CREDIT OPINION
18 October 2024

Update

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**RATINGS**

**UniCredit Bank GmbH**

| | |
|---|---|
| Domicile | Munich, Germany |
| Long Term CRR | A1 |
| Type | LT Counterparty Risk Rating - Fgn Curr |
| Long Term Debt | A2 |
| Type | Senior Unsecured - Fgn Curr |
| Outlook | Postive |
| Long Term Deposit | A2 |
| Type | LT Bank Deposits - Fgn Curr |
| Outlook | Positive |

*Please see the ratings section at the end of this report for more information. The ratings and outlook shown reflect information as of the publication date.*

**Contacts**

Swen Metzler, CFA +49.69.70730.762
*VP-Sr Credit Officer*
swen.metzler@moodys.com

Gerson Morgenstern +49.69.70730.796
*Sr Ratings Associate*
gerson.morgenstern@moodys.com

Alexander Hendricks, CFA +49.69.70730.779
*Associate Managing Director*
alexander.hendricks@moodys.com

Carola Schuler +49.69.70730.766
*MD-Banking*
carola.schuler@moodys.com

# UniCredit Bank GmbH

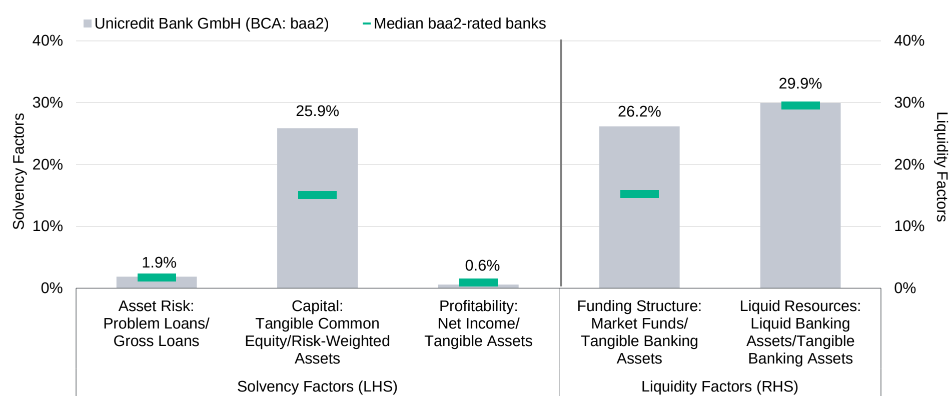
## Update to credit analysis

## Summary

UniCredit Bank GmbH's (UCB) A2 deposit and senior unsecured debt ratings reflect its baa2 Baseline Credit Assessment (BCA) and two notches of rating uplift from our Advanced Loss Given Failure (LGF) analysis, which incorporates the relative loss severity of a liability class. We further incorporate a one-notch rating uplift resulting from government support because we consider UCB to be of domestic relevance for financial system stability as one of Germany's leading commercial bank.

UCB's baa2 BCA reflects the bank's resilient credit profile, supported by diversified businesses, including retail and corporate banking, as well as its role as the group-wide global investment banking center for UniCredit S.p.A. (UniCredit, Baa1/Baa1 stable, baa3).[1] Our BCA incorporates the bank's very strong capital buffers, sound asset quality and improved profitability, supported by higher interest rates and disciplined cost management. Our assessment takes further into account UCB's solid funding and liquidity profiles, balanced by moderate asset encumbrance. While we consider the bank's financial profile commensurate with a level of baa1, we limit UCB's BCA to one notch above the parent because of common branding and operational interlinkages. The positive BCA gap is supported by UCB having sufficient restrictions in place to maintain low direct intragroup exposures, while it also considers the default correlation between parent and subsidiary, reflecting an expected coordinated group resolution due to a single point of entry (SPE) approach by the regulator.

Exhibit 1
**Rating Scorecard - Key financial ratios**




*Source: Moody's Ratings*

## Credit strengths

» UCB's capitalization is very strong, providing sizeable loss-absorbing buffers

» Sound liquidity including sizeable high-quality financial securities, balanced by asset encumbrance

» Resilient asset quality and well-diversified corporate loans, moderated by concentration risks as well as market and operational risks reflecting UCB's role as UniCredit's group-wide global investment banking center

## Credit challenges

» Improved operating efficiency but capital market activities may result in moderate earnings volatility

» Moderate market funding dependence which mainly arises from the issuance of German covered bonds ("Pfandbriefe")

» High interconnectedness and linkages with its parent UniCredit, including common branding and resolution (SPE approach), partly mitigated by restrictions to keep intragroup exposures at a manageable level

## Outlook

» The positive outlook reflects that UCB's standalone BCA could be upgraded if its parent bank's BCA is upgraded. This is contingent upon UniCredit acquiring Commerzbank AG (A1 positive/A2 positive, baa2)[2] and would depend upon the combined group's degree of international diversification, exposure to Italian sovereign risk, and its post-acquisition capitalization, asset risk, funding and liquidity as well as UniCredit's ability to contain the execution and operational risks that may arise from a large-scale cross-border acquisition.

## Factors that could lead to an upgrade

» An upgrade of UCB's ratings could be triggered by an upgrade of its BCA and Adjusted BCA and would require an upgrade of the parent's BCA without expansion of current financial and non-financial group interlinkages. UCB's ratings could also be upgraded because of a higher rating uplift resulting from our Advanced LGF analysis, caused by issuing significant volumes of instruments ranking below senior unsecured debt, in particular capital instruments.

» UCB's financial profile could improve as a result of a broad-based improvement of its solvency and liquidity profile, including further sustainably higher profitability, as well as higher liquid assets and lower asset encumbrance. In addition, UCB's financial profile would benefit from a further shift of its funding profile towards less market-sensitive instruments. However, a stronger financial profile of UCB without further limiting group interlinkages would not lead to upward pressure on its Adjusted BCA or ratings.

## Factors that could lead to a downgrade

» UCB's ratings could be downgraded, should the bank's volume of loss-absorbing liabilities shrink or in case it expands its balance sheet more than we currently expect.

