HypoVereinsbank Member of UniCredit

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Interim Report at 30 September 2015

Contents

Financial Highlights

Key performance indicators

	1/1–30/9/2015	1/1–30/9/2014
Net operating profit	€737m	€635m
Cost-income ratio (based on operating income)	77.1%	81.1%
Profit before tax	€697m	€728m
Consolidated profit (from continuing operations)	€461m	€438m
Return on equity before tax	4.7%[1]	5.0%
Return on equity after tax	3.1%[1]	2.9%
Earnings per share (full HVB Group)	€0.57	€0.55

Balance sheet figures/Key capital ratios

	30/9/2015	31/12/2014
Total assets	€308,046m	€300,342m
Shareholders' equity	€20,408m	€20,597m
Common Equity Tier 1 capital	€19,005m	€18,993m
Core capital (Tier 1 capital)	€19,005m	€18,993m
Risk-weighted assets (including equivalents for market risk and operational risk)	€79,849m	€85,768m
Common Equity Tier 1 capital ratio[2]	23.8%	22.1%
Core capital ratio (Tier 1 ratio)[2]	23.8%	22.1%
Leverage ratio[3]	6.0%	6.1%

	30/9/2015	31/12/2014
Employees (in FTEs)	16,706	17,980
Branch offices	579	796

1 return on equity calculated on the basis of average shareholders' equity according to IFRS and projected profit before tax or consolidated profit respectively at 30 September 2015 for the year as a whole
2 calculated on the basis of risk-weighted assets, including equivalents for market risk and operational risk
3 ratio of core capital to the sum total of the exposure values of all assets and off-balance-sheet items

Ratings

	LONG-TERM	SHORT-TERM	OUTLOOK	STAND-ALONE RATING	CHANGED/ CONFIRMED	PFANDBRIEFS		CHANGED/ CONFIRMED
						PUBLIC	MORTGAGE	
Moody's				baa2	19/6/2015	Aaa/–	Aaa/–	23/6/2015
Counterparty Risk	A1	P-1	—		19/6/2015			
Deposits	A2	P-1	positive		19/6/2015			
Senior Unsecured and Issuer Rating	A3	P-2	negative		19/6/2015			
Standard & Poor's						AAA/negative	—	7/7/2015
Issuer Credit Rating	BBB	A-2	negative	bbb+	9/6/2015			
Fitch Ratings						AAA/stable	AAA/stable	6/11/2015 13/5/2015
Issuer Default Rating	A–	F2	negative	a–	19/5/2015			

Business Performance of HVB Group

Corporate structure

Legal corporate structure

UniCredit Bank AG (HVB), which is headquartered in Munich, was formed in 1998 through the merger of Bayerische Vereinsbank Aktiengesellschaft and Bayerische Hypotheken- und Wechsel-Bank Aktiengesellschaft. It is the parent company of HVB Group. HVB has been an affiliated company of UniCredit S.p.A. (UniCredit), Rome, Italy, since November 2005 and hence a major part of the UniCredit corporate group from that date as a subgroup.

Since the shares held by minority shareholders of HVB were transferred to UniCredit compliant with Section 327a of the German Stock Corporation Act (Aktiengesetz – AktG), as resolved at the Annual General Meeting of Shareholders in June 2007 and entered in the Commercial Register on 15 September 2008, UniCredit has held 100% of the capital stock of HVB. Thus, trading in HVB shares officially ceased. As a capital-market-oriented company, however, HVB does remain listed on securities exchanges as an issuer of Pfandbriefs, bonds and certificates for example.

Organisation of management and control

The Management Board, which consists of seven members, is the management body of HVB. The Management Board is directly responsible for managing the Bank. It is obliged to act in the interests of the company and to increase its sustainable value. Within the framework of its leadership function, it is responsible for corporate planning and strategic orientation, and for ensuring adequate risk management and risk control. The Management Board provides the Supervisory Board with regular, timely and comprehensive reports on all issues relevant to corporate planning and strategic development, the course of business, the state of the Bank and its subsidiaries, including the risk situation, and significant compliance issues. The members of the Management Board are jointly responsible for managing the Bank and for the proper business organisation of HVB. The responsibilities of the Management Board of HVB are specified in a schedule of responsibility, which forms part of the Management Board's internal regulations. The Management Board's internal regulations also specify particularly the matters reserved for the Management Board and the requirements for adopting resolutions and the required majorities.

Peter Hofbauer left the Management Board of HVB at the end of 31 May 2015 and Dr Andreas Bohn at the end of 30 September 2015. Francesco Giordano was appointed to the Management Board with effect from 1 June 2015 to act as Chief Financial Officer (CFO) from that date. Dr Michael Diederich was appointed to the Management Board with effect from 1 September 2015 with responsibility for the Corporate & Investment Banking business segment from that date.

The Supervisory Board of the Bank has 12 members and has an equal number of employee and shareholder representatives. The task of the Supervisory Board is to monitor and regularly advise the Management Board as it conducts its business. The Supervisory Board has adopted by-laws specifically defining the details of the work within the Supervisory Board, the creation and tasks of committees and the tasks of the chairman. In addition, the by-laws state that certain types of transaction require the approval of the Supervisory Board. The Supervisory Board was re-elected as scheduled during the Annual Shareholders' Meeting of HVB held in May 2015. Professor Dr Annette G. Köhler, Gianni Franco Papa and Florian Schwarz were elected to the Supervisory Board for the first time, while Aldo Bulgarelli, Peter König and Dr Lothar Meyer left the body.

A list showing the names of all the members of the Management Board and the Supervisory Board of HVB is given in this Interim Report under Note 30, "Members of the Supervisory Board" and Note 31, "Members of the Management Board".

Company acquisitions and sales, and other major changes to the group of companies included in consolidation

In May 2015, we sold our entire holding of 7.56% of the capital stock of Wüstenrot & Württembergische AG to institutional investors under the terms of a private placement.

In June 2015, we sold our PlanetHome AG subsidiary (together with its subsidiaries) to the financial investors AP Capital Investments and Deutsche Invest Equity Partners. PlanetHome AG (together with its subsidiaries) thus left the group of companies included in consolidation by HVB. The shares were sold as part of the streamlining of our portfolio of investments, under which we are structurally willing to sell non-strategic holdings. The time-tested cooperation model with PlanetHome AG is being retained unchanged as HVB intends to maintain real estate activities as a strategic field of competence going forward.

Changes in the group of companies included in consolidation by HVB Group are listed in Note 2, "Companies included in consolidation".

Economic report

Underlying economic conditions

The development of the global economy was mixed in the first half of 2015. The economic data for the first half of 2015 and the leading indicators already published for the third quarter of the year point to the expected economic recovery in Europe. Although the US economy weakened slightly at the start of the year, it picked up momentum again in the second quarter and is expected to have continued expanding in the third quarter. The economic situation in some large emerging markets increasingly deteriorated. There was a considerable rise in concerns about an economic slowdown in China during the third quarter of 2015 in particular, causing prices to fall sharply on the global stockmarkets. The economies of Russia and oil-exporting emerging and developing countries are suffering from the persistently low price of oil, which fell again sharply during the third quarter following a slight rally in the second quarter. At the same time, the low oil price is likely to have been an important driver of the economic recovery in many industrialised nations.

The data for the first two quarters of 2015 show that gross domestic product (GDP) in the eurozone grew by 0.5% and 0.4% respectively compared with the previous quarter on a seasonally adjusted basis. Leading indicators for the third quarter suggest that the eurozone economy has continued to perform well. Both falling oil prices and beneficial exchange rates will have contributed to this positive trend during the year to date. For one thing, consumer spending is recovering on the strength of increased purchasing power; at the same time, exports are benefiting from the depreciation of the euro, triggered mainly by the ECB's purchases of European sovereign bonds (QE programme). According to the ECB's latest bank lending survey, eurozone banks further eased their lending standards for non-financial companies in the first two quarters of 2015. Moreover, the additional liquidity created by the ECB's purchase programme is supporting the extension of loans by banks. The inflation rate has risen slightly during the course of the first half of the year before slipping back into negative territory in the third quarter (minus 0.1% in September) following a further fall in the price of oil. The core inflation rate has risen slightly overall during the year so far.

The positive economic trend in Germany continues. GDP growth in the first and second quarters totalled 0.3% and 0.4% respectively, and is predicted to have reached 0.6% in the third quarter of 2015. Industrial production has proved somewhat weaker than expected in the year to date. At the same time, the leading indicators are still at high levels and support our growth forecast. The business expectations component of the Ifo Index fell several times in a row during the second quarter before making up ground again towards the end of the third quarter. As was already the case in recent quarters, the situation on the labour market has improved again slightly.

The debt crisis in Greece has been one of the central issues covered by the media so far this year. After the change in government at the beginning of 2015, the new Greek government and its European partners faced the task of agreeing on Greece's future bailout plan. Until well into July, protracted negotiations between creditors and the Greek government still had not produced any visible results. This caused the situation in Greece to escalate and even led to the introduction of strict capital controls and a referendum being held on further reform

Business Performance of HVB Group (Continued)

measures within Greece with the majority of the Greeks voting against the plan. Furthermore, Greece temporarily defaulted on payments to the International Monetary Fund (IMF). After yet further marathon negotiations, the lenders and the Greek government managed to reach an agreement on another aid package worth up to €86 billion. This served to greatly ease the situation. Nothing has changed in this regard as a result of the elections held during the third quarter, with Syriza retaining its position as the largest party in parliament.

Sector-specific developments

The financial markets were characterised by high volatility in the third quarter of 2015, with signs of panic sales seen in the credit markets on a few days that calmed down again afterwards over the following days. Attention focused notably on individual securities from the commodities, automotive and utilities sectors. Both their share prices and credit risk premiums experienced in some instances considerable fluctuations. The mood on the financial markets was depressed by the major widening of spreads on German utilities and carmakers resulting essentially from company-specific events. This trend was reinforced by the fact that bonds issued by German carmakers and utilities were viewed as safe harbours by numerous investors. Some of these bonds were included in portfolios that did not have enough risk-taking capacity to be able to cope with such volatile prices. The resulting pressure to sell and the illiquidity on the markets served to magnify the volatility of the spreads.

Both the DAX 30 and the EURO STOXX 50 have fallen by 1.5% since year-end 2014. The biggest market corrections were seen on the stockmarkets in the third quarter of 2015, with the German blue-chip index, the DAX 30, suffering a quarter-on-quarter decline of 11.7%, which was far greater than the 9.5% fall recorded for the European market as a whole as measured by the EURO STOXX 50. In this market environment, the yield on 10-year German government bonds declined by 18 basis points to 0.58%. Although this represents an increase of only 4 basis points since year-end 2014, the volatility in the year to date has been extremely high, with yields fluctuating between 0.07% in April and nearly 1% in June of this year. Yields on 10-year Italian bonds even fell by 60 basis points to 1.73% during the third quarter. This meant that the spread on yields between Italy and Germany narrowed sharply to 114 basis points at the end of the third quarter after totalling 157 basis points at the end of the second quarter when the market sentiment was characterised by resurgent fears about the euro at times on account of the Greek crisis.

The spreads on the credit markets for non-financials with good credit ratings widened considerably, to 119 basis points from an average of 81 basis points at the end of the second quarter. This represents the biggest quarter-on-quarter widening of spreads since the second quarter of 2012 when the markets were depressed by the private debt restructuring in Greece. At year-end 2014, the spreads were only 70 basis points. The expansion of the spreads on financials proved far more moderate, however, rising from 66 basis points to 80 basis points (year-end 2014: 44 basis points). The 3-month Euribor fell further to minus 0.04% by the end of the third quarter of 2015 after already slipping into negative territory during the second quarter. The ECB left its benchmark rate unchanged at 0.05% in the third quarter. The interest rate on the deposit facility remained at minus 0.2%.

The euro was almost unchanged against the US dollar in the third quarter compared with the previous quarter, albeit trading in a wide range of between $1.08 and $1.16. The euro weakened by 1.9% against the Japanese yen while strengthening against both the Swiss franc (+4.4%) and the British pound (+4.1%).

The European Bank Recovery and Resolution Directive (BRRD) came into force on 1 January 2015. This directive defines the framework for the recovery and resolution of banks in the EU. Alongside resolution instruments, it also sets a minimum requirement for own funds and eligible liabilities (MREL) that must be applied from 1 January 2016 at the latest. In November 2014, the Financial Stability Board (FSB) published a consultation paper on the adequacy of the loss absorption capacity of global systemically important banks (G-SIBs). According to the draft, these requirements for the total loss-absorbing capacity (TLAC) of G-SIBs must be satisfied as of 1 January 2019. The FSB adopted an amendment to the TLAC consultation paper on 25 September 2015. The final version is scheduled for presentation at the G20 meeting in November of this year.

Germany implemented the BRRD in full in January 2015. In March 2015, the German Federal Ministry of Finance published draft legislation – the German Resolution Mechanism Act (Abwicklungsmechanismusgesetz – AbwMechG) – to translate the Single Resolution Mechanism (SRM) into German law. According to the draft, the senior unsecured bonds of a bank within the scope of the Capital Requirements Directive (CRD IV) would become subordinated in insolvency proceedings. This draft was revised and the Finance Committee of the German Bundestag approved the revised German Resolution Mechanism Act on 23 September 2015. The explicit subordination of certain unsecured senior bonds included in the original draft now no longer features in the new law, meaning that these bonds will retain their eligibility for use as collateral with central banks. In addition, the date when the new regulations come into force has been put back by one year to 1 January 2017.

Implementation of the bail-in instrument already led to numerous reactions by the three leading rating agencies over the summer, partly as a result of modified methodologies. In short, the assumptions regarding state aid (loss of governmental support), among other things, have been fundamentally changed, as a result of which they no longer play a significant role in ratings. This has already resulted in some banks seeing their ratings downgraded. The adoption of the law to implement the SRM, and the associated implicit subordination of unsecured senior bonds, makes further reactions by the rating agencies possible. For statements on HVB Group's external rating, please refer to the section entitled "Ratings" in this Interim Report.

