

This document constitutes a supplement to the thirteen base prospectuses dated 14 June 2010, 20 May 2010 for the issuance of Notes, Certificates and Warrants, 20 May 2010 for the issuance of Pfandbriefe, 20 May 2010 for the issuance of Global- and Jumbo-Pfandbriefe, 20 May 2009, 4 March 2009, 11 March 2008, 25 June 2007 and 27 June 2006, each as supplemented from time to time, pursuant to section 16 paragraph 1 of the German Securities Prospectus Act (*Wertpapierprospektgesetz*).

Supplement

to the Prospectus dated 14 June 2010

UniCredit Bank AG

Munich, Federal Republic of Germany

Euro 50,000,000,000 Debt Issuance Programme

for the issuance of Credit Linked Notes and Credit Linked Certificates

and

to the Prospectus dated 20 May 2010

UniCredit Bank AG

Munich, Federal Republic of Germany

Euro 50,000,000,000 Debt Issuance Programme

for the issuance of Notes, Certificates and Warrants

and

to the Prospectus dated 20 May 2010

UniCredit Bank AG

Munich, Federal Republic of Germany

Euro 50,000,000,000 Debt Issuance Programme

for the issuance of Pfandbriefe

and

to the Prospectus dated 20 May 2010

UniCredit Bank AG

Munich, Federal Republic of Germany

Euro 50,000,000,000 Debt Issuance Programme

for the issuance of Global- and Jumbo-Pfandbriefe

and

to the Prospectus dated 20 May 2009

UniCredit Bank AG

Munich, Federal Republic of Germany

Euro 50,000,000,000 Debt Issuance Programme

for the issuance of Notes (including Credit Linked Notes), Certificates and Warrants

and

to the Prospectus dated 4 March 2009

UniCredit Bank AG

Munich, Federal Republic of Germany

Euro 50,000,000,000 Debt Issuance Programme

for the issuance of Notes (including Pfandbriefe and Credit Linked Instruments), Certificates and Warrants
(consisting of two base prospectuses)

and

to the Prospectus dated 11 March 2008

UniCredit Bank AG

Munich, Federal Republic of Germany

Euro 50,000,000,000 Debt Issuance Programme

for the issuance of Notes (including Pfandbriefe and Credit Linked Instruments), Certificates and Warrants
(consisting of two base prospectuses)

and

to the Prospectus dated 25 June 2007

UniCredit Bank AG

Munich, Federal Republic of Germany

Euro 50,000,000,000 Debt Issuance Programme

for the issuance of Notes (including Pfandbriefe), Certificates and Warrants
(consisting of two base prospectuses)

and

to the Prospectus dated 27 June 2006

UniCredit Bank AG

Munich, Federal Republic of Germany

Euro 50,000,000,000 Debt Issuance Programme

for the issuance of Notes (including Pfandbriefe), Certificates and Warrants
(consisting of two base prospectuses)



**Arranger and Dealer
UniCredit Bank AG**

18 August 2010

This supplement is to be read and construed in conjunction with the base prospectuses dated 14 June 2010, 20 May 2010, 20 May 2009, 4 March 2009, 11 March 2008, 25 June 2007 and 27 June 2006 listed above (each a "**Prospectus**" and together the "**Prospectuses**") and in connection with any issue of Instruments, with the relevant Final Terms and/or Terms and Conditions. Therefore, with respect to issues under the Prospectuses references in the Final Terms and/or Terms and Conditions to the Prospectus are to be read as references to the relevant Prospectus as amended and supplemented.

UniCredit Bank AG accepts responsibility for the information contained in this Supplement and declares that, having taken all reasonable care to ensure that this is the case, the information contained in this Supplement is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import.

Investors who have already agreed to purchase or subscribe for the Instruments before the supplement is published shall have the right, exercisable within two working days after the publication of the Supplement, to withdraw their acceptances, pursuant to section 16 paragraph 3 of the German Securities Prospectus Act.

UniCredit Bank AG, MCD2 Debt Capital Markets Documentation, Arabellastraße 12, 81925 Munich, Germany, fax no.: +49-89-378 33 15964, has been appointed as recipient for the revocation notices according to Section 16 Paragraph 3 in connection with section 8 paragraph 1 sentence 4 of the German Securities Prospectus Act.

This Supplement and the Prospectuses are available during usual business hours on any weekday (except Saturdays and public holidays) at the office of UniCredit Bank AG, MCD2 Debt Capital Markets Documentation, Arabellastraße 12, 81925 Munich, Germany.

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UniCredit Bank AG announces the following changes with regard to the Prospectuses:

1. **CHANGES TO THE PROSPECTUS FOR THE EURO 50,000,000,000 DEBT ISSUANCE PROGRAMME FOR THE ISSUANCE OF CREDIT LINKED NOTES AND CREDIT LINKED CERTIFICATES DATED 14 JUNE 2010**

1.1 The contents of section "**Summary of the Prospectus – 4. SUMMARY DESCRIPTION OF THE ISSUER**" is replaced as follows:

4. SUMMARY DESCRIPTION OF THE ISSUER

UniCredit Bank AG, formerly Bayerische Hypo- und Vereinsbank AG ("**UniCredit Bank**" or "**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. UniCredit Bank has been an affiliated company of UniCredit S.p.A., Rome ("**UniCredit**", and together with its consolidated subsidiaries, the "**UniCredit Group**") since November 2005 and hence a major part of the UniCredit Group from that date as a sub-group. UniCredit holds directly 100% of UniCredit Bank's share capital.

UniCredit Bank has its registered office at Kardinal-Faulhaber-Strasse 1, 80333 Munich and is registered with the Commercial Register at the Lower 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.

As a result of the integration into the UniCredit Group, the activities of UniCredit Bank have been restructured in the following divisions: Corporate & Investment Banking, Retail and Private Banking.

Through these divisions, UniCredit Bank offers a wide range of banking and financial products and services to private and corporate clients including multinationals, public sector and institutional customers.

Its range extends from mortgage loans and banking services for consumers, private banking, business loans and foreign trade finance through to fund products, advisory and brokerage services, securities transactions and wealth management.

Since 2006, HVB strategy was refocused.

Thus, in 2007, the completion of the sale of shares held by HVB in today's UniCredit Bank Austria AG ("**Bank Austria**") was an important step. Similarly, UniCredit Bank sold its Russian, Lithuanian, Latvian, and Estonian business to Bank Austria as well as its participation in today's Joint Stock Commercial Bank Ukraine to Bank Pekao, a subsidiary of UniCredit.

With its new alignment, UniCredit Bank focuses on the financial services market in Germany and on the investment banking business worldwide.

In 2007, HVB took on most of the markets and investment banking activities of UniCredit Banca Mobiliare S.p.A. ("**UBM**"), the investment banking subsidiary of UniCredit, and acquired in 2008 the investment banking activities of Capitalia S.p.A. and its

subsidiary, Banca di Roma S.p.A., purchased by UniCredit in the year 2007.

Financial Highlights
As of 31 December 2009

Key performance indicators	1/1/-31/12/2009	1/1/-31/12/2008
Operating profit	€3,468m	€482m
Cost-income ratio (based on total revenues)	50,0%	87.9%
Profit before tax	€1,266m	€(595)m
Consolidated profit/(loss) (adjusted ¹)	€1,013m	€(623)m
Consolidated profit/(loss)	€884m	€(649)m
Earnings per share (adjusted) (2009 and 2008 adjusted for restructuring costs)	€1.18	€(0.80)
Earnings per share	€1.02	€(0.84)

Balance sheet figures	31/12/2009	31/12/2008
Total Assets	€363,4bn	€458.6bn
Shareholders' equity	€23.6bn	€23.0bn

Key capital ratios compliant with Basel II	31/12/2009	31/12/2008
Core capital	€20.4bn	€21.2bn
Risk-weighted assets (including equivalents for market risk and operational risk)	€115.1bn	€148.2bn
Core capital ratio (Tier 1 ratio) ²	17.8%	14.3%

1: 2009 and 2008 adjusted for restructuring costs

2: calculated on the basis of risk-weighted assets, including equivalents for market risk and operational risk

Financial Highlights
As of 30 June 2010

Key performance indicators	1/1 – 30/6/2010	1/1 – 30/6/2009
Operating profit	€1,600 m	€1,769 m

Cost-income ratio (based on total revenues)	52.3%	49.4%
Profit before tax	€1,096 m	€372 m
Consolidated profit	€720 m	€181 m
Earnings per share	€0.92	€0.18

Balance sheet figures	30/6/2010	31/12/2009
Total Assets	€412.0 bn	€363.4 bn
Shareholders' equity	€22.7 bn	€23.6 bn
Leverage ratio ¹	18.2	15.4

Key capital ratios compliant with Basel II	30/6/2010	31/12/2009
Core capital	€20.5 bn	€20.4 bn
Risk-weighted assets (including equivalents for market risk and operational risk)	€134.0 bn	€115.1 bn
Core capital ratio (Tier 1 ratio) ²	15.3%	17.8%

1: :ratio of total assets to shareholders' equity compliant with IFRS

2: calculated on the basis of risk-weighted assets, including equivalents for market risk and operational risk

Recent Developments

Change of Legal Name of the Issuer With effect of 15 December 2009 the Issuer has changed its legal name from "Bayerische Hypo- und Vereinsbank AG" to "UniCredit Bank AG". The brand name "HypoVereinsbank" has not changed.

Acquisition of markets operations of Bank Austria/ CAIB The Supervisory Board of UniCredit Bank has approved the purchase of significant parts of the markets and investment banking activities of Bank Austria/UniCredit CAIB AG ("**CAIB**"), including Bank Austria's markets activities and the London based brokerage subsidiary CAIB UK. This is a further major step to concentrate the markets- and investment banking business of UniCredit Group in HVB. Following the decision of the Supervisory Board the share purchase agreement regarding all shares in CAIB was signed 19/22 February 2010.

The total consideration comprises the agreed purchase price of € 1.24 billion, established with reference to an expert valuation opinion provided by an independent external adviser, plus the excess capital from CAIB on completion of the purchase contract.

The transaction closed on 1 June 2010. Following the closing CAIB was merged cross border into HVB with legal effect as of 1 July 2010.

- 1.2 The contents of sections "**Summary of the Prospectus - 5. RISK FACTORS – Risks relating to UniCredit Bank AG**" and "**Summary of the Prospectus – 5. RISK FACTORS – Risks Relating to HVB Group's Business**" are replaced as follows:

Risks relating to UniCredit Bank AG

An investment in the Securities involves certain risks relating to the Issuer and the relevant Tranche of Securities. While all of these risk factors involve contingencies which may or may not occur, potential investors should be aware that the risks involved with investing in the Securities may, among other things, (i) affect the ability of the Issuer to fulfill its obligations under the Securities issued under the Programme and/or (ii) lead to a volatility and/or decrease in the market value of the relevant Tranche of Securities whereby the market value falls short of the expectations (financial or otherwise) of an investor upon making an investment in such Securities.

Issuer risk

Issuer risk is related to the possibility that the Issuer, with reference to the business and profitability of the Issuer is unable to pay coupons and interests and/or repay the principal, due to a deterioration in the soundness of assets.

Risks from the global financial markets crisis and economic crisis

The Markets & Investment Banking ("**MIB**") division¹ suffered from declines or losses notably in structured loans recorded in net trading income from the third quarter of 2007 up to the first quarter 2009.

The subprime crisis originated from the United States of America and started in second half of 2007. Triggered by the loss in value of asset-backed papers based on subprime mortgages in the United States of America, there was a significant decrease in investors' appetite for risk, resulting in liquidity bottlenecks on the money market, accompanied by a massive widening of credit spreads. Like the entire UniCredit Group, HVB Group has only a slight direct exposure to the underlying U.S. real estate crisis.

The resulting financial market turbulence have also affected the European financial markets and the global economy. Especially several countries and several industry segments are in severe economic difficulties.

To a varying degree and extent, this has of course also affected the business operations and the profitability of HVB Group, in particular in the MIB division in 2007 and 2008. These effects were most noticeable in structured credit products held for trading purposes and in the syndicated finance market.

In general terms, there is a risk that the economic recovery that began in the second half of 2009 will not be repeated to the same degree in 2010 and that economic conditions will remain difficult both worldwide and in Germany. In particular, a weak trend in important sectors such as the automotive and automotive supply industry, engineering and commercial real estate coupled with a

¹ Since mid 2009, the former divisions of Corporates & Commercial Real Estate Financing and Markets & Investment Banking (MIB) have been formally merged to form the new Corporate & Investment Banking Division (CIB) in HVB.

rising unemployment rate could have a detrimental effect on loan-loss provisions. Decreasing central bank liquidity and a flat yield curve could negatively impact the capital markets and thus, indirectly, our total revenues.

In general, the overall economic environment will be subject to numerous sources of uncertainty in 2010 and the financial sector will continue to face major challenges during the year. For example, if the financial markets experience renewed turmoil, 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

Risks Relating to HVB Group's Business

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 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.

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 the budgeted amounts.

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.

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 of UniCredit Group. 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 merger of CAIB with HVB, which was entered in the commercial register on 1 July 2010, represents a further step in the consolidation and pooling of the Markets & Investment Banking business of the UniCredit Group. This will boost operational efficiency and profitability. It cannot be ruled out that this move could result in the departure of customers, which could reduce the potential earnings of HVB Group.

The strategic objective of our Corporate & Investment banking division is to be a leading, integrated European corporate and investment bank, offering our customers added value through specific relationship models geared to customer individual needs. Despite the customer-oriented approach of our 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.

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. Things like a general levy on financial institutions, 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. Actual draft laws are already being promoted in individual countries (taxes on elements of remuneration already implemented e.g. in UK). 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 translated into new tax laws.

IT risks

The new IT platform EuroSIG was launched on August 1, 2010. After the successful implementation which led to temporary restrictions only, no significant system orientated risks are seen concerning the operation. Certainly, until the delivery and launch of further subcomponents in the third and fourth quarter of 2010, several manual activities as so called 'work-arounds' are necessary which per se lead to increased operational risks.

- 1.3 The contents of section "**German Translation of Summary of the Prospectus – 4. ZUSAMMENFASSUNG DER BESCHREIBUNG DER EMITTENTIN**" is replaced as follows:

4. ZUSAMMENFASSUNG DER BESCHREIBUNG DER HVB

Die UniCredit Bank AG, ehemals Bayerische Hypo- und Vereinsbank AG, ("**UniCredit Bank**" oder "**HVB**", und zusammen mit ihren konsolidierten Beteiligungen, die "**HVB Group**") entstand 1998 aus der Fusion der Bayerische Vereinsbank Aktiengesellschaft und der Bayerische Hypotheken- und Wechsel-Bank Aktiengesellschaft. Sie ist die Muttergesellschaft der HVB Group, die ihren Unternehmenssitz in München hat. Seit November 2005 gehört die HVB Group mehrheitlich UniCredit S.p.A., Rom ("**UniCredit**", und zusammen mit ihren konsolidierten Beteiligungen die "**UniCredit Group**") und fungiert somit seit diesem Datum als Teilkonzern der UniCredit Group. Die UniCredit hält direkt 100% des Aktienkapitals der UniCredit Bank.

Die UniCredit Bank hat ihren Unternehmenssitz in der Kardinal-Faulhaber-Straße 1, 80333 München und ist im Handelsregister des Amtsgerichts München unter der Nr. HRB 42148 als Aktiengesellschaft nach deutschem Recht eingetragen. Sie ist unter der Telefonnummer +49-89-378-0 oder unter www.hvb.de zu erreichen.

Infolge der Integration in die UniCredit Group wurden die Aktivitäten der HVB Group in folgenden Divisionen restrukturiert: Corporate & Investment Banking, Retail and Private Banking.

Mit diesen Divisionen bietet die HVB Group ein breites Portfolio an Bank- und Finanzprodukten und -dienstleistungen für Privat- und Firmenkunden einschließlich Multinationals, öffentliche Hand und institutioneller Kunden an.

Die Bandbreite reicht von Hypothekendarlehen und Bankdienstleistungen für Verbraucher über Private Banking, Geschäftskredite und Außenhandelsfinanzierung bis zu Fondsprodukten, Beratungs- und Vermittlungsdiensten, Wertpapiertransaktionen und Vermögensverwaltung.

Seit 2006 kam es zu einer Neufokussierung der Strategie der HVB Group.

Einen wichtigen Schritt stellte die im Jahre 2007 vollzogene Veräußerung der von der HVB gehaltenen Aktien an der heutigen UniCredit Bank Austria AG ("**Bank Austria**") an die UniCredit dar. Im gleichen Zusammenhang veräußerte die UniCredit Bank auch ihr Russland-, Litauen-, Lettland- und Estland-Geschäft an die Bank Austria und ihre Beteiligung an der heutigen Joint Stock Commercial Bank Ukraine an die Bank Pekao, eine Tochtergesellschaft der UniCredit.

Die UniCredit Bank fokussiert sich im Rahmen der Neuausrichtung ihrer Strategie auf den Markt für Finanzdienstleistungen in Deutschland und das Investment Banking-Geschäft weltweit.

Im Jahr 2007 hat die HVB von der UniCredit nahezu sämtliche Markets- und Investment Banking-Aktivitäten der UniCredit Banca Mobiliare S.p.A. ("**UBM**") , der Investment Banking-Tochter der UniCredit, übernommen und im Jahre 2008 die Investment Banking-Aktivitäten der von UniCredit im Jahr 2007 erworbenen Capitalia S.p.A. und ihrer Tochtergesellschaft, Banca di Roma S.p.A., erworben.

Financial Highlights
Zum 31. Dezember 2009

Kennzahlen der Erfolgsrechnung	1.1.-31.12.2009	1.1.-31.12.2008
Operatives Ergebnis	3.468 Mio €	482 Mio€
Cost-Income-Ratio (gemessen an den operativen Erträgen)	50,0%	87,9%
Ergebnis vor Steuern	1.266 Mio €	-595 Mio €
Konzernjahresüberschuss /-fehlbetrag, bereinigt ¹	1.013Mio €	-623 Mio €
Konzernjahresüberschuss /-fehlbetrag	884 Mio €	-649 Mio €
Ergebnis je Aktie, bereinigt ¹	1,18 €	-0,80 €
Ergebnis je Aktie	1,02 €	-0,84 €

Bilanzzahlen	31.12.2009	31.12.2008
Bilanzsumme	363,4 Mrd €	458,6 Mrd €
Bilanzielles Eigenkapital	23,6 Mrd €	23,0 Mrd €

Leverage Ratio ²	15,4	19,9
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Bankaufsichtsrechtliche Kennzahlen gemäß Basel II	31.12.2009	31.12.2008
Kernkapital	20,4 Mrd €	21,2 Mrd €
Risikoaktiva (inklusive Äquivalente für das Marktrisiko und operationelle Risiko)	115,1 Mrd €	148,2 Mrd €
Kernkapitalquote (Berechnet auf der Basis von Risikoaktiva inklusive Äquivalente für das Marktrisiko und für das operationelle Risiko)	17,8%	14,3%

1: 2009 und 2008 bereinigt um Aufwendungen für Restrukturierungen

2: Verhältnis von Bilanzsumme zu bilanziellem Eigenkapital gemäß IFRS

Financial Highlights Zum 30. Juni 2010

Kennzahlen der Erfolgsrechnung	1.1.-30.6.2010	1.1.-30.6.2009
Operatives Ergebnis	1.600 Mio €	1.769 Mio €
Cost-Income-Ratio (gemessen an den operativen Erträgen)	52,3%	49,4%
Ergebnis vor Steuern	1.096 Mio €	372 Mio €
Konzernüberschuss	720 Mio €	181 Mio €
Ergebnis je Aktie	0,92 €	0,18 €

Bilanzzahlen	30.6.2010	31.12.2009
Bilanzsumme	412,0 Mrd €	363,4 Mrd €
Bilanzielles Eigenkapital	22,7 Mrd €	23,6 Mrd €
Leverage Ratio ¹	18,2	15,4

Bankaufsichtsrechtliche Kennzahlen nach Basel II	30.6.2010	31.12.2009
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Kernkapital	20,5 Mrd €	20,4 Mrd €
Risikoaktiva (inklusive Äquivalente für das Marktrisiko und operationelle Risiko)	134,0 Mrd €	115,1 Mrd €
Kernkapitalquote (Tier 1 Ratio) ²	15,3%	17,8%

1: Verhältnis von Bilanzsumme zum bilanziellen Eigenkapital gemäß IFRS

2: Berechnet auf der Basis von Risikoaktiva inklusive Äquivalente für das Marktrisiko und für das operationelle Risiko

Jüngste Entwicklungen

Änderung der Firma der Emittentin

Mit Wirkung ab 15. Dezember 2009 hat die Emittentin ihre Firma von "Bayerische Hypo- und Vereinsbank AG" in "UniCredit Bank AG" geändert. Der Markenname "HypoVereinsbank" hat sich nicht geändert.

Erwerb der Marketsaktivitäten der Bank Austria/CAIB

Der Aufsichtsrat der UniCredit Bank hat dem Erwerb ganz wesentlicher Teile der Markets- und Investment Banking-Aktivitäten der Bank Austria/UniCredit CAIB AG ("**CAIB**") einschließlich der Markets-Aktivitäten der Bank Austria und der Brokerage-Tochter CAIB UK mit Sitz in London zugestimmt. Dies ist ein weiterer bedeutender Schritt, das Markets- und Investment Banking-Geschäft der UniCredit Group bei der HVB zu konzentrieren. Nach dem Beschluss des Aufsichtsrats wurde der Vertrag über den Erwerb aller Aktien der CAIB am 19./22. Februar 2010 geschlossen.

Die UniCredit Bank zahlt dafür auf Basis eines unabhängigen, extern erstellten Wertgutachtens einen Kaufpreis in Höhe von 1,24 Mrd. EUR zuzüglich der von der CAIB bei Vollzug des Kaufvertrages vorgehaltenen Überkapitalisierung.

