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

Bayerische Hypo- und Vereinsbank AG

Munich, Federal Republic of Germany

20 May 2009

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RISK FACTORS

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

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

Words and expressions defined elsewhere in this Registration Document have the same meanings in this section.

Risks relating to Bayerische Hypo- und Vereinsbank AG

Issuer risk

By purchasing the financial instruments issued by HVB, investors are financing the latter. As a result investors are subject to the risk that HVB is not able to honour its obligations relating to financial instruments where its financial condition will become negative. At the date of this Registration Document the financial condition of HVB is such that HVB is able to honour its obligations relating to financial instruments.

Risks related to the transfer of the Bank Austria Creditanstalt shares to UniCredit

The transfer at the beginning of 2007 of the investments in Bank Austria Creditanstalt (later on renamed as UniCredit Bank Austria AG) ("Bank Austria") and other units in central and eastern Europe resulted in substantial sales proceeds, but if – contrary to the expectations of the Management Board of HVB – the transfer of the shares in the Bank Austria Group and the other units in Central and Eastern Europe sold by HVB must be reversed, so that HVB must repay the proceeds from the sale to the buyers of the units, this would likely have serious detrimental effects on the expansion strategy pursued by HVB Group because it would then no longer have the high capital base and liquidity needed for this strategy.

Moreover, as a result of the disposal of the Bank Austria Group and the operations in Central and Eastern Europe, the corporate group now has a stronger regional focus on Germany, which exposes it to developments on the German market and the German economy.

Risks from the financial markets crisis and global economic crisis

The Markets & Investment Banking ("MIB") division suffered from declines or losses notably in structured loans recorded in net trading income from the third quarter of 2007 up to the first quarter 2009.

The subprime crisis originated from the United States of America and started in second half of 2007. Triggered by the loss in value of asset-backed papers based on subprime mortgages in the United States of America, there was a significant decrease in investors' appetite for risk, resulting in liquidity bottlenecks on the money market, accompanied by a massive widening of credit spreads. Like the entire UniCredit Group, HVB Group has only a slight direct exposure to the underlying U.S. real estate crisis.

The resulting financial market turbulence have also affected the European financial markets and meanwhile the global economy. Especially several countries and several industry segments are in severe economic difficulties.

To a varying degree and extent, this has of course also affected the business operations and the profitability of HVB Group, in particular in the Markets & Investment Banking division in 2007 and 2008. These effects were most noticeable in structured credit products held for trading purposes and in the syndicated finance market.

The global recession will in all probability continue as it will take a while for the global imbalances to reverse. HVB cannot preclude the possibility that the ongoing financial market crisis and the global economic crisis will affect business operations and the profitability of HVB Group in the future. With regard to risk-provisioning levels in 2009, HVB expects that the persistently difficult economic conditions looming ahead will lead to a sharp rise in the number of bankruptcies and that our risk provisioning levels will therefore significantly surpass those of 2008, which benefited from the success in reducing the special portfolios allocated to the Other/consolidation segment (former Real Estate Restructuring segment and Special Credit Portfolio).

Tax implications – loss carry forwards

The use of the substantial tax loss carry forwards (in particular in HVB) depends on certain conditions, which have to be fulfilled after the transfer of shares in HVB to UniCredit took place. If these conditions would not be fulfilled the tax loss carry forwards at the time of the transfer of shares to UniCredit would get lost retroactively.

Risks relating to HVB Group's Business

A deterioration of HVB Group's ratings may pose significant risks for HVB Group's business

The recognition of impairment losses, unforeseen defaults of large borrowers, financial results or capital ratios below expectations and a deterioration of the macro-economic environment in HVB Group's core markets may result in a lowering of HVB Group's credit ratings. Also any deterioration of the credit ratings of UniCredit Group and its subsidiaries might as well lead to a lowering of HVB Group's credit ratings. In view of the continuing turbulence on financial markets and the further worsening of the global economic condition, the financial sector ratings could be adjusted downwards in general. Should this development arise, this may well mean that the ratings of HVB Group, UniCredit Group and their subsidiaries are affected.

Any deterioration of the credit ratings of HVB and related subsidiaries that are rated, for any reason, will result not only in increased funding costs, but will also limit HVB Group's funding sources and impact its liquidity.

In addition, rating downgrades may limit HVB Group's ability to conduct certain businesses, including strategically productive ones, and may have a considerable negative impact on the HVB Group's results of operations, financial condition and liquidity.

Disruptions on financial markets potentially impact the liquidity situation of HVB Group

As market participant with global activities HVB Group is exposed to the general risk of disruptions on financial markets. As a consequence there might be the situation that HVB has to refinance assets at significantly increased funding costs. Longer lasting market tension might lead to an elevated liquidity risk situation caused by a lack of available funding sources.

Loan losses may exceed anticipated levels

HVB Group is a major lender to several large corporate customers that have filed for the initiation of insolvency proceedings in the past years or are undergoing restructuring. There is the risk that HVB Group may require provisions for losses on loans and advances or incur loan losses in excess of the budgeted amounts.

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

In such scenarios, loan losses may exceed anticipated levels.

Risks related to market implementations

Investors are relying upon the creditworthiness of the HVB Group and the results of the HVB Group are affected by general economic, financial and other business conditions. During recessionary periods, there may be less demand for loan products and a greater number of HVB Group’s customers may default on their loans or other obligations. Interest rate rises may also have an impact on the demand for mortgages and other loan products. Fluctuations in interest rates in Europe and in the other markets in which the HVB Group operates influence the HVB Group’s performance.

Competition risk

Both investment banking and the financial services market in Germany represent highly competitive environments. In its core German market, the corporate group competes with public-sector banks, cooperative banks and other German and international private banks; certain of the public-sector banks can still call upon state guarantees for some of their operations.

This may possibly have a negative impact on the assets, liabilities, financial position and profit or loss of the corporate group.

In particular cyclical effects and unexpected fluctuations on international financial and securities markets have a stronger impact in this environment. If the developments in these markets run counter to the expectations of HVB Group, this would impose a heavier burden on the Bank’s results than in previous years. This means that such swings could be reflected more visibly in the assets, liabilities, financial position and profit or loss of the corporate group.

HVB Group may not be able to further successfully implement its pricing strategy and improve interest margins in the current competitive environment. Failure to improve interest margins or maintain them at current level may have a significant negative impact on the HVB Group’s results of operations and financial condition.

Non-traditional banking activities add to credit risks

Like other banks, HVB Group is exposed to the risk that third parties who owe HVB Group money, securities and other assets will not perform their obligations. Many of HVB Group's businesses activities beyond the traditional banking business of lending and deposit-taking also expose it to credit risk.

Non-traditional credit risk can, for example, arise from: holding securities of third parties; entering into derivative contracts under which counterparties have obligations to make payments to HVB Group entities; executing securities, futures, currency or commodity trades that fail to settle at the required time due to non-delivery by the counterparty or systems failure by clearing agents, exchanges, clearing houses or other financial intermediaries and extending credit through other arrangements.

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

Risk management strategies and techniques may fail under some circumstances, particularly if HVB Group is confronted with risks that it has not identified or anticipated. Some of HVB Group's methods for managing risk are based upon observations of historical market behavior and on statistical models. HVB Group may experience material unexpected losses if the measures used to assess and mitigate risk proved insufficient.

HVB Group is exposed to German economy

Given the situation with Germany as the regional core market, the Bank is more heavily exposed to economic and political developments in Germany. HVB Group is one of the largest lenders to the German *Mittelstand* and one of the leading providers of personal and business loans in Germany.

If the economy performs below expectations, HVB cannot preclude the possibility that the customers of HVB Group will also feel the effects of the crisis, and that loan-loss provisions could increase above the expected level.

HVB Group's income can be volatile related to trading activities and currency exchange

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

HVB Group generates a significant amount of its income and incurs a significant amount of its expenses outside the Eurozone, and therefore is exposed to currency risk.

Real estate finance slowdown could have a negative influence on the financial position and profitability of HVB Group.

In recent years, HVB Group has considerably reduced its real estate financing portfolio, particularly commercial real estate financing, and adjusted its valuation method for collateral. Another sharp decline in real estate markets could have a negative impact on the financial position and profitability of HVB Group.

In accordance with the generally conservative lending policy of HVB Group, HVB does not intend to increase the direct involvement of HVB Group in real estate financing with subprime features in 2009 either, so that the direct risk from subprime exposures will remain marginal in the future as well.

Litigation risks

The HVB Group is involved in various legal proceedings (litigation and investigatory measures). HVB believes that such proceedings have been properly analysed by the HVB Group in order to decide whether any increase in provisions for litigation is necessary or appropriate under the current circumstances. For a description of certain litigation and investigations a prospective investor should carefully consider before making a decision to invest in the Instruments the section "Business Overview – Legal Risks/Arbitration Proceedings".

Regulatory risks

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

HVB Group's operations are regulated and supervised by the central banks and regulatory authorities in each of the jurisdictions where it conducts business. The bank regulatory regimes in the various local jurisdictions are subject to change. Changes in the regulatory requirements in a relevant jurisdiction may impose additional obligations on HVB Group companies. In addition, compliance with the revised regulatory requirements may result in a significant increase in administrative expenses which may have an adverse impact on HVB Group's financial condition and results of operations.

There is a risk that in the case of a repeated violation of the regulatory requirements in any relevant jurisdiction, the banking license granted to a company of the HVB Group in such jurisdiction will be revoked or limited.

In Germany, HVB Group is regulated by the German Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht* – "BaFin"). BaFin has a wide range of enforcement powers in the event it discovers any irregularities. Among other things, if HVB's or HVB Group's own funds or liquidity requirements do not meet the statutory minimum requirements, BaFin may prohibit HVB Group from extending further credits. Should there be a risk that a bank may not be able to perform its obligations *vis-à-vis* its creditors, BaFin may, for the purpose of avoiding such risk, impose a "section 46a moratorium" on the German banking subsidiaries of HVB Group, i.e. prohibit the disposal of assets and the making of payments, impose the closing down of a bank's business with customers and prohibit the acceptance of payments not intended for the discharge of debts owed to the bank.

Should the HVB Group or one of its subsidiaries not comply fully with the regulatory demands of the supervisory authorities, this could lead to sanctioning measures, in particular by BaFin. At worst, the business capabilities of the HVB Group and its subsidiaries could be restricted as a result.

RESPONSIBILITY STATEMENT

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

BAYERISCHE HYPO- UND VEREINSBANK AG

Information about HVB, the parent company of HVB Group

Bayerische Hypo- und Vereinsbank Aktiengesellschaft ("HVB", and together with its consolidated subsidiaries, the "HVB Group") was established as Bayerische Vereinsbank Aktiengesellschaft on 8 May 1869 and has an unlimited duration, in conformity with the laws of the Federal Republic of Germany. On 31 August 1998 Bayerische Hypotheken- und Wechsel-Bank Aktiengesellschaft was merged into Bayerische Vereinsbank Aktiengesellschaft. In the course of the merger the trade name was changed in Bayerische Hypo- und Vereinsbank Aktiengesellschaft.

HVB has been an affiliated company of UniCredit S.p.A. ("UniCredit") since November 2005 and hence a major part of the UniCredit Group from that date as a sub-group. Since 15 September 2008, UniCredit holds directly 100% of HVB's share capital.

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

As a result of the integration into the UniCredit Group, the activities of HVB Group have been restructured in the following divisions: Markets & Investment Banking, Corporates & Commercial Real Estate Financing, Retail and Wealth Management.

Through these divisions, HVB Group offers a comprehensive range of banking and financial products and services to private and corporate clients including multinationals, public sector and institutional customers.

Its range extends from mortgage loans and banking services for consumers, private banking, business loans and foreign trade finance through to fund products, advisory and brokerage services, securities transactions and wealth management.

On 1 April 2007, the investment banking activities of UniCredit Banca Mobiliare S.p.A. ("UBM") were transferred against new ordinary shares of HVB and are fully integrated into the Markets & Investment Banking division. In support of HVB's further developments, UniCredit's Board of Directors agreed beside others to use the profit realised by HVB on the below mentioned sale of the HVB business in Austria and Central and Eastern Europe to significantly strengthen HVB's capital position in order to further develop HVB's business through organic growth or acquisitions both in HVB's key market Germany as well as in groupwide Markets & Investment Banking.

Auditors

KPMG AG Wirtschaftsprüfungsgesellschaft ("KPMG"), Ganghoferstrasse 29, 80339 Munich, the independent auditors (*Wirtschaftsprüfer*) of HVB have audited the consolidated financial statements of HVB Group and the unconsolidated financial statements of HVB as of and for the years ended 31 December 2008 and 2007 and have issued an unqualified audit opinion thereon. KPMG AG Wirtschaftsprüfungsgesellschaft is a member of the Chamber of German Public Accountants, an institution incorporated under public law (*Wirtschaftsprüferkammer, Anstalt des Öffentlichen Rechts*), Rauchstrasse 26, 10787 Berlin.

Ratings

Unless otherwise specified in the applicable final terms, securities currently issued by HVB have been rated as follows by Fitch Ratings Ltd. ("Fitch"), Moody's Investors Service Ltd. ("Moody's") and Standard & Poor's Ratings Services ("S&P"):

Type of Instruments	Fitch	Moody's	S&P
Public Sector Pfandbriefe	AAA	Aaa	AAA
Mortgage Pfandbriefe	AAA	Aa1	---
Long-term Senior Notes	A+	A1	A
Subordinated Notes	A	A2	A-
Short-term Notes	F1+	P-1	A-1

HVB confirms that the information contained in this table has been accurately reproduced and that as far as the HVB is aware and is able to ascertain from information published by Fitch, Moody's and S&P, respectively, no facts have been omitted which would render the reproduced information inaccurate or misleading.

Instruments to be issued under the Programme may be rated or unrated. Where an issue of Instruments is rated, its rating may not be the same as the rating applicable to the Programme.

A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

Fitch's long-term credit ratings are set up along a scale from AAA, AA, A, BBB, BB, B, CCC, CC, C down to D. Fitch uses the intermediate modifiers "+" and "-" for each category between AA and CCC to show the relative standing within the relevant rating categories. Fitch's short-term ratings indicate the potential level of default within a 12-month period at the levels F1+, F1, F2, F3, F4, B, C and D.

Moody's appends long-term obligation ratings at the following levels: Aaa, Aa, A, Baa, Ba, B, Caa, Ca and C. To each generic rating category from Aa to Caa Moody's assigns the numerical modifiers "1", "2" and "3". The modifier "1" indicates that the bank is in the higher end of its letter-rating category, the modifier "2" indicates a mid-range ranking and the modifier "3" indicates that the bank is in the lower end of its letter-rating category. Moody's short-term ratings are opinions of the ability of issuers to honor short-term financial obligations and range from P-1, P-2, P-3 down to NP.

S&P assign long-term credit ratings on a scale from AAA to D. The ratings from AA to CCC may be modified by the addition of a "+" or "-" to show the relative standing within the major rating categories. S&P may also offer guidance (termed a "credit watch") as to whether a rating is likely to be upgraded (positive), downgraded (negative) or uncertain (neutral). S&P assigns short-term credit ratings for specific issues on a scale from A-1, A-2, A-3, B, C down to D. Within the A-1 category the rating can be designated with a "+".

Recent Developments

Sale and transfer of HVB's business in Austria and CEE to UniCredit or its subsidiaries respectively

Based on the resolution adopted by the Supervisory Board and the Management Board on 12 September 2006 to sell the shares held by HVB in Bank Austria Creditanstalt AG (later on renamed as UniCredit Bank Austria AG) ("Bank Austria") and other units in Central and Eastern Europe, which was approved by HVB's shareholders at the Extraordinary Shareholders' Meeting on 25 October 2006, the shares in Bank Austria were transferred to UniCredit, the shares in Joint Stock Commercial Bank Ukraine ("HVB Bank Ukraine") to BPH Bank PEKAO and the shares in Closed Joint Stock Company International Moscow Bank ("IMB") and AS UniCredit Bank (formerly HVB Bank Latvia AS, Riga) to Bank Austria in the first quarter 2007. The sale of the HVB branches in Tallinn and Vilnius to AS UniCredit Bank was completed in the third quarter of 2007.

Various shareholders have started legal actions against the resolutions adopted at the Extraordinary Shareholders' Meeting held by HVB on 25 October 2006. In a ruling of 31 January 2008, the Munich Regional Court I (*Landgericht*) declared the resolutions passed at the Extraordinary Shareholders' Meeting on 25 October 2006 null and void for formal reasons. HVB has appealed against this ruling and, regardless of this ruling, obtained the, as a precaution requested, confirmatory resolutions in its General Shareholders' Meeting held on 29 and 30 July 2008. Also, these confirmatory resolutions were challenged by several shareholders. For more information with respect to the litigations mentioned see "Business Overview – Legal Risks/Arbitration Proceedings".

Squeeze-out in HVB/Delisting

On 27 June 2007, a majority of 98.77% of the votes cast at HVB's Annual General Meeting of Shareholders approved the transfer to UniCredit of the shares in HVB held by minority shareholders as part of a squeeze-out procedure for an adequate cash compensation. The level of cash compensation had already been determined at EUR 38.26 per share by UniCredit. The squeeze-out compensation has been determined on the basis of an opinion from an independent expert and its adequacy has been confirmed by an independent auditor selected and appointed by the competent court in Munich.

