

# Presentation to Fixed Income Investors

**HypoVereinsbank – UniCredit Bank GmbH**

Munich, Aug 2024

Empowering  
Communities to Progress. | 



# Agenda

- 1 HypoVereinsbank at a glance
- 2 Update on latest results
- 3 Funding
- 4 Cover Pool
- 5 Contacts



A red circular graphic with a white number '1' in the center, surrounded by concentric red rings. A vertical dotted line passes through the center of the circle.

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# HypoVereinsbank at a glance



# 150 Years – From Bayerische Vereinsbank to UniCredit Bank GmbH

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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 GmbH



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

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## Strong operating performance

EUR 1.554 m net operating profit (HY2024)

## Excellent leverage ratio

5.6% (fully loaded, HY2024)

## Outstanding capital ratio

23.3% (CET1 fully loaded, HY2024)

## Strong balance sheet

EUR 282 bn (HY2024)

## Highly qualified workforce

9,689 FTE (HY2024)

## Member of UniCredit Group

Part of UniCredit, a simple successful Pan European Commercial Bank



● Italy  
● Germany  
● Central and Eastern Europe<sup>1</sup>

General remark: Unless stated otherwise “HypoVereinsbank” refers to UniCredit Bank GmbH and its subsidiaries in this document

1. Austria, Bosnia and Herzegovina, Bulgaria, Croatia, Czech Republic, Hungary, Romania, Russia, Serbia, Slovakia and Slovenia





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## Update on latest results





# HypoVereinsbank with positive business performance in the challenging market environment in HY2024

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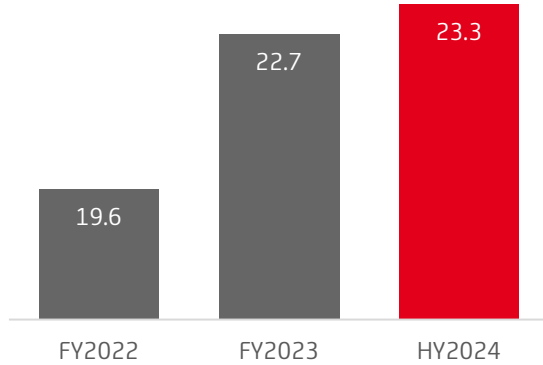
	30/06/2024	30/06/2023	Δ	
<b>Profitability</b>	Operating income	EUR 2,867 m	EUR 2,724 m	↑ +5.2%
	Operating costs	EUR 1,181 m	EUR 1,276 m	↓ -7.4%
	Operating profit	EUR 1,686 m	EUR 1,448 m	↑ +16.4%
	Net write-down of loans and provisions for guarantees and commitments	EUR 132 m	EUR 50 m	↑ +164%
	Net operating profit	EUR 1,554 m	EUR 1,398 m	↑ +11.2%
	Profit before tax	EUR 1,574 m	EUR 1,340 m	↑ +17.5%
<b>Balance sheet</b>	Total assets	EUR 282 bn	EUR 283 bn	↓ -0.4%
	Shareholders' equity	EUR 19.3 bn	EUR 19.9 bn	↓ -3.3%
	Leverage ratio (Basel III, fully loaded)	5.6%	5.7%	↓ -10 bps
<b>Regulatory ratios</b>	Common Equity Tier 1 ratio (fully loaded)	23.3%	22.7%	↑ +60 bps
	Risk weighted assets (including equivalents for market risk and operational risk)	EUR 68.0 bn	EUR 69.8 bn	↓ -2.6%
	Liquidity Coverage Ratio (LCR)	>100%	>100%	→ -



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

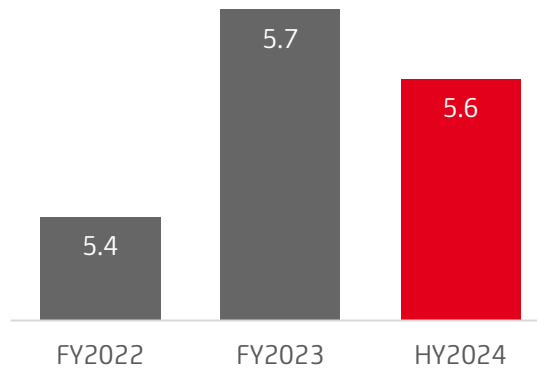
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**Capital (CET1 fully loaded)**  
in %