Die Transaktion wurde am 1. Juni 2010 vollzogen. Anschließend wurde die CAIB rechtswirksam zum 1. Juli 2010 auf die HVB grenzüberschreitend verschmolzen.

- 1.4 The contents of section "**German Translation of Summary of the Prospectus – 5. RISIKOFAKTOREN – Mit UniCredit Bank AG verbundene Risiken**" sowie "**German Translation of Summary of the Prospectus – 5. RISIKOFAKTOREN – Risiken bezogen auf die Geschäftstätigkeit der HVB Group**" are replaced as follows:

Mit UniCredit Bank AG verbundene Risiken

Jede Investition in die Wertpapiere unterliegt gewissen Risiken hinsichtlich der Emittentin und der jeweiligen Tranche der Wertpapiere. Diese Risiken werden durch Faktoren bedingt, deren Eintreten nicht sicher ist. Potenzielle Investoren sollten daher bedenken, dass die mit einer Investition in die Wertpapiere verbundenen Risiken unter anderem (i) die Fähigkeit der Emittentin, ihre Verpflichtungen aus den im Rahmen des Programms begebenen Wertpapieren zu erfüllen, beeinflussen und/oder (ii) eine Volatilität und/oder Minderung des Marktwerts der maßgeblichen Tranche der Wertpapiere nach sich ziehen können, so dass der Marktwert die (finanziellen oder sonstigen) zum Zeitpunkt der Investitionsentscheidung gehegten Erwartungen des Investors nicht erfüllt.

Emittentenrisiko

Das Emittentenrisiko bezieht sich auf die Möglichkeit, dass die Emittentin keine Kupons und Zinsen zahlen kann und/oder das Grundkapital nicht zurückzahlen kann, weil sich der Geschäftsverlauf und die Ertragskraft und damit auch die Stabilität ihrer Vermögenswerte verschlechtern.

Risiken aus der weltweiten Finanzmarkt- und Wirtschaftskrise

Die Division Markets & Investment Banking ("MIB")¹ musste vom 3. Quartal 2007 bis zum 1. Quartal 2009 einen Rückgang hinnehmen, insbesondere bei strukturierten Krediten, die beim Handelsergebnis ausgewiesen werden.

Die Subprime-Krise wurde in der zweiten Hälfte des Jahres 2007 in den Vereinigten Staaten von Amerika ausgelöst. Ausgehend von dem in den Vereinigten Staaten von Amerika zu verzeichnenden Werteverfall bei forderungsbesicherten Wertpapieren auf Basis von Immobiliendarlehen an Kreditnehmer minderer Bonität (Subprime) kam es zu einer deutlichen Abnahme der Risikobereitschaft der Anleger mit der Folge von Liquiditätsengpässen am Geldmarkt und einer massiven Ausweitung der Credit Spreads. Wie die gesamte UniCredit Group ist auch die HVB Group nur in geringem Maße direkt von der auslösenden US-Immobilienkrise betroffen.

Die aus der Krise resultierenden Finanzmarkturbulenzen hatten auch Auswirkungen auf die europäischen Finanzmärkte und auch auf die Weltwirtschaft. Besonders einzelne Länder und Branchen befinden sich in einer äußerst schwierigen wirtschaftlichen Lage.

Dadurch wurden in unterschiedlichem Umfang und Ausmaß natürlich auch der Geschäftsverlauf und die Ertragskraft der HVB Group beeinflusst, insbesondere in der MIB in den Jahren 2007 und 2008. Bei strukturierten Kreditprodukten im Handelsbestand sowie im Markt der syndizierten Finanzierungen waren diese Auswirkungen am deutlichsten zu spüren.

Allgemein besteht das Risiko, dass sich die im zweiten Halbjahr 2009 einsetzende wirtschaftliche Erholung im Jahr 2010 nicht im

¹ Mitte 2009 wurden die früheren Divisionen Corporates & Commercial Real Estate Financing und Markets & Investment Banking (MIB) formell zusammengefasst und bilden seitdem die neue Division Corporate & Investment Banking.

selben Umfang wiederholen wird und dass die wirtschaftlichen Rahmenbedingungen sowohl weltweit als auch in Deutschland schwierig bleiben werden. Insbesondere könnte sich ein schwacher Trend in wichtigen Wirtschaftszweigen wie der Automobil- und Automobilzulieferindustrie, im Maschinen- und Anlagenbau sowie bei Gewerbeimmobilien in Verbindung mit einer steigenden Arbeitslosenquote nachteilig auf die Risikovorsorge auswirken. Ein Abbau der von den Notenbanken bereit gestellten Liquidität und eine flache Zinsertragskurve könnten sich negativ auf die Kapitalmärkte auswirken und somit indirekt auch auf unsere operativen Erträge.

Generell wird das gesamtwirtschaftliche Umfeld 2010 durch zahlreiche Unsicherheitsfaktoren geprägt sein, und der Finanzsektor wird im Verlauf dieses Jahres weiter vor großen Herausforderungen stehen. Sollte es beispielsweise zu erneuten Verwerfungen an den Finanzmärkten kommen - z. B. als Folge von Insolvenzen im Finanzsektor oder von staatlichen Zahlungsausfällen - , könnte sich dies negativ auf die Aktiva, Passiva, die Vermögens- und Finanzlage sowie auf den Jahresüberschuss bzw. -fehlbetrag der HVB Group auswirken.

**Risiken bezogen auf die
Geschäftstätigkeit der HVB Group**

**Verwerfungen auf den
Finanzmärkten könnten die
Liquidität der HVB Group
beeinflussen**

Als ein weltweit tätiger Marktteilnehmer ist die HVB Group dem allgemeinen Risiko von Verwerfungen auf den Finanzmärkten ausgesetzt. Es kann daher zu einer Situation kommen, in der die HVB Vermögenswerte zu deutlich erhöhten Kosten refinanzieren muss. Länger anhaltende Spannungen auf den Märkten könnten zu einem erhöhten Liquiditätsrisiko führen, bedingt durch einen Mangel an verfügbaren Refinanzierungsquellen.

**Kreditausfälle könnten
Prognosen übersteigen**

Die HVB Group ist wichtiger Kreditgeber mehrerer großer Firmenkunden, die in den letzten Jahren ein Insolvenzverfahren einleiten mussten und momentan eine Umstrukturierungsphase durchleben. Es besteht das Risiko, dass die HVB Group möglicherweise eine höhere Kreditrisikovorsorge benötigt bzw. höhere Kreditausfälle entstehen als im Budget vorgesehen.

Die HVB Group ist wichtiger Darlehensgeber großer Firmenkunden, Banken und Finanzinstitute in Deutschland und anderen Ländern. Die Anzahl der in Zukunft bei den Kunden der HVB Group zu erwartenden Insolvenzen ist nicht vorhersehbar. Wenn diese Anzahl den geplanten Umfang übersteigt, benötigt der Konzern möglicherweise eine höhere Kreditrisikovorsorge bzw. es entstehen höhere Kreditausfälle als im Budget vorgesehen.

In solchen Szenarien können die Kreditausfälle das prognostizierte Niveau übersteigen.

**Schwierige Marktsituationen
können die Volatilität der
Erträge der HVB Group
erhöhen**

Die HVB Group ist für das regionale Management des deutschen Markts zuständig, und sie ist auch das Kompetenzzentrum für die Markets- und Investment-Banking-Aktivitäten der UniCredit Group. Daraus resultiert ein ausgewogenes, tragfähiges Geschäftsmodell, das auf mehreren Säulen ruht. Je nachdem, wie sich die externen Märkte entwickeln, könnten sich Ungleichgewichte in den Gewinnbeiträgen ergeben.

Die Verschmelzung der CAIB mit der UniCredit Bank AG, die am 1. Juli 2010 im Handelsregister eingetragen wurde, bedeutet einen weiteren Schritt zur Konsolidierung und Bündelung des Markets & Investment Banking-Geschäfts der UniCredit Group.

Damit wird eine Steigerung der operativen Effizienz und der Profitabilität erzielt. In diesem Zusammenhang können Kundenabwanderungen nicht ausgeschlossen werden, die das Ertragspotenzial der HVB Group beeinträchtigen könnten.

Das strategische Ziel unserer Division Corporate & Investment Banking besteht darin, eine führende und integrierte europäische Firmenkunden- und Investmentbank zu werden, die ihren Kunden Mehrwert durch spezifische Geschäftsbeziehungsmodelle bietet, die auf die Anforderungen des einzelnen Kunden abgestimmt sind. Trotz des kundenorientierten Ansatzes in unserem Investment Banking-Geschäft und der allmählichen Rückführung des Eigenhandels bleiben die Erträge naturgemäß relativ volatil. Obwohl das Investment Banking bei normalen Marktbedingungen hochprofitabel ist, ist dieses Geschäft in schwierigen Marktsituationen erhöhten Ertragsrisiken ausgesetzt.

**Steuerliche Auswirkungen:
Durch neue Steuerarten sollen
die Banken an den Kosten der
Finanzkrise beteiligt werden**

Derzeit werden mehrere Möglichkeiten diskutiert, wie die Banken an den Kosten der Finanzkrise beteiligt werden können. Dabei geht es unter anderem um eine allgemeine Abgabe für Finanzinstitute, Steuern auf Eigenhandelsgeschäfte, auf Finanztransaktionen und auf verschiedene Vergütungsbestandteile von Bankmitarbeitern mit vergleichsweise hohem Einkommen. Gegenwärtig werden in einzelnen Ländern bereits entsprechende Gesetzesentwürfe auf den Weg gebracht (wie zum Beispiel eine Steuer auf Teile der Mitarbeitervergütung, wie sie zum Beispiel in Großbritannien bereits eingeführt worden ist). Die großen Industrieländer diskutieren gegenwärtig mögliche Maßnahmen einer koordinierten Vorgehensweise. Neben der Erhebung eines Beitrags zu den Kosten verfolgen diese Maßnahmen auch einen politischen Zweck. Die HVB Group könnte mit zusätzlichen Kosten belastet werden, falls die gegenwärtig diskutierten Vorschläge zu neuen Steuergesetzen führen.

IT-Risiken

Die neue IT-Plattform EuroSIG wurde am 1. August 2010 eingeführt. Nach der erfolgreichen, mit nur vorübergehenden Einschränkungen verbundenen Einführung werden keine gravierenden systemtechnischen Risiken für den laufenden Betrieb gesehen. Bis zur Auslieferung und Inbetriebnahme von noch weiteren Teilkomponenten im dritten und vierten Quartal 2010 sind allerdings diverse manuelle Tätigkeiten als sogenannte "Workarounds" notwendig, die per se mit erhöhten operationellen Risiken verbunden sind.

- 1.5 On page 492 immediately after the section "*Documents incorporated by reference*" the following section is inserted:

"Recent Developments

The merger of CAIB with HVB, which was entered in the commercial register on 1 July 2010, represents a further step in the consolidation and pooling of the Markets & Investment Banking business of the UniCredit Group. This will boost operational efficiency and profitability. It cannot be ruled out that this move could result in the departure of customers, which could reduce the potential earnings of HVB Group.

The new IT platform EuroSIG was launched on August 1, 2010. After the successful implementation which lead to temporary restrictions only, no significant system orientated risks are seen concerning the operation. Certainly, until the delivery and launch of further subcomponents in the third and fourth

quarter of 2010, several manual activities as so called 'work-arounds' are necessary which per se lead to increased operational risks."

1.6 Immediately after page 492 the unaudited Half-yearly Financial Report as at 30 June 2010 as laid out in Appendix 1 of this Supplement is inserted as D-Pages in its entirety.

2. **CHANGES TO THE PROSPECTUS FOR THE EURO 50,000,000,000 DEBT ISSUANCE PROGRAMME FOR THE ISSUANCE OF NOTES, CERTIFICATES AND WARRANTS DATED 20 MAY 2010**

2.1 The contents of section "**Summary of the Prospectus – 4. SUMMARY DESCRIPTION OF THE ISSUER**" is replaced as stated under item 1.1 of this Supplement.

2.2 The contents of section "**Summary of the Prospectus – 5. RISK FACTORS – Risks relating to UniCredit Bank AG**" and "**Summary of the Prospectus – 5. RISK FACTORS – Risks Relating to HVB Group's Business**" is replaced as stated under item 1.2 of this Supplement.

2.3 The contents of section "**German Translation of Summary of the Prospectus – 4. ZUSAMMENFASSUNG DER BESCHREIBUNG DER EMITTENTIN**" is replaced as stated under item 1.3 of this Supplement.

2.4 The contents of section "**German Translation of Summary of the Prospectus – 5. RISIKOFAKTOREN – Mit UniCredit Bank AG verbundene Risiken**" sowie "**German Translation of Summary of the Prospectus – 5. RISIKOFAKTOREN – Risiken bezogen auf die Geschäftstätigkeit der HVB Group**" is replaced as stated under item 1.4 of this Supplement.

2.5 On page 398 immediately after the section "*Documents incorporated by reference*" the section as stated under 1.5 of this Supplement is inserted.

2.6 Immediately after page 398 the unaudited Half-yearly Financial Report as at 30 June 2010 as laid out in Appendix 1 of this Supplement is inserted as D-Pages in its entirety.

3. **CHANGES TO THE PROSPECTUS FOR THE EURO 50,000,000,000 DEBT ISSUANCE PROGRAMME FOR THE ISSUANCE OF PFANDBRIEFE DATED 20 MAY 2010**

3.1 The contents of section "**Summary of the Prospectus – 4. SUMMARY DESCRIPTION OF THE ISSUER**" is replaced as stated under item 1.1 of this Supplement.

3.2 The contents of section "**Summary of the Prospectus – 5. RISK FACTORS – Risks relating to UniCredit Bank AG**" and "**Summary of the Prospectus – 5. RISK FACTORS – Risks Relating to HVB Group's Business**" is replaced as stated under item 1.2 of this Supplement.

3.3 The contents of section "**German Translation of Summary of the Prospectus – 4. ZUSAMMENFASSUNG DER BESCHREIBUNG DER EMITTENTIN**" is replaced as stated under item 1.3 of this Supplement.

3.4 The contents of section "**German Translation of Summary of the Prospectus – 5. RISIKOFAKTOREN – Mit UniCredit Bank AG verbundene Risiken**" sowie "**German Translation of Summary of the Prospectus – 5. RISIKOFAKTOREN – Risiken bezogen auf die Geschäftstätigkeit der HVB Group**" is replaced as stated under item 1.4 of this Supplement.

3.5 On page 151 immediately after the section "*Documents incorporated by reference*" the section as stated under 1.5 of this Supplement is inserted.

3.6 Immediately after page 151 the unaudited Half-yearly Financial Report as at 30 June 2010 as laid out in Appendix 1 of this Supplement is inserted as D-Pages in its entirety.

4. CHANGES TO THE PROSPECTUS FOR THE EURO 50,000,000,000 DEBT ISSUANCE PROGRAMME FOR THE ISSUANCE OF GLOBAL- AND JUMBO-PFANDBRIEFE DATED 20 MAY 2010

- 4.1 The contents of section "**Summary of the Prospectus – 4. SUMMARY DESCRIPTION OF THE ISSUER**" is replaced as stated under item 1.1 of this Supplement.
- 4.2 The contents of section "**Summary of the Prospectus – 5. RISK FACTORS – Risks relating to UniCredit Bank AG**" and "**Summary of the Prospectus – 5. RISK FACTORS – Risks Relating to HVB Group's Business**" is replaced as stated under item 1.2 of this Supplement.
- 4.3 The contents of section "**German Translation of Summary of the Prospectus – 4. ZUSAMMENFASSUNG DER BESCHREIBUNG DER EMITTENTIN**" is replaced as stated under item 1.3 of this Supplement.
- 4.4 The contents of section "**German Translation of Summary of the Prospectus – 5. RISIKOFAKTOREN – Mit UniCredit Bank AG verbundene Risiken**" sowie "**German Translation of Summary of the Prospectus – 5. RISIKOFAKTOREN – Risiken bezogen auf die Geschäftstätigkeit der HVB Group**" is replaced as stated under item 1.4 of this Supplement.
- 4.5 On page 58 immediately after the section "*Documents incorporated by reference*" the section as stated under 1.5 of this Supplement is inserted.
- 4.6 Immediately after page 58 the unaudited Half-yearly Financial Report as at 30 June 2010 as laid out in Appendix 1 of this Supplement is inserted as D-Pages in its entirety.

5. CHANGES TO THE PROSPECTUS FOR THE EURO 50,000,000,000 DEBT ISSUANCE PROGRAMME FOR THE ISSUANCE OF NOTES (INCLUDING CREDIT LINKED NOTES), CERTIFICATES AND WARRANTS DATED 20 MAY 2009

- 5.1 The contents of section "**Summary of the Prospectus – 4. SUMMARY DESCRIPTION OF THE ISSUER**" is replaced as stated under item 1.1 of this Supplement.
- 5.2 The contents of section "**Summary of the Prospectus – 5. RISK FACTORS – Risks relating to UniCredit Bank AG**" and "**Summary of the Prospectus – 5. RISK FACTORS – Risks Relating to HVB Group's Business**" is replaced as stated under item 1.2 of this Supplement.
- 5.3 The contents of section "**German Translation of Summary of the Prospectus – 4. ZUSAMMENFASSUNG DER BESCHREIBUNG DER EMITTENTIN**" is replaced as stated under item 1.3 of this Supplement.
- 5.4 The contents of section "**German Translation of Summary of the Prospectus – 5. RISIKOFAKTOREN – Mit UniCredit Bank AG verbundene Risiken**" sowie "**German Translation of Summary of the Prospectus – 5. RISIKOFAKTOREN – Risiken bezogen auf die Geschäftstätigkeit der HVB Group**" is replaced as stated under item 1.4 of this Supplement.
- 5.5 On page 419 after the last paragraph of the section "*Recent Developments*" the following new paragraph is inserted:

"The merger of CAIB with HVB, which was entered in the commercial register on 1 July 2010, represents a further step in the consolidation and pooling of the Markets & Investment Banking business of the UniCredit Group. This will boost operational efficiency and profitability. It cannot be ruled out that this move could result in the departure of customers, which could reduce the potential earnings of HVB Group.

The new IT platform EuroSIG was launched on August 1, 2010. After the successful implementation which lead to temporary restrictions only, no significant system orientated risks are seen concerning the operation. Certainly, until the delivery and launch of further subcomponents in the third and fourth quarter of 2010, several manual activities as so called 'work-arounds' are necessary which per se lead to increased operational risks."

- 5.6 Immediately after page 419 the unaudited Half-yearly Financial Report as at 30 June 2010 as laid out in Appendix 1 of this Supplement is inserted as D-Pages in its entirety.

6. CHANGES TO THE PROSPECTUS FOR THE EURO 50,000,000,000 DEBT ISSUANCE PROGRAMME FOR THE ISSUANCE OF NOTES (INCLUDING PFANDBRIEFE AND CREDIT LINKED INSTRUMENTS), CERTIFICATES AND WARRANTS DATED 4 MARCH 2009

- 6.1 The contents of section "**Summary of the Prospectus – 4. SUMMARY DESCRIPTION OF THE ISSUER**" is replaced as stated under item 1.1 of this Supplement.

- 6.2 The contents of section "**Summary of the Prospectus – 5. RISK FACTORS – Risks relating to UniCredit Bank AG**" and "**Summary of the Prospectus – 5. RISK FACTORS – Risks Relating to HVB Group's Business**" is replaced as stated under item 1.2 of this Supplement.

- 6.3 The contents of section "**German Translation of Summary of the Prospectus – 4. ZUSAMMENFASSUNG DER BESCHREIBUNG DER EMITTENTIN**" is replaced as stated under item 1.3 of this Supplement.

- 6.4 The contents of section "**German Translation of Summary of the Prospectus – 5. RISIKOFAKTOREN – Mit UniCredit Bank AG verbundene Risiken**" sowie "**German Translation of Summary of the Prospectus – 5. RISIKOFAKTOREN – Risiken bezogen auf die Geschäftstätigkeit der HVB Group**" is replaced as stated under item 1.4 of this Supplement.

- 6.5 On page 568 after the last paragraph of the section "**Recent Developments**" the paragraph as stated under 5.5 of this Supplement is inserted.

- 6.6 Immediately after page 604 the unaudited Half-yearly Financial Report as at 30 June 2010 as laid out in Appendix 1 of this Supplement is inserted as D-Pages in its entirety.

7. CHANGES TO THE PROSPECTUS FOR THE EURO 50,000,000,000 DEBT ISSUANCE PROGRAMME FOR THE ISSUANCE OF NOTES (INCLUDING PFANDBRIEFE AND CREDIT LINKED INSTRUMENTS), CERTIFICATES AND WARRANTS DATED 11 MARCH 2008

- 7.1 The contents of section "**Summary of the Prospectus – 4. SUMMARY DESCRIPTION OF THE ISSUER**" is replaced as stated under item 1.1 of this Supplement.

- 7.2 The contents of section "**Summary of the Prospectus – 5. RISK FACTORS – Risks relating to UniCredit Bank AG**" and "**Summary of the Prospectus – 5. RISK FACTORS – Risks Relating to HVB Group's Business**" is replaced as stated under item 1.2 of this Supplement.

- 7.3 The contents of section "**German Translation of Summary of the Prospectus – 4. ZUSAMMENFASSUNG DER BESCHREIBUNG DER EMITTENTIN**" is replaced as stated under item 1.3 of this Supplement.

- 7.4 The contents of section "**German Translation of Summary of the Prospectus – 5. RISIKOFAKTOREN – Mit UniCredit Bank AG verbundene Risiken**" sowie "**German Translation of Summary of the Prospectus – 5. RISIKOFAKTOREN – Risiken bezogen auf die Geschäftstätigkeit der HVB Group**" is replaced as stated under item 1.4 of this Supplement.

