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, in the version valid as of the date of the Registration Document (the "**Regulation**").

HypoVereinsbank Member of UniCredit

UniCredit Bank AG

Munich, Federal Republic of Germany

24 April 2015

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PERSONS RESPONSIBLE

UniCredit Bank AG having its registered office at Kardinal-Faulhaber-Strasse 1, 80333 Munich (acting through its head office or one of its foreign branches) *("**HVB**", and together with its consolidated subsidiaries, the "**HVB Group**")* 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 years 2014 and 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 relevant 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 financial, accounting, legal and tax advisers) 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.

Risks relating to the business activity of HVB Group

1. Macroeconomic Risk

Based on the strategic orientation of HVB Group with the business segments Commercial Banking and Corporate & Investment Banking ("**CIB**"), with customer-focused products and the focus on the core market of Germany, overall economic trends in Germany and the performance of international financial and capital markets are particularly important for the assets, liabilities, financial and profit situation of HVB Group.

Parts of the global economy are showing increasing signs of recovery. However, this trend remains tentative and uneven and is also subject to some regional imbalances. The impetus is being delivered mainly by the USA, with generally weaker signals coming from Europe. The slowdown in larger emerging economies such as China continues. The risks to the global economy appear to have abated further, but on balance continue to point downward. Headwinds are still being felt from geopolitical uncertainties (above all Ukraine and Russia), the continuing growth risks in China and the unexpectedly low inflation in the industrial nations. As a result, the short to medium term prospects for global economic trends and their impact on the assets, liabilities, financial and profit situation of HVB Group are uncertain at the time of preparing this registration document.

In Europe the effects of the European sovereign debt crisis on the financial sector were still evident in 2014. The various measures taken to date, in particular within the European Union, have calmed markets only to a limited extent. It is not foreseeable how long and how seriously the financial markets will be impacted by the debt crisis of some European countries and through risks from interest rate and foreign currency developments. An escalation in the conflict between Russia and Ukraine could result in stronger sanctions that would affect cross-border business with Russia. In the Middle East, with the increasing strength of the terror organisation "Islamic State" and the renewed flare-up of the Israel-Palestine conflict, political and economic stability in the region appears to be a distant prospect. Due to the continuing high level of uncertainty in the macropolitical environment in Europe and the resulting structural volatility in the financial and capital markets, forward-looking statements regarding future business performance cannot be made with any great degree of confidence.

2. Systemic Risk

HVB Group routinely processes high volumes of transactions with numerous counterparties in the financial services sector, including business with brokers and traders, commercial banks, investment banks and other institutional clients. Financial services institutions that conduct transactions with other such institutions, are linked through trading, investment, clearing and counterparty relationships, among others. Concerns regarding the stability of one or more of these institutions or the countries in which they operate could lead to a serious liquidity shortage (up to and including an entirely frozen interbank business), losses or other institutional defaults.

The above-mentioned risks, frequently referred to as "systemic risks", could have detrimental effects on financial intermediaries such as clearing facilities, clearing houses, banks, securities houses and stock exchanges with which HVB Group interacts on a daily basis. This could in turn have negative effects on the ability of HVB Group to procure new funding.

3. Credit Risk

HVB Group is exposed to credit risk. Credit risk is defined as the risk that a change in the credit rating of a contracting party (borrower, counterparty, issuer or country) induces a change in the value of the corresponding receivables. This change in value may be brought about by a worsening in the credit rating of the contracting party. The change in value may also be caused by the default of the contracting party, under which the contracting party is no longer in a position to meet its contractual obligations.

This includes also country risk which is defined as the risk of losses arising from transfer/conversion restrictions, the credit risk of governments and central banks (sovereign risk) and default through state interference in the delivery contract (delivery risk).

3.1 Risk from a deterioration of the overall economic situation

The banking and financial services market in which HVB Group operates is subject to the influence of unforeseeable factors, including general economic trends, tax and monetary policies, liquidity and expectations of the capital markets, as well as consumer behaviour with regard to investments and saving. Above all the demand for credit in the area of traditional lending activities could slow down during an economic downturn. The general economic trend could have additional negative effects on the solvency of mortgage customers and other borrowers of HVB Group.

Any deterioration in the creditworthiness of major individual customers or counterparties or in the performance of loans and other receivables as well as inaccurate assessments of creditworthiness or country risks could have considerable detrimental effects on the financial situation and the operating results of HVB Group.

3.2 Risks from a decrease in value of credit collateral

A substantial share of loans of HVB Group to corporate and individual borrowers are collateralised with real estate, securities, ships, fixed-term deposits and receivables, among other assets. As mortgage loans comprise one of the most important items for HVB Group, they are highly exposed to developments in the real estate markets.

An economic downturn in countries in which HVB Group does business, a general deterioration of economic conditions in the industries in which its borrowers operate, or in other markets in which it holds collateral may cause the value of the loan collateral to fall below the amount of outstanding capital represented by such loans. The decline in the value of the collateral for these loans or the inability to obtain additional collateral could force HVB Group to arrange for a revaluation of the loan and/or form additional loan-loss provisions and higher reserves. In addition, the fact that HVB Group could be unable to realise the expected value of the collateral in case of debt enforcement could lead to considerable losses for HVB Group.

3.3 Risks from derivative/trading business

In addition to traditional banking activities such as lending and deposits, HVB Group is active in non-traditional banking areas through which it is exposed to further default and/or counterparty risks. Such additional risks may result, for example, from transactions in securities, futures, foreign exchange or commodities that cannot be executed in time due to a failure by the counterparty to deliver or system outages at clearing facilities, stock exchanges, clearing houses or other financial intermediaries (including HVB Group), from holding third-party securities and the extension of loans through other mechanisms.

Participants in these transactions such as trading counterparties or counterparties that issue securities held by HVB Group units, could possibly fail to meet their obligations due to insolvency, political or economic events, a lack of liquidity, operational losses or other reasons. Counterparty defaults in a significant number of transactions, or in one or more transactions involving substantial volumes, could have a major negative impact on the operating results of HVB Group and on its business and financial situation.

3.4 Risks from intra-Group exposures

Some of the risks in the industry group Banks, insurance companies result from credit exposures to the parent company of HVB Group, UniCredit S.p.A., and other legal entities in the Group. This results from the strategic focus of HVB Group as a Group-wide centre of competence for the markets and investment banking business of UniCredit and other business activities (e.g. export finance, guarantees). Due to the nature of this business, the intra-Group credit exposure of HVB Group is volatile and can fluctuate widely from day to day.

Moreover, changes in German and international laws and regulations with regard to the amount and weighting of intra-Group exposures could have substantial negative effects on the internal funding of HVB Group, the costs of this funding (especially when it must be procured externally) and on the operating results and the business and financial situation of HVB Group.

3.5 Risks from government bonds held by the Bank

In the course of its activities, HVB Group is heavily exposed to government bonds from the large European countries as well as bonds issued by municipal authorities and related bodies in those countries, but also in other countries outside the eurozone ("sovereign exposure"). Apart from this exposure, HVB Group is also exposed to sovereign debt through loans to central and local governments and other government bodies.

A global economic downturn or an economic crisis in individual countries could have a substantial impact, in particular on the quality of the sovereign bonds held by HVB Group and the ability to redeem them as well as the financial resources of its customers holding similar securities.

4. Market Risk

HVB Group defines market risk as the potential loss arising from on- and off-balance-sheet positions in the trading and banking books that can arise in response to adverse changes in market prices (interest rates, equities, credit spreads, foreign exchange and commodities), other price-influencing parameters (volatilities, correlations) or trading-related events in the form of default or change in credit ratings of securities (especially price risk for interest net positions).

4.1 Risk for trading and banking books from a deterioration in market conditions

Although the business activities of HVB Group that entail market risk are profitable under normal circumstances, this business is exposed to elevated risks during difficult market situations. The earnings are relatively volatile and depend on numerous factors that are beyond the control of HVB Group. These include the general market environment, general trading activities, equity prices, interest rates and credit spreads, exchange rate fluctuations and general market volatility.

4.2 Interest rate and exchange rate risks from the general banking business

Interest rate fluctuations in Europe and other markets where HVB Group does business may negatively affect its financial and profit situation. For example, the current low interest rates are causing a decrease in margins, especially on the deposit side, that is having a direct negative impact on earnings. It is impossible to guarantee that there will be no substantial long-term decrease in earnings that would lead to a loss in market value of HVB Group.

As HVB Group earns income outside the eurozone, it is exposed to foreign exchange risks. Moreover, a portion of the transactions of HVB Group are conducted in other currencies than euro. That means that HVB Group is exposed to exchange rate risks and risks pertaining to transactions in foreign currencies. Unfavourable changes in exchange rates could therefore negatively affect the business activities of HVB Group and its financial situation.

5. Liquidity Risk

HVB Group is subject to liquidity risk. HVB Group defines liquidity risk as the risk that the Bank will not be able to meet its payment obligations in full or on time. However, it is also defined as the risk of not being able to obtain sufficient liquidity when required or that liquidity will only be available at higher interest rates, and the risk that the Bank will only be able to liquidate assets on the market at a discount.

5.1 Risks from the procurement of liquidity

The financial crisis and the resulting financial instability led to a decline in the volume and availability of liquidity and medium-term funding in the market, flanked by increasing dependency on central bank liquidity. Counterparty risk between banks in particular has increased substantially. This has caused a further decline in interbank business and in the confidence of bank customers as well as intensified pressure on bond markets due to speculation. Reduced trust on the part of customers could result in liquidity problems for HVB Group and larger outflows of deposits. This could in turn limit HVB Group's ability to fund its activities and meet its minimum liquidity requirements.

Furthermore, access of HVB Group to liquidity could be impeded as a result of its inadequate access to bond markets, respectively through its inability to issue bonds or collateralise other forms of interbank loans.

Further increases in interbank funding costs, reduced availability and/or higher costs of such funding, combined with reduced access to similar or other forms of funding and/or the inability of HVB Group to dispose of its assets or liquidate its investments could have negative effects on its business activities and have substantial negative effects on its operating results and financial situation.

5.2 Intra-Group liquidity transfers

Transfers of liquidity between units of HVB Group are monitored by the regulatory authorities so that HVB and its subsidiaries could be forced to reduce their lending to other legal entities within the Group. This monitoring could impact the ability of HVB Group to meet the liquidity regulations of its subsidiaries through an intra-

Group transfer of capital, which in turn could have negative effects on the operating results of HVB Group and on its business and financial situation.

5.3 Market liquidity risk

Market liquidity risk relates to the risk that the Bank would suffer losses when selling assets that can only be liquidated in the market at a discount or, in the extreme case, is not able to sell such a position as the market does not offer sufficient liquidity, or it holds a position that is too large set against the market turnover.

Increased volatility in financial markets could also result in HVB Group having greater difficulty with the valuation of some of its assets and exposures. Another consequence could be significant changes in the market values of such assets and exposures, which could prove to be substantially lower than the current or estimated market values. All of these factors could force HVB Group to carry out loan loss provisions or write-offs, which would have negative effects on its financial situation or operating results.

6. Operational Risk

HVB Group is exposed to operational risk, i.e. the risk of losses resulting from flawed internal processes or systems, human error or external events. This definition also includes legal risk but not strategic risk or reputational risk.

HVB Group has a group-wide operational risk organisational structure. The individual business segments and each subsidiary of HVB Group are responsible for identifying, analysing and managing operational risk.

Although HVB Group has implemented active processes to limit and mitigate operational risk and the associated negative effects, unforeseen events that are entirely or partly beyond the control of HVB Group cannot be ruled out. Consequently, despite the implemented processes, it cannot be guaranteed that HVB Group will not incur substantial material losses from operational risks in the future.

6.1 IT risks

Through the regular identification of potential for improvement and the knowledge gained from audits, the procedures and the monitoring system are continually adapted to ensure appropriate monitoring and management of all material IT risks in addition to IT performance and quality considerations.

Nevertheless, complications and/or unexpected problems may arise in the future that could delay or prevent the successful utilisation of the IT systems.

6.2 Risks from fraud (anti-money laundering and fraud prevention activities)

HVB is obliged by law to set up suitable internal precautions to ensure that it cannot be misused for the purposes of money laundering, terrorist financing or other criminal acts. The Anti-money-laundering/Financial Sanctions and Fraud Prevention units define, identify and analyse risk factors and units in the Bank, taking into account the statutory and regulatory requirements. Appropriate measures to prevent money laundering and fraud and to reduce risk are devised, performed and coordinated. Once a year, both units draw up a threat analysis describing the effectiveness of the risk management measures for the specific risks, among other things. Regular second-level controls serve to document compliance with the Bank's policies and processes. The operating units are supported with advice on money-laundering and fraud-specific questions and subject-specific training courses. However, such cases of fraud could occur in the future and cause financial losses as well as a negative public perception of HVB Group.

6.3 Legal risks

At the date of this registration document HVB and other companies belonging to HVB Group are involved in various legal proceedings.

HVB and other companies belonging to HVB Group are required to deal appropriately with various legal and regulatory requirements. Failure to do so may lead to litigation and administrative proceedings or investigations, and subject HVB and other companies belonging to HVB Group to damage claims, regulatory fines or other penalties.

In many cases, there is substantial uncertainty regarding the outcome of the proceedings and the amount of possible damages. These cases also include criminal cases and proceedings pursued by authorities. In that regard, HVB Group has processes in place to ensure adequate analysis of procedures and risks as a basis for deciding whether provisions for legal risks must be increased in specific cases or whether they are appropriate under the current circumstances. For ongoing proceedings, HVB Group has created appropriate provisions for legal risks. However, the possibility that the existing provisions are inadequate cannot be ruled out.

6.4 Tax risks

At the date of the registration document, external tax audits of HVB and other HVB Group companies are taking place. The possibility cannot be ruled out that the external tax audits of HVB Group will lead to back payments of taxes and interest. Such back payments could have negative effects on the operating results of HVB Group and/or its business performance and financial situation. Moreover, if a HVB Group company should, contrary to expectations, violate or be alleged to violate tax laws of one or more of the countries in which HVB Group does business, HVB Group could be exposed to additional tax risks and other risks. This would in turn increase the probability of additional tax proceedings and other official proceedings and could result in damage to the reputation of HVB Group.

6.5 Compliance risk

Compliance risk is defined as the risk of statutory and regulatory sanctions, financial losses or reputational damage that HVB could suffer as a result of non-compliance with the law, regulations or other provisions.

In HVB, the Compliance function is responsible for the management and monitoring of compliance risks. The Compliance function counters the risks arising from non-compliance with statutory obligations and other requirements. It is required to work towards the implementation of effective procedures and appropriate controls to ensure compliance with the material statutory provisions and other requirements for the institution. Alongside the regular review of the identified risks, ad hoc audits are carried out as and when required in order to incorporate newly arising risks in the assessment. The opening of new lines of business and structural changes in the Bank are examples of activities that may give rise to new risks.

7. Business Risk

HVB Group defines business risk as potential losses arising from unexpected negative changes in the business volume and/or margins that are not attributed to other risk types. It can lead to serious losses in earnings, thereby diminishing the fair 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.

8. Real Estate Risk

Real estate risk covers potential losses resulting from changes in the fair 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 SPVs (Special Purpose Vehicles).

The situation in real estate markets depends on economic trends. If growth should slow down, there will be a corresponding decline in demand for rental properties. This could have negative consequences for the operating results and financial situation of HVB Group.

9. Financial Investment Risk

Financial investment risk arises from equity interests held in companies that are not consolidated by HVB Group under IFRS or included in the trading book. The investment portfolio is made up mainly of shares in listed and unlisted companies, private equity investments and shares in private equity funds.

HVB Group has made a number of large investments in other companies, in some cases through the conversion of debt to equity under restructuring processes. Operational or financial losses or risks to which these companies are exposed could reduce the ability of HVB Group to dispose of the above-mentioned investments and cause substantial decreases in the value of these investments. This could have negative effects on the operating results, business performance and financial results of HVB Group.

In addition, as a result of fulfilling guarantees and/or signing agreements on debt restructuring, HVB Group holds controlling or minority interests in companies that are active in areas outside its current spheres of activity, or could acquire such participating interests in the future. These areas include real estate, oil, transport, energy and consumer goods, among others. They require specific competencies in terms of knowledge and management that are not part of HVB Group's skill set at present. However, HVB Group could be faced with the necessity of analysing such companies in the course of disposing of investments. This exposes HVB Group to the risks inherent in the activities of individual companies and their subsidiaries as well as risks resulting from the inefficient management of such shareholdings. This could have substantial negative consequences for the assets, liabilities, financial and profit situation of HVB Group.

10. Reputational Risk

Reputational risk is defined as the risk of a negative P/L effect caused by adverse reactions by stakeholders due to a changed 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, strategic risk or other primary risks. Customers, employees, regulatory authorities, rating agencies and creditors are defined as key stakeholders. The effects of a reputation risk that actually occurs could be reflected in the business risk or liquidity risk.

11. Strategic Risk

Strategic risk results from management being slow to recognise important developments in the banking sector or drawing false conclusions about these trends. This may result in fundamental management decisions that may prove to be disadvantageous in terms of the Bank's long-term ex post goals; in addition, some of them may be difficult to reverse. In the worst case, this may have a negative impact on the Bank's profitability and risk profile of HVB Group.

11.1 Risks arising 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 rates that have persisted for some time now are depressing earnings to differing degrees in the various business segments.

HVB aims to make its retail banking business sustainably profitable through the planned modernisation of its retail banking and 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 customers holding their main bank account with HVB. The branch will continue to represent the core element of our multi-channel offer going forward, featuring a standard, modernised and upscale appearance. It will, however, act as more as 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 our investment banking activities, income naturally remains relatively volatile as customer demand for CIB products is influenced by the market environment. Although investment banking is very profitable in a normal market environment, it is subject to increased income risks in difficult market situations.

11.2 Risks arising from the consolidation of the banking market

Consolidation on the German and international banking and financial markets has continued for many years. With its excellent capital position, long-term access to stable funding on attractive terms and a conservative risk profile, HVB Group has a high degree of flexibility and can respond opportunistically as intensifying competition yields interesting prospective transactions. Nevertheless, further realignments of market shares are possible that could have negative effects on the assets, liabilities, financial and profit situation of HVB Group.

11.3 Risks arising from changing competitive conditions in the German financial sector

The German financial services market, which is HVB Group's core market, is subject to tough competition due in part to its three-pillar structure (public sector, cooperative sector and private banks). 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.

11.4 Risks arising from a change in HVB's rating

HVB has a solid investment grade rating from the external rating agencies Standard & Poor's (S&P), Moody's and Fitch. Among other things, HVB's rating benefits from an assumed state guarantee for the Bank in the event of a crisis. The value of this guarantee depends on how the rating agency assesses the systemic importance of a bank and the willingness or ability of the government in the bank's home country to provide support when drawing up the rating. The rating agencies are becoming ever more sceptical about the willingness of governments to provide support and have changed the outlook for bank ratings, including that of HVB, such that the possibility of a downgrade can be considered likely.

Such a move could increase funding costs for HVB, restrict refinancing possibilities and have a negative impact on the business opportunities for HVB as a counterpart in the interbank market or with rating-sensitive customers. It cannot be ruled out that the risk-return profile of affected business activities will change significantly which may lead to adjustments to our business model with possible negative effects on the assets, the financial position and profit or loss of HVB Group. The possible negative impacts of this risk will depend in particular on whether the change in HVB's rating is less, equal or more than its peers'.

12. Regulatory Risks

12.1 Risks arising from changes to the regulatory and statutory environment of HVB Group

The Single Supervisory Mechanism (SSM) in Europe came into effect in November 2014. As a result, the European Central Bank assumed oversight of the 130 largest and systemically important banks in the eurozone. Consequently, as part of UniCredit, but also as a company in its own right, HVB Group falls under ECB supervision. The potential effects of the introduction of the SSM on HVB Group remain to be seen.

The activities of HVB Group are regulated and supervised by the central banks and regulatory authorities in the countries and regions where HVB Group does business. The regulatory requirements in the individual countries/regions are subject to change at regular intervals. Their impact on the business activities and business models of banks needs to be tracked closely and could make it necessary to adjust the strategic orientation. The new regulatory environment for banks, along with other planned regulatory changes, is complex and its cumulative impact is difficult to assess at present. The discussions surrounding the Markets in Financial Instruments Directive (MiFID) and IFRS 9 to 13 as well as the legislation to separate commercial and investment banking ("**Trennbankengesetz**") can be cited as typical examples in this respect. It is to be expected that the trend towards more stringent regulatory provisions will persist.

In connection with the implementation of the already enacted German Act on the Separation of Risks and on Recovery and Resolution Planning for Credit Institutions and Financial Groups (*Gesetz zur Abschirmung von Risiken und zur Planung der Sanierung und Abwicklung von Kreditinstituten und Finanzgruppen*), related legislative proposals on EU level and other global initiatives to separate classic banking business from investment banking which have already been enacted e.g. in the United States by the so-called "US Volcker Rule", it cannot be excluded that a potential separation of business activities in relation to HVB Group or the potential decision to stop certain of its business activities may result in negative impacts on HVB Group, inter alia its business model, its profitability, its refinancing structure and refinancing conditions. Accordingly, this may result in negative effects on rights of creditors.

Changes to the regulatory and statutory provisions, tax regulations and/or accounting principles 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 for the implementation of the new regulatory requirements and the necessary adjustments of the IT systems could also accrue for HVB Group. Differences in the regulatory, statutory and/or tax 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, as well as to a need for additional capital to meet the core capital requirements or for other funding sources to meet liquidity requirements. This could have detrimental effects on the operating results, the assets, cash flows and the financial situation of HVB Group, and also on the products and services it offers.

The failure of HVB or one of its subsidiaries to fully satisfy the regulatory requirements of the supervisory authorities could lead to the responsible authority imposing sanctions. In the worst case, the business activities of HVB or its subsidiaries could be restricted.

12.2. Risks arising 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

A number of countries in Europe have already introduced bank levies. The Single Resolution Fund (SRF) is being introduced at EU level on 1 January 2016, replacing most national bank levies. In its initial structure at country level, the purpose of the SRF is to set aside enough financial resources to mitigate or prevent negative effects on other market participants caused by the bankruptcy of a European bank. Given that Germany has enacted the SRF provisions pursuant to the German Act on the Restructuring and Resolution of Institutions (*Sanierungs- und Abwicklungsgesetz – SAG*), which also constitutes the German act transposing the Bank Recovery and Resolution Directive (BRRD) into binding German law), the new provisions of the SRF will already apply to HVB Group in 2015.

Due to the fact that Germany has implemented the BRRD/Single Resolution Mechanism (SRM) earlier than other euro countries, HVB Group is subject to the new stipulations earlier than banks in other euro countries where implementation will follow at a later date. This could lead to temporary competitive disadvantages as well as a negative impact on the Bank's rating and refinancing costs of HVB Group.

Consequently, various potential impacts arise for HVB Group in 2015: firstly, the expected substantial increase in the amount of the levy, secondly, the expected early introduction of the higher bank levy by Germany, thirdly, the fact that, to date, only Germany, in contrast to most other countries, has ruled out the eligibility of the bank levy for tax deduction and fourthly the risk that ratings will deteriorate and refinancing costs will increase.

Furthermore, 11 EU states, including Germany, Austria, Italy and France, are discussing the introduction of a European Financial Transaction Tax (EU FTT). There are already similar levies in individual countries like France and Italy. An EU FTT of 0.1% of the trade value has been considered of late, only charged on trades in shares, equity-like instruments and derivatives (0.01%) at this stage, although it would be expanded later. The political objectives of the EU FTT are to make banks bear some of the cost of the financial market crisis and at the same time to limit so-called “speculative” trades. If introduced, this could have an impact on market structures and alter the competitive situation in Europe. As only 11 countries intend at present to apply the EU FTT, its introduction could lead to competitive disadvantages for HVB Group with regard to its international positioning.

The potentially higher tax burden resulting from the introduction of an EU FTT could possibly also have an impact on the profitability of HVB Group.

12.3 Risks in connection with potential resolution measures or a reorganisation proceeding

Changes to German law in connection with the implementation of the EU framework for the recovery and resolution of credit institutions and investment firms (Directive 2014/50/EU, the BRRD), which is implemented into German law by the Act on the Restructuring and Resolution of Institutions (*Sanierungs- und Abwicklungsgesetz – SAG*) and which will be supplemented by the so-called Single Resolution Mechanism (SRM) Regulation (EU Regulation Nr. 1093/2010, as amended, the "**SRM Regulation**") may result in claims for payment of principal, interest or other amounts under equity or debt capital instruments issued by HVB (the "**Capital Instruments**") being subject to a permanent reduction, including to zero, or a conversion into one or more instruments that constitute Common Equity Tier 1 capital instruments, such as ordinary shares by intervention of the competent resolution authorities. A resolution authority is an authority that is – based on the provisions of the SAG / BRRD and the SRM Regulation, respectively – in a given country competent on a national and/or European level to conduct the resolution of a credit institution. With respect to Germany, this is the German Financial Market Stabilisation Agency (*Bundesanstalt für Finanzmarktstabilisierung, FMSA*). On a European level, this is the Single Resolution Board (SRB) which is currently in the process of being set up.

In addition to the above mentioned measures, the competent resolution authorities are also able to apply any other resolution measure, including, but not limited to, any transfer of the Capital Instruments to another entity, the amendment of the terms and conditions of the Capital Instruments or the cancellation of the Capital Instruments. Each of these aforementioned measures are hereinafter referred to as "Resolution Measures". The holders of Capital Instruments are bound by any Resolution Measure and would have no claim or any other right against HVB arising out of any Resolution Measure and the respective payment obligations of HVB would eventually be deemed to be fulfilled. This would occur if HVB, UniCredit S.p.A. or the related group becomes or is deemed by the competent supervisory authority to have become "non-viable" or "its existence is endangered" (within the meaning of the respective definition under the then applicable law) and unable to continue its activities without such write-off or conversion or without a public sector injection of capital.

In principal, the resolution authorities will exercise their power in a way that results in (i) Common Equity Tier 1 capital instruments (such as ordinary shares of HVB) being written down first in proportion to the relevant losses, (ii) thereafter, the principal amount of other capital instruments (additional Tier 1 capital instruments and Tier 2 capital instruments) being written down on a permanent basis or converted into Common Equity Tier 1 capital instruments in accordance with their order of priority and (iii) thereafter, certain eligible liabilities (potentially including some liabilities under and in connection with Capital Instruments other than subordinated liabilities) being written down on a permanent basis or converted into Common Equity Tier 1 capital instruments in accordance with the hierarchy of creditors' claims in normal insolvency proceedings. In particular cases, resolution authorities may under certain conditions exclude eligible liabilities from a write-off or conversion (in particular, in the case of a factual impracticability) which may cause a bigger share of loss of holders of other eligible liabilities.

The German legislator has already changed such hierarchy in light of the BRRD and implemented for a preferential treatment for certain claims of depositors which thereby rank senior to claims of holders of the Capital Instruments. It cannot be excluded that this hierarchy will be further amended (also with retroactive effect) including with the result of a subordinated treatment and thereby allocating claims in relation to Capital Instruments (affecting claims under Capital Instruments partially or wholly) to have a lower and subordinated ranking in comparison to claims of ordinary unsecured non-preferred creditors.

Whether and if, to which extent the Capital Instruments will be subject to Resolution Measures depends on a number of factors (such as those resulting from the fact that HVB belongs to UniCredit) and includes factors that are outside the HVB Group’s control, and it is not clearly predictable if at all und to which extent Resolution Measures will be taken by competent resolution authorities. The exercise of any Resolution Measure would in particular not constitute any right to terminate a Capital Instrument.

Potential investors should consider the risks arising from Resolution Measures, in particular that Holders of Capital Instruments may due to resolution measures (and therefore already prior to an insolvency) lose all of their investment, including the principal amount plus any accrued interest, or that the Capital Instruments are subject to any change in the terms and conditions of the Capital Instruments, or the Capital Instruments would be subject to a moratorium, transferred to another entity or are subject to any other Resolution Measure.

In addition, in case of an "endangered existence" (*Bestandsgefährdung*) with respect to HVB, a reorganisation procedure that has been set up pursuant to the German Credit Institutions Reorganisation Act (*Kreditinstitute-Reorganisationsgesetz*) may involve similar measures that may result in similar risks to those referred to above and may adversely affect creditors of a German credit institution (such as the holders of Capital Instruments) to a similar extent, including, but not limited to, a reduction or a moratorium of claims.

13. 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. Pension 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 fair 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 obligations to rise further. Changes in the actuarial assumptions (for example, pension increases, salary increases, career trends and life expectancy) could influence the amount of the pension obligations, resulting in significant increases. Moreover, turmoil in the capital markets could lead to losses in the assets of the various pension plans. As a result, funding levels of the individual pension plans may be seriously compromised. All of the detrimental factors can have negative effects on the business results and the capital position of HVB Group, and thus on its financial situation.

14. 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 that are identified and assessed in an in-depth risk analysis and are managed as part of the respective risk type. 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.

Errors in the risk assessment or in defining the risk-mitigating measures could have negative effects on the operating results of HVB Group and/or its business performance and financial situation.

15. Risks from concentrations of risk and earnings

Concentrations are accumulations of risk positions that react similarly to specific developments or events. Concentrations may have an impact within a risk type or equally across risk types. They indicate increased potential losses resulting from an imbalance of risk positions held in customers and products or specific industries and countries.

In addition, the concentration of earnings in individual customers, business segments, products or regions represents a business-strategy risk for the Bank.

16. Risks from the stress testing measures imposed on HVB Group

HVB Group is subject to stress testing measures introduced by the German financial supervisory authorities, the German Federal Financial Supervisory Authority (*BaFin*), and the Deutsche Bundesbank, the European Banking Authority (EBA) and/or the European Central Bank (ECB).

Due to the fact that UniCredit has been classified by the ECB as a systemically important bank, HVB Group, as a part of UniCredit, was subject to the ECB Comprehensive Assessment in 2014, comprised of an asset quality review (AQR) and the stress test. As a result, HVB Group, as a part of UniCredit, may be subject to similar measures in the future. In addition, HVB Group and HVB are required to conduct regular stress tests to simulate events based on macroeconomic scenarios and on an ad-hoc basis. The results of these stress tests are sent to the Deutsche Bundesbank as well as the top management of HVB.

The business performance of HVB Group could be negatively affected in case of a poor stress test performance by HVB Group, HVB, UniCredit S.p.A. or one of the financial institutions with which they do business.

17. Risks from inadequate risk measurement models

HVB Group has the necessary structures, processes and personnel resources in place for the development of risk management guidelines, procedures and measurement models in connection with its activities. They are in line with the proven industry methods applied within the market. The underlying models undergo constant development and improvement, the appropriateness of which is ensured through regular validation.

Nevertheless, it is possible that the internal models of HVB Group could be rated as inadequate following investigations or verification through the regulatory authorities, or that they could underestimate existing risks. This could have negative effects on HVB Group and HVB, in particular with regard to the calculation of capital requirements.

18. Unidentified/unexpected risks

After a baseline analysis of the risks incurred, since 2013 HVB Group has been conducting a risk inventory on an annual basis to identify risks not previously recognised. In this regard, methods and models were developed in order to identify risks and implement risk-mitigating measures.

These methods and strategies may not be sufficient, however, for monitoring and managing certain risks, for example the risk pertaining to financial products traded in unregulated markets (such as OTC derivatives). As a result, HVB Group could incur greater losses than those calculated with the current methods or losses previously left out of its calculations entirely. Moreover, unforeseen events with negative effects on the markets in which HVB Group operates and previously not covered by its risk management could harm the operating results of HVB Group as well as its business performance and financial situation. These risks and their effects could be exacerbated by the complexity of the task of integrating risk management guidelines into the acquired units of HVB Group.

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 ("**CIB**") business segment acts as a product factory for customers in the Commercial Banking business segment.

Business segments of HVB Group

On 31 July 2014, the Management Board of HVB reached agreement with BNP Paribas S.A. on the sale of the 81.4% interest in DAB Bank AG ("**DAB**") held by HVB. The definitive contracts were signed on 5 August 2014 following approval by HVB’s Supervisory Board. The buyer is BNP Paribas Beteiligungsholding AG, Frankfurt am Main, a subsidiary of BNP Paribas S.A.. A price of €4.78 per share was agreed. After approval was obtaind from the authorities responsible, the transaction was completed on 17 December 2014. DAB together with its Salzburg-based direktanlage.at AG subsidiary previously formed the Asset Gathering business segment. This business segment now no longer exists following the sale of DAB.

The activities of HVB Group are thus divided into the following business segments:

− Commercial Banking

− Corporate & Investment Banking

− Other/consolidation

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, applying service models in line with the needs of various customer groups, i.e. retail customers, business/ corporate customers and commercial real estate customers. The private side of wealthy clients is serviced by a dedicated joint venture between the two business units Private Clients Bank and Unternehmer Bank: Private Banking & Wealth Management. It is covering the private wealthy individuals with its three service models: private banking, wealth management and family office, and for those corporate clients, who require support/service on their private investments, the joint venture offers investment advice to corporate owners and entrepreneurs. Growth is especially triggered by an intensive cooperation with Unternehmer Bank and focused acquisition activities.

Unternehmer Bank

HVB's Unternehmer Bank covers all corporate clients in Germany excluding multinational corporate clients, which are served in the Corporate & Investment Banking business segment. Clients of the Unternehmer Bank are divided into the following strategic groups: key account (larger enterprises), medium enterprises, small enterprises incl. the remote coverage concept Business Easy and commercial real estate. The Unternehmer Bank is committed to support the growth and internationalisation of its clients. In order to deepen client relationships, the Unternehmer Bank positions itself as a core bank and strategic business partner and serves the individual needs of the four client groups 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.

As specialists for asset-based financing, the UniCredit Leasing Group (UCLG) as UniCredit Leasing GmbH (100 per cent. subsidiary of UniCredit Bank AG) with the 100 per cent. subsidiaries UniCredit Leasing Finance GmbH, Structured Lease GmbH and UniCredit Aviation GmbH is responsible for the German market as a product specialist. As an "integrated leasing company" for mobile assets, UCLG is one of Germany's leading, non-captive leasing companies. As part of Unternehmer Bank, UCLG focuses on the classic commercial and corporate customer segment.UniCredit Luxembourg S.A. (LUX) is a 100 per cent. owned subsidiary of UniCredit Bank AG. Organizationally, LUX is assigned to several business segments. LUX provides for the Unternehmer Bank EGON-loans and -deposits, which are short-term loans and deposits referred by the Unternehmer Bank business units on-line to LUX. Additionally, LUX supports the Unternehmer Bank and the Corporate & Investment Banking segment with the documentation, administration and monitoring of structured finance and syndicated transactions.

Private Clients Bank

Consisting of the two customer groups '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. Mutual use of specialist units, central functions and support units are increasing operational efficiency.

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: clear positioning as a premium provider, focused customer strategy, a modern branch layout and multichannel, as well as a qualified product offer and value pricing.

Nearly 240 of HVB's current 580 locations will be merged or closed by the end of 2015, parallel a modernization of all remaining 271 branches and 64 advisory centers will take place. 85 per cent. of the customers who use advisory services will see little or no change to the distance to their nearest branch. There will be a decrease of slightly fewer than 1,300 full-time positions in the private clients bank.

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.

HVB Capital Partners AG, a 100 per cent. owned subsidiary of UniCredit Bank AG, is assigned to the Corporate & Investment Banking business segment. Activities are the acquisition, holding, management and sale of direct and indirect participations in companies of all kinds.

UniCredit Luxembourg S.A., a 100 per cent. owned subsidiary of UniCredit Bank AG, is assigned to several segments, i.e. it is also active in the Corporate & Investment Banking segment.

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.

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 production 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 pools the competence lines of HVB Group. They contain the organisations of the Board Spokesman, the Chief Financial Officer (CFO), the Chief Risk Officer (CRO) and the

Chief Operating Officer (COO) including Human Resources Management (HR). The Group Corporate Centre encompasses profit contributions that do not fall within the responsibilities 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. in addition, income from securities holdings for which the Management Board is responsible are reflected here. . 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 Other/consolidation business segment also includes the Real Estate Restructuring (RER) customer portfolio. Other significant subject areas and functions that are positioned under the Group Corporate Centre are compliance, sustainability management, tax management, marketing and the entire risk management.

Principal Markets

In the opinion of HVB Group, it has a developed network of branches in Germany, particularly in Bavaria and the greater Hamburg area, which is currently being modified to accommodate changed patterns of customer behaviour. As of 31 December 2014, HVB Group had 796 offices around the world (including 465 HVB offices in Germany) and 17,980 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 Advisory Board with supervisory function)
Peter Buschbeck	Commercial Banking/Private Clients Bank	Wüstenrot & Württembergische AG, Stuttgart (Member of the Supervisory Board)
Lutz Diederichs	Commercial Banking/ Unternehmer Bank	Bayerische Börse AG, Munich (Deputy Chairman of the Supervisory Board since 1 January 2015)
Peter Hofbauer	Chief Financial Officer	HVB Trust Pensionsfonds AG, Munich (Deputy Chairman of the Supervisory Board)

Name	Areas of Responsibility	Major activities outside HVB Group
Heinz Laber	Chief Operating Officer, 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)
Andrea Umberto Varese	Chief Risk Officer	-
Dr Theodor Weimer	Board Spokesman	ERGO Versicherungsgruppe Aktiengesellschaft, Düsseldorf (Member of the Supervisory Board) Bayerische Börse AG, Munich (Member of the Supervisory Board until 31 December 2014) FC Bayern München AG, Munich, (Member of the Supervisory Board since 10 November 2014)

Supervisory Board

Name	Principal Occupation
Federico Ghizzoni, Milan, Chairman	Chief Executive Officer of UniCredit S.p.A.
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
Mirko Davide Georg Bianchi, Lugano-Casagnola	Head of Group Finance of UniCredit S.p.A.
Aldo Bulgarelli, Verona	Attorney 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, Munich
Werner Habich, Mindelheim(1)	Employee of UniCredit Bank AG
Dr Marita Kraemer, Frankfurt am Main	Member of the Management Board of Zurich GI Management Aktiengesellschaft (Deutschland), Frankfurt am Main, and Member of the Management Board of Zurich Service GmbH, Bonn
Dr Lothar Meyer, Bergisch-Gladbach	Former Chairman of the Management Board of ERGO Versicherungsgruppe Aktiengesellschaft, Düsseldorf
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

UniCredit S.p.A. holds directly 100% of HVB's share capital.

FINANCIAL STATEMENTS OF HVB

The audited consolidated financial statement in respect of the fiscal year ended 31 December 2013 of HVB and the audited unconsolidated financial statement of HVB as at 31 December 2013 (*HGB*) are incorporated by reference into this Registration Document (see "General Information – Information incorporated by reference" below). The audited consolidated financial statement in respect of the fiscal year ended 31 December 2014 and the audited unconsolidated financial statement of HVB as at 31 December 2014 (*HGB*) are laid down as F-Pages of this Registration Document.

AUDITORS

Deloitte, the independent auditors of HVB for the financial years 2014 and 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 2014 and 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 and other companies belonging to the HVB Group are required to deal appropriately with various legal and regulatory requirements. Failure to do so may lead to litigation and administrative proceedings or investigations and subject HVB and other companies belonging to the HVB Group 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 damages. 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 proceedings 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 IFRS accounting principles applied by HVB Group.

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 granted loans as well as the assumed payments obligations were due on 30 November 2014. The loans were paid back to HVB and the assumed payment obligations were paid to the fund by HVB.

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 was recently referred back to the Higher Regional Court of Munich by 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. However, the German Federal Court of Justice overruled significant findings of the first instance court and set the barriers for a liability on the part of HVB because of an allegedly incorrect prospectus at a very high level. In the fiscal proceedings initiated by the fund which are pending alongside the civil proceedings and concern the tax declaration of the fund for the 2004 financial year, 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 retail fund with investment target in heating plants, a number of investors brought legal proceedings against HVB pursuant to the Capital Markets Test Case Act. Munich Higher Regional Court (*Oberlandesgericht*) has ordered to obtain several court expert opinions in order to assess the question of an alleged 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 established practice, the customer has to prove 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 noteworthy 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 filed complaints; even though the number is declining, such complaints continue to be filed. 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.

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 fair value has decreased slightly. 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. In particular, the statute of limitations under Section 37a of the earlier version of the German Securities Trading Act (*Wertpapierhandelsgesetz* – WpHG) the client's economic experience and risk tolerance, and the actual investment advice given may be relevant questions.

