



HVB Group – Interim Report at 30 September 2015

Dr Theodor Weimer, Board Spokesman of HypoVereinsbank
Francesco Giordano, Chief Financial Officer of HypoVereinsbank
Munich, 12 November 2015

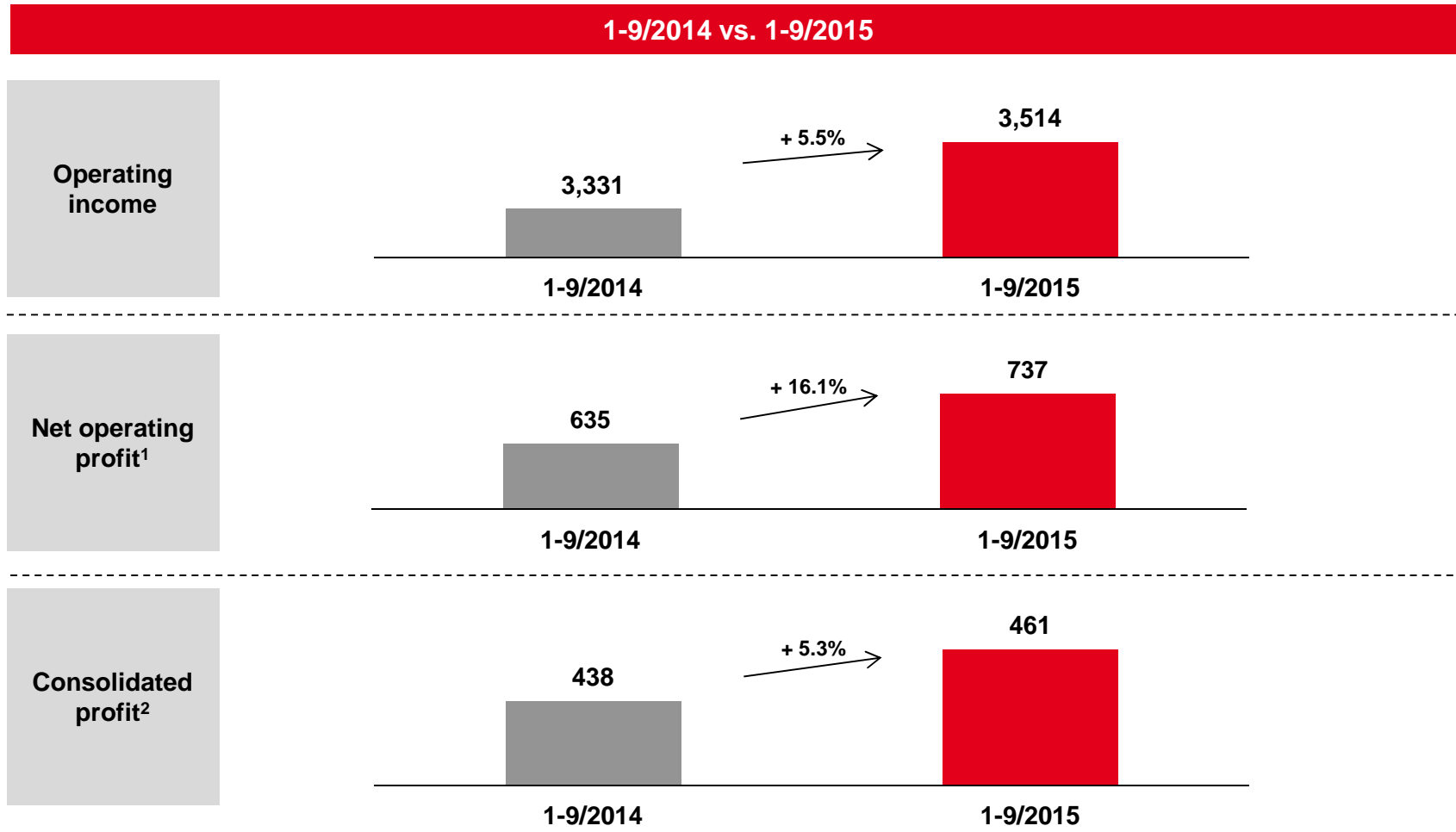


Highlights of the first nine months 2015

- ▶ Net operating profit 16.1 percent above last year
- ▶ Both business segments with significant growth in strategic customer segments
- ▶ Operating income 5.5 percent above last year:
stable net interest, fees and commissions; strong net trading income
- ▶ Costs stable on previous year's level despite investments in growth areas
- ▶ Strategy takes effect: healthy growth of business with corporate customers and Private Banking & Wealth Management; modernisation of retail banking yields positive results
- ▶ Continuation of growth strategy:
Additional measures to boost efficiency of administration units by 2018

Consolidated profit higher than last year, driven by strong operating performance