General comments on the business situation of HVB Group by the Management Board

In what continued to be a challenging economic and financial environment in the first three quarters of 2015, HVB Group generated a pleasing net operating profit of €737 million, which surpassed the year-ago figure (€635 million) by €102 million or 16.1%. This positive development was driven by the €183 million, or 5.5%, rise in operating income to €3,514 million. Net interest declined only a slight 1.2%, or €24 million, to €1,964 million, despite historically low interest rates. At €805 million, net fees and commissions almost matched last year's good figure (€820 million). Net trading income increased a strong €146 million, or 42.2%, to €492 million, while net other expenses/income rose by €89 million to €192 million. Consistent cost management enabled us to maintain operating expenses at the same level as last year at €2,710 million (€2,701 million). Net write-downs of loans and provisions for guarantees and commitments are still at a very low level. After nine months, only €67 million was added to net write-downs of loans and provisions for guarantees and commitments in the reporting period; net reversals of €5 million were recognised in the equivalent period last year. In the non-operating business, an expense of €103 million from additions and reversals of provisions was posted in the reporting period whereas a reversal of €5 million was reported for last year. With profit before tax of €697 million, we almost managed to match last year's figure of €728 million again. The slight decline of €31 million is to be seen particularly in the light of the year-on-year increase of €41 million in the expenses incurred for the bank levy. On account of the decrease of €54 million to €236 million in income tax, we generated a consolidated profit from continuing operations of €461 million and thus surpassed the year-ago figure (€438 million) by €23 million or 5.3%.

Business Performance of HVB Group (Continued)

All the segments made positive contributions to the profit before tax of HVB Group. The Commercial Banking business segment generated a profit before tax of €299 million and was thus able to almost reach the figure of €312 million posted last year. In this context, it should be borne in mind that operating costs increased by €25 million mainly on account of the higher investments in connection with the restructuring of our retail banking business. Besides this, the business segment also faced a charge for the European bank levy. The Commercial Banking business segment nevertheless boosted its net operating profit by 5.6% to €339 million. The Corporate & Investment Banking (CIB) business segment also improved its net operating profit by a significant 48.1% to €385 million. This is attributable to the good earnings performance notably on the back of an increase of €110 million to €432 million in net trading income. The profit before tax of this business segment rose overall by €4 million to €353 million in the reporting period. With profit before tax of €45 million, the Other/consolidation business segment was €22 million lower than last year in the reporting period partly on account of the low interest rates.

HVB Group has had an excellent capital base for years. Both the Tier 1 ratio and the Common Equity Tier 1 (CET1) capital ratio amounted to 23.8% at the end of September 2015 compared with 22.1% at year-end 2014. The equity funds ratio totalled 24.5% after 22.9% at year-end 2014. This means that these banking supervisory ratios under Basel III are still at an excellent level by both national and international standards. The leverage ratio defined as the ratio of core capital to the overall risk position (risk position values of all assets and off-balance-sheet items) amounted to 6.0% at 30 September 2015, almost unchanged from 6.1% at 31 December 2014.

Total assets increased in the reporting period primarily as a result of the increase in loans and receivables with banks by €7.7 billion, or 2.6%, to €308.0 billion compared with year-end 2014. The shareholders' equity shown in the balance sheet fell by a slight €0.2 billion to €20.4 billion compared with the 2014 year-end total. Within this amount, the decline resulting from the dividend payout totalling €627 million resolved by the Shareholders' Meeting in the second quarter of 2015 was already largely offset by the consolidated profit of €454 million (accruing to HVB's shareholder) generated in the first nine months of 2015.

HVB Group enjoyed a very comfortable liquidity base and a solid financing structure at all times in the reporting period. The funding risk remained low on account of the diversification in our products, markets and investor groups. Our Pfandbriefs continued to represent an important source of funding thanks to their very good credit rating and liquidity. To ensure that adequate liquidity is available at all times, target ratios are used, among other things, that act as triggers. The section entitled "Development of Selected Risks" in this Interim Report contains further information on the development of liquidity under the heading "Liquidity risk".

With our diversified business model, high capital base, solid funding foundation and good market position in our core business areas, we are a reliable partner for our customers and investors. As an integral part of UniCredit, HVB Group is in a unique position to leverage its regional strengths in the international network of UniCredit for the benefit of its customers. HVB is building on these advantages by adjusting its business model as begun last year to reflect the rapidly changing social, economic and regulatory environment and push further growth through a stronger entrepreneurial focus.

We would expressly like to thank our employees at this point. Their willingness to embrace change and at the same time to help secure our commercial success forms the basis for our good performance. We also wish to thank the employee representatives for their constructive cooperation in spite of the difficult issues. This gives all of us the confidence we need to master the challenges of the future.

Operating performance of HVB Group

All the statements regarding the operating performance of HVB Group in this Interim Report refer to the structure of our segmented income statement (see Note 4, “Income statement, broken down by segment”) which we set out below. By doing so, we are following the Management Approach incorporated into our segment reporting.

	1/1–30/9/2015	1/1–30/9/2014	CHANGE	
Income/Expenses	€ millions	€ millions	€ millions	in %
Net interest	1,964	1,988	(24)	(1.2)
Dividends and other income from equity investments	61	74	(13)	(17.6)
Net fees and commissions	805	820	(15)	(1.8)
Net trading income	492	346	+ 146	+ 42.2
Net other expenses/income	192	103	+ 89	+ 86.4
OPERATING INCOME	**3,514**	**3,331**	**+ 183**	**+ 5.5**
Payroll costs	(1,381)	(1,340)	(41)	+ 3.1
Other administrative expenses	(1,179)	(1,169)	(10)	+ 0.9
Amortisation, depreciation and impairment losses on intangible and tangible assets	(150)	(192)	+ 42	(21.9)
Operating costs	**(2,710)**	**(2,701)**	**(9)**	**+ 0.3**
OPERATING PROFIT	**804**	**630**	**+ 174**	**+ 27.6**
Net write-downs of loans and provisions for guarantees and commitments	(67)	5	(72)	
NET OPERATING PROFIT	**737**	**635**	**+ 102**	**+ 16.1**
Provisions for risks and charges	(103)	5	(108)	
Restructuring costs	—	—	—	—
Net income from investments	63	88	(25)	(28.4)
PROFIT BEFORE TAX	**697**	**728**	**(31)**	**(4.3)**
Income tax for the period	(236)	(290)	+ 54	(18.6)
PROFIT AFTER TAX	**461**	**438**	**+ 23**	**+ 5.3**
Impairment on goodwill	—	—	—	—
CONSOLIDATED PROFIT FROM CONTINUING OPERATIONS	**461**	**438**	**+ 23**	**+ 5.3**
PROFIT AFTER TAX FROM DISCONTINUED OPERATIONS	**—**	**10**	**(10)**	**(100.0)**
CONSOLIDATED PROFIT OF FULL HVB GROUP	**461**	**448**	**+ 13**	**+ 2.9**

Business Performance of HVB Group (Continued)

Net interest
We generated net interest of €1,964 million in the first nine months of this year, down only a slight 1.2%, or €24 million, on last year despite the persistently ultra-low interest rates.

In this context, net interest declined by €30 million, largely in the Other/consolidation business segment, due partly to lower investment returns in an environment of ultra-low interest rates. By contrast, net interest of €1,207 million in the Commercial Banking business segment slightly surpassed the year-ago figure of €1,198 million. This increase is attributable in part to the strong new business involving real estate finance and consumer loans in retail banking operations and a slight recovery in the demand for credit on the corporate banking side. Set against this, deposit-taking operations are still impacted by the persistently ultra-low interest rates. At €780 million, net interest in the CIB business segment remained at last year's level (€783 million) during the reporting period. Within this total, higher volumes in the lending business partially offset a decline in earnings caused by lower margins. At the same time, trading-induced interest fell a slight €7 million.

Dividends and other income from equity investments
Income of €61 million from dividends and other income was generated from equity investments during the reporting period. This total includes an extraordinary dividend payout received in the third quarter from our investment in EURO Kartensysteme GmbH. The decline compared with the year-ago figure (2014: €74 million) is due almost exclusively to the lower dividend payouts as a result of the strategically targeted reduction in the portfolio of private equity funds and direct investments.

Net fees and commissions
At €805 million, net fees and commissions almost matched the good year-ago figure (€820 million) in the first three quarters of 2015. This development is due to a decline in net fees and commissions from income from payment services (down €15 million to €153 million), from lending operations (down €5 million to €231 million) and from other service operations (down €8 million to €15 million). By contrast, net fees and commissions from management, brokerage and advisory services were up by €13 million to €406 million and thus had a partially compensatory effect.

Net trading income
Despite a weaker contribution to profits in the third quarter of 2015, HVB Group generated good net trading income of €492 million in the first three quarters of 2015, which surpassed the result posted last year by €146 million. In the process, a higher year-on-year profit was achieved in currency-related business. A good result that almost matched last year's total was also again generated in the business with equity derivatives. Significant contributions to the profit were generated by operations involving loan securitisations, fixed-income securities and interest rate derivatives, which were, however, lower than the year-ago total.

Net other expenses/income
Net other expenses/income rose by €89 million to €192 million in the first three quarters of 2015 compared with the equivalent period last year, primarily as a result of higher income from our offshore wind farm and higher gains on the sale of receivables.

Operating costs
At €2,710 million, operating costs in the reporting period were at the same level as last year (€2,701 million) thanks to our consistent cost management. Within this total, payroll costs rose by €41 million as anticipated to €1,381 million, partly as a result of higher expenses for pension plans. Other administrative expenses, at €1,179 million, remained almost unchanged at the year-ago level (2014: €1,169 million), although our marketing expenses increased as a result of our new advertising campaign launched in December 2014 and higher IT expenses resulting in part from our investments in the expansion of

digital sales channels in addition to implementing tougher regulatory requirements. By contrast, amortisation, depreciation and impairment losses on intangible and tangible assets decreased significantly by €42 million to €150 million, particularly because of the depreciation taken in the previous year in connection with the initial consolidation of the BARD Group.

Operating profit (before net write-downs of loans and provisions for guarantees and commitments)
The healthy 5.5% increase in operating income to €3,514 million helped to boost the operating profit of HVB Group, which rose by €174 million, or 27.6%, to €804 million. Set against this, the total was depressed in the reporting period by expenses for the European bank levy accruing for the first time from 2015. In line with our estimate, we included the full annual amount of €70 million for 2015. Last year only contained pro-rated expenses for the German banking levy of €29 million in the first nine months of 2014, which are replaced by the European bank levy as of 2015 and consequently will not accrue again in the current financial year.

Thanks to the good earnings performance and the almost stable operating costs, the cost-income ratio improved (ratio of operating expenses to operating income) to 77.1% in the reporting period, after 81.1% in the equivalent period last year.

Net write-downs of loans and provisions for guarantees and commitments and net operating profit
With a net addition of €67 million, net write-downs of loans and provisions for guarantees and commitments were again at a very low level in the reporting period (first nine months of 2014: net reversal of €5 million). In gross terms, the expenses of €902 million for additions in the current reporting period are largely offset by releases and recoveries from write-offs of loans and receivables amounting to €835 million. In the equivalent period last year, the releases and recoveries from write-offs of loans and receivables of €783 million exceeded the expenses for additions of €778 million.

At €737 million, net operating profit was a substantial €102 million, or 16.1%, higher than the result for the equivalent period last year (€635 million).

Provisions for risks and charges
In the first nine months of 2015, we transferred €103 million to provisions for risks and charges resulting mainly from legal risks. The legal risks of HVB Group are described in detail in the section entitled "Operational risk" in the Risk Report of the 2015 Half-yearly Financial Report. By contrast, net income of €5 million from net reversals/provisions for risks and charges was posted in the equivalent period last year.

Net income from investments
Net income from investments amounted to €63 million in the reporting period and was largely generated with gains of €46 million on the disposal of available-for-sale financial assets, such as from the sale of our holdings in Wüstenrot & Württembergische AG. It also contains gains of €17 million on the sale of investment properties. For the equivalent period last year, HVB Group reports net income from investments of €88 million generated primarily by gains on the disposal of available-for-sale financial assets, especially including the sale of private equity funds.

Profit before tax, income tax for the period and consolidated profit from continuing operations
HVB Group generated a profit before tax of €697 million in the reporting period based on pleasing performance in the operating income. This does not, however, quite match last year's level (€728 million), particularly on account of higher but still very low net write-downs of loans and provisions for guarantees and commitments and higher expenses on account of transfers to provisions.

Income tax payable amounted to €236 million (equivalent period last year: €290 million), representing a tax rate of 33.9% (equivalent period last year: 39.8%). Due to the €54 million decrease in income tax, HVB Group generated a consolidated profit from continuing operations of €461 million in the first nine months of 2015, which was €23 million, or 5.3%, higher than the year-ago figure.

Business Performance of HVB Group (Continued)

Profit after tax from discontinued operations and consolidated profit of full HVB Group
Last year's profit after tax from discontinued operations totalling €10 million contained the income and expenses of DAB Bank AG (DAB) sold in 2014. In total, the consolidated profit of HVB Group amounted to €448 million in the equivalent period of 2014.

In the current financial year, the consolidated profit of HVB Group is identical to the consolidated profit from continuing operations of €461 million as there are no discontinued operations in 2015.

Return on equity
The return on equity after tax sets the consolidated profit accruing to HVB's shareholder against the average shareholders' equity reported in the balance sheet consisting of subscribed capital, additional paid in capital and other reserves without valuation changes of financial instruments and without consolidated profit and minority interest. It amounted to 3.1% in the first nine months of 2015 (first nine months in 2014: 2.9%). The evaluation of this figure is to be seen particularly against the backdrop of the relatively high capital base of HVB Group.

Segment results by business segment
The business segments contributed the following amounts to the profit before tax of €697 million of HVB Group in the reporting period:

(€ millions)

	1/1–30/9/2015	1/1–30/9/2014
Commercial Banking	299	312
Corporate & Investment Banking	353	349
Other/consolidation	45	67

The income statements for each business segment and comments on the economic performance of the individual business segments are provided in Note 4, "Income statement, broken down by segment", in this Interim Report. The tasks and objectives of each business segment are described in detail in Note 28, "Notes to segment reporting by business segment", in our 2014 Annual Report.

Financial situation

Total assets
The total assets of HVB Group increased by €7.7 billion, or 2.6%, to €308.0 billion at 30 September 2015 compared with year-end 2014.