Proceedings related to German Tax Credits

During the years from 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 opposed the tax authorities' position.

The tax authorities also served upon HVB a secondary liability notice demanding payment in the same amount on the basis of alleged issuer liability for tax certificates. HVB has challenged the notice.

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.

After the German tax authorities demanded payment by the client and HVB, the client asserted claims against HVB and vice versa HVB asserted claims amongst others against the client each requiring payment and full indemnification.

In August 2014, the parties agreed on the settlement of all disputes subject to civil law and tax law in this context, without acknowledgement of any legal obligation. Accordingly all proceedings subject to civil law and tax law relating to the customer case were terminated.

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*). The General Public Prosecutor has initiated proceedings against HVB for an administrative fine according to the German Administrative Offences Act (*OWiG*). There is a risk that HVB could be subject to other penalties, fines and profit claw backs, and/or criminal exposure. At this time it is not possible to assess time, extent, scope or impact of the decision.

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 (so-called "**cum/ex trades**") and related withholding tax credits claimed or applications for refund of related taxes by HVB in Germany and elsewhere. In response to the client case, the Management had 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 investigation of such events by external advisors. These investigations were supported by UniCredit without reservation.

HVB has completed its investigations into these transactions. The results of the investigations performed by renowned international law firms show that, in some instances and to different extents, the cum/ex trades that HVB was involved in from 2005 to 2008 demonstrated similarities to the transactions carried out in the case of the client. From 2009 onwards such transactions were no longer conducted. The results of the inquiry indicate misconduct by individuals in the past. The Supervisory Board has requested individual former Management Board members to comment on the findings. The Supervisory Board sees no reason to take action against current members of the Management Board.

In the course of the open regular tax audits for 2005 to 2008, 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 Cologne Public Prosecutor (*Staatsanwaltschaft Köln*) has opened a Preliminary Investigation against former and current employees of the Bank with regard to applications for refunds vis-à-vis the Central Federal Tax Authority. The Munich Public Prosecutor (*Staatsanwaltschaft München*) has also opened a Preliminary Investigation with regard to withholding tax credits claimed in the corporate tax returns and has furthermore initiated a proceeding against HVB for an administrative fine according to the German Administrative Offences Act. In addition, HVB has notified 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.

It remains largely unclear whether and under what circumstances taxes can be applied or reimbursed for certain types of trades undertaken near dividend dates. The related questions on the tax treatment of such transactions have only partly been adjucated in higher German tax courts so far. On 16 April 2014, the German Federal Fiscal Court (*Bundesfinanzhof*) decided in a case dealing with specifically structured equity transactions around the dividend record date. In this specific case the German Federal Fiscal Court denied economic ownership of the purchaser and hence application for capital gains tax purposes upon certain conditions thereby leaving open numerous further questions.

The impact of any review by the competent domestic and foreign (tax) authorities regarding above mentioned proprietary trades is currently open. In this connection, HVB could be subject to tax, liability and interest claims, as well as penalties, fines and profit claw backs, and/or other consequences. At this time, it is not possible to assess the timing, extent, scope or impact of any decisions. 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. Three 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 favour of HVB at first instance but is not final and binding as of today. A second case has ruled in favour of HVB in second instance and the German Federal Court of Justice has rejected an appeal against denial of leave to appeal by plaintiff. The third case has been abandoned by the plaintiff.

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.

In a decision dated 1 April 2015, Munich Higher Regional Court set aside the ruling of Munich Regional Court I and dismissed the respective actions; the decision of Munich Higher Regional Court is not legally binding yet.

Financial Sanctions Matters

Recently, violations of US sanctions have resulted in certain financial institutions entering into settlements and paying substantial fines and penalties to various US authorities, including the US Treasury Department's Office of Foreign Assets Control ("**OFAC**"), the US Department of Justice ("**DOJ**"), the New York State District Attorney ("**NYDA**"), the US Federal Reserve ("**Fed**") and the New York Department of Financial Services ("**DFS**") depending on the individual circumstances of each case.

In March 2011 HVB received a subpoena from the NYDA relating to historic transactions involving certain Iranian entities, designated by OFAC, and their affiliates. In June 2012, the DOJ opened an investigation of OFAC-related compliance by HVB and its subsidiaries more generally. HVB Group is cooperating with various US authorities and is updating other relevant non US authorities as appropriate. Although we cannot at this time determine the form, extent or timing of any resolution with any relevant authorities, the investigation costs, remediation required and/or payment or other legal liability incurred could lead to liquidity outflows and could potentially have a material adverse effect on the net assets and operating results of HVB in any particular period.

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 2014 and 2013 of HVB, the unconsolidated annual financial statements of HVB in respect of the fiscal years ended 31 December 2014 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 from which information has been 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 2015 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 2014, and (ii) no material adverse change in the prospects of the HVB Group since 31 December 2014, the date of its last published audited financial statements (Annual Report 2014).

Information incorporated by reference

The information specified below under "Audited consolidated financial statements at 31 December 2013" set out on pages F-1 to F-141 of the Registration Document of UniCredit Bank AG dated 25 April 2014 and under "Audited unconsolidated financial statements (HGB) at 31 December 2013" set out on pages F-142 to F-201 of the Registration Document of UniCredit Bank AG dated 25 April 2014, shall be deemed to be incorporated in, and to form part of, this Registration Document in accordance with section 11 (1) sentence 1 of the WpPG. Parts of such documents which are not incorporated by express reference are not relevant for potential investors.

Audited consolidated financial statements at 31 December 2013	**Extracted from the Registration Document of HVB dated 25 April 2014**	**Inserted in this Registration Document on the following pages:**
- Consolidated Income Statement	- p. F-2 to F-3	- p. - 17 -
- Consolidated Balance Sheet	- p. F-4 to F-5	- p. - 17 -
- Statement of Changes in Consolidated Shareholders' Equity	- p. F-6 to F-7	- p. - 17 -
- Consolidated Cash Flow Statement	- p. F-8 to F-9	- p. - 17 -
- Notes to the Consolidated Financial Statements	- p. F-10 to F-140	- p. - 17 -
- Auditors' Report	- p. F-141	- p. - 17 -
Audited unconsolidated financial statements (HGB) at 31 December 2013	**Extracted from the Registration Document of HVB dated 25 April 2014**	**Inserted in this Registration Document on the following pages:**
- Income Statement	- p. F-142 to F-143	- p. - 17 -
- Balance Sheet	- p. F-144 to F-149	- p. - 17 -
- Notes	- p. F-150 to F-200	- p. - 17 -
- Auditors' Report	- p. F-201	- p. - 17 -

Copies of the documents from which information has been incorporated herein by reference will be available, free of charge, at the office of HVB (Arabellastrasse 12, 81925 Munich).

Consolidated Income Statement

for the year ended 31 December 2014

Income/Expenses	NOTES	2014 € millions	2013 € millions	CHANGE € millions	in %
Interest income		5,014	5,685	(671)	(11.8)
Interest expense		(2,371)	(2,812)	+ 441	(15.7)
Net interest	33	2,643	2,873	(230)	(8.0)
Dividends and other income from equity investments	34	92	117	(25)	(21.4)
Net fees and commissions	35	1,082	1,102	(20)	(1.8)
Net trading income	36	483	1,095	(612)	(55.9)
Net other expenses/income	37	302	328	(26)	(7.9)
Payroll costs		(1,782)	(1,770)	(12)	+ 0.7
Other administrative expenses		(1,532)	(1,509)	(23)	+ 1.5
Amortisation, depreciation and impairment losses on intangible and tangible assets		(245)	(199)	(46)	+ 23.1
Operating costs	38	(3,559)	(3,478)	(81)	+ 2.3
Net write-downs of loans and provisions for guarantees and commitments	39	(151)	(214)	+ 63	(29.4)
Provisions for risks and charges	40	25	(220)	+ 245	
Restructuring costs	41	18	(362)	+ 380	
Net income from investments	42	148	198	(50)	(25.3)
PROFIT BEFORE TAX		**1,083**	**1,439**	**(356)**	**(24.7)**
Income tax for the period	43	(298)	(377)	+ 79	(21.0)
PROFIT AFTER TAX		**785**	**1,062**	**(277)**	**(26.1)**
Impairment on goodwill		—	—	—	—
CONSOLIDATED PROFIT FROM CONTINUING OPERATIONS		**785**	**1,062**	**(277)**	**(26.1)**
Profit before tax from discontinued operations	44	185	19	+ 166	>+ 100.0
Income tax from discontinued operations	44	(12)	(7)	(5)	+ 71.4
PROFIT AFTER TAX FROM DISCONTINUED OPERATIONS	**44**	**173**	**12**	**+ 161**	**>+ 100.0**
CONSOLIDATED PROFIT OF FULL HVB GROUP		**958**	**1,074**	**(116)**	**(10.8)**
attributable to the shareholder of UniCredit Bank AG		947	1,033	(86)	(8.3)
attributable to minorities		11	41	(30)	(73.2)

Earnings per share

(in €)

	NOTES	2014	2013
Earnings per share from continuing operations (undiluted and diluted)	45	0.96	1.27
Earnings per share of full HVB Group (undiluted and diluted)	45	1.18	1.29

Consolidated statement of total comprehensive income for the year ended 31 December 2014

(€ millions)

	2014	2013
Consolidated profit recognised in the income statement	**958**	**1,074**
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)	(873)	(75)
Non-current assets held for sale	—	—
Other changes	—	—
Taxes on income and expenses not to be reclassified to the income statement in future periods	276	23
Income and expenses to be reclassified to the income statement in future periods		
Changes from foreign currency translation	6	(29)
Changes from companies accounted for using the equity method	—	—
Changes in valuation of financial instruments (AfS reserve)	17	47
Unrealised gains/(losses)	42	71
Gains/(losses) reclassified to the income statement	(25)	(24)
Changes in valuation of financial instruments (hedge reserve)	3	(1)
Unrealised gains/(losses)	—	—
Gains/(losses) reclassified to the income statement	3	(1)
Other changes	20	(57)
Taxes on income and expenses to be reclassified to the income statement in future periods	(14)	(16)
Total income and expenses recognised in equity under other comprehensive income	**(565)**	**(108)**
Total comprehensive income	**393**	**966**
of which:		
attributable to the shareholder of UniCredit Bank AG	379	948
attributable to minorities	14	18

Consolidated Balance Sheet

at 31 December 2014

Assets

	NOTES	2014 € millions	2013 € millions	CHANGE € millions	CHANGE in %
Cash and cash balances	46	5,173	10,626	(5,453)	(51.3)
Financial assets held for trading	47	111,838	91,301	+ 20,537	+ 22.5
Financial assets at fair value through profit or loss	48	31,205	29,712	+ 1,493	+ 5.0
Available-for-sale financial assets	49	1,569	4,576	(3,007)	(65.7)
Investments in associates and joint ventures	50	77	71	+ 6	+ 8.5
Held-to-maturity investments	51	66	217	(151)	(69.6)
Loans and receivables with banks	52	32,654	35,312	(2,658)	(7.5)
Loans and receivables with customers	53	109,636	109,589	+ 47	+ 0.0
Hedging derivatives	55	753	1,053	(300)	(28.5)
Hedge adjustment of hedged items					
in the fair value hedge portfolio		66	67	(1)	(1.5)
Property, plant and equipment	56	2,949	2,913	+ 36	+ 1.2
Investment properties	57	1,293	1,456	(163)	(11.2)
Intangible assets	58	478	518	(40)	(7.7)
of which: goodwill		418	418	—	—
Tax assets		1,695	1,654	+ 41	+ 2.5
Current tax assets		476	431	+ 45	+ 10.4
Deferred tax assets		1,219	1,223	(4)	(0.3)
Non-current assets or disposal groups held for sale	59	32	154	(122)	(79.2)
Other assets	60	858	799	+ 59	+ 7.4
Total assets		**300,342**	**290,018**	**+ 10,324**	**+ 3.6**

Liabilities

	NOTES	2014 € millions	2013 € millions	CHANGE € millions		in %
Deposits from banks	62	54,080	47,839	+ 6,241	+	13.0
Deposits from customers	63	100,674	107,850	(7,176)		(6.7)
Debt securities in issue	64	28,249	31,804	(3,555)		(11.2)
Financial liabilities held for trading	65	87,970	73,535	+ 14,435	+	19.6
Hedging derivatives	66	749	373	+ 376	>+	100.0
Hedge adjustment of hedged items						
in the fair value hedge portfolio	67	2,430	1,646	+ 784	+	47.6
Tax liabilities		749	906	(157)		(17.3)
Current tax liabilities		660	700	(40)		(5.7)
Deferred tax liabilities		89	206	(117)		(56.8)
Liabilities of disposal groups held for sale	68	1	4	(3)		(75.0)
Other liabilities	69	2,534	3,083	(549)		(17.8)
Provisions	70	2,309	1,969	+ 340	+	17.3
Shareholders' equity	71	20,597	21,009	(412)		(2.0)
Shareholders' equity attributable to the						
shareholder of UniCredit Bank AG		20,566	20,962	(396)		(1.9)
Subscribed capital		2,407	2,407	—		—
Additional paid-in capital		9,791	9,791	—		—
Other reserves		7,660	7,920	(260)		(3.3)
Changes in valuation of financial instruments		81	88	(7)		(8.0)
AfS reserve		54	63	(9)		(14.3)
Hedge reserve		27	25	+ 2	+	8.0
Consolidated profit		627	756	(129)		(17.1)
Minority interest		31	47	(16)		(34.0)
Total shareholders' equity and liabilities		**300,342**	**290,018**	**+ 10,324**	**+**	**3.6**

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 €627 million. We will propose to the Shareholders' Meeting that a dividend of €627 million be paid to UniCredit S.p.A. (UniCredit), Rome, Italy. This represents a dividend of around €0.78 per share after around €0.94 in 2013.

Statement of Changes in Consolidated Shareholders' Equity

	SUBSCRIBED CAPITAL	ADDITIONAL PAID-IN CAPITAL	OTHER RESERVES	
			TOTAL OTHER RESERVES	OF WHICH: PENSIONS AND SIMILAR OBLIGATIONS (IAS 19)
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 from consolidated profit	—	—	277	—
Changes in group of consolidated companies	—	—	1	3
Shareholders' equity at 31/12/2013	**2,407**	**9,791**	**7,920**	**(648)**
Shareholders' equity at 1/1/2014	**2,407**	**9,791**	**7,920**	**(648)**
Consolidated profit recognised in the consolidated income statement	**—**	**—**	**—**	**—**
Total income and expenses recognised				
in equity under other comprehensive income[3]	**—**	**—**	**(581)**	**(597)**
Changes in valuation of financial instruments not affecting income	—	—	—	—
Changes in valuation of financial instruments affecting income	—	—	—	—
Actuarial losses on defined benefit plans	—	—	(597)	(597)
Reserve arising from foreign currency translation	—	—	7	—
Other changes	—	—	9	—
Total other changes in equity	**—**	**—**	**321**	**—**
Dividend payouts	—	—	—	—
Transfers from consolidated profit	—	—	320	—
Changes in group of consolidated companies	—	—	1	—
Shareholders' equity at 31/12/2014	**2,407**	**9,791**	**7,660**	**(1,245)**

1 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.
The Shareholders' Meeting of 2 June 2014 resolved to distribute the 2013 consolidated profit in the amount of €756 million as a dividend to our sole shareholder UniCredit S.p.A. (UniCredit), Rome, Italy. This represents a dividend of around €0.94 per share.
2 UniCredit Bank AG (HVB)
3 see Consolidated statement of total comprehensive income

(€ millions)

	CHANGE IN VALUATION OF FINANCIAL INSTRUMENTS					
	AFS RESERVE	HEDGE RESERVE	CONSOLIDATED PROFIT[1]	TOTAL SHAREHOLDERS' EQUITY ATTRIBUTABLE TO THE SHAREHOLDER OF HVB[2]	MINORITY INTEREST	TOTAL SHAREHOLDERS' EQUITY
	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**
	63	**25**	**756**	**20,962**	**47**	**21,009**
	—	**—**	**947**	**947**	**11**	**958**
	11	**2**	**—**	**(568)**	**3**	**(565)**
	27	—	—	27	2	29
	(22)	2	—	(20)	—	(20)
	—	—	—	(597)	—	(597)
	(1)	—	—	6	—	6
	7	—	—	16	1	17
	(20)	**—**	**(1,076)**	**(775)**	**(30)**	**(805)**
	—	—	(756)	(756)	(4)	(760)
	—	—	(320)	—	—	—
	(20)	—	—	(19)	(26)	(45)
	54	**27**	**627**	**20,566**	**31**	**20,597**

Consolidated Cash Flow Statement

for the year ended 31 December 2014

(€ millions)

	2014	2013
Consolidated profit	**958**	**1,074**
Write-downs, provisions for losses on, and write-ups of,		
loans and receivables and additions to provisions for losses on guarantees and indemnities	202	285
Write-downs and depreciation less write-ups on non-current assets	266	180
Change in other non-cash positions	(249)	(2,251)
Profit from the sale of investments, property, plant and equipment	(334)	(82)
Other adjustments (net interest and dividend income from the income statement, taxes on income paid)	(2,680)	(2,380)
Subtotal	**(1,837)**	**(3,174)**
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	(4,738)	(8,089)
Loans and receivables with banks	2,215	992
Loans and receivables with customers	617	11,768
Other assets from operating activities	(65)	599
Deposits from banks	6,288	2,723
Deposits from customers	(5,031)	(2,580)
Debt securities in issue	(2,618)	(3,427)
Other liabilities from operating activities	(1,198)	(3,703)
Taxes on income paid	(231)	(588)
Interest received	5,025	5,792
Interest paid	(2,524)	(3,000)
Dividends received	295	99
Cash flows from operating activities	**(3,802)**	**(2,588)**
Proceeds from the sale of investments	1,465	2,565
Proceeds from the sale of property, plant and equipment	155	233
Payments for the acquisition of investments	(641)	(1,644)
Payments for the acquisition of property, plant and equipment	(412)	(235)
Effects of the change in the group of companies included in consolidation	—	72
Effect of the disposal of discontinued operations	307	—
Cash flows from investing activities	**874**	**991**

(€ millions)

	2014	2013
Change in additional paid-in capital	—	—
Dividend payments	(755)	(2,462)
Issue of subordinated liabilities and hybrid capital	434	6
Repayment/buy-back of subordinated liabilities and hybrid capital	(1,585)	(810)
Other financing activities (debt, fund for general banking risks) (+)	—	—
Other financing activities (debt, fund for general banking risks) (–)	(619)	(166)
Cash flows from financing activities	**(2,525)**	**(3,432)**
Cash and cash equivalents at end of previous period	**10,626**	**15,655**
Net cash provided/used by operating activities	**(3,802)**	**(2,588)**
Net cash provided/used by investing activities	**874**	**991**
Net cash provided/used by financing activities	**(2,525)**	**(3,432)**
Effects of exchange rate changes	—	—
Less non-current assets or disposal groups held for sale	—	—
Cash and cash equivalents at end of period	**5,173**	**10,626**

Notes to the Consolidated Financial Statements

for the period from 1 January 2014 to 31 December 2014

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 principles.

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) pursuant to EU Commission Regulation 1606/2002 of the European Parliament and of the Council of 19 July 2002 (IAS-VO) 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 2 March 2015 and adopted by the Supervisory Board on 10 March 2015. 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 2014 financial year have been applied. Section 315a HGB also contains national regulations to be applied alongside the IFRS by capital-market-oriented companies.

Our listed subsidiaries DAB Bank AG (until 17 December 2014) and AGROB Immobilien AG have published the equivalent statements of compliance required by Section 161 AktG 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
– 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, Munich

Compliant with Section 264 (3) HGB, the following companies are exempted from the obligation to prepare a management report and publish their annual financial statements:
– Argentaurus Immobilien-Vermietungs- und Verwaltungs GmbH, Munich
– 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
– 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.

Reclassifications were made between net trading income and net fees and commissions during the reporting period, with the year-ago figures being adjusted accordingly. The main criteria applied when allocating the respective results components are the assumption of the risks inherent in the underlying transactions and whether these predominate or arise solely in the interest of the customer, and hence the nature of a service predominates. The corrected error led to an adjustment of the year-ago figures for net fees and commissions and net trading income. In all, net fees and commissions increased by €22 million while net trading income declined by the same amount.

The assessment of a purchase option for leased property classified until now as beneficial under a lease was revised, as exercising the option is not economically beneficial for the Bank and hence not probable. Against this backdrop, we corrected an error in accordance with IAS 8.41 during the reporting period, leading to decreases of €72 million in investment properties, €48 million in liabilities under finance leases and €38 million in other provisions (rental guarantees). Corresponding to this, deferred tax assets declined by €27 million and deferred tax liabilities by €23 million. We have decided not to adjust the year-ago figures for materiality reasons. The overall effect arising from the corrected error was recognised in retained earnings, serving to increase shareholders' equity by €10 million.

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 occurring 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: Depreciable items of property, plant and equipment 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.

Apart from this, the accounting, valuation and disclosure principles applied in 2014 are the same as those applied in the consolidated financial statements for 2013, with the exception of the new IFRS rules to be applied as described in Note 4.

3 Events after the reporting period

On 18 February 2015, the German Federal Labour Court (Bundesarbeitsgericht – BAG) published an explanation of its ruling relating to a court decision of 30 September 2014. The Court decided that, if an employer has made a pension commitment to its employees by way of a pension fund and the fund reduces the retirement benefits due to economic difficulties, the employer is obliged to compensate the employees for the reduction. Within the scope of the ruling, the Court also commented at length on the employer's obligation to adjust the pension. According to Section 16 of the German Occupational Pensions Act (Betriebsrentengesetz – BetrAVG), the employer is normally obliged to assess a potential increase of its commitment under occupational pensions every three years and has to make a decision at its own discretion. Contrary to the largely prevailing opinion in the literature, the Court has now determined that the escape clause concerning the pension adjustment obligation incorporated in Section 16 (3) No. 2 BetrAVG is not applicable for occupational pensions originated before the German Actuarial Reserve Regulation (Deckungsrückstellungsverordnung – DeckRV) that came into force in 1996. This opinion expressed by the Court in respect of the pension adjustment obligation may also be applicable to the occupational pension commitments undertaken by the Bank by way of Versorgungskasse des Bankgewerbes e.V. (BVV). This could result in an obligation for the Bank for which the extent and amount have still to be assessed. Due to the explanation recently published by the Court, the detailed effects are still unclear and the ensuing potential obligations cannot be reliably determined at this time.

Accounting and Valuation (Continued)

4 Initial adoption of new IFRS accounting rules

The following standards newly published or revised by the IASB were mandatorily applicable for EU-based enterprises for the first time in the 2014 financial year:

– 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”
– Amendments to the consolidation standards IFRS 10, IFRS 12 and IAS 27 – “Investment Entities”
– Amendments to IAS 32 “Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities”
– Amendments to IAS 36 “Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Assets”
– Amendments to IAS 39 “Financial Instruments – Novation of Derivatives and Continuation of Hedge Accounting”

IFRS 10 replaces SIC 12 “Consolidation: Special Purpose Entities” and parts of IAS 27 “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 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 did not give rise to any changes in the group of companies included in consolidation by HVB Group.

IFRS 11 revises the provisions regarding the consolidation of joint arrangements. 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 arrangement for the classification of joint arrangements and eliminates the option to consolidate joint ventures using the proportionate method. Initial adoption did not lead to any changes in the consolidated financial statements. The group of consolidated companies does not include any companies for which the proportionate method is applied and joint ventures are insignificant for the corporate group.

In comparison to IAS 27, IAS 28 and IAS 31, IFRS 12 requires much more extensive disclosures regarding subsidiaries, joint arrangements, associates and unconsolidated structured entities, which we have incorporated in the notes to the consolidated financial statements (Note 6, “Companies included in consolidation”; Note 85, “Disclosures regarding structured entities”).

The further amendments to the standards IAS 32, IAS 36 and IAS 39 had no significant effects on the consolidated financial statements of HVB Group:

The amendments to IAS 32 clarify the conditions for offsetting financial instruments. It is made clear that a present legal right to set off must exist at the reporting date and which gross settlement systems correspond to a net set-off within the meaning of the standard.

The amendments to IAS 36 contain minor modifications to notes disclosures when the recoverable amount for impaired non-financial assets was determined on the basis of fair value less costs to sell.

The amendments to IAS 39 make it possible to continue designating derivatives as hedging instruments in a continuing hedge, despite a novation, if the contract is transferred to a central counterparty as a result of legal or regulatory requirements.

5 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 2015 financial year or thereafter. The Bank will apply these standards and interpretations in the financial year in which the new provisions in question become mandatorily applicable for EU-based enterprises for the first time.

The EU has adopted the following into European law:

– Amendments to IAS 19 "Employee Benefits – Defined Benefit Plans: Employee Contributions". The provisions are subject to mandatory adoption by EU-based enterprises for reporting periods beginning on or after 1 February 2015.
– IFRIC Interpretation 21 "Levies". The provisions are subject to mandatory adoption by EU-based enterprises for reporting periods beginning on or after 1 July 2014.
– "Annual Improvements to IFRSs 2010–2012 Cycle". These minor amendments and corrections to various existing standards are subject to mandatory adoption by EU-based enterprises for reporting periods beginning on or after 1 February 2015.
– "Annual Improvements to IFRSs 2011–2013 Cycle". These minor amendments and corrections to various existing standards are subject to mandatory adoption by EU-based enterprises for reporting periods beginning on or after 1 January 2015.

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

– IFRS 9 "Financial Instruments (July 2014)". The provisions are subject to mandatory adoption for reporting periods beginning on or after 1 January 2018.
– IFRS 14 "Regulatory Deferral Accounts". The provisions are subject to mandatory adoption for reporting periods beginning on or after 1 January 2016.
– IFRS 15 "Revenue from Contracts with Customers". The provisions are subject to mandatory adoption for reporting periods beginning on or after 1 January 2017.
– Amendments to IFRS 10, IFRS 12 and IAS 28 – "Investment Entities: Applying the Consolidation Exception". The provisions are subject to mandatory adoption for reporting periods beginning on or after 1 January 2016.
– Amendments to IFRS 10 and IAS 28 – "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture". The provisions are subject to mandatory adoption for reporting periods beginning on or after 1 January 2016.
– Amendments to IFRS 11 "Accounting for Acquisitions of Interests in Joint Operations". The provisions are subject to mandatory adoption for reporting periods beginning on or after 1 January 2016.
– Amendments to IAS 27 "Equity Method in Separate Financial Statements". The provisions are subject to mandatory adoption for reporting periods beginning on or after 1 January 2016.
– Amendments to IAS 1 "Presentation of Financial Statements – Disclosure Initiative". The provisions are subject to mandatory adoption for reporting periods beginning on or after 1 January 2016.
– Amendments to IAS 16 and IAS 38 – "Clarification of Acceptable Methods of Depreciation and Amortisation". The provisions are subject to mandatory adoption for reporting periods beginning on or after 1 January 2016.
– "Annual Improvements to IFRSs 2012-2014 Cycle". These minor amendments and corrections to various existing standards are subject to mandatory adoption for reporting periods beginning on or after 1 January 2016.

The new IFRS standards to be applied in the future that are relevant for HVB Group are discussed below:

In July 2014, the IASB published the definitive version of IFRS 9 "Financial Instruments" to replace IAS 39, the current standard covering the recognition and measurement of financial instruments. IFRS 9 contains a complete revision of the main regulations regarding the classification and measurement of financial instruments, the recognition of impairments of financial assets and the recognition of hedges. A final analysis of the significant effects arising for HVB Group is currently being carried out prior to implementation. Provided it is adopted into European law by the EU, IFRS 9 is subject to adoption for reporting periods beginning on or after 1 January 2018. Initial application should be retrospective.

Accounting and Valuation (Continued)

In May 2014, the IASB published a new standard regarding revenue realisation, IFRS 15 "Revenue from Contracts with Customers", which defines a uniform principles-based model for determining how and when revenue is recognised. Since income accruing in connection with financial instruments is not affected by this, we only expect IFRS 15 to have a minor effect on HVB Group.

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

6 Companies included in consolidation

The group of companies included in consolidation by HVB Group encompasses 192 (2013: 209) subsidiaries, of which 37 (2013: 45) are classified as structured entities within the meaning of IFRS 12.

	2014	2013[1]
Total subsidiaries	**344**	**344**
Consolidated companies	192	209
of which:		
structured entities according to IFRS 12	37	45
Non-consolidated companies	152	135
of which:		
structured entities according to IFRS 12	11	—
Joint ventures	**2**	**2**
of which:		
accounted for using the equity method	—	—
Associated companies	**15**	**18**
of which:		
accounted for using the equity method	7	6

1 In order to enhance comparability, the group of companies included in consolidation in 2013 has been broken down in accordance with the terminology of IFRS 10 to IFRS 12 that came into effect on 1 January 2014.

At year-end 2014, we had a total of 162 (2013: 149) 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 structured entities include 23 borrowers over which HVB gained control during the course of restructuring or resolution. The borrowers are classified as structured entities within the meaning of IFRS 12 as, on account of their financial difficulties, they are controlled by their credit relationship with HVB and longer by voting rights. Not all of the borrowers are disclosed in Note 94, "List of holdings pursuant to Section 313 HGB", for data protection reasons. Twelve of these borrowers have been consolidated; eleven borrowers have not been consolidated for materiality reasons.

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 0.23% (2013: 0.46%) of the consolidated profit of HVB Group, while such companies provide around 0.18% (2013: 0.04%) of consolidated assets. Our interests in these companies are carried as available-for-sale financial assets and loans extended under loans and receivables with customers.

Subsidiaries

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. The fully consolidated subsidiaries prepared their annual financial statements for the period ending 31 December 2014.

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

Since these companies are insignificant for the consolidated financial statements, it was decided not to convert their financial years. When the consolidated financial statements are being prepared, interim financial statements are prepared at the corporate year-end date for all these companies.

37 fully consolidated subsidiaries are classified as structured entities in accordance with IFRS 12. Please refer to Note 85 for more information about structured entities.

There were significant restrictions on the ability of HVB Group to access assets of the subsidiaries as follows:

– Subsidiaries classified as credit institutions or financial services institutions for supervisory purposes are subject to the provisions of the German Banking Act, the CRR and MaRisk/ICAAP regarding their capital base. The capital to be maintained under these provisions limits the ability of HVB Group to adopt resolutions regarding dividend distributions.
– Fully consolidated structured entities are not generally included in the consolidated financial statements on account of HVB Group's position as a shareholder. Accordingly, HVB Group has no ability to decide on dividend distributions and is bound by the contractual arrangements (such as lending agreements or derivative contracts).

The non-controlling interests at 31 December 2014 have no significant effects on the consolidated financial statements of HVB Group either individually or in aggregate. At 31 December 2014, third parties hold non-controlling interests in 51 (2013: 63) fully consolidated subsidiaries. The non-controlling interests are shown separately in the consolidated balance sheet and generally participate in the profits and losses of the companies; their shareholders hold voting rights in the companies, but without breaking the controlling influence of HVB Group. The largest non-controlling interests in the past related to DAB Bank AG, which was sold and deconsolidated during the reporting period.

In 2014, the following companies were newly added to the group of companies included in consolidation at HVB Group:

– Elektra Purchase No. 32 S.A., Luxembourg
– Elektra Purchase No. 33 Ltd., Dublin
– Elektra Purchase No. 34 Ltd., Dublin
– Elektra Purchase No. 35 Ltd., Dublin
– Elektra Purchase No. 36 Ltd., Dublin
– Newstone Mortgage Securities No. 1 Plc., London
– UniCredit Zweite Beteiligungs GmbH, Munich
– WealthCap Kapitalverwaltungsgesellschaft mbH, Munich

WMC Management GmbH was renamed WealthCap Kapitalverwaltungsgesellschaft mbH with effect from 30 October 2014.

Accounting and Valuation (Continued)

The structured entities (Elektra Purchase No. 32 S.A., Luxembourg, Elektra Purchase No. 33 Ltd., Dublin, Elektra Purchase No. 34 Ltd., Dublin, Elektra Purchase No. 35 Ltd., Dublin, Elektra Purchase No. 36 Ltd., Dublin, Newstone Mortgage Securities No. 1 Plc., London) 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.

In addition, one borrower has been initially consolidated in accordance with IFRS 10. The borrower has the German legal form of GmbH & Co. KG (a type of limited partnership), the only asset of which is a property over which HVB gained economic ownership during the course of restructuring. Under the provisions set forth in IFRS 10, this leads to an obligation on the part of HVB to consolidate the borrower. The Company shareholders' equity of €28 million that is held by third parties is shown in the consolidated balance sheet under minority interest. For data protection reasons, no further details, including the name of the company involved, are provided.

BV-BGPB Beteiligungsgesellschaft privater Banken für Internet- und mobile Bezahlungen mbH, Berlin, which was similarly added to the group of companies included in consolidation by HVB Group in 2014, is consolidated using the equity method.

In 2014, the following companies left the group of companies included in consolidation of HVB Group due to sale, imminent or completed liquidation:
– Bandon Leasing Ltd., Dublin
– BARD Phönix Verwaltungs GmbH, Emden
– Chiyoda Fudosan GK, Tokyo
– DAB Bank AG, Munich
– direktanlage.at AG, Salzburg
– Elektra Purchase No. 23 Ltd., Dublin
– Elektra Purchase No. 24 Ltd., Dublin
– GELDILUX-PP-2011 S.A., Luxembourg
– GELDILUX-TS-2010 S.A., Luxembourg
– GELDILUX-TS-2011 S.A., Luxembourg
– Grand Central Re Limited, Hamilton
– HVB Asia Limited, Singapore
– HVB Finance London Limited, London
– HVB Global Assets Company (GP), LLC, City of Dover
– HVB London Investments (CAM) Limited, London
– NXP Co-Investment Partners VIII, L. P., London
– Salome Funding Plc, Dublin
– UniCredit CAIB Securities UK Ltd., London
– UniCredit London Investments Limited, London

On 31 July 2014, the Management Board of HVB reached agreement with BNP Paribas S.A. on the sale of the 81.4% interest in DAB Bank AG (DAB) held by HVB. The definitive contracts were signed on 5 August 2014 following approval by HVB's Supervisory Board. A price of €4.78 per share, and hence around €354 million for all the shares held by HVB, was agreed. After approval was received from the relevant authorities, the transaction was completed on 17 December 2014. DAB together with its direktanlage.at subsidiary previously formed the Asset Gathering business segment. This segment ceases to exist with the sale of DAB. In accordance with IFRS 5, we are disclosing the contribution to profit of DAB and its direktanlage.at AG subsidiary in the consolidated income statement as profit from discontinued operations before and after tax. The composition of this contribution to profit is shown in Note 44, "Income statement of discontinued operations". The notes to the consolidated income statement in both the current reporting period and the previous reporting period no longer contain the contribution to profit of DAB and its direktanlage.at AG subsidiary accordingly. The deconsolidation of DAB and its direktanlage.at AG subsidiary leads at HVB Group to declines of €3.4 billion in available-for-sale financial assets, €1.4 billion in loans and receivables with banks, €0.3 billion in loans and receivables with customers and €5.0 billion in deposits from customers.

The following companies were absorbed by BARD Engineering GmbH, Emden, in the 2014 financial year, as a result of which they no longer belong to the group of companies included in consolidation by HVB Group:
– BARD Building GmbH & Co. KG, Emden
– BARD Emden Energy GmbH & Co. KG, Emden
– BARD Logistik GmbH, Emden
– BARD Nearshore Hooksiel GmbH, Emden
– BARD Schiffsbetriebsgesellschaft mbH & Co. Natalie KG, Emden
– BARD Service GmbH, Emden

In addition, SOLARIS Verwaltungsgesellschaft mbH & Co. Vermietungs KG, Munich, was absorbed by Orestos Immobilien-Verwaltungs GmbH, Munich, in the 2014 financial year, as a result of which it no longer belongs to the group of companies included in consolidation by HVB Group.

On account of the deconsolidation of the subsidiaries listed above, HVB Group realised a gain upon deconsolidation in accordance with IFRS 10.25 of €154 million. This is disclosed as a loss of €8 million under net income from investments and a gain of €162 million in profit after tax from discontinued operations.

Associated companies
No financial statements at 31 December 2014 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 2014
– Bulkmax Holding Ltd., Valetta	30 September 2014
– Comtrade Group B.V., Amsterdam	31 October 2014
– Martur Sünger ve Koltuk Tesisleri Ticaret ve Sanayi A.S., Istanbul	30 September 2014
– SwanCap Partners GmbH, Munich	30 September 2014

There were no significant events at these companies between the date when the above financial statements were prepared and 31 December 2014 that could have an impact on the assets, liabilities, financial position, and profit or loss.

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

There are no significant restrictions on our ability to access assets of the associated enterprises within the framework of the percentage interest we hold.

7 Principles of consolidation
An enterprise (or economically separate entity) is fully consolidated when it is controlled by HVB Group. Control is deemed to exist when the following three criteria defined in IFRS 10 are met: HVB Group must have power over the relevant activities of the company and be exposed to variable income from the enterprise. In addition, HVB Group must be able to use its power to influence the variable earnings it obtains from the enterprise.

Control is independent of the type of financial relationship between parent company and subsidiary and does not require any participation in the enterprise's capital. Control may also be derived from contractual arrangements or legal provisions.

To assess whether an enterprise is controlled by HVB Group, a detailed analysis must be carried out of the business purpose, the relevant activities of the enterprise, the parties involved and the distribution of the variable income from the enterprise. The analysis includes an assessment of whether HVB Group is acting as the principal and has delegated power over the enterprise to a third party (agent). This may be the case when the decision-maker who has power over the enterprise does not pursue own economic interests out of the enterprise or these are insignificant and the decision-maker merely exercises delegated decision-making powers for HVB Group.

Accounting and Valuation (Continued)

An enterprise is initially consolidated as soon as HVB Group gains control over the enterprise. During initial consolidation, the assets and liabilities of the enterprise measured are included at their fair values at the effective date. The uniform Group accounting and valuation policies are then applied. Expenses and income of the respective company are included in the consolidated income statement from the effective date of initial consolidation. Participating interests in a consolidated company held by third parties are carried under minority interests, provided the criteria for disclosure as shareholders' equity are met. Otherwise, they are recognised as debt.

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 remeasured balance of assets and liabilities is recognised as goodwill under intangible assets in the balance sheet on a prorated basis. 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 12.0% (2013: 12.4%) for the Corporate & Investment Banking business segment and 9.8% (2013: 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.

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

8 Financial instruments

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

The classes required by IFRS 7.6 are defined as follows:
– Cash and cash reserves
– Financial assets and liabilities held for trading
– Financial assets at fair value through profit or loss
– Available-for-sale financial assets (measured at cost)
– Available-for-sale financial assets (measured at fair value)
– Held-to-maturity investments
– Loans and receivables with banks (classified as loans and receivables)
– Loans and receivables with customers (classified as loans and receivables)
– Receivables under finance leases (classified as loans and receivables)
– Hedging derivatives
– Other deposits from banks
– Other deposits from customers
– Other 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 80 for the guarantee/amount of the lending commitments not yet utilised.

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

Financial assets and liabilities are initially recognised from the date on which the corporate group becomes a contractual party to the financial instrument in question. HVB Group normally recognises customary market purchases and sales of financial assets (known as regular way contracts) at the settlement date. Derivatives are recognised at the trading date.

The regulations set forth in IAS 39 regarding reclassifications have been observed. The reclassifications carried out in 2008 and 2009 are disclosed in Note 75, "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.

Accounting and Valuation (Continued)

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. 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 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 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 42).

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 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.

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 77):
– 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)

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 fair 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).

Further disclosures regarding fair values and the fair value hierarchy are given in Note 77, "Fair value hierarchy", and Note 78, "Fair values of financial instruments compliant with IFRS 7".

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.

Accounting and Valuation (Continued)

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.

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.

9 Financial assets held for trading

This item includes securities held for trading purposes and positive fair 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.

Accounting and Valuation (Continued)

10 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.

11 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.

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

13 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.

14 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.

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

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

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

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.

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.

Accounting and Valuation (Continued)

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).

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 fair 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 fair 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.

16 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

The estimated useful lives of property, plant and equipment are reviewed once a year and adjusted as appropriate should the expectations differ from earlier estimates.

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.

17 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.

Accounting and Valuation (Continued)

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 74 for more information.

