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Interim Report at 31 March 2016

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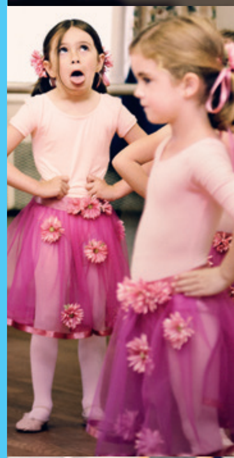


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Financial Highlights

Key performance indicators

	1/1–31/3/2016	1/1–31/3/2015
Net operating profit	€215m	€182m
Cost-income ratio (based on operating income)	76.8%	79.0%
Profit before tax	€210m	€197m
Consolidated profit	€138m	€131m
Return on equity before tax[1]	4.1%	4.0%
Return on equity after tax[1]	2.7%	2.6%
Earnings per share	€0.17	€0.16

Balance sheet figures/key capital ratios

	31/3/2016	31/12/2015
Total assets	€313,878m	€298,745m
Shareholders' equity	€20,898m	€20,766m
Common Equity Tier 1 capital	€19,456m	€19,564m
Core capital (Tier 1 capital)	€19,456m	€19,564m
Risk-weighted assets (including equivalents for market risk and operational risk)	€82,946m	€78,057m
Common Equity Tier 1 capital ratio[2]	23.5%	25.1%
Core capital ratio (Tier 1 ratio)[2]	23.5%	25.1%
Leverage ratio[3]	6.1%	5.9%

	31/3/2016	31/12/2015
Employees (in FTEs)	15,911	16,310
Branch offices	580	581

1 return on equity calculated on the basis of average shareholders' equity according to IFRS and projected profit before or after tax for the year as a whole at 31 March of the respective year
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	
Fitch Ratings						AAA/stable	AAA/stable	6/11/2015 9/5/2016
Issuer Default Rating	A–	F2	negative	a–	7/3/2016			
Moody's				baa2	26/1/2016	Aaa/–	Aaa/–	23/6/2015
Counterparty Risk	A1	P-1	—		26/1/2016			
Deposits	A2	P-1	stable		26/1/2016			
Senior Unsecured and Issuer Rating	Baa1	P-1	stable		26/1/2016			
Standard & Poor's						AAA/negative	—	7/7/2015
Issuer Credit Rating	BBB	A-2	negative	bbb+	9/6/2015			

Business Performance of HVB Group

Underlying economic conditions

The first quarter of 2016 was characterised by major turmoil on the financial markets, a further decline in oil prices and concerns about a slowdown in the Chinese economy. As a result of all this, the survey-based economic indicators deteriorated in many countries in February. The official data have not yet followed this shift and a renewed rise in the leading indicators in March implies a slightly exaggerated perception of the risks in the survey results. All in all, the trend for uneven economic development around the globe has continued. The major industrialised nations have probably gone on enjoying moderate growth, while a number of oil-exporting emerging and developing markets such as Russia continued to suffer from the low price of oil. Industrial production in the United States remained subdued in the first quarter of 2016. Low energy prices are depressing the oil and gas sector, as has been reflected in the statistics for some months now. Private consumption has also become more restrained of late, and a larger correction in stock levels coupled with a weaker trade balance have probably prompted the US economy to expand by just 0.5% in the first quarter of 2016 on an annualised basis. The current unemployment rate of around 5% is at its lowest level since 2008. The Fed has remained hesitant in terms of interest rate hikes and decided not to raise rates in the first quarter.

Whereas the leading indicators for the eurozone worsened somewhat in the first quarter of 2016 compared with the fourth quarter of 2015, the first official data paint a more positive picture. Industrial production has made a good start to the year and in all probability increased fairly strongly in the first quarter. Unemployment has also continued in the right direction, falling to 10.3%, the lowest level since 2011. This is also likely to have contributed to a recovery in private consumption, with retail sales performing strongly in the first quarter accordingly. We anticipate that economic output (GDP) will have risen by 0.5% in the first quarter of 2016 compared with the previous quarter. In terms of monetary policy, the ECB responded to the persistently low inflation in the eurozone (consumer price index: 0.0%; core rate: 1.0%) by taking further expansionary measures in the first quarter.

The picture for Germany in the first quarter is similar to that for the eurozone as a whole. Following on from a sharp fall in February, the Ifo Business Climate Index recovered again slightly in March, although it is still well below the figures seen at the end of last year. The first official data do, however, paint a positive picture for Germany as well. After contracting somewhat in the final quarter of 2015, leading to weak GDP growth of 0.3%, industrial production picked up again strongly at the start of the year. The labour market has also continued to perform well, with the unemployment rate of 6.2% being the lowest level since reunification. All in all, we expect that the German economy will have expanded by 0.6% over the previous quarter in the first quarter of 2016.

Sector-specific developments

The yield on ten-year German government bonds again declined significantly in the first quarter of 2016, from 0.60% at year-end 2015 to as low as 0.06% at times. This represents a new historic low since the euro was launched. Against this backdrop, the spreads on the credit markets for non-financials with good credit ratings again narrowed from an average of 110 basis points at year-end 2015 to 95 basis points as of the end of March 2016. Spreads widened largely at times during the first quarter of 2016, rising temporarily to almost 140 basis points. In contrast, spreads on financials only widened slightly, from 66 basis points to 69 basis points. The 3-month Euribor had fallen to minus 0.24% by the end of the first quarter of 2016, similarly another historic low at the end of a quarter since the euro was launched.

The ECB again lowered its interest rates on 10 March 2016. The benchmark rate was reduced to zero percent for the first time in the euro's history and the interest rate on the deposit facility was lowered to minus 0.4%. Furthermore, the ECB decided to expand its bond-buying programme to €80 billion per month, including corporate bonds in future, and to set up further targeted longer-term refinancing operations for banks.

In the first quarter of 2016, the euro strengthened by 4.8% against the US dollar and 7.5% against the British pound; it remained practically unchanged against the Swiss franc (up 0.6%) and fell by 1.9% against the Japanese yen.

Increasing concerns about the macroeconomic outlook and a sharp fall in oil prices caused German and European stocks to go into reverse. The benchmark DAX 30 index fell by 7.2% in the first quarter of 2016 and the European market in general, as measured by EURO STOXX 50 Index, declined by 8.6%. European banking stocks were particularly under pressure, with the EURO STOXX Index Banks losing 21.2% in the first three months of 2016.

In December 2014, the EBA published its final "Guidelines for common procedures and methodologies for the supervisory review and evaluation process (SREP)". 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 the 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 the 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.

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

In an environment of high market volatility, persistent geopolitical uncertainties and the further tightening of monetary policy of the ECB, HVB Group put in a good performance in the first quarter of 2016 thanks to its robust business model. In the reporting period, it generated net operating profit of €215 million which surpassed the year-ago figure by €33 million or 18.1%. At the same time, operating income, at €1,140 million, remained almost at the level of the equivalent period last year (first quarter of 2015: €1,161 million). Although the level of interest rates continued to fall from the already ultra-low level, net interest was down only by a slight €10 million, or 1.5%, to €642 million. We generated net fees and commissions of €291 million, which did not quite match the good figure of the first quarter of 2015 (€302 million). The reason for this is the deconsolidation effect from PlanetHome AG and its subsidiaries sold in the second quarter of 2015. At €104 million, net trading income was 42.2% or €76 million lower than the corresponding year-ago figure mainly on account of the unfavourable market environment in the first quarter of 2016. By contrast, dividends and other income from equity investments rose by €35 million to €41 million and net other expenses/income by €41 million to €62 million. There was a pleasing development in operating costs, which were reduced by €42 million to €875 million as a result of our strict cost management and the efficiency measures implemented. This caused the cost-income ratio to improve slightly from 79.0% in the first quarter of 2015 to 76.8% in the reporting period. Net write-downs of loans and provisions for guarantees and commitments fell by 19.4% to €50 million compared with the equivalent quarter last year and are thus still at an extremely low level. Overall, we generated a profit before tax of €210 million in the challenging market environment of the first three months in 2016, which exceeded the equivalent year-ago figure by €13 million or 6.6%. After income tax for the period, which increased by €6 million to €72 million in the reporting period on account of the higher profit before tax, the consolidated profit amounted to €138 million, which is €7 million up on the corresponding figure of last year.

All the business segments contributed to the profit before tax of the reporting period:

In the first quarter of 2016, the Commercial Banking business segment more than doubled the result of the equivalent year-ago period (€44 million) with a good profit before tax of €107 million. This was partly supported by a year-on-year increase of 26.3% to €101 million in operating profit on the back of lower operating costs (down 6.5% to €475 million) with almost unchanged operating income of €576 million (first quarter in 2015: €588 million). In the first quarter of 2016, there was a net reversal of €8 million in net write-downs of loans and provisions for guarantees and commitments after a net addition of €33 million in the equivalent quarter last year.

Business Performance of HVB Group (Continued)

The Corporate & Investment Banking (CIB) business segment generated a profit before tax of €58 million in the difficult market environment of the first quarter of 2016, which fell significantly short of the equivalent year-ago figure (€138 million) and is thus unsatisfactory. The reason for this is the increase to €70 million in the still low net write-downs of loans and provisions for guarantees and commitments (first quarter of 2015: €34 million) and a 19.9% decline in operating profit to €133 million. In the operating business, the 2.1% decrease to €371 million in operating costs was only able to partially compensate the lower operating income (down 7.5% to €504 million).

The Other/consolidation business segment recorded a profit before tax of €45 million (first quarter of 2015: €15 million) that also benefitted from a net reversal of €12 million in net write-downs of loans and provisions for guarantees and commitments. Operating income was up from €28 million last year to €60 million in the first quarter of 2016 due primarily to the dividends and other income of €21 million generated from equity investments. At €29 million, operating costs remained almost unchanged.

HVB Group has had an excellent capital base for years. Both the Tier 1 ratio under Basel III and the Common Equity Tier 1 (CET1) capital ratio amounted to 23.5% at 31 March 2016 compared with 25.1% at year-end 2015. The total capital ratio (equity funds ratio) fell to 24.1% at the end of March 2016 after 25.8% at 31 December 2015. This means that these banking supervisory ratios 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 6.1% at the end of March 2016 compared with 5.9% at year-end 2015.

