



HVB Group – Annual Press Conference

Results for the 2015 financial year (provisional and unaudited)

Dr Theodor Weimer, Board Spokesman of HypoVereinsbank
Francesco Giordano, Chief Financial Officer of HypoVereinsbank
Munich, 10 February 2016



2015: a turbulent year for the global economy and the banking industry

**“Crisis in China:
the new fear for the global economy”**

Frankfurter Allgemeine Zeitung, 20/8/2015

**“Banks in one-on-one
coverage by watchdog”**

Badische Zeitung, 15/1/2015

**“Banks increasingly burdened by ultra-low interest rates and
regulation”** Die Welt, 16/11/2015

“Falling oil price remains a mood killer”

Die Welt, 15/12/2015

“The year of the refugee”

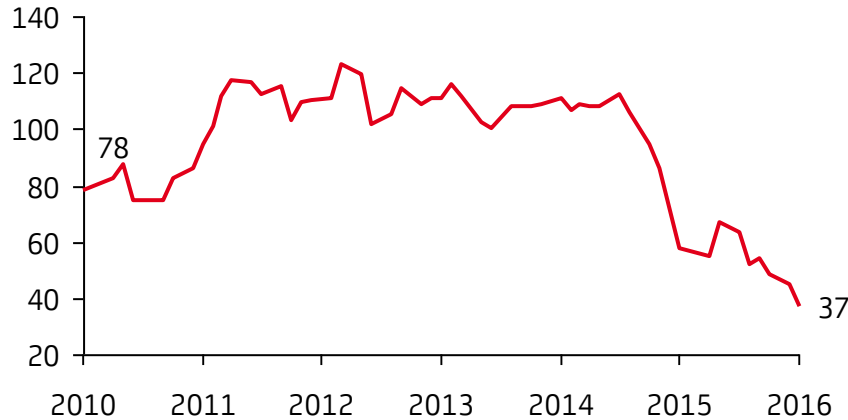
DER SPIEGEL, 12/12/2015

“Paris terror appals business”

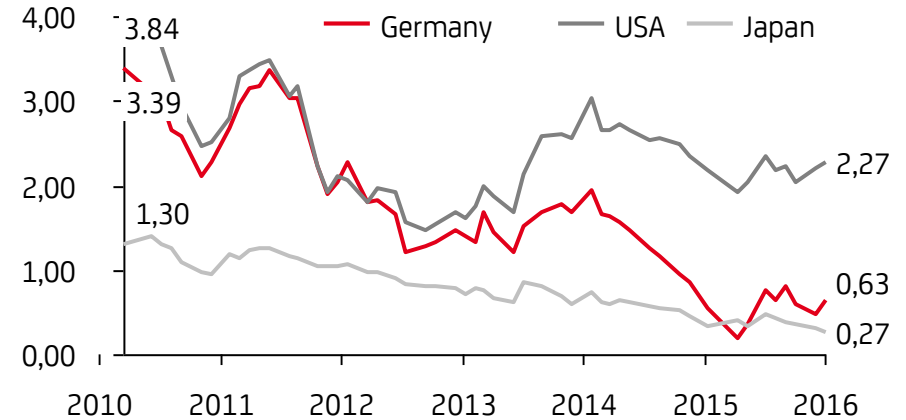
Süddeutsche Zeitung, 16/11/2015

Financial markets characterised by extreme market trends and increasing volatility in 2015

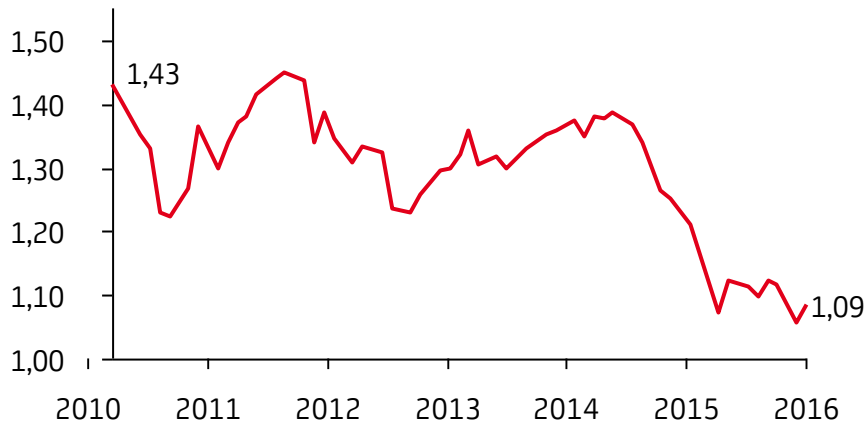
Oil price (Brent, USD/bbl)



