

OUR  
COMMITMENT



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This edition of our interim 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	1/1–30/9/2009	1/1–30/9/2008
Operating profit	€2,856m	€823m
Cost-income ratio (based on total revenues)	47.6 %	76.0 %
Profit before tax	€720m	€70m
Net profit/(loss)	€334m	€(64)m
Earnings per share (adjusted <sup>1</sup> )	€0.67	€(0.08)
Earnings per share	€0.42	€(0.08)

Balance sheet figures	30/9/2009	31/12/2008
Total assets	€395.9bn	€458.6bn
Shareholders' equity	€23.3bn	€23.0bn

Key capital ratios compliant with Basel II	30/9/2009	31/12/2008
Core capital	€20.5bn	€21.2bn
Risk-weighted assets (including equivalents for market risk and operational risk)	€127.2bn	€148.2bn
Core capital ratio <sup>2</sup>	16.1%	14.3%

	30/9/2009	31/12/2008
Employees	20,777	24,638
Branch offices	847	852

1 2009 and 2008 adjusted for restructuring costs

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

Ratings	LONG-TERM	SHORT-TERM	OUTLOOK	FINANCIAL STRENGTH	CHANGED/ CONFIRMED	PFANDBRIEFS		CHANGED/ CONFIRMED
						PUBLIC	MORTGAGE	
Moody's	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	24/7/2009	AAA	AAA	17/6/2008

# Business Performance

## Underlying conditions and general comments on the business situation

The global economic recession eased significantly in summer 2009. Both the United States and Europe again reached the growth zone and the economic upturn in Asia continued to move briskly along. The collapse of global trade observed since the insolvency of the investment bank Lehman Brothers was halted. One of the main factors triggering the reversal of the economic trend was the implementation of economic stimulus packages launched in many countries. This was accompanied by an improvement in the mood among companies around the world. However, the situation on the labour market in the United States remained tense, although the speed at which jobs were cut slackened compared with the spring. The fall in prices on the US housing market let up, whereas the price decline in US commercial properties continued unabated. Due to the economic stabilisation, share prices climbed further worldwide.

The US Federal Reserve and the European Central Bank adhered to their policy of low interest rates and liquidity support. With investors having invested heavily in the US dollar during the crisis, a gradual relaxation in the financial markets over the course of the year led to an increased willingness to invest in the euro. Because of this, the euro appreciated sharply against the dollar.

In Germany, a largely export-driven recovery set in. The improvement in new orders and industrial production continued. The implementation of the two economic stimulus packages, which the building trade benefited from in particular, added impetus to this development. In contrast, consumer spending fell slightly. The German labour market proved to be surprisingly robust, although an increase in short-term working played a role in this connection. The inflationary trend remained moderate, with consumer prices even declining compared with the previous year.

Investor sentiment on the capital market has also improved particularly since the beginning of the second quarter of 2009 so that, after equities had reached their lowest point for years, a strong recovery phase set in on the financial markets from mid-March that also continued in the third quarter of 2009. Even so, the general economic environment remains very challenging also in the fourth quarter of 2009. This is particularly true for the banking industry, which also has to face additional regulatory and strong political pressure.

In this altogether difficult, but noticeably recovering market environment in the first nine months of 2009, HVB Group generated a strong operating profit of €2,856 million – more than treble the amount in the same period last year. This pleasing development is attributable above all to the substantial rise in total revenues by around 58.6%, to €5,449 million. Apart from the significant improvement of €370 million in net interest income, this good operating revenue was generated primarily on account of the strong recovery of net trading income, which increased by €1.8 billion compared with the net trading loss in the same period last year. In particular, the increase in total revenues coupled with a slight fall in operating costs (down 0.8%) as part of our successful cost management programme led to a significant improvement in the cost-income ratio to the very good level of 47.6%. Despite the increase in net write-downs of loans and provisions for guarantees and commitments to €1,488 million and the extraordinary expenses arising from restructuring costs (€268 million at the end of September) occurring in the second quarter of 2009 in particular, HVB Group recorded a sound profit before tax of €720 million, which significantly exceeded the prior-year total by €650 million. Adjusted for the non-recurring effects of €268 million arising from restructuring costs, the profit before tax amounted to just under one billion euro. After deducting the income tax for the period, which increased by €215 million to €324 million, and after deducting minorities (€62 million), HVB Group generated a profit of €334 million (adjusted €538 million), after posting a loss of €64 million (adjusted: loss of €62 million) in the equivalent period last year.

All the operating divisions contributed to the profit before tax of HVB Group by posting positive results. The very good performance was driven primarily by the operations of the new Corporate & Investment Banking division, which resulted from the merger of the previous Markets & Investment Banking and the Corporates & Commercial Real Estate Financing divisions in the third quarter of 2009. The substantial improvement in total revenues of the Corporate & Investment Banking division is attributable to the significant rise in net interest income and the sharp recovery in net trading income. Despite the charges arising from net write-downs of loans and provisions for guarantees and commitments, which trebled to €1,391 million compared with last year, and the restructuring costs incurred in the second quarter of 2009 in particular (€212 million at the end of September 2009), the division was able to record a profit before tax of €557 million (2008: loss of €257 million). Adjusted for non-recurring restructuring costs, the profit before tax amounted to €769 million, an increase of over one billion euro compared with the adjusted figure for the previous year.

In the case of the Wealth Management and Retail divisions, marked investor reticence in particular led to a decline in earnings compared with last year, which still benefited from a much more favourable market environment in the first half of 2008. Nevertheless, the Wealth Management division recorded a profit before tax of €62 million and, despite charges of €55 million arising from restructuring measures, the Retail division €23 million, which adjusted for these restructuring costs stood at €78 million.

HVB Group was also able to further improve its already excellent capital base as a result of this year's good 9-month earnings. Thus, the total shareholders' equity shown in the balance sheet rose by €0.3 billion, to €23.3 billion, compared with year-end 2008. The leverage ratio (ratio of total assets to the shareholders' equity shown in the balance sheet) also continued to improve – primarily on account of specific deleveraging measures – from 19.9 at year-end 2008 to 17.0 at the end of September 2009.

With a significant reduction in risk-weighted assets at the end of September 2009 compared with the 2008 year-end total, the core capital ratio (Tier I ratio) in accordance with Basel II rose to 16.1%, after 14.3% at year-end 2008, which is an excellent level by both national and international standards.

The general liquidity situation was again dominated by the effects of the financial crisis on money and capital markets in the first nine months of 2009, although an easing became increasingly evident in the course of 2009. In this environment, the liquidity of HVB Group remained at an adequate level also in the period under review. The funding risk remained low on account of the broad funding base in terms of products, markets and investor groups, meaning that adequate funding of our lending operations was ensured at all times. The longer-term funding of our lending operations developed well in the first nine months of 2009, putting us well ahead of our long-term volume targets for this period already by the end of the third quarter of 2009. Our pfandbriefs continued to represent an important funding instrument, thanks to their outstanding credit rating and liquidity. At 1.38, the liquidity ratio of HVB AG compliant with Section 11 of the German Banking Act (KWG) at September 30, 2009 was much higher than the figure at year-end 2008 (1.19) and June 30, 2009 (1.32).

With our diversified business model, our high capital base, high financing foundation and a good market position in our core business areas, we remain a reliable partner for our customers and investors. As an integral part of one of the biggest and strongest banking groups in Europe – the UniCredit Group – HVB Group is in a unique position to leverage its regional strengths in the international network of UniCredit Group for the benefit of its customers. As another logical and consistent step in this connection, the Management Board and the Supervisory Board proposed to the Shareholders' Meeting that the name of Bayerische Hypo- und Vereinsbank Aktiengesellschaft entered in the commercial register be changed to UniCredit Bank AG.

# Business Performance (CONTINUED)

The Extraordinary Shareholders' Meeting of HVB held on September 30, 2009 resolved to change the Articles of Association for this purpose. The change in the company name is expected to become effective in December this year upon entry into the commercial register. Apart from the change in the company name, HVB is currently examining changing the brand name HypoVereinsbank. Concrete decisions are still outstanding.

## Operating performance of HVB Group

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

### Net interest income

Compared with the same period last year, total net interest income was up by €370 million, or 12.2%, to €3,407 million at the end of September 2009.

In the process, net interest income rose substantially by €495 million to €3,372 million. This pleasing development is primarily attributable to the significant year-on-year growth in income from trading operations as well as favourable effects arising from the amortisation of reclassified holdings compliant with IAS 39.50. Both developments have affected the Corporate & Investment Banking division, which recorded an increase of €605 million in net interest. Rises in volumes and better interest margins in lending transactions with corporate customers and multinationals contributed to the increase in net interest income of this division. In the Retail and Wealth Management divisions, net interest income also chiefly decreased due to falling interest margins in the deposit-taking business.

At €35 million, the income generated in 2009 from dividends and other income from equity investments was considerably lower than last year's figure (€160 million). This decline is attributable to lower dividends paid by private equity funds and by our shareholdings in line with the general market trend.

### Net fees and commissions

The development of net fees and commissions reflects the persistently difficult environment and the related restraint exercised by investors. At €901 million, net fees and commissions in the first nine months of 2009 is substantially below the still pleasing result recorded in the same period last year (€1,118 million). Fee and commission income in particular decreased in the securities business of the Retail and Wealth Management divisions as a result of our customers' ongoing restraint and the lower portfolio volume. This is the main reason for the one-fourth decline in net fees and commissions from management, brokerage and consultancy services, to €480 million, of the entire HVB Group. Moreover, fee and commission income from lending operations fell by 16.7%, to €250 million, notably on account of lower income from the Leverage Finance, Project Finance and Structured Commodity Finance areas in the Corporate & Investment Banking division, and in other service operations by 14%, to €25 million. In contrast, the result from services in connection with payments increased slightly by 1.4%, to €146 million.

### Net trading income

In an overall more favourable market environment since the end of March this year, the net trading income of HVB Group substantially recovered to reach a profit of €1,018 million at the end of September 2009 after a net trading loss of €825 million was recorded in the same period in the previous year. The pleasing profits of €682 million and €597 million recorded in the second and third quarters of 2009 respectively made a crucial contribution to this recovery.



The €1,756 million increase to €1,015 million in net gains on financial assets classified as held for trading led to the pleasing result in net trading income. Besides the Fixed Income (fixed-income and foreign exchange products) and Equities (equity and index products) units, the Credit Markets (credit-related products and credit derivatives) and Capital Markets (IPOs, capital increases, bonds) units in particular posted significant increases due to the recovery in the entire capital market.