Total assets rose by 5.1%, or €15.1 billion, to €313.9 billion at 31 March 2016 compared with year-end 2015. On the assets side, there was an expansion particularly in the volume of loans and receivables with banks in addition to the loans and receivables with customers while cash and cash balances fell. On the liabilities side, there was an increase in deposits from customers and banks. The shareholders' equity shown in the balance sheet rose slightly by €0.1 billion, or 0.6%, to €20.9 billion.

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" contains further information on the development of liquidity of HVB Group under the heading "Liquidity risk".

With our customer-centric business model, high capital base, solid funding foundation and good market position in our core business areas, we are a sought-after, 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 through the realignment of its retail banking activities as completed in the 2015 financial year together with the implementation of the measures agreed to boost efficiency and earnings from the 2016–2018 Strategic Plan 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 very 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 business segment") which we set out below. By doing so, we are following the Management Approach incorporated into our segment reporting.

Income/Expenses	1/1–31/3/2016 € millions	1/1–31/3/2015 € millions	CHANGE € millions	in %
Net interest	642	652	(10)	(1.5)
Dividends and other income from equity investments	41	6	+ 35	>+ 100.0
Net fees and commissions	291	302	(11)	(3.6)
Net trading income	104	180	(76)	(42.2)
Net other expenses/income	62	21	+ 41	>+ 100.0
OPERATING INCOME	**1,140**	**1,161**	**(21)**	**(1.8)**
Payroll costs	(440)	(464)	+ 24	(5.2)
Other administrative expenses	(373)	(403)	+ 30	(7.4)
Amortisation, depreciation and impairment losses on intangible and tangible assets	(62)	(50)	(12)	+ 24.0
Operating costs	**(875)**	**(917)**	**+ 42**	**(4.6)**
OPERATING PROFIT	**265**	**244**	**+ 21**	**+ 8.6**
Net write-downs of loans and provisions for guarantees and commitments	(50)	(62)	+ 12	(19.4)
NET OPERATING PROFIT	**215**	**182**	**+ 33**	**+ 18.1**
Provisions for risks and charges	(6)	(2)	(4)	>+ 100.0
Restructuring costs	—	—	—	—
Net income from investments	1	17	(16)	(94.1)
PROFIT BEFORE TAX	**210**	**197**	**+ 13**	**+ 6.6**
Income tax for the period	(72)	(66)	(6)	+ 9.1
PROFIT AFTER TAX	**138**	**131**	**+ 7**	**+ 5.3**
Impairment on goodwill	—	—	—	—
CONSOLIDATED PROFIT	**138**	**131**	**+ 7**	**+ 5.3**

Net interest

We generated net interest in the reporting period of €642 million, which was only €10 million, or 1.5%, lower than the equivalent year-ago figure, in an environment weighed down by persistently very low interest rates which worsened further in the first quarter of 2016.

Within this total, there was a slight 2.3% decline to €384 million in net interest in the Commercial Banking business segment. This was caused partly by an increase in the volumes of real estate finance in retail banking operations with stable margins, strong new business in consumer loan operations and a slight recovery in the demand for credit on the corporate banking side with almost stable margins. By contrast, deposit-taking operations were still impacted by the persistently ultra-low interest rates.

Pleasingly, higher volumes in lending operations in the CIB business segment offset the constantly narrowing margins and the decline in trading-induced interest at least in part. This resulted in the net interest of €259 million being only €10 million, or 3.7%, lower than the figure recorded in the same period last year (first quarter of 2015: €269 million).

In the Other/consolidation business segment, there was a net interest expense of €1 million compared with a net expense of €10 million in the same quarter last year in an environment of ultra-low interest rates.

Dividends and other income from equity investments

Income of €41 million from dividends and other income was generated from equity investments during the reporting period (first quarter of 2015: €6 million). This total includes an extraordinary dividend payout from our investment in EURO Kartensysteme GmbH and another significant dividend yield from our shareholdings.

Business Performance of HVB Group (Continued)

Net fees and commissions
We recorded €291 million for net fees and commissions in the reporting period. The slight decline of €11 million compared with the equivalent quarter last year is almost exclusively due to the deconsolidation effect of PlanetHome AG and its subsidiaries sold in the second quarter of 2015. The deconsolidation effect is shown particularly by the €10 million decrease in fees and commissions from other service operations. Fees and commissions in management, brokerage and consultancy services were also down by €6 million to €155 million primarily as a result of a lower result in our securities operations. At €48 million, fees and commissions from payment services were able to be maintained almost at the level of the equivalent period last year (€50 million). There was a healthy increase of €7 million to €90 million in fees and commissions in lending operations.

Net trading income
Net trading income fell by €76 million, or 42.2%, to €104 million in the very volatile market environment of the first quarter of 2016.

A significant contribution to net trading income was made by the business with equity derivatives that did not, however, match the good year-ago figure. The results in currency-related operations and in the Treasury business were also below those of the equivalent quarter last year largely on account of the difficult market environment at the beginning of the year and the resulting reticence of customers. In addition, funding valuation adjustments impacted the first quarter of 2016 as these have been recognised in profit or loss for the first time since the fourth quarter of 2015 and have thus not yet been recognised as an expense in the first quarter of the previous year. However, these expenses will be compensated by a positive effect from lower credit valuation adjustments year-on-year.

Net other expenses/income
Net other expenses/income were up by €41 million to €62 million in the first quarter of 2016. This can be attributed notably to higher income in connection with our Bard Offshore 1 offshore wind farm.

Operating costs
In the reporting period, we continued our consistent cost management and thus reduced operating costs by €42 million, or 4.6%, to €875 million compared with the equivalent quarter last year. Within this total, payroll costs fell by €24 million, or 5.2%, to €440 million mainly as a result of a lower headcount. Other administrative expenses were also down by €30 million, or 7.4%, to €373 million. This cost reduction arose from lower marketing expenses, less use of external advisory services and declining building costs. By contrast, amortisation, depreciation and impairment losses on intangible and tangible assets rose by €12 million to €62 million, largely as a result of an adjustment in the concept for scheduled depreciation in connection with our Bard Offshore 1 wind farm.

Operating profit (before net write-downs of loans and provisions for guarantees and commitments)
The operating profit of HVB Group was up by €21 million, or 8.6%, to €265 million in the reporting period on the back of almost stable operating income, chiefly due to the decline in operating costs. This resulted in an improvement in the cost-income ratio (ratio of operating expenses to operating income) from 79.0% in the first quarter of 2015 to 76.8% in the reporting period.

Net write-downs of loans and provisions for guarantees and commitments and net operating profit
At €50 million, net write-downs of loans and provisions for guarantees and commitments were lower than the already low figure of €62 million recorded in the equivalent period last year and are thus still at a very low level. This produces a historically low cost-of-risk for HVB Group (ratio of net write-downs of loans and provisions for guarantees and commitments to average holdings of receivables with customers) of 18 basis points in the first three months of 2016 compared with the 23 basis points in the equivalent period last year.

Net operating profit thus rose a pleasing 18.1%, or €33 million, to €215 million.

Provisions for risks and charges
In the first quarter of 2016, there were expenses of €6 million for net additions/net reversals in the non-lending business (first quarter of 2015: €2 million expenses for net additions/net reversals).

Net income from investments

Net income from investments came to €1 million in the first quarter of 2016 resulting essentially from gains on the disposal of investment properties.

For the equivalent period last year, HVB Group reported net income from investments of €17 million resulting primarily from gains of €9 million and €8 million on the disposal of investment properties and available-for-sale financial assets respectively.

Profit before tax, income tax for the period and consolidated profit

HVB Group generated a profit before tax of €210 million in the reporting period, which increased by €13 million or 6.6% compared with the equivalent year-ago result. Income tax in the reporting period thus rose by €6 million, or 9.1%, to €72 million. After deducting income tax, the consolidated profit amounted to €138 million for the first quarter of 2016, which surpassed the equivalent year-ago figure by €7 million or 5.3%.

Segment results by business segment

The business segments contributed the following amounts to the profit before tax of €210 million in the first quarter of 2016 from the continuing operations of HVB Group:

(€ millions)

	1/1–31/3/2016	1/1–31/3/2015
Commercial Banking	107	44
Corporate & Investment Banking	58	138
Other/consolidation	45	15

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 business segment", in the present Interim Report. The tasks and objectives of each business segment are described in detail in Note 29, "Method and components of segment reporting by business segment" in our 2015 consolidated financial statements.

Financial situation

Total assets

The total assets of HVB Group increased by €15.1 billion, or 5.1%, to €313.9 billion in the first quarter of 2016 compared with year-end 2015.

The increase in total assets on the assets side is particularly due to the rise of €11 billion to €43.8 billion in loans and receivables with banks with essentially reverse repos rising by €10.1 billion within this total. In response to the further increase in the interest charged on financial investments in the first quarter of 2016, our balances with central banks were significantly reduced by €5.7 billion to €5.7 billion in the balance sheet item cash and cash balances compared with year-end 2015. The increase in total assets can also be attributed to the financial assets held for trading, which were up by €5.1 billion to €102.9 billion. This is due to the increase of €6.4 billion in the positive fair values of derivative financial instruments while the equity instruments fell by €1.7 billion. Financial assets at fair value through profit or loss were also up by €1.6 billion to €35.4 billion. Moreover, a €2.6 billion rise to €116.1 billion was recorded in loans and receivables with customers. Volumes expanded primarily in other loans and receivables with customers (up €1.5 billion to €55.8 billion) and in reverse repos (up €1.1 billion to €1.4 billion). The increase of €1.3 billion to €1.4 billion in the balance sheet item non-current assets or disposal groups held for sale relates primarily to assets in connection with the sale of our Bankhaus Neelmeyer AG subsidiary to Bremer Kreditbank Aktiengesellschaft. The closing is still subject to approval by the authorities responsible.

