future minimum lease payments at the reporting date. The amounts receivable from lease operations (finance leases) consist of the following:

(€ millions)

	2012	2011
Future minimum lease payments	2,143	2,228
+ Unguaranteed residual value	—	—
= Gross investment	**2,143**	**2,228**
– Unrealised finance income	(198)	(216)
= Net investment	**1,945**	**2,012**
– Present value of unguaranteed residual value	—	—
= Present value of future minimum lease payments	**1,945**	**2,012**

The future minimum lease payments reflect the total lease payments to be made by the lessee under the lease agreement plus the guaranteed residual value.

The unguaranteed residual value is that portion of the residual value of the leased asset which is not guaranteed to be realised by the lessor.

For the lessor, the gross investment in the lease is the aggregate of the minimum lease payments under a finance lease and any unguaranteed residual value accruing to the lessor.

Unrealised finance income is the difference between the lessor's gross investment in the lease and its present value (net investment). It corresponds to the return implicit in the lease between the reporting date and the end of the lease.

The present value of the minimum lease payments is calculated as the net investment in the lease less the present value of the unguaranteed residual value.

Other Information (Continued)

The following table shows the remaining maturity of the gross investment in the leases and the present value of the minimum lease payments: (€ millions)

	GROSS INVESTMENT		PRESENT VALUE OF FUTURE MINIMUM LEASE PAYMENTS	
	2012	2011	2012	2011
Remaining maturity:				
up to 12 months	723	709	658	618
from 1 year to 5 years	1,321	1,275	1,200	1,162
from 5 years and over	99	244	87	232
Total	**2,143**	**2,228**	**1,945**	**2,012**

The cumulative write-downs on uncollectible outstanding minimum lease payments in amounts receivable from customers under finance leases amounted to €3 million at the end of the reporting period (2011: €2 million).

The amounts receivable under finance leases included in loans and receivables with customers are shown net of allowances for losses on loans and receivables in each case (see Note 52). These break down as follows: (€ millions)

	2012	2011
Properly serviced loans and receivables		
Carrying amount before allowances	1,877	1,977
Portfolio allowances	7	4
Carrying amount	**1,870**	**1,973**
Properly serviced loans and receivables past due		
Carrying amount before allowances	13	9
Portfolio allowances	—	—
Carrying amount	**13**	**9**
Non-performing loans and receivables		
Carrying amount before allowances	72	41
Specific allowances	10	11
Carrying amount	**62**	**30**

Most of the properly serviced loans and receivables past due in the reporting period were one to thirty days past due. Collateral of €3 million had been received in the reporting period for the properly serviced loans and receivables past due.

The finance lease agreements do not contain any conditional lease payments in the reporting period (as in 2011).

HVB Group as lessee

Operating leases

HVB Group acts as lessee under operating leases. The current obligations in the reporting period relate primarily to rental and lease agreements for real estate (land and buildings) and movable assets, mainly comprising plant, office equipment and motor vehicles. The lease agreements for real estate generally contain extension options and price adjustment clauses in the form of stepped rents or index clauses; options to purchase have been agreed in some cases. The lease agreements for movable assets have been concluded at customary market terms for lease periods of between three and nine years.

In the reporting period, the commitments arising from operating leases under lease and sublease agreements resulted in minimum lease payments of €151 million (2011: €149 million) being recognised as expense in the income statement.

The following table shows the cumulative minimum lease payments arising from non-cancellable operating leases to be expected in future financial years: (€ millions)

	2012	2011
Remaining maturity:		
up to 12 months	128	146
from 1 year to 5 years	169	219
from 5 years and over	62	180
Total	**359**	**545**

The agreements regarding the outsourcing of ICT processes to the UniCredit-wide service provider UBIS include the charged transfer of rights to use assets in the form of operating leases. The full service contracts concluded annually in this regard consist for the most part of rent payments for the provision of hardware and software that are included in the minimum lease payments of €57 million for the reporting period and €44 million for the following financial year mentioned above.

HVB Group has concluded sublease agreements for real estate at customary market terms, some of which include rent adjustment clauses and extension options. Payments of €7 million (2011: €28 million) received from subleases were recognised as income in the income statement during the reporting period.

The aggregate future minimum lease payments arising from non-cancellable subleases expected to be received in the subsequent financial years amount to €16 million (2011: €126 million).

As in 2011, the operating leases did not contain any conditional rent payments in the reporting period.

Finance leases

The finance leases entered into by HVB Group as lessee relate to real estate (land and buildings). The lease agreements generally contain an option to purchase and price adjustment clauses.

The following table shows the reconciliation from the aggregate future minimum lease payments at the reporting date to their present value. This gives rise to the amounts payable to customers from lease operations (finance leases):

(€ millions)

	2012	2011
Future minimum lease payments	448	361
– Finance charge (interest included in minimum lease payments)	(93)	(88)
= Present value of future minimum lease payments	**355**	**273**

The difference between the future minimum lease payments and their present value represents unamortised interest expense.

The following table shows the remaining maturity of the future minimum lease payments and their present value at the reporting date:

(€ millions)

	FUTURE MINIMUM LEASE PAYMENTS		PRESENT VALUE OF FUTURE MINIMUM LEASE PAYMENTS	
	2012	2011	2012	2011
Remaining maturity:				
up to 12 months	32	47	23	47
from 1 year to 5 years	191	72	178	65
from 5 years and over	225	242	154	161
Total	**448**	**361**	**355**	**273**

The aggregate future minimum lease payments arising from non-cancellable subleases that are expected to be received in the subsequent financial years amount to €27 million (2011: €29 million).

Conditional rent payments of €19 million (2011: €15 million) arising from finance leases were recognised as expense in the income statement in the reporting period.

74 Application of reclassification rules defined in IAS 39.50 et seq.

No further reclassifications have been carried out since 2010. The intention to trade no longer exists for the assets reclassified in 2008 and 2009 since the markets in these financial instruments had become illiquid as a result of the extraordinary circumstances created by the financial crisis (2008/09) through to the time of reclassification. Given the high quality of the assets concerned, HVB intends to retain the assets for a longer period. HVB has not reclassified any assets from the available-for-sale portfolio.

Other Information (Continued)

The following table shows the development of the reclassified holdings:

(€ billions)

RECLASSIFIED ASSET-BACKED SECURITIES AND OTHER DEBT SECURITIES	CARRYING AMOUNT OF ALL RECLASSIFIED ASSETS[1]	FAIR VALUE OF ALL RECLASSIFIED ASSETS	NOMINAL AMOUNT OF ALL RECLASSIFIED ASSETS
Reclassified in 2008			
Balance at 31/12/2008	13.7	11.8	14.6
Balance at 31/12/2009	9.0	8.0	9.7
Balance at 31/12/2010	6.5	5.9	7.0
Balance at 31/12/2011	4.7	4.0	5.0
Balance at 31/12/2012	3.4	3.0	3.6
Reclassified in 2009			
Balance at 31/12/2009	7.3	7.4	7.4
Balance at 31/12/2010	4.6	4.5	4.6
Balance at 31/12/2011	3.2	3.2	3.3
Balance at 31/12/2012	2.4	2.5	2.5
Balance of reclassified assets at 31/12/2012	**5.8**	**5.5**	**6.1**

1 before accrued interest

The fair value of the financial instruments reclassified as loans and receivables with banks and customers amounts to a total of €5.5 billion at 31 December 2012. If these reclassifications had not been carried out in 2008 and 2009, mark-to-market valuation (including realised disposals) would have given rise to a net gain of €498 million in net trading income in the 2012 financial year. A net gain of €96 million would have arisen in net trading income in 2011, €416 million in 2010 and €1,159 million in 2009, while a net loss of €1,792 million would have accrued in net trading income from the reclassified holdings in 2008. These effects reflect a theoretical, pro forma calculation, as the assets are measured at amortised cost on account of the reclassification.

We took write-downs of €31 million on the reclassified assets in 2012 (2011: €3 million, 2010: €8 million, 2009: €80 million, 2008: €63 million). The fair value at the date when the reclassification takes effect represents the new acquisition cost, which in some cases is considerably less than the nominal value. Accordingly, this difference (discount) is to be amortised over the remaining term of the reclassified financial assets. This together with the reclassified securities that had matured or been partially repaid gives rise to an effect of €66 million (2011: €100 million, 2010: €160 million, 2009: €208 million, 2008: €127 million), which is recognised in net interest. The effective interest rates for the reclassified securities are in a range from 0.52% to 15.01%.

A gain of €21 million (2011: €14 million, 2010: €19 million, 2009: €83 million) on reclassified securities that had been sold was recognised in the income statement in 2012.

In 2012, the reclassifications carried out in 2008 and 2009 resulted in a profit before tax that was €442 million too low. Between the date when the reclassifications took effect and the reporting date, the cumulative net impact on the income statement from the reclassifications already carried out totalled €236 million before tax (2012: minus €442 million, 2011: plus €15 million, 2010: minus €245 million, 2009: minus €948 million, 2008: plus €1,856 million).

75 Notes to selected structured products

Additional information regarding selected structured products is given below in order to provide greater transparency. Assets of fully consolidated commercial paper conduits and other fully consolidated special purpose vehicles are shown alongside tranches retained by HVB Group and holdings of asset-backed securities (ABS) transactions issued by third parties, broken down by various criteria.

ABS portfolio

In a securitisation transaction, above all the originator transfers credit receivables and/or credit risks to third parties. The securitisation itself is usually performed via special purpose vehicles (SPVs). In order to refinance the acquisition of receivables, these SPVs issue securities on the capital market that are secured by the receivables acquired. This serves to transfer the associated credit risks to investors in the form of asset-backed securities. The securities issued by SPVs are generally divided into tranches which differ above all in terms of seniority in the servicing of claims to repayment and interest payments. These tranches are generally assessed by rating agencies.

Depending on the underlying assets in a securitisation transaction, the following types of security among others are distinguished in ABS transactions:
– residential mortgage-backed securities (RMBS) relating to mortgage loans in the private sector (residential mortgage loans)
– commercial mortgage-backed securities (CMBS) relating to mortgage loans in the commercial sector (commercial mortgage loans)
– collateralised loan obligations (CLO) relating to commercial bank loans
– collateralised bond obligations (CBO) relating to securities portfolios

Besides this, consumer loans, credit card receivables and receivables under finance leases are also securitised.

Positions retained from own securitisation transactions and in third-party ABS transactions, broken down by rating class (HVB Group without fully consolidated commercial paper conduits and other fully consolidated special purpose vehicles; these are shown separately) **(€ millions)**

		31/12/2012				31/12/2011
CARRYING AMOUNTS		SENIOR	MEZZANINE	JUNIOR	TOTAL	TOTAL
Positions retained from own securitisations		**—**	**97**	**—**	**97**	**322**
Positions in third-party ABS transactions		**3,364**	**1,356**	**22**	**4,742**	**4,829**
Residential mortgage-backed securities (RMBS)		1,748	444	—	2,192	2,139
thereof:						
US subprime		1	—	—	1	2
US Alt-A		2	—	—	2	2
Commercial mortgage-backed securities (CMBS)		830	278	—	1,108	993
Collateralised debt obligations (CDO)		22	66	—	88	145
thereof:						
US subprime		—	—	—	—	—
US Alt-A		—	—	—	—	—
Collateralised loan obligations (CLO)/						
collateralised bond obligations (CBO)		472	386	19	877	1,134
Consumer loans		183	116	3	302	184
Credit cards		—	—	—	—	—
Receivables under finance leases		103	48	—	151	212
Others		6	18	—	24	22
Total	**31/12/2012**	**3,364**	**1,453**	**22**	**4,839**	
	31/12/2011	**3,596**	**1,522**	**33**	**5,151**	
Synthetic collateralised debt obligations (CDO) (derivatives)[1]	**31/12/2012**	**—**	**25**	**—**	**25**	
	31/12/2011	**27**	**37**	**17**	**81**	

1 the amounts shown in the table represent the carrying amount (fair value)

The positions are classified as senior, mezzanine and junior on the basis of external ratings, or internal ratings where no external rating exists. Only those tranches with the best rating are carried as senior tranches. Only tranches with low ratings (worse than BB- in external ratings) and unrated tranches (known as first loss pieces) are carried as junior tranches; all other tranches are grouped together as mezzanine tranches.

Other Information (Continued)

Positions retained from own securitisation transactions and in third-party ABS transactions, broken down by region (HVB Group without fully consolidated commercial paper conduits and other fully consolidated special purpose vehicles; these are shown separately) (€ millions)

CARRYING AMOUNTS		31/12/2012				
		EUROPE	USA	ASIA	OTHER REGIONS	TOTAL
Positions retained from own securitisations		**97**	**—**	**—**	**—**	**97**
Positions in third-party ABS transactions		**3,965**	**577**	**19**	**181**	**4,742**
Residential mortgage-backed securities (RMBS)		2,045	4	18	125	2,192
thereof:						
US subprime		—	1	—	—	1
US Alt-A		—	2	—	—	2
Commercial mortgage-backed securities (CMBS)		958	149	1	—	1,108
Collateralised debt obligations (CDO)		24	64	—	—	88
thereof:						
US subprime		—	—	—	—	—
US Alt-A		—	—	—	—	—
Collateralised loan obligations (CLO)/						
collateralised bond obligations (CBO)		564	257	—	56	877
Consumer loans		214	88	—	—	302
Credit cards		—	—	—	—	—
Receivables under finance leases		136	15	—	—	151
Others		24	—	—	—	24
Total	**31/12/2012**	**4,062**	**577**	**19**	**181**	**4,839**
	31/12/2011	**4,245**	**671**	**31**	**204**	**5,151**
Synthetic collateralised debt obligations (CDO) (derivatives)[1]	**31/12/2012**	**—**	**25**	**—**	**—**	**25**
	31/12/2011	**29**	**52**	**—**	**—**	**81**

1 the amounts shown in the table represent the carrying amount (fair value)

Positions retained from own securitisation transactions and in third-party ABS transactions, broken down by remaining maturity (HVB Group without fully consolidated commercial paper conduits and other fully consolidated special purpose vehicles; these are shown separately) (€ millions)

CARRYING AMOUNTS		31/12/2012 LESS THAN 1 YEAR	BETWEEN 1 AND 5 YEARS	MORE THAN 5 YEARS	TOTAL
Positions retained from own securitisations		**—**	**97**	**—**	**97**
Positions in third-party ABS transactions		**543**	**2,976**	**1,223**	**4,742**
Residential mortgage-backed securities (RMBS)		193	1,063	936	2,192
thereof:					
US subprime		—	1	—	1
US Alt-A		—	2	—	2
Commercial mortgage-backed securities (CMBS)		202	792	114	1,108
Collateralised debt obligations (CDO)		18	10	60	88
thereof:					
US subprime		—	—	—	—
US Alt-A		—	—	—	—
Collateralised loan obligations (CLO)/					
collateralised bond obligations (CBO)		17	747	113	877
Consumer loans		53	249	—	302
Credit cards		—	—	—	—
Receivables under finance leases		58	93	—	151
Others		2	22	—	24
Total	**31/12/2012**	**543**	**3,073**	**1,223**	**4,839**
	31/12/2011	**726**	**2,756**	**1,669**	**5,151**
Synthetic collateralised debt obligations (CDO) (derivatives)[1]	**31/12/2012**	**25**	**—**	**—**	**25**
	31/12/2011	**—**	**67**	**14**	**81**

1 the amounts shown in the table represent the carrying amount (fair value)

Other Information (Continued)

Positions retained from own securitisation transactions and in third-party ABS transactions, broken down by class as per IAS 39 (HVB Group without fully consolidated commercial paper conduits and other fully consolidated special purpose vehicles; these are shown separately) (€ millions)

		31/12/2012					
CARRYING AMOUNTS		HELD FOR TRADING	FAIR VALUE OPTION	LOANS & RECEIVABLES	HELD TO MATURITY	AVAILABLE FOR SALE	TOTAL
Positions retained from own securitisations		**—**	**—**	**—**	**—**	**97**	**97**
Positions in third-party ABS transactions		**401**	**44**	**3,948**	**79**	**270**	**4,742**
Residential mortgage-backed securities (RMBS)		138	15	1,964	1	74	2,192
thereof:							
US subprime		—	—	—	1	—	1
US Alt-A		—	1	1	—	—	2
Commercial mortgage-backed securities (CMBS)		87	7	980	—	34	1,108
Collateralised debt obligations (CDO)		18	4	48	18	—	88
thereof:							
US subprime		—	—	—	—	—	—
US Alt-A		—	—	—	—	—	—
Collateralised loan obligations (CLO)/							
collateralised bond obligations (CBO)		133	11	562	52	119	877
Consumer loans		7	—	287	8	—	302
Credit cards		—	—	—	—	—	—
Receivables under finance leases		18	—	90	—	43	151
Others		—	7	17	—	—	24
Total	**31/12/2012**	**401**	**44**	**3,948**	**79**	**367**	**4,839**
	31/12/2011	**564**	**72**	**3,876**	**96**	**543**	**5,151**
Synthetic collateralised debt obligations (CDO) (derivatives)[1]	**31/12/2012**	**25**	**—**	**—**	**—**	**—**	**25**
	31/12/2011	**81**	**—**	**—**	**—**	**—**	**81**

1 the amounts shown in the table represent the carrying amount (fair value)

Fully consolidated commercial paper conduits and other consolidated special purpose vehicles
Over the last few years, the Bank has streamlined its activities involving conduits in a process that was completed in 2012. The Arabella conduit programme is the only remaining conduit at the HVB subgroup, with a volume of €2 billion. Other conduits disclosed here in previous years have been handled as follows:
– Some have been wound down, with the remaining assets of the conduits being transferred to HVB.
– The shares in the special purpose vehicles have been acquired in some cases, meaning that these are subsidiaries that are now fully funded by HVB.
– The funding has been changed in some cases, with the fully consolidated special purposes vehicles now being fully funded by HVB.

The purpose of showing the fully consolidated commercial paper conduits and other fully consolidated special purpose vehicles was to disclose the volume of business that the Bank bought from third parties through conduits and further special purpose vehicles and funded directly on the capital market by placing securities such that it did not appear directly on the balance sheet of HVB Group. In light of the streamlining mentioned above, this business volume has declined considerably and is now limited to Arabella as the Bank's only remaining conduit programme, which buys exclusively receivables with customers and refinances them on the capital market. To reflect this development, the previous presentation of fully consolidated commercial paper conduits and other fully consolidated special purpose vehicles is no longer shown. The Arabella programme is discussed separately in Note 52, "Loans and receivables with customers", as all the receivables purchased under this programme are disclosed in this item on the balance sheet.

76 Fair value hierarchy
We show financial instruments measured at fair value and recognised at fair value in the balance sheet separately in a fair value hierarchy in the following table. This fair value hierarchy is divided into the following levels:

Level 1 contains financial instruments measured using prices of identical assets or liabilities listed on an active market. These prices are incorporated unchanged. We have assigned mostly listed equity instruments, bonds and exchange-traded derivatives to this category.

Assets and liabilities whose valuation is derived from directly observable (prices) or indirectly observable (derived from prices) input data are shown in Level 2. No price can be observed on an active market for the assets and liabilities concerned themselves. As a result of this, we notably show the fair values of interest rate and credit derivatives in this level together with the fair values of ABS bonds, provided a liquid market exists for the asset class in question.

Financial assets and liabilities of €2.7 million (2011: €10.7 billion) have been transferred between Level 1 and Level 2. Almost all of this total relates to fixed-income securities issued by reliable borrowers for which the fair value is calculated using valuation models based on valuation parameters that can be observed on an active market as the fair value can no longer be observed on an active market. At the same time, no financial assets and liabilities (2011: €768 million) were migrated between Level 2 and Level 1. In 2011, this for the most part involved fixed-income securities for which a fair value could be observed on an active market. The other securities concerned are equities.

Other Information (Continued)

Level 3 relates to assets or liabilities for which the fair value cannot be calculated exclusively on the basis of observable market data (non-observable input data). Thus, the respective fair values also incorporate valuation parameters based on model assumptions. This includes derivatives and structured products that contain at least one "exotic" component, such as foreign currency or interest rate derivatives on illiquid currencies, derivatives without standard market terms, structured products with an illiquid underlying as reference and ABS bonds of an asset class for which no liquid market exists.

If the value of a financial instrument is based on non-observable input parameters, the value of these parameters may be selected from a range of possible appropriate alternatives at the reporting date. Appropriate values are determined for these non-observable parameters and applied for valuation purposes, when the annual financial statements are prepared, reflecting the predominant market conditions of the Group. In addition, individual parameters that cannot be incorporated separately as standalone valuation parameters are taken into account by applying a model reserve.

Transfers to and from Level 3 relate exclusively to derivative transactions. These essentially depend on the liquidity of the respective underlying.

On the assets side, derivatives with a market value of €309 million and €1.3 billion were transferred to Level 3 and from Level 3 respectively at year-end 2012. On the liabilities side, the market value of the derivatives transferred to Level 3 totalled €360 million and of those transferred from Level 3 €1.3 billion. The reason for reducing the volume in Level 3 is the improved ability to observe the market parameters on account of shorter remaining maturities. The volume in Level 3 declined by an aggregate of €2.5 billion on the assets side and €2.2 billion on the liabilities side year-on-year.

The impact of changing possible appropriate alternative parameter values on the fair value (after adjustments) is shown in the sensitivity analysis presented below. For portfolios at fair value through profit or loss, the positive change in fair values at 31 December 2012 resulting from the use of possible appropriate alternatives would be €115 million (2011: €143 million), and the negative change would be €66 million (2011: €80 million).

The following table shows the significant sensitivity effects, broken down by the individual classes of financial instrument: (€ millions)

	31/12/2012	
	POSITIVE	NEGATIVE
Financial assets held for trading	40	(31)
Financial assets at fair value through profit or loss	15	(15)
Available-for-sale financial assets	11	—
Financial liabilities held for trading	49	(20)
Total	**115**	**(66)**

The following non-observable parameters were varied (stress test) for the sensitivity analysis for equity products included in Level 3: spot prices for hedge funds, implicit volatility, dividends, implicit correlations and the assumptions regarding the interpolation between individual parameters observable on the market, such as volatilities.

The following parameters were varied for interest rate products in Level 3 as part of the sensitivity analysis: interest rate correlations and the parameter that governs how quickly a fluctuating interest rate reverts to the long-term mean (mean reversion).

More conservative and more aggressive values for correlations between the fair value of the credit derivative (CDS) and the respective underlying and implicit correlations were applied for credit derivatives than was the case as part of the fair value calculation. Furthermore, rating-dependent shifts were assumed for illiquid CDS. The same approach is applied when measuring the issuer risk associated with securities.

In terms of these debt instruments, varying plausible repayment scenarios and associated developments in debtor-specific ratios were assumed as value drivers for debt instruments as part of the sensitivity analyses that would lead to modified cash flows from the instruments.

The following table shows the assignment of the financial assets and financial liabilities shown in the balance sheet to the respective levels of the fair value hierarchy:

(€ millions)

	FAIR VALUE OBSERVED ON AN ACTIVE MARKET (LEVEL 1)		FAIR VALUE BASED ON VALUATION PARAMETERS OBSERVED ON THE MARKET (LEVEL 2)		FAIR VALUE BASED ON VALUATION PARAMETERS NOT OBSERVED ON THE MARKET[1] (LEVEL 3)	
	31/12/2012	31/12/2011	31/12/2012	31/12/2011	31/12/2012	31/12/2011
Financial assets recognised						
in the balance sheet at fair value						
Financial assets held for trading	14,790	15,177	114,128	117,812	2,099	5,455
thereof: derivatives	1,931	3,165	103,210	102,010	842	3,167
Financial assets at fair value through profit or loss	9,910	5,357	11,535	21,524	2,837	1,164
Available-for-sale financial assets[1]	3,093	2,629	813	774	494	671
Hedging derivatives	—	—	3,262	2,698	—	—
Financial liabilities recognised						
in the balance sheet at fair value						
Financial liabilities held for trading	5,730	8,787	114,121	115,929	1,650	4,159
thereof: derivatives	1,921	3,907	102,409	102,057	1,183	3,151
Hedging derivatives	—	1	1,386	1,021	—	—

1 available-for-sale financial assets include financial instruments of €1,082 million (2011: €1,402 million) valued at historical cost that are not included in these totals at 31 December 2012

Other Information (Continued)

The following tables show the development of the financial assets and financial liabilities that are assigned to Level 3 as part of the fair value hierarchy:

(€ millions)

	2012			
	FINANCIAL ASSETS HELD FOR TRADING	FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	AVAILABLE-FOR-SALE FINANCIAL ASSETS	HEDGING DERIVATIVES
Balance at 1/1/2012	**5,455**	**1,164**	**671**	**—**
Additions				
Acquisitions	1,053	65	123	—
Realised gains[1]	59	3	35	—
Transfer from other levels	711	2,626	18	—
Other additions[2]	162	—	44	—
Reductions				
Sale/repayment	(2,418)	(533)	(149)	—
Realised losses[1]	(27)	(5)	(14)	—
Transfer to other levels	(2,597)	(483)	(194)	—
Other reductions	(299)	—	(40)	—
Balance at 31/12/2012	**2,099**	**2,837**	**494**	**—**

1 in the income statement and shareholders' equity
2 also including changes in the group of companies included in consolidation

(€ millions)

	2012	
	FINANCIAL LIABILITIES HELD FOR TRADING	HEDGING DERIVATIVES
Balance at 1/1/2012	**4,159**	**—**
Additions		
Sale/issue	246	—
Realised losses[1]	97	—
Transfer from other levels	600	—
Other additions[2]	122	—
Reductions		
Buy-back/redemption	(1,661)	—
Realised gains[1]	(36)	—
Transfer to other levels	(1,653)	—
Other reductions	(224)	—
Balance at 31/12/2012	**1,650**	**—**

1 in the income statement
2 also including changes in the group of companies included in consolidation

(€ millions)

	2011			
	FINANCIAL ASSETS HELD FOR TRADING	FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	AVAILABLE-FOR-SALE FINANCIAL ASSETS	HEDGING DERIVATIVES
Balance at 1/1/2011	**3,713**	**676**	**896**	**—**
Additions				
Acquisitions	3,605	21	3,383	—
Realised gains[1]	1,266	119	69	—
Transfer from other levels	4,833	4,924	2,672	—
Other additions[2]	—	3	44	—
Reductions				
Sale/repayment	(3,927)	(45)	(3,559)	—
Realised losses[1]	(1,325)	(87)	(153)	—
Transfer to other levels	(2,710)	(4,447)	(2,358)	—
Other reductions	—	—	(323)	—
Balance at 31/12/2011	**5,455**	**1,164**	**671**	**—**

1 in the income statement and shareholders' equity
2 also including changes in the group of companies included in consolidation

(€ millions)

	2011	
	FINANCIAL LIABILITIES HELD FOR TRADING	HEDGING DERIVATIVES
Balance at 1/1/2011	**3,480**	**—**
Additions		
Sale/issue	3,159	—
Realised losses[1]	529	—
Transfer from other levels	3,467	—
Other additions[2]	—	—
Reductions		
Buy-back/redemption	(2,889)	—
Realised gains[1]	(274)	—
Transfer to other levels	(3,313)	—
Other reductions	—	—
Balance at 31/12/2011	**4,159**	**—**

1 in the income statement
2 also including changes in the group of companies included in consolidation

Other Information (Continued)

77 Fair values of financial instruments compliant with IFRS 7

The fair values stated for financial instruments as defined in IFRS 7 are the amounts for which the asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction on the reporting date.

The fair values are calculated using the market information available at the reporting date as well as individual company valuation methods.

(€ billions)

ASSETS	2012 CARRYING AMOUNT	2012 FAIR VALUE	2011 CARRYING AMOUNT	2011 FAIR VALUE
Cash and cash balances	15.7	15.7	4.3	4.3
Financial assets held for trading	131.0	131.0	138.4	138.4
Financial assets at fair value through profit or loss	24.3	24.3	28.0	28.0
Available-for-sale financial assets				
thereof: measured				
at cost	1.1	1.1	1.4	1.4
at fair value	4.4	4.4	4.1	4.1
Shares in associated companies accounted for using the equity method				
and joint ventures accounted for using the equity method	0.1	0.1	—	—
Held-to-maturity investments	0.3	0.3	2.5	2.4
Loans and receivables with banks	36.3	36.9	44.3	44.1
Loans and receivables with customers	122.2	128.7	136.6	141.3
thereof: finance leases	1.9	1.9	2.0	2.0
Hedging derivatives	3.3	3.3	2.7	2.7
Total	**338.7**	**345.8**	**362.3**	**366.7**

(€ billions)

LIABILITIES	2012 CARRYING AMOUNT	2012 FAIR VALUE	2011 CARRYING AMOUNT	2011 FAIR VALUE
Deposits from banks	45.2	46.1	57.9	58.5
Deposits from customers	110.3	110.8	107.4	107.9
Debt securities in issue	35.9	39.4	42.7	45.2
Financial liabilities held for trading	121.5	121.5	128.9	128.9
Hedging derivatives	1.4	1.4	1.0	1.0
Total	**314.3**	**319.2**	**337.9**	**341.5**

(€ billions)

	2012		2011	
	CARRYING AMOUNT	FAIR VALUE	CARRYING AMOUNT	FAIR VALUE
Financial guarantees and irrevocable credit commitments	55.6	55.6	58.3	58.3

The fair values of certain financial instruments stated with their nominal values are roughly equivalent to their carrying amounts. These include the cash and cash balances as well as receivables and liabilities without a defined maturity or fixed interest rate.

For other receivables and liabilities, future anticipated cash flows are discounted to their present value using current interest rates taking into account the respective spreads. The spread used here for receivables is determined on the basis of Basel II-compliant expected loss values and the cost of capital. Where loans and receivables with banks and customers contain reclassified securities, these are stated at the fair value shown in Note 74.

Quoted market prices are used for exchange-traded securities and derivatives as well as for listed debt instruments. The fair value of the remaining securities is calculated as the net present value of anticipated future cash flows.

The fair values of single-currency and cross-currency swaps and interest rate futures are calculated on the basis of discounted, anticipated future cash flows. In doing so, we apply the market rates applicable for the remaining maturity of the financial instruments.

The fair value of forward exchange transactions is computed on the basis of current forward rates. Options are valued using price quotations or generally accepted models used to calculate the price of options. The common Black & Scholes (equity, currency and index instruments) or lognormal models (interest instruments) are used to value simple European options. In the case of more complex instruments, the interest is simulated using term-structure models with the current interest rate structure as well as caps and swaption volatilities as parameters relevant for valuation. The disbursement structure of the equities or indexes for the complex instruments is valued using either Black & Scholes or a stochastic volatility model with equity prices, volatilities, correlations and dividend expectations as parameters.

Investments in joint ventures and associated companies are valued using the equity method, provided they are not of minor significance. Investments in non-consolidated companies and listed companies not accounted for using the equity method are normally carried at their fair value.

Where the fair value of non-listed equity instruments cannot be reliably determined, such assets are recognised at amortised cost.

The fair values of financial guarantees and irrevocable credit commitments are the same as their carrying amounts.

The difference in HVB Group between the fair values and carrying amounts totals €7.1 billion for assets and €4.9 billion for liabilities. The balance of these amounts is €2.2 billion. When comparing carrying amounts and fair values for the hedged items, it should be noted that part of the undisclosed reserves/charges has already been included in the hedge adjustment amount.

Other Information (Continued)

78 Undiscounted cash flow

Compliant with IFRS 7.39, we are disclosing the remaining terms for non-derivative and derivative financial liabilities and for credit commitments and financial guarantees. The breakdown of remaining terms is based on the contractual due dates. These are crucial for determining the timing of payments. Consequently, we have divided the contractually agreed, undiscounted payments into maturity buckets. The undiscounted cash flows shown here are not comparable with the carrying amounts, as the latter are based on discounted cash flows.

At the same time, we have broken down the financial assets by remaining term in this context compliant with IFRS 7.39 (c). These are financial assets that generate cash flows used to settle financial liabilities.

In the following tables, we have divided the derivative and non-derivative financial assets and liabilities into maturity buckets. All financial liabilities have been allocated to the respective maturity bucket. The derivatives on financial assets held for trading and financial liabilities held for trading have been allocated to the shortest maturity bucket with their fair value. This reflects the fact that the derivatives are subject to an intention to sell in the short term and hence the maturity of the contractual undiscounted cash flows does not adequately represent the timing of payments that is actually expected. The remaining financial instruments classified as financial assets held for trading and financial liabilities held for trading have been allocated to the earliest possible maturity bucket with their cash flows. Hedging derivatives used under hedge accounting have been allocated to the applicable maturity bucket with their contractually agreed, undiscounted cash flows.

Credit commitments and financial guarantees have been allocated with the maximum amount to the shortest maturity bucket (repayable on demand) in which they can be utilised at the earliest. The credit commitments amount to €35,646 million (2011: €37,249 million). This assumption defined in IFRS 7 is unrealistic for credit commitments not utilised and contingent liabilities for financial guarantees in particular, as the complete utilisation of all open credit commitments and financial guarantees on the next day cannot be expected. The same holds true for the presentation of the fair values of trading derivatives.

Breakdown of financial assets by maturity bucket (€ millions)

	2012						
	REPAYABLE ON DEMAND	UP TO 1 MONTH	1 MONTH TO 3 MONTHS	3 MONTHS TO 1 YEAR	1 YEAR TO 5 YEARS	MORE THAN 5 YEARS	UNDATED
Financial assets held for trading	1,976	3,883	1,335	5,630	6,620	3,709	5,145
Derivatives on financial assets held for trading	105,982	—	—	—	—	—	—
Financial assets at fair value							
through profit or loss	—	201	912	1,964	20,090	1,966	—
Available-for-sale financial assets	—	152	295	653	2,049	3,433	1,191
Held-to-maturity investments	—	26	3	12	176	50	—
Loans and receivables with banks	15,980	5,566	1,988	4,395	7,643	1,078	13,401
Loans and receivables with customers	13,535	7,974	5,632	12,309	45,925	58,388	1,032
thereof: finance leases	37	65	121	500	1,321	99	—
Hedging derivatives	—	130	259	1,187	2,001	997	—

(€ millions)

	2011						
	REPAYABLE ON DEMAND	UP TO 1 MONTH	1 MONTH TO 3 MONTHS	3 MONTHS TO 1 YEAR	1 YEAR TO 5 YEARS	MORE THAN 5 YEARS	UNDATED
Financial assets held for trading	7,943	1,392	1,388	4,200	9,497	3,647	6,287
Derivatives on financial assets held for trading	108,341	—	—	—	—	—	—
Financial assets at fair value							
through profit or loss	—	231	563	3,403	22,604	2,796	—
Available-for-sale financial assets	—	91	354	338	2,279	922	1,926
Held-to-maturity investments	—	25	16	2,172	133	132	—
Loans and receivables with banks	14,881	11,435	1,781	5,573	9,354	2,070	36
Loans and receivables with customers	11,987	8,244	10,720	12,915	49,517	64,812	8,232
thereof: finance leases	47	69	119	474	1,275	124	120
Hedging derivatives	—	129	639	1,200	2,532	1,196	—

Breakdown of non-derivative and derivative financial liabilities by maturity bucket

(€ millions)

	2012						
	REPAYABLE ON DEMAND	UP TO 1 MONTH	1 MONTH TO 3 MONTHS	3 MONTHS TO 1 YEAR	1 YEAR TO 5 YEARS	MORE THAN 5 YEARS	UNDATED
Deposits from banks	13,725	3,601	9,321	7,374	10,090	5,368	12
Deposits from customers	60,937	11,770	18,245	9,729	4,579	3,554	—
Debt securities in issue	24	2,352	2,629	2,906	22,190	13,636	—
Financial liabilities held for trading	134	3,402	998	2,558	3,462	1,048	3,601
Derivatives on financial liabilities held for trading	105,513	—	—	—	—	—	—
Hedging derivatives	—	44	88	428	816	338	—
Credit commitments and financial guarantees	55,555	—	—	—	—	—	—

(€ millions)

	2011						
	REPAYABLE ON DEMAND	UP TO 1 MONTH	1 MONTH TO 3 MONTHS	3 MONTHS TO 1 YEAR	1 YEAR TO 5 YEARS	MORE THAN 5 YEARS	UNDATED
Deposits from banks	12,352	16,893	8,806	4,966	10,048	6,545	—
Deposits from customers	53,133	17,490	19,410	7,986	5,050	4,106	—
Debt securities in issue	31	549	3,968	6,325	24,280	15,261	—
Financial liabilities held for trading	5,834	116	244	2,154	6,529	1,622	3,729
Derivatives on financial liabilities held for trading	109,115	—	—	—	—	—	—
Hedging derivatives	—	84	268	522	1,120	467	—
Credit commitments and financial guarantees	58,299	—	—	—	—	—	—

Other Information (Continued)

79 Key capital ratios (based on German Commercial Code)

HVB Group manages its economic and supervisory capital as part of its overall bank management strategy. The economic yield expectations have been calculated using the allocated capital principle that UniCredit introduced across its entire organisation. Within the scope of this principle, it is ensured that at least the expected return on the basis of the regulatory capital is met at all times. This means that regulatory (or used core) capital is allocated to the divisions that is expected to yield an appropriate return, which is derived from the expectations of the capital market and which has to be earned by our business units. At product and customer level, this capital allocation may be performed on the basis of the maximum principle; the capital requirement may be derived from either the regulatory capital or the internal capital based on the credit portfolio model. The internal capital will be used in the planning process for 2013 to calculate the allocated capital for all divisions and for HVB Group as a whole.

The supervisory ratios are discussed below.

The capital ratio for banking supervisory purposes defined in the German Solvency Regulation (SolvV) represents the ratio of the eligible equity compliant with Section 10 KWG to the total eligible amount for default risk, market risk and operational risk multiplied by 12.5 (corresponds to the risk-weighted asset equivalent of these risk positions). Under Section 10 of the German Banking Act in conjunction with Section 2 SolvV, the core capital ratio calculated as the ratio of core capital to total risk-weighted assets determined as described above must be at least 4.0%.

The eligible equity which is used to calculate the capital ratio in accordance with the German Solvency Regulation consists of the core capital, the supplementary capital and Tier 3 capital. The Tier 3 capital comprises current subordinated liabilities which are only used to back market risk positions. HVB Group uses internal models in particular to measure market risk positions.

The following table shows equity funds based on financial statements approved by the Supervisory Board and risk-weighted assets together with the risk equivalents for market risk positions and operational risk at 31 December 2012:

Equity funds[1]

(€ millions)

	2012	2011
Tier 1		
Shares of common stock	2,407	2,407
Additional paid-in capital, retained earnings, minority interest, own shares	16,434	17,331
Hybrid capital instruments (silent partnership certificates and trust preferred securities)		
without prorated interest	358	779
Other	434	282
50% deductible items	(132)	(153)
Total core capital for solvency purposes	**19,501**	**20,646**
Tier 2		
Unrealised reserves in land and buildings and in securities	—	—
Offsetting reserves for general banking risks	142	47
Cumulative shares of preferred stock	—	—
Participating certificates outstanding	—	—
Subordinated liabilities	1,431	2,457
Value adjustment excess for IRBA positions	261	419
Other	18	18
50% deductible items	(132)	(153)
Total supplementary capital for solvency purposes	**1,720**	**2,788**
Total equity capital	**21,221**	**23,434**
Tier 3 capital	—	—
Total equity funds	**21,221**	**23,434**

1 group of consolidated companies and principles of consolidation in accordance with banking supervisory regulations

Pursuant to Sections 10 and 10a KWG, the equity funds of HVB Group amounted to €21,221 million at 31 December 2012 (2011: €23,434 million). Supplementary capital includes no unrealised reserves pursuant to Section 10 (2b) 1 No. 6 and 7 KWG.

Our equity funds compliant with the KWG rules are calculated on the basis of the individual financial statements of the consolidated companies, taking into account the special provisions of German banking supervisory regulations.

The following table shows the reconciliation from the equity items shown in the balance sheet prepared in accordance with IFRS:

(€ millions)

	CORE CAPITAL	SUPPLEMENTARY CAPITAL	TIER 3 CAPITAL	TOTAL EQUITY FUNDS
Shown in IFRS balance sheet				
Shareholders' equity	23,269	—	—	23,269
Reconciliation to the equity funds compliant with the German Banking Act				
AfS reserve	(30)	—	—	(30)
Hedge reserve	(26)	—	—	(26)
Cumulative shares of preferred stock	—	—	—	—
Deduction of intangible assets	(96)	—	—	(96)
Ineligible profit components under banking supervisory regulations	(1,380)	—	—	(1,380)
Consolidated profit for 2012	(2,462)	—	—	(2,462)
Hybrid capital recognised under banking supervisory regulations	358	—	—	358
Eligible portion of certificates outstanding	—	—	—	—
Eligible portion of subordinated liabilities	—	1,431	—	1,431
Reclassifications to Tier 3 capital due to banking supervisory regulations	—	—	—	—
Eligible Tier 3 capital unused	—	—	—	—
Unrealised reserves in land and buildings and in securities	—	—	—	—
Value adjustment excess for IRBA positions	—	261	—	261
Deductible items due to non-consolidated investments	(26)	(26)	—	(52)
Deductible items compliant with Sect.10 (6a) KWG	(2)	(2)	—	(4)
Other effects				
(e. g. differences in group of consolidated companies and principles of consolidation)	(104)	56	—	(48)
Equity funds compliant with the German Banking Act	**19,501**	**1,720**	**—**	**21,221**

(€ billions)

	2012 BASEL II	2011 BASEL II
Risk-weighted assets from		
on-balance-sheet counterparty risk positions	59.1	65.4
off-balance sheet counterparty risk positions	10.3	11.8
other counterparty risk positions[1]	0.5	0.7
derivative counterparty risk positions	13.2	14.5
Total credit risk-weighted assets	**83.1**	**92.4**
Risk-weighted asset equivalent for market risk positions	**12.9**	**23.8**
Risk-weighted asset equivalent for operational risk	**13.8**	**11.2**
Total risk-weighted assets	**109.8**	**127.4**

1 primarily including repos and securities lending transactions

Other Information (Continued)

At 31 December 2012, the key capital ratios (based on financial statements approved by the Supervisory Board) were as follows: (in %)

	2012 BASEL II	2011 BASEL II
Core capital ratio (Tier 1 ratio)		
[core capital (Tier 1 capital)/(credit risk-weighted assets + 12.5x market risk positions + 12.5x operational risk)]	17.8	16.2
Core capital ratio without hybrid core capital (core Tier 1 ratio)		
[core capital without hybrid core capital (core Tier 1 capital)/		
(credit risk-weighted assets + 12.5x market risk positions + 12.5x operational risk)]	17.4	15.6
Capital ratio		
[equity funds/(credit risk-weighted assets + 12.5x market risk positions + 12.5x operational risk)]	19.3	18.4

80 Contingent liabilities and other commitments

(€ millions)

	2012	2011
Contingent liabilities[1]	**19,909**	**21,050**
Guarantees and indemnities	19,909	21,050
Other commitments	**35,984**	**37,703**
Irrevocable credit commitments	35,646	37,249
Other commitments[2]	338	454
Total	**55,893**	**58,753**

1 contingent liabilities are offset by contingent assets to the same amount
2 not included in other commitments are the future payment commitments arising from non-cancellable operation leases. These are covered in Note 73

Neither contingent liabilities nor irrevocable credit commitments contain any significant items. The guarantees and indemnities listed here essentially reflect guarantees and indemnities that the Bank has granted on behalf of customers. Consequently, the Bank has a right of recourse against the customer (contracting party) should the guarantee or indemnity in question be used. An appropriate provision is set up where such a customer's creditworthiness is doubtful. The gross volume of contingent liabilities in the above contigent liabilities for which provisions have been created totals €1,098 million (2011: €520 million). The provisions of €512 million (2011: €180 million) set up for these liabilities have been deducted from the contingent liabilities recognised and are carried under provisions in the balance sheet (see Note 69, "Provisions").

Securities lending transactions are not recognised, as economic ownership remains with the lender. The Bank only becomes the legal owner of the borrowed securities which are returned to the lender when the lending transaction falls due. Obligations of €20,678 million (2011: €21,433 million) to return securities arising from securities lending transactions are thus offset by borrowed securities of the same amount, which are not carried as assets on the assets side of the balance sheet.

The repos recognised as irrevocable credit commitments in 2011 that were already concluded at the reporting date but settlement of which had not yet taken place (2011: €2,931 million) are no longer included in 2012. The year-ago figure for irrevocable credit commitments has been reduced by €2,931 million accordingly.

As part of real estate financing and development operations, we have assumed rental obligations or issued rental guarantees on a case-by-case basis to make fund constructions more marketable – in particular for lease funds and (closed-end) KG real estate funds offered by our H.F.S. Hypo-Fondsbeteiligungen für Sachwerte GmbH subsidiary. Identifiable risks arising from such guarantees have been taken to the income statement.