### **Operating costs**

Total operating costs declined by 0.8% year-on-year, to €2,593 million and thus continue to reflect the success we have achieved with our efficient cost management. In the process, payroll costs declined by 8.0%, primarily as a result of the reduction in headcount, despite higher expenses for the pension guarantee association. Due to the transfer of HVB Information Services GmbH & Co KG (HVB IS) to UniCredit Global Information Services S.p.A. (UGIS) and further outsourcing measures, there was also a shift in payroll costs to other administrative expenses.

Besides the abovementioned shift, other administrative expenses including amortisation, depreciation and impairment losses on intangible and tangible assets increased by a total of 8.7% also as a result of higher payments for the deposit guarantee schemes of German banks.

### **Operating profit**

Despite the persistently challenging market situation, HVB Group generated a pleasing operating profit of €2,856 million, which is more than two billion euro above last year's result of €823 million. The cost-income ratio at the end of September 2009 substantially improved compared with the same period last year to an excellent figure of 47.6%, after 76.0% in the previous year, as a result of the pleasing development in operating profit.

### **Restructuring costs**

At the end of September 2009, HVB Group recognised an expense of €268 million under this item in the income statement, which is mainly connected to the elimination of a total of 2,500 positions as compared to the end of 2007 and as officially announced at the beginning of February 2009 by the Management Board of HVB AG. Of this total amount, €212 million is related to specific restructuring measures as a result of implementing the strategic reorientation of the Corporate & Investment Banking division. The remaining restructuring costs arose in the Retail (€55 million) and Wealth Management (€1 million) divisions.

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

Net write-downs of loans and provisions for guarantees and commitments rose sharply to €1,488 million compared with the previous year (€617 million). This reflects the significant deterioration in the credit situation since the second half of 2008. Business with corporate customers of the Corporate & Investment Banking division has been particularly affected by this development, which significantly accelerated in the first quarter of 2009. In contrast, the development of net write-downs of loans and provisions for guarantees and commitments in the Retail and Wealth Management divisions was much more favourable, with these declining in the Retail division by more than one third compared with the same period last year.

### **Net income from investments**

The net loss from investments amounted to €277 million at the end of September 2009 after a loss of €118 million in the same period last year. In the net loss from investments for the first three quarters, the write-downs and value adjustments on financial assets totalling a loss of €400 million were partially compensated by gains realised on disposals of financial assets of €123 million. The largest individual item of the realisation gains is the profit of €46 million from the deconsolidation of the subsidiary BodeHewitt sold in the second quarter of 2009. The write-downs and value adjustments on financial assets include valuation adjustments of €340 million on available-for-sale financial assets, €301 million of which is attributable to impairments on private equity funds as well as direct investments and co-investments recognised in the third quarter in particular. Moreover, valuation adjustments of €36 million on investment properties are reported.

# Business Performance (CONTINUED)

In addition, an IFRS-5-compliant valuation expense of €16 million is recognised under write-downs and value adjustments on shares in affiliated companies, which arose in connection with the sale of the Vereinsbank Victoria Bausparkasse in July 2009.

The net loss from investments of €118 million reported last year was adversely affected primarily by impairments on available-for-sale financial assets – asset-backed securities in particular.

### Profit before tax, income tax and net profit

Due to the strong recovery in operations, HVB Group generated a sound profit before tax of €720 million (2008: €70 million) in the first nine months, although this was affected by the high level of net write-downs of loans and provisions for guarantees and commitments, the net loss from investments, and non-recurring restructuring costs. Without the restructuring costs, the profit before tax amounts to almost one billion euro. In the same period last year, the profit before tax of €70 million was especially affected by the net trading loss.

Income tax at the end of September 2009 rose to €324 million after €109 million in the same period last year. This is mainly due to better performance in 2009, deferred tax assets not recognised for tax loss carryforwards, and expenses not allowable for tax purposes.

After deducting taxes and taking account of minority interests (minus €62 million), HVB Group generated a profit of €334 million, after reporting a loss of €64 million in the previous year. Without the restructuring costs recognised for the first nine months of 2009, HVB Group generated a profit of €538 million.

### Segment results by division

The divisions contributed the following amounts to the €720 million profit before tax of HVB Group:

Corporate & Investment Banking	€557 million
Retail	€23 million
Wealth Management	€62 million
Other/consolidation	€78 million.

The results of the operating divisions were adversely affected by extraordinary expenses arising from restructuring costs. Adjusted for restructuring costs, the following picture emerges:

Corporate & Investment Banking	€769 million
Retail	€78 million
Wealth Management	€63 million.

The income statements for each division and comments on the economic performance of the individual divisions are provided in Note 3, "Segment reporting", in this Interim Report. The tasks and objectives of each division are described in detail in Note 27 of our 2008 Annual Report, "Note to segment reporting by division". The changes in the tasks of divisions compared with last year are explained in Note 1, "Accounting and valuation principles" in this Interim Report. The quarterly figures for last year and the year under review have been adjusted accordingly.

## Financial situation

### Total assets

The total assets of HVB Group amounted to €395.9 billion at the end of September 2009. Hence, compared with year-end 2008, the total assets significantly declined by €62.7 billion, or 13.7%, mainly through deleveraging measures, for example specific steps taken to reduce the financial assets held for trading. The leverage ratio improved from 19.9 at year-end 2008 to 17.0 at the end of September 2009 as a result of this development. The leverage ratio is calculated based on the ratio of total assets to the shareholders' equity shown in the balance sheet.

Financial assets held for trading fell by €52.9 billion, or 26.6%, to €146.1 billion compared with year-end 2008. There was a decline of €21.7 billion in holdings of fixed-interest securities and €7.5 billion in other financial assets held for trading shown in the balance sheet, primarily due to the decrease in repurchase agreements (repos), and €24.9 billion in positive fair values from derivative financial instruments.

Loans and receivables with customers fell by €22.1 billion, to €153.5 billion. This decline is attributable to the lower holdings of repurchase agreements, fewer mortgage loans and a decrease in loans and receivables, especially outside Germany.

The reclassification of financial instruments from financial assets held for trading to loans and receivables with banks and customers carried out overall in the first nine months of 2009 led to shifts in these balance sheet items which, however, did not affect the total assets. (Please see Note 19, "Application of reclassification rules according to IAS 39.50" in this Interim Report).

As on the assets' side, the decline in total liabilities is also attributable to the sharp drop of €28.4 billion in financial liabilities held for trading. In addition, there was a decrease in deposits from banks (down €24.5 billion) and in deposits from customers (down €12.0 billion). The reduction in deposits from banks includes the substantial decrease of €22.5 billion in deposits from central banks, while deposits from banks decreased by only €1.9 billion. Besides the deconsolidation effects of the sale of Vereinsbank Victoria Bauspar AG (€1.9 billion savings deposits) and the low number of genuine repurchase agreements (down €3.2 billion), the reduced volume in customer deposits is attributable above all to fewer time deposits (down €8.2 billion). In contrast, credit balances on current accounts increased by €1.3 billion.

At the end of September 2009, shareholders' equity totalled €23.3 billion and had thus risen by €0.3 billion compared with the 2008 year-end total. The reason for this rise is the profit posted for the first nine months of 2009 (€0.3 billion), while a slight rise in the available-for-sale reserve was offset by a lower hedge reserve under changes in the valuation of financial instruments, which remained almost unaltered.

### 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/German Solvency Regulation (SolvV) – by applying partial use amounted to €111.8 billion at September 30, 2009 (including counterparty default risk in the trading book); at June 30, 2009, the comparable risk-weighted assets amounted to €117.0 billion. This total includes the holdings reclassified compliant with IAS from the trading book to the banking book. The total risk-weighted assets, including market and operational risk, amounted to €127.2 billion.

# Business Performance (CONTINUED)

The total risk-weighted assets of HVB Group declined by €9.3 billion compared with June 30, 2009. This decrease is mainly due to a decline of €5.2 billion in risk-weighted assets arising from credit risk, which are lower particularly on account of continued deleveraging measures, such as sales of parts of the reclassified portfolio, reducing non-core business activities, and as a result of the sale of our subsidiary Vereinsbank Victoria Bauspar AG. Market risks fell by €4.8 billion, largely due to narrowing credit spreads. This more than compensated for the slight increase of €0.7 billion in operational risks.

The total lending volume under the securitisation transactions resulting from the 14 current risk-asset-reducing transactions of HVB Group under Basel II amounted to €40.8 billion at September 30, 2009. Due to the resulting reduction in risk-weighted assets of €22.8 billion, we have achieved an optimal value-added capital allocation.

At September 30, 2009, the core capital of HVB Group compliant with the German Solvency Regulation totalled €20.5 billion and the equity capital €24.4 billion. This gives rise to a core capital ratio (including market risk and operational risk) under Basel II of 16.1% and an equity funds ratio of 19.1%.

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 1.38 at the end of September 2009 after 1.19 at year-end 2008, 1.25 at the end of March 2009 and 1.32 at the end of June 2009.

## Corporate acquisitions and sales

Significant corporate acquisitions and sales of HVB Group are described below.

Further changes in the group of companies included in the Interim Report are provided in Note 2, "Changes in the group of companies included in consolidation".

With effect from July 8, 2009, Bayerische Hypo- und Vereinsbank AG (HVB AG) sold its 70% interest in Vereinsbank Victoria Bauspar AG (VVB) to Wüstenrot Bausparkasse AG. The sale of its interest in VVB represents a further step taken by HVB AG in disposing of companies that do not belong to its core operations. At the same time, building society products remain a major element in HVB AG's range of offerings to private customers. For this reason, a long-term sales agreement was concluded with Wüstenrot Bausparkasse AG. VVB was deconsolidated from HVB Group in July 2009.

Regarding the sale of our 72.25% interest in BodeHewitt AG & Co. KG and BodeHewitt Beteiligungs AG in the first half of 2009 as well as changes in the group of consolidated companies belonging to HVB Group resulting from bundling IT services within the UniCredit Group, please refer to our explanations given in the Financial Review of the Half-yearly Financial Report at June 30, 2009 (page 9).

## Outlook

The following comments on the outlook are to be viewed in connection with the comments on the outlook in the Financial Review and Risk Report in the consolidated financial statements for the 2008 financial year.

### **General economic outlook for 2009**

The economy in the United States, Europe and Asia should continue to recover by the end of 2009. For the German economy, this means strong stimulus again, particularly for industries geared to export markets. Nevertheless, companies' willingness to invest appears to remain restrained. Consumer spending will probably also enter more difficult waters as there are signs that unemployment will rise sharply next year after the short-term working programmes in Germany have come to an end. In addition, we are expecting adverse effects from a higher oil price. Consumer prices are expected to rise moderately.

Despite a further revival of economic activity, a decline in the global GDP by around 1% has become evident for the full year of 2009. The reason for this is that many countries were hit hard at the beginning of the year by the effects of the economic crisis. For the German economy, this means that the GDP is even expected to fall by 4.75%.

