HypoVereinsbank
UniCredit Group

Interim Report at March 31, 2009

Disclaimer
This edition of our annual 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.

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Financial Highlights

Key performance indicators	1/1–31/3/2009	1/1–31/3/2008
Operating profit	€452m	€(144)m
Cost-income ratio (based on total revenues)	65.4%	119.8%
Profit/(loss) before tax	€94m	€(318)m
Net profit/(loss)	€62m	€(282)m
Earnings per share	€0.08	€(0.35)

Balance sheet figures	31/3/2009	31/12/2008
Total assets	€454.9bn	€458.6bn
Shareholders' equity	€23.0bn	€23.0bn

Key capital ratios compliant with Basel II	31/3/2009	31/12/2008
Core capital	€21.2bn	€21.2bn
Risk-weighted assets (including equivalents for market risk and operational risk)	€144.9bn	€148.2bn
Core capital ratio[1]	14.6%	14.3%

	31/3/2009	31/12/2008
Employees	23,057	24,638
Branch offices	855	852

1 calculated on the basis of risk-weighted assets including equivalents for market risk and operational risk

Ratings	LONGTERM	SHORTTERM	OUTLOOK	FINANCIAL STRENGTH	CHANGED/ CONFIRMED	PFANDBRIEFS		CHANGED/ CONFIRMED
						PUBLIC	MORTGAGE	
Moody's	A1	P-1	stable	C–	7/10/2008	AAA	Aa1*	13/6/2008*/
								17/6/2008
S & P	A	A-1	stable	—	18/3/2009	AAA	—	30/11/2007
Fitch Ratings	A +	F1+	stable	C**	9/4/2009/	AAA	AAA	17/6/2008
					16/4/2009**			

Business Performance

Underlying conditions in the first quarter of 2009 and general comments on the business situation

The global economy continued to slow in the first quarter of 2009, with companies throughout the world making huge cutbacks in production, investment and employment. Further negative signals emanated from the United States in particular, where unemployment rose by more than half a million each month. Default rates on property and consumer loans rose further as a result. Falling global demand and declining world trade had an especially negative impact on the export-driven German economy. Exports and new orders continued to fall dramatically. Former growth sectors, like engineering and the automotive industry, experienced unprecedented collapses in demand. One of the few positive signals came from the German car scrappage incentive (Directive for the stimulation of passenger car sales), which helped to stabilise consumer spending in the first quarter of this year. The unemployment rate in Germany continued to rise.

The global financial markets showed the initial tentative signs of a stabilisation in the first quarter of 2009. Compared with the turbulent developments in the fourth quarter of 2008, market fluctuations were less evident and some areas saw the first indications of an improvement in the liquidity situation. Nevertheless, the macroeconomic environment remained very challenging, as a result of which investor sentiment on the financial markets remained muted.

Despite the difficult market environment, HVB Group was able to record a profit of €94 million before tax in the first quarter of 2009 and a profit of €62 million after tax and minorities. This represents a clear improvement compared with the first quarter of 2008, for which we reported a loss of €318 million before tax and a loss of €282 million after tax and minorities.

This good performance, compared with the first quarter of 2008, was caused by the strong rise of €579 million, or around 80%, in total revenues to €1,306 million, essentially stemming from a sharp increase of €290 million in net interest income and a significant improvement of €386 million in net trading income.

This positive trend in results was generated essentially in the Markets & Investment Banking division. The major rise in net interest income coupled with an improvement in net trade income led to a significant turnaround in the division in terms of total revenues (up €674 million to €356 million) and operating profit (up €702 million to €96 million). Restructuring expenses relating to the strategic reorientation and loan-loss provisions resulted in this division recording a loss of €76 million before tax, despite the major improvement in operating performance.

The sustained earnings power of the Corporates & Commercial Real Estate Financing division remains pleasing in the first quarter of 2009, with a slight rise in total revenues (2.1%) and operating profit (0.8%). At €150 million, the profit before tax generated by this division was less than the total for the equivalent quarter last year due to higher loan-loss provisions.

Despite the difficult market conditions, the Retail and Wealth Management divisions generated a profit before tax in the first quarter of 2009. In particular, investor reticence led to falling earnings compared with the first quarter of 2008, which benefited from a much more benign market environment.

The HVB Group continues to enjoy a very strong capital base, which is extremely important in the current critical environment. The core capital ratio (Tier 1 ratio) in accordance with Basel II rose to 14.6% in the first quarter of 2009 from 14.3% at year-end 2008, which is an excellent level by both national and international standards.

At 1.25, the liquidity ratio of HVB AG compliant with Section 11 of the German Banking Act (KWG) at March 31, 2009 was much higher than the figure at year-end 2008 (1.19). Despite the turmoil on the money and capital markets, the liquidity of HVB AG was at an adequate level. The funding risk remained low on account of the broad funding base in terms of markets and investor groups, meaning that adequate funding of our lending operations was ensured, even in difficult market phases. The longer term funding of our lending operations developed as planned in the first quarter of 2009. Our pfandbriefs continue to represent an important instrument in this context, thanks to their outstanding credit rating and liquidity.

With our diversified business model, our extremely stable capital base, solid financing foundation and a good market position in our core lines of business, we remain a reliable partner for our customers and investors. As an integral part of one of the biggest, strongest and strategically aligned banking groups in Europe, the UniCredit Group, HVB Group like no other German bank can leverage its regional strengths in the international network of the UniCredit Group for the benefit of its customers.

Operating performance of HVB Group

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

Net interest income

Net interest income was up by €291 million, to €1,217 million, in the first quarter of 2009. This increase is primarily due to the rise of €303 million in net interest income in the Markets & Investment Banking division, which is attributable notably to significant growth in income from trading operations and favourable effects arising from the amortisation of reclassified holdings.

At €15 million, the income generated in 2009 from dividends and other income from equity investments remained at the same level as last year (€16 million).

Net fees and commissions

The development of net fees and commissions reflects the persistently difficult environment and the related restraint exercised by investors. At €295 million, net fees and commissions is substantially below the pleasing result recorded in the same period last year (Q1 2008: €398 million). Fee and commission income in particular continued to decrease in the securities business of the Retail and Wealth Management divisions as a result of our customers' ongoing restraint and the lower portfolio volume due to collapsing prices on securities markets. In the Corporates & Commercial Real Estate Financing division, net fees and commissions fell on account of lower income in the derivatives business with customers, while the Markets & Investment Banking division was able to surpass the net fees and commissions recorded in the first quarter of 2008 (up 11.8%).

Net trading income

Though the total recorded under net trading income in the first quarter of 2009 improved by €386 million over last year, it continues to reflect a net trading loss (€261 million). Within this total, the loss from the holdings classified under the fair value option on account of widening spreads on government bonds in particular amounted to €155 million. In addition, there was a loss of €106 million on trading positions caused largely by negative effects from ABS products and changes in the valuation of securities trading products. The Structured Credit unit recorded a profit in the first quarter of 2009, after this unit having suffered considerably in the previous quarters on account of the difficult market conditions.

Operating costs

Total operating costs developed well across the board, declining by 2.0% year-on-year to €854 million. Hence, they continue to reflect the success we have achieved with our efficient cost management. In the process, payroll costs declined by 7.5%, primarily as a result of the lower expense for performance bonuses, especially in the Markets & Investment Banking division together with a reduction in headcount. In contrast, other administrative expenses, including amortisation, depreciation and impairment losses on intangible and tangible assets, rose by 5.7%.

Adjusted for currency, initial consolidation and deconsolidation effects, operating costs even declined by 2.8% overall.

Business Performance (Continued)

Operating profit
Despite the persistently difficult market situation and the net trading loss repeated in the first quarter of 2009, HVB Group generated a positiv operating result of €452 million. This is all the more pleasing as an operating loss of €376 million had arisen in the last quarter of the previous year, and a loss of €144 million in the first quarter of 2008. In March 2009, the cost-income ratio (percentage of total revenues made up by operating costs) stands at 65.4% after last year's ratio, at 88.5%, had been particularly negative due to the market-induced drag on earnings.

Restructuring costs
In the first quarter of 2009, HVB Group recognised an expense of €49 million under this item in the income statement. This expense is connected to specific restructuring measures as a result of implementing the strategic reorientation of the Markets & Investment Banking division. It primarily consists of expenses for future severance payments.

Net write-downs of loans and provisions for guarantees and commitments
Net write-downs of loans and provisions for guarantees and commitments amounted to €283 million after the first three months of 2009. Hence, it is significantly above the net write-downs of loans and provisions for guarantees and commitments in the first quarter of 2008 (€187 million) and in the final quarter (€143 million), reflecting the generally deteriorating credit situation.