Commitments for uncalled payments on shares not fully paid up amounted to €277 million at year-end 2012 (2011: €388 million), and similar obligations for shares in cooperatives totalled €1 thousand (2011: €1 million). We were not liable for any defaults on such calls under Section 22 (3 and 24) of the German Private Limited Companies Act (Gesetz betreffend die Gesellschaften mit beschränkter Haftung – GmbHG). Under Section 26 GmbHG, we were liable for calls for additional capital of €57 million (2011: €58 million) with regard to Liquiditäts-Konsortialbank GmbH, Frankfurt am Main, at year-end 2012. In addition, under Article 5 (4) of the Articles of Association of Liquiditäts-Konsortialbank GmbH, we are jointly and severally liable for any defaults on such calls by members of the Association of German Banks.

At the reporting date, we had unlimited personal liability arising from shares in 73 partnerships (2011: 74).

Under Section 5 (10) of the by-laws of the Deposit Guarantee Fund, we have undertaken to indemnify the Association of German Banks, Berlin, against any losses it might incur as a result of action taken on behalf of the banks in which we have a majority interest.

With a Statement of Responsibility dated 21 December 1993, HVB issued an undertaking to the State of Baden-Wuerttemberg (Ministry of Finance) to assume a liquidity provision obligation in the event of the sale, liquidation or bankruptcy of HVB Projekt GmbH.

In the same way as HVB and its affiliated banks assume liability in Germany, our subsidiaries, in their capacity as members of the respective deposit guarantee funds in their country of operations, assume liability in their respective countries.

Contingent liabilities payable to related entities (€ millions)

	2012	2011
Non-consolidated affiliated companies	2,047	1,705
of which: UniCredit S.p.A.	591	182
Joint ventures	—	—
Associated companies	—	—
Other participating interests	73	155
Total	**2,120**	**1,860**

Besides the contingent liabilities attributable to UniCredit S.p.A., the contingent liabilities of €2,047 million (2011: €1,705 million) attributable to non-consolidated affiliated companies include contingent liabilities of €1,456 million (2011: €1,375 million) attributable to sister companies and €0 million (2011: €148 million) attributable to subsidiaries.

81 Statement of Responsibility

HVB ensures that, to the extent of its shareholding, the companies set forth below are in a position to meet their contractual obligations except in the event of political risks:

1. Banks in Germany
Bankhaus Neelmeyer AG, Bremen
DAB Bank AG, Munich[1]
2. Banks in other regions
UniCredit Luxembourg S. A., Luxembourg
3. Financial companies
UniCredit Leasing GmbH, Hamburg
4. Companies with bank-related auxiliary services
HypoVereinsFinance N. V., Amsterdam

1 the company provides a Statement of Responsibility with the same wording for selected subsidiaries in its annual report

Other Information (Continued)

If our shareholding in a particular company declines, our commitment arising from the above Statement of Responsibility is also reduced to the same extent with regard to commitments of the relevant company that did not arise until after our shareholding decreased.

HVB no longer provides a Statement of Responsibility for companies which left HVB Group during an earlier financial year, but for which a Statement of Responsibility had been provided in earlier annual reports. Liabilities of these companies arising after their departure from HVB Group are not covered by either the above Statement of Responsibility or by Statements of Responsibility provided earlier.

82 Trust business

Trust assets

(€ millions)

	2012	2011
Loans and receivables with banks	568	580
Loans and receivables with customers	202	415
Equity securities and other variable-yield securities	185	204
Bonds	—	—
Participating interests	—	349
Property, plant and equipment	—	—
Other assets	—	—
Fund shares held in trust	2,092	2,089
Remaining trust receivables	1	—
Total	**3,048**	**3,637**

Trust liabilities

(€ millions)

	2012	2011
Deposits from banks	742	762
Deposits from customers	2,305	2,871
Debt securities in issue	—	—
Other liabilities	1	4
Total	**3,048**	**3,637**

83 Assets assigned or pledged as security for own liabilities

Examples of own liabilities of HVB Group for which we provide collateral are special credit facilities provided by KfW and similar institutions, which we have passed on as loans in compliance with their conditions. In addition, security has been provided for borrowings under repurchase agreements on international money markets, for open market transactions with central banks and for securities lending transactions. As a seller under repurchase agreements, HVB Group has entered into sales and repurchase transactions for securities with a carrying amount of €36.4 billion (2011: €50.6 billion). These securities continue to be shown under our assets, and the consideration received in return is stated under liabilities.

The following table shows the breakdown of assets that we provide as collateral for own liabilities:

(€ millions)

	2012	2011
Financial assets held for trading	13,988	15,556
Financial assets at fair value through profit or loss	10,932	14,309
Available-for-sale financial assets	4,022	2,022
Held-to-maturity investments	—	—
Loans and receivables with banks	315	403
Loans and receivables with customers	11,141	18,519
Property, plant and equipment	—	—
Non-recognised received securities pledged on:		
Pledged securities from non-capitalised securities lending transactions	19,191	20,090
Received collateral pledged	6,308	7,963
Total	**65,897**	**78,862**

The collateral pledged from loans and receivables with customers relates to special credit facilities provided by KfW and similar institutions. Furthermore, this concerns non-written-off securitised loans and receivables with customers underlying the Rosenkavalier 2008 true sale transaction (see also Note 60, "Own securitisation"), serving indirectly as collateral for repurchase agreements with the ECB in this context.

The assets pledged by HVB Group as security relate to the following liabilities:

(€ millions)

	2012	2011
Deposits from banks	27,938	41,811
Deposits from customers	15,234	18,500
Debt securities in issue	—	—
Financial liabilities held for trading	7,165	5,216
Contingent liabilities	—	—
Obligations to return non-expensed, borrowed securities	15,560	13,335
Total	**65,897**	**78,862**

Compliant with IFRS 7.14, we are disclosing the carrying amount of the financial assets which we provide as security. In addition, figures are disclosed showing the extent to which the security provided may be pledged or sold on by the borrower.

(€ millions)

	2012	2011
Aggregate carrying amount of assets pledged as security	65,897	78,862
of which:		
may be pledged/sold on	35,177	44,178

Other Information (Continued)

84 Collateral received that HVB Group may pledge or sell on

As part of repurchase agreements and securities lending transactions, HVB Group has received security that it may pledge or sell on at any time without the security provider having to be in arrears. The fair value of this security is €15.0 billion (2011: €21.6 billion).

HVB Group has actually pledged or sold on €6.3 billion (2011: €8.0 billion) of this total, for which there is an obligation to return collateral received of the same type, volume and quality.

The transactions that make it possible to use this collateral were conducted under the customary market terms for repurchase agreements and securities lending transactions.

85 Information on relationships with related parties

Besides the relationships with consolidated, affiliated companies, there are a number of transactions involving UniCredit S.p.A. and other affiliated but not consolidated UniCredit companies as a result of the integration of HVB into the UniCredit group of companies. The quantitative information in this regard can be found in the notes to the balance sheet and the income statement.

In the course of the integration of HVB into the UniCredit group of companies, HVB has been assigned the role of centre of competence for markets and investment banking for the entire corporate group. Among other things, HVB acts as counterparty for derivative transactions conducted by UniCredit companies in this role. For the most part, this involves hedge derivatives that are externalised on the market via HVB.

Furthermore, HVB places excess liquidity efficiently with other UniCredit group companies. The section of the Risk Report entitled “Exposure to UniCredit S.p.A. and its subsidiaries” under “Risk types in detail” in this Annual Report contains further information regarding the exposure to UniCredit and its subsidiaries.

Like other affiliated companies, HVB has outsourced IT activities to UniCredit Business Integrated Solutions S.C.p.A. (UBIS), a company that is affiliated with the Bank. The goal is to exploit synergies and enable HVB to offer fast, high-quality IT services by means of a service level agreement. HVB incurred expenses of €549.6 million (2011: €482.7 million) for these services during 2012. This was offset by income of €11.4 million (2011: €8.3 million) from services rendered and internal charges. Moreover, software products worth €11.6 million (2011: €13.6 million) were purchased from UBIS.

Furthermore, HVB has transferred certain back office activities to UBIS (legal successor to the former UniCredit Business Partners S.C.p.A.). In this context, UBIS provides settlement services for HVB and other affiliated companies in line with a standard business and operating model. HVB incurred expenses of €70.5 million (2011: €80.5 million) for these services during 2012.

Transactions involving related parties are always conducted on an arm’s length basis.

Subsequent to the filing of the squeeze-out resolution in the Commercial Register on 15 September 2008, HVB is not listed any more. Consequently, the compensation paid to the members of the Management Board is not shown on an individualised basis.

Emoluments paid to members of the Management Board and Supervisory Board (€ thousands)

	FIXED COMPENSATION		PERFORMANCE-RELATED COMPONENTS		LONG-TERM INCENTIVES[2]		PENSION COMMITMENTS		TOTAL	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
Management Board members of UniCredit Bank AG	4,513	4,327	910[1]	1,788[1]	1,479[3]	1,139[3]	1,071[4]	989[4]	7,973	8,243
Supervisory Board members of UniCredit Bank AG										
for Supervisory Board activities	558	558	210[5]	210[5]	—	—	—	—	768[5]	768[5]
Former members of the Management Board										
of UniCredit Bank AG and their surviving dependants	—	—	—	—	—	—	—	—	1,716[6]	1,653[6]
Transitional allowances for former members										
of the Management Board	—	—	—	—	—	—	—	—	—	—

1 the profit-related components are generally deferred over several years with disbursement in subsequent years dependent on defined company targets being achieved
2 cash value of the share-based compensation
3 prorated disclosure of the long-term incentive plans for 2005 to 2008 and the long-term incentive plan for a performance period of 2011 to 2013 and stock options (period of 2012 to 2015) and shares for the 2012 financial year
4 of which a prorated pension expense of €18,500 could not be posted until 2012
5 the performance-related component for the 2012 financial year totals €210 thousand, provided the Annual General Meeting of Shareholders adopts a resolution regarding the appropriation of net income as proposed. The performance-related component for the 2011 financial year totalled €210 thousand after the Annual General Meeting of Shareholders adopted a resolution regarding the appropriation of net income as proposed
6 in addition an amount of €145 thousand was assumed in the 2012 financial year for some former executives within the framework of insurance benefits under a corporate Directors and Officers insurance policy, the accrued taxes and legal costs (2011: €147 thousand)

The plenary session of the Supervisory Board is responsible for setting the total compensation of each member of the Management Board. Appropriateness and sustainability are key criteria for the form and structure of compensation paid to members of the Management Board. The structure of compensation is derived from the service agreements with the members of the Bank's Management Board. It has two components: a fixed salary and a variable, performance-related element. The fixed compensation and the performance-related components are classified as current liabilities.

Pension commitments for six members of the Management Board are shown in the table alongside the direct emoluments. These people took part in the employer-financed, fund-linked pension scheme for executives (known as AgfA). The Bank will provide/has provided 35% of the fixed salary contributions. It has been agreed with the members of the Management Board that this amount of their pay would be converted, which means that, instead of a disbursed sum of money, the Management Board member receives a pension commitment to the same value from the Bank. Costs for international health insurance and social security, including the accrued taxes, of €382 thousand (2011: €336 thousand) were additionally assumed for one executive under his existing UniCredit S.p.A. contract.

Other Information (Continued)

For more information about stock options and performance shares, please refer to Note 37 where the UniCredit long-term incentive plan underlying these instruments is described.

Non-monetary compensation and other fringe benefits are granted to members of the Management Board to the usual extent. The amounts involved are included in the totals for fixed compensation shown.

Compensation paid to members of the Management Board for positions on supervisory boards of any UniCredit group companies is surrendered to the Bank.

A sum of €125 (2011: €5,787) was transferred to provisions for pensions in the 2012 financial year to cover the commitments (for death benefits) made to the members of the Management Board.

The provisions for pensions compliant with IFRS for former and retired members of the Management Board of HVB and their surviving dependants (including the pension commitments transferred to HVB Trust Pensionsfonds AG) amounted to €128,479 thousand (2011: €114,844 thousand).

The compensation paid to retired members of the Management Board and their surviving dependants amounted to €1,716 thousand in 2012 after the transfer of a large part of the pension commitments to HVB Trust Pensionsfonds AG (2011: €1,653 thousand).

Details of share-based compensation

MEMBERS OF THE MANAGEMENT BOARD OF UNICREDIT BANK AG	
Options	
Stock options 2011	1,844,156[1]
Stock options 2012	708,781
Fair value per option (2011) on grant date (€)	0.6019
Fair value per option (2012) on grant date (€)	1.8670
Performance shares	
Performance shares 2011	826,517[1]
Performance shares 2012	187,869
Fair value per performance share (2011) on grant date (€)	1.712
Fair value per performance share (2012) on grant date (€)	4.010

1 long-term incentive: after no long-term incentive plan was set up for the 2010 financial year, this was carried out in 2011 with a performance period of 2011 to 2013

Compensation of members of the Supervisory Board

The following table shows the breakdown of compensation paid to members of the Supervisory Board for 2012:

(in €)

	FIXED COMPENSATION	COMPENSATION FOR COMMITTEE WORK	VARIABLE COMPENSATION[1]	SUBTOTAL (EXCL. VALUE-ADDED TAX)	TOTAL (EXCL. VALUE-ADDED TAX) where appropriate after deduction of 30% supervisory board tax and 5.5% solidarity surcharge
Federico Ghizzoni, Chairman	60,000.00	—	30,000.00	90,000.00	61,515.00[2]
Peter König, Deputy Chairman	45,000.00	27,500.00	22,500.00	95,000.00	95,000.00
Dr Wolfgang Sprissler, Deputy Chairman	45,000.00	—	22,500.00	67,500.00	67,500.00
Aldo Bulgarelli	30,000.00	27,500.00	15,000.00	72,500.00	49,553.75[2]
Beate Dura-Kempf	30,000.00	—	15,000.00	45,000.00	45,000.00
Klaus Grünewald	30,000.00	—	15,000.00	45,000.00	45,000.00
Werner Habich	30,000.00	—	15,000.00	45,000.00	45,000.00
Dr Lothar Meyer	30,000.00	55,000.00	15,000.00	100,000.00	100,000.00
Marina Natale	30,000.00	27,500.00	15,000.00	72,500.00	49,553.75[2]
Klaus-Peter Prinz	30,000.00	—	15,000.00	45,000.00	45,000.00
Jens-Uwe Wächter	30,000.00	—	15,000.00	45,000.00	45,000.00
Dr Susanne Weiss	30,000.00	—	15,000.00	45,000.00	45,000.00
Total	**420,000.00**	**137,500.00**	**210,000.00**	**767,500.00**	**693,122.50[2]**

1 subject to a resolution adopted by the Annual General Meeting of Shareholders regarding the appropriation of profit available for distribution
2 after deduction of 30% supervisory board tax and 5.5% solidarity surcharge

The following table shows the breakdown of compensation paid to members of the Supervisory Board for 2011: (in €)

	FIXED COMPENSATION	COMPENSATION FOR COMMITTEE WORK	VARIABLE COMPENSATION	SUBTOTAL (EXCL. VALUE-ADDED TAX)	TOTAL (EXCL. VALUE-ADDED TAX) where appropriate after deduction of 30% supervisory board tax and 5.5% solidarity surcharge
Sergio Ermotti, Chairman[1]	9,863.01	—	4,931.51	14,794.52	10,112.06[5]
Federico Ghizzoni[2], Chairman					
since 4/3/2011	49,972.60	—	24,986.30	74,958.90	51,234.40[5]
Peter König, Deputy Chairman	45,000.00	27,500.00	22,500.00	95,000.00	95,000.00
Dr Wolfgang Sprissler, Deputy Chairman	45,000.00	—	22,500.00	67,500.00	67,500.00
Aldo Bulgarelli	30,000.00	27,500.00	15,000.00	72,500.00	49,553.75[5]
Beate Dura-Kempf	30,000.00	—	15,000.00	45,000.00	45,000.00
Klaus Grünewald	30,000.00	—	15,000.00	45,000.00	45,000.00
Werner Habich[4]	28,767.12	—	14,383.56	43,150.68	43,150.68
Dr Lothar Meyer	30,000.00	55,000.00	15,000.00	100,000.00	100,000.00
Marina Natale	30,000.00	27,500.00	15,000.00	72,500.00	49,553.75[5]
Klaus-Peter Prinz	30,000.00	—	15,000.00	45,000.00	45,000.00
Jutta Streit[3]	1,232.88	—	616.44	1,849.32	1,849.32
Jens-Uwe Wächter	30,000.00	—	15,000.00	45,000.00	45,000.00
Dr Susanne Weiss	30,000.00	—	15,000.00	45,000.00	45,000.00
Total	**419,835.61**	**137,500.00**	**209,917.81**	**767,253.42**	**692,953.96[5]**

1 member until 1 March 2011
2 member since 2 March 2011
3 member until 15 January 2011
4 member since 16 January 2011
5 after deduction of 30% supervisory board tax and 5.5% solidarity surcharge

The compensation paid to members of the Supervisory Board is regulated in Article 15 of the Bank's Articles of Association. The currently applicable arrangements under these articles are based on a resolution adopted by the Shareholders' Meeting on 22 September 2010. The compensation is divided into a fixed and a variable, dividend-dependent component. Under the terms of the arrangements, the members of the Supervisory Board receive fixed compensation of €30,000 payable upon conclusion of the financial year and dividend-dependent compensation of €400 for every €0.01 dividend paid above the amount of €0.12 per no par share, but no more than €15,000. The chairman of the Supervisory Board receives twice the compensation stated, the deputy chairmen one and a half times the compensation stated. Furthermore, the members of the Audit Committee each receive fixed annual compensation of €27,500 payable upon conclusion of the financial year. The chairman of the Audit Committee receives twice this amount. The members of the Remuneration & Nomination Committee receive no separate compensation for committee work. Furthermore, every member of the Supervisory Board and every member of the Audit Committee receives a reimbursement for expenses of €250 for attending a meeting of the Supervisory Board or the Audit Committee. In addition, the members of the Supervisory Board are reimbursed their incidental expenses and value-added tax payable on their Supervisory Board activities. If they are members of the Executive Management Committee of UniCredit S.p.A., those members of the Supervisory Board transfer to UniCredit S.p.A. the compensation they receive for supervisory board work, as the performance of supervisory board functions at subsidiaries is considered a typical management duty. Members of the Supervisory Board who belonged to the Supervisory Board for only a part of the financial year receive pro rata compensation. The chairman of the Supervisory Board has an office complete with staff at his disposal. In 2012, expense allowances totalling €38,255.87 (2011: €33,008.54) were paid to members of the Supervisory Board. No remuneration was paid in the 2012 financial year for services provided personally.

Loans and advances made to, and contingent liabilities and liabilities assumed for, related parties at the reporting date were as follows: Members of the Supervisory Board and Management Board at HVB, and members of the Executive Management Committee and their respective immediate family members are considered related parties.

(€ thousands)

	2012			2011		
	LOANS AND RECEIVABLES	CONTINGENT LIABILITIES ASSUMED	LIABILITIES	LOANS AND RECEIVABLES	CONTINGENT LIABILITIES ASSUMED	LIABILITIES
Management Board members of UniCredit Bank AG	1,180	6	4,623	1,233	7	4,915
Supervisory Board members of UniCredit Bank AG	2,754	23	3,664	2,955	—	5,410
Executive Management Committee	—	—	—	—	—	—

Other Information (Continued)

Loans and advances were granted to members of the Management Board and their immediate family members in the form of mortgage loans with interest rates of between 2.5% and 3.96% and falling due in the period from 2013 to 2021.

Loans and advances were granted to members of the Supervisory Board and their immediate family members in the form of credit facilities with interest rates of between 6% and 11.15% with no fixed maturity and special credit facilities and mortgage loans with interest rates of between 1.9% and 5.25% falling due in 2021.

All banking transactions involving the group of people listed were conducted at customary market terms with the usual collateral.

86 Fees paid to the independent auditors

The following table shows the breakdown of fees of €24 million (2011: €17 million) recorded as expense in the year under review, as paid to the independent auditors KPMG AG, Wirtschaftsprüfungsgesellschaft, for activities performed for HVB Group:

(€ millions)

	2012[1]	2011[1]
Fee for		
Auditing of the financial statements	6	7
Other auditing services	2	2
Tax advisory services	—	—
Other services	16	8

1 excluding value-added tax

87 Employees

Average number of people employed by us

	2012	2011
Employees (excluding trainees)	20,153	20,585
Full-time	14,903	15,354
Part-time	5,250	5,231
Trainees	997	960

The staff's length of service was as follows:

in %

	WOMEN (EXCLUDING TRAINEES)	MEN (EXCLUDING TRAINEES)	2012 TOTAL	2011 TOTAL
Staff's length of service				
31 years or more	10.7	11.6	11.1	10.0
from 21 years to less than 31 years	24.7	19.7	22.4	20.3
from 11 years to less than 21 years	34.0	28.3	31.4	32.8
less than 11 years	30.7	40.4	35.1	36.9

88 Offices

Offices, broken down by region

		ADDITIONS	REDUCTIONS			
	1/1/2012	NEW OPENINGS	CLOSURES	CONSOLIDATIONS	CHANGE IN CONSOLIDATED GROUP	31/12/2012
Germany						
Baden-Wuerttemberg	35	—	—	1	1	35
Bavaria	516	6	1	—	7	528
Berlin	13	1	—	—	—	14
Brandenburg	9	—	—	—	—	9
Bremen	6	—	2	—	—	4
Hamburg	38	—	—	2	(5)	31
Hesse	18	1	—	—	—	19
Lower Saxony	33	—	—	—	—	33
Mecklenburg-Western Pomerania	9	—	—	—	—	9
North Rhine-Westphalia	28	1	1	1	—	27
Rhineland-Palatinate	25	1	—	—	1	27
Saarland	10	1	—	—	—	11
Saxony	16	1	—	—	—	17
Saxony-Anhalt	11	—	—	—	—	11
Schleswig-Holstein	69	2	—	—	—	71
Thuringia	11	2	—	—	—	13
Subtotal	**847**	**16**	**4**	**4**	**4**	**859**
Other regions						
Africa	1	—	—	—	—	1
Americas	23	—	—	—	—	23
Asia	17	—	2	—	(3)	12
Europe	46	—	—	—	—	46
Subtotal	**87**	**—**	**2**	**—**	**(3)**	**82**
Total	**934**	**16**	**6**	**4**	**1**	**941**

89 List of holdings pursuant to Section 313 HGB

The separate list of holdings drawn up in compliance with Section 313 (2), HGB, contains all joint ventures, and affiliated and associated companies broken down by whether they are included in the consolidated financial statements or not, together with other holdings. The list also includes selected holdings of less than 20% and fully consolidated special purposes entities without shareholding of HVB compliant with IAS 27 in connection with SIC 12.

Other Information (Continued)

NAME	REGISTERED OFFICE	SHARE OF CAPITAL IN % TOTAL	SHARE OF CAPITAL IN % OF WHICH HELD INDIRECTLY	CURRENCY	EQUITY CAPITAL in thousands of currency units	NET PROFIT in thousands of currency units
1 Subsidiaries of HVB Group						
1.1 Consolidated subsidiaries						
1.1.1 Banks						
1.1.1.1 Domestic banks and financial institutions						
Bankhaus Neelmeyer AG	Bremen	100.0		EUR	40,400	[1.1]
DAB Bank AG	Munich	79.5		EUR	174,196	17,997
UniCredit Leasing Finance GmbH	Hamburg	100.0	100.0	EUR	27,013	[2]
1.1.1.2 Foreign banks and financial institutions						
direktanlage.at AG	Salzburg	100.0	100.0	EUR	26,579	4,766
UniCredit Luxembourg S.A.	Luxembourg	100.0		EUR	1,309,510	180,888
1.1.2 Other consolidated companies						
Acis Immobilien- und Projektentwicklungs GmbH & Co. Oberbaum City KG[3]	Grünwald	100.0	100.0	EUR	27	688
Acis Immobilien- und Projektentwicklungs GmbH & Co. Parkkolonnaden KG[3]	Grünwald	100.0	100.0	EUR	28	865
Acis Immobilien- und Projektentwicklungs GmbH & Co. Stuttgart Kronprinzstraße KG[3]	Grünwald	100.0	100.0	EUR	35	2,967
Active Asset Management GmbH	Grünwald	100.0	100.0	EUR	208	(8)
AGROB Immobilien AG (share of voting rights: 75.0%)[4]	Ismaning	52.7	52.7	EUR	20,693	1,602
Antus Immobilien- und Projektentwicklungs GmbH	Munich	90.0	90.0	EUR	(16,872)	0
Argentaurus Immobilien-Vermietungs- und Verwaltungs GmbH[3]	Munich	100.0	100.0	EUR	793	[2]
ARRONDA Immobilienverwaltungs GmbH	Munich	100.0	100.0	EUR	(45,452)	975
Atlanterra Immobilienverwaltungs GmbH	Munich	90.0	90.0	EUR	(39,212)	0
A&T-Projektentwicklungs GmbH & Co. Potsdamer Platz Berlin KG[3]	Munich	100.0	100.0	EUR	(37,260)	5
Aufbau Dresden GmbH	Munich	100.0	100.0	EUR	(23,944)	0
BaLea Soft GmbH & Co. KG	Hamburg	100.0	100.0	EUR	5,914	(96)
BaLea Soft Verwaltungsgesellschaft mbH	Hamburg	100.0	100.0	EUR	85	2
Bank Austria ImmobilienService GmbH	Vienna	100.0	100.0	EUR	273	256
B.I. International Limited	George Town	100.0	100.0	EUR	(949)	(102)
BIL Immobilien Fonds GmbH & Co Objekt Perlach KG[3]	Munich	100.0	100.0	EUR	2,778	(544)
BIL Leasing-Fonds GmbH & Co VELUM KG (share of voting rights: 66.7% total, of which 33.3% held indirectly)	Munich	100.0		EUR	(2)	0
BIL Leasing-Fonds Verwaltungs-GmbH	Munich	100.0	100.0	EUR	33	0
Blue Capital Europa Immobilien GmbH & Co. Achte Objekte Großbritannien KG	Hamburg	100.0	100.0	EUR	(2,363)	(3,744)
BV Grundstücksentwicklungs-GmbH[3]	Munich	100.0	100.0	EUR	511	[2]
BV Grundstücksentwicklungs-GmbH & Co. Verwaltungs-KG[3]	Munich	100.0		EUR	511	145
CUMTERRA Gesellschaft für Immobilienverwaltung mbH[3]	Munich	100.0	93.8	EUR	26	[2]
Delpha Immobilien- und Projektentwicklungs GmbH & Co. Großkugel Bauabschnitt Alpha Management KG[3]	Munich	100.0	100.0	EUR	(22,880)	0
Delpha Immobilien- und Projektentwicklungs GmbH & Co. Großkugel Bauabschnitt Beta Management KG[3]	Munich	100.0	100.0	EUR	(53,477)	0
Delpha Immobilien- und Projektentwicklungs GmbH & Co. Großkugel Bauabschnitt Gamma Management KG[3]	Munich	100.0	100.0	EUR	(59,493)	0
Enderlein & Co. GmbH	Bielefeld	100.0	100.0	EUR	114	[2]
Erste Onshore Windkraft Beteiligungsgesellschaft mbH & Co. Windpark Grefrath KG (share of voting rights: 68.3%)	Oldenburg	68.5	68.5	EUR	455	28
Erste Onshore Windkraft Beteiligungsgesellschaft mbH & Co. Windpark Krähenberg KG (share of voting rights: 68.3%)	Oldenburg	68.5	68.5	EUR	(1,628)	(58)
Erste Onshore Windkraft Beteiligungsgesellschaft mbH & Co. Windpark Mose KG (share of voting rights: 68.3%)	Oldenburg	68.5	68.5	EUR	486	100

		SHARE OF CAPITAL IN %			EQUITY CAPITAL	NET PROFIT
NAME	REGISTERED OFFICE	TOTAL	OF WHICH HELD INDIRECTLY	CURRENCY	in thousands of currency units	in thousands of currency units
Food & more GmbH	Munich	100.0		EUR	177	[1,2]
GIMMO Immobilien-Vermietungs- und Verwaltungs GmbH	Munich	100.0	100.0	EUR	26	[2]
Golf- und Country Club Seddiner See Immobilien GmbH	Munich	100.0	100.0	EUR	(15,507)	0
Grand Central Re Limited	Hamilton	92.5		USD	46,419	(2,850)
Grundstücksaktiengesellschaft am Potsdamer Platz						
(Haus Vaterland)	Munich	98.2	98.2	EUR	4,495	[2]
Grundstücksgesellschaft Simon						
beschränkt haftende Kommanditgesellschaft[3]	Munich	100.0	100.0	EUR	52	1,355
H & B Immobilien GmbH & Co. Objekte KG[3]	Munich	100.0	100.0	EUR	5	140
HAWA Grundstücks GmbH & Co. OHG Hotelverwaltung[3]	Munich	100.0	100.0	EUR	276	(296)
HAWA Grundstücks GmbH & Co. OHG Immobilienverwaltung[3]	Munich	100.0	100.0	EUR	54	324
H.F.S. Hypo-Fondsbeteiligungen für Sachwerte GmbH	Munich	100.0	90.0	EUR	5,101	[2]
H.F.S. Immobilienfonds GmbH	Ebersberg	100.0	100.0	EUR	26	[2]
HJS 12 Beteiligungsgesellschaft mbH	Munich	100.0		EUR	274	(2)
HVB Alternative Advisors LLC	Wilmington	100.0		USD	6,783	(387)
HVB Asia Limited	Singapore	100.0		EUR	3,650	(3)
HVB Asset Leasing Limited	London	100.0	100.0	USD	145	(46)
HVB Asset Management Holding GmbH	Munich	100.0	100.0	EUR	25	[2]
HVB Capital LLC	Wilmington	100.0		USD	1,128	87
HVB Capital LLC II	Wilmington	100.0		GBP	2	0
HVB Capital LLC III	Wilmington	100.0		USD	1,107	90
HVB Capital LLC VI	Wilmington	100.0		JPY	275	7
HVB Capital Partners AG	Munich	100.0		EUR	12,671	[1,3]
HVB Expertise GmbH	Munich	100.0		EUR	1,117	88
HVB Export Leasing GmbH	Munich	100.0		EUR	39	(5)
HVB Finance London Limited	London	100.0		EUR	930	(18)
HVB Funding Trust II	Wilmington	100.0		GBP	2	0
HVB Gesellschaft für Gebäude Beteiligungs GmbH	Munich	100.0		EUR	27	2
HVB Gesellschaft für Gebäude mbH & Co KG[3]	Munich	100.0		EUR	871,401	42,998
HVB Global Assets Company (GP), LLC	City of Dover	100.0		USD	142	4
HVB Global Assets Company, L.P.[5]	City of Dover	5.0		USD	1,035,121	38,481
HVB Hong Kong Limited	Hong Kong	100.0		USD	4,418	114
HVB Immobilien AG[3]	Munich	100.0		EUR	86,644	[1,4]
HVB Investments (UK) Limited	George Town	100.0		GBP	220	924
HVB Life Science GmbH & Co. Beteiligungs-KG	Munich	100.0		EUR	1,020	(5)
HVB London Investments (AVON) Limited	London	100.0		GBP	2,545	5
HVB London Investments (CAM) Limited	London	100.0		GBP	120	0
HVB Principal Equity GmbH[3]	Munich	100.0		EUR	34	[1,5]
HVB Profil Gesellschaft für Personalmanagement mbH[3]	Munich	100.0		EUR	28	[1,6]
HVB Projekt GmbH[3]	Munich	100.0	94.0	EUR	72,151	[2]
HVB Realty Capital Inc.	New York	100.0	100.0	USD	0	0
HVB Secur GmbH	Munich	100.0	100.0	EUR	115	3
HVB Tecta GmbH[3]	Munich	100.0	94.0	EUR	1,751	[2]
HVB Verwa 1 GmbH	Munich	100.0		EUR	41	[1,7]
HVB Verwa 4 GmbH	Munich	100.0		EUR	10,132	[1,8]
HVB Verwa 4.4 GmbH[3]	Munich	100.0	100.0	EUR	10,025	[2]
HVBFF International Greece GmbH[4]	Munich	100.0	100.0	EUR	(674)	(232)
HVBFF Internationale Leasing GmbH	Munich	100.0	100.0	EUR	10	(1)
HVBFF Objekt Beteiligungs GmbH	Munich	100.0	100.0	EUR	43	3
HVBFF Produktionshalle GmbH i.L.	Munich	100.0	100.0	EUR	20	0
HVZ GmbH & Co. Objekt KG[3]	Munich	100.0	100.0	EUR	148,091	3,728
Hypo-Bank Verwaltungszentrum GmbH	Munich	100.0	100.0	EUR	16	7
Hypo-Bank Verwaltungszentrum GmbH & Co. KG						
Objekt Arabellastraße[3]	Munich	100.0	100.0	EUR	26	20,506

Other Information (Continued)

NAME	REGISTERED OFFICE	SHARE OF CAPITAL IN % TOTAL	SHARE OF CAPITAL IN % OF WHICH HELD INDIRECTLY	CURRENCY	EQUITY CAPITAL in thousands of currency units	NET PROFIT in thousands of currency units
HYPO-REAL Haus- und Grundbesitz Gesellschaft mbH & Co. Immobilien-Vermietungs KG[3]	Munich	80.0	80.0	EUR	(850)	0
HypoVereinsFinance N.V.	Amsterdam	100.0		EUR	2,229	140
Internationales Immobilien-Institut GmbH	Munich	94.0		EUR	13,126	4,935
Interra Gesellschaft für Immobilienverwaltung mbH[3]	Munich	100.0	93.8	EUR	51	[2]
Keller Crossing L.P.	Wilmington	100.0	100.0	USD	1,663	190
Kinabalu Financial Products LLP	London	100.0		GBP	884	(26)
Kinabalu Financial Solutions Limited	London	100.0		GBP	3,998	221
Life Management Erste GmbH	Munich	100.0	100.0	EUR	24	[2]
Life Management Zweite GmbH	Grünwald	100.0	100.0	EUR	26	[2]
Life Science I Beteiligungs GmbH	Munich	100.0	100.0	EUR	(167)	199
MERKURHOF Grundstücksgesellschaft mit beschränkter Haftung[3]	Munich	100.0		EUR	16,692	[1.9]
MILLETERRA Gesellschaft für Immobilienverwaltung mbH[3]	Munich	100.0	100.0	EUR	25	[2]
Mobility Concept GmbH	Oberhaching	60.0	60.0	EUR	4,381	2,753
Movie Market Beteiligungs GmbH	Munich	100.0	100.0	EUR	17	6
NF Objekt FFM GmbH[3]	Munich	100.0	100.0	EUR	125	[2]
NF Objekt München GmbH[3]	Munich	100.0	100.0	EUR	75	[2]
NF Objekte Berlin GmbH[3]	Munich	100.0	100.0	EUR	15,725	[2]
NXP Co-Investment Partners VIII, L.P.	London	85.0	85.0	EUR	9,987	2,507
Ocean Breeze Asset GmbH & Co. KG	Munich	100.0	100.0	EUR	0	(4)
Ocean Breeze Energy GmbH & Co. KG[3]	Munich	100.0	100.0	EUR	(59,519)	(11,291)
Ocean Breeze GmbH	Munich	100.0	100.0	EUR	23	(1)
Omnia Grundstücks-GmbH & Co. Objekt Eggenfeldener Straße KG[3]	Munich	100.0	94.0	EUR	26	0
Omnia Grundstücks-GmbH & Co. Objekt Haidenauplatz KG[3]	Munich	100.0	94.0	EUR	26	139
Orestos Immobilien-Verwaltungs GmbH[3]	Munich	100.0	100.0	EUR	56,674	[2]
Othmarschen Park Hamburg GmbH & Co. Centerpark KG[3]	Munich	100.0	100.0	EUR	(18,942)	0
Othmarschen Park Hamburg GmbH & Co. Gewerbepark KG[3]	Munich	100.0	100.0	EUR	(44,083)	0
Perikles 20092 Vermögensverwaltung GmbH	Munich	100.0	100.0	EUR	23	(1)
PlanetHome AG	Unterföhring	100.0		EUR	26,363	1,687
PlanetHome GmbH	Mannheim	100.0	100.0	EUR	560	405
Portia Grundstücks-Verwaltungsgesellschaft mbH & Co. Objekt KG[3]	Munich	100.0	100.0	EUR	500,014	(30,246)
"Portia" Grundstücksverwaltungs-Gesellschaft mit beschränkter Haftung	Munich	100.0	100.0	EUR	29	3
Redstone Mortgages Limited	London	100.0		GBP	(301,619)	10,636
RHOTERRA Gesellschaft für Immobilienverwaltung mbH[3]	Munich	100.0	93.8	EUR	26	[2]
Roncasa Immobilien-Verwaltungs GmbH	Munich	90.0	90.0	EUR	(39,995)	975
Salvatorplatz-Grundstücksgesellschaft mbH	Munich	100.0	100.0	EUR	711	[2]
Salvatorplatz-Grundstücksgesellschaft mbH & Co. OHG Saarland[3]	Munich	100.0	100.0	EUR	1,534	(19)
Salvatorplatz-Grundstücksgesellschaft mbH & Co. OHG Verwaltungszentrum[3]	Munich	100.0	100.0	EUR	2,301	5,123
Selfoss Beteiligungsgesellschaft mbH[3]	Grünwald	100.0	100.0	EUR	13	[2]
Simon Verwaltungs-Aktiengesellschaft i.L.[4]	Munich	<100.0		EUR	3,129	(1)
Sirius Immobilien- und Projektentwicklungs GmbH	Munich	100.0	100.0	EUR	(143,835)	[2]
SOLARIS Verwaltungsgesellschaft mbH & Co. Vermietungs KG[3]	Munich	94.9	94.9	EUR	0	0
Solos Immobilien- und Projektentwicklungs GmbH & Co. Sirius Beteiligungs KG[3]	Munich	100.0	100.0	EUR	(35,748)	900
Spree Galerie Hotelbetriebsgesellschaft mbH[3]	Munich	100.0	100.0	EUR	249	[2]
Status Vermögensverwaltung GmbH[3]	Schwerin	100.0		EUR	2,108	[1.10]
Structured Invest Société Anonyme	Luxembourg-Kirchberg	100.0		EUR	8,794	432
Structured Lease GmbH	Hamburg	100.0	100.0	EUR	750	[2]
T & P Frankfurt Development B.V.	Amsterdam	100.0	100.0	EUR	(6,991)	(5)
T & P Vastgoed Stuttgart B.V.	Amsterdam	87.5	87.5	EUR	(15,467)	(18)

NAME	REGISTERED OFFICE	SHARE OF CAPITAL IN % TOTAL	OF WHICH HELD INDIRECTLY	CURRENCY	EQUITY CAPITAL in thousands of currency units	NET PROFIT in thousands of currency units
TERRENO Grundstücksverwaltung GmbH & Co.						
Entwicklungs- und Finanzierungsvermittlungs-KG[3]	Munich	75.0	75.0	EUR	(268,579)	0
Terronda Development B.V.	Amsterdam	100.0	100.0	EUR	(401)	(14)
TIVOLI Grundstücks-Aktiengesellschaft	Munich	99.7	99.7	EUR	13,366	5,850
Transterra Gesellschaft für Immobilienverwaltung mbH[3]	Munich	100.0	93.8	EUR	26	[2]
TRICASA Grundbesitz Gesellschaft mbH & Co.						
1. Vermietungs KG[3]	Munich	100.0	100.0	EUR	6,804	2,507
TRICASA Grundbesitzgesellschaft des bürgerlichen Rechts Nr. 1	Munich	100.0	100.0	EUR	17,142	(43)
Trinitrade Vermögensverwaltungs-Gesellschaft						
mit beschränkter Haftung	Munich	100.0		EUR	1,323	1
UniCredit Beteiligungs GmbH	Munich	100.0		EUR	1,147	[1.11]
UniCredit CAIB Securities UK Ltd.	London	100.0		GBP	454	3
UniCredit Capital Markets LLC	New York	100.0	100.0	USD	321,425	460
UniCredit (China) Advisory Limited	Beijing	100.0		CNY	1,830	271
UniCredit Direct Services GmbH[3]	Munich	100.0		EUR	881	[1.12]
UniCredit Global Business Services GmbH	Munich	100.0		EUR	5,818	4,138
UniCredit Leasing Aviation GmbH	Hamburg	100.0	100.0	EUR	(3,438)	(3,943)
UniCredit Leasing GmbH	Hamburg	100.0		EUR	162,026	[1.13]
UniCredit London Investments Limited	London	100.0		EUR	2	0
UniCredit Merchant Partners GmbH	Munich	100.0		EUR	1,000	[1.14]
UniCredit U.S. Finance LLC	Wilmington	100.0		USD	339,382	661
US Property Investments Inc.	Dallas	100.0		USD	671	35
Verba Verwaltungsgesellschaft mbH	Munich	100.0		EUR	761	(3)
Verwaltungsgesellschaft Katharinenhof mbH[3]	Munich	100.0		EUR	708	[1.15]
V.M.G. Vermietungsgesellschaft mbH	Munich	100.0	100.0	EUR	26	[2]
VuWB Investments Inc.	Atlanta	100.0	100.0	USD	113	(7)
Wealth Capital Investments, Inc.	Wilmington	100.0	100.0	USD	1,441	(491)
Wealth Management Capital Holding GmbH	Munich	100.0		EUR	20,475	[1,16]
WealthCap Equity GmbH	Munich	100.0	100.0	EUR	11,399	13,270
WealthCap Equity Management GmbH	Munich	100.0	100.0	EUR	2,335	2,312
WealthCap Fonds GmbH	Munich	100.0	100.0	EUR	745	233
WealthCap Initiatoren GmbH	Hamburg	100.0	100.0	EUR	13,771	12,237
WealthCap Investorenbetreuung GmbH	Munich	100.0	100.0	EUR	155	[2]
WealthCap Leasing GmbH	Grünwald	100.0	100.0	EUR	(8)	(6)
WealthCap PEIA Komplementär GmbH	Grünwald	100.0	100.0	EUR	29	(18)
WealthCap PEIA Management GmbH	Munich	100.0	94.0	EUR	1,770	724
WealthCap Real Estate Management GmbH	Munich	100.0	100.0	EUR	108	[2]
WealthCap Stiftungstreuhand GmbH	Munich	100.0	100.0	EUR	37	4
WealthCap USA Immobilien Verwaltungs GmbH	Munich	100.0	100.0	EUR	109	59
1.2 Non-consolidated subsidiaries						
of HVB Group[6]						
Other non-consolidated subsidiaries						
Acis Immobilien- und Projektentwicklungs GmbH	Grünwald	100.0	100.0	EUR	25	[2]
AGRUND Grundstücks-GmbH	Munich	90.0	90.0			
Alexandersson Real Estate I B.V.	Apeldoorn	100.0	100.0			
"Alte Schmelze" Projektentwicklungsgesellschaft mbH	Munich	100.0	100.0			
Altea Verwaltungsgesellschaft mbH & Co. Objekt I KG	Munich	100.0	100.0			
AMMS Ersatz-Komplementär GmbH	Ebersberg	100.0	100.0			
AMMS Komplementär GmbH	Ebersberg	98.8	98.8	EUR	254	228
ANWA Gesellschaft für Anlagenverwaltung mbH	Munich	95.0	93.8			
Apir Verwaltungsgesellschaft mbH & Co.						
Immobilien- und Vermietungs KG	Munich	100.0	100.0	EUR	(21,723)	947
Arena Stadion Beteiligungsverwaltungs-GmbH	Munich	100.0				
Argentum Media GmbH & Co. KG	Munich	100.0				
A&T-Projektentwicklungs-Verwaltungs GmbH	Munich	100.0	100.0			

Other Information (Continued)