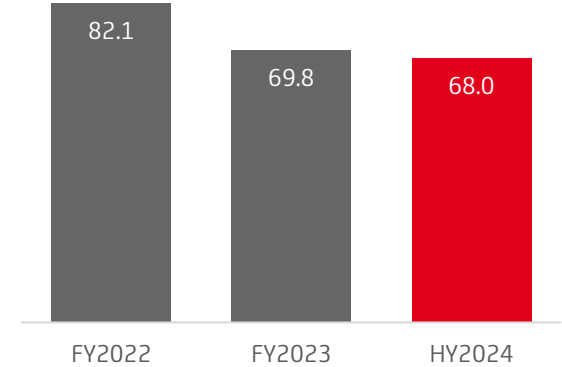
- Continuously excellent capital base by both national and international standards thanks to our organic capital generation.

**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 68.0 bn at HY of 2024 and were thus EUR 1.8 bn lower than year-end 2023.

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







# Funding



# Group Funding Plan well advanced. Lower secured funding expected



- Italy
- Germany
- Central and Eastern Europe<sup>1</sup>

- **UniCredit S.p.A.** acts as the Group **Holding** as well as the Italian operating bank and is the **MREL issuer** under Single-Point-of-Entry (SPE)
- **Geographical footprint** and well-established name with recognition in domestic markets **provides for funding diversification**
- **2024 Funding plan execution well advanced**
  - **Unsecured institutional funding** de facto **completed**, with public issuances out of UC Spa encountering strong demand, high quality/granular books and solid performance on the secondary market, **validating investors' appetite**
  - Networks' issuances to follow a more linear pattern
  - **Lower secured funding execution expected for 2024**, with max. 1 or 2 further transactions, **thanks to** the Group's **solid liquidity** position

## 2024 Budget - Volumes (€/bn)

	2023 Realized	Group		Italy		Germany		CE & EE	
		2024 Budget	Already Issued <sup>3</sup>	2024 Budget	Already Issued <sup>3</sup>	2024 Budget	Already Issued <sup>3</sup>	2024 Budget	Already Issued <sup>3</sup>
Covered Bonds and Securitizations <sup>2</sup>	10.5	up to 8.3	~ 1.6	up to 2.5	-	up to 2.7	~ 0.8	up to 3.1	0.75
Instruments via networks <sup>4</sup>	4.3	up to 6.3	~ 3.1	up to 5	~ 3.0	up to 0.8	-	up to 0.5	~ 0.1
Institutional Senior Pref. and Non Pref.	3.1	up to 4.2	~ 4.4	up to 3.7	~ 4.3	up to 0.3	~ 0.1	up to 0.2	-
AT1 and T2	-	up to 2	1.0	up to 2	1.0	-	-	-	-
<b>Total</b>	<b>~ 18</b>	<b>up to 20.8</b>	<b>~ 10.1</b>	<b>up to 13.2</b>	<b>~ 8.3</b>	<b>up to 3.8</b>	<b>~ 0.9</b>	<b>up to 3.8</b>	<b>~ 0.9</b>

<sup>1</sup> Austria, Bosnia and Herzegovina, Bulgaria, Croatia, Czech Republic, Hungary, Romania, Russia, Serbia, Slovakia and Slovenia

<sup>2</sup> Other secured funding sources like supranational funding not included <sup>3</sup> As of 12 July 2024 <sup>4</sup> Senior bonds and Structured Notes



# HypoVereinsbank: Funding and liquidity management

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- **UniCredit Bank GmbH**, 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 GmbH** is **active as Issuer** in the following instruments:

- Mortgage and Public Sector covered bonds ("Pfandbriefe")
- Private placements
- Retail issues
- Registered notes secured and unsecured (in SP format)
- French CD



**A leading Pfandbrief issuer:** EUR 24.5 bn<sup>1</sup> Covered bonds outstanding

- 87% mortgage covered bonds
- 13% public sector covered bonds

**Funding as of 30/06/2024:**

- Nearly 75% of the outstanding wholesale funding is issued in covered bonds
- Senior unsecured funding mainly in structured format

<sup>1</sup>Figure as of 30/06/2024 (net volume)



