

# Presentation to Fixed Income Investors

**HypoVereinsbank – UniCredit Bank AG**

Munich, May 2022

Empowering  
Communities to Progress. | 



# Agenda

- 1 HypoVereinsbank at a glance
- 2 Update on latest results
- 3 Funding
- 4 Cover pool
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A red circular graphic consisting of three concentric circles. The innermost circle is a bright red and contains the white number '1'. The middle and outer circles are a darker shade of red. A vertical dotted line passes through the center of the circles.

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# HypoVereinsbank at a glance



# 150 Years – from Bayerische Vereinsbank to UniCredit Bank AG

1 2 3 4 5

Founded in 1869 as “Bayerische Vereinsbank AG”  
the business was started in Munich, Bavaria



Headquarter of the Bayerische Vereinsbank in 1884



Since 2016 the HVB Tower has become  
Headquarter of the UniCredit Bank AG



# Part of a simple successful Pan European UniCredit, HypoVereinsbank has an excellent market position in the strong German economy

1 2 3 4 5

Excellent market position

Top 3 German private bank<sup>1</sup>

Strong operating performance

EUR 1,328 m net operating profit (FY2021)

Excellent leverage ratio

5.3% (fully loaded, FY2021)

Outstanding capital ratio

17.4% (CET1 fully loaded, FY2021)

Strong balance sheet

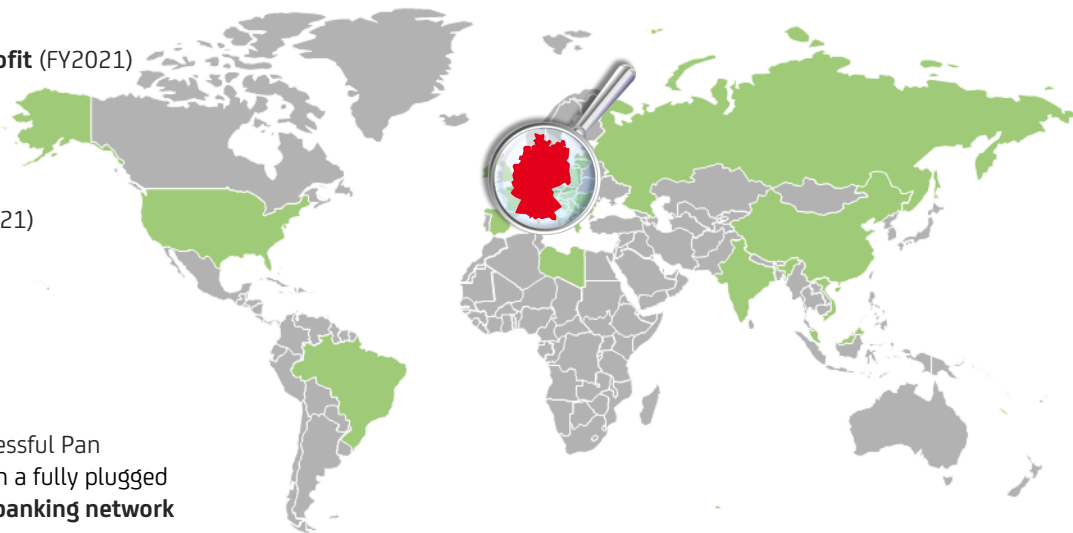
EUR 312 bn (FY2021)

Highly qualified workforce

11,406 FTE (FY2021)

Member of UniCredit Group

Part of UniCredit, a simple successful Pan European Commercial Bank with a fully plugged in CIB and a strong and **global banking network**



General remark Unless stated otherwise "HypoVereinsbank" refers to UniCredit Bank AG and its subsidiaries in this document

<sup>1</sup>HypoVereinsbank ranked as top 3 German private bank. Peer group "Bankengruppe der Großbanken" as defined by Deutsche Bundesbank. Based on Total Assets as of FY2019



# Resilient business model: Well balanced with access to a wide range of national and international clients

1 2 3 4 5

## Commercial Banking

- **Corporate**  
The “go to” bank for the German Mittelstand
- **Retail**  
First mover in modernization of branch network with extended digital services
- **Private Banking & Wealth Management**  
Solid market position in growing German market

## Corporate & Investment Banking

International competence centre for UniCredit Group and fully plugged into Commercial Banking

- **Financing & Advisory (F&A)**  
Access to leading capital raising & financing solutions
- **Markets**  
Top class solutions across multiple asset classes & channels
- **Global Transaction Banking (GTB)**  
Best-in-class cash management, export, trade and supply chain finance as well as securities services

#2 Private sector lender for German mid caps<sup>1</sup>

Best Bank in Germany<sup>2</sup>

#4 All German syndicated loans:  
10.1% market share<sup>4</sup>

#4 German corporate loans:  
11.1% market share<sup>4</sup>

Wealth Management & Private Banking: Summa cum laude<sup>3</sup>

#1 All German bonds in EUR:  
11.1% market share<sup>4</sup>

<sup>1</sup>Source: Internal analysis, <sup>2</sup>Source: Euromoney, 15/07/2020, <sup>3</sup>Source: Handelsblatt Elite Report 2021, <sup>4</sup>Source: Dealogic, FY 2020 as of 4 January 2021