On the assets side, the rise is predominantly due to the increase of €13.2 billion in loans and receivables with banks to €45.8 billion. The reason for this sharp rise is the increase of €19.3 billion in reverse repos to €26.4 billion. In addition, there was an increase in receivables on current accounts (up €1.3 billion to €2.6 billion), while other receivables fell by €5.3 billion to €7.0 billion and cash collateral and pledged credit balances by €1.6 billion to €9.1 billion. The cash reserve was up by €2.5 billion to €7.7 billion, primarily on account of higher credit balances with central banks. There was pleasing growth of €2.3 billion in loans and receivables with customers to €111.9 billion. This rise is attributable in part to the increase in mortgage loans, which were up by €0.9 billion to €41.6 billion in the reporting period for the first time again after several years of decline. In particular, there was also a rise in other receivables which were up by €3.1 billion, while non-performing loans and receivables were notably down by €0.8 billion. The financial assets at fair value through profit or loss rose by €2.8 billion to €34.0 billion. Financial assets held for trading fell by €12.4 billion to €99.4 billion. This decline is chiefly due to the positive fair values of derivative financial instruments, which fell by €13.7 billion. This was a result of a slight rise in medium-term interest rates in the euro, with the euro simultaneously weakening against the US dollar and British pound. In contrast, the financial instruments shown in the balance sheet included in the financial assets held for trading increased by €1.3 billion to €32.5 billion.

On the liabilities side, there was a sharp rise of €15.4 billion in deposits from banks to €69.4 billion compared with year-end 2014, largely as a result of the significant increase of €9.6 billion in repo volumes to €27.4 billion. There were also increases of €3.9 billion in deposits from central banks, €1.8 billion in deposits in current accounts and €1.1 billion in term deposits, while cash collateral and pledged credit balances fell by €1.9 billion. The rise in deposits from customers totalling €4.9 billion to €105.6 billion is mainly attributable to an increase of €5.9 billion in deposits in current accounts to €62.3 billion while repos fell by €1.3 billion to €6.5 billion. Likewise to the development on the assets side, there was a decline of €10.9 billion in financial liabilities held for trading to €77.0 billion due to lower negative fair values from derivative financial instruments (down €13.5 billion to €62.9 billion). Debt securities in issue fell by €1.9 billion to €26.3 billion compared with the year-end figure in 2014 on account of issues due.

The loan-to-deposit ratio used by the Bank is calculated by dividing customer loans by customer deposits. At the end of September 2015, the ratio was 106%, which represents a decrease of three percentage points compared with year-end 2014.

The shareholders' equity shown in the balance sheet fell by €0.2 billion to €20.4 billion compared with year-end 2014 as a result of the dividend payout of €627 million resolved by the Shareholders' Meeting in the second quarter of 2015. This was already partially offset by the consolidated profit of €454 million (accruing to HVB's shareholder) generated in the first nine months of 2015.

The contingent liabilities and other commitments not included in the balance sheet rose slightly by €0.3 billion to €61.8 billion at the end of September 2015 compared with the year-end total. This figure includes €20.8 billion in contingent liabilities in the form of financial guarantees which fell by €1.7 billion compared with year-end 2014 (€22.5 billion). These contingent liabilities are offset by contingent assets of the same amount. Other commitments totalling €40.9 billion rose by €2.0 billion compared with year-end 2014; these essentially consist of irrevocable credit commitments, which increased by €2.0 billion to €40.9 billion compared with last year.

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

The total risk-weighted assets of HVB Group (including market risk and operational risk) determined in accordance with Basel III requirements amounted to €79.8 billion at 30 September 2015, down €5.9 billion compared with year-end 2014.

The risk-weighted assets for credit risk (including counterparty default risk) determined by applying partial use decreased by €4.3 billion to €57.6 billion. In the process, credit risk (excluding counterparty risk) fell by €5.2 billion at HVB, particularly on account of the offsetting of deferred tax assets and liabilities for the first time when calculating credit risk and in the course of the European Banking Authority (EBA) specifying the risk weighting of assets to cover pension obligations. In contrast, HVB's counterparty risk increased by €0.3 billion. At subsidiaries, the risk-weighted assets for credit risk (including counterparty risk) rose by €0.6 billion particularly due to an expansion of volumes at UniCredit Luxembourg S.A.

Business Performance of HVB Group (Continued)

The risk-weighted assets for market risk fell by €1.7 billion to €11.1 billion. This is primarily due to a decline in market risk on the part of HVB's internal market risk model.

The risk-weighted asset equivalents for operational risk rose a marginal €0.1 billion to €11.1 billion.

At 30 September 2015, the core capital compliant with Basel III excluding hybrid capital (Common Equity Tier 1 capital/CET1 capital) and the core capital (Tier 1 capital) of HVB Group amounted to €19.0 billion and were thus unchanged compared with year-end 2014. The CET1 capital ratio (ratio of Common Equity Tier 1 capital to the total amount of credit risk-weighted assets and risk-weighted asset equivalents for market risk and operational risk) and the core capital ratio under Basel III (Tier 1 capital ratio; including market risk and operational risk) rose to 23.8% at 30 September 2015 (year-end 2014: 22.1% in both cases). The equity capital amounted to €19.6 billion at 30 September 2015, thus matching last year's level (31 December 2014: €19.6 billion). The equity funds ratio was 24.5% at the end of September 2015 (31 December 2014: 22.9%).

To ensure sufficient liquidity at all times, key figures are used, among other things, which act as triggers. A detailed description of the liquidity position is given in the section of this Interim Report entitled "Liquidity risk". A bank's liquidity is evaluated using the liquidity ratio defined in the German Banking Act/German Liquidity Regulation (KWG/LiqV). 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 this ratio is at least 1.00. At HVB, this figure had increased to 1.22 by the end of September 2015 after 1.20 at year-end 2014.

The leverage ratio is determined by setting the core capital measure against the exposure measure. The total exposure measure is the sum total of the exposure values of all assets and off-balance sheet items. At 30 September 2015, HVB Group's leverage ratio was 6.0%, and thus almost unchanged from year-end 2014 (31 December 2014: 6.1%).

Ratings

The ratings of countries and banks are subject to constant monitoring by rating agencies. During the first half of 2015, the rating agencies S&P, Moody's and Fitch reviewed the state aid provided for banks against the backdrop of the introduction of the Bank Resolution and Recovery Directive (BRRD) in Germany.

In this connection, Fitch Ratings downgraded its A+ rating for HVB to A– in May 2015, as potential state aid for German private banks is no longer included in the rating. The outlook remains negative, as Fitch believes that the fungibility of capital and liquidity could increase under the direct supervision of the ECB within banking groups.

S&P removed potential state aid from its ratings for the major banks in Germany in June 2015, adjusting its rating for HVB from A– to BBB as a result. The negative outlook reflects the assumption made by S&P that the European resolution authority for banking groups could move towards a single point of entry approach under resolution plans it is to draw up.

To coincide with the introduction of the BRRD, Moody's published its revised criteria for banks in March 2015. Alongside the uncovered issuer rating, these allow for a further division into deposits and counterparty risk, taken from the potential liability cascade in accordance with the BRRD. In this context, Moody's raised the issuer and senior unsecured rating for HVB from Baa1 to A3 with a negative outlook and the deposit rating for HVB to A2 with a positive outlook. The negative outlook for the issuer rating and the positive outlook for the deposit rating is caused by the amendment to the German Resolution Mechanism Act (Abwicklungsmechanismusgesetz – AbwMechG) now adopted by the German Bundestag, under which deposits will be treated as senior to certain unsecured bonds as of 1 January 2017 in the event of resolution. The newly introduced counterparty risk rating was set at A1 without an outlook; among other things, this relates to the creditworthiness of HVB as a counterparty in derivative contracts.

Report on subsequent events

There were no significant events at HVB Group after 30 September 2015 to report.

Forecast report/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 2014 financial year (see the HVB Group Annual Report for 2014).

General economic outlook

According to projections by the International Monetary Fund, the global economy is likely to grow at around 3.1% in 2015, although prospects for individual economies vary greatly. Whereas growth is likely to go on strengthening in Europe and the United States, the outlook in a number of emerging markets, including Brazil, Russia and primarily China, is deteriorating. The forecasts are based on the assumption that important factors underpinning the recovery in the industrialised nations will remain in place, including reduced strains from the consolidation of state finances and highly accommodating monetary policy. Private households and companies in the United States, Europe and most emerging markets will also benefit from low oil prices going forward.

After the Greek government finally reached agreement with its negotiating partners on a further bailout package of up to €86 billion, and first moneys from this package have been transferred to Greece, the rest of the year will be dominated by efforts to monitor implementation of the agreed reforms. A total of €25 billion was included in the package for the recapitalisation of Greek banks. Under a recently published stress test, the ECB estimates that the four major Greek banks are facing a capital shortfall of up to €14.4 billion, less than originally anticipated.

Over 2015 as a whole, average GDP growth of 1.5% in the eurozone should be far greater than in 2014. The supporting factors in this context are a weaker euro, much lower oil prices, less restrictive fiscal policy and a decline in interest on borrowings in the peripheral countries. These responded to the QE programme set up by the ECB, which is likely to be expanded or extended. At country level, Germany and Spain should again record above-average growth rates of 1.9% (not adjusted for calendar reasons) and 3.2% respectively, while France and Italy are also likely to perform well with growth rates of 1.1% and 0.8% respectively (the first expansion for three years). The fact that inflation briefly turned negative is, we believe, attributable mainly to the rapid fall in oil prices. We do not, however, see increased risk of deflation in 2015, especially as the ECB's QE programme is likely to push in the other direction. Instead, we project a slight rise in inflation by the end of the year. In Germany, private consumption should benefit from the higher levels of employment, rising take-home pay, a decline in the savings rate and the boost to purchasing power brought about by low inflation. By contrast, the key to development of corporate investment rests with the contribution of foreign trade; this factor will be crucial for the speed of recovery. Nonetheless, companies should be better prepared for the geopolitical tensions, which could boost capital spending.

The influx of refugees to Germany became a major issue at the start of the second half of the year in particular. Seeing as there are no reliable estimates of the actual number of refugees this year, it is hard to assess what the economic consequences might be. It is generally safe to assume, however, that the arrival of ever more refugees will put the public finances under pressure at least in the short term, although it could well lead to a slight increase in GDP at the same time. Medium-term forecasts of the economic impact of the influx of refugees are practically impossible to make at present.

The US economy is set to remain a key driver of the global economy in 2015. We expect real GDP growth of around 2.5% over 2015 as a whole. Constantly rising consumption remains the most important motor of accelerated growth. The ongoing recovery on the labour market coupled with faster pay growth and lower oil prices should help consumer spending to rise at a healthy rate. In addition, public spending is likely to deliver a positive contribution to GDP again in 2015, after putting a brake on expansion over the past five years.

Business Performance of HVB Group (Continued)

Furthermore, spending on residential property should increase again after more or less marking time in 2014. And capital spending growth is expected to pick up more pace again in 2015. The flip side of stronger domestic demand is a larger trade deficit. Consequently, foreign trade will, if anything, tend to dampen GDP growth this year. Although the lower oil price is set to cushion inflation at this stage, core inflation (adjusted for energy and food prices) is much higher than the overall level of inflation and stronger pay rises should put more upward pressure on prices in the medium term. In this environment, the Federal Reserve is likely to start raising its benchmark rate as of December.

Sector development in 2015

The EBA published its final "Guidelines for common procedures and methodologies for the supervisory review and evaluation process (SREP)" on 19 December 2014. The SREP guidelines take effect from 1 January 2016. Under the new rules, all institutions within the EU are assigned to one of four categories. The classification depends on the size, structure, business model and complexity of the commercial activities of the institutions. The classification reflects the assessment of the systemic risk of a given institution and determines the frequency and intensity of the supervisory review procedures (proportionality principle). The national supervisory authorities are expected to monitor financial and non-financial key performance indicators in order to identify changes in the financial position and risk profile of a given institution. To this end, monitoring systems are to be set up that identify significant deviations and deteriorations in the indicators, thresholds defined where appropriate and escalation processes drawn up for all relevant indicators. The indicators, monitoring patterns and thresholds are to be adapted to reflect the size, complexity, business model and risk profile of the institution concerned.

We expect the backdrop of extremely low interest rates to be one of the main challenges for the financial sector again in the fourth quarter of 2015. The geopolitical risks which are still acute – such as the tensions between Russia and Ukraine coupled with the threats from international terrorism as well as the discussions emerging about the United Kingdom possibly leaving the EU – might cause volatility to remain high. The TLAC debate will probably force banks to not only optimise the structure of their equity and liabilities but also to evaluate what would be an optimum corporate structure for them in the future.

Development of HVB Group

All the companies initially consolidated or deconsolidated in the previous year together with PlanetHome AG and its subsidiaries, which were deconsolidated during the second quarter of 2015, were incorporated appropriately when the budget was drawn up for the rest of the 2015 financial year. This means that the results components of PlanetHome AG and its subsidiaries are no longer included in the second half of 2015, which will have an impact on the comparisons with the previous year and previous quarters this year. The results of DAB, which was sold during the 2014 financial year, are no longer included in the income statement for the whole forecast period; these are only included in the comparative figures in compressed form as profit from discontinued operations.

Due to the persistently high level of uncertainty entailed in the macropolitical environment in Europe and the resulting high structural volatility of financial and capital markets, forward-looking statements on performance are very unreliable. Based on our business model and the assumption that the political and macroeconomic environment will remain relatively stable, we assume that, in a consistently challenging environment for the financial industry, we will again be able to generate a satisfactory profit before tax in the 2015 financial year. Taking into account the present operating conditions, we continue to expect the profit before tax for 2015 as a whole to be moderately lower than the year-ago total, as stated in the Outlook section of Management's Discussion and Analysis in the 2014 Annual Report.

In this context, we do not expect the positive impact of the wide-ranging measures that we have launched as part of the realignment of the Bank in 2014 to be reflected in the operating figures until further down the road. The Bank views both the previous financial year and the 2015 financial year as periods of transition.

We nevertheless expect operating income to once again increase slightly after the sharp declines in previous years. The persistently ultra-low interest rates will, however, significantly contribute to net interest falling again slightly. Although we anticipate a small rise in volumes in the lending business, this is likely to only partially offset the background effect of low interest rates. Due to the sharp reduction in the holdings of private equity funds and direct investments, dividends and similar income from capital investments will fall further in the 2015 financial year (with the exception of the extraordinary dividend payment received in the third quarter of 2015). In contrast, we expect net trading income to undergo a substantial improvement over 2014. Net fees and commissions should also improve, which will probably increase compared with the good year-ago total. We are planning higher fee income in both the Commercial Banking business segment and the CIB business segment. The operating costs planned in HVB Group will probably rise slightly based on the consistent application of the strict cost management we have employed for years due to higher payroll costs. The workforce should nevertheless continue to decrease. Other administrative expenses and amortisation, depreciation and impairment losses on intangible and tangible assets are likely to remain at last year's level. As was already the case in 2014, we expect net write-downs of loans and provisions for guarantees and commitments and cost of risk to remain at a very low level in 2015.

