



HVB Group – Interim Report for the 1st half of 2015

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Munich, 6 August 2015



Highlights 1st half of 2015

▶ Net operating profit €105 million higher than last year

▶ Strong second quarter exceeds the Bank's own expectations

▶ Operating income 6 percent above 2014: net interest stable, net fees and commissions solid, net trading income much stronger

▶ Stable cost development with simultaneous investments in areas of growth

▶ Both business segments with an increase in earnings and a positive contribution to profit

▶ Strategic measures take effect

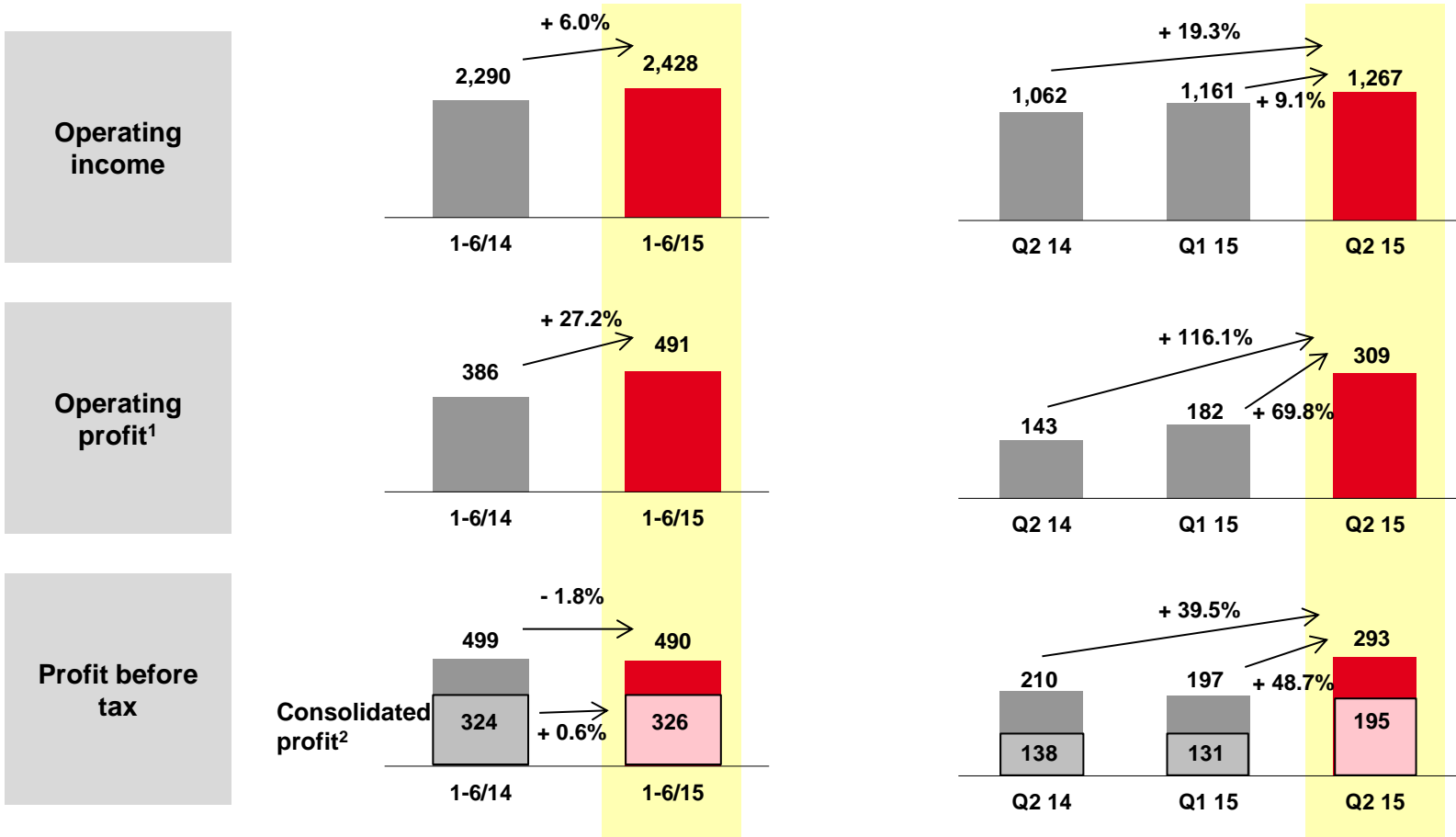
- Repositioning in retail banking activities with positive impact
- Expansion of business in both private and corporate banking