NAME	REGISTERED OFFICE	SHARE OF CAPITAL IN % TOTAL	OF WHICH HELD INDIRECTLY	CURRENCY	EQUITY CAPITAL in thousands of currency units	NET PROFIT in thousands of currency units
Bavaria Servicos de Representacao Comercial Ltda.	Sao Paulo	100.0				
Bayerische Wohnungsgesellschaft für Handel und Industrie, Gesellschaft mit beschränkter Haftung	Munich	100.0	100.0	EUR	294	2
BFL Beteiligungsgesellschaft für Flugzeug-Leasing mbH	Munich	100.0				
BIL Aircraftleasing GmbH	Grünwald	100.0	100.0			
BIL Immobilien Fonds GmbH	Munich	100.0	100.0			
Blue Capital Metro Amerika Inc.	Atlanta	100.0	100.0			
BV Grundstücksentwicklungs-GmbH & Co. Schloßberg-Projektentwicklungs-KG	Munich	100.0	100.0			
CL Dritte Car Leasing GmbH & Co. KG	Hamburg	100.0	100.0			
CL Dritte Car Leasing Verwaltungsgesellschaft mbH	Hamburg	100.0	100.0			
Deltaterra Gesellschaft für Immobilienverwaltung mbH	Munich	100.0	93.8	EUR	26	2
Euro-Bond Blue Capital Management GmbH i.L.	Bad Soden	100.0	100.0			
Euro-Bond Blue Capital Verwaltungs GmbH i.L.	Bad Soden	100.0	100.0			
Ferra Immobilien- und Projektentwicklungs GmbH & Co. Projekt Großenhainer Straße KG	Munich	100.0	100.0	EUR	(11,633)	750
FGB Grund und Boden GmbH & Co. KG	Munich	94.0	94.0	EUR	(4,002)	0
GCCS Golfanlagen Errichtungs- und Verwaltungs GmbH	Munich	100.0	100.0	EUR	26	2
Großkugel Immobilien- und Projektentwicklungs GmbH	Munich	100.0	100.0	EUR	(3,354)	2
H.F.S. Immobilienfonds Deutschland 1 Komplementär GmbH	Grünwald	100.0	100.0			
H.F.S. Immobilienfonds Deutschland 3 Komplementär GmbH	Grünwald	100.0	100.0			
H.F.S. Immobilienfonds Deutschland 4 Komplementär GmbH	Grünwald	100.0	100.0			
H.F.S. Immobilienfonds Deutschland 6 Komplementär GmbH	Grünwald	100.0	100.0			
H.F.S. Immobilienfonds Deutschland 7 Komplementär GmbH	Grünwald	100.0	100.0			
H.F.S. Immobilienfonds Deutschland 8 Komplementär GmbH	Grünwald	100.0	100.0			
H.F.S. Immobilienfonds Deutschland 9 Komplementär GmbH	Grünwald	100.0	100.0			
H.F.S. Immobilienfonds Deutschland 10 Komplementär GmbH	Grünwald	100.0	100.0			
H.F.S. Immobilienfonds Deutschland 11 Komplementär GmbH	Grünwald	100.0	100.0			
H.F.S. Immobilienfonds Deutschland 12 Komplementär GmbH	Grünwald	100.0	100.0			
H.F.S. Immobilienfonds Deutschland 15 Komplementär GmbH	Grünwald	100.0	100.0			
H.F.S. Immobilienfonds Deutschland 16 Komplementär GmbH	Grünwald	100.0	100.0			
H.F.S. Immobilienfonds Deutschland 18 Komplementär GmbH	Grünwald	100.0	100.0			
H.F.S. Immobilienfonds Deutschland 19 GmbH & Co. KG	Munich	100.0	100.0	EUR	(2)	1,390
H.F.S. Immobilienfonds Europa 2 Beteiligungs GmbH	Munich	100.0	100.0			
H.F.S. Immobilienfonds Europa 3 Beteiligungs B.V.	The Hague	100.0	100.0			
H.F.S. Immobilienfonds Europa 3 Komplementär GmbH	Grünwald	100.0	100.0			
H.F.S. Immobilienfonds GmbH & Co. Europa 4 KG	Munich	100.0	100.0			
H.F.S. Istanbul 1 Gayrimenkul Yönetimi Limited Sirketi	Istanbul	100.0	100.0			
H.F.S. Istanbul 2 Gayrimenkul Yönetimi Limited Sirketi	Istanbul	100.0	100.0			
H.F.S. Leasingfonds Deutschland 1 Komplementär GmbH	Grünwald	100.0	100.0			
H.F.S. Leasingfonds Deutschland 7 Komplementär GmbH	Grünwald	100.0	100.0			
H.F.S. Leasingfonds GmbH	Ebersberg	100.0	100.0			
H.F.S. Value Management GmbH	Munich	100.0	100.0			
H.F.S. Zweitmarktfonds Deutschland 1 Komplementär GmbH	Grünwald	100.0	100.0			
H.F.S. Zweitmarktfonds Deutschland 2 Komplementär GmbH	Grünwald	100.0	100.0			
H.F.S. Zweitmarktfonds Deutschland 3 GmbH & Co. KG	Munich	100.0	100.0			
H.F.S. Zweitmarktfonds Deutschland 4 GmbH & Co. KG	Munich	100.0	100.0			
Hofgarten Real Estate B.V. (share of voting rights: 50.5%)	Amsterdam	47.2	47.2	EUR	(49,178)	(31)
Hotel Seddiner See GmbH	Munich	100.0	100.0			
HVB Life Science GmbH	Munich	100.0				
HVBFF Baumanagement GmbH	Munich	100.0	100.0	EUR	50	2
HVBFF Kapitalvermittlungs GmbH	Munich	100.0	100.0	EUR	19	2
HVBFF Leasing & Investition GmbH & Co Erste KG	Munich	100.0	100.0			
HVBFF Leasing Objekt GmbH	Munich	100.0	100.0			
HVBFF Leasing-Fonds Verwaltungs GmbH	Munich	100.0	100.0			

NAME	REGISTERED OFFICE	SHARE OF CAPITAL IN % TOTAL	OF WHICH HELD INDIRECTLY	CURRENCY	EQUITY CAPITAL in thousands of currency units	NET PROFIT in thousands of currency units
HVBFF Objekt Leipzig GmbH	Leipzig	70.0	70.0			
HVB London Trading Ltd.	London	100.0				
HVB Mortgage Capital Corp.	Wilmington	100.0	100.0			
HVB Services South Africa (Proprietary) Limited	Johannesburg	100.0				
HVZ GmbH & Co. Objekt Unterföhring KG	Munich	100.0	100.0			
HYPO-REAL Haus- und Grundbesitz Gesellschaft mbH	Munich	100.0	100.0	EUR	128	[2]
KHR Projektentwicklungsgesellschaft mbH & Co.						
Objekt Bornitzstraße I KG	Munich	100.0	100.0			
KHR Projektentwicklungsgesellschaft mbH & Co.						
Objekt Bornitzstraße II KG	Munich	100.0	100.0	EUR	(313)	973
KHR Projektentwicklungsgesellschaft mbH & Co.						
Objekt Bornitzstraße III KG	Munich	100.0	100.0	EUR	(3,481)	(2)
KHR Projektentwicklungsgesellschaft mbH & Co.						
Objekt Bornitzstraße KG	Munich	100.0	100.0			
Landos Immobilien- und Projektentwicklungs GmbH	Munich	100.0	100.0			
Life Britannia GP Limited	Edgware	100.0	100.0			
Life Britannia Management GmbH	Grünwald	100.0	100.0			
Life Verwaltungs Erste GmbH	Munich	100.0	100.0			
Life Verwaltungs Zweite GmbH	Grünwald	100.0	100.0			
Motion Picture Production GmbH	Grünwald	51.2	51.2			
Mutnegra Beteiligungs- und Verwaltungs-GmbH	Munich	100.0				
Olos Immobilien- und Projektentwicklungs GmbH & Co.						
Grundstücksentwicklungs KG	Munich	100.0	100.0	EUR	26	387
Olos Immobilien- und Projektentwicklungs GmbH & Co.						
Vermietungs KG	Munich	100.0	100.0			
Omnia Grundstücks-GmbH	Munich	100.0	100.0	EUR	26	[2]
Omnia Grundstücks-GmbH & Co. Betriebs KG	Munich	100.0	94.0			
Omnia Grundstücks-GmbH & Co. Objekt Ostragehege KG	Munich	100.0	94.0			
Othmarschen Park Hamburg Wohn- und Gewerbepark GmbH	Munich	100.0	100.0	EUR	102	[2]
Pegasus Project Stadthaus Halle GmbH	Munich	100.0	93.8	EUR	26	[2]
Perterra Gesellschaft für Immobilienverwaltung mbH	Munich	100.0	100.0	EUR	26	[2]
Projekt-GbR Kronstadter Straße München	Munich	75.0	75.0	EUR	0	975
Quinterra Gesellschaft für Immobilienverwaltung mbH	Munich	100.0	100.0	EUR	26	[2]
Rolin Grundstücksplanungs-						
und -verwaltungsgesellschaft mbH	Munich	100.0	100.0			
Rotus Immobilien-Verwaltungs GmbH	Munich	100.0	100.0	EUR	26	[2]
Saphira Immobilien- und Projektentwicklungs GmbH & Co.						
Frankfurt City West Office Center und Wohnbau KG	Munich	100.0	100.0			
Schloßberg-Projektentwicklungs-GmbH & Co 683 KG	Munich	100.0	100.0			
TERRENO Grundstücksverwaltung GmbH	Munich	75.0	75.0			
TERRENO Grundstücksverwaltung GmbH & Co.						
Objektgesellschaft Grillparzerstraße KG	Munich	75.0		EUR	(3,002)	775
Tishman Speyer Berlin Friedrichstraße KG i.L. (share of						
voting rights: 96.6% total, of which 7.1% held indirectly)	Berlin	97.1	5.9			
VCI Volta Center Immobilienverwaltungs GmbH	Munich	100.0	100.0	EUR	(26,783)	933
VereinWest Overseas Finance (Jersey) Limited	St. Helier	100.0				
Vintners London Investments (Nile) Limited	George Town	100.0	100.0			
WCREM Canadian Investments Inc.	Toronto	100.0	100.0			
WCREM Canadian Management Inc.	Toronto	100.0	100.0			
Wealth Capital Management, Inc.	Wilmington	100.0	100.0	USD	290	(671)
WealthCap Aircraft 25 GmbH & Co. KG	Grünwald	100.0	100.0			
WealthCap Dritte Europa Immobilien Verwaltungs GmbH	Munich	100.0	100.0			
WealthCap Entity Service GmbH	Munich	100.0	100.0			
WealthCap Equity Sekundär GmbH	Munich	100.0	100.0			
WealthCap Erste Kananda Immobilien Verwaltung GmbH	Munich	100.0	100.0			

Other Information (Continued)

NAME	REGISTERED OFFICE	SHARE OF CAPITAL IN % TOTAL	OF WHICH HELD INDIRECTLY	CURRENCY	EQUITY CAPITAL in thousands of currency units	NET PROFIT in thousands of currency units
WealthCap Europa Erste Immobilien – Objekt Niederlande –						
Verwaltungs GmbH	Munich	100.0	100.0			
WealthCap Europa Immobilien						
Fünfte Objekte Österreich Komplementär GmbH	Grünwald	100.0	100.0			
WealthCap Europa Immobilien						
Siebte Objekte Österreich Komplementär GmbH	Munich	100.0	100.0			
WealthCap Europa Immobilien Verwaltungs GmbH	Munich	100.0	100.0			
WealthCap Immobilien und Verwaltung Sekundär GmbH	Munich	100.0	100.0			
WealthCap Immobilienfonds Deutschland 35 GmbH & Co. KG						
(share of voting rights: 75.0%)	Munich	50.0	50.0			
WealthCap Immobilienfonds Deutschland 36 GmbH & Co. KG	Munich	100.0	100.0			
WealthCap Immobilienfonds Deutschland 36						
Komplementär GmbH	Munich	100.0	100.0			
WealthCap Leasing 1 GmbH & Co. KG	Grünwald	100.0	100.0			
WealthCap Objekt Berg-am-Laim GmbH & Co. KG	Munich	100.0	100.0			
WealthCap Objekt Theresienhöhe GmbH & Co. KG	Munich	100.0	100.0			
WealthCap PEIA Sekundär GmbH	Munich	100.0	100.0			
WealthCap Private Equity GmbH	Munich	100.0	100.0			
WealthCap Private Equity Sekundär GmbH	Munich	100.0	100.0			
WealthCap Private Equity 17 GmbH & Co. KG	Grünwald	100.0	100.0			
WealthCap Private Equity 18 GmbH & Co. KG	Grünwald	100.0	100.0			
WealthCap Real Estate GmbH	Munich	100.0	100.0			
WealthCap Real Estate Komplementär GmbH	Munich	100.0	100.0			
WealthCap Real Estate Sekundär GmbH	Munich	100.0	100.0			
WealthCap Zweite Europa Immobilien Verwaltungs GmbH	Munich	100.0	100.0			
WealthCap Zweite USA Immobilien Verwaltungs GmbH	Munich	100.0	100.0			
WealthCap ZweitmarktWerte Immobilien 4 Komplementär GmbH	Munich	100.0	100.0			
Wertweiser GmbH	Munich	100.0	100.0			
2 Joint ventures[6]						
Minor joint ventures						
Other companies						
Heizkraftwerk Cottbus Verwaltungs GmbH	Munich	33.3				
Heizkraftwerke-Pool Verwaltungs-GmbH	Munich	33.3		EUR	104	781
3 Associated companies						
3.1 Associated companies valued at equity						
Other companies						
Adler Funding LLC	Dover	32.8		USD	(5,519)	(5,833)
Bulkmax Holding Ltd.	Valletta	45.0	45.0	USD	8,799	(154)
Comtrade Group B.V.	Amsterdam	21.1	21.1	EUR	14,387	954
Martur Sünger ve Koltuk Tesisleri Ticaret ve Sanayi A.S.	Istanbul	20.0	20.0	TRY	164,915	59,425
Nautilus Tankers Limited	Valletta	45.0	45.0	USD	21,469	(37)
3.2 Minor associated companies[6]						
Other companies						
BIL Leasing GmbH & Co Hotel Rostock KG	Rostock	20.6	20.6	EUR	146	730
BIL Leasing GmbH & Co Hotel Ulm KG i.L.	Munich	29.0	29.0	EUR	74	10,596
BioM Venture Capital GmbH & Co. Fonds KG						
(share of voting rights: 20.4%)	Planegg/Martinsried	23.5		EUR	2,160	(8)
CMP Fonds I GmbH (share of voting rights: 25.0%)	Berlin	32.7		EUR	6,303	772
DFA Deggendorfer Freihafen Ansiedlungs-GmbH	Deggendorf	50.0	50.0			

NAME	REGISTERED OFFICE	SHARE OF CAPITAL IN % TOTAL	OF WHICH HELD INDIRECTLY	CURRENCY	EQUITY CAPITAL in thousands of currency units	NET PROFIT in thousands of currency units
DFA Deggendorfer Freihafen Ansiedlungs-GmbH & Co.						
Grundstücks-KG	Deggendorf	50.0	50.0			
InfrAm One Corporation	City of Lewes	37.5	37.5	USD	(754)	(3,350)
MOC Verwaltungs GmbH	Munich	23.0	23.0			
MOC Verwaltungs GmbH & Co. Immobilien KG[7]	Munich	23.0	23.0			
SK BV Grundstücksentwicklung GmbH & Co. KG	Cologne	25.0	25.0			
SK BV Grundstücksentwicklung Verwaltung GmbH i.L.	Cologne	50.0	50.0			
US Retail Income Fund VII L.P.	Wilmington	26.3	26.3	USD	13,993	257
4 Holdings in excess of 20%						
without significant influence						
Other companies						
BayBG Bayerische Beteiligungsgesellschaft mbH	Munich	22.5		EUR	175,511	14,416
Bayerischer BankenFonds GbR[6]	Munich	25.6				
BC European Capital VII-12 L.P. (share of voting rights: 0%)	St. Peter Port	34.1		EUR	9,098	(9,649)
B.I.I. Creditanstalt International Ltd. (share of voting rights: 0%)[6]	George Town	40.2				
Deutsche Structured Finance & Leasing GmbH & Co.						
Mira KG i.L. (share of voting rights: 39.8% total,						
of which 4.0% held indirectly)	Frankfurt am Main	39.9	4.0	EUR	2,251	8,080
Engelbert Rütten Verwaltungsgesellschaft						
Kommanditgesellschaft[6]	Düsseldorf	30.2				
EQT III ISS Co-Investment L.P. (share of voting rights: 0%)[8]	St. Peter Port	35.6	35.6			
Felicitas GmbH i.L.	Munich	20.8		EUR	1,048	(277)
GermanIncubator Erste Beteiligungs GmbH						
(share of voting rights: 9.9%)	Munich	39.6		EUR	1,482	(522)
HVB Trust Pensionsfonds AG (share of voting rights: 0%)[9]	Munich	100.0	100.0	EUR	3,696	108
IPE Euro Wagon L.P. (share of voting rights: 0%)[8]	St. Helier	37.5	37.5			
Lauro Ventidue S.p.A. (share of voting rights: 0%)	Milan	24.2	24.2	EUR	172,354	(78)
Mozfund (Proprietary) Limited (share of voting rights: 12.5%)[6]	Sandton	40.0				
Mühoga Münchner Hochgaragen Gesellschaft						
mit beschränkter Haftung	Munich	25.0	25.0	EUR	3,934	2,411
REF IV Associates (Caymans) L.P. Acqua CIV S.C.S.						
(share of voting rights: 0%)	Luxembourg	38.3	38.3	EUR	20,012	(4)

Other Information (Continued)

NAME	REGISTERED OFFICE	SHARE OF CAPITAL OF HVB in %	SUBSCRIBED CAPITAL € MILLIONS
5 Other selected holdings below 20%			
5.1 Banks and financial institutions			
AKA Ausfuhrkredit-Gesellschaft mbH	Frankfurt am Main	15.4	20.5
BBB Bürgschaftsbank zu Berlin-Brandenburg GmbH	Berlin	4.3	3.2
BGG Bayerische Garantiegesellschaft mit beschränkter Haftung für mittelständische Beteiligungen	Munich	10.5	0.4
Bürgschaftsbank Brandenburg GmbH	Potsdam	7.8	7.4
Bürgschaftsbank Mecklenburg-Vorpommern GmbH	Schwerin	9.1	8.1
Bürgschaftsbank Sachsen GmbH	Dresden	4.7	27.6
Bürgschaftsbank Sachsen-Anhalt GmbH	Magdeburg	8.9	8.4
Bürgschaftsbank Schleswig-Holstein GmbH	Kiel	5.4	4.0
Bürgschaftsbank Thüringen GmbH	Erfurt	8.7	12.9
Bürgschaftsgemeinschaft Hamburg GmbH	Hamburg	10.5	10.9
Liquiditäts-Konsortialbank GmbH	Frankfurt am Main	5.7	200.0
Saarländische Investitionskreditbank AG	Saarbrücken	3.3	5.2
5.2 Other companies			
BioM Aktiengesellschaft Munich Bio Tech Development	Planegg	8.5	2.9
Börse Düsseldorf AG	Düsseldorf	3.0	5.0
BTG Beteiligungsgesellschaft Hamburg mbH	Hamburg	13.6	4.1
GEMMA Verwaltungsgesellschaft mbH & Co. Vermietungs KG (held indirectly)[7]	Pullach	6.1	68.5
H.F.S. Leasingfonds Deutschland 1 GmbH & Co. KG (Immobilienleasing) (held indirectly)[7]	Munich	<0.1	61.2
H.F.S. Leasingfonds Deutschland 7 GmbH & Co. KG (held indirectly)[7]	Munich	<0.1	56.6
MBG Mittelständische Beteiligungsgesellschaft Baden-Württemberg GmbH	Stuttgart	5.0	3.6
MBG Mittelständische Beteiligungsgesellschaft Rheinland-Pfalz mbH	Mainz	8.7	2.9
Mittelständische Beteiligungsgesellschaft Berlin-Brandenburg mbH	Potsdam	11.6	5.7
Mittelständische Beteiligungsgesellschaft Mecklenburg-Vorpommern GmbH	Schwerin	15.4	5.1
Mittelständische Beteiligungsgesellschaft Niedersachsen (MBG) mbH	Hanover	8.2	0.9
Mittelständische Beteiligungsgesellschaft Sachsen mbH	Dresden	11.8	29.0
Mittelständische Beteiligungsgesellschaft Sachsen-Anhalt mit beschränkter Haftung	Magdeburg	12.7	6.5
Mittelständische Beteiligungsgesellschaft Thüringen mbH	Erfurt	13.4	10.0
Saarländische Kapitalbeteiligungsgesellschaft mbH	Saarbrücken	8.7	0.8
Wüstenrot & Württembergische AG	Stuttgart	7.5	481.1

NAME	REGISTERED OFFICE	SHARE OF CAPITAL in %	CURRENCY	SUBSCRIBED CAPITAL in thousands of currency units
6 Fully consolidated special purpose entities pursuant to IAS 27/SIC 12 without shareholding				
Altus Alpha Plc	Dublin	0	EUR	40
Arabella Finance Ltd.	Dublin	0	EUR	<1
Bandon Leasing Ltd.	Dublin	0	USD	<1
Black Forest Funding LLC	Delaware	0	USD	10
Chiyoda Fudosan GK	Tokyo	0	JPY	<1
Elektra Purchase No. 17 S.A. – Compartment 2	Luxembourg	0	EUR	0
Elektra Purchase No. 23 Ltd.	Dublin	0	EUR	<1
Elektra Purchase No. 24 Ltd.	Dublin	0	EUR	<1
Elektra Purchase No. 28 Ltd.	Dublin	0	EUR	<1
European-Office-Fonds	Munich	0	EUR	0
GELDILUX-TS-2007 S.A.	Luxembourg	0	EUR	31
GELDILUX-TS-2010 S.A.	Luxembourg	0	EUR	31
GELDILUX-TS-2011 S.A.	Luxembourg	0	EUR	31
GELDILUX-PP-2011 S.A.	Luxembourg	0	EUR	31
Grand Central Funding Corporation	New York	0	USD	1
HVB Funding Trust	Wilmington	0	USD	0
HVB Funding Trust III	Wilmington	0	USD	0
Ocean Breeze Finance S.A. – Compartment 1	Luxembourg	0	EUR	0
Rosenkavalier 2008 GmbH	Frankfurt am Main	0	EUR	25
Royston Leasing Ltd.	Grand Cayman	0	USD	1
Salome Funding Plc	Dublin	0	EUR	38

Other Information (Continued)

Exchanges rates for 1 euro at 31 December 2012
Currency abbreviation according to the International Organisation for Standardisation (ISO) code.

China	1 euro =	8.2207	CNY
Japan	1 euro =	113.61	JPY
Turkey	1 euro =	2.3551	TRY
UK	1 euro =	0.8161	GBP
USA	1 euro =	1.3194	USD

Notes and comments to the list of holdings

Percentages marked < or > are rounded up or down to one decimal place, e.g. < 100.0% = 99.99% or > 0.0% = 0.01%.

1 HVB has concluded profit-and-loss transfer agreements with the following companies:

	COMPANY	PROFIT/(LOSS) TRANSFERRED €'000
1.1	Bankhaus Neelmeyer AG, Bremen	1,050
1.2	Food & more GmbH, Munich	(834)
1.3	HVB Capital Partners AG, Munich	59,692
1.4	HVB Immobilien AG, Munich	1,109
1.5	HVB Principal Equity GmbH, Munich	1,207
1.6	HVB Profil Gesellschaft für Personalmanagement mbH, Munich	218
1.7	HVB Verwa 1 GmbH, Munich	(1)
1.8	HVB Verwa 4 GmbH, Munich	(2,468)
1.9	MERKURHOF Grundstücksgesellschaft mit beschränkter Haftung, Munich	(1,359)
1.10	Status Vermögensverwaltung GmbH, Schwerin	6
1.11	UniCredit Beteiligungs GmbH, Munich	(1,064)
1.12	UniCredit Direct Services GmbH, Munich	1,555
1.13	UniCredit Leasing GmbH, Hamburg	25,000
1.14	UniCredit Merchant Partners GmbH, Munich	(2)
1.15	Verwaltungsgesellschaft Katharinenhof mbH, Munich	260
1.16	Wealth Management Capital Holding GmbH, Munich	15,288

2 Profit and loss transfer to shareholders and partners

3 Compliant with Sections 264b and 264 (3), German Commercial Code, the company is exempt from the obligation to make annual financial statements public in accordance with the provisions applicable to corporations.

4 Figures of the 2011 annual accounts are indicated for this consolidated company.

5 Subsidiary since HVB exercises a controlling influence through company management.

6 Where equity capital and net profit are not stated, the information is omitted due to minor importance compliant with Section 286 (3) 1 No. 1, German Commercial Code. This information is omitted for companies compliant with Section 285 No. 11a, German Commercial Code, for the same reason.

7 Compliant with SIC 12, the company is fully consolidated by HVB Group.

8 Compliant with Section 286 (3) 2, German Commercial Code, equity capital and net profit are not stated as the company is not subject to public disclosure and the HVB holds less than the half of the shares.

9 The company is held by a trustee for HVB.

Other Information (Continued)

90 Members of the Supervisory Board

Federico Ghizzoni	**Chairman**
Peter König Dr Wolfgang Sprissler	**Deputy Chairmen**
Aldo Bulgarelli Beate Dura-Kempf Klaus Grünewald Werner Habich Dr Lothar Meyer Marina Natale Klaus-Peter Prinz Jens-Uwe Wächter Dr Susanne Weiss	**Members**

91 Members of the Management Board

Dr Andreas Bohn since 1 January 2013	**Business Segment Corporate & Investment Banking[1]**
Peter Buschbeck	**Family & SME division[2] Business Segment Private Clients Bank[1]**
Jürgen Danzmayr	**Private Banking division[2] Business Segment Private Clients Bank (Private Banking)[1]**
Lutz Diederichs	**Corporate & Investment Banking division[2] Business Segment Unternehmer Bank[1]**
Peter Hofbauer	**Chief Financial Officer (CFO)**
Heinz Laber	**Human Resources Management, Global Banking Services**
Andrea Umberto Varese	**Chief Risk Officer (CRO)**
Dr Theodor Weimer	**Board Spokesman**

1 since 14 January 2013
2 until 13 January 2013

Munich, 12 March 2013

UniCredit Bank AG
The Management Board

Dr Bohn	Buschbeck	Danzmayr	Diederichs
Hofbauer	Laber	Varese	Dr Weimer

Declaration by the Management Board

To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and Management's Discussion and Analysis includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

Munich, 12 March 2013

UniCredit Bank AG
The Management Board

Dr Bohn	Buschbeck	Danzmayr	Diederichs
Hofbauer	Laber	Varese	Dr Weimer

Auditors' Report

We have audited the consolidated financial statements prepared by the UniCredit Bank AG, Munich, comprising the consolidated balance sheet, the consolidated income statement, the consolidated statement of other comprehensive income, the statement of changes in consolidated shareholders' equity, the consolidated cash flow statement and the notes to the consolidated financial statements, together with the group management report for the business year from 1 January to 31 December 2012. The preparation of the consolidated financial statements and the group management report in accordance with IFRSs, as adopted by the EU, and the additional requirements of German commercial law pursuant to § 315a Abs. 1 HGB [Handelsgesetzbuch "German Commercial Code"] are the responsibility of the parent company's management. Our responsibility is to express an opinion on the consolidated financial statements and on the group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with § 317 HGB [Handelsgesetzbuch „German Commercial Code"] and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework and in the group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements and group management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the consolidated financial statements comply with IFRSs, as adopted by the EU, the additional requirements of German commercial law pursuant to § 315a Abs. 1 HGB and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The group management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development.

Munich, 12 March 2013

KPMG AG
Wirtschaftsprüfungsgesellschaft

Pukropski
Wirtschaftsprüfer

Pfeiffer
Wirtschaftsprüfer

Income Statement of UniCredit Bank AG

For the year ended 31 December 2012

Expenses (€ millions)

				2012	2011
1	**Interest payable**			3,689	4,935
2	**Fees and commissions payable**			418	514
3	**Net expense from the held-for-trading portfolio**			—	365
4	**General administrative expenses**				
	a) payroll costs				
	aa) wages and salaries	1,389			1,402
	ab) social security costs and expenses for				
	pensions and other employee benefits	312			299
			1,701		1,701
	including: for pensions				
	€125 million				(113)
	b) other administrative expenses		1,718		1,699
				3,419	3,400
5	**Amortisation, depreciation and impairment losses**				
	on intangible and tangible assets			181	119
6	**Other operating expenses**			256	526
7	**Write-downs and impairments for receivables and**				
	certain securities as well as additions to provisions				
	for losses on guarantees and indemnities			1,912	2,289
8	**Write-downs and impairments on participating**				
	interests, shares in affiliated companies				
	and investment securities			—	—
9	**Expenses from absorbed losses**			6	21
10	**Extraordinary expenses**			22	22
11	**Taxes on income**			533	79
12	**Other taxes, unless shown under**				
	“Other operating expenses”			11	70
13	**Net income**			1,462	1,017
Total expenses				**11,909**	**13,357**

Income (€ millions)

		2012	2011
1 Interest income from			
a) loans and money market operations	5,254		6,317
b) fixed-income securities and government-inscribed debt	1,342		1,840
		6,596	8,157
2 Current income from			
a) equity securities and other variable-yield securities	58		580
b) participating interests	103		127
c) shares in affiliated companies	253		295
		414	1,002
3 Income earned under profit-pooling and profit-and-loss transfer agreements		106	41
4 Fees and commissions receivable		1,574	1,887
5 Net income from the held-for-trading portfolio		1,048	—
6 Write-ups on bad and doubtful debts and on certain securities as well as release of provisions for losses on guarantees and indemnities		1,783	1,344
7 Write-ups on participating interests, shares in affiliated companies and investment securities		52	120
8 Other operating income		336	806
9 Net loss		—	—
Total income		**11,909**	**13,357**
1 Net income		1,462	1,017
2 Withdrawal from retained earnings			
a) from legal reserve	—		—
b) from the reserve for shares in a controlling or majority interest-holding company	4		—
c) from other retained earnings	1,000		10
		1,004	10
3 Transfer to retained earnings			
a) to legal reserve	—		—
b) to the reserve for shares in a controlling or majority interest-holding company	—		10
c) to other retained earnings	4		—
		4	10
4 Profit available for distribution		2,462	1,017

Balance Sheet of UniCredit Bank AG

at 31 December 2012

Assets

(€ millions)

		31/12/2012	31/12/2011
1 **Cash and cash balances**			
a) cash on hand	571		477
b) balances with central banks	14,840		3,603
including: with Deutsche Bundesbank			
€13,399 million			(2,860)
		15,411	4,080
2 **Treasury bills and other bills eligible**			
for refinancing with central banks			
a) Treasury bills and zero-interest treasury notes and			
similar securities issued by public authorities	—		—
including: eligible for refinancing with			
Deutsche Bundesbank			
€— million			(—)
b) bills of exchange	—		—
including: eligible for refinancing with			
Deutsche Bundesbank			
€— million			(—)
		—	—
3 **Loans and receivables with banks**			
a) repayable on demand	16,222		19,474
b) other loans and receivables	26,611		31,458
		42,833	50,932
including: mortgage loans			
€— million			(—)
municipal loans			
€233 million			(348)
against pledged securities			
€388 million			(132)
4 **Loans and receivables with customers**		96,959	108,564
including: mortgage loans			
€40,990 million			(44,031)
municipal loans			
€11,722 million			(18,098)
against pledged securities			
€3 million			(10)
Amount carried forward:		155,203	163,576

Liabilities

(€ millions)

			31/12/2012	31/12/2011
1 Deposits from banks				
a) repayable on demand		14,303		13,632
b) with agreed maturity dates or periods of notice		34,315		48,388
			48,618	62,020
including: registered mortgage bonds in issue				
€608 million				(719)
registered public-sector bonds in issue				
€288 million				(408)
bonds given to lender as				
collateral for funds borrowed:				
registered mortgage bonds				
€1 million				(1)
and registered public-sector bonds				
€— million				(—)
2 Deposits from customers				
a) savings deposits				
aa) with agreed period of notice of three months	14,402			13,365
ab) with agreed period of notice				
of more than three months	157			203
		14,559		13,568
b) registered mortgage bonds in issue		7,365		8,168
c) registered public-sector bonds in issue		3,381		3,605
d) other debts				
da) repayable on demand	57,826			51,477
db) with agreed maturity dates or periods of notice	34,005			39,792
including: bonds given to lender as				
collateral for funds borrowed:				
registered mortgage bonds				
€4 million				(5)
and registered public-sector bonds				
€8 million				(18)
		91,831		91,269
			117,136	116,610
Amount carried forward:			165,754	178,630

Assets

(€ millions)

			31/12/2012	31/12/2011
Amount brought forward:			155,203	163,576
5 Bonds and other				
fixed-income securities				
a) money market paper				
aa) issued by public authorities	3			3
including: those eligible for collateral for				
Deutsche Bundesbank advances				
€— million				(—)
ab) issued by other borrowers	1,974			3,260
including: those eligible for collateral for				
Deutsche Bundesbank advances				
€195 million				(—)
		1,977		3,263
b) bonds and notes				
ba) issued by public authorities	16,478			16,689
including: those eligible for collateral for				
Deutsche Bundesbank advances				
€16,355 million				(16,639)
bb) issued by other borrowers	29,025			34,659
including: those eligible for collateral for				
Deutsche Bundesbank advances				
€21,261 million				(25,663)
		45,503		51,348
c) own bonds		1,390		2,292
nominal value €1,388 million				(2,277)
			48,870	56,903
6 Equity securities and other variable-yield securities			1,192	1,227
6a Held-for-trading portfolio			143,531	167,239
7 Participating interests			978	1,112
including: in banks				
€22 million				(22)
in financial service institutions				
€— million				(—)
8 Shares in affiliated companies			2,722	2,960
including: in banks				
€1,148 million				(1,148)
in financial service institutions				
€426 million				(426)
Amount carried forward:			352,496	393,017

Liabilities (€ millions)

			31/12/2012	31/12/2011
Amount brought forward:			165,754	178,630
3 Debt securities in issue				
a) bonds				
aa) mortgage bonds	12,877			17,067
ab) public-sector bonds	3,346			3,484
ac) other bonds	5,185			6,216
		21,408		26,767
b) other debt securities in issue		—		—
including: money market paper				
€— million				(—)
acceptances and promissory notes				
€— million				(—)
			21,408	26,767
3a Held-for-trading portfolio			132,327	152,843
4 Trust liabilities			31	168
including: loans taken out on a trust basis				
€31 million				(168)
5 Other liabilities			8,169	9,305
6 Deferred income				
a) from issuing and lending operations		29		37
b) other		133		389
			162	426
6a Deferred tax liabilities			—	—
7 Provisions				
a) provisions for pensions				
and similar commitments		—		—
b) tax provisions		875		521
c) other provisions		2,666		3,010
			3,541	3,531
8 Subordinated liabilities			2,379	3,207
9 Participating certificates outstanding			—	155
including: those due in less than two years				
€— million				(155)
10 Fund for general banking risks			431	314
thereof: as per Sect. 340e				
€140 million				(23)
Amount carried forward:			334,202	375,346

Assets

(€ millions)

		31/12/2012	31/12/2011
Amount brought forward:		352,496	393,017
9 Trust assets		31	168
including: loans granted on a trust basis			
€31 million			(168)
10 Intangible assets			
a) internally generated intellectual property rights			
and similar rights and assets	—		—
b) purchased franchises, intellectual property rights, and similar			
rights and assets, as well as licences to such rights and assets	57		79
c) goodwill	—		113
d) advance payments	10		19
		67	211
11 Property, plant and equipment		174	238
12 Other assets		1,393	1,508
13 Prepaid expenses			
a) from issuing and lending operations	66		83
b) other	63		65
		129	148
14 Deferred tax assets		—	—
15 Excess of plan assets over pension liabilities		727	426
Total assets		**355,017**	**395,716**

Liabilities

(€ millions)

			31/12/2012	31/12/2011
Amount brought forward:			334,202	375,346
11 Shareholders' equity				
a) subscribed capital		2,407		2,407
divided into:				
802,383,672 shares of common				
bearer stock				
b) additional paid-in capital		9,791		9,791
c) retained earnings				
ca) legal reserve	—			—
cb) reserve for shares in a controlling				
or majority interest-holding company	6			10
cc) statutory reserve	—			—
cd) other retained earnings	6,149			7,145
		6,155		7,155
d) profit available for distribution		2,462		1,017
			20,815	20,370
Total liabilities and shareholders' equity			**355,017**	**395,716**
1 Contingent liabilities				
a) contingent liabilities on rediscounted				
bills of exchange credited to borrowers		—		—
b) liabilities under guarantees and				
indemnity agreements		29,359		32,051
c) contingent liabilities on assets pledged				
as collateral for third-party debts		—		—
			29,359	32,051
2 Other commitments				
a) commitments from the sale of assets				
subject to repurchase agreements		—		—
b) placing and underwriting commitments		—		—
c) irrevocable lending commitments		27,166		28,770
			27,166	28,770

Notes to the Annual Financial Statements

Legal basis

The annual financial statements of UniCredit Bank AG ("HVB") for the 2012 financial year are prepared in accordance with the accounting regulations in the German Commercial Code (Handelsgesetzbuch – HGB), the German Stock Corporation Act (Aktiengesetz – AktG), the German Pfandbrief Act (Pfandbriefgesetz – PfandBG) and the Regulations Governing Disclosures in the Financial Statements of Banks and Similar Financial Institutions (Verordnung über die Rechnungslegung der Kreditinstitute und Finanzdienstleistungsinstitute – RechKredV).

HVB is active in all of the sectors served by commercial and mortgage banks.

HVB has published the statement of compliance with the German Corporate Governance Code required by Section 161 AktG on its website at www.hvb.de/investorrelations/reportsfinancedata.

Accounting, valuation and disclosure

1 Consistency

The same accounting and valuation methods have essentially been applied as last year. Changes in accounting and valuation methods as well as disclosure modifications are indicated for the respective items.

2 Cash and cash balances

The cash and cash balances (asset item 1) are stated at nominal amounts.

3 Treasury bills and bills of exchange

Treasury bills and other bills (asset item 2) are shown at their cash value, less any discounted amounts.

4 Loans and receivables with banks and customers

Loans and receivables with banks and customers (asset items 3 and 4) are always stated at the nominal amount plus any accrued interest. Differences between acquisition cost and nominal amount (premiums/discounts) that are attributable to interest are allocated to prepaid expenses or deferred income and taken to the income statement under net interest income in the correct period over the term of the underlying items. Any necessary write-downs are deducted.

Loans and receivables are valued at the lower of cost or market as stipulated in Section 253 (4) 1 HGB. HVB creates specific loan-loss provisions and accruals to the amount of the anticipated loss for all identifiable exposure to acute counterparty default risk. The discounted expected flow-backs were used when determining the level of write-downs compliant with Section 253 HGB. The Bank has defined more precisely the processes used to estimate the anticipated date when payments will be received and discounted to be used when determining the specific allowances for non-performing loans and receivables. This prospective change in estimates of the present value of anticipated cash inflows gave rise to a gain of €86 million (reversal of loan-loss provisions) at year-end 2012. Specific loan-loss provisions and accruals are reversed as soon as the default risk has ceased, or used if the receivable is classified as irrecoverable and written off.

Country risk is covered by specific loan-loss provisions for loans at risk of default; a distinction is no longer made between the default risk of the borrower and the transfer risk from the borrower to the Bank.

Latent lending risks are covered by global provisions. When assessing domestic latent lending risks, HVB applies the principles of the German tax regulations allowing financial institutions to deduct global provisions. When assessing foreign latent lending risks, HVB similarly applies the principles of the German tax regulations allowing financial institutions to deduct global provisions. The only exception is the calculation of latent lending risks for the Athens branch, where the global provisions are set up on the basis of Greek law (1% of the average volume of loans and receivables with customers).

Like other loans and receivables, mortgage loans are shown at their nominal values. Differences between the nominal amount and the actual amount paid out are included under either prepaid expenses or deferred income, and amortised over the period to which they apply.

The purpose defined at the time of acquisition (Section 247 (1) and (2) HGB) determines the assignment of loans, receivables and securities to the held-for-trading portfolios, the liquidity reserve or investment assets.

5 Bonds and other fixed-income securities

Investment securities and securities held for liquidity purposes (securities treated neither as held for trading purposes nor as investment securities) are shown under bonds and other fixed-income securities (asset item 5) and equity securities and other variable-yield securities (asset item 6).

HVB's total holdings of securities at the reporting date consisted of 36.9% held for trading purposes, 38.0% held for liquidity purposes and 25.1% held as investment securities.

We measure investment securities in accordance with the modified lower of cost or market principle compliant with Section 253 (3) 3 HGB, under which impairments are only to be deducted from the acquisition cost if the loss of value is expected to be permanent. In the case of equity instruments, we recognise an impairment loss if the fair value is significantly lower than the carrying amount or if the fair value has exceeded the carrying amount for a long period of time. In the case of debt instruments, on the other hand, an impairment that is likely to be permanent occurs when the issuer of the securities defaults. In the event of a loss of value that is attributable to market prices, we assume that the impairment is only temporary, as these losses will be balanced out again by the due date at the latest. On the other hand, securities held for liquidity purposes are treated as current assets valued at the lower of cost or market (Section 253 (4) 1 HGB) and carried at their acquisition cost or market, or fair value, whichever is the lower. In the same way as in the held-for-trading portfolio, appropriate write-downs are taken on the market values determined (for more information about these fair value adjustments, please refer to the comments regarding the held-for-trading portfolio). Where the reasons for a write-down to the lower of cost or market no longer apply, the write-down is reversed compliant with Section 253 (5) HGB.

We have set up valuation units documented in advance for certain interest-bearing securities and promissory notes held for liquidity purposes (with a carrying amount of €23,507 million (2011: €27,270 million)) hedged against interest rate risk by equivalent hedging derivatives (notably interest rate swaps). The hedge of the dynamic portfolio within the framework of the valuation unit is of unlimited duration; the hedging period of the individual hedging derivatives is always related to the residual maturity of the respective hedged items in the portfolio. The offset changes in the fair value of the interest-bearing securities amount to an increase of €876 million (2011: €589 million) for these portfolios. At the same time, both the interest rate risk and the foreign currency risk inherent in a bond denominated in US dollars is hedged in a further minor valuation unit (with a carrying amount of €367 million (2011: €367 million)) using a cross-currency swap (micro hedge). The offset change in the value of interest-bearing securities totals a decrease of €66 million (2011: €61 million) for this valuation unit. The requirements of Section 254 HGB regarding valuation units have been met. The effectiveness of the valuation units is demonstrated prospectively using risk management methods relevant for measuring effectiveness (interest rate risk sensitivity analyses based on basis point values). The interest rate risk sensitivities in the hedged items and hedging derivatives largely offset each other at year-end. The changes in value arising from the hedged items and hedges are set against each other and offset within the individual valuation units. Under the net hedge presentation method, no net valuation gain is taken to the income statement; provisions for anticipated losses on pending transactions are set up to cover any net loss on the ineffective portion of the changes in value. Any valuation loss risk arising from the unhedged risk is included in the respective hedged items and hedging derivatives in accordance with the imparity principle.

6 Held-for-trading portfolio

Compliant with Section 340e (3) HGB, financial instruments held by banks for trading purposes are measured at fair value less a risk discount and recognised in the balance sheet. Any ensuing changes in value are recognised in the income statement under net income from the held-for-trading portfolio. In addition, compliant with Section 340e (4) HGB in the event of a net profit being recorded on financial operations, 10% of the net income from the held-for-trading portfolio is allocated to the "Fund for general banking risks" in accordance with Section 340g HGB, with a corresponding reduction in the dividend payout, and shown in the balance sheet separately. HVB assigns all financial instruments (bonds, equity securities, derivatives, loans and receivables, and liabilities, including delivery obligations arising from short sales of securities) to the held-for-trading portfolio that are acquired and sold with the intention of generating a short-term gain on proprietary trading. No changes have been made compared with last year regarding the criteria for assignment to the trading portfolio (definition of the intention to trade). No financial instruments have been reclassified to or from the held-for-trading portfolio. The assets and liabilities that are held-for-trading are shown separately in the balance sheet (asset item 6a and liability item 3a).

Notes to the Annual Financial Statements (Continued)

We have determined the fair value of the financial instruments held for trading purposes in accordance with the valuation hierarchy specified in Section 255 (4) HGB. The fair value is normally defined as the amount at which the asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction on the balance sheet date. The market price is used for financial instruments for which there is an active market. Where there is no active market that can be used to determine the market price, the fair value is determined with the aid of generally recognised valuation methods (notably discounted cash flow models and option price models).

The fair values of securities and derivatives are calculated on the basis of either external price sources (such as stock exchanges or other price providers like Reuters) or market prices determined using internal valuation models (mark-to-model). For the most part, prices from external sources are used to calculate the fair value of securities. HVB's credit risk is included in the fair value of liabilities held for trading purposes. Derivatives are primarily measured on the basis of valuation models. The parameters for our internal valuation models (such as yield curves, volatilities and spreads) are taken from external sources, and checked for their validity and correctness by the Risk Control unit.

Appropriate adjustments (referred to as fair value adjustments) are made to the fair values calculated in this way in order to take account of further influences on the fair value (such as the liquidity of the financial instrument or model risks when the fair value is calculated using a valuation model). Counterparty default risk in trading-book derivatives is covered by applying counterparty valuation adjustments (CVAs).