The US Federal Reserve and the European Central Bank (ECB) will adhere to their liquidity programmes for now. The US Federal Reserve has already announced that it will continue to buy up toxic securities until the end of the first quarter of 2010. Depending on the market, the ECB will probably also continue its programme to buy covered bonds and its policy of low interest rates.

### **Sector development in 2009**

German banks will continue to be adversely affected in 2009 by the financial and economic crisis in many respects. The development of earnings in the fourth quarter of 2009 will also remain dependent on developments on the financial markets. Should the trend towards an incipient recovery in money and capital markets and fewer market fluctuations as seen in the first three quarters of 2009 continue until year-end 2009, a noticeable year-on-year improvement in earnings can be expected for 2009 as a whole. An increase in risk provisions for 2009 as a whole can also be assumed due to further insolvencies, in particular among corporate customers. Similarly, additional expenses must be factored in as a result of the necessary operational

restructuring of banks' business models in the period under review. However, there will only be a sustained improvement in the situation if the expected positive effects of the fiscal stimuli fully take hold and the recovery phase of the financial and economic crisis also continues. To achieve this, the confidence of customers and international investors, which has been severely damaged by the crisis, must be regained in particular.

### **Development of HVB Group**

Despite initial signs of a recovery, HVB Group expects economic conditions to remain difficult overall, both worldwide and in Germany, and the financial industry to again face major challenges in the fourth quarter of 2009.

HVB's performance in the fourth quarter of 2009 will depend crucially on the operating performance of the Corporate & Investment Banking division, in particular the earnings and the net write-downs of loans and provisions for guarantees and commitments of this division. Its revenues, above all net trading income, will also be heavily dependent on the capital market environment in the fourth quarter of 2009. With regard to risk-provisioning levels, we currently assume that, despite the expectation of a persistently difficult lending environment, the net write-downs of loans and provisions for guarantees and commitments will tend to be lower in the fourth quarter of 2009 than in the third quarter of 2009.

It remains unclear, however, whether the current economic programmes will prove to be effective and the financial markets will continue to return to normal in the fourth quarter of 2009. Consequently, performance in the fourth quarter of 2009 also remains heavily dependent on the further development of the financial crisis and the economic burdens in the real economy. With its good strategic orientation and excellent capital resources, HVB Group is in a good overall position to profit from a continually improved business environment.

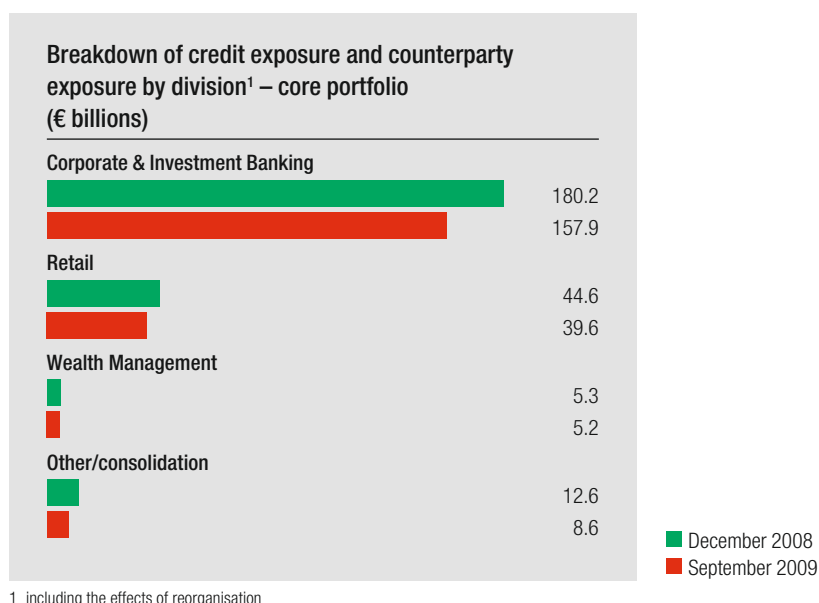
# Development of Selected Risks

In the 2008 Annual Report, we presented a comprehensive description of the management and monitoring of risks in HVB Group, risk types and risk measurement, overall bank management and risk types in detail. In the 2009 Half-yearly Financial Report, we added reputational risk to the types of risk. No essential changes were made in risk management and risk monitoring methodologies for the individual risk types during the first three quarters of 2009. The following sections describe the development of selected risks.

## Credit exposure and counterparty exposure

### Breakdown of credit exposure and counterparty exposure by industry sector

	€ billions	
	SEPTEMBER 2009	DECEMBER 2008
<b>Industry sector</b>		
Construction	32.4	35.9
Banking and insurance	31.1	46.3
Retail customers	30.0	35.3
Food, consumer goods, services	22.5	26.4
Public sector	18.9	12.6
Chemicals, health, pharmaceuticals	12.2	13.1
Transportation	12.0	12.8
Mechanical engineering, steel	11.4	13.0
Other	11.3	12.7
Utilities	10.0	11.6
Automotive	6.5	6.6
Electrical, IT, communications	5.8	6.3
Mineral oil	4.3	7.0
Media, printing, paper	4.1	4.7
<b>HVB Group</b>	<b>212.5</b>	<b>244.3</b>



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

Rating class	SEPTEMBER 2009		DECEMBER 2008	
	€ billions	in %	€ billions	in %
Free of default risk	11.9	5.6	6.1	2.5
Not rated	7.3	3.5	10.5	4.3
Rating classes 1–4	93.5	44.3	122.8	50.6
Rating classes 5–8	90.3	42.7	97.1	40.0
Rating classes 9–10	8.3	3.9	6.2	2.6
<b>HVB Group</b>	<b>211.3</b>	<b>100.0</b>	<b>242.7</b>	<b>100.0</b>

## Derivative transactions

### Derivative transactions

	€ millions										
	NOMINAL AMOUNT					FAIR VALUE					
	RESIDUAL MATURITY			TOTAL	TOTAL	POSITIVE		NEGATIVE			
	UP TO 1 YEAR	MORE THAN 1 YEAR UP TO 5 YEARS	MORE THAN 5 YEARS	30/9/2009	31/12/2008	30/9/2009	31/12/2008	30/9/2009	31/12/2008	30/9/2009	31/12/2008
Interest rate derivatives	994,573	1,146,465	831,031	2,972,069	3,220,605	69,802	67,071	68,525	65,289		
Foreign exchange derivatives	276,584	111,146	59,097	446,827	496,910	10,653	21,404	10,769	19,039		
Equity/index derivatives	82,077	130,749	11,068	223,894	198,164	11,713	13,612	14,197	15,665		
Credit derivatives	36,827	259,478	53,549	349,854	402,564	5,382	18,497	5,880	17,862		
– Protection buyer	18,757	125,276	26,704	170,737	198,745	4,165	18,297	1,563	459		
– Protection seller	18,070	134,202	26,845	179,117	203,819	1,217	200	4,317	17,403		
Other transactions	4,359	3,294	317	7,970	9,972	815	1,552	1,050	1,773		
<b>HVB Group</b>	<b>1,394,420</b>	<b>1,651,132</b>	<b>955,062</b>	<b>4,000,614</b>	<b>4,328,215</b>	<b>98,365</b>	<b>122,136</b>	<b>100,421</b>	<b>119,628</b>		

# Development of Selected Risks (CONTINUED)

## Derivative transactions by counterparty type

€ millions				
	FAIR VALUE			
	POSITIVE		NEGATIVE	
	30/9/2009	31/12/2008	30/9/2009	31/12/2008
Central governments and central banks	692	630	536	371
Banks	78,903	97,865	82,170	97,269
Financial institutions	14,637	18,826	15,737	19,737
Other companies and private individuals	4,133	4,815	1,978	2,251
<b>HVB Group</b>	<b>98,365</b>	<b>122,136</b>	<b>100,421</b>	<b>119,628</b>

In accordance with the banking supervision regulations under Basel II (German Banking Act/Solvency Regulation), with so-called partial use for HVB Group 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 €16.4 billion at September 30, 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								
	AVERAGE IN FIRST THREE QUARTERS OF 2009 <sup>1</sup>	30/9/2009	30/6/2009	31/3/2009	AVERAGE 2008 <sup>1</sup>	31/12/2008	30/9/2008	30/6/2008

<sup>1</sup> arithmetic mean

The sharp reduction in market risk in the second and third quarters of 2009 is a reflection of narrower credit spreads and reduced volatilities.



## Market risk from trading positions of HVB Group

(value-at-risk, 99% confidence level, one-day holding period)

	€ millions							
	AVERAGE IN FIRST THREE QUARTERS OF 2009 <sup>1</sup>	30/9/2009	30/6/2009	31/3/2009	AVERAGE 2008 <sup>1</sup>	31/12/2008	30/9/2008	30/6/2008
Interest rate positions								
(incl. credit spread risks)	60	38	59	84	70	118	68	44
Foreign exchange positions	5	2	6	8	6	5	9	5
Equity/index positions	6	7	5	5	13	10	13	14
Diversification effect <sup>2</sup>	(13)	(12)	(15)	(12)	(20)	(21)	(22)	(17)
<b>HVB Group</b>	<b>58</b>	<b>35</b>	<b>55</b>	<b>85</b>	<b>69</b>	<b>112</b>	<b>68</b>	<b>46</b>

<sup>1</sup> arithmetic mean; the figure of the diversification effect is recalculated on the basis of the individual risk categories

<sup>2</sup> 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 nine months of 2009. Liquidity remained a scarce resource worldwide, although the situation did seem to ease slightly during the course of the third quarter. 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 general developments on the markets and, if necessary, might have to take measures to continue to ensure adequate overall liquidity should the market situation deteriorate further across the board.

### Short-term liquidity

Within the framework of our short-term liquidity limit system, which operates under conservative assumptions, we showed an overall positive balance of €40.9 billion in HVB Group for the next banking day at the end of September 2009 (December 31, 2008: €18.0 billion). The portfolio of highly liquid securities eligible as collateral for central bank borrowings and available at short notice to compensate for unexpected outflows of liquidity amounted to €35.8 billion at September 30, 2009 (December 31, 2008: €14.9 billion).

The requirements of the German Liquidity Ordinance were met at all times by the relevant units of HVB Group during the first nine months of 2009. Until September 30, 2009, the funds available to HVB AG exceeded its payment obligations for the following month by an average of €38.5 billion (fiscal 2008: €33.4 billion).

### Funding risk

The funding risk of HVB Group continues to be low due to our broad funding base in terms of products, markets and investor groups. The longer-term funding of our lending business developed well in the first nine months of the year. Thus, at the end of the third quarter, we are already well ahead of our long-term funding targets for the 2009 calendar year.