We will continue to enjoy an excellent capital base in 2015. The Common Equity Tier 1 capital ratio will again reach the high level of year-end 2014, with risk-weighted assets remaining practically unchanged.

We expect all the business segments to contribute a profit before tax to the results of HVB Group in the 2015 financial year as a whole. The results trends for the individual business segments in the 2015 financial year are discussed below.

We project a profit before tax in 2015 for the Commercial Banking business segment of around the same level as the 2014 financial year. This includes an anticipated increase in operating income. There will in all probability be a slight rise in operating costs. After the very low net write-downs of loans and provisions for guarantees and commitments in the 2014 financial year, we anticipate the cost of risk to remain very low in 2015.

We expect the CIB business segment to record a year-on-year increase in operating income in the 2015 financial year. This development should result from stronger net fees and commissions coupled with higher net trading income. Operating costs are projected to expand in 2015. After recording very low net write-downs of loans and provisions for guarantees and commitments in the 2014 financial year – which also benefited from several net reversals – we expect to see a similary very low level again in 2015. The profit before tax will in all probability be lower than the total recorded in the 2014 financial year due in part to the non-recurrence of results from private equity funds.

The profit before tax in the Other/consolidation business segment will decline in 2015 compared with the 2014 financial year. The main reason for this development is a sharp decline in net interest on the back of the low interest rates coupled with a lower net reversal of net write-downs of loans and provisions for guarantees and commitments.

The performance of HVB Group in the remaining quarter of the 2015 financial year will again depend on the future development on the financial markets and the real economy as well as other remaining imponderables. In this environment, HVB Group will continually adapt its business strategy to reflect changes in market conditions and carefully review the management signals derived from this on a regular basis. With its strategic orientation and excellent capital resources, HVB Group is in a good overall position to effectively exploit the opportunities that may arise from the new operating environment, the further volatility that can still be expected on the financial markets and an expanding real economy. The opportunities in terms of future business policy and corporate strategy, performance and other opportunities are described in detail in the 2014 Annual Report (starting on page 43). The statements made there remain valid.

Our strategic measures are taking effect, as reflected in a strong operating performance and positive feedback from our customers. Following the annual review of its multi-year plan, HVB Group will continue to apply its growth strategy accordingly. It aims to make a significant contribution to profits within UniCredit and earn a return on capital that is greater than its cost of capital. To achieve this, the aim is to greatly increase market share with corporate customers and in Private Banking & Wealth Management over the coming years. In its retail banking activity, HVB Group will continue down its path towards sustainable profitability. The goal in Corporate & Investment Banking is to make even better use of, and selectively expand, the strong international network. At the same time, the digitisation of processes and structures is to be systematically continued across all areas of the Bank. With a view to securing the earnings and return targets envisaged for HVB Group, it has added further measures aimed at boosting both efficiency and earnings to its strategic plan. These measures are scheduled for implementation during the period from 2016 to 2018. This is the Bank's response to the structurally low interest rates and the increase in costs caused by greater regulatory requirements. This action plan centres on the administration units of HVB and its subsidiaries. The objectives are to reduce complexity, make greater use of synergies and boost efficiency. To achieve this, processes and structures are to be simplified, the administration functions further digitised and staffing levels adjusted in the administration units.

Development of Selected Risks

In the 2014 Annual Report, we presented a comprehensive description of the management and monitoring of risks in HVB Group, overall bank management, and risk types in detail. No essential methodological changes have been made to risk management or to the monitoring of the individual risk types quantified in the present Interim Report. The following sections describe the development of selected risks.

Credit risk

Credit default, counterparty and issuer risk

The following tables and charts for credit default risk and counterparty risk in the Bank as a whole and issuer risk in the banking book show the aggregate exposure values of HVB Group excluding the remaining exposures assigned to the former Real Estate Restructuring business segment. These are excluded from the analysis because the portfolio, which has already been reduced considerably in recent years to €449 million (31 December 2014: €526 million), is earmarked for elimination without any new business being written. The aggregate credit default, counterparty and issuer exposure is called credit risk exposure or simply exposure below. Issuer risk arising from the trading book is included in the market risk analysis by way of the incremental risk charge. The comments in this regard can be found in the section covering market risk.

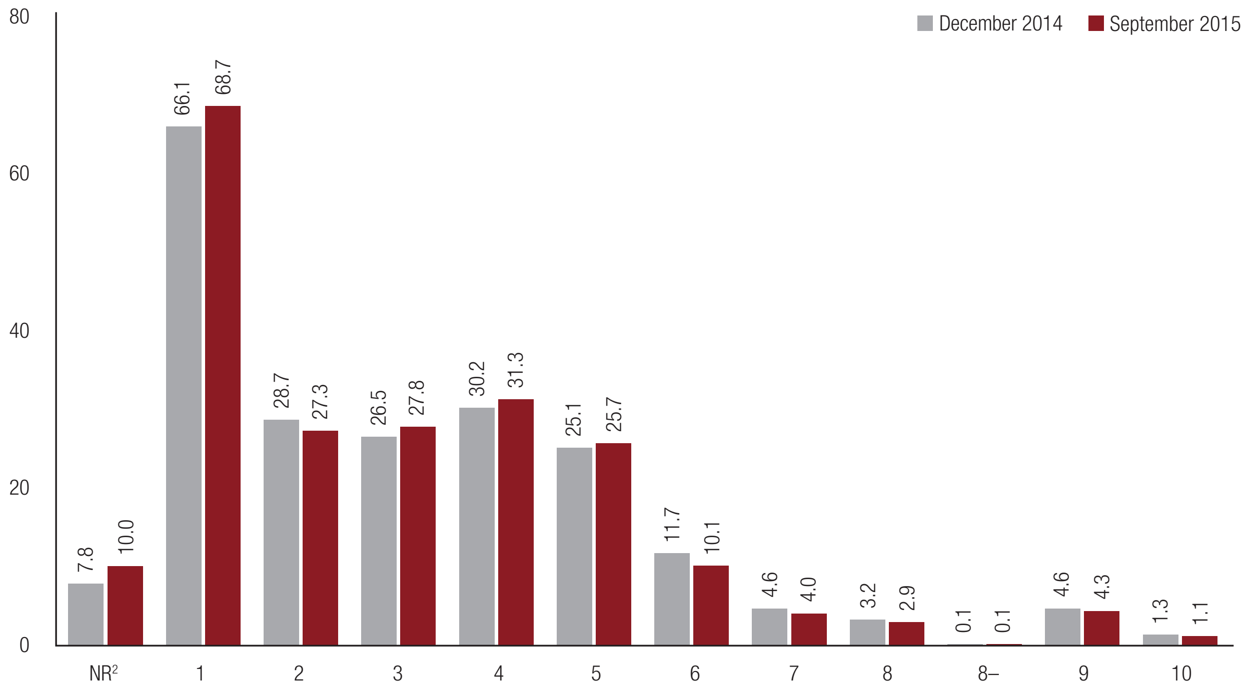
The total exposure of HVB Group increased by €3.4 billion. In particular, the exposure in the Corporate & Investment Banking (CIB) business segment increased by €5.8 billion. This is set against by a decline of €3.9 billion in the issuer risk (banking book) in the Other/consolidation business segment. Both of these effects result primarily from developments in the banks, insurance companies industry group (including sovereigns).

Breakdown of credit risk exposure[1] by business segment and risk category (€ billions)

Breakdown of exposure by business segment	CREDIT DEFAULT RISK		COUNTERPARTY RISK		ISSUER RISK IN BANKING BOOK		TOTAL	
	30/9/2015	31/12/2014	30/9/2015	31/12/2014	30/9/2015	31/12/2014	30/9/2015	31/12/2014
Commercial Banking	90.5	88.9	1.8	2.0	0.2	0.1	92.5	91.0
Corporate & Investment Banking	56.0	52.2	19.5	18.4	43.3	42.5	118.9	113.1
Other/consolidation	1.7	1.8	0.1	0	0.1	4.0	1.9	5.8
HVB Group	**148.2**	**142.9**	**21.4**	**20.4**	**43.6**	**46.6**	**213.3**	**209.9**

1 total of non-performing and performing exposure

Breakdown of credit risk exposure[1] by rating class at partner level (€ billions)



1 total of non-performing and performing exposure
2 not rated (of which €7.8 billion at 30 September 2015 with a rating at transaction level (31 December 2014: €6.1 billion))

During the first three quarters of 2015, HVB Group's rating structure changed in rating classes 1 mainly on account of the build-up of exposure in the banks, insurance companies industry group (including sovereigns). In addition, there was an increase in the non-rated exposure due primarily to a rise in transactions in the special products industry group, for which the rating is determined at transaction level.

Development of Selected Risks (Continued)

Development of metrics by industry group

Industry group	EXPOSURE[1] € billions 30/9/2015	EXPOSURE[1] € billions 31/12/2014	EXPECTED LOSS[2] € millions 30/9/2015	EXPECTED LOSS[2] € millions 31/12/2014	RISK DENSITY in BPS[3] 30/9/2015	RISK DENSITY in BPS[3] 31/12/2014
Banks, insurance companies	48.4	46.7	36	41	7	9
Public sector	32.7	36.8	2	2	1	1
Real estate	24.2	22.9	28	26	12	12
Special products	11.4	9.6	29	67	27	72
Energy	9.7	10.0	18	19	19	20
Chemicals, pharmaceuticals, health	9.3	9.2	19	17	21	19
Machinery, metals	8.8	8.4	23	27	27	34
Automotive industry	6.3	5.7	7	8	12	14
Consumer goods	5.4	5.2	10	8	19	16
Services	5.3	4.7	18	20	36	43
Shipping	5.2	5.5	76	87	188	214
Transport, travel	5.0	4.8	12	15	27	35
Food, beverages	5.0	4.5	9	7	18	16
Construction, wood	4.6	4.6	10	11	23	25
Telecoms, IT	3.6	3.1	6	6	17	19
Agriculture, forestry	2.3	2.2	6	4	25	20
Electronics	2.3	2.3	2	2	10	10
Media, paper	1.7	2.0	5	4	28	25
Tourism	1.5	1.5	4	10	28	64
Textile industry	1.4	1.3	4	4	30	29
Retail	19.2	18.9	46	59	24	32
HVB Group	**213.3**	**209.9**	**370**	**444**	**18**	**22**

1 total of non-performing and performing exposure
2 expected loss of the performing exposure
3 risk density as expected loss as a proportion of performing exposure in basis points; 100 BPS = 1%

The portfolio has a balanced structure and is diversified across the various industries.

The exposure in the banks, insurance companies industry group rose by €1.7 billion in the first three quarters of 2015, most of which can be attributed to an increase in exposure to central banks and sovereigns. The €5 million decrease in the expected loss is partly due to the reduction in exposure to individual customers but also to individual transfers to the non-performing portfolio. The risk density improved from 9 BPS to 7 BPS as a result.

The exposure in the special products industry group increased in the first three quarters of 2015 compared with year-end 2014, although efforts were consistently made to reduce the non-strategic part of the portfolio. This enabled a further optimisation of the portfolio which is reflected in a decrease in the expected loss and a lower risk density. A change in the parameters used for ABS investor positions also contributed to this development.

In euro terms, the exposure in the shipping industry group fell slightly in the first three quarters of 2015, despite the US dollar/euro exchange rate moving in the opposite direction. Adjusted for this effect, the exposure from loans extended in dollars declined much faster in line with regular instalment payments and repaid loans, despite selective new business being written. The expected loss fell at a faster rate due among other things to individual transfers to the non-performing portfolio. The risk density progressed positively in line with this development.

Derivative transactions

Derivative transactions

(€ millions)

	NOMINAL AMOUNT					FAIR VALUE			
	RESIDUAL MATURITY			TOTAL		POSITIVE		NEGATIVE	
	UP TO 1 YEAR	MORE THAN 1 YEAR UP TO 5 YEARS	MORE THAN 5 YEARS	30/9/2015	31/12/2014	30/9/2015	31/12/2014	30/9/2015	31/12/2014
Interest rate derivatives	976,937	779,874	839,089	2,595,900	2,565,085	70,911	88,708	67,525	85,213
Foreign exchange derivatives	269,361	30,624	906	300,891	230,250	4,082	4,716	4,524	5,070
Cross-currency swaps	66,745	106,520	61,727	234,992	251,534	6,284	5,911	7,710	6,869
Equity/index derivatives	103,722	44,433	23,331	171,486	157,944	2,859	2,271	3,361	2,891
Credit derivatives	15,332	60,509	4,395	80,236	92,503	1,973	1,823	1,595	1,533
– purchased	7,727	30,535	2,374	40,636	46,693	757	648	909	935
– written	7,605	29,974	2,021	39,600	45,810	1,216	1,175	686	598
Other transactions	5,019	4,109	690	9,818	8,167	485	365	315	319
HVB Group	**1,437,116**	**1,026,069**	**930,138**	**3,393,323**	**3,305,483**	**86,594**	**103,794**	**85,030**	**101,895**

Derivative transactions by counterparty type

(€ millions)

	FAIR VALUE			
	POSITIVE		NEGATIVE	
	30/9/2015	31/12/2014	30/9/2015	31/12/2014
Central governments and central banks	5,664	5,838	1,864	2,027
Banks	50,562	64,752	53,474	66,040
Financial institutions	27,194	30,133	27,182	31,787
Other companies and private individuals	3,174	3,071	2,510	2,041
HVB Group	**86,594**	**103,794**	**85,030**	**101,895**

The regulatory provisions under Basel III and the Capital Requirements Directive IV(CRD IV)/Capital Requirements Regulation (CRR) are employed to determine counterparty risk taking into account the internal model method (IMM) approved by the regulatory authorities for use by HVB. Based on individual risk weightings and applying existing, legally enforceable, bilateral netting agreements as well as the collateral provided by borrowers for HVB Group, risk-weighted assets arising from counterparty risk amounted to €6.1 billion at 30 September 2015 (31 December 2014: €6.2 billion) for the derivatives business.

Market risk

All transactions exposed to market risk in the trading and banking books of HVB Group are aggregated every day to form a total value-at-risk (VaR) and set against the risk limits. The Management Board of HVB approves and, if necessary, adjusts the risk limits every year. Limits are defined for trading books using VaR limits, whereas limits are set for the combination of trading and banking books by overall VaR limits. Both groups of limits are equally binding and compliance is enforceable.

