This document constitutes a registration document (the "Registration Document") within the meaning of section 12 (1) of the German Securities Prospectus Act (Wertpapierprospektgesetz – "WpPG") in connection with Art. 14 and Annex XI of the Commission Regulation (EC) No. 809/2004 of 29 April 2004, as amended (the "Regulation").

UniCredit Bank AG

Munich, Federal Republic of Germany

25 April 2014

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PERSONS RESPONSIBLE

UniCredit Bank AG having its registered office at Kardinal-Faulhaber-Strasse 1, 80333 Munich ("HVB", acting through its head office or one of its foreign branches) accepts responsibility for the information contained in this Registration Document. UniCredit Bank AG declares that the information contained in this Registration Document is, to the best of its knowledge, in accordance with the facts and that no material information has been omitted.

STATUTORY AUDITORS

The independent auditors (*Wirtschaftsprüfer*) of UniCredit Bank AG for the financial year 2012 have been KPMG AG Wirtschaftsprüfungsgesellschaft ("KPMG"), Ganghoferstrasse 29, 80339 Munich. KPMG is a member of the Chamber of German Public Accountants, an institution incorporated under public law (*Wirtschaftsprüferkammer, Anstalt des Öffentlichen Rechts*), Rauchstrasse 26, 10787 Berlin.

The independent auditors (*Wirtschaftsprüfer*) of UniCredit Bank AG for the financial year 2013 have been Deloitte & Touche GmbH, Rosenheimer Platz 4, 81669 Munich. Deloitte is a member of the Chamber of German Public Accountants, an institution incorporated under public law (*Wirtschaftsprüferkammer, Anstalt des Öffentlichen Rechts*), Rauchstrasse 26, 10787 Berlin.

RISK FACTORS

The following is a disclosure of risk factors (the "Risk Factors") that are material with respect to the ability of UniCredit Bank AG ("HVB", and together with its consolidated subsidiaries, the "HVB Group") to fulfill its obligations under securities issued by it. Prospective investors should consider these Risk Factors before deciding to purchase securities issued by HVB, especially since in certain cases the investor may lose his entire investment or (substantial) parts of it.

Prospective investors should consider all information provided in the Registration Document and consult with their own professional advisers (including their advisers concerning financial, accounting, legal and tax matters) if they consider it necessary. In addition, prospective investors should be aware that the risk described below may arise individually or cumulatively with other risks and might have mutually reinforcing effects.

For further information regarding HVB, investors should read the information contained in the publicly available documents listed on page 26.

Risks relating to HVB Group

General Notice

In the year 2013 the sovereign debt crisis continued to affect the European financial markets and the global economy.

The recovery at euro-wide level is getting increasingly entrenched, but the pace of growth remains uneven across countries, with peripheral countries lagging significantly behind the core group. The situation becomes more and more strained impacted by the still difficult economic situation of Greece, Spain, Cyprus and Italy. The European Stability Mechanism (ESM) shall secure the stability of the Eurozone.

In general, the overall economic environment will be subject to numerous sources of uncertainty in the year 2014 and the financial sector will continue to face major challenges during the year. For example, if HVB Group experiences renewed turmoil in the financial markets, such as insolvencies in the financial sector or sovereign defaults, this could have a negative effect on the assets, liabilities, financial position and profit or loss of HVB Group.

1. Credit Risk

By purchasing the financial instruments issued by HVB Group, investors are investing in the latter. As a result, investors are subject to the risk that HVB Group is not able to honour its obligations relating to financial instruments if its financial condition will become negative.

1.1. Risks connected to an economic slowdown and volatility of the financial markets

The banking and financial services market in which HVB Group operates is affected by unpredictable factors, including overall economic developments, fiscal and monetary policies, liquidity and expectations within capital markets and consumers' behaviour in terms of investment and saving. In particular, the demand for financial products in traditional lending operations could lessen during periods of economic downturn. Overall economic development can furthermore negatively impact the solvency of mortgage debtors and other borrowers of HVB Group such as to affect their overall financial condition. Such developments could negatively affect the financial standing and amounts due by counterparties of companies belonging to HVB Group, which, together with an increase in the level of insolvent clients compared to outstanding loans and obligations, will have an impact on the levels of credit risk.

HVB Group is exposed to potential losses linked to such credit risk, in connection with the granting of financing, commitments, credit letters, derivative instruments, currency transactions and other kinds of transactions. This credit risk derives from the potential inability or refusal by customers to honour their contractual obligations under these transactions and HVB Group's consequent exposure to the risk that receivables from third parties owing money, securities or other assets to HVB Group will not be collected when due and must be written off (in whole or in part) due to the deterioration of such third parties' respective financial standing (counterparty risk). This risk is present in both the traditional on-balance sheet uncollateralised and collateralised lending business and off-balance sheet business, for example when extending credit by means of a bank guarantee. Credit risks have historically been aggravated during periods of economic downturn or stagnation, which are typically characterised by higher rates of insolvencies and defaults. HVB Group's future earnings could also be adversely affected by depressed asset valuations resulting from a deterioration in market conditions in any of the markets in which HVB Group operates. The above factors could also have a significant impact in terms of capital market volatility. As a result, volumes, revenues and net profits in banking and financial services business could vary significantly over time.

HVB Group monitors credit quality and manages the specific risk of each counterparty and the overall risk of the respective loan portfolios, and HVB Group will continue to do so, but there can be no assurance that such monitoring and risk management will suffice to keep HVB Group's exposure to credit risk at acceptable levels. Any deterioration of the creditworthiness of significant individual customers or counterparties, or of the performance of loans and other receivables, as well as wrong assessments of creditworthiness or country risks may have a material adverse effect on HVB Group's business, financial condition and results of operations.

1.2. Deteriorating asset valuations resulting from poor market conditions may adversely affect HVB Group's future earnings

The global economic slowdown and economic crisis in certain countries of the Eurozone have exerted, and may continue to exert, downward pressure on asset prices, which has an impact on the credit quality of the HVB Group's customers and counterparties. This may cause HVB Group to incur losses or to experience reductions in business activity, increases in non-performing loans, decreased financial values, additional write-downs and impairment charges, resulting in significant changes in the fair values of HVB Group's exposures.

A substantial portion of HVB Group's loans to corporate and individual borrowers are secured by collateral such as real estate, securities, ships, term deposits and receivables. In particular, as mortgage loans are one of HVB Group's principal assets, it is highly exposed to developments in real estate markets.

A decline in the general economy of the countries in which HVB Group operates, a general deterioration of economic conditions in any industries in which its borrowers operate or in other markets in which the collateral is located, may result in decreases in the value of collateral securing the loans to levels below the outstanding principal balance on such loans. A decline in the value of collateral securing these loans or the inability to obtain additional collateral may require HVB Group to reclassify the relevant loans, establish additional provisions for loan losses and increase reserve requirements. In addition, a failure to recover the expected value of collateral in the case of foreclosure may expose HVB Group to losses which could have a material adverse effect on its business, financial condition and results of operations. Moreover, an increase in financial market volatility or adverse changes in the liquidity of its assets could impair HVB Group's ability to value certain of its assets and exposures or result in significant changes in the fair values of these assets and exposures, which may be materially different from the current or estimated fair value. Any of these factors could require HVB Group to recognise write-downs or realise impairment charges, any of which may adversely affect its financial condition and results of operations.

1.3. The economic conditions of the geographic markets in which HVB Group operates have had, and may continue to have, adverse effects on HVB Group's results of operations, business and financial condition

While HVB Group operates in many countries, Germany is the primary country in which it operates. Thus, HVB Group's business is particularly linked to the macroeconomic situation existing in Germany and could be materially adversely affected by any changes thereto, particularly with regard to recoverability of loans.

In addition to other factors that may arise in the future, rising unemployment and unfavourable conditions in the financial and capital markets in Germany could result in declining consumer confidence and investment in the German financial system, increases in the number of impaired loans and/or loan defaults, leading to an overall reduction in demand for the products and services offered by HVB Group.

Thus, a persistence of adverse economic conditions, political and economic uncertainty and/or a slower economic recovery in Germany compared with other Organisation for Economic Co-operation and Development ("OECD") countries could have material adverse effects on HVB Group's results of operations, business and financial condition.

Furthermore, the uncertainties surrounding Western European economies, could adversely affect HVB Group's achievement of its strategic goals.

1.4. Non-traditional banking activities expose HVB Group to additional credit risks

In addition to traditional banking activities such as lending and deposit-taking, HVB Group carries out non-traditional banking activities, which may expose HVB Group to additional credit and/or counterparty risk. Such additional risk may originate, for example, from: executing securities, futures, currency or commodity trades that fail to settle timely due to non-delivery by the counterparty or to system failures by clearing agents, exchanges, clearing houses or other financial intermediaries (including HVB Group); owning securities of third parties; and extending credit through other arrangements.

Parties to these transactions, such as trading counterparties or counterparties issuing securities held by entities of HVB Group, may default on their obligations due to insolvency, political and economic events, lack of liquidity, operational failure or other reasons. Defaults by counterparties with respect to a significant number of transactions or one or more transactions that involve significant volumes would have a material adverse effect on HVB Group's results of operations, business and financial condition.

HVB Group has made a series of significant investments in other companies, including those resulting from the conversion of debt into equity in the context of restructuring processes. Any losses or risks, operational or financial, to which the invested companies may be exposed may restrict HVB Group's ability to dispose of the above mentioned investments, and may cause considerable reductions in their value, with possible adverse effects to HVB Group's results of operations, business and financial condition.

In addition, HVB Group, as a result of executing guarantees and/or signing agreements to restructure debt, holds, and could acquire in the future, control or minority stakes in companies operating in industries other than those in which HVB Group currently operates, including, for example, real estate, oil, transport, energy and consumer goods. These industries require specific skills in terms of knowledge and management that are not among those skills currently held by HVB Group. Nevertheless, in the course of any disposals, HVB Group may have to deal with such companies. This exposes HVB Group to the risks inherent in the activities of an individual company or subsidiary and to the risks arising from the inefficient management of such shareholdings, which could have adverse effects on HVB Group's results of operations, business and financial condition.

1.5. Changes in the German and European regulatory framework could adversely affect HVB Group's business

HVB Group is subject to extensive regulation and supervision in all jurisdictions in which it operates, including but not limited to Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin)*), the European Central Bank ("ECB") and the European Banking Authority (EBA). The rules applicable to banks are aimed at preserving the stability and solidity of banks and limiting their risk exposure. HVB Group is also subject to regulations applicable to financial services that govern, among other things, the sale, placement and marketing of financial instruments as well as to those applicable to its bank-assurance activities.

The supervisory authorities mentioned above govern various aspects of HVB Group, which may include, among other things, liquidity levels and capital adequacy, the prevention and combating of money laundering, privacy protection, ensuring transparency and fairness in customer relations and registration and reporting obligations. In order to operate in compliance with these regulations, HVB Group has in place specific procedures and internal policies. Despite the existence of these procedures and policies, there can be no assurance that violations of regulations will not occur, which could adversely affect HVB Group's results of operations, business and financial condition. The above risks are compounded by the fact that, as at the date of this Registration Document, certain laws and regulations have only been recently approved and the relevant implementation procedures are still in the process of being developed.

In the year 2010, the Basel Committee on Banking Supervision of the Bank for International Settlements (BIS) published a set of reforms with a view to strengthening the resilience of the banking sector by enacting stricter global rules for equity capital and liquidity. The Basel III reform essentially comprises more stringent qualitative and quantitative capital requirements complete with additional liquidity standards comprising a short-term (Liquidity Coverage Ratio) and a long-term ratio (Net Stable Funding Ratio) as well as a non-risk-sensitive debt ratio (Leverage Ratio). Furthermore, the reforms include a revised large exposure regime, an expansion of the content of the monitoring process, disclosure rules, changes in corporate governance and supervision as well as new compensation rules.

The Basel reform measures are implemented at European level by the Capital Requirement Regulation (CRR) and the Capital Requirement Directive (CRD IV). CRD IV is a guideline that the individual member states are required to translate into national law. The CRR is a regulation that is immediately binding for all EU financial institutions without having to be translated into national law. This means that the CRR has immediate binding effect for all German financial institutions. The Basel III reform package called for implementation in national and European law to take place in the year 2012 and the implementation was originally planned for 1 January 2013. Finally, the reform package was published on 27 June 2013 in the EU and became effective on 1 January 2014.

A transition period beyond the year 2018 is permitted for certain requirements in order to give the banks enough time to adapt to the stricter requirements. In December 2012, the Basel Committee published a number of revised reform proposals for example regarding the new Liquidity Coverage Ratio (LCR) and the Leverage Ratio.

The LCR is intended to ensure that enough high-quality liquid assets are on hand to cope with a one month stress scenario. To satisfy the LCR, the high-quality liquid assets to net cash outflows must be at least 100%. Parts of the above reform proposals of the Basel Committee have been adapted by the European legislator via Implementing Technical Standards (ITS) and/or Regulatory Technical Standards (RTS). On the European level, the EBA has been respectively mandated to complement existing articles of both, the CRR and the CRD IV. The EU liquidity rules foresee that a level of at least 60% to be achieved in 2015 and 100% in 2018. Regarding the Leverage Ratio proposal, substantial changes have been proposed by the BIS in the meantime. At present and due to still open specifications of the EBA, there is no final rule setting for the leverage regime. Officially, the Leverage Ratio is planned to become effective in 2018, while first reports to authorities shall be provided in 2015.

The impact of these regulations which are not yet finally specified, could, therefore, have an adverse effect on HVB Group's results of operations, business and financial condition.

The various requirements may affect the activities of HVB Group, including its ability to grant funding, or result in the need for further capital in order to meet capital requirements as well as require other sources of funding to satisfy liquidity requirements, which could result in adverse effects to HVB Group's results of operations, business, assets, cash flows and financial condition, the products and services offered by HVB Group.

HVB Group follows international accounting standards in preparing its financial statements and interim financial statements. Due to the fact that some of these accounting standards are in the process of being amended and the fact that applications have been made to introduce new standards, HVB Group may need to restate figures in its financial statements that have already been published for prior financial years and/or periods. Moreover, HVB Group may also need to revise its accounting treatment of certain transactions and the related income and expense, which could have potentially negative effects on the estimates contained in HVB Group's financial plans for future years. Due to the uncertainties connected with the above laws and regulations, there can be no assurance that their application will not have a significant impact on HVB Group's results of operations, business, assets, cash flows and financial condition, as well as on the products and services offered by HVB Group. In carrying out its activities, HVB Group is subject to numerous regulations of general application such as those concerning taxation, social security, pensions, occupational safety and privacy. Any changes to the above laws and regulations and/or changes in their interpretation and/or their application by the supervisory authorities could adversely affect HVB Group's results of operations, business and financial condition.

1.6. Loan losses may exceed anticipated levels

HVB Group is a major lender to large corporate customers, banks and financial institutions in Germany and other countries. The number of insolvencies to be expected in the future among HVB Group customers is unpredictable. If such number exceeds the anticipated levels, HVB Group may require provisions for losses on loans and advances or incur loan losses in excess of the budgeted amounts.

In such scenarios, loan losses may exceed anticipated levels.

1.7. Systemic risk could adversely affect HVB Group's business

In light of the relative shortage of liquidity and relatively high funding costs that have prevailed in the interbank lending market since the onset of the global financial crisis, HVB Group is exposed to the risk that the financial viability (actual or perceived) of the financial institutions with whom, and of the countries in which, it carries out its activities could deteriorate. HVB Group routinely executes a high volume of transactions with numerous counterparties in the financial services industry, including brokers and dealers, commercial banks, investment banks and other institutional clients. Financial services institutions that transact with each other are interrelated as a result of trading, investment, clearing, counterparty and other relationships; concerns about the stability of one or more of these institutions or the countries in which they operate could lead to significant constraints on the availability of liquidity (including completely frozen interbank funding markets), losses or other institutional failures. In addition, should one of the counterparties of a certain financial institution suffer losses due to the actual or perceived threat of default of a sovereign country, that counterparty may be unable to satisfy its obligations to the above financial institution. The above risks, commonly referred to as "systemic" risks, could adversely affect financial intermediaries, such as clearing agencies, clearing houses, banks, securities firms and exchanges, with whom HVB Group interacts on a daily basis, which in turn could adversely affect HVB Group's ability to raise new funding. The occurrence of any "systemic" risks could adversely affect HVB Group's results of operations, business and financial condition.

In addition, in each of the countries in which HVB Group operates, it could be required to participate in deposit guarantee and investor protection schemes. As a result, the insolvency of one or more of the participants in these schemes could result in HVB Group, or one of its banking subsidiaries', obligation to settle guaranteed customer claims against such insolvent participant(s) or to pay increased or additional contributions, which could materially adversely affect HVB Group's results of operations, business and financial condition.

2. Market Risk

2.1. Difficult market situations can add to volatility in HVB Group's income

The strategic objective of HVB's Corporate & Investment Banking business segment is to be a leading, integrated European corporate and investment bank, offering its customers added value through specific relationship models geared to customer individual needs.

Despite the customer-oriented approach of its investment banking activities and the gradual elimination of proprietary trading, income naturally remains relatively volatile. Although investment banking is very profitable in a normal market environment, it is subject to increased risks in difficult market situations.

2.2. HVB Group's income can be volatile related to trading activities and fluctuations in interest and exchange rates

HVB Group's trading income can be volatile and is dependent on numerous factors beyond HVB Group's control, such as the general market environment, overall trading activity, equity prices, interest rate and credit spread levels, fluctuations in exchange rates and general market volatility.

Fluctuations in interest rates in Europe and in the other markets in which the HVB Group operates may influence HVB Group's performance. The results of HVB Group's banking operations are affected, inter alia, by HVB Group's management of interest rate sensitivity. Interest rate sensitivity refers to the relationship between changes in market interest rates and changes in net interest income. A mismatch of interest-earning assets and interest-bearing liabilities in any given period, which tends to accompany changes in interest rates, may have a material effect on HVB Group's financial condition and results of operations.

Rising interest rates along the yield curve can increase the cost of HVB Group's borrowed funds faster and at a higher rate than the yield on its assets, due to, for example, a mismatch in the maturities of its assets and liabilities that are sensitive to interest rate changes or a mismatch in the degree of interest rate sensitivity of assets and liabilities with similar maturities. At the same time, decreasing interest rates can also reduce the yield on HVB Group's assets at a rate which may not correspond to the decrease in the cost of funding.

HVB Group generates income outside the Eurozone, and therefore is exposed to currency risk.

Furthermore, a portion of HVB Group's operations are conducted in currencies other than the Euro. Unfavourable movements in foreign exchange rates could influence HVB Group's results of operations, business, financial condition and prospects. As a result, HVB Group is exposed to foreign currency exchange rates and foreign currency transaction risks.

HVB Group's consolidated financial statements (including its interim financial statements) are prepared in Euro and carry out the necessary currency translations in accordance with applicable international accounting standards.

Any negative change in exchange rates could significantly adversely affect HVB Group's results of operations, business and financial condition.

3. Liquidity Risk

HVB Group is subject to liquidity risk, i.e., the risk that HVB Group will not be able to meet its payment obligations without suffering unbearable losses. Funding risk is defined as the risk that HVB Group is not able to raise the funds it needs to efficiently meet its expected and/or unexpected current and future payment obligations and collateral requirements, without day-to-day operations or the financial situation of HVB Group being impaired. Whereas liquidity risk is more of a short-term risk, funding risk is considered more of a medium- to long-term risk. In this context, the procurement of liquidity for business activities and the ability to access long-term financing are necessary to enable HVB Group to meet its payment obligations in cash, scheduled or unscheduled, and avoid prejudice to its current activities and financial situation.

3.1. Risks concerning liquidity which could affect HVB Group's ability to meet its financial obligations as they fall due

The global financial crisis and resulting financial instability have significantly reduced the levels and availability of liquidity and term funding. In particular, the perception of counterparty risk between banks has increased significantly, resulting in reductions in interbank lending and the level of confidence from banks' customers, together with pressures on bond markets as a result of speculation.

In addition, HVB Group's access to liquidity could be further prejudiced through its inability to access bond markets, issue securities or secure other forms of wholesale funding. Reduced customer confidence could result in HVB Group's difficulty in accessing retail funding and to increased deposit outflows, which in turn could further limit HVB Group's ability to fund its operations and meet its minimum liquidity requirements. Furthermore, the differing tax treatment of securities issued by HVB Group and those issued by the German Government has resulted in the securities issued by HVB Group being comparatively less favourable to investors, which could lead to higher funding costs.

Therefore, further increases in the cost of interbank funding, reductions in the availability of such funding, increases in the costs of, together with decreases in the availability of, similar or other forms of funding and/or the inability of HVB Group to dispose of its assets or liquidate its investments could affect HVB Group's business and materially adversely affect its results of operations and financial condition.

HVB Group also borrows from the European Central Bank (the ECB). Thus, any adverse change to the ECB's lending policy or any changes to the funding requirements set by the ECB, including changes to collateral requirements (particularly those with retroactive effect), could significantly affect HVB Group's results of operations, business and financial condition.

In addition, supervisory authorities are increasingly monitoring the transfer of liquidity between HVB Group entities as well as requiring HVB Group subsidiaries to reduce their respective exposures to other group companies. This increased oversight could affect HVB Group's ability to support the liquidity requirements of its subsidiaries through inter-group transfers of capital, which in turn could adversely affect HVB Group's results of operations, business and financial condition.

3.2. HVB Group's results of operations, business and financial condition have been and could continue to be affected by adverse macroeconomic and market conditions

HVB Group's performance is influenced by the condition of financial markets and the macroeconomic situations of the countries in which it operates. In recent years, the global financial system has been subject to considerable turmoil and uncertainty and, as of the date of this Registration Document, short to medium term expectations of global economic performance remain uncertain.

The bankruptcies of several major international financial institutions since September 2008 have led to significant distortions in global financial markets, including critically low levels of liquidity and a lack of availability of financing (with consequentially high funding costs), historically high credit spreads, volatile and unstable capital markets and declining asset values. In addition, the international banking system has been imperilled with unprecedented issues, which have led to sharp reductions in and, in some cases, the suspension of interbank lending.

Additional adverse effects of the global financial crisis have been the deterioration of credit portfolios, decreased consumer confidence in financial institutions, high levels of unemployment and a general decline in the demand for financial services.

Furthermore, the general economic decline in the countries in which HVB Group operates has had, and could continue to have, adverse effects on its operations, financing costs, share price and the value of its assets and has led, and could continue to lead, to additional costs relating to such decreases in value.

All of the above could be further impacted by any measures taken with respect to the currencies of such countries as well as by political instability in such countries and/or the inability of the governments thereof to take prompt action to confront the financial crisis.

3.3. HVB Group has significant exposure to weaker Eurozone countries

In carrying out its activities, HVB Group has significant financial exposure to sovereign debt securities of major European countries and municipal corporations of those countries, as well as to other countries outside the Eurozone (so-called „sovereign exposure“).

In addition to HVB Group's sovereign exposure, HVB Group is also exposed to sovereign debt through loans made to central and local governments and other governmental bodies.

A part of the exposure in the industry Banks, Insurance Companies results from counterparty risks against the UniCredit and other group companies, according to the strategic direction of HVB Group as the investment bank of UniCredit, as well as other business activities. In addition, as the UniCredit's markets and investment banking activities are centralised within HVB Group, significant non-cash intra-group credit exposures exist on a day-to-day basis between HVB Group and other Group companies resulting from, among other things, HVB Group acting as an intermediary between such group companies, on the one hand, and external counterparties, on the other hand, in connection with various financial risk hedging transactions. Due to the nature of this business, the intra-group credit exposure of HVB Group is volatile and can change significantly on a daily basis.

As a result of the ongoing global financial crisis, banking regulators in many of the jurisdictions in which HVB Group operates have sought, and continue to seek, to reduce the exposure of banks operating within their jurisdictions to other affiliated banks operating in jurisdictions over which they have no legal and/or regulatory control. This could have a material adverse effect on the way in which HVB Group funds its operations and provides liquidity to other group companies.

Furthermore, under applicable German regulations, credit institutions may be exempted from including intra-group exposures in their overall limit for large exposures if certain conditions are met. HVB Group relies on this exemption with respect to the intra-group exposures described above. If such exemption is no longer available due to changes in applicable regulations or otherwise, HVB Group could have to either reduce or balance its risk-weighted assets by allocating additional qualifying regulatory capital.

In Germany, as a result of the level of HVB’s intra-group cash and non-cash exposures and consequent discussions between UniCredit, HVB Group and BaFin, UniCredit and HVB Group reduced HVB's net intra-group exposure to the UniCredit, including through the use of collateral, based on ongoing discussions with BaFin and the Bank of Italy.

The implementation of the measures described above, the inability of HVB Group to provide additional collateral to support these arrangements were required to do so, a request by BaFin to further reduce HVB's intra-group exposure because of a perceived or actual deterioration in the credit outlook of its counterparties or any other reason could have a material adverse effect on HVB Group's liquidity and the liquidity of certain of its subsidiaries. Any of these events could have a material adverse effect on the way HVB Group funds itself internally, on the cost of such funding (particularly if it must be obtained externally) as well as on the results of operations, business and financial condition of HVB and HVB Group.

4. Operational Risk

HVB Group is exposed to operational risks and losses that can result from, among other things, internal and external fraud, unauthorised activities in the capital markets, inadequate or faulty systems and controls, telecommunications and other equipment failures, data security system failures, errors, omissions or delays of employees, including with respect to the products and services offered, unsuitable HVB Group policies and procedures, including those related to risk management, customer complaints, natural disasters, terrorist attacks, computer viruses and violations of law.

4.1. HVB Group's risk management strategies and techniques may leave HVB Group exposed to unidentified or unanticipated risks

HVB Group has structures, processes and human resources aimed at developing risk management policies, procedures and assessment methods for its activities in line with best market practices in the industry.

HVB Group’s risk management provides strategic direction and defines the risk management policies implemented. Some of the methods used to monitor and manage these risks involve observations of historic market conditions and the use of statistical models for identifying, monitoring, controlling and managing risk.

However, these methods and strategies may be inadequate for the monitoring and management of certain risks, such as the risks attached to financial products that are traded on unregulated markets (e.g., OTC derivatives), and, as a result, HVB Group could suffer greater losses than those contemplated by the methods or suffer losses not previously considered.

In addition, the occurrence of unforeseeable events, which have not been considered by the Risk Management and which may affect the performance of the markets in which HVB Group operates, could adversely affect HVB Group's results of operations, business and financial condition. These risks, and their effects, may be further aggravated by the complexities of integrating risk management policies into HVB Group's acquired entities.

Since 2013 HVB Group led a risk inventory to identify previously unrecognized risks. Also, methods and models have been developed to identify risks promptly and set up risk mitigation measures. Despite the adoption of these models, it is possible that, after investigation or verification by the supervisory authorities, HVB Group's internal models are not adequate, which could adversely affect HVB Group, particularly with respect to its calculation of capital requirements.

HVB Group and UniCredit S.p.A. agreed with the relevant regulators beyond the statutory minimum requirements that HVB Group would not fall below an equity funds ratio of 13%. This agreement remains in force until the measures required to remedy findings from earlier audits of annual financial statements and regulatory requirements regarding statutory and regulatory requirements in Germany have been implemented.

The measures have been successfully advanced since 2010 as part of a Bank-wide project carried out with top priority to a strict methodology and adequately resourced. Their main contents reflect the breadth of the constantly increasing regulatory compliance for the structure of the risk management system and the internal control system. The improvements achieved by the successful conclusion of several complex implementation projects at the end of 2012 are reviewed constantly in everyday operations and refined in order to ensure that the requirements are permanently met.

However there is a risk that BaFin and other regulators could take additional measures against HVB Group and its management, including issuing fines, imposing limitations on the conduct, outsourcing or the expansion of certain business activities, or seeking to require HVB Group to maintain a higher regulatory capital buffer.

4.2. IT risks

Although HVB Group believes that its IT systems and resources are sufficient, complications and/or unexpected problems have arisen in the past and may arise in the future, which could delay or result in the inability of HVB Group to successfully integrate new systems. While HVB Group actively employs procedures to contain and mitigate operational risk and related adverse effects, the occurrence of certain unforeseeable events, wholly or partly out of HVB Group's control, could substantially limit their effectiveness. As a result, there can be no assurance that HVB Group will not suffer future material losses due to the inadequacy or failure of the above procedures. The occurrence of the above risks could adversely affect HVB Group's results of operations, business and financial position.

4.3. Risks arising from fraud in trading

As at the date of this Registration Document, no instances of fraud in HVB Group´s trading activities have occurred. Investigations were initiated when suspicions arose. Nevertheless such fraud in trading might arise in the future and could lead to financial losses as well as a negative perception of HVB Group.

4.4. Risks in connection with legal proceedings

As at the date of this Registration Document, there are certain legal proceedings pending against HVB Group and other companies belonging to HVB Group.

In many cases there is significant uncertainty as to the possible outcome of the proceedings and the amount of possible losses. These cases include criminal proceedings and administrative proceedings brought by supervising authorities as well as civil litigation where damages have not been specified.

HVB Group must also comply with various legal and regulatory requirements concerning, among others, conflicts of interest, ethical issues, anti-money laundering, sanctions imposed by the United States of America or international bodies, privacy rights and information security, insofar as this would not result in a breach or violation of German law.

HVB Group believes that such proceedings have been properly analysed by HVB Group in order to decide whether any increase in provisions for litigation is necessary or appropriate under the current circumstances. HVB Group set up proper provisions in order to cover litigation risks. However, it cannot be excluded that the existing provisions may not be sufficient.

4.5. HVB Group is involved in pending tax proceedings

At the date of the Registration Document, there are different tax proceedings pending against HVB and other companies belonging to HVB Group.

There can be no assurance that HVB Group will not be subject to an adverse outcome of one or more of the tax proceedings to which it is subject or may be subject in the future. Such an adverse outcome could have a material adverse effect on HVB Group's results of operations, business and financial condition. In addition, should a member of HVB Group breach or allegedly breach tax legislation in one or more of the countries in which HVB Group operates, HVB Group could be exposed to increased tax risks, which in turn could increase the likelihood of further tax litigation and result in reputational damage.

5. Strategic Risk

5.1. Risk arising from the overall economic environment

Based on the strategic orientation of HVB Group with its Commercial Banking (CB), Corporate & Investment Banking (CIB) and Asset Gathering business segments offering customer-oriented products and concentrating on the core market of Germany, general economic developments in Germany in particular together with developments on the international financial and capital markets are of great importance for the assets, liabilities, financial position, and profit or loss of HVB Group.

The global economy is picking up more pace and GDP growth in the Eurozone is expected to accelerate further in 2014. Within the Eurozone, it is anticipated that Germany will remain the engine of growth. Furthermore, HVB Group assumes that the European Central Bank (ECB) will continue to make cheap liquidity available, although this would probably be dependent on lending. Nevertheless, factors like political disturbances and the continued euro crisis do contain downside risks. The banking sector is suffering badly from the persistently low interest rate levels. HVB Group does not anticipate negative deposit rates, while HVB Group does not expect the funding rate to be raised for the first time in 2014 either. The risk of global banking and economic crisis has not been averted. German exports would be badly affected by a slowdown in the global economy, which in turn would have an impact on investment and also employment levels in Germany. This could lead to falling demand for credit. The regular economic analysis carried out by HVB Group covers the macro-economic developments in the European Union and at a global level, the monetary policy of central banks and the discussions surrounding the deleveraging of highly indebted countries. As a solid commercial bank with excellent customer relationships, HVB Group views considers itself fundamentally in good shape to continue operating successfully in this challenging environment. Should, however, the measures taken to stem the financial crisis fail to have the desired effect, for instance, or economic growth slow in Europe or globally, or further turmoil roil the financial markets, this could have a negative effect on the assets, liabilities, financial position, and profit or loss of HVB Group.

5.2. The European sovereign debt crisis has adversely affected, and may continue to, adversely affect HVB Group's results of operations, business and financial condition

The continued deterioration of the sovereign credit ratings of various countries, including, among others, Greece, Italy, Spain, Portugal and Cyprus, together with the potential for contagion to spread to other countries in Europe could exacerbate the severity of the global financial crisis. Such developments could lead to credible doubts being raised over the stability and status quo of the European Monetary Union.

Germany's and Italy’s ratings are also subject to a continuous review by the rating agencies. Any deterioration of the German and/or further deterioration of the Italian economy would have a material adverse effect on the HVB Group's business, in light of HVB Group's significant exposure to the German and Italian economy and the dependence of HVB’s rating on the rating of UniCredit S.p.A. (together with its consolidated subsidiaries, "UniCredit"), which in return depends heavily on the rating of the Republic of Italy. In addition, if any of the countries in which HVB Group operates enter recession again, HVB Group's results of operations, business and financial condition would be materially and adversely affected.

Furthermore, the increasing risk that other Eurozone countries will become subject to rising borrowing costs and will therefore have to confront the economic crisis in a manner similar to Italy, Greece, Spain, Portugal and Cyprus, together with the risk that member countries, even small countries in terms of Gross Domestic Product (GDP), will exit the European Monetary Union (voluntarily or involuntarily), would likely have an adverse effect on HVB Group's business across Europe, as well as the impact of such events on Europe and the global financial system could be severe.

Despite the various measures taken at the European level to manage the European sovereign debt crisis, the global markets continue to suffer from high levels of volatility and uncertainty. This is in part due to the lack of agreement among the leading European governments on the appropriate use of the European Stability Mechanism (ESM) and other financial levers to support ailing Eurozone economies. Any further acceleration of the European sovereign debt crisis would likely significantly impact, among other things, the recoverability and quality of the sovereign debt securities held by HVB Group as well as the financial resources of HVB Group's clients holding similar securities. The occurrence of any of the above events could have a material adverse effect on HVB Group's results of operations, business and financial condition.

Furthermore, concerns over the European sovereign debt crisis could lead to the reintroduction of one or more Eurozone countries' national currencies. In a worst case scenario, the same concerns could result in the Euro being abandoned altogether.

The occurrence of either of the above events could adversely affect certain contractual relationships to which HVB Group is a party, both in terms of HVB Group's ability to satisfy its obligations to counterparties and in terms of counterparties' abilities to satisfy their obligations to HVB Group, which would materially adversely affect HVB Group's results of operations, business and financial condition.

With regard to the weaker Eurozone countries, any worsening of their socio-economic and political situation and any voluntary participation of HVB Group in the restructuring of the sovereign debt (e.g., through maturity extensions or discounts to nominal value) may negatively impact HVB Group's profitability, leading to even more significant losses.

In addition, should the ECB suspend, or revise the methods for making, its open market purchases of the sovereign debt securities of European countries and/or should the ongoing initiatives of supranational institutions aimed at resolving the European sovereign debt crisis ultimately fail, the value of sovereign debt securities could be negatively impacted and HVB Group's results of operations, business and financial condition could be adversely affected.

5.3. Risks from the strategic orientation of HVB Group´s business model

HVB Group is a universal bank that focuses on the regional management of the German market and also acts as the centre of competence for the investment banking activities of UniCredit as a whole. This gives rise to a business model built upon several pillars. However, depending on developments on external markets, it cannot always be ruled out that imbalances in earnings contributions could arise.

Thus, the low interest levels that have persisted for some time now have severely dampened earnings in the CB business segment. Low interest rates are leading to falling margins in the deposit-taking business in particular, which is having a direct effect on earnings.

HVB aims to grow its retail banking business throughout Germany through the planned modernisation of its retail banking activities coupled with the related transition to a multi-channel bank with comprehensive service, information and advisory offerings. The main strategic objectives are to implement a clearly differentiated service model aimed at upgrading the quality of the advice and service HVB gives customers and to focus clearly on higher value customers holding their main bank account with HVB.

The branch will continue to represent the core element of HVB’s multi-channel offer going forward, featuring a standard, modernised and upscale appearance. It will, however, act as much more than just a point of contact for top-drawer advice. It is possible that this strategic adjustment will result in the loss of a few customers, which may have a negative effect on the assets, liabilities, financial position, and profit or loss of HVB Group.

The strategic orientation of the CIB business segment is to be a leading, integrated European corporate and investment bank, offering customers added value through specific relationship models geared to individual customers’ needs. Despite the customer-oriented approach of HVB’s investment banking activities, income naturally remains relatively volatile. Although investment banking is very profitable in a normal market environment, it is subject to increased income risks in difficult market situations.

5.4.Risks from the consolidation of the banking market

Consolidation on the German and international banking and financial markets has continued for many years. As a result of the uncertainty surrounding the consolidation and concentration in the German banking sector, it remains unclear how potential earnings will be divided among competitors in the future and at what cost market share can be won. The assets, liabilities, financial position, and profit or loss of HVB Group could be negatively affected by an associated increase in the market power of its competitors. In its opinion, HVB Group enjoys a high level of flexibility that would allow it to quickly and actively exploit suitable opportunities at the right time thanks to its excellent capital base. The associated acquisition risk is adequately addressed on the basis of the available internal expertise and potentially by calling in external specialists.

5.5. Risks arising from changing competitive conditions in the German financial sector

The German financial services market as HVB Group’s core market can readily be described as difficult for retail and corporate banking operations on account of the German banking system’s three-pillar structure and strong competition. Overcapacity and market players with different profitability requirements still exist on the retail side of the German market despite some mergers and acquisitions. In addition, more and more European and international players in retail and corporate banking are seeking to enter the German market. The result is intensive competition for customers and market share, in which HVB Group is facing a lasting trade rivalry.

The possibility cannot be excluded that a further intensification of competitive conditions in the financial sector could have a negative effect on the assets, liabilities, financial position, and profit or loss of HVB Group.

5.6. The regulatory environment for HVB Group may change; non-compliance with regulatory requirements may result in enforcement measures

The activities of HVB Group are regulated and supervised by the central banks and regulatory authorities in the countries where HVB Group does business. The regulatory requirements in the individual countries are subject to change at regular intervals and this is set to increase. The new and planned regulatory framework for banks is complex and its cumulative effect is hard to assess at present (this includes the legislation to segregate commercial and investment banking around the world, as further set out in section 5.10. below). HVB Group assumes that the trend towards more stringent regulatory provisions will persist.

Changes to the regulatory provisions in one state could yield further obligations for the HVB Group companies. Besides a possible impact on the business model coupled with a higher cost of capital and a direct impact on the profitability of HVB Group, additional costs would accrue in particular for the implementation of the new regulatory requirements and the necessary adjustments of the IT systems auf HVB Group. Differences in the regulatory requirements between countries or regions could lead to considerable distortions of competition that could have a direct impact on profitability. In addition, implementation of the modified regulatory requirements and their compliance could lead to a significant rise in operating costs, which would similarly have a negative impact on the financial position, and profit or loss of HVB Group.

The introduction of a single European banking regulator was announced for November 2014 (as set out in section 5.9. below). The move means that the ECB will take over the task of supervising the 130 biggest, systemically important banks in the Eurozone. HVB Group presumes that this will include HVB Group on account of its affiliation with the UniCredit. Since the details in this regard are not yet known to us, it is not possible to assess the effects on the scenarios mentioned above.

5.7. *Risks from the introduction of new charges and taxes to stabilize the financial markets and involve banks in the sharing of costs for the financial crisis*

There are many approaches currently being discussed at the international level on how banks might contribute to the costs of future rescue measures or the costs of the financial crisis. In Europe, bank levies already exist in Germany, Denmark, Austria, Hungary and the UK, being used in part to underpin stabilisation and restructuring funds, but mostly to generate budgetary funds. Furthermore, 11 EU states, including Germany, Austria, Italy and France, are currently discussing the introduction of a tax on financial transactions. Similar taxes already exist in some countries, like France, the UK (stamp duty) and Italy. Furthermore, the creation of a EU bank restructuring fund similar to the German restructuring fund is under discussion, to be resourced by funds from banks with cross-border activities. In addition to crisis prevention and support in the event of future bank crises, these EU measures are intended to make the financial sector bear some of the cost of the crises. The measures also have a political purpose. HVB Group was charged the bank levy in Germany, Austria and the UK for the first time in 2011. The effects of the other tax initiatives remain to be seen.

5.8. The exercise of stress tests could adversely affect the business of HVB Group

HVB Group may become subject to stress testing exercises initiated by the German financial regulatory authorities Bundesanstalt für Finanzdienstleistungsaufsicht ("**BaFin**") and Deutsche Bundesbank (the "**German Central Bank**"), the European Banking Authority ("**EBA**") and/or the European Central Bank ("**ECB**"). Together with other large EU-based financial institutions, HVB Group expects to be subject to the next EU-wide stress testing exercise by the EBA in 2014. HVB Group's results of operations may be adversely affected if UniCredit Bank S.p.A. or any of the financial institutions with which HVB Group does business receives negative results on such stress tests. In the last such exercise conducted by the EBA in 2011, the EBA published more stringent capital requirements for certain larger banks in the EU, including UniCredit Bank Sp.A. Also, in July 2013, the EBA recommended to national regulators to apply a so-called nominal capital floor. Alternatively, the relevant competent authority may waive the nominal floor requirement where it is determined that a common equity tier 1 ratio of 7%, *i.e.* the minimum common equity tier 1 requirements and the capital conservation buffer as determined pursuant to fully implemented CRD IV/CRR requirements is met, *i.e.*, without taking advantage of any transition rules such as phase-outs of certain capital instruments.

If UniCredit Bank S.p.A. and/or HVB Group's capital was to fall below the predefined threshold of a given stress test at the end of the stress test period, remedial action may be required to be taken by UniCredit Bank S.p.A. and/or HVB Group, including potentially requirements to strengthen the capital situation of HVB Group and/or other supervisory interventions.

Further, the publication of the results of a stress test (and its findings), their evaluation by financial market participants and the market's general impression that a stress test is not strict enough could have a negative impact on HVB Group's reputation or its ability to refinance itself as well as increase its costs of funding or require other remedial actions. Further, the risks arising from the aforementioned aspects could have a material adverse effect on HVB Group's reputation, business, results of operations or financial condition.

5.9. HVB Group may be exposed to specific risks arising from the so-called Single Supervisory Mechanism (SSM) and other initiatives to create the so-called EU Banking Union

Since its launch in 2013, significant progress has been made in the preparation for, and the implementation of, the single supervisory mechanism (the "**SSM**") pursuant to which the ECB, supported by the participating national competent authorities (NCAs, such as BaFin), will be responsible for conducting banking supervision in the euro area. The SSM is established pursuant to the Regulation on the single supervisory mechanism (Council Regulation (EU) No. 1024/2013 of 15 October 2013) conferring specific tasks on the European Central Bank concerning policies relating to the prudential supervision of credit institutions (Official Journal of the European Union, L 287, 29 October 2013, pp. 63-89, the "**SSM Regulation**"). Amongst others, UniCredit Bank S.p.A. will become subject to the ECB's supervision under the SSM which may also have an impact on HVB Group and exercise of supervisory authority over HVB Group. As preparatory steps for the ECB assuming its new supervisory tasks under the SSM in November 2014, supervisory risk assessments, asset quality reviews, balance sheet assessments and stress test(s) in relation to specific banks of the Eurozone will be conducted.

Further, the EU institutions are in the final stages for establishing a single resolution mechanism (the "**SRM**") forming part of the EU's plans to establish a European banking union. The SRM provides for, inter alia, rules relating to resolutions of banks and establishment of a centralised resolution mechanism in relation to banks to enhance a uniform application of resolution mechanisms and how bank resolutions shall be financed. The SRM will apply to all banks in the Euro Area and other Member States that opt to participate.

The SRM will be established by a related EU Regulation (the "**SRM Regulation**", a legislative proposal of which has been adopted by the EU Parliament on 15 April 2014) and a related intergovernmental agreement between the EU Member States participating in the SRM (the "**IGA**").

The SRM will in particular involve a single resolution board (the "**Board**") and a single bank resolution fund (the "**Fund**") which may under certain conditions provide funding support for the resolution of banks in connection with the SRM. The decision-making process whether a troubled bank will be resolved will in most cases start with the ECB notifying that a bank is failing to the Board, the EU Commission and the relevant national resolution authorities. The SRM Regulation provides for a specific decision making process which may involve other authorities and institutions including the EU Council or the EU Commission that may object to the resolution scheme or otherwise play a crucial role in the whole process. The Board and the Fund will both be funded through contributions made by the banking industry. The Fund has a target level of €55 billion to be reached within 8 years and may borrow from the markets if decided by the Board. During the transition period, the Fund will comprise national compartments, the resources accumulated in which will be progressively mutualised, starting with 40% of these resources in the first year. The Fund and the decision-making on its use will mainly be provided for in the SRM Regulation, whereas certain specifics *inter alia* relating to the transfer of contributions raised nationally towards the single Fund and the mutualisation of the national compartments are dealt with in the IGA.

Given that the text of the SRM Regulation may be subject to revision by lawyer-linguists from the EU Parliament and the EU Council going forward and that the entry into force will technically require adoption of the final text by the EU Council, it cannot be completely ruled out that the text adopted by the EU Parliament will be subject to changes. It is currently expected that the final SRM Regulation text will be adopted by the EU Council in July or September 2014 and then be published in the Official Journal of the European Union. Also, the relevant Member States need to ratify the IGA and the specific provisions of the relevant final IGA only be available after the date of this registration documents. Generally, it is expected that many parts of the SRM Regulation will be applicable from 2016 with certain exceptions including the provisions relating to the establishment of the Board and the SRM becoming effective upon entry into force of the SRM Regulation twenty days after publication of it in the Official Journal of the European Union.

The SRM Regulation will be closely connected with the proposed Bank Recovery and Resolution Directive ("**BRRD**") as the national laws transposing the BRRD into binding national Member States' laws is part of the material law that may be applied by the Board and other competent entities under the SRM. The BRRD (and the related implementing national laws), inter alia, provides for a so-called bail-in tool which may empower the relevant resolution authority to extend the maturity, write down, including if need be to write down to zero, or to cancel certain liabilities of HVB Group and other subordinated liabilities and, also, unsubordinated liabilities (excluding, amongst others, Pfandbriefe) of the institution or to convert such liabilities into instruments of ownership such as shares in order to recapitalise an institution that meets the requirements for resolution or to capitalise a bridge institution established to carry on parts of the business of the institution for a transitional period. Further, the BRRD provides for a pre-defined hierarchy of bank creditors for absorbing losses. To improve a crisis-ridden bank's recovery prospects and foster general economic stability, bail-in tools may apply at least until 8% of its total liabilities have been fully absorbed. This may mean that shareholders and many holders of (in particular Tier 2 capital instruments) bonds are at risk to lose their invested capital and related rights as a result of application of bail-in tools.

The resolution mechanisms available to the Board and other competent entities under the SRM Regulation are intended to correspond to those set out in the BRRD and shall in particular foster the ultimate aim to have a better burden-sharing in relation to resolution costs by (and firstly allocate those to) banks' shareholders and creditors.

Such proceedings and/or other regulatory initiatives could change the interpretation of regulatory requirements applicable to HVB Group and lead to additional regulatory requirements, increased cost of compliance and reporting as well as require HVB Group to provide cost contributions to the Fund in addition to existing resolution cost contributions. Further, such developments may have other material adverse effects on HVB Group's business, results of operations or financial condition or otherwise negatively affect holders of securities.

5.10. Risks in relation to prohibition/separation of certain activities from other banking business

Regulators world-wide have implemented or are currently running initiatives to separate activities from the remaining banking activitiesor prohibit certain risky banking activities . Currently the initiatives assumed to be relevant to HVB Group are the proposal by the European Commission, the effective Acts in Germany ("**Trennbankengesetz**") and in the United States ("Volker Rule"). It can however not be ruled out that other bank separations initiatives will become relevant to HVB Group in the future. Upon request from the EU Internal Markets Commissioner Michel Barnier, a group of experts led by Erkki Liikanen proposed a set of recommendations for structural reforms to promote financial stability and efficiency of the EU banking sector which were published in October 2012 (the so-called Liikanen Report). In this respect, the EU Commission presented a law proposal for the future bank structure in the EU on 29 January 2014. Thus, the largest and most complex EU banks with significant trading activities (measured as the ratio of trading activities to total assets or in terms of the absolute trading volume) shall be prevented from certain proprietary trading activities in financial instruments and commodities and supervisors shall be granted the power and, in certain instances, the obligation to require the transfer of other high-risk trading activities (potentially including market-making activities, complex derivatives and securitisation operations) to separate legal trading entities within the group. Compared to the German Trennbankengesetz described below, the EU Commission's proposals in relation to the Trennbankensystem so far comprises higher competencies for supervisory authorities and lower triggers for banks' transfer obligations in respect of a broader definition of trading activities and therefore may deviate from the current German law. However, details of such proposals are still subject to negotiations and may therefore be subject to changes.

In August 2013, the German law act for the "ringfencing of risks and for the planning, recovery and resolution of credit institutions" ("**Trennbankengesetz**") was published in the German Federal Gazette. Pursuant to the Trennbankengesetz, subject to certain thresholds, deposit-taking institutions will be required to separate certain "forbidden" activities into an independent legal entity (possible within a holding structure) which then would also need to be funded on an independent basis. "Forbidden" activities include (i) proprietary trading, (ii) credit/guarantee business with hedge funds/highly leveraged AIF (Alternative Investment Fund) and (iii) high-frequency trading. Client-induced trading activities (e.g. market making), treasury operations as well as long-term participations are "allowed". The provision applies to credit institutions that accept deposits and other repayable funds and grant loans for their own account if their assets "held for trading (HfT)" + "available for sale (AfS)" either exceed EUR 100 billion (absolute threshold) or exceed 20% of total assets (provided that total assets were above EUR 90 billion in each of the last 3 years). Notwithstanding these thresholds, BaFin can call for termination or seperation of an even wider scope of business activities (incl. e.g. market making) if it considers that these business activites threaten to endanger the solvency of the institution. The separation requirements will enter into force on 1 July 2015. In case "forbidden" activities are identified, a separation must be executed until 1 July 2016.

In the United States the final version of the "Volcker Rule" entered into force on 1 April 2014. The "Volcker Rule" generally prohibits banking entities to run "Forbidden Activities", e.g. (i) engaging in short-term proprietary trading of securities, derivatives, commodity futures and options on these instruments for their own account (however, the "Volcker Rule" exempts underwriting, liquidity management, market making, risk-mitigating hedging and certain governmental obligations from proprietary trading); (ii) owning, sponsoring or having certain relationships with hedge funds or private equity funds, referred to as "covered funds". The affected bank entities include foreign banks with presence in the United States. Hence, HVB Group is affected with its world-wide activities by its US branch and affilliates, unless the exemption from the "Volcker Rule" for activities conducted by foreign bank organizations "solely outside the United States" (SOTUS) is applicable to HVB Group. It is currently not clear whether/to which extent the SOTUS exemption is applicable. Under the "Volker Rule" "Forbidden Activities" must be separated by 1 July 2015. A continuation in a separate entity is not allowed. The requirements to HVB Group on reporting and compliance out of the "Volcker Rule" are currently under analysis.

Even though it is currently not clearly foreseeable how the future EU proposals in relation to the Liikanen Report and/or implementation of the Trennbankengesetz as well as the Volcker Rule will affect rights of holders of securities, it is conceivable that, if HVB Group had to separate into an independent entity/stop certain activities, HVB Group may have a fundamentally different risk assumption or creditworthiness or that this may result in other negative effects on the business model and/or the profitability of HVB Group or that this may have other negative impact on HVB Group's business model which in turn may have a material prejudicial effect on rights of holders of securities.

If the separation of trading activities would be required by authorities under the EU Proposal, the holders of securities could face limited liquidity.

5.11. Risks arising from a change in HVB's rating

HVB is of the opinion that it continues to enjoy a solid rating from the external rating agencies Standard & Poor´s (S&P), Moody's and Fitch. As the financial market and sovereign debt crisis has progressed, the outlook announced has changed such that the possibility of a downgrade cannot be ruled out. This would be based on a change in the parameters used by the rating agencies to rate HVB (including the rating of UniCredit S.p.A., which in turn depends heavily on the rating of the Republic of Italy). Such a downgrade could make it harder to tap the capital markets, with higher funding costs having a negative effect on the assets, liabilities, financial position, and profit or loss of HVB Group.

6. Reputational Risk

Reputational risk is defined as the risk of a negative profit and loss (P/L) effect caused by adverse reactions by stakeholders due to a change perception of the Bank; this altered perception may be triggered by a primary risk such as credit risk, market risk, operational risk, liquidity risk, business risk or strategic risk. Customers, employees, regulatory authorities, rating agencies, creditors and owners are defined as key stakeholders.

This could have a negative impact on HVB Group´s results of operations, business and financial position.

7. Business Risk

HVB Group defines business risk as potential losses arising from unexpected negative changes in the business volume and/or margins that cannot be attributed to other risk types. It can lead to serious losses in earnings, thereby diminishing the market value of a company. Business risk can result above all from a serious deterioration in the market environment, changes in the competitive situation or customer behaviour, or changes to the legal framework.

The banking industry again felt the effects of the European sovereign debt crisis in some areas in 2013. Various measures taken by the European Union in particular had an impact, however, serving to calm the markets. The industrialized nations are expected to enjoy moderate, albeit not constant, growth in 2014. 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.

Given low interest rates and the associated historically narrow interest rate spreads coupled with a very tough competitive environment, there can be no approval that there could not arise serious losses in earnings, thereby diminishing the market value of HVB Group.

8. Real estate risk

Real estate risk covers potential losses resulting from changes in the market value of the real estate portfolio of HVB Group. Besides the real estate owned by HVB, the HVB Group portfolio also includes the real estate owned by the real estate holding companies and special purpose vehicles (SPVs). No land or properties are included that are held as security in lending transactions.

The situation in the real estate markets depends on economic trends. If growth decreases, demand for rental space will deteriorate. This may have an adverse impact on HVB Group's financial condition and results of operations.

9. Financial investment risk

The strategy for risks arising from HVB's shareholdings/financial investments is based on the direction of business in the medium term and is reflected in planning. Fluctuations in market prices of HVB Group´s portfolio of listed and unlisted shareholdings, financial investments and corresponding fund shares could lead to potential losses.

10. Pension risk

HVB Group has undertaken to provide a range of different pension plans to current and former employees which are largely financed by various forms of investment, some of which are external. Market risk may arise in connection with the pension plans on both the assets side and the liabilities side. This is possible due to decreases in the market value of the plan assets on the assets side as well as increases in the obligations on the liabilities side, caused for instance by changes to the discount rate. Furthermore, actuarial risks, such as longevity risk, may arise on the obligation side. In this context, pension risk is the risk that the pension provider will have to provide additional capital to service the vested pension commitments.

Low interest rates continue to be seen as the main negative factor for both the amount of the pension commitments disclosed and the amount of the income that can be generated from the capital investment with acceptable risk. It is perfectly conceivable that, should low interest rate levels persist for a longer period of time, the discount rate will have to be lowered again, thus causing the pension commitments to rise further.

HVB Group continues to consider the low level of interest rates to be the main factor affecting the size of the pension risk. It is already foreseeable today that it will be necessary to reduce the discount rate further in the future in line with the general interest environment what may lead to increasing losses for HVB Group.

11. Risks arising from outsourcing activities

Outsourcing risk is considered a cross-risk-type risk at HVB Group and not treated as a separate risk type. Outsourcing activities affect the following risk types in particular: operational risk, reputational risk, strategic risk, business risk, credit, market and liquidity risk. Those risks are managed as part of the respective risk type that are identified and assessed in an in-depth risk analysis. Specific risks arising from outsourcing activities that cannot be assigned directly to a specific risk type are managed by the unit responsible for the outsourcing activity in question.

Outsourcing involves the transfer of activities and processes to external service providers. This involves the transfer of some of the operational risk, while contractual risks arising from the outsourcing arrangement remain with HVB or a subsidiary of HVB Group. An outsourcing arrangement is deemed to exist when a different company is contracted to carry out activities and processes in connection with the performance of banking business, financial services or other typical banking services that would otherwise be performed by the outsourcing company itself. This includes outsourcing arrangements within UniCredit as well as the subcontracting of outsourced activities and functions to subcontractors.

The respective project team and defined functional departments (including Operational Risk Management, Compliance, Legal, Corporate Affairs & Documentation, Data Protection and Business Continuity Management) use a standard procedure to classify outsourcing arrangements as "not material", "material without considerable significance" and "material with considerable significance". An in-depth risk analysis covering the other risk types as well as operational risk is performed for the outsourcing arrangements classified as material. A retained organisation (RTO) responsible for the arrangement is set up for each material outsourcing arrangement that manages the risks identified. The identified risks are incorporated in risk management of HVB Group in the processes defined for the risk types concerned. The operational risk managers and the central OpRisk Control function help the project manager and the heads of the RTOs to prepare and/or update the related risk analysis.

Failures in the risk assessment process or in defining risk reducing measures could lead to a negative impact on HVB Group´s results of operations, business and financial position.

UNICREDIT BANK AG

Information about HVB, the parent company of HVB Group

UniCredit Bank AG, formerly Bayerische Hypo- und Vereinsbank Aktiengesellschaft ("HVB", and together with its consolidated subsidiaries, the "HVB Group") was formed in 1998 through the merger of Bayerische Vereinsbank Aktiengesellschaft and Bayerische Hypotheken- und Wechsel-Bank Aktiengesellschaft. It is the parent company of HVB Group, which is headquartered in Munich, Federal Republic of Germany. HVB has been an affiliated company of UniCredit S.p.A., Rome, Italy ("UniCredit S.p.A." and together with its consolidated subsidiaries, "UniCredit") since November 2005 and hence a major part of UniCredit from that date as a sub-group. UniCredit S.p.A. holds directly 100% of HVB's share capital.

HVB's legal name is UniCredit Bank AG, the brand name is "HypoVereinsbank".

HVB has its registered office at Kardinal-Faulhaber-Strasse 1, 80333 Munich and is registered with the Commercial Register at the Local Court (*Amtsgericht*) in Munich under number HRB 42148, incorporated as a stock corporation under the laws of the Federal Republic of Germany. It can be reached via telephone under +49-89-378-0 or via www.hvb.de.

BUSINESS OVERVIEW

Principal Activities

As a universal bank, HVB with its subsidiaries is one of the leading providers of banking and financial services in Germany. It offers a comprehensive range of banking and financial products and services to private, corporate and public-sector customers, international companies and institutional customers. This range extends from mortgage loans, consumer loans, savings-and-loan and insurance products, and banking services for private customers through to business loans and foreign trade financing for corporate customers and funds products for all asset classes, advisory and brokerage services, securities transactions, liquidity and financial risk management, advisory services for affluent customers and investment banking products for corporate customers. HVB Group continues to be the centre of competence for the international markets and investment banking operations for the entire UniCredit. In addition, the Corporate & Investment Banking business segment acts as a product factory for customers in the Commercial Banking business segment.

Business segments of HVB Group

The market-related activities of HVB Group were organised along the following global divisions until end of 2012: Corporate & Investment Banking, Family & SME, and Private Banking.

In the 2013 financial year, the business model of HVB Group was adjusted to reflect the rapidly changing economic and regulatory environment and push further growth through a regional organizational structure and a stronger entrepreneurial focus. In its German activities, HVB relies on more entrepreneurship in the regions and the new structure consistently strengthens the regional entrepreneurial responsibilities and thus its market presence. The business model focuses on different customer groups and the customer relationship as a decisive factor in the allocation of resources; the structures reflect the requirements in a hard-fought market in a continual process of adjustment. HVB seeks to build stable, strategic business relationships for the long term.

In the context of the implementation of the new business model in the 2013 financial year, HVB Group was divided into the following business segments:

- Commercial Banking
- Corporate & Investment Banking (CIB)
- Asset Gathering
- Other/consolidation

The adjustment of the business model in the first quarter of 2013 entailed the formation of the new Commercial Banking business segment, which covers retail customers and entrepreneurs in Germany.

The Unternehmer Bank as an integral part of the Commercial Banking business segment provides comprehensive coverage of entrepreneurs in Germany. Therefore, the coverage models Corporates Germany and Real Estate were transferred from Corporate & Investment Banking segment to the Unternehmer Bank. The Private Clients Bank business unit similarly forms part of the new Commercial Banking business segment. It also involved the transfer of the coverage models medium and small businesses from the Family & SME (F&SME) division as well as the integration of the coverage model Wealth Management from the Private Banking division. With the exception of multinational clients, which remained in the Corporate & Investment Banking segment, coverage of the whole German corporate client business was therefore pooled in the Unternehmer Bank.

The private client business unit and former Private Banking division were transferred to the newly formed Privatkunden Bank of the Commercial Banking business segment.

The Corporate & Investment Banking business segment remained, except for the separation of Corporates Germany and Real Estate, unchanged and continues to benefit from its global business focus.

The business activities of DAB Bank AG and direktanlage.at AG which were previously assigned to the F&SME division are to be shown as a separate business segment known as Asset Gathering following the reorganisation of the segments. Furthermore, the Private Banking division was transferred to the newly formed Private Clients Bank and the Family Office to the Unternehmer Bank in connection with the new corporate structure.

The "Other/consolidation" business segment encompasses the business units Global Banking Services and Group Corporate Centre and consolidation effects.

Segment reporting is based on the internal organisation and management structure together with internal financial reporting.

Commercial Banking

The Commercial Banking business segment covers customers in Germany with standardised or individual service and advice across a wide range of banking services in the Private Clients Bank and Unternehmer Bank business units. Different service models are applied in Commercial Banking in line with the needs of its various customer groups: retail customers, private banking customers, business and corporate customers, commercial real estate customers, and wealth management customers.

Unternehmer Bank

HVB's Unternehmer Bank covers all corporate clients in Germany and serves both the business and private banking side of entrepreneurs. Clients of the Unternehmer Bank are divided into four strategic groups: key account (larger enterprises), small and medium enterprises, wealth management (family office) and commercial real estate. Exempt are multinational clients (see CIB). The Unternehmer Bank is committed to support the growth and internationalisation of its clients. In order to deepen client relationships, the Unternehmer Bank follows a strategic partner strategy and serves the individual needs of the four client groups via differentiated business models with a wide service range from standardised products to tailor-made solutions. The main aim is to secure further growth via qualified new client wins and increased cross selling based on solving operational and strategic client needs. To do so, the Unternehmer Bank continues to invest in its client coverage network as well as advisory and product know-how.

The Leasing unit covers a wide range of products from standardised contracts to special financing solutions for larger transactions.

UniCredit Luxembourg provides access to the financial centre of Luxembourg for the clients of HVB Group. It intends on strengthening its position by focussing on serving high net worth customers within the Private Banking segment by offering customized solutions. It acts as competence center for special solutions for HVB Group (for e.g. international asset structuring, development of special funds etc.).

Private Clients Bank

Consisting of the two customer segments 'Private Clients' and 'Private Banking', Private Clients Bank is a full service provider for banking and insurance solutions. Specific distribution channels and responsibilities take account of the individual needs of the two customer segments and support the further development of affluent customers to Private Banking. Common specialists, central functions and support units increase its efficiency. In addition to the development of affluent customers, further growth in the 'Private Banking' segment is achieved by an intensive cooperation with Unternehmer Bank and focused acquisition activities (e.g. recommendation management).

The four subsidiaries Bankhaus Neelmeyer, PlanetHome, WealthCap, and UniCredit Direct Services are supporting this strategy: With Bankhaus Neelmeyer, the Bremen market is served by an independent brand. PlanetHome has two pillars: real estate brokerage and mortgages financing via an online platform, which caters to customers' various mortgage financing needs. WealthCap is a product factory for closed end funds, with the focus on real estate and private equity funds. UniCredit Direct Services is the customer call and service center of HVB Group. The primary focus of the service and sales activities is on customer relationship management by telephone, e-mail and the internet.

HVB aims to grow its retail banking business throughout Germany through the planned modernisation of its retail banking activities coupled with the related transition to a multi-channel bank with comprehensive service, information and advisory offerings. The main strategic objectives are to implement a clearly differentiated service model aimed at upgrading the quality of the advice and service HVB gives customers and to focus clearly on higher value customers holding their main bank account with HVB.

The branch will continue to represent the core element of HVB's multi-channel offer going forward, featuring a standard, modernised and upscale appearance. It will, however, act as much more than just a point of contact for top-drawer advice. It is possible that this strategic adjustment will result in the loss of a few customers, which may have a negative effect on the assets, liabilities, financial position, and profit or loss of HVB Group.

Corporate & Investment Banking

HVB supports the growth and internationalization of corporate, institutional and public sector clients, creating sustainable value for all stakeholders. HVB aims to build stable, strategic business partnerships by leveraging physical and logical proximity, and providing advice and solutions in both commercial and investment banking. Based on its sector-specific expertise, HVB aims at actively driving and shaping strategic issues in close dialogue with its clients.

HVB supports its clients through its European network. The CIB business segment also has a presence in the top financial centres in the world, including London, Paris, New York, Hong Kong, Singapore and Tokyo.

Major subsidiaries assigned to the CIB business segment include among others, UniCredit Luxembourg S.A., which is assigned to several segments, HVB Global Assets Company L.P., HVB Capital Asia Ltd., and HVB Capital Partners AG.

CIB Product Lines

Besides the coverage of corporate and institutional clients, the Corporate & Investment Banking business segment is home to three product lines: Global Transaction Banking ("GTB"), Financing & Advisory ("F&A") and Markets. Through close collaboration between the CIB product specialists and the coverage units of CIB and Unternehmer Bank, CIB products are being delivered to a broad client range from small and medium size enterprises to large and multinational corporate clients as well as institutional clients and financial sponsors.

GTB bundles HVB's competencies (product development and services) in e-business, cash management and foreign trade financing. As a financing powerhouse, **F&A**'s diversified product range stretches from plain vanilla and core banking relationship products to highly sophisticated structured finance and capital markets solutions as well as M&A advisory services.

Markets comprises products and services with regard to: Corporate Treasury Sales, FX, Rates, Equity Derivatives, Credit Markets and Research. With its institutional and wholesale distribution, HVB services institutional investors and wholesale clients.

Asset Gathering

The Asset Gathering business segment shows the activities of HVB’s subsidiary DAB Bank. The operations of DAB Bank are divided into the two areas of Germany and Austria. While DAB Bank operates in Germany itself, it does so on the Austrian market through its fully owned subsidiary direktanlage.at.

DAB Bank provides financial services to retail and corporate customers. Founded as Germany’s first direct broker, its traditional focus is on the securities-related business. DAB Bank facilitates access to securities for its customers and provides comprehensive, modern services for securities account management. As a result of the continuous expansion and enhancement of its product and service offerings, today DAB Bank has a comprehensive range of services in the areas of banking, cash investments and trading. Since the end of 2012, DAB Bank has adopted an offensive market strategy in the area of retail customers, partly with the aim of becoming the first port of call for its customers. In the area of business customers, it is striving to expand its market leadership in the support of independent asset managers on a sustainable basis.

The most significant customer group among business customers are financial intermediaries for whom DAB Bank handles customer transactions. Besides this customer group, DAB Bank also provides services to institutional customers. DAB Bank assumes the safe custody and management of securities and conducts securities transactions for its business customers. In addition, DAB Bank provides comprehensive services in IT and reporting and provides marketing and sales support to these customers.

Other/consolidation

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

Global Banking Services

The Global Banking Services business unit acts as a central internal service provider for customers and employees and covers particularly purchasing, organisation, corporate security, logistics and facility management, cost management and back-office functions for credit, accounts, foreign exchange, money market and derivatives, and in-house consulting. Payments, securities settlement, IT application development and IT operation have been outsourced. Strategic real estate management at HVB is also the responsibility of Global Banking Services and is carried out by HVB Immobilien AG and its subsidiaries.

Group Corporate Centre

The Group Corporate Centre business unit includes profit contributions that do not fall within the jurisdiction of the individual business segments. Among other items, this includes the profits and losses of consolidated subsidiaries and non-consolidated holdings, provided they are not assigned to the business segments, together with the net income from securities holdings for which the Management Board is responsible. Also incorporated in this business unit are the amounts arising from decisions taken by management with regard to asset/liability management. This includes contributions to earnings from securities and money trading activities involving UniCredit S.p.A. and its subsidiaries. The Group Corporate Centre also includes the Real Estate Restructuring (RER) customer portfolio.

Principal Markets

In the opinion of HVB Group, it has a developed network of branches in Germany via which it serves its customers. HVB is traditionally particularly strong in Bavaria as well as in Hamburg and its surroundings. As of 31 December 2013, HVB Group had 933 offices around the world (including 584 HVB offices in Germany) and 19,092 employees (in full-time equivalents, FTEs).

MANAGEMENT AND SUPERVISORY BODIES

Like all German stock corporations, UniCredit Bank AG has a two-tier board system. The Management Board (*Vorstand*) is responsible for management and the representation of HVB with respect to third parties. The Supervisory Board (*Aufsichtsrat*) appoints and removes the members of the Management Board and supervises the Management Board's activities.

In accordance with Section 24 (1) sent. 2 of the German Act on the Co-determination of Employees in Connection with a Cross-border Merger (MgVG) in conjunction with Section 95 sent. 1 and 3 and Section 96 of the German Stock Corporation Act (AktG) and Section 9 of the Articles of Association, the Supervisory Board consists of 12 members, comprising an equal number of employee and shareholder representatives in accordance with the co-determination provisions. When new members of the Supervisory Board are appointed, care is taken to ensure that they have the required knowledge and skills and do not serve on governing bodies or perform advisory functions for key competitors. The members of the Supervisory Board are obliged to act in the interests of the company. Under the Supervisory Board's by-laws, any conflicts of interest must be disclosed to the Supervisory Board.

