

UniCredit Bank

Issuer View • 11 February 2025

Authors: Alexander Grenner // Lukas Kühne // Dr Frederik Kunze

Ratings

UniCredit Bank GmbH

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

Homepage

www.hypovereinsbank.de

UniCredit Bank GmbH (formerly UniCredit Bank AG; HVB), based in Munich, is one of the largest banks in Germany in terms of total assets (H1/2024: EUR 282bn). It is the parent company of HVB Group and a wholly owned subsidiary of UniCredit S.p.A. (UniCredit). HVB Group has 366 offices worldwide and employs around 9,700 people (H1/2024). HVB Group offers private and corporate customers as well as public-sector organisations, international companies and institutional clients the comprehensive services of a universal bank and also provides access to a network of UniCredit commercial banks spread across 13 countries worldwide. In addition, HVB acts as a centre of competence for UniCredit's investment banking and customer risk management activities. HVB reports in the segments "Retail" (H1/2024: 22.7% of profit before tax), "Corporates" (69.6%) and "Other" (7.7%). The focus of the "UniCredit Unlocked" strategic plan is on simplifying the operating model with comprehensive process optimisation, growth in selected business areas and an increase in capital efficiency. In line with the strategy, administrative expenses were reduced by more than 7% in the first half of 2024 compared to the same period of the previous year. The majority of HVB's refinancing mix consists of customer deposits and deposits from other banks, but is supplemented by targeted issues on the capital market. With a share of 75% (September 2024), Pfandbriefe account for the majority of outstanding capital market issues. HVB is also active as an issuer of Green Pfandbriefe under its Sustainability Bond Framework.

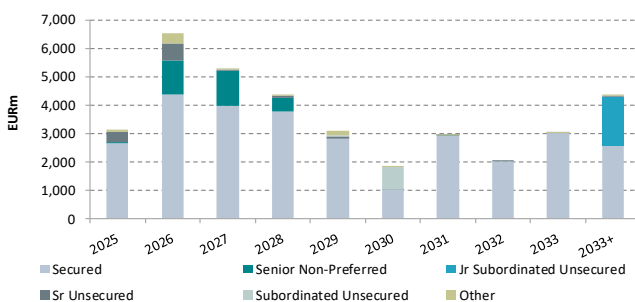
Balance Sheet

(EURm)	2022Y	2023Y	2024H1
Net Loans to Customers	154,875	154,477	159,213
Total Securities	97,887	81,487	86,068
Total Deposits	147,422	139,557	136,828
Tier 1 Common Capital	16,060	15,864	15,821
Total Assets	318,006	283,292	282,402
Total Risk-weighted Assets	82,077	69,767	68,044

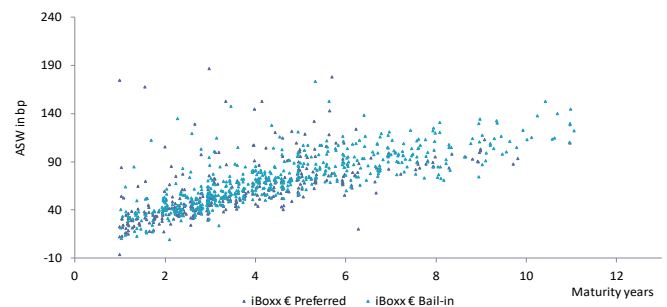
Income Statement

(EURm)	2022Y	2023Y	2024H1
Net Interest Income	2,626	2,739	1,271
Net Fee & Commission Inc.	1,120	1,165	670
Net Trading Income	1,110	1,430	862
Operating Expense	2,646	2,706	1,148
Credit Commit. Impairment	302	168	132
Pre-tax Profit	1,768	2,139	1,574

Redemption Profile



Senior Unsecured Bonds (EUR BMK)



Company Ratios

	2022Y	2023Y	2024H1	2022Y	2023Y	2024H1
Net Interest Margin	0.85	0.93	0.91	Liquidity Coverage Ratio	-	-
ROAE	6.93	8.75	10.88	IFRS Tier 1 Leverage Ratio	6.06	6.49
Cost-to-Income	55.76	52.99	40.08	NPL/Loans at Amortised Cost	1.76	1.83
Core Tier 1 Ratio	19.57	22.74	23.25	Reserves/Loans at Amort. Cost	1.16	1.16