Development of Selected Risks (Continued)

A new limit including the strategic positions that are assigned directly to the Management Board was introduced at the beginning of 2015 with the implementation of the new HVB Group risk strategy. Despite the addition of strategic positions, the overall VaR limit was reduced from €120 million to €90 million and the trading book limit from €40 million to €37 million with the implementation of the new risk strategy. The overall VaR limit for the CIB business segment was lowered from €90 million to €77 million.

The following table shows the aggregated market risk for our trading positions at HVB Group over the course of the year.

Market risk from trading book activities of HVB Group (VaR, 99% confidence level, one-day holding period) (€ millions)

	AVERAGE 2015[1]	30/9/2015	30/6/2015	31/3/2015	31/12/2014	30/9/2014
Credit spread risks	5	3	4	7	7	6
Interest rate positions	6	3	5	9	5	3
Foreign exchange derivatives	1	1	1	1	1	1
Equity/index positions[2]	3	3	2	3	2	2
HVB Group[3]	**5**	**2**	**5**	**8**	**8**	**5**

1 arithmetic mean of the last three quarter-end figures
2 including commodity risk
3 because of the diversification effect between the risk categories, the total risk is less than the sum of the individual risks

The regulatory capital requirements for the last year are described below, broken down by the relevant risk metrics.

Regulatory metrics of HVB Group (€ millions)

	30/9/2015	30/6/2015	31/3/2015	31/12/2014	30/9/2014
Value-at-risk	102	81	87	74	68
Stressed value-at-risk	245	321	314	344	384
Incremental risk charge	237	243	283	288	258
Market risk Standard Approach	3	3	3	4	3
CVA value-at-risk	32	36	55	63	64
Stressed CVA value-at-risk	183	191	187	189	184
CVA Standard Approach	82	103	99	65	30

Alongside the market risk arising that is relevant for regulatory reporting, further market risk arises from positions in the banking book. All transactions exposed to market risk in the trading and banking books of HVB Group are consolidated for the purpose of risk controlling. Most of the market risk arises from positions of the CIB business segment at HVB Group.

Market risk from trading and banking book activities of HVB Group (VaR, 99% confidence level, one-day holding period) (€ millions)

	AVERAGE 2015[1]	30/9/2015	30/6/2015	31/3/2015	31/12/2014	30/9/2014
Credit spread risks	25	24	24	28	28	28
Interest rate positions	7	7	5	10	6	7
Foreign exchange derivatives	4	8	3	1	2	2
Equity/index positions[2]	3	4	2	4	2	2
HVB Group[3]	**28**	**26**	**26**	**31**	**28**	**26**

1 arithmetic mean of the last three quarter-end figures
2 including commodity risk
3 because of the diversification effect between the risk categories, the total risk is less than the sum of the individual risks

Liquidity risk

The European sovereign debt crisis continues to cast a long shadow over the financial industry. The monetary and macroeconomic measures initiated notably in the European Union to date served to calm the markets temporarily. Uncertainty about developments in Greece and China, together with the potential economic and political effects of the flow of refugees from countries like Syria, has led to greater hesitancy on the markets. It is not yet possible to predict for how long and to what extent the financial markets will be adversely affected by the consequences of the European debt crisis, current geopolitical uncertainties, and the risks arising from changes in interest and exchange rates.

HVB Group put in a solid performance in the third quarter of 2015 in this challenging market environment, thanks to a good liquidity situation, a solid financing structure and the liquidity management measures it undertook. Based on our forward-looking risk quantification and scenario analysis, we expect our overall liquidity situation to remain very comfortable. Counterbalancing the difficulties emerging from the consequences of the sovereign debt crisis is proving to be a major challenge.

Short-term liquidity risk

The aggregate amount for the three-month maturity bucket has been published in the Risk Report for short-term liquidity risk since March 2015, as this metric is more meaningful and relevant for the management of HVB Group's liquidity risk than the total balance for the next banking day, which was disclosed up until now. The year-ago figure has been determined in the same way.

Within the framework of our limit system, we showed an overall positive balance of short-term liquidity risk of €37.6 billion in HVB Group for the three-month maturity bucket at the end of September 2015 (30 September 2014: €28.4 billion). The holding of available securities eligible as collateral for central bank borrowings that can be employed on the next banking day to compensate for unexpected outflows of liquidity amounted to €39.4 billion at the end of the third quarter of 2015 (30 September 2014: €21.7 billion).

We include Bank-specific, market-wide and combined scenarios when conducting our stress tests. The calculations at the end of the third quarter of 2015 showed that the available liquidity reserves were sufficient to cover the funding requirements well over the minimum period demanded in each case.

The requirements of the German Liquidity Regulation were met at all times by the affected units of HVB Group during the year to date. The funds available exceeded its payment obligations for the following month by an average of €30.1 billion for HVB Group in the third quarter of 2015 (third quarter of 2014: €20.9 billion) and €25.5 billion at 30 September 2015. This means that we are significantly above the internally defined threshold.

Funding risk

The funding risk of HVB Group was again quite low in the third quarter of 2015 due to our broad funding base with regard to products, markets and investor groups. This ensured that we were able to obtain adequate funding for our lending operations in terms of volume and maturity within the framework of our limit system at all times. HVB Group obtained longer-term funding with a volume of €4.7 billion until the end of September 2015 (30 September 2014: €4.9 billion). At the end of September 2015, 100.8% (30 September 2014: 100.9%) of assets with an economic maturity of more than one year were covered by liabilities with an economic maturity of more than one year. Consequently, we do not expect to face any significant liquidity risk in the future. With their high credit quality and liquidity, our Pfandbrief covered bonds still remain an important funding instrument.

Consolidated Income Statement

for the period from 1 January to 30 September 2015

		1/1–30/9/2015	1/1–30/9/2014	CHANGE	
Income/Expenses	NOTES	€ millions	€ millions	€ millions	in %
Interest income		3,317	3,826	(509)	(13.3)
Interest expense		(1,353)	(1,838)	+ 485	(26.4)
Net interest	5	1,964	1,988	(24)	(1.2)
Dividends and other income from equity investments	6	61	74	(13)	(17.6)
Net fees and commissions	7	805	820	(15)	(1.8)
Net trading income	8	492	346	+ 146	+ 42.2
Net other expenses/income	9	192	103	+ 89	+ 86.4
Payroll costs		(1,381)	(1,340)	(41)	+ 3.1
Other administrative expenses		(1,179)	(1,169)	(10)	+ 0.9
Amortisation, depreciation and impairment losses					
on intangible and tangible assets		(150)	(192)	+ 42	(21.9)
Operating costs		(2,710)	(2,701)	(9)	+ 0.3
Net write-downs of loans and provisions					
for guarantees and commitments	10	(67)	5	(72)	
Provisions for risks and charges		(103)	5	(108)	
Restructuring costs		—	—	—	—
Net income from investments	11	63	88	(25)	(28.4)
PROFIT BEFORE TAX		**697**	**728**	**(31)**	**(4.3)**
Income tax for the period		(236)	(290)	+ 54	(18.6)
PROFIT AFTER TAX		**461**	**438**	**+ 23**	**+ 5.3**
Impairment on goodwill		—	—	—	—
CONSOLIDATED PROFIT FROM CONTINUING OPERATIONS		**461**	**438**	**+ 23**	**+ 5.3**
Profit before tax from discontinued operations		—	19	(19)	(100.0)
Income tax from discontinued operations		—	(9)	+ 9	(100.0)
PROFIT AFTER TAX FROM DISCONTINUED OPERATIONS		**—**	**10**	**(10)**	**(100.0)**
CONSOLIDATED PROFIT OF FULL HVB GROUP		**461**	**448**	**+ 13**	**+ 2.9**
attributable to the shareholder of UniCredit Bank AG		454	442	+ 12	+ 2.7
attributable to minorities		7	6	+ 1	+ 16.7

Earnings per share

(in €)

	NOTES	1/1–30/9/2015	1/1–30/9/2014
Earnings per share from continuing operations (undiluted and diluted)	12	0.57	0.54
Earnings per share of full HVB Group (undiluted and diluted)	12	0.57	0.55

Consolidated statement of total comprehensive income for the period from 1 January to 30 September 2015

(€ millions)

	1/1–30/9/2015	1/1–30/9/2014
Consolidated profit recognised in the income statement	**461**	**448**
Income and expenses recognised in other comprehensive income		
Income and expenses not to be reclassified to the income statement in future periods		
Actuarial profit/(loss) on defined benefit plans (pension commitments)	68	(237)
Non-current assets held for sale	—	—
Other changes	—	—
Taxes on income and expenses not to be reclassified to the income statement in future periods	(22)	74
Income and expenses to be reclassified to the income statement in future periods		
Changes from foreign currency translation	12	6
Changes from companies accounted for using the equity method	—	—
Changes in valuation of financial instruments (AfS reserve)	(48)	33
Unrealised gains/(losses)	(10)	40
Gains/(losses) reclassified to the income statement	(38)	(7)
Changes in valuation of financial instruments (hedge reserve)	2	—
Unrealised gains/(losses)	—	—
Gains/(losses) reclassified to the income statement	2	—
Other changes	(2)	19
Taxes on income and expenses to be reclassified to the income statement in future periods	1	(15)
Total income and expenses recognised in equity under other comprehensive income	**11**	**(120)**
Total comprehensive income	**472**	**328**
of which:		
attributable to the shareholder of UniCredit Bank AG	465	320
attributable to minorities	7	8

Consolidated Income Statement (Continued)

for the period from 1 July to 30 September 2015

Income/Expenses	1/7–30/9/2015 € millions	1/7–30/9/2014 € millions	CHANGE € millions	CHANGE in %
Interest income	1,076	1,242	(166)	(13.4)
Interest expense	(432)	(594)	+ 162	(27.3)
Net interest	644	648	(4)	(0.6)
Dividends and other income from equity investments	48	25	+ 23	+ 92.0
Net fees and commissions	246	278	(32)	(11.5)
Net trading income	42	64	(22)	(34.4)
Net other expenses/income	106	26	+ 80	>+ 100.0
Payroll costs	(457)	(456)	(1)	+ 0.2
Other administrative expenses	(376)	(380)	+ 4	(1.1)
Amortisation, depreciation and impairment losses on intangible and tangible assets	(50)	(51)	+ 1	(2.0)
Operating costs	(883)	(887)	+ 4	(0.5)
Net write-downs of loans and provisions for guarantees and commitments	43	95	(52)	(54.7)
Provisions for risks and charges	(44)	(34)	(10)	+ 29.4
Restructuring costs	—	—	—	—
Net income from investments	5	14	(9)	(64.3)
PROFIT BEFORE TAX	**207**	**229**	**(22)**	**(9.6)**
Income tax for the period	(72)	(115)	+ 43	(37.4)
PROFIT AFTER TAX	**135**	**114**	**+ 21**	**+ 18.4**
Impairment on goodwill	—	—	—	—
CONSOLIDATED PROFIT FROM CONTINUING OPERATIONS	**135**	**114**	**+ 21**	**+ 18.4**
Profit before tax from discontinued operations	—	5	(5)	(100.0)
Income tax from discontinued operations	—	(5)	+ 5	(100.0)
PROFIT AFTER TAX FROM DISCONTINUED OPERATIONS	**—**	**—**	**—**	**—**
CONSOLIDATED PROFIT OF FULL HVB GROUP	**135**	**114**	**+ 21**	**+ 18.4**
attributable to the shareholder of UniCredit Bank AG	133	112	+ 21	+ 18.8
attributable to minorities	2	2	—	—

Earnings per share

(in €)

	1/7–30/9/2015	1/7–30/9/2014
Earnings per share from continuing operations (undiluted and diluted)	0.17	0.14
Earnings per share of full HVB Group (undiluted and diluted)	0.17	0.14

Consolidated statement of total comprehensive income for the period from 1 July to 30 September 2015

(€ millions)

	1/7–30/9/2015	1/7–30/9/2014
Consolidated profit recognised in the income statement	**135**	**114**
Income and expenses recognised in other comprehensive income		
Income and expenses not to be reclassified to the income statement in future periods		
Actuarial profit/(loss) on defined benefit plans (pension commitments)	(71)	—
Non-current assets held for sale	—	—
Other changes	—	—
Taxes on income and expenses not to be reclassified to the income statement in future periods	22	—
Income and expenses to be reclassified to the income statement in future periods		
Changes from foreign currency translation	(2)	4
Changes from companies accounted for using the equity method	—	—
Changes in valuation of financial instruments (AfS reserve)	(2)	1
Unrealised gains/(losses)	(3)	5
Gains/(losses) reclassified to the income statement	1	(4)
Changes in valuation of financial instruments (hedge reserve)	(5)	(1)
Unrealised gains/(losses)	—	—
Gains/(losses) reclassified to the income statement	(5)	(1)
Other changes	(2)	9
Taxes on income and expenses to be reclassified to the income statement in future periods	3	(6)
Total income and expenses recognised in equity under other comprehensive income	**(57)**	**7**
Total comprehensive income	**78**	**121**
of which:		
attributable to the shareholder of UniCredit Bank AG	76	117
attributable to minorities	2	4

Consolidated Balance Sheet

at 30 September 2015

Assets

	NOTES	30/9/2015 € millions	31/12/2014 € millions	CHANGE € millions	CHANGE in %
Cash and cash balances		7,660	5,173	+ 2,487	+ 48.1
Financial assets held for trading	13	99,446	111,838	(12,392)	(11.1)
Financial assets at fair value through profit or loss	14	33,986	31,205	+ 2,781	+ 8.9
Available-for-sale financial assets	15	1,311	1,569	(258)	(16.4)
Investments in associates and joint ventures	16	52	77	(25)	(32.5)
Held-to-maturity investments	17	71	66	+ 5	+ 7.6
Loans and receivables with banks	18	45,847	32,654	+ 13,193	+ 40.4
Loans and receivables with customers	19	111,890	109,636	+ 2,254	+ 2.1
Hedging derivatives		518	753	(235)	(31.2)
Hedge adjustment of hedged items					
in the fair value hedge portfolio		65	66	(1)	(1.5)
Property, plant and equipment		2,973	2,949	+ 24	+ 0.8
Investment properties		1,246	1,293	(47)	(3.6)
Intangible assets		465	478	(13)	(2.7)
of which: goodwill		418	418	—	—
Tax assets		1,558	1,695	(137)	(8.1)
Current tax assets		446	476	(30)	(6.3)
Deferred tax assets		1,112	1,219	(107)	(8.8)
Non-current assets or disposal groups held for sale		51	32	+ 19	+ 59.4
Other assets		907	858	+ 49	+ 5.7
Total assets		**308,046**	**300,342**	**+ 7,704**	**+ 2.6**

