Meeting real needs with concrete solutions.

Interim Report at 30 September 2012

Contents

Financial Highlights

Key performance indicators

	1/1–30/9/2012	1/1–30/9/2011
Net operating profit	€1,773m	€2,211m
Cost-income ratio (based on operating income)	55.1%	54.1%
Profit before tax	€2,050m	€1,993m
Consolidated profit	€1,220m	€1,226m
Return on equity before tax[1]	12.2%	11.8%
Return on equity after tax[1]	7.3%	7.3%
Earnings per share	€1.47	€1.48

Balance sheet figures

	30/9/2012	31/12/2011
Total assets	€399.4bn	€385.5bn
Shareholders' equity	€23.6bn	€23.3bn
Leverage ratio[2]	16.9x	16.5x

Key capital ratios compliant with Basel II

	30/9/2012	31/12/2011
Core capital without hybrid capital (core Tier 1 capital)	€19.9bn	€19.9bn
Core capital (Tier 1 capital)	€20.3bn	€20.6bn
Risk-weighted assets (including equivalents for market risk and operational risk)	€113.3bn	€127.4bn
Core capital ratio without hybrid capital (core Tier 1 ratio)[3]	17.5%	15.6%
Core capital ratio (Tier 1 ratio)[3]	17.9%	16.2%

	30/9/2012	31/12/2011
Employees (in full-time equivalents, FTEs)	19,335	19,442
Branch offices	939	934

1 return on equity calculated on the basis of average shareholders' equity according to IFRS and projected profit before tax at 30 September 2012 for the year as a whole
2 ratio of total assets to shareholders' equity compliant with IFRS
3 calculated on the basis of risk-weighted assets, including equivalents for market risk and operational risk

Ratings

	LONG-TERM	SHORT-TERM	OUTLOOK	FINANCIAL STRENGTH	CHANGED/ CONFIRMED	PFANDBRIEFS		CHANGED/ CONFIRMED
						PUBLIC	MORTGAGE	
Moody's	A3	P-2	negative	C–	6/6/2012	Aaa	Aa1	8/6/2012
Standard & Poor's	A	A-1	negative	bbb+	8/8/2012	AAA	—	9/3/2010
Fitch Ratings	A+	F1+	stable	a-*	9/10/2012	AAA	AAA	6/2/2012/ 8/2/2012

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

Business Performance of HVB Group

Underlying conditions and general comments on the business situation

The global economy has lost much of its momentum during the course of 2012 to date. Alongside the slowing pace in industrialised countries, the stimuli from emerging markets, and most notably from China, declined further over the summer. In particular, the situation in the countries on the eurozone's southern periphery has worsened during the third quarter on account of the drastic austerity measures taken there. In the United States, on the other hand, a slight upturn in the economy has become apparent, supported not least by an ongoing stabilisation of the residential property market. Progress on the US jobs market has, however, remained only moderate of late. The Federal Reserve initiated a third round of quantitative easing (QE3) in the third quarter with the open-ended purchase of an additional $40 billion of mortgage-backed securities each month.

The huge burdens arising from budgetary consolidation have in all probability caused the economies in the heavily indebted countries of the eurozone to contract again strongly in the third quarter. The main reason for this was weak domestic demand in most of these countries. The economic burdens remain heaviest in Greece, where the reform targets continue to be missed by clear margins. Even though the business climate in industry has deteriorated sharply in the core countries, the differences in growth between the core and the periphery are likely to have recurred. In Germany, however, industrial output has remained remarkably robust despite the worsening economic climate.

The European Central Bank (ECB) has continued to supply European banks with adequate liquidity, with Spanish banks above all requiring additional funding from the Eurosystem in recent times. Furthermore, in September the ECB declared its willingness to buy unlimited volumes of government bonds issued by crisis-hit states with a maturity of up to three years on the secondary market, under certain conditions. For such an intervention to take place under the European Stability Mechanism (ESM), the member state in question must agree to a set of conditions. In this context, on 12 September 2012 the German Federal Constitutional Court (Bundesverfassungsgericht) approved the creation of the ESM under certain conditions, meaning that the ESM is compatible with the German constitution (Grundgesetz), provided these conditions are met.

Following on from a weakening of the economy in the second quarter of 2012, German GDP is anticipated to have lost more momentum over the summer based on the important sentiment indicators. The hard figures currently available for the third quarter of 2012 are, however, still fairly robust. Exports and industrial production are predicted to have expanded in the third quarter. Private consumption continued to perform moderately well in line with the consistently good situation on the labour market, which has seen employment levels rise slightly. Inflation has fluctuated around the 2% mark of late with no clear trend.

The European capital markets proved highly volatile in the first nine months of 2012. The positive trend in the first quarter, which could also be attributed to the ECB's two three-year refinancing operations, was followed by a sharp correction in the second quarter as the sovereign debt crisis worsened. The situation on the capital market improved during the third quarter, triggered in turn by the ECB's announcement to buy government bonds issued by crisis-hit countries. As of the end of September 2012, Germany's benchmark index, the DAX 30, had gained 22.3% since year-end 2011, while its eurozone equivalent, the EURO STOXX 50, was up 5.9%. The yield on ten-year

German government bonds continued to fall. After 1.83% at year-end 2011 and briefly jumping to over 2% thereafter, yields of 1.44% were recorded at the end of September.

The ECB kept its benchmark rate at 1% in the first half of the year before lowering it to 0.75% at the start of July 2012. The deposit facility made available by the ECB does not currently attract any interest. As is to be expected, the very low level of interest rates is leading to falling earnings for banks from interest-dependent activities on account of the stronger pressure on margins. The euro remained largely stable against the US dollar, British pound, Swiss franc and Japanese yen in the first three months of the year before losing ground heavily in the second quarter. This trend only reversed towards the end of July, when the euro started to strengthen again. The high level of liquidity on the market led to a considerable narrowing of spreads on the credit markets in the first two months of 2012, especially for sovereigns and banks, although these did widen again as of March 2012. Only towards the end of July did a recovery set in, reinforced later in the third quarter by the announcement of government bond purchases by the ECB.

In a persistently difficult capital market environment, we generated a consolidated profit of €1,220 million in HVB Group after the first three quarters of 2012, matching last year's figure, and a good profit before tax of €2,050 million, which even surpassed the year-ago figure by €57 million or 2.9%. Positive trends from changes in provisions affecting income and from net income from investments contributed to this performance. In contrast, net operating profit declined by €438 million, or 19.8%, to €1,773 million, partly on account of net write-downs of loans and provisions for guarantees and commitments that are increasingly returning to normal and were thus up by €346 million to €424 million. At €4,888 million, operating income also failed to quite match the good figure last year (€4,982 million). This decline can be mainly attributed to net interest which fell on account of low interest rates (down €432 million to €2,675 million) and the decrease in net fees and commissions (down €133 million to €883 million) due to persistent and even greater customer reticence. However, this trend was partially offset by the rise of €484 million in net trading income to €1,123 million. The high net trading income in the first three quarters of 2012 can be attributed to the positive effects arising from the reversal of the credit value adjustments that it became necessary to take in the fourth quarter of 2011. At €2,691 million, operating costs were slightly lower than the figure posted last year (€2,693 million) on account of consistent cost management. At 55.1% for the first nine months of 2012 (first nine months of 2011: 54.1%), the cost-income ratio remained at a very good level by both national and international standards.

All the operating divisions again contributed to the good profit before tax of HVB Group. The Corporate & Investment Banking division (CIB) generated a profit before tax of €1,516 million, which is €101 million lower than the high year-ago figure mainly due to the higher net write-downs of loans and provisions for guarantees and commitments with a slight rise in operating income due to the positive effects from the reversal of credit value adjustments. The Family & SME (F&SME) and Private Banking (PB) divisions also failed to quite match the results recorded in 2011 on account of lower operating income notably due to low interest rates and reticence on the part of investors. In the F&SME division the profit before tax fell from €127 million in 2011 to €71 million, and in the PB division from €78 million in 2011 to €49 million.

Business Performance of HVB Group (Continued)

HVB Group continues to have an excellent capital base. The core Tier 1 ratio in accordance with Basel II (ratio of core capital excluding hybrid capital instruments to the total amount of credit risk-weighted assets and equivalent risk-weighted assets for market risk and operational risk) increased to 17.5% as per 30 September 2012 (year-end 2011: 15.6%) and thus remains at an excellent level by both national and international standards. The shareholders' equity shown in the balance sheet increased by €0.3 billion to €23.6 billion compared with year-end 2011. At the same time, the dividend payment of €1.0 billion in the second quarter of 2012 resolved by the Annual General Meeting was more than compensated by the consolidated profit of €1.2 billion generated in the first nine months of 2012 and the increase of €0.1 billion in the available-for-sale reserve. With total assets up by 3.6% compared with year-end 2011 to €399.4 billion, the leverage ratio (ratio of total assets to shareholders' equity shown in the balance sheet) amounted to 16.9x at the end of the third quarter of 2012 after 16.5x at year-end 2011.

HVB Group again enjoyed a very comfortable liquidity base and a solid financing structure at all times in the reporting period. In this context, it is worth mentioning that HVB Group did not participate in either of the ECB's three-year refinancing operations and has also placed a large part of its excess liquidity with Deutsche Bundesbank. The funding risk remained low on account of the diversification in our products, markets and investor groups, meaning that adequate funding of our lending 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 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.

Operating performance of HVB Group

All the statements regarding the operating performance of HVB Group made in this Interim Report refer to the structure of our segmented income statement (see Note 3, "Segment reporting") and thus follow the Management Approach incorporated into segment reporting. The operating performance of HVB Group is set out in detail below:

Net interest

Net interest fell by €432 million, or 13.9%, to €2,675 million, after the first nine months of this financial year, resulting from all the divisions alike.

In this context, the low level of absolute interest rates again resulted in a substantial decline in interest margins particularly in deposit-taking operations after the first nine months of 2012 compared with the year-ago figure. Due to the low interest rates, it remained very difficult to achieve adequate interest margins in lending operations. Net interest also fell because the income from special effects generated in the Multinational Corporates unit included in the Corporate & Investment Banking division last year did not recur in 2012 to the same extent. Furthermore, the decline in return on equity in line with interest rates and the high non-interest-bearing liquidity reserves at central banks, particularly Deutsche Bundesbank, had a negative impact on net interest.

Dividends and other income from equity investments
Income generated from dividends and other income from equity investments, which resulted mainly from dividends paid by private equity funds, declined by €40 million, to €97 million, compared with last year.