The Management Board is directly responsible for managing the company and works with the other bodies of the company and the employee representatives in the interests of the company. It develops the strategic orientation of the company, coordinates this with the Supervisory Board and is responsible for putting it into practice.

The members of the Management Board and the Supervisory Board of HVB may be reached at its business address (UniCredit Bank AG, Kardinal-Faulhaber-Strasse 1, 80333 Munich, Germany).

As of the date of this Registration Document, the composition of the Management Board and of the Supervisory Board of HVB and the functions and major activities performed by members of the Management Board outside HVB Group and the principal occupations of the members of its Supervisory Board are as follows:

Management Board

Name	**Areas of Responsibility**	**Major activities outside HVB Group**
Dr Andreas Bohn	Corporate & Investment Banking	Tikehau Investment Management S.A.S., Paris, France (Member of the Supervisory Board)
		SwanCap Partners GmbH, München (Chairman of the Supervisory Board)
Peter Buschbeck	Commercial Banking/Private Clients Bank	-
Jürgen Danzmayr	Commercial Banking/ Private Clients Bank (main focus Private Banking)	Schoellerbank Aktiengesellschaft, Vienna, Austria (Member of the Supervisory Board)
Lutz Diederichs	Commercial Banking/ Unternehmer Bank	-
Peter Hofbauer	Chief Financial Officer	HVB Trust Pensionsfonds AG, Munich (Deputy Chairman of the Supervisory Board)
Heinz Laber	Human Resources Management, Global Banking Services	HVB Trust Pensionsfonds AG, Munich (Chairman of the Supervisory Board)
		BVV Versicherungsverein des Bankgewerbes a.G., Berlin (Chairman of the Supervisory Board)
		BVV Versorgungskasse des Bankgewerbes e.V., Berlin (Chairman of the Supervisory Board)
		ESMT European School of Management and

Name	Areas of Responsibility	Major activities outside HVB Group
		Technology GmbH, Berlin (Member of the Supervisory Board)
Andrea Umberto Varese	Chief Risk Officer	-
Dr Theodor Weimer	Board Spokesman	ERGO Versicherungsgruppe AG, Düsseldorf (Member of the Supervisory Board), Bayerische Börse AG, Munich (Member of the Supervisory Board)

Supervisory Board

Name	Principal Occupation
Federico Ghizzoni, Milan, Chairman	Chief Executive Officer of UniCredit S.p.A. Chairman of the Supervisory Board of UniCredit Bank AG
Peter König, Munich, Haar-Salmdorf, Deputy Chairman[(1)]	Employee of UniCredit Bank AG
Dr Wolfgang Sprissler, Sauerlach, Deputy Chairman	Former Board Spokesman of UniCredit Bank AG
Aldo Bulgarelli, Verona	Attorney and partner in law firm BULGARELLI & CO. AVVOCATI, Verona
Beate Dura-Kempf, Litzendorf[(1)]	Employee of UniCredit Bank AG
Klaus Grünewald, Gröbenzell[(1)]	FB1 unit manager in the Bavarian division of Vereinte Dienstleistungsgewerkschaft
Werner Habich, Mindelheim[(1)]	Employee of UniCredit Bank AG
Dr Marita Kraemer, Frankfurt am Main	Member of the Management Board of Zürich Beteiligungs-Aktiengesellschaft (Deutschland), and Member of the Management Board of Zurich Service GmbH, Frankfurt am Main
Dr Lothar Meyer, Bergisch-Gladbach	Former Chairman of the Management Board of ERGO Versicherungsgruppe AG
Marina Natale, Uboldo	Chief Financial Officer of UniCredit S.p.A., member of the Executive Management Committee of UniCredit S.p.A.
Klaus-Peter Prinz, Trier[(1)]	Employee of UniCredit Luxembourg S.A.
Jens-Uwe Wächter, Himmelpforten[(1)]	Employee of UniCredit Bank AG

[(1)] Representative of Employees

As at the date of this Registration Document, there are no potential conflicts of interest between the duties to HVB of the above-mentioned members of the Management Board and members of the Supervisory Board of HVB and their private interests and/or other duties.

MAJOR SHAREHOLDERS

Following the completion of the squeeze-out, which took effect when entered in the Commercial Register at the Local Court (*Amtsgericht*) in Munich on 15 September 2008, UniCredit S.p.A. is the sole shareholder of HVB.

FINANCIAL STATEMENTS OF HVB

The audited consolidated financial statement in respect of the fiscal year ended 31 December 2012 of HVB and the audited unconsolidated financial statement of HVB as at 31 December 2012 (*HGB*) are incorporated by reference into this Registration Document. The audited consolidated financial statement in respect of the fiscal year ended 31 December 2013, the audited unconsolidated financial statement of HVB as at 31 December 2013 (*HGB*) are laid down as F-Pages of this Registration Document.

AUDITORS

KPMG, the independent auditors of HVB for the financial year 2012 have audited the consolidated financial statements of HVB Group and the unconsolidated financial statements of HVB as of and for the years ended 31 December 2012 and have issued an unqualified audit opinion thereon.

Deloitte, the independent auditors of HVB for the financial year 2013 have audited the consolidated financial statements of HVB Group and the unconsolidated financial statements of HVB as of and for the years ended 31 December 2013 and have issued an unqualified audit opinion thereon.

LEGAL RISKS/ARBITRATION PROCEEDINGS

HVB and other companies belonging to the HVB Group are involved in various legal proceedings. The following is a summary of pending cases against HVB or other companies belonging to the HVB Group which have a value in dispute exceeding € 50 million or are of significance for HVB for other reasons.

HVB is required to deal appropriately with various legal and regulatory requirements in relation to issues such as anti-money-laundering laws, privacy and data-protection rules and regarding avoidance conflict of interest. Failure to do so may lead to additional litigation and investigations and subject HVB to damage claims, regulatory fines or other penalties. In many cases, there is a substantial uncertainty regarding the outcome of the proceedings and the amount of possible losses. These cases include criminal or administrative proceedings by the relevant authority and claims in which the petitioner has not specifically quantified the amounts in dispute. In all legal cases where it is possible to reliably estimate the amount of possible losses, and the loss is considered likely, appropriate provisions have been set up based on the circumstances and consistent with IAS accounting principles applied by HVB.

Medienfonds and other close-end-funds lawsuits

Various investors in VIP Medienfonds 4 GmbH & Co. KG brought legal proceedings against HVB. HVB did not sell shares of the VIP 4 Medienfonds fund, but granted loans to all private investors for a part of the amount invested in the fund; furthermore, HVB assumed specific payment obligations of certain film distributors with respect to the fund.

The investors in the Medienfonds fund initially enjoyed certain tax benefits which were later revoked by the tax authorities. An outstanding final decision with respect to the question of HVB's liability for the prospectus in the proceeding pursuant to the Capital Markets Test Case Act (Kapitalanleger-Musterverfahrensgesetz), which is currently pending at the German Federal Court of Justice (Bundesgerichtshof), will affect only a few pending cases since a general settlement has already been reached with the vast majority of the investors. In the fiscal proceeding of the fund which is pending besides the civil proceedings and concerning the tax declaration of the fund for the fiscal year 2004 no final decision has been issued regarding whether the tax benefits were revoked rightfully.

Furthermore, there are a number of separate lawsuits from investors pending regarding other closed-end funds (mainly media funds, but also other asset classes). The changed view of the fiscal authorities regarding tax benefits granted earlier often represents the economic background to the respective litigation. Among other things, the plaintiffs base their claims on alleged inadequate advice and/or on supposed errors in the prospectus. With their claims the investors demand restitution of their equity contribution and offer in return the transfer of the related fund share to the Bank.

Relating to one public fund with investment target in heating plants, a number of investors brought legal proceedings against HVB. In these cases some plaintiffs applied for a specific procedure pursuant to the Capital Markets Test Case Act (*Kapitalanleger-Musterverfahrensgesetz*). The Munich Higher Regional Court will presumably deal with the issue relating to prospectus liability.

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

In various cases customers dispute their obligation to repay their property loan agreements. According to the law and the opinion on this subject expressed in the German Federal Court of Justice's (*Bundesgerichtshof*) established practice, the customer has to prove that the conditions for the lapse of his repayment obligation or alleged violations of obligations to give information and advice on the part of HVB. Based on the experience gained to date, HVB can assume that legal risks will not arise from these cases.

If a bank finances the purchase of shares in real estate funds for the borrower with a loan not secured by a real property lien, the borrower can – if the transaction is a so-called related transaction – contest the claim of the financing bank to repayment on the basis of objections which the borrower is entitled to assert against the seller or agent in the fund transaction on account of having received incorrect advice. From today's standpoint, HVB expects these circumstances to apply, if at all, only in exceptional cases.

Lawsuits related to financial instruments

On account of the unstable conditions of the financial markets, customers who invested in securities that have been negatively affected by the financial crisis have raised claims; even though the number is declining according complaints continue. Some customers have taken legal action with respect to losses from securities transactions based on information that was allegedly not suitable for the relevant investor or on investment advice that was allegedly inappropriate with respect to the relevant investment.

A class action that was filed against several members of an underwriting consortium, including UniCredit Capital Markets LLC (formerly UniCredit Capital Markets Inc.). was dismissed as to the underwriters by the trial court. This class action is based on mortgage-backed securities issued by Bank of America and continues against the issuer, thus the plaintiffs are not yet able to appeal the dismissal of claims against the underwriters.

Proceedings related to derivative transactions

The number of complaints and lawsuits by German customers whose derivative transactions have suffered losses or currently have a negative market value has continued at a high level. Among other things, the arguments produced are that the Bank allegedly did not sufficiently inform the customer with respect to the relevant investment and potential risks related to such transactions. Generally, there has been a trend for consumer-friendly judgements with respect to derivative-related lawsuits. Latest rulings confirm that the characteristics of the relevant product and the individual circumstances of each case are decisive. Thus the ruling of the courts is mixed whereas the application of Sec. 37a WpHG a.F. (Securities Trading Act old version) may be a relevant question.

Proceedings related to German Tax Credits

During the years 2006 to 2008, a client of HVB entered into various transactions based on the expectation of receiving withholding tax credits on dividends from German equities which were traded around dividend dates.

In the context of a tax audit of the client, the German tax authorities demanded payment from the client of withholding tax credits that were previously granted. The demand, together with interest, amounted to approximately € 124 million. The client and its tax advisor are challenging the tax authorities' position. The client has also made a claim against HVB and is requiring a full indemnity from HVB. While the client has the primary liability to pay, the tax authorities also served upon HVB a secondary liability notice demanding payment of the approximately € 124 million sum on the basis of alleged issuer liability for tax certificates. HVB has challenged the notice. HVB has also issued claims against the client requiring full indemnification. In order to avoid the accruing of further potential interest and / or potential late payment penalties HVB and the client made preliminary payments to the competent tax authorities on a without prejudice basis. Up to now, an amount of around € 120 million has been paid with respect to the amount stated in the liability notice. The dispute continues.

In a Preliminary Investigation *(Ermittlungsverfahren)* against the client and others (including former and current employees of HVB) the General Public Prosecutor (*Generalstaatsanwaltschaft)* Frankfurt am Main searched inter alia the Munich premises of HVB. HVB is fully cooperating with the prosecutor and the tax-police (*Steuerfahndung*). There is a risk that HVB could be held liable for damages to the client in the civil proceeding or for payments to the tax authorities with respect to the outstanding claims of the tax authorities (especially on the basis of the liability notice and further interest and/or late payment penalties). In addition, HVB could be subject to other penalties, fines and profit claw backs, and/or criminal exposure.

In addition, HVB has notified the competent domestic and foreign (tax) authorities of the possibility of certain proprietary trading of HVB undertaken in domestic and foreign equities and equity derivatives close to dividend dates and related withholding tax credits claimed or applications for refund of related taxes by HVB. In response to the customer case, the Management has already commissioned an internal investigation of the events with the assistance of external advisors; also in this context the Supervisory Board of HVB has commissioned an internal review of such events by external advisors. This audit is supported by UniCredit without reservation. The investigations are currently ongoing. HVB expects results of the internal audit during the first half-year 2014. An interim report by the external advisors mandated by the Supervisory Board describes facts which allow the conclusion that there are trading patterns in parts of the proprietary trading of HVB in domestic and foreign equities and equity derivatives that are similar to the client case described above. In addition, the Management

Board of HVB has been and will be working with external advisors on all relevant aspects in the matter which includes a full review of the matters described above.

In the course of the open regular tax audits for past fiscal years the Munich tax authorities and the German Central Federal Tax Authority (Bundeszentralamt für Steuern) are currently especially examining above mentioned proprietary transactions close to dividend dates in which withholding tax credits were claimed or applications for refund of related taxes have been made. Also in this respect HVB with the support of external advisors is actively reviewing all aspects as well as supporting the tax audit and has an ongoing dialogue and exchange of information with the relevant tax authorities. The Public Prosecutor (Staatsanwaltschaft) Cologne has opened a Preliminary Investigation (Ermittlungsverfahren) against former and current employees of the Bank with regard to applications for refunds vis-à-vis the Central Federal Tax Authority. The Public Prosecutor (Staatsanwaltschaft) Munich has opened a Preliminary Investigation (Ermittlungsverfahren) with regard to withholding tax credits claimed in the corporate tax returns. In addition to that, HVB is in contact with foreign (tax) authorities insofar as potential consequences of transactions in domestic and foreign equities and equity derivatives are concerned. HVB has declared full cooperation with the Prosecutors and competent authorities in all of these cases.

German tax authorities have denied withholding tax credits in certain types of trades undertaken near dividend dates. The related questions on the tax treatment of such transactions have not been ruled out in higher German tax courts so far.

The impact of any review by the competent domestic and foreign (tax) authorities regarding above mentioned proprietary trades is currently open. In relation to the above-described transactions in domestic and foreign equities and equity derivatives, HVB could be subject to substantial tax and liability and interest claims in relation to these matters, as well as penalties, fines and profit claw backs, and/or other tax- or criminal- or administrative exposure. In addition HVB could be exposed to damage claims from third parties. HVB is in communication with its relevant regulators regarding these matters.

Lawsuit in connection with Primeo-linked notes

HVB issued several tranches of notes whose potential return was to be calculated by reference to the performance of a synthetic hypothetical investment in the Primeo fund. The nominal value of the notes issued by HVB is around € 27 million. Legal proceedings have been commenced in Germany in connection with the issuance of said Primeo-linked notes, which also named HVB as a defendant. One case has been decided in favor of HVB at first instance and one case in favor of HVB also at second instance; both rulings are not final and binding as of today. One case has been abandoned by the plaintiff.

Securitisation - financial guarantee

In 2011, a financial institution filed suit against HVB with regard to a securitisation transaction. The parties dispute the validity of an early termination notice served by HVB on the financial institution in question. In December 2012, the English Court decided that the transactions were still ongoing and thus still valid and binding upon HVB. HVB has appealed against this decision.

Insolvency of Landsbanki Islands

In 2008, HVB concluded money market deposit transactions with Iceland-based Landsbanki Islands, among others, which were duly settled. The Winding-up Board of Landsbanki had challenged in court the repayment of the money borrowed and sued HVB for payment of a middle double digit million euro sum. The competent court of first instance dismissed the claims; the ruling is not yet final and binding; a ruling of the appeal court is still pending.

Repo transactions

Two customers belonging to the same group of companies have filed claims against HVB with a total amount in dispute of € 491.4 million (plus interest). The dispute results from the termination of their repo-transactions with HVB. The claimants assert that the compensation paid by HVB to the clients following the clients' default was insufficient. In one out of two pending cases a decision was issued in first instance partially adverse to the Bank; the Bank appealed against the decision.

Legal proceedings relating to the restructuring of HVB

Numerous (former) minority shareholders filed suits challenging the resolutions of the Extraordinary Shareholders' Meeting of HVB on 25 October 2006 (resolutions of approval) approving the sale and transfer of the shares held by the Bank in Bank Austria Creditanstalt AG (Bank Austria) and in HVB Bank Ukraine to UniCredit S.p.A. and the shares held in Closed Joint Stock Company International Moscow Bank (IMB) (renamed as ZAO UniCredit Bank, Moscow in December 2007, but still referred to as IMB below) and in HVB Bank Latvia AS (later renamed as AS UniCredit Bank, Riga) to Bank Austria Creditanstalt AG, and the branches of the Bank in Vilnius and Tallinn to AS UniCredit Bank, Riga, asking the court to declare these resolutions null and void.

In a ruling dated 31 January 2008, Munich Regional Court I declared the resolutions of approval passed at the Extraordinary Shareholders' Meeting on 25 October 2006 null and void solely for formal reasons. The court did not decide on the issue of the allegedly inadequate purchase price paid for the purchased units. HVB has appealed against this ruling.

The resolutions passed by the Extraordinary Shareholders' Meeting of 25 October 2006 were confirmed at HVB's Annual General Meeting of Shareholders on 29 and 30 July 2008. Suits were filed against said confirmatory resolutions which are mainly based on a too low and inadequate consideration.

In a ruling dated 29 October 2008, Munich Higher Regional Court suspended the appeal against the suits challenging the resolutions of approval of the Extraordinary Shareholders' Meeting of HVB of 25 October 2006 until such time as a final court decision is passed on the suits challenging the confirmatory resolutions adopted during the Annual General Meeting of HVB on 29 and 30 July 2008. The suits against the resolutions adopted at the Annual General Meeting on 29 and 30 July 2008, including the suits against the confirmatory resolutions adopted at this meeting are currently pending at Munich Higher Regional Court.

Other regulatory proceedings

In March 2011 HVB received a subpoena from the New York District Attorney's Office ("NYDA") relating to historic transactions involving certain Iranian entities designated by the US Treasury Department Office of Foreign Assets Control ("OFAC") and their affiliates. In June 2012, the US Department of Justice ("DOJ") opened an investigation of OFAC-related compliance by HVB generally. HVB is cooperating with OFAC, the DOJ and the NYDA and is updating other relevant authorities as appropriate. Although HVB cannot at this time determine the form, extent or the timing of any resolution with the US authorities, the investigation costs, remediation required and/or payment or other legal liability incurred could have a material adverse effect on the net assets, operating results and/or cash flows of HVB in any particular period. In recent years, alleged violations of US sanctions have resulted in financial institutions paying substantial fines, penalties or settlements to the US authorities, depending on the individual circumstances of each case.

GENERAL INFORMATION

Documents on Display

Copies of the articles of association of HVB, the consolidated annual reports in respect of the fiscal years ended 31 December 2013 and 2012 of HVB, the unconsolidated annual financial statements of HVB in respect of the fiscal years ended 31 December 2012 and 2013 prepared in accordance with the German Commercial Code (*Handelsgesetzbuch*) will be available during usual business hours on any weekday (except Saturdays and public holidays) at the offices of HVB. For the life of this Registration Document, all documents incorporated by reference herein will be available for collection in the English language, free of charge, at the office of HVB (Arabellastraße 12, 81925 Munich).

Significant Changes in HVB Group's Financial Position and Trend Information

The performance of HVB Group will depend on the future development on the financial markets and the real economy in 2014 as well as other remaining imponderables. In this environment, HVB Group will continuously adapt its business strategy to reflect changes in market conditions and carefully review the management signals derived from this on a regular basis.

There has been (i) no significant change in the financial position of the HVB Group which has occurred since 31 December 2013, and (ii) no material adverse change in the prospects of the HVB Group since 31 December 2013, the date of its last published audited financial statements (Annual Report 2013).

Information incorporated by reference

The information "Audited consolidated financial statements at 31 December 2012" set out on pages F-1 to F-125 of the Registration Document of UniCredit Bank AG dated 17 May 2013 and the information "Audited unconsolidated financial statements (HGB) at 31 December 2012" set out on pages F-126 to F-185 of the Registration Document of UniCredit Bank AG dated 17 May 2013 are incorporated by reference into this Registration Document (see "General Information – Documents incorporated by reference").

Documents incorporated by reference

The following documents with respect to HVB shall be deemed to be incorporated in, and to form part of, this Registration Document. Parts of such documents which are not incorporated by express reference are not relevant for potential investors.

Audited consolidated financial statements at 31 December 2012	**Extracted from the Registration Document of HVB dated 17 May 2013**	**Inserted in this Registration Document on the following pages:**
- Financial Highlights	- p. F-1	- p. - 23 -
- Consolidated Income Statement	- p. F-2 to F-3	- p. - 23 -
- Consolidated Balance Sheet	- p. F-4 to F-5	- p. - 23 -
- Statement of Changes in Consolidated Shareholders' Equity	- p. F-6 to F-7	- p. - 23 -
- Consolidated Cash Flow Statement	- p. F-8 to F-9	- p. - 23 -
- Notes to the Consolidated Financial Statements	- p. F-10 to F-122	- p. - 23 -
- Auditors' Report	- p. F-125	- p. - 23 -
Audited unconsolidated financial statements (HGB) at 31 December 2012	**Extracted from the Registration Document of UniCredit Bank AG dated 17 May 2013**	**Inserted in this Registration Document on the following pages:**
- Income Statement	- p. F-126 to F-127	- p. - 23 -
- Balance Sheet	- p. F-128 to F-133	- p. - 23 -
- Notes	- p. F-134 to F-184	- p. - 23 -
- Auditors' Report	- p. F-185	- p. - 23 -

Copies of the documents which are (partly) incorporated herein by reference will be available, free of charge, at the office of HVB (Arabellastraße 12, 81925 Munich).

Financial Highlights

Key performance indicators

	2013	2012
Net operating income	€1,839m	€1,807m
Cost-income ratio (based on operating income)	63.6%	58.1%
Profit before tax	€1,458m	€2,058m
Consolidated profit	€1,074m	€1,287m
Return on equity before tax[1]	7.1%	9.2%
Return on equity after tax[1]	5.8%	5.8%
Earnings per share	€1.29	€1.55

Balance sheet figures

	31/12/2013	31/12/2012
Total assets	€290.0bn	€347.3bn
Shareholders' equity	€21.0bn	€23.3bn
Leverage ratio[2]	7.1%	6.6%

Key capital ratios compliant with Basel II

	31/12/2013	31/12/2012
Core capital without hybrid capital (core Tier 1 capital)	€18.4bn	€19.1bn
Core capital (Tier 1 capital)	€18.5bn	€19.5bn
Risk-weighted assets (including equivalents for market risk and operational risk)	€85.5bn	€109.8bn
Core capital ratio without hybrid capital (core Tier 1 ratio)[3]	21.5%	17.4%
Core capital ratio (Tier 1 ratio)[3]	21.6%	17.8%

	31/12/2013	31/12/2012
Employees (in FTEs)	19,092	19,247
Branch offices	933	941

1 return on equity calculated on the basis of average shareholders' equity according to IFRS
2 ratio of shareholders' equity shown in the balance sheet less intangible assets to total assets less intangible assets
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–	15/7/2013	Aaa	Aa1	8/6/2012
Standard & Poor's	A–	A-2	negative	bbb+	16/10/2013	AAA	—	4/3/2013
Fitch Ratings	A+	F1+	stable	a–	10/2/2014	AAA	AAA	22/11/2013/ 15/10/2013

Consolidated Income Statement

for the year ended 31 December 2013

Income/Expenses	NOTES	2013 € millions	2012 € millions	CHANGE € millions	CHANGE in %
Interest income		5,734	7,189	(1,455)	(20.2)
Interest expense		(2,822)	(3,725)	+ 903	(24.2)
Net interest	32	2,912	3,464	(552)	(15.9)
Dividends and other income from equity investments	33	117	147	(30)	(20.4)
Net fees and commissions	34	1,166	1,108	+ 58	+ 5.2
Net trading income	35	1,118	1,190	(72)	(6.1)
Net other expenses/income	36	327	141	+ 186	>+ 100.0
Payroll costs		(1,810)	(1,839)	+ 29	(1.6)
Other administrative expenses		(1,567)	(1,499)	(68)	+ 4.5
Amortisation, depreciation and impairment losses on intangible and tangible assets		(210)	(178)	(32)	+ 18.0
Operating costs	37	(3,587)	(3,516)	(71)	+ 2.0
Net write-downs of loans and provisions for guarantees and commitments	38	(214)	(727)	+ 513	(70.6)
Provisions for risks and charges	39	(222)	195	(417)	
Restructuring costs	40	(362)	(102)	(260)	>+ 100.0
Net income from investments	41	203	158	+ 45	+ 28.5
PROFIT BEFORE TAX		**1,458**	**2,058**	**(600)**	**(29.2)**
Income tax for the period	42	(384)	(771)	+ 387	(50.2)
PROFIT AFTER TAX		**1,074**	**1,287**	**(213)**	**(16.6)**
Impairment on goodwill	43	—	—	—	—
CONSOLIDATED PROFIT		**1,074**	**1,287**	**(213)**	**(16.6)**
attributable to the shareholder of UniCredit Bank AG		1,033	1,246	(213)	(17.1)
attributable to minorities		41	41	—	—

Earnings per share

(in €)

	NOTES	2013	2012
Earnings per share (undiluted and diluted)	44	1.29	1.55

Consolidated statement of total comprehensive income for the year ended 31 December 2013

(€ millions)

	2013	2012
Consolidated profit recognised in the income statement	**1,074**	**1,287**
Income and expenses recognised in other comprehensive income		
Income and expenses not to be reclassified to the income statement in future periods		
Actuarial profit/(loss) on defined benefit plans (pension commitments)	(75)	(586)
Assets held for sale	—	—
Other changes	—	—
Taxes on income and expenses not to be reclassified to the income statement in future periods	23	184
Income and expenses to be reclassified to the income statement in future periods		
Changes from foreign currency translation	(29)	(26)
Changes from companies accounted for using the equity method	—	—
Changes in valuation of financial instruments (AfS reserve)	47	245
Unrealised gains/(losses)	71	245
Gains/(losses) reclassified to the income statement	(24)	—
Changes in valuation of financial instruments (hedge reserve)	(1)	3
Unrealised gains/(losses)	—	—
Gains/(losses) reclassified to the income statement	(1)	3
Other changes	(57)	(49)
Taxes on income and expenses to be reclassified to the income statement in future periods	(16)	(68)
Total income and expenses recognised in equity under other comprehensive income	**(108)**	**(297)**
Total comprehensive income	**966**	**990**
of which:		
attributable to the shareholder of UniCredit Bank AG	948	1,004
attributable to minorities	18	(14)

Consolidated Balance Sheet

at 31 December 2013

Assets

	NOTES	2013 € millions	2012 € millions	CHANGE € millions	CHANGE in %
Cash and cash balances	45	10,626	15,655	(5,029)	(32.1)
Financial assets held for trading	46	91,301	131,017	(39,716)	(30.3)
Financial assets at fair value through profit or loss	47	29,712	24,282	+ 5,430	+ 22.4
Available-for-sale financial assets	48	4,576	5,482	(906)	(16.5)
Investments in associates and joint ventures	49	71	65	+ 6	+ 9.2
Held-to-maturity investments	50	217	261	(44)	(16.9)
Loans and receivables with banks	51	35,312	36,320	(1,008)	(2.8)
Loans and receivables with customers	52	109,589	122,212	(12,623)	(10.3)
Hedging derivatives	54	1,053	3,262	(2,209)	(67.7)
Hedge adjustment of hedged items					
in the fair value hedge portfolio		67	193	(126)	(65.3)
Property, plant and equipment	55	2,913	3,013	(100)	(3.3)
Investment properties	56	1,456	1,557	(101)	(6.5)
Intangible assets	57	518	540	(22)	(4.1)
of which: goodwill		418	418	—	—
Tax assets		1,654	2,098	(444)	(21.2)
Current tax assets		431	370	+ 61	+ 16.5
Deferred tax assets		1,223	1,728	(505)	(29.2)
Non-current assets or disposal groups held for sale	58	154	70	+ 84	>+ 100.0
Other assets	59	799	1,258	(459)	(36.5)
Total assets		**290,018**	**347,285**	**(57,267)**	**(16.5)**

Liabilities

	NOTES	2013 € millions	2012 € millions	CHANGE € millions	in %
Deposits from banks	61	47,839	45,216	+ 2,623	+ 5.8
Deposits from customers	62	107,850	110,268	(2,418)	(2.2)
Debt securities in issue	63	31,804	35,863	(4,059)	(11.3)
Financial liabilities held for trading	64	73,535	121,501	(47,966)	(39.5)
Hedging derivatives	65	373	1,386	(1,013)	(73.1)
Hedge adjustment of hedged items					
in the fair value hedge portfolio	66	1,646	2,858	(1,212)	(42.4)
Tax liabilities		906	1,581	(675)	(42.7)
Current tax liabilities		700	893	(193)	(21.6)
Deferred tax liabilities		206	688	(482)	(70.1)
Liabilities of disposal groups held for sale	67	4	20	(16)	(80.0)
Other liabilities	68	3,083	3,375	(292)	(8.7)
Provisions	69	1,969	1,948	+ 21	+ 1.1
Shareholders' equity	70	21,009	23,269	(2,260)	(9.7)
Shareholders' equity attributable to the					
shareholder of UniCredit Bank AG		20,962	22,475	(1,513)	(6.7)
Subscribed capital		2,407	2,407	—	—
Additional paid-in capital		9,791	9,791	—	—
Other reserves		7,920	7,759	+ 161	+ 2.1
Changes in valuation of financial instruments		88	56	+ 32	+ 57.1
AfS reserve		63	30	+ 33	>+ 100.0
Hedge reserve		25	26	(1)	(3.8)
Consolidated profit		756	2,462	(1,706)	(69.3)
Minority interest		47	794	(747)	(94.1)
Total shareholders' equity and liabilities		**290,018**	**347,285**	**(57,267)**	**(16.5)**

The profit available for distribution disclosed in the separate financial statements of UniCredit Bank AG (= consolidated profit of HVB Group), which forms the basis for the appropriation of profit, amounts to €756 million. We will propose to the Shareholders' Meeting that a dividend of €756 million be paid to UniCredit S.p.A. (UniCredit), Rome, Italy. This represents a dividend of around €0.94 per share after around €3.07 in 2012.

Statement of Changes in Consolidated Shareholders' Equity

	SUBSCRIBED CAPITAL	ADDITIONAL PAID-IN CAPITAL	OTHER RESERVES: TOTAL OTHER RESERVES	OTHER RESERVES: OF WHICH: PENSIONS AND SIMILAR OBLIGATIONS (IAS 19)
Shareholders' equity at 1/1/2012	**2,407**	**9,791**	**9,389**	**(197)**
Consolidated profit recognised in the consolidated income statement	**—**	**—**	**—**	**—**
Total income and expenses recognised				
in equity under other comprehensive income[3]	**—**	**—**	**(410)**	**(402)**
Changes in valuation of financial instruments not affecting income	—	—	—	—
Changes in valuation of financial instruments affecting income	—	—	—	—
Actuarial losses on defined benefit plans	—	—	(402)	(402)
Reserve arising from foreign currency translation	—	—	(11)	—
Other changes	—	—	3	—
Total other changes in equity	**—**	**—**	**(1,220)**	**—**
Dividend payouts	—	—	—	—
Transfers to consolidated profit	—	—	(1,216)	—
Changes in group of consolidated companies	—	—	(4)	—
Shareholders' equity at 31/12/2012	**2,407**	**9,791**	**7,759**	**(599)**
Shareholders' equity at 1/1/2013	**2,407**	**9,791**	**7,759**	**(599)**
Consolidated profit recognised in the consolidated income statement	**—**	**—**	**—**	**—**
Total income and expenses recognised				
in equity under other comprehensive income[3]	**—**	**—**	**(117)**	**(52)**
Changes in valuation of financial instruments not affecting income	—	—	—	—
Changes in valuation of financial instruments affecting income	—	—	—	—
Actuarial losses on defined benefit plans	—	—	(52)	(52)
Reserve arising from foreign currency translation	—	—	(8)	—
Other changes	—	—	(57)	—
Total other changes in equity	**—**	**—**	**278**	**3**
Dividend payouts	—	—	—	—
Transfers to consolidated profit	—	—	277	—
Changes in group of consolidated companies	—	—	1	3
Shareholders' equity at 31/12/2013	**2,407**	**9,791**	**7,920**	**(648)**

1 The Shareholders' Meeting 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 of common stock.
The Shareholders' Meeting of 7 May 2013 resolved to distribute the 2012 consolidated profit in the amount of €2,462 million as a dividend to our sole shareholder, UniCredit S.p.A. (UniCredit), Rome, Italy. This represents a dividend of around €3.07 per share of common stock.
2 UniCredit Bank AG (HVB)
3 see Consolidated statement of total comprehensive income

(€ millions)

	CHANGE IN VALUATION OF FINANCIAL INSTRUMENTS: AFS RESERVE	CHANGE IN VALUATION OF FINANCIAL INSTRUMENTS: HEDGE RESERVE	CONSOLIDATED PROFIT[1]	TOTAL SHAREHOLDERS' EQUITY ATTRIBUTABLE TO THE SHAREHOLDER OF HVB[2]	MINORITY INTEREST	TOTAL SHAREHOLDERS' EQUITY
	(134)	**22**	**1,017**	**22,492**	**826**	**23,318**
	—	**—**	**1,246**	**1,246**	**41**	**1,287**
	164	**4**	**—**	**(242)**	**(55)**	**(297)**
	165	—	—	165	12	177
	(1)	4	—	3	—	3
	—	—	—	(402)	—	(402)
	—	—	—	(11)	(15)	(26)
	—	—	—	3	(52)	(49)
	—	**—**	**199**	**(1,021)**	**(18)**	**(1,039)**
	—	—	(1,017)	(1,017)	(32)	(1,049)
	—	—	1,216	—	—	—
	—	—	—	(4)	14	10
	30	**26**	**2,462**	**22,475**	**794**	**23,269**
	30	**26**	**2,462**	**22,475**	**794**	**23,269**
	—	**—**	**1,033**	**1,033**	**41**	**1,074**
	33	**(1)**	**—**	**(85)**	**(23)**	**(108)**
	52	—	—	52	1	53
	(19)	(1)	—	(20)	(3)	(23)
	—	—	—	(52)	—	(52)
	—	—	—	(8)	(21)	(29)
	—	—	—	(57)	—	(57)
	—	**—**	**(2,739)**	**(2,461)**	**(765)**	**(3,226)**
	—	—	(2,462)	(2,462)	(32)	(2,494)
	—	—	(277)	—	—	—
	—	—	—	1	(733)	(732)
	63	**25**	**756**	**20,962**	**47**	**21,009**

Consolidated Cash Flow Statement

for the year ended 31 December 2013

(€ millions)

	2013	2012
Consolidated profit	**1,074**	**1,287**
Write-downs, provisions for losses on, and write-ups of,		
loans and receivables and additions to provisions for losses on guarantees and indemnities	285	788
Write-downs and depreciation less write-ups on non-current assets	180	266
Change in other non-cash positions	(2,251)	(669)
Profit from the sale of investments, property, plant and equipment	(82)	(223)
Other adjustments (net interest and dividend income from the income statement, taxes on income paid)	(2,380)	(3,399)
Subtotal	**(3,174)**	**(1,950)**
Change in assets and liabilities from operating activities after correction for non-cash components		
Increase in assets/decrease in liabilities (–)		
Decrease in assets/increase in liabilities (+)		
Financial assets held for trading	(8,089)	7,823
Loans and receivables with banks	992	7,900
Loans and receivables with customers	11,768	13,309
Other assets from operating activities	599	118
Deposits from banks	2,723	(12,372)
Deposits from customers	(2,580)	2,960
Debt securities in issue	(3,427)	(5,657)
Other liabilities from operating activities	(3,703)	(3,677)
Taxes on income paid	(588)	(54)
Interest received	5,792	7,130
Interest paid	(3,000)	(4,021)
Dividends received	99	170
Cash flows from operating activities	**(2,588)**	**11,679**
Proceeds from the sale of investments	2,565	4,992
Proceeds from the sale of property, plant and equipment	233	151
Payments for the acquisition of investments	(1,644)	(2,357)
Payments for the acquisition of property, plant and equipment	(235)	(343)
Effects of the change in the group of companies included in consolidation	72	(6)
Effect of the disposal of discontinued operations	—	—
Cash flows from investing activities	**991**	**2,437**

(€ millions)

	2013	2012
Change in additional paid-in capital	—	—
Dividend payments	(2,462)	(1,017)
Issue of subordinated liabilities	6	38
Repayment/buyback of subordinated liabilities and hybrid capital	(810)	(1,256)
Other financing activities (debt, fund for general banking risks) (+)	—	—
Other financing activities (debt, fund for general banking risks) (-)	(166)	(493)
Cash flows from financing activities	**(3,432)**	**(2,728)**
Cash and cash equivalents at end of previous period	**15,655**	**4,267**
Net cash provided/used by operating activities	**(2,588)**	**11,679**
Net cash provided/used by investing activities	**991**	**2,437**
Net cash provided/used by financing activities	**(3,432)**	**(2,728)**
Effects of exchange rate changes	—	—
Less non-current assets or disposal groups held for sale and discontinued operations	—	—
Cash and cash equivalents at end of period	**10,626**	**15,655**

Notes to the Consolidated Financial Statements

for the period from 1 January 2013 to 31 December 2013

Consolidated financial statements in accordance with IFRS
UniCredit Bank AG (HVB) is a universal bank with its registered office and principal place of business in Kardinal-Faulhaber-Straße 1, Munich, Germany. HVB is an affiliated company of UniCredit S.p.A., Rome, Italy (ultimate parent company).

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

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) pursuant to EU Commission Regulation 1606/2002 of the European Parliament and of the Council of 19 July 2002 together with further regulations regarding the adoption of certain IFRS within the framework of the EU endorsement in conjunction with Section 315a (1) of the German Commercial Code (Handelsgesetzbuch – HGB) as non-exempt consolidated financial statements compliant with Section 4 of the IAS-VO Regulation. The present consolidated financial statements were prepared by the Management Board on 24 February 2014 and adopted by the Supervisory Board on 7 March 2014. Besides the standards defined as IFRS, the IFRS also comprise the existing International Accounting Standards (IAS) together with the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) and the former Standing Interpretations Committee (SIC), respectively. All the standards and interpretations subject to mandatory adoption in the EU for the 2013 financial year have been applied. Section 315a HGB also contains national regulations to be applied alongside the IFRS by capital-market-oriented companies.

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

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

Compliant with Section 264b HGB, the following companies are exempted from the obligation to prepare a management report and publish their annual financial statements:
– A & T-Projektentwicklungs GmbH & Co. Potsdamer Platz Berlin KG, Munich
– Acis Immobilien- und Projektentwicklungs GmbH & Co. Oberbaum City KG, Grünwald
– Acis Immobilien- und Projektentwicklungs GmbH & Co. Parkkolonnaden KG, Grünwald
– Acis Immobilien- und Projektentwicklungs GmbH & Co. Stuttgart Kronprinzstraße KG, Grünwald
– BIL Immobilien Fonds GmbH & Co Objekt Perlach KG, Munich
– BV Grundstücksentwicklungs-GmbH & Co. Verwaltungs KG, Munich
– Delpha Immobilien- und Projektentwicklungs GmbH & Co. Großkugel Bauabschnitt Alpha Management KG, Munich
– Delpha Immobilien- und Projektentwicklungs GmbH & Co. Großkugel Bauabschnitt Beta Management KG, Munich
– Delpha Immobilien- und Projektentwicklungs GmbH & Co. Großkugel Bauabschnitt Gamma Management KG, Munich
– Grundstücksgesellschaft Simon beschränkt haftende Kommanditgesellschaft, Munich
– H & B Immobilien GmbH & Co. Objekte KG, Munich
– HAWA Grundstücks GmbH & Co. oHG Hotelverwaltung, Munich
– HAWA Grundstücks GmbH & Co. oHG Immobilienverwaltung, Munich
– HVB Gesellschaft für Gebäude mbH & Co. KG, Munich
– HVZ GmbH & Co. Objekt KG, Munich

– Hypo-Bank Verwaltungszentrum GmbH & Co. KG Objekt Arabellastraße, Munich
– HYPO-REAL Haus- und Grundbesitz Gesellschaft mbH & Co. Immobilien-Vermietungs KG, Munich
– Ocean Breeze Energy GmbH & Co. KG, Munich
– Omnia Grundstücks-GmbH & Co. Objekt Eggenfeldener Straße KG, Munich
– Omnia Grundstücks-GmbH & Co. Objekt Haidenauplatz KG, Munich
– Othmarschen Park Hamburg GmbH & Co. Centerpark KG, Munich
– Othmarschen Park Hamburg GmbH & Co. Gewerbepark KG, Munich
– Portia Grundstücks-Verwaltungsgesellschaft mbH & Co. Objekt KG, Munich
– Salvatorplatz-Grundstücksgesellschaft mbH & Co. oHG Saarland, Munich
– Salvatorplatz-Grundstücksgesellschaft mbH & Co. OHG Verwaltungszentrum, Munich
– SOLARIS Verwaltungsgesellschaft mbH & Co. Vermietungs KG, Munich
– Solos Immobilien- und Projektentwicklungs GmbH & Co. Sirius Beteiligungs KG, Munich
– TERRENO Grundstücksverwaltung GmbH & Co. Entwicklungs- und Finanzierungsvermittlungs KG, Munich
– TRICASA Grundbesitz Gesellschaft mbH & Co. 1. Vermietungs KG, Munich
– Vermietungsgesellschaft mbH & Co. Objekt MOC KG, Düsseldorf

Compliant with Section 264 (3) HGB, the following companies are exempted from the obligation to prepare a management report and publish their annual financial statements:
– Argentaurus Immobilien-Vermietungs- und Verwaltungs GmbH, Munich
– BV Grundstücksentwicklungs-GmbH, Munich
– CUMTERRA Gesellschaft für Immobilienverwaltung mbH, Munich
– HVB Capital Partners AG, Munich
– HVB Immobilien AG, Munich
– HVB Principal Equity GmbH, Munich
– HVB Profil Gesellschaft für Personalmanagement mbH, Munich
– HVB Projekt GmbH, Munich
– HVB Tecta GmbH, Munich
– HVB Verwa 4.4 GmbH, Munich
– Interra Gesellschaft für Immobilienverwaltung mbH, Munich
– MERKURHOF Grundstücksgesellschaft mit beschränkter Haftung, Munich
– MILLETERRA Gesellschaft für Immobilienverwaltung mbH, Munich
– NF Objekt FFM GmbH, Munich
– NF Objekt München GmbH, Munich
– NF Objekte Berlin GmbH, Munich
– Orestos Immobilien-Verwaltungs GmbH, Munich
– RHOTERRA Gesellschaft für Immobilienverwaltung mbH, Munich
– Selfoss Beteiligungsgesellschaft mbH, Grünwald
– Spree Galerie Hotelbetriebsgesellschaft mbH, Munich
– Status Vermögensverwaltung GmbH, Schwerin
– Transterra Gesellschaft für Immobilienverwaltung mbH, Munich
– UniCredit Direct Services GmbH, Munich
– Verwaltungsgesellschaft Katharinenhof m.b.H., Munich

Accounting and Valuation

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

2 Consistency
In accordance with the IFRS Framework together with IAS 1 and IAS 8, we apply the accounting and disclosure principles consistently from one period to the next. Where significant accounting and valuation errors from earlier periods are corrected, the amounts involved are adjusted retroactively. Where retroactive adjustment is not possible in exceptional circumstances, the amounts involved are adjusted against retained earnings. Where we effect changes in accounting policies, any resulting adjustments are similarly recognised retrospectively.

With regard to the requirement to offset deferred tax assets and liabilities, the Bank has decided to adopt what is now the predominant opinion and changed the accounting method it applies in this context (IAS 8.14). Deferred tax assets are offset with deferred tax liabilities of €751 million for the first time in 2013 accordingly. The prior year figures have been adjusted. The amount disclosed for deferred tax assets and liabilities has declined by the balance of €751 million accordingly (2012: €1,015 million). This decision has no impact on the income statement. The change of accounting method helps to increase the transparency of the annual financial statements as the assets and liabilities are more accurately presented.

In addition, we carried out an adjustment in accordance with IAS 8.41 in the reporting period to reclassify income of €60 million (2012: €55 million) recorded by a subsidiary from fee and commission income to interest income, as the commissions in question are interest income by their nature.

Furthermore, an error from earlier periods was corrected during the reporting period, for which IAS 8.43 requires the previous-year figures to be adjusted retroactively. This relates to two matters: the measurement of the liability to be recognised on a potential obligation to purchase the shares in three consolidated companies that should be taken to the income statement and the valuation of real estate held by these three companies on which impairment losses should be recognised. For simplification and materiality reasons, we have not adjusted the previous-year figures; the effect is recognised in retained earnings instead. Consequently, we have reduced retained earnings by €57 million overall; this effect is shown under other changes in other reserves in 2013 in the statement of changes in consolidated shareholders' equity. The retroactive impairment losses for the previous years are carried under other disposals in the analysis of investment properties in 2013 accordingly (see Note 56).

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

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

The following matters in particular are affected by estimates, assumptions and discretionary decisions:
– Measurement of goodwill: The multi-year plan drawn up by the Bank forms the main basis for the impairment test for goodwill. The multi-year plan contains forecasts of future trends in terms of both the Bank's respective business units and macroeconomic developments. This means that the impairment test for goodwill is also subject to estimates, assumptions and discretionary decisions.
– Determination of loan-loss allowances:
  Specific allowances: These represent the difference between the estimated, discounted expected future cash inflows and the carrying amount. This means that, to determine the loan-loss allowances, assumptions and forecasts must be made regarding the payments that may still be received from the borrower and/or proceeds from the realisation of the collateral.
  Portfolio allowances: Portfolio allowances are determined on the basis of the Bank's credit portfolio model described in the Risk Report. This internal model similarly draws on forecasts and assumptions which are thus relevant for the measurement of the portfolio allowance.

– Determination of fair values: The Bank employs internal models to determine the fair value of financial instruments for which no price is available on an active market. The application of these internal models presupposes assumptions and forecasts, among other things, the scope of which depends on the complexity of the financial instrument involved.
– Provisions are recognised for present or future obligations to cover the payments required to settle these obligations. In this context, it is necessary to estimate the amount of these expenses or costs and also the date at which the liabilities are expected to be settled. This involves making assumptions regarding the actual amount of the costs occuring and, in the case of long-term provisions, also estimating possible cost increases up until the settlement date. If the settlement date is more than one year in the future, the forecast expenses and costs are discounted over the period until the liability is settled.
– Deferred tax assets and liabilities: Apart from a few exceptions defined in the standard, deferred tax assets and liabilities are recognised for all temporary differences between the values stated in accordance with IFRS and the values stated for tax-reporting purposes (liability method). Accounting and valuation are performed in accordance with IAS 12 on the basis of local tax regulations that are expected to apply to the period when an asset is realised or a liability is settled. The regulations and applicable local tax rates are assumed that are enacted or substantively enacted at the reporting date. Deferred tax assets are not recognised to the extent that is seems unlikely that sufficient taxable profit will be available in future periods. Furthermore, deferred tax assets are recognised for unused tax losses carried forward and unused tax credits to the extent that recoverability is demonstrated. This is done on the basis of a five-year plan for HVB Group, which is subject to segment-specific and macroeconomic assumptions and takes account of local tax regulations. Appropriate haircuts are applied in the multi-year plan. Estimation uncertainties are inherent.
– Share-based compensation: Assumptions must similarly be made to determine the cost of share-based compensation programmes. The costs for the instruments to be transferred are amortised over the vesting period or the beneficiaries' claims expire if they leave UniCredit first. This makes it necessary to forecast what proportion of employees will leave UniCredit during the vesting period. At the same time, the shares granted must be measured at fair value at the grant date. The comments made above regarding the determination of fair values are applicable analogously.
– Property, plant and equipment: These assets are depreciated over their useful lives. Since the useful life is not independent of the usage of the actual asset in question, it must be estimated in light of the circumstances in each case.
– Intangible assets: With the exception of goodwill, intangible assets are amortised over their useful life. Here, too, suitable assumptions must be made to estimate the useful life.
– Investment properties: These assets are depreciated over the useful life of the property, meaning that a forecast is also required here.

HVB Group reviews the estimated useful lives of property, plant and equipment once a year, adjusting them as appropriate should the expectations differ from earlier estimates. The useful lives of individual buildings in our real estate holdings were adjusted during the reporting period. The extension of the depreciation period arising from the modified estimate for reporting purposes more accurately reflects the actual loss of value of the property, plant and equipment, allowing for depreciation that was €15 million lower to be recognised in the consolidated income statement in the reporting period. Assuming that the assets concerned are held through to the end of the anticipated useful life, the remaining volume of depreciation will be distributed over the longer useful life with lower annual depreciation amounts in subsequent periods. An analysis of property, plant and equipment can be found in Note 55, Property, plant and equipment.

Apart from this, the accounting, valuation and disclosure principles applied in 2013 are the same as those applied in the consolidated financial statements for 2012, with the exception of the new IFRS rules to be applied as described in Note 3 below.

3 Initial adoption of new IFRS accounting rules

The following standards adopted or revised by the IASB were subject to initial adoption in the 2013 financial year:
– IFRS 13 "Fair Value Measurement"
– Amendments to IFRS 7 "Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities"
– Amendments to IAS 1 "Presentation of Financial Statements – Other Comprehensive Income"
– Amendments to IAS 12 "Deferred Tax: Recovery of Underlying Assets"
– Amendments to IAS 19 "Employee Benefits"
– "Annual Improvements to IFRSs 2009-2011 Cycle"

The new IFRS 13 "Fair Value Measurement" brings together and harmonises the provisions used to determine the fair value, which were previously found in various standards. In addition, the relevant disclosures in the notes have been harmonised and expanded (see Notes 76 and 77).

Accounting and Valuation (Continued)

The amendments to IFRS 7 “Offsetting Financial Assets and Financial Liabilities” give rise to new disclosure requirements regarding financial assets and liabilities offset in the balance sheet or for certain offsetting agreements for financial instruments, which are shown in Note 78 “Disclosures regarding the offsetting of financial assets and liabilities”.

In accordance with the amendment to IAS 1 “Other Comprehensive Income”, disclosures have been added to the items in other comprehensive income indicating whether these items can be recycled to the income statement in the future or whether they will permanently remain in other comprehensive income and not taken to the income statement.

Among other things, the corridor approach used to recognise actuarial gains and losses is no longer permitted under the amendment to IAS 19 “Employee Benefits”. Instead, such effects are to be recognised in shareholders’ equity (other comprehensive income). This does not have any impact on HVB Group as we have always used this approach. The further amendments and expanded disclosure requirements have been incorporated in the disclosures regarding pension provisions (see Notes 24 and 69).

The further amendments to individual IFRS standards (IAS 12; Annual Improvements to IFRSs 2009-2011 Cycle) subject to mandatory adoption have little or no effect on HVB Group.

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

As permitted, we have decided against the early voluntary adoption of the standards and interpretations adopted or revised by the IASB, which only become the subject of mandatory adoption for the 2014 financial year or thereafter. The Bank will apply these standards and interpretations in the financial year in which the new provisions in question become applicable for EU-based enterprises for the first time.

The EU has adopted the following into European law:

- IFRS 10 “Consolidated Financial Statements”
  IFRS 11 “Joint Arrangements”
  IFRS 12 “Disclosures of Interests in Other Entities”
  IAS 27 “Separate Financial Statements” (revised version)
  IAS 28 “Investments in Associates and Joint Ventures” (revised version)
  Amendments to the consolidation standards IFRS 10, IFRS 11 and IFRS 12 – “Transition Guidance”
  The provisions are subject to mandatory adoption by EU-based enterprises for reporting periods beginning on or after 1 January 2014.
- Amendments to the consolidation standards IFRS 10, IFRS 12 and IAS 27 – “Investment Entities”. The consolidation provisions for investment entities are subject to mandatory adoption for reporting periods beginning on or after 1 January 2014.
- Amendments to IAS 32 “Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities”. The provisions are subject to mandatory adoption for reporting periods beginning on or after 1 January 2014.
- Amendments to IAS 36 “Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Assets”. The provisions are subject to mandatory adoption for reporting periods beginning on or after 1 January 2014.
- Amendments to IAS 39 “Financial Instruments – Novation of Derivatives and Continuation of Hedge Accounting”. The provisions are subject to mandatory adoption for reporting periods beginning on or after 1 January 2014.

The EU has not yet adopted the following into European law:

- IFRS 9 “Financial Instruments (2013) – Hedge Accounting and amendments to IFRS 9, IFRS 7 and IAS 39”. The provisions are subject to mandatory adoption for reporting periods beginning on or after 1 July 2018.
- Amendments to IAS 19 “Employee Benefits – Defined Benefit Plans: Employee Contributions”. The provisions are subject to mandatory adoption for reporting periods beginning on or after 1 July 2014.
- IFRIC Interpretation 21 “Levies”. The provisions are subject to mandatory adoption for reporting periods beginning on or after 1 January 2014.
- “Annual Improvements to IFRSs 2010-2012 Cycle”. These minor amendments and corrections to various existing standards are subject to mandatory adoption for reporting periods beginning on or after 1 July 2014.
- “Annual Improvements to IFRSs 2011-2013 Cycle”. These minor amendments and corrections to various existing standards are subject to mandatory adoption for reporting periods beginning on or after 1 July 2014.

The new IFRS 9 “Financial Instruments”, only part of which has so far been published by the IASB and which has not yet been transformed into European law by the EU, will have a significant impact on the presentation and management of financial instruments. The effects are still being analysed. The definitive IFRS 9 is subject to mandatory adoption for reporting periods beginning on or after 1 January 2018.

The consolidation provisions are revised by the new IFRS 10, IFRS 11 and IFRS 12 and the associated amendments to IAS 27 and IAS 28, which are subject to mandatory adoption in the EU as of 1 January 2014.

IFRS 10 “Consolidated Financial Statements” replaces SIC 12 “Consolidation: Special Purpose Entities” and parts of IAS 27 “Consolidated and separate financial statements/Separate Financial Statements”, which has been renamed and the content of which has been revised.

IFRS 10 creates a common definition of control that replaces the concept of the majority of the risks and rewards contained in SIC 12. The standard lists three criteria for the control of an entity: the parent company must have power over the entity; it must be exposed to variable returns from the entity; and it must be able to use its power to affect the amount of the variable returns. The definition of control is applicable in the future irrespective of the type of financial relationship between parent company and subsidiary.

The initial adoption of IFRS 10 at 1 January 2014 will lead to minor changes in the group of companies included in consolidation. Some investment funds for which the ability of HVB to affect the variable returns implies control will now be consolidated. Some loans will be consolidated under IFRS 10 in the future, where HVB is the only party to receive material variable returns and has the power to affect these returns. The initial adoption of IFRS 10 will not give rise to any material changes in the group of companies included in consolidation among the operating subsidiaries and the special purpose entities previously consolidated in accordance with SIC 12. All in all, the impact of IFRS 10 on the group of companies included in consolidation will be insignificant for the consolidated financial statements of HVB Group.

IFRS 11 revises the provisions regarding the consolidation of joint ventures. The standard replaces IAS 31 “Interests in Joint Ventures” and SIC 13 “Jointly Controlled Entities – Non-Monetary Contributions by Venturers” and the content of IAS 28 “Investments in Associates and Joint Ventures” has been amended. IFRS 11 places more emphasis on the rights and obligations of the parties than the legal structure of the agreement for the classification of joint ventures and eliminates the option to consolidate joint ventures using the proportionate method. The initial adoption of IFRS 11 at 1 January 2014 will not lead to any changes in the consolidated financial statements. The group of consolidated companies does not include any companies for which the proportionate consolidation method is applied and joint ventures are insignificant for the corporate group.

IFRS 12 requires much more extensive disclosures regarding subsidiaries, joint ventures, associates and non-consolidated structured units in the consolidated financial statements than IAS 27, IAS 28 and IAS 31. The greater disclosure requirements will have an impact on the notes to the consolidated financial statements of HVB Group at 31 December 2014.

We do not expect the remaining amended standards to be applied in the future to have any significant effects on the consolidated financial statements.

5 Companies included in consolidation

The group of companies included in consolidation by HVB Group encompasses 164 (2012: 169) subsidiaries. The group of consolidated companies also includes 45 (2012: 25) companies and fund assets which SIC 12 requires to be consolidated as special purpose entities.

The group of companies included in consolidation has been defined taking into account materiality criteria. In addition, smaller companies that are below the materiality thresholds have also been consolidated on account of the rules defined by the supervisory authorities that regulate UniCredit. In order to avoid coordination and reconciliation problems, we have decided to gradually expand the group of companies included in consolidation. The fully consolidated subsidiaries prepared their annual financial statements for the period ending 31 December 2013.

The following companies have different year-end dates:

– Grand Central Funding Corporation, New York	31 May
– Kinabalu Financial Products LLP, London	30 November
– Kinabalu Financial Solutions Limited, London	30 November

When the consolidated financial statements are being prepared, interim financial statements are prepared at the corporate year-end date for all these companies.

Accounting and Valuation (Continued)

No financial statements at 31 December 2013 were available for the associated companies listed below valued using the equity method when the consolidated financial statements were prepared. The following financial statements were used for valuation using the equity method:

– Adler Funding LLC, Dover	30 September 2013
– Bulkmax Holding Ltd., Valetta	30 September 2013
– Comtrade Group B. V., Amsterdam	30 November 2013
– Martur Sünger ve Koltuk Tesisleri Ticaret ve Sanayi A.S., Istanbul	30 November 2013
– SwanCap Partners GmbH, Munich	30 November 2013

There were no significant events at these companies between the date when the above financial statements were prepared and 31 December 2013 that could have an impact on the assets, liabilities, financial position, and profit or loss.

The financial statements at 30 September 2013 adjusted for a capital increase paid into the company in October 2013 was used to value the associated company Nautilus Tankers Limited, Valletta, which is valued using the equity method. There were no further significant events at Nautilus Tankers Limited, Valletta, apart from this capital increase.

The group of consolidated companies does not include any companies for which the proportionate consolidation method is applied.

In 2013, the following companies were newly added to the group of companies included in consolidation at HVB Group:
- Elektra Purchase No. 31 Ltd., Dublin
- Elektra Purchase No. 911 Ltd., St. Helier
- Geldilux TS 2013 S.A., Luxembourg
- Pure Funding No. 10 Ltd., Dublin
- Vermietungsgesellschaft mbH & Co. Objekt MOC KG, Munich

The two special purpose entities (Geldilux TS 2013 S.A., Luxembourg, and Pure Funding No. 10 Ltd., Dublin) are new entities that have entered into their assets (receivables) and liabilities (notes issued) at normal market terms and conditions. Thus, the carrying amounts correspond to the fair values upon addition or at the date of initial consolidation, meaning that it is not necessary to carry out a remeasurement in line with the application of IFRS 3.

The BARD Group comprises the following companies consolidated for the first time:
- Alexanda GV GmbH & Co. Vermietungs KG, Wiesbaden
- BARD Building GmbH & Co. KG, Emden
- BARD Emden Energy GmbH & Co. KG, Emden
- BARD Engineering GmbH, Emden
- BARD Holding GmbH, Emden
- BARD Logistik GmbH, Emden
- BARD Nearshore Hooksiel GmbH, Emden
- BARD Phönix Verwaltungs GmbH, Emden
- BARD Schiffsbetriebsgesellschaft mbH & Co. Natalie KG, Emden
- BARD Service GmbH, Emden
- Buitengaats Holding B. V., Eemshaven
- Cuxhaven Steel Construction GmbH, Cuxhaven
- OSI Off-shore Service Invest GmbH, Hamburg
- OWS Logistik GmbH, Emden
- OWS Natalia Bekker GmbH & Co. KG, Emden
- OWS Ocean Zephyr GmbH & Co. KG, Emden
- OWS Off-shore Wind Solutions GmbH, Emden
- OWS Windlift 1 Charter GmbH & Co. KG, Emden

The Bank is merely a creditor of these companies and does not hold any direct participating interests, so the requirements for consolidation as a subsidiary compliant with IAS 27 are not met. Up until now, the BARD Group's operations involved manufacturing wind farms, meaning that it did not satisfy the criteria for classification as a special purpose entity in the sense of SIC 12. The BARD Group essentially acted as a manufacturer of offshore wind farms and constructed the BARD Offshore 1 wind farm on behalf of Ocean Breeze Energy GmbH & Co. KG, a fully consolidated subsidiary of HVB. At the same time, the group carried out a number of smaller orders and obtained licences for further offshore wind farms in order to lay the foundation for constructing other offshore wind farms. As a result of the unfavourable market conditions, the BARD Group failed to acquire any additional orders for offshore wind farms.

The BARD Group discontinued its operating activities at year-end following the handover of the wind farm to Ocean Breeze Energy GmbH & Co. KG. The group is currently being restructured:

– A service group is being set up to ensure repair and maintenance of the wind farm for Ocean Breeze Energy GmbH & Co. KG following the handover; this service group will work exclusively for Ocean Breeze Energy GmbH & Co. KG over the coming years.
– The remaining BARD companies will be the subject of voluntary liquidation.

Following discontinuation of the BARD Group's operating activities at year-end and in light of the restructuring programme, the companies of the BARD Group meet the definition of a special purpose entity in the sense of SIC 12. The companies now pursue one, narrowly defined objective: voluntary liquidation and, in the case of the service group, the repair and maintenance of the wind farm owned by Ocean Breeze Energy GmbH & Co. KG.

In light of the economic difficulties facing the BARD Group, a majority of the economic opportunities and risks resides with the Bank as the dominant creditor, meaning that the companies of the BARD Group (with the exception of insignificant companies) were fully consolidated for the first time at year-end compliant with SIC 12.

The BARD Group represents a business as defined in IFRS 3, meaning that IFRS 3 is applicable. The BARD Group was acquired at 31 December 2013, as described above. Full consolidation encompasses the balance sheet of the BARD Group at 31 December 2013 accordingly; the income statement has not been consolidated as it relates to the period prior to the consolidation date.

Accordingly, the credit extended by HVB to the BARD Group represents the consideration for the acquisition of the BARD Group. The BARD Group is not in a position to service its obligations arising from the credit extended in full on account of the economic difficulties it faces. All relevant matters were taken into account when measuring the loan-loss provisions, meaning that the fair value corresponds to the carrying amount of €123 million after loan-loss provisions. The fair value of the net assets of the acquired BARD Group amounts to €110 million, which breaks down as follows:

Assets (without receivables from HVB consolidated in the consolidated financial statements) totalling €201 million, notably including
– the service company's property, plant and equipment of €67 million, essentially comprising operating premises and ships required to carry out the work on the offshore wind farm
– assets held for sale (essentially real estate and a project licence) of €83 million
– other assets of €51 million, essentially consisting of other receivables of €41 million and the inventories of the new service company of €6 million

Less liabilities (without receivables from HVB consolidated in the consolidated financial statements) of €91 million, notably including
– provisions of €30 million
– other liabilities of €61 million

This gives rise to a loss on initial consolidation of €13 million, which has been taken to the income statement under other operating expenses. No goodwill has been recognised.

HVB does not hold any participating interests in the BARD Group. In light of the economic difficulties of the BARD Group, the shareholders' equity is negative; no amounts have been recognised as a minority interest.

Accounting and Valuation (Continued)

The fair value of the receivables is the same as the nominal amount, as they are essentially payable within one year and there is no indication of impairment.

Furthermore, the Bank consolidated SwanCap Partners GmbH, Munich, for the first time using the equity method. SwanCap Partners GmbH is the former UniCredit Merchant Partners GmbH which has been renamed. When the Bank sold a private equity portfolio, the company was restructured, a participating interest of 25% sold and a restriction of voting rights to 49% of the votes agreed. As a result of this transaction, HVB has lost control over the company and now only exercises a significant influence. Compliant with IAS 27.34, the participating interest retained by HVB was measured at fair value through profit or loss, with a gain of €7.7 million posted to net income from investments.

In 2013, the following companies left the group of companies included in consolidation of HVB Group due to absorption, sale or liquidation:
– Black Forest Funding LLC, Dover
– GELDILUX-TS-2007 S.A., Luxembourg
– HVB Alternative Advisors LLC, Wilmington
– HVB Capital LLC VI, Wilmington
– HVB Expertise GmbH, Munich
– HVB Global Assets Company, L.P., City of Dover
– Internationales Immobilien-Institut GmbH, Munich
– UniCredit Merchant Partners GmbH, Munich

At year-end 2013, we had a total of 149 (2012: 145) affiliated and associated companies, and joint ventures in HVB Group that were neither fully consolidated nor fully accounted for using the equity method as they do not have a material impact for the Group.

The effects on the balance sheet of the contractual relationships between the Group companies and these non-consolidated companies are included in the consolidated financial statements. The aggregate net income for the year of these minor non-consolidated affiliated companies makes up around 0.46% (2012: 0.58%) of the consolidated profit of HVB Group, while such companies provide around 0.04% (2012: 0.02%) of consolidated assets. Our interests in these companies are carried as available-for-sale financial assets.

	2013	2012
Total subsidiaries	**299**	**301**
Consolidated companies	164	169
Non-consolidated companies	135	132
Joint ventures	**2**	**2**
of which:		
accounted for using the equity method	—	—
Associated companies	**18**	**16**
of which:		
accounted for using the equity method	6	5

6 Principles of consolidation

Consolidation is performed by offsetting the purchase price of a subsidiary company against the value of the interest held in the completely remeasured shareholders' equity at the time of acquisition, provided the transactions involved are not internal to UniCredit. This amount represents the difference between the assets and liabilities of the acquired company measured at the fair value at the time of initial consolidation. The difference between the higher acquisition cost and the prorated recalculated shareholders' equity is recognised as goodwill under intangible assets in the balance sheet. Goodwill on companies accounted for using the equity method is carried under shares in associates valued at equity and joint ventures valued at equity. Compliant with IAS 36, depreciation is not recognised on goodwill. The goodwill is allocated to the cash-generating units that are expected to benefit from the synergies arising from the business combination. At HVB Group, these cash-generating units are the business segments. Where the commercial activities of a company span more than one segment, the goodwill is distributed in line with the expected contribution to results at the time of acquisition. The goodwill is tested for impairment at least once a year at cash-generating unit level. This involves comparing the carrying amount of the cash-generating unit with the recoverable amount defined as the maximum of the unit's value in use and the fair value less costs to sell.

The most recent multi-year plan approved by the Management Board normally covering a period of five years and created at segment level forms the basis for testing impairment. In this context, the earnings drivers are net trading income, net interest, fees and commissions, operating costs and the projected net write-downs of loans and provisions for guarantees and commitments. To allow the earnings components to be planned, the multi-year plan includes an income budget as well as budgets for risk-weighted assets and loans and receivables with customers and deposits from customers. The budgets are based on forecasts by the UniCredit Economics department, with the forecasts for overall economic development (gross domestic product) and interest and inflation rates playing a crucial role. Furthermore, the multi-year plan also reflects the experience gained by management from past events and an assessment of the underlying economic conditions.

We have used the multi-year plan as the basis for determining appropriate values in use for the CGUs to which goodwill is allocated. The values in use are determined using the discounted cash flow method. The figures for profit before tax from the segments' multi-year plans are included as cash flows. The average cash flows in the multi-year plan are assumed for the subsequent period. The segment-specific cost of capital rates used for discounting average 12.4% (2012: 12.2%) for the Corporate & Investment Banking business segment and 10.5% (2012: 10.5%) for the Commercial Banking business segment. No growth factor has been assumed for the government perpetuity. These values in use are employed as recoverable amounts and exceed the carrying amount and goodwill of the CGU. It is not necessary to estimate the selling price unless the value in use is less than the carrying amount.

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

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

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

The assets and liabilities of a special purpose entity are included at the reporting date measured at their fair value when initially consolidated in accordance with SIC 12. They are subsequently measured in accordance with the uniform principles of accounting and valuation used across the corporate group. The expenses and income of the special purpose entity in question are included in the consolidated income statement from the date of initial consolidation. Equity interests held by third parties in a special purpose entity consolidated by us in accordance with SIC 12 are recognised under minority interest, provided the criteria for recognition as equity are met. Otherwise they are carried as debt.

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

7 Financial instruments

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

Accounting and Valuation (Continued)

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

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

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

The regulations set forth in IAS 39 regarding reclassifications have been observed. Purchases and sales of financial assets are normally recognised at the settlement date. Derivatives are recognised at the trade date. The reclassifications carried out in 2008 and 2009 are disclosed in Note 74, "Application of reclassification rules defined in IAS 39.50 et seq.".

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

– Financial assets and liabilities held for trading

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

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

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

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

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

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

Held-to-maturity investments
Held-to-maturity (HtM) investments are non-derivative financial assets with fixed or determinable payments and fixed maturity that an entity has the positive intention and ability to hold to maturity, unless they are designated as at fair value through profit or loss or available for sale. We take a very restrictive approach when assessing whether the intention to hold to maturity exists and premature resale can be excluded. This means that investments are only classified as held-to-maturity in exceptional cases. When classifying financial instruments as held-to-maturity investments, we ensure that it is possible to hold the instruments to maturity taking liquidity considerations into account. Held-to-maturity investments are disclosed upon initial recognition at their fair value including any transaction costs and thereafter measured at amortised cost, with premiums and discounts taken to the income statement under net interest over the term of the underlying items. This is done using the effective interest method.

