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UniCredit Bank AG

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UniCredit Bank AG

SACP: bbb+		
Anchor	bbb+	
Business position	Adequate	0
Capital and earnings	Adequate	0
Risk position	Adequate	0
Funding	Adequate	0
Liquidity	Adequate	
CRA adjustment		0

Support: 0	
ALAC support	0
GRE support	0
Group support	0
Sovereign support	0

Additional factors: 0
Issuer credit rating
BBB+/Negative/A-2
Resolution counterparty rating
A-/A-2

ALAC--Additional loss-absorbing capacity. CRA--Comparable ratings analysis. GRE--Government-related entity. ICR--Issuer credit rating. SACP--Stand-alone credit profile.

Note: In the rating score snapshot above, the initial Capital and earnings score is Strong but the final score is adjusted to Adequate.

Credit Highlights

Global Scale Ratings
Issuer Credit Rating
BBB+/Negative/A-2
Resolution Counterparty Rating
A-/--/A-2

Key strengths	Key risks
Strong current capital metrics.	Risks from strategic, financial, and operational interaction with the lower-rated UniCredit Group, which also results in downside risk to our capital projection.
Sound franchise in German corporate banking.	Subdued interest margins and limited growth prospects in Germany's saturated banking market.
Diversified and stable funding profile, with a moderate reliance on wholesale funding.	Business-flow volatility inherent in its markets and investment banking activity.

UniCredit Group will further streamline its German operations to meet profitability targets. Based on the group's "Unlocked" strategy, presented in December 2021, we expect Germany-based UniCredit Bank AG to further optimize its cost base, including reducing its workforce and adopting more efficient processes and automation. The bank now targets a cost-to-income ratio of about 50%, compared to 67.7% over first-half 2021. The bank also targets to increase its annual net profit to more than €1 billion and to increase its return on allocated capital to more than 10% from about 6% in 2021. We think these profitability targets are ambitious and require a significant improvement in revenues, which might prove difficult in a very competitive operating environment, despite indications of an improving interest rate environment.

We continue to see tail risks from the lower rated parent, including the potential for increased capital distributions. We expect UniCredit Bank to maintain a risk-adjusted capital (RAC) ratio of about 11.5% over the coming two years. However, we note the group's external commitment to distribute at least €16 billion to shareholders, which we think presents some risk of additional capital upstreaming from UniCredit Bank if other sources of group capital fall behind. While we understand that no distributions are planned over the coming years beyond the annual local GAAP result, we note the capital upstreams for financial years 2016 and 2019.

An effective single resolution process for the combined UniCredit Group remains the key downside trigger for UniCredit Bank. We believe the Single Resolution Board (SRB) might, at this time, employ a separate resolution process for UniCredit Bank. Once a single point of entry (SPE) resolution strategy for UniCredit Group is implemented and considered fully effective, we would likely align our view of UniCredit Bank's creditworthiness with UniCredit's group credit profile (GCP), which we currently assess at 'bbb'. We consider the operational linkages in the markets and investment banking business would prevent us from rating UniCredit Bank above the group.

S&P Global Ratings acknowledges a high degree of uncertainty about the extent, outcome, and consequences of the military conflict between Russia and Ukraine.

Irrespective of the duration of military hostilities, sanctions and related political risks are likely to remain in place for some time. Potential effects could include dislocated commodities markets -- notably for oil and gas -- supply chain disruptions, inflationary pressures, weaker growth, and capital market volatility. As the situation evolves, we will update our assumptions and estimates accordingly. See our macroeconomic and credit updates here: Russia-Ukraine Macro, Market, & Credit Risks. Note that the timing of publication for rating decisions on European issuers is subject to European regulatory requirements.

Outlook

The negative outlook continues to reflect the uncertainties around the resolution approach for UniCredit Group and the related mixed implications for UniCredit Bank. Within the next 12-24 months, we expect the strategy to become clearer and that the bank will take material steps to implement it.

Downside scenario

If we conclude that the preferred resolution approach for UniCredit Group envisages a unified, single process involving all subsidiaries, this would alter our current view that the stronger subsidiaries would have meaningfully different prospects from those of the weaker parent. As a result, we would no longer rate UniCredit Bank above the parent and would lower our ratings on the bank by one notch to the level of UniCredit's 'bbb' GCP, all else being equal.

Upside scenario

We would revise the outlook to stable if it was clear that the current setup will persist, whereby UniCredit Bank AG could be resolved separately from its parent.

We could also revise the outlook to stable if we were to upgrade UniCredit SpA.

Key Metrics

UniCredit Bank AG--Key Ratios And Forecasts

	--Fiscal year ended Dec. 31--				
(%)	**2019a**	**2020a**	**2021f**	**2022f**	**2023f**
Growth in operating revenue	(0.7)	(7.7)	2.5-3.1	0.4-0.5	2.9-3.5
Growth in customer loans	4.5	2.5	3.6-4.4	2.7-3.3	2.7-3.3
Growth in total assets	5.9	11.4	(3.5)-(4.3)	1.2-1.4	1.2-1.5
Net interest income/average earning assets (NIM)	1.1	1.1	1.0-1.2	1.0-1.1	1.0-1.1
Cost to income ratio	74.0	70.5	66.8-70.2	65.8-69.2	63.1-66.4
Return on average common equity	4.3	3.8	1.8-2.0	4.4-4.9	5.2-5.7
Return on assets	0.3	0.2	0.1-0.1	0.2-0.3	0.2-0.3
New loan loss provisions/average customer loans	(0.1)	0.5	0.1-0.1	0.2-0.2	0.2-0.2
Gross nonperforming assets/customer loans	1.9	2.4	2.4-2.6	2.5-2.8	2.4-2.7
Net charge-offs/average customer loans	(0.0)	(0.0)	0.0-0.0	0.1-0.1	0.1-0.1
Risk-adjusted capital ratio	9.7	11.4	11.1-11.7	10.9-11.4	10.7-11.2

All figures are S&P Global Ratings-adjusted. a--Actual. f--Forecast. NIM--Net interest margin.

