

RATING ACTION COMMENTARY

Fitch Affirms UniCredit Bank GmbH at 'A-'; Outlook Stable

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Fitch Ratings - Milan - 23 Oct 2025: Fitch Ratings has affirmed UniCredit Bank GmbH's (HVB) Long-Term Issuer Default Rating (IDR) at 'A-' and Viability Rating (VR) at 'a-'. The Outlook on the Long-Term IDR is Stable. A full list of rating actions is below.

KEY RATING DRIVERS

Less Diversified, Highly Profitable Bank: HVB's IDRs and VR reflect its strong franchise among German corporate customers, but also lower business diversification than higher rated peers', as well as better than domestic average profitability and capitalisation. The ratings also reflect a disciplined risk profile, adequate asset quality metrics and stable funding. HVB's IDRs are now at the same level as its parent's UniCredit S.p.A. (UC, A-/Stable).

Resilient Business Profile: HVB is a profitable, corporate-centric bank, which contributes notably to UC's business profile given its key role in the group's business with multinational corporates. Integration with UC has increased as most of the market risk arising from client-driven market and hedging activities is being centralised at the parent. We also expect greater business integration, digitalisation and streamlining under UC's 2025-2027 strategic plan.

Disciplined Risk Profile: HVB has a disciplined risk profile despite some concentration risks in its loan portfolio. Its solid integration into the parent's risk framework, conservative underwriting standards and well-managed market and interest-rate risks underpin its risk profile. Operational complexity and market risks will reduce once the centralisation of market and hedging activities at the parent is completed.

Adequate Asset Quality: Asset quality has slightly weakened, reflecting Germany's weak economic growth. Its corporate banking business results in high single-borrower concentrations, similar to that of other German commercial banks. However, we expect asset quality to remain broadly stable and for the impaired loans ratio to remain below 3%, given HVB's conservative underwriting and tight monitoring.

Above Average Profitability: Recent profit generation was strong and above domestic and most European peers'. The bank benefited from high trading income, alongside ongoing cost reductions and low loan impairment charges (LICs). We forecast HVB's operating profit/risk-weighted assets (RWAs) to remain robust and close to 4% until end-2027, driven by tight cost control and lower than historical average LICs. Trading revenue will decrease following the completion of the trading centralisation project at UC in 2026, but related cost and funding savings will mitigate the overall impact on profitability.

Solid Capitalisation: HVB's common equity Tier 1 (CET1) ratio (end-1H25: 22.4%) is well above that of both German and European peers and provides a very comfortable buffer over regulatory requirements. Our assessment factors in the potential channelling of some capital to the parent, even though we expect UC to continue managing capital at HVB conservatively and at levels above the group's.

Established Funding Profile: HVB has well-established deposit franchises in retail and commercial banking, and customer deposits account for about 50% of total funding, including derivatives. The bank's issuance of covered bonds with long average debt maturities lower its reliance on market funding. HVB's liquidity profile is sound.

RATING SENSITIVITIES

Factors that Could, Individually or Collectively, Lead to Negative Rating Action/Downgrade

We could downgrade HVB's ratings if UC's ratings are downgraded by more than one notch, as we are unlikely to rate HVB more than one notch above its parent as HVB's business and risk profiles are linked to UC's. The ratings could be downgraded if capital fungibility within the UC group increases, resulting in a CET1 ratio consistently below 12%. HVB's ratings could also be downgraded if its operating profit durably declines below 1.5% of RWAs and the impaired loans ratio rises consistently above 3%, resulting in pressure on the bank's strong capitalisation.

Factors that Could, Individually or Collectively, Lead to Positive Rating Action/Upgrade

The ratings could be upgraded if HVB maintains its strong performance through the cycle and improves its business diversification, in line with the strategic plan of the group. However, a potential uplift would be limited to one notch above its parent's ratings given the business and risk profile linkages between the two entities. An upgrade would require an operating profit above 4% of RWAs with significantly stronger contributions from fee income, the maintenance of a conservative risk profile, an

impaired loans ratio well below 3% and significant capital buffers above regulatory requirements.

OTHER DEBT AND ISSUER RATINGS: KEY RATING DRIVERS

SHORT-TERM IDR

HVB's Short-Term IDR is the lower of the two ratings that map to an 'A-' Long-Term IDR. This reflects its funding and liquidity score of 'a-', which is not sufficient to achieve a higher rating.

