HypoVereinsbank
UniCredit Group

Make it simple. It's *easy* with UniCredit.

Interim Report at 31 March 2010

We UniCredit people are committed to generating value for our customers.

As a leading European bank, we are dedicated to the development of the communities in which we live, and to being a great place to work.

We aim for excellence and we consistently strive to be easy to deal with.

These commitments will allow us to create sustainable value for our shareholders.

Contents

Financial Highlights

Key performance indicators

	1/1–31/3/2010	1/1–31/3/2009
Operating profit	€1,044m	€452m
Cost-income ratio (based on total revenues)	45.1%	65.4%
Profit before tax	€694m	€94m
Consolidated profit	€460m	€63m
Earnings per share	€0.58	€0.08

Balance sheet figures

	31/3/2010	31/12/2009
Total assets	€379.2bn	€363.4bn
Shareholders' equity	€24.1bn	€23.6bn
Leverage ratio[1]	15.7	15.4

Key capital ratios compliant with Basel II

	31/3/2010	31/12/2009
Core capital	€20.2 bn	€20.4bn
Risk-weighted assets (including equivalents for market risk and operational risk)	€118.0bn	€115.1bn
Core capital ratio (Tier 1 ratio)[2]	17.1%	17.8%

	31/3/2010	31/12/2009
Employees	19,936	20,459
Branch offices	851	852

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

Ratings

	LONG-TERM	SHORT-TERM	OUTLOOK	FINANCIAL STRENGTH	CHANGED/ CONFIRMED	PFANDBRIEFS		CHANGED/ CONFIRMED
						PUBLIC	MORTGAGE	
Moody's	A1	P-1	stable	C–	7/10/2008	Aaa	Aa1	13/6/2008/ 17/6/2008
S & P	A	A-1	stable	—	18/3/2009	AAA	—	9/3/2010
Fitch Ratings	A +	F1+	stable	C	24/7/2009	AAA	AAA*	17/6/2008

* on review for possible downgrade since January 2010

Business Performance

Underlying conditions and general comments on the business situation

The global economy has recovered to some extent from the financial crisis. Stimulus packages around the world and intervention by central banks helped to stabilise economic output in the industrialised nations in the first quarter of 2010. This holds particularly true for the United States and, to a limited degree, the euro area as well.

Exports have started to expand again noticeably in the euro area in general, and Germany in particular, which has had a positive impact on growth. Short-time working arrangements and agreed reductions in working hours have served to hold down trends in the unemployment statistics. Compared with December 2009 (8.1%), the unemployment rate fell to 7.8% in April 2010, especially against the backdrop of a revival in global demand. Private consumption hardly increased at all. Inflation rose only slightly, to 1.1%.

The capital markets experienced contrary trends. Whereas the stockmarkets have recovered further since the start of the year to reach roughly the same level as at the turn of the year, the credit markets have again been dominated by widening spreads; notably among financial instruments issued by governments and banks. The common currency – the euro – also came under pressure due to the high levels of public debt in some euro-zone countries, although it was still worth far more than last year's low in the first quarter. Credit growth was low on account of the persistently difficult economic environment and the associated reticence to invest. A high level of bankruptcies in the corporate sector led to a need for higher write-downs to be taken.

HVB Group recorded a very good profit before tax of €694 million in the first quarter of 2010 (previous year: €94 million) in a market environment that is still difficult overall, but one that has recovered tangibly since the equivalent period last year. This represents the best quarterly result since the outbreak of the financial crisis in the summer of 2008. The strong operating profit of €1,044 million is particularly pleasing as it follows on seamlessly from the already good results of the preceding quarters. The total has more than double compared with the year-ago figure of €452 million, which was still heavily affected by the financial crisis. Total revenues increased by 45.7% year-on-year to €1,903 million. This was generated on the back of a sharp rise in total revenues together with a massive increase in net fees and commissions totalling around 26%, together with a good net trading profit of €440 million following on from a net trading loss of €261 million last year on account of the fallout from the financial crisis. Our successful cost management programme resulted in practically no change in our operating costs (up 0.6%) which, coupled with the good operating profit, led to a significant improvement in the cost-income ratio to an excellent level, 45.1%. As expected, HVB Group's net write-downs of loans and provisions for guarantees and commitments rose to €372 million after €283 million last year on account of the difficult credit environment.

All the operating divisions contributed to the pleasing profit before tax of HVB Group in terms of both profit before tax and improved earnings compared with the equivalent period last year. The very good earnings performance was for the most part generated by the operations of the Corporate & Investment Banking division. A sharp rise in net fees and commissions and a strong rebound in net trading income contributed to the significant improvement in the total revenues recorded by this division. Despite a sharp year-on-year rise of 61% in net write-downs of loans and provisions for guarantees and commitments to €344 million, the division generated a profit before tax of €531 million, which is €454 million higher than the year-ago total of €77 million.

The Retail and Private Banking (formerly Wealth Management) divisions also managed to increase their profits before tax year-one-year in the first quarter of 2010, despite the continued tangible reticence among investors. The main factors contributing to the positive result were higher net fees and commissions and a more favourable development in net write-downs of loans and provisions for guarantees and commitments.

HVB Group has succeeded in further bolstering its already excellent capital base in the light of the good results. Thus, shareholders' equity rose by €0.5 billion over the total at year-end 2009, to €24.1 billion. As a result of targeted deleveraging measures, the leverage ratio (ratio of total assets to shareholders' equity shown in the balance sheet) of 15.7 at 31 March 2010 remained almost unchanged compared with the figure of 15.4 reported at the end of December 2009.

The core capital ratio (Tier 1 ratio) in accordance with Basel II totalled 17.1% at 31 March 2010 after 17.8% at year-end 2009, which continues to represent an outstanding level by both national and international standards.

HVB Group again enjoyed an adequate liquidity base and a solid financing structure in the first three months of this year. The funding risk remained low on account of the broad funding base in terms of products, markets and investor groups, meaning that adequate funding of our lending operations was ensured at all times. Our Pfandbriefs continued to represent an important source of funding thanks to their very good credit rating and liquidity. At 1.40, the liquidity ratio of UniCredit Bank AG (HVB) compliant with Section 11 KWG was at the same high level at the end of March 2010 as at year-end 2009 (1.43).

With our diversified business model, high capital base, solid funding foundation and a good market position in our core business areas, we remain a reliable partner for our customers and investors. As an integral part of one of the biggest and strongest banking groups in Europe – UniCredit Group – HVB Group is in an excellent position to leverage its regional strengths in the international network of UniCredit Group for the benefit of its customers.

Operating performance of HVB Group

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

Net interest income

Compared with the same period last year, total net interest income was down by €207 million, or 16.8%, to €1,025 million at the end of March 2010.

In the process, net interest income fell by €207 million, to €1,010 million, primarily as a result of the significant year-on-year decline in income from trading operations. This development affected the Corporate & Investment Banking division, which recorded a decrease of €237 million in net interest income. In the Retail and Private Banking divisions, net interest income also decreased chiefly due to falling interest margins, particularly in the deposit-taking business.

At €15 million, the income generated in the first quarter of 2010 from dividends and other income from equity investments remained unchanged compared with the previous year.

Net fees and commissions

Net fees and commissions developed very well, increasing significantly by 26.4%, to €373 million in the first quarter of 2010 compared with last year's figure. All the operating divisions contributed to this development with a year-on-year rise in fee and commission income in spite of our customers' ongoing restraint as a result of the financial crisis. The substantial increase in net fees and commissions is based on the sharp rise of 52.2%, to €207 million, in fee and commission income from management, brokerage and consultancy services. Fee and commission income from lending operations was also up by 27.6%, to €111 million, notably on account of higher income from the Corporate Finance unit in the Corporate & Investment Banking division.

Net trading income

In an overall more favourable market environment compared with the same period last year, the net trading income of HVB Group in the first three months of 2010 stood at a pleasing level of €440 million. Last year, a net trading loss of €261 million was recorded as a result of the impact of the considerably more difficult market conditions in connection with the financial crisis.