Anchor: 'bbb+' For Banks Operating Mainly In Germany

Our anchor for a bank operating mainly in Germany is 'bbb+' based on an economic risk score of '1' and an industry risk score of '4'. Since June 2021 we have assigned stable trends, both to our economic risk and our industry risk scores.

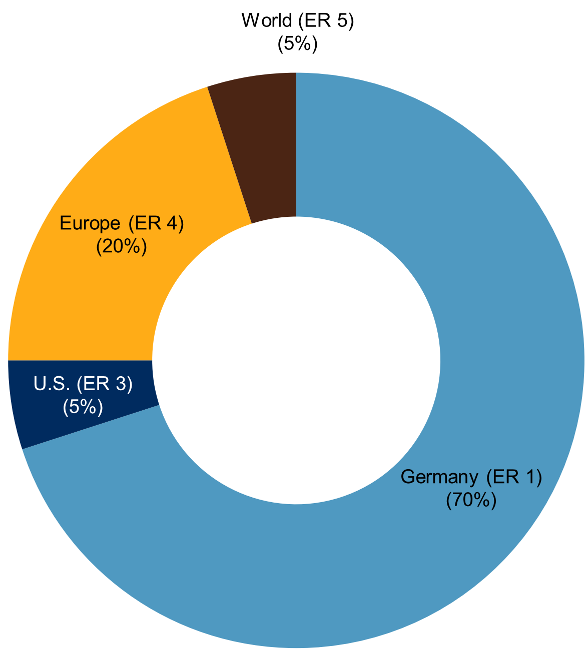
To assess the economic risk for UniCredit Bank, we use the weighted average of its lending to nonbanks in each country in which it operates. Currently, UniCredit Bank conducts about 70% of its lending in Germany, and the rest mainly in European countries with weaker economic risk scores than Germany (see chart 1). Consequently, the weighted economic risk score for UniCredit Bank remains slightly below '2', which is weaker than that for German lending institutions with higher proportions of domestic loans.

Our assessment of economic risk considers the strengths of Germany's highly diverse and competitive economy, with a demonstrated ability to absorb economic and financial shocks. We also anticipate that Germany's ample fiscal and monetary measures continue to mitigate the cyclical shock due to the coronavirus pandemic to the economy. That said, the high degree of openness, with exports accounting for 50% of GDP, makes the trajectory of recovery also dependent on broad-based international developments. Despite elevated German house-price growth in recent years, we consider a rapid correction after a period of rising house prices unlikely in the medium term.

Our assessment of industry risk considers the dual pressures from the economic impact on banks' balance sheets from the pandemic, and the banking sector's longer term profitability challenges due to poor cost efficiency, rising risks from technology disruption, and low interest rates. We believe that German banks operate in a highly competitive and structurally over-banked market with low gross margins, and that banks' progress in improving their structural revenue diversification, cost bases, and digitalization has widened the sector's gap with leading banking systems. We see cost pressures arising from the imperative for the German banking industry to invest significantly in the core banking systems and digital customer services that are essential to avoid the risks of tech disruption and franchise damage from cyberattacks and customer data mismanagement.

Chart 1

UniCredit Bank AG's Loan Portfolio Is Dominated By German Exposure



ER--Economic risk. Source: S&P Global Ratings.

Business Position: A Domestic Corporate Bank, But Also A Markets And Investment-Banking Hub Within UniCredit Group

We consider that UniCredit Bank's business position benefits from a solid market position in domestic corporate banking and to lesser extent in SME and retail banking. The bank's revenue capacity also benefits from being the markets and investment-banking hub within UniCredit Group. However, this also leads to a higher reliance on revenue that is more sensitive to capital market developments. We believe volatility in business flows and revenue generation will remain a less favorable component of the bank's market activities.

In sum, this aligns UniCredit Bank's business position with an average bank in Germany as well as other banks active in European markets with similar industry risk profiles such as France, Denmark, Austria, and Belgium.