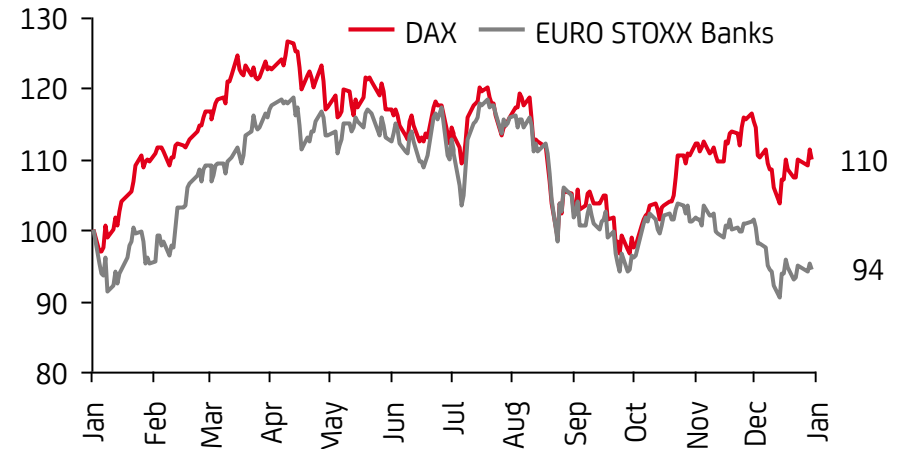
10-year government bonds (%)








EUR-USD exchange rate



DAX / EURO STOXX Banks (indexed)



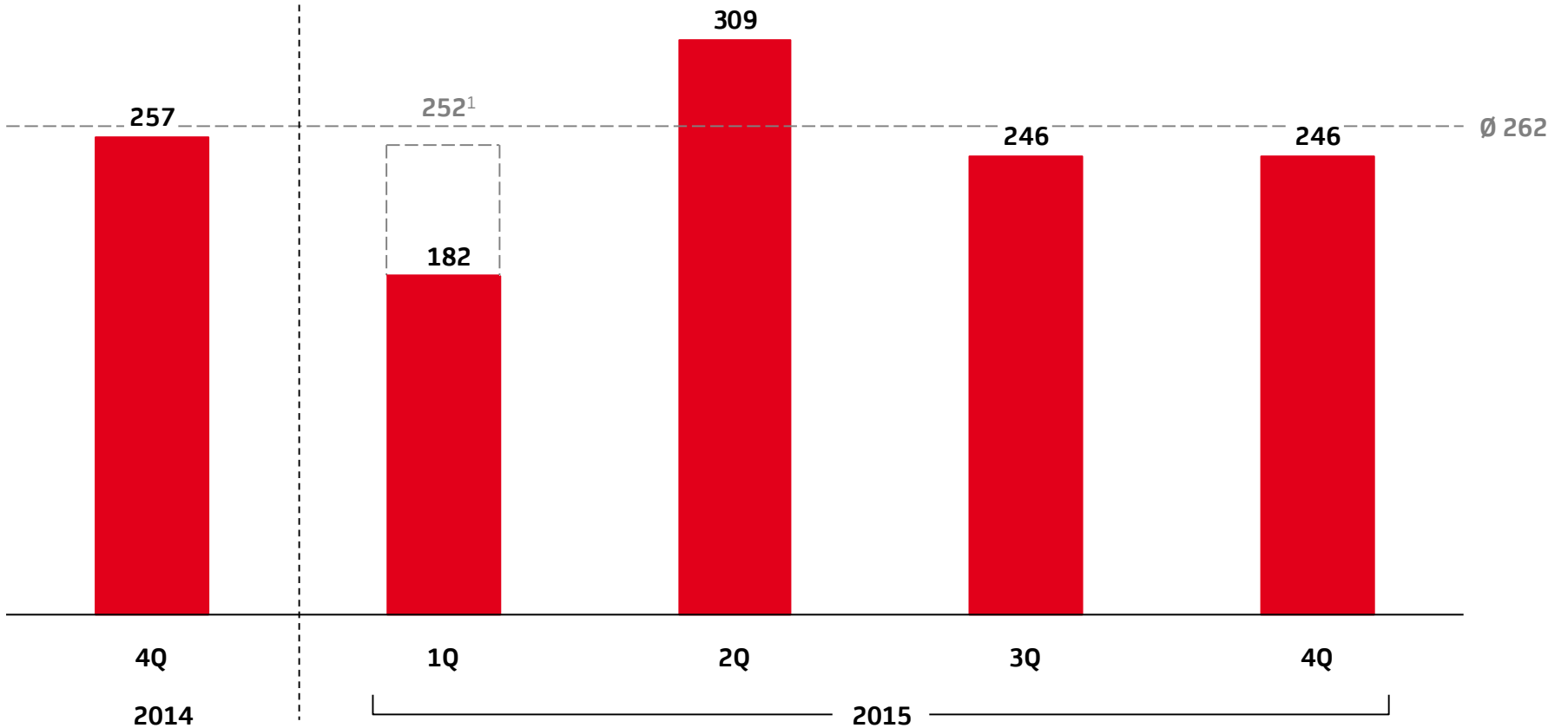
Strong operating performance – HypoVereinsbank increases net operating income by 10.2% to 983 Mio €