Net fees and commissions
At €883 million, net fees and commissions were €133 million, or 13.1%, lower in the reporting period than the very good result posted for the first three quarters of 2011. This figure contains a decline of €82 million, to €422 million, in fee and commission income from management, brokerage and consultancy services. This trend can be attributed particularly to investors' restraint in connection with the difficult financial market environment and customers turning to products with lower margins, which was compensated only in part by the successful sale of individual innovative investment products. In addition, there was a decrease in fee and commission income from lending operations (down €39 million to €287 million), from collection and payment services (down €3 million to €160 million) and contributions to earnings from other service operations (down €9 million to €14 million).

Net trading income
HVB Group generated very good net trading income of €1,123 million in the first three quarters of 2012. This pleasing figure benefited from the reversal of the credit value adjustments in the reporting period that it had become necessary to take in the fourth quarter of 2011; all in all, positive effects of €335 million from credit value adjustments arose after nine months of 2012. Total net trading income was up by €484 million on the already substantial year-ago result (€639 million).

The Corporate & Investment Banking division generated net trading income of €995 million during the reporting period (up €334 million), assisted by the income from credit value adjustments described above. Compared with last year, the Rates & FX (interest and currency-related products) trading units and Structured Credit Trading contributed higher earnings to the division's net trading income, while Equities (equity and index products, certificates) made a good contribution, despite difficult market conditions. In addition, we generated net trading income of €129 million in the Other/consolidation segment mainly due to the buy-back of hybrid equity instruments and supplementary capital.

Net other expenses/income
Net other expenses/income increased by €27 million compared with the equivalent period last year to total €110 million after the first three quarters of 2012. Net other expenses/income include the pro-rated expenses for the whole year for the bank levy to be paid in Germany in both years (first three quarters of 2012: €81 million pro rata, first three quarters of 2011: €76 million pro rata).

Business Performance of HVB Group (Continued)

Operating costs
Operating costs declined a slight 0.1%, or €2 million, compared with the equivalent period in 2011 to €2,691 million thanks to consistent cost management, despite an inflation rate of around 2% in Germany and higher expenses for implementing regulatory and legal requirements. Although payroll costs rose, partly on account of increases in standard-rate and non-standard-rate wages and salaries by 1.8% overall to €1,424 million, other administrative expenses fell by 1.1% to €1,128 million, and amortisation, depreciation and impairment losses on intangible and tangible assets declined by 9.2% to €139 million.

Operating profit (before net write-downs of loans and provisions for guarantees and commitments)
Operating profit fell by a minor €92 million, or 4.0%, to €2,197 million in the reporting period, mainly on account of the lower net interest. The cost-income ratio (ratio of operating expenses to operating income) amounted to 55.1% in the reporting period and is thus still at a very good level (first nine months of 2011: 54.1%).

Net write-downs of loans and provisions for guarantees and commitments and net operating profit
The net addition of €424 million posted for net write-downs of loans and provisions for guarantees and commitments in the reporting period still represents a very low level. This reflects an increasing normalisation of the provisioning requirements in the course of 2012 after net write-downs of loans and provisions for guarantees and commitments were still at an unusually low level last year with a net addition of €78 million. In gross terms, the expenses of €1,078 million for additions in the current reporting period (2011: €1,092 million) are partly offset by releases and recoveries from write-offs of loans and receivables amounting to €654 million (2011: €1,014 million).

Net operating profit declined by €438 million, or 19.8%, to €1,773 million, particularly on account of the normalisation in net write-downs of loans and provisions for guarantees and commitments in addition to lower operating income.

Provisions for risks and charges
A gain of €102 million was recorded from net reversals of provisions for risks and charges during the current reporting period (2011: net addition of €281 million).

The largest individual item within the net reversals in the reporting period is related to the construction of an offshore wind farm. As part of credit extended for this exposure, adequate provisions for risks and charges already set up last year were partially reversed by €104 million and net write-downs of loans and provisions for guarantees and commitments of €104 million added at the same time.

Net income from investments
Net income from investments amounted to €175 million after the first nine months of 2012 compared with €96 million in the previous year. Net income from investments in the reporting period is chiefly attributable to gains of €102 million on the disposal of available-for-sale financial assets and of €49 in land and buildings. Last year, net income from investments was almost exclusively generated from gains on the disposal of available-for-sale financial assets.

Profit before tax, income tax for the period and consolidated profit
In what are still challenging market conditions, HVB Group posted a profit before tax of €2,050 million in the current reporting period which surpassed the year-ago figure of €1,993 million by €57 million, or 2.9%.

After deducting income tax which rose year-on-year to €830 million, HVB Group generated a consolidated profit of €1,220 million in the first three quarters of 2012, which remained at the year-ago level posted for consolidated profit (€1,226 million).

Segment results by division
The segments contributed the following amounts to the profit before tax of €2,050 million of HVB Group

Corporate & Investment Banking	€1,516 million
Family & SME	€71 million
Private Banking	€49 million
Other/consolidation	€414 million

Income statements for each segment and comments on the economic performance of the individual segments are provided in Note 3, "Segment reporting", in this Interim Report. The tasks and objectives of each division are described in detail in Note 27 of our 2011 Annual Report, "Notes to segment reporting by division".

Starting in the first quarter of 2012, the expenses for the bank levies previously allocated to the Group Corporate Centre are allocated to the Corporate & Investment Banking, Family & SME and Private Banking divisions and the costs for the pension fund spread across all the segments. In addition, there were minor adjustments in the area of operating costs in the second and third quarters of 2012. The figures for the prior year and the previous quarters have been adjusted accordingly.

Financial situation

Total assets
The total assets of HVB Group amounted to €399.4 billion at 30 September 2012, which represents an increase of €13.9 billion, or 3.6%, compared with year-end 2011.

On the assets side, there was a sharp rise of €22.4 billion to €26.6 billion in cash and cash balances, arising particularly from deposits with central banks. This reflects our very comfortable liquidity base and the placement of our high liquidity reserves with central banks, notably Deutsche Bundesbank. There was also a €3.8 billion rise to €152.9 billion in financial assets held for trading. This increase is chiefly due to positive fair values from derivative financial instruments (up €9.0 billion) while fixed income securities (down €2.5 billion), equity instruments (down €1.4 billion) and other financial instruments

Business Performance of HVB Group (Continued)

held for trading (down €1.4 billion) fell. There was also an increase of €1.7 billion to €46.0 billion in loans and receivables with banks, due solely to a rise in repurchase agreements (repos). In contrast, financial assets at fair value through profit or loss and held-to-maturity investments decreased – also largely in respect of fixed-income securities – by €7.4 billion to €20.6 billion and by €2.2 billion to €0.3 billion respectively. Loans and receivables with customers declined by €5.9 billion, to €130.7 billion, compared with year-end 2011 due chiefly to a decrease of €3.6 billion in repurchase agreements and a €2.3 billion decline in the volume of mortgage loans.

On the liabilities side, there was an increase of €8.7 billion to €116.1 billion in deposits from customers. Within deposits from customers, there were increases of €6.1 billion in repurchase agreements (reverse repos), €5.0 billion in credit balances on current accounts, while time deposits fell by €2.4 billion. Deposits from banks increased by €3.5 billion to €61.4 billion compared with year-end 2011. Moreover, financial liabilities held for trading increased by €7.2 billion to €148.0 billion compared with the end of 2011, primarily due to the increase in negative fair values arising from derivative financial instruments. In contrast, particularly debt securities decreased by €6.2 billion, to €36.5 billion, on account of issues due.

At €23.6 billion, shareholders' equity increased by €0.3 billion compared with year-end 2011. The dividend payment of €1.0 billion made in the second quarter of 2012 as resolved by the Annual General Meeting was more than offset by the consolidated profit of €1.2 billion generated in the first nine months of 2012 and the rise of €0.1 billion in the available-for-sale reserve.

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

The total risk-weighted assets of HVB Group (including market risk and operational risk) determined on the basis of Basel II (German Banking Act/Solvency Regulation – KWG/SolvV) amounted to €113.3 billion at 30 September 2012 (31 December 2011: €127.4 billion), which represents a decrease of €14.1 billion compared with year-end 2011.

In the process, the risk-weighted assets for credit risks (including counterparty default risk in the trading book) determined by applying partial use decreased by €6.2 billion to €86.2 billion as a result of declines of €4.8 billion in risk assets at UniCredit Bank AG and of €1.5 billion at UniCredit Luxembourg S.A., primarily caused by lower volumes of business.

The risk-weighted assets for market risk fell by €10.5 billion to €13.3 billion. This development is mainly due to a reduction in the collateralised debt obligation (CDO) portfolio together with changes in the ratings of CDOs as well as a reduction in the holding of Italian government bonds.

By contrast, there was a €2.6 billion increase to €13.8 billion in the risk-weighted equivalents for operational risk, mainly at companies subject to the Advanced Measurement Approach (AMA). Apart from risk-sensitive adjustments based on standalone calculations and back-testing with realised operational losses, operational risk is allocated under the AMA primarily on the basis of the proportion of gross earnings (3-year average) contributed by the companies subject to the AMA. The rise in risk-weighted asset equivalents for operational risk mentioned is primarily caused by the higher share of gross earnings of HVB Group in the total gross earnings of the UniCredit group companies subject to the AMA.

At 30 September 2012, the core capital of HVB Group compliant with the German Banking Act excluding hybrid capital (core Tier 1 capital) was unchanged at €19.9 billion compared with year-end 2011. As a result of the decline in total risk-weighted assets, the core Tier 1 ratio (ratio of core capital excluding hybrid capital instruments to the total amount of credit risk-weighted assets and risk-weighted asset equivalents for market risk and operational risk) rose to 17.5% at 30 September 2012 (31 December 2011: 15.6%). The core capital of HVB Group (Tier 1 capital) amounted to €20.3 billion at 30 September 2012 (31 December 2011: €20.6 billion). Due to the decline in total risk-weighted assets, the core capital ratio under Basel II (Tier 1 ratio; including market risk and operational risk) rose to 17.9% (31 December 2011: 16.2%). The equity capital amounted to €21.6 billion at 30 September 2012 (31 December 2011: €23.4 billion). The equity funds ratio was 19.1% at the end of September 2012 (31 December 2011: 18.4%).

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 1.25 at the end of September 2012 and remained almost constant compared with year-end 2011 (1.26).

Corporate acquisitions and sales

The companies Cameron Granville 2 Asset Management Inc., Cameron Granville 3 Asset Management Inc. and Cameron Granville Asset Management (SPV-AMC) Inc. were sold in August 2012 and thus left the group of companies included in consolidation. The companies HVB Capital LLC VIII and HVB Funding Trust VIII also left the group of companies included in consolidation after the hybrid financial instruments contained in them were repurchased by HVB in the first quarter of 2012. This resulted in these two companies no longer having a business purpose so they were liquidated in the second quarter of 2012.