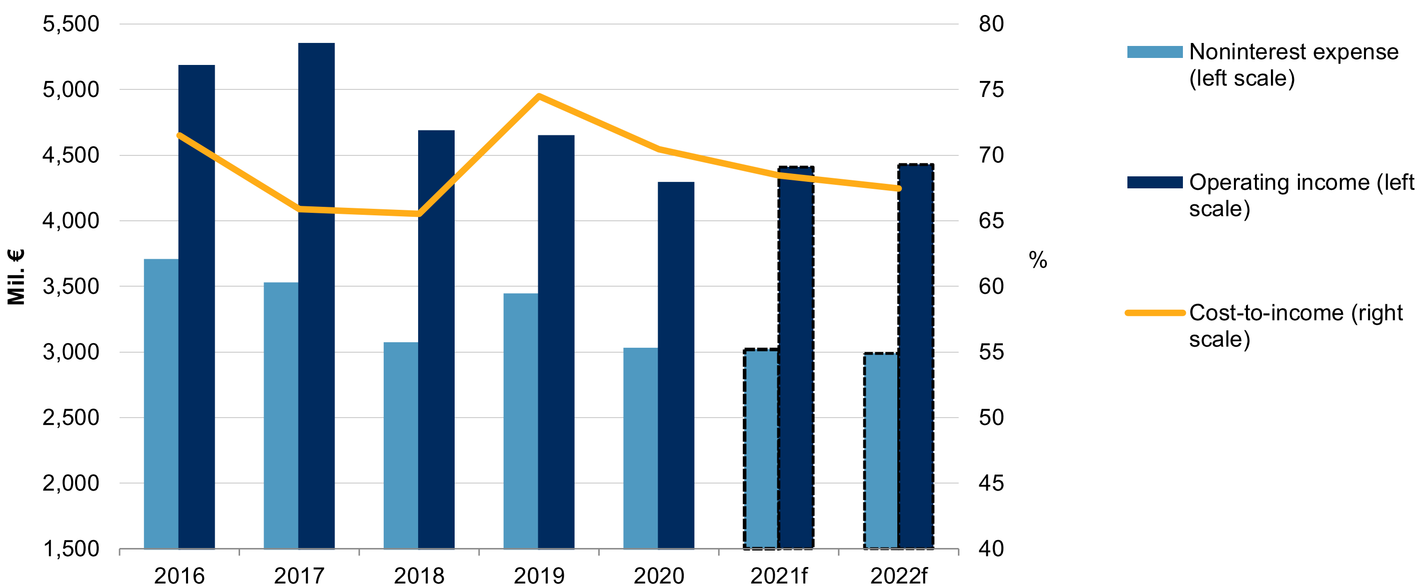
The bank has a strong market presence in Germany's Bavarian state and is striving to gain more relevance in other regions. However, with only about a 4% market share in customer loans nationally, it will continue to lack regional diversification within Germany and compared with main domestic peers such as Commerzbank and Deutsche Bank.

In line with previous strategic plans, the group's multiyear Unlocked plan focuses on further cost optimizations and capital efficiency at UniCredit Bank but does not suggest a material change in its business model. As announced by the parent, the targeted workforce reduction will come with additional restructuring charges that are covered by a strong operating performance in 2021. The additional restructuring underlines the difficult operating environment for German banks, with negative rates, low margins, and high competition requiring continuous adjustments to operating structures.

The bank now targets a cost-to-income ratio of about 50% compared to the reported 67.7% as of first-half 2021, which we consider ambitious given that it would be materially below the German industry average.

Chart 2

UniCredit Bank's Cost Optimization Efforts Will Benefit The Efficiency Ratio



Cost-to-income ratio is calculated as noninterest expense/operating revenues. f--Forecast. Source: S&P Global Ratings.

It also targets to increase the share of fee income to about 30%, from about 25% currently, to reduce reliance on interest income that is susceptible to margin compression. The main routes to achieving these targets include a further growth push in its private banking activities, strong growth in its SME lending, and increasing revenues from ESG advisory and related issuance activities in its debt capital market business. On the cost side the bank aims to reduce product complexity and enable faster decision making, also through digitalization and automation.

Overall, we think the strategic adjustments, if successful, will ensure decent profitability despite the difficult operating environment.

Capital And Earnings: We View Capitalization As Neutral To The Rating, Despite Currently Strong Capital Ratios.

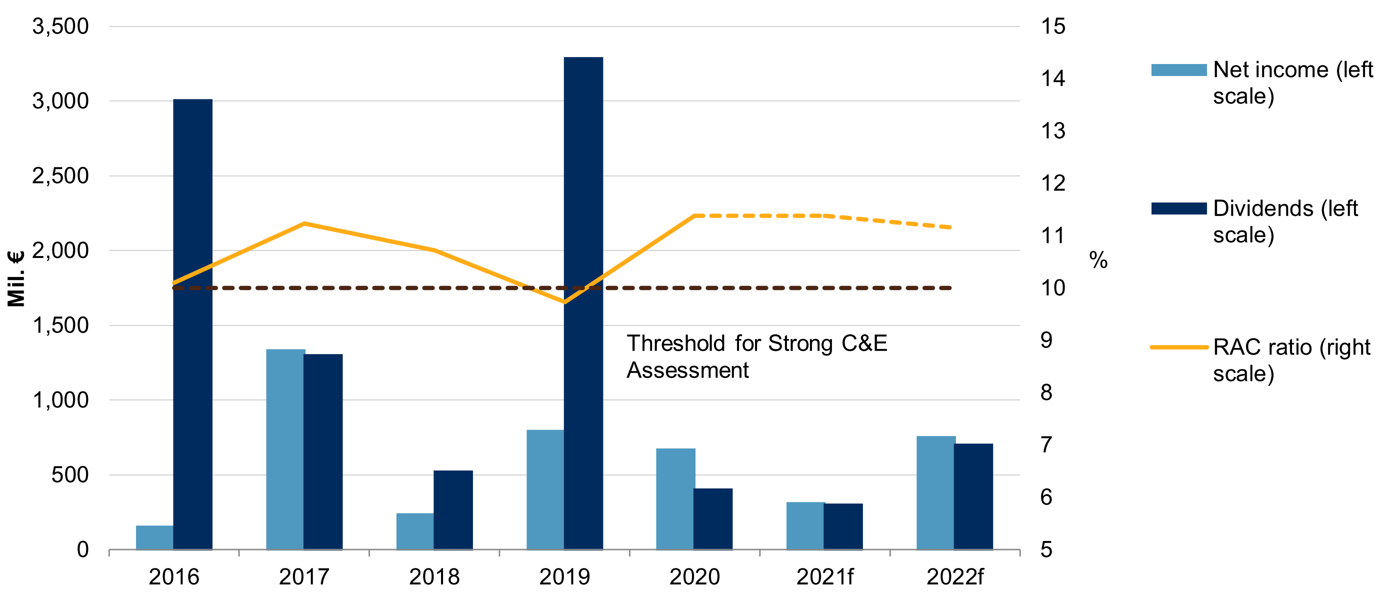
We project a slightly reducing RAC ratio of about 11% by 2023 compared to 11.5% at end-2020, which is strong in a global context. However, our adequate capital and earnings assessment is lower to reflect tail risk from strategic, financial, and operational connections with the lower-rated group. In our view, this reduces UniCredit Bank's financial flexibility and reflects the risk of further capital distributions to UniCredit Group, which currently has a weaker GCP of 'bbb'.