On the liabilities side, particularly deposits from customers were up by €6.4 billion to €114.1 billion. This increase was largely due to repos (up €3.2 billion). In addition, there were also increases within this balance sheet item in term deposits (up €2.0 billion) and cash collateral and pledged credit balances (up €1.7 billion). A €4.4 billion rise to €62.9 billion was also recorded in deposits from banks. Within this total, repos were notably up by €6.7 billion alongside an increase

Business Performance of HVB Group (Continued)

of €1.9 billion in credit balances on current accounts, while €4.0 billion in deposits from central banks were repaid. Compared with year-end 2015, a €2.1 billion rise to €79.3 billion was posted in financial liabilities held for trading which, in line with the financial assets held for trading, is due to an increase in the negative fair values of derivative financial instruments (up €3.8 billion). The €1.2 billion rise to €1.2 billion in the balance sheet item liabilities of disposal groups held for sale is related to the sale of the Bankhaus Neelmeyer AG subsidiary in accordance with the respective balance sheet item on the assets side.

The shareholders' equity shown in the balance sheet increased slightly by 0.6%, or €0.1 million, to €20.9 billion at 31 March 2016. This increase is solely due to the consolidated profit generated in the first quarter of 2016.

The contingent liabilities and other commitments not included in the balance sheet fell by €3.5 billion to €64.6 billion at 31 March 2016 compared with the 2015 year-end total. This figure includes a significant decline of €3.8 billion to €44.9 billion in irrevocable credit commitments. By contrast, the contingent liabilities in the form of financial guarantees rose slightly by €0.2 billion to €19.6 billion. These contingent liabilities are offset by contingent assets of the same amount.

Risk-weighted assets, key capital ratios, liquidity and leverage ratio 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 €82.9 billion at 31 March 2016 and are thus €4.9 billion higher than year-end 2015.

The risk-weighted assets for credit risk (including counterparty default risk) determined by applying partial use increased by €1.5 billion to €59.5 billion. In the process, credit risk (excluding counterparty risk) rose by €0.9 billion at HVB, particularly on account of higher exposure values in the area of corporate customers. HVB's counterparty risk also rose by €0.3 billion. At subsidiaries, the risk-weighted assets for credit risk (including counterparty risk) expanded by €0.3 billion.

The risk-weighted assets for market risk rose by €3.8 billion to €13.6 billion. This is primarily due to an increase in market risk on the part of HVB's internal market risk model.

The risk-weighted asset equivalents for operational risk decreased by €0.4 billion to €9.9 billion mainly as a result of adjustments in the area of the Standard Approach.

At 31 March 2016, 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 €19.5 billion and had thus fallen by €0.1 billion compared with year-end 2015 (31 December 2015: €19.6 billion in accordance with the approved annual financial statements). 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) amounted to 23.5% at 31 March 2016 (year-end 2015: 25.1% in both cases). The decline in what is still an excellent core capital ratio is due mainly to the increase in risk-weighted assets and is related to the rise in total assets, which is partly attributable to the expansion of business in the first quarter of 2016. The equity capital amounted to €20.0 billion at 31 March 2016 (31 December 2015: €20.1 billion). The equity funds ratio was 24.1% at the end of March 2016 (31 December 2015: 25.8%).

To ensure sufficient liquidity at all times, key figures are used, among other things, which act as triggers. A detailed description of the management of liquidity and the liquidity position is given in the section of the Risk Report of our 2015 consolidated financial statements and in this Interim Report entitled "Development of Selected Risks". 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 decreased to 1.17 by the end of March 2016 compared with year-end 2015 (1.21).

In the context of the introduction of new European liquidity requirements under Basel III, the German Liquidity Regulation (Liquiditätsverordnung – LiqV) will also be supplemented by the new Liquidity Coverage Ratio (LCR). The LCR is the ratio of the liquidity cushion (high-quality liquid assets – HQLA) of a bank to its net cash outflows over a stress period of 30 calendar days, expressed as a percentage. The LCR must be observed as of a transitional period commencing 1 October 2015. The minimum requirement will be gradually increased up to 100% by 1 January 2018. The requirement of 70% valid at 31 March 2016 is significantly surpassed at HVB with a figure of over 100%.

The leverage ratio is determined by setting the core capital measure against the total exposure measure. The total exposure measure is the sum total of the exposure values of all assets and off-balance sheet items. According to the regulatory report at 31 March 2016, HVB Group's leverage ratio was 6.1% as compared with 5.9% at year-end 2015. In this context, the increase in the balance sheet figures for derivatives and for securities repurchase agreements and securities lending transactions in the first quarter of 2016 did not affect the leverage ratio because lower regulatory figures were taken for these items. Instead, the decline in off-balance sheet business (contingent liabilities) had a positive effect on the development of the leverage ratio.

The leverage ratio of HVB Group in accordance with the Commission Delegated Regulation (EU) 2015/62, which came into force on 18 January 2015, amounted to 6.2% at 31 March 2016 (year-end 2015: 6.2%). The difference between the regulatory percentage and the percentage according to the Delegated Regulation stems from the methods specified in the Commission Delegated Regulation to calculate the exposure in derivative positions, the treatment of collateral received in securities financing transactions and the application to off-balance sheet items of credit conversion factors as defined in the credit risk Standard Approach.

Ratings

The ratings of countries and banks are subject to constant monitoring by rating agencies. During the last year, 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, 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 January 2016, Moody's reviewed its ratings for German banks in light of the amendment to German insolvency law taking effect in January 2017. In doing so, it downgraded the senior unsecured rating for HVB to Baa1 from A3 with a stable outlook. The deposit rating was left at A2, similarly with a stable outlook. The counterparty risk rating was confirmed at A1.

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 the resolution plans it is to draw up.

In March 2016, Fitch Ratings confirmed its A- rating for HVB. Since May 2015, a potential state aid for German private banks has no longer been included in the Fitch ratings in this connection. The outlook remains negative, as Fitch believes the fungibility of capital and liquidity could increase within banking groups under the direct supervision of the ECB.

Development of Selected Risks

In the 2015 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.

1 Credit risk

Credit default risk
The following tables and charts for credit default risk 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 €288 million (31 December 2015: €397 million), is earmarked for elimination without any new business being written. The aggregate exposure to credit default risk is called credit default risk exposure, or simply exposure, below. Issuer risk arising from the trading book is, moreover, 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.

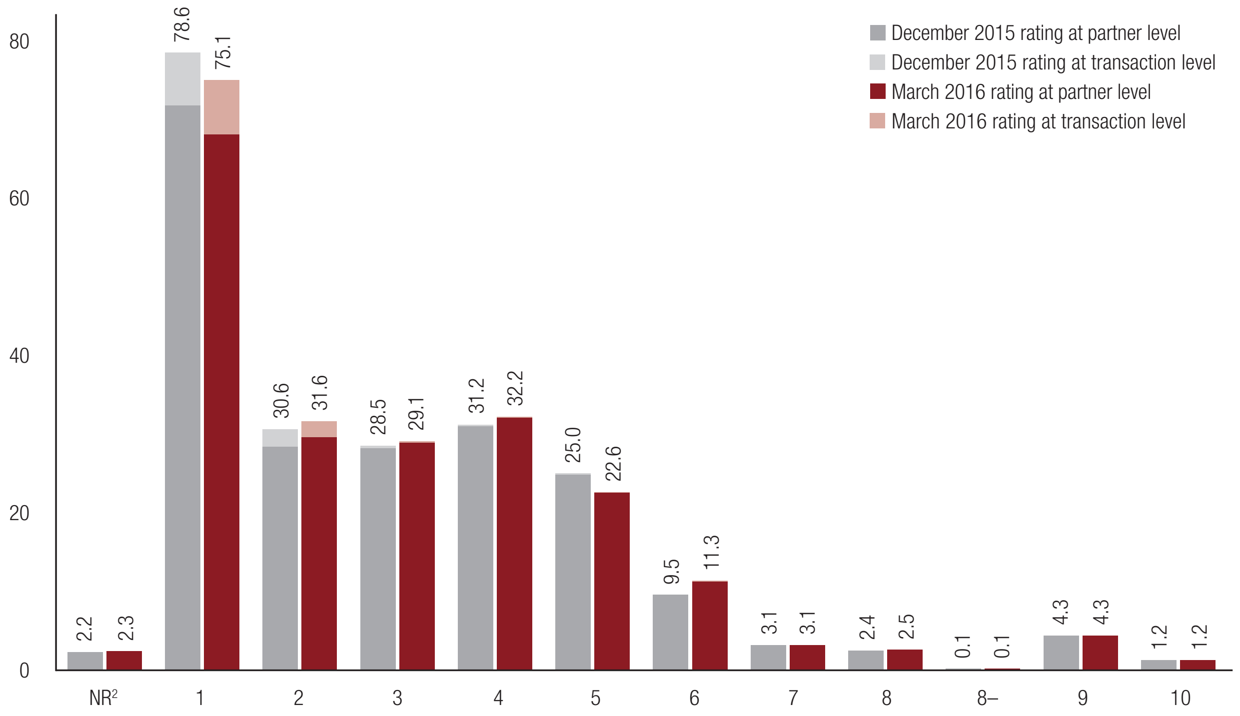
The total exposure of HVB Group fell by €1.8 billion in the first quarter of 2016. The decline in exposure results notably from developments in the financial institutions (including sovereigns) and public sector industry groups in the CIB business segment (down €2.9 billion), which is mainly attributable to a reduction in the liquidity placed with Deutsche Bundesbank. This is set against an increase in exposure in the Commercial Banking business segment (up €1.2 billion).