More than a hundred shareholders have in the meantime started actions to annul the transfer resolutions and further resolutions adopted at the Annual General Meeting of Shareholders on 26 and 27 June 2007. On 24 April 2008, the Munich Regional Court I granted the clearance motion. Several shareholders appealed against this decision. Following the decision of Higher Regional Court of Munich dated 3 September 2008, in which the court upheld the clearance motion, the squeeze-out was registered in the Commercial Register at the Lower Court (*Amtsgericht*) in Munich on 15 September 2008. For more information with respect to the litigations mentioned see "Business Overview – Legal Risks/Arbitration Proceedings".

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

HVB will remain a joint stock corporation under German law and an operationally independent institution after the squeeze-out.

Facility Management transferred to STRABAG Property and Facility Services

STRABAG Property and Facility Services GmbH ("STRABAG PFS"), a subsidiary of the quoted construction group STRABAG SE, will take over the facility management of HVB with effect as per 1 April 2009. STRABAG PFS will take care of the entire technical and commercial facility management and provide all the infrastructure services in the around 1,000 self-occupied, owned or rented properties of HVB in Germany. The around 250 HVB employees performing tasks for facility management operations to date will be taken over by STRABAG PFS and guaranteed jobs until the end of 2012. The annual contract volume comprises a medium-sized two-digit million Euro amount.

Workforce reduction of 2,500 jobs by the end of 2010 – over 1,000 jobs already cut

HVB has announced details of their planned job cuts. By the end of 2010 HVB will cut back personnel by 2,500 compared to levels at the end of 2007 (23,244 workplaces). The job cutbacks are part of the 3-Year Plan of UniCredit Group from 2008 to 2010, which foresees a reduction of a total of 9,000 jobs in the group. In the face of the financial crisis, which has been rapidly escalating since last autumn, UniCredit Group has also put into place a restructuring programme in Markets & Investment Banking.

These reductions will affect all areas of HVB. Jobs in Retail will be cut by 1,200, in Markets & Investment Banking by 400, in Corporate Banking by 150 and by 50 in Wealth Management. Likewise, in Global Banking Services 400 jobs will be cut, and in administrative units such as the Corporate Centre, about 550 jobs.

Since the end of 2007, HVB has already been able to reduce the workforce by 1,000 on the way to reaching this goal. In view of the about 1,500 jobs that still have to be cut, HVB has proposed an appropriate package of measures to make the job reductions as socially responsible as possible. To this end HVB will start negotiations with employee representatives without delay.

Appointment of Special Representative

At the Annual General Meeting of HVB on 27 June 2007, a resolution was adopted, upon a motion submitted by shareholders regarding item 10 of the agenda, to assert claims for compensation against current and former members of the Management Board and Supervisory Board of HVB, as well as UniCredit for asserted financial damage caused as a result of the sale and transfer of Bank Austria. A special representative was appointed to assert the alleged claims. On 20 February 2008 the special representative submitted a claim for the return of the Bank Austria shares and alternatively for claims for damages of at least EUR 13.9 billion and on 1 August 2008 an extension of the claim asking for addition EUR 2,92 billion in the context of the integration of the investment banking business of UBM. In an Extraordinary Shareholders' Meeting on 10 November 2008 the aforementioned resolution was revoked and the special representative dismissed from his office with immediate effect. This resolution has been challenged by the special representative. For more information with respect to the litigations mentioned see "Business Overview – Legal Risks/Arbitration Proceedings".

Integration of former Capitalia Markets and Banca di Roma foreign network into HVB

The transfer of the assets and liabilities of former Capitalia Markets from UniCredit to HVB became effective 1 November 2008. The transaction is a major milestone of the Capitalia integration project and is consistent with the group's plan to concentrate UniCredit Group's investment banking activities in HVB. It streamlines corporate governance and enables an even better integration of business.

The integration of the branches of Capitalia subsidiary Banca di Roma in Frankfurt, Singapore and Tokyo was executed in Q2 2008.

Therefore, the integration of the international network of the Capitalia Group into HVB network is now completed.

Vereinsbank Victoria Bauspar AG to be acquired by Wüstenrot Bausparkasse AG

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

Transformation of HVB Information Services GmbH to UniCredit Global Information Services S.p.A.

As part of the IT services within the UniCredit Group, the transformation of HVB Information Services GmbH, Munich, into a limited partnership was completed on 30 April 2009. With effect from 1 May 2009, HVB transferred its limited partnership shares in HVB Information Services GmbH & Co. KG ("HVB IS") to

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

BUSINESS OVERVIEW

Divisions of HVB Group (set-up as of March 2009)

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

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

Compliant with IAS 14.52, the income and expenses of the companies and sub-groups defined as discontinued operations in 2006 and disposed of in 2007 – the Bank Austria Creditanstalt Group, HVB Bank Ukraine, IMB, AS UniCredit Bank, Riga and the HVB branches in Tallinn and Vilnius – are shown in addition to and separately from the continuing divisions and segments of HVB Group, marked as "Discontinued operations" in the segment report.

In 2008 in the segment reporting a number of smaller reorganisations took place with a view to giving the divisions a clear strategic orientation, and changes have been made to the cost allocation which led to modified assignments of operating costs. The figures for the comparison periods in the previous year have been adjusted to reflect these changes.

Largely the same principles used at year-end 2008 are being applied in 2009. As of 1 January 2009, HVB 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, HVB Banque Luxembourg) was 3.97% in 2008. This rate was determined for 2009 and, since 1 January 2009, amounts to 4.30%.

Markets & Investment Banking division[1]

Headquartered in Munich, HVB's Markets & Investment Banking Division employs around 2,300 professionals and has offices in all major financial centres, including London, New York, Hong Kong, Singapore and Tokyo.

The two areas Markets and Global Investment Banking offer a variety of products and services to its corporate and institutional clients. Markets: trading, structuring and sales activities including Rates & FX, equities, credit markets, global distribution and corporate treasury sales. Global Investment Banking: transcaction-based business including financing of operations, sydicated bonds, IPO's and capital increases, debt funding, leveraged finance, project financing, mergers and acqusitions, principal investments and other corporate financing activities.

Major subsidiaries allocated to this division include HVB Banque Luxembourg, which is assigned to several divisions, HVB Global Assets, HVB Capital Asia Ltd. and HVB Capital Partners AG.

Corporates & Commercial Real Estate Financing division

In corporate banking operations, HVB concentrates on the needs of its around 77,000 customers: supporting their cross-border expansion, helping them to use new forms of finance and financial risk management, and opening them up to the capital market. The corporate banking business provides various relationship models based on different customer requirements. In particular, HVB has relationship models for multinationals, large caps, mid caps, small caps, commercial real estate customers and the public sector. HVB combines these models with regional proximity and sector know-how.

Lending is, and is set to remain, HVB's core business, associated with an appropriate proportion of its customers' other financial acitivties. At the same time, HVB's creates solutions for customers in addition or as an alternative to the traditional loan. Besides providing sophisticated advisory services and the analysis and funding of current (working capital) and non-current assets, HVB offers structured loans to a broad array of mid-sized enterprises. As part of HVB's financial risk management, HVB advises customers extensively on all possible ways of hedging entrepreneurial risks.

As part of a leading corporate banking group in Central and Eastern Europe, HVB supports customers through its European network.

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[1] The text reflects the Markets & Investment Banking division in UniCredit Group's divisional set-up as of March 2009. On 1 April 2009, the Board of Directors of UniCredit approved the set-up of the Corporate and Investment Banking (CIB) – Private Banking (PB) Strategic Business Area (SBA), with specific impact on the Corporate Banking (CB) and Markets & Investment Banking (MIB) Divisional organisations.

Global Shipping has been set up as a separate line of business, representing a separate industry-marketing and product organisation with offices at the major ship-financing centres.

Organisationally, commercial real estate financing is integrated in the Corporates division, aiming to significantly improve the risk/return of portfolios and sustainably boost the profitability of the business. The consistent implementation of HVB's selective lending policies based on the current market conditions and the sustained reduction of unprofitable portions of portfolios are playing an important role in this process. HVB's target customers have access to tailored products from HVB's full range, extending from classic real estate finance with interest hedging through to structuring, syndication and, where appropriate, securitisation of portfolios, and all the banking products offered by service and deposit-taking operations. Major subsidiaries allocated to this division include HVB Banque Luxembourg, which is assigned to several divisions, and HVB Leasing GmbH.

Retail division

HVB's customers are divided into three groups within the Retail division: mass market, affluents and business customers. In particular, HVB is looking to exploit opportunities for growth in the affluent and business customer segments. To do so, HVB is investing in systematic customer contact, refining the needs-based appproach for HVB's products and focussing especially on cross-selling. HVB takes a differentitated view of the mass market sector, relying on automated processes for everthing from online banking to more intensive use of selfservice terminals in order to allow more time for adivsory services. HVB expanded its real estate financing competence further in 2008 and is a provider in Germany to not only market its own loans, but also select the best offering for the customer from more than 40 other providers.

The Retail division serves around three million customers. Major subsidiaries allocated to this division include Bankhaus Neelmeyer.

Wealth Management division

The Wealth Management division has set itself the goal of optimally meeting the specific expectations of wealthy customers with regard to a bank and its highly customised services. The division manages total financial assets of EUR 57 billion. Wealth management is divided into four subdivisions.

In 2008, the Wealth Management division encompassed Wealth Management Sales of HVB ("WEM"), the DAB Group ("DAB"), private banking activities of HVB Banque Luxembourg and Wealth Management Capital Holding GmbH (initiator of closed end funds), including major shareholdings such as Blue Capital Equity GmbH, Blue Capital Fonds GmbH, HVB FondsFinance GmbH and WealthCap Real Estate Management GmbH, fully con-solidated in 2008.

The division HVB Wealth Management serves around 39,000 of HVB's customers with assets under management of EUR 25 billion. Its 527 employees offer individual, holistic advice at 45 locations throughout Germany to customers with liquid assets of more than EUR 0.5 milion. WEM Family Office serves family groups with complex assets of more than EUR 30 million.

WEM's strategic objectives are to satisfy high net worth individuals with a comprehensive range of advisory services, attractive products and outstanding customer relationship management as well as to increase its market share in the highly competitive wealth management environment. WEM aspires to quality leadership in the German market.

DAB is one to the most experienced internet brokers, offering its customers innovative products and services with outstanding conditions. As a direct bank, DAB provides solutions for savings customers, investors and traders. In its corporate banking operations, DAB acts as a partner for independent asset managers, fund brokers, investment advisors and retail and savings banks. Unlike most of its competitors, DAB focuses on its core business of brokerage. DAB has a workforce of 691 people serving around 1.1 million customers in Germany and Austria with an investment volume of EUR 23 billion.

Wealth Management Capital Holding ("WMC") structures and issues sophisticated products, tailored exclusively for the Wealth Management customer group. It is one of the biggest iniators of closed-end funds. 119,000 customers are served by 230 employees in this unit.

The private banking unit HVB Luxembourg Private Banking ("LUX") provides specialised portfolio solutions for 12,000 customers with an investment volume of EUR 3 billion and employs 76 people.

Other/consolidation division

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

Global Banking Services

The Global Banking Services activities encompass IT application development and operation, purchasing, organisation, logistics and facility management, cost management, the back office functions for foreign exchange, money market and derivatives. Credit, accounts, payments and securities services have been outsourced.

Group Corporate Centre

The Group Corporate Centre activities contain the Special Credit Portfolio ("SCP") defined in 2006 and the remaining holdings from the former REak Estate Restructuring ("RER") segment. In addition to the RER and SCP portfolios, the Group Corporate Centre activities include profit contributions that do not fall within the jurisdiction of the individual divisions. Among other items, this includes the profits of non-consolidated holdings, provided they are not assigned to the divisions, and the net income from securities holdings for which the Management Board is responsible. Also incorporated in this segment are the amounts resulting from decisions taken by management with regard to asset/liability management.

Principal Markets

HVB Group offers a comprehensive range of banking and financial products and services to private, corporate and public-sector customers, and international customers. Its range extends, for example, from mortgage loans, consumers loans and banking services for private customers, business loans and foreign trade finance for corporate customers through to fund products for all asset classes, advisory and brokerage services, securities transactions, liquidity and financial risk management, advisory services for affluent customers and investment banking products for corporate customers.

HVB Group is well positioned in the sophisticated German banking market, benefiting from the highly diversified operating business models in the Corporates & Commercial Real Estate Financing, Retail, Wealth Management and Markets & Investment Banking divisions.

In corporate banking, HVB has a strong market position built on longterm customer relationships. This enables it to launch successful projects and tools geared to specific target groups on behalf of its customers and tailor products to changing market trends. HVB's claim of being a leading corporate bank in Germany cannot be maintained without customer-oriented investment banking with direct access to the capital market. The future of investment banking is closely related to corporate banking. Investment banking is also indispensible to the area of capital investments in today`s wealth management and retail operations.

The wealth management acitivies introduced to serve HVB's private customers, who have been doing business with HVB for many years levarages the expertise available at HVB and also benefits from the international market presence of Pioneer Investments, the fund company of the UniCredit Group. Based on a clear strategic orientation, our HVB's individualised approach and focus on attractive customer segments in the difficult private banking business in Germany have been successful.

As a fundamental reorientation is under way in investment banking as a result of the financial and economic crisis, the Markets & Investment Banking division has defined measures to refocus its business model on the core markets of Germany, Italy and Austria with customer-oriented products and to selectively serve other markets. At present, HVB is adjusting the Markets & Investment Banking business model to cater for the changes in market conditions. In so doing, certain successful business areas will continue to be reinforced, others redefined and resources selectively deployed. For example, HVB will significantly reduce proprietary trading and focus even more strongly on its customers in the core countries of UniCredit Group in which large customers of the UniCredit Group and HVB Group are given the best possible service. In the new positioning, investment banking will also be well set up to profit from a recovery in the markets.

After the Markets & Investment Banking division bolstered its position last year absorbing the investment banking activities of the former UniCredit Banca Mobiliare S.p.A. ("UBM") at HVB as part of the pooling of investment banking activities, HVB acquired the investment banking activities of Capitalia S.p.A. in 2008.

HVB Group is part of an international banking group, which offers its financial services on the European market in particular. This will enable HVB Group to combine its regional and divisional strength and local competence with the additional potential and know-how provided by an international banking group. HVB's integration into UniCredit Group is an ideal basis for swiftly and effectively exploiting market opportunities and cushioning risks. HVB's future lies in consistently leveraging the advantages gained from economies of scale and the strategic assets resulting from HVB Group's integration into UniCredit. UniCredit Group has a well-balanced business model in divisional and regional respects with bases in 22 countries. Apart from the domestic markets of Germany, Austria and Italy, it is one of the leading banking groups in the countries of Central and Eastern Europe. Ultimately, it is HVB's customers who benefit from this international diversification.

Administrative, Management and Supervisory Bodies

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

The members of the Management Board and the Supervisory Board of HVB may be reached at its business address (Bayerische Hypo- und Vereinsbank Aktiengesellschaft, Kardinal-Faulhaber-Strasse 1, 80333 Munich, Germany).

Effective 1 January 2009, the HVB Supervisory Board has appointed Dr Theodor Weimer to the Management Board. As successor to Dr Wolfgang Sprissler, who withdrew from the Management Board on 31 December 2008 on the occasion of his retirement, Dr Weimer was elected Board Spokesman by the Management Board members. In addition to his role as Spokesman, Dr Weimer was responsible for Markets and Investment Banking on the Management Board until 31 March 2009. At the same time, Dr Weimer belongs to the UniCredit S.p.A. Management Committee by virtue of his function of Country Chairman Germany. Mr Ronald Seilheimer, who was previously in charge of the divisions Markets & Investment Banking and Corporate & Commercial Real Estate Financing, withdrew from the Management Board on 31 December 2008.

With effect from 1 January 2009, the following have been reappointed to the Management Board: Mr Willibald Cernko (Retail) and Mr Andreas Wölfer (Wealth Management). Lastly, Mr Lutz Diederichs (Corporate & Commercial Real Estate Financing) is also a member of HVB's Management Board effective 1 January 2009. Besides his responsibility for Corporate & Commercial Real Estate Financing Mr. Diederichs is also responsible for Markets & Investment Banking since 1 April 2009. With effect from 1 August 2009, the Supervisory Board of HVB has appointed Mr. Peter Buschbeck to the Management Board as successor of Mr. Willibald Cernko who will take on other responsibilities within UniCredit Group.

