

# HVB Group

## Q1 2016 results

**Dr Theodor Weimer, Board Spokesman of HypoVereinsbank**  
**Francesco Giordano, Chief Financial Officer of HypoVereinsbank**

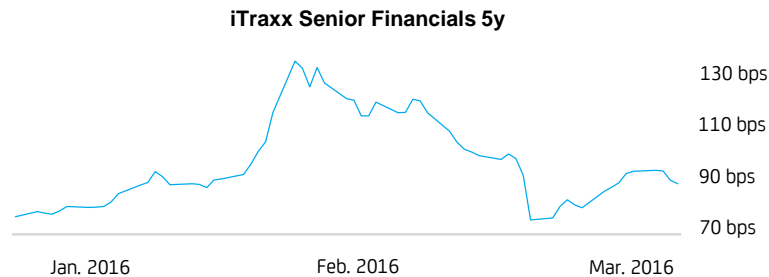
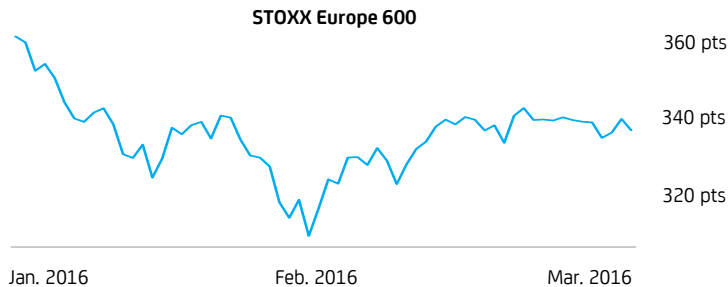
**Munich, 11 May 2016**