# Consolidated Income Statement

for the period from January 1 to September 30, 2009

Income/Expenses

	NOTES	1/1–30/9/2009	1/1–30/9/2008	CHANGE	
		€ millions	€ millions	€ millions	in %
Net interest		3,372	2,877	+ 495	+ 17.2
Dividends and other income from equity investments		35	160	(125)	(78.1)
<b>Net interest income</b>	4	<b>3,407</b>	<b>3,037</b>	<b>+ 370</b>	<b>+ 12.2</b>
Net fees and commissions	5	901	1,118	(217)	(19.4)
Net trading income	6	1,018	(825)	+ 1,843	
Net other expenses/income	7	123	106	+ 17	+ 16.0
<b>Net non-interest income</b>		<b>2,042</b>	<b>399</b>	<b>+ 1,643</b>	<b>&gt;+ 100.0</b>
<b>TOTAL REVENUES</b>		<b>5,449</b>	<b>3,436</b>	<b>+ 2,013</b>	<b>+ 58.6</b>
Payroll costs		(1,366)	(1,484)	+ 118	(8.0)
Other administrative expenses		(1,062)	(944)	(118)	+ 12.5
Amortisation, depreciation and impairment losses on intangible and tangible assets		(165)	(185)	+ 20	(10.8)
<b>Operating costs</b>		<b>(2,593)</b>	<b>(2,613)</b>	<b>+ 20</b>	<b>(0.8)</b>
<b>OPERATING PROFIT</b>		<b>2,856</b>	<b>823</b>	<b>+ 2,033</b>	<b>&gt;+ 100.0</b>
Provisions for risks and charges		(103)	(16)	(87)	>+ 100.0
Write-down on goodwill		—	—	—	—
Restructuring costs	8	(268)	(2)	(266)	>+ 100.0
Net write-downs of loans and provisions for guarantees and commitments	9	(1,488)	(617)	(871)	>+ 100.0
Net income from investments	10	(277)	(118)	(159)	> (100.0)
<b>PROFIT/(LOSS) BEFORE TAX</b>		<b>720</b>	<b>70</b>	<b>+ 650</b>	<b>&gt;+ 100.0</b>
Income tax for the period		(324)	(109)	(215)	>+ 100.0
<b>NET PROFIT/(LOSS)</b>		<b>396</b>	<b>(39)</b>	<b>+ 435</b>	
Minorities		(62)	(25)	(37)	>+ 100.0
<b>CONSOLIDATED PROFIT/(LOSS) OF HVB GROUP</b>		<b>334</b>	<b>(64)</b>	<b>+ 398</b>	

## Earnings per share

		in €	
	Notes	1/1–30/9/ 2009	1/1–30/9/ 2008
Earnings per share (adjusted <sup>1</sup> )	11	0.67	(0.08)
Earnings per share	11	0.42	(0.08)

<sup>1</sup> 2009 and 2008 adjusted for restructuring costs

Since no conversion rights or option rights on conditional capital existed at September 30, 2009, there is no calculation of diluted earnings per share.

# Consolidated Income Statement (CONTINUED)

for the period from July 1 to September 30, 2009

Income/Expenses

	1/7–30/9/2009	1/7–30/9/2008	CHANGE	
	€ millions	€ millions	€ millions	in %
Net interest	1,019	1,083	(64)	(5.9)
Dividends and other income from equity investments	5	35	(30)	(85.7)
<b>Net interest income</b>	<b>1,024</b>	<b>1,118</b>	<b>(94)</b>	<b>(8.4)</b>
Net fees and commissions	301	337	(36)	(10.7)
Net trading income	597	(490)	+ 1,087	
Net other expenses/income	32	49	(17)	(34.7)
<b>Net non-interest income</b>	<b>930</b>	<b>(104)</b>	<b>+ 1,034</b>	
<b>TOTAL REVENUES</b>	<b>1,954</b>	<b>1,014</b>	<b>+ 940</b>	<b>+ 92.7</b>
Payroll costs	(462)	(462)	—	—
Other administrative expenses	(355)	(329)	(26)	+ 7.9
Amortisation, depreciation and impairment losses on intangible and tangible assets	(50)	(63)	+ 13	(20.6)
<b>Operating costs</b>	<b>(867)</b>	<b>(854)</b>	<b>(13)</b>	<b>+ 1.5</b>
<b>OPERATING PROFIT</b>	<b>1,087</b>	<b>160</b>	<b>+ 927</b>	<b>&gt;+ 100.0</b>
Provisions for risks and charges	(39)	5	(44)	
Write-down on goodwill	—	—	—	—
Restructuring costs	(1)	(2)	+ 1	(50.0)
Net write-downs of loans and provisions for guarantees and commitments	(519)	(361)	(158)	+ 43.8
Net income from investments	(180)	(98)	(82)	(83.7)
<b>PROFIT/(LOSS) BEFORE TAX</b>	<b>348</b>	<b>(296)</b>	<b>+ 644</b>	
Income tax for the period	(133)	11	(144)	
<b>NET PROFIT/(LOSS)</b>	<b>215</b>	<b>(285)</b>	<b>+ 500</b>	
Minorities	(26)	27	(53)	
<b>CONSOLIDATED PROFIT/(LOSS) OF HVB GROUP</b>	<b>189</b>	<b>(258)</b>	<b>+ 447</b>	

## Earnings per share

	in €	
	1/7/-30/9/ 2009	1/7/-30/9/ 2008
Earnings per share (adjusted <sup>1</sup> )	0.24	(0.32)
Earnings per share	0.24	(0.32)

<sup>1</sup> 2009 and 2008 adjusted for restructuring costs

# Balance Sheet

at September 30, 2009

## Assets

	NOTES	30/9/2009	31/12/2008	CHANGE	
		€ millions	€ millions	€ millions	in %
Cash and cash balances		10,473	5,556	+ 4,917	+ 88.5
Financial assets held for trading	12	146,149	199,019	(52,870)	(26.6)
Financial assets at fair value through profit or loss	13	13,092	13,335	(243)	(1.8)
Available-for-sale financial assets	14	4,974	5,636	(662)	(11.7)
Investments in associates, joint ventures and non-consolidated subsidiaries	15	247	250	(3)	(1.2)
Held-to-maturity investments	16	5,528	6,020	(492)	(8.2)
Loans and receivables with banks	17	48,226	41,453	+ 6,773	+ 16.3
Loans and receivables with customers	18	153,454	175,518	(22,064)	(12.6)
Hedging derivatives		3,712	2,654	+ 1,058	+ 39.9
Changes in fair value of portfolio hedged items		71	—	+ 71	
Property, plant and equipment		2,434	1,877	+ 557	+ 29.7
Investment properties		1,703	1,723	(20)	(1.2)
Intangible assets		626	795	(169)	(21.3)
of which: goodwill		424	424	—	—
Tax assets		2,712	2,792	(80)	(2.9)
of which: deferred tax assets		2,410	2,371	+ 39	+ 1.6
Non-current assets or disposal groups held for sale		35	4	+ 31	>+ 100.0
Other assets		2,444	1,970	+ 474	+ 24.1
<b>Total assets</b>		<b>395,880</b>	<b>458,602</b>	<b>(62,722)</b>	<b>(13.7)</b>

## Liabilities

	NOTES	30/9/2009	31/12/2008	CHANGE	
		€ millions	€ millions	€ millions	in %
Deposits from banks	21	59,406	83,867	(24,461)	(29.2)
Deposits from customers	22	102,976	114,962	(11,986)	(10.4)
Debt securities in issue	23	64,407	63,639	+ 768	+ 1.2
Financial liabilities held for trading		135,509	163,944	(28,435)	(17.3)
Hedging derivatives		1,268	617	+ 651	>+ 100.0
Changes in fair value of portfolio hedged items		1,159	554	+ 605	>+ 100.0
Tax liabilities		2,073	1,938	+ 135	+ 7.0
of which: deferred tax liabilities		1,375	1,394	(19)	(1.4)
Liabilities of disposal groups held for sale		1	4	(3)	(75.0)
Other liabilities		4,060	4,562	(502)	(11.0)
Provisions	24	1,706	1,491	+ 215	+ 14.4
Shareholders' equity		23,315	23,024	+ 291	+ 1.3
Shareholders' equity attributable to shareholders of HVB AG		22,545	22,217	+ 328	+ 1.5
Subscribed capital		2,407	2,407	—	—
Additional paid-in capital		9,791	9,791	—	—
Own shares		—	—	—	—
Other reserves		9,969	9,996	(27)	(0.3)
Change in valuation of financial instruments	25	44	23	+ 21	+ 91.3
AfS reserve		(187)	(306)	+ 119	+ 38.9
Hedge reserve		231	329	(98)	(29.8)
Consolidated profit 2008		—	—	—	—
Net profit 1/1/–30/9/2009		334	—	+ 334	
Minority interest		770	807	(37)	(4.6)
<b>Total shareholders' equity and liabilities</b>		<b>395,880</b>	<b>458,602</b>	<b>(62,722)</b>	<b>(13.7)</b>

# Statement of Changes in Shareholders' Equity

at September 30, 2009

	SUBSCRIBED CAPITAL	ADDITIONAL PAID-IN CAPITAL	OWN SHARES	OTHER RESERVES	
				OF WHICH: PENSIONS AND SIMILAR OBLIGATIONS (IAS 19)	
<b>Shareholders' equity at January 1, 2008</b>	<b>2,407</b>	<b>9,791</b>	<b>(2)</b>	<b>6,913</b>	<b>(189)</b>
Dividend payouts	—	—	—	—	—
Changes in group of consolidated companies	—	—	—	(2)	—
Income and expenses recognised in equity	—	—	—	3,839	148
<b>Shareholders' equity at September 30, 2008</b>	<b>2,407</b>	<b>9,791</b>	<b>(2)</b>	<b>10,750</b>	<b>(41)</b>
including:					
shareholders' equity of disposal groups held for sale	—	—	—	—	—
<b>Shareholders' equity at January 1, 2009</b>	<b>2,407</b>	<b>9,791</b>	<b>—</b>	<b>9,996</b>	<b>(139)</b>
Dividend payouts <sup>1</sup>	—	—	—	—	—
Changes in group of consolidated companies	—	—	—	(17)	—
Income and expenses recognised in equity	—	—	—	(10)	—
<b>Shareholders' equity at September 30, 2009</b>	<b>2,407</b>	<b>9,791</b>	<b>—</b>	<b>9,969</b>	<b>(139)</b>
including:					
shareholders' equity of disposal groups held for sale	—	—	—	—	—

<sup>1</sup> HVB AG did not record a profit available for distribution in 2008, so no dividend is being paid for that financial year.