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

Management Board

Name	**Areas of Responsibility**	**Membership of Statutory Supervisory Boards in Germany outside HVB Group**
Peter Buschbeck from 1 August 2009	Retail	-
Willibald Cernko until 30 September 2009	Retail until 31 July 2009	-
Lutz Diederichs	Corporate and Commercial Real Estate Financing, Markets & Investment Banking	• BBB Bürgschaftsbank zu Berlin-Brandenburg GmbH, Berlin • Deutsche Schiffsbank AG, Bremen/Hamburg • Köhler & Krenzer Fashion AG, Ehrenberg
Rolf Friedhofen	Chief Financial Officer	-
Henning Giesecke	Chief Risk Officer	• Rothenberger AG, Kelkheim • Endurance Capital AG, München
Heinz Laber	Human Resources Management, Global Banking Services	• ESMT European School of Management and Technology GmbH, Berlin • Trenkwalder Personaldienste GmbH, München
Dr Theodor Weimer	Board Spokesman	ThyssenKrupp Services AG, Düsseldorf
Andreas Wölfer	Wealth Mangement	-

Supervisory Board

Name	**Principal Occupation**
Sergio Ermotti, Collina d'Oro, Chairman	UniCredit Group Deputy CEO, Head of Corporate and Investment Banking & Private Banking Area, Member of the Management Committee of UniCredit S.p.A., Rome
Peter König, Munich, Deputy Chairman(1)	Employee of HVB
Dr Wolfgang Sprissler, Deputy Chairman	until 31 December 2008 Board Spokesman of HVB

Gerhard Bayreuther, Neubeuern[1]	Employee of HVB
Aldo Bulgarelli, Verona	Lawyer, partner in law firm NCTM
Beate Dura-Kempf, Litzendorf[1]	Employee of HVB
Paolo Fiorentino, Milan	UniCredit Group Deputy CEO, Head of Global Banking Services Area, Member of Management Committee of UniCredit S.p.A., Rome
Giulio Gambino, Unterschleißheim[1]	Employee of HVB
Klaus Grünewald, Gröbenzell[1]	FB 1 unit manager in the Bavarian division of *Vereinte Dienstleistungsgewerkschaft*
Karl Guha, Milan	UniCredit Group Chief Risk Officer, Member of the Management Committee of UniCredit S.p.A., Rome
Ranieri de Marchis, Milan	UniCredit Group Chief Financial Officer, Member of the Management Committee of UniCredit S.p.A., Rome
Beate Mensch, Cologne[1]	Trade Union Secretary, FB10 in the North Rhine-Westphalia Division of *Vereinte Dienstleistungsgewerkschaft*
Dr Lothar Meyer, Bergisch-Gladbach	until 31 December 2007 Chairman of the Management Board of ERGO Versicherungsgruppe AG
Roberto Nicastro, Milan	UniCredit Group Deputy CEO, Head of Retail Area, Member of the Management Committee of UniCredit S.p.A., Rome
Panagiotis Sfeleniotis, Munich[1]	Employee of HVB Direkt GmbH
Professor Hans-Werner Sinn, Gauting	President of the ifo-Institute for Economic Research
Jutta Streit, Augsburg[1]	Employee of HVB
Michael Voss, Gröbenzell[1]	Employee of HVB
Jens-Uwe Wächter, Himmelpforten[1]	Employee of HVB
Dr Susanne Weiss, Munich	Lawyer and partner in law firm Weiss, Walter, Fischer-Zernin

[1] Representative of Employees

HVB is not aware, as at the date of this Registration Document, of any relevant potential conflicts of interest between the duties to HVB of the above-mentioned members of the Management Board and members of the Supervisory Board of HVB and their private interests and other duties.

Major Shareholders

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

Selected Consolidated Financial Information

The selected consolidated financial data presented below are derived from and should be read in conjunction with, the unaudited Interim HVB Group Financial Statements as of 31 March 2009.

Publication of the Interim Report as at 31 March 2009 (unaudited)

On 13 May 2009, HVB published its unaudited interim report as of 31 March 2009. The following statements are taken from this report.

Significant events in the first quarter of 2009 and general comments on the business situation

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

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

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

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

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

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

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

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

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

Consolidated Income Statement from 1 January to 31 March 2009 (unaudited)

Income/expenses

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

Earnings per share (unaudited)

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

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

The IASB amendment of IAS 39.50 dated 15 October 2008 reflects further convergence with US GAAP. This has led to the avoidance of cometive distortions whilst simultaneously maintaining transperncy. HVB has presented the effects arising from reclassifying certain financial instruments from financial assets held for trading to loans and receivables in Note 17 of the interim report at 31 March 2009 and in Note 74 of the Annual Report 2008.

Balance Sheet at 31 March 2009 (unaudited)

Assets

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

Liabilities

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

Outlook and events after the reporting date

Management's Discussion and Analysis and the rest of the Annual Report 2008 include statements, expectations and forecasts concerning the future. These forward-looking statements are based on plans and estimates that are supported by the information that is available to HVB at the present time. HVB assumes no obligation to update these statements in the light of new information or future events. Known or unknown risks and uncertainties may be entailed in forward-looking statements and the actual results and developments may thus differ significantly *from those expected at present. Such discrepancies may result particularly from changes to the general economic climate and the competitive situation, developments on international capital markets, the possible default of borrowers or contracting parties in commercial transactions, the implementation of restructuring measures, amendments to national and international laws, notably to tax regulations, the reliability of HVB's risk management procedures and methods as well as other risks, some of which are described in detail in the Risk Report.*

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

General economic outlook for 2009

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

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

Sector development in 2009

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

Development of HVB Group

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

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

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

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

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

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

Legal Risks/Arbitration Proceedings

Medienfonds lawsuit

Numerous shareholders who invested in VIP Medienfonds 4 GmbH & Co. KG have filed complaints and lawsuits against HVB. The economic background of these actions is primarily the fact that according to the current position of the tax authorities it is largely unclear, to which extent the tax deferrals, which were part of the benefits achieved by the investment, will continue to apply. HVB did not market the fund, but granted investment finance loans to all investors for a portion of the investment amount; moreover, to collateralise the fund, HVB assumed various payment obligations of film distribution companies *vis-à-vis* the fund.

At the end of March 2009 suits were pending against HVB for a total amount in the low triple digit million Euro range. The complaints and suits against HVB are based on claims that HVB culpably violated its obligations to inform the investors about particularly high tax risks, which according the claims are due to the fund's structure and particular execution allegedly known also to HVB. Moreover, the lawsuits are based on alleged errors in the prospectus, for which the plaintiffs say HVB is responsible along with the initiator and other persons.

A few first-instance rulings have been issued. In some cases, courts have ruled against HVB because of alleged violations of obligations to inform. Some suits have been dismissed, with courts providing extensive grounds for the dismissal. So far, none of these rulings on these matters are final. A small number of proceedings have been terminated by withdrawal of action after the investment advisor, who was a codefendant, was obliged to pay damages due to improper advice, either in court settlements or under court rulings. The Munich Higher Regional Court (*Oberlandesgericht*) is soon due to begin hearing a test case pursuant to the Capital Markets Test Case Act (*Kapitalanleger-Musterverfahrensgesetz*) that among other matters is intended to clarify the question of responsibility for the prospectus, also on the part of HVB, with regard to the banking services it provided.

From today's standpoint, HVB does not anticipate serious negative consequences from these legal disputes.

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

HVB will not suffer negative legal consequences if customers cancel their property loan agreements under the Doorstep Transactions Act (*Haustürwiderrufsgesetz*). According to the law and the opinion on this subject expressed in the the German Supreme Court's (*Bundesgreichtshof*) established practice, the customer, who is required to demonstrate that the conditions for cancelling the contract have been met, must repay the loan amount to the bank, including interest at customary market rates, even after cancellation of the loan agreement. Under a well-established body of court decisions, the bank would be required to assume the investment risk because of a failure to explain the right to cancel the contract only if the customer could prove that he would not have made the investment if he had been aware of this right; in addition, the German Supreme Court has decided that the bank would only have to assume the investment risk in case of culpable actions. On the basis of court rulings issued so far, HVB does not expect any negative effects.

HVB's claim to repayment remains in effect even if the borrower issued an invalid proxy to a third party, and HVB relied on the validity of the proxy when entering into the loan agreement. Based on the experience gained to date, HVB does not believe that legal risks exist in these cases.

The most recent judgement from the German Supreme Court also confirms the already narrow conditions for a possible explanation and advisory obligation on the part of HVB. The German Supreme Court makes it easier for investors to provide evidence of violations of the explanation obligation only in cases of institutionalised collaboration. Based on HVB's experience so far, it does not expect any negative effects on HVB.

If a bank finances the purchase of shares in real estate funds for the borrower with a loan not secured by a real property lien, the borrower can – if the transaction is a so-called related transaction – dispute the claim of the financing bank to repayment on the basis of objections which the borrower is entitled to assert against the seller or agent in the fund transaction because of improper advice. Consequently, the bank has no claim against the customer to repayment of the loan if it utilised the sales organisation of the agent arranging the sale of shares in the fund, the loan was disbursed directly to the fund, and the investor was misled when purchasing the shares, or if the borrower has a right of rescission. The borrower in each individual case would have to demonstrate that these prerequisites were met. From today's standpoint, HVB expects these circumstances to apply, if at all, only in exceptional cases.

Lawsuits in connection with the financial market crisis

As a result of the dramatic developments in global financial markets in recent months, the number of complaints from customers with investments in securities affected by these developments or entered into derivative transactions with HVB are at above-average levels. So far customers have filed lawsuits based on claims of improper advice that was either inappropriate for the investor or the form of the investment only in exceptional cases.

Trade tax allocation/Hypo Real Estate Bank AG

Up to and including 2001, HVB was the controlling entity of a consolidated group under trade tax law. In this respect, it collected or, as the case may be, refunded trade tax allocations (*Gewerbesteuerumlagen*) to various subsidiaries which belonged, according to the former statutory trade tax model, to the trade tax group of HVB or its legal predecessors. Hypo Real Estate Bank AG and Hypo Real Estate International AG have filed a lawsuit before the Regional Court (*Landgericht*) Munich I demanding repayment of approximately EUR 75.5 million plus interest (together as of today approximately EUR 105 million) plus disbursements for alleged overpayments. On 29 April 2008, the Regional Court Munich I ruled in favour of the plaintiffs. HVB believes that the judgement is not convincing since it is inconsistent with the principle of causal responsibility and on the basis of legal opinions obtained on this matter, that the plaintiffs are not entitled to their claims. HVB, also with the support of its external legal advisors believes that the chances to succeed are prevailing and appealed against this ruling. A final decision on this matter will arrive in not less than two, four years. However, having taken into consideration the unfavourable ruling of the court and the complexity of the corporate and tax issues to deal with, HVB decided to make an adequate provisions.

Falke Bank AG i.L. – Westfalenbank AG

In 2002 HVB transferred its 99.8% equity in Westfalenbank AG to Falke Bank AG as combined contribution in kind with additional cash payment from Falke Bank AG to HVB. The value of the transferred equity was approved by an external valuation expert of Falke Bank AG. After Falke Bank AG came under crisis in early 2004 the shareholders meeting of Falke Bank AG resolved on the liquidation of Falke Bank AG. On 29 August 2007 the shareholders meeting of Falke Bank AG i.L. resolved on its final account in order to finish the liquidation. This resolution was challenged by several shareholders of Falke Bank AG i.L. who *inter alia* argue that the liquidator failed to assert claims against HVB arising from the afore mentioned combined contribution in 2002 in the amount of EUR 58 million plus interest. Falke Bank AG as defendant in said action after in depth assessment is – like HVB – of the opinion that the alleged claims are unfounded. However Falke Bank AG i.L. as a precaution asked HVB to join the legal proceeding on part of the defendant as in case of a final judgement contrary to its opinion Falke Bank AG i.L. could be obliged to assert such claims against HVB.

Arbitration Proceeding on the Cash Settlement for Vereins- und Westbank AG

The extraordinary shareholders' meeting of Vereins- und Westbank AG on 24 June 2004 approved the transfer of shares of minority shareholders of Vereins- und Westbank AG to HVB. After settlement of the legal challenges to this move, HVB paid the minority shareholders of Vereins- und Westbank AG an increased cash settlement of EUR 26.65 per share (the "EUR 26.65 settlement"). Notwithstanding this arrangement, numerous minority shareholders have exercised their right to have the EUR 26.65 settlement reviewed in special judicial proceedings pursuant to Section 1 (3) of the Act on the Procedure Regarding the Compensation of Minority Shareholders (*Spruchverfahrensgesetz*). In a ruling dated 2 March, the Regional Court (*Landgericht*) of Hamburg increased the cash settlement to EUR 37.20 per share on the basis of its own assessment. HVB has appealed against this decision. HVB assumes that, at most, a smaller paymentn in addition to the EUR 26,65 settlment will have to be made to the expelled shareholders of Vereins- und Westbank AG. More detailed information could have a negative effect on the legal position of HVB in the pending proceedings.

Court proceedings of HVB shareholders

Shareholders have filed a suit contesting the resolutions adopted by the Annual General Meeting of HVB on 12 May 2005. To the extent to which the suit against the resolution to discharge of the Supervisory Board members for the 2004 financial year was sustained the ruling has no material effects on HVB since the resolution was repeated at the Annual General Meeting of 23 May 2006, effectively discharging the Supervisory Board members for the 2004 financial year. As to the contestation of the resolutions electing Supervisory Board members and the auditor of the annual financial statements, Munich Regional (*Landgericht*) Court I rejected the suit; the ruling is not yet final.

Legal proceedings relating to the restructuring of HVB

Voidance action challenging the resolutions of the Extraordinary Shareholders' Meeting 2006 (approving the sale of Bank Austria / CEE-entities) and confirmatory resolutions

Numerous minority shareholders have filed suit contesting the resolutions of the Extraordinary Shareholders' Meeting on 25 October 2006 approving the share purchase agreements with UniCredito Italiano S.p.A. (later on renamed as UniCredit S.p.A.) ("UniCredit") regarding the shares held by HVB in Bank Austria Creditanstalt AG (later on renamed as UniCredit Bank Austria AG) ("Bank Austria") and in JSCB HVB Bank Ukraine, the share purchase agreements with Bank Austria regarding the shares held by HVB in Closed Joint Stock Company International Moscow Bank ("IMB") (later on renamed as ZAO UniCredit Bank, Moscow, but still referred to as IMB below) and in HVB Bank Latvia AS (later on renamed as AS UniCredit Bank, Riga), and the asset purchase agreements with HVB Bank Latvia AS regarding the branches of the Bank in Vilnius und Tallinn (hereinafter, for reasons of simplification, reference is made only to the former enterprise names), asking the court to declare these resolutions null and void. One of the preconditions stipulated in the purchase and transfer agreements for the execution of the transactions is due diligence on the part of the Management Board, on the basis of a report prepared by an external legal consultant, that the approving resolutions are free from any deficiencies, which prevent the execution of the agreements in question. After the Management Board had adopted – on the basis of external assessments – a resolution meeting the aforementioned precondition at the beginning of January 2007, the shares held by HVB in Bank Austria were transferred to UniCredit, and the shares held by the Bank in IMB and HVB Bank Latvia AS were transferred to Bank Austria. After the other requirements for execution of the transactions were met, the branches in Vilnius and Tallinn were transferred to HVB Bank Latvia AS and the shares held by HVB in JSCB HVB Bank Ukraine to Bank Pekao S.A.

The former minority shareholders have filed their lawsuits on the basis of formalities related to the invitation and conduct of the Extraordinary Shareholders' Meeting of 25 October 2006 and the allegedly inadequate, too low purchase price paid for the units sold.

In a ruling of 31 January 2008, the Munich Regional Court I declared the resolutions passed at the Extraordinary Shareholders' Meeting on 25 October 2006 null and void for formal reasons. The court was of the opinion that the business combination agreement ("BCA") entered into by HVB and UniCredit on 12 June 2005 was not described in sufficient detail in the invitation to the aforementioned meeting, particularly with regard to the provisions of the BCA regarding the court of arbitration and the choice of law. Moreover, the court stated that shareholders' questions regarding hypothehical effects of specific alternative valuation parameters were not answered adequately. The court did not decide on the issue of the allegedly inadequate purchase price to be paid for the purchased units.

At the same time, the court ruled according to a filing of some minority shareholders that the BCA would have to be submitted to a general shareholders' meeting for approval to become valid, because it would represent a "hidden" domination agreement.

HVB believes that such ruling is not convincing since the provisions of the BCA considered by the court to be material were not material for the purchase agreements submitted to the Extraordinary Shareholders' Meeting on 25 October 2006, which contain their own arrangements anyway, and since answering the question regarding individual alternative valuation parameters – even if at all possible to do so correctly in the Extraordinary Shareholders' Meeting and without taking into account contrary effects induced by modified parameters – could not effect any changes in the specific purchase agreements submitted for approval. In addition, HVB is of the opinion that the BCA does not constitute an undisclosed domination agreement, also in view of the fact that in the BCA the conclusion of a domination agreement was explicitly excluded for five years following the successful take-over-offer.Consequently, HVB has appealed against this ruling and, regardless of this ruling, as a precaution obtained confirmation of the resolutions passed by the Extraordinary Shareholders' Meeting of 25 October 2006 in its General Shareholders' Meeting 29 and 30 July 2008. Such a confirmatory resolution would – if becoming binding – make the alleged deficiencies – if they had occurred – irrelevant. On 11 August 2008, numerous shareholders raised claims against said confirmatory resolutions some of which are based on formal errors. Most, however, claim that the purchase price for the sale of the paricipating interests and branches was to low and inadequate. The outcome of the proceedings is open as of today. In a ruling dated 23 October 2008, the Munich Higher Regional Court suspended the appeal against the ruling issued by Munich Regional Court I on 31 January 2008 until such time as the suits challending the confirmatory resolutions have been concluded with legal effect. As a precaution in an Extraordinary Ahareholders' Meeting of HVB dated 5 February 2009 the resolutions and the confirmatory resolutions were confiremd another time.

In addition, one shareholder filed a separate suit asking the court to declare that UniCredit and its subsidiaries do not have rights stemming from shares in the Company; the claim was dismissed by Munich Reginonal Court I on 27 November 2008; the ruling is not yet binding and final.

Appointment of Special Representative (Annual General Shareholders' Meeting 2007)

The Annual General Meeting of Shareholders of HVB on 27 June 2007 passed a resolution in favour of asserting alleged claims to damages against UniCredit and its legal representatives and the governing bodies of HVB due to alleged damage to HVB's assets and appointed Dr Thomas Heidel, a solicitor, as a special representative. HVB's now sole shareholder, UniCredit, filed a lawsuit challenging this resolution, which was rejected by the court of first instance.

