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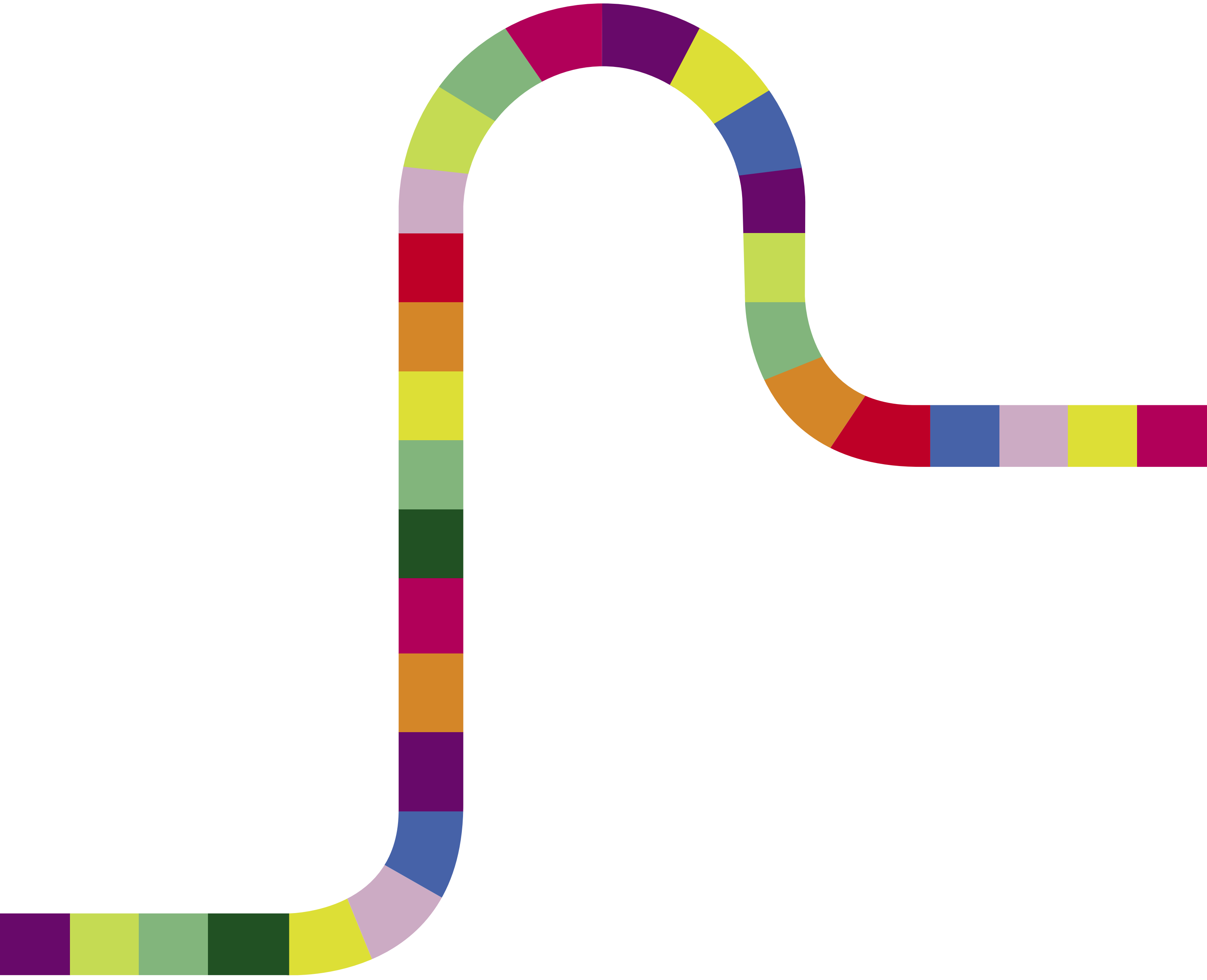
Interim Report at 30 September 2011



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Financial Highlights

Key performance indicators

	1/1–30/9/2011	1/1–30/9/2010
Net operating profit	€2,211m	€1,720m
Cost-income ratio (based on operating income)	54.1%	52.3%
Profit before tax	€1,993m	€1,686m
Consolidated profit	€1,226m	€1,139m
Return on equity before tax[1]	11.8%	10.2%
Return on equity after tax[1]	7.3%	7.0%
Earnings per share	€1.48	€1.39

Balance sheet figures

	30/9/2011	31/12/2010
Total assets	€400.4bn	€371.9bn
Shareholders' equity	€23.6bn	€23.7bn
Leverage ratio[2]	17.0	15.7

Key capital ratios compliant with Basel II

	30/9/2011	31/12/2010
Core capital without hybrid capital (core Tier 1 capital)	€19.8bn	€19.8bn
Core capital (Tier 1 capital)	€20.6bn	€20.6bn
Risk-weighted assets (including equivalents for market risk and operational risk)	€117.3bn	€124.5bn
Core capital ratio without hybrid capital (core Tier 1 ratio)[3]	16.9%	15.9%
Core capital ratio (Tier 1 ratio)[3]	17.6%	16.6%

	30/9/2011	31/12/2010
Employees (in full-time equivalents, FTEs)	19,552	19,146
Branch offices	939	927

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

Ratings

	LONG-TERM	SHORT-TERM	OUTLOOK	FINANCIAL STRENGTH	CHANGED/ CONFIRMED	PFANDBRIEFS		CHANGED/ CONFIRMED
						PUBLIC	MORTGAGE	
Moody's	A2	P-1	negative	C–	5/10/2011	Aaa	Aa1	13/6/2008/ 17/6/2008
S & P	A	A-1	negative	—	18/10/2011	AAA	—	9/3/2010
Fitch Ratings	A+	F1+	stable	a-**	14/10/2011	AAA	AAA*	17/6/2008

* on Rating Watch Negative (10 August 2010, prolonged 1 July 2011)
** as of 20 July 2011 Fitch uses the Viability Rating, thus replacing the previous Individual Rating

Business Performance of HVB Group

Underlying conditions and general comments on the business situation

Following on from a dynamic first half of the year, the global economy lost momentum during the summer of 2011. Economic expansion was dampened by the expiry and, in some cases, the reversal of earlier fiscal stimuli among other things. Furthermore, the rapid rise in commodity prices had a negative effect on purchasing power, in particular in emerging markets like China, while a tightening of monetary policy also acted as a brake on growth in these countries. Accordingly, the growth in global trade, which had significantly exceeded pre-crisis levels by this summer, has weakened notably in recent months. Following the sharp downward correction, the leading indicators are not yet pointing to a stabilisation.

The United States has recorded only anaemic economic growth since the beginning of the year, with the unemployment rate remaining constantly high. New housing starts have become stuck at a very low level, while property prices have fallen further. The extension of tax reliefs, coupled with the weak economy, has resulted in a persistently massive fiscal deficit. In light of the ongoing difficulties on the labour market and falling inflationary pressure, the Federal Reserve (Fed) has decided to leave its zero-interest rate policy unchanged until mid-2013 at the earliest. Moreover, it is seeking to reduce long-term interest rates further by selling short-dated Treasuries and buying long-dated ones instead. Following a period of weakness at the start of the year, the dollar has appreciated again tangibly over the summer of 2011, although this mainly due to the worsening debt crisis in the eurozone.

The data that have already been released regarding economic developments in the European Monetary Union (EMU) during the third quarter point to a satisfactory rate of industrial expansion overall. Nevertheless, the massive consolidation of public finances in the highly indebted countries has had a negative impact on the respective domestic economies. The European Central Bank (ECB) lowered the key interest rate from 1.5% to 1.25% at the beginning of November. Furthermore, the ECB has continued to supply banks with liquidity on a large scale and has expanded its purchases of government debt issued by peripheral countries.

After a dynamic start to the year, corporate surveys in Germany also indicate a big slowdown in economic growth. Nonetheless, the economic data for the third quarter still paint a relatively positive picture, built on the solid backlog of orders in industry and a stable domestic economy. The slowing growth in foreign demand has not yet worked its way through to dampen production growth. In addition, the further rise in capacity utilisation levels, coupled with major investments, has helped to continually reduce unemployment, with real consumer demand developing well accordingly, despite persistently high inflation in the third quarter.

The European capital markets have experienced a very high level of volatility during the course of 2011, caused mainly by the debt crises in some EU member states. Considerable uncertainty on the capital markets regarding the effects of the debt crisis, despite efforts to increase the size of the EU safety net and support Greece, led to a bear run on the equity markets during the third quarter. As of the end of September 2011, Germany's benchmark index, the DAX30, and the eurozone's benchmark index, the EuroStoxx50, had fallen by 20.4% and 22%, respectively, compared with their 2010 year-end totals. The euro has also depreciated significantly. The ever-worsening sovereign debt crisis in the third quarter has resulted in much higher risk premiums and interest rates on government bonds for the peripheral countries in particular, which has also had a major knock-on effect on European banks. The adverse environment has led to banks becoming increasingly wary of each other and considerably restricted funding options.

HVB Group performed well in the very difficult capital market environment in the third quarter of 2011, even if it could not repeat the pleasing earnings growth seen in the first half of 2011. We generated a profit before tax of €73 million in the third quarter of 2011. All in all, we had generated a very good profit before tax in the current environment of around €2 billion at HVB Group after nine months of 2011, exceeding the total for the equivalent period last year by €307 million, or 18.2%. The consolidated profit after tax was up by 7.6% year-on-year to €1,226 million. These higher profits can be attributed primarily to a 28.5% increase in net operating profit to €2,211 million. In this context, we benefited from lower net write-downs of loans and provisions for guarantees and commitments in a persistently favourable credit environment, while operating income remained stable overall. Net write-downs of loans and provisions for guarantees and commitments totalled €78 million at the end of September, significantly below the €664 million recorded one year ago. Within operating income, which at €4,982 million almost matched the year-ago total of €4,997 million, net interest was up by €94 million, or 3.1%, and dividends by €43 million, or 45.7%, over the corresponding year-ago figures. Net fees and commissions also performed well, rising by 5.1% or €49 million. Despite the turmoil on the capital markets, net trading, hedging and fair value income delivered a substantial contribution of €639 million to operating income, even if this figure failed to match the good year-ago total of €749 million (representing a year-on-year fall of €110 million). At the same time, net other income/expenses fell by €91 million to €83 million, notably on account of the expense for the German bank levy that has been included for the first time in 2011[1]. Operating costs were up by 3.1% to €2,693 million, primarily on account of the expenses for the Austrian bank levy[1]. In spite of this, we achieved a cost-income ratio of 54.1% (2010: 52.3%), which is still an excellent level by both national and international standards.

All the operating divisions contributed higher profits before tax year-on-year to the good overall performance of HVB Group. The Corporate & Investment Banking division (CIB) improved its profit before tax by €377 million to €1,706 million, thanks to an increase in operating profit coupled with a significant reduction in net write-downs of loans and provisions for guarantees and commitments. The Family & SME division (F&SME) also succeeded in increasing its profit before tax thanks to higher earnings from its operating activities and especially lower net write-downs of loans and provisions for guarantees and commitments. At €145 million, the profit before tax represents a sharp rise over the figure of €60 million recorded for the equivalent period in 2010. The Private Banking division (PB) also increased its profit before tax by 11.6% to €77 million, similarly on the back of a higher operating profit.