The main conditions that can influence the amount, timing and certainty of future cash flows from derivatives essentially relate to the following features of derivatives:
– Where the cash flows under derivatives are linked to current market prices or rates, the respective market price or market rate at the payment date determines the amount payable (in the case of interest rate swaps, for instance, the payment of the variable interest rate on the payment date depends on the interest rate fixed on this date, such as Euribor).
– Where the derivatives allow for cash settlement at market value on the due date, the amount payable is calculated as the difference between the price set when the derivative was entered into and the current market price (in the case of a foreign exchange forward with cash settlement, for instance, the difference between the agreed forward price and the current price is payable).
– In the case of American options, unlike European options, the option buyer has the right to exercise the option at any time during the term of the option, meaning that the buyer of the option determines the date on which the payments are made.
– Where it is possible to terminate a derivative prior to maturity (as is the case with all exchange-traded derivatives, for instance), the derivative may be terminated at any time by paying the current fair value.
– The counterparty's credit rating and solvency are a further important consideration. If the counterparty becomes insolvent, it can no longer be expected that it will meet its obligations arising from the derivative.

These features may be included in the terms agreed for any type of derivative. Thus it is possible that foreign exchange, interest rate and equity options may be exercised at any time (American option) or only at maturity (European option). It is generally possible to determine the size of the derivative positions entered into from the respective nominal amounts. The Risk Report contains a detailed overview of the Bank's derivative transactions.

In order to obtain the final figures disclosed in the balance sheet for the held-for-trading portfolios, the risk discount required by Section 340e (3) 1 HGB is deducted from the fair values of the financial instruments held for trading purposes determined in this way. Including the risk discount in net trading income reflects the risk of possible price losses up until the earliest possible date of realisation of unrealised valuation gains or losses. In accordance with the relevant regulatory rules, the risk discount is determined on the basis of the internal risk management system using an accounting value-at-risk approach (holding period of ten days; confidence level: 99%; 2-year observation period). We have deducted the risk discount determined for the entire held-for-trading portfolio from the assets held for trading purposes in the balance sheet (asset item 6a) and recognised it in the net income from the held-for-trading portfolio.

HVB employs derivative financial instruments both for trading purposes and to hedge balance sheet items. The vast majority are trading derivatives which are disclosed at their fair value in the held-for-trading portfolio items on the assets side and liabilities side of the balance sheet and taken to the income statement. The hedging derivatives have positive market values of €108,472 million (2011: €123,501 million) (within asset item 6a) and negative market values of €107,770 million (2011: €123,608 million) (within liability item 3a).

Derivatives that are not associated with the held-for-trading portfolio continue to be treated in accordance with the principle of the non-recognition of pending transactions. Only cash flows that have started, such as option premiums and accrued upfront payments on unvalued banking book derivatives, are disclosed under other assets (asset item 12), other liabilities (liability item 5) and deferred income or prepaid expenses (asset item 13 and liability item 6). The valuation of hedging derivatives that form part of valuation units that have been set up is included in the provision for anticipated losses on pending transactions to be recognised in the event of an unrealised net valuation unit loss resulting from inefficiencies in the hedged risk. In accordance with German GAAP, any change in fair value arising from the unhedged risk in both the hedged item and the hedging instrument is recognised on a gross basis in compliance with individual valuation under the imparity principle. The interest derivatives employed for asset/liability management of the general interest rate risk associated with receivables and liabilities in the banking book remain unvalued as part of the aggregate interest position within the framework of the recognised valuation convention in the banking book. Please refer to the Risk Report for a discussion of the management of the overall interest rate position. The few remaining standalone derivatives outside the trading book are valued in accordance with the imparity principle. A provision for anticipated losses on pending transactions is set up for unrealised valuation losses; unrealised valuation gains are not recognised.

In accordance with the provisions of Section 10 RechKredV, the positive and negative market values of OTC derivatives that offset each other at currency level were netted for OTC derivatives concluded with the same central counterparty for the first time.

For the first time, we ceased to carry the future premium payments accruing from Boston-style currency options under loans and receivables with banks and customers or deposits from banks and customers in the reporting period. They are now carried under assets or liabilities held for trading purposes as part of the market value for the option instead. All Boston-style currency options are classified as held-for-trading.

Extensive information about our derivative financial instruments, complete with detailed breakdowns by product and risk type, and showing the nominal amounts, fair values and the counterparty structure, is included in the note to the annual financial statements regarding derivative financial instruments.

7 Participating interests and shares in affiliated companies

Participating interests and shares in affiliated companies (asset items 7 and 8) are shown at the lower of acquisition cost or – if there is a permanent impairment – fair value prevailing at the balance sheet date.

Where HVB holds a controlling interest, profits and losses of partnerships as well as dividends paid by limited or incorporated companies are recognised in the year in which they arise.

When disclosing income from write-ups on participating interests, shares in affiliated companies and investment securities (income item 7) and write-downs on these investments (expense item 8), HVB has exercised the option allowed under Section 340c (2) 2 HGB. HVB nets out respective expense and income items which also contain the results from the disposal of financial assets.

Notes to the Annual Financial Statements (Continued)

8 Intangible assets
Essentially, goodwill and software are disclosed under intangible assets (asset item 10).

Purchased goodwill is calculated by setting the acquisition cost of a company against the value of the company's individual assets, less the liabilities at the time of acquisition. It is normally amortised over the standard useful life of five years assumed by law. In justified cases, the goodwill may be amortised over a longer period, provided the individual expected useful operating life exceeds five years. An impairment is recognised in the event of a permanent loss of value. Should the reasons for the impairment no longer apply, the lower amount recognised for derivative goodwill is retained.

Purchased intangible assets are capitalised at cost and amortised over their expected useful life of three to five years (software) or a longer contractual useful life of up to ten years (other intangible assets). Impairments are recognised where necessary. HVB has not made use of the capitalisation option for internally generated intangible assets classified as non-current.

9 Property, plant and equipment
Property, plant and equipment (asset item 11) is valued at acquisition or production cost, less – insofar as the assets are depreciable – depreciation using the straight-line method based on their expected useful life. In such cases, the useful lives are closely related to the depreciation rules specified in Section 7 of the German Income Tax Act (Einkommensteuergesetz – EStG) in conjunction with the depreciation tables for equipment. Minor fixed assets are fully expensed in the year of acquisition and shown as additions and disposals in the analysis of non-current assets. Pro rata depreciation is taken to the income statement for additions to furniture and office equipment in the year of acquisition.

10 Liabilities
Liabilities (liability items 1 to 3, 8 and 9) are stated at the amount repayable plus accrued interest. Differences between the amount repayable and the amount disbursed (premiums/discounts) that are attributable to interest are allocated to prepaid expenses or deferred income, and reversed under net interest income in the correct accounting period. Liabilities without current interest payments (zero-coupon bonds) are stated at their cash value.

11 Provisions
In accordance with the principles of sound commercial judgement, we assess provisions for taxes, uncertain liabilities and anticipated losses on pending transactions (liability item 7) at the amount repayable, taking into account anticipated future price and cost increases. Provisions falling due in more than one year are discounted using the average market rate of the past seven financial years determined and published by Deutsche Bundesbank as appropriate for the respective maturities.

We measure payment obligations arising from pension commitments at the amount payable calculated using the projected unit credit method on the basis of biometric probabilities. Anticipated future salary and pension increases are taken into account when measuring the pension commitment. Insofar as the amount of the pension commitments is determined exclusively by the fair value of securities, we recognise provisions for this at the fair value of these securities where it exceeds a guaranteed minimum amount. HVB has made use of the option to employ the average market rate determined and published by Deutsche Bundesbank as the discount rate for an assumed residual maturity of 15 years.

The discount rate for November 2012 published by Deutsche Bundesbank for a residual maturity of 15 years at 5.05% p.a. (2011: 5.14% p.a.) and a pension trend of 1.70% p.a. (2011: 1.70% p.a.) were applied in the actuarial calculation of the amount payable at 31 December 2012. A figure of 2.00% p.a. (2011: 2.00% p.a.) has been included in the calculation for the anticipated wage and salary increases; a figure of 0.50–1.50% (2011: 0.50–1.50%) has been included in the calculation for the career trend. Life expectancies are based on the modified Heubeck 2005 G tables.

Whereas the income and expenses arising from the compounding and discounting of provisions for pensions are shown in net interest income, the current service cost accruing during the period and the effects arising from changed assumptions regarding the wage, salary and pension trend and biometric probabilities are disclosed under payroll costs. The same principles apply for the impact on earnings arising from the change in the group of beneficiaries and the change in provisions for pension in connection with company restructuring activities. Similarly, the impact on earnings of the change in the discount rate arising during the course of the 2012 financial year is allocated to payroll costs.

An allocation totalling €332 million is required as the recognised provision for pensions and similar commitments rises on account of the inclusion of future pay and pension increases and the change in the discount rate caused by the changeover to the German Accounting Law Modernisation Act (Bilanzrechtsmodernisierungsgesetz – BilMoG). HVB makes use of the option compliant with Section 67 (1) 1 of the Introductory Act to the German Commercial Code (Einführungsgesetz zum Handelsgesetzbuch – EGHGB) to aggregate the amount allocable to the provisions for pensions in annual instalments of one-fifteenth in every financial year up to 31 December 2024. The annual allocation of €22 million is charged to extraordinary income/expenses in the income statement.

Furthermore, IDW RS BFA 3 requires the Bank to check whether it has incurred a loss on the aggregate holding of interest-bearing transactions in the banking book. The Bank applies the net present value approach to ascertain whether there are any circumstances beyond the individual valuation that had already occurred in economic terms at the reporting date that would lead to losses in the future. In this instance, it would be necessary to set up a provision for anticipated losses on pending transactions to ensure loss-free valuation in the banking book. To do this, the cash flows from the interest-bearing transactions in the banking book are discounted on the basis of the market interest rates at the reporting date and set against their carrying amounts. All on- and off-balance-sheet, interest-bearing financial instruments outside of the held-for-trading portfolio are included in this process. All costs to be incurred in connection with the interest-bearing transactions such as risk costs, administration costs for handling the transactions through to their maturity, funding costs and so on are taken into account for discounting. This also includes imputed costs for equity capital that are stated in compliance with the rules for internal interest rate risk management. The contractual cash flows are normally used as the basis; appropriate assumptions regarding maturity are only made and used as the basis for financial instruments with no fixed maturity (such as demand and savings deposits) in compliance with the internal risk management rules. The present values calculated in this way are set against the carrying amounts; derivatives concluded to hedge interest rate risk in the banking book are recognised at their fair value and generally set against a carrying amount of zero as they are not carried as general hedging derivatives in the banking book. A provision for anticipated losses on pending transactions needs to be set up to cover any shortfall between the present value determined in this way and the carrying amount. In this context, positive differences on interest-bearing transactions may not be offset against negative differences unless the transactions concerned are controlled together in internal interest rate risk management. A provision of €126 million for anticipated losses on pending transactions was set up during the reporting period for an isolated securities portfolio (carrying amount €1.5 billion) which is managed on a standalone basis.

12 Plan assets
Assets serving exclusively to settle pension commitments or similar long-term commitments, and to which all other creditors do not have recourse, are measured at fair value and offset against the underlying commitment.

If the offsetting results in an excess of commitments over plan assets, we recognise a provision for pensions and similar commitments (liability item 7) to this amount. If the value of the assets exceeds the commitments, the amount is recognised under excess of plan assets over pension liabilities (asset item 15).

The plan assets consist mainly of investment fund shares that are recognised at the current redemption price (fair value).

Income and expenses arising from plan assets and from the compounding and discounting of the corresponding obligations are offset against each other and shown in net interest income.

Compliant with Section 8a of the German Semi-Retirement Act (Altersteilzeitgesetz – AltTZG), employee credits for semi-retirement are secured by pledging securities to the trustee.

Notes to the Annual Financial Statements (Continued)

13 Deferred tax assets and liabilities

Compliant with Section 274 HGB, deferred tax items are determined for temporary differences between the carrying amount of an asset, liability or deferred item shown in the commercial balance sheet and the corresponding amount disclosed for tax reporting purposes as well as for tax loss carryforwards and tax credits. German corporations are normally charged a corporate income tax rate of 15%, irrespective of any dividend distribution. Deferred taxes are measured using the uniform corporate income tax rate of 15.8%, including the solidarity surcharge, and the municipal trade tax dependent upon the applicable municipal trade tax multiplier. At HVB, this results in an overall valuation rate for the domestic portion of deferred taxes of 31.4%. The respective local tax rates are applied analogously for the foreign units. Compliant with Section 274 (1) 2 HGB, the amounts involved have not been recognised on account of an aggregate future reduction in tax. This results mainly from tax valuation provisions regarding general provisions and risk provisions as well as tax loss carryforwards.

14 Foreign currencies

Amounts in foreign currency are translated in accordance with the principles set forth in Section 340h and Section 256a HGB. As a result, assets and liabilities denominated in foreign currency and spot transactions outstanding at the balance sheet date are always converted into euros using the mean spot rate applicable at the balance sheet date. On the other hand, investment securities denominated in foreign currency that are not specifically covered in the same currency are carried at their historical cost. Outstanding forward transactions are translated using the forward rate effective at the balance sheet date.

The foreign currency positions in the portfolio not held-for-trading that are concluded in each currency are classified as having special cover within the meaning of Section 340h HGB and transferred to the held-for-trading portfolio on a daily basis under a standard system of currency risk management that is applicable across the Bank as a whole. The translation gains on the foreign currency positions managed in the held-for-trading portfolio are recognised at fair value in the income statement in accordance with the valuation methods applicable to the held-for-trading portfolio (Section 340e (3) 1 HGB). Consequently, the entire net income from FX trading is disclosed under net income from the held-for-trading portfolio in the income statement.

Notes to the Balance Sheet

15 Breakdown by maturity of selected asset items

(€ millions)

			2012	2011
A 3 b)	Other loans and receivables with banks			
	with residual maturity of	less than 3 months	16,555	19,930
		at least 3 months but less than 1 year	2,468	2,840
		at least 1 year but less than 5 years	6,275	6,312
		5 years or more	1,303	2,376
A 4)	Loans and receivables with customers			
	with residual maturity of	less than 3 months	5,509	9,700
		at least 3 months but less than 1 year	6,411	7,726
		at least 1 year but less than 5 years	31,317	33,250
		5 years or more	40,411	45,465
		No fixed maturity	13,311	12,423
A 5)	Bonds and other fixed-income securities, amounts due in the following year		8,946	11,061

16 Breakdown by maturity of selected liability items

(€ millions)

			2012	2011
L 1	Deposits from banks			
L 1 b)	with agreed maturity dates or periods of notice			
	with residual maturity of	less than 3 months	11,654	28,753
		at least 3 months but less than 1 year	7,622	3,634
		at least 1 year but less than 5 years	9,892	9,492
		5 years or more	5,147	6,509
L 2	Deposits from customers			
L 2 ab)	Savings deposits with agreed maturity dates or periods of notice			
	with residual maturity of	less than 3 months	15	23
		at least 3 months but less than 1 year	24	47
		at least 1 year but less than 5 years	100	103
		5 years or more	19	30
L 2 b)	Registered mortgage bonds in issue,			
L 2 c)	registered public-sector bonds in issue,			
L 2 db)	other debts with agreed maturity dates or periods of notice			
	with residual maturity of	less than 3 months	16,677	24,692
		at least 3 months but less than 1 year	9,968	7,986
		at least 1 year but less than 5 years	7,077	6,924
		5 years or more	11,029	11,963
L 3	Debt securities in issue			
L 3 a)	Bonds, amounts due in following year		5,836	6,743
L 3 b)	Other debt securities in issue			
	with residual maturity of	less than 3 months	—	—
		at least 3 months but less than 1 year	—	—
		at least 1 year but less than 5 years	—	—
		5 years or more	—	—

Notes to the Balance Sheet (Continued)

17 Amounts receivable from and payable to affiliates and companies in which participating interests are held

(€ millions)

	AFFILIATES 2012	AFFILIATES 2011	PARTICIPATING INTERESTS 2012	PARTICIPATING INTERESTS 2011
Loans and receivables with banks	19,609	26,269	377	470
of which: UniCredit S.p.A.	938	4,548	—	—
Loans and receivables with customers	3,446	3,687	912	1,204
Bonds and other fixed-income securities	5,022	10,342	6,050	9,058
of which: UniCredit S.p.A.	4,311	5,634	—	—
Deposits from banks	9,702	9,121	157	220
of which: UniCredit S.p.A.	2,761	2,110	—	—
Deposits from customers	1,554	2,266	338	473
Debt securities in issue	2,012	1,405	—	—
of which: UniCredit S.p.A.	351	351	—	—
Subordinated liabilities	1,047	1,443	—	—

Besides the relationships with affiliated companies, there are a number of transactions involving UniCredit S.p.A. and other affiliated but not consolidated UniCredit companies as a result of the integration of HVB into the UniCredit group of companies.

In the course of the integration of HVB into the UniCredit group of companies, HVB has been assigned the role of centre of competence for markets and investment banking for the entire corporate group. Among other things, HVB acts as counterparty for derivative transactions conducted by UniCredit companies in this role. For the most part, this involves hedge derivatives that are externalised on the market by HVB.

Furthermore, there was a sharp reduction in the exposure to UniCredit and its subsidiaries in 2012.

18 Trust business

Trust business assets and liabilities break down as follows:

(€ millions)

	2012	2011
Loans and receivables with banks	—	—
Loans and receivables with customers	31	168
Equity securities and other variable-yield securities	—	—
Participating interests	—	—
Trust assets	**31**	**168**
Deposits from banks	3	4
Deposits from customers	28	164
Debt securities in issue	—	—
Other liabilities	—	—
Trust liabilities	**31**	**168**

The significantly lower volume of trustee activities compared with last year can essentially be attributed to an expired bond.

19 Foreign-currency assets and liabilities

62.9% of HVB's foreign-currency holdings consist of US dollars, 16.6% of pounds sterling, 3.1% of Japanese yen and 2.5% of Swiss francs. (€ millions)

	2012	2011
Cash and cash balances	1,443	734
Treasury bills and other bills eligible for refinancing with central banks	—	—
Loans and receivables with banks	1,831	3,439
Loans and receivables with customers	17,466	21,446
Bonds and other fixed-income securities	2,449	2,970
Equity securities and other variable-yield securities	37	48
Held-for-trading portfolio (assets held for trading purposes)[1]	6,746	7,779
Participating interests	221	324
Shares in affiliated companies	284	525
Trust assets	27	163
Intangible assets	—	1
Property, plant and equipment	4	7
Other assets	113	267
Prepaid expenses	7	7
Assets	**30,628**	**37,710**
Deposits from banks	10,851	11,112
Deposits from customers	5,174	6,084
Debt securities in issue	43	194
Held-for-trading portfolio (liabilities held for trading purposes)[1]	5,215	6,842
Trust liabilities	27	163
Other liabilities	119	180
Deferred income	33	51
Provisions	92	41
Subordinated liabilities	360	776
Liabilities	**21,914**	**25,443**

1 due to system-related restrictions, only derivative volumes denominated in euros are included

The amounts shown represent the euro equivalents of all currencies. The Trading department actively monitors the foreign currency position, and differences between assets and liabilities are generally closed by taking out derivatives.

20 Subordinated asset items

The following balance sheet items contain subordinated assets totalling €4,272 million (2011: €5,198 million): (€ millions)

	2012	2011
Loans and receivables with banks	1,273	1,286
Loans and receivables with customers	175	436
Bonds and other fixed-income securities	2,587	3,166
Equity securities and other variable-yield securities	8	8
Held-for-trading portfolio	229	302

Notes to the Balance Sheet (Continued)

21 Marketable debt and investments

The listed and unlisted marketable securities included in the respective balance sheet items break down as follows:

(€ millions)

	TOTAL MARKETABLE SECURITIES 2012	TOTAL MARKETABLE SECURITIES 2011	OF WHICH: LISTED 2012	OF WHICH: LISTED 2011	OF WHICH: UNLISTED 2012	OF WHICH: UNLISTED 2011
Bonds and other fixed-income securities	48,562	56,877	41,622	44,884	6,940	11,993
Equity securities and other						
variable-yield securities	80	68	26	9	55	59
Held-for-trading portfolio	28,435	35,307	20,017	19,906	8,417	15,401
Participating interests	104	104	104	104	—	—
Shares in affiliated companies	288	288	288	288	—	—

Non-current securities contain financial instruments carried at an amount higher than their fair value. The carrying amount of the non-current securities is €19,929 million (2011: €22,306 million) and the fair value €19,610 million (2011: €21,279 million) (fair value of marketable securities €19,610 million (2011: €22,306 million)), of which €19,610 million (2011: €22,305 million) relates to bonds and other fixed-income securities. Given the development of interest and rating risks, we do not believe that these securities have suffered a permanent loss of value.

The marketable debt and investments, and loans and receivables (including promissory notes), at 31 December 2012 included no Greek sovereign bonds.

22 Held-for-trading portfolio

The following table shows the breakdown of assets held-for-trading purposes (asset item 6a) by financial instrument totalling €143,531 million (2011: €167,239 million):

(€ millions)

	2012	2011
Derivative financial instruments (positive market values)	108,472	123,501
Loans and receivables	5,838	7,666
Bonds and other fixed-income securities	24,109	31,346
Equity securities and other variable-yield securities	5,164	4,834
Less risk discount (for entire portfolio of assets held-for-trading purposes)	(52)	(108)

The following table shows the breakdown of liabilities held-for-trading purposes (liability item 3a) by financial instrument totalling €132,327 million (2011: €152,843 million):

(€ millions)

	2012	2011
Derivative financial instruments (negative market values)	107,770	123,608
Liabilities (including delivery obligations arising from short sales of securities)	24,557	29,235

In accordance with the provisions of Section 10 RechKredV, the positive and negative market values of OTC derivatives that offset each other at currency level were netted for OTC derivatives concluded with the same central counterparty for the first time. Originally there were positive market values of €20.4 billion and negative market values of €21.3 billion with the same central counterparty. After netting of €20.3 billion, there remain positive market values of €0.1 billion recognised in assets held-for-trading purposes and negative market values of €1.0 billion recognised in liabilities held-for-trading purposes.

23 Investment funds

The following table contains information regarding shares in investment funds for which the Bank's holding exceeds 10% of the total number of shares:

(€ millions)

	INFORMATION ON SHARES IN INVESTMENT FUNDS COMPLIANT WITH SECTION 285 No. 26 HGB					
	CARRYING AMOUNT		FAIR VALUE		DIVIDEND PAYMENTS	
FUND TYPE	31/12/2012	31/12/2011	31/12/2012	31/12/2011	2012	2011
Equity funds	91	55	93	56	—	—
Money market funds and near-money market funds	19	22	19	23	—	—
Mixed funds	188	72	188	72	0.6	—
Index funds	115	65	115	65	0.6	—
Bond funds	83	72	83	72	0.7	1
Total investment funds	**496**	**286**	**498**	**288**	**1.9**	**1**

In addition, the Bank holds all the shares in the "European-Office-Fonds" property special purpose entity, which is fully consolidated in the Bank's consolidated financial statements in accordance with SIC 12.

Under Section 246 (2) HGB, assets to which all other creditors do not have access and which serve exclusively to settle liabilities arising from pension commitments or similar long-term commitments must be offset against these liabilities. Where these assets represent shares in investment funds, they are not shown in this table.

The shares listed in this table are held in either the Bank's held-for-trading portfolio or its liquidity reserve. Where necessary, the holdings are always written down to the lower fair value.

In the case of the information regarding the dividend payments, it should be noted that the positions included in the table frequently represent investment funds that reinvest dividends in themselves. Consequently, the dividend payments shown in the table serve only as a limited indicator for the performance of the investment funds.

There are no indications of a restriction on daily return for most of the shares listed here.

Notes to the Balance Sheet (Continued)

24 Analysis of non-current assets

(€ millions)

	ACQUISITION/ PRODUCTION COST 1	ADDITIONS DURING FINANCIAL YEAR 2	DISPOSALS DURING FINANCIAL YEAR 3	RECLASSIFICATIONS DURING FINANCIAL YEAR[2] 4
Intangible assets	**878**	**16**	**170**	**—**
thereof: Goodwill	141	—	141	—
Software	709	16	1	—
Other intangible assets	28	—	28	—
Property, plant and equipment	**586**	**5**	**17**	**(89)**
thereof: Land and buildings used by HVB in its operations	292	—	1	(88)
Furniture and office equipment	294	5	16	(1)
Other non-current assets	**21**	**—**	**—**	**—**
	ACQUISITION COST			**CHANGES +/–[1]**
Participating interests	1,020			(42)
Shares in affiliated companies	3,110			(388)
Investment securities	22,306			(2,377)

1 use has been made of the possibility of combining amounts allowed by Section 34 (3) RechKredV
2 the "Reclassifications during financial year" column shows the changes in value as a result of currency translation, among other things

25 Intangible assets

The goodwill of €113 million disclosed in the annual financial statements for 2011 resulted from the absorption of UniCredit CAIB Securities UK Ltd., London, by HVB in the 2010 financial year. The goodwill was amortised in full in 2012, meaning that the Bank no longer made use of amortisation over a useful life of 7.5 years calculated individually for the company.

Compliant with IDW RS HFA 11, system and application software is shown under intangible assets.

Non-scheduled amortisation is taken on unused software developments. There was no need to take non-scheduled amortisation during 2012.

26 Other assets

The following table shows the main items included in other assets totalling €1,393 million (2011: €1,508 million):

(€ millions)

	2012	2011
Claims to tax reimbursements	477	630
Claims to dividends from affiliated companies	347	325
Variation margin DTB	118	122
Land and buildings classified as current assets	52	—
Proportion of income from commission/interest not yet received	37	28
Proportion of income from portfolio fees	35	39
Trade debtors	22	26
Fixed assets (works of art)	21	21
Capital investments with life insurers	19	18
Adjustment item for tied currency positions	12	—
KG shares intended for re-sale	4	4
Collection paper, such as cheques, matured debentures, interest and dividend coupons	3	6
Premiums paid on options pending	—	2
Purchase price receivables	—	1

The claims to tax reimbursements consist of claims of €362 million (2011: €550 million) arising from income tax and of €115 million (2011: €80 million) arising from non-income taxes. The claims to dividends from affiliated companies include €181 million (2011: €214 million) in prorated income from UniCredit Luxembourg.

(€ millions)

WRITE-UPS DURING FINAN-CIAL YEAR 5	DEPRECIATION/ AMORTISATION ACCUMULATED 6	SCHEDULED DEPRECIATION/ AMORTISATION DURING FINANCIAL YEAR 7	NON-SCHEDULED DEPRECIATION/ AMORTISATION DURING FINANCIAL YEAR 8	DISPOSALS DEPRECIATION/ AMORTISATION DURING FINANCIAL YEAR 9	NET BOOK VALUE 31/12/2012 10	NET BOOK VALUE 31/12/2011 11
—	**657**	**57**	**103**	**170**	**67**	**211**
—	—	10	103	141	—	113
—	657	45	—	1	67	96
—	—	2	—	28	—	2
—	**311**	**20**	**—**	**57**	**174**	**238**
—	88	9	—	41	115	172
—	223	11	—	16	59	66
—	**—**	**—**	**—**	**—**	**21**	**21**
					NET BOOK VALUE 31/12/2012	**NET BOOK VALUE 31/12/2011**
					978	1,112
					2,722	2,960
					19,929	22,306

27 Prepaid expenses

The prepaid expenses arising from issuing and lending operations include the following:

(€ millions)

	2012	2011
Discounts on funds borrowed	66	83
Premiums on amounts receivable	—	—

28 Excess of plan assets over pension liabilities

An amount payable of €823 million arising from liabilities due to pension and similar commitments was set against offsetting plan assets with a fair value of €1,551 million. Under the initial application provisions of the BilMoG, use was made of the option to spread the amount allocable to pension provisions equally over a period of 15 years. One-fifteenth of the transitional amount was allocated to the provision for pensions in the 2012 financial year. The omitted transitional allocation in the year under review totalled €266 million. The excess of assets over commitments, taking into account the omitted transitional allocation, is disclosed in the balance sheet as the excess of plan assets over pension liabilities (€727 million). The acquisition cost of the offsetting plan assets totalled €1,430 million. The assets involved are essentially fund shares, investments, and cash and cash equivalents.

(€ millions)

	2012	2011
Amount payable for offset pension and similar commitments	823	722
Fair value of the offsetting plan assets	1,551	1,148
Omitted transitional allocation	266	288
Excess of plan assets over the commitments, including the shortfall	727	426
Acquisition cost of the offsetting plan assets	1,430	1,068

Notes to the Balance Sheet (Continued)

29 Assets assigned or pledged as security for own liabilities

Assets totalling €46,505 million (2011: €60,932 million) were assigned or pledged as security for the following liabilities: (€ millions)

	2012	2011
Deposits from banks	29,797	39,078
Deposits from customers	16,708	21,854
Provisions for pensions and similar commitments	—	—

The collateral provided for deposits from banks includes all collateral pledged to the ECB, irrespective of whether this is actually used to borrow funds or not. At 31 December 2012 and 2011, the volume of collateral pledged significantly exceeded the funds borrowed from the ECB.

Examples of own liabilities for which HVB provides collateral are special credit facilities provided by KfW and similar institutions, which the Bank has passed as loans in compliance with their conditions.

As a seller under repurchase agreements, HVB entered into sales and repurchase transactions for securities with a book value of €36,402 million (2011: €50,592 million). These securities continue to be shown under HVB's assets, and the consideration received in return is stated under liabilities. They comprise mainly open-market transactions with Deutsche Bundesbank and international money market transactions.

At the same time, further assets totalling €18,220 million (2011: €16,594 million) were pledged as security for securities lending transactions and exchange-traded derivatives.

In setting up a contractual trust arrangement (CTA), HVB transferred collateral to the asset administrator to hedge pension and semi-retirement obligations. Pursuant to Section 8a AltTZG, employers are required to hedge credit exceeding three times the amount of normal earnings, including the associated employer's contribution to the total social security charge, against the risk of insolvency. Recognised provisions and obligations to cover the costs of other group companies are not considered suitable means of security.

30 Other liabilities

The following table shows the main items included in other liabilities of €8,169 million (2011: €9,305 million): (€ millions)

	2012	2011
Amounts owed to SPV	6,009	7,135
Obligations arising from debts assumed	1,297	1,312
Taxes payable	173	129
Other amounts owed to employees	97	104
Variation margin DTB	89	40
Banking book valuation reserves	38	49
Amounts yet to be distributed from outplacements, etc.	13	19
Liabilities from allowances paid to and losses absorbed from subsidiaries	6	7
Offsetting item for swap transactions	—	32
Accrued interest on participating certificates outstanding	—	10

The true sale transaction Rosenkavalier 2008 was carried out with a view to using the securities generated as collateral for repurchase agreements with the ECB. The underlying receivables are still recognised by HVB. All tranches are retained by the Bank, meaning that there is no corresponding reduction in risk-weighted assets.

The obligations arising from debts assumed essentially reflect obligations arising from the liquidation of media funds.

The taxes payable consist of liabilities from non-income taxes of €161 million (2011: €129 million) and income tax payable of €12 million (2011: €0 million).

31 Deferred income

Discounts on amounts receivable shown at nominal value totalled €15 million (2011: €19 million). Furthermore, other deferred income includes accrued commissions of €58 million (2011: €244 million) and interest of €69 million (2011: €80 million) collected in advance.

32 Provisions

HVB offers its employees various types of company pension plans. To fund the company pension plans, HVB has covered its pension commitments largely with plan assets managed as external trustee assets with limited access. These plan assets are set against the liabilities arising from pension commitments or similar long-term commitments. If the plan assets of the pension funds, pension guarantee associations or retirement benefit corporations in question do not cover the amount of the equivalent pension commitments payable, HVB recognises a provision for pension funds and similar obligations in the amount of the shortfall. If the fair value of the plan assets exceeds the commitments, the difference is recognised as the excess of plan assets over pension liabilities. The associated income and expenses to be offset are recognised in net interest income.

Other provisions include the following items: **(€ millions)**

	2012	2011
Provisions for losses on guarantees and indemnities	619	665
Anticipated losses on pending transactions	345	672
Provisions for uncertain liabilities	1,520	1,533
of which:		
Bonuses on savings plans	21	20
Anniversary bonus payments	44	45
Payments for early retirement, semi-retirement, etc.	9	5
Payments to employees	300	307
Restructuring provisions	182	140
Total other provisions	**2,666**	**3,010**

The additions to restructuring provisions in 2012 include additions relating to the changes to the organisational structure of HVB as part of the roll-out of the three business segments – Unternehmer Bank, Private Clients Bank and the reorganised Corporate & Investment Banking – announced in the fourth quarter of 2012 and the systematic strengthening of the regional offer and for measures aimed at securing the competitiveness of the mass-market activities over the coming years. Alongside the creation of new sales channels that are popular with customers, this also involves streamlining the current branch network and adapting staffing levels to reflect changed patterns of customer behaviour. These provisions have been set up primarily to cover severance payments to be disbursed mostly in 2013 and 2014.

The amounts used in 2012 result from restructuring programmes set up in previous years, notably including the provisions set up in the previous year to cover changes in the strategic orientation of the CIB division such as the discontinuation of the cash equity business for western Europe and the equity research activities.

Notes to the Balance Sheet (Continued)

33 Subordinated liabilities

This item includes accrued interest of €52 million (2011: €57 million). HVB incurred interest expenses of €161 million in 2012 (2011: €193 million).

The borrower cannot be obliged to make early repayment in the case of subordinated liabilities. In the event of insolvency or liquidation, subordinated loans are only repaid after the claims of all primary creditors have been settled. For the purposes of a bank's liable funds as defined under banking supervisory regulations, subordinated liabilities are regarded as supplementary or Tier III capital.

On 5 February 2002, HVB issued a subordinated bond with a volume of €750 million. This subordinated bond matures on 5 February 2014. The coupon is 6% p.a.

34 Participating certificates outstanding

In accordance with the terms and conditions of the participating certificates, all bearer participating certificates issued by UniCredit Bank AG expired on 31 December 2011. The nominal amounts to be repaid fell due for payment on 2 July 2012, attracting interest over the period between the expiry date and the repayment date. The interest payments for the 2012 financial year were disbursed in full.

Shareholders' Equity

35 Analysis of shareholders' equity shown in the balance sheet

(€ millions)

Subscribed capital		
Balance at 1 January 2012	2,407	
Balance at 31 December 2012		2,407
Additional paid-in capital		
Balance at 1 January 2012	9,791	
Balance at 31 December 2012		9,791
Retained earnings		
Legal reserve		
Balance at 1 January 2012	—	
Balance at 31 December 2012		—
Reserve for shares in a controlling or majority interest-holding company		
Balance at 1 January 2012	10	
Withdrawal from the reserve for shares in a controlling or majority interest-holding company	(4)	
Balance at 31 December 2012		6
Other retained earnings		
Balance at 1 January 2012	7,145	
Transfer from the reversal of the reserve for shares in a controlling or majority interest-holding company	4	
Withdrawal from other retained earnings	(1,000)	
Balance at 31 December 2012		6,149
Profit available for distribution		
Balance at 1 January 2012	1,017	
Dividend payout of HVB for 2011	(1,017)	
Withdrawal from retained earnings	1,000	
Net profit 2012	1,462	
Balance at 31 December 2012		2,462
Shareholders' equity		
Balance at 31 December 2012		20,815

36 Holdings of HVB stock in excess of 5%

(in %)

	2012	2011
UniCredit S.p.A.	100.0	100.0

Compliant with Section 271 (2) HGB, HVB is an affiliated company of UniCredit S.p.A., Rome (UniCredit), and is included in the consolidated financial statements of UniCredit, which can be obtained from the Trade and Companies Register in Rome, Italy.

37 Amounts not available for distribution

The measurement at fair value of offsetting plan assets in connection with pension commitments and semi-retirement agreements gives rise to an amount of €121 million (2011: €80 million).

38 Holdings pursuant to Section 285 No. 11 and 11a HGB

The complete list of shareholdings as a constituent part of the notes to the financial statements is given in the section entitled "List of Holdings" in this Annual Report. The condensed income statement is shown with the Management Report.

Notes to the Income Statement

The condensed income statement is shown with the Management Report.

39 Breakdown of income by region

The following table shows a breakdown by region of
– interest receivable
– current income from equity securities and other variable-yield securities, participating interests and shares in affiliated companies
– income earned under profit-pooling and profit-and-loss transfer agreements
– fees and commissions receivable
– other operating income
– net profit on financial operations:

(€ millions)

	2012	2011
Germany	7,977	9,972
UK	619	730
Italy	1,107	686
Rest of Europe	56	1,482
Americas	222	300
Asia	93	139

40 Net interest income

(€ millions)

	2012	2011
Interest income from		
lending and money market transactions	5,254	6,317
fixed-income securities	1,342	1,840
Current income from equity securities and other variable-yield securities,		
participating interests and shares in affiliated companies	414	1,002
Income from profit-pooling and profit-and-loss transfer agreements	106	41
Interest expenses	3,689	4,935
Net interest income	**3,427**	**4,265**

The interest portion of the change in provisions for pensions and similar commitments is reported under net interest income and relates to the expenses and income from the compounding and discounting of commitments. However, we disclose any effects on net income from the change in discount rate as payroll costs.

(€ millions)

	2012	2011
Expense component of the change in provisions for pensions and similar commitments	52	47
Income from plan assets used to offset pension and similar commitments	51	11
Expenses from plan assets used to offset pension and similar commitments	1	3
Net interest income from pension commitments	**(2)**	**(39)**

The interest expense of €83 million (2011: €74 million) arising from the compounding of provisions is included in net interest income.

41 Services performed for third parties

HVB performed significant services for third parties notably in portfolio, asset and trust-loan management, in the brokerage of insurance, savings and loan contracts and investment funds, in investment and securities commission activities, and in the handling of payments.

42 Net income from the held-for-trading portfolio

The net income from the held-for-trading portfolio (net trading income) of €1,048 million (2011: expense of €365 million) includes the offset income and expenses arising from transactions involving financial instruments held-for-trading purposes, complete with the full net income from FX operations. The total already includes as an expense the risk discount to be applied to the held-for-trading portfolios measured at fair value. In line with our internal management model, we show the current interest income/expenses and dividend income (interest income/expense from trading operations) associated with the held-for-trading portfolio in net interest income or current income rather than in net trading income. The net income from the held-for-trading portfolio rose by €1,413 million year-on-year to €1,048 million. It was necessary to take credit value adjustments of €485 million in 2011 on account of changes in borrower credit ratings. Most of these could be reversed again during the reporting period. Furthermore, the improvement in net trading income results from higher income generated by the foreign branches and from interest-related products associated with the valuation of market-making portfolios.

43 Breakdown of other operating income and expenses

This item primarily includes income from the reversal of provisions other than provisions for lending and securities operations (€170 million (2011: €632 million)) and payroll costs and cost of materials passed on (€61 million (2011: €66 million)). The high total for 2011 benefited from the reversal of a provision set up in connection with the completion and operation of an offshore wind farm and its reclassification to provisions for losses on loans and receivables.

Other operating expenses include the following:
– compensation and ex gratia payments (€47 million (2011: €37 million))
– additions to provisions other than provisions for lending and securities operations (€169 million (2011: €431 million))

44 Net income from securities held for liquidity purposes

The net income from securities held for liquidity purposes rose by €532 million year-on-year to €328 million. The total benefited from gains on the buy-back of hybrid capital instruments and supplementary capital carried out to optimise the capital structure.

45 Expenses from absorbed losses

There were no expenses from absorbed losses in other accounting periods in the 2012 financial year.

46 Extraordinary income/expenses

The initial application of the new provisions set forth in the BilMoG at 1 January 2010 resulted in 2012 in expenses of €22 million (2011: €22 million) arising from the revaluation of provisions for pensions to be disclosed under extraordinary income/expenses.

47 Taxes on income

All of the taxes on income relate to income from ordinary operations.

48 Net profit

The profit available for distribution amounts to €2,462 million. This comprises the net profit of €1,462 million generated in 2012 and a withdrawal of €1,000 million from other retained earnings. We will propose to the Shareholders' Meeting that a dividend of €2,462 million be paid to UniCredit S.p.A. (UniCredit), Rome, Italy. This represents a dividend of around €3.07 per share after around €1.27 in 2011. In accordance with a resolution adopted by the Shareholders' Meeting on 10 May 2012, the profit available for distribution of €1,017 million generated in 2011 was distributed to UniCredit.

Other Information

49 Contingent liabilities and other financial commitments

The following table shows the breakdown of contingent liabilities arising from guarantees and indemnity agreements totalling €29,359 million (2011: €32,051 million):

(€ millions)

	2012	2011
Loan guarantees	10,957	12,445
Guarantees and indemnities	15,841	17,017
Documentary credits	2,561	2,589
Total	**29,359**	**32,051**
thereof: to affiliated companies	11,901	13,019

Irrevocable lending commitments totalling €27,166 million (2011: €28,770 million) break down as follows:

(€ millions)

	2012	2011
Book credits	24,619	26,911
Mortgage and municipal loans	1,519	1,146
Guarantees	1,026	711
Bills of exchange	2	2
Total	**27,166**	**28,770**
thereof: to affiliated companies	670	506

The repurchase agreements recognised under book credits in 2011 that were already concluded at the reporting date but settlement of which had not yet taken place are no longer included in 2012. The year-ago figure for book credits has been reduced by €2,931 million accordingly.

Utilisation by the Bank on account of the contingent liabilities and other commitments that it has entered into is possible as part of its banking activities. Thus, every loan is fundamentally granted by utilising a previously made lending commitment that is shown under other commitments. Although utilisation by the Bank under contingent liabilities is not very probable in the case of guarantees it has issued, the possibility cannot be excluded. Utilisation is again generally the case with regard to the documentary credits also shown here, as these are employed in the settlement of foreign trade payments.

The key factor in this regard is that utilisation by the Bank under its contingent liabilities and other commitments does not generally lead to a loss. Instead, it results in the loan granted being recognised as is the case when a lending commitment is utilised. Provisions for anticipated losses on pending transactions that are required due to commitments to make payouts to defaulting borrowers are set up and deducted from the disclosed contingent liabilities and other commitments.

Other financial commitments arising from real estate and IT operations total €304 million (2011: €369 million). A large part of the total relates to contracts with subsidiaries (€140 million (2011: €152 million)). The contracts run for standard market periods, and no charges have been put off to future years.

At the reporting date, HVB had pledged securities worth €915 million (2011: €1,795 million) as collateral for transactions with Eurex Frankfurt AG, Frankfurt am Main.

As part of real estate financing and development operations, HVB assumes rental obligations or issues rental guarantees on a case-by-case basis to make fund constructions more marketable – in particular for lease funds and (closed-end) KG real estate funds offered by its H.F.S. Hypo-Fondsbeteiligungen für Sachwerte GmbH subsidiary. Provisions have been set aside in the income statement to cover identifiable risks arising from such guarantees.

Commitments for uncalled payments on shares not fully paid up amounted to €277 million (2011: €388 million) at year-end 2012, and similar obligations for shares in cooperatives totalled €1 thousand (2011: €1 million). HVB was not liable for any defaults on such calls under Section 22 (3) and Section 24 GmbHG.

Where employees are granted a bonus that is disbursed over a period of several years under their variable compensation arrangements, such a bonus represents an expense for this period and is taken to the income statement on a pro rata basis accordingly. Especially in the case of the group of employees identified as "risk-takers", the German Ordinance on the Supervisory Requirements for Institutions' Remuneration Systems (Instituts-Vergütungsverordnung) requires such a bonus to be disbursed over a period of several years. The bonus is granted subject to the proviso that the beneficiaries continue to work for UniCredit up to the date of payment or (in the case of bonuses granted in the form of shares or stock options) transfer. In some cases, the bonus is linked to further conditions (such as a malus arrangement that ensures that no loss is recorded at either the UniCredit corporate level or the level of the individual beneficiary or there is a significant reduction in the results achieved). Accordingly, the Bank will disburse an amount of €44 million in bonuses over the coming years – assuming the conditions are met – the prospect of which has already been indicated to employees but for which provisions have not been set up as this represents payroll costs for future periods.

Under Section 26 GmbHG, we were liable for calls for additional capital of €57 million with regard to Liquiditäts-Konsortialbank GmbH, Frankfurt am Main, at year-end 2012. In addition, under Article 5 (4) of the Articles of Association of Liquiditäts-Konsortialbank GmbH, we are jointly and severally liable for any defaults on such calls by members of the Association of German Banks, Berlin.

At the reporting date, HVB had unlimited personal liability arising from shares in three partnerships.