In its ruling of 27 August 2008, the Munich Higher Regional Court stated that the resolution of 26 and 27 June 2007 to appoint the special representative was partly invalid, especially insofar as the special representative is not entitled to raise claims in connection with the conclusion of the BCA entered into with UniCredit on 12 June 2005. According to said ruling, the special representative is only allowed to raise claims due to alleged damages to HVB through the sale and transfer of its participation in Bank Austria. The special representative and other former minority shareholders of HVB have filed an appeal against denial of leave to appeal with the German Federal Supreme Court, a step also taken by UniCredit, HVB's sole shareholder since 15 September 2008. A final ruling has not yet been made.

The special representative submitted a writ on 5 November 2007 to join the suits challenging the resolutions of the Extraordinary Shareholders' Meeting of 25 October 2006 as an intervenor and stated that the transfer of the shares in Bank Austria was null and void for additional reasons. The Munich Regional Court I rejected the request for "intervening third party status"; the special representative appealed against this decision; the summary complaint was rejected by Munich Higher Regional Court in a ruling dated 7 October 2008.

An Extraordinary Shareholders' Meeting of HVB on 10 November 2008 revoked the resolution dated 27 June 2007 regarding the assertion of alleged claims to damages and appointment of the special representative, and resolved the appointed special representative to be dismissed from his office with immediate effect. Two suits have been filed with Munich Regional Court I contesting this resolution are pending and no decision has been made yet.

In letters dated 27 and 28 December 2007, the special representative called on UniCredit to return HVB the Bank Austria shares sold to it. After UniCredit had rejected this request in January 2008, the special representative, on 20 February 2008, filed a claim for the return of the Bank Austria shares (and alternatively for claims for damages of at least EUR 13.9 billion) and in addition to compensate any losses suffered by HVBthrough the sale and transfer of said shares ("Heidel-Action") against UniCredit, Alessandro Profumo, Dr Wolfgang Sprissler and Rolf Friedhofen as joint and severally liable making reference in large parts to the "hedge fund claims" mentioned below. The defendants are convinced that there is no entitlement nor damage claims to this return transfer of the shares. The claim has been notified so far only to Dr Wolfgang Sprissler and Rolf Friedhofen.

The special representative filed an extension of the "Heidel-Action" with the court asking for additional payment of EUR 2.92 billion and applying for a ruling to the effect that the defendants are obliged to compensate HVB for any other loss or damage arising from HVB's capital increase against contribution of the investment banking business of UniCredit Banca Mobiliare S.p.A. ("UBM"). The claim was served upon Dr Sprissler and Mr. Friedhofen on 1 August 2008. Whether the extension is covered in accordance with the resolution adopted at the General Meeting of 27 June 2007 is doubtful. The defendants are convinced that the alleged claims are not founded in factual terms either.

Following the revocation of the mandate of the special representative, the Management Board or, with respect to the assertion of claims for damages against members of the Management Board, the Supervisory Board of HVB have to review and are currently examining with due diligence and in their sole responsability whether and, if so, against whom damage claims may exist and have to be asserted for the subject-matters and, consequently, whether to continue or withdraw the action initiated by the special representative.

Squeeze-out-resolution adopted at the Annual General Shareholders' Meeting 2007

The Annual General Meeting of HVB on 26 and 27 June 2007 passed a resolution approving the transfer of the shares of the minority shareholders in exchange for an appropriate cash settlement (EUR 38.26 per share); at the same Annual General Meeting a resolution was passed to discharge the members of the Management Board and Supervisory Board from their actions in the 2006 financial year. A motion requesting the appointment of a special auditor was rejected. More than 100 shareholders filed suits challenging these resolutions or asking courts to declare them null and void, particularly the resolution on the transfer of the shares of the external shareholders. HVB, filed a motion on 7 December 2007, asking the court to grant clearance for the transfer resolution to be entered in the commercial register, notwithstanding the lawsuits challenging this resolution and seeking rulings or asking for the court to declare resolutions or transactions null and void.

The special representative has joined both sets of legal proceedings regarding the resolutions adopted at the Annual General Shareholders' Meeting on 26 and 27 June 2007 as an intervenor. On 24 April 2008 the Munich Regional Court I granted the clearance motion stating that all claims against the squeeze-out resolution are obviously unfounded. In the same ruling the court rejected the intervention of the special representative; several shareholders appealed against this decision. In its ruling of 3 September 2008, the Munich Higher Regional Court dismissed the appeals stating that the claims against the squeez-out resolution adopted at the Annual General Meeting of 26 and 27 June 2007 would be obviously unfounded. Two shareholders, who raised additional claims at Munich Regional Court I against the squeeze-out-resolution adopted at the shareholders meeting on June 2007 and asked the court to state the nullity of said resolution, abandoned their claims on 3 September 2008. In turn HVB, which on 7 August 2008 submitted an according unblocking-motion, withdraw its request. As a result the transfer resolution was entered in the Commercial Register of HVB on 15 September 2008. Since that date UniCredit has been the sole shareholder of HVB.

In a ruling dated 28 August 2008, the Munich Regional Court I rejected the contestation claims against all resolutions adopted during the Annual General Meeting on 26 and 27 June 2007. A great number of shareholders appealed against this decision. Based on the afforementioned decisions of several courts, HVB is confident that the appeals will be rejected as well, even if the outcome of the proceedings remains open.

Voidance Action regarding Financial Statement of HVB for fiscal 2006

A total of eight hedge funds with headquarters in the United States of America, the Virgin Islands, the Cayman Islands, British West Indies and Bermuda, HVB's minority shareholders, have filed suit against UniCredit, Alessandro Profumo and Dr Wolfgang Sprissler, demanding (i) payment of EUR 17.35 billion damages to HVB ("hedge fund claim") and (ii) payment by UniCredit of a guaranteed dividend starting from 19 November 2005 onwards, stating that the business lines, companies and/or shares (in particular the sale of the shares in Bank Austria, IMB and the asset management companies) sold by HVB to UniCredit and/or companies affiliated with UniCredit were sold at a price significantly below market value. Moreover, it is stated that disbursements for HVB restructuring should have been borne by UniCredit. Against the backdrop of the independent external opinions obtained for the various transactions, and in view of the fact that all transactions took place at arm's length, the defendants are convinced that the alleged damage claims are without foundation.

Another shareholder raised a further claim against UniCredit, Mr. Profumo and Dr Sprissler. The plaintiff alleges a joint and several liability of said defendants according to the German Stock Corporation Act (*Aktiengesetz* – "AktG") and asserts that UniCredit as controlling shareholder (whithout domination agreement between the major shareholder and HVB) caused HVB – i.e. its Management Board and its Supervisory Board – to an "illegal integration", to effect a change in HVB's strategy, to limit its diversity of regions HVB acted in the past without justifying this and to implement several measures each of them to the detriment of HVB, especially concluding the BCA and the Restated Banks of the Regions Agreement (ReBoRA) and sale of HVB's interests in several companies. Without more specifying the detrimental measures the plaintiff asks the amount of EUR 173,5 million (plus interest), expressly stating that this is 1% of the claim raised by the hedge-funds. At the same time the plaintiff asks for declarative ruling by the court that UniCredit has to compensate HVB minority shareholders since 19 November 2006 by paying additional recurring amounts. The plaintiff expressly requests to combine the new claim with the claim of the hedge-funds mentioned before.

The plaintiffs of the hedge-fund claim and another shareholder have also filed suit against HVB, making the same arguments, seeking to have HVB's annual financial statements for the 2006 financial year declared null and void because the above-mentioned claims were not recognised in the balance sheet. This proceeding has been suspended until final ruling on the hedge-funds claims.

GENERAL INFORMATION

Availability of Documents

Copies of the articles of association of HVB and the consolidated annual reports in respect of the fiscal years ended 31 December 2007 and 2008 of HVB as well as the consolidated interim report as at 31 March 2009 of HVB will be available during usual business hours on any weekday (except Saturdays and public holidays) at the offices of HVB. The unconsolidated annual financial statement of HVB in respect of the fiscal year ended 31 December 2008 prepared in accordance with the German Commercial Code (*Handelsgesetzbuch*) will also be available at HVB's offices. For the life of this Registration Document, all documents incorporated by reference herein will be available for collection in the English language, free of charge, at the specified offices of HVB as set out on the last page of this Registration Document.

Significant Changes in Financial Positions and Trend Information

Except as disclosed in this Registration Document and the documents incorporated herein by reference (*inter alia* the sections "Bayerische Hypo- und Vereinsbank AG – Recent Developments" and "Business Overview – Selected Consolidated Financial Information"), there has been (i) no significant change in the financial positions of the HVB Group since 31 March 2009, and (ii) no material adverse change in the prospects of the HVB Group as contained in its last published audited financial statements of 2008 (Annual Report 2008).

Documents incorporated by reference

The following documents with respect to HVB shall be deemed to be incorporated in, and to form part of, this Registration Document:

Audited consolidated financial statements (*Konzernabschluss*) for the fiscal year ended 31 December 2008	**Extracted from the Supplement dated 23 March 2009 relating to the Base Propectus for the Euro 50,000,000,000 Debt Issuance Programme of HVB dated 4 March 2009**
- List of Major HVB Group Companies	- p. F-10-F-11
- Consolidated Income Statement (*Konzern-Gewinn-und Verlustrechnung*)	- p. F-1
- Consolidated Balance Sheet (*Konzernbilanz*)	- p. F-2-F-3
- Consolidated Statement of Changes in Sharesholders' Equity (*Konzern-Eigenkapital-veränderungsrechnung*)	- p. F-4-F-5
- Consolidated Cash Flow Statement (*Konzern-Kapitalflussrechnung*)	- p. F-6-F-7
- Notes to the Consolidated Financial Statements (*Konzernanhang*)	- p. F-8-F-87
- Auditor's Certificate (*Bestätigungsvermerk*)	- p. F-88
Audited consolidated financial statements (*Konzernabschluss*) for the fiscal year ended 31 December 2007	**Extracted from the 2007 Annual Report**
- List of Major HVB Group Companies	- p. 138-139
- Consolidated Income Statement (*Konzern-Gewinn-und Verlustrechnung*)	- p. 126
- Consolidated Balance Sheet (*Konzernbilanz*)	- p. 128-129
- Consolidated Statement of Changes in Sharesholders' Equity (*Konzern-Eigenkapitalveränderungsrechnung*)	- p. 130-131
- Consolidated Cash Flow Statement (*Konzern-Kapitalflussrechnung*)	- p. 132-133
- Notes to the Consolidated Financial Statements (*Konzernanhang*)	- p. 134-211
- Auditor's Certificate (*Bestätigungsvermerk*)	- p. 213

The abovementioned Annual Report 2007 has been submitted to and published by the Frankfurt Stock Exchange, and the abovementioned Annual Report 2008 is included in the Supplement approved by BaFin and dated 23 March 2009 relating to the Base Propectus for the Euro 50,000,000,000 Debt Issuance Programme of HVB dated 4 March 2009. Copies of any or all of the documents which are incorporated herein by reference will be available free of charge from the specified offices of HVB set out at the end of this Registration Document.

Income Statement

for the year ended December 31, 2008

Expenses

				2008	2007
1	**Interest payable**			12,308	11,720
2	**Fees and commissions payable**			1,046	568
3	**Net loss on financial operations**			3,149	85
4	**General administrative expense**				
	a) payroll costs				
	aa) wages and salaries	1,386			1,456
	ab) social security costs and expenses for				
	pensions and other employee benefits	348			357
			1,734		1,813
	including: for pensions				
	€150 million				(155)
	b) other administrative expenses		1,401		1,414
				3,135	3,227
5	**Amortisation, depreciation and impairment losses**				
	on intangible and tangible assets			159	134
6	**Other operating expenses**			114	173
7	**Write-downs and impairments for receivables and**				
	certain securities as well as additions to provisions				
	for losses on guarantees and indemnities			2,470	2,141
8	**Write-downs and impairments on participating**				
	interests, shares in affiliated companies				
	and investment securities			107	—
9	**Expenses from absorbed losses**			51	69
10	**Extraordinary expenses**			—	—
11	**Transfers to the special fund for general banking**				
	risks pursuant to Section 340g, Commercial Code			—	—
12	**Taxes on income**			149	343
13	**Other taxes, unless shown under**				
	“Other operating expenses”			21	2
14	**Net income**			—	8,146
Total expenses				**22,709**	**26,608**

€ millions

Income

		2008	2007
			€ millions
1 Interest income from			
a) loans and money market operations	12,164		11,972
b) fixed-income securities and government-inscribed debt	3,616		3,181
		15,780	15,153
2 Current income from			
a) equity securities and other variable-yield securities	832		411
b) participating interests	100		223
c) shares in affiliated companies	160		179
		1,092	813
3 Income earned under profit-pooling and profit-and-loss transfer agreements		52	412
4 Fees and commissions receivable		2,256	2,090
5 Net profit on financial operations		—	—
6 Write-ups on bad and doubtful debts and on certain securities as well as release of provisions for losses on guarantees and indemnities		1,002	1,054
7 Write-ups on participating interests, shares in affiliated companies and investment securities		—	6,827
8 Other operating income		176	259
9 Net loss		(2,351)	—
Total income		**22,709**	**26,608**
1 Net loss/net income		(2,351)	8,146
2 Withdrawal from retained earnings			
a) from legal reserve	—		—
b) from reserve for own shares	—		1
c) from other retained earnings	2,354		—
		2,354	1
4 Transfer to retained earnings			
a) to legal reserve	—		—
b) to reserve for own shares	3		—
c) to other retained earnings	—		4,073
		3	4,073
4 Profit available for distribution		—	4,074

Balance Sheet

at December 31, 2008

Assets

			€ millions
		Dec. 31, 2008	Dec. 31, 2007
1 Cash and cash balances			
a) cash on hand	536		543
b) balances with central banks	4,703		2,943
including: with Deutsche Bundesbank			
€4,270 million			(2,863)
		5,239	3,486
2 Treasury bills and other bills eligible			
for refinancing with central banks			
a) Treasury bills and zero-interest treasury notes and			
similar securities issued by public authorities	11		10
including: eligible for refinancing with			
Deutsche Bundesbank			
€8 million			(7)
b) bills of exchange	—		—
including: eligible for refinancing with			
Deutsche Bundesbank			
€— million			(—)
		11	10
3 Loans and receivables with banks			
a) repayable on demand	24,525		19,779
b) other loans and receivables	51,210		62,912
		75,735	82,691
including: mortgage loans			
€— million			(—)
municipal loans			
€767 million			(592)
4 Loans and receivables with customers		143,717	148,258
including: mortgage loans			
€61,531 million			(70,020)
municipal loans			
€14,413 million			(15,436)
other loans secured by			
real-estate liens			
€3,671 million			(3,931)
Amount carried forward:		224,702	234,445

Liabilities

			Dec. 31, 2008	Dec. 31, 2007
				€ millions
1 Deposits from banks				
a) repayable on demand		12,966		17,806
b) with agreed maturity dates or periods of notice		85,866		96,086
			98,832	113,892
including: registered mortgage bonds in issue				
€1,483 million				(1,892)
registered public-sector bonds in issue				
€445 million				(543)
bonds given to lender as				
collateral for funds borrowed:				
registered mortgage bonds				
€2 million				(2)
and registered public-sector bonds				
€3 million				(7)
2 Deposits from customers				
a) Savings deposits				
aa) with agreed period of notice of three months	11,530			12,287
ab) with agreed period of notice				
of more than three months	110			129
		11,640		12,416
b) registered mortgage bonds in issue		10,590		11,194
c) registered public-sector bonds in issue		3,860		3,813
d) other debts				
da) repayable on demand	45,297			35,688
db) with agreed maturity dates or periods of notice	82,963			60,132
including: bonds given to lender as				
collateral for funds borrowed:				
registered mortgage bonds				
€76 million				(87)
and registered public-sector bonds				
€60 million				(61)
		128,260		95,820
			154,350	123,243
Amount carried forward:			253,182	237,135

Balance Sheet (Continued)

Assets

				€ millions
			Dec. 31, 2008	Dec. 31, 2007
Amount brought forward:			224,702	234,445
5 **Bonds and other fixed-income securities**				
a) money market paper				
aa) issued by public authorities	1,281			602
including: those eligible for collateral for Deutsche Bundesbank advances €864 million				(118)
ab) issued by other borrowers	12,197			7,540
including: those eligible for collateral for Deutsche Bundesbank advances €7,506 million				(2,076)
		13,478		8,142
b) bonds and notes				
ba) issued by public authorities	20,615			13,657
including: those eligible for collateral for Deutsche Bundesbank advances €20,109 million				(12,511)
bb) issued by other borrowers	65,124			59,840
including: those eligible for collateral for Deutsche Bundesbank advances €34,974 million				(26,831)
		85,739		73,497
c) own bonds		15,582		12,973
nominal value €16,634 million				(13,727)
			114,799	94,612
6 **Equity securities and other variable-yield securities**			12,663	29,905
7 **Participating interests**			1,091	981
including: in banks €19 million				(19)
in financial service institutions €— million				(—)
8 **Shares in affiliated companies**			3,014	3,088
including: in banks €1,186 million				(1,191)
in financial service institutions €46 million				(46)
Amount carried forward:			356,269	363,031

Liabilities

			Dec. 31, 2008	Dec. 31, 2007
				€ millions
Amount brought forward:			253,182	237,135
3 Debt securities in issue				
a) bonds				
aa) mortgage bonds	19,556			24,086
ab) public-sector bonds	3,233			3,155
ac) other bonds	37,186			43,675
		59,975		70,916
b) other debt securities in issue		—		3
including: money market paper				
€— million				(—)
acceptances and promissory notes				
€— million				(3)
			59,975	70,919
4 Trust liabilities			247	250
including: loans taken out on a trust basis				
€247 million				(250)
5 Other liabilities			28,162	29,870
6 Deferred income				
a) from issuing and lending operations		89		132
b) other		268		299
			357	431
7 Provisions				
a) provisions for pension fund				
and similar obligations		1,523		1,508
b) tax provisions		559		700
c) other provisions		2,019		1,878
			4,101	4,086
8 Subordinated liabilities			7,632	8,335
9 Participating certificates outstanding			205	614
including: those due in less than two years				
€— million				(409)
10 Fund for general banking risks			291	291
Amount carried forward:			354,152	351,931

Assets

		Dec. 31, 2008	Dec. 31, 2007
			€ millions
Amount brought forward:		356,269	363,031
9 Trust assets		247	250
including: loans granted on a trust basis			
€247 million			(250)
10 Intangible assets		261	291
11 Property, plant and equipment		314	369
12 Own shares		—	—
nominal value €— million			(—)
13 Other assets		16,155	9,773
14 Prepaid expenses			
a) from issuing and lending operations	134		206
b) other	106		98
		240	304
Total assets		**373,486**	**374,018**

Liabilities

			€ millions	
			Dec. 31, 2008	Dec. 31, 2007
Amount brought forward:			354,152	351,931
11 Shareholders' equity				
a) subscribed capital		2,407		2,407
divided into:				
787,830,072 shares of common				
bearer stock				
14,553,600 shares of registered				
non-voting preferred stock				
b) additional paid-in capital		9,791		9,791
c) retained earnings				
ca) legal reserve	—			—
cb) reserve for own shares	3			—
cc) other retained earnings	7,133			5,815
		7,136		5,815
d) profit available for distribution		—		4,074
			19,334	22,087
Total liabilities and shareholders' equity			**373,486**	**374,018**
1 Contingent liabilities				
a) contingent liabilities on rediscounted				
bills of exchange credited to borrowers		—		—
b) liabilities under guarantees and				
indemnity agreements		39,976		36,624
c) contingent liabilities on assets pledged				
as collateral for third-party debts		—		—
			39,976	36,624
2 Other commitments				
a) commitments from the sale of assets				
subject to repurchase agreements		—		—
b) placing and underwriting commitments		—		—
c) irrevocable lending commitments		41,912		39,271
			41,912	39,271

Notes

Legal basis

The annual financial statements of Bayerische Hypo- und Vereinsbank Aktiengesellschaft (the “Bank” or “HVB”) for the 2008 financial year are prepared in accordance with the accounting regulations in the German Commercial Code (HGB), the German Stock Corporation Act (AktG), the German Pfandbrief Act (PfandBG) and the Regulations Governing Disclosures in the Financial Statements of Banks and Similar Financial Institutions (RechKredV).