€ 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					
619	(612)	4,074	—	23,190	808	23,998
—	—	(402)	—	(402)	(42)	(444)
—	—	—	—	(2)	2	—
(638)	173	(3,672)	(64)	(362)	48	(314)
(19)	(439)	—	(64)	22,424	816	23,240
—	—	—	—	—	—	—
(306)	329	—	—	22,217	807	23,024
—	—	—	—	—	(31)	(31)
—	—	—	—	(17)	(30)	(47)
119	(98)	—	334	345	24	369
(187)	231	—	334	22,545	770	23,315
—	—	—	—	—	—	—

# Statement of Comprehensive Income

	€ millions	
	1/1–30/9/2009	1/1–30/9/2008
<b>PROFIT AFTER TAX</b>	<b>396</b>	<b>(39)</b>
<b>Profit/(loss) not recognised in the consolidated income statement</b>		
Changes from foreign currency translation and other changes	(40)	41
Changes from foreign companies accounted for using the equity method	—	—
Actuarial profit on defined benefit plans (pension commitments)	—	148
Discontinued operations and assets held for sale	—	—
Change in valuation of financial instruments (AFS reserve)	111	(637)
Change in valuation of financial instruments (hedge reserve)	(98)	173
<b>Profit/(loss) not recognised in the consolidated income statement</b>	<b>(27)</b>	<b>(275)</b>
<b>Total recognised in equity</b>	<b>369</b>	<b>(314)</b>
of which:		
attributable to shareholders of HVB AG	345	(362)
attributable to minority interest	24	48

# 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). The disclosure of balances with central banks was changed in the balance sheet in the 2009 Half-yearly Financial Report compliant with IAS 1.68 (l) in conjunction with IAS 8.41. Thus, the balances with central banks have been shown under "Cash and cash balances" since June 30, 2009 in line with the industry's usual disclosure practice, and no longer under "Loans and receivables with banks" as before. In addition, we have changed the disclosure of income and expenses relating to the valuation of private equity funds, and direct investments and co-investments as well as realisation gains on private equity funds, and direct investments and co-investments in the income statement compliant with IAS 8.41 for the first time in the present Interim Report.

These contributions to earnings are now reported under the item "Net income from investments" in the income statement and not under the item "Net trading income" as previously. Compliant with IAS 8.43, both changes have been made retrospectively. The comparison figures for the previous year and previous quarters have been adjusted accordingly.

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 statements in addition to the traditional income statement.

We applied fair value hedge accounting for credit risks (micro fair value hedge) for the first time in 2009. Compliant with IAS 39.86 (a), we use hedging instruments to hedge credit-induced risks that change the fair value of a hedged item. In doing so, we hedged the credit risks of selected hedged items such as loans and receivables with customers, and irrevocable credit commitments (fixed obligations not recognised in the balance sheet). Since the latter are not to be disclosed in the balance sheet, the associated credit-related changes in fair value are carried under "Other assets" in the balance sheet. The related hedging instruments are carried under "Hedging derivatives". The effects on income arising from the credit-induced changes in hedged item and hedge to be taken to the income statement are included in net trading income and are shown under "Effects arising from hedge accounting" in the note regarding net trading income.

# Selected Notes (CONTINUED)

## Segment reporting

In segment reporting, the market-related activities of HVB Group are divided into the following globally operating divisions: Corporate & Investment Banking, 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 Special Credit Portfolio (SCP) defined in 2006 has been included in Global Banking Services.

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 financial year 2008. This rate was redefined for financial year 2009 and, since January 1, 2009, amounts to 4.30%.

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

In addition, there were various changes in segment assignments in 2009. The main changes are listed below:

- The DAB Group, which acts as the HVB Group's direct bank, was assigned to the Retail division for the first time in the second quarter of 2009. The DAB Group used to be included in the Wealth Management division.
- As part of the measures regarding the strategic reorientation of the former Markets & Investment Banking and Corporates & Commercial Real Estate Financing divisions, these divisions were combined to form the new Corporate & Investment Banking division in the third quarter of 2009. In doing so, we have responded to the market environment, tailoring our former investment banking activities more strongly to the requirements of our corporate customers.

- Besides this, a number of smaller reorganisations have taken place, leading to changed assignments, notably in operating costs.

The figures for the previous year and the first three quarters of 2009 have been adjusted accordingly to account for the modified segment assignments described above.

## 2 Changes in the group of companies included in consolidation

The following companies, among others, have been consolidated in the financial statements of HVB Group for the first time in the first nine months of 2009:

- NXP Co-Investment Partners VIII, L. P., London
- UniCredit London Investments Limited, London
- Merkurhof Grundstücksgesellschaft mbH, Hamburg
- HVB Finance London Limited, London
- UniCredit Capital Markets, Inc., New York
- Blue Capital Europa Immobilien GmbH & Co. Achte Objekt Großbritannien KG, Hamburg
- Redstone Mortgages plc., London
- UniCredit Global Information Services S.p.A., Milan (UGIS) (consolidated in accordance with the equity method).

The following companies left the group of companies included in consolidation by HVB Group in the first nine months of 2009:

- HVB Information Services GmbH & Co. KG, Munich
- BodeHewitt AG & Co. KG, Grünwald
- Vereinsbank Victoria Bauspar Aktiengesellschaft, Munich.

## Notes to the Income Statement

### 3 Segment reporting

#### Income statement broken down by division for the period from January 1 to September 30, 2009

	€ millions				
	CORPORATE & INVESTMENT BANKING	RETAIL	WEALTH MANAGEMENT	OTHER/ CONSOLIDATION	HVB GROUP
<b>TOTAL REVENUES</b>					
1/1/–30/9/2009	3,689	1,134	189	437	5,449
1/1/–30/9/2008	1,540	1,343	229	324	3,436
<b>Operating costs</b>					
1/1/–30/9/2009	(1,227)	(993)	(129)	(244)	(2,593)
1/1/–30/9/2008	(1,242)	(1,070)	(137)	(164)	(2,613)
<b>OPERATING PROFIT</b>					
1/1/–30/9/2009	2,462	141	60	193	2,856
1/1/–30/9/2008	298	273	92	160	823
<b>Restructuring costs</b>					
1/1/–30/9/2009	(212)	(55)	(1)	—	(268)
1/1/–30/9/2008	(2)	(2)	—	2	(2)
<b>Net write-downs of loans and provisions for guarantees and commitments</b>					
1/1/–30/9/2009	(1,391)	(55)	5	(47)	(1,488)
1/1/–30/9/2008	(451)	(87)	2	(81)	(617)
<b>Net income from investments and other items<sup>1</sup></b>					
1/1/–30/9/2009	(302)	(8)	(2)	(68)	(380)
1/1/–30/9/2008	(102)	(2)	2	(32)	(134)
<b>PROFIT/(LOSS) BEFORE TAX</b>					
1/1/–30/9/2009	557	23	62	78	720
1/1/–30/9/2008	(257)	182	96	49	70

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

# Selected Notes (CONTINUED)

Income statement of the Corporate & Investment Banking division

							€ millions	
INCOME/EXPENSES	1/1–30/9/2009	1/1–30/9/2008	Q3 2009	Q2 2009	Q1 2009	Q4 2008	Q3 2008	
<b>Net interest income</b>	<b>2,451</b>	<b>1,917</b>	<b>727</b>	<b>799</b>	<b>925</b>	<b>742</b>	<b>740</b>	
Net fees and commissions	379	420	122	132	125	167	142	
Net trading income	855	(808)	582	569	(296)	(1,066)	(444)	
Net other expenses/income	4	11	2	2	—	9	12	
<b>Net non-interest income</b>	<b>1,238</b>	<b>(377)</b>	<b>706</b>	<b>703</b>	<b>(171)</b>	<b>(890)</b>	<b>(290)</b>	
<b>TOTAL REVENUES</b>	<b>3,689</b>	<b>1,540</b>	<b>1,433</b>	<b>1,502</b>	<b>754</b>	<b>(148)</b>	<b>450</b>	
Payroll costs	(475)	(477)	(172)	(148)	(155)	(145)	(140)	
Other administrative expenses and amortisation, depreciation and impairment								
losses on intangible and tangible assets	(752)	(765)	(253)	(251)	(248)	(280)	(261)	
<b>Operating costs</b>	<b>(1,227)</b>	<b>(1,242)</b>	<b>(425)</b>	<b>(399)</b>	<b>(403)</b>	<b>(425)</b>	<b>(401)</b>	
<b>OPERATING PROFIT/(LOSS)</b>	<b>2,462</b>	<b>298</b>	<b>1,008</b>	<b>1,103</b>	<b>351</b>	<b>(573)</b>	<b>49</b>	
Restructuring costs	(212)	(2)	—	(163)	(49)	(6)	(1)	
Net write-downs of loans and provisions for guarantees and commitments	(1,391)	(451)	(496)	(681)	(214)	(426)	(330)	
Net income from investments and other items <sup>1</sup>	(302)	(102)	(213)	(75)	(14)	(97)	(88)	
<b>PROFIT/(LOSS) BEFORE TAX</b>	<b>557</b>	<b>(257)</b>	<b>299</b>	<b>184</b>	<b>74</b>	<b>(1,102)</b>	<b>(370)</b>	
Cost-income ratio in %	33.3	80.6	29.7	26.6	53.4	n.a.	89.1	

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

## Development of the Corporate & Investment Banking division

The Corporate & Investment Banking division succeeded in more than doubling its total revenues in the first nine months of 2009, with an increase of €2,149 million, to €3,689 million. With operating costs falling slightly at the same time, a very good operating profit of €2,462 million was generated (2008: €298 million).

Net interest income improved by 27.9% compared with the previous year, increasing by €534 million to €2,451 million. This rise results particularly from much higher trading-related interest together with positive effects from the amortisation of reclassified assets. In addition, lending business with corporate customers and multinationals contributed to this favourable development as a result of increased volume and interest margins. At the same time, the dividends included in net interest income declined on account of lower dividend payouts by private equity funds. Fee and commission income decreased by

€41 million, or around 10%, on account of the reluctance on the part of market players, primarily in the areas of Leverage Finance, Project Finance, Structured Commodity Finance and in derivative transactions with corporate customers.

Net trading income improved sharply by €1,663 million, to €855 million, in the first nine months of 2009 compared with the previous year (2008: loss of €808 million). The recovery in the entire capital market contributed to this strong outcome. Besides the Fixed Income (fixed-income and foreign exchange products) and Equities (equity and index products) units, the Credit Markets (credit-related products and credit derivatives) and Capital Markets (IPO's, capital increases, bonds) units in particular posted significant growth.

The slight decline in operating costs by 1.2%, to €1,227 million, is attributable to lower other administrative expenses. Due to the strong increase in total revenues, the cost-income ratio, at 33.3%, is at an excellent level.