Under Section 5 (10) of the by-laws of the Deposit Guarantee Fund, we have undertaken to indemnify the Association of German Banks, Berlin, against any losses it might incur as a result of action taken on behalf of the banks in which we have a majority interest.

50 Off-balance-sheet transactions

Special purpose entities

HVB maintains business relations with a number of special purpose entities that pursue varying business models and hold various different types of assets. HVB's business relations with the special purpose entities are recognised in the financial statements either on or off the balance sheet.

The Bank uses special purpose entities to securitise both the Bank's own receivables and customer receivables. The latter involve commercial paper conduits for which the Bank provides guarantees and liquidity facilities.

In the case of the Bank's own receivables, the special purpose entities serve among other things to procure liquidity and reduce risk. These do not, however, result in the securitised receivables being taken off the books as they involve either synthetic securitisations aimed at reducing risk or securitisation transactions with all risks retained to create ABS paper eligible as collateral with central banks. The securitisation of customer receivables is generally accompanied by an improvement in the customer's liquidity situation and a broadening of the funding base, whereby the Bank generates income from the structuring service and the facilities provided. HVB may face economic disadvantages, in particular, should the facilities provided be drawn down.

In addition, there are special purpose entities for which HVB acts solely as an investor, for instance to purchase securities or grant loans. The ensuing risks may lead to write-downs being recognised on the positions involved.

Depending on the structure, the situation may exist where the majority of the risks and rewards of a given special purpose entity are attributable to HVB. In these cases, the special purpose entity is attributable to HVB for accounting purposes, which entails full consolidation of the special purpose entity in the consolidated financial statements of HVB.

Other Information (Continued)

Revocable credit commitments
HVB has granted its customers credit and liquidity facilities that are callable at any time and are not shown either on or off the balance sheet. The advantage for HVB from this customary, standardised product lies in the possibility of generating additional interest and commission income. This is set against the risk of a deterioration in the financial situation of those customers to whom these credit commitments were made.

Outsourcing of activities
Like other affiliated companies, HVB has outsourced IT activities to UniCredit Business Integrated Solutions S.C.p.A. (which was absorbed by the above-mentioned UniCredit Business Integrated Solutions S.C.p.A. with effect from 1 January 2012), a company that is affiliated with the Bank. The goal is to exploit synergies and enable HVB to offer fast, high-quality IT services.

Furthermore, HVB has transferred certain back office activities to UniCredit Business Partner S.C.p.A. (which was absorbed by the above-mentioned UniCredit Business Integrated Solutions S.C.p.A. with effect from 1 January 2012), a company affiliated with the Bank that provides settlement services for HVB and other affiliated companies in line with a standard business and operating model. The advantage for HVB lies in the generation of synergies.

HVB has outsourced the handling of securities transactions in Germany to an external service provider. The purpose of this for HVB is to permanently reduce its operating costs.

HVB has transferred new business involving consumer loans, instant-approval loans and credit cards to a German branch office of UniCredit S.p.A. This office is more specialised in these fields, from which HVB also benefits accordingly. Thus, the transactions brokered by HVB in this regard are no longer recognised on or off the balance sheet.

51 Auditor's fees
The following table shows the breakdown of the total fees paid to the auditor KPMG AG Wirtschaftsprüfungsgesellschaft in the reporting period:

(€ millions)

	2012	2011
Fees for		
Auditing of the financial statements	5	6
Other auditing services	2	2
Tax consulting services	—	—
Other services	16	8

52 Statement of Responsibility

HVB ensures that, to the extent of its shareholding, the companies set forth below are in a position to meet their contractual obligations except in the event of political risks:

1. Banks in Germany
Bankhaus Neelmeyer AG, Bremen
DAB Bank AG, Munich[1]
2. Banks in other regions
UniCredit Luxembourg S.A., Luxembourg
3. Financial companies
UniCredit Leasing GmbH, Hamburg
4. Companies with bank-related auxiliary services
HypoVereinsFinance N.V., Amsterdam

1 The company provides a Statement of Responsibility with the same wording for selected subsidiaries in its annual report.

HVB's commitment arising from the above Statement of Responsibility declines by the extent to which HVB's shareholding decreases in the future with regard to such commitments of the relevant company that did not arise until after HVB's shareholding decreased.

HVB no longer provides a Statement of Responsibility for companies which left HVB Group during an earlier financial year but for which a Statement of Responsibility had been provided in earlier annual reports. Liabilities of these companies arising after their departure from HVB Group are not covered by either the above Statement of Responsibility or by Statements of Responsibility provided earlier.

53 Key capital ratios

Pursuant to Section 10 (1d) KWG, equity capital for solvency purposes consists of the modified available capital and Tier III capital.

The modified available capital, consisting of core capital (Tier I) and supplementary capital (Tier II), totalled €20,608 million (2011: €22,594 million) at year-end. There was no Tier III capital. We have not allocated any unrealised reserves to supplementary capital compliant with Section 10 (2b) 1 No. 6 and 7 KWG.

The liable funds totalling €20,636 million (2011: €22,454 million) calculated in accordance with Section 10 (2) KWG are used primarily to determine thresholds for large exposures and loans to executive board members and for investment limits.

Other Information (Continued)

54 Derivative financial instruments

The following table provides detailed information about the nominal amount and fair values of all derivative transactions and credit derivative transactions of HVB:

Derivative transactions (€ millions)

	NOMINAL AMOUNT					FAIR VALUE[1]			
	RESIDUAL MATURITY			TOTAL	TOTAL	POSITIVE		NEGATIVE	
	UP TO 1 YEAR	MORE THAN 1 YEAR UP TO 5 YEARS	MORE THAN 5 YEARS	2012	2011	2012	2011	2012	2011
Interest rate derivatives	**1,034,437**	**1,169,440**	**935,977**	**3,139,854**	**3,331,143**	**96,358**	**101,279**	**95,987**	**100,297**
OTC products									
Forward rate agreements	190,361	6,165	—	196,526	145,485	72	68	43	33
Interest rate swaps	650,133	995,559	758,969	2,404,661	2,545,127	90,086	91,092	88,656	90,899
Interest rate options									
– purchased	44,547	88,221	86,126	218,894	265,072	5,620	9,852	240	103
– written	32,123	67,013	89,431	188,567	227,963	347	202	6,906	9,193
Other interest rate derivatives	27,017	—	—	27,017	24,430	233	64	142	69
Exchange-traded products									
Interest rate futures	40,668	11,885	1,208	53,761	63,131	—	—	—	—
Interest rate options	49,588	597	243	50,428	59,935	—	1	—	—
Foreign exchange derivatives	**203,846**	**29,805**	**582**	**234,233**	**323,886**	**2,979**	**5,472**	**2,948**	**6,007**
OTC products									
Foreign exchange forwards	165,572	21,635	116	187,323	219,782	2,413	4,058	2,306	4,599
Foreign exchange options									
– purchased	19,111	4,099	252	23,462	51,728	349	976	240	467
– written	19,145	4,071	214	23,430	52,342	217	438	402	941
Other foreign exchange derivatives	—	—	—	—	—	—	—	—	—
Exchange-traded products									
Foreign exchange futures	18	—	—	18	34	—	—	—	—
Foreign exchange options	—	—	—	—	—	—	—	—	—
Cross-currency swaps	**35,936**	**137,985**	**76,680**	**250,601**	**254,022**	**5,075**	**6,202**	**5,644**	**6,800**
Equity/index derivatives	**63,442**	**43,219**	**7,867**	**114,528**	**123,340**	**3,209**	**5,099**	**3,604**	**6,068**
OTC products									
Equity/index swaps	4,546	6,320	735	11,601	12,056	200	234	292	236
Equity/index options									
– purchased	8,529	8,721	359	17,609	23,752	1,268	2,581	32	4
– written	33,679	13,567	5,968	53,214	48,192	69	55	1,723	2,847
Other equity/index derivatives	2,169	1,220	—	3,389	2,353	212	192	1	2
Exchange-traded products									
Equity/index futures	2,751	7	—	2,758	5,179	—	—	—	—
Equity/index options	11,768	13,384	805	25,957	31,808	1,460	2,037	1,556	2,979
Credit derivatives	**52,457**	**86,508**	**6,062**	**145,027**	**222,915**	**1,592**	**5,384**	**1,486**	**5,434**
Other transactions	**3,670**	**2,981**	**722**	**7,373**	**9,169**	**210**	**1,161**	**263**	**1,408**
Total	**1,393,788**	**1,469,938**	**1,027,890**	**3,891,616**	**4,264,475**	**109,423**	**124,597**	**109,932**	**126,014**

1 in accordance with the provisions of Section 10 RechKredV, the positive and negative market values of OTC derivatives that offset each other at currency level were netted for OTC derivatives concluded with the same central counterparty

Most of the derivatives are held for trading purposes. The proportion of derivatives concluded for hedging purposes is insignificant.

The banking book contains derivatives with positive market values of €0.8 billion (2011: €0.7 billion) and negative market values of €1.0 billion (2011: €1.0 billion).

55 Employees

The average number of staff employed was as follows:

	2012	2011
Staff (excluding trainees)	15,657	15,947
of whom: full-time	11,930	12,283
part-time	3,727	3,664
Trainees	937	904

The staff's length of service was as follows: (in %)

	WOMEN	MEN	2012	2011
	(EXCLUDING TRAINEES)		TOTAL	
Staff's length of service				
25 years or more	19.6	22.2	20.8	19.0
15 to 25 years	35.9	24.2	30.5	30.3
10 to 15 years	12.2	11.6	12.0	13.1
5 to 10 years	22.1	25.0	23.4	22.2
less than 5 years	10.2	17.0	13.3	15.4

56 Emoluments

(€ thousands)

	FIXED COMPENSATION		PERFORMANCE-RELATED COMPONENTS		LONG-TERM INCENTIVES[2]		PENSION COMMITMENTS		TOTAL	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
Management Board members of UniCredit Bank AG	4,513	4,327	910[1]	1,788[1]	1,479[3]	1,139[3]	1,071[4]	989[4]	7,973	8,243
Supervisory Board members of UniCredit Bank AG										
for Supervisory Board activities	558	558	210[5]	210[5]	—	—	—	—	768[5]	768[5]
Former members of the Management Board of										
UniCredit Bank AG and their surviving dependants	—	—	—	—	—	—	—	—	1,716[6]	1,653[6]
Transitional allowances for former members of										
the Management Board	—	—	—	—	—	—	—	—	—	—

1 the profit-related components are generally deferred over several years with disbursement in subsequent years dependent on defined company targets being achieved
2 cash value of the share-based compensation
3 prorated disclosure of the long-term incentive plans for 2005 to 2008 and the long-term incentive plan for a performance period of 2011 to 2013 and stock options (period of 2012 to 2015) and shares for the 2012 financial year
4 of which a prorated pension expense of €18,500 could not be posted until 2012
5 the performance-related component for the 2012 financial year totals €210 thousand, provided the Shareholders' Meeting adopts a resolution regarding the appropriation of net income as proposed. The performance-related component for the 2011 financial year totalled €210 thousand after the Shareholders' Meeting adopted a resolution regarding the appropriation of net income as proposed
6 an amount of €145 thousand was assumed in the 2012 financial year for some former executives within the framework of insurance benefits under a corporate Directors and Officers insurance policy, the accrued taxes and legal costs (2011: €147 thousand)

At 31 December 2012, there were pension provisions in the amount of €34,648 thousand (2011: €34,152 thousand) payable to former members of the Management Board, and retired members of the Management Board of HVB and their surviving dependants, as calculated in accordance with actuarial principles using the projected unit credit method, taking into account anticipated future rises in salaries and pensions.

Besides the direct remuneration shown in the table, Management Board members have received pension commitments. Six members of the Management Board took part in the employer-financed, fund-linked pension scheme for executives (known as AgfA) in 2012, which is also granted to the Bank's executives. The Bank will provide/has provided 35% of the fixed salary contributions (2012: €1,071 thousand (2011: €970 thousand). It has been agreed with the members of the Management Board that this amount of their pay would be converted, which means that, instead of a disbursed sum of money, the Management Board member receives a pension commitment to the same value from the Bank.

Other Information (Continued)

Share-based compensation was granted to the members of the Management Board in the reporting period in the form of stock options and performance shares. The stock options granted under the long-term incentive programme grant entitlement to purchase a UniCredit share at a price which was fixed before the option was issued. In the case of stock options issued during or after 2011, beneficiaries are only entitled to exercise their options in a range between 0% and 150% (depending on the level of target achievement) of the underlying total originally granted if the respective targets have been met after three years. A set number of UniCredit shares (performance shares) are transferred free of charge if, after a period of three years, the relevant targets have been met and the recipient is still working for UniCredit; otherwise, the performance shares are normally forfeited. Similarly in the case of performance shares issued during or after 2011, the actual number of shares transferred is in a range between 0% and 150% of the underlying total originally granted (depending on the level of target achievement).

Details of share-based compensation:

MEMBERS OF THE MANAGEMENT BOARD OF UNICREDIT BANK AG	Total
Options	
Stock options 2011	1,844,156[1]
Stock options 2012	708,781
Fair value per option (2011) on grant date (€)	0.6019
Fair value per option (2012) on grant date (€)	1.8670
Performance shares	
Performance shares 2011	826,517[1]
Performance shares 2012	187,869
Fair value per performance share (2011) on grant date (€)	1.712
Fair value per performance share (2012) on grant date (€)	4.010

1 long-term incentive: after no long-term incentive plan was set up for the 2010 financial year, this was carried out in 2011 with a performance period of 2011 to 2013

57 Loans to executive board members

Loans and advances made to, and contingent liabilities and liabilities assumed for, related parties at the reporting date were as follows: Members of the Supervisory Board and Management Board at HVB and their respective immediate family members are considered related parties.

(€ thousands)

	2012			2011		
	LOANS AND ADVANCES	CONTINGENT LIABILITIES	LIABILITIES	LOANS AND ADVANCES	CONTINGENT LIABILITIES	LIABILITIES
Members of the Management Board	1,180	6	4,623	1,233	7	4,915
Members of the Supervisory Board	2,752	23	3,664	2,955	—	5,410

Loans and advances were granted to members of the Management Board and their immediate family members in the form of mortgage loans with interest rates of between 2.5% and 3.96% and falling due in the period from 2013 to 2021.

Loans and advances were granted to members of the Supervisory Board and their immediate family members in the form of credit facilities with interest rates of between 6% and 11.15% with no fixed maturity and special credit facilities and mortgage loans with interest rates of between 1.9% and 5.25% and with no fixed maturity or falling due in 2021.

All banking transactions involving the group of people listed were conducted at customary market terms with the usual collateral.

58 Executive Boards

Supervisory Board

Federico Ghizzoni	**Chairman**
Peter König Dr Wolfgang Sprissler	**Deputy Chairmen**
Aldo Bulgarelli Beate Dura-Kempf Klaus Grünewald Werner Habich Dr Lothar Meyer Marina Natale Klaus-Peter Prinz Jens-Uwe Wächter Dr Susanne Weiss	**Members**

Management Board

Dr Andreas Bohn since 1 January 2013	**Business Segment Corporate & Investment Banking[1]**
Peter Buschbeck	**Family & SME division[2] Business Segment Private Clients Bank[1]**
Jürgen Danzmayr	**Private Banking division[2] Business Segment Private Clients Bank (Private Banking)[1]**
Lutz Diederichs	**Corporate & Investment Banking division[2] Business Segment Unternehmer Bank[1]**
Peter Hofbauer	**Chief Financial Officer (CFO)**
Heinz Laber	**Human Resources Management, Global Banking Services**
Andrea Umberto Varese	**Chief Risk Officer (CRO)**
Dr Theodor Weimer	**Board Spokesman**

1 since 14 January 2013
2 until 13 January 2013

List of Executives and Outside Directorships[1]

59 Supervisory Board

NAME OCCUPATION PLACE OF RESIDENCE	POSITIONS[1] ON STATUTORY SUPERVISORY BOARDS OF OTHER GERMAN COMPANIES	POSITIONS[1] ON COMPARABLE BOARDS OF GERMAN AND FOREIGN COMPANIES
Federico Ghizzoni Chief Executive Officer of UniCredit S.p.A., Milan Chairman		
Peter König Employee, UniCredit Bank AG, Haar-Salmdorf Deputy Chairman	BVV Pensionsfonds des Bankgewerbes AG, Berlin	BVV Versicherungsverein des Bankgewerbes a.G., Berlin BVV Versorgungskasse des Bankgewerbes e.V., Berlin
Dr Wolfgang Sprissler Former Board Spokesman of UniCredit Bank AG, Sauerlach Deputy Chairman	HFI Hansische Vermögensverwaltungs Aktiengesellschaft, Hamburg (Chairman)	UniCredit Bank Austria AG, Vienna Dr. Robert Pfleger Chemische Fabrik GmbH, Bamberg (Deputy Chairman)
Aldo Bulgarelli Attorney and partner in law office NCTM, Verona		AMMANN Italy S.p.A., Bussolengo (President of the Collegio Sindacale) ARAG Assicurazioni S.p.A., Verona (President of the Collegio Sindacale), until 31 December 2012
Beate Dura-Kempf Employee, UniCredit Bank AG, Litzendorf		
Klaus Grünewald FB1 unit manager in the Bavarian division of Vereinte Dienstleistungsgewerkschaft, Gröbenzell	Fiducia IT AG, Karlsruhe	

1 as of 31 December 2012

NAME OCCUPATION PLACE OF RESIDENCE	POSITIONS[1] ON STATUTORY SUPERVISORY BOARDS OF OTHER GERMAN COMPANIES	POSITIONS[1] ON COMPARABLE BOARDS OF GERMAN AND FOREIGN COMPANIES
Werner Habich Employee, UniCredit Bank AG, Mindelheim		
Dr Lothar Meyer Former Chairman of the Managment Board of ERGO Versicherungsgruppe AG, Bergisch Gladbach	ERGO Versicherungsgruppe AG, Düsseldorf Jenoptik AG, Jena, until 6 June 2012	
Marina Natale Chief Financial Officer of UniCredit S.p.A., member of the Executive Management Committee of UniCredit S.p.A., Uboldo		Pioneer Asset Global Management S.p.A., Milan[2]
Klaus-Peter Prinz Employee, UniCredit Luxembourg S. A., Trier		
Jens-Uwe Wächter Employee, UniCredit Bank AG, Himmelpforten		HypoVereinsbank Betriebskrankenkasse (HVB BKK), Munich (Chairman, since 1 January 2013)
Dr Susanne Weiss Attorney and partner in law office Weiss, Walter, Fischer-Zernin, Munich	Giesecke & Devrient GmbH, Munich ROFA AG, Kolbermoor (Chairman) Wacker Chemie AG, Munich	Allgemeine Baugesellschaft – A. Porr AG, Vienna

1 as of 31 December 2012
2 Group directorship

List of Executives and Outside Directorships[1] (Continued)

60 Management Board

NAME	POSITIONS ON STATUTORY SUPERVISORY BOARDS OF OTHER GERMAN COMPANIES	POSITIONS ON COMPARABLE BOARDS OF GERMAN AND FOREIGN COMPANIES
Dr Andreas Bohn born 1963 since 1 January 2013 Business Segment Corporate & Investment Banking[4]	HVB Capital Partners AG, Munich (Chairman)[2]	FSL Holdings Pte. Ltd., Singapore HVB Principal Equity GmbH, Munich (Chairman)[2] Tikehau Investment Management S.A.S., Paris
Peter Buschbeck born 1961 Family & SME division[3], Business Segment Private Clients Bank[4]	Bankhaus Neelmeyer AG, Bremen (Chairman)[2] DAB Bank AG, Munich[2] PlanetHome AG, Unterföhring near Munich (Chairman)[2] UniCredit Direct Services GmbH, Munich (Chairman)[2]	Wealth Management Capital Holding GmbH, Munich[2] (Chairman since 1 January 2013) UniCredit Global Business Services GmbH, Munich[2]
Jürgen Danzmayr born 1950 Private Banking division[3], Business Segment Private Clients Bank (Private Banking)[4]		Schoellerbank AG, Vienna Wealth Management Capital Holding GmbH, Munich (Chairman until 31 December 2012)[2] UniCredit Luxembourg S.A., Luxembourg[2], since 31 August 2012
Lutz Diederichs born 1962 Corporate & Investment Banking division[3] Business Segment Unternehmer Bank[4]		UniCredit Leasing S.p.A, Bologna, until 20 April 2012 UniCredit Luxembourg S.A., Luxembourg[2], since 31 August 2012 UniCredit Leasing Finance GmbH, Hamburg, since 15 February 2013 (Chairman)[2] UniCredit Leasing GmbH, Hamburg, since 15 February 2013 (Chairman)[2]
Peter Hofbauer born 1964 Chief Financial Officer (CFO)	HVB Immobilien AG, Munich (Deputy Chairman)[2] HVB Trust Pensionsfonds AG, Munich (Deputy Chairman)	UniCredit Global Business Services GmbH, Munich[2] Wealth Management Capital Holding GmbH, Munich (Deputy Chairman)[2] Wietersdorfer Industrie-Beteiligungs-GmbH, Klagenfurt, until 10 August 2012 Wietersdorfer Rohrbeteiligungs GmbH, Klagenfurt, until 10 August 2012
Heinz Laber born 1953 Human Resources Management, Global Banking Services	HVB Immobilien AG, Munich (Chairman)[2] HVB Trust Pensionsfonds AG, Munich (Chairman) Internationales Immobilien-Institut GmbH, Munich[2]	BVV Versicherungsverein des Bankgewerbes a.G., Berlin (Chairman) UniCredit Business Partner Società Consortile per Azioni, Cologno Monzese, until 1 January 2012 UniCredit Global Business Services GmbH, Munich (Chairman)[2]
Andrea Umberto Varese born 1964 Chief Risk Officer (CRO)	HVB Immobilien AG, Munich[2]	UniCredit Credit Management Bank S.p.A., Verona UniCredit Global Business Services GmbH, Munich[2] UniCredit Luxembourg S.A., Luxembourg (Deputy Chairman)[2] Wealth Management Capital Holding GmbH, Munich[2]
Dr Theodor Weimer born 1959 Board Spokesman	Bayerische Börse AG, Munich DAB Bank AG, Munich (Chairman)[2] ERGO Versicherungsgruppe AG, Düsseldorf	UniCredit Luxembourg S.A., Luxembourg (Chairman)[2]

1 as of 31 December 2012
2 Group directorship
3 until 13 January 2013
4 since 14 January 2013

61 List of employees and outside directorships[1]

NAME	POSITIONS ON STATUTORY SUPERVISORY BOARDS OF OTHER COMPANIES
Matthias Biebl	Wacker Chemie AG, Munich
Thomas Breiner	AGROB Immobilien AG, Ismaning[2]
Dr Jochen Fischer	Bankhaus Neelmeyer AG, Bremen[2] PlanetHome AG, Unterföhring near Munich[2]
Matthias Glückert	Oechsler AG, Ansbach
Wolfgang Hamann	Bankhaus Neelmeyer AG, Bremen[2]
Christian Klatt	Bankhaus Neelmeyer AG, Bremen[2]
Dr Andreas Luber	ConCardis GmbH, Eschborn
Jörg Pietzner	Bankhaus Neelmeyer AG, Bremen[2]
Dr Guido Schacht	AVAG Holding SE, Augsburg
Heike Wagner	WABCO GmbH, Hanover WABCO Holding GmbH, Hanover
Peter Weidenhöfer	AGROB Immobilien AG, Ismaning[2]

1 as of 31 December 2012
2 Group directorship

List of Holdings

Compliant with Section 313 (2) German Commercial Code for the consolidated financial statements and Section 285 No. 11 and 11a German Commercial Code for the annual financial statements of UniCredit Bank AG

62 List of Holdings

NAME	REGISTERED OFFICE	SHARE OF CAPITAL IN % TOTAL	OF WHICH HELD INDIRECTLY	CURRENCY	EQUITY CAPITAL in thousands of currency units	NET PROFIT in thousands of currency units
1 Subsidiaries of HVB Group						
1.1 Consolidated subsidiaries						
1.1.1 Banks						
1.1.1.1 Domestic banks and financial institutions						
Bankhaus Neelmeyer AG	Bremen	100.0		EUR	40,400	1.1
DAB Bank AG	Munich	79.5		EUR	174,196	17,997
UniCredit Leasing Finance GmbH	Hamburg	100.0	100.0	EUR	27,013	2
1.1.1.2 Foreign banks and financial institutions						
direktanlage.at AG	Salzburg	100.0	100.0	EUR	26,579	4,766
UniCredit Luxembourg S.A.	Luxembourg	100.0		EUR	1,309,510	180,888
1.1.2 Other consolidated companies						
Acis Immobilien- und Projektentwicklungs GmbH & Co.						
Oberbaum City KG[3]	Grünwald	100.0	100.0	EUR	27	688
Acis Immobilien- und Projektentwicklungs GmbH & Co.						
Parkkolonnaden KG[3]	Grünwald	100.0	100.0	EUR	28	865
Acis Immobilien- und Projektentwicklungs GmbH & Co.						
Stuttgart Kronprinzstraße KG[3]	Grünwald	100.0	100.0	EUR	35	2,967
Active Asset Management GmbH	Grünwald	100.0	100.0	EUR	208	(8)
AGROB Immobilien AG (share of voting rights: 75.0%)[4]	Ismaning	52.7	52.7	EUR	20,693	1,602
Antus Immobilien- und Projektentwicklungs GmbH	Munich	90.0	90.0	EUR	(16,872)	0
Argentaurus Immobilien-Vermietungs- und						
Verwaltungs GmbH[3]	Munich	100.0	100.0	EUR	793	2
ARRONDA Immobilienverwaltungs GmbH	Munich	100.0	100.0	EUR	(45,452)	975
Atlanterra Immobilienverwaltungs GmbH	Munich	90.0	90.0	EUR	(39,212)	0
A&T-Projektentwicklungs GmbH & Co.						
Potsdamer Platz Berlin KG[3]	Munich	100.0	100.0	EUR	(37,260)	5
Aufbau Dresden GmbH	Munich	100.0	100.0	EUR	(23,944)	0
BaLea Soft GmbH & Co. KG	Hamburg	100.0	100.0	EUR	5,914	(96)
BaLea Soft Verwaltungsgesellschaft mbH	Hamburg	100.0	100.0	EUR	85	2
Bank Austria ImmobilienService GmbH	Vienna	100.0	100.0	EUR	273	256
B.I. International Limited	George Town	100.0	100.0	EUR	(949)	(102)
BIL Immobilien Fonds GmbH & Co Objekt Perlach KG[3]	Munich	100.0	100.0	EUR	2,778	(544)
BIL Leasing-Fonds GmbH & Co VELUM KG (share of						
voting rights: 66.7% total, of which 33.3% held indirectly)	Munich	100.0		EUR	(2)	0
BIL Leasing-Fonds Verwaltungs-GmbH	Munich	100.0	100.0	EUR	33	0
Blue Capital Europa Immobilien GmbH & Co.						
Achte Objekte Großbritannien KG	Hamburg	100.0	100.0	EUR	(2,363)	(3,744)
BV Grundstücksentwicklungs-GmbH[3]	Munich	100.0	100.0	EUR	511	2
BV Grundstücksentwicklungs-GmbH & Co. Verwaltungs-KG[3]	Munich	100.0		EUR	511	145
CUMTERRA Gesellschaft für Immobilienverwaltung mbH[3]	Munich	100.0	93.8	EUR	26	2
Delpha Immobilien- und Projektentwicklungs GmbH & Co.						
Großkugel Bauabschnitt Alpha Management KG[3]	Munich	100.0	100.0	EUR	(22,880)	0
Delpha Immobilien- und Projektentwicklungs GmbH & Co.						
Großkugel Bauabschnitt Beta Management KG[3]	Munich	100.0	100.0	EUR	(53,477)	0
Delpha Immobilien- und Projektentwicklungs GmbH & Co.						
Großkugel Bauabschnitt Gamma Management KG[3]	Munich	100.0	100.0	EUR	(59,493)	0
Enderlein & Co. GmbH	Bielefeld	100.0	100.0	EUR	114	2
Erste Onshore Windkraft Beteiligungsgesellschaft mbH & Co.						
Windpark Grefrath KG (share of voting rights: 68.3%)	Oldenburg	68.5	68.5	EUR	455	28
Erste Onshore Windkraft Beteiligungsgesellschaft mbH & Co.						
Windpark Krähenberg KG (share of voting rights: 68.3%)	Oldenburg	68.5	68.5	EUR	(1,628)	(58)
Erste Onshore Windkraft Beteiligungsgesellschaft mbH & Co.						
Windpark Mose KG (share of voting rights: 68.3%)	Oldenburg	68.5	68.5	EUR	486	100

NAME	REGISTERED OFFICE	SHARE OF CAPITAL IN % TOTAL	OF WHICH HELD INDIRECTLY	CURRENCY	EQUITY CAPITAL in thousands of currency units	NET PROFIT in thousands of currency units
Food & more GmbH	Munich	100.0		EUR	177	1,2
GIMMO Immobilien-Vermietungs- und Verwaltungs GmbH	Munich	100.0	100.0	EUR	26	2
Golf- und Country Club Seddiner See Immobilien GmbH	Munich	100.0	100.0	EUR	(15,507)	0
Grand Central Re Limited	Hamilton	92.5		USD	46,419	(2,850)
Grundstücksaktiengesellschaft am Potsdamer Platz						
(Haus Vaterland)	Munich	98.2	98.2	EUR	4,495	2
Grundstücksgesellschaft Simon						
beschränkt haftende Kommanditgesellschaft[3]	Munich	100.0	100.0	EUR	52	1,355
H & B Immobilien GmbH & Co. Objekte KG[3]	Munich	100.0	100.0	EUR	5	140
HAWA Grundstücks GmbH & Co. OHG Hotelverwaltung[3]	Munich	100.0	100.0	EUR	276	(296)
HAWA Grundstücks GmbH & Co. OHG Immobilienverwaltung[3]	Munich	100.0	100.0	EUR	54	324
H.F.S. Hypo-Fondsbeteiligungen für Sachwerte GmbH	Munich	100.0	90.0	EUR	5,101	2
H.F.S. Immobilienfonds GmbH	Ebersberg	100.0	100.0	EUR	26	2
HJS 12 Beteiligungsgesellschaft mbH	Munich	100.0		EUR	274	(2)
HVB Alternative Advisors LLC	Wilmington	100.0		USD	6,783	(387)
HVB Asia Limited	Singapore	100.0		EUR	3,650	(3)
HVB Asset Leasing Limited	London	100.0	100.0	USD	145	(46)
HVB Asset Management Holding GmbH	Munich	100.0	100.0	EUR	25	2
HVB Capital LLC	Wilmington	100.0		USD	1,128	87
HVB Capital LLC II	Wilmington	100.0		GBP	2	0
HVB Capital LLC III	Wilmington	100.0		USD	1,107	90
HVB Capital LLC VI	Wilmington	100.0		JPY	275	7
HVB Capital Partners AG	Munich	100.0		EUR	12,671	1,3
HVB Expertise GmbH	Munich	100.0		EUR	1,117	88
HVB Export Leasing GmbH	Munich	100.0		EUR	39	(5)
HVB Finance London Limited	London	100.0		EUR	930	(18)
HVB Funding Trust II	Wilmington	100.0		GBP	2	0
HVB Gesellschaft für Gebäude Beteiligungs GmbH	Munich	100.0		EUR	27	2
HVB Gesellschaft für Gebäude mbH & Co KG[3]	Munich	100.0		EUR	871,401	42,998
HVB Global Assets Company (GP), LLC	City of Dover	100.0		USD	142	4
HVB Global Assets Company, L.P.[5]	City of Dover	5.0		USD	1,035,121	38,481
HVB Hong Kong Limited	Hong Kong	100.0		USD	4,418	114
HVB Immobilien AG[3]	Munich	100.0		EUR	86,644	1,4
HVB Investments (UK) Limited	George Town	100.0		GBP	220	924
HVB Life Science GmbH & Co. Beteiligungs-KG	Munich	100.0		EUR	1,020	(5)
HVB London Investments (AVON) Limited	London	100.0		GBP	2,545	5
HVB London Investments (CAM) Limited	London	100.0		GBP	120	0
HVB Principal Equity GmbH[3]	Munich	100.0		EUR	34	1,5
HVB Profil Gesellschaft für Personalmanagement mbH[3]	Munich	100.0		EUR	28	1,6
HVB Projekt GmbH[3]	Munich	100.0	94.0	EUR	72,151	2
HVB Realty Capital Inc.	New York	100.0	100.0	USD	0	0
HVB Secur GmbH	Munich	100.0	100.0	EUR	115	3
HVB Tecta GmbH[3]	Munich	100.0	94.0	EUR	1,751	2
HVB Verwa 1 GmbH	Munich	100.0		EUR	41	1,7
HVB Verwa 4 GmbH	Munich	100.0		EUR	10,132	1,8
HVB Verwa 4.4 GmbH[3]	Munich	100.0	100.0	EUR	10,025	2
HVBFF International Greece GmbH[4]	Munich	100.0	100.0	EUR	(674)	(232)
HVBFF Internationale Leasing GmbH	Munich	100.0	100.0	EUR	10	(1)
HVBFF Objekt Beteiligungs GmbH	Munich	100.0	100.0	EUR	43	3
HVBFF Produktionshalle GmbH i.L.	Munich	100.0	100.0	EUR	20	0
HVZ GmbH & Co. Objekt KG[3]	Munich	100.0	100.0	EUR	148,091	3,728
Hypo-Bank Verwaltungszentrum GmbH	Munich	100.0	100.0	EUR	16	7
Hypo-Bank Verwaltungszentrum GmbH & Co. KG						
Objekt Arabellastraße[3]	Munich	100.0	100.0	EUR	26	20,506

List of Holdings (Continued)

NAME	REGISTERED OFFICE	SHARE OF CAPITAL IN % TOTAL	OF WHICH HELD INDIRECTLY	CURRENCY	EQUITY CAPITAL in thousands of currency units	NET PROFIT in thousands of currency units
HYPO-REAL Haus- und Grundbesitz Gesellschaft mbH & Co. Immobilien-Vermietungs KG[3]	Munich	80.0	80.0	EUR	(850)	0
HypoVereinsFinance N.V.	Amsterdam	100.0		EUR	2,229	140
Internationales Immobilien-Institut GmbH	Munich	94.0		EUR	13,126	4,935
Interra Gesellschaft für Immobilienverwaltung mbH[3]	Munich	100.0	93.8	EUR	51	[2]
Keller Crossing L.P.	Wilmington	100.0	100.0	USD	1,663	190
Kinabalu Financial Products LLP	London	100.0		GBP	884	(26)
Kinabalu Financial Solutions Limited	London	100.0		GBP	3,998	221
Life Management Erste GmbH	Munich	100.0	100.0	EUR	24	[2]
Life Management Zweite GmbH	Grünwald	100.0	100.0	EUR	26	[2]
Life Science I Beteiligungs GmbH	Munich	100.0	100.0	EUR	(167)	199
MERKURHOF Grundstücksgesellschaft mit beschränkter Haftung[3]	Munich	100.0		EUR	16,692	[1,9]
MILLETERRA Gesellschaft für Immobilienverwaltung mbH[3]	Munich	100.0	100.0	EUR	25	[2]
Mobility Concept GmbH	Oberhaching	60.0	60.0	EUR	4,381	2,753
Movie Market Beteiligungs GmbH	Munich	100.0	100.0	EUR	17	6
NF Objekt FFM GmbH[3]	Munich	100.0	100.0	EUR	125	[2]
NF Objekt München GmbH[3]	Munich	100.0	100.0	EUR	75	[2]
NF Objekte Berlin GmbH[3]	Munich	100.0	100.0	EUR	15,725	[2]
NXP Co-Investment Partners VIII, L.P.	London	85.0	85.0	EUR	9,987	2,507
Ocean Breeze Asset GmbH & Co. KG	Munich	100.0	100.0	EUR	0	(4)
Ocean Breeze Energy GmbH & Co. KG[3]	Munich	100.0	100.0	EUR	(59,519)	(11,291)
Ocean Breeze GmbH	Munich	100.0	100.0	EUR	23	(1)
Omnia Grundstücks-GmbH & Co. Objekt Eggenfeldener Straße KG[3]	Munich	100.0	94.0	EUR	26	0
Omnia Grundstücks-GmbH & Co. Objekt Haidenauplatz KG[3]	Munich	100.0	94.0	EUR	26	139
Orestos Immobilien-Verwaltungs GmbH[3]	Munich	100.0	100.0	EUR	56,674	[2]
Othmarschen Park Hamburg GmbH & Co. Centerpark KG[3]	Munich	100.0	100.0	EUR	(18,942)	0
Othmarschen Park Hamburg GmbH & Co. Gewerbepark KG[3]	Munich	100.0	100.0	EUR	(44,083)	0
Perikles 20092 Vermögensverwaltung GmbH	Munich	100.0	100.0	EUR	23	(1)
PlanetHome AG	Unterföhring	100.0		EUR	26,363	1,687
PlanetHome GmbH	Mannheim	100.0	100.0	EUR	560	405
Portia Grundstücks-Verwaltungsgesellschaft mbH & Co. Objekt KG[3]	Munich	100.0	100.0	EUR	500,014	(30,246)
"Portia" Grundstücksverwaltungs-Gesellschaft mit beschränkter Haftung	Munich	100.0	100.0	EUR	29	3
Redstone Mortgages Limited	London	100.0		GBP	(301,619)	10,636
RHOTERRA Gesellschaft für Immobilienverwaltung mbH[3]	Munich	100.0	93.8	EUR	26	[2]
Roncasa Immobilien-Verwaltungs GmbH	Munich	90.0	90.0	EUR	(39,995)	975
Salvatorplatz-Grundstücksgesellschaft mbH	Munich	100.0	100.0	EUR	711	[2]
Salvatorplatz-Grundstücksgesellschaft mbH & Co. OHG Saarland[3]	Munich	100.0	100.0	EUR	1,534	(19)
Salvatorplatz-Grundstücksgesellschaft mbH & Co. OHG Verwaltungszentrum[3]	Munich	100.0	100.0	EUR	2,301	5,123
Selfoss Beteiligungsgesellschaft mbH[3]	Grünwald	100.0	100.0	EUR	13	[2]
Simon Verwaltungs-Aktiengesellschaft i.L.[4]	Munich	<100.0		EUR	3,129	(1)
Sirius Immobilien- und Projektentwicklungs GmbH	Munich	100.0	100.0	EUR	(143,835)	[2]
SOLARIS Verwaltungsgesellschaft mbH & Co. Vermietungs KG[3]	Munich	94.9	94.9	EUR	0	0
Solos Immobilien- und Projektentwicklungs GmbH & Co. Sirius Beteiligungs KG[3]	Munich	100.0	100.0	EUR	(35,748)	900
Spree Galerie Hotelbetriebsgesellschaft mbH[3]	Munich	100.0	100.0	EUR	249	[2]
Status Vermögensverwaltung GmbH[3]	Schwerin	100.0		EUR	2,108	[1,10]
Structured Invest Société Anonyme	Luxembourg-Kirchberg	100.0		EUR	8,794	432
Structured Lease GmbH	Hamburg	100.0	100.0	EUR	750	[2]
T & P Frankfurt Development B.V.	Amsterdam	100.0	100.0	EUR	(6,991)	(5)
T & P Vastgoed Stuttgart B.V.	Amsterdam	87.5	87.5	EUR	(15,467)	(18)

NAME	REGISTERED OFFICE	SHARE OF CAPITAL IN % TOTAL	OF WHICH HELD INDIRECTLY	CURRENCY	EQUITY CAPITAL in thousands of currency units	NET PROFIT in thousands of currency units
TERRENO Grundstücksverwaltung GmbH & Co.						
Entwicklungs- und Finanzierungsvermittlungs-KG[3]	Munich	75.0	75.0	EUR	(268,579)	0
Terronda Development B.V.	Amsterdam	100.0	100.0	EUR	(401)	(14)
TIVOLI Grundstücks-Aktiengesellschaft	Munich	99.7	99.7	EUR	13,366	5,850
Transterra Gesellschaft für Immobilienverwaltung mbH[3]	Munich	100.0	93.8	EUR	26	[2]
TRICASA Grundbesitz Gesellschaft mbH & Co.						
1. Vermietungs KG[3]	Munich	100.0	100.0	EUR	6,804	2,507
TRICASA Grundbesitzgesellschaft des bürgerlichen Rechts Nr. 1	Munich	100.0	100.0	EUR	17,142	(43)
Trinitrade Vermögensverwaltungs-Gesellschaft						
mit beschränkter Haftung	Munich	100.0		EUR	1,323	1
UniCredit Beteiligungs GmbH	Munich	100.0		EUR	1,147	[1.11]
UniCredit CAIB Securities UK Ltd.	London	100.0		GBP	454	3
UniCredit Capital Markets LLC	New York	100.0	100.0	USD	321,425	460
UniCredit (China) Advisory Limited	Beijing	100.0		CNY	1,830	271
UniCredit Direct Services GmbH[3]	Munich	100.0		EUR	881	[1.12]
UniCredit Global Business Services GmbH	Munich	100.0		EUR	5,818	4,138
UniCredit Leasing Aviation GmbH	Hamburg	100.0	100.0	EUR	(3,438)	(3,943)
UniCredit Leasing GmbH	Hamburg	100.0		EUR	162,026	[1.13]
UniCredit London Investments Limited	London	100.0		EUR	2	0
UniCredit Merchant Partners GmbH	Munich	100.0		EUR	1,000	[1.14]
UniCredit U.S. Finance LLC	Wilmington	100.0		USD	339,382	661
US Property Investments Inc.	Dallas	100.0		USD	671	35
Verba Verwaltungsgesellschaft mbH	Munich	100.0		EUR	761	(3)
Verwaltungsgesellschaft Katharinenhof mbH[3]	Munich	100.0		EUR	708	[1.15]
V.M.G. Vermietungsgesellschaft mbH	Munich	100.0	100.0	EUR	26	[2]
VuWB Investments Inc.	Atlanta	100.0	100.0	USD	113	(7)
Wealth Capital Investments, Inc.	Wilmington	100.0	100.0	USD	1,441	(491)
Wealth Management Capital Holding GmbH	Munich	100.0		EUR	20,475	[1,16]
WealthCap Equity GmbH	Munich	100.0	100.0	EUR	11,399	13,270
WealthCap Equity Management GmbH	Munich	100.0	100.0	EUR	2,335	2,312
WealthCap Fonds GmbH	Munich	100.0	100.0	EUR	745	233
WealthCap Initiatoren GmbH	Hamburg	100.0	100.0	EUR	13,771	12,237
WealthCap Investorenbetreuung GmbH	Munich	100.0	100.0	EUR	155	[2]
WealthCap Leasing GmbH	Grünwald	100.0	100.0	EUR	(8)	(6)
WealthCap PEIA Komplementär GmbH	Grünwald	100.0	100.0	EUR	29	(18)
WealthCap PEIA Management GmbH	Munich	100.0	94.0	EUR	1,770	724
WealthCap Real Estate Management GmbH	Munich	100.0	100.0	EUR	108	[2]
WealthCap Stiftungstreuhand GmbH	Munich	100.0	100.0	EUR	37	4
WealthCap USA Immobilien Verwaltungs GmbH	Munich	100.0	100.0	EUR	109	59
1.2 Non-consolidated subsidiaries						
of HVB Group[6]						
Other non-consolidated subsidiaries						
Acis Immobilien- und Projektentwicklungs GmbH	Grünwald	100.0	100.0	EUR	25	[2]
AGRUND Grundstücks-GmbH	Munich	90.0	90.0			
Alexandersson Real Estate I B.V.	Apeldoorn	100.0	100.0			
"Alte Schmelze" Projektentwicklungsgesellschaft mbH	Munich	100.0	100.0			
Altea Verwaltungsgesellschaft mbH & Co. Objekt I KG	Munich	100.0	100.0			
AMMS Ersatz-Komplementär GmbH	Ebersberg	100.0	100.0			
AMMS Komplementär GmbH	Ebersberg	98.8	98.8	EUR	254	228
ANWA Gesellschaft für Anlagenverwaltung mbH	Munich	95.0	93.8			
Apir Verwaltungsgesellschaft mbH & Co.						
Immobilien- und Vermietungs KG	Munich	100.0	100.0	EUR	(21,723)	947
Arena Stadion Beteiligungsverwaltungs-GmbH	Munich	100.0				
Argentum Media GmbH & Co. KG	Munich	100.0				
A&T-Projektentwicklungs-Verwaltungs GmbH	Munich	100.0	100.0			

List of Holdings (Continued)