As of 11.02.2025; Source: Bloomberg, S&P Global Market Intelligence, NORD/LB Floor Research

Strengths / Opportunities

- Capitalisation
- Liquidity
- Franchise in German corporate banking

Risks / Weaknesses

- Risks due to connection to the UniCredit
- Volatile business areas
- Moderate dependence on capital market funding

Covered Bonds

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Represented in the iBoxx EUR Covered with 19 issues from two Pfandbrief programmes

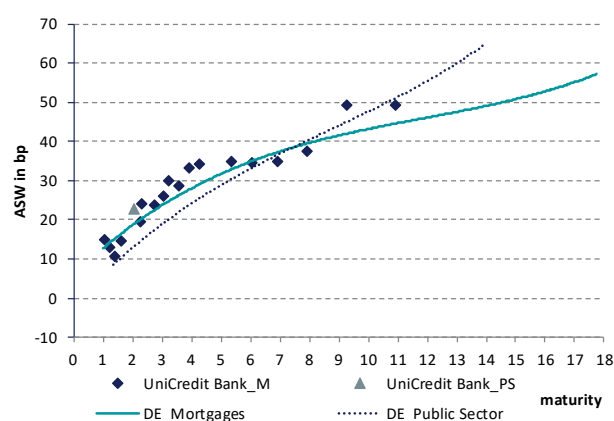
UniCredit Bank has both a programme for placing Mortgage Pfandbriefe and a programme for issuing Public Pfandbriefe. As at 30 September 2024, EUR 25.9bn in mortgage-backed Pfandbriefe and EUR 6.9bn in public sector Pfandbriefe were outstanding. With over-collateralisation ratios of 33.8% (mortgage Pfandbriefe) and 27.8% (public sector Pfandbriefe), the statutory requirement of 2% over-collateralisation is met. The Bank is represented in the current composition of the iBoxx EUR Covered with 19 issues (one Public Sector Pfandbrief, 18 Mortgage Pfandbriefe). In addition, the bank has two benchmark issues that are no longer included in the iBoxx EUR Covered due to their residual maturities (<1y).

Programme data

30 September 2024	Mortgage	Public Sector
Covered bonds outstanding	EUR 25.878bn	EUR 6.896bn
Cover pool volume	EUR 34.635bn	EUR 8.811bn
Current OC (nominal / legal)	33.8% / 2.0%	27.8% / 2.0%
Type primary cover	71.3% Residential	45.2% Municipality
Main country	100% Germany	95.2% Germany
Main region	42.6% Bavaria	30.8% Berlin
Number of loans	124,457	1,417
Share top 10 exposures	9.1%	54.0%
NPL	0.00%	0.00%
Fixed interest (Cover Pool / CBs)	82.8% / 99.6%	83.9% / 100%
WAL (Cover Pool / CBs)	6.8y / 5.3y	14.8y / 6.2y
CB Rating (Fitch / Moody's / S&P)	- / Aaa / -	- / Aaa / -

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

Spread overview (BMK) – Germany



Cover assets almost exclusively located in Germany

While the mortgage cover pool assets are located exclusively in Germany, the German share of the public pool is an impressive 95.2%. At 71.3%, the majority of the mortgage pool is made up of residential assets - of which the largest share is accounted for by the category of detached and semi-detached houses with a volume of EUR 10.2bn. Commercial cover comprises EUR 9.6bn (share of primary cover assets: 28.7%) The share of the ten largest exposures in residential cover is 5.4%, while the "top 10" in terms of exposures in commercial property financing account for a share of 3.7%. The public sector cover pool comprises cover assets with a volume of EUR 8.8bn, almost equally comprising receivables from regional authorities (share of primary cover: 41.3%) and receivables from local authorities (45.2%). Neither the public cover pool nor the mortgage pool contains non-performing loans.

Rating and regulatory treatment

Moody's rates both of UniCredit Bank's Pfandbrief programmes with the top rating of Aaa. In our opinion, the bank's EUR benchmark issues fulfil the necessary requirements to be used as Level 1 assets in the context of LCR management. Pfandbriefe placed by the issuer from 8 July 2022 can bear the "European Covered Bond (Premium)" label. In addition, the issuer's Pfandbriefe benefit from a risk weight of 10% in accordance with CRR due to the rating and are also eligible for ECB repos.

Appendix

Contacts at NORD/LB

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Time of going to press: 11 Februar 2025 (12:43)