HVB Group continues to have an excellent capital base. The core Tier 1 ratio in accordance with Basel II (ratio of core capital excluding hybrid capital instruments to the total amount of credit risks and equivalent risk-weighted assets for market risk and operational risk) amounted to 16.9% at 30 September 2011 after 15.9% at year-end 2010, which is still an excellent level by both national and international standards. The shareholders' equity shown in the balance sheet totalled €23.6 billion at 30 September 2011. With total assets up by 7.7% compared with year-end 2010 to €400.4 billion, the leverage ratio (calculated as the ratio of total assets to shareholders' equity shown in the balance sheet) amounted to 17.0x at 30 September 2011 after 15.7x at the end of December 2010.

HVB Group enjoyed an adequate liquidity base and a solid financing structure at all times during the first three quarters of 2011. The funding risk remained low on account of the diversification in our 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.

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

We would like to expressly thank our employees at this point. Their willingness to embrace change and at the same time to help secure our commercial success forms the basis for our good performance. We also thank the employee representatives for their constructive cooperation in spite of the difficult issues. This gives all of us the confidence we need to master the challenges of the future.

1 In the first nine months of 2011, the income statement of HVB Group contains expenses totalling €112 million for bank levies for the first time (pro rata for 2011 as a whole). The expenses of €76 million for the German bank levy are carried under net other expenses/income, while the expenses of €36 million for our Austrian activities are shown under other administrative expenses.

Business Performance of HVB Group (Continued)

Operating performance of HVB Group

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

Net interest

Compared with the result for the same period last year, net interest increased by €94 million, or 3.1%, to €3,107 million at the end of September 2011. This development can be primarily attributed to increases in margins in deposit-taking operations in all operating divisions. Furthermore, higher trading-related interest income and special effects in the Multinational Corporates unit in the first half of 2011 had a positive impact on net interest in the CIB division.

Dividends and other income from equity investments

Compared with last year, there was an increase of €43 million, to €137 million, in income generated from dividends and other income from equity investments. This is mainly due to higher dividends paid by private equity funds.

Net fees and commissions

At €1,016 million, net fees and commissions was €49 million, or 5.1%, higher than the total reached last year. This increase is due to a rise in fee and commission income from lending operations (up €53 million to €357 million) and higher contributions to earnings from other service operations (up €19 million to €23 million). Hence, the lower fee and commission income from management, brokerage and consultancy services (down €21 million to €504 million) and from payment services (down €2 million to €132 million) was more than compensated.

Net trading, hedging and fair value income

In spite of the difficult market conditions in the third quarter, HVB Group generated a respectable net trading income of €639 million in the first nine months of 2011. This result was generated primarily by the Rates and FX (interest- and currency-related products) and Equities (equity and index products) units as well as in credit-related operations. Net trading income was, however, 14.7% down on last year's very strong figure of €749 million.

At the same time, the effects on net trading income from hedge accounting increased year-on-year by €18 million, to €102 million, and the gains on fair-value-option holdings including the derivatives concluded for the purpose of hedging them rose by €99 million to €73 million. The other net trading income included in the previous year (€109 million) resulted from a profit from the buy-back of hybrid capital, which did not recur in 2011.

Net other expenses/income

Net other expenses/income declined by €91 million, to €83 million, in the year under review compared with the year-ago figure (€174 million), primarily on account of the expenses for the bank levy imposed for the first time in Germany in 2011 (pro rata for the whole of 2011: €76 million).

Operating costs

Operating costs rose by €80 million, or 3.1%, to €2,693 million in the period under review compared with last year. In the process payroll costs rose by 2.2% to €1,399 million partly on account of an increase in expenses for the pension guarantee and other administrative expenses by 5.3%, to €1,141 million, while amortization, depreciation and impairment losses on intangible and tangible assets fell by 4.4% to €153 million. The increase of €57 million in other operating costs can be attributed in part to the Austrian bank levy included for the first time in 2011 (pro rata for the whole of 2011: €36 million). Overall, the expenses of companies included in the scope of consolidation for the first time have also resulted in an increase in total operating costs. Adjusted for currency and consolidation effects and for the expenses for the bank levy, total operating costs rose by only 0.9%.

Operating profit (before net write-downs of loans and provisions for guarantees and commitments)

Operating profit declined by 4.0%, or €95 million, to €2,289 million after the first nine months of 2011, partly as a result of the charges contained in this figure from the expenses for the bank levies to be paid in Germany and Austria (pro rata for the whole of 2011: €112 million). At the end of September 2011, the cost-income ratio (ratio of operating expenses to operating income) amounted to 54.1% (comparative prior-year figure: 52.3%) and is thus still at a very good level.

Net write-downs of loans and provisions for guarantees and commitments and net operating profit

By the end of September 2011, net write-downs of loans and provisions for guarantees and commitments had significantly improved in a much healthier lending environment than last year and at €78 million for the first nine months of 2011 were significantly lower than the provisioning requirements of the same period last year (€664 million). Within this amount, additions of €1,092 million are largely offset by releases and recoveries from write-offs of loans and receivables of €1,014 million. All the divisions were able to benefit from the favourable development in net write-downs of loans and provisions for guarantees and commitments, particularly the CIB division (decline of €426 million compared with last year) and F&SME (decline of €67 million compared with last year). The net operating profit of HVB Group thus increased a substantial €491 million, or 28.5%, to €2,211 million, after the first nine months of 2011 compared with the equivalent period last year.

Provisions for risks and charges

In the first three quarters of 2011, additions to provisions for risks and charges totalled €281 million after €25 million in the same period last year. The largest individual item included in this financial year results from an obligation in connection with the completion of an offshore wind farm. Higher provisions were also required for risks and charges relating to litigation risks.

Restructuring costs

In the third quarter of this year, we set up provisions of €33 million for restructuring costs in connection with staff cutbacks.

Net income from investments

At the end of September 2011, net income from investments amounted to €96 million after a loss of €9 million in the previous year. In the reporting period, net income from investments mainly results from gains of €128 million on disposal which were largely generated with available-for-sale financial instruments. This figure also includes a gain totalling €45 million generated in the second quarter of 2011 from the partial sale of our shareholdings in UniCredit Global Information Services and UniCredit Business Partners to UniCredit S.p.A. At the same time, expenses for write-downs and value adjustments relating to available-for-sale financial assets and investment properties total €32 million.

Last year's figure (loss of €9 million) mainly resulted from valuation expenses for investment properties which were largely offset by gains on the disposal of available-for-sale financial instruments.

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

After the first nine months of 2011, HVB Group generated a very good profit before tax of €1,993 million, which exceeds the figure recorded last year by 18.2%, or €307 million, in spite of the difficult market conditions in the third quarter. Particularly as a result of the good performance in the year under review, income tax rose by €216 million, to €763 million. After deducting taxes, HVB Group generated a consolidated profit of €1,226 million at the end of September 2011, significantly surpassing the equivalent figure for the same period last year (€1,139 million) by 7.6%.

Segment results by division

The divisions contributed the following amounts to the very good profit before tax of €1,993 million of HVB Group:

Corporate & Investment Banking	€1,706 million
Family & SME	€145 million
Private Banking	€77 million
Other/consolidation	€65 million

Income statements for each division and comments on the economic performance of the individual divisions are provided in Note 3, "Segment reporting", in this Interim Report. The tasks and objectives of each division are described in detail in Note 27 of our 2010 Annual Report, "Notes to segment reporting by division".

We have described the change in tasks of the divisions compared with the previous year, in particular the reclassification of customers between CIB and F&SME due to the implementation of the One for Clients programme (One4C), in Note 1, "Accounting and valuation principles", of this Interim Report. The quarterly figures for the previous periods have been adjusted accordingly.

Business Performance of HVB Group (Continued)

Financial situation

Total assets

The total assets of HVB Group amounted to €400.4 billion at the end of September 2011, representing an increase of €28.5 billion, or 7.7%, compared with year-end 2010. This increase over the year-end occurred solely in the third quarter of 2011 as a result of market conditions.

On the assets side, there was an increase of €24.5 billion, to €157.9 billion (up 18.4%) compared with year-end 2010 particularly in the financial assets held for trading, caused primarily by higher positive fair values from derivative financial instruments in the third quarter of 2011, reflecting the significant change in market conditions. In addition, loans and receivables with banks rose by €3.7 billion, to €50.1 billion, due to a substantial rise in bonds contained in these; in contrast there was a decline in the repurchase agreements and the holdings of reclassified securities in this balance sheet item. Furthermore, the fair-value-option holdings including the derivatives increased by €2.5 billion, to €29.1 billion, and hedging derivatives by €1.1 billion, to €5.3 billion. In contrast, the loans and receivables with customers declined by €2.9 billion, to €136.5 billion, compared with year-end 2010 on account of lower volumes of mortgage loans, the reduction of reclassified securities, the decrease in impaired assets and lower other loans and receivables.

On the liabilities side, the financial liabilities held for trading rose by €26.2 billion, to €153.3 billion, compared with year-end 2010 in line with the development on the assets side due to the increase in negative fair values from derivative financial instruments. In addition, debt securities decreased by €6.9 billion, to €41.8 billion, on account of issues due and deposits from customers by €3.3 billion, to €105.2 billion. Within deposits from customers, there was a decrease in other liabilities, due to a decline in time deposits, and savings deposits. Deposits from banks rose by €11.0 billion, to €62.9 billion, primarily as a result of a substantial increase in volumes of reverse repos while time deposits declined. As a result of the transfer of liabilities under the sale of parts of the private banking business of UniCredit Luxembourg S.A. to DZ Privatbank S.A. at the beginning of the year, there was a decline of €0.6 billion in the balance sheet item "Liabilities of disposal groups held for sale". At €23.6 billion, shareholders' equity remained almost unchanged compared with year-end 2010. In the process, the increase resulting from the consolidated profit of €1.2 billion generated up until 30 September 2011 was almost offset by the decrease due to the profit available for distribution for the 2010 financial year paid out in the second quarter of 2011 (€1.3 billion).

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

The risk-weighted assets for credit risk of HVB Group determined on the basis of Basel II (German Banking Act/Solvency Regulation – KWG/SolvV) by applying partial use amounted to €98.4 billion at 30 September 2011 (including counterparty default risk in the trading book). At 31 December 2010, these risk-weighted assets amounted to €111.8 billion. The total risk-weighted assets, including market risk and operational risk, amounted to €117.3 billion at 30 September 2011 (31 December 2010: €124.5 billion).

The total risk-weighted assets of HVB Group decreased by €7.2 billion compared with year-end 2010. This decline is due to the decrease of €13.4 billion in risk-weighted assets for credit risk while the risk-weighted assets for operational risk increased by €2.4 billion and the risk-weighted assets for market risk by €3.8 billion.