We consider the possibility that UniCredit Group might further optimize capitalization across the group to enable increased shareholder distributions in line with its revised target of €16 billion between 2021 and 2024.

After extraordinary dividends for financial years 2016 and 2019, we understand there are currently no plans for additional distributions beyond the full transfer of annual net income in the coming years.

Chart 3

High Capital Distributions Constrain UniCredit Bank's Financial Flexibility



RAC--Risk adjusted capital. C&E--Capital and earnings assessment. f--Forecast. Source: S&P Global Ratings.

The €3.3 billion dividend for 2019, which significantly exceeded that year's net income of €793 million, pushed our RAC ratio to below 10% at that time. Then internal issuance of additional tier 1 instruments of €1.7 billion saw the RAC exceed 10% the following year. In our base case, we do not anticipate material restrictions on intragroup dividend payouts by the European Central Bank (ECB), considering UniCredit Bank's strong regulatory Tier 1 ratio of 18% as of first-half 2021.

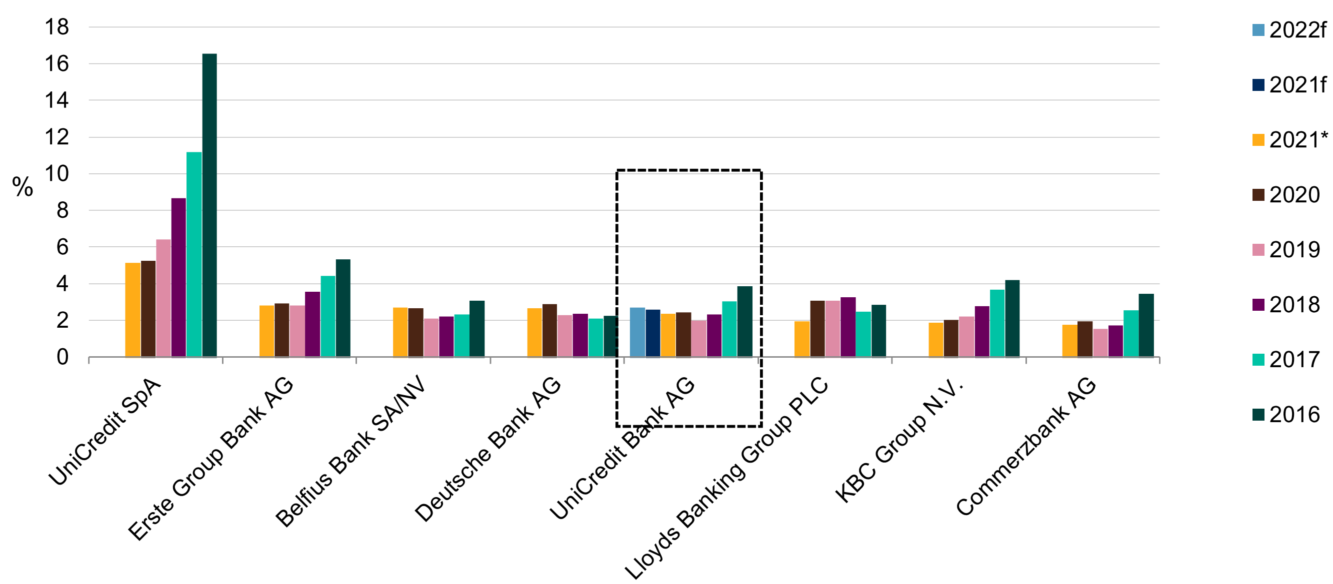
In our base case for the coming two years, we expect a largely stable net interest margin that, combined with loan growth of 3%-4% annually, should lead to a slight growth in net interest income. We also expect noninterest income from fees and trading activities to increase by 3%-4% annually, supporting further growth in operating revenues. A slightly decreasing cost base and moderate credit costs of about 20 basis points (bps), after 9 bps in 2021 (including material reversals) should lead to annual net income under IFRS of €700 million-€850 million over 2022-2024.

Risk Position: Asset Quality In Line With Most Peers.

