HypoVereinsbank

UniCredit Group

Interim Report at September 30, 2008

Disclaimer
This edition of our quarterly financial report is prepared for the convenience of our English-speaking readers. It is based on the German original, which takes precedence in all legal respects.

Published by:
Bayerische Hypo- und Vereinsbank
Aktiengesellschaft
Head Office
D-80311 Munich
www.hvb.com
Registrar of companies: Munich HRB 421 48
Layout: Mercurio S. r. L., Milan
Typesetting: Layoutsatz 2000 GmbH & Co. KG, Munich
Printed by: Druckerei Kriechbaumer
Print deadline: November 14, 2008
Publication date: November 21, 2008
Printed in Germany

Contents

Financial Highlights

Key indicators	1/1–30/9/2008	1/1–30/9/2007[1]
Return on equity after tax, adjusted[2, 3]	(3.7)%	14.0%
Return on equity after tax[2]	(3.7)%	16.4%
Return on equity before tax, adjusted[2, 3]	(3.5)%	22.4%
Return on equity before tax[2]	(3.5)%	27.9%
Cost-income ratio (based on total revenues)	75.9%	51.4%

Operating performance	1/1–30/9/2008	1/1–30/9/2007[1]
Operating profit	€829m	€2,590m
Profit before tax	€70m	€2,446m
Net profit/(loss)	€(64)m	€1,447m
Earnings per share, adjusted[3]	€(0.08)	€1.60
Earnings per share	€(0.08)	€1.84

Balance sheet figures	30/9/2008	31/12/2007
Total assets	€438.4bn	€422.1bn
Shareholders' equity	€23.2bn	€24.0bn

Key capital ratios	compliant with Basel II	30/9/2008 compliant with German Banking Act (KWG)	31/12/2007 compliant with German Banking Act (KWG, Principle I)
Core capital[4]	€23.4bn	€23.4bn	€23.6bn
Risk-weighted assets (including equivalents for market risk and operational risk)	€153.4bn	€164.0bn	€145.5bn
Core capital ratio[4,5]	15.3%	14.3%	16.2%

	30/9/2008	31/12/2007
Employees	24,885	24,784
Branch offices	849	846

1 without discontinued operations
2 return on equity relating to 6.8% tied equity capital as a proportion of average risk-weighted assets compliant with German Banking Act (KWG)/Principle I
3 2007 adjusted for the effect arising from interest payable on the purchase price relating to the disposal of discontinued operations and the gain on disposal of Indexchange and Munich Re, restructuring costs and tax charges arising from German tax reforms
4 31/12/2007 pro forma: based on approved financial statements including the transfer of €3.7 billion to reserves approved by the Annual General Meeting of Shareholders on July 30, 2008
5 calculated on the basis of risk-weighted assets including equivalents for market risk and additionally for Basel II operational risk

Ratings

	LONG-TERM	SHORT-TERM	OUTLOOK	FINANCIAL STRENGTH	CHANGED/ CONFIRMED	PFANDBRIEFS PUBLIC	PFANDBRIEFS MORTGAGE	CHANGED/CONFIRMED
Moody's	A1	P-1	stable	C–	7/10/2008	AAA	Aa1*	13/6/2008*, 17/6/2008
S & P	A+	A-1	negative	—	6/10/2008	AAA	—	30/11/2007
Fitch Ratings	A	F1	negative	B/C	2/10/2008	AAA	AAA	17/6/2008

Business Performance

Significant events in the third quarter of 2008 and general comments on the business situation

On September 15, 2008, Munich Court of Registration entered the compulsory cash settlement payable to minority shareholders of HypoVereinsbank, as adopted at the Annual General Meeting of Shareholders in June 2007 and already announced in January 2007 in the form of a squeeze-out procedure by UniCredit S.p.A. compliant with Section 327a of the German Stock Corporation Act (AktG), in the Commercial Register maintained by Munich Local Court. Since that date, 100% of the capital stock of Bayerische Hypo- und Vereinsbank Aktiengesellschaft, Munich, has been held by the majority shareholder UniCredit S.p.A., Rome, Italy, which previously held 95.4% of HVB's capital stock. The HypoVereinsbank shares in free float were transferred to UniCredit against a cash settlement of €38.26 per share.

Moreover, upon completion of the squeeze-out (which took effect when entered in the Commercial Register), official trading in the common bearer stock of HVB ceased on all German stock exchanges as well as the Vienna stock exchange, Euronext in Paris and the SWX Swiss Exchange, and the admission to listing was revoked. Trading in American Depositary Receipts (ADRs) on the New York Stock Exchange has also now ceased. The payments to be made to the minority shareholders were posted to the respective accounts on September 18, 2008. Thus, trading in HypoVereinsbank shares has officially ceased. HypoVereinsbank does, however, remain listed on securities exchanges as an issuer of debt instruments such as pfandbriefs and certificates.

The first nine months of the 2008 financial year were overshadowed by a further severe deterioration of the global financial crisis in the third quarter. In this context, the bankruptcy of the US investment bank Lehman Brothers in mid-September 2008 in particular led to a worldwide crisis of confidence, which has had negative consequences for the entire banking sector. Against this backdrop, counterparty risk rose to previously unseen levels. This profound crisis of confidence resulted in huge liquidity bottlenecks throughout the finance system, most notably on the money market which practically came to a standstill. Furthermore, the stock markets were hit by collapsing prices, with financial shares in particular experiencing unusually large falls. The effects of the financial crisis became even more serious in October, causing central banks and governments to react to the problematic developments to an unprecedented extent with an internationally coordinated package of measures aimed at rescuing and stabilising the banking system. This included providing the finance industry with capital and liquidity, buying assets and extending state guarantees for customer deposits. HypoVereinsbank expressly welcomes the German financial markets stabilisation programme set up by the German government as a decisive, comprehensive and fast response to the current financial crisis, which has thus helped to calm the markets.

After the first nine months of 2008, we at HVB Group can report profit before tax of €70 million thanks to the stable development of our divisions not directly affected by the financial crisis and our solid business model. A loss before tax of €296 million arose in the third quarter of 2008 as a result of the extraordinarily difficult market situation. The modifications to IAS 39.50 and IFRS 7 "Reclassification of Financial Assets" adopted by the IASB coupled with their approval by the European Union in mid-October 2008 and their transformation into Europan law made it possible, under certain circumstances (notably including the modified intent of management), for the financial industry to reclassify some financial instruments classified as held for trading and available for sale. We made use of this option in the third quarter with retroactive effect from July 1, 2008, applying IAS 39.103G to reclassify financial instruments from financial assets held for trading to loans and receivables with banks and customers. The reclassification had a positive effect on our income statement in a total amount of €699 million in profit before tax. For more detailed information regarding the reclassification of financial instruments compliant with IAS 39.50 and IFRS 7, please refer to Note 1, "Accounting and valuation principles".

The operating profit of €829 million recorded by HVB Group was driven by the divisions not directly affected by the financial crisis – Retail, Corporates & Commercial Real Estate Financing, and Wealth Management – all of which performed satisfactorily overall against the backdrop of the uncertain market conditions. Particularly pleasing is the excellent operating performance of the Corporates & Commercial Real Estate Financing division, which was able to expand the already high contribution it made to profits after six months of 2008 in the difficult environment of the third quarter of 2008. After nine months of the current financial year, the operating profit reported by this division had increased by 6.6% year-on-year to total €763 million.

At the same time, the results of the Markets & Investment Banking division in particular were affected by the extremely difficult capital market environment caused by the considerable market turmoil and the collapse of various banks. It recorded an operating loss of €469 million primarily on the back of a net trading loss of €801 million. The main factors contributing to the net trading loss included losses of €560 million on ABS products, a "loss" of €156 million on the bankruptcy of Lehman Brothers and losses in the Structured Credit unit. Other operating units within this division (such as Fixed Income, Structured Equity, Financing, or Capital Markets/Advisory) made strong positive contributions to the operating result. Alongside the weak operating performance, the division's loss before tax of €848 million can be attributed to higher net write-downs of loans and provisions for guarantees and commitments together with a loss in net income from investments. The reclassifications described above impact solely on the Markets & Investment Banking division, where they led to a positive effect of €699 million in profit before tax.

The net loss after tax and minorities at HVB Group totalled €64 million after nine months. Nevertheless, HypoVereinsbank has a solid foundation built on its strong capital base and its diversified business model, which is absolutely essential in this critical environment. The core capital ratio (Tier I ratio) amounted to 15.3% at the end of September, which is outstanding by both international and domestic standards. At 1.21, the liquidity ratio of HVB AG at September 30, 2008 compliant with Section 11 of the German Banking Act (KWG) remains solid, even in a difficult interbank market, providing HVB Group with a sure footing. Secured and unsecured funds show a healthy diversification in terms of both maturity and product variety. Thanks to our business model coupled with a solid capital and funding base and a good market position in our core business activities, we remain a reliable partner for all customers and investors.

At this point, we would expressly like to thank our employees and their representatives. Their willingness to embrace change and at the same time to help secure our commercial success is extremely important for our business performance, especially in this difficult and irrational market environment. This gives us the confidence in our own capabilities we need to master the increasing challenges of the future as well.

Operating performance of HVB Group

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

Net interest income

Net interest income increased by €72 million, to €2,877 million. The total includes an effect of €70 million caused by reclassifying certain financial instruments from financial assets held for trading to loans and receivables. Without this effect, net interest income would have been the same as last year.

Within the total, higher year-on-year interest income from trading operations together with, among other things, lower refinancing expenses for the trading portfolios in the investment banking activities of UniCredit Banca Mobiliare S.p.A.[1] (UBM) transferred to HVB AG in April 2007 and favourable effects arising from the initial consolidation of special purpose entities and leasing companies served to offset the non-recurring effect of €93 million generated in the previous year. This non-recurring effect arose in connection with the sale of the discontinued operations by the inflow of the contractually agreed interest payments on the purchase price for the period between the Extraordinary Shareholders' Meeting in October 2006 and the actual disposal date in the first quarter of 2007.

Interest income from dividends and other income from equity investments decreased by €102 million to €160 million, mainly due to the significant decline in dividends paid by private equity funds in line with the general market trend.

1 the effects caused by the investment banking activities transferred from UBM in the period from January 1 to March 31, 2008 are similar to initial consolidation and are hence referred to as such below

Business Performance (Continued)

Net fees and commissions

Net fees and commissions fell to €1,118 million at the end of September 2008, after €1,340 million last year, due to the persistent uncertainties on the capital markets which significantly intensified ever further in the third quarter of 2008. In particular, our customers' restraint in connection with the turmoil on the financial markets and the resulting change in investment behaviour led to a significant decline in our fee and commission income in the securities business. In the unfavourable market environment this year, none of the divisions was able to repeat the good results achieved last year. Notably, the Markets & Investment Banking division, which has been hit hardest by the financial crisis, reported half the amount stated for net fees and commissions last year.

Net trading income

After the first nine months of this year, HVB Group reported a net trading loss of €819 million. At the same time, it should be noted that the reclassifications of financial instruments with effect from July 1, 2008 as already described had a positive impact of €709 million.

The net trading loss at the end of September 2008 was mainly caused by the negative effects in ABS products, which amounted to a loss of €560 million after reclassification. In addition, the total includes negative effects of €156 million arising from the bankruptcy of the US investment bank Lehman Brothers and losses in the Structured Credit unit. However, we were also able to generate positive contributions to earnings in some business areas such as Fixed Income and Structured Equity.

A profit of €857 million was reported in the previous year on the back of an exceptionally favourable capital market environment in the first half of 2007.

Operating costs

Operating costs declined by 4.5% year-on-year, to €2,613 million, despite the net increase in expenses from initial consolidation and deconsolidation effects, due among other things to the transfer of the investment banking activities of the former UBM at April 1, 2007. Adjusted for all initial consolidation, deconsolidation and currency effects, operating costs even fell by 7.0% compared with last year. Adjusted for consolidation and currency effects, payroll costs also declined by 8.2%, primarily as a result of the lower expense for profit-related bonus payments in the Markets & Investment Banking division together with a reduction in headcount. Other administrative expenses decreased by 6.7%, while amortisation, depreciation and impairment losses on intangible and tangible assets rose a slight 1.6%.

Operating profit

An operating profit of €829 million was achieved after nine months of 2008 (previous year: €2,590 million). Despite the lower operating costs, the cost-income ratio still stood at 75.9% at September 30, 2008 (percentage of total revenues made up by operating costs), reflecting the drag on earnings in the Markets & Investment Banking division. Hence, the cost-income ratio is not truly indicative of sustained profitability. But at 58.1% overall for all other divisions, the cost-income ratio is at a good level.

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

Net write-downs of loans and provisions for guarantees and commitments increased by 24.4% to €617 million at September 30, 2008. This includes the net write-downs of loans and provisions for guarantees and commitments of €193 million for Iceland exposures that arose during the financial crisis. In addition, reclassification effects from the formation of specific and portfolio allowances for the reclassified volume of assets compliant with IAS 39.50 produce a negative item of €80 million. In contrast, loan-loss provisioning requirements for the Special Credit Portfolio under the Other/consolidation segment have noticeably decreased compared with the previous year.