NAME	REGISTERED OFFICE	SHARE OF CAPITAL IN % TOTAL	SHARE OF CAPITAL IN % OF WHICH HELD INDIRECTLY	CURRENCY	EQUITY CAPITAL in thousands of currency units	NET PROFIT in thousands of currency units
Bavaria Servicos de Representacao Comercial Ltda.	Sao Paulo	100.0				
Bayerische Wohnungsgesellschaft für Handel und Industrie,						
Gesellschaft mit beschränkter Haftung	Munich	100.0	100.0	EUR	294	[2]
BFL Beteiligungsgesellschaft für Flugzeug-Leasing mbH	Munich	100.0				
BIL Aircraftleasing GmbH	Grünwald	100.0	100.0			
BIL Immobilien Fonds GmbH	Munich	100.0	100.0			
Blue Capital Metro Amerika Inc.	Atlanta	100.0	100.0			
BV Grundstücksentwicklungs-GmbH & Co.						
Schloßberg-Projektentwicklungs-KG	Munich	100.0	100.0			
CL Dritte Car Leasing GmbH & Co. KG	Hamburg	100.0	100.0			
CL Dritte Car Leasing Verwaltungsgesellschaft mbH	Hamburg	100.0	100.0			
Deltaterra Gesellschaft für Immobilienverwaltung mbH	Munich	100.0	93.8	EUR	26	[2]
Euro-Bond Blue Capital Management GmbH i.L.	Bad Soden	100.0	100.0			
Euro-Bond Blue Capital Verwaltungs GmbH i.L.	Bad Soden	100.0	100.0			
Ferra Immobilien- und Projektentwicklungs GmbH & Co.						
Projekt Großenhainer Straße KG	Munich	100.0	100.0	EUR	(11,633)	750
FGB Grund und Boden GmbH & Co. KG	Munich	94.0	94.0	EUR	(4,002)	0
GCCS Golfanlagen Errichtungs- und Verwaltungs GmbH	Munich	100.0	100.0	EUR	26	[2]
Großkugel Immobilien- und Projektentwicklungs GmbH	Munich	100.0	100.0	EUR	(3,354)	[2]
H.F.S. Immobilienfonds Deutschland 1 Komplementär GmbH	Grünwald	100.0	100.0			
H.F.S. Immobilienfonds Deutschland 3 Komplementär GmbH	Grünwald	100.0	100.0			
H.F.S. Immobilienfonds Deutschland 4 Komplementär GmbH	Grünwald	100.0	100.0			
H.F.S. Immobilienfonds Deutschland 6 Komplementär GmbH	Grünwald	100.0	100.0			
H.F.S. Immobilienfonds Deutschland 7 Komplementär GmbH	Grünwald	100.0	100.0			
H.F.S. Immobilienfonds Deutschland 8 Komplementär GmbH	Grünwald	100.0	100.0			
H.F.S. Immobilienfonds Deutschland 9 Komplementär GmbH	Grünwald	100.0	100.0			
H.F.S. Immobilienfonds Deutschland 10 Komplementär GmbH	Grünwald	100.0	100.0			
H.F.S. Immobilienfonds Deutschland 11 Komplementär GmbH	Grünwald	100.0	100.0			
H.F.S. Immobilienfonds Deutschland 12 Komplementär GmbH	Grünwald	100.0	100.0			
H.F.S. Immobilienfonds Deutschland 15 Komplementär GmbH	Grünwald	100.0	100.0			
H.F.S. Immobilienfonds Deutschland 16 Komplementär GmbH	Grünwald	100.0	100.0			
H.F.S. Immobilienfonds Deutschland 18 Komplementär GmbH	Grünwald	100.0	100.0			
H.F.S. Immobilienfonds Deutschland 19 GmbH & Co. KG	Munich	100.0	100.0	EUR	(2)	1,390
H.F.S. Immobilienfonds Europa 2 Beteiligungs GmbH	Munich	100.0	100.0			
H.F.S. Immobilienfonds Europa 3 Beteiligungs B.V.	The Hague	100.0	100.0			
H.F.S. Immobilienfonds Europa 3 Komplementär GmbH	Grünwald	100.0	100.0			
H.F.S. Immobilienfonds GmbH & Co. Europa 4 KG	Munich	100.0	100.0			
H.F.S. Istanbul 1 Gayrimenkul Yönetimi Limited Sirketi	Istanbul	100.0	100.0			
H.F.S. Istanbul 2 Gayrimenkul Yönetimi Limited Sirketi	Istanbul	100.0	100.0			
H.F.S. Leasingfonds Deutschland 1 Komplementär GmbH	Grünwald	100.0	100.0			
H.F.S. Leasingfonds Deutschland 7 Komplementär GmbH	Grünwald	100.0	100.0			
H.F.S. Leasingfonds GmbH	Ebersberg	100.0	100.0			
H.F.S. Value Management GmbH	Munich	100.0	100.0			
H.F.S. Zweitmarktfonds Deutschland 1 Komplementär GmbH	Grünwald	100.0	100.0			
H.F.S. Zweitmarktfonds Deutschland 2 Komplementär GmbH	Grünwald	100.0	100.0			
H.F.S. Zweitmarktfonds Deutschland 3 GmbH & Co. KG	Munich	100.0	100.0			
H.F.S. Zweitmarktfonds Deutschland 4 GmbH & Co. KG	Munich	100.0	100.0			
Hofgarten Real Estate B.V. (share of voting rights: 50.5%)	Amsterdam	47.2	47.2	EUR	(49,178)	(31)
Hotel Seddiner See GmbH	Munich	100.0	100.0			
HVB Life Science GmbH	Munich	100.0				
HVBFF Baumanagement GmbH	Munich	100.0	100.0	EUR	50	[2]
HVBFF Kapitalvermittlungs GmbH	Munich	100.0	100.0	EUR	19	[2]
HVBFF Leasing & Investition GmbH & Co Erste KG	Munich	100.0	100.0			
HVBFF Leasing Objekt GmbH	Munich	100.0	100.0			
HVBFF Leasing-Fonds Verwaltungs GmbH	Munich	100.0	100.0			

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HVBFF Objekt Leipzig GmbH	Leipzig	70.0	70.0			
HVB London Trading Ltd.	London	100.0				
HVB Mortgage Capital Corp.	Wilmington	100.0	100.0			
HVB Services South Africa (Proprietary) Limited	Johannesburg	100.0				
HVZ GmbH & Co. Objekt Unterföhring KG	Munich	100.0	100.0			
HYPO-REAL Haus- und Grundbesitz Gesellschaft mbH	Munich	100.0	100.0	EUR	128	2
KHR Projektentwicklungsgesellschaft mbH & Co. Objekt Bornitzstraße I KG	Munich	100.0	100.0			
KHR Projektentwicklungsgesellschaft mbH & Co. Objekt Bornitzstraße II KG	Munich	100.0	100.0	EUR	(313)	973
KHR Projektentwicklungsgesellschaft mbH & Co. Objekt Bornitzstraße III KG	Munich	100.0	100.0	EUR	(3,481)	(2)
KHR Projektentwicklungsgesellschaft mbH & Co. Objekt Bornitzstraße KG	Munich	100.0	100.0			
Landos Immobilien- und Projektentwicklungs GmbH	Munich	100.0	100.0			
Life Britannia GP Limited	Edgware	100.0	100.0			
Life Britannia Management GmbH	Grünwald	100.0	100.0			
Life Verwaltungs Erste GmbH	Munich	100.0	100.0			
Life Verwaltungs Zweite GmbH	Grünwald	100.0	100.0			
Motion Picture Production GmbH	Grünwald	51.2	51.2			
Mutnegra Beteiligungs- und Verwaltungs-GmbH	Munich	100.0				
Olos Immobilien- und Projektentwicklungs GmbH & Co. Grundstücksentwicklungs KG	Munich	100.0	100.0	EUR	26	387
Olos Immobilien- und Projektentwicklungs GmbH & Co. Vermietungs KG	Munich	100.0	100.0			
Omnia Grundstücks-GmbH	Munich	100.0	100.0	EUR	26	2
Omnia Grundstücks-GmbH & Co. Betriebs KG	Munich	100.0	94.0			
Omnia Grundstücks-GmbH & Co. Objekt Ostragehege KG	Munich	100.0	94.0			
Othmarschen Park Hamburg Wohn- und Gewerbepark GmbH	Munich	100.0	100.0	EUR	102	2
Pegasus Project Stadthaus Halle GmbH	Munich	100.0	93.8	EUR	26	2
Perterra Gesellschaft für Immobilienverwaltung mbH	Munich	100.0	100.0	EUR	26	2
Projekt-GbR Kronstadter Straße München	Munich	75.0	75.0	EUR	0	975
Quinterra Gesellschaft für Immobilienverwaltung mbH	Munich	100.0	100.0	EUR	26	2
Rolin Grundstücksplanungs- und -verwaltungsgesellschaft mbH	Munich	100.0	100.0			
Rotus Immobilien-Verwaltungs GmbH	Munich	100.0	100.0	EUR	26	2
Saphira Immobilien- und Projektentwicklungs GmbH & Co. Frankfurt City West Office Center und Wohnbau KG	Munich	100.0	100.0			
Schloßberg-Projektentwicklungs-GmbH & Co 683 KG	Munich	100.0	100.0			
TERRENO Grundstücksverwaltung GmbH	Munich	75.0	75.0			
TERRENO Grundstücksverwaltung GmbH & Co. Objektgesellschaft Grillparzerstraße KG	Munich	75.0		EUR	(3,002)	775
Tishman Speyer Berlin Friedrichstraße KG i.L. (share of voting rights: 96.6% total, of which 7.1% held indirectly)	Berlin	97.1	5.9			
VCI Volta Center Immobilienverwaltungs GmbH	Munich	100.0	100.0	EUR	(26,783)	933
VereinWest Overseas Finance (Jersey) Limited	St. Helier	100.0				
Vintners London Investments (Nile) Limited	George Town	100.0	100.0			
WCREM Canadian Investments Inc.	Toronto	100.0	100.0			
WCREM Canadian Management Inc.	Toronto	100.0	100.0			
Wealth Capital Management, Inc.	Wilmington	100.0	100.0	USD	290	(671)
WealthCap Aircraft 25 GmbH & Co. KG	Grünwald	100.0	100.0			
WealthCap Dritte Europa Immobilien Verwaltungs GmbH	Munich	100.0	100.0			
WealthCap Entity Service GmbH	Munich	100.0	100.0			
WealthCap Equity Sekundär GmbH	Munich	100.0	100.0			
WealthCap Erste Kananda Immobilien Verwaltung GmbH	Munich	100.0	100.0			

List of Holdings (Continued)

NAME	REGISTERED OFFICE	SHARE OF CAPITAL IN % TOTAL	OF WHICH HELD INDIRECTLY	CURRENCY	EQUITY CAPITAL in thousands of currency units	NET PROFIT in thousands of currency units
WealthCap Europa Erste Immobilien – Objekt Niederlande –						
Verwaltungs GmbH	Munich	100.0	100.0			
WealthCap Europa Immobilien						
Fünfte Objekte Österreich Komplementär GmbH	Grünwald	100.0	100.0			
WealthCap Europa Immobilien						
Siebte Objekte Österreich Komplementär GmbH	Munich	100.0	100.0			
WealthCap Europa Immobilien Verwaltungs GmbH	Munich	100.0	100.0			
WealthCap Immobilien und Verwaltung Sekundär GmbH	Munich	100.0	100.0			
WealthCap Immobilienfonds Deutschland 35 GmbH & Co. KG						
(share of voting rights: 75.0%)	Munich	50.0	50.0			
WealthCap Immobilienfonds Deutschland 36 GmbH & Co. KG	Munich	100.0	100.0			
WealthCap Immobilienfonds Deutschland 36						
Komplementär GmbH	Munich	100.0	100.0			
WealthCap Leasing 1 GmbH & Co. KG	Grünwald	100.0	100.0			
WealthCap Objekt Berg-am-Laim GmbH & Co. KG	Munich	100.0	100.0			
WealthCap Objekt Theresienhöhe GmbH & Co. KG	Munich	100.0	100.0			
WealthCap PEIA Sekundär GmbH	Munich	100.0	100.0			
WealthCap Private Equity GmbH	Munich	100.0	100.0			
WealthCap Private Equity Sekundär GmbH	Munich	100.0	100.0			
WealthCap Private Equity 17 GmbH & Co. KG	Grünwald	100.0	100.0			
WealthCap Private Equity 18 GmbH & Co. KG	Grünwald	100.0	100.0			
WealthCap Real Estate GmbH	Munich	100.0	100.0			
WealthCap Real Estate Komplementär GmbH	Munich	100.0	100.0			
WealthCap Real Estate Sekundär GmbH	Munich	100.0	100.0			
WealthCap Zweite Europa Immobilien Verwaltungs GmbH	Munich	100.0	100.0			
WealthCap Zweite USA Immobilien Verwaltungs GmbH	Munich	100.0	100.0			
WealthCap ZweitmarktWerte Immobilien 4 Komplementär GmbH	Munich	100.0	100.0			
Wertweiser GmbH	Munich	100.0	100.0			
2 Joint ventures[6]						
Minor joint ventures						
Other companies						
Heizkraftwerk Cottbus Verwaltungs GmbH	Munich	33.3				
Heizkraftwerke-Pool Verwaltungs-GmbH	Munich	33.3		EUR	104	781
3 Associated companies						
3.1 Associated companies valued at equity						
Other companies						
Adler Funding LLC	Dover	32.8		USD	(5,519)	(5,833)
Bulkmax Holding Ltd.	Valletta	45.0	45.0	USD	8,799	(154)
Comtrade Group B.V.	Amsterdam	21.1	21.1	EUR	14,387	954
Martur Sünger ve Koltuk Tesisleri Ticaret ve Sanayi A.S.	Istanbul	20.0	20.0	TRY	164,915	59,425
Nautilus Tankers Limited	Valletta	45.0	45.0	USD	21,469	(37)
3.2 Minor associated companies[6]						
Other companies						
BIL Leasing GmbH & Co Hotel Rostock KG	Rostock	20.6	20.6	EUR	146	730
BIL Leasing GmbH & Co Hotel Ulm KG i.L.	Munich	29.0	29.0	EUR	74	10,596
BioM Venture Capital GmbH & Co. Fonds KG						
(share of voting rights: 20.4%)	Planegg/Martinsried	23.5		EUR	2,160	(8)
CMP Fonds I GmbH (share of voting rights: 25.0%)	Berlin	32.7		EUR	6,303	772
DFA Deggendorfer Freihafen Ansiedlungs-GmbH	Deggendorf	50.0	50.0			

NAME	REGISTERED OFFICE	SHARE OF CAPITAL IN % TOTAL	OF WHICH HELD INDIRECTLY	CURRENCY	EQUITY CAPITAL in thousands of currency units	NET PROFIT in thousands of currency units
DFA Deggendorfer Freihafen Ansiedlungs-GmbH & Co.						
Grundstücks-KG	Deggendorf	50.0	50.0			
InfrAm One Corporation	City of Lewes	37.5	37.5	USD	(754)	(3,350)
MOC Verwaltungs GmbH	Munich	23.0	23.0			
MOC Verwaltungs GmbH & Co. Immobilien KG[7]	Munich	23.0	23.0			
SK BV Grundstücksentwicklung GmbH & Co. KG	Cologne	25.0	25.0			
SK BV Grundstücksentwicklung Verwaltung GmbH i.L.	Cologne	50.0	50.0			
US Retail Income Fund VII L.P.	Wilmington	26.3	26.3	USD	13,993	257
4 Holdings in excess of 20%						
without significant influence						
Other companies						
BayBG Bayerische Beteiligungsgesellschaft mbH	Munich	22.5		EUR	175,511	14,416
Bayerischer BankenFonds GbR[6]	Munich	25.6				
BC European Capital VII-12 L.P. (share of voting rights: 0%)	St. Peter Port	34.1		EUR	9,098	(9,649)
B.I.I. Creditanstalt International Ltd. (share of voting rights: 0%)[6]	George Town	40.2				
Deutsche Structured Finance & Leasing GmbH & Co.						
Mira KG i.L. (share of voting rights: 39.8% total,						
of which 4.0% held indirectly)	Frankfurt am Main	39.9	4.0	EUR	2,251	8,080
Engelbert Rütten Verwaltungsgesellschaft						
Kommanditgesellschaft[6]	Düsseldorf	30.2				
EQT III ISS Co-Investment L.P. (share of voting rights: 0%)[8]	St. Peter Port	35.6	35.6			
Felicitas GmbH i.L.	Munich	20.8		EUR	1,048	(277)
GermanIncubator Erste Beteiligungs GmbH						
(share of voting rights: 9.9%)	Munich	39.6		EUR	1,482	(522)
HVB Trust Pensionsfonds AG (share of voting rights: 0%)[9]	Munich	100.0	100.0	EUR	3,696	108
IPE Euro Wagon L.P. (share of voting rights: 0%)[8]	St. Helier	37.5	37.5			
Lauro Ventidue S.p.A. (share of voting rights: 0%)	Milan	24.2	24.2	EUR	172,354	(78)
Mozfund (Proprietary) Limited (share of voting rights: 12.5%)[6]	Sandton	40.0				
Mühoga Münchner Hochgaragen Gesellschaft						
mit beschränkter Haftung	Munich	25.0	25.0	EUR	3,934	2,411
REF IV Associates (Caymans) L.P. Acqua CIV S.C.S.						
(share of voting rights: 0%)	Luxembourg	38.3	38.3	EUR	20,012	(4)

List of Holdings (Continued)

NAME	REGISTERED OFFICE	SHARE OF CAPITAL OF HVB in %	SUBSCRIBED CAPITAL € MILLIONS
5 Other selected holdings below 20%			
5.1 Banks and financial institutions			
AKA Ausfuhrkredit-Gesellschaft mbH	Frankfurt am Main	15.4	20.5
BBB Bürgschaftsbank zu Berlin-Brandenburg GmbH	Berlin	4.3	3.2
BGG Bayerische Garantiegesellschaft mit beschränkter Haftung für mittelständische Beteiligungen	Munich	10.5	0.4
Bürgschaftsbank Brandenburg GmbH	Potsdam	7.8	7.4
Bürgschaftsbank Mecklenburg-Vorpommern GmbH	Schwerin	9.1	8.1
Bürgschaftsbank Sachsen GmbH	Dresden	4.7	27.6
Bürgschaftsbank Sachsen-Anhalt GmbH	Magdeburg	8.9	8.4
Bürgschaftsbank Schleswig-Holstein GmbH	Kiel	5.4	4.0
Bürgschaftsbank Thüringen GmbH	Erfurt	8.7	12.9
Bürgschaftsgemeinschaft Hamburg GmbH	Hamburg	10.5	10.9
Liquiditäts-Konsortialbank GmbH	Frankfurt am Main	5.7	200.0
Saarländische Investitionskreditbank AG	Saarbrücken	3.3	5.2
5.2 Other companies			
BioM Aktiengesellschaft Munich Bio Tech Development	Planegg	8.5	2.9
Börse Düsseldorf AG	Düsseldorf	3.0	5.0
BTG Beteiligungsgesellschaft Hamburg mbH	Hamburg	13.6	4.1
GEMMA Verwaltungsgesellschaft mbH & Co. Vermietungs KG (held indirectly)[7]	Pullach	6.1	68.5
H.F.S. Leasingfonds Deutschland 1 GmbH & Co. KG (Immobilienleasing) (held indirectly)[7]	Munich	<0.1	61.2
H.F.S. Leasingfonds Deutschland 7 GmbH & Co. KG (held indirectly)[7]	Munich	<0.1	56.6
MBG Mittelständische Beteiligungsgesellschaft Baden-Württemberg GmbH	Stuttgart	5.0	3.6
MBG Mittelständische Beteiligungsgesellschaft Rheinland-Pfalz mbH	Mainz	8.7	2.9
Mittelständische Beteiligungsgesellschaft Berlin-Brandenburg mbH	Potsdam	11.6	5.7
Mittelständische Beteiligungsgesellschaft Mecklenburg-Vorpommern GmbH	Schwerin	15.4	5.1
Mittelständische Beteiligungsgesellschaft Niedersachsen (MBG) mbH	Hanover	8.2	0.9
Mittelständische Beteiligungsgesellschaft Sachsen mbH	Dresden	11.8	29.0
Mittelständische Beteiligungsgesellschaft Sachsen-Anhalt mit beschränkter Haftung	Magdeburg	12.7	6.5
Mittelständische Beteiligungsgesellschaft Thüringen mbH	Erfurt	13.4	10.0
Saarländische Kapitalbeteiligungsgesellschaft mbH	Saarbrücken	8.7	0.8
Wüstenrot & Württembergische AG	Stuttgart	7.5	481.1

NAME	REGISTERED OFFICE	SHARE OF CAPITAL in %	CURRENCY	SUBSCRIBED CAPITAL in thousands of currency units
6 Fully consolidated special purpose entities pursuant to IAS 27/SIC 12 without shareholding				
Altus Alpha Plc	Dublin	0	EUR	40
Arabella Finance Ltd.	Dublin	0	EUR	<1
Bandon Leasing Ltd.	Dublin	0	USD	<1
Black Forest Funding LLC	Delaware	0	USD	10
Chiyoda Fudosan GK	Tokyo	0	JPY	<1
Elektra Purchase No. 17 S.A. – Compartment 2	Luxembourg	0	EUR	0
Elektra Purchase No. 23 Ltd.	Dublin	0	EUR	<1
Elektra Purchase No. 24 Ltd.	Dublin	0	EUR	<1
Elektra Purchase No. 28 Ltd.	Dublin	0	EUR	<1
European-Office-Fonds	Munich	0	EUR	0
GELDILUX-TS-2007 S.A.	Luxembourg	0	EUR	31
GELDILUX-TS-2010 S.A.	Luxembourg	0	EUR	31
GELDILUX-TS-2011 S.A.	Luxembourg	0	EUR	31
GELDILUX-PP-2011 S.A.	Luxembourg	0	EUR	31
Grand Central Funding Corporation	New York	0	USD	1
HVB Funding Trust	Wilmington	0	USD	0
HVB Funding Trust III	Wilmington	0	USD	0
Ocean Breeze Finance S.A. – Compartment 1	Luxembourg	0	EUR	0
Rosenkavalier 2008 GmbH	Frankfurt am Main	0	EUR	25
Royston Leasing Ltd.	Grand Cayman	0	USD	1
Salome Funding Plc	Dublin	0	EUR	38

List of Holdings (Continued)

Exchanges rates for 1 euro at 31 December 2012
Currency abbreviation according to the International Organisation for Standardisation (ISO) code.

China	1 euro =	8.2207	CNY
Japan	1 euro =	113.61	JPY
Turkey	1 euro =	2.3551	TRY
UK	1 euro =	0.8161	GBP
USA	1 euro =	1.3194	USD

Notes and comments to the list of holdings

Percentages marked < or > are rounded up or down to one decimal place, e. g. < 100.0% = 99.99% or > 0.0% = 0.01%.

1 HVB has concluded profit-and-loss transfer agreements with the following companies:

	COMPANY	PROFIT/(LOSS) TRANSFERRED €'000
1.1	Bankhaus Neelmeyer AG, Bremen	1,050
1.2	Food & more GmbH, Munich	(834)
1.3	HVB Capital Partners AG, Munich	59,692
1.4	HVB Immobilien AG, Munich	1,109
1.5	HVB Principal Equity GmbH, Munich	1,207
1.6	HVB Profil Gesellschaft für Personalmanagement mbH, Munich	218
1.7	HVB Verwa 1 GmbH, Munich	(1)
1.8	HVB Verwa 4 GmbH, Munich	(2,468)
1.9	MERKURHOF Grundstücksgesellschaft mit beschränkter Haftung, Munich	(1,359)
1.10	Status Vermögensverwaltung GmbH, Schwerin	6
1.11	UniCredit Beteiligungs GmbH, Munich	(1,064)
1.12	UniCredit Direct Services GmbH, Munich	1,555
1.13	UniCredit Leasing GmbH, Hamburg	25,000
1.14	UniCredit Merchant Partners GmbH, Munich	(2)
1.15	Verwaltungsgesellschaft Katharinenhof mbH, Munich	260
1.16	Wealth Management Capital Holding GmbH, Munich	15,288

2 Profit and loss transfer to shareholders and partners

3 Compliant with Sections 264b and 264 (3), German Commercial Code, the company is exempt from the obligation to make annual financial statements public in accordance with the provisions applicable to corporations.

4 Figures of the 2011 annual accounts are indicated for this consolidated company.

5 Subsidiary since HVB exercises a controlling influence through company management.

6 Where equity capital and net profit are not stated, the information is omitted due to minor importance compliant with Section 286 (3) 1 No. 1, German Commercial Code. This information is omitted for companies compliant with Section 285 No. 11a, German Commercial Code, for the same reason.

7 Compliant with SIC 12, the company is fully consolidated by HVB Group.

8 Compliant with Section 286 (3) 2, German Commercial Code, equity capital and net profit are not stated as the company is not subject to public disclosure and the HVB holds less than the half of the shares.

9 The company is held by a trustee for HVB.

Mortgage Banking

63 Coverage

(€ millions)

	2012	2011
A. Mortgage bonds		
Standard coverage		
1. Loans and receivables with banks		
Mortgage loans	—	—
2. Loans and receivables with customers		
Mortgage loans	24,478	26,505
Other eligible cover[1]		
1. Other lending to banks	—	—
2. Bonds and other fixed-income securities	2,016	3,544
3. Equalisation claims on government authorities	—	—
Subtotal	**26,494**	**30,049**
Total mortgage bonds requiring cover	20,494	25,431
Excess coverage	**6,000**	**4,618**
B. Public-sector bonds		
Standard coverage		
1. Loans and receivables with banks	380	553
Mortgage loans	—	—
Municipal loans	380	553
2. Loans and receivables with customers	7,121	7,872
including:		
Mortgage loans	26	42
Municipal loans	7,095	7,830
3. Bonds and other fixed-income securities	1,286	367
Other eligible cover[2]		
Other lending to banks	—	—
Subtotal	**8,787**	**8,792**
Total public-sector bonds requiring cover	6,894	7,375
Excess coverage	**1,893**	**1,417**

1 compliant with Section 19 (1) of the German Pfandbrief Act
2 compliant with Section 20 (2) of the German Pfandbrief Act

64 Mortgage bonds outstanding and covering assets used

(€ millions)

	NOMINAL 2012	NOMINAL 2011	PRESENT VALUE 2012	PRESENT VALUE 2011	RISK PRESENT VALUE 2012	RISK PRESENT VALUE 2011
1. Mortgage bonds						
Covering assets[1]	26,494	30,049	29,164	32,503	29,838	33,567
thereof: derivatives	—	—	—	—	—	—
Mortgage bonds	20,494	25,431	22,785	27,545	23,539	28,741
Excess coverage	**6,000**	**4,618**	**6,379**	**4,958**	**6,299**	**4,826**
2. Public-sector bonds						
Covering assets[2]	8,787	8,792	9,769	9,632	9,404	9,202
thereof: derivatives	—	—	—	—	—	—
Mortgage bonds	6,894	7,375	7,805	8,129	7,508	7,747
Excess coverage	**1,893**	**1,417**	**1,964**	**1,503**	**1,896**	**1,455**

1 including further covering assets compliant with Section 19 (1) of the German Pfandbrief Act
2 including further covering assets compliant with Section 20 (2) of the German Pfandbrief Act

65 Maturity structure of mortgage bonds outstanding and fixed-interest periods of respective covering assets

(€ millions)

	COVERING ASSETS 2012	COVERING ASSETS 2011	MORTGAGE BONDS 2012	MORTGAGE BONDS 2011
1. Mortgage bonds[1]				
less than 1 year	5,465	5,466	3,297	5,678
at least 1 year but less than 5 years	13,689	15,924	11,791	13,193
thereof: at least 1 year but less than 2 years[3]	3,940	4,849	2,977	4,039
at least 2 years but less than 3 years[3]	3,916	3,766	4,436	2,607
at least 3 years but less than 4 years[3]	3,177	4,265	2,181	3,888
at least 4 years but less than 5 years[3]	2,656	3,044	2,197	2,659
at least 5 years but less than 10 years	6,560	7,547	3,051	4,075
10 years or more	780	1,112	2,355	2,485
	26,494	**30,049**	**20,494**	**25,431**
2. Public-sector bonds[2]				
less than 1 year	1,432	1,365	1,564	699
at least 1 year but less than 5 years	4,390	4,019	2,998	4,062
thereof: at least 1 year but less than 2 years[3]	1,438	1,200	542	1,535
at least 2 years but less than 3 years[3]	971	1,177	609	527
at least 3 years but less than 4 years[3]	1,239	811	1,450	550
at least 4 years but less than 5 years[3]	742	831	397	1,450
at least 5 years but less than 10 years	1,845	2,387	1,179	1,316
10 years or more	1,120	1,021	1,154	1,298
	8,787	**8,792**	**6,895**	**7,375**

1 including further covering assets compliant with Section 19 (1) of the German Pfandbrief Act; broken down by fixed-rate period or residual term for mortgage bonds
2 including further covering assets compliant with Section 20 (2) of the German Pfandbrief Act; broken down by fixed-rate period or residual term for mortgage bonds
3 breakdown as per amended German Pfandbrief Act 2009

66 Loans and receivables used to cover mortgage bonds, broken down by size

(€ millions)

	2012	2011
Mortgage covering assets		
up to and including €300,000	11,939	14,088
over €300,000 up to and including €5,000,000	6,367	7,315
more than €5,000,000	6,172	5,102
	24,478	**26,505**

Mortgage Banking (Continued)

67 Loans and receivables used to cover mortgage bonds, broken down by region in which the mortgaged properties are located and by type of occupancy

(€ millions)

	MORTGAGE COVERING ASSETS			
	RESIDENTIAL PROPERTY		COMMERCIAL PROPERTY	
	2012	2011	2012	2011
1. Germany				
Apartments	4,564	5,249	—	—
Single-family houses	5,373	6,122	—	—
Multi-family houses	6,369	6,768	—	—
Office buildings	—	—	3,317	3,457
Commercial buildings	—	—	2,370	2,590
Industrial buildings	—	—	586	502
Other commercially used buildings	—	—	706	644
Buildings under construction	486	553	597	500
Building sites	16	19	86	90
	16,808	**18,711**	**7,662**	**7,783**
2. France/Monaco				
Single-family houses	2	2	—	—
Multi-family houses	—	—	—	—
	2	**2**	**—**	**—**
3. Italy/San Marino				
Single-family houses	1	1	—	—
	1	**1**	**—**	**—**
4. Luxembourg				
Office buildings	—	—	—	3
	—	**—**	**—**	**3**
5. Austria				
Office buildings	—	—	5	5
	—	**—**	**5**	**5**
6. Spain				
Single-family houses	—	—	—	—
	—	**—**	**—**	**—**
	16,811	**18,714**	**7,667**	**7,791**

68 Loans and receivables used to cover public-sector bonds, broken down by type of debtor or guarantor and its home country

(€ millions)

	COVERING ASSETS	
	2012	2011
1. Germany		
Central government	2	17
Regional authorities	3,578	2,894
Public-sector authorities	3,827	4,292
Other	1,105	1,356
	8,512	8,559
2. Greece		
Central government	—	—
Other	—	—
	—	—
3. Austria		
Central government	250	200
	250	200
4. Spain		
Public-sector authorities	25	33
	25	33
	8,787	8,792

Mortgage Banking (Continued)

69 Payments in arrears

Payments in arrears on mortgages and public-sector loans and receivables due between 1 October 2011 and 30 September 2012 break down as follows:

(€ millions)

	COVERING ASSETS	
	2012	2011
1. Payments in arrears on mortgages		
Germany	1	1
	1	**1**
2. Payments in arrears on public-sector loans and receivables		
Germany		
Regional authorities[1]	—	—
Other[1]	—	—
	—	**—**

1 officially guaranteed loans and receivables

70 Foreclosures and sequestrations

		OF WHICH:	
		COMMERCIAL PROPERTY 2012	RESIDENTIAL PROPERTY 2012
1. Foreclosures and sequestrations			
	NUMBER OF PROCEEDINGS		
a) Pending at 31 December 2012			
Foreclosure proceedings	425	76	349
Sequestration proceedings	19	5	14
Foreclosure and sequestration proceedings	318	61	257
	762	**142**	**620**
(comparative figures from 2011	820	169	651)
b) Foreclosures finalised in 2012	**132**	**22**	**110**
(comparative figures from 2011	207	79	128)
2. Properties auctioned or repossessed			
The Pfandbrief bank did not have to repossess any properties during the year			
under review to prevent losses on mortgage loans.			

71 Interest in arrears

Interest in arrears on mortgage-covering assets due between 1 October 2011 and 30 September 2012 break down as follows:

(€ millions)

	2012	2011
Commercial property	—	—
Residential property	—	—

The present annual financial statements were prepared on 12 March 2013

UniCredit Bank AG
The Management Board

Dr Bohn	Buschbeck	Danzmayr	Diederichs
Hofbauer	Laber	Varese	Dr Weimer

Declaration by the Management Board

To the best of our knowledge, and in accordance with the applicable reporting principles, the annual financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of HVB, and the Management Report includes a fair review of the development and performance of the business and the position of HVB, together with a description of the principal opportunities and risks associated with the expected development of HVB.

Munich, 12 March 2013

UniCredit Bank AG
The Management Board

Dr Bohn	Buschbeck	Danzmayr	Diederichs
Hofbauer	Laber	Varese	Dr Weimer

Auditor’s Report

We have issued the following unqualified auditor’s report:

“Auditor’s Report

We have audited the annual financial statements, comprising the balance sheet, the income statement and the notes to the financial statements, together with the bookkeeping system, and the management report of UniCredit Bank AG, Munich, for the business year from 1 January to 31 December 2012. The maintenance of the books and records and the preparation of the annual financial statements and management report in accordance with German commercial law are the responsibility of the Company’s management. Our responsibility is to express an opinion on the annual financial statements, together with the bookkeeping system, and the management report based on our audit.

We conducted our audit of the annual financial statements in accordance with § 317 HGB [Handelsgesetzbuch: German Commercial Code] and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the annual financial statements in accordance with [German] principles of proper accounting and in the management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Company and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the books and records, the annual financial statements and the management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the annual financial statements and management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the annual financial statements comply with the legal requirements and give a true and fair view of the net assets, financial position and results of operations of the Company in accordance with German principles of proper accounting. The management report is consistent with the annual financial statements and as a whole provides a suitable view of the Company’s position and suitably presents the opportunities and risks of future development.”

Munich, 12 March 2013

KPMG AG
Wirtschaftsprüfungsgesellschaft

Pukropski
Wirtschaftsprüfer

Pfeiffer
Wirtschaftsprüfer

Financial Highlights

Key performance indicators

	1/1–31/3/2013	1/1–31/3/2012
Net operating profit	€554m	€1,100m
Cost-income ratio (based on operating income)	57.9%	43.1%
Profit before tax	€613m	€1,121m
Consolidated profit	€403m	€730m
Return on equity before tax[1]	11.8%	20.0%
Return on equity after tax[1]	8.1%	13.1%
Earnings per share	€0.51	€0.88

Balance sheet figures

	31/3/2013	31/12/2012
Total assets	€345.3bn	€348.3bn
Shareholders' equity	€23.7bn	€23.3bn
Leverage ratio[2]	14.6x	15.0x

Key capital ratios compliant with Basel II

	31/3/2013	31/12/2012
Core capital without hybrid capital (core Tier 1 capital)	€19.2bn	€19.1bn
Core capital (Tier 1 capital)	€19.3bn	€19.5bn
Risk-weighted assets (including equivalents for market risk and operational risk)	€106.6bn	€109.8bn
Core capital ratio without hybrid capital (core Tier 1 ratio)[3]	18.0%	17.4%
Core capital ratio (Tier 1 ratio)[3]	18.1%	17.8%

	31/3/2013	31/12/2012
Employees (in full-time equivalents, FTEs)	19,024	19,247
Branch offices	937	941

1 return on equity calculated on the basis of average shareholders' equity according to IFRS and projected profit before tax at 31 March 2013 for the year as a whole
2 ratio of total assets to shareholders' equity compliant with IFRS
3 calculated on the basis of risk-weighted assets, including equivalents for market risk and operational risk

Ratings

	LONG-TERM	SHORT-TERM	OUTLOOK	FINANCIAL STRENGTH	CHANGED/ CONFIRMED	PFANDBRIEFS		CHANGED/ CONFIRMED
						PUBLIC	MORTGAGE	
Moody's	A3	P-2	negative	C–	6/6/2012	Aaa	Aa1	8/6/2012
Standard & Poor's	A	A-1	negative	bbb+	8/8/2012	AAA	—	4/3/2013
Fitch Ratings	A+	F1+	stable	a-*	24/4/2013	AAA	AAA	11/3/2013/ 21/12/2012

* as of 20 July 2011 Fitch uses the Viability Rating, thus replacing the previous Individual Rating

Business performance of HVB Group

Underlying conditions and general comments on the business situation

The global economy stabilised in the first quarter of 2013 after losing much of its momentum during the course of 2012, and especially in the last quarter of the year, with countries on the eurozone periphery remaining mired in recession. By contrast, the US economy expanded by 2.5% on an annualised basis in the first quarter of 2013, driven by consumption levels that seemed unperturbed by austerity measures, after enjoying only weak growth of 0.4% in the final quarter of 2012. The recovery in China was somewhat weaker than expected in the first quarter, although the expansionary trend remained robust.

In particular, the situation of the countries on the eurozone's southern periphery remained bleak on account of the in part drastic austerity measures and rising unemployment. The huge burdens arising from budgetary consolidation caused the economies in the heavily indebted countries of the eurozone to contract sharply last year. The main reason for this was weaker domestic demand due to austerity measures. Alongside Greece, Ireland and Portugal, Cyprus is now also reliant upon financial assistance from the European Stability Mechanism (ESM) to cope with the massive imbalances in its bloated financial sector. Unlike in previous rescue packages, the creditors of the financial institutions are being called to contribute more this time round and the depositors as well. Even though the economies of the core eurozone countries also slowed considerably during the course of the year, and especially in the final quarter, the growth differences between core and peripheral countries remain in place. Industrial output in Germany has stabilised of late in Germany in particular. Following a weak end to 2012, GDP is expected to have grown again moderately in the first quarter of 2013, with sustained support from domestic demand. Eurozone GDP is anticipated to have stagnated in the first quarter of 2013.

The European Central Bank (ECB) continues to supply European banks with unlimited liquidity, although the funding required by banks again fell tangibly overall at the start of the year in the countries affected by the sovereign debt crisis, apart from Cyprus. The negative TARGET2 balance of the crisis-hit countries – Spain, Italy, Greece, Ireland and Portugal – had fallen from a peak value of nearly €1 trillion in August 2012 to less than €770 billion by February 2013. The easing stems mainly from the announcement made by the ECB in the third quarter of 2012 that is willing, under certain conditions, to buy unlimited volumes of government bonds issued by crisis-hit states with a maturity of up to three years on the secondary market (Outright Monetary Transactions or OMT). For such an intervention under the European Stability Mechanism (ESM), the member state in question must agree to a set of conditions and also continue to have access to the capital market.

The European capital markets performed well in the first quarter of 2013. The mood remained buoyed by the announcement of government bond purchases by the ECB and the approval of the ESM by the German Federal Constitutional Court (Bundesverfassungsgericht). As of the end of March 2013, Germany's benchmark index, the DAX30, had gained 2.4% since year-end 2012, while the EUROSTOXX50, its eurozone equivalent, had lost 0.5%. The yield on ten-year German government bonds continued to fall. After 1.32% at year-end 2012, yields of 1.29% were recorded at the end of March 2013, after a high of 1.71% had been reached during the course of the quarter.

The ECB kept its benchmark rate at 0.75% in the first quarter of the year before reducing it to 0.50% on 2 May 2013. The deposit facility made available by the ECB does not currently attract any interest. As a result of the very low level of interest rates, the banking sector is faced with falling earnings in interest-driven activities on account of greater downward pressure on margins especially in deposit-taking. In addition, the measures taken by the financial industry to reduce risk-weighted assets together with the weak demand for credit observable in Germany in particular served to depress interest income. The euro remained stable overall against the US dollar, British pound, Swiss franc and Japanese yen in the first three months of the year (especially against the US dollar in terms of volatility). The spreads on the credit markets narrowed further, especially for sovereigns and banks, despite the crisis in Cyprus.

In this persistently challenging capital market environment, HVB Group generated a good profit before tax of €613 million in the first quarter of 2013. This total is €508 million lower than the €1,121 million recorded for profit before tax in the equivalent quarter last year. It should be taken into account in this context that the year-ago total benefited from a non-recurring item of €395 million in net trading income resulting from the reversal of credit value adjustments. This decline in profit can be attributed mainly to the decline of €432 million in net trading income caused by the non-recurrence of the one-off income item together with the €160 million fall in net interest combined with persistently low interest rates. At the same time, net fees and commissions developed extremely well, rising by 3.8%, or €12 million, over the equivalent period last year to €327 million, despite the ongoing restraint on the part of customers, who turned increasingly to products with lower margins. Furthermore, net other expenses/income increased by €21 million to €49 million. We succeeded in reducing operating costs by a pleasing 1.9%, to €883 million, compared with the first quarter of 2012, despite an inflation rate of 1.8% and higher regulatory costs. The cost-income ratio of 57.9% for the first quarter of 2013 (first quarter of 2012 including non-recurring effects in net trading income: 43.1%) remained at a very good level for a universal bank by both national and international standards. At €89 million, net write-downs of loans and provisions for guarantees and commitments were almost unchanged from the €90 million recorded last year.

We described the changes made to our business model and our organisational structure in detail in Management's Discussion and Analysis in the HVB Group Annual Report for 2012 (see also page 45 and following in the HVB Group Annual Report for 2012). A wide-ranging resegmentation was undertaken within the framework of these adjustments. The new segmentation is more closely aligned with usual international practice and is employed in similar form by our parent company across the UniCredit corporate group. Starting in the first quarter of 2013, HVB Group has been divided into the following new segments: Commercial Banking, Corporate & Investment Banking, Asset Gathering, Global Banking Services, and Other/consolidation. The income and expenses shown in the present Interim Report and the year-ago-figures for the new segments have been determined in accordance with the new segment contents. The tasks and objectives of each segment are described in Note 1, Accounting and valuation principles.

All the segments contributed to the good profit before tax of HVB Group. The Commercial Banking (CB) segment recorded a profit before tax of €115 million, down €24 million on the year-ago figure. Within this total, the rise of €7 million in operating profit was more than offset by an increase of €14 million in net write-downs of loans and provisions for guarantees and commitments reflecting the start of a return to more normal levels and income from the reversal of provisions that no longer accrued in the reporting period. The Corporate & Investment Banking (CIB) segment recorded a profit before tax of €282 million (first quarter of 2012: €893 million). The year-on-year decline results mainly from the non-recurring income of €395 million from credit value adjustments in the reporting period mentioned above, which led to a decline of €533 million in net trading income, coupled with a decrease of €134 million in net interest. The Asset Gathering segment generated a profit before tax of €5 million, although this failed to fully match the pre-tax profit of €8 million recorded in 2012 due mainly to lower net interest.

HVB Group continues to have an excellent capital base. The core Tier 1 ratio in accordance with Basel II (ratio of core capital excluding hybrid capital instruments to the total amount of credit risk-weighted assets and risk-weighted asset equivalents for market risk and operational risk) increased again to 18.0% at 31 March 2013 (year-end 2012: 17.4%), which is an excellent level by both national and international standards. The shareholders' equity shown in the balance sheet rose by €0.4 billion compared with year-end 2012 to €23.7 billion as a result of the consolidated profit of €403 million generated in the first quarter of 2013. With total assets down by 0.9% compared with year-end 2012 to €345.3 billion, the leverage ratio (ratio of total assets to shareholders' equity shown in the balance sheet) amounted to 14.6x at 31 March 2013 after 15.0x at year-end 2012.

HVB Group again enjoyed a very comfortable liquidity base and a solid financing structure at all times in the reporting period. In this context, it is worth mentioning that HVB Group has placed a large part of its excess liquidity with Deutsche Bundesbank. The funding risk remained low on account of the diversification in our products, markets and investor groups, meaning that adequate funding of our lending activities was ensured at all times. Our Pfandbriefs continued to represent an important source of funding thanks to their very good credit rating and liquidity.

With our diversified business model, high capital base, solid funding foundation and good market position in our core business areas, we remain a reliable partner for our customers and investors. As an integral part of UniCredit, HVB Group is in a unique position to leverage

Business performance of HVB Group (Continued)

its regional strengths in the international network of UniCredit for the benefit of its customers. UniCredit Bank AG (HVB) is building on these advantages by adjusting its business model as implemented in the first quarter of 2013 to reflect the rapidly changing economic and regulatory environment and push further growth through a regional organisational structure and a stronger entrepreneurial focus.