In our view, UniCredit Bank's asset quality is not a particular strength or weakness. With cost of risk of €733 million or 52 bps during 2020 and expected reversals in 2021, its loan book performed well through the pandemic environment and in line with peers. Also, the nonperforming loan (NPL) ratio of 2.3% as of first-half 2021 is largely in line with peers (see chart 4) but we nevertheless expect a gradual increase in NPLs during the recovery phase when government support programs end, predominantly from its SME business.

Chart 4

NPL Ratio To Temporarily Increase But Remain In Line With Peers
UniCredit Bank AG's NPLs vs UniCredit Group and some European peers



* Refers to end-of June data. f--Forecast. NPL--Nonperforming loans. Source: S&P Global Ratings.

Despite its good asset quality, the bank has risk concentrations in its corporate credit portfolio and the complexity of its credit market-related business. It has notable exposure to sectors that we expect will continue to suffer the most from the pandemic such as transport and travel (€5.8 billion) and tourism (€2.7 billion) as of June 30, 2021.

UniCredit Bank is also exposed to the automotive sector (€7.4 billion) in which prospects had already been deteriorating before the pandemic given that the entire value chain is going through a significant transformation. This could imply some increased credit risk, especially related to automotive suppliers.

UniCredit Bank's function as the markets and investment-banking hub of the group leads to intragroup credit exposure to other group entities, which are subject to self-imposed limits. We understand that the bank would not use excess funding for intragroup funding activities.

Funding And Liquidity: Liquidity Management Is Prudent And Reliance On Capital Markets Funding Has Reduced

UniCredit Bank's funding profile is in line with large domestic and European bank peers' but weaker than the strong German savings and cooperative banking groups that dominate the domestic retail business.

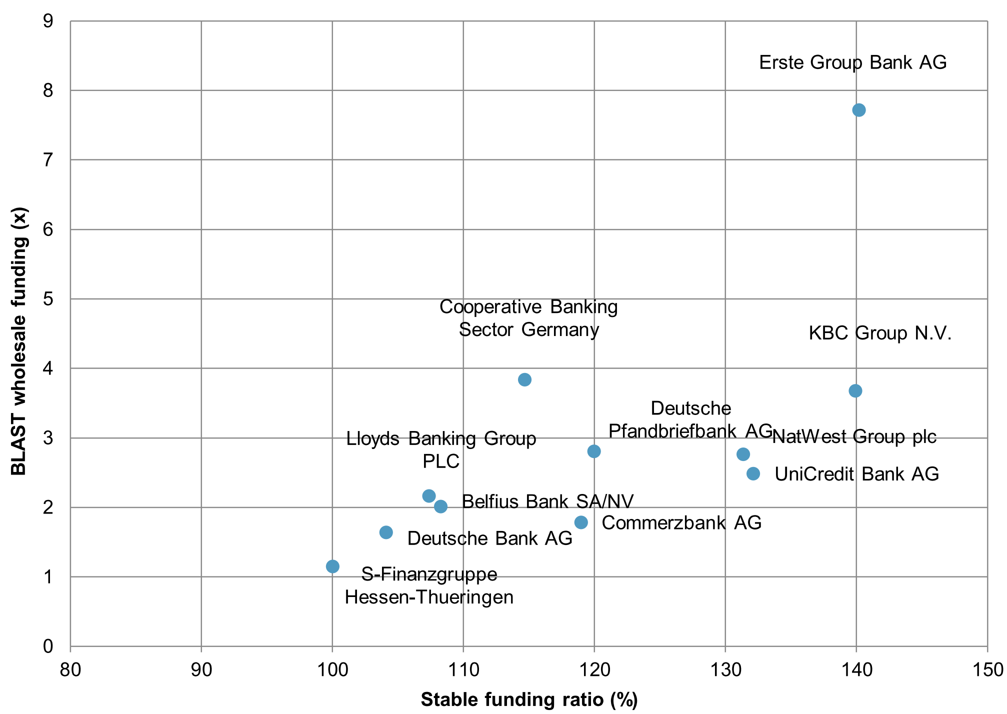
Like peers, UniCredit Bank took advantage of the ECB's pandemic-related renewed TLTRO III program with a drawdown of €31.5 billion as of first-half 2021, reflecting very favorable conditions.

Core customer deposits represent about half of UniCredit Bank's funding base and provide a stable and granular funding source. Its loan-to-deposit ratio of 90% as of June 30, 2021, improved materially compared to the 99% as of first-half 2020. German Pfandbriefe (covered bonds) remain another important and reliable source of funding and liquidity, particularly during more stressful times.

UniCredit Bank has made continuous improvements in its stable funding ratio, which has reached about 132% in recent years. This is materially higher than a few years back and we now consider it comfortable compared with its main peers (see chart 3). Its regulatory NSFR of 119% on a solo level in first-half 2021 is also in line with peers.

Chart 5

Key Funding And Liquidity Metrics Remain In Line With Main Peers, Year-End 2020



BLAST--Broad liquid assets/short-term. Source: S&P Global Ratings.

Liquidity remains adequate, in our view, supported by a decreasing reliance on short-term wholesale funding sources. These have reduced to 15% and have more than halved compared to five years ago. Net broad liquid assets to short-term customer deposits of 44% in first-half 2021 is strong in a peer comparison as is the regulatory LCR of 168% on a solo level.

We expect liquidity management to remain prudent and observe sound coverage of short-term wholesale funding by broad liquid assets of about 2.6x. We expect UniCredit Bank could operate for more than six months without access to market funding in an adverse scenario.