- 7.5 On page 545 after the last paragraph of the section "*Recent Developments*" the paragraph as stated under 5.5 of this Supplement is inserted.
- 7.6 Immediately after page 587 the unaudited Half-yearly Financial Report as at 30 June 2010 as laid out in Appendix 1 of this Supplement is inserted as D-Pages in its entirety.
- 8. CHANGES TO THE PROSPECTUS FOR THE EURO 50,000,000,000 DEBT ISSUANCE PROGRAMME FOR THE ISSUANCE OF NOTES (INCLUDING PFANDBRIEFE), CERTIFICATES AND WARRANTS DATED 25 JUNE 2007**
- 8.1 The contents of section "**Summary of the Prospectus – 4. SUMMARY DESCRIPTION OF THE ISSUER**" is replaced as stated under item 1.1 of this Supplement.
- 8.2 The contents of section "**Summary of the Prospectus – 5. RISK FACTORS – Risks relating to UniCredit Bank AG**" and "**Summary of the Prospectus – 5. RISK FACTORS – Risks Relating to HVB Group's Business**" is replaced as stated under item 1.2 of this Supplement.
- 8.3 The contents of section "**German Translation of Summary of the Prospectus – 4. ZUSAMMENFASSUNG DER BESCHREIBUNG DER EMITTENTIN**" is replaced as stated under item 1.3 of this Supplement.
- 8.4 The contents of section "**German Translation of Summary of the Prospectus – 5. RISIKOFAKTOREN – Mit UniCredit Bank AG verbundene Risiken**" sowie "**German Translation of Summary of the Prospectus – 5. RISIKOFAKTOREN – Risiken bezogen auf die Geschäftstätigkeit der HVB Group**" is replaced as stated under item 1.4 of this Supplement.
- 8.5 On page 330 after the last paragraph of the section "*Recent Developments*" the paragraph as stated under 5.5 of this Supplement is inserted.
- 8.6 Immediately after page 363 the unaudited Half-yearly Financial Report as at 30 June 2010 as laid out in Appendix 1 of this Supplement is inserted as D-Pages in its entirety.
- 9. CHANGES TO THE PROSPECTUS FOR THE EURO 50,000,000,000 DEBT ISSUANCE PROGRAMME FOR THE ISSUANCE OF NOTES (INCLUDING PFANDBRIEFE), CERTIFICATES AND WARRANTS DATED 27 JUNE 2006**
- 9.1 The contents of section "**Summary of the Prospectus – 4. SUMMARY DESCRIPTION OF THE ISSUER**" is replaced as stated under item 1.1 of this Supplement.
- 9.2 The contents of section "**Summary of the Prospectus – 5. RISK FACTORS – Risks relating to UniCredit Bank AG**" and "**Summary of the Prospectus – 5. RISK FACTORS – Risks Relating to HVB Group's Business**" is replaced as stated under item 1.2 of this Supplement.
- 9.3 The contents of section "**German Translation of Summary of the Prospectus – 4. ZUSAMMENFASSUNG DER BESCHREIBUNG DER EMITTENTIN**" is replaced as stated under item 1.3 of this Supplement.
- 9.4 The contents of section "**German Translation of Summary of the Prospectus – 5. RISIKOFAKTOREN – Mit UniCredit Bank AG verbundene Risiken**" sowie "**German Translation of Summary of the Prospectus – 5. RISIKOFAKTOREN – Risiken bezogen auf die Geschäftstätigkeit der HVB Group**" is replaced as stated under item 1.4 of this Supplement.
- 9.5 On page 227 after the last paragraph of the section "*Recent Developments*" the paragraph as stated under 5.5 of this Supplement is inserted.
- 9.6 Immediately after page 263 the unaudited Half-yearly Financial Report as at 30 June 2010 as laid out in Appendix 1 of this Supplement is inserted as D-Pages in its entirety.

APPENDIX 1

UNAUDITED HALF-YEARLY FINANCIAL REPORT AS AT 30 JUNE 2010

Financial Review

Underlying conditions and general comments on the business situation

The global economy registered solid growth in the first half of 2010. This was due to economic stimulus programmes and favourable effects of the inventory cycle caused by companies sharply reducing their stocks during the global recession. World trade almost reached the level that it had before the onset of the financial crisis.

There was a tangible increase in the economic output of the United States. Even so, unemployment remained at an unpleasantly high level and the situation on the property market deteriorated on account of the ending of subsidies for residential property buyers. The stronger US dollar dampened inflation but also had a negative impact on the country's export competitiveness.

In the European Union, growth was generally slack as a result of the debt crisis and the structural weaknesses of individual countries. Austerity measures in some highly indebted euro countries slowed down the economy. Overall, the business climate was brighter in core EU countries than in countries on the periphery. While the US Federal Reserve largely stopped its programmes for the purchase of securities the European Central Bank continued to buy securities, notably government bonds, in order to stabilise the return on investments.

The German economy continued to expand in the second quarter of 2010. The dynamic in exports continued to increase, partly due to the global inventory cycle. Unemployment continued to decline, primarily as a result of the rerecruitment of temporary staff and the upward structural trend in the health and education sectors. It would seem that the consumer recession still noticeable at the end of 2009 has ended, particularly because the negative impact from the expiry of the car scrapping scheme is no longer having any effect.

European capital markets showed a high level of volatility, especially in the second quarter of 2010. Stock markets were unable to maintain the recovery trend of the first quarter this year and, after several sharp price changes in quick succession, closed the first half of 2010 below the level of year-end 2009. In the credit market, widening spreads continued in the second quarter of 2010, notably for the financial instruments of countries and banks. As a result of the high national debt of some eurozone countries coupled with an increasing loss of confidence, the euro also came under further pressure in the second quarter and plunged to a four-year low against the US dollar. The yield on the 10-year German government bond plummeted to an all-time low, while short-term interest rose slightly towards the end of the first half of 2010 due to the reduction of system liquidity. Credit growth was still sluggish, partly on account of the weak propensity to invest both in Europe and in Germany.

Despite the persistently difficult market environment particularly evident in the second quarter of 2010, HVB Group generated a very good profit before tax of €1,096 million in the first half of the year, which is €724 million higher than the half-yearly result of last year. This good earnings performance is primarily attributable to the significant year-on-year decline of €460 million, to €509 million, in net write-downs of loans and provisions for guarantees and commitments. Compared with last year, we also benefited in part from the non-recurrence of both the restructuring costs (year-on-year effect on earnings: up €267 million) and expenses under net income from investments (year-on-year effect on earnings: up €119 million). HVB Group achieved a pleasing rise in net fees and commissions, which increased by 13.5% to €681 million, despite our customers' continuing restraint in the wake of the financial crisis. Net trading income also rose over last year (up 8.3%, to €456 million) as did net other income/expenses by €26 million to €117 million. In contrast, net interest income declined by 12% compared with the previous year. Due to the lasting success of our cost management, the increase in operating costs was restricted to a mere 1.4%, so that the cost-income ratio at 52.3% remained at a very good level (first half of 2009: 49.4%).

The Corporate & Investment Banking division made a significant contribution to the pleasing rise in the profit before tax of HVB Group. The division improved its profit before tax by €663 million to €932 million, largely as a result of both the substantial decline in net write-downs of loans and provisions for guarantees and commitments and the non-recurrence of the charges arising from restructuring costs and net income from investments compared with last year.

The Private Banking and Retail divisions also succeeded in making positive contributions to earnings. The profit before tax amounted to €60 million in the Private Banking division and €6 million in the Retail division. This represented a sizeable year-on-year improvement in the results of the latter division, which was mainly caused by the non-recurrence of expenses entailed in restructuring costs. When evaluating the relatively low profit basis of the Retail division, it should be taken into account that in the second quarter of 2010 the first step was taken in implementing the ONE4C programme (resegmentation of affluent private customers and of small and mid-sized corporate customers). In the process, customers with free assets of at least €500,000 were moved from the Retail division to Private Banking and customers with assets of less than €500,000 from the Private Banking division to the Retail division. Overall, this reorganisation resulted in a shift in customers the Retail division to the Private Banking division and thus also in a disproportionate net transfer of total revenues. The second step of ONE4C, which involves the transfer of small and mid-sized corporate customers (revenues of up to €50 million) from the Corporate & Investment Banking division and the related assignment of the respective income and expenses, is scheduled to take place at the beginning of 2011. The resegmentation moves cause the Retail division to temporarily report a low income and profit basis that does not fully reflect the future profitability of the division. Without the reorganisation that took place in the second quarter of 2010, the Retail division would have generated a profit before tax of €29 million in the first half of the year.

HVB Group continues to show an excellent capital base. The core capital ratio (Tier 1 ratio) in accordance with Basel II totalled 15.3% at mid-year after 17.8% at year-end 2009, which still represents an outstanding level by both national and international standards. With the core capital remaining practically unchanged (€20.5 billion), the decline in the core capital ratio is attributable to the increase of €18.9 billion in risk-weighted assets (including market and operational risk equivalents), which is primarily due to the end of the relief provided by several securitisation transactions and the initial inclusion of UniCredit CAIB AG, Vienna (CAIB) purchased from UniCredit Bank Austria AG, Vienna. The shareholders' equity shown in the balance sheet amounted to €22.7 billion at 30 June 2010. As the total assets increased from €363.4 billion at year-end 2009 to €412.0 billion at mid-2010, due in part to the first-time inclusion of CAIB (initial consolidation effect of CAIB: €21 billion), the leverage ratio (ratio of total assets to the shareholders' equity shown in the balance sheet) increased from 15.4 at year-end 2009 to a still solid 18.2 at the end of June 2010.

HVB Group again displayed an adequate liquidity base and a solid financing structure throughout the first half of this year. The funding risk remained low on account of the diversification in terms of products, markets and investor groups, so that adequate funding of our lending operations 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 one of the biggest and strongest banking groups in Europe – UniCredit Group – HVB Group is in a unique position to leverage its regional strengths in the international network of UniCredit Group for the benefit of its customers.

Operating performance of HVB Group

The operating performance of HVB Group is described in detail below.

Net interest income

Compared with the same period last year, total net interest income was down by €286 million, or 12.0%, to €2,097 million in the first half of 2010.

In the process, net interest income fell by €330 million, to €2,023 million, primarily as a result of the significant year-on-year decline in income from trading operations. In addition, the effects arising from the amortisation of reclassified holdings compliant with IAS 39.50 decreased. These developments affected the Corporate & Investment Banking division, which recorded a decrease of €325 million in net interest income compared with the same period last year. In the Retail and Private Banking divisions, net interest income also decreased; this, however, was chiefly due to falling interest margins, particularly in the deposit-taking business.

At €74 million, the income generated during the first half of 2010 from dividends and other income from equity investments rose significantly as a result of the higher dividends paid by private equity funds.

Net fees and commissions

Net fees and commissions developed very well in the first half of 2010 compared with last year's figure, showing a significant increase of 13.5% to €681 million. All the operating divisions contributed to this development with a year-on-year rise in fee and commission income in spite of our customers' ongoing restraint as a result of the financial crisis. The substantial increase in net fees and commissions is based on the sharp rise of around 26%, to €377 million, in fee and commission income from management, brokerage and consultancy services. Fee and commission income from lending operations was also up by around 5%, to €191 million, notably on account of higher income from the Corporate Finance unit in the Corporate & Investment Banking division.

Net trading income

The net trading income of HVB Group amounted to €456 million at mid-2010, 8.3% above the figure reported for the same period last year.

In net trading, an increase of €143 million resulted in a loss of €24 million, due among other things to higher gains on holdings assigned to fair-value-option. Furthermore, other net trading income rose by €32 million, to €99 million, chiefly on account of the positive year-on-year effect of the buy-back of hybrid capital. These higher earnings were partially offset by the decline of €362 million in net gains on financial assets held for trading (previous year: €500 million).

Operating costs

Total operating costs continue to reflect the success we have achieved with our consistent cost management, increasing only slightly by 1.4%, or €25 million, to €1,751 million at mid-2010. In the process, payroll costs rose by €23 million (up 2.5%) while other administrative expenses, including amortisation, depreciation and impairment losses on intangible and tangible assets, remained almost unchanged at €824 million (previous year: €822 million). At 52.3%, the cost-income ratio for the first half of 2010 is still at a very good level (first half of 2009: 49.4%).

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

In the first half of 2010, net write-downs of loans and provisions for guarantees and commitments declined significantly by €460 million, to €509 million, compared with the same period last year. This decrease occurred mainly in the Corporate & Investment Banking division. There was also a slight decline in the development of net write-downs of loans and provisions for guarantees and commitments in the Retail division.

Net income from investments

The net income from investments amounted to €22 million at the end of June 2010 after a loss of €97 million in the same period last year, and was primarily generated from the gains on the sale and valuation of available-for-sale financial assets. Last year's net loss from investments was primarily attributable to impairments on private equity funds, direct investments and co-investments.

Profit before tax, income tax for the period and consolidated profit

In the first half of 2010, HVB Group generated a very good profit before tax of €1,096 million, which is €724 million higher than the figure recorded for the equivalent period last year.

Income tax rose by €185 million, to €376 million, in the first half of 2010. This increase is mainly due to the significant improvement in performance in 2010.

After deducting taxes, HVB Group generated a consolidated profit of €720 million in the first half of 2010, significantly exceeding the figure for this period last year (€181 million).

Segment results by division

The divisions contributed the following amounts to the very good profit before tax of €1,096 million of HVB Group:

Corporate & Investment Banking	€932 million
Retail	€6 million ¹
Private Banking	€60 million
Other/consolidation	€98 million.

Income statements for each division and comments on the economic performance of the individual divisions are provided in Note 3, "Segment reporting", in this Half-yearly Financial Report. The tasks and objectives of each division are described in detail in Note 27 of our 2009 Annual Report, "Notes to segment reporting by division". We have described the change in segment contents compared with last year and the first quarter of 2010, in particular the reclassification of customers from the Retail division to the Private Banking division due to the gradual implementation of the ONE4C programme, in Note 1, "Accounting and valuation principles" and in Note 3, "Segment reporting", of this Half-yearly Financial Report. The quarterly figures of last year and the first quarter of 2010 have been adjusted accordingly.

Financial situation

Total assets

The total assets of HVB Group amounted to €412.0 billion at the end of June 2010. Hence, compared with year-end 2009, the total assets increased by €48.5 billion, or 13.4%.

The increase in the total assets was partly on account of the first-time inclusion of CAIB in June 2010, which had an initial consolidation effect of €21 billion. This is also the main reason for the sharp rise of €32.5 billion, to €165.9 billion, in financial assets held for trading (initial consolidation effect of CAIB: €14.1 billion). The positive fair values from derivative financial instruments, in particular, rose by €33.5 billion (initial consolidation effect of CAIB: €13.2 billion) while the balance-sheet assets decreased by €1.0 billion. The rise of €6.7 billion in financial assets at fair value through profit or loss is primarily attributable to fixed-interest securities.

Loans and receivables with customers fell by €3.3 billion, to €142.6 billion, compared with year-end 2009 and remained almost unchanged compared with the end of March 2010. In particular, the decline from year-end 2009 is attributable to lower volumes of mortgage loans, the reduction in reclassified securities, and the decrease in other loans and receivables. The rise of €9.1 billion in loans and receivables with banks (CAIB effect: €5.5 billion) is mainly due to a higher volume of current accounts and time deposits.

On the liabilities side, there was also a substantial increase of €34.9 billion, to €156.2 billion, in the financial liabilities held for trading partly as a result of the initial consolidation of CAIB (CAIB effect: €11.5 billion).

Deposits from banks rose by a total of €10.0 billion, to €60.7 billion (CAIB effect: €6.0 billion), which – apart from higher credit balances on current accounts and time deposits – is also attributable to higher volumes of repurchase agreements. The increase of €4.3 billion, to €100.8 billion, in deposits from customers is primarily a result of higher volumes of repurchase agreements while time deposits declined. In contrast, debt securities fell by €7.9 billion, to €53.4 billion, on account of issues due.

¹ €29 million before the reorganisation on account of ONE4C

At the end of June 2010, shareholders' equity totalled €22.7 billion and had thus declined by €1.0 billion compared with the 2009 year-end total. The reason for this decline is the dividend payout of the profit of €1.6 billion available for distribution in 2009 to our sole shareholder UniCredit S.p.A. (UniCredit), Rome. This decline is partially offset by the consolidated profit reported for the first six months of 2010 (€0.7 billion).

The leverage ratio rose from 15.4 at year-end to the still solid figure of 18.2 at 30 June 2010, in particular due to the increase in total assets brought about in part by the initial consolidation of CAIB. The leverage ratio is calculated using the ratio of total assets to the shareholders' equity shown in the balance sheet.

Risk-weighted assets, key capital ratios and liquidity of HVB Group

By applying partial use, the risk-weighted assets for credit risks of HVB Group determined on the basis of Basel II – KWG/German Solvency Regulation (SolV) – amounted to €118.3 billion at 30 June 2010 (including counterparty default risk in the trading book); at 31 December 2009, the comparable risk-weighted assets amounted to €102.9 billion. This total includes the holdings reclassified compliant with IAS from the trading book to the banking book. The total risk-weighted assets, including market and operational risks, amounted to €134.0 billion at 30 June 2010 (31 December 2009: €115.1 billion).

The total risk-weighted assets of HVB Group increased by €18.9 billion compared with the 2009 year-end total. This rise is due to an increase of €15.4 billion in the credit risk, €3.1 billion in the market risk and €0.4 billion in the operational risk. The rise in the credit risk is chiefly attributable to the end of the relief provided by various securitisation transactions and the acquisition of CAIB with effect as of June 2010. CAIB reported total risk-weighted assets of €5.0 billion in June 2010, €2.7 billion of which relate to the credit risk, €1.6 billion to the market risk and €0.7 billion to the operational risk. The remaining increase in market risk is due to the widening of credit spreads and higher volatility in the market environment.

The total lending volume under the ten current securitisation transactions of HVB Group serving to reduce risk assets amounted to €15.5 billion at 30 June 2010 (31 December 2009: €43.7 billion). The decline is primarily due to the ending of several securitisation transactions. As a result of the current total lending volume of the securitisation transactions, we have optimised our capital allocation and reduced the strain on our risk-weighted assets by €5.1 billion gross.

At 30 June 2010, the core capital of HVB Group compliant with the German Solvency Regulation totalled €20.5 billion and the equity capital €23.7 billion. This gives rise to a core capital ratio (Tier 1 ratio; including market risk and operational risk) under Basel II of 15.3% and an equity funds ratio of 17.7%.

A bank's liquidity is evaluated using the liquidity ratio defined in Section 11 of the German Banking Act / Liquidity Regulation. 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 the ratio is at least 1.00. At HVB, this figure amounted to 1.26 at the end of June 2010, after 1.40 at the end of March 2010 and 1.43 at the end of December 2009.

Corporate acquisitions and sales

As part of pooling the investment banking activities of UniCredit Group in HVB Group, HVB acquired UniCredit CAIB AG, Vienna, including its brokerage subsidiary UniCredit CAIB Securities UK Ltd., London, with effect as of 1 June 2010 from UniCredit Bank Austria AG. The purchase price, which was determined on the basis of an independent, external expert valuation opinion, amounts to €1.24 billion plus the overcapitalisation kept on the books. Both companies were included in the group of fully consolidated companies of HVB Group as of 1 June 2010.

UniCredit CAIB AG was merged into HVB with effect as of 1 July 2010 and continues to operate under the name of UniCredit Bank AG, Vienna Branch.

Other changes concerning the companies included in this Half-yearly Financial Report are provided in Note 2, "Changes in the group of companies included in consolidation".

Corporate structure

Legal corporate structure

UniCredit Bank AG (HVB) 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. (UniCredit), Rome, Italy, since November 2005 and hence a major part of UniCredit Group from that date as a subgroup.

Since registering the transfer of the shares held by minority shareholders of UniCredit Bank AG to UniCredit S.p.A., as adopted at the Annual General Meeting of Shareholders in June 2007, in the Commercial Register maintained by Munich Local Court compliant with Section 327a of the German Stock Corporation Act (Aktiengesetz, AktG) in September 2008, 100% of the capital stock of UniCredit Bank AG, Munich, has been held by the majority shareholder, UniCredit S.p.A. Thus, trading in HVB shares has 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 and internal management

The Management Board of HVB is the management body of HVB Group. It is directly responsible for managing the Bank. 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

HVB Group, including the risk situation as well as compliance issues. The Supervisory Board of the Bank currently has 20 members; it was previously subject to the provisions of the German Co-determination Act and consisted of ten employee representatives and ten shareholder representatives in accordance with Sections 95 and 96 of the German Stock Corporation Act, and Section 7 (1) No. 3 of the German Co-determination Act. Since the cross-border merger of UniCredit CAIB AG, Vienna, with UniCredit Bank AG, Munich, became effective by being entered in the Commercial Register of UniCredit Bank AG, Munich, on 1 July 2010, the provisions of the German Co-determination Act have no longer applied to the composition of the Supervisory Board. The composition of the Bank's Supervisory Board is now based on Section 24 (1) sent. 2 of the German Act on the Co-determination of Employees in the Event of Mergers of Joint-stock Companies of Different Member States of 21 December 2006 (MgVG) in conjunction with Section 95 sent. 1 and 3 and Section 96 of the German Stock Corporation Act. Against this backdrop, an Extraordinary Shareholders' Meeting of UniCredit Bank AG on 29 July 2010 resolved that the Supervisory Board should consist of 12 members in future; the amendment to the Articles of Association required to implement this resolution should take effect by the end of August. The elections of the new Supervisory Board members are scheduled to take place at a Shareholders' Meeting on 22 September. Until such time, the existing Supervisory Board will remain in office without any changes. There will also be an equal number of employee and shareholder representatives on the Supervisory Board in the future.

A list showing the names of all of the members of the Management Board and the Supervisory Board of HVB is given under Note 28, "Members of the Supervisory Board and Management Board", of this Half-yearly Financial Report.