» UCB's BCA could be downgraded as a result of a downgrade of UniCredit's BCA, or if the financial and non-financial interlinkages between UCB and its parent were to increase, for example, if regulation allowed greater intra-group exposures, or if UCB's financial fundamentals were to deteriorate significantly, resulting in a multi-notch weaker financial profile.

## Key indicators

Exhibit 2

**UniCredit Bank GmbH (Consolidated Financials) [1]**

| | 06-24[2] | 12-23[2] | 12-22[2] | 12-21[2] | 12-20[2] | CAGR/Avg.[3] |
|---|---|---|---|---|---|---|
| Total Assets (EUR Billion) | 239.7 | 238.7 | 258.1 | 266.9 | 281.0 | (4.4)[4] |
| Total Assets (USD Billion) | 256.9 | 263.7 | 275.5 | 302.4 | 343.9 | (8.0)[4] |
| Tangible Common Equity (EUR Billion) | 17.6 | 16.6 | 16.9 | 15.8 | 15.7 | 3.2[4] |
| Tangible Common Equity (USD Billion) | 18.9 | 18.3 | 18.0 | 17.9 | 19.3 | (0.6)[4] |
| Problem Loans / Gross Loans (%) | 1.8 | 1.8 | 1.8 | 2.1 | 2.3 | 1.9[5] |
| Tangible Common Equity / Risk Weighted Assets (%) | 25.9 | 23.7 | 20.6 | 18.2 | 19.5 | 21.6[6] |
| Problem Loans / (Tangible Common Equity + Loan Loss Reserve) (%) | 14.8 | 15.4 | 14.6 | 17.4 | 19.0 | 16.3[5] |
| Net Interest Margin (%) | 1.1 | 1.1 | 1.0 | 0.9 | 0.9 | 1.0[5] |
| PPI / Average RWA (%) | 4.9 | 3.4 | 2.6 | 1.8 | 1.5 | 2.8[6] |
| Net Income / Tangible Assets (%) | 0.9 | 0.8 | 0.3 | 0.3 | 0.1 | 0.5[5] |
| Cost / Income Ratio (%) | 41.3 | 51.3 | 56.9 | 66.0 | 69.5 | 57.0[5] |
| Market Funds / Tangible Banking Assets (%) | 30.1 | 26.2 | 28.7 | 36.9 | 36.1 | 31.6[5] |
| Liquid Banking Assets / Tangible Banking Assets (%) | 28.8 | 29.9 | 33.9 | 37.8 | 42.4 | 34.6[5] |
| Gross Loans / Due to Customers (%) | 121.9 | 112.4 | 105.9 | 113.2 | 102.0 | 111.1[5] |

[1] All figures and ratios are adjusted using Moody's standard adjustments. [2] Basel III - fully loaded or transitional phase-in; IFRS. [3] May include rounding differences because of the scale of reported amounts. [4] Compound annual growth rate (%) based on the periods for the latest accounting regime. [5] Simple average of periods for the latest accounting regime. [6] Simple average of Basel III periods.

*Sources: Moody's Ratings and company filings*

## Profile

UniCredit Bank GmbH (UCB) is Germany's fifth-largest banking group[3] with total assets of €283 billion at the end of 2023 (1H24: €282 billion), equivalent to around 3% of Germany's total banking system. Since November 2005, UCB is wholly-owned by and a major part of UniCredit Group, one of Europe's largest financial institutions.

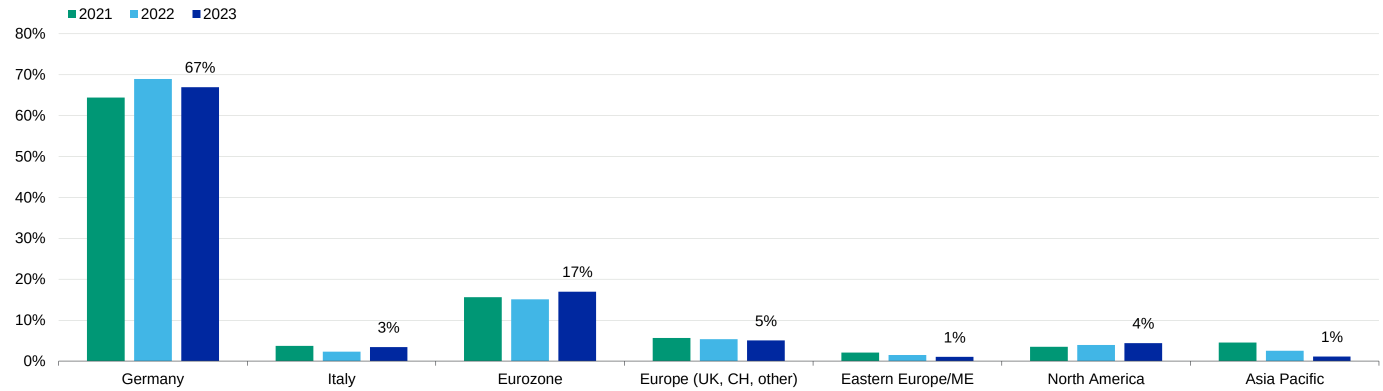
As a universal bank, UCB provides banking and financial services primarily to German clients and operates as the global investment banking center for UniCredit Group, including its role as the central counterparty for derivatives transactions. UCB focuses on retail and public sector customers, and is one of Germany's leading commercial bank for corporates, international companies and institutional customers. Its activities include private banking, investment banking, as well as commercial real estate (CRE) financing.

UCB's strategy is closely aligned with that of UniCredit Group. Currently, UCB is implementing the group's three-year plan, covering the period 2022-24 and termed UniCredit “Unlocked”, intended to simplify the operating model, grow core business activities and improve capital efficiency. For more information, please refer to Germany's Banking System Profile and Banking System Outlook.

### Weighted Macro Profile of Strong+

UCB's Strong+ macro profile is in line with the Strong+ Macro Profile of Germany. Our assessment reflects its bank's primary focus on Germany, which represented around 67% of its credit risk exposure as of year-end 2023. UCB's remaining exposure arises from its important role within UniCredit Group, including its function as central hub for group-wide capital market activities. UCB's close interconnectedness with its parent drives a moderate exposure to Italy, accounting for €8.9 billion or 3.4% of its total credit risk exposure as of December 2023.