Support: No Uplift To The SACP From External Support Factors

We consider UniCredit Bank a prudently regulated subsidiary and we expect the SRB could, at this time, employ a separate resolution process for the bank, which supports a higher rating on the subsidiary relative to the parent. Accordingly, we base our rating on UniCredit Bank on its 'bbb+' SACP, which is higher than our 'bbb' GCP for UniCredit Group.

Nevertheless, we expect that the group, which is classified as an SPE case in resolution, will likely transit to a fully effective single resolution process. UniCredit Group confirmed that it prefers an SPE approach, under which it will gradually become the group's sole resolution entity and the sole issuer of external bail-inable debt.

While we may do so in future, we have not yet aligned our ratings on UniCredit Bank with those on UniCredit.

UniCredit Bank remains widely financially and operationally self-reliant. It also still benefits from a material buffer of externally issued bail-in instruments, which might over time be fully replaced with intragroup issuance. Until then, the SRB could employ separate resolution processes for UniCredit and its large German subsidiary. In the future, UCB might depend on UniCredit's issuance for their bail-in buffers, thereby linking its prospects to that of the parent.

Environmental, Social, And Governance

ESG Credit Indicators

E-1	**E-2**	E-3	E-4	E-5	S-1	**S-2**	S-3	S-4	S-5	G-1	**G-2**	G-3	G-4	G-5

ESG credit indicators provide additional disclosure and transparency at the entity level and reflect S&P Global Ratings' opinion of the influence that environmental, social, and governance factors have on our credit rating analysis. They are not a sustainability rating or an S&P Global Ratings ESG Evaluation. The extent of the influence of these factors is reflected on an alphanumerical 1-5 scale where 1 = positive, 2 = neutral, 3 = moderately negative, 4 = negative, and 5 = very negative. For more information, see our commentary "ESG Credit Indicators: Definition And Applications," published Oct. 13, 2021.

We think environmental, social, and governance standards are in line with those of other banks.

We note some past governance issues at UniCredit Bank that resulted in material fines, like the violation of U.S. sanctions resulting in settlement in 2019 and some ongoing investigations regarding the bank's alleged tax evasion in connection with cum-ex transactions, for which we cannot exclude additional fines. Nevertheless, we note that sustainability is strongly embedded in UniCredit Group's Unlocked strategy. We also note that UniCredit Bank is a leading domestic originator of green and ESG-linked bonds and is well positioned to benefit from the environmental transition.

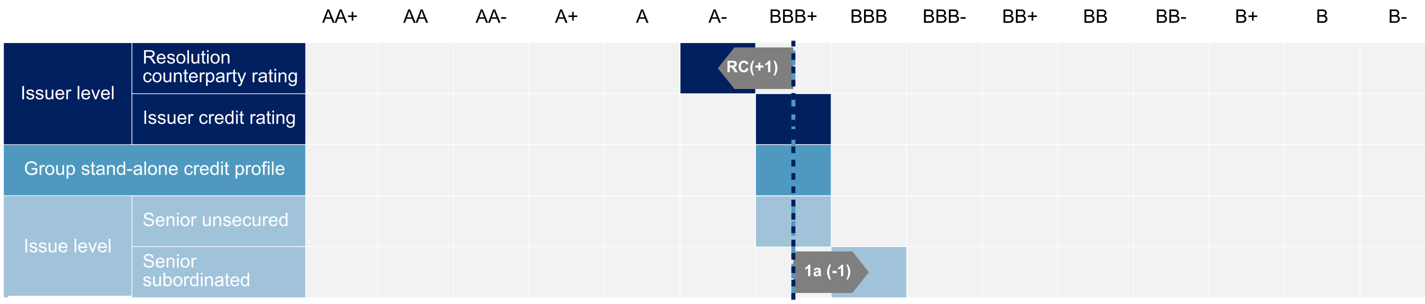
Overall, ESG aspects do not affect UniCredit Bank's credit quality differently from industry peers.

Hybrid Issue Ratings

Senior subordinated debt

The 'BBB' issue rating on UniCredit Bank's senior subordinated debt is one notch below our 'bbb+' SACP. We notch it down due to the debt's contractual subordination to senior obligations, in line with our hybrid capital criteria.

UniCredit Bank AG: Notching



Key to notching

- ----- Group stand-alone credit profile
- ------ Issuer credit rating
- RC Resolution counterpartyliabilities (senior secured debt)
- Group Group support
- 1a Contractual subordination

Note: The number-letter labels in the table above are in reference to the notching steps we apply to hybrid capital instruments, as detailed in table 3 of our "Hybrid Capital: Methodology And Assumptions" criteria, published on July 1, 2019.

AT1--Additional Tier 1. NDSD--Non-deferrable subordinated debt. NVCC--nonviability contingent capital.

Resolution Counterparty Ratings (RCRs)

Our 'A-' long-term RCR on UniCredit Bank, reflecting the relative default risk of certain senior liabilities that might be protected from default through an effective bail-in resolution process, is one notch above its 'BBB+' long-term issuer credit rating

Key Statistics

Table 1

UniCredit Bank AG--Key Figures

	--Year-ended Dec. 31--				
(Mil. €)	**2021***	**2020**	**2019**	**2018**	**2017**
Adjusted assets	334,082.0	338,116.0	303,583.0	286,539.0	298,615.0
Customer loans (gross)	142,131.0	141,280.0	137,777.0	131,810.0	121,906.0
Adjusted common equity	16,024.0	15,466.0	15,317.0	16,843.0	16,752.0
Operating revenues	2,322.0	4,288.0	4,647.0	4,682.0	5,349.0
Noninterest expenses	1,653.0	3,022.0	3,441.0	3,068.0	3,525.0
Core earnings	407.9	332.1	888.2	529.7	1,341.9

* Data as of June 30.