Net income from investments

The net loss from investments amounted to €124 million at September 30, 2008. This figure notably includes valuation expenses of €109 million arising from financial instruments available-for-sale mainly driven by impairments to ABS securities.

In the previous year, net income from investments stood at €390 million. This total benefited primarily from the gains of €219 million realised on the sale of Indexchange Investment AG to Barclays Bank PLC, of €47 million on the sale of Norddeutsche Investment-Gesellschaft mbH (Nordinvest) to the Pioneer Group in the first quarter of 2007 and of €113 million from the sale of the remaining shares in Münchener Rückversicherungs-Gesellschaft AG (Munich Re) in the second quarter of 2007.

Profit before tax, income tax and net profit

Profit before tax stood at €70 million after nine months of the current financial year. Last year, in much more favourable market conditions, we generated a profit before tax of €2,027 million adjusted for non-recurring effects (non-recurring effects from interest payments on purchase prices and gains on the disposal of Indexchange and Munich Re carried under net income from investments).

We report a tax expense of €109 million under income tax at September 30, 2008. In 2007, a tax expense of €926 million was reported principally on account of the much higher profit before tax.

The loss after tax and minorities stood at €64 million after the first nine months of 2008 after a profit of €1,447 million in the previous year (profit adjusted for non-recurring effects in the previous year: €1,257 million).

Segment results broken down by division

The divisions contributed the following amounts to the profit before tax of HVB Group of €70 million:

Markets & Investment Banking	loss of €848 million
Corporates & Commercial Real Estate Financing	€582 million
Retail	€192 million
Wealth Management	€97 million
Other/consolidation	€47 million

The income statements of each division and comments on the performance of the divisions are provided in Note 2, “Segment reporting”, in the present Interim Report. The components and targets of divisions are described in detail in Note 26, “Notes to segment reporting by division”, in the 2007 Annual Report.

Financial situation

Total assets

The total assets of HVB Group amounted to €438.4 billion at September 30, 2008. This represents an increase of €16.3 billion, or 3.9%, compared with the 2007 year-end total. Compared with June 30, 2008, the total assets fell by €10.9 billion, or 2.4%.

The increase in total assets over the 2007 year-end figure is primarily due to a rise of €23.4 billion in loans and receivables with banks. Loans and receivables with customers increased by €15.9 billion, whereas financial assets held for trading decreased by €23.2 billion. Compared with June 30, 2008, financial assets held for trading fell by €25.0 billion. In contrast, loans and receivables with banks increased by €2.5 billion and loans and receivables with customers by €11.7 billion. In this connection, it should be taken into account that the change in the items described is mainly related to the effects of reclassification (reclassification effect: financial assets held for trading down €14.6 billion, loans and receivables with banks up €4.5 billion and loans and receivables with customers up €10.1 billion).

The increase in total liabilities is largely attributable to the strong increase of €12.9 billion in deposits from banks, the €8.2 billion rise in deposits from customers and the €5.2 billion growth in financial liabilities held for trading. In contrast, our debt securities in issue declined by a significant €9.0 billion. Compared with June 30, 2008, deposits from banks declined by €6.9 billion and financial liabilities held for trading by €5.4 billion, while deposits from customers rose by €2.8 billion.

Shareholders’ equity declined by €0.8 billion in the first nine months of 2008 to €23.2 billion. Besides the dividend of €0.4 billion paid out for the 2007 financial year, this development is due to a reduction of €0.5 billion in the valuation of financial instruments. The available-for-sale reserve fell in the difficult stock market environment by €638 million, to a negative €19 million, compared with the 2007 year-end total. In this connection, negative fair value fluctuations of our holdings, such as our shareholding in Babcock & Brown (down €160 million), had a negative impact. Negative market fluctuations arising from ABS securities classified as available for sale for which there were no impairment criteria compliant with IAS 39.59 and otherwise no impairment losses were to be made, accounted for a loss of €144 million. In contrast, the hedge reserve increased by

Business Performance (Continued)

€173 million compared with year-end 2007. The consolidated profit of €3.7 billion remaining after the dividend payout was transferred to other reserves. Compared with the status at the end of June, shareholders' equity declined slightly as a whole, by 2.3% or €0.5 billion, chiefly on account of the dividend payment.

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

The risk-weighted assets for credit risks of HVB Group determined on the basis of Basel II (KWG/Solvency Ordinance (SolvV)) by applying partial use amounted to €134.4 billion at September 30, 2008 (including counterparty default risk in the trading book; without market and operational risk). Risk-weighted assets rose by €1.5 billion compared with June 30, 2008. This increase includes the effect from the reclassification of financial assets held for trading to loans and receivables, which serves to increase risk-weighted assets by €4.4 billion. The securitisation activities conducted in the third quarter partially offset the increase. The risk-weighted assets including equivalents for market and operational risk totalled €153.4 billion (effect of reclassification: €4.4 billion).

The risk-weighted assets of HVB Group compliant with the German Banking Act (KWG)/Principle I (without market risk) increased by €12.9 billion, to €144.5 billion, compared with year-end 2007. Alongside the reclassification effect (+€11.6 billion), an increase in business activities and a decline in the volume of existing securitisation activities served to inflate the increase. The new securitisation transactions concluded in the third quarter were only able to offset this rise in part. The increase of €5.9 billion in risk-weighted assets since the middle of 2008 can be attributed to the reclassification effect, partially offset by the securitisation transactions conducted in the third quarter. Risk-weighted assets including equivalents for market risk totalled €164.0 billion (effect of reclassification: €11.6 billion).

The main differences between KWG/Principle I and Basel II (KWG/SolvV) arise from the more risk-sensitive determination of the risk-weighted assets under Basel II compared with the static definitions of the risk weightings based on KWG/Principle I. This also applies to the determination of counterparty default risk and the consideration of loan commitments not utilised which also require equity backing under Basel II even if they have a term of one year or less.

Operational risk is a risk component which also requires equity backing under Basel II.

The total lending volume resulting from the 14 current ABS transactions of HVB Group amounted to €38.5 billion under Basel II at September 30, 2008. The reduction in risk-weighted assets that this created stands at €19.7 billion under Basel II and €30.5 billion under KWG/Principle I. Series 1 of Geldilux-TS-2005 and the Wolfgang, Promise Color 2003-1, Building Comfort 2003-1 and Building Comfort 2002-1 transactions ended in the first half of 2008 with a total transaction volume of €7.5 billion. Consequently, a reduction in risk-weighted assets of €3.2 billion under Basel II (KWG/Principle I: €4.4 billion) was reversed. Four new ABS transactions with a total lending volume of €15.4 billion were concluded in the third quarter of 2008. The new transactions – Geldilux TS 2008, Building Comfort 2008, EuroConnect SME 2008 and Permanent SFA Bridge 2008 – serve to reduce the risk-weighted assets of HVB Group by a total amount of €8.5 billion under Basel II.

As a result of the transfer to reserves in the third quarter of 2008 approved at the Annual General Meeting of Shareholders, the core capital of HVB Group for solvency purposes compliant with the German Banking Act rose by €3.8 billion compared with June 30, 2008 to total €23.4 billion at September 30, 2008, while equity funds totalled €28.8 billion. This results in a core capital ratio of 15.3% under Basel II (including equivalents for market risk and operational risk) or 14.3% under KWG/Principle I and an equity funds ratio of 18.8% under Basel II or 17.6% under KWG/Principle I.

A bank's liquidity is evaluated using the liquidity ratio defined in Section 11 of the German Banking Act. This figure is the ratio of cash and cash equivalents available within one month to the payment obligations falling due in this period. Liquidity is considered adequate if the ratio is at least 1.00. At HVB AG, the figure at the end of September 2008 was 1.21 (December 31, 2007: 1.21).

Outlook and events after the reporting date

The following comments on the outlook are to be viewed in connection with the comments on the outlook in the Financial Review and the Risk Report in the consolidated financial statements for the 2007 financial year.

The economic climate has worsened continuously during the course of 2008. This is true of the global economy as a whole, and notably for the United States. In Europe, we expect the euro area to post GDP growth of at most 1.2% at year-end after 2.6% in 2007. The expansion of capital spending will slow significantly compared with 2007. The pressure on the German real economy is set to increase further; capital spending and exports as well as private consumption are expected to fall sharply in the fourth quarter of 2008. However, GDP growth (not adjusted for calendar effects) will still total 1.8% for 2008 as a whole (2007: 2.5%) on account of the strong first quarter of 2008.

For the financial services industry in general and the banks in particular, results at year-end 2008 will be hit heavily by the financial crisis. The already difficult funding situation for banks could deteriorate further. The rescue packages put together by a number of European governments, comprising temporary shareholdings, debt guarantees and the purchase of illiquid assets, will probably help to shield the financial services sector from further instability. The expected greater state regulation of banks will have an impact on the business models of the financial institutions.

In terms of net write-downs for the 2008 financial year, we do not expect to be able to repeat in 2008 the low level for the whole of the 2007 financial year, which was caused among other things by the net releases in the Markets & Investment Banking division and the successes in reducing the remaining portfolios from the former Real Estate Restructuring segment. We assume that net write-downs in 2008 will settle down at around the same level for HVB Group without discontinued operations as in 2005 and 2006, partly as a result of the fallout from the financial crisis.

The extremely difficult market conditions in the third quarter continued unabated on the trading side in October 2008. Partly against this backdrop, the performance for the year as a whole remains largely dependent on what happens next in the financial crisis and its influence on the real economy, and is consequently impossible to forecast with any certainty at this point in time.

Within the context of the financial crisis, the investment banking industry in particular is experiencing a period of fundamental change. In response to this, the Markets & Investment Banking division has drawn up measures aimed at repositioning and reinforcing its business model and deploying resources purposefully. This move is intended to ensure that the greatest possible efficiency can still be achieved in the current market environment. The division will focus on its core activities and core markets in which the key customers of the UniCredit Group are given the best possible service. This will also involve it concentrating on the areas of competence that have a strong connection with the customer base of the UniCredit Group.

The rapidly worsening underlying conditions coupled with the current market scenario demand a constant, ever stronger focus on the management of all cost positions. Thus around 700 posts are slated for elimination in the Markets & Investment Banking division during 2009. All options available will be used keep the immediate effects for the division’s employees to an absolute minimum. These include natural fluctuation and staff transfers within the UniCredit Group. A final decision will probably be made at the start of 2009.

Risk Developments

HVB Group as a risk-bearing entity

As a rule it is not possible to earn income in the banking business without incurring risk. By definition, risk entails the possibility of a negative future development of the economic state of HVB Group. Consequently, the conscious handling, active management and ongoing monitoring of risk are core elements of the profit-oriented management of business transactions by HVB Group.

We therefore regard it as one of our core tasks to apply these considerations in order to achieve a consistent integration of profitability and risk criteria in all divisions and functions of the Bank. In this regard, we expect the further development of the structural organisation of the Chief Risk Officer (CRO) organisation to yield additional improvements to our efficiency. We have simplified the approval processes in the Senior Risk Manager organisation by establishing six Global Industry Team leaders at the UniCredit Group level and Regional Industry Team Leaders at the HVB Group level at the beginning of November 2008. At the same time the non-operational CRO departments will be pooled in the new Strategic Risk Management and Control unit. In addition, the operational credit units responsible for the Retail division will be transferred to CRO at the beginning of 2009 as a new Risk Officer Retail unit.

For a description of the risk types and risk measurement processes, we refer to the 2007 Annual Report and the 2008 Half-yearly Financial Report.

Economic capital adequacy

Under the annual planning process the future economic capital requirements of the divisions – broken down by risk type – are determined in close cooperation between Risk Control and the individual operating units. After approval by the Management Board of HVB AG, these economic capital parameters are anchored in the control and reporting instruments of the Bank. They serve as a basis for a quarterly comparison between the targets and the actual values of the parameters, which is reported to the Chief Risk Officer.

The confidence level applied when determining the economic capital has been raised from 99.95% to 99.97% as part of the review and refinement of our risk measurement methods effective as of the beginning of 2008. In addition, the correlation matrix used in the aggregation of the risk types for 2008 has been reviewed and updated. The figures at December 31, 2007 have been adjusted accordingly. Taking into account these changes gives rise to a net increase of €0.2 billion, or 4.8%, in economic capital for HVB Group at December 31, 2007.

Economic capital after portfolio effects
(confidence level 99.97%)

	SEPTEMBER 2008		DECEMBER 2007	
	€ millions	in %	€ millions	in %
Broken down by risk type				
Market risk	494	8.2	254	5.2
Credit risk	2,830	47.0	2,032	41.4
Business risk	518	8.6	479	9.8
Operational risk	802	13.3	849	17.3
Risks arising from the Bank's real estate portfolio	601	10.0	653	13.3
Risks arising from shareholdings/financial investments	774	12.9	636	13.0
HVB Group	**6,019**	**100.0**	**4,903**	**100.0**
Capital cushion to cover risks, HVB Group	**25,201**		**22,037**	
Utilisation, in %, HVB Group	**23.9**		**22.2**	

As a result of this, the utilisation of the capital cushion rises by one percentage point to 22.2%. In the fourth quarter of 2008 we will continue with the process of the ongoing review and development of our risk measurement methods for business risk and investment risk and address the aggregation of risk types.