The Bank is active in all of the sectors served by commercial and mortgage banks.

The Bank has published the statement of compliance with the German Corporate Governance Code required by Section 161 of the Stock Corporation Act on its website at www.hvb.de/annualreport.

Accounting, valuation and disclosure

Changes in accounting and valuation methods as well as disclosure modifications are indicated for the respective item.

Treasury bills and other bills (asset item 2) are shown at their cash value, less any discounted amounts.

Loans and receivables (asset items 3 and 4) are valued strictly at the lower of cost or market as stipulated in Section 253 (3) 1, German Commercial Code. The Bank creates specific loan-loss provisions and accruals to the amount of the anticipated loss for all identifiable exposure to lending risk. Specific loan-loss provisions and accruals are reversed as soon as the default risk has ceased, or used if the receivable is classified as irrecoverable and written off. The discounted amount of expected flow-backs was used when determining the level of write-downs compliant with Section 253 of the German Commercial Code.

The Bank makes general provisions for losses on specific loans or sets aside provisions for loans in countries with acute transfer risk or guarantees with comparable risk. Country-specific risk provisions are created to cover renegotiated loans and other finance facilities (due in more than one year). Sound assets pledged to the Bank as security reduce the Bank’s exposure to loan-loss risk. The group of countries with acute transfer risk and the corresponding write-down rate are updated regularly to take account of the current risk situation.

Latent lending risks are covered by global provisions. When assessing domestic latent lending risks, the Bank applies the principles of the German tax regulations allowing financial institutions to deduct global provisions.

Like other loans and receivables, mortgage loans are shown at their nominal values. Differences between the nominal amount and the actual amount paid out are included under either prepaid expenses or deferred income, and amortised over the period to which they apply.

Securities are shown under the items bonds and other fixed-income securities (asset item 5) and equity securities and other variable-yield securities (asset item 6). Depending on specific criteria like holding period and purpose, all securities are classified as held for trading purposes, as investment securities or as held for liquidity purposes (securities treated neither as held for trading purposes nor as investment securities). The Bank’s total holdings consist of 66.5% held for trading purposes, 20.8% held for liquidity purposes and 12.7% investment securities on the balance sheet date.

Investment securities are valued in accordance with the regulations set forth in Section 253 (2) 3, German Commercial Code, which only allow for write-downs to be taken in the event of probable permanent impairment. Securities held for liquidity purposes are valued strictly at the lower of the moving average value or the market price at the balance sheet date, as provided for in Section 253 (3) 1, German Commercial Code. Securities held for liquidity purposes that are hedged by offsetting positions are treated in accordance with the valuation-unit principles. Consequently, the Bank has established documented, predefined valuation units which are subject to strict preconditions; these are made up of underlying on-balance-sheet transactions (such as fixed-income securities) and associated hedging instruments (such as interest rate swaps) for the same type of risk. Within the individual valuation units, the results of valuing the individual financial instruments are netted. Any residual profit is disregarded when net income is computed; a loss is covered by appropriate provisions for anticipated losses on pending transactions.

For accounting purposes, securities held for trading purposes are grouped together with other financial contracts held for trading purposes to form portfolios, which are valued using a modified mark-to-market method. Trading portfolios and contracts are valued at market prices less computed potential loss of the portfolio (value-at-risk discount on the basis of a holding period of 10 days) – where there is a positive valuation difference – to ensure that no unrealised gains from outstanding positions are recognised in the income statement. The Bank makes allowance for the principle of prudence by limiting this procedure to the actively managed and liquid portfolios in the trading book and by applying a value-at-risk discount to take account of future uncertainties. The value-a-risk does not reflect uncertainty in the process of determining fair value. Applying the value-at-risk discount gives a value that protects the Bank against potential loss positions that it is essential to close out or execute within a defined period.

The valuation results for securities and derivatives are calculated on the basis of either external price sources (e.g. stock exchanges or other price providers like Reuters) or market prices determined using internal valuation models (mark-to-model). For the most part, prices from external sources are used to calculate the valuation results of securities. Derivatives are primarily valued on the basis of valuation models. The parameters for the Bank's internal valuation models (e.g. yield curves, volatilities, spreads, etc.) are taken from external sources and checked for validity and correctness by the Risk Control unit.

Appropriate adjustments are made to the fair values calculated in this way in order to take account of other influences on the fair value (such as the liquidity of the financial instrument or model risks in the fair value calculation using a valuation model).

Exhaustive information about the Bank's off-balance-sheet financial contracts, complete with detailed breakdowns of the nominal amounts and counterparty structure, is included in the Risk Report.

Participating interests and shares in affiliated companies (asset items 7 and 8) are shown at the lower of acquisition cost or – if there is a permanent impairment – fair value prevailing at the balance sheet date.

Where the Bank holds a controlling interest, profits and losses of partnerships as well as dividends paid by limited or incorporated companies are recognised in the year in which they arise.

When disclosing income from write-ups on participating interests, shares in affiliated companies and investment securities (income item 7) and write-downs on these investments (expense item 8), the Bank has exercised the option allowed under Section 340c (2) 2, German Commercial Code. The Bank nets out respective expense and income items which also contain the results from the disposal of financial assets.

Software is disclosed under intangible assets (asset item 10). Software is valued at cost, with scheduled amortisation taken over an expected useful life of three to five years.

Property, plant and equipment (asset item 11) is valued at acquisition or production cost, less – insofar as the assets are depreciable – depreciation using the straight-line method based on their expected useful life. In such cases, the useful lives are closely related to the depreciation rules specified in Section 7 of the German Income Tax Act in conjunction with the depreciation tables for equipment. Minor fixed assets are fully expensed in the year of acquisition and shown as additions and disposals in the analysis of non-current assets. Pro rata depreciation is taken to the income statement for additions to furniture and office equipment in the year of acquisition.

Liabilities (liability items 1 to 3, 8 and 9) are shown on the basis of the actual amount payable. Any difference between this sum and the issue amount is carried under deferred income and amortised as appropriate. However, discounted liabilities are shown at cash value.

Provisions for taxes, liabilities of uncertain amount and anticipated losses on pending transactions (liability item 7) have been assessed in accordance with the prudence and due diligence concept; they cover the anticipated payment obligation and are stated at nominal values, provided that accounting regulations do not require discounting. Pension provisions are set aside in the highest amount permitted under the relevant tax legislation, in accordance with actuarial principles, by applying an assumed interest rate of 6% on the future pension commitment; as provided for in Section 6a, German Income Tax Act, in conjunction with Regulation 6a, German Income Tax Regulations, such provisions are based on present values. Compliant with Section 8a of the German Semi-Retirement Act (Altersteilzeitgesetz), employee credits for semi-retirement are secured by pledging securities to the trustee.

The timing differences between taxable income and accounting income are determined in a statistical working paper. Deferred tax assets and liabilities are netted. Compliant with Section 274 (2), German Commercial Code, any remaining asset balance is not disclosed.

Net income for the year is not affected by additional tax-related depreciation allowances or omitted write-ups.

Foreign currencies

Amounts in foreign currency are translated in accordance with the principles set forth in Section 340h, German Commercial Code. In addition, the Bank observes the suggestions for currency translation by banks given in Comment 3/1995 of the German Institute of Accountants' Expert Committee on Banks. As a result, assets and liabilities denominated in foreign currency and spot transactions outstanding at the balance sheet date are always converted into euros using market rates applicable at the balance sheet date. On the other hand, investment securities with no special cover are translated at the exchange rate applicable at the time of acquisition. Outstanding forward transactions are translated at the forward rate effective at the balance sheet date.

Earnings arising from the translation of items affecting the balance sheet and from the valuation of forward contracts at year-end are included in the income statement. Unrealised earnings from outstanding positions in money transfer operations are recognised in the period they arise. This does not give rise to any significant deferments of earnings.

Notes to the Balance Sheet

Breakdown by maturity of selected asset items

		€ millions	
		2008	2007
A 3 b)	Other loans and receivables with banks		
	with residual maturity of less than 3 months	36,439	41,979
	at least 3 months but less than 1 year	7,044	13,576
	at least 1 year but less than 5 years	4,189	4,571
	5 years or more	3,538	2,786
A 4)	Loans and receivables with customers		
	with residual maturity of less than 3 months	16,325	14,986
	at least 3 months but less than 1 year	11,798	9,932
	at least 1 year but less than 5 years	35,527	34,845
	5 years or more	66,884	72,986
	No fixed maturity	13,183	15,509
A 5)	Bonds and other fixed-income securities amounts due in the following year	29,394	20,484

Breakdown by maturity of selected liability items

		€ millions	
		2008	2007
L 1 b)	Deposits from banks		
	with agreed maturity dates or periods of notice		
	with residual maturity of less than 3 months	64,177	71,993
	at least 3 months but less than 1 year	3,341	7,912
	at least 1 year but less than 5 years	9,702	8,883
	5 years or more	8,646	7,298
	Deposits from customers		
L 2 ab)	Savings deposits with agreed maturity dates or periods of notice		
	with residual maturity of less than 3 months	3	5
	at least 3 months but less than 1 year	30	36
	at least 1 year but less than 5 years	33	39
	5 years or more	44	49
L 2 b)	Registered mortgage bonds in issue		
L 2 c)	Registered public-sector bonds in issue		
L 2 db)	Other debts with agreed maturity dates or periods of notice		
	with residual maturity of less than 3 months	53,021	47,184
	at least 3 months but less than 1 year	9,533	5,265
	at least 1 year but less than 5 years	9,497	8,892
	5 years or more	25,362	13,798
	Debt securities in issue		
L 3 a)	Bonds amounts due in following year	18,745	28,154
L 3 b)	Other debt securities in issue		
	with residual maturity of less than 3 months	—	3
	at least 3 months but less than 1 year	—	—
	at least 1 year but less than 5 years	—	—
	5 years or more	—	—

Notes to the Balance Sheet (Continued)

Amounts receivable from and payable to affiliates and companies in which participating interests are held

€ millions

	AFFILIATES 2008	AFFILIATES 2007	PARTICIPATING INTERESTS 2008	PARTICIPATING INTERESTS 2007
Loans and receivables with banks	32,902	25,535	538	964
Loans and receivables with customers	2,567	2,862	7,076	3,006
Bonds and other fixed-income securities	3,533	2,149	710	1,477
Deposits from banks	12,859	30,915	498	136
Deposits from customers	2,799	4,672	24,220	4,661
Debt securities in issue	1,616	2,091	—	—
Subordinated liabilities	1,615	1,589	—	—

Trust business

Trust business assets and liabilities break down as follows:

€ millions

	2008	2007
Loans and receivables with banks	90	85
Loans and receivables with customers	157	165
Equity securities and other variable-yield securities	—	—
Participating interests	—	—
Other assets	—	—
Trust assets	**247**	**250**
Deposits from banks	6	7
Deposits from customers	241	243
Debt securities in issue	—	—
Trust liabilities	**247**	**250**

Foreign-currency assets and liabilities

72.9% of the Bank's foreign-currency holdings consist of US dollars, 10.8% of pounds sterling, 5.8% of Swiss francs and 5.0% of Japanese yen.

€ millions

	2008	2007
Assets	49,671	63,772
Liabilities	34,712	49,874

The amounts shown represent the euro equivalents of all currencies. The differences in amount between assets and liabilities are generally offset by off-balance-sheet transactions.

Subordinated asset items

The following balance sheet items contain subordinated assets:

€ millions

	2008	2007
Loans and receivables with banks	1,496	1,521
Loans and receivables with customers	812	649
Bonds and other fixed-income securities	4,862	3,041
Equity securities and other variable-yield securities	10	83
thereof: own participating certificates		
in market-smoothing portfolio	—	17

Marketable debt and equity securities

The listed and unlisted marketable securities included in the respective balance sheet items break down as follows:

€ millions

	TOTAL MARKETABLE SECURITIES 2008	TOTAL MARKETABLE SECURITIES 2007	OF WHICH: LISTED 2008	OF WHICH: LISTED 2007	OF WHICH: UNLISTED 2008	OF WHICH: UNLISTED 2007
Bonds and other						
fixed-income securities	114,799	94,611	78,526	69,060	36,273	25,551
Equity securities and other						
variable-yield securities	8,889	25,340	7,583	24,013	1,306	1,327
Participating interests	98	132	98	132	—	—
Shares in affiliated companies	262	262	262	262	—	—

All securities held for trading purposes are valued using a modified mark-to-market method (see "Accounting, valuation and disclosure" above).

A fair-value discount has been taken to the income statement for risks in the model assumptions (see also the section entitled "Accounting, valuation and disclosure"). For holdings in the trading book, this discount is shown under net income from financial operations. For other holdings of securities and derivatives portfolios, it is shown under write-downs and provisions for losses on loans, advances and securities as well as additions to provisions for losses on guarantees and indemnities.

Non-current securities contain financial instruments carried at an amount higher than their fair value. The carrying amount of these securities is €16,175 million and the fair value €14,456 million. Given the development of interest and rating risks, we do not believe that these securities have suffered a permanent loss of value.

In this context, securities held for trading purposes with a carrying amount of €13,050 million were reclassified as investment securities in the year under review.

Own shares

Compliant with Section 71 (1) No. 7 of the German Stock Corporation Act, the purchase of own shares during the period from January 1, 2008 to July 30, 2008 was carried out on the basis of the authorisation issued under the resolutions passed by the Bank's Annual General Meeting of Shareholders on June 27, 2007; the purchase of shares for the period from July 31, 2008 to the delisting of HVB shares on the Frankfurt Stock Exchange at the end of September 15, 2008 was carried out on the basis of the authorisation issued under the resolutions passed at the Bank's Annual General Meeting of Shareholders on July 30, 2008.

For the purposes of securities trading as permitted under Section 71 (1) No. 7, German Stock Corporation Act, 1,303,174 own shares of treasury stock were purchased by the Bank and controlled or majority-owned companies at the respective current market prices as part of normal securities trading, and 1,303,174 own shares of treasury stock were sold at the respective current market prices.

The own shares of treasury stock were purchased at an average price of €40.44 per share and resold at an average price of €40.44 per share. The shares purchased during the period under review amounted to an equivalent of €4 million, or 0.16% of capital stock.

The highest number of own shares of treasury stock held on a single day during the year, was 11,001, equivalent to €0.03 million, or 0.001% of capital stock.

Notes to the Balance Sheet (Continued)

Analysis of non-current assets

€ millions	ACQUISITION/ PRODUCTION COST 1	ADDITIONS DURING FINANCIAL YEAR 2	DISPOSALS DURING FINANCIAL YEAR 3	RECLASSIFICATIONS DURING FINANCIAL YEAR[2] 4
Intangible assets	710	87	23	2
thereof: Goodwill	—	5	5	—
Software	710	82	18	2
Property, plant and equipment	699	7	82	3
thereof: Land and buildings used by the Bank in its operations	292	—	—	—
Furniture and office equipment	407	7	82	3
Other	21	—	—	—
	ACQUISITION COST			**CHANGES +/–[1]**
Participating interests	1,564			(473)
Shares in affiliated companies	3,474			(460)
Investment securities	273			15,944

1 use has been made of the possibility of combining amounts allowed by Section 34 (3), Regulations Governing Disclosures in the Financial Statements of Banks and Similar Financial Institutions
2 the "Reclassifications during financial year" column shows the changes in value as a result of currency translation

Within the scope of its lending operations, the Bank and its controlled or majority-owned companies had, in accordance with Section 71e (1) 2 of the German Stock Corporation Act, received a total of 201,832 own shares as collateral as of September 15, 2008. This represents €0.6 million, or 0.03% of capital stock.