The reduction of €13.4 billion in risk-weighted assets for credit risk is chiefly attributable to a significant decline in risk-weighted assets of €6.2 billion at UniCredit Luxembourg S.A. (€3.4 billion of which on account of changing the method applied from the standard approach to partial use) and a decline in credit risk-weighted assets in the banking book of UniCredit Bank AG.

The risk-weighted asset equivalents for operational risk rose by €2.4 billion mainly in the first quarter of 2011. The increase of €3.8 billion in risk-weighted assets for market risk is chiefly attributable to the change in the UniCredit group-wide market risk model from the previous Monte Carlo method to the new model based on a historical simulation. In addition, there was a sharp rise in market volatilities particularly in the third quarter of 2011.

The total lending volume of all the current securitisation transactions of HVB Group serving to reduce risk-weighted assets amounted to €5.4 billion at 30 September 2011 compliant with Basel II (31 December 2010: €12.0 billion). We have thereby reduced our risk-weighted assets by €2.4 billion and optimised our capital allocation. The decline compared with year-end 2010 is mainly due to the expiry of the Provide A 2005 securitisation transaction. Moreover, the Building Comfort 2008 and Provide A 2006 transactions are no longer providing any relief.

At 30 September 2011, the core capital of HVB Group compliant with the German Banking Act totalled €20.6 billion (year-end 2010: €20.6 billion) and the equity capital €23.5 billion (31 December 2010: €23.7 billion). Under Basel II, the core capital ratio (Tier 1 ratio; including market risk and operational risk) rose overall to 17.6% (31 December 2010: 16.6%). The core Tier 1 ratio (ratio of core capital excluding hybrid capital instruments to the total amount of credit risk-weighted assets and risk-weighted asset equivalents for market risk and operational risk) amounted to 16.9% at 30 September 2011 (31 December 2010: 15.9%). The equity funds ratio was 20.0% at the end of September 2011 (31 December 2010: 19.1%).

A bank's liquidity is evaluated using the liquidity ratio defined in the German Banking Act/German Liquidity Regulation (KWG/LiqV). This figure is the ratio of cash and cash equivalents available within a month to the payment obligations falling due in this period. Liquidity is considered adequate if the ratio is at least 1.00. At HVB, this figure amounted to 1.17 at the end of September after 1.25 at the end of June 2011.

Corporate acquisitions and sales

In the course of implementing All4Quality, a group-wide UniCredit project for enhancing the quality of internal services, we sold all but a small residual stock of our shares in UniCredit Global Information Services to UniCredit S.p.A. on 13 May 2011. Upon the sale of our shares (previous shareholding of 24.7%), UGIS, which was consolidated at equity, was deconsolidated.

Other changes in the group of companies included in this Interim Report are listed in Note 2, "Companies included in consolidation".

Corporate structure

Legal corporate structure

UniCredit Bank AG (HVB) was formed in 1998 through the merger of Bayerische Vereinsbank Aktiengesellschaft and Bayerische Hypotheken- und Wechsel-Bank Aktiengesellschaft. It is the parent company of HVB Group, which is headquartered in Munich. HVB has been an affiliated company of UniCredit S.p.A. (UniCredit), Rome, Italy, since November 2005 and hence a major part of the UniCredit corporate group from that date.

Since the shares held by minority shareholders of HVB were transferred to UniCredit compliant with Section 327a of the German Stock Corporation Act (Aktiengesetz – AktG), as resolved at the Annual General Meeting of Shareholders in June 2007 and entered in the Commercial Register on 15 September 2008, UniCredit has held 100% of the capital stock of HVB. Thus, trading in HVB shares officially ceased. HVB does, however, remain listed on securities exchanges as an issuer of debt instruments such as Pfandbriefs, bonds and certificates.

Business Performance of HVB Group (Continued)

Organisation of management and control and internal management

The Management Board of HVB is directly responsible for managing the Bank. The Management Board provides regular, timely and comprehensive reports to the Supervisory Board on all issues relevant to corporate planning and strategic development, the course of business and the state of HVB Group, including the risk situation as well as compliance issues.

The Supervisory Board of the Bank has 12 members and has an equal number of employee and shareholder representatives. At the beginning of 2011, there were changes in the composition of the Supervisory Board. Jutta Streit resigned from the Supervisory Board with effect from 15 January 2011. Werner Habich, who had been elected as a deputy member in the place of Ms Streit compliant with the provisions of the German Act on the Co-determination of Employees in Cross-border Mergers (Gesetz über die Mitbestimmung der Arbeitnehmer bei einer grenzüberschreitenden Verschmelzung – MgVG), replaced her on the Supervisory Board for the remaining term of office. Furthermore, Sergio Ermotti resigned as Chairman of the Supervisory Board and as a member of the Supervisory Board on 1 March 2011. Federico Ghizzoni was elected to take his place on the Supervisory Board for the remaining term of office with effect from 2 March 2011 by an Extraordinary Shareholders' Meeting and was elected Chairman of the Supervisory Board on 4 March 2011.

Andreas Wölfer, previously responsible for the Private Banking division as a member of the Management Board of HVB, left the Bank with effect from 30 June 2011 at his own request and by amicable agreement. At its meeting on 1 June 2011, the Supervisory Board appointed Jürgen Danzmayr as his successor and member of the Management Board of HVB with effect from 1 July 2011.

A list showing the names of all the members of the Management Board and the Supervisory Board of HVB is given in this Interim Report under Note 30, "Members of the Supervisory Board and Management Board".

Events after 30 September 2011

No significant events occurred at HVB Group after the reporting date.

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 2010 financial year (see the HVB Group Annual Report for 2010).

General economic outlook and sector development in 2011

The global leading indicators are continuing to worsen, signalling a tangible slowdown in the pace of worldwide economic expansion. The bleaker growth prospects are also serving to depress commodity prices. The ensuing gains in purchasing power will have a positive impact on the economy, not least in emerging markets. In China, the first indications of an economic stabilisation have already become apparent. The United States, on the other hand, will continue to see slow growth.

The rapid cooling of the global economy will also hit growth in the core countries of the European Union. In this context, the peripheral countries will continue to underperform or even experience recession on account of the austerity measures that have been initiated.
In the short term, the level of debt in most countries is likely to rise further. The ECB will continue to make liquidity available to the banking sector. At the beginning of November, the ECB lowered its key interest rates from 1.5% to 1.25%.

German gross domestic product is still likely to expand by 3.0% this year on the back of the very strong growth seen at the start of the year, even if the economy is set to slow further in the fourth quarter. The backlog of orders held by German industry will gradually disappear as the demand for exports slackens, and neither domestic investment nor consumption will be able to escape the consequences. Although the positive development on the labour market will lessen, the trend is not expected to reverse in the near future.

The market environment for the banking industry will be characterised in the final quarter of the 2011 financial year by great uncertainty, which will mean banks continuing to face extremely large challenges. The insecurity on the markets resulting from the reduced credit quality of some states, the restructuring of European sovereign debt and the deteriorating creditworthiness of the United States will continue to impact on the financial markets and the real economy. In the case of states with a high level of debt and whose credit ratings remain under pressure, higher interest rates will lead to rising funding costs for both sovereigns and banks. This applies particularly to Greece. Here it is important to await the consequences of the continued restructuring of the public finances. Very high spreads are likely to persist in the credit market. Furthermore, greater exchange rate volatility as a result of the race to devalue the currencies of major economies may possibly be on the way. It remains to be seen what consequences the political decisions aimed at strengthening the eurozone, notably the agreed write-down on Greek debt, will have for the banking sector. Added to this are the demands for banks to be recapitalised under Europe-wide control in line with their exposure to various EMU member states. In this context, the management of the EFSF rescue fund is gaining importance because the banks are recapitalised on the capital market through the support provided by individual countries and if required, also by EFSF funds. The new liquidity and capital rules coupled with the fundamental challenges outlined above will depress the profitability of the banking sector, which is additionally being reduced by the bank levies being charged in some countries as of 2011. Key questions remain regarding how the shape of relations between the financial world and the real economy will evolve and what global restrictions can be expected in the regulatory and political sphere.

Development of HVB Group

HVB Group continues to assume that the excellent results performance recorded in the first half of 2011 will not be repeated in the second half of the year. This can already be seen in the much lower earnings in the third quarter. We expect to report operating income for 2011 as a whole that is no higher than the good figure reported for the 2010 financial year, in part due to the initial charges due to the German bank levy. The volatile net trading income will continue to be the crucial driver of the trend in operating income. We anticipate that net write-downs of loans and provisions for guarantees and commitments will not exceed the 2010 level in 2011 as a whole. Despite a moderate rise in operating costs, we expect to record profit before tax for the reporting year that is at the same level as last year.

Our performance over 2011 as a whole still remains dependent on the future situation on the financial markets, which are being affected notably by the debt crisis in some European countries and public debt in the United States together with risks arising from changes in interest and exchange rates. In light of this difficult financial market environment and the possible knock-on effects on the real economy, HVB Group will continually adapt its business strategy to reflect changes in market conditions and carefully review its risk strategy derived from this on a regular basis. With its strategic orientation and excellent capital resources, HVB Group is in a good overall position to exploit the opportunities that may arise from the changing operating environment.

Development of Selected Risks

In the 2010 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.

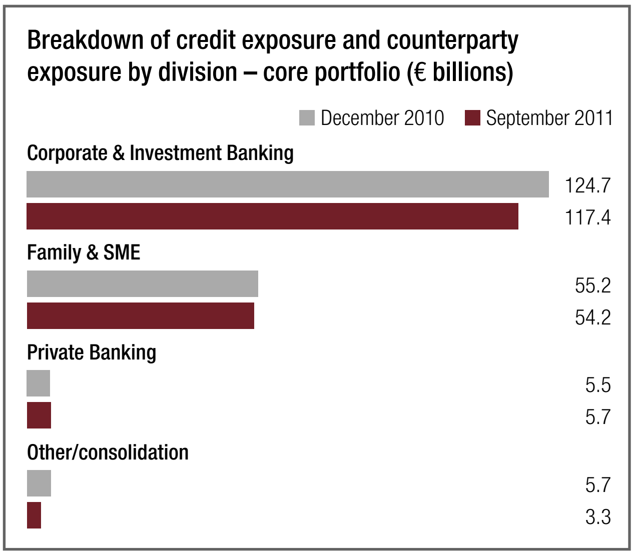
As of the first quarter of 2011, we have been using new macroeconomic factor model parameters in our internal credit risk calculations that reflect the experience gained in the financial and economic crises in recent years. As expected, this update has caused the credit value at risk to rise significantly.

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 systems. 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	SEPTEMBER 2011	DECEMBER 2010
Construction	31.0	31.2
Banking and insurance	26.9	33.9
Retail customers	23.8	25.9
Food, consumer goods, services	21.6	21.0
Public sector	12.5	12.4
Transportation	11.4	11.7
Other	10.7	8.8
Chemicals, health, pharmaceuticals	9.6	10.5
Utilities	9.3	9.4
Mechanical engineering, steel	7.5	8.3
Automotive	6.0	7.1
Mineral oil	4.5	5.0
Electrical, IT, communications	4.4	4.4
Media, printing, paper	3.1	3.6
HVB Group	**182.3**	**193.2**



The current segment figures have been reorganised and the year-ago figures adjusted accordingly in line with the changes described in Note 1.