Our aggregated economic capital (including minority interests) for HVB Group totalled €6.0 billion at September 30, 2008, taking into account all risk-reducing diversification effects, representing an overall increase of 23% over year-end 2007 and 13% over the second quarter of 2008. At €2.8 billion, or 47% of the total, the economic capital for credit risk has increased and remained the largest risk position at September 30, 2008. The rise in market risk as compared with the figure at year-end 2007 is essentially due to continuing developments on the capital markets. Investment risk rose primarily on account of the differentiated inclusion of Wealth Management Capital Holding GmbH and other private equity investments. Without taking method developments into account, we expect the economic capital for credit risk to increase over the coming months on account of the reclassified securities portfolios.

In a quarterly analysis of our ability to support risk, we measure our economic capital against the capital cushion available to us to cover risk. According to our internal definition, the capital cushion is made up of IFRS capital components, participatory certificates and hybrid capital, reserves and the actual result. Minority interests are included and goodwill is deducted. The capital cushion for HVB Group amounted to €25.2 billion at September 30, 2008 (comparable figure at December 31, 2007: €22.0 billion). The change compared with year-end 2007 results primarily from the amount of consolidated profit for 2007 transferred to retained earnings together with the lower AfS reserve in the first three quarters of 2008. With an aggregate economic capital of €6.0 billion, this represents a utilisation of approximately 23.9% of the cushion.

In addition, this sustainability analysis is carried out with an internally defined forecasting horizon as a component of our planning process. To complement our detailed annual plan for 2008, our three-year plan was prepared in the second quarter of 2008.

Even taking into account the results of risk type-specific stress test results, we had a substantial buffer in the capital cushion at the level of HVB Group.

Risk types in detail

No significant methodological changes were made to risk management or risk monitoring to the individual risk types compared with the 2007 Annual Report during the first three quarters of 2008. Consequently, we refer to the statements made starting on page 82 of the HVB Group Annual Report for 2007 in this regard. Where minor developments affecting individual risk types have taken place, these are described under the risk type concerned.

As already mentioned, the confidence level and the correlation matrix for determining the economic capital have been adjusted in the measurement methodology of the individual risk types, apart from liquidity risk and strategic risk.

1 Credit risk

In the context of Basel II, HVB AG uses the IRB Advanced Approach for credit risk; the remaining members of HVB Group are currently determining the appropriate capital funding according to the regulations of the standard approach to credit risk under the Solvency Ordinance (SolvV). In the course of 2008, we have been optimising the rating systems and processes that have already been audited. This optimisation will continue in the fourth quarter of 2008. At present we are also focussing on the development and implementation of further rating procedures, notably in the Corporates & Commercial Real Estate Financing division, with a view to facilitating additional business opportunities with adequate capital used. Activities are also getting underway for the roll-out of the IRB Advanced Approach at selected subsidiaries.

In connection with the audit activities, the German banking supervisory authorities also audited and approved our new credit risk system. On the basis of this new system platform we have harmonised the data model used for regulatory capital backing and the relevant risk parameters for HVB AG with the valid approaches for internal risk measurement. This ensures that the regulatory and economic risk parameters are comparable within the framework of an integrated solution.

Risk Developments (Continued)

An increase of €16.9 billion (7.3%) in credit and counterparty exposure of HVB Group was recorded in the first three quarters of 2008. The following changes were seen in the structure of the loan portfolio in terms of industries. Relatively large declines were seen above all in the categories of retail customers (€4.2 billion), food/consumer goods/services (€2.5 billion) and construction (€1.5 billion). They were considerably outweighed by increases in exposures in the categories banks and insurers (€7.9 billion), other (€5.9 billion) and mechanical engineering and steel (€4.5 billion).

The core portfolio, defined as the full HVB Group portfolio minus the remaining exposures assigned to the former Real Estate Restructuring segment, increased by 7.7% in the first three quarters of 2008 to €246 billion. Substantial growth in exposures in the core portfolio was seen in the Markets & Investment Banking division (with an increase of €13.6 billion, or 16.4%) and the Corporates & Commercial Real Estate Finance division (€11 billion, or 14.8%) in particular. By contrast, exposures in the Retail division decreased by €3.2 billion, or 6.7%, and in Other by €4.2 billion. The decrease of exposures under Other is primarily due to the disposal (as planned) of non-strategic portfolios. The Bank is planning to reduce its exposure in non-strategic loan portfolios further during the rest of the year, in line with its business strategy.

Within the core portfolio there was a significant increase of €12.3 billion (11.5%) in the rating classes 1–4. Despite the €4.5 billion increase in exposures in the rating classes 5–8, the share of this segment in the total portfolio decreased 1.2 percentage points. Exposures in rating classes 9 and 10 declined by €0.4 billion to €5.5 billion.

At September 30, 2008, HVB Group had net write-downs of loans and provisions for guarantees and commitments amounting to €617 million for the first three quarters of 2008. More details on net write-downs of loans and provisions for guarantees and commitments can be found in Note (7).

Breakdown of loan default exposure and counterparty exposure by industry sector

€ billions

	September 2008	December 2007
Industry sector		
Banks and insurers	49.4	41.5
Retail customers	37.5	41.7
Construction	36.2	37.7
Food, consumer goods, services	28.1	30.6
Chemicals, health, pharmaceuticals	13.3	13.7
Mechanical engineering, steel	12.9	8.4
Transportation	12.5	11.3
Utilities	12.4	11.0
Other	11.9	6.0
Public sector	10.4	10.1
Electrical, IT, communications	6.7	4.9
Automotive	6.3	5.3
Mineral oil	5.6	4.2
Media, printing, paper	4.6	4.5
HVB Group	**247.8**	**230.9**

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

Breakdown of loan default exposure and counterparty exposure by rating class – core portfolio

	SEPTEMBER 2008		DECEMBER 2007	
	€ billions	in %	€ billions	in %
Rating				
Free of credit risk	4.2	1.7	9.3	4.1
Not rated	15.2	6.2	9.0	3.9
Rating 1–4	119.5	48.6	107.2	46.9
Rating 5–8	101.6	41.3	97.1	42.5
Rating 9–10	5.5	2.2	5.9	2.6
HVB Group	**246.0**	**100.0**	**228.5**	**100.0**

Financial derivatives
HVB Group uses financial derivatives primarily to manage market price risk (in particular risk arising from interest rate fluctuations and currency fluctuations) arising from trading activities. They also serve to provide cover for on- and off-balance-sheet items within asset/liability management or, in the case of credit derivatives, to manage credit risk.

The total nominal amount of worldwide derivative transactions of HVB Group amounted to €4,402 billion (December 31, 2007: €4,517 billion).

In accordance with the regulatory requirements to Basel II (German Banking Act (KWG)/Solvency Ordinance), and applying so-called partial use based on individual risk weightings and taking into account legally enforceable bilateral netting agreements and the collateral provided by borrowers, the risk-weighted assets of HVB Group at September 30, 2008 totalled €14.9 billion.

Under the German Banking Act/Principle I the risk-weighted assets of HVB Group totalled €9.5 billion (December 31, 2007: €8.3 billion).

Derivatives transactions

€ millions

	NOMINAL AMOUNT					FAIR VALUE			
	RESIDUAL MATURITY			TOTAL	TOTAL	POSITIVE		NEGATIVE	
	UP TO 1 YEAR	1 TO 5 YEARS	MORE THAN 5 YEARS	30/9/2008	31/12/2007	30/9/2008	31/12/2007	30/9/2008	31/12/2007
Interest rate derivatives	**1,097,117**	**1,212,772**	**899,179**	**3,209,068**	**3,382,140**	**33,030**	**32,992**	**32,739**	**31,725**
Foreign exchange derivatives	**410,123**	**105,100**	**46,225**	**561,448**	**481,942**	**12,898**	**9,402**	**12,563**	**8,581**
Equity/index derivatives	**86,456**	**130,867**	**13,856**	**231,179**	**243,342**	**11,952**	**13,560**	**14,925**	**16,929**
Credit derivatives	**32,956**	**282,424**	**75,722**	**391,102**	**405,032**	**9,860**	**3,081**	**9,171**	**3,473**
Protection buyer	14,850	138,807	39,722	193,379	201,435	9,455	2,753	546	598
Protection seller	18,106	143,617	36,000	197,723	203,597	405	328	8,625	2,875
Other transactions	**3,851**	**4,432**	**916**	**9,199**	**4,625**	**590**	**723**	**909**	**669**
HVB Group	**1,630,503**	**1,735,595**	**1,035,898**	**4,401,996**	**4,517,081**	**68,330**	**59,758**	**70,307**	**61,377**

Risk Developments (Continued)

Derivatives transactions by counterparty type

				€ millions
	FAIR VALUE			
	POSITIVE		NEGATIVE	
	30/9/2008	31/12/2007	30/9/2008	31/12/2007
Central governments (and central banks)	467	321	210	298
Banks	51,901	46,256	53,494	47,417
Financial institutions	13,506	11,071	15,097	11,817
Other companies and private individuals	2,456	2,110	1,506	1,845
HVB Group	**68,330**	**59,758**	**70,307**	**61,377**

Development of country risk

In 2008 the exposures of HVB Group entailing country risk have increased by €6.6 billion to €60.6 billion. The portfolio of HVB Group shows good regional diversification and has a strong focus on Western European countries, where total exposures amount to €35 billion (57%) and have increased by €7.5 billion in 2008. Growth markets are the UK and Switzerland.

2 Market risk

When the main assets and associated liabilities of UniCredit Banca Mobiliare (UBM) were transferred to HVB AG in the second quarter of 2007, its portfolios were included in the Bank's internal model used to measure internal market risk with effect from April 2, 2007. By the end of 2008, we will be looking to incorporate the portfolios of the former UBM in the internal model for both internal reporting and the regulatory reports. At present, the regulatory reporting is based on the sum of the results from HVB AG's internal model and the internal model of the former UBM.

We check the appropriateness of the methods used to measure market risk by means of periodic back-testing that compares the value-at-risk (VaR) calculations with the market value changes (hypothetical P/L) derived from the positions. There were seven back-testing exceptions to report in the first three quarters of the year. This means that a total of nine exceptions have been reported to the regulatory authorities in the last 250 days. At least one of these exceptions is not attributable to the poor forecasting quality of the risk model. Another four exceptions are currently being assessed by the German Financial Supervisory Authority (BaFin) to determine whether they are relevant. Only four of the exceptions are taken into account for determining the add-on factor in accordance with the German Solvency Ordinance (SolvV). Consequently, no increase is needed at present in the quantitative add-on factor for the regulatory capital requirement.

The aggregate market risks shown in the table arose during the course of the first three quarters of the year for our trading positions at HVB Group. The increase in market risks in the first and especially the third quarter of 2008 results from widened credit spreads and their greater volatilities, and not from an increase in the portfolios. We expect the reclassification of securities portfolios to have a risk-reducing effect in the coming quarters.

At €0.49 billion, the economic capital for market risks at HVB Group has increased since December 2007 because of the ongoing developments in the capital markets.

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

€ millions

	AVERAGE First three quarters of 2008[1]	30/9/2008	30/6/2008	31/3/2008	AVERAGE 2007[1]	31/12/2007	30/9/2007	30/6/2007
HVB Group	**61**	**78**	**52**	**53**	**24**	**36**	**24**	**19**

1 arithmetic mean

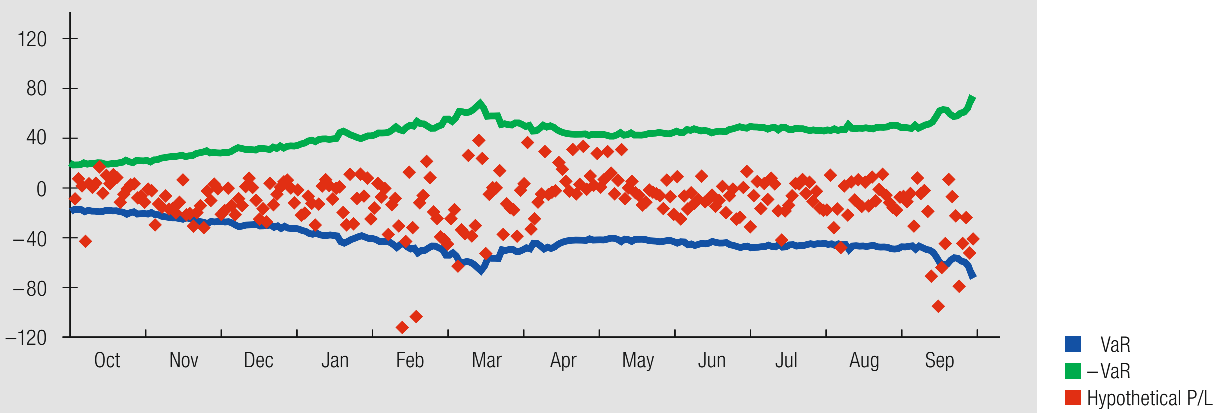
Market risk from trading activities of HVB Group
(value-at-risk, 99% confidence level, one-day holding period)

€ millions

	AVERAGE First three quarters of 2008[1]	30/9/2008	30/6/2008	31/3/2008	AVERAGE 2007[1]	31/12/2007	30/9/2007	30/6/2007
Interest rate positions (incl. credit spread risks)	54	68	44	49	16	31	14	9
Foreign exchange derivatives	6	9	5	4	3	3	3	3
Equity/index derivatives	14	13	14	14	8	8	9	9
Diversification effect[2]	(19)	(22)	(17)	(17)	(9)	(11)	(10)	(8)
HVB Group	**55**	**68**	**46**	**50**	**18**	**31**	**16**	**13**

1 arithmetic mean; the value for the diversification effect is recalculated on the basis of the individual risk categories
2 because of the diversification effect between the risk categories, the total risk is less than the sum of the individual risks

Back-testing of internal model: trading activities HVB AG 2007/08 (€ millions)



Risk Developments (Continued)

At September 30, 2008, the banking book of HVB Group contained market risks of €25 million with a one-day holding period (December 31, 2007: €19 million).