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

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

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

With the exception of the effect on results arising from the translation of monetary available-for-sale financial assets denominated in foreign currency, gains or losses on available-for-sale financial assets are recognised in net income from investments in the income statement (see Note 41).

Determination of fair value
We can normally reliably determine the fair value of financial instruments measured at fair value. Certain equity instruments classified as available-for-sale represent an exception to this rule; these are measured at amortised cost as described above. IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction (no forced liquidation or distress sale) between market participants at the measurement date. Thus, the fair value based on a notional transfer corresponds to a selling or, in the case of a liability, the transfer price (exit price). In addition, the entity's own credit risk must be taken into account in the fair value of liabilities.

Accounting and Valuation (Continued)

The fair value is determined using the same three-level fair value hierarchy under IFRS 13 as is applicable for the disclosures regarding the fair value hierarchy (Note 76):
– Level 1: Financial instruments measured using (unadjusted) quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date
– Level 2: Assets or liabilities for which no price can be observed on an active market and whose valuation is derived from directly observable (prices) or indirectly observable (derived from prices) input data
– Level 3: Assets or liabilities for which the fair value cannot be measured exclusively on the basis of observable market data; the fair values also include measurement based on model assumptions instead (non-observable input data)

HVB Group refined the methods it uses to determine model-based measurement adjustments to fair values in 2013. In particular, the methods used to determine the rating-related adjustments to the values of derivative financial instruments were modified to reflect valuations observable on the market.

The risk of a counterparty defaulting on derivatives is covered by credit valuation adjustments (CVAs). We have exercised the option permitted by IFRS 13 under certain circumstances to determine fair value on a portfolio basis for certain OTC derivative portfolios and recognised portfolio-related credit valuation adjustments and bid ask adjustments.

In accordance with the provisions of IAS 32 (IAS 32.42 in conjunction with IAS 32.48), the positive and negative market values of OTC derivatives that offset each other at currency level were netted for OTC derivatives concluded with the same central counterparty (CCP).

The own credit spread is also included in the underlying valuation parameters for liabilities held for sale.

Suitable adjustments are taken on the fair values determined in this way to reflect further factors affecting the fair value (such as the liquidity of the financial instrument or model risks when the fair value is determined using a valuation model).

In addition to the method described above for the valuation or determination of fair values, the fair values in the hierarchy compliant with IFRS 13 are shown in Note 76 for further information. A three-level, fair value hierarchy is listed for every class of financial asset and financial liability carried at fair value in the balance sheet. Note 76 similarly contains a detailed description of this hierarchy, which is only used for the purpose of disclosure in the notes.

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

Viewed overall, the fair value of a financial guarantee is zero when the contract is concluded because the value of the premium received will normally match the value of the guarantee obligation in standard market contracts. The guarantee premium is recognised on a pro-rata basis. The existence of an impairment is checked during the subsequent measurement.

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

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

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

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

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

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

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

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

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

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

Accounting and Valuation (Continued)

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

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

Under this accounting treatment of hedges across several items, the changes in the value of the hedged amount of the hedged items attributable to the hedged risk are carried altogether as a separate asset or liability item and not as an adjustment to the carrying amount of individual items as is the case with micro hedges. The hedge adjustments have been recognised on a gross basis in the balance sheet for subsidiaries for which asset and liability holdings can be hedged separately. The hedged amount of the hedged items is determined as part of interest rate risk management and cannot be directly allocated to individual assets or liabilities. Where the hedge conditions are met, the offsetting changes in value of the hedged amount of the hedged items and the hedging instruments (interest derivatives) are recognised directly in profit and loss. Hedge inefficiencies arising within the necessary hedge efficiency thresholds of 80% to 125% are recognised as profit or loss in net hedging income.

Furthermore, cross-currency interest rate swaps (CCIRS) have been used in the refinancing of loans denominated in foreign currency for economic reasons. The CCIRS exchange longer dated fixed-interest positions denominated in euros for variable-yield positions denominated in foreign currency. This serves to hedge the hedged item involved against interest rate risk as part of the fair value hedge portfolio and against exchange rate-related changes in fair value as part of micro fair value hedges.

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

The cash flow hedge that is no longer used was employed to hedge the risk arising from volatile cash flows resulting from a recognised asset, recognised liability or planned transaction to be taken to the income statement. We had employed derivatives in cash flow hedge accounting to hedge future streams of interest payments. In this context, payments arising from variable-interest assets and liabilities were swapped for fixed payments primarily using interest rate swaps. Hedging instruments were measured at fair value. The valuation result was divided into an effective and an ineffective portion. The effective portion of the hedging instruments was recognised in a separate item within shareholders' equity (hedge reserve) without affecting reported profit or loss. The ineffective portion of the hedging derivatives was recognised directly in profit and loss. The hedged item was recognised at amortised cost.

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

8 Financial assets held for trading

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

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

9 Financial assets at fair value through profit or loss

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

10 Available-for-sale financial assets

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

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

Provided they are not significant, both shares in non-consolidated subsidiaries and joint ventures and associates accounted for using the equity method are subsumed in available-for-sale financial assets. Listed companies are always carried at fair value. Where the fair value cannot be determined reliably for non-listed companies, they are valued at cost.

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

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

12 Held-to-maturity investments

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

13 Loans and receivables

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

14 Impairment of financial assets

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

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

Accounting and Valuation (Continued)

Objective evidence of impairment refers to events that normally lead to an actual impairment. In the case of debt instruments, these are events that could result in the borrower not being able to settle his obligations in full or at the agreed date. In the case of equity instruments, significant or prolonged lower market values compared with the initial costs represent objective evidence of impairment. An equity instrument is considered impaired as soon as an impairment loss has been recognised.

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

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

In the case of loans and receivables, objective evidence of an impairment exists when a default has occurred in accordance with the definition of a default given in Basel II and/or the German Solvency Regulation (Solvabilitätsverordnung – SolvV). This is the case when either the borrower is at least 90 days in arrears or HVB believes that the debtor is unable to meet the payment obligations in full without steps to realise collateral being undertaken. In this context, an event of default notably includes the period of 90 days in arrears, an application for or opening of insolvency proceedings, the expectation of liquidity problems as a result of the credit-monitoring process or the need for restructuring or collateral realisation steps such as terminating loans, putting loans on a non-accrual basis or enforcing realisation of collateral by HVB.

The assessment of the borrower's credit rating using internal rating processes is applicable. This is reviewed periodically and when negative events occur. When the borrower is 90 days in arrears is considered objective evidence of an impairment, similarly leading promptly to a review of the borrower's individual rating on account of the occurrence of a negative event with regard to the borrower. Based on internal procedures, the classification of the borrower is updated to "in default" or "not in default". As a result, the borrower's credit rating is always assessed with regard to his ability to meet outstanding liabilities.

The credit rating of the borrower and his ability to meet outstanding payment obligations is normally assessed irrespective of whether the borrower is already in arrears with payments or not. Being in arrears is merely an indicator of the need to verify the borrower's credit rating on an ad hoc basis.

Lending agreements can be modified to ease the burden on borrowers in poor financial situations and improve the probability of the loans being serviced ("forbearance"). It should be noted, however, that not every modification of a lending agreement is due to difficulties of the borrower and represents forbearance. Different strategies may be used to ease the burden on the borrower. Possible measures include deferrals and temporary moratoriums, longer periods allowed for repayment, reduced interest rates and rescheduling, and even debt forgiveness.

A possible deferral agreement aimed at avoiding arrears does not automatically lead to the Bank recognising impairments. Where repayments are deferred or terms adjusted (with longer periods allowed for repayment deferred or covenant clauses waived) for rating-related reasons, this is considered a separate impairment trigger for testing whether an impairment needs to be recognised. The simple deferral of payment obligations has little influence on the borrower's financial position and his ability to meet outstanding liabilities in full. Should a borrower not be in a position to meet all outstanding liabilities, a deferral of the liabilities does not alter the overall situation. A deferral neither reduces the amount of the payment obligations nor does it influence the amount of payments received by the borrower.

Where the Bank waives payments by the borrower (such as waived fees, reduction of contractual interest rates, etc.) for rating-related reasons, such a waiver represents objective evidence of the borrower defaulting. The write-off of such payments accruing to the Bank caused by an issued waiver is recognised in the income statement as an impairment, provided an allowance had not already been set up for this in the past or recognition was waived on account of the borrower defaulting (such as putting a loan on an internal non-accrual basis).

If allowances have not already been set up for lending agreements modified for rating-related reasons, the loans involved are exposed to increased default risk as they have already become conspicuous. There is a risk that contractual servicing will fail despite the modification of the terms. A thorough process is employed to monitor such loans in order to avoid losses or identify a possible default promptly.

The specific definition of forbearance as published by the European Banking Authority (EBA) in a letter dated 21 October 2013 for FINREP reporting as of 2014 is currently being implemented.

An impairment is the difference between the carrying amount and the present value of the anticipated future cash flows. The future cash flows are determined taking into account past events (objective evidence). The anticipated future cash flows may comprise the repayments and/or interest payments still expected and the income from the realisation of collateral. A specific loan-loss provision is recognised for the impairment determined in this way.

If a receivable is considered uncollectible, the amount concerned is written down, which leads to the receivable being written off.

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

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

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

Specific loan-loss allowances are also determined on a collective basis for individual cases where the amounts involved are not significant. The classification as impaired is also based primarily on the individual rating of the borrower in these cases. These allowances are recognised and disclosed within specific loan-loss allowances at HVB Group. Specific loan-loss allowances or provisions to the amount of the anticipated loss have been made individually to cover all identifiable default risks arising from lending operations (loans, receivables, financial guarantees and credit commitments), with the amount of the expense being estimated. Both changes in the anticipated future cash flows and the time effect arising from a shortening of the discounting period are taken into account in the subsequent measurement. Specific loan-loss allowances are reversed as soon as the reason for forming the allowance no longer exists, or used if the receivable is classified as uncollectible and written off. Where a specific loan-loss allowance is reversed because the reason for its formation no longer exists, the borrower concerned is classified as healthy again, meaning that the classification as "in default" is reversed. The amount is written off if the receivable in question is due, any available collateral has been realised and further attempts to collect the receivable have failed. Acute country-specific transfer risks are included in this process.

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

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

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

Accounting and Valuation (Continued)

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

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

In the case of equity instruments carried at fair value, an impairment exists if the current fair value is significantly below the initial cost or if the fair value has remained below the initial cost for a prolonged period of time. When impairment is first identified, the difference between the current fair value and initial cost is recognised as profit or loss in the income statement. Upon subsequent measurement, a further impairment loss is only taken to the income statement if the current fair value is below the initial cost less any impairment losses already recognised (amortised cost). If the fair value rises in the future, the difference between a higher fair value and the amortised cost is recognised in the AfS reserve under shareholders' equity.

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

15 Property, plant and equipment

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

PROPERTY, PLANT AND EQUIPMENT	USEFUL ECONOMIC LIFE
Buildings	25–60 years
Fixtures in buildings not owned	10–25 years
Plant and office equipment	3–25 years
Other property, plant and equipment	
Wind farm	25 years
Other property, plant and equipment	10–20 years

Impairments are taken in accordance with IAS 36 on property, plant and equipment whose value is impaired. An asset is considered impaired when its carrying amount exceeds its recoverable amount. The recoverable amount is normally determined on the basis of the value in use. Should the reasons for the impairment no longer apply, a subsequent write-up is taken to the income statement; the amount of this subsequent write-up must not increase the value of the property, plant and equipment to a level in excess of the amortised acquisition or production cost.

Depreciation, impairments and write-ups on items of property, plant and equipment are recognised in the income statement under amortisation, depreciation and impairment losses on intangible and tangible assets within operating costs.

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

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

16 Lease operations

Under IAS 17, a lease is an agreement under which the lessor transfers the right to use an asset to the lessee for an agreed period against payment.

Lease agreements are divided into finance leases and operating leases. A lease is classified as an operating lease if the lessor retains substantially all the risks and rewards incident to ownership of the asset. By contrast, a finance lease transfers substantially all the risks and rewards incident to ownership of the asset to the lessee. Title may or may not eventually be transferred.

HVB Group nevertheless treats agreements concluded without the legal form of a lease as leases provided compliance with the agreement depends on the use of a given asset and the agreement transfers a right to use the asset.

HVB Group leases both movable assets and real estate.

HVB Group as lessor

Operating leases

The assets leased to the lessee under an operating lease are considered held by the lessor, who should continue to account for them. The leased assets are carried under property, plant and equipment, investment properties or intangible assets in the consolidated balance sheet and valued in accordance with the relevant methods. The lease proceeds are recognised on a straight-line basis over the lease term and disclosed under other operating income.

Finance leases

Where assets are transferred under a finance lease, the lessor is required to derecognise the leased asset in its balance sheet and recognise a receivable from the lessee. The receivable is carried at the amount of the net investment in the lease when the lease agreement was concluded. The lease payments received are divided into a finance charge recognised in the income statement and a redemption payment. The interest income is recognised over the period of the lease in such a way that it essentially reflects a constant periodic return on the net investment in the lease; the redemption payment represents a repayment of the principal that reduces the amount of the receivable outstanding.

HVB Group as lessee

Operating leases

The lease payments made by the lessee under operating leases are recognised as expense on a straight-line basis over the lease term and carried under other operating expenses or operating costs to the extent that they represent lease expenses. The lease term commences as soon as the lessee controls the physical use of the leased asset. The lessee does not capitalise the leased assets involved.

Finance leases

In the case of finance leases, the lessee recognises the leased assets under property, plant and equipment, investment properties or intangible assets in the balance sheet as well as a liability on the liabilities side. The asset and the corresponding liability are each initially recognised at the fair value of the leased asset at the inception of the lease or, if lower, the present value of the minimum lease payments. The internal rate of return underlying the lease is used to calculate the present value of the minimum lease payments. The lease payments under finance leases are divided into a finance charge and redemption payment. The redemption payment reduces the outstanding liability while the finance charge is treated as interest expense.

Conditional lease payments made under operating and finance leases are normally recognised as income by the lessor and expense by the lessee in the period in which they accrue. None of HVB Group’s current lease agreements contain any conditional lease payments.

Please refer to Note 73 for more information.

Accounting and Valuation (Continued)

17 Investment properties
Compliant with IAS 40.30 in conjunction with IAS 40.56, land and buildings held by us as investments with a view to generating rental income and/or capital gains are carried at amortised cost and written down on a straight-line basis over a useful economic life of 25 to 60 years.

Where investment properties additionally suffer an impairment, we recognise an impairment loss compliant with IAS 36. Should the reason for the impairment no longer apply, write-ups are taken to the income statement in an amount no more than the amortised acquisition or production cost.

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

In some cases, it may prove difficult to classify a property as an investment property rather than property, plant equipment. Classification is especially difficult if part of the property is held by the Group as an investment while another part is used for the Bank's own purposes as an administration building, and the parts of the property cannot be sold separately or leased out under a finance lease, making it impossible to account for the two parts separately. In such cases, HVB Group classifies a mixed usage property in full as an investment property if more than 90 percent of the property is leased to an external third party and the part of the property used by the Bank is insignificant. The whole property is classified as property, plant and equipment if the part of the property leased externally totals 90 percent or less.

18 Intangible assets
The main items included in intangible assets are goodwill arising from the acquisition of fully consolidated subsidiaries and software. An intangible asset shall only be recognised if it is probable that the expected future economic benefits attributable to the asset will flow to the entity and the cost of the asset can be measured reliably.

Goodwill has an indefinite useful life. Consequently, it is only tested for impairment compliant with IAS 36 and not amortised (impairment only approach). The value of goodwill is tested annually and where there is an indication of impairment. Impairments are taken where necessary. It is not permitted to write up in subsequent periods any impairment losses recognised on goodwill.

Software has a limited useful life and is valued at amortised cost. Amortisation is taken over an expected useful life of three to five years. Other intangible assets are also recognised at amortised acquisition or production cost less cumulative amortisation, as they have a limited useful life. Amortisation is taken on a straight-line basis over an expected useful life of up to ten years.

Where intangible assets additionally suffer impairment, we recognise an impairment loss compliant with IAS 36. Should the reason for the impairment no longer apply, write-ups are taken to the income statement in an amount no more than the amortised acquisition or production cost.

Impairment losses on goodwill are shown in a separate item in the income statement.

Amortisation, impairments and write-ups on software and other intangible assets are recognised in the income statement under amortisation, depreciation and impairment losses on intangible and tangible assets within operating costs.

19 Non-current assets or disposal groups held for sale
Under IFRS 5, non-current assets or disposal groups held for sale are carried upon reclassification at the lower of the carrying amount or fair value less costs to sell at the reporting date. Upon subsequent measurement following reclassification, the non-current assets or disposal groups held for sale are, if necessary, written down to a lower fair value less costs to sell if this has fallen at subsequent reporting dates. Should the fair value increase, the total may be written up to an amount that is no more than the cumulative impairment loss.

At the same time, the Bank acquired non-current assets for the first time during the reporting period with the sole intention of selling them on within one year and classified them accordingly. Such assets are carried at their fair value less costs to sell.

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

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

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

22 Hedge adjustment of hedged items in the fair value hedge portfolio
Net changes in the value of the hedged amount of hedged items are carried in this hedge adjustment of the fair value hedge portfolio to be shown separately (see Note 66). The hedge adjustments have been recognised on a gross basis in the balance sheet for subsidiaries for which asset and liability holdings can be hedged separately.

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

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

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

In accordance with IAS 19, provisions for pensions and similar obligations arising from defined benefit plans are recorded on the basis of external actuarial reports by applying the projected unit credit method, with each pension plan being valued separately. This accrued benefit method pro-rated on service takes into account dynamic considerations when determining the expected pension benefits upon retirement and distributes these over the beneficiaries' entire period of employment. This means that the measurement of the defined benefit obligation is based on an actuarially calculated present value of the future benefit entitlement for services already rendered (vested benefit entitlements), taking into account the expected compensation increases including career trends and forecast pension progression. The actuarial assumptions to be defined when measuring the benefit obligation vary in line with the economic and other underlying conditions in the country in which the plans exist.

The underlying valuation assumptions may differ from the actual developments as a result of changing market, economic and social conditions. The actuarial gains or losses resulting from the change to the valuation parameters may have a significant impact on the amount of the obligations for pensions and similar post-employment benefits.

Accounting and Valuation (Continued)

The discount rate used to discount the defined benefit obligations (actuarial interest rate) is determined by reference to yields recorded on the market at the reporting dated for high quality, fixed-rate corporate bonds and with maturities and currencies that match the obligations to be measured. A basket of AA-rated corporate bonds denominated in euros serves as the data basis for determining the discount rate for the obligations. These individual bond data are translated into a yield curve which forms the basis for determining the discount rate by using a numerical compensation technique.

Funded pension obligations differ from unfunded pension obligations in that plan assets are allocated to cover the entitlements of the beneficiaries. The beneficiaries include active employees, former employees with vested benefit entitlements, and pensioners and their surviving dependants. Both HVB and a number of subsidiaries have set up plan assets in external, restricted-access pension organisations to fund their pension obligations.

If the beneficiaries' benefit entitlements or the Group's benefit obligations are not funded by assets, HVB Group recognises a pension provision in the amount of the present value of the defined benefit obligation (DBO) in its consolidated balance sheet.

In the case of funded pension obligations, by contrast, the present value of the defined benefit obligation is set against the fair value of the plan assets to determine the net defined benefit liability or net defined benefit asset from the defined benefit plans. The net amount is recognised in the consolidated balance sheet as a pension provision in the event of an excess of liabilities over assets or under other assets in the event of an excess of assets over liabilities, adjusted for any effects of the asset ceiling. In the event of excess allocations to the plan, the amount of the net defined benefit asset recognised in the balance sheet is limited to the present value of the economic benefits associated with the surplus plan assets.

HVB Group is applying the amendments to IAS 19 „Employee Benefits" (revised 2011, IAS 19R) published by the IASB on 16 June 2011 and adopted into European law by the EU on 5 June 2012 for the first time in the 2013 financial year. IAS 19R is applied retrospectively in accordance with IAS 8. The revised version of the standard contains a number of modifications to the method of accounting and valuation for defined benefit obligations; the significant changes are discussed below. The transition to the new regulations has not had a significant impact on the consolidated financial statements of HVB Group.

IAS 19R now requires actuarial gains and losses to be recognised immediately and in full in other comprehensive income (OCI) in the case of defined benefit obligations, thus eliminating the previous options, notably including the corridor method and the immediate and complete recognition in profit or loss. Consequently, the pension provision or other asset recognised in the consolidated balance sheet corresponds to the actual deficit or surplus for a given commitment. Since HVB Group has already recognised the actuarial gains and losses from defined benefit plans directly in shareholders' equity in the past – outside profit or loss for the period – the transition to the new regulations has not had any impact on the consolidated financial statements.

Under the newly introduced net interest approach, the net interest to be recognised in profit or loss for the period is calculated by multiplying the net defined benefit liability (asset) from defined benefit plans by the discount rate underlying the measurement of the defined benefit obligation. This serves to net the two previously known components in pension expense – interest cost and expected return on plan assets – as a net interest component. Since any plan assets are deduced from the net defined benefit liability (asset), this calculation method implicitly assumes the return on plan assets in the amount of the discount rate. Under IAS 19R, it is no longer possible to determine the expected return for each entity individually in accordance with the composition of the plan assets (asset allocation) as before.

In the event that pension obligations are funded by plan assets, the new definition of the (net) interest component may have an impact on the amount of the net profit for the year. Since the difference between the normalised return in the amount of the discount rate and the actual return on the plan assets is recognised in other comprehensive income under remeasurements of defined benefit plans, income from existing plan assets previously recognised in profit of loss is shifted to other comprehensive income. This effect on the profit or loss for the period is all the more marked, the greater the difference between the discount rate and the expected return on plan assets for each individual entity used to be. Since the expected return on plan assets in the amount of the discount rate for the defined benefit obligations had already been assumed by HVB Group prior to the introduction of the new regulation, the change has no impact on the consolidated statement of total comprehensive income.

If the present value of a defined benefit obligation changes as a result of a plan amendment or plan curtailment, the Group recognises the ensuing effects as past service cost in the profit or loss for the period. The amount is normally recognised at the date when the plan amendment or plan curtailment occurs. So long as an entitlement was not yet vested, up until now past service cost had to be recognised in profit or loss over the expected remaining service until the vesting point was reached and in later periods accordingly. With the application of IAS 19R, any past service cost must now be recognised in full in profit or loss for the period, irrespective of any vesting regulations. The gains and losses when a plan is settled are now also recognised directly in profit or loss when the settlement occurs. The amended regulations do not have a significant impact on HVB Group.

Furthermore, the presentation of the pension expense of defined benefit obligations in the statement of total comprehensive income has changed. Under IAS 19R, the net pension expense consists of a service cost component, a net interest component and a remeasurement component.

The service cost component consists of the current and past service cost including the gains and losses on plan settlements. The net interest component comprises the interest expense on the defined benefit obligation, the interest income on plan assets and, in the event of excess allocations to the plan, the interest on any effects arising from the adjustment of the asset surplus to reflect the asset ceiling. The service cost and net interest components are taken to the consolidated income statement in profit or loss for the period. HVB Group also recognises the net interest component under pension and other employee benefit costs in payroll costs alongside the service cost component.

The remeasurement component encompasses the actuarial gains and losses arising from the valuation of the defined benefit obligation, the difference between the typical return on plan assets assumed at the beginning of the period and the actual return realised on plan assets and, in the event of excess allocations to the plan, any adjustment of the asset surplus to reflect the asset ceiling, excluding the amounts already recognised in net interest. This component is recognised immediately in shareholders' equity without affecting profit or loss. The remeasurements recognised in other comprehensive income in the statement of total comprehensive income may not be reclassified in later periods in profit or loss (no recycling).

The revised version of IAS 19 expands the disclosure requirements for defined benefit plans. In addition, the revised standard contains a new, principles-based disclosure concept requiring companies to make judgements regarding the necessary level of detail or any emphases in the disclosures pertaining to defined benefit plans. The reporting is intended to meet the information needs of the users of the financial statements and give them a wide-ranging understanding of the risk structure and risk management of the pension plans (pension governance).

In contrast to defined benefit plans, no provisions for pensions and similar obligations are recognised for defined contribution plans. The amounts paid are in the period of the payment taken to the income statement under payroll costs.

The provisions for pensions and similar obligations are described in detail in Note 69.

In accordance with IAS 19, the provisions for partial retirement and similar benefits recognised under other provisions are measured on the basis of external actuarial reports.

In line with the amendments relating to termination benefits under IAS 19R, the top-up amounts promised under partial-retirement agreements are now to be accounted for as other long-term employee benefits. As a result of the amended classification, the expenses are accrued over their vesting period and no longer recognised in full at the date from which the Group can no longer withdraw the offer. HVB Group applies the first-in first-out (FiFo) method for the straight-line accrual of top-up benefits. The benefits are discounted to determine their present value. Remeasurements are recognised in profit or loss in the period in which they arise.

Accounting and Valuation (Continued)

The transition to the new accounting and valuation principles gives rise to an amount recognised for partial-retirement obligations under other provisions in the balance sheet that is around €1.4 million lower at the changeover date of 31 December 2012/1 January 2013. To adjust the amount stated in the balance sheet, the difference was set against retained earnings without affecting profit or loss. The update of the partial-retirement obligation led to an allocation that was around €0.2 million higher in the reporting period, which was taken to the income statement under payroll costs. This means that the retrospective application results in a provision for partial-retirement obligations that is around €1.2 million lower at the reporting date of 31 December 2013.

The revised version of IAS 19 does not give rise to any changes in the amount of the provisions for the outstanding settlement amounts in connection with partial-retirement obligations.

The other long-term employee benefits also include the deferred employee compensation under the Group's bonus programmes, if not expected to be settled wholly before twelve months after the end of the reporting period. The Group has a net liability in the amount of the future benefits to which the employees are entitled in exchange for the work performed in the current period and earlier periods. HVB Group recognises a bonus provision in the amount of the present value of these benefits in its consolidated balance sheet, with allocations made to the promised bonus amounts over the respective vesting period on a pro rata basis. Remeasurements of the net liability are recognised directly in profit or loss for the period.

The employee compensation schemes are described in detail in Note 37.

25 Foreign currency translation

The consolidated financial statements are prepared in euros, which is the reporting currency of the corporate group. Amounts in foreign currency are translated in accordance with the principles set forth in IAS 21. This standard calls for monetary items not denominated in the respective functional currency (generally the local currency in each case) and cash transactions not completed at the valuation date to be translated into euros at the reporting date using current market rates. In the case of monetary assets available for sale, the effect arising from foreign currency translation is recognised as net currency income in net trading income. In other words, the monetary assets available for sale are treated in the same way as if they were recognised at amortised cost in the foreign currency. Non-monetary items carried at fair value are similarly translated into euros using current market prices at the valuation date. Non-monetary items carried at cost are translated using the historic rate applicable at the time of acquisition.

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

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

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

26 Income tax for the period

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

Since the concept is based on the approach of future tax assets and liabilities under the liability method, the assets and liabilities are computed using the relevant local tax rates that are expected to apply when the differences are reversed. Deferred tax assets and liabilities are offset provided the offsetting requirements defined in IAS 12 are met.

Segment Reporting

27 Notes to segment reporting by business segment

In segment reporting, the market-related activities of HVB Group are divided into the following business segments: Commercial Banking, Corporate & Investment Banking and Asset Gathering.

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

Changes in segment allocation

As already announced in the 2012 Annual Report, the business model was adjusted at the outset of 2013 to cater for the changed market environment which entailed a restructuring of global and regional responsibilities and thus the segments of HVB Group. This also involved the formation of the new Commercial Banking business segment, which encompasses oversight for all activities involving retail customers and entrepreneurs in Germany.

This means that HVB Group is divided into the following segments as of the reporting date:
– Commercial Banking (CB)
– Corporate & Investment Banking (CIB)
– Asset Gathering
– Other/consolidation

At the same time, we have made a minor adjustment in net interest as of the start of the year. The cost of foreign currency swaps concluded as part of asset/liability management that was previously included in the net interest of the Corporate & Investment Banking business segment is now included in the net interest of the Other/consolidation business segment.

On account of the customers transferred between the CB and CIB business segments, there was a shift in the income statement items of net interest and net write-downs of loans and provisions for guarantees and commitments. For the same reason, net write-downs of loans and provisions for guarantees and commitments were shifted between the CB and Other/consolidation business segment.

There was also a shift in other administrative expenses on account of changes in the distribution of costs in the CB and CIB business segments.

Furthermore, there was a change in disclosure between the income statement items of net interest and net fees and commissions as described in the Note Consistency (compliant with IAS 8.41). The goodwill was re-allocated using the relative contributions to profits of the business segments on the basis of planned results. At the same time, the goodwill was redistributed between the CIB and CB business segments.

Last year's figures and those of previous quarters have been adjusted accordingly to reflect the new corporate structure, the reorganisation described above, the changes in disclosure and a few other minor changes.

Method of segment reporting

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

Segment Reporting (Continued)

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

The income statement items of net fees and commissions, net trading profit and net other expenses/income shown in the segments are based almost exclusively on transactions involving external customers. Net interest is assigned to the business segments in accordance with the market interest calculation method on the basis of the external interest income and interest expenses. For this reason, a separate presentation broken down by external/internal revenues (operating income) has not been included.

The equity capital allocation used to calculate the return on investment on companies assigned to several business segments (HVB and UniCredit Luxembourg S.A.) is based on a uniform core capital allocation for each business segment. Pursuant to Basel II, this involves allocating 9.0% of core capital from risk-weighted assets to the business segments. The average tied core capital calculated in this way is used to compute the return on investment, which is disclosed under net interest. The percentage used for the return on the equity capital allocated to the companies HVB and UniCredit Luxembourg S.A. equals the base rate plus a premium in the amount of the 6-year average of the spread curve for the lending business of HVB both secured by land charges and unsecured. This rate is set for one year in advance as part of each budgeting process. The percentage changed to 3.17% in 2013 after 3.70% in the 2012 financial year. Equity capital is not standardised for the other companies included in the consolidated financial statements.

The income of €5 million (2012: €9 million) from investments in associated companies relates to the following companies accounted for using the equity method which are assigned to the Corporate & Investment Banking business segment: Adler Funding LLC, Bulkmax Holding Ltd., Comtrade Group B. V., Martur Sünger ve Koltuk Tesisleri Ticaret ve Sanayi A.S., Nautilus Tankers Limited and SwanCap Partners GmbH. The amount involved is disclosed under dividends and other income from equity investments in the income statement. The carrying amount of the companies accounted for using the equity method is €71 million (2012: €65 million).

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

Components of the segments of HVB Group

Commercial Banking business segment

HVB has adjusted its business model to reflect the rapidly changing economic and regulatory environment and push further growth through a regional organisational structure and a stronger entrepreneurial focus. In January 2013, HVB realigned its structure and created the Commercial Banking (CB) business segment which contains the Unternehmer Bank and Private Clients Bank business units.

The Unternehmer Bank business unit provides services to business, corporate and real estate customers as well as Private Wealth Management/Family Office clients. The Mittelstand comprising mostly owner-managed companies has always formed the backbone of the German economy. With its new structure HVB is continuing to consolidate its position as a bank for entrepreneurs. Today, HVB is already the second largest lender in Germany. Our aim is to establish a true entrepreneurs' bank that combines the advantages afforded by regional proximity with those of an international bank and serves companies ranging from freelancers and small family-owned companies to large corporate customers. Entrepreneurs should benefit even more strongly from regional advantages and an all-round service.

The Private Clients Bank business unit focuses on serving retail and private banking customers. Strong retail customer operations are an essential component of HVB as a universal bank. The medium- to long-term changes and trends in customer behaviour are increasingly relevant for these customer groups, so that joint efforts to develop innovative sales channels and services can generate added value for both. Moreover, closer networking and co-operation in the development of products and services helps to exploit synergy effects where these are appropriate. At the same time, the structure allows the type of highly individual service needed to meet the special demands of top-level private banking customers. The "HypoVereinsbank Private Banking" market presence will remain unchanged.

Private Clients Bank business unit
The year 2013 was dominated by the continuing high level of uncertainty on markets caused by the persistent sovereign debt crisis and the sustained lack of appeal of fixed-interest cash investments. The advisory approach on an all-round and needs-oriented basis, differentiated by customer segments, was further enhanced and expanded by building up innovative sales channels. This approach takes account of the diverse, individual needs of these customer segments which, among other things, once again resulted in a very pleasing level of customer satisfaction. Business with retail customers is an integral component of the business model of HVB as a universal bank in Germany.

At present, over two million private customers are served in the **Private Clients** customer group. Furthermore, the development of finance partners in areas in which the Bank has little presence was pursued further.

To address the rapidly increasing trend in the use of alternative sales and information channels (internet, mobile, tablet) by our customers, HVB responded in its retail customer operations at an early stage by introducing a video consultation on the internet for selected products or at branches for professional construction financing activities at the end of 2012 as the first bank to do so in Germany and consistently expanded this in 2013. Video consultations should be possible nationwide in all the branches in Germany by the beginning of 2014. The option of video consultation in pension operations has been at pilot stage since August 2013.

Furthermore, the first location of our new online branch was opened in Munich at the beginning of 2013, which combines personal service and various contact channels with longer opening hours in a separate business model. In the 2013 financial year, HVB received the Best Multi-Channel Bank Award for its comprehensive multi-channel activities.

The initiative launched in spring this year to win new customers with our “HVB Konto Online” account product through our online channel met the high expectations and has created a basis for expanding customer loyalty and exploiting the cross-selling potential in the future. In our branch channel, we focus in the area of accounts on the “HVB Konto Klassik” priced account model, which was successfully introduced last year. Consumer credit operations, which are handled by UniCredit Family Finance S.p.A., again developed very well; the very ambitious credit volume of 2012 was again achieved in 2013. In deposit-taking operations, additional new customers and a volume of deposits of over €800 million were won with the aid of a promotional product despite the historically low interest rate levels.

The challenges in **wealth management** were in achieving greater product penetration of the customer portfolio based on our principles of providing high-quality, all-round, demand-oriented advice. In addition to HVB VermögensDepot privat, our advice also concentrated on selling material assets. In the process, customers are offered a wide range of closed-end participations in different asset classes (for instance real estate in Germany and abroad, renewable energies, aircraft leasing and private equity) and for a broader risk diversification, also portfolio and secondary market funds. HVB managed to increase the equity volume procured in 2013 again by around 14% compared with the previous year and disconnect from the strongly negative, general sales market trend. A market comparison shows that this enabled HVB to perform much more successfully compared with both banking sales and general sales of material assets and thus clearly maintain its market share of 15% in banking sales.

The concept of “inheritance advice” introduced in the 2012 financial year is well established and underlines our all-round, demand-based advisory approach. The assignment of inheritance experts has shown a clear added value in the customer relationship from the outset. In 2013, a new advisory concept was developed for customers aged 50 and over and was presented to 4,000 customers at 140 local events in the second half of 2013. A comprehensive, all-round advisory approach which is intended to strengthen customer relations and increase customer satisfaction is also of key importance in this connection.

We manage our **real estate financing activities** as a supporting pillar for our operations with retail and business customers across all target groups. Besides obtaining loans from us directly, our customers were able to use the full product range of the market from our 40 partner banks. By establishing expert centres for real estate financing in all of the regions, competent advice is provided by experts at all our branches (in some cases through video consultations). Again in 2013, we managed to significantly increase the volume of new business in the residential construction business compared with the previous year and in the process were again clearly above the market trend. Innovative sales campaigns and our clear positioning as a provider of all-round property services offering high-quality advice are reflected by the results generated. All told, our overall result in mass market operations is also evidenced by the awards we again succeeded in winning, such as “Beste Filialbank 2013” and “Beste Baufinanzierung bei Filialbanken”.

Segment Reporting (Continued)

The **Private Banking** customer group serves some 44,200 HVB customers with assets under management of €20.0 billion. Our 315 employees offer individual, personal advice at 46 locations throughout Germany. This customer group offers all-round, bespoke advice to customers and customer groups with liquid assets of more than €0.5 million.

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

In line with this strategy, the year 2013 was marked by a further improvement in our advisory quality and the incorporation of the aim of achieving the highest level of customer satisfaction. The award received from Elite Report in November 2013 with the top grade "summa cum laude" is impressive confirmation of the success of the strategy that has been adopted. At the same time, the high targets set in the Private Banking customer group relating to the increase in customer satisfaction were able to be achieved in 2013.

Furthermore, the Depot Global flat fee model introduced in 2012 also developed very well in 2013, exceeding expectations by far, so that the focus is to be placed on a further expansion of this promising customer solution in the future. Mandated business was unable to show similarly strong rates of increase by comparison.

Unternehmer Bank business unit

The Unternehmer Bank business unit distinguishes itself from the banking approach adopted for the Mittelstand by other competitors in that it provides services to the whole spectrum of German companies and companies operating in Germany as well as private individuals legally associated with the company in question. With the exception of the enterprises and subsidiaries served in Multinational Clients, which are incorporated into the Corporate & Investment Banking business segment on account of their regular demand for capital market products and complex advisory services, customer services for the entire German Mittelstand and commercial real estate operations are bundled in the Unternehmer Bank business unit.

As appropriate for services provided from a single source, the Unternehmer Bank business unit is positioned as a strategic partner which combines the advantages afforded by regional proximity with those of an international bank. Besides its regional advisory approach in Germany, the Unternehmer Bank can also provide the trusted support particularly to the export-oriented Mittelstand in Germany for its international business activities due to the access it provides to the UniCredit group's network in western, central and eastern Europe. Our business relations are based on our proven financing and sector expertise, outstanding equity position and high standard of customer care and service speed.

Different customer requirements are taken account of through different relationship models. The range of entrepreneurial services extends from simple commercial banking products through to the provision of capital market solutions. In the process, the close connection between customer advisers and product specialists, particularly in the Unternehmer Bank business unit and in the CIB business segment, ensure successful customer relationship management.

In the Key Account relationship model, corporate customers with complex advisory needs find the right contact for developing individual customer solutions, especially also for large transaction volumes and international issues.

In the Mid & Small Cap relationship model for corporate and business customers, the product portfolio covers tailored financing offers, for example through the use of subsidies or leasing offers as well as solutions for the management of financial risks, in addition to the traditional bank services of collection and payment services as well as lending operations. Furthermore, the services provided for special target groups, such as insolvency administrators, the health-care professions or the public sector, are continuously refined.

Besides the traditional customer care provided at branches, the Business Easy service model is continuing to set new standards in the world of banking by coupling the advantages afforded by an online bank with the personal advice provided by a key relationship bank. The innovative and efficient advisory model enables business customers to use both ultramodern communication channels (WebDialog, Postbox, Webinar) and longer service hours.

The integration of Wealth Management into the Unternehmer Bank business unit has enabled bespoke customer advice for high net worth individuals legally associated with the company in question. The range of services includes exclusive access to Equity Solutions, Debt Capital Markets, Structured Finance and individual portfolio management with services also being provided to professional clients, for example family offices, pension funds or foundations.

The distinguishing features of the Real Estate relationship model are the individual customer solutions for commercial real estate customers, institutional investors, building societies, property developers and building contractors. In this context, customers benefit particularly from specific financing expertise, for example in the product areas of real estate structured finance or loan syndication.

The Unternehmer Bank business unit again performed successfully in the challenging market environment in 2013, managing to further expand its strong market position overall, which is also reflected in customer ratings. For instance, the Unternehmer Bank won the "Beste Mittelstandsbank" award among private and public-sector banks in Germany in a business survey conducted by Focus Money. In addition, the Unternehmer Bank achieved the best-in-class position in the TRI*M customer satisfaction index in the regular surveys conducted by the TNS Infratest market research institute. The awards are the result of the wide-ranging success in the Unternehmer Bank business unit.

We thus managed to ensure a high level of financing expertise for our corporate customers through the close connection between customer advisers and product specialists. Our success is reflected in market-leading positions on the league tables for Germany in 2013, for instance 1st place for syndicated loans or 3rd place for euro corporate bonds.

In collection and payment services, the dominant issue was the SEPA migration originally planned for 1 February 2014. In this context, our customers benefited from our high percentage of switchovers to the SEPA scheme. Around two thirds of all instructions given for customer transfers were for a SEPA credit transfer already in December 2013. By providing support to the German Mittelstand for the switchover to SEPA, it was also possible to ensure that in case of doubt, payments can be processed even after the final switchover. In Trade Finance, the increase in transactions conducted in the second half of 2013 confirmed the successful implementation of the strategic focus.

Again in 2013, Corporate Treasury Sales recorded growth as a result of customers' lively demand for products to hedge their currency and interest positions as well as for investment products. A key focus were interest-rate hedges for variable-rate financing transactions but also the variable-rate issues of our customers, which were swapped as needed and if appropriate, also into other currencies. The increase in our customers' liquidity was also reflected on the investment side; accordingly, there was a sharp rise in the demand for longer term investment products while traditional term deposits were of less interest on account of the persistently low interest rate levels. Operations with commodity hedges showed fairly subdued performance.

With its tailored financing solutions in the area of funding advice as well as start-up and succession financing, the Special Financing product line posted unabated growth again in 2013. The further increase in shares, for example in the KfW-Mittelstandsbank or the LfA-Förderbank and the related growth in new business also contributed to an expansion of our market shares this year.

Leasing activities continued to represent another focal point of investment financing within the Unternehmer Bank business unit in 2013. Our UniCredit Leasing GmbH subsidiary facilitated a wide range of funding arrangements throughout Germany. Industry expertise is still an important success factor. It enhances our risk management and increases our understanding of customer requirements.

With its innovative Business Easy advisory model, the Unternehmer Bank had a unique selling proposition in the German banking market again in 2013. In addition, the higher customer demand for interactive online seminars was satisfied by 110 HVB@Webinaren being held for some 6,500 customers and non-customers in 2013. In the process, participants not only benefitted from the financial knowledge that was imparted on current financing themes such as foreign trade, public funding schemes or SEPA but also from segment-specific issues, for example for founders of new enterprises or the health-care professions.

Segment Reporting (Continued)

In 2013, a further focus was placed on gradually increasing the sector-specific advisory quality and expertise of our customer advisors and developing financing and payment solutions specifically geared to target groups.

Furthermore, the strategic focus on the private needs of our corporate customers showed pleasing business development in 2013. The newly integrated Wealth Management recorded high growth rates for the individual analysis and structuring of large-scale investment requirements. In addition, private investments were successfully covered in business and corporate banking operations through the targeted assignment of specialists for investment management with their comprehensive product expertise in the investment areas of securities, material assets, deposits as well as insurance and pension products.

Despite the keen competition in commercial real estate financing, Real Estate posted an increase in new business in 2013. Particularly pleasing is not only the higher number of transactions and the average transaction size but also the gain in market share in growth areas such as Frankfurt or Hamburg. Furthermore, our specialists in real estate financing generated high growth in new business due to their extensive solution skills in the area of our corporate customers' non-commercial real estate.

Corporate & Investment Banking business segment
In terms of advisory expertise, product and process quality, the Corporate & Investment Banking (CIB) business segment intends to be the first port of call for large corporate customers. At the same time, CIB is oriented to building stable, strategic business partnerships in the long term and to positioning itself as a core bank for customers in commercial and investment banking. Its customer focus entails professional, active relationship management that is competent, quick, transparent and works on the basis of an advice-centred approach with in-depth understanding of the customer's business model and sector. CIB supports our corporate customers – also those served in the Unternehmer Bank business unit of the Commercial Banking business segment – in their positioning, growth and internationalisation by acting as an intermediary to the capital market.

The business success of the CIB business segment is based on the close cooperation and coordination between the sales, service and product units as well as on its collaboration with other countries and segments of UniCredit, particularly with back-offices. The three global product factories – Financing & Advisory, Global Transaction Banking and Markets – are integral parts of the segment's integrated value chain. They support customers in strategic, transaction-based activities, solutions and products. In the light of the change in markets and increase in market risks, we are seeking to closely support customers. We also cover all the corporate banking needs of our customers, including in areas like growth, internationalisation and restructuring. This requires up-to-date knowledge of specific branches and markets which also meets the growing demands on a finance provider.

The CIB business segment has four business lines: Multinational Corporates (MNC), CIB Americas, CIB Asia Pacific, and Financial Institutions Group (FIG). MNC concentrates on European customers and on European subsidiaries of American or Asian corporate customers; most customers are investment grade rated or in a fringe area to this, they operate in an international context and/or on the capital market. CIB Americas and CIB Asia focus on American or Asian customers whose business is related to the home countries of UniCredit (inbound) or if customers headquartered outside America or Asia operate there (outbound). FIG is a globally operating sales unit that ensures the comprehensive care of UniCredit's institutional customers.

The following customer groups are served by the **Financing & Advisory** (F&A) product factory on a global basis: Financial Sponsors, Global Project & Commodity Trade Finance, Global Capital Markets, Structured Finance (Corporate, Real Estate and Export) and Global Shipping. Portfolio & Pricing Management (PPM) is responsible groupwide for managing all leveraged, project, aircraft and commodity finance transactions. All other F&A asset classes are managed at the level of HVB by PPM in cooperation with representatives of the sales channels.

Global Transaction Banking (GTB) offers a broad array of products in the areas of cash management and e-banking, trade finance, supply chain management and global securities services.

The **Markets** business is essentially a customer-oriented product factory that supports the corporate banking operations of UniCredit. It covers the following product lines: Rates, Integrated Credit Trading, FX, CEE, Commodities, Equity Derivatives and Treasury. The products are sold through three main sales channels: Institutional Distribution, Corporate Treasury Sales and Private Investor Product & Institutional Equity Derivatives, each of which are an integral part of the product lines. In addition, Markets encompasses the units Research, Structuring and Solutions Group, and Quantitative Product Group.

The profits and losses of several subsidiaries and holdings also flow into the business segment's result. Above all, this includes UniCredit Luxembourg S.A., which operates across business segments within HVB Group and is involved in the handling, management and securitisation of the national and international credit of the group and in interest management as the group's funding unit in the money market.

Asset Gathering business segment
The Asset Gathering business segment shows the activities of our subsidiary DAB Bank. The operations of DAB Bank are divided into the two areas of Germany and Austria. While DAB Bank operates in Germany itself, it does so on the Austrian market through its fully owned subsidiary direktanlage.at. The latter is the market leader on the Austrian online brokerage market.

DAB Bank provides financial services to retail and corporate customers. Founded as Germany's first direct broker, its traditional focus is on the securities-related business. DAB Bank facilitates access to securities for its customers and provides comprehensive, modern services for securities account management. As a result of the continuous expansion and enhancement of its product and service offerings, today DAB Bank has a comprehensive range of services in the areas of banking, cash investments and trading. Since the end of 2012, DAB Bank has adopted an offensive market strategy in the area of retail customers, partly with the aim of becoming the first port of call for its customers. In the area of business customers, it is striving to expand its market leadership in the support of independent asset managers on a sustainable basis.

In retail banking operations, DAB Bank presents itself to customers and those interested as an efficient key relationship bank. The range in the area of banking was thoroughly revamped with the current account offering receiving several awards from independent bodies. The constantly refined range of highly competitive products and services includes the following core products: free current account, cards, savings products, payment and credit products, custody accounts, extensive online brokerage services, an independent range of investment solutions along with a high-quality product and service package for the discerning trader. By far the most important sales channel is the internet. Concentrating on this sales channel enables DAB Bank to offer its products and services on particularly attractive conditions.

The most significant customer group among business customers are financial intermediaries for whom DAB Bank handles customer transactions. Besides this customer group, DAB Bank also provides services to institutional customers. DAB Bank assumes the safe custody and management of securities and conducts securities transactions for its business customers. In addition, DAB Bank provides comprehensive services in IT and reporting and provides marketing and sales support to these customers. Particular importance is attached to the personalised care of business customers, although sales are nevertheless conducted mainly through telecommunication media.

Other/consolidation business segment
The Other/consolidation business segment encompasses the business units Global Banking Services (GBS) and Group Corporate Centre and consolidation effects.

The **Global Banking Services** business unit acts as a central internal service provider for customers and employees and covers particularly purchasing, organisation, corporate security, logistics and facility management, cost management and back-office functions for credit, accounts, foreign exchange, money market and derivatives as well as in-house consulting. Payments, securities settlement, IT application development and IT operation have been outsourced. Strategic real estate management at HVB is also the responsibility of Global Banking Services and is carried out by HVB Immobilien AG and its subsidiaries.

The **Group Corporate Centre** business unit includes profit contributions that do not fall within the jurisdiction of the individual business segments. Among other items, this includes the profits and losses of consolidated subsidiaries and non-consolidated holdings, provided they are not assigned to the business segments, together with the net income from securities holdings for which the Management Board is responsible. Also incorporated in this business unit are the amounts arising from decisions taken by management with regard to asset/liability management. This includes contributions to earnings from securities and money trading activities involving UniCredit S.p.A. and its subsidiaries. The Group Corporate Centre also includes the Real Estate Restructuring (RER) customer portfolio.

Segment Reporting (Continued)

28 Income statement, broken down by segment

Income statement, broken down by segment for the period from 1 January to 31 December 2013 (€ millions)

INCOME/EXPENSES	COMMERCIAL BANKING	CORPORATE & INVESTMENT BANKING	ASSET GATHERING	OTHER/ CONSOLIDATION	HVB GROUP
Net interest	1,600	1,194	39	79	2,912
Dividends and other income from equity investments	8	101	—	8	117
Net fees and commissions	847	231	86	2	1,166
Net trading income	18	964	1	135	1,118
Net other expenses/income	(7)	73	(1)	262	327
OPERATING INCOME	**2,466**	**2,563**	**125**	**486**	**5,640**
Payroll costs	(752)	(436)	(39)	(583)	(1,810)
Other administrative expenses	(1,234)	(860)	(58)	585	(1,567)
Amortisation, depreciation and impairment losses on intangible and tangible assets	(11)	(31)	(12)	(156)	(210)
Operating costs	**(1,997)**	**(1,327)**	**(109)**	**(154)**	**(3,587)**
OPERATING PROFIT	**469**	**1,236**	**16**	**332**	**2,053**
Net write-downs of loans and provisions for guarantees and commitments	(74)	(240)	—	100	(214)
NET OPERATING PROFIT	**395**	**996**	**16**	**432**	**1,839**
Provisions for risks and charges	(34)	(134)	(2)	(52)	(222)
Restructuring costs	(325)	—	—	(37)	(362)
Net income from investments	1	116	5	81	203
PROFIT BEFORE TAX	**37**	**978**	**19**	**424**	**1,458**

Income statement, broken down by segment for the period from 1 January to 31 December 2012 (€ millions)

INCOME/EXPENSES	COMMERCIAL BANKING	CORPORATE & INVESTMENT BANKING	ASSET GATHERING	OTHER/ CONSOLIDATION	HVB GROUP
Net interest	1,647	1,746	50	21	3,464
Dividends and other income from equity investments	17	126	—	4	147
Net fees and commissions	885	142	74	7	1,108
Net trading income	(9)	1,067	1	131	1,190
Net other expenses/income	(11)	2	(1)	151	141
OPERATING INCOME	**2,529**	**3,083**	**124**	**314**	**6,050**
Payroll costs	(759)	(473)	(41)	(566)	(1,839)
Other administrative expenses	(1,220)	(770)	(57)	548	(1,499)
Amortisation, depreciation and impairment losses on intangible and tangible assets	(10)	(12)	(14)	(142)	(178)
Operating costs	**(1,989)**	**(1,255)**	**(112)**	**(160)**	**(3,516)**
OPERATING PROFIT	**540**	**1,828**	**12**	**154**	**2,534**
Net write-downs of loans and provisions for guarantees and commitments	32	(1,005)	—	246	(727)
NET OPERATING PROFIT	**572**	**823**	**12**	**400**	**1,807**
Provisions for risks and charges	32	157	1	5	195
Restructuring costs	(86)	(9)	—	(7)	(102)
Net income from investments	(4)	88	15	59	158
PROFIT BEFORE TAX	**514**	**1,059**	**28**	**457**	**2,058**

Income statement of the Commercial Banking business segment (€ millions)

INCOME/EXPENSES	2013	2012	Q4 2013	Q3 2013	Q2 2013	Q1 2013
Net interest	1,600	1,647	408	409	384	399
Dividends and other income from equity investments	8	17	3	1	4	—
Net fees and commissions	847	885	213	198	209	227
Net trading income	18	(9)	21	(16)	1	11
Net other expenses/income	(7)	(11)	(8)	—	—	1
OPERATING INCOME	**2,466**	**2,529**	**637**	**592**	**598**	**638**
Payroll costs	(752)	(759)	(176)	(198)	(185)	(193)
Other administrative expenses	(1,234)	(1,220)	(314)	(308)	(310)	(302)
Amortisation, depreciation and impairment						
losses on intangible and tangible assets	(11)	(10)	(3)	(3)	(2)	(3)
Operating costs	**(1,997)**	**(1,989)**	**(493)**	**(509)**	**(497)**	**(498)**
OPERATING PROFIT	**469**	**540**	**144**	**83**	**101**	**140**
Net write-downs of loans and provisions						
for guarantees and commitments	(74)	32	(10)	(35)	4	(32)
NET OPERATING PROFIT	**395**	**572**	**134**	**48**	**105**	**108**
Provisions for risks and charges	(34)	32	(48)	(7)	19	1
Restructuring costs	(325)	(86)	(323)	—	(2)	—
Net income from investments	1	(4)	—	—	1	—
PROFIT/(LOSS) BEFORE TAX	**37**	**514**	**(237)**	**41**	**123**	**109**
Cost-income ratio in %	81.0	78.6	77.4	86.0	83.1	78.1

Development of the Commercial Banking business segment

The Commercial Banking business segment generated a profit before tax of €37 million in the 2013 financial year, which was lower than the very good figure of €514 million recorded for 2012. It is important to note in this regard that this development was impacted particularly by the restructuring costs of €325 million incurred in 2013 (2012: €86 million). Without the restructuring costs, the Commercial Banking business segment would have generated a profit before tax of €362 million (2012: €600 million).

In the 2013 financial year, operating income declined by €63 million to €2,466 million. Net interest fell by €47 million to €1,600 million, notably as a result of declines in volumes of property loans extended to private customers in lending operations coupled with decreases on account of restrained demand for credit from business customers. By contrast, deposit-taking operations posted a positive trend on account of effects from margins and volumes. At €847 million, net fees and commissions was unable to match last year's outstanding total of €885 million. Despite the persistent uncertainty on financial markets and the change in our customers' demand patterns, it was nevertheless possible to expand our mandated business.

At €1,997 million, operating costs remained almost constant compared with the equivalent period last year (up 0.4%). A rise in other administrative expenses resulting from higher indirect costs was offset by the 0.9% increase in payroll costs to €752 million. The cost-income ratio rose by 2.4 percentage points to 81.0% on account of lower operating income after totalling 78.6% in the equivalent period last year.

At €74 million, net write-downs of loans and provisions for guarantees and commitments remained at a low level, while the equivalent period last year benefited from a reversal of €32 million. Provisions for risks and charges in the non-lending business totalled €34 million following positive net reversals of €66 million. The restructuring provisions totalling €325 million (2012: €86 million) are essentially related to the modernisation of the retail banking operations.

Segment Reporting (Continued)

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

INCOME/EXPENSES	2013	2012	Q4 2013	Q3 2013	Q2 2013	Q1 2013
Net interest	1,194	1,746	291	299	276	327
Dividends and other income from equity investments	101	126	17	34	34	17
Net fees and commissions	231	142	50	49	71	62
Net trading income	964	1,067	189	192	332	250
Net other expenses/income	73	2	28	32	2	12
OPERATING INCOME	**2,563**	**3,083**	**575**	**606**	**715**	**668**
Payroll costs	(436)	(473)	(111)	(111)	(94)	(120)
Other administrative expenses	(860)	(770)	(218)	(213)	(230)	(199)
Amortisation, depreciation and impairment						
losses on intangible and tangible assets	(31)	(12)	(25)	(2)	(2)	(2)
Operating costs	**(1,327)**	**(1,255)**	**(354)**	**(326)**	**(326)**	**(321)**
OPERATING PROFIT	**1,236**	**1,828**	**221**	**280**	**389**	**347**
Net write-downs of loans and provisions						
for guarantees and commitments	(240)	(1,005)	(46)	(23)	(114)	(56)
NET OPERATING PROFIT	**996**	**823**	**175**	**257**	**275**	**291**
Provisions for risks and charges	(134)	157	(120)	(4)	(1)	(10)
Restructuring costs	—	(9)	—	—	—	—
Net income from investments	116	88	69	12	22	12
PROFIT BEFORE TAX	**978**	**1,059**	**124**	**265**	**296**	**293**
Cost-income ratio in %	51.8	40.7	61.6	53.8	45.6	48.1

Development of the Corporate & Investment Banking business segment

The Corporate & Investment Banking business segment generated operating income of €2,563 million in the 2013 financial year, which was €520 million below the amount recorded last year (2012: €3,083 million). It should be taken into account in this regard that the year-ago total benefited from non-recurring income of €395 million arising from the reversal of credit value adjustments. After deducting operating costs of €1,327 million, the operating profit amounted to €1,236 million, which is €592 million down on the previous year (2012: €1,828 million).

The decline in operating income is due primarily to a sharp decrease of €552 million in net interest to €1,194 million (2012: €1,746 million). This development can be attributed to a decline of €230 million in trading-induced interest together with lower income from lending operations, notably due to contracting credit volumes. At the same time, net trading income also declined by €103 million to €964 million (2012: €1,067 million), although this can be attributed to the non-recurrence of the one-time income of €395 million arising from the reversal of credit value adjustments recorded in the previous year. After adjustment for this non-recurring effect in the year-ago total, there was a significant improvement of €292 million in net trading income. The main driver of net trading income is customer transactions involving fixed-income securities, interest rate derivatives and structured equity products.

Dividend income essentially comprising payments by private equity funds fell year-on-year by €25 million to €101 million (2012: €126 million). By contrast, net fees and commissions performed extremely well, rising €89 million to €231 million (2012: €142 million). This development is due particularly to advisory services, credit-related business and investment banking. The high €71 million rise in net other expenses/income to €73 million (2012: €2 million) is mainly attributable to the recognition of income from the billing of structuring and advisory services relating to project finance, lower charges for the bank levy in Germany and an increase in income in connection with the offshore wind farm.

In total, operating costs were up by €72 million to €1,327 million compared with last year (2012: €1,255 million). This development is due to the overall rise of €109 million in both other administrative expenses and amortisation, depreciation and impairment losses on intangible assets and tangible assets, while payroll costs fell by €37 million resulting from lower expenses from profit-related bonus payments. The business segment's cost-income ratio rose by 11.1 percentage points to 51.8% (2012: 40.7%), chiefly on account of the decline in operating income.

At €240 million, net write-downs of loans and provisions for guarantees and commitments in the reporting period were a significant €765 million below the year-ago total of €1,005 million and hence at a very low level. In the reporting year, provisions for risks and charges amounted to €134 million after a net reversal of €157 million was recognised in the previous year. In 2013, the provisions for risks and charges resulted primarily from legal risks. Net income from investments amounted to €116 million in the reporting year (2012: €88 million), as in the previous year being generated mainly in connection with private equity investments. In the 2013 financial year, the CIB business segment generated a profit before tax of €978 million (2012: €1,059 million); once the one-time income from the previous year mentioned above is deducted, the profit before tax improved by €314 million.

Income statement of the Asset Gathering business segment (€ millions)

INCOME/EXPENSES	2013	2012	Q4 2013	Q3 2013	Q2 2013	Q1 2013
Net interest	39	50	11	10	8	8
Dividends and other income from equity investments	—	—	—	—	—	—
Net fees and commissions	86	74	23	20	22	21
Net trading income	1	1	—	1	—	—
Net other expenses/income	(1)	(1)	—	—	—	—
OPERATING INCOME	**125**	**124**	**34**	**31**	**30**	**29**
Payroll costs	(39)	(41)	(10)	(10)	(10)	(10)
Other administrative expenses	(58)	(57)	(16)	(13)	(15)	(13)
Amortisation, depreciation and impairment losses on intangible and tangible assets	(12)	(14)	(3)	(3)	(3)	(3)
Operating costs	**(109)**	**(112)**	**(29)**	**(26)**	**(28)**	**(26)**
OPERATING PROFIT	**16**	**12**	**5**	**5**	**2**	**3**
Net write-downs of loans and provisions for guarantees and commitments	—	—	—	—	—	—
NET OPERATING PROFIT	**16**	**12**	**5**	**5**	**2**	**3**
Provisions for risks and charges	(2)	1	(1)	(1)	—	—
Restructuring costs	—	—	—	—	—	—
Net income from investments	5	15	—	1	3	2
PROFIT BEFORE TAX	**19**	**28**	**4**	**5**	**5**	**5**
Cost-income ratio in %	87.2	90.3	85.3	83.9	93.3	89.7

Development of the Asset Gathering business segment
The operating income of the Asset Gathering business segment totalled €125 million in the 2013 financial year compared with the €124 million in 2012, which means that it is up €1 million on the year-ago figure. This slight increase was generated despite a €11 million fall in net interest to €39 million, which was adversely affected by the historically low interest rate levels that sharply reduced the margins generated in the deposit-taking operations. By contrast, net fees and commissions rose by a sharp 16% over the equivalent period last year, to €86 million. This increase results particularly from the increase in ordering activities by our customers and a rise in the amounts held in securities accounts.

At €109 million, operating costs were reduced by €3 million year-on-year thanks to the continued application of our consistent cost management. The €2 million decline in payroll costs was offset by a rise of €1 million in operating costs partly as a result of higher marketing expenses.

Together with the net income from investments of €5 million (2012: €15 million), the Asset Gathering business segment generated a profit before tax of €19 million in the 2013 financial year (2012: €28 million).

Segment Reporting (Continued)

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

INCOME/EXPENSES	2013	2012	Q4 2013	Q3 2013	Q2 2013	Q1 2013
Net interest	79	21	5	(18)	55	39
Dividends and other income from equity investments	8	4	6	—	1	—
Net fees and commissions	2	7	(4)	(2)	5	2
Net trading income	135	131	4	17	1	114
Net other expenses/income	262	151	124	60	40	36
OPERATING INCOME	**486**	**314**	**135**	**57**	**102**	**191**
Payroll costs	(583)	(566)	(144)	(145)	(145)	(149)
Other administrative expenses	585	548	131	150	153	151
Amortisation, depreciation and impairment losses on intangible and tangible assets	(156)	(142)	(42)	(35)	(38)	(40)
Operating costs	**(154)**	**(160)**	**(55)**	**(30)**	**(30)**	**(38)**
OPERATING PROFIT	**332**	**154**	**80**	**27**	**72**	**153**
Net write-downs of loans and provisions for guarantees and commitments	100	246	(18)	4	113	(1)
NET OPERATING PROFIT	**432**	**400**	**62**	**31**	**185**	**152**
Provisions for risks and charges	(52)	5	(55)	4	—	—
Restructuring costs	(37)	(7)	(37)	—	—	—
Net income from investments	81	59	25	1	—	54
PROFIT/(LOSS) BEFORE TAX	**424**	**457**	**(5)**	**36**	**185**	**206**
Cost-income ratio in %	31.7	51.0	40.7	52.6	29.4	19.9

Development of the Other/consolidation business segment

The operating income of this segment amounted to €486 million in the 2013 financial year compared with the €314 million in 2012. As was the case in 2012, the net trading income of €135 million in the 2013 financial year (2012: €131 million) mainly includes gains generated in connection with the buy-back of hybrid capital instruments. There was a sharp year-on-year increase of €58 million in net interest to €79 million (2012: €21 million). Net other expenses/income rose by €111 million to €262 million, partly due to the recognition of income from services provided in earlier years. With a slight decline of €6 million in operating costs to €154 million (2012: €160 million), the operating profit was up by €178 million to €332 million in 2013 (2012: €154 million).

A net reversal of €100 million was recorded in net write-downs of loans and provisions for guarantees and commitments at 31 December 2013 which, like a year earlier (2012: €246 million), arose mainly from the successful reduction of expiring portfolios. As in the previous year, the net income from investments of €81 million (2012: €59 million) resulted notably from gains on the sale of land and buildings. After restructuring costs of €37 million (2012: €7 million) and provisions of €52 million (2012: net reversal of €5 million), the profit before tax amounts to €424 million for the 2013 financial year, which is €33 million lower than the amount reported last year (2012: €457 million).

29 Balance sheet figures, broken down by segment

(€ millions)

	COMMERCIAL BANKING	CORPORATE & INVESTMENT BANKING	ASSET GATHERING	OTHER/ CONSOLIDATION	HVB GROUP[1]
Loans and receivables with banks					
2013	790	33,054	1,406	62	**35,312**
2012	628	35,177	525	(10)	**36,320**
Loans and receivables with customers					
2013	75,890	34,743	279	(1,323)	**109,589**
2012	78,912	42,603	291	406	**122,212**
Goodwill					
2013	130	288	—	—	**418**
2012	130	288	—	—	**418**
Deposits from banks					
2013	10,687	37,305	18	(171)	**47,839**
2012	9,741	37,811	56	(2,392)	**45,216**
Deposits from customers					
2013	70,685	24,839	4,980	7,346	**107,850**
2012	69,365	26,490	3,979	10,434	**110,268**
Debt securities in issue					
2013	3,931	2,482	—	25,391	**31,804**
2012	4,843	4,470	—	26,550	**35,863**
Risk-weighted assets compliant with Basel II					
(including equivalents for market risk					
and operational risk)					
2013	29,172	48,553	1,015	6,773	**85,513**
2012	33,409	68,534	1,108	6,795	**109,846**

1 balance sheet figures for non-current assets or disposal groups held for sale are shown separately in Notes 58 and 67

30 Employees, broken down by business segment[1]

	2013	2012
Commercial Banking	8,934	9,527
Corporate & Investment Banking[2]	2,809	2,225
Asset Gathering	552	558
Other/consolidation[3]	6,797	6,937
Total	**19,092**	**19,247**

1 in full-time equivalents
2 the 2013 total includes 680 FTEs from the initial inclusion of the BARD Group in the group of companies included in consolidation by HVB Group
3 the Other/consolidation business segment covers the Global Banking Services and Group Corporate Centre business units

Segment Reporting (Continued)

31 Segment reporting by region

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

Income statement, broken down by region (€ millions)

	GERMANY	ITALY	LUXEM-BOURG	UK	REST OF EUROPE	AMERICAS	ASIA	CONSOLIDATION	HVB GROUP
OPERATING INCOME									
2013	5,161	313	206	367	67	105	21	(600)	5,640
2012	5,345	834	277	408	71	130	37	(1,052)	6,050
OPERATING PROFIT/(LOSS)									
2013	1,179	237	174	285	42	57	119	(254)	1,839
2012	1,669	736	238	277	32	98	(3)	(513)	2,534

Total assets, broken down by region (€ millions)

	2013	2012
Germany	260,341	285,119
Italy	49,317	74,397
Luxembourg	20,821	24,598
UK	15,502	17,308
Rest of Europe	2,636	2,836
Americas	6,303	6,199
Asia	3,333	3,171
Consolidation	(68,235)	(66,343)
Total	**290,018**	**347,285**

Property, plant and equipment, broken down by region (€ millions)

	2013	2012
Germany	2,859	2,930
Italy	—	—
Luxembourg	32	33
UK	16	20
Rest of Europe	3	3
Americas	1	24
Asia	2	3
Consolidation	—	—
Total	**2,913**	**3,013**

Investment properties, broken down by region (€ millions)

	2013	2012
Germany	1,431	1,532
Italy	—	—
Luxembourg	—	—
UK	25	25
Rest of Europe	—	—
Americas	—	—
Asia	—	—
Consolidation	—	—
Total	**1,456**	**1,557**

Intangible assets, broken down by region

	2013	2012
Germany[1]	514	535
Italy	—	—
Luxembourg	1	1
UK	1	2
Rest of Europe	2	2
Americas	—	—
Asia	—	—
Consolidation	—	—
Total	**518**	**540**

1 includes goodwill

Employees, broken down by region[1]

	2013	2012
Germany[2]	17,330	17,391
Italy	293	326
Luxembourg	183	181
UK	533	542
Rest of Europe	367	405
Africa	2	2
Americas	196	201
Asia	188	199
Total	**19,092**	**19,247**

1 in full-time equivalents
2 the 2013 total includes 680 FTEs from the initial inclusion of the BARD Group in the group of companies included in consolidation by HVB Group

Notes to the Income Statement

32 Net interest

(€ millions)

	2013	2012
Interest income from	**5,734**	**7,189**
lending and money market transactions[1]	3,901	5,125
other interest income	1,833	2,064
Interest expense from	**(2,822)**	**(3,725)**
deposits	(658)	(1,098)
debt securities in issue and other interest expenses	(2,164)	(2,627)
Total	**2,912**	**3,464**

1 The reclassification of income from fee and commission income to interest income described in Note 2 took place in 2013. The year-ago figures have been adjusted accordingly

Interest income and interest expense for financial assets and liabilities not carried at fair value through profit or loss totalled €4,105 million (2012: €5,407 million) and €2,148 million (2012: €3,038 million), respectively. In this context, it should be noted that a comparison of these latter figures is of only limited informative value in economic terms, as the interest expenses for financial liabilities that are not measured at fair value through profit or loss also include refinancing for financial assets at fair value through profit or loss and partially for financial assets held for trading as well.