Events after the reporting date

Upon its entry into the Commercial Register on 1 July 2010, UniCredit CAIB AG was merged into HVB (please also refer to the section entitled "Corporate acquisitions and sales" in this Half-yearly Financial Report).

Since the cross-border merger of UniCredit CAIB AG, Vienna, with UniCredit Bank AG, Munich, on 1 July 2010, the provisions of the German Co-determination Act have no longer applied to the composition of the Supervisory Board. The composition of the Bank's Supervisory Board is now based on Section 24 (1) sent. 2 of the German Act on the Co-determination of Employees in the Event of Mergers of Joint-stock Companies of Different Member States of 21 December 2006 (MgVG) in conjunction with Section 95 sent. 1 and 3 and Section 96 of the German Stock Corporation Act. Against this backdrop, an Extraordinary Shareholders' Meeting of UniCredit Bank AG on 29 July resolved that the Supervisory Board should consist of 12 members in future; the existing Supervisory Board will remain in office without any changes until the election of the new Supervisory Board members, which is scheduled to take place after the registration of the respective amendment to the Articles of Association. We refer to the comments in the previous section in this connection.

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 2009 financial year (see the HVB Group Annual Report for 2009).

General economic outlook and sector development in 2010

The global economy will experience a strong expansion of over 4% this year, after minus 1.0% in 2009. Driven by the inventory cycle, industrial activity in particular and thus world trade is growing at a very dynamic pace. Fuelled by the massive fiscal stimulus measures, the United States is set to grow at around 3%. However, the momentum provided by the inventory cycle and the fiscal stimulus is starting to weaken. Export growth is being dampened by the more moderate global demand. In addition, weak impetus is expected from the domestic economies of the United States and some European countries on account of the very high debt levels of individual private households coupled with persistent excess capacities at companies. Overall, we anticipate a muted upswing in the eurozone (forecasted growth: 1.0%).

On account of its strong exports, Germany is recovering relatively well with an anticipated GDP growth of 2%. German exports will probably increase by around 10% in real terms this year, after the 14.5% slump in 2009. The sharp upturn in industrial demand will further support this year's unexpectedly robust labour market. Unemployment is expected to continue its downward trend in the coming months, which should help to stabilise private consumption expenditure. However, investments will be fairly moderate on account of the continuing excess capacities.

The US Federal Reserve and the central bank of the EMU are holding fast to their low-interest-rate policies at present. It is unlikely that these institutions will normalise their interest-rate policies in the short term, against the backdrop of the persistently high unemployment levels and weak residential property market in the United States,

combined with the debt crisis in some EMU countries as well as the high level of general uncertainty that temporarily pushed the single currency down to below \$1.20 per euro. The wait-and-see attitude is encouraged by the low inflationary pressure. Despite massive surplus liquidity in the finance system, global excess capacities and weak labour markets are slowing down the pace of inflation (forecast 2010: EMU: 1.5%; USA: 1.8%).

The financial sector remains affected by the weak condition of key sectors, such as engineering, the automotive industry and commercial property. The banks will continue to face challenges into the future, such as risk provisioning rates that remain persistently high overall, a flatter yield curve and declining central bank liquidity. In addition to this, individual countries have a reduced borrower's standing and long-term countermeasures are having short-term effects. The final effects of present political and legal regulation cannot be clearly foreseen, even if some signs of future developments were visible in the second quarter. At the same time, the fact that most banks have tangibly boosted their capitalisation will have a positive impact. Nevertheless, a very mixed picture emerges in the financial sector with regard to equity capital. One of the key questions still concerns the shape of future relations between the financial world and the real economy, and the likely global limitations in the regulatory and political field. It also remains to be seen how well the financial sector will come to terms with the new realities.

Development of HVB Group

HVB Group expects basic economic conditions both worldwide and in Germany to remain difficult and marked by considerable uncertainty. To cite one example, the high level of public debt in some European countries represents a serious risk to growth and the development of interest and exchange rates. This all means that the financial industry will again face major challenges in the second half of 2010.

Against this backdrop, we do not expect the very good development in profit before tax in the first half of 2010, which significantly exceeded the figure for the equivalent period in 2009, to continue throughout the rest of the year. We nevertheless assume that we can surpass the very good pre-tax result of 2009 over the whole of the 2010 financial year. We expect to benefit year-on-year from a decline in net write-downs of loans and provisions for guarantees and commitments from the non-recurrence of both the restructuring costs and the expenses under net income from investments and from largely stable operating costs and to thus succeed in compensating the decline in net interest income compared with the whole of 2009. The development in total revenues will continue to be considerably affected by the volatility of net trading income. For net fees and commissions, we anticipate a tangible rise over last year in keeping with the economy's slow recovery.

It still remains unclear whether the financial markets will continue to return to normal, notably against the backdrop of the debt crisis of some European states. Consequently, our performance in the second half of 2010 still remains dependent in part on the further development of the financial markets and the real economy as well as on existing imponderables. With its strategic orientation and its excellent capital resources, HVB Group is in a good overall position to effectively exploit the opportunities that may arise from further volatility that can be expected on the financial markets and from a slow recovery in the real economy.

Risk Report

HVB Group as a risk-taking entity

As a rule, it is not possible to earn income in the banking business without incurring risk. By definition, risk entails the possibility of a negative future development of the economic state of HVB Group as part of UniCredit Group. Consequently, the conscious handling, active management and ongoing monitoring of risk are core elements of the profit-oriented management of business transactions by HVB Group.

We therefore regard it as one of our core tasks to apply these considerations in order to achieve a consistent integration of profitability and risk criteria in all divisions and functions of the Bank.

Management and monitoring of risks in HVB Group

1 Risk management

For risk management purposes, the Bank defines its overall risk strategy at the level of HVB Group and its divisional risk strategies at the level of the divisions. Starting from this, the available financial resources are used to assess the risk-taking capacity on the basis of the business plans.

The individual divisions are responsible for implementing the risk strategies defined for them within HVB Group through the targeted and controlled assumption of risk positions. In doing so, they check that the risks they assume are worthwhile taking risk/return considerations into account.

In addition, limits are applied to ensure that the available regulatory capital and risk-taking capacity are not exceeded.

2 Risk monitoring

The risk management process is accompanied by comprehensive risk monitoring, which is functionally and organisationally independent and encompasses the following tasks.

Risk analysis

Risk analysis involves the identification and analysis of risks from business activities and the development of methods for measuring them. Parallel to these activities, the available financial resources are defined and quantified.

Risk control

In addition to the quantification and validation of the risks incurred and the monitoring of allocated limits, the subsequent risk control process involves risk reporting. This in turn provides management with information relevant to decision-making processes.

The functional segregation of risk management and risk monitoring is also taken into account in organisational structures.

In contrast to the end of 2009, there were no essential changes in the organisational structure of the Chief Risk Officer in the first half of 2010. In the course of the strategic reorientation of the sales units with ONE4C, adjustments to the organisational structures will be prepared in the second half of 2010. They should be implemented over the course of the first quarter of 2011. Additionally, in the third quarter of 2010, a new structure will be introduced in Market Risk Controlling with the goal of making further improvements to our risk management processes.

Risk types and risk measurement

1 Relevant risk types

At HVB Group, we distinguish the following risk types:

- default risk
- market risk
- liquidity risk
- operational risk
- business risk
- risks arising from our own real estate portfolio
- risks arising from our shareholdings/financial investments
- reputational risk
- strategic risk.

2 Risk measurement methods

With the exception of liquidity risk, reputational risk and strategic risk, we measure all risk types using a value-at-risk approach under which potential future losses are measured on the basis of a defined confidence level.

For these risk types, the internal capital is determined in the risk measurement process as the sum of the aggregate economic capital, the cushion and the economic capital of small legal entities. We do not consider it necessary to carry out risk measurement broken down by risk type for these HVB Group entities due to the small amount of risk involved.

The calculation of the aggregate economic capital takes into account risk-reducing portfolio effects, which encompass both the correlations within the individual risk types between business units of HVB Group and the correlations across the risk types. For the calculation,

a one-year holding period and a 99.97% confidence level is consistently applied for all risk types. The cushion represented an additional component of the internal capital through which possible modelling risks are included in the assessment of economic capital adequacy as well as cyclical fluctuations in the aggregate economic capital.

Liquidity risk, reputational risk and strategic risk are measured separately.

3 Development of risk measurement and monitoring methods

The methods used to measure and monitor risks are subject to an ongoing development and improvement process. This is the result of our own quality standards as well as a response by HVB Group to statutory requirements and, to an even greater extent, regulatory requirements. In the first half of 2010, we broadened the components of the internal capital as previously announced to include the cushion. With this additional component of internal capital, the assessment of economic capital adequacy reflects possible modelling risks as well as cyclical fluctuations in aggregated economic capital. In addition, we changed the basis for calculating the economic capital for market risk to the maximum value-at-risk of the last 12 months and for business risk we made the definition of income more precise by no longer including trade related net interest income in the business risk. The recent past is now given greater emphasis in the calculation of the economic capital for the risks arising from our shareholdings/financial investments. Along with updating the inter-correlation matrix (+ €0.9 billion), these developments resulted in an increase in the aggregate economic capital from €2.1 billion, or 28%, at 31 December 2009. In addition, limiting processes for country risk were approved for eurozone countries that were previously not subject to limits.

Risk Report (CONTINUED)

Overall bank management

1 Overall bank management at the Group level

The focus of the value-oriented management of HVB Group is on the measurement of all business activities in terms of risk/return considerations, with risk/return targets set for all of the Group's business segments. Under this concept, risks are seen as costs which are charged to the departments in the form of standardised risk costs and equity costs. They are specified for the divisions in the annual planning process and monitored over the course of the year, parallel to the management of the overall bank risk based on the calculation of the regulatory and economic capital requirements and the ability to bear risk.

As of 2010, the economic yield expectation is calculated using the allocated capital principle that was introduced by UniCredit Group across the entire company. This principle ensures that, at the least, the regulatory capital requirement is met at all times.

The most important parameters for overall bank management are economic value added and RARORAC (risk-adjusted return on risk-adjusted capital).

The economic value added expresses the extra value generated within the framework of value-based management in euros. It is calculated as the difference between the net profit (less minorities) and return expectations on invested or allocated capital.

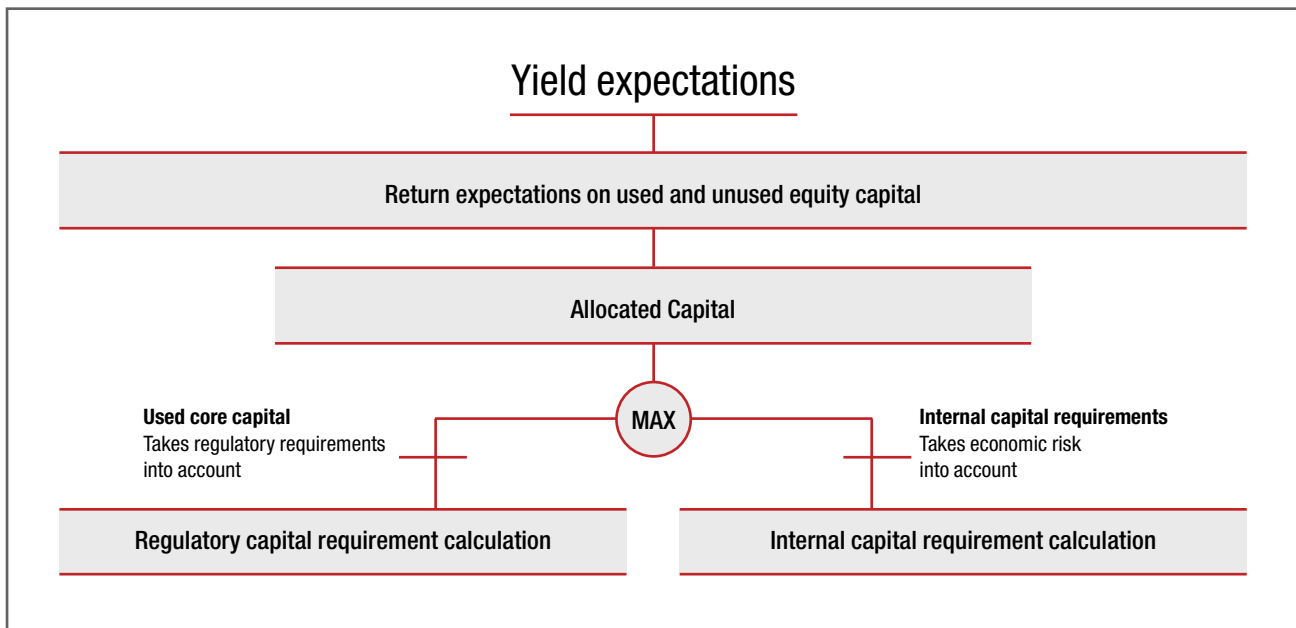
RARORAC is the ratio of economic value added to used core capital (allocated capital) and indicates the value created for each unit of allocated capital.

The hands-on management of sales takes place within the divisions and is individually adapted to specific business needs within the overall bank management parameters.

2 Regulatory capital adequacy

Used core capital

For purposes of planning and controlling in accordance with Basel II, divisions are required to have core capital backing for credit, market and operational risks equal to an average of 6.4% of equivalent risk-weighted assets. Furthermore, the expected return on investment is derived from the average used core capital. In line with the management logic, the core capital is carried exclusive of hybrid capital (= core tier 1 capital).



Management of regulatory capital adequacy requirements

To manage our regulatory capital, we apply the following three capital ratios which are managed on the basis of internally defined minimum levels:

- Core capital ratio 1 (ratio of core capital to risk-weighted assets arising from credit risk positions)
- Core capital ratio 2 (ratio of core capital to the sum of risk-weighted assets arising from credit risk positions and the equivalent risk-weighted assets from market and operational risk positions)
- Equity funds ratio (ratio of equity funds to the sum of risk-weighted assets arising from credit risk positions and the equivalent risk-weighted assets arising from market and operational risk positions).

More detailed information on these ratios in the first half of 2010 is contained in the section “Risk-weighted assets, key capital ratios and liquidity of HVB Group” in the Financial Review.

The description of the process for determining appropriate capital funding can be found in the Risk Report of HVB Group’s 2009 Annual Report.

3 Economic capital adequacy

The future internal capital requirements of the divisions are determined under the annual planning process in close cooperation between Strategic Risk Management and Control and the individual

operating units. After approval by the Management Board of HVB Group, the internal capital figures are anchored in the control and reporting instruments of the Bank. A comparison between the targets and the actual values of the figures is produced on a quarterly basis and reported to the divisions and the Chief Risk Officer. An overview summarising the risk situation of HVB Group is provided by the trend in internal capital and the assessment of HVB Group’s risk-taking capacity. In addition, as a component of our planning process, a sustainability analysis is carried out using the relevant internally defined forecasting horizon. Furthermore, the analysis of our risk-taking analysis is an essential component of our risk strategy.

According to our Bank-internal definition, referred to as available financial resources (previously capital cushion) are made up of IFRS capital components, participatory certificates and hybrid capital as well as the actual result. Minority interests are included and goodwill is deducted. The available financial resources for HVB Group amounted to €23.1 billion at 30 June 2010 (31 December 2009: €22.7 billion). The increase can be traced back to the consolidated profit achieved in the first half of the year, which offset the reduction of hybrid capital instruments and expiration of qualifying subordinated capital. With an internal capital of €10.8 billion, the available financial resources of HVB Group for risk-taking capacity, i.e. the quotient of capital for covering risk and internal capital, yields a ratio of approximately 213% (31 December 2009: 188%). We see this as a comfortable value

Internal capital after portfolio effects (confidence level 99.97%)

Broken down by risk type	JUNE 2010		DECEMBER 2009 ¹	
	€ millions	in %	€ millions	in %
Market risk	1,755	16.2	3,035	25.0
Default risk	4,177	38.5	3,507	28.9
Business risk	368	3.4	374	3.1
Operational risk	902	8.3	891	7.4
Risks arising from our own real estate portfolio	375	3.5	365	3.0
Risks arising from our shareholdings/financial investments	830	7.7	1,235	10.2
Aggregate economic capital	8,407	77.6	9,407	77.6
Cushion ²	2,270	20.9	2,540	21.0
Economic capital of small legal entities ³	162	1.5	168	1.4
Internal capital HVB Group	10,839	100.0	12,115	100.0
Available financial resources HVB Group	23,132		22,738	
Risk taking capacity, in % HVB Group	213.0		188.0	

¹ values at 31 December 2009, taking into account the update of the intercorrelation matrix and the advancements in methodology

² an additional component of the internal capital through which possible existing modelling risks are included in the assessment of economic capital adequacy as well as cyclical fluctuations in the aggregate economic capital

³ HVB Group units for which we do not consider it necessary to measure risk broken down by risk type on account of the low risk content. They were previously included in risks arising from shareholdings/financial investments

Risk Report (CONTINUED)

because the available financial resources would be sufficient to cover the potential economic loss determined by us for a second event in about the same order of magnitude. The increase by 25 percentage points over the comparable value for the previous year for the HVB Group is attributable to the 2% increase in the available financial resources as well as the significant decrease of 11% in internal capital. The main factor affecting the trend in internal capital is market risk: Under the new maximum market risk method, the maximum value is decreasing over time, which in turn results in lower economic capital for market risk. With regard to the assessment of capital adequacy, we believe that we are still well positioned.

Risk types in detail

In light of the expected regulatory changes to market risk and the planned introduction of a new internal model, we conducted a thorough review of the internal capital calculation for all risk types just as we did in the 2009 Annual Report. We also introduced the announced broadening of internal capital components to include the capital. Furthermore, no essential methodological changes were made to risk management nor to the monitoring of individual risk types. Consequently, in this regard, we refer to the statements made on page 40 and following of the 2009 Annual Report of HVB Group. Minor developments affecting individual risk types have taken place, are described under their relative risk type.

1 Default risk

The increase in credit and counterparty exposure by €8.5 billion (4.2%) through June 2010 is mainly attributable to the integration of CAIB with a total exposure of €11.4 billion in June 2010. By contrast, the exposure of UniCredit Luxembourg and HVB both decreased slightly in the first half of 2010, by €2.0 billion and €0.9 billion, respectively.

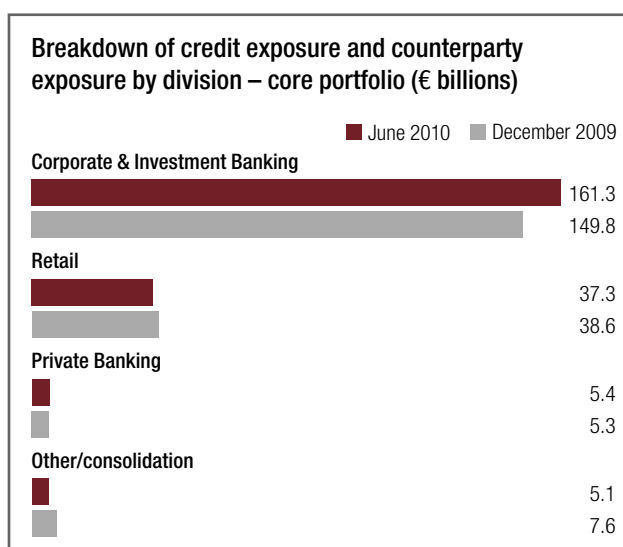
The portfolio of CAIB is allocated to Corporate & Investment Banking and is focussed mainly on good to excellent borrowers (approximately 97% of the exposures in rating classes 1–4) in the area of banks and insurance companies (approximately 89% of the exposure).

As of June 2010, issuer risk had increased by €2.0 billion (5.3%). This increase is attributed to €1.2 billion from HVB (3.5%) and €0.4 billion from the integration of CAIB.

In addition, the following technical change was implemented in the first half of 2010 and is also reflected in our reporting:

To standardise reporting within the UniCredit Group, the rating class “free of default risk” will no longer be assigned as of 2010. Within the context of this adjustment, almost all of the exposures in this class will migrate to rating class 1.

The net loan-loss provisions recognised in the income statement by HVB Group for the first half of 2010 amounted to €509 million. More details on loan-loss provisions and net write-downs of loans and receivables with customers and banks can be found in Notes 8 and 19.



Breakdown of credit exposure and counterparty exposure by industry sector

(€ billions)

Industry sector	JUNE 2010	DECEMBER 2009
Banking and insurance	44.2	32.8
Construction	31.3	31.7
Retail customers	27.4	28.7
Food/consumer goods/services	20.9	21.2
Public sector	15.9	14.6
Chemicals, health, pharmaceuticals	11.1	11.9
Transportation	12.8	11.8
Other	9.3	9.4
Utilities	9.2	9.5
Mechanical engineering, steel	8.4	8.8
Automotive	7.5	8.2
Mineral oil	4.6	4.2
Electrical, IT, communications	4.4	5.4
Media, printing, paper	3.8	4.1
HVB Group	210.8	202.3

Breakdown of issuer exposure by industry sector

(€ billions)

Industry sector	JUNE 2010	DECEMBER 2009
Banking and insurance	22.7	21.3
Public sector	14.6	13.0
Other	0.7	0.8
Food/consumer goods/services	0.4	0.6
Utilities	0.4	0.4
Construction	0.4	0.4
Electrical, IT, communications	0.2	0.3
Automotive	0.1	0.7
Chemicals, health, pharmaceuticals	0.1	0.1
Retail customers	0.1	0.1
Mechanical engineering, steel	0.1	0.1
Media, printing, paper	0.1	0.1
Transportation	0.0	0.0
Mineral oil	0.0	0.0
HVB Group	39.9	37.9

Breakdown of credit exposure and counterparty exposure by rating class – core portfolio

Rating	JUNE 2010		DECEMBER 2009	
	€ billions	in %	€ billions	in %
Free of default risk ¹	0.0	0.0	7.5	3.7
Not rated	7.7	3.7	9.7	4.8
Rating classes 1–4	108.4	51.8	89.4	44.4
Rating classes 5–8	84.8	40.6	85.9	42.7
Rating classes 9–10	8.2	3.9	8.8	4.4
HVB Group	209.1	100.0	201.3	100.0

¹ to standardise reporting within the UniCredit Group, the rating class "free of default risk" will no longer be assigned as of 2010

Breakdown of issuer exposure by rating class – core portfolio

Rating	JUNE 2010		DECEMBER 2009	
	€ billions	in %	€ billions	in %
Free of default risk ¹	0.0	0.0	12.1	31.9
Not rated	3.6	9.0	3.2	8.4
Rating classes 1–4	34.9	87.4	21.2	56.0
Rating classes 5–8	1.1	2.8	1.0	2.6
Rating classes 9–10	0.3	0.8	0.4	1.1
HVB Group	39.9	100.0	37.9	100.0

¹ to standardise reporting within the UniCredit Group, the rating class "free of default risk" will no longer be assigned as of 2010

Risk Report (CONTINUED)

Development of country risk in the first half of 2010

Exposures to HVB Group entailing country risk decreased by €1.0 billion to €48.9 billion as compared with December 2009, largely as a result of the continuation in 2010 of the cautious risk strategy in response to the financial crisis. This figure already includes the net

exposure entailing country risk acquired with the purchase of CAIB, amounting to €1.8 billion. At €25.8 billion (53%), the well-diversified portfolio has a clear regional focus on western Europe, followed by North America (16%), Asia/Pacific (13%) and eastern Europe (12%).