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# Update on latest results



# HypoVereinsbank with positive business performance in the extremely challenging market environment in FY2021

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		31/12/2020	31/12/2021	Δ
Profitability	Operating income	EUR 4,641 m	EUR 4,248 m	↓ -8.5%
	Operating costs	EUR -2,808 m	EUR -2,806 m	→ -
	Operating profit	EUR 1,833 m	EUR 1,442 m	↓ -21.3%
	Net write-down of loans and provisions for guarantees and commitments	EUR -733 m	EUR -114 m	↓ -84.4%
	Net operating profit	EUR 1,100 m	EUR 1,328 m	↑ +20.7%
	Profit before tax	EUR 1,072 m	EUR 545 m	↓ -49.2%
Balance sheet	Total assets	EUR 338 bn	EUR 312	↓ -7.7%
	Shareholders' equity	EUR 17.9 bn	EUR 17.7	↓ -1.1%
	Leverage ratio (Basel III, fully loaded)	4.9%	5.3%	↑ +40bp
Regulatory ratios	Common Equity Tier 1 ratio (fully loaded)	18.8%	17.4%	↓ -140bp
	Risk weighted assets (including equivalents for market risk and operational risk)	EUR 80.6 bn	EUR 86.9 bn	↑ +7.8%
	Liquidity Coverage Ratio (LCR)	>100%	>100%	→ -

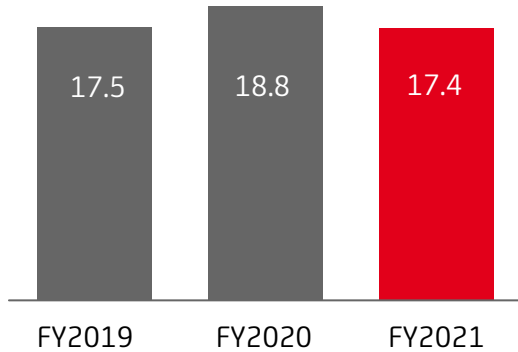




# Healthy balance sheet provides sound base for sustainable growth and business continuity

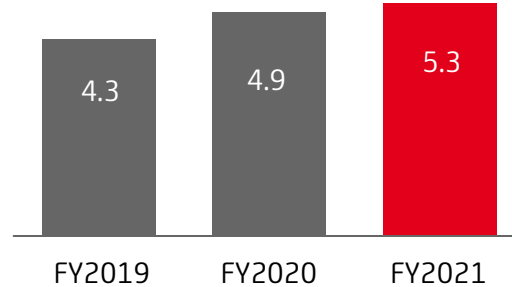
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**Capital (CET1 fully loaded)**  
in %



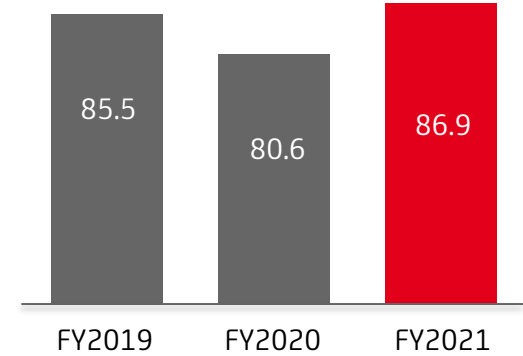
- Continuously excellent capital base by both national and international standards.

**Leverage ratio (Basel III, fully loaded)**  
in %



- Leverage ratio on a comfortable level over the last 2 years.

**Risk-weighted assets<sup>1</sup>**  
in EUR bn



- The total risk-weighted assets determined in accordance with Basel III requirements amounted to EUR 86.9 bn at the end of 2021 and were thus EUR 6.3 bn higher than year-end 2020.

<sup>1</sup>Including equivalents for market risk and operational risk





# Funding



# Well diversified and centrally coordinated funding and liquidity profile

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- **UniCredit S.p.A.** acts as the Group **Holding** as well as the Italian operating bank and is the **TLAC / MREL issuer** under Single-Point-of-Entry (SPE)
- **Coordinated Group-wide funding and liquidity management** to optimise market access and funding costs
- **Diversified by geography and funding sources**



# HypoVereinsbank: Funding and liquidity management

1 2 3 4 5

- **UniCredit Bank AG**, as the German subsidiary of UniCredit S.p.A., manages its liquidity and funding on the base of the policies of the Group, exploiting the opportunity to leverage on its unique funding base, also geographical, with a solid mix of instruments.
- The activities are **coordinated Group wide** and are based on a **common framework**, to **optimise market access and funding costs**
- The funding strategy aims at:
  - Covering the bank's needs at limited cost
  - Limiting the maturity mismatch between assets and liabilities
  - Optimising the projected cash flows