HVB Group, in € millions



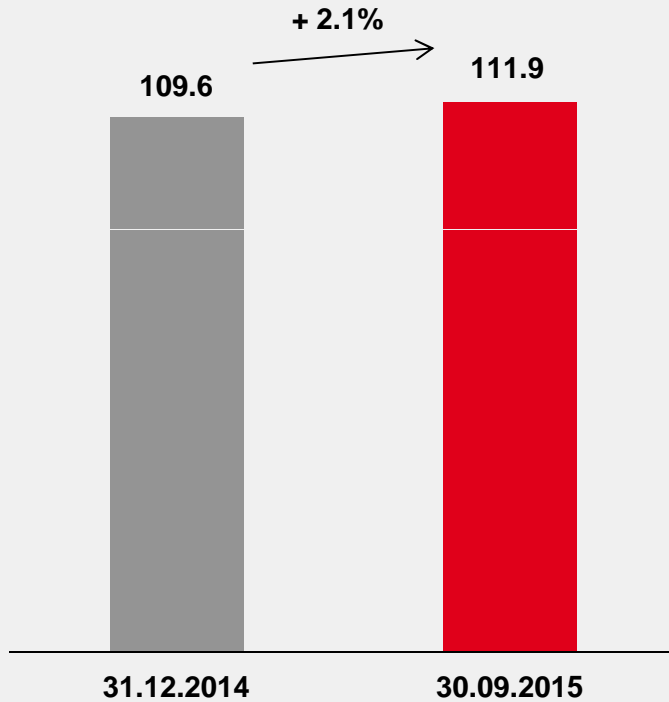
¹ After net-write downs of loans

² From continuing operations

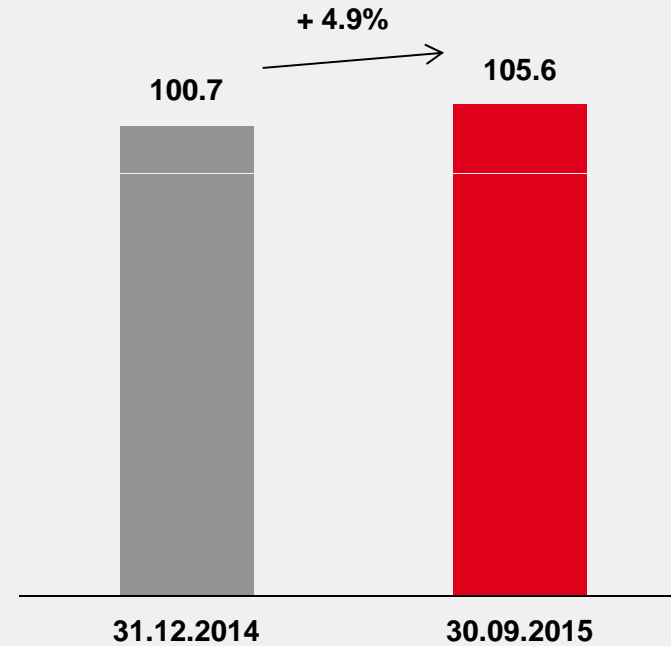
Operating performance supported by healthy rise in loans and deposits volumes