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

	SEPTEMBER 2011		DECEMBER 2010	
Rating	€ billions	in %	€ billions	in %
Not rated	5.7	3.2	8.4	4.4
Rating classes 1–4	95.2	52.7	95.9	50.2
Rating classes 5–8	72.4	40.1	79.9	41.8
Rating classes 9–10	7.3	4.0	6.9	3.6
HVB Group	**180.6**	**100.0**	**191.1**	**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	30/9/2011	31/12/2010	30/9/2011	31/12/2010	30/9/2011	31/12/2010
Interest rate derivatives	**1,177,503**	**1,241,164**	**1,013,901**	**3,432,568**	**3,222,556**	**92,478**	**64,696**	**89,831**	**63,319**
Foreign exchange derivatives	**393,326**	**168,869**	**73,075**	**635,270**	**639,439**	**15,372**	**14,268**	**16,633**	**14,162**
Equity/index derivatives	**58,909**	**82,054**	**4,724**	**145,687**	**144,118**	**8,296**	**9,321**	**10,373**	**11,868**
Credit derivatives	**52,885**	**160,881**	**25,984**	**239,750**	**271,561**	**5,988**	**4,103**	**6,049**	**4,515**
– Protection buyer	25,049	78,882	12,427	116,358	131,046	5,610	2,913	356	1,275
– Protection seller	27,836	81,999	13,557	123,392	140,515	378	1,190	5,693	3,240
Other transactions	**3,725**	**4,380**	**1,444**	**9,549**	**10,152**	**259**	**403**	**466**	**718**
HVB Group	**1,686,348**	**1,657,348**	**1,119,128**	**4,462,824**	**4,287,826**	**122,393**	**92,791**	**123,352**	**94,582**

Development of Selected Risks (Continued)

Derivative transactions by counterparty type (€ millions)

	FAIR VALUE			
	POSITIVE		NEGATIVE	
	30/9/2011	31/12/2010	30/9/2011	31/12/2010
Central governments and central banks	3,402	1,378	1,555	724
Banks	89,433	72,245	92,317	74,848
Financial institutions	25,444	15,479	27,669	17,433
Other companies and private individuals	4,114	3,689	1,811	1,577
HVB Group	**122,393**	**92,791**	**123,352**	**94,582**

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 as well as the collateral provided by borrowers, risk-weighted assets for HVB Group amounted to €15.2 billion at 30 September 2011 (31 December 2010: €14.9 billion).

Market risk

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

	AVERAGE 2011[1]	30/9/2011	30/6/2011	31/3/2011	31/12/2010	30/9/2010
Interest rate positions						
(incl. credit spread risks)	19	24	15	17	29	37
Foreign exchange derivatives	3	2	3	4	4	7
Equity/index positions[2]	9	14	8	6	8	7
Diversification effect[3]	(3)	(4)	—	(5)	(8)	(10)
HVB Group	**28**	**36**	**26**	**22**	**33**	**41**

The asset classes are broken down by business unit.
1 arithmetic mean of the 2011 quarter-end figures
2 including commodity risk
3 due to the diversification effect between the risk categories, the total risk is less than the sum of the individual risks

Banking book positions are included in the market risk limits in addition to trading book positions. Whereas the holdings reclassified in accordance with IAS 39.50B were excluded from this in 2010, the reclassified positions have also been included in the market risk limits with effect from 2011, as a result of which the overall limit has been increased to €173 million.

Limited market risk of HVB Group (value-at-risk, 99% confidence level, one-day holding period) **(€ millions)**

		AVERAGE 2011[1]	30/9/2011	30/6/2011	31/3/2011	31/12/2010	30/9/2010
HVB Group	Market risk	57	75	47	48	62	66
	Limit	173	173	173	173	143	143

1 arithmetic mean of the 2011 quarter-end figures

Liquidity risk

Conditions on the money markets and capital markets were dominated above all by much greater uncertainty in the third quarter of 2011. In particular, the worsening sovereign debt crisis in some European countries increased nervousness around the world. Despite the tense situation in the markets, the liquidity of HVB Group remained at an adequate level at all times during the third quarter of 2011. It is possible that the market movements could become even more pronounced, for instance through persistent problems in some countries, which could further upset the money and capital markets.

Short-term liquidity

Within the framework of our limit system, which operates under conservative assumptions, we showed an overall positive balance of short-term liquidity of €15.0 billion in HVB Group for the next banking day at the end of September 2011 (31 December 2010: €28.3 billion). 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 €24.8 billion at 30 September 2011 (31 December 2010: €29.2 billion).

The stress tests we conduct on a regular basis showed that liquidity reserves in the third quarter of 2011 were sufficient to cover liquidity requirements resulting from the defined scenarios.

The requirements of the German Liquidity Regulation (Liquiditätsverordnung – LiqV) were met at all times by the affected units of HVB Group during the year to date. The funds available to HVB exceeded its payment obligations for the following month by an average of €42.7 billion in 2010 and by €22.1 billion at 30 September 2011.

Funding risk

The structural funding risk of HVB Group was again quite low in the first three quarters of 2011 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. With their high credit quality and liquidity our Pfandbrief covered bonds still remain an important funding instrument.

Consolidated Income Statement

for the period from 1 January to 30 September 2011

Income/Expenses	NOTES	1/1–30/9/2011 € millions	1/1–30/9/2010 € millions	CHANGE € millions	CHANGE in %
Interest income		6,677	6,485	+ 192	+ 3.0
Interest expense		(3,570)	(3,472)	(98)	+ 2.8
Net interest	4	3,107	3,013	+ 94	+ 3.1
Dividends and other income from equity investments	5	137	94	+ 43	+ 45.7
Net fees and commissions	6	1,016	967	+ 49	+ 5.1
Net trading, hedging and fair value income	7	639	749	(110)	(14.7)
Net other expenses/income	8	83	174	(91)	(52.3)
OPERATING INCOME		**4,982**	**4,997**	**(15)**	**(0.3)**
Payroll costs		(1,399)	(1,369)	(30)	+ 2.2
Other administrative expenses		(1,141)	(1,084)	(57)	+ 5.3
Amortisation, depreciation and impairment losses					
on intangible and tangible assets		(153)	(160)	+ 7	(4.4)
Operating costs		**(2,693)**	**(2,613)**	**(80)**	**+ 3.1**
OPERATING PROFIT		**2,289**	**2,384**	**(95)**	**(4.0)**
Net write-downs of loans and provisions					
for guarantees and commitments	9	(78)	(664)	+ 586	(88.3)
NET OPERATING PROFIT		**2,211**	**1,720**	**+ 491**	**+ 28.5**
Provisions for risks and charges		(281)	(25)	(256)	>+ 100.0
Restructuring costs		(33)	—	(33)	
Net income from investments	10	96	(9)	+ 105	
PROFIT BEFORE TAX		**1,993**	**1,686**	**+ 307**	**+ 18.2**
Income tax for the period		(763)	(547)	(216)	+ 39.5
PROFIT AFTER TAX		**1,230**	**1,139**	**+ 91**	**+ 8.0**
Impairment on goodwill		(4)	—	(4)	
CONSOLIDATED PROFIT		**1,226**	**1,139**	**+ 87**	**+ 7.6**
attributable to shareholder of UniCredit Bank AG		1,186	1,119	+ 67	+ 6.0
attributable to minorities		40	20	+ 20	+ 100.0

Earnings per share

(in €)

	NOTES	1/1–30/9/2011	1/1–30/9/2010
Earnings per share (undiluted and diluted)	11	1.48	1.39

Statement of total comprehensive income for the period from 1 January to 30 September 2011

(€ millions)

	1/1–30/9/2011	1/1–30/9/2010
Consolidated profit recognised in the income statement	**1,226**	**1,139**
Components of income and expenses recognised in other comprehensive income		
Changes from foreign currency translation and other changes	(11)	61
Changes from companies accounted for using the equity method	—	—
Actuarial profit on defined benefit plans (pension commitments)	—	—
Assets held for sale	—	—
Change in valuation of financial instruments (AfS reserve)	5	17
Change in valuation of financial instruments (hedge reserve)	(57)	(125)
Taxes on income and expenses recognised in equity	46	53
Total income and expenses recognised in equity under other comprehensive income	**(17)**	**6**
Total comprehensive income	**1,209**	**1,145**
of which:		
attributable to shareholder of UniCredit Bank AG	1,180	1,087
attributable to minorities	29	58

Consolidated Income Statement (Continued)

for the period from 1 July to 30 September 2011

Income/Expenses	1/7–30/9/2011 € millions	1/7–30/9/2010 € millions	CHANGE € millions	CHANGE in %
Interest income	2,365	2,165	+ 200	+ 9.2
Interest expense	(1,371)	(1,175)	(196)	+ 16.7
Net interest	994	990	+ 4	+ 0.4
Dividends and other income from equity investments	36	20	+ 16	+ 80.0
Net fees and commissions	326	286	+ 40	+ 14.0
Net trading, hedging and fair value income	(148)	293	(441)	
Net other expenses/income	41	57	(16)	(28.1)
OPERATING INCOME	**1,249**	**1,646**	**(397)**	**(24.1)**
Payroll costs	(482)	(442)	(40)	+ 9.0
Other administrative expenses	(378)	(367)	(11)	+ 3.0
Amortisation, depreciation and impairment losses on intangible and tangible assets	(50)	(53)	+ 3	(5.7)
Operating costs	**(910)**	**(862)**	**(48)**	**+ 5.6**
OPERATING PROFIT	**339**	**784**	**(445)**	**(56.8)**
Net write-downs of loans and provisions for guarantees and commitments	(114)	(155)	+ 41	(26.5)
NET OPERATING PROFIT	**225**	**629**	**(404)**	**(64.2)**
Provisions for risks and charges	(107)	(8)	(99)	>+ 100.0
Restructuring costs	(33)	—	(33)	
Net income from investments	(12)	(31)	+ 19	+ 61.3
PROFIT BEFORE TAX	**73**	**590**	**(517)**	**(87.6)**
Income tax for the period	(163)	(171)	+ 8	(4.7)
PROFIT/(LOSS) AFTER TAX	**(90)**	**419**	**(509)**	
Impairment on goodwill	(4)	—	(4)	
CONSOLIDATED PROFIT/(LOSS)	**(94)**	**419**	**(513)**	
attributable to shareholder of UniCredit Bank AG	(88)	379	(467)	
attributable to minorities	(6)	40	(46)	

Earnings per share (in €)

	1/7–30/9/2011	1/7–30/9/2010
Earnings per share (undiluted and diluted)	(0.11)	0.47

Statement of total comprehensive income for the period from 1 July to 30 September 2011

(€ millions)