Significant year-on-year increase in operating profit in the 1st half of 2015 despite bank levy; good consolidated profit matched

HVB Group, in € millions

Half-yearly comparison

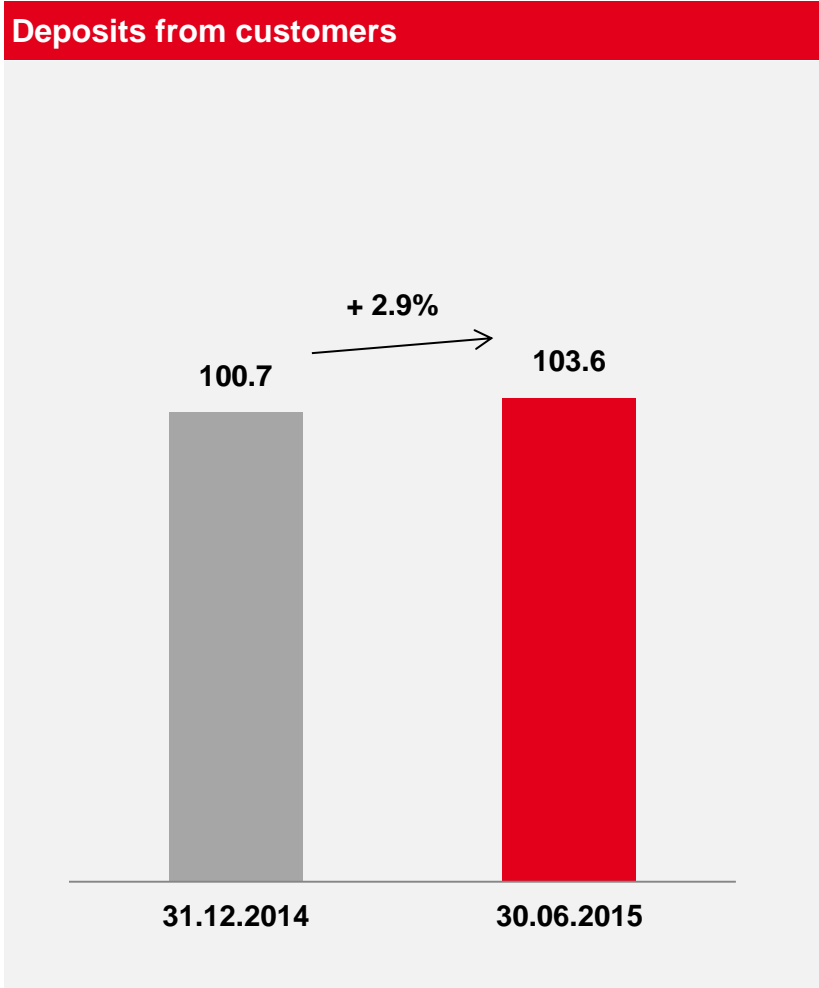
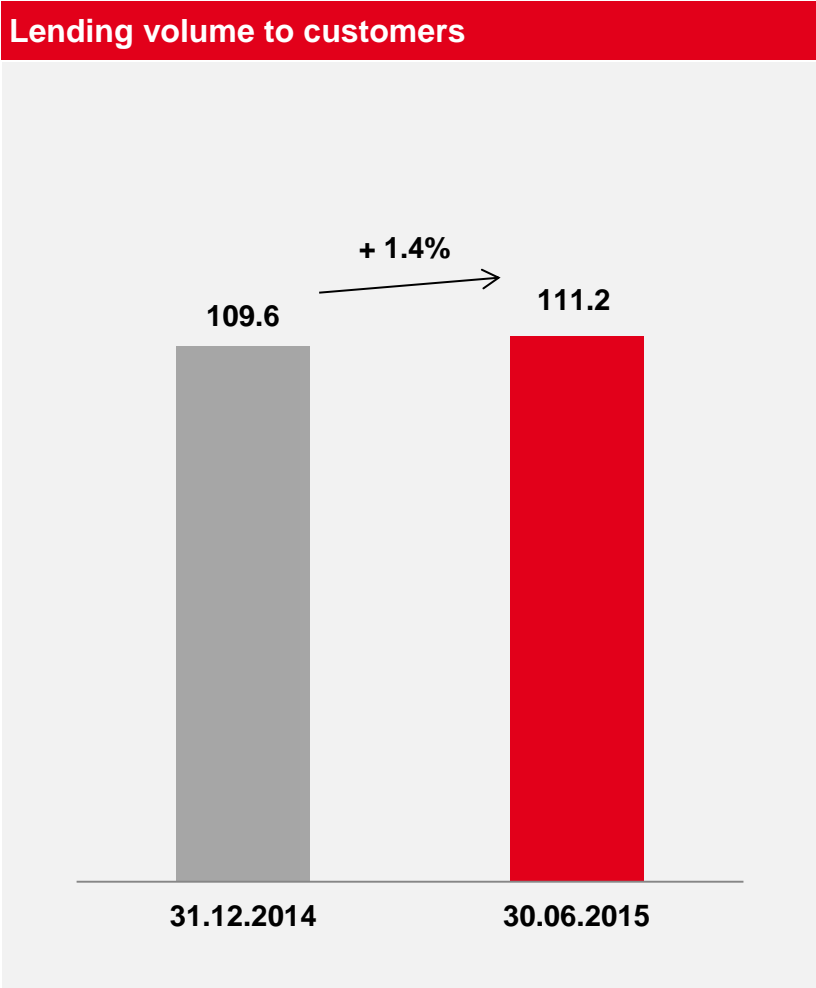
Quarterly comparison