		Change, 2015 vs. 2014
Operating income		+1.6%
Operating costs		+0.6%
Operating profit		+5.1%
Net write-downs of loans		-25.2%
Net operating profit		+10.2%

Stable operating results

Net operating profit

€ millions



Strategic direction successfully set

- HVB is investing heavily in its future

Investment in growth

~ €250m



- HVB is gaining a leaner, more efficient structure in 2016-18 in response to structural market changes and has already posted planned spending in 2015

Restructuring costs in the back office units

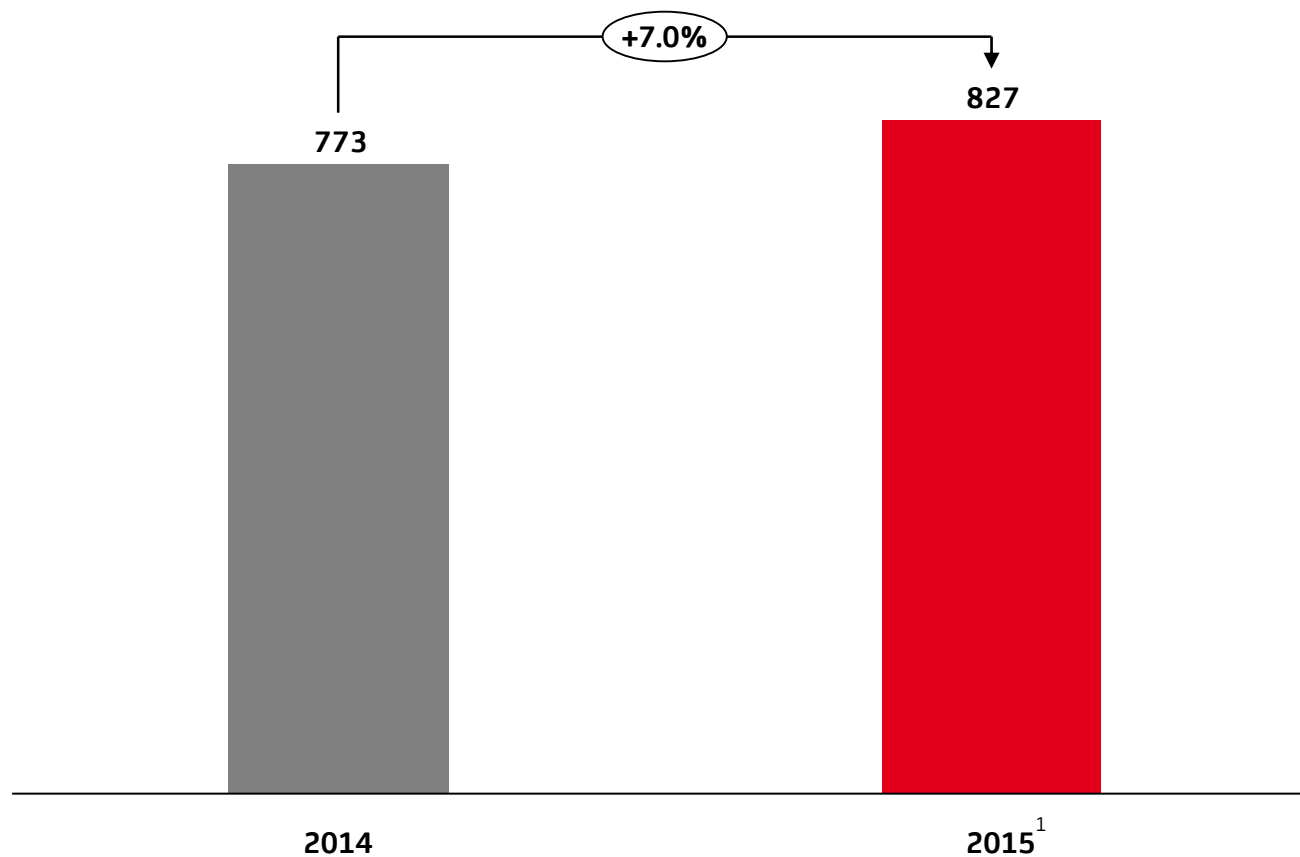
€112m¹



Higher adjusted consolidated profit year-on-year

Consolidated profit adjusted for restructuring costs

€ millions



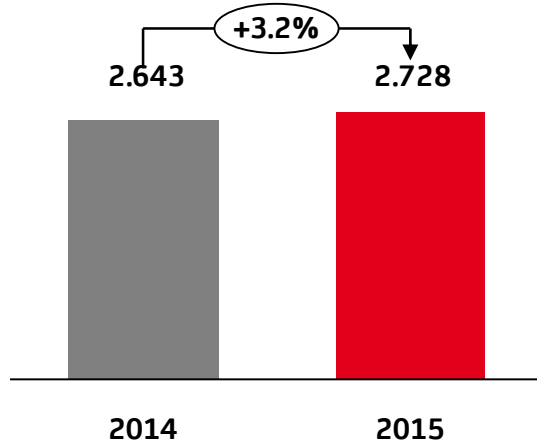
¹ The net restructuring costs posted in 2015 cover the requirements from the 2016-2018 multi-year plan from today's viewpoint

Healthy Balance Sheet guarantees solidity and security for our customers

	2014	2015	
Capital (CET1 fully loaded)	21.3%	24.7%	✓
Leverage ratio (fully loaded)	6.1	5.9	✓
Liquidity coverage ratio	> 100%	> 100%	✓

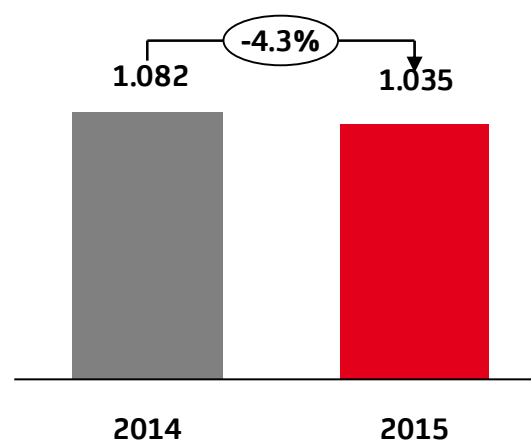
Slight increases in net interest and net trading income thanks to stronger customer activities

Net interest € millions



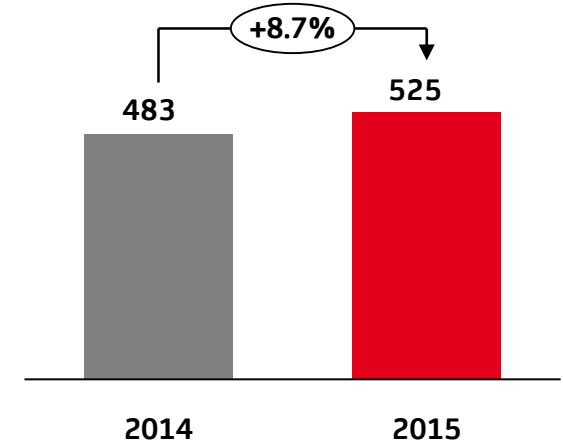
- Slight rise in net interest despite persistently ultra-low interest rates

Net fees and commissions € millions



- Slight fall in net fees and commissions year-on-year due to market development and sale of PlanetHome
- Positive trend mainly in lending to business customers