**UniCredit Bank AG** is **active as Issuer** in the following instruments:

- Mortgage and public covered bonds (“Pfandbriefe”)
- Private placements
- Retail issues
- Registered notes secured and unsecured (in SP format)
- French CD



**A leading Pfandbrief issuer:** EUR 22.7 bn<sup>1</sup> Covered bonds outstanding

- 86% mortgage covered bonds
- 14% public sector covered bonds

**Funding as of 31/03/2022:**

- Nearly 68% of the outstanding wholesale funding is issued in covered bonds
- Senior unsecured funding mainly in structured format

<sup>1</sup>Figure as of 31/03/2022 (net volume)



# HypoVereinsbank's funding mix: Sustainable, diversified and risk adjusted

1 2 3 4 5

## Strict three-pillar funding strategy<sup>1</sup>:

- **Sustainability**

- Solid medium / long term funding with constant presence on the debt capital market
- Declining outstanding issuance volume within a sound balance sheet structure (2010: >EUR 62 bn; 1Q/2022: EUR 34.5 bn)

- **Diversification**

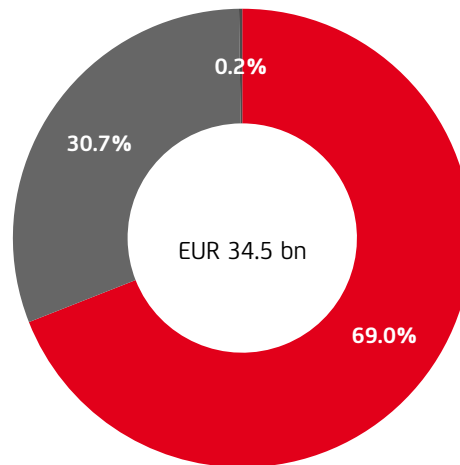
- Diversification and activity in all channels to avoid concentration risk especially with regard to seniors
- Covered bonds ("Pfandbriefe") as important source of funding due to cost-efficiency, first-class credit quality and high degree of safety for investors

- **Risk Management**

- Maturity diversification to avoid concentration risk

## Split of outstanding issuance<sup>1</sup> by instrument type

in %



■ Pfandbriefe ■ Senior ■ Subordinated

<sup>1</sup>Figures as of 31/03/2022, net volume of senior, subordinated and covered bonds "Pfandbriefe" of UniCredit Bank AG and their subsidiaries (without own issuances held on own books); Positions within UniCredit Group are excluded, except held for trading purposes



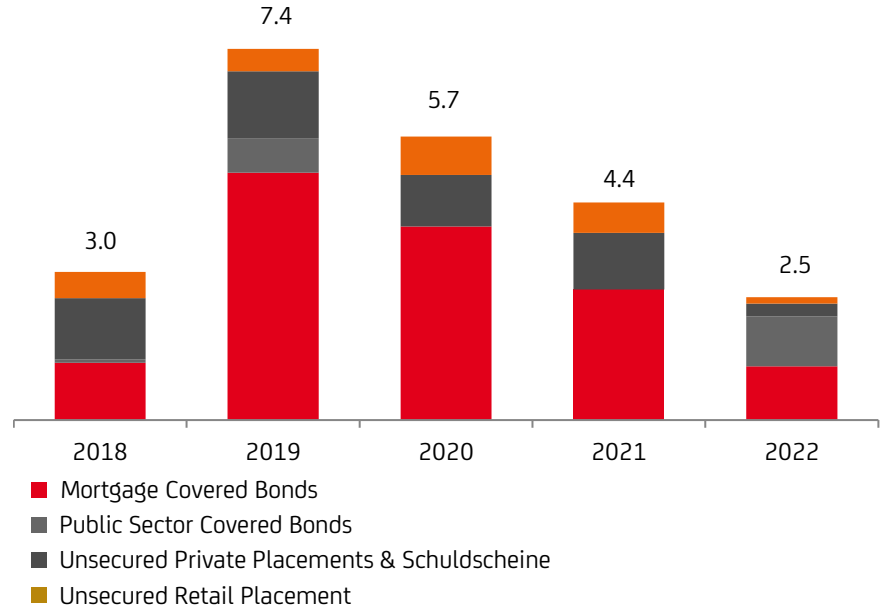
# Medium-Long Term Funding: Solid and diversified funding structure

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## HypoVereinsbank's funding risk continues to remain on a low level due to

- Use of various channels
- Wide range of funding products
- Issuance in multiple asset classes and markets
- Well diversified group of investors

## Funding volume and breakdown of funding sources<sup>1</sup> in EUR bn



<sup>1</sup>Executed funding volume as of 31/03/2022. Calculation incl. forward transactions, without Other M/L Term Funding and Promotional (Supranational) Funding



# Ratings<sup>1</sup> of HypoVereinsbank reflect robust business model and strong focus on the German market

1 2 3 4 5

MOODY'S

STANDARD  
& POOR'S

Fitch  
Ratings

Long-term /  
Outlook /  
Short-term

Counterparty Rating: A1/P-1  
Deposits: A2/stable/P-1  
Issuer Rating: A2/stable  
Sen. Unsec.: A2/stable  
Jr. Sen. Unsec.: Baa2