¹ after net write-downs
² adjusted for DAB

Operating performance supported by pleasing rise in lending and deposit volumes

HVB Group, in € billions

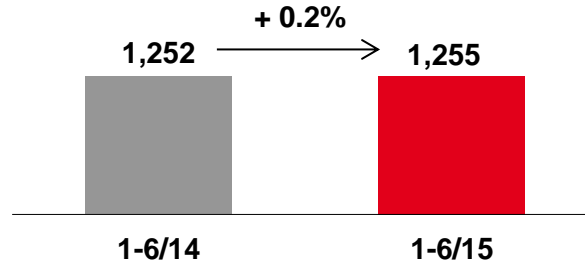


Both business segments with earnings growth despite low interest rate levels and modernisation in retail banking activities

HVB Group, in € millions

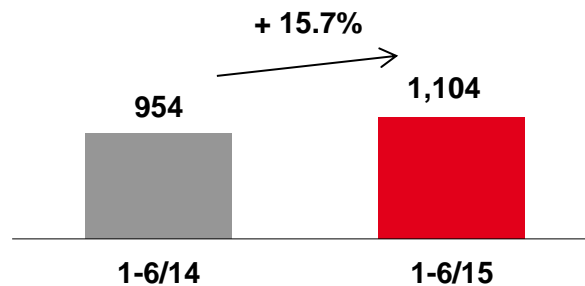
Operating income

Commercial Banking



Successful earnings increase despite realignment in retail banking activities and low interest rates