Net interest attributable to related parties

The following table shows the net interest attributable to related parties:

(€ millions)

	2013	2012
Non-consolidated affiliated companies	150	228
of which: UniCredit S.p.A.	71	143
Joint ventures	—	—
Associated companies	4	(2)
Other participating interests	—	—
Total	**154**	**226**

Besides the amounts attributable to UniCredit S.p.A., the net interest of €150 million (2012: €228 million) from non-consolidated affiliated companies includes interest income of €79 million (2012: €85 million) attributable to sister companies.

33 Dividends and other income from equity investments

(€ millions)

	2013	2012
Dividends and other similar income	112	138
Companies accounted for using the equity method	5	9
Total	**117**	**147**

34 Net fees and commissions

(€ millions)

	2013	2012
Management, brokerage and consultancy services	573	555
Collection and payment services	227	216
Lending operations[1]	342	327
Other service operations	24	10
Total	**1,166**	**1,108**

1 The reclassification of income from fee and commission income to interest income described in Note 2 took place in 2013. The year-ago figures have been adjusted accordingly

This item comprises the balance of fee and commission income of €1,608 million (2012: €1,596 million) and fee and commission expense of €442 million (2012: €488 million). Fee and commission income of €137 million (2012: €146 million) and fee and commission expense of €3 million (2012: €2 million) relate to financial instruments not measured at fair value through profit or loss.

Fees and commission charged for individual services are recognised as soon as the service has been performed. In contrast, deferred income is recognised for fees and commissions relating to a specific period (such as fees for financial guarantees).

Net fees and commissions from related parties

The following table shows the net fees and commissions attributable to related parties:

(€ millions)

	2013	2012
Non-consolidated affiliated companies	65	81
of which: UniCredit S.p.A.	(18)	9
Joint ventures	—	—
Associated companies	65	4
Other participating interests	—	—
Total	**130**	**85**

Besides the amounts attributable to UniCredit S.p.A., the net fees and commissions of €65 million (2012: €81 million) from non-consolidated affiliated companies include €83 million (2012: €72 million) from sister companies.

35 Net trading income

(€ millions)

	2013	2012
Net gains on financial assets held for trading[1]	828	1,248
Effects arising from hedge accounting	8	(112)
Changes in fair value of hedged items	969	(662)
Changes in fair value of hedging derivatives	(961)	550
Net gains/(losses) on financial assets at fair value through profit or loss (fair value option)[2]	148	(5)
Other net trading income	134	59
Total	**1,118**	**1,190**

1 including dividends from financial assets held for trading
2 also including the valuation results of derivatives concluded to hedge financial assets through fair value at profit or loss (effect in 2013: plus €470 million; 2012: minus €125 million)

Notes to the Income Statement (Continued)

The net gains on financial assets in the reporting period include rating-related value adjustments of €41 million on our holdings of derivatives (2012: €374 million).

Other net trading income in 2012 and 2013 almost exclusively reflected positive effects from the partial buy-back of hybrid capital.

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 hedge results from hedged items include a negative effect of €11 million (2012: positive effect of €128 million) arising from exchange rate changes that is offset by a corresponding negative in the hedge result from hedging derivatives.

The net gains on holdings at fair value through profit or loss (held-for-trading portfolios and fair value option) generally only contain the changes in fair value disclosed in the income statement. The interest income from held-for-trading portfolios is normally disclosed under net interest income. To ensure that the full contribution to profits from these activities 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.

36 Net other expenses/income

(€ millions)

	2013	2012
Other income	582	384
Other expenses	(255)	(243)
Total	**327**	**141**

Other income includes rental income of €181 million (2012: €162 million) from investment properties and mixed usage buildings and income of €72 million in connection with the Bard Offshore 1 offshore wind farm. Current operating expenses (including repairs and maintenance) directly allocable to investment properties and current expenses from mixed usage buildings of €49 million (2012: €50 million) are netted with the other income. Other expenses include expenses of €86 million (2012: €108 million) for the German bank levy in the 2013 financial year.

At the same time, there were gains of €43 million (2012: €59 million) on the sale of unimpaired receivables.

Net other expenses/income attributable to related parties

The following table shows the net other expenses/income attributable to related parties:

(€ milions)

	2013	2012
Non-consolidated affiliated companies	212	74
of which: UniCredit S.p.A.	109	15
Joint ventures	—	—
Associated companies	—	—
Other participating interests	—	—
Total	**212**	**74**

Besides the amounts attributable to UniCredit S.p.A., the net other expenses/income of €212 million (2012: €74 million) attributable to non-consolidated affiliated companies include €103 million (2012: €59 million) attributable to sister companies.

37 Operating costs

(€ millions)

	2013	2012
Payroll costs	**(1,810)**	**(1,839)**
Wages and salaries	(1,501)	(1,508)
Social security costs	(211)	(217)
Pension and other employee benefit costs	(98)	(114)
Other administrative expenses	**(1,567)**	**(1,499)**
Amortisation, depreciation and impairment losses	**(210)**	**(178)**
on property, plant and equipment	(160)	(115)
on software and other intangible assets, excluding goodwill	(50)	(63)
Total	**(3,587)**	**(3,516)**

Wages and salaries includes payments of €14 million (2012: €9 million) made upon the termination of the employment contract. The expense for similar payments under restructuring measures are recognised under restructuring costs in the income statement and explained in Note 40.

Operating costs of related parties

The following table shows the operating costs of related parties included in the total operating costs shown in the income statement:

(€ millions)

	2013	2012
Non-consolidated affiliated companies	(597)	(581)
of which: UniCredit S.p.A.	(2)	1
Joint ventures	—	—
Associated companies	—	—
Other participating interests	—	—
Total	**(597)**	**(581)**

Besides the amounts attributable to UniCredit S.p.A., the operating costs of €597 million (2012: €581 million) attributable to non-consolidated affiliated companies include €595 million (2012: €582 million) attributable to sister companies.

Group Executive Incentive System

The Group Executive Incentive System has governed variable compensation payable to selected staff since the 2010 financial year. This system is built around the principle that the variable compensation is granted partially in shares and is scheduled for disbursement over a number of years.

Employees whose duties have a significant impact on the Bank's overall risk and employees with a promised bonus in excess of €100,000 are beneficiaries of the Group Executive Incentive System. Under the Group Executive Incentive System, the bonus promised for the respective reporting period is split into a cash component and a stock component (share-based payment in the sense of IFRS 2). The cash component is disbursed in tranches over a period of up to four years. Accordingly, this group of employees received 20% to 40% of the bonus for 2013 in cash with the commitment at the beginning of 2014, and a further 20% will be disbursed after year-end 2014, and a further 10% for some of the beneficiaries after year-end 2016. At the beginning of 2014, the beneficiaries receive a commitment for the remaining 40% to 50% of the total bonus to allocate shares in UniCredit S.p.A. as part of the bonus for 2013, to be transferred to the beneficiaries after year-end 2015 and 2016, and partially also 2017. The deferred payment after year-end 2013/14 or partially 2016 and the transfer of shares after year-end 2015 and 2016 or partially 2017 to the beneficiaries is based on the level of target achievement in the individual agreed targets in 2013. This is subject to the provision that they continue to work for UniCredit up to the date of payment or transfer and that, as part of malus arrangement, it is ensured that a loss has not been recorded at the UniCredit corporate level or at the level of the individual beneficiary, or a significant reduction in the results achieved.

Notes to the Income Statement (Continued)

The stock component granted as part of the bonus for 2013 is subject to the provision that the Annual General Meeting of UniCredit S.p.A. formally approves the relevant volume of shares in April 2014. The fair value of the granted shares is calculated using the average stockmarket price of UniCredit S.p.A. shares in the month prior to the Annual General Meeting that adopts a resolution regarding the granting, adjusted for a discount for expected dividends during the vesting period.

10 million UniCredit S.p.A. shares (before possible adjustment due to adjustments in the equity of UniCredit S.p.A.) were granted in the reporting period as a component of the bonus granted for 2012, with a fair value of €32 million. The following shows the fair values per share at the time of granting:

	2013
Fair value of the shares to be transferred in 2015 (€ per share)	3.331
Fair value of the shares to be transferred in 2016 (€ per share)	3.152
Fair value of the shares to be transferred in 2017 (€ per share)	2.885

Analysis of outstanding shares in the Group Executive Incentive System

	2013		2012	
	TOTAL	AVERAGE MATURITY	TOTAL	AVERAGE MATURITY
Outstanding at start of period	**8,274,895**	**June 2014**	**2,022,500**	**July 2013**
Additions				
Newly granted shares	10,040,749	August 2015	6,701,094	September 2014
From corporate transfers	—	—	—	—
Releases				
Forfeited shares	69,555	December 2015	448,699	December 2014
Transferred shares	—	—	—	—
Expired shares	—	—	—	—
Total at end of period	**18,246,089**	**February 2015**	**8,274,895**	**June 2014**

The promised bonuses are recognised in the income statement on a pro rata basis over the respective vesting period.

Bonuses for the 2013 financial year falling due for disbursement in 2014 are recognised in full as expense. Where cash payments are made at a later date, such payments are subject to the condition that the eligible employees remain employed by UniCredit or partly subject to further performance targets. Accordingly, the vesting period for the promised bonus consists of several financial years (target achievement plus waiting period) and is to be deferred over this period compliant with IAS 19.15 in conjunction with IAS 19.68. Thus, deferred cash payments under the bonus promised for 2013 are recognised as expense in the respective period (from the 2013 financial year to the end of the financial year in which the waiting period for the respective tranche ends) on a pro rata basis.

UniCredit S.p.A. delivers shares to the employees for commitments made by HVB Group once the conditions for granting shares have been met. The expense for the shares transferred corresponds to the fair value of the shares at the grant date.

In the 2013 financial year, prorated expenses of €27 million accrued for the stock component arising from the bonuses promised for 2011, 2012 and 2013 in the form of share-based payments compliant with IFRS 2. The provision set up totalled €61 million.

In addition to this, UniCredit has further share-based schemes that are accounted for in accordance with IFRS 2: the long-term incentive programme, the "2012 Share Plan for Group Talents and Mission Critical Players" and the employee share ownership plan ("Let's Share"). These are described below.

Long-term incentive programme
A long-term incentive programme including share-based remuneration transactions featuring compensation in UniCredit shares, has been set up for executives and junior managers of all UniCredit companies selected using defined criteria. Within this umbrella programme, individual schemes were set up in recent years, the key elements of which included the granting of stock options starting in 2011 in the form of performance stock options and performance shares.

UniCredit S.p.A. undertakes the commitment to employees of HVB; in return, HVB reimburses to UniCredit S.p.A. the expenses for stock options and performance shares actually transferred to the beneficiaries after the vesting period has expired and the conditions attached to the commitment have been checked. The fair value of the instrument at the time granting is recognised as the expense for the stock options and performance shares transferred.

The following statements relate to all eligible HVB Group employees covered by the long-term incentive programme. The information provided in Note 86 in this regard merely relates to the stock options and performance shares granted to members of the Management Board.

The stock options granted under the long-term incentive programme grant entitlement to purchase a UniCredit share at a price which was fixed before the option was issued. In the case of stock options issued during or after 2011, beneficiaries are only entitled to exercise their options in a range between 0% and 150% (depending on the level of target achievement) of the underlying total originally granted if the respective targets have been met after around three to four years. The options may only be exercised during a fixed period which starts after the vesting period expires. If the beneficiary has already left UniCredit by that date, the stock options are normally forfeited, meaning that they can no longer be exercised. The options are acquired on a pro rata basis or in full in certain exceptional circumstances, such as disability, retirement or an employer leaving UniCredit.

The fair values of the stock options at the grant date are determined using Hull & White's trinomial model. The following parameters have been taken into account in this context:
– The probability of the option expiring due to the beneficiary leaving the company prematurely after the lock-up period has expired.
– Definition of an exercise barrier. This means that the options are only exercised before the end of the exercise period if the current price of the UniCredit share exceeds the exercise price by the exercise barrier multiplier (usually a factor of 1.5).
– Dividend yield of the UniCredit share.
– Average historical daily volatility over a period equivalent to the vesting period.

The stock options granted in 2012 become exercisable in 2016, provided the relevant targets are achieved in each case. Furthermore, the stock options were granted subject to the condition that the beneficiaries continued to work for UniCredit. All other stock options granted in earlier years are already exercisable.

No new stock options were granted in the 2013 financial year.

Notes to the Income Statement (Continued)

Analysis of outstanding stock options

	2013			2012		
	TOTAL	AVERAGE STRIKE PRICE (€)[1]	AVERAGE MATURITY	TOTAL	AVERAGE STRIKE PRICE (€)[1]	AVERAGE MATURITY
Outstanding at start of period	**28,094,229**	**3.27**	**December 2019**	**29,054,141**	**3.24**	**October 2019**
Additions						
Newly granted options	—	—	—	1,177,130	4.01	December 2022
From corporate transfers	118,984	3.26	August 2019	—	—	—
Releases						
Forfeited stock options	935,553	3.70	August 2019	2,137,042	3.32	October 2019
Exercised stock options	—	—	—	—	—	—
Expired stock options	13,321,733	1.81	December 2020	—	—	—
Total at end of period	**13,955,927**	**4.64**	**December 2018**	**28,094,229**	**3.27**	**December 2019**
Exercisable options at end of period	12,827,678	4.69	August 2018	13,256,442	4.71	August 2018

1 The average strike price is only of limited information value on account of the non-inclusion of completed capital increases and stock consolidations (final measure in 2012: stock consolidation at a ratio of 10:1 and subsequent capital increase at a ratio of 1:2 at a price of €1.943) in line with the conditions for granting the stock options.

The decline in outstanding stock options in the reporting period results primarily from the non-achievement of the targets set in the programme for 2011.

The fair value of the options granted is recorded as an expense over the vesting period on the basis of the expected number of options transferred at the end of the vesting period.

A set number of UniCredit shares (performance shares) are transferred free of charge if, after a period of around three years, the relevant targets have been met and the recipient is still working for UniCredit; otherwise, the performance shares are normally forfeited. As an alternative to the transfer of shares, the UniCredit S.p.A. Board may also decide to disburse in cash the market value of the shares at the time of transfer. The shares may be transferred on a pro rata basis or in full in certain exceptional cases, such as disability, retirement or an employer leaving UniCredit. Similarly in the case of performance shares issued during or after 2011, the actual number of shares transferred is in a range between 0% and 150% of the underlying total originally granted (depending on the level of target achievement).

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

No new performance shares were granted in 2013.

Analysis of outstanding performance shares

	2013		2012	
	TOTAL	AVERAGE MATURITY	TOTAL	AVERAGE MATURITY
Outstanding at start of period	**1,080,803**	**December 2013**	**10,772,508**	**May 2013**
Additions				
Decrease due to stock consolidation or capital increase	—	—	(9,124,688)	May 2013
Newly granted options	—	—	—	—
From corporate transfers	3,990	December 2013	—	—
Releases				
Forfeited performance shares	31,126	December 2013	72,131	October 2013
Transferred performance shares	—	—	—	—
Expired performance shares	1,053,667	December 2013	494,886	December 2011
Total at end of period	**—**	**—**	**1,080,803**	**December 2013**

The decline in outstanding performance shares in the reporting period results primarily from the non-achievement of the targets set in the programme for 2011.

The fair value at the grant date is recorded as an expense for performance shares pro rata temporis over the vesting period.

The income from forfeited instruments and the prorated expenses for the granted instruments totalled a net amount of €8 million (2012: net expense of €3 million) at HVB Group for both programmes (stock options and performance shares) in 2013, which is recognised under payroll costs.

The provision set up to cover non-expired stock options at HVB Group totalled €1 million at year-end 2013 (2012: €9 million).

2012 Share Plan for Group Talents and Mission Critical Players

The parent company, UniCredit S.p.A., set up a Share Plan for Group Talents and Mission Critical Players in 2012 for selected employees with high potential and outstanding performance who generate sustainable growth for the corporate group. The beneficiaries are entitled to receive a previously defined number of UniCredit S.p.A. shares. The shares are granted in three equal tranches over a period of three years in 2013, 2014 and 2015, provided annually defined performance targets are met and the employees are in regular, indefinite employment at the respective grant date. Otherwise, the shares are normally forfeited. The shares may be transferred in full in certain exceptional cases, such as disability, retirement or employer leaving UniCredit. As an alternative to transferring the shares, the Board of UniCredit S.p.A. may also decide to disburse in cash the market value of the shares at the transfer date.

Under the terms of this plan, UniCredit S.p.A. undertakes the commitments directly with the HVB employees concerned. Similarly, HVB reimburses the expenses to UniCredit S.p.A. on the basis of the fair value at the grant date. The fair value for the shares is determined on the basis of the share price on the grant date, adjusted for a discount for expected dividend payments during the vesting period.

Information regarding the 2012 Share Plan for Group Talents and Mission Critical Players

	2012
Total (shares)	1,176,064
Market price of UniCredit share on grant date (€)	4.0100
Conditional grant date	27/3/2012
Exercise date should criteria be met (start of exercise period)	1/3 in each case by the end of July 2013, 2014 and 2015
Fair value per share on grant date (€)	4.0100

Analysis of outstanding shares

	2013	2012
	TOTAL (SHARES)	TOTAL (SHARES)
Outstanding at start of period	1,147,209	—
Additions		
Newly granted shares	—	1,184,064
Releases		
Forfeited shares	20,766	36,855
Transferred shares	375,447	—
Expired shares	—	—
Total at end of period	**750,996**	**1,147,209**

Notes to the Income Statement (Continued)

The fair value at the grant date is recorded as an expense for such shares in the period that is decisive for fulfilling the respective criteria.

The prorated expenses arising from the granted shares and the income from forfeited shares totalled a net expense of €1 million at HVB Group in 2013 (2012: €3 million), which is recognised in payroll costs.

The provision set up for this share plan totalled €4 million at year-end 2013 (2012: €3 million).

Employee share ownership plan
An employee share ownership plan ("Let's Share") has been set up enabling UniCredit employees to purchase UniCredit shares at discounted prices.

Between January 2013 and December 2013, employees participating in the plan had the opportunity to use their contributions to buy regular UniCredit shares (known as investment shares). However, the plan offers the following advantage compared with buying the shares directly on the market:

Participating employees first receive the right to obtain free shares with a value of one-third of the amount they have invested under the plan. At the end of a one-year vesting period in January 2014 (or July 2014 in the event of participation from July 2013), the participants receive regular UniCredit shares in exchange for their rights, over which they have an immediate right of disposal. The rights to the free shares generally expire when employees sell the investment shares or their employment with a UniCredit company is terminated before the vesting period ends.

Thus, employees can enjoy an advantage of around 33% of the investment made as a result of the granting of free shares. Added to this is a tax break that exists in Germany for such employee share ownership plans.

UniCredit S.p.A. also undertakes the commitments to the employees under the employee share ownership plan. The Bank reimburses the expenses actually accruing to UniCredit S.p.A. when the free shares are transferred. The expense corresponds to the fair value of the free shares at the grant date. The fair value of the outstanding free shares is determined on the basis of the share price at the date when the employees bought the investment shares, taking into account a discount for expected dividend payments over the vesting period.

It is intended to operate the plan on an annual basis. Similar programmes had already been set up in previous years. The employee share ownership plan is insignificant for the consolidated financial statements of HVB Group overall.

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

(€ millions)

	2013	2012
Additions	**(1,709)**	**(1,699)**
Allowances for losses on loans and receivables	(1,501)	(1,467)
Allowances for losses on guarantees and indemnities	(208)	(232)
Releases	**1,424**	**911**
Allowances for losses on loans and receivables	898	837
Allowances for losses on guarantees and indemnities	526	74
Recoveries from write-offs of loans and receivables	**71**	**64**
Gains/(losses) on the disposal of impaired loans and receivables	**—**	**(3)**
Total	**(214)**	**(727)**

Income from the disposal of performing loans and receivables is disclosed under net other expenses/income. This gave rise to a gain of €43 million in the year under review (2012: €59 million). The net expenses (net write-downs of loans and provisions for guarantees and commitments, and gains on disposal) for loans and receivables amount to €489 million (2012: net expense of €510 million).

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

The following table shows the net write-downs of loans and provisions for guarantees and commitments attributable to related parties:

(€ millions)

	2013	2012
Non-consolidated affiliated companies	—	—
of which: UniCredit S.p.A.	—	—
Joint ventures	—	—
Associated companies	—	—
Other participating interests	—	(7)
Total	**—**	**(7)**

39 Provisions for risks and charges

In the reporting period, there was a net expense of €222 million from transfers to and reversals of provisions for risks and charges resulting notably from additions to provisions for legal risks alongside provisions for derivative transactions. The legal risks are described in greater detail in the section of the Risk Report entitled "Operational risk" in Management's Discussion and Analysis.

In 2012, by contrast, income of €195 million was recognised from the reversal of provisions for risks and charges. The biggest individual item in the reversals of provisions for charges and risks totalled €240 million. This related to the erection of the offshore wind farm, for which loan-loss allowances of the equivalent amount were recognised in net write-downs of loans and provisions for guarantees and commitments.

40 Restructuring costs

Restructuring costs totalling €362 million accrued during the reporting period. To a very large extent, these expenses relate to the creation of restructuring provisions associated with the modernisation of HVB Group's retail banking business (see the section of the Financial Review entitled "Modernisation of the retail banking business" in Management's Discussion and Analysis). These restructuring provisions have been set up mainly to cover severance payments as well as the costs involved in the closure of offices.

The restructuring costs of €102 million recognised in 2012 resulted from measures relating to the modifications of the business model and the associated changes to the organisational structure carried out in 2013. These restructuring provisions have been set up mainly to cover severance payments as well as the costs involved in the closure of offices.

41 Net income from investments

(€ millions)

	2013	2012
Available-for-sale financial assets	119	72
Shares in affiliated companies	23	22
Companies accounted for using the equity method	—	—
Held-to-maturity investments	—	5
Land and buildings	54	49
Investment properties[1]	7	10
Total	**203**	**158**

1 gains on disposal, impairments and write-ups

Notes to the Income Statement (Continued)

Net income from investments breaks down as follows:

(€ millions)

	2013	2012
Gains on the disposal of	**247**	**220**
available-for-sale financial assets	169	134
shares in affiliated companies	23	22
companies accounted for using the equity method	—	—
held-to-maturity investments	—	5
land and buildings	54	49
investment properties	1	10
Write-downs, value adjustments and write-ups on	**(44)**	**(62)**
available-for-sale financial assets	(50)	(62)
shares in affiliated companies	—	—
companies accounted for using the equity method	—	—
held-to-maturity investments	—	—
investment properties	6	—
Total	**203**	**158**

The gains on disposal in the reporting period include €169 million from AfS financial assets stemming essentially from the sale of private equity funds; this total also includes the gains on the disposal of part of the private equity portfolio to the opportunities fund SCS-SIF (SwanCap). Furthermore, gains of €54 million were recognised on the disposal of land and buildings relating to the sale of real estate at the Hamburg facility. The write-downs and value adjustments of €50 million on AfS financial assets were taken primarily on private equity funds.

In 2012, the gains of €134 million on the disposal of AfS financial assets stemmed mostly from the sale of private equity funds while the gains of €49 million on the disposal of land and property were attributable to the sale of real estate in a central location in Munich. The write-downs and value adjustments were mainly taken on private equity funds.

42 Income tax for the period

(€ millions)

	2013	2012
Current taxes	(353)	(625)
Deferred taxes	(31)	(146)
Total	**(384)**	**(771)**

The current tax expense for 2013 includes tax expenses of €14 million for previous years (2012: €103 million).

The deferred tax expense in the reporting period comprises tax income of €81 million from value adjustments of deferred tax assets on tax losses carried forward and net expenses of €112 million arising from the origination and utilisation of tax losses and the origination, reversal and value adjustments of deferred taxes arising from temporary differences. In 2012, the net deferred tax expense included tax income of €103 million from value adjustments on deferred tax assets arising from tax losses carried forward and tax expenses of €249 million arising from the origination and utilisation of tax losses and the origination, reversal and value adjustments of deferred taxes arising from temporary differences.

The differences between computed and recognised income tax are shown in the following reconciliation: **(€ millions)**

	2013	2012
Profit before tax	1,458	2,058
Applicable tax rate	31.4%	31.4%
Computed income taxes	(458)	(647)
Tax effects		
arising from previous years and changes in tax rates	(3)	(103)
arising from foreign income	+ 37	+ 23
arising from non-taxable income	+ 69	+ 75
arising from different tax laws	(19)	(80)
arising from non-deductible expenses	(91)	(130)
arising from value adjustments and the non-recognition of deferred taxes	+ 81	+ 91
arising from other differences	—	—
Recognised income taxes	**(384)**	**(771)**

As in 2012, an applicable tax rate of 31.4% has been assumed in the tax reconciliation. This comprises the current rate of corporate income tax in Germany of 15.0%, the solidarity surcharge of 5.5% and an average trade tax rate of 15.6%. This reflects the fact that the consolidated profit is dominated by profits generated in Germany, meaning that it is subject to German corporate income tax and trade tax.

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

The item tax effects from different tax law comprises the municipal trade tax modifications applicable to domestic companies and other local peculiarities.

Notes to the Income Statement (Continued)

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

(€ millions)

	2013	2012
Deferred tax assets		
Financial assets/liabilities held for trading	255	415
Investments	42	142
Property, plant and equipment/intangible assets	101	102
Provisions	484	503
Other assets/other liabilities/hedging derivatives	538	882
Loans and receivables with banks and customers, including provisions for losses on loans and receivables	182	233
Losses carried forward/tax credits	360	464
Other	12	2
Total deferred tax assets	**1,974**	**2,743**
Effect of offsetting	(751)	(1,015)
Recognised deferred tax assets	**1,223**	**1,728**
Deferred tax liabilities		
Loans and receivables with banks and customers, including provisions for losses on loans and receivables	27	45
Financial assets/liabilities held for trading	110	171
Investments	54	214
Property, plant and equipment/intangible assets	57	60
Other assets/other liabilities/hedging derivatives	562	802
Deposits from banks/customers	3	54
Non-current assets or disposal groups held for sale	1	6
Other	143	351
Total deferred tax liabilities	**957**	**1,703**
Effect of offsetting	(751)	(1,015)
Recognised deferred tax liabilities	**206**	**688**

Deferred taxes are normally measured using the local tax rates of the respective tax jurisdiction. German corporations use the uniform corporate income tax rate that is not dependent on any dividend distribution of 15.8%, including the solidarity surcharge, and the municipal trade tax rate dependent on the applicable municipal trade tax multiplier. As last year, this resulted in an overall valuation rate for deferred taxes of 31.4% for HVB in Germany. The applicable local tax rates are applied analogously for other domestic and foreign units. Changes in tax rates have been taken into account, provided they had already been enacted or substantially enacted by the end of the reporting period.

Deferred tax assets of €1 million (2012: €16 million) were credited to the AfS reserve of HVB Group and deferred tax liabilities of €11 million (2012: €11 million) were offset against the hedge reserve. The deferred taxes are mainly included in the items "Investments" and "Other assets/other liabilities/hedging derivatives" mentioned above. Deferred tax assets of €295 million (2012: €272 million) were recognised outside profit or loss in connection with the accounting for pension commitments in accordance with IAS 19. They are included under "Provisions" in the above table. In each case, the deferred tax items offset directly against reserves or other comprehensive income are the balance of deferred tax assets and deferred tax liabilities before adjustment for minority interests.

Compliant with IAS 12, no deferred tax assets have been recognised for unused tax losses of HVB Group of €4,143 million (2012: €4,217 million), most of which do not expire, and deductible temporary differences of €1,741 million (2012: €1,652 million).

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

43 Impairment on goodwill

No impairment on goodwill accrued during either the reporting period or 2012.

44 Earnings per share

	2013	2012
Consolidated profit attributable to shareholder (€ millions)	1,033	1,246
Average number of shares	802,383,672	802,383,672
Earnings per share (€)	1.29	1.55

Notes to the Balance Sheet

45 Cash and cash balances

(€ millions)

	2013	2012
Cash on hand	527	576
Deposits central banks	10,099	15,079
Total	**10,626**	**15,655**

46 Financial assets held for trading

(€ millions)

	2013	2012
Balance-sheet assets	**28,025**	**25,035**
Fixed-income securities	11,504	13,917
Equity instruments	6,928	3,843
Other financial assets held for trading	9,593	7,275
Positive fair value from derivative financial instruments	**63,276**	**105,982**
Total	**91,301**	**131,017**

The financial assets held for trading include €194 million (2012: €207 million) in subordinated assets. Financial assets held for trading did not include any Greek sovereign bonds in the reporting period or 2012.

Financial assets held for trading of related parties

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

(€ millions)

	2013	2012
Non-consolidated affiliated companies	14,399	20,044
of which: UniCredit S.p.A.	10,005	14,018
Joint ventures	—	—
Associated companies	254	205
Other participating interests	20	—
Total	**14,673**	**20,249**

Besides the amounts attributable to UniCredit S.p.A., the financial assets held for trading of €14,399 million (2012: €20,044 million) attributable to non-consolidated affiliated companies include financial assets of €4,394 million (2012: €6,026 million) attributable to sister companies (mostly derivative transactions involving UniCredit Bank Austria AG) and €0 million (2012: €0 million) attributable to subsidiaries.

47 Financial assets at fair value through profit or loss

(€ millions)

	2013	2012
Fixed-income securities	28,478	22,915
Equity instruments	—	—
Investment certificates	2	2
Promissory notes	1,232	1,365
Other financial assets at fair value through profit or loss	—	—
Total	**29,712**	**24,282**

82% (2012: 83%) of the promissory notes was issued by the federal states and regional authorities in the Federal Republic of Germany. The portfolio also includes a promissory note issued by the Republic of Austria.

On account of the prime ratings of the promissory notes, the fair value fluctuations contain only minor effects from changes in credit ratings.

The financial assets at fair value through profit or loss (fair value option) include €282 million (2012: €301 million) in subordinated assets. Financial assets at fair value through profit or loss did not include any Greek sovereign bonds in the reporting period or 2012.

48 Available-for-sale financial assets

(€ millions)

	2013	2012
Fixed-income securities	3,533	4,013
Equity instruments	264	418
Other available-for-sale financial assets	201	188
Impaired assets	578	863
Total	**4,576**	**5,482**

Available-for-sale financial assets at 31 December 2013 included €685 million (2012: €1,082 million) valued at cost. Within this total, equity instruments with a carrying amount of €171 million (2012: €65 million) were sold during the reporting period, yielding a gain of €92 million (2012: €90 million).

Available-for-sale financial assets at 31 December 2013 contained a total of €578 million (2012: €863 million) in impaired assets. Impairments of €53 million (2012: €68 million) were taken to the income statement during the reporting period.

None of the non-impaired debt instruments are financial instruments past due.

The available-for-sale financial assets included €189 million (2012: €220 million) in subordinated assets at 31 December 2013.

Available-for-sale financial instruments did not include any Greek sovereign bonds in the reporting period or 2012.

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

(€ millions)

	2013	2012
Associated companies accounted for using the equity method	71	65
of which: goodwill	37	36
Joint ventures accounted for using the equity method	—	—
Total	**71**	**65**

Notes to the Balance Sheet (Continued)

Change in portfolio of shares in associated companies accounted for using the equity method (€ millions)

2012	ASSOCIATED COMPANIES ACCOUNTED FOR USING THE EQUITY METHOD
Carrying amounts at 1 January	**49**
Additions	**16**
Purchases[1]	10
Write-ups	—
Changes from currency translation	1
Other additions[2]	5
Disposals	**—**
Sales	—
Impairments	—
Changes from currency translation	—
Non-current assets or disposal groups held for sale	—
Other disposals[2]	—
Carrying amounts at 31 December	**65**
2013	**ASSOCIATED COMPANIES ACCOUNTED FOR USING THE EQUITY METHOD**
Carrying amounts at 1 January	**65**
Additions	**16**
Purchases[1]	14
Write-ups	—
Changes from currency translation	—
Other additions[2]	2
Disposals	**(10)**
Sales	—
Impairments	—
Changes from currency translation	(10)
Non-current assets or disposal groups held for sale	—
Other disposals[2]	—
Carrying amounts at 31 December	**71**

1 also including capital increase
2 also including changes in the group of companies included in consolidation

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

	2013	2012
Property, plant and equipment	216	240
Intangible assets	21	22
Other assets	176	179
Total assets	**413**	**441**

(€ millions)

	2013	2012
Deposits from banks	188	209
Other liabilities	107	118
Equity	118	114
Total liabilities	**413**	**441**

(€ millions)

	2013	2012
Net interest	(8)	(13)
Net other expenses/income	102	165
Operating costs	(63)	(99)
Profit before tax	**31**	**53**
Income tax	(6)	(8)
Consolidated profit	**25**	**45**

There were no changes in volume arising from other comprehensive income and other equity items at companies accounted for using the equity method. There was no prorated loss during the reporting period or 2012 from companies accounted for using the equity method. Furthermore, there were no prorated cumulative losses in the reporting period or 2012 from companies accounted for using the equity method.

There are no material commitments arising from contingent liabilities of associated companies.

50 Held-to-maturity investments

(€ millions)

	2013	2012
Fixed-income securities	217	261
Impaired assets	—	—
Total	**217**	**261**

Held-to-maturity investments at 31 December 2013 include €11 million (2012: €11 million) in subordinated assets.

As in 2012, the held-to-maturity investments at 31 December 2013 included no impaired assets.

As in 2012, the held-to-maturity investments did not include any Greek government bonds in the reporting period.

Development of held-to-maturity investments

(€ millions)

	2013	2012
Balance at 1 January	**261**	**2,463**
Additions		
Purchases	—	—
Write-ups	—	—
Other additions	—	—
Disposals		
Sales	—	—
Redemptions at maturity	(39)	(2,190)
Write-downs	—	—
Other disposals	(5)	(12)
Balance at 31 December	**217**	**261**

Notes to the Balance Sheet (Continued)

51 Loans and receivables with banks

(€ millions)

	2013	2012
Current accounts	1,856	1,901
Cash collateral and pledged credit balances	9,013	12,836
Reverse repos	9,855	6,975
Reclassified securities	1,724	2,171
Other loans to banks	12,864	12,437
Total	**35,312**	**36,320**

As part of credit risk management notably with regard to the counterparty risk arising from derivatives, master netting arrangements are frequently concluded that, in the event of default by the counterparty, permit all derivatives with this counterparty to be netted and positive and negative market values of the individual derivatives to be set off to create a net receivable. Such net receivables are normally secured by cash collateral to further reduce the credit risk. This involves the debtor of the net receivable transferring money to the creditor and pledging these cash balances. The amount of the cash collateral is adjusted at regular intervals to reflect the current amount of a potential net receivable, although a receivable arising from cash collateral provided can become a liability arising from cash collateral received and vice versa depending on the balance of the potential net receivable.

The other loans to banks consist mostly of term deposits and bonds.

The loans and receivables with banks included €41 million (2012: €641 million) in subordinated assets at 31 December 2013.

Loans and receivables with related parties

The following table shows the breakdown of loans and receivables with banks involving related parties:

(€ millions)

	2013	2012
Non-consolidated affiliated companies	7,188	7,365
of which: UniCredit S.p.A.	4,927	4,630
Joint ventures	—	—
Associated companies	105	248
Other participating interests	4	2
Total	**7,297**	**7,615**

Besides the loans and receivables with UniCredit S.p.A., the loans and receivables of €7,188 million (2012: €7,365 million) with non-consolidated affiliated banks include loans and receivables of €2,261 million (2012: €2,735 million) with sister companies (mainly UniCredit Bank Austria AG).

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

(€ millions)

	2013	2012
Properly serviced loans and receivables		
Carrying amount before allowances	34,539	36,170
Portfolio allowances	5	9
Carrying amount	**34,534**	**36,161**
Properly serviced loans and receivables past due		
Carrying amount before allowances	629	36
Portfolio allowances	—	—
Carrying amount	**629**	**36**
Non-performing loans and receivables		
Carrying amount before allowances	261	233
Specific allowances	112	110
Carrying amount	**149**	**123**

The non-performing loans and receivables are essentially loans and receivables in rating classes 8–, 9 and 10. These include receivables totalling €1 million (2012: €1 million) that are no longer assigned to rating classes 8–, 9 or 10 due to improved credit standings, but which have been in these classes for a total period of 24 months since first being classified as non-performing.

(€ millions)

	2013	2012
Carrying amount of properly serviced loans and receivables past due, broken down by period past due		
1–30 days	629	36
31–60 days	—	—
61–90 days	—	—

(€ millions)

	2013	2012
Value of collateral, broken down by period past due		
1–30 days	364	11
31–60 days	—	—
61–90 days	—	—

Notes to the Balance Sheet (Continued)

(€ millions)

	2013	2012
Loans and receivables, broken down by rating class		
Not rated	544	337
Rating class 1–4	33,042	34,480
Rating class 5–8	1,578	1,381
Rating class 9–10	148	122
Collateral, broken down by rating class		
Not rated	4	1
Rating class 1–4	7,880	11,760
Rating class 5–8	553	853
Rating class 9–10	119	94

52 Loans and receivables with customers

(€ millions)

	2013	2012
Current accounts	8,100	8,618
Cash collateral and pledged cash balances	2,114	2,136
Reverse repos	622	443
Mortgage loans	41,222	42,957
Finance leases	2,039	1,883
Reclassified securities	2,670	3,552
Non-performing loans and receivables	3,585	4,468
Other loans and receivables	49,237	58,155
Total	**109,589**	**122,212**

As part of credit risk management notably with regard to the counterparty risk arising from derivatives, master netting arrangements are frequently concluded that, in the event of default by the counterparty, permit all derivatives with this counterparty to be netted and positive and negative market values of the individual derivatives to be set off to create a net receivable. Such net receivables are normally secured by cash collateral to further reduce the credit risk. This involves the debtor of the net receivable transferring money to the creditor and pledging these cash balances. The amount of the cash collateral is adjusted at regular intervals to reflect the current amount of a potential net receivable, although a receivable arising from cash collateral provided can become a liability arising from cash collateral received and vice versa depending on the balance of the potential net receivable.

Other loans and receivables largely comprise miscellaneous other loans, installment loans, term deposits and refinanced special credit facilities.

Loans and receivables with customers include an amount of €1,406 million (2012: €1,916 million) funded under the fully consolidated Arabella conduit programme. This essentially involves buying short-term accounts payable and medium-term receivables under lease agreements from customers and funding them by issuing commercial paper on the capital market. The securitised loans and receivables essentially reflect loans and receivables of European borrowers, with a majority of the loans and receivables relating to German borrowers.

The loans and receivables with customers at 31 December 2013 include €853 million (2012: €1,298 million) in subordinated assets.

Loans and receivables with customers did not include any Greek government bonds in either the reporting period or 2012.

Loans and receivables with related parties

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

	2013	2012
Non-consolidated affiliated companies	98	114
Joint ventures	—	—
Associated companies	70	58
Other participating interests	554	517
Total	**722**	**689**

The loans and receivables of €98 million (2012: €114 million) with non-consolidated affiliated companies include loans and receivables of €74 million (2012: €114 million) with sister companies and €24 million (2012: €0 million) with subsidiaries.

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

	2013	2012
Properly serviced loans and receivables		
Carrying amount before allowances	105,236	116,995
Portfolio allowances	420	419
Carrying amount	**104,816**	**116,576**
Properly serviced loans and receivables past due		
Carrying amount before allowances	1,193	1,175
Portfolio allowances	5	7
Carrying amount	**1,188**	**1,168**
Non-performing loans and receivables		
Carrying amount before allowances	6,416	8,371
Specific allowances	2,831	3,903
Carrying amount	**3,585**	**4,468**

The non-performing loans and receivables are essentially the loans and receivables in rating classes 8–, 9 and 10. These include receivables totalling €199 million (2012: €340 million) that are no longer assigned to rating classes 8–, 9 and 10 due to improved credit standings, but which have been in these classes for a total period of 24 months since first being classified as non-performing.

Notes to the Balance Sheet (Continued)

(€ millions)

	2013	2012
Carrying amount of properly serviced loans and receivables past due, broken down by period past due		
1–30 days	1,140	1,114
31–60 days	21	37
61–90 days	27	17

(€ millions)

	2013	2012
Value of collateral, broken down by period past due		
1–30 days	439	454
31–60 days	12	16
61–90 days	15	6

(€ millions)

	2013	2012
Loans and receivables, broken down by rating class		
Not rated	7,855	7,553
Rating class 1–4	60,290	66,411
Rating class 5–8	38,013	44,120
Rating class 9–10	3,431	4,128
Collateral, broken down by rating class		
Not rated	1,755	2,246
Rating class 1–4	30,202	29,391
Rating class 5–8	23,117	23,977
Rating class 9–10	1,811	1,679

Amounts receivable from customers under lease agreements (receivables under finance leases)
The amounts receivable from customers under finance lease agreements are described in more detail in Note 73.

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

Analysis of loans and receivables

(€ millions)

	SPECIFIC ALLOWANCES	PORTFOLIO ALLOWANCES	TOTAL
Balance at 1 January 2012	**4,342**	**401**	**4,743**
Changes affecting income			
Gross additions[1]	1,429	41	1,470
Releases	(831)	(6)	(837)
Changes not affecting income			
Changes due to make-up of group of consolidated companies and			
reclassifications of disposal groups held for sale	(15)	—	(15)
Use of existing loan-loss allowances	(832)	—	(832)
Effects of currency translation and other changes not affecting income	(80)	(1)	(81)
Non-current assets or disposal groups held for sale	—	—	—
Balance at 31 December 2012	**4,013**	**435**	**4,448**
	SPECIFIC ALLOWANCES	PORTFOLIO ALLOWANCES	TOTAL
Balance at 1 January 2013	**4,013**	**435**	**4,448**
Changes affecting income			
Gross additions[1]	1,481	20	1,501
Releases	(874)	(24)	(898)
Changes not affecting income			
Changes due to make-up of group of consolidated companies and			
reclassifications of disposal groups held for sale	(910)	—	(910)
Use of existing loan-loss allowances	(569)	—	(569)
Effects of currency translation and other changes not affecting income	(198)	(1)	(199)
Non-current assets or disposal groups held for sale	—	—	—
Balance at 31 December 2013	**2,943**	**430**	**3,373**

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

Total specific allowances declined by €910 million on account of the initial consolidation of the BARD Group, as the loans on which allowances had been taken were eliminated upon consolidation as intra-Group loans. In economic terms, the loan receivables after deduction of the loan-loss allowances represent the purchase price that HVB has paid for the BARD Group (please refer to Note 5 for details).

Notes to the Balance Sheet (Continued)

54 Hedging derivatives

(€ millions)

	2013	2012
Micro fair value hedge	—	1
Fair value hedge portfolio[1]	1,053	3,261
Total	**1,053**	**3,262**

1 the cross-currency interest rate swaps used in hedge accounting are carried at their aggregate fair value in the fair value hedge portfolio

55 Property, plant and equipment

(€ millions)

	2013	2012
Land and buildings	912	914
Plant and office equipment	382	393
Other property, plant and equipment	1,619	1,706
Total[1]	**2,913**	**3,013**

1 including leased assets of €586 million (2012: €638 million). More information about leases is contained in Note 73

Other property, plant and equipment essentially comprises the BARD Offshore 1 wind farm, which belongs to the Ocean Breeze Energy GmbH & Co. KG subsidiary. The manufacturer handed over this wind farm to Ocean Breeze Energy GmbH & Co. KG at year-end 2013 when it was commissioned; up until then, the wind farm had been carried as assets under construction. As part of the handover by the manufacturer, it was agreed that Ocean Breeze Energy GmbH & Co. KG would itself remedy any outstanding defect upon handover. In addition, the manufacturer's warranty was waived. In return, the manufacturer has reduced the purchase price by €95 million, meaning that the initial cost has declined by the same amount accordingly. At the same time, the present value of the dismantling obligations for the wind farm has been capitalised and a provision for dismantling obligations set up in the same amount, meaning that the presentation of the dismantling obligations does not affect reported profit or loss overall.

An impairment loss of €23 million was recognised on the wind farm at 31 December 2013.

This item also includes the grants of €42 million (2012: €42 million) provided by the European Union that are classified as government grants in accordance with IAS 20. Compliant with IAS 20.24, these grants have been deducted from the initial cost of the other property, plant and equipment on the assets side of the balance sheet. The cash funds were granted on condition that specific expenses could be demonstrated by Ocean Breeze Energy GmbH & Co. KG. The company has provided the necessary evidence.

Development of property, plant and equipment (€ millions)

	LAND AND BUILDINGS	PLANT AND OFFICE EQUIPMENT	TOTAL INTERNALLY USED PROPERTY, PLANT AND EQUIPMENT	OTHER PROPERTY, PLANT AND EQUIPMENT	TOTAL PROPERTY, PLANT AND EQUIPMENT[1]
Acquisition costs at 1 January 2012	**2,034**	**1,051**	**3,085**	**1,721**	**4,806**
Write-downs and write-ups from previous years	(1,189)	(702)	(1,891)	(9)	(1,900)
Carrying amounts at 1 January 2012	**845**	**349**	**1,194**	**1,712**	**2,906**
Additions					
Acquisition/production costs	18	96	114	—	114
Write-ups	33	—	33	—	33
Changes from currency translation	—	—	—	—	—
Other additions[2]	80	37	117	—	117
Disposals					
Sales	(1)	(17)	(18)	—	(18)
Amortisation and write-downs	(45)	(66)	(111)	(5)	(116)
Impairments	(16)	(4)	(20)	—	(20)
Changes from currency translation	—	—	—	(1)	(1)
Non-current assets					
or disposal groups held for sale	—	(1)	(1)	—	(1)
Other disposals[2]	—	(1)	(1)	—	(1)
Carrying amounts at 31 December 2012	**914**	**393**	**1,307**	**1,706**	**3,013**
Write-downs and write-ups					
from previous years plus reporting period	1,267	773	2,040	14	2,054
Acquisition costs at 31 December 2012	**2,181**	**1,166**	**3,347**	**1,720**	**5,067**

	LAND AND BUILDINGS	PLANT AND OFFICE EQUIPMENT	TOTAL INTERNALLY USED PROPERTY, PLANT AND EQUIPMENT	OTHER PROPERTY, PLANT AND EQUIPMENT	TOTAL PROPERTY, PLANT AND EQUIPMENT[1]
Acquisition costs at 1 January 2013	**2,181**	**1,166**	**3,347**	**1,720**	**5,067**
Write-downs and write-ups from previous years	(1,267)	(773)	(2,040)	(14)	(2,054)
Carrying amounts at 1 January 2013	**914**	**393**	**1,307**	**1,706**	**3,013**
Additions					
Acquisition/production costs	40	77	117	36	153
Write-ups	1	—	1	—	1
Changes from currency translation	—	—	—	—	—
Other additions[2]	26	38	64	24	88
Disposals					
Sales	(1)	(32)	(33)	(21)	(54)
Amortisation and write-downs	(48)	(77)	(125)	(5)	(130)
Impairments	(10)	(11)	(21)	(23)	(44)
Changes from currency translation	—	—	—	—	—
Non-current assets					
or disposal groups held for sale	(6)	—	(6)	—	(6)
Other disposals[2]	(4)	(6)	(10)	(98)	(108)
Carrying amounts at 31 December 2013	**912**	**382**	**1,294**	**1,619**	**2,913**
Write-downs and write-ups					
from previous years plus reporting period	1,248	802	2,050	36	2,086
Acquisition costs at 31 December 2013	**2,160**	**1,184**	**3,344**	**1,655**	**4,999**

1 including leased assets. More information about leases is contained in Note 73
2 including changes in the group of companies included in consolidation. The change in other property, plant and equipment in 2013 also includes the purchase price reduction achieved upon handover of the wind farm

Notes to the Balance Sheet (Continued)

56 Investment properties

The fair value of investment properties at HVB Group, which are measured at amortised cost, totalled €1,639 million (2012: €1,782 million). The appraisals prepared to calculate the fair values are based on recognised appraisal methods used by external assessors, primarily taking the form of asset-value and gross-rental methods. The fair values determined in this way are classified as Level 3 (please refer to Note 76 for the definition of the level hierarchy) due to the fact that each property is essentially unique and the fair value is determined using appraisals that reflect the special features of the real estate being valued. In the case of developed land, current market rents, operating costs and property yields are applied in the gross-rental method. Where necessary, property-specific considerations are also taken into account when determining the value. These property-specific factors include vacancy rates, deviations between current contractual rents and current market rents, the condition of the buildings' technical systems and so on. In the case of undeveloped land, figures for sales of nearby land that have been completed are normally taken as the basis; where these are not available, the standard land value is employed as a benchmark, with adjustments made for the individual location, size and layout of the land, among other factors.

The net carrying amount of the leased assets arising from finance leases included in investment properties amounted to €82 million (2012: €127 million) for land and buildings at the reporting date.

Investment properties (€ millions)

	INVESTMENT PROPERTIES MEASURED AT COST
Acquisition costs at 1 January 2012	**2,498**
Write-downs and write-ups from previous years	(820)
Carrying amounts at 1 January 2012	**1,678**
Additions	
Acquisition/production costs	3
Write-ups	16
Changes from currency translation	1
Other additions[1]	—
Disposals	
Sales	(70)
Amortisation and write-downs	(37)
Impairments	(16)
Changes from currency translation	—
Non-current assets or disposal groups held for sale	(12)
Other disposals[1]	(6)
Carrying amounts at 31 December 2012	**1,557**
Write-downs and write-ups from previous years plus reporting period	822
Acquisition costs at 31 December 2012	**2,379**

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

Investment properties

(€ millions)

	INVESTMENT PROPERTIES MEASURED AT COST
Acquisition costs at 1 January 2013	**2,379**
Write-downs and write-ups from previous years	(822)
Carrying amounts at 1 January 2013	**1,557**
Additions	
Acquisition/production costs	18
Write-ups	19
Changes from currency translation	—
Other additions[1]	4
Disposals	
Sales	(3)
Amortisation and write-downs	(35)
Impairments	(13)
Changes from currency translation	(1)
Non-current assets or disposal groups held for sale	(65)
Other disposals[1]	(25)
Carrying amounts at 31 December 2013	**1,456**
Write-downs and write-ups from previous years plus reporting period	855
Acquisition costs at 31 December 2013	**2,311**

1 also including changes in the group of companies included in consolidation. Please refer to Note 2 regarding 2013

57 Intangible assets

(€ millions)

	2013	2012
Goodwill	**418**	**418**
Other intangible assets	**100**	**122**
Internally generated intangible assets	50	72
Other intangible assets	50	50
Total	**518**	**540**

Notes to the Balance Sheet (Continued)

Development of intangible assets (€ millions)

	GOODWILL FROM AFFILIATED COMPANIES	INTERNALLY GENERATED INTANGIBLE ASSETS	OTHER INTANGIBLE ASSETS
Acquisition costs at 1 January 2012	**1,078**	**458**	**438**
Write-downs and write-ups from previous years	(660)	(360)	(389)
Carrying amounts at 1 January 2012	**418**	**98**	**49**
Additions			
Acquisition/production costs	—	16	22
Write-ups	—	—	—
Changes from currency translation	—	—	—
Other additions[1]	—	—	—
Disposals			
Sales	—	—	—
Amortisation and write-downs	—	(42)	(21)
Impairments	—	—	—
Changes from currency translation	—	—	—
Non-current assets or disposal groups held for sale	—	—	—
Other disposals[1]	—	—	—
Carrying amounts at 31 December 2012	**418**	**72**	**50**
Write-downs and write-ups from previous years plus reporting period	660	402	375
Acquisition costs at 31 December 2012	**1,078**	**474**	**425**

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

Development of intangible assets (€ millions)

	GOODWILL FROM AFFILIATED COMPANIES	INTERNALLY GENERATED INTANGIBLE ASSETS	OTHER INTANGIBLE ASSETS
Acquisition costs at 1 January 2013	**1,078**	**474**	**425**
Write-downs and write-ups from previous years	(660)	(402)	(375)
Carrying amounts at 1 January 2013	**418**	**72**	**50**
Additions			
Acquisition/production costs	—	12	16
Write-ups	—	—	—
Changes from currency translation	—	—	—
Other additions[1]	—	—	—
Disposals			
Sales	—	—	—
Amortisation and write-downs	—	(34)	(16)
Impairments	—	—	—
Changes from currency translation	—	—	—
Non-current assets or disposal groups held for sale	—	—	—
Other disposals[1]	—	—	—
Carrying amounts at 31 December 2013	**418**	**50**	**50**
Write-downs and write-ups from previous years plus reporting period	660	436	374
Acquisition costs at 31 December 2013	**1,078**	**486**	**424**

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

HVB no longer generates any software internally. Software is provided to HVB by the UniCredit-wide service provider UBIS.

58 Non-current assets or disposal groups held for sale

(€ millions)

ASSETS	2013	2012
Property, plant and equipment	39	48
Investment properties	65	12
Intangible assets	50	—
Tax assets	—	2
Other assets	—	8
Total	**154**	**70**

The investment properties designated as held for sale essentially relate to the disposal of non-strategic real estate. The sale of a property in Hamburg carried as held for sale in 2012 was successfully completed during the reporting period.

In addition, the rise is also caused by the initial consolidation of the BARD Group, in which both property, plant and equipment and intangible assets, the sale of which is expected under the planned restructuring scheme, are disclosed here. Following initial consolidation at 31 December 2013, the carrying amount corresponds to the fair value, as these assets were recognised at their value on account of the initial measurement rules defined in IFRS 3. The fair value of the property, plant and equipment – essentially a property – and intangible assets – essentially a project licence for an offshore wind farm – was determined on the basis of external appraisals which the Bank modified to reflect the present situation at year-end in line with recent developments. In the light of the fact that these are unique assets that are not traded on an active market, or for which it is not possible to derive the main input parameters for determining the fair value from prices on an active market, the determined fair value is classified as Level 3 (please refer to Note 76 for the definition of the level hierarchy).

The sale of a property in Stuttgart carried under investment properties held for sale in 2012 was not completed within 12 months. The property is again carried under investment properties at 31 December 2013.

59 Other assets

Other assets include prepaid expenses of €85 million (2012: €77 million).

60 Own securitisation

The Bank has securitised its own loan receivables for the purpose of obtaining cheap funding on the capital market, generating securities for use as collateral in repurchase agreements and reducing risk-weighted assets.

This involves structuring the cash flows of the underlying loan portfolio, meaning that at least two hierarchical positions (tranches) are formed when dividing up the risks and cash flows. In the case of synthetic securitisation, the transfer of risk and the ensuing reduction in regulatory capital requirements is mainly achieved using hedges in the form of guarantees and credit derivatives. In the case of traditional securitisation (true sale), this is achieved by selling receivables to a special purpose entity which in turn issues securities.

In the case of the true sale transactions Geldilux TS 2010, Geldilux TS 2011 and Geldilux TS 2013, the senior tranches were placed on the capital market while the junior tranches were retained by HVB. HVB retained all of the tranches issued by the special purpose entity under the true sale transaction Rosenkavalier 2008. The securities generated in this way can, if required, be used as collateral for repurchase agreements with the European Central Bank (ECB). The underlying receivables continue to be recognised by HVB and the special purpose entities set up for this purpose are fully consolidated in accordance with SIC 12. The volume of lending in all true sale transactions amounted to €6.5 billion at 31 December 2013 (2012: €8.2 billion). The risk-weighted assets have not been reduced.

Only the synthetic transactions EuroConnect Issuer SME 2007-1 and EuroConnect Issuer SME 2008-1 with an outstanding volume of lending of €1.1 billion (2012: €3.0 billion) continue to exist of the securitisation transactions originally set up to reduce risk-weighted assets. These two transactions were no longer recognised in 2013 so as to reduce risk-weighted assets; the reduction in 2012 totalled €0.1 billion.

The true sale transaction Geldilux PP 2011 was terminated prematurely in the 2013 financial year and the synthetic transactions SFA-1-2008 and SFA-2-2008 similarly terminated. The transaction Building Comfort 2008 expired in 2013. This means that the volume of lending in the securitisation transactions put in place to reduce risk-weighted assets declined by a total of €1.9 billion year-on-year and the reduction in risk-weighted assets by €0.1 billion.

Notes to the Balance Sheet (Continued)

61 Deposits from banks

(€ millions)

	2013	2012
Deposits from central banks	**6,398**	**6,271**
Deposits from banks	**41,441**	**38,945**
Current accounts	2,181	2,289
Cash collateral and pledged credit balances	10,243	10,670
Repos	13,286	8,378
Term deposits	6,840	7,883
Other liabilities	8,891	9,725
Total	**47,839**	**45,216**

As part of credit risk management notably with regard to the counterparty risk arising from derivatives, master netting arrangements are frequently concluded that, in the event of default by the counterparty, permit all derivatives with this counterparty to be netted and positive and negative market values of the individual derivatives to be set off to create a net receivable. Such net receivables are normally secured by cash collateral to further reduce the credit risk. This involves the debtor of the net receivable transferring money to the creditor and pledging these cash balances. The amount of the cash collateral is adjusted at regular intervals to reflect the current amount of a potential net receivable, although a receivable arising from cash collateral provided can become a liability arising from cash collateral received and vice versa depending on the balance of the potential net receivable.

Amounts owed to related parties

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

(€ millions)

	2013	2012
Non-consolidated affiliated companies	6,763	6,690
of which: UniCredit S.p.A.	2,561	2,771
Joint ventures	—	—
Associated companies	29	12
Other participating interests	21	59
Total	**6,813**	**6,761**

Besides the deposits from UniCredit S.p.A., the deposits of €6,763 million (2012: €6,690 million) from non-consolidated affiliated companies include deposits of €4,202 million (2012: €3,919 million) from sister companies; the largest single item relates to UniCredit Bank Austria AG.

62 Deposits from customers

(€ millions)

	2013	2012
Current accounts	54,140	58,210
Cash collateral and pledged credit balances	1,092	1,558
Savings deposits	14,837	14,779
Repos	10,336	8,550
Term deposits	19,932	17,820
Other liabilities	7,513	9,351
Total	**107,850**	**110,268**

As part of credit risk management notably with regard to the counterparty risk arising from derivatives, master netting arrangements are frequently concluded that, in the event of default by the counterparty, permit all derivatives with this counterparty to be netted and positive and negative market values of the individual derivatives to be set off to create a net receivable. Such net receivables are normally secured by cash collateral to further reduce the credit risk. This involves the debtor of the net receivable transferring money to the creditor and pledging these cash balances. The amount of the cash collateral is adjusted at regular intervals to reflect the current amount of a potential net receivable, although a receivable arising from cash collateral provided can become a liability arising from cash collateral received and vice versa depending on the balance of the potential net receivable.

Amounts owed to related parties

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

(€ millions)

	2013	2012
Non-consolidated affiliated companies	248	391
Joint ventures	—	—
Associated companies	1	6
Other participating interests	227	205
Total	**476**	**602**

The deposits of €248 million (2012: €391 million) from non-consolidated affiliated companies include deposits of €8 million (2012: €107 million) from subsidiaries and €240 million (2012: €284 million) from sister companies.

63 Debt securities in issue

(€ millions)

	2013	2012
Bonds	30,644	34,467
Other securities	1,160	1,396
Total	**31,804**	**35,863**

Debt securities in issue, payable to related parties

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

(€ millions)

	2013	2012
Non-consolidated affiliated companies	597	598
of which: UniCredit S.p.A.	351	351
Joint ventures	—	—
Associated companies	155	252
Other participating interests	—	—
Total	**752**	**850**

Besides the debt securities attributable to UniCredit S.p.A., the debt securities in issue of €597 million (2012: €598 million) attributable to non-consolidated affiliated companies include debt securities of €246 million (2012: €248 million) attributable to sister companies.

64 Financial liabilities held for trading

(€ millions)

	2013	2012
Negative fair values arising from derivative financial instruments	60,644	105,513
Other financial liabilities held for trading	12,891	15,988
Total	**73,535**	**121,501**

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

The cumulative valuation effects of the financial liabilities held for trading in the portfolio at 31 December 2013, which result from including the own credit spread, total €120 million (2012: €125 million). Valuation expenses of €5 million (2012: €177 million) arising from own credit spread changes accrued for these holdings in the year under review.

Notes to the Balance Sheet (Continued)

65 Hedging derivatives

(€ millions)

	2013	2012
Micro fair value hedge	1	1
Fair value hedge portfolio[1]	372	1,385
Total	**373**	**1,386**

1 the cross-currency interest rate swaps used in hedge accounting are carried at their aggregate fair value in the fair value hedge portfolio

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

The net changes in fair value of portfolio hedged items for receivables and liabilities with interest rate hedges total €1,646 million (2012: €2,858 million). The fair value of the netted fair value hedge portfolio derivatives represents an economic comparable amount. The hedge adjustments are recognised separately in the balance sheet (for hedged lending and deposit-taking activities) for some subsidiaries for which it is possible to hedge assets and liabilities separately. The corresponding amount on the assets side of the balance sheet is €67 million (2012: €193 million).

67 Liabilities of disposal groups held for sale

(€ millions)

LIABILITIES	2013	2012
Deposits from banks	4	—
Tax liabilities	—	1
Other liabilities	—	3
Provisions	—	16
Total	**4**	**20**

The liabilities disclosed here relate to the planned disposal of three participating interests held by one of our subsidiaries.

68 Other liabilities

This item totalling €3,083 million (2012: €3,375 million) essentially encompasses deferred income and accruals compliant with IAS 37. Accruals include, notably, commitments arising from accounts payable with invoices outstanding, short-term liabilities to employees, and other accruals arising from fees and commissions, interest, cost of materials, etc.

69 Provisions

(€ millions)

	2013	2012
Provisions for pensions and similar obligations	146	133
Allowances for losses on guarantees and commitments and irrevocable credit commitments	204	527
Restructuring provisions	400	184
Actuarial provisions	—	27
Other provisions	1,219	1,077
Total	**1,969**	**1,948**

Provisions for pensions and similar obligations

HVB Group grants its employees post-employment benefits that are structured as defined benefit plans or defined contribution plans.

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

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

Defined benefit plans

Characteristics of the plans

The provisions for pensions and similar obligations include the direct commitments to HVB Group employees under company pension plans. These defined benefit plans are based in part on final salaries and in part on building-block schemes involving dynamic adjustment of vested rights. Fund-linked plans with a guaranteed minimum rate of interest of 2.75% have been granted in Germany since 2003.

The obligations financed by Pensionskasse der HypoVereinsbank VVaG (HVB Pensionskasse) are included in the disclosures regarding pension obligations (the total includes the obligations of HVB Unterstützungskasse e. V. reinsured by HVB Pensionskasse). The standard HVB Group valuation parameters are used when calculating these obligations. Any plan surplus is subject to the rules governing the asset ceiling, as the assets belong to the members of HVB Pensionskasse.

HVB Group set up plan assets in the form of contractual trust arrangements (CTA). This involved transferring the assets required to fund its pension obligations to legally independent trustees, including HVB Trust e. V., which manage the assets in line with the applicable trustee contracts.

There are no legal or regulatory minimum funding requirements in Germany.

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

HVB Group is exposed to various risks in connection with its defined benefit plans. Potential pension risks exist with regard to both the benefit obligations (liabilities side) and the plan assets allocated to cover the beneficiaries' claims (assets side). The defined benefit commitments are exposed to actuarial risks such as interest rate risk, longevity risk, salary- and pension-adjustment risk and inflation risk. In the case of fund-linked pension obligations, there is the risk that it will prove impossible in the long run to generate the guaranteed interest rate of 2.75% from the funds allocated to the pension commitments, given persistently low interest rates. With regard to the capital investment, the assets are primarily exposed to market risk such as price risks in securities holdings or changes in the value of real estate investments.

The major pension risk is thus expressed as a deterioration in the funded status as a result of unfavourable developments of defined benefit obligations and/or plan assets, since the sponsoring companies are required to act to service the beneficiaries' claims in the event of any plan deficits. No unusual, company-specific or plan-specific risks or material risk concentrations that could affect the Group's pension plans are currently identifiable.

Reconciliations

The amounts arising from defined benefit plans for post-employment benefits recognised in the consolidated balance sheet can be derived as follows:

(€ millions)

	2013	2012
Present value of funded pension obligations	3,752	3,640
Fair value of plan assets	(3,652)	(3,558)
Funded status	**100**	**82**
Present value of unfunded pension obligations	33	33
Net liability (net asset) of defined benefit plans	**133**	**115**
Asset ceiling	—	—
Capitalised excess cover of plan assets	13	18
Recognised pension provisions	**146**	**133**

Notes to the Balance Sheet (Continued)

The following tables show the development of the present value of the total (funded and unfunded) pension obligations, the fair value of the plan assets and the net defined benefit liability (asset) from defined benefit plans resulting from the offsetting of these totals. The tables also show the changes in the effects of the asset ceiling during the reporting period and the reconciliations from the opening to the closing balance of the plan asset surplus capitalised as an asset and the recognised provisions for pensions and similar obligations:

(€ millions)

	PRESENT VALUE OF PENSION OBLIGATIONS	FAIR VALUE OF PLAN ASSETS	NET LIABILITY (NET ASSET) OF DEFINED BENEFIT PLANS	ASSET CEILING	CAPITALISED EXCESS COVER OF PLAN ASSETS	RECOGNISED PENSION PROVISIONS
Balance at 1 January 2012	**2,917**	**(3,109)**	**(192)**	**85**	**154**	**47**
Service cost component						
Current service cost	47	—	47	—	—	47
Past service cost	—	—	—	—	—	—
Gains and losses on settlement	—	—	—	—	—	—
Net interest component						
Interest expense/(income)	149	(160)	(11)	—	—	(11)
Service cost component and net interest component of defined benefit plans recognised in profit or loss for the period	**196**	**(160)**	**36**	**—**	**—**	**36**
Remeasurement component						
Gains/(losses) on plan assets excluding amounts included in net interest on the net defined benefit liability (asset)	—	(38)	(38)	—	—	(38)
Actuarial gains/(losses) – demographic assumptions	—	—	—	—	—	—
Actuarial gains/(losses) – financial assumptions	708	—	708	—	—	708
Actuarial gains/(losses) – experience adjustments	(1)	—	(1)	—	—	(1)
Changes due to asset ceiling excluding amounts included in net interest on the net defined benefit liability (asset)	—	—	—	(85)	—	(85)
Remeasurement component of defined benefit plans recognised in OCI	**707**	**(38)**	**669**	**(85)**	**—**	**584**
Other changes						
Excess cover of plan assets	—	—	—	—	(136)	(136)
Exchange differences	1	(2)	(1)	—	—	(1)
Contributions to the plan:						
Employer	—	(383)	(383)	—	—	(383)
Plan participants	3	—	3	—	—	3
Pension payments	(137)	134	(3)	—	—	(3)
Business combinations, disposals and other	(14)	—	(14)	—	—	(14)
Balance at 31 December 2012	**3,673**	**(3,558)**	**115**	**—**	**18**	**133**

(€ millions)

	PRESENT VALUE OF PENSION OBLIGATIONS	FAIR VALUE OF PLAN ASSETS	NET LIABILITY (NET ASSET) OF DEFINED BENEFIT PLANS	ASSET CEILING	CAPITALISED EXCESS COVER OF PLAN ASSETS	RECOGNISED PENSION PROVISIONS
Balance at 1 January 2013	**3,673**	**(3,558)**	**115**	**—**	**18**	**133**
Service cost component						
Current service cost	56	—	56	—	—	56
Past service cost	—	—	—	—	—	—
Gains and losses on settlement	—	—	—	—	—	—
Net interest component						
Interest expense/(income)	135	(132)	3	—	—	3
Service cost component and net interest						
component of defined benefit plans						
recognised in profit or loss for the period	**191**	**(132)**	**59**	**—**	**—**	**59**
Remeasurement component						
Gains/(losses) on plan assets excluding						
amounts included in net interest on the						
net defined benefit liability (asset)	—	22	22	—	—	22
Actuarial gains/(losses) –						
demographic assumptions	—	—	—	—	—	—
Actuarial gains/(losses) –						
financial assumptions	39	—	39	—	—	39
Actuarial gains/(losses) –						
experience adjustments	14	—	14	—	—	14
Changes due to asset ceiling excluding						
amounts included in net interest on the						
net defined benefit liability (asset)	—	—	—	—	—	—
Remeasurement component of defined						
benefit plans recognised in OCI	**53**	**22**	**75**	**—**	**—**	**75**
Other changes						
Excess cover of plan assets	—	—	—	—	(5)	(5)
Exchange differences	(2)	2	—	—	—	—
Contributions to the plan:						
Employer	—	(120)	(120)	—	—	(120)
Plan participants	5	—	5	—	—	5
Pension payments	(135)	134	(1)	—	—	(1)
Business combinations, disposals and other	—	—	—	—	—	—
Balance at 31 December 2013	**3,785**	**(3,652)**	**133**	**—**	**13**	**146**

At the end of the reporting period, the present value of the defined benefit obligations of €3,785 million was attributable to 29% of active employees, 19% of former employees with vested benefit entitlements and 52% of pensioners and surviving dependants.

Notes to the Balance Sheet (Continued)

Actuarial assumptions

Listed below are the significant actuarial assumptions used to determine the present value of the defined benefit obligation.
The summarised disclosure for several plans takes the form of weighted average factors:

(in %)

	2013	2012
Actuarial interest rate	3.75	3.75
Rate of pension increase	1.80	1.70
Rate of compensation increase/career trend	2.50	2.00

The mortality rate underlying the actuarial calculation of the present value of the defined benefit obligation is based on the modified Heubeck 2005 G tables (generation tables) that allow for the probability of mortality to fall to 90% for women and 75% for men.