HVB Group, in € billions

Loans to customers



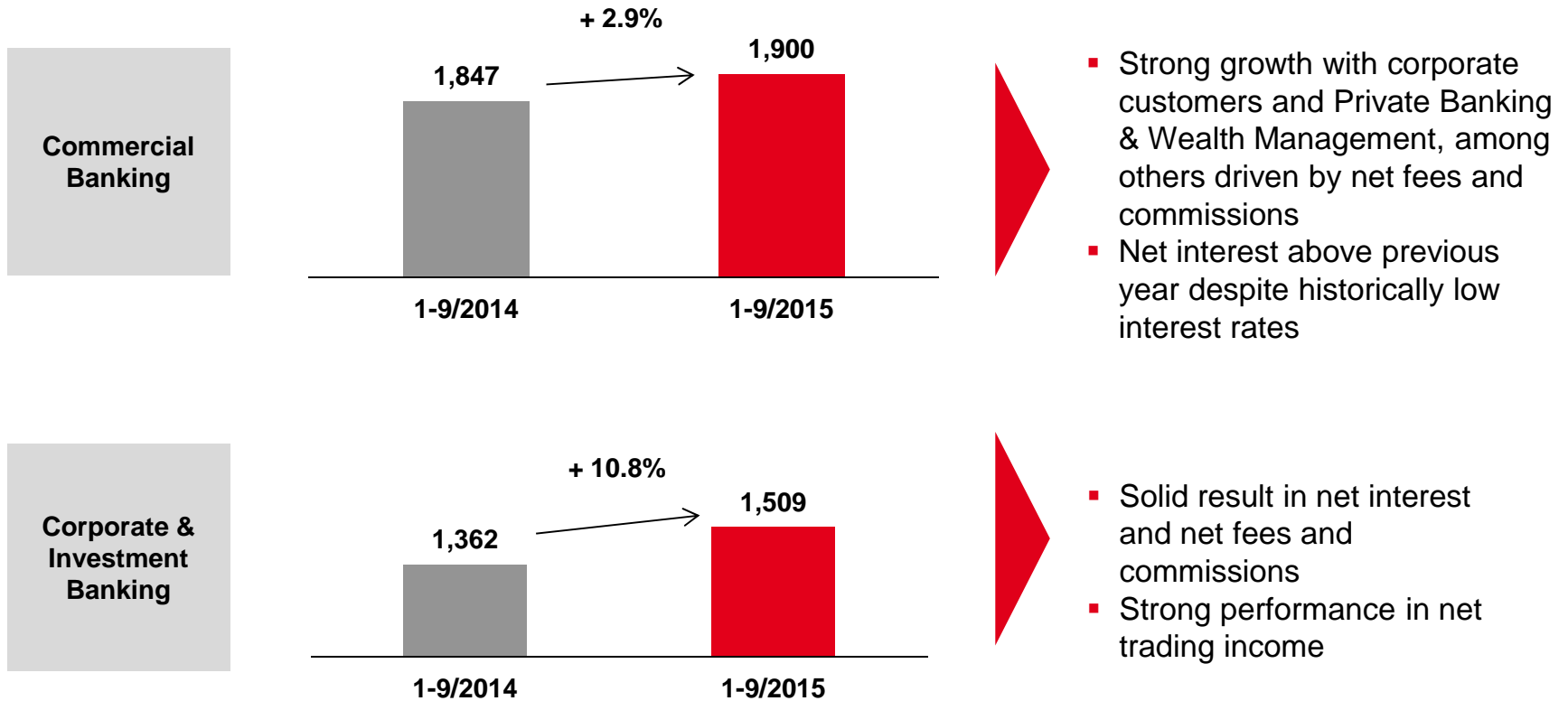
Deposits from customers



Both business segments report healthy income growth

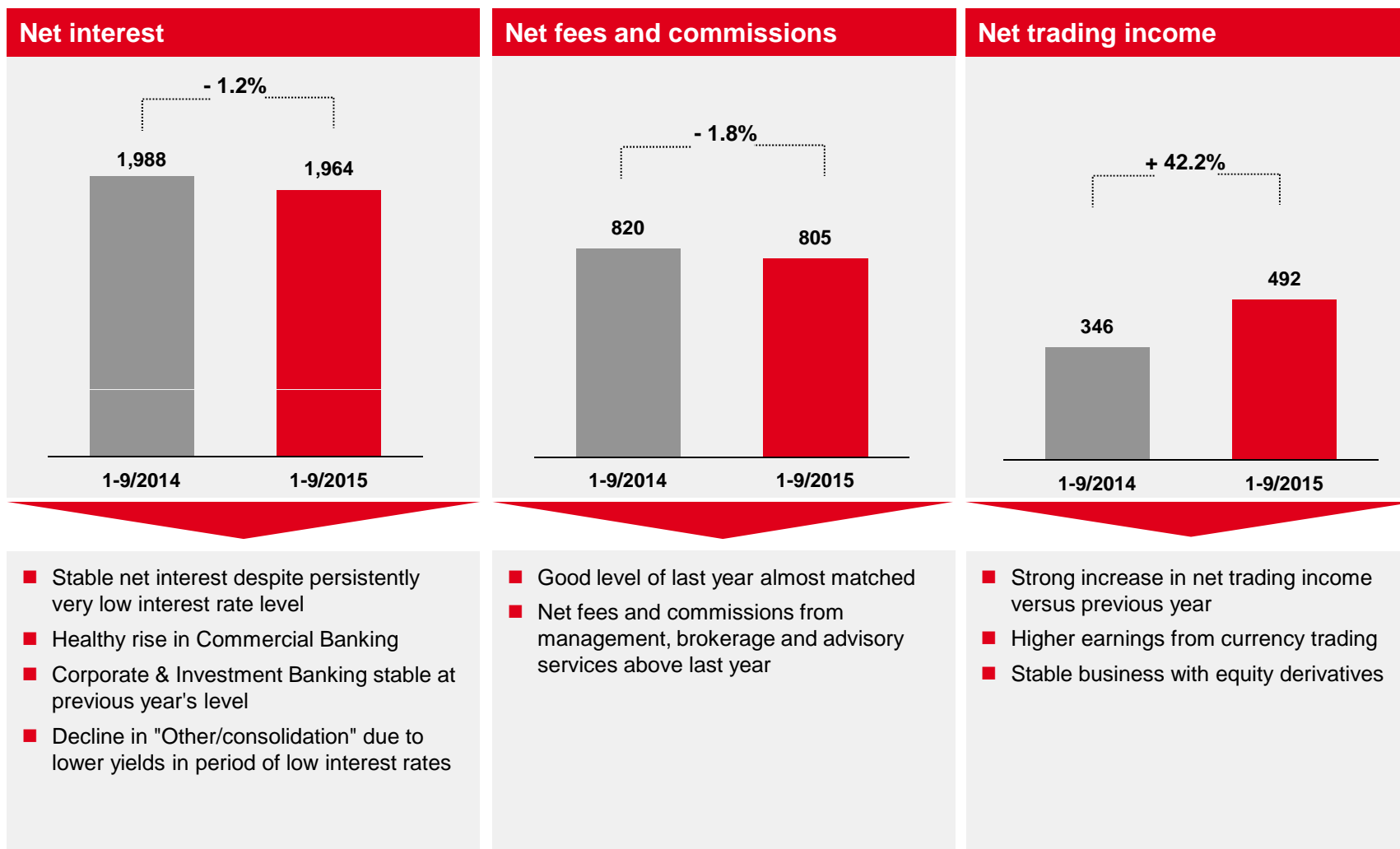
HVB Group, in € millions

Operating income



Solid net interest, fees and commissions; strong growth in net trading income

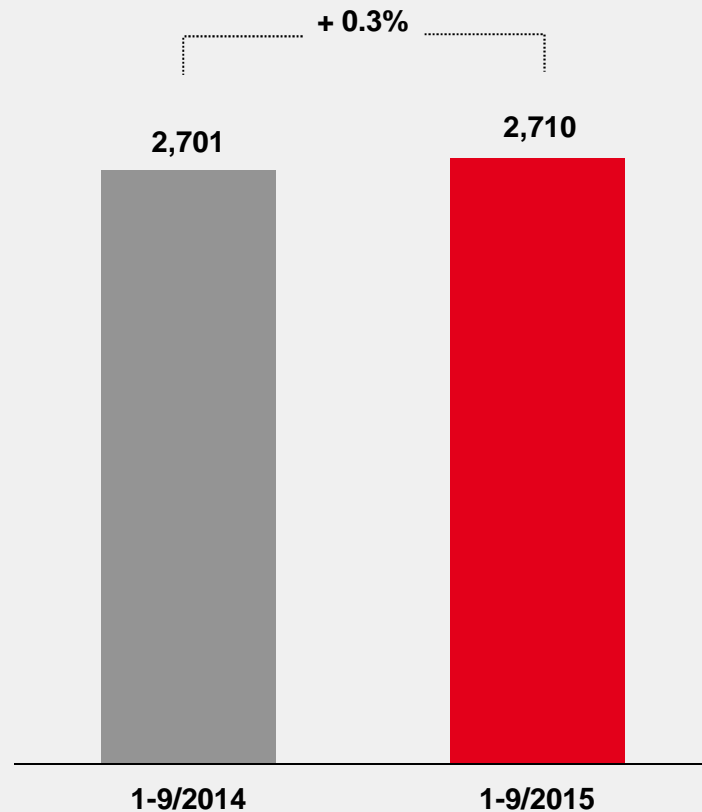
HVB Group, in € millions



Costs at previous year's level thanks to consistent cost management

HVB Group, in € millions