Net income from investments
A net loss from investments of €7 million is reported at March 31, 2009 after a net profit of €13 million in the first quarter of 2008.

Profit before tax, income tax and net profit
After the considerable loss before tax in the first quarter of 2008 (€318 million), HVB Group was able to generate a profit before tax of €94 million in 2009 despite an environment still impacted by the financial crisis.

The income tax for this period amounts to €31 million. After deducting taxes and taking account of minority interests (€1 million), HVB Group generated a profit of €62 million in the first three months of 2009, following on from a loss of €282 million reported in the first quarter of the previous year.

Segment results by division
The divisions contributed the following amounts to the profit before tax of HVB Group of €94 million:

Markets & Investment Banking	loss of €76 million
Corporates & Commercial	
Real Estate Financing	€150 million
Retail	€10 million
Wealth Management	€24 million
Other/consolidation	loss of €14 million.

The income statements for 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 individual divisions are described in detail in Note 27 "Notes to segment reporting by division" in our 2008 Annual Report.

Financial situation

Total assets
The total assets of HVB Group amounted to €454.9 billion at March 31, 2009. This represents a decline of €3.7 billion, or 0.8%, compared with the 2008 year-end total.

On the assets side, the decrease in total assets compared with the 2008 year-end total results primarily from a decrease of €3.1 billion in loans to central banks and a decline of around €1.7 billion in repurchase agreements (repos). The development of repos arises from an increase of €3.3 billion in loans and receivables with banks and a fall of €5.0 billion in loans and receivables with customers. In addition, higher positive fair values from derivative financial instruments carried under financial assets held for trading were offset by declines in fixed-income securities and other financial assets held for trading shown in the balance sheet. Although the reclassifications of financial instruments from financial assets held for trading to loans and receivables with banks and customers carried out in the first quarter of 2009 resulted in shifts between these balance sheet items, they had no impact on the balance sheet total.

The decline in total liabilities is largely attributable to the downward trend in deposits from banks (down €8.6 billion), deposits from customers (down €7.4 billion) and in debt securities in issue (down €2.8 billion), which more than offset the rise in financial liabilities held for trade (up €11.1 billion). The reduction in deposits from banks includes the decrease of €19.9 billion in deposits from central banks, while the deposits from banks rose by €11.4 billion. The declining volume in deposits from customers is also primarily attributable to lower repurchase agreements (down €5.0 billion). The increased volume of financial liabilities held for trading is due to the negative fair values arising from the measurement of derivative financial instruments recognised in this item (up €17.6 billion).

In connection with the intended disposal of the shares in Vereinsbank Victoria Bauspar AG (VVB) held by HVB AG, compliant with IFRS 5 the assets of VVB are shown in the amount of €1.9 billion under "Non-current assets or disposal groups held for sale" on the assets side and its liabilities in the amount of €2.0 billion under "Liabilities of disposal groups held for sale" on the liabilities side.

At the end of March 2009, shareholders' equity totalled €23.0 billion and was thus unchanged over the 2008 year-end total. The decline in the changes in valuation of financial instruments (down €0.1 billion) was offset by the profit reported for the first quarter of 2009 (up €0.1 billion).

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 Regulation (SolvV)) by applying partial use amounted to €121.7 billion at March 31, 2009 (including counterparty default risk in the trading book); at December 31, 2008, the comparable risk-weighted assets amounted to €126.0 billion. This total includes the holdings reclassified compliant with IAS from the trading book to the banking book. The risk-weighted assets, including market and operational risk, totalled €144.9 billion.

The total risk-weighted assets of HVB Group declined by €3.3 billion compared with December 31, 2008. This decrease is primarily due to the risk-weighted assets arising from credit risk (down €4.3 billion) and operational risk (down €1.8 billion), which significantly outweighed the increase in risk-weighted asset equivalents arising from market risk (up €2.8 billion).

The total lending volume under the securitisation transactions resulting from the 14 current risk-asset-reducing transactions of HVB Group amounted to €44.6 billion at March 31, 2009 under Basel II. Due to the resulting reduction in risk-weighted assets of €25.9 billion, we have achieved an optimal value-added capital allocation.

At March 31, 2009, the core capital of HVB Group compliant with the German Solvency Regulation totalled €21.2 billion and equity capital €25.6 billion. This gives rise to a core capital ratio (including market risk and operational risk) of 14.6% and an equity funds ratio of 17.6% under Basel II.

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 a month to the payment obligations falling due in this period. Liquidity is considered adequate if the ratio is at least 1.00. At HVB AG, this figure rose to 1.25 at the end of March 2009 after 1.19 at year-end 2008.

Events after the reporting date

On April 8, 2009, HypoVereinsbank and Wüstenrot & Württembergische AG announced that Wüstenrot Bausparkasse AG intended to fully acquire Vereinsbank Victoria Bauspar AG (VVB), Munich. The sale of its 70% interest in VVB represents a further step taken by HVB AG in disposing of companies that are not part of its core operations.
At the same time, building society products remain a major element in HypoVereinsbank's range of offerings for private customers. For this reason, the Bank intends to conclude a long-term sales agreement with Wüstenrot Bausparkasse AG.

Business Performance (Continued)

As part of the IT services within the UniCredit Group, the transformation of HVB Information Services GmbH, Munich, into a limited partnership was completed on April 30, 2009. With effect from May 1, 2009, HVB AG transferred its limited partnership shares in HVB Information Services GmbH & Co. KG (HVB IS) to UniCredit Global Information Services S.p.A. (UGIS), the global IT company of the UniCredit Group, against the issue of a total of 58,718,799 new UGIS shares. Similarly on May 1, 2009, the withdrawal of the general partner resulted in the transfer of all employees of HVB IS to UGIS and the accrual of all assets and liabilities of HVB IS at UGIS, Munich branch. In the future, HVB Group will obtain its IT services from UGIS under the terms of outsourcing agreements. Thus, UniCredit S.p.A. (65.3%), HVB AG (24.7%) and UniCredit Bank Austria AG (10.0%) have held stakes in Milan-based UGIS since May 1, 2009. In accordance with the provisions of Italian law, the issue of UGIS shares to HVB AG now requires the Board of Directors of UGIS to adopt an appropriate resolution. Pooling IT services makes it possible for the UniCredit Group to make better use of economies of scale, press ahead with the international standardisation of its IT platforms, and benefit from the broad, international range of experience.

Outlook

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 2008 financial year.

General economic outlook for 2009

The worldwide recession will in all probability continue. For 2009 as a whole, the global economy is likely to contract by around 0.5% after expanding by 3.1% in 2008. The German economy could shrink by around 6% – faster than at any time in the history of the Federal Republic – triggered by the considerable weakness in exports and a further decline in business investment. Rising unemployment will cause consumer spending to stagnate, despite assistance in the form of lower taxes and social security charges coupled with declining energy costs. Although the car scrappage incentive (Directive for stimulation of passenger car sales) will have a positive effect in the first half of 2009, demand is likely to drop off in the second half of 2009 as a result of people bringing forward their car purchases. A somewhat stronger economic recovery is not expected in Germany until 2010, when the government's second economic stimulus package will have its full effect in the form of higher public spending.

The first signs of deflation have become evident in the United States and China, and this could also be the case in Europe and Germany over the next few months. Nevertheless, inflationary risks have risen in the medium term, especially as a result of the quantitative easing by the Federal Reserve and rising national debt. At the beginning of May, the ECB lowered the key interest rate to 1%, its lowest level since the beginning of the European Monetary Union (EMU). In addition, the ECB took the decision to buy covered bonds. A further reduction in the key interest rate over the course of the next six months cannot be excluded.

Sector development in 2009

The financial and economic crisis will continue to adversely affect German banks this year in many respects. A slowdown in lending and a restructuring of balance sheets will probably lead to a decline in interest-related earnings. At the very most, a relative improvement over the previous year is expected for non-interest-related earnings, depending on the development of the financial market, but it is also possible for these to be adversely affected further. Provisioning rates are expected to rise in response to more defaulting private and business customers and pending bankruptcies. Likewise, additional expenses are anticipated as a result of the required operational restructuring of banks' business models. The sector will find relief through the aid provided by the German government in the form of the Financial Market Stabilisation Fund (SoFFin). A general improvement in the situation is, however, only expected after the fiscal stimulus has had a positive impact and the financial and economic crisis has started to recede. To achieve this, the confidence of international investors, which has been severely damaged by the crisis, must be regained.

