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)

HypoVereinsbank Member of UniCredit

Arranger and Dealer
UniCredit Bank AG

31 March 2011

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**") each as supplemented from time to time, 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, LCI4DC 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, LCI4DC Debt Capital Markets Documentation, Arabellastraße 12, 81925 Munich, Germany.

TABLE OF CONTENTS

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 In the section "**Summary of the Prospectus – 4. SUMMARY DESCRIPTION OF THE ISSUER**", immediately prior to the paragraph "**Recent Developments**", the following paragraph is inserted:

Financial Highlights
As of 31 December 2010

Key performance indicators	**2010**	**2009**
Operating profit	€3,125 m	€3,468 m
Cost-income ratio (based on total revenues)	52.3%	50,0%
Profit before tax	€1,882 m	€1,266 m
Consolidated profit	€1,728 m	€884 m
Return on equity before tax[1]	8.5%	5.5%
Return on equity after tax[1]	8.0%	3.7%
Earnings per share	€2.12	€1.02

Balance sheet figures	**31/12/2010**	**31/12/2009**
Total Assets	€371.9 bn	€363.4 bn
Shareholders' equity	€23.7 bn	€23.6 bn
Leverage ratio [2]	15.7	15.4

Key capital ratios compliant with Basel II	**31/12/2010**	**31/12/2009**
Core Capital (Tier 1 capital)	€20.6 bn	€20.4 bn
Core capital without hybrid capital (core Tier 1 capital)	€19.8 bn	€19.3 bn
Risk-weighted assets (including equivalents for market risk and operational risk)	€124.5 bn	€115.1 bn
Core capital ratio (Tier 1 ratio)[3]	16.6%	17.8%

Core capital ratio without hybrid capital (core Tier 1 ratio)[3]	15.9%	16.7%

1: return on equity calculated on the basis of average shareholders' equity according to IFRS

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

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

1.2 In the section "**German Translation of Summary of the Prospectus – 4. ZUSAMMENFASSUNG DER BESCHREIBUNG DER EMITTENTIN**", immediately prior to the paragraph "**Jüngste Entwicklungen**", the following paragraph is inserted:

Financial Highlights zum 31. Dezember 2010

Kennzahlen der Erfolgsrechnung	**2010**	**2009**
Operatives Ergebnis	3.125 Mio €	3.468 Mio €
Cost-Income-Ratio (gemessen an den operativen Erträgen)	52,3%	50,0%
Ergebnis vor Steuern	1.882 Mio €	1.266 Mio €
Konzernjahresüberschuss	1.728 Mio €	884 Mio €
Eigenkapitalrentabilität vor Steuern[1]	8,5%	5,5%
Eigenkapitalrentabilität nach Steuern[1]	8,0%	3,7%
Ergebnis je Aktie	2,12 €	1,02 €

Bilanzzahlen	**31.12.2010**	**31.12.2009**
Bilanzsumme	371,9 Mrd €	363,4 Mrd €
Bilanzielles Eigenkapital	23,7 Mrd €	23,6 Mrd €
Leverage Ratio [2]	15,7	15,4

Bankaufsichtsrechtliche Kennzahlen gemäß Basel II	**31.12.2010**	**31.12.2009**
Kernkapital (Tier 1-Kapital)	20,6 Mrd €	20,4 Mrd €
Kernkapital ohne Hybridkapital (Core Tier 1-Kapital)	19,8 Mrd €	19,3 Mrd €
Risikoaktiva (inklusive Äquivalente für das Marktrisiko bzw. operationelle Risiko)	124,5 Mrd €	115,1 Mrd €
Kernkapitalquote (Tier 1 Ratio)[3]	16,6%	17,8%
Kernkapitalquote ohne Hybridkapital (Core Tier 1 Ratio)[3]	15,9%	16,7%

1: Eigenkapitalrentabilität berechnet auf Basis des durchschnittlichen bilanziellen Eigenkapitals gemäß IFRS.

2: Verhältnis von Bilanzsumme zu bilanziellem Eigenkapital gemäß IFRS.

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

1.3 Immediately after the section "***Documents incorporated by reference***", after page 492, the audited Financial Statements at 31 December 2010 as laid out in Appendix 1 of this Supplement are inserted as F-Pages in their 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 In the section "**Summary of the Prospectus – 4. SUMMARY DESCRIPTION OF THE ISSUER**", immediately prior to the paragraph "**Recent Developments**", the paragraph as stated under item 1.1 of this Supplement is inserted.

2.2 In the section "**German Translation of Summary of the Prospectus – 4. ZUSAMMENFASSUNG DER BESCHREIBUNG DER EMITTENTIN**", immediately prior to the paragraph "**Jüngste Entwicklungen**", the paragraph as stated under item 1.2 of this Supplement is inserted.

2.3 Immediately after the section "***Documents incorporated by reference***", after page 398 the audited Financial Statements at 31 December 2010 as laid out in Appendix 1 of this Supplement are inserted as F-Pages in their 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 In the section "**Summary of the Prospectus – 4. SUMMARY DESCRIPTION OF THE ISSUER**", immediately prior to the paragraph "**Recent Developments**", the paragraph as stated under item 1.1 of this Supplement is inserted.

3.2 In the section "**German Translation of Summary of the Prospectus – 4. ZUSAMMENFASSUNG DER BESCHREIBUNG DER EMITTENTIN**", immediately prior to the paragraph "**Jüngste Entwicklungen**", the paragraph as stated under item 1.2 of this Supplement is inserted.

3.3 Immediately after the section "***Documents incorporated by reference***", after page 151, the audited Financial Statements at 31 December 2010 as laid out in Appendix 1 of this Supplement are inserted as F-Pages in their 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 In the section "**Summary of the Prospectus – 4. SUMMARY DESCRIPTION OF THE ISSUER**", immediately prior to the paragraph "**Recent Developments**", the paragraph as stated under item 1.1 of this Supplement is inserted.

4.2 In the section "**German Translation of Summary of the Prospectus – 4. ZUSAMMENFASSUNG DER BESCHREIBUNG DER EMITTENTIN**", immediately prior to the paragraph "**Jüngste Entwicklungen**", the paragraph as stated under item 1.2 of this Supplement is inserted.

4.3 Immediately after the section "***Documents incorporated by reference***", after page 58, the audited Financial Statements at 31 December 2010 as laid out in Appendix 1 of this Supplement are inserted as F-Pages in their 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 In the section "**Summary of the Prospectus – 4. SUMMARY DESCRIPTION OF THE ISSUER**", immediately prior to the paragraph "**Recent Developments**", the paragraph as stated under item 1.1 of this Supplement is inserted.

5.2 In the section "**German Translation of Summary of the Prospectus – 4. ZUSAMMENFASSUNG DER BESCHREIBUNG DER EMITTENTIN**", immediately prior to the paragraph "**Jüngste Entwicklungen**", the paragraph as stated under item 1.2 of this Supplement is inserted.

5.3 Immediately after the section "***Documents incorporated by reference***", after page 419, the audited Financial Statements at 31 December 2010 as laid out in Appendix 1 of this Supplement are inserted as F-Pages in their 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 In the section "**Summary of the Prospectus – 4. SUMMARY DESCRIPTION OF THE ISSUER**", immediately prior to the paragraph "**Recent Developments**", the paragraph as stated under item 1.1 of this Supplement is inserted.

6.2 In the section "**German Translation of Summary of the Prospectus – 4. ZUSAMMENFASSUNG DER BESCHREIBUNG DER EMITTENTIN**", immediately prior to the paragraph "**Jüngste Entwicklungen**", the paragraph as stated under item 1.2 of this Supplement is inserted.

6.3 Immediately after the section "***Documents incorporated by reference***", after page 604, the audited Financial Statements at 31 December 2010 as laid out in Appendix 1 of this Supplement are inserted as F-Pages in their 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 In the section "**Summary of the Prospectus – 4. SUMMARY DESCRIPTION OF THE ISSUER**", immediately prior to the paragraph "**Recent Developments**", the paragraph as stated under item 1.1 of this Supplement is inserted.

7.2 In the section "**German Translation of Summary of the Prospectus – 4. ZUSAMMENFASSUNG DER BESCHREIBUNG DER EMITTENTIN**", immediately prior to the paragraph "**Jüngste Entwicklungen**", the paragraph as stated under item 1.2 of this Supplement is inserted.

7.3 Immediately after the section "***Documents incorporated by reference***", after page 587, the audited Financial Statements at 31 December 2010 as laid out in Appendix 1 of this Supplement are inserted as F-Pages in their 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 In the section "**Summary of the Prospectus – 4. SUMMARY DESCRIPTION OF THE ISSUER**", immediately prior to the paragraph "**Recent Developments**", the paragraph as stated under item 1.1 of this Supplement is inserted.

8.2 In the section "**German Translation of Summary of the Prospectus – 4. ZUSAMMENFASSUNG DER BESCHREIBUNG DER EMITTENTIN**", immediately prior to the paragraph "**Jüngste Entwicklungen**", the paragraph as stated under item 1.2 of this Supplement is inserted.

8.3 Immediately after the section "***Documents incorporated by reference***", after page 363, the audited Financial Statements at 31 December 2010 as laid out in Appendix 1 of this Supplement are inserted as F-Pages in their 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 In the section "**Summary of the Prospectus – 4. SUMMARY DESCRIPTION OF THE ISSUER**", immediately prior to the paragraph "**Recent Developments**", the paragraph as stated under item 1.1 of this Supplement is inserted.

9.2 In the section "**German Translation of Summary of the Prospectus – 4. ZUSAMMENFASSUNG DER BESCHREIBUNG DER EMITTENTIN**", immediately prior to the paragraph "**Jüngste Entwicklungen**", the paragraph as stated under item 1.2 of this Supplement is inserted.

9.3 Immediately after the section "***Documents incorporated by reference***", after page 263, the audited Financial Statements at 31 December 2010 as laid out in Appendix 1 of this Supplement are inserted as F-Pages in their entirety.

APPENDIX 1

AUDITED FINANCIAL STATEMENTS AT 31 DECEMBER 2010

Consolidated Income Statement

for the year ended 31 December 2010

Income/Expenses	NOTES	2010 € millions	2009 € millions	CHANGE € millions	CHANGE in %
Interest income		8,700	11,059	(2,359)	(21.3)
Interest expense		(4,600)	(6,583)	+ 1,983	(30.1)
Net interest		4,100	4,476	(376)	(8.4)
Dividends and other income from equity investments		148	52	+ 96	>+ 100.0
Net interest income	32	**4,248**	**4,528**	**(280)**	**(6.2)**
Net fees and commissions	33	1,312	1,187	+ 125	+ 10.5
Net trading income	34	759	1,074	(315)	(29.3)
Net other expenses/income	35	239	141	+ 98	+ 69.5
Net non-interest income		**2,310**	**2,402**	**(92)**	**(3.8)**
TOTAL REVENUES		**6,558**	**6,930**	**(372)**	**(5.4)**
Payroll costs		(1,756)	(1,822)	+ 66	(3.6)
Other administrative expenses		(1,459)	(1,418)	(41)	+ 2.9
Amortisation, depreciation and impairment					
losses on intangible and tangible assets		(218)	(222)	+ 4	(1.8)
Operating costs	36	**(3,433)**	**(3,462)**	**+ 29**	**(0.8)**
OPERATING PROFIT		**3,125**	**3,468**	**(343)**	**(9.9)**
Provisions for risks and charges	37	(442)	(151)	(291)	>+ 100.0
Write-down on goodwill		—	—	—	—
Restructuring costs	38	(37)	(170)	+ 133	(78.2)
Net write-downs of loans and provisions					
for guarantees and commitments	39	(632)	(1,601)	+ 969	(60.5)
Net income from investments	40	(132)	(280)	+ 148	+ 52.9
PROFIT BEFORE TAX		**1,882**	**1,266**	**+ 616**	**+ 48.7**
Income tax for the period	41	(154)	(382)	+ 228	(59.7)
CONSOLIDATED PROFIT		**1,728**	**884**	**+ 844**	**+ 95.5**
attributable to shareholder of UniCredit Bank AG		1,703	819	+ 884	>+ 100.0
attributable to minorities		25	65	(40)	(61.5)

Earnings per share

(in €)

	Notes	2010	2009
Earnings per share (undiluted and diluted)	42	2.12	1.02

Statement of Total Comprehensive Income

(€ millions)

	2010	2009
Consolidated profit recognised in the income statement	**1,728**	**884**
Income and expenses recognised in other comprehensive income		
Changes from foreign currency translation and other changes	45	(36)
Changes from companies accounted for using the equity method	—	—
Actuarial profit on defined benefit plans (pension commitments)	50	(121)
Assets held for sale	—	—
Change in valuation of financial instruments (AfS reserve)	51	106
Change in valuation of financial instruments (hedge reserve)	(111)	(196)
Taxes on income and expenses recognised in equity	54	96
Total income and expenses recognised in equity under other comprehensive income	**89**	**(151)**
Total comprehensive income	**1,817**	**733**
of which		
attributable to shareholder of UniCredit Bank AG	1,739	697
attributable to minority interest	78	36

Balance Sheet

at 31 December 2010

Assets

	NOTES	2010 € millions	2009 € millions	CHANGE € millions	CHANGE in %
Cash and cash balances	43	3,065	6,400	(3,335)	(52.1)
Financial assets held for trading	44	133,389	133,389	—	—
Financial assets at fair value through profit or loss	45	26,631	13,758	+ 12,873	+ 93.6
Available-for-sale financial assets	46	5,915	4,441	+ 1,474	+ 33.2
Shares in associates accounted for using the equity method					
and joint ventures accounted for using the equity method	47	94	88	+ 6	+ 6.8
Held-to-maturity investments	48	2,600	2,679	(79)	(2.9)
Loans and receivables with banks	49	46,332	43,254	+ 3,078	+ 7.1
Loans and receivables with customers	50	139,351	145,919	(6,568)	(4.5)
Hedging derivatives	52	4,205	3,578	+ 627	+ 17.5
Hedge adjustment of hedged items					
in the fair value hedge portfolio		100	53	+ 47	+ 88.7
Property, plant and equipment	53	3,053	2,581	+ 472	+ 18.3
Investment properties	54	1,879	1,907	(28)	(1.5)
Intangible assets	55	608	656	(48)	(7.3)
of which: goodwill		424	424	—	—
Tax assets	56	3,257	2,612	+ 645	+ 24.7
Current tax assets		406	360	+ 46	+ 12.8
Deferred tax assets		2,851	2,252	+ 599	+ 26.6
Non-current assets or disposal groups held for sale	57	28	4	+ 24	>+ 100.0
Other assets	58	1,402	2,101	(699)	(33.3)
Total assets		**371,909**	**363,420**	**+ 8,489**	**+ 2.3**

Liabilities

	NOTES	2010	2009	CHANGE	
		€ millions	€ millions	€ millions	in %
Deposits from banks	60	51,887	50,704	+ 1,183	+ 2.3
Deposits from customers	61	108,494	96,490	+ 12,004	+ 12.4
Debt securities in issue	62	48,676	61,286	(12,610)	(20.6)
Financial liabilities held for trading	63	127,096	121,206	+ 5,890	+ 4.9
Hedging derivatives	64	2,091	1,369	+ 722	+ 52.7
Hedge adjustment of hedged items					
in the fair value hedge portfolio	65	1,471	1,200	+ 271	+ 22.6
Tax liabilities	66	2,203	1,849	+ 354	+ 19.1
Current tax liabilities		840	674	+ 166	+ 24.6
Deferred tax liabilities		1,363	1,175	+ 188	+ 16.0
Liabilities of disposal groups held for sale	67	598	—	+ 598	
Other liabilities	68	3,822	4,179	(357)	(8.5)
Provisions	69	1,901	1,499	+ 402	+ 26.8
Shareholders’ equity	70	23,670	23,638	+ 32	+ 0.1
Shareholders’ equity attributable to					
shareholder of UniCredit Bank AG		22,866	22,870	(4)	0.0
Subscribed capital		2,407	2,407	—	—
Additional paid-in capital		9,791	9,791	—	—
Other reserves		9,485	9,034	+ 451	+ 5.0
Change in valuation of financial instruments		(87)	5	(92)	
AfS reserve		(141)	(190)	+ 49	+ 25.8
Hedge reserve		54	195	(141)	(72.3)
Consolidated profit		1,270	1,633	(363)	(22.2)
Minority interest		804	768	+ 36	+ 4.7
Total shareholders’ equity and liabilities		**371,909**	**363,420**	**+ 8,489**	**+ 2.3**

The profit available for distribution disclosed in the separate financial statements of UniCredit Bank AG (= consolidated profit of HVB Group), which forms the basis for the appropriation of profit, amounts to €1,270 million. We will propose to the Annual General Meeting of Shareholders that a dividend of €1,270 million be paid to our sole shareholder, UniCredit S.p.A. (UniCredit), Rome, Italy. This represents a dividend of around €1.58 per share.

Statement of Changes in Shareholders' Equity

	SUBSCRIBED CAPITAL	ADDITIONAL PAID-IN CAPITAL	OTHER RESERVES: TOTAL OTHER RESERVES	OTHER RESERVES: OF WHICH: PENSIONS AND SIMILAR (IAS 19)
Shareholders' equity at 1/1/2009	**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	—	—	—	—
Actuarial losses on defined benefit plans	—	—	(84)	(84)
Reserve arising from foreign currency translation and other changes	—	—	(14)	—
Total income and expenses recognised				
in equity under other comprehensive income	**—**	**—**	**(98)**	**(84)**
Total income and expenses recognised	**—**	**—**	**(98)**	**(84)**
Other changes recognised in equity				
Dividend payouts	—	—	—	—
Transfers from consolidated profit	—	—	(814)	—
Changes in group of consolidated companies	—	—	(50)	—
Total other changes in equity	**—**	**—**	**(864)**	**—**
Shareholders' equity at 31/12/2009	**2,407**	**9,791**	**9,034**	**(223)**
Shareholders' equity at 1/1/2010	**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	—	—	—	—
Actuarial losses on defined benefit plans	—	—	34	34
Reserve arising from foreign currency translation and other changes	—	—	23	—
Total income and expenses recognised				
in equity under other comprehensive income	**—**	**—**	**57**	**34**
Total income and expenses recognised	**—**	**—**	**57**	**34**
Other changes recognised in equity				
Dividend payouts	—	—	—	—
Transfers to consolidated profit	—	—	433	—
Changes in group of consolidated companies	—	—	(39)	—
Total other changes in equity	**—**	**—**	**394**	**—**
Shareholders' equity at 31/12/2010	**2,407**	**9,791**	**9,485**	**(189)**

1 UniCredit Bank AG (HVB)

2 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. (UniCredit), Rome, Italy. 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					
AFS RESERVE	HEDGE RESERVE	CONSOLIDATED PROFIT[2]	TOTAL SHAREHOLDERS' EQUITY ATTRIBUTABLE TO SHAREHOLDER OF HVB[1]	MINORITY INTEREST	TOTAL SHAREHOLDERS' EQUITY
(306)	**329**	**—**	**22,217**	**807**	**23,024**
—	**—**	**819**	**819**	**65**	**884**
175	(4)	—	171	(2)	169
(70)	(130)	—	(200)	—	(200)
—	—	—	(84)	—	(84)
5	—	—	(9)	(27)	(36)
110	**(134)**	**—**	**(122)**	**(29)**	**(151)**
110	**(134)**	**819**	**697**	**36**	**733**
—	—	—	—	(54)	(54)
—	—	814	—	—	—
6	—	—	(44)	(21)	(65)
6	**—**	**814**	**(44)**	**(75)**	**(119)**
(190)	**195**	**1,633**	**22,870**	**768**	**23,638**
(190)	**195**	**1,633**	**22,870**	**768**	**23,638**
—	**—**	**1,703**	**1,703**	**25**	**1,728**
86	11	—	97	1	98
(31)	(92)	—	(123)	—	(123)
—	—	—	34	—	34
7	(2)	—	28	52	80
62	**(83)**	**—-**	**36**	**53**	**89**
62	**(83)**	**1,703**	**1,739**	**78**	**1,817**
—	—	(1,633)	(1,633)	(44)	(1,677)
—	—	(433)	—	—	—
(13)	(58)	—	(110)	2	(108)
(13)	**(58)**	**(2,066)**	**(1,743)**	**(42)**	**(1,785)**
(141)	**54**	**1,270**	**22,866**	**804**	**23,670**

Cash Flow Statement

(€ millions)

	2010	2009
Consolidated profit	**1,728**	**884**
Write-downs, provisions for losses on, and write-ups of,		
loans and receivables and additions to provisions for losses on guarantees and indemnities	692	1,678
Write-downs and depreciation less write-ups on long-term assets	586	620
Change in other non-cash positions	(1,219)	3,119
Profit from the sale of investments, property, plant and equipment	(41)	(194)
Other adjustments (net interest and dividend income from the income statement, taxes on income paid)	(4,434)	(4,781)
Subtotal	**(2,688)**	**1,326**
Change in assets and liabilities from operating activities after correction for non-cash components		
Increase in assets/decrease in liabilities (–)		
Decrease in assets/increase in liabilities (+)		
Financial assets held for trading	14,668	27,423
Loans and receivables with banks	6,976	(2,880)
Loans and receivables with customers	5,425	27,288
Other assets from operating activities	741	12
Deposits from banks	(4,259)	(33,110)
Deposits from customers	11,852	(15,955)
Debt securities in issue	(11,151)	611
Other liabilities from operating activities	(18,674)	(8,506)
Taxes on income paid	(276)	(109)
Interest received	9,682	11,791
Interest paid	(4,834)	(7,924)
Dividends received	615	415
Cash flows from operating activities	**8,077**	**382**
Proceeds from the sale of investments	1,993	5,475
Proceeds from the sale of property, plant and equipment	167	60
Payments for the acquisition of investments	(3,320)	(1,025)
Payments for the acquisition of property, plant and equipment	(854)	(969)
Effects of the change in the group of companies included in consolidation	(5,942)	107
Cash flows from investing activities	**(7,956)**	**3,648**
Change in additional paid-in capital	—	—
Dividend payments	(1,633)	—
Other financing activities, net (subordinated and hybrid capital)	(1,768)	(2,864)
Other financing activities, net	(55)	(322)
Cash flows from financing activities	**(3,456)**	**(3,186)**

(€ millions)

	2010	2009
Cash and cash equivalents at end of previous period	6,400	5,556
Net cash provided/used by operating activities	8,077	382
Net cash provided/used by investing activities	(7,956)	3,648
Net cash provided/used by financing activities	(3,456)	(3,186)
Effects of exchange rate changes	—	—
Cash and cash equivalents at end of period	3,065	6,400

Notes to the Consolidated Financial Statements

Consolidated financial statements in accordance with IFRS

UniCredit Bank AG (HVB), with its registered office and principal place of business in Munich, Germany, is an affiliated company of UniCredit S.p.A., Rome, Italy (ultimate parent company).

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

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) pursuant to EU Commission Regulation 1606/2002 of the European Parliament and of the Council of 19 July 2002 together with further regulations regarding the adoption of certain IFRS within the framework of the EU endorsement in conjunction with Section 315a (1) of the German Commercial Code (Handelsgesetzbuch – HGB) as non-exempt consolidated financial statements compliant with Section 4 of the IAS-VO Regulation. The present consolidated financial statements were prepared by the Management Board on 11 March 2011. Besides the standards defined as IFRS, the IFRS also comprise the existing International Accounting Standards (IAS) together with the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) and the former Standing Interpretations Committee (SIC), respectively. All the standards and interpretations subject to obligatory application in the EU for the 2010 financial year have been applied. Section 315a, HGB, also contains national regulations to be applied alongside the IFRS by capital-market-oriented companies.

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

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

Compliant with Section 264b, HGB, the following companies are exempted from the obligation to prepare a management report and publish their annual financial statements:

- HVZ GmbH & Co. Objekt KG, Munich
- Salvatorplatz-Grundstücksgesellschaft mbH & Co. oHG Verwaltungszentrum, Munich
- Salvatorplatz-Grundstücksgesellschaft mbH & Co. oHG Saarland, Munich
- Hypo-Bank Verwaltungszentrum GmbH & Co. KG Objekt Arabellastraße, Munich
- Portia Grundstücks-Verwaltungsgesellschaft mbH & Co. Objekt KG, Munich
- A&T-Projektentwicklungs GmbH & Co. Potsdamer Platz Berlin KG, Munich
- Acis Immobilien- und Projektentwicklungs GmbH & Co. Stuttgart Kronprinzstraße KG, Munich
- Acis Immobilien- und Projektentwicklungs GmbH & Co. Oberbaum City KG, Munich
- Acis Immobilien- und Projektentwicklungs GmbH & Co. Parkkolonnaden KG, Munich– Delpha Immobilien- und Projektentwicklungs GmbH & Co. Großkugel Bauabschnitt Alpha Management KG, Munich
- Delpha Immobilien- und Projektentwicklungs GmbH & Co. Großkugel Bauabschnitt Beta Management KG, Munich
- Delpha Immobilien- und Projektentwicklungs GmbH & Co. Großkugel Bauabschnitt Gamma Management KG, Munich
- Grundstücksgesellschaft Simon beschränkt haftende Kommanditgesellschaft, Munich
- HVB Gesellschaft für Gebäude mbH & Co. KG, Munich
- TRICASA Grundbesitz Gesellschaft mbH & Co. 1. Vermietungs KG, Munich (formerly HYPO-REAL Haus- und Grundbesitz Gesellschaft mbH & Co. 1. Vermietungs KG)
- Othmarschen Park Hamburg GmbH & Co. Centerpark KG, Munich
- Othmarschen Park Hamburg GmbH & Co. Gewerbepark KG, Munich
- SOLARIS Verwaltungsgesellschaft mbH & Co. Vermietungs KG, Munich
- Solos Immobilien- und Projektentwicklungs GmbH & Co. Sirius Beteiligungs KG, Munich
- TERRENO Grundstücksverwaltung GmbH & Co. Entwicklungs- und Finanzierungsvermittlungs KG, Munich.

Compliant with Section 264 (3), HGB, the following companies are exempted from the obligation to prepare a management report and publish their annual financial statements:

- Argentaurus Immobilien Vermietungs- und Verwaltungs GmbH, Munich
- HVB Immobilien AG, Munich
- HVB Projekt GmbH, Munich
- HVB Tecta GmbH, Munich
- Interra Gesellschaft für Immobilienverwaltung mbH, Munich
- Orestos Immobilien-Verwaltungs GmbH, Munich
- BV Grundstücksentwicklungs-GmbH, Munich
- NF Objekte Berlin GmbH, Munich
- NF Objekt FFM GmbH, Munich
- NF Objekt München GmbH, Munich
- RHOTERRA Gesellschaft für Immobilienverwaltung mbH, Munich
- UniCredit Direct Services GmbH, Munich
- Verwaltungsgesellschaft Katharinenhof m.b.H., Hamburg.

Accounting and Valuation

1 Uniform Group accounting policies

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

2 Consistency

In accordance with the IFRS Framework together with IAS 1 and IAS 8, we apply the accounting and disclosure principles consistently from one period to the next. Where significant accounting and valuation errors from earlier periods are corrected, the amounts involved are adjusted retroactively. Where retroactive adjustment is not possible in exceptional circumstances, the amounts involved are adjusted against retained earnings. Where we effect changes in accounting policies, any resulting adjustments are similarly recognised retrospectively. During the year under review, we made an adjustment compliant with IAS 8.41 that led to an increase of €127 million in loans and receivables with customers and of €10 million in property, plant and equipment, and an increase of €137 million in lease liabilities. This had no impact on the income statement in 2010. For materiality reasons, the 2009 figures have not been adjusted.

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

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

Apart from this, the accounting valuation and publishing principles applied in 2010 are the same as those applied in the consolidated financial statements for 2009, with the exception of the new IFRS rules to be applied as described in Note 3 below.

3 Initial adoption of new IFRS accounting rules

The main new IFRS regulations subject to mandatory adoption for the first time in the 2010 financial year are the revised IFRS 3 "Business Combinations" (IFRS 3 R) and IAS 27 "Consolidated and Separate Financial Statements" (IAS 27 R).

IFRS 3 R defines more closely the application of the purchase method for business combinations. Major changes relate to the measurement of minority interests, the recognition of business combinations achieved in stages and the treatment of conditional purchase price components and acquisition-related costs.

IAS 27 R contains revised regulations for the presentation of minority interests when the control relationship does not change as well as for disclosure in the event of the loss of controlling influence over a subsidiary in the balance sheet.

IFRS 3 R and IAS 27 R did not have any impact on HVB Group in the 2010 financial year as there were no relevant transactions.

The other minor changes to a few of the IFRS standards (2009 Annual Improvements Project, "Improvements to IFRSs"; IFRS 2 "Group Cash-settled Share-based Payment Transactions" and IAS 39 "Eligible Hedged Items") and the new interpretations (IFRIC 12 "Service Concession Arrangements", IFRIC 15 "Agreements for the Construction of Real Estate", IFRIC 16 "Hedges of a Net Investment in a Foreign Operation", IFRIC 17 "Distributions of Non-cash Assets to Owners" and IFRIC 18 "Transfers of Assets from Customers") that were applicable for the first time in the 2010 financial year did not give rise to any, or any significant effects on the consolidated financial statements. When IFRIC 12, 15 and 16 were adopted into European law, the original date of compulsory application set by the IASB was changed by the EU such that these interpretations would be subject to mandatory adoption for the first time in the 2010 financial year.

4 Published IFRS that are not yet the subject of mandatory adoption and that have not been the subject of early adoption

As permitted, we have decided against the early voluntary adoption of the standard and interpretations adopted or revised by the IASB, which only become the subject of mandatory adoption for the 2011 financial year or thereafter. The Bank is planning to apply these in the financial year in which the standards in question become applicable for the first time.

The EU has adopted the following into European law:
– Annual Improvements Project 2010 "Improvements to IFRSs". The improvements are subject to obligatory adoption for reporting periods beginning on or after 30 June 2010 or 31 December 2010.
– Amendments to IAS 24 "Related Party Disclosures". The amendments are applicable for reporting periods beginning on or after 1 January 2011.
– Amendments to IAS 32 "Classification of Right Issues". The amendments are subject to obligatory adoption in reporting periods beginning on or after 1 February 2010.
– IFRIC 19 "Extinguishing Financial Liabilities with Equity Instruments". The provisions are applicable for reporting periods beginning on or after 1 July 2010.
– Amendments to IFRIC 14 "Prepayments of a Minimum Funding Requirement". The amendments are subject to obligatory adoption for reporting periods beginning on or after 1 January 2011.

The EU has not yet adopted the following into European law:
– IFRS 9 "Financial Instruments". The provisions are subject to obligatory adoption for reporting periods beginning on or after 1 January 2013.
– Amendments to IFRS 7 "Financial Instruments: Disclosures". The amendments are applicable for reporting periods beginning on or after 1 July 2011.
– Amendments to IAS 12 "Deferred Tax: Recovery of Underlying Assets". The amendments are subject to obligatory adoption for reporting periods beginning on or after 1 January 2012.

The new IFRS 9, only part of which has so far been published by the IASB and which has not yet been transformed into European law by the EU and for which the date of introduction is still under discussion, will have a significant impact on the presentation and measurement of financial instruments. The effects are still being analysed. At the same time, however, we do not expect the remaining standards and interpretations to be applied in the future to have any significant effects on the consolidated financial statements.

5 Companies included in consolidation

The group of companies included in consolidation by HVB Group encompasses 146 (2009: 96) subsidiaries. The group of consolidated companies also includes 43 (2009: 41) companies and fund assets which SIC 12 requires to be consolidated as special purpose entities.

The group of companies included in consolidation has been defined taking into account materiality criteria. In addition, smaller companies that are below the materiality thresholds have also been consolidated on account of the rules defined by the supervisory authorities that regulate UniCredit. In order to avoid coordination and reconciliation problems, we have decided to gradually expand the group of companies included in consolidation. The fully consolidated subsidiaries prepared their annual financial statements for the period ending 31 December 2010.