See Note 2, "Companies included in consolidation" for details on further changes in the consolidated companies.

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 in September 2008, UniCredit has held 100% of the capital stock of HVB. Thus, trading in HVB shares officially ceased. HVB does, however, remain listed on securities exchanges as an issuer of debt instruments such as Pfandbriefs, bonds and certificates.

Organisation of management and control and internal management

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

The Supervisory Board of the Bank has 12 members and has an equal number of employee and shareholder representatives.

Business Performance of HVB Group (Continued)

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 2012

HVB is adjusting its business model to reflect the rapidly changing economic and regulatory environment and pushing further growth through a regional organisational structure and a stronger entrepreneurial focus. Starting next year, HVB will realign its structure to create three business segments: Unternehmer Bank, Private Clients Bank, and Corporate & Investment Banking. In its German activities, HVB will rely on more entrepreneurship in the regions and the new structure will consistently strengthen its regional presence.

The Mittelstand of small and medium-sized enterprises forms the backbone of the German economy. Going forward, HVB's Unternehmer Bank will provide extensive services to these customers together with its business and real estate customers. Private Clients Bank will serve all private customers, ranging from typical retail customers to private banking clients. Corporate & Investment Banking will be responsible for investment banking as well as selected multinationals and other corporates active on the capital market from 2013 onwards.

Unternehmer Bank and Private Clients Bank activities will both be conducted in six regions. The heads of these regions will pursue an entrepreneurial approach in the development of their region and will ensure a uniform presence for HVB and professional customer care at local level.

In this way, HVB is creating an excellent position for further successful growth in the German market. As HVB considers it essential to maintain a stable partnership between customer and relationship manager, customers will retain their existing relationship managers when the new structure is implemented.

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 2011 financial year (see the HVB Group Annual Report for 2011).

General economic outlook and sector development in 2012

We expect to see a stabilisation of the global economy in the final quarter of 2012, coupled with a cautious reversal in the pace of economic growth in China. This should be reinforced notably by the improved mood on the financial markets since the announcement by the ECB in September regarding the purchase of government securities issued by crisis-hit countries together with other measures taken by central banks that have considerably reduced the extreme risks. Uncertainty remains high nonetheless – not only on account of the eurozone debt crisis that is not over yet but also primarily due to the expiry of temporary tax breaks and the imminent cutbacks in public spending in the United States (known as the "fiscal cliff").

There are no signs at this point of a definitive easing of the sovereign debt crisis in the eurozone countries, despite the recent calm. Weak economies are requiring further austerity measures in most countries, which will again depress domestic output in the coming quarters. We do not expect the recession in the crisis-ridden countries to end before mid-2013. Spain in particular is under considerable pressure from the restructuring of the banking sector and rapidly deteriorating regional finances.

We expect German GDP to grow by 0.9% in real terms this year after 3.1% in 2011. There is no evidence at present of a recession in the second half of 2012. Industrial output, which has remained solid to date, is expected to slow tangibly by the end of the year. Assuming that manufacturing industry does not suffer collapsing demand, however, negative effects on the labour market should remain limited. Domestic demand is thus expected to remain an important driver of growth.

Despite the easing that occurred over the summer, the credit market will continue to be characterised by wide spreads and marked volatility as a result of the uncertainty on the markets concerning the creditworthiness of significant sovereigns. The liquidity made readily available to the banking sector merely combats the symptoms but not the underlying causes of the structural problems on the financial markets. The stipulations of Basel III and the European banking regulators with regard to the greater regulatory capital and liquidity requirements will result in lower profitability. Added to this is the permanent burden of the bank levy.

The banking sector will continue to face persistently high volatility and unrelenting concerns about the stability of the eurozone in the final quarter of 2012. In this environment, individual items of bad news can already cause severe market distortions and have long-lasting effects on the markets and the real economy – even if the risk of market distortions has been reduced by the ECB announcement. Consequently, banks will have to act with caution going forward and be ready to respond quickly and flexibly to changing market conditions. Furthermore, it remains to be seen what impact European banking supervision will have on the European financial sector; the European heads of state and government agreed at the end of October 2012 to adopt the legal framework for a common European banking regulator by the end of 2012 and to commence implementation in 2013.

Development of HVB Group

In its assumptions for the 2012 financial year, HVB Group presumes that operating income will improve slightly on 2011 in a persistently difficult environment. This increase will be driven primarily by improved net trading income. It should be noted in this context that the good net trading income has benefited from the reversal of credit value adjustments as well as the market trend. We expect net interest to decline tangibly in the 2012 financial year compared with 2011. Operating costs are anticipated to remain at the year-ago level as a result of our strict cost management. Net write-downs of loans and provisions for guarantees and commitments are expected to normalise over the 2012 financial year as a whole and thus increase to what is still a moderate level compared with the previous year. All in all, we believe that the good earnings performance in the first nine months of 2012 will not be repeated to the same extent in the fourth quarter of 2012. Nevertheless, we expect the profit before tax to improve compared with the result recorded in 2011 and thus achieve a good level.

The financial markets continue to be affected by the unresolved sovereign debt crisis. Consequently, our performance in the fourth quarter of 2012, and hence in the 2012 financial year as a whole, will depend on the future situation in the financial markets and the real economy as well as other imponderables that still exist. In this environment, HVB Group will continually adapt its business strategy to reflect changes in market conditions and carefully review the management stimulus 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 new operating environment, the volatility that can still be expected on the financial markets and a further expanding real economy.

Development of Selected Risks

In the Risk Report in the 2011 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.

Besides the changes in the methods used to calculate the economic capital and to measure business risk, the risk arising from our real estate portfolio and the risk arising from our shareholdings/financial investments as described in greater detail in the Half-yearly Financial Report at 30 June 2012, no essential methodological changes were made to risk management nor to the monitoring of individual risk types or the risk management system. The following sections describe the development of selected risks.

Credit risk exposure

The credit exposure, counterparty exposure and issuer exposure in the banking book have been shown in aggregate form since the fourth quarter of 2011. The aggregate exposure from these three risk categories is called credit risk exposure or simply exposure below.

The tables and charts for credit, counterparty and issuer risk show exposure values without the remaining exposures assigned to the former Real Estate Restructuring segment.

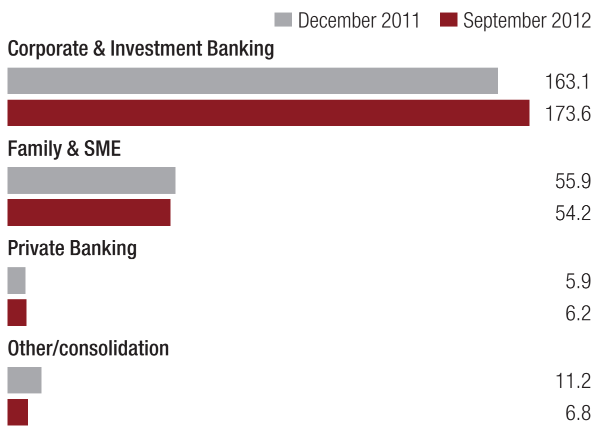
The presentation of industry groups was switched with effect from the reporting date of 30 June 2012 from the classification used in the official German statistics to the internal management system and now shows the Senior Risk Manager (SRM) industries. The 2011 figures have been adjusted accordingly.

There has been a constant increase in the exposure in the Financial institutions industry sector during the first three quarters of 2012. This results from the placement of HVB Group's excess liquidity with Deutsche Bundesbank since the start of the year.

Breakdown of credit risk exposure by SRM industry group (€ billions)

SRM industry group	30/9/2012	31/12/2011
Financial institutions	71.3	56.4
Public sector	30.0	33.6
Real estate	23.4	23.5
Energy	14.1	13.8
Mechanical engineering, steel	10.4	10.1
Chemicals, pharmaceuticals, health	9.4	9.3
Shipping	8.5	9.1
Special products	7.5	8.4
Automotive	6.6	7.6
Services	5.7	5.9
Construction and wood	5.0	5.6
Food, drinks	4.8	5.0
Transport, traffic	4.7	4.3
Consumer goods	3.8	3.8
Telecom, IT	2.9	2.7
Media, paper	2.7	2.8
Farming and forestry	2.1	2.1
Textiles	2.1	2.2
Electronics	2.0	1.9
Tourism	1.6	1.8
Retail	22.2	26.2
HVB Group	**240.8**	**236.1**

Breakdown of credit risk exposure by division (€ billions)



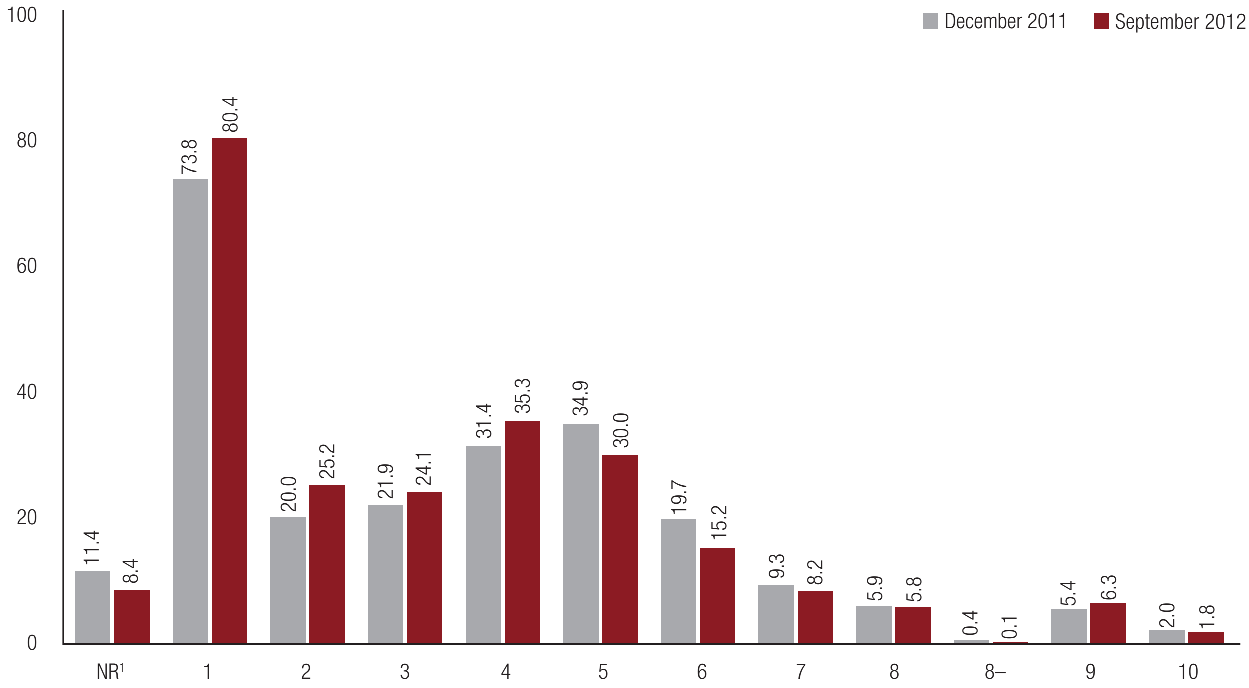
Breakdown of credit risk exposure by division
The increase in credit risk exposure in the Corporate & Investment Banking division (CIB) is driven mainly by the placement of HVB Group's excess liquidity with Deutsche Bundesbank. The decline in exposure in the Other/consolidation segment results notably from the reduction of the upstream exposure (exposure to UniCredit and its subsidiaries).