Development of HVB Group

HVB Group expects economic conditions to remain very difficult, both worldwide and in Germany, and the financial industry to again face major challenges during the course of 2009. This is also indicated by the performance of HVB Group for the first quarter of 2009 as described above.

The Bank's performance through the rest of the year will depend heavily on the development of the Markets & Investment Banking division and the further development in net write-downs of loans and provisions for guarantees and commitments. In the Markets & Investment Banking division, we continue to expect a significant improvement in net trading income over 2008 and thus a corresponding rise in total revenues, provided that the financial markets return to a certain degree of normality in 2009.

This would also lead to an increase in total revenues and, with only a moderate increase in operating costs, a substantial improvement in the cost-income ratio and operating profit in HVB Group as a whole.

Within the framework of the measures initiated to implement the strategic reorientation of the Markets & Investment Banking division, we expect further restructuring costs to accrue during the course of 2009 on top of the restructurings costs already disclosed in the first quarter of 2009.

With regard to risk-provisioning levels in 2009, we expect that the persistently difficult economic conditions looming ahead will lead to a sharp rise in the number of actual or threatened bankruptcies and that our risk-provisioning levels will therefore significantly surpass those of 2008, which benefited from the success in reducing the special portfolios allocated to the Other/consolidation segment (former Real Estate Restructuring segment and the Special Credit Portfolio).

It remains unclear, however, whether the financial markets will return to normal in the course of 2009 and the current economic programmes will prove to be effective, or whether the financial and economic crisis will continue for longer. Should our planning assumptions not be confirmed, it cannot be assumed that we will post the results as described. This is why our performance in 2009 remains heavily dependent on the further course of the financial crisis and the adverse economic effects on the real economy, and is impossible definitively to forecast for this reason.

Development of Selected Risks

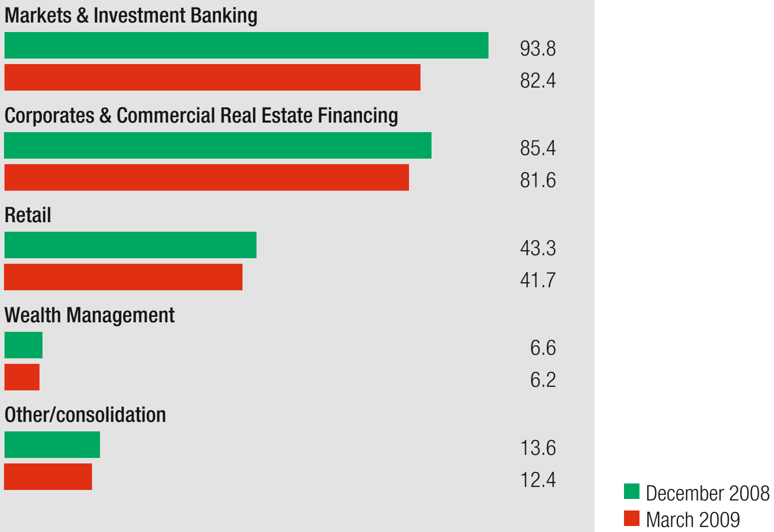
In the 2008 Annual Report, we described at length the management and monitoring of risks in HVB Group, risk types and risk measurement, overall bank management and risk types in detail. No significant changes have been made to the methods of risk management or risk monitoring for the individual risk types overall in the first quarter of 2009. The development of selected risks is presented below.

Credit and counterparty exposure

Breakdown of credit exposure and counterparty exposure by industry sector

€ billions		
	MARCH 2009	DECEMBER 2008
Industry sector		
Banking and insurance	36.9	46.3
Construction	34.4	35.9
Retail customers	33.4	35.3
Food, consumer goods, services	24.2	26.4
Transportation	13.2	12.8
Chemicals, health, pharmaceuticals	12.7	13.1
Mechanical engineering, steel	12.4	13.0
Other	12.4	12.7
Utilities	11.9	11.6
Public sector	9.7	12.6
Mineral oil	7.2	7.0
Automotive	6.9	6.6
Electrical, IT, communications	6.2	6.3
Media, printing, paper	4.3	4.7
HVB Group	**225.8**	**244.3**

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



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

	MARCH 2009		DECEMBER 2008	
	€ billions	in %	€ billions	in %
Rating				
Free of default risk	3.2	1.4	6.1	2.5
Not rated	9.3	4.2	10.5	4.3
Rating classes 1–4	109.9	49.0	122.8	50.6
Rating classes 5–8	95.3	42.5	97.1	40.0
Rating classes 9–10	6.6	2.9	6.2	2.6
HVB Group	**224.3**	**100.0**	**242.7**	**100.0**

Derivative transactions

Derivative transactions

€ millions

	NOMINAL AMOUNT					FAIR VALUE			
	RESIDUAL MATURITY			TOTAL	TOTAL	POSITIVE		NEGATIVE	
	UP TO 1 YEAR	MORE THAN 1 YEAR UP TO 5 YEARS	MORE THAN 5 YEARS	31/3/2009	31/12/2008	31/3/2009	31/12/2008	31/3/2009	31/12/2008
Interest rate derivatives	**1,047,749**	**1,206,785**	**935,519**	**3,190,053**	**3,220,605**	**87,046**	**67,071**	**85,497**	**65,289**
Foreign exchange derivatives	**344,343**	**119,597**	**59,455**	**523,395**	**496,910**	**15,859**	**21,404**	**15,138**	**19,039**
Equity/index derivatives	**72,260**	**111,163**	**11,074**	**194,497**	**198,164**	**15,763**	**13,612**	**19,028**	**15,665**
Credit derivatives	**30,997**	**260,383**	**67,185**	**358,565**	**402,564**	**17,463**	**18,497**	**17,467**	**17,862**
– Protection buyer	15,791	126,761	34,119	176,671	198,745	17,303	18,297	406	459
– Protection seller	15,206	133,622	33,066	181,894	203,819	160	200	17,061	17,403
Other transactions	**5,354**	**3,091**	**932**	**9,377**	**9,972**	**1,495**	**1,552**	**1,810**	**1,773**
HVB Group	**1,500,703**	**1,701,019**	**1,074,165**	**4,275,887**	**4,328,215**	**137,626**	**122,136**	**138,940**	**119,628**

Development of Selected Risks (Continued)

Derivative transactions by counterparty type

€ millions

	FAIR VALUE			
	POSITIVE		NEGATIVE	
	31/3/2009	31/12/2008	31/3/2009	31/12/2008
Central governments and central banks	690	630	476	371
Banks	109,890	97,865	111,979	97,269
Financial institutions	21,748	18,826	24,382	19,737
Other companies and private individuals	5,298	4,815	2,103	2,251
HVB Group	**137,626**	**122,136**	**138,940**	**119,628**

In accordance with the banking supervision regulations under Basel II (German Banking Act/Solvency Regulation), with so-called partial use based on individual risk weightings, and the risk-reducing effects of existing, legally enforceable bilateral netting agreements and the collateral provided by borrowers, risk-weighted assets for HVB Group amounted to €17.4 billion at March 31, 2009 (December 31, 2008: €18.7 billion).

Market risk

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

€ millions

	31/3/2009	AVERAGE 2008[1]	31/12/2008	30/9/2008	30/6/2008	31/3/2008
HVB Group	**168**	**82**	**146**	**78**	**52**	**53**

1 arithmetic mean

The continued rise in market risks at HVB Group in the first quarter of 2009 resulted from the increased credit spreads and higher volatilities, and not from an increase in the positions.

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

€ millions	31/3/2009	AVERAGE 2008[1]	31/12/2008	30/9/2008	30/6/2008	31/3/2008
Interest rate positions (incl. credit spread risks)	84	70	118	68	44	49
Foreign exchange positions	8	6	5	9	5	4
Equity/index positions	5	13	10	13	14	14
Diversification effect[2]	(12)	(20)	(21)	(22)	(17)	(17)
HVB Group	**85**	**69**	**112**	**68**	**46**	**50**

1 arithmetic mean
2 because of the diversification effect between the risk categories, the total risk is less than the sum of the individual risks

Liquidity risk

The financial crisis continued to dominate the general situation on the money and capital markets in the first quarter of 2009. Liquidity remained a scarce resource worldwide and, for the most part, was only exchanged interbank for short periods. HVB Group was able to rely on its broad funding base and adequate liquidity situation during this market phase. Nevertheless, we too are not able to evade all the developments on the markets and, if necessary, might have to take measures to continue to ensure adequate overall liquidity should the environment deteriorate further. We will have to watch and see what effect some banks' increasing utilisation of state guarantees to issue new debt instruments will have on the funding situation of HVB Group.