Resolution Counterparty Rating:  
A-/A-2  
Issuer Credit Rating:  
BBB+/neg/A-2  
Sen. Unsec.: BBB+  
Sen. Subord.: BBB

Derivative Counterparty Rating:  
A-(dcr)  
Deposits: A-/F2  
Issuer Default Rating: BBB+/neg/F2  
Sen. Preferred: A-/F2  
Non-Preferred Sen. Unsec.: BBB+

Stand-alone Rating

baa2

bbb+

bbb+

Public Sector  
Covered Bonds /  
Outlook

Aaa

-

-

Mortgage Covered  
Bonds / Outlook

Aaa

-

-

<sup>1</sup>Ratings as of 23/05/2022





# Cover pool

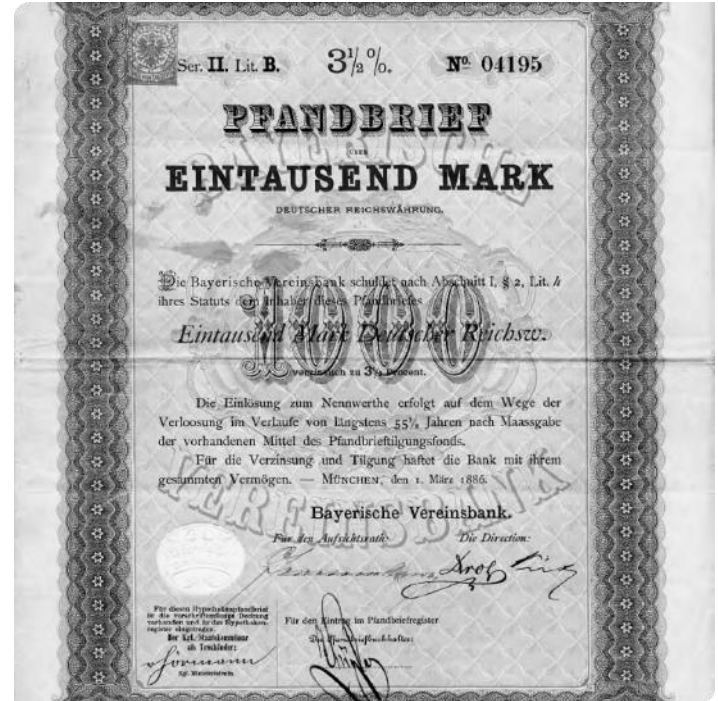




# From the first Communal Obligation in 1871 to the Green Pfandbrief

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- In **1869** the “**Bayerische Vereinsbank**” received the permission to issue Pfandbrief
- Since this time the Pfandbrief has always been one of the **main refinancing instruments** of the bank and HVB has established itself as a permanent issuer in the Capital markets
- **2019** first **USD** denominated Public Pfandbrief benchmark issue
- **2021** HVB has committed to the Minimum Standards of the VdP for the “**Green Pfandbrief**”



# HypoVereinsbank and its Pfandbrief History

King Frederick II decreed the first mortgage bond in Germany, referred to as "Pfandbrief"

1769



King Max II introduced the modern Pfandbrief system in Bavaria

1864

Foundation of Bayerische Vereinsbank

1869



Formation of a powerful mortgage bank: HypoVereinsbank

1998

Merger of Bayerische Hypotheken- und Wechsel Bank and Bayerische Vereinsbank

HypoVereinsbank becomes part of UniCredit Group

2005



# HypoVereinsbank's cover pool at a glance: A strong Pfandbrief house

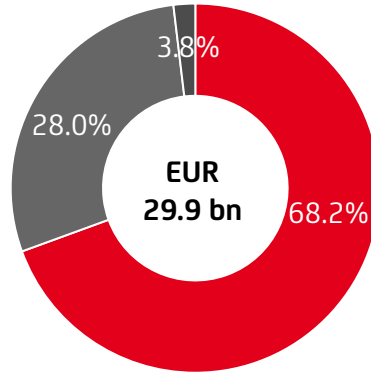
As of 31/03/2022	Mortgage	Public
Pool type	Dynamic	
<b>Cover pool (EUR m)</b>		
Nominal value <sup>1</sup>	29,384	6,310
Net present value	31,017	6,592
Substitute assets	0,557	0
<b>Total number of loans</b>	140,528	1,607
<b>Fixed rate loans</b>	82.0%	71.7%
<b>Floating rate loans</b>	18.0%	28.3%
<b>Outstanding issues (EUR m)</b>		
Nominal value	25,458	5,296
Net present value	24,974	5,442
<b>Overcollateralisation<sup>2</sup></b>	17.6%	19.1%

<sup>1</sup>Excluding substitute assets

<sup>2</sup>OC calculated with nominal values of cover pool and outstanding issues