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

Breakdown of exposure by business segment	CREDIT DEFAULT RISK[2]		OF WHICH COUNTERPARTY RISK		OF WHICH ISSUER RISK IN BANKING BOOK		ISSUER RISK IN TRADING BOOK		TOTAL	
	31/3/2016	31/12/2015	31/3/2016	31/12/2015	31/3/2016	31/12/2015	31/3/2016	31/12/2015	31/3/2016	31/12/2015
Commercial Banking	94.2	93.0	4.4	3.8	0.1	0.2	0	0	94.2	93.0
Corporate & Investment Banking	119.6	121.8	21.6	19.5	45.9	43.2	6.5	7.2	126.1	129.0
Other/consolidation	1.6	1.7	0.1	0.1	0.1	0.1	0	0	1.6	1.7
HVB Group	**215.4**	**216.5**	**26.1**	**23.4**	**46.1**	**43.5**	**6.5**	**7.2**	**221.9**	**223.7**

1 total of non-performing and performing exposure
2 excluding issuer risk in the trading book

Breakdown of credit default risk exposure[1] by rating class (€ billions)



1 total of non-performing and performing exposure excluding issuer risk in the trading book
2 not rated

The HVB Group rating structure changed during the first quarter of 2016 mainly on account of a decrease of €3.5 billion in exposure in rating class 1 arising from developments in the financial institutions (including sovereigns) industry group. The main reason for this is a reduction of the liquidity placed with Deutsche Bundesbank. In contrast, the exposure in the rating classes 2, 3 and 4 rose on account of both rating migrations and an expansion of business written in various industries.

Development of Selected Risks (Continued)

Development of metrics by industry group

Industry group	CREDIT DEFAULT RISK EXPOSURE[1] € billions 31/3/2016	CREDIT DEFAULT RISK EXPOSURE[1] € billions 31/12/2015	EXPECTED LOSS[2] € millions 31/3/2016	EXPECTED LOSS[2] € millions 31/12/2015	RISK DENSITY in BPS[3] 31/3/2016	RISK DENSITY in BPS[3] 31/12/2015
Financial institutions (incl. sovereigns)	46.3	49.8	35	34	8	7
Public sector	33.7	32.3	3	2	1	1
Real estate	24.7	24.6	27	27	11	11
Energy	11.3	10.2	39	18	36	18
Special products	10.4	12.2	14	29	14	24
Chemicals, pharmaceutics, health	9.1	9.0	19	17	22	19
Food, beverages, agriculture	7.9	7.6	15	14	19	17
Automotive industry	7.4	6.7	8	9	12	14
Consumer goods, textile industry	6.9	6.6	15	14	23	21
Services	5.3	5.2	18	17	34	34
Transport, travel	5.2	5.1	11	11	25	25
Shipping	5.0	5.3	67	76	187	192
Metals	4.9	4.7	16	14	35	32
Construction, wood	4.6	4.6	12	10	27	22
Machinery	4.1	3.9	12	10	29	27
Telecom, IT	4.0	4.1	6	5	14	13
Electronics	2.3	2.4	3	3	12	11
Media, paper	1.7	1.7	5	5	32	34
Tourism	1.5	1.4	4	4	25	25
Retail	19.1	19.1	28	30	15	16
HVB Group	**215.4**	**216.5**	**357**	**349**	**17**	**17**

1 total of non-performing and performing exposure excluding issuer risk in the trading book
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 presentation of the industry groups has been modified in parts. The machinery and metals industry groups are now shown separately, whereas the consumer goods industry group has now been consolidated with the textile industry group and the food, beverages industry group has been combined with the agriculture industry group.

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

The exposure in the financial institutions (including sovereigns) industry group declined by €3.5 billion in the first quarter of 2016. The main reason for this was the decline in liquidity placed with Deutsche Bundesbank. The €1 million increase in the expected loss can be attributed among other things to a slight increase in exposure and rating changes for individual customers. The risk density deteriorated slightly, from 7 basis points to 8 basis points, as a result.

The exposure in the special products industry group fell by €1.8 billion in the first quarter of 2016 compared with year-end 2015, primarily on account of the reallocation of a transaction to the energy industry group. As a result, the expected loss and the risk density in the special products industry group have both fallen sharply. The reduction of the non-strategic portion of the portfolio is being systematically continued.

The exposure recorded for the shipping industry group declined in the first quarter of 2016 on account of the weakening of the US dollar against the euro. In US dollar terms, the new business written largely balanced regular instalments and repaid loans. The expected loss declined at a faster rate due to individual transfers to the non-performing portfolio as well as due to improved ratings. The risk density improved accordingly.

The €1.4 billion increase in exposure in the public sector industry group in the first three months of 2016 can be attributed to own liquidity placements. The expected loss moved in the same direction on account of the higher volume. The risk density remained at the same outstanding level of 1 basis point. The exposure remains comfortably within the industry limit defined for this segment.

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	31/3/2016	31/12/2015	31/3/2016	31/12/2015	31/3/2016	31/12/2015
Interest rate derivatives	955,410	767,378	804,038	2,526,826	2,556,410	75,481	64,452	71,240	62,123
Foreign exchange derivatives	280,902	31,300	902	313,104	310,378	3,961	4,028	4,285	4,464
Cross-currency swaps	45,234	99,506	54,527	199,267	218,769	6,486	6,502	7,442	7,906
Equity/index derivatives	33,641	35,000	7,327	75,968	76,138	2,570	2,158	3,009	2,955
Credit derivatives	14,003	46,383	3,459	63,845	69,521	1,336	1,446	1,132	1,124
– purchased	6,898	23,514	1,948	32,360	35,160	360	459	809	695
– written	7,105	22,869	1,511	31,485	34,361	976	987	323	429
Other transactions	6,709	2,560	818	10,087	9,969	682	671	360	384
HVB Group	**1,335,899**	**982,127**	**871,071**	**3,189,097**	**3,241,185**	**90,516**	**79,257**	**87,468**	**78,956**

Derivative transactions by counterparty type

(€ millions)

	FAIR VALUE			
	POSITIVE		NEGATIVE	
	31/3/2016	31/12/2015	31/3/2016	31/12/2015
Central governments and central banks	7,438	5,541	1,911	1,754
Banks	50,141	45,348	53,030	49,735
Financial institutions	29,261	24,921	30,106	24,939
Other companies and private individuals	3,676	3,447	2,421	2,528
HVB Group	**90,516**	**79,257**	**87,468**	**78,956**

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 €6.4 billion at 31 March 2016 (31 December 2015: €6.0 billion) for the derivatives business.

2 Market risk

All transactions exposed to market risk in the trading and banking books of HVB Group are aggregated every day to form value-at-risk (VaR) metrics 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 by using VaR limits, whereas limits are set for the combination of trading and banking books by total VaR limits. Both groups of limits are equally binding and compliance is equally enforceable.

Development of Selected Risks (Continued)

The existing VaR limits at HVB Group level were reaffirmed at the beginning of 2016 when the HVB Group risk strategy was adopted. The total VaR limit of €90 million and the trading book limit of €37 million were thus left unchanged.

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, 99.00% confidence level, one-day holding period) (€ millions)

	PERIOD-END TOTALS		AVERAGES				
	31/3/2016	31/12/2015	2016	Q1 2016	Q4 2015	Q3 2015	Q2 2015
Credit spread risks	4	4	5	5	3	4	4
Interest rate positions	6	3	5	5	3	4	6
Foreign exchange positions	2	2	2	2	2	1	1
Equity/index positions[1]	4	4	4	4	3	2	2
HVB Group[2]	**6**	**7**	**8**	**8**	**5**	**5**	**7**

1 including commodity risk
2 Because of the diversification effects between the risk categories, the total risk is less than the sum of the individual risks.

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

Regulatory metrics of HVB Group (€ millions)

	31/3/2016	31/12/2015	30/9/2015	30/6/2015	31/3/2015
Value-at-risk	263	75	102	81	87
Stressed value-at-risk	257	165	245	321	314
Incremental risk charge	251	227	237	243	283
Market risk Standard Approach	5	5	3	3	3
CVA value-at-risk	44	41	32	36	55
Stressed CVA value-at-risk	204	214	183	191	187
CVA Standard Approach	59	48	82	103	99

Alongside the market risk 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, 99.00% confidence level, one-day holding period) (€ millions)

	PERIOD-END TOTALS		AVERAGES				
	31/3/2016	31/12/2015	2016	Q1 2016	Q4 2015	Q3 2015	Q2 2015
Credit spread risks	26	23	26	26	24	24	24
Interest rate positions	11	8	12	12	8	8	8
Foreign exchange positions	5	8	6	6	9	7	1
Equity/index positions[1]	4	4	5	5	3	3	3
HVB Group[2]	**33**	**31**	**32**	**32**	**29**	**30**	**26**

1 including commodity risk
2 Because of the diversification effects between the risk categories, the total risk is less than the sum of the individual risks.

3 Liquidity risk

The European sovereign debt crisis continues to cast a long shadow over the banking industry. The monetary and economic measures taken notably within the European Union to date temporarily calmed the markets. In particular, uncertainty about developments in Greece and China, coupled with the possible economic and political effects of the influx of refugees from countries like Syria and the terrorist activities of IS, has led to greater uncertainty in 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 good performance in the first quarter of 2016 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 liquidity situation to remain very comfortable in light of a slight increase in economic output in Europe. Counterbalancing the difficulties emerging from the consequences of the sovereign debt crisis continues to be a major challenge.

Short-term liquidity risk
Within the framework of our limit system, we showed an overall positive balance of short-term liquidity risk of €44.3 billion in HVB Group for the three-month maturity bucket at the end of March 2016 (31 March 2015: €27.2 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 €36.4 billion at the end of the first quarter of 2016 (31 March 2015: €23.6 billion).