Short-term liquidity risk
Within the framework of our limit system, which operates under conservative assumptions, we showed an adequate overall positive balance of short-term liquidity risk in HVB Group for the next banking day at the end of March 2009. This balance comprises our available liquidity reserves and securities eligible as collateral for central bank borrowings.

The requirements of the German Liquidity Ordinance were met at all times by the relevant units of HVB Group during the first quarter of 2009.

Funding risk
The funding risk of HVB Group has so far remained low due to our broad funding base in terms of products, markets and investor groups. The longer-term funding of our lending business developed as planned in the first quarter. With their high credit quality and liquidity, our Pfandbriefs still remain an important funding instruments.

Consolidated Income Statement

for the period from January 1 to March 31, 2009

Income/expenses

	NOTES	1/1–31/3/2009 € millions	1/1–31/3/2008 € millions	CHANGE € millions	CHANGE in %
Net interest		1,217	926	+ 291	+ 31.4
Dividends and other income from equity investments		15	16	(1)	(6.3)
Net interest income	3	**1,232**	**942**	**+ 290**	**+ 30.8**
Net fees and commissions	4	295	398	(103)	(25.9)
Net trading income	5	(261)	(647)	+ 386	+ 59.7
Net other expenses/income	6	40	34	+ 6	+ 17.6
Net non-interest income		**74**	**(215)**	**+ 289**	
TOTAL REVENUES		**1,306**	**727**	**+ 579**	**+ 79.6**
Payroll costs		(467)	(505)	+ 38	(7.5)
Other administrative expenses		(324)	(305)	(19)	+ 6.2
Amortisation, depreciation and impairment losses on intangible and tangible assets		(63)	(61)	(2)	+ 3.3
Operating costs		**(854)**	**(871)**	**+ 17**	**(2.0)**
OPERATING PROFIT/(LOSS)		**452**	**(144)**	**+ 596**	
Provisions for risks and charges		(19)	—	(19)	
Write-down on goodwill		—	—	—	—
Restructuring costs		(49)	—	(49)	
Net write-downs of loans and provisions for guarantees and commitments	7	(283)	(187)	(96)	+ 51.3
Net income from investments	8	(7)	13	(20)	
PROFIT/(LOSS) BEFORE TAX		**94**	**(318)**	**+ 412**	
Income tax for the period		(31)	81	(112)	
NET PROFIT/(LOSS)		**63**	**(237)**	**+ 300**	
Minorities		(1)	(45)	+ 44	(97.8)
CONSOLIDATED PROFIT/(LOSS) OF HVB GROUP		**62**	**(282)**	**+ 344**	

Earnings per Share

Earnings per share

			€
	Notes	1/1–31/3/ 2009	1/1–31/3/ 2008
Earnings per share of HVB Group	9	0.08	(0.35)

Since no conversion rights or option rights on conditional capital existed at March 31, 2009, there is no calculation of diluted earnings per share.

Balance Sheet

at March 31, 2009

Assets

	NOTES	31/3/2009	31/12/2008	CHANGE	
		€ millions	€ millions	€ millions	in %
Cash and cash balances		422	558	(136)	(24.4)
Financial assets held for trading	10	193,486	199,019	(5,533)	(2.8)
Financial assets at fair value through profit or loss	11	13,462	13,335	+ 127	+ 1.0
Available-for-sale financial assets	12	5,368	5,636	(268)	(4.8)
Investments in associates, joint ventures and non-consolidated subsidiaries	13	206	250	(44)	(17.6)
Held-to-maturity investments	14	5,871	6,020	(149)	(2.5)
Loans and receivables with banks	15	49,006	46,451	+ 2,555	+ 5.5
Loans and receivables with customers	16	171,831	175,518	(3,687)	(2.1)
Hedging derivatives		3,624	2,654	+ 970	+ 36.5
Changes in fair value of portfolio hedged items		136	—	+ 136	
Property, plant and equipment		2,060	1,877	+ 183	+ 9.7
Investment properties		1,719	1,723	(4)	(0.2)
Intangible assets		779	795	(16)	(2.0)
of which: goodwill		426	424	+ 2	+ 0.5
Tax assets		3,094	2,792	+ 302	+ 10.8
of which: deferred tax assets		2,683	2,371	+ 312	+ 13.2
Non-current assets or disposal groups held for sale		1,935	4	+ 1,931	>+ 100.0
Other assets		1,932	1,970	(38)	(1.9)
Total assets		**454,931**	**458,602**	**(3,671)**	**(0.8)**

Liabilities

	NOTES	31/3/2009	31/12/2008	CHANGE	
		€ millions	€ millions	€ millions	in %
Deposits from banks	19	75,281	83,867	(8,586)	(10.2)
Deposits from customers	20	107,527	114,962	(7,435)	(6.5)
Debt securities in issue	21	60,875	63,639	(2,764)	(4.3)
Financial liabilities held for trading		175,055	163,944	+ (11,111)	+ 6.8
Hedging derivatives		1,043	617	+ 426	+ 69.0
Changes in fair value of portfolio hedged items		1,331	554	+ 777	>+ 100.0
Tax liabilities		2,254	1,938	+ 316	+ 16.3
of which: deferred tax liabilities		1,632	1,394	+ 238	+ 17.1
Liabilities of disposal groups held for sale		2,017	4	+ 2,013	>+ 100.0
Other liabilities		5,185	4,562	+ 623	+ 13.7
Provisions	22	1,382	1,491	(109)	(7.3)
Shareholders' equity		22,981	23,024	(43)	(0.2)
Shareholders' equity attributable to shareholders of HVB AG		22,151	22,217	(66)	(0.3)
Subscribed capital		2,407	2,407	—	—
Additional paid-in capital		9,791	9,791	—	—
Own shares		—	—	—	—
Other reserves		10,009	9,996	+ 13	+ 0.1
Change in valuation of financial instruments	23	(118)	23	(141)	
AfS reserve		(431)	(306)	(125)	(40.8)
Hedge reserve		313	329	(16)	(4.9)
Consolidated profit 2008		—	—	—	—
Net profit/(loss) 1/1–31/3/2009		62	—	+ 62	
Minority interest		830	807	+ 23	+ 2.9
Total shareholders' equity and liabilities		**454,931**	**458,602**	**(3,671)**	**(0.8)**

Statement of Changes in Shareholders' Equity

at March 31, 2009

	SUBSCRIBED CAPITAL	ADDITIONAL PAID-IN CAPITAL	OWN SHARES	OTHER RESERVES	
					OF WHICH: PENSIONS AND SIMILAR OBLIGATIONS (IAS 19)
Shareholders' equity at January 1, 2008	**2,407**	**9,791**	**(2)**	**6,913**	**(189)**
Change from capital increase against contributions in kind	—	—	—	—	—
Dividend payouts	—	—	—	—	—
Changes in group of consolidated companies	—	—	—	(2)	—
Income and expenses recognised in equity	—	—	—	6	—
Shareholders' equity at March 31, 2008	**2,407**	**9,791**	**(2)**	**6,917**	**(189)**
including:					
shareholders' equity of disposal groups held for sale	—	—	—	—	—
Shareholders' equity at January 1, 2009	**2,407**	**9,791**	**—**	**9,996**	**(139)**
Change from capital increase against contributions in kind	—	—	—	—	—
Dividend payouts[1]	—	—	—	—	—
Changes in group of consolidated companies	—	—	—	13	—
Income and expenses recognised in equity	—	—	—	—	—
Shareholders' equity at March 31, 2009	**2,407**	**9,791**	**—**	**10,009**	**(139)**
including:					
shareholders' equity of disposal groups held for sale	—	—	—	18	(1)

1 HVB AG did not record a profit available for distrubution in 2008, so no dividend is being paid for that financial year.