HVB Group similarly reduces the probability of disability based on these guidance tables to 80% for women and men equally. Since any changes in the actuarial assumptions regarding disability fundamentally only have a minor impact on the present value of the defined benefit obligation, HVB Group does not calculate any sensitivities for this valuation parameter.

In addition, the present value of the defined benefit obligation is influenced by assumptions regarding future inflation rates. Inflation effects are normally taken into account in the assumptions listed above.

Sensitivity analyses

The sensitivity analyses discussed below are intended to show how the present value of the defined benefit obligation would change given a change to an actuarial assumption in isolation with the other assumptions remaining unchanged compared with the original calculation. Possible correlation effects between the individual assumptions are not taken into account accordingly. The sensitivity analyses are based on the changes to the actuarial assumptions expected by HVB Group at the reporting date for the subsequent reporting period.

An increase or decrease in the significant actuarial assumptions in the amount of the percentage points shown in the table would have had the following impact on the present value of the defined benefit obligation at 31 December 2013:

	CHANGES OF THE ACTUARIAL ASSUMPTIONS	IMPACT ON THE PRESENT VALUE OF THE DEFINED BENEFIT OBLIGATION (DBO)		
		PRESENT VALUE OF DBO	ABSOLUTE CHANGES	RELATIVE CHANGES
		€ millions	€ millions	in %
	Basic value of the calculation of sensitivity	3,785		
Actuarial interest rate	Increase of 25 basis points	3,644	(141)	(3.7)
	Decrease of 25 basis points	3,938	153	4.0
Rate of pension increase	Increase of 25 basis points	3,889	104	2.7
	Decrease of 25 basis points	3,684	(101)	(2.7)
Rate of compensation increase/career trend	Increase of 25 basis points	3,793	8	0.2
	Decrease of 25 basis points	3,776	(9)	(0.2)

The observable decline in mortality rates is associated with an increase in life expectancy depending on the individual age of each beneficiary. In order to determine the sensitivity of the mortality or longevity, the lifetime for all beneficiaries was increased by one year. The present value of the defined benefit obligation at 31 December 2013 would rise by €101 million (2.7%) to €3,886 million as a result of this change. HVB Group considers an increase in mortality or a decrease in life expectancy to be unlikely and has therefore not calculated a sensitivity for this case.

When determining the sensitivities of the defined benefit obligation for the significant actuarial assumptions, the same method has been applied (projected unit credit method) as has been used to calculate the pension provisions recognised in the consolidated balance sheet. Increases and decreases in the various valuation assumptions do not entail the same absolute amount in their impact when the defined benefit obligation is calculated, due mainly to the compound interest effect when determining the present value of the future benefit. If more than one of the assumptions are changed simultaneously, the combined effect does not necessarily correspond to the sum total of the individual effects. Furthermore, the sensitivities only reflect a change in the present value of the defined benefit obligation for the actual extent of the change in the assumptions (such as 0.25%). If the assumptions change to a different extent, this does not necessarily have a straight-line impact on the present value of the defined benefit obligation. Since the sensitivity analyses are based on the average duration of the expected pension obligation, and consequently the expected disbursement dates are not taken into account, they only result in indicative information or trends.

Asset liability management
The plan assets are managed by a trustee with a view to ensuring that the present and future pension obligations are settled by applying an adequate investment strategy, thus minimising the risk of the trustors or sponsoring companies having to provide additional capital.

Under the CTA, the capital investment decisions are taken by an institutionalised body, the Investment Committee, which defines the investment strategy and policies for the plan assets. The concept calls for the assets to be invested in line with the structure of the pension obligations in particular and an appropriate return to be generated taking into account the associated risks. In order to optimise the risk/return ratio, the Investment Committee sets strategic allocation ranges and investment limits for the asset classes in the plan assets, which can be exploited flexibly within the agreed risk budget. The bodies and processes required by law have been set up as appropriate for HVB Pensionskasse and the pension fund.

In order to allow for an integral view on plan assets and defined benefit obligations (asset liability management), the pension risks are monitored regularly with the aid of a specially developed risk model and included in the Bank's risk calculation. Since HVB Group employs various methods involving legally independent entities to implement the company pension plans, risk management concepts including stress tests and analysis of risk-taking capacity are also applied in specific instances.

Alongside the actuarial risks mentioned above, the risks associated with the defined benefit obligations relate primarily to financial risks in connection with the plan assets. The capital investment risk in the funding of the pension obligations encompasses notably potential liquidity, credit, concentration, market and real estate risks.

Liquidity risk can result from non-existent or limited marketability of the capital investments, which may cause losses to be realised when the assets are sold to settle payment obligations. HVB is not currently exposed to this risk as the expected incoming payments are sufficient to meet the payment obligations. In addition, an appropriate proportion of the capital investments is invested in assets classified as liquid (cash and cash equivalents/term deposits). Liquidity projections are prepared at regular intervals with a view to continue avoiding this risk.

Credit risk stems from anything from a deterioration in the solvency of individual debtors through to insolvency. This risk is mitigated by deliberately spreading the capital investments and complying with specific investment policies regarding the creditworthiness of issuers. The relevant ratings are monitored constantly.

Concentration risk arises from excessive investment in an individual asset class, individual industry, individual security or individual property. This risk is countered by means of broad diversification in line with investment policies, ongoing review of the capital investment policy and specific parameters for the asset managers. Among other things, targeted investment in mixed investment funds is used to reduce concentration risk by diversifying the composition of the fund assets.

Market risk has its roots in the risk of declining market values caused by negative changes in market prices, equity prices and changes in interest rates. Here, too, compliance with the parameters specified for the composition and diversity of the capital investments is ensured and risk-limiting investment policies are defined for the asset managers.

Notes to the Balance Sheet (Continued)

Real estate risk exists with both directly held real estate and special-purpose real estate funds. It results from factors like possible unpaid rents, loss of property value, high maintenance costs and declining location attractiveness. To minimise these risks, the proportion that may be invested in real estate is constrained by a limit and the greatest possible diversification is targeted. In addition, no short-term rent contracts are concluded for directly owned real estate.

Disaggregation of plan assets

The following table shows a disaggregation of the plan assets used to fund the defined benefit obligations by asset class: (€ millions)

	2013	2012
Participating interests	33	31
Debt securities	90	90
Properties	113	113
Mixed investment funds	3,095	2,885
Property funds	83	43
Cash and cash equivalents/term deposits	140	390
Other assets	98	6
Total	**3,652**	**3,558**

Quoted market prices in an active market were observed for all fixed-income securities held directly and almost all the types of asset held in the mixed investment fund. As a general rule, the fixed-income securities have an investment grade rating.

In terms of amount, the investment in mixed investment funds represents the lion's share of the asset allocation for the plan assets. The deliberate investment in various asset classes and the general restriction to traditional investment instruments serve to ensure a risk-mitigating minimum diversification and also reflect a conservative underlying strategy. The high proportion of bonds with a long-term benchmark (such as government and corporate bonds, and Pfandbriefs) held in the fund implies low volatility with the intention of balancing the development in the value of the long-term pension commitments that follows general interest rates.

The following table shows a detailed breakdown of the mixed investment fund: (in %)

	2013	2012
Equities	17.2	12.5
German equities	4.8	3.5
European equities	11.4	8.0
Other equities	1.0	1.0
Government bonds	24.7	28.5
Pfandbriefs	8.4	9.0
Corporate bonds	33.3	33.3
German corporate bonds	13.6	15.8
European corporate bonds	16.9	15.7
Other corporate bonds	2.8	1.8
Fund certificates	10.3	4.6
Cash and cash equivalents/term deposits	6.1	12.1
Total	**100.0**	**100.0**

The plan assets comprised own financial instruments of the Group, property occupied by and other assets used by HVB Group companies at the reporting date:

(€ millions)

	2013	2012
Participating interests	—	—
Debt securities	15	11
Properties	7	7
Mixed investment funds	498	488
Property funds	—	—
Cash and cash equivalents/term deposits	140	40
Other assets	—	—
Total	**660**	**546**

Future cash flows
There are financing agreements at HVB Group that contain measures to fund defined benefit plans. The minimum funding requirements included in the agreements may have an impact on future contribution payments. In the case of HVB Trust Pensionsfonds AG, HVB Group is liable for calls for additional capital should the assets fall below the minimum cover provision. For HVB Pensionskasse, the Bank is required to make an additional contribution if the permanent financing of the obligations is no longer ensured. No such requirement for calls for additional capital exists for the CTA.

HVB Group intends to make contributions of €10 million (2013: €30 million) to defined benefit plans in the 2014 financial year.

The weighted average duration of HVB Group's defined benefit obligations at the reporting date amounted to 15.7 years.

Multi-employer plans
HVB Group is a member of Versorgungskasse des Bankgewerbes e.V. (BVV), which also includes other financial institutions in Germany in its membership. BVV provides company pension benefits for eligible employees of the sponsoring companies. The BVV tariffs allow for fixed pension payments with profit participation. On account of the employer's statutory subsidiary liability applicable in Germany (Section 1 (1) 3 of the German Occupational Pensions Act (Betriebsrentengesetz – BetrAVG)), HVB Group classifies the BVV plan as a multi-employer defined benefit plan.

Since the available information is not sufficient to allow this plan to be accounted for as a defined benefit plan by allocating to the individual member companies the assets and the pension obligations relating to active and former employees, HVB Group accounts for the plan as if it were a defined contribution plan.

In the event of a plan deficit, the Group may be exposed to investment risk and actuarial risk. HVB Group does not currently expect that the statutory subsidiary liability will be used.

HVB Group expects to book employee contributions of €18 million for this pension plan in the 2014 financial year (2013: €18 million).

Notes to the Balance Sheet (Continued)

Defined contribution plans

HVB Group companies pay fixed amounts for each period to independent pension organisations for the defined contribution pension commitments. The contributions for the defined contribution plans and Pensions-Sicherungs-Verein VVaG (PSVaG) recognised as current expense under payroll costs totalled €38 million during the reporting period (2012: €77 million).

Allowances for losses on financial guarantees and irrevocable credit commitments, restructuring provisions, actuarial provisions and other provisions

(€ millions)

	ALLOWANCES FOR LOSSES ON FINANCIAL GUARANTEES AND COMMITMENTS AND IRREVOCABLE CREDIT COMMITMENTS	RESTRUCTURING PROVISIONS	ACTUARIAL PROVISIONS	OTHER PROVISIONS
Balance at 1 January 2013	**527**	**184**	**27**	**1,077**
Changes in consolidated group	(63)	—	—	30
Changes arising from foreign currency translation	(2)	—	—	(6)
Transfers to provisions	263	380[1]	—	691
Reversals	(526)	(34)[1]	—	(350)
Reclassifications	5	(103)	—	32
Amounts used	—	(27)	—	(255)
Non-current assets or disposal groups held for sale	—	—	—	—
Other changes	—	—	(27)	—
Balance at 31 December 2013	**204**	**400**	**—**	**1,219**

1 the transfers and reversal are included in the income statement under restructuring costs together with other restructuring costs accruing during the reporting period

Allowances for losses on financial guarantees and irrevocable credit commitments

The biggest individual item in the reversal of allowances for losses on financial guarantees and irrevocable credit commitments in the reporting period totalling €526 million relates to credit lines extended to the BARD Group. Open credit commitments still available at year-end 2012 were utilised during the course of 2013, meaning that the related provisions for credit lines had to be reversed and specific loan-loss allowances increased at the same time. Due to the specific circumstances of the case, it is hard to determine when the allowance for losses on financial guarantees and irrevocable credit commitments will be utilised, and hence when an outflow of funds will take place. The comments in this regard in Note 81 are fundamentally applicable analogously, although it is assumed that the allowances will be utilised in these cases.

Restructuring provisions
The additions of €380 million to restructuring provisions in 2013 relate for the most part to the modernisation of the retail banking business. This represents the amounts required to cover severance payments and the cost of closing branches, most of which are expected to be utilised in 2014 and 2015. The reclassifications and amounts used contain restructuring programmes from earlier years, including the provisions set up in the previous year to cover the changes to HVB Group's organisational structure and the provisions set up in 2011 for the strategic reorientation of Corporate & Investment Banking.

Actuarial provisions
The actuarial provisions relate to commitments arising from reinsurance policies written by our Grand Central Re Ltd. subsidiary. These provisions were paid off in 2013.

Other provisions
Other provisions include provisions for legal risks, litigation fees, damage payments, anticipated losses including rental guarantees, pre-emptive rights and long-term liabilities to employees such as service anniversary awards, early retirement or partial retirement.

The amount of the respective provisions reflects the best estimate of the amount required to settle the obligation at the reporting date. Nevertheless, the amounts involved are subject to uncertainties in the estimates made. Besides the assumptions regarding periods, the cost estimates are validated regularly for rental guarantees in particular.

Other provisions also include the parts of the bonus that are disbursed on a deferred basis with the waiting period exceeding one year. The disbursement of these bonuses is additionally dependent upon the achievement of pre-defined targets. The bonus commitments for the 2010, 2011, 2012 and 2013 financial years to be disbursed as of 2014 are included here accordingly. The bonus provisions included here have been taken to the income statement in both the reporting period and the previous financial years. It is considered highly probable that the bonus will be disbursed. For details of the bonus plan, please refer to Note 37.

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

Notes to the Balance Sheet (Continued)

70 Shareholders' equity
The shareholders' equity of HVB Group at 31 December 2013 consisted of the following:

Subscribed capital
At 31 December 2013, the subscribed capital of HVB totalled €2,407 million (2012: €2,407 million) and consisted of 802,383,672 no par shares of common bearer stock (2012: 802,383,672 no par shares).

The proportionate amount of capital stock attributable to the share amounts to €3.00 per no par share. The shares are fully paid in.

Additional paid-in capital
The additional paid-in capital results from premiums generated on the issuance of shares; the total at 31 December 2013 amounted to €9,791 million (2012: €9,791 million).

Other reserves
The other reserves of €7,920 million (2012: €7,759 million) essentially comprise retained earnings. The year-on-year increase of €161 million in other provisions can essentially be attributed to a transfer of €277 million from consolidated profit partially offset by adjustments of €52 million in pensions and similar obligations and other changes of €57 million.

Change in valuation of financial instruments
The reserves arising from changes in the valuation of financial instruments recognised in equity totalled €88 million (2012: €56 million) at 31 December 2013. This rise of €32 million compared with year-end 2012 can be attributed almost exclusively to the €33 million increase in the AfS reserve to €63 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 decreased by €1 million compared with year-end 2012 to €25 million.

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

	2013	2012
Subordinated liabilities	1,650	2,103
Hybrid capital instruments	47	358
Total	**1,697**	**2,461**

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

The following table shows the breakdown of subordinated capital by balance sheet item:

(€ millions)

	2013	2012
Deposits from customers	114	160
Deposits from banks	142	537
Debt securities in issue	1,441	1,764
Total	**1,697**	**2,461**

We have incurred interest expenses of €96 million (2012: €148 million) in connection with this subordinated capital. Subordinated capital includes proportionate interest of €58 million (2012: €60 million).

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

There were subordinated liabilities of €388 million payable to related parties in 2013 (2012: €785 million).

Participating certificates outstanding
In accordance with the terms and conditions of the participating certificates, all bearer participating certificates issued by UniCredit Bank AG expired on 31 December 2011. The nominal amounts to be repaid fell due for payment on 2 July 2012, attracting interest over the period between the expiry date and the repayment date. No further interest payments were disbursed for the 2013 financial year.

Hybrid capital instruments
At 31 December 2013, HVB Group had hybrid core capital of €47 million (2012: €358 million, eligible amount compliant with the German Banking Act) to bolster its capital base.

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

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

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

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

Notes to the Cash Flow Statement

72 Notes to the items in the cash flow statement

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

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

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

Gains of €72 million (2012: €0 million) were realised on the sale of shares in fully consolidated companies, of which €72 million in cash in the 2013 financial year.

The following table shows the assets and liabilities of the fully consolidated companies sold: (€ millions)

	2013		2012	
	ACQUIRED	SOLD	ACQUIRED	SOLD
Assets				
Cash and cash balances	—	—	—	6
Financial assets held for trading	—	—	—	—
Financial assets at fair value through profit or loss	—	—	—	—
Available-for-sale financial assets	—	69	—	1
Shares in associated companies accounted for using the equity method				
and joint ventures accounted for using the equity method	—	—	—	—
Held-to-maturity investments	—	—	—	—
Loans and receivables with banks	—	—	—	—
Loans and receivables with customers	—	711	—	42
Hedging derivatives	—	—	—	—
Hedge adjustment of hedged items in the fair value hedge portfolio	—	—	—	—
Property, plant and equipment	—	—	—	—
Investment properties	—	—	—	—
Intangible assets	—	—	—	—
of which: goodwill	—	—	—	—
Tax assets	—	32	—	—
Non-current assets or disposal groups held for sale	—	32	—	—
Other assets	—	3	—	16
Liabilities				
Deposits from banks	—	—	—	37
Deposits from customers	—	—	—	75
Debt securities in issue	—	—	—	—
Financial liabilities held for trading	—	—	—	—
Hedging derivatives	—	—	—	—
Hedge adjustment of hedged items in the fair value hedge portfolio	—	—	—	—
Tax liabilities	—	—	—	—
Liabilities of disposal groups held for sale	—	23	—	—
Other liabilities	—	15	—	5
Provisions	—	—	—	—

There were no acquisitions of subsidiaries or associated companies in the 2012 and 2013 financial years.

73 Information regarding lease operations

HVB Group as lessor

Operating leases

HVB Group acts as a lessor under operating leases. The relevant lease agreements notably encompass real estate (land and buildings) and movable assets such as plant and office equipment, aircraft, motor vehicles and industrial machinery in the reporting period. The lease agreements for real estate are based on customary market terms and contain extension options and price adjustment clauses in the form of stepped rents or index clauses; options to purchase have generally not been agreed. The lease agreements for movable assets have generally been concluded with lease periods of between four and ten years and an additional option to purchase; they do not contain any extension or price adjustment clauses.

The following table shows the breakdown of the minimum lease payments to be received on non-cancellable operating leases: (€ millions)

	2013	2012
Remaining maturity:		
up to 12 months	124	58
from 1 year to 5 years	301	285
from 5 years and over	171	224
Total	**596**	**567**

Finance leases

HVB Group leases mobile assets as a lessor under finance leases. This notably includes plant and office equipment, aircraft, motor vehicles and industrial machinery. As a general rule, the lease agreements stipulate lease periods of between four and ten years and possibly a pre-emptive right in favour of the lessor; they do not contain any extension or price adjustment clauses.

The following table shows the reconciliation from the future minimum lease payments to the gross and net investment in the lease and to the present value of the future minimum lease payments at the reporting date. The amounts receivable from lease operations (finance leases) consist of the following: (€ millions)

	2013	2012
Future minimum lease payments:	2,259	2,143
+ Unguaranteed residual value	—	—
= Gross investment	**2,259**	**2,143**
– Unrealised finance income	(164)	(198)
= Net investment	**2,095**	**1,945**
– Present value of unguaranteed residual value	—	—
= Present value of future minimum lease payments	**2,095**	**1,945**

The future minimum lease payments reflect the total lease payments to be made by the lessee under the lease agreement plus the guaranteed residual value.

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

For the lessor, the gross investment in the lease is the aggregate of the minimum lease payments under a finance lease and any unguaranteed residual value accruing to the lessor.

Unrealised finance income is the difference between the lessor’s gross investment in the lease and its present value (net investment). It corresponds to the return implicit in the lease between the reporting date and the end of the lease.

The present value of the minimum lease payments is calculated as the net investment in the lease less the present value of the unguaranteed residual value.

Other Information (Continued)

The following table shows the remaining maturity of the gross investment in the leases and the present value of the minimum lease payments: (€ millions)

	GROSS INVESTMENT		PRESENT VALUE OF FUTURE MINIMUM LEASE PAYMENTS	
	2013	2012	2013	2012
Remaining maturity:				
up to 12 months	775	723	725	658
from 1 year to 5 years	1,401	1,321	1,294	1,200
from 5 years and over	83	99	76	87
Total	**2,259**	**2,143**	**2,095**	**1,945**

The cumulative write-downs on uncollectible outstanding minimum lease payments in amounts receivable from customers under finance leases amounted to €3 million at the end of the reporting period (2012: €3 million).

The amounts receivable under finance leases included in loans and receivables with customers are shown net of allowances for losses on loans and receivables in each case (see Note 52). These break down as follows: (€ millions)

	2013	2012
Properly serviced loans and receivables		
Carrying amount before allowances	2,041	1,877
Portfolio allowances	9	7
Carrying amount	**2,032**	**1,870**
Properly serviced loans and receivables past due		
Carrying amount before allowances	7	13
Portfolio allowances	—	—
Carrying amount	**7**	**13**
Non-performing loans and receivables		
Carrying amount before allowances	72	72
Specific allowances	16	10
Carrying amount	**56**	**62**

The non-performing loans and receivables from finance leases are essentially allocated to rating classes 8–, 9 and 10.

(€ millions)

	2013	2012
Carrying amount of properly serviced loans and receivables past due, broken down by period past due		
1–30 days	7	13
31–60 days	—	—
61–90 days	—	—

(€ millions)

	2013	2012
Value of collateral, broken down by period past due		
1–30 days	4	3
31–60 days	—	—
61–90 days	—	—

(€ millions)

	2013	2012
Loans and receivables, broken down by rating class		
Not rated	261	192
Rating class 1–4	1,256	511
Rating class 5–8	511	1,180
Rating class 9–10	67	62
Collateral, broken down by rating class		
Not rated	16	2
Rating class 1–4	179	156
Rating class 5–8	42	49
Rating class 9–10	18	31

The presentation of the collateral broken down by rating class does not include the leased assets of €655 million (2012: €506 million) leased to external third parties under finance leases belonging legally to UniCredit Leasing GmbH or its subsidiaries.

HVB Group as lessee

Operating leases

HVB Group acts as lessee under operating leases. The current obligations in the reporting period relate primarily to rental and lease agreements for real estate (land and buildings) and movable assets, mainly comprising plant, office equipment and motor vehicles. The lease agreements for real estate generally contain extension options and price adjustment clauses in the form of stepped rents or index clauses; options to purchase have been agreed in some cases. The lease agreements for movable assets have been concluded at customary market terms for lease periods of between three and nine years.

In the reporting period, the commitments arising from operating leases under lease and sublease agreements resulted in minimum lease payments of €139 million (2012: €151 million) being recognised as expense in the income statement.

The following table shows the cumulative minimum lease payments arising from non-cancellable operating leases to be expected in future financial years:

(€ millions)

	2013	2012
Remaining maturity:		
up to 12 months	114	128
from 1 year to 5 years	150	169
from 5 years and over	73	62
Total	**337**	**359**

The agreements regarding the outsourcing of ICT processes to the UniCredit-wide service provider UBIS include the charged transfer of rights to use assets in the form of operating leases. The full service contracts concluded annually in this regard consist for the most part of rent payments for the provision of hardware and software that are included in the minimum lease payments of €47 million for the reporting period and €41 million for the following financial year mentioned above.

HVB Group has concluded sublease agreements for real estate at customary market terms, some of which include rent adjustment clauses and extension options. Payments of €7 million (2012: €7 million) received from subleases were recognised as income in the income statement during the reporting period.

The aggregate future minimum lease payments arising from non-cancellable subleases expected to be received in the subsequent financial years amount to €12 million (2012: €16 million).

Other Information (Continued)

Finance leases

The finance leases entered into by HVB Group as lessee relate to real estate (land and buildings). The lease agreements generally contain an option to purchase and price adjustment clauses.

The following table shows the reconciliation from the aggregate future minimum lease payments at the reporting date to their present value. This gives rise to the amounts payable to customers from lease operations (finance leases):

(€ millions)

	2013	2012
Future minimum lease payments	404	448
– Finance charge (interest included in minimum lease payments)	(64)	(93)
= Present value of future minimum lease payments	**340**	**355**

The difference between the future minimum lease payments and their present value represents unamortised interest expense.

The following table shows the remaining maturity of the future minimum lease payments and their present value at the reporting date:

(€ millions)

	FUTURE MINIMUM LEASE PAYMENTS		PRESENT VALUE OF FUTURE MINIMUM LEASE PAYMENTS	
	2013	2012	2013	2012
Remaining maturity:				
up to 12 months	142	32	140	23
from 1 year to 5 years	61	191	56	178
from 5 years and over	201	225	144	154
Total	**404**	**448**	**340**	**355**

The aggregate future minimum lease payments arising from non-cancellable subleases that are expected to be received in the subsequent financial years amount to €18 million (2012: €27 million).

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

No further reclassifications have been carried out since 2010. The intention to trade no longer exists for the assets reclassified in 2008 and 2009 since the markets in these financial instruments had become illiquid as a result of the extraordinary circumstances created by the financial crisis (2008/09) 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 31/12/2012	3.4	3.0	3.6
Balance at 31/12/2013	2.5	2.3	2.6
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 31/12/2012	2.4	2.5	2.5
Balance at 31/12/2013	2.0	2.1	2.1
Balance of reclassified assets at 31/12/2013	**4.5**	**4.4**	**4.7**

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 €4.4 billion at 31 December 2013. 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 €286 million in net trading income in the 2013 financial year. A net gain of €498 million would have arisen in net trading income in 2012, €96 million in 2011, €416 million in 2010 and €1,159 million in 2009, while a net loss of €1,792 million would have accrued in net trading income from the reclassified holdings in 2008. These effects reflect a theoretical, pro forma calculation, as the assets are measured at amortised cost on account of the reclassification.

In 2013, we reversed write-downs of €10 million that had previously been taken on reclassified assets. Write-downs of €31 million were taken on the reclassified assets in 2012 (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 €38 million (2012: €66 million, 2011: €100 million, 2010: €160 million, 2009: €208 million, 2008: €127 million), which is recognised in net interest. The effective interest rates for the reclassified securities are in a range from 0.59% to 13.89%.

A gain of €0 million (2012: €21 million, 2011: €14 million, 2010: €19 million, 2009: €83 million) on reclassified securities that had been sold was recognised in the income statement in 2013.

In 2013, the reclassifications carried out in 2008 and 2009 resulted in a profit before tax that was €238 million too low. Between the date when the reclassifications took effect and the reporting date, the cumulative net impact on the income statement from the reclassifications already carried out totalled minus €2 million before tax (2013: minus €238 million, 2012: minus €442 million, 2011: plus €15 million, 2010: minus €245 million, 2009: minus €948 million, 2008: plus €1,856 million).

75 Notes to selected structured products

Additional information regarding selected structured products is given below in order to provide greater transparency. Holdings of asset-backed securities (ABS) transactions issued by third parties are shown below alongside tranches retained by HVB Group.

ABS portfolio

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

Depending on the underlying assets in a securitisation transaction, the following types of security among others are distinguished in ABS transactions:
– residential mortgage-backed securities (RMBS) relating to mortgage loans in the private sector (residential mortgage loans)
– commercial mortgage-backed securities (CMBS) relating to mortgage loans in the commercial sector (commercial mortgage loans)
– collateralised loan obligations (CLO) relating to commercial bank loans
– collateralised bond obligations (CBO) relating to securities portfolios

Besides this, consumer loans, credit card receivables and receivables under finance leases are also securitised.

Other Information (Continued)

Positions retained from own securitisation transactions and in third-party ABS transactions, broken down by rating class (€ millions)

CARRYING AMOUNTS		31/12/2013 SENIOR	31/12/2013 MEZZANINE	31/12/2013 JUNIOR	31/12/2013 TOTAL	31/12/2012 TOTAL
Positions retained from own securitisations		**—**	**106**	**—**	**106**	**97**
Positions in third-party ABS transactions		**3,449**	**1,196**	**—**	**4,645**	**4,742**
Residential mortgage-backed securities (RMBS)		1,867	472	—	2,339	2,192
thereof:						
US subprime		1	—	—	1	1
US Alt-A		1	—	—	1	2
Commercial mortgage-backed securities (CMBS)		621	171	—	792	1,108
Collateralised debt obligations (CDO)		61	—	—	61	88
thereof:						
US subprime		—	—	—	—	—
US Alt-A		—	—	—	—	—
Collateralised loan obligations (CLO)/						
collateralised bond obligations (CBO)		431	417	—	848	877
Consumer loans		349	95	—	444	302
Credit cards		—	—	—	—	—
Receivables under finance leases		107	41	—	148	151
Others		13	—	—	13	24
Total	**31/12/2013**	**3,449**	**1,302**	**—**	**4,751**	
	31/12/2012	**3,364**	**1,453**	**22**	**4,839**	
Synthetic collateralised debt obligations (CDO) (derivatives)[1]	**31/12/2013**	**—**	**24**	**—**	**24**	
	31/12/2012	**—**	**25**	**—**	**25**	

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

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

Positions retained from own securitisation transactions and in third-party ABS transactions, broken down by region (€ millions)

CARRYING AMOUNTS		31/12/2013 EUROPE	USA	ASIA	OTHER REGIONS	TOTAL
Positions retained from own securitisations		**106**	**—**	**—**	**—**	**106**
Positions in third-party ABS transactions		**4,087**	**424**	**7**	**127**	**4,645**
Residential mortgage-backed securities (RMBS)		2,242	3	7	87	2,339
thereof:						
US subprime		—	1	—	—	1
US Alt-A		—	1	—	—	1
Commercial mortgage-backed securities (CMBS)		719	73	—	—	792
Collateralised debt obligations (CDO)		7	37	—	17	61
thereof:						
US subprime		—	—	—	—	—
US Alt-A		—	—	—	—	—
Collateralised loan obligations (CLO)/						
collateralised bond obligations (CBO)		591	234	—	23	848
Consumer loans		375	69	—	—	444
Credit cards		—	—	—	—	—
Receivables under finance leases		140	8	—	—	148
Others		13	—	—	—	13
Total	**31/12/2013**	**4,193**	**424**	**7**	**127**	**4,751**
	31/12/2012	**4,062**	**577**	**19**	**181**	**4,839**
Synthetic collateralised debt obligations (CDO) (derivatives)[1]	**31/12/2013**	**—**	**24**	**—**	**—**	**24**
	31/12/2012	**—**	**25**	**—**	**—**	**25**

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

Other Information (Continued)

Positions retained from own securitisation transactions and in third-party ABS transactions, broken down by remaining maturity (€ millions)

CARRYING AMOUNTS		31/12/2013 LESS THAN 1 YEAR	BETWEEN 1 AND 5 YEARS	MORE THAN 5 YEARS	TOTAL
Positions retained from own securitisations		**48**	**58**	**—**	**106**
Positions in third-party ABS transactions		**329**	**3,230**	**1,086**	**4,645**
Residential mortgage-backed securities (RMBS)		42	1,418	879	2,339
thereof:					
US subprime		—	1	—	1
US Alt-A		—	1	—	1
Commercial mortgage-backed securities (CMBS)		105	591	96	792
Collateralised debt obligations (CDO)		—	7	54	61
thereof:					
US subprime		—	—	—	—
US Alt-A		—	—	—	—
Collateralised loan obligations (CLO)/					
collateralised bond obligations (CBO)		44	771	33	848
Consumer loans		98	322	24	444
Credit cards		—	—	—	—
Receivables under finance leases		36	112	—	148
Others		4	9	—	13
Total	**31/12/2013**	**377**	**3,288**	**1,086**	**4,751**
	31/12/2012	**543**	**3,073**	**1,223**	**4,839**
Synthetic collateralised debt obligations (CDO) (derivatives)[1]	**31/12/2013**	**—**	**24**	**—**	**24**
	31/12/2012	**25**	**—**	**—**	**25**

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

Positions retained from own securitisation transactions and in third-party ABS transactions, broken down by class as per IAS 39 (€ millions)

CARRYING AMOUNTS		31/12/2013 HELD FOR TRADING	FAIR VALUE OPTION	LOANS & RECEIVABLES	HELD TO MATURITY	AVAILABLE FOR SALE	TOTAL
Positions retained from own securitisations		**—**	**—**	**—**	**—**	**106**	**106**
Positions in third-party ABS transactions		**268**	**41**	**3,866**	**74**	**396**	**4,645**
Residential mortgage-backed securities (RMBS)		87	14	2,180	1	57	2,339
thereof:							
US subprime		—	—	—	1	—	1
US Alt-A		—	—	1	—	—	1
Commercial mortgage-backed securities (CMBS)		78	8	696	—	10	792
Collateralised debt obligations (CDO)		—	6	38	17	—	61
thereof:							
US subprime		—	—	—	—	—	—
US Alt-A		—	—	—	—	—	—
Collateralised loan obligations (CLO)/							
collateralised bond obligations (CBO)		47	9	434	50	308	848
Consumer loans		33	—	405	6	—	444
Credit cards		—	—	—	—	—	—
Receivables under finance leases		23	—	104	—	21	148
Others		—	4	9	—	—	13
Total	**31/12/2013**	**268**	**41**	**3,866**	**74**	**502**	**4,751**
	31/12/2012	**401**	**44**	**3,948**	**79**	**367**	**4,839**
Synthetic collateralised debt obligations (CDO) (derivatives)[1]	**31/12/2013**	**24**	**—**	**—**	**—**	**—**	**24**
	31/12/2012	**25**	**—**	**—**	**—**	**—**	**25**

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

Other Information (Continued)

76 Fair value hierarchy

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

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

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

Financial assets and liabilities of €1,271 million (2012: €3 million) have been transferred between Level 1 and Level 2. Much of this total relates to fixed-income securities for which the market price can no longer be observed on an active market. At the same time, financial assets and liabilities of €5,531 million (2012: €0 million) were migrated between Level 2 and Level 1. The migration to Level 1 relate notably to fixed-income securities, attributable to the harmonisation with UniCredit's standard independent price verification (IPV) process. Among other things, this makes it possible to provide more comprehensive market data and employ more accurate methods to determine market activity and ensure access to specific markets.

The following table shows transfer between Level 1 and Level 2 for financial instruments whose fair value is determined on a recurring basis:

(€ millions)

		TO LEVEL 1	TO LEVEL 2
Financial assets held for trading			
	Transfer from Level 1	—	404
	Transfer from Level 2	1,563	—
Financial assets at fair value through profit or loss			
	Transfer from Level 1	—	459
	Transfer from Level 2	3,766	—
Available-for-sale financial assets			
	Transfer from Level 1	—	399
	Transfer from Level 2	—	—
Financial liabilities held for trading			
	Transfer from Level 1	—	9
	Transfer from Level 2	202	—

Within the scope of IFRS disclosures, 1 January is considered the transfer date for instruments transferred between the levels in the first half of the reporting period (1 January to 30 June). 1 July is considered the transfer date for transfers in the second half of the reporting period (1 July to 31 December).

Level 3 relates to assets or liabilities for which the fair value cannot be calculated exclusively on the basis of observable market data (non-observable input data). The amounts involved are stated in Level 2 if the impact of the non-observable input date on the determination of fair value is insignificant. Thus, the respective fair values also incorporate valuation parameters based on model assumptions. This includes derivatives and structured products that contain at least one "exotic" component, such as foreign currency or interest rate derivatives on illiquid currencies, derivatives without standard market terms, structured products with an illiquid underlying as reference and ABS bonds of an asset class for which no liquid market exists.

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

Transfers to and from Level 3 relate mainly to fixed-income securities. For the most part, these result from the changeover to the standard corporate IPV process. The standard corporate IPV process takes account of the prices on several markets and also employs a more accurate method.

The following measurement methods are applied for each product type, broken down by the individual classes of financial instrument. The valuations for financial instruments in fair value Level 3 depend upon the following significant parameters that cannot be observed on the market:

PRODUCT TYPE	MEASUREMENT METHOD	SIGNIFICANT NON-OBSERVABLE PARAMETERS	RANGE
Fixed-income securities and other debt instruments	Market approach	Price	95%–100%
			0%–100%
Asset-backed securities (ABS)	DCF method	Credit spread curves	0BPS–34%
		Residual value	0%–50%
		Default rate	0%–8%
Equity derivatives	Option price model DCF method	Equity volatility	25%–120%
		Correlation between equities	(100)%–100%
		Dividend yields	0%–20%
Interest rate derivatives	DCF method option price model	Swap interest rate	30BPS–1,000BPS
		Inflation swap interest rate	120BPS–230BPS
		Inflation volatility	1%–10%
		Interest rate volatility	5%–100%
		Correlation between interest rates	20%–100%
Credit derivatives	Option price model	Credit spread curves	10BPS–150%
		Credit correlation	20%–80%
		Residual value	5%–95%
		Credit volatility	35%–50%
Currency derivatives	DCF method correlation price model	Yield curves	30BPS–1,000BPS
		FX correlation	1%–30%
Commodity derivatives	DCF method option price model	Correlation between commodities	(100)%–100%
		Swap interest rate	70%–130%
		Commodity price volatility	35%–120%
Hybrid derivatives	Option price model	Parameter correlation	(100)%–100%
		Parameter volatility	25%–120%

On the assets side, derivatives with a market value of €186 million (2012: €309 million) and €286 million (2012: €1,279 million) were transferred to Level 3 and from Level 3 respectively at year-end 2013. On the liabilities side, the market value of the derivatives transferred to Level 3 totalled €45 million (2012: €360 million) and of those transferred from Level 3 €282 million (2012: €1,302 million). The reason for reducing the volume in Level 3 is the improved ability to observe the market parameters on account of shorter remaining maturities. The volume in Level 3 declined by an aggregate of €256 million (2012: €1,860 million) on the assets side and €326 million (2012: €2,509 million) on the liabilities side year-on-year.

The impact of changing possible appropriate alternative parameter values on the fair value (after adjustments) is shown in the sensitivity analysis presented below. For portfolios at fair value through profit or loss, the positive change in fair values at 31 December 2013 resulting from the use of possible appropriate alternatives would be €183 million (2012: €115 million), and the negative change would be minus €104 million (2012: minus €66 million).

Other Information (Continued)

The following table shows the significant sensitivity effects, broken down by the individual classes of financial instrument: (€ millions)

	2013		2012	
	POSITIVE	NEGATIVE	POSITIVE	NEGATIVE
Financial assets held for trading	50	(36)	40	(31)
Financial assets at fair value through profit or loss	5	(3)	15	(15)
Available-for-sale financial assets	13	(13)	11	—
Financial liabilities held for trading	115	(52)	49	(20)
Total	**183**	**(104)**	**115**	**(66)**

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

The following parameters were varied for interest rate products in Level 3 as part of the sensitivity analysis: interest rates and interest rate correlations.

More conservative and more aggressive values for correlations between the fair value of the credit derivative (CDS) and the respective underlying and implicit correlations were applied for credit derivatives than was the case as part of the fair value calculation. Furthermore, rating-dependent shifts were assumed for illiquid CDS.

In terms of debt instruments, the credit spread curves were varied as part of the sensitivity analyses in line with rating.

Foreign currency derivatives were varied in terms of interest rates and the implicit volatility.

With equities, the spot price was varied using a relative value.

The following table shows the assignment of the financial assets and financial liabilities shown in the balance sheet to the respective levels of the fair value hierarchy: (€ millions)

	FAIR VALUE OBSERVED ON AN ACTIVE MARKET (LEVEL 1)		FAIR VALUE BASED ON VALUATION PARAMETERS OBSERVED ON THE MARKET (LEVEL 2)		FAIR VALUE BASED ON VALUATION PARAMETERS NOT OBSERVED ON THE MARKET[1] (LEVEL 3)	
	2013	2012	2013	2012	2013	2012
Financial assets recognised						
in the balance sheet at fair value						
Financial assets held for trading	18,540	14,790	71,438	114,128	1,323	2,099
thereof: derivatives	1,989	1,931	60,314	103,210	973	842
Financial assets at fair value through profit or loss	15,247	9,910	13,889	11,535	576	2,837
Available-for-sale financial assets[1]	2,799	3,093	862	813	230	494
Hedging derivatives	—	—	1,053	3,262	—	—
Financial liabilities recognised						
in the balance sheet at fair value						
Financial liabilities held for trading	4,510	5,730	67,609	114,121	1,416	1,650
thereof: derivatives	1,659	1,921	58,271	102,409	714	1,183
Hedging derivatives	—	—	373	1,386	—	—

1 available-for-sale financial assets include financial instruments of €673 million (2012: €1,082 million) valued at historical cost that are not included in these totals at 31 December 2013

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

(€ millions)

	2013			
	FINANCIAL ASSETS HELD FOR TRADING	FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	AVAILABLE-FOR-SALE FINANCIAL ASSETS	HEDGING DERIVATIVES
Balance at 1/1/2013	**2,099**	**2,837**	**494**	**—**
Additions				
Acquisitions	2,069	87	100	—
Realised gains[1]	53	2	9	—
Transfer from other levels	520	659	93	—
Other additions[2]	195	5	21	—
Reductions				
Sale/repayment	(2,184)	(78)	(111)	—
Realised losses[1]	(95)	(44)	(9)	—
Transfer to other levels	(1,212)	(2,879)	(293)	—
Other reductions	(122)	(13)	(75)	—
Balance at 31/12/2013	**1,323**	**576**	**230**	**—**

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

(€ millions)

	2013	
	FINANCIAL LIABILITIES HELD FOR TRADING	HEDGING DERIVATIVES
Balance at 1/1/2013	**1,650**	**—**
Additions		
Acquisitions	565	—
Realised gains[1]	185	—
Transfer from other levels	775	—
Other additions[2]	72	—
Reductions		
Sale/repayment	(512)	—
Realised losses[1]	(47)	—
Transfer to other levels	(1,146)	—
Other reductions	(126)	—
Balance at 31/12/2013	**1,416**	**—**

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

Other Information (Continued)

(€ millions)

	2012			
	FINANCIAL ASSETS HELD FOR TRADING	FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	AVAILABLE-FOR-SALE FINANCIAL ASSETS	HEDGING DERIVATIVES
Balance at 1/1/2012	**5,455**	**1,164**	**671**	**—**
Additions				
Acquisitions	1,053	65	123	—
Realised gains[1]	59	3	35	—
Transfer from other levels	711	2,626	18	—
Other additions[2]	162	—	44	—
Reductions				
Sale/repayment	(2,418)	(533)	(149)	—
Realised losses[1]	(27)	(5)	(14)	—
Transfer to other levels	(2,597)	(483)	(194)	—
Other reductions	(299)	—	(40)	—
Balance at 31/12/2012	**2,099**	**2,837**	**494**	**—**

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

(€ millions)

	2012	
	FINANCIAL LIABILITIES HELD FOR TRADING	HEDGING DERIVATIVES
Balance at 1/1/2012	**4,159**	**—**
Additions		
Acquisitions	246	—
Realised gains[1]	97	—
Transfer from other levels	600	—
Other additions[2]	122	—
Reductions		
Sale/repayment	(1,661)	—
Realised losses[1]	(36)	—
Transfer to other levels	(1,653)	—
Other reductions	(224)	—
Balance at 31/12/2012	**1,650**	**—**

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

77 Fair values of financial instruments compliant with IFRS 7

The fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It is assumed in this context that the transaction takes places on the principal market for the instrument or the most advantageous market to which the Bank has access.

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

(€ billions)

ASSETS	2013 CARRYING AMOUNT	2013 FAIR VALUE	2012 CARRYING AMOUNT	2012 FAIR VALUE
Cash and cash balances	10.6	10.6	15.7	15.7
Financial assets held for trading	91.3	91.3	131.0	131.0
Financial assets at fair value through profit or loss	29.7	29.7	24.3	24.3
Available-for-sale financial assets				
thereof: measured				
at cost	0.7	0.7	1.1	1.1
at fair value	3.9	3.9	4.4	4.4
Held-to-maturity investments	0.2	0.2	0.3	0.3
Loans and receivables with banks	35.3	35.9	36.3	36.9
Loans and receivables with customers	109.6	114.2	122.2	128.7
thereof: finance leases	2.0	2.0	1.9	1.9
Hedging derivatives	1.1	1.1	3.3	3.3
Total	**282.4**	**287.6**	**338.6**	**345.7**

(€ billions)

ASSETS	FAIR VALUE OBSERVED ON AN ACTIVE MARKET (LEVEL 1) 2013	FAIR VALUE BASED ON VALUATION PARAMETERS OBSERVED ON THE MARKET (LEVEL 2) 2013	FAIR VALUE BASED ON VALUATION PARAMETERS NOT OBSERVED ON THE MARKET (LEVEL 3) 2013
Financial assets not carried at fair value			
in the balance sheet			
Cash and cash balances	—	10.6	—
Held-to-maturity investments	0.2	—	—
Loans and receivables with banks	0.6	18.7	16.6
Loans and receivables with customers	0.6	14.3	99.3
thereof: finance leases	—	—	2.0

(€ billions)

LIABILITIES	2013 CARRYING AMOUNT	2013 FAIR VALUE	2012 CARRYING AMOUNT	2012 FAIR VALUE
Deposits from banks	47.8	48.6	45.2	46.1
Deposits from customers	107.9	108.1	110.3	110.8
Debt securities in issue	31.8	34.1	35.9	39.4
Financial liabilities held for trading	73.5	73.5	121.5	121.5
Hedging derivatives	0.4	0.4	1.4	1.4
Total	**261.4**	**264.7**	**314.3**	**319.2**

Other Information (Continued)

(€ billions)

LIABILITIES	FAIR VALUE OBSERVED ON AN ACTIVE MARKET (LEVEL 1) 2013	FAIR VALUE BASED ON VALUATION PARAMETERS OBSERVED ON THE MARKET (LEVEL 2) 2013	FAIR VALUE BASED ON VALUATION PARAMETERS NOT OBSERVED ON THE MARKET (LEVEL 3) 2013
Financial liabilities not carried at fair value			
in the balance sheet			
Deposits from banks	—	12.5	36.1
Deposits from customers	—	55.4	52.7
Debt securities in issue	9.8	9.0	15.3

The allocation to the respective levels in the fair value hierarchy is disclosed the first time for the instruments measured at amortised costs as well, as required by IFRS 13.97. IFRS 13.C3 does not require year-ago figures to be shown.

The fair values of certain financial instruments stated with their nominal values are roughly equivalent to their carrying amounts. These include the cash and cash balances as well as receivables and liabilities without a defined maturity or fixed interest rate. Such instruments are transferred at regular intervals at the amount repayable (such as the repayment of a deposit repayable on demand at the nominal amount), meaning that listed prices for identical and similar instruments are available on inactive markets. These instruments are allocated to Level 2 accordingly.

For other receivables future anticipated cash flows are discounted to their present value using current interest rates taking into account the respective spreads. The spread used here for receivables is determined on the basis of Basel II-compliant expected loss values and the cost of capital. These are internal processes used to determine expected loss figures that cannot be observed on the market. Since the credit spreads are essential for the determination of the other receivables, these instruments are allocated to Level 3.

Quoted market prices are used for exchange-traded securities and derivatives as well as for listed debt instruments. These instruments are allocated to Level 1. The fair value of the remaining securities is calculated as the net present value of anticipated future cash flows. The methods used to determine the fair value levels described in Note 76 are employed for this purpose.

The anticipated future cash flows of the other liabilities are discounted to the present value using current interest rates taking into account internally determined funding premiums. The funding premiums correspond to the parameters that the Bank uses when setting the prices for its own issues. These funding premiums represent internally determined parameters that are essential for the determination of the fair value; the other liabilities are allocated to Level 3 accordingly.

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

The fair value of forward exchange transactions is computed on the basis of current forward rates. Options are valued using price quotations or generally accepted models used to calculate the price of options. The common Black & Scholes (equity, currency and index instruments) or lognormal models (interest instruments) are used to value simple European options. In the case of more complex instruments, the interest is simulated using term-structure models with the current interest rate structure as well as caps and swaption volatilities as parameters relevant for valuation. The disbursement structure of the equities or indexes for the complex instruments is valued using either Black & Scholes or a stochastic volatility model with equity prices, volatilities, correlations and dividend expectations as parameters. The methods used to determine the fair value levels described in Note 76 are employed for this purpose.

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

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

The difference in HVB Group between the fair values and carrying amounts totals €5.2 billion (2012: €7.1 billion) for assets and €3.3 billion (2012: €4.9 billion) for liabilities. The balance of these amounts is €1.9 billion (2012: €2.2 billion). When comparing carrying amounts and fair values for the hedged items, it should be noted that part of the undisclosed reserves/charges has already been included in the hedge adjustment amount.

78 Disclosures regarding the offsetting of financial assets and liabilities

The information required by IFRS 7 (Disclosures – Offsetting Financial Assets and Financial Liabilities) regarding the offsetting of financial instruments is disclosed for the first time in the 2013 financial year. The following two tables separately show the recognised financial assets and financial liabilities that have already been netted in the balance sheet in accordance with IAS 32.42 together with the financial instruments that are subject to a legally enforceable master netting arrangement or similar agreement but that do not satisfy the criteria for offsetting in the balance sheet.

Financial assets that are netted in the balance sheet or subject to a legally enforceable master netting arrangement or similar agreement

(€ millions)

				AMOUNTS NOT RECOGNISED			
	FINANCIAL ASSETS (GROSS)	FINANCIAL LIABILITIES NETTED IN THE BALANCE SHEET (GROSS)	RECOGNISED FINANCIAL ASSETS (NET)	EFFECTS OF MASTER NETTING ARRANGE-MENTS	FINANCIAL INSTRUMENTS AS COLLATERAL	CASH COLLATERAL	NET AMOUNT 31/12/2013
Derivatives[1]	79,859	(15,530)	64,329	(44,890)	(2,381)	(7,316)	9,742
Reverse repos[2]	11,401	(924)	10,477	—	(9,970)	—	507
Loans and receivables[3]	22,292	(1,209)	21,083	—	—	—	21,083
Total at 31/12/2013	**113,552**	**(17,663)**	**95,889**	**(44,890)**	**(12,351)**	**(7,316)**	**31,332**

1 derivatives are covered in the notes covering financial assets held for trading and hedging derivatives
2 reverse repos are covered in the notes covering loans and receivables with banks and loans and receivables with customers
3 only relates to current accounts and cash collateral or pledged credit balances, as covered in the notes covering loans and receivables with banks and loans and receivables with customers

Financial liabilities that are netted in the balance sheet or subject to a legally enforceable master netting arrangement or similar agreement

(€ millions)

				AMOUNTS NOT RECOGNISED			
	FINANCIAL LIABILITIES (GROSS)	FINANCIAL ASSETS NETTED IN THE BALANCE SHEET (GROSS)	RECOGNISED LIABILITIES (NET)	EFFECTS OF MASTER NETTING ARRANGE-MENTS	FINANCIAL INSTRUMENTS AS COLLATERAL	CASH COLLATERAL	NET AMOUNT 31/12/2013
Derivatives[1]	76,547	(15,530)	61,017	(44,890)	(361)	(9,430)	6,336
Repos[2]	24,546	(924)	23,622	—	(22,679)	—	943
Liabilities[3]	68,865	(1,209)	67,656	—	—	—	67,656
Total at 31/12/2013	**169,958**	**(17,663)**	**152,295**	**(44,890)**	**(23,040)**	**(9,430)**	**74,935**

1 derivatives are covered in the notes regarding financial liabilities held for trading and hedging derivatives
2 repos are covered in the notes covering deposits from banks and deposits from customers
3 only relates to current accounts and cash collateral or pledged credit balances, as covered in the notes covering deposits from banks and deposits from customers

Other Information (Continued)

Financial assets that are netted in the balance sheet or subject to a legally enforceable master netting arrangement or similar agreement

(€ millions)

				AMOUNTS NOT RECOGNISED			
	FINANCIAL ASSETS (GROSS)	FINANCIAL LIABILITIES NETTED IN THE BALANCE SHEET (GROSS)	RECOGNISED FINANCIAL ASSETS (NET)	EFFECTS OF MASTER NETTING ARRANGE-MENTS	FINANCIAL INSTRUMENTS AS COLLATERAL	CASH COLLATERAL	NET AMOUNT 31/12/2012
Derivatives[1]	129,517	(20,273)	109,244	(83,932)	(2,449)	(9,963)	12,900
Reverse repos[2]	10,284	(2,866)	7,418	—	(6,920)	—	498
Loans and receivables[3]	26,854	(1,363)	25,491	—	—	—	25,491
Total at 31/12/2012	**166,655**	**(24,502)**	**142,153**	**(83,932)**	**(9,369)**	**(9,963)**	**38,889**

1 derivatives are covered in the notes covering financial assets held for trading and hedging derivatives
2 reverse repos are covered in the notes covering loans and receivables with banks and loans and receivables with customers
3 only relates to current accounts and cash collateral or pledged credit balances, as covered in the notes covering loans and receivables with banks and loans and receivables with customers

Financial liabilities that are netted in the balance sheet or subject to a legally enforceable master netting arrangement or similar agreement

(€ millions)

				AMOUNTS NOT RECOGNISED			
	FINANCIAL LIABILITIES (GROSS)	FINANCIAL ASSETS NETTED IN THE BALANCE SHEET (GROSS)	RECOGNISED LIABILITIES (NET)	EFFECTS OF MASTER NETTING ARRANGE-MENTS	FINANCIAL INSTRUMENTS AS COLLATERAL	CASH COLLATERAL	NET AMOUNT 31/12/2012
Derivatives[1]	127,172	(20,273)	106,899	(83,932)	(628)	(15,685)	6,654
Repos[2]	19,794	(2,866)	16,928	—	(16,060)	—	868
Liabilities[3]	74,090	(1,363)	72,727	—	—	—	72,727
Total at 31/12/2012	**221,056**	**(24,502)**	**196,554**	**(83,932)**	**(16,688)**	**(15,685)**	**80,249**

1 derivatives are covered in the notes regarding financial liabilities held for trading and hedging derivatives
2 repos are covered in the notes covering deposits from banks and deposits from customers
3 only relates to current accounts and cash collateral or pledged credit balances, as covered in the notes covering deposits from banks and deposits from customers

Compliant with IAS 32.42, financial assets and liabilities with the same counterparty are to be offset and recognised in the balance sheet at the net amount if such offsetting of the amounts recognised at the present date is legally enforceable and the intention is to settle on a net basis during the normal course of business or to realise the asset and settle the liability simultaneously. The tables show a reconciliation from the gross amounts prior to netting and the set-off amounts to the net amounts after offsetting for these set-offs in the balance sheet. At HVB Group, the set-offs in the balance sheet relate to transactions with central counterparties (CCPs), being OTC derivatives (set-off of the balancing positive and negative market values at currency level) and the receivables and liabilities arising from reverse repos and repos concluded with the same central counterparty. At the same time, listed future-styled derivatives and nettable receivables and liabilities repayable on demand with the same counterparty in the banking business are also offset in the balance sheet.

The column "Effects of master netting arrangements" shows the financial instruments that are subject to legally enforceable master netting arrangement or similar agreement, but which are not netted in the balance sheet as they do not satisfy the IAS 32.42 offsetting requirements as described above. At HVB Group, this includes OTC derivatives and repo transactions with individual counterparties with which legally enforceable master netting arrangements have been concluded allowing netting in the event of default.

In addition, the tables contain the financial instruments received or pledged as collateral in this context and cash collateral. Please refer to Notes 84 and 85 for more information on securities received or pledged as collateral for securities lending transactions without cash collateral not recognised in the balance sheet.

79 Undiscounted cash flow

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

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

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

Credit commitments and financial guarantees have been allocated with the maximum amount to the shortest maturity bucket (repayable on demand) in which they can be utilised at the earliest. The credit commitments amount to €37,383 million (2012: €35,646 million). This assumption defined in IFRS 7 is unrealistic for credit commitments not utilised and contingent liabilities for financial guarantees in particular, as the complete utilisation of all open credit commitments and financial guarantees on the next day cannot be expected. The same holds true for the presentation of the fair values of trading derivatives.

Breakdown of financial assets by maturity bucket

(€ millions)

	2013						
	REPAYABLE ON DEMAND	UP TO 1 MONTH	1 MONTHS TO 3 MONTHS	3 MONTHS TO 1 YEAR	1 YEAR TO 5 YEARS	MORE THAN 5 YEARS	UNDATED
Financial assets held for trading	449	7,756	2,709	3,291	5,540	3,459	8,618
Derivatives on financial assets held for trading	63,276	—	—	—	—	—	—
Financial assets at fair value through profit or loss	—	137	762	4,188	23,984	1,614	4
Available-for-sale financial assets	—	131	73	295	2,488	624	990
Held-to-maturity investments	—	—	—	87	108	28	—
Loans and receivables with banks	11,899	9,508	1,112	5,222	7,349	688	5,920
Loans and receivables with customers	10,890	7,461	5,285	9,905	40,129	54,218	182
thereof: finance leases	45	76	126	531	1,406	83	—
Hedging derivatives	—	226	419	1,710	1,961	898	—

(€ millions)

	2012						
	REPAYABLE ON DEMAND	UP TO 1 MONTH	1 MONTHS TO 3 MONTHS	3 MONTHS TO 1 YEAR	1 YEAR TO 5 YEARS	MORE THAN 5 YEARS	UNDATED
Financial assets held for trading	1,976	3,883	1,335	5,630	6,620	3,709	5,145
Derivatives on financial assets held for trading	105,982	—	—	—	—	—	—
Financial assets at fair value through profit or loss	—	201	912	1,964	20,090	1,966	—
Available-for-sale financial assets	—	152	295	653	2,049	3,433	1,191
Held-to-maturity investments	—	26	3	12	176	50	—
Loans and receivables with banks	15,980	5,566	1,988	4,395	7,643	1,078	13,401
Loans and receivables with customers	13,535	7,974	5,632	12,309	45,925	58,388	1,032
thereof: finance leases	37	65	121	500	1,321	99	—
Hedging derivatives	—	130	259	1,187	2,001	997	—

Other Information (Continued)

Breakdown of non-derivative and derivative financial liabilities by maturity bucket (€ millions)

	2013						
	REPAYABLE ON DEMAND	UP TO 1 MONTH	1 MONTHS TO 3 MONTHS	3 MONTHS TO 1 YEAR	1 YEAR TO 5 YEARS	MORE THAN 5 YEARS	UNDATED
Deposits from banks	12,956	7,319	7,449	9,009	7,523	4,323	12
Deposits from customers	56,228	16,195	17,826	9,802	4,194	2,140	—
Debt securities in issue	23	1,344	2,008	4,613	16,925	14,036	—
Financial liabilities held for trading	430	9,958	2,188	1,697	1,846	1,301	2,966
Derivatives on financial liabilities held for trading	60,644	—	—	—	—	—	—
Hedging derivatives	—	88	162	660	1,031	496	—
Credit commitments and financial guarantees	57,194	—	—	—	—	—	—

(€ millions)

	2012						
	REPAYABLE ON DEMAND	UP TO 1 MONTH	1 MONTHS TO 3 MONTHS	3 MONTHS TO 1 YEAR	1 YEAR TO 5 YEARS	MORE THAN 5 YEARS	UNDATED
Deposits from banks	13,725	3,601	9,321	7,374	10,090	5,368	12
Deposits from customers	60,937	11,770	18,245	9,729	4,579	3,554	—
Debt securities in issue	24	2,352	2,629	2,906	22,190	13,636	—
Financial liabilities held for trading	134	3,402	998	2,558	3,462	1,048	3,601
Derivatives on financial liabilities held for trading	105,513	—	—	—	—	—	—
Hedging derivatives	—	44	88	428	816	338	—
Credit commitments and financial guarantees	55,555	—	—	—	—	—	—

80 Key capital ratios (based on German Commercial Code)

HVB Group manages its economic and supervisory capital as part of its overall bank management strategy. The yield expectations have been calculated using the allocated capital principle that UniCredit introduced across its entire organisation. Under the principle of dual control, both regulatory capital in the sense of used core capital and internal capital are allocated to the business segments. Both resources are expected to yield an appropriate return, which is derived from the expectations of the capital market and which has to be earned by our business units. Please refer to the Risk Report for more information about overall bank management.

The supervisory ratios are discussed below.

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

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

The following table shows equity funds based on financial statements approved by the Supervisory Board and risk-weighted assets together with the risk equivalents for market risk positions and operational risk at 31 December 2013:

Equity funds[1] (€ millions)

	2013	2012
Tier 1		
Shares of common stock	2,407	2,407
Additional paid-in capital, retained earnings, minority interest, own shares	15,712	16,434
Hybrid capital instruments (silent partnership certificates) without prorated interest	47	358
Other	443	434
50% deductible items	(153)	(132)
Total core capital for solvency purposes	**18,456**	**19,501**
Tier 2		
Unrealised reserves in land and buildings and in securities	—	—
Offsetting reserves for general banking risks	235	142
Cumulative shares of preferred stock	—	—
Participating certificates outstanding	—	—
Subordinated liabilities	1,182	1,431
Value adjustment excess for A-IRB positions	311	261
Other	18	18
50% deductible items	(153)	(132)
Total supplementary capital for solvency purposes	**1,593**	**1,720**
Total equity capital	**20,049**	**21,221**
Tier 3 capital	—	—
Total equity funds	**20,049**	**21,221**

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

Pursuant to Sections 10 and 10a KWG, the equity funds of HVB Group amounted to €20,049 million at 31 December 2013 (2012: €21,221 million). Supplementary capital includes no unrealised reserves pursuant to Section 10 (2b) 1 No. 6 and 7 KWG.

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

Other Information (Continued)

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

	CORE CAPITAL	SUPPLEMENTARY CAPITAL	TIER 3 CAPITAL	TOTAL EQUITY FUNDS
Shown in IFRS balance sheet				
Shareholders' equity	21,009	—	—	21,009
Reconciliation to the equity funds compliant with the German Banking Act				
AfS reserve	(63)	—	—	(63)
Hedge reserve	(25)	—	—	(25)
Cumulative shares of preferred stock	—	—	—	—
Deduction of intangible assets	(84)	—	—	(84)
Ineligible profit components under banking supervisory regulations	(1,519)	—	—	(1,519)
Consolidated profit for 2013	(756)	—	—	(756)
Hybrid capital recognised under banking supervisory regulations	47	—	—	47
Eligible portion of certificates outstanding	—	—	—	—
Eligible portion of subordinated liabilities	—	1,182	—	1,182
Reclassifications to Tier 3 capital due to banking supervisory regulations	—	—	—	—
Eligible Tier 3 capital unused	—	—	—	—
Unrealised reserves in land and buildings and in securities	—	—	—	—
Value adjustment excess for A-IRB positions	—	311	—	311
Deductible items due to non-consolidated investments	(23)	(23)	—	(46)
Deductible items compliant with Sect.10 (6a) KWG	(130)	(130)	—	(260)
Other effects	—	253	—	253
Equity funds compliant with the German Banking Act	**18,456**	**1,593**	**—**	**20,049**

(€ billions)

	2013 BASEL II	2012 BASEL II
Risk-weighted assets from		
on-balance-sheet counterparty risk positions	44.3	59.1
off-balance sheet counterparty risk positions	9.2	10.3
other counterparty risk positions[1]	0.3	0.5
derivative counterparty risk positions	9.0	13.2
Total credit risk-weighted assets	**62.8**	**83.1**
Risk-weighted asset equivalent for market risk positions	**9.2**	**12.9**
Risk-weighted asset equivalent for operational risk	**13.5**	**13.8**
Total risk-weighted assets	**85.5**	**109.8**

1 primarily including repos and securities lending transactions

At 31 December 2013, the key capital ratios (based on financial statements approved by the Supervisory Board) were as follows: (in %)

	2013 BASEL II	2012 BASEL II
Core capital ratio (Tier 1 ratio)		
[core capital (Tier 1 capital)/(credit risk-weighted assets + 12.5x market risk positions + 12.5x operational risk)]	21.6	17.8
Core capital ratio without hybrid core capital (core Tier 1 ratio)		
[core capital without hybrid core capital (core Tier 1 capital)/		
(credit risk-weighted assets + 12.5x market risk positions + 12.5x operational risk)]	21.5	17.4
Capital ratio		
[equity funds/(credit risk-weighted assets + 12.5x market risk positions + 12.5x operational risk)]	23.4	19.3

81 Contingent liabilities and other commitments

(€ millions)

	2013	2012
Contingent liabilities[1]	**19,607**	**19,909**
Guarantees and indemnities	19,607	19,909
Other commitments	**37,573**	**35,984**
Irrevocable credit commitments	37,383	35,646
Other commitments[2]	190	338
Total	**57,180**	**55,893**

1 contingent liabilities are offset by contingent assets to the same amount
2 not included in other commitments are the future payment commitments arising from non-cancellable operating leases. These are covered in Note 73.

Financial guarantees and irrevocable credit commitments are shown at their nominal amount (maximum outflow) less provisions set up for this purpose. Neither contingent liabilities nor irrevocable credit commitments contain any significant items. The guarantees and indemnities listed here essentially reflect guarantees and indemnities that the Bank has granted on behalf of customers. Consequently, the Bank has a right of recourse against the customer (contracting party) should the guarantee or indemnity in question be used. An appropriate provision is set up where such a customer's creditworthiness is doubtful. This takes account of the loss suffered by the Bank, as the recourse claim against the contracting party is not considered fully realisable on account of the party's doubtful creditworthiness.

It is hard to anticipate the date at which the contingent liabilities and other commitments mentioned here will result in an outflow of funds. Credit commitments frequently serve as liquidity reserve for the beneficiary in particular, meaning that the amounts are not necessarily utilised at all and hence an outflow of funds is not certain. In terms of financial guarantees, it is important to note that these are conditional payment commitments, meaning that the condition must be met before utilisation becomes possible (such as default on the guaranteed credit in the case of a credit guarantee or non-compliant delivery in the case of a delivery guarantee). Here, too, it is hard to assess whether and when will be the case, as financial guarantees in particular are only ever utilised in exceptional circumstances entailing an outflow of funds.

Securities lending transactions are not recognised, as economic ownership remains with the lender. The Bank only becomes the legal owner of the borrowed securities which are returned to the lender when the lending transaction falls due. Obligations of €19,761 million (2012: €20,678 million) to return securities arising from securities lending transactions are thus offset by borrowed securities of the same amount, which are not carried as assets on the assets side of the balance sheet.

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

Commitments for uncalled payments on shares not fully paid up amounted to €128 million at year-end 2013 (2012: €277 million), and similar obligations for shares in cooperatives totalled €1 thousand (2012: €1 thousand). We were not liable for any defaults on such calls under Section 22 (3 and 24) of the German Private Limited Companies Act (Gesetz betreffend die Gesellschaften mit beschränkter Haftung – GmbHG). Under Section 26 GmbHG, we were liable for calls for additional capital of €58 million (2012: €57 million) with regard to Liquiditäts-Konsortialbank GmbH, Frankfurt am Main, at year-end 2013. In addition, under Article 5 (4) of the Articles of Association of Liquiditäts-Konsortialbank GmbH, we are jointly and severally liable for any defaults on such calls by members of the Association of German Banks.

At the reporting date, we had unlimited personal liability arising from shares in 75 partnerships (2012: 73).

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

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

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

Other Information (Continued)

Contingent liabilities payable to related parties (€ millions)

	2013	2012
Non-consolidated affiliated companies	2,094	2,047
of which: UniCredit S.p.A.	778	591
Joint ventures	—	—
Associated companies	—	—
Other participating interests	96	73
Total	**2,190**	**2,120**

Besides the contingent liabilities attributable to UniCredit S.p.A., the contingent liabilities of €2,094 million (2012: €2,047 million) attributable to non-consolidated affiliated companies include contingent liabilities of €1,316 million (2012: €1,456 million). As in 2012, there were no contingent liabilities attributable to subsidiaries.

82 Statement of Responsibility

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

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

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

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

83 Trust business

Trust assets (€ millions)

	2013	2012
Loans and receivables with banks	544	568
Loans and receivables with customers	166	202
Equity securities and other variable-yield securities	174	185
Debt securities and other fixed-income securities	—	—
Participating interests	—	—
Property, plant and equipment	—	—
Other assets	—	—
Fund shares held in trust	2,372	2,092
Remaining trust assets	1	1
Total	**3,257**	**3,048**

Trust liabilities (€ millions)

	2013	2012
Deposits from banks	709	742
Deposits from customers	2,546	2,305
Debt certificates including bonds	—	—
Other liabilities	2	1
Total	**3,257**	**3,048**

84 Assets assigned or pledged as security for own liabilities

Examples of own liabilities of HVB Group for which we provide collateral are special credit facilities provided by KfW and similar institutions, which we have passed on as loans in compliance with their conditions. In addition, security has been provided for borrowings under repurchase agreements on international money markets, for open market transactions with central banks and for securities lending transactions. As a seller under repurchase agreements, HVB Group has entered into sales and repurchase transactions for securities with a carrying amount of €42.8 billion (2012: €36.4 billion) or transferred them to a collateral pool with the European Central Bank or GC Pooling. It is not always necessary for liabilities to exist in the latter instance. These securities continue to be shown under our assets, and the consideration received in return is stated under liabilities.

