



GERMANY

BEST BANK

HYPOVEREINSBANK

Anyone who had even vaguely followed European banking for the last decade then taken a break for a year, would be surprised to see that the continent's best performing bank stock over the 12 months to the end of March 2019 was Deutsche Bank.

A restructuring that is at last beginning to look sufficient to tackle the underlying issues makes Deutsche look even better, because Germany's second-biggest private-sector bank, Commerzbank, has gone in the other direction and failed to appease its critics even more spectacularly than before.

Commerz, indeed, was one of the worst-performing bank stocks on the continent over this period.

But the restructuring of both of Germany's biggest private banks has a long way to go and the coronavirus crisis has not helped.

Deutsche still reported a €5.7 billion post-tax loss in 2019 at group level, and income before tax in its German home market dropped by about 60%.

Litigation risks, especially in the US, continued to cast a shadow on its progress in realizing intra-group synergies closer to home.

By contrast, Germany's best bank, Hypovereinsbank, has reaped the benefits of its previous actions to tackle its problems,



Michael Diederich, Hypovereinsbank

including a three-year plan that ended late last year.

As it is now in the midst of a new medium-term plan, its transformation is by no means over. Nevertheless, parent group UniCredit reported a 17% rise in profit before tax in its German commercial banking division in 2019, reaching €849 million.

This improved result in Germany reflects a decline in operating costs in the division in 2019. Its customer deposits and loans increased steadily, and it added 73,000 new clients.

This was also the year when the group brought to Germany its western European mobile app, first launched in Italy, among other digital advances.

Hypovereinsbank, led by chief executive Michael Diederich, launched a new social impact banking programme in 2019. During the coronavirus crisis – in a much-needed symbol of European solidarity – it led Bavarian corporate donations to Italy, supporting hospitals in Milan and Rome, in addition to medical and educational support in Germany.