

UniCredit Bank

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UniCredit Bank AG (UCB) is the parent company of HVB Group and is wholly owned by the Italian UniCredit S.p.A (global systemically important institution; additional capital buffer: 1.0%). Although the name has been changed from Bayerische Hypo- und Vereinsbank AG to UCB, the established HypoVereinsbank brand remains. Worldwide, HVB Group had 430 business outlets and 10,886 employees at the end of 2022. HVB Group offers its customers the comprehensive services of an universal bank and access to the other commercial banks in the UniCredit Group. UCB accounted for 26% of the total profit of UniCredit S.p.A. in 2022. Following restructuring measures in the past financial year, UCB is now reported in the segments "Retail", "Corporates" and "Other" in line with the Group organisation. Geographically, UCB offers its banking services mainly to German clients, with a focus on private clients and clients from the public sector. UCB is also the centre of competence for the investment banking and markets activities of the entire UniCredit Group. On 3 May 2023, UniCredit Group published its best quarterly result ever, with a net profit of EUR 2.1bn. This is partly due to the three-year plan "UniCredit Unlocked 2022-24", which is now entering its second phase. Strategically, this plan provides for a simplification of the operating model with comprehensive process optimisation and digitalisation. It also sets a target to reduce CO₂ emissions by 60% by 2030 compared to 2008. UniCredit Bank issued its first green Pfandbrief (EUR 500 million) in September 2021 and placed its second green covered bond issue on the market one year later.

Ratings

	Rating	Outlook
Fitch	BBB+	Stable
Moody's	A2	Negative
S&P	BBB+	Stable

Homepage

www.hypovereinsbank.de

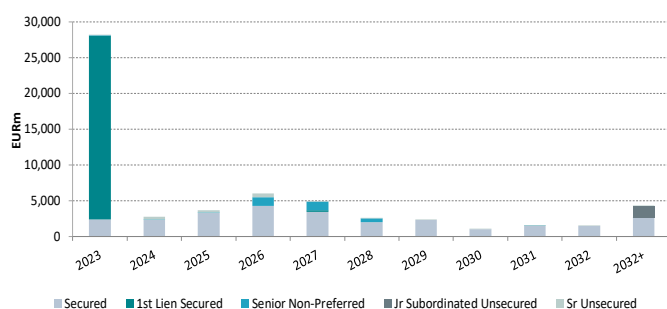
Balance Sheet

(EURm)	2020Y	2021Y	2022Y
Net Loans to Customers	144,247	148,709	154,776
Total Securities	107,062	105,709	97,670
Total Deposits	143,803	134,340	147,152
Tier 1 Common Capital	15,122	15,167	16,060
Total Assets	338,124	312,304	318,006
Total Risk-weighted Assets	80,637	86,928	82,077

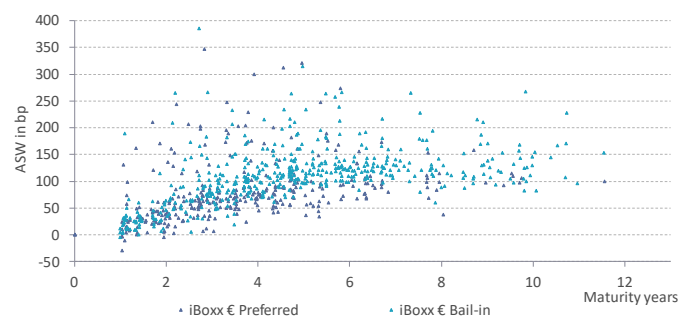
Income Statement

(EURm)	2020Y	2021Y	2022Y
Net Interest Income	2,413	2,516	2,626
Net Fee & Commission Inc.	1,007	1,115	1,120
Net Trading Income	581	731	1,110
Operating Expense	2,809	3,412	2,646
Credit Commit. Impairment	730	113	302
Pre-tax Profit	1,072	626	1,768

Redemption Profile



Senior Unsecured Bonds (EUR BMK)



Company Ratios

	2020Y	2021Y	2022Y		2020Y	2021Y	2022Y
Net Interest Margin	0.77	0.79	0.85	Liquidity Coverage Ratio	-	-	-
ROAE	3.63	1.83	6.93	IFRS Tier 1 Leverage Ratio	5.25	5.68	6.06
Cost-to-Income	68.66	80.53	55.76	NPL/ Loans at Amortised Cost	2.30	2.07	1.76
Core Tier 1 Ratio	18.75	17.45	19.57	Reserves/Loans at Amort. Cost	1.31	1.20	1.16