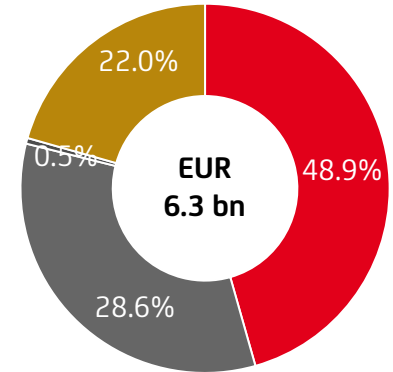
## Total cover pool – Split mortgage and public sector (1Q2022)

### Mortgage pool



- Residential
- Commercial
- Substitute assets

### Public sector pool



- Local authorities
- Regional authorities
- Other
- State

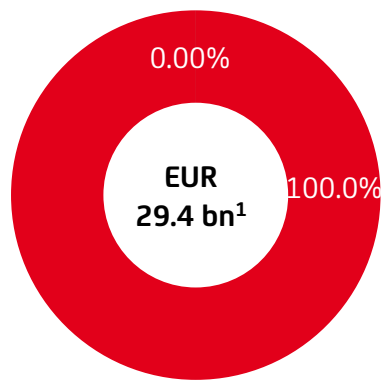


# Mortgage cover pool with purely German assets

- As one of the oldest Pfandbrief players in Germany, HypoVereinsbank is well acquainted with the characteristics of the highly regulated German market
- With exclusively German assets in the mortgage cover pool, HypoVereinsbank benefits from the country's solid and reliable economic situation
- With 17%, the non-German exposure of the members of the Association of German Pfandbrief Banks (vdp) is substantially higher compared to HypoVereinsbank

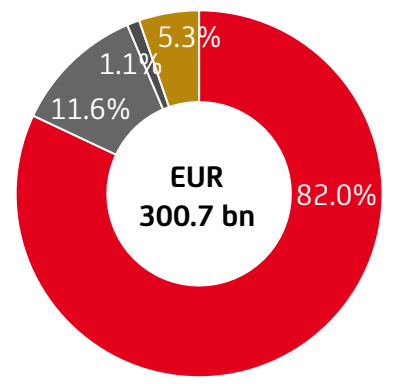
## Total mortgage cover pool – Split by country of asset location (1Q2022)

Cover pool HypoVereinsbank<sup>2</sup> (1Q2022)



■ Germany

Cover pool all vdp-members<sup>2</sup> (3Q2021)



■ Germany  
■ EUR Core  
■ EUR Periphery  
■ Rest of world

<sup>1</sup>Without further cover assets

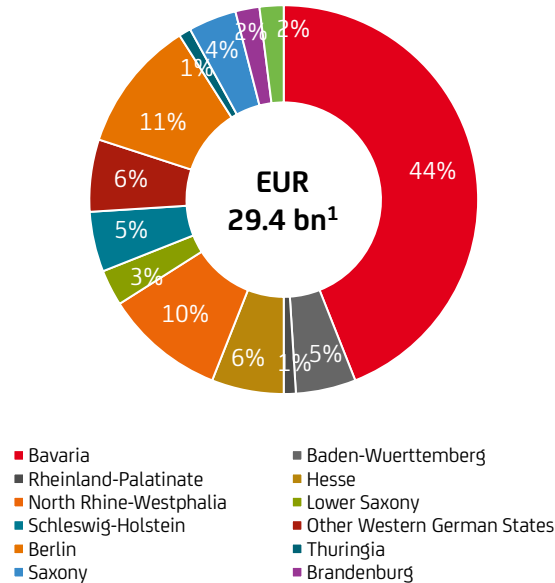
<sup>2</sup>EUR Core: B, DK, F, FIN, GB, LUX, NL, AUT, PL, S, CZ, IIE, EU; EUR Periphery: BUL, EST, GR, IT, IRL, LET, LIT, MALT, PORT, RO, SLO, SK, ESP, HU, CY ; Rest of world: ISL, NOR, CH, JAP, CAN, USA



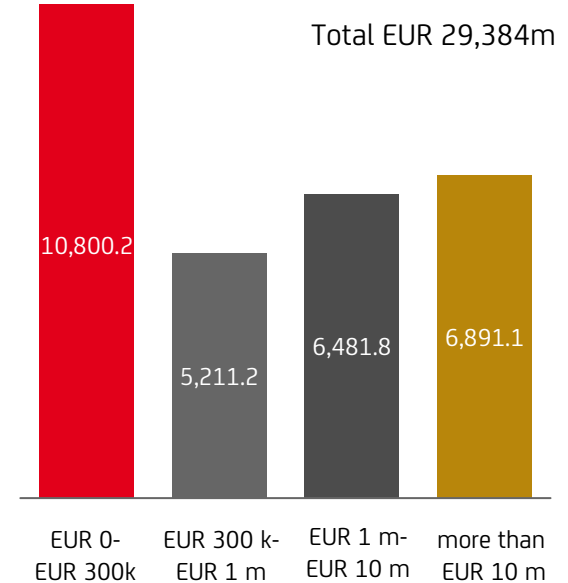
# Mortgage cover pool with solid foothold in economically strong Bavaria