The following companies have different year-end dates:
– Arabella Finance Ltd., Dublin, 30 September
– Central European Confectionery Holdings B.V., Amsterdam, 31 March
– Kinabalu Financial Products LLP, London, 30 November
– Kinabalu Financial Solutions Limited, London, 30 November
– Salome Funding Plc., Dublin, 31 March
– Redstone Mortgages Limited, London, 30 September.

When the consolidated financial statements are being prepared, interim financial statements are prepared at the corporate year-end date for companies with year-end dates of 31 March or 30 September. The annual financial statements of Kinabalu Financial Products LLP and Kinabalu Financial Solutions Limited were carried forward to 31 December 2010, meaning that a total of 13 months are covered (1 December 2009 to 31 December 2010). No events of particular significance for the net assets, financial position or results of operations occurred at these companies in December 2009.

The group of consolidated companies does not include any companies for which the proportionate consolidation method is applied. UniCredit Global Information Services Società per Azioni (UGIS) has been consolidated using the equity method since 1 May 2009.

Accounting and Valuation (Continued)

In 2010, the following companies and special purpose entities, among others, were newly added to the group of companies included in consolidation at HVB Group:

- AB Immobilienverwaltungs-GmbH, Munich
- Active Asset Management GmbH, Grünwald
- Bandon Leasing Limited, Dublin
- Bank Austria ImmobilienService GmbH, Vienna
- BIL Leasing-Fonds GmbH & Co VELUM KG, Munich
- BIL Leasing-Fonds Verwaltungs-GmbH, Munich
- BIL V & V Vermietungs GmbH, Munich
- B.I. International Limited, George Town
- BV Grundstücksentwicklungs-GmbH, Munich
- Claris Limited – Series 64/2006, St. Helier
- Central European Confectionery Holdings B.V., Amsterdam
- Elektra Purchase No. 1 Ltd., St. Helier
- Elektra Purchase No.18 Limited, Dublin
- Food & more GmbH, Munich
- Geldilux-TS-2010 S.A., Luxembourg
- Grand Central Re Limited, Hamilton
- HVB Asset Leasing Limited, London
- HVB Export Leasing GmbH, Munich
- HVB Gesellschaft für Gebäude Beteiligungs GmbH, Munich
- HVB Global Assets Company (GP), LLC, Dover
- HVB Hong Kong Limited, Hong Kong
- HVB International Asset Leasing GmbH, Munich
- HVB London Investments (AVON) Limited, London
- HVB London Investments (CAM) Limited, London
- HVB Principal Equity GmbH, Munich
- HVB Realty Capital Inc., New York
- HVB Secur GmbH, Munich
- HVB Verwa 1 GmbH, Munich
- HVBFF Internationale Leasing GmbH, Munich
- HVBFF International Greece GmbH, Munich
- HVBFF Produktionshalle GmbH, Munich
- HVBFF Objekt Beteiligungs GmbH, Munich
- Hypo-Bank Verwaltungszentrum GmbH, Munich
- Life Management Zweite GmbH, Grünwald
- Life Management Erste GmbH, Munich
- Movie Market Beteiligungs GmbH, Munich
- NF Objekte Berlin GmbH, Munich
- NF Objekt München GmbH, Munich
- NF Objekt FFM GmbH, Munich
- "Portia" Grundstücksverwaltungs-Gesellschaft mit beschränkter Haftung, Munich
- RHOTERRA Gesellschaft für Immobilienverwaltung mbH, Munich
- Salvatorplatz-Grundstücksgesellschaft mbH, Munich
- Salvatorplatz-Grundstücksgesellschaft mbH & Co. OHG Saarland, Munich
- Status Vermögensverwaltung GmbH, Schwerin
- Structured Invest Société Anonyme, Luxembourg
- Terronda Development B.V., Amsterdam
- The Trans Value Trust Company Ltd., Tokyo
- Trinitrade Vermögensverwaltungs-Gesellschaft mit beschränkter Haftung, Munich

– UniCredit (China) Advisory Limited, Beijing
– UniCredit Beteiligungs GmbH, Munich
– UniCredit CAIB AG, Vienna
– UniCredit CAIB Securities UK Ltd., London
– UniCredit Direct Services GmbH, Munich
– U.S. Property Investments, Inc., Dallas
– Verba Verwaltungsgesellschaft mbH, Munich
– Verwaltungsgesellschaft Katharinenhof mbH, Hamburg
– WealthCap PEIA Komplementär GmbH, Munich
– WealthCap Stiftungstreuhand GmbH, Hamburg.

On account of the extensions to the group of companies included in consolidation described, HVB added Grand Central Re Ltd. (GCR), City of Hamilton, Bermuda, in which it holds a 92.5% interest, to the group of companies included in consolidation with effect from 31 December 2010 as a subsidiary by way of full consolidation. GCR markets structured reinsurance services in the fields of life, property and accident insurance and generates most of its revenues by charging insurance premiums and generating capital gains (assets under management: €73 million). GCR's risk transfer business is declining. GCR holds a decreasing portfolio of reinsurance policies; it does not underwrite any new insurance risks.

With effect from 1 June 2010, HVB acquired UniCredit CAIB AG and its subsidiary, UniCredit CAIB Securities UK Ltd., from UniCredit Bank Austria AG, Vienna. As this business combination is an intra-group transaction within UniCredit, IFRS 3 does not apply to the acquisition of the two companies (IFRS 3.2 (c): business combinations involving entities or businesses under common control). The first-time inclusion of CAIB caused the total assets of HVB Group to rise by around €21 billion at the time of initial consolidation, of which €14.1 billion relates to financial assets held for trading and €5.5 billion to loans and receivables with banks. Upon its entry in the Commercial Register on 1 July 2010, UniCredit CAIB AG was absorbed by UniCredit Bank AG. It will continue to operate within a modified structure as HVB's Vienna branch and assigned to the CIB division.

In 2010, the following companies and special purpose entities left the group of companies included in consolidation of HVB Group due to absorption or liquidation, among others:
– Beteiligungs- und Handelsgesellschaft in Hamburg mit beschränkter Haftung, Hamburg
– Claris Limited – Series 64/2006, St. Helier
– Geldilux-TS-2005 S.A., Luxembourg
– Geldilux-TS-2009 S.A., Luxembourg
– UniCredit CAIB AG, Vienna.

In total, we have 181 affiliated and associated companies, and joint ventures in HVB Group that were neither fully consolidated nor fully accounted for using the equity method as they do not have a material impact for the Group.

The effects on the balance sheet of the contractual relationships between the Group companies and these non-consolidated companies are included in the consolidated financial statements. The aggregate net income for the year of these minor non-consolidated affiliated companies makes up around 0.8% of the consolidated profit of HVB Group, while such companies provide around 0.1% of consolidated assets. Our interests in these companies are carried as available-for-sale financial assets.

	2010	2009
Total subsidiaries	**313**	**343**
Consolidated companies	146	96
Non-consolidated companies	167	247
Joint ventures	**6**	**6**
of which:		
accounted for using the equity method	—	—
Associated companies	**9**	**9**
of which:		
accounted for using the equity method	1	1

6 Principles of consolidation

Consolidation is performed by offsetting the purchase price of an affiliated company against the value of the interest held in the completely remeasured shareholders' equity at the time of acquisition, provided the transactions involved are not internal to UniCredit. This amount represents the difference between the assets and liabilities of the acquired company measured at the fair value at the time of initial consolidation. The difference between the higher acquisition cost and the prorated recalculated shareholders' equity is recognised as goodwill under intangible assets in the balance sheet. Goodwill on companies accounted for using the equity method is carried under shares in associates valued at equity and joint ventures valued at equity. Compliant with IAS 36, depreciation is not recognised on goodwill. The goodwill is allocated to the cash-generating units that are expected to benefit from the synergies arising from the business combination. At HVB Group, these cash-generating units are the divisions. Where the commercial activities of a company span more than one segment, the goodwill is distributed in line with the expected contribution to results at the time of acquisition. The goodwill is tested for impairment at least once a year at cash-generating unit level. This involves comparing the carrying amount of the CGU with the recoverable amount defined as the maximum of the unit's value in use and the fair value less costs to sell. Since the value in use far exceeds the carrying amount for the CGUs to which goodwill is allocated, the values in use have been used as the recoverable amount. When the values in use are calculated, the divisional (5-year) plans are employed as the basis and division-specific rates in a range from 9.45% to 12.03% for the cost of capital is used for discounting. No growth factor has been assumed for the government perpetuity.

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

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

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

The assets and liabilities of the special purpose entity are included at the balance sheet date measured at their fair value when initially consolidated in accordance with SIC 12. They are subsequently measured in accordance with the uniform principles of accounting and valuation used across the corporate group. The expenses and income of the special purpose entity in question have been included in the consolidated income statement from the date of initial consolidation. Equity interests held by third parties in a special purpose entity consolidated by us in accordance with SIC 12 are recognised under minority interest.

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

7 Financial instruments

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

The classes required by IFRS 7.6 are defined as follows:
– Cash and cash reserves
– Financial assets and liabilities held for trading
– Financial assets at fair value through profit or loss
– Available-for-sale financial assets (measured at cost)
– Available-for-sale financial assets (measured at fair value)
– Held-to-maturity investments
– Loans and receivables with banks (classified as loans and receivables)
– Loans and receivables with customers (classified as loans and receivables)
– Hedging derivatives
– Other liabilities (deposits from customers, deposits from banks, debt securities in issue)
– Financial guarantees and irrevocable lending commitments.

Among other things, the balance sheet disclosures and earnings contributions of the financial instruments must be shown separately, broken down by the IAS 39 valuation categories. In the present consolidated financial statements, we have included these changes in the explanatory notes to the balance sheet and the income statement. The information required by IFRS 7 regarding risks in connection with financial instruments is also provided in the Risk Report within the Management's Discussion and Analysis. Compliant with IFRS 7.36 (a), the maximum credit exposure is the same as the carrying amount of the risk-bearing financial instruments or, in the case of financial guarantees and lending commitments, the nominal amount disclosed in Note 79 for the guarantee/amount of the lending commitments not yet utilised.

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

Financial assets and liabilities at fair value through profit or loss

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

– Financial assets and liabilities held for trading.

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

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

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

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

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

Loans and receivables

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

Held-to-maturity investments

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

Available-for-sale financial assets

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

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

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

The regulations set forth in IAS 39 regarding reclassifications have been observed. Purchases and sales of financial assets are normally recognised at the trade date.

Determination of fair value

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

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

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

For the first time, the risk of a counterparty defaulting on derivatives is covered by counterparty valuation adjustments (CVAs).

The own credit spread is also included in the underlying valuation parameters for liabilities held for sale. Suitable adjustments are taken on the fair values determined in this way to reflect further factors affecting the fair value (such as the liquidity of the financial instrument or model risks when the fair value is determined using a valuation model).

In addition to the method described above for the valuation or determination of fair values, the fair values in the hierarchy compliant with IFRS 7.27 A are shown in Note 75 for further information. A three-level, fair value hierarchy is listed for every class of financial asset and financial liability carried at fair value in the balance sheet. Note 75 similarly contains a detailed description of this hierarchy, which is only used for the purpose of disclosure in the notes.

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

Viewed overall, the fair value of a financial guarantee is zero when the contract is concluded because the value of the premium received will normally match the value of the guarantee obligation in standard market contracts. The guarantee premium is recognised on a pro-rata basis. The need for an allowance to be taken for losses on guarantees is checked during the subsequent measurement.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

CAIB, which was initially consolidated in 2010, employed a cash flow hedge to hedge the risk arising from volatile cash flows. This approach was retained for a limited period until the technical aspects of integrating CAIB's holdings into HVB had also been completed, meaning that CAIB did not exist any more as a separate entity and no longer carried out its own risk management. The cash flow hedge was terminated in line with the migration, with the cash flow hedge reserve or the clean fair values of the existing hedge being amortised as described above. Thus, HVB Group employed a cash flow hedge for a transitional period lasting from the initial consolidation of CAIB at 1 June 2010 to the end of the third quarter.

The cash flow hedge was employed to hedge the risk arising from volatile cash flows resulting from a recognised asset, recognised liability or planned transaction to be taken to the income statement. We have employed derivatives in cash flow hedge accounting to hedge future streams of interest payments. In this context, payments arising from variable-interest assets and liabilities have been swapped for fixed payments primarily using interest rate swaps. Hedging instruments were measured at fair value. The valuation result was divided into an effective and an ineffective portion. The effective portion of the hedging instruments was recognised in a separate item within shareholders' equity (hedge reserve) without affecting reported profit or loss. The ineffective portion of the hedging derivatives was recognised directly in profit and loss. The hedged item was recognised at amortised cost.

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

8 Assets held for trading purposes

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

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

9 Financial assets at fair value through profit or loss

HVB Group mainly applies the fair value option for financial assets with economic hedges for which hedge accounting is not applied. The designation removes or significantly reduces differences resulting from an accounting mismatch. The portfolio mostly comprises interest-bearing securities not held for trading that are hedged against interest rate risks by means of interest rate swaps. In the case of promissory note receivables similarly included here, there is no material fair value change in terms of the credit risk on account of the top rating of the issuers. Changes in fair value of the hedged items and the associated derivatives are shown separately in net trading income; current interest income/expenses are recognised in net interest income. The Bank decided in 2010 to make more use of this category and expanded the holding by making additional purchases. Given a fundamental intention to hold to maturity, the new investments were made primarily with a view to being able to sell the holdings again quickly if necessary (liquidity reserve). Alongside an accounting mismatch as the main grounds for designation, the designation for a specific, smaller portfolio is based on fair value-based risk management.

10 Available-for-sale financial assets

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

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

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

Available-for-sale financial instruments also include shares in non-consolidated subsidiaries. Furthermore, joint ventures and associates not accounted for using the equity method are subsumed in available-for-sale financial instruments, provided they are not significant.

Listed companies are always carried at fair value. Where the fair value cannot be determined reliably for non-listed companies, they are valued at cost.

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

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

12 Held-to-maturity investments

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

13 Loans and receivables

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

14 Impairment of financial assets

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

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

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

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

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

In the case of loans and receivables and held-to-maturity financial instruments, an impairment is the difference between the carrying amount and the present value of the anticipated future cash flows. The future cash flows are determined taking into account past events (objective evidence). The anticipated future cash flows may comprise the repayment and/or interest payments still expected and the income from the realisation of collateral. The impairment is the difference between the present value of the anticipated future cash flows and the carrying amount. A specific loan-loss provision is recognised for the impairment determined in this way.

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

During subsequent measurement, both changes in the anticipated future cash flows and the time effect arising from a reduction of the discounting period are taken into account. The difference between the newly determined present value of the anticipated future cash flows at each balance sheet date and the carrying amount at the previous balance sheet date is recognised as a reversal of or an addition to allowances for losses on loans and receivables.

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

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

Specific loan-loss allowances or provisions to the amount of the anticipated loss have been made individually to cover all identifiable default risks arising from lending operations (loans, receivables and financial guarantees), with the amount of the expense being estimated. Specific loan-loss allowances are also determined on a collective basis for individual cases where the amounts involved are not significant. These allowances are recognised and disclosed within specific loan-loss allowances at HVB Group. Specific loan-loss allowances are reversed as soon as the reason for forming the allowance no longer exists, or used if the receivable is classified as uncollectable and written off. Acute country-specific transfer risks are included in this process.

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

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

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

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

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

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

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

15 Property, plant and equipment

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

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

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

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

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

16 Lease operations

Under IAS 17, lease operations are divided into finance leases and operating leases. Unlike an operating lease, a finance lease is a lease that transfers substantially all the risks and rewards incident to ownership of an asset to the lessee. Title may or may not eventually be transferred.

HVB Group as lessor

Under finance leases, the lessor recognises the leased asset in the balance sheet as a receivable from the lessee at an amount equal to the net investment in the lease. The lease payments are broken down into the finance charge and the redemption payment. The redemption payment reduces the amount of the outstanding liability (net investment); the finance charge is treated as interest income. Interest and similar income is recognised on the basis of a constant, periodic rate of return relating to the net investment outstanding. The term "net investment" is defined in detail in Note 50, "Loans and receivables with customers". HVB Group currently leases mobile assets as a lessor under finance leases.

In contrast, assets held under operating leases are recognised as and valued using the same principles as property, plant and equipment. Revenue under these arrangements is recognised on a straight-line basis over the lease term. HVB Group leases both movable property and real estate as a lessor under operating leases.

HVB Group as lessee

Under a finance lease, the asset is recognised as property, plant and equipment, and the obligation as a liability. Each asset is stated at the lower of the following two values: either the fair value of the leased asset at the inception of the lease or, if lower, the present value of the minimum lease payments. In calculating the present value of the minimum lease payments, the internal rate implicit in the lease is applied.

The lease payments relating to finance leases are broken down into two components: the finance charge and the redemption payment. The redemption payment reduces the residual liability and the finance charge is shown as interest expense.

Lease payments relating to operating leases are treated as rental expense and recognised in other operating expenses or operating costs. The corresponding leased assets are not recognised. Contracts in which HVB Group acts as lessee are comparatively insignificant.

17 Investment property

Compliant with IAS 40.30 in conjunction with IAS 40.56, as of 2010 land and buildings held by us as investments with a view to generating rental income and/or capital gains are carried at amortised cost and written down on a straight-line basis over a useful economic life of 25 to 50 years.

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

18 Intangible assets

The main items included in intangible assets are goodwill arising from the acquisition of fully consolidated subsidiaries and software. An intangible asset shall only be recognised if it is probable that the expected future economic benefits attributable to the asset will flow to the entity and the cost of the asset can be measured reliably. Compliant with IAS 36, depreciation is no longer taken on goodwill. The value of goodwill is tested annually and where there is an indication of impairment. Impairments are taken where necessary. Software is valued at amortised cost and written down over an expected useful life of three to five years. All other intangible assets are amortised over a period of up to ten years, as they have a limited useful life.

19 Non-current assets or disposal groups held for sale

Under IFRS 5, non-current assets or disposal groups held for sale are carried at the lower of the carrying amount or fair value less costs to sell at the balance sheet date. Following reclassification, the non-current assets or disposal groups held for sale are carried at fair value (less costs to sell) but at an amount no more than their amortised cost.

20 Liabilities

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

21 Financial liabilities held for trading

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

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

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

Net changes in the value of the hedged amount of hedged items are carried in this hedge adjustment of the fair value hedge portfolio to be shown separately (see Note 65). The hedge adjustments have been recognised on a gross basis in the balance sheet for subsidiaries for which asset and liability holdings can be hedged separately.

23 Other liabilities

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

24 Provisions

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

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

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

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

The discount rate is based on the long-term interest rate for prime, fixed-yield corporate bonds at the balance sheet date. The amount of the provision shown in the balance sheet is calculated as the present value of the obligation determined at the end of the financial year less the fair value of the plan assets determined at the end of the financial year. The plan assets set up by HVB and a number of subsidiaries to fund pension obligations are described in detail in Note 69, "Provisions".

25 Foreign currency translation

The consolidated financial statements are prepared in euros, which is the reporting currency of the corporate group. Amounts in foreign currency are translated in accordance with the principles set forth in IAS 21. This standard calls for monetary items not denominated in the respective functional currency (generally the local currency in each case) and cash transactions not completed at the valuation date to be translated into euros using current market rates. Non-monetary items carried at fair value are similarly translated into euros using current market prices at the valuation date. Non-monetary items carried at cost are translated using the historic rate applicable at the time of acquisition.

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

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

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

26 Income tax for the period

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

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

27 Notes to segment reporting by division

In segment reporting, the market-related activities of HVB Group are divided into the following globally active divisions: Corporate & Investment Banking, Retail, and Private Banking.

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

Changes in segment allocation

In the second quarter of 2010, we launched our One for Clients programme (One4C), which required the resegmentation of affluent private customers as well as small and medium-sized companies. The overall goal of this programme is the consistent alignment of the Bank with a sustainable customer business model, using it to achieve even closer and more targeted relationship management for our customers. In a first phase, 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 transferred from the Private Banking division to the Retail division in the second quarter of 2010. This reorganisation resulted in an overall shift in customers from the Retail division to the Private Banking division.

In addition to this transfer of customers between divisions under One4C, other smaller reorganisations took place in 2010, particularly regarding operating costs. The previous year's figures and those of the previous quarters have been adjusted accordingly to reflect changes in the segment allocations described above.

A further phase of One4C, involving the transfer of small and medium-sized companies with revenues of up to €50 million from the Corporate & Investment Banking division, commenced at the start of 2011 as planned. To coincide with the expansion of the customer base, the Retail division was renamed Family & SME at the start of 2011. This resegmentation is not included in the segment figures shown in this annual report.

Method of segment reporting

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

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

The total revenues shown in the segments, such as net fees and commissions and net trading profit, are based almost exclusively on transactions involving external customers. Net interest income is assigned to the segments in accordance with the market interest calculation method on the basis of the external interest income and interest expenses. For this reason, a separate presentation broken down by external/internal revenues (total revenues) has not been included. The equity capital allocation used to calculate the return on investment on companies assigned to several divisions is based on a uniform core capital allocation for each division. Pursuant to Basel II, this involves allocating 6.7% of core capital from risk-weighted assets to the divisions. The average tied core capital calculated in this way is used to compute the return on investment, which is disclosed under net interest income. The percentage used to assess the equity capital allocated to the companies assigned to several divisions (HVB, UniCredit Luxembourg) equals the 6-year average of the 5-year euro swap rate plus a premium in the amount of the 6-year average of the 5-year UniCredit S.p.A. spread. This rate is set for one year in advance as part of each budgeting process. The percentage changed from 4.30% in 2009, to 4.09% for the 2010 financial year. Equity capital is not standardised for the other companies included in the consolidated financial statements.

The income of €6 million from investments in associated companies relates to UniCredit Global Information Services Società Consortile per Azioni (UGIS), a company accounted for using the equity method, and is assigned to the Other/consolidation segment. The amount involved is disclosed under net interest income in the income statement. The carrying amount of this company accounted for using the equity method is €94 million.

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

Components of the segments of HVB Group

Corporate & Investment Banking division
The Corporate & Investment Banking division (CIB) serves around 78,000 corporate customers through its domestic and international distribution network. The division's structure is based on four separate product units: Financing & Advisory (F&A), Global Transaction Banking (GTB), Markets and Leasing. This is the response to a hard-fought market in which the revenue pool has contracted, investment banking products are more closely geared to customer needs and the customer relationship is becoming the key factor. In this context, we are targeting sustained, risk-optimised growth.

Key to our success is our ability to evolve from delivering products to our customers (through lending, payments, foreign trade or derivatives) to providing strategic, transaction-oriented activities, solutions and products. We cover all the corporate banking needs of our customers, including in areas like restructuring, growth and internationalisation. As part of a leading European corporate and investment bank, we serve our customers in Europe and all the world's key financial centres. A large proportion of our SME customers are expanding into international sales markets.

Our customer segmentation criteria are based on different demand structures and processing standards. Consequently, we differentiate between the following service models: Small Corporates, Mid Corporates, Large Corporates, Multinationals, Public Sector, Real Estate and Financial Institutions Group.

The **Financing & Advisory** product group (F&A) combines financing and advisory expertise. The broad range of structured transactions in financing activities includes advising the customer on corporate strategy and M&As, acquisition and project finance, more complex transactions, syndications and subordinated capital. Hamburg-based Global Shipping is a further specialist unit providing finance for traditional commercial shipping activities.

Global Transaction Banking (GTB) pools our competencies in e-business, cash management and foreign trade financing.

The **Markets** product unit focuses on the oversight of IPOs and capital increases, the syndication of equities, bond products and structured products. The Markets unit essentially comprises Equity Capital Markets, which is responsible for equity products and structured products based on equities, and Debt Equity Markets, which is responsible for debt instruments such as corporate bonds, Pfandbriefs and debentures, and the associated risk transfer. Corporate Treasury Sales offers professional financial risk management involving a wide range of advisory services and products covering all possible ways of hedging entrepreneurial risks, such as liquidity management (including asset management, deposits and investments), foreign exchange and innovative derivatives.

Hamburg-based UniCredit Leasing is a wholly owned subsidiary of UniCredit Bank AG that is one of the leading manufacturer-neutral leasing companies for classical mobile assets. **Leasing** is operated as a separate product unit within the division.

The net income from several subsidiaries and participating interests is included in the division's results. Among others, these include UniCredit Leasing Finance GmbH, HVB Capital Asia Ltd., HVB Capital Partners AG. UniCredit Luxembourg S.A. is assigned to several HVB Group divisions. It handles the settlement, administration and securitisation of national and international loans for the group and is responsible for interest management as the funding unit for the corporate group on the money market.

Our customers in Germany include companies with revenues in excess of €3 million, the public sector, real estate players and institutionals. The business model will be refined at the start of 2011 as part of the group-wide One4C programme, with the Corporate & Investment Banking division (CIB) focusing on customers with revenues in excess of €50 million. Companies with revenues of less than €50 million will then be served by the new Family & SME division (F&SME).

Retail division

In the 2010 financial year, we started to implement our group-wide One4C programme, which made it necessary to resegment wealthy private customers and small and medium-sized enterprises. All in all, this programme is designed to consistently align the Bank with a sustainable customer business model. This will enable us to provide even closer and more targeted relationship management for our customers and combine regional proximity with international competence as a cornerstone of UniCredit.

As part of this programme, private customers with free assets of at least €500,000 moved from the Retail division to the Private Banking division in the second quarter of 2010, while customers with assets of less than €500,000 were transferred from the Private Banking division to the Retail division.

Our customers were divided into three strategic target groups in 2010: mass market, affluents and business customers. In order to increase customer loyalty, these three target groups were served with different service models that reflect their individual needs. Our main aim in the mass market target group is to increase product penetration by providing demand-based advice and expanding online banking. We are also looking to secure further growth in the target groups of affluents and business customers. To do so, we are continuing to invest in systematic customer contact, constantly refining both our needs-based approach and our products.

Among other things in our **mass market operations,** we looked to expand our lending activities. This included making the terms of our consumer loans more attractive for customers as part of a "price offensive" and carrying out several sales promotions. The high quality of the multi-award-winning advice we provide was spotlighted. In addition, the distribution of consumer loans over the internet was revived in cooperation with UniCredit Family Financing Bank S.p.A. and attractive income-based pricing introduced.

Furthermore, we paid particular attention to increase product penetration in our customer portfolio. Our cross-selling activities are built around our high quality, all-round, demand-oriented advice that puts the focus on the needs of our customers in their specific life situations. This enabled us to considerably increase sales of pension and savings-and-loan products in our mass market operations, which was assisted by the intensified relations with our new cooperation partner, Wüstenrot.

The main focus among **affluent customers** in 2010 was on our asset management offering, HVB VermögensDepot privat. This product meets the needs of our customers particularly well as it combines our Bank's expertise in the field of asset allocation with the transparency of exchange-traded funds (ETFs) and regular performance measurement. Furthermore, in cooperation with Pioneer Investments and the Corporate & Investment Banking division we rolled out a series of guarantee products that have enjoyed a constant rise in sales volumes, most notably in the case of funds that invest in emerging markets. The greater focus on the bancassurance approach led to the desired effect. After the majority of our training offensive for affluent customer account managers had been successfully completed and our range of insurance products had been optimised, a year-on-year increase of more than 20% was achieved across our insurance activities.

In addition, a number of processes were optimised, making it possible for our affluent customer account managers to better identify the needs of our customers and find bespoke financial solutions.

With the economic recovery picking up speed, the provision of liquidity and investment loans to our **business customers** was a key issue, especially in the second half of 2010. From the first quarter to the third quarter, we offered our customers HVB InvestKredit, an attractive loan with an interest rate of 4.99%. Furthermore, we provided our account managers with further training in the use of state-subsidised special credit programmes in order to identify the best possible loan for our customers. All in all, we extended more loans to our customers than in 2009, with growth in lease finance touching an impressive 50%. In 2011, we aim to support our customers as they seek to expand and acquire further new customers.

A further important topic in 2010 was the refinement of our account/payments services with a view to acquiring new customers. We continued our "HVB Konto4Business" campaign. The HVB Konto4Business is an attractive business account featuring value-added services provided in conjunction with Deutsche Post and Creditreform, the purpose of which in part is for us to become the main bank for the personal needs of our business customers. This initiative has helped us acquire more than 1,000 private accounts. Net new customers increased by 10% compared with 2009.

In addition, we refined our target group concept for healthcare professionals, consultants and farmers in 2010. In November we published a report on trends in healthcare that provides an insight into the future development of this ever more important sector.

We manage our **real estate financing activities** across all target groups. We have continued to provide our mass-market, affluent and business customers with plenty of capital to finance property investments. Besides obtaining loans from us directly, our customers could use the full product range of the market from our 40 partner banks. Refocusing sales efforts on real estate finance as an anchor product generating sustainable earnings for the Bank made it possible to increase the volume of new business compared with last year. This was assisted by our positioning as a provider of all-round property services offering multi-award-winning advice. We reinforced our new business activities with an innovative sales campaign.

As part of One4C, **SMEs** (with revenues of up to €50 million) were transferred from the Corporate & Investment Banking division at the start of 2011 as planned. To coincide with the expansion of the customer base, the Retail division was renamed Family & SME at the start of 2011. This gives rise to a unique service model within HVB for private customers and small and medium-sized enterprises, benefiting from one of the largest networks in Europe.

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

HVB Private Banking (PB)
This unit serves some 43,900 HVB customers with assets under management of €23 billion. Our 500 or so employees offer individual, personal advice at 43 locations throughout Germany. Since the group-wide One4C programme was implemented in the second quarter of 2010, Private Banking has offered all-round, bespoke advice to customers and customer groups with liquid assets of more than €0.5 million; the Family Office serves family groups with complex assets of more than €30 million.

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

Wealth Management Capital Holding (WMC)
WMC structures and issues sophisticated investment products that are tailored exclusively and perfectly to the Private Banking customer group. It is one of the biggest initiators of closed-ended funds in Germany. Around 142,300 customers are served by some 250 employees in this unit.

UniCredit Luxembourg S.A.
UniCredit Luxembourg S.A. gives customers of HVB Group access to the financial centre of Luxembourg. Together with HVB's Private Banking division, UniCredit Luxembourg has devised solutions that enable its customers to benefit from the advantageous underlying conditions offered by Luxembourg as a financial centre. The Private Banking unit based in Luxembourg provides specialised portfolio solutions for 11,000 customers with an investment volume of €12.3 billion and employs 81 people. In September 2010, UniCredit Luxembourg S.A. and DZ Privatbank S.A. reached agreement to sell parts of the private banking activities of UniCredit Luxembourg S.A. to DZ Privatbank. Since the sale of this unit took effect on 31 December 2010, UniCredit Luxembourg S.A. has focused its private banking activities in Luxembourg on serving especially wealthy customers and offering specialist services for the corporate group in areas like the asset management of life insurance policies.

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

Global Banking Services activities encompass purchasing, organisation, logistics and facility management, cost management and back-office functions for credit, accounts, foreign exchange, money market and derivatives. Payments, securities settlement, IT application development and IT operation have been outsourced. The Special Credit Portfolio (SCP) is also included.