At December 31, 2008, neither HVB nor any controlled companies nor any companies in which a majority interest is held had significant holdings of own shares or other equity instruments of HVB in their portfolios.

Intangible assets

The goodwill of €5 million generated by the acquisition of the trading operations of Capitalia S.p.A. in 2008 was amortised in full in the year under review.

Compliant with IDW RS HFA 11, system and application software is shown under intangible assets.

Non-scheduled amortisation is taken on unused software developments.

Other assets

€ millions	2008	2007
Premiums paid on options pending	11,180	7,665
Offsetting valuation item from assets held for trading purposes	2,247	—
Equalisation item for revaluation of tied currency positions	961	145
Claims to tax reimbursements	496	341
Variation margin DTB	415	278
Capital investments with life insurers	193	187
Claims to dividends	181	575
Collection paper, such as checks, matured debentures, interest and dividend coupons	150	153
Merger-related differences in market values of VuW portfolios	28	83
Purchase price receivables	9	5

	WRITE-UPS DURING FINANCIAL YEAR 5	DEPRECIATION/ AMORTISATION ACCUMULATED 6	SCHEDULED DEPRECIATION/AMORTISATION DURING FINANCIAL YEAR 7	NON-SCHEDULED DEPRECIATION/AMORTISATION DURING FINANCIAL YEAR 8	NET BOOK VALUE 31/12/2008 9	NET BOOK VALUE 31/12/2007 10
						€ millions
	—	515	90	5	261	291
	—	—	—	—	—	—
	—	515	90	5	261	291
	2	315	(34)	18	314	369
	2	78	9	18	216	241
	—	237	(43)	—	98	128
	—	—	—	—	21	23
					NET BOOK VALUE 31/12/2008	**NET BOOK VALUE 31/12/2007**
					1,091	981
					3,014	3,088
					16,217	273

Prepaid expenses

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

	2008	2007
		€ millions
Discounts on funds borrowed	134	206
Premiums on amounts receivable	—	—

Assets assigned or pledged as security for own liabilities

Assets totalling €76,193 million were assigned or pledged as security for the following liabilities:

	2008	2007
		€ millions
Deposits from banks	45,794	30,171
Deposits from customers	30,399	8,718
Provisions for pension fund and similar obligations	1,523	1,508

Examples of own liabilities for which the Bank provides collateral are special credit facilities provided by KfW and similar institutions, which the Bank has passed on as loans in compliance with their conditions.

As a seller under repurchase agreements, the Bank entered into sales and repurchase transactions for securities with a book value of €68,109 million. These securities continue to be shown under the Bank's assets, and the consideration received in return is stated under liabilities. They comprise mainly open-market transactions with Deutsche Bundesbank and international money market transactions.

At the same time, further assets totalling €16,335 million were pledged as security for securities lending transactions and exchange-traded derivatives.

In setting up a contractual trust arrangement (CTA), the Bank transferred collateral to the asset administrator to hedge pension and semi-retirement obligations. Pursuant to Section 8a of the German Semi-Retirement Act (Altersteilzeitgesetz), employers are required to hedge credit exceeding three times the amount of normal earnings, including the associated employer's contribution to the total social security charge, against the risk of insolvency. Recognised provisions and obligations to cover the costs of other group companies are not considered suitable means of security.

Notes to the Balance Sheet (Continued)

Other liabilities

The following table shows the main items included in other liabilities:

€ millions	2008	2007
Liabilities from short securities positions	13,392	16,595
Premiums received on options pending	12,202	10,682
Obligations arising from debts assumed	1,355	1,453
Variation margin DTB	401	32
Taxes payable	188	193
Offsetting valuation item for assets held		
for trading purposes	—	191
Banking book valuation reserves	66	17
Liabilities from allowances paid to and losses		
absorbed from subsidiaries	51	67
Merger-related differences in market values		
of VuW portfolios	19	56

Deferred income

Discounts on amounts receivable shown at nominal value totalled €69 million.

Provisions

Other provisions include the following items:

€ millions	2008	2007
Provisions for losses on guarantees and indemnities	280	289
Anticipated losses on pending transactions	563	202
Provisions for uncertain liabilities	1,097	1,277
of which:		
Bonuses on savings plans	19	21
Anniversary bonus payments	79	78
Payments for early retirement, semi-retirement, etc.	28	41
Payments to employees	258	428
Restructuring provisions	79	110
Total other provisions	**2,019**	**1,878**

Subordinated liabilities

This item includes accrued interest of €172 million. The Bank incurred interest expenses of €478 million in 2008.

The borrower cannot be obliged to make early repayment in the case of subordinated liabilities. In the event of insolvency or liquidation, subordinated loans are only repaid after the claims of all primary creditors have been settled. For the purposes of a bank's liable funds as defined under banking supervisory regulations, subordinated liabilities are regarded as supplementary or Tier III capital.

In 2008, no item exceeded 10% of total subordinated liabilities.

Participating certificates outstanding

The following table shows the breakdown of participating certificates outstanding:

ISSUER	WKN	YEAR OF ISSUE	TYPE	NOMINAL AMOUNT	INTEREST RATE	MATURITY
1 Bayerische Hypo- und Vereinsbank AG	788119	2001	Bearer participating certificates	100	6.30	2011
2 Bayerische Hypo- und Vereinsbank AG	HV0CLA	2004	Bearer participating certificates	10	6.78	2010
3 Bayerische Hypo- und Vereinsbank AG	HV0CLB	2004	Bearer participating certificates	10	6.90	2011
4 Bayerische Hypo- und Vereinsbank AG	HV0CLL	2004	Bearer participating certificates	10	7.08	2010
5 Bayerische Hypo- und Vereinsbank AG	HV0CLP	2004	Bearer participating certificates	10	7.20	2010
6 Bayerische Hypo- und Vereinsbank AG	HV0CLQ	2004	Bearer participating certificates	10	7.20	2010
7 Bayerische Hypo- und Vereinsbank AG	HV0CLC	2004	Bearer participating certificates	8	6.90	2011
8 Bayerische Hypo- und Vereinsbank AG	HV0CLD	2004	Bearer participating certificates	6	6.90	2011
9 Bayerische Hypo- und Vereinsbank AG	HV0CLF	2004	Bearer participating certificates	5	6.90	2011
10 Bayerische Hypo- und Vereinsbank AG	HV0CLG	2004	Bearer participating certificates	5	6.90	2011
11 Bayerische Hypo- und Vereinsbank AG	HV0CLH	2004	Bearer participating certificates	5	6.93	2011
12 Bayerische Hypo- und Vereinsbank AG	HV0CLJ	2004	Bearer participating certificates	5	6.93	2011
13 Bayerische Hypo- und Vereinsbank AG	HV0CLK	2004	Bearer participating certificates	5	6.98	2011
14 Bayerische Hypo- und Vereinsbank AG	HV0CLM	2004	Bearer participating certificates	5	7.08	2010
15 Bayerische Hypo- und Vereinsbank AG	HV0CLN	2004	Bearer participating certificates	5	7.08	2010
16 Bayerische Hypo- und Vereinsbank AG	HV0CLR	2004	Bearer participating certificates	5	6.93	2011
17 Bayerische Hypo- und Vereinsbank AG	HV0CLE	2004	Bearer participating certificates	1	6.90	2011

Holders of participating certificates are subordinated creditors and are not entitled to a share of the proceeds on company liquidation.

In each case, the participating certificates grant holders an entitlement to an annual interest payment with priority over the entitlement of shareholders to dividend payments; the interest payments arising from the participating certificates are reduced if such payments would result in a net loss for the year. In the event of the interest payment being reduced, the shortfall is to be repaid in the subsequent financial years, provided this does not result in a net loss for the year; a claim to repayment only exists, however, during the term of the participating certificates. Repayment is at the nominal amount; in the event of a net loss for the year or a reduction in the capital stock to cover losses, the redemption amount to which holders are entitled declines proportionately. Where net profits are generated in the subsequent financial years following a participation of the participating certificates in a net loss, the claims to repayment of the participating certificates are to be increased out of these profits before the net income is appropriated in any other way, once the legal reserves have been replenished; this obligation terminates when the participating certificates expire.

The interest payments for the 2008 financial year were made in full.

For the Bank, the participating certificates listed as 1 to 17 are classified as shareholders' equity in the sense of Section 10 (5), German Banking Act.

Shareholders' Equity

Analysis of shareholders' equity shown in the balance sheet

		€ millions
Subscribed capital		
Balance at January 1, 2008	2,407	
Balance at December 31, 2008		2,407
Additional paid-in capital		
Balance at January 1, 2008	9,791	
Balance at December 31, 2008		9,791
Retained earnings		
Legal reserve		
Balance at January 1, 2008	—	
Balance at December 31, 2008		—
Reserve for own shares		
Balance at January 1, 2008	—	
Transfer from reserve for own shares	3	
Balance at December 31, 2008		3
Other retained earnings		
Balance at January 1, 2008	5,815	
Transfer from net income 2007	3,672	
Withdrawal to offset the net loss 2008	(2,354)	
Balance at December 31, 2008		7,133
Profit available for distribution		
Balance at January 1, 2008	4,074	
Dividend payout of HVB for 2008	(402)	
Transfer from net income 2007	(3,672)	
Net loss	(2,351)	
Transfer to reserve for own shares	(3)	
Withdrawal from other retained earnings to		
offset the net loss 2008	2,354	
Balance at December 31, 2008		—
Shareholders' equity at December 31, 2008		19,334

Authorised capital increase

YEAR AUTHORISED	AVAILABLE UNTIL	ORIGINAL AMOUNT € millions	31/12/2008 € millions
2004	29/4/2009	990	835

The resolution adopted at the Annual General Meeting of Shareholders on April 29, 2004 with regard to the release of the remaining €137 million and the simultaneous approval of a new amount of €990 million was entered in the Commercial Register on December 18, 2006.

The capital increase of April 3, 2007 due to the integration of the investment banking activities of UniCredit Banca Mobiliare S.p.A. involving the issue of 51,684,532 new shares of common bearer stock (which correspond to €155 million) was performed in part by utilising the authorised capital increase.

Conditional capital

YEAR AUTHORISED	AVAILABLE UNTIL	ORIGINAL AMOUNT € millions	31/12/2008 € millions
2003	14/5/2008	375	—

Holdings of Bayerische Hypo- und Vereinsbank AG stock in excess of 5%

in %	2008	2007
UniCredit S.p.A.	100.0	95.5
thereof indirect: UniCredit S.p.A.	—	6.4

The Annual General Meeting of Shareholders on June 26/27, 2007 adopted a resolution to transfer the shares held by minority interests to UniCredit S.p.A. against payment of an appropriate cash settlement (squeeze-out). The squeeze-out resolution was filed in the Commercial Register on September 15, 2008. This means that all shares held by minority shareholders have been transferred to UniCredit by force of law.

Compliant with Section 271 (2) of the German Commercial Code, HVB is an affiliated company of UniCredit S.p.A., Rome (UniCredit), and is included in the consolidated financial statements of UniCredit, which can be obtained from the Trade and Companies Register in Rome, Italy.

Holdings pursuant to Section 285 No. 11 and 11a, German Commercial Code

The Bank has made use of the option set forth in Section 287 of the German Commercial Code. The full list of the Bank's shareholdings is published as part of the present financial statements by the operator of the electronic Federal Gazette in accordance with Section 325 (2) of the German Commercial Code and can be accessed via the homepage of the company register in accordance with Section 8b (2) of the German Commercial Code. It can also be called up on the Bank's website at www.hvb.de/annualreport.

Notes to the Income Statement

The condensed income statement is shown with the Management Report.

Services performed for third parties
The Bank performed significant services for third parties notably in portfolio and asset management, and in the brokerage of insurance, savings and loan contracts and investment funds.

Breakdown of income by region
The following table shows a breakdown by region of
– interest receivable,
– current income from equity securities and other variable-yield securities, participating interests and shares in affiliated companies,
– income earned under profit-pooling and profit-and-loss transfer agreements,
– fees and commissions receivable,
– other operating income, and
– net profit on financial operations.

		€ millions
	2008	**2007**
Germany	13,936	13,885
Rest of Europe	4,332	3,760
Americas	655	674
Asia	433	408

Breakdown of other operating income and expenses
This item primarily includes income from payroll costs and costs of materials passed on (€72 million) and income from the reversal of provisions other than provisions for lending and securities operations (€36 million).

Other operating expenses include the following:
– additions to provisions other than provisions for lending and securities operations (€26 million),
– compensation and ex gratia payments,
– subsidies for subsidiaries, and
– amounts for social facilities and personnel costs.

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

Net loss
HVB recorded a net loss of €2,351 million in 2008, which has been offset by a withdrawal from retained earnings.

Other Information

Contingent liabilities and other financial commitments

The following table shows the breakdown of contingent liabilities arising from guarantees and indemnity agreements totalling €39,976 million:

		€ millions
	2008	**2007**
Loan guarantees	15,473	13,829
Guarantees and indemnities	22,493	21,591
Documentary credits	2,010	1,204

Irrevocable lending commitments totalling €41,912 million break down as follows:

		€ millions
	2008	**2007**
Book credits	37,568	34,938
Mortgage and municipal loans	1,069	1,149
Guarantees	3,205	3,133
Bills of exchange	70	51

Other financial commitments arising from real estate and IT operations total €344 million (2007: €328 million). A large part of the total relates to contracts with subsidiaries. The contracts run for standard market periods, and no charges have been put off to future years.

At the balance sheet date, the Bank had pledged securities worth €28,690 million as collateral for transactions with Eurex Frankfurt AG, Frankfurt am Main, Clearstream Banking S.A., Luxembourg and Clearstream Banking AG, Frankfurt am Main.

As part of real estate financing and development operations, the Bank assumes rental obligations or issues rental guarantees on a case-by-case basis to make fund constructions more marketable – in particular for lease funds and (closed) KG real estate funds offered by its H.F.S. Hypo-Fondsbeteiligungen für Sachwerte GmbH subsidiary. Provisions have been set aside in the income statement to cover identifiable risks arising from such guarantees.

Commitments for uncalled payments on shares not fully paid up amounted to €703 million at year-end 2008, and similar obligations for shares in cooperatives totalled €1 million. Under Section 22 (3) and Section 24 of the German Private Limited Companies Act, the Bank was also liable for defaults on such calls in respect of one company for an aggregate of €1 million.

At the end of 2008, the Bank was liable for calls for additional capital of €7 million for CMP Fond GmbH, and was also liable for calls for additional capital of €57 million for Liquiditäts-Konsortialbank GmbH, Frankfurt am Main. In addition, under Article 5 (4) of the Articles of Association of Liquiditäts-Konsortialbank GmbH, the Bank is jointly and severally liable for any defaults on such calls by members of the Association of German Banks.

At the balance sheet date, the Bank had unlimited personal liability arising from shares in three partnerships.

Under Section 5 (10) of the by-laws of the Deposit Guarantee Fund, the Bank has undertaken to indemnify the Association of German Banks, Berlin, against any losses it might incur as a result of action taken on behalf of the banks in which the Bank has a majority interest. The Bank has made similar representations for its mortgage banking subsidiary in accordance with Section 3 (1) of the by-laws of the Deposit Guarantee Fund for Bank-Related Savings and Loan Associations.

Auditor's fees

The following table shows the breakdown of fees paid to the auditor KPMG AG Wirtschaftsprüfungsgesellschaft recognised as expense in the year under review:

		€ millions
	2008	**2007**
Fees for		
Auditing of the financial statements	5	5
Other auditing or appraisal services	2	2
Tax consulting services	—	—
Other services	2	2

Statement of responsibility

HVB ensures that, to the extent of its shareholding, the companies set forth below are in a position to meet their contractual obligations except in the event of political risks:

1. Banks in Germany
Bankhaus Neelmeyer AG, Bremen
DAB Bank AG, Munich[1]
Vereinsbank Victoria Bauspar Aktiengesellschaft, Munich
2. Banks in other regions
HVB Banque Luxembourg Société Anonyme, Luxembourg
HVB Singapore Limited, Singapore
3. Financial companies
Beteiligungs- und Handelsgesellschaft in Hamburg
mit beschränkter Haftung, Hamburg
HVB Alternative Financial Products AG, Vienna
4. Companies with bank-related auxiliary services
HypoVereinsFinance N.V., Amsterdam

1 The company provides a Statement of Responsibility with the same wording for selected subsidiaries in its annual report.

The Bank's commitment arising from the above Statement of Responsibility declines by the extent to which the Bank's shareholding decreases in the future with regard to such commitments of the relevant company that did not arise until after the Bank's shareholding decreased.

HVB no longer provides a Statement of Responsibility for companies which left HVB Group during an earlier financial year but for which a Statement of Responsibility had been provided in earlier annual reports. Liabilities of these companies arising after their departure from HVB Group are not covered by either the above Statement of Responsibility or by Statements of Responsibility provided earlier.

Key capital ratios

Pursuant to Section 10 (1d) of the German Banking Act, equity capital for solvency purposes consists of the modified available capital and Tier III capital.

The modified available capital, consisting of core capital (Tier I) and supplementary capital (Tier II), totalled €24,930 million at year-end. There was no Tier III capital. We have not allocated any unrealised reserves to supplementary capital compliant with Section 10 (2b) 1 No. 6 and 7 of the German Banking Act.