Net trading income € millions

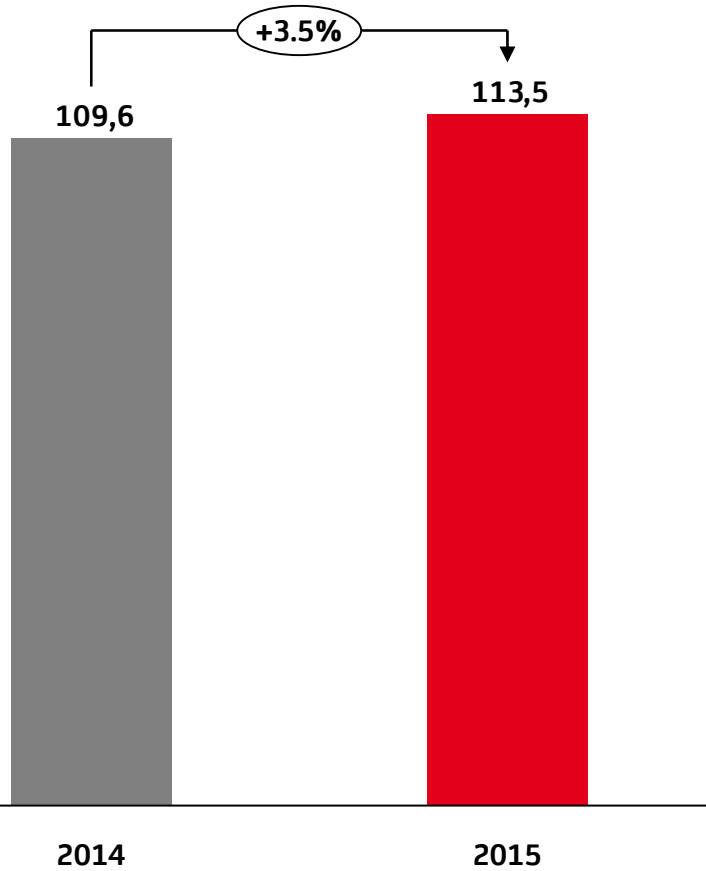


- Results benefit from positive market trend in interest rates and credit spreads
- Currency-related business also grows

Higher lending and deposit volumes reaffirm growth course taken and strong market position