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

28 Income statement broken down by division

(€ millions)

	CORPORATE & INVESTMENT BANKING	RETAIL	PRIVATE BANKING	OTHER/ CONSOLIDATION	HVB GROUP
TOTAL REVENUES					
2010	4,316	1,351	289	602	6,558
2009	4,683	1,425	306	516	6,930
Operating costs					
2010	(1,770)	(1,303)	(168)	(192)	(3,433)
2009	(1,716)	(1,363)	(173)	(210)	(3,462)
OPERATING PROFIT					
2010	2,546	48	121	410	3,125
2009	2,967	62	133	306	3,468
Restructuring costs					
2010	3	—	(22)	(18)	(37)
2009	(87)	(63)	(3)	(17)	(170)
Net write-downs of loans					
and provisions for guarantees					
and commitments					
2010	(556)	(18)	(2)	(56)	(632)
2009	(1,536)	(63)	4	(6)	(1,601)
Net income from					
investments and other items[1]					
2010	(493)	3	26	(110)	(574)
2009	(413)	(7)	(9)	(2)	(431)
PROFIT/(LOSS) BEFORE TAX					
2010	1,500	33	123	226	1,882
2009	931	(71)	125	281	1,266

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

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

INCOME/EXPENSES	2010	2009	Q4 2010	Q3 2010	Q2 2010	Q1 2010
Net interest income	**3,000**	**3,237**	**827**	**703**	**773**	**697**
Net fees and commissions	608	516	169	133	123	183
Net trading income	660	927	16	242	29	373
Net other expenses/income	48	3	(9)	10	20	27
Net non-interest income	**1,316**	**1,446**	**176**	**385**	**172**	**583**
TOTAL REVENUES	**4,316**	**4,683**	**1,003**	**1,088**	**945**	**1,280**
Payroll costs	(702)	(694)	(125)	(180)	(212)	(185)
Other administrative expenses	(1,044)	(1,012)	(266)	(264)	(269)	(245)
Amortisation, depreciation and impairment						
losses on intangible and tangible assets	(24)	(10)	(7)	(6)	(6)	(5)
Operating costs	**(1,770)**	**(1,716)**	**(398)**	**(450)**	**(487)**	**(435)**
OPERATING PROFIT	**2,546**	**2,967**	**605**	**638**	**458**	**845**
Restructuring costs	3	(87)	3	—	—	—
Net write-downs of loans and provisions						
for guarantees and commitments	(556)	(1,536)	18	(162)	(68)	(344)
Net income from investments and other items[1]	(493)	(413)	(533)	(2)	12	30
PROFIT BEFORE TAX	**1,500**	**931**	**93**	**474**	**402**	**531**
Cost-income ratio in %	41.0	36.6	39.7	41.4	51.5	34.0

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 year under review, the Corporate & Investment Banking division recorded a very good profit before tax of €1,500 million, which is a significant increase of €569 million compared with last year (€931 million).

Net interest income decreased by €237 million, to €3,000 million (down 7.3%) compared with the previous year. With lending business remaining largely stable, this development can be attributed primarily to lower trading-related interest income together with a decline in income from reclassified assets compliant with IAS 39. Furthermore, net interest income fell in deposit-taking activities, despite an increase in volumes, on account of lower margins caused by the development in interest rates. However, the dividends included in net interest income increased mainly on account of higher dividends paid by private equity funds.

Net fees and commissions improved, increasing by €92 million, or 17.8%, which can be mainly attributed to the pleasing development in the area of project and structured finance coupled with lower expenses for securitisation transactions. In the year under review the division reported net trading income of €660 million. This figure does not match the contribution to profits of €927 million generated in 2009, which was supported by the strong recovery of the overall market at that time. In particular, the Rates (interest-related products), Equities (share and index products) and Capital Markets units contributed to this performance in the year under review. In addition, this result was improved by holdings assigned to the fair value option, which were still under considerable pressure last year due to widening spreads caused by the market conditions.

Operating costs rose year-on-year by a total of €54 million, or 3.1%. At 41.0%, the cost-income ratio is still at a good level (2009: 36.6%).

The year under review was concluded with much lower net write-downs of loans and provisions for guarantees and commitments compared with 2009. The positive development of risks (€980 million less in impairments) made a significant contribution to the overall increase in net income. At the same time, the provisions for risks and charges and net income from investments increased. In 2010, this item essentially included expenses arising from an obligation in connection with the completion of an offshore wind farm. The 2009 total included high valuation expenses for private equity funds and direct and co-investments. Overall the division was able to record a very good profit before tax of €1,500 million and thus exceed last year's figure (€931 million) by more than 60%.

Income statement of the Retail division (€ millions)

INCOME/EXPENSES	2010	2009	Q4 2010	Q3 2010	Q2 2010	Q1 2010
Net interest income	**841**	**938**	**217**	**211**	**205**	**208**
Net fees and commissions	509	492	126	112	135	136
Net trading income	14	10	6	1	3	4
Net other expenses/income	(13)	(15)	(5)	(3)	(4)	(1)
Net non-interest income	**510**	**487**	**127**	**110**	**134**	**139**
TOTAL REVENUES	**1,351**	**1,425**	**344**	**321**	**339**	**347**
Payroll costs	(526)	(557)	(133)	(134)	(125)	(134)
Other administrative expenses	(761)	(793)	(198)	(182)	(191)	(190)
Amortisation, depreciation and impairment losses on intangible and tangible assets	(16)	(13)	(7)	(3)	(3)	(3)
Operating costs	**(1,303)**	**(1,363)**	**(338)**	**(319)**	**(319)**	**(327)**
OPERATING PROFIT	**48**	**62**	**6**	**2**	**20**	**20**
Restructuring costs	—	(63)	—	—	—	—
Net write-downs of loans and provisions for guarantees and commitments	(18)	(63)	16	5	(27)	(12)
Net income from investments and other items[1]	3	(7)	(2)	—	4	1
PROFIT/(LOSS) BEFORE TAX	**33**	**(71)**	**20**	**7**	**(3)**	**9**
Cost-income ratio in %	96.4	95.6	98.3	99.4	94.1	94.2

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

Development of the Retail division

In the first phase of implementing our One4C initiative, customers were transferred between the Retail and Private Banking divisions in 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. This reorganisation resulted in an overall 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.

In the 2010 financial year the total revenues of the Retail division fell by around 5% compared with the previous year. This decline is primarily attributable to the decrease in net interest income by around 10%, to €841 million. This is essentially due to lower interest margins in deposit-taking activities which, despite an increase in volumes, resulted in a decline in net interest income in the deposit-taking business. In addition, there was a decrease in net interest income on the lending side as a result of falling volumes, whereby a significant rise in new real estate financing business (up 21%) partially offset the decrease in volumes. Furthermore, net interest income declined due to the deconsolidation of Vereinsbank Victoria Bausparkasse in the second half of 2009. In contrast, net fees and commissions developed pleasingly, increasing by 3.5%, to €509 million. This rise was mainly a result of better year-on-year securities operations, which improved particularly in the area of assets under management. In addition, the division has benefited from the successful sales of pension products and the increased distribution of savings-and-loan products. The cooperations with ERGO and Wüstenrot Bausparkasse AG contributed to this success.

The decline in total revenues was partially offset by applying consistent cost management to achieve savings in operating costs (down 4.4%). In the process, payroll costs fell by 5.6% in particular due to a reduction in headcount. In addition, other administrative expenses decreased by 4.0%.

The sharp decline in net write-downs of loans and provisions for guarantees and commitments of around 71.4%, to €18 million, coupled with the non-recurring restructuring costs included last year led to an improvement in the now positive profit before tax of €33 million (2009: a loss of €71 million).

As the second phase of One4C, the transfer of medium-sized corporate customers (with revenues up to €50 million) from the Corporate & Investment Banking division was carried out as planned at the start of 2011 and not in the 2010 financial year, the net income for 2010 does not yet fully reflect the profitability of the division.

Income statement of the Private Banking division (€ millions)

INCOME/EXPENSES	2010	2009	Q4 2010	Q3 2010	Q2 2010	Q1 2010
Net interest income	**109**	**119**	**34**	**26**	**25**	**24**
Net fees and commissions	179	179	41	39	48	51
Net trading income	—	—	—	—	—	—
Net other expenses/income	1	8	—	2	(1)	—
Net non-interest income	**180**	**187**	**41**	**41**	**47**	**51**
TOTAL REVENUES	**289**	**306**	**75**	**67**	**72**	**75**
Payroll costs	(75)	(72)	(18)	(19)	(19)	(19)
Other administrative expenses	(91)	(100)	(21)	(23)	(23)	(24)
Amortisation, depreciation and impairment losses on intangible and tangible assets	(2)	(1)	(1)	—	(1)	—
Operating costs	**(168)**	**(173)**	**(40)**	**(42)**	**(43)**	**(43)**
OPERATING PROFIT	**121**	**133**	**35**	**25**	**29**	**32**
Restructuring costs	(22)	(3)	(22)	—	—	—
Net write-downs of loans and provisions for guarantees and commitments	(2)	4	—	(1)	—	(1)
Net income from investments and other items[1]	26	(9)	28	(2)	—	—
PROFIT BEFORE TAX	**123**	**125**	**41**	**22**	**29**	**31**
Cost-income ratio in %	58.1	56.5	53.3	62.7	59.7	57.3

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

Development of the Private Banking division

The Private Banking division generated a profit before tax of €123 million in the 2010 financial year and thus almost equalled last year's figure (€125 million).

There was a 5.6% decline in total revenues, primarily on account of lower net interest income. Net interest income fell by €10 million to €109 million largely as a result of falling interest margins but also because of a decline in the average volume in the deposit-taking business.

The cost-income ratio rose by 1.6 percentage points to 58.1% in 2010 due to the reduction in total revenues. This was partly offset by the development in operating costs, where a 2.9% reduction was achieved by implementing cost-cutting measures.

In non-operating profit, restructuring costs of €22 million incurred in connection with the sale of parts of the private banking business of UniCredit Luxembourg S.A. were more than compensated by the resulting gain on disposal of €27 million reported under net income from investments.

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

INCOME/EXPENSES	2010	2009	Q4 2010	Q3 2010	Q2 2010	Q1 2010
TOTAL REVENUES	**602**	**516**	**139**	**170**	**92**	**201**
Operating costs	**(192)**	**(210)**	**(44)**	**(51)**	**(43)**	**(54)**
OPERATING PROFIT	**410**	**306**	**95**	**119**	**49**	**147**
Restructuring costs	(18)	(17)	(18)	—	—	—
Net write-downs of loans and provisions for guarantees and commitments	(56)	(6)	(2)	3	(42)	(15)
Net income from investments and other items[1]	(110)	(2)	(33)	(35)	(33)	(9)
PROFIT/(LOSS) BEFORE TAX	**226**	**281**	**42**	**87**	**(26)**	**123**

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

Development of the Other/consolidation segment

In the year under review, the total revenues of this segment increased by €86 million, to €602 million, compared with the €516 million in the previous year. Within this total, there was a significant increase particularly in net interest income and net other expenses/income whereas net trading income decreased.

With operating costs declining by €18 million, the operating profit significantly improved by €104 million, to €410 million (2009: €306 million) on account of higher earnings.

It was necessary to add €56 million (2009: €6 million) to net write-downs of loans and provisions for guarantees and commitments in the year under review. The loss of €110 million in net income from investments and other items (2009: a loss of €2 million) arose in the year under review primarily as a result of higher impairments taken on investment properties. The profit before tax declined by €55 million, to €226 million (2009: €281 million), in the 2010 financial year.

29 Balance sheet figures, broken down by division

(€ millions)

	CORPORATE & INVESTMENT BANKING	RETAIL	PRIVATE BANKING	OTHER/ CONSOLIDATION	HVB GROUP[1]
Loans and receivables with banks					
2010	45,426	660	26	220	**46,332**
2009	41,009	721	7	1,517	**43,254**
Loans and receivables with customers					
2010	98,641	31,788	4,673	4,249	**139,351**
2009	102,173	34,091	4,570	5,085	**145,919**
Goodwill					
2010	419	5	—	—	**424**
2009	419	5	—	—	**424**
Deposits from banks					
2010	45,126	2,517	226	4,018	**51,887**
2009	43,834	2,447	221	4,202	**50,704**
Deposits from customers					
2010	63,957	29,828	8,011	6,698	**108,494**
2009	49,509	29,840	10,103	7,038	**96,490**
Debt securities in issue					
2010	7,439	193	139	40,905	**48,676**
2009	15,090	394	194	45,608	**61,286**
Risk-weighted assets compliant with Basel II					
(including equivalents for market risk and					
operational risk)					
2010	105,313	10,133	1,690	7,335	**124,471**
2009	95,898	9,348	1,486	8,370	**115,102**

1 balance sheet figures for non-current assets or disposal groups held for sale are shown separately in Notes 57 and 67

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

	2010	2009
Corporate & Investment Banking	4,496	4,594
Retail	7,611	7,404
Private Banking	777	758
Global Banking Services	1,937	1,734
Group Corporate Centre	4,325	4,384
Total	**19,146**	**18,874**

1 in full-time equivalents

The total number of HVB Group employees (shown as full-time equivalents) at 31 December 2010 was 272 more than at year-end 2009. This change is attributable primarily to the initial consolidation of subsidiaries at year-end 2010. Adjusted for the effects of consolidation, the total declined by 790, with the number of employees falling in the divisions with the exception of Private Banking.

31 Segment reporting by region

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

Income statement, broken down by region (€ millions)

	GERMANY	REST OF EUROPE	AMERICAS	ASIA	CONSOLIDATION	HVB GROUP
TOTAL REVENUES						
2010	5,133	1,822	162	33	(592)	6,558
2009[1]	5,681	1,685	287	118	(841)	6,930
OPERATING PROFIT/(LOSS)						
2010	2,064	1,178	81	24	(222)	3,125
2009[1]	2,233	1,353	198	46	(362)	3,468

1 definition of total revenues and operating profit/(loss) in the regions adjusted in 2009

Total assets, broken down by region (€ millions)

	2010	2009
Germany	305,009	290,892
Rest of Europe	129,932	139,386
Americas	12,041	11,273
Asia	5,310	4,988
Consolidation	(80,383)	(83,119)
Total	**371,909**	**363,420**

Employees, broken down by region[1]

	2010	2009
Germany	17,119	17,020
Rest of Europe	1,590	1,356
Africa	3	2
Americas	218	237
Asia	216	259
Total	**19,146**	**18,874**

1 in full-time equivalents

Notes to the Income Statement

32 Net interest income

(€ millions)

	2010	2009
Interest income from		
lending and money market transactions	5,996	7,563
other interest income	2,704	3,496
Interest expense from		
deposits	(1,273)	(2,174)
debt securities in issue and other interest expenses	(3,327)	(4,409)
Net interest	**4,100**	**4,476**
Dividends and other income from equity investments		
Dividends and other similar income	142	45
Companies accounted for using the equity method	6	7
Total	**4,248**	**4,528**

Interest income and interest expense for financial assets and liabilities not carried at fair value through profit or loss totalled €6,517 million (2009: €8,140 million) and €3,994 million (2009: €5,669 million), respectively. In this context, it should be noted that a comparison of these latter figures is of only limited informative value in economic terms, as the interest expenses for financial liabilities that are not measured at fair value through profit or loss also include refinancing for financial assets at fair value through profit or loss and partially for financial assets held for trading as well.

33 Net fees and commissions

(€ millions)

	2010	2009
Management, brokerage and consultancy services	732	647
Collection and payment services	180	179
Lending operations	403	352
Other service operations	(3)	9
Total	**1,312**	**1,187**

This item comprises the balance of fee and commission income of €2,154 million (2009: €2,160 million) and fee and commission expense of €842 million (2009: €973 million).

34 Net trading income

(€ millions)

	2010	2009
Net gains on financial assets held for trading[1]	654	1,065
Effects arising from hedge accounting	54	30
Changes in fair value of hedged items	(403)	(428)
Changes in fair value of hedging derivatives	457	458
Net gains/(losses) on financial assets at fair value through profit or loss (fair value option)[2]	(62)	(73)
Other net trading income	113	52
Total	**759**	**1,074**

1 including dividends from financial assets held for trading
2 also including the valuation results of derivatives concluded to hedge financial assets through fair value at profit or loss (effect in 2010: minus €200 million; 2009: plus €159 million)

Other net trading income includes positive effects from the partial buy-back of hybrid capital.

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

35 Net other expenses/income

(€ millions)

	2010	2009
Other income	373	399
Other expenses	(134)	(258)
Total	**239**	**141**

Net other expenses/income totalled €239 million in 2010 (2009: €141 million). The total includes a net gain from income and current expenses from investment properties and from rental income less current expenses from mixed usage buildings (€143 million; 2009: €104 million).

At the same time, there were gains of €18 million (2009: €76 million) on the sale of unimpaired receivables.

The 2009 total included income of €74 million arising from services performed and charged on. Other expenses also included effects of €73 million arising from the revaluation of assets as part of the initial consolidation of Redstone Mortgages Limited, London, and valuation expenses of €43 million accruing in connection with the acquisition of shares in real estate funds.

36 Operating costs

(€ millions)

	2010	2009
Payroll costs	**(1,756)**	**(1,822)**
Wages and salaries	(1,473)	(1,514)
Social security costs	(215)	(211)
Pension and other employee benefit costs	(68)	(97)
Other administrative expenses	**(1,459)**	**(1,418)**
Amortisation, depreciation and impairment losses	**(218)**	**(222)**
on property, plant and equipment	(132)	(116)
on software and other intangible assets, excluding goodwill	(86)	(106)
Total	**(3,433)**	**(3,462)**

The Bank has modified its bonus schemes to reflect the new regulations coming into force with the amended supervisory rules governing bonus payments (Instituts-Vergütungsverordnung). For employees whose activities have a significant influence on the Bank's overall risk, the bonus promised for 2010 is divided into a cash component and an equity component. The cash component is disbursed in stages over a longer period of time. Accordingly, this group of employees receives 20–30% of the bonus in 2011 with a commitment to disburse a further 20–30% after the end of 2012; for the remaining 40–60% of the bonus, at the start of 2011 the eligible employees receive a commitment for the allocation of shares of UniCredit S.p.A. as part of the bonus for 2010 to be transferred to the eligible employees after the end of the 2013 financial year. The payment to the eligible employees deferred until after the end of the 2012 financial year and the allocation of shares after the end of the 2013 financial year are subject to two conditions. First, the employee in question must continue to work at UniCredit until the time of payment or transfer; and second, it must be ensured as part of a bonus-malus arrangement that no loss has been recorded, or no significant decline in the result generated, at either the UniCredit consolidated level or the personal level of the individual eligible employee. The promised equity component is subject to the proviso that the Annual General Meeting of UniCredit S.p.A. formally approves the corresponding volume of shares in April 2011.

In addition, the Bank makes deferred disbursement of bonuses in excess of €150 thousand on a voluntary basis: the amount in excess of €150 thousand will be disbursed in three tranches in 2012, 2013 and 2014. The deferred payment of the bonus is subject to two conditions. First, the employee in question must continue to work at UniCredit until the time of payment or transfer; and second, it must be ensured as part of a bonus-malus arrangement that no loss has been recorded, or no significant decline in the result generated, at either the UniCredit consolidated level or the personal level of the individual eligible employee.

Bonuses falling due for disbursement in 2011 are recognised in full as expense. Where cash payments are made at a later date, such payments are subject to the condition that the eligible employees remain employed by UniCredit or partly subject to further performance targets. Accordingly, the vesting period for the promised bonus consists of several financial years (target achievement plus waiting period) and is to be deferred over this period compliant with IAS 19.68. Thus, deferred cash disbursements under the bonus promised for 2010 are recognised as expense in the respective period (from the 2010 financial year to the end of the financial year in which the waiting period for the tranche in question ends) on a pro rata basis.

UniCredit has two different share-based schemes: the long-term incentive programme and the employee share ownership plan, both of which are described below.

Long-term incentive programme

A long-term incentive programme, including share-based remuneration transactions featuring compensation in UniCredit shares (stock options and performance shares), has been set up for executives and junior managers of all UniCredit companies selected using defined criteria.

The following statements relate to all HVB Group executives covered by the long-term incentive programme. The information provided in Note 84 in this regard showing the emoluments paid to members of the Management Board merely relates to the stock options and performance shares granted to members of the Management Board.

The stock options grant entitlement to purchase a UniCredit share at a price which was fixed before the option was issued. The options may only be exercised during a fixed period which starts after the lock-up period expires. If the beneficiary has already left UniCredit by that date, the stock options are normally forfeited, meaning that they can no longer be exercised. The options are acquired on a pro rata basis in certain exceptional circumstances, such as disability, retirement or an employee leaving UniCredit.

The fair values of the stock options at the date of granting are determined using Hull & White's trinomial model. The following parameters have been taken into account in this context:

– The probability of the option expiring due to the beneficiary leaving the company prematurely after the lock-up period has expired;
– Definition of an exercise barrier. This means that the options are only exercised before the end of the exercise period if the current price of the UniCredit shares exceeds the exercise price by the exercise barrier multiplier (usually a factor of 1.5);
– Dividend yield of the UniCredit share;
– Average historical daily volatility over the lock-up period.

No new stock options were granted in 2010.

Analysis of outstanding stock options

	2010			2009		
	TOTAL	AVERAGE STRIKE PRICE (€)	AVERAGE MATURITY	TOTAL	AVERAGE STRIKE PRICE (€)	AVERAGE MATURITY
Outstanding at start of period	**17,586,931[1]**	**4.77[1]**	**August 2018**	**20,833,630**	**4.78**	**August 2018**
Additions						
Newly granted options	—	—	—	974,483[1]	—	—
Releases						
Forfeited stock options	1,596,039	4.98	August 2018	4,221,182	4.87	August 2018
Exercised stock options	—	—	—	—	—	—
Expired stock options	—	—	—	—	—	—
Total at end of period	**15,990,892**	**4.75**	**August 2018**	**17,586,931[1]**	**4.75**	**August 2018**
Exercisable options at end of period	3,131,100	5.37	June 2019	1,780,000	4.82	December 2018

1 figures differ from previous year due to Group transfers

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

A set number of UniCredit shares (performance shares) are transferred free of charge if, after a period of three years, the relevant targets have been met and the recipient is still working for UniCredit; otherwise the performance shares are normally forfeited. The options may be acquired on a pro-rata basis in certain exceptional cases, such as disability, retirement or an employer leaving UniCredit.

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

In 2010, no new performance shares were granted with the exception of the shares arising from the capital increase.

Analysis of outstanding performance shares

	2010		2009	
	TOTAL	AVERAGE MATURITY	TOTAL	AVERAGE MATURITY
Outstanding at start of period	**5,302,700**	**July 2011**	**6,398,643**	**March 2011**
Additions				
Increase in portfolio arising from capital increase				
from company funds	247,277	July 2011	741,200	February 2011
Newly granted performance shares	—	—	313,233[1]	—
Releases				
Forfeited performance shares	403,441	September 2011	1,141,624	June 2011
Transferred performance shares	186,424	December 2009	102,156	December 2008
Expired performance shares	669,607	December 2009	906,596	December 2008
Total at end of period	**4,290,505**	**November 2011**	**5,302,700[1]**	**July 2011**

1 figures differ from previous year due to Group transfers

The fair value on the date of granting is recorded as an expense for performance shares in the period that is decisive for fulfilling the respective criteria.

The expenses for both programmes (stock options and performance shares) totalled €2.7 million at HVB Group in 2010 and will be reimbursed to UniCredit S.p.A. when they fall due.

Employee share ownership plan

An employee share ownership plan has been set up enabling UniCredit employees to purchase UniCredit shares at discounted prices.

Between January 2010 and December 2010, people participating in the plan had the opportunity to use their contributions to buy regular UniCredit shares (known as investment shares). The plan offers the following advantages compared with buying the shares directly on the market:
– One free share (known as a discount share) for every 20 investment shares purchased under the plan (this represents a discount of 5%; the discount shares were allocated in January 2011);
– One additional free share (known as a matching share) for every five investment and discount shares purchased under the plan (this represents a discount of 21%). The matching shares will be allocated in January 2014 until when they are granted as "rights to matching shares".

Thus, employees can enjoy an advantage of around 26% of the investment made as a result of the granting of free shares. Added to this is a tax break that exists in Germany for such employee share ownership plans.

The sale of all free shares (discount and matching shares or the right to such shares) is not permitted for a lock-up period of three years, meaning until January 2014. The rights to matching shares generally expire when employees sell investment shares or they cease to be employed by a UniCredit company before the lock-up period ends. In this case, however, discount shares are retained in every instance. It is intended to operate the plan on an annual basis.

37 Provisions for risks and charges

Provisions for risks and charges amounted to €442 million in the 2010 financial year. The biggest single item is a provision of €425 million for anticipated losses arising from an obligation in connection with the completion of an offshore wind farm. This item also includes provisions for risks and charges relating to litigation risks. A net reversal of provisions relating to property (mainly for rental guarantees and pre-emptive rights) had an offsetting effect.

In 2009, provisions for risks and charges amounted to €151 million. The total included mainly additions to provisions for risks and charges relating to property (for example for rental guarantees) and litigation risks.

38 Restructuring costs

HVB Group recorded restructuring costs of €37 million in the 2010 financial year, mostly in connection with the sale of parts of the private banking activities of UniCredit Luxembourg S.A. (Private Banking division: €22 million). In addition, restructuring expenses of €18 million accrued in the Group Corporate Centre within the Other/consolidation segment.

In 2009, restructuring costs totalled €170 million, resulting mainly from the elimination of positions. Most of the restructuring costs were a result of restructuring activities undertaken as part of the strategic reorientation of the Corporate & Investment Banking division (€87 million). The remaining restructuring costs relate to the Retail (€63 million) and Private Banking (€3 million) divisions and Other/consolidation (€17 million).

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

(€ millions)

	2010	2009
Additions	**(1,594)**	**(2,480)**
Allowances for losses on loans and receivables	(1,485)	(2,368)
Allowances for losses on guarantees and indemnities	(109)	(112)
Releases	**914**	**800**
Allowances for losses on loans and receivables	882	783
Allowances for losses on guarantees and indemnities	32	17
Recoveries from write-offs of loans and receivables	**60**	**77**
Gains on the disposal of impaired loans and receivables	**(12)**	**2**
Total	**(632)**	**(1,601)**

Income from the disposal of performing loans and receivables is disclosed under net other expenses/income. This gave rise to a gain of €18 million in the year under review. The net expenses (net write-downs of loans and provisions for guarantees and commitments, and gains on disposal) for loans and receivables amount to €537 million (2009: €1,430 million).

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

(€ millions)

	2010	2009
Non-consolidated affiliated companies	—	—
Joint ventures	—	—
Associated companies	9	—
Other participating interests	97	—
Total	**106**	**—**

40 Net income from investments

(€ millions)

	2010	2009
Available-for-sale financial assets	10	(290)
Shares in affiliated companies	—	32
Companies accounted for using the equity method	—	(12)
Held-to-maturity investments	—	2
Land and buildings	—	13
Investment properties[1]	(169)	(42)
Other	27	17
Total	**(132)**	**(280)**

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)

	2010	2009
Gains on the disposal of	**86**	**194**
available-for-sale financial assets	59	115
shares in affiliated companies	—	47
companies accounted for using the equity method	—	(6)
held-to-maturity investments	—	8
land and buildings	—	13
other	27	17
Write-downs and value adjustments on	**(218)**	**(474)**
available-for-sale financial assets	(49)	(405)
shares in affiliated companies	—	(15)
companies accounted for using the equity method	—	(6)
held-to-maturity investments	—	(6)
investment properties[1]	(169)	(42)
Total	**(132)**	**(280)**

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

In the 2010 financial year, HVB Group recorded a net loss from investments of €132 million, which is mainly attributable to write-downs and value adjustments of €169 million on investment properties.

The sale of parts of the private banking activities of UniCredit Luxembourg S.A. generated a gain on disposal of €27 million, which is shown under other.

The net loss (gains on disposal less write-downs and valuation adjustments) of €12 million on available-for-sale financial instruments in 2010 arises from private equity funds and direct and co-investments. The total comprises gains of €29 million on disposal and write-downs of €41 million.

The aggregate net loss of €280 million from investments in 2009 was primarily attributable to valuation expenses of €328 million from private equity funds and direct and co-investments together with write-downs of €42 million on investment properties.

The largest single item included in the gains on the disposal of available-for-sale financial assets in 2009 was a gain on the disposal of our holding in ERGO. Among other things, the net income of €32 million from shares in affiliated companies in 2009 included a gain of €46 million on the disposal of our BodeHewitt subsidary and a write-down of €16 million recognised in compliance with IFRS 5 in connection with the sale of Vereinsbank Victoria Bauspar AG in 2009.

41 Income taxes for the period

(€ millions)

	2010	2009
Current taxes	(469)	(398)
Deferred taxes	315	16
Total	**(154)**	**(382)**

The current tax expense for 2010 includes tax expenses of €14 million for previous years. In 2009, this item was reduced by tax income of €41 million for previous years.

The deferred tax income in 2010 comprises net income of €467 million from valuation adjustments on deferred tax assets arising from tax losses carried forward and net expense of €152 million relating to the utilisation of tax losses and the origination, reversal and valuation adjustments of deferred taxes arising from temporary differences.

The deferred tax income in 2009 comprised net income of €32 million from write-ups and write-downs of deferred tax assets as well as net deferred tax expenses of €16 million arising from the origination and utilisation of tax losses and deferred taxes from the origination and reversal of temporary differences.

The differences between computed income tax and recognised income tax are shown in the following reconciliation:

(€ millions)

	2010	2009
Profit before tax	1,882	1,266
Applicable tax rate	15.8%	15.8%
Computed income taxes	(297)	(200)
Tax effects		
arising from previous years and changes in tax rates	(21)	+ 91
arising from foreign income	(127)	(99)
arising from non-taxable income	+ 45	+ 55
arising from different tax laws	+ 95	(140)
arising from non-deductible expenses	(55)	(70)
arising from valuation adjustments and the non-recognition		
of deferred taxes	+ 207	(17)
arising from amortisation of goodwill	—	—
arising from other differences	(1)	(2)
Recognised income taxes	**(154)**	**(382)**

The tax rate applicable in the year under review remained unchanged at 15.8%. It comprises the current rate of corporate income tax in Germany of 15.0% and the solidarity surcharge of 5.5% of corporate income tax.

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

The item tax effects arising from different tax laws comprises primarily current and deferred trade tax in Germany for the current year calculated using tax rates which differ per municipality.

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

(€ millions)

	2010	2009
Deferred tax liabilities		
Loans and receivables with banks and customers, incl. provisions for losses on loans and receivables	62	85
Financial assets/liabilities held for trading	100	102
Investments	155	78
Property, plant and equipment/intangible assets	65	76
Other assets/other liabilities/hedging derivatives	639	555
Deposits from banks/customers	77	87
Other	265	192
Recognised deferred tax liabilities	**1,363**	**1,175**
Deferred tax assets		
Financial assets/liabilities held for trading	390	403
Investments	85	67
Property, plant and equipment/intangible assets	142	75
Provisions	408	296
Other assets/other liabilities/hedging derivatives	699	568
Loans and receivables with banks and customers, incl. provisions for losses on loans and receivables	317	308
Losses carried forward/tax credits	807	524
Other	3	11
Recognised deferred tax assets	**2,851**	**2,252**

German corporations are generally charged a corporate income tax rate of 15.0%, irrespective of any dividend distribution. Deferred taxes are measured for our domestic companies using the uniform corporate income tax rate of 15.8%, including the solidarity surcharge, and the municipal trade tax rate dependent on the applicable municipal trade tax multiplier. At HVB, this resulted in an unchanged overall valuation rate for deferred taxes of 31.4%.

Deferred tax assets of €43 million (2009: €21 million) were credited to the AfS reserve and deferred tax liabilities of €27 million (2009: €91 million) were offset against the hedge reserve. On account of the option set forth in IAS 19.93A, deferred tax assets of €86 million (2009: €101 million) were directly credited to shareholders' equity. In each case, the deferred tax items offset directly against reserves are the balance of deferred tax assets and deferred tax liabilities before adjustment for minority interests.

Compliant with IAS 12, no deferred tax assets have been recognised for unused tax losses of HVB Group of €4,138 million (2009: €5,814 million), most of which do not expire, unused tax credits of €60 million and deductible temporary differences of €1,578 million (2009: €1,432 million).

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

42 Earnings per share

	2010	2009
Consolidated profit attributable to shareholder (€ millions)	1,703	819
Average number of shares	802,383,672	802,383,672
Earnings per share (€)	2.12	1.02

Notes to the Consolidated Balance Sheet

43 Cash and cash balances

(€ millions)

	2010	2009
Cash on hand	491	506
Deposits central banks	2,574	5,894
Total	**3,065**	**6,400**

44 Financial assets held for trading

(€ millions)

	2010	2009
Balance-sheet assets		
Fixed-income securities	26,952	33,950
Equity instruments	6,422	6,586
Other financial assets held for trading	11,529	11,772
Positive fair value from derivative financial instruments	**88,486**	**81,081**
Total	**133,389**	**133,389**

The financial assets held for trading include €392 million (2009: €512 million) in subordinated assets.