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

	2013	2012
Financial assets held for trading	17,874	13,988
Financial assets at fair value through profit or loss	14,404	10,932
Available-for-sale financial assets	3,614	4,022
Held-to-maturity investments	—	—
Loans and receivables with banks	164	315
Loans and receivables with customers	12,180	11,141
Property, plant and equipment	—	—
Non-recognised received securities pledged on:		
Pledged securities from non-capitalised securities lending transactions	17,611	19,191
Received collateral pledged	7,750	6,308
Total	**73,597**	**65,897**

The collateral pledged from loans and receivables with customers relates to special credit facilities provided by KfW and similar institutions. Furthermore, this concerns non-written-off securitised loans and receivables with customers underlying the Rosenkavalier 2008 true sale transaction (see also Note 60, “Own securitisation”), serving indirectly as collateral for repurchase agreements with the ECB in this context.

The assets pledged by HVB Group as security relate to the following liabilities: (€ millions)

	2013	2012
Deposits from banks	29,763	27,938
Deposits from customers	16,279	15,234
Debt securities in issue	662	—
Financial liabilities held for trading	13,412	7,165
Contingent liabilities	—	—
Obligations to return non-expensed, borrowed securities	13,481	15,560
Total	**73,597**	**65,897**

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

Other Information (Continued)

(€ millions)

	2013	2012
Aggregate carrying amount of assets pledged as security	73,597	65,897
of which:		
may be pledged/sold on	38,873	35,177

85 Collateral received that HVB Group may pledge or sell on

As part of repurchase agreements and collateral agreements for OTC derivatives, HVB Group has received security that it may pledge or sell on at any time without the security provider having to be in arrears. The fair value of this security is €21.9 billion (2012: €15.0 billion).

HVB Group has actually pledged or sold on €7.8 billion (2012: €6.3 billion) of this total, for which there is an obligation to return collateral received of the same type, volume and quality.

The transactions that make it possible to use this collateral were conducted under the customary market terms for repurchase agreements and securities lending transactions.

86 Information on relationships with related parties

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

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

Furthermore, HVB places excess liquidity efficiently with other UniCredit group companies. The section of the Risk Report entitled “Banks, insurance companies” under “Risk types in detail” in this Annual Report contains further information regarding the exposure to UniCredit and its subsidiaries.

Like other affiliated companies, HVB has outsourced IT activities to UniCredit Business Integrated Solutions S.C.p.A. (UBIS), a company that is affiliated with the Bank. The goal is to exploit synergies and enable HVB to offer fast, high-quality IT services by means of a service level agreement. HVB incurred expenses of €539.4 million (2012: €549.6 million) for these services during 2013. This was offset by income of €15.7 million (2012: €11.4 million) from services rendered and internal charges. Moreover, software products worth €8.7 million (2012: €11.6 million) were purchased from UBIS.

Furthermore, HVB has transferred certain back office activities to UBIS. In this context, UBIS provides settlement services for HVB and other affiliated companies in line with a standard business and operating model. HVB incurred expenses of €66.8 million (2012: €70.5 million) for these services during 2013.

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

Subsequent to the filing of the squeeze-out resolution in the Commercial Register on 15 September 2008, HVB is not listed any more. Consequently, the compensation paid to the members of the Management Board is not shown on an individualised basis.

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

	FIXED COMPENSATION		PERFORMANCE-RELATED COMPONENTS		LONG-TERM INCENTIVES[2]		PENSION COMMITMENTS		TOTAL	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
Members of the Management Board of UniCredit Bank AG	5,069	4,513	1,575[1]	910[1]	2,989[3,4]	1,479[5]	1,302	1,071[6]	10,935	7,973
Members of the Supervisory Board of UniCredit Bank AG for Supervisory Board activities	558	558	210[7]	210[7]	—	—	—	—	768[7]	768[7]
Members of the Supervisory Board of UniCredit Bank AG for workers' representation activities	456	444	71	67	—	—	44	38	571	549
Former members of the Management Board of UniCredit Bank AG and their surviving dependants	—	—	—	—	—	—	—	—	1,858	1,716[8]
Transitional allowances for former members of the Management Board	—	—	—	—	—	—	—	—	—	—

1 the profit-related components are generally deferred over several years with disbursement in subsequent years dependent on defined company targets being achieved
2 cash value of the share-based compensation
3 of which €578 thousand relates to the 2012 financial year
4 prorated disclosure of the long-term incentive plan for a performance period of 2011 to 2013 and stock options (period of 2012 to 2015) and shares for the 2011 and 2012 financial years
5 prorated disclosure of the long-term incentive plan 2011 to 2013 and stock options (period of 2012 to 2015) and shares for the 2011 financial year
6 of which a prorated pension expense of €18,500 could not be posted until 2012
7 the performance-related component for the 2013 financial year totals €210 thousand, provided the Shareholders' Meeting adopts a resolution regarding the appropriation of net income as proposed. The performance-related component for the 2012 financial year totalled €210 thousand after the Shareholders' Meeting adopted a resolution regarding the appropriation of net income as proposed
8 in addition an amount of €145 thousand was assumed in the 2012 financial year for some former executives within the framework of insurance benefits under a corporate Directors and Officers insurance policy, the accrued taxes and legal costs

It is the task of the plenary sessions of the Supervisory Board of the Bank to discuss and decide on a proposal put forward by the Remuneration & Nomination Committee of the Supervisory Board regarding the structure of the compensation of members of the Management Board. Furthermore, the plenary sessions of the Supervisory Board determine the total compensation of each member of the Management Board, also upon proposal by the Remuneration & Nomination Committee. Appropriateness and sustainability are key criteria for the form and structure of compensation paid to members of the Management Board. The structure of compensation is derived from the service agreements with the members of the Bank's Management Board. It has two components: fixed salary and a variable element.

Pension commitments for seven members of the Management Board are shown in the table alongside the direct emoluments. Seven members took part in the employer-financed, fund-linked pension scheme for executives (known as AgfA) in 2013. The Bank will provide/has provided 35% of the fixed salary contributions. (2013: €1,302,000, 2012: €1,071,496). It has been agreed with the members of the Management Board that this amount of their pay would be converted which means that, instead of a disbursed sum of money, the Management Board member receives a pension commitment to the same value from the Bank.

For more information about stock options and performance shares, please refer to Note 37 where the UniCredit long-term incentive plan underlying these instruments is described.

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

Compensation paid to members of the Management Board for positions on supervisory boards of any UniCredit group companies is surrendered to the Bank.

A sum of €2,991 (2012: €125) was transferred to provisions for pensions in the 2013 financial year to cover the commitments (for death benefits) made to the members of the Management Board.

Other Information (Continued)

The provisions for pensions compliant with IFRS for former and retired members of the Management Board of HVB and their surviving dependants (including the pension commitments transferred to HVB Trust Pensionsfonds AG) amounted to €128,057 thousand (2012: €128,479 thousand).

The compensation paid to retired members of the Management Board and their surviving dependants amounted to €1,858 thousand in 2013 after the transfer of a large part of the pension commitments to HVB Trust Pensionsfonds AG (2012: €1,716 thousand).

Details of share-based compensation

MEMBERS OF THE MANAGEMENT BOARD OF UNICREDIT BANK AG	2013	2012
Options		
Stock options	—	708,781
Fair value per option on grant date (€)	—	1.8670
Performance shares		
Performance shares	719,983	187,869
Fair value per performance share on grant date (€)	3.5200	4.0100

Compensation of members of the Supervisory Board

The following table shows the breakdown of compensation paid to members of the Supervisory Board for 2013: (in €)

	FIXED COMPENSATION	COMPENSATION FOR COMMITTEE WORK	VARIABLE COMPENSATION[1]	SUBTOTAL (EXCL. VALUE-ADDED TAX)	TOTAL (EXCL. VALUE-ADDED TAX) where appropriate after deduction of 30% supervisory board tax and 5.5% solidarity surcharge
Federico Ghizzoni, Chairman	60,000.00	—	30,000.00	90,000.00	61,515.00[2]
Peter König, Deputy Chairman	45,000.00	27,500.00	22,500.00	95,000.00	95,000.00
Dr Wolfgang Sprissler, Deputy Chairman	45,000.00	—	22,500.00	67,500.00	67,500.00
Aldo Bulgarelli	30,000.00	27,500.00	15,000.00	72,500.00	49,553.75[2]
Beate Dura-Kempf	30,000.00	—	15,000.00	45,000.00	45,000.00
Klaus Grünewald	30,000.00	—	15,000.00	45,000.00	45,000.00
Werner Habich	30,000.00	—	15,000.00	45,000.00	45,000.00
Dr Lothar Meyer	30,000.00	55,000.00	15,000.00	100,000.00	100,000.00
Marina Natale	30,000.00	27,500.00	15,000.00	72,500.00	49,553.75[2]
Klaus-Peter Prinz	30,000.00	—	15,000.00	45,000.00	45,000.00
Jens-Uwe Wächter	30,000.00	—	15,000.00	45,000.00	45,000.00
Dr Susanne Weiss	30,000.00	—	15,000.00	45,000.00	45,000.00
Total	**420,000.00**	**137,500.00**	**210,000.00**	**767,500.00**	**693,122.50**[2]

1 subject to a resolution adopted by the Shareholders' Meeting regarding the appropriation of profit available for distribution
2 after deduction of 30% supervisory board tax and 5.5% solidarity surcharge

The following table shows the breakdown of compensation paid to members of the Supervisory Board for 2012: (in €)

	FIXED COMPENSATION	COMPENSATION FOR COMMITTEE WORK	VARIABLE COMPENSATION[1]	SUBTOTAL (EXCL. VALUE-ADDED TAX)	TOTAL (EXCL. VALUE-ADDED TAX) where appropriate after deduction of 30% supervisory board tax and 5.5% solidarity surcharge
Federico Ghizzoni, Chairman	60,000.00	—	30,000.00	90,000.00	61,515.00[2]
Peter König, Deputy Chairman	45,000.00	27,500.00	22,500.00	95,000.00	95,000.00
Dr Wolfgang Sprissler, Deputy Chairman	45,000.00	—	22,500.00	67,500.00	67,500.00
Aldo Bulgarelli	30,000.00	27,500.00	15,000.00	72,500.00	49,553.75[2]
Beate Dura-Kempf	30,000.00	—	15,000.00	45,000.00	45,000.00
Klaus Grünewald	30,000.00	—	15,000.00	45,000.00	45,000.00
Werner Habich	30,000.00	—	15,000.00	45,000.00	45,000.00
Dr Lothar Meyer	30,000.00	55,000.00	15,000.00	100,000.00	100,000.00
Marina Natale	30,000.00	27,500.00	15,000.00	72,500.00	49,553.75[2]
Klaus-Peter Prinz	30,000.00	—	15,000.00	45,000.00	45,000.00
Jens-Uwe Wächter	30,000.00	—	15,000.00	45,000.00	45,000.00
Dr Susanne Weiss	30,000.00	—	15,000.00	45,000.00	45,000.00
Total	**420,000.00**	**137,500.00**	**210,000.00**	**767,500.00**	**693,122.50[2]**

1 based on the resolution adopted by the Shareholders' Meeting regarding the appropriation of profit available for distribution
2 after deduction of 30% supervisory board tax and 5.5% solidarity surcharge

The compensation paid to members of the Supervisory Board is regulated in Article 15 of the Bank's Articles of Association. The currently applicable arrangements under these articles are based on a resolution adopted by the Shareholders' Meeting on 22 September 2010. The compensation is divided into a fixed and a variable, dividend-dependent component. Under the terms of the arrangements, the members of the Supervisory Board receive fixed compensation of €30,000 payable upon conclusion of the financial year and dividend-dependent compensation of €400 for every €0.01 dividend paid above the amount of €0.12 per no par share, but no more than €15,000. The chairman of the Supervisory Board receives twice the compensation stated, the deputy chairmen one and a half times the compensation stated. Furthermore, the members of the Audit Committee each receive fixed annual compensation of €27,500 payable upon conclusion of the financial year. The chairman of the Audit Committee receives twice this amount. The members of the Remuneration & Nomination Committee receive no separate compensation for committee work. Furthermore, every member of the Supervisory Board and every member of the Audit Committee receives a reimbursement for expenses of €250 for attending a meeting of the Supervisory Board or the Audit Committee. In addition, the members of the Supervisory Board are reimbursed their incidental expenses and value-added tax payable on their Supervisory Board activities. If they are members of the Executive Management Committee of UniCredit S.p.A., those members of the Supervisory Board transfer to UniCredit S.p.A. the compensation they receive for supervisory board work, as the performance of supervisory board functions at subsidiaries is considered a typical management duty. Members of the Supervisory Board who belonged to the Supervisory Board for only a part of the financial year receive pro rata compensation. The chairman of the Supervisory Board has an office complete with staff at his disposal. In 2013, expense allowances totalling €39,590.41 (2012: €38,255.87) were paid to members of the Supervisory Board. No remuneration was paid in the 2013 financial year for services provided personally.

Loans and advances made to, and contingent liabilities and liabilities assumed for, related parties at the reporting date were as follows: Members of the Supervisory Board and Management Board at HVB, and members of the Executive Management Committee and their respective immediate family members are considered related parties.

Other Information (Continued)

(€ thousands)

	2013			2012		
	LOANS AND RECEIVABLES	CONTINGENT LIABILITIES ASSUMED	LIABILITIES	LOANS AND RECEIVABLES	CONTINGENT LIABILITIES ASSUMED	LIABILITIES
Members of the Management Board of UniCredit Bank AG	937	7	6,011	1,180	6	4,623
Members of the Supervisory Board of UniCredit Bank AG	4,682	15	8,425	2,754	23	3,664
Members of the Executive Management Committee[1]	—	—	—	—	—	—

1 excluding members of the Management Board and Supervisory Board of UniCredit Bank AG

Loans and advances were granted to members of the Management Board and their immediate family members in the form of mortgage loans with interest rates of between 3.3% and 3.96% and falling due in the period from 2016 to 2021.

Loans and advances were granted to members of the Supervisory Board and their immediate family members in the form of credit facilities with interest rates of 6% and no fixed maturity, overdraft facilities with interest rates of between 2% and 11.15% with no fixed maturity and mortgage loans with interest rates of between 0.9% and 4.35% falling due in the period from 2016 to 2029.

All banking transactions involving the group of people listed were conducted at customary market terms with the usual collateral.

87 Fees paid to the independent auditors

The following table shows the breakdown of fees of €12 million recorded as expense in the year under review, as paid to the independent auditors Deloitte & Touche GmbH, Wirtschaftsprüfungsgesellschaft, for activities performed for HVB Group:

(€ millions)

	2013[1]
Fee for	
Auditing of the financial statements	7
Other auditing services	2
Tax consulting services	—
Other services	3

1 excluding value-added tax

88 Employees

Average number of people employed by us

	2013	2012
Employees (excluding apprentices)	19,842	20,153
Full-time	14,514	14,903
Part-time	5,328	5,250
Apprentices	921	997

The staff's length of service was as follows:

(in %)

	WOMEN	MEN	2013	2012
	(EXCLUDING APPRENTICES)		TOTAL	TOTAL
Staff's length of service				
31 years or more	10.6	10.7	10.6	11.1
from 21 years to less than 31 years	27.1	19.1	23.3	22.4
from 11 years to less than 21 years	31.9	25.0	28.6	31.4
less than 11 years	30.4	45.2	37.5	35.1

89 Offices

Offices, broken down by region

		ADDITIONS	REDUCTIONS		CHANGE IN CONSOLIDATED GROUP	
	1/1/2013	NEW OPENINGS	CLOSURES	CONSOLIDATIONS		31/12/2013
Germany						
Baden-Wuerttemberg	35	—	—	—	—	35
Bavaria	528	4	8	17	(3)	504
Berlin	14	—	—	—	—	14
Brandenburg	9	—	—	—	—	9
Bremen	4	1	—	1	—	4
Hamburg	31	1	—	3	1	30
Hesse	19	1	2	1	1	18
Lower Saxony	33	1	—	—	15	49
Mecklenburg-Western Pomerania	9	—	—	1	—	8
North Rhine-Westphalia	27	1	—	—	1	29
Rhineland-Palatinate	27	—	1	1	—	25
Saarland	11	—	2	—	—	9
Saxony	17	1	1	—	—	17
Saxony-Anhalt	11	2	—	—	—	13
Schleswig-Holstein	71	1	1	—	—	71
Thuringia	13	—	—	—	—	13
Subtotal	**859**	**13**	**15**	**24**	**15**	**848**
Other regions						
Africa	1	—	—	—	—	1
Americas	23	—	1	—	(3)	19
Asia	12	—	1	—	—	11
Europe	46	1	1	—	8	54
Subtotal	**82**	**1**	**3**	**—**	**5**	**85**
Total	**941**	**14**	**18**	**24**	**20**	**933**

90 List of holdings pursuant to Section 313 HGB

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

Other Information (Continued)

NAME	REGISTERED OFFICE	SHARE OF CAPITAL IN % TOTAL	SHARE OF CAPITAL IN % OF WHICH HELD INDIRECTLY	CURRENCY	EQUITY CAPITAL in thousands of currency units	NET PROFIT in thousands of currency units
1 Subsidiaries of HVB Group						
1.1 Consolidated subsidiaries						
1.1.1 Banks						
1.1.1.1 Domestic banks and financial institutions						
Bankhaus Neelmeyer AG	Bremen	100.0		EUR	63,400	[1.1]
DAB Bank AG	Munich	81.4		EUR	207,777	18,198
UniCredit Leasing Finance GmbH	Hamburg	100.0	100.0	EUR	160,013	[2]
1.1.1.2 Foreign banks and financial institutions						
direktanlage.at AG	Salzburg	100.0	100.0	EUR	45,350	3,303
UniCredit Luxembourg S.A.	Luxembourg	100.0		EUR	1,315,927	129,135
1.1.2 Other consolidated companies						
Acis Immobilien- und Projektentwicklungs GmbH & Co.						
Oberbaum City KG[3]	Grünwald	100.0	100.0	EUR	27	709
Acis Immobilien- und Projektentwicklungs GmbH & Co.						
Parkkolonnaden KG[3]	Grünwald	100.0	100.0	EUR	32	9,441
Acis Immobilien- und Projektentwicklungs GmbH & Co.						
Stuttgart Kronprinzstraße KG[3]	Grünwald	100.0	100.0	EUR	36	646
Active Asset Management GmbH	Grünwald	100.0	100.0	EUR	198	(10)
AGROB Immobilien AG (share of voting rights: 75.0%)[4]	Ismaning	52.7	52.7	EUR	21,564	1,574
Antus Immobilien- und Projektentwicklungs GmbH	Munich	90.0	90.0	EUR	(16,872)	0
Argentaurus Immobilien-Vermietungs- und Verwaltungs GmbH[3]	Munich	100.0	100.0	EUR	793	[2]
ARRONDA Immobilienverwaltungs GmbH	Munich	100.0	100.0	EUR	(44,501)	951
Atlanterra Immobilienverwaltungs GmbH	Munich	90.0	90.0	EUR	(39,212)	0
A&T-Projektentwicklungs GmbH & Co.						
Potsdamer Platz Berlin KG[3]	Munich	100.0	100.0	EUR	(37,263)	(3)
Aufbau Dresden GmbH	Munich	100.0	100.0	EUR	(23,944)	0
BaLea Soft GmbH & Co. KG	Hamburg	100.0	100.0	EUR	6,409	495
BaLea Soft Verwaltungsgesellschaft mbH	Hamburg	100.0	100.0	EUR	87	2
Bank Austria ImmobilienService GmbH	Vienna	100.0	100.0	EUR	566	38
B.I. International Limited	George Town	100.0	100.0	EUR	(1,045)	(96)
BIL Immobilien Fonds GmbH & Co Objekt Perlach KG[3]	Munich	100.0	100.0	EUR	3,148	(1,291)
BIL Leasing-Fonds GmbH & Co VELUM KG (share of						
voting rights: 66.7% total, of which 33.3% held indirectly)	Munich	100.0		EUR	(2)	0
BIL Leasing-Fonds Verwaltungs-GmbH	Munich	100.0	100.0	EUR	33	0
Blue Capital Europa Immobilien GmbH & Co.						
Achte Objekte Großbritannien KG	Hamburg	100.0	100.0	EUR	6,593	8,956
BV Grundstücksentwicklungs-GmbH[3]	Munich	100.0	100.0	EUR	511	[2]
BV Grundstücksentwicklungs-GmbH & Co. Verwaltungs-KG[3]	Munich	100.0		EUR	511	70
CUMTERRA Gesellschaft für Immobilienverwaltung mbH[3]	Munich	100.0	93.8	EUR	26	[2]
Delpha Immobilien- und Projektentwicklungs GmbH & Co.						
Großkugel Bauabschnitt Alpha Management KG[3]	Munich	100.0	100.0	EUR	(22,880)	0
Delpha Immobilien- und Projektentwicklungs GmbH & Co.						
Großkugel Bauabschnitt Beta Management KG[3]	Munich	100.0	100.0	EUR	(53,477)	0
Delpha Immobilien- und Projektentwicklungs GmbH & Co.						
Großkugel Bauabschnitt Gamma Management KG[3]	Munich	100.0	100.0	EUR	(59,493)	0
Enderlein & Co. GmbH	Bielefeld	100.0	100.0	EUR	114	[2]
Erste Onshore Windkraft Beteiligungsgesellschaft mbH & Co.						
Windpark Grefrath KG (share of voting rights: 68.3%)	Oldenburg	68.5	68.5	EUR	705	109
Erste Onshore Windkraft Beteiligungsgesellschaft mbH & Co.						
Windpark Krähenberg KG (share of voting rights: 68.3%)	Oldenburg	68.5	68.5	EUR	(1,608)	(67)
Erste Onshore Windkraft Beteiligungsgesellschaft mbH & Co.						
Windpark Mose KG (share of voting rights: 68.3%)	Oldenburg	68.5	68.5	EUR	485	154
Food & more GmbH	Munich	100.0		EUR	235	[1.2]

NAME	REGISTERED OFFICE	SHARE OF CAPITAL IN % TOTAL	SHARE OF CAPITAL IN % OF WHICH HELD INDIRECTLY	CURRENCY	EQUITY CAPITAL in thousands of currency units	NET PROFIT in thousands of currency units
GIMMO Immobilien-Vermietungs- und Verwaltungs GmbH	Munich	100.0	100.0	EUR	26	[2]
Golf- und Country Club Seddiner See Immobilien GmbH	Munich	100.0	100.0	EUR	(15,507)	0
Grand Central Re Limited	Hamilton	92.5		USD	34,192	(11,502)
Grundstücksaktiengesellschaft am Potsdamer Platz (Haus Vaterland)	Munich	98.2	98.2	EUR	4,495	[2]
Grundstücksgesellschaft Simon beschränkt haftende Kommanditgesellschaft[3]	Munich	100.0	100.0	EUR	52	(4)
H & B Immobilien GmbH & Co. Objekte KG[3]	Munich	100.0	100.0	EUR	5	(28)
HAWA Grundstücks GmbH & Co. OHG Hotelverwaltung[3]	Munich	100.0	100.0	EUR	276	(16)
HAWA Grundstücks GmbH & Co. OHG Immobilienverwaltung[3]	Munich	100.0	100.0	EUR	54	187
H.F.S. Hypo-Fondsbeteiligungen für Sachwerte GmbH	Munich	100.0	90.0	EUR	5,101	[2]
H.F.S. Immobilienfonds GmbH	Ebersberg	100.0	100.0	EUR	26	[2]
HJS 12 Beteiligungsgesellschaft mbH	Munich	100.0		EUR	277	3
HVB Asia Limited[4,5]	Singapore	100.0		EUR	3,662	(3)
HVB Asset Leasing Limited	London	100.0	100.0	USD	2,137	1,991
HVB Asset Management Holding GmbH	Munich	100.0	100.0	EUR	25	[2]
HVB Capital LLC	Wilmington	100.0		USD	1,128	87
HVB Capital LLC II	Wilmington	100.0		GBP	2	0
HVB Capital LLC III	Wilmington	100.0		USD	1,107	90
HVB Capital Partners AG[3]	Munich	100.0		EUR	12,671	[1,3]
HVB Export Leasing GmbH	Munich	100.0		EUR	39	0
HVB Finance London Limited	London	100.0		EUR	25	0
HVB Funding Trust II	Wilmington	100.0		GBP	2	0
HVB Gesellschaft für Gebäude Beteiligungs GmbH	Munich	100.0		EUR	27	1
HVB Gesellschaft für Gebäude mbH & Co KG[3]	Munich	100.0		EUR	871,401	8,528
HVB Global Assets Company (GP), LLC	City of Dover	100.0		USD	155	8
HVB Hong Kong Limited	Hong Kong	100.0		USD	5,262	223
HVB Immobilien AG[3]	Munich	100.0		EUR	86,644	[1,4]
HVB Investments (UK) Limited	George Town	100.0		GBP	0	(23)
HVB Life Science GmbH & Co. Beteiligungs-KG	Munich	100.0		EUR	1,014	(11)
HVB London Investments (AVON) Limited	London	100.0		GBP	0	(23)
HVB London Investments (CAM) Limited	London	100.0		GBP	100	0
HVB Principal Equity GmbH[3]	Munich	100.0		EUR	34	[1,5]
HVB Profil Gesellschaft für Personalmanagement mbH[3]	Munich	100.0		EUR	28	[1,6]
HVB Projekt GmbH[3]	Munich	100.0	94.0	EUR	72,151	[2]
HVB Realty Capital Inc.	New York	100.0	100.0	USD	0	0
HVB Secur GmbH	Munich	100.0	100.0	EUR	126	10
HVB Tecta GmbH[3]	Munich	100.0	94.0	EUR	1,751	[2]
HVB Verwa 1 GmbH	Munich	100.0		EUR	41	[1,7]
HVB Verwa 4 GmbH	Munich	100.0		EUR	10,132	[1,8]
HVB Verwa 4.4 GmbH[3]	Munich	100.0	100.0	EUR	10,025	[2]
HVBFF International Greece GmbH[4]	Munich	100.0	100.0	EUR	65	740
HVBFF Internationale Leasing GmbH	Munich	100.0	100.0	EUR	9	1
HVBFF Objekt Beteiligungs GmbH	Munich	100.0	100.0	EUR	41	(2)
HVBFF Produktionshalle GmbH i.L.	Munich	100.0	100.0	EUR	20	0
HVZ GmbH & Co. Objekt KG[3]	Munich	100.0	100.0	EUR	148,091	(21,764)
Hypo-Bank Verwaltungszentrum GmbH	Munich	100.0	100.0	EUR	11	2
Hypo-Bank Verwaltungszentrum GmbH & Co. KG Objekt Arabellastraße[3]	Munich	100.0	100.0	EUR	26	(1,877)
HYPO-REAL Haus- und Grundbesitz Gesellschaft mbH & Co. Immobilien-Vermietungs KG[3]	Munich	80.0	80.0	EUR	(850)	0
HypoVereinsFinance N.V.	Amsterdam	100.0		EUR	2,106	207
Interra Gesellschaft für Immobilienverwaltung mbH[3]	Munich	100.0	93.8	EUR	51	[2]

Other Information (Continued)

NAME	REGISTERED OFFICE	SHARE OF CAPITAL IN % TOTAL	SHARE OF CAPITAL IN % OF WHICH HELD INDIRECTLY	CURRENCY	EQUITY CAPITAL in thousands of currency units	NET PROFIT in thousands of currency units
Keller Crossing Texas, LP	Wilmington	100.0	100.0	USD	1,871	209
Kinabalu Financial Products LLP	London	100.0		GBP	858	(26)
Kinabalu Financial Solutions Limited	London	100.0		GBP	3,988	(11)
Life Management Erste GmbH	Munich	100.0	100.0	EUR	24	[2]
Life Management Zweite GmbH	Grünwald	100.0	100.0	EUR	26	[2]
Life Science I Beteiligungs GmbH	Munich	100.0	100.0	EUR	(763)	911
MERKURHOF Grundstücksgesellschaft mit beschränkter Haftung[3]	Munich	100.0		EUR	16,692	[1,9]
MILLETERRA Gesellschaft für Immobilienverwaltung mbH[3]	Munich	100.0	100.0	EUR	25	[2]
Mobility Concept GmbH	Oberhaching	60.0	60.0	EUR	7,852	3,469
Movie Market Beteiligungs GmbH	Munich	100.0	100.0	EUR	16	(1)
NF Objekt FFM GmbH[3]	Munich	100.0	100.0	EUR	125	[2]
NF Objekt München GmbH[3]	Munich	100.0	100.0	EUR	75	[2]
NF Objekte Berlin GmbH[3]	Munich	100.0	100.0	EUR	15,725	[2]
NXP Co-Investment Partners VIII, L.P.	London	85.0	85.0	EUR	18	7,382
Ocean Breeze Asset GmbH & Co. KG	Munich	100.0	100.0	EUR	(8)	0
Ocean Breeze Energy GmbH & Co. KG[3]	Munich	100.0	100.0	EUR	(24,994)	34,525
Ocean Breeze GmbH	Munich	100.0	100.0	EUR	24	1
Omnia Grundstücks-GmbH & Co. Objekt Eggenfeldener Straße KG[3]	Munich	100.0	94.0	EUR	26	(1)
Omnia Grundstücks-GmbH & Co. Objekt Haidenauplatz KG[3]	Munich	100.0	94.0	EUR	26	(142)
Orestos Immobilien-Verwaltungs GmbH[3]	Munich	100.0	100.0	EUR	56,674	[2]
Othmarschen Park Hamburg GmbH & Co. Centerpark KG[3]	Munich	100.0	100.0	EUR	(18,942)	0
Othmarschen Park Hamburg GmbH & Co. Gewerbepark KG[3]	Munich	100.0	100.0	EUR	(44,083)	0
Perikles 20092 Vermögensverwaltung GmbH	Munich	100.0	100.0	EUR	25	2
PlanetHome AG	Unterföhring	100.0		EUR	21,035	(5,364)
PlanetHome GmbH	Mannheim	100.0	100.0	EUR	627	67
Portia Grundstücks-Verwaltungsgesellschaft mbH & Co. Objekt KG[3]	Munich	100.0	100.0	EUR	500,014	(4,250)
"Portia" Grundstücksverwaltungs-Gesellschaft mit beschränkter Haftung	Munich	100.0	100.0	EUR	29	1
Redstone Mortgages Limited	London	100.0		GBP	(188,061)	12,214
RHOTERRA Gesellschaft für Immobilienverwaltung mbH[3]	Munich	100.0	93.8	EUR	26	[2]
Roncasa Immobilien-Verwaltungs GmbH	Munich	90.0	90.0	EUR	(39,995)	0
Salvatorplatz-Grundstücksgesellschaft mbH	Munich	100.0	100.0	EUR	711	[2]
Salvatorplatz-Grundstücksgesellschaft mbH & Co. OHG Saarland[3]	Munich	100.0	100.0	EUR	1,534	553
Salvatorplatz-Grundstücksgesellschaft mbH & Co. OHG Verwaltungszentrum[3]	Munich	100.0	100.0	EUR	2,301	8,383
Selfoss Beteiligungsgesellschaft mbH[3]	Grünwald	100.0	100.0	EUR	25	[2]
Simon Verwaltungs-Aktiengesellschaft i.L.[4]	Munich	<100,0		EUR	3,102	(27)
Sirius Immobilien- und Projektentwicklungs GmbH	Munich	100.0	100.0	EUR	(143,835)	[2]
SOLARIS Verwaltungsgesellschaft mbH & Co. Vermietungs KG[3]	Munich	94.9	94.9	EUR	0	0
Solos Immobilien- und Projektentwicklungs GmbH & Co. Sirius Beteiligungs KG[3]	Munich	100.0	100.0	EUR	(35,748)	0
Spree Galerie Hotelbetriebsgesellschaft mbH[3]	Munich	100.0	100.0	EUR	249	[2]
Status Vermögensverwaltung GmbH[3]	Schwerin	100.0		EUR	2,102	[1,10]
Structured Invest Société Anonyme	Luxembourg	100.0		EUR	9,278	484
Structured Lease GmbH	Hamburg	100.0	100.0	EUR	36,750	[2]
T & P Frankfurt Development B.V.	Amsterdam	100.0	100.0	EUR	(7,000)	(9)
T & P Vastgoed Stuttgart B.V.	Amsterdam	87.5	87.5	EUR	(15,489)	(23)
TERRENO Grundstücksverwaltung GmbH & Co. Entwicklungs- und Finanzierungsvermittlungs-KG[3]	Munich	75.0	75.0	EUR	(268,579)	0
Terronda Development B.V.	Amsterdam	100.0	100.0	EUR	(420)	(18)
TIVOLI Grundstücks-Aktiengesellschaft	Munich	99.7	99.7	EUR	16,666	9,150
Transterra Gesellschaft für Immobilienverwaltung mbH[3]	Munich	100.0	93.8	EUR	26	[2]

NAME	REGISTERED OFFICE	SHARE OF CAPITAL IN %		CURRENCY	EQUITY CAPITAL	NET PROFIT
		TOTAL	OF WHICH HELD INDIRECTLY		in thousands of currency units	in thousands of currency units
TRICASA Grundbesitz Gesellschaft mbH & Co.						
1. Vermietungs KG[3]	Munich	100.0	100.0	EUR	7,495	691
TRICASA Grundbesitzgesellschaft des bürgerlichen Rechts Nr. 1	Munich	100.0	100.0	EUR	18,018	876
Trinitrade Vermögensverwaltungs-Gesellschaft						
mit beschränkter Haftung	Munich	100.0		EUR	1,321	(2)
UniCredit Beteiligungs GmbH	Munich	100.0		EUR	1,147	[1.11]
UniCredit CAIB Securities UK Ltd.	London	100.0		GBP	444	(9)
UniCredit Capital Markets LLC	New York	100.0	100.0	USD	22,878	1,453
UniCredit (China) Advisory Limited	Beijing	100.0		CNY	1,888	226
UniCredit Direct Services GmbH[3]	Munich	100.0		EUR	888	[1.12]
UniCredit Global Business Services GmbH	Unterföhring	100.0		EUR	7,096	1,278
UniCredit Leasing Aviation GmbH	Hamburg	100.0	100.0	EUR	(2,433)	(6,995)
UniCredit Leasing GmbH	Hamburg	100.0		EUR	452,026	[1.13]
UniCredit London Investments Limited	London	100.0		EUR	0	0
UniCredit U.S. Finance LLC	Wilmington	100.0		USD	39,539	175
US Property Investments Inc.	Dallas	100.0		USD	714	43
Verba Verwaltungsgesellschaft mit beschränkter Haftung	Munich	100.0		EUR	757	(5)
Vermietungsgesellschaft mbH & Co. Objekt MOC KG[3]	Munich	88.0	88.0	EUR	(106,230)	5,655
Verwaltungsgesellschaft Katharinenhof mbH[3]	Munich	100.0		EUR	708	[1.14]
V.M.G. Vermietungsgesellschaft mbH	Munich	100.0	100.0	EUR	26	[2]
VuWB Investments Inc.	Atlanta	100.0	100.0	USD	509	397
Wealth Capital Investments, Inc.	Wilmington	100.0	100.0	USD	1,433	(8)
Wealth Management Capital Holding GmbH	Munich	100.0		EUR	20,475	[1.15]
WealthCap Equity GmbH	Munich	100.0	100.0	EUR	(1,512)	(2,012)
WealthCap Equity Management GmbH	Munich	100.0	100.0	EUR	639	614
WealthCap Fonds GmbH	Munich	100.0	100.0	EUR	(571)	(1,083)
WealthCap Initiatoren GmbH	Munich	100.0	100.0	EUR	329	(1,205)
WealthCap Investorenbetreuung GmbH	Munich	100.0	100.0	EUR	155	[2]
WealthCap Leasing GmbH	Grünwald	100.0	100.0	EUR	0	8
WealthCap PEIA Komplementär GmbH	Grünwald	100.0	100.0	EUR	8	(21)
WealthCap PEIA Management GmbH	Munich	100.0	94.0	EUR	1,519	473
WealthCap Real Estate Management GmbH	Munich	100.0	100.0	EUR	108	[2]
WealthCap Stiftungstreuhand GmbH	Munich	100.0	100.0	EUR	44	8
WealthCap USA Immobilien Verwaltungs GmbH	Munich	100.0	100.0	EUR	153	103
1.2 Non-consolidated subsidiaries						
of HVB Group[6]						
Other non-consolidated subsidiaries						
Acis Immobilien- und Projektentwicklungs GmbH	Grünwald	100.0	100.0	EUR	25	[2]
AGRUND Grundstücks-GmbH	Munich	90.0	90.0			
Alexandersson Real Estate I B.V.	Apeldoorn	100.0	100.0			
"Alte Schmelze" Projektentwicklungsgesellschaft mbH	Munich	100.0	100.0			
Altea Verwaltungsgesellschaft mbH & Co. Objekt I KG	Munich	100.0	100.0	EUR	435	391
AMMS Ersatz-Komplementär GmbH	Ebersberg	100.0	100.0			
AMMS Komplementär GmbH	Ebersberg	98.8	98.8	EUR	278	252
ANWA Gesellschaft für Anlagenverwaltung mbH	Munich	95.0	93.8			
Apir Verwaltungsgesellschaft mbH & Co.						
Immobilien- und Vermietungs KG	Munich	100.0	100.0	EUR	(20,769)	953
Arena Stadion Beteiligungsverwaltungs-GmbH	Munich	100.0				
Argentum Media GmbH & Co. KG	Munich	100.0				
A&T-Projektentwicklungs-Verwaltungs GmbH	Munich	100.0	100.0			
Bayerische Wohnungsgesellschaft für Handel und Industrie,						
Gesellschaft mit beschränkter Haftung	Munich	100.0	100.0	EUR	294	[2]
BFL Beteiligungsgesellschaft für Flugzeug-Leasing mbH	Munich	100.0				
BIL Aircraftleasing GmbH	Grünwald	100.0	100.0			
BIL Immobilien Fonds GmbH	Munich	100.0	100.0			

Other Information (Continued)

		SHARE OF CAPITAL IN %			EQUITY CAPITAL	NET PROFIT
NAME	REGISTERED OFFICE	TOTAL	OF WHICH HELD INDIRECTLY	CURRENCY	in thousands of currency units	in thousands of currency units
Blue Capital Metro Amerika Inc.	Atlanta	100.0	100.0			
BV Grundstücksentwicklungs-GmbH & Co. Schloßberg-Projektentwicklungs-KG	Munich	100.0	100.0			
CL Dritte Car Leasing GmbH & Co. KG i.L.	Hamburg	100.0	100.0			
CL Dritte Car Leasing Verwaltungsgesellschaft mbH i.L.	Hamburg	100.0	100.0			
Deltaterra Gesellschaft für Immobilienverwaltung mbH	Munich	100.0	93.8	EUR	26	[2]
Ferra Immobilien- und Projektentwicklungs GmbH & Co. Projekt Großenhainer Straße KG	Munich	100.0	100.0	EUR	(10,733)	0
FGB Grund und Boden GmbH & Co. KG	Munich	100.0	100.0	EUR	(4,002)	0
GCCS Golfanlagen Errichtungs- und Verwaltungs GmbH	Munich	100.0	100.0	EUR	26	[2]
Großkugel Immobilien- und Projektentwicklungs GmbH	Munich	100.0	100.0	EUR	(3,354)	[2]
H.F.S. Immobilienfonds Deutschland 1 Komplementär GmbH	Grünwald	100.0	100.0			
H.F.S. Immobilienfonds Deutschland 3 Komplementär GmbH	Grünwald	100.0	100.0			
H.F.S. Immobilienfonds Deutschland 4 Komplementär GmbH	Grünwald	100.0	100.0			
H.F.S. Immobilienfonds Deutschland 6 Komplementär GmbH	Grünwald	100.0	100.0			
H.F.S. Immobilienfonds Deutschland 7 Komplementär GmbH	Grünwald	100.0	100.0			
H.F.S. Immobilienfonds Deutschland 8 Komplementär GmbH	Grünwald	100.0	100.0			
H.F.S. Immobilienfonds Deutschland 9 Komplementär GmbH	Grünwald	100.0	100.0			
H.F.S. Immobilienfonds Deutschland 10 Komplementär GmbH	Grünwald	100.0	100.0			
H.F.S. Immobilienfonds Deutschland 11 Komplementär GmbH	Grünwald	100.0	100.0			
H.F.S. Immobilienfonds Deutschland 12 Komplementär GmbH	Grünwald	100.0	100.0			
H.F.S. Immobilienfonds Deutschland 15 Komplementär GmbH	Grünwald	100.0	100.0			
H.F.S. Immobilienfonds Deutschland 16 Komplementär GmbH	Grünwald	100.0	100.0			
H.F.S. Immobilienfonds Deutschland 18 Komplementär GmbH	Grünwald	100.0	100.0			
H.F.S. Immobilienfonds Deutschland 19 GmbH & Co. KG	Munich	100.0	100.0			
H.F.S. Immobilienfonds Europa 2 Beteiligungs GmbH	Munich	100.0	100.0			
H.F.S. Immobilienfonds Europa 3 Beteiligungs B.V.	The Hague	100.0	100.0			
H.F.S. Immobilienfonds Europa 3 Komplementär GmbH	Grünwald	100.0	100.0			
H.F.S. Immobilienfonds GmbH & Co. Europa 4 KG	Munich	100.0	100.0			
H.F.S. Istanbul 1 Gayrimenkul Yönetimi Limited Sirketi	Istanbul	100.0	100.0			
H.F.S. Istanbul 2 Gayrimenkul Yönetimi Limited Sirketi	Istanbul	100.0	100.0			
H.F.S. Leasingfonds Deutschland 1 Komplementär GmbH	Grünwald	100.0	100.0			
H.F.S. Leasingfonds Deutschland 7 Komplementär GmbH	Grünwald	100.0	100.0			
H.F.S. Leasingfonds GmbH	Ebersberg	100.0	100.0			
H.F.S. Value Management GmbH	Munich	100.0	100.0			
H.F.S. Zweitmarktfonds Deutschland 1 Komplementär GmbH	Grünwald	100.0	100.0			
H.F.S. Zweitmarktfonds Deutschland 2 Komplementär GmbH	Grünwald	100.0	100.0			
H.F.S. Zweitmarktfonds Deutschland 3 GmbH & Co. KG	Munich	100.0	100.0			
H.F.S. Zweitmarktfonds Deutschland 4 GmbH & Co. KG	Munich	100.0	100.0			
Hofgarten Real Estate B.V. (share of voting rights: 50.5%)	Amsterdam	47.2	47.2	EUR	(49,216)	(38)
Hotel Seddiner See GmbH	Munich	100.0	100.0			
HVBFF Baumanagement GmbH	Munich	100.0	100.0	EUR	50	[2]
HVBFF Kapitalvermittlungs GmbH	Munich	100.0	100.0	EUR	19	[2]
HVBFF Leasing & Investition GmbH & Co Erste KG	Munich	100.0	100.0			
HVBFF Leasing Objekt GmbH	Munich	100.0	100.0			
HVBFF Leasing-Fonds Verwaltungs GmbH	Munich	100.0	100.0			
HVBFF Objekt Leipzig GmbH	Leipzig	70.0	70.0			
HVB Life Science GmbH	Munich	100.0				
HVB London Trading Ltd.	London	100.0				
HVB Mortgage Capital Corp.	Wilmington	100.0	100.0			
HVB Services South Africa (Proprietary) Limited	Johannesburg	100.0				
HVZ GmbH & Co. Objekt Unterföhring KG	Munich	100.0	100.0			
HYPO-REAL Haus- und Grundbesitz Gesellschaft mbH	Munich	100.0	100.0	EUR	128	[2]
Landos Immobilien- und Projektentwicklungs GmbH	Munich	100.0	100.0			
Life Britannia GP Limited	Edgware	100.0	100.0			

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Life Britannia Management GmbH	Grünwald	100.0	100.0			
Life Verwaltungs Erste GmbH	Munich	100.0	100.0			
Life Verwaltungs Zweite GmbH	Grünwald	100.0	100.0			
Motion Picture Production GmbH	Grünwald	51.2	51.2			
Mutnegra Beteiligungs- und Verwaltungs-GmbH	Munich	100.0				
Olos Immobilien- und Projektentwicklungs GmbH & Co. Grundstücksentwicklungs KG	Munich	100.0	100.0			
Olos Immobilien- und Projektentwicklungs GmbH & Co. Vermietungs KG	Munich	100.0	100.0			
Omnia Grundstücks-GmbH	Munich	100.0	100.0	EUR	26	2
Omnia Grundstücks-GmbH & Co. Betriebs KG	Munich	100.0	94.0			
Omnia Grundstücks-GmbH & Co. Objekt Ostragehege KG	Munich	100.0	94.0			
Othmarschen Park Hamburg Wohn- und Gewerbepark GmbH	Munich	100.0	100.0	EUR	102	2
Pegasus Project Stadthaus Halle GmbH	Munich	100.0	93.8	EUR	26	2
Perterra Gesellschaft für Immobilienverwaltung mbH	Munich	100.0	100.0	EUR	26	2
Projekt-GbR Kronstadter Straße München	Munich	75.0	75.0			
Quinterra Gesellschaft für Immobilienverwaltung mbH	Munich	100.0	100.0	EUR	26	2
Rolin Grundstücksplanungs- und -verwaltungsgesellschaft mbH	Munich	100.0	100.0	EUR	390	3,474
Rotus Immobilien-Verwaltungs GmbH	Munich	100.0	100.0	EUR	26	2
Saphira Immobilien- und Projektentwicklungs GmbH & Co. Frankfurt City West Office Center und Wohnbau KG	Munich	100.0	100.0			
Schloßberg-Projektentwicklungs-GmbH & Co 683 KG	Munich	100.0	100.0			
TERRENO Grundstücksverwaltung GmbH	Munich	75.0	75.0			
TERRENO Grundstücksverwaltung GmbH & Co. Objektgesellschaft Grillparzerstraße KG	Munich	75.0		EUR	(3,002)	0
Tishman Speyer Berlin Friedrichstraße KG i.L. (share of voting rights: 96.6% total, of which 7.1% held indirectly)	Munich	97.1	5.9			
VCI Volta Center Immobilienverwaltungs GmbH	Munich	100.0	100.0	EUR	(25,897)	0
VereinWest Overseas Finance (Jersey) Limited	St. Helier	100.0				
Vintners London Investments (Nile) Limited	George Town	100.0	100.0			
WCREM Canadian Management Inc.	Toronto	100.0	100.0			
Wealth Capital Management, Inc.	Wilmington	100.0	100.0			
WealthCap Aircraft 27 GmbH & Co. geschlossene Investment KG	Grünwald	100.0	100.0			
WealthCap Aircraft 27 Komplementär GmbH	Grünwald	100.0	100.0			
WealthCap Dritte Europa Immobilien Verwaltungs GmbH	Munich	100.0	100.0			
WealthCap Entity Service GmbH	Munich	100.0	100.0			
WealthCap Equity Sekundär GmbH	Munich	100.0	100.0			
WealthCap Erste Kananda Immobilien Verwaltung GmbH	Munich	100.0	100.0			
WealthCap Europa Erste Immobilien – Objekt Niederlande – Verwaltungs GmbH	Munich	100.0	100.0			
WealthCap Europa Immobilien Fünfte Objekte Österreich Komplementär GmbH	Grünwald	100.0	100.0			
WealthCap Europa Immobilien Siebte Objekte Österreich Komplementär GmbH	Munich	100.0	100.0			
WealthCap Europa Immobilien Verwaltungs GmbH	Munich	100.0	100.0			
WealthCap Immobilien und Verwaltung Sekundär GmbH	Munich	100.0	100.0			
WealthCap Immobilienfonds Deutschland 36 GmbH & Co. KG	Munich	100.0	100.0			
WealthCap Immobilienfonds Deutschland 36 Komplementär GmbH	Munich	100.0	100.0			
WealthCap Immobilienfonds Deutschland 37 Komplementär GmbH	Grünwald	100.0	100.0			
WealthCap Immobilienfonds Deutschland 38 GmbH & Co. KG	Munich	100.0	100.0			
WealthCap Immobilienfonds Deutschland 38 Komplementär GmbH	Grünwald	100.0	100.0			
WealthCap Leasing 1 GmbH & Co. KG	Grünwald	100.0	100.0			
WealthCap Leasing 2 GmbH & Co. KG	Grünwald	100.0	100.0			
WealthCap Leasing 3 GmbH & Co. KG	Grünwald	100.0	100.0			

Other Information (Continued)

NAME	REGISTERED OFFICE	SHARE OF CAPITAL IN % TOTAL	OF WHICH HELD INDIRECTLY	CURRENCY	EQUITY CAPITAL in thousands of currency units	NET PROFIT in thousands of currency units
WealthCap Leasing 4 GmbH & Co. KG	Grünwald	100.0	100.0			
WealthCap Objekt Düsseldorf GmbH & Co. KG	Munich	94.0	94.0			
WealthCap Objekt Hufelandstraße GmbH & Co. KG	Munich	100.0	100.0			
WealthCap Objekt Riem GmbH & Co. KG	Munich	100.0	100.0			
WealthCap PEIA Sekundär GmbH	Munich	100.0	100.0			
WealthCap Private Equity GmbH	Munich	100.0	100.0			
WealthCap Private Equity Sekundär GmbH	Munich	100.0	100.0			
WealthCap Real Estate GmbH	Munich	100.0	100.0			
WealthCap Real Estate Komplementär GmbH	Munich	100.0	100.0			
WealthCap Real Estate Sekundär GmbH	Munich	100.0	100.0			
WealthCap SachWerte Portfolio 2 GmbH & Co. KG	Grünwald	100.0	100.0			
WealthCap SachWerte Portfolio 2 Komplementär GmbH	Grünwald	100.0	100.0			
WealthCap Spezial-AIF 1 GmbH & Co. geschlossene Investment KG	Munich	100.0	100.0			
WealthCap Spezial-AIF 1 Komplementär GmbH	Munich	100.0	100.0			
WealthCap Vorrats-1 GmbH	Grünwald	100.0	100.0			
WealthCap Vorrats-2 GmbH	Grünwald	100.0	100.0			
WealthCap Zweite Europa Immobilien Verwaltungs GmbH	Munich	100.0	100.0			
WealthCap Zweite USA Immobilien Verwaltungs GmbH	Munich	100.0	100.0			
WealthCap ZweitmarktWerte Immobilien 4 Komplementär GmbH	Munich	100.0	100.0			
WMC Aircraft 27 Leasing Limited	Dublin	100.0	100.0			
2 Joint ventures[6]						
Minor joint ventures						
Other companies						
Heizkraftwerk Cottbus Verwaltungs GmbH	Munich	33.33				
Heizkraftwerke-Pool Verwaltungs-GmbH	Munich	33.33		EUR	105	798
3 Associated companies[6]						
3.1 Associated companies valued at equity						
Other companies						
Adler Funding LLC	Dover	32.8		USD	7,999	13,518
Bulkmax Holding Ltd.	Valletta	45.0	45.0	USD	8,799	(154)
Comtrade Group B.V.	Amsterdam	21.1	21.1	EUR	16,895	2,508
Martur Sünger ve Koltuk Tesisleri Ticaret ve Sanayi A.S.	Istanbul	20.0	20.0	TRY	155,795	44,886
Nautilus Tankers Limited	Valletta	45.0	45.0	USD	21,469	(37)
SwanCap Partners GmbH (share of voting rights: 49.0%)	Munich	75.2				
3.2 Minor associated companies						
Other companies						
BIL Leasing GmbH & Co Hotel Rostock KG	Rostock	19.8	19.8	EUR	128	807
BIL Leasing GmbH & Co Hotel Ulm KG i.L.	Munich	29.0	29.0			
BioM Venture Capital GmbH & Co. Fonds KG						
(share of voting rights: 20.4%)	Planegg/Martinsried	23.5		EUR	2,156	(4)
CMP Fonds I GmbH (share of voting rights: 25.0%)	Berlin	32.7		EUR	10,192	3,890
DFA Deggendorfer Freihafen Ansiedlungs-GmbH	Deggendorf	50.0	50.0			
DFA Deggendorfer Freihafen Ansiedlungs-GmbH & Co.						
Grundstücks-KG	Deggendorf	50.0	50.0			
InfrAm One Corporation	City of Lewes	37.5	37.5	USD	(3,457)	(2,723)
MOC Verwaltungs GmbH	Munich	23.0	23.0			
MOC Verwaltungs GmbH & Co. Immobilien KG[7]	Munich	23.0	23.0	EUR	(12,511)	(12,522)
SK BV Grundstücksentwicklung GmbH & Co. KG i.L.	Cologne	25.0	25.0			

NAME	REGISTERED OFFICE	SHARE OF CAPITAL IN % TOTAL	OF WHICH HELD INDIRECTLY	CURRENCY	EQUITY CAPITAL in thousands of currency units	NET PROFIT in thousands of currency units
SK BV Grundstücksentwicklung Verwaltung GmbH i.L.	Cologne	50.0	50.0			
US Retail Income Fund VII L.P.	Wilmington	26.3	26.3	USD	13,608	429
WealthCap Immobilienfonds Deutschland 37 GmbH & Co. KG	Munich	33.3	33.3			
4 Holdings in excess of 20%						
without significant influence						
Other companies						
BayBG Bayerische Beteiligungsgesellschaft mbH[11]	Munich	22.5		EUR	186,171	10,660
Bayerischer BankenFonds GbR[6]	Munich	25.6				
BC European Capital VII-12 L.P. (share of voting rights: 0%)	St. Peter Port	34.1		EUR	2,874	1,063
B.I.I. Creditanstalt International Ltd. (share of voting rights: 0%)[6]	George Town	40.2				
Engelbert Rütten Verwaltungsgesellschaft						
Kommanditgesellschaft[6]	Düsseldorf	30.2				
Felicitas GmbH i.L.[6]	Munich	20.8				
GermanIncubator Erste Beteiligungs GmbH						
(share of voting rights: 9.9%)	Munich	39.6		EUR	588	207
HVB Trust Pensionsfonds AG (share of voting rights: 0%)[8]	Munich	100.0	100.0	EUR	3,806	111
IPE Euro Wagon L.P. (share of voting rights: 0%)[9]	St. Helier	37.5	37.5			
Lauro Ventidue S.p.A. (share of voting rights: 0%)	Milan	24.2	24.2	EUR	128,697	(43,658)
Meditinvest Gayrimenkul Danismanlik A.S.	Istanbul	42.1		TRY	20,523	(1,715)
Mozfund (Proprietary) Limited (share of voting rights: 12.5%)[6]	Sandton	40.0				
Mühoga Münchner Hochgaragen Gesellschaft						
mit beschränkter Haftung	Munich	25.0	25.0	EUR	4,109	2,415
REF IV Associates (Caymans) L.P. Acqua CIV S.C.S.						
(share of voting rights: 0%)	Luxembourg	38.3	38.3	EUR	21,003	(6)
Starspace Ltd.	Nicosia	31.8		USD	45,333	(17)
SwanCap FLP SCS (share of voting rights: 37.5%)[10]	Senningerberg	0.0				

Other Information (Continued)

NAME		REGISTERED OFFICE	SHARE OF CAPITAL OF HVB in %	SHARE OF VOTING RIGHTS OF HVB in %
5	**Holdings in large corporations**			
	in which the holding exceeds 5% of the voting rights			
	but is not already listed under holdings below 20%			
5.1	**Banks and financial institutions**			
AKA Ausfuhrkredit-Gesellschaft mbH		Frankfurt am Main	15.4	15.4
BGG Bayerische Garantiegesellschaft mit beschränkter Haftung für mittelständische Beteiligungen		Munich	10.5	10.5
Bürgschaftsbank Brandenburg GmbH		Potsdam	7.8	7.8
Bürgschaftsbank Mecklenburg-Vorpommern GmbH		Schwerin	9.1	9.1
Bürgschaftsbank Sachsen GmbH		Dresden	4.7	5.4
Bürgschaftsbank Sachsen-Anhalt GmbH		Magdeburg	8.9	8.9
Bürgschaftsbank Schleswig-Holstein GmbH		Kiel	5.4	6.0
Bürgschaftsbank Thüringen GmbH		Erfurt	8.7	8.7
Bürgschaftsgemeinschaft Hamburg GmbH		Hamburg	10.5	10.5
Liquiditäts-Konsortialbank GmbH		Frankfurt am Main	5.7	5.7
5.2	**Other companies**			
ConCardis Gesellschaft mit beschränkter Haftung		Eschborn	6.0	6.0
VBW Bauen und Wohnen GmbH		Bochum	10.1	10.1
Wüstenrot & Württembergische AG		Stuttgart	7.5	7.5

NAME		REGISTERED OFFICE	SHARE OF CAPITAL OF HVB in %	SUBSCRIBED CAPITAL € MILLIONS
6	**Other selected holdings below 20%**			
6.1	**Banks and financial institutions**			
BBB Bürgschaftsbank zu Berlin-Brandenburg GmbH		Berlin	4.3	3.2
Saarländische Investitionskreditbank AG		Saarbrücken	3.3	5.2
6.2	**Other companies**			
BioM Aktiengesellschaft Munich Bio Tech Development		Planegg	8.5	2.9
Börse Düsseldorf AG		Düsseldorf	3.0	5.0
BTG Beteiligungsgesellschaft Hamburg mbH		Hamburg	13.6	4.1
GEMMA Verwaltungsgesellschaft mbH & Co. Vermietungs KG (held indirectly)[7]		Pullach	6.1	68.5
H.F.S. Leasingfonds Deutschland 1 GmbH & Co. KG (Immobilienleasing) (held indirectly)[7]		Munich	<0.1	61.2
H.F.S. Leasingfonds Deutschland 7 GmbH & Co. KG (held indirectly)[7]		Munich	<0.1	56.6
Kepler Capital Markets SA		Paris	5.2	83.5
MBG Mittelständische Beteiligungsgesellschaft Baden-Württemberg GmbH		Stuttgart	5.0	3.6
MBG Mittelständische Beteiligungsgesellschaft Rheinland-Pfalz mbH		Mainz	8.7	2.9
MBG Mittelständische Beteiligungsgesellschaft Schleswig-Holstein mbH		Kiel	3.6	1.4
Mittelständische Beteiligungsgesellschaft Berlin-Brandenburg mbH		Potsdam	11.6	5.7
Mittelständische Beteiligungsgesellschaft Mecklenburg-Vorpommern GmbH		Schwerin	15.4	5.1
Mittelständische Beteiligungsgesellschaft Niedersachsen (MBG) mbH		Hanover	8.2	0.9
Mittelständische Beteiligungsgesellschaft Sachsen mbH		Dresden	11.8	29.0
Mittelständische Beteiligungsgesellschaft Sachsen-Anhalt mit beschränkter Haftung		Magdeburg	12.7	6.5
Mittelständische Beteiligungsgesellschaft Thüringen mbH		Erfurt	13.4	10.0
Saarländische Kapitalbeteiligungsgesellschaft mbH		Saarbrücken	8.7	0.8

NAME	REGISTERED OFFICE	SHARE OF CAPITAL in %	CURRENCY	SUBSCRIBED CAPITAL in thousands of currency units
7 Fully consolidated special purpose entities pursuant to IAS 27/SIC 12 without shareholding				
Alexanda Grundstücksverwaltungsgesellschaft mbH & Co. Vermietungs KG	Wiesbaden	0	EUR	5
Altus Alpha Plc	Dublin	0	EUR	40
Arabella Finance Ltd.	Dublin	0	EUR	< 1
Bandon Leasing Ltd.	Dublin	0	USD	< 1
BARD Building GmbH & Co. KG	Emden	0	EUR	1
BARD Emden Energy GmbH & Co. KG	Emden	0	EUR	90
BARD Engineering GmbH	Emden	0	EUR	100
BARD Holding GmbH	Emden	0	EUR	25
BARD Logistik GmbH	Emden	0	EUR	25
BARD Nearshore Hooksiel GmbH	Emden	0	EUR	26
BARD Phönix Verwaltungs GmbH	Emden	0	EUR	25
BARD Schiffsbetriebsgesellschaft mbH & Co. Natalie KG	Emden	0	EUR	5
BARD Service GmbH	Emden	0	EUR	25
Buitengaats Holding B.V.	Eemshaven	0	EUR	18
Chiyoda Fudosan GK	Tokyo	0	JPY	< 1
Cuxhaven Steel Construction GmbH	Cuxhaven	0	EUR	25
Elektra Purchase No. 17 S.A. – Compartment 2	Luxembourg	0	EUR	0
Elektra Purchase No. 23 Ltd.	Dublin	0	EUR	< 1
Elektra Purchase No. 24 Ltd.	Dublin	0	EUR	< 1
Elektra Purchase No. 28 Ltd.	Dublin	0	EUR	< 1
Elektra Purchase No. 31 Ltd.	Dublin	0	EUR	< 1
Elektra Purchase No. 911 Ltd.	St. Helier	0	EUR	< 1
European-Office-Fonds	Munich	0	EUR	0
GELDILUX-PP-2011 S.A.	Luxembourg	0	EUR	31
GELDILUX-TS-2010 S.A.	Luxembourg	0	EUR	31
GELDILUX-TS-2011 S.A.	Luxembourg	0	EUR	31
GELDILUX-TS-2013 S.A.	Luxembourg	0	EUR	31
Grand Central Funding Corporation	New York	0	USD	1
HVB Funding Trust	Wilmington	0	USD	0
HVB Funding Trust III	Wilmington	0	USD	0
Ocean Breeze Finance S.A. – Compartment 1	Luxembourg	0	EUR	0
OSI Off-shore Service Invest GmbH	Hamburg	0	EUR	25
OWS Logistik GmbH	Emden	0	EUR	1
OWS Natalia Bekker GmbH & Co. KG	Emden	0	EUR	13
OWS Ocean Zephyr GmbH & Co. KG	Emden	0	EUR	6
OWS Off-shore Wind Solutions GmbH	Emden	0	EUR	25
OWS Windlift 1 Charter GmbH & Co. KG	Emden	0	EUR	1
Pure Funding No. 10 Ltd.	Dublin	0	EUR	< 1
Rosenkavalier 2008 GmbH	Frankfurt am Main	0	EUR	25
Royston Leasing Ltd.	Grand Cayman	0	USD	1
Salome Funding Plc	Dublin	0	EUR	38

Other Information (Continued)

Exchanges rates for 1 euro at 31 December 2013
Currency abbreviation according to the International Organisation for Standardisation (ISO) code.

China	1 euro =	8.3491	CNY
Japan	1 euro =	144.72	JPY
Turkey	1 euro =	2.9605	TRY
UK	1 euro =	0.8337	GBP
USA	1 euro =	1.3791	USD

Notes and comments to the list of holdings

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

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

	COMPANY	PROFIT/(LOSS) TRANSFERRED €'000
1.1	Bankhaus Neelmeyer AG, Bremen	0
1.2	Food & more GmbH, Munich	179
1.3	HVB Capital Partners AG, Munich	85,408
1.4	HVB Immobilien AG, Munich	(11,556)
1.5	HVB Principal Equity GmbH, Munich	1,274
1.6	HVB Profil Gesellschaft für Personalmanagement mbH, Munich	1,183
1.7	HVB Verwa 1 GmbH, Munich	(1)
1.8	HVB Verwa 4 GmbH, Munich	(197)
1.9	MERKURHOF Grundstücksgesellschaft mit beschränkter Haftung, Munich	747
1.10	Status Vermögensverwaltung GmbH, Schwerin	44
1.11	UniCredit Beteiligungs GmbH, Munich	3,310
1.12	UniCredit Direct Services GmbH, Munich	339
1.13	UniCredit Leasing GmbH, Hamburg	17,000
1.14	Verwaltungsgesellschaft Katharinenhof mbH, Munich	1,410
1.15	Wealth Management Capital Holding GmbH, Munich	8,500

2 Profit and loss transfer to shareholders and partners

3 Compliant with Sections 264b and 264 (3), German Commercial Code, the company is exempt from the obligation to make annual financial statements public in accordance with the provisions applicable to corporations.

4 Figures of the 2012 annual accounts are indicated for this consolidated company.

5 The company has been liquidated and is expected to be deleted from the local register of companies in the first quarter of 2014.

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

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

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

9 Compliant with Section 286 (3) 2, German Commercial Code, equity capital and net profit are not stated as the company is not subject to public disclosure and UniCredit Bank AG holds less than half of the shares.

10 UniCredit Bank AG has the position of a limited partner under company law and participates in the profit of the company.

11 Despite a holding of 22.5%, UniCredit Bank AG has no significant influence over the company on account of the ownership structure and voting patterns to date.

Other Information (Continued)

91 Members of the Supervisory Board

Federico Ghizzoni	**Chairman**
Peter König Dr Wolfgang Sprissler	**Deputy Chairmen**
Aldo Bulgarelli Beate Dura-Kempf Klaus Grünewald Werner Habich Dr Marita Kraemer since 1 January 2014 Dr Lothar Meyer Marina Natale Klaus-Peter Prinz Jens-Uwe Wächter Dr Susanne Weiss until 31 December 2013	**Members**

92 Members of the Management Board

Dr Andreas Bohn	**Corporate & Investment Banking**
Peter Buschbeck	**Commercial Banking/ Private Clients Bank**
Jürgen Danzmayr	**Commercial Banking/ Private Clients Bank (main focus Private Banking)**
Lutz Diederichs	**Commercial Banking/ Unternehmer Bank**
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, 24 February 2014

UniCredit Bank AG
The Management Board

Dr Bohn	Buschbeck	Danzmayr	Diederichs
Hofbauer	Laber	Varese	Dr Weimer

Declaration by the Management Board

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

Munich, 24 February 2014

UniCredit Bank AG
The Management Board

Dr Bohn	Buschbeck	Danzmayr	Diederichs
Hofbauer	Laber	Varese	Dr Weimer

Independent Auditors' Report

We have audited the consolidated financial statements prepared by UniCredit Bank AG, Munich, – comprising the income statement, statement of comprehensive income, the balance sheet, the statement of changes in equity, the statement of cash flows and the notes to the consolidated financial statements – and the group management report for the business year from 1 January to 31 December 2013. The preparation of the consolidated financial statements and the group management report in accordance with IFRS, as adopted by the EU, and the additional requirements of German commercial law pursuant to § 315a Abs. 1 HGB ("German Commercial Code") are the responsibility of the parent company's management. Our responsibility is to express an opinion on the consolidated financial statements and on the group management report based on our audit.

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

Our audit has not led to any reservations.