CHANGE IN VALUATION OF FINANCIAL INSTRUMENTS		CONSOLIDATED PROFIT	PROFIT/(LOSS) 1/1-31/3	TOTAL SHAREHOLDERS' EQUITY ATTRIBUTABLE TO SHAREHOLDERS' OF HVB AG	MINORITY INTEREST	TOTAL SHAREHOLDERS' EQUITY
AFS RESERVE	HEDGE RESERVE					
619	**(612)**	**4,074**	**—**	**23,190**	**808**	**23,998**
—	—	—	—	—	—	—
—	—	—	—	—	(13)	(13)
—	—	—	—	(2)	2	—
(207)	229	—	(282)	(254)	(7)	(261)
412	**(383)**	**4,074**	**(282)**	**22,934**	**790**	**23,724**
—	—	—	—	—	—	—
(306)	**329**	**—**	**—**	**22,217**	**807**	**23,024**
—	—	—	—	—	—	—
—	—	—	—	—	(11)	(11)
—	—	—	—	13	1	14
(125)	(16)	—	62	(79)	33	(46)
(431)	**313**	**—**	**62**	**22,151**	**830**	**22,981**
—	—	—	—	18	32	50

€ millions

Statement of Comprehensive Income

		€ millions
	1/1–31/3/2009	1/1–31/3/2008
PROFIT/(LOSS) AFTER TAX	**63**	**(237)**
Profit/(loss) not recognised in the consolidated income statement		
Changes from foreign currency translation and other changes	25	(44)
Changes from foreign companies accounted for using the equity method	—	—
Actuarial profit/(loss) on defined benefit plans (pension commitments)	—	—
Discontinued operations and assets held for sale	—	—
Change in valuation of financial instruments (AfS reserve)	(118)	(209)
Change in valuation of financial instruments (hedge reserve)	(16)	229
Profit/(loss) not recognised in the consolidated income statement	**(109)**	**(24)**
Total recognised in equity	**(46)**	**(261)**
of which:		
attributable to shareholders of HVB AG	(79)	(254)
attributable to minority interest	33	(7)

Selected Notes

1 Accounting and valuation principles

IFRS basis

After trading in HypoVereinsbank shares was officially discontinued during 2008 following the completion of the squeeze-out, we are no longer formally obliged to prepare quarterly financial statements at 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, valuation and disclosure principles in 2009 as in the consolidated financial statements for 2008 (please refer to the HVB Group Annual Report, starting on page 91). In addition, we have applied the revised "IAS 1 – Presentation of Financial Statements" for the first time as of January 1, 2009. The revised standard requires a separate statement of other comprehensive income to be included in the consolidated financial statement in addition to the traditional income statement.

Segment reporting

In segment reporting, the market-related activities of HVB Group are divided into the following globally operating divisions: Markets & Investment Banking, Corporates & Commercial Real Estate Financing, Retail, and Wealth Management.

Also shown is the Other/consolidation segment that covers Global Banking Services and Group Corporate Centre activities, and the effects of consolidation. The Group Corporate Centre activities also contain the Special Credit Portfolio (SCP) defined in 2006 and the remaining holdings from the former Real Estate Restructuring segment.

Largely the same principles used at year-end 2008 are being applied in 2009. As of January 1, 2009, we started using risk-weighted assets compliant with Basel II as the criterion applied to allocate tied equity capital. The interest rate used to assess the equity capital allocated to the companies assigned to several divisions (HVB AG, HVB Banque Luxembourg) was 3.97% in 2008. This rate was determined for 2009 and, since January 1, 2009, amounts to 4.30%.

The figures for the previous year have been adjusted to account for the modified allocation of tied equity capital.

Selected Notes (Continued)

Notes to the Income Statement

2 Segment reporting

Income statement broken down by division for the period from January 1 to March 31, 2009

	MARKETS & INVESTMENT BANKING	CORPORATES & COMMERCIAL REAL ESTATE FINANCING	RETAIL	WEALTH MANAGEMENT	OTHER/ CONSOLIDATION	HVB GROUP
						€ millions
TOTAL REVENUES						
1/1–31/3/2009	356	398	356	102	94	1,306
1/1–31/3/2008	(318)	390	436	129	90	727
Operating costs						
1/1–31/3/2009	(260)	(143)	(316)	(76)	(59)	(854)
1/1–31/3/2008	(288)	(137)	(325)	(77)	(44)	(871)
OPERATING PROFIT/(LOSS)						
1/1–31/3/2009	96	255	40	26	35	452
1/1–31/3/2008	(606)	253	111	52	46	(144)
Restructuring costs						
1/1–31/3/2009	(49)	—	—	—	—	(49)
1/1–31/3/2008	—	—	—	—	—	—
Net write-downs of loans and provisions for guarantees and commitments						
1/1–31/3/2009	(111)	(102)	(36)	(3)	(31)	(283)
1/1–31/3/2008	(23)	(55)	(50)	(3)	(56)	(187)
Net income from investments and other items[1]						
1/1–31/3/2009	(12)	(3)	6	1	(18)	(26)
1/1–31/3/2008	(1)	5	19	—	(10)	13
PROFIT/(LOSS) BEFORE TAX						
1/1–31/3/2009	(76)	150	10	24	(14)	94
1/1–31/3/2008	(630)	203	80	49	(20)	(318)

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

Income statement of the Markets & Investment Banking division

€ millions					
INCOME/EXPENSES	1/1–31/3/2009	1/1–31/3/2008	Q4 2008	Q3 2008	Q2 2008
Net interest income	**615**	**318**	**422**	**436**	**302**
Net fees and commissions	38	34	74	49	38
Net trading income	(294)	(669)	(1,100)	(444)	312
Net other expenses/income	(3)	(1)	7	6	(7)
Net non-interest income	**(259)**	**(636)**	**(1,019)**	**(389)**	**343**
TOTAL REVENUES	**356**	**(318)**	**(597)**	**47**	**645**
Payroll costs	(93)	(117)	(81)	(76)	(104)
Other administrative expenses and amortisation, depreciation and impairment losses on intangible and tangible assets	(167)	(171)	(186)	(181)	(165)
Operating costs	**(260)**	**(288)**	**(267)**	**(257)**	**(269)**
OPERATING PROFIT/(LOSS)	**96**	**(606)**	**(864)**	**(210)**	**376**
Restructuring costs	(49)	—	(6)	—	(1)
Net write-downs of loans and provisions for guarantees and commitments	(111)	(23)	(260)	(233)	23
Net income from investments and other items[1]	(12)	(1)	(44)	(111)	(33)
PROFIT/(LOSS) BEFORE TAX	**(76)**	**(630)**	**(1,174)**	**(554)**	**365**
Cost-income ratio in %	73.0	n.a.	n.a.	546.8	41.7

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 Markets & Investment Banking division achieved an operating turnaround in the first quarter of 2009, despite the persistently difficult macroeconomic market environment, posting an operating profit of €96 million after an operating loss of €606 million in the first quarter of 2008.

Net interest income almost doubled year-on-year, rising €297 million to €615 million. This strong growth results primarily from much higher interest income from trading operations as well as the favourable effects arising from the amortisation of reclassified holdings.

Although net trading income in the first quarter of 2009 improved by €375 million compared with the previous year, a loss of €294 million was still recorded. The total was depressed by negative effects from the holdings classifed under the fair value option on account of widening spreads, in particular on government bonds. In addition, there was a loss on trading positions caused largely by negative effects from ABS products and changes in the valuation of securities trading products. The Structured Credit unit recorded a profit in the first quarter of 2009, after this unit having suffered considerably in the previous quarters on account of the difficult market conditions.

The decline of almost 10% in operating costs to €260 million can be attributed for the most part to falling payroll costs; both lower expenses for performance bonuses and reduction in the headcount had an impact in this regard. The cost-income ratio totals 73.0%.

The division recorded restructuring costs of €49 million in the first quarter of 2009. These costs can be attributed to specific restructuring measures taken during the implementation of strategic reorientation of the Markets & Investment Banking division. For the most part, this relates to expenses for future severance payments.

On account of the negative effects of the restructuring provisions coupled with the net write-downs of loans and provisions for guarantees and commitments of €111 million, a loss of €76 million before tax was recorded. This was €554 million better than in the previous year.