We include Bank-specific, market-wide and combined scenarios when conducting our stress tests. The calculations at the end of the first quarter of 2016 showed that the available liquidity reserves were sufficient to cover the funding requirements 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 reporting period. The funds available exceeded its payment obligations for the following month by an average of €20.0 billion for HVB Group in the first quarter of 2016 (€16.7 billion for the first quarter of 2015) and €21.4 billion at 31 March 2016. 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 first quarter of 2016 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. By the end of March 2016, HVB Group had secured long-term funding with a volume of €2.9 billion (31 March 2015: €1.8 billion). At the end of March 2016, 101.8% (31 March 2015: 96.8%) 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

INCOME/EXPENSES	NOTES	1/1–31/3/2016 € millions	1/1–31/3/2015 € millions	CHANGE € millions	CHANGE in %
Interest income		1,045	1,142	(97)	(8.5)
Interest expense		(403)	(490)	+ 87	(17.8)
Net interest	5	642	652	(10)	(1.5)
Dividends and other income from equity investments	6	41	6	+ 35	>+ 100.0
Net fees and commissions	7	291	302	(11)	(3.6)
Net trading income	8	104	180	(76)	(42.2)
Net other expenses/income	9	62	21	+ 41	>+ 100.0
Payroll costs		(440)	(464)	+ 24	(5.2)
Other administrative expenses		(373)	(403)	+ 30	(7.4)
Amortisation, depreciation and impairment losses on intangible and tangible assets		(62)	(50)	(12)	+ 24.0
Operating costs		(875)	(917)	+ 42	(4.6)
Net write-downs of loans and provisions for guarantees and commitments	10	(50)	(62)	+ 12	(19.4)
Provisions for risks and charges		(6)	(2)	(4)	>+ 100.0
Restructuring costs		—	—	—	—
Net income from investments	11	1	17	(16)	(94.1)
PROFIT BEFORE TAX		**210**	**197**	**+ 13**	**+ 6.6**
Income tax for the period		(72)	(66)	(6)	+ 9.1
PROFIT AFTER TAX		**138**	**131**	**+ 7**	**+ 5.3**
Impairment on goodwill		—	—	—	—
CONSOLIDATED PROFIT		**138**	**131**	**+ 7**	**+ 5.3**
attributable to the shareholder of UniCredit Bank AG		137	129	+ 8	+ 6.2
attributable to minorities		1	2	(1)	(50.0)

Earnings per share

(in €)

	NOTES	1/1–31/3/2016	1/1–31/3/2015
Earnings per share (undiluted and diluted)	12	0.17	0.16

Consolidated statement of total comprehensive income

(€ millions)

	1/1–31/3/2016	1/1–31/3/2015
Consolidated profit recognised in the income statement	**138**	**131**
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)	—	—
Non-current assets held for sale	—	—
Other changes	—	—
Taxes on income and expenses not to be reclassified to the income statement in future periods	—	—
Income and expenses to be reclassified to the income statement in future periods		
Changes from foreign currency translation	(8)	8
Changes from companies accounted for using the equity method	—	—
Changes in valuation of financial instruments (AfS reserve)	12	(5)
Unrealised gains/(losses)	12	2
Gains/(losses) reclassified to the income statement	—	(7)
Changes in valuation of financial instruments (hedge reserve)	(4)	5
Unrealised gains/(losses)	—	—
Gains/(losses) reclassified to the income statement	(4)	5
Other changes	—	—
Taxes on income and expenses to be reclassified to the income statement in future periods	(2)	(1)
Total income and expenses recognised in equity under other comprehensive income	**(2)**	**7**
Total comprehensive income	**136**	**138**
of which:		
attributable to the shareholder of UniCredit Bank AG	135	136
attributable to minorities	1	2

Consolidated Balance Sheet

ASSETS	NOTES	31/3/2016 € millions	31/12/2015 € millions	CHANGE € millions	CHANGE in %
Cash and cash balances		5,703	11,443	(5,740)	(50.2)
Financial assets held for trading	13	102,861	97,800	+ 5,061	+ 5.2
Financial assets at fair value through profit or loss	14	35,378	33,823	+ 1,555	+ 4.6
Available-for-sale financial assets	15	1,156	1,354	(198)	(14.6)
Investments in associates and joint ventures	16	49	56	(7)	(12.5)
Held-to-maturity investments	17	51	63	(12)	(19.0)
Loans and receivables with banks	18	43,800	32,832	+ 10,968	+ 33.4
Loans and receivables with customers	19	116,074	113,488	+ 2,586	+ 2.3
Hedging derivatives		519	450	+ 69	+ 15.3
Hedge adjustment of hedged items					
in the fair value hedge portfolio		62	57	+ 5	+ 8.8
Property, plant and equipment		2,961	3,230	(269)	(8.3)
Investment properties		1,102	1,163	(61)	(5.2)
Intangible assets		460	462	(2)	(0.4)
of which: goodwill		418	418	—	—
Tax assets		1,572	1,631	(59)	(3.6)
Current tax assets		319	347	(28)	(8.1)
Deferred tax assets		1,253	1,284	(31)	(2.4)
Non-current assets or disposal groups held for sale		1,366	104	+ 1,262	>+ 100.0
Other assets		764	789	(25)	(3.2)
Total assets		**313,878**	**298,745**	**+ 15,133**	**+ 5.1**

LIABILITIES	NOTES	31/3/2016 € millions	31/12/2015 € millions	CHANGE € millions	in %
Deposits from banks	21	62,905	58,480	+ 4,425	+ 7.6
Deposits from customers	22	114,135	107,690	+ 6,445	+ 6.0
Debt securities in issue	23	26,820	26,002	+ 818	+ 3.1
Financial liabilities held for trading	24	79,260	77,148	+ 2,112	+ 2.7
Hedging derivatives		888	1,049	(161)	(15.3)
Hedge adjustment of hedged items					
in the fair value hedge portfolio		2,351	2,030	+ 321	+ 15.8
Tax liabilities		778	745	+ 33	+ 4.4
Current tax liabilities		675	646	+ 29	+ 4.5
Deferred tax liabilities		103	99	+ 4	+ 4.0
Liabilities of disposal groups held for sale		1,212	31	+ 1,181	>+ 100.0
Other liabilities		2,504	2,572	(68)	(2.6)
Provisions	25	2,127	2,232	(105)	(4.7)
Shareholders' equity		20,898	20,766	+ 132	+ 0.6
Shareholders' equity attributable to the shareholder					
of UniCredit Bank AG		20,894	20,762	+ 132	+ 0.6
Subscribed capital		2,407	2,407	—	—
Additional paid-in capital		9,791	9,791	—	—
Other reserves		8,114	8,125	(11)	(0.1)
Changes in valuation of financial instruments		47	41	+ 6	+ 14.6
AfS reserve		20	11	+ 9	+ 81.8
Hedge reserve		27	30	(3)	(10.0)
Consolidated profit 2015		398	398	—	—
Net profit 1/1–31/3/2016[1]		137	—	+ 137	>+ 100.0
Minority interest		4	4	—	—
Total shareholders' equity and liabilities		**313,878**	**298,745**	**+ 15,133**	**+ 5.1**

1 attributable to the shareholder of UniCredit Bank AG

The 2015 profit available for distribution disclosed in the separate financial statements of UniCredit Bank AG (corresponding to the consolidated profit of HVB Group), which forms the basis for the appropriation of profit, amounts to €398 million. We will propose to the Shareholders' Meeting that a dividend of €398 million be paid to UniCredit S.p.A. (UniCredit), Rome, Italy. This represents a dividend of around €0.50 per share after around €0.78 in 2014.

Statement of Changes in Shareholders' Equity

	SUBSCRIBED CAPITAL	ADDITIONAL PAID-IN CAPITAL	OTHER RESERVES: TOTAL OTHER RESERVES	OTHER RESERVES: OF WHICH: PENSIONS AND SIMILAR OBLIGATIONS (IAS 19)
Shareholders' equity at 1/1/2015	**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]	**—**	**—**	**8**	**—**
Changes in valuation of financial instruments not affecting income	—	—	—	—
Changes in valuation of financial instruments affecting income	—	—	—	—
Actuarial gains/(losses) on defined benefit plans	—	—	—	—
Reserve arising from foreign currency translation	—	—	8	—
Other changes	—	—	—	—
Total other changes in equity	**—**	**—**	**—**	**—**
Dividend payouts	—	—	—	—
Transfers from consolidated profit	—	—	—	—
Changes in group of consolidated companies	—	—	—	—
Capital decreases	—	—	—	—
Shareholders' equity at 31/3/2015	**2,407**	**9,791**	**7,668**	**(1,245)**
Shareholders' equity at 1/1/2016	**2,407**	**9,791**	**8,125**	**(1,135)**
Consolidated profit recognised in the consolidated income statement	**—**	**—**	**—**	**—**
Total income and expenses recognised in equity under other				
comprehensive income[4]	**—**	**—**	**(8)**	**—**
Changes in valuation of financial instruments not affecting income	—	—	—	—
Changes in valuation of financial instruments affecting income	—	—	—	—
Actuarial gains/(losses) on defined benefit plans	—	—	—	—
Reserve arising from foreign currency translation	—	—	(8)	—
Other changes	—	—	—	—
Total other changes in equity	**—**	**—**	**(3)**	**—**
Dividend payouts	—	—	—	—
Transfers from consolidated profit	—	—	—	—
Changes in group of consolidated companies	—	—	(3)	—
Capital decreases	—	—	—	—
Shareholders' equity at 31/3/2016	**2,407**	**9,791**	**8,114**	**(1,135)**

1 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. We will propose to the Shareholders' Meeting that a dividend of €398 million (corresponding to the 2015 consolidated profit of HVB Group), be paid to our sole shareholder UniCredit S.p.A. (UniCredit), Rome, Italy. This represents a dividend of around €0.50 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 1/1–31/3[2]	TOTAL SHAREHOLDERS' EQUITY ATTRIBUTABLE TO THE SHAREHOLDER OF HVB[3]	MINORITY INTEREST	TOTAL SHAREHOLDERS' EQUITY
54	27	627	—	20,566	31	20,597
—	—	—	129	129	2	131
(5)	4	—	—	7	—	7
—	—	—	—	—	—	—
(5)	4	—	—	(1)	—	(1)
—	—	—	—	—	—	—
—	—	—	—	8	—	8
—	—	—	—	—	—	—
—	—	—	—	—	—	—
—	—	—	—	—	—	—
—	—	—	—	—	—	—
—	—	—	—	—	—	—
—	—	—	—	—	—	—
49	31	627	129	20,702	33	20,735
11	30	398	—	20,762	4	20,766
—	—	—	137	137	1	138
9	(3)	—	—	(2)	—	(2)
9	—	—	—	9	—	9
—	(3)	—	—	(3)	—	(3)
—	—	—	—	—	—	—
—	—	—	—	(8)	—	(8)
—	—	—	—	—	—	—
—	—	—	—	(3)	(1)	(4)
—	—	—	—	—	(2)	(2)
—	—	—	—	—	—	—
—	—	—	—	(3)	1	(2)
—	—	—	—	—	—	—
20	27	398	137	20,894	4	20,898

Accounting and Valuation

1 Accounting and valuation principles

The amounts shown in the tables and texts below relate to the reporting date of 31 March 2016 for disclosures regarding balance sheet items, or 31 December 2015 in the case of figures for the previous year, and totals for the period from 1 January to 31 March of the respective year for disclosures regarding the income statement.