18 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 and 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.

19 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.

20 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.

21 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.

22 Financial liabilities held for trading

This item includes the negative fair 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.

Accounting and Valuation (Continued)

23 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 67). 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.

24 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.

25 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.

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.

In the case of defined benefit obligations, actuarial gains and losses are recognised immediately and in full in other comprehensive income (OCI) in the period in which they accrue. Consequently, the pension provision or other asset recognised in the consolidated balance sheet corresponds to the actual deficit or surplus for a given commitment.

Under the 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. 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.

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 in full 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. The gains and losses when a plan is settled are also recognised directly in profit or loss when the settlement occurs.

The net pension expense of defined benefit obligations consists of a service cost component, a net interest component and a remeasurement component. This is recognised in the consolidated income statement and consolidated statement of total comprehensive income as follows:

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 in the amount of the discount rate 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 consolidated statement of total comprehensive income may not be reclassified in later periods in profit or loss (no recycling).

The disclosure requirements for defined benefit plans contain a 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 recognised 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 70.

Accounting and Valuation (Continued)

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.

The top-up amounts promised under partial-retirement agreements are accounted for as other long-term employee benefits and the associated expenses accrued over their vesting period. 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.

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 38.

26 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.

27 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

28 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 and Corporate & Investment Banking.

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

DAB Bank AG (DAB) together with its direktanlage.at AG subsidiary previously formed the Asset Gathering business segment. As HVB sold its interest in DAB to the BNP Paribas Group during the reporting period, this business segment no longer exists. Consequently, the segment report comments on the consolidated profit from continuing operations. The contribution to profits of DAB and its direktanlage.at AG subsidiary is shown separately in Note 44, "Income statement of discontinued operations". Please refer to Note 6, "Companies included in consolidation", for more information about the sale of DAB.

This means that the activities of HVB Group are divided into the following business segments for the purpose of segment reporting:

– Commercial Banking
– Corporate & Investment Banking (CIB)
– Other/consolidation

At the same time, we reorganised some aspects of net interest during the course of the year, mostly affecting the Other/consolidation and Corporate & Investment Banking business segments.

Reclassifications between net fees and commissions and net trading income were made during the reporting period. Please refer to Note 2, "Consistency", for more information about these changes. As a result of these reclassifications, there was a shift between these two items overall as well as a shift between the net fees and commission and net trading income of the Commercial Banking and Corporate & Investment Banking business segments.

The reassignment of one business unit from the Other/consolidation business segment to the Corporate & Investment Banking business segment resulted in a corresponding allocation of this unit's costs and income.

In addition, there was a minor shift in the other administrative expenses of the Commercial Banking and Corporate & Investment Banking business segments as a result of a modified system of charging between these two business segments. Furthermore, a reallocation of the costs for the IT service provider led to changes in the other administrative expenses of all the business segments.

The year-ago figures and those of previous quarters have been adjusted accordingly to reflect the new segment structure and the reorganisations mentioned above.

Segment Reporting (Continued)

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 III) 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).

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".

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 III, 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 2.80% in 2014 after 3.17% in the 2013 financial year. Equity capital is not standardised for the other companies included in the consolidated financial statements.

The income of €3 million (2013: €5 million) from investments in associated companies relates to the following companies accounted for using the equity method: Adler Funding LLC, Bulkmax Holding Ltd., BV-BGPB Beteiligungsgesellschaft privater Banken für Internet- und mobile Bezahlungen mbH, Comtrade Group B.V., Martur Sünger ve Koltuk Tesisleri Ticaret ve Sanayi A.S., Nautilus Tankers Limited and SwanCap Partners GmbH. All of these companies with the exception of BV-BGPB Beteiligungsgesellschaft privater Banken für Internet- und mobile Bezahlungen mbH are assigned to the CIB business segment. BV-BGPB Beteiligungsgesellschaft privater Banken für Internet- und mobile Bezahlungen mbH is assigned to the Commercial Banking business segment. 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 €77 million (2013: €71 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 majority of the depreciation and impairment losses taken on property, plant and equipment are posted for the BARD Offshore 1 wind farm allocated to the Corporate & Investment Banking business segment and the real estate companies of HVB Group included in the Global Banking Services business unit of the Other/consolidation business segment.

Components of the segments of HVB Group

Commercial Banking business segment

The Commercial Banking business segment serves all customers in Germany with a need for standardised or personalised service and advice. In this context, its Private Clients Bank and Unternehmer Bank business units offer a wide range of banking services. Depending on the service approach, a needs-based distinction is made within Commercial Banking between private customers, private banking clients, high net worth individuals/ultra high net worth individuals and family offices under Wealth Management, business and corporate customers, and commercial real estate customers. All in all, Commercial Banking serves around 2.5 million customers. In this context, the Commercial Banking business segment builds on a shared "HypoVereinsbank" brand and a largely identical sales network.

In line with the universal bank model, the range of products and services of Commercial Banking enables comprehensive customer support to be provided. This extends from payment products, consumer loans, mortgage loans, savings-and-loan and insurance products and banking services for private customers through to business loans and foreign trade financing for corporate customers. Also included are fund 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.

The focus when serving private customers is on connecting innovative access channels with individual, high quality advice and a service orientation. In this context, the bricks-and-mortar branch network continues to be the core element of a multi-channel offer, although this will be made more viable for the future by consolidating locations and investing systematically in the branch appearance and advisory competence.

The number of branches across Germany is to be reduced from 579 at the end of 2013 to 275 by the end of 2015 accordingly. A total of 64 branches will be retained as advice offices where customers will have access solely to self-service-based service functionalities alongside personal advice.

Furthermore, the bricks-and-mortar branch network is being supplemented by expanding the relationship model involving the online branch. In the online branch, the customer is served via remote channels. The online branch is available on Monday to Friday from 8 am to 10 pm, and Saturday and Sunday from 8 am to 6 pm. The primary contact media are the telephone, email and video conferencing. Products sales are concluded by post or confirmed using the TAN procedure in the DirectB@nking e-banking offer.

In the Key Account relationship model, corporate customers with complex advisory needs find the right contact for developing individual customer solutions, especially 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 payments and lending. Furthermore, the services provided for special target groups, such as insolvency administrators, healthcare professional or public sector workers, are being continuously refined.

The distinguishing features of the Real Estate relationship model are individual solutions for commercial real estate customers, institutional investors, residential construction firms, property developers and building contractors. In this context, customers benefit particularly from specific financing expertise, for example in the Real Estate Structured Finance and Loan Syndication product areas.

Starting in 2015, moreover, the Private Banking & Wealth Management businesses within Commercial Banking will also serve very wealthy customers under the shared sales responsibility of the Private Banking and Wealth Management sales channels together with the corporate investment advisors.

Segment Reporting (Continued)

The Commercial Banking business segment is run by two members of the Management Board who bear joint responsibility. The business management and support functions are performed by staff units assigned to each of the business units. Reciprocal cross-servicing ensures that the products required are maintained only once.

The market environment for Commercial Banking is shaped by persistently low interest rates, a fragmented marketplace and rising cost of regulation. In parallel with persistently subdued demand from customers, increasing digitisation is causing a lasting change in customer requirements. We are facing up to the challenges this poses and are proactively pressing ahead with digital change in Commercial Banking.

In the Private Clients Bank business unit, we are the first bank in Germany to carry out a root-and-branch modernisation of our retail banking activities. By the end of 2015, we will set ourselves up as a genuine multi-channel bank and invest heavily in mobile and internet-based offerings and in the attractiveness of our branches. An expansion of the digital offer for corporate customers in the market-leading Business Easy unit is one of the key activities for 2015 in the Unternehmer Bank business unit as well.

The competitive business model of HVB Group's Commercial Banking was again rewarded by a number of awards in 2014. In the annual company survey conducted by Focus Money, for instance, HVB was again named 'Beste Mittelstandsbank' among private and public-sector institutions in Germany. HVB also received the accolades 'Summe cum laude' and 'Elite of Family Offices' in the sector test as part of the Elite Report for Private & Wealth Management. Also worthy of special note is the 2014 Innovation Prize in the category 'Multi-channel competence' in the Euro Finance bank study. Furthermore, an increase in the TRI*M customer satisfaction index in 2014 demonstrates a high level of customer loyalty and a competitive position enjoyed by Commercial Banking compared with our competitors.

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 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.

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 the Real Estate unit (GRE), HVB Immobilien AG and UniCredit Global Business Services GmbH (UGBS) engaged by HVB Immobilien AG by way of an operating contract.

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)

29 Income statement, broken down by segment

Income statement, broken down by segment for the period from 1 January to 31 December 2014 (€ millions)

INCOME/EXPENSES	COMMERCIAL BANKING	CORPORATE & INVESTMENT BANKING	OTHER/ CONSOLIDATION	HVB GROUP
Net interest	1,585	1,022	36	2,643
Dividends and other income from equity investments	12	78	2	92
Net fees and commissions	804	291	(13)	1,082
Net trading income	20	458	5	483
Net other expenses/income	13	122	167	302
OPERATING INCOME	**2,434**	**1,971**	**197**	**4,602**
Payroll costs	(735)	(465)	(582)	(1,782)
Other administrative expenses	(1,233)	(858)	559	(1,532)
Amortisation, depreciation and impairment losses				
on intangible and tangible assets	(11)	(106)	(128)	(245)
Operating costs	**(1,979)**	**(1,429)**	**(151)**	**(3,559)**
OPERATING PROFIT	**455**	**542**	**46**	**1,043**
Net write-downs of loans and provisions for guarantees and commitments	(108)	(112)	69	(151)
NET OPERATING PROFIT	**347**	**430**	**115**	**892**
Provisions for risks and charges	(11)	9	27	25
Restructuring costs	—	—	18	18
Net income from investments	2	126	20	148
PROFIT BEFORE TAX	**338**	**565**	**180**	**1,083**

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

INCOME/EXPENSES	COMMERCIAL BANKING	CORPORATE & INVESTMENT BANKING	OTHER/ CONSOLIDATION	HVB GROUP
Net interest	1,600	1,193	80	2,873
Dividends and other income from equity investments	8	101	8	117
Net fees and commissions	799	303	—	1,102
Net trading income	66	892	137	1,095
Net other expenses/income	(7)	76	259	328
OPERATING INCOME	**2,466**	**2,565**	**484**	**5,515**
Payroll costs	(751)	(455)	(564)	(1,770)
Other administrative expenses	(1,224)	(854)	569	(1,509)
Amortisation, depreciation and impairment losses				
on intangible and tangible assets	(11)	(32)	(156)	(199)
Operating costs	**(1,986)**	**(1,341)**	**(151)**	**(3,478)**
OPERATING PROFIT	**480**	**1,224**	**333**	**2,037**
Net write-downs of loans and provisions for guarantees and commitments	(74)	(240)	100	(214)
NET OPERATING PROFIT	**406**	**984**	**433**	**1,823**
Provisions for risks and charges	(34)	(134)	(52)	(220)
Restructuring costs	(325)	—	(37)	(362)
Net income from investments	1	116	81	198
PROFIT BEFORE TAX	**48**	**966**	**425**	**1,439**

Segment Reporting (Continued)

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

INCOME/EXPENSES	2014	2013	Q4 2014	Q3 2014	Q2 2014	Q1 2014
Net interest	1,585	1,600	387	395	404	399
Dividends and other income from equity investments	12	8	5	2	4	1
Net fees and commissions	804	799	186	197	207	214
Net trading income	20	66	7	(1)	4	11
Net other expenses/income	13	(7)	2	3	3	6
OPERATING INCOME	**2,434**	**2,466**	**587**	**596**	**622**	**631**
Payroll costs	(735)	(751)	(188)	(185)	(177)	(185)
Other administrative expenses	(1,233)	(1,224)	(309)	(318)	(301)	(305)
Amortisation, depreciation and impairment						
losses on intangible and tangible assets	(11)	(11)	(3)	(3)	(3)	(3)
Operating costs	**(1,979)**	**(1,986)**	**(500)**	**(506)**	**(481)**	**(493)**
OPERATING PROFIT	**455**	**480**	**87**	**90**	**141**	**138**
Net write-downs of loans and provisions						
for guarantees and commitments	(108)	(74)	(61)	(3)	(13)	(31)
NET OPERATING PROFIT	**347**	**406**	**26**	**87**	**128**	**107**
Provisions for risks and charges	(11)	(34)	3	(16)	—	2
Restructuring costs	—	(325)	(2)	—	2	—
Net income from investments	2	1	(1)	—	—	2
PROFIT BEFORE TAX	**338**	**48**	**26**	**71**	**130**	**111**
Cost-income ratio in %	81.3	80.5	85.2	84.9	77.3	78.1

Development of the Commercial Banking business segment

The Commercial Banking business segment generated profit before tax of €338 million in the 2014 financial year, which is below the year-ago total of €373 million (adjusted for the restructuring costs of €325 million accruing in 2013).

Operating income declined a slight €32 million to €2,434 million in the 2014 financial year. Net interest remained stable, down €15 million to €1,585 million. The slight fall in net interest results from declines in volumes of property loans to private customers in lending operations, although new business was increased by around 8%. At the same time, interest income declined by 4% on account of rising repayments of current loans. The restrained demand for credit from business customers was again responsible for the slight decline in net income. Income from deposit-taking operations remained stable, despite the tightening of already low interest rates during the course of the year. At €804 million, net fees and commissions were up on the year-ago total of €799 million. Despite the persistent uncertainty on the financial markets and the change in our customers' demand patterns, it nevertheless proved possible to expand mainly our mandated business. Operating income was depressed by the effect of credit value adjustments, which served to reduce net trading income by €46 million year-on-year to €20 million.

The operating costs of €1,979 million were down by €7 million (0.4%) year-on-year, despite wide-ranging restructuring measures across the organisation. An increase in other administrative expenses as a result of higher indirect costs was offset by a 2.1% decline in payroll costs to €735 million. After 80.5% in the previous year, the cost-income ratio increased by 0.8 percentage points to 81.3% as a result of the lower operating income.

At €108 million, net write-downs of loans and provisions for guarantees and commitments remained at a low level. Provisions for risks and charges in the non-lending business (mainly in connection with legal risks) fell by €23 million to €11 million. The restructuring provisions of €325 million in the previous year essentially relating to the modernisation of the retail banking operations did not recur in the reporting period.

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

INCOME/EXPENSES	2014	2013	Q4 2014	Q3 2014	Q2 2014	Q1 2014
Net interest	1,022	1,193	240	255	277	250
Dividends and other income from equity investments	78	101	11	24	37	5
Net fees and commissions	291	303	78	85	84	44
Net trading income	458	892	133	64	14	246
Net other expenses/income	122	76	144	(21)	(19)	17
OPERATING INCOME	**1,971**	**2,565**	**606**	**407**	**393**	**562**
Payroll costs	(465)	(455)	(103)	(124)	(106)	(132)
Other administrative expenses	(858)	(854)	(188)	(211)	(235)	(224)
Amortisation, depreciation and impairment losses on intangible and tangible assets	(106)	(32)	(18)	(18)	(52)	(17)
Operating costs	**(1,429)**	**(1,341)**	**(309)**	**(353)**	**(393)**	**(373)**
OPERATING PROFIT	**542**	**1,224**	**297**	**54**	**—**	**189**
Net write-downs of loans and provisions for guarantees and commitments	(112)	(240)	(130)	81	(4)	(58)
NET OPERATING PROFIT	**430**	**984**	**167**	**135**	**(4)**	**131**
Provisions for risks and charges	9	(134)	2	(18)	(6)	31
Restructuring costs	—	—	—	—	—	—
Net income from investments	126	116	45	11	65	6
PROFIT BEFORE TAX	**565**	**966**	**214**	**128**	**55**	**168**
Cost-income ratio in %	72.5	52.3	51.0	86.7	100.0	66.4

Development of the Corporate & Investment Banking business segment
The Corporate & Investment Banking (CIB) business segment generated operating income of €1,971 million in the 2014 financial year, which is €594 million below the year-ago total of €2,565 million. After operating costs of €1,429 million are deducted, the operating profit amounts to €542 million, which is €682 million less than the €1,224 million recorded in 2013.

The fall in operating income primarily reflects much lower net trading income which, with a decline of €434 million to €458 million, was down by nearly half compared with last year (2013: €892 million). Among other things, this development results from strong operations involving Pfandbriefs and loan securitisations in 2013 coupled with contracting money trading activities as a result of the persistently low interest rates. Although trading with equity derivatives increased strongly, this was not able to offset the decline. Furthermore, net trading income was depressed by credit value adjustments of €69 million in the reporting period (2013: reversals of €28 million).

The persistently very low interest rates had a negative impact on the performance of interest-related activities, leading to a year-on-year decline of €171 million in net interest to €1,022 million (2013: €1,193 million). This development can be attributed to a decrease of €84 million in trading-induced interest income together with contracting credit volumes.

Dividend income, which essentially arises from payments from private equity funds, fell by €23 million year-on-year to €78 million (2013: €101 million). This development can be attributed to the fact that the holdings of private equity investments have been greatly reduced in response to the focus on core activities and in anticipation of regulatory changes.

At €291 million, net fees and commissions were down a slight €12 million (2013: €303 million), attributable primarily to credit-related business. The strong increase of €46 million in net other expenses/income to €122 million (2013: €76 million) resulted from higher income in connection with our offshore wind farm and lower expenses for the bank levy.

Segment Reporting (Continued)

Operating costs increased by €88 million overall year-on-year to €1,429 million (2013: €1,341 million). Within this total, payroll costs rose by a minor €10 million to €465 million (2013: €455 million), and other administrative expenses together with amortisation, depreciation and impairment losses on intangible and tangible assets by a larger €78 million to €964 million (2013: €886 million). This development can be attributed to the initial consolidation of the BARD Group and the fully consolidated offshore wind farm that commenced operation at the end of 2013. Excluding these two non-recurring effects, total operating costs would have declined by 3.1%. The business segment's cost-income ratio rose by 20.2 percentage points to 72.5% (2013: 52.3%), chiefly on account of the decline in operating income.

The very low net write-downs of loans and provisions for guarantees and commitments of €112 million in the reporting period reflects both the good economic environment overall and the Bank's risk-sensitive business policy. The total is even €128 million less than the already low figure of €240 million reported in 2013. In provisions for risks and charges, reversals of provisions in the derivatives business gave rise to a net gain of €9 million (2013: net additions of €134 million due mainly to legal risks and the derivatives business). Net income from investments totalled €126 million in the reporting period (2013: €116 million), resulting mainly from the sale of holdings in private equity funds and direct investments.

The CIB business segment generated a profit before tax of €565 million in the 2014 financial year, which is €401 million below the year-ago total of €966 million despite the positive effects in loan-loss and other provisions and net income from investments.

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

INCOME/EXPENSES	2014	2013	Q4 2014	Q3 2014	Q2 2014	Q1 2014
Net interest	36	80	28	(2)	2	8
Dividends and other income from equity investments	2	8	2	(1)	2	—
Net fees and commissions	(13)	—	(2)	(4)	(4)	(3)
Net trading income	5	137	(3)	1	(2)	9
Net other expenses/income	167	259	53	44	49	21
OPERATING INCOME	**197**	**484**	**78**	**38**	**47**	**35**
Payroll costs	(582)	(564)	(151)	(147)	(142)	(142)
Other administrative expenses	559	569	134	149	142	134
Amortisation, depreciation and impairment losses on intangible and tangible assets	(128)	(156)	(32)	(30)	(33)	(33)
Operating costs	**(151)**	**(151)**	**(49)**	**(28)**	**(33)**	**(41)**
OPERATING PROFIT/(LOSS)	**46**	**333**	**29**	**10**	**14**	**(6)**
Net write-downs of loans and provisions for guarantees and commitments	69	100	35	17	5	11
NET OPERATING PROFIT	**115**	**433**	**64**	**27**	**19**	**5**
Provisions for risks and charges	27	(52)	15	—	5	7
Restructuring costs	18	(37)	20	—	—	(2)
Net income from investments	20	81	16	3	1	—
PROFIT BEFORE TAX	**180**	**425**	**115**	**30**	**25**	**10**
Cost-income ratio in %	76.6	31.2	62.8	73.7	70.2	117.1

Development of the Other/consolidation business segment

The operating income generated by this business segment amounted to €197 million compared with €484 million in the previous year, representing a decline of €287 million. Within this total, net interest decreased by €44 million to €36 million on account of the very low interest rates, among other factors. At €5 million, net trading income in the reporting period was similarly significantly below the year-ago amount of €137 million. The main reason for this is the non-recurrence of the gains on the buy-back of hybrid capital instruments generated in the previous year. Net other expenses/income declined by €92 million to €167 million, due partly to the recognition in 2013 of income from services provided in previous years that did not recur during the reporting period. With operating costs unchanged at €151 million (2013: €151 million), the operating profit for 2014 decreased by €287 million to €46 million (2013: €333 million).

After taking account of net reversals of €27 million in provisions for risks and charges (2013: net addition of €52 million), a net reversal of €18 million in restructuring costs (2013: costs of €37 million) and net income from investments of €20 million (2013: €81 million), the profit before tax amounts to €180 million. The year-ago profit before tax of €425 million included net income from investments of €81 million resulting essentially from gains on the sale of land and buildings.

30 Balance sheet figures, broken down by segment

(€ millions)

	COMMERCIAL BANKING	CORPORATE & INVESTMENT BANKING	ASSET GATHERING[1]	OTHER/ CONSOLIDATION	HVB GROUP[2]
Loans and receivables with banks					
2014	712	28,190	—	3,752	**32,654**
2013	527	29,166	1,406	4,213	**35,312**
Loans and receivables with customers					
2014	75,424	35,335	—	(1,123)	**109,636**
2013	75,883	34,813	279	(1,386)	**109,589**
Goodwill					
2014	130	288	—	—	**418**
2013	130	288	—	—	**418**
Deposits from banks					
2014	3,183	44,734	—	6,163	**54,080**
2013	10,421	40,446	18	(3,046)	**47,839**
Deposits from customers					
2014	71,187	24,626	—	4,861	**100,674**
2013	70,671	24,927	4,980	7,272	**107,850**
Debt securities in issue					
2014	916	3,084	—	24,249	**28,249**
2013	1,147	1,930	—	28,727	**31,804**
Risk-weighted assets					
(including equivalents for market risk					
and operational risk)					
2014[3]	28,337	45,145	—	12,286	**85,768**
2013[4]	29,172	48,553	1,015	6,773	**85,513**

1 discontinued operations in 2014
2 balance sheet figures for non-current assets or disposal groups held for sale are shown separately in Notes 59 and 68
3 risk-weighted assets compliant with Basel III
4 risk-weighted assets compliant with Basel II

Segment Reporting (Continued)

31 Employees, broken down by business segment[1]

	2014	2013
Commercial Banking	8,778	8,913
Corporate & Investment Banking[2]	2,671	2,963
Asset Gathering[3]	—	552
Other/consolidation[4]	6,531	6,664
Total	**17,980**	**19,092**

1 in full-time equivalents (FTEs)
2 including 356 FTEs from the BARD Group in 2014 and 680 FTEs in 2013
3 discontinued operations in 2014
4 the Other/consolidation business segment covers the Global Banking Services and Group Corporate Centre business units

32 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									
2014	5,460	234	151	303	66	91	21	(1,724)	4,602
2013	5,058	313	206	367	45	105	21	(600)	5,515
OPERATING PROFIT/(LOSS)									
2014	1,782	182	114	66	37	41	(29)	(1,150)	1,043
2013	1,249	237	170	279	38	57	119	(112)	2,037

Total assets, broken down by region (€ millions)

	2014	2013
Germany	275,677	260,341
Italy	53,021	49,317
Luxembourg	25,088	20,821
UK	12,102	15,502
Rest of Europe	4,918	2,636
Americas	4,797	6,303
Asia	3,094	3,333
Consolidation	(78,355)	(68,235)
Total	**300,342**	**290,018**

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

	2014	2013
Germany	2,899	2,859
Italy	—	—
Luxembourg	32	32
UK	13	16
Rest of Europe	1	3
Americas	3	1
Asia	1	2
Consolidation	—	—
Total	**2,949**	**2,913**

Investment properties, broken down by region (€ millions)

	2014	2013
Germany	1,269	1,431
Italy	—	—
Luxembourg	24	25
UK	—	—
Rest of Europe	—	—
Americas	—	—
Asia	—	—
Consolidation	—	—
Total	**1,293**	**1,456**

Intangible assets, broken down by region (€ millions)

	2014	2013
Germany[1]	476	514
Italy	—	—
Luxembourg	1	1
UK	1	1
Rest of Europe	—	2
Americas	—	—
Asia	—	—
Consolidation	—	—
Total	**478**	**518**

1 includes goodwill

Employees, broken down by region[1]

	2014	2013
Germany	16,296	17,330
Italy	287	293
Luxembourg	175	183
UK	563	533
Rest of Europe	276	367
Africa	2	2
Americas	183	196
Asia	198	188
Total	**17,980**	**19,092**

1 in full-time equivalents (FTEs)

Notes to the Income Statement

33 Net interest

(€ millions)

	2014	2013
Interest income from	**5,014**	**5,685**
lending and money market transactions	3,480	3,890
other interest income	1,534	1,795
Interest expense from	**(2,371)**	**(2,812)**
deposits	(574)	(639)
debt securities in issue and other interest expenses	(1,797)	(2,173)
Total	**2,643**	**2,873**

Interest income and interest expense for financial assets and liabilities not carried at fair value through profit or loss totalled €3,622 million (2013: €4,070 million) and €1,874 million (2013: €2,148 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)

	2014	2013
Non-consolidated affiliated companies	99	150
of which: UniCredit S.p.A.	46	71
Joint ventures	1	—
Associated companies	9	4
Other participating interests	—	—
Total	**109**	**154**

Besides the amounts attributable to UniCredit S.p.A., the net interest of €99 million (2013: €150 million) from non-consolidated affiliated companies includes interest income of €53 million (2013: €79 million) attributable to sister companies.

34 Dividends and other income from equity investments

(€ millions)

	2014	2013
Dividends and other similar income	89	112
Companies accounted for using the equity method	3	5
Total	**92**	**117**

35 Net fees and commissions

(€ millions)

	2014	2013
Management, brokerage and consultancy services	520	520
Collection and payment services	225	221
Lending operations	310	343
Other service operations	27	18
Total	**1,082**	**1,102**

This item comprises the balance of fee and commission income of €1,649 million (2013: €1,490 million) and fee and commission expense of €567 million (2013: €388 million). Fee and commission income of €117 million (2013: €137 million) and fee and commission expense of €5 million (2013: €3 million) relate to financial instruments not measured at fair value through profit or loss.

Fees and commissions 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)

	2014	2013
Non-consolidated affiliated companies	91	65
of which: UniCredit S.p.A.	13	(18)
Joint ventures	—	—
Associated companies	34	65
Other participating interests	—	—
Total	**125**	**130**

Besides the amounts attributable to UniCredit S.p.A., the net fees and commissions of €91 million (2013: €65 million) from non-consolidated affiliated companies include €78 million (2013: €83 million) from sister companies.

36 Net trading income

(€ millions)

	2014	2013
Net gains on financial assets held for trading[1]	450	806
Effects arising from hedge accounting	(14)	8
Changes in fair value of hedged items	(830)	969
Changes in fair value of hedging derivatives	816	(961)
Net gains/(losses) on financial assets at fair value through profit or loss (fair value option)[2]	45	147
Other net trading income	2	134
Total	**483**	**1,095**

1 including dividends on financial assets held for trading
2 also including the valuation results of derivatives concluded to hedge financial assets through fair value at profit or loss (effect in 2014: minus €296 million; 2013: plus €470 million)

Notes to the Income Statement (Continued)

The net gains on financial assets in the reporting period include negative rating-related value adjustments of €98 million on our holdings of derivatives (2013: positive adjustments of €41 million).

Other net trading income in 2013 and 2014 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 positive effect arising from exchange rate changes of €524 million (2013: negative effect of €11 million), which is attributable to the development of the euro against the US dollar. This is offset by a corresponding negative effect in the hedge result from hedging derivatives.

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

37 Net other expenses/income

(€ millions)

	2014	2013
Other income	605	581
Other expenses	(303)	(253)
Total	**302**	**328**

Other income includes rental income of €166 million (2013: €181 million) from investment properties and mixed usage buildings and income of €158 million (2013: €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 €56 million (2013: €49 million) are netted with the other income. Other expenses include expenses of €39 million (2013: €86 million) for the German bank levy in the 2014 financial year.

At the same time, there were gains of €16 million (2013: €43 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:

(€ millions)

	2014	2013
Non-consolidated affiliated companies	28	212
of which: UniCredit S.p.A.	11	109
Joint ventures	—	—
Associated companies	—	—
Other participating interests	—	—
Total	**28**	**212**

Besides the amounts attributable to UniCredit S.p.A., the net other expenses/income of €28 million (2013: €212 million) attributable to non-consolidated affiliated companies include €17 million (2013: €103 million) attributable to sister companies.

38 Operating costs

(€ millions)

	2014	2013
Payroll costs	**(1,782)**	**(1,770)**
Wages and salaries	(1,461)	(1,467)
Social security costs	(227)	(205)
Pension and other employee benefit costs	(94)	(98)
Other administrative expenses	**(1,532)**	**(1,509)**
Amortisation, depreciation and impairment losses	**(245)**	**(199)**
on property, plant and equipment	(193)	(157)
on software and other intangible assets, excluding goodwill	(52)	(42)
Total	**(3,559)**	**(3,478)**

Wages and salaries includes payments of €14 million (2013: €14 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 41.

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)

	2014	2013
Non-consolidated affiliated companies	(599)	(597)
of which: UniCredit S.p.A.	(3)	(2)
Joint ventures	—	—
Associated companies	—	—
Other participating interests	—	—
Total	**(599)**	**(597)**

Besides the amounts attributable to UniCredit S.p.A., the operating costs of €599 million (2013: €597 million) attributable to non-consolidated affiliated companies include €596 million (2013: €595 million) attributable to sister companies.

Share-based payment compliant with IFRS 2

Share-based payments were granted primarily under the Group Incentive System in the reporting period. In addition, UniCredit has further schemes programmes under which shares or stock are granted that are also 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”).

Group Incentive System

The Group 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 Incentive System. Under the Group Incentive System, the bonus promised for the respective reporting period is split into a cash component and a stock component.

The cash component is disbursed in tranches over a period of up to four years. Accordingly, this group of employees received 20% to 30% of the bonus for 2014 in cash with the commitment at the beginning of 2015, and a further 10% to 15% will be disbursed after year-end 2015 and year-end 2016.

Notes to the Income Statement (Continued)

At the beginning of 2015, the beneficiaries receive a commitment for the remaining 50% of the total bonus to allocate shares in UniCredit S.p.A. as part of the bonus for 2014, to be transferred to the beneficiaries after year-end 2017, 2018 and 2019.

The deferred payment after year-end 2015 and 2016 and the transfer of shares after year-end 2017, 2018 and 2019 to the beneficiaries is subject to the provision that, as part of a 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.

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 resolution by the Board of Directors in March 2015 regarding the granting, adjusted for a discount for expected dividends during the vesting period.

6.0 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 2013, with a fair value of €33 million. The shares granted in 2014 as part of the bonus for 2013 will be transferred in 2016, 2017 and 2018. The following shows the fair values per share at the time of granting:

	2014
Fair value of the shares to be transferred in 2016 (€ per share)	5.662
Fair value of the shares to be transferred in 2017 (€ per share)	5.563
Fair value of the shares to be transferred in 2018 (€ per share)	5.435

Analysis of outstanding shares

	2014		2013	
	TOTAL	AVERAGE MATURITY	TOTAL	AVERAGE MATURITY
Outstanding at start of period	**18,246,089**	**February 2015**	**8,274,895**	**June 2014**
Additions				
Newly granted shares	5,950,516	November 2016	10,040,749	August 2015
From corporate transfers	—	—	—	—
Releases				
Forfeited shares	737,942	August 2015	69,555	December 2015
Transferred shares	3,716,913	May 2014	—	—
Expired shares	—	—	—	—
Total at end of period	**19,741,750**	**December 2015**	**18,246,089**	**February 2015**

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

Bonuses for the 2014 financial year falling due for disbursement in 2015 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 19.153 in conjunction with IAS 19.68. Thus, deferred cash payments under the bonus promised for 2014 are recognised as expense in the respective period (starting with the 2014 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. HVB Group reimburses to UniCredit S.p.A. the expenses accruing in this regard. The expense for the shares transferred corresponds to the fair value of the shares at the grant date.

In the 2014 financial year, prorated expenses of €32 million (2013: €27 million) accrued for the stock component arising from the bonuses promised for 2011, 2012, 2013 and 2014 in the form of share-based payments compliant with IFRS 2. These expenses are recognised under payroll costs. The provision set up totalled €85 million (2013: €61 million).

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 90 in this regard merely relates to the stock options and performance shares granted to members of the Management Board.

The performance stock options 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.

As in the previous year, no new stock options were granted in the 2014 financial year.

Notes to the Income Statement (Continued)

Analysis of outstanding stock options

	2014			2013		
	TOTAL	AVERAGE STRIKE PRICE (€)[1]	AVERAGE MATURITY	TOTAL	AVERAGE STRIKE PRICE (€)[1]	AVERAGE MATURITY
Outstanding at start of period	**13,955,927**	**4.64**	**December 2018**	**28,094,229**	**3.27**	**December 2019**
Additions						
Newly granted options	—	—	—	—	—	—
From corporate transfers	—	—	—	118,984	3.26	August 2019
Releases						
Forfeited stock options	417,919	5.11	April 2018	935,553	3.70	August 2019
Exercised stock options	—	—	—	—	—	—
Expired stock options	—	—	—	13,321,733	1.81	December 2020
Total at end of period	**13,538,008**	**4.62**	**December 2018**	**13,955,927**	**4.64**	**December 2018**
Exercisable options at end of period	12,409,759	4.68	August 2018	12,827,678	4.69	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 fair value of the options granted is recorded as an expense pro rata temporis over the vesting period on the basis of the expected number of options transferred at the end of the vesting period.

As in the previous year, no new performance shares were granted in 2014. This means that, as in the previous year, no performance shares were outstanding at the reporting date.

The forfeited instruments and the prorated expenses for the granted instruments resulted in a net expense of €1 million for stock options at HVB Group in 2014 (2013: net income of €8 million). These expenses are recognised under payroll costs.

The provision set up to cover non-expired stock options at HVB Group totalled €2 million at year-end 2014 (2013: €1 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 fair 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 up to the transfer date, provided the criteria are met.

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

	2014	2013
	TOTAL (SHARES)	TOTAL (SHARES)
Outstanding at start of period	**759,840**	**1,147,209**
Additions		
Newly granted shares	—	—
Releases		
Forfeited shares	30,935	7,500
Transferred shares	364,404	379,869
Expired shares	—	—
Total at end of period	**364,501**	**759,840**[1]

1 The figure for outstanding shares disclosed last year was 8,844 too low. The error has been corrected and the year-ago figure adjusted accordingly.

The fair value at the grant date is recorded as an expense for such shares pro rata temporis over the period of the respective tranche.

The prorated expenses arising from the granted shares and the income from forfeited shares totalled €0 million at HVB Group in 2014 (2013: €1 million). These expenses are recognised in payroll costs.

The provision set up for this share plan totalled €1 million at year-end 2014 (2013: €4 million).

Employee share ownership plan ("Let's Share")

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

Between January 2014 and December 2014, 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 2015 (or July 2015 in the event of participation from July 2014), 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.

Notes to the Income Statement (Continued)

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 of minor significance for the consolidated financial statements of HVB Group overall.

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

(€ millions)

	2014	2013
Additions	**(1,198)**	**(1,709)**
Allowances for losses on loans and receivables	(1,010)	(1,501)
Allowances for losses on guarantees and indemnities	(188)	(208)
Releases	**996**	**1,424**
Allowances for losses on loans and receivables	825	898
Allowances for losses on guarantees and indemnities	171	526
Recoveries from write-offs of loans and receivables	**51**	**71**
Gains/(losses) on the disposal of impaired loans and receivables	**—**	**—**
Total	**(151)**	**(214)**

Income from the disposal of performing loans and receivables is disclosed under net other expenses/income. This gave rise to a gain of €16 million in the year under review (2013: €43 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 €118 million (2013: net expense of €489 million).

40 Provisions for risks and charges

There was net income of €25 million from net additions/net reversals for risks and charges in the reporting period. Within this total, reversals in connection with derivatives operations exceed additions for legal and other risks.

In the previous year, there was net expense of €220 million from net additions/net reversals for risks and charges, which resulted particularly from additions for legal risks in addition to provisions for derivative transactions.

41 Restructuring costs

In the reporting period, net reversals of restructuring provisions no longer required came to €18 million. Restructuring costs in 2013 totalled €362 million, relating for the most part to the creation of restructuring provisions for the modernisation of the retail customer business of HVB Group.

42 Net income from investments

(€ millions)

	2014	2013
Available-for-sale financial assets	141	114
Shares in affiliated companies	(8)	23
Companies accounted for using the equity method	(9)	—
Held-to-maturity investments	4	—
Land and buildings	—	54
Investment properties[1]	17	7
Other	3	—
Total	**148**	**198**

1 gains on disposal, impairments and write-ups

Net income from investments breaks down as follows:

(€ millions)

	2014	2013
Gains on the disposal of	**170**	**242**
available-for-sale financial assets	155	164
shares in affiliated companies	(8)	23
companies accounted for using the equity method	—	—
held-to-maturity investments	4	—
land and buildings	—	54
investment properties	16	1
other	3	—
Write-downs, value adjustments and write-ups on	**(22)**	**(44)**
available-for-sale financial assets	(14)	(50)
shares in affiliated companies	—	—
companies accounted for using the equity method	(9)	—
held-to-maturity investments	—	—
investment properties	1	6
Total	**148**	**198**

The gains on disposal in the reporting period include €155 million from AfS financial assets stemming essentially from the sale of private equity funds. Furthermore, gains of €16 million were recognised on the sale of investment properties.

In 2013, the gains on disposal included €164 million from AfS financial assets stemming mostly from the sale of private equity funds. 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 recognised on AfS financial assets were taken primarily on private equity funds.

Notes to the Income Statement (Continued)

43 Income tax for the period

The following explanations refer to the income from continued operations. The tax expense from discontinued operations is shown under Note 44, “Income statement of discontinued operations”.

(€ millions)

	2014	2013
Current taxes	(144)	(346)
Deferred taxes	(154)	(31)
Total	**(298)**	**(377)**

The current tax expense for 2014 includes tax income of €30 million for previous years (2013: €12 million tax expense).

The deferred tax expense in the reporting period comprises tax expenses of €154 million from origination and reversal of deferred taxes arising from temporary differences as well as from the origination and utilisation of tax losses carried forward. In 2013, the net deferred tax expense included tax income of €81 million from value adjustments on deferred tax assets arising from tax losses carried forward and tax 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.

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

(€ millions)

	2014	2013
Profit before tax	1,083	1,439
Applicable tax rate	31.4%	31.4%
Computed income taxes	(340)	(452)
Tax effects		
arising from previous years and changes in tax rates	+ 47	(3)
arising from foreign income	+ 12	+ 37
arising from non-taxable income	+ 55	+ 69
arising from different tax laws	+ 24	(19)
arising from non-deductible expenses	(79)	(90)
arising from value adjustments and the non-recognition of deferred taxes	(17)	+ 81
arising from other differences	—	—
Recognised income taxes	**(298)**	**(377)**

As in 2013, 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.

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

(€ millions)

	2014	2013
Deferred tax assets		
Financial assets/liabilities held for trading	350	255
Investments	30	42
Property, plant and equipment/intangible assets	117	101
Provisions	694	484
Other assets/other liabilities/hedging derivatives	725	538
Loans and receivables with banks and customers, including provisions for losses on loans and receivables	169	182
Losses carried forward/tax credits	334	360
Other	1	12
Total deferred tax assets	**2,420**	**1,974**
Effect of offsetting	(1,201)	(751)
Recognised deferred tax assets	**1,219**	**1,223**
Deferred tax liabilities		
Loans and receivables with banks and customers, including provisions for losses on loans and receivables	69	27
Financial assets/liabilities held for trading	176	110
Investments	167	54
Property, plant and equipment/intangible assets	34	57
Other assets/other liabilities/hedging derivatives	738	562
Deposits from banks/customers	14	3
Non-current assets or disposal groups held for sale	—	1
Other	92	143
Total deferred tax liabilities	**1,290**	**957**
Effect of offsetting	(1,201)	(751)
Recognised deferred tax liabilities	**89**	**206**

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 liabilities of €2 million were debited to the AfS reserve of HVB Group (2013: €1 million deferred tax assets) and deferred tax liabilities of €12 million (2013: €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 €571 million (2013: €295 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 €3,418 million (2013: €4,143 million), most of which do not expire, and deductible temporary differences of €1,540 million (2013: €1,741 million).