Selected Notes (Continued)

Income statement of the Corporates & Commercial Real Estate Financing division

€ millions

INCOME/EXPENSES	1/1–31/3/2009	1/1–31/3/2008	Q4 2008	Q3 2008	Q2 2008
Net interest income	**310**	**275**	**320**	**307**	**285**
Net fees and commissions	87	110	96	94	100
Net trading income	(2)	(1)	(1)	(1)	1
Net other expenses/income	3	6	2	7	—
Net non-interest income	**88**	**115**	**97**	**100**	**101**
TOTAL REVENUES	**398**	**390**	**417**	**407**	**386**
Payroll costs	(61)	(56)	(63)	(64)	(61)
Other administrative expenses and amortisation, depreciation and impairment losses on intangible and tangible assets	(82)	(81)	(94)	(81)	(86)
Operating costs	**(143)**	**(137)**	**(157)**	**(145)**	**(147)**
OPERATING PROFIT	**255**	**253**	**260**	**262**	**239**
Restructuring costs	—	—	—	(1)	—
Net write-downs of loans and provisions for guarantees and commitments	(102)	(55)	(167)	(96)	(66)
Net income from investments and other items[1]	(3)	5	(18)	23	9
PROFIT/(LOSS) BEFORE TAX	**150**	**203**	**75**	**188**	**182**
Cost-income ratio in %	35.9	35.1	37.6	35.6	38.1

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

Developments in the Corporates & Commercial Real Estate Financing division

In the difficult market environment at present, the Corporates & Commercial Real Estate Financing division again recorded a pleasing operating profit of €255 million in the first quarter of 2009. This total was even slightly higher than the €253 million generated a year ago in a much friendlier market environment.

Total revenues rose by 2.1% compared with the first quarter of 2008, driven primarily by a sharp rise of 12.7% in net interest income. This results from the positive development in both lending and deposit-taking operations on the back of a larger number of loans extended and better interest margins in lending and deposit-taking operations.

At €87 million, net fees and commissions failed to match the total of €110 million for the equivalent period last year, which was generated in a much friendlier market environment. Among other things, the decline results from weaker operations involving derivatives. Operating costs increased by 4.4% due to higher payroll costs resulting from a rise in the headcount under the expansion strategy implemented in 2008. In all, operating profit rose by a slight 0.8% to €255 million. At 35.9%, the cost-income ratio remained at an excellent level after the first three months of 2009 (Q1 2008: 35.1%).

The sharp deterioration in the economic situation compared with the first quarter of 2008 led to an increase of 85.5% in net write-downs of loans and provisions for guarantees and commitments. Consequently, profit before tax fell by a quarter, to €150 million, compared with the total recorded in the first quarter of 2008. The profit before tax doubled in the first three months of 2009 compared with the final quarter of the previous year.

Income statement of the Retail division

€ millions					
INCOME/EXPENSES	1/1–31/3/2009	1/1–31/3/2008	Q4 2008	Q3 2008	Q2 2008
Net interest income	**240**	**259**	**254**	**263**	**263**
Net fees and commissions	112	177	106	123	161
Net trading income	—	—	—	—	—
Net other expenses/income	4	—	(5)	—	1
Net non-interest income	**116**	**177**	**101**	**123**	**162**
TOTAL REVENUES	**356**	**436**	**355**	**386**	**425**
Payroll costs	(145)	(149)	(147)	(141)	(151)
Other administrative expenses and amortisation, depreciation and impairment losses on intangible and tangible assets	(171)	(176)	(192)	(176)	(181)
Operating costs	**(316)**	**(325)**	**(339)**	**(317)**	**(332)**
OPERATING PROFIT	**40**	**111**	**16**	**69**	**93**
Restructuring costs	—	—	2	(2)	—
Net write-downs of loans and provisions for guarantees and commitments	(36)	(50)	16	(6)	(31)
Net income from investments and other items[1]	6	19	(17)	(15)	(6)
PROFIT/(LOSS) BEFORE TAX	**10**	**80**	**17**	**46**	**56**
Cost-income ratio in %	88.8	74.5	95.5	82.1	78.1

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

Developments in the Retail division

The operating profit of the Retail division was as severely affected in the first quarter of 2009 as it was in the final quarter of 2008 by the worsening economic environment caused by the financial crisis and the resulting cautiousness on the part of consumers. At €40 million, the total comfortably exceeded the €16 million reported for the final quarter of 2008 on the back of constant total revenues and lower operating costs.

At the same time, it proved impossible to match the good operating profit of €111 million for the first quarter of 2008, which was generated in a far friendlier market environment. Within this total, the total revenues for the first three months of this year were down by around 18% compared with the equivalent period last year. This includes a decline of around 7% in net interest income, to €240 million, attributable to both lending and deposit-taking activities. On the lending side, the decline results from the ongoing strategic reduction in the volume of real estate loans together with the lack of new business involving Sofortkredit (instant loans). These loans have been passed on to the German branch of UniCredit Consumer Financing Bank S.p.A. (operating since April 1, 2009 as UniCredit Family Financing Bank S.p.A.) since mid-2008 rather than being extended directly by

Selected Notes (Continued)

HVB Group, generating fee and commissioning income rather than interest income. Net fees and commissions of €112 million in the first quarter of 2009 were again affected by weakening customer activities, especially in terms of securities operations. For this reason, the good figure of €177 million for the first quarter of 2008 could not be matched. Nevertheless, the comparison with the final quarter of 2008 shows an increase of around 6%.

We have followed the trend of our customers to prefer security-focused investments by successfully distributing new innovative investment products to reflect their greater quality and security needs. This includes products like the HVB 4% Bond, HVB 3.8% Bond and the HVB Crelino bonds on Austria or Switzerland, with a total sales volume of just under €900 million.

The cost-income ratio after the first three months of this year totalled 88.8% after 74.5% in the first quarter of 2008. The decline in total revenues was partially offset by the reduction in operating costs generated by consistent cost management. Within operating costs, there was a fall in both payroll costs – resulting from the lower headcount – and other administrative expenses.

Net write-downs of loans and provisions for guarantees and commitments amounted to €36 million for the first quarter of 2009 (2008: €50 million). At €10 million, the profit before tax after the first three months of 2009 was at around the same level as in the final quarter of the previous year (€17 million), but much less than the high total for the first quarter of 2008 (€80 million) generated in a more positive environment, but which also benefited on a gain on disposal recognised in net income from investments.

Income statement of the Wealth Management division

€ millions					
INCOME/EXPENSES	1/1–31/3/2009	1/1–31/3/2008	Q4 2008	Q3 2008	Q2 2008
Net interest income	**42**	**38**	**46**	**37**	**48**
Net fees and commissions	59	86	71	65	75
Net trading income	—	2	(1)	(28)	(1)
Net other expenses/income	1	3	2	—	(2)
Net non-interest income	**60**	**91**	**72**	**37**	**72**
TOTAL REVENUES	**102**	**129**	**118**	**74**	**120**
Payroll costs	(29)	(28)	(30)	(30)	(28)
Other administrative expenses and amortisation, depreciation and impairment losses on intangible and tangible assets	(47)	(49)	(48)	(47)	(50)
Operating costs	**(76)**	**(77)**	**(78)**	**(77)**	**(78)**
OPERATING PROFIT/(LOSS)	**26**	**52**	**40**	**(3)**	**42**
Restructuring costs	—	—	—	—	—
Net write-downs of loans and provisions for guarantees and commitments	(3)	(3)	2	(1)	6
Net income from investments and other items[1]	1	—	(7)	1	1
PROFIT/(LOSS) BEFORE TAX	**24**	**49**	**35**	**(3)**	**49**
Cost-income ratio in %	74.5	59.7	66.1	104.1	65.0

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, 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).

The Wealth Management division generated a profit before tax of €24 million in the first quarter of 2009 despite the difficult market conditions engendered by the ongoing financial crisis. This decline of around a half compared with the equivalent period last year results mainly from the fall of €27 million in total revenues, to €102 million. Whereas net interest income increased by a further €4 million compared with the equivalent period last year, net fees and commissions decreased by a sharp €27 million, or more than 30%. The decline in net fees and commissions in the first quarter of 2009 was again due to a marked reluctance demonstrated by our customers in securities operations together with lower portfolio-dependent income from securities. In addition, it should be borne in mind when comparing the figures with the previous year that the first quarter of 2008, which was affected relatively little by the financial crisis in the Wealth Management division, was the strongest quarter in terms of net fees and commissions over the last few years.

Operating costs could be reduced by a slight 1.3% thanks to consistent cost management. The cost-income ratio rose by 14.8 percentage points to 74.5% over the equivalent period last year due to the fall in revenues; in 2008 as a whole, it was 70.3%.

Selected Notes (Continued)

Income statement of the Other/consolidation segment

					€ millions
INCOME/EXPENSES	1/1–31/3/2009	1/1–31/3/2008	Q4 2008	Q3 2008	Q2 2008
TOTAL REVENUES	**94**	**90**	**213**	**100**	**125**
Operating costs	**(59)**	**(44)**	**(41)**	**(58)**	**(62)**
OPERATING PROFIT	**35**	**46**	**172**	**42**	**63**
Restructuring costs	—	—	(20)	1	1
Net write-downs of loans and provisions					
for guarantees and commitments	(31)	(56)	266	(25)	(1)
Net income from investments and other items[1]	(18)	(10)	(36)	9	(31)
PROFIT/(LOSS) BEFORE TAX	**(14)**	**(20)**	**382**	**27**	**32**

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 segment

The Other/consolidation segment encompasses the Global Banking Services and Group Corporate Centre subsegments together with the profit contributions from the Special Credit Portfolio and consolidation effects.