Operating costs



Main developments

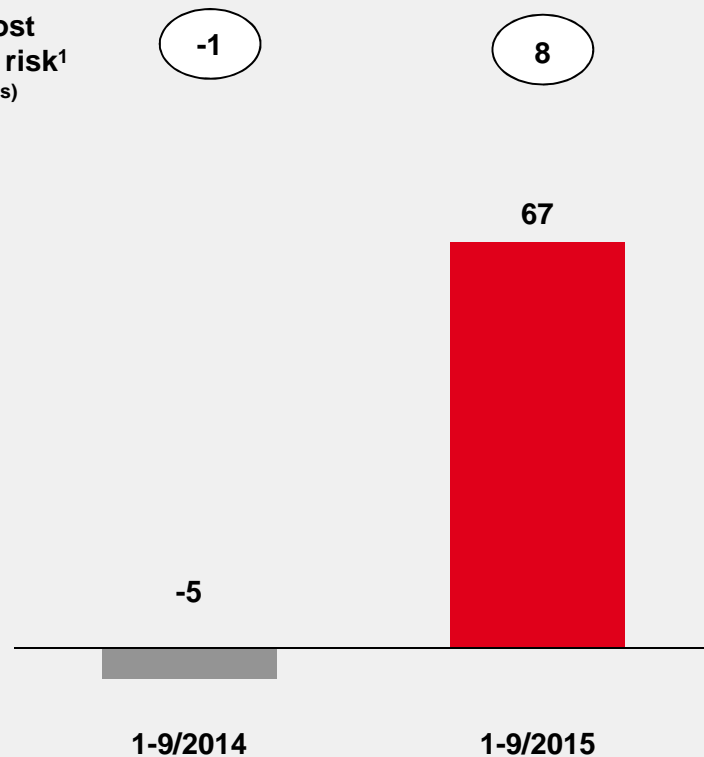
- Costs at previous year's level despite higher marketing expenses and investments in digitalisation and regulatory topics
- Initial positive cost effects from strategic repositioning of retail banking
 - Payroll costs in 2015 already reduced by 7.5%, rental costs by around 20%
 - Full effect in 2016 and thereafter
- Higher investments in IT, partly due to increased regulatory requirements and greater digitalisation