	1/7–30/9/2011	1/7–30/9/2010
Consolidated profit/(loss) recognised in the income statement	**(94)**	**419**
Components of income and expenses recognised in other comprehensive income		
Changes from foreign currency translation and other changes	55	(49)
Changes from companies accounted for using the equity method	—	—
Actuarial profit on defined benefit plans (pension commitments)	—	—
Assets held for sale	—	—
Change in valuation of financial instruments (AfS reserve)	(64)	6
Change in valuation of financial instruments (hedge reserve)	(24)	(37)
Taxes on income and expenses recognised in equity	20	33
Total income and expenses recognised in equity under other comprehensive income	**(13)**	**(47)**
Total comprehensive income	**(107)**	**372**
of which:		
attributable to shareholder of UniCredit Bank AG	(144)	408
attributable to minorities	37	(36)

Balance Sheet

at 30 September 2011

Assets

	NOTES	30/9/2011 € millions	31/12/2010 € millions	CHANGE € millions	in %
Cash and cash balances		3,159	3,065	+ 94	+ 3.1
Financial assets held for trading	12	157,929	133,389	+ 24,540	+ 18.4
Financial assets at fair value through profit or loss	13	29,093	26,631	+ 2,462	+ 9.2
Available-for-sale financial assets	14	5,638	5,915	(277)	(4.7)
Shares in associates accounted for using the equity method					
and joint ventures accounted for using the equity method	15	—	94	(94)	(100.0)
Held-to-maturity investments	16	2,476	2,600	(124)	(4.8)
Loans and receivables with banks	17	50,077	46,332	+ 3,745	+ 8.1
Loans and receivables with customers	18	136,492	139,351	(2,859)	(2.1)
Hedging derivatives		5,260	4,205	+ 1,055	+ 25.1
Hedge adjustment of hedged items					
in the fair value hedge portfolio		154	100	+ 54	+ 54.0
Property, plant and equipment		2,900	3,053	(153)	(5.0)
Investment properties		1,700	1,879	(179)	(9.5)
Intangible assets		567	608	(41)	(6.7)
of which: goodwill		418	424	(6)	(1.4)
Tax assets		3,206	3,257	(51)	(1.6)
Current tax assets		372	406	(34)	(8.4)
Deferred tax assets		2,834	2,851	(17)	(0.6)
Non-current assets or disposal groups held for sale	19	185	28	+ 157	>+ 100.0
Other assets		1,611	1,402	+ 209	+ 14.9
Total assets		**400,447**	**371,909**	**+ 28,538**	**+ 7.7**

Liabilities

	NOTES	30/9/2011	31/12/2010	CHANGE	
		€ millions	€ millions	€ millions	in %
Deposits from banks	22	62,897	51,887	+ 11,010	+ 21.2
Deposits from customers	23	105,210	108,494	(3,284)	(3.0)
Debt securities in issue	24	41,787	48,676	(6,889)	(14.2)
Financial liabilities held for trading		153,301	127,096	+ 26,205	+ 20.6
Hedging derivatives		2,486	2,091	+ 395	+ 18.9
Hedge adjustment of hedged items					
in the fair value hedge portfolio		2,199	1,471	+ 728	+ 49.5
Tax liabilities		2,410	2,203	+ 207	+ 9.4
Current tax liabilities		697	840	(143)	(17.0)
Deferred tax liabilities		1,713	1,363	+ 350	+ 25.7
Liabilities of disposal groups held for sale	25	2	598	(596)	(99.7)
Other liabilities		4,443	3,822	+ 621	+ 16.2
Provisions	26	2,137	1,901	+ 236	+ 12.4
Shareholders' equity		23,575	23,670	(95)	(0.4)
Shareholders' equity attributable to					
shareholder of UniCredit Bank AG		22,767	22,866	(99)	(0.4)
Subscribed capital		2,407	2,407	—	—
Additional paid-in capital		9,791	9,791	—	—
Other reserves		9,473	9,485	(12)	(0.1)
Change in valuation of financial instruments	27	(90)	(87)	(3)	(3.4)
AfS reserve		(105)	(141)	+ 36	+ 25.5
Hedge reserve		15	54	(39)	(72.2)
Consolidated profit 2010		—	1,270	(1,270)	(100.0)
Net profit 1/1 – 30/9/2011[1]		1,186	—	+ 1,186	
Minority interest		808	804	+ 4	+ 0.5
Total shareholders' equity and liabilities		**400,447**	**371,909**	**+ 28,538**	**+ 7.7**

1 attributable to shareholder of UniCredit Bank AG

Statement of Changes in Shareholders' Equity

at 30 September 2011

			OTHER RESERVES	
	SUBSCRIBED CAPITAL	ADDITIONAL PAID-IN CAPITAL	TOTAL	OF WHICH: PENSIONS AND SIMILAR OBLIGATIONS (IAS 19)
Shareholders' equity at 1 January 2010	**2,407**	**9,791**	**9,034**	**(223)**
Recognised income and expenses				
Consolidated profit recognised in the consolidated income statement	**—**	**—**	**—**	**—**
Income and expenses recognised in equity				
Change in valuation of financial instruments not affecting income	—	—	—	—
Change in valuation of financial instruments affecting income	—	—	—	—
Reserve arising from foreign currency translation and other changes	—	—	19	—
Total income and expenses recognised in equity				
under other comprehensive income[3]	**—**	**—**	**19**	**—**
Total income and expenses recognised	**—**	**—**	**19**	**—**
Other changes recognised in equity				
Dividend payouts	—	—	—	—
Changes in group of consolidated companies	—	—	(66)	—
Total other changes in equity	**—**	**—**	**(66)**	**—**
Shareholders' equity at 30 September 2010	**2,407**	**9,791**	**8,987**	**(223)**
Shareholders' equity at 1 January 2011	**2,407**	**9,791**	**9,485**	**(189)**
Recognised income and expenses				
Consolidated profit recognised in the consolidated income statement	**—**	**—**	**—**	**—**
Income and expenses recognised in equity				
Change in valuation of financial instruments not affecting income	—	—	—	—
Change in valuation of financial instruments affecting income	—	—	—	—
Reserve arising from foreign currency translation and other changes	—	—	(3)	—
Total income and expenses recognised in equity				
under other comprehensive income[3]	**—**	**—**	**(3)**	**—**
Total income and expenses recognised	**—**	**—**	**(3)**	**—**
Other changes recognised in equity				
Dividend payouts	—	—	—	—
Changes in group of consolidated companies	—	—	(9)	—
Total other changes in equity	**—**	**—**	**(9)**	**—**
Shareholders' equity at 30 September 2011	**2,407**	**9,791**	**9,473**	**(189)**

1 attributable to shareholder of UniCredit Bank AG
2 UniCredit Bank AG (HVB)
3 see statement of total comprehensive income
4 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.
5 The Annual General Meeting of Shareholders of 18 May 2011 resolved to distribute the 2010 consolidated profit in the amount of €1,270 million as a dividend to our sole shareholder, UniCredit S.p.A. (UniCredit), Rome, Italy. This represents a dividend of around €1.58 per share.

(€ millions)

	CHANGE IN VALUATION OF FINANCIAL INSTRUMENTS						
	AFS RESERVE	HEDGE RESERVE	CONSOLIDATED PROFIT	PROFIT 1/1 – 30/9[1]	TOTAL SHAREHOLDERS' EQUITY ATTRIBUTABLE TO SHAREHOLDER OF HVB[2]	MINORITY INTEREST	TOTAL SHAREHOLDERS' EQUITY
	(190)	**195**	**1,633**	**—**	**22,870**	**768**	**23,638**
	—	**—**	**—**	**1,119**	**1,119**	**20**	**1,139**
	53	(11)	—	—	42	—	42
	(25)	(72)	—	—	(97)	—	(97)
	4	—	—	—	23	38	61
	32	**(83)**	**—**	**—**	**(32)**	**38**	**6**
	32	**(83)**	**—**	**1,119**	**1,087**	**58**	**1,145**
	—	—	(1,633)[4]	—	(1,633)	(25)	(1,658)
	(13)	(58)	—	—	(137)	(1)	(138)
	(13)	**(58)**	**(1,633)**	**—**	**(1,770)**	**(26)**	**(1,796)**
	(171)	**54**	**—**	**1,119**	**22,187**	**800**	**22,987**
	(141)	**54**	**1,270**	**—**	**22,866**	**804**	**23,670**
	—	**—**	**—**	**1,186**	**1,186**	**40**	**1,226**
	54	—	—	—	54	(4)	50
	(17)	(39)	—	—	(56)	—	(56)
	(1)	—	—	—	(4)	(7)	(11)
	36	**(39)**	**—**	**—**	**(6)**	**(11)**	**(17)**
	36	**(39)**	**—**	**1,186**	**1,180**	**29**	**1,209**
	—	—	(1,270)[5]	—	(1,270)	(25)	(1,295)
	—	—	—	—	(9)	—	(9)
	—	**—**	**(1,270)**	**—**	**(1,279)**	**(25)**	**(1,304)**
	(105)	**15**	**—**	**1,186**	**22,767**	**808**	**23,575**

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 2011 as in the consolidated financial statements for 2010 (please refer to the HVB Group Annual Report for 2010, starting on page 104).

The following standards and interpretations newly released or revised by the IASB are applicable for the first time in the 2011 financial year:
– Annual Improvements Project 2010 "Improvements to IFRSs"
– Amendments to IAS 24 "Related Party Disclosures"
– Amendments to IAS 32 "Classification of Right Issues"
– IFRIC 19 "Extinguishing Financial Liabilities with Equity Investments"
– Amendments to IFRIC 14 "Prepayments of a Minimum Funding Requirement".

The new regulations have not had any material impact.

We have made minor structural adjustments to our income statement as of the 2011 financial year. The aggregate items "Net interest income" and "Net non-interest income" within operating income are no longer shown. The items "Net interest" and "Dividends and other income from equity investments" included in the old aggregate item "Net interest income" continue to be shown separately. Furthermore, we have added a new aggregate item "Net operating profit", which reflects the balance of the aggregate item "Operating profit" and the income statement item "Net write-downs of loans and provisions for guarantees and commitments". No changes have been made to the composition of the individual income statement items. In addition, we have added the item "Impairment on goodwill" to the income statement, as such amounts accrued for the first time in the third quarter of 2011.

Segment reporting

In segment reporting, the market-related activities of HVB Group are divided into the following globally active divisions: Corporate & Investment Banking (CIB), Family & SME (F&SME; formerly known as the Retail division), and Private Banking (PB).

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

The same principles are being applied in the 2011 financial year as were used at year-end 2010. We use risk-weighted assets compliant with Basel II as the criterion for allocating tied equity capital. The interest rate used to assess the equity capital allocated to companies assigned to several divisions (HVB, UniCredit Luxembourg) was 4.09% in 2010. This interest rate was redetermined for 2011 and has been 4.08% since 1 January 2011.