The increase to €339 million in net gains on financial assets classified as held for trading led to the pleasing result in net trading income in the first quarter of 2010 (2009: net trading loss of €106 million). The Fixed Income (fixed income and foreign exchange products) and Equities (equity and index products) units in particular managed to achieve a significant improvement in results. In addition, the effect from the partial buy-back of hybrid capital in the first quarter of 2010 had a favourable impact on other net trading income (€81 million). The gains on the fair-value-option portfolios amounted to €8 million after the first three months of 2010 after posting a loss of €155 million last year due to the widening of spreads, particulary for government bonds.

Business Performance (Continued)

Operating costs
Total operating costs continue to reflect the success we have achieved with our consistent cost management and, at €859 million, roughly remained at last year's level (€854 million). Due to the transfer last year of HVB Information Services GmbH & Co KG (HVB IS) to UniCredit Global Information Services S.p.A. (UGIS) and further outsourcing measures, there was also a shift in payroll costs to other administrative expenses compared with the previous year. Particularly as a result of this, payroll costs fell by €15 million, to €452 million, while other administrative expenses including amortisation, depreciation and impairment losses on intangible and tangible assets increased by €20 million to €407 million.

Operating profit
Despite the decline in net interest income and the persistently challenging market situation, HVB Group generated a pleasing operating profit of €1,044 million that matched the good results of previous quarters. Compared with the same period last year which was still strongly affected by the financial crisis, we succeeded in more than doubling the operating profit (Q1 2009: €452 million).

After the first three months of 2010, the cost-income ratio is at an excellent figure of 45.1% and has significantly improved, particularly as a result of improved operating income from net fees and commissions and net trading income both compared with the same period last year (65.4%) and compared with the pleasing figure of the full financial year of 2009 (50.0%).

Net write-downs of loans and provisions for guarantees and commitments
Net write-downs of loans and provisions for guarantees and commitments rose to €372 million in the first quarter of 2010 in the persistently difficult credit environment compared with the previous year (€283 million) and is thus in line with our expectations as described in the 2009 Annual Report of HVB Group (see Outlook in the Management's Discussion and Analysis). Business with corporate customers of the Corporate & Investment Banking division has been particularly affected by this development. In contrast, the development of net write-downs of loans and provisions for guarantees and commitments was more favourable in the remaining operating divisions Retail and Private Banking, just as it was in 2009, with net write-downs of loans and provisions for guarantees and commitments declining compared with the previous year.

Net income from investments
The net profit from investments amounted to €27 million at the end of March 2010 after a loss of €7 million in the same period last year, and was generated from the gains on the sale and valuation of available-for-sale financial assets.

Profit before tax, income tax for the period and consolidated profit
Due to its good operating performance, HVB Group generated a very good profit before tax of €694 million (2009: €94 million) in the first three months. This represents the highest profit recorded for a quarter since the outbreak of the financial crisis in the summer of 2008.

Income tax rose to €234 million in the first quarter of 2010 after €31 million in the same period last year. This is mainly due to the significant improvement in performance in 2010.

After deducting taxes, HVB Group generated a consolidated profit of €460 million in the first three months of 2010. In the previous year, HVB Group had posted a consolidated profit of €63 million.

Segment results by division
The divisions contributed the following amounts to the very good profit before tax of €694 million of HVB Group:

Corporate & Investment Banking	€531 million
Retail	€20 million
Private Banking	€19 million
Other/consolidation	€124 million

The income statements for each division and comments on the economic performance of the individual divisions are provided in Note 3, "Segment reporting", in this Interim Report. The tasks and objectives of each division are described in detail in Note 27 of our 2009 Annual Report, "Notes to segment reporting by division".

Financial situation

Total assets

The total assets of HVB Group amounted to €379.2 billion at the end of March 2010. Hence, compared with year-end 2009, the total assets increased by €15.7 billion, or 4.3%. As a result of the increase in shareholders' equity shown in the balance sheet, the leverage ratio, at 15.7, hardly changed from the 15.4 at year-end 2009. The leverage ratio is calculated based on the ratio of total assets to the shareholders' equity shown in the balance sheet.

Compared with the 2009 year-end total, the cash and cash balances rose sharply by €8.2 billion, to €14.6 billion, primarily due to much higher cash balances at central banks.

Financial assets held for trading increased by €4.4 billion, or 3.3%, to €137.8 billion compared with the 2009 year-end total. At the same time, holdings of fixed-interest securities declined by €2.1 billion whereas the positive fair values from derivative financial instruments rose by €7.8 billion. The rise of €4.0 billion in financial assets at fair value through profit or loss is attributable to fixed-interest securities.

Loans and receivables with customers fell by €3.2 billion, to €142.7 billion. In particular, this decline is attributable to lower volumes of mortgage loans, the reduction in reclassified loans and receivables, and the decrease in sub- and non-performing loans and receivables. The rise of €1.5 billion in loans and receivables with banks is mainly due to a higher volume of repurchase agreements.

On the liabilities' side, there was a total rise of €5.8 billion, to €56.5 billion, in deposits from banks which, apart from higher credit balances on current accounts and time deposits, is also attributable to higher volumes of repurchase agreements. The increase of €4.1 billion, to €100.6 billion, in deposits from customers is primarily due to higher volumes of repurchase agreements while time deposits declined. In contrast, debt securities fell by €4.1 billion, to €57.2 billion, on account of issues due. The financial liabilities held for trading rose by €9.1 billion, to €130.4 billion.

At the end of March 2010, shareholders' equity totalled €24.1 billion and had thus risen by €0.5 billion compared with the 2009 year-end total. The reason for this rise is the consolidated profit posted for the first three months of 2010 (up €0.5 billion). Under the changes in the valuation of financial instruments, a slight improvement in the available-for-sale reserve was offset by a lower hedge reserve.

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

The risk-weighted assets for credit risks of HVB Group determined on the basis of Basel II – KWG/German Solvency Regulation (SolvV) – by applying partial use amounted to €106.5 billion at 31 March 2010 (including counterparty default risk in the trading book); at 31 December 2009, the comparable risk-weighted assets amounted to €102.9 billion. This total includes the holdings reclassified compliant with IAS from the trading book to the banking book. The total risk-weighted assets, including market and operational risks, amounted to €118.0 billion at 31 March 2010 (31 December 2009: €115.1 billion).

The total risk-weighted assets of HVB Group increased by €2.9 billion compared with the 2009 year-end total. This rise is mainly due to an increase of €3.6 billion in the credit risk while the market risk declined by €0.4 billion (as a result of lower credit spreads) and operational risk by €0.3 billion. The rise in credit risk is chiefly attributable to rating changes, the decline in the relief provided by various outplacement transactions and the rise in counterparty risk.

The total lending volume under the 13 current risk-asset-reducing securitisation transactions of HVB Group amounted to €37.1 billion at 31 March 2010 (31 December 2009: €43.7 billion). Due to the resulting reduction in risk-weighted assets of gross €18.6 billion, we have optimised our capital allocation. In 2010, two transactions with a total volume of €4.6 billion expired.

Business Performance (Continued)

At 31 March 2010, the core capital of HVB Group compliant with the German Solvency Regulation totalled €20.2 billion and the equity capital €23.9 billion. This gives rise to a core capital ratio (Tier 1 ratio; including market risk and operational risk) under Basel II of 17.1% and an equity funds ratio of 20.2%.

A bank's liquidity is evaluated using the liquidity ratio defined in Section 11 of the German Banking Act. This figure is the ratio of cash and cash equivalents available within a month to the payment obligations falling due in this period. Liquidity is considered adequate if the ratio is at least 1.00. At HVB, this figure amounted to 1.40 at the end of March 2010, after 1.43 at the end of December 2009.

Corporate acquisitions and sales

There were no significant corporate acquisitions and sales of HVB Group in the period under review.

Changes concerning the group of companies included in the Interim Report are provided in Note 2, "Changes in the group of companies included in consolidation".

Events after the reporting date

The Management Board of HVB announced mid-April that Mr Rolf Friedhofen, Chief Financial Officer and member of the Management Board of HVB, will leave the Bank by mutual, amicable agreement with effect as of 31 May 2010 to take up new career challenges outside the UniCredit Group.

Outlook

The following comments on the outlook are to be viewed in connection with the comments on the outlook in the Financial Review and Risk Report in the consolidated financial statements for the 2009 financial year (see the HVB Group Annual Report for 2009).