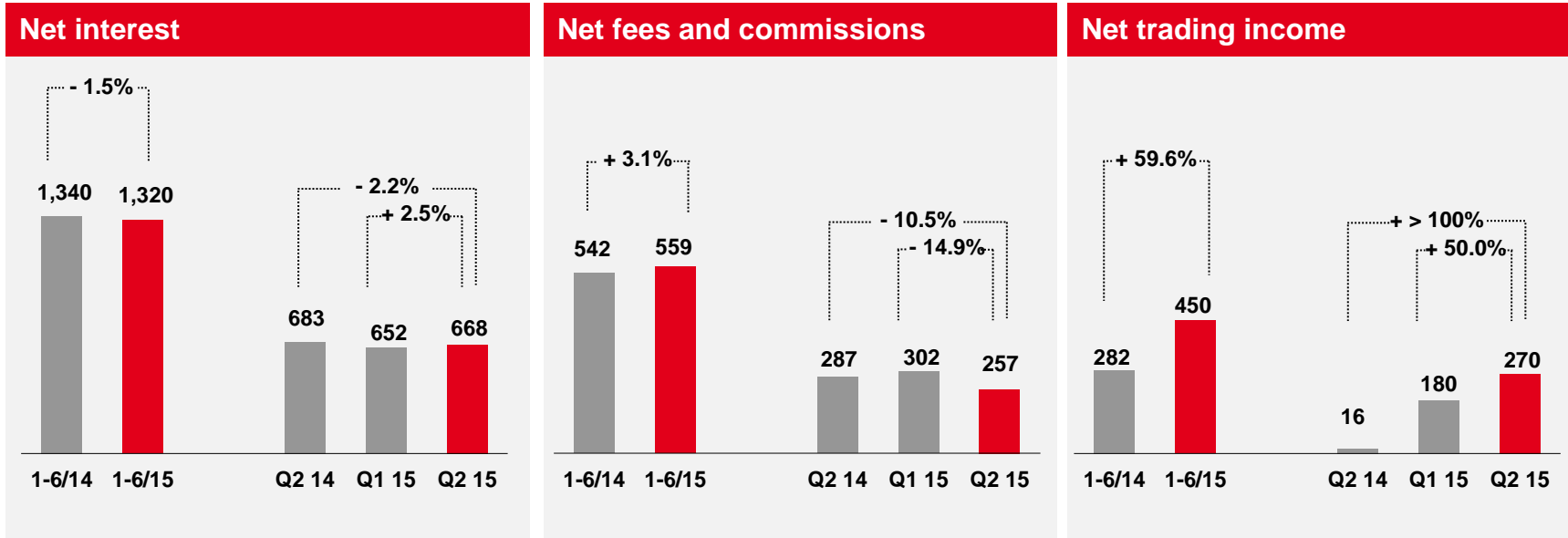
Corporate & Investment Banking



Pleasing rise in net interest, net fees and commissions and net trading income

Net interest pleasingly stable; net fees and commissions solid; net trading income much stronger

HVB Group, in € millions



- Pleasingly stable net interest despite persistently very low interest rate level

- Commercial Banking and Corporate & Investment Banking with increases

- Decline in "Other / consolidation" caused by low interest rate level

- Positive trend in net fees and commissions compared with last year

- Improvement particularly due to increase in management, brokerage and advisory services within securities business

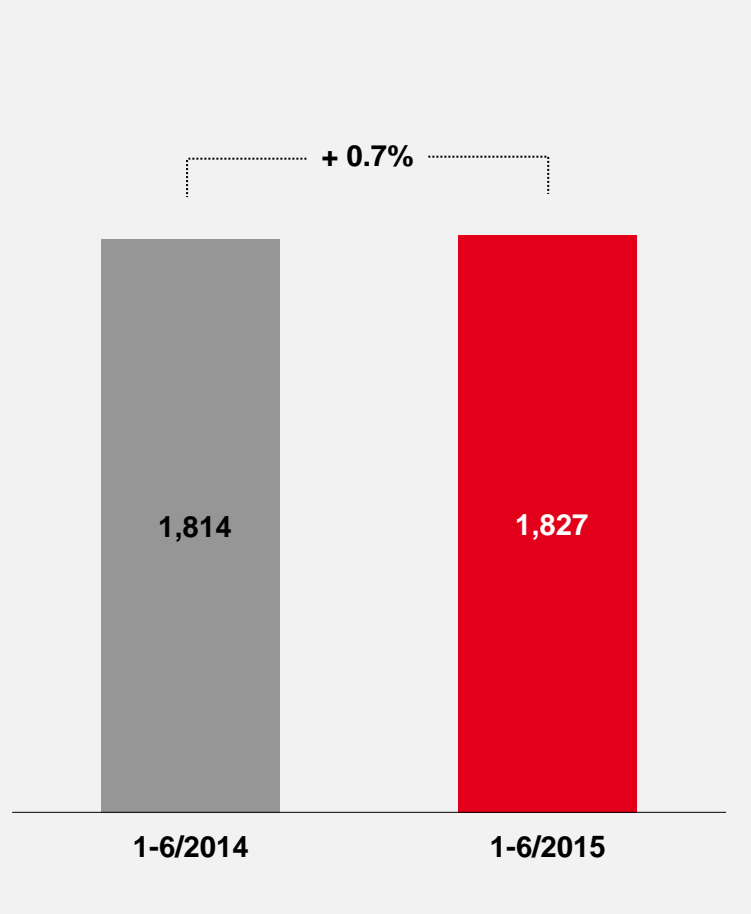
- Substantial year-on-year increases in net trading income