Table 2

UniCredit Bank AG--Business Position

	--Year-ended Dec. 31--					
(%)	**2021***	**2020**	**2019**	**2018**	**2017**	**2016**
Total revenues from business line (currency in millions)	2,346.0	4,881.0	5,151.0	4,708.0	5,349.0	5,178.0
Commercial banking/total revenues from business line	51.2	46.2	44.1	49.2	44.0	45.5
Other revenues/total revenues from business line	4.6	19.3	18.4	8.5	12.3	10.8
Return on average common equity	4.4	3.8	4.3	1.3	6.8	0.7

* Data as of June 30. N/A--Not applicable.

Table 3

UniCredit Bank AG--Capital And Earnings

	--Year-ended Dec. 31--					
(%)	**2021***	**2020**	**2019**	**2018**	**2017**	**2016**
Tier 1 capital ratio	20.0	20.9	17.5	19.9	21.1	20.4
S&P Global Ratings' RAC ratio before diversification	N/A	11.4	9.7	10.7	11.2	10.1
S&P Global Ratings' RAC ratio after diversification	N/A	11.2	9.5	11.0	11.6	10.2
Adjusted common equity/total adjusted capital	90.4	90.1	100.0	100.0	100.0	100.0
Net interest income/operating revenues	50.3	56.3	51.4	53.1	47.7	49.7
Fee income/operating revenues	25.0	23.5	20.9	21.7	20.6	20.6
Market-sensitive income/operating revenues	20.1	13.5	15.1	13.6	19.4	18.2
Cost to income ratio	71.2	70.5	74.0	65.5	65.9	71.5
Preprovision operating income/average assets	0.4	0.4	0.4	0.6	0.6	0.5
Core earnings/average managed assets	0.2	0.1	0.3	0.2	0.4	0.2

*Data as of June 30. N/A--Not applicable. RAC--Risk-adjusted capital.

Table 4

UniCredit Bank AG--Risk-Adjusted Capital Framework Data

(Mil. €)	**Exposure***	**Basel III RWA**	**Average Basel III RW(%)**	**S&P Global Ratings' RWA**	**Average S&P Global Ratings' RW (%)**
Credit risk					
Government and central banks	96,449.6	2,587.4	2.7	5,882.8	6.1
Of which regional governments and local authorities	20,073.9	69.5	0.3	745.2	3.7
Institutions and CCPs	19,781.7	4,392.0	22.2	5,575.2	28.2
Corporate	122,371.3	41,339.1	33.8	85,008.1	69.5
Retail	33,361.3	5,586.2	16.7	10,247.0	30.7
Of which mortgage	23,158.7	2,529.4	10.9	4,685.9	20.2
Securitization§	14,999.0	3,337.5	22.3	5,570.9	37.1
Other assets†	4,784.4	3,807.6	79.6	6,938.3	145.0
Total credit risk	291,747.2	61,049.8	20.9	119,222.3	40.9
Credit valuation adjustment					
Total credit valuation adjustment	--	1,322.5	--	5,165.4	--

Table 4

UniCredit Bank AG--Risk-Adjusted Capital Framework Data (cont.)

Market risk					
Equity in the banking book	433.0	920.8	212.7	3,325.0	767.9
Trading book market risk	--	7,730.0	--	10,958.4	--
Total market risk	--	8,650.8	--	14,283.4	--
Operational risk					
Total operational risk	--	8,698.1	--	12,151.1	--
	Exposure	**Basel III RWA**	**Average Basel II RW (%)**	**S&P Global Ratings' RWA**	**% of S&P Global Ratings' RWA**
Diversification adjustments					
RWA before diversification	--	80,637.5	--	150,822.2	100.0
Total diversification/ Concentration adjustments	--	--	--	2,520.2	1.7
RWA after diversification	--	80,637.5	--	153,342.3	101.7
		Tier 1 capital	**Tier 1 ratio (%)**	**Total adjusted capital**	**S&P Global Ratings' RAC ratio (%)**
Capital ratio					
Capital ratio before adjustments		16,822.0	20.9	17,166.0	11.4
Capital ratio after adjustments‡		16,822.0	20.9	17,166.0	11.2

*Exposure at default. §Securitization exposure includes the securitization tranches deducted from capital in the regulatory framework. †Exposure and S&P Global Ratings' risk-weighted assets for equity in the banking book include minority equity holdings in financial institutions. ‡Adjustments to tier 1 ratio are additional regulatory requirements (e.g. transitional floor or pillar 2 add-ons). RWA--Risk-weighted assets. RW--Risk weight. RAC--Risk-adjusted capital. Sources: Company data as of Dec. 31, 2020, S&P Global Ratings.