Willkommen bei der  
 **HypoVereinsbank**

Member of  **UniCredit**

# Market environment causes customers reticence and affects the banking industry

## High market and industry volatility



## Geopolitical uncertainties

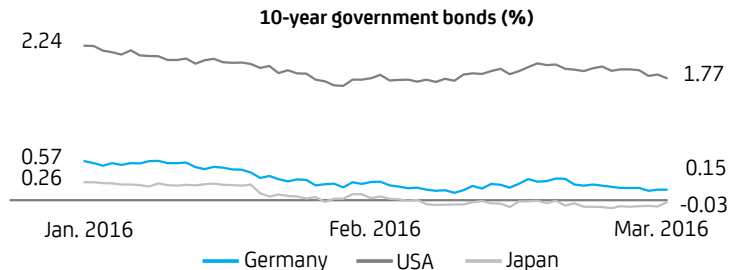
Oil prices

Terrorist attacks in Brussels

Refugee crisis

Presidential election campaign  
in the United States

## Tighter monetary policy



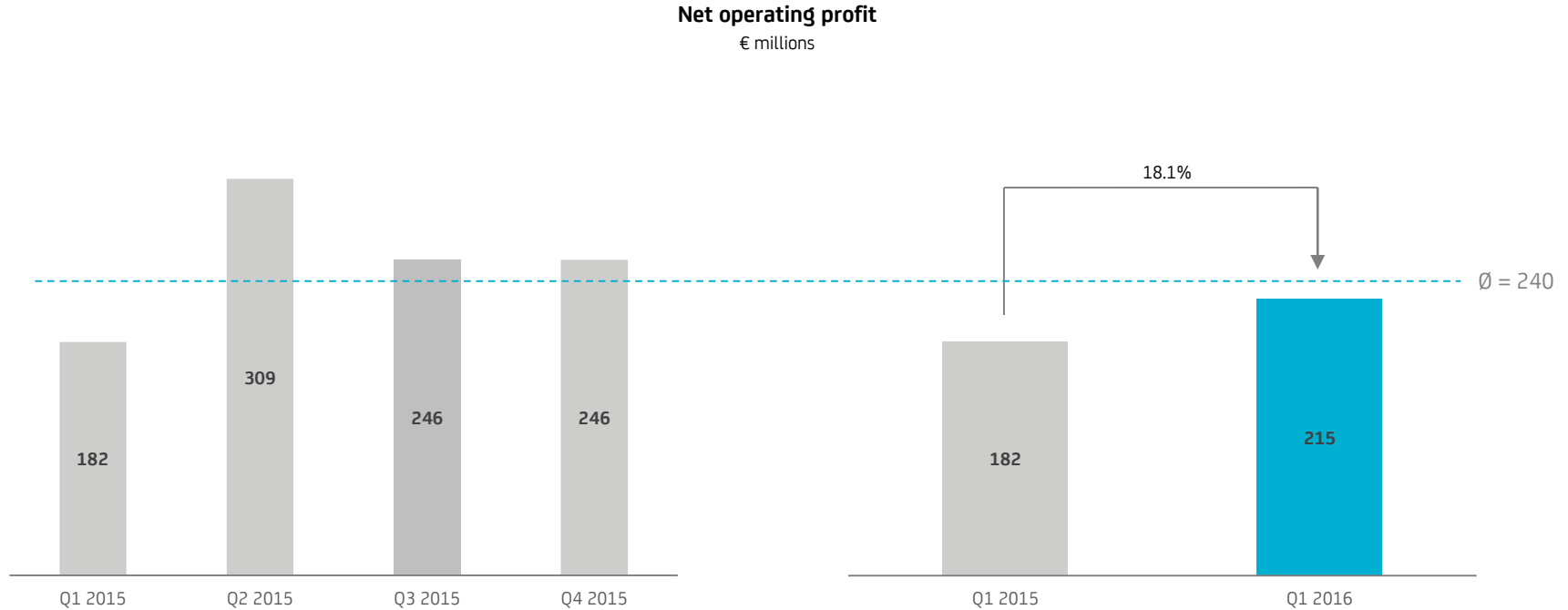
# HypoVereinsbank with decent quarterly performance despite difficult market environment

Change, Q1 2016 vs. Q1 2015		
Operating income	→	-1.8%
Operating costs	↓	-4.6%
Operating profit	↑	+8.6%
Net write-downs of loans	↓	-19.4%