The following changes were made to the segment assignments in the first nine months of 2011:
– The final phase of our One for Clients programme (One4C) was implemented at the start of 2011. This involved the transfer of small and medium-sized companies with revenues of up to €50 million from the Corporate & Investment Banking division to the Retail division, which was renamed Family & SME to coincide with the expansion of the customer base. In the second quarter of 2010, retail customers with free assets of at least €500,000 had already been moved from the Retail division to the PB division and customers with assets of less than €500,000 transferred from the PB division to what at that time was the Retail division.
– The autonomous "Leasing" product unit, which was previously allocated to the CIB division, was transferred to F&SME.
– In order to ensure that the performance of the Private Banking division in 2011 can be compared with previous periods, the contribution to profits generated by the parts of the private banking business of UniCredit Luxembourg S.A. sold at year-end 2010, were assigned to the Other/consolidation segment together with the resulting gain on disposal and the associated restructuring costs.

– The income and expenses of a special purpose entity that were previously shown in the CIB division are now included in the Other/consolidation segment.
– There were further minor reorganisations, especially in operating costs.

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

2 Companies included in consolidation

The following companies were added to the group of companies included in consolidation in the first nine months of 2011:
– Adler Funding LLC, Dover (valued at equity)
– Antus Immobilien- und Projektentwicklungs GmbH, Munich
– BIL Immobilien Fonds GmbH & Co Objekt Perlach KG, Munich
– BV Grundstücksentwicklungs-GmbH & Co. Verwaltungs-KG, Munich
– CUMTERRA Gesellschaft für Immobilienverwaltung mbH, Munich
– Elektra Purchase No. 27 Limited, Dublin
– Elektra Purchase No. 28 Limited, Dublin
– Elektra Purchase No. 50 Limited, Dublin
– Elektra Purchase No. 52 Limited, Dublin
– Erste Onshore Windkraft Beteiligungsgesellschaft mbH & Co. Windpark Krähenberg KG, Oldenburg
– Erste Onshore Windkraft Beteiligungsgesellschaft mbH & Co. Windpark Grefrath KG, Oldenburg
– Erste Onshore Windkraft Beteiligungsgesellschaft mbH & Co. Windpark Mose KG, Oldenburg
– HAWA Grundstücks GmbH & Co. OHG Hotelverwaltung, Munich
– HAWA Grundstücks GmbH & Co. OHG Immobilienverwaltung, Munich
– H & B Immobilien GmbH & Co. Objekte KG, Munich
– HVB Expertise GmbH, Munich
– HVB Life Science GmbH & Co. Beteiligungs-KG, Munich
– HVB Profil Gesellschaft für Personalmanagement mbH, Munich
– HYPO-REAL Haus & Grundbesitz Gesellschaft mbH & Co. Immobilien-Vermietungs KG, Munich
– Keller Crossing L.P., Wilmington
– Life Science I Beteiligungs GmbH, Munich
– MILLETERRA Gesellschaft für Immobilienverwaltung mbH, Munich
– Omnia Grundstücks-GmbH & Co. Objekt Eggenfeldener Straße KG, Munich
– Omnia Grundstücks-GmbH & Co. Objekt Haidenauplatz KG, Munich
– Simon Verwaltungs-Aktiengesellschaft i.L., Munich
– Spree Galerie Hotelbetriebsgesellschaft mbH, Munich
– Transterra Gesellschaft für Immobilienverwaltung mbH, Munich
– VuWB Investments Inc., Atlanta
– Wealth Capital Investments, Inc., Wilmington.

The following companies have left the group of companies included in consolidation:
– Morgan Stanley Series 2008-2933, New York
– Sofimmocentrale S.A., Brussels
– UniCredit Global Information Services Società Consortile per Azioni, Milan
– Elektra Purchase No. 26 Limited, Dublin
– HVB Capital Asia Limited, Hong Kong.

In the course of implementing All4Quality, a group-wide UniCredit project for enhancing the quality of internal services, we sold all but ten of our shares in UniCredit Global Information Services S.C.p.A. (UGIS) to UniCredit S.p.A. on 13 May 2011. Upon the sale of our shares (previous shareholding of 24.7%), UGIS, which was consolidated at equity, was deconsolidated.

Notes to the Income Statement

3 Segment reporting

Income statement broken down by division for the period from 1 January to 30 September 2011 (€ millions)

	CORPORATE & INVESTMENT BANKING	FAMILY & SME	PRIVATE BANKING	OTHER/ CONSOLIDATION	HVB GROUP
OPERATING INCOME					
1/1 – 30/9/2011	3,152	1,391	201	238	4,982
1/1 – 30/9/2010	2,997	1,309	196	495	4,997
Operating costs					
1/1 – 30/9/2011	(1,183)	(1,196)	(118)	(196)	(2,693)
1/1 – 30/9/2010	(1,192)	(1,150)	(123)	(148)	(2,613)
Net write-downs of loans					
and provisions for guarantees					
and commitments					
1/1 – 30/9/2011	(89)	(38)	(2)	51	(78)
1/1 – 30/9/2010	(515)	(105)	(2)	(42)	(664)
NET OPERATING PROFIT					
1/1 – 30/9/2011	1,880	157	81	93	2,211
1/1 – 30/9/2010	1,290	54	71	305	1,720
Restructuring costs					
1/1 – 30/9/2011	—	—	(3)	(30)	(33)
1/1 – 30/9/2010	—	—	—	—	—
Net income from					
investments and other items[1]					
1/1 – 30/9/2011	(174)	(12)	(1)	2	(185)
1/1 – 30/9/2010	39	6	(2)	(77)	(34)
PROFIT BEFORE TAX					
1/1 – 30/9/2011	1,706	145	77	65	1,993
1/1 – 30/9/2010	1,329	60	69	228	1,686

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	1/1 – 30/9/ 2011	1/1 – 30/9/ 2010	Q3 2011	Q2 2011	Q1 2011	Q4 2010	Q3 2010
Net interest	1,892	1,846	587	686	619	699	599
Dividends and other income							
from equity investments	118	73	33	25	60	38	14
Net fees and commissions	466	397	157	142	167	156	119
Net trading, hedging and fair value income	660	631	(117)	271	506	15	239
Net other expenses/income	16	50	9	4	3	(12)	8
OPERATING INCOME	**3,152**	**2,997**	**669**	**1,128**	**1,355**	**896**	**979**
Payroll costs	(471)	(490)	(155)	(158)	(158)	(96)	(153)
Other administrative expenses	(701)	(687)	(232)	(239)	(230)	(231)	(228)
Amortisation, depreciation and impairment							
losses on intangible and tangible assets	(11)	(15)	(4)	(3)	(4)	(7)	(5)
Operating costs	**(1,183)**	**(1,192)**	**(391)**	**(400)**	**(392)**	**(334)**	**(386)**
OPERATING PROFIT	**1,969**	**1,805**	**278**	**728**	**963**	**562**	**593**
Net write-downs of loans and provisions							
for guarantees and commitments	(89)	(515)	(97)	97	(89)	12	(176)
NET OPERATING PROFIT	**1,880**	**1,290**	**181**	**825**	**874**	**574**	**417**
Restructuring costs	—	—	—	—	—	3	—
Net income from investments and other items[1]	(174)	39	(79)	(97)	2	(522)	(1)
PROFIT BEFORE TAX	**1,706**	**1,329**	**102**	**728**	**876**	**55**	**416**
Cost-income ratio in %	37.5	39.8	58.4	35.5	28.9	37.3	39.4

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 operating income of €3,152 million in the first nine months of 2011, which exceeded the year-ago total of €2,997 million by €155 million. With operating costs down by €9 million, the operating profit improved by €164 million in the reporting period to €1,969 million after €1,805 million in the equivalent period last year.

The €46 million increase in net interest can be atrributed to improved margins and volumes in deposit-taking activities coupled with special effects in the Multinational Corporates unit. Dividends and other income from equity investments rose by €45 million mainly on the back of dividend payments from private equity funds. Net fees and commissions were up by €69 million to €466 million on account of lower expenses in connection with own securitisation transactions and higher income from structured financing.

Net trading, hedging and fair value income was heavily affected by the turmoil on the capital markets in the third quarter of 2011. Nevertheless, a substantial total of €660 million was recorded for the first nine months of 2011, up by €29 million on the year-ago figure. Above all else, the Rates and FX (interest- and currency-related products) and Equities (equity and index products) units made a major contribution to the positive result in the reporting period. Positive contributions to profits were also generated by lending and capital-market-related operations during the reporting period.

With operating costs falling by a minor €9 million to €1,183 million (down 0.8%), the division's cost-income ratio improved by 2.3 percentage points over last year to the good figure of 37.5% in the reporting period mainly on account of the higher operating income.

Net write-downs of loans and provisions for guarantees and commitments fell to a mere €89 million on account of the beneficial lending environment overall during the reporting period. A total of €515 million was required during the equivalent period last year. On the non-operating side, there were net expenses of €174 million (net income of €39 million in 2010) resulting from additions to provisions arising from an obligation in connection with the completion of an offshore wind farm and legal risks. These were only partially offset by net income from investments.

All in all, the division generated a strong profit before tax of €1,706 million in the first nine months of 2011, despite the difficult market conditions, up by a material €377 million on the year-ago total of €1,329 million.

Notes to the Income Statement (Continued)

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

INCOME/EXPENSES	1/1 – 30/9/ 2011	1/1 – 30/9/ 2010	Q3 2011	Q2 2011	Q1 2011	Q4 2010	Q3 2010
Net interest	927	868	317	306	304	301	290
Dividends and other income							
from equity investments	4	4	—	4	—	1	—
Net fees and commissions	428	429	138	135	155	142	128
Net trading, hedging and fair value income	—	8	(2)	1	1	6	1
Net other expenses/income	32	—	19	8	5	(3)	—
OPERATING INCOME	**1,391**	**1,309**	**472**	**454**	**465**	**447**	**419**
Payroll costs	(453)	(435)	(152)	(151)	(150)	(147)	(147)
Other administrative expenses	(730)	(704)	(243)	(244)	(243)	(249)	(231)
Amortisation, depreciation and impairment							
losses on intangible and tangible assets	(13)	(11)	(4)	(5)	(4)	(7)	(4)
Operating costs	**(1,196)**	**(1,150)**	**(399)**	**(400)**	**(397)**	**(403)**	**(382)**
OPERATING PROFIT	**195**	**159**	**73**	**54**	**68**	**44**	**37**
Net write-downs of loans and provisions							
for guarantees and commitments	(38)	(105)	(18)	4	(24)	23	20
NET OPERATING PROFIT	**157**	**54**	**55**	**58**	**44**	**67**	**57**
Restructuring costs	—	—	—	—	—	—	—
Net income from investments and other items[1]	(12)	6	—	(11)	(1)	(13)	(2)
PROFIT BEFORE TAX	**145**	**60**	**55**	**47**	**43**	**54**	**55**
Cost-income ratio in %	86.0	87.9	84.5	88.1	85.4	90.2	91.2

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

Development of the Family & SME division

The operating income of the Family & SME division (F&SME) rose by 6.3% to €1,391 million in the first nine months of 2011, driven primarily by net interest and net other expenses/income. Net interest increased by 6.8%, with higher interest margins in deposit-taking operations serving to more than offset the declining volumes in lending operations. Net fees and commissions of €428 million matched the good result recorded in the equivalent period last year. Factors contributing to this pleasing development include the securities activities of our DAB subsidiary and the brokerage of home loan savings agreements and housing loans.