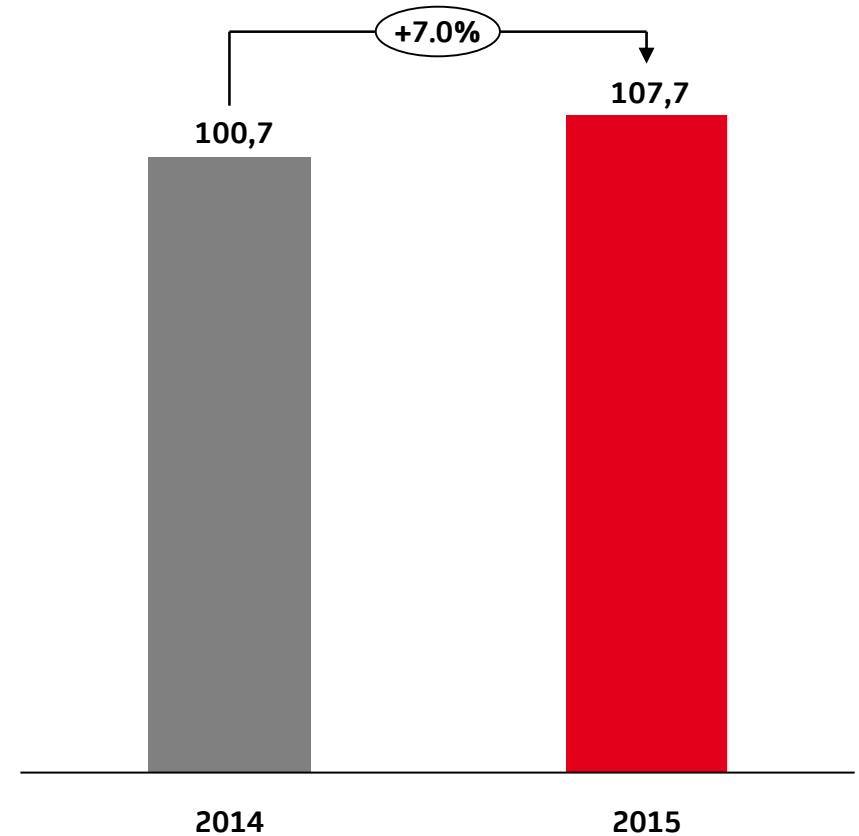
Loans to customers

€ billions



Deposits from customers

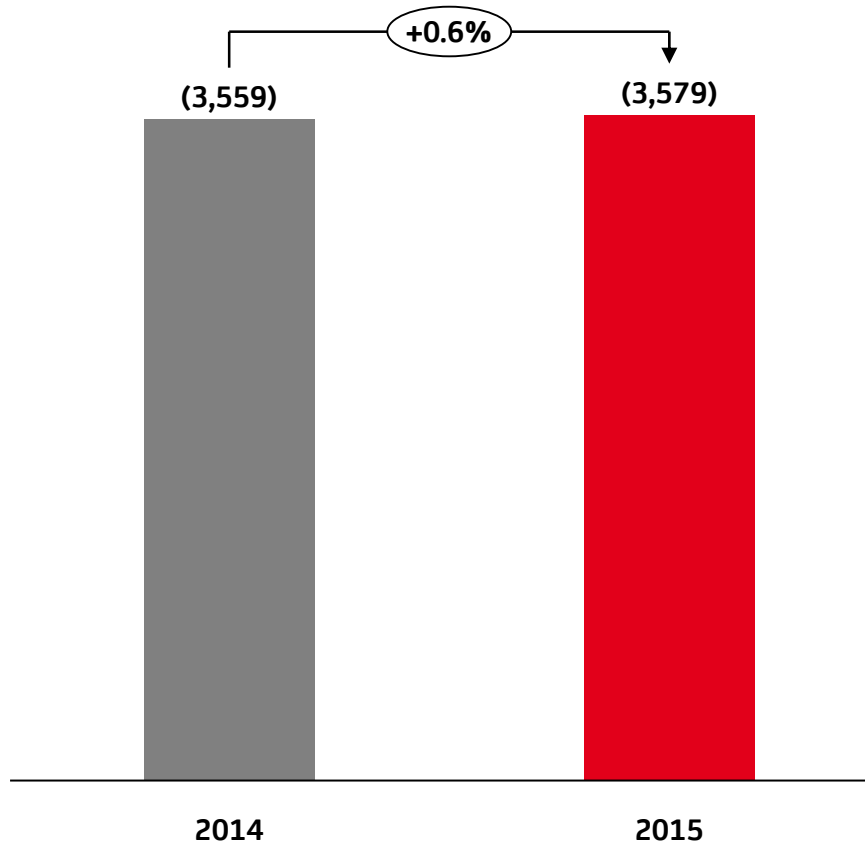
€ billions



Costs again stable – despite investment in growth fields

Operating costs

€ millions



- **Ongoing cost-cutting and consistent cost management create leeway for**
 - ~80% higher investments in growth and digitisation
 - Rise in spending on marketing, compliance and pensions

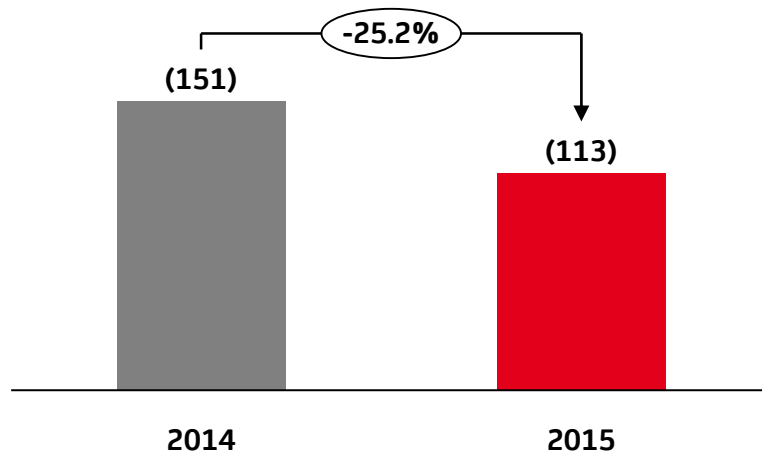
- **Initial positive cost effects from strategic repositioning in retail banking**
 - Effect in 2015: payroll costs down 8.2%, rental costs down 20%
 - Full effect in the coming years

- **Concluded reconciliation of interests facilitates rapid implementation of the job cuts already communicated**