- Higher earnings in currency trading; stable business with equity derivatives

Costs under control but increasing pressure from regulatory requirements

HVB Group, in € millions

Operating costs



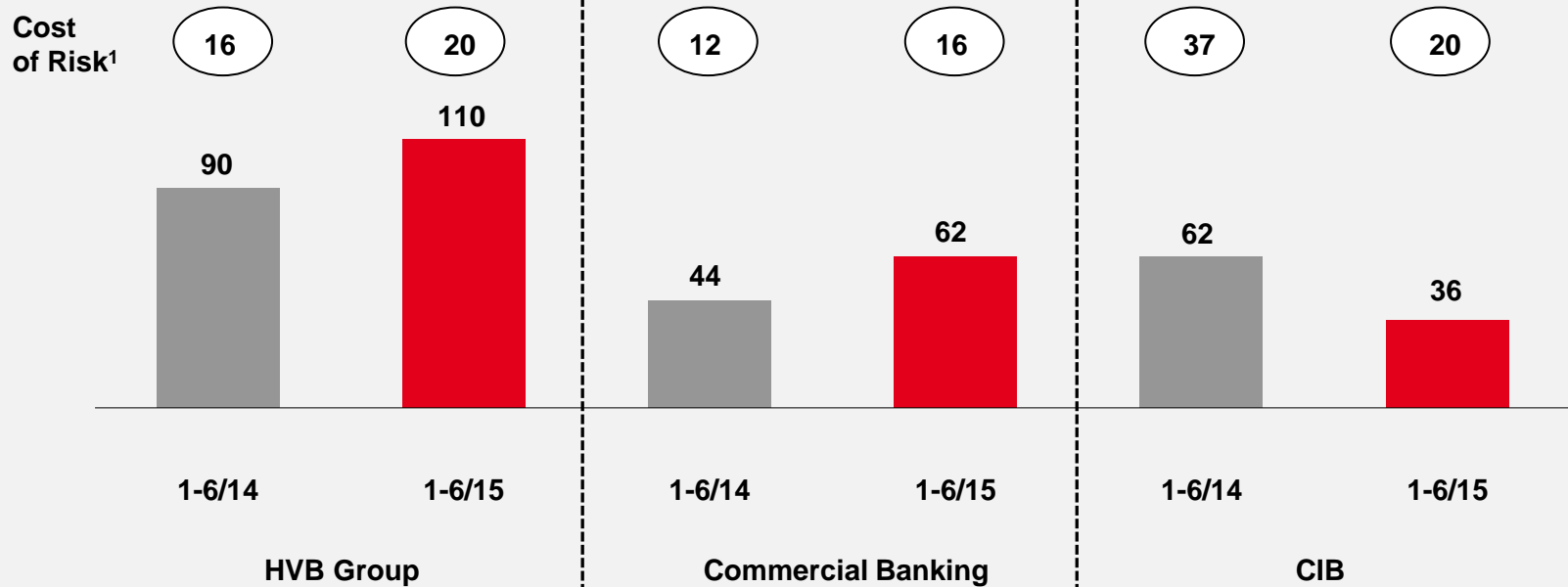
Main developments

- Increased marketing expenses due to new advertising campaign
- Higher IT investments, partly on account of increased regulatory requirements and expansion of digital sales channels
- Higher payroll costs as a result of increase in pension expenses