Notes to the Income Statement (Continued)

The deferred tax assets were calculated using plans of the individual business segments, which are based on segment-specific and general macro-economic 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.

44 Income statement of discontinued operations

As described in Note 6, “Companies included in consolidation”, HVB has sold its participating interest in DAB to BNP Paribas Group. DAB together with its direktanlage.at AG subsidiary previously formed the Asset Gathering business segment. This segment ceases to exist with the sale of DAB. Compliant with IFRS 5, the following table shows the overall contribution to profits of DAB and its direktanlage.at AG subsidiary recognised as profit from discontinued operations.

Income/Expenses	2014 € millions	2013 € millions	CHANGE € millions	 in %
Interest income	58	65	(7)	(10.8)
Interest expense	(12)	(26)	+ 14	(53.8)
Net interest	46	39	+ 7	+ 17.9
Dividends and other income from equity investments	—	—	—	—
Net fees and commissions	78	86	(8)	(9.3)
Net trading income	1	1	—	—
Net other expenses/income	(1)	(1)	—	—
Payroll costs	(38)	(40)	+ 2	(5.0)
Other administrative expenses	(54)	(58)	+ 4	(6.9)
Amortisation, depreciation and impairment losses on intangible and tangible assets	(11)	(11)	—	—
Operating costs	(103)	(109)	+ 6	(5.5)
Net write-downs of loans and provisions for guarantees and commitments	(1)	—	(1)	
Provisions for risks and charges	—	(2)	+ 2	(100.0)
Restructuring costs	—	—	—	—
Net income from investments	165	5	+ 160	>+ 100.0
PROFIT BEFORE TAX FROM DISCONTINUED OPERATIONS	**185**	**19**	**+ 166**	**>+ 100.0**
Income tax for the period from discontinued operations	(12)	(7)	(5)	+ 71.4
PROFIT AFTER TAX FROM DISCONTINUED OPERATIONS	**173**	**12**	**+ 161**	**>+ 100.0**
attributable to the shareholder of UniCredit Bank AG	167	10	+ 157	>+ 100.0
attributable to minorities	6	2	+ 4	>+ 100.0

45 Earnings per share

	2014	2013
Consolidated profit from continuing operations attributable to the shareholder (€ millions)	774	1,021
Average number of shares	802,383,672	802,383,672
Earnings per share from continuing operations (€)	0.96	1.27

	2014	2013
Consolidated profit of full HVB Group attributable to the shareholder (€ millions)	947	1,033
Average number of shares	802,383,672	802,383,672
Earnings per share of full HVB Group (€)	1.18	1.29

Notes to the Balance Sheet

46 Cash and cash balances

(€ millions)

	2014	2013
Cash on hand	492	527
Deposits central banks	4,681	10,099
Total	**5,173**	**10,626**

47 Financial assets held for trading

(€ millions)

	2014	2013
Balance-sheet assets	**31,178**	**28,025**
Fixed-income securities	9,829	11,504
Equity instruments	9,430	6,928
Other financial assets held for trading	11,919	9,593
Positive fair value from derivative financial instruments	**80,660**	**63,276**
Total	**111,838**	**91,301**

The financial assets held for trading include €259 million (2013: €194 million) in subordinated assets.

Financial assets held for trading did not include any Greek sovereign bonds in the reporting period or 2013.

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

(€ millions)

	2014	2013
Non-consolidated affiliated companies	19,579	14,399
of which: UniCredit S.p.A.	12,660	10,005
Joint ventures	22	—
Associated companies	403	254
Other participating interests	15	20
Total	**20,019**	**14,673**

Besides the amounts attributable to UniCredit S.p.A., the financial assets held for trading of €19,579 million (2013: €14,399 million) attributable to non-consolidated affiliated companies include financial assets of €6,919 million (2013: €4,394 million) attributable to sister companies (mostly derivative transactions involving UniCredit Bank Austria AG).

48 Financial assets at fair value through profit or loss

(€ millions)

	2014	2013
Fixed-income securities	29,935	28,478
Equity instruments	—	—
Investment certificates	—	2
Promissory notes	1,270	1,232
Other financial assets at fair value through profit or loss	—	—
Total	**31,205**	**29,712**

79% (2013: 82%) 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 €324 million (2013: €282 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 2013.

49 Available-for-sale financial assets

(€ millions)

	2014	2013
Fixed-income securities	1,071	3,533
Equity instruments	113	264
Other available-for-sale financial assets	42	201
Impaired assets	343	578
Total	**1,569**	**4,576**

The year-on-year decline in the holding of AfS financial assets in the reporting period can essentially be attributed to the sale of DAB Bank AG and the associated discontinuation of the Asset Gathering business segment. The main factor behind the decline in this item is the disposal of fixed-income securities associated with the execution of the transaction. At the same time, HVB's private equity portfolio with a carrying amount of €309 million previously managed by the Corporate & Investment Banking business segment was sold as part of the Swan II project (this is divided across equity instruments and impaired assets).

Available-for-sale financial assets at 31 December 2014 included €266 million (2013: €685 million) in financial assets valued at cost. Within this total, equity instruments with a carrying amount of €126 million (2013: €171 million) were sold during the reporting period, yielding a gain of €128 million (2013: €92 million).

Available-for-sale financial assets at 31 December 2014 contain a total of €343 million (2013: €578 million) in impaired assets. Impairments of €15 million (2013: €53 million) were taken to the income statement during the period under review.

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

The available-for-sale financial assets include €200 million (2013: €189 million) in subordinated assets at 31 December 2014.

Available-for-sale financial instruments did not include any Greek sovereign bonds in the reporting period or 2013.

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

(€ millions)

	2014	2013
Associated companies accounted for using the equity method	77	71
of which: goodwill	29	37
Joint ventures accounted for using the equity method	—	—
Total	**77**	**71**

Two joint ventures and eight associated companies were not accounted for in the consolidated financial statements using the equity method for materiality reasons.

Notes to the Balance Sheet (Continued)

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

	ASSOCIATED COMPANIES ACCOUNTED FOR USING THE EQUITY METHOD
Carrying amounts at 1 January 2013	**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 2013	**71**
	ASSOCIATED COMPANIES ACCOUNTED FOR USING THE EQUITY METHOD
Carrying amounts at 1 January 2014	**71**
Additions	**15**
Purchases[1]	4
Write-ups	—
Changes from currency translation	5
Other additions[2]	6
Disposals	**(9)**
Sales	—
Impairments	(9)
Changes from currency translation	—
Non-current assets or disposal groups held for sale	—
Other disposals[2]	—
Carrying amounts at 31 December 2014	**77**

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

None of the companies included in the consolidated financial statements using the equity method is individually significant for the consolidated financial statements of HVB Group. The following table shows in aggregate form the main items in the income statements of the companies accounted for using the equity method: (€ millions)

	2014	2013
Net interest	(9)	(8)
Net other expenses/income	117	102
Operating costs	(83)	(63)
Profit before tax	**25**	**31**
Income tax	(5)	(6)
Consolidated profit from continuing operations	**20**	**25**
Consolidated profit from discontinued operations	**—**	**—**
Other comprehensive income	**—**	**—**
Total comprehensive income	**20**	**25**

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 2013 from companies accounted for using the equity method. Furthermore, there were no prorated cumulative losses in the reporting period or 2013 from companies accounted for using the equity method.

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

51 Held-to-maturity investments

(€ millions)

	2014	2013
Fixed-income securities	66	217
Impaired assets	—	—
Total	**66**	**217**

The held-to-maturity investments at 31 December 2014 did not include any subordinated assets (2013: €11 million).

As in 2013, the held-to-maturity investments at 31 December 2014 included no impaired assets.

As in 2013, the held-to-maturity investments did not include any Greek government bonds in the reporting period.

Development of held-to-maturity investments

(€ millions)

	2014	2013
Balance at 1 January	**217**	**261**
Additions		
Purchases	—	—
Write-ups	—	—
Other additions	46	—
Disposals		
Sales	—	—
Redemptions at maturity	(29)	(39)
Write-downs	—	—
Other disposals	(168)	(5)
Balance at 31 December	**66**	**217**

Notes to the Balance Sheet (Continued)

52 Loans and receivables with banks

(€ millions)

	2014	2013
Current accounts	1,345	1,856
Cash collateral and pledged credit balances	10,680	9,013
Reverse repos	7,155	9,855
Reclassified securities	1,255	1,724
Other loans to banks	12,219	12,864
Total	**32,654**	**35,312**

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 include €24 million (2013: €41 million) in subordinated assets at 31 December 2014.

Loans and receivables with related parties

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

(€ millions)

	2014	2013
Non-consolidated affiliated companies	6,964	7,188
of which: UniCredit S.p.A.	4,567	4,927
Joint ventures	165	—
Associated companies	110	105
Other participating interests	27	4
Total	**7,266**	**7,297**

Besides the loans and receivables with UniCredit S.p.A., the loans and receivables of €6,964 million (2013: €7,188 million) with non-consolidated affiliated banks include loans and receivables of €2,397 million (2013: €2,261 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)

	2014	2013
Properly serviced loans and receivables		
Carrying amount before allowances	32,463	34,539
Portfolio allowances	26	5
Carrying amount	**32,437**	**34,534**
Properly serviced loans and receivables past due		
Carrying amount before allowances	170	629
Portfolio allowances	—	—
Carrying amount	**170**	**629**
Non-performing loans and receivables		
Carrying amount before allowances	124	261
Specific allowances	77	112
Carrying amount	**47**	**149**

The non-performing loans and receivables are essentially loans and receivables in rating classes 8-, 9 and 10. In 2013, these additionally included receivables totalling €1 million that were no longer assigned to rating classes 8-, 9 or 10 due to improved credit standings, but which had been in these classes for a total period of 24 months since first being classified as non-performing.

(€ millions)

	2014	2013
Carrying amount of properly serviced loans and receivables past due, broken down by period past due		
1–30 days	170	629
31–60 days	—	—
61–90 days	—	—

(€ millions)

	2014	2013
Value of collateral, broken down by period past due		
1–30 days	112	364
31–60 days	—	—
61–90 days	—	—

Notes to the Balance Sheet (Continued)

(€ millions)

	2014	2013
Loans and receivables, broken down by rating class		
Not rated	534	544
Rating class 1–4	30,062	33,042
Rating class 5–8	2,011	1,578
Rating class 9–10	47	148
Collateral, broken down by rating class		
Not rated	7	4
Rating class 1–4	512	7,880
Rating class 5–8	169	553
Rating class 9–10	36	119

53 Loans and receivables with customers

(€ millions)

	2014	2013
Current accounts	7,737	8,100
Cash collateral and pledged cash balances	2,832	2,114
Reverse repos	708	622
Mortgage loans	40,663	41,222
Finance leases	2,057	2,039
Reclassified securities	2,128	2,670
Non-performing loans and receivables	3,839	3,585
Other loans and receivables	49,672	49,237
Total	**109,636**	**109,589**

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 fair 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 €2,171 million (2013: €1,406 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 include €650 million (2013: €853 million) in subordinated assets at 31 December 2014.

Loans and receivables with customers did not include any Greek government bonds in either the reporting period or 2013.

Loans and receivables with related parties

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

(€ millions)

	2014	2013
Non-consolidated affiliated companies	97	98
Joint ventures	—	—
Associated companies	39	70
Other participating interests	377	554
Total	**513**	**722**

The loans and receivables of €97 million (2013: €98 million) with non-consolidated affiliated companies include loans and receivables of €34 million (2013: €74 million) with sister companies and €56 million (2013: €24 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)

	2014	2013
Properly serviced loans and receivables		
Carrying amount before allowances	104,847	105,236
Portfolio allowances	338	420
Carrying amount	**104,509**	**104,816**
Properly serviced loans and receivables past due		
Carrying amount before allowances	1,292	1,193
Portfolio allowances	4	5
Carrying amount	**1,288**	**1,188**
Non-performing loans and receivables		
Carrying amount before allowances	6,253	6,416
Specific allowances	2,414	2,831
Carrying amount	**3,839**	**3,585**

The non-performing loans and receivables are essentially loans and receivables in rating classes 8-, 9 and 10. In 2013, these additionally include receivables totalling €199 million that were no longer assigned to rating classes 8-, 9 or 10 due to improved credit standings, but which had been in these classes for a total period of 24 months since first being classified as non-performing.

(€ millions)

	2014	2013
Carrying amount of properly serviced loans and receivables past due, broken down by period past due		
1–30 days	1,178	1,140
31–60 days	83	21
61–90 days	27	27

(€ millions)

	2014	2013
Value of collateral, broken down by period past due		
1–30 days	782	439
31–60 days	72	12
61–90 days	23	15

Notes to the Balance Sheet (Continued)

(€ millions)

	2014	2013
Loans and receivables, broken down by rating class		
Not rated	8,138	7,855
Rating class 1–4	63,531	60,290
Rating class 5–8	34,163	38,013
Rating class 9–10	3,804	3,431
Collateral, broken down by rating class		
Not rated	1,646	1,755
Rating class 1–4	31,545	30,202
Rating class 5–8	21,853	23,117
Rating class 9–10	1,663	1,811

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 74.

54 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 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**

	SPECIFIC ALLOWANCES	PORTFOLIO ALLOWANCES	TOTAL
Balance at 1 January 2014	**2,943**	**430**	**3,373**
Changes affecting income			
Gross additions[1]	969	41	1,010
Releases	(725)	(100)	(825)
Changes not affecting income			
Changes due to make-up of group of consolidated companies and			
reclassifications of disposal groups held for sale	(10)	—	(10)
Use of existing loan-loss allowances	(665)	—	(665)
Effects of currency translation and other changes not affecting income	(21)	(3)	(24)
Non-current assets or disposal groups held for sale	—	—	—
Balance at 31 December 2014	**2,491**	**368**	**2,859**

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

55 Hedging derivatives

(€ millions)

	2014	2013
Micro fair value hedge	—	—
Fair value hedge portfolio[1]	753	1,053
Total	**753**	**1,053**

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

56 Property, plant and equipment

(€ millions)

	2014	2013
Land and buildings	940	912
Plant and office equipment	444	382
Other property, plant and equipment	1,565	1,619
Total[1]	**2,949**	**2,913**

1 including leased assets of €634 million (2013: €586 million). More information about leases is contained in Note 74

Other property, plant and equipment mainly contains the BARD Offshore 1 wind farm which belongs to the Ocean Breeze Energy GmbH & Co. KG subsidiary.

After the BARD Offshore 1 wind farm was acquired at year-end 2013 with defects, and hence not in the condition intended by the management, some of these defects were rectified during the course of 2014. The basic intention is to remedy the remaining defects over the coming years. Costs of €16 million to rectify defects and bring the wind farm into the condition intended by the management were recognised during the reporting period. The measures that have been implemented served to increase the economic benefit of the wind farm, meaning that the recognition requirements defined in IAS 16.10 in conjunction with IAS 16.7 are satisfied.

At the same time, the present value of the dismantling obligations for the wind farm has been capitalised and a provision for dismantling obligations recognised in the same amount, meaning that the dismantling obligations have been accounted for with no impact overall on profit and loss.

An impairment loss of €23 million was recognised on the wind farm in 2013.

This item also includes the grants of €53 million (2013: €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.

Notes to the Balance Sheet (Continued)

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 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 year under review	1,248	802	2,050	36	2,086
Acquisition costs at 31 December 2013	**2,160**	**1,184**	**3,344**	**1,655**	**4,999**

	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 2014	**2,160**	**1,184**	**3,344**	**1,655**	**4,999**
Write-downs and write-ups from previous years	(1,248)	(802)	(2,050)	(36)	(2,086)
Carrying amounts at 1 January 2014	**912**	**382**	**1,294**	**1,619**	**2,913**
Additions					
Acquisition/production costs	72	182	254	12	266
Write-ups	4	1	5	—	5
Changes from currency translation	—	—	—	—	—
Other additions[2]	1	9	10	—	10
Disposals					
Sales	(6)	(31)	(37)	—	(37)
Amortisation and write-downs	(34)	(78)	(112)	(66)	(178)
Impairments	(5)	(4)	(9)	—	(9)
Changes from currency translation	—	—	—	—	—
Non-current assets					
or disposal groups held for sale	—	—	—	—	—
Other disposals[2]	(4)	(17)	(21)	—	(21)
Carrying amounts at 31 December 2014	**940**	**444**	**1,384**	**1,565**	**2,949**
Write-downs and write-ups					
from previous years plus year under review	1,240	750	1,990	102	2,092
Acquisition costs at 31 December 2014	**2,180**	**1,194**	**3,374**	**1,667**	**5,041**

1 including leased assets. More information about leases is contained in Note 74
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

57 Investment properties

The fair value of investment properties at HVB Group, which are measured at amortised cost, totalled €1,491 million (2013: €1,639 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 77 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 €10 million (2013: €82 million) for land and buildings at the reporting date.

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 year under review	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 2014

Notes to the Balance Sheet (Continued)

Investment properties

(€ millions)

	INVESTMENT PROPERTIES MEASURED AT COST
Acquisition costs at 1 January 2014	**2,311**
Write-downs and write-ups from previous years	(855)
Carrying amounts at 1 January 2014	**1,456**
Additions	
Acquisition/production costs	2
Write-ups	11
Changes from currency translation	3
Other additions[1]	5
Disposals	
Sales	(61)
Amortisation and write-downs	(34)
Impairments	(10)
Changes from currency translation	—
Non-current assets or disposal groups held for sale	(7)
Other disposals[1]	(72)
Carrying amounts at 31 December 2014	**1,293**
Write-downs and write-ups from previous years plus year under review	802
Acquisition costs at 31 December 2014	**2,095**

1 also including changes in the group of companies included in consolidation. Please refer to Note 2 regarding 2014

58 Intangible assets

(€ millions)

	2014	2013
Goodwill	**418**	**418**
Other intangible assets	**60**	**100**
Internally generated intangible assets	39	50
Other intangible assets	21	50
Total	**478**	**518**

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 year under review	660	436	374
Acquisition costs at 31 December 2013	**1,078**	**486**	**424**

	GOODWILL FROM AFFILIATED COMPANIES	INTERNALLY GENERATED INTANGIBLE ASSETS	OTHER INTANGIBLE ASSETS
Acquisition costs at 1 January 2014	**1,078**	**486**	**424**
Write-downs and write-ups from previous years	(660)	(436)	(374)
Carrying amounts at 1 January 2014	**418**	**50**	**50**
Additions			
Acquisition/production costs	—	9	15
Write-ups	—	—	—
Changes from currency translation	—	—	—
Other additions[1]	—	—	—
Disposals			
Sales	—	—	—
Amortisation and write-downs	—	(20)	(17)
Impairments	—	—	—
Changes from currency translation	—	—	—
Non-current assets or disposal groups held for sale	—	—	—
Other disposals[1]	—	—	(27)
Carrying amounts at 31 December 2014	**418**	**39**	**21**
Write-downs and write-ups from previous years plus year under review	624	448	277
Acquisition costs at 31 December 2014	**1,042**	**487**	**298**

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.

Notes to the Balance Sheet (Continued)

59 Non-current assets or disposal groups held for sale

(€ millions)

ASSETS	2014	2013
Property, plant and equipment	26	39
Investment properties	6	65
Intangible assets	—	50
Total	**32**	**154**

The investment properties designated as held for sale essentially relate to the disposal of non-strategic real estate. The disposal of a non-strategic property at the Munich facility was completed in the first half of 2014. The sale of a project right for an offshore wind farm (intangible asset) was also successfully concluded during the reporting period.

60 Other assets

Other assets include prepaid expenses of €90 million (2013: €85 million).

61 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 are 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 transaction Geldilux TS 2013, the senior tranche was placed on the capital market while the junior tranche was 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 set up for this purpose are fully consolidated in accordance with IFRS 10. The volume of lending in Rosenkavalier 2008 declined to €3.1 billion at 31 December 2014 (2013: €4.6 billion) on account of a restructuring measure. The risk-weighted assets have not been reduced.

Only the synthetic transaction EuroConnect Issuer SME 2007-1 with an outstanding volume of lending of €0.3 billion (2013: €0.5 billion) continue to exist of the securitisation transactions originally set up to reduce risk-weighted assets. The risk-weighted assets have not been reduced.

The true sale transactions EuroConnect Issuer SME 2008-1, Geldilux TS 2010 and Geldilux TS 2011 were terminated during the reporting period. This means that the volume of lending declined by a total of €1.6 billion year-on-year.

The Newstone Mortgage Securities No. 1 plc transaction was concluded during the reporting period with a view to obtaining funding. The underlying receivables continue to be recognised by HVB and the special purpose entity set up for this purpose is fully consolidated in accordance with IFRS 10. The volume of lending at 31 December 2014 amounted to €0.3 billion. The risk-weighted assets have not been reduced.

62 Deposits from banks

(€ millions)

	2014	2013
Deposits from central banks	**6,137**	**6,398**
Deposits from banks	**47,943**	**41,441**
Current accounts	2,524	2,181
Cash collateral and pledged credit balances	13,079	10,243
Repos	17,730	13,286
Term deposits	5,138	6,840
Other liabilities	9,472	8,891
Total	**54,080**	**47,839**

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)

	2014	2013
Non-consolidated affiliated companies	6,288	6,763
of which: UniCredit S.p.A.	2,148	2,561
Joint ventures	7	—
Associated companies	144	29
Other participating interests	19	21
Total	**6,458**	**6,813**

Besides the deposits from UniCredit S.p.A., the deposits of €6,288 million (2013: €6,763 million) from non-consolidated affiliated companies include deposits of €4,140 million (2013: €4,202 million) from sister companies; the largest single item relates to UniCredit Bank Austria AG.

63 Deposits from customers

(€ millions)

	2014	2013
Current accounts	56,335	54,140
Cash collateral and pledged credit balances	1,489	1,092
Savings deposits	14,639	14,837
Repos	7,774	10,336
Term deposits	15,142	19,932
Promissory notes	3,854	5,541
Other liabilities	1,441	1,972
Total	**100,674**	**107,850**

Notes to the Balance Sheet (Continued)

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 fair 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)

	2014	2013
Non-consolidated affiliated companies	269	248
Joint ventures	1	—
Associated companies	17	1
Other participating interests	299	227
Total	**586**	**476**

The deposits of €269 million (2013: €248 million) from non-consolidated affiliated companies include deposits of €15 million (2013: €8 million) from subsidiaries and €254 million (2013: €240 million) from sister companies.

64 Debt securities in issue

(€ millions)

	2014	2013
Bonds	26,401	30,644
of which:		
Registered mortgage Pfandbriefs	6,562	7,286
Registered public-sector Pfandbriefs	3,093	3,583
Mortgage Pfandbriefs	8,938	9,927
Public-sector Pfandbriefs	1,989	1,939
Registered bonds	2,229	1,842
Other securities	1,848	1,160
Total	**28,249**	**31,804**

Debt securities in issue, payable to related parties

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

(€ millions)

	2014	2013
Non-consolidated affiliated companies	250	597
of which: UniCredit S.p.A.	—	351
Joint ventures	15	—
Associated companies	252	155
Other participating interests	—	—
Total	**517**	**752**

Besides the debt securities attributable to UniCredit S.p.A. (in the reporting period €0 million), the debt securities in issue of €250 million (2013: €597 million) attributable to non-consolidated affiliated companies include debt securities of €250 million (2013: €246 million) attributable to sister companies.

65 Financial liabilities held for trading

(€ millions)

	2014	2013
Negative fair values arising from derivative financial instruments	76,400	60,644
Other financial liabilities held for trading	11,570	12,891
Total	**87,970**	**73,535**

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 2014, which result from including the own credit spread, total €90 million (2013: €120 million). Valuation expenses of €30 million (2013: €5 million) arising from own credit spread changes accrued for these holdings in the year under review.

66 Hedging derivatives

(€ millions)

	2014	2013
Micro fair value hedge	5	1
Fair value hedge portfolio[1]	744	372
Total	**749**	**373**

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

67 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 €2,430 million (2013: €1,646 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 €66 million (2013: €67 million).

68 Liabilities of disposal groups held for sale

(€ millions)

LIABILITIES	2014	2013
Deposits from banks	—	4
Tax liabilities	—	—
Other liabilities	1	—
Provisions	—	—
Total	**1**	**4**

69 Other liabilities

This item totalling €2,534 million (2013: €3,083 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.

Notes to the Balance Sheet (Continued)

70 Provisions

(€ millions)

	2014	2013
Provisions for pensions and similar obligations	751	146
Allowances for losses on guarantees and commitments and irrevocable credit commitments	232	204
Restructuring provisions	267	400
Other provisions	1,059	1,219
Payroll provisions	263	227
Provisions related to tax disputes (without income taxes)	61	96
Provisions for rental guarantees and dismantling obligations	133	151
Other provisions	602	745
Total	**2,309**	**1,969**

The effects arising from changes in the discount rate and discounts taken led to an increase of €22 million (2013: €24 million) in provisions in the reporting period.

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 obligations 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)

	2014	2013
Present value of funded pension obligations	4,740	3,752
Fair value of plan assets	(4,022)	(3,652)
Funded status	**718**	**100**
Present value of unfunded pension obligations	33	33
Net liability (net asset) of defined benefit plans	**751**	**133**
Asset ceiling	—	—
Capitalised excess cover of plan assets	—	13
Recognised pension provisions	**751**	**146**

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 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 costs and net interest						
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**

(€ 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 2014	**3,785**	**(3,652)**	**133**	**—**	**13**	**146**
Service cost component						
Current service cost	56	—	56	—	—	56
Past service cost	—	—	—	—	—	—
Gains and losses on settlement	—	—	—	—	—	—
Net interest component						
Interest expense/(income)	140	(136)	4	—	—	4
Service costs and net interest of defined benefit plans recognised in profit or loss for the period	**196**	**(136)**	**60**	**—**	**—**	**60**
Remeasurement component						
Gains/(losses) on plan assets excluding amounts included in net interest on the net defined benefit liability (asset)	—	(48)	(48)	—	—	(48)
Actuarial gains/(losses) – demographic assumptions	(3)	—	(3)	—	—	(3)
Actuarial gains/(losses) – financial assumptions	939	—	939	—	—	939
Actuarial gains/(losses) – experience adjustments	(15)	—	(15)	—	—	(15)
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	**921**	**(48)**	**873**	**—**	**—**	**873**
Other changes						
Excess cover of plan assets	—	—	—	—	(13)	(13)
Exchange differences	6	(8)	(2)	—	—	(2)
Contributions to the plan:						
Employer	—	(309)	(309)	—	—	(309)
Plan participants	6	(5)	1	—	—	1
Pension payments	(137)	136	(1)	—	—	(1)
Business combinations, disposals and other	(4)	—	(4)	—	—	(4)
Balance at 31 December 2014	**4,773**	**(4,022)**	**751**	**—**	**—**	**751**

At the end of the reporting period, the present value of the defined benefit obligations of €4,773 million (2013: €3,785 million) was attributable to 34% (2013: 29%) of active employees, 21% (2013: 19%) of former employees with vested benefit entitlements and 45% (2013: 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 %)

	2014	2013
Actuarial interest rate	2.35	3.75
Rate of increase in pension obligations	1.70	1.80
Rate of increase in future compensation and over career	3.00	3.00[1]

1 The year-ago figure has been adjusted as the actuarial assumption in 2013 included a rate of increase over career of 0.50% as well as a rate of increase in future compensation of 2.50%. The present value of the defined benefit obligation was determined using 3.00%.

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% (2013: 90%) for women and 75% (2013: 75%) for men.

HVB Group similarly reduces the probability of disability based on these guidance tables to 80% (2013: 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 the reporting date:

Sensitivities at 31 December 2014:

	CHANGES OF THE ACTUARIAL ASSUMPTIONS	IMPACT ON THE PRESENT VALUE OF PENSION OBLIGATIONS		
		PRESENT VALUE OF LIABILITY	ABSOLUTE CHANGES	RELATIVE CHANGES
		€ millions	€ millions	in %
	Basic value of the calculation of sensitivity	4,773		
Actuarial interest rate	Increase of 25 basis points	4,564	(209)	(4.4)
	Decrease of 25 basis points	4,998	225	4.7
Rate of increase in pension obligations	Increase of 25 basis points	4,923	150	3.1
	Decrease of 25 basis points	4,629	(144)	(3.0)
Rate of increase in future compensation/career trend	Increase of 25 basis points	4,782	9	0.2
	Decrease of 25 basis points	4,764	(9)	(0.2)

Sensitivities at 31 December 2013:

	CHANGES OF THE ACTUARIAL ASSUMPTIONS	IMPACT ON THE PRESENT VALUE OF PENSION OBLIGATIONS		
		PRESENT VALUE OF LIABILITY	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 increase in pension obligations	Increase of 25 basis points	3,889	104	2.7
	Decrease of 25 basis points	3,684	(101)	(2.7)
Rate of increase in future compensation/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 2014 would rise by €142 million (3.0%) to €4,915 million (or by €101 million (2.7%) at 31 December 2013 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.

Notes to the Balance Sheet (Continued)

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 fair 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.

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)

	2014	2013
Participating interests	30	33
Debt securities	156	90
Properties	112	113
Mixed investment funds	3,444	3,095
Property funds	100	83
Cash and cash equivalents/term deposits	49	140
Other assets	131	98
Total	**4,022**	**3,652**

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 %)

	2014	2013
Equities	10.1	17.2
German equities	2.1	4.8
European equities	6.8	11.4
Other equities	1.2	1.0
Government bonds	26.6	24.7
Pfandbriefs	12.6	8.4
Corporate bonds	21.0	33.3
German corporate bonds	2.8	13.6
European corporate bonds	15.4	16.9
Other corporate bonds	2.8	2.8
Fund certificates	12.0	10.3
Cash and cash equivalents/term deposits	17.7	6.1
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)

	2014	2013
Participating interests	—	—
Debt securities	16	15
Properties	7	7
Mixed investment funds	337	498
Property funds	—	—
Cash and cash equivalents/term deposits	48	140
Other assets	—	—
Total	**408**	**660**

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 €16 million (2014: €10 million) to defined benefit plans in the 2015 financial year.

The weighted average duration of HVB Group's defined benefit obligations at the reporting date amounted to 18.2 years (2013: 15.7 years).

Notes to the Balance Sheet (Continued)

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 2015 financial year (2014: €18 million).

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 €33 million during the reporting period (2013: €38 million).

The employer contributions to the statutory pension scheme and the alternative professional pension schemes, which qualify as defined contribution state plans, are similarly included in payroll costs. Such contributions amounted to €100 million in the reporting period (2013: €97 million).

Allowances for losses on financial guarantees and irrevocable credit commitments, restructuring provisions and other provisions

(€ millions)

	ALLOWANCES FOR LOSSES ON FINANCIAL GUARANTEES AND COMMITMENTS AND IRREVOCABLE CREDIT COMMITMENTS	RESTRUCTURING PROVISIONS	OTHER PROVISIONS
Balance at 1 January 2014	**204**	**400**	**1,219**
Changes in consolidated group	—	—	(5)
Changes arising from foreign currency translation	3	—	3
Transfers to provisions	193	14[1]	288
Reversals	(168)	(30)[1]	(197)
Reclassifications	—	(92)	36
Amounts used	—	(25)	(285)
Non-current assets or disposal groups held for sale	—	—	—
Other changes	—	—	—
Balance at 31 December 2014	**232**	**267**	**1,059**

1 the transfers and reversals are included in the income statement under restructuring costs together with other restructuring costs accruing during the reporting period

Restructuring provisions
The reversals, reclassifications and amounts used in the reporting period relate to restructuring programmes from earlier years, and for the most part to the provisions set up in 2013 for the modernisation of the retail banking business, most of which are expected to be utilised in 2014 and 2015. Also included are provisions for changes in the organisational structure of HVB Group from the years before that.

Other provisions
The payroll provisions carried under other provisions encompass long-term obligations to employees such as service anniversary awards, early retirement or partial retirement. In addition, payroll provisions cover the parts of the bonus that are disbursed on a deferred basis, or transferred in cases where the bonus is granted in the form of shares, 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 2011, 2012, 2013 and 2014 financial years to be disbursed as of 2015 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 38.

Other provisions mainly include provisions for legal risks, litigation fees and damage payments.

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.

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.

71 Shareholders' equity
The shareholders' equity of HVB Group at 31 December 2014 consisted of the following:

Subscribed capital
At 31 December 2014, the subscribed capital of HVB totalled €2,407 million (2013: €2,407 million) and consisted of 802,383,672 no par shares of common bearer stock (2013: 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.

Notes to the Balance Sheet (Continued)

Additional paid-in capital
The additional paid-in capital results from premiums generated on the issuance of shares; the total at 31 December 2014 amounted to €9,791 million (2013: €9,791 million).

Other reserves
The other reserves of €7,660 million (2013: €7,920 million) essentially comprise retained earnings. The year-on-year decline of €260 million in other reserves essentially reflects adjustments of €597 million in pensions and similar obligations that were only partially offset by a transfer of €320 million from consolidated profit and other changes of €17 million.

Change in valuation of financial instruments
The reserves arising from changes in the valuation of financial instruments recognised in equity totalled €81 million (2013: €88 million) at 31 December 2014. This year-on-year decline of €7 million can for the most part be attributed to the €9 million decline in the AfS reserve to €54 million. Positive fair value fluctuations of fixed-income securities classified as available for sale are partially offset by changes arising in connection with the sale of DAB. The hedge reserve similarly included in the reserves arising from changes in the value of financial instruments recognised in equity increased by €2 million compared with year-end 2013 to €27 million.

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

	2014	2013
Subordinated liabilities	669	1,650
Hybrid capital instruments	53	47
Total	**722**	**1,697**

In this context, subordinated liabilities and hybrid capital instruments have been classified as Tier 2 capital for banking supervisory purposes in accordance with the provisions set forth in Articles 62a, 63 to 65, 66a and 67 CRR. The hybrid capital instruments are allocated to Tier 2 capital in accordance with Articles 87 and 88 CRR in connection with Article 480 CRR.

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

	2014	2013
Deposits from customers	57	114
Deposits from banks	142	142
Debt securities in issue	523	1,441
Total	**722**	**1,697**

We have incurred interest expenses of €41 million (2013: €96 million) in connection with this subordinated capital. Subordinated capital includes proportionate interest of €9 million (2013: €58 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 €392 million payable to related parties in 2014 (2013: €388 million).

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

Our hybrid capital instruments satisfy the requirements for classification as Tier 2 capital as defined in Article 63 CRR in force since 1 January 2014. At 31 December 2014, HVB Group had hybrid capital of €42 million bolstering its capital base for banking supervisory purposes.

Until 31 December 2013, the hybrid capital instruments were recognised as core capital for banking supervisory purposes under Section 64m KWG in accordance with the version of the German Banking Act applicable from 31 December 2010. At 31 December 2013, they amounted to €47 million.

Notes to the Cash Flow Statement

73 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 €388 million were generated on the disposal of shares in fully consolidated companies in the 2014 financial year, of which €359 million was in cash. The gains on disposal generated in cash relate almost exclusively to the sale of the Bank's participating interest in DAB Bank AG (DAB), which was accounted for as a discontinued operation (see also Note 6).

The net cash flow relating to the discontinued operations consists of an outflow of €69 million (2013: outflow of €312 million) from operating activities, an outflow of €10 million from investing activities (2013: inflow of €369 million) and an outflow of €197 million (2013: inflow of €1 million) from financing activities.

The following table shows the assets and liabilities of the fully consolidated companies sold: (€ millions)

	2014		2013	
	ACQUIRED	SOLD	ACQUIRED	SOLD
Assets				
Cash and cash balances	—	8	—	—
Financial assets held for trading	—	6	—	—
Financial assets at fair value through profit or loss	—	6	—	—
Available-for-sale financial assets	—	3,363	—	69
Shares in associated companies accounted for using the equity method				
and joint ventures accounted for using the equity method	—	—	—	—
Held-to-maturity investments	—	133	—	—
Loans and receivables with banks	—	1,460	—	—
Loans and receivables with customers	—	329	—	711
Hedging derivatives	—	—	—	—
Hedge adjustment of hedged items in the fair value hedge portfolio	—	—	—	—
Property, plant and equipment	—	8	—	—
Investment properties	—	—	—	—
Intangible assets	—	34	—	—
of which: goodwill	—	6	—	—
Tax assets	—	6	—	32
Non-current assets or disposal groups held for sale	—	23	—	32
Other assets	—	20	—	3
Liabilities				
Deposits from banks	—	48	—	—
Deposits from customers	—	4,983	—	—
Debt securities in issue	—	—	—	—
Financial liabilities held for trading	—	—	—	—
Hedging derivatives	—	—	—	—
Hedge adjustment of hedged items in the fair value hedge portfolio	—	—	—	—
Tax liabilities	—	16	—	—
Liabilities of disposal groups held for sale	—	—	—	23
Other liabilities	—	57	—	15
Provisions	—	8	—	—

There were no significant acquisitions of subsidiaries or associated companies in the 2013 and 2014 financial years.

74 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)

	2014	2013
Remaining maturity:		
up to 12 months	102	124
from 1 year to 5 years	340	301
from 5 years and over	179	171
Total	**621**	**596**

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)

	2014	2013
Future minimum lease payments:	2,226	2,259
+ Unguaranteed residual value	—	—
= Gross investment	**2,226**	**2,259**
– Unrealised finance income	(143)	(164)
= Net investment	**2,083**	**2,095**
– Present value of unguaranteed residual value	—	—
= Present value of future minimum lease payments	**2,083**	**2,095**

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	
	2014	2013	2014	2013
Remaining maturity:				
up to 12 months	868	775	812	725
from 1 year to 5 years	1,247	1,401	1,167	1,294
from 5 years and over	111	83	104	76
Total	**2,226**	**2,259**	**2,083**	**2,095**

The cumulative write-downs on uncollectible outstanding minimum lease payments in amounts receivable from customers under finance leases amounted to €7 million at the end of the reporting period (2013: €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 53). These break down as follows: (€ millions)

	2014	2013
Properly serviced loans and receivables		
Carrying amount before allowances	2,057	2,041
Portfolio allowances	7	9
Carrying amount	**2,050**	**2,032**
Properly serviced loans and receivables past due		
Carrying amount before allowances	7	7
Portfolio allowances	—	—
Carrying amount	**7**	**7**
Non-performing loans and receivables		
Carrying amount before allowances	40	72
Specific allowances	14	16
Carrying amount	**26**	**56**

The non-performing loans and receivables from finance leases are essentially allocated to rating classes 8-, 9 and 10.

(€ millions)

	2014	2013
Carrying amount of properly serviced loans and receivables past due, broken down by period past due		
1–30 days	5	7
31–60 days	2	—
61–90 days	—	—

(€ millions)

	2014	2013
Value of collateral, broken down by period past due		
1–30 days	4	4
31–60 days	—	—
61–90 days	—	—

(€ millions)

	2014	2013
Loans and receivables, broken down by rating class		
Not rated	286	261
Rating class 1–4	1,255	1,256
Rating class 5–8	516	511
Rating class 9–10	26	67
Collateral, broken down by rating class		
Not rated	—	16
Rating class 1–4	448	179
Rating class 5–8	105	42
Rating class 9–10	9	18

The presentation of the collateral broken down by rating class does not include the leased assets of €1,146 million (2013: €655 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 €126 million (2013: €139 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)

	2014	2013
Remaining maturity:		
up to 12 months	112	114
from 1 year to 5 years	134	150
from 5 years and over	53	73
Total	**299**	**337**

The agreements regarding the outsourcing of information and communications technology 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 €35 million for the reporting period and €37 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 (2013: €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 (2013: €12 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)

	2014	2013
Future minimum lease payments	236	404
– Finance charge (interest included in minimum lease payments)	(27)	(64)
= Present value of future minimum lease payments	**209**	**340**

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	
	2014	2013	2014	2013
Remaining maturity:				
up to 12 months	12	142	12	140
from 1 year to 5 years	52	61	47	56
from 5 years and over	172	201	150	144
Total	**236**	**404**	**209**	**340**

The aggregate future minimum lease payments arising from non-cancellable subleases that are expected to be received in the subsequent financial years amount to €22 million (2013: €18 million).