Country exposure¹ by region and product category

(€ millions)

Region	LENDING		TRADING		ISSUER RISK		TOTAL	
	JUNE 2010	DECEMBER 2009	JUNE 2010	DECEMBER 2009	JUNE 2010	DECEMBER 2009	JUNE 2010	DECEMBER 2009
Western Europe	8,697	9,491	16,349	21,018	779	883	25,825	31,392
North America	1,157	1,396	5,033	2,793	1,432	1,437	7,622	5,626
Asia/Pacific	3,060	2,477	2,863	3,669	312	339	6,235	6,485
Eastern Europe	3,119	3,212	2,032	898	941	163	6,092	4,273
Central and South America	764	721	1,068	319	854	725	2,686	1,765
Africa	310	289	91	86	9	0	410	375
HVB Group	17,107	17,586	27,436	28,783	4,327	3,547	48,870	49,916

¹ net of collateral; excluding transactions with loan-loss provisions

Financial derivatives

Financial derivatives, which are used primarily to manage market price risk (in particular risk arising from interest-rate fluctuations and currency fluctuations) arising from trading activities, and also serve to provide cover for on- and off-balance-sheet items within asset/liability management or, in the case of credit derivatives, are used to manage credit risk, bear counterparty risk.

The positive fair values are relevant for purposes of default risk as replacement values for the OTC derivatives, which represent the potential costs that HVB Group would incur to replace all of the original contracts with equivalent transactions in case of simultaneous default by all counterparties.

Without taking risk-reducing effects into account, the maximum counterparty risk (worst-case-scenario) for HVB Group at 30 June 2010 totalled €120.8 billion (31 December 2009: €84.6 billion).

In accordance with the banking supervision regulations under Basel II (German Banking Act/Solvency Regulation), with so-called partial use based on individual risk weightings and the risk-reducing effects of existing, legally enforceable bilateral netting agreements and the collateral provided by borrowers, risk weighted assets for HVB Group amounted to €16.9 billion at 30 June 2010 (31 December 2009: €14.1 billion).

The following tables provide detailed information on the nominal amount and fair values of the overall derivative transactions and credit derivative transactions of HVB Group.

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	30/6/2010	31/12/2009	30/6/2010	31/12/2009	30/6/2010	31/12/2009	30/6/2010	31/12/2009
Interest rate derivatives	1,154,274	1,170,423	877,674	3,202,371	2,873,119	82,423	60,896	81,398	59,833		
Foreign exchange derivatives	468,040	166,844	81,825	716,709	467,793	20,314	9,499	20,736	9,599		
Equity/index derivatives	74,196	95,915	5,329	175,440	186,805	12,032	9,212	14,966	11,742		
Credit derivatives ¹	41,360	232,980	42,307	316,647	326,438	5,761	4,318	6,073	4,684		
Protection buyer	16,888	113,054	21,365	151,307	157,154	4,900	2,902	934	1,526		
Protection seller	24,472	119,926	20,942	165,340	169,284	861	1,416	5,139	3,158		
Other transactions	5,255	4,144	93	9,492	7,313	411	786	567	1,104		
HVB Group	1,743,125	1,670,306	1,007,228	4,420,659	3,861,468	120,941	84,711	123,740	86,962		

Derivative transactions by counterparty type

(€ millions)

	FAIR VALUE			
	POSITIVE		NEGATIVE	
	30/6/2010	31/12/2009	30/6/2010	31/12/2009
Central governments and central banks	1,029	593	843	536
Banks	98,084	67,606	103,002	70,523
Financial institutions	15,983	12,818	17,945	14,286
Other companies and private individuals	5,845	3,694	1,950	1,617
HVB Group	120,941	84,711	123,740	86,962

Risk Report (CONTINUED)

2 Market risk

Due to the progress made in the first half of 2010 with the parameters of the new internal model, we will endeavour to complete the acceptance process for the new internal market risk model in the second half of 2010 as planned.

We check the appropriateness of the methods used to measure market risk by means of regular back testing that compares the value-at-risk calculations with the market value changes (hypothetical P/L) derived from the positions. In the first half of 2010, there were two back-testing exceptions to report. On those dates, the

hypothetical loss was greater than the forecasted value-at-risk value. This did not result in an increase in the quantitative add-on for calculating regulatory capital.

The table below shows the aggregate market risks of our trading positions in HVB Group for the first half of 2010. The increase in market risks in the second quarter of 2010 results from the integration of CAIB (€11 million) and – as a result of the high national debt of a few European countries – from higher volatilities and widening credit spreads, in particular for a few European countries, banks and cedulas.

Market risk from trading positions of HVB Group (value-at-risk, 99% confidence level, one-day holding period)

(€ millions)

	AVERAGE 2010 ¹	30/6/2010	31/3/2010	AVERAGE 2009 ¹	31/12/2009	30/9/2009	30/6/2009
Interest rate positions							
(incl. credit spread risks)	32	45	19	51	22	38	59
Foreign exchange derivatives	4	4	3	5	3	2	6
Equity/index positions	4	6	2	5	5	7	5
Diversification effect ²	(8)	(10)	(5)	(12)	(9)	(12)	(15)
HVB Group	32	45	19	49	21	35	55

¹ arithmetic mean of the last four and, respectively, two quarters

² because of the diversification effect between the risk categories, the total risk is less than the sum of the individual risks

With the reclassified portfolios included, the market risks of HVB Group are as follows:

Market risk of HVB Group including reclassified portfolios (value-at-risk, 99% confidence level, one-day holding period)

(€ millions)

	AVERAGE 2010 ¹	30/6/2010	31/3/2010	AVERAGE 2009 ¹	31/12/2009	30/9/2009	30/6/2009
HVB Group	68	81	54	113	65	91	127

¹ arithmetic mean of the last four and, respectively, two quarters

Here, too, the risk increase from the integration of CAIB (€9 million), the higher historical volatilities and widening credit spreads are apparent in a quarterly comparison.

At 30 June 2010, the banking book of HVB Group contained market risks of €55 million with a one-day holding period (31 December 2009: €52 million). The market risks of the reclassified portfolios, taken in isolation, amounted to €36 million (31 December 2009: €36 million). The market risks of the remaining banking book positions show a market risk of €28 million (31 December 2009: €25 million).

A 10% appreciation of all foreign currencies (FX sensitivity) results in a decrease of €58.46 million in the portfolio value (0.24% of the regulatory capital) in the banking book of HVB Group (31 December 2009: a decrease of €18.63 million with an appreciation of foreign exchange positions).

Value change in case of a 10% FX appreciation

at 30 June 2010

(€ millions)

HVB GROUP BANKING BOOK	
Total	(58.46)
USD	(26.97)
GBP	(32.23)
AUD	(3.35)
CHF	2.59
JPY	8.59
SGD	(1.06)
Other	(6.03)

A 20% decline in all equity and hedge fund prices results in a decrease of €57.32 million in the portfolio value (0.24% of regulatory capital) in the banking book of HVB Group (31 December 2009: a decrease of €76.92 million).

Value change in case of a 20% decrease in equity prices

at 30 June 2010

(€ millions)

HVB GROUP BANKING BOOK	
Total	(57.32)
Equity products	(0.83)
Hedge Funds	(56.49)

When determining the effects of a shift in the yield curve, we consider two different variations:

- without the hedging effect from the equity capital model book (pursuant to the guidelines from the update of the Minimum Requirements for Risk Management and MaRisk)
- taking into account the hedging effect (as in internal risk management).

An upward shift in yield curves by 100 basis points (interest sensitivity) at 30 June 2010 resulted in a decrease in value of €334.23 million (1.40% of the regulatory capital) in the banking book of HVB Group. If the hedge effect of the equity capital model book is taken into account, this scenario results in a value increase of €163.04 million (31 December 2009: an increase of €62.71 million).

Value change in case of an interest shock of +100 BPS at 30 June 2010

(€ millions)

	TOTAL	UP TO 1 YEAR	1–5 YEARS	MORE THAN 5 YEARS
HVB Group banking book – without hedge effect of equity capital model book	(334.23)	2.39	(408.16)	71.54
HVB Group banking book – with hedge effect	163.04	71.09	5.58	86.37

Any financial impact resulting from present value (PV) valuations in interest-rate changes, FX devaluations and price reductions in the area of equities and index-linked products are reflected in interest income and trading income.

In addition, stress tests are regularly carried out and scenario analyses that reveal the loss potential in case of extreme market movements are carried out on the banking books of HVB Group.

In compliance with the Circular issued on 6 November 2007 by BaFin, the change in the market value of the banking book in case of a sudden and unexpected interest shock of + 130/(190) basis points is compared with the Bank's eligible equity funds. With a notional utilisation of 1.79% (31 December 2009: 2.27%) of its regulatory equity capital at 30 June 2010, without taking into account the hedging effect from the equity capital model book, HVB Group is well below the reportable outlier value of 20% stipulated by the banking supervisory authorities. Without the valuation effects of the reclassified portfolios, the rate of equity capital utilisation is 1.93% (31 December 2009: 2.33%).

In addition, a dynamic simulation of the net interest income is carried out for HVB on a quarterly basis. The future trend in net interest income is simulated in various scenarios in relation to business volume and interest rates. Assuming a constant volume of business, a parallel interest shock of minus 100 basis points would result in a €102 million decrease in net interest income within the next 12 months (31 December 2009: €291 million).

At €1.76 billion, the economic capital for market risks at HVB Group has decreased by €1.3 billion over the figure at 31 December 2009 (€3.04 billion). Under the new maximum market risk method, the maximum value is decreasing over time, which in turn results in lower economic capital for market risk.

This figure reflects the effect of a methodological advancement as well as the update of the intercorrelation matrix. Here, too, the hedging effect from the equity capital model book is still not taken into account. The methodological advancement consists of changing the basis for the economic capital for market risk to the maximum of the last 12 months.

Market liquidity risk

The effects of the financial market turmoil are shown indirectly through the decreased valuations of ABS transactions resulting from lower market liquidity and wider spreads for securities and CDS positions of financial service providers. The direct exposure in the subprime loan segment is negligible. In the course of stress tests, the risk from deteriorating market liquidity is investigated. For June 2010, the tests showed a potential loss of €222 million for the trading book positions of UniCredit Bank AG.

3 Liquidity risk

Conditions on the money markets and capital markets were still dominated by uncertainty in the first half of 2010. In particular, the discussion on budget deficits in some European countries caused nervousness around the world. Despite the tense situation in the markets, the liquidity of HVB Group remained at an adequate level at all times during the first half of 2010. It is possible that the market movements could again become more pronounced, for instance through problems in other countries, which could further upset the money markets and capital markets.

Short-term liquidity

Within the framework of our limit system, which operates under conservative assumptions, we showed an overall positive balance of short-term liquidity of €26.5 billion (31 December 2009: €41.4 billion) in HVB Group for the next banking day at the end of June 2010. The portfolio of highly liquid securities eligible as collateral for central bank borrowings and available at short notice to compensate for unexpected outflows of liquidity amounted to €28.5 billion at 30 June 2010 (31 December 2009: €38.4 billion). Compared with the previous year-end balance, this reduction in the overall positive balance amounts to a normalisation at an adequate level.

The stress tests we conduct on a regular basis showed that liquidity reserves in the first half of 2010 were sufficient to cover liquidity requirements resulting from the defined scenarios.

The requirements of the German Liquidity Regulation (LiqV) were met at all times by the affected units of HVB Group during the period under review. The available funds exceeded the payment obligations for the following month by €34.7 billion at 30 June 2010 (31 December 2009: €49.5 billion).

Funding risk

The structural funding risk of HVB Group was again quite low in the first two quarters of 2010 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 at all times.

4 Operational risk

The economic capital for operational risk amounted to €0.90 billion at 30 June 2010.

For our UniCredit Banque Luxembourg S.A. subsidiary, preparations for regulatory approval with regard to the Advanced Measurement Approach were completed by mid-2010. The corresponding regulatory audit activities are expected in the second half of the year.

Outsourcing and IT projects

In the first half of 2010, there were no new outsourcing activities. With the launch of the new EuroSIG IT platform at 1 August 2010, some activities required by the new software for reconciliation of internal interim accounts will be outsourced to the German branch of the service provider UniCredit Business Partner S.C.p.A (UCBP) to take advantage of the expertise already gained in such activities by UCBP in Italy. The management and control of these outsourced activities will be carried out through the existing organisational unit for the management of UCBP.

As the final step in the outsourcing of the securities transaction settlement function to CACEIS, preparations will begin in September 2010 for the process of transferring the IT systems still operated by UGIS to an IT service provider selected by CACEIS. The migration to the new IT provider is expected to be completed by the end of 2011.

With the new statutory regulations on the flat tax on capital income that took effect at the end of 2008/beginning of 2009, the corresponding IT applications and processes were put in place in HVB. The launch risk associated with this extensive change was minimised through extensive test runs and intensive risk analysis. Despite these efforts, there were implementation delays in this area, partly as a result of late external explanations on the implementation of the tax regulations in December 2009. This led to other delays, for instance in the mailing of the annual tax certificates, which resulted in customer complaints. We are working quickly to eliminate the few residual items to be dealt with and correct the remaining application problems.

EuroSIG launched

At the end of April 2010, the decision was made to adjust the launch date for EuroSIG, the new IT platform for HVB. The prerequisites for the EuroSIG launch were set out in a catalogue comprising eight criteria and have undergone regular review in recent months. When the eight criteria were defined, the objective was to achieve the highest possible degree of security and reliability to ensure the smoothest possible launch of the new IT platform. Because work remained to be done on some internal applications and processes as well as the related training activities, the decision was made with the objective of spending more time on adjustments to these applications. In the meantime, this work has been performed. Therefore, it was possible to launch EuroSIG on 1 August 2010.

Risk Report (CONTINUED)

Business continuity management

The late completion of an overnight batch job resulted in 35 IT applications being unavailable on 1 April 2010. This situation was successfully handled by the HVB crisis team, so that the effects were kept to a minimum and damage was avoided. The crisis management proved to be effective and appropriately organised.

Outlook

Another focal point of operational risk management activities in the second half of 2010 will be the integration of the business activities of the former CAIB acquired by UniCredit Bank Austria AG.

Moreover, further activities will be undertaken to ensure that the legal requirements for investment consultation record sheets are met in their entirety.

Legal risks

Medienfonds lawsuit

Numerous investors who invested in VIP Medienfonds 4 GmbH & Co. KG have filed complaints and lawsuits against UniCredit Bank AG. The main reason for these actions is the fact that the tax deferrals, which were originally part of the benefits achieved by the investment, will no longer apply according to the current position of the tax authorities. UniCredit Bank AG did not market the fund, but it did grant investment finance loans to all investors for a portion of the investment amount; moreover, to collateralise the fund, UniCredit Bank AG assumed various payment obligations of film distribution companies vis-à-vis the fund.

At the end of 2009, suits were pending against UniCredit Bank AG for a total value in dispute in the low triple-digit million euro range.

The complaints and suits against the Bank are based on the allegation that the Bank culpably violated its obligations to provide information prior to signing the contracts as it was aware that the fund's structure and execution allegedly made it highly risky in tax respects. Moreover, the lawsuits are based on alleged errors in the prospectus, for which the plaintiffs say the Bank is responsible along with the initiator and other persons. A few first-instance rulings have been issued. In some cases, courts have ruled against the Bank because of alleged violations of obligations to inform the investors whereas some suits have been dismissed. So far, none of the rulings on these matters are final. Munich Higher Regional Court has started a test case procedure pursuant to the Capital Markets Test Case Act (KapMuG) that - among other matters - is intended to clarify the question of responsibility for the prospectus, also on the part of UniCredit Bank AG, with regard to the banking services it provided.

Some investors based their claims on formal deficiencies regarding the investment finance loans granted to investors in order to be able to unwind their whole investment vis-à-vis the Bank.

From today's perspective, the situation in the legal proceedings and the outcome of the claims of investors is unclear. The Bank has set up adequate provisions for these proceedings. In order to amicably settle the alleged claims and to bring the complex lawsuits to a reasonable end, UniCredit Bank AG made a settlement offer to the investors jointly with another German bank which was involved and which marketed the predominant part of the fund share.

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

UniCredit Bank AG will not suffer negative legal consequences if customers cancel their property loan agreements under the Doorstep Transactions Act (Haustürwiderrufgesetz). According to the law and the opinion on this subject expressed in the German Supreme Court's (Bundesgerichtshof) established practice, the customer, who is required to prove that the conditions for cancelling the contract have been met, must repay the loan amount to the Bank, including interest at customary market rates, even after cancellation of the loan agreement.

Under a well-established body of court decisions, the Bank would be required to assume the investment risk because of its failure to notify the customer of his right to cancel the contract only if the customer could prove that he would not have made the investment if he had been aware of this right; in addition, the German Supreme Court has decided that the Bank would only have to assume the investment risk in case of culpable actions. On the basis of court rulings issued so far, the Bank does not expect any negative effects in such cases.

The Bank's claim to repayment remains in effect even if the borrower issued an invalid proxy to a third party, and the Bank relied on the validity of the proxy when entering into the loan agreement. Based on the experience gained to date, the Bank assumes that legal risks will not arise from these cases.

Judgements from the German Supreme Court recently also confirmed the already narrow conditions for a possible obligation on the part of the Bank to give information and advice. The German Supreme Court makes it easier for investors to provide evidence of violations of a bank's obligation to give information only in cases of institutionalised collaboration between the bank funding the acquisition of the property and the seller of the property. Recent judgements also indicate that a bank's liability cannot be ruled out completely if it has advised the customer on the acquisition of the property and received commission from the seller for selling the property. Based on our experience so far, we do not expect any negative effects for UniCredit Bank AG 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, the Bank expects these circumstances to apply, if at all, only in exceptional cases.

Lawsuits in connection with the financial crisis

As a result of the dramatic developments in global financial markets in recent months, there has been an above-average increase in the number of complaints from customers with investments in securities negatively affected by this crisis or customers who entered into derivative transactions with UniCredit Bank AG have risen to above-average levels of past years. So far, customers have filed lawsuits based on claims of allegedly insufficient disclosure or of improper advice that was either inappropriate for the investor or inappropriate regarding the form of the investment only in exceptional cases.

Three class actions were raised in the USA against our American brokerage subsidiary UniCredit Capital Markets, Inc. along with numerous other defendants. The reason behind these actions is that both Lehman Brothers Holding and Merrill Lynch issued securities. Although UniCredit Capital Markets was part of the underwriting consortium for some of the securities in dispute, it neither received nor sold the securities specified in the claims. Based on the appraisals of our external lawyers, the Bank has decided not to set up any provisions in this regard.

Lawsuits in connection with Primeo notes

UniCredit Bank AG had 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 UniCredit Bank AG was around €27 million for the Primeo-referenced notes. A legal proceeding has been commenced in Germany in connection with the issuance of said Primeo linked notes, which also named UniCredit Bank AG as a defendant. From today's perspective, the outcome of the proceeding is open.

Arbitration proceedings on the cash settlement for Vereins- und Westbank AG

The Extraordinary Shareholders' Meeting of Vereins- und Westbank AG held on 24 June 2004 approved the transfer of shares of minority shareholders of Vereins- und Westbank AG to UniCredit Bank AG. After settlement of the legal challenges to this move, UniCredit Bank AG paid the minority shareholders of Vereins- und Westbank AG an increased cash settlement of €26.65 per share (the "€26.65 settlement"). Notwithstanding this arrangement, numerous minority shareholders have exercised their right to have the €26.65 settlement reviewed in special judicial proceedings pursuant to Section 1 (3) of the Act on the Procedure Regarding the Compensation of Minority Shareholders (Spruchverfahrensgesetz). In a ruling dated 2 March 2006, the Regional Court (Landgericht) of Hamburg increased the cash settlement to €37.20 per share on the basis of its own assessment. The Bank has appealed against this decision. The Bank assumes that, at most, a much smaller payment in addition to the €26.65 settlement will have to be made to the squeezed-out shareholders of Vereins- und Westbank AG.

Court proceedings of UniCredit Bank AG's shareholders

Former shareholders of UniCredit Bank AG filed a suit challenging the resolutions adopted by the Annual General Meeting of the Bank on 12 May 2005. Munich Regional Court I (Landgericht) has dismissed the suit insofar as it challenges the election of Supervisory Board members and the auditor of the annual financial statements; the ruling is not yet final.