Net write-downs of loans still at an extremely low level

in € millions and Bps

Net write-down of loans



- Increase in the CoR of HVB Group from 16Bps to 20Bps driven by normalisation in Commercial Banking
- Improvement in Corporate & Investment Banking driven by higher reversals
- CoR still at low level but increasing normalisation expected

¹ Definition: Ratio of net write-downs of loans to average loans to customers

Commercial Banking business segment

Operating income

in € millions



Profit before tax

in € millions



Highlights in the 1st half of 2015

Higher year-on-year income; by contrast, tangible impact from European bank levy

Growth in corporate banking activities, notably in real estate and foreign trade finance

Growth in Private Banking & Wealth Management, above all in lending and securities business

Retail banking with higher investment volume

Rise in operating costs due to investments in retail banking activities

Increasing normalisation of cost of risk to 16Bps

Corporate & Investment Banking business segment

Operating income

in € millions



Profit before tax

in € millions



Highlights in the 1st half of 2015

Rise in operating income, primarily as a result of net trading income

Pleasing rise in net fees and commissions

Decline in operating costs

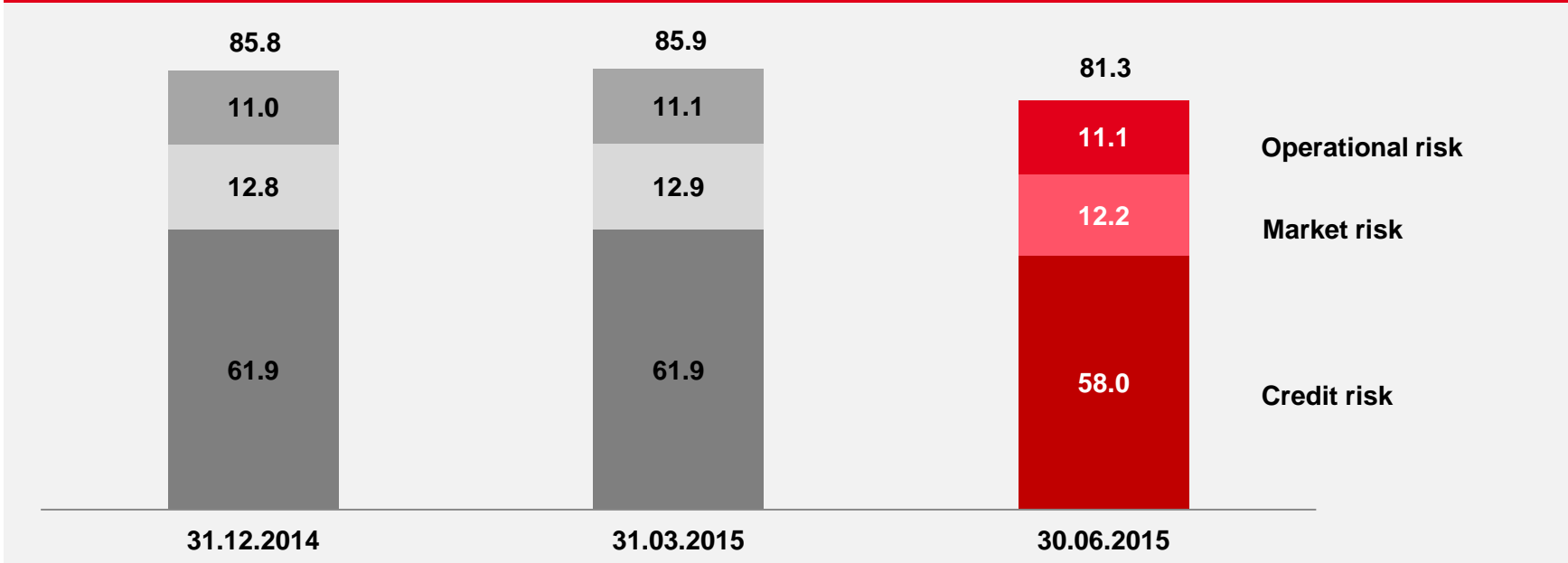
At 20Bps, cost of risk less than last year and at very low level