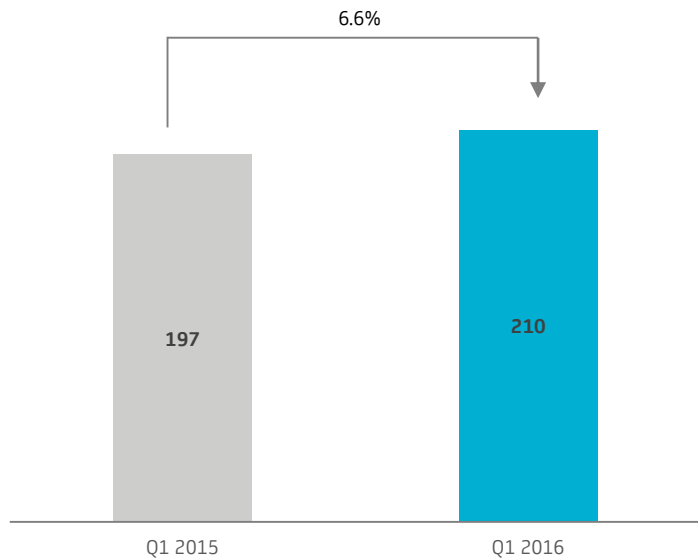
# Higher operating profit year-on-year

## Increase benefits from weak Q1 2015

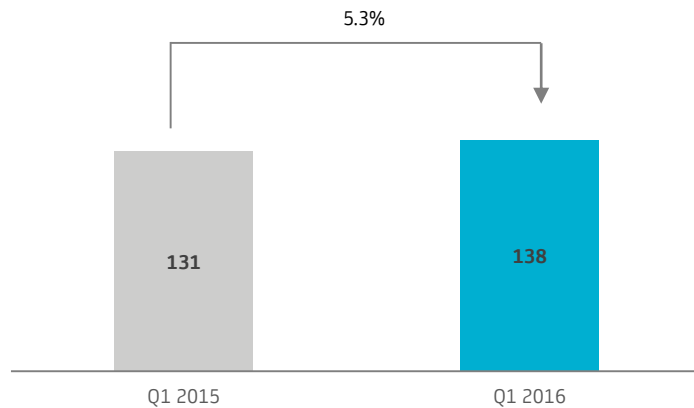


# Consolidated profit at year-ago level despite market turmoil

**Profit before tax**  
€ millions

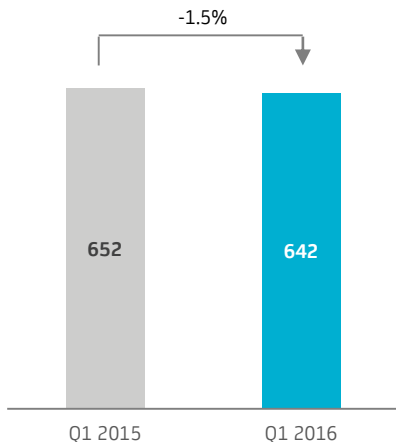


**Profit after tax**  
€ millions



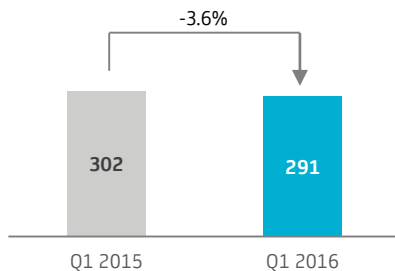
# Much weaker net trading income for market reasons, robust net interest, solid net fees and commissions

**Net interest**  
€ millions



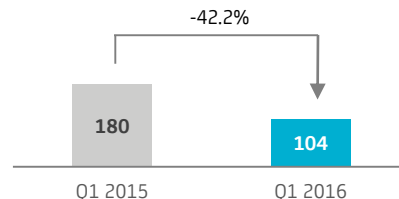
- Robust net interest despite even lower interest rates

**Net fees and commissions**  
€ millions



- Decline in net fees and commissions due exclusively to the sale of PlanetHome in Q2 2015

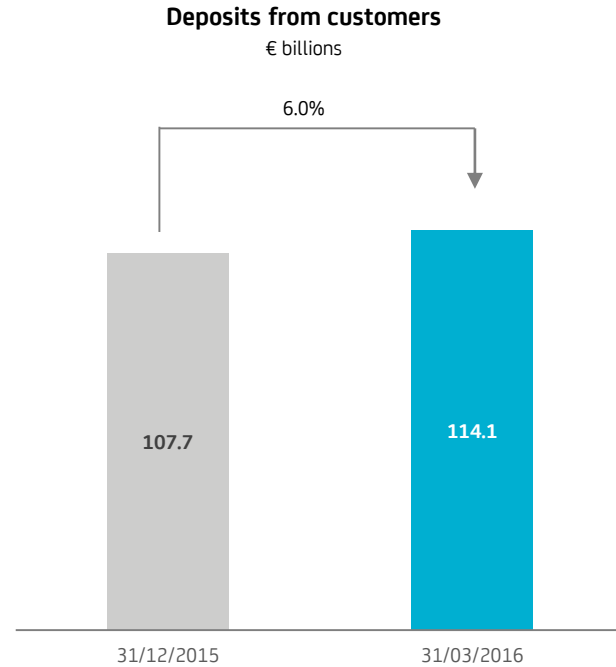
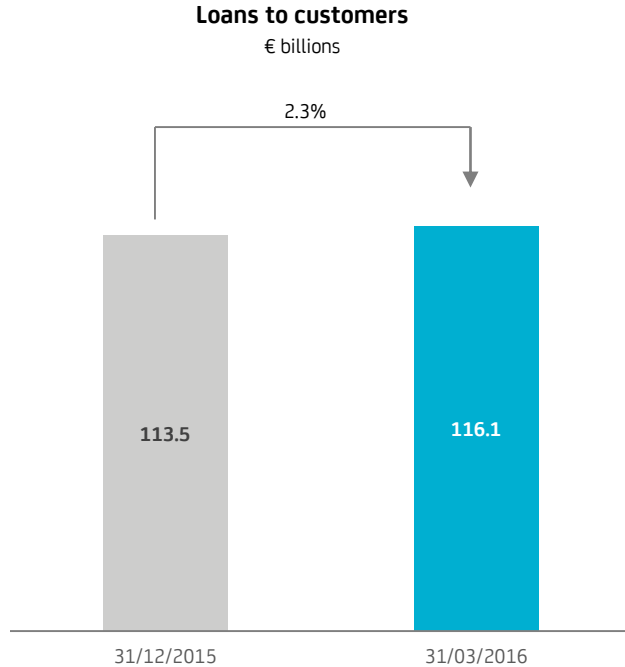
**Net trading income**  
€ millions