 - Reduction of 450 of the ~2,000 full-time equivalents planned through 2018 already completed

Good portfolio quality pays off in net write-downs of loans

Net write-downs of loans

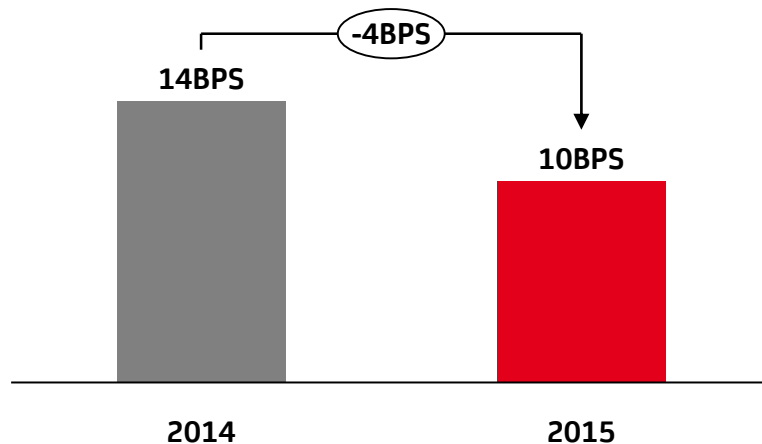
€ millions



- Net write-downs of loans still at a very low level in 2015 against a higher volume of lending overall
- High portfolio quality and conservative risk policy for new business written is paying off

Cost of risk

in BPS



- Cost of risk down 4BPS year-on-year and at a very low level of 10BPS

Healthy income growth in both operating segments

Operating income

€ millions

Commercial Banking



- Growth and expansion of market share especially among business customers and in Private Banking & Wealth Management
- Stable income in retail banking affirm modernisation strategy