The liable funds totalling €24,579 million calculated in accordance with Section 10 (2) of the German Banking Act are used primarily to determine thresholds for large exposures and loans to executive board members and for investment limits.

Derivative financial instruments

Detailed information on the Bank's derivative financial instruments, complete with itemised breakdowns of the nominal amounts, fair values and counterparty structure, is shown in the Risk Report.

Employees

The average number of staff employed was as follows:

	2008	2007
Staff (excluding trainees)	19,346	19,303
of whom: full-time	15,077	15,162
part-time	4,269	4,141
Trainees	1,025	1,077

The staff's length of service was as follows:

				in %
	WOMEN	MEN	2008	2007
	(EXCLUDING TRAINEES)		TOTAL	
Staff's length of service				
25 years or more	14.3	18.7	16.3	16.0
15 to 25 years	33.8	23.7	29.2	27.2
10 to 15 years	15.5	13.0	14.4	15.2
5 to 10 years	13.0	13.0	13.0	14.8
less than 5 years	23.4	31.6	27.1	26.8

Other Information (Continued)

Emoluments

		€ millions
	2008	2007
Members of the Management Board	8	13
Members of the Supervisory Board	1	1
Former members of the Management Board		
and their surviving dependants	10	9

At December 31, 2008, the Bank had pension provisions for former members of the Management Board and their surviving dependants totalling €94 million (2007: €90 million) calculated in accordance with Section 6a of the German Income Tax Act using actuarial principles.

Loans to executive board members

The total amount of loans and advances made and liabilities assumed at the balance sheet date was as follows:

		€ millions
	2008	2007
Members of the Management Board	3	5
Members of the Supervisory Board	1	1

Executive boards

Supervisory Board

Sergio Ermotti
Chairman since February 5, 2009

Alessandro Profumo
Chairman until February 5, 2009

Dr Wolfgang Sprissler
Deputy Chairman
since February 5, 2009

Peter König
Deputy Chairman

Dr Lothar Meyer
Deputy Chairman until February 5, 2009
Ordinary member since February 5, 2009

Gerhard Bayreuther
since July 30, 2008

Aldo Bulgarelli

Beate Dura-Kempf

Paolo Fiorentino

Dario Frigerio
until February 5, 2009

Giulio Gambino
since July 30, 2008

Klaus Grünewald

Günter Guderley
until July 30, 2008

Karl Guha
since February 5, 2009

Stephan Hofmeister
from July 1 to July 30, 2008

Friedrich Koch
until July 30, 2008

Hanns-Peter Kreuser
until June 30, 2008

Ranieri de Marchis

Beate Mensch
since July 30, 2008

Roberto Nicastro

Vittorio Ogliengo
until February 5, 2009

Panagiotis Sfeliniotis

Professor Hans-Werner Sinn

Maria-Magdalena Stadler
until July 30, 2008

Jutta Streit
since July 30, 2008

Ursula Titze
until July 30, 2008

Michael Voss
since July 30, 2008

Jens-Uwe Wächter

Dr Susanne Weiss
since February 5, 2009

Management Board

Willibald Cernko
until April 30, 2008 and again from January 1, 2009

Lutz Diederichs
since January 1, 2009

Stefan Ermisch
until June 5, 2008

Rolf Friedhofen

Henning Giesecke
since May 1, 2008

Heinz Laber

Dr Stefan Schmittmann
until April 30, 2008

Ronald Seilheimer
until December 31, 2008

Matthias Sohler
until April 30, 2008

Dr Wolfgang Sprissler
Board Spokesman
until December 31, 2008

Andrea Umberto Varese
until April 30, 2008

Dr Theodor Weimer
Board Spokesman
since January 1, 2009

Andreas Wölfer
until April 30, 2008 and again from January 1, 2009

List of Executives and Outside Directorships[1]

Supervisory Board

NAME OCCUPATION PLACE OF RESIDENCE	POSITIONS ON STATUTORY SUPERVISORY BOARDS OF OTHER GERMAN COMPANIES	POSITIONS ON COMPARABLE BOARDS OF GERMAN AND FOREIGN COMPANIES
Alessandro Profumo UniCredit Group Chief Executive Officer of UniCredit S.p.A., member of the Management Committee of UniCredit S.p.A., Milan Chairman until February 5, 2009		UniCredit Bank Austria AG, Vienna (chairman)[2]
Sergio Ermotti UniCredit Group Deputy CEO, head of Corporate Investment Banking & Private Banking Area, member of the Management Committee of UniCredit S.p.A., Collina d'Oro Chairman[3]		UniCredit Bank Austria AG, Vienna[2] London Stock Exchange Group Plc, London Darwin Airline SA (chairman), Lugano Enterra SA, Lugano Hotel Residence Principe Leopoldo SA-Paradiso (chairman), Lugano Leopoldo Hotels & Restaurants SA (chairman), Lugano Tessal SA, Lugano Fidinam Group Holding SA, Lugano Kurhaus Cademario SA, Cademario
Peter König Employee, Bayerische Hypo- und Vereinsbank Aktiengesellschaft, Haar-Salmdorf Deputy Chairman		BVV Versicherungsverein des Bankgewerbes a.G., Pensionskasse BVV Pensionsfonds des Bankgewerbes AG BVV Versorgungskasse des Bankgewerbes e.V.
Dr Lothar Meyer Former Chairman of the Management Board of ERGO Versicherungsgruppe AG, Bergisch Gladbach Deputy Chairman[4]	ERGO Versicherungsgruppe AG, Düsseldorf[2] DKV Deutsche Krankenversicherung AG, Cologne[2] Hamburg-Mannheimer Versicherungs-AG, Hamburg[2] Victoria Lebensversicherung AG, Düsseldorf[2] Jenoptik AG, Jena	
Dr Wolfgang Sprissler Former Board Spokesman of Bayerische Hypo- und Vereinsbank Aktiengesellschaft, Sauerlach Deputy Chairman since February 5, 2009		UniCredit Bank Austria AG, Vienna[2] Dr. Robert Pfleger Chemische Fabrik GmbH, Bamberg
Gerhard Bayreuther Employee, Bayerische Hypo- und Vereinsbank Aktiengesellschaft, Neubeuern since July 30, 2008		Pensionskasse der HypoVereinsbank (deputy chairman) BayBG Bayerische Beteiligungsgesellschaft mbH (deputy chairman)
Aldo Bulgarelli Attorney and partner in law office NCTM, Verona		ARAG ASSICURAZIONI S.p.A., Verona (President of the Collegio Sindacale)
Beate Dura-Kempf Employee, Bayerische Hypo- und Vereinsbank Aktiengesellschaft, Litzendorf		

1 as of December 31, 2008
2 Group directorship
3 since February 5, 2009
4 until February 5, 2009

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

Supervisory Board

NAME OCCUPATION PLACE OF RESIDENCE	POSITIONS ON STATUTORY SUPERVISORY BOARDS OF OTHER GERMAN COMPANIES	POSITIONS ON COMPARABLE BOARDS OF GERMAN AND FOREIGN COMPANIES
Paolo Fiorentino UniCredit Group Deputy CEO, head of Global Banking Services Area, member of the Management Committee of UniCredit S.p.A., Milan		UniCredit Bank Austria AG, Vienna[2] Bank Pekao SA, Warsaw (deputy chairman)[2] UniCredit Global Information Service S.p.A., Milan[2] Banca di Roma, Rome Banco di Sicilia, Palermo
Dario Frigerio Head of Asset Management Division, member of the Management Committee of UniCredit S.p.A., Milan until February 5, 2009		UniCredit Bank Austria AG, Vienna[2] Pioneer Global Asset Management S.p.A., Milan[2] Pioneer Investment Management Ltd., Dublin[2] Pioneer Investment Management SGRp.A., Milan[2] Pioneer Alternative Investment Management, Dublin[2] Pioneer Investment Management USA Inc., Boston[2] Baroda Pioneer Asset Management, Mumbai[2] Finecobank S.p.A., Milan[2]
Giulio Gambino Employee, Bayerische Hypo- und Vereinsbank Aktiengesellschaft, Unterschleißheim since July 30, 2008		
Klaus Grünewald FB1 unit manager in the Bavarian division of Vereinte Dienstleistungsgewerkschaft, Gröbenzell	Fiducia IT AG, Karlsruhe	
Günter Guderley Employee, Bayerische Hypo- und Vereinsbank Aktiengesellschaft, Goldbach until July 30, 2008		
Karl Guha UniCredit Group Chief Risk Officer, member of the Management Committee of UniCredit S.p.A., Milan since February 5, 2009		
Stephan Hofmeister Employee, Bayerische Hypo- und Vereinsbank Aktiengesellschaft, Munich from July 1 to July 30, 2008		
Friedrich Koch Employee, Bayerische Hypo- und Vereinsbank Aktiengesellschaft, Kirchheim until July 30, 2008		
Hanns-Peter Kreuser Employee, Bayerische Hypo- und Vereinsbank Aktiengesellschaft, Munich until June 30, 2008		
Ranieri de Marchis UniCredit Group Chief Financial Officer, member of the Management Committee of UniCredit S.p.A., Milan		Koç Finansal Hizmetler AS, Istanbul[2] Yapi Kredi Bankasi AS, Istanbul[2] Bank BPH S.A., Warsaw UNICREDIT TIRIAC Bank S.A.[2] Finecobank S.p.A., Milan[2]

1 as of December 31, 2008
2 Group directorship

Supervisory Board

NAME OCCUPATION PLACE OF RESIDENCE	POSITIONS ON STATUTORY SUPERVISORY BOARDS OF OTHER GERMAN COMPANIES	POSITIONS ON COMPARABLE BOARDS OF GERMAN AND FOREIGN COMPANIES
Beate Mensch Trade union secretary in the North Rhine-Westphalian division of Vereinte Dienstleistungsgewerkschaft, unit 10, Cologne since July 30, 2008	DHL Freight GmbH, Bonn	
Roberto Nicastro UniCredit Group Deputy CEO, head of Retail Area, member of the Management Committee of UniCredit S.p.A., Milan		Zao UniCredit Bank[2] UniCredit Banca S.p.A., Bologna[2] Banco di Sicilia[2] ABI – Italian Banking Association[2] UniCredit Servizi Retail Uno S.p.A.[2] UniCredit Servizi Retail Tre S.p.A.[2] UniCredit Bank Austria AG, Vienna[2]
Vittorio Ogliengo Head of Corporate Banking Division, member of the Management Committee of UniCredit S.p.A., Parma until February 5, 2009		UniCredit Corporate Banking S.p.A., Verona[2] UniCredit Global Leasing S.p.A., Milan (chairman)[2] UniCredit Bank Austria AG, Vienna[2]
Panagiotis Sfeliniotis Employee, HVB Direkt GmbH, Munich	HVB Direkt GmbH, Munich	
Professor Hans-Werner Sinn President of the Ifo Institute for Economic Research, Gauting	Thüga AG, Munich	
Maria-Magdalena Stadler Employee, Bayerische Hypo- und Vereinsbank Aktiengesellschaft, Pullach until July 30, 2008		
Jutta Streit Employee, Bayerische Hypo- und Vereinsbank Aktiengesellschaft, Augsburg since July 30, 2008		
Ursula Titze Employee, Bayerische Hypo- und Vereinsbank Aktiengesellschaft, Neusäß until July 30, 2008		
Michael Voss Employee, Bayerische Hypo- und Vereinsbank Aktiengesellschaft, Gröbenzell since July 30, 2008		
Jens-Uwe Wächter Employee, Bayerische Hypo- und Vereinsbank Aktiengesellschaft, Himmelpforten		
Dr Susanne Weiss Attorney and partner in law office Weiss, Walter, Fischer-Zernin, Munich since February 5, 2009		ROFA AG (chairperson), Kolbermoor Wacker Chemie AG, Munich

1 as of December 31, 2008
2 Group directorship

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

Management Board

NAME	POSITIONS ON STATUTORY SUPERVISORY BOARDS OF OTHER GERMAN COMPANIES	POSITIONS ON COMPARABLE BOARDS OF GERMAN AND FOREIGN COMPANIES
Willibald Cernko until April 30, 2008 and again since January 1, 2009	HVB Direkt Gesellschaft für Direktservice und Direktvertrieb mbH, Munich (chairman)[2] PlanetHome AG, Unterföhring near Munich (chairman)[2] Vereinsbank Victoria Bauspar Aktiengesellschaft, Munich (chairman)[2]	Wealth Management Capital Holding GmbH, Munich[2] Notartreuhandbank AG, Vienna (deputy chairman) card complete Service Bank AG, Vienna
Lutz Diederichs since January 1, 2009	BBB Bürgschaftsbank zu Berlin-Brandenburg GmbH, Berlin Deutsche Schiffsbank AG, Bremen/Hamburg (deputy chairman) Köhler & Krenzer Fashion AG, Ehrenberg	UniCredit Global Leasing S.p.A, Monza
Stefan Ermisch until June 5, 2008		
Rolf Friedhofen	HVB Immobilien AG, Munich (chairman)[2] HVB Information Services GmbH, Munich (deputy chairman)[2]	Wealth Management Capital Holding GmbH, Munich (deputy chairman)[2]
Henning Giesecke since May 1, 2008	Endurance Capital AG, Munich (deputy chairman) Rothenberger AG, Kelkheim	Wealth Management Capital Holding GmbH, Munich[2], since January 1, 2009 UniCredit Corporate Banking S.p.A., Verona
Heinz Laber	BodeHewitt Beteiligungs AG, Grünwald (chairman)[2] ESMT European School of Management and Technology GmbH, Berlin Trenkwalder Personaldienste GmbH, Munich HVB Immobilien AG, Munich (deputy chairman)[2], since December 1, 2008 HVB Information Services GmbH, Munich (chairman)[2], since December 1, 2008	BVV Versicherungsverein des Bankgewerbes a.G., Berlin HVB Profil Gesellschaft für Personalmanagement mbH, Munich (chairman)[2] HVB Secur GmbH, Munich (chairman)[2], since May 7, 2008 UniCredit Business Partner S.p.A., Cologno Monzese, since January 1, 2009
Dr Stefan Schmittmann until April 30, 2008		
Ronald Seilheimer until December 31, 2008		HVB Banque Luxembourg Société Anonyme, Luxembourg[2], until December 31, 2008
Matthias Sohler until April 30, 2008		i-Faber S.p.A., Milan, until December 31, 2008 UniCredit Real Estate S.p.A., Milan, until December 31, 2008
Dr Wolfgang Sprissler Spokesman until December 31, 2008	ThyssenKrupp Services AG, Düsseldorf, until December 31, 2008	UniCredit Bank Austria AG, Vienna[2] Dr Robert Pfleger Chemische Fabrik GmbH, Bamberg (deputy chairman) HVB Banque Luxembourg Société Anonyme, Luxembourg (president)[2], until December 31, 2008
Andrea Umberto Varese until April 30, 2008		Wealth Management Capital Holding GmbH, Munich[2], until December 31, 2008

1 as of December 31, 2008
2 Group directorship

Management Board

NAME	POSITIONS ON STATUTORY SUPERVISORY BOARDS OF OTHER GERMAN COMPANIES	POSITIONS ON COMPARABLE BOARDS OF GERMAN AND FOREIGN COMPANIES
Dr Theodor Weimer Spokesman since January 1, 2009	ThyssenKrupp Services AG, Düsseldorf, since January 1, 2009	AI Beteiligungs GmbH, Vienna, since November 19, 2008 HVB Consult GmbH, Munich (chairman)[2] UniCredit CA IB AG, Vienna, since November 19, 2008 UniCredit CA IB Polska S.A., Warsaw, since November 19, 2008
Andreas Wölfer until April 30, 2008 and again since January 1, 2009	DAB Bank AG, Munich (chairman)[2]	Wealth Management Capital Holding GmbH, Munich (chairman)[2] direktanlage.at AG, Salzburg (chairman)[2], until January 31, 2009 HVB Banque Luxembourg Société Anonyme, Luxembourg (deputy chairman)[2] Unicredit (Suisse) Bank S.A., Lugano, until January 31, 2009

List of employees and outside directorships

NAME	POSITIONS ON STATUTORY SUPERVISORY BOARDS OF OTHER COMPANIES
Matthias Biebl	Wacker Chemie AG, Munich
Carsten Dieck	HVB Leasing GmbH, Hamburg (deputy chairman)[2]
Dr Peter Ermann	Bankhaus Neelmeyer AG, Bremen[2]
Matthias Glückert	Oechsler AG, Ansbach
Klaus Greger	HVB Leasing GmbH, Hamburg (chairman)[2]
Dr Rainer Hauser	Vereinsbank Victoria Bauspar Aktiengesellschaft, Munich[2]
Dr Martin Hebertinger	HVB Direkt Gesellschaft für Direktservice und Direktvertrieb mbH, Munich[2] HVB Leasing GmbH, Hamburg[2]
Martin Marsmann	AKA Ausfuhrkredit-Gesellschaft mbH, Frankfurt am Main
Dr Reiner Meisinger	Bankhaus Neelmeyer AG, Bremen[2]
Alberto Naef until December 31, 2008	HVB Direkt Gesellschaft für Direktservice und Direktvertrieb mbH, Munich (deputy chairman)[2]
Dr Guido Schacht	AVAG Holding AG, Augsburg
Joachim Scheuenpflug	PlanetHome AG, Unterföhring[2]
Gabriela Vetter	AKA Ausfuhrkredit-Gesellschaft mbH, Frankfurt am Main
Heike Wagner	WABCO GmbH, Hanover WABCO Standard GmbH, Bonn