A downward shift in yield curves by 100 basis points (interest sensitivity) at September 30, 2008 results in a decrease in value of €24.39 million (0.08% of the regulatory equity capital) in the banking book of HVB Group (December 31, 2007: a decrease of €2.335 million).

Value change in case of an interest shock of –100 BP
at September 30, 2008

		€ millions
	HVB GROUP BANKING BOOK	HVB GROUP BANKING BOOK (31/12/2007)
Total	(24.386)	(2.335)
up to 1 year	(12.015)	(9.127)
1 to 5 years	(1.205)	5.269
more than 5 years	(11.166)	1.523

A 10% devaluation of all foreign currencies (FX sensitivity) results in a decrease in the portfolio value of €13.19 million (0.02% of the regulatory equity capital) in the banking book of HVB Group (December 31, 2007: decrease of €24.77 million).

Value change in case of a 10% FX devaluation
at September 30, 2008

		€ millions
	HVB GROUP BANKING BOOK	HVB GROUP BANKING BOOK (31/12/2007)
Total	(13.19)	(24.77)
USD	(13.67)	(4.52)
GBP	2.06	1.35
AUD	(3.13)	(20.03)
CHF	(0.7)	(0.19)
JPY	(1.55)	(3.61)
SGD	0.93	1.00
Other	2.87	1.23

A 20% decrease of all equity and hedge fund prices results in a decrease in the portfolio value of €113.20 million (0.39% of regulatory equity capital) in the banking book of HVB Group (December 31, 2007: decrease of €108.83 million).

Value change in case of 20% decrease in equity prices
at September 30, 2008

		€ millions
	HVB GROUP BANKING BOOK	HVB GROUP BANKING BOOK (31/12/2007)
Total	(113.20)	(108.83)
Equity products	(0.64)	(1.57)
Hedge funds	(112.56)	(107.26)

Any financial impact resulting from interest rate changes, FX devaluations and price reductions in the area of equity and index-linked products is reflected in interest income and trading income.

In addition, regular stress tests and scenario analysis are carried out on the banking books of HVB Group that reveal the loss potential in case of extreme market movements.

In compliance with the Circular of November 6, 2007 of BaFin, the change in the market value of the banking book in case of a sudden and unexpected interest shock of +130/–190 basis points is compared with the Bank's eligible equity funds. With a notional utilisation of 0.06% (December 31, 2007: 0.01%) of its regulatory equity capital at September 30, 2008, HVB Group is well below the reportable outlier value of 20% stipulated by the banking supervisory authorities.

In addition, a dynamic simulation of the net interest income is carried out for HVB AG on a quarterly basis. The future trend in net interest income is simulated in various scenarios in relation to business volume and interest rates. Assuming a constant volume of business, a parallel interest shock of 100 basis points would result in a €180 million decrease in net interest income within the next 12 months (December 31, 2007: decrease of €88 million).

3 Market liquidity risk

Persistently low market liquidity for ABS transactions coupled with wider spreads on securities and CDS positions held especially by financial services providers again demonstrated the impact of the turmoil on the financial markets in the first three quarters of 2008. The direct exposure in the subprime loan segment remains negligible.

4 Liquidity risk

Despite the continuing turmoil on the money and capital markets, HVB Group's liquidity situation remained at a high level during the first three quarters of 2008.

Short-term liquidity risk

Within the framework of our short-term liquidity limit system, which operates under conservative assumptions, we showed an overall positive solid balance for short-term liquidity risk in HVB Group for the next banking day at the end of September 2008. This consists of our available liquidity together with holdings of highly liquid securities that are eligible for refinancing with central banks.

The requirements of the German Liquidity Ordinance (Liquiditätsverordnung; LiqV) were met at all times by the relevant HVB Group units during the first three quarters of 2008.

Funding risk

The funding risk of HVB Group is quite low due to the broad diversification of our funding base with regard to products, markets and investor groups. This ensures that we are able to obtain adequate funding for our lending operations at all times, even during difficult market phases. Longer-term funding developed as planned in the first three quarters of the year. With their high credit quality and liquidity, our Pfandbriefs still remain one of the most important funding instruments.

In general, the liquidity situation on the money and capital markets deteriorated towards the end of the third quarter, due above all to the collapse of the investment bank Lehman Brothers. Liquidity was in short supply throughout the world. HVB Group was able to rely on its diverse funding base and solid liquidity base during this market phase. We are, however, not left unaffected by this trend and, should it persist for a longer period of time, we might possibly need to make greater use of our existing reserves, if required.

5 Other risk types

Operational risk

The economic capital for operational risks of HVB Group amounted to €0.80 billion at September 30, 2008.

Legal risks

Unless described otherwise below, the statements made in the Risk Report for 2007 relating to significant risks arising from legal disputes remain applicable.

As described in the 2007 Annual Report of HVB Group, a number of legal disputes and complaints are pending in connection with investments in Medienfonds in which the plaintiffs raise allegations of improper advice and claims of errors in the prospectus. The number of lawsuits filed against HVB in connection with VIP Medienfonds 4 has increased in 2008. The lawsuits are based mainly on claims that obligations to inform investors prior to signing contracts were not met and that HVB, among other parties, allegedly made errors in the prospectus. So far only a few court rulings have been made, some in the Bank's favour, and others against the Bank. The rulings against the Bank have all been based on claims of violations of obligations to provide information before the signing of contracts; some of the first-instance rulings have been set aside by the court of appeals and referred back to the responsible regional court for new proceedings. With regard to the question of any prospectus liability on the part of HVB, Munich Higher Regional Court will hear a test case pursuant to the Capital Markets Test Case Act (KapMuG) with the objective of clarifying whether the prospectus is faulty and, if so, in which respects, and in this case which of the participants would then be liable for the accuracy of the prospectus and to what extent.

The lawsuits filed regarding the resolutions passed at the Bank's Annual General Meeting of Shareholders on May 23, 2006 among other things approving the spin-off and takeover agreement and the master agreement in conjunction with the transfer of a loan portfolio to a company in the Goldman Sachs Group, have been concluded in favour of the Bank by way of a final ruling published by Munich Higher Regional Court on February 29, 2008.

Risk Developments (Continued)

The special representative, lawyer (Rechtsanwalt) Dr Thomas Heidel, filed an immediate appeal against the ruling of Munich Regional Court I dated January 31, 2008 rejecting his intervention in support of the plaintiffs to the contestation claims regarding the resolutions adopted by the Extraordinary Shareholders' Meeting of HVB on October 25, 2006. Munich Higher Regional Court has not yet decided in this regard. The Annual General Meeting of Shareholders on July 29 and 30, 2008 adopted as provided for confirmatory resolutions regarding the resolutions adopted by the Extraordinary Shareholders' Meeting of HVB on October 25, 2006 as a precautionary measure. In the meantime numerous suits have been filed against the confirmation resolutions. In a ruling dated October 23, 2008, Munich Higher Regional Court suspended the appeal against the ruling issued by Munich Regional Court I on January 31, 2008 until such time as the suits challenging the confirmation resolutions have been concluded with legal effect.

In a ruling dated August 27, 2008, Munich Higher Regional Court decided that the resolution adopted at the Annual General Meeting of Shareholders on June 26 and 27, 2007, to assert alleged claims to damages due to the sale and transfer of Bank Austria and due to the conclusion of the Business Combination Agreement (BCA) as well as the appointment of the special representative were invalid to the extent that they assert claims to compensation resulting from the signing of the Business Combination Agreement (BCA) (item d under agenda item 10 of the Annual General Meeting 2007); the special representative and other former minority shareholders have filed an appeal against denial of leave to appeal with the German Supreme Court, a step also taken by UniCredit, our sole shareholder since September 15, 2008. The special representative has expanded the suit against UniCredit S.p.A., Alessandro Profumo, Dr Wolfgang Sprissler and Rolf Friedhofen submitted on February 20, 2008 and asserted further claims to damages in the amount of at least €2.92 billion. The defendants are convinced that both the original suit and the expanded suit are without foundation.

An extraordinary shareholders' meeting of the company on November 10, 2008 revoked the resolution dated June 27, 2007 regarding the assertion of alleged claims to damages and appointment of the special representative. The respective bodies – Management Board and Supervisory Board – will now decide after extensive legal consultation whether to assert possible damage claims.

On October 19, 2007, Munich Regional Court rejected the application lodged by various minority shareholders of HVB to order arbitration proceedings to determine appropriate compensation and an appropriate cash settlement because of their allegation that the BCA is an undisclosed control and profit transfer agreement; Munich Higher Regional Court rejected the immediate appeal lodged in this regard in its decision dated June 24, 2008.

In a ruling dated April 24, 2008, Munich Regional Court I upheld the motion of HVB to grant clearance and determined that the suits challenging and asking the courts to declare null and void the resolution adopted by the Bank's Annual General Meeting of Shareholders on June 27, 2007 to transfer the shares held by minority shareholders against payment of an appropriate cash settlement (€38.26 per share) do not prevent the transfer resolution being entered in the Commercial Register for the Company; the special representative's writ to join the suits as an intervenor was rejected as inadmissible. Immediate appeals launched by numerous shareholders against this ruling were dismissed by Munich Higher Regional Court in a ruling dated September 3, 2008. As a result, the transfer resolution was entered in the Commercial Register of HVB on September 15, 2008; since that date UniCredit has been the sole shareholder of HVB. In a ruling dated August 28, 2008, Munich Regional Court I rejected the suits pending since 2007 challenging and asking the courts to declare null and void the resolutions adopted by the Annual General Meeting of Shareholders on June 26 and 27, 2007, and notably rejected the suits challenging the squeeze-out resolution also in the main proceeding. The ruling is not yet final because numerous shareholders have appealed.

A shareholder has requested a court ruling stating that UniCredit does not have any rights arising from the shares in the company acquired in connection with the takeover offer. On the basis of the decisions by the Munich Regional Court dated August 28, 2008 and the hearing, we expect this request to be dismissed.

In a ruling dated April 29, 2008, Munich Regional Court I upheld the suits filed by Hypo Real Estate Bank AG and Hypo Real Estate International AG demanding repayment of alleged overpayments of trade tax allocations. HVB has lodged an appeal against this decision, as it believes the claims are without foundation.

Various shareholders have filed suits challenging and requesting the court to declare null and void resolutions adopted by Falke Bank AG (in liquidation) on August 29, 2007; the plaintiffs, among other things, base their suit on the argument that the liquidators of Falke Bank AG (in liquidation) should have recognised claims against HVB in the amount of at least €58 million plus interest in the liquidation balance sheet and asserted such claims against HVB resulting from the combined capital increase against cash and non-cash contributions at Falke Bank AG in 2002. Like HVB, the defendant Falke Bank AG (in liquidation) believes that the claims asserted by the plaintiffs are without merit; however, since it could be required to assert claims against HVB in the event of an adverse ruling, Falke Bank AG (in liquidation) has served a third party notice on HVB as a precautionary measure.

Business risk
The calculated economic capital for business risks of HVB Group amounted to €0.52 billion at September 30, 2008.

Risks arising from the Bank's real estate portfolio
The economic capital relating to our real estate portfolio amounted to €0.60 billion at September 30, 2008. The real estate portfolio of HVB Group is located primarily in Munich, which accounts for 36% of the total.

Risks arising from shareholdings/financial investments
The economic capital of the shareholdings and financial investments of HVB Group amounted to €0.77 billion. The value-at-risk, without taking into account the diversification effects between the risk types, amounted to €1.2 billion. As in 2007, the Bank will continue to reduce its portfolio of non-strategic holdings in the fourth quarter of 2008 as well as examine purchases where these supplement our structure and main business activities and generate value for our Bank and our Group.

Strategic risk
The statements made at the end of 2007 regarding strategic risk are still valid. Statements on general economic trends and the current trends on international financial markets can be found in the Business Performance section in the present interim report.