DERIVATIVE COUNTERPARTY RATING (DCR), SENIOR PREFERRED DEBT AND DEPOSITS

HVB's DCR, long-term senior preferred debt and long-term deposit ratings are one notch above the bank's Long-Term IDR to reflect the protection that could accrue to these creditors from the build-up of junior resolution debt and equity buffers. This is because we expect HVB to meet its resolution buffer requirement with senior non-preferred and more junior instruments only and the bank to maintain a buffer of senior non-preferred and junior debt of at least 10% of RWAs. For the same reason, HVB's senior non-preferred debt rating is aligned with its Long-Term IDR.

The short-term senior preferred and deposit ratings are the lower of the two ratings mapping to an 'A' long-term rating because HVB's funding and liquidity score is not sufficient to achieve a higher short-term rating.

The subordinated Tier 2 debt rating is notched down twice from the VR to reflect higher loss severity than senior debt.

HVB's Shareholder Support Rating (SSR) is two notches below UC's Long-Term IDR because the parent's ability to provide support is constrained by HVB's large size. Under the group's preferred resolution strategy (single-point-of entry), the solvency support that HVB would likely require is high relative to the capital available in the rest of the group.

OTHER DEBT AND ISSUER RATINGS: RATING SENSITIVITIES

HVB's DCR, long-term deposit and senior debt ratings are primarily sensitive to changes in HVB's Long-Term IDR. These ratings could also be downgraded if HVB's senior non-preferred and more junior debt buffers are insufficient to protect preferred creditors. This could be the case if HVB forms its own resolution group and includes senior preferred debt in its resolution buffers, or if the buffer of senior non-preferred and junior debt falls consistently below 10% of RWAs.

HVB's subordinated debt ratings are primarily sensitive to changes in the bank's VR.

An upgrade of the Short-Term IDR would require an upgrade of the Long-Term IDR, or an upward revision of the funding and liquidity score to 'a'.

HVB's SSR is primarily sensitive to a change in our view of UC's ability to support HVB, which could be indicated by a change in UC's ratings or by a material increase in HVB's size that would reduce UC's ability to provide support. The rating is also sensitive to changes in our view of UC's propensity to provide support.

VR ADJUSTMENTS

The capitalisation and leverage score of 'a' is below the 'aa' implied category score due to the following adjustment reason: internal capital generation and growth (negative).

REFERENCES FOR SUBSTANTIALLY MATERIAL SOURCE CITED AS KEY DRIVER OF RATING

The principal sources of information used in the analysis are described in the Applicable Criteria.

PUBLIC RATINGS WITH CREDIT LINKAGE TO OTHER RATINGS

The SSR of HVB is linked to the Long-Term IDR of UC.

ESG CONSIDERATIONS

The highest level of ESG credit relevance is a score of '3', unless otherwise disclosed in this section. A score of '3' means ESG issues are credit-neutral or have only a minimal credit impact on the entity, either due to their nature or the way in which they are being managed by the entity. Fitch's ESG Relevance Scores are not inputs in the rating process; they are an observation on the relevance and materiality of ESG factors in the rating decision. For more information on Fitch's ESG Relevance Scores, visit <https://www.fitchratings.com/topics/esg/products#esg-relevance-scores>.

RATING ACTIONS

ENTITY / DEBT ⚡	RATING ⚡		PRIOR ⚡
UniCredit Bank GmbH	LT IDR	A- Rating Outlook Stable	A- Rating Outlook Stable
	Affirmed		

	ST IDR	F2	Affirmed	F2
	Viability	a-	Affirmed	a-
	DCR	A(dcr)	Affirmed	A(dcr)
	Shareholder Support	bbb	Affirmed	bbb
subordinated	LT	BBB	Affirmed	BBB
long-term deposits	LT	A	Affirmed	A
Senior preferred	LT	A	Affirmed	A
Senior non-preferred	LT	A-	Affirmed	A-
Senior preferred	LT	A(EXP)	Affirmed	A(EXP)

[VIEW ADDITIONAL RATING DETAILS](#)

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APPLICABLE CRITERIA

[Bank Rating Criteria \(pub. 21 Mar 2025\) \(including rating assumption sensitivity\)](#)

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UniCredit Bank GmbH

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