General economic outlook and sector development in 2010

We expect the global economy to expand by 3.6% in 2010, with the United States growing by 3.0% and the euro zone by just 0.9%. Nonetheless, the economic development is surrounded by numerous imponderables, including high levels of public debt, volatility on the property markets and the relatively high unemployment rate. We expect German gross domestic product to expand by 1.6% this year after contracting by 5.0% last year. Growth will be driven mainly by exports, which are forecast to rise by 6% in 2010 after falling by 14% in 2009. Exports from the euro area will also benefit from a weaker exchange rate in 2010. After the euro strengthened massively against the US dollar in 2009, the weak growth prospects and the high level of debt in some countries of the euro area have served to strongly depress the exchange rate. We expect the euro to recover slightly to be worth $1.38 by the end of the year. This does, however, depend on the success of the efforts currently being made to resolve the national debt crisis in the euro area.

Inflation rose again considerably around the world at the turn of the year. We assume, however, that the high levels of overcapacity in companies together with the tight situation on the labour market will counteract an acceleration in the consumer price rises in the industrialised nations. We predict inflation to rise by an average of just under 1% in 2010 following 0.3% last year.

The corporate mood has again lightened noticeably since the start of the year. The broadly observed Ifo Business Climate Index had recovered sharply to 101.6 points by mid-April 2010 after falling to 82.2 points last year. If anything, this implies that the global economic recovery will continue. Nonetheless, the pace of growth is likely to slow on account of the inventory cycle and the end of fiscal stimulus packages. Production levels in the industrialised nations will remain well below those seen prior to the crisis. And high levels of overcapacity will also serve to dampen plant-expanding investment. Capital spending could rise by a moderate 1% in Germany during 2010, despite the discontinuation of the declining-balance method of depreciation, after falling 20.5% in 2009; in the euro zone, on the other hand, it is expected to decline by a further 1.5%.

Despite the persistently low capacity utilisation levels, there are no signs yet of a rapid rise in unemployment in the industrialised nations. Corporate employment plans have stabilised of late, after companies started to reduce working hours more readily in response to the current situation. As a result, the unemployment rate should remain relatively stable at around 8% in Germany over the course of the year. A fast increase in employment is considered unlikely however.

The financial sector remains affected by the weak condition of key sectors, such as engineering, the automotive industry and commercial property. The banks will continue to face challenges into the future, such as risk provisioning rates that remain persistently high overall, a flatter yield curve and declining central bank liquidity. What cannot yet be estimated are the effects of political and legal regulation. At the same time, the fact that most banks have tangibly boosted their capitalisation will have a positive impact. Nevertheless, a very mixed picture emerges in the financial sector with regard to equity capital. One of the key questions still concerns the shape of future relations between the financial world and the real economy, and the likely global limitations in the regulatory and political field. It also remains to be seen how well the financial sector will come to terms with the new realities.

Development of HVB Group

HVB Group expects economic conditions both worldwide and in Germany to remain difficult, marked by considerable uncertainty. To cite one example, the high level of public debt in some European countries represents a serious risk to growth and the development of interest and exchange rates. This all means that the financial industry will again face major challenges in the 2010 financial year. Against this backdrop, we do not expect the pace of earnings growth in the first quarter of 2010 to be repeated across the year as a whole; instead, we continue to assume that the total revenues of HVB Group will largely stabilise at the prior year's levels over the whole of 2010. Adjusted for inflation, total operating costs are projected to remain largely unchanged year-on-year. Besides the change in total revenues – and notably the change in net trading income – the development of net write-downs of loans and provisions for guarantees and commitments will be the main factor influencing the earnings position. In terms of net write-downs of loans and provisions for guarantees and commitments, from today's viewpoint we assume that the total for the 2010 financial year will not substantially exceed the previous year's total despite predictions of a persistently difficult lending environment.

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

Development of Selected Risks

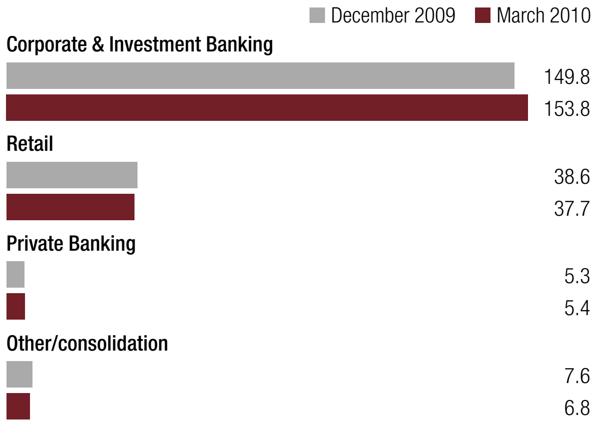
In the 2009 Annual Report, we presented a comprehensive description of the management and monitoring of risks in HVB Group, the essential characteristics of the internal control and risk management systems with regard to the financial reporting process, risk types and risk measurement, overall bank management, and risk types in detail. In light of the expected regulatory changes to market risk and the planned introduction of a new internal model, we conducted a thorough review of the internal capital calculation for all risk types during the first quarter of 2010. We also introduced the announced broadening of internal capital components to include the capital cushion. Furthermore, no essential methodological changes were made to risk management nor to the monitoring of individual risk types, or to the internal control and risk management system. The following sections describe the development of selected risks.

Credit exposure and counterparty exposure

Breakdown of credit exposure and counterparty exposure by industry sector (€ billions)

Industry sector	MARCH 2010	DECEMBER 2009
Banking and insurance	31.9	32.8
Construction	31.3	31.7
Retail customers	28.4	28.7
Public sector	22.8	14.6
Food, consumer goods, services	20.3	21.2
Transportation	11.8	11.8
Chemicals, health, pharmaceuticals	11.0	11.9
Other	9.4	9.4
Utilities	9.0	9.5
Mechanical engineering, steel	8.5	8.8
Automotive	7.3	8.2
Electrical, IT, communications	4.9	5.4
Mineral oil	4.4	4.2
Media, printing, paper	3.7	4.1
HVB Group	**204.7**	**202.3**

Breakdown of credit exposure and counterparty exposure by division – core portfolio (€ billions)



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

Rating class	MARCH 2010 € billions	MARCH 2010 in %	DECEMBER 2009 € billions	DECEMBER 2009 in %
Free of default risk	0.0	0.0	7.5	3.7
Not rated	7.6	3.7	9.7	4.8
Rating classes 1–4	101.4	49.8	89.4	44.4
Rating classes 5–8	86.4	42.4	85.9	42.7
Rating classes 9–10	8.3	4.1	8.8	4.4
HVB Group	**203.7**	**100.0**	**201.3**	**100.0**

Derivative transactions

Derivative transactions

(€ millions)

	NOMINAL AMOUNT					FAIR VALUE			
	RESIDUAL MATURITY			TOTAL	TOTAL	POSITIVE		NEGATIVE	
	UP TO 1 YEAR	MORE THAN 1 YEAR UP TO 5 YEARS	MORE THAN 5 YEARS	31/3/2010	31/12/2009	31/3/2010	31/12/2009	31/3/2010	31/12/2009
Interest rate derivatives	**1,021,729**	**1,096,269**	**789,408**	**2,907,406**	**2,873,119**	**68,731**	**60,896**	**67,337**	**59,833**
Foreign exchange derivatives	**393,616**	**129,874**	**69,077**	**592,567**	**467,793**	**11,629**	**9,499**	**12,283**	**9,599**
Equity/index derivatives	**85,272**	**105,822**	**6,457**	**197,551**	**186,805**	**8,446**	**9,212**	**11,488**	**11,742**
Credit derivatives	**41,953**	**219,754**	**42,866**	**304,573**	**326,438**	**3,641**	**4,318**	**4,008**	**4,684**
– Protection buyer	18,709	104,975	21,555	145,239	157,154	2,394	2,902	1,341	1,526
– Protection seller	23,244	114,779	21,311	159,334	169,284	1,247	1,416	2,667	3,158
Other transactions	**3,818**	**2,897**	**143**	**6,858**	**7,313**	**568**	**786**	**662**	**1,104**
HVB Group	**1,546,388**	**1,554,616**	**907,951**	**4,008,955**	**3,861,468**	**93,015**	**84,711**	**95,778**	**86,962**

Development of Selected Risks (Continued)

Derivative transactions by counterparty type (€ millions)

	FAIR VALUE			
	POSITIVE		NEGATIVE	
	31/3/2010	31/12/2009	31/3/2010	31/12/2009
Central governments and central banks	706	593	568	536
Banks	76,031	67,606	79,887	70,523
Financial institutions	12,106	12,818	13,746	14,286
Other companies and private individuals	4,172	3,694	1,577	1,617
HVB Group	**93,015**	**84,711**	**95,778**	**86,962**

In accordance with the banking supervision regulations under Basel II (German Banking Act/Solvency Regulation), with so-called partial use based on individual risk weightings and the risk-reducing effects of existing, legally enforceable bilateral netting agreements and the collateral provided by borrowers, risk-weighted assets for HVB Group amounted to €14.5 billion at 31 March 2010 (31 December 2009: €14.1 billion).