Exhibit 3
**UCB's credit exposure reflects its role as a leading universal bank in Germany and its important activities within UniCredit Group**
**Data in percent**




*Source: Company reports, Moody's Ratings*

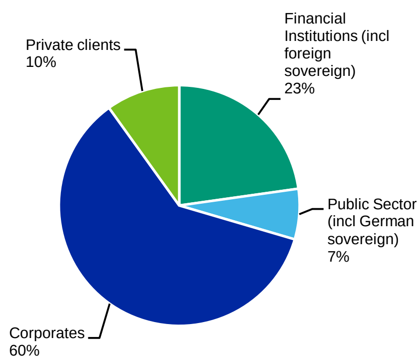
## Detailed credit considerations

### UCB's corporate loan book is well diversified, with moderate risk concentrations

We assign an Asset Risk score of baa2 to UCB, i.e. four notches below the initial score, to reflect the bank's credit, market and operational risks which are inherent to a leading universal bank in Germany with a strong focus on pan-European capital markets activities. During the pandemic, UCB's asset quality remained stable, but we expect a moderate deterioration amid weakening economic growth in Germany.

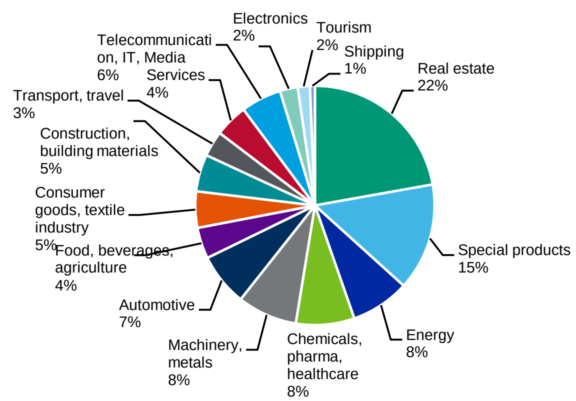
As a leading universal bank in Germany, UCB's corporate activities accounted for around €157 billion or 60% of its €260 billion total credit exposure (Exhibit 4) as of December 2023, followed by around €59 billion exposure to financial institutions (23%), and exposures to German private clients (10%) and the public sector (7%).

Exhibit 4
**UCB's activities are geared to corporates and financial institutions**
**Credit exposure, as of December 2023**




*Source: Company report, Moody's Ratings*

Exhibit 5
**UCB's corporate activities are well-diversified**
**Credit exposure by industry, as of December 2023**

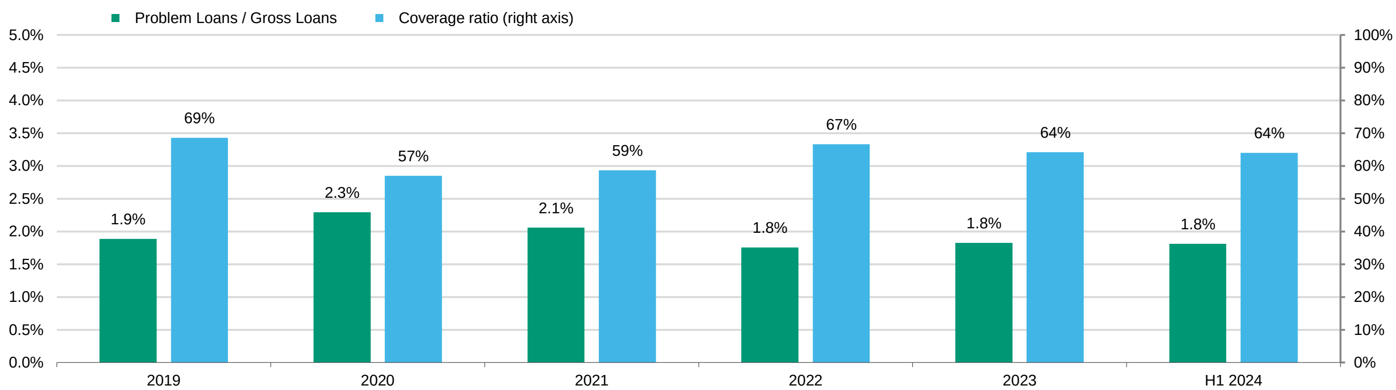



*Source: Company report, Moody's Ratings*

While UCB's corporate loan book is well-diversified (Exhibit 5), we believe some sector concentrations could challenge its asset quality in an extended downturn or recession. As of December 2023, these concentrations included real estate lending exposure of €33.5 billion and €24.5 billion exposure to special products, which comprise securitizations, structured credit and leasing transactions, excluding project and acquisition finance transactions. UCB has meaningful exposure to sectors which are particularly vulnerable to high energy costs and inflation. These include the energy, chemicals, and automotive sector, each accounting for between 55% and 67% of the bank's €18.3 billion equity[4] at the end of 2023.

UCB benefited from a broadly unchanged non-performing loan ratio, at 1.8% at the end of June 2024 and 2023. Similarly, over the same period, the bank's coverage ratio, which compares problem loans to on balance-sheet specific and generic loan-loss-reserves, also remained largely unchanged at solid level of 64%.

Exhibit 6
**UCB's problem loan ratio remains broadly unchanged since 2019 and its coverage ratio is comfortably above 50%**
**Data in %**




Note: Problem loan ratio is in accordance with our definition; the coverage ratio compares problem loans to specific and generic loan-loss-reserves.
*Source: Company reports, Moody's Ratings*

## UCB's capitalization is very strong, providing sizeable loss-absorbing buffers

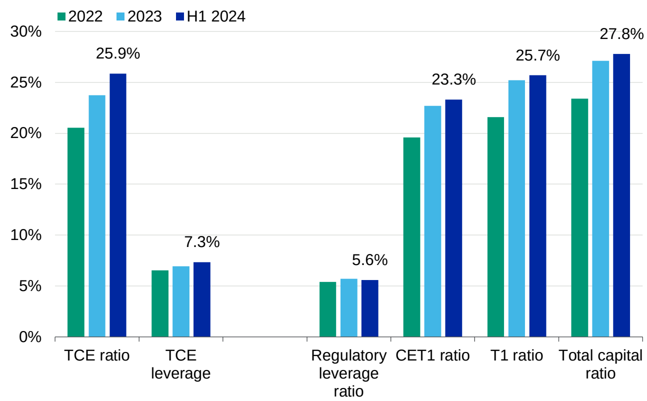
We assign a Capital score of aa2 to UCB, one notch below the initial score. The adjustment reflects our expectation of negative risk migration leading to higher risk-weighted assets (RWAs) over time and moderate retained earnings, due to future dividend payments to its Milan-based parent.