Breakdown of credit risk exposure by rating class

As of June 2012, the rating classes are shown broken down into non-rated partners (NR), rating classes 1 to 8 and the default classes 8-, 9 and 10.

The effect of placing excess liquidity with Deutsche Bundesbank as described above is seen in rating class 1. The rise in the volume of exposure in rating class 2 reflects the downgrades of banks and sovereigns.

Breakdown of credit risk exposure by rating class (€ billions)



1 not rated

Development of Selected Risks (Continued)

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	30/9/2012	31/12/2011	30/9/2012	31/12/2011	30/9/2012	31/12/2011
Interest rate derivatives	**1,115,529**	**1,246,386**	**980,845**	**3,342,490**	**3,326,548**	**119,436**	**101,262**	**118,059**	**100,046**
Foreign exchange derivatives	**236,618**	**33,593**	**865**	**271,076**	**317,891**	**3,141**	**5,284**	**3,041**	**6,012**
Cross-currency swaps	**38,005**	**136,226**	**76,254**	**250,485**	**254,022**	**5,890**	**6,207**	**6,337**	**6,794**
Equity/index derivatives	**70,417**	**56,916**	**6,187**	**133,520**	**123,340**	**4,024**	**5,104**	**5,040**	**6,064**
Credit derivatives	**73,125**	**90,442**	**9,799**	**173,366**	**222,915**	**2,127**	**5,384**	**1,981**	**5,434**
– purchased	34,678	46,389	4,812	85,879	107,605	1,576	5,031	616	378
– written	38,447	44,053	4,987	87,487	115,310	551	353	1,365	5,056
Other transactions	**3,695**	**2,586**	**985**	**7,266**	**9,169**	**161**	**1,161**	**233**	**1,407**
HVB Group	**1,537,119**	**1,566,149**	**1,074,935**	**4,178,203**	**4,253,885**	**134,779**	**124,402**	**134,691**	**125,757**

Derivative transactions by counterparty type

(€ millions)

	FAIR VALUE			
	POSITIVE		NEGATIVE	
	30/9/2012	31/12/2011	30/9/2012	31/12/2011
Central governments and central banks	3,938	3,564	1,887	1,712
Banks	96,846	90,633	99,493	95,154
Financial institutions	30,424	26,045	32,143	27,457
Other companies and private individuals	3,571	4,160	1,168	1,434
HVB Group	**134,779**	**124,402**	**134,691**	**125,757**

In accordance with the banking supervision regulations under Basel II (German Banking Act/Solvency Regulation), risk-weighted assets for HVB Group arising from counterparty risk amounted to €13.4 billion at 30 September 2012 for derivative transactions (31 December 2011: €14.2 billion) with so-called partial use based on individual risk weightings and the risk-reducing effects of existing, legally enforceable, bilateral netting agreements as well as the collateral provided by borrowers.

Market risk

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

(€ millions)

	AVERAGE 2012[1]	30/9/2012	30/6/2012	31/3/2012	31/12/2011	30/9/2011
Interest rate positions (incl. credit spread risks)	26	23	23	33	45	24
Foreign exchange derivatives	1	1	1	2	10	2
Equity/index positions[2]	7	5	6	11	7	14
Diversification effect[3]	(13)	(12)	(12)	(19)	(27)	(4)
HVB Group	**21**	**17**	**18**	**27**	**35**	**36**

1 arithmetic mean of the three 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

The new market risk metrics required by the new German Solvency Regulation (Solvabilitätsverordnung – SolvV) are used alongside the value-at-risk. The following risk amounts were calculated for the regulatory report at 30 September 2012:
– Average 10-day VaR for the last 60 trading days: €54 million (31 December 2011: €102 million)
– Average 10-day stressed VaR for the last 60 trading days: €70 million (31 December 2011: €103 million)
– Eligible amount for the Incremental Risk Charge (IRC): €487 million (31 December 2011: €591 million)
– Eligible amount for the Comprehensive Risk Measure (CRM): €22 million (31 December 2011: €363 million).

Banking book positions are included in the market risk limits in addition to trading book positions. In accordance with the 2012 risk strategy, the value-at-risk warning level serving to limit all market risk exposures has been reduced from €173 million to €130 million.

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

		AVERAGE 2012[1]	30/9/2012	30/6/2012	31/3/2012	31/12/2011	30/9/2011
HVB Group	Market risk	66	64	63	72	74	74
	VaR warning level	130	130	130	130	173	173

1 arithmetic mean of the three quarter-end figures

Liquidity risk

The banking industry again felt the effects of the European sovereign debt crisis in the first three quarters of 2012. Various measures taken by the European Union in particular only partially calmed the markets. It is not yet possible to predict for how long and to what extent the financial markets will be impacted by the debt crisis in some European countries together with risks arising from changes in interest and exchange rates.

HVB Group put in a solid performance through to the end of the third quarter of 2012 in this challenging market environment, thanks to a good liquidity situation, a solid financing structure and the liquidity management measures it undertook. Based on our forward-looking risk quantification and scenario analysis, we expect our overall liquidity to remain adequate.

Short-term liquidity risk
Within the framework of our limit system, we showed an overall positive balance of short-term liquidity risk of €41.4 billion in HVB Group for the next banking day at the end of September 2012 (30 September 2011: €15.0 billion). The portfolio of highly liquid securities eligible at short notice as collateral for central bank borrowings and available at short notice to compensate for unexpected outflows of liquidity amounted to €21.6 billion at the end of the third quarter of 2012 (30 September 2011: €24.8 billion).

Bank-specific, market-wide and combined scenarios are included in the calculation of our stress tests. The calculations at the end of the third quarter of 2012 indicated that the available liquidity reserves were sufficient to cover the funding requirements beyond the minimum period required in each case.

The requirements of the German Liquidity Regulation (Liquiditätsverordnung – LiqV) were met at all times by the affected units of HVB Group during the reporting period. The funds available to HVB exceeded its payment obligations for the following month by an average of €29.2 billion for HVB Group in the third quarter (first three quarters of 2011: €31.6 billion) and €28.4 billion at 30 September 2012. This means that we are comfortably above the internally defined trigger.

Funding risk
The funding risk of HVB Group was again quite low in the first three quarters of 2012 due to our broad funding base with regard to products, markets and investor groups. This ensured that we were able to obtain adequate funding for our lending operations in terms of volume and maturity within the framework of our limit system. HVB Group had obtained longer-term funding with a volume of €5.1 billion on the capital market by the end of September 2012. At the end of September 2012, 98.4% of assets with an economic maturity of more than one year were covered by liabilities with an economic maturity of more than one year. Consequently, we do not expect to face any significant liquidity risk in the future. With their high credit quality and liquidity our Pfandbrief covered bonds still remain an important funding instrument.

Consolidated Income Statement

for the period from 1 January to 30 September 2012

		1/1–30/9/2012	1/1–30/9/2011	CHANGE	
Income/Expenses	NOTES	€ millions	€ millions	€ millions	in %
Interest income		5,537	6,677	(1,140)	(17.1)
Interest expense		(2,862)	(3,570)	+ 708	(19.8)
Net interest	4	2,675	3,107	(432)	(13.9)
Dividends and other income from equity investments	5	97	137	(40)	(29.2)
Net fees and commissions	6	883	1,016	(133)	(13.1)
Net trading income	7	1,123	639	+ 484	+ 75.7
Net other expenses/income	8	110	83	+ 27	+ 32.5
Payroll costs		(1,424)	(1,399)	(25)	+ 1.8
Other administrative expenses		(1,128)	(1,141)	+ 13	(1.1)
Amortisation, depreciation and impairment losses					
on intangible and tangible assets		(139)	(153)	+ 14	(9.2)
Operating costs		(2,691)	(2,693)	+ 2	(0.1)
Net write-downs of loans and provisions					
for guarantees and commitments	9	(424)	(78)	(346)	>+ 100.0
Provisions for risks and charges	10	102	(281)	+ 383	
Restructuring costs		—	(33)	+ 33	(100.0)
Net income from investments	11	175	96	+ 79	+ 82.3
PROFIT BEFORE TAX		**2,050**	**1,993**	**+ 57**	**+ 2.9**
Income tax for the period		(830)	(763)	(67)	+ 8.8
PROFIT AFTER TAX		**1,220**	**1,230**	**(10)**	**+ 0.8**
Impairment on goodwill		—	(4)	+ 4	(100.0)
CONSOLIDATED PROFIT		**1,220**	**1,226**	**(6)**	**(0.5)**
attributable to shareholder of UniCredit Bank AG		1,181	1,186	(5)	(0.4)
attributable to minorities		39	40	(1)	(2.5)

Earnings per share

(in €)

	NOTES	1/1–30/9/2012	1/1–30/9/2011
Earnings per share (undiluted and diluted)	12	1.47	1.48

Consolidated statement of total comprehensive income for the period from 1 January to 30 September 2012

(€ millions)

	1/1–30/9/2012	1/1–30/9/2011
Consolidated profit recognised in the income statement	**1,220**	**1,226**
Components of income and expenses recognised in other comprehensive income		
Changes from foreign currency translation and other changes	(6)	(11)
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)	184	5
Unrealised gains/(losses)	183	18
Gains/(losses) reclassified to the income statement	1	(13)
Change in valuation of financial instruments (hedge reserve)	—	(57)
Unrealised gains/(losses)	—	—
Gains/(losses) reclassified to the income statement	—	(57)
Taxes on income and expenses recognised in the statement of total comprehensive income	(49)	46
Total income and expenses recognised in equity under other comprehensive income	**129**	**(17)**
Total comprehensive income	**1,349**	**1,209**
of which:		
attributable to shareholder of UniCredit Bank AG	1,301	1,180
attributable to minorities	48	29