Market risk

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

	31/3/2010	AVERAGE 2009[1]	31/12/2009	30/9/2009	30/6/2009	31/3/2009
HVB Group	**54**	**113**	**65**	**91**	**127**	**168**

1 arithmetic mean of the four quarter-end dates

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

	31/3/2010	AVERAGE 2009[1]	31/12/2009	30/9/2009	30/6/2009	31/3/2009
Interest rate positions (incl. credit spread risks)	19	51	22	38	59	84
Foreign exchange positions	3	5	3	2	6	8
Equity/index positions	2	5	5	7	5	5
Diversification effect[2]	(5)	(12)	(9)	(12)	(15)	(12)
HVB Group	**19**	**49**	**21**	**35**	**55**	**85**

1 arithmetic mean of the four quarter-end dates
2 because of the diversification effect between the risk categories, the total risk is less than the sum of the individual risks

Liquidity risk

The recovery of the global financial crisis over the course of 2009 also continued on into the beginning of first quarter 2010. However, widening credit spreads due to the national debts of some euro-zone countries resulted in a renewed rise in volatility on the money and capital markets. With its adequate liquidity situation and solid financing structure, HVB Group was well equipped going into the first quarter of 2010. Even so, it cannot be ruled out that market volatility will set in again (for instance, due to problems in other countries), which could impact the money and capital markets.

Short-term liquidity
Within the framework of our short-term liquidity limit system, which operates under conservative assumptions, we showed an overall positive balance of €28.6 billion (31 December 2009: €41.4 billion) in HVB Group for the next banking day at the end of March 2010. The portfolio of highly liquid securities eligible as collateral for central bank borrowings and available at short notice to compensate for unexpected outflows of liquidity amounted to €24.7 billion at 31 March 2010 (31 December 2009: €38.4 billion). This represents a normalisation of the overall balance at year-end 2009 achieved by steering measures.

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

The requirements of the German Liquidity Ordinance were met at all times by the affected units of HVB Group during the period under review. The funds available exceeded the payment obligations for the following month by €46.0 billion at 31 March 2010 (31 December 2009: €49.5 billion).

Funding risk
The funding risk of HVB Group was again quite low in the first quarter of 2010 due to our broad funding base with regard to products, markets and investor groups. This ensured that we were able to obtain adequate funding for our lending operations at all times.

Consolidated Income Statement

for the period from 1 January to 31 March 2010

Income/Expenses	NOTES	1/1–31/3/2010 € millions	1/1–31/3/2009 € millions	CHANGE € millions	CHANGE in %
Net interest		1,010	1,217	(207)	(17.0)
Dividends and other income from equity investments		15	15	—	—
Net interest income	4	**1,025**	**1,232**	**(207)**	**(16.8)**
Net fees and commissions	5	373	295	+ 78	+ 26.4
Net trading income	6	440	(261)	+ 701	
Net other expenses/income	7	65	40	+ 25	+ 62.5
Net non-interest income		**878**	**74**	**+ 804**	**>+ 100.0**
TOTAL REVENUES		**1,903**	**1,306**	**+ 597**	**+ 45.7**
Payroll costs		(452)	(467)	+ 15	(3.2)
Other administrative expenses		(353)	(324)	(29)	+ 9.0
Amortisation, depreciation and impairment					
losses on intangible and tangible assets		(54)	(63)	+ 9	(14.3)
Operating costs		**(859)**	**(854)**	**(5)**	**+ 0.6**
OPERATING PROFIT		**1,044**	**452**	**+ 592**	**>+ 100.0**
Provisions for risks and charges		(5)	(19)	+ 14	(73.7)
Write-down on goodwill		—	—	—	—
Restructuring costs		—	(49)	+ 49	(100.0)
Net write-downs of loans and provisions					
for guarantees and commitments	8	(372)	(283)	(89)	+ 31.4
Net income from investments	9	27	(7)	+ 34	
PROFIT BEFORE TAX		**694**	**94**	**+ 600**	**>+ 100.0**
Income tax for the period		(234)	(31)	(203)	>+ 100.0
CONSOLIDATED PROFIT		**460**	**63**	**+ 397**	**>+ 100.0**
attributable to shareholder of UniCredit Bank AG		468	62	+ 406	>+ 100.0
attributable to minorities		(8)	1	(9)	

Earnings per share

(in €)

	Notes	1/1–31/3/2010	1/1–31/3/2009
Earnings per share	10	0.58	0.08

Statement of Other Comprehensive Income

(€ millions)

	1/1–31/3/2010	1/1–31/3/2009
Consolidated profit recognised in the income statement	**460**	**63**
Income and expenses recognised in equity		
Changes from foreign currency translation and other changes	42	25
Changes from companies accounted for using the equity method	—	—
Actuarial profit on defined benefit plans (pension commitments)	—	—
Discontinued operations and assets held for sale	—	—
Change in valuation of financial instruments (AfS reserve)	52	(129)
Change in valuation of financial instruments (hedge reserve)	(55)	(22)
Taxes on income and expenses recognised in equity	13	17
Income and expenses recognised in equity	**52**	**(109)**
Total recognised in equity	**512**	**(46)**
of which:		
attributable to shareholder of UniCredit Bank AG	473	(79)
attributable to minorities	39	33

Balance Sheet

at 31 March 2010

Assets

	NOTES	31/3/2010 € millions	31/12/2009 € millions	CHANGE € millions	in %
Cash and cash balances		14,596	6,400	+ 8,196	>+ 100.0
Financial assets held for trading	11	137,752	133,389	+ 4,363	+ 3.3
Financial assets at fair value through profit or loss	12	17,766	13,758	+ 4,008	+ 29.1
Available-for-sale financial assets	13	4,873	4,441	+ 432	+ 9.7
Shares in associates accounted for using the equity method					
and joint ventures accounted for using the equity method	14	89	88	+ 1	+ 1.1
Held-to-maturity investments	15	2,681	2,679	+ 2	+ 0.1
Loans and receivables with banks	16	44,753	43,254	+ 1,499	+ 3.5
Loans and receivables with customers	17	142,672	145,919	(3,247)	(2.2)
Hedging derivatives		4,052	3,578	+ 474	+ 13.2
Hedge adjustment of hedged items					
in the fair value hedge portfolio		103	53	+ 50	+ 94.3
Property, plant and equipment		2,591	2,581	+ 10	+ 0.4
Investment properties		1,899	1,907	(8)	(0.4)
Intangible assets		639	656	(17)	(2.6)
of which: goodwill		424	424	—	—
Tax assets		2,783	2,612	+ 171	+ 6.5
of which: deferred tax assets		2,414	2,252	+ 162	+ 7.2
Non-current assets or disposal groups held for sale		4	4	—	—
Other assets		1,900	2,101	(201)	(9.6)
Total assets		**379,153**	**363,420**	**+ 15,733**	**+ 4.3**