UCB's already very strong capitalisation further improved during the first six month of 2024, as demonstrated by an increase in its Tangible Common Equity (TCE) ratio to 25.9% from 23.7% in 2023 (see Exhibit 7). The meaningful improvement reflects 17% lower RWA, at €68.0 billion at the end of June 2024 compared with €82.1 billion in 2022, and driven by lower credit risk, mainly from corporate lending exposures. We expect that UCB will keep its solid capital buffers well above the ECB's regulatory minimum requirements (see Exhibit 8).

Supported by balance sheet shrinkage and RWA reductions, UCB's TCE leverage ratio[5] improved to 7.3% as of 1H24, compared with 6.9% in 2023 and 5.6% in 2020. Our ratio is higher than the bank's regulatory Tier 1 leverage ratio[6] of 5.6% as of June 2024, because the denominator also includes off-balance-sheet exposures, reflected in the exposure at default, and not just tangible banking assets.

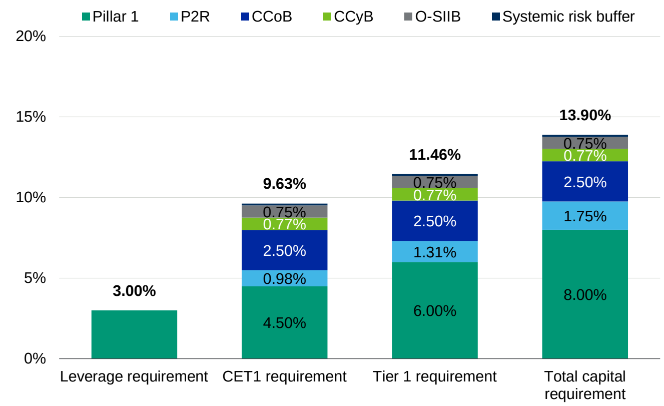
In addition to aggregate dividend payments of €1.8 billion for the three fiscal years 2020-22, equivalent to around 79% of net income over that period, UCB has repeatedly upstreamed large amounts of capital which were in excess of its annual profit. For the years 2016, 2017, and 2019, UCB transferred equity of €3.0 billion, €1.3 billion, and €3.3 billion to its parent, in total €7.6 billion.

Exhibit 7
**UCB maintains solid capital; Moody's vs regulatory view**
**Data in %**




Note: TCE = Tangible common equity; CET1 = Common Equity Tier 1 capital; The TCE leverage ratio compares TCE to tangible banking assets.
*Source: Company reports, Moody's Ratings*

Exhibit 8
**UCB's regulatory minimum requirements in detail***
**Data in %**




Note: *UCB's total Pillar 2 Requirement (P2R) was 1.75% as per end-June 2024; CCoB = Capital Conservation buffer; CCyB = Countercyclical Buffer; O-SIIB = Other Systemically Important Institutions Buffer.
*Source: Company reports, Federal Financial Supervisory Authority (BaFin)*

## Improved operating efficiency but capital market activities may result in moderate earnings volatility

Our assigned Profitability score to UCB is baa2, in line with the initial score. Our assessment takes into account the bank's improved efficiency following several streamlining initiatives over the last couple of years and a moderate level of earnings volatility reflecting its capital markets activities. We believe that UCB's will maintain its improved profitability, supported by stable capital markets, additional incremental efficiency improvements, and balanced by our expectation of moderate increases in credit costs.

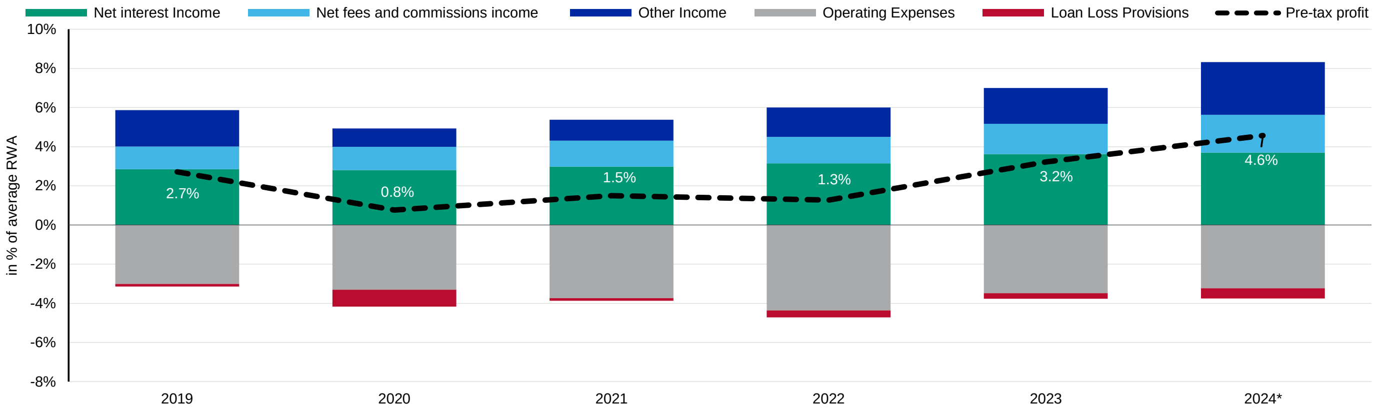
UCB's average net income to asset ratio (ROA) was around 33 basis points (bps) for the five year period 2018-22, roughly double the profitability level for rated German banks. We believe that UCB's client-driven capital markets activities are the main driver for the higher ratio, reflecting more meaningful contributions from fee and trading income than most domestic peers.