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

(€ millions)

	2010	2009
Non-consolidated affiliated companies	16,765	15,173
Joint ventures	—	—
Associated companies	—	—
Other participating interests	31	299
Total	**16,796**	**15,472**

The largest single item within financial assets held for trading of non-consolidated affiliated companies relates to derivative transactions involving UniCredit and UniCredit Bank Austria AG.

45 Financial assets at fair value through profit or loss

(€ millions)

	2010	2009
Fixed-income securities	24,555	11,266
Equity instruments	—	1
Investment certificates	1	1
Promissory notes	2,075	2,490
Other financial assets at fair value through profit or loss	—	—
Total	**26,631**	**13,758**

82% of the promissory notes was issued by the federal states and regional authorities in the Federal Republic of Germany. The remaining promissory notes were issued by European central and regional governments.

On account of the prime ratings of the promissory notes, the fair value fluctuations contain no effects from changes in credit ratings.

The financial assets at fair value through profit or loss include €297 million (2009: €274 million) in subordinated assets.

46 Available-for-sale financial assets

(€ millions)

	2010	2009
Fixed-income securities	3,974	2,433
Equity instruments	778	862
Other available-for-sale financial assets	448	475
Impaired assets	715	671
Total	**5,915**	**4,441**

Available-for-sale financial assets include financial instruments of €1,416 million (2009: €1,444 million) valued at cost compliant with IAS 39.46. Within this total, equity instruments with a carrying amount of €20 million were sold during 2010, yielding a gain of €24 million.

The available-for-sale financial assets contain a total of €715 million (2009: €671 million) in impaired assets for which impairments of €61 million (2009: €419 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 €493 million (2009: €257 million) in subordinated assets.

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

(€ millions)

	2010	2009
Associated companies accounted for using the equity method	94	88
of which: goodwill	—	—
Joint ventures accounted for using the equity method	—	—
Total	**94**	**88**

Change in portfolio of shares in associated companies

(€ millions)

2009	ASSOCIATED COMPANIES ACCOUNTED FOR USING THE EQUITY METHOD
Carrying amounts at 1 January	**32**
Additions	**88**
Purchases	—
Write-ups	—
Changes from currency translation	—
Other additions[1]	88
Disposals	**(32)**
Sales	(25)
Impairments	(6)
Changes from currency translation	(1)
Non-current assets or disposal groups held for sale	—
Other disposals[1]	—
Carrying amounts at 31 December	**88**
2010	ASSOCIATED COMPANIES ACCOUNTED FOR USING THE EQUITY METHOD
Carrying amounts at 1 January	**88**
Additions	**6**
Purchases	—
Write-ups	—
Changes from currency translation	—
Other additions[1]	6
Disposals	**—**
Sales	—
Impairments	—
Changes from currency translation	—
Non-current assets or disposal groups held for sale	—
Other disposals[1]	—
Carrying amounts at 31 December	**94**

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

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

(€ millions)

	2010	2009
Property, plant and equipment	241	252
Intangible assets	601	475
Other assets	262	240
Total assets	**1,104**	**967**

(€ millions)

	2010	2009
Deposits from banks	194	169
Other liabilities	531	440
Equity	379	358
Total liabilities	**1,104**	**967**

(€ millions)

	2010	2009
Net interest income	2	—
Net other expenses/income	1,412	1,318
Operating costs	(1,377)	(1,270)
Profit before tax	**37**	**48**
Income tax	(14)	(18)
Consolidated profit	**23**	**30**

There were no changes in value at companies accounted for using the equity method arising from other comprehensive income or other equity items.

48 Held-to-maturity investments

(€ millions)

	2010	2009
Fixed-income securities	2,596	2,675
Impaired assets	4	4
Total	**2,600**	**2,679**

Held-to-maturity investments include a total of €4 million (2009: €4 million) in impaired assets. No impairments were taken to the income statement during the year under review. None of the non-impaired debt instruments are financial instruments past due.

The held-to-maturity investments include €15 million (2009: €15 million) in subordinated assets.

The disposals carried out in 2009 were immaterial as a proportion of the item as a whole, meaning that HVB Group complied with the tainting rules defined in IAS 39 AG22.

Development of held-to-maturity investments (€ millions)

	2010	2009
Balance at 1 January	**2,679**	**6,020**
Additions		
Purchases	—	18
Write-ups	—	—
Other additions	19	—
Disposals		
Sales	—	(95)
Redemptions at maturity	(98)	(3,200)
Write-downs	—	(7)
Other disposals	—	(57)
Balance at 31 December	**2,600**	**2,679**

Held-to-maturity investments of related entities

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

	2010	2009
Non-consolidated affiliated companies	2,105	2,104
Joint ventures	—	—
Associated companies	—	—
Other participating interests	—	—
Total	**2,105**	**2,104**

This item relates exclusively to a security issued by UniCredit.

49 Loans and receivables with banks

(€ millions)

	2010	2009
Current accounts and demand deposits	16,222	14,887
Repos[1]	12,343	10,265
Reclassified securities	4,983	8,349
Other loans to banks	12,784	9,753
Total	**46,332**	**43,254**

1 repurchase agreements

The loans and receivables with banks included €784 million (2009: €862 million) in subordinated assets at 31 December 2010.

Loans and receivables with related entities

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

	2010	2009
Non-consolidated affiliated companies	11,006	4,568
Joint ventures	—	—
Associated companies	—	—
Other participating interests	182	50
Total	**11,188**	**4,618**

The largest single item within loans and receivables from non-consolidated affiliated companies relates to loans and receivables with UniCredit and UniCredit Bank Austria AG.

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

(€ millions)

	2010	2009
Properly serviced loans and receivables		
Carrying amount before allowances	46,206	42,884
Portfolio allowances[1]	19	19
Carrying amount	**46,187**	**42,865**
Properly serviced loans and receivables past due		
Carrying amount before allowances	—	—
Portfolio allowances[1]	—	—
Carrying amount	**—**	**—**
Non-performing loans and receivables		
Carrying amount before allowances	296	566
Specific allowances	151	177
Carrying amount	**145**	**389**

1 including provisions for country risks

The non-performing loans and receivables are essentially the loans and receivables in rating classes 8–, 9 and 10. These include receivables totalling €40 million that are no longer assigned to rating classes 8–, 9 and 10 due to improved credit standings, but which have been in these classes for a total period of 24 months since first being classified as non-performing.

(€ millions)

	2010	2009
Loans and receivables broken down by rating class		
Not rated	7,848	4,919
Rating class 1 – 4	35,969	36,593
Rating class 5 – 8	2,422	1,362
Rating class 9 – 10	93	380
Collateral broken down by rating class		
Not rated	2	—
Rating class 1 – 4	11,785	11,083
Rating class 5 – 8	670	1,036
Rating class 9 – 10	21	251

50 Loans and receivables with customers

(€ millions)

	2010	2009
Current accounts	8,923	6,349
Repos[1]	484	971
Mortgage loans	50,062	56,012
Finance leases	2,600	2,357
Reclassified securities	6,068	8,009
Non-performing loans and receivables	5,095	5,029
Other loans and receivables	66,119	67,192
Total	**139,351**	**145,919**

1 repurchase agreements

The loans and receivables with customers include €2,006 million (2009: €2,054 million) in subordinated assets.

Loans and receivables with related entities

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

(€ millions)

	2010	2009
Non-consolidated affiliated companies	656	336
Joint ventures	—	—
Associated companies	10	69
Other participating interests	891	860
Total	**1,557**	**1,265**

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

(€ millions)

	2010	2009
Properly serviced loans and receivables		
Carrying amount before allowances	130,496	138,629
Portfolio allowances[1]	579	550
Carrying amount	**129,917**	**138,079**
Properly serviced loans and receivables past due		
Carrying amount before allowances	4,364	2,823
Portfolio allowances[1]	25	12
Carrying amount	**4,339**	**2,811**
Non-performing loans and receivables		
Carrying amount before allowances	9,380	9,493
Portfolio allowances[1]	4,285	4,464
Carrying amount	**5,095**	**5,029**

1 including provisions for country risks

The non-performing loans and receivables are essentially the loans and receivables in rating classes 8–, 9 and 10. These include receivables totalling €600 million that are no longer assigned to rating classes 8–, 9 and 10 due to improved credit standings, but which have been in these classes for a total period of 24 months since first being classified as non-performing.

(€ millions)

	2010	2009
Carrying amount of properly serviced loans and receivables past due, broken down by period past due		
1 – 30 days	3,852	2,426
31 – 60 days	363	300
61 – 90 days	124	85

(€ millions)

	2010	2009
Value of collateral broken down by period past due		
1 – 30 days	1,421	871
31 – 60 days	37	50
61 – 90 days	21	11

(€ millions)

	2010	2009
Loans and receivables broken down by rating class		
Not rated	9,254	10,267
Rating class 1 – 4	59,721	64,975
Rating class 5 – 8	65,787	66,418
Rating class 9 – 10	4,589	4,259
Collateral broken down by rating class		
Not rated	2,154	3,011
Rating class 1 – 4	22,774	21,147
Rating class 5 – 8	31,263	32,283
Rating class 9 – 10	2,151	2,148

Amounts receivable from lease operations (finance leases)

(€ millions)

	2010	2009
Gross investment value (by remaining maturity)		
up to 12 months	1,263	1,138
from 1 year to 5 years	1,518	1,418
from 5 years and over	145	161
Total gross investment	**2,926**	**2,717**
of which:		
unguaranteed residual values	—	—
Unrealised finance income (by remaining maturity)		
up to 12 months	(115)	(125)
from 1 year to 5 years	(142)	(149)
from 5 years and over	(16)	(15)
Total unrealised finance income	**(273)**	**(289)**
Net investment (by remaining maturity)		
up to 12 months	1,148	1,013
from 1 year to 5 years	1,376	1,269
from 5 years and over	129	146
Total net investment	**2,653**	**2,428**

For the lessor, the gross investment in the lease is the aggregate of the minimum lease payments under a finance lease and any unguaranteed residual value accruing to the lessor. The minimum lease payments are the payments over the lease term that the lessee has to make or can be required to make together with any residual values guaranteed.

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

Unrealised finance income is the difference between the lessor's gross investment in the lease and its present value (net investment).

51 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			
Gross additions[1]	2,303	63	2,366
Releases	(768)	(15)	(783)
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	(1,285)	—	(1,285)
Effects of currency translation and other changes not affecting income	95	(1)	94
Non-current assets or disposal groups held for sale	—	—	—
Balance at 31 December 2009	**4,641**	**581**	**5,222**
	SPECIFIC ALLOWANCES	PORTFOLIO ALLOWANCES	TOTAL
Balance at 1 January 2010	**4,641**	**581**	**5,222**
Changes affecting income			
Gross additions[1]	1,453	44	1,497
Releases	(869)	(13)	(882)
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	(858)	—	(858)
Effects of currency translation and other changes not affecting income	69	11	80
Non-current assets or disposal groups held for sale	—	—	—
Balance at 31 December 2010	**4,436**	**623**	**5,059**

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

Breakdown of allowances for receivables

(€ millions)

	LOANS AND RECEIVABLES WITH BANKS 2010	LOANS AND RECEIVABLES WITH BANKS 2009	LOANS AND RECEIVABLES WITH CUSTOMERS 2010	LOANS AND RECEIVABLES WITH CUSTOMERS 2009
Properly serviced loans and receivables				
Carrying amount before allowances	46,206	42,884	134,860	141,452
Portfolio allowance	19	19	604	562
Carrying amount	**46,187**	**42,865**	**134,256**	**140,890**
Loans and receivables with allowances				
Carrying amount before allowances	296	566	9,380	9,493
Specific allowances	151	177	4,285	4,464
Carrying amount	**145**	**389**	**5,095**	**5,029**

52 Hedging derivatives

(€ millions)

	2010	2009
Micro fair value hedge	3	278
Fair value hedge portfolio	4,202	3,300
Cash flow hedge	—	—
Total	**4,205**	**3,578**

53 Property, plant and equipment

(€ millions)

	2010	2009
Land and buildings	1,028	1,078
Plant and office equipment	302	278
Other property	1,723	1,225
Total[1]	**3,053**	**2,581**

1 including leased assets of €90 million (2009: €65 million)

Other property refers essentially to Ocean Breeze Energy GmbH & Co KG, Munich. This item also includes the grants of €34 million provided by the European Union that are classified as government grants in accordance with IAS 20. Compliant with IAS 20.24, these grants have been deducted from the acquisition and production cost of the other property on the assets side of the balance sheet. The cash funds were granted on condition that specific expenses could be demonstrated by Ocean Breeze Energy GmbH & Co. KG. The company has provided the necessary evidence.

Development of property, plant and equipment (€ millions)

	LAND AND BUILDINGS	PLANT AND OFFICE EQUIPMENT	TOTAL INTERNALLY USED PROPERTY, PLANT AND EQUIPMENT[1]	OTHER PROPERTY	TOTAL PROPERTY, PLANT AND EQUIPMENT[1]
Acquisition costs at 1 January 2009	**2,121**	**1,170**	**3,291**	**492**	**3,783**
Write-downs and write-ups from previous years	(1,060)	(846)	(1,906)	—	(1,906)
Carrying amounts at 1 January 2009	**1,061**	**324**	**1,385**	**492**	**1,877**
Additions					
Acquisition/production costs	7	65	72	733	805
Write-ups	1	—	1	—	1
Changes from currency translation	—	—	—	—	—
Other additions[3]	60	59	119	—	119
Disposals					
Sales	(2)	(102)	(104)	—	(104)
Amortisation and write-downs	(49)	(65)	(114)	—	(114)
Impairments	—	—	—	—	—
Changes from currency translation	—	—	—	—	—
Non-current assets					
or disposal groups held for sale	—	—	—	—	—
Other disposals[3]	—	(3)	(3)	—	(3)
Carrying amounts at 31 December 2009	**1,078**	**278**	**1,356**	**1,225**	**2,581**
Write-downs and write-ups					
from previous years plus year under review	1,220	644	1,864	—	1,864
Acquisition costs at 31 December 2009	**2,298**	**922**	**3,220**	**1,225**	**4,445**
	LAND AND BUILDINGS	PLANT AND OFFICE EQUIPMENT	TOTAL INTERNALLY USED PROPERTY, PLANT AND EQUIPMENT[1]	OTHER PROPERTY	TOTAL PROPERTY, PLANT AND EQUIPMENT[1]
Acquisition costs at 1 January 2010	**2,298**	**922**	**3,220**	**1,225**	**4,445**
Write-downs and write-ups from previous years	(1,220)	(644)	(1,864)	—	(1,864)
Carrying amounts at 1 January 2010	**1,078**	**278**	**1,356**	**1,225**	**2,581**
Additions					
Acquisition/production costs[2]	7	61	68	476	544
Write-ups	1	—	1	—	1
Changes from currency translation	—	2	2	—	2
Other additions[3]	158	26	184	27	211
Disposals					
Sales	(1)	(14)	(15)	—	(15)
Amortisation and write-downs	(50)	(49)	(99)	(4)	(103)
Impairments	(1)	—	(1)	(1)	(2)
Changes from currency translation	—	—	—	—	—
Non-current assets					
or disposal groups held for sale	—	—	—	—	—
Other disposals[3]	(164)	(2)	(166)	—	(166)
Carrying amounts at 31 December 2010	**1,028**	**302**	**1,330**	**1,723**	**3,053**
Write-downs and write-ups					
from previous years plus year under review	1,383	650	2,033	5	2,038
Acquisition costs at 31 December 2010	**2,411**	**952**	**3,363**	**1,728**	**5,091**

1 including leased assets
2 including government grants of €34 million deducted from other assets on the assets side of the balance sheet
3 also including changes in the group of companies included in consolidation. Company acquisitions had no significant effect

54 Investment properties

The fair value of investment properties at HVB Group, which are measured at amortised cost, totalled €2,026 million (2009: €2,034 million). The appraisals prepared to calculate the fair values are based on recognised appraisal methods used by external assessors, primarily taking the form of asset-value and gross-rental methods. No investment properties measured at fair value were held in 2010.

Investment properties (€ millions)

	MEASURED AT COST	MEASURED AT FAIR VALUE
Acquisition costs at 1 January 2009	**840**	**1,307**
Write-downs and write-ups from previous years	(424)	—
Carrying amounts at 1 January 2009	**416**	**1,307**
Additions		
Purchases	3	—
Write-ups	5	—
Changes from currency translation	—	2
Other additions[1]	1,511	—
Disposals		
Sales	(1)	(193)
Amortisation and write-downs	(14)	—
Impairments	(5)	—
Changes from currency translation	—	—
Non-current assets or disposal groups held for sale	(4)	—
Net gains/losses on the adjustment of fair values	—	(50)
Other disposals[1]	(4)	(1,066)
Carrying amounts at 31 December 2009	**1,907**	**—**
Write-downs and write-ups from previous years plus year under review	363	—
Acquisition costs at 31 December 2009	**2,270**	**—**
	MEASURED AT COST	MEASURED AT FAIR VALUE
Acquisition costs at 1 January 2010	**2,270**	**—**
Write-downs and write-ups from previous years	(363)	—
Carrying amounts at 1 January 2010	**1,907**	**—**
Additions		
Purchases	156	—
Write-ups	4	—
Changes from currency translation	—	—
Other additions[1]	39	—
Disposals		
Sales	(10)	—
Amortisation and write-downs	(41)	—
Impairments	(173)	—
Changes from currency translation	—	—
Non-current assets or disposal groups held for sale	(3)	—
Net gains/losses on the adjustment of fair values	—	—
Other disposals[1]	—	—
Carrying amounts at 31 December 2010	**1,879**	**—**
Write-downs and write-ups from previous years plus year under review	595	—
Acquisition costs at 31 December 2010	**2,474**	**—**

1 also including changes in the group of companies included in consolidation. Company acquisitions had no significant effect

55 Intangible assets

Write-downs on goodwill are shown in a separate item in the income statement. Amortisation of software and other intangible assets is normally stated under amortisation, depreciation and impairment losses on intangible and tangible assets under operating costs.

(€ millions)

	2010	2009
Goodwill	**424**	**424**
Other intangible assets		
Internally generated intangible assets	123	129
Other intangible assets	61	103
Total	**608**	**656**

Development of intangible assets (€ millions)

	GOODWILL FROM AFFILIATED COMPANIES	INTERNALLY GENERATED INTANGIBLE ASSETS	OTHER INTANGIBLE ASSETS
Acquisition costs at 1 January 2009	**1,091**	**466**	**492**
Write-downs and write-ups from previous years	(667)	(254)	(333)
Carrying amounts at 1 January 2009	**424**	**212**	**159**
Additions			
Purchases/internally generated	2	64	39
Write-ups	—	—	—
Changes from currency translation	—	—	—
Other additions[1]	—	6	4
Disposals			
Sales	—	(102)	(29)
Amortisation and write-downs	—	(47)	(62)
Impairments	—	—	—
Changes from currency translation	—	—	—
Non-current assets or disposal groups held for sale	—	—	—
Other disposals[1]	(2)	(4)	(8)
Carrying amounts at 31 December 2009	**424**	**129**	**103**
Write-downs and write-ups from previous years plus year under review	660	287	327
Acquisition costs at 31 December 2009	**1,084**	**416**	**430**

1 also including changes in the group of companies included in consolidation. Company acquisitions had no significant effect

Development of intangible assets (€ millions)

	GOODWILL FROM AFFILIATED COMPANIES	INTERNALLY GENERATED INTANGIBLE ASSETS	OTHER INTANGIBLE ASSETS
Acquisition costs at 1 January 2010	**1,084**	**416**	**430**
Write-downs and write-ups from previous years	(660)	(287)	(327)
Carrying amounts at 1 January 2010	**424**	**129**	**103**
Additions			
Purchases/internally generated	—	29	14
Write-ups	—	—	—
Changes from currency translation	—	—	—
Other additions[1]	—	6	1
Disposals			
Sales	—	—	(6)
Amortisation and write-downs	—	(40)	(45)
Impairments	—	(1)	—
Changes from currency translation	—	—	—
Non-current assets or disposal groups held for sale	—	—	—
Other disposals[1]	—	—	(6)
Carrying amounts at 31 December 2010	**424**	**123**	**61**
Write-downs and write-ups from previous years plus year under review	660	327	366
Acquisition costs at 31 December 2010	**1,084**	**450**	**427**

1 also including changes in the group of companies included in consolidation. Company acquisitions had no significant effect

HVB no longer generates any software internally. Software is provided to HVB by the UniCredit-wide service provider UGIS. Since we have consolidated UGIS using the equity method since 2009, corresponding spending by UGIS is no longer included here.

56 Income tax assets

(€ millions)

	2010	2009
Current tax assets	406	360
Deferred tax assets	2,851	2,252
Total	**3,257**	**2,612**

57 Non-current assets or disposal groups held for sale

The sale of parts of the private banking activities of UniCredit Luxembourg S.A. agreed by UniCredit Luxembourg S.A. and DZ Privatbank S.A. in September 2010 was completed with effect from 31 December 2010. The gain on disposal of €27 million realised on the transaction is included under net income from investments in the income statement (see Note 40). The assets (loans and receivables with customers) were transferred at the beginning of January 2011. Also classified as held for sale are certain investment properties relating to the disposal of non-strategic property.

(€ millions)

ASSETS	2010	2009
Loans and receivables with customers	25	—
Investment properties	3	4
Total	**28**	**4**

58 Other assets

Other assets include prepaid expenses of €80 million (2009: €78 million).

59 Own securitisation

One of the goals of securitisation transactions is to reduce risk-weighted assets. Accordingly, the prime motivation for our securitisation programmes is the desire to reduce the risk in our loan portfolio and to achieve the optimum capital allocation for creating value. In order to reduce risk-weighted assets in a way that is recognised by the supervisory authorities, at least 50% of the risk-weighted assets relating to the mezzanine tranches of the underlying pool of receivables must be transferred compliant with Section 232 of the German Solvency Regulation (SolvV); the securitising institution may retain the remaining portion. The extent to which the Bank then actually retains risks depends on the current market conditions and the type of securitisation transaction (synthetic or true sale), among other factors.

Synthetic securitisation requires the portfolio to be divided into at least two tranches. The credit risk inherent in the underlying receivables is spread over the tranches with different risk profiles. A traditional securitisation transaction (true sale transactions), on the other hand, is structured in such a way that the cash flow from the underlying receivables services at least two tranches reflecting different risk profiles.

In the case of synthetic securitisation, the transfer of risk and the ensuing reduction in capital requirements is essentially achieved using hedges in the form of guarantees and credit derivatives (credit default swaps, credit-linked notes). In the case of traditional securitisation, this is achieved by selling balance sheet assets (true sale).

The Provide-A 2004-1, Geldilux-TS-2005, Building Comfort 2007 and SFA-3-2008 transactions expired or were terminated during 2010. The SFA-1-2008, SFA-2-2008, Geldilux-TS-2008 and EuroConnect Issuer LC 2007-1 transactions are no longer recognised so as to reduce risk-weighted assets.

At 31 December 2010, the total volume of lending in HVB Group's full set of existing securitisation programmes put in place to reduce risk-weighted assets amounted to €12.0 billion, serving to deduct a gross amount of €4.4 billion from risk-weighted assets compliant with Basel II or a net amount of €2.4 billion, taking account of the retained tranches. Here, a risk weighting of 1.250% is assumed for the items deductible from capital.

With the Geldilux-TS-2007 and Geldilux-TS-2008 true sale transactions that have been carried out, the underlying receivables with a carrying amount of €3.6 billion are still recognised in full in the balance sheet. Compliant with SIC 12, the special purpose entities set up for this purpose – Geldilux-TS-2007 S.A. and Geldilux-TS-2008 S.A. – are fully consolidated.

The Rosenkavalier 2008 true sale transaction was carried out with a view to using the securities generated as collateral for repurchase agreements with the ECB. HVB Group continues to recognise the underlying receivables and the special purpose entity set up for this purpose as fully consolidated compliant with SIC 12. The volume of lending involved totalled €8.6 billion at 31 December 2010. The Bank has retained all the tranches, meaning that there is no reduction in risk-weighted assets.

HVB Group continued its securitisation activities in 2010 with a new Geldilux transaction (Geldilux-TS-2010). This true sale transaction was carried out with a volume of €0.5 billion in order to exploit attractive funding conditions. The special purpose entity set up for this purpose is fully consolidated compliant with SIC 12 and the underlying receivables with a carrying amount of €0.6 billion are still recognised in the balance sheet in full. Since the subordinated tranche was retained, there is no reduction in risk-weighted assets.

Current securitisation transactions serving to reduce risk-weighted assets

The figures shown in the table are carrying amounts at the reporting date of 31 December 2010.

ISSUER	TRANSACTION NAME	LEGAL TRANSACTION MATURITY TRANSACTION CALL DATE	TYPE OF ASSET SECURITISED	TOTAL VOLUME OF LENDING BASEL II € millions	REDUCTION IN RISK-WEIGHTED ASSETS COMPLIANT WITH BASEL II[1] € millions
UniCredit Bank AG	PROVIDE-A 2005-1	25/8/2048 25/2/2011	Private mortgage loans	2,245	264
Total for 2005				**2,245**	**264**
UniCredit Bank AG	PROVIDE-A 2006-1	25/8/2048 25/5/2012	Private mortgage loans	1,469	215
UniCredit Bank AG	Promise-XXS 2006-1	12/5/2024 12/8/2012	Corporate loans	1,475	671
Total for 2006				**2,944**	**886**
UniCredit Luxembourg S. A.	GELDILUX-TS-2007	8/9/2012 8/4/2012	Euroloans	2,100	1,866
UniCredit Bank AG	EuroConnect Issuer SME 2007-1	15/11/2030 15/2/2015	Corporate loans	1,297	614
Total for 2007				**3,397**	**2,480**
UniCredit Bank AG	Building Comfort 2008	25/9/2050 25/9/2013	Private mortgage loans	2,124	283
UniCredit Bank AG	EuroConnect Issuer SME 2008-1	17/4/2033 17/4/2014	Corporate loans	1,295	483
Total for 2008				**3,419**	**766**
Total				**12,005**	**4,396**

1 does not include any retained risks

60 Deposits from banks

(€ millions)

	2010	2009
Deposits from central banks	**4,396**	**8,385**
Deposits from banks	**47,491**	**42,319**
Current accounts and demand deposits	12,815	13,553
Reverse repos[1]	8,071	5,574
Other liabilities	26,605	23,192
Total	**51,887**	**50,704**

1 repurchase agreements

Amounts owed to related entities

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

(€ millions)

	2010	2009
Non-consolidated affiliated companies	7,506	4,325
Joint ventures	—	—
Associated companies	—	—
Other participating interests	73	12
Total	**7,579**	**4,337**

The largest single amount within amounts owed to non-consolidated affiliated companies relates to UniCredit and UniCredit Bank Austria AG.

61 Deposits from customers

(€ millions)

	2010	2009
Current accounts and demand deposits	47,893	41,281
Savings deposits	14,893	13,183
Reverse repos[1]	10,010	1,834
Other liabilities	35,698	40,192
Total	**108,494**	**96,490**

1 repurchase agreements

Amounts owed to related entities and persons

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

(€ millions)

	2010	2009
Non-consolidated affiliated companies	1,061	320
Joint ventures	—	1
Associated companies	16	27
Other participating interests	154	628
Total	**1,231**	**976**

62 Debt securities in issue

(€ millions)

	2010	2009
Bonds	46,142	59,265
Other securities	2,534	2,021
Total	**48,676**	**61,286**

Debt securities in issue, payable to related entities

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

(€ millions)

	2010	2009
Non-consolidated affiliated companies	1,591	1,545
Joint ventures	—	—
Associated companies	—	—
Other participating interests	—	—
Total	**1,591**	**1,545**

63 Financial liabilities held for trading

(€ millions)

	2010	2009
Negative fair values arising from derivative financial instruments	91,019	84,394
Other financial liabilities held for trading	36,077	36,812
Total	**127,096**	**121,206**

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

The cumulative valuation effects of the financial liabilities held for trading in the portfolio at 31 December 2010, which result from including the own credit spread, total €115 million. Valuation income of €15 million arising from own credit spread changes accrued for these holdings in the year under review.

64 Hedging derivatives

(€ millions)

	2010	2009
Micro fair value hedge	16	98
Fair value hedge portfolio	2,075	1,271
Cash flow hedge	—	—
Total	**2,091**	**1,369**

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

The net changes in fair value of portfolio hedged items for receivables and liabilities with interest rate hedges total €1,471 million. This is offset on the assets side by an economic equivalent amount of approximately the same size disclosed under hedging derivatives. The hedge adjustments are recognised as gross amounts for some subsidiaries for which it is possible to hedge assets and liabilities separately. The corresponding amount on the assets side of the balance sheet is €100 million.

66 Income tax liabilities

(€ millions)

	2010	2009
Current tax liabilities	840	674
Deferred tax liabilities	1,363	1,175
Total	**2,203**	**1,849**

67 Liabilities of disposal groups held for sale

In line with the assets attributable to the sale of parts of the private banking activities of UniCredit Luxembourg S.A., as shown in Note 57, we are showing the liabilities allocated to this activity separately in the balance sheet compliant with IFRS 5.

(€ millions)

LIABILITIES	2010	2009
Deposits from customers	597	—
Financial liabilities held for trading	1	—
Total	**598**	**—**

68 Other liabilities

This item essentially encompasses deferred income and accruals compliant with IAS 37. Accruals include, notably, commitments arising from accounts payable with invoices outstanding, short-term liabilities to employees, and other accruals arising from fees and commissions, interest, cost of materials, etc.

69 Provisions

(€ millions)

	2010	2009
Provisions for pensions and similar commitments	51	50
Allowances for losses on guarantees and commitments	283	237
Restructuring provisions	87	121
Actuarial provisions	35	—
Other provisions	1,445	1,091
Total	**1,901**	**1,499**

Provisions for pensions and similar commitments

HVB Group operates both defined benefit plans and defined contribution plans for its employees.

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

In the case of defined contribution plans, the company undertakes to pay defined contributions to external pension funds which will later make the pension payments. Apart from paying the periodic contributions, the company has no further de facto commitments.

Defined benefit plans

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

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

The financial commitments financed by the Pensionskasse der HypoVereinsbank VvaG pension fund are included in the disclosures regarding pension commitments. The standard HVB Group valuation parameters are used when calculating these commitments. The fair value of the plan assets of this plan exceeds the present value of the pension commitments. This does not lead to a defined benefit liability being recognised in the balance sheet. Since any surpluses are attributable to the members of the pension fund and not HVB, it is not possible to capitalise the excess of the plan assets over the present value of the pension commitments for this plan due to the reduction on account of the asset ceiling defined in IAS 19.58B. There were no other instances in which the asset ceiling defined in IAS 19.58B was applied during the year under review.

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

	31/12/2010/ 1/1/2011	31/12/2009/ 1/1/2010
Interest rate	5.00	5.25
Expected return on plan assets	5.00	5.25
Rate of increase in pension commitments	1.70	1.90
Rate of increase in future compensation and vested rights	2.00	2.50
Rate of increase over career	0 – 1.5	0 – 1.5

The funding status developed as follows: (€ millions)

	2010	2009	2008	2007	2006
Funded pension commitments:					
Present value of funded pension commitments	2,937	2,861	2,751	2,305	2,399
Fair value of plan assets	(3,153)	(3,066)	(3,010)	(2,321)	(2,343)
Reduction due to asset ceiling compliant with IAS 19.58B	51	69	104	2	—
Capitalised excess cover of plan assets	171	139	174	37	—
Recognised pension provisions	**6**	**3**	**19**	**23**	**56**
Unfunded pension commitments:					
Present value of unfunded pension commitments	45	47	85	82	134
Total recognised pension provisions	**51**	**50**	**104**	**105**	**190**

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

	2010	2009	2008	2007	2006
Experience adjustments to plan liabilities	(32)	(55)	(18)	(27)	5
Experience adjustments to plan assets	30	(15)	(102)	(58)	9

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

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

	2010	2009
Present value of the pension claims vested in the year under review	(33)	(20)
Interest expense	(117)	(124)
Expected income from plan assets	122	119
Losses from changes to plans	—	—
Total	**(28)**	**(25)**

Pension expense is recognised in payroll costs (pension and other employee benefit costs) as a net amount. The contributions transferred to the pension fund are shown under defined contribution plans and not in this table.