Consolidated Income Statement

for the period from January 1 to September 30, 2008

Income/expenses

	NOTES	1/1–30/9/2008	1/1–30/9/2007	CHANGE	
		€ millions	€ millions	€ millions	in %
Net interest		2,877	2,805	+ 72	+ 2.6
Dividends and other income from equity investments		160	262	(102)	(38.9)
Net interest income	3	**3,037**	**3,067**	**(30)**	**(1.0)**
Net fees and commissions	4	1,118	1,340	(222)	(16.6)
Net trading income	5	(819)	857	(1,676)	
Net other expenses/income	6	106	63	+ 43	+ 68.3
Net non-interest income		**405**	**2,260**	**(1,855)**	**(82.1)**
TOTAL REVENUES		**3,442**	**5,327**	**(1,885)**	**(35.4)**
Payroll costs		(1,484)	(1,601)	+ 117	(7.3)
Other administrative expenses		(944)	(953)	+ 9	(0.9)
Amortisation, depreciation and impairment losses					
on intangible and tangible assets		(185)	(183)	(2)	+ 1.1
Operating costs		**(2,613)**	**(2,737)**	**+ 124**	**(4.5)**
OPERATING PROFIT		**829**	**2,590**	**(1,761)**	**(68.0)**
Provisions for risks and charges		(16)	(32)	+ 16	(50.0)
Write-down on goodwill		—	—	—	—
Restructuring costs		(2)	(6)	+ 4	(66.7)
Net write-downs of loans and provisions					
for guarantees and commitments	7	(617)	(496)	(121)	+ 24.4
Net income from investments	8	(124)	390	(514)	
PROFIT BEFORE TAX		**70**	**2,446**	**(2,376)**	**(97.1)**
Income tax for the period		(109)	(926)	+ 817	(88.2)
NET PROFIT/(LOSS)		**(39)**	**1,520**	**(1,559)**	
Minorities		(25)	(73)	+ 48	(65.8)
CONSOLIDATED PROFIT/(LOSS) OF HVB GROUP		**(64)**	**1,447**	**(1,511)**	

Earnings per share

	NOTES	1/1–30/9/2008	1/1–30/9/2007
			€
Earnings per share of HVB Group	9	(0.08)	1.84
Earnings per share of HVB Group (adjusted)[1]	9	(0.08)	1.60

1 2007 adjusted for the effect arising from interest payable on the purchase price relating to the disposal of discontinued operations, the gain on disposal of Indexchange and Munich Re, restructuring costs and tax charges arising from German tax reforms

Reconciliation with the consolidated income statement for 2007, including the results of discontinued operations

INCOME/EXPENSES	1/1–30/9/2007
	€ millions
NET PROFIT OF HVB GROUP	**1,447**
Net profit after tax of discontinued operations	3,698
Minority interest in the net profit of discontinued operations	—
NET PROFIT OF HVB GROUP including discontinued operations	**5,145**

Earnings per share including discontinued operations

	1/1–30/9/2007
Earnings per share in €	**6.55**

Since no conversion rights or option rights on conditional capital existed at September 30, 2008, there is no calculation of diluted earnings per share.

Consolidated Income Statement (Continued)

for the period from July 1 to September 30, 2008

Income/expenses

	NOTES	1/7–30/9/2008	1/7–30/9/2007	CHANGE	
		€ millions	€ millions	€ millions	in %
Net interest		1,083	892	+ 191	+ 21.4
Dividends and other income from equity investments		35	31	+ 4	+ 12.9
Net interest income		**1,118**	**923**	**+ 195**	**+ 21.1**
Net fees and commissions		337	365	(28)	(7.7)
Net trading income		(490)	38	(528)	
Net other expenses/income		49	14	+ 35	>+ 100.0
Net non-interest income		**(104)**	**417**	**(521)**	
TOTAL REVENUES		**1,014**	**1,340**	**(326)**	**(24.3)**
Payroll costs		(462)	(452)	(10)	+ 2.2
Other administrative expenses		(329)	(327)	(2)	+ 0.6
Amortisation, depreciation and impairment losses					
on intangible and tangible assets		(63)	(60)	(3)	+ 5.0
Operating costs		**(854)**	**(839)**	**(15)**	**+ 1.8**
OPERATING PROFIT		**160**	**501**	**(341)**	**(68.1)**
Provisions for risks and charges		5	(7)	+ 12	
Write-down on goodwill		—	—	—	—
Restructuring costs		(2)	(3)	+ 1	(33.3)
Net write-downs of loans and provisions					
for guarantees and commitments		(361)	(106)	(255)	>+ 100.0
Net income from investments		(98)	7	(105)	
PROFIT/(LOSS) BEFORE TAX		**(296)**	**392**	**(688)**	
Income tax for the period		11	(309)	+ 320	
NET PROFIT/(LOSS)		**(285)**	**83**	**(368)**	
Minorities		27	(30)	+ 57	
CONSOLIDATED PROFIT/(LOSS) OF HVB GROUP		**(258)**	**53**	**(311)**	

Earnings per share

		€
	1/7–30/9/2008	1/7–30/9/2007
Earnings per share of HVB Group	(0.32)	0.04
Earnings per share of HVB Group (adjusted)[1]	(0.32)	0.30

1 2007 adjusted for restructuring costs and tax charges arising from German tax reforms

Reconciliation with the consolidated income statement for 2007, including the results of discontinued operations

	€ millions
INCOME/EXPENSES	1/7–30/9/2007
NET PROFIT OF HVB GROUP	**53**
Net profit after tax of discontinued operations	8
Minority interest in the net profit of discontinued operations	—
NET PROFIT OF HVB GROUP including discontinued operations	**61**

Balance Sheet

at September 30, 2008

Assets

	NOTES	30/9/2008	31/12/2007	CHANGE	
		€ millions	€ millions	€ millions	in %
Cash and cash balances		452	551	(99)	(18.0)
Financial assets held for trading	10	157,629	180,855	(23,226)	(12.8)
Financial assets at fair value through profit or loss	11	13,332	12,937	+ 395	+ 3.1
Available-for-sale financial assets	12	6,543	6,739	(196)	(2.9)
Investments in associates, joint ventures					
and non-consolidated subsidiaries	13	265	317	(52)	(16.4)
Held-to-maturity investments	14	2,978	3,058	(80)	(2.6)
Loans and receivables with banks	15	72,293	48,866	+ 23,427	+ 47.9
Loans and receivables with customers	16	176,111	160,246	+ 15,865	+ 9.9
Hedging derivatives		418	500	(82)	(16.4)
Property, plant and equipment		1,361	1,337	+ 24	+ 1.8
Investment properties		1,808	1,890	(82)	(4.3)
Intangible assets		771	770	+ 1	+ 0.1
of which: Goodwill		424	421	+ 3	+ 0.7
Tax assets		2,284	2,180	+ 104	+ 4.8
Non-current assets or disposal groups held for sale		19	265	(246)	(92.8)
Other assets		2,184	1,618	+ 566	+ 35.0
Total assets		**438,448**	**422,129**	**+ 16,319**	**+ 3.9**

Liabilities

	NOTES	30/9/2008 € millions	31/12/2007 € millions	CHANGE € millions	CHANGE in %
Deposits from banks	18	99,594	86,702	+ 12,892	+ 14.9
Deposits from customers	19	116,861	108,626	+ 8,235	+ 7.6
Debt securities in issue	20	70,579	79,568	(8,989)	(11.3)
Financial liabilities held for trading		120,392	115,228	+ 5,164	+ 4.5
Hedging derivatives		447	473	(26)	(5.5)
Changes in fair value of portfolio hedged items		109	87	+ 22	+ 25.3
Tax liabilities		1,155	1,316	(161)	(12.2)
Liabilities of disposal groups held for sale		4	10	(6)	(60.0)
Other liabilities		4,597	4,581	+ 16	+ 0.3
Provisions	21	1,470	1,540	(70)	(4.5)
Shareholders' equity		23,240	23,998	(758)	(3.2)
Shareholders' equity attributable to shareholders of HVB AG		22,424	23,190	(766)	(3.3)
Subscribed capital		2,407	2,407	—	—
Additional paid-in capital		9,791	9,791	—	—
Own shares		(2)	(2)	—	—
Other reserves		10,750	6,913	+ 3,837	+ 55.5
Change in valuation of financial instruments	22	(458)	7	(465)	
AfS reserve		(19)	619	(638)	
Hedge reserve		(439)	(612)	+ 173	+ 28.3
Consolidated profit 2007		—	4,074	(4,074)	(100.0)
Net profit/(loss) 1/1–30/9/2008		(64)	—	(64)	—
Minority interest		816	808	+ 8	+ 1.0
Total shareholders' equity and liabilities		**438,448**	**422,129**	**+ 16,319**	**+ 3.9**

Statement of Changes in Shareholders' Equity

at September 30, 2008

	SUBSCRIBED CAPITAL	ADDITIONAL PAID-IN CAPITAL	OWN SHARES	OTHER RESERVES	OF WHICH: PENSIONS AND SIMILAR OBLIGATIONS (IAS 19)
Shareholders' equity at January 1, 2007	**2,252**	**8,886**	**(3)**	**4,061**	**(814)**
Change from capital increase against cash contribution	155	906	—	—	—
Change from capital reductions	—	—	—	—	—
Change in valuation of financial instruments not affecting income	—	—	—	—	—
Change in valuation of financial instruments affecting income	—	—	—	—	—
Change in net income/(loss)	—	—	—	—	—
Actuarial losses on defined benefit plans	—	—	—	—	—
Changes in holdings of, and net income from, own equity instruments	—	—	—	—	—
Dividend payouts	—	—	—	—	—
Transfers from net income	—	—	—	321	—
Changes in group of consolidated companies	—	—	—	811	590
Reserve arising from foreign currency translation and other changes	—	—	—	(27)	(31)
Shareholders' equity at September 30, 2007	**2,407**	**9,792**	**(3)**	**5,166**	**(255)**
including:					
shareholders' equity of discontinued operations					
and disposal groups held for sale	—	—	—	—	(2)
Shareholders' equity at January 1, 2008	**2,407**	**9,791**	**(2)**	**6,913**	**(189)**
Change from capital increase against cash contribution	—	—	—	—	—
Change from capital increase against contributions in kind	—	—	—	—	—
Transaction costs of capital increase	—	—	—	—	—
Change from capital reductions	—	—	—	—	—
Change in valuation of financial instruments not affecting income	—	—	—	—	—
Change in valuation of financial instruments affecting income	—	—	—	—	—
Change in net income/(loss)	—	—	—	—	—
Actuarial losses on defined benefit plans	—	—	—	148	148
Change in holdings of, and net income from, own equity instruments	—	—	—	—	—
Dividend payouts[1]	—	—	—	—	—
Transfers from net income	—	—	—	3,672	—
Changes in group of consolidated companies	—	—	—	(2)	—
Reserve arising from foreign currency translation and other changes	—	—	—	19	—
Shareholders' equity at September 30, 2008	**2,407**	**9,791**	**(2)**	**10,750**	**(41)**
including:					
shareholders' equity of discontinued operations					
and disposal groups held for sale	—	—	—	—	—

1 On July 30, 2008, the Annual General Meeting of Shareholders decided to pay a dividend of €402 million to the shareholders out of the consolidated profit of €4,074 million and to transfer a further €3,672 million to retained earnings. The total dividend payout of €402 million represents a dividend of €0.50 per share of common stock and per share of preferred stock and an advance dividend of €0.064 per share of preferred stock.

€ millions

CHANGE IN VALUATION OF FINANCIAL INSTRUMENTS		CONSOLIDATED PROFIT	PROFIT/(LOSS) 1/1–30/9/	TOTAL SHAREHOLDERS' EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF HVB AG	MINORITY INTEREST	TOTAL SHAREHOLDERS' EQUITY
AfS RESERVE	HEDGE RESERVE					
1,195	**(323)**	**622**	**—**	**16,690**	**3,298**	**19,988**
—	—	—	—	1,061	—	1,061
—	—	—	—	—	—	—
58	(489)	—	—	(431)	—	(431)
(184)	119	—	—	(65)	—	(65)
—	—	—	5,145	5,145	73	5,218
—	—	—	—	—	—	—
—	—	—	—	—	—	—
—	—	(301)	—	(301)	(33)	(334)
—	—	(321)	—	—	—	—
(404)	135	—	—	542	(2,448)	(1,906)
—	—	—	—	(27)	(68)	(95)
665	**(558)**	**—**	**5,145**	**22,614**	**822**	**23,436**
—	—	—	—	—	—	—
619	**(612)**	**4,074**	**—**	**23,190**	**808**	**23,998**
—	—	—	—	—	—	—
—	—	—	—	—	—	—
—	—	—	—	—	—	—
—	—	—	—	—	—	—
(643)	(16)	—	—	(659)	—	(659)
6	189	—	—	195	—	195
—	—	—	(64)	(64)	25	(39)
—	—	—	—	148	—	148
—	—	—	—	—	—	—
—	—	(402)	—	(402)	(42)	(444)
—	—	(3,672)	—	—	—	—
—	—	—	—	(2)	2	—
(1)	—	—	—	18	23	41
(19)	**(439)**	**—**	**(64)**	**22,424**	**816**	**23,240**
—	—	—	—	—	—	—

Selected Notes

1 Accounting and valuation principles
IFRS basis
After trading in HypoVereinsbank shares was officially discontinued in the third quarter following the completion of the squeeze-out, we are no longer formally obliged to prepare quarterly financial reports at March 31 and September 30. We have decided, however, to continue publishing interim reports with a view to retaining a high level of transparency on the market.

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

We have applied the same accounting and valuation principles in 2008 as in the consolidated financial statements for 2007 (please refer to the HVB Group Annual Report, starting on page 135). In addition, on October 13, 2008, the International Accounting Standards Board (IASB) published the following modifications to IAS 39 and IFRS 7 relating to the reclassification of financial assets.