Last year, UCB reported very strong results, as demonstrated by a ROA of 81 bps, up from 32 bps in 2022. Revenues increased by 7.6% to €5.1 billion, driven by higher net fees and commissions (+4% to €1.2 billion) and net trading income (+68% to €1.6 billion). Net interest income was up only slightly by 4.3% to €2.7 billion, a relative modest increase when compared to other banks, reflecting UCB's lower dependence on retails deposits and the omission of the benefit from its participation in the ECB's attractive refinance program (TLTRO). UCB's operating expenses declined by 3.1% to €2.5 billion, benefiting from the ongoing group-wide efficiency program, termed UniCredit “Unlocked”, which covers the period 2022-24 and focuses on digitalisation, automation and process optimisation. UCB reported €167 million credit provisions or 11 bps of loans and net income of €1.7 billion for 2023, compared with €1.3 billion in 2022.

Exhibit 9

**UCB exhibits improved risk-adjusted profitability**

**Data as % of average risk-weighted assets (RWA)**




Note: Operating expenses include personnel and administrative expenses, depreciation and amortisation, as well as other expenses/income, including compulsory payments for deposit guarantee schemes and bank levy.
*H1 2024 annualised
*Source: Company reports, Moody's Ratings*

## Moderate market funding dependence which mainly arises from the issuance of German covered bonds ("Pfandbriefe")

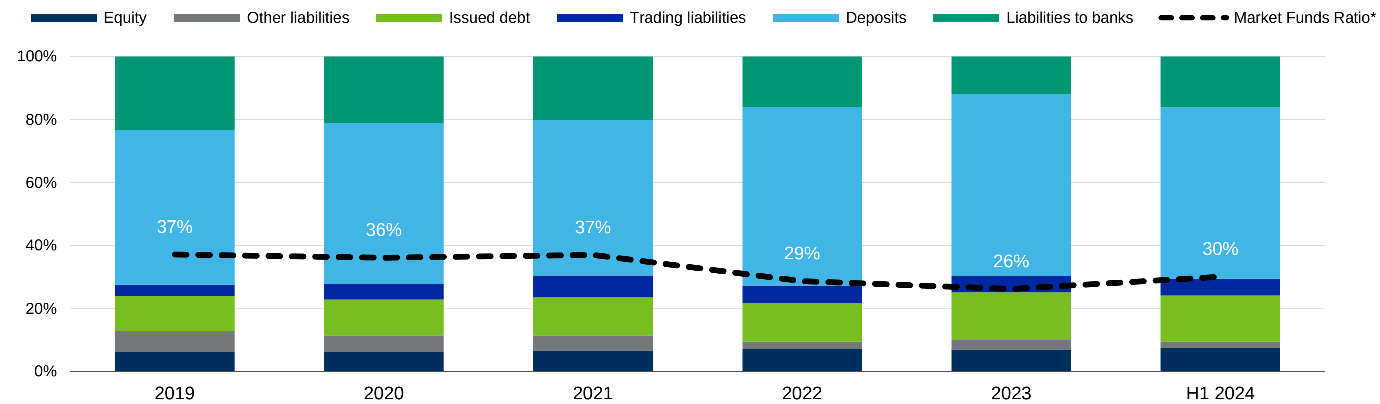
We assign a Market Funding score of baa2, in line with the initial score, capturing our expectation of an unchanged moderate market funding dependence over the next 12-18 months.

Over the last couple of years, UCB has significantly reduced refinancing risks, as demonstrated by an improved share of deposits, making up 58% of tangible banking assets[7] as of year-end 2023, compared with 46% in 2018. Over the same period, our Market Funds ratio also improved to 26.2% from 41.7%, despite the temporary uplift in the ratio owing to the bank's participation in the ECB's Targeted Longer-Term Refinancing Operation (TLTRO) program. At the end of last year, UCB's remaining outstanding TLTRO volume was €5.8 billion, compared with a peak of €31.6 billion in 2021. Between 2018 and 2023, UCB's loan-to-deposit ratio remained broadly unchanged at 112% and moderately increased to 122% as of 30 June 2024.

UCB manages its funding needs individually but in accordance with a group-wide framework to optimize funding costs. At year-end 2023, UCB had issued debt of €33.4 billion or 14% of TBA. Around 74% of the total related to covered bonds, which have increased from 6% of TBA in 2018 to 10% last year, further underpinning the improvement of UCB's market funding dependence.

As a major subsidiary of UniCredit, UCB's funding includes loss-absorbing liabilities in order to meet the minimum requirements of own funds and eligible liabilities (MREL), reflecting the regulator's SPE approach. At the end of last year, and in addition to an undisclosed amount of non-preferred senior unsecured debt, UCB had issued to its parent €800 million subordinated debt and €1.7 billion Additional Tier 1 (AT1) instruments to meet its standalone requirements.

Exhibit 10
**UCB is moderately reliant on market funding**
**Liabilities in percent of tangible banking assets**




Note: *Market Funds Ratio = Market funds/tangible banking assets.
*Source: Company reports, Moody's Ratings*

In addition, UCB's market funding benefited from €17.6 billion promotional loans or 7% of TBA at the end of 2023 (2018: 4%), which are provided by development banks, including Germany's Kreditanstalt fuer Wiederaufbau (KfW, Aaa stable).[8] We consider the latter a more reliable and stable funding source which is less dependent on UCB's ability to access the capital markets at reasonable costs.