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

HVB Group, in € millions

Net write-downs of loans

Cost of risk¹
(bps)



Main developments

- Net write-downs of loans still at a very low level
- Slight increase of CoR¹ versus previous year, yet still at very low level of 8 bps
- Driven by the market environment together with the Bank's strict risk policy and hence a very positive portfolio selection

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

Commercial Banking business segment

Operating income

in € millions



Highlights of the first nine months 2015

Income growth versus previous year; but noticeable burden from EU bank levy

Higher net interest despite very low interest rates

Strong new business with real estate finance; revived loan demand from corporate customers

Profit before tax

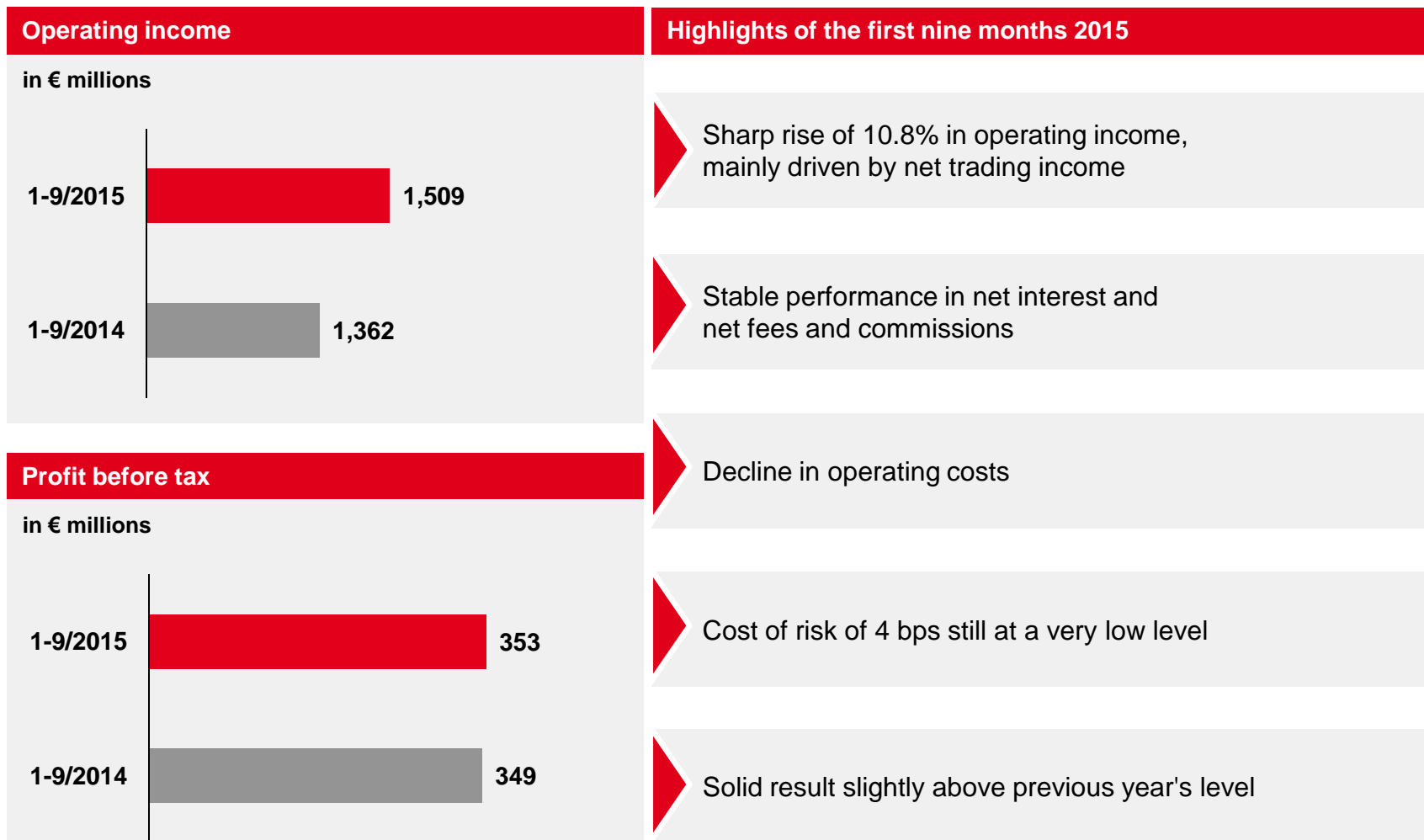
in € millions