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

	2010	2009
Balance at 1 January	**2,861**	**2,751**
Present value of the pension claims vested in the year under review	43	29
Interest expense	147	153
Contributions from plan participants	4	3
Actuarial gains/(losses)	5	161
Payments affecting liquidity	(129)	(125)
Changes in consolidated group	3	(98)
Changes arising from foreign currency translation	2	3
Other changes	1	(16)
Balance at 31 December	**2,937**	**2,861**

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

	2010	2009
Balance at 1 January	**47**	**85**
Present value of the pension claims vested in the year under review	1	1
Interest expense	2	3
Contributions from plan participants	—	—
Actuarial gains/(losses)	—	1
Payments affecting liquidity	(3)	(4)
Changes in consolidated group	—	(33)
Changes arising from foreign currency translation	—	—
Other changes	(2)	(6)
Balance at 31 December	**45**	**47**

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

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

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

	2010	2009
Equities	13	5
Fixed-income securities	90	89
Property	85	84
Other assets	84	89
Investment funds	2,881	2,799
Plan assets	**3,153**	**3,066**

The following table shows the development of the plan assets: (€ millions)

	2010	2009
Balance at 1 January	**3,066**	**3,010**
Expected income from plan assets	158	153
Actuarial gains/(losses)	30	5
Allocations to plan assets	24	105
Employee contributions	—	—
Disbursements to beneficiaries	(129)	(125)
Additional allocations in the form of benefits not taken	—	—
Changes in exchange rates	2	4
Changes in consolidated group	2	(86)
Balance at 31 December	**3,153**	**3,066**

With regard to the plan assets, the item actuarial gains shows the difference between the expected income from plan assets and the income from plan assets actually realised. The balance of expected income and actuarial gains from plan assets gives the actual income from plan assets of €188 million.

The cumulative actuarial losses recognised in shareholders' equity compliant with IAS 19.93A totalled €274 million in 2010 (2009: €324 million) before deferred taxes and minority interests. Compliant with IAS 19.93C, the total also includes adjustments caused by changes in the limit defined in IAS 19.58B in that changes to the fair value of plan assets that are subject to a cap due to the limit set in IAS 19.58B are not included in the income from plan assets.

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

HVB Group is planning to make contributions totalling €21 million to defined benefit plans in 2011.

Defined contribution plans
HVB Group companies make contributions for commitments made by independent pension organisations. The pension obligations funded through retirement benefit corporations with matching cover are recognised as defined contribution plans. The cost of defined contribution plans and for the retirement benefit corporation totalled €41 million in 2010 (2009: €61 million).

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

	ALLOWANCES FOR LOSSES ON FINANCIAL GUARANTEES	RESTRUCTURING PROVISIONS	ACTUARIAL PROVISIONS	OTHER PROVISIONS
Balance at 1 January 2010	**237**	**121**	**—**	**1,091**
Changes in consolidated group	—	—	35	5
Changes arising from foreign currency translation	—	—	—	4
Transfers to provisions	110	36	—	658
Reversals	(32)	(7)	—	(206)
Reclassifications	—	(16)	—	11
Amounts used	(32)	(47)	—	(118)
Non-current assets or disposal groups held for sale	—	—	—	—
Balance at 31 December 2010	**283**	**87**	**35**	**1,445**

The allowances for losses on guarantees and commitments primarily include allowances for contingent liabilities (guarantee risks and documentary credits) that will essentially be utilised in the following year.

Transfers were made to restructuring provisions in 2010 within the framework of the sale of parts of the private banking activities of UniCredit Luxembourg S.A. and for optimisations in the Group Corporate Centre. For the most part, this relates to provisions for severance payments, most of which are expected to be used by 2012. The amounts used in 2010 result from restructuring provisions set up in previous years.

The actuarial provisions relate to commitments arising from reinsurance policies written by our Grand Central Re Ltd subsidiary that was consolidated for the first time in the 2010 financial year.

Other provisions include provisions for litigation fees, damage payments, anticipated losses including rental guarantees, a provision arising from an obligation in connection with the completion of an offshore wind farm, and provisions for long-term liabilities to employees such as service anniversary awards, early retirement and partial retirement. The amount of the provision reflects the best estimate of the amount required to settle the obligation at the reporting date. Nevertheless, the amounts involved are subject to uncertainties in the estimates made. Besides the assumptions regarding periods, the cost estimates are validated regularly for rental guarantees in particular.

Other provisions also include the parts of the bonus for 2010 that have been taken to the income statement in the 2010 finiancial year and are disbursed on a deferred basis (starting in 2012). It is considered highly probable that the bonus will be disbursed. For details of the bonus plan for 2010, please refer to Note 36. Besides this, the provisions for the Retention Awards Programme were also carried under other provisions in 2009. In addition to the bonus for the current financial year, selected employees in investment banking receive a retention award which is disbursed later (after two years), provided that these employees are still working for HVB Group at that time. The award granted to the eligible employees attracts interest of 4.2% over the waiting period.

No further provisions were set aside for the Retention Awards Programme in 2010. The Retention Awards Programme from 2007 was disbursed in 2010.

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

70 Shareholders' equity

Breakdown of subscribed capital

At 31 December 2010, the subscribed capital of UniCredit Bank AG totalled €2,407 million (2009: €2,407 million) and consisted of the following:

(total)

	2010	2009
Shares of common bearer stock (no par shares)	802,383,672	787,830,072
Shares of registered preferred stock (no par shares)	—	14,553,600

The proportionate amount of capital stock attributable to the share amounts to €3.00 per no par share.

The capital stock of UniCredit Bank AG was divided into shares of common bearer stock with voting rights and shares of registered preferred stock without voting rights. However, given the change in the shareholder structure, there was no need to maintain this distinction. Consequently, the shares of registered preferred stock without voting rights were converted into shares of common bearer stock with voting rights and the Articles of Association amended accordingly in line with a resolution adopted at the Extraordinary Shareholders' Meeting held on 22 September 2010. This amendment to the Articles of Association was entered in the Commercial Register on 27 September 2010, at which date it took effect.

Change in valuation of financial instruments

The reserves arising from changes in the valuation of financial instruments recognised in equity totalled minus €87 million (2009: plus €5 million) at 31 December 2010. The €92 million decline year-on-year can be attributed to the €141 million decrease in the hedge reserve to €54 million, while the AfS reserve rose by €49 million to minus €141 million. This results primarily from positive fair value fluctuations notably in our shareholdings and fixed-income securities classified as available for sale. This was offset by the effect arising from the sale of available-for-sale financial assets. In 2010, there was a 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.

71 Subordinated capital

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

	2010	2009
Subordinated liabilities	2,628	4,232
Participating certificates outstanding	205	205
Hybrid capital instruments	1,299	1,671
Total	**4,132**	**6,108**

Pursuant to Section 10 (4 and 5a) and as of 31 December 2010 Section 64m (1) KWG and in accordance with the Capital Accord introduced by the Basel Committee on Banking Supervision in July 1988, subordinated capital (subordinated liabilities and hybrid capital instruments) was carried as core capital and supplementary capital in 2010.

No participating certificates outstanding were included in the supplementary capital as of 31 December 2010, as the participating certificates fall due for repayment in less than two years.

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

	2010	2009
Deposits from customers	234	307
Deposits from banks	538	902
Debt securities in issue	3,360	4,899
Total	**4,132**	**6,108**

We have incurred interest expenses of €266 million in connection with this subordinated capital. Subordinated capital includes proportionate interest of €108 million.

Subordinated liabilities

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

There were subordinated liabilities of €802 million payable to related entities in 2010.

Participating certificates outstanding

The following issue represents a major component of HVB Group's participating certificates outstanding:

ISSUER	YEAR OF ISSUE	TYPE	NOMINAL AMOUNT € millions	INTEREST RATE in %	MATURITY
UniCredit Bank AG	2001	Bearer participating certificates	100	6.30	2011

Holders of participating certificates are subordinated creditors and are not entitled to a share of the proceeds on company liquidation.

In each case, the participating certificates grant holders an entitlement to an annual interest payment with priority over the entitlement of shareholders to dividend payments; the interest payments arising from the participating certificates are reduced if such payments would result in a net loss for the year.

In the event of the interest payment being reduced, the shortfall is to be repaid in the subsequent financial years, provided this does not result in a net loss for the year; a claim to repayment only exists, however, during the term of the participating certificates.

Repayment is at the nominal amount; in the event of a net loss for the year or a reduction in the capital stock to cover losses, the redemption amount to which holders are entitled declines proportionately. Where net profits are generated in the subsequent financial years following a participation of the participating certificates in a net loss, the claims to repayment of the participating certificates are to be increased out of these profits before the net income is appropriated in any other way, once the legal reserves have been replenished; this obligation terminates when the participating certificates expire.

Hybrid capital instruments
At 31 December 2010, HVB Group had hybrid core capital of €864 million (eligible amount compliant with the German Banking Act) to bolster its capital base.

The eligible hybrid core capital fell by €322 million compared with the year-ago total, mainly due to the partial buy-backs of the hybrid issues, which were approved by the German Federal Financial Supervisory Authority (BaFin) on account of HVB Group's strong core capital base.

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

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

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

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

Notes to the Cash Flow Statement

72 Notes to the items in the cash flow statement

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

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

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

During 2010, HVB acquired CAIB together with its UniCredit CAIB Securities UK Ltd., London, subsidiary from UniCredit Bank Austria AG with effect from 1 June 2010. The purchase price, which was determined on the basis of an independent, external valuation, totalled €1.24 billion plus the overcapitalisation on hand. The purchase price was paid in cash and is shown in a total amount of €5.9 billion under cash flow from investing activities in the cash flow statement.

The following table shows the assets and liabilities of the companies acquired during 2010. There were no disposals in 2010.

(€ millions)

	ACQUIRED	SOLD	
	2010	2010	2009
Assets			
Cash and cash balances	—	—	—
Financial assets held for trading	17,807	—	—
Financial assets at fair value through profit or loss	2	—	—
Available-for-sale financial assets	82	—	143
Shares in associated companies accounted for using the equity method			
and joint ventures accounted for using the equity method	—	—	—
Held-to-maturity investments	—	—	—
Loans and receivables with banks	9,943	—	1,135
Loans and receivables with customers	26	—	925
Hedging derivatives	1,663	—	—
Property, plant and equipment	—	—	83
Investment properties	—	—	—
Intangible assets	—	—	128
of which: goodwill	—	—	—
Tax assets	59	—	9
Non-current assets or disposal groups held for sale	—	—	—
Other assets	20	—	57
Liabilities			
Deposits from banks	5,758	—	102
Deposits from customers	152	—	1,883
Debt securities in issue	—	—	—
Financial liabilities held for trading	15,843	—	—
Hedging derivatives	1,829	—	—
Hedge adjustment of hedged items in the fair value hedge portfolio	—	—	—
Tax liabilities	54	—	11
Liabilities of disposal groups held for sale	—	—	—
Other liabilities	21	—	159
Provisions	1	—	129

Shares in three fully consolidated companies were sold in 2009. Proceeds of €192 million were generated from the sale of shareholdings, including €86 million in the form of an investment accounted for using the equity method and €106 million in cash.

73 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 DEBT SECURITIES	CARRYING AMOUNT OF ALL RECLASSIFIED ASSETS[1]	FAIR VALUE OF ALL RECLASSIFIED ASSETS	NOMINAL AMOUNT OF ALL RECLASSIFIED ASSETS
Reclassified in 2008			
Balance at 31/12/2008	13.7	11.8	14.6
Balance at 31/12/2009	9.0	8.0	9.7
Balance at 31/12/2010	6.5	5.9	7.0
Reclassified in 2009			
Balance at 31/12/2009	7.3	7.4	7.4
Balance at 31/12/2010	4.6	4.5	4.6
Balance of reclassified assets at 31/12/2010	**11.1**	**10.4**	**11.6**

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 €10.4 billion at 31 December 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 €416 million in net trading income in the 2010 financial year. A net gain of €1,159 million would have arisen in net trading income in 2009 while a net loss of €1,792 million would have accrued in net trading income from the reclassified holdings in 2008. These effects reflect a theoretical, pro forma calculation, as the assets are measured at amortised cost on account of the reclassification.

We took write-downs of loans of €8 million on the reclassified assets in 2010 (2009: €80 million, 2008: €63 million). The fair value at the date when the reclassification takes effect represents the new acquisition cost, which in some cases is considerably less than the nominal value. Accordingly, this difference (discount) is to be amortised over the remaining term of the reclassified financial assets. This together with the reclassified securities that had matured or been partially repaid gives rise to an effect of €160 million (2009: €208 million, 2008: €127 million), which is recognised in net interest income. The effective interest rates for the reclassified securities are in a range from 0.6% to 17.5%.

A gain of €19 million (2009: €83 million) on reclassified securities that had been sold was recognised in the income statement in 2010.

In 2010, the reclassifications carried out in 2008 and 2009 resulted in a profit before tax that was €245 million too low. Between the date when the reclassifications took effect and the reporting date, the cumulative net impact on the income statement from the reclassifications already carried out totalled €663 million before tax (2010: minus €245 million, 2009: minus €948 million, 2008: plus €1,856 million).

74 Notes to selected structured products

Additional information regarding selected structured products is given below in order to provide greater transparency. Assets of fully consolidated commercial paper conduits and other fully consolidated special purpose vehicles are shown alongside tranches retained by HVB Group and holdings of asset-backed securities (ABS) transactions issued by third parties, broken down by various criteria.

ABS portfolio

In a securitisation transaction, above all the originator transfers credit receivables and/or credit risks to third parties. The securitisation itself is usually performed via special purpose vehicles (SPVs). In order to refinance the acquisition of receivables, these SPVs issue securities on the capital market that are secured by the receivables acquired. This serves to transfer the associated credit risks to investors in the form of asset-backed securities. The securities issued by SPVs are generally divided into tranches which differ above all in terms of seniority in the servicing of claims to repayment and interest payments. These tranches are generally assessed by rating agencies.

Other Information (Continued)

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.

Positions retained from own securitisation transactions and in third-party ABS transactions, broken down by rating class (HVB Group without fully consolidated commercial paper conduits and other fully consolidated special purpose vehicles; these are shown separately) (€ millions)

		31/12/2010				31/12/2009
CARRYING AMOUNTS		SENIOR	MEZZANINE	JUNIOR	TOTAL	TOTAL
Positions retained from own securitisations		**317**	**152**	**—**	**469**	**238**
Positions in third-party ABS transactions		**3,816**	**1,309**	**14**	**5,139**	**5,404**
Residential mortgage-backed securities (RMBS)		1,868	452	—	2,320	2,309
thereof:						
US subprime		—	—	—	—	—
US Alt-A		6	—	—	6	43
Commercial mortgage-backed securities (CMBS)		701	317	—	1,018	1,142
Collateralised debt obligations (CDO)		85	157	—	242	226
thereof:						
US subprime		—	7	—	7	7
US Alt-A		—	4	—	4	4
Collateralised loan obligations (CLO)/						
Collateralised bond obligations (CBO)		659	240	14	913	904
Consumer loans		212	59	—	271	391
Credit cards		3	—	—	3	95
Leases		203	60	—	263	204
Others		85	24	—	109	133
Total	**31/12/2010**	**4,133**	**1,461**	**14**	**5,608**	
	31/12/2009	**4,030**	**1,558**	**54**	**5,642**	
Synthetic collateralised debt obligations (CDO) (derivatives)[1]	**31/12/2010**	**15**	**237**	**44**	**296**	
	31/12/2009	**4**	**306**	**83**	**393**	

1 the amounts shown in the table represent the carrying amount (fair value)

The positions are classified as senior, mezzanine and junior on the basis of external ratings, or internal ratings where no external rating exists. Only those tranches with the best rating are carried as senior tranches. Only tranches with low ratings (worse than BB- in external ratings) and unrated tranches (known as first loss pieces) are carried as junior tranches; all other tranches are grouped together as mezzanine tranches.

Positions retained from own securitisation transactions and in third-party ABS transactions, broken down by region (HVB Group without fully consolidated commercial paper conduits and other fully consolidated special purpose vehicles; these are shown separately) (€ millions)

CARRYING AMOUNTS		31/12/2010 EUROPE	31/12/2010 USA	31/12/2010 ASIA	31/12/2010 OTHER REGIONS	31/12/2010 TOTAL
Positions retained from own securitisations		**469**	**—**	**—**	**—**	**469**
Positions in third-party ABS transactions		**4,382**	**452**	**62**	**243**	**5,139**
Residential mortgage-backed securities (RMBS)		2,099	7	31	183	2,320
thereof:						
US subprime		—	—	—	—	—
US Alt-A		—	6	—	—	6
Commercial mortgage-backed securities (CMBS)		884	92	25	17	1,018
Collateralised debt obligations (CDO)		81	159	2	—	242
thereof:						
US subprime		—	7	—	—	7
US Alt-A		—	4	—	—	4
Collateralised loan obligations (CLO)/						
Collateralised bond obligations (CBO)		786	84	—	43	913
Consumer loans		185	85	1	—	271
Credit cards		—	—	3	—	3
Leases		239	24	—	—	263
Others		108	1	—	—	109
Total	**31/12/2010**	**4,851**	**452**	**62**	**243**	**5,608**
	31/12/2009	**4,696**	**510**	**200**	**236**	**5,642**
Synthetic collateralised debt obligations (CDO) (derivatives)[1]	**31/12/2010**	**10**	**286**	**—**	**—**	**296**
	31/12/2009	**28**	**365**	**—**	**—**	**393**

1 the amounts shown in the table represent the carrying amount (fair value)

Positions retained from own securitisation transactions and in third-party ABS transactions, broken down by remaining maturity (HVB Group without fully consolidated commercial paper conduits and other fully consolidated special purpose vehicles; these are shown separately) (€ millions)

		31/12/2010			
CARRYING AMOUNTS		LESS THAN 1 YEAR	BETWEEN 1 AND 5 YEARS	MORE THAN 5 YEARS	TOTAL
Positions retained from own securitisations		**92**	**377**	**—**	**469**
Positions in third-party ABS transactions		**479**	**3,281**	**1,379**	**5,139**
Residential mortgage-backed securities (RMBS)		153	1,230	937	2,320
thereof:					
US subprime		—	—	—	—
US Alt-A		—	4	2	6
Commercial mortgage-backed securities (CMBS)		69	822	127	1,018
Collateralised debt obligations (CDO)		27	116	99	242
thereof:					
US subprime		—	2	5	7
US Alt-A		—	—	4	4
Collateralised loan obligations (CLO)/					
Collateralised bond obligations (CBO)		30	696	187	913
Consumer loans		100	155	16	271
Credit cards		3	—	—	3
Leases		17	245	1	263
Others		80	17	12	109
Total	**31/12/2010**	**571**	**3,658**	**1,379**	**5,608**
	31/12/2009	**373**	**3,801**	**1,468**	**5,642**
Synthetic collateralised debt obligations (CDO) (derivatives)[1]	**31/12/2010**	**—**	**71**	**225**	**296**
	31/12/2009	**—**	**163**	**230**	**393**

1 the amounts shown in the table represent the carrying amount (fair value)

Positions retained from own securitisation transactions and in third-party ABS transactions, broken down by class as per IAS 39 (HVB Group without fully consolidated commercial paper conduits and other fully consolidated special purpose vehicles; these are shown separately) (€ millions)

CARRYING AMOUNTS		31/12/2010 HELD FOR TRADING	FAIR VALUE OPTION	LOANS & RECEIVABLES	HELD TO MATURITY	AVAILABLE FOR SALE	TOTAL
Positions retained from own securitisations		**86**	**—**	**—**	**—**	**383**	**469**
Positions in third-party ABS transactions		**480**	**96**	**4,204**	**42**	**317**	**5,139**
Residential mortgage-backed securities (RMBS)		121	36	2,050	—	113	2,320
thereof:							
US subprime		—	—	—	—	—	—
US Alt-A		—	—	6	—	—	6
Commercial mortgage-backed securities (CMBS)		61	6	934	—	17	1,018
Collateralised debt obligations (CDO)		19	31	151	39	2	242
thereof:							
US subprime		—	—	7	—	—	7
US Alt-A		—	—	4	—	—	4
Collateralised loan obligations (CLO)/							
Collateralised bond obligations (CBO)		261	13	588	—	51	913
Consumer loans		—	—	271	—	—	271
Credit cards		—	—	—	—	3	3
Leases		18	—	112	2	131	263
Others		—	10	98	1	—	109
Total	**31/12/2010**	**566**	**96**	**4,204**	**42**	**700**	**5,608**
	31/12/2009	**347**	**97**	**4,712**	**56**	**430**	**5,642**
Synthetic collateralised debt obligations (CDO) (derivatives)[1]	**31/12/2010**	**296**	**—**	**—**	**—**	**—**	**296**
	31/12/2009	**393**	**—**	**—**	**—**	**—**	**393**

1 the amounts shown in the table represent the carrying amount (fair value)

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, in hedge funds and customer receivables held by fully consolidated special purpose entities are also shown. An amount of €229 million out of the total €1,726 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

(€ millions)

CARRYING AMOUNTS		31/12/2010 SENIOR	MEZZANINE	JUNIOR	TOTAL	31/12/2009 TOTAL
Residential mortgage loans/ residential mortgage-backed securities (RMBS)		1	1,302	419[1]	1,722	1,709
Commercial mortgage loans/ commercial mortgage-backed securities (CMBS)		702	290	—	992	718
Collateralised debt obligations (CDO)		—	3	—	3	4
Collateralised loan obligations (CLO)/ collateralised bond obligations (CBO)		—	95	—	95	86
Consumer loans		400	199	—	599	903
Credit cards		—	—	—	—	—
Leases		540	13	—	553	493
Other (including hedge fund investments)		388	929	409[2]	1,726	2,033
Total	**31/12/2010**	**2,031**	**2,831**	**828**	**5,690**	
	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

(€ millions)

CARRYING AMOUNTS		31/12/2010 EUROPE	USA	ASIA	OTHER REGIONS	TOTAL
Residential mortgage loans/ residential mortgage-backed securities (RMBS)		1,499	1	222	—	1,722
Commercial mortgage loans/ commercial mortgage-backed securities (CMBS)		887	105	—	—	992
Collateralised debt obligations (CDO)		—	3	—	—	3
Collateralised loan obligations (CLO)/ collateralised bond obligations (CBO)		—	95	—	—	95
Consumer loans		599	—	—	—	599
Credit cards		—	—	—	—	—
Leases		540	13	—	—	553
Other (including hedge fund investments)		687	753	26	260	1,726
Total	**31/12/2010**	**4,212**	**970**	**248**	**260**	**5,690**
	31/12/2009	**4,502**	**1,022**	**—**	**422**	**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)

CARRYING AMOUNTS		31/12/2010 LESS THAN 1 YEAR	BETWEEN 1 AND 5 YEARS	MORE THAN 5 YEARS	TOTAL
Residential mortgage loans/					
residential mortgage-backed securities (RMBS)		418	—	1,304	1,722
Commercial mortgage loans/					
commercial mortgage-backed securities (CMBS)		267	4	721	992
Collateralised debt obligations (CDO)		—	—	3	3
Collateralised loan obligations (CLO)/					
collateralised bond obligations (CBO)		—	—	95	95
Consumer loans		599	—	—	599
Credit cards		—	—	—	—
Leases		540	13	—	553
Other (including hedge fund investments)		1,150	74	502	1,726
Total	**31/12/2010**	**2,974**	**91**	**2,625**	**5,690**
	31/12/2009	**3,161**	**116**	**2,669**	**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)

CARRYING AMOUNTS		31/12/2010 HELD FOR TRADING	FAIR VALUE OPTION	LOANS & RECEIVABLES	HELD TO MATURITY	AVAILABLE FOR SALE	TOTAL
Residential mortgage loans/							
residential mortgage-backed securities (RMBS)		—	—	1,721	1	—	**1,722**
Commercial mortgage loans/							
commercial mortgage-backed securities (CMBS)		—	71	887	—	34	**992**
Collateralised debt obligations (CDO)		—	—	—	3	—	**3**
Collateralised loan obligations (CLO)/							
collateralised bond obligations (CBO)		—	—	—	59	36	**95**
Consumer loans		—	—	599	—	—	**599**
Credit cards		—	—	—	—	—	**—**
Leases		—	—	553	—	—	**553**
Other (including hedge fund investments)		409	250	776	12	279	**1,726**
Total	**31/12/2010**	**409**	**321**	**4,536**	**75**	**349**	**5,690**
	31/12/2009	**643**	**378**	**4,471**	**143**	**311**	**5,946**

75 Fair value hierarchy

We show financial instruments measured at fair value and recognised at fair value in the balance sheet separately in a fair value hierarchy in the following table. This fair value hierarchy is divided into the following levels:

Level 1 contains financial instruments measured using prices of identical assets or liabilities listed on an active market. These prices are incorporated unchanged. We have assigned mostly listed equity instruments, bonds and exchange-traded derivatives to this category.

Assets and liabilities whose valuation is derived from directly observable (prices) or indirectly observable (derived from prices) input data are shown in Level 2. No price can be observed on an active market for the assets and liabilities concerned themselves. As a result of this, we notably show the fair values of interest rate and credit derivatives in this level together with the fair values of ABS bonds, provided a liquid market exists for the asset class in question.

Financial assets and liabilities of €1,368 million (2009: €384 million) have been transferred between Level 1 and Level 2. Almost all of this total relates to fixed-income securities issued by reliable borrowers for which the fair value is calculated using valuation models based on valuation parameters that can be observed on an active market as the fair value can no longer be observed on an active market. At the same time, financial assets and liabilities of €1,494 million (2009: €3,136 million) migrated between Level 2 and Level 1. For the most part, this involves fixed-income securities for which a fair value can now be observed on an active market. The other securities concerned are equities.

Level 3 relates to assets or liabilities for which the fair value cannot be calculated exclusively on the basis of observable market data (non-observable input data). Thus, the respective fair values also incorporate valuation parameters based on model assumptions. This includes derivatives and structured products that contain at least one “exotic” component, such as foreign currency or interest rate derivatives on illiquid currencies, derivatives without standard market terms, structured products with an illiquid underlying as reference and ABS bonds of an asset class, for which no liquid market exists.

If the value of a financial instrument is based on non-observable input parameters, the value of these parameters may be selected from a range of possible appropriate alternatives at the balance sheet date. Appropriate values are determined for these non-observable parameters and applied for valuation purposes, when the annual financial statements are prepared, reflecting the predominant market conditions of the Group. In addition, individual parameters that cannot be incorporated separately as standalone valuation parameters are taken into account by applying a model reserve.

The impact of changing possible appropriate alternative parameter values on the fair value (after adjustments) is shown in the sensitivity analysis presented below. For portfolios at fair value through profit or loss, the positive change in fair values at 31 December 2010 resulting from the use of possible appropriate alternatives would be €186 million (2009: €212 million), and the negative change would be €67 million (2009: €71 million).

The following non-observable parameters were varied (stress test) for the sensitivity analysis for equity products included in Level 3: spot prices for hedge funds, implicit volatility, dividends, implicit correlations and the assumptions regarding the interpolation between individual parameters observable on the market, such as volatilities.

The following parameters were varied for interest rate products in Level 3 as part of the sensitivity analysis: interest rate correlations and the parameter that governs how quickly a fluctuating interest rate reverts to the long-term mean (mean reversion).

More conservative and more aggressive values for correlations between the fair value of the credit derivative (CDS) and the respective underlying and implicit correlations were applied for credit derivatives than was the case as part of the fair value calculation. Furthermore, rating-dependent shifts were assumed for illiquid CDS. The same approach is applied when measuring the issuer risk associated with securities.

The use of appropriate alternatives for available-for-sale financial assets gives rise to a positive change in fair value at 31 December 2010 of €147 million (2009: €16 million) or a negative fair value change at 31 December 2010 of €67 million (2009: €6 million). This fluctuation in terms of fair value essentially relates to debt instruments shown under available-for-sale debt instruments with cash flows that are largely dependent on individual debtor KPIs, like EBITDA, in terms of nature or amount. At the same time, the instruments grant the debtor a range of repayment options.

In terms of these debt instruments, varying plausible repayment scenarios and associated developments in debtor-specific ratios were assumed as value drivers for debt instruments as part of the sensitivity analyses that would lead to modified cash flows from the instruments.

The following tables show the assignment of the financial assets and financial liabilities shown in the balance sheet to the respective levels of the fair value hierarchy:

(€ millions)

	31/12/2009		
	FAIR VALUE OBSERVED ON AN ACTIVE MARKET (LEVEL 1)	FAIR VALUE BASED ON VALUATION PARAMETERS OBSERVED ON THE MARKET (LEVEL 2)	FAIR VALUE BASED ON VALUATION PARAMETERS NOT OBSERVED ON THE MARKET[1] (LEVEL 3)
Financial assets recognised in the			
balance sheet at fair value			
Financial assets held for trading	35,017	95,643	2,729
thereof: derivatives	4,198	75,211	1,672
Financial assets at fair value through profit or loss	7,790	5,568	400
Available-for-sale financial assets[1]	1,611	915	471
Hedging derivatives	194	3,383	1
Financial liabilities recognised in the			
balance sheet at fair value			
Financial liabilities held for trading	14,419	103,579	3,208
thereof: derivatives	6,158	75,732	2,504
Hedging derivatives	50	1,319	—

1 available-for-sale financial assets include financial instruments of €1,444 million valued at historical cost that are not included in these totals at 31 December 2009

(€ millions)

	31/12/2010		
	FAIR VALUE OBSERVED ON AN ACTIVE MARKET (LEVEL 1)	FAIR VALUE BASED ON VALUATION PARAMETERS OBSERVED ON THE MARKET (LEVEL 2)	FAIR VALUE BASED ON VALUATION PARAMETERS NOT OBSERVED ON THE MARKET[1] (LEVEL 3)
Financial assets recognised in the			
balance sheet at fair value			
Financial assets held for trading	28,220	101,456	3,713
thereof: derivatives	2,562	83,491	2,433
Financial assets at fair value through profit or loss	15,856	10,099	676
Available-for-sale financial assets[1]	2,369	1,234	896
Hedging derivatives	—	4,205	—
Financial liabilities recognised in the			
balance sheet at fair value			
Financial liabilities held for trading	12,906	110,710	3,480
thereof: derivatives	4,285	83,556	3,178
Hedging derivatives	1	2,090	—

1 available-for-sale financial assets include financial instruments of €1,416 million valued at historical cost that are not included in these totals at 31 December 2010

The following tables show the development of the financial assets and financial liabilities that are assigned to Level 3 as part of the fair value hierarchy:

(€ millions)

	2010			
	FINANCIAL ASSETS HELD FOR TRADING	FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	AVAILABLE-FOR-SALE FINANCIAL ASSETS	HEDGING DERIVATIVES
Balance at 1/1/2010	**2,729**	**400**	**471**	**1**
Additions				
Acquisitions	2,185	10	194	—
Realised gains[1]	755	7	44	1
Transfer from other levels	1,975	715	428	—
Other additions[2]	517	26	182	—
Reductions				
Sale/repayment	(1,452)	(23)	(181)	—
Realised losses[1]	(612)	(4)	6	—
Transfer to other levels	(2,384)	(455)	(215)	(2)
Other reductions	—	—	(33)	—
Balance at 31/12/2010	**3,713**	**676**	**896**	**—**

1 in the income statement and shareholders' equity
2 also including changes in the group of companies included in consolidation

(€ millions)

	2010	
	FINANCIAL LIABILITIES HELD FOR TRADING	HEDGING DERIVATIVES
Balance at 1/1/2010	**3,208**	**—**
Additions		
Sale/issue	1,318	—
Realised losses[1]	587	—
Transfer from other levels	2,040	—
Other additions[2]	181	—
Reductions		
Buy-back/redemption	(389)	—
Realised gains[1]	(591)	—
Transfer to other levels	(2,874)	—
Other reductions	—	—
Balance at 31/12/2010	**3,480**	**—**

1 in the income statement
2 also including changes in the group of companies included in consolidation

76 Fair values of financial instruments compliant with IFRS 7

The fair values stated for financial instruments as defined in IFRS 7 are the amounts for which the asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction on the balance sheet date.