Application of new reclassification rules
The modification of IAS 39.50 represents a further harmonisation with US GAAP which prevents distortions in competition and increases transparency on the international capital markets. The reclassification options are summarised below.

Where the intention to trade financial assets classified as held for trading no longer exists in the short term, it is permitted to reclassify such assets as loans and receivables, held-to-maturity financial investments or available-for-sale financial investments when one of the following conditions is met:
– if the assets were originally non-marketable, or
– if the assets were originally marketable, but there are rare circumstances.

In this context, the definitions for the category must be met at the time of reclassification. Where an active market exists at the present time, only a reclassification to held-to-maturity financial instruments or available-for-sale financial instruments is possible. Neither a later reclassification back to the held-for-trading category nor a write-up to historic cost is possible. The fair value at the date of reclassification is to be used as the initial cost for the valuation at amortised cost of loans and receivables and held-to-maturity financial instruments.

These reclassification options could be applied up to October 31, 2008 with retroactive effect from July 1, 2008.

We have made use of these relassification options by reclassifying mostly asset-backed securities and fixed-income securities issued by financial institutions as loans and receivables with retroactive effect from July 1, 2008.

HVB intends to hold the securities for a longer period of time in the light of the high quality of the assets. In our opinion, the financial crisis meets the definition of a rare circumstance, such that we have reclassified originally marketable financial instruments as well as non-marketable financial instruments in accordance with IAS 39.50B.

The fair value of the financial instruments reclassified as loans and receivables amounts to €14.6 billion at July 1, 2008. If this reclassification had not been carried out, a loss of €709 million arising from mark-to-market valuation would have been taken to the income statement in the third quarter of 2008. In tandem with the reclassification, we have posted a net write-down of €80 million on the reclassified portfolios in the third quarter of 2008. Of this total, €52 million relates to specific allowances and €28 million to portfolio allowances.

The fair value at July 1, 2008 (date of reclassification) represents the new initial cost, which is much lower than the nominal amount. An amortisation charge is to be taken for the first time accordingly, giving rise to an effect of €70 million recognised in net interest income. The net effect (difference between mark-to-market valuation and valuation at amortised cost) totals €699 million in profit before tax.

We have not reclassified any holdings from the available-for-sale portfolio.

The following table summarises the effects of the reclassified holdings:

			€ billions
FINANCIAL ASSETS RECLASSIFIED FROM HELD FOR TRADING	NOMINAL AMOUNT AT 30/9/2008	CARRYING AMOUNT AT 30/9/2008	FAIR VALUE AT 30/9/2008
Asset-backed securities	7.6	6.8	6.4
Other debt securities	8.2	7.8	7.6
Total	**15.8**	**14.6**	**13.9**

Segment reporting
Largely the same methodology and assignment principles have been applied in segment reporting as at year-end 2007. The interest rate for assessing the equity capital allocated to the companies assigned to more than one division (HVB AG, HVB Banque Luxembourg) amounted to 3.8% in 2007. This rate was revised in line with the change in the interest level for the 2008 financial year and has totalled 3.97% since January 1, 2008. This change has no materially significant effects overall, so the figures for the previous periods have not been restated.

Furthermore, the income statement has been shown for the whole of the Corporates & Commercial Real Estate Financing division since June 30, 2008 and is no longer divided into the Corporates (including the contributions to earnings from business with commercial real estate customers) and Global Transaction Banking subdivisions, which up until then had been reported separately.

Besides this, a number of smaller reorganisations took place at the beginning of the year with a view to giving the divisions a clear strategic orientation and changes were made to the cost allocation which led to modified assignments of operating costs. The figures for the previous year have been adjusted in the area of operating costs to take account of the reorganisation.

Selected Notes (Continued)

Notes to the Income Statement

2 Segment reporting

Income statement broken down by division for the period from January 1 to September 30, 2008

€ millions

	MARKETS & INVESTMENT BANKING	CORPORATES & COMMERCIAL REAL ESTATE FINANCING	RETAIL	WEALTH MANAGEMENT	OTHER/ CONSOLIDATION	HVB GROUP
TOTAL REVENUES						
1/1–30/9/2008	345	1,192	1,257	325	323	3,442
1/1–30/9/2007	2,016	1,121	1,338	350	502	5,327
Operating costs						
1/1–30/9/2008	(814)	(429)	(974)	(232)	(164)	(2,613)
1/1–30/9/2007	(934)	(405)	(1,012)	(213)	(173)	(2,737)
OPERATING PROFIT/(LOSS)						
1/1–30/9/2008	(469)	763	283	93	159	829
1/1–30/9/2007	1,082	716	326	137	329	2,590
Net write-downs of loans						
and provisions for guarantees						
and commitments						
1/1–30/9/2008	(233)	(217)	(87)	2	(82)	(617)
1/1–30/9/2007	42	(139)	(95)	(6)	(298)	(496)
Other items[1]						
1/1–30/9/2008	(146)	36	(4)	2	(30)	(142)
1/1–30/9/2007	238	(7)	(2)	7	116	352
PROFIT/(LOSS) BEFORE TAX						
1/1–30/9/2008	(848)	582	192	97	47	70
1/1–30/9/2007	1,362	570	229	138	147	2,446

1 contains the following income statement items: provisions for risks and charges, write-down on goodwill, restructuring costs and net income from investments

Income statement of the Markets & Investment Banking division

INCOME/EXPENSES	1/1–30/9/ 2008	1/1–30/9/ 2007	Q3 2008	Q2 2008	Q1 2008	Q4 2007	Q3 2007
							€ millions
Net interest income	**1,027**	**901**	**426**	**293**	**308**	**346**	**226**
Net fees and commissions	121	272	49	38	34	86	54
Net trading income	(801)	844	(444)	312	(669)	(286)	26
Net other expenses/income	(2)	(1)	6	(7)	(1)	17	(9)
Net non-interest income	**(682)**	**1,115**	**(389)**	**343**	**(636)**	**(183)**	**71**
TOTAL REVENUES	**345**	**2,016**	**37**	**636**	**(328)**	**163**	**297**
Payroll costs	(297)	(432)	(76)	(104)	(117)	(76)	(78)
Other administrative expenses and amortisation, depreciation and impairment losses on intangible and tangible assets	(517)	(502)	(181)	(165)	(171)	(151)	(175)
Operating costs	**(814)**	**(934)**	**(257)**	**(269)**	**(288)**	**(227)**	**(253)**
OPERATING PROFIT/(LOSS)	**(469)**	**1,082**	**(220)**	**367**	**(616)**	**(64)**	**44**
Restructuring costs	(1)	—	—	(1)	—	(27)	—
Net write-downs of loans and provisions for guarantees and commitments	(233)	42	(233)	23	(23)	32	44
Net income from investments and other items[1]	(145)	238	(111)	(33)	(1)	220	16
PROFIT/(LOSS) BEFORE TAX	**(848)**	**1,362**	**(564)**	**356**	**(640)**	**161**	**104**
Cost-income ratio in %	235.9	46.3	694.6	42.3	n.a.	139.3	85.2

1 contains the following income statement items: provisions for risks and charges, write-down on goodwill and net income from investments

Developments in the Markets & Investment Banking division

The performance of the Markets & Investment Banking division was heavily affected by the rapidly worsening financial crisis in the third quarter of 2008. We recorded a loss of €564 million before tax in the third quarter of 2008 as a result of these market distortions, which gives rise to a loss of €848 million before tax for the first nine months of the year. It is important to bear in mind in this context that we have made use of the option to retroactively reclassify financial instruments permitted by the modified IAS 39.50 and IFRS 7. This served to reduce the loss before tax by €699 million. During the equivalent period last year, we recorded a profit of €1,362 million before tax on account of the very positive market environment in the first half of 2007.

The total revenues of €345 million include a net trading loss of €801 million, which takes account of the positive effects of €709 million from the reclassification of financial instruments. The reclassifications concern financial assets held for trading reclassified as loans and receivables with customers and banks. Among the main factors causing the net trading loss were losses of €560 million on the valuation of ABS products. In addition, this item includes losses of €156 million arising from the bankruptcy of Lehman Brothers and losses in the Structured Credit unit. We nevertheless succeeded in recording positive contributions to the result in some units, such as Fixed Income and Structured Equity.

In net interest income, falling dividends from private equity funds were more than offset by higher trading-related interest and lower funding expenses for trading portfolios in the investment banking activities of UniCredit Banca Mobiliare transferred to HVB AG. In addition, the reclassification of certain financial instruments from financial assets held for trading to loans and receivables served to boost the net result by €70 million, meaning that net interest income improved by a strong 14.0% overall. At the same time, net fees and commissions halved compared with last year due especially to reluctance on the part of market players induced by the turmoil on the financial markets. Fees and commissions rose by €11 million, or 29%, in the third quarter compared with the previous quarter.

Selected Notes (Continued)

Despite the inclusion of UBM's investment banking activities, operating costs fell by €120 million, or 12.8%, as a result of much lower payroll costs (down 31.3%) on account of lower expenses for performance bonuses.

Among other things, net write-downs of loans and provisions for guarantees and commitments totalling €233 million includes €126 million for risks relating to exposures to Iceland together with specific and portfolio allowances of €80 million on the volume of financial assets held for trading reclassified as loans and receivables.

"Net income from investments and other items" included the gain of €219 million on the sale of Indexchange Investment AG in 2007; the net loss of €146 million recorded in the first nine months of the current year can be attributed primarily to valuation expenses associated with the financial crisis.

Income statement of the Corporates & Commercial Real Estate Financing division

INCOME/EXPENSES	1/1–30/9/ 2008	1/1–30/9/ 2007	Q3 2008	Q2 2008	Q1 2008	Q4 2007	Q3 2007
							€ millions
Net interest income	**876**	**793**	**310**	**288**	**278**	**268**	**254**
Net fees and commissions	304	321	94	100	110	81	95
Net trading income	(1)	(1)	(1)	1	(1)	3	(1)
Net other expenses/income	13	8	7	—	6	1	4
Net non-interest income	**316**	**328**	**100**	**101**	**115**	**85**	**98**
TOTAL REVENUES	**1,192**	**1,121**	**410**	**389**	**393**	**353**	**352**
Payroll costs	(181)	(158)	(64)	(61)	(56)	(61)	(53)
Other administrative expenses and amortisation, depreciation and impairment losses on intangible and tangible assets	(248)	(247)	(81)	(86)	(81)	(91)	(85)
Operating costs	**(429)**	**(405)**	**(145)**	**(147)**	**(137)**	**(152)**	**(138)**
OPERATING PROFIT	**763**	**716**	**265**	**242**	**256**	**201**	**214**
Restructuring costs	(1)	—	(1)	—	—	—	—
Net write-downs of loans and provisions for guarantees and commitments	(217)	(139)	(96)	(66)	(55)	(4)	(37)
Net income from investments and other items[1]	37	(7)	23	9	5	(17)	(9)
PROFIT BEFORE TAX	**582**	**570**	**191**	**185**	**206**	**180**	**168**
Cost-income ratio in %	36.0	36.1	35.4	37.8	34.9	43.1	39.2

1 contains the following income statement items: provisions for risks and charges, write-down on goodwill and net income from investments

Developments in the Corporates & Commercial Real Estate Financing division

Despite the difficult business conditions arising from the financial crisis, the Corporates & Commercial Real Estate Financing division recorded an outstanding operating profit of €763 million in the first nine months of 2008, which is 6.6% higher than the previous-year figure. Profit before tax is up 2.1% year-on-year, despite the sharp rise in net write-downs of loans and provisions for guarantees and commitments.

Total revenues rose by 6.3% year-on-year. Within this total, net fees and commissions (up 10.5%) benefited in particular from higher customer deposits together with a stepping up of lease operations. In addition, non-recurring dividend income of €22 million was realised in the third quarter of 2008. Net fees and commissions (down 5.3%) failed to match the very good figure for last year on account of the normalisation of derivative operations in 2008. The Global Transaction Banking unit, on the other hand, achieved strong rises in revenues with structured finance and payment and foreign-trade products. Operating costs increased by 5.9% over last year, partly as a result of the initial consolidation of leasing companies in 2008. At 36.0% in 2008, the cost-income ratio has remained constant at the already excellent level achieved last year. The Corporates & Commercial Real Estate Financing division supplied the largest contribution to the operating profit of HVB Group – €763 million after €716 million at this point last year – which means it represents a stable pillar in our business model not least in the light of the current financial crisis.