- UniCredit Bank AG's mortgage cover pool is mostly concentrated in economically strong federal state Bavaria where the bank has strongest presence
- The non-Bavarian mortgage cover pool is well diversified between the capital Berlin and the remaining federal states
- Mortgages of up to three hundred thousand Euros account for almost 40% of the entire mortgage cover pool basing it on a wide and solid foundation

**Mortgage cover pool by location<sup>1</sup>  
(1Q2022)**



**Mortgage cover pool by size<sup>1</sup>  
(1Q2022 in EUR m)**



<sup>1</sup>Without further cover assets in accordance with section 19 (1) PfandBG

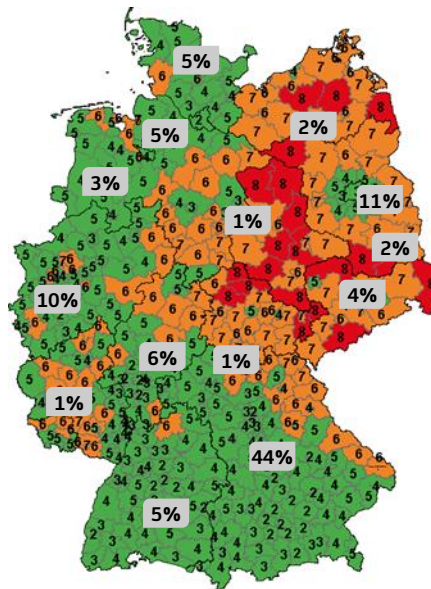


# Mortgage cover pool with solid foothold in economically strong Bavaria

## Consistent risk management

- Internal risk map based on empirical data from decades serves as basis for Loan-to-value (LTV) limits
- Focus areas of HypoVereinsbank's mortgage cover pool in low risk regions
- Majority of the mortgage cover pool with a LTV <100%

Risk map residential real estate<sup>1</sup>



## Loan-to-value limits

for retail and private banking clients

Division	Risk color	LTV limit <sup>2</sup>	
		Owner-occupied	Buy to let
Retail		95%	80%
Retail		85%	70%
Retail		70%	no financing
Private Banking		100%	100%
Private Banking		70%	70%

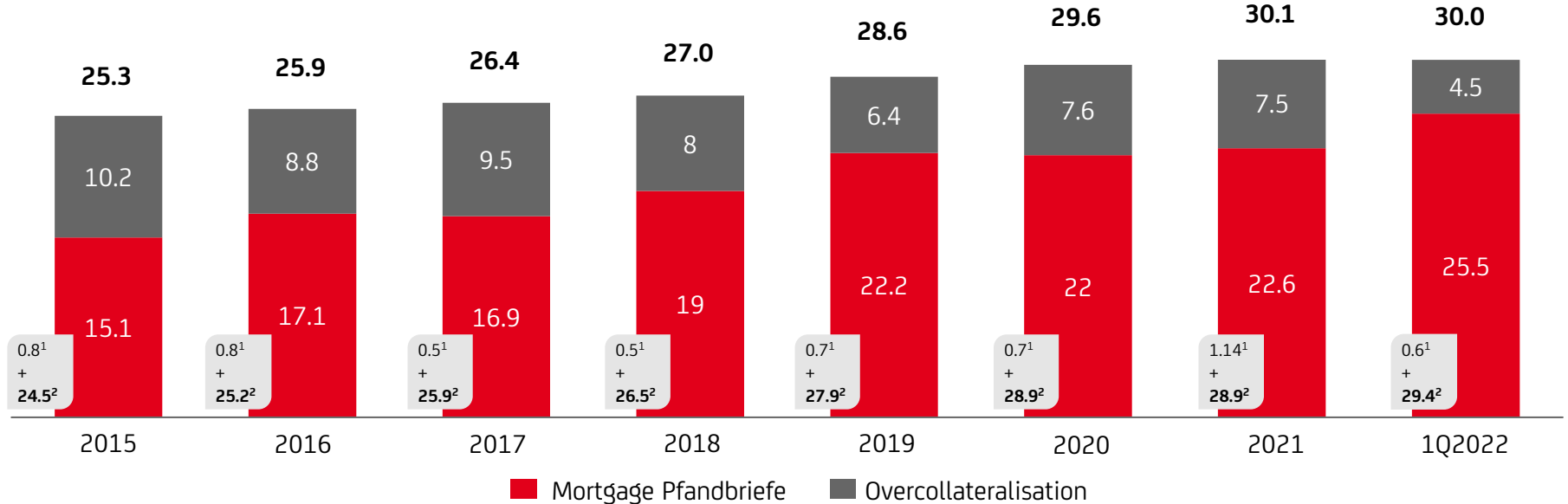
<sup>1</sup>As of 1Q2022

<sup>2</sup>Loan-to-value limits are calculated on the basis of market values derived from internal calculations (System Wertweiser, KRQ and on-site visit)