Liabilities

	NOTES	31/3/2010	31/12/2009	CHANGE	
		€ millions	€ millions	€ millions	in %
Deposits from banks	20	56,461	50,704	+ 5,757	+ 11.4
Deposits from customers	21	100,630	96,490	+ 4,140	+ 4.3
Debt securities in issue	22	57,159	61,286	(4,127)	(6.7)
Financial liabilities held for trading		130,355	121,206	+ 9,149	+ 7.5
Hedging derivatives		1,422	1,369	+ 53	+ 3.9
Hedge adjustment of hedged items					
in the fair value hedge portfolio		1,667	1,200	+ 467	+ 38.9
Tax liabilities		2,245	1,849	+ 396	+ 21.4
of which: deferred tax liabilities		1,426	1,175	+ 251	+ 21.4
Liabilities of disposal groups held for sale		—	—	—	—
Other liabilities		3,627	4,179	(552)	(13.2)
Provisions	23	1,446	1,499	(53)	(3.5)
Shareholders' equity		24,141	23,638	+ 503	+ 2.1
Shareholders' equity attributable to					
shareholder of UniCredit Bank AG		23,341	22,870	+ 471	+ 2.1
Subscribed capital		2,407	2,407	—	—
Additional paid-in capital		9,791	9,791	—	—
Own shares		—	—	—	—
Other reserves		9,037	9,034	+ 3	0.0
Change in valuation of financial instruments	24	5	5	—	—
AfS reserve		(152)	(190)	+ 38	+ 20.0
Hedge reserve		157	195	(38)	(19.5)
Consolidated profit 2009		1,633	1,633	—	—
Net profit 1/1 – 31/3/2010[1]		468	—	+ 468	
Minority interest		800	768	+ 32	+ 4.2
Total shareholders' equity and liabilities		**379,153**	**363,420**	**+ 15,733**	**+ 4.3**

1 shareholders' equity attributable to shareholder of UniCredit Bank AG

The 2009 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 €1,633 million. We will propose to the Annual General Meeting of Shareholders that a dividend of €1,633 million be paid to our sole shareholder, UniCredit S.p.A. (UniCredit), Rome, Italy.

Statement of Changes in Shareholders' Equity

at 31 March 2010

	SUBSCRIBED CAPITAL	ADDITIONAL PAID-IN CAPITAL	OTHER RESERVES TOTAL	OTHER RESERVES OF WHICH: PENSIONS AND SIMILAR OBLIGATIONS (IAS 19)
Shareholders' equity at 1 January 2009	**2,407**	**9,791**	**9,996**	**(139)**
Recognised income and expenses				
Consolidated profit recognised in the consolidated statement	**—**	**—**	**—**	**—**
Income and expenses recognised in equity				
Change in valuation of financial instruments not affecting income	—	—	—	—
Change in valuation of financial instruments affecting income	—	—	—	—
Reserve arising from foreign currency translation and other changes	—	—	—	—
Income and expenses recognised in equity	**—**	**—**	**—**	**—**
Total income and expenses recognised in equity	**—**	**—**	**—**	**—**
Other changes recognised in equity				
Dividend payouts	—	—	—	—
Changes in group of consolidated companies	—	—	13	—
Total other changes in equity	**—**	**—**	**13**	**—**
Shareholders' equity at 31 March 2009	**2,407**	**9,791**	**10,009**	**(139)**
of which:				
shareholders' equity of disposal groups held for sale	—	—	18	(1)
Shareholders' equity at 1 January 2010	**2,407**	**9,791**	**9,034**	**(223)**
Recognised income and expenses				
Consolidated profit recognised in the consolidated statement	**—**	**—**	**—**	**—**
Income and expenses recognised in equity				
Change in valuation of financial instruments not affecting income	—	—	—	—
Change in valuation of financial instruments affecting income	—	—	—	—
Reserve arising from foreign currency translation and other changes	—	—	5	—
Income and expenses recognised in equity	**—**	**—**	**5**	**—**
Total income and expenses recognised in equity	**—**	**—**	**5**	**—**
Other changes recognised in equity				
Dividend payouts	—	—	—	—
Changes in group of consolidated companies	—	—	(2)	—
Total other changes in equity	**—**	**—**	**(2)**	**—**
Shareholders' equity at 31 March 2010	**2,407**	**9,791**	**9,037**	**(223)**
of which:				
shareholders' equity of disposal groups held for sale	—	—	—	—

1 shareholders' equity attributable to shareholder of UniCredit Bank AG
2 UniCredit Bank AG (HVB)

(€ millions)

CHANGE IN VALUATION OF FINANCIAL INSTRUMENTS						
AFS RESERVE	HEDGE RESERVE	CONSOLIDATED PROFIT	PROFIT 1/1 – 31/3[1]	TOTAL SHAREHOLDERS' EQUITY ATTRIBUTABLE TO SHAREHOLDER OF HVB[2]	MINORITY INTEREST	TOTAL SHAREHOLDERS' EQUITY
(306)	**329**	**—**	**—**	**22,217**	**807**	**23,024**
—	**—**	**—**	**62**	**62**	**1**	**63**
(117)	53	—	—	(64)	—	(64)
(1)	(69)	—	—	(70)	—	(70)
(7)	—	—	—	(7)	32	25
(125)	**(16)**	**—**	**—**	**(141)**	**32**	**(109)**
(125)	**(16)**	**—**	**62**	**(79)**	**33**	**(46)**
—	—	—	—	—	(11)	(11)
—	—	—	—	13	1	14
—	**—**	**—**	**—**	**13**	**(10)**	**3**
(431)	**313**	**—**	**62**	**22,151**	**830**	**22,981**
—	—	—	—	18	32	50
(190)	**195**	**1,633**	**—**	**22,870**	**768**	**23,638**
—	**—**	**—**	**468**	**468**	**(8)**	**460**
46	(9)	—	—	37	1	38
1	(29)	—	—	(28)	—	(28)
(9)	—	—	—	(4)	46	42
38	**(38)**	**—**	**—**	**5**	**47**	**52**
38	**(38)**	**—**	**468**	**473**	**39**	**512**
—	—	—	—	—	(7)	(7)
—	—	—	—	(2)	—	(2)
—	**—**	**—**	**—**	**(2)**	**(7)**	**(9)**
(152)	**157**	**1,633**	**468**	**23,341**	**800**	**24,141**
—	—	—	—	—	—	—

Selected Notes

1 Accounting and valuation principles

IFRS basis

After trading in HVB shares was officially discontinued during 2008 following the completion of the squeeze-out, we are no longer formally obliged to prepare quarterly financial statements at 31 March and 30 September. We have decided, however, to continue publishing interim reports with a view to retaining a high level of transparency on the market.

The income statement and balance sheet contained in the present Interim Report together with the associated notes have again been prepared in accordance with the regulations defined in the International Financial Reporting Standards (IFRS).

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

Segment reporting

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 (formerly referred to as Wealth Management).

Also shown is the Other/consolidation segment that covers Global Banking Services (GBS) and Group Corporate Centre activities and the effects of consolidation. The Special Credit Portfolio (SCP) defined in 2006 and the remaining holdings of the customer portfolio of Real Estate Restructuring are included in GBS.

Largely the same principles used at year-end 2009 are being applied in 2010. We use risk-weighted assets compliant with Basel II as the criterion applied to allocate tied equity capital. The interest rate used to assess the equity capital allocated to companies assigned to several divisions (HVB, UniCredit Luxembourg) was 4.30% in 2009. This rate was redetermined for 2010 and has been 4.09% since 1 January 2010.

2 Changes in the group of companies included in consolidation

The following company was added to the group of companies included in consolidation in the first three months of 2010:

– Bank Austria Immobilien Service GmbH, Vienna.

Notes to the Income Statement

3 Segment reporting

Income statement broken down by division for the period from 1 January to 31 March 2010 (€ millions)

	CORPORATE & INVESTMENT BANKING	RETAIL	PRIVATE BANKING	OTHER/ CONSOLIDATION	HVB GROUP
TOTAL REVENUES					
1/1 – 31/3/2010	1,279	359	63	202	1,903
1/1 – 31/3/2009	760	392	66	88	1,306
Operating costs					
1/1 – 31/3/2010	(434)	(328)	(43)	(54)	(859)
1/1 – 31/3/2009	(406)	(346)	(46)	(56)	(854)
OPERATING PROFIT					
1/1 – 31/3/2010	845	31	20	148	1,044
1/1 – 31/3/2009	354	46	20	32	452
Restructuring costs					
1/1 – 31/3/2010	—	—	—	—	—
1/1 – 31/3/2009	(49)	—	—	—	(49)
Net write-downs of loans					
and provisions for guarantees					
and commitments					
1/1 – 31/3/2010	(344)	(12)	(1)	(15)	(372)
1/1 – 31/3/2009	(214)	(36)	(2)	(31)	(283)
Net income from					
investments and other items[1]					
1/1 – 31/3/2010	30	1	—	(9)	22
1/1 – 31/3/2009	(14)	6	—	(18)	(26)
PROFIT/(LOSS) BEFORE TAX					
1/1 – 31/3/2010	531	20	19	124	694
1/1 – 31/3/2009	77	16	18	(17)	94