Liabilities

	NOTES	30/9/2015 € millions	31/12/2014 € millions	CHANGE € millions	in %
Deposits from banks	22	69,433	54,080	+ 15,353	+ 28.4
Deposits from customers	23	105,585	100,674	+ 4,911	+ 4.9
Debt securities in issue	24	26,345	28,249	(1,904)	(6.7)
Financial liabilities held for trading	25	77,029	87,970	(10,941)	(12.4)
Hedging derivatives		1,000	749	+ 251	+ 33.5
Hedge adjustment of hedged items					
in the fair value hedge portfolio		2,110	2,430	(320)	(13.2)
Tax liabilities		734	749	(15)	(2.0)
Current tax liabilities		645	660	(15)	(2.3)
Deferred tax liabilities		89	89	—	—
Liabilities of disposal groups held for sale		—	1	(1)	(100.0)
Other liabilities		3,187	2,534	+ 653	+ 25.8
Provisions	26	2,215	2,309	(94)	(4.1)
Shareholders' equity		20,408	20,597	(189)	(0.9)
Shareholders' equity attributable to the shareholder					
of UniCredit Bank AG		20,403	20,566	(163)	(0.8)
Subscribed capital		2,407	2,407	—	—
Additional paid-in capital		9,791	9,791	—	—
Other reserves		7,715	7,660	+ 55	+ 0.7
Changes in valuation of financial instruments	27	36	81	(45)	(55.6)
AfS reserve		7	54	(47)	(87.0)
Hedge reserve		29	27	+ 2	+ 7.4
Consolidated profit 2014		—	627	(627)	(100.0)
Net profit 1/1–30/9/2015[1]		454	—	+ 454	
Minority interest		5	31	(26)	(83.9)
Total shareholders' equity and liabilities		**308,046**	**300,342**	**+ 7,704**	**+ 2.6**

1 attributable to the shareholder of UniCredit Bank AG

The 2014 profit available for distribution disclosed in the separate financial statements of UniCredit Bank AG (= consolidated profit of HVB Group), which forms the appropriation of profit, amounts to €627 million. On 20 May 2015, the Shareholders' Meeting adopted a resolution to pay the consolidated profit of €627 million as a dividend of €627 million to our sole shareholder, UniCredit S.p.A. (UniCredit), Rome, Italy. This represents a dividend of around €0.78 per share after around €0.94 in 2013.

Statement of Changes in Shareholders' Equity

at 30 September 2015

	SUBSCRIBED CAPITAL	ADDITIONAL PAID-IN CAPITAL	OTHER RESERVES: TOTAL OTHER RESERVES	OTHER RESERVES: OF WHICH: PENSIONS AND SIMILAR OBLIGATIONS (IAS 19)
Shareholders' equity at 1/1/2014	**2,407**	**9,791**	**7,920**	**(648)**
Consolidated profit recognised in the consolidated income statement	**—**	**—**	**—**	**—**
Total income and expenses recognised in equity under other comprehensive income[4]	**—**	**—**	**(148)**	**(163)**
Changes in valuation of financial instruments not affecting income	—	—	—	—
Changes in valuation of financial instruments affecting income	—	—	—	—
Actuarial gains/(losses) on defined benefit plans	—	—	(163)	(163)
Reserve arising from foreign currency translation	—	—	6	—
Other changes	—	—	9	—
Total other changes in equity	**—**	**—**	**3**	**—**
Dividend payouts	—	—	—	—
Transfers from consolidated profit	—	—	—	—
Changes in group of consolidated companies	—	—	3	—
Capital decreases	—	—	—	—
Shareholders' equity at 30/9/2014	**2,407**	**9,791**	**7,775**	**(811)**
Shareholders' equity at 1/1/2015	**2,407**	**9,791**	**7,660**	**(1,245)**
Consolidated profit recognised in the consolidated income statement	**—**	**—**	**—**	**—**
Total income and expenses recognised in equity under other comprehensive income[4]	**—**	**—**	**56**	**46**
Changes in valuation of financial instruments not affecting income	—	—	—	—
Changes in valuation of financial instruments affecting income	—	—	—	—
Actuarial gains/(losses) on defined benefit plans	—	—	46	46
Reserve arising from foreign currency translation	—	—	12	—
Other changes	—	—	(2)	—
Total other changes in equity	**—**	**—**	**(1)**	**—**
Dividend payouts	—	—	—	—
Transfers from consolidated profit	—	—	—	—
Changes in group of consolidated companies	—	—	(1)	—
Capital decreases	—	—	—	—
Shareholders' equity at 30/9/2015	**2,407**	**9,791**	**7,715**	**(1,199)**

1 The Shareholders' Meeting of 2 June 2014 resolved to distribute the 2013 consolidated profit in the amount of €756 million as a dividend to our sole shareholder UniCredit S.p.A. (UniCredit), Rome, Italy. This represents a dividend of around €0.94 per share.
The Shareholders' Meeting of 20 May 2015 resolved to distribute the 2014 consolidated profit in the amount of €627 million as a dividend to our sole shareholder UniCredit S.p.A. (UniCredit), Rome, Italy. This represents a dividend of around €0.78 per share.
2 attributable to the shareholder of UniCredit Bank AG
3 UniCredit Bank AG (HVB)
4 see Consolidated statement of total comprehensive income

(€ millions)

CHANGE IN VALUATION OF FINANCIAL INSTRUMENTS						
AFS RESERVE	HEDGE RESERVE	CONSOLIDATED PROFIT[1]	PROFIT 1/1–30/9[2]	TOTAL SHAREHOLDERS' EQUITY ATTRIBUTABLE TO THE SHAREHOLDER OF HVB[3]	MINORITY INTEREST	TOTAL SHAREHOLDERS' EQUITY
63	**25**	**756**	**—**	**20,962**	**47**	**21,009**
—	**—**	**—**	**442**	**442**	**6**	**448**
26	**—**	**—**	**—**	**(122)**	**2**	**(120)**
26	—	—	—	26	2	28
(7)	—	—	—	(7)	—	(7)
—	—	—	—	(163)	—	(163)
—	—	—	—	6	—	6
7	—	—	—	16	—	16
—	**—**	**(756)**	**—**	**(753)**	**19**	**(734)**
—	—	(756)	—	(756)	(4)	(760)
—	—	—	—	—	—	—
—	—	—	—	3	23	26
—	—	—	—	—	—	—
89	**25**	**—**	**442**	**20,529**	**74**	**20,603**
54	**27**	**627**	**—**	**20,566**	**31**	**20,597**
—	**—**	**—**	**454**	**454**	**7**	**461**
(47)	**2**	**—**	**—**	**11**	**—**	**11**
(10)	—	—	—	(10)	—	(10)
(37)	2	—	—	(35)	—	(35)
—	—	—	—	46	—	46
—	—	—	—	12	—	12
—	—	—	—	(2)	—	(2)
—	**—**	**(627)**	**—**	**(628)**	**(33)**	**(661)**
—	—	(627)	—	(627)	(2)	(629)
—	—	—	—	—	—	—
—	—	—	—	(1)	(3)	(4)
—	—	—	—	—	(28)	(28)
7	**29**	**—**	**454**	**20,403**	**5**	**20,408**

Accounting and Valuation

1 Accounting and valuation principles

The amounts shown in the tables and text below are figures at the reporting date of 30 September 2015 and comparative figures at 31 December 2014 in the case of disclosures of balances, and developments from 1 January to 30 September of the year in question in the case of disclosures regarding the income statement.

IFRS basis

After trading in HVB 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 31 March and 30 September. We have decided, however, to continue publishing interim reports on these dates 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 selected 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 2015 as in the consolidated financial statements for 2014 (please refer to the HVB Group Annual Report for 2014, starting on page 122).

The following standards newly published or revised by the IASB are mandatorily applicable in the EU for the first time in the 2015 financial year:
– IFRIC Interpretation 21 “Levies”
– “Annual Improvements to IFRSs 2011–2013 Cycle”

Implementation of these standards will have no material effect on the consolidated financial statements of HVB Group.

2 Companies included in consolidation

The following companies were added to the group of companies included in consolidation in the first nine months of 2015:
– Elektra Purchase No. 37 Limited, Dublin
– Elektra Purchase No. 38 Limited, Dublin
– Elektra Purchase No. 40 Limited, Dublin
– GELDILUX-TS-2015 S.A., Luxembourg

The following companies left the group of companies included in consolidation in the first nine months of 2015 due to merger, sale or completed liquidation:
– Alexanda Grundstücksverwaltungsgesellschaft mbH & Co. Vermietungs KG, Wiesbaden
– Enderlein & Co. GmbH, Bielefeld
– Life Science I Beteiligungs GmbH, Munich
– PlanetHome AG, Unterföhring
– PlanetHome GmbH, Mannheim
– PlanetHome Immobilien Austria, Vienna
– Status Vermögensverwaltung GmbH, Schwerin

Moreover, another company left the group of companies included in consolidation; its only significant asset was a property that was sold to third parties during the first nine months of 2015. The proceeds upon disposal were used to redeem the loan extended to the company, meaning that the basis for consolidation under IFRS 10 no longer applied for HVB. No further information, including the name of the company, is being provided for data protection reasons.

In addition, the shares held in the company consolidated at equity Martur Sünger ve Koltuk Tesisleri Ticaret ve Sanayi A.S., Istanbul were sold.

Segment Reporting

3 Notes to segment reporting by business segment

In the segment reporting, the activities of HVB Group are divided into the following business segments:
– Commercial Banking
– Corporate & Investment Banking
– Other/consolidation

Method of segment reporting

The same principles are being applied in the 2015 financial year as were used at year-end 2014. We use risk-weighted assets compliant with Basel III as the criterion for allocating tied equity capital. The core capital allocated to the business segments of HVB as a proportion of risk-weighted assets compliant with Basel III was raised from 9% to 10% at the beginning of 2015. The interest rate used to assess the equity capital allocated to companies assigned to several business segments (HVB and UniCredit Luxembourg S.A.) was 2.80% in the 2014 financial year. This interest rate was redetermined for the 2015 financial year and has been 2.38% since 1 January 2015.

A minor change in the organisational structure of a unit in the Other/consolidation business segment in the second quarter of 2015 led to some securities being reallocated to the Corporate & Investment Banking business segment. The resulting reorganisation led to a shift in the net interest and net fees and commissions in the Corporate & Investment Banking and Other/consolidation business segments.

There was a minor shift in net interest for 2015 in the third quarter of 2015 between the Commercial Banking and Other/consolidation business segments due to a modification in interest netting.

The figures affected in previous periods have been adjusted accordingly.

Segment Reporting (Continued)

4 Income statement, broken down by segment

Income statement, broken down by segment for the period from 1 January to 30 September 2015 (€ millions)

INCOME/EXPENSES	COMMERCIAL BANKING	CORPORATE & INVESTMENT BANKING	OTHER/ CONSOLIDATION	HVB GROUP
Net interest	1,207	780	(23)	1,964
Dividends and other income from equity investments	43	15	3	61
Net fees and commissions	596	217	(8)	805
Net trading income	58	432	2	492
Net other expenses/income	(4)	65	131	192
OPERATING INCOME	**1,900**	**1,509**	**105**	**3,514**
Payroll costs	(547)	(372)	(462)	(1,381)
Other administrative expenses	(949)	(688)	458	(1,179)
Amortisation, depreciation and impairment losses				
on intangible and tangible assets	(8)	(53)	(89)	(150)
Operating costs	**(1,504)**	**(1,113)**	**(93)**	**(2,710)**
OPERATING PROFIT	**396**	**396**	**12**	**804**
Net write-downs of loans and provisions				
for guarantees and commitments	(57)	(11)	1	(67)
NET OPERATING PROFIT	**339**	**385**	**13**	**737**
Provisions for risks and charges	(76)	(33)	6	(103)
Restructuring costs	—	—	—	—
Net income from investments	36	1	26	63
PROFIT BEFORE TAX	**299**	**353**	**45**	**697**

Income statement, broken down by segment for the period from 1 January to 30 September 2014 (€ millions)

INCOME/EXPENSES	COMMERCIAL BANKING	CORPORATE & INVESTMENT BANKING	OTHER/ CONSOLIDATION	HVB GROUP
Net interest	1,198	783	7	1,988
Dividends and other income from equity investments	6	66	2	74
Net fees and commissions	618	213	(11)	820
Net trading income	13	322	11	346
Net other expenses/income	12	(22)	113	103
OPERATING INCOME	**1,847**	**1,362**	**122**	**3,331**
Payroll costs	(547)	(362)	(431)	(1,340)
Other administrative expenses	(924)	(670)	425	(1,169)
Amortisation, depreciation and impairment losses				
on intangible and tangible assets	(8)	(88)	(96)	(192)
Operating costs	**(1,479)**	**(1,120)**	**(102)**	**(2,701)**
OPERATING PROFIT	**368**	**242**	**20**	**630**
Net write-downs of loans and provisions				
for guarantees and commitments	(47)	18	34	5
NET OPERATING PROFIT	**321**	**260**	**54**	**635**
Provisions for risks and charges	(14)	8	11	5
Restructuring costs	2	—	(2)	—
Net income from investments	3	81	4	88
PROFIT BEFORE TAX	**312**	**349**	**67**	**728**

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

INCOME/EXPENSES	1/1–30/9/ 2015	1/1–30/9/ 2014	Q3 2015	Q2 2015	Q1 2015	Q4 2014	Q3 2014
Net interest	1,207	1,198	404	410	393	387	395
Dividends and other income from equity investments	43	6	42	—	1	5	2
Net fees and commissions	596	618	189	192	215	186	197
Net trading income	58	13	10	41	7	7	(1)
Net other expenses/income	(4)	12	7	6	(16)	2	3
OPERATING INCOME	**1,900**	**1,847**	**652**	**649**	**600**	**587**	**596**
Payroll costs	(547)	(547)	(177)	(182)	(187)	(188)	(185)
Other administrative expenses	(949)	(924)	(310)	(317)	(322)	(310)	(318)
Amortisation, depreciation and impairment losses							
on intangible and tangible assets	(8)	(8)	(3)	(3)	(3)	(3)	(3)
Operating costs	**(1,504)**	**(1,479)**	**(490)**	**(502)**	**(512)**	**(501)**	**(506)**
OPERATING PROFIT	**396**	**368**	**162**	**147**	**88**	**86**	**90**
Net write-downs of loans and provisions							
for guarantees and commitments	(57)	(47)	4	(29)	(33)	(61)	(3)
NET OPERATING PROFIT	**339**	**321**	**166**	**118**	**55**	**25**	**87**
Provisions for risks and charges	(76)	(14)	(40)	(33)	(3)	3	(16)
Restructuring costs	—	2	—	—	—	(2)	—
Net income from investments	36	3	(1)	36	—	(1)	—
PROFIT BEFORE TAX	**299**	**312**	**125**	**121**	**52**	**25**	**71**
Cost-income ratio in %	79.2	80.1	75.2	77.4	85.3	85.3	84.9

Development of the Commercial Banking business segment

In the first nine months of 2015, the Commercial Banking business segment increased its operating income by 2.9%, or €53 million, over the equivalent period last year to €1,900 million.