# Investors benefit from high level of overcollateralisation of outstanding Pfandbriefe

Total mortgage cover pool development and nominal overcollateralisation in historical comparison (in EUR bn)



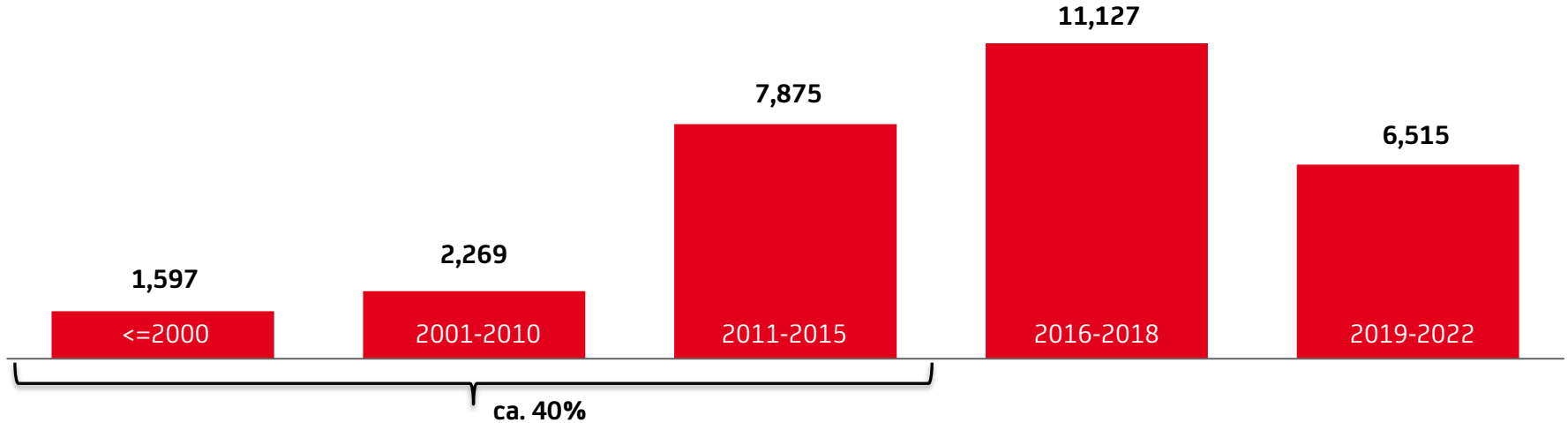
<sup>1</sup>Further cover assets in accordance with section 19 (1) German Pfandbrief Act

<sup>2</sup>Mortgage cover assets: There are no derivatives and foreign currency assets used as cover for Mortgage Pfandbriefe



# High percentage of long lasting client relationship minimizes risk

Cover pool mortgages (nominal) per closing date 1Q2022 (in EUR m)



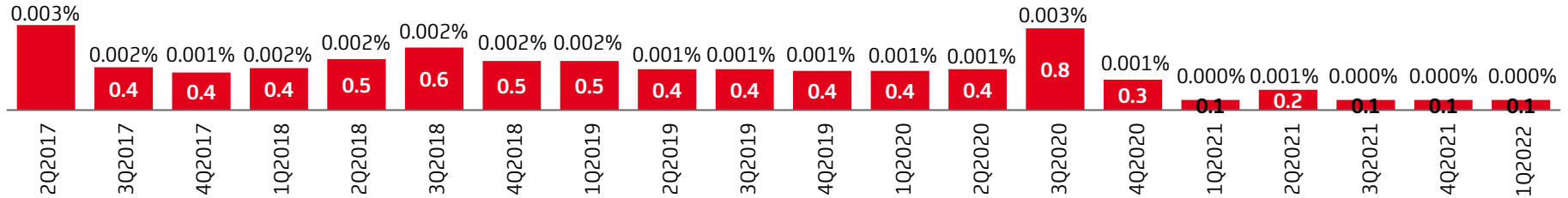
- Roughly 40% of HypoVereinsbank's cover pool mortgages date back to more than five years
- Reliable and predictable customer base due to long term client relationship



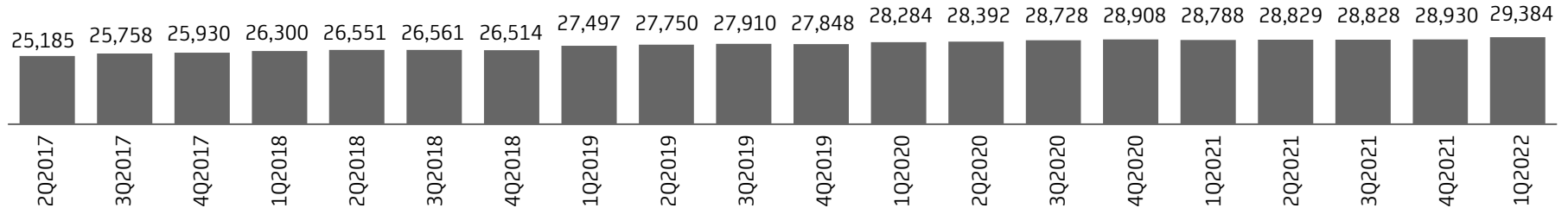


# Excellent payment discipline: Arrear ratio<sup>1</sup> below 0.004% for years

Payments in Arrears – in EUR m and % share of the mortgage cover pool (arrear ratio)