The fair values are calculated using the market information available at the reporting date as well as individual company valuation methods.

(€ billions)

ASSETS	2010 CARRYING AMOUNT	2010 FAIR VALUE	2009 CARRYING AMOUNT	2009 FAIR VALUE
Cash and cash balances	3.1	3.1	6.4	6.4
Financial assets held for trading	133.4	133.4	133.4	133.4
Financial assets at fair value through profit or loss	26.6	26.6	13.8	13.8
Available-for-sale financial assets				
thereof measured				
at cost	1.4	1.4	1.4	1.4
at fair value	4.5	4.5	3.0	3.0
Shares in associated companies accounted for using the equity method				
and joint ventures accounted for using the equity method	0.1	0.1	0.1	0.1
Held-to-maturity investments	2.6	2.6	2.7	2.7
Loans and receivables with banks	46.3	46.6	43.3	43.3
Loans and receivables with customers	139.4	141.4	145.9	148.0
Hedging derivatives	4.2	4.2	3.6	3.6
Total	**361.6**	**363.9**	**353.6**	**355.7**

The hedge adjustment amount of hedged items in the fair value hedge portfolio shown in 2009 under assets and liabilities is an item that contains commercially interest-induced changes in the fair value of the items hedged against interest rate risk and does not reflect standalone assets or liabilities. When comparing carrying amounts and fair values for the hedged items shown in the table above, it should be noted that part of the undisclosed reserves/charges has already been included in the hedge adjustment amount.

(€ billions)

LIABILITIES	2010 CARRYING AMOUNT	2010 FAIR VALUE	2009 CARRYING AMOUNT	2009 FAIR VALUE
Deposits from banks	51.9	52.0	50.7	50.7
Deposits from customers	108.5	108.5	96.5	97.1
Debt securities in issue	48.7	50.4	61.3	62.8
Financial liabilities held for trading	127.1	127.1	121.2	121.2
Hedging derivatives	2.1	2.1	1.4	1.4
Total	**338.3**	**340.1**	**331.1**	**333.2**

(€ billions)

	2010		2009	
	CARRYING AMOUNT	FAIR VALUE	CARRYING AMOUNT	FAIR VALUE
Financial guarantees and irrevocable credit commitments	**58.9**	**58.9**	**56.8**	**56.8**

The fair values of certain financial instruments stated with their nominal values are roughly equivalent to their carrying amounts. These include the cash and cash balances as well as receivables and liabilities without a defined maturity or fixed interest rate.

For other receivables and liabilities, future anticipated cash flows are discounted to their present value using current interest rates taking into account the respective spreads. The spread used here for receivables is determined on the basis of Basel II-compliant expected loss values and the cost of capital. Where loans and receivables with banks and customers contain reclassified securities, these are stated at the fair value shown in Note 73.

Quoted market prices are used for exchange-traded securities and derivatives as well as for listed debt instruments. The fair value of the remaining securities is calculated as the net present value of anticipated future cash flows.

The fair values of single currency and cross-currency swaps and interest rate futures are calculated on the basis of discounted, anticipated future cash flows. In doing so, we apply the market rates applicable for the remaining maturity of the financial instruments.

The fair value of forward exchange transactions is computed on the basis of current forward rates. Options are valued using price quotations or generally accepted models used to calculate the price of options. The common Black & Scholes (equity, currency and index instruments) or lognormal models (interest instruments) are used to value simple European options. In the case of more complex instruments, the interest is simulated using term-structure models with the current interest rate structure as well as caps and swaption volatilities as parameters relevant for valuation. The disbursement structure of the equities or indexes for the complex instruments is valued using either Black & Scholes or a stochastic volatility model with equity prices, volatilities, correlations and dividend expectations as parameters.

Investments in joint ventures and associated companies are valued using the equity method, provided they are not of minor significance. Investments in non-consolidated companies and listed companies not accounted for using the equity method are normally carried at their fair value.

Where the fair value of non-listed assets cannot be reliably determined, such assets are recognised at amortised cost.

The fair values of financial guarantees and irrevocable credit commitments are the same as their carrying amounts.

The difference in HVB Group between the fair values and carrying amounts totals €2.3 billion for assets and €1.8 billion for liabilities.

77 Undiscounted cash flow

Compliant with IFRS 7.39, we are disclosing the remaining terms for non-derivative and derivative financial liabilities and for credit commitments and financial guarantees. The breakdown of remaining terms is based on the contractual due dates. These are crucial for determining the timing of payments. Consequently, we have divided the contractually agreed, undiscounted payments into maturity buckets. The undiscounted cash flows shown here are not comparable with the carrying amounts, as the latter are based on discounted cash flows.

At the same time, we have broken down the financial assets by remaining term in this context compliant with IFRS 7.39 (c). These are financial assets that generate cash flows used to settle financial liabilities.

In the following tables, we have divided the derivative and non-derivative financial assets and liabilities into maturity buckets. All financial liabilities have been allocated to the respective maturity bucket. The derivatives on financial assets held for trading and financial liabilities held for trading have been allocated to the shortest maturity bucket with their fair value. This reflects the fact that the derivatives are subject to an intention to sell in the short term and hence the maturity of the contractual undiscounted cash flows does not adequately represent the timing of payments that is actually expected. The remaining financial instruments classified as financial assets held for trading and financial liabilities held for trading have been allocated to the earliest possible maturity bucket with their cash flows. Hedging derivatives used under hedge accounting have been allocated to the applicable maturity bucket with their contractually agreed, undiscounted cash flows.

Credit commitments and financial guarantees have been allocated with the maximum amount to the shortest maturity bucket (repayable on demand) in which they can be utilised at the earliest. The credit commitments amount to €39.7 billion. This assumption defined in IFRS 7 is unrealistic for credit commitments not utilised and contingent liabilities for financial guarantees in particular, as the complete utilisation of all open credit commitments and financial guarantees on the next day cannot be expected. The same holds true for the presentation of the fair values of trading derivatives.

Breakdown of financial assets by maturity bucket (€ millions)

	2009						
	REPAYABLE ON DEMAND	UP TO 1 MONTH	1 MONTH TO 3 MONTHS	3 MONTHS TO 1 YEAR	1 YEAR TO 5 YEARS	MORE THAN 5 YEARS	UNDATED
Financial assets held for trading	18,859	1,894	1,735	4,729	10,625	7,459	9,091
Derivatives on financial assets held for trading	81,081	—	—	—	—	—	—
Financial assets at fair value							
through profit or loss	—	186	258	712	7,407	5,550	—
Available-for-sale financial assets	1	71	27	190	1,201	2,325	1,927
Held-to-maturity investments	—	5	—	29	2,545	59	4
Loans and receivables with banks	36,529	18,014	1,976	4,786	6,426	3,205	1,234
Loans and receivables with customers	13,547	14,490	12,319	19,114	58,821	43,724	5,126
Hedging derivatives	—	64	414	819	1,698	369	—

(€ millions)

	2010						
	REPAYABLE ON DEMAND	UP TO 1 MONTH	1 MONTH TO 3 MONTHS	3 MONTHS TO 1 YEAR	1 YEAR TO 5 YEARS	MORE THAN 5 YEARS	UNDATED
Financial assets held for trading	20,411	1,155	1,053	2,821	15,127	6,638	8,300
Derivatives on financial assets held for trading	88,700	—	—	—	—	—	—
Financial assets at fair value							
through profit or loss	—	503	937	1,996	21,494	3,551	—
Available-for-sale financial assets	12	25	36	192	2,609	4,224	1,125
Held-to-maturity investments	7	—	—	13	2,440	167	4
Loans and receivables with banks	8,075	20,421	1,920	4,836	6,323	3,651	167
Loans and receivables with customers	7,578	13,054	13,658	18,571	56,145	37,225	6,018
Hedging derivatives	—	109	533	998	2,212	623	—

Breakdown of non-derivative and derivative financial liabilities by maturity bucket

(€ millions)

	2009						
CARRYING AMOUNTS	REPAYABLE ON DEMAND	UP TO 1 MONTH	1 MONTH TO 3 MONTHS	3 MONTHS TO 1 YEAR	1 YEAR TO 5 YEARS	MORE THAN 5 YEARS	UNDATED
Deposits from banks	27,710	14,045	4,022	6,315	9,339	5,175	81
Deposits from customers	54,933	12,848	7,226	10,649	8,020	5,225	855
Debt securities in issue	48	4,812	6,393	10,620	28,705	20,260	41
Financial liabilities held for trading	15,868	59	712	1,649	10,008	1,584	5,171
Derivatives on financial assets held for trading	84,394	—	—	—	—	—	—
Hedging derivatives	—	25	179	222	636	201	—
Credit commitments and financial guarantees	56,796	—	—	—	—	—	—

(€ millions)

	2010						
CARRYING AMOUNTS	REPAYABLE ON DEMAND	UP TO 1 MONTH	1 MONTH TO 3 MONTHS	3 MONTHS TO 1 YEAR	1 YEAR TO 5 YEARS	MORE THAN 5 YEARS	UNDATED
Deposits from banks	15,292	10,376	3,745	6,634	10,238	6,384	43
Deposits from customers	69,906	11,818	7,888	6,937	7,265	4,499	593
Debt securities in issue	41	2,888	2,832	7,835	17,564	15,001	—
Financial liabilities held for trading	20,903	64	283	631	5,376	2,521	4,865
Derivatives on financial assets held for trading	91,029	—	—	—	—	—	—
Hedging derivatives	—	82	262	506	1,041	334	—
Credit commitments and financial guarantees	58,853	—	—	—	—	—	—

78 Key capital ratios (based on German Commercial Code)

HVB Group manages its economic and supervisory capital as part of its overall bank management strategy. Since 2010, the economic yield expectations have been calculated using the allocated capital principle that UniCredit introduced across its entire organisation. Within the scope of this principle, it is ensured that at least the regulatory capital requirement is met at all times. This means that regulatory (or used core) capital is allocated to the divisions that is expected to yield an appropriate return, which is derived from the expectations of the capital market and which has to be earned by our business units. At product and customer level, this capital allocation may be performed on the basis of the maximum principle; the capital requirement may be derived from either the regulatory capital or the internal capital based on the credit portfolio model. In the future, the internal capital will be used to calculate the allocated capital not only at the micro level but also at the macro level for all divisions and for HVB Group as a whole in accordance with the principle of dual control.

The supervisory ratios are discussed below.

The capital ratio for banking supervisory purposes defined in the German Solvency Regulation (SolvV) represents the ratio of the eligible equity compliant with Section 10 KWG to the total eligible amount for default risk, market risk and operational risk multiplied by 12.5 (corresponds to the risk-weighted equivalent of these risk positions). Under Section 10 of the German Banking Act in conjunction with Section 2 SolvV, the core capital ratio calculated as the ratio of core capital to total risk-weighted assets determined as described above must be at least 4.0%.

The eligible equity which is used to calculate the capital ratio in accordance with the German Solvency Regulation consists of the core capital, the supplementary capital and Tier 3 capital. The Tier 3 capital comprises current subordinated liabilities which are only used to back market risk positions. HVB Group, in particular, uses internal models to measure market risk positions.

The following table shows equity funds based on financial statements approved by the Supervisory Board and risk-weighted assets together with the risk equivalents for market risk positions and operational risk at 31 December 2010:

Equity funds[1]

(€ millions)

	2010	2009
Tier 1		
Shares of common stock	2,407	2,363
Additional paid-in capital, retained earnings, minority interest, own shares	17,302	16,813
Hybrid capital instruments (silent partnership certificates and trust preferred securities)		
without prorated interest	864	1,186
Other	223	314
50% deductible items	(174)	(229)
Total core capital for solvency purposes	**20,622**	**20,447**
Tier 2		
Unrealised reserves in land and buildings and in securities	—	—
Offsetting reserves for general banking risks	47	45
Cumulative shares of preferred stock	—	44
Participating certificates outstanding	—	155
Subordinated liabilities	2,779	3,542
Value adjustment excess for IRBA positions	426	386
Other	19	17
50% deductible items	(174)	(228)
Total supplementary capital for solvency purposes	**3,097**	**3,961**
Total equity capital	**23,719**	**24,408**
Tier 3 capital	—	—
Total equity funds	**23,719**	**24,408**

1 group of consolidated companies and principles of consolidation in accordance with banking supervisory regulations

Pursuant to Sections 10 and 10a KWG, the equity funds of HVB Group amounted to €23,719 million at 31 December 2010. Supplementary capital includes no unrealised reserves pursuant to Section 10 (2b) 1 No. 6 and 7 KWG.

Our equity funds compliant with the KWG rules are calculated on the basis of the individual financial statements of the consolidated companies, taking into account the special provisions of German banking supervisory regulations.

Other Information (Continued)

The following table shows the reconciliation from the equity items shown in the balance sheet prepared in accordance with IFRS: (€ millions)

	CORE CAPITAL	SUPPLEMENTARY CAPITAL	TIER 3 CAPITAL	TOTAL EQUITY FUNDS
Shown in IFRS balance sheet				
Shareholders' equity	23,670	—	—	23,670
Reconciliation to the equity funds compliant with the German Banking Act				
AfS reserve	141	—	—	141
Hedge reserves	(54)	—	—	(54)
Cumulative shares of preferred stock	—	—	—	—
Deduction of intangible assets	(608)	—	—	(608)
Ineligible profit components under banking supervisory regulations	(2,027)	—	—	(2,027)
Consolidated profit for 2010	(1,270)	—	—	(1,270)
Hybrid capital recognised under banking supervisory regulations	864	—	—	864
Eligible portion of certificates outstanding	—	—	—	—
Eligible portion of subordinated liabilities	—	2,779	—	2,779
Reclassifications to Tier 3 capital due to banking supervisory regulations	—	—	—	—
Eligible Tier 3 capital unused	—	—	—	—
Unrealised reserves in land and buildings and in securities	—	—	—	—
Value adjustment excess for IRBA positions	—	426	—	426
Deductible items due to non-consolidated investments	(29)	(28)	—	(57)
Deductible items compliant with Sect.10 (6a) KWG	(95)	(94)	—	(189)
Other effects				
(e. g. differences in group of consolidated companies and principles of consolidation)	30	14	—	44
Equity funds compliant with German Banking Act	**20,622**	**3,097**	**—**	**23,719**

(€ billions)

	2010 BASEL II	2009 BASEL II
Risk-weighted assets from		
on-balance-sheet counterparty risk positions	79.3	70.8
off-balance sheet counterparty risk positions	16.7	17.2
other counterparty risk positions[1]	0.7	0.6
derivative counterparty risk positions	15.1	14.3
Total credit risk-weighted assets	**111.8**	**102.9**
Risk-weighted asset equivalent for market risk positions	**3.7**	**3.9**
Risk-weighted asset equivalent for operational risk	**9.0**	**8.3**
Total risk-weighted assets	**124.5**	**115.1**

1 primarily including repos and securities lending transactions

At 31 December 2010, the key capital ratios (based on financial statements approved by the Supervisory Board) were as follows: (in %)

	2010 BASEL II	2009 BASEL II
Core capital ratio (Tier 1 ratio)		
(core capital (Tier 1 capital)/(credit risk-weighted assets + 12.5x market risk positions + 12.5x operational risk))	16.6	17.8
Core capital ratio without hybrid core capital (core Tier 1 ratio)		
(core capital without hybrid core capital (core Tier 1 capital)/		
(credit risk-weighted assets + 12.5x market risk positions + 12.5x operational risk))	15.9	16.7
Capital ratio		
(equity funds/(credit risk-weighted assets + 12.5x market risk positions + 12.5x operational risk))	19.1	21.2

79 Contingent liabilities and other commitments

(€ millions)

	2010	2009
Contingent liabilities[1]	**19,170**	**19,544**
Guarantees and indemnities	19,170	19,544
Other commitments	**65,015**	**56,787**
Irrevocable credit commitments	39,721	37,252
Other commitments	25,294	19,535
Total	**84,185**	**76,331**

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

Neither contingent liabilities nor irrevocable lending commitments contain any significant items. The gross volume of contingent liabilities for which provisions have been created in the above totals €594 million (2009: €662 million). The provisions of €283 million (2009: €237 million) set up for these liabilities have been deducted from the contingent liabilities recognised and are carried under provisions in the balance sheet (see Note 69, "Provisions").

The vast majority of the other commitments of €25,294 million in the year under review relates to delivery obligations arising from securities lending transactions. Commitments arising from rental, leasing and maintenance agreements, and from rental of office space and use of technical equipment are also included. The contracts run for standard market periods and no charges have been put off to future years.

As part of real estate financing and development operations, we have assumed rental obligations or issued rental guarantees on a case-by-case basis to make fund constructions more marketable – in particular for lease funds and (closed) KG real estate funds offered by our H.F.S. Hypo-Fondsbeteiligungen für Sachwerte GmbH subsidiary. Identifiable risks arising from such guarantees have been taken to the income statement.

Commitments for uncalled payments on shares not fully paid up amounted to €489 million at year-end 2010 (2009: €639 million), and similar obligations for shares in cooperatives totalled €1 million (2009: €1 million). Under Section 22 (3 and 24) of the German Private Limited Companies Act (Gesetz betreffend die Gesellschaften mit beschränkter Haftung – GmbHG), we were also liable for defaults on such calls in respect of one company for an aggregate of €1 million (2009: €1 million).

Under Section 26 GmbHG, we were liable for calls for additional capital of €5 million (2009: €5 million) with regard to CMP Fonds I GmbH and of €57 million (2009: €58 million) with regard to Liquiditäts-Konsortialbank GmbH, Frankfurt am Main, at year-end 2010. In addition, under Article 5 (4) of the Articles of Association of Liquiditäts-Konsortialbank GmbH, we are jointly and severally liable for any defaults on such calls by members of the Association of German Banks.

At the balance sheet date, we had unlimited personal liability arising from shares in 64 partnerships.

Under Section 5 (10) of the by-laws of the Deposit Guarantee Fund, we have undertaken to indemnify the Association of German Banks, Berlin, against any losses it might incur as a result of action taken on behalf of the banks in which we have a majority interest.

With a Statement of Responsibility dated 21 December 1993, HVB issued an undertaking to the State of Baden-Wuerttemberg (Ministry of Finance) to assume a liquidity provision obligation in the event of the sale, liquidation or bankruptcy of HVB Projekt GmbH.

In the same way as HVB and its affiliated banks assume liability in Germany, our subsidiaries, in their capacity as members of the respective deposit guarantee funds in their country of operations, assume liability in their respective countries.

Contingent liabilities payable to related entities

(€ millions)

	2010	2009
Non-consolidated affiliated companies	3,649	3,817
Joint ventures	—	—
Associated companies	—	—
Other participating interests	140	78
Total	**3,789**	**3,895**

Other Information (Continued)

80 Statement of Responsibility

HVB ensures that, to the extent of its shareholding, the companies set forth below are in a position to meet their contractual obligations except in the event of political risks:

1. Banks in Germany
Bankhaus Neelmeyer AG, Bremen
DAB Bank AG, Munich[1]
2. Banks in other regions
HVB Singapore Limited, Singapore
UniCredit Luxembourg S. A., Luxembourg
3. Financial companies
UniCredit Leasing GmbH, Hamburg
4. Companies with bank-related auxiliary services
HypoVereinsFinance N. V., Amsterdam

1 the company provides a Statement of Responsibility with the same wording for selected subsidiaries in its annual report

If our shareholding in a particular company declines, our commitment arising from the above Statement of Responsibility is also reduced to the same extent with regard to commitments of the relevant company that did not arise until after our shareholding decreased.

HVB no longer provides a Statement of Responsibility for companies which left HVB Group during an earlier financial year, but for which a Statement of Responsibility had been provided in earlier annual reports. Liabilities of these companies arising after their departure from HVB Group are not covered by either the above Statement of Responsibility or by Statements of Responsibility provided earlier.

81 Trust business

Trust assets (€ millions)

	2010	2009
Loans and receivables with banks	587	87
Loans and receivables with customers	705	440
Equity securities and other variable-yield securities	1,959	239
Bonds	—	—
Participating interests	23	—
Property, plant and equipment	—	—
Other assets	—	—
Fund shares held in trust	1,492	1,492
Remaining trust receivables	—	—
Total	**4,766**	**2,258**

Trust liabilities (€ millions)

	2010	2009
Deposits from banks	1,028	199
Deposits from customers	1,968	2,059
Debt securities in issue	1,768	—
Other liabilities	2	—
Total	**4,766**	**2,258**

The significantly higher volume of trustee activities compared with last year can essentially be attributed to a transaction under which we acquired securities on behalf of and for account of a customer.

82 Assets assigned or pledged as security for own liabilities

Examples of own liabilities of HVB Group for which we provide collateral are special credit facilities provided by KfW and similar institutions, which we have passed on as loans in compliance with their conditions. In addition, security has been provided for borrowings under repurchase agreements on international money markets, for open market transactions with central banks and for securities lending transactions. As a seller under repurchase agreements, HVB Group has entered into sales and repurchase transactions for securities with a carrying amount of €47.8 billion (2009: €51.4 billion). These securities continue to be shown under our assets, and the consideration received in return is stated under liabilities.

The following table shows the breakdown of own liabilities for which we provide collateral: (€ millions)

	2010	2009
Deposits from banks	39,779	51,493
Deposits from customers	19,923	8,716
Debt securities in issue	—	—
Financial liabilities held for trading	15,554	14,008
Contingent liabilities	—	—
Total	**75,256**	**74,217**

The assets pledged as security for own liabilities can be broken down as follows: (€ millions)

	2010	2009
Financial assets held for trading	40,239	50,801
Financial assets at fair value through profit or loss	23,763	12,037
Available-for-sale financial assets	3,027	3,389
Held-to-maturity investments	—	—
Deposits from banks	447	338
Deposits from customers	7,780	7,652
Property, plant and equipment	—	—
Total	**75,256**	**74,217**

Compliant with IFRS 7.14, we are disclosing the carrying amount of the financial assets which we provide as security. In addition, details will be added to the extent to which the security provided may be pledged or sold on by the borrower.

(€ millions)

	2010	2009
Aggregate carrying amount of assets pledged as security	75,256	74,217
of which:		
pledged/sold on	26,562	15,825

83 Collateral received that HVB Group may sell on or pledge on

As part of repurchase agreements and securities lending transactions, HVB Group has received security that it may sell on or pledge on at any time without the security provider having to be in arrears. The fair value of this security is €22.4 billion.

HVB Group has actually sold or pledged on €9.9 billion of this total, for which there is an obligation to return collateral received of the same type, volume and quality.

84 Information on relationships with related parties

Besides the relationships with consolidated, affiliated companies, there are a number of transactions involving UniCredit S.p.A. and other affiliated but not consolidated UniCredit companies as a result of the integration of HVB into the UniCredit group of companies. The quantitative information in this regard can be found in the notes to the balance sheet.

In the course of the integration of HVB into the UniCredit group of companies, HVB has been assigned the role of centre of competence for markets and investment banking for the entire corporate group. Among other things, HVB acts as counterparty for derivative transactions conducted by UniCredit companies in this role. For the most part, this involves hedge derivatives that are externalised on the market via HVB.

In connection with its role as centre of competence for markets and investment banking, HVB acquired UniCredit CAIB AG and its UniCredit CAIB Securities UK Ltd. subsidiary from UniCredit Bank Austria AG during 2010. Details of this intra-group transaction can be found in the note regarding the group of companies included in consolidation.

With due regard to the statutory and supervisory requirements, HVB is integrated in UniCredit's liquidity management system in which the clearing of liquidity positions is performed across the entire corporate group. Within the framework of this liquidity management, HVB also performs liquidity management for its subsidiaries.

Like other affiliated companies, UniCredit Bank AG has outsourced IT activities to UniCredit Global Information Services S.C.p.A., a company that is affiliated with the Bank. The goal is to exploit synergies and enable HVB to offer fast, high-quality services by means of a service level agreement. UniCredit Bank AG incurred expenses of €433.3 million for these services during 2010. This was offset by income of €10.1 million from services rendered and internal charges. Moreover, software products worth €24.6 million were purchased from UniCredit Global Information Services S.C.p.A.

Furthermore, UniCredit Bank AG has transferred certain back office activities to UniCredit Business Partner S.C.p.A., a company affiliated with the Bank that provides settlement services for HVB and other affiliated companies in line with a standard business and operating model. UniCredit Bank AG incurred expenses of €82.5 million for these services during 2010. This was offset by income of €8.1 million from services rendered and internal charges.

Transactions involving related parties are always conducted on an arm's length basis.

The Annual General Meeting of Shareholders of 23 May 2006 invoked the so-called opting-out clause under the Act concerning the Disclosure of Management Board Remuneration was used and adopted a resolution whereby the information required in Section 285 (1) No. 9a and (5) to (9) and Section 314 (1) No. 6a (5) to (9) HGB is not to be disclosed in our annual and consolidated financial statements for the financial years 2006 to 2010, at the latest until 22 May 2011. Subsequent to the filing of the squeeze-out resolution in the Commercial Register on 15 September 2008, HVB is not listed anymore. Consequently, the compensation paid to members of the Management Board is not shown on an individualised basis.

Emoluments paid to members of the Supervisory Board and Management Board (€ millions)

	FIXED COMPENSATION		PROFIT-RELATED COMPONENTS		LONG-TERM INCENTIVES[1]		TOTAL	
	2010	2009	2010	2009	2010	2009	2010	2009
Management Board of UniCredit Bank AG	3	3	2[2]	2[2]	1[3]	1[4]	6[5]	6[5]
Supervisory Board of UniCredit Bank AG								
for Supervisory Board activities	1	1	2[6]	—[6]	—	—	3[6]	1[6]
Former members of the Management Board								
of UniCredit Bank AG and their surviving dependants							2	10
Transitional allowances for former members								
of the Management Board							2	4

1 cash value of the share-based compensation
2 the profit-related components for 2010 are generally deferred over two years, as was also the case in 2009, with disbursement in subsequent years dependent on defined company targets being met
3 prorated disclosure of the long-term incentive plans for 2005 to 2008. No long-term incentive plan has been set up for 2010 to date
4 prorated disclosure of the long-term incentive plans for 2005 to 2008. A long-term incentive cash plan was set up for 2009, with disbursement in 2013 dependent on targets being met
5 the accrued taxes and lawyer fees of €0.4 million (2009: €2.6 million) relating to pending legal disputes have been advanced to executives as part of the insurance benefits arising from a corporate Directors and Officers insurance policy
6 the profit-related component of €1.7 million for the 2009 financial year was disbursed in 2010. Added to this is a profit-related component of €0.3 million for the 2010 financial year, provided the Annual General Meeting of Shareholders adopts a resolution regarding the profit available for distribution as proposed

The full Supervisory Board has been responsible for setting the total remuneration paid to the individual members of the Management Board. Direct compensation has three components and comprises fixed and variable elements: fixed compensation, variable compensation as an incentive with a profit-related component (short-term incentive) and a long-term incentive.

Besides direct remuneration, Management Board members have received pension commitments. Seven members of the Management Board (one of whom left the Bank during the year and one of whom joined the Bank during the year) took part in the fund-linked deferred compensation scheme (FDC) in 2010, which is also available to the Bank's employees. The Bank will provide, or has provided, 20% of the fixed salary and the short-term disbursed as contributions; this is subject to a cap of €200,000 per financial year for four members of the Management Board, a cap of €120,000 per financial year for two members of the Management Board and a total of €120,000 per financial year for one member of the Management Board. It has been agreed with the members of the Management Board that this amount of their pay would be converted, which means that, instead of a disbursed sum of money, the Management Board member receives a pension commitment to the same value from the Bank.

Details of share-based compensation (number)

MEMBERS OF THE MANAGEMENT BOARD OF UNICREDIT BANK AG	
Options	
Stock options 2009	—[1]
Stock options 2010	—[2]
Performance shares	
Performance shares 2009	—[1]
Performance shares 2010	—[2]
Additional information: one member of the Management Board was granted 19,063 performance shares in the 2010 financial year at the end of the vesting period (equivalent to €41,223.74 at the time of granting). These performance shares were already disclosed in the full amount of 32,300 units in the 2006 Annual Report.	

1 long-term incentive: no long-term incentive plan based on options and performance shares was set up for the 2009 financial year; a cash-based plan was set up instead
2 long-term incentive: no long-term incentive plan has been set up for the 2010 financial year to date

For more details of the stock options and performance shares, please refer to Note 36 in which UniCredit's long-term incentive programme underlying these instruments is described.

Non-monetary compensation and other fringe benefits are granted to members of the Management Board to the usual extent. The amounts involved are included in the totals for fixed compensation shown.

Compensation paid to members of the Management Board or employees of HVB for positions on supervisory boards of Group companies is surrendered to the Bank.

A sum of €89,100 was transferred to provisions for pensions in the 2010 financial year to cover the commitments made to the members of the Management Board; this relates to the deferred compensation invested in a fund.

Compliant with IFRS, the provisions for pensions payable to retired members of the Management Board, including the commitments transferred to HVB Trust Pensionsfonds, totalled €120 million (2009: €121 million) for retired members of the HVB Management Board.

Compliant with Section 285, HGB, the provisions for pensions payable to former members of the Management Board and their surviving dependants totalled €33 million (2009: €23 million) at HVB at 31 December 2010.

Following the transfer of a large part of the pension commitments to HVB Trust Pensionsfonds AG, the payments made to former members of the Management Board and their surviving dependents totalled €1.7 million in 2010 (2009: €9.8 million, including the pension commitments transferred to HVB Trust Pensionsfonds).