Operating costs increased by 4.0% to €1,196 million compared with the equivalent period last year. Payroll costs rose mainly on account of the initial consolidation of UniCredit Direct Services. The 3.7% increase in other administrative expenses can be attributed primarily to buildings costs and expenses relating to the new media campaign. The cost-income ratio improved by around two percentage points to 86.0% on the back of the good earnings performance.

The net operating profit totalled €157 million (2010: €54 million) partly as a result of the strong 63.8% decline in net write-downs of loans and provisions for guarantees and commitments to €38 million. All in all, the division generated a profit before tax of €145 million in the first nine months of the 2011 financial year, which is much larger than the €60 million reported at the same point last year.

Income statement of the Private Banking division (€ millions)

INCOME/EXPENSES	1/1 – 30/9/ 2011	1/1 – 30/9/ 2010	Q3 2011	Q2 2011	Q1 2011	Q4 2010	Q3 2010
Net interest	82	70	31	27	24	27	24
Dividends and other income							
from equity investments	3	3	—	2	1	6	1
Net fees and commissions	116	122	33	40	43	35	35
Net trading, hedging and fair value income	—	—	—	—	—	—	—
Net other expenses/income	—	1	—	—	—	1	2
OPERATING INCOME	**201**	**196**	**64**	**69**	**68**	**69**	**62**
Payroll costs	(56)	(54)	(20)	(18)	(18)	(18)	(19)
Other administrative expenses	(61)	(68)	(20)	(21)	(20)	(20)	(22)
Amortisation, depreciation and impairment							
losses on intangible and tangible assets	(1)	(1)	—	(1)	—	(1)	—
Operating costs	**(118)**	**(123)**	**(40)**	**(40)**	**(38)**	**(39)**	**(41)**
OPERATING PROFIT	**83**	**73**	**24**	**29**	**30**	**30**	**21**
Net write-downs of loans and provisions							
for guarantees and commitments	(2)	(2)	1	(3)	—	—	(1)
NET OPERATING PROFIT	**81**	**71**	**25**	**26**	**30**	**30**	**20**
Restructuring costs	(3)	—	(3)	—	—	(18)	—
Net income from investments and other items[1]	(1)	(2)	(1)	(1)	1	1	(2)
PROFIT BEFORE TAX	**77**	**69**	**21**	**25**	**31**	**13**	**18**
Cost-income ratio in %	58.7	62.8	62.5	58.0	55.9	56.5	66.1

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 is being shown in the reporting period without the contributions to profits provided by the private banking activities of UniCredit Luxembourg that were sold at year-end 2010. The year-ago figures have been adjusted accordingly. The division generated a profit before tax of €77 million in the first nine months of 2011, which exceeded the year-ago total of €69 million.

Within operating income, a year-on-year increase of 17.1% was generated in net interest primarily as a result of higher interest margins in the deposit-taking business. The €116 million recorded for net fees and commissions failed to match the year-ago total essentially on account of falling demand for long-term bonds in the first half of 2011 and the difficult market environment in the third quarter of 2011. Nonetheless, operating income rose by 2.6% to €201 million overall.

The cost-income ratio improved by a strong 4.1 percentage points to 58.7%, which can be attributed to both the higher operating income and the 4.1% decline in operating costs achieved by applying strict cost management. The operating profit rose by a sharp 13.7% to €83 million.

Notes to the Income Statement (Continued)

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

INCOME/EXPENSES	1/1 – 30/9/ 2011	1/1 – 30/9/ 2010	Q3 2011	Q2 2011	Q1 2011	Q4 2010	Q3 2010
OPERATING INCOME	**238**	**495**	**44**	**72**	**122**	**149**	**186**
Operating costs	**(196)**	**(148)**	**(80)**	**(55)**	**(61)**	**(44)**	**(53)**
OPERATING PROFIT/(LOSS)	**42**	**347**	**(36)**	**17**	**61**	**105**	**133**
Net write-downs of loans and provisions for guarantees and commitments	51	(42)	—	65	(14)	(3)	2
NET OPERATING PROFIT/(LOSS)	**93**	**305**	**(36)**	**82**	**47**	**102**	**135**
Restructuring costs	(30)	—	(30)	—	—	(22)	—
Net income from investments and other items[1]	2	(77)	(39)	43	(2)	(6)	(34)
PROFIT/(LOSS) BEFORE TAX	**65**	**228**	**(105)**	**125**	**45**	**74**	**101**

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

Development of the Other/consolidation segment

The operating income of the Other/consolidation segment declined by €257 million in the first nine months of 2011. Among other things, this strong decrease can be attributed to gains realised on the buy-back of hybrid capital in the equivalent period last year. These have not recurred in 2011. Furthermore, the total has been depressed by the expenses of €76 million arising from the bank levy that has been charged for the first time in Germany.

Operating costs rose by a total of €48 million, attributable primarily to the bank levy of €36 million in Austria that has been included for the first time. Thus the operating profit posted by this segment in the first nine months of 2011 amounted to €42 million (2010: €347 million).

Within net write-downs of loans and provisions for guarantees and commitments, there was a net reversal of €51 million in the first nine months of 2011, compared with net additions of €42 million required in the corresponding period last year. Net income from investments and other items amounting to €2 million reflects expenses for provisions for legal risks offset by a gain on the partial sale of our shareholdings in UniCredit Global Information Services S.C.p.A. (UGIS) and UniCredit Business Partners S.C.p.A. (UCBP). After restructuring costs, the profit before tax for the reporting period totalled €65 million (2010: €228 million).

4 Net interest

(€ millions)

	1/1 – 30/9/2011	1/1 – 30/9/2010
Interest income from	**6,677**	**6,485**
lending and money market transactions	4,486	4,520
other interest income	2,191	1,965
Interest expense from	**(3,570)**	**(3,472)**
deposits	(1,211)	(932)
debt securities in issue and other interest expenses	(2,359)	(2,540)
Total	**3,107**	**3,013**

5 Dividends and other income from equity investments

(€ millions)

	1/1 – 30/9/2011	1/1 – 30/9/2010
Dividends and other similar income	131	87
Companies accounted for using the equity method	6	7
Total	**137**	**94**

6 Net fees and commissions

(€ millions)

	1/1 – 30/9/2011	1/1 – 30/9/2010
Management, brokerage and consultancy services	504	525
Collection and payment services	132	134
Lending operations	357	304
Other service operations	23	4
Total	**1,016**	**967**

This item comprises the balance of fee and commission income of €1,424 million (2010: €1,611 million) and fee and commission expenses of €408 million (2010: €644 million).

7 Net trading, hedging and fair value income

(€ millions)

	1/1 – 30/9/2011	1/1 – 30/9/2010
Net gains on financial assets held for trading[1]	455	582
Effects arising from hedge accounting	102	84
Changes in fair value of hedged items	(803)	(1,211)
Changes in fair value of hedging derivatives	905	1,295
Net gains/(losses) on financial assets at fair value through profit or loss (fair value option)[2]	73	(26)
Other net trading income	9	109
Total	**639**	**749**

1 including dividends on financial assets held for trading
2 also including the valuation results of derivatives concluded to hedge financial assets through fair value at profit or loss

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

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

8 Net other expenses/income

(€ millions)

	1/1 – 30/9/2011	1/1 – 30/9/2010
Other income	240	253
Other expenses	(157)	(79)
Total	**83**	**174**

In the first nine months of 2011, other expenses include the German bank levy in the amount of €76 million for the first time.

Notes to the Income Statement (Continued)

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

(€ millions)

	1/1 – 30/9/2011	1/1 – 30/9/2010
Additions/releases	**(223)**	**(701)**
Allowances for losses on loans and receivables	(210)	(648)
Allowances for losses on guarantees and indemnities	(13)	(53)
Recoveries from write-offs of loans and receivables	**150**	**37**
Gains/(losses) on the disposal of impaired loans and receivables	**(5)**	**—**
Total	**(78)**	**(664)**

10 Net income from investments

(€ millions)

	1/1 – 30/9/2011	1/1 – 30/9/2010
Available-for-sale financial assets	98	38
Shares in affiliated companies	20	—
Companies accounted for using the equity method	(7)	—
Held-to-maturity investments	(4)	—
Land and buildings	—	—
Investment properties	(11)	(47)
Other	—	—
Total	**96**	**(9)**

Net income from investments breaks down as follows:

(€ millions)

	1/1 – 30/9/2011	1/1 – 30/9/2010
Gains on the disposal of	**128**	**46**
available-for-sale financial assets	109	46
shares in affiliated companies	20	—
companies accounted for using the equity method	(7)	—
held-to-maturity investments	(4)	—
land and buildings	—	—
investment properties	10	—
other	—	—
Write-downs, value adjustments and write-ups on	**(32)**	**(55)**
available-for-sale financial assets	(11)	(8)
shares in affiliated companies	—	—
companies accounted for using the equity method	—	—
held-to-maturity investments	—	—
investment properties[1]	(21)	(47)
Total	**96**	**(9)**

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

11 Earnings per share

	1/1 – 30/9/2011	1/1 – 30/9/2010
Consolidated profit attributable to shareholder (€ millions)	1,186	1,119
Average number of shares	802,383,672	802,383,672
Earnings per share (€)	1.48	1.39

Notes to the Balance Sheet

12 Financial assets held for trading

(€ millions)

	30/9/2011	31/12/2010
Balance sheet assets	40,950	44,903
Fixed-income securities	26,620	26,952
Equity instruments	2,896	6,422
Other financial assets held for trading	11,434	11,529
Positive fair value from derivative financial instruments	**116,979**	**88,486**
Total	**157,929**	**133,389**

The financial assets held for trading include €233 million (31 December 2010: €392 million) in subordinated assets at 30 September 2011.

13 Financial assets at fair value through profit or loss

(€ millions)

	30/9/2011	31/12/2010
Fixed-income securities	27,073	24,555
Equity instruments	—	—
Investment certificates	1	1
Promissory notes	2,019	2,075
Other financial assets at fair value through profit or loss	—	—
Total	**29,093**	**26,631**

The financial assets at fair value through profit or loss include €295 million (31 December 2010: €297 million) in subordinated assets at 30 September 2011.

14 Available-for-sale financial assets

(€ millions)

	30/9/2011	31/12/2010
Fixed-income securities	3,847	3,974
Equity instruments	689	778
Other available-for-sale financial assets	340	448
Impaired assets	762	715
Total	**5,638**	**5,915**

At 30 September 2011, available-for-sale financial assets include financial instruments of €1,447 million (31 December 2010: €1,416 million) valued at cost compliant with IAS 39.46.

The available-for-sale financial assets contain a total of €762 million (31 December 2010: €715 million) in impaired assets at 30 September 2011 for which impairments of €33 million (30 September 2010: €20 million) were taken to the income statement during the period under review. None of the non-impaired debt instruments are financial instruments past due.

The available-for-sale financial assets include €284 million (31 December 2010: €493 million) in subordinated assets at 30 September 2011.