As of: 08.05.2023; Source: Bloomberg, S&P Global Market Intelligence, NORD/LB Markets Strategy & Floor Research

Strengths / Opportunities

- Funding profile
- Capitalization

Risks / Weaknesses

- Strong link to parent company affects rating
- Earnings volatile due to capital market business

Covered Bonds

Author: Stefan Rahaus

Two programmes for the issuance of Pfandbriefe

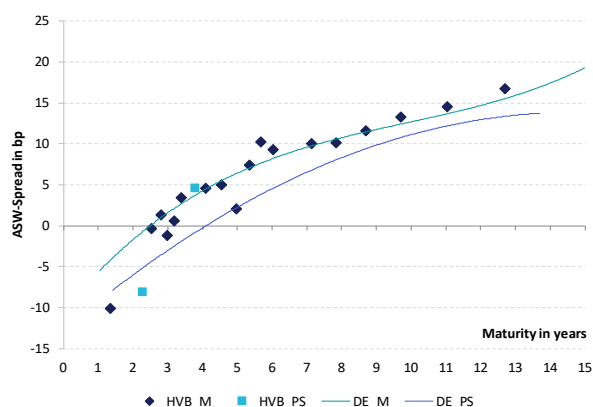
UniCredit Bank has both Mortgage Pfandbriefe and Public Pfandbriefe outstanding. As at 31 March 2023, there were significantly more Mortgage Pfandbriefe outstanding (EUR 26.2bn) than Public Pfandbriefe (EUR 4.2bn). Accordingly, the cover pool for mortgage-backed securities is almost five times larger than the cover pool for Public Pfandbriefe. In the iBoxx EUR Covered, UniCredit Bank is represented in the May composition with 20 bonds with a total volume of EUR 17.35bn, of which two are Public Pfandbriefe (EUR 2.25bn).

Programme data

31 March 2023	Mortgage	Public Sector
Covered bonds outstanding	EUR 26,167m	EUR 4,222m
Cover pool volume	EUR 31,484m	EUR 6,501m
Current OC (nominal / regulatory)	20.3% / 2.0%	54.0% / 2.0%
Type	70.8% Residential	49.6% Local authority
Main Country	100% Germany	93.1% Germany
NPL	0.0%	0.0%
Fixed interest (Cover Pool / CBs)	82.2% / 99.2%	74.6% / 100%
Weight. Avg. Life (Cover Pool / CBs)	6.9y / 5.9y	8.9y / 4.7y
LTV	42.4%	- / -
CB Rating (Fitch / Moody's / S&P)	- / Aaa / -	- / Aaa / -

Source: Issuer, rating agencies, Bloomberg, NORD/LB Markets Strategy & Floor Research

Spread overview (BMK) – Germany



Mortgage cover pool with a high residential share

UniCredit Bank's cover pool for mortgage Pfandbriefe is composed of 97.9% mortgage assets and 2.1% substitute cover. Within the primary cover assets, 70.8% (EUR 21.8bn) are residential assets, while 29.2% (EUR 9.0bn) are commercial assets. 34.1% (EUR 7.4bn) of the cover assets with residential purposes are allocated to the category of multi-family houses and 65.4% to houses and flats (EUR 14.3bn). More than 50% of the residential properties are owner-occupied. In total, the mortgage cover pool comprised 132,200 loans to 101,636 borrowers as at the reporting date of 31 March 2023. Geographically, all assets are located in the Federal Republic of Germany. Regionally, Bavaria dominates (43.4%), followed by Berlin (12.3%) and North Rhine-Westphalia (9.8%). The remaining 34.5% are accounted for by the remaining 13 federal states. The average loan volume in the residential sector is EUR 173,900, while in the commercial sector it is EUR 1.3m. Among the commercial assets, more than half of the volume (56.0%) is accounted for by office properties, 30.5% by retail. All mortgage cover assets and mortgage Pfandbriefe are denominated in EUR. In the Public Sector pool, 5.3% of the cover pool is denominated in USD, while 100% of the Public Sector Pfandbriefe are denominated in EUR. The NPL ratio in both cover pools is 0.0%.

Rating and regulation

Both the Mortgage Pfandbriefe and the Public Pfandbriefe of UniCredit Bank are rated Aaa by Moody's. Accordingly, they benefit from a preferred risk weighting under CRR of 10%. Bonds in benchmark format also benefit from classification as a Level 1 asset in the LCR context, in our assessment. In addition, UniCredit Bank Pfandbriefe are eligible for purchase under the expiring ECB purchase programme CBPP3 and can be deposited as collateral in the context of the ECB Collateral Framework.

Annex

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