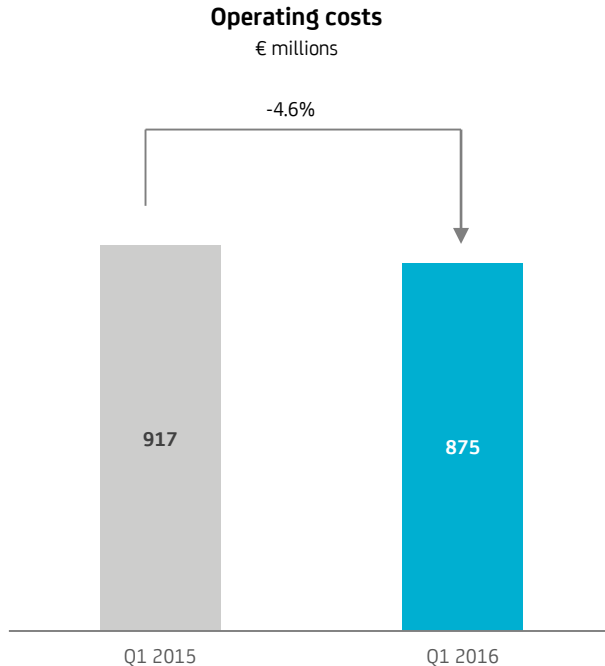
- Weak net trading profit due to adverse market environment



# Moderate growth in lending and deposit volumes with core customers



# Operating costs sharply reduced by consistent cost management

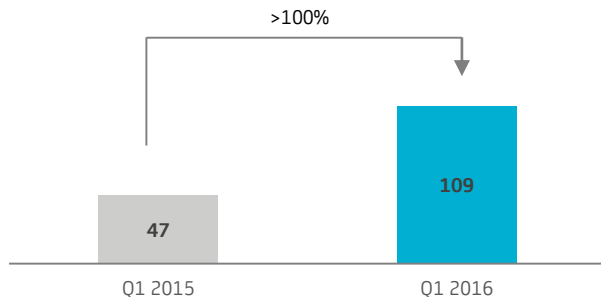


- **Decline driven by completed repositioning of retail banking activity**
  - Positive effects especially in payroll and building costs
- **Implementation of 2016–18 Strategic Plan on track**
  - Future cost effects from lower headcount and greater efficiency
  - Investment in growth fields and digitalisation
  - No further charges as restructuring costs already posted in 2015



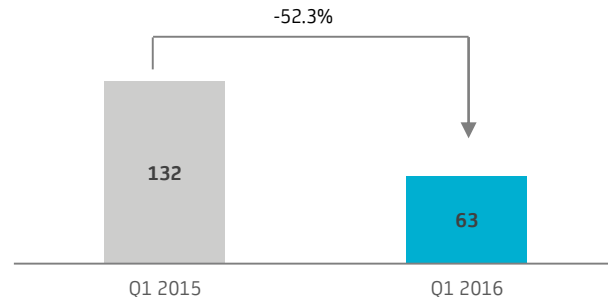
# Decline in Corporate & Investment Banking cushioned by decent performance in Commercial Banking

**Commercial Banking  
net operating profit**  
€ millions



- Increase benefits from weak Q1 2015 and lower loan-loss provisions
- Retail banking activity continues to perform well during modernisation and quality offensive
- PB & WM business again with growth in both number of customers served and assets under management in mandated business
- Expansion of core bank status with corporate and business customers, and well-filled deal pipeline

**Corporate & Investment Banking  
net operating profit**  
€ millions



- Massive decline in market overall and high volatility
- Heavy valuation losses in held-for-trading portfolio
- Higher net write-downs of loans, but still at a lower level
- Market share expanded in F&A unit