Consolidated Income Statement (Continued)

for the period from 1 July to 30 September 2012

Income/Expenses	1/7–30/9/2012 € millions	1/7–30/9/2011 € millions	CHANGE € millions	in %
Interest income	1,749	2,365	(616)	(26.0)
Interest expense	(870)	(1,371)	+ 501	(36.5)
Net interest	879	994	(115)	(11.6)
Dividends and other income from equity investments	35	36	(1)	(2.8)
Net fees and commissions	287	326	(39)	(12.0)
Net trading income	177	(148)	+ 325	
Net other expenses/income	51	41	+ 10	+ 24.4
Payroll costs	(484)	(482)	(2)	+ 0.4
Other administrative expenses	(376)	(378)	+ 2	(0.5)
Amortisation, depreciation and impairment losses on intangible and tangible assets	(48)	(50)	+ 2	(4.0)
Operating costs	(908)	(910)	+ 2	(0.2)
Net write-downs of loans and provisions for guarantees and commitments	(159)	(114)	(45)	+ 39.5
Provisions for risks and charges	26	(107)	+ 133	
Restructuring costs	—	(33)	+ 33	(100.0)
Net income from investments	105	(12)	+ 117	
PROFIT BEFORE TAX	**493**	**73**	**+ 420**	**>+ 100.0**
Income tax for the period	(185)	(163)	(22)	+ 13.5
PROFIT/(LOSS) AFTER TAX	**308**	**(90)**	**+ 398**	
Impairment on goodwill	—	(4)	+ 4	(100.0)
CONSOLIDATED PROFIT/(LOSS)	**308**	**(94)**	**+ 402**	
attributable to shareholder of UniCredit Bank AG	287	(88)	+ 375	
attributable to minorities	21	(6)	+ 27	

Earnings per share

(in €)

	1/7–30/9/2012	1/7–30/9/2011
Earnings per share (undiluted and diluted)	0.36	(0.11)

Consolidated statement of total comprehensive income for the period from 1 July to 30 September 2012

(€ millions)

	1/7–30/9/2012	1/7–30/9/2011
Consolidated profit/(loss) recognised in the income statement	**308**	**(94)**
Components of income and expenses recognised in other comprehensive income		
Changes from foreign currency translation and other changes	(36)	55
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)	81	(64)
Unrealised gains/(losses)	81	(59)
Gains/(losses) reclassified to the income statement	—	(5)
Change in valuation of financial instruments (hedge reserve)	10	(24)
Unrealised gains/(losses)	—	—
Gains/(losses) reclassified to the income statement	10	(24)
Taxes on income and expenses recognised in the statement of total comprehensive income	(30)	20
Total income and expenses recognised in equity under other comprehensive income	**25**	**(13)**
Total comprehensive income	**333**	**(107)**
of which:		
attributable to shareholder of UniCredit Bank AG	328	(144)
attributable to minorities	5	37

Consolidated Balance Sheet

at 30 September 2012

Assets

	NOTES	30/9/2012 € millions	31/12/2011 € millions	CHANGE € millions	CHANGE in %
Cash and cash balances		26,647	4,267	+ 22,380	>+ 100.0
Financial assets held for trading	13	152,892	149,056	+ 3,836	+ 2.6
Financial assets at fair value through profit or loss	14	20,649	28,045	(7,396)	(26.4)
Available-for-sale financial assets	15	5,813	5,476	+ 337	+ 6.2
Shares in associates accounted for using the equity method					
and joint ventures accounted for using the equity method	16	53	49	+ 4	+ 8.2
Held-to-maturity investments	17	271	2,463	(2,192)	(89.0)
Loans and receivables with banks	18	46,024	44,277	+ 1,747	+ 3.9
Loans and receivables with customers	19	130,676	136,561	(5,885)	(4.3)
Hedging derivatives		6,591	5,288	+ 1,303	+ 24.6
Hedge adjustment of hedged items					
in the fair value hedge portfolio		193	160	+ 33	+ 20.6
Property, plant and equipment		2,903	2,906	(3)	(0.1)
Investment properties		1,569	1,678	(109)	(6.5)
Intangible assets		546	565	(19)	(3.4)
of which: goodwill		418	418	—	—
Tax assets		3,073	3,362	(289)	(8.6)
Current tax assets		463	551	(88)	(16.0)
Deferred tax assets		2,610	2,811	(201)	(7.2)
Non-current assets or disposal groups held for sale		107	131	(24)	(18.3)
Other assets		1,413	1,230	+ 183	+ 14.9
Total assets		**399,420**	**385,514**	**+ 13,906**	**+ 3.6**

Liabilities

	NOTES	30/9/2012 € millions	31/12/2011 € millions	CHANGE € millions	in %
Deposits from banks	22	61,405	57,858	+ 3,547	+ 6.1
Deposits from customers	23	116,105	107,442	+ 8,663	+ 8.1
Debt securities in issue	24	36,484	42,667	(6,183)	(14.5)
Financial liabilities held for trading	25	148,002	140,775	+ 7,227	+ 5.1
Hedging derivatives		2,973	2,324	+ 649	+ 27.9
Hedge adjustment of hedged items					
in the fair value hedge portfolio		2,738	2,417	+ 321	+ 13.3
Tax liabilities		2,766	2,296	+ 470	+ 20.5
Current tax liabilities		882	555	+ 327	+ 58.9
Deferred tax liabilities		1,884	1,741	+ 143	+ 8.2
Liabilities of disposal groups held for sale		—	—	—	—
Other liabilities		3,441	4,304	(863)	(20.1)
Provisions	26	1,870	2,113	(243)	(11.5)
Shareholders' equity		23,636	23,318	+ 318	+ 1.4
Shareholders' equity attributable to					
shareholder of UniCredit Bank AG		22,787	22,492	+ 295	+ 1.3
Subscribed capital		2,407	2,407	—	—
Additional paid-in capital		9,791	9,791	—	—
Other reserves		9,395	9,389	+ 6	+ 0.1
Change in valuation of financial instruments	27	13	(112)	+ 125	
AfS reserve		(11)	(134)	+ 123	+ 91.8
Hedge reserve		24	22	+ 2	+ 9.1
Consolidated profit 2011		—	1,017	(1,017)	(100.0)
Net profit 1/1 – 30/9/2012[1]		1,181	—	+ 1,181	
Minority interest		849	826	+ 23	+ 2.8
Total shareholders' equity and liabilities		**399,420**	**385,514**	**+ 13,906**	**+ 3.6**

1 attributable to shareholder of UniCredit Bank AG

Statement of Changes in Shareholders' Equity

at 30 September 2012

			OTHER RESERVES	
	SUBSCRIBED CAPITAL	ADDITIONAL PAID-IN CAPITAL	TOTAL	OF WHICH: PENSIONS AND SIMILAR OBLIGATIONS (IAS 19)
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	—	—	—	—
Actuarial losses on defined benefit plans	—	—	—	—
Reserve arising from foreign currency translation and other changes	—	—	(3)	—
Total income and expenses recognised in equity				
under other comprehensive income[4]	**—**	**—**	**(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)**
Shareholders' equity at 1 January 2012	**2,407**	**9,791**	**9,389**	**(197)**
Recognised income and expenses				
Consolidated profit recognised in the consolidated income statement	**—**	**—**	**—**	**—**
Income and expenses recognised in equity				
Change in valuation of financial instruments not affecting income	—	—	—	—
Change in valuation of financial instruments affecting income	—	—	—	—
Actuarial losses on defined benefit plans	—	—	—	—
Reserve arising from foreign currency translation and other changes	—	—	(5)	—
Total income and expenses recognised in equity				
under other comprehensive income[4]	**—**	**—**	**(5)**	**—**
Total income and expenses recognised	**—**	**—**	**(5)**	**—**
Other changes recognised in equity				
Dividend payouts	—	—	—	—
Changes in group of consolidated companies	—	—	11	—
Total other changes in equity	**—**	**—**	**11**	**—**
Shareholders' equity at 30 September 2012	**2,407**	**9,791**	**9,395**	**(197)**

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

(€ millions)

CHANGE IN VALUATION OF FINANCIAL INSTRUMENTS						
AFS RESERVE	HEDGE RESERVE	CONSOLIDATED PROFIT[1]	PROFIT 1/1 – 30/9[2]	TOTAL SHAREHOLDERS' EQUITY ATTRIBUTABLE TO SHAREHOLDER OF HVB[3]	MINORITY INTEREST	TOTAL SHAREHOLDERS' EQUITY
(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)	—	(1,270)	(25)	(1,295)
—	—	—	—	(9)	—	(9)
—	**—**	**(1,270)**	**—**	**(1,279)**	**(25)**	**(1,304)**
(105)	**15**	**—**	**1,186**	**22,767**	**808**	**23,575**
(134)	**22**	**1,017**	**—**	**22,492**	**826**	**23,318**
—	**—**	**—**	**1,181**	**1,181**	**39**	**1,220**
124	—	—	—	124	10	134
(1)	2	—	—	1	—	1
—	—	—	—	—	—	—
—	—	—	—	(5)	(1)	(6)
123	**2**	**—**	**—**	**120**	**9**	**129**
123	**2**	**—**	**1,181**	**1,301**	**48**	**1,349**
—	—	(1,017)	—	(1,017)	(25)	(1,042)
—	—	—	—	11	—	11
—	**—**	**(1,017)**	**—**	**(1,006)**	**(25)**	**(1,031)**
(11)	**24**	**—**	**1,181**	**22,787**	**849**	**23,636**

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 2012 as in the consolidated financial statements for 2011 (please refer to the HVB Group Annual Report for 2011, starting on page 116).

The following standards and interpretations revised by the IASB are applicable for the first time in the 2012 financial year:
– Amendments to IFRS 7 "Financial Instruments: Disclosures – Transfer of Financial Assets"
– Amendments to IAS 12 "Deferred Tax: Recovery of Underlying Assets".

These amendments have not had any material impact on HVB Group. The additional disclosures regarding transfers of financial assets (such as securitisation transactions) in the notes to the consolidated financial statements arising from the amendments to IFRS 7 will be included in the consolidated financial statements.

We have made minor structural adjustments to our income statement as of the 2012 financial year. The income items "Operating income", "Operating profit" and "Net operating profit" are no longer shown. No changes have been made to the composition of the remaining individual income statement items. Compliant with IFRS 8.23, we continue to show the income items listed above in our *segment reporting* in accordance with the management approach.

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) 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 2012 financial year as were used at year-end 2011. 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 4.08% in 2011. This interest rate was redetermined for 2012 and has been 3.70% since 1 January 2012.