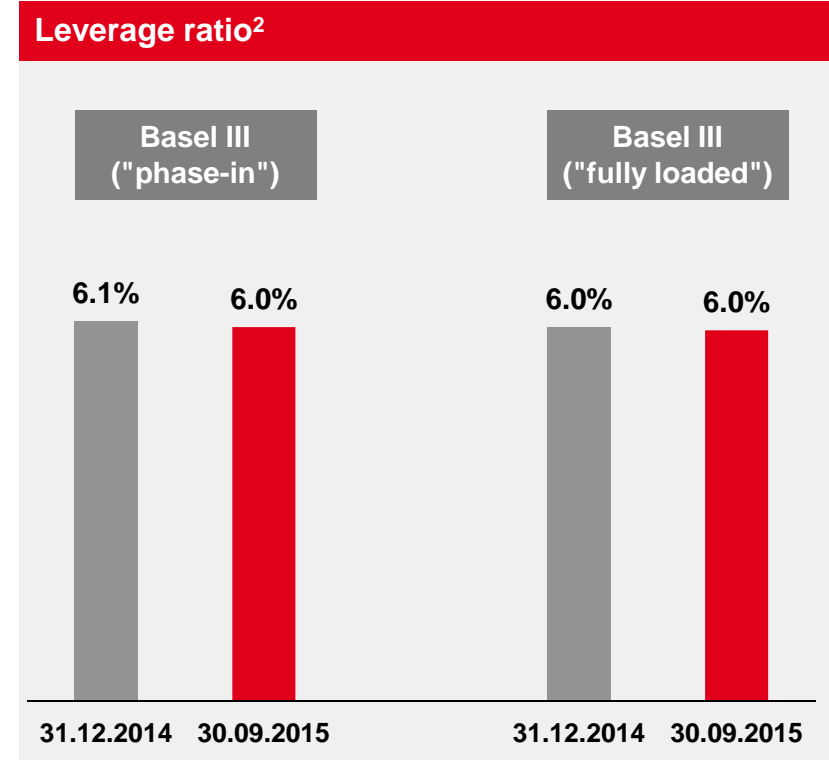
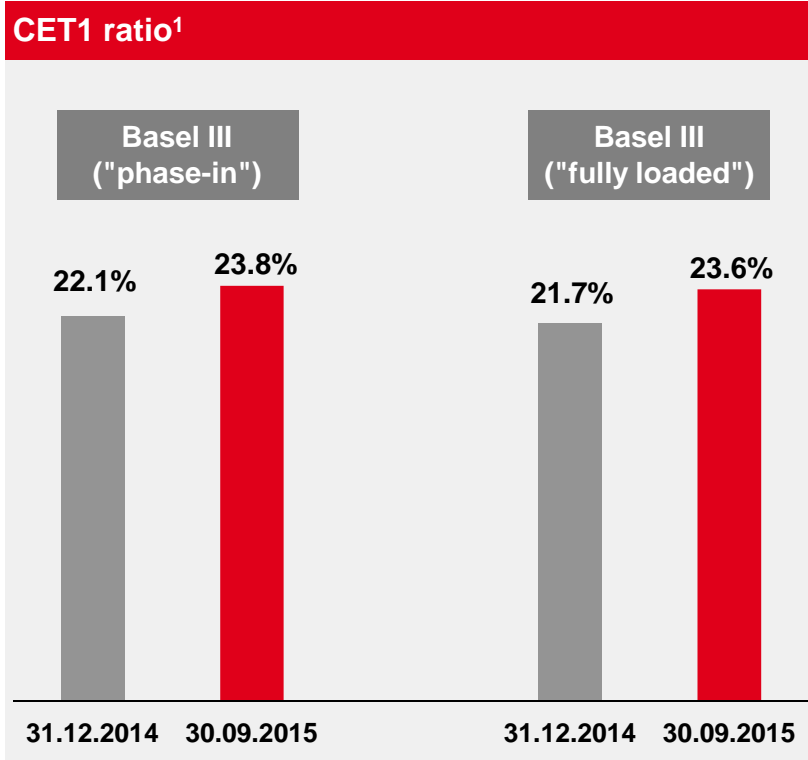
Modernisation of retail banking completed by end of 2015 as planned:

- > €300 million invested in modernisation of 341 branches
- Digital sales channels expanded with over 35 innovations
- Cost-cutting measures take effect: payroll cost down 7.5%, rental costs for branches down around 20%
- Higher financial assets from customers
- Significant increase of customer satisfaction in core segment

Corporate & Investment Banking business segment



Excellent capital base ensures reliability and security for customers



■ At 30 September 2015, the **liquidity coverage ratio** was well above the minimum requirement of 60% demanded for the first time as per 1 October 2015

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

HVB Group reaffirms growth strategy and adopts further measures to boost efficiency