Net interest contributed €1,207 million to the total, up €9 million on the equivalent year-ago figure despite ultra-low interest rates. This increase is attributable in part to the strong new business involving real estate finance as well as to consumer loans in retail banking operations and a slight recovery in the demand for credit on the corporate banking side. Set against this, deposit-taking operations are still impacted by the persistently ultra-low interest rates. Moreover, dividends and other income from equity investments rose by a strong €37 million to €43 million on account of an extraordinary dividend payout received in the third quarter from our investment in EURO Kartensysteme GmbH. Net trading income also increased by a healthy €45 million to €58 million as a result of positive foreign currency activities, among other things. At €596 million, net fees and commissions failed to match the good year-ago total of €618 million, as consumer loans are no longer brokered externally in retail banking activities, meaning that no fees and commissions are being generated by this business in 2015. Loans are being extended directly by HVB instead, which is reflected in net interest.

The 1.7% increase in operating costs to €1,504 million compared with the first nine months of 2014 can be attributed primarily to higher other administrative expenses, with payroll costs remaining unchanged. This rise essentially results from the realignment of the retail banking activities and the associated investments in the branches, the multi-channel approach and staff training.

The cost-income ratio improved by 0.9 percentage points to 79.2% after 80.1% in the year-ago period as a result of the good operating performance.

Compared with the same period last year, net write-downs of loans and provisions for guarantees and commitments rose by €10 million to what is still a low level of €57 million.

Provisions of €76 million for risks and charges resulting from both derivative transactions and legal risks during the reporting period accrued in the first three quarters of 2015 (equivalent period last year: €14 million). The sharp rise in net income from investments to €36 million can be attributed to the sale of holdings in Wüstenrot & Württembergische AG and PlanetHome AG. All in all, the Commercial Banking business segment generated a profit before tax of €299 million in the first nine months of 2015 (equivalent period last year: €312 million). It should be kept in mind that the profit before tax in the first quarter of 2015 was depressed by the expenses accruing in connection with the European bank levy.

Segment Reporting (Continued)

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

INCOME/EXPENSES	1/1–30/9/ 2015	1/1–30/9/ 2014	Q3 2015	Q2 2015	Q1 2015	Q4 2014	Q3 2014
Net interest	780	783	241	271	269	245	255
Dividends and other income from equity investments	15	66	7	3	5	12	24
Net fees and commissions	217	213	63	62	91	78	85
Net trading income	432	322	37	221	174	128	63
Net other expenses/income	65	(22)	57	16	(7)	144	(21)
OPERATING INCOME	**1,509**	**1,362**	**405**	**573**	**532**	**607**	**406**
Payroll costs	(372)	(362)	(126)	(124)	(121)	(103)	(124)
Other administrative expenses	(688)	(670)	(217)	(237)	(235)	(188)	(211)
Amortisation, depreciation and impairment losses							
on intangible and tangible assets	(53)	(88)	(18)	(17)	(18)	(18)	(18)
Operating costs	**(1,113)**	**(1,120)**	**(361)**	**(378)**	**(374)**	**(309)**	**(353)**
OPERATING PROFIT	**396**	**242**	**44**	**195**	**158**	**298**	**53**
Net write-downs of loans and provisions							
for guarantees and commitments	(11)	18	24	(1)	(35)	(130)	81
NET OPERATING PROFIT	**385**	**260**	**68**	**194**	**123**	**168**	**134**
Provisions for risks and charges	(33)	8	(4)	(29)	—	2	(18)
Restructuring costs	—	—	—	—	—	—	—
Net income from investments	1	81	—	(5)	6	45	11
PROFIT BEFORE TAX	**353**	**349**	**64**	**160**	**129**	**215**	**127**
Cost-income ratio in %	73.8	82.2	89.1	66.0	70.3	50.9	86.9

Development of the Corporate & Investment Banking business segment

The Corporate & Investment Banking business segment generated operating income of €1,509 million in the first nine months of 2015, which represents an increase of €147 million or 10.8% compared with the total for the same period in 2014 (year-ago total: €1,362 million).

The increase in operating income can be attributed in part to an improvement of €110 million in net trading income to €432 million. In the process, a higher year-on-year profit was achieved in currency-related business. A good result was also again generated in the business with equity derivatives, which however did not match last year's total. Significant contributions to the profit were generated by operations involving loan securitisations, fixed-income securities and interest rate derivatives, which were, however, lower than the year-ago total. Besides net trading income, net other expenses/income also contributed to the increase in operating income, rising by €87 million to €65 million. This change was caused by higher income from our offshore wind farm and higher gains on the sale of receivables.

By contrast, at €780 million net interest in the reporting period remained at the year-ago level (equivalent period last year: €783 million). The persistently ultra-low interest rates generally had an adverse effect on the results in interest-related operations. Nonetheless, higher volumes in lending operations partly offset the lower margins compared with the equivalent period last year, with trading-induced interest falling a slight €7 million. Dividend income fell sharply from €51 million to €15 million, resulting mainly from lower distributions by private equity funds. The holdings of private equity investments have been greatly reduced in response to the focus on core activities in anticipation of regulatory changes. Net fees and commissions improved by €4 million to €217 million.

Operating costs fell by €7 million to €1,113 million in the reporting period compared with the first three quarters of 2014. This decline stems from amortisation, depreciation and impairment losses on intangible and tangible assets, which was down by €35 million to €53 million as higher amortisation and depreciation was contained in connection with the BARD Group in 2014. By contrast, payroll costs increased by €10 million to €372 million and other administrative expenses by €18 million to €688 million, driven by higher IT spending resulting among other things from the implementation of greater regulatory requirements. On the back of the increase in operating income with operating costs declining at the same time, the cost-income ratio improved by 8.4 percentage points to 73.8% after 82.2% in the equivalent period last year.

Although net write-downs of loans and provisions for guarantees and commitments increased by €29 million, at €11 million they were still at a very low level (equivalent period last year: net reversal of €18 million). Following a net reversal of €8 million in the equivalent period last year, provisions of €33 million for risks and charges accrued in the reporting period mainly in connection with legal risks. Net income from investments amounted to €1 million in the first three quarters of 2015. A total of €81 million was generated in the equivalent period last year, mainly due to the sale of holdings in private equity funds and direct investments.

The CIB business segment generated a profit before tax of €353 million in the first nine months of 2015, up €4 million on last year (equivalent period last year: €349 million).

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

INCOME/EXPENSES	1/1–30/9/ 2015	1/1–30/9/ 2014	Q3 2015	Q2 2015	Q1 2015	Q4 2014	Q3 2014
Net interest	(23)	7	(1)	(13)	(10)	23	(2)
Dividends and other income from equity investments	3	2	(1)	4	—	1	(1)
Net fees and commissions	(8)	(11)	(6)	3	(4)	(2)	(4)
Net trading income	2	11	(5)	8	(1)	2	2
Net other expenses/income	131	113	42	43	44	53	44
OPERATING INCOME	**105**	**122**	**29**	**45**	**29**	**77**	**39**
Payroll costs	(462)	(431)	(154)	(154)	(156)	(151)	(147)
Other administrative expenses	458	425	151	154	154	135	149
Amortisation, depreciation and impairment losses on intangible and tangible assets	(89)	(96)	(29)	(30)	(29)	(32)	(30)
Operating costs	**(93)**	**(102)**	**(32)**	**(30)**	**(31)**	**(48)**	**(28)**
OPERATING PROFIT/(LOSS)	**12**	**20**	**(3)**	**15**	**(2)**	**29**	**11**
Net write-downs of loans and provisions for guarantees and commitments	1	34	15	(18)	6	35	17
NET OPERATING PROFIT/(LOSS)	**13**	**54**	**12**	**(3)**	**4**	**64**	**28**
Provisions for risks and charges	6	11	—	5	1	15	—
Restructuring costs	—	(2)	—	—	—	20	—
Net income from investments	26	4	6	10	11	16	3
PROFIT BEFORE TAX	**45**	**67**	**18**	**12**	**16**	**115**	**31**
Cost-income ratio in %	88.6	83.6	110.3	66.7	106.9	62.3	71.8

Development of the Other/consolidation business segment

The operating income of this business segment came to €105 million in the first nine months of 2015 compared with €122 million in the equivalent period last year. This €17 million decline results primarily from net interest, which fell by €30 million to a net expense of €23 million due partly to the lower return on investments resulting from falling interest rates. By contrast, net other expenses/income rose by €18 million to €131 million, largely as a result of the non-recurrence of expenses contained in the equivalent period last year from services provided in previous years.

With operating costs down by €9 million to €93 million, this gives rise to an €8 million decline in operating profit in the reporting period to €12 million (equivalent period last year: €20 million).

A small net reversal of €1 million in net write-downs of loans and provisions for guarantees and commitments was recorded in the reporting period (equivalent period last year: net reversal of €34 million).

Net income from investments amounted to €26 million in the reporting period (equivalent period last year: €4 million), resulting mainly from gains on the sale of investment properties. After recognition of the net reversal of €6 million in provisions for risks and charges (equivalent period last year: net reversal of €11 million), profit before tax totalled €45 million after €67 million in the equivalent period last year.

Notes to the Income Statement

5 Net interest

(€ millions)

	1/1–30/9/2015	1/1–30/9/2014
Interest income from	**3,317**	**3,826**
lending and money market transactions	2,316	2,667
other interest income	1,001	1,159
Interest expense from	**(1,353)**	**(1,838)**
deposits	(261)	(463)
debt securities in issue and other interest expenses	(1,092)	(1,375)
Total	**1,964**	**1,988**

6 Dividends and other income from equity investments

(€ millions)

	1/1–30/9/2015	1/1–30/9/2014
Dividends and other similar income	54	72
Companies accounted for using the equity method	7	2
Total	**61**	**74**

7 Net fees and commissions

(€ millions)

	1/1–30/9/2015	1/1–30/9/2014
Management, brokerage and consultancy services	406	393
Collection and payment services	153	168
Lending operations	231	236
Other service operations	15	23
Total	**805**	**820**

This item comprises the balance of fee and commission income of €1,026 million (equivalent period last year: €1,298 million) and fee and commission expenses of €221 million (equivalent period last year: €478 million).

8 Net trading income

(€ millions)

	1/1–30/9/2015	1/1–30/9/2014
Net gains on financial assets held for trading[1]	499	299
Effects arising from hedge accounting	(14)	(20)
Changes in fair value of hedged items	254	(697)
Changes in fair value of hedging derivatives	(268)	677
Net gains/(losses) on financial assets at fair value through profit or loss (fair value option)[2]	11	65
Other net trading income	(4)	2
Total	**492**	**346**

1 including dividends on financial assets held for trading
2 also including the valuation results of derivatives concluded to hedge financial assets through fair value at profit or loss

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

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

9 Net other expenses/income

(€ millions)

	1/1–30/9/2015	1/1–30/9/2014
Other income	385	311
Other expenses	(193)	(208)
Total	**192**	**103**

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

(€ millions)

	1/1–30/9/2015	1/1–30/9/2014
Additions/releases	**(104)**	**(35)**
Allowances for losses on loans and receivables	(128)	(45)
Allowances for losses on guarantees and indemnities	24	10
Recoveries from write-offs of loans and receivables	**38**	**40**
Gains/(losses) on the disposal of impaired loans and receivables	**(1)**	**—**
Total	**(67)**	**5**

11 Net income from investments

(€ millions)

	1/1–30/9/2015	1/1–30/9/2014
Available-for-sale financial assets	44	77
Shares in affiliated companies	5	—
Companies accounted for using the equity method	(10)	—
Held-to-maturity investments	—	4
Land and buildings	—	—
Investment properties[1]	24	7
Total	**63**	**88**

1 gains on disposal, impairments and write-ups

Net income from investments breaks down as follows:

(€ millions)

	1/1–30/9/2015	1/1–30/9/2014
Gains on the disposal of	**58**	**98**
available-for-sale financial assets	46	90
shares in affiliated companies	5	—
companies accounted for using the equity method	(10)	—
held-to-maturity investments	—	4
land and buildings	—	—
investment properties	17	4
Write-downs, value adjustments and write-ups on	**5**	**(10)**
available-for-sale financial assets	(2)	(13)
shares in affiliated companies	—	—
companies accounted for using the equity method	—	—
held-to-maturity investments	—	—
investment properties	7	3
Total	**63**	**88**

Notes to the Income Statement (Continued)

12 Earnings per share

	1/1–30/9/2015	1/1–30/9/2014
Consolidated profit from continuing operations attributable to the shareholder (€ millions)	454	432
Average number of shares	802,383,672	802,383,672
Earnings per share from continuing operations (€) (undiluted and diluted)	0.57	0.54

	1/1–30/9/2015	1/1–30/9/2014
Consolidated profit of full HVB Group attributable to the shareholder (€ millions)	454	442
Average number of shares	802,383,672	802,383,672
Earnings per share of full HVB Group (€) (undiluted and diluted)	0.57	0.55

Notes to the Balance Sheet

13 Financial assets held for trading

(€ millions)

	30/9/2015	31/12/2014
Balance-sheet assets	**32,450**	**31,178**
Fixed-income securities	10,145	9,829
Equity instruments	8,559	9,430
Other financial assets held for trading	13,746	11,919
Positive fair value from derivative financial instruments	**66,996**	**80,660**
Total	**99,446**	**111,838**

The financial assets held for trading include €231 million (31 December 2014: €259 million) in subordinated assets at 30 September 2015.

14 Financial assets at fair value through profit or loss

(€ millions)

	30/9/2015	31/12/2014
Fixed-income securities	32,812	29,935
Equity instruments	—	—
Investment certificates	—	—
Promissory notes	1,174	1,270
Other financial assets at fair value through profit or loss	—	—
Total	**33,986**	**31,205**

The financial assets at fair value through profit or loss include no subordinated assets (31 December 2014: €324 million) at 30 September 2015.