Total mortgage cover pool (in EUR m)

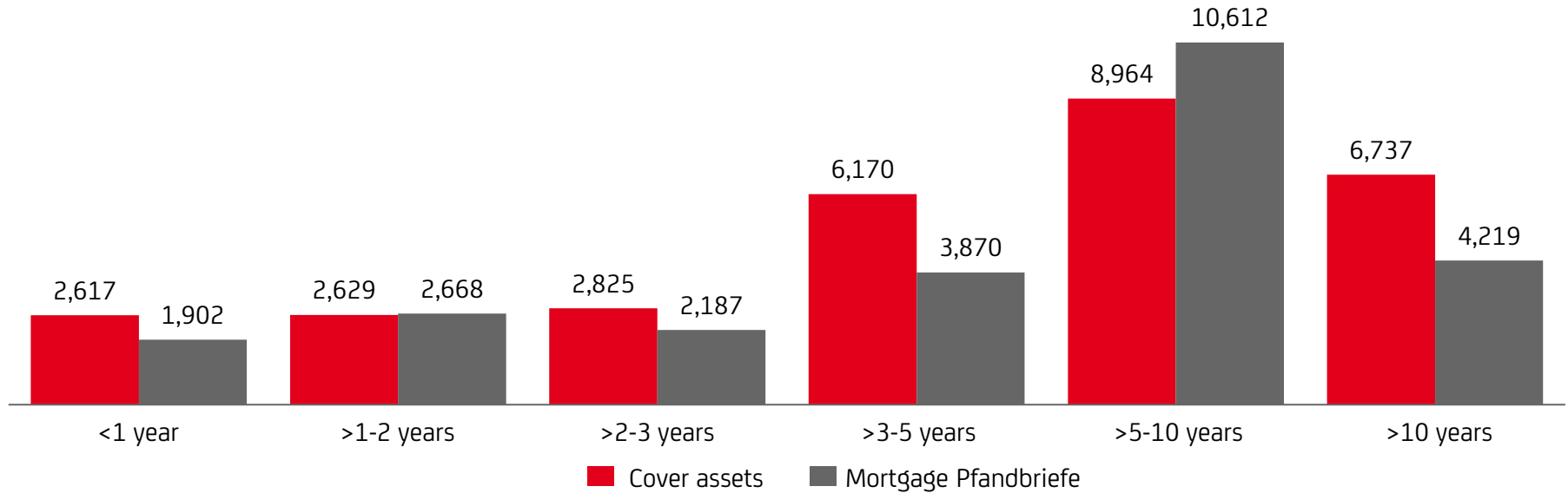


<sup>1</sup>Payments more than 90 days overdue in relation to mortgage receivables



# Well matching maturity profiles of mortgages and Pfandbrief issues

Maturity structure of outstanding mortgage Pfandbriefe versus related cover assets 1Q2022 (in EUR m)



# Overview of benchmark issues since 2020

1 2 3 4 5

Pfandbrief Type	Initial Tenor and Interest Type	Issued Volume	Issue Date	Maturity	Spread
Mortgage Pfandbriefe	12Y. FXD Rate	EUR 1.25 bn	Jan-20	Jan-32	Midswap +6bps
Mortgage Pfandbriefe	10Y. FXD Rate	EUR 1.00 bn	Jun-20	Jun-30	Midswap +10bps
Mortgage Pfandbriefe	8Y. FXD Rate	EUR 1.00 bn	Sep-20	Sep-28	Midswap +7bps
Mortgage Pfandbriefe	15Y. FXD Rate	EUR 0.50 bn	Jan-21	Jan-36	Midswap +3bps
Mortgage Pfandbriefe	10Y. FXD Rate	EUR 0.75 bn	Mar-21	Mar-31	Midswap +1bp
Mortgage Pfandbriefe	8Y. FXD Rate	EUR 0.5 bn	May-21	May-29	Midswap -1bp
GREEN Mortgage Pfandbriefe	5Y. FXD Rate	EUR 0.5 bn	Sep-21	Sep-26	Midswap -2bps
TAP Mortgage Pfandbrief	12Y. FXD Rate	EUR 0.25 bn	Nov-21	Jan-32	Midswap -1bp
Mortgage Pfandbriefe	11Y. FXD Rate	EUR 1.00 bn	Jan-22	Jan-33	Midswap flat
Public Sector Pfandbrief	5Y. FXD Rate	EUR 1.00 bn	Feb-22	Feb-27	Midswap -1bp

as of 29th of March





# Contacts



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## Publication of Cover Pool data according to § 28 Pfandbriefact:

<https://www.hypovereinsbank.de/hvb/ueber-uns/investor-relations-en/emissions-collateral/data-on-collateral-pool>

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