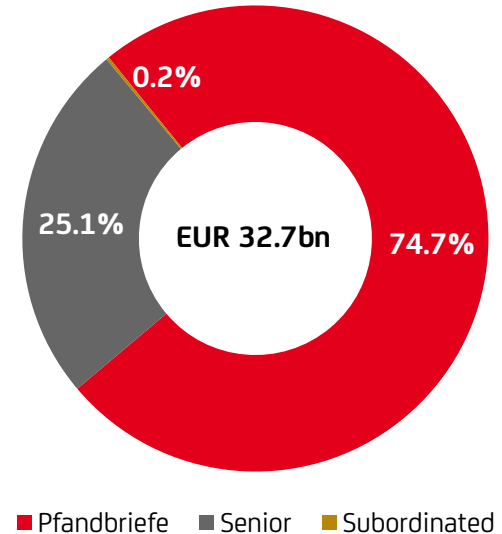
# HypoVereinsbank's funding mix: Sustainable, diversified and risk adjusted

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## 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; 2Q/2024: EUR 32.7 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 %



<sup>1</sup>Figures as of 30/06/2024, net volume of senior, subordinated and covered bonds "Pfandbriefe" of UniCredit Bank GmbH and their subsidiaries (without own issuances held on own books); Positions within UniCredit Group are excluded, except held for trading purposes



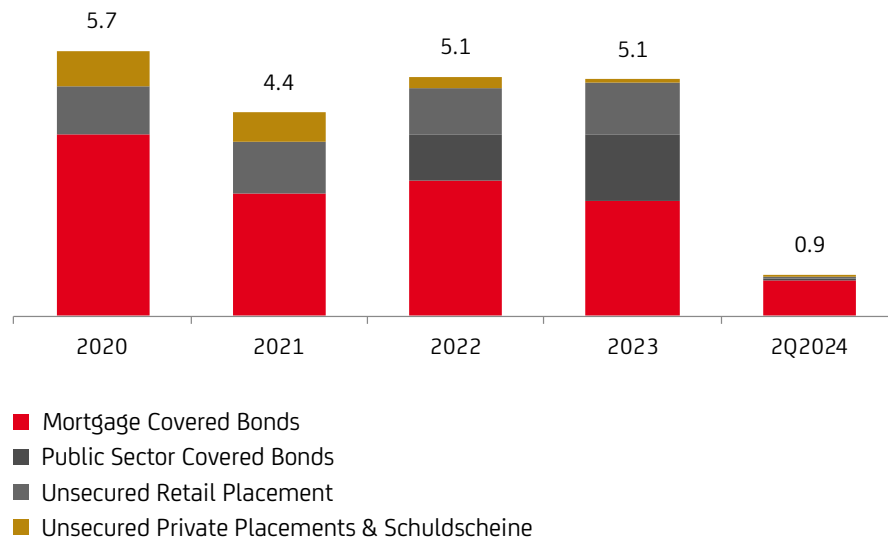
# Medium-Long Term Funding: Solid and diversified funding structure

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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 30/06/2024. 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

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## 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+/stable/A-2  
Sen. Unsec.: BBB+  
Sen. Subord.: BBB

Derivative Counterparty Rating:  
A-(dcr)  
Deposits: A-/F2  
Issuer Default Rating:  
BBB+/stable/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 09/04/2024





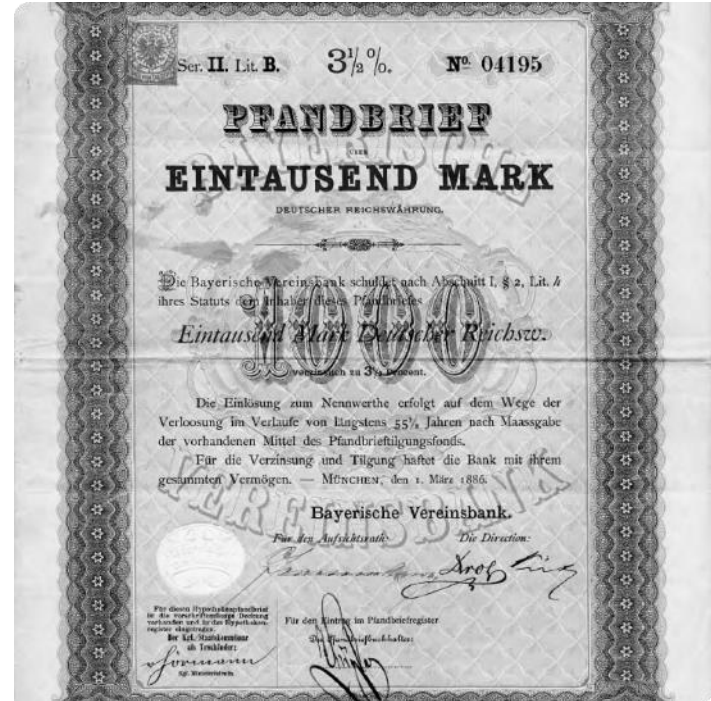
## Cover pool





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

- In **1869** the “**Bayerische Vereinsbank**” received the permission to issue Pfandbrief
- 1871 the first communal obligation was issued
- 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