75 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
Balance at 31/12/2014	1.9	1.9	2.0
Reclassified in 2009			
Balance at 31/12/2009	7.3	7.4	7.4
Balance at 31/12/2010	4.6	4.5	4.6
Balance 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 at 31/12/2014	1.6	1.9	1.8
Balance of reclassified assets at 31/12/2014	**3.5**	**3.8**	**3.8**

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 €3.8 billion at 31 December 2014. 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 €227 million in net trading income in the 2014 financial year. A net gain of €286 million would have arisen in net trading income in 2013, €498 million 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.

We took write-downs of €92 million on reclassified assets in 2014. In the 2013 financial year, write-downs of €10 million on reclassified assets were reversed, whereas write-downs of €31 million had been taken in 2012, €3 million in 2011, €8 million in 2010, €80 million in 2009 and €63 million in 2008. 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 €34 million (2013: €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 0.41% to 13.10%.

A gain of €2 million (2013: €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 2014.

In 2014, the reclassifications carried out in 2008 and 2009 resulted in a profit before tax that was €283 million lower. Between the date when the reclassifications took effect and the reporting date, the cumulative net impact on the income statement from the reclassifications already carried out totalled minus €285 million before tax (2014: minus €283 million, 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).

76 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 what are known as structured entities (formerly called special purpose vehicles or SPVs). In order to refinance the acquisition of receivables, these vehicles 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 vehicles 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)

		31/12/2014				31/12/2013
CARRYING AMOUNTS		SENIOR	MEZZANINE	JUNIOR	TOTAL	TOTAL
Positions retained from own securitisations		**—**	**61**	**—**	**61**	**106**
Positions in third-party ABS transactions		**3,667**	**1,035**	**—**	**4,702**	**4,645**
Residential mortgage-backed securities (RMBS)		2,221	467	—	2,688	2,339
thereof:						
US subprime		—	—	—	—	1
US Alt-A		1	—	—	1	1
Commercial mortgage-backed securities (CMBS)		500	134	—	634	792
Collateralised debt obligations (CDO)		61	—	—	61	61
thereof:						
US subprime		—	—	—	—	—
US Alt-A		—	—	—	—	—
Collateralised loan obligations (CLO)/						
collateralised bond obligations (CBO)		88	376	—	464	848
Consumer loans		613	34	—	647	444
Credit cards		98	—	—	98	—
Receivables under finance leases		77	24	—	101	148
Others		9	—	—	9	13
Total	**31/12/2014**	**3,667**	**1,096**	**—**	**4,763**	
	31/12/2013	**3,449**	**1,302**	**—**	**4,751**	
Synthetic collateralised debt obligations (CDO) (derivatives)[1]	**31/12/2014**	**—**	**—**	**—**	**—**	
	31/12/2013	**—**	**24**	**—**	**24**	

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		31/12/2014 EUROPE	USA	ASIA	OTHER REGIONS	TOTAL
Positions retained from own securitisations		**61**	**—**	**—**	**—**	**61**
Positions in third-party ABS transactions		**4,256**	**366**	**—**	**80**	**4,702**
Residential mortgage-backed securities (RMBS)		2,626	2	—	60	2,688
thereof:						
US subprime		—	—	—	—	—
US Alt-A		—	1	—	—	1
Commercial mortgage-backed securities (CMBS)		553	81	—	—	634
Collateralised debt obligations (CDO)		7	34	—	20	61
thereof:						
US subprime		—	—	—	—	—
US Alt-A		—	—	—	—	—
Collateralised loan obligations (CLO)/						
collateralised bond obligations (CBO)		232	232	—	—	464
Consumer loans		634	13	—	—	647
Credit cards		98	—	—	—	98
Receivables under finance leases		97	4	—	—	101
Others		9	—	—	—	9
Total	**31/12/2014**	**4,317**	**366**	**—**	**80**	**4,763**
	31/12/2013	**4,193**	**424**	**7**	**127**	**4,751**
Synthetic collateralised debt obligations (CDO) (derivatives)[1]	**31/12/2014**	**—**	**—**	**—**	**—**	**—**
	31/12/2013	**—**	**24**	**—**	**—**	**24**

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		31/12/2014 LESS THAN 1 YEAR	BETWEEN 1 AND 5 YEARS	MORE THAN 5 YEARS	TOTAL
Positions retained from own securitisations		**61**	**—**	**—**	**61**
Positions in third-party ABS transactions		**469**	**3,219**	**1,014**	**4,702**
Residential mortgage-backed securities (RMBS)		234	1,629	825	2,688
thereof:					
US subprime		—	—	—	—
US Alt-A		—	1	—	1
Commercial mortgage-backed securities (CMBS)		17	516	101	634
Collateralised debt obligations (CDO)		—	9	52	61
thereof:					
US subprime		—	—	—	—
US Alt-A		—	—	—	—
Collateralised loan obligations (CLO)/					
collateralised bond obligations (CBO)		31	423	10	464
Consumer loans		127	494	26	647
Credit cards		—	98	—	98
Receivables under finance leases		60	41	—	101
Others		—	9	—	9
Total	**31/12/2014**	**530**	**3,219**	**1,014**	**4,763**
	31/12/2013	**377**	**3,288**	**1,086**	**4,751**
Synthetic collateralised debt obligations (CDO) (derivatives)[1]	**31/12/2014**	**—**	**—**	**—**	**—**
	31/12/2013	**—**	**24**	**—**	**24**

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		31/12/2014 HELD FOR TRADING	FAIR VALUE OPTION	LOANS & RECEIVABLES	HELD TO MATURITY	AVAILABLE FOR SALE	TOTAL
Positions retained from own securitisations		**—**	**—**	**—**	**—**	**61**	**61**
Positions in third-party ABS transactions		**267**	**32**	**4,161**	**66**	**176**	**4,702**
Residential mortgage-backed securities (RMBS)		109	15	2,517	—	47	2,688
thereof:							
US subprime		—	—	—	—	—	—
US Alt-A		—	—	1	—	—	1
Commercial mortgage-backed securities (CMBS)		62	8	554	—	10	634
Collateralised debt obligations (CDO)		—	5	36	20	—	61
thereof:							
US subprime		—	—	—	—	—	—
US Alt-A		—	—	—	—	—	—
Collateralised loan obligations (CLO)/							
collateralised bond obligations (CBO)		7	4	306	40	107	464
Consumer loans		81	—	560	6	—	647
Credit cards		—	—	98	—	—	98
Receivables under finance leases		8	—	81	—	12	101
Others		—	—	9	—	—	9
Total	**31/12/2014**	**267**	**32**	**4,161**	**66**	**237**	**4,763**
	31/12/2013	**268**	**41**	**3,866**	**74**	**502**	**4,751**
Synthetic collateralised debt obligations (CDO) (derivatives)[1]	**31/12/2014**	**—**	**—**	**—**	**—**	**—**	**—**
	31/12/2013	**24**	**—**	**—**	**—**	**—**	**24**

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

Other Information (Continued)

77 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 €759 million (2013: €1,271 million) have been transferred between Level 1 and Level 2. At the same time, financial assets or liabilities of €970 million (2013: €5,531 million) were migrated between Level 2 and Level 1. Most of the transfers relate to securities, resulting from an increase or decrease in the actual trading taking place in the securities concerned and the associated change in the bid-offer spreads.

The following table shows transfers 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	—	161
	Transfer from Level 2	266	—
Financial assets at fair value through profit or loss			
	Transfer from Level 1	—	497
	Transfer from Level 2	599	—
Available-for-sale financial assets			
	Transfer from Level 1	—	99
	Transfer from Level 2	92	—
Financial liabilities held for trading			
	Transfer from Level 1	—	2
	Transfer from Level 2	13	—

Within the scope of IFRS 13 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.

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	0%–137%
Equities	Market approach	Price	0%–100%
Asset-backed securities (ABS)	DCF method	Credit spread curves	0BPS–28%
		Residual value	10%–65%
		Default rate	1%–12%
		Prepayment rate	0%–30%
Equity derivatives	Option price model DCF method	Equity volatility	15%–120%
		Correlation between equities	(95)%–95%
		Dividend yields	0%–15%
Interest rate derivatives	DCF method option price model	Swap interest rate	0BPS–1,000BPS
		Inflation swap interest rate	120BPS–230BPS
		Inflation volatility	1%–10%
		Interest rate volatility	10%–100%
		Correlation between interest rates	20%–100%
Credit derivatives	Option price model Hazard rate model	Credit spread curves	116BPS–331%
		Credit correlation	25%–85%
		Residual value	14%–75%
		Credit volatility	47%–67%
Currency derivatives	DCF method option price model	Yield curves	0BPS–1,000BPS
		FX volatility	1%–40%
Commodity derivatives	DCF method option price model	Swap interest rate	70%–130%
		Correlation between commodities	(95)%–95%
		Commodity price volatility	20%–120%
Hybrid derivatives	Option price model	Parameter correlation	(95)%–95%
		Parameter volatility	15%–120%

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 2014 resulting from the use of possible appropriate alternatives would be €171 million (2013: €143 million), and the negative change would be minus €81 million (2013: minus €65 million).

Other Information (Continued)

The following table shows the significant sensitivity effects, broken down by the individual classes of financial instrument for the various product types:

(€ millions)

	2014		2013	
	POSITIVE	NEGATIVE	POSITIVE	NEGATIVE
Fixed-income securities and other debt instruments	2	(2)	6	(6)
Equities	17	(17)	13	(13)
Asset-backed securities	1	—	3	(2)
Equity derivatives	119	(35)	87	(23)
Interest rate derivatives	8	(2)	8	(3)
Credit derivatives	22	(24)	11	(5)
Currency derivatives	1	(1)	1	—
Commodity derivatives	1	—	1	—
Hybrid derivatives	—	—	—	—
Other	—	—	13	(13)
Total	**171**	**(81)**	**143**	**(65)**

For fixed-income securities and other debt instruments and asset-backed securities, the credit spread curves were varied as part of the sensitivity analyses in line with rating. For shares, the spot price is varied using a relative value.

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.

For interest rate products, interest rates, interest rate correlations and implicit volatilities were varied as part of the sensitivity analysis. For credit derivatives, rating-dependent shifts in the risk premium curves for credit risk were assumed together with changes in implicit correlations and increases in default rates.

Foreign currency derivatives were varied in terms of interest rates and the implicit volatility.

Where trades are executed for which the transaction price deviates from the fair value at the trade date and non-observable parameters are employed to a considerable extent in valuation models, the financial instrument concerned is recognised at the trade price. This difference between the transaction price and the fair value of the valuation model is defined as the trade date gain/loss. Any gain determined at the trade date is deferred and recognised in the income statement over the term of the transaction. As soon as a reference price can be determined for the transaction on an active market, or the significant input parameters on observable market data, the deferred trade date gain is taken directly to the income statement in net trading income.

The following table shows a year-on-year comparison of changes in trade date gains that were deferred on account of the application of significant non-observable parameters for financial instruments recognised at fair value:

(€ millions)

	2014	2013
Balance at 1/1	**80**	**—**
New transactions during the period	—	81
Write-downs	17	1
Expired transactions	—	—
Retroactive change in observability	—	—
Exchange rate changes	—	—
Balance at 31/12	**64**	**80**

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)	
	2014	2013	2014	2013	2014	2013
Financial assets recognised						
in the balance sheet at fair value						
Financial assets held for trading	19,308	18,540	90,521	71,438	2,009	1,323
thereof: derivatives	1,703	1,989	77,087	60,314	1,870	973
Financial assets at fair value through profit or loss	14,559	15,247	16,365	13,889	281	576
Available-for-sale financial assets[1]	619	2,799	645	862	39	230
Hedging derivatives	—	—	753	1,053	—	—
Financial liabilities recognised						
in the balance sheet at fair value						
Financial liabilities held for trading	4,462	4,510	82,493	67,609	1,015	1,416
thereof: derivatives	1,929	1,659	73,759	58,271	712	714
Hedging derivatives	—	—	749	373	—	—

1 Available-for-sale financial assets include financial instruments of €266 million (2013: €673 million) valued at historical cost that are not included in these totals at 31 December 2014.

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)

	2014			
	FINANCIAL ASSETS HELD FOR TRADING	FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	AVAILABLE-FOR-SALE FINANCIAL ASSETS	HEDGING DERIVATIVES
Balance at 1/1/2014	**1,323**	**576**	**230**	**—**
Additions				
Acquisitions	538	—	15	—
Realised gains[1]	759	2	2	—
Transfer from other levels	542	286	—	—
Other additions[2]	76	1	—	—
Reductions				
Sale	(586)	(255)	(12)	—
Repayment	—	(40)	(30)	—
Realised losses[1]	(111)	(2)	(2)	—
Transfer to other levels	(407)	(286)	(151)	—
Other reductions	(125)	(1)	(13)	—
Balance at 31/12/2014	**2,009**	**281**	**39**	**—**

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

On the assets side, derivatives with a fair value of €534 million (2013: €186 million) were transferred to Level 3 and of €219 million (2013: €286 million) from Level 3 at year-end 2014. On the liabilities side, the fair value of the derivatives transferred to Level 3 amounted to €220 million (2013: €45 million), while the transfer from Level 3 totalled €585 million (2013: €282 million). The increase on the assets side can for the most part be attributed to interest rate derivatives in default. All in all, the Level 3 volume rose by €686 million year-on-year on the assets side (2013: reduction of €256 million) and declined by €401 million (2013: €326 million) on the liabilities side.

Other Information (Continued)

(€ millions)

	2014	
	FINANCIAL LIABILITIES HELD FOR TRADING	HEDGING DERIVATIVES
Balance at 1/1/2014	**1,416**	**—**
Additions		
Sale	352	—
Issues	710	—
Realised losses[1]	462	—
Transfer from other levels	658	—
Other additions[2]	90	—
Reductions		
Buy-back	(421)	—
Repayment	(134)	—
Realised gains[1]	(126)	—
Transfer to other levels	(1,945)	—
Other reductions	(47)	—
Balance at 31/12/2014	**1,015**	**—**

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

The transfer from Level 3 relates notably to structured issues for which volatilities and correlations in the underlyings have now been observed for longer periods.

(€ 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	(2,070)	(53)	(110)	—
Repayment	(114)	(25)	(1)	—
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		
Sale	266	—
Issues	299	—
Realised losses[1]	185	—
Transfer from other levels	775	—
Other additions[2]	72	—
Reductions		
Buy-back	(405)	—
Repayment	(107)	—
Realised gains[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

78 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)

	2014		2013	
ASSETS	CARRYING AMOUNT	FAIR VALUE	CARRYING AMOUNT	FAIR VALUE
Cash and cash balances	5.2	5.2	10.6	10.6
Financial assets held for trading	111.8	111.8	91.3	91.3
Financial assets at fair value through profit or loss	31.2	31.2	29.7	29.7
Available-for-sale financial assets				
thereof: measured				
at cost	0.3	0.3	0.7	0.7
at fair value	1.3	1.3	3.9	3.9
Held-to-maturity investments	0.1	0.1	0.2	0.2
Loans and receivables with banks	32.7	33.1	35.3	35.9
Loans and receivables with customers	109.6	115.2	109.6	114.2
thereof: finance leases	2.1	2.1	2.0	2.0
Hedging derivatives	0.8	0.8	1.1	1.1
Total	**293.0**	**299.0**	**282.4**	**287.6**

Other Information (Continued)

(€ billions)

ASSETS	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 (LEVEL 3)	
	2014	2013	2014	2013	2014	2013
Financial assets not carried at fair value						
in the balance sheet						
Cash and cash balances	—	—	5.2	10.6	—	—
Held-to-maturity investments	—	0.2	—	—	—	—
Loans and receivables with banks	3.4	0.6	16.5	18.7	13.2	16.6
Loans and receivables with customers	1.8	0.6	15.8	14.3	97.6	99.3
thereof: finance leases	—	—	—	—	2.1	2.0

(€ billions)

LIABILITIES	2014		2013	
	CARRYING AMOUNT	FAIR VALUE	CARRYING AMOUNT	FAIR VALUE
Deposits from banks	54.1	54.8	47.8	48.6
Deposits from customers	100.7	101.1	107.9	108.1
Debt securities in issue	28.2	32.0	31.8	34.1
Financial liabilities held for trading	88.0	88.0	73.5	73.5
Hedging derivatives	0.7	0.7	0.4	0.4
Total	**271.7**	**276.6**	**261.4**	**264.7**

(€ billions)

LIABILITIES	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 (LEVEL 3)	
	2014	2013	2014	2013	2014	2013
Financial liabilities not carried						
at fair value in the balance sheet						
Deposits from banks	—	—	16.1	12.5	38.7	36.1
Deposits from customers	—	—	57.8	55.4	43.3	52.7
Debt securities in issue	7.4	9.8	8.1	9.0	16.5	15.3

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.

A new, enhanced valuation model was introduced in 2014 to determine the fair values of other loans and receivables. The fair value calculation is built around the risk-neutral credit spread, which takes account of all relevant factors on the market. Further parameters besides the risk-neutral credit spread and the risk-free return on investment are not included. Provided the markets are liquid and no relevant market disruptions are evident, as is currently the case, the arbitrage between the markets on which credit risks are traded leads to a narrowing of the credit spreads. Accordingly, the CDS market is defined as the relevant exit market for loans and receivables within the meaning of IFRS 13.

The fair value is calculated as the sum total of the discounted, risk-adjusted anticipated cash flows discounted on the basis of the swap curve (based on Libor). In this context, the anticipated, risk-adjusted cash flows are based on the survival probability and the loss given default. The survival probability is determined on the basis of the risk-neutral probability of default, while the proceeds upon realisation are determined on the basis of the internal loss given default parameters. In turn, the risk-neutral probability of default is determined on the basis of the internally calculated one-year default rate (real-world probability of default), the market risk premium and the correlation between the respective loan and the general market risk. The market risk premium represents a factor used to cover the difference between the real-world probability of default and the market's return expectations for the risk assumed.

In this context, the loan portfolio is divided into four sectors in order to take account of the specific features of each sector: sovereign loans, loans to banks, corporate loans and retail loans. For each of these sectors with exception of retail loans, first of all the market risk premium is determined on the basis of a portfolio of specific, liquid CDS prices for the respective sector. Only for retail loans is the market risk premium derived from the market risk premiums for the other sectors due to the lack of a CDS market.

Since the parameters used to determine the real-world probability of default (PD) and loss given default (LGD) are not immaterial when determining the fair value, and these are determined on the basis of internal procedures meaning they cannot be observed on the market, the other loans and receivables 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 77 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 77 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 cost.

The difference in HVB Group between the fair values and carrying amounts totals €6.0 billion (2013: €5.2 billion) for assets and €4.9 billion (2013: €3.3 billion) for liabilities. The balance of these amounts is €1.1 billion (2013: €1.9 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.

Other Information (Continued)

79 Disclosures regarding the offsetting of financial assets and liabilities

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 31/12/2014
Derivatives[1]	105,049	(23,636)	81,413	(55,825)	(3,134)	(11,550)	10,904
Reverse repos[2]	19,144	(1,412)	17,732	—	(17,489)	—	243
Loans and receivables[3]	23,706	(1,112)	22,594	—	—	—	22,594
Total at 31/12/2014	**147,899**	**(26,160)**	**121,739**	**(55,825)**	**(20,623)**	**(11,550)**	**33,741**

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. They are also included in financial assets held for trading with an amount of €9,869 million.
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 31/12/2014
Derivatives[1]	100,785	(23,636)	77,149	(55,825)	(311)	(13,025)	7,988
Repos[2]	28,900	(1,412)	27,488	—	(24,116)	—	3,372
Liabilities[3]	74,539	(1,112)	73,427	—	—	—	73,427
Total at 31/12/2014	**204,224**	**(26,160)**	**178,064**	**(55,825)**	**(24,427)**	**(13,025)**	**84,787**

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. They are also included in financial liabilities held for trading with an amount of €1,984 million.
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.

Financial assets that are netted in the balance sheet or subject to a legally enforceable master netting arrangement or similar agreement

(€ millions)

	FINANCIAL ASSETS (GROSS)	FINANCIAL LIABILITIES NETTED IN THE BALANCE SHEET (GROSS)	RECOGNISED FINANCIAL ASSETS (NET)	AMOUNTS NOT RECOGNISED			NET AMOUNT 31/12/2013
				EFFECTS OF MASTER NETTING ARRANGE-MENTS	FINANCIAL INSTRUMENTS AS COLLATERAL	CASH COLLATERAL	
Derivatives[1]	79,859	(15,530)	64,329	(44,890)	(2,381)	(7,316)	9,742
Reverse repos[2]	19,242	(924)	18,318	—	(17,811)	—	507
Loans and receivables[3]	22,292	(1,209)	21,083	—	—	—	21,083
Total at 31/12/2013	**121,393**	**(17,663)**	**103,730**	**(44,890)**	**(20,192)**	**(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.
They are also included in financial assets held for trading with an amount of €7,841 million.
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)

	FINANCIAL LIABILITIES (GROSS)	FINANCIAL ASSETS NETTED IN THE BALANCE SHEET (GROSS)	RECOGNISED LIABILITIES (NET)	AMOUNTS NOT RECOGNISED			NET AMOUNT 31/12/2013
				EFFECTS OF MASTER NETTING ARRANGE-MENTS	FINANCIAL INSTRUMENTS AS COLLATERAL	CASH COLLATERAL	
Derivatives[1]	76,547	(15,530)	61,017	(44,890)	(361)	(9,430)	6,336
Repos[2]	27,774	(924)	26,850	—	(25,907)	—	943
Liabilities[3]	68,865	(1,209)	67,656	—	—	—	67,656
Total at 31/12/2013	**173,186**	**(17,663)**	**155,523**	**(44,890)**	**(26,268)**	**(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.
They are also included in financial liabilities held for trading with an amount of €3,228 million.
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.

We have recorded the repos involving the held-for-trading portfolio in the netting tables for the first time in the 2014 financial year and adjusted the year-ago figures accordingly.

Other Information (Continued)

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 fair 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 a 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 88 and 89 for more information on securities received or pledged as collateral for securities lending transactions without cash collateral not recognised in the balance sheet.

80 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 €40,668 million (2013: €37,383 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)

	2014						
	REPAYABLE ON DEMAND	UP TO 1 MONTH	1 MONTH TO 3 MONTHS	3 MONTHS TO 1 YEAR	1 YEAR TO 5 YEARS	MORE THAN 5 YEARS	UNDATED
Financial assets held for trading	115	6,219	1,710	6,137	4,813	3,207	11,386
Derivatives on financial assets held for trading	80,660	—	—	—	—	—	—
Financial assets at fair value through profit or loss	—	221	876	3,523	24,404	2,628	62
Available-for-sale financial assets	—	3	12	199	726	1,581	237
Held-to-maturity investments	—	—	—	—	42	29	—
Loans and receivables with banks	12,402	3,434	2,116	11,399	3,055	464	2,188
Loans and receivables with customers	12,302	9,040	5,106	11,111	37,315	50,412	524
thereof: finance leases	246	82	154	678	1,787	260	—
Hedging derivatives	—	134	269	1,210	2,115	1,345	—

(€ millions)

	2013						
	REPAYABLE ON DEMAND	UP TO 1 MONTH	1 MONTH TO 3 MONTHS	3 MONTHS TO 1 YEAR	1 YEAR TO 5 YEARS	MORE THAN 5 YEARS	UNDATED
Financial assets held for trading	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	—

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

(€ millions)

	2014						
	REPAYABLE ON DEMAND	UP TO 1 MONTH	1 MONTH TO 3 MONTHS	3 MONTHS TO 1 YEAR	1 YEAR TO 5 YEARS	MORE THAN 5 YEARS	UNDATED
Deposits from banks	16,320	3,439	8,708	15,319	6,310	4,315	—
Deposits from customers	59,361	11,908	16,997	7,870	2,804	1,862	—
Debt securities in issue	27	2,454	2,635	2,797	12,793	14,031	—
Financial liabilities held for trading	77	8,720	5,180	2,259	2,964	1,707	2,830
Derivatives on financial liabilities held for trading	76,400	—	—	—	—	—	—
Hedging derivatives	—	78	155	695	1,297	755	—
Credit commitments and financial guarantees	63,432	—	—	—	—	—	—

(€ millions)

	2013						
	REPAYABLE ON DEMAND	UP TO 1 MONTH	1 MONTH TO 3 MONTHS	3 MONTHS TO 1 YEAR	1 YEAR TO 5 YEARS	MORE THAN 5 YEARS	UNDATED
Deposits from banks	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	—	—	—	—	—	—

Other Information (Continued)

81 Regulatory disclosure requirements (Disclosure Report)

HVB has been classified by its parent company, UniCredit S.p.A., as a significant subsidiary within the meaning of Article 13 of the Capital Requirements Regulation (CRR). Consequently, Part Eight CRR and Section 26a KWG require certain information to be published as part of the regulatory disclosure requirements (Pillar III) by way of a separate disclosure report. The Disclosure Report at 31 December 2014 complete with the requisite regulatory information regarding own funds, capital requirements, credit risk adjustments and the use of credit risk mitigation techniques is scheduled for publication under Investor Relations/Reports & Financial Data on the Bank's homepage in April 2015.

The disclosures regarding details of the remuneration policy, practice and systems will be published under Investor Relations/Remuneration Systems on the Bank's homepage following the Shareholders' Meeting of UniCredit Bank AG scheduled for May 2015.

82 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. Please refer to the Risk Report for more information about overall bank management.

The supervisory ratios are discussed below.

The provisions of the German Solvency Regulation (Solvabilitätsverordnung – SolvV) regarding the equity funds of institutions were replaced by the Regulation on Prudential Requirements for Credit Institutions and Investment Firms (CRR) on 1 January 2014. The supervisory total capital ratio prescribed in the CRR represents the ratio of the equity determined in accordance with Part Two CRR 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 Article 92 CRR in conjunction with Section 23 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 5.5%.

The eligible equity underlying the calculation of the total capital ratio in accordance with CRR consists of Tier 1 and Tier 2 capital. 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 2014:

Equity funds[1] (€ millions)

	2014	2013
Tier 1		
Shares of common stock	2,407	2,407
Additional paid-in capital, retained earnings, minority interest, own shares	18,557	15,712
Hybrid capital instruments (silent partnership certificates) without prorated interest	—	47
Other	(886)	443
Capital deductions	(1,085)	(153)
Total core capital for solvency purposes	**18,993**	**18,456**
Tier 2		
Unrealised reserves in land and buildings and in securities	—	—
Offsetting reserves for general banking risks	—	235
Cumulative shares of preferred stock	—	—
Participating certificates outstanding	—	—
Subordinated liabilities	412	1,182
Value adjustment excess for A-IRB positions	241	311
Other	—	18
Capital deductions	(3)	(153)
Total supplementary capital for solvency purposes	**650**	**1,593**
Total equity funds	**19,643**	**20,049**

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

The equity funds of HVB Group in accordance with Part Two CRR amounted to €19,643 million at 31 December 2014. In 2013, the equity funds were determined in accordance with the old version of Section 10 and 10a KWG; they totalled €20,049 million. As in the previous year, we have not included in Tier 2 capital any unrealised reserves in accordance with Section 10 (2b) 1 No. 6 and 7 KWG in the version applicable until 31 December 2013.

The equity funds are determined on the basis of IFRS figures determined in accordance with CRR/CRD IV using the consolidated accounting method. The following table shows the reconciliation from the equity items shown in the balance sheet prepared in accordance with IFRS:

(€ millions)

	COMMON EQUITY TIER 1 CAPITAL	ADDITIONAL TIER 1 CAPITAL	TIER 2 CAPITAL	TOTAL OWN FUNDS
Shown in IFRS balance sheet				
Shareholders' equity	20,597	—	—	20,597
Reconciliation to the equity funds compliant with the Capital Requirements Regulation				
Cumulative shares of preferred stock	—	—	—	—
Ineligible profit components	(307)	—	—	(307)
Ineligible minority interests under banking supervisory regulations	(31)	—	—	(31)
Diverging consolidation perimeters	(181)	—	—	(181)
Deduction of intangible assets	(491)	—	—	(491)
Hybrid capital recognised under banking supervisory regulations	—	—	42	42
Eligible portion of subordinated liabilities	—	—	370	370
Value adjustment excess (+) or shortfall (-) for A-IRB positions	(6)	—	241	235
Adjustments to CET1 due to prudential filters	(515)	—	—	(515)
Deductible deferred tax assets	(331)	—	—	(331)
Capital deductions which can alternatively be subject to a 1,250% risk weight	(121)	—	—	(121)
Transitional adjustments	776	(395)	(3)	378
Other effects	(397)	395	—	(2)
Equity funds compliant with Capital Requirements Regulation (CRR)	**18,993**	**—**	**650**	**19,643**

(€ billions)

	2014 BASEL III	2013 BASEL II
Risk-weighted assets from		
on-balance-sheet counterparty risk positions	45.7	44.3
off-balance-sheet counterparty risk positions	9.5	9.2
other counterparty risk positions[1]	0.6	0.3
derivative counterparty risk positions	6.1	9.0
Total credit risk-weighted assets	**61.9**	**62.8**
Risk-weighted asset equivalent for market risk positions	**12.8**	**9.2**
Risk-weighted asset equivalent for operational risk	**11.0**	**13.5**
Total risk-weighted assets	**85.7**	**85.5**

1 primarily including repos and securities lending transactions

Other Information (Continued)

At 31 December 2014, the key capital ratios (based on financial statements approved by the Supervisory Board) were as follows: (in %)

	2014 BASEL III	2013 BASEL II
Tier 1 Capital ratio		
[Tier 1 capital/(credit risk-weighted assets + 12.5x market risk positions + 12.5x operational risk)]	22.1	21.6
CET1 capital ratio		
[Common Equity Tier 1 capital/(credit risk-weighted assets + 12.5x market risk positions + 12.5x operational risk)]	22.1	21.5
Total capital ratio		
[own funds/(credit risk-weighted assets + 12.5x market risk positions + 12.5x operational risk)]	22.9	23.4

83 Contingent liabilities and other commitments

(€ millions)

	2014	2013
Contingent liabilities[1]	**22,527**	**19,607**
Guarantees and indemnities	22,527	19,607
Other commitments	**40,774**	**37,573**
Irrevocable credit commitments	40,668	37,383
Other commitments[2]	106	190
Total	**63,301**	**57,180**

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 operation leases. These are covered in Note 74.

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 this 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 €20,181 million (2013: €19,761 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 to make fund constructions more marketable – in particular for lease funds and (closed-end) KG real estate funds. 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 €45 million at year-end 2014 (2013: €128 million), and similar obligations for shares in cooperatives totalled €1 thousand (2013: €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 €57 million (2013: €58 million) with regard to Liquiditäts-Konsortialbank GmbH i. L., Frankfurt am Main, at year-end 2014. In addition, under Article 5 (4) of the Articles of Association of Liquiditäts-Konsortialbank GmbH i. L., 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 71 partnerships (2013: 75).

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

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

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

Contingent liabilities payable to related parties (€ millions)

	2014	2013
Non-consolidated affiliated companies	1,309	2,094
of which: UniCredit S.p.A.	644	778
Joint ventures	156	—
Associated companies	—	—
Other participating interests	91	96
Total	**1,556**	**2,190**

Besides the contingent liabilities attributable to UniCredit S.p.A., the contingent liabilities of €1,309 million (2013: €2,094 million) attributable to non-consolidated affiliated companies include contingent liabilities of €665 million (2013: €1,316 million). As in 2013, there were no contingent liabilities attributable to subsidiaries.

84 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
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.

Other Information (Continued)

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.

85 Disclosures regarding structured entities

A structured entity as defined in IFRS 12 is an enterprise (or an economically separate entity) that has been designed so that voting rights or similar rights are not the dominant factor in deciding who controls the entity. Structured entities are frequently characterised by restricted activities, a narrow, well-defined objective, insufficient equity or financing in tranches.

Structured entities may be consolidated or not consolidated, depending on whether HVB Group has control over the entity or not. Transactions involving structured entities can be divided into the following categories using the business model applied by HVB Group:
– ABS vehicles
– Repackaging vehicles
– Funding vehicles for customers
– Some investment funds
– Other structured entities

Financial instruments with unconsolidated structured entities

Financial instruments with unconsolidated structured entities encompass all contractual relationships from which HVB Group obtains variable earnings and exposure to loss from the structured entities, but without gaining control over the structured entity. These might be equity and debt instruments, derivatives, liquidity facilities or guarantees.

ABS vehicles

HVB Group invests in ABS vehicles and uses ABS vehicles for its own securitisations. These vehicles buy loans or receivables and refinance themselves by issuing securities on the money or capital market. The securities are backed by the assets purchased. HVB Group can also provide finance for these vehicles in the form of liquidity facilities.

ABS vehicles used for own securitisations are fully consolidated in the consolidated financial statements and are not included in the unconsolidated structured entities shown here. This means that only such ABS vehicles in which HVB Group solely has an interest as an investor are classified as unconsolidated structured entities.

	2014
Number of unconsolidated ABS vehicles (investor positions only)	335

For more information on the exposure to unconsolidated ABS investor positions, please refer to Note 76.

Repackaging vehicles

Repackaging vehicles are used to offer customers specific securities and derivatives solutions. These vehicles buy assets (such as securities, loans and receivables, and derivatives) and restructure the cash flows from these assets by incorporating other instruments or securities. The vehicles refinance themselves by issuing custom-packaged securities or derivatives that meet the customer's demands. The funding is normally secured by the acquired assets.

	2014
Number of unconsolidated repackaging vehicles	6
Aggregate total assets of unconsolidated repackaging vehicles (€ millions)	222
Nominal value of the securities issued by unconsolidated repackaging vehicles (€ millions)	222

Funding vehicles for customers
Customers use these vehicles as a source of funding. These funding vehicles buy current receivables or leasing receivables from customers and refinance themselves mostly by issuing securities on the capital and money market (mostly commercial paper conduits). HVB Group can also provide financing for these vehicles in the form of liquidity facilities or other lending products.

The majority of the vehicles listed below were set up by the customer or by HVB Group on behalf of the customer. These vehicles are not consolidated as HVB Group is not exposed to a majority of the variable income from the vehicles and has no possibility of influencing them.

	2014
Number of unconsolidated funding vehicles for customers	23
Aggregate total assets of unconsolidated funding vehicles for customers (€ millions)	3,342
Nominal value of the securities issued by unconsolidated funding vehicles for customers (€ millions)	3,167

Some investment funds
Investment funds are classified as structured entities if they are not controlled by means of voting or similar rights. Investment funds invest in a range of assets and can also finance themselves with debt within the framework of their investment policies alongside the moneys provided by investors. Investment funds serve to achieve specifically defined investment goals.

HVB Group offers its customers investment funds under own and third party management and also itself invests in investment funds. We are also mandated by customers to keep shares in investment funds in securities accounts for third party account. Furthermore, HVB Group holds shares in investment funds in its own portfolio. These are mostly held in the held-for-trading portfolio and to a much smaller extent also in the AfS portfolio. In addition, we offer typical banking services to investment funds, including derivative and financing solutions and deposit-taking operations.

The European-Office-Fonds investment fund controlled by HVB Group is fully consolidated in the consolidated financial statements and is not one of the unconsolidated structured entities shown here.

	2014
Number of unconsolidated investment funds classified as structured entities	1,258
thereof: managed by HVB Group	26
Aggregate net asset value (including minority interests) of the investment funds classified as structured entities (€ millions)	641,446
thereof: managed by HVB Group	583

With regard to the aggregate net asset value, it should be noted that our risk is only calculated in terms of the participating interest held, loans extended or derivatives issued as a proportion of the aggregate fund volume. A risk analysis is provided in the table under “Risks in connection with unconsolidated structured entities” below.

Other structured entities
This category covers structured entities that cannot be assigned to any of the other categories. For the most part, HVB Group mainly performs lending activities under this category with structured entities set up by customers or by HVB Group on behalf of customers.

These entities are mostly leasing vehicles that have only insufficient equity and are controlled economically by the lessee. Some of the leasing vehicles were financed through syndicated loans.

In addition, other structured entities include borrowers over which HVB Group gained control during the course of restructuring and/or resolution but which have not been consolidated for materiality reasons (see Note 6, “Companies included in consolidation”).

	2014
Number of other structured entities	76
Aggregate total assets (€ millions)	3,327

Other Information (Continued)

Risks in connection with unconsolidated structured entities

The following table shows the carrying amounts of the assets and liabilities together with the off-balance-sheet risk positions of HVB Group in connection with unconsolidated structured entities:

(€ millions)

	ABS VEHICLES (INVESTOR POSITIONS)	REPACKAGING VEHICLES	FUNDING VEHICLES FOR CUSTOMERS	SOME INVESTMENT FUNDS	OTHER STRUCTURED ENTITIES
Assets	**5,223**	**20**	**2,522**	**2,877**	**946**
Financial assets held for trading	358	20	—	2,042	43
Financial assets at fair value through profit or loss	24	—	—	—	—
Available-for-sale financial instruments	204	—	—	80	—
Held-to-maturity investments	26	—	—	—	—
Loans and receivables with customers	4,611	—	2,522	755	903
Liabilities	**159**	**—**	**50**	**3,081**	**88**
Deposits from customers	156	—	49	2,130	68
Debt securities in issue	—	—	—	8	—
Financial liabilities held for trading	2	—	—	943	3
Other liabilities	1	—	—	—	2
Provisions	—	—	1	—	15
Off-balance-sheet positions	**1**	**—**	**745**	**286**	**71**
Irrevocable credit commitments and other commitments	—	—	745	42	12
Guarantees	1	—	—	244	59
Maximum exposure to loss	**5,224**	**20**	**3,267**	**3,163**	**1,017**

The maximum exposure to loss from unconsolidated structured entities arises from the assets and off-balance-sheet risk positions relating to structured entities. This view does not, however, reflect the economic risk, as security received and hedging instruments are not included.

No financial or other support ("implicit support") was provided to unconsolidated structured entities during the reporting period without having a contractual obligation to do so. Neither are there any concrete plans to provide support to unconsolidated structured entities in future.

Sponsored unconsolidated structured entities

Structured entities are classified as sponsored by HVB Group if HVB Group was not materially involved in setting up the entities. HVB Group has sponsored structured entities without having a participating interest in these entities through financial instruments. Thus, HVB Group is not exposed to the economic risks arising from these structured entities.

We only generate income from structured entities without participating interests to a limited extent through financial instruments. Fee and commission income of €9 million from charges and management fees was generated during the reporting period on investment funds managed by the Bank, of which €7 million was passed on to third parties in trailer fees.

Consolidated structured entities

The biggest consolidated structured entity is the multi-seller conduit programme Arabella Finance. Securities with a nominal value of €2,169 million were outstanding at 31 December 2014. The total assets of the multi-seller conduit Arabella Finance Ltd. at the reporting date amounted to €2,172 million.

Contractual arrangements that oblige HVB Group to provide financial assistance to consolidated structured entities exist notably in the form of liquidity facilities. These may be drawn by the vehicles to bridge maturity mismatches between the assets acquired and the securities issued.

Financial or other support was provided to consolidated structured entities without a contractual obligation to do so ("implicit support") during the reporting period as follows:
– Where the market conditions prevented the securities issued by the consolidated multi-seller conduit Arabella Finance Ltd. being placed, UniCredit Bank AG has acquired such issues. Without the purchases of the securities, UniCredit Bank AG would have been required to provide liquidity facilities in the same amount to individual Elektra Purchase companies. At the reporting date, UniCredit Bank AG held securities issued by Arabella Finance Ltd. with a nominal value of €571 million in its portfolio.
– The restructuring of the former BARD Group was continued in the 2014 financial year. When the wind farm was transferred to Ocean Breeze Energy GmbH & Co. KG at year-end 2013, the original operating activity as a manufacturer of wind turbines was discontinued. Activities relating to the operation and servicing of wind farms were transferred to the newly formed OWS Off-shore Wind Solutions Group during the reporting period. At the same time, the OWS Off-shore Wind Solutions Group was commissioned by Ocean Breeze Energy GmbH & Co. KG to operate and maintain the wind farm. The remaining BARD companies are being liquidated in accordance with a members' voluntary liquidation plan. Within the framework of the members' voluntary liquidation plan, UniCredit Bank AG issued a debtor warrant in favour of BARD companies in 2014 and largely waived the existing receivables. The waiver served to accommodate the losses accruing to date. The liquidation plan assumes that cash inflows and outflows will offset each other over the liquidation period and no material flowbacks to the Bank will accrue. Where the remaining BARD companies generate additional earnings during their liquidation that deviate from the liquidation plan, the terms of the debtor warrant call for such amounts to normally be surrendered to the Bank. In addition, work started in 2014 to merge individual BARD companies with other companies. Further measures to support the remaining BARD companies are not planned.