We would expressly like to thank our employees at this point. Their willingness to embrace change and at the same time to help secure our commercial success forms the basis for our good performance. We also thank the employee representatives for their constructive cooperation in spite of the difficult issues. This gives all of us the confidence we need to master the challenges of the future.

Operating performance of HVB Group

All the statements regarding the operating performance of HVB Group in this Interim Report relate to the structure of our segmented income statement (see Note 3, Segment reporting) which we set out below. By doing so, we are following the Management Approach incorporated into our segment reporting.

	1/1–31/3/2013	1/1–31/3/2012	CHANGE	
Income/Expenses	**€ millions**	**€ millions**	**€ millions**	**in %**
Net interest	758	918	(160)	(17.4)
Dividends and other income from equity investments	17	22	(5)	(22.7)
Net fees and commissions	327	315	12	3.8
Net trading income	375	807	(432)	(53.5)
Net other expenses/income	49	28	21	75.0
OPERATING INCOME	**1,526**	**2,090**	**(564)**	**(27.0)**
Payroll costs	(472)	(472)	—	—
Other administrative expenses	(363)	(382)	19	(5.0)
Amortisation, depreciation and impairment losses				
on intangible and tangible assets	(48)	(46)	(2)	4.3
Operating costs	**(883)**	**(900)**	**17**	**(1.9)**
OPERATING PROFIT	**643**	**1,190**	**(547)**	**(46.0)**
Net write-downs of loans and provisions				
for guarantees and commitments	(89)	(90)	1	(1.1)
NET OPERATING PROFIT	**554**	**1,100**	**(546)**	**(49.6)**
Provisions for risks and charges	(9)	1	(10)	
Restructuring costs	—	—	—	—
Net income from investments	68	20	48	>+ 100.0
PROFIT BEFORE TAX	**613**	**1,121**	**(508)**	**(45.3)**
Income tax for the period	(210)	(391)	181	(46.3)
CONSOLIDATED PROFIT	**403**	**730**	**(327)**	**(44.8)**

Net interest

Net interest fell by €160 million, or 17.4%, in the first quarter of 2013 compared with the equivalent period last year to €758 million. This can be attributed mainly to the decrease of €134 million in net interest in the CIB segment to €304 million, while the €405 million recorded by the CB segment for net interest almost matched the year-ago figure of €411 million.

The decline in net interest results mainly from two developments. First, trading-induced interest fell by a sharp €66 million due in part to reduced volumes of financial assets held for trading. Second, net interest decreased primarily in lending operations on account of both contracting volumes and further declines in margins, especially in activities involving our corporate customers.

Dividends and other income from equity investments

The income generated from dividends and other income from equity investments, which results mainly from dividends paid by private equity funds, declined by €5 million compared with last year to total €17 million in the reporting period.

Net fees and commissions

Net fees and commissions in the first quarter of 2013 were up €12 million, or 3.8%, to €327 million compared with the year-ago total. This figure contains a decline of €27 million, to €127 million, in fee and commission income from management, brokerage and consultancy services. This trend is due mainly to a weaker securities business and can be attributed in part to investors' general restraint in connection with the difficult financial market environment and customers turning to products with lower margins. By contrast, net fees and commissions from lending operations increased by €35 million to €135 million, stemming in part from individual larger commitments in business involving our corporate customers. The fee and commission income from collection and payment services increased by a slight €2 million to €56 million on the back of higher account-management income. In addition, earnings from other service operations improved by €2 million to €9 million.

Net trading income

HVB Group recorded net trading income of €375 million in the first quarter of 2013; this represents a decline of €432 million, or 53.5%, compared with the equivalent period last year. It is important to note in this regard that the year-ago total benefited from a non-recurring effect of €395 million arising from the reversal of credit value adjustments in the first quarter of 2012. Adjusted for this effect, the decline compared with the equivalent quarter last year would total only €37 million.

The CIB segment generated net trading income of €250 million in the reporting period compared with €783 million in the first quarter of 2012, which benefited from the effect described above (adjusted for this effect, the decrease totalled €138 million). All the operating trading units contributed positive results to the business segment's net trading income, despite persistently difficult market conditions; these notably include the Rates (interest-related products), Integrated Credit Trading (trading with structured credit products) and Equity Derivatives Trading units. The year-on-year decline stems primarily from the Rates unit.

In order to enhance the capital structure of HVB Group, further buy-backs of hybrid capital instruments were carried out in the first quarter of 2013. The resulting gains have been allocated to the Other/consolidation segment, for which we have recorded net trading income of €114 million (first quarter of 2012: €25 million).

Net other expenses/income

Net other expenses/income increased by a sharp €21 million to €49 million in the first quarter of 2013. This rise can be attributed primarily to the recognition of income from the billing of structuring and advisory services relating to project loans for earlier years and lower expenses for the bank levy in Germany, while the total in connection with disposals of loans and receivables fell compared with the first quarter of 2012.

Business performance of HVB Group (Continued)

Operating costs
Operating costs declined a slight €17 million, or 1.9%, compared with the equivalent period last year to €883 million during the reporting period (first quarter of 2012: €900 million). Within this total, payroll costs were at the same level as last year, at €472 million, despite the increases in standard-rate and non-standard-rate wages and salaries. By contrast, other administrative expenses fell by a significant €19 million, or 5.0%, to €363 million on account of the continued application of strict cost management. The main declines within this total related to expenses for consulting services, the cost of external service providers and rental expenses. Amortisation, depreciation and impairment losses on intangible and tangible assets increased by €2 million to €48 million.

Operating profit (before net write-downs of loans and provisions for guarantees and commitments)
The operating profit fell by a significant €547 million, or 46.0%, to €643 million in the reporting period due to the declines in net trading income and net interest. Consequently, the cost-income ratio (ratio of operating costs to operating income) rose by 14.8 percentage points to 57.9% in the reporting period (first quarter of 2012: 43.1%), which is still a very good level for a universal bank despite the rise.

Net write-downs of loans and provisions for guarantees and commitments and net operating profit
At €89 million, net write-downs of loans and provisions for guarantees and commitments in the reporting period were at the same level as in the first quarter of 2012 (€90 million). This results in a net operating profit of €554 million in the first quarter of 2013, which is €546 million, or 49.6%, lower than the figure recorded in the first quarter of last year (first quarter of 2012 inflated by the non-recurring income included in net trading income: €1,100 million).

Provisions for risks and charges
There were net additions of €9 million to provisions for risks and charges during the reporting period, essentially accruing in connection with legal risks.

In 2012, a net gain of €1 million was recorded from net reversals/net additions to provisions for risks and charges.

Net income from investments
Net income from investments amounted to €68 million after the first three months of 2013 compared with €20 million in 2012. The net income from investments in the reporting period resulted mostly from gains of €82 million on disposal, which were partially offset by write-downs and value adjustments totalling €14 million. Of the total gains on disposal, €28 million relate to available-for-sale financial assets, essentially stemming from the sale of private equity funds, and €54 million to the disposal of property.

The year-ago total of €20 million resulted mostly from gains on the disposal of available-for-sale financial assets.

Profit before tax, income tax for the period and consolidated profit
HVB Group generated a good profit before tax of €613 million in a persistently challenging market environment in the reporting period. This total was lower than the figure recorded for the first quarter of 2012 (€1,121 million), mainly on account of the non-recurring effect of €395 million included in net trading income last year. Income tax for the reporting period totalled €210 million due in part to the lower profit, down €181 million on the income tax reported for the equivalent period last year. After deducting income tax, HVB Group generated a consolidated profit of €403 million in the first quarter of 2013 (first quarter of 2012: €730 million).

Segment results
The segments contributed the following amounts to the profit before tax of €613 million of HVB Group:

Commercial Banking	€115 million
Corporate & Investment Banking	€282 million
Asset Gathering	€5 million
Global Banking Services	€63 million
Other/consolidation	€148 million

The income statements for each segment and comments on the economic performance of the individual segments are provided in Note 3, Segment reporting, in this Interim Report. The tasks and objectives of each segment are described in Note 1, Accounting and valuation principles.

Financial situation

Total assets

The total assets of HVB Group decreased by €3.0 billion, or 0.9%, to €345.3 billion at 31 March 2013 compared with year-end 2012.

On the assets side, financial assets held for trading fell by €12.0 billion to €119.0 billion, resulting from a decline in the positive fair values of derivative financial instruments (down €12.3 billion) and a smaller holding of equity instruments (down €1.1 billion); by contrast, fixed-income securities and other financial assets held for trading both rose by €0.7 billion. Loans and receivables with customers declined by €2.2 billion to €120.0 billion, due mostly to decreases of €0.6 billion in the volume of mortgage loans and €1.2 billion in other receivables. By contrast, loans and receivables with banks rose by €8.2 billion to €44.5 billion on account of a sharp increase of €8.6 billion in repurchase agreements and of €1.0 billion in other receivables together with lower balances on current accounts (down €1.2 billion). Furthermore, cash and cash equivalents increased by €3.0 billion over year-end 2012 to €18.6 billion. This rise took place notably in deposits with central banks, reflecting our very comfortable liquidity base and the placement of our high liquidity reserves with Deutsche Bundesbank. Partly as a result of this high liquidity reserve, we continue to see ourselves more than adequately prepared to face the difficult situation on the capital and financial markets which is likely to persist over the rest of 2013.

On the liabilities side, financial liabilities held for trading fell by €10.2 billion year-on-year to €111.3 billion due to lower negative fair values of derivative financial instruments (down €12.5 billion). There was a net decline of €3.3 billion, to €32.6 billion, in debt securities on account of issues due. By contrast, deposits from banks rose by €9.8 billion to €55.0 billion compared with year-end 2012, caused essentially by increases of €8.4 billion in reverse repos and €1.1 billion in deposits from central banks. Deposits from customer rose by a slight €0.3 billion to €110.5 billion. Within this total, there were increases of €0.9 billion in credit balances on current accounts, €0.5 billion in term deposits and €0.2 billion in savings deposits, whereas the reverse repos fell by €0.6 billion and other liabilities by €0.8 billion. The shareholders' equity shown in the balance sheet increased by €0.4 billion over year-end 2012 to €23.7 billion as a result of the consolidated profit of €0.4 billion generated in the first quarter of 2013.

The contingent liabilities and other commitments not included in the balance sheet amounted to €56.0 billion at the end of the first quarter of 2013, almost unchanged from the year-end 2012 figure of €55.9 billion. This figure includes contingent liabilities in the form of financial guarantees of €19.8 billion (2012: €19.9 billion); these contingent liabilities are offset by contingent assets at the same amount. Other commitments of €36.1 billion (2012: €36.0 billion) primarily consist of irrevocable credit commitments which rose by €0.1 billion year-on-year to €35.8 billion.

Risk-weighted assets, key capital ratios and liquidity of HVB Group

The total risk-weighted assets of HVB Group (including market risk and operational risk) determined on the basis of Basel II (German Banking Act/Solvency Regulation – KWG/SolvV) amounted to €106.6 billion at 31 March 2013 (31 December 2012: €109.8 billion), which represents a decrease of €3.2 billion compared with year-end 2012.

Business performance of HVB Group (Continued)

In the process, the risk-weighted assets for credit risks (including counterparty default risk) determined by applying partial use decreased by €3.4 billion to €79.7 billion. The decline results primarily from a reduction of €3.1 billion in risk-weighted assets at HVB and of €0.2 billion at UniCredit Luxembourg S.A. HVB's credit risk fell by €1.5 billion as a result of improved risk weightings caused by the annual adjustment of the loss given default parameters (LGD – indicates what proportion of the underlying portfolio of receivables would almost certainly be lost in the event of a default) and a fall of €1.5 billion in counterparty risk caused by declines in exposures in the derivatives business.

The risk-weighted assets for market risk increased by €0.7 billion to €13.6 billion. This development is mainly due to an increase in holdings in the field of credit indices and structured equity products.

The risk-weighted equivalents for operational risk fell by a total of €0.5 billion to €13.3 billion, mainly at companies subject to the Advanced Measurement Approach (AMA). The decrease is essentially caused by greater insurance cover for the whole of UniCredit which is included in the AMA in such a way as to reduce risk.

At 31 March 2013, the core capital of HVB Group compliant with the German Banking Act excluding hybrid capital (core Tier 1 capital) had increased by a slight €0.1 billion to €19.2 billion compared with year-end 2012. As a result of the decline in total risk-weighted assets in particular, the core Tier 1 ratio (ratio of core capital excluding hybrid capital instruments to the total amount of credit risk-weighted assets and risk-weighted asset equivalents for market risk and operational risk) rose to 18.0% at 31 March 2013 (31 December 2012: 17.4%). The core capital of HVB Group (Tier 1 capital) amounted to €19.3 billion at 31 March 2013 (31 December 2012: €19.5 billion). Due to the decline in total risk-weighted assets, the core capital ratio under Basel II (Tier 1 ratio; including market risk and operational risk) rose to 18.1% (31 December 2012: 17.8%). The equity capital amounted to €20.9 billion at 31 March 2013 (31 December 2012: €21.2 billion). The equity funds ratio was 19.6% at the end of March 2013 (31 December 2012: 19.3%).

A bank's liquidity is evaluated using the liquidity ratio defined in the German Banking Act/German Liquidity Regulation (KWG/LiqV). This figure is the ratio of cash and cash equivalents available within a month to the payment obligations falling due in this period. Liquidity is considered adequate if this ratio is at least 1.00. At HVB, this figure was 1.30 at the end of March 2013 after 1.38 at year-end 2012.

Corporate acquisitions and sales

There were no significant acquisitions or sales in the first quarter of 2013.

See Note 2, Companies included in consolidation, for details on further changes in the group of companies included in consolidation.

Corporate structure

Legal corporate structure

UniCredit Bank AG was formed in 1998 through the merger of Bayerische Vereinsbank Aktiengesellschaft with Bayerische Hypotheken- und Wechsel-Bank Aktiengesellschaft. It is the parent company of HVB Group, which is headquartered in Munich. HVB has been an affiliated company of UniCredit S.p.A. (UniCredit), Rome, Italy, since November 2005 and hence a major part of the UniCredit corporate group from that date as a subgroup.

Since the shares held by minority shareholders of HVB were transferred to UniCredit compliant with Section 327 of the German Stock Corporation Act (Aktiengesetz – AktG), as resolved at the Annual General Meeting of Shareholders in June 2007 and entered in the Commercial Register in September 2008, UniCredit has held 100% of the capital stock of HVB. Thus, trading in HVB shares officially ceased. HVB does, however, remain listed on securities exchanges as an issuer of debt instruments such as Pfandbriefs, bonds and certificates.

Organisation of management and control

The Management Board is the management body of HVB and consists of eight members. It is directly responsible for managing the Bank. It is obliged to act in the interests of the company and to increase its sustainable value. Within the framework of its leadership function, it is responsible for corporate planning and strategic orientation, and for ensuring adequate risk management and control. The Management Board provides the Supervisory Board with regular, timely and comprehensive reports on all issues relevant to corporate planning and strategic development, the course of business and the state of the Bank and its subsidiaries, including the risk situation and significant compliance issues. The members of the Management Board are jointly responsible for managing the Bank.

The Supervisory Board of the Bank has 12 members and has an equal number of employee and shareholder representatives. The task of the Supervisory Board is to monitor and regularly advise the Management Board as it conducts its business.

A list showing the names of all the members of the Management Board and the Supervisory Board of HVB is given in this Interim Report under Note 30, Members of the Supervisory Board and Management Board.

Events after 31 March 2013

The consumer lending business, which is a central element of the business model for retail operations in the Commercial Banking segment, is to be operated by HVB Group again in the future. To achieve this, UniCredit Family Financing Bank a German branch of UniCredit S.p.A., is to be integrated into HVB. The move will substantially strengthen the Commercial Banking segment. Implementation is expected to take place at the start of 2014.

Outlook

The following comments on the outlook are to be viewed in connection with the comments on the outlook in the Financial Review and Risk Report in the consolidated financial statements for the 2012 financial year (see the HVB Group Annual Report for 2012).

General economic outlook and sector development in 2013

The global economy and the international financial markets are again facing a high degree of uncertainty in 2013. However, we believe there is a good chance of a moderate recovery in the global economy in the course of 2013 for the following three reasons:

First, despite disappointing growth figures for the first quarter, the Chinese economy should gain some momentum over the rest of the year in view of the moderate stimulus initiated by monetary and fiscal policy moves and the major structural deficiencies that still remain to be overcome.

Second, the additional fiscal austerity measures in the majority of crisis-ridden eurozone countries will gradually ease, as significant progress has already been made in cutting deficits in many jurisdictions. Furthermore, the pressure to consolidate has been eased of late in light of cyclical deficit overshoots.

Third, fears of a eurozone break-up have greatly abated since the ECB announced its OMT programme.

The fiscal cliff in the United States was avoided at the turn of the year. Although a lasting solution to the huge public financing gap was for the most part put off, the politicians still have to reach agreement in the coming months on raising the debt ceiling and massive, long-term spending cuts. Nevertheless, initial steps were taken to reduce the public deficit without choking the strengthening economic recovery.

Business performance of HVB Group (Continued)

Buoyed above all by the continuing recovery on the labour market and the upward trend in the housing market, growth is expected to total 2.2% in 2013.

A final easing of the sovereign debt crisis in eurozone countries is not on the horizon yet, as amply illustrated by the latest developments in Cyprus. The weak economy is necessitating further cost-cutting measures in most countries. This will continue to weigh down the domestic economy in the coming quarters. As a result, the probability has increased of late that the recession in the peripheral countries will only gradually bottom out later in the year. The ECB lowered its benchmark rate by a further 0.25 percentage points to 0.50% on 2 May 2013 accordingly. Following the weakness in core eurozone countries at the end of 2012, we expect the growth trend to gradually return in early 2013 on the back of an improved outlook for the global economy. Eurozone GDP is anticipated to have stagnated in the first quarter, and for 2013 as a whole, we continue to project GDP to decrease by a slight 0.1% year-on-year in real terms.

As for the German economy, we believe that it can achieve GDP growth of 0.8% in 2013. Exports will gradually return to an upward trend, while domestic demand should remain stable. The activities of German exporters will receive a boost from the emerging Asian economies, a gradual improvement in the eurozone and a stable US economy. This should ensure that the investment backlog that has built up in companies will increasingly ease following the sharp correction last year. Domestic demand should prove relatively robust. In view of the wage increases already agreed for 2013, consumer spending will be backed by increases in income. Companies' hiring plans have remained stable of late, signalling a slight upward curve for this year. The residential property market remains a second source of support for robust domestic demand, fuelled by low unemployment, record-low interest rates and partially also prevailing fears of inflation. A renewed flair-up of the eurozone crisis could put heavy pressure on German exports and investment activity. Exports to eurozone countries remain the bread and butter of German companies, accounting for around 38% of the total. A waning appetite for risk could have a further negative impact on investment activity, as companies could shy away from long-term commitments due to the high level of uncertainty.

The announcement of unlimited purchases of government bonds by the ECB, subject to certain conditions, and the favourable ruling on the European Stability Mechanism (ESM) by the German Constitutional Court in the third quarter of quarter of 2012 had a very positive impact on the general funding options available to banks. This situation can be expected to continue, although the risk of occasional volatility, triggered by political events, is far from negligible. Despite this improvement in the funding environment, reinforced by the ECB's long-term tenders, the banking sector still faces significant challenges, from both the overall economic environment and pending regulatory initiatives by banking supervisors.

The plentiful liquidity made available to the banking sector only addresses the symptoms and not the causes of the structural problems in the financial markets. Efforts to fight those causes have since been launched, but will need time before fully taking effect. Until then, the level of debt will probably increase in many countries in the short term. Moreover, the austerity measures have negatively affected economic growth and led to rating downgrades, so that rising risk provisions and decreases in income can be expected. At the same time, the structural transformation in the banking sector will lead to adaptive measures that will generally result in additional restructuring expenses.

The effects of the new regulations, such as the required adjustments arising from Basel III, are not yet entirely foreseeable, although the main outlines are in place. Equity capital will be subject to stricter standards in terms of both quality and quantity, which is likely to lead to lower profitability. Moreover, banks classified as systemically important will be required to hold more equity capital. In addition, banks face the permanent burden of banking levies. Questions remain regarding the final form of the EU Crisis Management Directive, which will regulate the share of creditors in bank losses at the European level, the Markets in Financial Instruments Directive (MiFID), the EU Directive on Deposit Guarantee Schemes and the future EU financial transactions tax, which could have a major impact in its currently planned form.

In February 2013, the federal cabinet in Germany approved draft legislation on banking regulation, including plans to segregate certain trading activities (segregation of commercial and investment banking), regulations requiring banks to submit their own recovery and resolution plans and stricter liability rules for managers. This draft legislation was discussed and approved by the cabinet at the beginning of February 2013 with the next step being the parliamentary legislation process. At present, it is not possible to assess the effects of this bill on the assets, liabilities, financial position, and profit or loss of HVB. In addition, it is not sufficiently clear for us – or for the financial industry as a whole – whether and to what extent the recommendations in the Liikanen Report, in particular on the mandatory separation of proprietary trading activities to a separate legal entity, will be implemented in the European Union.

Equally difficult to assess at present are the effects on the European banking sector of the single supervisory mechanism in the eurozone, which was agreed by European leaders in December 2012. This will take effect as of March 2014, applying to banks in the eurozone with assets in excess of €30 billion or 20% of domestic GDP.

Development of HVB Group

With the difficult market conditions forecast to persist in 2013, HVB Group continues to expect that it will fail to match the very good result of the previous year over 2013 as a whole, in particular because the 2012 figures included the positive effect arising from credit value adjustments. Due to the persistently high level of uncertainty entailed in the macropolitical environment in Europe and the resulting high structural volatility of financial and capital markets, forward-looking statements on performance are fairly unreliable. Based on our business model and the assumption that the political and macroeconomic environment will remain relatively stable, we assume that we will again be able to generate a good profit before tax in 2013. In this "stable scenario", we expect to generate a pre-tax profit for 2013 roughly equalling the result in 2012 (adjusted for one-off effects).

HVB Group expects a year-on-year decline in operating income in 2013, in particular due to a significant decrease in net trading income. It should be noted, however, that the good figure posted for net trading income in 2012 benefited from the non-recurrent effect from the reversal of credit value adjustments mentioned above. Operating costs should remain close to their 2012 level, despite the anticipated inflation rate of 1.8%, as a result of the strict cost management that we have been practising for several years now. We expect net write-downs of loans and provisions for guarantees and commitments in 2013 to be slightly higher than the 2012 total of €440 million adjusted for technical effects (see the section of Management's Discussion and Analysis in the HVB Group Annual Report for 2012 entitled "Net write-downs of loans and provisions for guarantees and commitments, and net operating profit"), but still at a moderate level.

The financial markets will continue to be affected by the unresolved sovereign debt crisis in particular. Consequently, the performance of HVB Group will depend on the future development of the financial markets and the real economy as well as on other remaining imponderables. In this environment, HVB Group will continually adapt its business strategy to reflect changes in market conditions and carefully review the management signals derived from this on a regular basis. With its strategic orientation and excellent capital resources, HVB Group is in a good overall position to effectively exploit the opportunities that may arise from the new operating environment, the further volatility that can still be expected on the financial markets and an expanding real economy.

Development of Selected Risks

HVB Group introduced a new business model in the first quarter of 2013 and restructured the Bank's operations. Within the framework of the new structure, HVB Group set up the following segments:
– Commercial Banking (CB)
– Corporate & Investment Banking (CIB)
– Asset Gathering
– Global Banking Services (GBS)
– Other/consolidation

The income statement of each individual segment together with comments on the economic performance of the individual segments is provided in Note 3, "Segment reporting", in the present Interim Report. The functions and objectives of each segment are described in detail in Note 1, "Accounting and valuation principles".

In the 2012 Annual Report, we presented a comprehensive description of the management and monitoring of risks in HVB Group, overall bank management, and risk types in detail.

No essential methodological changes have been made to risk management or to the monitoring of the individual risk types quantified in the present Interim Report since then. The following sections describe the development of selected risks.

Credit risk

Credit default, counterparty and issuer risk

The following tables and charts for credit default risk and counterparty risk in the Bank as a whole and issuer risk in the banking book show the aggregate exposure values excluding the remaining exposures assigned to the former Real Estate Restructuring segment. The aggregate credit default, counterparty and issuer risk exposure is called credit default risk exposure or simply exposure below.

Breakdown of credit default risk exposure by industry group (€ billions)

Industry group	31/3/2013	31/12/2012
Banks, Insurance Companies	65.4	58.1
Public sector	30.4	30.0
Real estate	24.4	24.0
Energy	12.7	12.5
Chemicals, Pharmaceuticals, Health	9.4	9.3
Machinery, Metals	9.1	9.4
Shipping	7.9	8.1
Automotive Industry	6.4	6.6
Construction, Wood	5.6	5.6
Services	5.5	5.5
Consumer goods	5.3	5.3
Special products	5.0	9.9
Transport, Travel	4.9	4.8
Food, beverages	4.8	4.8
Telecom, IT	2.8	3.2
Media, Paper	2.5	2.5
Agriculture, Forestry	2.0	2.0
Electronics	1.7	1.8
Tourism	1.5	1.6
Textile Industry	1.4	1.5
Retail	21.1	21.5
HVB Group	**229.8**	**228.0**

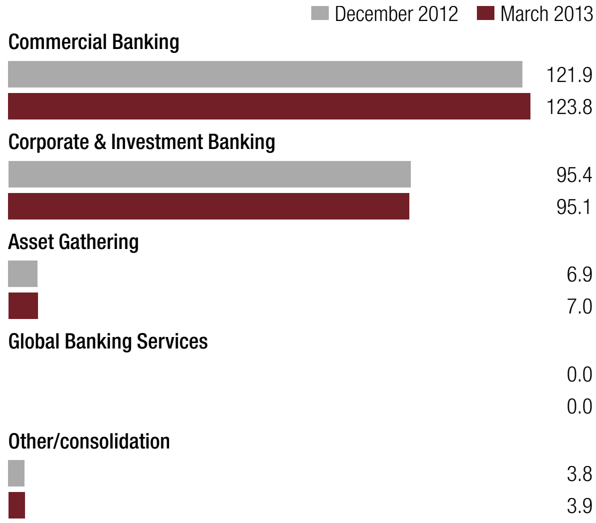
The portfolio has a balanced structure and is diversified across the various industries.

The exposure in the Banks, Insurance Companies portfolio rose by €7.3 billion in the first quarter of 2013. This portfolio is dominated by the liquidity placed with Deutsche Bundesbank, which rose by a further €2.8 billion in the first quarter of 2013. In addition, the exposure to the European Financial Stability Facility (EFST) increased by €1.1 billion. Furthermore, business with top-rated counterparties in the banking sector was expanded.

The €4.9 billion decline in the Special products portfolio was caused by both a decline in business and reclassifications within the industry sectors.

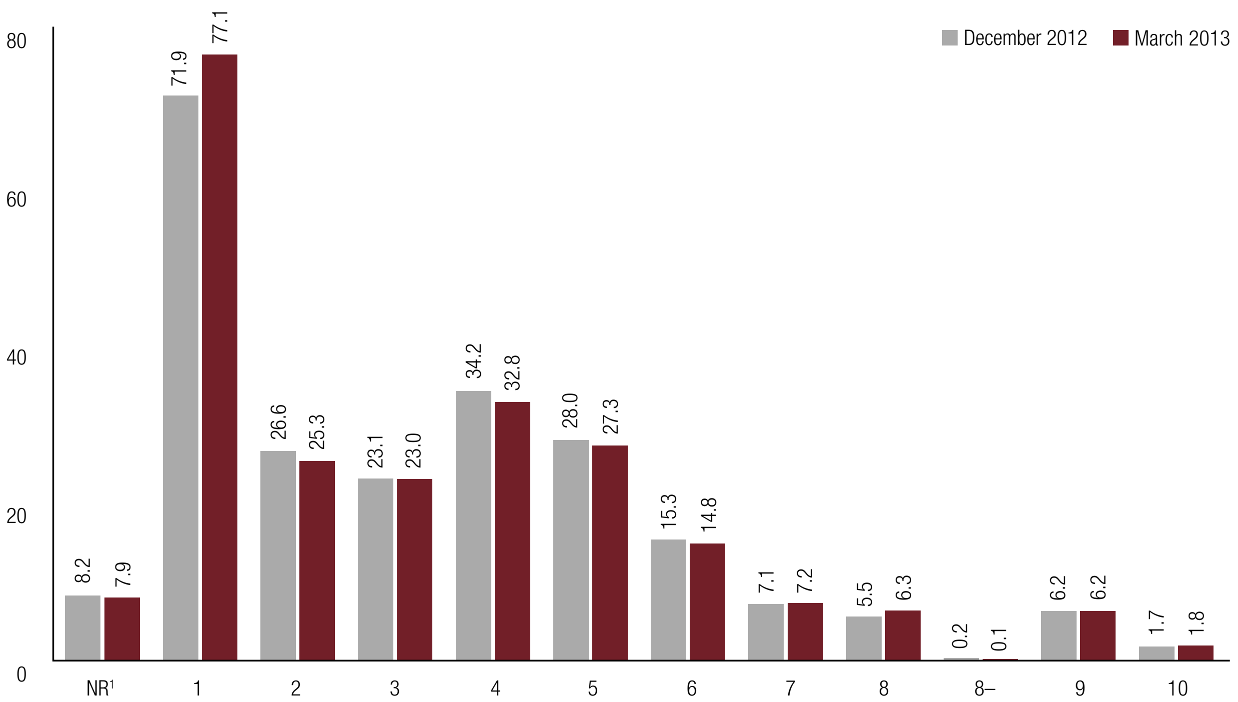
There was a slight rise of €1.9 billion in the exposure in the Corporate & Investment Banking segment. This can be attributed to the liquidity placed with Deutsche Bundesbank together with the rise in exposure to the EFSF and other banks.

Breakdown of credit default risk exposure by segment (€ billions)



Development of Selected Risks (Continued)

Breakdown of credit default risk exposure by rating class (€ billions)



1 not rated

The rating classes are shown broken down into non-rated partners (NR), the rating classes 1–7 for performing loans and the rating classes 8–10 for non-performing loans, with the rating classes 8–, 9 and 10 representing default classes.

The rating structure at HVB Group has improved further overall. In particular, a sharp rise of €5.2 billion in exposure can be noted in rating class 1. This primarily reflects increases in exposure to Deutsche Bundesbank, the EFSF and other banks.

The exposure in rating class 8 similarly has risen by a slight €0.8 billion, driven mainly by the shipping sector, which continues to be affected by a very challenging economic environment.

Derivative transactions

Derivative transactions

(€ millions)

	NOMINAL AMOUNT					FAIR VALUE			
	RESIDUAL MATURITY			TOTAL	TOTAL	POSITIVE		NEGATIVE	
	UP TO 1 YEAR	MORE THAN 1 YEAR UP TO 5 YEARS	MORE THAN 5 YEARS	31/3/2013	31/12/2012	31/3/2013	31/12/2012	31/3/2013	31/12/2012
Interest rate derivatives	**1,087,241**	**1,133,056**	**899,095**	**3,119,392**	**3,134,770**	**83,633**	**96,352**	**82,674**	**95,934**
Foreign exchange derivatives	**190,335**	**29,209**	**539**	**220,083**	**231,944**	**3,126**	**2,995**	**3,227**	**2,816**
Cross-currency swaps	**36,926**	**139,590**	**79,219**	**255,735**	**250,601**	**5,043**	**5,077**	**5,765**	**5,649**
Equity/index derivatives	**82,993**	**45,433**	**16,239**	**144,665**	**114,528**	**3,286**	**3,211**	**3,656**	**3,608**
Credit derivatives	**46,588**	**89,880**	**8,862**	**145,330**	**145,027**	**1,585**	**1,592**	**1,495**	**1,486**
– purchased	25,685	44,992	4,329	75,006	74,694	1,082	1,001	536	652
– written	20,903	44,888	4,533	70,324	70,333	503	591	959	834
Other transactions	**3,067**	**3,045**	**885**	**6,997**	**7,373**	**243**	**211**	**296**	**264**
HVB Group	**1,447,150**	**1,440,213**	**1,004,839**	**3,892,202**	**3,884,243**	**96,916**	**109,438**	**97,113**	**109,757**

Derivative transactions by counterparty type

(€ millions)

	FAIR VALUE			
	POSITIVE		NEGATIVE	
	31/3/2013	31/12/2012	31/3/2013	31/12/2012
Central governments and central banks	4,160	4,489	2,231	2,474
Banks	79,404	90,770	82,067	93,584
Financial institutions	9,963	10,748	11,427	12,310
Other companies and private individuals	3,389	3,431	1,388	1,389
HVB Group	**96,916**	**109,438**	**97,113**	**109,757**

In accordance with the banking supervision regulations under Basel II (German Banking Act/Solvency Regulation), risk-weighted assets for HVB Group arising from counterparty risk amounted to €12.8 billion at 31 March 2013 (31 December 2012: €12.9 billion) with so-called partial use based on individual risk weightings and the risk-reducing effects of existing, legally enforceable, bilateral netting agreements as well as collateral provided for derivative transactions.

Development of Selected Risks (Continued)

Market risk

Market risk from trading positions of HVB Group (value-at-risk, 99% confidence level, one-day holding period) (€ millions)

	31/3/2013	AVERAGE 2012[1]	31/12/2012	30/9/2012	30/6/2012	31/3/2012
Interest rate positions (incl. credit spread risks)	26	24	17	23	23	33
Foreign exchange derivatives	1	2	2	1	1	2
Equity/index positions[2]	5	7	4	5	6	11
Diversification effect[3]	(6)	(13)	(7)	(12)	(12)	(19)
HVB Group	**26**	**20**	**16**	**17**	**18**	**27**

1 arithmetic mean of the four quarter-end figures
2 including commodity risk
3 due to the diversification effect between the risk categories, the total risk is less than the sum of the individual risks

Banking book positions are included in the market risk limits in addition to trading book positions. In accordance with the 2013 risk strategy, the value-at-risk warning level serving to limit all market risk exposures has been reduced from €130 million to €120 million.

New regulatory metrics[1] at HVB (CRD III figures) (€ millions)

	31/3/2013	31/12/2012	30/9/2012	30/6/2012	31/3/2012
Stressed value-at-risk	35	22	24	24	38
Incremental risk charge	313	201	436	521	511
Comprehensive risk measure	—	—	21	26	165
Market risk Standard Approach	16	22	32	38	107

1 risk values based on internal reporting

Liquidity risk

The banking industry again felt the effects of the European sovereign debt crisis in the first quarter of 2013. Various measures taken by the European Union in particular only partially calmed the markets. It is not yet possible to predict for how long and to what extent the financial markets will be impacted by the debt crisis in some European countries together with risks arising from changes in interest and exchange rates.

HVB Group put in a solid performance in the first quarter of 2013 in this challenging market environment, thanks to a good liquidity situation, a solid financing structure and the liquidity management measures it undertook. Based on our forward-looking risk quantification and scenario analysis, we expect our overall liquidity to remain adequate.

Short-term liquidity risk

Within the framework of our limit system, we showed an overall positive balance of short-term liquidity risk of €36.9 billion in HVB Group for the next banking day at the end of March 2013 (31 March 2012: €27.7 billion). The portfolio of highly liquid securities included in this total and available at short notice to compensate for unexpected outflows of liquidity amounted to €24.7 billion at the end of the first quarter of 2013 (31 March 2012: €24.1 billion).

Our stress tests showed that the liquidity reserves available at the end of the first quarter of 2013 were sufficient to cover funding requirements from Bank-specific, market-wide and combined scenarios for a period of up to two months.

The requirements of the German Liquidity Regulation (Liquiditätsverordnung – LiqV) were met at all times by the affected units of HVB Group during the reporting period. The funds available to HVB exceeded its payment obligations for the following month by an average of €32.3 billion for HVB Group in the first quarter of 2013 (first quarter of 2012: €30.2 billion) and €29.8 billion at reference day 31 March 2013. This means that we are comfortably above the internally defined trigger.

Funding risk

The funding risk of HVB Group was again quite low in the first quarter of 2013 due to our broad funding base with regard to products, markets and investor groups. This ensured that we were able to obtain adequate funding for our lending operations in terms of volume and maturity within the framework of our limit system at all times. HVB Group obtained longer-term funding with a volume of €1.4 billion on the capital market during the first quarter of 2013 (first quarter of 2012: €1.8 billion). At the end of March 2013, 98.6% (first quarter of 2012: 97.6%) of assets with an economic maturity of more than one year were covered by liabilities with an economic maturity of more than one year. Consequently we do not expect to face any significant liquidity risk in the future. With their high credit quality and liquidity our Pfandbrief covered bonds still remain an important funding instrument.

Consolidated Income Statement

for the period from 1 January to 31 March 2013

Income/Expenses	NOTES	1/1–31/3/2013 € millions	1/1–31/3/2012 € millions	CHANGE € millions	CHANGE in %
Interest income		1,499	1,951	(452)	(23.2)
Interest expense		(741)	(1,033)	+ 292	(28.3)
Net interest	4	758	918	(160)	(17.4)
Dividends and other income from equity investments	5	17	22	(5)	(22.7)
Net fees and commissions	6	327	315	+ 12	+ 3.8
Net trading income	7	375	807	(432)	(53.5)
Net other expenses/income	8	49	28	+ 21	+ 75.0
Payroll costs		(472)	(472)	—	—
Other administrative expenses		(363)	(382)	+ 19	(5.0)
Amortisation, depreciation and impairment losses on intangible and tangible assets		(48)	(46)	(2)	+ 4.3
Operating costs		(883)	(900)	+ 17	(1.9)
Net write-downs of loans and provisions for guarantees and commitments	9	(89)	(90)	+ 1	(1.1)
Provisions for risks and charges	10	(9)	1	(10)	
Restructuring costs		—	—	—	—
Net income from investments	11	68	20	+ 48	>+ 100.0
PROFIT BEFORE TAX		**613**	**1,121**	**(508)**	**(45.3)**
Income tax for the period		(210)	(391)	+ 181	(46.3)
CONSOLIDATED PROFIT		**403**	**730**	**(327)**	**(44.8)**
attributable to shareholder of UniCredit Bank AG		406	707	(301)	(42.6)
attributable to minorities		(3)	23	(26)	

Earnings per share

(in €)

	NOTES	1/1–31/3/2013	1/1–31/3/2012
Earnings per share (undiluted and diluted)	12	0.51	0.88

Consolidated statement of total comprehensive income for the period from 1 January to 31 March 2013

(€ millions)

	1/1–31/3/2013	1/1–31/3/2012
Consolidated profit recognised in the income statement	**403**	**730**
Income and expenses recognised in other comprehensive income		
Income and expenses not to be reclassified to the income statement in future periods		
Actuarial profit on defined benefit plans (pension commitments)	—	—
Taxes on income and expenses not to be reclassified to the income statement in future periods	—	—
Income and expenses to be reclassified to the income statement in future periods		
Changes from foreign currency translation	32	(31)
Change in valuation of financial instruments (AfS reserve)	16	119
Unrealised gains	16	121
Gains/(losses) reclassified to the income statement	—	(2)
Change in valuation of financial instruments (hedge reserve)	1	1
Unrealised gains	—	—
Gains/(losses) reclassified to the income statement	1	1
Taxes on income and expenses to be reclassified to the income statement in future periods	(6)	(34)
Total income and expenses recognised in equity under other comprehensive income	**43**	**55**
Total comprehensive income	**446**	**785**
of which:		
attributable to shareholder of UniCredit Bank AG	424	781
attributable to minorities	22	4

Consolidated Balance Sheet

at 31 March 2013

Assets

	NOTES	31/3/2013 € millions	31/12/2012 € millions	CHANGE € millions	CHANGE in %
Cash and cash balances		18,619	15,655	+ 2,964	+ 18.9
Financial assets held for trading	13	119,007	131,017	(12,010)	(9.2)
Financial assets at fair value through profit or loss	14	24,759	24,282	+ 477	+ 2.0
Available-for-sale financial assets	15	5,372	5,482	(110)	(2.0)
Shares in associates accounted for using the equity method					
and joint ventures accounted for using the equity method	16	69	65	+ 4	+ 6.2
Held-to-maturity investments	17	235	261	(26)	(10.0)
Loans and receivables with banks	18	44,541	36,320	+ 8,221	+ 22.6
Loans and receivables with customers	19	120,014	122,212	(2,198)	(1.8)
Hedging derivatives		2,900	3,262	(362)	(11.1)
Hedge adjustment of hedged items					
in the fair value hedge portfolio		331	193	+ 138	+ 71.5
Property, plant and equipment		3,002	3,013	(11)	(0.4)
Investment properties		1,549	1,557	(8)	(0.5)
Intangible assets		533	540	(7)	(1.3)
of which: goodwill		418	418	—	—
Tax assets		2,920	3,113	(193)	(6.2)
Current tax assets		377	370	+ 7	+ 1.9
Deferred tax assets		2,543	2,743	(200)	(7.3)
Non-current assets or disposal groups held for sale		22	70	(48)	(68.6)
Other assets		1,402	1,258	+ 144	+ 11.4
Total assets		**345,275**	**348,300**	**(3,025)**	**(0.9)**

Liabilities

	NOTES	31/3/2013 € millions	31/12/2012 € millions	CHANGE € millions	in %
Deposits from banks	22	55,040	45,216	+ 9,824	+ 21.7
Deposits from customers	23	110,536	110,268	+ 268	+ 0.2
Debt securities in issue	24	32,558	35,863	(3,305)	(9.2)
Financial liabilities held for trading	25	111,307	121,501	(10,194)	(8.4)
Hedging derivatives		1,493	1,386	+ 107	+ 7.7
Hedge adjustment of hedged items					
in the fair value hedge portfolio		2,610	2,858	(248)	(8.7)
Tax liabilities		2,542	2,596	(54)	(2.1)
Current tax liabilities		898	893	+ 5	+ 0.6
Deferred tax liabilities		1,644	1,703	(59)	(3.5)
Liabilities of disposal groups held for sale		19	20	(1)	(5.0)
Other liabilities		3,532	3,375	+ 157	+ 4.7
Provisions	26	1,932	1,948	(16)	(0.8)
Shareholders' equity		23,706	23,269	+ 437	+ 1.9
Shareholders' equity attributable to					
shareholder of UniCredit Bank AG		22,896	22,475	+ 421	+ 1.9
Subscribed capital		2,407	2,407	—	—
Additional paid-in capital		9,791	9,791	—	—
Other reserves		7,766	7,759	+ 7	+ 0.1
Change in valuation of financial instruments	27	64	56	+ 8	+ 14.3
AfS reserve		37	30	+ 7	+ 23.3
Hedge reserve		27	26	+ 1	+ 3.8
Consolidated profit 2012		2,462	2,462	—	—
Net profit 1/1 – 31/3/2013[1]		406	—	+ 406	
Minority interest		810	794	+ 16	+ 2.0
Total shareholders' equity and liabilities		**345,275**	**348,300**	**(3,025)**	**(0.9)**

1 attributable to shareholder of UniCredit Bank AG

The profit available for distribution disclosed in the separate financial statements of UniCredit Bank AG (= consolidated profit of HVB Group) for the 2012 financial year, which forms the basis for the appropriation of profit, amounts to €2,462 million. This comprises the net profit of €1,462 million generated by UniCredit Bank AG in 2012 and a withdrawal of €1,000 million from other retained earnings. On 7 May 2013, the Shareholders' Meeting adopted a resolution to pay the consolidated profit of €2,462 million as a dividend to UniCredit S.p.A. (UniCredit), Rome, Italy. This represents a dividend of around €3.07 per share.