IFRS basis

We are not formally obliged to prepare interim reports and 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).

HVB Group reviews the depreciation methods and estimated useful lives applied to its property, plant and equipment on an annual basis, modifying them accordingly when material changes occur in the anticipated economic usage of the assets or the expectations differ from earlier assessments. At the beginning of 2016, we modified both the depreciation concept and the useful life of our Bard Offshore 1 wind farm. The adjustment to the anticipated development results from the accounting-related change in the estimated consumption of the potential economic benefits and an extension of the depreciation period to 28 years (up 3 years). This reflects the actual wear and tear on the plant more accurately, leading overall to additional depreciation of €11 million being recognised in the consolidated income statement in the reporting period (first quarter of 2016). In the subsequent periods, the modified depreciation concept will entail higher annual depreciation amounts in relative terms at first, despite the longer useful life.

We have applied the same accounting, valuation and disclosure principles in 2016 as in the consolidated financial statements for 2015 (please refer to the HVB Group Annual Report for 2015, starting on page 124).

The changes in the following standards newly published or revised by the IASB are mandatorily applicable in the EU for the first time in the 2016 financial year:
– Amendments to IFRS 11 “Accounting for Acquisitions of Interests in Joint Operations”
– Amendments to IAS 1 “Presentation of Financial Statements – Disclosure Initiative”
– Amendments to IAS 16 and IAS 38 – “Clarification of Acceptable Methods of Depreciation and Amortisation”
– Amendments to IAS 19 “Employee Benefits – Defined Benefit Plans: Employee Contributions”
– Amendments to IAS 27 “Equity Method in Separate Financial Statements”
– “Annual Improvements to IFRSs 2010-2012 Cycle”
– “Annual Improvements to IFRSs 2012-2014 Cycle”

Implementation of these amendments 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 three months of 2016:
– WealthCap Aircraft 27 Komplementär GmbH, Grünwald
– WealthCap Entity Service GmbH, Munich

The company VuWB Investments Inc., Atlanta, left the group of companies included in consolidation in the first three months of 2016 due to completed liquidation.

Segment Reporting

3 Notes to segment reporting by business segment

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

Method of segment reporting

The same principles are being applied in the 2016 financial year as were used at year-end 2015. 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 10% to 11% at the beginning of 2016. The interest rate used to assess the equity capital allocated to companies assigned to several business segments (HVB and UniCredit Luxembourg S.A.) was 2.38% in the 2015 financial year. This interest rate was redetermined for the 2016 financial year and has been 1.88% since 1 January 2016.

There were shifts in the income and expenses between the Commercial Banking and Corporate & Investment Banking business segments in the first quarter of 2016. These changes are mainly attributable to the formation of a joint venture connecting these two business segments.

The figures in previous periods affected by this reorganisation have been adjusted accordingly.

Segment Reporting (Continued)

4 Income statement, broken down by business segment

Income statement, broken down by business segment for the period from 1 January to 31 March 2016 (€ millions)

INCOME/EXPENSES	COMMERCIAL BANKING	CORPORATE & INVESTMENT BANKING	OTHER/ CONSOLIDATION	HVB GROUP
Net interest	384	259	(1)	642
Dividends and other income from equity investments	20	—	21	41
Net fees and commissions	192	102	(3)	291
Net trading income	(12)	119	(3)	104
Net other expenses/income	(8)	24	46	62
OPERATING INCOME	**576**	**504**	**60**	**1,140**
Payroll costs	(170)	(117)	(153)	(440)
Other administrative expenses	(302)	(225)	154	(373)
Amortisation, depreciation and impairment losses				
on intangible and tangible assets	(3)	(29)	(30)	(62)
Operating costs	**(475)**	**(371)**	**(29)**	**(875)**
OPERATING PROFIT	**101**	**133**	**31**	**265**
Net write-downs of loans and provisions				
for guarantees and commitments	8	(70)	12	(50)
NET OPERATING PROFIT	**109**	**63**	**43**	**215**
Provisions for risks and charges	(2)	(5)	1	(6)
Restructuring costs	—	—	—	—
Net income from investments	—	—	1	1
PROFIT BEFORE TAX	**107**	**58**	**45**	**210**

Income statement, broken down by business segment for the period from 1 January to 31 March 2015 (€ millions)

INCOME/EXPENSES	COMMERCIAL BANKING	CORPORATE & INVESTMENT BANKING	OTHER/ CONSOLIDATION	HVB GROUP
Net interest	393	269	(10)	652
Dividends and other income from equity investments	1	5	—	6
Net fees and commissions	208	99	(5)	302
Net trading income	2	180	(2)	180
Net other expenses/income	(16)	(8)	45	21
OPERATING INCOME	**588**	**545**	**28**	**1,161**
Payroll costs	(188)	(122)	(154)	(464)
Other administrative expenses	(317)	(239)	153	(403)
Amortisation, depreciation and impairment losses				
on intangible and tangible assets	(3)	(18)	(29)	(50)
Operating costs	**(508)**	**(379)**	**(30)**	**(917)**
OPERATING PROFIT/(LOSS)	**80**	**166**	**(2)**	**244**
Net write-downs of loans and provisions				
for guarantees and commitments	(33)	(34)	5	(62)
NET OPERATING PROFIT	**47**	**132**	**3**	**182**
Provisions for risks and charges	(3)	—	1	(2)
Restructuring costs	—	—	—	—
Net income from investments	—	6	11	17
PROFIT BEFORE TAX	**44**	**138**	**15**	**197**

Segment Reporting (Continued)

Development of the Commercial Banking business segment (€ millions)

INCOME/EXPENSES	1/1–31/3/ 2016	1/1–31/3/ 2015	Q4 2015	Q3 2015	Q2 2015
Net interest	384	393	397	404	410
Dividends and other income from equity investments	20	1	5	42	—
Net fees and commissions	192	208	161	182	187
Net trading income	(12)	2	26	6	36
Net other expenses/income	(8)	(16)	14	7	6
OPERATING INCOME	**576**	**588**	**603**	**641**	**639**
Payroll costs	(170)	(188)	(170)	(178)	(182)
Other administrative expenses	(302)	(317)	(290)	(306)	(312)
Amortisation, depreciation and impairment losses on intangible and tangible assets	(3)	(3)	(3)	(3)	(3)
Operating costs	**(475)**	**(508)**	**(463)**	**(487)**	**(497)**
OPERATING PROFIT	**101**	**80**	**140**	**154**	**142**
Net write-downs of loans and provisions for guarantees and commitments	8	(33)	(22)	4	(29)
NET OPERATING PROFIT	**109**	**47**	**118**	**158**	**113**
Provisions for risks and charges	(2)	(3)	(43)	(40)	(33)
Restructuring costs	—	—	14	—	—
Net income from investments	—	—	4	—	36
PROFIT BEFORE TAX	**107**	**44**	**93**	**118**	**116**
Cost-income ratio in %	82.5	86.4	76.8	76.0	77.8

The Commercial Banking business segment increased its operating profit by 26.3%, or €21 million, in the first quarter of 2016 to reach €101 million.

Within this total, the operating income of €576 million recorded in the first quarter of 2016 almost equalled the amount of €588 million generated in the equivalent period last year. Despite a further reduction in what were already ultra-low interest rates, net interest suffered only a slight decline of 2.3% to €384 million. Among other things, this is attributable on the retail banking side to increased volumes of real estate finance (up 4%) coupled with stable margins, strong new business written in consumer lending activities (up 59%) and a slight recovery in demand for credit on the corporate banking side (up 2.2%) coupled with practically stable margins. Set against this, deposit-taking operations continued to be impacted by the persistently ultra-low interest rates. At €192 million, net fees and commissions failed to match the year-ago total of €208 million. For the most part, this can be attributed to the sale of PlanetHome AG and its subsidiaries in the second quarter of 2015. In addition, net trading income fell by €14 million to a loss of €12 million as a result of the credit valuation adjustments recognised on our holdings of derivatives. By contrast, dividends and other income from equity investments increased by a sharp €19 million to €20 million on account of an extraordinary dividend payout received from our investment in EURO Kartensysteme GmbH. There was also an improvement in net other expenses/income, from a net expense of €16 million in the first quarter of 2015 to a net expense of €8 million in the reporting period.

There was a pleasing decline in operating costs, down 6.5%, or €33 million, to €475 million, with the business segment continuing to benefit from positive cost effects arising from the repositioning of the retail banking activity. Payroll costs fell by 9.6%, or €18 million, to €170 million, partly due to the smaller workforce. There was also a reduction in other administrative expenses, down 4.7%, or €15 million, to €302 million, attributable among other things to reduced marketing expenditures and lower other project-related modernisation costs.

The cost-income ratio improved from 86.4% in the first quarter of 2015 to 82.5% in the reporting period, due exclusively to the fall in costs coupled with almost stable operating income.

There was a net reversal of €8 million in net write-downs of loans and provisions for guarantees and commitments in the first quarter of 2016 following a net addition of €33 million in the equivalent period last year, resulting in an aggregate decline of €41 million. Taken together with the good operating profit, this led to a sharp rise in net operating profit from €47 million in the first quarter of 2015 to €109 million in the first quarter of 2016.

After provisions for risks and charges of €2 million (first quarter of 2015: €3 million), the business segment generated a profit before tax of €107 million, which is a healthy €63 million higher than the year-ago total.