The total revenues of this segment rose slightly compared with the first quarter of 2008 (up €4 million). Within this total, falling revenues due to the continued strategic reduction in volumes in the Special Credit Portfolio and negative currency effects were offset by higher earnings from interest rate hedges. Operating costs rose by €15 million to a total of €59 million, with falling payroll costs more than offset by higher other administrative expenses and amortisation, depreciation, and impairment losses on intangible and tangible assets. Net write-downs of loans and provisions for guarantees and investments, which relate exclusively to the Special Credit Portfolio, declined by a sharp 45%, to €31 million, compared with the first quarter of 2008.

3 Net interest income

		€ millions
	1/1–31/3/ 2009	1/1–31/3/ 2008
Interest income from		
lending and money market transactions	2,332	2,657
other interest income	950	1,681
Interest expense from		
deposits	(913)	(1,756)
debt securities in issue and		
other interest expenses	(1,152)	(1,656)
Net interest	**1,217**	**926**
Dividends and other income from		
equity investments		
Dividends and other similar income	15	15
Dividends from companies		
using the equity method	—	1
Total	**1,232**	**942**

4 Net fees and commissions

		€ millions
	1/1–31/3/ 2009	1/1–31/3/ 2008
Management, brokerage and consultancy services	136	240
Collection and payment services	51	48
Lending operations	87	86
Other service operations	21	24
Total	**295**	**398**

This item comprises the balance of fee and commission income of €531 million (2008: €712 million) and fee and commission expense of €236 million (2008: €314 million).

5 Net trading income

		€ millions
	1/1–31/3/ 2009	1/1–31/3/ 2008
Net gains/(losses) on financial assets		
held for trading[1]	(106)	(627)
Private equity realisation gains/(losses)[2]	—	—
Effects arising from hedge accounting	5	2
Changes in fair value of hedged items	(985)	110
Changes in fair value of hedging derivatives	990	(108)
Net gains/(losses) on financial assets at fair value		
through profit or loss (fair value option)	(155)	(13)
Other net trading income	(5)	(9)
Total	**(261)**	**(647)**

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

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

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

Selected Notes (Continued)

6 Net other expenses/income

	€ millions	
	1/1–31/3/ 2009	1/1–31/3/ 2008
Other income	66	66
Other expenses	(26)	(32)
Total	**40**	**34**

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

	€ millions	
	1/1–31/3/ 2009	1/1–31/3/ 2008
Additions	**(487)**	**(420)**
Allowances for losses on loans and receivables	(485)	(380)
Allowances for losses on guarantees and commitments	(2)	(40)
Releases	**192**	**217**
Allowances for losses on loans and receivables	184	215
Allowances for losses on guarantees and commitments	8	2
Recoveries from write-offs of loans and receivables	**12**	**16**
Total	**(283)**	**(187)**

8 Net income from investments

	€ millions	
	1/1–31/3/ 2009	1/1–31/3/ 2008
Available-for-sale financial assets	(16)	(1)
Shares in affiliated companies	6	19
Companies accounted for using the equity method	—	—
Held-to-maturity investments	—	—
Land and buildings	8	2
Investment properties[1]	(5)	(7)
Total	**(7)**	**13**

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

Net income from investments breaks down as follows:

	€ millions	
	1/1–31/3/ 2009	1/1–31/3/ 2008
Gains on the disposal of	**24**	**25**
available-for-sale financial assets	10	—
shares in affiliated companies	6	23
companies accounted for using the equity method	—	—
held-to-maturity investments	—	—
land and buildings	8	2
Write-downs and value adjustments on	**(31)**	**(12)**
available-for-sale financial assets	(26)	(1)
shares in affiliated companies	—	(4)
companies accounted for using the equity method	—	—
held-to-maturity investments	—	—
investment properties[1]	(5)	(7)
Total	**(7)**	**13**

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

9 Earnings per share

HVB GROUP	1/1–31/3/2009	1/1–31/3/ 2008
Net profit/(loss) (€ millions)	62	(282)
Average number of shares	802,383,672	802,383,672
Earnings per share (€)	0.08	(0.35)

10 Financial assets held for trading

		€ millions
	31/3/2009	31/12/2008
Balance-sheet assets		
Fixed-income securities	34,689	47,433
Equity instruments	4,456	4,521
Other financial assets held for trading	20,476	27,576
Positive fair value from derivative		
financial instruments	**133,865**	**119,489**
Total	**193,486**	**199,019**

The financial assets held for trading at March 31, 2009 include €1,332 million (December 31, 2008: €1,630 million) in subordinated assets.

11 Financial assets at fair value through profit or loss

		€ millions
	31/3/2009	31/12/2008
Fixed-income securities	10,665	10,522
Equity instruments	—	—
Investment certificates	1	1
Promissory notes	2,796	2,812
Other financial assets at fair value		
through profit or loss	—	—
Total	**13,462**	**13,335**

The financial assets at fair value through profit or loss at March 31, 2009 include €304 million (December 31, 2008: €287 million) in subordinated assets.

12 Available-for-sale financial assets

		€ millions
	31/3/2009	31/12/2008
Fixed-income securities	2,634	2,828
Equity instruments	2,141	2,180
Other available-for-sale financial assets	322	344
Impaired assets	271	284
Total	**5,368**	**5,636**

Available-for-sale financial assets at March 31, 2009 include financial assets of €1,495 million (December 31, 2008: €1,471 million) valued at cost.

The available-for-sale financial assets at March 31, 2009 contain a total of €271 million in impaired assets, for which €26 million (December 31, 2008: €223 million) in impairments was taken to the income statement in the period under review. There are no financial instruments past due among the non-impaired debt instruments.

The available-for-sale financial assets at March 31, 2009 include €271 million (December 31, 2008: €259 million) in subordinated assets.

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

		€ millions
	31/3/2009	31/12/2008
Non-consolidated subsidiaries	166	212
Joint ventures	—	—
Associated companies accounted for using		
the equity method	34	32
of which: goodwill	—	—
Other associated companies	6	6
Total	**206**	**250**

Selected Notes (Continued)

14 Held-to-maturity investments

€ millions		
	31/3/2009	31/12/2008
Fixed-income securities	5,839	6,008
Other held-to-maturity investments	32	12
Impaired assets	—	—
Total	**5,871**	**6,020**

The held-to-maturity investments at March 31, 2009 include €32 million (December 31, 2008: €12 million) in subordinated assets.

15 Loans and receivables with banks

€ millions		
	31/3/2009	31/12/2008
Loans to central banks	**1,856**	**4,998**
Loans to banks	**47,150**	**41,453**
Current accounts	15,518	15,467
Repos[1]	9,651	6,331
Reclassified securities	10,742	4,258
Other loans and receivables	11,239	15,397
Total	**49,006**	**46,451**

1 repurchase agreements

The loans and receivables with banks at March 31, 2009 include €953 million (December 31, 2008: €845 million) in subordinated assets.

16 Loans and receivables with customers

€ millions		
	31/3/2009	31/12/2008
Current accounts	6,961	7,082
Repos[1]	3,677	8,643
Mortgage loans	60,341	62,723
Finance leases	1,899	1,842
Reclassified securities	11,671	9,451
Other loans and receivables	87,282	85,777
Total	**171,831**	**175,518**

1 repurchase agreements

The loans and receivables with customers at March 31, 2009 include €1,352 million (December 31, 2008: €1,055 million) in subordinated assets.

17 Application of new reclassification rules

In the first quarter of 2009, we prospectively reclassified as loans and receivables further assets held for trading, for which an active market no longer exists, with a carrying amount or fair value of €9.2 billion (nominal amount: €9.3 billion) at the time of reclassification compliant with IAS 39.50 and following. For the most part, this relates to pfandbriefs, government bonds and bank bonds. The intention to trade no longer exists with regard to the reclassified holdings. Given the high quality of the assets concerned, HVB intends to retain the holdings for a longer period. We have not reclassified any holdings from the available-for-sale portfolio.