The division reports restructuring costs of €212 million in the period under review. This expense relates to concrete restructuring measures resulting from the implementation of the strategic reorientation of the Corporate & Investment Banking division. The loss of €302 million reported under net income from investments and other items chiefly results from valuation expenses relating to private equity funds, and direct investments and co-investments.

On account of the clearly deteriorating credit environment, net write-downs of loans and provisions for guarantees and commitments rose sharply to €1,391 million after the first nine months. Despite the adverse effects caused by net write-downs of loans and provisions for guarantees and commitments, the non-recurring restructuring costs and the loss in net income from investments, a profit before tax of €557 million was recorded based on a strong improvement in operating activities; this represents a year-on-year rise of €814 million. Adjusted for restructuring costs, the profit before tax amounts to €769 million, up more than €1 billion on the loss reported last year.

#### Income statement of the Retail division

							millions €	
INCOME/EXPENSES	1/1–30/9/2009	1/1–30/9/2008	Q3 2009	Q2 2009	Q1 2009	Q4 2008	Q3 2008	
<b>Net interest income</b>	<b>734</b>	<b>824</b>	<b>233</b>	<b>244</b>	<b>257</b>	<b>269</b>	<b>276</b>	
Net fees and commissions	399	540	135	133	131	135	146	
Net trading income	6	(27)	5	1	—	1	(28)	
Net other expenses/income	(5)	6	(3)	(6)	4	(7)	1	
<b>Net non-interest income</b>	<b>400</b>	<b>519</b>	<b>137</b>	<b>128</b>	<b>135</b>	<b>129</b>	<b>119</b>	
<b>TOTAL REVENUES</b>	<b>1,134</b>	<b>1,343</b>	<b>370</b>	<b>372</b>	<b>392</b>	<b>398</b>	<b>395</b>	
Payroll costs	(411)	(446)	(134)	(132)	(145)	(150)	(143)	
Other administrative expenses and amortisation, depreciation and impairment								
losses on intangible and tangible assets	(582)	(624)	(193)	(188)	(201)	(222)	(205)	
<b>Operating costs</b>	<b>(993)</b>	<b>(1,070)</b>	<b>(327)</b>	<b>(320)</b>	<b>(346)</b>	<b>(372)</b>	<b>(348)</b>	
<b>OPERATING PROFIT</b>	<b>141</b>	<b>273</b>	<b>43</b>	<b>52</b>	<b>46</b>	<b>26</b>	<b>47</b>	
Restructuring costs	(55)	(2)	—	(55)	—	2	(2)	
Net write-downs of loans and provisions for guarantees and commitments	(55)	(87)	(13)	(6)	(36)	15	(6)	
Net income from investments and other items <sup>1</sup>	(8)	(2)	1	(15)	6	(17)	(15)	
<b>PROFIT/(LOSS) BEFORE TAX</b>	<b>23</b>	<b>182</b>	<b>31</b>	<b>(24)</b>	<b>16</b>	<b>26</b>	<b>24</b>	
Cost-income ratio in %	87.6	79.7	88.4	86.0	88.3	93.5	88.1	

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

#### Development of the Retail division

The operating profit of the Retail division was again affected in the first nine months of 2009 by the cautiousness on the part of consumers due to the poor economic environment in the real economy stemming from the financial crisis. At €141 million, the total was well below the good figure recorded for the previous year (€273 million), which was, however, generated for the most part in a much friendlier

market environment. The sale of Vereinsbank Victoria Bausparkasse, which was deconsolidated with effect from the beginning of July 2009 and thus no longer provided any contributions to earnings in the third quarter 2009, also adversely affected the operating profit compared to the previous year and the previous quarters. Overall, the development of the operating profit has stabilised since the fourth quarter of 2008.

# Selected Notes (CONTINUED)

In the first nine months of 2009, total revenues fell by around 16% compared with the same period last year, primarily due to a decline in contributions to earnings from interest and service operations. Net interest income declined by around 11%, to €734 million. This can be attributed to lower interest margins in deposit-taking operations as well as lower net interest income resulting from a reduction of loans and receivables from lending operations, notably in real estate financing. In addition, "Komfortkredit" loans have been passed onto the German branch of UniCredit Family Financing Bank S.p.A. since mid-2008 rather than being extended directly by HVB Group, generating fee and commission income instead of interest income. In contrast, the new business involving credit commitments developed very satisfactorily as the annual target of €1 billion new credit commitments has already been achieved for corporate customers in the period under review. At €399 million, net fees and commissions was still affected by a lower rate of customer activities, especially in terms of securities activities, even after nine months of this financial year. For this reason, the good figure for the equivalent period of last year (€540 million) could not be matched. Nevertheless, the trend of the last four quarters indicates a stable development in earnings from

service operations. A contributory factor in this regard is that we have followed the trend of our customers to prefer security-focused investments by successfully distributing new investment products to reflect their greater quality and security needs. Up to now, more than €1.1 billion could be placed over the course of the year, whereby with a volume of some €450 million, two products are of particular mention: "HVB Euribor Floater 04/2014" and "HVB 3.8% Anleihe". The cost-income ratio totalled 87.6% at the end of September 2009 after 79.7% in the same period last year. The decline in total revenues was partially offset by the savings in operating costs generated by consistent cost management. Within operating costs, there was a decline in both payroll costs – particularly on account of the fall in headcount – and other administrative expenses.

At €55 million, net write-downs of loans and provisions for guarantees and commitments were lower for the first nine months of 2009 than in the previous year (€87 million). Further drags on earnings arose in connection with the sale of Vereinsbank Victoria Bausparkasse under net income from investments and particularly on account of the non-recurring restructuring costs of €55 million posted in the second quarter of 2009. Despite this, the Retail division generated a profit before tax of €23 million (2008: €182 million), which adjusted for non-recurring restructuring costs totals €78 million.



## Income statement of the Wealth Management division

							€ millions	
INCOME/EXPENSES	1/1–30/9/2009	1/1–30/9/2008	Q3 2009	Q2 2009	Q1 2009	Q4 2008	Q3 2008	
<b>Net interest income</b>	<b>70</b>	<b>86</b>	<b>23</b>	<b>22</b>	<b>25</b>	<b>30</b>	<b>25</b>	
Net fees and commissions	117	146	37	40	40	43	41	
Net trading income	—	—	—	—	—	(2)	—	
Net other expenses/income	2	(3)	(1)	2	1	2	—	
<b>Net non-interest income</b>	<b>119</b>	<b>143</b>	<b>36</b>	<b>42</b>	<b>41</b>	<b>43</b>	<b>41</b>	
<b>TOTAL REVENUES</b>	<b>189</b>	<b>229</b>	<b>59</b>	<b>64</b>	<b>66</b>	<b>73</b>	<b>66</b>	
Payroll costs	(54)	(56)	(18)	(17)	(19)	(18)	(20)	
Other administrative expenses and amortisation, depreciation and impairment								
losses on intangible and tangible assets	(75)	(81)	(25)	(23)	(27)	(26)	(27)	
<b>Operating costs</b>	<b>(129)</b>	<b>(137)</b>	<b>(43)</b>	<b>(40)</b>	<b>(46)</b>	<b>(44)</b>	<b>(47)</b>	
<b>OPERATING PROFIT</b>	<b>60</b>	<b>92</b>	<b>16</b>	<b>24</b>	<b>20</b>	<b>29</b>	<b>19</b>	
Restructuring costs	(1)	—	(1)	—	—	—	—	
Net write-downs of loans and provisions for guarantees and commitments	5	2	4	3	(2)	3	(1)	
Net income from investments and other items <sup>1</sup>	(2)	2	4	(6)	—	(7)	1	
<b>PROFIT BEFORE TAX</b>	<b>62</b>	<b>96</b>	<b>23</b>	<b>21</b>	<b>18</b>	<b>25</b>	<b>19</b>	
Cost-income ratio in %	68.3	59.8	72.9	62.5	69.7	60.3	71.2	

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

### Development of the Wealth Management division

Despite difficult market conditions, the Wealth Management division generated a profit before tax of €62 million at the end of September 2009. The fall of around 35% compared with the same period last year results primarily from the 17.5% decline in total revenues to €189 million. Within this amount, net interest income decreased by a total of €16 million compared with the equivalent period last year. One fourth of this development results from interest operations, primarily on account of lower volumes of deposits, but also due to lower interest margins. The vast majority of this decline in net interest comes from the non-recurrence of dividends received in the area of Wealth Management Capital Holding (WMC) in the previous year.

Net fees and commissions fell by €29 million. This development was particularly affected during the period under review by the strong reticence on the part of our customers in securities activities coupled with lower portfolio-dependent securities revenues. However, it has proved possible to largely stabilise the level of earnings from fee-earning activities since the third quarter of 2008.

Thanks to consistent cost management, operating costs decreased compared to the same period last year by a sharp 5.8% after nine months of 2009. The cost-income ratio rose by 8.5 percentage points over the same period last year, to 68.3%, on account of falling revenues.

# Selected Notes (CONTINUED)

## Income statement of the Other/consolidation segment

							€ millions	
INCOME/EXPENSES	1/1/–30/9/2009	1/1/–30/9/2008	Q3 2009	Q2 2009	Q1 2009	Q4 2008	Q3 2008	
<b>TOTAL REVENUES</b>	<b>437</b>	<b>324</b>	<b>92</b>	<b>251</b>	<b>94</b>	<b>218</b>	<b>103</b>	
<b>Operating costs</b>	<b>(244)</b>	<b>(164)</b>	<b>(72)</b>	<b>(113)</b>	<b>(59)</b>	<b>(41)</b>	<b>(58)</b>	
<b>OPERATING PROFIT</b>	<b>193</b>	<b>160</b>	<b>20</b>	<b>138</b>	<b>35</b>	<b>177</b>	<b>45</b>	
Restructuring costs	—	2	—	—	—	(20)	1	
Net write-downs of loans and provisions for guarantees and commitments	(47)	(81)	(14)	(2)	(31)	265	(24)	
Net income from investments and other items <sup>1</sup>	(68)	(32)	(11)	(39)	(18)	(36)	9	
<b>PROFIT/(LOSS) BEFORE TAX</b>	<b>78</b>	<b>49</b>	<b>(5)</b>	<b>97</b>	<b>(14)</b>	<b>386</b>	<b>31</b>	

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

### Development of the Other/consolidation segment

The total revenues of the Other/consolidation segment rose by €113 million, to €437 million, in the first nine months of 2009 compared with last year. Apart from income relating to the buyback of hybrid capital, this increase is also attributable to higher income from interest rate hedges and to a favourable effect arising from exchange rate conversion compliant with IAS 21.28. In contrast, dividend payments from our shareholdings were far lower than in the previous year. Operating costs increased by €80 million, to €244 million, primarily on account of higher payments into the deposit insurance

schemes of German banks and the pension guarantee association. Net write-downs of losses and provisions for guarantees and commitments, which relate exclusively to the Special Credit Portfolio, declined by a sharp 42%, to minus €47 million compared with the equivalent period last year. Net income from investments and other items contains higher expenses from transfers to provisions as well as a net loss on investments, which was caused by valuation expenses for investment properties. At €78 million, the profit before tax was €29 million higher than the previous year's result (€49 million).