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

Notes to the Income Statement (Continued)

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

INCOME/EXPENSES	1/1 – 31/3/2010	1/1 – 31/3/2009	Q4 2009	Q3 2009	Q2 2009
Net interest income	**697**	**931**	**733**	**755**	**818**
Net fees and commissions	183	125	137	122	132
Net trading income	373	(296)	72	582	569
Net other expenses/income	26	—	(5)	2	2
Net non-interest income	**582**	**(171)**	**204**	**706**	**703**
TOTAL REVENUES	**1,279**	**760**	**937**	**1,461**	**1,521**
Payroll costs	(184)	(153)	(211)	(176)	(146)
Other administrative expenses	(245)	(251)	(228)	(247)	(250)
Amortisation, depreciation and impairment losses on intangible and tangible assets	(5)	(2)	(6)	(1)	(1)
Operating costs	**(434)**	**(406)**	**(445)**	**(424)**	**(397)**
OPERATING PROFIT	**845**	**354**	**492**	**1,037**	**1,124**
Restructuring costs	—	(49)	125	—	(163)
Net write-downs of loans and provisions for guarantees and commitments	(344)	(214)	(145)	(496)	(681)
Net income from investments and other items[1]	30	(14)	(111)	(213)	(75)
PROFIT BEFORE TAX	**531**	**77**	**361**	**328**	**205**
Cost-income ratio in %	33.9	53.4	47.5	29.0	26.1

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

Development of the Corporate & Investment Banking division

The Corporate & Investment Banking division generated total revenues of €1,279 million in the first quarter of 2010, which represents a sharp rise over the total revenues of €760 million recorded in the first quarter of 2009. With a slight increase in operating costs, the operating profit rose to €845 million in the first quarter of 2010 after €354 million in the equivalent period last year.

Net interest income fell by €234 million to €697 million year-on-year. This decline can essentially be attributed to lower trading-related interest income in line with the deliberate reduction in assets held for trading (deleveraging). Net fees and commissions developed pleasingly, rising by €58 million to €183 million. This is attributable most notably to income from project and structured financing.

The net trading income improved significantly year-on-year. The total €373 million was generated primarily by the Fixed Income (fixed income and foreign exchange products) and Equities (equities and index products) units after a net trading loss of €296 million had been recorded in the previous year on account of the far more difficult market conditions (including valuation expanses on ABS products and widening spreads on government bonds fair value option).

Despite the increase of almost 7% in operating costs to €434 million (first quarter of 2009: €406 million), the division improved its cost-income ratio to a satisfactory level of 33.9% (first quarter 2009: 53.4%).

Net write-downs of loans and provisions for guarantees and commitments rose to €344 million in the first quarter of 2010 on account of the persistently difficult credit environment (first quarter of 2009: €214 million). The net income from investments includes gains on disposals from private equity funds. All in all, the division recorded a profit before tax of €531 million in the first quarter of 2010 (first quarter of 2009: €77 million).

Income statement of the Retail division (€ millions)

INCOME/EXPENSES	1/1 – 31/3/2010	1/1 – 31/3/2009	Q4 2009	Q3 2009	Q2 2009
Net interest income	**212**	**257**	**228**	**233**	**244**
Net fees and commissions	144	131	121	135	133
Net trading income	4	—	4	5	1
Net other expenses/income	(1)	4	(9)	(3)	(6)
Net non-interest income	**147**	**135**	**116**	**137**	**128**
TOTAL REVENUES	**359**	**392**	**344**	**370**	**372**
Payroll costs	(134)	(145)	(136)	(134)	(132)
Other administrative expenses	(191)	(198)	(184)	(190)	(184)
Amortisation, depreciation and impairment losses on intangible and tangible assets	(3)	(3)	(3)	(3)	(4)
Operating costs	**(328)**	**(346)**	**(323)**	**(327)**	**(320)**
OPERATING PROFIT	**31**	**46**	**21**	**43**	**52**
Restructuring costs	—	—	(8)	—	(55)
Net write-downs of loans and provisions for guarantees and commitments	(12)	(36)	(8)	(13)	(6)
Net income from investments and other items[1]	1	6	1	1	(15)
PROFIT/(LOSS) BEFORE TAX	**20**	**16**	**6**	**31**	**(24)**
Cost-income ratio in %	91.4	88.3	93.9	88.4	86.0

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

Development of the Retail division

The total revenues of the Retail division fell by around 8% compared with the equivalent period last year in a persistently difficult economic environment. Within this total, net interest income declined by around 18% to €212 million due essentially to lower interest margins in deposit-taking activities. On the lending side, falling volumes, notably in real estate financing, led to a decline in net interest income. Despite customers' continuing reticence in the wake of the financial crisis, net fees and commissions rose by €13 million or 10%. This pleasing development was a result of better securities operations driven by the strong demand for mandated products, such as the innovative "HVB Vermögensdepot privat", together with the successful distribution of pension products and stronger sales of savings-and-loan products. This benefited from the new cooperation deal with Wüstenrot Bausparkasse AG.

The decline in total revenues was partially offset by the savings achieved in operating costs by applying consistent cost management. Within operating costs, there was a decline in both payroll costs due to a reduction in headcount, and other administrative expenses. The operating profit for the first quarter of 2010 decreased by €15 million compared with the first quarter of 2009, to €31 million, although the total was still €10 million higher than the profit recorded for the fourth quarter of 2009.

On account of the reduction to €12 million (previous year: €36 million) in net write-downs of loans and provisions for guarantees and commitments, the Retail division generated a 25% increase in profit before tax to €20 million in the first quarter of 2010.

Notes to the Income Statement (CONTINUED)

Income statement of the Private Banking division (€ millions)

INCOME/EXPENSES	1/1 – 31/3/2010	1/1 – 31/3/2009	Q4 2009	Q3 2009	Q2 2009
Net interest income	**20**	**25**	**25**	**23**	**22**
Net fees and commissions	43	40	34	37	40
Net trading income	—	—	—	—	—
Net other expenses/income	—	1	5	(1)	2
Net non-interest income	**43**	**41**	**39**	**36**	**42**
TOTAL REVENUES	**63**	**66**	**64**	**59**	**64**
Payroll costs	(19)	(19)	(16)	(18)	(17)
Other administrative expenses	(24)	(27)	(26)	(25)	(22)
Amortisation, depreciation and impairment losses on intangible and tangible assets	—	—	—	—	(1)
Operating costs	**(43)**	**(46)**	**(42)**	**(43)**	**(40)**
OPERATING PROFIT	**20**	**20**	**22**	**16**	**24**
Restructuring costs	—	—	(2)	(1)	—
Net write-downs of loans and provisions for guarantees and commitments	(1)	(2)	(1)	4	3
Net income from investments and other items[1]	—	—	(7)	4	(6)
PROFIT BEFORE TAX	**19**	**18**	**12**	**23**	**21**
Cost-income ratio in %	68.3	69.7	65.6	72.9	62.5

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

Development of the Private Banking division

At the start of 2010, the Wealth Management division changed its name to the Private Banking division. As part of the Private Banking division of UniCredit Group, we have adopted this uniform designation to signal our affiliation to the outside world with one of Europe's biggest, market-leading private banking addresses.

At €20 million, the operating profit in the first quarter of 2010 remained at the same level as last year under persistently difficult market conditions. Total revenues fell a minor €3 million to €63 million due to lower net interest income. This decline was the sole result of unfavourable changes in market interest rates, whilst the average volume of deposits remained constant. At the same time, net fees and commissions rose by a pleasing €3 million to €43 million. Even though customers remain cautious due to ongoing uncertainty in the wake of the financial crisis, in the first quarter of 2010 we achieved the best total for net fees and commissions since the fourth quarter of 2008.

Operating costs fell by €3 million to €43 million due to a reduction in other administrative expenses as a result of consistent cost management. This helped the cost-income ratio to improve slightly by 1.4 percentage points to 68.3%.

All in all, the Private Banking division generated a profit before tax of €19 million in the first quarter of 2010, which is slightly higher than the year-ago figure of €18 million.