Compensation of members of the Supervisory Board

The following table shows the breakdown of compensation paid to members of the Supervisory Board for 2010: (€)

	FIXED COMPENSATION	COMPENSATION FOR COMMITTEE WORK	VARIABLE COMPENSATION[4]	SUBTOTAL (EXCL. VALUE-ADDED TAX)	TOTAL (EXCL. VALUE-ADDED TAX) WHERE APPROPRIATE AFTER DEDUCTION OF 30% SUPERVISORY BOARD TAX AND 5.5% SOLIDARITY SURCHARGE
Sergio Ermotti, Chairman	60,000.00	—	30,000.00	90,000.00	61,515.00[3]
Peter König, Deputy Chairman	45,000.00	27,500.00	22,500.00	95,000.00	95,000.00
Dr Wolfgang Sprissler, Deputy Chairman	45,000.00	—	22,500.00	67,500.00	67,500.00
Gerhard Bayreuther[1]	21,780.82	19,965.75	10,890.41	52,636.98	52,636.98
Aldo Bulgarelli	30,000.00	27,500.00	15,000.00	72,500.00	49,553.75[3]
Beate Dura-Kempf	30,000.00	—	15,000.00	45,000.00	45,000.00
Paolo Fiorentino[1]	21,780.82	—	10,890.41	32,671.23	22,330.79[3]
Giulio Gambino[1]	21,780.82	—	10,890.41	32,671.23	32,671.23
Klaus Grünewald	30,000.00	—	15,000.00	45,000.00	45,000.00
Karl Guha[1]	21,780.82	—	10,890.41	32,671.23	22,330.79[3]
Beate Mensch[1]	21,780.82	—	10,890.41	32,671.23	32,671.23
Dr Lothar Meyer	30,000.00	55,000.00	15,000.00	100,000.00	100,000.00
Marina Natale	30,000.00	27,500.00	15,000.00	72,500.00	49,553.75[3]
Roberto Nicastro[1]	21,780.82	—	10,890.41	32,671.23	22,330.79[3]
Klaus-Peter Prinz[2]	8,219.18	—	4,109.59	12,328.77	12,328.77
Panagiotis Sfeliniotis[1]	21,780.82	—	10,890.41	32,671.23	32,671.23
Professor Hans-Werner Sinn[1]	21,780.82	—	10,890.41	32,671.23	32,671.23
Jutta Streit	30,000.00	—	15,000.00	45,000.00	45,000.00
Michael Voss[1]	21,780.82	—	10,890.41	32,671.23	32,671.23
Jens-Uwe Wächter	30,000.00	—	15,000.00	45,000.00	45,000.00
Dr Susanne Weiss	30,000.00	—	15,000.00	45,000.00	45.000,00
Total	**594,246.56**	**157,465.75**	**297,123.28**	**1,048,835.59**	**943,436.77**[3]

1 member until 22 September 2010
2 member since 22 September 2010
3 after deduction of 30% supervisory board tax and 5.5% solidarity surcharge
4 subject to a resolution adopted by the Annual General Meeting of Shareholders regarding the appropriation of profit available for distribution

The following table shows the breakdown of compensation paid to members of the Supervisory Board for 2009: (€)

	FIXED COMPENSATION	COMPENSATION FOR COMMITTEE WORK	VARIABLE COMPENSATION	SUBTOTAL (EXCL. VALUE-ADDED TAX)	TOTAL (EXCL. VALUE-ADDED TAX) WHERE APPROPRIATE AFTER DEDUCTION OF 30% SUPERVISORY BOARD TAX AND 5.5% SOLIDARITY SURCHARGE
Alessandro Profumo, Chairman[1]	4,931.51	—	15,070.68	20,002.19	13,671.50[9]
Sergio Ermotti, Chairman[2]	47,534.24	—	145,264.66	192,798.90	131,778.06[9]
Peter König, Deputy Chairman	37,500.00	27,500.00	114,600.00	179,600.00	179,600.00
Dr Lothar Meyer, Deputy Chairman[3]	26,232.88	55,000.00	80,167.67	161,400.55	161,400.55
Dr Wolfgang Sprissler, Deputy Chairman[4]	33,801.37	—	103,296.99	137,098.36	137,098.36
Gerhard Bayreuther	25,000.00	27,500.00	76,400.00	128,900.00	128,900.00
Aldo Bulgarelli	25,000.00	27,500.00	76,400.00	128,900.00	88,103.15[9]
Beate Dura-Kempf	25,000.00	—	76,400.00	101,400.00	101,400.00
Paolo Fiorentino	25,000.00	—	76,400.00	101,400.00	69,306.90[9]
Dario Frigerio[5]	2,465.75	—	7,535.34	10,001.09	6,835.74[9]
Giulio Gambino	25,000.00	—	76,400.00	101,400.00	101,400.00
Klaus Grünewald	25,000.00	—	76,400.00	101,400.00	101,400.00
Karl Guha[6]	22,534.25	—	68,864.66	91,398.91	62,471.14[9]
Ranieri de Marchis[7]	13,972.60	15,369.86	42,700.27	72,042.73	49,241.21[9]
Beate Mensch	25,000.00	—	76,400.00	101,400.00	101,400.00
Marina Natale[8]	11,027.40	11,828.77	33,699.73	56,555.90	38,655.95[9]
Roberto Nicastro	25,000.00	—	76,400.00	101,400.00	69,306.90[9]
Vittorio Ogliengo[5]	2,465.75	—	7,535.34	10,001.09	6,835.74[9]
Panagiotis Sfeliniotis	25,000.00	—	76,400.00	101,400.00	101,400.00
Professor Hans-Werner Sinn	25,000.00	—	76,400.00	101,400.00	101,400.00
Jutta Streit	25,000.00	—	76,400.00	101,400.00	101,400.00
Michael Voss	25,000.00	—	76,400.00	101,400.00	101,400.00
Jens-Uwe Wächter	25,000.00	—	76,400.00	101,400.00	101,400.00
Dr Susanne Weiss[6]	22,534.25	—	68,864.66	91,398.91	91,398.91
Total	**550,000.00**	**164,698.63**	**1,680,800.00**	**2,395,498.63**	**2,147,204.11[9]**

1 member and chairman until 5 February 2009
2 chairman since 5 February 2009
3 deputy chairman until 5 February 2009
4 member and deputy chairman since 5 February 2009
5 member until 5 February 2009
6 member since 5 February 2009
7 member until 23 July 2009
8 member since 24 July 2009
9 after deduction of 30% supervisory board tax and 5.5% solidarity surcharge

The compensation paid to members of the Supervisory Board is regulated in Article 15 of the Bank's Articles of Association. The currently applicable arrangements under these articles are based on a resolution adopted by the Extraordinary Shareholders' Meeting on 22 September 2010; the arrangements are applicable for the whole of the 2010 financial year. The compensation is divided into a fixed and a variable, dividend-dependent component. Under the terms of the arrangements, the members of the Supervisory Board each receive fixed compensation of €30,000 payable upon conclusion of the financial year and dividend-dependent compensation of €400 for every €0.01 dividend paid above the amount of €0.12 per no par share, but no more than €15,000. The chairman of the Supervisory Board receives twice the compensation stated, the deputy chairmen one and a half times the compensation stated. Furthermore, the members of the Audit Committee each receive fixed annual compensation of €27,500 upon conclusion of the financial year. The chairman of the Audit Committee receives twice this amount. The members of the Remuneration & Nomination Committee receive no separate compensation for committee work. Furthermore, every member of the Supervisory Board and every member of the Audit Committee receives meeting compensation of €250 for attending a meeting of the Supervisory Board or the Audit Committee. In addition, the members of the Supervisory Board are reimbursed all reasonable expenses and the value-added tax payable on their Supervisory Board functions. Where they sit on the Management Committee of UniCredit S.p.A., the members of the Supervisory Board transfer to UniCredit S.p.A. the compensation they receive for supervisory board work, as the performance of supervisory board functions at subsidiaries is considered a typical management duty. Members of the Supervisory Board who belonged to the Supervisory Board for only a part of the financial year receive pro rata compensation. The chairman of the Supervisory Board has an office complete with staff at his disposal. In 2010, expense allowances totalling €48,491.80 were paid to members of the Supervisory Board. No remuneration was paid in the 2010 financial year for services provided personally.

The total amount of loans and advances made to, and liabilities assumed for, related parties (members of the Supervisory Board and Management Board of HVB and members of the Executive Management Committee of UniCredit) at the balance sheet date was as follows: (€ millions)

	2010	2009
Management Board of UniCredit Bank AG	2	1
Supervisory Board of UniCredit Bank AG	4	5
Members of the Executive Management Committee	0	0

Interest is payable at usual market rates on all loans and advances extended to the groups of people listed above.

85 Fees paid to the independent auditors

The following table shows the breakdown of fees of €14 million recorded as expense in the year under review, as paid to the independent auditors KPMG AG, Wirtschaftsprüfungsgesellschaft, for activities performed for HVB Group: (€ millions)

	2010[1]	2009[2]
Fee for auditing of the financial statements	6	7
Other auditing and appraisal services	3	4
Tax advisory services	—	—
Other services	5	5

1 excluding value-added tax
2 including value-added tax

86 Employees

Average number of people employed by us

	2010	2009
Employees (excluding trainees)	20,038	19,788
Full-time	14,936	15,496
Part-time	5,102	4,292
Trainees	1,062	1,096

The staff's length of service was as follows: in %

	WOMEN (EXCLUDING TRAINEES)	MEN (EXCLUDING TRAINEES)	2010 TOTAL	2009 TOTAL
Staff's length of service				
31 years or more	9.0	10.6	9.7	10.2
from 21 years to less than 31 years	19.5	18.4	19.0	19.1
from 11 years to less than 21 years	39.6	30.6	35.4	35.6
less than 11 years	32.0	40.4	35.8	35.2

87 Offices

Offices, broken down by region

	1/1/2010	ADDITIONS NEW OPENINGS	REDUCTIONS CLOSURES	REDUCTIONS CONSOLIDATIONS	CHANGE IN CONSOLIDATED GROUP	31/12/2010
Germany						
Baden-Wuerttemberg	33	2	—	—	—	35
Bavaria	458	8	—	1	32	497
Berlin	15	1	—	—	—	16
Brandenburg	8	—	—	—	—	8
Bremen	7	—	—	—	—	7
Hamburg	40	1	—	1	2	42
Hesse	17	1	1	—	1	18
Lower Saxony	31	—	1	—	—	30
Mecklenburg-Western Pomerania	9	—	1	—	1	9
North Rhine-Westphalia	26	2	—	—	—	28
Rhineland-Palatinate	26	1	2	—	—	25
Saarland	10	—	—	—	—	10
Saxony	15	4	—	—	—	19
Saxony-Anhalt	11	—	—	—	—	11
Schleswig-Holstein	65	4	—	—	—	69
Thuringia	10	1	—	—	—	11
Subtotal	**781**	**25**	**5**	**2**	**36**	**835**
Other regions						
Austria	7	3	—	1	2	11
Other western Europe	29	1	1	—	9	38
Africa	1	—	—	—	—	1
Americas	18	—	—	—	4	22
Asia	16	1	—	—	3	20
Subtotal	**71**	**5**	**1**	**1**	**18**	**92**
Total	**852**	**30**	**6**	**3**	**54**	**927**

88 List of holdings pursuant to Section 313 HGB

The separate list of holdings drawn up in compliance with Section 313 (2), HGB, contains all joint ventures, and affiliated and associated companies broken down by whether they are included in the consolidated financial statements or not, together with other holdings. The list also includes selected holdings of less than 20% and fully consolidated special purposes entities without shareholding of UniCredit Bank AG compliant with IAS 27 in connection with SIC 12.

		SHARE OF CAPITAL IN %			EQUITY CAPITAL	NET PROFIT
NAME	REGISTERED OFFICE	TOTAL	OF WHICH HELD INDIRECTLY	CURRENCY	in thousands of currency units	in thousands of currency units
1 Subsidiaries of HVB Group						
1.1 Consolidated subsidiaries						
1.1.1 Banks						
1.1.1.1 Domestic banks and financial institutions						
Bankhaus Neelmeyer AG	Bremen	100.0		EUR	40,400	[1.1]
DAB Bank AG	Munich	77.5		EUR	147,227	15,682
UniCredit Leasing Finance GmbH	Hamburg	100.0	100.0	EUR	27,013	[2]
1.1.1.2 Foreign banks and financial institutions						
direktanlage.at AG	Salzburg	100.0	100.0	EUR	25,547	6,112
UniCredit Luxembourg S.A.	Luxembourg	100.0		EUR	1,291,206	236,106
1.1.2 Other consolidated subsidiaries						
AB Immobilienverwaltungs-GmbH	Munich	100.0	100.0	EUR	40	0
Acis Immobilien- und Projektentwicklungs GmbH & Co.						
Oberbaum City KG[3]	Munich	100.0	100.0	EUR	31	1,468
Acis Immobilien- und Projektentwicklungs GmbH & Co.						
Parkkolonnaden KG[3]	Munich	100.0	100.0	EUR	32	1,790
Acis Immobilien- und Projektentwicklungs GmbH & Co.						
Stuttgart Kronprinzstraße KG[3]	Munich	100.0	100.0	EUR	30	195
Active Asset Management GmbH	Grünwald	100.0	100.0	EUR	192	23
AGROB Immobilien AG (share of voting rights: 75.0%)[4]	Ismaning	52.7	52.7	EUR	18,972	1,331
Argentaurus Immobilien-Vermietungs- und Verwaltungs GmbH[3]	Munich	100.0	100.0	EUR	793	[2]
ARRONDA Immobilienverwaltungs GmbH	Munich	100.0	100.0	EUR	(47,402)	975
Atlanterra Immobilienverwaltungs GmbH	Munich	90.0	90.0	EUR	(40,187)	975
A&T-Projektentwicklungs GmbH & Co.						
Potsdamer Platz Berlin KG[3]	Munich	66.7	66.7	EUR	(37,265)	950
Aufbau Dresden GmbH	Munich	100.0	100.0	EUR	(23,944)	0
BaLea Soft GmbH & Co. KG	Hamburg	100.0	100.0	EUR	5,666	855
BaLea Soft Verwaltungsgesellschaft mbH	Hamburg	100.0	100.0	EUR	81	2
Bank Austria ImmobilienService GmbH	Vienna	100.0	100.0	EUR	71	(380)
B.I. International Limited	George Town	100.0	100.0	EUR	(750)	(107)
BIL Leasing-Fonds GmbH & Co VELUM KG (share of						
voting rights 66.7% total, of which 33.3% held indirectly)	Munich	100.0	0.0	EUR	0	0
BIL Leasing-Fonds Verwaltungs-GmbH	Munich	100.0	100.0	EUR	33	(1)
BIL V & V Vermietungs GmbH	Munich	100.0	100.0	EUR	1	(1)
Blue Capital Equity GmbH	Hamburg	100.0	100.0	EUR	(2,309)	3,360
Blue Capital Equity Management GmbH	Hamburg	100.0	100.0	EUR	3,704	1,424
Blue Capital Europa Immobilien GmbH & Co.						
Achte Objekte Großbritannien KG	Hamburg	100.0	100.0	EUR	3,874	(960)
Blue Capital Fonds GmbH	Hamburg	100.0	100.0	EUR	649	137
Blue Capital USA Immobilien Verwaltungs GmbH	Hamburg	100.0	100.0	EUR	220	170
BV Grundstücksentwicklungs-GmbH[3]	Munich	100.0	100.0	EUR	511	[2]
Cameron Granville Asset Management (SPV-AMC), Inc.	Global City, Taguig	100.0	100.0	PHP	(808,055)	(149,169)
Cameron Granville 2 Asset Management Inc.	Global City, Taguig	100.0	100.0	PHP	(637,417)	(451,376)
Cameron Granville 3 Asset Management Inc.	Global City, Taguig	100.0	100.0	PHP	(747,133)	(191,246)
Central European Confectionery Holdings B.V.	Amsterdam	100.0		USD	(13,280)	(8,026)
Delpha Immobilien- und Projektentwicklungs GmbH & Co.						
Großkugel Bauabschnitt Alpha Management KG[3]	Munich	100.0	100.0	EUR	(23,855)	975
Delpha Immobilien- und Projektentwicklungs GmbH & Co.						
Großkugel Bauabschnitt Beta Management KG[3]	Munich	100.0	100.0	EUR	(54,452)	975
Delpha Immobilien- und Projektentwicklungs GmbH & Co.						
Großkugel Bauabschnitt Gamma Management KG[3]	Munich	100.0	100.0	EUR	(60,468)	975
Enderlein & Co. GmbH	Bielefeld	100.0	100.0	EUR	114	[2]
Food & more GmbH	Munich	100.0		EUR	100	[1.2]

NAME	REGISTERED OFFICE	SHARE OF CAPITAL IN % TOTAL	SHARE OF CAPITAL IN % OF WHICH HELD INDIRECTLY	CURRENCY	EQUITY CAPITAL in thousands of currency units	NET PROFIT in thousands of currency units
GIMMO Immobilien-Vermietungs- und Verwaltungs GmbH	Munich	100.0	100.0	EUR	20	[2]
Golf- und Country Club Seddiner See Immobilien GmbH	Berlin	94.0	94.0	EUR	(15,507)	975
Grand Central Re Limited	Hamilton	92.5		USD	46,628	4,216
Grundstücksaktiengesellschaft am Potsdamer Platz (Haus Vaterland)	Munich	98.2	98.2	EUR	4,495	[2]
Grundstücksgesellschaft Simon beschränkt haftende Kommanditgesellschaft[3]	Munich	100.0	100.0	EUR	52	1,324
H.F.S. Hypo-Fondsbeteiligungen für Sachwerte GmbH	Munich	100.0	90.0	EUR	5,101	[2]
H.F.S. Immobilienfonds GmbH	Ebersberg	100.0	100.0	EUR	7	[2]
HVB Alternative Advisors LLC	Wilmington	100.0		USD	12,869	8,147
HVB Asia Limited	Singapore	100.0		EUR	11,699	6,538
HVB Asset Leasing Limited	London	100.0	100.0	USD	0	11,159
HVB Asset Management Holding GmbH	Munich	100.0	100.0	EUR	25	[2]
HVB Capital Asia Limited	Hong Kong	100.0		JPY	8,812,654	13,630
HVB Capital LLC	Wilmington	100.0		USD	1,128	87
HVB Capital LLC II	Wilmington	100.0		GBP	2	0
HVB Capital LLC III	Wilmington	100.0		USD	1,107	90
HVB Capital LLC VI	Wilmington	100.0		JPY	261	7
HVB Capital LLC VIII	Wilmington	100.0		EUR	0	0
HVB Capital Partners AG	Munich	100.0		EUR	12,671	[1,3]
HVB Export Leasing GmbH	Munich	100.0		EUR	40	(1)
HVB Finance London Limited	London	100.0		EUR	567	216
HVB Funding Trust II	Wilmington	100.0		GBP	2	0
HVB Funding Trust VIII	Wilmington	100.0		EUR	0	0
HVB Gesellschaft für Gebäude Beteiligungs GmbH	Munich	100.0		EUR	41	2
HVB Gesellschaft für Gebäude mbH & Co KG[3]	Munich	100.0		EUR	871,401	14,897
HVB Global Assets Company (GP), LLC	City of Dover	100.0		USD	139	3
HVB Global Assets Company, L.P.[5]	City of Dover	5.0		USD	1,027,931	4,611
HVB Hong Kong Limited	Hong Kong	100.0		USD	3,923	53
HVB Immobilien AG[3]	Munich	100.0		EUR	86,644	[1,4]
HVB International Asset Leasing GmbH	Munich	100.0		EUR	760	(18)
HVB Investments (UK) Limited	George Town	100.0		GBP	200,510	758
HVB London Investments (AVON) Limited	London	100.0		GBP	2,536	1
HVB London Investments (CAM) Limited	London	100.0		GBP	120	0
HVB Principal Equity GmbH	Munich	100.0		EUR	34	[1,5]
HVB Projekt GmbH[3]	Munich	100.0	94.0	EUR	72,151	[2]
HVB Realty Capital Inc.	New York	100.0	100.0	USD	0	0
HVB Secur GmbH	Munich	100.0		EUR	97	(3)
HVB Tecta GmbH[3]	Munich	100.0	94.0	EUR	1,751	[2]
HVB Verwa 1 GmbH	Munich	100.0		EUR	41	0
HVB Verwa 4 GmbH	Munich	100.0		EUR	132	[1,6]
HVB Verwa 4.4 GmbH	Munich	100.0	100.0	EUR	25	[2]
HVBFF International Greece GmbH[4]	Munich	100.0	100.0	EUR	(477)	631
HVBFF Internationale Leasing GmbH	Munich	100.0	100.0	EUR	12	0
HVBFF Objekt Beteiligungs GmbH	Munich	100.0	100.0	EUR	28	12
HVBFF Produktionshalle GmbH in liquidation	Munich	100.0	100.0	EUR	22	(1)
HVZ GmbH & Co. Objekt KG[3]	Munich	100.0	100.0	EUR	148,091	1,481
Hypo-Bank Verwaltungszentrum GmbH	Munich	100.0	100.0	EUR	48	(23)
Hypo-Bank Verwaltungszentrum GmbH & Co. KG Objekt Arabellastraße[3]	Munich	100.0	100.0	EUR	26	(1,625)
HypoVereinsFinance N.V.	Amsterdam	100.0		EUR	2,141	747
Internationales Immobilien-Institut GmbH	Munich	94.0		EUR	8,609	2,438
Interra Gesellschaft für Immobilienverwaltung mbH[3]	Munich	100.0	93.8	EUR	51	[2]
Kinabalu Financial Products LLP	London	100.0		GBP	859	262

Other Information (Continued)

		SHARE OF CAPITAL IN %			EQUITY CAPITAL	NET PROFIT
NAME	REGISTERED OFFICE	TOTAL	OF WHICH HELD INDIRECTLY	CURRENCY	in thousands of currency units	in thousands of currency units
Kinabalu Financial Solutions Limited	London	100.0		GBP	3,614	2,430
Life Management Erste GmbH	Munich	100.0	100.0	EUR	24	[2]
Life Management Zweite GmbH	Grünwald	100.0	100.0	EUR	26	[2]
MERKURHOF Grundstücksgesellschaft mit beschränkter Haftung	Hamburg	100.0		EUR	16,692	318
Mobility Concept GmbH	Oberhaching	60.0	60.0	EUR	6,072	2,318
Movie Market Beteiligungs GmbH	Munich	100.0	100.0	EUR	19	(1)
NF Objekt FFM GmbH[3]	Munich	100.0	100.0	EUR	125	[2]
NF Objekt München GmbH[3]	Munich	100.0	100.0	EUR	75	[2]
NF Objekte Berlin GmbH[3]	Munich	100.0	100.0	EUR	15,725	[2]
NXP Co-Investment Partners VIII, L.P.	London	85.0	85.0	EUR	11,831	10,211
Orestos Immobilien-Verwaltungs GmbH[3]	Munich	100.0	100.0	EUR	56,674	[2]
Othmarschen Park Hamburg GmbH & Co. Centerpark KG[3]	Munich	100.0	100.0	EUR	(18,942)	0
Othmarschen Park Hamburg GmbH & Co. Gewerbepark KG[3]	Munich	100.0	100.0	EUR	(44,083)	975
PlanetHome AG	Unterföhring	100.0		EUR	29,406	3,043
PlanetHome GmbH	Mannheim	100.0	100.0	EUR	1,480	920
Portia Grundstücks-Verwaltungsgesellschaft mbH & Co. Objekt KG[3]	Munich	100.0	100.0	EUR	500,014	8,338
"Portia" Grundstücksverwaltungs-Gesellschaft mit beschränkter Haftung	Munich	100.0	100.0	EUR	30	4
RHOTERRA Gesellschaft für Immobilienverwaltung mbH[3]	Munich	100.0	93.8	EUR	26	[2]
Roncasa Immobilien-Verwaltungs GmbH	Munich	90.0	90.0	EUR	(41,945)	400
Salvatorplatz-Grundstücksgesellschaft mbH	Munich	100.0	100.0	EUR	711	[2]
Salvatorplatz-Grundstücksgesellschaft mbH & Co. OHG Saarland[3]	Munich	100.0	100.0	EUR	1,534	163
Salvatorplatz-Grundstücksgesellschaft mbH & Co. OHG Verwaltungszentrum[3]	Munich	100.0	100.0	EUR	2,301	2,934
Sirius Immobilien- und Projektentwicklungs GmbH	Munich	100.0	100.0	EUR	(143,835)	[2]
SOLARIS Verwaltungsgesellschaft mbH & Co. Vermietungs KG[3]	Munich	94.9	94.9	EUR	0	0
Solos Immobilien- und Projektentwicklungs GmbH & Co. Sirius Beteiligungs KG[3]	Munich	100.0	100.0	EUR	(37,624)	74
SRQ FinanzPartner AG	Berlin	82.2	82.2	EUR	892	(33)
Status Vermögensverwaltung GmbH	Schwerin	100.0		EUR	1,647	131
Structured Invest Société Anonyme	Luxembourg-Kirchberg	100.0		EUR	6,426	1,437
Structured Lease GmbH	Hamburg	100.0	100.0	EUR	750	[2]
T & P Frankfurt Development B.V.	Amsterdam	100.0	100.0	EUR	(6,970)	19
T & P Vastgoed Stuttgart B.V.	Amsterdam	87.5	87.5	EUR	(15,415)	28
TERRENO Grundstücksverwaltung GmbH & Co. Entwicklungs- und Finanzierungsvermittlungs-KG[3]	Munich	75.0	75,0	EUR	(268,579)	975
Terronda Development B.V.	Amsterdam	100.0	100.0	EUR	(370)	(14)
TIVOLI Grundstücks-Aktiengesellschaft	Munich	99.7	99.7	EUR	11,260	3,744
TRICASA Grundbesitz Gesellschaft mbH & Co. 1. Vermietungs KG[3]	Munich	100.0	100.0	EUR	3,454	1,055
TRICASA Grundbesitzgesellschaft des bürgerlichen Rechts Nr. 1	Munich	100.0	100.0	EUR	940	930
Trinitrade Vermögensverwaltungs-Gesellschaft mit beschränkter Haftung	Munich	100.0		EUR	1,318	1
UniCredit Beteiligungs GmbH	Munich	100.0		EUR	1,147	[1,7]
UniCredit CAIB Securities UK Ltd.	London	100.0		GBP	448	111,999
UniCredit Capital Markets LLC	New York	100.0	100.0	USD	24,616	(3,566)
UniCredit (China) Advisory Limited	Beijing	100.0		CNY	(177)	(1,048)
UniCredit Direct Services GmbH[3]	Munich	100.0		EUR	860	[1,8]
UniCredit Leasing Aviation GmbH	Hamburg	100.0	100.0	EUR	971	(1,129)
UniCredit Leasing GmbH	Hamburg	100.0		EUR	162,026	[1,9]
UniCredit London Investments Limited	London	100.0		GBP	0	0
UniCredit U.S. Finance LLC	Wilmington	100.0		USD	38,421	68
US Property Investments Inc.	Dallas	100.0		USD	669	52

NAME	REGISTERED OFFICE	SHARE OF CAPITAL IN % TOTAL	SHARE OF CAPITAL IN % OF WHICH HELD INDIRECTLY	CURRENCY	EQUITY CAPITAL in thousands of currency units	NET PROFIT in thousands of currency units
Verba Verwaltungsgesellschaft mbH	Munich	100.0		EUR	767	2
Verwaltungsgesellschaft Katharinenhof mbH[3]	Hamburg	100.0		EUR	708	[1.10]
V.M.G. Vermietungsgesellschaft mbH	Munich	100.0	100.0	EUR	26	[2]
Wealth Management Capital Holding GmbH	Munich	100.0		EUR	20,475	[1.11]
WealthCap Initiatoren GmbH	Hamburg	100.0	100.0	EUR	3,277	1,743
WealthCap Investorenbetreuung GmbH	Munich	100.0	100.0	EUR	155	[2]
WealthCap PEIA Komplementär GmbH	Munich	100.0	100.0	EUR	24	(17)
WealthCap PEIA Management GmbH	Munich	100.0	94.0	EUR	270	(776)
WealthCap Real Estate Management GmbH	Munich	100.0	100.0	EUR	108	[2]
WealthCap Stiftungstreuhand GmbH	Hamburg	100.0	100.0	EUR	30	6
1.2 Non-consolidated subsidiaries						
of HVB Group[6]						
1.2.1 Banks and financial institutions						
HVB Singapore Limited	Singapore	100.0	100.0	EUR	6,733	(68)
1.2.2 Other non-consolidated subsidiaries						
Acis Immobilien- und Projektentwicklungs GmbH	Munich	100.0	100.0			
AGRUND Grundstücks-GmbH	Munich	90.0	90.0			
Alexandersson Real Estate I B.V.	Apeldoorn	100.0	100.0			
Allcasa Immobilien-Verwaltungs GmbH	Munich	100.0	100.0			
ALLTERRA Immobilienverwaltungs GmbH	Munich	100.0	100.0	EUR	(6,200)	1
“Alte Schmelze” Projektentwicklungsgesellschaft mbH	Munich	100.0	100.0			
Altea Verwaltungsgesellschaft mbH & Co. Objekt I KG	Munich	100.0	100.0			
AMMS Ersatz-Komplementär GmbH	Ebersberg	100.0	100.0			
AMMS Komplementär GmbH	Ebersberg	98.8	98.8	EUR	262	255
Antus Immobilien- und Projektentwicklungs GmbH	Munich	90.0	90.0	EUR	(16,872)	0
ANWA Gesellschaft für Anlagenverwaltung mbH	Munich	95.0	93.8			
Apir Verwaltungsgesellschaft mbH & Co.						
Immobilien- und Vermietungs KG	Munich	100.0	100.0	EUR	(19,269)	968
Arena Stadion Beteiligungsverwaltungs-GmbH	Munich	100.0				
Argentum Media GmbH & Co. KG	Hamburg	100.0				
Asset Management Bremen GmbH	Bremen	100.0	100.0	EUR	83	[2]
A&T-Projektentwicklungs-Verwaltungs GmbH	Munich	66.7	66.7			
Bavaria Servicos de Representacao Comercial Ltda.	Sao Paulo	100.0				
Bayerische Wohnungsgesellschaft für Handel und Industrie,						
Gesellschaft mit beschränkter Haftung	Munich	100.0	100.0	EUR	294	[2]
BD Industrie-Beteiligungsgesellschaft mbH	Munich	100.0				
BFL Beteiligungsgesellschaft für Flugzeug-Leasing mbH	Munich	100.0				
BIL Aircraftleasing GmbH	Grünwald	100.0	100.0			
BIL Immobilien Fonds GmbH	Munich	100.0	100.0			
BIL Immobilien Fonds GmbH & Co Objekt Perlach KG	Munich	100.0	100.0	EUR	2,953	(133)
Blue Capital Dritte Europa Immobilien						
Verwaltungsgesellschaft mbH	Hamburg	100.0	100.0			
Blue Capital Equity Sekundär GmbH	Hamburg	100.0	100.0			
Blue Capital Erste Kanada Immobilien						
Verwaltungsgesellschaft mbH	Hamburg	100.0	100.0			
Blue Capital Europa Erste Immobilien – Objekte Niederlande –						
Verwaltungs GmbH	Hamburg	100.0	100.0			
Blue Capital Europa Immobilien Verwaltungs GmbH	Hamburg	100.0	100.0			
Blue Capital Immobilien und Verwaltung Sekundär GmbH	Hamburg	100.0	100.0			
Blue Capital Metro Amerika Inc.	Atlanta	100.0	100.0			
Blue Capital Real Estate GmbH	Munich	100.0	100.0	EUR	403	(362)
Blue Capital Zweite Europa Immobilien						
Verwaltungsgesellschaft mbH	Hamburg	100.0	100.0			
Blue Capital Zweite USA Immobilien Verwaltungs GmbH	Hamburg	100.0	100.0			
Bonum Anlage-und Beteiligungsgesellschaft mbH	Bremen	100.0	100.0	EUR	60	[2]