#### 4 Net interest income

€ millions		
	1/1–30/9/ 2009	1/1–30/9/ 2008
<b>Interest income from</b>		
lending and money market transactions	5,981	8,608
other interest income	2,556	4,083
<b>Interest expense from</b>		
deposits	(1,926)	(5,535)
debt securities in issue and		
other interest expenses	(3,239)	(4,279)
<b>Net interest</b>	<b>3,372</b>	<b>2,877</b>
<b>Dividends and other income</b>		
<b>from equity investments</b>		
Dividends and other similar income	35	160
Dividends from companies using		
the equity method	—	—
<b>Total</b>	<b>3,407</b>	<b>3,037</b>

#### 5 Net fees and commissions

€ millions		
	1/1–30/9/ 2009	1/1–30/9/ 2008
Management, brokerage and consultancy services	480	645
Collection and payment services	146	144
Lending operations	250	300
Other service operations	25	29
<b>Total</b>	<b>901</b>	<b>1,118</b>

This item comprises the balance of fee and commission income of €1,646 million (2008: €2,004 million) and fee and commission expenses of €745 million (2008: €886 million).

#### 6 Net trading income

€ millions		
	1/1–30/9/ 2009	1/1–30/9/ 2008
Net gains/(losses) on financial		
assets held for trading <sup>1</sup>	1,015	(741)
Effects arising from hedge accounting	24	3
Changes in fair value of hedged items	(858)	319
Changes in fair value of hedging derivatives	882	(316)
Net gains/(losses) on financial assets at		
fair value through profit or loss (fair value option)	(81)	(73)
Other net trading income	60	(14)
<b>Total</b>	<b>1,018</b>	<b>(825)</b>

<sup>1</sup> including dividends on financial assets held for trading

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.

#### 7 Net other expenses/income

€ millions		
	1/1–30/9/ 2009	1/1–30/9/ 2008
Other income	251	186
Other expenses	(128)	(80)
<b>Total</b>	<b>123</b>	<b>106</b>

# Selected Notes (CONTINUED)

## 8 Restructuring costs

Restructuring costs of €268 million relate mainly to the elimination of a total of 2,500 positions compared with year-end 2007 as publicly announced by the Management Board of HVB AG at the beginning of February 2009. Of the total amount, €212 million is attributable to concrete restructuring measures resulting from the implementation of the strategic reorientation of the Corporate & Investment Banking division. The remaining restructuring costs arose in the Retail division (€55 million) and in the Wealth Management division (€1 million).

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

€ millions		
	1/1–30/9/ 2009	1/1–30/9/ 2008
<b>Additions</b>	<b>(2,089)</b>	<b>(1,359)</b>
Allowances for losses on loans and receivables	(2,000)	(1,300)
Allowances for losses on guarantees and commitments	(89)	(59)
<b>Releases</b>	<b>557</b>	<b>687</b>
Allowances for losses on loans and receivables	542	679
Allowances for losses on guarantees and commitments	15	8
<b>Recoveries from write-offs of loans and receivables</b>	<b>44</b>	<b>55</b>
<b>Total</b>	<b>(1,488)</b>	<b>(617)</b>

## 10 Net income from investments

€ millions		
	1/1–30/9/ 2009	1/1–30/9/ 2008
Available-for-sale financial assets	(287)	(121)
Shares in affiliated companies	35	21
Companies accounted for using the equity method	(6)	—
Held-to-maturity investments	8	(17)
Land and buildings	8	8
Investment properties <sup>1</sup>	(36)	(10)
Others	1	1
<b>Total</b>	<b>(277)</b>	<b>(118)</b>

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

Net income from investments breaks down as follows:

€ millions		
	1/1–30/9/ 2009	1/1–30/9/ 2008
<b>Gains on the disposal of</b>	<b>123</b>	<b>23</b>
available-for-sale financial assets	53	(12)
shares in affiliated companies	53	26
companies accounted for using the equity method	—	—
held-to-maturity investments	8	—
land and buildings	8	8
Others	1	1
<b>Write-downs and value adjustments on</b>	<b>(400)</b>	<b>(141)</b>
available-for-sale financial assets	(340)	(109)
shares in affiliated companies	(18)	(5)
companies accounted for using the equity method	(6)	—
held-to-maturity investments	—	(17)
investment properties <sup>1</sup>	(36)	(10)
<b>Total</b>	<b>(277)</b>	<b>(118)</b>

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

The changes described in Note 1, "Accounting and valuation principles" on the disclosure of income and expenses from realisation gains or rather from the valuation of private equity funds, and direct investments and co-investments led to both a positive effect in the amount of plus €5 million (2008: plus €6 million) as a result of realisation gains from the sale of available-for-sale financial assets as well as to a negative effect of minus €301 million (2008: no effect) as a result of write-downs and value adjustments on available-for-sale financial assets.

## 11 Earnings per share

	1/1–30/9/ 2009	1/1–30/9/ 2008
Net profit/(loss), adjusted (€ millions) <sup>1</sup>	538	(62)
Net profit/(loss) (€ millions)	334	(64)
Average number of shares	802,383,672	802,383,672
Earnings per share of HVB Group (€) <sup>1</sup>	0.67	(0.08)
Earnings per share of HVB Group (€)	0.42	(0.08)

<sup>1</sup> 2009 and 2008 adjusted for restructuring costs

## Notes to the Balance Sheet

### 12 Financial assets held for trading

	€ millions	
	30/9/2009	31/12/2008
<b>Balance-sheet assets</b>		
Fixed-income securities	25,776	47,433
Equity instruments	5,717	4,521
Other financial assets held for trading	20,074	27,576
<b>Positive fair value from derivative financial instruments</b>	<b>94,582</b>	<b>119,489</b>
<b>Total</b>	<b>146,149</b>	<b>199,019</b>

The financial assets held for trading at September 30, 2009 include €541 million (December 31, 2008: €1,630 million) in subordinated assets.

### 13 Financial assets at fair value through profit or loss

	€ millions	
	30/9/2009	31/12/2008
Fixed-income securities	10,544	10,522
Equity instruments	1	—
Investment certificates	2	1
Promissory notes	2,545	2,812
Other financial assets at fair value through profit or loss	—	—
<b>Total</b>	<b>13,092</b>	<b>13,335</b>

The financial assets at fair value through profit or loss at September 30, 2009 include €273 million (December 31, 2008: €287 million) in subordinated assets.

### 14 Available-for-sale financial assets

	€ millions	
	30/9/2009	31/12/2008
Fixed-income securities	2,404	2,828
Equity instruments	1,565	2,180
Other available-for-sale financial assets	378	344
Impaired assets	627	284
<b>Total</b>	<b>4,974</b>	<b>5,636</b>

Available-for-sale financial assets at September 30, 2009 include financial assets of €866 million (December 31, 2008: €1,471 million) valued at cost.

The available-for-sale financial assets at September 30, 2009 contain a total of €627 million in impaired assets, for which €351 million in impairments was taken to the income statement in the period under review. There are no financial assets past due among the non-impaired debt instruments.

The available-for-sale financial assets at September 30, 2009 include €342 million (December 31, 2008: €259 million) in subordinated assets.

### 15 Investments in associates, joint ventures and non-consolidated subsidiaries

	€ millions	
	30/9/2009	31/12/2008
Non-consolidated subsidiaries	134	212
Joint ventures	—	—
Associated companies accounted for using the equity method	106	32
of which: goodwill	—	—
Other associated companies	7	6
<b>Total</b>	<b>247</b>	<b>250</b>

### 16 Held-to-maturity investments

	€ millions	
	30/9/2009	31/12/2008
Fixed-income securities	5,516	6,008
Other held-to-maturity investments	12	12
Impaired assets	—	—
<b>Total</b>	<b>5,528</b>	<b>6,020</b>

# Selected Notes (CONTINUED)

The held-to-maturity financial instruments at September 30, 2009 include no impaired assets for which any impairment losses have been recognised in the income statement in the year under review. The held-to-maturity investments at September 30, 2009 include €12 million (December 31, 2008: €12 million) in subordinated assets.

## 17 Loans and receivables with banks

	€ millions	
	30/9/2009 <sup>2</sup>	31/12/2008 <sup>2</sup>
Current accounts	14,391	15,467
Repos <sup>1</sup>	16,121	6,331
Reclassified securities	9,368	4,258
Other loans and receivables	8,346	15,397
<b>Total</b>	<b>48,226</b>	<b>41,453</b>

<sup>1</sup> repurchase agreements

<sup>2</sup> We have modified the disclosure of balances with central banks in the balance sheet in compliance with IAS 1.68 (l) in conjunction with IAS 8.41 (see comments in Note 1, "Accounting and valuation principles").

The loans and receivables with banks at September 30, 2009 include €947 million (December 31, 2008: €845 million) in subordinated assets.

## 18 Loans and receivables with customers

	€ millions	
	30/9/2009	31/12/2008
Current accounts	6,351	7,082
Repos <sup>1</sup>	1,706	8,643
Mortgage loans	57,931	62,723
Finance leases	2,291	1,842
Reclassified securities	9,448	9,451
Other loans and receivables	75,727	85,777
<b>Total</b>	<b>153,454</b>	<b>175,518</b>

<sup>1</sup> repurchase agreements

The loans and receivables with customers at September 30, 2009 include €1,350 million (December 31, 2008: €1,055 million) in subordinated assets.

## 19 Application of reclassification rules according to IAS 39.50 and following

In the first nine months of 2009, we prospectively reclassified further assets held for trading, for which an active market did not exist at the time of reclassification, with a carrying amount or fair value of €9.3 billion (nominal amount: €9.4 billion) at the time of reclassification as loans and receivables 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 assets. Given the high quality of the assets concerned, HVB intends to retain the assets for a longer period. We have not reclassified any assets from the available-for-sale portfolio.