15 Available-for-sale financial assets

(€ millions)

	30/9/2015	31/12/2014
Fixed-income securities	996	1,071
Equity instruments	104	113
Other available-for-sale financial assets	40	42
Impaired assets	171	343
Total	**1,311**	**1,569**

Available-for-sale financial assets at 30 September 2015 include €224 million (31 December 2014: €266 million) valued at cost.

The available-for-sale financial assets contain a total of €171 million (31 December 2014: €343 million) in impaired assets at 30 September 2015 for which €3 million impairments (third quarter of 2014: €14 million) were taken to the income statement during the period under review.

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

The available-for-sale financial assets include €183 million (31 December 2014: €200 million) in subordinated assets at 30 September 2015.

Notes to the Balance Sheet (Continued)

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

(€ millions)

	30/9/2015	31/12/2014
Associated companies accounted for using the equity method	52	77
of which: goodwill	11	29
Joint ventures accounted for using the equity method	—	—
Total	**52**	**77**

17 Held-to-maturity investments

(€ millions)

	30/9/2015	31/12/2014
Fixed-income securities	71	66
Impaired assets	—	—
Total	**71**	**66**

The held-to-maturity investments at 30 September 2015 include no subordinated assets, as was also the case at 31 December 2014.

The held-to-maturity investments at 30 September 2015 include no impaired assets, as was also the case at 31 December 2014.

18 Loans and receivables with banks

(€ millions)

	30/9/2015	31/12/2014
Current accounts	2,631	1,345
Cash collateral and pledged credit balances	9,056	10,680
Reverse repos	26,440	7,155
Reclassified securities	755	1,255
Other loans to banks	6,965	12,219
Total	**45,847**	**32,654**

The other loans to banks consist mostly of term deposits and bonds.

The loans and receivables with banks include €5 million (31 December 2014: €24 million) in subordinated assets at 30 September 2015.

19 Loans and receivables with customers

(€ millions)

	30/9/2015	31/12/2014
Current accounts	7,510	7,737
Cash collateral and pledged cash balances	2,613	2,832
Reverse repos	359	708
Mortgage loans	41,563	40,663
Finance leases	2,141	2,057
Reclassified securities	1,840	2,128
Non-performing loans and receivables	3,060	3,839
Other loans and receivables	52,804	49,672
Total	**111,890**	**109,636**

Other loans and receivables largely comprise miscellaneous other loans, installment loans, term deposits and refinanced special credit facilities.

Loans and receivables with customers include an amount of €2,420 million (31 December 2014: €2,171 million) funded under the fully consolidated Arabella conduit programme. This essentially involves buying short-term accounts payable and medium-term receivables under lease agreements from customers and funding them by issuing commercial paper on the capital market. The securitised loans and receivables essentially reflect loans and receivables of European borrowers, with a majority of the loans and receivables relating to German borrowers.

The loans and receivables with customers include €620 million (31 December 2014: €650 million) in subordinated assets at 30 September 2015.

20 Reclassification of financial instruments defined in IAS 39.50 et seq. and IFRS 7

In accordance with the amendment to IAS 39 and IFRS 7 by the International Accounting Standards Board (IASB) and Commission Regulation (EC) No. 1004/2008, HVB reclassified certain financial assets to loans and receivables in 2008 and 2009. The intention to trade no longer exists for these reclassified assets, since the markets in these financial instruments had become illiquid as a result of the extraordinary circumstances created by the financial crisis (2008/09) through to the time of reclassification. Given the high quality of the assets concerned, HVB intends to retain the assets for a longer period. HVB has not reclassified any assets from the available-for-sale portfolio. No further reclassifications have been carried out since 2010.

The asset-backed securities and other debt securities reclassified in 2008 were recognised at 31 December 2008 with a carrying amount of €13.7 billion and the holdings reclassified in 2009 were recognised at 31 December 2009 with a carrying amount of €7.3 billion.

Table showing the reclassified holdings for the current and previous reporting periods: (€ billions)

RECLASSIFIED ASSET-BACKED SECURITIES AND OTHER DEBT SECURITIES	CARRYING AMOUNT OF ALL RECLASSIFIED ASSETS[1]	FAIR VALUE OF ALL RECLASSIFIED ASSETS	NOMINAL AMOUNT OF ALL RECLASSIFIED ASSETS
Reclassified in 2008			
Balance at 31/12/2014	1.9	1.9	2.0
Balance at 30/9/2015	1.5	1.5	1.6
Reclassified in 2009			
Balance at 31/12/2014	1.6	1.9	1.8
Balance at 30/9/2015	1.3	1.5	1.5
Balance of reclassified assets at 30/9/2015	**2.8**	**3.0**	**3.1**

1 before accrued interest

The fair value at the date when the reclassification takes effect represents the new acquisition cost, which in some cases is considerably less than the nominal value. Accordingly, this difference (discount) is to be amortised over the remaining term of the reclassified financial assets. This, together with the reclassified securities that had matured or been partially repaid, gives rise to an effect of €22 million (2014 financial year: €34 million) in the first nine months of 2015, which is recognised in net interest.

A gain of €5 million (2014 financial year: €2 million) on reclassified securities that had been sold was recognised in the income statement in the first nine months of 2015.

We took write-downs of €34 million (2014 financial year: €92 million) on the reclassified holdings in the first nine months of 2015.

If these reclassifications had not been carried out in 2008 and 2009, mark-to-market valuation (including realised disposals) would have given rise to a net loss of €65 million (2014 financial year: net gain of €227 million) in net trading income in the first nine months of 2015. These effects reflect a theoretical pro forma calculation, as the assets are measured at amortised cost on account of the reclassification. Accordingly, the inclusion of the effects on the income statement mentioned above would have led to a profit before tax that was €57 million higher in the first nine months of 2015. Between the date when the reclassifications took effect and the reporting date, the cumulative net impact on the income statement from the reclassifications already carried out totalled minus €228 million before tax (first nine months of 2015: €57 million, 2014 financial year: minus €283 million).

Notes to the Balance Sheet (Continued)

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

Analysis of loans and receivables

(€ millions)

Balance at 1/1/2014	**3,373**
Changes affecting income[1]	45
Changes not affecting income	(387)
Changes due to make-up of group of consolidated companies and reclassifications of disposal groups held for sale	—
Use of existing loan-loss allowances	(373)
Effects of currency translation and other changes not affecting income	(14)
Non-current assets or disposal groups held for sale	(2)
Balance at 30/9/2014	**3,029**
Balance at 1/1/2015	**2,859**
Changes affecting income[1]	128
Changes not affecting income	(254)
Changes due to make-up of group of consolidated companies and reclassifications of disposal groups held for sale	—
Use of existing loan-loss allowances	(290)
Effects of currency translation and other changes not affecting income	36
Non-current assets or disposal groups held for sale	—
Balance at 30/9/2015	**2,733**

1 the changes affecting income include the gains on the disposal of impaired loans and receivables

22 Deposits from banks

(€ millions)

	30/9/2015	31/12/2014
Deposits from central banks	**10,021**	**6,137**
Deposits from banks	**59,412**	**47,943**
Current accounts	4,325	2,524
Cash collateral and pledged credit balances	11,159	13,079
Repos	27,360	17,730
Term deposits	6,277	5,138
Other liabilities	10,291	9,472
Total	**69,433**	**54,080**

23 Deposits from customers

(€ millions)

	30/9/2015	31/12/2014
Current accounts	62,271	56,335
Cash collateral and pledged credit balances	1,884	1,489
Savings deposits	14,073	14,639
Repos	6,459	7,774
Term deposits	15,005	15,142
Promissory notes	3,968	3,854
Other liabilities	1,925	1,441
Total	**105,585**	**100,674**

24 Debt securities in issue

(€ millions)

	30/9/2015	31/12/2014
Bonds	**24,339**	**26,401**
of which:		
Registered mortgage Pfandbriefs	5,877	6,562
Registered public-sector Pfandbriefs	2,854	3,093
Mortgage Pfandbriefs	8,485	8,938
Public-sector Pfandbriefs	1,473	1,989
Registered bonds	2,257	2,229
Other securities	**2,006**	**1,848**
Total	**26,345**	**28,249**

25 Financial liabilities held for trading

(€ millions)

	30/9/2015	31/12/2014
Negative fair values arising from derivative financial instruments	62,905	76,400
Other financial liabilities held for trading	14,124	11,570
Total	**77,029**	**87,970**

The negative fair values arising from derivative financial instruments are carried as financial liabilities held for trading. Also included under other financial liabilities held for trading are warrants, certificates and bonds issued by our trading department as well as delivery obligations arising from short sales of securities as far as they are held for trading purposes.

Notes to the Balance Sheet (Continued)

26 Provisions

(€ millions)

	30/9/2015	31/12/2014
Provisions for pensions and similar obligations	648	751
Allowances for losses on guarantees and commitments and irrevocable credit commitments	212	232
Restructuring provisions	231	267
Other provisions	1,124	1,059
Payroll provisions	265	263
Provisions related to tax disputes (without income taxes)	51	61
Provisions for rental guarantees and dismantling obligations	134	133
Other provisions	674	602
Total	**2,215**	**2,309**

27 Change in valuation of financial instruments (shareholders' equity)

The reserves arising from changes in the valuation of financial instruments recognised in equity totalled €36 million at 30 September 2015 (31 December 2014: €81 million). This decline of €45 million compared with year-end 2014 can be solely attributed to the €7 million decline in the AfS reserve to €47 million and results mainly from the sale of our holdings in Wüstenrot & Württembergische AG. The hedge reserve similarly included in the reserves arising from changes in the value of financial instruments recognised in equity increased slightly by €2 million to €29 million compared with year-end 2014.

28 Subordinated capital

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

	30/9/2015	31/12/2014
Subordinated liabilities	639	669
Hybrid capital instruments	58	53
Total	**697**	**722**

Other Information

29 Contingent liabilities and other commitments

(€ millions)

	30/9/2015	31/12/2014
Contingent liabilities[1]	**20,848**	**22,527**
Guarantees and indemnities	20,848	22,527
Other commitments	**40,918**	**38,927**
Irrevocable credit commitments	40,867	38,821
Other commitments[2]	51	106
Total	**61,766**	**61,454**

1 contingent liabilities are offset by contingent assets to the same amount
2 not included in other commitments are the future payment commitments arising from non-cancellable operating leases

Up until now, credit card lines granted to customers (limit for credit card usage) were carried under irrevocable credit commitments. Given the fact that the credit card agreement and hence the granted line of credit can be terminated at any time, the credit commitments are revocable, meaning they do not have to be disclosed. During the first quarter of 2015, we modified disclosure and adjusted the year-ago figures (€1,847 million) accordingly.

Other Information (Continued)

30 Members of the Supervisory Board

Chairman

Federico Ghizzoni

Deputy Chairmen

Peter König
until 20 May 2015

Florian Schwarz
since 20 May 2015

Dr Wolfgang Sprissler

Members

Mirko Davide Georg Bianchi

Aldo Bulgarelli
until 20 May 2015

Beate Dura-Kempf

Klaus Grünewald

Werner Habich

Prof Dr Annette G. Köhler
since 20 May 2015

Dr Marita Kraemer

Dr Lothar Meyer
until 20 May 2015

Gianni Franco Papa
since 20 May 2015

Klaus-Peter Prinz

Jens-Uwe Wächter

31 Members of the Management Board

Dr Andreas Bohn until 30 September 2015	Corporate & Investment Banking
Peter Buschbeck	Commercial Banking/ Private Clients Bank
Dr Michael Diederich since 1 September 2015	Corporate & Investment Banking
Lutz Diederichs	Commercial Banking/ Unternehmer Bank
Peter Hofbauer until 31 May 2015	Chief Financial Officer (CFO)
Francesco Giordano since 1 June 2015	Chief Financial Officer (CFO)
Heinz Laber	Chief Operating Officer (COO), Human Resources Management, Global Banking Services (GBS)
Andrea Umberto Varese	Chief Risk Officer (CRO)
Dr Theodor Weimer	Board Spokesman

Munich, 10 November 2015

UniCredit Bank AG
The Management Board

Buschbeck Dr Diederich Diederichs Giordano

Laber Varese Dr Weimer

Summary of Quarterly Financial Data

(€ millions)

OPERATING PERFORMANCE	Q3 2015	Q2 2015	Q1 2015	Q4 2014	Q3 2014
Net interest	644	668	652	655	648
Dividends and other income from equity investments	48	7	6	18	25
Net fees and commissions	246	257	302	262	278
Net trading income	42	270	180	137	64
Net other expenses/income	106	65	21	199	26
OPERATING INCOME	**1,086**	**1,267**	**1,161**	**1,271**	**1,041**
Operating costs	(883)	(910)	(917)	(858)	(887)
OPERATING PROFIT	**203**	**357**	**244**	**413**	**154**
Net write-downs of loans and provisions					
for guarantees and commitments	43	(48)	(62)	(156)	95
NET OPERATING PROFIT	**246**	**309**	**182**	**257**	**249**
Provisions for risks and charges	(44)	(57)	(2)	20	(34)
Restructuring costs	—	—	—	18	—
Net income from investments	5	41	17	60	14
PROFIT BEFORE TAX	**207**	**293**	**197**	**355**	**229**
Income tax for the period	(72)	(98)	(66)	(8)	(115)
PROFIT AFTER TAX	**135**	**195**	**131**	**347**	**114**
Impairment on goodwill	—	—	—	—	—
CONSOLIDATED PROFIT FROM CONTINUING OPERATIONS	**135**	**195**	**131**	**347**	**114**
Profit before tax from discontinued operations	—	—	—	166	5
Income tax from discontinued operations	—	—	—	(3)	(5)
PROFIT AFTER TAX FROM DISCONTINUED OPERATIONS	**—**	**—**	**—**	**163**	**—**
CONSOLIDATED PROFIT OF FULL HVB GROUP	**135**	**195**	**131**	**510**	**114**
attributable to the shareholder of UniCredit Bank AG	133	192	129	505	112
attributable to minorities	2	3	2	5	2
Earnings per share from continuing operations (€)					
(undiluted and diluted)	**0.17**	**0.24**	**0.16**	**0.43**	**0.14**
Earnings per share of full HVB Group (€)					
(undiluted and diluted)	**0.17**	**0.24**	**0.16**	**0.63**	**0.14**

Financial Calendar

Important Dates 2015[1]

Interim Report at 30 September 2015	12 November 2015

1 dates planned

Contacts
Should you have any questions about the annual report or our interim reports, please contact Media Relations by
calling +49 (0)89 378-25744,
faxing +49 (0)89 378-25699
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