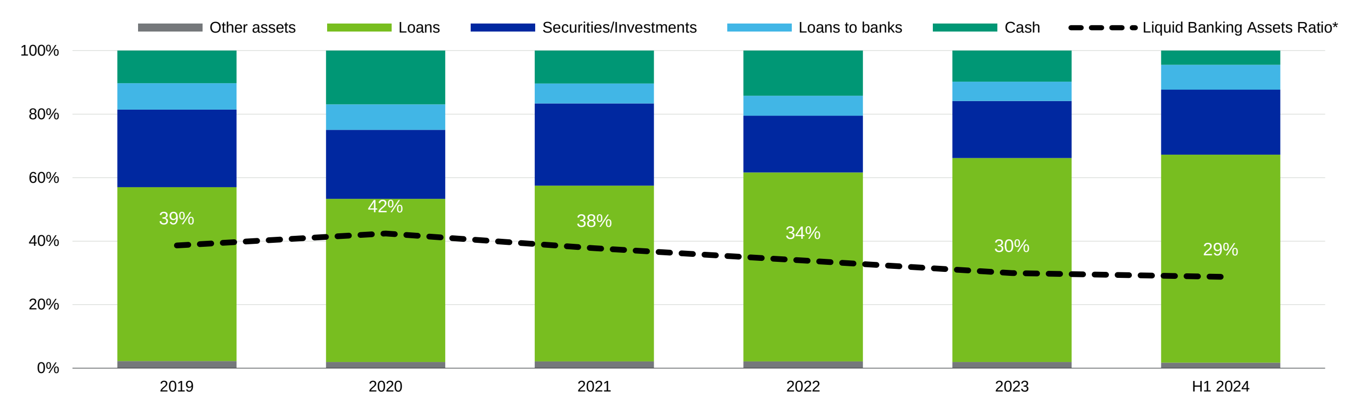
## Sound liquidity including sizeable high-quality financial securities, balanced by asset encumbrance

We assign a Liquid Resources score of baa1, one notch below the initial score and reflecting our assessment of UCB's meaningful asset encumbrance.

UCB's sound liquidity is underpinned by €61.9 billion high-quality liquidit assets (HQLA) or 25.9% of TBA, translating into a liquidity coverage ratio (LCR) of 148%[9] at the end of 2023 (1H24: 141%). Our liquidity assessment also considers that UCB could use its over-collateralized cover pool to source additional liquidity at short notice, if needed.

At the end of last year, UCB's Liquid Banking Assets ratio accounted for 30% of TBA, which is a moderate decline from 2020-22 (Exhibit 11), partly reflecting the gradual repayment of TLTRO funds. The bank's liquid reserves comprised €23.3 billion cash, €19.6 billion loans, €77.9 billion financial securities. Our ratio adjusts for derivatives and encumbered loans to banks as a result of the bank's repurchase operations (repo).

Exhibit 11
**UCB's balance-sheet liquidity remains high**
**Asset composition, in percent of tangible banking assets**




Note: *Liquid Banking Assets Ratio = Liquid assets/tangible banking assets. Loans to banks includes central bank funding.
*Source: Company reports, Moody's Ratings*

### Links with UniCredit Group limit upside potential for UCB's ratings

UCB's financial metrics are strong and overall commensurate with a baa1 financial profile. However, the assigned baa2 BCA takes into account certain assumptions that imply a level of downside risk for the Munich-based bank's standalone credit strength, reflecting its strategic, financial and business-related operational links with UniCredit, its parent bank, and other group entities. Therefore, UCB's BCA is unlikely to exceed UniCredit's BCA by more than one notch.

Because UCB and its parent bank UniCredit are regulated according to a single point of entry (SPE) approach, we view it likely that European authorities would coordinate the resolution of parent and subsidiary in a coordinated manner, closely linking the default probabilities and effectively capping UCB's BCA at one notch above the parent. In capping the BCA we also consider the risks of confidence-senstivite contagion, should resolution measures be implemented on UniCredit SpA.

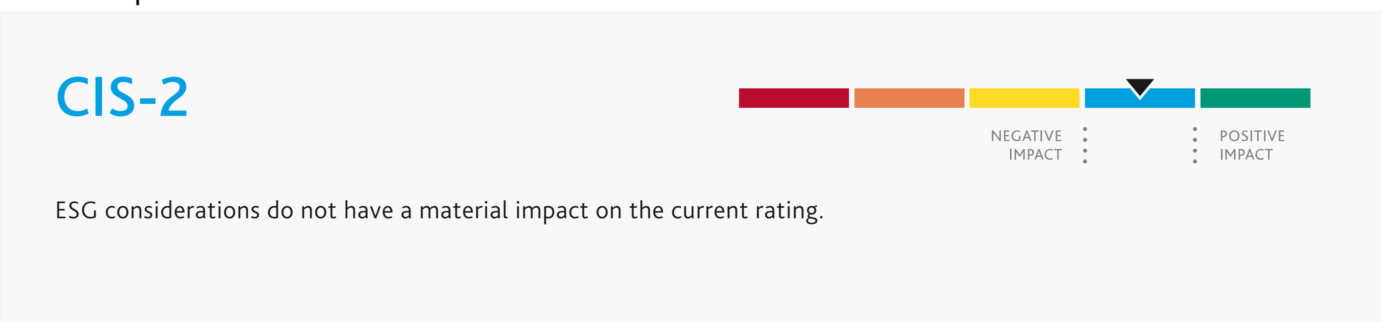
If UCB raises its direct exposures to group members, or if UniCredit were to withdraw additional core capital resources from UCB — an option that is limited by the internal total loss-absorbing capacity requirements for UCB — this could affect our assessment of the bank's standalone credit strength.

UCB tightly manages the collateral of its derivatives positions and has reduced unsecured intragroup exposures to a level considerably below the exposure level allowed by the German Banking Act, which limits these exposures at 100% of capital. We understand that the bank's internal limits for secured and unsecured intragroup exposures are also significantly below this threshold. Balancing these factors, we currently allow UCB's BCA to be above that of UniCredit.

## ESG considerations

### UniCredit Bank GmbH's ESG credit impact score is CIS-2

Exhibit 12
**ESG credit impact score**




*Source: Moody's Ratings*

UCB's **CIS-2** indicates that ESG considerations have no material impact on the current rating. UCB faces moderate tail risks inherent to capital markets activities including intra-group exposures, however the bank's track record in managing these risks and its strong financial fundamentals are important mitigants.