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

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

2 Companies included in consolidation

The following company was added to the group of companies included in consolidation in the first nine months of 2012:
– Chiyoda Fudosan GK, Tokyo.

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

Notes to the Income Statement

3 Segment reporting

Income statement broken down by segment for the period from 1 January to 30 September 2012 (€ millions)

INCOME/EXPENSES	CORPORATE & INVESTMENT BANKING	FAMILY & SME	PRIVATE BANKING	OTHER/ CONSOLIDATION	HVB GROUP
Net interest	1,678	828	71	98	2,675
Dividends and other income from					
equity investments	84	4	8	1	97
Net fees and commissions	355	418	101	9	883
Net trading income	995	—	(1)	129	1,123
Net other expenses/income	(22)	11	2	119	110
OPERATING INCOME	**3,090**	**1,261**	**181**	**356**	**4,888**
Payroll costs	(475)	(477)	(59)	(413)	(1,424)
Other administrative expenses	(733)	(710)	(63)	378	(1,128)
Amortisation, depreciation and impairment					
losses on intangible and tangible assets	(8)	(14)	(2)	(115)	(139)
Operating costs	**(1,216)**	**(1,201)**	**(124)**	**(150)**	**(2,691)**
OPERATING PROFIT	**1,874**	**60**	**57**	**206**	**2,197**
Net write-downs of loans and provisions					
for guarantees and commitments	(526)	(37)	(10)	149	(424)
NET OPERATING PROFIT	**1,348**	**23**	**47**	**355**	**1,773**
Provisions for risks and charges	57	39	2	4	102
Restructuring costs	—	—	—	—	—
Net income from investments	111	9	—	55	175
PROFIT BEFORE TAX	**1,516**	**71**	**49**	**414**	**2,050**

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

INCOME/EXPENSES	CORPORATE & INVESTMENT BANKING	FAMILY & SME	PRIVATE BANKING	OTHER/ CONSOLIDATION	HVB GROUP
Net interest	1,884	927	82	214	3,107
Dividends and other income from					
equity investments	118	4	3	12	137
Net fees and commissions	466	428	116	6	1,016
Net trading income	661	—	—	(22)	639
Net other expenses/income	(60)	31	1	111	83
OPERATING INCOME	**3,069**	**1,390**	**202**	**321**	**4,982**
Payroll costs	(475)	(464)	(56)	(404)	(1,399)
Other administrative expenses	(703)	(736)	(61)	359	(1,141)
Amortisation, depreciation and impairment					
losses on intangible and tangible assets	(11)	(13)	(1)	(128)	(153)
Operating costs	**(1,189)**	**(1,213)**	**(118)**	**(173)**	**(2,693)**
OPERATING PROFIT	**1,880**	**177**	**84**	**148**	**2,289**
Net write-downs of loans and provisions					
for guarantees and commitments	(89)	(38)	(2)	51	(78)
NET OPERATING PROFIT	**1,791**	**139**	**82**	**199**	**2,211**
Provisions for risks and charges	(234)	(11)	—	(36)	(281)
Restructuring costs	—	—	(3)	(30)	(33)
Net income from investments	60	(1)	(1)	38	96
PROFIT BEFORE TAX	**1,617**	**127**	**78**	**171**	**1,993**

Notes to the Income Statement (Continued)

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

INCOME/EXPENSES	1/1 – 30/9/2012	1/1 – 30/9/2011	Q3 2012	Q2 2012	Q1 2012	Q4 2011	Q3 2011
Net interest	1,678	1,884	571	553	554	552	581
Dividends and other income from equity investments	84	118	30	33	21	13	33
Net fees and commissions	355	466	118	92	145	131	156
Net trading income	995	661	160	53	782	(492)	(119)
Net other expenses/income	(22)	(60)	(5)	(7)	(10)	(23)	(16)
OPERATING INCOME	**3,090**	**3,069**	**874**	**724**	**1,492**	**181**	**635**
Payroll costs	(475)	(475)	(167)	(143)	(165)	(111)	(159)
Other administrative expenses	(733)	(703)	(240)	(250)	(243)	(283)	(233)
Amortisation, depreciation and impairment losses on intangible and tangible assets	(8)	(11)	(3)	(3)	(2)	(4)	(4)
Operating costs	**(1,216)**	**(1,189)**	**(410)**	**(396)**	**(410)**	**(398)**	**(396)**
OPERATING PROFIT/(LOSS)	**1,874**	**1,880**	**464**	**328**	**1,082**	**(217)**	**239**
Net write-downs of loans and provisions for guarantees and commitments	(526)	(89)	(142)	(313)	(71)	(227)	(97)
NET OPERATING PROFIT/(LOSS)	**1,348**	**1,791**	**322**	**15**	**1,011**	**(444)**	**142**
Provisions for risks and charges	57	(234)	2	81	(26)	30	(79)
Restructuring costs	—	—	1	(1)	—	(63)	—
Net income from investments	111	60	98	(1)	14	(48)	(1)
PROFIT/(LOSS) BEFORE TAX	**1,516**	**1,617**	**423**	**94**	**999**	**(525)**	**62**
Cost-income ratio in %	39.4	38.7	46.9	54.7	27.5	219.9	62.4

Development of the Corporate & Investment Banking division

The Corporate & Investment Banking division increased operating income by 0.7%, or €21 million, to €3,090 million in the difficult market environment of the first nine months of 2012. After taking account of the slight rise in operating costs to €1,216 million (up 2.3% or €27 million over the previous year) the operating profit of €1,874 million was maintained at last year's level (€1,880 million).

Within operating income, net interest fell by €206 million to €1,678 million compared with the equivalent period last year. This decline is mainly due to the cessation of a large, non-recurring positive effect in the Multinational Corporates unit included last year. In addition, net interest was weighed down by much lower margins particularly in deposit-taking operations on account of the low interest rates. Dividend income fell to €84 million on account of lower dividend payments by private equity funds totalling €34 million. Credit and trading-related business had a negative impact on net fees and commissions (down €111 million to €355 million).

The division generated net trading income of €995 million in the first nine months of 2012, thus exceeding last year's figure of €661 million by €334 million. This sharp rise was chiefly assisted by the reversal of the credit value adjustments in the first quarter of 2012 that it had become necessary to take in 2011. In total, the division posted positive effects of €335 million from credit value adjustments in the 2012 reporting period. The Rates & FX (interest- and currency-related products) trading units, trading with structured credit products and the Equities unit (equity and index products, and certificates) also contributed to the increase in earnings compared with the previous year.

The increase of 2,3% in operating costs can be attributed to a rise in other administrative expenses caused by inflation while payroll costs remained constant and amortisation, depreciation and impairment losses on intangible and tangible assets fell. The cost-income ratio of this division still amounts to a good 39.4% (2011: 38.7%).

In the course of 2012, net write-downs of loans and provisions for guarantees and commitments started to normalise, which resulted in a net addition totalling €526 million in the division after a very low amount of €89 million had to be added in the equivalent period last year. The largest individual item in the current year relates to a loan exposure of €104 million in connection with the construction of an offshore wind farm. As sufficient provision for this exposure had already been made in provisions for risks and charges last year, this resulted in a net gain of €57 million in provisions for risks and charges (2011: net expense of €234 million) due to the reversal of the corresponding provision. Together with the net income from investments of €111 million (2011: €60 million), which was generated mainly with gains in connection with private equity investments, the division recorded a good profit before tax of €1,516 million (2011: €1,617 million) in the first nine months of 2012.

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

INCOME/EXPENSES	1/1 – 30/9/2012	1/1 – 30/9/2011	Q3 2012	Q2 2012	Q1 2012	Q4 2011	Q3 2011
Net interest	828	927	281	269	278	314	316
Dividends and other income from equity investments	4	4	—	4	—	—	—
Net fees and commissions	418	428	134	150	134	124	138
Net trading income	—	—	—	—	—	(4)	(2)
Net other expenses/income	11	31	6	3	2	5	19
OPERATING INCOME	**1,261**	**1,390**	**421**	**426**	**414**	**439**	**471**
Payroll costs	(477)	(464)	(160)	(164)	(153)	(155)	(163)
Other administrative expenses	(710)	(736)	(235)	(232)	(243)	(249)	(245)
Amortisation, depreciation and impairment losses on intangible and tangible assets	(14)	(13)	(5)	(5)	(4)	(5)	(4)
Operating costs	**(1,201)**	**(1,213)**	**(400)**	**(401)**	**(400)**	**(409)**	**(412)**
OPERATING PROFIT	**60**	**177**	**21**	**25**	**14**	**30**	**59**
Net write-downs of loans and provisions for guarantees and commitments	(37)	(38)	(23)	—	(14)	8	(18)
NET OPERATING PROFIT/(LOSS)	**23**	**139**	**(2)**	**25**	**—**	**38**	**41**
Provisions for risks and charges	39	(11)	19	2	18	(22)	1
Restructuring costs	—	—	—	—	—	(15)	—
Net income from investments	9	(1)	3	4	2	(1)	(1)
PROFIT BEFORE TAX	**71**	**127**	**20**	**31**	**20**	**—**	**41**
Cost-income ratio in %	95.2	87.3	95.0	94.1	96.6	93.2	87.5

Development of the Family & SME division

At €71 million, the profit before tax of the Family & SME division at 30 September 2012 was down €56 million on the equivalent period last year. This development can be attributed primarily to a decline of €129 million in operating income to €1,261 million. In the process, net interest fell by €99 million to €828 million, chiefly due to margins on account of the sharp drop in interest rates in deposit-taking operations. However, there was a pleasing, significant increase of 6% in the volume of deposits. Lower net interest was generated in lending operations, largely on account of declines in volumes. At €418 million, net fees and commissions continued to remain at a high level compared with the same period last year (€428 million) in spite of the persistent restraint still exercised by investors, thus reflecting the successful sale of innovative, demand-compliant products.

Operating costs declined by 1.0% to €1,201 million compared with the equivalent period last year owing to consistent cost management. With a slight decline of 2.6% to €37 million, net write-downs of loans and provisions for guarantees and commitments also showed a pleasing trend. After positive effects from provisions for legal risks and the net income from investments have been taken into account, the Family & SME division generated a profit before tax totalling €71 million in the first nine months of 2012 (2011: €127 million).