1 as of December 31, 2008
2 Group directorship

Mortgage Banking

Coverage

		€ millions
	2008	**2007**
A. Mortgage bonds		
Standard coverage		
1. Loans and receivables with banks		
Mortgage loans	—	—
2. Loans and receivables with customers		
Mortgage loans	36,132	41,290
Other eligible cover[1]		
1. Other lending to banks	400	600
2. Bonds and other fixed-income securities	649	447
3. Equalisation claims on government authorities	—	—
Subtotal	**37,181**	**42,337**
Total mortgage bonds requiring cover	30,908	36,322
Excess coverage	**6,273**	**6,015**
B. Public-sector bonds		
Standard coverage		
1. Loans and receivables with banks	837	624
Mortgage loans	—	—
Municipal loans	837	624
2. Loans and receivables with customers	9,260	9,784
including:		
mortgage loans	704	892
municipal loans	8,556	8,892
3. Bonds and other fixed-income securities	786	834
Other eligible cover[2]		
Other lending to banks	—	—
Subtotal	**10,883**	**11,242**
Total public-sector bonds requiring cover	7,437	7,394
Excess coverage	**3,446**	**3,848**

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

Mortgage bonds outstanding and covering assets used

€ millions

	NOMINAL 2008	NOMINAL 2007	PRESENT VALUE 2008	PRESENT VALUE 2007	PRESENT RISK VALUE 2008	PRESENT RISK VALUE 2007
1. Mortgage bonds						
Covering assets[1]	37,181	42,337	39,441	43,268	41,086	44,565
thereof: derivatives	—	—	—	—	—	—
Mortgage bonds	30,908	36,322	32,926	36,880	34,830	38,306
Excess coverage	**6,273**	**6,015**	**6,515**	**6,388**	**6,256**	**6,259**
2. Public-sector bonds						
Covering assets[2]	10,883	11,242	11,567	11,549	11,113	11,208
thereof: derivatives	—	—	—	—	—	—
Mortgage bonds	7,437	7,394	7,963	7,591	7,528	7,291
Excess coverage	**3,446**	**3,848**	**3,604**	**3,958**	**3,585**	**3,917**

1 including further covering assets compliant with Section 19 (1) of the German Pfandbrief Act
2 including further covering assets compliant with Section 20 (2) of the German Pfandbrief Act

Maturity structure of mortgage bonds outstanding and fixed-interest periods of respective covering assets

€ millions

	COVERING ASSETS 2008	COVERING ASSETS 2007	MORTGAGE BONDS 2008	MORTGAGE BONDS 2007
1. Mortgage bonds[1]				
less than 1 year	12,209	13,196	2,291	7,074
at least 1 year but less than 5 years	15,569	18,708	17,197	16,128
at least 5 years but less than 10 years	8,109	8,829	9,016	10,859
10 years or more	1,294	1,604	2,404	2,261
	37,181	**42,337**	**30,908**	**36,322**
2. Public-sector bonds[2]				
less than 1 year	4,196	3,485	1,844	915
at least 1 year but less than 5 years	3,750	4,567	2,013	2,744
at least 5 years but less than 10 years	2,224	2,325	2,154	2,370
10 years or more	713	865	1,426	1,365
	10,883	**11,242**	**7,437**	**7,394**

1 including further covering assets compliant with Section 19 (1) of the German Pfandbrief Act
2 including further covering assets compliant with Section 20 (2) of the German Pfandbrief Act

Loans and receivables used to cover mortgage bonds, broken down by size

€ millions

	2008	2007
Mortgage covering assets		
up to and including €300,000	22,312	26,224
over €300,000		
up to and including €5,000,000	9,754	10,991
more than €5,000,000	4,066	4,075
	36,132	**41,290**

Mortgage Banking (Continued)

Loans and receivables used to cover mortgage bonds,
broken down by region in which the mortgaged properties are located and by type of occupancy

€ millions

	MORTGAGE COVERING ASSETS			
	RESIDENTIAL PROPERTY		COMMERCIAL PROPERTY	
	2008	2007	2008	2007
1. Austria				
Apartments	—	1	—	—
Single-family houses	—	—	—	—
Office buildings	—	—	5	—
	—	**1**	**5**	**—**
2. France/Monaco				
Apartments	—	—	—	—
Single-family houses	2	3	—	—
Multi-family houses	1	1	—	—
Office buildings	—	—	—	6
Buildings under construction	—	—	—	—
	3	**4**	**—**	**6**
3. Germany				
Apartments	8,600	10,332	—	—
Single-family houses	9,329	10,869	—	—
Multi-family houses	8,200	9,147	—	—
Office buildings	—	—	3,803	4,166
Commercial buildings	—	—	3,087	3,397
Industrial buildings	—	—	698	778
Other commercially used buildings	—	—	732	818
Buildings under construction	896	994	686	679
Building sites	33	43	55	51
	27,058	**31,385**	**9,061**	**9,889**
4. Italy/San Marino				
Apartments	—	—	—	—
Single-family houses	1	1	—	—
Multi-family houses	—	—	—	—
	1	**1**	**—**	**—**
5. Luxembourg				
Office buildings	—	—	3	4
	—	**—**	**3**	**4**
6. Spain				
Apartments	—	—	—	—
Single-family houses	1	1	—	—
Buildings under construction	—	—	—	—
	1	**1**	**—**	**—**
	27,063	**31,392**	**9,069**	**9,899**

Loans and receivables used to cover public-sector bonds, broken down by type of debtor or guarantor and its home country

€ millions		
	COVERING ASSETS	
	2008	2007
1. Austria		
Central government	200	388
	200	**388**
2. Germany		
Central government	62	118
Regional authorities	3,377	3,466
Public-sector authorities	4,665	4,926
Other	2,283	1,991
	10,387	**10,501**
3. Greece		
Central government	236	236
Other	10	27
	246	**263**
4. Italy		
Regional authorities	—	20
	—	**20**
5. Spain		
Regional authorities	—	20
Public-sector authorities	50	50
	50	**70**
	10,883	11,242

Mortgage Banking (Continued)

Payments in arrears

Payments in arrears on mortgages and public-sector loans and receivables due between October 1, 2007 and September 30, 2008 break down as follows:

		€ millions
	COVERING ASSETS	
	2008	2007
1. Payments in arrears on mortgages		
Germany	14	19
	14	**19**
2. Payments in arrears on public-sector loans and receivables		
Germany		
Regional authorities[1]	—	5
Other[1]	2	2
	2	**7**

1 officially guaranteed loans and receivables

Repayments, foreclosures and sequestrations

		OF WHICH:	
		COMMERCIAL PROPERTY 2008	RESIDENTIAL PROPERTY 2008
1. Repayments			
	€ millions		
through amortisation		904	3,293
other		524	1,786
		1,428	**5,079**
(comparative figures from 2007		1,876	4,711)
2. Foreclosures and sequestrations			
	NUMBER OF PROCEEDINGS		
a) Pending at December 31, 2008			
Foreclosure proceedings	242	11	231
Sequestration proceedings	4	2	2
Foreclosure and sequestration proceedings	130	11	119
	376	**24**	**352**
(comparative figures from 2007	771	61	710)
b) Foreclosures finalised in 2008	**1,036**	**65**	**971**
(comparative figures from 2007	1,347	104	1,243)
3. Properties auctioned or repossessed			
The Pfandbrief bank did not have to repossess any properties during the year			
under review to prevent losses on mortgage loans			

Interest in arrears

Interest in arrears on mortgage-covering assets due between October 1, 2007 and September 30, 2008 totalled €4 million. Arrears break down as follows:

		€ millions
	2008	2007
Commercial property	1	2
Residential property	3	5

The present annual financial statements were prepared on March 10, 2009.

Bayerische Hypo- und Vereinsbank
Aktiengesellschaft
The Management Board

Cernko　　Diederichs　　Friedhofen　　Giesecke

Laber　　Weimer　　Wölfer

Auditor's Report

We have audited the annual financial statements, comprising the balance sheet, the income statement and the notes to the financial statements, together with the bookkeeping system, and the management report of the Bayerische Hypo- und Vereinsbank Aktiengesellschaft, Munich for the business year from 1 January to 31 December 2008. The maintenance of the books and records and the preparation of the annual financial statements and management report in accordance with German commercial law are the responsibility of the Company's management. Our responsibility is to express an opinion on the annual financial statements, together with the bookkeeping system, and the management report based on our audit.

We conducted our audit of the annual financial statements in accordance with § 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the annual financial statements in accordance with principles of proper accounting and in the management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Company and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the books and records, the annual financial statements and the management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the annual financial statements and management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the annual financial statements comply with the legal requirements and give a true and fair view of the net assets, financial position and results of operations of the Company in accordance with principles of proper accounting. The management report is consistent with the annual financial statements and as a whole provides a suitable view of the Company's position and suitably presents the opportunities and risks of future development.

Munich, March 11, 2009

KPMG AG
Wirtschaftsprüfungsgesellschaft
(formerly KPMG Deutsche Treuhand-Gesellschaft
Aktiengesellschaft Wirtschaftsprüfungsgesellschaft)

Becker
Wirtschaftsprüfer

Pukropski
Wirtschaftsprüfer

Contents

Financial Highlights

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

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

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

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

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

Ratings

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

Business Performance

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

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

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

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

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

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

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

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

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

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

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

Operating performance of HVB Group

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

Net interest income

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

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

Net fees and commissions

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

Net trading income

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

Operating costs

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

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

Business Performance (Continued)

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

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

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

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

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

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

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

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

The income statements for each division and comments on the performance of the divisions are provided in Note 2 "Segment reporting" in the present interim report. The components and targets of individual divisions are described in detail in Note 27 "Notes to segment reporting by division" in our 2008 Annual Report.

Financial situation

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

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

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

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

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

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

The risk-weighted assets for credit risks of HVB Group determined on the basis of Basel II (KWG/Solvency Regulation (SolvV)) by applying partial use amounted to €121.7 billion at March 31, 2009 (including counterparty default risk in the trading book); at December 31, 2008, the comparable risk-weighted assets amounted to €126.0 billion. This total includes the holdings reclassified compliant with IAS from the trading book to the banking book. The risk-weighted assets, including market and operational risk, totalled €144.9 billion.

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

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

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

A bank's liquidity is evaluated using the liquidity ratio defined in Section 11 of the German Banking Act. This figure is the ratio of cash and cash equivalents available within a month to the payment obligations falling due in this period. Liquidity is considered adequate if the ratio is at least 1.00. At HVB AG, this figure rose to 1.25 at the end of March 2009 after 1.19 at year-end 2008.

Events after the reporting date

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

Business Performance (Continued)

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

Outlook

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

General economic outlook for 2009

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

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

Sector development in 2009

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

Development of HVB Group

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

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

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

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

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

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

Development of Selected Risks

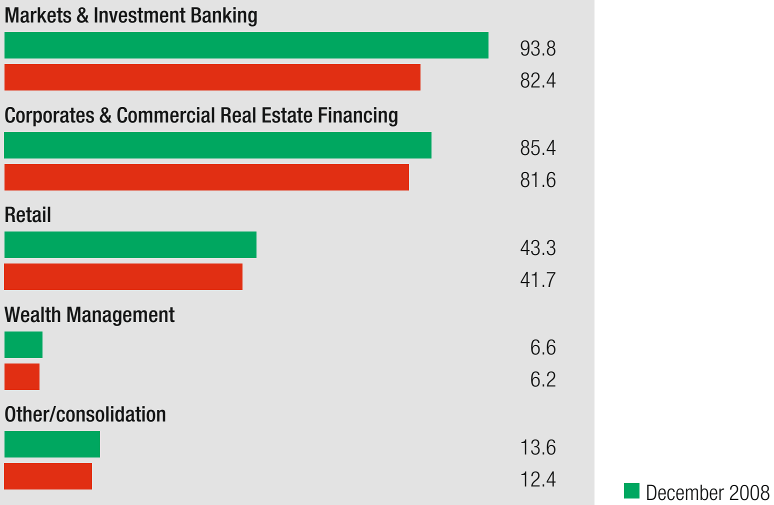
In the 2008 Annual Report, we described at length the management and monitoring of risks in HVB Group, risk types and risk measurement, overall bank management and risk types in detail. No significant changes have been made to the methods of risk management or risk monitoring for the individual risk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

Credit and counterparty exposure

Breakdown of credit exposure and counterparty exposure by industry sector

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

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



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

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

Derivative transactions

Derivative transactions

€ millions

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

Development of Selected Risks (Continued)

Derivative transactions by counterparty type

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

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

Market risk

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

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

1 arithmetic mean

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

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

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

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

Liquidity risk

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

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

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

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

Consolidated Income Statement

for the period from January 1 to March 31, 2009

Income/expenses

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

Earnings per Share

Earnings per share

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

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

Balance Sheet

at March 31, 2009

Assets

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

Liabilities

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

Statement of Changes in Shareholders' Equity

at March 31, 2009

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

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

€ millions

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

Statement of Comprehensive Income

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

Selected Notes

1 Accounting and valuation principles
IFRS basis

After trading in HypoVereinsbank shares was officially discontinued during 2008 following the completion of the squeeze-out, we are no longer formally obliged to prepare quarterly financial statements at March 31 and September 30. We have decided, however, to continue publishing interim reports with a view to retaining a high level of transparency on the market.

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

We have applied the same accounting, valuation and disclosure principles in 2009 as in the consolidated financial statements for 2008 (please refer to the HVB Group Annual Report, starting on page 91). In addition, we have applied the revised "IAS 1 – Presentation of Financial Statements" for the first time as of January 1, 2009. The revised standard requires a separate statement of other comprehensive income to be included in the consolidated financial statement in addition to the traditional income statement.

Segment reporting

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

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

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

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

Selected Notes (Continued)

Notes to the Income Statement

2 Segment reporting

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

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

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

Income statement of the Markets & Investment Banking division

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

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

Developments in the Markets & Investment Banking division

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

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

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

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

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

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

Selected Notes (Continued)

Income statement of the Corporates & Commercial Real Estate Financing division

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

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

Developments in the Corporates & Commercial Real Estate Financing division

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

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

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

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

Income statement of the Retail division

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

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

Developments in the Retail division

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

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

Selected Notes (Continued)

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

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

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

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

Income statement of the Wealth Management division

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

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

Developments in the Wealth Management division

The Wealth Management division encompasses the Wealth Management Sales of HVB AG, the DAB Group, the private banking activities of HVB Banque Luxembourg and Wealth Management Capital Holding GmbH, Munich, including its participating interests consolidated for the first time in January 2008 (essentially Blue Capital Equity GmbH, Blue Capital Fonds GmbH, HVB FondsFinance GmbH and WealthCap Real Estate Management GmbH).

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

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

Selected Notes (Continued)

Income statement of the Other/consolidation segment

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

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

Developments in the Other/consolidation segment

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

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

3 Net interest income

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

4 Net fees and commissions

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

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

5 Net trading income

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

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

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

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

Selected Notes (Continued)

6 Net other expenses/income

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

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

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

8 Net income from investments

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

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

Net income from investments breaks down as follows:

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

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

9 Earnings per share

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

10 Financial assets held for trading

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

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

11 Financial assets at fair value through profit or loss

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

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

12 Available-for-sale financial assets

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

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

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

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

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

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

Selected Notes (Continued)

14 Held-to-maturity investments

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

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

15 Loans and receivables with banks

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

1 repurchase agreements

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

16 Loans and receivables with customers

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

1 repurchase agreements

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

17 Application of new reclassification rules

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

The following table summarises the effects of the reclassified holdings:

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

1 before portfolio allowance and accrued interest

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

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

Analysis

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

1 including provisions for country risk

Selected Notes (Continued)

19 Deposits from banks

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

1 repurchase agreements

20 Deposits from customers

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

1 repurchase agreements

21 Debt securities in issue

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

22 Provisions

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

23 Change in valuation of financial instruments

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

24 Subordinated capital

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

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

25 Contingent liabilities and other commitments

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

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

Selected Notes (Continued)

26 Members of the Supervisory Board and Management Board

Supervisory Board

Alessandro Profumo
Chairman
until February 5, 2009

Sergio Ermotti
Chairman[1]

Peter König
Deputy Chairman

Dr Lothar Meyer
Deputy Chairman[2]

Dr Wolfgang Sprissler
Deputy Chairman
since February 5, 2009

Gerhard Bayreuther

Aldo Bulgarelli

Beate Dura-Kempf

Paolo Fiorentino

Dario Frigerio
until February 5, 2009

Giulio Gambino

Klaus Grünewald

Karl Guha
since February 5, 2009

Ranieri de Marchis

Beate Mensch

Roberto Nicastro

Vittorio Ogliengo
until February 5, 2009

Panagiotis Sfeliniotis

Professor Hans-Werner Sinn

Jutta Streit

Michael Voss

Jens-Uwe Wächter

Dr Susanne Weiss
since February 5, 2009

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

Management Board

Willibald Cernko
Retail Division

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

Rolf Friedhofen
Chief Financial Officer (CFO)

Henning Giesecke
Chief Risk Officer (CRO)

Heinz Laber
Human Resources Management
Global Banking Services segment

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

Andreas Wölfer
Wealth Management division

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

Munich, May 12, 2009

Bayerische Hypo- und Vereinsbank
Aktiengesellschaft
The Management Board

Cernko Diederichs Friedhofen Giesecke

Laber Weimer Wölfer

Summary of Quarterly Financial Data

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

Financial Calendar

Important Dates 2009	
Interim report at March 31, 2009	May 13, 2009
Half-yearly financial report at June 30, 2009	August 4, 2009
Interim report at September 30, 2009	November 11, 2009

Contacts

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