Exhibit 13
**ESG issuer profile scores**


*Source: Moody's Ratings*

### Environmental
UCB faces moderate exposure to environmental risks primarily because of its portfolio exposure to carbon transition risk as a large universal bank, which acts as UniCredit's group-wide global investment banking center. In line with its peers, UCB is facing mounting business risks and stakeholder pressure to meet broader carbon transition goals. In response, UCB is engaging in transforming its lending book towards less carbon-intensive assets and is part of group-wide initiatives to further develop its comprehensive risk management and climate risk reporting frameworks.

### Social
UCB faces moderate social risks mainly related to customer relations as well as to demographic and societal trends. The bank's developed policies and procedures mitigate conduct risk associated with the distribution of financial products such as regulatory and reputational risks, as well as exposure to litigation. Continued investments in technology and the bank's long track record of handling sensitive customer data, as well as appropriate culture and governance that ensure adherence to regulatory standards, help to manage high cyber and personal data risks. UCB operates mostly in Germany, which faces challenges from adverse demographic trends affecting long-term economic growth prospects and impacting the demand for certain banking products. Product diversity as well as an ability to adapt to consumer preferences, regulatory changes and societal trends such as digitization are key to address these risks.

### Governance
UCB faces low governance risks. In line with UniCredit Group, UCB has strengthened its risk management, policies and procedures in recent years and delivered a track record on strategic and financial targets. Client-driven intra-group exposures, which arise from UCB's group-wide center of capital markets activities, create some tail risks, mitigated however by the bank's track record in managing these risks and its strong financial fundamentals. Because UCB is effectively controlled by UniCredit Group through its 100% shareholding, we have aligned the subsidiary's board structure, policies and procedures score with that of its parent, given the bank's strategic importance and public affiliation with the group, the parent's oversight of its subsidiary board and the regulated nature of both entities.

ESG Issuer Profile Scores and Credit Impact Scores for the rated entity/transaction are available on Moodys.com. In order to view the latest scores, please click here to go to the landing page for the entity/transaction on MDC and view the ESG Scores section.

## Support and structural considerations

### Affiliate support
UniCredit SpA would likely support its German subsidiary in case of need. However, parental support does not result in any rating uplift because UCB's BCA is higher than that of its parent. Therefore, UCB's Adjusted BCA is baa2, in line with its BCA.

### Loss Given Failure (LGF) analysis
UCB is subject to the EU Bank Recovery and Resolution Directive, which we consider an operational resolution regime. Therefore, we apply our Advanced LGF analysis, where we consider the risks faced by the different debt and deposit classes across the liability structure should the bank enter resolution, using our standard assumptions.

Our LGF analysis indicates that UCB's deposits senior unsecured debt is likely to face very low loss-given-failure, resulting in a two notches uplift from the bank' Adjusted BCA.

For UCB's junior senior unsecured debt, our LGF analysis indicates a moderate loss given failure, leading us to position the rating inline with its Adjusted BCA.

For UCB'S subordinated debt, our LGF analysis indicates a high loss given failure, leading us to position the rating one notch below its Adjusted BCA.

### Government support considerations
Although German banks operate in an environment of significantly weakened prospects of financial assistance from the government, we maintain one notch of rating uplift in our senior unsecured debt and deposit ratings, reflecting our expectation of a moderate probability of government support for senior debt and deposits. This support takes into account UCB's substantial size and strong national market shares in retail and corporate lending.

For junior senior unsecured debt, subordinated debt and hybrid instruments, the potential for government support is low, and these ratings, therefore, do not benefit from any government support uplift.

## Methodology and scorecard

### Methodology used

The principal methodology used in rating UCB was Banks Methodology , published in March 2024.

### About Moody's Bank Scorecard

Our scorecard is designed to capture, express and explain in summary form our Rating Committee's judgement. When read in conjunction with our research, a fulsome presentation of our judgement is expressed. As a result, the output of our scorecard may materially differ from that suggested by raw data alone (though it has been calibrated to avoid the frequent need for strong divergence). The scorecard output and the individual scores are discussed in rating committees and may be adjusted up or down to reflect conditions specific to each rated entity.

## Rating methodology and scorecard factors

Exhibit 14
**Rating Factors**

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| **Macro Factors** | | | | | | | |
| **Weighted Macro Profile** | **Strong +** | **100%** | | | | | |

| Factor | Historic Ratio | Initial Score | Expected Trend | Assigned Score | Key driver #1 | Key driver #2 |
|---|---|---|---|---|---|---|
| Solvency | | | | | | |
| Asset Risk | | | | | | |
| Problem Loans / Gross Loans | 1.9% | a1 | ↔ | baa2 | Market risk | Operational risk |
| Capital | | | | | | |
| Tangible Common Equity / Risk Weighted Assets (Basel III - transitional phase-in) | 25.9% | aa1 | ↔ | aa2 | Nominal leverage | Capital fungibility |
| Profitability | | | | | | |
| Net Income / Tangible Assets | 0.6% | baa2 | ↔ | baa2 | Earnings quality | Expected trend |
| Combined Solvency Score | | a1 | | a3 | | |
| Liquidity | | | | | | |
| Funding Structure | | | | | | |
| Market Funds / Tangible Banking Assets | 26.2% | baa2 | ↔ | baa2 | Expected trend | Term structure |
| Liquid Resources | | | | | | |
| Liquid Banking Assets / Tangible Banking Assets | 29.9% | a3 | ↔ | baa1 | Asset encumbrance | Stock of liquid assets |
| Combined Liquidity Score | | baa1 | | baa2 | | |
| Financial Profile | | | | baa1 | | |
| Qualitative Adjustments | | | | Adjustment | | |
| Business Diversification | | | | 0 | | |
| Opacity and Complexity | | | | 0 | | |
| Corporate Behavior | | | | 0 | | |
| Total Qualitative Adjustments | | | | 0 | | |
| Sovereign or Affiliate constraint | | | | - | | |
| BCA Scorecard-indicated Outcome - Range | | | | baa1 - baa3 | | |
| Assigned BCA | | | | baa2 | | |
| Affiliate Support notching | | | | 0 | | |
| Adjusted BCA | | | | baa2 | | |