Future support arrangements are planned as follows. UniCredit Bank AG will continue to decide on a case-by-case basis whether to buy temporarily non-placeable securities issued by the consolidated multi-seller conduit Arabella Finance Ltd. or utilise the liquidity lines. Accordingly, the volume of securities to be acquired depends on the funding required, the prevailing market conditions and the above decision in each case.

Both contractual financial and other support provided to consolidated structured entities without a contractual obligation to do so are not material for the consolidated financial statements, as these represent intra-group transactions.

86 Trust business

Trust assets (€ millions)

	2014	2013
Loans and receivables with banks	618	544
Loans and receivables with customers	161	166
Equity securities and other variable-yield securities	1	174
Debt securities and other fixed-income securities	—	—
Participating interests	—	—
Property, plant and equipment	—	—
Other assets	—	—
Fund shares held in trust	2,481	2,372
Remaining trust assets	1	1
Total	**3,262**	**3,257**

Other Information (Continued)

Trust liabilities (€ millions)

	2014	2013
Deposits from banks	779	709
Deposits from customers	2,481	2,546
Debt certificates including bonds	—	—
Other liabilities	2	2
Total	**3,262**	**3,257**

87 Transfer of financial assets

Transferred financial assets are derecognised in accordance with the derecognition criteria set forth in IAS 39 when substantially all the risks and rewards incident to ownership of the asset are transferred.

HVB Group has no continuing involvement in transferred and derecognised financial assets for which substantially the risks and rewards are neither retained nor transferred.

Transferred, non-derecognised financial assets

However, HVB Group conducts business transactions under which it transfers previously recognised financial assets in accordance with IAS 39, but substantially retains all the risks and rewards associated with these assets, meaning that such assets are not derecognised. The recognised asset is simultaneously offset by an associated liability for the consideration received, which corresponds to recognition as a secured loan. HVB Group may not use these transferred, non-derecognised assets for other purposes.

Transactions of this type conducted by the Group relate primarily to securities repurchase agreements (repos) and securities lending transactions.

The securities (transferred) under repo transactions (cash sale) continue to be carried and measured in the consolidated balance sheet, as the Group as seller retains all the credit, share price, interest rate and currency risks associated with the assets and their results. The payment received by the buyer for whom the transferred security acts as security is recognised as a repo liability payable to banks or customers, depending on the counterparty. With delivery of the securities, the unrestricted power of disposal passes to the buyer.

Where the corporate group acts as a lender of securities in securities lending transactions, the securities lent to the counterparty continue to be carried in the balance sheet of the lender.

The transactions are conducted under the customary market terms for securities lending and repurchasing agreements, under which the counterparty holds a contractual or customary right to sell on or pledge on the securities received.

At the same time, these transaction types also encompass such examples as the true sale securitisation transaction Rosenkavalier 2008 (see Note 61, "Own securitisation") carried out by HVB Group, under which non-derecognised securitised customer receivables indirectly serve as security for repurchase agreements with the ECB.

The following Note 88, "Assets assigned or pledged as security for own liabilities", contains details of repo transactions, securities lending transactions and other transactions under which the financial assets transferred as security for own liabilities are not derecognised.

88 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 €42.9 billion (2013: €42.8 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)

	2014	2013
Financial assets held for trading	20,792	17,874
Financial assets at fair value through profit or loss	19,380	14,404
Available-for-sale financial assets	934	3,614
Held-to-maturity investments	—	—
Loans and receivables with banks	47	164
Loans and receivables with customers	10,831	12,180
Property, plant and equipment	—	—
Non-recognised received securities pledged on:		
Pledged securities from non-capitalised securities lending transactions	13,690	17,611
Received collateral pledged	5,579	7,750
Total	**71,253**	**73,597**

The collateral pledged from loans and receivables with customers relates to special credit facilities provided by KfW and similar institutions.

The assets pledged by HVB Group as security relate to the following liabilities:

(€ millions)

	2014	2013
Deposits from banks	38,221	29,763
Deposits from customers	7,947	16,279
Debt securities in issue	36	662
Financial liabilities held for trading	11,487	13,412
Contingent liabilities	—	—
Obligations to return non-expensed, borrowed securities	13,562	13,481
Total	**71,253**	**73,597**

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.

(€ millions)

	2014	2013
Aggregate carrying amount of assets pledged as security	71,253	73,597
of which:		
may be pledged/sold on	39,600	38,873

89 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 €18.5 billion (2013: €21.9 billion).

HVB Group has actually pledged or sold on €5.6 billion (2013: €7.8 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.

Other Information (Continued)

90 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 €569.9 million (2013: €539.4 million) for these services during 2014. This was offset by income of €11.8 million (2013: €15.7 million) from services rendered and internal charges. Moreover, software products worth €6.2 million (2013: €8.6 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 €64.5 million (2013: €66.8 million) for these services during 2014.

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	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Members of the Management Board of UniCredit Bank AG	6,239	5,069	2,824[1]	1,575[1]	—	2,989[3, 4]	1,523	1,302	10,586	10,935
Members of the Supervisory Board of UniCredit Bank AG for Supervisory Board activities	810[5]	558[6]	—[7]	210[8]	—	—	—	—	810[5]	768[8]
Members of the Supervisory Board of UniCredit Bank AG for employee representation activities	475	456	66	71	—	—	54	44	595	571
Former members of the Management Board of UniCredit Bank AG and their surviving dependants	—	—	—	—	—	—	—	—	1,945	1,858
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 met.
2 cash value of the share-based compensation
3 of which €578 thousand related 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 including reimbursed expenses of €65 thousand
6 including reimbursed expenses of €40 thousand
7 Following amendment of the Articles of Association, the members of the Supervisory Board do not receive any variable remuneration as of 2014.
8 The performance-related component for the 2013 financial year totals €210 thousand, after the Shareholders’ Meeting adopted a resolution regarding the appropriation of net income as proposed.

It is the task of the plenary sessions of the Supervisory Board of the Bank to decide on the total remuneration paid to the individual members of the Management Board and to review the structure of the remuneration systems. The plenary sessions of the Supervisory Board receive assistance in this regard from the Remuneration Control Committee, which submits appropriate proposals to the plenary sessions. Appropriateness and sustainability are key criteria for the form and structure of remuneration paid to members of the Management Board. The structure of remuneration is derived from the service agreements with the members of the Bank's Management Board. It has two components: a 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 of the eight members of the Management Board took part in the employer-financed, fund-linked pension scheme for executives (known as AgfA) in 2014. The Bank will provide/has provided 35% of the fixed salary contributions (2014: €1,523,000 (2013: €1,302,000)). 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 38 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 €16,694 (2013: €2,991) was transferred to provisions for pensions in the 2014 financial year to cover the commitments (for death benefits) made to the members of the Management Board.

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 €146,268 thousand (2013: €128,057 thousand).

The compensation paid to retired members of the Management Board and their surviving dependants amounted to €1,945 thousand in 2014 after the transfer of a large part of the pension commitments to HVB Trust Pensionsfonds AG (2013: €1,858 thousand).

No share-based compensation was granted to the members of the Management Board in the form of performance shares in the reporting period. A set number of UniCredit shares (performance shares) are transferred free of charge if, after a period of three years, the relevant targets have been met and the recipient is still working for UniCredit; otherwise, the performance shares are normally forfeited.

Details of share-based compensation

MEMBERS OF THE MANAGEMENT BOARD OF UNICREDIT BANK AG	2014	2013
Options		
Stock options	—	—
Fair value per option on grant date (€)	—	—
Performance shares		
Performance shares	—	719,983
Fair value per performance share on grant date (€)	—	3.520

Up until now, the compensation paid to the members of the Supervisory Board of UniCredit Bank AG was disclosed on an individualised basis in line with the recommendation stated in the German Corporate Governance Code. The Management Board and the Supervisory Board of HVB decided on 28 January 2014 and 20 February 2014, respectively, to cease applying the German Corporate Governance Code on a voluntary basis with effect from 1 January 2014.

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)

	2014			2013		
	LOANS AND RECEIVABLES	CONTINGENT LIABILITIES ASSUMED	LIABILITIES	LOANS AND RECEIVABLES	CONTINGENT LIABILITIES ASSUMED	LIABILITIES
Members of the Management Board of UniCredit Bank AG	2,791	3	7,620	937	7	6,011
Members of the Supervisory Board of UniCredit Bank AG	522	—	3,498	4,682	15	8,425
Members of the Executive Management Committee[1]	—	—	1,282	—	—	—

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 an overdraft facility with an interest rate of 0.93% falling due in 2015 and mortgage loans with interest rates of between 2.52% and 3.96% falling due in the period from 2016 to 2023.

Loans and advances were granted to members of the Supervisory Board and their immediate family members in the form of consumer loans with interest rates of 6% and no fixed maturity, an overdraft facility with an interest rate of 11.15% and no fixed maturity, an overdraft facility with an interest rate of 9.07% falling due in 2017, and mortgage loans with interest rates of between 2.08% 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.

91 Fees paid to the independent auditors

The following table shows the breakdown of fees of €12 million (2013: €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)

	2014[1]	2013[1]
Fee for		
Auditing of the financial statements	7	7
Other auditing services	5	2
Tax consulting services	—	—
Other services	—	3

1 excluding value-added tax

92 Employees

Average number of people employed by us

	2014	2013
Employees (excluding apprentices)	19,768	19,842
Full-time	14,523	14,514
Part-time	5,245	5,328
Apprentices	836	921

The staff's length of service was as follows:

(in %)

	WOMEN (EXCLUDING APPRENTICES)	MEN (EXCLUDING APPRENTICES)	2014 TOTAL	2013 TOTAL
Staff's length of service				
31 years or more	11.0	11.5	11.2	10.6
from 21 years to less than 31 years	29.1	20.3	25.0	23.3
from 11 years to less than 21 years	26.9	22.5	24.8	28.6
less than 11 years	33.0	45.7	39.0	37.5

93 Offices

Offices, broken down by region

	1/1/2014	ADDITIONS	REDUCTIONS		CHANGE IN CONSOLIDATED GROUP	31/12/2014
		NEW OPENINGS	CLOSURES	CONSOLIDATIONS		
Germany						
Baden-Wuerttemberg	35	—	7	—	—	28
Bavaria	504	4	59	25	(1)	423
Berlin	14	—	—	—	—	14
Brandenburg	9	—	—	—	—	9
Bremen	4	—	—	—	4	8
Hamburg	30	—	—	5	—	25
Hesse	18	—	—	1	—	17
Lower Saxony	49	—	5	6	(1)	37
Mecklenburg-Western Pomerania	8	—	2	—	—	6
North Rhine-Westphalia	29	1	3	2	(1)	24
Rhineland-Palatinate	25	1	2	—	—	24
Saarland	9	—	2	—	—	7
Saxony	17	—	—	2	—	15
Saxony-Anhalt	13	—	—	—	—	13
Schleswig-Holstein	71	—	2	2	—	67
Thuringia	13	—	1	—	—	12
Subtotal	**848**	**6**	**83**	**43**	**1**	**729**
Other regions						
Africa	1	—	—	—	—	1
Americas	19	—	—	—	(2)	17
Asia	11	—	—	—	(2)	9
Europe	54	—	7	—	(7)	40
Subtotal	**85**	**—**	**7**	**—**	**(11)**	**67**
Total	**933**	**6**	**90**	**43**	**(10)**	**796**

94 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 structured entities included in the consolidated financial statements, with and without an HVB shareholding.

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
1 Controlled companies						
1.1 Controlled by voting rights						
1.1.1 Consolidated subsidiaries						
1.1.1.1 Banks and financial institutions						
Bankhaus Neelmeyer AG	Bremen	100.0		EUR	63,400	[1.1]
UniCredit Leasing Finance GmbH	Hamburg	100.0	100.0	EUR	160,013	[2]
UniCredit Luxembourg S.A.	Luxembourg	100.0		EUR	1,342,038	84,856
1.1.1.2 Other consolidated subsidiaries						
Acis Immobilien- und Projektentwicklungs GmbH & Co.						
Oberbaum City KG[3]	Grünwald	100.0	100.0	EUR	27	326
Acis Immobilien- und Projektentwicklungs GmbH & Co.						
Parkkolonnaden KG[3]	Grünwald	100.0	100.0	EUR	34	4,980
Acis Immobilien- und Projektentwicklungs GmbH & Co.						
Stuttgart Kronprinzstraße KG[3]	Grünwald	100.0	100.0	EUR	38	696
Active Asset Management GmbH	Grünwald	100.0	100.0	EUR	187	(11)
AGROB Immobilien AG (share of voting rights: 75.0%)[4]	Ismaning	52.7	52.7	EUR	22,474	1,612
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	(43,526)	975
Atlanterra Immobilienverwaltungs GmbH	Munich	90.0	90.0	EUR	(39,211)	1
A&T-Projektentwicklungs GmbH & Co.						
Potsdamer Platz Berlin KG[3]	Munich	100.0	100.0	EUR	(37,209)	54
Aufbau Dresden GmbH	Munich	100.0	100.0	EUR	(23,944)	0
BaLea Soft GmbH & Co. KG	Hamburg	100.0	100.0	EUR	7,042	633
BaLea Soft Verwaltungsgesellschaft mbH	Hamburg	100.0	100.0	EUR	89	2
Bank Austria ImmobilienService GmbH	Vienna	100.0	100.0	EUR	266	(300)
B.I. International Limited	George Town	100.0	100.0	EUR	(1,130)	(85)
BIL Immobilien Fonds GmbH & Co Objekt Perlach KG[3, 5]	Munich	100.0	100.0	EUR	4,391	102
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	2,153	(4,440)
BV Grundstücksentwicklungs-GmbH[3]	Munich	100.0	100.0	EUR	511	[2]
BV Grundstücksentwicklungs-GmbH & Co. Verwaltungs-KG[3]	Munich	100.0		EUR	511	(55)
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	576	1,264
Erste Onshore Windkraft Beteiligungsgesellschaft mbH & Co.						
Windpark Krähenberg KG (share of voting rights: 68.3%)	Oldenburg	68.5	68.5	EUR	(25)	61
Erste Onshore Windkraft Beteiligungsgesellschaft mbH & Co.						
Windpark Mose KG (share of voting rights: 68.3%)	Oldenburg	68.5	68.5	EUR	602	1,118
Food & more GmbH	Munich	100.0		EUR	235	[1.2]

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
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
Grundstücksaktiengesellschaft am Potsdamer Platz (Haus Vaterland)	Munich	98.2	98.2	EUR	4,495	2
Grundstücksgesellschaft Simon beschränkt haftende Kommanditgesellschaft[3]	Munich	100.0	100.0	EUR	52	(1,505)
H & B Immobilien GmbH & Co. Objekte KG[3]	Munich	100.0	100.0	EUR	5	0
HAWA Grundstücks GmbH & Co. OHG Hotelverwaltung[3]	Munich	100.0	100.0	EUR	276	516
HAWA Grundstücks GmbH & Co. OHG Immobilienverwaltung[3]	Munich	100.0	100.0	EUR	54	(637)
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	278	1
HVB Asset Leasing Limited	London	100.0		USD	2,076	(25)
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 Funding Trust II	Wilmington	100.0		GBP	2	0
HVB Gesellschaft für Gebäude Beteiligungs GmbH	Munich	100.0		EUR	28	1
HVB Gesellschaft für Gebäude mbH & Co KG[3]	Munich	100.0		EUR	871,401	10,317
HVB Hong Kong Limited	Hong Kong	100.0		USD	4,246	(19)
HVB Immobilien AG[3]	Munich	100.0		EUR	86,644	1.4
HVB Investments (UK) Limited	George Town	100.0		GBP	0	0
HVB Life Science GmbH & Co. Beteiligungs-KG	Munich	100.0		EUR	1,026	1
HVB London Investments (AVON) Limited	London	100.0		GBP	0	0
HVB Principal Equity GmbH[3]	Munich	100.0		EUR	34	1.5
HVB Profil Gesellschaft für Personal management 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	Munich	100.0	100.0	EUR	316	251
HVBFF Internationale Leasing GmbH	Munich	100.0	100.0	EUR	9	0
HVBFF Objekt Beteiligungs GmbH	Munich	100.0	100.0	EUR	39	(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	(11,806)
Hypo-Bank Verwaltungszentrum GmbH	Munich	100.0	100.0	EUR	12	1
Hypo-Bank Verwaltungszentrum GmbH & Co. KG Objekt Arabellastraße[3]	Munich	100.0	100.0	EUR	26	(1,468)
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	2,273	198
Interra Gesellschaft für Immobilienverwaltung mbH[3]	Munich	100.0	93.9	EUR	51	2
Keller Crossing Texas, LP	Wilmington	100.0	100.0	USD	1,973	101
Kinabalu Financial Products LLP	London	100.0		GBP	832	(28)
Kinabalu Financial Solutions Limited	London	100.0		GBP	3,982	(10)
Life Management Erste GmbH	Munich	100.0	100.0	EUR	24	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
Life Management Zweite GmbH	Grünwald	100.0	100.0	EUR	26	[2]
Life Science I Beteiligungs GmbH	Munich	100.0	100.0	EUR	(250)	514
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	8,106	3,727
Movie Market Beteiligungs GmbH	Munich	100.0	100.0	EUR	16	0
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]
Ocean Breeze Asset GmbH & Co. KG	Bremen	100.0	100.0	EUR	(10)	(2)
Ocean Breeze Energy GmbH & Co. KG[3]	Bremen	100.0	100.0	EUR	(31,197)	2,817
Ocean Breeze GmbH	Bremen	100.0	100.0	EUR	24	0
Omnia Grundstücks-GmbH & Co. Objekt						
Eggenfeldener Straße KG[3]	Munich	100.0	94.0	EUR	26	(2)
Omnia Grundstücks-GmbH & Co. Objekt Haidenauplatz KG[3]	Munich	100.0	94.0	EUR	26	(139)
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	Bremen	100.0	100.0	EUR	25	0
PlanetHome AG	Unterföhring	100.0		EUR	16,127	327
PlanetHome GmbH	Mannheim	100.0	100.0	EUR	1,376	816
Portia Grundstücks-Verwaltungsgesellschaft mbH & Co.						
Objekt KG[3]	Munich	100.0	100.0	EUR	500,014	10,314
"Portia" Grundstücksverwaltungs-Gesellschaft						
mit beschränkter Haftung	Munich	100.0	100.0	EUR	30	1
Redstone Mortgages Limited	London	100.0		GBP	(50,521)	11,106
RHOTERRA Gesellschaft für Immobilienverwaltung mbH[3]	Munich	100.0	93.9	EUR	26	[2]
Roncasa Immobilien-Verwaltungs GmbH	Munich	100.0	100.0	EUR	(39,020)	975
Salvatorplatz-Grundstücksgesellschaft mbH	Munich	100.0	100.0	EUR	711	[2]
Salvatorplatz-Grundstücksgesellschaft mbH						
OHG Saarland[3]	Munich	100.0	100.0	EUR	1,534	689
Salvatorplatz-Grundstücksgesellschaft mbH & Co.						
OHG Verwaltungszentrum[3]	Munich	100.0	100.0	EUR	2,301	8,177
Selfoss Beteiligungsgesellschaft mbH[3]	Grünwald	100.0	100.0	EUR	25	[2]
Simon Verwaltungs-Aktiengesellschaft i.L.[4]	Munich	<100.0		EUR	3,098	(3)
Sirius Immobilien- und Projektentwicklungs GmbH	Munich	100.0	100.0	EUR	(143,835)	[2]
Solos Immobilien- und Projektentwicklungs GmbH & Co.						
Sirius Beteiligungs KG[3]	Munich	100.0	100.0	EUR	(34,773)	975
Spree Galerie Hotelbetriebsgesellschaft mbH[3]	Munich	100.0	100.0	EUR	249	[2]
Status Vermögensverwaltung GmbH	Schwerin	100.0		EUR	997	55
Structured Invest Société Anonyme	Luxembourg	100.0		EUR	6,997	36
Structured Lease GmbH	Hamburg	100.0	100.0	EUR	36,750	[2]
T & P Frankfurt Development B.V.	Amsterdam	100.0	100.0	EUR	(7,008)	(8)
T & P Vastgoed Stuttgart B.V.	Amsterdam	87.5	87.5	EUR	(15,465)	(1)
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	(371)	(6)
TIVOLI Grundstücks-Aktiengesellschaft	Munich	99.7	99.7	EUR	12,016	4,500
Transterra Gesellschaft für Immobilienverwaltung mbH[3]	Munich	100.0	93.9	EUR	26	[2]
TRICASA Grundbesitz Gesellschaft mbH & Co.						
1. Vermietungs KG[3]	Munich	100.0	100.0	EUR	7,779	284
TRICASA Grundbesitzgesellschaft des bürgerlichen Rechts Nr. 1	Munich	100.0	100.0	EUR	17,450	(568)
Trinitrade Vermögensverwaltungs-Gesellschaft						
mit beschränkter Haftung	Munich	100.0		EUR	1,322	1
UniCredit Beteiligungs GmbH	Munich	100.0		EUR	1,175	[1,10]

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
UniCredit Capital Markets LLC	New York	100.0	100.0	USD	99,999	2,122
UniCredit (China) Advisory Limited	Beijing	100.0		CNY	2,210	295
UniCredit Direct Services GmbH[3]	Munich	100.0		EUR	911	[1.11]
UniCredit Global Business Services GmbH	Unterföhring	100.0		EUR	9,827	4,009
UniCredit Leasing Aviation GmbH	Hamburg	100.0	100.0	EUR	(1,874)	(40)
UniCredit Leasing GmbH	Hamburg	100.0		EUR	452,026	[1.12]
UniCredit U.S. Finance LLC	Wilmington	100.0		USD	114,579	22
UniCredit Zweite Beteiligungs GmbH	Munich	100.0		EUR	1,000	[1.13]
US Property Investments Inc.	Dallas	100.0		USD	740	27
Verba Verwaltungsgesellschaft mit beschränkter Haftung	Munich	100.0		EUR	754	(3)
Vermietungsgesellschaft mbH & Co. Objekt MOC KG[3]	Munich	88.1	88.1	EUR	(103,869)	1,707
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	3,376	2,867
Wealth Management Capital Holding GmbH	Munich	100.0		EUR	20,508	[1.15]
WealthCap Equity GmbH	Munich	100.0	100.0	EUR	1,715	3,227
WealthCap Equity Management GmbH	Munich	100.0	100.0	EUR	866	841
WealthCap Fonds GmbH	Munich	100.0	100.0	EUR	(601)	(30)
WealthCap Initiatoren GmbH	Munich	100.0	100.0	EUR	56	(273)
WealthCap Investments, Inc.	Wilmington	100.0	100.0	USD	1,391	(42)
WealthCap Investorenbetreuung GmbH	Munich	100.0	100.0	EUR	155	[2]
WealthCap Kapitalverwaltungsgesellschaft mbH	Munich	100.0	100.0	EUR	7,099	[2]
WealthCap Leasing GmbH	Grünwald	100.0	100.0	EUR	490	490
WealthCap PEIA Komplementär GmbH	Grünwald	100.0	100.0	EUR	32	23
WealthCap PEIA Management GmbH	Munich	100.0	94.0	EUR	1,194	148
WealthCap Real Estate Management GmbH	Munich	100.0	100.0	EUR	108	[2]
WealthCap Stiftungstreuhand GmbH	Munich	100.0	100.0	EUR	42	(2)
WealthCap USA Immobilien Verwaltungs GmbH	Munich	100.0	100.0	EUR	205	155
1.1.2 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			
AMMS Ersatz-Komplementär GmbH	Ebersberg	100.0	100.0			
AMMS Komplementär GmbH	Ebersberg	98.8	98.8			
ANWA Gesellschaft für Anlagenverwaltung mbH	Munich	95.0	93.9			
Apir Verwaltungsgesellschaft mbH & Co. Immobilien- und Vermietungs KG	Munich	100.0	100.0	EUR	(24,498)	(148)
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	249	[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			
BIL Leasing GmbH & Co Hotel Rostock KG i.L.	Rostock	58.9	58.9	EUR	119	816
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 Verwaltungsgesellschaft mbH i.L.	Hamburg	100.0	100.0			
Deltaterra Gesellschaft für Immobilienverwaltung mbH	Munich	100.0	93.9	EUR	26	[2]

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
Ferra Immobilien- und Projektentwicklungs						
GmbH & Co. Projekt Großenhainer Straße KG	Munich	100.0	100.0	EUR	(9,833)	900
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. 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	(49,250)	(34)
Hotel Seddiner See GmbH	Munich	100.0	100.0			
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				
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			
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			
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

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Omnia Grundstücks-GmbH & Co. Betriebs 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	100.0	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			
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			
UniCredit CAIB Securities UK Ltd.	London	100.0				
VCI Volta Center Immobilienverwaltungs GmbH	Munich	100.0	100.0	EUR	(24,922)	975
VereinWest Overseas Finance (Jersey) Limited	St. Helier	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 Canadian Management Inc.	Toronto	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 Kanada 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 Deutschland 38 GmbH & Co.						
geschlossene Investment KG	Munich	100.0	100.0			
WealthCap Immobilien Nordamerika 16 GmbH & Co.						
geschlossene Investment KG	Munich	100.0	100.0			
WealthCap Immobilien Nordamerika 16 Komplementär GmbH	Grünwald	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	Grünwald	100.0	100.0			
WealthCap Immobilienfonds Deutschland 37 Komplementär GmbH	Grünwald	100.0	100.0			
WealthCap Immobilienfonds Deutschland 38 Komplementär GmbH	Grünwald	100.0	100.0			
WealthCap Management, Inc.	Wilmington	100.0	100.0	USD	238	297
WealthCap Mountain View GP, Inc.	Atlanta	100.0	100.0			
WealthCap Mountain View I L.P.	Atlanta	100.0	100.0			
WealthCap Objekt Hackerbrücke GmbH & Co. KG	Munich	100.0	100.0			
WealthCap Objekt Hufelandstraße GmbH & Co. KG	Munich	100.0	100.0			
WealthCap Objekt Riem GmbH & Co. KG	Munich	100.0	100.0	EUR	(39)	(667)
WealthCap Objekt-Vorrat 3 GmbH & Co. KG	Munich	100.0	100.0			
WealthCap Objekt-Vorrat 4 GmbH & Co. KG	Munich	100.0	100.0			
WealthCap Objekt-Vorrat 5 GmbH & Co. KG	Munich	100.0	100.0			
WealthCap Objekt-Vorrat 6 GmbH & Co. KG	Munich	100.0	100.0			
WealthCap Objekt-Vorrat 6 Komplementär GmbH	Grünwald	100.0	100.0			

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
WealthCap Objekt-Vorrat 7 GmbH & Co. KG	Munich	100.0	100.0			
WealthCap Objekt-Vorrat 7 Komplementär GmbH	Grünwald	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 Private Equity 19 GmbH & Co. KG	Grünwald	100.0	100.0			
WealthCap Private Equity 19 Komplementär GmbH in formation	Grünwald	100.0	100.0			
WealthCap Private Equity 20 GmbH & Co. KG	Grünwald	100.0	100.0			
WealthCap Private Equity 20 Komplementär GmbH in formation	Grünwald	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.						
geschlossene Investment KG	Grünwald	100.0	100.0			
WealthCap SachWerte Portfolio 2 Komplementär GmbH	Grünwald	100.0	100.0			
WealthCap Spezial-AIF 1 Komplementär GmbH	Munich	100.0	100.0			
WealthCap Spezial-AIF 2 GmbH & Co.						
geschlossene Investment KG	Munich	94.0	94.0			
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	USD	184,676	(729)

NAME	REGISTERED OFFICE	SHARE OF CAPITAL IN %	CURRENCY	SUBSCRIBED CAPITAL in thousands of currency units
1.2 Fully consolidated structured entities				
with or 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
BARD Engineering GmbH	Emden	0	EUR	100
BARD Holding GmbH	Emden	0	EUR	25
Buitengaats Holding B.V.	Eemshaven	0	EUR	18
Cuxhaven Steel Construction GmbH	Cuxhaven	0	EUR	25
Elektra Purchase No. 17 S.A. – Compartment 2	Luxembourg	0	EUR	0
Elektra Purchase No. 28 Ltd.	Dublin	0	EUR	<1
Elektra Purchase No. 31 Ltd.	Dublin	0	EUR	<1
Elektra Purchase No. 32 S.A.	Luxembourg	0	EUR	31
Elektra Purchase No. 33 Ltd.	Dublin	0	EUR	<1
Elektra Purchase No. 34 Ltd.	Dublin	0	EUR	<1
Elektra Purchase No. 35 Ltd.	Dublin	0	EUR	<1
Elektra Purchase No. 36 Ltd.	Dublin	0	EUR	<1
Elektra Purchase No. 911 Ltd.	St. Helier	0	EUR	<1
European-Office-Fonds	Munich	0	EUR	0
GELDILUX-TS-2013 S.A.	Luxembourg	0	EUR	31
GEMMA Verwaltungsgesellschaft mbH & Co.				
Vermietungs KG (held indirectly)	Pullach	6.1	EUR	68,326
Grand Central Funding Corporation	New York	0	USD	1
H.F.S. Leasingfonds Deutschland 1 GmbH & Co. KG				
(Immobilienleasing) (held indirectly)	Munich	<0.1	EUR	61,171

NAME	REGISTERED OFFICE	SHARE OF CAPITAL IN %	CURRENCY	SUBSCRIBED CAPITAL in thousands of currency units
H.F.S. Leasingfonds Deutschland 7 GmbH & Co. KG				
(held indirectly)	Munich	<0.1	EUR	56,605
HVB Funding Trust	Wilmington	0	USD	0
HVB Funding Trust III	Wilmington	0	USD	0
MOC Verwaltungs GmbH & Co. Immobilien KG				
(held indirectly)[4, 7]	Munich	23.0	EUR	5,113
Newstone Mortgage Securities No. 1 Plc.	London	0	GBP	13
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

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
2 Joint ventures[6]						
Minor joint ventures						
Other companies						
Heizkraftwerk Cottbus Verwaltungs GmbH	Munich	33.3				
Heizkraftwerke-Pool Verwaltungs-GmbH	Munich	33.3		EUR	129	799
3 Associated companies						
3.1 Associated companies valued at equity						
Other companies						
Adler Funding LLC	Dover	32.8		USD	6,835	(1,163)
Bulkmax Holding Ltd.	Valletta	45.0	45.0	USD	16,239	(492)
BV-BGPB Beteiligungsgesellschaft privater Banken						
für Internet- und mobile Bezahlungen mbH	Berlin	30.0		EUR	8,358	25
Comtrade Group B.V.	Amsterdam	21.1	21.1	EUR	22,913	6,022
Martur Sünger ve Koltuk Tesisleri Ticaret ve Sanayi A.S.	Istanbul	20.0	20.0	TRY	164,189	47,853
Nautilus Tankers Limited	Valletta	45.0	45.0	USD	29,224	2,021
SwanCap Partners GmbH (share of voting rights: 49.0%)	Munich	75.2		EUR	2,451	638
3.2 Minor associated companies[6]						
Other companies						
BioM Venture Capital GmbH & Co. Fonds KG						
(share of voting rights: 20.4%)	Planegg	23.5		EUR	2,153	(3)
CMP Fonds I GmbH (share of voting rights: 25.0%)	Berlin	32.7		EUR	1,559	(56)
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	(3,574)	(117)
MOC Verwaltungs GmbH	Munich	23.0	23.0			
SK BV Grundstücksentwicklung Verwaltung GmbH i.L.	Cologne	50.0	50.0			
US Retail Income Fund VII L.P.	Wilmington	26.6	26.6	USD	13,608	429

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
4 Holdings in excess of 20% without significant influence[6]						
Other companies						
BayBG Bayerische Beteiligungsgesellschaft mbH[8]	Munich	22.5		EUR	193,598	7,426
Bayerischer BankenFonds GbR	Munich	25.6				
B.I.I. Creditanstalt International Ltd. (share of voting rights: 0%)	George Town	40.2				
Capital Dynamics S.C.A. SICAV-SIF - Global Clean Energy and Infrastructure	Luxembourg	29.2	29.2	USD	16,564	(47)
Felicitas GmbH i.L.	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%)[9]	Munich	100.0	100.0	EUR	3,918	112
Lauro Ventidue S.p.A. (share of voting rights: 0%)	Milan	24.2	24.2	EUR	112,600	(30,583)
Meditinvest Gayrimenkul Danismanlik A.S.	Istanbul	42.1	42.1	TRY	20,014	(671)
Mozfund (Proprietary) Limited (share of voting rights: 12.5%)	Sandton	40.0				
Mühoga Münchner Hochgaragen Gesellschaft mit beschränkter Haftung	Munich	25.0	25.0	EUR	4,298	2,289
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	31.8	USD	34,457	(17)
SwanCap FLP SCS (share of voting rights: 37.5%)[10]	Senningerberg	0.0		EUR	2,945	15

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
5.2 Other companies			
ConCardis Gesellschaft mit beschränkter Haftung	Eschborn	6.0	6.0
Liquiditäts-Konsortialbank GmbH i.L.	Frankfurt am Main	5.7	5.7
VBW Bauen und Wohnen GmbH	Bochum	10.1	10.1
Wüstenrot & Württembergische AG	Stuttgart	7.6	7.6

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
Kepler Capital Markets SA	Paris	5.2	5.5
MBG Mittelständische Beteiligungsgesellschaft Baden-Württemberg GmbH	Stuttgart	5.0	3.6
MBG Mittelständische Beteiligungsgesellschaft Rheinland-Pfalz mbH			
(share of voting rights: 11.1%)	Mainz	9.8	2.6
MBG Mittelständische Beteiligungsgesellschaft Schleswig-Holstein mbH			
(share of voting rights: 3.7%)	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

Other Information (Continued)

Exchanges rates for 1 euro at 31 December 2014
Currency abbreviation according to the International Organisation for Standardisation (ISO) code.

China	1 euro =	7.5358	CNY
Turkey	1 euro =	2.8320	TRY
UK	1 euro =	0.7789	GBP
USA	1 euro =	1.2141	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	2,004
1.2	Food & more GmbH, Munich	(876)
1.3	HVB Capital Partners AG, Munich	122,925
1.4	HVB Immobilien AG, Munich	(6,078)
1.5	HVB Principal Equity GmbH, Munich	(7)
1.6	HVB Profil Gesellschaft für Personalmanagement mbH, Munich	550
1.7	HVB Verwa 1 GmbH, Munich	(1)
1.8	HVB Verwa 4 GmbH, Munich	(252)
1.9	MERKURHOF Grundstücksgesellschaft mit beschränkter Haftung, Munich	(2,300)
1.10	UniCredit Beteiligungs GmbH, Munich	3,347
1.11	UniCredit Direct Services GmbH, Munich	973
1.12	UniCredit Leasing GmbH, Hamburg	20,000
1.13	UniCredit Zweite Beteiligungs GmbH, Munich	(8)
1.14	Verwaltungsgesellschaft Katharinenhof mbH, Munich	188
1.15	Wealth Management Capital Holding GmbH, Munich	16,016

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 2013 annual accounts are indicated for this consolidated company.

5 The company has been operating as Omnia Grundstücks-GmbH & Co. Objekt Perlach KG, Munich, since 1 January 2015.

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 Equity capital amounts to minus €1,047,000 and net profit €11,464,000.

8 On account of the ownership structure and the voting behaviour to date, UniCredit Bank AG does not have a significant influence over the company.

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

10 UniCredit Bank AG has the position of a limited partner under company law and participates in the profit of the company.