Statement of Changes in Shareholders' Equity

at 31 March 2013

	SUBSCRIBED CAPITAL	ADDITIONAL PAID-IN CAPITAL	OTHER RESERVES	
			TOTAL	OF WHICH: PENSIONS AND SIMILAR OBLIGATIONS (IAS 19)
Shareholders' equity at 1 January 2012	**2,407**	**9,791**	**9,389**	**(197)**
Consolidated profit recognised in the consolidated income statement	**—**	**—**	**—**	**—**
Total income and expenses recognised in equity under other comprehensive income[3]	**—**	**—**	**(6)**	**—**
Change in valuation of financial instruments not affecting income	—	—	—	—
Change in valuation of financial instruments affecting income	—	—	—	—
Actuarial losses on defined benefit plans	—	—	—	—
Reserve arising from foreign currency translation	—	—	(6)	—
Total other changes in equity	**—**	**—**	**—**	**—**
Dividend payouts	—	—	—	—
Transfers to consolidated profit	—	—	—	—
Changes in group of consolidated companies	—	—	—	—
Shareholders' equity at 31 March 2012	**2,407**	**9,791**	**9,383**	**(197)**
Shareholders' equity at 1 January 2013	**2,407**	**9,791**	**7,759**	**(599)**
Consolidated profit recognised in the consolidated income statement	**—**	**—**	**—**	**—**
Total income and expenses recognised in equity under other comprehensive income[3]	**—**	**—**	**10**	**—**
Change in valuation of financial instruments not affecting income	—	—	—	—
Change in valuation of financial instruments affecting income	—	—	—	—
Actuarial losses on defined benefit plans	—	—	—	—
Reserve arising from foreign currency translation	—	—	10	—
Total other changes in equity	**—**	**—**	**(3)**	**—**
Dividend payouts	—	—	—	—
Transfers to consolidated profit	—	—	—	—
Changes in group of consolidated companies	—	—	(3)	—
Shareholders' equity at 31 March 2013	**2,407**	**9,791**	**7,766**	**(599)**

1 attributable to shareholder of UniCredit Bank AG
2 UniCredit Bank AG (HVB)
3 see Consolidated statement of total comprehensive income

(€ millions)

AFS RESERVE (CHANGE IN VALUATION OF FINANCIAL INSTRUMENTS)	HEDGE RESERVE (CHANGE IN VALUATION OF FINANCIAL INSTRUMENTS)	CONSOLIDATED PROFIT	PROFIT 1/1 – 31/3[1]	TOTAL SHAREHOLDERS' EQUITY ATTRIBUTABLE TO SHAREHOLDER OF HVB[2]	MINORITY INTEREST	TOTAL SHAREHOLDERS' EQUITY
(134)	**22**	**1,017**	**—**	**22,492**	**826**	**23,318**
—	**—**	**—**	**707**	**707**	**23**	**730**
79	**1**	**—**	**—**	**74**	**(19)**	**55**
81	—	—	—	81	6	87
(2)	1	—	—	(1)	—	(1)
—	—	—	—	—	—	—
—	—	—	—	(6)	(25)	(31)
—	**—**	**—**	**—**	**—**	**(9)**	**(9)**
—	—	—	—	—	(9)	(9)
—	—	—	—	—	—	—
—	—	—	—	—	—	—
(55)	**23**	**1,017**	**707**	**23,273**	**821**	**24,094**
30	**26**	**2,462**	**—**	**22,475**	**794**	**23,269**
—	**—**	**—**	**406**	**406**	**(3)**	**403**
7	**1**	**—**	**—**	**18**	**25**	**43**
7	—	—	—	7	3	10
—	1	—	—	1	—	1
—	—	—	—	—	—	—
—	—	—	—	10	22	32
—	**—**	**—**	**—**	**(3)**	**(6)**	**(9)**
—	—	—	—	—	(9)	(9)
—	—	—	—	—	—	—
—	—	—	—	(3)	3	—
37	**27**	**2,462**	**406**	**22,896**	**810**	**23,706**

Notes

1 Accounting and valuation principles

IFRS basis

After trading in HVB shares was officially discontinued during 2008 following the completion of the squeeze-out, we are no longer formally obliged to prepare quarterly financial statements at 31 March and 30 September. We have decided, however, to continue publishing interim reports with a view to retaining a high level of transparency on the market.

The income statement and balance sheet contained in the present Interim Report together with the associated notes have again been prepared in accordance with the regulations defined in the International Financial Reporting Standards (IFRS).

We have applied the same accounting, valuation and disclosure principles in 2013 as in the consolidated financial statements for 2012 (please refer to the HVB Group Annual Report for 2012, starting on page 126).

The new IFRS 13 "Fair Value Measurement", which consolidates the rules for determining fair value within IFRS, and the following standards revised by the IASB are applicable for the first time in the 2013 financial year:
– Amendments to IFRS 7 "Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities"
– Amendments to IAS 1 "Presentation of Financial Statements – Other Comprehensive Income"
– Amendments to IAS 12 "Deferred Tax: Recovery of Underlying Assets"
– Amendments to IAS 19 "Employee Benefits"
– "Annual Improvements to IFRSs 2009–2011"

Implementation of these standards will have no material effect on the consolidated financial statements of HVB Group. Necessary additional disclosures in the notes to the financial statements will be included in the consolidated financial statements at 31 December 2013.

Segment reporting

As already announced in the 2012 Annual Report, the business model was adjusted at the outset of 2013 to cater for the changed market environment which entailed a restructuring of global and regional responsibilities and thus the segments of HVB Group.

This means that HVB Group is divided into the following segments as of the first quarter of 2013:
– Commercial Banking
– Corporate & Investment Banking
– Asset Gathering
– Global Banking Services
– Other/consolidation

The adjustment of the business model also entailed the formation of the new Commercial Banking segment, which encompasses oversight for all activities involving retail customers and entrepreneurs in Germany.

The Corporate & Investment Banking (CIB) segment is continuing to benefit from its global business focus but, in contrast to its existing structure, the Corporates Germany and Real Estate customer care models have been transferred to the newly formed Commercial Banking segment. The Unternehmer Bank integrated in the Commercial Banking segment stands for the comprehensive care of entrepreneurs in Germany. To achieve this, all business activities involving small and medium-sized enterprises and the public-sector customers have been transferred from the former Family & SME (F&SME) division to the Unternehmer Bank. Furthermore, the former Private Banking division has been integrated in the newly formed Private Clients Bank business unit and the Family Office transferred to the Unternehmer Bank business unit. The Private Clients Bank business unit similarly forms part of the new Commercial Banking segment.

The business activities of DAB Bank AG and direktanlage.at AG which were previously assigned to the F&SME division are to be shown as a separate segment known as Asset Gathering following the reorganisation of the segments.

Furthermore, the Global Banking Services operations which were previously included in the Other/consolidation segment, are now shown as a separate segment. The Other/consolidation segment now only encompasses the Group Corporate Center activities and the effects of consolidation.

Components of the segments of HVB Group

Commercial Banking segment

The Commercial Banking segment covers all customers in Germany requiring standardised or individual service and advice across a wide range of banking services in the Private Clients Bank and Unternehmer Bank business units. Different service models are applied in Commercial Banking in line with the needs of its various customer groups: retail customers, private banking customers, business and corporate customers, commercial real estate customers, and Wealth Management customers.

Commercial Banking builds on the strong HypoVereinsbank brand, with a regional sales structure facilitating market-compliant customer care by anchoring a high level of responsibility for results in the region.

The Unternehmer Bank employs a different Mittelstand bank model to its competitors in that it serves both business and personal needs across the whole bandwidth of German enterprises and firms operating in Germany. All of the business involving the German Mittelstand and commercial real estate is pooled in the Unternehmer Bank business unit, with the exception of the companies and subsidiaries served by the Multinational Corporates unit. These are allocated to the Corporate & Investment Banking segment in light of their regular demand for capital market products and complex advisory services.

The scope of business services offered is based on the complexity of the customer's needs, ranging from simple commercial banking products all the way through to the provision of capital market solutions. At the same time, access to the UniCredit corporate network in western, central and eastern Europe adds considerable value for export-oriented German Mittelstand firms in the support they receive for their international business activities.

The range of services for personal banking is determined by the needs of the entrepreneurs, running from standard products through to Family Office functionality.

The Private Clients Bank serves retail customers and private banking customers with banking and insurance solutions across all areas of demand.

The specific, all-round advisory offering reflects the individual and differentiated needs of these customer groups in terms of relationship model and product offering. The competence of the global corporate group and prestigious international product vendors are called upon for high-end product offerings.

Alongside personal service "on the ground" locally, our retail customers also have access to a wide range of specialist know-how at all times and, if required, the services of an online branch with extended opening hours in a modern multichannel offering.

Thus, Commercial Banking customers benefit from the strong set of product solutions of a universal bank, ranging from simple banking products, expertise in subsidy advice and leasing through to usage of the global product competence in Corporate & Investment Banking and Global Transaction Banking.

Corporate & Investment Banking segment

The Corporate & Investment Banking segment aims to be the first port of call for large corporates and institutional customers in terms of advisory expertise, product and process quality, and value creation. In this context, we seek to build a sustainable, stable and strategic business partnership and position ourselves as core bank with the customer for both commercial and investment banking. The customer focus concept includes professional, active relationship management that acts in a way that is competent, advice-based, fast and transparent. Added to this is a thorough understanding of the customer's business model and industry. CIB supports corporate customers – including those served by the Unternehmer Bank – in their positioning, growth and internationalisation by acting as an intermediary with the capital market.

The three global product lines – Markets, Financing & Advisory and Global Transaction Banking – form part of the integrated CIB value chain. They assist the customer with strategic, transaction-oriented activities, solutions and products. In light of changing markets and rising market risk, we aim to accompany the customer and cover issues like restructuring, growth and internationalisation alongside all corporate customer needs from their bank. Among other things, this includes the very latest intelligence about specific industries and markets that also satisfy the growing expectations of a financing partner.

Notes (Continued)

Our CIB America and CIB Asia branches enable us to provide the best possible service to the subsidiaries of our corporate customers located in the Americas and Asia and offer American and Asian companies with commercial activities in our domestic markets the network they need to operate successfully.

Asset Gathering segment
The activities of our DAB Bank subsidiary are reflected in the Asset Gathering segment. DAB Bank offers financial services for retail and business customers. Besides its activities in Germany, DAB Bank also serves the Austrian market through direktanlage.at, its Austria-based subsidiary.

DAB Bank's core products are online brokerage services coupled with an independent range of investment and online banking solutions. DAB Bank provides its customers with direct, inexpensive access to the capital market.

In addition, DAB Bank helps its customers to implement long-term investment strategies by means of advisory services relating to product selection and portfolio structuring, among other things.

DAB Bank offers its customer a wide range of payment and financing services. By concentrating on the internet as a distribution channel, DAB Bank is able to provide its products and services at attractive terms and conditions.

DAB Bank acts as custodian and manager of securities and conducts securities transactions for its business customers. Furthermore, DAB Bank offers these customers wide-ranging services in the fields of IT and reporting and provides marketing and sales support.

Global Banking Services segment
Global Banking Services views itself as a central internal service provider for both customers and employees. Its activities encompass purchasing, organisation, corporate security, logistics and facility management, cost management, back-office functions for credit, accounts, foreign exchange, money market and derivatives, and in-house consulting. Payments, securities settlement, IT application development and IT operation have been outsourced.

Other/consolidation segment
The Other/consolidation activities include profit contributions that do not fall within the jurisdiction of the individual segments. Among other items, this includes the profits and losses of consolidated subsidiaries for which HVB's strategic property management function is responsible, such as HVB Immobilien AG and its subsidiaries, and of non-consolidated holdings, provided they are not assigned to the segments, together with the net income from securities holdings for which the Management Board is responsible. Also incorporated in this segment are the amounts arising from decisions taken by management with regard to asset/liability management. This includes contributions to earnings from securities and money trading activities involving UniCredit S.p.A. and its subsidiaries. The Other/consolidation segment also includes the Real Estate Restructuring customer portfolio (RER).

Method of segment reporting
Apart from the reorganisation of the segment contents, the same principles are being applied in the 2013 financial year as were used at year-end 2012. We use risk-weighted assets compliant with Basel II as the criterion for allocating tied equity capital. The interest rate used to assess the equity capital allocated to companies assigned to several divisions (HVB, UniCredit Luxembourg) was 3.70% in 2012. This interest rate was redetermined for 2013 and has been 3.17% since 1 January 2013. At the same time, we have made a minor adjustment in net interest as of the first quarter of 2013. The cost of foreign currency swaps concluded as part of asset/liability management that was previously included in the net interest of the Corporate & Investment Banking segment is now included in the net interest of the Other/consolidation segment.

Last year's figures and those of previous quarters have been adjusted accordingly to reflect the new corporate structure and the reorganisation described above.

2 Companies included in consolidation
The following company was added to the group of companies included in consolidation in the first three months of 2013:
– Elektra Purchase No. 911 Ltd., Dublin.

The following company left the group of companies included in consolidation in the first three months of 2013 due to liquidation:
– GELDILUX-TS-2007 S.A., Luxembourg.

Notes to the Income Statement

3 Segment reporting

Income statement broken down by segment for the period from 1 January to 31 March 2013 (€ millions)

INCOME/EXPENSES	COMMERCIAL BANKING	CORPORATE & INVESTMENT BANKING	ASSET GATHERING	GLOBAL BANKING SERVICES	OTHER/ CONSOLIDATION	HVB GROUP
Net interest	405	304	9	(4)	44	758
Dividends and other income from						
equity investments	—	17	—	—	—	17
Net fees and commissions	233	71	21	—	2	327
Net trading income	11	250	—	—	114	375
Net other expenses/income	1	12	(1)	71	(34)	49
OPERATING INCOME	**650**	**654**	**29**	**67**	**126**	**1,526**
Payroll costs	(197)	(120)	(10)	(38)	(107)	(472)
Other administrative expenses	(304)	(196)	(13)	5	145	(363)
Amortisation, depreciation and impairment						
losses on intangible and tangible assets	(3)	(2)	(3)	(25)	(15)	(48)
Operating costs	**(504)**	**(318)**	**(26)**	**(58)**	**23**	**(883)**
OPERATING PROFIT	**146**	**336**	**3**	**9**	**149**	**643**
Net write-downs of loans and provisions						
for guarantees and commitments	(32)	(56)	—	—	(1)	(89)
NET OPERATING PROFIT	**114**	**280**	**3**	**9**	**148**	**554**
Provisions for risks and charges	1	(10)	—	—	—	(9)
Restructuring costs	—	—	—	—	—	—
Net income from investments	—	12	2	54	—	68
PROFIT BEFORE TAX	**115**	**282**	**5**	**63**	**148**	**613**

Income statement broken down by segment for the period from 1 January to 31 March 2012 (€ millions)

INCOME/EXPENSES	COMMERCIAL BANKING	CORPORATE & INVESTMENT BANKING	ASSET GATHERING	GLOBAL BANKING SERVICES	OTHER/ CONSOLIDATION	HVB GROUP
Net interest	411	438	14	(6)	61	918
Dividends and other income from						
equity investments	1	21	—	—	—	22
Net fees and commissions	220	73	21	—	1	315
Net trading income	(1)	783	—	—	25	807
Net other expenses/income	(2)	(6)	—	80	(44)	28
OPERATING INCOME	**629**	**1,309**	**35**	**74**	**43**	**2,090**
Payroll costs	(187)	(139)	(10)	(38)	(98)	(472)
Other administrative expenses	(301)	(196)	(16)	(5)	136	(382)
Amortisation, depreciation and impairment						
losses on intangible and tangible assets	(2)	(2)	(3)	(26)	(13)	(46)
Operating costs	**(490)**	**(337)**	**(29)**	**(69)**	**25**	**(900)**
OPERATING PROFIT	**139**	**972**	**6**	**5**	**68**	**1,190**
Net write-downs of loans and provisions						
for guarantees and commitments	(18)	(67)	—	—	(5)	(90)
NET OPERATING PROFIT	**121**	**905**	**6**	**5**	**63**	**1,100**
Provisions for risks and charges	18	(26)	—	—	9	1
Restructuring costs	—	—	—	—	—	—
Net income from investments	—	14	2	—	4	20
PROFIT BEFORE TAX	**139**	**893**	**8**	**5**	**76**	**1,121**

Notes to the Income Statement (Continued)

Income statement of the Commercial Banking segment (€ millions)

INCOME/EXPENSES	1/1 – 31/3/2013	1/1 – 31/3/2012	Q4 2012	Q3 2012	Q2 2012
Net interest	405	411	408	424	411
Dividends and other income from equity investments	—	1	6	5	5
Net fees and commissions	233	220	230	220	235
Net trading income	11	(1)	(14)	1	5
Net other expenses/income	1	(2)	(10)	1	(1)
OPERATING INCOME	**650**	**629**	**620**	**651**	**655**
Payroll costs	(197)	(187)	(193)	(194)	(201)
Other administrative expenses	(304)	(301)	(302)	(291)	(289)
Amortisation, depreciation and impairment losses on intangible and tangible assets	(3)	(2)	(3)	(2)	(2)
Operating costs	**(504)**	**(490)**	**(498)**	**(487)**	**(492)**
OPERATING PROFIT	**146**	**139**	**122**	**164**	**163**
Net write-downs of loans and provisions for guarantees and commitments	(32)	(18)	40	(42)	(18)
NET OPERATING PROFIT	**114**	**121**	**162**	**122**	**145**
Provisions for risks and charges	1	18	(11)	30	(5)
Restructuring costs	—	—	(86)	—	—
Net income from investments	—	—	(4)	—	—
PROFIT BEFORE TAX	**115**	**139**	**61**	**152**	**140**
Cost-income ratio in %	77.5	77.9	80.3	74.8	75.1

Development of the Commercial Banking segment

In the first three months of 2013, the Commercial Banking segment increased its operating income by 3.3%, or €21 million, over the equivalent year-ago figure to €650 million.

Within this total, net interest declined by €6 million to €405 million due to depressed margins in deposit-taking operations on account of the sharp drop in interest rates coupled with declining volumes in lending activities.

Net fees and commissions developed strongly, rising by 5.9% over the year-ago figure of €220 million to €233 million, despite the persistent reticence on the part of investors. The main factors contributing to this increase were the roll-out of our new account models together with higher commission income from lending activities. Net trading income of €11 million essentially comprises the reversal of credit value adjustments. Thanks to the increase in operating income, the cost-income ratio improved by a slight 0.4 percentage points to 77.5% after 77.9% in the equivalent period last year.

The 2.9% increase in operating costs to €504 million can essentially be attributed to pay rises under collective bargaining agreements.

The €14 million rise in net write-downs of loans and provisions for guarantees and commitments to €32 million reflects a beginning return to normal levels following on from the very low figure of just €18 million recorded in the equivalent period last year.

Once the positive effect of €1 million arising from the reversal of provisions (2012: €18 million) is included, the Commercial Banking segment generated profit before tax totalling €115 million (2012: €139 million) in the first three months of 2013.

Income statement of the Corporate & Investment Banking segment (€ millions)

INCOME/EXPENSES	1/1 – 31/3/2013	1/1 – 31/3/2012	Q4 2012	Q3 2012	Q2 2012
Net interest	304	438	375	449	426
Dividends and other income from equity investments	17	21	42	30	33
Net fees and commissions	71	73	36	43	23
Net trading income	250	783	76	159	48
Net other expenses/income	12	(6)	10	—	(2)
OPERATING INCOME	**654**	**1,309**	**539**	**681**	**528**
Payroll costs	(120)	(139)	(78)	(141)	(115)
Other administrative expenses	(196)	(196)	(194)	(194)	(203)
Amortisation, depreciation and impairment					
losses on intangible and tangible assets	(2)	(2)	(4)	(3)	(3)
Operating costs	**(318)**	**(337)**	**(276)**	**(338)**	**(321)**
OPERATING PROFIT	**336**	**972**	**263**	**343**	**207**
Net write-downs of loans and provisions					
for guarantees and commitments	(56)	(67)	(439)	(132)	(296)
NET OPERATING PROFIT/(LOSS)	**280**	**905**	**(176)**	**211**	**(89)**
Provisions for risks and charges	(10)	(26)	102	—	81
Restructuring costs	—	—	(9)	—	—
Net income from investments	12	14	(24)	98	—
PROFIT/(LOSS) BEFORE TAX	**282**	**893**	**(107)**	**309**	**(8)**
Cost-income ratio in %	48.6	25.7	51.2	49.6	60.8

Development of the Corporate & Investment Banking segment

The Corporate & Investment Banking segment generated operating income of €654 million in the difficult market environment of the first three months of 2013. The total was €655 million below the amount recorded for the equivalent period last year (first quarter of 2012: €1,309 million), although this figure benefited from non-recurring income of €395 million arising from the reversal of credit value adjustments. After operating costs down 5.6% to €318 million are deducted (first quarter of 2012: €337 million), the operating profit amounts to €336 million (2012: €972 million).

The decline in operating income is due mainly to a decrease of €533 million in net trading income to €250 million (first quarter of 2012: €783 million), the vast majority of which can be attributed to the non-recurrence of one-time income of €395 million from the reversal of credit value adjustments recorded in the previous year. After adjustment for this non-recurring effect, the decline totals only €138 million. All the operating trading units contributed positive results to the segment's net trading income, despite persistently difficult market conditions; these notably include the Rates (interest-related products), Integrated Credit Trading (trading with structured credit products) and Equity Derivatives Trading units. The year-on-year decline stems primarily from the Rates unit.

Net interest declined by €134 million to €304 million in the first quarter of 2013 compared with the equivalent period last year. This development can be attributed to a decrease of €66 million in trading-induced interest together with lower income from lending operations due to contracting credit volumes and margins. The dividend income fell by a total of €4 million to €17 million on account of lower dividend payments by private equity funds. At €71 million, net fees and commissions were at around the same level as in the equivalent period last year (first quarter of 2012: €73 million); the decline in income from payment transactions was offset by higher income in credit-related business. The rise of €18 million in net other expenses/income is essentially attributable to the recognition of income from the billing of structuring and advisory services relating to project finance.

Notes to the Income Statement (Continued)

Operating costs declined by €19 million, or 5.6%, compared with the first quarter of 2012 to €318 million in the reporting period (first quarter of 2012: €337 million), despite an inflation rate of 1.8%. This pleasing development can be attributed to a fall of €19 million in payroll costs to €120 million, while other administrative expenses and amortisation, depreciation and write-downs on intangible and tangible assets totalled €198 million, the same level as last year. The segment's cost-income ratio rose sharply by 22.9 percentage points to 48.6% (first quarter of 2012: 25.7%), on account of the decline in income.

At €56 million in the first quarter of 2013, net write-downs of loans and provisions for guarantees and commitments were €11 million below the figure for the first quarter of 2012 (€67 million) and hence still at a moderate level. Provisions of €10 million for risks and charges were recognised in the first quarter of 2013 (first quarter of 2012: €26 million), resulting primarily from legal risks. Once net income from investments of €12 million is factored in (first quarter of 2012: €14 million), the CIB segment generated a profit before tax of €282 million in the first three months of 2013 (first quarter of 2012: €893 million).

Income statement of the Asset Gathering segment (€ millions)

INCOME/EXPENSES	1/1 – 31/3/2013	1/1 – 31/3/2012	Q4 2012	Q3 2012	Q2 2012
Net interest	9	14	11	10	14
Dividends and other income from equity investments	—	—	—	—	—
Net fees and commissions	21	21	17	20	17
Net trading income	—	—	1	—	—
Net other expenses/income	(1)	—	(1)	—	—
OPERATING INCOME	**29**	**35**	**28**	**30**	**31**
Payroll costs	(10)	(10)	(11)	(11)	(10)
Other administrative expenses	(13)	(16)	(12)	(14)	(15)
Amortisation, depreciation and impairment losses on intangible and tangible assets	(3)	(3)	(5)	(3)	(3)
Operating costs	**(26)**	**(29)**	**(28)**	**(28)**	**(28)**
OPERATING PROFIT	**3**	**6**	**—**	**2**	**3**
Net write-downs of loans and provisions for guarantees and commitments	—	—	—	—	—
NET OPERATING PROFIT	**3**	**6**	**—**	**2**	**3**
Provisions for risks and charges	—	—	—	—	—
Restructuring costs	—	—	—	—	—
Net income from investments	2	2	6	2	4
PROFIT BEFORE TAX	**5**	**8**	**6**	**4**	**7**
Cost-income ratio in %	89.7	82.9	100.0	93.3	90.3

Development of the Asset Gathering segment

The operating income of the Asset Gathering segment amounted to €29 million in the first three months of 2013, down by €6 million on the €35 million recorded for the same period last year. This decline results notably from the €5 million decrease in net interest to €9 million. The historically low level of interest rates has greatly reduced the margins that can be gained in deposit-taking operations. Net fees and commissions remained at the year-ago level of €21 million, reflecting the unchanged customer demand.

Operating costs were reduced by a total of 10.3% to €26 million, with payroll costs remaining constant year-on-year, thanks mainly to active cost management.

Together with net income from investments unchanged at €2 million (2012: €2 million), the Asset Gathering segment generated a profit before tax of €5 million in the first three months of 2013 (2012: €8 million).

Income statement of the Global Banking Services segment (€ millions)

INCOME/EXPENSES	1/1 – 31/3/2013	1/1 – 31/3/2012	Q4 2012	Q3 2012	Q2 2012
Net interest	(4)	(6)	(11)	(2)	(3)
Dividends and other income from equity investments	—	—	—	—	1
Net fees and commissions	—	—	—	—	1
Net trading income	—	—	—	—	(1)
Net other expenses/income	71	80	68	72	69
OPERATING INCOME	**67**	**74**	**57**	**70**	**67**
Payroll costs	(38)	(38)	(35)	(37)	(41)
Other administrative expenses	5	(5)	4	(5)	7
Amortisation, depreciation and impairment					
losses on intangible and tangible assets	(25)	(26)	(14)	(27)	(24)
Operating costs	**(58)**	**(69)**	**(45)**	**(69)**	**(58)**
OPERATING PROFIT	**9**	**5**	**12**	**1**	**9**
Net write-downs of loans and provisions					
for guarantees and commitments	—	—	—	—	—
NET OPERATING PROFIT	**9**	**5**	**12**	**1**	**9**
Provisions for risks and charges	—	—	5	—	—
Restructuring costs	—	—	—	—	—
Net income from investments	54	—	1	—	49
PROFIT BEFORE TAX	**63**	**5**	**18**	**1**	**58**
Cost-income ratio in %	86.6	93.2	78.9	98.6	86.6

Development of the Global Banking Services segment

The profit before tax of the Global Banking Services segment improved by €58 million over the year-ago total to €63 million in the first quarter of 2013. This strong rise essentially results from net income from investments, which includes the gains on the disposal of property. By contrast, operating income declined by a total of €7 million, from €74 million to €67 million. This development can be attributed to the decrease of €9 million in net other expenses/income to €71 million. At the same time, operating costs fell by a total of €11 million to €58 million thanks to an improvement of €10 million in other administrative expenses with payroll costs remaining the same.

Notes to the Income Statement (Continued)

Income statement of the Other/consolidation segment (€ millions)

INCOME/EXPENSES	1/1 – 31/3/2013	1/1 – 31/3/2012	Q4 2012	Q3 2012	Q2 2012
Net interest	44	61	(49)	(2)	30
Dividends and other income from equity investments	—	—	2	—	1
Net fees and commissions	2	1	(3)	4	5
Net trading income	114	25	4	17	87
Net other expenses/income	(34)	(44)	(36)	(22)	(35)
OPERATING INCOME	**126**	**43**	**(82)**	**(3)**	**88**
Payroll costs	(107)	(98)	(98)	(101)	(101)
Other administrative expenses	145	136	133	128	130
Amortisation, depreciation and impairment losses on intangible and tangible assets	(15)	(13)	(13)	(13)	(13)
Operating costs	**23**	**25**	**22**	**14**	**16**
OPERATING PROFIT/(LOSS)	**149**	**68**	**(60)**	**11**	**104**
Net write-downs of loans and provisions for guarantees and commitments	(1)	(5)	96	15	139
NET OPERATING PROFIT	**148**	**63**	**36**	**26**	**243**
Provisions for risks and charges	—	9	(3)	(4)	(1)
Restructuring costs	—	—	(7)	—	—
Net income from investments	—	4	4	5	(3)
PROFIT BEFORE TAX	**148**	**76**	**30**	**27**	**239**
Cost-income ratio in %	(18.3)	(58.1)	26.8	466.7	(18.2)

Development of the Other/consolidation segment

The operating income of this segment amounted to €126 million in the first three months of 2013 after €43 million in the equivalent quarter last year. This rise of €83 million essentially results from net trading income, which improved significantly to €114 million (first quarter of 2012: €25 million) mainly on account of the gains generated in connection with the buy-back of hybrid capital instruments. At the same time, net interest declined by €17 million to €44 million due primarily to lower income from asset/liability management and decreasing volumes of securities and money trading activities involving UniCredit S.p.A. and its subsidiaries.

With operating costs down by €2 million, the operating profit was up by €81 million during the reporting period to €149 million (first quarter of 2012: €68 million).

Once net write-downs of loans and provisions for guarantees and commitments of €1 million (first quarter of 2012: €5 million) have been deducted, there remains a profit before tax of €148 million for this segment in the first quarter of 2013 (first quarter of 2012: €76 million).

4 Net interest

(€ millions)

	1/1 – 31/3/2013	1/1 – 31/3/2012
Interest income from	**1,499**	**1,951**
lending and money market transactions	1,026	1,372
other interest income	473	579
Interest expense from	**(741)**	**(1,033)**
deposits	(185)	(356)
debt securities in issue and other interest expenses	(556)	(677)
Total	**758**	**918**

5 Dividends and other income from equity investments

(€ millions)

	1/1 – 31/3/2013	1/1 – 31/3/2012
Dividends and other similar income	15	19
Companies accounted for using the equity method	2	3
Total	**17**	**22**

6 Net fees and commissions

(€ millions)

	1/1 – 31/3/2013	1/1 – 31/3/2012
Management, brokerage and consultancy services	127	154
Collection and payment services[1]	56	54
Lending operations[1]	135	100
Other service operations	9	7
Total	**327**	**315**

1 at 30 September 2012, guarantee and documentary-credit fees were reclassified from lending operations to collection and payment services. The year-ago figures have been adjusted accordingly

This item comprises the balance of fee and commission income of €452 million (2012: €439 million) and fee and commission expenses of €125 million (2012: €124 million).

7 Net trading income

(€ millions)

	1/1 – 31/3/2013	1/1 – 31/3/2012
Net gains on financial assets held for trading[1]	160	848
Effects arising from hedge accounting	19	(34)
Changes in fair value of hedged items	201	(297)
Changes in fair value of hedging derivatives	(182)	263
Net gains/(losses) on financial assets at fair value through profit or loss (fair value option)[2]	65	(37)
Other net trading income	131	30
Total	**375**	**807**

1 including dividends on financial assets held for trading
2 also including the valuation results of derivatives concluded to hedge financial assets through fair value at profit or loss

The effects arising from hedge accounting include the hedge results of the fair value hedge portfolio and the individual micro fair value hedges as a net aggregate total.

The net gains on holdings at fair value through profit or loss (held-for-trading portfolio and fair value option) generally only contain the changes in fair value disclosed in the income statement. The interest income from held-for-trading portfolios is normally disclosed under net interest. To ensure that the full contribution of these activities to profits is disclosed, the interest cash flows are only carried in net trading income for the interest rate swap trading book, which exclusively contains interest rate derivatives.

Notes to the Income Statement (Continued)

8 Net other expenses/income

(€ millions)

	1/1 – 31/3/2013	1/1 – 31/3/2012
Other income	92	84
Other expenses	(43)	(56)
Total	**49**	**28**

9 Net write-downs of loans and provisions for guarantees and commitments

(€ millions)

	1/1 – 31/3/2013	1/1 – 31/3/2012
Additions/releases	**(101)**	**(102)**
Allowances for losses on loans and receivables	(102)	(100)
Allowances for losses on guarantees and indemnities	1	(2)
Recoveries from write-offs of loans and receivables	**12**	**15**
Gains/(losses) on the disposal of impaired loans and receivables	**—**	**(3)**
Total	**(89)**	**(90)**

10 Provisions for risks and charges

Net additions to provisions for risks and charges amounted to €9 million during the reporting period, essentially in connection with legal risks.

11 Net income from investments

(€ millions)

	1/1 – 31/3/2013	1/1 – 31/3/2012
Available-for-sale financial assets	14	11
Shares in affiliated companies	—	—
Companies accounted for using the equity method	—	—
Held-to-maturity investments	—	5
Land and buildings	54	—
Investment properties[1]	—	4
Total	**68**	**20**

1 gains on disposal, impairments and write-ups together with fair value fluctuations for investment properties measured at market value

Net income from investments breaks down as follows:

(€ millions)

	1/1 – 31/3/2013	1/1 – 31/3/2012
Gains on the disposal of	**82**	**24**
available-for-sale financial assets	28	12
shares in affiliated companies	—	—
companies accounted for using the equity method	—	—
held-to-maturity investments	—	5
land and buildings	54	—
investment properties	—	7
Write-downs, value adjustments and write-ups on	**(14)**	**(4)**
available-for-sale financial assets	(14)	(1)
shares in affiliated companies	—	—
companies accounted for using the equity method	—	—
held-to-maturity investments	—	—
investment properties	—	(3)
Total	**68**	**20**

12 Earnings per share

	1/1 – 31/3/2013	1/1 – 31/3/2012
Consolidated profit attributable to shareholder (€ millions)	406	707
Average number of shares	802,383,672	802,383,672
Earnings per share (€)	0.51	0.88

Notes to the Balance Sheet

13 Financial assets held for trading

(€ millions)

	31/3/2013	31/12/2012
Balance sheet assets	**25,321**	**25,035**
Fixed-income securities	14,592	13,917
Equity instruments	2,766	3,843
Other financial assets held for trading	7,963	7,275
Positive fair value from derivative financial instruments	**93,686**	**105,982**
Total	**119,007**	**131,017**

The financial assets held for trading include €127 million (31 December 2012: €207 million) in subordinated assets at 31 March 2013.

14 Financial assets at fair value through profit or loss

(€ millions)

	31/3/2013	31/12/2012
Fixed-income securities	23,448	22,915
Equity instruments	—	—
Investment certificates	2	2
Promissory notes	1,309	1,365
Other financial assets at fair value through profit or loss	—	—
Total	**24,759**	**24,282**

The financial assets at fair value through profit or loss include €309 million (31 December 2012: €301 million) in subordinated assets at 31 March 2013.

15 Available-for-sale financial assets

(€ millions)

	31/3/2013	31/12/2012
Fixed-income securities	3,929	4,013
Equity instruments	415	418
Other available-for-sale financial assets	182	188
Impaired assets	846	863
Total	**5,372**	**5,482**

At 31 March 2013, available-for-sale financial assets include financial instruments of €1,181 million (31 December 2012: €1,082 million) valued at cost.

The available-for-sale financial assets contain a total of €846 million (31 December 2012: €863 million) in impaired assets at 31 March 2013 for which impairments of €18 million (31 March 2012: €4 million) were taken to the income statement during the period under review. None of the non-impaired debt instruments are financial instruments past due.

The available-for-sale financial assets include €229 million (31 December 2012: €220 million) in subordinated assets at 31 March 2013.

16 Shares in associated companies accounted for using the equity method and joint ventures accounted for using the equity method

(€ millions)

	31/3/2013	31/12/2012
Associated companies accounted for using the equity method	69	65
of which: goodwill	36	36
Joint ventures accounted for using the equity method	—	—
Total	**69**	**65**

17 Held-to-maturity investments

(€ millions)

	31/3/2013	31/12/2012
Fixed-income securities	235	261
Impaired assets	—	—
Total	**235**	**261**

The held-to-maturity investments include a total of €11 million (31 December 2012: €11 million) in subordinated assets at 31 March 2013.

Held-to-maturity investments at 31 March 2013 include no impaired assets, as was also the case at 31 December 2012.

18 Loans and receivables with banks

(€ millions)

	31/3/2013	31/12/2012
Current accounts	13,489	14,737
Repos[1]	15,623	6,975
Reclassified securities	2,028	2,171
Other loans to banks	13,401	12,437
Total	**44,541**	**36,320**

1 repurchase agreements

The other loans to banks consist mostly of term deposits and bonds.

The loans and receivables with banks include €606 million (31 December 2012: €641 million) in subordinated assets at 31 March 2013.

19 Loans and receivables with customers

(€ millions)

	31/3/2013	31/12/2012
Current accounts	10,586	10,754
Repos[1]	432	443
Mortgage loans	42,370	42,957
Finance leases	1,907	1,883
Reclassified securities	3,301	3,552
Non-performing loans and receivables	4,424	4,468
Other loans and receivables	56,994	58,155
Total	**120,014**	**122,212**

1 repurchase agreements

The loans and receivables with customers include €1,330 million (31 December 2012: €1,298 million) in subordinated assets at 31 March 2013.

Notes to the Balance Sheet (Continued)

20 Application of reclassification rules defined in IAS 39.50 et seq.

No further reclassifications have been carried out since 2010. The intention to trade no longer exists for the assets reclassified in 2008 and 2009, since the markets in these financial instruments had become illiquid as a result of the extraordinary circumstances created by the financial crisis (2008/09) through to the time of reclassification. Given the high quality of the assets concerned, HVB intends to retain the assets for a longer period. HVB has not reclassified any assets from the available-for-sale portfolio.

The following table shows the development of the reclassified holdings:

(€ billions)

RECLASSIFIED ASSET-BACKED SECURITIES AND OTHER DEBT SECURITIES	CARRYING AMOUNT OF ALL RECLASSIFIED ASSETS[1]	FAIR VALUE OF ALL RECLASSIFIED ASSETS	NOMINAL AMOUNT OF ALL RECLASSIFIED ASSETS
Reclassified in 2008			
Balance at 31/12/2008	13.7	11.8	14.6
Balance at 31/12/2009	9.0	8.0	9.7
Balance at 31/12/2010	6.5	5.9	7.0
Balance at 31/12/2011	4.7	4.0	5.0
Balance at 31/12/2012	3.4	3.0	3.6
Balance at 31/3/2013	3.3	2.9	3.5
Reclassified in 2009			
Balance at 31/12/2009	7.3	7.4	7.4
Balance at 31/12/2010	4.6	4.5	4.6
Balance at 31/12/2011	3.2	3.2	3.3
Balance at 31/12/2012	2.4	2.5	2.5
Balance at 31/3/2013	2.3	2.4	2.4
Balance of reclassified assets at 31/3/2013	**5.6**	**5.3**	**5.9**

1 before accrued interest

The fair value of the financial instruments reclassified as loans and receivables with banks and customers amounts to a total of €5.3 billion at 31 March 2013. If these reclassifications had not been carried out in 2008 and 2009, mark-to-market valuation (including realised disposals) would have given rise to a net gain of €131 million in net trading income in the first three months of 2013. A net gain of €498 million (2012), €96 million (2011), €416 million (2010) and €1,159 million (2009) would have arisen in net trading income in the financial years 2012, 2011, 2010 and 2009, while a net loss of €1,792 million would have accrued in net trading income from the reclassified holdings in 2008. These effects reflect a theoretical, pro forma calculation, as the assets are measured at amortised cost on account of the reclassification.

In the first three months of 2013, we reversed €4 million of the write-downs taken on reclassified holdings. Write-downs on reclassified holdings had been taken in the amount of €31 million in 2012, €3 million in 2011, €8 million in 2010, €80 million in 2009 and €63 million in 2008. The fair value at the date when the reclassification takes effect represents the new acquisition cost, which in some cases is considerably less than the nominal value. Accordingly, this difference (discount) is to be amortised over the remaining term of the reclassified financial assets. This together with the reclassified securities that had matured or been partially repaid gives rise to an effect of €7 million (whole of 2012: €66 million, 2011: €100 million, 2010: €160 million, 2009: €208 million, 2008: €127 million), which is recognised in net interest.

A gain of €2 million (whole of 2012: €21 million, 2011: €14 million, 2010: €19 million, 2009: €83 million) on reclassified securities that had been sold was recognised in the income statement in the first three months of 2013.

In the first three months of 2013, the reclassifications carried out in 2008 and 2009 resulted in a profit before tax that was €118 million lower. Between the date when the reclassifications took effect and the reporting date, the cumulative net impact on the income statement from the reclassifications already carried out totalled €118 million before tax (first three months of 2013: minus €118 million, whole of 2012: minus €442 million, 2011: plus €15 million, 2010: minus €245 million, 2009: minus €948 million, 2008: plus €1,856 million).

21 Allowances for losses on loans and receivables with banks and customers

Analysis of loans and receivables (€ millions)

Balance at 1 January 2012	**4,743**
Changes affecting income[1]	97
Changes not affecting income	
Changes due to make-up of group of consolidated companies and	
reclassifications of disposal groups held for sale	—
Use of existing loan-loss allowances	(92)
Effects of currency translation and other changes not affecting income	(8)
Non-current assets or disposal groups held for sale	(15)
Balance at 31 March 2012	**4,725**
Balance at 1 January 2013	**4,448**
Changes affecting income[1]	102
Changes not affecting income	
Changes due to make-up of group of consolidated companies and	
reclassifications of disposal groups held for sale	—
Use of existing loan-loss allowances	(15)
Effects of currency translation and other changes not affecting income	(19)
Non-current assets or disposal groups held for sale	—
Balance at 31 March 2013	**4,516**

1 the changes affecting income include the gains on the disposal of impaired loans and receivables

22 Deposits from banks

(€ millions)

	31/3/2013	31/12/2012
Deposits from central banks	**7,402**	**6,271**
Deposits from banks	**47,638**	**38,945**
Current accounts	13,330	12,959
Reverse repos[1]	16,738	8,378
Term deposits	8,459	7,883
Other liabilities	9,111	9,725
Total	**55,040**	**45,216**

1 repurchase agreements

23 Deposits from customers

(€ millions)

	31/3/2013	31/12/2012
Current accounts	60,705	59,768
Savings deposits	15,002	14,779
Reverse repos[1]	8,000	8,550
Term deposits	18,307	17,820
Other liabilities	8,522	9,351
Total	**110,536**	**110,268**

1 repurchase agreements

Notes to the Balance Sheet (Continued)

24 Debt securities in issue

(€ millions)

	31/3/2013	31/12/2012
Bonds	31,070	34,467
Other securities	1,488	1,396
Total	**32,558**	**35,863**

25 Financial liabilities held for trading

(€ millions)

	31/3/2013	31/12/2012
Negative fair values arising from derivative financial instruments	93,009	105,513
Other financial liabilities held for trading	18,298	15,988
Total	**111,307**	**121,501**

The negative fair values arising from derivative financial instruments are carried as financial liabilities held for trading purposes. Also included under other financial liabilities held for trading purposes are warrants, certificates and bonds issued by our trading department as well as delivery obligations arising from short sales of securities not held for trading purposes.

26 Provisions

(€ millions)

	31/3/2013	31/12/2012
Provisions for pensions and similar commitments	136	133
Allowances for losses on guarantees and commitments and irrevocable credit commitments	530	527
Restructuring provisions	183	184
Actuarial provisions	27	27
Other provisions	1,056	1,077
Total	**1,932**	**1,948**

27 Change in valuation of financial instruments

The reserves arising from changes in the valuation of financial instruments recognised in equity totalled €64 million at 31 March 2013 (31 December 2012: €56 million). This rise of €8 million compared with year-end 2012 can be attributed almost exclusively to the €7 million increase in the AfS reserve to €37 million, resulting primarily from positive fair value fluctuations of fixed-income securities classified as available for sale. The hedge reserve similarly included in the reserves arising from changes in the value of financial instruments recognised in equity increased a slight €1 million compared with year-end 2012 to €27 million.

28 Subordinated capital

The following table shows the breakdown of subordinated capital included in deposits from banks and customers and debt securities in issue: (€ millions)

	31/3/2013	31/12/2012
Subordinated liabilities	1,678	2,103
Hybrid capital instruments	54	358
Total	**1,732**	**2,461**

Other Information

29 Contingent liabilities and other commitments

(€ millions)

	31/3/2013	31/12/2012
Contingent liabilities[1]	**19,835**	**19,909**
Guarantees and indemnities	19,835	19,909
Other commitments	**36,119**	**35,984**
Irrevocable credit commitments	35,781	35,646
Other commitments[2]	338	338
Total	**55,954**	**55,893**

1 contingent liabilities are offset by contingent assets to the same amount
2 without commitments arising from leases

Other Information (Continued)

30 Members of the Supervisory Board and Management Board

Supervisory Board

Federico Ghizzoni	**Chairman**
Peter König Dr Wolfgang Sprissler	**Deputy Chairmen**
Aldo Bulgarelli Beate Dura-Kempf Klaus Grünewald Werner Habich Dr Lothar Meyer Marina Natale Klaus-Peter Prinz Jens-Uwe Wächter Dr Susanne Weiss	**Members**

Management Board

Dr Andreas Bohn since 1 January 2013	**Corporate & Investment Banking**
Peter Buschbeck	**Private Clients Bank**
Jürgen Danzmayr	**Private Clients Bank (Private Banking)**
Lutz Diederichs	**Unternehmer Bank**
Peter Hofbauer	**Chief Financial Officer (CFO)**
Heinz Laber	**Human Resources Management, Global Banking Services**
Andrea Umberto Varese	**Chief Risk Officer (CRO)**
Dr Theodor Weimer	**Board Spokesman**

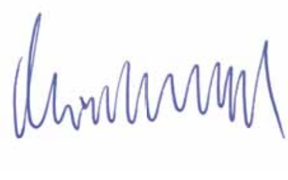
Munich, 7 May 2013

UniCredit Bank AG
The Management Board

Dr Bohn

Buschbeck

Danzmayr



Diederichs

Hofbauer

Laber

Varese

Dr Weimer

UniCredit Bank AG
Kardinal-Faulhaber-Strasse 1
80333 Munich

Signed by

Michael Furmans Michaela Karg