**Balance Sheet is not applicable.**

| Debt Class | De Jure waterfall | | De Facto waterfall | | Notching | | LGF Notching Guidance vs. Adjusted BCA | Assigned LGF notching | Additional Notching | Preliminary Rating Assessment |
|---|---|---|---|---|---|---|---|---|---|---|
| | Instrument volume + subordination | Sub-ordination | Instrument volume + subordination | Sub-ordination | De Jure | De Facto | | | | |
| Counterparty Risk Rating | - | - | - | - | - | - | - | 3 | 0 | a2 |
| Counterparty Risk Assessment | - | - | - | - | - | - | - | 3 | 0 | a2 (cr) |
| Deposits | - | - | - | - | - | - | - | 2 | 0 | a3 |
| Senior unsecured bank debt | - | - | - | - | - | - | - | 2 | 0 | a3 |
| Junior senior unsecured bank debt | - | - | - | - | - | - | - | 0 | 0 | baa2 |
| Dated subordinated bank debt | - | - | - | - | - | - | - | -1 | 0 | baa3 |

| Instrument Class | Loss Given Failure notching | Additional notching | Preliminary Rating Assessment | Government Support notching | Local Currency Rating | Foreign Currency Rating |
|---|---|---|---|---|---|---|
| Counterparty Risk Rating | 3 | 0 | a2 | 1 | A1 | A1 |
| Counterparty Risk Assessment | 3 | 0 | a2 (cr) | 1 | A1(cr) | |
| Deposits | 2 | 0 | a3 | 1 | A2 | A2 |
| Senior unsecured bank debt | 2 | 0 | a3 | 1 | A2 | A2 |
| Junior senior unsecured bank debt | 0 | 0 | baa2 | 0 | Baa2 | Baa2 |
| Dated subordinated bank debt | -1 | 0 | baa3 | 0 | Baa3 | (P)Baa3 |

[1] Where dashes are shown for a particular factor (or sub-factor), the score is based on non-public information.
*Source: Moody's Ratings*

## Ratings

Exhibit 15

| Category | Moody's Rating |
|---|---|
| **UNICREDIT BANK GMBH** | |
| Outlook | Positive |
| Counterparty Risk Rating | A1/P-1 |
| Bank Deposits | A2/P-1 |
| Baseline Credit Assessment | baa2 |
| Adjusted Baseline Credit Assessment | baa2 |
| Counterparty Risk Assessment | A1(cr)/P-1(cr) |
| Issuer Rating | A2 |
| Senior Unsecured | A2 |
| Junior Senior Unsecured | Baa2 |
| Junior Senior Unsecured MTN -Dom Curr | (P)Baa2 |
| Subordinate -Dom Curr | Baa3 |
| Other Short Term | (P)P-1 |
| **PARENT: UNICREDIT S.P.A.** | |
| Outlook | Stable |
| Counterparty Risk Rating | Baa1/P-2 |
| Bank Deposits | Baa1/P-2 |
| Baseline Credit Assessment | baa3 |
| Adjusted Baseline Credit Assessment | baa3 |
| Counterparty Risk Assessment | Baa2(cr)/P-2(cr) |
| Senior Unsecured | Baa1 |
| Junior Senior Unsecured | Baa3 |
| Junior Senior Unsecured MTN | (P)Baa3 |
| Subordinate | Ba1 |
| Pref. Stock Non-cumulative -Dom Curr | Ba3 (hyb) |
| Commercial Paper -Dom Curr | P-2 |
| Other Short Term -Dom Curr | (P)P-2 |
| **UNICREDIT BANK GMBH, LONDON BRANCH** | |
| Outlook | Positive |
| Counterparty Risk Rating | A1/P-1 |
| Bank Deposits | A2/P-1 |

| | |
|---|---|
| Counterparty Risk Assessment | A1(cr)/P-1(cr) |
| Issuer Rating -Dom Curr | A2 |
| **UNICREDIT BANK GMBH, NEW YORK BRANCH** | |
| Outlook | Positive |
| Counterparty Risk Rating | A1/P-1 |
| Bank Deposits | A2/P-1 |
| Counterparty Risk Assessment | A1(cr)/P-1(cr) |
| Issuer Rating | A2 |
| **UNICREDIT BANK GMBH, PARIS BRANCH** | |
| Outlook | Positive |
| Counterparty Risk Rating | A1/P-1 |
| Bank Deposits -Dom Curr | A2/P-1 |
| Counterparty Risk Assessment | A1(cr)/P-1(cr) |
| **UNICREDIT BANK GMBH, HONG KONG BRANCH** | |
| Outlook | Positive |
| Counterparty Risk Rating | A1/P-1 |
| Counterparty Risk Assessment | A1(cr)/P-1(cr) |
| Senior Unsecured MTN | (P)A2 |
| Subordinate MTN | (P)Baa3 |
| Other Short Term | (P)P-1 |
| **UNICREDIT BANK GMBH, SINGAPORE BRANCH** | |
| Outlook | Positive |
| Counterparty Risk Rating | A1/P-1 |
| Counterparty Risk Assessment | A1(cr)/P-1(cr) |
| Senior Unsecured MTN | (P)A2 |
| Subordinate MTN | (P)Baa3 |
| Other Short Term | (P)P-1 |

*Source: Moody's Ratings*

## Endnotes

1 The ratings shown are the bank's deposit rating, the senior unsecured debt rating and outlook, and the BCA.

2 The ratings shown are the bank's deposit rating and outlook, the senior unsecured debt rating and outlook, and the BCA.

3 Excluding development banks.

4 Including UCB's €1.7 billion low-trigger Additional Tier 1 (AT1) securities, the bank's total shareholders' equity was €20.0 billion at the end of December 2023.

5 Our TCE leverage ratio compares Tangible Common Equity to Tangible Banking Assets.

6 The regulatory leverage ratio compares Tier 1 capital to exposure at default.

7 Tangible banking assets reflect reported assets and deduct financial derivatives for which UCB's has entered into ISDA-compliant netting agreements.

8 The rating shown is KfW's backed debt and deposit ratings and outlook.

9 The ratio reflects UCB's 12-month average for 2023.

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