The following table summarises the effects of the reclassified assets:

	€ billions		
	CARRYING AMOUNT OF ALL RECLASSIFIED ASSETS <sup>1</sup>	FAIR VALUE OF ALL RECLASSIFIED ASSETS	NOMINAL AMOUNT OF ALL RECLASSIFIED ASSETS
RECLASSIFIED FINANCIAL ASSETS	30/9/2009	30/9/2009	30/9/2009
<b>Asset-backed securities and other debt securities</b>	<b>18.6</b>	<b>17.6</b>	<b>19.5</b>

<sup>1</sup> before portfolio allowance and accrued interest

The fair value of the financial instruments reclassified as loans and receivables amounts to a total of €17.6 billion at September 30, 2009. If these reclassifications had not been carried, a positive result of €687 million would have arisen from mark-to-market valuation in the first nine months of 2009. €152 million of this total relates to the

assets that were reclassified in the first nine months of 2009. In 2008 as a whole, a loss of €1.8 billion would have arisen from the assets already reclassified in the previous year. These effects reflect a theoretical, pro forma calculation, as the assets are measured at amortised cost on account of the reclassification.

We have taken write-downs of €58 million on the reclassified assets in the first nine months of 2009 (cumulative effect in 2008: minus €63 million). Specific allowances account for €44 million of this total and portfolio allowances for €14 million. The fair value at the date when the reclassification takes effect represents the new acquisition costs, some of 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 €168 million (cumulative effect in 2008: €127 million) in the first nine months of 2009, which is recognised in net interest income. A gain of €68 million on reclassified securities that had matured and been sold was recognised in the income statement in the first nine months of 2009.

## 20 Allowances for losses on loans and receivables with banks and customers

Analysis

	€ millions		
	SPECIFIC ALLOWANCES	PORTFOLIO ALLOWANCES <sup>1</sup>	TOTAL
<b>Balance at January 1, 2008</b>	<b>4,573</b>	<b>520</b>	<b>5,093</b>
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	—	—	—
<b>Balance at September 30, 2008</b>	<b>4,545</b>	<b>562</b>	<b>5,107</b>
	SPECIFIC ALLOWANCES	PORTFOLIO ALLOWANCES <sup>1</sup>	TOTAL
<b>Balance at January 1, 2009</b>	<b>4,305</b>	<b>536</b>	<b>4,841</b>
Changes affecting income			
Gross additions	1,924	76	2,000
Releases	(539)	(3)	(542)
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	(613)	—	(613)
Effects of currency translation and other changes not affecting income	25	—	25
Non-current assets or disposal groups held for sale	—	—	—
<b>Balance at September 30, 2009</b>	<b>5,093</b>	<b>607</b>	<b>5,700</b>

<sup>1</sup> including provisions for country risk

# Selected Notes (CONTINUED)

## 21 Deposits from banks

	€ millions	
	30/9/2009	31/12/2008
<b>Deposits from central banks</b>	<b>7,012</b>	<b>29,549</b>
<b>Deposits from banks</b>	<b>52,394</b>	<b>54,318</b>
Current accounts	15,314	12,001
Reverse repos <sup>1</sup>	11,749	12,378
Other deposits	25,331	29,939
<b>Total</b>	<b>59,406</b>	<b>83,867</b>

<sup>1</sup> repurchase agreements

## 22 Deposits from customers

	€ millions	
	30/9/2009	31/12/2008
Current accounts	37,503	36,237
Savings deposits	13,341	13,648
Reverse repos <sup>1</sup>	9,012	12,245
Other deposits	43,120	52,832
<b>Total</b>	<b>102,976</b>	<b>114,962</b>

<sup>1</sup> repurchase agreements

## 23 Debt securities in issue

	€ millions	
	30/9/2009	31/12/2008
<b>Listed securities</b>	<b>40,181</b>	<b>42,451</b>
Bonds	36,046	40,679
Other securities	4,135	1,772
<b>Unlisted securities</b>	<b>24,226</b>	<b>21,188</b>
Bonds	23,937	20,891
Other securities	289	297
<b>Total</b>	<b>64,407</b>	<b>63,639</b>

## 24 Provisions

	€ millions	
	30/9/2009	31/12/2008
Provisions for pensions and similar commitments	49	104
Provisions for financial guarantees	237	223
Restructuring provisions	285	92
Other provisions	1,135	1,072
<b>Total</b>	<b>1,706</b>	<b>1,491</b>

## 25 Change in valuation of financial instruments

The reserves arising from changes in the valuation of financial instruments increased slightly by €21 million to €44 million at September 30, 2009 compared with the previous year-end total. In the process, the cash flow hedge reserve declined by €98 million to €231 million. The AfS reserve improved by €119 million to minus €187 million, which is primarily attributable to positive fair value fluctuations mostly arising from asset-backed securities classified as available for sale. Negative fair value fluctuations from asset-backed securities classified as available for sale, for which no impairment criteria compliant with IAS 39.59 existed so that no impairment losses needed to be taken, were more than compensated.

## 26 Subordinated capital

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

	€ millions	
	30/9/2009	31/12/2008
Subordinated liabilities	5,591	7,206
Participating certificates outstanding	205	205
Hybrid capital instruments	1,676	1,804
<b>Total</b>	<b>7,472</b>	<b>9,215</b>



## Other Information

### 27 Contingent liabilities and other commitments

	€ millions	
	30/9/2009	31/12/2008
<b>Contingent liabilities<sup>1</sup></b>	<b>20,906</b>	<b>24,428</b>
Guarantees and indemnities	20,906	24,428
<b>Other commitments</b>	<b>57,241</b>	<b>67,068</b>
Irrevocable credit commitments	36,504	48,645
Other commitments	20,737	18,423
<b>Total</b>	<b>78,147</b>	<b>91,496</b>

<sup>1</sup> contingent liabilities are offset by contingent assets to the same amount

# Selected Notes (CONTINUED)

## 28 Members of the Supervisory Board and Management Board

### Supervisory Board

**Alessandro Profumo**

Chairman  
until February 5, 2009

**Sergio Ermotti**

Chairman<sup>1</sup>

**Peter König**

Deputy Chairman

**Dr Lothar Meyer**

Deputy Chairman<sup>2</sup>

**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**

until July 23, 2009

**Beate Mensch**

**Marina Natale**

since July 24, 2009

**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

<sup>1</sup> since February 5, 2009

<sup>2</sup> until February 5, 2009

## Management Board

### Peter Buschbeck

Retail division  
since August 1, 2009

### Willibald Cernko

Retail division<sup>1</sup>  
until September 30, 2009

### Lutz Diederichs

Corporate & Commercial Real Estate Financing division  
Markets & Investment Banking division<sup>2</sup>;  
now Corporate & Investment Banking division,  
as a result of the integration of the two  
above-mentioned divisions

### Rolf Friedhofen

Chief Financial Officer (CFO)

### Henning Giesecke

Chief Risk Officer (CRO)  
until July 31, 2009

### Heinz Laber

Human Resources Management  
Global Banking Services

### Andrea Umberto Varese

Chief Risk Officer (CRO)  
since August 1, 2009

### Dr Theodor Weimer

Board spokesman  
Markets & Investment Banking division<sup>3</sup>

### Andreas Wölfer

Wealth Management division

<sup>1</sup> until July 31, 2009

<sup>2</sup> since April 1, 2009

<sup>3</sup> until March 31, 2009

Munich, November 11, 2009

Bayerische Hypo- und Vereinsbank  
Aktiengesellschaft  
The Management Board

Buschbeck

Diederichs

Friedhofen

Laber

Varese

Dr Weimer

Wölfer

# Summary of Quarterly Financial Data

	€ millions				
	Q3 2009	Q2 2009	Q1 2009	Q4 2008	Q3 2008
<b>Operating performance</b>					
Net interest income	1,024	1,151	1,232	1,222	1,118
Net fees and commissions	301	305	295	335	337
Net trading income	597	682	(261)	(1,057)	(490)
Net other expenses/income	32	51	40	41	49
<b>TOTAL REVENUES</b>	<b>1,954</b>	<b>2,189</b>	<b>1,306</b>	<b>541</b>	<b>1,014</b>
Operating costs	(867)	(872)	(854)	(882)	(854)
<b>OPERATING PROFIT/(LOSS)</b>	<b>1,087</b>	<b>1,317</b>	<b>452</b>	<b>(341)</b>	<b>160</b>
Provisions for risks and charges	(39)	(45)	(19)	10	5
Write-down on goodwill	—	—	—	—	—
Restructuring costs	(1)	(218)	(49)	(24)	(2)
Net write-downs of loans and provisions for guarantees and commitments	(519)	(686)	(283)	(143)	(361)
Net income from investments	(180)	(90)	(7)	(167)	(98)
<b>PROFIT/(LOSS) BEFORE TAX</b>	<b>348</b>	<b>278</b>	<b>94</b>	<b>(665)</b>	<b>(296)</b>
Income tax for the period	(133)	(160)	(31)	55	11
<b>NET PROFIT/(LOSS)</b>	<b>215</b>	<b>118</b>	<b>63</b>	<b>(610)</b>	<b>(285)</b>
Minorities	(26)	(35)	(1)	3	27
<b>CONSOLIDATED PROFIT/(LOSS) OF HVB GROUP</b>	<b>189</b>	<b>83</b>	<b>62</b>	<b>(607)</b>	<b>(258)</b>
Earnings per share in € <sup>1</sup> of HVB Group	0.24	0.31	0.12	(0.72)	(0.32)

<sup>1</sup> Q3 2009 adjusted for restructuring costs; unadjusted earnings per share minus €0.24

Q2 2009 adjusted for restructuring costs; unadjusted earnings per share €0.10

Q1 2009 adjusted for restructuring costs; unadjusted earnings per share €0.08

Q4 2008 adjusted for restructuring costs; unadjusted earnings per share minus €0.76

Q3 2008 adjusted for restructuring costs; unadjusted earnings per share minus €0.32

# Financial Calendar

## Important Dates 2009

Interim Report at September 30, 2009	November 11, 2009
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## Important Dates 2010

Publication of the 2009 annual results	March 17, 2010
Interim Report at March 30, 2010	May 12, 2010
Half-yearly Financial Report at June 30, 2010	August 4, 2010
Interim Report at September 30, 2010	November 10, 2010

### Contacts

Should you have any questions about the annual report or our interim reports, please contact Group Investor Relations by calling +49 (0)89 378-25336, faxing +49 (0)89 378-24083, or emailing [ir@hvb.de](mailto:ir@hvb.de). You can call up important company announcements as soon as they have been published by visiting our website at [www.hvb.de](http://www.hvb.de), where you can also register for our email subscription service.

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

### Publications

Annual Report (English/German)  
Interim reports (English/German)  
for the first, second and third quarters  
CSR Short Report 2007/08  
You can obtain PDF files of all reports on our website:  
[www.hvb.de/annualreport](http://www.hvb.de/annualreport)  
[www.hvb.de/interimreport](http://www.hvb.de/interimreport)  
[www.hvb.de/sustainabilityreport](http://www.hvb.de/sustainabilityreport).

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