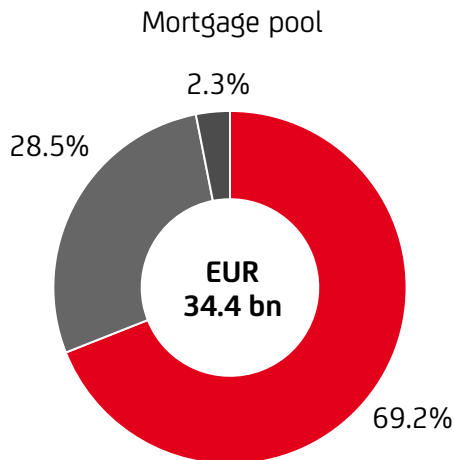
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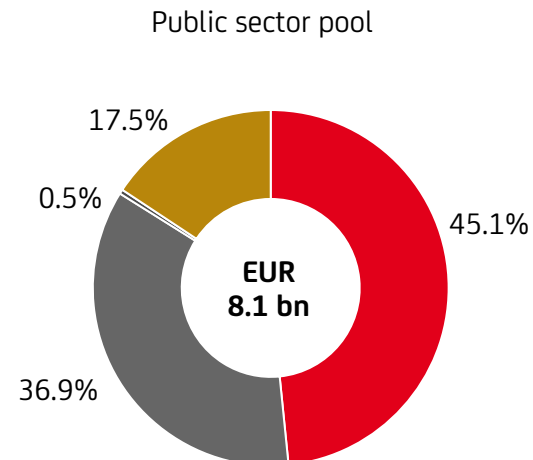
# HypoVereinsbank's cover pool at a glance: A strong Pfandbrief house

As of 30.06.2024	Mortgage	Public
Pool type	Dynamic	
<b>Cover pool (EUR m)</b>		
Nominal value	34,393	8,074
Net present value	33,362	8,319
o/w Substitute assets	1,063	0
<b>Total number of loans</b>	125,843	1,440
<b>Fixed rate loans</b>	82.5%	81.1%
<b>Floating rate loans</b>	17.5%	18.9%
<b>Outstanding issues (EUR m)</b>		
Nominal value	26,779	5,928
Net present value	25,018	6,016
<b>Overcollateralisation<sup>1</sup></b>	28.4%	36.2%

## Total cover pool – Split mortgage and public sector (2Q2024)



- Residential
- Commercial
- Substitute assets



- Local authorities
- Regional authorities
- Other
- State

<sup>1</sup>OC calculated with nominal values of cover pool and outstanding issues

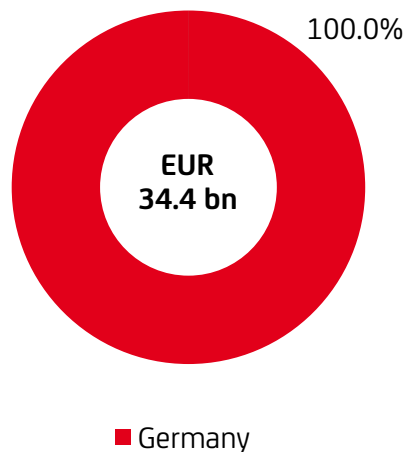


# Mortgage cover pool with purely German assets

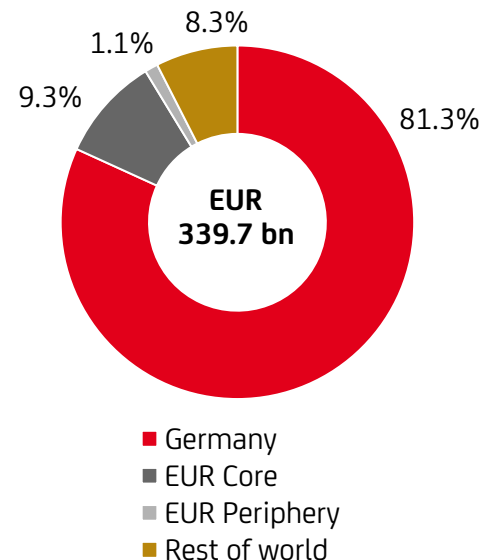
- As one of the oldest Pfandbrief players in Germany, HypoVereinsbank is well acquainted with the characteristics of the highly regulated German market
- With exclusively German assets in the mortgage cover pool, HypoVereinsbank benefits from the country's solid and reliable economic situation
- With 18%, 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