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

INCOME/EXPENSES	1/1 – 31/3/2010	1/1 – 31/3/2009	Q4 2009	Q3 2009	Q2 2009
TOTAL REVENUES	**202**	**88**	**136**	**64**	**232**
Operating costs	**(54)**	**(56)**	**(59)**	**(73)**	**(115)**
OPERATING PROFIT/(LOSS)	**148**	**32**	**77**	**(9)**	**117**
Restructuring costs	—	—	(17)	—	—
Net write-downs of loans and provisions					
for guarantees and commitments	(15)	(31)	41	(14)	(2)
Net income from investments and other items[1]	(9)	(18)	66	(11)	(39)
PROFIT/(LOSS) BEFORE TAX	**124**	**(17)**	**167**	**(34)**	**76**

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

Development of the Other/consolidation segment

The Other/consolidation segment encompasses the Group Corporate Centre, Global Banking Services and consolidation effects. Global Banking Services also includes the Special Credit Portfolio defined in 2006 together with the remaining holdings in the Real Estate Restructuring customer portfolio.

The total revenues of this segment increased by €114 million to €202 million in the first quarter of 2010 (first quarter of 2009: €88 million). Among other things, the total also includes gains realised on the buy-back of hybrid capital together with higher earnings from asset/liability management.

With operating costs declining by €2 million, an operating profit of €148 million was generated (first quarter of 2009: €32 million).

The net write-downs of loans and provisions for guarantees and commitments in this segment are almost exclusively due to the Special Credit Portfolio (including the Real Estate Restructuring customer portfolio). The total fell by €16 million to €15 million in the quarter under review compared with the first quarter of 2009. The profit before tax improved by €141 million to €124 million in the quarter under review (first quarter of 2009: loss of €17 million) on account of the higher total revenues and the lower net-write downs of loans and provisions for guarantees and commitments.

4 Net interest income

(€ millions)

	1/1 – 31/3/2010	1/1 – 31/3/2009
Interest income from		
lending and money market transactions	1,513	2,332
other interest income	640	950
Interest expense from		
deposits	(282)	(913)
debt securities in issue and other interest expenses	(861)	(1,152)
Net interest	**1,010**	**1,217**
Dividends and other income from equity investments		
Dividends and other similar income	14	15
Companies accounted for using the equity method	1	—
Total	**1,025**	**1,232**

Notes to the Income Statement (Continued)

5 Net fees and commissions

(€ millions)

	1/1 – 31/3/2010	1/1 – 31/3/2009
Management, brokerage and consultancy services	207	136
Collection and payment services	50	51
Lending operations	111	87
Other service operations	5	21
Total	**373**	**295**

This item comprises the balance of fee and commission income of €615 million (2009: €531 million) and fee and commission expense of €242 million (2009: €236 million).

6 Net trading income

(€ millions)

	1/1 – 31/3/2010	1/1 – 31/3/2009
Net gains/(losses) on financial assets held for trading[1]	339	(106)
Effects arising from hedge accounting	12	5
Changes in fair value of hedged items	(614)	(985)
Changes in fair value of hedging derivatives	626	990
Net gains/(losses) on financial assets at fair value through profit or loss (fair value option)	8	(155)
Other net trading income	81	(5)
Total	**440**	**(261)**

1 including dividends on financial assets held for trading

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

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

7 Net other expenses/income

(€ millions)

	1/1 – 31/3/2010	1/1 – 31/3/2009
Other income	89	66
Other expenses	(24)	(26)
Total	**65**	**40**

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

(€ millions)

	1/1 – 31/3/2010	1/1 – 31/3/2009
Additions	**(382)**	**(295)**
Allowances for losses on loans and receivables	(363)	(301)
Allowances for losses on guarantees and indemnities	(19)	6
Recoveries from write-offs of loans and receivables	**10**	**12**
Gains on the disposal of impaired loans and receivables	**—**	**—**
Total	**(372)**	**(283)**

9 Net income from investments

(€ millions)

	1/1 – 31/3/2010	1/1 – 31/3/2009
Available-for-sale financial assets	27	(10)
Shares in affiliated companies	—	—
Companies accounted for using the equity method	—	—
Held-to-maturity investments	—	—
Land and buildings	—	8
Investment properties[1]	—	(5)
Other	—	—
Total	**27**	**(7)**

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

Net income from investments breaks down as follows:

(€ millions)

	1/1 – 31/3/2010	1/1 – 31/3/2009
Gains on the disposal of	**20**	**24**
available-for-sale financial assets	20	10
shares in affiliated companies	—	6
companies accounted for using the equity method	—	—
held-to-maturity investments	—	—
land and buildings	—	8
other	—	—
Write-downs and value adjustments on	**7**	**(31)**
available-for-sale financial assets	7	(26)
shares in affiliated companies	—	—
companies accounted for using the equity method	—	—
held-to-maturity investments	—	—
investment properties[1]	—	(5)
Total	**27**	**(7)**

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

10 Earnings per share

	1/1 – 31/3/2010	1/1 – 31/3/2009
Consolidated profit attributable to shareholders (€ millions)	468	62
Average number of shares	802,383,672	802,383,672
Earnings per share (€)	0.58	0.08

Notes to the Balance Sheet

11 Financial assets held for trading

(€ millions)

	31/3/2010	31/12/2009
Balance sheet assets		
Fixed-income securities	31,895	33,950
Equity instruments	5,863	6,586
Other financial assets held for trading	11,133	11,772
Positive fair value from derivative financial instruments	**88,861**	**81,081**
Total	**137,752**	**133,389**

The financial assets held for trading include €440 million (31 December 2009: €512 million) in subordinated assets at 31 March 2010.

12 Financial assets at fair value through profit or loss

(€ millions)

	31/3/2010	31/12/2009
Fixed-income securities	15,540	11,266
Equity instruments	1	1
Investment certificates	1	1
Promissory notes	2,224	2,490
Other financial assets at fair value through profit or loss	—	—
Total	**17,766**	**13,758**

The financial assets at fair value through profit or loss include €293 million (31 December 2009: €274 million) in subordinated assets at 31 March 2010.

13 Available-for-sale financial assets

(€ millions)

	31/3/2010	31/12/2009
Fixed-income securities	2,829	2,433
Equity instruments	885	862
Other available-for-sale financial assets	476	475
Impaired assets	683	671
Total	**4,873**	**4,441**

Available-for-sale financial assets include financial instruments of €1,463 million (31 December 2009: €1,444 million) valued at cost at 31 March 2010.

The available-for-sale financial assets contain a total of €683 million (31 December 2009: €671 million) in impaired assets at 31 March 2010. Impairments of €2 million (31 March 2009: €26 million) were taken to the income statement during the period under review. Of the non-impaired debt instruments non are financial instruments past due.

The available-for-sale financial assets include €266 million (31 December 2009: €257 million) in subordinated assets at 31 March 2010.

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

(€ millions)

	31/3/2010	31/12/2009
Associated companies accounted for using the equity method	89	88
of which: goodwill	—	—
Joint ventures accounted for using the equity method	—	—
Total	**89**	**88**

15 Held-to-maturity investments

(€ millions)

	31/3/2010	31/12/2009
Fixed-income securities	2,666	2,664
Other held-to-maturity investments	11	11
Impaired assets	4	4
Total	**2,681**	**2,679**

The held-to-maturity investments include €11 million (31 December 2009: €11 million) in subordinated assets at 31 March 2010.

16 Loans and receivables with banks

(€ millions)

	31/3/2010	31/12/2009
Current accounts and demand deposits	14,726	14,887
Repos[1]	12,414	10,265
Reclassified securities	7,093	8,349
Other loans to banks	10,520	9,753
Total	**44,753**	**43,254**

1 repurchase agreements

The loans and receivables with banks include €892 million (31 December 2009: €862 million) in subordinated assets at 31 March 2010.

17 Loans and receivables with customers

(€ millions)

	31/3/2010	31/12/2009
Current accounts	6,344	6,349
Repos[1]	1,027	971
Mortgage loans	54,707	56,012
Finance leases	2,359	2,357
Reclassified securities	7,545	8,009
Non-performing loans and receivables	4,544	5,029
Other loans and receivables	66,146	67,192
Total	**142,672**	**145,919**

1 repurchase agreements

The loans and receivables with customers include €2,029 million (31 December 2009: €2,054 million) in subordinated assets at 31 March 2010.