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

INCOME/EXPENSES	1/1–31/3/ 2016	1/1–31/3/ 2015	Q4 2015	Q3 2015	Q2 2015
Net interest	259	269	353	241	270
Dividends and other income from equity investments	—	5	3	7	3
Net fees and commissions	102	99	72	69	72
Net trading income	119	180	14	41	225
Net other expenses/income	24	(8)	64	57	16
OPERATING INCOME	**504**	**545**	**506**	**415**	**586**
Payroll costs	(117)	(122)	(116)	(126)	(124)
Other administrative expenses	(225)	(239)	(207)	(222)	(241)
Amortisation, depreciation and impairment losses					
on intangible and tangible assets	(29)	(18)	(19)	(18)	(17)
Operating costs	**(371)**	**(379)**	**(342)**	**(366)**	**(382)**
OPERATING PROFIT	**133**	**166**	**164**	**49**	**204**
Net write-downs of loans and provisions					
for guarantees and commitments	(70)	(34)	(43)	24	(1)
NET OPERATING PROFIT	**63**	**132**	**121**	**73**	**203**
Provisions for risks and charges	(5)	—	(36)	(4)	(29)
Restructuring costs	—	—	(30)	—	—
Net income from investments	—	6	1	—	(5)
PROFIT BEFORE TAX	**58**	**138**	**56**	**69**	**169**
Cost-income ratio in %	73.6	69.5	67.6	88.2	65.2

The operating profit of the Corporate & Investment Banking business segment in the first quarter of 2016 amounted to €133 million, which is €33 million below the year-ago figure (first quarter of 2015: €166 million). Within this total, operating income at €504 million was €41 million, or 7.5%, lower than in the equivalent period last year (first quarter of 2015: €545 million), while operating costs improved by a slight €8 million, or 2.1%, to €371 million (first quarter of 2015: €379 million).

The decline in operating income resulted mainly from the fall of €61 million in net trading income to €119 million (first quarter of 2015: €180 million). The total again included a significant profit on operations involving equity derivatives, although this failed to match the amount recorded in the first quarter of 2015. The results in interest-related and treasury operations were below those recorded in the equivalent period last year, due mainly to the difficult market environment at the start of the year and the resulting reticence on the part of customers. Funding valuation adjustments, which had been recognised for the first time in the fourth quarter of 2015, served to depress the total in the first quarter of 2016. These expenses were, however, offset by a positive effect arising from lower credit valuation adjustments compared with last year.

Segment Reporting (Continued)

As was already the case in the previous year, extremely low interest rates had an adverse effect on the results in interest-related operations in the first quarter of 2016. Pleasingly, higher volumes in lending operations offset the constantly narrowing margins and the decline in trading-induced interest at least in part. This resulted in the net interest of €259 million only being €10 million lower than the year-ago total (first quarter of 2015: €269 million).

By contrast, the total of €102 million recorded for net fees and commissions was a slight €3 million higher than the year-ago figure (first quarter of 2015: €99 million); this can be attributed mainly to the increase in demand from companies for capital market products (such as bond and stock issues) with a view to raising equity capital and debt. An improvement was similarly achieved in net other expenses/income, which increased by €32 million to €24 million (first quarter of 2015: net expense of €8 million). The total includes higher income recorded in connection with our Bard Offshore 1 wind farm.

Operating costs fell by a slight €8 million to €371 million compared with the first quarter of 2015 (first quarter of 2015: €379 million). Within this total, payroll costs decreased by €5 million to €117 million (first quarter of 2015: €122 million) and other administrative expenses by €14 million to €225 million (first quarter of 2015: €239 million). By contrast, amortisation, depreciation and impairment losses on intangible and tangible assets increased by €11 million to €29 million (first quarter of 2015: €18 million), attributable notably to an adjustment to the concept applied for amortisation and depreciation recognised on our Bard Offshore 1 wind farm. The cost-income ratio rose by 4.1% percentage points to 73.6% on account of the decline in operating income.

Although the very low net write-downs of loans and provisions for guarantees and commitments of merely €70 million in the reporting period were €36 million higher than the year-ago figure of €34 million, this very low total reflects both the economic environment and our risk-sensitive business policy. An amount of €5 million was recorded for provisions for risks and charges in the first quarter of 2016 (first quarter of 2015: €–million).

The CIB business segment recorded a profit before tax of €58 million. This is €80 million below the total of €138 million recorded in the first quarter of 2015, due notably to the lower operating income and higher net write-downs of loans and provisions for guarantees and commitments.

Development of the Other/consolidation business segment (€ millions)

INCOME/EXPENSES	1/1–31/3/ 2016	1/1–31/3/ 2015	Q4 2015	Q3 2015	Q2 2015
Net interest	(1)	(10)	14	(1)	(12)
Dividends and other income from equity investments	21	—	—	(1)	4
Net fees and commissions	(3)	(5)	(3)	(5)	(2)
Net trading income	(3)	(2)	(7)	(5)	9
Net other expenses/income	46	45	48	42	43
OPERATING INCOME	**60**	**28**	**52**	**30**	**42**
Payroll costs	(153)	(154)	(154)	(153)	(154)
Other administrative expenses	154	153	116	152	153
Amortisation, depreciation and impairment losses					
on intangible and tangible assets	(30)	(29)	(26)	(29)	(30)
Operating costs	**(29)**	**(30)**	**(64)**	**(30)**	**(31)**
OPERATING PROFIT/(LOSS)	**31**	**(2)**	**(12)**	**—**	**11**
Net write-downs of loans and provisions					
for guarantees and commitments	12	5	19	15	(18)
NET OPERATING PROFIT/(LOSS)	**43**	**3**	**7**	**15**	**(7)**
Provisions for risks and charges	1	1	(12)	—	5
Restructuring costs	—	—	(96)	—	—
Net income from investments	1	11	31	5	10
PROFIT/(LOSS) BEFORE TAX	**45**	**15**	**(70)**	**20**	**8**
Cost-income ratio in %	48.3	107.1	123.1	100.0	73.8

The operating income of this business segment amounted €60 million in the first quarter of 2016. Compared with the €28 million recorded in the year-ago period, this represents an increase of €32 million. For the most part, this strong expansion can be attributed to dividend income of €21 million from our shareholdings, while net interest improved by €9 million to minus €1 million at the same time.

With operating costs remaining almost unchanged at €29 million (first quarter of 2015: €30 million), the operating profit amounted to €31 million compared with a loss of €2 million in the equivalent period last year.

There was a net reversal of €12 million in net write-downs of loans and provisions for guarantees and commitments compared with a net reversal of €5 million in the previous year. A net reversal of €1 million left provisions for risks and charges at the same level as last year (first quarter of 2015: net reversal of €1 million), while net income of €1 million was recorded from investments. The net income from investments of €11 million generated in the previous year stemmed from the disposal of investment properties. The improvement in profit before tax from €30 million to €45 million resulted mainly from the dividend payment received.

Notes to the Income Statement

5 Net interest

(€ millions)

	1/1–31/3/2016	1/1–31/3/2015
Interest income	1,045	1,142
Lending and money market transactions	720	804
Other interest income	325	338
Interest expense	(403)	(490)
Deposits	(53)	(108)
Debt securities in issue and other interest expenses	(350)	(382)
Total	**642**	**652**

6 Dividends and other income from equity investments

(€ millions)

	1/1–31/3/2016	1/1–31/3/2015
Dividends and other similar income	42	3
Companies accounted for using the equity method	(1)	3
Total	**41**	**6**

7 Net fees and commissions

(€ millions)

	1/1–31/3/2016	1/1–31/3/2015
Fee and commission income	391	379
Fee and commission expense	(100)	(77)
Net fees and commissions	**291**	**302**
thereof:		
Management, brokerage and consultancy services	155	161
Collection and payment services	48	50
Lending operations	90	83
Other service operations	(2)	8

8 Net trading income

(€ millions)

	1/1–31/3/2016	1/1–31/3/2015
Net gains on financial assets held for trading[1]	160	113
Effects arising from hedge accounting	(33)	18
Changes in fair value of hedged items	(380)	(190)
Changes in fair value of hedging derivatives	347	208
Net gains/(losses) on financial assets at fair value through profit or loss (fair value option)[2]	(23)	51
Other net trading income	—	(2)
Total	**104**	**180**

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 (effect in the first quarter of 2016: minus €173 million; effect in the equivalent period last year: minus €78 million)

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)

	1/1–31/3/2016	1/1–31/3/2015
Other income	164	127
Other expenses	(102)	(106)
Total	**62**	**21**

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

(€ millions)

	1/1–31/3/2016	1/1–31/3/2015
Additions/releases	(63)	(71)
Allowances for losses on loans and receivables	(73)	(95)
Allowances for losses on guarantees and indemnities	10	24
Recoveries from write-offs of loans and receivables	13	10
Gains/(losses) on the disposal of impaired loans and receivables	—	(1)
Total	**(50)**	**(62)**

Notes to the Income Statement (Continued)

11 Net income from investments

Net income from investments (€ millions)

	1/1–31/3/2016	1/1–31/3/2015
Available-for-sale financial assets	(1)	8
Shares in affiliated companies	—	—
Companies accounted for using the equity method	—	—
Held-to-maturity investments	—	—
Land and buildings	—	—
Investment properties[1]	2	9
Other	—	—
Total	**1**	**17**

1 gains on disposal, impairments and write-ups

Net income from investments breaks down as follows: (€ millions)

	1/1–31/3/2016	1/1–31/3/2015
Gains on the disposal of	—	17
available-for-sale financial assets	—	8
shares in affiliated companies	—	—
companies accounted for using the equity method	—	—
held-to-maturity investments	—	—
land and buildings	—	—
investment properties	—	9
other	—	—
Write-downs, value adjustments and write-ups on	1	—
available-for-sale financial assets	(1)	—
shares in affiliated companies	—	—
companies accounted for using the equity method	—	—
held-to-maturity investments	—	—
investment properties	2	—
Total	**1**	**17**

12 Earnings per share

	1/1–31/3/2016	1/1–31/3/2015
Consolidated profit attributable to the shareholder (€ millions)	137	129
Average number of shares	802,383,672	802,383,672
Earnings per share (€) (undiluted and diluted)	0.17	0.16

Notes to the Balance Sheet

13 Financial assets held for trading

(€ millions)

	31/3/2016	31/12/2015
Balance-sheet assets	34,892	36,187
Fixed-income securities	10,206	10,360
Equity instruments	9,757	11,446
Other financial assets held for trading	14,929	14,381
Positive fair value from derivative financial instruments	67,969	61,613
Total	**102,861**	**97,800**

The financial assets held for trading include €227 million (31 December 2015: €275 million) in subordinated assets.