Legal proceedings relating to the restructuring of the Bank

Numerous former shareholders filed suits challenging the resolutions of the Extraordinary Shareholders' Meeting of UniCredit Bank AG on 25 October 2006 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 shareholders filed their lawsuits on the basis of alleged deficiencies of formalities in connection with the invitation to attend and conduct the Extraordinary Shareholders' Meeting of 25 October 2006 and the allegedly inadequate purchase price paid for the units sold.

In a ruling of 31 January 2008, Munich Regional Court I declared the resolutions passed at the Extraordinary Shareholders' Meeting on 25 October 2006 null and void solely for formal reasons. The court was of the opinion that the Business Combination Agreement ("BCA") entered into by the Bank and UniCredit S.p.A. on 12 June 2005 was not described in sufficient detail in the invitation to attend the above meeting, particularly with regard to the provisions of the BCA on the court of arbitration and the choice of law. Moreover, the court stated that shareholders' questions regarding the hypothetical effects of specific alternative valuation parameters were not answered adequately. The court did not decide on the issue of the allegedly inadequate purchase price paid for the purchased units. At the same time, based on a petition filed by some former shareholders, the court declared that the BCA should have been submitted to the general shareholders' meeting of the company for approval to become valid because it represented a "hidden" domination agreement.

UniCredit Bank AG believes that such ruling is not convincing since the provisions of the BCA considered by the court to be material were not material for the purchase agreements submitted to the Extraordinary Shareholders' Meeting on 25 October 2006, which contain their own arrangements anyway, and since answering the question regarding individual alternative valuation parameters – even if at all possible to do so correctly at the Extraordinary Shareholders' Meeting and without taking into account contrary effects induced by modified parameters – would have done nothing to change the specific purchase agreements submitted for approval. Consequently, the Bank has appealed against this ruling.

As a precaution, the resolutions passed by the Extraordinary Shareholders' Meeting of 25 October 2006 were confirmed at UniCredit Bank AG's Annual General Meeting of Shareholders on 29 and 30 July 2008. Numerous suits were filed against said confirmatory resolutions, some of which are based on formal errors. Most, however, claim that the purchase price for the sale of the participating interests and branches was too low and inadequate. As a precaution, the resolutions and the confirmatory resolutions were confirmed once again at the Extraordinary Shareholders' Meeting of UniCredit Bank AG on 5 February 2009.

In a ruling dated 29 October 2008, Munich Higher Regional Court suspended the appeal against the suits challenging the resolutions of the Extraordinary Shareholders' Meeting of UniCredit Bank AG 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 Shareholder of UniCredit Bank AG 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. Some plaintiffs appealed against this ruling which is why a final decision has not yet been passed.

The Annual General Meeting of Shareholders of UniCredit Bank AG passed a resolution dated 26 and 27 June 2007 in favour of asserting alleged claims for damages against UniCredit S.p.A. and its legal representatives, and against the governing bodies of the Bank due to the alleged damage to the Bank's assets as a result of the sale of the Bank Austria shares as well as due to the BCA concluded between the Bank and UniCredit S.p.A., and appointed the solicitor Dr Thomas Heidel, Bonn, as a special representative. The Bank's now sole shareholder, UniCredit S.p.A., filed a lawsuit challenging this resolution. In its ruling of 27 August 2008, Munich Higher Regional Court stated that the resolution adopted during UniCredit Bank AG's Annual General Meeting of Shareholders on 26 and 27 June 2007 on the assertion

of claims for damages due to damage caused to the Bank's assets and on the appointment of the special representative was partly invalid with regard to the enforcement of alleged claims for damages in connection with the conclusion of the BCA (lit. d of item 10 of the agenda of the Annual General Meeting of Shareholders in 2007). The special representative and other former minority shareholders of the Bank have filed an appeal against this decision and the denial of leave to appeal with the German Federal Supreme Court, a step also taken by UniCredit, the Bank's sole shareholder since 15 September 2008. A final ruling has not yet been passed.

An Extraordinary Shareholders' Meeting of UniCredit Bank AG on 10 November 2008 revoked the resolution dated 26/27 June 2007 regarding the appointment of the special representative to assert alleged claims for damages due to the sale of Bank Austria and the conclusion of the BCA (item 10 of the agenda of the Annual General Meeting of Shareholders in 2007) and resolved that the appointed special representative be dismissed from office. Munich Higher Regional Court on 3 March 2010 dismissed the claims raised against the revocation of the resolutions to assert alleged claims for damages and to dismiss the special representative from office. This ruling is not yet final and binding.

In letters dated 27 and 28 December 2007, the special representative demanded that UniCredit S.p.A. return the Bank Austria shares sold to it. After UniCredit S.p.A. rejected this request, the special representative, on 20 February 2008, filed a suit against UniCredit S.p.A., Alessandro Profumo, Dr Wolfgang Sprissler and Rolf Friedhofen as joint and severally liable for the return of the Bank Austria shares (and alternatively for claims for damages of at least €13.9 billion), and in addition to compensate any losses suffered by UniCredit Bank AG through the sale and transfer of said shares ("Heidel action") referring to the "hedge fund claims" mentioned below. On 10 July 2008, the special representative extended his suit and asserted additional alleged claims for damages amounting to

least €2.92 billion against the defendants named above; the special representative alleges that UniCredit Bank AG suffered damages for at least the amount stated in connection with the contribution of the investment banking business of UniCredit Banca Mobiliare S.p.A. ("UBM"). The defendants are convinced that the alleged claims are unfounded. In a ruling dated 2 June 2009, Munich Regional Court I ordered the stay of said proceedings until such time as a final decision has been passed in the suits challenging the resolutions of the Annual General Shareholders' Meeting dated 26/27 June 2007 (to assert alleged claims for damages and appointment of Dr Thomas Heidel) as well as the suits challenging the resolutions of the Annual General Meeting of Shareholders dated 10 November 2008 (revocation and dismissal of the special representative).

A total of eight hedge funds with headquarters in the United States of America, the Virgin Islands, the Cayman Islands, the British West Indies and Bermuda, claiming that they are former shareholders of our Bank, have filed suits against UniCredit S.p.A., Alessandro Profumo and Dr Wolfgang Sprissler, seeking (i) payment of €17.35 billion in damages to UniCredit Bank AG and (ii) payment by UniCredit of a guaranteed dividend to former minority shareholders starting from 19 November 2005 onwards ("hedge fund suits"); in their suits, the plaintiffs argue that the sale of the shares in Bank Austria to UniCredit S.p.A. as well as the sale and transfer of further entities (especially CEE units and the asset management companies) sold to companies affiliated with UniCredit in each case were sold at a price significantly below market value. A former minority shareholder, Verbraucherzentrale für Kapitalanleger e.V. (Vzfk), filed another suit based on alleged damages against UniCredit AG, Alessandro Profumo and Dr Wolfgang Sprissler on similar grounds and asking for €173.5 million. On 29 July 2009, Munich Regional Court I decided to join the claims.

Against the backdrop of the independent external opinions obtained for the various transactions, and in view of the fact that all transactions took place at arm's length, the defendants are convinced that the alleged claims for damages are without foundation.

The plaintiffs of the hedge fund suits and another former shareholder have also filed suits against the Bank, making the same arguments as mentioned above, seeking to have the Bank's annual financial statements for the 2006 financial year declared null and void because the above-mentioned claims were not recognised in the balance sheet. The proceedings have been suspended until final ruling has been passed on the hedge fund suits.

5 Business risk

The earnings-at-risk (the measure of unexpected fluctuations in earnings), without taking into account the diversification effects between risk types, decreased by €0.02 billion in the first half of 2010 to €0.51 billion. The calculated economic capital for business risks of HVB Group amounted to €0.37 billion in the first half of 2010 (31 December 2009: €0.37 billion). This figure reflects the effect of a methodological advancement as well as the update of the inter-correlation matrix. The change in methodology consists of no longer including trade related net interest income in the business risk.

The merger of CAIB with HVB, which was entered in the commercial register on 1 July 2010, represents a further step in the consolidation and pooling of the Markets & Investment Banking business of the UniCredit Group. This will boost operational efficiency and profitability. We cannot rule out the possibility of this move resulting in the departure of customers, which could reduce the potential earnings of HVB Group.

6 Risks arising from our own real estate portfolio

On 1 April 2010, real estate units and real estate-related services were pooled at our HVB Immobilien AG subsidiary.

The value-at-risk, without taking into account the diversification effects between risk types was €0.64 billion at 30 June 2010. The economic capital for real estate risk for HVB Group amounted to €0.38 billion (31 December 2009: €0.37 billion). This amount includes the effects from updating the intercorrelation matrix. The real estate portfolio of HVB Group, located primarily in Munich, accounted for 39% of the total.

7 Risks arising from our shareholdings/financial investments

The value-at-risk, without taking into account the diversification effects between risk types decreased by €0.55 billion, to €1.29 billion. The economic capital amounted to €0.83 billion (31 December 2010: €1.2 billion) for HVB Group. This figure reflects the effect of the advancement in methodology and the harmonisation of book values as well as the update of the intercorrelation matrix. The advancement in methodology is the stronger emphasis on the recent past in the parametric approach.

As in 2009, the Bank will continue in 2010 with the reduction of non-strategic shareholdings, but will also evaluate acquisitions in line with its business policy and the current market environment, provided they complement our structure and our business focuses and generate added value for our Bank and our Group.

8 Reputational risk

HVB has a very good reputation in the lending business and in the financial market. Numerous products and services in such areas as investment products, real estate finance, online banking and general customer services have received awards in recent years. These awards help to solidify HVB's reputation as a competent and efficient financial services provider. In addition to the study and evaluation of reputation risk, the public image of HVB is continually analysed on the basis of a large number of assessments.

Since September 2009, a systematic evaluation of the reputation of HVB is carried out in accordance with the standards of the UniCredit Group by means of structured interviews with members of various stakeholder groups such as customers, employees and opinion leaders from the media, politics, the business sector and society. Using the results of the questionnaires, action plans have been drawn up and performance benchmarks developed for the further improvement of our reputation.

9 Strategic risk

The statements made at the end of 2009 regarding strategic risk remain valid. Statements on overall economic trends, in particular in international financial markets, and on the development of HVB Group in 2010 as a whole can be found in the Outlook section of the Financial Review in this half-yearly financial report.

Consolidated Income Statement

for the period from 1 January to 30 June 2010

Income/Expenses	NOTES	1/1–30/6/2010	1/1–30/6/2009	CHANGE	
		€ millions	€ millions	€ millions	in %
Net interest		2,023	2,353	(330)	(14,0)
Dividends and other income from equity investments		74	30	+ 44	>+ 100,0
Net interest income	4	2,097	2,383	(286)	(12,0)
Net fees and commissions	5	681	600	+ 81	+ 13,5
Net trading income	6	456	421	+ 35	+ 8,3
Net other expenses/income	7	117	91	+ 26	+ 28,6
Net non-interest income		1,254	1,112	+ 142	+ 12,8
TOTAL REVENUES		3,351	3,495	(144)	(4,1)
Payroll costs		(927)	(904)	(23)	+ 2,5
Other administrative expenses		(717)	(707)	(10)	+ 1,4
Amortisation, depreciation and impairment losses on intangible and tangible assets		(107)	(115)	+ 8	(7,0)
Operating costs		(1,751)	(1,726)	(25)	+ 1,4
OPERATING PROFIT		1,600	1,769	(169)	(9,6)
Provisions for risks and charges		(17)	(64)	+ 47	(73,4)
Write-down on goodwill		—	—	—	—
Restructuring costs		—	(267)	+ 267	(100,0)
Net write-downs of loans and provisions for guarantees and commitments	8	(509)	(969)	+ 460	(47,5)
Net income from investments	9	22	(97)	+ 119	
PROFIT BEFORE TAX		1,096	372	+ 724	>+ 100,0
Income tax for the period		(376)	(191)	(185)	+ 96,9
CONSOLIDATED PROFIT		720	181	+ 539	>+ 100,0
attributable to shareholder of UniCredit Bank AG		740	145	+ 595	>+ 100,0
attributable to minorities		(20)	36	(56)	

Earnings per share

(in €)

	Notes	1/1–30/6/2010	1/1–30/6/2009
Earnings per share	10	0.92	0.18

**Statement of Other Comprehensive Income
for the period from 1 January to 30 June 2010**

(€ millions)

	1/1–30/6/2010	1/1–30/6/2009
Consolidated profit recognised in the income statement	720	181
Income and expenses recognised in equity		
Changes from foreign currency translation and other changes	110	(24)
Changes from companies accounted for using the equity method	—	—
Actuarial profit on defined benefit plans (pension commitments)	—	—
Discontinued operations and assets held for sale	—	—
Change in valuation of financial instruments (AfS reserve)	11	(60)
Change in valuation of financial instruments (hedge reserve)	(88)	(93)
Taxes on income and expenses recognised in equity	20	34
Income and expenses recognised in equity	53	(143)
Total recognised in equity	773	38
of which:		
attributable to shareholder of UniCredit Bank AG	679	16
attributable to minority interest	94	22

Consolidated Income Statement (CONTINUED)

for the period from 1 April to 30 June 2010

Income/Expenses	1/4–30/6/2010	1/4–30/6/2009	CHANGE	
	€ millions	€ millions	€ millions	in %
Net interest	1,013	1,136	(123)	(10.8)
Dividends and other income from equity investments	59	15	+ 44	>+ 100.0
Net interest income	1,072	1,151	(79)	(6.9)
Net fees and commissions	308	305	+ 3	+ 1.0
Net trading income	16	682	(666)	(97.7)
Net other expenses/income	52	51	+ 1	+ 2.0
Net non-interest income	376	1,038	(662)	(63.8)
TOTAL REVENUES	1,448	2,189	(741)	(33.9)
Payroll costs	(475)	(437)	(38)	+ 8.7
Other administrative expenses	(364)	(383)	+ 19	(5.0)
Amortisation, depreciation and impairment losses on intangible and tangible assets	(53)	(52)	(1)	+ 1.9
Operating costs	(892)	(872)	(20)	+ 2.3
OPERATING PROFIT	556	1,317	(761)	(57.8)
Provisions for risks and charges	(12)	(45)	+ 33	(73.3)
Write-down on goodwill	—	—	—	—
Restructuring costs	—	(218)	+ 218	(100.0)
Net write-downs of loans and provisions for guarantees and commitments	(137)	(686)	+ 549	(80.0)
Net income from investments	(5)	(90)	+ 85	+ 94.4
PROFIT BEFORE TAX	402	278	+ 124	+ 44.6
Income tax for the period	(142)	(160)	+ 18	(11.3)
CONSOLIDATED PROFIT	260	118	+ 142	>+ 100.0
attributable to shareholder of UniCredit Bank AG	272	83	+ 189	>+ 100.0
attributable to minorities	(12)	35	(47)	

Earnings per share

(in €)

	1/4–30/6/2010	1/4–30/6/2009
Earnings per share	0.34	0.10

**Statement of Other Comprehensive Income
for the period from 1 April to 30 June 2010**

(€ millions)

	1/4–30/6/2010	1/4–30/6/2009
Consolidated profit recognised in the income statement	260	118
Income and expenses recognised in equity		
Changes from foreign currency translation and other changes	68	(49)
Changes from companies accounted for using the equity method	—	—
Actuarial profit on defined benefit plans (pension commitments)	—	—
Discontinued operations and assets held for sale	—	—
Change in valuation of financial instruments (AfS reserve)	(41)	69
Change in valuation of financial instruments (hedge reserve)	(33)	(71)
Taxes on income and expenses recognised in equity	7	17
Income and expenses recognised in equity	1	(34)
Total recognised in equity	261	84
of which:		
attributable to shareholder of UniCredit Bank AG	206	95
attributable to minority interest	55	(11)

Balance Sheet

at 30 June 2010

Assets

	NOTES	30/6/2010	31/12/2009	CHANGE	
		€ millions	€ millions	€ millions	in %
Cash and cash balances		6,622	6,400	+ 222	+ 3.5
Financial assets held for trading	11	165,889	133,389	+ 32,500	+ 24.4
Financial assets at fair value through profit or loss	12	20,479	13,758	+ 6,721	+ 48.9
Available-for-sale financial assets	13	5,012	4,441	+ 571	+ 12.9
Shares in associates accounted for using the equity method and joint ventures accounted for using the equity method	14	92	88	+ 4	+ 4.5
Held-to-maturity investments	15	2,617	2,679	(62)	(2.3)
Loans and receivables with banks	16	52,401	43,254	+ 9,147	+ 21.1
Loans and receivables with customers	17	142,579	145,919	(3,340)	(2.3)
Hedging derivatives		6,238	3,578	+ 2,660	+ 74.3
Hedge adjustment of hedged items in the fair value hedge portfolio		141	53	+ 88	>+ 100.0
Property, plant and equipment		2,650	2,581	+ 69	+ 2.7
Investment properties		1,867	1,907	(40)	(2.1)
Intangible assets		627	656	(29)	(4.4)
of which: goodwill		424	424	—	—
Tax assets		2,862	2,612	+ 250	+ 9.6
of which: deferred tax assets		2,498	2,252	+ 246	+ 10.9
Non-current assets or disposal groups held for sale		4	4	—	—
Other assets		1,885	2,101	(216)	(10.3)
Total assets		411,965	363,420	+ 48,545	+ 13.4

Liabilities

	NOTES	30/6/2010	31/12/2009	CHANGE	
		€ millions	€ millions	€ millions	in %
Deposits from banks	20	60,661	50,704	+ 9,957	+ 19.6
Deposits from customers	21	100,761	96,490	+ 4,271	+ 4.4
Debt securities in issue	22	53,401	61,286	(7,885)	(12.9)
Financial liabilities held for trading		156,150	121,206	+ 34,944	+ 28.8
Hedging derivatives		3,373	1,369	+ 2,004	>+ 100.0
Hedge adjustment of hedged items in the fair value hedge portfolio		2,144	1,200	+ 944	+ 78.7
Tax liabilities		2,297	1,849	+ 448	+ 24.2
of which: deferred tax liabilities		1,559	1,175	+ 384	+ 32.7
Liabilities of disposal groups held for sale		—	—	—	—
Other liabilities		9,060	4,179	+ 4,881	>+ 100.0
Provisions	23	1,456	1,499	(43)	(2.9)
Shareholders' equity		22,662	23,638	(976)	(4.1)
Shareholders' equity attributable to shareholder of UniCredit Bank AG		21,819	22,870	(1,051)	(4.6)
Subscribed capital		2,407	2,407	—	—
Additional paid-in capital		9,791	9,791	—	—
Own shares		—	—	—	—
Other reserves		9,016	9,034	(18)	(0.2)
Change in valuation of financial instruments	24	(135)	5	(140)	(11.6)
AfS reserve		(212)	(190)	(22)	(11.6)
Hedge reserve		77	195	(118)	(60.5)
Consolidated profit 2009		—	1,633	(1,633)	(100.0)
Net profit 1/1 – 30/6/2010 ¹		740	—	+ 740	
Minority interest		843	768	+ 75	+ 9.8
Total shareholders' equity and liabilities		411,965	363,420	+ 48,545	+ 13.4

¹ shareholders' equity attributable to shareholder of UniCredit Bank AG

Statement of Changes in Shareholders' Equity

at 30 June 2010

	SUBSCRIBED CAPITAL	ADDITIONAL PAID-IN CAPITAL	OTHER RESERVES	
			TOTAL	OF WHICH: PENSIONS AND SIMILAR OBLIGATIONS (IAS 19)
Shareholders' equity at 1 January 2009	2,407	9,791	9,996	(139)
Recognised income and expenses				
Consolidated profit recognised in the consolidated income statement	—	—	—	—
Income and expenses recognised in equity				
Change in valuation of financial instruments not affecting income	—	—	—	—
Change in valuation of financial instruments affecting income	—	—	—	—
Reserve arising from foreign currency translation and other changes	—	—	(13)	—
Income and expenses recognised in equity	—	—	(13)	—
Total income and expenses recognised in equity	—	—	(13)	—
Other changes recognised in equity				
Dividend payouts	—	—	—	—
Changes in group of consolidated companies	—	—	(14)	—
Total other changes in equity	—	—	(14)	—
Shareholders' equity at 30 June 2009	2,407	9,791	9,969	(139)
of which:				
shareholders' equity of disposal groups held for sale	—	—	15	(1)
Shareholders' equity at 1 January 2010	2,407	9,791	9,034	(223)
Recognised income and expenses				
Consolidated profit recognised in the consolidated income statement	—	—	—	—
Income and expenses recognised in equity				
Change in valuation of financial instruments not affecting income	—	—	—	—
Change in valuation of financial instruments affecting income	—	—	—	—
Reserve arising from foreign currency translation and other changes	—	—	12	—
Income and expenses recognised in equity	—	—	12	—
Total income and expenses recognised in equity	—	—	12	—
Other changes recognised in equity				
Dividend payouts	—	—	—	—
Changes in group of consolidated companies	—	—	(30)	—
Total other changes in equity	—	—	(30)	—
Shareholders' equity at 30 June 2010	2,407	9,791	9,016	(223)
of which:				
shareholders' equity of disposal groups held for sale	—	—	—	—

1 shareholders' equity attributable to shareholder of UniCredit Bank AG

2 UniCredit Bank AG (HVB)

3 The Annual General Meeting of Shareholders of 21 May 2010 resolved to distribute the 2009 consolidated profit in the amount of €1,633 million as a dividend to our sole shareholder, UniCredit S.p.A. This represents a dividend of around €2.03 per share of common stock and per share of preferred stock, an advanced dividend of €0.064 per share of preferred stock and a retroactive payment on the advance share of profits of €0.064 per share of preferred stock for 2008.