Business segments

- Growth and increase of market share in
 - **Private Banking & Wealth Management**
 - **Unternehmer Bank**
 - **Corporate & Investment Bank**
- Systematic continuation of turnaround in **retail banking**
- Digital transformation of all bank processes

Administration functions

- Systematic digitalisation of processes and structures
- Streamlined product range
- Reduction of 1,200 workplaces in HVB back office functions and subsidiaries by the end of 2018
- In parallel reduction of 800 positions from already running programmes

Overview of HVB Group aspiration and targets for 2018

Aspiration

- To match capital market expectations
- Significant contribution to the profits of UniCredit
- Return on capital higher than cost of capital

Targets for 2018

- Cost-income ratio (CIR)¹ ≤ 65%
- Return on allocated capital (RoAC, after tax)¹ > 9%
- FTE reduction ~ 2,000

¹ Targets are determined using the same UniCredit methodology as for the multi-year plan (UCI view). Achieving them will depend on the future situation on the financial markets and the development of the real economy

Summary

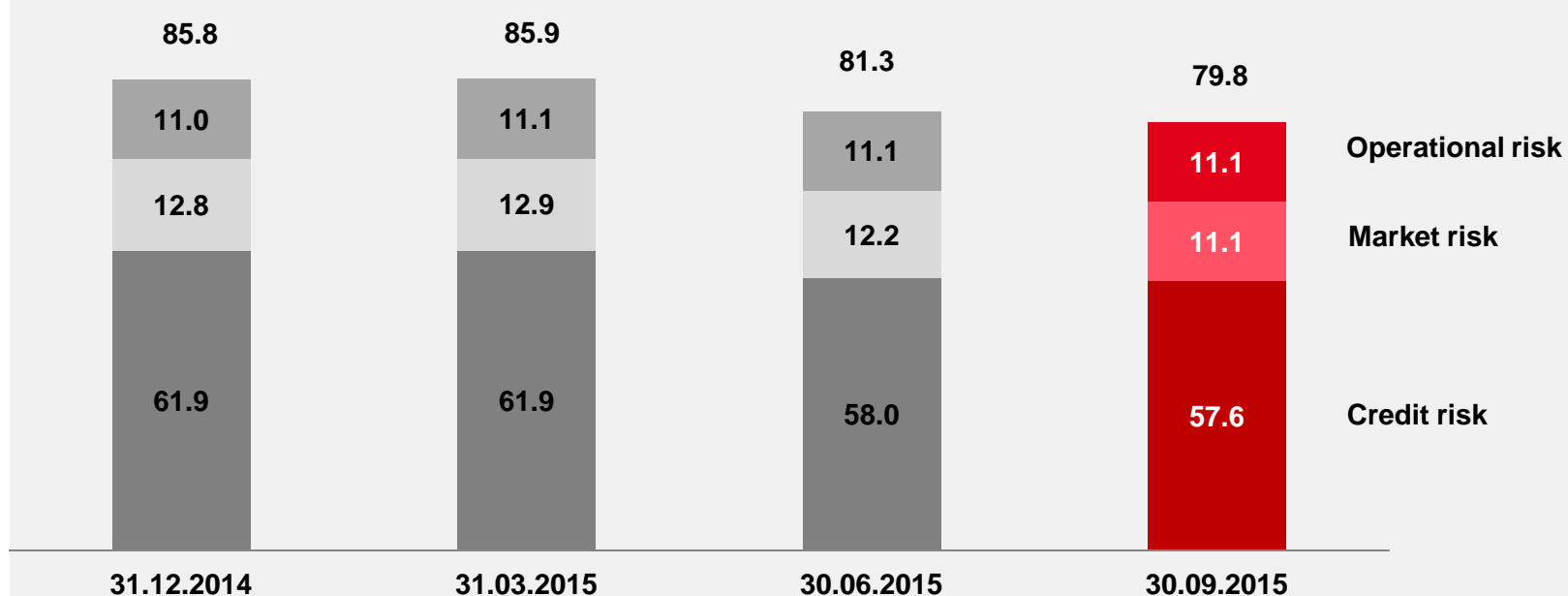
- ▶ Good result in the first nine months of 2015
- ▶ Strategic measures taking effect
- ▶ Strategy reaffirmed; initiated growth path will be continued
- ▶ Additional measures to boost efficiency of administrative units

Annex

Decline in RWA in the first nine months driven by reduction in credit risk and market risk

HVB Group, in € billions

Total risk-weighted assets (Basel III)



- Risk-weighted assets from **credit risk down by €4.3 billion** due to netting of deferred tax assets and liabilities and specification of risk weightings for assets to cover pension obligations by the EBA
- Risk-weighted assets from **market risk down by €1.7 billion** mainly due to a decline on part of the internal market risk model
- Risk-weighted assets from **operational risk up a marginal €0.1 billion**