Notes to the Income Statement (Continued)

Income statement of the Private Banking division

(€ millions)

INCOME/EXPENSES	1/1 – 30/9/2012	1/1 – 30/9/2011	Q3 2012	Q2 2012	Q1 2012	Q4 2011	Q3 2011
Net interest	71	82	24	22	25	26	30
Dividends and other income from equity investments	8	3	5	2	1	1	1
Net fees and commissions	101	116	32	35	34	34	33
Net trading income	(1)	—	—	(1)	—	—	—
Net other expenses/income	2	1	1	—	1	1	—
OPERATING INCOME	**181**	**202**	**62**	**58**	**61**	**62**	**64**
Payroll costs	(59)	(56)	(20)	(20)	(19)	(19)	(19)
Other administrative expenses	(63)	(61)	(21)	(20)	(22)	(22)	(20)
Amortisation, depreciation and impairment losses on intangible and tangible assets	(2)	(1)	(1)	—	(1)	(1)	(1)
Operating costs	**(124)**	**(118)**	**(42)**	**(40)**	**(42)**	**(42)**	**(40)**
OPERATING PROFIT	**57**	**84**	**20**	**18**	**19**	**20**	**24**
Net write-downs of loans and provisions for guarantees and commitments	(10)	(2)	(9)	—	(1)	1	1
NET OPERATING PROFIT	**47**	**82**	**11**	**18**	**18**	**21**	**25**
Provisions for risks and charges	2	—	9	(7)	—	(25)	(1)
Restructuring costs	—	(3)	—	—	—	—	(3)
Net income from investments	—	(1)	—	—	—	—	—
PROFIT/(LOSS) BEFORE TAX	**49**	**78**	**20**	**11**	**18**	**(4)**	**21**
Cost-income ratio in %	68.5	58.4	67.7	69.0	68.9	67.7	62.5

Development of the Private Banking division

The Private Banking division generated a profit before tax of €49 million in the first nine months of 2012, falling short of the good total recorded in the equivalent period last year (€78 million). The main reason for this is a decline of €21 million in operating income to €181 million. Within operating income, the €101 million recorded for net fees and commissions in particular failed to match the high figure in 2011 (€116 million) on account of generally weak customer demand and the division's focus on business with recurrent income in the long term. Net interest fell by €11 million to €71 million, notably on account of deposit-taking operations contracting as a result of low interest rates.

The 5.1% increase in operating costs to €124 million can be attributed to a rise in payroll costs partly due to the standard pay increases and higher other administrative expenses resulting from the allocation of larger indirect costs. The cost-income ratio amounted to 68.5% after 58.4% in the same period last year.

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

INCOME/EXPENSES	1/1 – 30/9/2012	1/1 – 30/9/2011	Q3 2012	Q2 2012	Q1 2012	Q4 2011	Q3 2011
Net interest	98	214	3	34	61	74	67
Dividends and other income from equity investments	1	12	—	1	—	(1)	2
Net fees and commissions	9	6	3	4	2	3	(1)
Net trading income	129	(22)	17	87	25	47	(27)
Net other expenses/income	119	111	49	35	35	25	38
OPERATING INCOME	**356**	**321**	**72**	**161**	**123**	**148**	**79**
Payroll costs	(413)	(404)	(137)	(141)	(135)	(135)	(141)
Other administrative expenses	378	359	120	132	126	102	120
Amortisation, depreciation and impairment							
losses on intangible and tangible assets	(115)	(128)	(39)	(37)	(39)	(36)	(41)
Operating costs	**(150)**	**(173)**	**(56)**	**(46)**	**(48)**	**(69)**	**(62)**
OPERATING PROFIT	**206**	**148**	**16**	**115**	**75**	**79**	**17**
Net write-downs of loans and provisions							
for guarantees and commitments	149	51	15	138	(4)	30	—
NET OPERATING PROFIT	**355**	**199**	**31**	**253**	**71**	**109**	**17**
Provisions for risks and charges	4	(36)	(4)	(1)	9	47	(28)
Restructuring costs	—	(30)	(1)	1	—	3	(30)
Net income from investments	55	38	4	47	4	(8)	(10)
PROFIT/(LOSS) BEFORE TAX	**414**	**171**	**30**	**300**	**84**	**151**	**(51)**
Cost-income ratio in %	42.1	53.9	77.8	28.6	39.0	46.6	78.5

Development of the Other/consolidation segment

The operating income of this segment amounted to €356 million in the first nine months of 2012 compared with €321 million in 2011. This increase is mainly attributable to net trading income, which improved significantly to €129 million (2011: loss of €22 million) partly due to the gains generated in connection on with the buy-back of hybrid capital instruments and supplementary capital. By contrast, net interest fell by €116 million to €98 million. This sharp drop is due in particular to the decline in the return on equity in line with interest rates.

Operating costs decreased by €23 million overall as result of the bank levy in Austria that is no longer payable (expenses for bank levy in 2011: €36 million). Consequently, operating profit increased by €58 million in the first nine months of 2012 to €206 million (2011: €148 million).

In the reporting period, a net reversal of €149 million was recorded in net write-downs of loans and provisions for guarantees and commitments from the successful reduction of expiring portfolios after a net reversal of €51 million had been posted in the previous year. With an increase in net income from investments to €55 million on account of gains on the sale of land and buildings and the cessation of restructuring expenses contained last year and provisions for risks and charges, the profit before tax totalled €414 million, which is €243 million higher than the year-ago total.

Notes to the Income Statement (Continued)

4 Net interest

(€ millions)

	1/1 – 30/9/2012	1/1 – 30/9/2011
Interest income from	**5,537**	**6,677**
lending and money market transactions	3,906	4,486
other interest income	1,631	2,191
Interest expense from	**(2,862)**	**(3,570)**
deposits	(895)	(1,211)
debt securities in issue and other interest expenses	(1,967)	(2,359)
Total	**2,675**	**3,107**

5 Dividends and other income from equity investments

(€ millions)

	1/1 – 30/9/2012	1/1 – 30/9/2011
Dividends and other similar income	90	131
Companies accounted for using the equity method	7	6
Total	**97**	**137**

6 Net fees and commissions

(€ millions)

	1/1 – 30/9/2012	1/1 – 30/9/2011
Management, brokerage and consultancy services	422	504
Collection and payment services[1]	160	163
Lending operations[1]	287	326
Other service operations	14	23
Total	**883**	**1,016**

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

This item comprises the balance of fee and commission income of €1,200 million (2011: €1,424 million) and fee and commission expenses of €317 million (2011: €408 million).

7 Net trading income

(€ millions)

	1/1 – 30/9/2012	1/1 – 30/9/2011
Net gains on financial assets held for trading[1]	1,152	455
Effects arising from hedge accounting	(48)	102
Changes in fair value of hedged items	(731)	(803)
Changes in fair value of hedging derivatives	683	905
Net gains/(losses) on financial assets at fair value through profit or loss (fair value option)[2]	(40)	73
Other net trading income	59	9
Total	**1,123**	**639**

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

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

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

8 Net other expenses/income

(€ millions)

	1/1 – 30/9/2012	1/1 – 30/9/2011
Other income	260	240
Other expenses	(150)	(157)
Total	**110**	**83**

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

(€ millions)

	1/1 – 30/9/2012	1/1 – 30/9/2011
Additions/releases	**(465)**	**(223)**
Allowances for losses on loans and receivables	(435)	(210)
Allowances for losses on guarantees and indemnities	(30)	(13)
Recoveries from write-offs of loans and receivables	**44**	**150**
Gains/(losses) on the disposal of impaired loans and receivables	**(3)**	**(5)**
Total	**(424)**	**(78)**

We posted net additions of €424 million under net write-downs of loans and provisions for guarantees and commitments during the reporting period. This shows that the provisioning requirements are increasingly normalising during the course of 2012 after net write-downs of loans and provisions for guarantees and commitments were still at a very low level in 2011 with net additions of €78 million. In gross terms, the expenses of €1,078 million for additions during the reporting period (2011: €1,092 million) were partially offset by releases and recoveries from write-off of loans and receivables amounting to €654 million (2011: €1,014 million).

10 Provisions for risks and charges

A net gain of €102 million was recorded from net reversals of provisions for risks and charges during the reporting period (2011: net addition of €281 million).

The largest individual item in the reversals in the reporting period relates to the construction of an offshore wind farm. In connection with a loan extended under this commitment, €104 million of the adequate provision that had already been made for this in 2011 was reversed and a write-down of €104 million added at the same time.

Notes to the Income Statement (Continued)

11 Net income from investments

(€ millions)

	1/1 – 30/9/2012	1/1 – 30/9/2011
Available-for-sale financial assets	93	98
Shares in affiliated companies	22	20
Companies accounted for using the equity method	—	(7)
Held-to-maturity investments	5	(4)
Land and buildings	49	—
Investment properties[1]	6	(11)
Other	—	—
Total	**175**	**96**

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

Net income from investments breaks down as follows:

(€ millions)

	1/1 – 30/9/2012	1/1 – 30/9/2011
Gains on the disposal of	**187**	**128**
available-for-sale financial assets	102	109
shares in affiliated companies	22	20
companies accounted for using the equity method	—	(7)
held-to-maturity investments	5	(4)
land and buildings	49	—
investment properties[1]	9	10
Write-downs, value adjustments and write-ups on	**(12)**	**(32)**
available-for-sale financial assets	(9)	(11)
shares in affiliated companies	—	—
companies accounted for using the equity method	—	—
held-to-maturity investments	—	—
investment properties[1]	(3)	(21)
Total	**175**	**96**

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

12 Earnings per share

	1/1 – 30/9/2012	1/1 – 30/9/2011
Consolidated profit attributable to shareholder (€ millions)	1,181	1,186
Average number of shares	802,383,672	802,383,672
Earnings per share (€)	1.47	1.48

Notes to the Balance Sheet

13 Financial assets held for trading

(€ millions)

	30/9/2012	31/12/2011
Balance sheet assets	**24,896**	**30,103**
Fixed-income securities	14,992	17,444
Equity instruments	2,204	3,578
Other financial assets held for trading	7,700	9,081
Positive fair value from derivative financial instruments	**127,996**	**118,953**
Total	**152,892**	**149,056**

The financial assets held for trading include €194 million (31 December 2011: €228 million) in subordinated assets at 30 September 2012.

14 Financial assets at fair value through profit or loss

(€ millions)

	30/9/2012	31/12/2011
Fixed-income securities	19,268	26,103
Equity instruments	—	—
Investment certificates	2	2
Promissory notes	1,379	1,940
Other financial assets at fair value through profit or loss	—	—
Total	**20,649**	**28,045**

The financial assets at fair value through profit or loss include €309 million (31 December 2011: €308 million) in subordinated assets at 30 September 2012.