(€ millions)

CHANGE IN VALUATION OF FINANCIAL INSTRUMENTS		CONSOLIDATED PROFIT ³	PROFIT 1/1 – 30/6 ¹	TOTAL SHAREHOLDERS' EQUITY ATTRIBUTABLE TO SHAREHOLDER OF HVB ²	MINORITY INTEREST	TOTAL SHAREHOLDERS' EQUITY
AFS RESERVE	HEDGE RESERVE					
(306)	329	—	—	22,217	807	23,024
—	—	—	145	145	36	181
(56)	11	—	—	(45)	—	(45)
1	(75)	—	—	(74)	—	(74)
3	—	—	—	(10)	(14)	(24)
(52)	(64)	—	—	(129)	(14)	(143)
(52)	(64)	—	145	16	22	38
—	—	—	—	—	(24)	(24)
—	—	—	—	(14)	—	(14)
—	—	—	—	(14)	(24)	(38)
(358)	265	—	145	22,219	805	23,024
—	—	—	—	15	29	44
(190)	195	1,633	—	22,870	768	23,638
—	—	—	740	740	(20)	720
28	1	—	—	29	(1)	28
(24)	(61)	—	—	(85)	—	(85)
(17)	—	—	—	(5)	115	110
(13)	(60)	—	—	(61)	114	53
(13)	(60)	—	740	679	94	773
—	—	(1,633)	—	(1,633)	(18)	(1,651)
(9)	(58)	—	—	(97)	(1)	(98)
(9)	(58)	(1,633)	—	(1,730)	(19)	(1,749)
(212)	77	—	740	21,819	843	22,662
—	—	—	—	—	—	—

Cash Flow Statement (abridged version)

(€ millions)

	2010	2009
Cash and cash equivalents at 1 January	6,400	5,556
Cash flows from operating activities	4,390	2,747
Cash flows from investing activities	(1,979)	(200)
Cash flows from financing activities	(2,189)	(1,446)
Effects of exchange rate changes	—	—
Less disposal groups held for sale and discontinued operations	—	—
Cash and cash equivalents at 30 June	6,622	6,657

Selected Notes

1 Accounting and valuation principles

IFRS basis

The present Half-yearly Financial Report has been prepared in accordance with the regulations defined in the International Financial Reporting Standards (IFRS) and complies with IAS 34, which covers interim reporting. Thus, the present Half-yearly Financial Report meets the requirements of the German Securities Trading Act (WpHG) for the half-yearly financial reporting of capital-market-oriented companies.

We have applied the same accounting, valuation and disclosure principles in 2010 as in the consolidated financial statements for 2009 (please refer to the HVB Group Annual Report for 2009, starting on page 97). The main new regulations worthy of note in this regard are the revised IFRS 3 "Business Combinations" (IFRS 3 R) and IAS 27 "Consolidated and Separate Financial Statements" (IAS 27 R). Whereas IFRS 3 R defines more closely the application of the purchase method for business combinations, IAS 27 R contains revised regulations for the presentation of minority interests and for disclosure in the event of the loss of controlling influence over a subsidiary in the balance sheet. The new regulations could have an impact on HVB Group should there be future business combinations and transactions.

We did not avail ourselves of the possibility of reviewing the present local Half-yearly Financial Report of HVB Group compliant with Section 37w (5) of the German Securities Trading Act (WpHG).

Segment reporting

In segment reporting, the market-related activities of HVB Group are divided into the following globally operating divisions: Corporate & Investment Banking, Retail, and Private Banking. Also shown is the Other/consolidation segment that covers Global Banking Services and Group Corporate Centre activities, and the effects of consolidation.

The same principles used at year-end 2009 are being applied in 2010. 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 S.A.) was 4.30% in 2009. This rate was redetermined for 2010 and has been 4.09% since 1 January 2010.

In addition, there were some small changes made to segment allocation. In the second quarter of 2010, we launched our ONE4C initiative, which provides for the resegmentation of affluent retail customers as well as small and mid-sized companies. The overall goal of this programme is the consistent orientation of the Bank towards a sustainable customer business model, using it to achieve even closer and more targeted relationship management for the benefit of customers.

A first step taken in the second quarter of 2010 was moving customers with free assets of at least €500,000 from the Retail division to the Private Banking division; in turn, customers with assets of less than €500,000 were moved from the Private Banking division to the Retail division. This reorganisation resulted in an overall shift in customers from the Retail division to the Private Banking division.

The second step in implementing ONE4C, the transfer of small and mid-sized companies with revenues of up to €50 million from the Corporate & Investment banking, will commence at the beginning of 2011 as planned.

In addition to transferring customers between divisions as a result of the ONE4C initiative, other smaller reorganisation measures were taken in the second quarter of 2010, particularly in administrative expenses. The previous year's figures or, respectively, those of the previous quarter, have been adjusted to reflect changes in segment allocation.

Selected Notes (CONTINUED)

2 Companies included in consolidation

The following companies and funds assets were added to the group of companies included in consolidation in the first half of 2010:

- Bank Austria Immobilien Service GmbH, Vienna,
- UniCredit CAIB AG, Vienna,
- UniCredit CAIB Securities UK Ltd., London,
- HVB Asset Leasing Limited, London,
- HVB International Asset Leasing GmbH, Munich,
- HVB Export Leasing GmbH, Munich,
- HVB Principal Equity GmbH, Munich,
- RHOTERRA Gesellschaft für Immobilienverwaltung mbH, Munich,
- Salvatorplatzgrundstücksgesellschaft mbH, Munich,
- Salvatorplatzgrundstücksgesellschaft mbH & Co. OHG Saarland, Munich,
- Structured Invest Société Anonyme, Luxembourg,
- UniCredit Beteiligungs GmbH, Munich,
- Claris Limited – Series 64/2006, St. Helier, Jersey,
- Elektra Purchase No. 1 Ltd., St. Helier, Jersey,
- Bandon Leasing Limited, Dublin.

With effect from 1 June 2010, HVB acquired UniCredit CAIB AG and its subsidiary, Uni-Credit CAIB Securities UK Ltd., from UniCredit Bank Austria AG, Vienna. As this business combination is a transaction within HVB Group, IFRS 3 does not apply to the acquisition of the two companies (IFRS 3.2c: business combinations involving entities or businesses under common control).

The following company is no longer consolidated for HVB Group in the first half of 2010:

- GELDILUX-TS-2009 S.A., Luxembourg.

Notes to the Income Statement

3 Segment reporting

Income statement broken down by division for the period from 1 January to 30 June 2010

(€ millions)

	CORPORATE & INVESTMENT BANKING	RETAIL	PRIVATE BANKING	OTHER/ CONSOLIDATION	HVB GROUP
TOTAL REVENUES					
1/1 – 30/6/2010	2,225	686	147	293	3,351
1/1 – 30/6/2009	2,283	734	159	319	3,495
Operating costs					
1/1 – 30/6/2010	(923)	(646)	(86)	(96)	(1,751)
1/1 – 30/6/2009	(817)	(680)	(89)	(140)	(1,726)
OPERATING PROFIT					
1/1 – 30/6/2010	1,302	40	61	197	1,600
1/1 – 30/6/2009	1,466	54	70	179	1,769
Restructuring costs					
1/1 – 30/6/2010	—	—	—	—	—
1/1 – 30/6/2009	(212)	(55)	—	—	(267)
Net write-downs of loans and provisions for guarantees and commitments					
1/1 – 30/6/2010	(412)	(39)	(1)	(57)	(509)
1/1 – 30/6/2009	(895)	(42)	1	(33)	(969)
Net income from investments and other items¹					
1/1 – 30/6/2010	42	5	—	(42)	5
1/1 – 30/6/2009	(90)	(8)	(6)	(57)	(161)
PROFIT/(LOSS) BEFORE TAX					
1/1 – 30/6/2010	932	6	60	98	1,096
1/1 – 30/6/2009	269	(51)	65	89	372

¹ contains the following income statement items: provisions for risks and charges and net income from investments

Notes to the Income Statement (CONTINUED)

Income statement of the Corporate & Investment Banking division

(€ millions)

INCOME/EXPENSES	1/1 – 30/6/ 2010	1/1 – 30/6/ 2009	Q2 2010	Q1 2010	Q4 2009	Q3 2009	Q2 2009
Net interest income	1,470	1,750	773	697	733	754	819
Net fees and commissions	306	256	123	183	137	123	131
Net trading income	402	274	29	373	72	581	570
Net other expenses/income	47	3	20	27	(3)	3	3
Net non-interest income	755	533	172	583	206	707	704
TOTAL REVENUES	2,225	2,283	945	1,280	939	1,461	1,523
Payroll costs	(397)	(304)	(212)	(185)	(211)	(179)	(151)
Other administrative expenses	(515)	(510)	(270)	(245)	(234)	(253)	(259)
Amortisation, depreciation and impairment							
losses on intangible and tangible assets	(11)	(3)	(6)	(5)	(5)	(2)	(1)
Operating costs	(923)	(817)	(488)	(435)	(450)	(434)	(411)
OPERATING PROFIT	1,302	1,466	457	845	489	1,027	1,112
Restructuring costs	—	(212)	—	—	125	—	(163)
Net write-downs of loans and provisions							
for guarantees and commitments	(412)	(895)	(68)	(344)	(145)	(496)	(681)
Net income from investments and other items ¹	42	(90)	12	30	(112)	(211)	(76)
PROFIT BEFORE TAX	932	269	401	531	357	320	192
Cost-income ratio in %	41.5	35.8	51.6	34.0	47.9	29.7	27.0

¹ contains the following income statement items: provisions for risks and charges and net income from investments

Development of the Corporate & Investment Banking division

In the first half of 2010, the Corporate & Investment Banking division recorded a very good profit before tax of €932 million, which is a substantial increase of €663 million compared with last year (€269 million).

Net fees and commissions developed particularly well in operations, rising by around 20% to €306 million. This is attributable to traditional lending operations in addition to the income from project and structured finance. Net trading income increased significantly year-on-year by €128 million, to €402 million, mainly on account of the contribution made by the Rates & FX unit. This development arose in part from higher gains on the fair-value-option portfolios, which were weighed down considerably last year on account of widening spreads due to the more difficult market conditions. In addition, the Equities and Credit Markets units succeeded in increasing their contributions to earnings whereas the Capital Markets unit reported a decline in earnings. Net interest income decreased by a substantial €280 million, to €1,470 million, compared with last year. This decrease is chiefly a result of lower income from trading operations and a decreased impact from the amortisation of reclassified loans and receivables compliant with IAS 39. Furthermore, net interest income fell in deposit-taking activities on account of considerably lower margins. However, there was a slight rise in the result for traditional lending operations with corporate customers, and the dividends included in net interest income also increased on account of higher dividends paid by private equity funds.

Although operating costs rose to €923 million at mid-2010, after €817 million in the previous year, the cost-income ratio, at 41.5%, is still at a very good level.

A significant increase of €663 million, to €932 million, in the profit before tax was generated in the first half of 2010. This development was largely due to the significant year-on-year decline in net write-downs of loans and provisions for guarantees and commitments and the non-recurrence of last year's restructuring costs as well as the considerable improvement in net income from investments.

Income statement of the Retail division

In the first phase of implementing our ONE4C initiative, customers were transferred between the Retail and Private Banking divisions during the second quarter of 2010. Customers with free assets of at least €500,000 were moved from the Retail division to the Private Banking division and customers with assets of less than €500,000 were moved from the Private Banking division to the Retail division. Overall, this reorganisation resulted in a significant shift in customers from the Retail division to the Private Banking division and, with it, a disproportionate transfer of total revenues. Figures from the previous year and previous quarters have been adjusted accordingly.

Since ONE4C's second phase – transferring specific corporate customers from the Corporate & Investment Banking division as well as any associated income and expenses – is not expected to take place until the beginning of 2011, the total revenues shown in the table below as well as figures found in profit/(loss) before tax have been appropriately understated until ONE4C has been fully implemented.

	(€ millions)						
INCOME/EXPENSES	1/1 – 30/6/ 2010	1/1 – 30/6/ 2009	Q2 2010	Q1 2010	Q4 2009	Q3 2009	Q2 2009
Net interest income	413	487	206	207	222	227	237
Net fees and commissions	271	248	136	135	113	127	125
Net trading income	7	1	3	4	4	5	1
Net other expenses/income	(5)	(2)	(4)	(1)	(10)	(3)	(6)
Net non-interest income	273	247	135	138	107	129	120
TOTAL REVENUES	686	734	341	345	329	356	357
Payroll costs	(259)	(284)	(125)	(134)	(135)	(138)	(140)
Other administrative expenses	(381)	(389)	(191)	(190)	(187)	(194)	(191)
Amortisation, depreciation and impairment losses on intangible and tangible assets	(6)	(7)	(3)	(3)	(3)	(3)	(4)
Operating costs	(646)	(680)	(319)	(327)	(325)	(335)	(335)
OPERATING PROFIT	40	54	22	18	4	21	22
Restructuring costs	—	(55)	—	—	(8)	—	(55)
Net write-downs of loans and provisions for guarantees and commitments	(39)	(42)	(27)	(12)	(8)	(13)	(6)
Net income from investments and other items ¹	5	(8)	4	1	1	—	(14)
PROFIT/(LOSS) BEFORE TAX	6	(51)	(1)	7	(11)	8	(53)
Cost-income ratio in %	94.2	92.6	93.5	94.8	98.8	94.1	93.8

¹ contains the following income statement items: provisions for risks and charges and net income from investments

Notes to the Income Statement (CONTINUED)

Development of the Retail division

In a persistently difficult economic environment, the total revenues of the Retail division fell by around 7% in the first half of 2010 compared with the equivalent period last year. Within this total, net interest income declined by around 15% to €413 million due essentially to lower interest margins in deposit-taking activities, while volume increased. On the lending side, falling volumes, notably in real estate financing, led to a decline in net interest income. Furthermore, net interest income decreased in the second half of 2009 due to the deconsolidation of Vereinsbank Victoria Bausparkasse. In contrast, net fees and commissions developed well despite customers' continuing reticence in the wake of the financial crisis, increasing €23 million, or by around 9%, to €271 million. This pleasing rise was a result of better securities operations driven by the strong demand for mandated products, such as the innovative "HVB Vermögensdepot privat", together with the successful distribution of pension products and stronger sales of savings-and-loan products. This benefited from the new cooperation with ERGO and Wüstenrot Bausparkasse AG.

The decline in total revenues was partially offset by applying consistent cost management to savings achieved in operating costs. In the first half of 2010, operating costs fell by 5.0%, notably in terms of payroll costs, which fell due to the 8.8% reduction in headcount. In addition, other administrative expenses decreased by 2.1% and amortisation, depreciation and impairment losses on intangible and tangible assets by 14.3%.

Net write-downs of loans and provisions for guarantees and commitments declined by around 7%, to €39 million. On account of the non-recurring restructuring expenses included last year, profit before tax significantly improved to €6 million at mid-year 2010 (mid-year 2009: loss of €51 million). As already explained at the outset, however, the reorganisation carried out in the second quarter of 2010 has temporarily led to a low income and profit basis that does not fully reflect the future profitability of the Retail division. Therefore, until ONE4C has been fully implemented, we have decided to present the development of the Retail division in a pro-forma statement based on the previous structure (including the transferred customer group). See table below. This clearly shows that, without the reorganisation carried out due to ONE4C, the Retail division would have generated a profit before tax of €29 million (2009: a loss of €23 million) in the first half of 2010.

Pro forma: Retail division (before reorganisation due to ONE4C)

	(€ millions)						
INCOME/EXPENSES	1/1 – 30/6/ 2010	1/1 – 30/6/ 2009	Q2 2010	Q1 2010	Q4 2009	Q3 2009	Q2 2009
TOTAL REVENUES	710	763	351	359	344	371	372
Operating costs	(647)	(681)	(320)	(327)	(326)	(336)	(336)
OPERATING PROFIT/(LOSS)	63	82	31	32	18	35	36
Restructuring costs	—	(55)	—	—	(8)	—	(55)
Net write-downs of loans and provisions for guarantees and commitments	(39)	(42)	(27)	(12)	(8)	(13)	(6)
Net income from investments and other items ¹	5	(8)	4	1	1	—	(14)
PROFIT/(LOSS) BEFORE TAX	29	(23)	8	21	3	22	(39)
Cost-income ratio in %	91.1	89.3	91.2	91.1	94.8	90.6	90.3

¹ contains the following income statement items: provisions for risks and charges and net income from investments

Income statement of the Private Banking division

(€ millions)

INCOME/EXPENSES	1/1 – 30/6/ 2010	1/1 – 30/6/ 2009	Q2 2010	Q1 2010	Q4 2009	Q3 2009	Q2 2009
Net interest income	49	60	24	25	31	30	29
Net fees and commissions	99	96	47	52	42	45	48
Net trading income	—	—	—	—	—	—	—
Net other expenses/income	(1)	3	(1)	—	5	(1)	2
Net non-interest income	98	99	46	52	47	44	50
TOTAL REVENUES	147	159	70	77	78	74	79
Payroll costs	(38)	(37)	(19)	(19)	(17)	(18)	(18)
Other administrative expenses	(47)	(51)	(23)	(24)	(26)	(26)	(24)
Amortisation, depreciation and impairment							
losses on intangible and tangible assets	(1)	(1)	(1)	—	—	—	(1)
Operating costs	(86)	(89)	(43)	(43)	(43)	(44)	(43)
OPERATING PROFIT	61	70	27	34	35	30	36
Restructuring costs	—	—	—	—	(2)	(1)	—
Net write-downs of loans and provisions							
for guarantees and commitments	(1)	1	—	(1)	(1)	4	3
Net income from investments and other items ¹	—	(6)	—	—	(7)	4	(6)
PROFIT BEFORE TAX	60	65	27	33	25	37	33
Cost-income ratio in %	58.5	56.0	61.4	55.8	55.1	59.5	54.4

¹ contains the following income statement items: provisions for risks and charges and net income from investments

Development of the Private Banking division

In the course of implementing the ONE4C programme, there was a transfer of customers and the related earnings from the Retail division to the Private Banking division in the second quarter of 2010. The previous year's figures and previous quarters have been adjusted accordingly.

At €61 million, the operating profit of the Private Banking division in the first half of 2010 was €9 million down on the same period last year under persistently difficult market conditions. In the process, total revenues fell by €12 million, to €147 million. This decline is almost completely due to net interest income, which declined by €11 million, to €49 million. This development was principally caused by the unfavourable changes in market interest rates that led to much narrower margins in deposit-taking activities. In contrast, the average volume of deposits remained largely stable. At the same time, net fees and commissions rose by a quite satisfactory €3 million, to €99 million, even though customers remain cautious due to ongoing uncertainty in the wake of the financial crisis.

Operating costs fell by €3 million to €86 million due to a reduction in other administrative expenses as a result of consistent cost management. At 58.5% (previous year: 56.0%) the cost-income ratio is still at a good level.

All in all, the Private Banking division generated a profit before tax of €60 million in the first half of 2010, which is only slightly lower than the year-ago figure of €65 million.

Notes to the Income Statement (CONTINUED)

Income statement of the Other/consolidation segment

(€ millions)

INCOME/EXPENSES	1/1 – 30/6/ 2010	1/1 – 30/6/ 2009	Q2 2010	Q1 2010	Q4 2009	Q3 2009	Q2 2009
TOTAL REVENUES	293	319	92	201	135	63	230
Operating costs	(96)	(140)	(42)	(54)	(51)	(54)	(83)
OPERATING PROFIT/(LOSS)	197	179	50	147	84	9	147
Restructuring costs	—	—	—	—	(17)	—	—
Net write-downs of loans and provisions for guarantees and commitments	(57)	(33)	(42)	(15)	41	(14)	(2)
Net income from investments and other items ¹	(42)	(57)	(33)	(9)	67	(12)	(39)
PROFIT/(LOSS) BEFORE TAX	98	89	(25)	123	175	(17)	106

¹ contains the following income statement items: provisions for risks and charges and net income from investments

Development of the Other/consolidation segment

The total revenues of this segment declined by €26 million to €293 million in the first half of 2010. Within this total, negative effects from exchange rate differences compliant with IAS 21.28 were largely offset by an increase in profit from asset/liability management as well as higher income in connection with the buy-back of hybrid capital.

With operating costs declining by €44 million, an operating profit of €197 million was generated in the first half of 2010 (first half of 2009: €179 million).

The net write-downs of loans and provisions for guarantees and commitments in this segment are almost exclusively due to the Special Credit Portfolio. The total rose by €24 million to €57 million in the first half of 2010 compared with the first half of 2009 largely as a result of an individual case. The profit before tax improved by €9 million to €98 million in the first half of 2010.

4 Net interest income

(€ millions)

	1/1 – 30/6/2010	1/1 – 30/6/2009
Interest income from		
lending and money market transactions	2,982	4,278
other interest income	1,338	1,795
Interest expense from		
deposits	(589)	(1,493)
debt securities in issue and other interest expenses	(1,708)	(2,227)
Net interest	2,023	2,353
Dividends and other income from equity investments		
Dividends and other similar income	70	30
Companies accounted for using the equity method	4	—
Total	2,097	2,383

5 Net fees and commissions

(€ millions)

	1/1 – 30/6/2010	1/1 – 30/6/2009
Management, brokerage and consultancy services	377	299
Collection and payment services	96	98
Lending operations	191	182
Other service operations	17	21
Total	681	600

This item comprises the balance of fee and commission income of €1,128 million (2009: €1,141 million) and fee and commission expense of €447 million (2009: €541 million).

6 Net trading income

(€ millions)

	1/1 – 30/6/2010	1/1 – 30/6/2009
Net gains/(losses) on financial assets held for trading ¹	362	500
Effects arising from hedge accounting	19	21
Changes in fair value of hedged items	(1,095)	(572)
Changes in fair value of hedging derivatives	1,114	593
Net gains/(losses) on financial assets at fair value through profit or loss (fair value option)	(24)	(167)
Other net trading income	99	67
Total	456	421

¹ including dividends on financial assets held for trading

The effects arising from hedge accounting includes 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 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.