HVB Group: Income statement

Income Statement € millions	1-9/2015	1-9/2014	Change	
			€ millions	%
■ Net interest	1.964	1.988	(24)	(1,2)
■ Dividends and other income from equity investments	61	74	(13)	(17,6)
■ Net fees and commissions	805	820	(15)	(1,8)
■ Net trading income	492	346	+ 146	+ 42,2
■ Net other expenses/income	192	103	+ 89	+ 86,4
Operating income	3.514	3.331	+ 183	+ 5,5
■ Operating costs	(2.710)	(2.701)	(9)	+ 0,3
Operating profit	804	630	+ 174	+ 27,6
■ Net write-downs of loans	(67)	5	(72)	
Net operating profit	737	635	+ 102	+ 16,1
■ Provisions for risks and charges	(103)	5	(108)	
■ Restructuring costs	0	0	0	0,0
■ Net income from investments	63	88	(25)	(28,4)
Profit before tax	697	728	(31)	(4,3)
■ Income tax for the period	(236)	(290)	+ 54	(18,6)
Consolidated profit from continuing operations	461	438	+ 23	+ 5,3
Profit before tax from discontinued operations	0	19	(19)	(100,0)
Income tax from discontinued operations	0	(9)	+ 9	(100,0)
Profit after tax from discontinued operations	0	10	(10)	(100,0)
Consolidated profit of full HVB Group	461	448	+ 13	+ 2,9
<i>attributable to the shareholder of UniCredit Bank AG</i>	<i>454</i>	<i>442</i>	<i>+ 12</i>	<i>+ 2,7</i>
<i>attributable to minorities</i>	<i>7</i>	<i>6</i>	<i>+ 1</i>	<i>+ 16,7</i>

Operating business segments: Income statement

HVB Group	Commercial Banking				Corporate & Investment Banking			
	€ millions	vs 1-9/2014		€ millions	%	€ millions	vs 1-9/2014	
	1-9/2015	1-9/2014			1-9/2015	1-9/2014		
■ Net interest	1.207	1.198	+ 9	+ 0,8	780	783	(3)	(0,4)
■ Dividends	43	6	+ 37	>+100,0	15	66	(51)	(77,3)
■ Net fees and commissions	596	618	(22)	(3,6)	217	213	+ 4	+ 1,9
■ Net trading income	58	13	+ 45	>+100,0	432	322	+ 110	+ 34,2
■ Net other expenses/income	(4)	12	(16)		65	(22)	+ 87	
Operating income	1.900	1.847	+ 53	+ 2,9	1.509	1.362	+ 147	+ 10,8
■ Payroll costs	(547)	(547)	0	0,0	(372)	(362)	(10)	+ 2,8
■ Other administrative expenses	(949)	(924)	(25)	+ 2,7	(688)	(670)	(18)	+ 2,7
■ Amortisation and depreciation	(8)	(8)	0	0,0	(53)	(88)	+ 35	(39,8)
■ Operating costs	(1.504)	(1.479)	(25)	+ 1,7	(1.113)	(1.120)	+ 7	(0,6)
Operating profit	396	368	+ 28	+ 7,6	396	242	+ 154	+ 63,6
■ Net write-downs of loans	(57)	(47)	(10)	+ 21,3	(11)	18	(29)	
Net operating profit	339	321	+ 18	+ 5,6	385	260	+ 125	+ 48,1
■ Provisions for risks and charges	(76)	(14)	(62)	>+100,0	(33)	8	(41)	
■ Restructuring costs	0	2	(2)	+ 100,0	0	0	0	0,0
■ Net income from investments	36	3	+ 33	>+100,0	1	81	(80)	(98,8)
Profit before tax	299	312	(13)	(4,2)	353	349	+ 4	+ 1,1

HVB Group: Quarterly performance

Income Statement € millions	Q3 2015	Q2 2015	Q1 2015	Q4 2014	Q3 2014
■ Net interest	644	668	652	655	648
■ Dividends and other income from equity investments	48	7	6	18	25
■ Net fees and commissions	246	257	302	262	278
■ Net trading income	42	270	180	137	64
■ Net other expenses/income	106	65	21	199	26
Operating income	1.086	1.267	1.161	1.271	1.041
■ Operating costs	(883)	(910)	(917)	(858)	(887)
Operating profit	203	357	244	413	154
■ Net write-downs of loans	43	(48)	(62)	(156)	95
Net operating profit	246	309	182	257	249
■ Provisions for risks and charges	(44)	(57)	(2)	20	(34)
■ Restructuring costs	0	0	0	18	0
■ Net income from investments	5	41	17	60	14
Profit before tax	207	293	197	355	229
■ Income tax for the period	(72)	(98)	(66)	(8)	(115)
Consolidated profit from continuing operations	135	195	131	347	114

Financial calendar and contacts

Financial calendar

10 February 2016

Annual Results at
31 December 2015

11 May 2016

Interim Report at
31 March 2016

4 August 2016

Interim Report at
30 June 2016

11 November 2016

Interim Report at
30 September 2016

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