15 Available-for-sale financial assets

(€ millions)

	30/9/2012	31/12/2011
Fixed-income securities	4,232	3,727
Equity instruments	516	648
Other available-for-sale financial assets	248	299
Impaired assets	817	802
Total	**5,813**	**5,476**

At 30 September 2012, available-for-sale financial assets include financial instruments of €1,266 million (31 December 2011: €1,402 million) valued at cost.

The available-for-sale financial assets contain a total of €817 million (31 December 2011: €802 million) in impaired assets at 30 September 2012 for which impairments of €15 million (30 September 2011: €33 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 €217 million (31 December 2011: €227 million) in subordinated assets at 30 September 2012.

Notes to the Balance Sheet (Continued)

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

(€ millions)

	30/9/2012	31/12/2011
Associated companies accounted for using the equity method	53	49
of which: goodwill	36	35
Joint ventures accounted for using the equity method	—	—
Total	**53**	**49**

17 Held-to-maturity investments

(€ millions)

	30/9/2012	31/12/2011
Fixed-income securities	271	2,463
Impaired assets	—	—
Total	**271**	**2,463**

The held-to-maturity investments include a total of €11 million (31 December 2011: €11 million) in subordinated assets at 30 September 2012.

Held-to-maturity investments at 30 September 2012 include no impaired assets, neither did held-to-maturity investments at 31 December 2011 include any impaired assets.

18 Loans and receivables with banks

(€ millions)

	30/9/2012	31/12/2011
Current accounts	14,938	17,412
Repos[1]	14,973	5,738
Reclassified securities	2,173	3,154
Other loans to banks	13,940	17,973
Total	**46,024**	**44,277**

1 repurchase agreements

The loans and receivables with banks include €650 million (31 December 2011: €651 million) in subordinated assets at 30 September 2012.

19 Loans and receivables with customers

(€ millions)

	30/9/2012	31/12/2011
Current accounts	10,720	10,228
Repos[1]	2,134	5,728
Mortgage loans	43,766	46,097
Finance leases	2,052	1,982
Reclassified securities	3,799	4,737
Non-performing loans and receivables	4,272	4,216
Other loans and receivables	63,933	63,573
Total	**130,676**	**136,561**

1 repurchase agreements

The loans and receivables with customers include €1,306 million (31 December 2011: €1,753 million) in subordinated assets at 30 September 2012.

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 2012. 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 31/12/2011	4.7	4.0	5.0
Balance at 30/9/2012	3.6	3.1	3.8
Reclassified in 2009			
Balance at 31/12/2009	7.3	7.4	7.4
Balance at 31/12/2010	4.6	4.5	4.6
Balance at 31/12/2011	3.2	3.2	3.3
Balance at 30/9/2012	2.5	2.5	2.6
Balance of reclassified assets at 30/9/2012	**6.1**	**5.6**	**6.4**

1 before accrued interest

The fair value of the financial instruments reclassified as loans and receivables with banks and customers amounts to a total of €5.6 billion at 30 September 2012. If these reclassifications had not been carried out in 2008 and 2009, mark-to-market valuation (including realised disposals) would have given rise to a net gain of €342 million in net trading income in the first nine months of 2012. A net gain of €96 million (2011), €416 million (2010) and €1,159 million (2009) would have arisen in net trading income in the financial years 2011, 2010 and 2009 while a net loss of €1,792 million would have accrued in net trading income from the reclassified holdings in 2008. These effects reflect a theoretical, pro forma calculation, as the assets are measured at amortised cost on account of the reclassification.

We did not take any write-downs of loans on the reclassified assets in the first nine months of 2012 (whole of 2011: €3 million, 2010: €8 million, 2009: €80 million, 2008: €63 million). The fair value at the date when the reclassification takes effect represents the new acquisition cost, which in some cases is considerably less than the nominal value. Accordingly, this difference (discount) is to be amortised over the remaining term of the reclassified financial assets. This together with the reclassified securities that had matured or been partially repaid gives rise to an effect of €51 million (whole of 2011: €100 million, 2010: €160 million, 2009: €208 million, 2008: €127 million), which is recognised in net interest.

A gain of €24 million (whole of 2011: €14 million, 2010: €19 million, 2009: €83 million) on reclassified securities that had been sold was recognised in the income statement in the first nine months of 2012.

In the first nine months of 2012, the reclassifications carried out in 2008 and 2009 resulted in a profit before tax that was €267 million lower. Between the date when the reclassifications took effect and the reporting date, the cumulative net impact on the income statement from the reclassifications already carried out totalled €411 million before tax (first nine months of 2012: minus €267 million, whole of 2011: plus €15 million, 2010: minus €245 million, 2009: minus €948 million, 2008: plus €1,856 million).

Notes to the Balance Sheet (Continued)

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

Analysis of loans and receivables

(€ millions)

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**
Balance at 1 January 2012	**4,743**
Changes affecting income[1]	438
Changes not affecting income	
Changes due to make-up of group of consolidated companies and	
reclassifications of disposal groups held for sale	(15)
Use of existing loan-loss allowances	(560)
Effects of currency translation and other changes not affecting income	8
Non-current assets or disposal groups held for sale	—
Balance at 30 September 2012	**4,614**

1 the changes affecting income include the gains on the disposal of impaired receivables

22 Deposits from banks

(€ millions)

	30/9/2012	31/12/2011
Deposits from central banks	**6,603**	**5,507**
Deposits from banks	**54,802**	**52,351**
Current accounts	14,454	10,356
Reverse repos[1]	21,773	21,619
Term deposits	9,275	9,995
Other liabilities	9,300	10,381
Total	**61,405**	**57,858**

1 repurchase agreements

23 Deposits from customers

(€ millions)

	30/9/2012	31/12/2011
Current accounts	57,870	52,881
Savings deposits	14,118	13,797
Reverse repos[1]	15,082	8,989
Term deposits	20,486	22,916
Other liabilities	8,549	8,859
Total	**116,105**	**107,442**

1 repurchase agreements

24 Debt securities in issue

(€ millions)

	30/9/2012	31/12/2011
Bonds	35,530	42,174
Other securities	954	493
Total	**36,484**	**42,667**

25 Financial liabilities held for trading

(€ millions)

	30/9/2012	31/12/2011
Negative fair values arising from derivative financial instruments	128,980	121,015
Other financial liabilities held for trading	19,022	19,760
Total	**148,002**	**140,775**

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

26 Provisions

(€ millions)

	30/9/2012	31/12/2011
Provisions for pensions and similar commitments	49	47
Allowances for losses on guarantees and commitments	213	201
Restructuring provisions	111	156
Actuarial provisions	27	35
Other provisions	1,470	1,674
Total	**1,870**	**2,113**

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 €13 million at 30 September 2012 (31 December 2011: minus €112 million). This rise of €125 million compared with year-end 2011 can be attributed almost exclusively to the €123 million increase in the AfS reserve to minus €11 million, resulting primarily from positive fair value fluctuations of fixed-income securities classified as available for sale. The hedge reserve similarly included in the reserves arising from changes in the value of financial instruments recognised in equity increased a slight €2 million compared with year-end 2011 to €24 million.

28 Subordinated capital

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

	30/9/2012	31/12/2011
Subordinated liabilities	2,094	2,496
Participating certificates outstanding	—	155
Hybrid capital instruments	397	804
Total	**2,491**	**3,455**

Other Information

29 Contingent liabilities and other commitments

(€ millions)

	30/9/2012	31/12/2011
Contingent liabilities[1]	**20,034**	**21,050**
Guarantees and indemnities	20,034	21,050
Other commitments	**35,236**	**40,634**
Irrevocable credit commitments	34,781	40,180
Other commitments[2]	455	454
Total	**55,270**	**61,684**

1 contingent liabilities are offset by contingent assets to the same amount
2 without commitments arising from leases

Other Information (Continued)

30 Members of the Supervisory Board and Management Board

Supervisory Board

Federico Ghizzoni	**Chairman**
Peter König Dr Wolfgang Sprissler	**Deputy Chairmen**
Aldo Bulgarelli Beate Dura-Kempf Klaus Grünewald Werner Habich Dr Lothar Meyer Marina Natale Klaus-Peter Prinz Jens-Uwe Wächter Dr Susanne Weiss	**Members**

	Management Board
Peter Buschbeck	**Family & SME division**
Jürgen Danzmayr	**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**

Munich, 9 November 2012

UniCredit Bank AG
The Management Board

Buschbeck Danzmayr Diederichs Hofbauer

Laber Varese Dr Weimer

Summary of Quarterly Financial Data

(€ millions)

OPERATING PERFORMANCE	Q3 2012	Q2 2012	Q1 2012	Q4 2011	Q3 2011
Net interest	879	878	918	966	994
Dividends and other income from equity investments	35	40	22	13	36
Net fees and commissions	287	281	315	292	326
Net trading income	177	139	807	(449)	(148)
Net other expenses/income	51	31	28	8	41
OPERATING INCOME	**1,429**	**1,369**	**2,090**	**830**	**1,249**
Operating costs	(908)	(883)	(900)	(918)	(910)
OPERATING PROFIT/(LOSS)	**521**	**486**	**1,190**	**(88)**	**339**
Net write-downs of loans and provisions					
for guarantees and commitments	(159)	(175)	(90)	(188)	(114)
NET OPERATING PROFIT/(LOSS)	**362**	**311**	**1,100**	**(276)**	**225**
Provisions for risks and charges	26	75	1	30	(107)
Restructuring costs	—	—	—	(75)	(33)
Net income from investments	105	50	20	(57)	(12)
PROFIT/(LOSS) BEFORE TAX	**493**	**436**	**1,121**	**(378)**	**73**
Income tax for the period	(185)	(254)	(391)	123	(163)
PROFIT/(LOSS) AFTER TAX	**308**	**182**	**730**	**(255)**	**(90)**
Impairment on goodwill	—	—	—	—	(4)
CONSOLIDATED PROFIT/(LOSS)	**308**	**182**	**730**	**(255)**	**(94)**
attributable to shareholder of UniCredit Bank AG	287	187	707	(255)	(88)
attributable to minorities	21	(5)	23	—	(6)
Earnings per share (€)	**0.36**	**0.23**	**0.88**	**(0.32)**	**(0.11)**

Financial Calendar

Important Dates 2012*

Interim Report at 30 September 2012	14 November 2012

* dates planned

Important Dates 2013*

Annual Results 2012	15 March 2013
Interim Report at 31 March 2013	10 May 2013
Half-yearly Financial Report at 30 June 2013	6 August 2013
Interim Report at 30 September 2013	12 November 2013

* dates planned

Contacts

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You can call up important company announcements as soon as they have been published by visiting our website at www.hvb.de.

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Interim reports (English/German)
for the first, second and third quarters
Sustainability Profile 2010
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