Other Information (Continued)

95 Members of the Supervisory Board

Federico Ghizzoni	**Chairman**
Peter König Dr Wolfgang Sprissler	**Deputy Chairmen**
Mirko Davide Georg Bianchi since 2 June 2014 Aldo Bulgarelli Beate Dura-Kempf Klaus Grünewald Werner Habich Dr Marita Kraemer since 1 January 2014 Dr Lothar Meyer Marina Natale until 2 June 2014 Klaus-Peter Prinz Jens-Uwe Wächter	**Members**

96 Members of the Management Board

Dr Andreas Bohn	**Corporate & Investment Banking**
Peter Buschbeck	**Commercial Banking/ Private Clients Bank**
Jürgen Danzmayr until 30 June 2014	**Commercial Banking/ Private Clients Bank (main focus Private Banking)**
Lutz Diederichs	**Commercial Banking/ Unternehmer Bank**
Peter Hofbauer	**Chief Financial Officer (CFO)**
Heinz Laber	**Chief Operating Officer (COO) Human Resources Management, Global Banking Services**
Andrea Umberto Varese	**Chief Risk Officer (CRO)**
Dr Theodor Weimer	**Board Spokesman**

Munich, 2 March 2015

UniCredit Bank AG
The Management Board

Dr Bohn   Buschbeck   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, 2 March 2015

UniCredit Bank AG
The Management Board

Dr Bohn　Buschbeck　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 2014. 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, 9 March 2015

Deloitte & Touche GmbH
Wirtschaftsprüfungsgesellschaft

Prof. Dr. Leuschner	Kopatschek
German Public Auditor	German Public Auditor

Income Statement of UniCredit Bank AG

For the year ended 31 December 2014

Expenses (€ millions)

				2014	2013
1	Interest payable			2,456	2,727
2	Fees and commissions payable			543	359
3	Net expense from the held-for-trading portfolio			—	—
4	General administrative expenses				
	a) payroll costs				
	aa) wages and salaries	1,248			1,585
	ab) social security costs and expenses for				
	pensions and other employee benefits	316			312
			1,564		1,897
	including: for pensions				
	€121 million				(134)
	b) other administrative expenses		1,695		1,857
				3,259	3,754
5	Amortisation, depreciation and impairment losses				
	on intangible and tangible assets			40	57
6	Other operating expenses			182	352
7	Write-downs and impairments for receivables and				
	certain securities as well as additions to provisions				
	for losses on guarantees and indemnities			268	—
8	Write-downs and impairments on participating				
	interests, shares in affiliated companies				
	and investment securities			50	15
9	Expenses from absorbed losses			10	12
10	Extraordinary expenses			22	22
11	Taxes on income			97	280
12	Other taxes, unless shown under				
	"Other operating expenses"			2	(17)
13	Net income			627	756
	Total expenses			7,556	8,317

Income (€ millions)

		2014	2013
1 Interest income from			
a) loans and money market operations	4,107		4,401
b) fixed-income securities and government-inscribed debt	666		734
		4,773	5,135
2 Current income from			
a) equity securities and other variable-yield securities	248		112
b) participating interests	48		79
c) shares in affiliated companies	100		155
		396	346
3 Income earned under profit-pooling			
and profit-and-loss transfer			
agreements		166	119
4 Fees and commissions receivable		1,670	1,526
5 Net income from the held-for-trading portfolio		162	651
including: transfer as per Sect. 340e HGB			
€18 million			(141)
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		—	—
8 Other operating income		389	411
9 Net loss		—	—
Total income		**7,556**	**8,317**
1 Net income		627	756
2 Withdrawal from retained earnings			
a) from the reserve for shares in a controlling			
or majority interest-holding company	—		—
b) from other retained earnings	29		19
		29	19
3 Transfer to retained earnings			
a) to the reserve for shares in a controlling			
or majority interest-holding company	29		19
b) to other retained earnings	—		—
		29	19
4 Profit available for distribution		**627**	**756**

Balance Sheet of UniCredit Bank AG

at 31 December 2014

Assets (€ millions)

		31/12/2014	31/12/2013
1 Cash and cash balances			
a) cash on hand	489		521
b) balances with central banks	4,649		9,778
including: with Deutsche Bundesbank			
€2,188 million			(5,915)
		5,138	10,299
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	4,418		4,413
b) other loans and receivables	28,318		26,681
		32,736	31,094
including: mortgage loans			
€— million			(—)
municipal loans			
€97 million			(146)
against pledged securities			
€— million			(18)
4 Loans and receivables with customers		85,233	87,605
including: mortgage loans			
€38,536 million			(39,330)
municipal loans			
€9,842 million			(10,915)
against pledged securities			
€585 million			(647)
Amount carried forward:		123,107	128,998

Liabilities

(€ millions)

			31/12/2014	31/12/2013
1 Deposits from banks				
a) repayable on demand		6,203		6,183
b) with agreed maturity dates or periods of notice		44,232		38,740
			50,435	44,923
including: registered mortgage bonds in issue				
€495 million				(601)
registered public-sector bonds in issue				
€268 million				(381)
bonds given to lender as				
collateral for funds borrowed:				
registered mortgage bonds				
€— million				(—)
and registered public-sector bonds				
€— million				(—)
2 Deposits from customers				
a) savings deposits				
aa) with agreed period of notice of three months	14,523			14,532
ab) with agreed period of notice				
of more than three months	116			134
		14,639		14,666
b) registered mortgage bonds in issue		6,069		6,688
c) registered public-sector bonds in issue		2,825		3,203
d) other debts				
da) repayable on demand	56,998			51,769
db) with agreed maturity dates or periods of notice	28,876			36,481
including: bonds given to lender as				
collateral for funds borrowed:				
registered mortgage bonds				
€4 million				(4)
and registered public-sector bonds				
€4 million				(4)
		85,874		88,250
			109,407	112,807
Amount carried forward:			159,842	157,730

Assets

(€ millions)

			31/12/2014	31/12/2013
Amount brought forward:			123,107	128,998
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	4,431			4,281
including: those eligible for collateral for				
Deutsche Bundesbank advances				
€— million				(—)
		4,434		4,284
b) bonds and notes				
ba) issued by public authorities	19,817			19,392
including: those eligible for collateral for				
Deutsche Bundesbank advances				
€19,501 million				(19,131)
bb) issued by other borrowers	25,562			27,412
including: those eligible for collateral for				
Deutsche Bundesbank advances				
€18,327 million				(18,738)
		45,379		46,804
c) own bonds		750		1,001
nominal value €750 million				(1,000)
			50,563	52,089
6 **Equity securities and other variable-yield securities**			991	1,208
6a **Held-for-trading portfolio**			52,250	48,828
7 **Participating interests**			308	558
including: in banks				
€8 million				(16)
in financial service institutions				
€7 million				(9)
8 **Shares in affiliated companies**			2,503	2,798
including: in banks				
€878 million				(1,204)
in financial service institutions				
€488 million				(497)
Amount carried forward:			229,722	234,479

Liabilities

(€ millions)

			31/12/2014	31/12/2013
Amount brought forward:			159,842	157,730
3 Debt securities in issue				
a) bonds				
aa) mortgage bonds	10,102			11,481
ab) public-sector bonds	2,042			2,171
ac) other bonds	3,078			4,562
		15,222		18,214
b) other debt securities in issue		—		—
including: money market paper				
€— million				(—)
acceptances and promissory notes				
€— million				(—)
			15,222	18,214
3a Held-for-trading portfolio			28,907	29,233
4 Trust liabilities			4	4
including: loans taken out on a trust basis				
€4 million				(4)
5 Other liabilities			4,627	6,571
6 Deferred income				
a) from issuing and lending operations		17		23
b) other		112		138
			129	161
6a Deferred tax liabilities			—	—
7 Provisions				
a) provisions for pensions				
and similar commitments		—		—
b) tax provisions		647		693
c) other provisions		2,444		2,610
			3,091	3,303
8 Subordinated liabilities			575	1,560
9 Participating certificates outstanding			—	—
including: those due in less than two years				
€— million				(—)
10 Fund for general banking risks			590	572
thereof: as per Sect. 340e				
€299 million				(281)
Amount carried forward:			212,987	217,348

Assets

(€ millions)

		31/12/2014	31/12/2013
Amount brought forward:		229,722	234,479
9 Trust assets		4	4
including: loans granted on a trust basis			
€4 million			(4)
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	26		36
c) goodwill	—		—
d) advance payments	10		8
		36	44
11 Property, plant and equipment		159	158
12 Other assets		1,070	957
13 Prepaid expenses			
a) from issuing and lending operations	40		52
b) other	69		68
		109	120
14 Deferred tax assets		—	—
15 Excess of plan assets over pension liabilities		867	695
Total assets		**231,967**	**236,457**

Liabilities

(€ millions)

			31/12/2014	31/12/2013
Amount brought forward:			212,987	217,348
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	54			25
cc) statutory reserve	—			—
cd) other retained earnings	6,101			6,130
		6,155		6,155
d) profit available for distribution		627		756
			18,980	19,109
Total liabilities and shareholders' equity			**231,967**	**236,457**
1 Contingent liabilities				
a) contingent liabilities on rediscounted				
bills of exchange credited to borrowers		—		—
b) liabilities under guarantees and				
indemnity agreements		34,602		30,297
c) contingent liabilities on assets pledged				
as collateral for third-party debts		—		—
			34,602	30,297
2 Other commitments				
a) commitments from the sale of assets				
subject to repurchase agreements		—		—
b) placing and underwriting commitments		—		—
c) irrevocable lending commitments		28,723		27,054
			28,723	27,054

Notes to the Annual Financial Statements

Legal basis

The annual financial statements of UniCredit Bank AG ("HVB") for the 2014 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.

Accounting, valuation and disclosure

The amounts shown in the tables and text below are figures at the reporting date of 31 December 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 340f 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 340f (3) in the 2014 financial year and has included the change in provisions compliant with Section 340f HGB to net 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.

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 value, 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 portfolio and micro-valuation units documented in advance for certain interest-bearing securities, promissory notes held for liquidity purposes (with a carrying amount of €29,807 million (2013: €28,104 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 €528 million (2013: €423 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 €324 million (2013: €364 million)) using a cross-currency interest rate swap. The offset change in the value of interest-bearing securities totals an increase of €42 million (2013: decrease of €80 million) for this valuation unit. The requirements of Section 254 HGB regarding valuation units have been met. The prospective hedging efficiency is documented using the interest rate risk sensitivity analysis based on basis point values (BPV). 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.

In the 2014 financial year, the Bank has made use of the option permitted by Section 340f (3) HGB 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.

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 fair 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 rate 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 are netted for each counterparty in the balance sheet. Such netting encompasses both the carrying amount of the derivatives and the collateral provided for each counterparty.

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, 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, HVB 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.

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 2014 published by Deutsche Bundesbank for a residual maturity of 15 years at 4.58% p.a. (2013: 4.89% p.a.) and a pension trend of 1.70% p.a. (2013: 1.80% p.a.) were applied in the actuarial calculation of the amount payable at 31 December 2014. A figure of 2.50% p.a. (2013: 2.50% p.a.) has been included in the calculation for the anticipated wage and salary increases; a figure of 0.50% (2013: 0.50%) has been included in the calculation for the career trend. Mortality and disability rates are based on the modified Heubeck 2005 G tables. At HVB, life expectancy has been reduced to 90% for women (2013: 90%) and 75% for men (2013: 75%), and the probability of disability to 80% for both men and women (2013: 80%), of the figures shown in the tables.

At the beginning of the 2014 financial year, the classification in the income statement for the income and expenses arising from the compounding and discounting of provisions for pensions was changed. These earnings components are now shown in other operating income less other operating expenses – and no longer in net interest income as previously. However, 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 pensions in connection with company restructuring activities. Similarly, the impact on earnings of the change in the discount rate arising during the course of the 2014 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 installments 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. 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 are 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 held-for-trading portfolios 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. 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. On the other hand, investment securities denominated in foreign currency that are not specifically covered in the same currency and are not transferred to the held-for-trading portfolio as part of currency risk management applicable throughout the Bank are carried at their historical cost. Outstanding forward transactions are translated using the forward rate effective at the balance sheet date.

15 Breakdown by maturity of selected asset items

The following table shows the breakdown by maturity of selected asset items:

(€ millions)

			2014	2013
A 3 b)	Other loans and receivables with banks			
	with residual maturity of	less than 3 months	11,623	16,939
		at least 3 months but less than 1 year	11,656	3,544
		at least 1 year but less than 5 years	4,257	5,332
		5 years or more	782	866
A 4)	Loans and receivables with customers			
	with residual maturity of	less than 3 months	6,715	4,701
		at least 3 months but less than 1 year	6,134	7,564
		at least 1 year but less than 5 years	27,703	28,193
		5 years or more	35,508	36,700
		No fixed maturity	9,173	10,447
A 5)	Bonds and other fixed-income securities, amounts due in the following year		15,703	11,021

16 Breakdown by maturity of selected liability items

The following table shows the breakdown by maturity of selected liability items:

(€ millions)

			2014	2013
L 1	Deposits from banks			
L 1 b)	with agreed maturity dates or periods of notice			
	with residual maturity of	less than 3 months	17,314	15,384
		at least 3 months but less than 1 year	15,261	9,108
		at least 1 year but less than 5 years	7,187	9,344
		5 years or more	4,470	4,904
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	6	12
		at least 3 months but less than 1 year	28	16
		at least 1 year but less than 5 years	77	98
		5 years or more	5	8
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	15,330	20,099
		at least 3 months but less than 1 year	8,103	10,069
		at least 1 year but less than 5 years	5,179	6,479
		5 years or more	9,158	9,725
L 3	Debt securities in issue			
L 3 a)	Bonds, amounts due in following year		5,065	4,164
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)

	2014		2013	
	AFFILIATES	PARTICIPATING INTERESTS	AFFILIATES	PARTICIPATING INTERESTS
Loans and receivables with banks	19,920	205	15,584	158
of which: UniCredit S.p.A.	873	—	1,222	—
Loans and receivables with customers	3,021	679	3,290	1,993
Bonds and other fixed-income securities	4,488	3,174	4,543	4,841
of which: UniCredit S.p.A.	4,178	—	4,177	—
Deposits from banks	10,702	191	7,896	55
of which: UniCredit S.p.A.	1,142	—	789	—
Deposits from customers	1,278	411	1,243	364
Debt securities in issue	457	—	1,671	—
of which: UniCredit S.p.A.	—	—	351	—
Subordinated liabilities	292	—	276	—

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)

	2014	2013
Trust assets	**4**	**4**
Loans and receivables with banks	—	—
Loans and receivables with customers	4	4
Equity securities and other variable-yield securities	—	—
Participating interests	—	—
Trust liabilities	**4**	**4**
Deposits from banks	4	3
Deposits from customers	—	1
Debt securities in issue	—	—
Other liabilities	—	—

There were no significant changes in trustee activities compared with last year.

19 Foreign-currency assets and liabilities

(€ millions)

	2014	2013
Assets	**46,706**	**29,687**
Cash and cash balances	2,461	3,863
Treasury bills and other bills eligible for refinancing with central banks	—	—
Loans and receivables with banks	4,211	3,320
Loans and receivables with customers	13,303	13,374
Bonds and other fixed-income securities	2,571	2,441
Equity securities and other variable-yield securities	—	113
Held-for-trading portfolio (assets held for trading purposes)	23,975	6,392
Participating interests	8	46
Shares in affiliated companies	80	35
Trust assets	—	—
Intangible assets	—	—
Property, plant and equipment	5	2
Other assets	85	93
Prepaid expenses	7	8
Liabilities	**36,596**	**16,783**
Deposits from banks	9,040	7,671
Deposits from customers	6,489	4,956
Debt securities in issue	239	12
Held-for-trading portfolio (liabilities held for trading purposes)	20,381	3,764
Trust liabilities	—	—
Other liabilities	197	161
Deferred income	40	28
Provisions	59	57
Subordinated liabilities	151	134

The amounts shown represent the euro equivalents of all currencies.

20 Subordinated asset items

The following balance sheet items contain subordinated assets totalling €2,492 million (2013: €3,624 million):

(€ millions)

	2014	2013
Subordinated asset items	**2,492**	**3,624**
Loans and receivables with banks	642	703
Loans and receivables with customers	86	137
Bonds and other fixed-income securities	1,495	2,570
Equity securities and other variable-yield securities	7	8
Held-for-trading portfolio	262	206

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)

	2014			2013		
	TOTAL MARKETABLE SECURITIES	OF WHICH: LISTED	OF WHICH: UNLISTED	TOTAL MARKETABLE SECURITIES	OF WHICH: LISTED	OF WHICH: UNLISTED
Bonds and other fixed-income securities	50,563	40,096	10,467	52,089	40,442	11,647
Equity securities and other						
variable-yield securities	80	4	76	80	4	76
Held-for-trading portfolio	25,518	20,467	5,051	26,051	19,147	6,904
Participating interests	106	106	—	103	103	—
Shares in affiliated companies	—	—	—	322	322	—

Non-current marketable securities contain financial instruments carried at an amount higher than their fair value.

(€ millions)

	2014		2013	
	CARRYING AMOUNT	FAIR VALUE	CARRYING AMOUNT	FAIR VALUE
Non-current securities	2,199	2,080	18,525	18,486
Bonds and other fixed-income securities	2,199	2,080	18,525	18,486
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 2014 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 €52,250 million (2013: €48,828 million):

(€ millions)

	2014	2013
Assets held for trading	**52,250**	**48,828**
Derivative financial instruments (positive fair values)	15,662	13,888
Loans and receivables	9,946	7,962
Bonds and other fixed-income securities	14,899	18,086
Equity securities and other variable-yield securities	11,567	8,919
Other assets	201	—
Less risk discount (for entire portfolio of assets held for trading purposes)	(25)	(27)

The following table shows the breakdown of liabilities held for trading purposes (liability item 3a) by financial instruments totalling €28,907 million (2013: €29,233 million):

(€ millions)

	2014	2013
Liabilities held for trading	**28,907**	**29,233**
Derivative financial instruments (negative fair values)	12,862	10,366
Liabilities (including delivery obligations arising from short sales of securities)	16,045	18,867

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 in the balance sheet. The netting for each counterparty encompasses both the carrying amount of the derivatives and the collateral provided.

This involved netting positive fair values of €65.4 billion with negative fair values of €65.2 billion on derivatives held for trading with the associated receivables (€10.9 billion) and liabilities (€11.0 billion) from collateral provided.

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)

	31/12/2014				31/12/2013			
FUND TYPE	CARRYING AMOUNT	FAIR VALUE	DIFFERENCE CARRYING AMOUNT/ FAIR VALUE	DIVIDEND PAYMENTS	CARRYING AMOUNT	FAIR VALUE	DIFFERENCE CARRYING AMOUNT/ FAIR VALUE	DIVIDEND PAYMENTS
Total investment funds	**658**	**661**	**3**	**0.6**	**752**	**760**	**8**	**1.6**
Equity funds	151	151	—	—	225	231	6	—
Money market funds and								
near-money market funds	20	20	—	—	31	31	—	0.2
Mixed funds	220	223	3	0.2	320	322	2	0.1
Index funds	208	208	—	0.1	127	127	—	0.9
Bond funds	37	37	—	0.3	49	49	—	0.4
Funds of funds	22	22	—	—	—	—	—	—

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 IFRS 10.

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 in the liquidity reserve 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 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	**737**	**15**	**55**	**2**
thereof:				
Software	729	5	55	10
Downpayments	8	10		(8)
Other intangible assets	—	—	—	—
Property, plant and equipment	**484**	**15**	**48**	**5**
thereof:				
Land and buildings used by HVB in				
its operations	203	3	1	—
Furniture and office equipment	281	12	47	5
Other non-current assets	**21**	**—**	**—**	**—**
	ACQUISITION COST			**CHANGES +/–[2]**
Participating interests	793			(485)
Shares in affiliated companies	2,730			(227)
Investment securities	18,525			(6,986)[3]

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.
3 The changes in investment securities include a transfer of €5,193 million to the reserve portfolio as there is no intention to use them permanently for commercial operations.

25 Other assets

The following table shows the main items included in other assets totalling €1,070 million (2013: €957 million):

(€ millions)

	2014	2013
Claims to tax reimbursements	518	514
Claims to dividends from affiliated companies	261	266
Proportion of income from commission/interest not yet received	64	39
Proportion of income from portfolio fees	33	38
Trade debtors	25	22
Capital investments with life insurers	22	18
Works of art	21	21
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

The claims to tax reimbursements consist of claims of €473 million (2013: €433 million) arising from income tax and of €45 million (2013: €81 million) arising from non-income taxes. The claims to dividends from affiliated companies include €85 million (2013: €130 million) in prorated income from UniCredit Luxembourg.

26 Prepaid expenses

The prepaid expenses arising from issuing and lending operations include the following:

(€ millions)

	2014	2013
Discounts on funds borrowed	40	52
Premiums on amounts receivable	—	—

(€ millions)

WRITE-UPS DURING FINANCIAL 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 31/12/2014	NET BOOK VALUE 31/12/2013
—	**663**	**23**	**—**	**53**	**36**	**44**
—	663	23	—	53	26	36
—	—	—	—	—	10	8
—	—	—	—	—	—	—
—	**297**	**17**	**—**	**46**	**159**	**158**
—	102	7	—	3	103	105
—	195	10	—	43	56	53
—	**—**	**—**	**—**	**—**	**21**	**21**
					NET BOOK VALUE 31/12/2014	**NET BOOK VALUE 31/12/2013**
					308	558
					2,503	2,799
					11,539	18,525

27 Excess of plan assets over pension liabilities

An amount payable of €1,335 million arising from liabilities due to pension and similar commitments was set against offsetting plan assets with a fair value of €1,981 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 2014 financial year. The omitted transitional allocation in the year under review totalled €221 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 (€867 million). The acquisition cost of the offsetting plan assets totalled €1,788 million. The assets involved are essentially fund shares, subordinated bonds, investments, and cash and cash equivalents.

(€ millions)

	2014	2013
Amount payable for offset pension and similar commitments	1,335	968
Fair value of the offsetting plan assets	1,981	1,663
Omitted transitional allocation	221	243
Excess of plan assets over the commitments, including the shortfall	867	695
Acquisition cost of the offsetting plan assets	1,788	1,526

(€ millions)

	2014	2013
Net interest income from pension commitments	**17**	**(25)**
Income from plan assets used to offset pension and similar commitments	75	26
Expense component of the change in provisions for pensions and similar commitments	58	51
Expenses from plan assets used to offset pension and similar commitments	—	—

Notes to the Balance Sheet (Continued)

28 Assets assigned or pledged as security for own liabilities

Assets totalling €33,860 million (2013: €43,103 million) were assigned or pledged as security for the following liabilities:

(€ millions)

	2014	2013
Assets assigned or pledged as security for own liabilities	**33,860**	**43,103**
Deposits from banks	25,954	23,667
Deposits from customers	7,906	19,436

In addition, collateral is pledged to the ECB, irrespective of whether this is actually used to borrow funds or not. At 31 December 2014, the volume of pledged collateral amounted to €13 billion (2013: €10 billion).

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 €24 billion (2013: €32 billion) to its funding partners. The total includes €3 billion relating to own securities holdings. These securities continue to be shown under HVB's assets. The consideration received in return is stated under liabilities. They comprise mainly international money market transactions.

At the same time, further assets totalling €17,405 million (2013: €18,225 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 €4,627 million (2013: €6,571 million):

(€ millions)

	2014	2013
Amounts owed to special purpose entities	3,140	4,629
Obligations arising from debts assumed	911	1,285
Taxes payable	67	106
Other amounts owed to employees	109	108
Trading book valuation reserves	26	41
Liabilities from losses absorbed from subsidiaries	9	12
Amounts yet to be distributed from outplacements, etc.	10	11
Variation margin for listed future contracts	—	—

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 mainly include liabilities from non-income taxes of €67 million.

30 Deferred income

Discounts on amounts receivable shown at nominal value totalled €10 million (2013: €12 million). Furthermore, other deferred income includes accrued commissions of €15 million (2013: €20 million) and interest of €61 million (2013: €57 million) collected in advance.

Notes to the Balance Sheet (Continued)

31 Provisions

Other provisions include the following items:

(€ millions)

	2014	2013
Total other provisions	**2,444**	**2,610**
Provisions for losses on guarantees and indemnities	243	305
Anticipated losses on pending transactions	—	28
Provisions for uncertain liabilities	2,201	2,277
of which:		
Valuation units	455	190
Payments to employees	293	325
Restructuring	264	396
Payments for early retirement, semi-retirement, etc.	57	40
Anniversary bonus payments	43	44
Bonuses on saving plans	24	22

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.

32 Subordinated liabilities

This item includes accrued interest of €5 million (2013: €49 million). HVB incurred interest expenses of €48 million in 2014 (2013: €107 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 capital.

On 25 January 2001, HVB issued a subordinated promissory note with a volume of €96 million. This subordinated promissory note matures on 27 January 2031 and bears interest at the 6-month Euribor rate, taking account of a surcharge of 0.65% p.a. for the entire term.

On 2 June 2000, HVB issued subordinated bearer debentures with a volume of €60 million. These subordinated bearer debentures mature on 2 June 2015. They bear annual interest at 75% of the EUR 10-year constant maturity swap (CMS) rate, however at least 5.50% p.a.

Shareholders' Equity

33 Analysis of shareholders' equity shown in the balance sheet

(€ millions)

a) Called-up capital		
Subscribed capital		
Balance at 1 January 2014	2,407	
Balance at 31 December 2014		2,407
b) Additional paid-in capital		
Balance at 1 January 2014	9,791	
Balance at 31 December 2014		9,791
c) Retained earnings		
ca) Legal reserve		
Balance at 1 January 2014	—	
Balance at 31 December 2014		—
cb) Reserve for shares in a controlling or majority interest-holding company		
Balance at 1 January 2014	25	
Transfer to the reserve for shares in a controlling or majority interest-holding company	29	
Balance at 31 December 2014		54
cc) Reserve set up under the Articles of Association		
Balance at 1 January 2014	—	
Balance at 31 December 2014		—
cd) Other retained earnings		
Balance at 1 January 2014	6,130	
Withdrawal for the transfer to the reserve for shares in a controlling		
or majority interest-holding company	(29)	
Balance at 31 December 2014		6,101
d) Profit available for distribution		
Balance at 1 January 2014	756	
Dividend payout of HVB for 2013	(756)	
Net profit 2014	627	
Balance at 31 December 2014		627
Shareholders' equity		
Balance at 31 December 2014		18,980

34 Holdings of HVB stock in excess of 5%

(in %)

	2014	2013
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.

35 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 €193 million (2013: €137 million). Compliant with Section 268 (8) HGB, freely disposable provisions have been set up to cover the amount not available for distribution.

36 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.

37 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)

	2014	2013
Total income	**7,389**	**8,069**
Germany	6,108	6,840
Italy	623	523
UK	380	455
Rest of Europe	41	51
Americas	153	136
Asia	84	64

38 Net interest income

The following table shows the breakdown of net interest income of €2,879 million:

(€ millions)

	2014	2013
Net interest income	**2,879**	**2,873**
Interest income from		
lending and money market transactions	4,107	4,401
fixed-income securities and government-inscribed debt	666	734
Current income from equity securities and other variable-yield securities,		
participating interests and shares in affiliated companies	396	346
Income from profit-pooling and profit-and-loss transfer agreements	166	119
Interest expenses	2,456	2,727

Negative interest that the Bank is required to pay for assets (e.g. interest for average reserve assets exceeding the required minimum reserves and for other deposits at the ECB) are reported under interest income with a negative sign; where negative interest is received on the liabilities side, this is entered as interest expenses with a positive sign.

Current interest income and expenses related to the held-for-trading portfolios as well as dividend income (so-called trading-induced interest) of €433 million are included in net interest income.

The interest expense arising from the compounding of provisions amounts to €6 million (2013: €15 million). The year-ago total has been adjusted to reflect the change in the disclosure of the expenses and income arising from the compounding and discounting of provisions for pensions and similar obligations to other operating income at the beginning of the 2014 financial year.

Net interest income includes income of €3 million relating to other periods and expenses of €24 million relating to other periods.

39 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 investment funds, in investment and securities commission activities, and in the handling of payments.

40 Net income from the held-for-trading portfolio
The net income from the held-for-trading portfolio (net trading income) of €162 million (2013: €651 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 certain fees and commissions in connection with transactions involving financial instruments held for proprietary trading purposes and trading with precious metals. We carry the current interest income/expense resulting from held-for-trading portfolios (so-called trading-induced interest) as well as dividend income in net interest income and in current income rather than in net trading income in accordance with our internal management.

Reclassifications from net trading income to fees and commissions receivable were carried out in the reporting period and the year-ago figures adjusted accordingly. These relate to commission for financial transactions which accrues mainly or exclusively in the interests of the customer so that the service character predominates.

41 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 (€232 million (2013: €143 million)), payroll costs and cost of materials passed on (€71 million (2013: €58 million)) and the recognition of income from services performed in earlier years (€21 million).

Other operating expenses include the following:
– compensation and ex gratia payments (€14 million (2013: €19 million))
– additions to provisions other than provisions for lending and securities operations (€101 million (2013: €274 million))
– expenses of €4 million related to other periods

Due to the reclassification carried out at the beginning of the financial year, expenses and income of €84 million arising from the compounding and discounting of provisions are shown under other operating income and expenses. Of this amount, €58 million relates to provisions for pensions and similar commitments. The effects of the change in the discount rate on the result are, however, shown under payroll costs.

42 Expenses from absorbed losses
There was an expense of €11,000 from an absorbed loss in other accounting periods in the 2014 financial year.

43 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 2014 (2013: €22 million) arising from the revaluation of provisions for pensions to be disclosed under extraordinary income/expenses.

44 Taxes on income
All of the taxes on income relate to income from ordinary operations.

45 Net profit
The profit available for distribution amounts to €627 million. We will propose to the Shareholders' Meeting that a dividend of €627 million be paid to UniCredit S.p.A. (UniCredit), Rome, Italy. This represents a dividend of around €0.78 per share after around €0.94 in 2013. In accordance with a resolution adopted by the Shareholders' Meeting on 2 June 2014, the profit available for distribution of €756 million generated in 2013 was distributed to UniCredit.

Other Information

46 Contingent liabilities and other financial commitments

The following table shows the breakdown of contingent liabilities arising from guarantees and indemnity agreements totalling €34,602 million (2013: €30,297 million):

(€ millions)

	2014	2013
Guarantees and indemnities	19,346	16,373
Loan guarantees	13,016	11,475
Documentary credits	2,240	2,449
Total	**34,602**	**30,297**
thereof: to affiliated companies	15,368	12,754

Irrevocable lending commitments totalling €28,723 million (2013: €27,054 million) break down as follows:

(€ millions)

	2014	2013
Book credits	26,605	24,926
Mortgage and municipal loans	1,601	1,061
Guarantees	517	1,067
Bills of exchange	—	—
Total	**28,723**	**27,054**
thereof: to affiliated companies	855	795

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 €268 million (2013: €293 million). A large part of the total relates to contracts with subsidiaries (€138 million (2013: €150 million)). The contracts run for standard market periods, and no charges have been put off to future years.

At the reporting date on 31 December 2014, HVB had pledged securities worth €1,090 million (2013: €1,265 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 to make fund constructions more marketable – in particular for lease funds and (closed) KG real estate funds. 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 €45 million at year-end 2014 (2013: €128 million), and similar obligations for shares in cooperatives totalled €1 thousand (2013: €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 2011 to 2014 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 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 €126.9 million were set aside in the income statement at 31 December 2014 in connection with bonus commitments. The final amount disbursed may be higher, should the plan conditions be met.

On 18 February 2015, the German Federal Labour Court (Bundesarbeitsgericht – BAG) published an explanation of its ruling relating to a court decision of 30 September 2014. The Court decided that, if an employer has made a pension commitment to its employees by way of a pension fund and the fund reduces the retirement benefits due to economic difficulties, the employer is obliged to compensate the employees for the reduction. Within the scope of the ruling, the Court also commented at length on the employer's obligation to adjust the pension. According to Section 16 of the German Occupational Pensions Act (Betriebsrentengesetz – BetrAVG), the employer is normally obliged to assess a potential increase of its commitment under occupational pensions every three years and has to make a decision at its own discretion. Contrary to the largely prevailing opinion in the literature, the Court has now determined that the escape clause concerning the pension adjustment obligation incorporated in Section 16 (3) No. 2 BetrAVG is not applicable for occupational pensions originated before the German Actuarial Reserve Regulation (Deckungsrückstellungsverordnung – DeckRV) that came into force in 1996. This opinion expressed by the Court in respect of the pension adjustment obligation may also be applicable to the occupational pension commitments undertaken by the Bank by way of Versorgungskasse des Bankgewerbes e.V. (BVV). This could result in an obligation for the Bank for which the extent and amount have still to be assessed. Due to the explanation recently published by the Court, the detailed effects are still unclear and the ensuing potential obligations cannot be reliably determined at this time.

Under Section 26 GmbHG, we were liable for calls for additional capital of €57 million with regard to Liquiditäts-Konsortialbank GmbH in liq., Frankfurt am Main, at year-end 2014. In addition, under Article 5 (4) of the Articles of Association of Liquiditäts-Konsortialbank GmbH in liq., 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 two 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 in the event of the sale, liquidation or bankruptcy of HVB Projekt GmbH.

47 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.

Other Information (Continued)

In the case of the Bank's own receivables, the special purpose entities mainly serve to procure liquidity. 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, HVB controls a special purpose entity from an economic point of view, which entails full consolidation of the special purpose entity in the consolidated financial statements of HVB.

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.

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. This cooperation agreement was terminated in October 2014, meaning that HVB is now extending consumer and instant-approval loans and credit cards again.

48 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)

	2014
Fees for	**9**
Auditing of the financial statements	5
Other auditing services	4
Tax consulting services	—
Other services	—

49 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
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.

50 Regulatory disclosure requirements (Disclosure Report)

HVB has been classified by its parent company, UniCredit S.p.A., as a significant subsidiary within the meaning of Article 13 of the Capital Requirements Regulation (CRR). Consequently, Part Eight CRR and Section 26a KWG require certain information to be published as part of the regulatory disclosure requirements (Pillar III) by way of a separate disclosure report. The Disclosure Report at 31 December 2014 complete with the requisite regulatory information regarding own funds, capital requirements, credit risk adjustments and the use of credit risk mitigation techniques is scheduled for publication under Investor Relations/Reports & Financial Data on the Bank's homepage in April 2015.

The disclosures regarding details of the remuneration policy, practice and systems will be published under Investor Relations/Remuneration Systems on the Bank's homepage following the Shareholders' Meeting of UniCredit Bank AG scheduled for May 2015.

51 Key capital ratios

Pursuant to Article 72 CRR, regulatory equity capital consists of core capital and supplementary capital and amount to €18,889 million at year-end 2014 based on annual financial statements approved by the Supervisory Board. We have not allocated any unrealised reserves to supplementary capital compliant with Section 10 (2b) KWG as applicable until 31 December 2013.

The modified equity capital calculated up to year-end 2013 compliant with Section 10 (1d) KWG, earlier version, came to €19,836 million in the 2013 annual financial statements.

The eligible funds calculated in accordance with Article 4 (1) (71)(b) in conjunction with Article 494 CRR are used primarily to determine thresholds for large exposures and loans to executive board members and for investment limits and amount to €18,889 million at year-end 2014. The liable funds used by the end of 2013 in accordance with Section 10 (2) KWG, earlier version, amounted to €19,771 million in the 2013 annual financial statements.

Other Information (Continued)

52 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	2014	2013	2014	2013	2014	2013
Interest rate derivatives	**834,936**	**872,451**	**858,679**	**2,566,066**	**2,760,360**	**88,581**	**67,908**	**85,193**	**65,649**
OTC products									
Forward rate agreements	122,343	1,824	—	124,167	119,311	13	8	8	10
Interest rate swaps	578,830	793,004	687,416	2,059,250	2,212,543	82,922	63,767	77,402	60,663
Interest rate options									
– purchased	29,359	34,613	86,075	150,047	174,315	4,951	3,755	495	236
– written	23,418	30,393	82,873	136,684	159,696	691	343	7,285	4,708
Other interest rate derivatives	2,916	—	—	2,916	12,829	3	35	2	31
Exchange-traded products									
Interest rate futures	24,461	12,506	926	37,893	55,998	—	—	1	1
Interest rate options	53,609	111	1,389	55,109	25,668	1	—	—	—
Foreign exchange derivatives	**211,758**	**21,417**	**796**	**233,971**	**186,907**	**4,837**	**2,597**	**5,069**	**2,616**
OTC products									
Foreign exchange forwards	187,503	17,367	776	205,646	161,128	4,406	2,223	4,618	2,197
Foreign exchange options									
– purchased	12,282	2,166	19	14,467	12,973	347	269	101	121
– written	11,963	1,884	1	13,848	12,773	84	105	350	298
Other foreign exchange derivatives	—	—	—	—	—	—	—	—	—
Exchange-traded products									
Foreign exchange futures	10	—	—	10	33	—	—	—	—
Foreign exchange options	—	—	—	—	—	—	—	—	—
Cross-currency swaps	**57,656**	**119,183**	**74,695**	**251,534**	**243,078**	**5,901**	**3,909**	**6,859**	**4,292**
Equity/index derivatives	**92,671**	**40,777**	**24,496**	**157,944**	**142,194**	**2,268**	**3,226**	**2,888**	**3,374**
OTC products									
Equity/index swaps	3,548	5,825	452	9,825	11,667	219	220	217	225
Equity/index options									
– purchased	13,710	6,042	488	20,240	12,781	514	919	168	109
– written	54,768	13,836	22,859	91,463	78,713	30	35	896	1,743
Other equity/index derivatives	2,330	2	—	2,332	8,101	136	677	2	2
Exchange-traded products									
Equity/index futures	5,797	28	—	5,825	6,691	12	8	11	31
Equity/index options	12,518	15,044	697	28,259	24,241	1,357	1,367	1,594	1,264
Credit derivatives	**20,771**	**69,026**	**2,706**	**92,503**	**110,648**	**1,823**	**1,072**	**1,533**	**1,079**
Other transactions	**4,506**	**2,868**	**793**	**8,167**	**7,159**	**365**	**228**	**319**	**272**
Total	**1,222,298**	**1,125,722**	**962,165**	**3,310,185**	**3,450,346**	**103,775**	**78,940**	**101,861**	**77,282**

Most of the derivatives are held for trading purposes.

The banking book contains derivatives with positive fair values of €2.0 billion (2013: €1.7 billion) and negative fair values of €1.3 billion (2013: €1.6 billion).

53 Employees

The average number of staff employed was as follows:

	2014	2013
Employees (excluding trainees)	14,890	15,329
of whom:		
full-time	11,216	11,573
part-time	3,674	3,756
Trainees	773	855

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

	WOMEN	MEN	2014	2013
	(EXCLUDING TRAINEES)		TOTAL	
Staff's length of service				
25 years or more	22.4	22.5	22.4	21.4
15 to 25 years	37.0	24.8	31.3	30.1
10 to 15 years	9.6	10.5	10.0	11.1
5 to 10 years	20.5	23.4	21.9	22.9
less than 5 years	10.5	18.8	14.4	14.5

54 Emoluments

(€ thousands)

	FIXED COMPENSATION		PERFORMANCE-RELATED COMPONENTS		LONG-TERM INCENTIVES[2]		PENSION COMMITMENTS		TOTAL	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Members of the Management Board of UniCredit Bank AG	6,239	5,069	2,824[1]	1,575[1]	—	2,989[3, 4]	1,523	1,302	10,586	10,935
Members of the Supervisory Board of UniCredit Bank AG for Supervisory Board activities	810[5]	558[6]	—[7]	210[8]	—	—	—	—	810[5]	768[8]
Members of the Supervisory Board of UniCredit Bank AG for employee representation activities	475	456	66	71	—	—	54	44	595	571
Former members of the Management Board of UniCredit Bank AG and their surviving dependants	—	—	—	—	—	—	—	—	1,945	1,858
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 met
2 cash value of the share-based compensation
3 of which €578 thousand related 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 including reimbursed expenses of €65 thousand
6 including reimbursed expenses of €40 thousand
7 Following amendment of the Articles of Association, the members of the Supervisory Board do not receive any variable remuneration as of 2014.
8 The performance-related component for the 2013 financial year totals €210 thousand, after the Shareholders' Meeting adopted a resolution regarding the appropriation of net income as proposed

It is the task of the plenary sessions of the Supervisory Board of the Bank to decide on the total remuneration paid to the individual members of the Management Board and to review the structure of the remuneration systems. The plenary sessions of the Supervisory Board receive assistance in this regard from the Remuneration Control Committee, which submits appropriate proposals to the plenary sessions. Appropriateness and sustainability are key criteria for the form and structure of remuneration paid to members of the Management Board. The structure of remuneration is derived from the service agreements with the members of the Bank's Management Board. It has two components: a 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 of the eight members of the Management Board took part in the employer-financed, fund-linked pension scheme for executives (known as AgfA) in 2014. The Bank will provide/has provided 35% of the fixed salary contributions (2014: €1,523,000 (2013: €1,302,000)). 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 2014, there were pension provisions in the amount of €39.6 million (2013: €36 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.

No share-based compensation was granted to the members of the Management Board in the form of performance shares in the reporting period. A set number of UniCredit shares (performance shares) are transferred free of charge if, after a period of three years, the relevant targets have been met and the recipient is still working for UniCredit; otherwise, the performance shares are normally forfeited.

Details of share-based compensation

MEMBERS OF THE MANAGEMENT BOARD OF UNICREDIT BANK AG	2014	2013
Options		
Stock options	—	—
Fair value per option on grant date (€)	—	—
Performance shares		
Performance shares	—	719,983
Fair value per performance share on grant date (€)	—	3.520

55 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)

	2014			2013		
	LOANS AND ADVANCES	CONTINGENT LIABILITIES	LIABILITIES	LOANS AND ADVANCES	CONTINGENT LIABILITIES	LIABILITIES
Members of the Management Board						
and their related parties	2,392	3	7,620	937	7	5,709
Members of the Supervisory Board						
and their related parties	522	—	3,497	4,682	15	8,424

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 2.52% and 3.96% and falling due in the period from 2016 to 2023.

Loans and advances were granted to members of the Supervisory Board and their immediate family members in the form of a credit facility with an interest rate of 6.00% and no fixed maturity, overdraft facilities with interest rates of between 7.00% and 16.15%, consumer loan with an interest rate of 9.071% with a maturity until 2017, current account credit with an interest rate of 11.15% and no fixed maturity as well as mortgage loans with interest rates of between 2.08% 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.