NAME	REGISTERED OFFICE	SHARE OF CAPITAL IN % TOTAL	SHARE OF CAPITAL IN % OF WHICH HELD INDIRECTLY	CURRENCY	EQUITY CAPITAL in thousands of currency units	NET PROFIT in thousands of currency units
BV Grundstücksentwicklungs-GmbH & Co. Schloßberg-Projektentwicklungs-KG	Munich	100.0	100.0			
BV Grundstücksentwicklungs-GmbH & Co. Verwaltungs-KG	Munich	100.0		EUR	511	460
CL Dritte Car Leasing GmbH & Co. KG	Hamburg	100.0	100.0			
CL Dritte Car Leasing Verwaltungsgesellschaft mbH	Hamburg	100.0	100.0			
CUMTERRA Gesellschaft für Immobilienverwaltung mbH	Munich	100.0	93.8	EUR	26	[2]
Deltaterra Gesellschaft für Immobilienverwaltung mbH	Munich	100.0	93.8	EUR	26	[2]
Erste Onshore Windkraft Beteiligungsgesellschaft mbH & Co. Windpark Mose KG (share of voting rights: 68.3%)	Oldenburg	68.5	68.5			
Erste Onshore Windkraft Beteiligungsgesellschaft mbH & Co. Windpark Grefrath KG (share of voting rights: 68.3%)	Oldenburg	68.5	68.5			
Erste Onshore Windkraft Beteiligungsgesellschaft mbH & Co. Windpark Krähenberg KG (share of voting rights: 68.3%)	Oldenburg	68.5	68.5	EUR	(1,488)	(98)
Euro-Bond Blue Capital Management GmbH	Bad Soden	100.0	100.0			
Euro-Bond Blue Capital Verwaltungs GmbH	Bad Soden	100.0	100.0			
Ferra Immobilien- und Projektentwicklungs GmbH & Co. Projekt Großenhainer Straße KG	Munich	100.0	100.0	EUR	(13,133)	1,000
FGB Grund und Boden GmbH & Co. KG	Munich	94.0	94.0	EUR	(4,002)	1
GCCS Golfanlagen Errichtungs- und Verwaltungs GmbH	Berlin	100.0	100.0	EUR	26	[2]
GE Immobilienverwaltungs-GmbH & Co. Grundstücks-KG	Munich	100.0	100.0	EUR	256	(314)
Großkugel Immobilien- und Projektentwicklungs GmbH	Munich	100.0	100.0	EUR	(3,354)	[2]
H & B Immobilien GmbH & Co. Objekte KG	Munich	100.0	100.0	EUR	5	(1,581)
HAWA Grundstücks GmbH & Co. OHG Hotelverwaltung	Munich	100.0	100.0	EUR	276	(723)
HAWA Grundstücks GmbH & Co. OHG Immobilienverwaltung	Munich	100.0	100.0			
Hekla Immobilien- und Projektentwicklungs GmbH & Co. Vermietungs KG	Munich	100.0	100.0	EUR	(6,308)	(3)
H.F.S. Immobilienfonds Deutschland 19 GmbH & Co. KG	Munich	100.0	100.0			
H.F.S. Immobilienfonds Europa 1 Beteiligungs GmbH	Munich	100.0	100.0			
H.F.S. Immobilienfonds Europa 2 Beteiligungs GmbH	Munich	100.0	100.0			
H.F.S. Immobilienfonds Europa 3 Beteiligungs B.V.	The Hague	100.0	100.0			
H.F.S. Immobilienfonds GmbH & Co. Europa 4 KG	Munich	100.0	100.0			
H.F.S. Istanbul 1 Gayrimenkul Yönetimi Limited Sirketi	Istanbul	100.0	100.0			
H.F.S. Istanbul 2 Gayrimenkul Yönetimi Limited Sirketi	Istanbul	100.0	100.0			
H.F.S. Leasingfonds GmbH	Ebersberg	100.0	100.0			
H.F.S. Schiffs-Leasingfonds GmbH	Munich	100.0	100.0			
H.F.S. Value Management GmbH	Munich	100.0	100.0			
H.F.S. Zweitmarktfonds Deutschland 3 GmbH & Co. KG	Munich	100.0	100.0			
H.F.S. Zweitmarktfonds Deutschland 4 GmbH & Co. KG	Munich	100.0	100.0			
Hofgarten Real Estate B.V. (share of voting rights: 50.5%)	Amsterdam	47.2	47.2	EUR	(49,103)	(34)
Hotel Seddiner See GmbH	Berlin	94.0	94.0			
HVB Beteiligungsgesellschaft mbH	Munich	100.0		EUR	376	(564)
HVB Expertise GmbH	Munich	100.0		EUR	1,066	192
HVB Life Science GmbH	Munich	100.0				
HVB Life Science GmbH & Co. Beteiligungs-KG	Munich	100.0				
HVB London Trading Ltd.	London	100.0				
HVB Mortgage Capital Corp.	Wilmington	100.0	100.0			
HVB Profil Gesellschaft für Personalmanagement mbH	Munich	100.0		EUR	28	[1.12]
HVB Projekt Emilienhof GmbH & Co. KG	Munich	100.0	100.0			
HVB Services South Africa (Proprietary) Limited	Johannesburg	100.0				
HVB Verwa 3 GmbH	Munich	100.0		EUR	767	[1.13]
HVB Verwa 4.1 GmbH	Munich	100.0	100.0	EUR	25	[2]
HVB Verwa 4.6 GmbH	Munich	100.0	100.0	EUR	25	[2]
HVB Verwa 7 GmbH	Munich	100.0		EUR	22	[1.14]
HVB Verwa 8 GmbH	Munich	100.0		EUR	25	[1.15]
HVBFF Baumanagement GmbH	Munich	100.0	100.0	EUR	50	[2]

NAME	REGISTERED OFFICE	SHARE OF CAPITAL IN % TOTAL	OF WHICH HELD INDIRECTLY	CURRENCY	EQUITY CAPITAL in thousands of currency units	NET PROFIT in thousands of currency units
HVBFF Kapitalvermittlungs GmbH	Munich	100.0	100.0	EUR	19	2
HVBFF Leasing & Investition GmbH & Co Erste KG	Munich	100.0	100.0			
HVBFF Leasing Objekt GmbH	Munich	100.0	100.0			
HVBFF Leasing-Fonds Verwaltungs GmbH	Munich	100.0	100.0			
HVBFF Objekt Leipzig GmbH	Leipzig	70.0	70.0			
HVZ GmbH & Co. Objekt Unterföhring KG	Munich	100.0	100.0			
HYPO-REAL Haus- und Grundbesitz Gesellschaft mbH	Munich	100.0	100.0	EUR	128	2
HYPO-REAL Haus- und Grundbesitz Gesellschaft mbH & Co.						
Immobilien-Vermietungs KG	Munich	80.0	80.0	EUR	(1,800)	1,000
Keller Crossing L.P.	Wilmington	100.0	100.0	USD	(278)	(154)
KHR Projektentwicklungsgesellschaft mbH & Co.						
Objekt Bornitzstraße I KG	Munich	100.0	100.0	EUR	(5,342)	971
KHR Projektentwicklungsgesellschaft mbH & Co.						
Objekt Bornitzstraße II KG	Munich	100.0	100.0	EUR	(3,285)	974
KHR Projektentwicklungsgesellschaft mbH & Co.						
Objekt Bornitzstraße III KG	Munich	100.0	100.0	EUR	(3,478)	(1)
KHR Projektentwicklungsgesellschaft mbH & Co.						
Objekt Bornitzstraße KG	Munich	100.0	100.0	EUR	(19,799)	985
Laimberg 81. V V AG	Munich	100.0				
Landos Immobilien- und Projektentwicklungs GmbH	Munich	100.0	100.0			
Life Britannia GP Limited	Edgware	100.0	100.0			
Life Britannia Management GmbH	Grünwald	100.0	100.0	EUR	45	188
Life Science I Beteiligungs GmbH	Munich	100.0	100.0	EUR	(1,613)	85
Life Verwaltungs Erste GmbH	Munich	100.0	100.0			
Life Verwaltungs Zweite GmbH	Grünwald	100.0	100.0			
Marienplatz Großgarage GmbH	Munich	66.7	66.7	EUR	749	405
MILLETERRA Gesellschaft für Immobilienverwaltung mbH	Munich	100.0	100.0	EUR	25	2
Motion Picture Production GmbH	Grünwald	51.2	51.2			
Mutnegra Beteiligungs- und Verwaltungs-GmbH	Hamburg	100.0				
Olos Immobilien- und Projektentwicklungs GmbH & Co.						
Grundstücksentwicklungs KG	Munich	100.0	100.0			
Olos Immobilien- und Projektentwicklungs GmbH & Co.						
Vermietungs KG	Munich	100.0	100.0			
Omnia Grundstücks-GmbH	Munich	100.0	100.0	EUR	26	2
Omnia Grundstücks-GmbH & Co. Betriebs KG	Munich	100.0	94.0			
Omnia Grundstücks-GmbH & Co.						
Objekt Eggenfeldener Straße KG	Munich	100.0	94.0			
Omnia Grundstücks-GmbH & Co. Objekt Haidenauplatz KG	Munich	100.0	94.0	EUR	26	(159)
Omnia Grundstücks-GmbH & Co. Objekt Ostragehege KG	Munich	100.0	94.0			
Othmarschen Park Hamburg Wohn- und Gewerbepark GmbH	Munich	100.0	100.0			
Pegasus Project Stadthaus Halle GmbH	Munich	100.0	93.8	EUR	26	2
Perterra Gesellschaft für Immobilienverwaltung mbH	Munich	100.0	100.0	EUR	26	2
Projekt-GbR Kronstadter Straße München	Munich	75.0	75.0	EUR	0	975
Prunus Immobilien- und Vermietungs GmbH	Munich	100.0	100.0	EUR	(3,410)	950
Quinterra Gesellschaft für Immobilienverwaltung mbH	Munich	100.0	100.0	EUR	26	2
Randus Beteiligungs GmbH	Munich	100.0	100.0	EUR	26	2
Rolin Grundstücksplanungs- und -verwaltungsgesellschaft mbH	Munich	100.0	100.0	EUR		
Rotus Immobilien-Verwaltungs GmbH	Munich	100.0	100.0	EUR	26	2
Rotus Immobilien-Verwaltungs GmbH & Co.						
Objekt Eggenfeldener Straße KG in liquidation	Munich	97.0	97.0			
Saphira Immobilien- und Projektentwicklungs GmbH & Co.						
Frankfurt City West Office Center und Wohnbau KG	Munich	100.0	100.0			
Schloßberg-Projektentwicklungs-GmbH & Co 683 KG	Munich	100.0	100.0			
Schönefeld Wohn- und Gewerbebau GmbH & Co. Dorfanger KG	Munich	100.0	100.0			
Selfoss Beteiligungsgesellschaft mbH	Grünwald	100.0	100.0			

NAME	REGISTERED OFFICE	SHARE OF CAPITAL IN % TOTAL	OF WHICH HELD INDIRECTLY	CURRENCY	EQUITY CAPITAL in thousands of currency units	NET PROFIT in thousands of currency units
Simon Verwaltungs-Aktiengesellschaft in liquidation	Munich	100.0		EUR	3,131	0
Spree Galerie Hotelbetriebsgesellschaft mbH	Munich	100.0	100.0	EUR	249	2
STARS Geschäftsführungs- und Verwaltungs-GmbH	Munich	100.0				
STARS GmbH & Co. KGaA	Munich	100.0				
TERRA MAGNA Gesellschaft für Immobilienverwaltung mbH	Munich	100.0	100.0	EUR	25	2
TERRENO Grundstücksverwaltung GmbH	Munich	75.0	75.0			
TERRENO Grundstücksverwaltung GmbH & Co. Objektgesellschaft Grillparzerstraße KG	Munich	75.0		EUR	(8,652)	914
The St. Margarets Limited Partnership	George Town	99.0	99.0	USD	60,790	2,617
Tishman Speyer Berlin Friedrichstraße KG in liquidation (share of voting rights: 93.4% total, of which 6.9% held indirectly)	Berlin	94.4	5.8	EUR	(265)	517
Transterra Gesellschaft für Immobilienverwaltung mbH	Munich	100.0	93.8	EUR	26	2
UniCredit Advisory Limited (liquidated on 25 February 2011)	Hong Kong	100.0				
VCI Volta Center Immobilienverwaltungs GmbH	Munich	100.0	100.0	EUR	(19,080)	897
Vereinsbank Leasing International Verwaltungsgesellschaft mbH in liquidation	Hamburg	100.0	100.0			
VereinWest Overseas Finance (Jersey) Limited	St. Helier	100.0				
Vintners London Investments (Nile) Limited	George Town	100.0	100.0			
VuWB Investments Inc.	Atlanta	100.0	100.0	USD	1,172	753
WCREM Canadian Investments Inc.	Toronto	100.0	100.0	CAD	264	225
WCREM Canadian Management Inc.	Toronto	100.0	100.0			
WealthCap Aircraft 25 GmbH & Co. KG	Munich	100.0	100.0			
WealthCap Geothermie 1 GmbH & Co. KG	Grünwald	100.0	100.0			
WealthCap Immobilienfonds Deutschland 33 GmbH & Co. KG (share of voting rights: 75%)	Munich	50.0	50.0			
WealthCap Immobilienfonds Europa 11 GmbH & Co. KG	Munich	100.0	100.0			
WealthCap Immobilienfonds USA 14 GmbH & Co. KG	Munich	100.0	100.0			
WealthCap LebensWert 3 GmbH & Co. KG	Grünwald	100.0	100.0			
WealthCap PEIA Sekundär GmbH	Munich	100.0	100.0			
WealthCap Photovoltaik 2 GmbH & Co. KG	Grünwald	100.0	100.0			
WealthCap Photovoltaik 3 GmbH & Co. KG	Grünwald	100.0	100.0			
WealthCap Private Equity GmbH	Hamburg	100.0	100.0			
WealthCap Private Equity Sekundär GmbH	Hamburg	100.0	100.0			
WealthCap Private Equity 13 GmbH & Co. KG	Grünwald	100.0	100.0			
WealthCap Private Equity 14 GmbH & Co. KG	Grünwald	100.0	100.0			
WealthCap Private Equity 15 GmbH & Co. KG	Grünwald	100.0	100.0			
WealthCap Real Estate Komplementär GmbH	Munich	100.0	100.0			
WealthCap Real Estate Sekundär GmbH	Munich	100.0	100.0			
WealthCap SachWerte Portfolio 1 GmbH & Co. KG	Grünwald	100.0	100.0			
WealthCap US Life Dritte Management GmbH	Munich	100.0	100.0			
Wealth Capital Investments, Inc.	Wilmington	100.0	100.0	USD	3,238	92
Wealth Capital Management, Inc.	Wilmington	100.0	100.0	USD	585	(56)
2 Joint ventures[6]						
Minor joint ventures						
Other companies						
Global Life Science Limited Partnership	St. Peter Port	23.8		EUR	7	(176)
Heizkraftwerk Cottbus Verwaltungs GmbH	Munich	33.3		EUR	344	613
Heizkraftwerke-Pool Verwaltungs-GmbH	Munich	33.3		EUR	107	741
N665UA Offshore GP, LLC	Wilmington	33.3	33.3			
N665UA Offshore OP, L.P. (share of voting rights: 0%)	Wilmington	33.2	33.2	USD	(2,901)	1,143
Wertweiser GmbH	Munich	50.0	50.0	EUR	949	310

NAME	REGISTERED OFFICE	SHARE OF CAPITAL IN % TOTAL	OF WHICH HELD INDIRECTLY	CURRENCY	EQUITY CAPITAL in thousands of currency units	NET PROFIT in thousands of currency units
3 Associated companies						
3.1 Associated companies valued at equity						
Other companies						
UniCredit Global Information Services Società						
Consortile per Azioni	Milan	24.7		EUR	378,608	23,317
3.2 Minor associated companies[6]						
Other companies						
Adler Funding LLC	Dover	32.8				
BIL Leasing GmbH & Co Hotel Ulm KG	Munich	29.0	29.0	EUR	(2,205)	468
CMP Fonds I GmbH (share of voting rights: 25%)	Berlin	32.7		EUR	19,616	(847)
DFA Deggendorfer Freihafen Ansiedlungs-GmbH	Deggendorf	50.0	50.0			
DFA Deggendorfer Freihafen Ansiedlungs-GmbH & Co.						
Grundstücks-KG	Deggendorf	50.0	50.0			
MOC Verwaltungs GmbH	Munich	23.0	23.0			
MOC Verwaltungs GmbH & Co. Immobilien KG[7]	Munich	23.0	23.0	EUR	206	162
SK BV Grundstücksentwicklung GmbH & Co. KG	Cologne	25.0	25.0	EUR	(850)	99
SK BV Grundstücksentwicklung Verwaltung GmbH	Cologne	50.0	50.0			
4 Holdings in excess of 20%						
without significant influence[6]						
Other companies						
AS Alta Property & Construction	Riga	20.0		LVL	(11,262)	(24,952)
BayBG Bayerische Beteiligungsgesellschaft mbH	Munich	22.5		EUR	152,229	5,222
Bayerischer BankenFonds GbR	Munich	25.6				
BC European Capital VII-12 L.P. (share of voting rights: 0%)	St. Peter Port	34.1		EUR	84,826	39,229
B.I.I. Creditanstalt International Ltd. (share of voting rights: 0%)	George Town	40.2				
BioM Venture Capital GmbH & Co. Fonds KG						
(share of voting rights: 20.4%)	Planegg/Martinsried	23.5		EUR	2,177	(8)
BWF Beteiligungsgesellschaft Wirtschaftsförderung mbH	Hamburg	50.0				
Comtrade Group B.V.	Amsterdam	21.1	21.1	EUR	21,532	(2,965)
Deutsche Structured Finance & Leasing GmbH & Co.						
Mira KG (share of voting rights: 39.8% total,						
of which 4% held indirectly)	Frankfurt am Main	39.9	4.0	EUR	(2,295)	694
Doughty Hanson & Co. Technology Limited Partnership						
Number 3 (share of voting rights: 0%)	London	22.3		USD	35,714	0
Engelbert Rütten Verwaltungsgesellschaft						
Kommanditgesellschaft	Düsseldorf	30.2				
EQT III ISS Co-Investment L.P. (share of voting rights: 0%)	St. Peter Port	35.6	35.6	EUR	31,984	5,745
Felicitas GmbH in liquidation	Munich	20.8		EUR	1,741	229
Fondo Nord Ovest (share of voting rights: 0%)	Turin	26.7		EUR	15,580	(1,814)
GermanIncubator Erste Beteiligungs GmbH						
(share of voting rights: 9.9%)	Munich	39.6		EUR	2,091	(274)
HVB Trust Pensionsfonds AG (share of voting rights: 0%)[8]	Munich	100.0	100.0	EUR	3,500	0
InfrAm One Corporation	City of Lewes	37.5	37.5	USD	2,595	(2,114)
IPE Euro Wagon L.P. (share of voting rights: 0%)	St. Helier	37.9	379	EUR	23,449	7,835
Köhler & Krenzer Fashion AG	Ehrenberg	<50.0		EUR	38,959	1,067
Lauro Ventidue S.p.A.	Milan	24.2	24.2	USD	164,875	(56)
LNC Investments Holdings Inc. (share of voting rights: 40%)	Global City, Taguig	98.5	98.5	PHP	769	616
LNC (SPV-AMC) Corp.	Global City, Taguig	40.0	40.0	PHP	495,691	129,208
LNC3 Asset Management Inc.	Global City, Taguig	40.0	40.0	PHP	(666,503)	257,669
Martur Sünger ve Koltuk Tesisleri Ticaret ve Sanayi A.S.	Istanbul	20.0	20.0	TRY	96,332	24,625
Motion Picture Markets Holding GmbH in liquidation	Grünwald	33.3	33.3			

NAME	REGISTERED OFFICE	SHARE OF CAPITAL IN % TOTAL	SHARE OF CAPITAL IN % OF WHICH HELD INDIRECTLY	CURRENCY	EQUITY CAPITAL in thousands of currency units	NET PROFIT in thousands of currency units
Mozfund (Proprietary) Limited (share of voting rights: 12.5%)	Sandton	40.0				
Mühoga Münchner Hochgaragen Gesellschaft						
mit beschränkter Haftung	Munich	25.0	25.0	EUR	3,692	2,839
REF IV Associates (Caymans) L.P. Acqua CIV S.C.S.						
(share of voting rights: 0%)	Luxembourg	38.3	38.3			
Rolo Impresa Fondo Comune di Investimento Mobiliare Chiuso						
(share of voting rights: 0%)	Milan	73.1		EUR	52,939	(3,329)
Sentient Global Resources Fund I, L.P.						
(share of voting rights: 0%)	George Town	24.4		USD	167,819	62,396
Sticky Pitch Corporation (share of voting rights: 4.9%)	Wilmington	20.0	20.0			
TP Co-Investment Partners L.P. (share of voting rights: 0%)	Wilmington	100.0	100.0	USD	11,568	1,066
US Retail Income Fund VII L.P. (share of voting rights: 0.5%)	Wilmington	26.3	26.3	USD	15,955	659
WCG-NSL Holding LLC (share of voting rights: 0%)	Wilmington	22.1	22.1			

NAME	REGISTERED OFFICE	SHARE OF CAPITAL in %	SUBSCRIBED CAPITAL € MILLIONS
5 Other selected holdings below 20%			
5.1 Banks and financial institutions			
AKA Ausfuhrkredit-Gesellschaft mbH	Frankfurt am Main	15.4	20.5
BBB Bürgschaftsbank zu Berlin-Brandenburg GmbH	Berlin	4.3	3.2
BGG Bayerische Garantiegesellschaft mit beschränkter Haftung für mittelständische Beteiligungen	Munich	10.5	0.4
Bürgschaftsbank Brandenburg GmbH	Potsdam	7.8	7.4
Bürgschaftsbank Mecklenburg-Vorpommern GmbH	Schwerin	9.1	8.1
Bürgschaftsbank Sachsen GmbH	Dresden	4.7	13.1
Bürgschaftsbank Sachsen-Anhalt GmbH	Magdeburg	8.9	8.4
Bürgschaftsbank Schleswig-Holstein GmbH	Kiel	6.0	3.6
Bürgschaftsbank Thüringen GmbH	Erfurt	8.7	12.9
Bürgschaftsgemeinschaft Hamburg GmbH	Hamburg	10.5	10.9
Deutsche Schiffsbank AG	Bremen/Hamburg	7.9	147.0
Liquiditäts-Konsortialbank GmbH	Frankfurt am Main	5.7	200.0
Saarländische Investitionskreditbank AG	Saarbrücken	3.3	5.2
5.2 Other companies			
BioM Aktiengesellschaft Munich Bio Tech Development	Planegg	8.5	2.9
Börse Düsseldorf AG	Düsseldorf	3.0	5.0
BTG Beteiligungsgesellschaft Hamburg mbH	Hamburg	13.6	4.1
GEMMA Verwaltungsgesellschaft mbH & Co. Vermietungs KG (held indirectly)[7]	Pullach	6.1	69.2
H.F.S. Leasingfonds Deutschland 1 GmbH & Co. KG (Immobilienleasing) (held indirectly)[7]	Munich	<0.1	61.2
H.F.S. Leasingfonds Deutschland 7 GmbH & Co. KG (held indirectly)[7]	Munich	<0.1	56.6
MBG Mittelständische Beteiligungsgesellschaft Baden-Württemberg GmbH	Stuttgart	5.0	3.6
MBG Mittelständische Beteiligungsgesellschaft Rheinland-Pfalz mbH	Mainz	8.7	2.9
Mittelständische Beteiligungsgesellschaft Berlin-Brandenburg mbH	Potsdam	11.6	5.7
Mittelständische Beteiligungsgesellschaft Mecklenburg-Vorpommern GmbH	Schwerin	15.4	5.1
Mittelständische Beteiligungsgesellschaft Niedersachsen (MBG) mbH	Hanover	8.2	0.9
Mittelständische Beteiligungsgesellschaft Sachsen mbH	Dresden	11.8	10.4
Mittelständische Beteiligungsgesellschaft Sachsen-Anhalt mit beschränkter Haftung	Magdeburg	12.7	6.5
Mittelständische Beteiligungsgesellschaft Thüringen mbH	Erfurt	13.4	9.9
Saarländische Kapitalbeteiligungsgesellschaft mbH	Saarbrücken	8.7	0.8
Wüstenrot & Württembergische AG	Stuttgart	7.5	481.1

NAME	REGISTERED OFFICE	SHARE OF CAPITAL in %	CURRENCY	SUBSCRIBED CAPITAL in thousands of currency units
6 Fully consolidated special purpose entities pursuant to IAS 27/SIC 12 without shareholding				
Altus Alpha Plc	Dublin	0.0	EUR	40
Arabella Finance Ltd.	Dublin	0.0	EUR	<1
Bandon Leasing Ltd.	Dublin	0.0	USD	<1
Bavaria Universal Funding Corporation	Delaware	0.0	USD	10
Black Forest Funding LLC	Delaware	0.0	USD	10
Cosima Purchase No. 13 Ltd.	St. Helier	0.0	EUR	<1
Cosima Purchase No. 14 Ltd.	Dublin	0.0	EUR	<1
Cosima Purchase No. 15 Ltd.	Dublin	0.0	EUR	<1
Cosima Purchase No. 6 S.A. – Compartment 3	Luxembourg	0.0	EUR	0
Elektra Purchase No. 1 Ltd.	St. Helier	0.0	EUR	<1
Elektra Purchase No. 17 S.A. – Compartment 2	Luxembourg	0.0	EUR	0
Elektra Purchase No. 18 Ltd.	Dublin	0.0	EUR	<1
Elektra Purchase No. 23 Ltd.	Dublin	0.0	EUR	<1
Elektra Purchase No. 26 Ltd.	Dublin	0.0	EUR	<1
European-Office-Fonds	Munich	0.0	EUR	0
GELDILUX-TS-2007 S.A.	Luxembourg	0.0	EUR	31
GELDILUX-TS-2008 S.A.	Luxembourg	0.0	EUR	31
GELDILUX-TS-2010 S.A.	Luxembourg	0.0	EUR	31
Grand Central Funding Corporation	New York	0.0	USD	1
HVB Funding Trust	Wilmington	0.0	USD	0
HVB Funding Trust III	Wilmington	0.0	USD	0
Merrill Lynch Series PT-3364	New York	0.0	USD	0
Merrill Lynch Series PT-3951	St. Antonio	0.0	USD	0
Merrill Lynch Series PT-3989	Boston	0.0	USD	0
Merrill Lynch Series PT-4140	Boston	0.0	USD	0
Merrill Lynch Series PT-4155	Sacramento	0.0	USD	0
Merrill Lynch Series PT-4163	Clearwater	0.0	USD	0
Morgan Stanley Series 2006-1654	Dallas	0.0	USD	0
Morgan Stanley Series 2006-1678	Chicago	0.0	USD	0
Morgan Stanley Series 2008-2933	New York	0.0	USD	0
Morgan Stanley Series 2008-2934	Washington	0.0	USD	0
Morgan Stanley Series 2008-2935	Chicago	0.0	USD	0
Ocean Breeze Energy GmbH & Co. KG	Munich	0.0	EUR	27
Ocean Breeze Finance S.A. – Compartment 1	Luxembourg	0.0	EUR	0
Redstone Mortgages Ltd.	London	0.0	GBP	100
Rosenkavalier 2008 GmbH	Frankfurt am Main	0.0	EUR	25
Salome Funding Plc	Dublin	0.0	EUR	38
Sofimmocentrale S.A.[9]	Brussels	100.0	EUR	44,514
The Trans Value Trust Company Ltd.	Tokyo	0.0	JPY	0

Exchanges rates for 1 euro at 31 December 2010
Currency abbreviation according to the International Organisation for Standardisation (ISO) code.

Canada	1 euro =	1.3322	CAD
China	1 euro =	8.822	CNY
Japan	1 euro =	108.65	JPY
Latvia	1 euro =	0.7094	LVL
Philippines	1 euro =	58.3	PHP
Turkey	1 euro =	2.0694	TRY
UK	1 euro =	0.86075	GBP
USA	1 euro =	1.3362	USD

Notes and comments

Percentages marked < or > are rounded up or down to one decimal place, e. g. < 100.0% = 99.99% or > 0.0% = 0.01%.

1 UniCredit Bank AG has concluded profit-and-loss transfer agreements with the following companies:

	COMPANY	PROFIT/(LOSS) TRANSFERRED €'000
1.1	Bankhaus Neelmeyer AG, Bremen	351
1.2	Food & more GmbH, Munich	(198)
1.3	HVB Capital Partners AG, Munich	22,239
1.4	HVB Immobilien AG, Munich	(38,023)
1.5	HVB Principal Equity GmbH, Munich	68
1.6	HVB Verwa 4 GmbH, Munich	2,024
1.7	UniCredit Beteiligungs GmbH, Munich	(38)
1.8	UniCredit Direct Services GmbH, Munich	461
1.9	UniCredit Leasing GmbH, Hamburg	19,100
1.10	Verwaltungsgesellschaft Katharinenhof mbH, Hamburg	293
1.11	Wealth Management Capital Holding GmbH, Munich	14,194
1.12	HVB Profil Gesellschaft für Personalmanagement mbH, Munich	784
1.13	HVB Verwa 3 GmbH, Munich	(2)
1.14	HVB Verwa 7 GmbH, Munich	(3)
1.15	HVB Verwa 8 GmbH, Munich	(3)

2 Profit and loss transfer to shareholders and partners.

3 Compliant with Sections 264b and 264 (3) HGB, the company is exempt from the obligation to publish annual financial statements in accordance with the provisions applicable to corporations.

4 Figures of the 2009 annual accounts are indicated for this consolidated company.

5 Subsidiary since UniCredit Bank AG exercises a controlling influence through company management.

6 Where equity capital and net profit are not stated, the information is omitted due to minor importance compliant with Section 286 (3) 1 No. 1 HGB. This information is omitted for companies compliant with Section 285 No. 11a HGB, for the same reason.

7 Compliant with SIC 12, the company is fully consolidated by HVB Group.

8 The company is held by a trustee for UniCredit Bank AG.

9 Share of capital held by European-Office-Fonds, another special purpose entity consolidated pursuant to SIC 12.

89 Members of the Supervisory Board

Sergio Ermotti until 1 March 2011	Chairman
Federico Ghizzoni since 2 March 2011 Chairman since 4 March 2011	Chairman
Peter König	Deputy Chairman
Dr Wolfgang Sprissler	Deputy Chairman
Gerhard Bayreuther until 22 September 2010	Members
Aldo Bulgarelli	
Beate Dura-Kempf	
Paolo Fiorentino until 22 September 2010	
Giulio Gambino until 22 September 2010	
Klaus Grünewald	
Karl Guha until 22 September 2010	
Werner Habich since 16 January 2011	
Beate Mensch until 22 September 2010	
Dr Lothar Meyer	
Marina Natale	
Roberto Nicastro until 22 September 2010	
Klaus-Peter Prinz since 22 September 2010	
Panagiotis Sfeliniotis until 22 September 2010	
Professor Hans-Werner Sinn until 22 September 2010	
Jutta Streit until 15 January 2011	
Michael Voss until 22 September 2010	
Jens-Uwe Wächter	
Dr Susanne Weiss	

90 Members of the Management Board

Peter Buschbeck	**Family & SME division[1]**
Lutz Diederichs	**Corporate & Investment Banking division**
Rolf Friedhofen until 31 May 2010 Peter Hofbauer since 1 November 2010	**Chief Financial Officer (CFO)**
Heinz Laber	**Human Resources Management, Global Banking Services**
Andrea Umberto Varese	**Chief Risk Officer (CRO)**
Dr Theodor Weimer	**Board Spokesman** **Chief Financial Officer (CFO)[2]**
Andreas Wölfer	**Private Banking division[3]**

1 formerly Retail division; the division was renamed Family & SME on 1 January 2011 after resegmentation
2 from 1 June 2010 to 31 October 2010, provisionally
3 formerly Wealth Management division; renamed Private Banking division on 1 April 2010

Munich, 11 March 2011

UniCredit Bank AG
The Management Board

Buschbeck Diederichs Hofbauer Laber

Varese Dr Weimer Wölfer

Statement by the Management Board

To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and Management's Discussion and Analysis includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

Munich, 11 March 2011

UniCredit Bank AG
The Management Board

Buschbeck Diederichs Hofbauer Laber

Varese Dr Weimer Wölfer

Auditors' Report

We have audited the consolidated financial statements prepared by UniCredit Bank AG, Munich, comprising the balance sheet, the consolidated income statement, statement of other comprehensive income, statement of changes in shareholders' equity, cash flow statement and the notes to the consolidated financial statements, together with the group management report for the business year from 1 January to 31 December 2010. The preparation of the consolidated financial statements and the group management report in accordance with IFRSs, as adopted by the EU, and the additional requirements of German commercial law pursuant to § 315a Abs. 1 HGB [Handelsgesetzbuch "German Commercial Code"] are the responsibility of the parent company's management. Our responsibility is to express an opinion on the consolidated financial statements and on the group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with § 317 HGB [Handelsgesetzbuch "German Commercial Code"] and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework and in the group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements and group management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the consolidated financial statements comply with IFRSs, as adopted by the EU, the additional requirements of German commercial law pursuant to § 315a Abs. 1 HGB and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The group management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development.

Munich, 14 March 2011

KPMG AG
Wirtschaftsprüfungsgesellschaft

Pukropski	Pfeiffer
Wirtschaftsprüfer	Wirtschaftsprüfer

Munich, 31 March 2011

UniCredit Bank AG
Kardinal-Faulhaber-Strasse 1
80333 Munich

Signed

Michael Furmans Michaela Karg