Corporate & Investment Banking



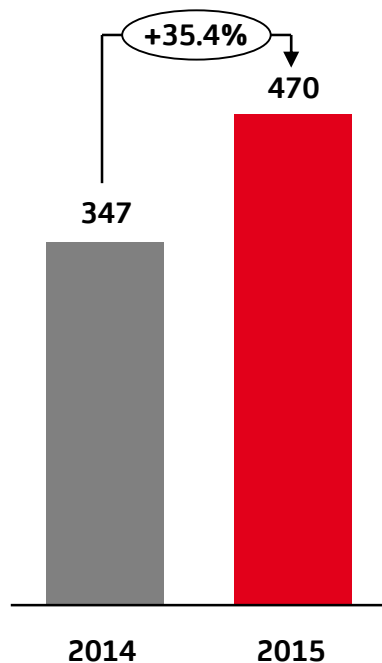
- Expanded operations with multinational corporates and financial service providers
- Strengthened market position in Financing & Advisory
- Markets boosted mainly by risk and trading products for corporates

Improved segment operating performance

Net operating profit

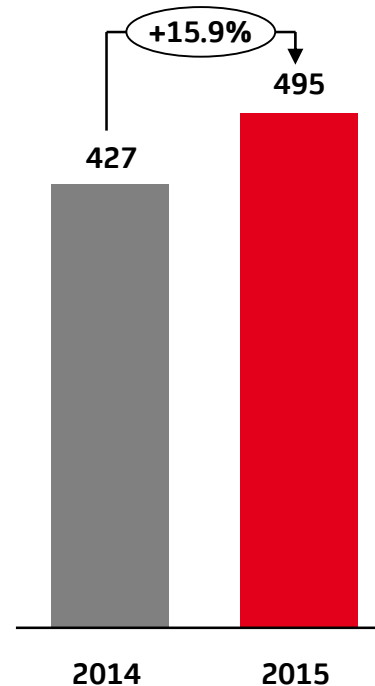
€ millions

Commercial Banking



- Growth in all relevant customer segments
- Effective cost advantages
- Rising profitability
- Much higher customer satisfaction


Corporate & Investment Banking



- Positive trend in net interest
- Stable net trading profit despite burden from funding value adjustments posted in the Income Statement for the first time
- Results boosted by loan-loss provisions at a low level

- Strong operating performance by HVB Group leads to higher operating profit and adjusted consolidated profit year-on-year
- Technical effects in consolidated financial statements: funding value adjustments posted for the first time in the income statement and lower tax burden from recognition of moderate deferred tax assets as part of future planning (in accordance with IFRS)

2015 summary

-  Profitable growth and efficiency measures secure another good result in a difficult environment
 -  Strong operating performance supported by growth in lending volumes and deposits
 -  Costs again stable – despite investment in growth fields together with higher compliance and pension costs
 -  Net write-downs of loans still at a low level
 -  Year-on-year increase in operating profit and adjusted consolidated profit
 -  Focus remains on boosting efficiency in back office units and growing in core business areas
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Annex

HVB Group: Income statement

Income/Expenses	2015	2014	CHANGE	
	€ millions	€ millions	€ millions	in %
Net interest	2,728	2,643	+ 85	+ 3.2
Dividends and other income from equity investments	69	92	(23)	(25.0)
Net fees and commissions	1,035	1,082	(47)	(4.3)
Net trading income	525	483	+ 42	+ 8.7
Net other expenses/income	318	302	+ 16	+ 5.3
Operating income	4,675	4,602	+ 73	+ 1.6
Operating costs	(3,579)	(3,559)	(20)	+ 0.6
Operating profit	1,096	1,043	+ 53	+ 5.1
Net write-downs of loans	(113)	(151)	+ 38	(25.2)
Net operating profit	983	892	+ 91	+ 10.2
Provisions for risks and charges	(194)	25	(219)	
Restructuring costs	(112)	18	(130)	
Net income from investments	99	148	(49)	(33.1)
Profit before tax	776	1,083	(307)	(28.3)
Profit before tax adjusted by restructuring costs	888	1,065	(177)	(16.6)
Income tax for the period	(26)	(298)	+ 272	(91.3)
Profit after tax/consolidated profit	750	785	(35)	(4.5)
Consolidated profit after tax adjusted for restructuring costs	827	773	+ 54	+ 7.0

HVB Group: Quarterly income statement

INCOME/EXPENSES € millions	Q4 2015	Q3 2015	Q2 2015	Q1 2015	Q4 2014
Net interest	764	644	668	652	655
Dividends and other income from equity investments	8	48	7	6	18
Net fees and commissions	230	246	257	302	262
Net trading income	33	42	270	180	137
Net other expenses/income	126	106	65	21	199
Operating income	1,161	1,086	1,267	1,161	1,271
Operating costs	(869)	(883)	(910)	(917)	(858)
Operating profit	292	203	357	244	413
Net write-downs of loans	(46)	43	(48)	(62)	(156)
Net operating profit	246	246	309	182	257
Provisions for risks and charges	(91)	(44)	(57)	(2)	20
Restructuring costs	(112)	0	0	0	18
Net income from investments	36	5	41	17	60
Profit before tax	79	207	293	197	355
Profit before tax adjusted by restructuring costs	191	207	293	197	337
Income tax for the period	210	(72)	(98)	(66)	(8)
Profit after tax/consolidated profit	289	135	195	131	347
Consolidated profit after tax adjusted for restructuring costs	366	135	195	131	335