56 Executive Boards

Supervisory Board

Federico Ghizzoni	Chairman
Peter König Dr Wolfgang Sprissler	Deputy Chairmen
Mirko Davide Georg Bianchi since 2 June 2014 Aldo Bulgarelli Beate Dura-Kempf Klaus Grünewald Werner Habich Dr Marita Kraemer since 1 January 2014 Dr Lothar Meyer Marina Natale until 2 June 2014 Klaus-Peter Prinz Jens-Uwe Wächter	Ordinary Members

Management Board

Dr Andreas Bohn	Corporate & Investment Banking
Peter Buschbeck	Commercial Banking/ Private Clients Bank
Jürgen Danzmayr until 30 June 2014	Commercial Banking/ Private Clients Bank (main focus Private Banking)
Lutz Diederichs	Commercial Banking/ Unternehmer Bank
Peter Hofbauer	Chief Financial Officer (CFO)
Heinz Laber	Chief Operating Officer (COO) 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]

57 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 Gesellschaft mit beschränkter Haftung, Bamberg (Deputy Chairman)
Mirko Davide Georg Bianchi since 2 June 2014 Head of Group Finance of UniCredit S.p.A , Lugano-Casagnola		
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	

1 as of 31 December 2014

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
Werner Habich Employee, UniCredit Bank AG, Mindelheim		
Dr Marita Kraemer since 1 January 2014 Member of the Management Board of Zürich GI Management Aktiengesellschaft (Deutschland), member of the Management Board of Zurich Service GmbH, Frankfurt am Main		
Dr Lothar Meyer Former Chairman of the Managment Board of ERGO Versicherungsgruppe AG, Bergisch Gladbach	ERGO Versicherungsgruppe AG, Düsseldorf	
Marina Natale until 2 June 2014 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 FinecoBank S.p.A., Milan, since 15 April 2014
Klaus-Peter Prinz Employee, UniCredit Luxembourg S. A., Trier		
Jens-Uwe Wächter Employee, UniCredit Bank AG, Himmelpforten		

1 as of 31 December 2014

List of Executives and Outside Directorships[1] (Continued)

58 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	HVB Principal Equity GmbH, Munich, (Chairman)[2], until 28 August 2014 Swan Cap Partners GmbH, Munich (Chairman)[2] 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], until 15 May 2014 PlanetHome AG, Unterföhring near Munich (Chairman)[2] UniCredit Direct Services GmbH, Munich (Chairman)[2], until 30 April 2014 UniCredit Global Business Services GmbH, Munich[2], until 30 April 2014 WealthCap Kapitalverwaltungsgesellschaft mbh, Munich (Chairman)[2], since 10 April 2014 Wüstenrot & Würtembergische AG, Stuttgart, since 28 May 2014	Wealth Management Capital Holding GmbH, Munich (Chairman)[2]
Jürgen Danzmayr born 1950 Commercial Banking/Private Clients Bank (main focus Private Banking)		Schoellerbank AG, Vienna Wealth Management Capital Holding GmbH, Munich[2], until 31 March 2014 UniCredit Luxembourg S.A., Luxembourg[2] until 30 June 2014
Lutz Diederichs born 1962 Commercial Banking/Unternehmer Bank		UniCredit Luxembourg S.A., Luxembourg (Chairman)[2] UniCredit Leasing GmbH, Hamburg (Chairman)[2] UniCredit Leasing Finance GmbH, Hamburg (Chairman)[2]
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] WealthCap Kapitalverwaltungsgesellschaft mbh, Munich (Deputy Chairman)[2], since 10 April 2014	Wealth Management Capital Holding GmbH, Munich (Deputy Chairman)[2]
Heinz Laber born 1953 Chief Operating Officer (COO) Human Resources Management, Global Banking Services	HVB Immobilien AG, Munich (Chairman)[2] HVB Trust Pensionsfonds AG, Munich (Chairman) BVV Pensionsfonds des Bankgewerbes AG, Berlin (Chairman), until 27 June 2014 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] WealthCap Kapitalverwaltungsgesellschaft mbh, Munich[2], since 10 April 2014	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, until 31 December 2014 DAB Bank AG, Munich (Chairman)[3], until 17 January 2015 ERGO Versicherungsgruppe AG, Düsseldorf FC Bayern München AG, Munich, since 10 November 2014	UniCredit Luxembourg S.A., Luxembourg (Chairman)[2], until 30 June 2014

1 as of 31 December 2014
2 Group directorship
3 Group directorship until 17 December 2014

59 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]
Dr Bernhard Brinker	UniCredit Luxembourg S.A., Luxembourg[2]
Bernd Brunke	bmp media investors AG, Berlin
Joachim Dobrikat	VALOVIS BANK AG, Essen
Dr Jochen Fischer	Bankhaus Neelmeyer Aktiengesellschaft, Bremen[2] PlanetHome AG, Munich/Unterföhring[2]
Matthias Glückert	OECHSLER AG, Ansbach
Christian Klatt	Bankhaus Neelmeyer Aktiengesellschaft, Bremen[2]
Stephanie Kraus	UniCredit Luxembourg S.A., Luxembourg[2]
Dr Karin Labitzke	DAB Bank AG, Munich[3]
Dr Andreas Mayer	UniCredit Luxembourg S.A., Luxembourg[2]
Ansgar Oberreuter	Bankhaus Neelmeyer Aktiengesellschaft, Bremen[2]
Jörg Pietzner	Bankhaus Neelmeyer Aktiengesellschaft, Bremen[2]
Gabriele Rauer	UniCredit Direct Services GmbH, Munich[2]
Dr Christian Reichmayr	UniCredit Direct Services GmbH, Munich[2]
Dr Guido Schacht	AVAG Holding SE, Augsburg
Peter Weidenhöfer	AGROB Immobilien AG, Ismaning[2]
Karoline Würtz	Saarländische Investitionskreditbank Aktiengesellschaft, Saarbrücken

1 as of 31 December 2014
2 Group directorship
3 Group directorship until 17 December 2014

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 financial 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 Controlled companies						
1.1 Controlled by voting rights						
1.1.1 Consolidated subsidiaries						
1.1.1.1 Banks and financial institutions						
Bankhaus Neelmeyer AG	Bremen	100.0		EUR	63,400	[1.1]
UniCredit Leasing Finance GmbH	Hamburg	100.0	100.0	EUR	160,013	[2]
UniCredit Luxembourg S.A.	Luxembourg	100.0		EUR	1,342,038	84,856
1.1.1.2 Other consolidated subsidiaries						
Acis Immobilien- und Projektentwicklungs GmbH & Co. Oberbaum City KG[3]	Grünwald	100.0	100.0	EUR	27	326
Acis Immobilien- und Projektentwicklungs GmbH & Co. Parkkolonnaden KG[3]	Grünwald	100.0	100.0	EUR	34	4,980
Acis Immobilien- und Projektentwicklungs GmbH & Co. Stuttgart Kronprinzstraße KG[3]	Grünwald	100.0	100.0	EUR	38	696
Active Asset Management GmbH	Grünwald	100.0	100.0	EUR	187	(11)
AGROB Immobilien AG (share of voting rights: 75.0%)[4]	Ismaning	52.7	52.7	EUR	22,474	1,612
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	(43,526)	975
Atlanterra Immobilienverwaltungs GmbH	Munich	90.0	90.0	EUR	(39,211)	1
A&T-Projektentwicklungs GmbH & Co. Potsdamer Platz Berlin KG[3]	Munich	100.0	100.0	EUR	(37,209)	54
Aufbau Dresden GmbH	Munich	100.0	100.0	EUR	(23,944)	0
BaLea Soft GmbH & Co. KG	Hamburg	100.0	100.0	EUR	7,042	633
BaLea Soft Verwaltungsgesellschaft mbH	Hamburg	100.0	100.0	EUR	89	2
Bank Austria ImmobilienService GmbH	Vienna	100.0	100.0	EUR	266	(300)
B.I. International Limited	George Town	100.0	100.0	EUR	(1,130)	(85)
BIL Immobilien Fonds GmbH & Co Objekt Perlach KG[3, 5]	Munich	100.0	100.0	EUR	4,391	102
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	2,153	(4,440)
BV Grundstücksentwicklungs-GmbH[3]	Munich	100.0	100.0	EUR	511	[2]
BV Grundstücksentwicklungs-GmbH & Co. Verwaltungs-KG[3]	Munich	100.0		EUR	511	(55)
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	576	1,264
Erste Onshore Windkraft Beteiligungsgesellschaft mbH & Co. Windpark Krähenberg KG (share of voting rights: 68.3%)	Oldenburg	68.5	68.5	EUR	(25)	61
Erste Onshore Windkraft Beteiligungsgesellschaft mbH & Co. Windpark Mose KG (share of voting rights: 68.3%)	Oldenburg	68.5	68.5	EUR	602	1,118
Food & more GmbH	Munich	100.0		EUR	235	[1.2]

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
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
Grundstücksaktiengesellschaft am Potsdamer Platz						
(Haus Vaterland)	Munich	98.2	98.2	EUR	4,495	2
Grundstücksgesellschaft Simon						
beschränkt haftende Kommanditgesellschaft[3]	Munich	100.0	100.0	EUR	52	(1,505)
H & B Immobilien GmbH & Co. Objekte KG[3]	Munich	100.0	100.0	EUR	5	0
HAWA Grundstücks GmbH & Co. OHG Hotelverwaltung[3]	Munich	100.0	100.0	EUR	276	516
HAWA Grundstücks GmbH & Co. OHG Immobilienverwaltung[3]	Munich	100.0	100.0	EUR	54	(637)
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	278	1
HVB Asset Leasing Limited	London	100.0		USD	2,076	(25)
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 Funding Trust II	Wilmington	100.0		GBP	2	0
HVB Gesellschaft für Gebäude Beteiligungs GmbH	Munich	100.0		EUR	28	1
HVB Gesellschaft für Gebäude mbH & Co KG[3]	Munich	100.0		EUR	871,401	10,317
HVB Hong Kong Limited	Hong Kong	100.0		USD	4,246	(19)
HVB Immobilien AG[3]	Munich	100.0		EUR	86,644	1,4
HVB Investments (UK) Limited	George Town	100.0		GBP	0	0
HVB Life Science GmbH & Co. Beteiligungs-KG	Munich	100.0		EUR	1,026	1
HVB London Investments (AVON) Limited	London	100.0		GBP	0	0
HVB Principal Equity GmbH[3]	Munich	100.0		EUR	34	1,5
HVB Profil Gesellschaft für Personal management 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	Munich	100.0	100.0	EUR	316	251
HVBFF Internationale Leasing GmbH	Munich	100.0	100.0	EUR	9	0
HVBFF Objekt Beteiligungs GmbH	Munich	100.0	100.0	EUR	39	(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	(11,806)
Hypo-Bank Verwaltungszentrum GmbH	Munich	100.0	100.0	EUR	12	1
Hypo-Bank Verwaltungszentrum GmbH & Co. KG						
Objekt Arabellastraße[3]	Munich	100.0	100.0	EUR	26	(1,468)
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	2,273	198
Interra Gesellschaft für Immobilienverwaltung mbH[3]	Munich	100.0	93.9	EUR	51	2
Keller Crossing Texas, LP	Wilmington	100.0	100.0	USD	1,973	101
Kinabalu Financial Products LLP	London	100.0		GBP	832	(28)
Kinabalu Financial Solutions Limited	London	100.0		GBP	3,982	(10)
Life Management Erste GmbH	Munich	100.0	100.0	EUR	24	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
Life Management Zweite GmbH	Grünwald	100.0	100.0	EUR	26	[2]
Life Science I Beteiligungs GmbH	Munich	100.0	100.0	EUR	(250)	514
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	8,106	3,727
Movie Market Beteiligungs GmbH	Munich	100.0	100.0	EUR	16	0
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]
Ocean Breeze Asset GmbH & Co. KG	Bremen	100.0	100.0	EUR	(10)	(2)
Ocean Breeze Energy GmbH & Co. KG[3]	Bremen	100.0	100.0	EUR	(31,197)	2,817
Ocean Breeze GmbH	Bremen	100.0	100.0	EUR	24	0
Omnia Grundstücks-GmbH & Co. Objekt Eggenfeldener Straße KG[3]	Munich	100.0	94.0	EUR	26	(2)
Omnia Grundstücks-GmbH & Co. Objekt Haidenauplatz KG[3]	Munich	100.0	94.0	EUR	26	(139)
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	Bremen	100.0	100.0	EUR	25	0
PlanetHome AG	Unterföhring	100.0		EUR	16,127	327
PlanetHome GmbH	Mannheim	100.0	100.0	EUR	1,376	816
Portia Grundstücks-Verwaltungsgesellschaft mbH & Co. Objekt KG[3]	Munich	100.0	100.0	EUR	500,014	10,314
"Portia" Grundstücksverwaltungs-Gesellschaft mit beschränkter Haftung	Munich	100.0	100.0	EUR	30	1
Redstone Mortgages Limited	London	100.0		GBP	(50,521)	11,106
RHOTERRA Gesellschaft für Immobilienverwaltung mbH[3]	Munich	100.0	93.9	EUR	26	[2]
Roncasa Immobilien-Verwaltungs GmbH	Munich	100.0	100.0	EUR	(39,020)	975
Salvatorplatz-Grundstücksgesellschaft mbH	Munich	100.0	100.0	EUR	711	[2]
Salvatorplatz-Grundstücksgesellschaft mbH OHG Saarland[3]	Munich	100.0	100.0	EUR	1,534	689
Salvatorplatz-Grundstücksgesellschaft mbH & Co. OHG Verwaltungszentrum[3]	Munich	100.0	100.0	EUR	2,301	8,177
Selfoss Beteiligungsgesellschaft mbH[3]	Grünwald	100.0	100.0	EUR	25	[2]
Simon Verwaltungs-Aktiengesellschaft i.L.[4]	Munich	<100.0		EUR	3,098	(3)
Sirius Immobilien- und Projektentwicklungs GmbH	Munich	100.0	100.0	EUR	(143,835)	[2]
Solos Immobilien- und Projektentwicklungs GmbH & Co. Sirius Beteiligungs KG[3]	Munich	100.0	100.0	EUR	(34,773)	975
Spree Galerie Hotelbetriebsgesellschaft mbH[3]	Munich	100.0	100.0	EUR	249	[2]
Status Vermögensverwaltung GmbH	Schwerin	100.0		EUR	997	55
Structured Invest Société Anonyme	Luxembourg	100.0		EUR	6,997	36
Structured Lease GmbH	Hamburg	100.0	100.0	EUR	36,750	[2]
T & P Frankfurt Development B.V.	Amsterdam	100.0	100.0	EUR	(7,008)	(8)
T & P Vastgoed Stuttgart B.V.	Amsterdam	87.5	87.5	EUR	(15,465)	(1)
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	(371)	(6)
TIVOLI Grundstücks-Aktiengesellschaft	Munich	99.7	99.7	EUR	12,016	4,500
Transterra Gesellschaft für Immobilienverwaltung mbH[3]	Munich	100.0	93.9	EUR	26	[2]
TRICASA Grundbesitz Gesellschaft mbH & Co. 1. Vermietungs KG[3]	Munich	100.0	100.0	EUR	7,779	284
TRICASA Grundbesitzgesellschaft des bürgerlichen Rechts Nr. 1	Munich	100.0	100.0	EUR	17,450	(568)
Trinitrade Vermögensverwaltungs-Gesellschaft mit beschränkter Haftung	Munich	100.0		EUR	1,322	1
UniCredit Beteiligungs GmbH	Munich	100.0		EUR	1,175	[1,10]

		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
UniCredit Capital Markets LLC	New York	100.0	100.0	USD	99,999	2,122
UniCredit (China) Advisory Limited	Beijing	100.0		CNY	2,210	295
UniCredit Direct Services GmbH[3]	Munich	100.0		EUR	911	[1.11]
UniCredit Global Business Services GmbH	Unterföhring	100.0		EUR	9,827	4,009
UniCredit Leasing Aviation GmbH	Hamburg	100.0	100.0	EUR	(1,874)	(40)
UniCredit Leasing GmbH	Hamburg	100.0		EUR	452,026	[1.12]
UniCredit U.S. Finance LLC	Wilmington	100.0		USD	114,579	22
UniCredit Zweite Beteiligungs GmbH	Munich	100.0		EUR	1,000	[1.13]
US Property Investments Inc.	Dallas	100.0		USD	740	27
Verba Verwaltungsgesellschaft mit beschränkter Haftung	Munich	100.0		EUR	754	(3)
Vermietungsgesellschaft mbH & Co. Objekt MOC KG[3]	Munich	88.1	88.1	EUR	(103,869)	1,707
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	3,376	2,867
Wealth Management Capital Holding GmbH	Munich	100.0		EUR	20,508	[1.15]
WealthCap Equity GmbH	Munich	100.0	100.0	EUR	1,715	3,227
WealthCap Equity Management GmbH	Munich	100.0	100.0	EUR	866	841
WealthCap Fonds GmbH	Munich	100.0	100.0	EUR	(601)	(30)
WealthCap Initiatoren GmbH	Munich	100.0	100.0	EUR	56	(273)
WealthCap Investments, Inc.	Wilmington	100.0	100.0	USD	1,391	(42)
WealthCap Investorenbetreuung GmbH	Munich	100.0	100.0	EUR	155	[2]
WealthCap Kapitalverwaltungsgesellschaft mbH	Munich	100.0	100.0	EUR	7,099	[2]
WealthCap Leasing GmbH	Grünwald	100.0	100.0	EUR	490	490
WealthCap PEIA Komplementär GmbH	Grünwald	100.0	100.0	EUR	32	23
WealthCap PEIA Management GmbH	Munich	100.0	94.0	EUR	1,194	148
WealthCap Real Estate Management GmbH	Munich	100.0	100.0	EUR	108	[2]
WealthCap Stiftungstreuhand GmbH	Munich	100.0	100.0	EUR	42	(2)
WealthCap USA Immobilien Verwaltungs GmbH	Munich	100.0	100.0	EUR	205	155
1.1.2 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			
AMMS Ersatz-Komplementär GmbH	Ebersberg	100.0	100.0			
AMMS Komplementär GmbH	Ebersberg	98.8	98.8			
ANWA Gesellschaft für Anlagenverwaltung mbH	Munich	95.0	93.9			
Apir Verwaltungsgesellschaft mbH & Co.						
Immobilien- und Vermietungs KG	Munich	100.0	100.0	EUR	(24,498)	(148)
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	249	[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			
BIL Leasing GmbH & Co Hotel Rostock KG i.L.	Rostock	58.9	58.9	EUR	119	816
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 Verwaltungsgesellschaft mbH i.L.	Hamburg	100.0	100.0			
Deltaterra Gesellschaft für Immobilienverwaltung mbH	Munich	100.0	93.9	EUR	26	[2]

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
Ferra Immobilien- und Projektentwicklungs						
GmbH & Co. Projekt Großenhainer Straße KG	Munich	100.0	100.0	EUR	(9,833)	900
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. 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	(49,250)	(34)
Hotel Seddiner See GmbH	Munich	100.0	100.0			
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				
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			
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			
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

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
Omnia Grundstücks-GmbH & Co. Betriebs 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	100.0	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			
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			
UniCredit CAIB Securities UK Ltd.	London	100.0				
VCI Volta Center Immobilienverwaltungs GmbH	Munich	100.0	100.0	EUR	(24,922)	975
VereinWest Overseas Finance (Jersey) Limited	St. Helier	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 Canadian Management Inc.	Toronto	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 Kanada 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 Deutschland 38 GmbH & Co.						
geschlossene Investment KG	Munich	100.0	100.0			
WealthCap Immobilien Nordamerika 16 GmbH & Co.						
geschlossene Investment KG	Munich	100.0	100.0			
WealthCap Immobilien Nordamerika 16 Komplementär GmbH	Grünwald	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	Grünwald	100.0	100.0			
WealthCap Immobilienfonds Deutschland 37 Komplementär GmbH	Grünwald	100.0	100.0			
WealthCap Immobilienfonds Deutschland 38 Komplementär GmbH	Grünwald	100.0	100.0			
WealthCap Management, Inc.	Wilmington	100.0	100.0	USD	238	297
WealthCap Mountain View GP, Inc.	Atlanta	100.0	100.0			
WealthCap Mountain View I L.P.	Atlanta	100.0	100.0			
WealthCap Objekt Hackerbrücke GmbH & Co. KG	Munich	100.0	100.0			
WealthCap Objekt Hufelandstraße GmbH & Co. KG	Munich	100.0	100.0			
WealthCap Objekt Riem GmbH & Co. KG	Munich	100.0	100.0	EUR	(39)	(667)
WealthCap Objekt-Vorrat 3 GmbH & Co. KG	Munich	100.0	100.0			
WealthCap Objekt-Vorrat 4 GmbH & Co. KG	Munich	100.0	100.0			
WealthCap Objekt-Vorrat 5 GmbH & Co. KG	Munich	100.0	100.0			
WealthCap Objekt-Vorrat 6 GmbH & Co. KG	Munich	100.0	100.0			
WealthCap Objekt-Vorrat 6 Komplementär GmbH	Grünwald	100.0	100.0			

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
WealthCap Objekt-Vorrat 7 GmbH & Co. KG	Munich	100.0	100.0			
WealthCap Objekt-Vorrat 7 Komplementär GmbH	Grünwald	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 Private Equity 19 GmbH & Co. KG	Grünwald	100.0	100.0			
WealthCap Private Equity 19 Komplementär GmbH in formation	Grünwald	100.0	100.0			
WealthCap Private Equity 20 GmbH & Co. KG	Grünwald	100.0	100.0			
WealthCap Private Equity 20 Komplementär GmbH in formation	Grünwald	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.						
geschlossene Investment KG	Grünwald	100.0	100.0			
WealthCap SachWerte Portfolio 2 Komplementär GmbH	Grünwald	100.0	100.0			
WealthCap Spezial-AIF 1 Komplementär GmbH	Munich	100.0	100.0			
WealthCap Spezial-AIF 2 GmbH & Co.						
geschlossene Investment KG	Munich	94.0	94.0			
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	USD	184,676	(729)

NAME	REGISTERED OFFICE	SHARE OF CAPITAL IN %	CURRENCY	SUBSCRIBED CAPITAL in thousands of currency units
1.2 Fully consolidated structured entities				
with or 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
BARD Engineering GmbH	Emden	0	EUR	100
BARD Holding GmbH	Emden	0	EUR	25
Buitengaats Holding B.V.	Eemshaven	0	EUR	18
Cuxhaven Steel Construction GmbH	Cuxhaven	0	EUR	25
Elektra Purchase No. 17 S.A. – Compartment 2	Luxembourg	0	EUR	0
Elektra Purchase No. 28 Ltd.	Dublin	0	EUR	<1
Elektra Purchase No. 31 Ltd.	Dublin	0	EUR	<1
Elektra Purchase No. 32 S.A.	Luxembourg	0	EUR	31
Elektra Purchase No. 33 Ltd.	Dublin	0	EUR	<1
Elektra Purchase No. 34 Ltd.	Dublin	0	EUR	<1
Elektra Purchase No. 35 Ltd.	Dublin	0	EUR	<1
Elektra Purchase No. 36 Ltd.	Dublin	0	EUR	<1
Elektra Purchase No. 911 Ltd.	St. Helier	0	EUR	<1
European-Office-Fonds	Munich	0	EUR	0
GELDILUX-TS-2013 S.A.	Luxembourg	0	EUR	31
GEMMA Verwaltungsgesellschaft mbH & Co.				
Vermietungs KG (held indirectly)	Pullach	6.1	EUR	68,326
Grand Central Funding Corporation	New York	0	USD	1
H.F.S. Leasingfonds Deutschland 1 GmbH & Co. KG				
(Immobilienleasing) (held indirectly)	Munich	<0.1	EUR	61,171

NAME	REGISTERED OFFICE	SHARE OF CAPITAL IN %	CURRENCY	SUBSCRIBED CAPITAL in thousands of currency units
H.F.S. Leasingfonds Deutschland 7 GmbH & Co. KG				
(held indirectly)	Munich	<0.1	EUR	56,605
HVB Funding Trust	Wilmington	0	USD	0
HVB Funding Trust III	Wilmington	0	USD	0
MOC Verwaltungs GmbH & Co. Immobilien KG				
(held indirectly)[4, 7]	Munich	23.0	EUR	5,113
Newstone Mortgage Securities No. 1 Plc.	London	0	GBP	13
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

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
2 Joint ventures[6]						
Minor joint ventures						
Other companies						
Heizkraftwerk Cottbus Verwaltungs GmbH	Munich	33.3				
Heizkraftwerke-Pool Verwaltungs-GmbH	Munich	33.3		EUR	129	799
3 Associated companies						
3.1 Associated companies valued at equity						
Other companies						
Adler Funding LLC	Dover	32.8		USD	6,835	(1,163)
Bulkmax Holding Ltd.	Valletta	45.0	45.0	USD	16,239	(492)
BV-BGPB Beteiligungsgesellschaft privater Banken						
für Internet- und mobile Bezahlungen mbH	Berlin	30.0		EUR	8,358	25
Comtrade Group B.V.	Amsterdam	21.1	21.1	EUR	22,913	6,022
Martur Sünger ve Koltuk Tesisleri Ticaret ve Sanayi A.S.	Istanbul	20.0	20.0	TRY	164,189	47,853
Nautilus Tankers Limited	Valletta	45.0	45.0	USD	29,224	2,021
SwanCap Partners GmbH (share of voting rights: 49.0%)	Munich	75.2		EUR	2,451	638
3.2 Minor associated companies[6]						
Other companies						
BioM Venture Capital GmbH & Co. Fonds KG						
(share of voting rights: 20.4%)	Planegg	23.5		EUR	2,153	(3)
CMP Fonds I GmbH (share of voting rights: 25.0%)	Berlin	32.7		EUR	1,559	(56)
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	(3,574)	(117)
MOC Verwaltungs GmbH	Munich	23.0	23.0			
SK BV Grundstücksentwicklung Verwaltung GmbH i.L.	Cologne	50.0	50.0			
US Retail Income Fund VII L.P.	Wilmington	26.6	26.6	USD	13,608	429

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
4 Holdings in excess of 20% without significant influence[6]						
Other companies						
BayBG Bayerische Beteiligungsgesellschaft mbH[8]	Munich	22.5		EUR	193,598	7,426
Bayerischer BankenFonds GbR	Munich	25.6				
B.I.I. Creditanstalt International Ltd. (share of voting rights: 0%)	George Town	40.2				
Capital Dynamics S.C.A. SICAV-SIF - Global Clean Energy and Infrastructure	Luxembourg	29.2	29.2	USD	16,564	(47)
Felicitas GmbH i.L.	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%)[9]	Munich	100.0	100.0	EUR	3,918	112
Lauro Ventidue S.p.A. (share of voting rights: 0%)	Milan	24.2	24.2	EUR	112,600	(30,583)
Meditinvest Gayrimenkul Danismanlik A.S.	Istanbul	42.1	42.1	TRY	20,014	(671)
Mozfund (Proprietary) Limited (share of voting rights: 12.5%)	Sandton	40.0				
Mühoga Münchner Hochgaragen Gesellschaft mit beschränkter Haftung	Munich	25.0	25.0	EUR	4,298	2,289
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	31.8	USD	34,457	(17)
SwanCap FLP SCS (share of voting rights: 37.5%)[10]	Senningerberg	0.0		EUR	2,945	15

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
5.2 Other companies			
ConCardis Gesellschaft mit beschränkter Haftung	Eschborn	6.0	6.0
Liquiditäts-Konsortialbank GmbH i.L.	Frankfurt am Main	5.7	5.7
VBW Bauen und Wohnen GmbH	Bochum	10.1	10.1
Wüstenrot & Württembergische AG	Stuttgart	7.6	7.6

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
Kepler Capital Markets SA	Paris	5.2	5.5
MBG Mittelständische Beteiligungsgesellschaft Baden-Württemberg GmbH	Stuttgart	5.0	3.6
MBG Mittelständische Beteiligungsgesellschaft Rheinland-Pfalz mbH			
(share of voting rights: 11.1%)	Mainz	9.8	2.6
MBG Mittelständische Beteiligungsgesellschaft Schleswig-Holstein mbH			
(share of voting rights: 3.7%)	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

List of Holdings (Continued)

Exchanges rates for 1 euro at 31 December 2014
Currency abbreviation according to the International Organisation for Standardisation (ISO) code.

China	1 euro =	7.5358	CNY
Turkey	1 euro =	2.8320	TRY
UK	1 euro =	0.7789	GBP
USA	1 euro =	1.2141	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	2,004
1.2	Food & more GmbH, Munich	(876)
1.3	HVB Capital Partners AG, Munich	122,925
1.4	HVB Immobilien AG, Munich	(6,078)
1.5	HVB Principal Equity GmbH, Munich	(7)
1.6	HVB Profil Gesellschaft für Personalmanagement mbH, Munich	550
1.7	HVB Verwa 1 GmbH, Munich	(1)
1.8	HVB Verwa 4 GmbH, Munich	(252)
1.9	MERKURHOF Grundstücksgesellschaft mit beschränkter Haftung, Munich	(2,300)
1.10	UniCredit Beteiligungs GmbH, Munich	3,347
1.11	UniCredit Direct Services GmbH, Munich	973
1.12	UniCredit Leasing GmbH, Hamburg	20,000
1.13	UniCredit Zweite Beteiligungs GmbH, Munich	(8)
1.14	Verwaltungsgesellschaft Katharinenhof mbH, Munich	188
1.15	Wealth Management Capital Holding GmbH, Munich	16,016

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 2013 annual accounts are indicated for this consolidated company.

5 The company has been operating as Omnia Grundstücks-GmbH & Co. Objekt Perlach KG, Munich, since 1 January 2015.

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 Equity capital amounts to minus €1,047,000 and net profit €11,464,000.

8 On account of the ownership structure and the voting behaviour to date, UniCredit Bank AG does not have a significant influence over the company.

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

10 UniCredit Bank AG has the position of a limited partner under company law and participates in the profit of the company.

Mortgage Banking

61 Coverage

The statement of coverage is as follows:

(€ millions)

	2014	2013
A. Mortgage bonds		
Standard coverage		
1. Loans and receivables with banks	—	—
Mortgage loans	—	—
2. Loans and receivables with customers	23,165	23,060
Mortgage loans	23,165	23,060
Other eligible cover[1]		
1. Other lending to banks	—	—
2. Bonds and other fixed-income securities	2,209	1,193
3. Equalisation claims on government authorities	—	—
Subtotal	**25,374**	**24,253**
Total mortgage bonds requiring cover	16,418	18,478
Excess coverage	**8,956**	**5,775**
B. Public-sector bonds		
Standard coverage		
1. Loans and receivables with banks	182	246
Mortgage loans	—	—
Municipal loans	182	246
2. Loans and receivables with customers	6,579	7,253
Mortgage loans	19	23
Municipal loans	6,560	7,230
3. Bonds and other fixed-income securities	439	439
Other eligible cover[2]		
Other lending to banks	—	—
Subtotal	**7,200**	**7,938**
Total public-sector bonds requiring cover	5,047	5,656
Excess coverage	**2,153**	**2,282**

1 compliant with Section 19 (1) of the German Pfandbrief Act
2 compliant with Section 20 (2) of the German Pfandbrief Act

62 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)

	2014			2013		
	NOMINAL	PRESENT VALUE	RISK PRESENT VALUE[1]	NOMINAL	PRESENT VALUE	RISK PRESENT VALUE[1]
1. Mortgage bonds						
Mortgage bonds	16,418	18,306	17,625	18,478	20,004	19,265
thereof: derivatives	—	—	—	—	—	—
Covering assets[2]	25,374	27,949	27,053	24,253	26,185	25,402
thereof: derivatives	—	—	—	—	—	—
Excess coverage	**8,956**	**9,643**	**9,428**	**5,775**	**6,181**	**6,137**
2. Public-sector bonds						
Public-sector bonds	5,047	5,829	5,591	5,656	6,295	6,027
thereof: derivatives	—	—	—	—	—	—
Covering assets[3]	7,200	8,162	7,803	7,938	8,592	8,248
thereof: derivatives	—	—	—	—	—	—
Excess coverage	**2,153**	**2,333**	**2,212**	**2,282**	**2,297**	**2,221**

1 dynamic procedure compliant with Section 5 (1) No.2 of the German Pfandbrief Net Present Value Regulation
2 including further covering assets compliant with Section 19 (1) of the German Pfandbrief Act with a nominal amount of €2,209 million at 31 December 2014 and €1,193 million at 31 December 2013
3 including further covering assets compliant with Section 20 (2) of the German Pfandbrief Act with a nominal amount of €0 million at 31 December 2014 and €0 million at 31 December 2013

63 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)

	2014		2013	
	MORTGAGE BONDS	COVERING ASSETS	MORTGAGE BONDS	COVERING ASSETS
1. Mortgage bonds[1]	**16,418**	**25,374**	**18,478**	**24,253**
less than 1 year[2]	3,323	2,735	697	2,912
at least 0.5 years but less than 1 year[2]	1,183	1,940	2,111	1,835
at least 1 year but less than 1.5 years[2]	1,819	1,923	3,315	2,110
at least 1.5 years but less than 2 years[2]	478	1,795	1,233	1,776
at least 2 years but less than 3 years	2,258	3,631	2,197	3,035
at least 3 years but less than 4 years	992	2,892	2,350	3,209
at least 4 years but less than 5 years	552	1,955	954	2,493
at least 5 years but less than 10 years	3,638	7,389	3,512	6,000
10 years or more	2,175	1,114	2,109	883
2. Public-sector bonds[3]	**5,047**	**7,200**	**5,656**	**7,938**
less than 1 year[2]	229	459	432	808
at least 0.5 years but less than 1 year[2]	390	649	215	655
at least 1 year but less than 1.5 years[2]	1,312	831	223	425
at least 1.5 years but less than 2 years[2]	128	523	395	575
at least 2 years but less than 3 years	454	765	1,420	1,269
at least 3 years but less than 4 years	226	614	454	685
at least 4 years but less than 5 years	451	580	219	591
at least 5 years but less than 10 years	1,060	1,675	1,361	1,917
10 years or more	797	1,104	937	1,013

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 The remaining maturities of less than 2 years were regrouped in 2014. The figures for 2013 have been adjusted accordingly.
3 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

Mortgage Banking (Continued)

64 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)

	2014		2013
Mortgage covering assets	**23,165**	**Mortgage covering assets**	**23,060**
up to and including €300,000	10,900	up to and including €300,000	10,108
over €300,000 up to and including €1,000,000[1]	3,254	over €300,000 up to and including €5,000,000	5,447
over €1,000,000 up to and including €10,000,000[1]	5,182	more than €5,000,000	7,505
more than €10,000,000[1]	3,829		

1 The size groups for assets used to cover mortgage bonds were redefined in 2014. No suitable data for the years prior to 2014 are available.

65 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)

	2014		2013	
	RESIDENTIAL PROPERTY	RESIDENTIAL PROPERTY	COMMERCIAL PROPERTY	COMMERCIAL PROPERTY
1. Germany	**15,779**	**7,383**	**15,751**	**7,302**
Apartments	4,043	—	4,166	—
Single-family houses[1]	6,053	—	6,066	—
Multi-family houses[1]	5,366	—	5,142	—
Office buildings	—	3,541	—	3,489
Commercial buildings	—	2,282	—	2,212
Industrial buildings	—	503	—	553
Other commercially used buildings	—	729	—	684
Buildings under construction	304	260	364	292
Building sites	13	68	13	72
2. France	**2**	**—**	**2**	**—**
Single-family houses[1]	2	—	2	—
Buildings under construction	—	—	—	—
3. Italy/San Marino	**1**	**—**	**—**	**—**
Single-family houses[1]	1	—	—	—
Multi-family houses[1]	—	—	—	—
4. Austria	**—**	**—**	**—**	**5**
Office buildings	—	—	—	5
5. Spain	**—**	**—**	**—**	**—**
Single-family houses[1]	—	—	—	—
	15,782	**7,383**	**15,753**	**7,307**

1 The breakdown by type of occupancy has been adjusted retrospectively in 2014 and for previous-year figures; this gives rise to possible deviations from the reports published in previous years.

66 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)

	2014	2013
1. Germany	**6,992**	**7,721**
Central government	—	—
Regional authorities	2,701	2,917
Local authorities	3,502	3,863
Other	789	941
2. Austria	**200**	**200**
Central government	200	200
3. Spain	**8**	**17**
Local authorities	8	17
	7,200	**7,938**

67 Other eligible cover

The following table shows the breakdown of other eligible cover for mortgage bonds and public-sector bonds:

(€ millions)

	2014	2013
1. Mortgage bonds	**2,209**	**1,193**
Equalisation claims according to Section 19 (1) No. 1 PfandBG	—	—
All states	—	—
Money claims according to Section 19 (1) No. 2 PfandBG[1]	—	—
All states	—	—
thereof: covered bonds according to Article 129 of Regulation (EU) No. 575/2013	—	—
Bonds according to Section 19 (1) No. 3 PfandBG[2]	2,209	1,193
Germany	2,089	1,173
Italy	20	20
Austria	100	—
2. Public-sector bonds	**—**	**—**
Equalisation claims according to Section 20 (2) No. 1 PfandBG	—	—
All states	—	—
Money claims according to Section 20 (2) No. 2 PfandBG	—	—
All states	—	—
thereof: covered bonds according to Article 129 of Regulation (EU) No. 575/2013	—	—

1 without cover assets according to Section 4 (1) sentence 2 No. 1 and 2 PfandBG
2 including cover assets according to Section 19 (1) No. 2 PfandBG in conjunction with Section 4 (1) sentence 2 No. 1 and 2 PfandBG

Mortgage Banking (Continued)

68 Key figures for Pfandbrief bonds outstanding and associated cover

The following table shows the breakdown of key figures for mortgage bonds and public-sector bonds outstanding:

		2014	2013
1. Mortgage bonds			
Mortgage bonds outstanding	€ millions	16,418	18,478
thereof: share of fixed-interest Pfandbriefs[1] (Section 28 (1) No. 9 PfandBG)	%	86.27	—
Eligible cover[2]	€ millions	25,374	24,253
thereof: total amount of loans and receivables exceeding the thresholds according to			
Section 13 (1) PfandBG (Section 28 (1) No. 7 PfandBG)	€ millions	—	—
thereof: total amount of loans and receivables exceeding the thresholds stated in			
Section 19 (1) No. 2 PfandBG (Section 28 (1) No. 8 PfandBG)	€ millions	—	—
thereof: total amount of loans and receivables exceeding the thresholds stated in			
Section 19 (1) No. 3 PfandBG (Section 28 (1) No.8 PfandBG)	€ millions	—	—
thereof: share of fixed-interest cover[1] (Section 28 (1) No. 9 PfandBG)	%	73.65	—
Net present value according to Section 6 Pfandbrief Net Present Value Regulation			
for each foreign currency, in euros (Section 28 (1)			
No. 10 PfandBG – balance of asset/liability sides)	€ millions	—	—
Volume-weighted average age of the loans and receivables[1]			
(period passed since loan granting – seasoning) (Section 28 (1) No. 11 PfandBG)	years	9.1	—
Average weighted loan-to-value ratio[1] (Section 28 (2) No. 3 PfandBG)	%	39.81	—
2. Public-sector bonds			
Public-sector bonds outstanding	€ millions	5,047	5,656
thereof: share of fixed-income Pfandbriefs[1] (Section 28 (1) No. 9 PfandBG)	%	87.37	—
Eligible cover[3]	€ millions	7,200	7,938
thereof: total amount of loans and receivables exceeding the thresholds stated in			
Section 20 (2) No. 2 PfandBG (Section 28 (1) No. 8 PfandBG)	€ millions	—	—
thereof: share of fixed-income cover[1] (Section 28 (1) No. 9 PfandBG)	%	79.12	—
Net present value according to Section 6 Pfandbrief Net Present Value Regulation			
for each foreign currency in euros			
(Section 28 (1) No. 10 PfandBG – balance of asset/liability sides)	€ millions	—	—

1 no appropriate data exist for this prior to 2014
2 including further cover assets according to Section 19 (1) PfandBG
3 including further cover assets according to Section 20 (2) PfandBG

69 Payments in arrears

The total amount of payments in arrears for at least 90 days on receivables used to cover mortgage bonds and their distribution according to the country where the real estate collateral is located is as follows:

(€ millions)

	2014	2013
1. Payments in arrears of at least 90 days	**(1)**	**—**
Germany	(1)	—
2. Payments in arrears of at least 90 days, arrears equal at least 5% of the loan	**(1)**	**—**
Germany[1]	(1)	—

1 The total amount of loans and receivables where the amount in arrears is equal to or greater than >= 5% of the loan or receivable has only been calculated as of 2014; no data for this exist prior to 2014

The total amount of the payments in arrears for at least 90 days on receivables used to cover public-sector bonds and their regional distribution is as follows:

(€ millions)

	2014	2013
1. Payments in arrears of at least 90 days	**—**	**—**
All states	—	—
2. Payments in arrears of at least 90 days, arrears equal at least 5% of the loan	**—**	**—**
All states	—	—

70 Foreclosures and sequestrations

The following table shows the breakdown of foreclosures and sequestrations carried out in 2014:

		OF WHICH IN 2014:	
	NUMBER OF PROCEEDINGS	COMMERCIAL PROPERTY	RESIDENTIAL PROPERTY
1. Foreclosures and sequestrations			
a) Pending at 31 December 2014			
Foreclosure proceedings	347	55	292
Sequestration proceedings	17	3	14
Foreclosure and sequestration proceedings	273	54	219
	637	**112**	**525**
(comparative figures from 2013	686	121	565)
b) Foreclosures finalised in 2014	**70**	**5**	**65**
(comparative figures from 2013	86	9	77)
2. Properties repossessed			
The Pfandbrief bank did not have to repossess any properties during the year			
under review to prevent losses on mortgage loans.			

71 Interest in arrears

Interest in arrears on mortgage-covering assets due between 1 October 2013 and 30 September 2014 breaks down as follows:

(€ millions)

	2014	2013
Interest in arrears	**—**	**—**
Commercial property	—	—
Residential property	—	—

The present annual financial statements were prepared on 2 March 2015.

UniCredit Bank AG
The Management Board

Dr Bohn | Buschbeck | 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, 2 March 2015

UniCredit Bank AG
The Management Board

Dr Bohn   Buschbeck   Diederichs   Hofbauer

Laber   Varese   Dr Weimer

Auditor’s Report

Independent Auditors’ 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 UniCredit Bank AG, Munich, for the business year from 1 January to 31 December 2014. 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 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, 9 March 2015

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