# HypoVereinsbank still with excellent liquidity and capital base

	31/12/2015	31/03/2016
Capital (CET1 fully loaded)	24.7%	23.2%
Leverage ratio (fully loaded)	5.9	6.1
Liquidity coverage ratio	> 100% <sup>1</sup>	> 100% <sup>1</sup>

<sup>1</sup> Basel III requirement as of 31 March 2016: at least 70%



# Summary

---

- ▶ **Market environment in first quarter even more difficult than anticipated at year-end 2015**
- ▶ **Stable consolidated profit despite market turmoil**
  - ▶ **Increase benefits from weak year-ago total**
  - ▶ **Struggling markets make major inroads into net trading income**
  - ▶ **Decent performance in Commercial Banking cushions decline in Corporate & Investment Banking**
- ▶ **Operating costs reduced by consistent cost management**



---

## Annex



# HVB Group: Income statement

Income/Expenses	1-3/2016	1-3/2015	Change	
	€ millions	€ millions	€ 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
<b>Operating income</b>	<b>1,140</b>	<b>1,161</b>	<b>(21)</b>	<b>(1.8)</b>
Operating costs	(875)	(917)	+ 42	(4.6)
<b>Operating profit</b>	<b>265</b>	<b>244</b>	<b>+ 21</b>	<b>+ 8.6</b>
Net write-down of loans	(50)	(62)	+ 12	(19.4)
<b>Net operating profit</b>	<b>215</b>	<b>182</b>	<b>+ 33</b>	<b>+ 18.1</b>
Provisions for risk and charges	(6)	(2)	(4)	>+100.0
Restructuring costs	0	0	0	0.0
Net income from investments	1	17	(16)	(94.1)
<b>Profit before tax</b>	<b>210</b>	<b>197</b>	<b>+ 13</b>	<b>+ 6.6</b>
Income tax for the period	(72)	(66)	(6)	+ 9.1
<b>Profit after tax</b>	<b>138</b>	<b>131</b>	<b>+ 7</b>	<b>+ 5.3</b>
Impairment on goodwill	0	0	0	0.0
<b>Consolidated profit</b>	<b>138</b>	<b>131</b>	<b>+ 7</b>	<b>+ 5.3</b>



# Operating business segments: Income statement

Income/Expenses	Commercial Banking				Corporate & Investment Banking			
	1-3/2016 € millions	1-3/2015 € millions	Change		1-3/2016 € millions	1-3/2015 € millions	vs 1-3/2015	
			€ millions	in %			€ millions	in %
Net interest	384	393	(9)	(2,3)	259	269	(10)	(3,7)
Dividends and other income from equity investments	20	1	+ 19	>+100,0	0	5	(5)	(100,0)
Net fees and commissions	192	208	(16)	(7,7)	102	99	+ 3	+ 3,0
Net trading income	(12)	2	(14)		119	180	(61)	(33,9)
Net other expenses/income	(8)	(16)	+ 8	+ 50,0	24	(8)	+ 32	
<b>Operating income</b>	<b>576</b>	<b>588</b>	<b>(12)</b>	<b>(2,0)</b>	<b>504</b>	<b>545</b>	<b>(41)</b>	<b>(7,5)</b>
Payroll costs	(170)	(188)	+ 18	(9,6)	(117)	(122)	+ 5	(4,1)
Other administrative expenses	(302)	(317)	+ 15	(4,7)	(225)	(239)	+ 14	(5,9)
Depreciation	(3)	(3)	0	0,0	(29)	(18)	(11)	+ 61,1
<b>Operating costs</b>	<b>(475)</b>	<b>(508)</b>	<b>+ 33</b>	<b>(6,5)</b>	<b>(371)</b>	<b>(379)</b>	<b>+ 8</b>	<b>(2,1)</b>
<b>Operating profit</b>	<b>101</b>	<b>80</b>	<b>+ 21</b>	<b>+ 26,3</b>	<b>133</b>	<b>166</b>	<b>(33)</b>	<b>(19,9)</b>
Net write-down of loans	8	(33)	+ 41		(70)	(34)	(36)	>+100,0
<b>Net operating profit</b>	<b>109</b>	<b>47</b>	<b>+ 62</b>	<b>&gt;+100,0</b>	<b>63</b>	<b>132</b>	<b>(69)</b>	<b>(52,3)</b>
Provisions for risk and charges	(2)	(3)	+ 1	(33,3)	(5)	0	(5)	
Restructuring costs	0	0	0	0,0	0	0	0	0,0
Net income from investments	0	0	0	0,0	0	6	(6)	(100,0)
<b>Profit before tax</b>	<b>107</b>	<b>44</b>	<b>+ 63</b>	<b>&gt;+100,0</b>	<b>58</b>	<b>138</b>	<b>(80)</b>	<b>(58,0)</b>