Income statement of the Retail division

€ millions

INCOME/EXPENSES	1/1–30/9/ 2008	1/1–30/9/ 2007	Q3 2008	Q2 2008	Q1 2008	Q4 2007	Q3 2007
Net interest income	**795**	**809**	**266**	**266**	**263**	**269**	**269**
Net fees and commissions	461	518	123	161	177	151	151
Net trading income	—	2	—	—	—	—	1
Net other expenses/income	1	9	—	1	—	3	4
Net non-interest income	**462**	**529**	**123**	**162**	**177**	**154**	**156**
TOTAL REVENUES	**1,257**	**1,338**	**389**	**428**	**440**	**423**	**425**
Payroll costs	(441)	(457)	(141)	(151)	(149)	(154)	(146)
Other administrative expenses and amortisation, depreciation and impairment losses on intangible and tangible assets	(533)	(555)	(176)	(181)	(176)	(188)	(184)
Operating costs	**(974)**	**(1,012)**	**(317)**	**(332)**	**(325)**	**(342)**	**(330)**
OPERATING PROFIT	**283**	**326**	**72**	**96**	**115**	**81**	**95**
Restructuring costs	(2)	—	(2)	—	—	3	—
Net write-downs of loans and provisions for guarantees and commitments	(87)	(95)	(6)	(31)	(50)	(52)	(15)
Net income from investments and other items[1]	(2)	(2)	(15)	(6)	19	34	(2)
PROFIT BEFORE TAX	**192**	**229**	**49**	**59**	**84**	**66**	**78**
Cost-income ratio in %	77.5	75.6	81.5	77.6	73.9	80.9	77.6

1 contains the following income statement items: provisions for risks and charges, write-down on goodwill and net income from investments.

Developments in the Retail division

With an operating profit of €283 million after the first nine months of 2008, the Retail division failed to quite equal the high figure of €326 million for the equivalent period last year as a result of the persistent market turmoil in a further deteriorating economic environment. In this context, the rising uncertainty and cautiousness of our customers led to a decline of 6.1% in total revenues, due in particular to lower net fees and commissions alongside a slight decline in net interest income.

Net interest income decreased a minor 1.7% to €795 million, partly as a result of the further strategic reduction of the volume of real estate loans which could not be completely offset by the positive development on the deposit-taking side. Deposit-taking operations benefited from a sharp increase in the volume of time deposits, reflecting the modified investment behaviour of our customers.

Selected Notes (Continued)

At the same time, uncertainty on the part of our customers led to a fall of 11% in net fees and commissions, notably caused by a sharp decline in securities activities. The successful distribution of innovative, new investment products meeting the higher quality and security needs of our customers did not fully counteract this development. This includes products like our OptiAnleihe bonds and inflation-proofed products with a sales volume of €1,207 million.

Continued strict cost management helped to reduce operating costs by 3.8%. Payroll costs fell by 3.5%, notably due to a reduction in the headcount. Other administrative expenses (including amortisation, depreciation and impairment losses) declined by 4.0%, thanks above all to lower expenses in back office units. This, coupled with a decline in total revenues, led to a cost-income ratio of 77.5% after 75.6% in the first nine months of 2007.

As a result of the adverse effects in our operating activities, the profit before tax of €192 million after nine months of 2008 failed to match the strong figure of €229 million recorded last year in a far friendlier market environment, even though net write-downs of loans and provisions for guarantees and commitments were down by a pleasing 8.4% year-on-year.

Income statement of the Wealth Management division

INCOME/EXPENSES	1/1–30/9/ 2008	1/1–30/9/ 2007	Q3 2008	Q2 2008	Q1 2008	Q4 2007	Q3 2007
							€ millions
Net interest income	**125**	**122**	**38**	**49**	**38**	**50**	**45**
Net fees and commissions	226	236	65	75	86	77	70
Net trading income	(27)	(7)	(28)	(1)	2	1	1
Net other expenses/income	1	(1)	—	(2)	3	5	(1)
Net non-interest income	**200**	**228**	**37**	**72**	**91**	**83**	**70**
TOTAL REVENUES	**325**	**350**	**75**	**121**	**129**	**133**	**115**
Payroll costs	(86)	(69)	(30)	(28)	(28)	(25)	(22)
Other administrative expenses and amortisation, depreciation and impairment losses on intangible and tangible assets	(146)	(144)	(47)	(50)	(49)	(56)	(46)
Operating costs	**(232)**	**(213)**	**(77)**	**(78)**	**(77)**	**(81)**	**(68)**
OPERATING PROFIT	**93**	**137**	**(2)**	**43**	**52**	**52**	**47**
Restructuring costs	—	—	—	—	—	(2)	—
Net write-downs of loans and provisions for guarantees and commitments	2	(6)	(1)	6	(3)	(1)	—
Net income from investments and other items[1]	2	7	1	1	—	14	1
PROFIT BEFORE TAX	**97**	**138**	**(2)**	**50**	**49**	**63**	**48**
Cost-income ratio in %	71.4	60.9	102.7	64.5	59.7	60.9	59.1

1 contains the following income statement items: provisions for risks and charges, write-down on goodwill and net income from investments

Developments in the Wealth Management division

The Wealth Management division encompasses the Wealth Management Sales of HVB AG (WEM HVB AG), the DAB Group, the private banking activities of HVB Banque Luxembourg and Wealth Management Capital Holding GmbH, Munich, including its participating interests consolidated for the first time in January 2008 (essentially Blue Capital Equity GmbH, Blue Capital Fonds GmbH, HVB FondsFinance GmbH and WealthCap Real Estate Management GmbH). WEM HVB AG is positioned as a generalist offering its clientele credit facilities from a single source alongside the typical wealth management investment products. The DAB Group has positioned itself as one of the leading online brokers and market leader in the B2B sector for asset managers in Germany and Austria. The private banking activities of HVB Banque Luxembourg include personalised offshore solutions for international private customers, while Wealth Management Capital Holding develops and markets closed-ended funds tailored to the needs of wealthy investors.

The difficult market environment coupled the worsening financial crisis and the collapse of several banks resulted in a sharp expansion of credit spreads. This in turn necessitated valuation adjustments in the portfolio of DAB AG, thus depressing the results of the Wealth Management division in the third quarter.

The profit before tax for the first nine months of the year totalled €97 million, which is €41 million, or around 30%, lower than for the equivalent period in 2007. If the valuation expense of €28 million in the portfolios of securities classified as at fair value through profit or loss at DAB AG were taken out of the calculation, the profit before tax would total €125 million, which is only €13 million below the level for the equivalent period last year.

The total revenues of the Wealth Management division fell by €25 million, or 7.1%, compared with the first nine months of 2007 against the backdrop of the difficult market environment at present. If the valuation expense at DAB AG were eliminated from net trading income, total revenues would rise by a slight €3 million. The initially consolidated holdings of Wealth Management Capital Holding GmbH had a beneficial effect overall in this regard. While net fees and commissions declined by 4.2% due to customers' restraint on the securities markets, net interest income (without dividends) increased by a significant 8.6%. This reflects the current trend of shifting investments from the securities business to short-term forms of investment, especially demand and time deposits. Generally, there is a market trend towards secure deposit-taking business. These developments were particularly noticed by WEM HVB AG and the DAB Group. HVB Banque Luxembourg's fee-earning activities with wealthy private clients were likewise impacted by market developments during the first nine months of 2008.

The €19 million (8.9%) increase in operating costs is largely due to payroll costs and can essentially be attributed to the initially consolidated holdings. Without the effects of initial consolidation, operating costs were reduced by around 3% in the first nine months of the year by means of consistent cost management. The cost-income ratio deteriorated by 10.5 percentage points to 71.4% year-on-year on the back of higher operating costs and in particular the described valuation adjustments recorded under net trading income. If the valuation expense at DAB AG mentioned above were eliminated, the cost-income ratio would total 65.7%.

Selected Notes (Continued)

Income statement of the Other/consolidation division

							€ millions
INCOME/EXPENSES	1/1–30/9/ 2008	1/1–30/9/ 2007	Q3 2008	Q2 2008	Q1 2008	Q4 2007	Q3 2007
TOTAL REVENUES	**323**	**502**	**103**	**127**	**93**	**212**	**151**
Operating costs	**(164)**	**(173)**	**(58)**	**(62)**	**(44)**	**(37)**	**(50)**
OPERATING PROFIT	**159**	**329**	**45**	**65**	**49**	**175**	**101**
Restructuring costs	2	(6)	1	1	—	45	(3)
Net write downs of loans and provisions							
for guarantees and commitments	(82)	(298)	(25)	(1)	(56)	(15)	(98)
Net income from investments and other items[1]	(32)	122	9	(31)	(10)	(159)	(6)
PROFIT BEFORE TAX	**47**	**147**	**30**	**34**	**(17)**	**46**	**(6)**

1 contains the following income statement items: provisions for risks and charges, write-down on goodwill and net income from investments

Developments in the Other/consolidation division

The Other/consolidation segment encompasses the Global Banking Services and Group Corporate Centre subsegments together with the profit contributions from the Special Credit Portfolio (which also includes the remaining holdings in the Real Estate Restructuring portfolio) and consolidation effects.

The total revenues of this segment declined sharply, from €502 million in 2007 to €323 million in the first nine months of 2008. This development results almost exclusively from net interest income, which benefited in the previous year from a non-recurring item of €93 million arising from the interest payments on purchase prices in conjunction with the disposal of discontinued operations. In addition, the strategic reduction of volumes in the Special Credit Portfolio (including the remaining holdings from the Real Estate Restructuring portfolio) among other things resulted in lower net interest income. Operating costs fell by 5.2% resulting from both payroll costs and other administrative expenses. Net write-downs of loans and provisions for guarantees and commitments relating to the Special Credit Portfolio declined by a significant 72.5%, to €82 million. The decrease recorded under "Net income from investments and other items" can be attributed notably to the gain of €47 million realised in the first quarter of 2007 on the disposal of Nordinvest and the profit of €113 million from the sale of the remaining shares in Münchener Rückversicherungs-Gesellschaft AG in the second quarter of 2007. The profit before tax totalled €47 million at the end of September 2008, down on the profit of €147 million recorded at this point in 2007. This can be attributed to a significant reduction in net write-downs of loans and provisions for guarantees and commitments, together with the non-recurring income from interest payments on purchase prices recorded in 2007 and from the gains on disposal posted under net income from investments.

3 Net interest income

€ millions	1/1–30/9/2008	1/1–30/9/2007
Interest income from		
lending and money market transactions	8,608	8,489
other interest income	4,083	4,358
Interest expense from		
deposits	(5,535)	(5,495)
debt securities in issue and		
other interest expenses	(4,279)	(4,547)
Net interest	**2,877**	**2,805**
Dividends and other income		
from equity investments		
Dividends and other similar income	160	256
Companies accounted		
for using the equity method	—	6
Total	**3,037**	**3,067**

4 Net fees and commissions

€ millions	1/1–30/9/2008	1/1–30/9/2007
Management, brokerage		
and consultancy services	592	774
Collection and payment services	150	173
Lending operations	294	280
Other service operations	82	113
Total	**1,118**	**1,340**

This item comprises the balance of fee and commission income of €2,004 million (2007: €1,823 million) and fee and commission expense of €886 million (2007: €483 million).

5 Net trading income

€ millions	1/1–30/9/2008	1/1–30/9/2007
Net gains/(losses) on financial assets		
held for trading[1]	(741)	729
Private equity realisation gains[2]	6	118
Effects arising from hedge accounting	3	(1)
Changes in fair value of hedged items	319	100
Changes in fair value of hedging derivatives	(316)	(101)
Net gains/(losses) on financial assets		
at fair value through profit or loss	(73)	18
Other net trading income	(14)	(7)
Total	**(819)**	**857**

1 including dividends on financial assets held for trading
2 the gains on the disposal of actively managed holdings in the private equity business are recorded here

The net gains on financial assets at fair value through profit or loss generally only contain the changes in fair value disclosed in the income statement and gains realised on disposal. The interest income from these holdings is disclosed under net interest income. The interest cash flows are only shown in net trading income for the pure interest swap book in the held-for-trading portfolio.

6 Net other expenses/income

€ millions	1/1–30/9/2008	1/1–30/9/2007
Other income	186	210
Other expenses	(80)	(147)
Total	**106**	**63**

Selected Notes (Continued)

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

€ millions		
	1/1–30/9/2008	1/1–30/9/2007
Additions	**(1,359)**	**(1,198)**
Allowances for losses on loans		
and receivables	(1,300)	(1,170)
Allowances for losses on guarantees		
and commitments	(59)	(28)
Releases	**687**	**643**
Allowances for losses on loans		
and receivables	679	629
Allowances for losses on guarantees		
and commitments	8	14
Recoveries from write-offs of loans		
and receivables	**55**	**59**
Total	**(617)**	**(496)**

8 Net income from investments

€ millions		
	1/1–30/9/2008	1/1–30/9/2007
Available-for-sale financial assets	(127)	137
Shares in affiliated companies	21	265
Companies accounted for using		
the equity method	—	—
Held-to-maturity investments	(17)	(21)
Land and buildings	8	13
Investment properties[1]	(10)	(4)
Others	1	—
Total	**(124)**	**390**

1 impairments and write-ups

Net income from investments breaks down as follows:

€ millions		
	1/1–30/9/2008	1/1–30/9/2007
Gains on the disposal of	**17**	**436**
available-for-sale financial assets	(18)	158
shares in affiliated companies	26	265
companies accounted for using		
the equity method	—	—
held-to-maturity investments	—	—
land and buildings	8	13
others	1	—
Write-downs and value adjustments on	**(141)**	**(46)**
available-for-sale financial assets	(109)	(21)
shares in affiliated companies	(5)	—
companies accounted for using		
the equity method	—	—
held-to-maturity investments	(17)	(21)
investment properties[1]	(10)	(4)
Total	**(124)**	**390**

1 impairments and write-ups

The gains on disposal arising from the sale of shares in affiliated companies in 2007 relate to a gain of €219 million on the disposal of Indexchange and of €47 million on the disposal of Nordinvest.