Operating segments: Income statement

INCOME/EXPENSES	COMMERCIAL BANKING				CORPORATE & INVESTMENT BANKING			
	2015	2014	CHANGE		2015	2014	CHANGE	
	€ millions	€ millions	€ millions	in %	€ millions	€ millions	€ millions	in %
Net interest	1,604	1,585	+ 19	+ 1.2	1,133	1,027	+ 106	+ 10.3
Dividends and other income from equity investments	48	12	+ 36	>+100.0	18	78	(60)	(76.9)
Net fees and commissions	772	804	(32)	(4.0)	279	291	(12)	(4.1)
Net trading income	88	20	+ 68	>+100.0	441	450	(9)	(2.0)
Net other expenses/income	10	13	(3)	(23.1)	129	122	+ 7	+ 5.7
Operating income	2,522	2,434	+ 88	+ 3.6	2,000	1,968	+ 32	+ 1.6
Operating costs	(1,972)	(1,979)	+ 7	(0.4)	(1,451)	(1,429)	(22)	+ 1.5
Operating profit	550	455	+ 95	+ 20.9	549	539	+ 10	+ 1.9
Net write-downs of loans and provisions for guarantees and commitments	(80)	(108)	+ 28	(25.9)	(54)	(112)	+ 58	(51.8)
Net operating profit	470	347	+ 123	+ 35.4	495	427	+ 68	+ 15.9
Provisions for risks and charges	(119)	(11)	(108)	>+100.0	(69)	10	(79)	
Restructuring costs	14	0	+ 14		(30)	0	(30)	
Net income from investments	40	2	+ 38	>+100.0	2	126	(124)	(98.4)
Profit before tax	405	338	+ 67	+ 19.8	398	563	(165)	(29.3)

HVB Group: Balance sheet

Assets	2015	2014	CHANGE	Liabilities	2015	2014	CHANGE
	€ millions	€ millions	in %		€ millions	€ millions	in %
Cash and cash balances	11,443	5,173	>+100.0	Deposits from banks	58,480	54,080	+ 8.1
Financial assets held for trading	97,800	111,838	(12.6)	Deposits from customers	107,690	100,674	+ 7.0
Financial assets at fair value through profit or loss	33,823	31,205	+ 8.4	Debt securities in issue	26,002	28,249	(8.0)
Available-for-sale financial assets	1,354	1,569	(13.7)	Financial liabilities held for trading	77,148	87,970	(12.3)
Investments in associates and joint ventures	56	77	(27.3)	Hedging derivatives	1,049	749	+ 40.1
Held-to-maturity investments	63	66	(4.5)	Hedging adjustments of hedged items in the fair value hedge portfolio	2,030	2,430	(16.5)
Loans and receivables with banks	32,832	32,654	+ 0.5	Tax liabilities	745	749	(0.5)
Loans and receivables with customers	113,488	109,636	+ 3.5	Liabilities of disposal groups held for sale	31	1	>+100.0
Hedging derivatives	450	753	(40.2)	Other liabilities	2,572	2,534	+ 1.5
Hedge adjustment of hedged items in the fair value hedge portfolio	57	66	(13.6)	Provisions	2,232	2,309	(3.3)
Property, plant and equipment	3,230	2,949	+ 9.5	Shareholders' equity	20,766	20,597	+ 0.8
Investment properties	1,163	1,293	(10.1)	Shareholder's equity attributable to the shareholder of UniCredit Bank AG	20,762	20,566	+ 1.0
Intangible assets	462	478	(3.3)	Minority interest	4	31	(87.1)
Tax assets	1,631	1,695	(3.8)				
Non-current assets or disposal groups held for sale	104	32	>+100.0				
Other assets	789	858	(8.0)				
Total assets	298,745	300,342	(0.5)	Total shareholders' equity and liabilities	298,745	300,342	(0.5)

Financial calendar and contacts

Financial calendar

- **18 March 2016**
Publication of the Annual Report
at 31 December 2015
- **11 May 2016**
Interim Report at 31 March 2016
- **4 August 2016**
Half-yearly Financial Report at 30 June 2016
- **11 November 2016**
Interim Report at 30 September 2016

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