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

Munich, 3 March 2014

Deloitte & Touche GmbH
Wirtschaftsprüfungsgesellschaft

Prof. Dr. Leuschner
German Public Auditor

Kopatschek
German Public Auditor

Income Statement of UniCredit Bank AG

For the year ended 31 December 2013

Expenses (€ millions)

				2013	2012
1	Interest payable			2,727	3,689
2	Fees and commissions payable			359	418
3	Net expense from the held-for-trading portfolio			—	—
4	General administrative expenses				
	a) payroll costs				
	aa) wages and salaries	1,585			1,389
	ab) social security costs and expenses for				
	pensions and other employee benefits	312			312
			1,897		1,701
	including: for pensions				
	€134 million				(125)
	b) other administrative expenses		1,857		1,718
				3,754	3,419
5	Amortisation, depreciation and impairment losses				
	on intangible and tangible assets			57	181
6	Other operating expenses			352	256
7	Write-downs and impairments for receivables and				
	certain securities as well as additions to provisions				
	for losses on guarantees and indemnities			—	129
8	Write-downs and impairments on participating				
	interests, shares in affiliated companies				
	and investment securities			15	—
9	Expenses from absorbed losses			12	6
10	Extraordinary expenses			22	22
11	Taxes on income			280	533
12	Other taxes, unless shown under				
	“Other operating expenses”			(17)	11
13	Net income			756	1,462
	Total expenses			8,317	10,126

Income

(€ millions)

		2013	2012
1 Interest income from			
a) loans and money market operations	4,401		5,254
b) fixed-income securities and government-inscribed debt	734		1,342
		5,135	6,596
2 Current income from			
a) equity securities and other variable-yield securities	112		58
b) participating interests	79		103
c) shares in affiliated companies	155		253
		346	414
3 Income earned under profit-pooling			
and profit-and-loss transfer			
agreements		119	106
4 Fees and commissions receivable		1,208	1,574
5 Net income from the held-for-trading portfolio		969	1,048
including: transfer as per Section 340e HGB		141	117
6 Write-ups on bad and doubtful debts and on certain			
securities as well as release of provisions for losses on			
guarantees and indemnities		129	—
7 Write-ups on participating interests,			
shares in affiliated companies and			
investment securities		—	52
8 Other operating income		411	336
9 Net loss		—	—
Total income		**8,317**	**10,126**
1 Net income		756	1,462
2 Withdrawal from retained earnings			
a) from the reserve for shares in a controlling			
or majority interest-holding company	—		4
b) from other retained earnings	19		1,000
		19	1,004
3 Transfer to retained earnings			
a) to the reserve for shares in a controlling			
or majority interest-holding company	19		—
b) to other retained earnings	—		4
		19	4
4 Profit available for distribution		**756**	**2,462**

Balance Sheet of UniCredit Bank AG

at 31 December 2013

Assets

(€ millions)

		31/12/2013	31/12/2012
1 Cash and cash balances			
a) cash on hand	521		571
b) balances with central banks	9,778		14,840
including: with Deutsche Bundesbank			
€5,915 million			(13,399)
		10,299	15,411
2 Treasury bills and other bills eligible			
for refinancing with central banks			
a) Treasury bills and zero-interest treasury notes and			
similar securities issued by public authorities	—		—
including: eligible for refinancing with			
Deutsche Bundesbank			
€— million			(—)
b) bills of exchange	—		—
		—	—
3 Loans and receivables with banks			
a) repayable on demand	4,413		16,232
b) other loans and receivables	26,681		26,601
		31,094	42,833
including: mortgage loans			
€— million			(—)
municipal loans			
€146 million			(233)
against pledged securities			
€18 million			(388)
4 Loans and receivables with customers		87,605	96,959
including: mortgage loans			
€39,330 million			(40,990)
municipal loans			
€10,915 million			(11,722)
against pledged securities			
€647 million			(3)
Amount carried forward:		128,998	155,203

Liabilities (€ millions)

			31/12/2013	31/12/2012
1 Deposits from banks				
a) repayable on demand		6,183		14,303
b) with agreed maturity dates or periods of notice		38,740		34,315
			44,923	48,618
including: registered mortgage bonds in issue				
€601 million				(608)
registered public-sector bonds in issue				
€381 million				(288)
bonds given to lender as				
collateral for funds borrowed:				
registered mortgage bonds				
€— million				(1)
and registered public-sector bonds				
€— million				(—)
2 Deposits from customers				
a) savings deposits				
aa) with agreed period of notice of three months	14,532			14,402
ab) with agreed period of notice				
of more than three months	134			157
		14,666		14,559
b) registered mortgage bonds in issue		6,688		7,365
c) registered public-sector bonds in issue		3,203		3,381
d) other debts				
da) repayable on demand	51,769			57,826
db) with agreed maturity dates or periods of notice	36,481			34,005
including: bonds given to lender as				
collateral for funds borrowed:				
registered mortgage bonds				
€4 million				(4)
and registered public-sector bonds				
€4 million				(8)
		88,250		91,831
			112,807	117,136
Amount carried forward:			157,730	165,754

Assets

(€ millions)

			31/12/2013	31/12/2012
Amount brought forward:			128,998	155,203
5 **Bonds and other**				
fixed-income securities				
a) money market paper				
aa) issued by public authorities	3			3
including: those eligible for collateral for				
Deutsche Bundesbank advances				
€— million				(—)
ab) issued by other borrowers	4,281			1,974
including: those eligible for collateral for				
Deutsche Bundesbank advances				
€— million				(195)
		4,284		1,977
b) bonds and notes				
ba) issued by public authorities	19,392			16,478
including: those eligible for collateral for				
Deutsche Bundesbank advances				
€19,131 million				(16,355)
bb) issued by other borrowers	27,412			29,025
including: those eligible for collateral for				
Deutsche Bundesbank advances				
€18,738 million				(21,261)
		46,804		45,503
c) own bonds		1,001		1,390
nominal value €1,000 million				(1,388)
			52,089	48,870
6 **Equity securities and other variable-yield securities**			1,208	1,192
6a **Held-for-trading portfolio**			48,828	143,531
7 **Participating interests**			558	978
including: in banks				
€16 million				(22)
in financial service institutions				
€9 million				(—)
8 **Shares in affiliated companies**			2,798	2,722
including: in banks				
€1,204 million				(1,148)
in financial service institutions				
€497 million				(426)
Amount carried forward:			234,479	352,496

Liabilities (€ millions)

			31/12/2013	31/12/2012
Amount brought forward:			157,730	165,754
3 Debt securities in issue				
a) bonds				
aa) mortgage bonds	11,481			12,877
ab) public-sector bonds	2,171			3,346
ac) other bonds	4,562			5,185
		18,214		21,408
b) other debt securities in issue		—		—
including: money market paper				
€— million				(—)
acceptances and promissory notes				
€— million				(—)
			18,214	21,408
3a Held-for-trading portfolio			29,233	132,327
4 Trust liabilities			4	31
including: loans taken out on a trust basis				
€4 million				(31)
5 Other liabilities			6,571	8,169
6 Deferred income				
a) from issuing and lending operations		23		29
b) other		138		133
			161	162
6a Deferred tax liabilities			—	—
7 Provisions				
a) provisions for pensions				
and similar commitments		—		—
b) tax provisions		693		875
c) other provisions		2,610		2,666
			3,303	3,541
8 Subordinated liabilities			1,560	2,379
9 Participating certificates outstanding			—	—
including: those due in less than two years				
€— million				(—)
10 Fund for general banking risks			572	431
thereof: as per Sect. 340e HGB				
€281 million				(140)
Amount carried forward:			217,348	334,202

Assets

(€ millions)

			31/12/2013	31/12/2012
	Amount brought forward:		234,479	352,496
9	Trust assets		4	31
	including: loans granted on a trust basis			
	€4 million			(31)
10	Intangible assets			
	a) internally generated intellectual property rights			
	and similar rights and assets	—		—
	b) purchased franchises, intellectual property rights, and similar			
	rights and assets, as well as licences to such rights and assets	36		57
	c) goodwill	—		—
	d) advance payments	8		10
			44	67
11	Property, plant and equipment		158	174
12	Other assets		957	1,393
13	Prepaid expenses			
	a) from issuing and lending operations	52		66
	b) other	68		63
			120	129
14	Deferred tax assets		—	—
15	Excess of plan assets over pension liabilities		695	727
	Total assets		236,457	355,017

Liabilities (€ millions)

			31/12/2013	31/12/2012
Amount brought forward:			217,348	334,202
11 Shareholders' equity				
a) called-up capital				
subscribed capital		2,407		2,407
divided into:				
802,383,672 shares of common				
bearer stock				
b) additional paid-in capital		9,791		9,791
c) retained earnings				
ca) legal reserve	—			—
cb) reserve for shares in a controlling				
or majority interest-holding company	25			6
cc) statutory reserve	—			—
cd) other retained earnings	6,130			6,149
		6,155		6,155
d) profit available for distribution		756		2,462
			19,109	20,815
Total liabilities and shareholders' equity			**236,457**	**355,017**
1 Contingent liabilities				
a) contingent liabilities on rediscounted				
bills of exchange credited to borrowers		—		—
b) liabilities under guarantees and				
indemnity agreements		30,297		29,359
c) contingent liabilities on assets pledged				
as collateral for third-party debts		—		—
			30,297	29,359
2 Other commitments				
a) commitments from the sale of assets				
subject to repurchase agreements		—		—
b) placing and underwriting commitments		—		—
c) irrevocable lending commitments		27,054		27,166
			27,054	27,166

Notes to the Annual Financial Statements

Legal basis

The annual financial statements of UniCredit Bank AG ("HVB") for the 2013 financial year are prepared in accordance with the accounting regulations in the German Commercial Code (Handelsgesetzbuch – HGB), the German Stock Corporation Act (Aktiengesetz – AktG), the German Pfandbrief Act (Pfandbriefgesetz – PfandBG) and the Regulations Governing Disclosures in the Financial Statements of Banks and Similar Financial Institutions (Verordnung über die Rechnungslegung der Kreditinstitute und Finanzdienstleistungsinstitute – RechKredV).

HVB is active in all of the sectors served by commercial and mortgage banks.

HVB has published the voluntary declaration of compliance with the German Corporate Governance Code in accordance with Section 161 AktG on its website at www.hvb.de/investorrelations/reportsfinancedata.

Accounting, valuation and disclosure

The amounts shown in the tables and text below are figures at the reporting date of December 31 in the case of disclosures of balances and developments from 1 January to 31 December of the year in question in the case of disclosures regarding the income statement.

1 Consistency

The same accounting and valuation methods have essentially been applied as last year. Changes in accounting and valuation methods as well as disclosure modifications are indicated for the respective items.

2 Cash and cash balances

The cash and cash balances (asset item 1) are stated at nominal amounts.

3 Treasury bills and bills of exchange

Treasury bills and other bills (asset item 2) are shown at their cash value, less any discounted amounts.

4 Loans and receivables with banks and customers

Loans and receivables with banks and customers (asset items 3 and 4) are always stated at the nominal amount plus any accrued interest. Differences between acquisition cost and nominal amount (premiums/discounts) that are attributable to interest are allocated to prepaid expenses or deferred income and taken to the income statement under net interest income in the correct period over the term of the underlying items. Any necessary write-downs and provisions compliant with Section 340 HGB are deducted.

Loans and receivables are valued at the lower of cost or market as stipulated in Section 253 (4) 1 HGB. HVB creates specific loan-loss provisions and accruals to the amount of the anticipated loss for all identifiable exposure to acute counterparty default risk. The expected flow-backs discounted with the original effective interest rate were used when determining the level of write-downs compliant with Section 253 HGB. Specific loan-loss provisions and accruals are reversed as soon as the default risk has ceased, or used if the receivable is classified as irrecoverable and written off.

Country risk is covered by specific loan-loss provisions for loans at risk of default; a distinction is no longer made between the default risk of the borrower and the transfer risk from the borrower to the Bank.

Latent lending risks are covered by global provisions. When assessing domestic latent lending risks, HVB applies the principles of the German tax regulations allowing financial institutions to deduct global provisions. When assessing foreign latent lending risks, HVB similarly applies the principles of the German tax regulations allowing financial institutions to deduct global provisions. The only exception is the calculation of latent lending risks for the Athens branch, where the global provisions are set up on the basis of Greek law (1% of the average volume of loans and receivables with customers).

Like other loans and receivables, mortgage loans are shown at their nominal values. Differences between the nominal amount and the actual amount paid out are included under either prepaid expenses or deferred income, and amortised over the period to which they apply.

The purpose defined at the time of acquisition (Section 247 (1) and (2) HGB) determines the assignment of loans, receivables and securities to the held-for-trading portfolios, the liquidity reserve or investment assets.

The Bank has made use of the option permitted by Section 340 (3) et seq. HGB for the first time in the 2013 financial year to net the write-downs and impairments for receivables and certain securities as well as additions to provisions for losses on guarantees and indemnities with the write-ups on bad and doubtful debts and on certain securities as well as release of provisions for losses on guarantees and indemnities. The corresponding year-ago figure has been adjusted accordingly.

5 Bonds and other fixed-income securities, and equity securities and other variable-yield securities

Investment securities and securities held for liquidity purposes (securities treated neither as held for trading purposes nor as investment securities) are shown under bonds and other fixed-income securities (asset item 5) and equity securities and other variable-yield securities (asset item 6).

We measure investment securities in accordance with the modified lower of cost or market principle compliant with Section 253 (3) 3 HGB, under which impairments are only to be deducted from the acquisition cost if the loss of value is expected to be permanent. In the case of equity instruments, we recognise an impairment loss if the fair value at the reporting date is significantly lower than the carrying amount or if the fair value has exceeded the carrying amount for a long period of time. In the case of debt instruments, on the other hand, an impairment that is likely to be permanent occurs when the issuer of the securities defaults. In the event of a loss of value that is attributable to market prices, we assume that the impairment is only temporary, as these losses will be balanced out again by the due date at the latest. On the other hand, securities held for liquidity purposes are treated as current assets valued at the lower of cost or market (Section 253 (4) 1 HGB) and carried at their acquisition cost or market, or fair value, whichever is the lower. Appropriate write-downs are taken to take account of the creditworthiness of the issuer and the liquidity of the financial instrument (for more information about these fair value adjustments, please refer to the comments regarding the held-for-trading portfolio). Where the reasons for a write-down to the lower of cost or market no longer apply, the write-down is reversed compliant with Section 253 (5) HGB.

The Bank sets up valuation units documented in advance for certain interest-bearing securities, promissory notes held for liquidity purposes (with a carrying amount of €28,104 million (2012: €22,995 million)) and certain interest rate derivatives hedged against interest rate risk by equivalent hedging derivatives (notably interest rate swaps). The hedge of the dynamic portfolio within the framework of the valuation unit is of unlimited duration; the hedging period of the individual hedging derivatives is always related to the residual maturity of the respective hedged items in the portfolio. The offset changes in the value of the interest-bearing securities amount to an increase of €423 million (2012: €899 million) for the portfolios whose hedged items encompass securities and promissory notes. At the same time, both the interest rate risk and the foreign currency risk inherent in a bond denominated in US dollars is hedged in a further valuation unit (with a carrying amount of €364 million (2012: €367 million)) using a cross-currency interest rate swap. The offset change in the value of interest-bearing securities totals an increase of €80 million (2012: decrease of €66 million) for this valuation unit. The requirements of Section 254 HGB regarding valuation units have been met. The changes in value arising from the hedged items and hedges are set against each other and offset within the individual valuation units. Under the net hedge presentation method, no net valuation gain is taken to the income statement; provisions are set up to cover any net loss on the ineffective portion of the changes in value. Any valuation loss arising from the unhedged risk is included in the respective hedged items and hedging derivatives in accordance with the imparity principle.

The Bank has made use of the option permitted by Section 340 (3) et seq. HGB for the first time in the 2013 financial year to net the write-downs and impairments for receivables and certain securities as well as additions to provisions for losses on guarantees and indemnities with the write-ups on bad and doubtful debts and on certain securities as well as release of provisions for losses on guarantees and indemnities. The corresponding year-ago figure has been adjusted accordingly.

6 Held-for-trading portfolio

Compliant with Section 340e (3) HGB, financial instruments held by banks for trading purposes are measured at fair value less a risk discount and recognised in the balance sheet. Any ensuing changes in value and provisions relating to trading transactions are recognised in the income statement under net income from the held-for-trading portfolio. In addition, compliant with Section 340e (4) HGB in the event of a net profit being recorded on financial operations, 10% of the net income from the held-for-trading portfolio is allocated to the "Fund for general banking risks" in accordance with Section 340g HGB, and shown in the balance sheet separately. HVB assigns all financial instruments (bonds, equity securities, derivatives, loans and receivables, and liabilities, including delivery obligations arising from short sales of securities) to the held-for-trading portfolio that are acquired and sold with the intention of generating a short-term gain on proprietary trading. This is done to exploit existing or anticipated differences between buying and selling prices or fluctuations in market rates, prices, values or interest rates to generate a trading gain or margin. No changes have been made compared with last year regarding the criteria for assignment to the trading portfolio (definition of the intention to trade). No financial instruments have been reclassified to or from the held-for-trading portfolio. The assets and liabilities that are held for trading are shown separately in the balance sheet (asset item 6a and liability item 3a).

Notes to the Annual Financial Statements (Continued)

We have determined the fair value of the financial instruments held for trading purposes in accordance with the valuation hierarchy specified in Section 255 (4) HGB. The fair value is normally defined as the amount at which the asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction on the balance sheet date. The market price is used for financial instruments for which there is an active market. Where there is no active market that can be used to determine the market price, the fair value is determined with the aid of generally recognised valuation methods (notably present value and option price models).

The fair values of securities and derivatives are assumed on the basis of either external price sources (such as stock exchanges or other price providers like Reuters) or determined using internal valuation models. For the most part, prices from external sources are used to calculate the fair value of securities. HVB's credit risk is included in the fair value of liabilities held for trading purposes. Derivatives are primarily measured on the basis of valuation models. The parameters for our internal valuation models (such as yield curves, volatilities and spreads) are taken from external sources, and checked for their validity and correctness by the Risk Control unit.

Appropriate adjustments (referred to as fair value adjustments) are made to the fair values calculated in this way in order to take account of further influences on the fair value (such as the liquidity of the financial instrument or model risks when the fair value is calculated using a valuation model). Rating-related default risk in trading-book derivatives is covered by applying suitable valuation adjustments (CVAs and DVAs).

The main conditions that can influence the amount, timing and certainty of future cash flows from derivatives essentially relate to the following features of derivatives:
– Where the cash flows under derivatives are linked to current market prices or rates, the respective market price or market rate at the payment date determines the amount payable (in the case of interest rate swaps, for instance, the payment of the variable interest rate on the payment date depends on the interest rate fixed on this date, such as Euribor).
– Where the derivatives allow for cash settlement at market value on the due date, the amount payable is calculated as the difference between the price set when the derivative was entered into and the current market price (in the case of a foreign exchange forward with cash settlement, for instance, the difference between the agreed forward price and the current price is payable).
– In the case of American options, unlike European options, the option buyer has the right to exercise the option at any time during the term of the option.
– Where it is possible to terminate a derivative prior to maturity (as is the case with all exchange-traded derivatives, for instance), the derivative may be terminated by paying the current fair value.
– The counterparty's credit rating and solvency are a further important consideration. If the counterparty becomes insolvent, it can no longer be expected that it will meet its obligations arising from the derivative.

These features may be included in the terms agreed for any type of derivative. Thus it is possible that foreign exchange, interest rate and equity options may be exercised at any time (American option) or only at maturity (European option). It is generally possible to determine the size of the derivative positions entered into from the respective nominal amounts.

In order to obtain the final figures disclosed in the balance sheet for the held-for-trading portfolios, the risk discount required by Section 340e (3) 1 HGB is deducted from the fair values of the financial instruments held for trading purposes determined in this way. Including the risk discount in net trading income reflects the risk of possible price losses up until the earliest possible date of realisation of unrealised valuation gains or losses. In accordance with the relevant regulatory rules, the risk discount is determined on the basis of the internal risk management system using an accounting value-at-risk approach (holding period of ten days; confidence level: 99%; 2-year observation period). We have deducted the risk discount determined for the entire held-for-trading portfolio from the assets held for trading purposes in the balance sheet (asset item 6a) and recognised it in the net income from the held-for-trading portfolio.

HVB employs derivative financial instruments both for trading purposes and to hedge balance sheet items. The vast majority are trading derivatives which are disclosed at their fair value in the held-for-trading portfolio items on the assets side and liabilities side of the balance sheet and taken to the income statement.

Derivatives that are not associated with the held-for-trading portfolio continue to be treated in accordance with the principle of the non-recognition of pending transactions. Only cash flows that have started, such as option premiums and accrued upfront payments on unvalued banking book derivatives, are disclosed under other assets (asset item 12), other liabilities (liability item 5) and deferred income or prepaid expenses (asset item 13 and liability item 6). Irrespective of whether it results from the hedged item or the hedging derivative, any net loss arising from valuation units set up for the netting (compensation) of the change in value of the hedged item and hedging derivative associated with the hedged risk is to be taken to the income statement as a provision for valuation units. In accordance with German GAAP, any change in fair value arising from the unhedged risk in both the hedged item and the hedging instrument is recognised on a gross basis in compliance with individual valuation under the imparity principle.

The interest derivatives employed for asset/liability management of the general interest rate risk associated with receivables and liabilities in the banking book are measured as part of the aggregate interest position. Please refer to the Risk Report for a discussion of the management of the overall interest rate position.

The few remaining standalone derivatives outside the trading book are valued in accordance with the imparity principle. A provision for anticipated losses on pending transactions is set up for unrealised valuation losses; unrealised valuation gains are not recognised.

Derivatives held for trading purposes that were concluded under master agreements together with a credit support annex allowing for daily exchange of collateral were netted for each counterparty for the first time in the 2013 financial year. Such netting encompasses both the carrying amount of the derivatives and the collateral provided for each counterparty. In the same way, the scope of netting for OTC derivatives concluded with the same counterparty was expanded to include the collateral provided.

Extensive information about our derivative financial instruments, complete with detailed breakdowns by product and risk type, and showing the nominal amounts, fair values and the counterparty structure, is included in the note to the annual financial statements regarding derivative financial instruments.

The Risk Report contains a detailed overview of the Bank's derivative transactions.

7 Participating interests and shares in affiliated companies

Participating interests and shares in affiliated companies (asset items 7 and 8) are shown at the lower of acquisition cost or – if there is a permanent impairment – fair value prevailing at the balance sheet date.

Where HVB holds a controlling interest, profits and losses of partnerships as well as dividends paid by limited or incorporated companies are recognised in the year in which they arise, provided the relevant legal conditions are met.

Compliant with Section 340c (2) 2 HGB, HVB nets income from write-ups on participating interests, shares in affiliated companies and investment securities (income item 7) with write-downs on these investments (expense item 8). In addition, HVB includes the expense and income items which reflect the results from the disposal of financial assets are included in this netting process in accordance with the option permitted by Section 340c (2) 2 HGB.

Notes to the Annual Financial Statements (Continued)

8 Intangible assets
Goodwill and software are disclosed under intangible assets (asset item 10).

Purchased goodwill is calculated by setting the acquisition cost of a company against the value of the company's individual assets, less the liabilities at the time of acquisition. It is normally amortised over the standard useful life of five years assumed by law. In justified cases, the goodwill may be amortised over a longer period, provided the individual expected useful operating life exceeds five years. An impairment is recognised in the event of a permanent loss of value. Should the reasons for the impairment no longer apply, the lower amount recognised for derivative goodwill is retained.

Purchased intangible assets are capitalised at cost and amortised over their expected useful life of three to five years (software) or a longer contractual useful life of up to ten years (other intangible assets). Impairments are recognised where necessary. HVB has not made use of the capitalisation option for internally generated intangible assets classified as non-current.

9 Property, plant and equipment
Property, plant and equipment (asset item 11) is valued at acquisition or production cost, less – insofar as the assets are depreciable – depreciation using the straight-line method based on their expected useful life. In such cases, the useful lives are closely related to the depreciation rules specified in Section 7 of the German Income Tax Act (Einkommensteuergesetz – EStG) in conjunction with the depreciation tables for equipment. Pro rata depreciation is taken to the income statement for additions to furniture and office equipment in the year of acquisition.

Low-value assets with acquisition costs of up to €150 are fully expensed in the year of acquisition and shown as additions and disposals in the analysis of non-current assets. We set up a collective item for all items of property, plant and equipment with acquisition costs of between €150 and €1,000 (pool depreciation in accordance with Section 6 (2) 2a EstG), one-fifth of which we reverse in the financial year of creation and each of the following four years in the income statement.

10 Liabilities
Liabilities (liability items 1 to 3, 8 and 9) are stated at the amount repayable plus accrued interest. Differences between the amount repayable and the amount disbursed (premiums/discounts) that are attributable to interest are allocated to prepaid expenses or deferred income, and reversed under net interest income in the correct accounting period. Liabilities without current interest payments (zero-coupon bonds) are stated at their present value calculated using a constant discount rate over the relevant terms.

11 Provisions
In accordance with the principles of sound commercial judgement, we assess provisions for taxes, uncertain liabilities and anticipated losses on pending transactions (liability item 7) at the amount repayable, taking into account anticipated future price and cost increases. Provisions falling due in more than one year are discounted using the average market rate of the past seven financial years determined and published by Deutsche Bundesbank as appropriate for the respective maturities.

HVB offers its employees various types of company pension plans. To fund the company pension plans, has covered its pension commitments largely with plan assets managed as external trustee assets with limited access. These plan assets are set against the liabilities arising from pension commitments or similar long-term commitments. If the plan assets of the pension funds, pension guarantee associations or retirement benefit corporations in question do not cover the amount of the equivalent pension commitments payable, HVB recognises a provision for pension funds and similar obligations in the amount of the shortfall. If the fair value of the plan assets exceeds the commitments, the difference is recognised as the excess of plan assets over pension liabilities. The associated income and expenses to be offset are recognised in net interest income.

We measure payment obligations arising from pension commitments at the amount payable calculated using the projected unit credit method on the basis of biometric probabilities. Anticipated future salary and pension increases are taken into account when measuring the pension commitment. Insofar as the amount of the pension commitments is determined exclusively by the fair value of securities, we recognise provisions for this at the fair value of these securities where it exceeds a guaranteed minimum amount. HVB has made use of the option to employ the average market rate determined and published by Deutsche Bundesbank as the discount rate for an assumed residual maturity of 15 years.

The discount rate for November 2013 published by Deutsche Bundesbank for a residual maturity of 15 years at 4.89% p.a. (2012: 5.05% p.a.) and a pension trend of 1.80% p.a. (2012: 1.70% p.a.) were applied in the actuarial calculation of the amount payable at 31 December 2013. A figure of 2.50% p.a. (2012: 2.00% p.a.) has been included in the calculation for the anticipated wage and salary increases; a figure of 0.50% (2012: 0.50–1.50%) has been included in the calculation for the career trend. Life expectancies are based on the modified Heubeck 2005 G tables. The life expectancy has been reduced to 75% for men and 90% for women, and the probability of invalidity to 80%, of the figures shown in the tables.

Whereas the income and expenses arising from the compounding and discounting of provisions for pensions are shown in net interest income, the current service cost accruing during the period and the effects arising from changed assumptions regarding the wage, salary and pension trend and biometric probabilities are disclosed under payroll costs. The same principles apply for the impact on earnings arising from the change in the group of beneficiaries and the change in provisions for pension in connection with company restructuring activities. Similarly, the impact on earnings of the change in the discount rate arising during the course of the 2013 financial year is allocated to payroll costs.

An allocation totalling €332 million is required as the recognised provision for pensions and similar commitments rises on account of the inclusion of future pay and pension increases and the change in the discount rate caused by the changeover to the German Accounting Law Modernisation Act (Bilanzrechtsmodernisierungsgesetz – BilMoG). HVB makes use of the option compliant with Section 67 (1) 1 of the Introductory Act to the German Commercial Code (Einführungsgesetz zum Handelsgesetzbuch – EGHGB) to aggregate the amount allocable to the provisions for pensions in annual instalments of one-fifteenth in every financial year up to 31 December 2024. The annual allocation of €22 million is charged to extraordinary income/expenses in the income statement.

Furthermore, IDW RS BFA 3 requires the Bank to check whether it has incurred a loss on the aggregate holding of interest-bearing transactions in the banking book. The Bank applies the net present value approach to ascertain whether there are any circumstances beyond the individual valuation that had already occurred in economic terms at the reporting date that would lead to losses in the future. In this instance, it would be necessary to set up a provision for anticipated losses on pending transactions to ensure loss-free valuation in the banking book. To do this, the cash flows from the interest-bearing transactions in the banking book are discounted on the basis of the market interest rates at the reporting date and set against their carrying amounts using the net present value approach. All on- and off-balance-sheet, interest-bearing financial instruments outside of the held-for-trading portfolio are included in this process. All costs to be incurred in connection with the interest-bearing transactions such as risk costs, administration costs for handling the transactions through to their maturity, funding costs and so on are taken into account for discounting. This also includes imputed costs for equity capital that are stated in compliance with the rules for internal interest rate risk management. The contractual cash flows are normally used as the basis; appropriate assumptions regarding the anticipated utilisation are only made and hence an economic maturity used as the basis for financial instruments with no fixed maturity (such as demand and savings deposits) in compliance with the internal risk management rules. The present values calculated in this way are set against the carrying amounts; derivatives concluded to hedge interest rate risk in the banking book are recognised at their fair value and generally set against a carrying amount of zero as they are not carried as general hedging derivatives individually in the banking book. A provision for anticipated losses on pending transactions needs to be set up to cover any shortfall between the present value determined in this way and the carrying amount. In this context, positive differences on interest-bearing transactions may not be offset against negative differences unless the transactions concerned are controlled together in internal interest rate risk management.

12 Plan assets

Assets serving exclusively to settle pension commitments or similar long-term commitments, and to which all other creditors do not have recourse, are measured at fair value and offset against the underlying commitment.

If the offsetting results in an excess of commitments over plan assets, we recognise a provision for pensions and similar commitments (liability item 7) to this amount. If the value of the assets exceeds the commitments, the amount is recognised under excess of plan assets over pension liabilities (asset item 15).

The plan assets consist mainly of investment fund shares that are recognised at the current redemption price (fair value).

Income and expenses arising from plan assets and from the compounding and discounting of the corresponding obligations are offset against each other and shown in net interest income.

Compliant with Section 8a of the German Semi-Retirement Act (Altersteilzeitgesetz – AltTZG), employee credits for semi-retirement are secured by pledging securities to the trustee.

Notes to the Annual Financial Statements (Continued)

13 Deferred tax assets and liabilities

Compliant with Section 274 HGB, deferred tax items are determined for temporary differences between the carrying amount of an asset, liability or deferred item shown in the commercial balance sheet and the corresponding amount disclosed for tax reporting purposes as well as for tax loss carryforwards and tax credits. German corporations are normally charged a corporate income tax rate of 15%, irrespective of any dividend distribution. Deferred taxes are measured using the uniform corporate income tax rate of 15.8%, including the solidarity surcharge, and the municipal trade tax dependent upon the applicable municipal trade tax multiplier. At HVB, this results in an overall valuation rate for the domestic portion of deferred taxes of 31.4%. The respective local tax rates are applied analogously for the foreign establishments. Compliant with Section 274 (1) 2 HGB, the deferred tax assets involved have not been recognised on account of an aggregate future reduction in tax. This results mainly from tax valuation provisions regarding general provisions and risk provisions as well as tax loss carryforwards.

14 Foreign currencies

Amounts in foreign currency are translated in accordance with the principles set forth in Section 340h and Section 256a HGB. As a result, assets and liabilities denominated in foreign currency and spot transactions outstanding at the balance sheet date are always converted into euros using the mean spot rate applicable at the balance sheet date. On the other hand, investment securities denominated in foreign currency that are not specifically covered in the same currency are carried at their historical cost. Outstanding forward transactions are translated using the forward rate effective at the balance sheet date.

The foreign currency positions in the portfolio not held for trading that are concluded in each currency are transferred to the held-for-trading portfolio on a daily basis under a standard system of currency risk management that is applicable across the Bank as a whole. The translation gains on the foreign currency positions managed in the held-for-trading portfolio are recognised at fair value in the income statement in accordance with the valuation methods applicable to the held-for-trading portfolio (Section 340e (3) 1 HGB). Consequently, the entire net income from FX trading is disclosed under net income from the held-for-trading portfolio in the income statement.

Notes to the Balance Sheet

15 Breakdown by maturity of selected asset items

The following table shows the breakdown by maturity of selected asset items:

(€ millions)

		2013	2012
A 3 b)	Other loans and receivables with banks		
	with residual maturity of less than 3 months	16,939	16,555
	at least 3 months but less than 1 year	3,544	2,468
	at least 1 year but less than 5 years	5,332	6,275
	5 years or more	866	1,303
A 4)	Loans and receivables with customers		
	with residual maturity of less than 3 months	4,701	5,509
	at least 3 months but less than 1 year	7,564	6,411
	at least 1 year but less than 5 years	28,193	31,317
	5 years or more	36,700	40,411
	No fixed maturity	10,447	13,311
A 5)	Bonds and other fixed-income securities, amounts due in the following year	11,021	8,946

16 Breakdown by maturity of selected liability items

The following table shows the breakdown by maturity of selected liability items:

(€ millions)

		2013	2012
L 1	Deposits from banks		
L 1 b)	with agreed maturity dates or periods of notice		
	with residual maturity of less than 3 months	15,384	11,654
	at least 3 months but less than 1 year	9,108	7,622
	at least 1 year but less than 5 years	9,344	9,892
	5 years or more	4,904	5,147
L 2	Deposits from customers		
L 2 ab)	savings deposits with agreed maturity dates or periods of notice		
	with residual maturity of less than 3 months	12	15
	at least 3 months but less than 1 year	16	24
	at least 1 year but less than 5 years	98	100
	5 years or more	8	19
L 2 b)	registered mortgage bonds in issue		
L 2 c)	registered public-sector bonds in issue		
L 2 db)	other debts with agreed maturity dates or periods of notice		
	with residual maturity of less than 3 months	20,099	16,677
	at least 3 months but less than 1 year	10,069	9,968
	at least 1 year but less than 5 years	6,479	7,077
	5 years or more	9,725	11,029
L 3	Debt securities in issue		
L 3 a)	bonds, amounts due in following year	4,164	5,836
L 3 b)	other debt securities in issue		
	with residual maturity of less than 3 months	—	—
	at least 3 months but less than 1 year	—	—
	at least 1 year but less than 5 years	—	—
	5 years or more	—	—

Notes to the Balance Sheet (Continued)

17 Amounts receivable from and payable to affiliates and companies in which participating interests are held

(€ millions)

	2013		2012	
	AFFILIATES	PARTICIPATING INTERESTS	AFFILIATES	PARTICIPATING INTERESTS
Loans and receivables with banks	15,584	158	19,609	377
of which: UniCredit S.p.A.	1,222	—	938	—
Loans and receivables with customers	3,290	1,993	3,446	912
Bonds and other fixed-income securities	4,543	4,841	5,022	6,050
of which: UniCredit S.p.A.	4,177	—	4,311	—
Deposits from banks	7,896	55	9,702	157
of which: UniCredit S.p.A.	789	—	2,761	—
Deposits from customers	1,243	364	1,554	338
Debt securities in issue	1,671	—	2,012	—
of which: UniCredit S.p.A.	351	—	351	—
Subordinated liabilities	276	—	1,047	—

Besides the relationships with affiliated companies, there have been a number of transactions involving UniCredit S.p.A. and other affiliated but not consolidated UniCredit companies since the integration of HVB into the UniCredit group of companies.

In its role as centre of competence for markets and investment banking for the entire UniCredit corporate group, HVB acts as counterparty for derivative transactions conducted by UniCredit companies. For the most part, this involves hedge derivatives of UniCredit group companies that are externalised on the market by HVB.

18 Trust business

Trust business assets and liabilities break down as follows:

(€ millions)

	2013	2012
Trust assets	**4**	**31**
Loans and receivables with banks	—	—
Loans and receivables with customers	4	31
Equity securities and other variable-yield securities	—	—
Participating interests	—	—
Trust liabilities	**4**	**31**
Deposits from banks	3	3
Deposits from customers	1	28
Debt securities in issue	—	—
Other liabilities	—	—

The significantly lower volume of trustee activities compared with last year can be attributed to the modified business policy in the field of foreign currency loans.

19 Foreign-currency assets and liabilities

65.9% of HVB's foreign-currency holdings consist of US dollars, 16.0% of pounds sterling, 7.7% of Japanese yen and 2.4% of Swiss francs. (€ millions)

	2013	2012
Assets	**29,687**	**30,628**
Cash and cash balances	3,863	1,443
Treasury bills and other bills eligible for refinancing with central banks	—	—
Loans and receivables with banks	3,320	1,831
Loans and receivables with customers	13,374	17,466
Bonds and other fixed-income securities	2,441	2,449
Equity securities and other variable-yield securities	113	37
Held-for-trading portfolio (assets held for trading purposes)[1]	6,392	6,746
Participating interests	46	221
Shares in affiliated companies	35	284
Trust assets	—	27
Intangible assets	—	—
Property, plant and equipment	2	4
Other assets	93	113
Prepaid expenses	8	7
Liabilities	**16,783**	**21,914**
Deposits from banks	7,671	10,851
Deposits from customers	4,956	5,174
Debt securities in issue	12	43
Held-for-trading portfolio (liabilities held for trading purposes)[1]	3,764	5,215
Trust liabilities	—	27
Other liabilities	161	119
Deferred income	28	33
Provisions	57	92
Subordinated liabilities	134	360

1 due to system-related restrictions, only derivative volumes denominated in euros are included

The amounts shown represent the euro equivalents of all currencies.

20 Subordinated asset items

The following balance sheet items contain subordinated assets totalling €3,624 million (2012: €4,272 million): (€ millions)

	2013	2012
Subordinated asset items	**3,624**	**4,272**
Loans and receivables with banks	703	1,273
Loans and receivables with customers	137	175
Bonds and other fixed-income securities	2,570	2,587
Equity securities and other variable-yield securities	8	8
Held-for-trading portfolio	206	229

Notes to the Balance Sheet (Continued)

21 Marketable debt and investments

The listed and unlisted marketable securities included in the respective balance sheet items break down as follows:

(€ millions)

	2013			2012		
	TOTAL MARKETABLE SECURITIES	OF WHICH: LISTED	OF WHICH: UNLISTED	TOTAL MARKETABLE SECURITIES	OF WHICH: LISTED	OF WHICH: UNLISTED
Bonds and other fixed-income securities	52,089	40,442	11,647	48,562	41,622	6,940
Equity securities and other						
variable-yield securities	80	4	76	80	26	55
Held-for-trading portfolio	26,051	19,147	6,904	28,435	20,017	8,417
Participating interests	103	103	—	104	104	—
Shares in affiliated companies	322	322	—	288	288	—

Non-current marketable securities contain financial instruments carried at an amount higher than their fair value.

(€ millions)

	2013		2012	
	CARRYING AMOUNT	FAIR VALUE	CARRYING AMOUNT	FAIR VALUE
Non-current securities	18,525	18,486	19,929	19,610
Bonds and other fixed-income securities	18,525	18,486	19,929	19,610
Equity securities and other variable-yield securities	—	—	—	—

Given the development of interest and rating risks, we do not believe that these securities have suffered a permanent loss of value.

The marketable debt and investments, and loans and receivables (including promissory notes), at 31 December 2013 included no Greek sovereign bonds.

22 Held-for-trading portfolio

The following table shows the breakdown of assets held-for-trading purposes (asset item 6a) by financial instruments totalling €48,828 million (2012: €143,531 million):

(€ millions)

	2013	2012
Assets held-for-trading	**48,828**	**143,531**
Derivative financial instruments (positive market values)	13,888	108,472
Loans and receivables	7,962	5,838
Bonds and other fixed-income securities	18,086	24,109
Equity securities and other variable-yield securities	8,919	5,164
Less risk discount (for entire portfolio of assets held for trading purposes)	(27)	(52)

The following table shows the breakdown of liabilities held-for-trading purposes (liability item 3a) by financial instruments totalling €29,233 million (2012: €132,327 million):

(€ millions)

	2013	2012
Liabilities held-for-trading	**29,233**	**132,327**
Derivative financial instruments (negative market values)	10,366	107,770
Liabilities (including delivery obligations arising from short sales of securities)	18,867	24,557

Derivatives held-for-trading purposes that were concluded under master agreements together with a credit support annex allowing for daily exchange of collateral were netted for each counterparty for the first time in the 2013 financial year. The netting for each counterparty encompasses both the carrying amount of the derivatives and the collateral provided. This involved netting positive market values of €49.7 billion with negative market values of €51.0 billion on derivatives held-for-trading with the associated receivables (€8.2 billion) and liabilities (€6.9 billion) from collateral provided. At the same time, adjustments were made to the derivative portfolios through bilateral arrangements and corresponding institutions, which led to a reduction of the volume of derivatives and thus assets held-for-trading. Furthermore, the decline can be attributed to higher medium-term interest rates and reduced volatilities in foreign currency derivatives and hence the associated market values.

23 Investment funds

The following table contains information regarding shares in investment funds compliant with Section 285 No. 26 HGB for which the Bank's holding exceeds 10% of the total number of shares:

(€ millions)

	31/12/2013			31/12/2012		
FUND TYPE	CARRYING AMOUNT	FAIR VALUE	DIVIDEND PAYMENTS	CARRYING AMOUNT	FAIR VALUE	DIVIDEND PAYMENTS
Total investment funds	**752**	**760**	**1.6**	**496**	**498**	**1.9**
Equity funds	225	231	—	91	93	—
Money market funds and near-money market funds	31	31	0.2	19	19	—
Mixed funds	320	322	0.1	188	188	0.6
Index funds	127	127	0.9	115	115	0.6
Bond funds	49	49	0.4	83	83	0.7

In addition, the Bank holds all the shares in the "European-Office-Fonds" property special purpose entity, which is fully consolidated in the Bank's consolidated financial statements in accordance with SIC 12.

Under Section 246 (2) HGB, assets to which all other creditors do not have access and which serve exclusively to settle liabilities arising from pension commitments or similar long-term commitments must be offset against these liabilities. Where these assets represent shares in investment funds, they are not shown in this table.

The shares listed in this table are held in either the Bank's held-for-trading portfolio or its liquidity reserve. Where necessary, the holdings are always written down to the lower fair value.

In the case of the information regarding the dividend payments, it should be noted that the positions included in the table frequently represent investment funds that reinvest dividends in themselves. Consequently, the dividend payments shown in the table serve only as a limited indicator for the performance of the investment funds.

There are no indications of a restriction on daily return for most of the shares listed here.

Notes to the Balance Sheet (Continued)

24 Analysis of non-current assets

(€ millions)

	ACQUISITION/ PRODUCTION COST	ADDITIONS DURING FINANCIAL YEAR	DISPOSALS DURING FINANCIAL YEAR	RECLASSIFICATIONS DURING FINANCIAL YEAR[1]
Intangible assets	**724**	**14**	**—**	**(1)**
thereof:				
Software	714	6	—	9
Downpayments	10	8	—	(10)
Other intangible assets	—	—	—	—
Property, plant and equipment	**485**	**7**	**6**	**(2)**
thereof:				
Land and buildings used by HVB in				
its operations	203	2	2	—
Furniture and office equipment	282	5	4	(2)
Other non-current assets	**21**	**—**	**—**	**—**
	ACQUISITION COST			**CHANGES +/–[2]**
Participating interests	1,103			(545)
Shares in affiliated companies	3,079			(280)
Investment securities	19,929			(1,404)

1 the “Reclassifications during financial year” column shows the changes in value as a result of currency translation, among other things
2 use has been made of the possibility of combining amounts allowed by Section 34 (3) RechKredV

25 Other assets

The following table shows the main items included in other assets totalling €957 million (2012: €1,393 million):

(€ millions)

	2013	2012
Claims to tax reimbursements	514	477
Claims to dividends from affiliated companies	266	347
Proportion of income from commission/interest not yet received	39	37
Proportion of income from portfolio fees	38	35
Trade debtors	22	22
Works of art	21	21
Capital investments with life insurers	18	19
KG shares intended for re-sale	4	4
Collection paper, such as cheques, matured debentures, interest and dividend coupons	3	3
Adjustment item for tied currency positions	1	12
Variation margin for listed futures contracts	—	118
Land and buildings classified as current assets	—	52

The claims to tax reimbursements consist of claims of €433 million (2012: €362 million) arising from income tax and of €81 million (2012: €115 million) arising from non-income taxes. The claims to dividends from affiliated companies include €130 million (2012: €181 million) in prorated income from UniCredit Luxembourg.

(€ millions)

WRITE-UPS DURING FINAN-CIAL YEAR	DEPRECIATION/ AMORTISATION ACCUMULATED	SCHEDULED DEPRECIATION/ AMORTISATION DURING FINANCIAL YEAR	NON-SCHEDULED DEPRECIATION/ AMORTISATION DURING FINANCIAL YEAR	DISPOSALS DEPRECIATION/ AMORTISATION DURING FINANCIAL YEAR	NET BOOK VALUE 31/12/2013	NET BOOK VALUE 31/12/2012
—	**693**	**36**	**—**	**1**	**44**	**67**
—	693	36	—	1	36	57
—	—	—	—	—	8	10
—	—	—	—	—	—	—
—	**326**	**18**	**4**	**7**	**158**	**174**
—	98	7	4	1	105	115
—	228	11	—	6	53	59
—	**—**	**—**	**—**	**—**	**21**	**21**
					NET BOOK VALUE 31/12/2013	**NET BOOK VALUE 31/12/2012**
					558	978
					2,799	2,722
					18,525	19,929

26 Prepaid expenses

The prepaid expenses arising from issuing and lending operations include the following:

(€ millions)

	2013	2012
Discounts on funds borrowed	52	66
Premiums on amounts receivable	—	—

27 Excess of plan assets over pension liabilities

An amount payable of €968 million arising from liabilities due to pension and similar commitments was set against offsetting plan assets with a fair value of €1,663 million. Under the initial application provisions of the BilMoG, use was made of the option to spread the amount allocable to pension provisions equally over a period of 15 years. One-fifteenth of the transitional amount was allocated to the provision for pensions in the 2013 financial year. The omitted transitional allocation in the year under review totalled €243 million. The excess of assets over commitments, taking into account the omitted transitional allocation, is disclosed in the balance sheet as the excess of plan assets over pension liabilities (€695 million). The acquisition cost of the offsetting plan assets totalled €1,526 million. The assets involved are essentially fund shares, investments, and cash and cash equivalents.

(€ millions)

	2013	2012
Amount payable for offset pension and similar commitments	968	823
Fair value of the offsetting plan assets	1,663	1,551
Omitted transitional allocation	243	266
Excess of plan assets over the commitments, including the shortfall	695	727
Acquisition cost of the offsetting plan assets	1,526	1,430

Notes to the Balance Sheet (Continued)

28 Assets assigned or pledged as security for own liabilities

Assets totalling €53,583 million (2012: €46,505 million) were assigned or pledged as security for the following liabilities:

(€ millions)

	2013	2012
Assets assigned or pledged as security for own liabilities	**53,583**	**46,505**
Deposits from banks	34,147	29,797
Deposits from customers	19,436	16,708

The collateral provided for deposits from banks includes all collateral pledged to the ECB, irrespective of whether this is actually used to borrow funds or not. At 31 December 2013 and 2012, the volume of collateral pledged significantly exceeded the funds borrowed from the ECB.

Examples of own liabilities for which HVB provides collateral are special credit facilities provided by KfW and similar institutions, which the Bank has passed as loans in compliance with their conditions.

As a seller under repurchase agreements, HVB has transferred securities with a book value of €42,841 million (2012: €36,402 million) to its funding partners. These securities continue to be shown under HVB's assets, and the consideration received in return is stated under liabilities. They comprise mainly open-market transactions with Deutsche Bundesbank and international money market transactions.

At the same time, further assets totalling €18,225 million (2012: €18,220 million) were pledged as security for securities lending transactions and exchange-traded derivatives.

In setting up a contractual trust arrangement (CTA), HVB transferred collateral to the asset administrator to hedge pension and semi-retirement obligations. Pursuant to Section 8a AltTZG, employers are required to hedge credit exceeding three times the amount of normal earnings, including the associated employer's contribution to the total social security charge, against the risk of insolvency. Recognised provisions and obligations to cover the costs of other group companies are not considered suitable means of security.

29 Other liabilities

The following table shows the main items included in other liabilities of €6,572 million (2012: €8,169 million):

(€ millions)

	2013	2012
Amounts owed to special purpose entities	4,629	6,009
Obligations arising from debts assumed	1,285	1,297
Taxes payable	106	173
Other amounts owed to employees	108	97
Trading book valuation reserves	41	38
Liabilities from losses absorbed from subsidiaries	12	6
Amounts yet to be distributed from outplacements, etc.	11	13
Variation margin for listed futures contracts	—	89

The true sale transaction Rosenkavalier 2008 included under amounts owed to special purpose entities was carried out with a view to using the securities generated as collateral for repurchase agreements with the ECB. The underlying receivables are still recognised by HVB. All tranches are retained by the Bank, meaning that there is no corresponding reduction in risk-weighted assets.

The obligations arising from debts assumed essentially reflect obligations arising from the liquidation of media funds.

The taxes payable consist of liabilities from non-income taxes of €106 million (2012: €161 million) and income tax payable of €0 million (2012: €12 million).

30 Deferred income

Discounts on amounts receivable shown at nominal value totalled €12 million (2012: €15 million). Furthermore, other deferred income includes accrued commissions of €20 million (2012: €58 million) and interest of €57 million (2012: €69 million) collected in advance.

31 Provisions

Other provisions include the following items: (€ millions)

	2013	2012
Total other provisions	**2,610**	**2,666**
Provisions for losses on guarantees and indemnities	305	619
Anticipated losses on pending transactions[1]	28	159
Provisions for uncertain liabilities	2,277	1,888
of which:		
Restructuring	396	182
Payments to employees	325	300
Valuation units	190	186
Anniversary bonus payments	44	44
Payments for early retirement, semi-retirement, etc.	40	9
Bonuses on savings plans	22	21

1 the provisions for valuations units (€186 million) carried under provisions for anticipated losses on pending transactions in 2012 were reclassified to provisions for uncertain liabilities

Among other things, the provisions for uncertain liabilities include provisions for legal risks, litigation fees, damage payments, valuation units, rental guarantees and pre-emptive rights, long-term liabilities to employees and restructuring.

Restructuring provisions totalling €343 million were set up in the 2013 financial year, mainly in connection with the modernisation of the retail banking business and the expansion of HVB's multi-channel offering. They are intended to cover severance payments and the costs involved in the closure of branch offices, and are expected to be used primarily in 2014 and 2015.

Notes to the Balance Sheet (Continued)

32 Subordinated liabilities

This item includes accrued interest of €49 million (2012: €52 million). HVB incurred interest expenses of €107 million in 2013 (2012: €161 million).

The borrower cannot be obliged to make early repayment in the case of subordinated liabilities. In the event of insolvency or liquidation, subordinated loans are only repaid after the claims of all primary creditors have been settled. For the purposes of a bank's liable funds as defined under banking supervisory regulations, subordinated liabilities are regarded as supplementary or Tier III capital.

On 5 February 2002, HVB issued a subordinated bond with a volume of €750 million. This subordinated bond matures on 5 February 2014. The coupon is 6% p.a.

33 Participating certificates outstanding

In accordance with the terms and conditions of the participating certificates, all bearer participating certificates issued by HVB expired on 31 December 2011. The nominal amounts to be repaid fell due for payment on 2 July 2012, attracting interest over the period between the expiry date and the repayment date. No more interest payments were disbursed for the 2013 financial year.

Shareholders' Equity

34 Analysis of shareholders' equity shown in the balance sheet

(€ millions)

a) Called-up capital		
Subscribed capital		
Balance at 1 January 2013	2,407	
Balance at 31 December 2013		2,407
b) Additional paid-in capital		
Balance at 1 January 2013	9,791	
Balance at 31 December 2013		9,791
c) Retained earnings		
ca) Legal reserve		
Balance at 1 January 2013	—	
Balance at 31 December 2013		—
cb) Reserve for shares in a controlling or majority interest-holding company		
Balance at 1 January 2013	6	
Transfer to the reserve for shares in a controlling or majority interest-holding company	19	
Balance at 31 December 2013		25
cc) Reserve set up under the Articles of Association		
Balance at 1 January 2013	—	
Balance at 31 December 2013		—
cd) Other retained earnings		
Balance at 1 January 2013	6,149	
Withdrawal for the transfer to the reserve for shares in a controlling		
or majority interest-holding company	(19)	
Balance at 31 December 2013		6,130
d) Profit available for distribution		
Balance at 1 January 2013	2,462	
Dividend payout of HVB for 2012	(2,462)	
Net profit 2013	756	
Balance at 31 December 2013		756
Shareholders' equity		
Balance at 31 December 2013		19,109

35 Holdings of HVB stock in excess of 5%

(in %)

	2013	2012
UniCredit S.p.A.	100.0	100.0

Compliant with Section 271 (2) HGB, HVB is an affiliated company of UniCredit S.p.A., Rome (UniCredit), and is included in the consolidated financial statements of UniCredit, which can be obtained from the Trade and Companies Register in Rome, Italy.

36 Amounts not available for distribution

The measurement at fair value of offsetting plan assets in connection with pension commitments and semi-retirement agreements gives rise to an amount of €137 million (2012: €121 million). Compliant with Section 268 (8) HGB, freely disposable provisions have been set up to cover the amount not available for distribution.

37 Holdings pursuant to Section 285 No. 11 and 11a HGB

The complete list of shareholdings as a constituent part of the notes to the financial statements is given in the section entitled "List of Holdings" in this Annual Report.

Notes to the Income Statement

The condensed income statement is shown with the Management Report.

38 Breakdown of income by region

The following table shows a breakdown by region of
– interest receivable
– current income from equity securities and other variable-yield securities, participating interests and shares in affiliated companies
– fees and commissions receivable
– other operating income
– net profit on financial operations:

(€ millions)

	2013	2012
Total income	**8,069**	**9,968**
Germany	6,840	7,871
UK	455	619
Italy	523	1,107
Rest of Europe	51	56
Americas	136	222
Asia	64	93

The income earned under profit-pooling and profit-and-loss transfer agreements shown in 2012 is no longer included in the reporting period. The year-ago figure for income in Germany has been reduced by €106 million accordingly.

39 Net interest income

The following table shows the breakdown of net interest income of €2,873 million:

(€ millions)

	2013	2012
Net interest income	**2,873**	**3,427**
Interest income from		
lending and money market transactions	4,401	5,254
fixed-income securities and government-inscribed debt	734	1,342
Current income from equity securities and other variable-yield securities,		
participating interests and shares in affiliated companies	346	414
Income from profit-pooling and profit-and-loss transfer agreements	119	106
Interest expenses	2,727	3,689

The interest portion of the change in provisions for pensions and similar commitments is reported under net interest income and relates to the expenses and income from the compounding and discounting of commitments. However, we disclose any effects on net income from the change in discount rate as payroll costs.

Furthermore, net interest income includes current interest income and expenses related to the held-for-trading portfolios as well as dividend income (so-called trading-induced interest) of €392 million.

(€ millions)

	2013	2012
Net interest income from pension commitments	**(25)**	**(2)**
Income from plan assets used to offset pension and similar commitments	26	51
Expense component of the change in provisions for pensions and similar commitments	51	52
Expenses from plan assets used to offset pension and similar commitments	—	1

The interest expense of €94 million (2012: €83 million) arising from the compounding of provisions is included in net interest income.

40 Services performed for third parties

HVB performed significant services for third parties notably in portfolio, asset and trust-loan management, in the brokerage of insurance, savings and loan contracts and investments funds, in investment and securities commission activities, and in the handling of payments.

41 Net income from the held-for-trading portfolio

The net income from the held-for-trading portfolio (net trading income) of €969 million (2012: €1,048 million) includes the offset income and expenses arising from transactions involving financial instruments held for trading purposes, complete with the full net income from FX operations. Also carried here are fees and commissions in connection with transactions involving financial instruments held for trading purposes and trading with precious metals. The total already includes as an expense the risk discount to be applied to the held-for-trading portfolios measured at fair value. Current interest and dividends from securities held for trading are carried in interest income/expense and/or current income from equities. In addition, we carry the current interest income/expense resulting from held-for-trading portfolios in net interest income rather than net trading income. The net income from the held-for-trading portfolio declined by €79 million year-on-year to €969 million. The year-ago total was significantly affected by the reversal of rating-related value adjustments taken in 2011 in the amount of €395 million. This effect is largely offset in disclosed net trading income by the reclassification of trading-related commission of €319 million. Key earnings components in 2013 were the new customer business in both equity- and interest-rate-related operations. In addition, there was a reduction in model-based valuation adjustments, particularly due to methodical improvements to models. Net income from the held-for-trading portfolio includes income of €57 million from foreign currencies relating to other periods.

42 Breakdown of other operating income and expenses

This item primarily includes income from the reversal of provisions other than provisions for lending and securities operations (€143 million (2012: €170 million)) and payroll costs and cost of materials passed on (€58 million (2012: €61 million)). The total includes income from the sale of the Alter Wall complex in Hamburg and the recognition of income from services performed in earlier years.

Other operating expenses include the following:
- compensation and ex gratia payments (€19 million (2012: €47 million))
- additions to provisions other than provisions for lending and securities operations (€274 million (2012: €169 million)); the total includes provisions for expenses arising from services performed in earlier years.

43 Net income from securities held for liquidity purposes

The net income from securities held for liquidity purposes rose by €46 million year-on-year to €374 million. The total benefited from gains on the buy-back of hybrid capital instruments and supplementary capital. In addition, write-downs taken in the previous year were reversed in the form of write-ups.

44 Expenses from absorbed losses

There were no expenses from absorbed losses in other accounting periods in the 2013 financial year.

45 Extraordinary income/expenses

The initial application of the new provisions set forth in the BilMoG at 1 January 2010 resulted in expenses of €22 million in 2013 (2012: €22 million) arising from the revaluation of provisions for pensions to be disclosed under extraordinary income/expenses.

46 Taxes on income

All of the taxes on income relate to income from ordinary operations.

47 Net profit

The profit available for distribution amounts to €756 million. We will propose to the Shareholders' Meeting that a dividend of €756 million be paid to UniCredit S.p.A. (UniCredit), Rome, Italy. This represents a dividend of around €0.94 per share after around €3.07 in 2012. In accordance with a resolution adopted by the Shareholders' Meeting on 7 May 2013, the profit available for distribution of €2,462 million generated in 2011 was distributed to UniCredit.

Other Information

48 Contingent liabilities and other financial commitments

The following table shows the breakdown of contingent liabilities arising from guarantees and indemnity agreements totalling €30,297 million (2012: €29,359 million):

(€ millions)

	2013	2012
Guarantees and indemnities	16,373	15,841
Loan guarantees	11,475	10,957
Documentary credits	2,449	2,561
Total	**30,297**	**29,359**
thereof: to affiliated companies	12,754	11,901

Irrevocable lending commitments totalling €27,054 million (2012: €27,166 million) break down as follows:

(€ millions)

	2013	2012
Book credits	24,926	24,619
Mortgage and municipal loans	1,061	1,519
Guarantees	1,067	1,026
Bills of exchange	—	2
Total	**27,054**	**27,166**
thereof: to affiliated companies	795	670

Utilisation by the Bank on account of the contingent liabilities and other commitments that it has entered into is possible as part of its banking activities. Thus, every loan is fundamentally granted by utilising a previously made lending commitment that is shown under other commitments. Although utilisation by the Bank under contingent liabilities is not very probable in the case of guarantees it has issued, the possibility cannot be excluded. Utilisation is also the general case with regard to the documentary credits also shown here, as these are employed in the handling of foreign trade payments.

The key factor in this regard is that utilisation by the Bank under its contingent liabilities and other commitments does not generally lead to a loss. Instead, it results in the loan granted being recognised as is the case when a lending commitment is utilised. Provisions for anticipated losses on pending transactions that are required due to commitments to make payouts to defaulting borrowers are set up and deducted from the disclosed contingent liabilities and other commitments.

Other financial commitments arising from real estate and IT operations total €293 million (2012: €304 million). A large part of the total relates to contracts with subsidiaries (€150 million (2012: €140 million)). The contracts run for standard market periods, and no charges have been put off to future years.

At the reporting date, HVB had pledged securities worth €1,265 million (2012: €915 million) as collateral for transactions with Eurex Frankfurt AG, Frankfurt am Main.

As part of real estate financing and development operations, HVB assumes rental obligations or issues rental guarantees on a case-by-case basis to make fund constructions more marketable – in particular for lease funds and (closed) KG real estate funds offered by its H.F.S. Hypo-Fondsbeteiligungen für Sachwerte GmbH subsidiary. Provisions have been set aside to cover identifiable risks arising from such guarantees.

Commitments for uncalled payments on shares not fully paid up amounted to €128 million (2012: €277 million) at year-end 2013, and similar obligations for shares in cooperatives totalled €1 thousand (2012: €1 thousand). HVB was not liable for any defaults on such calls under Section 22 (3) and Section 24 GmbHG.

Where employees are granted a bonus that is disbursed over a period of several years under their variable compensation arrangements, such a bonus represents an expense for the period from 2010 to 2013 and is taken to the income statement on a pro rata basis accordingly. Especially in the case of the group of employees identified as "risk-takers", the German regulations governing institutions' remuneration systems (Instituts-Vergütungsverordnung) requires such a bonus to be disbursed over a period of several years. The bonus is granted subject to the proviso that the beneficiaries satisfy specific criteria (in the case of bonuses granted in the form of shares, stock options or deferred cash payments) that comply with the both the regulatory requirements and the Bank's own rules. In addition, the bonus is linked to further conditions (such as a malus arrangement that ensures that no loss is recorded at either the UniCredit corporate level or the level of the individual beneficiary or there is a significant reduction in the results achieved). Provisions totalling €109.2 million were set aside in the income statement at 31 December 2013 in connection with bonus commitments. The final amount disbursed may be higher, should the plan conditions be met.

Under Section 26 GmbHG, we were liable for calls for additional capital of €57 million with regard to Liquiditäts-Konsortialbank GmbH, Frankfurt am Main, at year-end 2013. In addition, under Article 5 (4) of the Articles of Association of Liquiditäts-Konsortialbank GmbH, we are jointly and severally liable for any defaults on such calls by members of the Association of German Banks, Berlin.

In its function as personally liable shareholder, HVB had unlimited liability arising from shares in three partnerships at the reporting date.

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

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

49 Off-balance-sheet transactions

Special purpose entities

HVB maintains business relations with a number of special purpose entities that pursue varying business models and hold various different types of assets. HVB's business relations with the special purpose entities are recognised in the financial statements either on or off the balance sheet.

The Bank uses special purpose entities to securitise both the Bank's own receivables and customer receivables. The latter involve commercial paper conduits for which the Bank provides guarantees and liquidity facilities.

In the case of the Bank's own receivables, the special purpose entities serve among other things to procure liquidity and reduce risk. These do not, however, result in the securitised receivables being taken off the books as they involve either synthetic securitisations aimed at reducing risk or securitisation transactions with all risks retained to create securities as collateral with central banks. The securitisation of customer receivables is generally accompanied by an improvement in the customer's liquidity situation and a broadening of the funding base, whereby the Bank generates income from the structuring service and the facilities provided. HVB may face economic disadvantages, in particular, should the facilities provided be drawn down.

In addition, there are special purpose entities for which HVB acts solely as an investor, for instance to purchase securities or grant loans. The ensuing risks may lead to write-downs being recognised on the positions involved.

In some instances, the situation may exist where the majority of the risks and rewards of a given special purpose entity are attributable to HVB. In these cases, the special purpose entity is attributable to HVB for accounting purposes, which entails full consolidation of the special purpose entity in the consolidated financial statements of HVB.

Other Information (Continued)

Revocable credit commitments
HVB has granted its customers credit and liquidity facilities that are callable at any time and are not shown either on or off the balance sheet. The advantage for HVB from this customary, standardised product lies in the possibility of generating additional interest and commission income. This is set against the risk of a deterioration in the financial situation of those customers to whom these credit commitments were made.

Outsourcing of activities
Like other affiliated companies, HVB has outsourced IT activities to UniCredit Business Integrated Solutions S.C.p.A., Milan. The goal is to exploit synergies and enable HVB to offer fast, high-quality IT services.

Furthermore, HVB has transferred certain activities relating to the settlement of transactions to UniCredit Global Business Services GmbH, Unterföhring and UniCredit Business Integrated Solutions S.C.p.A., Milan, companies affiliated with the Bank that provide settlement services for HVB and other affiliated companies in line with a standard business and operating model. The advantage for HVB lies in the generation of synergies.

HVB has outsourced the handling of securities transactions in Germany and its Milan branch to an external service provider. The purpose of this for HVB is to permanently reduce its operating costs.

HVB has transferred new business involving consumer loans, instant-approval loans and credit cards to a German branch office of UniCredit S.p.A. This office is more specialised in these fields, from which HVB also benefits accordingly. Thus, the transactions brokered by HVB in this regard are no longer recognised on or off the balance sheet.

50 Auditor’s fees

The following table shows the breakdown of the total fees of €9 million paid to the auditor Deloitte & Touche GmbH, Wirtschaftsprüfungsgesellschaft, in the reporting period:

(€ millions)

	2013
Fees for	**9**
Auditing of the financial statements	4
Other auditing services	2
Tax consulting services	—
Other services	3

51 Statement of Responsibility

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

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

HVB's commitment arising from the above Statement of Responsibility declines by the extent to which HVB's shareholding decreases in the future with regard to such commitments of the relevant company that did not arise until after HVB's shareholding decreased.

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

52 Key capital ratios

Pursuant to Section 10 (1d) KWG, equity capital for solvency purposes consists of the modified available capital and Tier III capital.

The modified available capital, consisting of core capital (Tier I) and supplementary capital (Tier II), based on annual financial statements approved by the Supervisory Board totalled €19,836 million (2012: €20,608 million) at year-end. There was no Tier III capital. We have not allocated any unrealised reserves to supplementary capital compliant with Section 10 (2b) 1 No. 6 and 7 KWG.

The liable funds totalling €19,771 million (2012: €20,636 million) calculated in accordance with Section 10 (2) KWG are used primarily to determine thresholds for large exposures and loans to executive board members and for investment limits.

Other Information (Continued)

53 Derivative financial instruments

The following table provides detailed information about the nominal amount and fair values of all derivative transactions and credit derivative transactions of HVB:

(€ 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	2013	2012	2013	2012	2013	2012
Interest rate derivatives	**880,579**	**982,442**	**897,339**	**2,760,360**	**3,139,854**	**67,908**	**116,640**	**65,649**	**116,260**
OTC products									
Forward rate agreements	119,022	289	—	119,311	196,526	8	72	10	43
Interest rate swaps	628,881	854,838	728,824	2,212,543	2,404,661	63,767	110,368	60,663	108,929
Interest rate options									
– purchased	30,200	61,423	82,692	174,315	218,894	3,755	5,620	236	240
– written	30,148	45,516	84,032	159,696	188,567	343	347	4,708	6,906
Other interest rate derivatives	12,829	—	—	12,829	27,017	35	233	31	142
Exchange-traded products									
Interest rate futures	34,571	20,376	1,051	55,998	53,761	—	—	1	—
Interest rate options	24,928	—	740	25,668	50,428	—	—	—	—
Foreign exchange derivatives	**162,618**	**23,696**	**593**	**186,907**	**234,233**	**2,597**	**2,979**	**2,616**	**2,948**
OTC products									
Foreign exchange forwards	143,152	17,501	475	161,128	187,323	2,223	2,413	2,197	2,306
Foreign exchange options									
– purchased	9,495	3,428	50	12,973	23,462	269	349	121	240
– written	9,938	2,767	68	12,773	23,430	105	217	298	402
Other foreign exchange derivatives	—	—	—	—	—	—	—	—	—
Exchange-traded products									
Foreign exchange futures	33	—	—	33	18	—	—	—	—
Foreign exchange options	—	—	—	—	—	—	—	—	—
Cross-currency swaps	**35,451**	**133,360**	**74,267**	**243,078**	**250,601**	**3,909**	**5,075**	**4,292**	**5,644**
Equity/index derivatives	**85,635**	**38,648**	**17,911**	**142,194**	**114,528**	**3,226**	**3,209**	**3,374**	**3,604**
OTC products									
Equity/index swaps	4,334	6,178	1,155	11,667	11,601	220	200	225	292
Equity/index options									
– purchased	5,096	6,521	1,164	12,781	17,609	919	1,268	109	32
– written	52,510	11,304	14,899	78,713	53,214	35	69	1,743	1,723
Other equity/index derivatives	6,856	1,245	—	8,101	3,389	677	212	2	1
Exchange-traded products									
Equity/index futures	6,614	77	—	6,691	2,758	8	—	31	—
Equity/index options	10,225	13,323	693	24,241	25,957	1,367	1,460	1,264	1,556
Credit derivatives	**27,702**	**80,094**	**2,852**	**110,648**	**145,027**	**1,072**	**1,592**	**1,079**	**1,486**
Other transactions	**4,171**	**2,473**	**515**	**7,159**	**7,373**	**228**	**210**	**272**	**263**
Total	**1,196,156**	**1,260,713**	**993,477**	**3,450,346**	**3,891,616**	**78,940**	**129,705**	**77,282**	**130,205**

Most of the derivatives are held for trading purposes. The proportion of derivatives concluded for hedging purposes is insignificant.

The banking book contains derivatives with positive market values of €1.7 billion (2012: €0.8 billion) and negative market values of €1.6 billion (2012: €1.0 billion).

54 Employees

The average number of staff employed was as follows:

	2013	2012
Employees (excluding trainees)	15,329	15,657
of whom:		
full-time	11,573	11,930
part-time	3,756	3,727
Trainees	855	937

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

	WOMEN	MEN	2013	2012
	(EXCLUDING TRAINEES)		TOTAL	
Staff's length of service				
25 years or more	20.8	22.0	21.4	20.8
15 to 25 years	35.6	23.9	30.1	30.5
10 to 15 years	11.3	11.0	11.1	12.0
5 to 10 years	21.8	24.1	22.9	23.4
less than 5 years	10.5	19.0	14.5	13.3

55 Emoluments

(€ thousands)

	FIXED COMPENSATION		PERFORMANCE-RELATED COMPONENTS		LONG-TERM INCENTIVES[2]		PENSION COMMITMENTS		TOTAL	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
Members of the Management Board of UniCredit Bank AG	5,069	4,513	1,575[1]	910[1]	2,989[3,4]	1,479[5]	1,302	1,071[6]	10,935	7,973
Members of the Supervisory Board of UniCredit Bank AG for Supervisory Board activities	558	558	210[7]	210[7]	—	—	—	—	768[7]	768[7]
Members of the Supervisory Board of UniCredit Bank AG for worker's representation activities	456	444	71	67	—	—	44	38	571	549
Former members of the Management Board of UniCredit Bank AG and their surviving dependants	—	—	—	—	—	—	—	—	1,858	1,716[8]
Transitional allowances for former members of the Management Board	—	—	—	—	—	—	—	—	—	—

1 the profit-related components are generally deferred over several years with disbursement in subsequent years dependent on defined company targets being achieved
2 cash value of the share-based compensation
3 of which €578 thousand relates to the 2012 financial year
4 prorated disclosure of the long-term incentive plan for a performance period of 2011 to 2013 and stock options (period of 2012 to 2015) and shares for the 2011 and 2012 financial years
5 prorated disclosure of the long-term incentive plan 2011 to 2013 and stock options (period of 2012 to 2015) and shares for the 2011 financial year
6 of which a prorated pension expense of €18,500 could not be posted until 2012
7 the performance-related component for the 2013 financial year totals €210 thousand, provided the Shareholders' Meeting adopts a resolution regarding the appropriation of net income as proposed. The performance-related component for the 2012 financial year totalled €210 thousand after the Shareholders' Meeting adopted a resolution regarding the appropriation of net income as proposed
8 in addition an amount of €145 thousand was assumed in the 2012 financial year for some former executives within the framework of insurance benefits under a corporate Directors and Officers insurance policy, the accrued taxes and legal costs

It is the task of the plenary sessions of the Supervisory Board of the Bank to discuss and decide on a proposal put forward by the Remuneration & Nomination Committee of the Supervisory Board regarding the structure of the compensation of members of the Management Board. Furthermore, the plenary sessions of the Supervisory Board determine the total compensation of each member of the Management Board, also upon proposal by the Remuneration & Nomination Committee. Appropriateness and sustainability are key criteria for the form and structure of compensation paid to members of the Management Board. The structure of compensation is derived from the service agreements with the members of the Bank's Management Board. It has two components: fixed salary and a variable element.