The gains on disposal generated from available-for-sale financial assets in 2007 can essentially be attributed to the gain of €113 million on the disposal of Munich Re.

9 Earnings per share

HVB GROUP	1/1–30/9/2008	1/1–30/9/2007
Net profit/(loss) (€ millions)	(64)	1,447
Net profit/(loss) (adjusted, € millions)[1]	(64)	1,257
Average number of shares	802,383,672	785,155,495
Earnings per share (€)	(0.08)	1.84
Earnings per share (adjusted, €)[1]	(0.08)	1.60

1 2007 adjusted for the effect arising from interest payable on the purchase price relating to the disposal of discontinued operations, the gain on disposal of Indexchange and Munich Re, restructuring costs and tax charges arising from German tax reforms

10 Financial assets held for trading

€ millions		
	30/9/2008	31/12/2007
Balance-sheet assets		
Fixed-income securities	51,243	64,391
Equity instruments	9,003	18,084
Other financial assets held for trading	29,473	39,122
Positive fair value from derivative financial instruments	**67,910**	**59,258**
Total	**157,629**	**180,855**

The financial assets held for trading at September 30, 2008 include €2,111 million (December 31, 2007: €1,706 million) in subordinated assets.

11 Financial assets at fair value through profit or loss

€ millions		
	30/9/2008	31/12/2007
Fixed-income securities	10,622	10,389
Equity instruments	—	—
Investment certificates	1	3
Promissory notes	2,709	2,545
Other financial assets at fair value through profit or loss	—	—
Total	**13,332**	**12,937**

The financial assets at fair value through profit or loss at September 30, 2008 include €280 million (December 31, 2007: €276 million) in subordinated assets.

12 Available-for-sale financial assets

€ millions		
	30/9/2008	31/12/2007
Fixed-income securities	3,429	3,545
Equity instruments	2,417	2,460
Other available-for-sale financial assets	634	619
Impaired assets	63	115
Total	**6,543**	**6,739**

Available-for-sale financial assets at September 30, 2008 include financial assets of €1,700 million (December 31, 2007: €1,209 million) valued at cost.

The available-for-sale financial assets at September 30, 2008 contain a total of €63 million in impaired assets, for which €109 million in impairments was taken to the income statement in the period under review. None of the non-impaired debt instruments are financial instruments past due.

The available-for-sale financial assets at September 30, 2008 include €355 million (December 31, 2007: €473 million) in subordinated assets.

13 Investments in associates, joint ventures and non-consolidated subsidiaries

€ millions		
	30/9/2008	31/12/2007
Non-consolidated subsidiaries	223	282
Joint ventures	—	—
Associated companies accounted for using the equity method	35	34
of which: goodwill	—	—
Other associated companies	7	1
Total	**265**	**317**

Selected Notes (Continued)

14 Held-to-maturity investments

€ millions		
	30/9/2008	31/12/2007
Fixed-income securities	2,966	3,017
Other held-to-maturity investments	12	24
Impaired assets	—	17
Total	**2,978**	**3,058**

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

The held-to-maturity investments at September 30, 2008 include €12 million (December 31, 2007: €24 million) in subordinated assets.

15 Loans and receivables with banks

€ millions		
	30/9/2008	31/12/2007
Loans to central banks	**2,503**	**6,081**
Loans to banks	**69,790**	**42,785**
Current accounts and demand deposits	16,547	10,265
Other loans to banks	53,243	32,520
Total	**72,293**	**48,866**

The loans and receivables with banks at September 30, 2008 include €577 million (December 31, 2007: €576 million) in subordinated assets.

16 Loans and receivables with customers

€ millions		
	30/9/2008	31/12/2007
Current accounts	8,443	8,062
Repos[1]	7,826	3,160
Mortgage loans	64,880	69,956
Finance leases	1,720	929
Other loans and receivables	93,242	78,139
Total	**176,111**	**160,246**

1 repurchase agreements

The loans and receivables with customers at September 30, 2008 include €221 million (December 31, 2007: €197 million) in subordinated assets.

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

Analysis of allowances for loans and receivables

€ millions	SPECIFIC ALLOWANCES	PORTFOLIO ALLOWANCES[1]	TOTAL
Balance at January 1, 2008	**4,573**	**520**	**5,093**
Changes affecting income			
Gross additions	1,239	61	1,300
Releases	(663)	(16)	(679)
Changes not affecting income			
Changes due to make-up of group of consolidated companies			
and reclassifications of disposal groups held for sale	—	—	—
Use of existing loan-loss allowances	(653)	—	(653)
Effects of currency translation and other changes not affecting income	49	(3)	46
Non-current assets or disposal groups held for sale	—	—	—
Balance at September 30, 2008	**4,545**	**562**	**5,107**

1 including provisions for country risk

Selected Notes (Continued)

18 Deposits from banks

		€ millions
	30/9/2008	31/12/2007
Deposits from central banks	**27,761**	**16,559**
Deposits from banks	**71,833**	**70,143**
Current accounts and demand deposits	12,739	9,490
Other deposits from banks	59,094	60,653
Total	**99,594**	**86,702**

19 Deposits from customers

		€ millions
	30/9/2008	31/12/2007
Current accounts and demand deposits	33,491	37,060
Savings deposits	13,754	14,580
Other deposits from customers	69,616	56,986
Total	**116,861**	**108,626**

20 Debt securities in issue

		€ millions
	30/9/2008	31/12/2007
Listed securities	**49,367**	**57,003**
Bonds	48,193	55,286
Other securities	1,174	1,717
Unlisted securities	**21,212**	**22,565**
Bonds	20,939	22,158
Other securities	273	407
Total	**70,579**	**79,568**

21 Provisions

		€ millions
	30/9/2008	31/12/2007
Provisions for pensions and similar commitments	112	105
Provisions for financial guarantees	179	163
Restructuring provisions	110	126
Other provisions	1,069	1,146
Total	**1,470**	**1,540**

22 Change in valuation of financial instruments

The reserves arising from changes in the valuation of financial instruments declined by €465 million in the first nine months compared to the 2007 year-end total. In the process, the cash flow hedge reserve increased by €173 million and the available-for-sale reserve decreased by €638 million. Negative fair value fluctuations on our shareholdings, including a fall of €160 million in the value of our holding in Babcock & Brown, had a negative effect on the AfS reserve. In the first nine months of 2008, €144 million is attributable to negative fair value fluctuations of ABS securities classified as available for sale for which the impairment criteria defined in IAS 39.59 were not met and for which no impairment losses needed to be recognized as a consequence.

23 Subordinated capital

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

		€ millions
	30/9/2008	31/12/2007
Subordinated liabilities	7,547	8,014
Participating certificates outstanding	205	614
Hybrid capital instruments	2,413	2,376
Total	**10,165**	**11,004**

24 Contingent liabilities and other commitments

		€ millions
	30/9/2008	31/12/2007
Contingent liabilities[1]	**26,444**	**25,355**
Financial guarantees and commitments	26,444	25,355
Other commitments	**70,808**	**60,609**
Irrevocable credit commitments	51,781	47,580
Other commitments	19,027	13,029
Total	**97,252**	**85,964**

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

Selected Notes (Continued)

25 Members of the Supervisory Board and Management Board

Supervisory Board

Alessandro Profumo
Chairman

Peter König
Deputy Chairman

Dr Lothar Meyer
Deputy Chairman

Gerhard Bayreuther
since July 30, 2008

Aldo Bulgarelli

Beate Dura-Kempf

Sergio Ermotti

Paolo Fiorentino

Dario Frigerio

Giulio Gambino
since July 30, 2008

Klaus Grünewald

Günter Guderley
until July 30, 2008

Stephan Hofmeister
from July 1 to July 30, 2008

Friedrich Koch
until July 30, 2008

Hanns-Peter Kreuser
until June 30, 2008

Ranieri de Marchis

Beate Mensch
since July 30, 2008

Roberto Nicastro

Vittorio Ogliengo

Panagiotis Sfeliniotis

Professor Hans-Werner Sinn

Maria-Magdalena Stadler
until July 30, 2008

Jutta Streit
since July 30, 2008

Ursula Titze
until July 30, 2008

Michael Voss
since July 30, 2008

Jens-Uwe Wächter

Management Board

Willibald Cernko
Retail division
until April 30, 2008

Stefan Ermisch
Markets & Investment Banking division
Internal organisation, integration and establishment of global investment banking activities of the UniCredit Group at HVB
until June 5, 2008

Rolf Friedhofen
Chief Financial Officer (CFO)

Henning Giesecke
Chief Risk Officer (CRO)
since May 1, 2008

Heinz Laber
Human Resources Management
Chief Operating Officer (COO)[1]

Dr Stefan Schmittmann
Corporates & Commercial
Real Estate Financing division
until April 30, 2008

Ronald Seilheimer
Markets & Investment Banking division,
Markets
Corporates & Commercial Real Estate Financing division[1]

Matthias Sohler
Chief Operating Officer (COO)
until April 30, 2008

Dr Wolfgang Sprissler
Board Spokesman
Retail division and Wealth Management division[1]

Andrea Umberto Varese
Chief Risk Officer (CRO)
until April 30, 2008

Andreas Wölfer
Wealth Management division
until April 30, 2008

Munich, November 14, 2008

Bayerische Hypo- und Vereinsbank
Aktiengesellschaft
The Management Board

Friedhofen Giesecke Laber

Seilheimer Sprissler

1 since May 1, 2008

Summary of Quarterly Financial Data

	Q3 2008	Q2 2008	Q1 2008	Q4 2007	Q3 2007
					€ millions
Operating performance					
Net interest income	1,118	977	942	1,062	923
Net fees and commissions	337	383	398	381	365
Net trading income	(490)	318	(647)	(265)	38
Net other expenses/income	49	23	34	106	14
TOTAL REVENUES	**1,014**	**1,701**	**727**	**1,284**	**1,340**
Operating costs	(854)	(888)	(871)	(839)	(839)
OPERATING PROFIT/(LOSS)	**160**	**813**	**(144)**	**445**	**501**
Provisions for risks and charges	5	(21)	—	(129)	(7)
Write-down on goodwill	—	—	—	—	—
Restructuring costs	(2)	—	—	19	(3)
Net write-downs of loans and provisions					
for guarantees and commitments	(361)	(69)	(187)	(40)	(106)
Net income from investments	(98)	(39)	13	221	7
PROFIT/(LOSS) BEFORE TAX	**(296)**	**684**	**(318)**	**516**	**392**
Income tax for the period	11	(201)	81	132	(309)
NET PROFIT/(LOSS)	**(285)**	**483**	**(237)**	**648**	**83**
Minorities	27	(7)	(45)	(45)	(30)
NET PROFIT/(LOSS) OF HVB GROUP	**(258)**	**476**	**(282)**	**603**	**53**
Earnings per share[1] in €, HVB Group	(0.32)	0.59	(0.35)	0.43	0.30

1 Q4 2007 figure adjusted for the gain on disposal of FMS Bank, restructuring costs and tax charges arising from German tax reforms; unadjusted earnings per share total €0.76
Q3 2007 figure adjusted for restructuring costs and tax charges arising from German tax reforms; unadjusted earnings per share total €0.04

Financial Calendar

Important Dates 2008	
Interim report at September 30, 2008	November 14, 2008

Important Dates 2009	
Publication of the 2008 annual results	March 18, 2009
Interim report at March 30, 2009	May 13, 2009
Half-yearly financial report at June 30, 2009	August 4, 2009
Interim report at September 30, 2009	November 11, 2009

Contacts

Should you have any questions about the annual report or our interim reports, please contact Group Investor Relations by
calling +49 (0)89 378-25276,
faxing +49 (0)89 378-24083, or
e-mailing ir@unicreditgroup.de
You can call up important company announcements as soon as they have been published by visiting our website at www.hvb.com, where you can also register for our e-mail subscription service.

Internet

You can call up user-friendly, interactive versions of our annual and interim reports, including search and other functions, on our website:
www.hvb.com/annualreport
www.hvb.com/interimreport

Shareholder publications

Annual Report (English/German)
Interim reports (English/German)
for the first, second and third quarters
Sustainability Report
You can obtain .pdf files of all reports on our website:
www.hvb.com/annualreport
www.hvb.com/interimreport
www.hvb.com/sustainabilityreport
Annual Report Lexicon (available in German only)

Ordering

To order more copies of the annual report or one of the publications listed here, please contact our Reporting Service by
calling +49 (0)89 85709286 or
faxing +49 (0)89 85709287.

Mixed Sources
Product group from well-managed forests and other controlled sources
www.fsc.org Cert no. GFA-COC-001511
© 1996 Forest Stewardship Council

The paper used for this Interim Report has been certified according to the criteria set by the Forest Stewardship Council (FSC).
FSC has developed strict socioecological standards for forest management.
These are designed to curb uncontrolled deforestation and other environmental destruction; they also protect human rights.
All products carrying the FSC label pass through the processing and trading chain.
Thus, the FSC rules also apply to paper-processors such as printing companies.

HypoVereinsbank
UniCredit Group

5005309