The following table summarises the effects of the reclassified holdings:

€ billions			
	CARRYING AMOUNT OF ALL RECLASSIFIED ASSETS[1]	FAIR VALUE OF ALL RECLASSIFIED ASSETS	NOMINAL AMOUNT OF ALL RECLASSIFIED ASSETS
RECLASSIFIED FINANCIAL ASSETS	31/3/2009	31/3/2009	31/3/2009
Asset-backed securities and other debt securities	**22.2**	**20.2**	**23.1**

1 before portfolio allowance and accrued interest

The fair value of the financial instruments reclassified as loans and receivables amounts to €20.2 billion at March 31, 2009. If these reclassifications had not been carried, a loss of €73 million (effect in the whole of 2008: €1.8 billion) would have arisen from mark-to-market valuation in the first quarter of 2009. €8 million of this total relates to the holdings that were reclassified in the first quarter of 2009. This effect reflects a theoretical, pro forma calculation, as the holdings are measured at amortised cost on account of the reclassification. We have not taken any write-downs on the reclassified holdings in the first quarter of 2009 (cumulative effect in 2008: minus €63 million). The fair value at the date when the reclassification takes effect represents the new acquisition costs, which are considerably less than the nominal value. Accordingly, this difference (discount) is to be amortised over the remaining term of the reclassified financial assets. This gives rise to an effect of €61 million (cumulative effect in 2008: €127 million) in the first quarter of 2009, which is recognised in net interest income.

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

Analysis

			€ millions
	SPECIFIC ALLOWANCES	PORTFOLIO ALLOWANCES[1]	TOTAL
Balance at Jan. 1, 2008	**4,573**	**520**	**5,093**
Changes affecting income			
Gross additions	326	54	380
Releases	(199)	(16)	(215)
Changes not affecting income			
Changes due to make-up of group of consolidated companies and reclassifications			
of disposal groups held for sale	—	—	—
Use of existing loan-loss allowances	(57)	—	(57)
Effects of currency translation and other changes not affecting income	(15)	(1)	(16)
Non-current assets or disposal groups held for sale	—	—	—
Balance at March 31, 2008	**4,628**	**557**	**5,185**
	SPECIFIC ALLOWANCES	PORTFOLIO ALLOWANCES[1]	TOTAL
Balance at Jan. 1, 2009	**4,305**	**536**	**4,841**
Changes affecting income			
Gross additions	469	16	485
Releases	(184)	—	(184)
Changes not affecting income			
Changes due to make-up of group of consolidated companies and reclassifications			
of disposal groups held for sale	(9)	(2)	(11)
Use of existing loan-loss allowances	(74)	—	(74)
Effects of currency translation and other changes not affecting income	41	—	41
Non-current assets or disposal groups held for sale	9	2	11
Balance at March 31, 2009	**4,557**	**552**	**5,109**

1 including provisions for country risk

Selected Notes (Continued)

19 Deposits from banks

€ millions	31/3/2009	31/12/2008
Deposits from central banks	**9,611**	**29,549**
Deposits from banks	**65,670**	**54,318**
Current accounts	14,243	12,001
Reverse repos[1]	21,406	12,378
Other deposits	30,021	29,939
Total	**75,281**	**83,867**

1 repurchase agreements

20 Deposits from customers

€ millions	31/3/2009	31/12/2008
Current accounts	37,396	36,237
Savings deposits	13,715	13,648
Reverse repos[1]	7,208	12,245
Other deposits	49,208	52,832
Total	**107,527**	**114,962**

1 repurchase agreements

21 Debt securities in issue

€ millions	31/3/2009	31/12/2008
Listed securities	**39,366**	**42,451**
Bonds	38,856	40,679
Other securities	510	1,772
Unlisted securities	**21,509**	**21,188**
Bonds	21,197	20,891
Other securities	312	297
Total	**60,875**	**63,639**

22 Provisions

€ millions	31/3/2009	31/12/2008
Provisions for pensions and similar commitments	70	104
Provisions for financial guarantees	188	223
Restructuring provisions	131	92
Other provisions	993	1,072
Total	**1,382**	**1,491**

23 Change in valuation of financial instruments

The reserves arising from changes in the valuation of financial instruments declined by €141 million at March 31, 2009 compared with the 2008 year-end total. In the process, the cash flow hedge reserve declined a slight €16 million to €313 million, while the available-for-sale reserve fell by €125 million, to minus €431 million. The fall in the available-for-sale reserve can essentially be attributed to negative fair value fluctuations in our shareholdings as a result of the persistently difficult market environment in the first quarter of 2009. A total of minus €14 million is attributable to negative fair value fluctuations arising from asset-backed securities classified as available for sale for which no impairment critieria existed compliant with IAS 39.50 and on which, consequently, no impairment losses needed to be taken.

24 Subordinated capital

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

€ millions	31/3/2009	31/12/2008
Subordinated liabilities	6,375	7,206
Participating certificates outstanding	205	205
Hybrid capital instruments	1,811	1,804
Total	**8,391**	**9,215**

Other Information

25 Contingent liabilities and other commitments

		€ millions
	31/3/2009	31/12/2008
Contingent liabilities[1]	**22,671**	**24,428**
Guarantees and indemnities	22,671	24,428
Other commitments	**61,680**	**67,068**
Irrevocable credit commitments	44,555	48,645
Other commitments	17,125	18,423
Total	**84,351**	**91,496**

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

Selected Notes (Continued)

26 Members of the Supervisory Board and Management Board

Supervisory Board

Alessandro Profumo
Chairman
until February 5, 2009

Sergio Ermotti
Chairman[1]

Peter König
Deputy Chairman

Dr Lothar Meyer
Deputy Chairman[2]

Dr Wolfgang Sprissler
Deputy Chairman
since February 5, 2009

Gerhard Bayreuther

Aldo Bulgarelli

Beate Dura-Kempf

Paolo Fiorentino

Dario Frigerio
until February 5, 2009

Giulio Gambino

Klaus Grünewald

Karl Guha
since February 5, 2009

Ranieri de Marchis

Beate Mensch

Roberto Nicastro

Vittorio Ogliengo
until February 5, 2009

Panagiotis Sfeliniotis

Professor Hans-Werner Sinn

Jutta Streit

Michael Voss

Jens-Uwe Wächter

Dr Susanne Weiss
since February 5, 2009

1 since February 5, 2009
2 until February 5, 2009

Management Board

Willibald Cernko
Retail Division

Lutz Diederichs
Corporate & Commercial Real Eastate Financing division,
Markets & Investment Banking division[1]

Rolf Friedhofen
Chief Financial Officer (CFO)

Henning Giesecke
Chief Risk Officer (CRO)

Heinz Laber
Human Resources Management
Global Banking Services segment

Dr Theodor Weimer
Board spokesman
Markets & Investment Banking division[2]

Andreas Wölfer
Wealth Management division

1 since April 1, 2009
2 until March 31, 2009

Munich, May 12, 2009

Bayerische Hypo- und Vereinsbank
Aktiengesellschaft
The Management Board

Cernko Diederichs Friedhofen Giesecke

Laber Weimer Wölfer

Summary of Quarterly Financial Data

					€ millions
	Q1 2009	**Q4 2008**	**Q3 2008**	**Q2 2008**	**Q1 2008**
Operating performance					
Net interest income	1,232	1,222	1,118	977	942
Net fees and commissions	295	335	337	383	398
Net trading income	(261)	(1,092)	(490)	318	(647)
Net other expenses/income	40	41	49	23	34
TOTAL REVENUES	**1,306**	**506**	**1,014**	**1,701**	**727**
Operating costs	(854)	(882)	(854)	(888)	(871)
OPERATING PROFIT/(LOSS)	**452**	**(376)**	**160**	**813**	**(144)**
Provisions for risks and charges	(19)	10	5	(21)	—
Write-down on goodwill	—	—	—	—	—
Restructuring costs	(49)	(24)	(2)	—	—
Net write-downs of loans and provisions					
for guarantees and commitments	(283)	(143)	(361)	(69)	(187)
Net income from investments	(7)	(132)	(98)	(39)	13
PROFIT/(LOSS) BEFORE TAX	**94**	**(665)**	**(296)**	**684**	**(318)**
Income tax for the period	(31)	55	11	(201)	81
NET PROFIT/(LOSS)	**63**	**(610)**	**(285)**	**483**	**(237)**
Minorities	(1)	3	27	(7)	(45)
NET PROFIT/(LOSS) OF HVB GROUP	**62**	**(607)**	**(258)**	**476**	**(282)**
Earnings per share in €, HVB Group	0.08	(0.76)	(0.32)	0.59	(0.35)

Financial Calendar

Important Dates 2009	
Interim report at March 31, 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
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