Table 5

UniCredit Bank AG--Risk Position

	--Year-ended Dec. 31--					
(%)	**2021***	**2020**	**2019**	**2018**	**2017**	**2016**
Growth in customer loans	1.2	2.5	4.5	8.1	(0.4)	5.6
Total diversification adjustment/S&P Global Ratings' RWA before diversification	N/A	1.7	2.0	(2.2)	(2.9)	(0.6)
Total managed assets/adjusted common equity (x)	20.8	21.9	19.8	17.0	17.9	18.2
New loan loss provisions/average customer loans	(0.0)	0.5	(0.1)	0.7	0.2	0.4
Net charge-offs/average customer loans	(0.0)	(0.0)	(0.0)	(0.0)	0.4	0.4
Gross nonperforming assets/customer loans + other real estate owned	2.3	2.4	1.9	2.3	3.0	3.8
Loan loss reserves/gross nonperforming assets	57.3	57.0	68.6	65.2	59.5	53.7

*Data as of June 30. N/A--Not applicable. RWA--Risk-weighted assets.

Table 6

UniCredit Bank AG--Funding And Liquidity

	--Year-ended Dec. 31--					
(%)	**2021***	**2020**	**2019**	**2018**	**2017**	**2016**
Core deposits/funding base	50.4	50.8	51.9	51.2	49.6	49.9
Customer loans (net)/customer deposits	104.6	103.8	111.4	113.1	103.5	110.6
Long-term funding ratio	86.2	85.3	77.6	76.4	70.6	66.6

Table 6

UniCredit Bank AG--Funding And Liquidity (cont.)						
	--Year-ended Dec. 31--					
(%)	2021*	2020	2019	2018	2017	2016
Stable funding ratio	131.9	132.1	111.9	109.4	108.8	91.5
Short-term wholesale funding/funding base	14.7	15.7	24.2	25.4	31.8	36.5
Broad liquid assets/short-term wholesale funding (x)	2.7	2.5	1.5	1.4	1.3	0.9
Broad liquid assets/total assets	31.2	30.6	27.6	27.4	31.7	24.5
Broad liquid assets/customer deposits	77.6	77.1	68.7	68.4	81.9	68.3
Net broad liquid assets/short-term customer deposits	44.3	42.3	21.2	18.0	17.5	(4.6)
Short-term wholesale funding/total wholesale funding	29.3	31.6	50.2	52.0	63.0	73.0
Narrow liquid assets/3-month wholesale funding (x)	3.3	3.8	1.9	1.6	1.5	1.1

* Data as of June 30.

Related Criteria

- Criteria | Financial Institutions | Banks: Banking Industry Country Risk Assessment Methodology And Assumptions, Dec. 9, 2021
- Criteria | Financial Institutions | General: Financial Institutions Rating Methodology, Dec. 9, 2021
- General Criteria: Environmental, Social, And Governance Principles In Credit Ratings, Oct. 10, 2021
- General Criteria: Group Rating Methodology, July 1, 2019
- General Criteria: Hybrid Capital: Methodology And Assumptions, July 1, 2019
- Criteria | Financial Institutions | General: Risk-Adjusted Capital Framework Methodology, July 20, 2017
- General Criteria: Methodology For Linking Long-Term And Short-Term Ratings, April 7, 2017
- General Criteria: Principles Of Credit Ratings, Feb. 16, 2011

Related Research

- UniCredit's German And Austrian Subsidiaries Affirmed At 'BBB+' After Outlook Revision On Parent; Both Outlooks Negative, Nov. 25, 2021
- Outlooks On Intesa Sanpaolo, UniCredit, Mediobanca, Credito Sportivo, Fineco Revised To Positive On Lower Economic Risks, Nov. 23, 2021
- Five UniCredit Bank Ireland Notes Upgraded To 'BBB+', Oct 22, 2021
- Banking Industry Country Risk Assessment: Germany, Oct 5, 2021
- Various German Banks Downgraded On Persistent Profitability Challenges And Slow Digitalization Progress, June 24, 2021

Ratings Detail (As Of March 4, 2022)*	
UniCredit Bank AG	
Issuer Credit Rating	BBB+/Negative/A-2
Resolution Counterparty Rating	A-/--/A-2
Senior Subordinated	BBB
Senior Unsecured	BBB+
Issuer Credit Ratings History	
06-Nov-2018	BBB+/Negative/A-2
03-Nov-2017	BBB+/Developing/A-2
28-Mar-2017	BBB/Developing/A-2
Sovereign Rating	
Germany	AAA/Stable/A-1+
Related Entities	
UniCredit Bank AO	
Issuer Credit Rating	BB+/Watch Neg/B
UniCredit Bank Austria AG	
Issuer Credit Rating	BBB+/Negative/A-2
Resolution Counterparty Rating	A-/--/A-2
Senior Unsecured	BBB+
Short-Term Debt	A-2
Subordinated	BBB-
UniCredit SpA	
Issuer Credit Rating	BBB/Positive/A-2
Resolution Counterparty Rating	BBB+/--/A-2
Certificate Of Deposit	
Foreign Currency	A-2
Commercial Paper	
Local Currency	A-2
Junior Subordinated	BB-
Senior Secured	AA-/Positive
Senior Subordinated	BBB-
Senior Unsecured	BBB
Subordinated	BB+

*Unless otherwise noted, all ratings in this report are global scale ratings. S&P Global Ratings' credit ratings on the global scale are comparable across countries. S&P Global Ratings' credit ratings on a national scale are relative to obligors or obligations within that specific country. Issue and debt ratings could include debt guaranteed by another entity, and rated debt that an entity guarantees.