# HVB Group: Balance sheet

Assets in € millions	31/03/2016	31/12/2015	Change in %
Cash and cash balances	5,703	11,443	(50.2)
Financial assets held for trading	102,861	97,800	+ 5.2
Financial assets at fair value through profit or loss	35,378	33,823	+ 4.6
Available-for-sale financial assets	1,156	1,354	(14.6)
Investments in associates and joint ventures	49	56	(12.5)
Held-to-maturity investments	51	63	(19.0)
Loans and receivables with banks	43,800	32,832	+ 33.4
Loans and receivables with customers	116,074	113,488	+ 2.3
Hedging derivatives	519	450	+ 15.3
Hedge adjustment of hedged items in the fair value hedge portfolio	62	57	+ 8.8
Property, plant and equipment	2,961	3,230	(8.3)
Investment properties	1,102	1,163	(5.2)
Intangible assets	460	462	(0.4)
Tax assets	1,572	1,631	(3.6)
Non-current assets or disposal groups held for sale	1,366	104	>+ 100.0
Other assets	764	789	(3.2)
<b>Total assets</b>	<b>313,878</b>	<b>298,745</b>	<b>+ 5.1</b>

Liabilities in € millions	31/03/2016	31/12/2015	Change in %
Deposits from banks	62,905	58,480	+ 7.6
Deposits from customers	114,135	107,690	+ 6.0
Debt securities in issue	26,820	26,002	+ 3.1
Financial liabilities held for trading	79,260	77,148	+ 2.7
Hedging derivatives	888	1,049	(15.3)
Hedge adjustment of hedged items in the fair value hedge portfolio	2,351	2,030	+ 15.8
Tax liabilities	778	745	+ 4.4
Liabilities of disposal groups held for sale	1,212	31	>+ 100.0
Other liabilities	2,504	2,572	(2.6)
Provisions	2,127	2,232	(4.7)
Shareholders' equity	20,898	20,766	+ 0.6
Shareholders' equity attributable to the shareholder of UniCredit Bank AG	20,894	20,762	+ 0.6
Minority interest	4	4	0.0
<b>Total shareholders' equity and liabilities</b>	<b>313,878</b>	<b>298,745</b>	<b>+ 5.1</b>



# Financial calendar and contacts

---

- **Financial calendar:**

- **4 August 2016**

- Half-yearly Financial Report at 30 June 2016

- **11 November 2016**

- Interim Report at 30 September 2016

- **Contacts for the press:**

- **Marion Nagl**

- Phone +49 (0)89 378-25554  
[marion.nagl@unicredit.de](mailto:marion.nagl@unicredit.de)

- **Nicholas Wenzel**

- Phone +49 (0)89 378-44959  
[nicholas.wenzel@unicredit.de](mailto:nicholas.wenzel@unicredit.de)



# Disclaimer

---

This presentation contains forward-looking statements. Forward-looking statements are statements that are not historical facts. They include statements about our beliefs and expectations, and the underlying assumptions of UniCredit Bank AG. These statements are based on plans, estimates and projections as currently available to the management of UniCredit Bank AG. Consequently, forward-looking statements are only applicable on the day on which they are made. We undertake no obligation to update such statements in light of new information or future events.

By their very nature, forward-looking statements involve risks and uncertainties. A number of important factors could cause actual results to differ materially from forward-looking statements. Such factors include conditions in the financial markets in Germany, Europe and the United States, the development of asset prices, potential defaults of borrowers or trading counterparties, and other changes—notably including significant political changes—that may materially alter the parameters underlying our business activities.

This presentation does not constitute any kind of recommendation or investment advice.