14 Financial assets at fair value through profit or loss

(€ millions)

	31/3/2016	31/12/2015
Fixed-income securities	34,159	32,660
Equity instruments	—	—
Investment certificates	—	—
Promissory notes	1,219	1,163
Other financial assets at fair value through profit or loss	—	—
Total	**35,378**	**33,823**

The financial assets at fair value through profit or loss (fair value option) include €6 million (31 December 2015: €6 million) in subordinated assets.

15 Available-for-sale financial assets

(€ millions)

	31/3/2016	31/12/2015
Fixed-income securities	850	1,048
Equity instruments	95	95
Other available-for-sale financial assets	62	45
Impaired assets	149	166
Total	**1,156**	**1,354**

Available-for-sale financial assets at 31 March 2016 include financial instruments of €212 million (31 December 2015: €214 million) valued at cost.

Available-for-sale financial assets at 31 March 2016 contain a total of €149 million (31 December 2015: €166 million) in impaired assets. Impairments of €1 million (first quarter of 2015: €–million) were taken to the income statement during the reporting period.

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

The available-for-sale financial assets at 31 March 2016 include €159 million (31 December 2015: €165 million) in subordinated assets.

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)

	31/3/2016	31/12/2015
Associated companies accounted for using the equity method	49	56
of which: goodwill	11	11
Joint ventures accounted for using the equity method	—	—
Total	**49**	**56**

17 Held-to-maturity investments

(€ millions)

	31/3/2016	31/12/2015
Fixed-income securities	51	63
Impaired assets	—	—
Total	**51**	**63**

The held-to-maturity investments at 31 March 2016 include no subordinated assets, as was also the case at 31 December 2015.

The held-to-maturity investments at 31 March 2016 include no impaired assets, as was also the case at 31 December 2015.

18 Loans and receivables with banks

(€ millions)

	31/3/2016	31/12/2015
Current accounts	942	1,355
Cash collateral and pledged credit balances	10,003	9,282
Reverse repos	24,586	14,474
Reclassified securities	501	523
Other loans to banks	7,768	7,198
Total	**43,800**	**32,832**

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

The loans and receivables with banks at 31 March 2016 include €5 million (31 December 2015: €5 million) in subordinated assets.

19 Loans and receivables with customers

(€ millions)

	31/3/2016	31/12/2015
Current accounts	8,075	7,666
Cash collateral and pledged cash balances	2,706	2,498
Reverse repos	1,396	313
Mortgage loans	41,489	41,720
Finance leases	2,093	2,120
Reclassified securities	1,520	1,658
Non-performing loans and receivables	3,023	3,199
Other loans and receivables	55,772	54,314
Total	**116,074**	**113,488**

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 €2,373 million (31 December 2015: €2,407 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 at 31 March 2016 include €505 million (31 December 2015: €503 million) in subordinated assets.

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

Analysis of loans and receivables (€ millions)

Balance at 1/1/2015	**2,859**
Changes affecting income[1]	95
Changes not affecting income	3
Changes due to make-up of group of consolidated companies and reclassifications of non-current assets or disposal groups held for sale	—
Use of existing loan-loss allowances	(50)
Effects of currency translation and other changes not affecting income	53
Non-current assets or disposal groups held for sale	—
Balance at 31/3/2015	**2,957**
Balance at 1/1/2016	**2,688**
Changes affecting income[1]	73
Changes not affecting income	(46)
Changes due to make-up of group of consolidated companies and reclassifications of non-current assets or disposal groups held for sale	(8)
Use of existing loan-loss allowances	(4)
Effects of currency translation and other changes not affecting income	(34)
Non-current assets or disposal groups held for sale	—
Balance at 31/3/2016	**2,715**

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

21 Deposits from banks

(€ millions)

	31/3/2016	31/12/2015
Deposits from central banks	5,355	9,319
Deposits from banks	57,550	49,161
Current accounts	4,583	2,665
Cash collateral and pledged credit balances	12,611	13,300
Repos	25,316	18,663
Term deposits	5,156	4,316
Other liabilities	9,884	10,217
Total	**62,905**	**58,480**

22 Deposits from customers

(€ millions)

	31/3/2016	31/12/2015
Current accounts	67,151	67,850
Cash collateral and pledged credit balances	3,869	2,126
Savings deposits	13,785	13,792
Repos	7,822	4,599
Term deposits	15,688	13,679
Promissory notes	3,729	3,825
Other liabilities	2,091	1,819
Total	**114,135**	**107,690**

Notes to the Balance Sheet (Continued)

23 Debt securities in issue

(€ millions)

	31/3/2016	31/12/2015
Bonds	24,840	23,961
of which:		
Registered mortgage Pfandbriefs	5,756	5,731
Registered public-sector Pfandbriefs	2,780	2,811
Mortgage Pfandbriefs	9,388	8,430
Public-sector Pfandbriefs	1,365	1,437
Registered bonds	2,561	2,283
Other securities	1,980	2,041
Total	**26,820**	**26,002**

24 Financial liabilities held for trading

(€ millions)

	31/3/2016	31/12/2015
Negative fair values arising from derivative financial instruments	62,546	58,739
Other financial liabilities held for trading	16,714	18,409
Total	**79,260**	**77,148**

The negative fair values arising from derivative financial instruments are carried as financial liabilities held for trading purposes. Also included under other financial liabilities held for trading purposes are warrants, certificates and bonds issued by our trading department as well as delivery obligations arising from short sales of securities not held for trading purposes.

25 Provisions

(€ millions)

	31/3/2016	31/12/2015
Provisions for pensions and similar obligations	580	618
Allowances for losses on guarantees and commitments and irrevocable credit commitments	188	197
Restructuring provisions	209	213
Other provisions	1,150	1,204
Payroll provisions	313	318
Provisions related to tax disputes (without income taxes)	42	42
Provisions for rental guarantees and dismantling obligations	143	143
Other provisions	652	701
Total	**2,127**	**2,232**

26 Subordinated capital

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

	31/3/2016	31/12/2015
Subordinated liabilities	593	637
Hybrid capital instruments	55	58
Total	**648**	**695**

Other Information

27 Contingent liabilities and other commitments

(€ millions)

	31/3/2016	31/12/2015
Contingent liabilities[1]	**19,578**	**19,353**
Guarantees and indemnities	19,578	19,353
Other commitments	**44,975**	**48,731**
Irrevocable credit commitments	44,914	48,683
Other commitments[2]	61	48
Total	**64,553**	**68,084**

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.

Other Information (Continued)

28 Members of the Supervisory Board

Federico Ghizzoni	**Chairman**
Florian Schwarz Dr Wolfgang Sprissler	**Deputy Chairmen**
Mirko Davide Georg Bianchi Beate Dura-Kempf Klaus Grünewald Werner Habich Prof Dr Annette G. Köhler Dr Marita Kraemer Gianni Franco Papa Klaus-Peter Prinz Jens-Uwe Wächter	**Members**

29 Members of the Management Board

Peter Buschbeck	Commercial Banking/ Private Clients Bank
Dr Michael Diederich	Corporate & Investment Banking
Lutz Diederichs	Commercial Banking/ Unternehmer Bank
Francesco Giordano	Chief Financial Officer (CFO)
Heinz Laber	Chief Operating Officer (COO), Human Resources Management, Global Banking Services
Andrea Umberto Varese	Chief Risk Officer (CRO)
Dr Theodor Weimer	Board Spokesman

Munich, 2 May 2016

UniCredit Bank AG
The Management Board

Buschbeck   Dr Diederich   Diederichs   Giordano

Laber   Varese   Dr Weimer

Summary of Quarterly Financial Data

(€ millions)

OPERATING PERFORMANCE	Q1 2016	Q4 2015	Q3 2015	Q2 2015	Q1 2015
Net interest	642	764	644	668	652
Dividends and other income from equity investments	41	8	48	7	6
Net fees and commissions	291	230	246	257	302
Net trading income	104	33	42	270	180
Net other expenses/income	62	126	106	65	21
OPERATING INCOME	**1,140**	**1,161**	**1,086**	**1,267**	**1,161**
Operating costs	(875)	(869)	(883)	(910)	(917)
OPERATING PROFIT	**265**	**292**	**203**	**357**	**244**
Net write-downs of loans and provisions					
for guarantees and commitments	(50)	(46)	43	(48)	(62)
NET OPERATING PROFIT	**215**	**246**	**246**	**309**	**182**
Provisions for risks and charges	(6)	(91)	(44)	(57)	(2)
Restructuring costs	—	(112)	—	—	—
Net income from investments	1	36	5	41	17
PROFIT BEFORE TAX	**210**	**79**	**207**	**293**	**197**
Income tax for the period	(72)	210	(72)	(98)	(66)
PROFIT AFTER TAX	**138**	**289**	**135**	**195**	**131**
Impairment on goodwill	—	—	—	—	—
CONSOLIDATED PROFIT	**138**	**289**	**135**	**195**	**131**
attributable to the shareholder of UniCredit Bank AG	137	289	133	192	129
attributable to minorities	1	—	2	3	2
Earnings per share (€) (undiluted and diluted)	**0.17**	**0.36**	**0.17**	**0.24**	**0.16**

Financial Calendar

Important Dates 2016[1]

Interim Report at 31 March 2016	11 May 2016
Half-yearly Financial Report at 30 June 2016	4 August 2016
Interim Report at 30 September 2016	11 November 2016

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,
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We're there for both.

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