7 Net other expenses/income

(€ millions)

	1/1 – 30/6/2010	1/1 – 30/6/2009
Other income	168	139
Other expenses	(51)	(48)
Total	117	91

Notes to the Income Statement (CONTINUED)

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

(€ millions)

	1/1 – 30/6/2010	1/1 – 30/6/2009
Additions/Releases	(532)	(997)
Allowances for losses on loans and receivables	(465)	(931)
Allowances for losses on guarantees and indemnities	(67)	(66)
Recoveries from write-offs of loans and receivables	23	28
Gains on the disposal of impaired loans and receivables	—	—
Total	(509)	(969)

9 Net income from investments

(€ millions)

	1/1 – 30/6/2010	1/1 – 30/6/2009
Available-for-sale financial assets	45	(99)
Shares in affiliated companies	—	31
Companies accounted for using the equity method	—	(6)
Held-to-maturity investments	—	—
Land and buildings	(1)	7
Investment properties ¹	(22)	(30)
Other	—	—
Total	22	(97)

¹ 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 – 30/6/2010	1/1 – 30/6/2009
Gains on the disposal of	47	76
available-for-sale financial assets	48	22
shares in affiliated companies	—	47
companies accounted for using the equity method	—	—
held-to-maturity investments	—	—
land and buildings	(1)	7
other	—	—
Write-downs and value adjustments on	(25)	(173)
available-for-sale financial assets	(3)	(121)
shares in affiliated companies	—	(16)
companies accounted for using the equity method	—	(6)
held-to-maturity investments	—	—
investment properties ¹	(22)	(30)
Total	22	(97)

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

10 Earnings per share

	1/1 – 30/6/2010	1/1 – 30/6/2009
Consolidated profit attributable to the shareholder (€ millions)	740	145
Average number of shares	802,383,672	802,383,672
Earnings per share (€)	0.92	0.18

Notes to the Balance Sheet

11 Financial assets held for trading

(€ millions)

	30/6/2010	31/12/2009
Balance-sheet assets		
Fixed-income securities	33,691	33,950
Equity instruments	4,893	6,586
Other financial assets held for trading	12,743	11,772
Positive fair value from derivative financial instruments	114,562	81,081
Total	165,889	133,389

The financial assets held for trading include €379 million (31 December 2009: €512 million) in subordinated assets at 30 June 2010.

12 Financial assets at fair value through profit or loss

(€ millions)

	30/6/2010	31/12/2009
Fixed-income securities	18,285	11,266
Equity instruments	1	1
Investment certificates	3	1
Promissory notes	2,190	2,490
Other financial assets at fair value through profit or loss	—	—
Total	20,479	13,758

The financial assets at fair value through profit or loss include €323 million (31 December 2009: €274 million) in subordinated assets at 30 June 2010.

13 Available-for-sale financial assets

(€ millions)

	30/6/2010	31/12/2009
Fixed-income securities	3,087	2,433
Equity instruments	771	862
Other available-for-sale financial assets	461	475
Impaired assets	693	671
Total	5,012	4,441

Available-for-sale financial assets include financial instruments of €1,465 million (31 December 2009: €1,444 million) valued at cost at 30 June 2010.

The available-for-sale financial assets contain a total of €693 million (31 December 2009: €671 million) in impaired assets at 30 June 2010. Impairments of €19 million (30 June 2009: €119 million) were taken to the income statement during the year under review. None of the non-impaired debt instruments are financial instruments past due.

The available-for-sale financial assets include €419 million (31 December 2009: €257 million) in subordinated assets at 30 June 2010.

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

(€ millions)

	30/6/2010	31/12/2009
Associated companies accounted for using the equity method	92	88
of which: goodwill	—	—
Joint ventures accounted for using the equity method	—	—
Total	92	88

Notes to the Balance Sheet (CONTINUED)

15 Held-to-maturity investments

(€ millions)

	30/6/2010	31/12/2009
Fixed-income securities	2,613	2,675
Impaired assets	4	4
Total	2,617	2,679

The held-to-maturity investments include €15 million (31 December 2009: €15 million) in subordinated assets at 30 June 2010.

16 Loans and receivables with banks

(€ millions)

	30/6/2010	31/12/2009
Current accounts and demand deposits	21,985	14,887
Repos ¹	9,478	10,265
Reclassified securities	6,116	8,349
Other loans to banks	14,822	9,753
Total	52,401	43,254

¹ repurchase agreements

The loans and receivables with banks include €871 million (31 December 2009: €862 million) in subordinated assets at 30 June 2010.

17 Loans and receivables with customers

(€ millions)

	30/6/2010	31/12/2009
Current accounts	7,283	6,349
Repos ¹	1,027	971
Mortgage loans	53,063	56,012
Finance leases	2,357	2,357
Reclassified securities	7,044	8,009
Non-performing loans and receivables	5,576	5,029
Other loans and receivables	66,229	67,192
Total	142,579	145,919

¹ repurchase agreements

The loans and receivables with customers include €1,930 million (31 December 2009: €2,054 million) in subordinated assets at 30 June 2010.

18 Application of reclassification rules defined in IAS 39.50 et seq.

No further assets held for trading have been reclassified as loans and receivables in 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 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 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 30/6/2010	7.7	6.9	8.3
Reclassified in 2009			
Balance at 31/12/2009	7.3	7.4	7.4
Balance at 30/6/2010	5.4	5.5	5.5
Balance of reclassified assets at 30/6/2010	13.1	12.4	13.8

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 €12.4 billion at 30 June 2010. 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 €316 million in net trading income in the first half of 2010. In 2008 and 2009, a net loss of €0.6 billion would have accrued in net trading income from the accumulated reclassified holdings. These effects reflect a theoretical, pro forma calculation, as the assets are measured at amortised cost on account of the reclassification.

We have built up loan-loss provisions of €11 million on the reclassified assets at 30 June 2010 (2008 and 2009 cumulated: a loss of €143 million). The fair value at the date when the reclassification takes effect represents the new acquisition costs, some of which are considerably less than the nominal value. Accordingly, this difference (discount) is to be amortised over the remaining term of the reclassified financial assets. This gives rise to an effect of €70 million (2008 and 2009 cumulated: €335 million) in the first six months of 2010, which is recognised in net interest income.

A gain of €44 million (2008 and 2009 cumulated: €83 million) on reclassified securities that had matured, been partially paid off and sold was recognised in the income statement in the first half of 2010.

19 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 2009	4,305	536	4,841
Changes affecting income	862	69	931
Changes not affecting income			
Changes due to make-up of group of consolidated companies and reclassifications of disposal groups held for sale	(9)	(2)	(11)
Use of existing loan-loss allowances	(298)	—	(298)
Effects of currency translation and other changes not affecting income	32	(2)	30
Non-current assets or disposal groups held for sale	9	2	11
Balance at 30 June 2009	4,901	603	5,504
	SPECIFIC ALLOWANCES	PORTFOLIO ALLOWANCES	TOTAL
Balance at 1 January 2010	4,641	581	5,222
Changes affecting income	484	(19)	465
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	(338)	—	(338)
Effects of currency translation and other changes not affecting income	107	1	108
Non-current assets or disposal groups held for sale	—	—	—
Balance at 30 June 2010	4,894	563	5,457

20 Deposits from banks

(€ millions)

	30/6/2010	31/12/2009
Deposits from central banks	9,372	8,385
Deposits from banks	51,289	42,319
Current accounts and demand deposits	18,222	13,553
Reverse repos ¹	7,212	5,574
Other liabilities	25,855	23,192
Total	60,661	50,704

¹ repurchase agreements

Notes to the Balance Sheet (CONTINUED)

21 Deposits from customers

(€ millions)

	30/6/2010	31/12/2009
Current accounts and demand deposits	43,308	41,281
Savings deposits	14,389	13,183
Reverse repos ¹	9,818	1,834
Other liabilities	33,246	40,192
Total	100,761	96,490

¹ repurchase agreements**22 Debt securities in issue**

(€ millions)

	30/6/2010	31/12/2009
Bonds	51,355	59,265
Other securities	2,046	2,021
Total	53,401	61,286

23 Provisions

(€ millions)

	30/6/2010	31/12/2009
Provisions for pensions and similar commitments	51	50
Allowances for losses on guarantees and commitments	289	237
Restructuring provisions	85	121
Other provisions	1,031	1,091
Total	1,456	1,499

24 Change in valuation of financial instruments

The reserves arising from changes in the valuation of financial instruments declined by €140 million, to a loss of €135 million, at 30 June 2010 compared with year-end 2009, also due to the impact of the initial consolidation of UniCredit CAIB AG. The cash flow hedge reserve fell by €118 million to €77 million, while the available-for-sale reserve decreased to a loss of €212 million at 30 June 2010. The decline in the AfS reserve is mainly attributable to the sale of available-for-sale securities. This was partially offset by positive fair-value fluctuations in our shareholdings and in fixed-income securities classified as available for sale. There was also a minor, market-related increase in the value of ABS holdings in the available-for-sale portfolio, for which there were no impairment criteria as defined in IAS 39.59 and hence no impairment losses needed to be recognised.

25 Subordinated capital

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

	30/6/2010	31/12/2009
Subordinated liabilities	3,712	4,232
Participating certificates outstanding	205	205
Hybrid capital instruments	1,363	1,671
Total	5,280	6,108

Other Information

26 Contingent liabilities and other commitments

(€ millions)

	30/6/2010	31/12/2009
Contingent liabilities¹	19,505	19,544
Guarantees and indemnities	19,505	19,544
Other commitments	63,073	56,787
Irrevocable credit commitments	41,772	37,252
Other commitments	21,301	19,535
Total	82,578	76,331

¹ contingent liabilities are offset by contingent assets to the same amount

27 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, the originator mainly 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 lease receivables are also securitised.

Other Information (CONTINUED)

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 are shown separately):

(€ millions)

BOOK VALUE	30/6/2010				31/12/2009
	SENIOR	MEZZANINE	JUNIOR	TOTAL	TOTAL
Positions retained from own securitisations	342	147	—	489	238
Positions in third-party ABS transactions	3,952	1,429	43	5,424	5,404
Residential mortgage-backed securities (RMBS)	1,819	475	5	2,299	2,309
thereof:					
US subprime	1	—	—	1	—
US alt A	23	20	5	48	43
Commercial mortgage-backed securities (CMBS)	765	345	—	1,110	1,142
Collateralised debt obligations (CDO)	94	201	2	297	226
thereof:					
US subprime	1	8	—	9	7
US Alt A	—	4	—	4	4
Collateralised loan obligations (CLO)/					
Collateralised bond obligations (CBO)	616	243	13	872	904
Consumer loans	263	66	—	329	391
Credit cards	62	7	—	69	95
Leases	245	70	—	315	204
Others	88	22	23	133	133
Total	30/6/2010	4,294	1,576	43	5,913
	31/12/2009	4,030	1,558	54	5,642
Unfunded collateralised debt obligations (CDO) (derivatives)¹	30/6/2010	5	287	81	373
	31/12/2009	4	306	83	393

¹ the amount shown in the table represents 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.

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 are shown separately):

(€ millions)

BOOK VALUE	30/6/2010					TOTAL
	EUROPE	USA	ASIA	OTHER REGIONS		
Positions retained from own securitisations	489	—	—	—	489	
Positions in third-party ABS transactions	4,494	592	108	230	5,424	
Residential mortgage-backed securities (RMBS)	2,028	49	34	188	2,299	
thereof:						
US subprime	—	1	—	—	1	
US alt A	—	48	—	—	48	
Commercial mortgage-backed securities (CMBS)	954	99	41	16	1,110	
Collateralised debt obligations (CDO)	73	206	18	—	297	
thereof:						
US subprime	—	9	—	—	9	
US Alt A	—	4	—	—	4	
Collateralised loan obligations (CLO)/						
Collateralised bond obligations (CBO)	757	94	—	21	872	
Consumer loans	234	91	2	2	329	
Credit cards	56	—	13	—	69	
Leases	283	29	—	3	315	
Others	109	24	—	—	133	
Total	30/6/2010	4,983	592	108	230	5,913
	31/12/2009	4,696	510	200	236	5,642
Unfunded collateralised debt obligations (CDO) (derivatives)¹	30/6/2010	20	353	—	—	373
	31/12/2009	28	365	—	—	393

¹ the amount shown in the table represents the carrying amount (fair value)

Other Information (CONTINUED)

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 are shown separately):

(€ millions)

BOOK VALUE	30/6/2010			TOTAL	
	LESS THAN 1 YEAR	BETWEEN 1 AND 5 YEARS	MORE THAN 5 YEARS		
Positions retained from own securitisations	85	404	—	489	
Positions in third-party ABS transactions	319	3,594	1,511	5,424	
Residential mortgage-backed securities (RMBS)	54	1,334	911	2,299	
thereof:					
US subprime	—	—	1	1	
US alt A	—	23	25	48	
Commercial mortgage-backed securities (CMBS)	36	921	153	1,110	
Collateralised debt obligations (CDO)	11	138	148	297	
thereof:					
US subprime	1	2	6	9	
US Alt A	—	—	4	4	
Collateralised loan obligations (CLO)/					
Collateralised bond obligations (CBO)	5	663	204	872	
Consumer loans	86	161	82	329	
Credit cards	69	—	—	69	
Leases	36	278	1	315	
Others	22	99	12	133	
Total	30/6/2010	404	3,998	1,511	5,913
	31/12/2009	373	3,801	1,468	5,642
Unfunded collateralised debt obligations (CDO) (derivatives)¹	30/6/2010	—	129	244	373
	31/12/2009	—	163	230	393

¹ the amount shown in the table represents the carrying amount (fair value)

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 are shown separately):

(€ millions)

BOOK VALUE	30/6/2010					TOTAL	
	HELD FOR TRADING	FAIR VALUE OPTION	LOANS & RECEIVABLES	HELD TO MATURITY	AVAILABLE FOR SALE		
Positions retained from own securitisations	104	—	—	—	385	489	
Positions in third-party ABS transactions	385	96	4,471	55	417	5,424	
Residential mortgage-backed securities (RMBS)	49	37	2,086	—	127	2,299	
thereof:							
US subprime	—	—	1	—	—	1	
US alt A	—	—	48	—	—	48	
Commercial mortgage-backed securities (CMBS)	57	4	1,017	—	32	1,110	
Collateralised debt obligations (CDO)	30	32	166	51	18	297	
thereof:							
US subprime	—	—	9	—	—	9	
US Alt A	—	—	4	—	—	4	
Collateralised loan obligations (CLO)/							
Collateralised bond obligations (CBO)	249	11	548	—	64	872	
Consumer loans	—	—	329	—	—	329	
Credit cards	—	—	62	—	7	69	
Leases	—	2	141	3	169	315	
Others	—	10	122	1	—	133	
Total	30/6/2010	489	96	4,471	55	802	5,913
	31/12/2009	347	97	4,712	56	430	5,642
Unfunded collateralised debt obligations (CDO) (derivatives)¹	30/6/2010	373	—	—	—	—	373
	31/12/2009	393	—	—	—	—	393

¹ the amount shown in the table represents the carrying amount (fair value)

Other Information (CONTINUED)

Fully consolidated commercial paper conduits and other consolidated special purpose vehicles

Alongside the directly held portfolios of own and external ABS transactions, further structured products are held through commercial paper conduits (SPVs that issue short-term commercial paper to refinance their assets) and other fully consolidated special purpose vehicles that are managed by HVB. Essentially, these involve credit receivables of third parties that are securitised by HVB using the services of the commercial paper conduits. Positions in ABS transactions issued by third parties and in hedge funds are also shown. An amount of €212 million out of the total €1,893 million disclosed under "Other" relates to investments under which HVB passes on all the risks and rewards to customers.

Positions held by fully consolidated commercial paper conduits and other consolidated special purpose vehicles, broken down by product category and rating class:

BOOK VALUE	30/6/2010				31/12/2009
	SENIOR	MEZZANINE	JUNIOR	TOTAL	TOTAL
Residential mortgage loans/					
Residential mortgage-backed securities (RMBS)	173	1,398	213 ¹	1,784	1,709
Commercial mortgage loans/					
Commercial mortgage-backed securities (CMBS)	766	25	—	791	718
Collateralised debt obligations (CDO)	4	—	—	4	4
Collateralised loan obligations (CLO)/					
Collateralised bond obligations (CBO)	—	105	—	105	86
Consumer loans	401	292	—	693	903
Credit cards	—	—	—	—	—
Leases	522	17	—	539	493
Other (including hedge fund investments)	587	809	497 ²	1,893	2,033
Total					
	30/6/2010	2,453	2,646	710	5,809
	31/12/2009	2,337	2,777	832	5,946

¹ these assets are impaired

² the volume shown here relates to investment and hedge funds with no rating and are hence disclosed under Junior

The positions are classified as senior, mezzanine and junior on the basis of external ratings, or internal ratings where no external ratings exist. 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.

Positions held by fully consolidated commercial paper conduits and other consolidated special purpose vehicles, broken down by product category and region:

BOOK VALUE	30/6/2010				TOTAL
	EUROPE	USA	ASIA	OTHER REGIONS	
Residential mortgage loans/					
Residential mortgage-backed securities (RMBS)	1,611	2	—	171	1,784
Commercial mortgage loans/					
Commercial mortgage-backed securities (CMBS)	657	134	—	—	791
Collateralised debt obligations (CDO)	—	4	—	—	4
Collateralised loan obligations (CLO)/					
Collateralised bond obligations (CBO)	—	105	—	—	105
Consumer loans	693	—	—	—	693
Credit cards	—	—	—	—	—
Leases	522	17	—	—	539
Other (including hedge fund investments)	698	817	—	378	1,893
Total					
	30/6/2010	4,181	1,079	—	5,809
	31/12/2009	4,502	1,022	—	5,946

Positions held by fully consolidated commercial paper conduits and other consolidated special purpose vehicles,
broken down by product category and remaining maturity:

(€ millions)

BOOK VALUE	30/6/2010			TOTAL
	LESS THAN 1 YEAR	BETWEEN 1 AND 5 YEARS	MORE THAN 5 YEARS	
Residential mortgage loans/ Residential mortgage-backed securities (RMBS)	384	—	1,400	1,784
Commercial mortgage loans/ Commercial mortgage-backed securities (CMBS)	—	5	786	791
Collateralised debt obligations (CDO)	—	—	4	4
Collateralised loan obligations (CLO)/ Collateralised bond obligations (CBO)	—	—	105	105
Consumer loans	693	—	—	693
Credit cards	—	—	—	—
Leases	522	17	—	539
Other (including hedge fund investments)	1,160	176	557	1,893
Total	30/6/2010 31/12/2009	2,759 3,161	198 116	2,852 2,669
				5,809 5,946

Positions held by fully consolidated commercial paper conduits and other consolidated special purpose vehicles,
broken down by product category and class as per IAS 39:

(€ millions)

BOOK VALUE	30/6/2010					TOTAL
	HELD FOR TRADING	FAIR VALUE OPTION	LOANS & RECEIVABLES	HELD TO MATURITY	AVAILABLE FOR SALE	
Residential mortgage loans/ Residential mortgage-backed securities (RMBS)	—	—	1,782	2	—	1,784
Commercial mortgage loans/ Commercial mortgage-backed securities (CMBS)	—	98	657	—	36	791
Collateralised debt obligations (CDO)	—	—	—	4	—	4
Collateralised loan obligations (CLO)/ Collateralised bond obligations (CBO)	—	—	—	64	41	105
Consumer loans	—	—	693	—	—	693
Credit cards	—	—	—	—	—	—
Leases	—	—	539	—	—	539
Other (including hedge fund investments)	547	295	745	14	292	1,893
Total	30/6/2010 31/12/2009	547 643	393 378	4,416 4,471	84 143	369 311
						5,809 5,946

Other Information (CONTINUED)

28 Members of the Supervisory Board and Management Board

Supervisory Board

Sergio Ermotti
Chairman

Peter König
Deputy Chairman

Dr Wolfgang Sprissler
Deputy Chairman

Gerhard Bayreuther

Aldo Bulgarelli
Beate Dura-Kempf

Paolo Fiorentino

Giulio Gambino

Klaus Grünewald

Karl Guha

Beate Mensch

Dr Lothar Meyer

Marina Natale

Roberto Nicastrò

Panagiotis Sfeliniotis

Professor Hans-Werner Sinn

Jutta Streit

Michael Voss

Jens-Uwe Wächter

Dr Susanne Weiss

Management Board

Peter Buschbeck
Retail division

Lutz Diederichs
Corporate & Investment Banking division

Rolf Friedhofen
Chief Financial Officer (CFO)
until 31 May 2010

Heinz Laber
Human Resources Management
Global Banking Services

Andrea Umberto Varese
Chief Risk Officer (CRO)

Dr Theodor Weimer
Board spokesman
Chief Financial Officer (CFO)¹

Andreas Wölfer
Private Banking division²

¹ since 1 June 2010 provisionally

² formerly Wealth Management division; renamed Private Banking division as of 1 April 2010

Munich, 3 August 2010

UniCredit Bank AG
The Management Board



Buschbeck



Diederichs



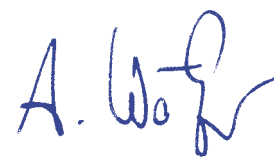
Laber



Varese



Dr. Weimer



Wölfer

Statement by the Management Board

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the Interim Management Report 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 for the remaining months of the financial year.

Munich, 3 August 2010

UniCredit Bank AG
The Management Board



Buschbeck



Diederichs



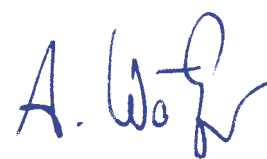
Laber



Varese



Dr. Weimer



Wölfer

Munich, 18 August 2010

UniCredit Bank AG
Kardinal-Faulhaber-Strasse 1
80333 Munich

Signed

Michael Furmans

Michaela Karg