Pleasing year-on-year profit increase of €68 million

Decline in RWA driven by reduction in credit risk

HVB Group, in € billions

Total risk-weighted assets (Basel III)



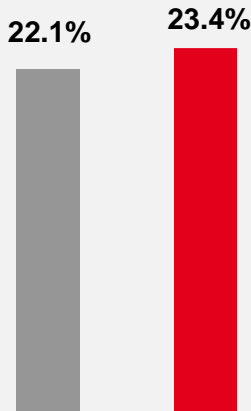
- Total risk-weighted assets down €4.5 billion to €81.3 billion compared with year-end 2014¹
- Risk-weighted assets from **credit risk declined €4.0 billion**¹ by netting deferred tax assets and deferred tax liabilities and specifying risk weighting of assets for coverage of pension obligations by EBA
- Risk-weighted assets from **market risk fell €0.6 billion** caused by decline on the side of the internal market risk model, which was offset by slight rise in credit value adjustments
- There was a marginal increase of €0.1 billion in risk-weighted assets from operational risk

¹ Differences attributable to rounding

Excellent capital base creates basis for reliability towards customers and in terms of growth

CET1 ratio¹

Basel III ("phase-in")

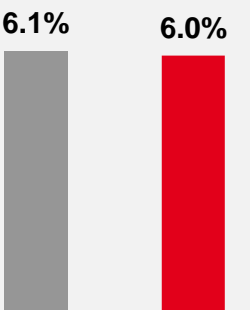


Basel III ("fully loaded")

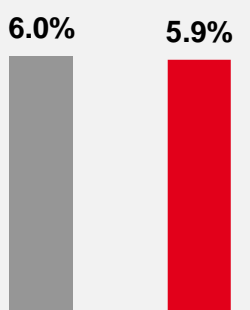


Leverage ratio²

Basel III ("phase-in")



Basel III ("fully loaded")



■ At 30 June 2015 the **liquidity coverage ratio** was well above the minimum requirement of 60% demanded for the first time as per 1 October 2015; the **net stable funding ratio** also exceeded future regulatory requirements

¹ Figures for 31/12/2014 after profit appropriation

² Definition: Ratio of core capital and total risk position metric, which is the aggregate of the risk position figures for all assets and off-balance-sheet items

Summary

▶ Successful 1st half of 2015 with positive development in operating profit

▶ Costs under control but impacted by increased regulatory requirements as well as higher marketing expenses and investments

▶ Net write-downs of loans still at very low level

▶ Market and competitive environment remains difficult; but market volatility also creates opportunities

▶ Consistent continuation of strategic measures

- Retail banking activities: Completion of repositioning by end of 2015
 - Corporate banking activities/Private Banking & Wealth Management: Continuation of growth strategy
 - Corporate & Investment Banking: Expansion of international presence in co-operation with UniCredit
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Annex