The available-for-sale financial assets include Greek government bonds with a carrying amount/market value of €2 million, or a nominal amount of €6 million, at 30 September 2011. We have recognised an impairment of €2 million on this holding in 2011.

Notes to the Balance Sheet (Continued)

15 Shares in associates accounted for using the equity method and joint ventures accounted for using the equity method

(€ millions)

	30/9/2011	31/12/2010
Associated companies accounted for using the equity method	—	94
of which: goodwill	—	—
Joint ventures accounted for using the equity method	—	—
Total	**—**	**94**

In the course of implementing All4Quality, a group-wide UniCredit project for enhancing the quality of internal services, we sold all but ten of our shares in UniCredit Global Information Services S.C.p.A. (UGIS) to UniCredit S.p.A. on 13 May 2011. Upon the sale of our shares (previous shareholding of 24.7%), UGIS, which was consolidated at equity, was deconsolidated.

16 Held-to-maturity investments

(€ millions)

	30/9/2011	31/12/2010
Fixed-income securities	2,476	2,596
Impaired assets	—	4
Total	**2,476**	**2,600**

No impaired assets are included in held-to-maturity investments at 30 September 2011 (31 December 2010: €4 million). None of the non-impaired debt instruments are financial instruments past due. No impairment losses were recognised in the income statement during the reporting period.

The held-to-maturity investments include a total of €11 million (31 December 2010: €15 million) in subordinated assets at 30 September 2011.

No Greek government bonds are included in held-to-maturity investments at 30 September 2011.

17 Loans and receivables with banks

(€ millions)

	30/9/2011	31/12/2010
Current accounts and demand deposits	16,789	16,222
Repos[1]	9,932	12,343
Reclassified securities	3,502	4,983
Other loans to banks	19,854	12,784
Total	**50,077**	**46,332**

1 repurchase agreements

The loans and receivables with banks include €661 million (31 December 2010: €784 million) in subordinated assets at 30 September 2011.

18 Loans and receivables with customers

(€ millions)

	30/9/2011	31/12/2010
Current accounts	10,451	8,923
Repos[1]	2,216	484
Mortgage loans	47,397	50,062
Finance leases	2,788	2,600
Reclassified securities	4,992	6,068
Non-performing loans and receivables	4,454	5,095
Other loans and receivables	64,194	66,119
Total	**136,492**	**139,351**

1 repurchase agreements

The loans and receivables with customers include €1,733 million (31 December 2010: €2,006 million) in subordinated assets at 30 September 2011.

No Greek government bonds are included in loans and receivables with customers at 30 September 2011.

19 Non-current assets and disposal groups held for sale

The €185 million reported for non-current assets and disposal groups held for sale on the assets side of the balance sheet at 30 September 2011 essentially results from intended disposals of HVB property, plant and equipment in Munich and Hamburg, the sale of HVB shareholdings and the decision taken by DAB Bank at the end of the third quarter to sell shares in its majority-owned SRQ FinanzPartner AG subsidiary.

20 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 2011. 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
Balance at 30/9/2011	5.0	4.5	5.4
Reclassified in 2009			
Balance at 31/12/2009	7.3	7.4	7.4
Balance at 31/12/2010	4.6	4.5	4.6
Balance at 30/9/2011	3.5	3.5	3.6
Balance of reclassified assets at 30/9/2011	**8.5**	**8.0**	**9.0**

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 €8.0 billion at 30 September 2011. 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 €178 million in net trading, hedging and fair value income in the first nine months of 2011. A net gain of €416 million (2010) and €1,159 million (2009) would have arisen in net trading, hedging and fair value income in the financial years 2010 and 2009 while a net loss of €1,792 million would have accrued in net trading, hedging and fair value 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 €9 million on the reclassified assets in the first nine months of 2011 (whole of 2010: €8 million, 2009: €80 million, 2008: €63 million). The fair value at the date when the reclassification takes effect represents the new acquisition cost, which in some cases is considerably less than the nominal value. Accordingly, this difference (discount) is to be amortised over the remaining term of the reclassified financial assets. This together with the reclassified securities that had matured or been partially repaid gives rise to an effect of €77 million in the first nine months of 2011 (whole of 2010: €160 million, 2009: €208 million, 2008: €127 million), which is recognised in net interest.

A gain of €3 million (whole of 2010: €19 million, 2009: €83 million) on reclassified securities that had been sold was recognised in the income statement in the first nine months of 2011.

In the first nine months of 2011, the reclassifications carried out in 2008 and 2009 resulted in a profit before tax that was €107 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 €556 million before tax (first nine months of 2011: minus €107 million, whole of 2010: minus €245 million, 2009: minus €948 million, 2008: plus €1,856 million).

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

Analysis of loans and receivables **(€ millions)**

Balance at 1 January 2010	**5,222**
Changes affecting income[1]	648
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	(467)
Effects of currency translation and other changes not affecting income	75
Non-current assets or disposal groups held for sale	—
Balance at 30 September 2010	**5,478**
Balance at 1 January 2011	**5,059**
Changes affecting income[1]	215
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	(479)
Effects of currency translation and other changes not affecting income	87
Non-current assets or disposal groups held for sale	—
Balance at 30 September 2011	**4,882**

1 the total includes the gains on disposal of impaired loans and receivables

22 Deposits from banks

(€ millions)

	30/9/2011	31/12/2010
Deposits from central banks	**5,409**	**4,396**
Deposits from banks	**57,488**	**47,491**
Current accounts and demand deposits	14,861	12,815
Reverse repos[1]	20,172	8,071
Other liabilities	22,455	26,605
Total	**62,897**	**51,887**

1 repurchase agreements

23 Deposits from customers

(€ millions)

	30/9/2011	31/12/2010
Current accounts and demand deposits	48,152	47,893
Savings deposits	13,992	14,893
Reverse repos[1]	10,114	10,010
Other liabilities	32,952	35,698
Total	**105,210**	**108,494**

1 repurchase agreements

24 Debt securities in issue

(€ millions)

	30/9/2011	31/12/2010
Bonds	40,767	46,142
Other securities	1,020	2,534
Total	**41,787**	**48,676**

25 Liabilities of disposal groups held for sale

The liabilities of disposal groups held for sale disclosed at year-end 2010 relate to the sale of parts of the private banking activities of UniCredit Luxembourg S.A. to DZ Privatbank S.A. that took effect in December 2010. These have been carried forward to the start of January 2011.

26 Provisions

(€ millions)

	30/9/2011	31/12/2010
Provisions for pensions and similar commitments	49	51
Allowances for losses on guarantees and commitments	214	283
Restructuring provisions	104	87
Actuarial provisions	34	35
Other provisions	1,736	1,445
Total	**2,137**	**1,901**

Notes to the Balance Sheet (Continued)

27 Change in valuation of financial instruments

The reserves arising from changes in the valuation of financial instruments recognised in equity totalled minus €90 million at 30 September 2011 (31 December 2010: minus €87 million). Within this total, the €39 million decline in the hedge reserve compared with year-end 2010 to €15 million was offset by the positive development in the AfS reserve, which increased by €36 million to minus €105 million. Financial instruments classified as available for sale, which still constituted a large negative AfS reserve at year-end 2010, were redeemed early at their face value. In the first nine months of 2011, 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.

28 Subordinated capital

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

	30/9/2011	31/12/2010
Subordinated liabilities	2,530	2,628
Participating certificates outstanding	155	205
Hybrid capital instruments	783	1,299
Total	**3,468**	**4,132**

Other Information

29 Contingent liabilities and other commitments

(€ millions)

	30/9/2011	31/12/2010
Contingent liabilities[1]	**20,930**	**19,170**
Guarantees and indemnities	20,930	19,170
Other commitments	**64,012**	**65,015**
Irrevocable credit commitments	41,872	39,721
Other commitments	22,140	25,294
Total	**84,942**	**84,185**

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

Other Information (Continued)

30 Members of the Supervisory Board and Management Board

Supervisory Board

Federico Ghizzoni since 2 March 2011 Chairman since 4 March 2011	**Chairman**
Sergio Ermotti until 1 March 2011	**Chairman**
Peter König	**Deputy Chairman**
Dr Wolfgang Sprissler	**Deputy Chairman**
Aldo Bulgarelli	**Members**
Beate Dura-Kempf	
Klaus Grünewald	
Werner Habich since 16 January 2011	
Dr Lothar Meyer	
Marina Natale	
Klaus-Peter Prinz	
Jutta Streit until 15 January 2011	
Jens-Uwe Wächter	
Dr Susanne Weiss	

Management Board

Peter Buschbeck	Family & SME division[1]
Jürgen Danzmayr since 1 July 2011	Private Banking division
Lutz Diederichs	Corporate & Investment Banking division
Peter Hofbauer	Chief Financial Officer (CFO)
Heinz Laber	Human Resources Management, Global Banking Services
Andrea Umberto Varese	Chief Risk Officer (CRO)
Dr Theodor Weimer	Board Spokesman
Andreas Wölfer until 30 June 2011	Private Banking division

1 formerly Retail division; the division was renamed Family & SME on 1 January 2011 after resegmentation

Munich, 9 November 2011

UniCredit Bank AG
The Management Board

Buschbeck Danzmayr Diederichs Hofbauer

Laber Varese Dr Weimer

Summary of Quarterly Financial Data

(€ millions)

OPERATING PERFORMANCE	Q3 2011	Q2 2011	Q1 2011	Q4 2010	Q3 2010
Net interest	994	1,080	1,033	1,087	990
Dividends and other income from equity investments	36	36	65	54	20
Net fees and commissions	326	323	367	345	286
Net trading, hedging and fair value income	(148)	273	514	10	293
Net other expenses/income	41	11	31	65	57
OPERATING INCOME	**1,249**	**1,723**	**2,010**	**1,561**	**1,646**
Operating costs	(910)	(895)	(888)	(820)	(862)
OPERATING PROFIT	**339**	**828**	**1,122**	**741**	**784**
Net write-downs of loans and provisions					
for guarantees and commitments	(114)	163	(127)	32	(155)
NET OPERATING PROFIT	**225**	**991**	**995**	**773**	**629**
Provisions for risks and charges	(107)	(116)	(58)	(417)	(8)
Restructuring costs	(33)	—	—	(37)	—
Net income from investments	(12)	50	58	(123)	(31)
PROFIT BEFORE TAX	**73**	**925**	**995**	**196**	**590**
Income tax for the period	(163)	(286)	(314)	393	(171)
PROFIT/(LOSS) AFTER TAX	**(90)**	**639**	**681**	**589**	**419**
Impairment on goodwill	(4)	—	—	—	—
CONSOLIDATED PROFIT/(LOSS)	**(94)**	**639**	**681**	**589**	**419**
attributable to shareholder of UniCredit Bank AG	(88)	623	651	584	379
attributable to minorities	(6)	16	30	5	40
Earnings per share (€)	**(0.11)**	**0.78**	**0.81**	**0.73**	**0.47**

Financial Calendar

Important Dates 2011*

Interim Report at 30 September 2011	15 November 2011

* dates planned

Contacts
Should you have any questions about the annual report or our interim reports, please contact Media Relations by
calling +49 (0)89 378-25744,
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