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

No further assets held for trading have been reclassified as loans and receivables in 2010. The intention to trade no longer exists for the assets reclassified in 2008 and 2009, since the markets in these financial instruments had become illiquid as a result of the extraordinary circumstances created by the financial crisis through to the time of reclassification. Given the high quality of the assets concerned, HVB intends to retain the assets for a longer period. HVB has not reclassified any assets from the available-for-sale portfolio.

The following table shows the development of the reclassified holdings:

(€ billions)

RECLASSIFIED ASSET-BACKED-SECURITIES AND OTHER SECURITIES	CARRYING AMOUNT OF ALL RECLASSIFIED ASSETS[1]	FAIR VALUE OF ALL RECLASSIFIED ASSETS	NOMINAL AMOUNT OF ALL RECLASSIFIED ASSETS
Reclassified in 2008			
Balance at 31/12/2008	13.7	11.8	14.6
Balance at 31/3/2010	8.4	7.6	9.2
Reclassified in 2009			
Balance at 31/12/2009	7.3	7.4	7.4
Balance at 31/3/2010	6.2	6.4	6.3
Balance of reclassified assets at 31/3/2010	**14.6**	**14.0**	**15.5**

1 before accrued interest

Notes to the Balance Sheet (Continued)

The fair value of the financial instruments reclassified as loans and receivables with banks and customers amounts to a total of €14.0 billion at 31 March 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 €309 million in net trading income in the first quarter of 2010. A net loss of €0.6 billion would have accrued in net trading income from the holdings reclassified in 2008 and 2009. These effects reflect a theoretical, pro forma calculation, as the assets are measured at amortised cost on account of the reclassification.

We have taken loan-loss provisions of €1 million on the reclassified assets in the first three months of 2010 (2008 and 2009: €143 million). The fair value at the date when the reclassification takes effect represents the new acquisition costs, some of which are considerably less than the nominal value. Accordingly, this difference (discount) will be amortised over the remaining term of the reclassified financial assets. This gives rise to an effect of €36 million (2008 and 2009: €335 million) in the first quarter of 2010 which is recognised in net interest income.

A gain of €15 million (2008 and 2009: €83 million) on reclassified securities that had matured, been partially paid off and sold was recognised in the income statement in the first quarter of 2010.

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

Analysis of loans and receivables (€ millions)

	SPECIFIC ALLOWANCES	PORTFOLIO ALLOWANCES	TOTAL
Balance at 1 January 2009	**4,305**	**536**	**4,841**
Changes affecting income	285	16	301
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	(74)	—	(74)
Effects of currency translation and other changes not affecting income	41	—	41
Non-current assets or disposal groups held for sale	9	2	11
Balance at 31 March 2009	**4,557**	**552**	**5,109**
	SPECIFIC ALLOWANCES	PORTFOLIO ALLOWANCES	TOTAL
Balance at 1 January 2010	**4,641**	**581**	**5,222**
Changes affecting income	343	20	363
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	(28)	—	(28)
Effects of currency translation and other changes not affecting income	15	—	15
Non-current assets or disposal groups held for sale	—	—	—
Balance at 31 March 2010	**4,971**	**601**	**5,572**

20 Deposits from banks

(€ millions)

	31/3/2010	31/12/2009
Deposits from central banks	**6,463**	**8,385**
Deposits from banks	**49,998**	**42,319**
Current accounts and demand deposits	16,876	13,553
Reverse repos[1]	7,969	5,574
Other liabilities	25,153	23,192
Total	**56,461**	**50,704**

1 repurchase agreements

21 Deposits from customers

(€ millions)

	31/3/2010	31/12/2009
Current accounts and demand deposits	40,975	41,281
Savings deposits	13,884	13,183
Reverse repos[1]	8,423	1,834
Other liabilities	37,348	40,192
Total	**100,630**	**96,490**

1 repurchase agreements

22 Debt securities in issue

(€ millions)

	31/3/2010	31/12/2009
Bonds	54,644	59,265
Other securities	2,515	2,021
Total	**57,159**	**61,286**

23 Provisions

(€ millions)

	31/3/2010	31/12/2009
Provisions for pensions and similar commitments	50	50
Allowances for losses on guarantees and commitments	256	237
Restructuring provisions	108	121
Other provisions	1,032	1,091
Total	**1,446**	**1,499**

24 Change in valuation of financial instruments

The reserves arising from changes in the valuation of financial instruments at 31 March 2010 remained practically unchanged compared with the total at year-end 2009 with €5 million. The decline of €38 million in the cash flow hedge reserve to €157 million was offset by the rise of €38 million in the AfS reserve to minus €152 million. The positive development of the AfS reserve can be attributed primarily to positive fair value fluctuations in our shareholdings and fixed-interest securities classified as available for sale. There was also a minor, market-related increase in the value of ABS holdings in the available-for-sale portfolio, for which there were no impairment criteria as defined in IAS 39.59 and hence no impairment losses needed to be recognised.

25 Subordinated capital

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

	31/3/2010	31/12/2009
Subordinated liabilities	4,016	4,232
Participating certificates outstanding	205	205
Hybrid capital instruments	1,333	1,671
Total	**5,554**	**6,108**

Other Information

26 Contingent liabilities and other commitments

(€ millions)

	31/3/2010	31/12/2009
Contingent liabilities[1]	**19,567**	**19,544**
Guarantees and indemnities	19,567	19,544
Other commitments	**59,629**	**56,787**
Irrevocable credit commitments	39,457	37,252
Other commitments	20,172	19,535
Total	**79,196**	**76,331**

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

27 Members of the Supervisory Board and Management Board

Supervisory Board

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Chairman

Peter König
Deputy Chairman

Dr Wolfgang Sprissler
Deputy Chairman

Gerhard Bayreuther

Aldo Bulgarelli

Beate Dura-Kempf

Paolo Fiorentino

Giulio Gambino

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Marina Natale

Roberto Nicastro

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Professor Hans-Werner Sinn

Jutta Streit

Michael Voss

Jens-Uwe Wächter

Dr Susanne Weiss

Management Board

Peter Buschbeck
Retail division

Lutz Diederichs
Corporate & Investment Banking division

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

Heinz Laber
Human Resources Management
Global Banking Services

Andrea Umberto Varese
Chief Risk Officer (CRO)

Dr Theodor Weimer
Board spokesman

Andreas Wölfer
Private Banking division[1]

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

Munich, 11 May 2010

UniCredit Bank AG
The Management Board

Buschbeck Diederichs Friedhofen

Laber Varese Dr Weimer Wölfer

Summary of Quarterly Financial Data

(€ millions)

OPERATING PERFORMANCE	Q1 2010	Q4 2009	Q3 2009	Q2 2009	Q1 2009
Net interest income	1,025	1,121	1,024	1,151	1,232
Net fees and commissions	373	286	301	305	295
Net trading income	440	56	597	682	(261)
Net other expenses/income	65	18	32	51	40
TOTAL REVENUES	**1,903**	**1,481**	**1,954**	**2,189**	**1,306**
Operating costs	(859)	(869)	(867)	(872)	(854)
OPERATING PROFIT	**1,044**	**612**	**1,087**	**1,317**	**452**
Provisions for risks and charges	(5)	(48)	(39)	(45)	(19)
Write-down on goodwill	—	—	—	—	—
Restructuring costs	—	98	(1)	(218)	(49)
Net write-downs of loans and provisions					
for guarantees and commitments	(372)	(113)	(519)	(686)	(283)
Net income from investments	27	(3)	(180)	(90)	(7)
PROFIT BEFORE TAX	**694**	**546**	**348**	**278**	**94**
Income tax for the period	(234)	(58)	(133)	(160)	(31)
CONSOLIDATED PROFIT	**460**	**488**	**215**	**118**	**63**
attributable to shareholder of UniCredit Bank AG	468	485	189	83	62
attributable to minorities	(8)	3	26	35	1
Earnings per share (€)	**0.58**	**0.60**	**0.24**	**0.10**	**0.08**

Financial Calendar

Important Dates 2010

Interim Report at 31 March 2010	12 May 2010
Half-yearly Financial Report at 30 June 2010	4 August 2010
Interim Report at 30 September 2010	10 November 2010

Contacts

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