Pension commitments for seven members of the Management Board are shown in the table alongside the direct emoluments. Seven members took part in the employer-financed, fund-linked pension scheme for executives (known as AgfA) in 2013. The Bank will provide/has provided 35% of the fixed salary contributions (2013: €1,302,000, 2012: €1,071,496). It has been agreed with the members of the Management Board that this amount of their pay would be converted which means that, instead of a disbursed sum of money, the Management Board member receives a pension commitment to the same value from the Bank.

Other Information (Continued)

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

Compensation paid to members of the Management Board for positions on supervisory boards of any UniCredit group companies is surrendered to the Bank.

At 31 December 2013, there were pension provisions in the amount of €36 million (2012: €35 million) payable to former members of the Management Board, and retired members of the Management Board of HVB and their surviving dependants, as calculated in accordance with actuarial principles using the projected unit credit method, taking into account anticipated future rises in salaries and pensions. Pension commitments for former executives of HVB were transferred to HVB Trust Pensionsfonds AG when it was set up.

Share-based compensation was granted to the members of the Management Board in the reporting period in the form of performance shares. A set number of UniCredit shares (performance shares) are transferred free of charge if, after a period of three years, the relevant targets have been met and the recipient is still working for UniCredit; otherwise, the performance shares are normally forfeited.

Details of share-based compensation

MEMBERS OF THE MANAGEMENT BOARD OF UNICREDIT BANK AG	2013	2012
Options		
Stock options	—	708,781
Fair value per option on grant date (€)	—	1.8670
Performance shares		
Performance shares	719,983	187,869
Fair value per performance share on grant date (€)	3.520	4.010

56 Loans to executive board members

Loans and advances made to, and contingent liabilities and liabilities assumed for, related parties at the reporting date were as follows: Members of the Supervisory Board and Management Board at HVB and their respective immediate family members are considered related parties. (€ thousands)

	2013			2012		
	LOANS AND ADVANCES	CONTINGENT LIABILITIES	LIABILITIES	LOANS AND ADVANCES	CONTINGENT LIABILITIES	LIABILITIES
Members of the Management Board	937	7	5,709	1,180	6	4,623
Members of the Supervisory Board	4,682	15	8,424	2,752	23	3,664

Loans and advances were granted to members of the Management Board and their immediate family members in the form of mortgage loans with interest rates of between 3.3% and 3.96% and falling due in the period from 2016 to 2021.

Loans and advances were granted to members of the Supervisory Board and their immediate family members in the form of credit facilities with interest rates of 6% and no fixed maturity, overdraft facilities with interest rates of between 2% and 11.15% with no fixed maturity and mortgage loans with interest rates of between 0.9% (including a discount) and 4.35% falling due in the period from 2016 to 2029.

All banking transactions involving the group of people listed were conducted at customary market terms with the usual collateral.

57 Executive Boards

Supervisory Board

Federico Ghizzoni	**Chairman**
Peter König Dr Wolfgang Sprissler	**Deputy Chairmen**
Aldo Bulgarelli Beate Dura-Kempf Klaus Grünewald Werner Habich Dr Marita Kraemer since 1 January 2014 Dr Lothar Meyer Marina Natale Klaus-Peter Prinz Jens-Uwe Wächter Dr Susanne Weiss until 31 December 2013	**Ordinary Members**

Management Board

Dr Andreas Bohn	**Corporate & Investment Banking**
Peter Buschbeck	**Commercial Banking/ Private Clients Bank**
Jürgen Danzmayr	**Commercial Banking/ Private Clients Bank (main focus Private Banking)**
Lutz Diederichs	**Commercial Banking/ Unternehmer Bank**
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**

List of Executives and Outside Directorships[1]

58 Supervisory Board

NAME OCCUPATION PLACE OF RESIDENCE	POSITIONS[1] ON STATUTORY SUPERVISORY BOARDS OF OTHER GERMAN COMPANIES	POSITIONS[1] ON COMPARABLE BOARDS OF GERMAN AND FOREIGN COMPANIES
Federico Ghizzoni Chief Executive Officer of UniCredit S.p.A., Milan Chairman of the Supervisory Board of UniCredit Bank AG		
Peter König Employee, UniCredit Bank AG, Haar-Salmdorf Deputy Chairman	BVV Pensionsfonds des Bankgewerbes AG, Berlin	BVV Versicherungsverein des Bankgewerbes a. G., Berlin BVV Versorgungskasse des Bankgewerbes e. V., Berlin
Dr Wolfgang Sprissler Former Board Spokesman of UniCredit Bank AG, Sauerlach Deputy Chairman	HFI Hansische Vermögensverwaltungs Aktiengesellschaft, Hamburg (Chairman)	UniCredit Bank Austria AG, Vienna Dr. R. Pfleger Chemische Fabrik GmbH, Bamberg (Deputy Chairman)
Aldo Bulgarelli Attorney, BULGARELLI & CO. AVVOCATI, Verona		AMMANN Italy S.p.A., Bussolengo (President of the Collegio Sindacale)
Beate Dura-Kempf Employee, UniCredit Bank AG, Litzendorf		
Klaus Grünewald FB1 unit manager in the Bavarian division of Vereinte Dienstleistungsgewerkschaft, Gröbenzell	FIDUCIA IT AG, Karlsruhe	
Werner Habich Employee, UniCredit Bank AG, Mindelheim		
Dr Marita Kraemer since 1 January 2014 Member of the Management Board of Zürich Beteiligungs-Aktiengesellschaft (Deutschland) and member of the Management Board of Zurich Service GmbH, Frankfurt am Main	DAB Bank AG, Munich, until 31 December 2013	

1 as of 31 December 2013

NAME OCCUPATION PLACE OF RESIDENCE	POSITIONS[1] ON STATUTORY SUPERVISORY BOARDS OF OTHER GERMAN COMPANIES	POSITIONS[1] ON COMPARABLE BOARDS OF GERMAN AND FOREIGN COMPANIES
Dr Lothar Meyer Former Chairman of the Managment Board of ERGO Versicherungsgruppe AG, Bergisch Gladbach	ERGO Versicherungsgruppe AG, Düsseldorf	
Marina Natale Chief Financial Officer of UniCredit S.p.A., member of the Executive Management Committee of UniCredit S.p.A., Uboldo		Pioneer Asset Global Management S.p.A., Milan[2]
Klaus-Peter Prinz Employee, UniCredit Luxembourg S. A., Trier		
Jens-Uwe Wächter Employee, UniCredit Bank AG, Himmelpforten		HypoVereinsbank Betriebskrankenkasse (HVB BKK), Munich (Chairman), until 31 December 2013
Dr Susanne Weiss until 31 December 2013 Attorney and partner in law office Weiss, Walter, Fischer-Zernin, Munich	Giesecke & Devrient GmbH, Munich ROFA AG, Kolbermoor (Chairman) Wacker Chemie AG, Munich Schattdecor AG, Thansau, since 24 June 2013	Allgemeine Baugesellschaft – A. Porr AG, Vienna

1 as of 31 December 2013
2 Group directorship

List of Executives and Outside Directorships[1] (Continued)

59 Management Board

NAME	POSITIONS[1] ON STATUTORY SUPERVISORY BOARDS OF OTHER GERMAN COMPANIES	POSITIONS[1] ON COMPARABLE BOARDS OF GERMAN AND FOREIGN COMPANIES
Dr Andreas Bohn born 1963 Corporate & Investment Banking	HVB Capital Partners AG, Munich (Chairman)[2], until 19 January 2014	FSL Holdings Pte. Ltd., Singapore, until 31 May 2013 HVB Principal Equity GmbH, Munich, (Chairman)[2] SwanCap Partners GmbH, Munich (Chairman)[2], since 5 December 2013 Tikehau Investment Management S.A.S., Paris
Peter Buschbeck born 1961 Commercial Banking/Private Clients Bank	Bankhaus Neelmeyer AG, Bremen (Chairman)[2] DAB Bank AG, Munich[2] PlanetHome AG, Unterföhring near Munich (Chairman)[2] UniCredit Direct Services GmbH, Munich (Chairman)[2] UniCredit Global Business Services GmbH, Munich[2]	Wealth Management Capital Holding GmbH, Munich (Chairman)[2], since 1 January 2013
Jürgen Danzmayr born 1950 Commercial Banking/Private Clients Bank (main focus Private Banking)		Schoellerbank AG, Vienna Wealth Management Capital Holding GmbH, Munich[2] UniCredit Luxembourg S.A., Luxembourg[2]
Lutz Diederichs born 1962 Commercial Banking/Unternehmer Bank		UniCredit Luxembourg S.A., Luxembourg[2] UniCredit Leasing GmbH, Hamburg (Chairman)[2], since 15 February 2013 UniCredit Leasing Finance GmbH, Hamburg (Chairman)[2], since 15 February 2013
Peter Hofbauer born 1964 Chief Financial Officer (CFO)	HVB Immobilien AG, Munich (Deputy Chairman)[2] HVB Trust Pensionsfonds AG, Munich (Deputy Chairman) UniCredit Global Business Services GmbH, Munich[2]	Wealth Management Capital Holding GmbH, Munich (Deputy Chairman)[2]
Heinz Laber born 1953 Human Resources Management, Global Banking Services	HVB Immobilien AG, Munich (Chairman)[2] HVB Trust Pensionsfonds AG, Munich (Chairman) Internationales Immobilien-Institut GmbH, Munich[2], until 31 October 2013 BVV Pensionsfonds des Bankgewerbes AG, Berlin (Chairman) UniCredit Global Business Services GmbH, Munich (Chairman)[2]	BVV Versorgungskasse des Bankgewerbes e. V., Berlin (Chairman) BVV Versicherungsverein des Bankgewerbes a. G., Berlin (Chairman) ESMT European School of Management and Technology GmbH, Berlin
Andrea Umberto Varese born 1964 Chief Risk Officer (CRO)	HVB Immobilien AG, Munich[2] UniCredit Global Business Services GmbH, Munich[2]	UniCredit Credit Management Bank S.p.A., Verona, until 12 March 2013 UniCredit Luxembourg S.A., Luxembourg (Deputy Chairman)[2] Wealth Management Capital Holding GmbH, Munich[2]
Dr Theodor Weimer born 1959 Board Spokesman	Bayerische Börse AG, Munich DAB Bank AG, Munich (Chairman)[2] ERGO Versicherungsgruppe AG, Düsseldorf	UniCredit Luxembourg S.A., Luxembourg (Chairman)[2]

1 as of 31 December 2013
2 Group directorship

60 List of employees and outside directorships

NAME	POSITIONS ON STATUTORY SUPERVISORY BOARDS OF OTHER COMPANIES
Matthias Biebl	Wacker Chemie AG, Munich
Thomas Breiner	AGROB Immobilien AG, Ismaning[2]
Joachim Dobrikat	VALOVIS BANK AG, Essen
Dr Jochen Fischer	Bankhaus Neelmeyer AG, Bremen[2] PlanetHome AG, Unterföhring near Munich[2]
Matthias Glückert	Oechsler AG, Ansbach
Christian Klatt	Bankhaus Neelmeyer AG, Bremen[2]
Dr Andreas Luber	ConCardis GmbH, Eschborn
Jörg Pietzner	Bankhaus Neelmeyer AG, Bremen[2]
Dr Guido Schacht	AVAG Holding SE, Augsburg
Peter Weidenhöfer	AGROB Immobilien AG, Ismaning[2]

1 as of 31 December 2013
2 Group directorship

List of Holdings

Compliant with Section 313 (2) German Commercial Code for the consolidated financial statements and Section 285 No. 11 and 11a German Commercial Code for the annual statements of UniCredit Bank AG

61 List of Holdings

		SHARE OF CAPITAL IN %			EQUITY CAPITAL	NET PROFIT
NAME	REGISTERED OFFICE	TOTAL	OF WHICH HELD INDIRECTLY	CURRENCY	in thousands of currency units	in thousands of currency units
1 Subsidiaries of HVB Group						
1.1 Consolidated subsidiaries						
1.1.1 Banks						
1.1.1.1 Domestic banks and financial institutions						
Bankhaus Neelmeyer AG	Bremen	100.0		EUR	63,400	[1.1]
DAB Bank AG	Munich	81.4		EUR	207,777	18,198
UniCredit Leasing Finance GmbH	Hamburg	100.0	100.0	EUR	160,013	[2]
1.1.1.2 Foreign banks and financial institutions						
direktanlage.at AG	Salzburg	100.0	100.0	EUR	45,350	3,303
UniCredit Luxembourg S.A.	Luxembourg	100.0		EUR	1,315,927	129,135
1.1.2 Other consolidated companies						
Acis Immobilien- und Projektentwicklungs GmbH & Co.						
Oberbaum City KG[3]	Grünwald	100.0	100.0	EUR	27	709
Acis Immobilien- und Projektentwicklungs GmbH & Co.						
Parkkolonnaden KG[3]	Grünwald	100.0	100.0	EUR	32	9,441
Acis Immobilien- und Projektentwicklungs GmbH & Co.						
Stuttgart Kronprinzstraße KG[3]	Grünwald	100.0	100.0	EUR	36	646
Active Asset Management GmbH	Grünwald	100.0	100.0	EUR	198	(10)
AGROB Immobilien AG (share of voting rights: 75.0%)[4]	Ismaning	52.7	52.7	EUR	21,564	1,574
Antus Immobilien- und Projektentwicklungs GmbH	Munich	90.0	90.0	EUR	(16,872)	0
Argentaurus Immobilien-Vermietungs- und Verwaltungs GmbH[3]	Munich	100.0	100.0	EUR	793	[2]
ARRONDA Immobilienverwaltungs GmbH	Munich	100.0	100.0	EUR	(44,501)	951
Atlanterra Immobilienverwaltungs GmbH	Munich	90.0	90.0	EUR	(39,212)	0
A&T-Projektentwicklungs GmbH & Co.						
Potsdamer Platz Berlin KG[3]	Munich	100.0	100.0	EUR	(37,263)	(3)
Aufbau Dresden GmbH	Munich	100.0	100.0	EUR	(23,944)	0
BaLea Soft GmbH & Co. KG	Hamburg	100.0	100.0	EUR	6,409	495
BaLea Soft Verwaltungsgesellschaft mbH	Hamburg	100.0	100.0	EUR	87	2
Bank Austria ImmobilienService GmbH	Vienna	100.0	100.0	EUR	566	38
B.I. International Limited	George Town	100.0	100.0	EUR	(1,045)	(96)
BIL Immobilien Fonds GmbH & Co Objekt Perlach KG[3]	Munich	100.0	100.0	EUR	3,148	(1,291)
BIL Leasing-Fonds GmbH & Co VELUM KG (share of						
voting rights: 66.7% total, of which 33.3% held indirectly)	Munich	100.0		EUR	(2)	0
BIL Leasing-Fonds Verwaltungs-GmbH	Munich	100.0	100.0	EUR	33	0
Blue Capital Europa Immobilien GmbH & Co.						
Achte Objekte Großbritannien KG	Hamburg	100.0	100.0	EUR	6,593	8,956
BV Grundstücksentwicklungs-GmbH[3]	Munich	100.0	100.0	EUR	511	[2]
BV Grundstücksentwicklungs-GmbH & Co. Verwaltungs-KG[3]	Munich	100.0		EUR	511	70
CUMTERRA Gesellschaft für Immobilienverwaltung mbH[3]	Munich	100.0	93.8	EUR	26	[2]
Delpha Immobilien- und Projektentwicklungs GmbH & Co.						
Großkugel Bauabschnitt Alpha Management KG[3]	Munich	100.0	100.0	EUR	(22,880)	0
Delpha Immobilien- und Projektentwicklungs GmbH & Co.						
Großkugel Bauabschnitt Beta Management KG[3]	Munich	100.0	100.0	EUR	(53,477)	0
Delpha Immobilien- und Projektentwicklungs GmbH & Co.						
Großkugel Bauabschnitt Gamma Management KG[3]	Munich	100.0	100.0	EUR	(59,493)	0
Enderlein & Co. GmbH	Bielefeld	100.0	100.0	EUR	114	[2]
Erste Onshore Windkraft Beteiligungsgesellschaft mbH & Co.						
Windpark Grefrath KG (share of voting rights: 68.3%)	Oldenburg	68.5	68.5	EUR	705	109
Erste Onshore Windkraft Beteiligungsgesellschaft mbH & Co.						
Windpark Krähenberg KG (share of voting rights: 68.3%)	Oldenburg	68.5	68.5	EUR	(1,608)	(67)
Erste Onshore Windkraft Beteiligungsgesellschaft mbH & Co.						
Windpark Mose KG (share of voting rights: 68.3%)	Oldenburg	68.5	68.5	EUR	485	154
Food & more GmbH	Munich	100.0		EUR	235	[1.2]

NAME	REGISTERED OFFICE	SHARE OF CAPITAL IN % TOTAL	SHARE OF CAPITAL IN % OF WHICH HELD INDIRECTLY	CURRENCY	EQUITY CAPITAL in thousands of currency units	NET PROFIT in thousands of currency units
GIMMO Immobilien-Vermietungs- und						
Verwaltungs GmbH	Munich	100.0	100.0	EUR	26	[2]
Golf- und Country Club Seddiner See Immobilien GmbH	Munich	100.0	100.0	EUR	(15,507)	0
Grand Central Re Limited	Hamilton	92.5		USD	34,192	(11,502)
Grundstücksaktiengesellschaft am Potsdamer Platz						
(Haus Vaterland)	Munich	98.2	98.2	EUR	4,495	[2]
Grundstücksgesellschaft Simon						
beschränkt haftende Kommanditgesellschaft[3]	Munich	100.0	100.0	EUR	52	(4)
H & B Immobilien GmbH & Co. Objekte KG[3]	Munich	100.0	100.0	EUR	5	(28)
HAWA Grundstücks GmbH & Co. OHG Hotelverwaltung[3]	Munich	100.0	100.0	EUR	276	(16)
HAWA Grundstücks GmbH & Co. OHG Immobilienverwaltung[3]	Munich	100.0	100.0	EUR	54	187
H.F.S. Hypo-Fondsbeteiligungen für Sachwerte GmbH	Munich	100.0	90.0	EUR	5,101	[2]
H.F.S. Immobilienfonds GmbH	Ebersberg	100.0	100.0	EUR	26	[2]
HJS 12 Beteiligungsgesellschaft mbH	Munich	100.0		EUR	277	3
HVB Asia Limited[4,5]	Singapore	100.0		EUR	3,662	(3)
HVB Asset Leasing Limited	London	100.0	100.0	USD	2,137	1,991
HVB Asset Management Holding GmbH	Munich	100.0	100.0	EUR	25	[2]
HVB Capital LLC	Wilmington	100.0		USD	1,128	87
HVB Capital LLC II	Wilmington	100.0		GBP	2	0
HVB Capital LLC III	Wilmington	100.0		USD	1,107	90
HVB Capital Partners AG[3]	Munich	100.0		EUR	12,671	[1,3]
HVB Export Leasing GmbH	Munich	100.0		EUR	39	0
HVB Finance London Limited	London	100.0		EUR	25	0
HVB Funding Trust II	Wilmington	100.0		GBP	2	0
HVB Gesellschaft für Gebäude Beteiligungs GmbH	Munich	100.0		EUR	27	1
HVB Gesellschaft für Gebäude mbH & Co KG[3]	Munich	100.0		EUR	871,401	8,528
HVB Global Assets Company (GP), LLC	City of Dover	100.0		USD	155	8
HVB Hong Kong Limited	Hong Kong	100.0		USD	5,262	223
HVB Immobilien AG[3]	Munich	100.0		EUR	86,644	[1,4]
HVB Investments (UK) Limited	George Town	100.0		GBP	0	(23)
HVB Life Science GmbH & Co. Beteiligungs-KG	Munich	100.0		EUR	1,014	(11)
HVB London Investments (AVON) Limited	London	100.0		GBP	0	(23)
HVB London Investments (CAM) Limited	London	100.0		GBP	100	0
HVB Principal Equity GmbH[3]	Munich	100.0		EUR	34	[1,5]
HVB Profil Gesellschaft für Personalmanagement mbH[3]	Munich	100.0		EUR	28	[1,6]
HVB Projekt GmbH[3]	Munich	100.0	94.0	EUR	72,151	[2]
HVB Realty Capital Inc.	New York	100.0	100.0	USD	0	0
HVB Secur GmbH	Munich	100.0	100.0	EUR	126	10
HVB Tecta GmbH[3]	Munich	100.0	94.0	EUR	1,751	[2]
HVB Verwa 1 GmbH	Munich	100.0		EUR	41	[1,7]
HVB Verwa 4 GmbH	Munich	100.0		EUR	10,132	[1,8]
HVB Verwa 4.4 GmbH[3]	Munich	100.0	100.0	EUR	10,025	[2]
HVBFF International Greece GmbH[4]	Munich	100.0	100.0	EUR	65	740
HVBFF Internationale Leasing GmbH	Munich	100.0	100.0	EUR	9	1
HVBFF Objekt Beteiligungs GmbH	Munich	100.0	100.0	EUR	41	(2)
HVBFF Produktionshalle GmbH i.L.	Munich	100.0	100.0	EUR	20	0
HVZ GmbH & Co. Objekt KG[3]	Munich	100.0	100.0	EUR	148,091	(21,764)
Hypo-Bank Verwaltungszentrum GmbH	Munich	100.0	100.0	EUR	11	2
Hypo-Bank Verwaltungszentrum GmbH & Co. KG						
Objekt Arabellastraße[3]	Munich	100.0	100.0	EUR	26	(1,877)
HYPO-REAL Haus- und Grundbesitz Gesellschaft mbH & Co.						
Immobilien-Vermietungs KG[3]	Munich	80.0	80.0	EUR	(850)	0
HypoVereinsFinance N.V.	Amsterdam	100.0		EUR	2,106	207
Interra Gesellschaft für Immobilienverwaltung mbH[3]	Munich	100.0	93.8	EUR	51	[2]

List of Holdings (Continued)

NAME	REGISTERED OFFICE	SHARE OF CAPITAL IN % TOTAL	SHARE OF CAPITAL IN % OF WHICH HELD INDIRECTLY	CURRENCY	EQUITY CAPITAL in thousands of currency units	NET PROFIT in thousands of currency units
Keller Crossing Texas, LP	Wilmington	100.0	100.0	USD	1,871	209
Kinabalu Financial Products LLP	London	100.0		GBP	858	(26)
Kinabalu Financial Solutions Limited	London	100.0		GBP	3,988	(11)
Life Management Erste GmbH	Munich	100.0	100.0	EUR	24	[2]
Life Management Zweite GmbH	Grünwald	100.0	100.0	EUR	26	[2]
Life Science I Beteiligungs GmbH	Munich	100.0	100.0	EUR	(763)	911
MERKURHOF Grundstücksgesellschaft mit beschränkter Haftung[3]	Munich	100.0		EUR	16,692	[1,9]
MILLETERRA Gesellschaft für Immobilienverwaltung mbH[3]	Munich	100.0	100.0	EUR	25	[2]
Mobility Concept GmbH	Oberhaching	60.0	60.0	EUR	7,852	3,469
Movie Market Beteiligungs GmbH	Munich	100.0	100.0	EUR	16	(1)
NF Objekt FFM GmbH[3]	Munich	100.0	100.0	EUR	125	[2]
NF Objekt München GmbH[3]	Munich	100.0	100.0	EUR	75	[2]
NF Objekte Berlin GmbH[3]	Munich	100.0	100.0	EUR	15,725	[2]
NXP Co-Investment Partners VIII, L.P.	London	85.0	85.0	EUR	18	7,382
Ocean Breeze Asset GmbH & Co. KG	Munich	100.0	100.0	EUR	(8)	0
Ocean Breeze Energy GmbH & Co. KG[3]	Munich	100.0	100.0	EUR	(24,994)	34,525
Ocean Breeze GmbH	Munich	100.0	100.0	EUR	24	1
Omnia Grundstücks-GmbH & Co. Objekt Eggenfeldener Straße KG[3]	Munich	100.0	94.0	EUR	26	(1)
Omnia Grundstücks-GmbH & Co. Objekt Haidenauplatz KG[3]	Munich	100.0	94.0	EUR	26	(142)
Orestos Immobilien-Verwaltungs GmbH[3]	Munich	100.0	100.0	EUR	56,674	[2]
Othmarschen Park Hamburg GmbH & Co. Centerpark KG[3]	Munich	100.0	100.0	EUR	(18,942)	0
Othmarschen Park Hamburg GmbH & Co. Gewerbepark KG[3]	Munich	100.0	100.0	EUR	(44,083)	0
Perikles 20092 Vermögensverwaltung GmbH	Munich	100.0	100.0	EUR	25	2
PlanetHome AG	Unterföhring	100.0		EUR	21,035	(5,364)
PlanetHome GmbH	Mannheim	100.0	100.0	EUR	627	67
Portia Grundstücks-Verwaltungsgesellschaft mbH & Co. Objekt KG[3]	Munich	100.0	100.0	EUR	500,014	(4,250)
"Portia" Grundstücksverwaltungs-Gesellschaft mit beschränkter Haftung	Munich	100.0	100.0	EUR	29	1
Redstone Mortgages Limited	London	100.0		GBP	(188,061)	12,214
RHOTERRA Gesellschaft für Immobilienverwaltung mbH[3]	Munich	100.0	93.8	EUR	26	[2]
Roncasa Immobilien-Verwaltungs GmbH	Munich	90.0	90.0	EUR	(39,995)	0
Salvatorplatz-Grundstücksgesellschaft mbH	Munich	100.0	100.0	EUR	711	[2]
Salvatorplatz-Grundstücksgesellschaft mbH & Co. OHG Saarland[3]	Munich	100.0	100.0	EUR	1,534	553
Salvatorplatz-Grundstücksgesellschaft mbH & Co. OHG Verwaltungszentrum[3]	Munich	100.0	100.0	EUR	2,301	8,383
Selfoss Beteiligungsgesellschaft mbH[3]	Grünwald	100.0	100.0	EUR	25	[2]
Simon Verwaltungs-Aktiengesellschaft i.L.[4]	Munich	<100,0		EUR	3,102	(27)
Sirius Immobilien- und Projektentwicklungs GmbH	Munich	100.0	100.0	EUR	(143,835)	[2]
SOLARIS Verwaltungsgesellschaft mbH & Co. Vermietungs KG[3]	Munich	94.9	94.9	EUR	0	0
Solos Immobilien- und Projektentwicklungs GmbH & Co. Sirius Beteiligungs KG[3]	Munich	100.0	100.0	EUR	(35,748)	0
Spree Galerie Hotelbetriebsgesellschaft mbH[3]	Munich	100.0	100.0	EUR	249	[2]
Status Vermögensverwaltung GmbH[3]	Schwerin	100.0		EUR	2,102	[1,10]
Structured Invest Société Anonyme	Luxembourg	100.0		EUR	9,278	484
Structured Lease GmbH	Hamburg	100.0	100.0	EUR	36,750	[2]
T & P Frankfurt Development B.V.	Amsterdam	100.0	100.0	EUR	(7,000)	(9)
T & P Vastgoed Stuttgart B.V.	Amsterdam	87.5	87.5	EUR	(15,489)	(23)
TERRENO Grundstücksverwaltung GmbH & Co. Entwicklungs- und Finanzierungsvermittlungs-KG[3]	Munich	75.0	75.0	EUR	(268,579)	0
Terronda Development B.V.	Amsterdam	100.0	100.0	EUR	(420)	(18)
TIVOLI Grundstücks-Aktiengesellschaft	Munich	99.7	99.7	EUR	16,666	9,150
Transterra Gesellschaft für Immobilienverwaltung mbH[3]	Munich	100.0	93.8	EUR	26	[2]

NAME	REGISTERED OFFICE	SHARE OF CAPITAL IN % TOTAL	OF WHICH HELD INDIRECTLY	CURRENCY	EQUITY CAPITAL in thousands of currency units	NET PROFIT in thousands of currency units
TRICASA Grundbesitz Gesellschaft mbH & Co.						
1. Vermietungs KG[3]	Munich	100.0	100.0	EUR	7,495	691
TRICASA Grundbesitzgesellschaft des bürgerlichen Rechts Nr. 1	Munich	100.0	100.0	EUR	18,018	876
Trinitrade Vermögensverwaltungs-Gesellschaft						
mit beschränkter Haftung	Munich	100.0		EUR	1,321	(2)
UniCredit Beteiligungs GmbH	Munich	100.0		EUR	1,147	1.11
UniCredit CAIB Securities UK Ltd.	London	100.0		GBP	444	(9)
UniCredit Capital Markets LLC	New York	100.0	100.0	USD	22,878	1,453
UniCredit (China) Advisory Limited	Beijing	100.0		CNY	1,888	226
UniCredit Direct Services GmbH[3]	Munich	100.0		EUR	888	1.12
UniCredit Global Business Services GmbH	Unterföhring	100.0		EUR	7,096	1,278
UniCredit Leasing Aviation GmbH	Hamburg	100.0	100.0	EUR	(2,433)	(6,995)
UniCredit Leasing GmbH	Hamburg	100.0		EUR	452,026	1.13
UniCredit London Investments Limited	London	100.0		EUR	0	0
UniCredit U.S. Finance LLC	Wilmington	100.0		USD	39,539	175
US Property Investments Inc.	Dallas	100.0		USD	714	43
Verba Verwaltungsgesellschaft mit beschränkter Haftung	Munich	100.0		EUR	757	(5)
Vermietungsgesellschaft mbH & Co. Objekt MOC KG[3]	Munich	88.0	88.0	EUR	(106,230)	5,655
Verwaltungsgesellschaft Katharinenhof mbH[3]	Munich	100.0		EUR	708	1.14
V.M.G. Vermietungsgesellschaft mbH	Munich	100.0	100.0	EUR	26	2
VuWB Investments Inc.	Atlanta	100.0	100.0	USD	509	397
Wealth Capital Investments, Inc.	Wilmington	100.0	100.0	USD	1,433	(8)
Wealth Management Capital Holding GmbH	Munich	100.0		EUR	20,475	1.15
WealthCap Equity GmbH	Munich	100.0	100.0	EUR	(1,512)	(2,012)
WealthCap Equity Management GmbH	Munich	100.0	100.0	EUR	639	614
WealthCap Fonds GmbH	Munich	100.0	100.0	EUR	(571)	(1,083)
WealthCap Initiatoren GmbH	Munich	100.0	100.0	EUR	329	(1,205)
WealthCap Investorenbetreuung GmbH	Munich	100.0	100.0	EUR	155	2
WealthCap Leasing GmbH	Grünwald	100.0	100.0	EUR	0	8
WealthCap PEIA Komplementär GmbH	Grünwald	100.0	100.0	EUR	8	(21)
WealthCap PEIA Management GmbH	Munich	100.0	94.0	EUR	1,519	473
WealthCap Real Estate Management GmbH	Munich	100.0	100.0	EUR	108	2
WealthCap Stiftungstreuhand GmbH	Munich	100.0	100.0	EUR	44	8
WealthCap USA Immobilien Verwaltungs GmbH	Munich	100.0	100.0	EUR	153	103
1.2 Non-consolidated subsidiaries						
of HVB Group[6]						
Other non-consolidated subsidiaries						
Acis Immobilien- und Projektentwicklungs GmbH	Grünwald	100.0	100.0	EUR	25	2
AGRUND Grundstücks-GmbH	Munich	90.0	90.0			
Alexandersson Real Estate I B.V.	Apeldoorn	100.0	100.0			
"Alte Schmelze" Projektentwicklungsgesellschaft mbH	Munich	100.0	100.0			
Altea Verwaltungsgesellschaft mbH & Co. Objekt I KG	Munich	100.0	100.0	EUR	435	391
AMMS Ersatz-Komplementär GmbH	Ebersberg	100.0	100.0			
AMMS Komplementär GmbH	Ebersberg	98.8	98.8	EUR	278	252
ANWA Gesellschaft für Anlagenverwaltung mbH	Munich	95.0	93.8			
Apir Verwaltungsgesellschaft mbH & Co.						
Immobilien- und Vermietungs KG	Munich	100.0	100.0	EUR	(20,769)	953
Arena Stadion Beteiligungsverwaltungs-GmbH	Munich	100.0				
Argentum Media GmbH & Co. KG	Munich	100.0				
A&T-Projektentwicklungs-Verwaltungs GmbH	Munich	100.0	100.0			
Bayerische Wohnungsgesellschaft für Handel und Industrie,						
Gesellschaft mit beschränkter Haftung	Munich	100.0	100.0	EUR	294	2
BFL Beteiligungsgesellschaft für Flugzeug-Leasing mbH	Munich	100.0				
BIL Aircraftleasing GmbH	Grünwald	100.0	100.0			
BIL Immobilien Fonds GmbH	Munich	100.0	100.0			

List of Holdings (Continued)

NAME	REGISTERED OFFICE	SHARE OF CAPITAL IN % TOTAL	OF WHICH HELD INDIRECTLY	CURRENCY	EQUITY CAPITAL in thousands of currency units	NET PROFIT in thousands of currency units
Blue Capital Metro Amerika Inc.	Atlanta	100.0	100.0			
BV Grundstücksentwicklungs-GmbH & Co.						
Schloßberg-Projektentwicklungs-KG	Munich	100.0	100.0			
CL Dritte Car Leasing GmbH & Co. KG i.L.	Hamburg	100.0	100.0			
CL Dritte Car Leasing Verwaltungsgesellschaft mbH i.L.	Hamburg	100.0	100.0			
Deltaterra Gesellschaft für Immobilienverwaltung mbH	Munich	100.0	93.8	EUR	26	[2]
Ferra Immobilien- und Projektentwicklungs GmbH & Co.						
Projekt Großenhainer Straße KG	Munich	100.0	100.0	EUR	(10,733)	0
FGB Grund und Boden GmbH & Co. KG	Munich	100.0	100.0	EUR	(4,002)	0
GCCS Golfanlagen Errichtungs- und Verwaltungs GmbH	Munich	100.0	100.0	EUR	26	[2]
Großkugel Immobilien- und Projektentwicklungs GmbH	Munich	100.0	100.0	EUR	(3,354)	[2]
H.F.S. Immobilienfonds Deutschland 1 Komplementär GmbH	Grünwald	100.0	100.0			
H.F.S. Immobilienfonds Deutschland 3 Komplementär GmbH	Grünwald	100.0	100.0			
H.F.S. Immobilienfonds Deutschland 4 Komplementär GmbH	Grünwald	100.0	100.0			
H.F.S. Immobilienfonds Deutschland 6 Komplementär GmbH	Grünwald	100.0	100.0			
H.F.S. Immobilienfonds Deutschland 7 Komplementär GmbH	Grünwald	100.0	100.0			
H.F.S. Immobilienfonds Deutschland 8 Komplementär GmbH	Grünwald	100.0	100.0			
H.F.S. Immobilienfonds Deutschland 9 Komplementär GmbH	Grünwald	100.0	100.0			
H.F.S. Immobilienfonds Deutschland 10 Komplementär GmbH	Grünwald	100.0	100.0			
H.F.S. Immobilienfonds Deutschland 11 Komplementär GmbH	Grünwald	100.0	100.0			
H.F.S. Immobilienfonds Deutschland 12 Komplementär GmbH	Grünwald	100.0	100.0			
H.F.S. Immobilienfonds Deutschland 15 Komplementär GmbH	Grünwald	100.0	100.0			
H.F.S. Immobilienfonds Deutschland 16 Komplementär GmbH	Grünwald	100.0	100.0			
H.F.S. Immobilienfonds Deutschland 18 Komplementär GmbH	Grünwald	100.0	100.0			
H.F.S. Immobilienfonds Deutschland 19 GmbH & Co. KG	Munich	100.0	100.0			
H.F.S. Immobilienfonds Europa 2 Beteiligungs GmbH	Munich	100.0	100.0			
H.F.S. Immobilienfonds Europa 3 Beteiligungs B.V.	The Hague	100.0	100.0			
H.F.S. Immobilienfonds Europa 3 Komplementär GmbH	Grünwald	100.0	100.0			
H.F.S. Immobilienfonds GmbH & Co. Europa 4 KG	Munich	100.0	100.0			
H.F.S. Istanbul 1 Gayrimenkul Yönetimi Limited Sirketi	Istanbul	100.0	100.0			
H.F.S. Istanbul 2 Gayrimenkul Yönetimi Limited Sirketi	Istanbul	100.0	100.0			
H.F.S. Leasingfonds Deutschland 1 Komplementär GmbH	Grünwald	100.0	100.0			
H.F.S. Leasingfonds Deutschland 7 Komplementär GmbH	Grünwald	100.0	100.0			
H.F.S. Leasingfonds GmbH	Ebersberg	100.0	100.0			
H.F.S. Value Management GmbH	Munich	100.0	100.0			
H.F.S. Zweitmarktfonds Deutschland 1 Komplementär GmbH	Grünwald	100.0	100.0			
H.F.S. Zweitmarktfonds Deutschland 2 Komplementär GmbH	Grünwald	100.0	100.0			
H.F.S. Zweitmarktfonds Deutschland 3 GmbH & Co. KG	Munich	100.0	100.0			
H.F.S. Zweitmarktfonds Deutschland 4 GmbH & Co. KG	Munich	100.0	100.0			
Hofgarten Real Estate B.V. (share of voting rights: 50.5%)	Amsterdam	47.2	47.2	EUR	(49,216)	(38)
Hotel Seddiner See GmbH	Munich	100.0	100.0			
HVBFF Baumanagement GmbH	Munich	100.0	100.0	EUR	50	[2]
HVBFF Kapitalvermittlungs GmbH	Munich	100.0	100.0	EUR	19	[2]
HVBFF Leasing & Investition GmbH & Co Erste KG	Munich	100.0	100.0			
HVBFF Leasing Objekt GmbH	Munich	100.0	100.0			
HVBFF Leasing-Fonds Verwaltungs GmbH	Munich	100.0	100.0			
HVBFF Objekt Leipzig GmbH	Leipzig	70.0	70.0			
HVB Life Science GmbH	Munich	100.0				
HVB London Trading Ltd.	London	100.0				
HVB Mortgage Capital Corp.	Wilmington	100.0	100.0			
HVB Services South Africa (Proprietary) Limited	Johannesburg	100.0				
HVZ GmbH & Co. Objekt Unterföhring KG	Munich	100.0	100.0			
HYPO-REAL Haus- und Grundbesitz Gesellschaft mbH	Munich	100.0	100.0	EUR	128	[2]
Landos Immobilien- und Projektentwicklungs GmbH	Munich	100.0	100.0			
Life Britannia GP Limited	Edgware	100.0	100.0			

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Life Britannia Management GmbH	Grünwald	100.0	100.0			
Life Verwaltungs Erste GmbH	Munich	100.0	100.0			
Life Verwaltungs Zweite GmbH	Grünwald	100.0	100.0			
Motion Picture Production GmbH	Grünwald	51.2	51.2			
Mutnegra Beteiligungs- und Verwaltungs-GmbH	Munich	100.0				
Olos Immobilien- und Projektentwicklungs GmbH & Co. Grundstücksentwicklungs KG	Munich	100.0	100.0			
Olos Immobilien- und Projektentwicklungs GmbH & Co. Vermietungs KG	Munich	100.0	100.0			
Omnia Grundstücks-GmbH	Munich	100.0	100.0	EUR	26	2
Omnia Grundstücks-GmbH & Co. Betriebs KG	Munich	100.0	94.0			
Omnia Grundstücks-GmbH & Co. Objekt Ostragehege KG	Munich	100.0	94.0			
Othmarschen Park Hamburg Wohn- und Gewerbepark GmbH	Munich	100.0	100.0	EUR	102	2
Pegasus Project Stadthaus Halle GmbH	Munich	100.0	93.8	EUR	26	2
Perterra Gesellschaft für Immobilienverwaltung mbH	Munich	100.0	100.0	EUR	26	2
Projekt-GbR Kronstadter Straße München	Munich	75.0	75.0			
Quinterra Gesellschaft für Immobilienverwaltung mbH	Munich	100.0	100.0	EUR	26	2
Rolin Grundstücksplanungs- und -verwaltungsgesellschaft mbH	Munich	100.0	100.0	EUR	390	3,474
Rotus Immobilien-Verwaltungs GmbH	Munich	100.0	100.0	EUR	26	2
Saphira Immobilien- und Projektentwicklungs GmbH & Co. Frankfurt City West Office Center und Wohnbau KG	Munich	100.0	100.0			
Schloßberg-Projektentwicklungs-GmbH & Co 683 KG	Munich	100.0	100.0			
TERRENO Grundstücksverwaltung GmbH	Munich	75.0	75.0			
TERRENO Grundstücksverwaltung GmbH & Co. Objektgesellschaft Grillparzerstraße KG	Munich	75.0		EUR	(3,002)	0
Tishman Speyer Berlin Friedrichstraße KG i.L. (share of voting rights: 96.6% total, of which 7.1% held indirectly)	Munich	97.1	5.9			
VCI Volta Center Immobilienverwaltungs GmbH	Munich	100.0	100.0	EUR	(25,897)	0
VereinWest Overseas Finance (Jersey) Limited	St. Helier	100.0				
Vintners London Investments (Nile) Limited	George Town	100.0	100.0			
WCREM Canadian Management Inc.	Toronto	100.0	100.0			
Wealth Capital Management, Inc.	Wilmington	100.0	100.0			
WealthCap Aircraft 27 GmbH & Co. geschlossene Investment KG	Grünwald	100.0	100.0			
WealthCap Aircraft 27 Komplementär GmbH	Grünwald	100.0	100.0			
WealthCap Dritte Europa Immobilien Verwaltungs GmbH	Munich	100.0	100.0			
WealthCap Entity Service GmbH	Munich	100.0	100.0			
WealthCap Equity Sekundär GmbH	Munich	100.0	100.0			
WealthCap Erste Kananda Immobilien Verwaltung GmbH	Munich	100.0	100.0			
WealthCap Europa Erste Immobilien – Objekt Niederlande – Verwaltungs GmbH	Munich	100.0	100.0			
WealthCap Europa Immobilien Fünfte Objekte Österreich Komplementär GmbH	Grünwald	100.0	100.0			
WealthCap Europa Immobilien Siebte Objekte Österreich Komplementär GmbH	Munich	100.0	100.0			
WealthCap Europa Immobilien Verwaltungs GmbH	Munich	100.0	100.0			
WealthCap Immobilien und Verwaltung Sekundär GmbH	Munich	100.0	100.0			
WealthCap Immobilienfonds Deutschland 36 GmbH & Co. KG	Munich	100.0	100.0			
WealthCap Immobilienfonds Deutschland 36 Komplementär GmbH	Munich	100.0	100.0			
WealthCap Immobilienfonds Deutschland 37 Komplementär GmbH	Grünwald	100.0	100.0			
WealthCap Immobilienfonds Deutschland 38 GmbH & Co. KG	Munich	100.0	100.0			
WealthCap Immobilienfonds Deutschland 38 Komplementär GmbH	Grünwald	100.0	100.0			
WealthCap Leasing 1 GmbH & Co. KG	Grünwald	100.0	100.0			
WealthCap Leasing 2 GmbH & Co. KG	Grünwald	100.0	100.0			
WealthCap Leasing 3 GmbH & Co. KG	Grünwald	100.0	100.0			

List of Holdings (Continued)

NAME	REGISTERED OFFICE	SHARE OF CAPITAL IN % TOTAL	OF WHICH HELD INDIRECTLY	CURRENCY	EQUITY CAPITAL in thousands of currency units	NET PROFIT in thousands of currency units
WealthCap Leasing 4 GmbH & Co. KG	Grünwald	100.0	100.0			
WealthCap Objekt Düsseldorf GmbH & Co. KG	Munich	94.0	94.0			
WealthCap Objekt Hufelandstraße GmbH & Co. KG	Munich	100.0	100.0			
WealthCap Objekt Riem GmbH & Co. KG	Munich	100.0	100.0			
WealthCap PEIA Sekundär GmbH	Munich	100.0	100.0			
WealthCap Private Equity GmbH	Munich	100.0	100.0			
WealthCap Private Equity Sekundär GmbH	Munich	100.0	100.0			
WealthCap Real Estate GmbH	Munich	100.0	100.0			
WealthCap Real Estate Komplementär GmbH	Munich	100.0	100.0			
WealthCap Real Estate Sekundär GmbH	Munich	100.0	100.0			
WealthCap SachWerte Portfolio 2 GmbH & Co. KG	Grünwald	100.0	100.0			
WealthCap SachWerte Portfolio 2 Komplementär GmbH	Grünwald	100.0	100.0			
WealthCap Spezial-AIF 1 GmbH & Co. geschlossene Investment KG	Munich	100.0	100.0			
WealthCap Spezial-AIF 1 Komplementär GmbH	Munich	100.0	100.0			
WealthCap Vorrats-1 GmbH	Grünwald	100.0	100.0			
WealthCap Vorrats-2 GmbH	Grünwald	100.0	100.0			
WealthCap Zweite Europa Immobilien Verwaltungs GmbH	Munich	100.0	100.0			
WealthCap Zweite USA Immobilien Verwaltungs GmbH	Munich	100.0	100.0			
WealthCap ZweitmarktWerte Immobilien 4 Komplementär GmbH	Munich	100.0	100.0			
WMC Aircraft 27 Leasing Limited	Dublin	100.0	100.0			
2 Joint ventures[6]						
Minor joint ventures						
Other companies						
Heizkraftwerk Cottbus Verwaltungs GmbH	Munich	33.33				
Heizkraftwerke-Pool Verwaltungs-GmbH	Munich	33.33		EUR	105	798
3 Associated companies[6]						
3.1 Associated companies valued at equity						
Other companies						
Adler Funding LLC	Dover	32.8		USD	7,999	13,518
Bulkmax Holding Ltd.	Valletta	45.0	45.0	USD	8,799	(154)
Comtrade Group B.V.	Amsterdam	21.1	21.1	EUR	16,895	2,508
Martur Sünger ve Koltuk Tesisleri Ticaret ve Sanayi A.S.	Istanbul	20.0	20.0	TRY	155,795	44,886
Nautilus Tankers Limited	Valletta	45.0	45.0	USD	21,469	(37)
SwanCap Partners GmbH (share of voting rights: 49.0%)	Munich	75.2				
3.2 Minor associated companies						
Other companies						
BIL Leasing GmbH & Co Hotel Rostock KG	Rostock	19.8	19.8	EUR	128	807
BIL Leasing GmbH & Co Hotel Ulm KG i.L.	Munich	29.0	29.0			
BioM Venture Capital GmbH & Co. Fonds KG						
(share of voting rights: 20.4%)	Planegg/Martinsried	23.5		EUR	2,156	(4)
CMP Fonds I GmbH (share of voting rights: 25.0%)	Berlin	32.7		EUR	10,192	3,890
DFA Deggendorfer Freihafen Ansiedlungs-GmbH	Deggendorf	50.0	50.0			
DFA Deggendorfer Freihafen Ansiedlungs-GmbH & Co.						
Grundstücks-KG	Deggendorf	50.0	50.0			
InfrAm One Corporation	City of Lewes	37.5	37.5	USD	(3,457)	(2,723)
MOC Verwaltungs GmbH	Munich	23.0	23.0			
MOC Verwaltungs GmbH & Co. Immobilien KG[7]	Munich	23.0	23.0	EUR	(12,511)	(12,522)
SK BV Grundstücksentwicklung GmbH & Co. KG i.L.	Cologne	25.0	25.0			

NAME	REGISTERED OFFICE	SHARE OF CAPITAL IN % TOTAL	OF WHICH HELD INDIRECTLY	CURRENCY	EQUITY CAPITAL in thousands of currency units	NET PROFIT in thousands of currency units
SK BV Grundstücksentwicklung Verwaltung GmbH i.L.	Cologne	50.0	50.0			
US Retail Income Fund VII L.P.	Wilmington	26.3	26.3	USD	13,608	429
WealthCap Immobilienfonds Deutschland 37 GmbH & Co. KG	Munich	33.3	33.3			
4 Holdings in excess of 20%						
without significant influence						
Other companies						
BayBG Bayerische Beteiligungsgesellschaft mbH[11]	Munich	22.5		EUR	186,171	10,660
Bayerischer BankenFonds GbR[6]	Munich	25.6				
BC European Capital VII-12 L.P. (share of voting rights: 0%)	St. Peter Port	34.1		EUR	2,874	1,063
B.I.I. Creditanstalt International Ltd. (share of voting rights: 0%)[6]	George Town	40.2				
Engelbert Rütten Verwaltungsgesellschaft						
Kommanditgesellschaft[6]	Düsseldorf	30.2				
Felicitas GmbH i.L.[6]	Munich	20.8				
GermanIncubator Erste Beteiligungs GmbH						
(share of voting rights: 9.9%)	Munich	39.6		EUR	588	207
HVB Trust Pensionsfonds AG (share of voting rights: 0%)[8]	Munich	100.0	100.0	EUR	3,806	111
IPE Euro Wagon L.P. (share of voting rights: 0%)[9]	St. Helier	37.5	37.5			
Lauro Ventidue S.p.A. (share of voting rights: 0%)	Milan	24.2	24.2	EUR	128,697	(43,658)
Meditinvest Gayrimenkul Danismanlik A.S.	Istanbul	42.1		TRY	20,523	(1,715)
Mozfund (Proprietary) Limited (share of voting rights: 12.5%)[6]	Sandton	40.0				
Mühoga Münchner Hochgaragen Gesellschaft						
mit beschränkter Haftung	Munich	25.0	25.0	EUR	4,109	2,415
REF IV Associates (Caymans) L.P. Acqua CIV S.C.S.						
(share of voting rights: 0%)	Luxembourg	38.3	38.3	EUR	21,003	(6)
Starspace Ltd.	Nicosia	31.8		USD	45,333	(17)
SwanCap FLP SCS (share of voting rights: 37.5%)[10]	Senningerberg	0.0				

List of Holdings (Continued)

NAME	REGISTERED OFFICE	SHARE OF CAPITAL OF HVB in %	SHARE OF VOTING RIGHTS OF HVB in %
5 Holdings in large corporations			
in which the holding exceeds 5% of the voting rights			
but is not already listed under holdings below 20%			
5.1 Banks and financial institutions			
AKA Ausfuhrkredit-Gesellschaft mbH	Frankfurt am Main	15.4	15.4
BGG Bayerische Garantiegesellschaft mit beschränkter Haftung für mittelständische Beteiligungen	Munich	10.5	10.5
Bürgschaftsbank Brandenburg GmbH	Potsdam	7.8	7.8
Bürgschaftsbank Mecklenburg-Vorpommern GmbH	Schwerin	9.1	9.1
Bürgschaftsbank Sachsen GmbH	Dresden	4.7	5.4
Bürgschaftsbank Sachsen-Anhalt GmbH	Magdeburg	8.9	8.9
Bürgschaftsbank Schleswig-Holstein GmbH	Kiel	5.4	6.0
Bürgschaftsbank Thüringen GmbH	Erfurt	8.7	8.7
Bürgschaftsgemeinschaft Hamburg GmbH	Hamburg	10.5	10.5
Liquiditäts-Konsortialbank GmbH	Frankfurt am Main	5.7	5.7
5.2 Other companies			
ConCardis Gesellschaft mit beschränkter Haftung	Eschborn	6.0	6.0
VBW Bauen und Wohnen GmbH	Bochum	10.1	10.1
Wüstenrot & Württembergische AG	Stuttgart	7.5	7.5

NAME	REGISTERED OFFICE	SHARE OF CAPITAL OF HVB in %	SUBSCRIBED CAPITAL € MILLIONS
6 Other selected holdings below 20%			
6.1 Banks and financial institutions			
BBB Bürgschaftsbank zu Berlin-Brandenburg GmbH	Berlin	4.3	3.2
Saarländische Investitionskreditbank AG	Saarbrücken	3.3	5.2
6.2 Other companies			
BioM Aktiengesellschaft Munich Bio Tech Development	Planegg	8.5	2.9
Börse Düsseldorf AG	Düsseldorf	3.0	5.0
BTG Beteiligungsgesellschaft Hamburg mbH	Hamburg	13.6	4.1
GEMMA Verwaltungsgesellschaft mbH & Co. Vermietungs KG (held indirectly)[7]	Pullach	6.1	68.5
H.F.S. Leasingfonds Deutschland 1 GmbH & Co. KG (Immobilienleasing) (held indirectly)[7]	Munich	<0.1	61.2
H.F.S. Leasingfonds Deutschland 7 GmbH & Co. KG (held indirectly)[7]	Munich	<0.1	56.6
Kepler Capital Markets SA	Paris	5.2	83.5
MBG Mittelständische Beteiligungsgesellschaft Baden-Württemberg GmbH	Stuttgart	5.0	3.6
MBG Mittelständische Beteiligungsgesellschaft Rheinland-Pfalz mbH	Mainz	8.7	2.9
MBG Mittelständische Beteiligungsgesellschaft Schleswig-Holstein mbH	Kiel	3.6	1.4
Mittelständische Beteiligungsgesellschaft Berlin-Brandenburg mbH	Potsdam	11.6	5.7
Mittelständische Beteiligungsgesellschaft Mecklenburg-Vorpommern GmbH	Schwerin	15.4	5.1
Mittelständische Beteiligungsgesellschaft Niedersachsen (MBG) mbH	Hanover	8.2	0.9
Mittelständische Beteiligungsgesellschaft Sachsen mbH	Dresden	11.8	29.0
Mittelständische Beteiligungsgesellschaft Sachsen-Anhalt mit beschränkter Haftung	Magdeburg	12.7	6.5
Mittelständische Beteiligungsgesellschaft Thüringen mbH	Erfurt	13.4	10.0
Saarländische Kapitalbeteiligungsgesellschaft mbH	Saarbrücken	8.7	0.8

NAME	REGISTERED OFFICE	SHARE OF CAPITAL in %	CURRENCY	SUBSCRIBED CAPITAL in thousands of currency units
7 Fully consolidated special purpose entities pursuant to IAS 27/SIC 12 without shareholding				
Alexanda Grundstücksverwaltungsgesellschaft mbH & Co. Vermietungs KG	Wiesbaden	0	EUR	5
Altus Alpha Plc	Dublin	0	EUR	40
Arabella Finance Ltd.	Dublin	0	EUR	< 1
Bandon Leasing Ltd.	Dublin	0	USD	< 1
BARD Building GmbH & Co. KG	Emden	0	EUR	1
BARD Emden Energy GmbH & Co. KG	Emden	0	EUR	90
BARD Engineering GmbH	Emden	0	EUR	100
BARD Holding GmbH	Emden	0	EUR	25
BARD Logistik GmbH	Emden	0	EUR	25
BARD Nearshore Hooksiel GmbH	Emden	0	EUR	26
BARD Phönix Verwaltungs GmbH	Emden	0	EUR	25
BARD Schiffsbetriebsgesellschaft mbH & Co. Natalie KG	Emden	0	EUR	5
BARD Service GmbH	Emden	0	EUR	25
Buitengaats Holding B.V.	Eemshaven	0	EUR	18
Chiyoda Fudosan GK	Tokyo	0	JPY	< 1
Cuxhaven Steel Construction GmbH	Cuxhaven	0	EUR	25
Elektra Purchase No. 17 S.A. – Compartment 2	Luxembourg	0	EUR	0
Elektra Purchase No. 23 Ltd.	Dublin	0	EUR	< 1
Elektra Purchase No. 24 Ltd.	Dublin	0	EUR	< 1
Elektra Purchase No. 28 Ltd.	Dublin	0	EUR	< 1
Elektra Purchase No. 31 Ltd.	Dublin	0	EUR	< 1
Elektra Purchase No. 911 Ltd.	St. Helier	0	EUR	< 1
European-Office-Fonds	Munich	0	EUR	0
GELDILUX-PP-2011 S.A.	Luxembourg	0	EUR	31
GELDILUX-TS-2010 S.A.	Luxembourg	0	EUR	31
GELDILUX-TS-2011 S.A.	Luxembourg	0	EUR	31
GELDILUX-TS-2013 S.A.	Luxembourg	0	EUR	31
Grand Central Funding Corporation	New York	0	USD	1
HVB Funding Trust	Wilmington	0	USD	0
HVB Funding Trust III	Wilmington	0	USD	0
Ocean Breeze Finance S.A. – Compartment 1	Luxembourg	0	EUR	0
OSI Off-shore Service Invest GmbH	Hamburg	0	EUR	25
OWS Logistik GmbH	Emden	0	EUR	1
OWS Natalia Bekker GmbH & Co. KG	Emden	0	EUR	13
OWS Ocean Zephyr GmbH & Co. KG	Emden	0	EUR	6
OWS Off-shore Wind Solutions GmbH	Emden	0	EUR	25
OWS Windlift 1 Charter GmbH & Co. KG	Emden	0	EUR	1
Pure Funding No. 10 Ltd.	Dublin	0	EUR	< 1
Rosenkavalier 2008 GmbH	Frankfurt am Main	0	EUR	25
Royston Leasing Ltd.	Grand Cayman	0	USD	1
Salome Funding Plc	Dublin	0	EUR	38

List of Holdings (Continued)

Exchanges rates for 1 euro at 31 December 2013
Currency abbreviation according to the International Organisation for Standardisation (ISO) code.

China	1 euro =	8.3491	CNY
Japan	1 euro =	144.72	JPY
Turkey	1 euro =	2.9605	TRY
UK	1 euro =	0.8337	GBP
USA	1 euro =	1.3791	USD

Notes and comments to the list of holdings

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

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

	COMPANY	PROFIT/(LOSS) TRANSFERRED €'000
1.1	Bankhaus Neelmeyer AG, Bremen	0
1.2	Food & more GmbH, Munich	179
1.3	HVB Capital Partners AG, Munich	85,408
1.4	HVB Immobilien AG, Munich	(11,556)
1.5	HVB Principal Equity GmbH, Munich	1,274
1.6	HVB Profil Gesellschaft für Personalmanagement mbH, Munich	1,183
1.7	HVB Verwa 1 GmbH, Munich	(1)
1.8	HVB Verwa 4 GmbH, Munich	(197)
1.9	MERKURHOF Grundstücksgesellschaft mit beschränkter Haftung, Munich	747
1.10	Status Vermögensverwaltung GmbH, Schwerin	44
1.11	UniCredit Beteiligungs GmbH, Munich	3,310
1.12	UniCredit Direct Services GmbH, Munich	339
1.13	UniCredit Leasing GmbH, Hamburg	17,000
1.14	Verwaltungsgesellschaft Katharinenhof mbH, Munich	1,410
1.15	Wealth Management Capital Holding GmbH, Munich	8,500

2 Profit and loss transfer to shareholders and partners

3 Compliant with Sections 264b and 264 (3), German Commercial Code, the company is exempt from the obligation to make annual financial statements public in accordance with the provisions applicable to corporations.

4 Figures of the 2012 annual accounts are indicated for this consolidated company.

5 The company has been liquidated and is expected to be deleted from the local register of companies in the first quarter of 2014.

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

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

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

9 Compliant with Section 286 (3) 2, German Commercial Code, equity capital and net profit are not stated as the company is not subject to public disclosure and UniCredit Bank AG holds less than half of the shares.

10 UniCredit Bank AG has the position of a limited partner under company law and participates in the profit of the company.

11 Despite a holding of 22.5%, UniCredit Bank AG has no significant influence over the company on account of the ownership structure and voting patterns to date.

Mortgage Banking

62 Coverage

The statement of coverage is as follows:

(€ millions)

	2013	2012
A. Mortgage bonds		
Standard coverage		
1. Loans and receivables with banks		
Mortgage loans	—	—
2. Loans and receivables with customers		
Mortgage loans	23,060	24,478
Other eligible cover[1]		
1. Other lending to banks	—	—
2. Bonds and other fixed-income securities	1,193	2,016
3. Equalisation claims on government authorities	—	—
Subtotal	**24,253**	**26,494**
Total mortgage bonds requiring cover	18,478	20,494
Excess coverage	**5,775**	**6,000**
B. Public-sector bonds		
Standard coverage		
1. Loans and receivables with banks	246	380
Mortgage loans	—	—
Municipal loans	246	380
2. Loans and receivables with customers	7,253	7,121
including:		
Mortgage loans	23	26
Municipal loans	7,230	7,095
3. Bonds and other fixed-income securities	439	1,286
Other eligible cover[2]		
Other lending to banks	—	—
Subtotal	**7,938**	**8,787**
Total public-sector bonds requiring cover	5,656	6,894
Excess coverage	**2,282**	**1,893**

1 compliant with Section 19 (1) of the German Pfandbrief Act
2 compliant with Section 20 (2) of the German Pfandbrief Act

63 Mortgage bonds outstanding and covering assets used

The following table shows mortgage bonds outstanding and covering assets, broken down by mortgage bonds and public-sector bonds: (€ millions)

	2013			2012		
	NOMINAL	PRESENT VALUE	RISK PRESENT VALUE	NOMINAL	PRESENT VALUE	RISK PRESENT VALUE
1. Mortgage bonds						
Covering assets[1]	24,253	26,185	25,402	26,494	29,164	29,838
thereof: derivatives	—	—	—	—	—	—
Mortgage bonds	18,478	20,004	19,265	20,494	22,785	23,539
Excess coverage	**5,775**	**6,181**	**6,137**	**6,000**	**6,379**	**6,299**
2. Public-sector bonds						
Covering assets[2]	7,938	8,592	8,248	8,787	9,769	9,404
thereof: derivatives	—	—	—	—	—	—
Public-sector bonds	5,656	6,295	6,027	6,894	7,805	7,508
Excess coverage	**2,282**	**2,297**	**2,221**	**1,893**	**1,964**	**1,896**

1 including further covering assets compliant with Section 19 (1) of the German Pfandbrief Act
2 including further covering assets compliant with Section 20 (2) of the German Pfandbrief Act

64 Maturity structure of mortgage bonds outstanding and fixed-interest periods of respective covering assets

The following table shows the maturity structure of mortgage bonds outstanding and fixed-interest periods of covering assets, broken down by mortgage bonds and public-sector bonds: (€ millions)

	2013		2012	
	COVERING ASSETS	MORTGAGE BONDS	COVERING ASSETS	MORTGAGE BONDS
1. Mortgage bonds[1]	**24,253**	**18,478**	**26,494**	**20,494**
less than 1 year	4,747	2,808	5,465	3,297
at least 1 year but less than 5 years	12,623	10,049	13,689	11,791
thereof:				
at least 1 year but less than 2 years[3]	3,886	4,548	3,940	2,977
at least 2 years but less than 3 years[3]	3,035	2,197	3,916	4,436
at least 3 years but less than 4 years[3]	3,209	2,350	3,177	2,181
at least 4 years but less than 5 years[3]	2,493	954	2,656	2,197
at least 5 years but less than 10 years	6,000	3,512	6,560	3,051
10 years or more	883	2,109	780	2,355
2. Public-sector bonds[2]	**7,938**	**5,656**	**8,787**	**6,895**
less than 1 year	1,463	647	1,432	1,564
at least 1 year but less than 5 years	3,545	2,711	4,390	2,998
thereof:				
at least 1 year but less than 2 years[3]	1,000	618	1,438	542
at least 2 years but less than 3 years[3]	1,269	1,420	971	609
at least 3 years but less than 4 years[3]	685	454	1,239	1,450
at least 4 years but less than 5 years[3]	591	219	742	397
at least 5 years but less than 10 years	1,917	1,361	1,845	1,179
10 years or more	1,013	937	1,120	1,154

1 including further covering assets compliant with Section 19 (1) of the German Pfandbrief Act; broken down by fixed-rate period or residual term for mortgage bonds
2 including further covering assets compliant with Section 20 (2) of the German Pfandbrief Act; broken down by fixed-rate period or residual term for mortgage bonds
3 breakdown as per amended German Pfandbrief Act 2009

Mortgage Banking (Continued)

65 Loans and receivables used to cover mortgage bonds, broken down by size

The following table shows loans and receivables used to cover mortgage bonds, broken down by size:

(€ millions)

	2013	2012
Mortgage covering assets	**23,060**	**24,478**
up to and including €300,000	10,108	11,939
over €300,000 up to and including €5,000,000	5,447	6,367
more than €5,000,000	7,505	6,172

66 Loans and receivables used to cover mortgage bonds, broken down by region in which the mortgaged properties are located and by type of occupancy

The following table shows loans and receivables used to cover mortgage bonds, broken down by region in which the mortgage properties are located and by type of occupancy:

(€ millions)

	2013		2012	
	RESIDENTIAL PROPERTY	RESIDENTIAL PROPERTY	COMMERCIAL PROPERTY	COMMERCIAL PROPERTY
1. Germany	**15,751**	**7,302**	**16,808**	**7,662**
Apartments	4,166	—	4,564	—
Single-family houses	5,003	—	5,373	—
Multi-family houses	6,205	—	6,369	—
Office buildings	—	3,489	—	3,317
Commercial buildings	—	2,212	—	2,370
Industrial buildings	—	553	—	586
Other commercially used buildings	—	684	—	706
Buildings under construction	364	292	486	597
Building sites	13	72	16	86
2. France/Monaco	**2**	**—**	**2**	**—**
Single-family houses	2	—	2	—
Multi-family houses	—	—	—	—
3. Italy/San Marino	**—**	**—**	**1**	**—**
Single-family houses	—	—	1	—
4. Austria	**—**	**5**	**—**	**5**
Office buildings	—	5	—	5
	15,753	**7,307**	**16,811**	**7,667**

67 Loans and receivables used to cover public-sector bonds, broken down by type of debtor or guarantor and its home country

The following table shows loans and receivables used to cover public-sector bonds, broken down by type of debtor or guarantor and its home country:

(€ millions)

	2013	2012
1. Germany	**7,721**	**8,512**
Central government	—	2
Regional authorities	2,917	3,578
Local authorities	3,863	3,827
Other	941	1,105
2. Austria	**200**	**250**
Central government	200	250
3. Spain	**17**	**25**
Public-sector authorities	17	25
	7,938	**8,787**

Mortgage Banking (Continued)

68 Payments in arrears

The covering assets for payments in arrears on mortgages and public-sector loans and receivables due between 1 October 2012 and 30 September 2013 break down as follows:

(€ millions)

	2013	2012
1. Payments in arrears on mortgages	**—**	**1**
Germany	—	1
2. Payments in arrears on public-sector loans and receivables	**—**	**—**
Germany		
Regional authorities[1]	—	—
Other[1]	—	—

1 officially guaranteed loans and receivables

69 Foreclosures and sequestrations

The following table shows the breakdown of foreclosures and sequestrations carried out in 2013:

		OF WHICH IN 2013:	
	NUMBER OF PROCEEDINGS	COMMERCIAL PROPERTY	RESIDENTIAL PROPERTY
1. Foreclosures and sequestrations			
a) Pending at 31 December 2013			
Foreclosure proceedings	368	63	305
Sequestration proceedings	17	3	14
Foreclosure and sequestration proceedings	301	55	246
	686	**121**	**565**
comparative figures from 2012	762	142	620
b) Foreclosures finalised in 2013	**86**	**9**	**77**
comparative figures from 2012	132	22	110
2. Properties auctioned or repossessed			
The Pfandbrief bank did not have to repossess any properties during the year			
under review to prevent losses on mortgage loans.			

70 Interest in arrears

Interest in arrears on mortgage-covering assets due between 1 October 2012 and 30 September 2013 breaks down as follows:

(€ millions)

	2013	2012
Interest in arrears	**—**	**—**
Commercial property	—	—
Residential property	—	—

The present annual financial statements were prepared on 24 February 2014.

UniCredit Bank AG
The Management Board

Dr Bohn	Buschbeck	Danzmayr	Diederichs
Hofbauer	Laber	Varese	Dr Weimer

Declaration by the Management

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

Munich, 24 February 2014

UniCredit Bank AG
The Management Board

Dr Bohn	Buschbeck	Danzmayr	Diederichs
Hofbauer	Laber	Varese	Dr Weimer

Independent Auditor's Report

We have audited the annual financial statements – comprising the balance sheet, the income statement and the notes to the financial statements – together with the bookkeeping system, and the management report of the UniCredit Bank AG, Munich, for the business year from 1 January to 31 December 2013. The maintenance of the books and records and the preparation of the annual financial statements and management report in accordance with German commercial law are the responsibility of the Company's management. Our responsibility is to express an opinion on the annual financial statements, together with the bookkeeping system, and on the management report based on our audit.

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

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the annual financial statements of the UniCredit Bank AG, Munich, comply with the legal requirements and give a true and fair view of the net assets, financial position and results of operations of the Company in accordance with German principles of proper accounting. The management report is consistent with the annual financial statements and as a whole provides a suitable view of the Company's position and suitably presents the opportunities and risks of future development.

Munich, 3 March 2014

Deloitte & Touche GmbH
Wirtschaftsprüfungsgesellschaft

Prof. Dr. Leuschner	Kopatschek
German Public Auditor	German Public Auditor

UniCredit Bank AG
Kardinal-Faulhaber-Strasse 1
80333 Munich

Signed by

Michael Furmans Michaela Karg