HVB Group: Income statement

Income Statement € millions	1-6/2015	1-6/2014	Change	
			€ millions	%
■ Net interest	1,320	1,340	(20)	(1.5)
■ Dividends and other income from equity investments	13	49	(36)	(73.5)
■ Net fees and commissions	559	542	+ 17	+ 3.1
■ Net trading income	450	282	+ 168	+ 59.6
■ Net other expenses/income	86	77	+ 9	+ 11.7
Operating income	2,428	2,290	+ 138	+ 6.0
■ Operating costs	(1,827)	(1,814)	(13)	+ 0.7
Operating profit	601	476	+ 125	+ 26.3
■ Net write-downs of loans	(110)	(90)	(20)	+ 22.2
Net operating profit	491	386	+ 105	+ 27.2
■ Provisions for risks and charges	(59)	39	(98)	
■ Restructuring costs	0	0	0	0.0
■ Net income from investments	58	74	(16)	(21.6)
Profit before tax	490	499	(9)	(1.8)
■ Income tax for the period	(164)	(175)	+ 11	(6.3)
Consolidated profit from continuing operations	326	324	+ 2	+ 0.6
Profit before tax from discontinued operations	0	14	(14)	(100.0)
Income tax from discontinued operations	0	(4)	+ 4	(100.0)
Profit after tax from discontinued operations	0	10	- 10	(100.0)
Consolidated profit of full HVB Group	326	334	(8)	(2.4)
<i>attributable to the shareholder of UniCredit Bank AG</i>	321	330	(9)	(2.7)
<i>attributable to minorities</i>	5	4	+ 1	+ 25.0

Operating business segments: Income statement

HVB Group € millions	Commercial Banking				Corporate & Investment Banking			
	1-6/2015	1-6/2014	Change		1-6/2015	1-6/2014	Change	
			€ millions	%			€ millions	%
■ Net interest	809	803	+ 6	+ 0.7	539	527	+ 12	+ 2.3
■ Dividends	1	5	(4)	(80.0)	8	42	(34)	(81.0)
■ Net fees and commissions	408	421	(13)	(3.1)	154	129	+ 25	+ 19.4
■ Net trading income	48	14	+ 34	>+100.0	395	258	+ 137	+ 53.1
■ Net other expenses/income	(11)	9	(20)		8	(2)	+ 10	
Operating income	1,255	1,252	+ 3	+ 0.2	1,104	954	+ 150	+ 15.7
■ Payroll costs	(369)	(362)	(7)	+ 1.9	(246)	(238)	(8)	+ 3.4
■ Other administrative expenses	(639)	(606)	(33)	+ 5.4	(471)	(459)	(12)	+ 2.6
■ Amortisation and depreciation	(5)	(5)	0	0.0	(35)	(70)	+ 35	(50.0)
■ Operating costs	(1,013)	(973)	(40)	+ 4.1	(752)	(767)	+ 15	(2.0)
Operating profit	242	279	(37)	(13.3)	352	187	+ 165	+ 88.2
■ Net write-downs of loans	(62)	(44)	(18)	+ 40.9	(36)	(62)	+ 26	(41.9)
Net operating profit	180	235	(55)	(23.4)	316	125	+ 191	>+100.0
■ Provisions for risks and charges	(36)	2	(38)		(29)	25	(54)	
■ Restructuring costs	0	2	(2)	+ 100.0	0	0	0	0.0
■ Net income from investments	36	2	+ 34	>+100.0	2	71	(69)	(97.2)
Profit before tax	180	241	(61)	(25.3)	289	221	+ 68	+ 30.8

HVB Group: Quarterly performance

Income Statement € millions	Q2 2015	Q1 2015	Q4 2014	Q3 2014	Q2 2014
■ Net interest	668	652	655	648	683
■ Dividends and other income from equity investments	7	6	18	25	43
■ Net fees and commissions	257	302	262	278	287
■ Net trading income	270	180	137	64	16
■ Net other expenses/income	65	21	199	26	33
Operating income	1,267	1,161	1,271	1,041	1,062
■ Operating costs	(910)	(917)	(858)	(887)	(907)
Operating profit	357	244	413	154	155
■ Net write-downs of loans	(48)	(62)	(156)	95	(12)
Net operating profit	309	182	257	249	143
■ Provisions for risks and charges	(57)	(2)	20	(34)	(1)
■ Restructuring costs	0	0	18	0	2
■ Net income from investments	41	17	60	14	66
Profit before tax	293	197	355	229	210
■ Income tax for the period	(98)	(66)	(8)	(115)	(72)
Consolidated profit from continuing operations	195	131	347	114	138

Financial calendar and contacts

Financial calendar

12 November 2015

Interim Report

at 30 September 2015

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