Cover pool HypoVereinsbank<sup>1</sup> (2Q2024)



Cover pool all vdp-members<sup>1</sup> (3Q2023)



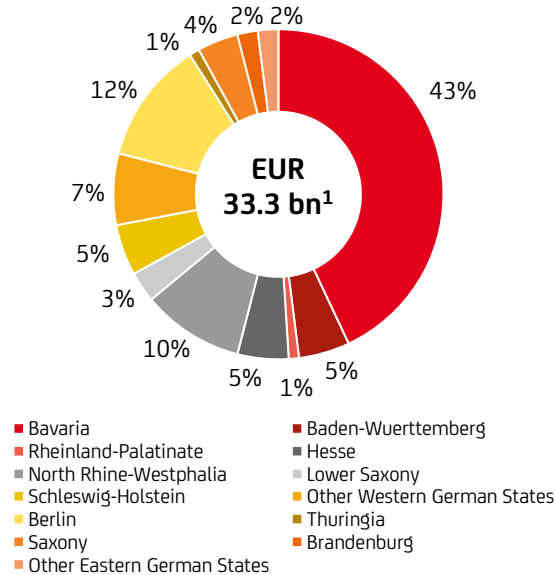
<sup>1</sup>EUR Core: B, DK, F, FIN, LUX, NL, AUT, PL, S, CZ, IIE, EU; EUR Periphery: BUL, EST, GR, IT, IRL, LET, LIT, MALT, PORT, RO, SLO, SK, ESP, HU, CY ; Rest of world: ISL, NOR, CH, JAP, CAN, USA, BG



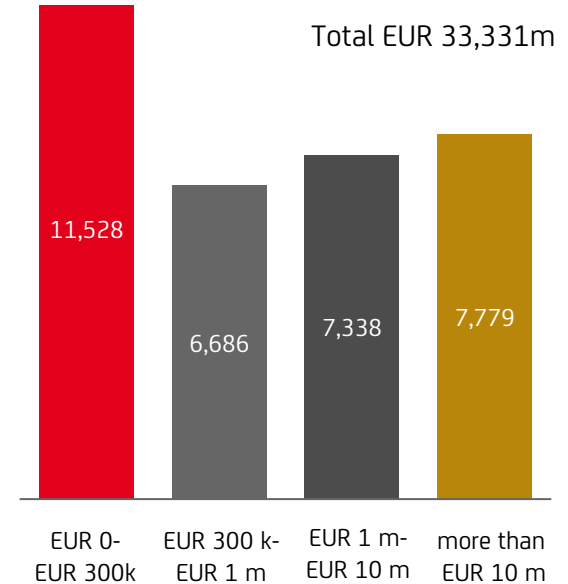
# Mortgage cover pool with solid foothold in economically strong Bavaria

- HypoVereinsbank'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 33% of the entire mortgage cover pool basing it on a wide a solid foundation

**Mortgage cover pool by location<sup>1</sup>  
(2Q2024)**



**Mortgage cover pool by size<sup>1</sup>  
(2Q2024 in EUR m)**



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

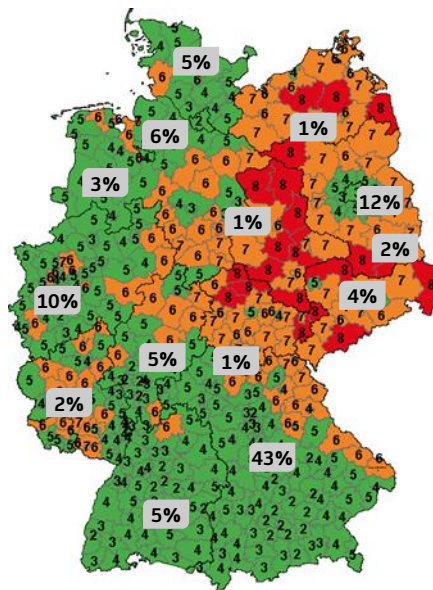


# Mortgage cover pool with solid foothold in economically strong Bavaria

## 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 2Q2024

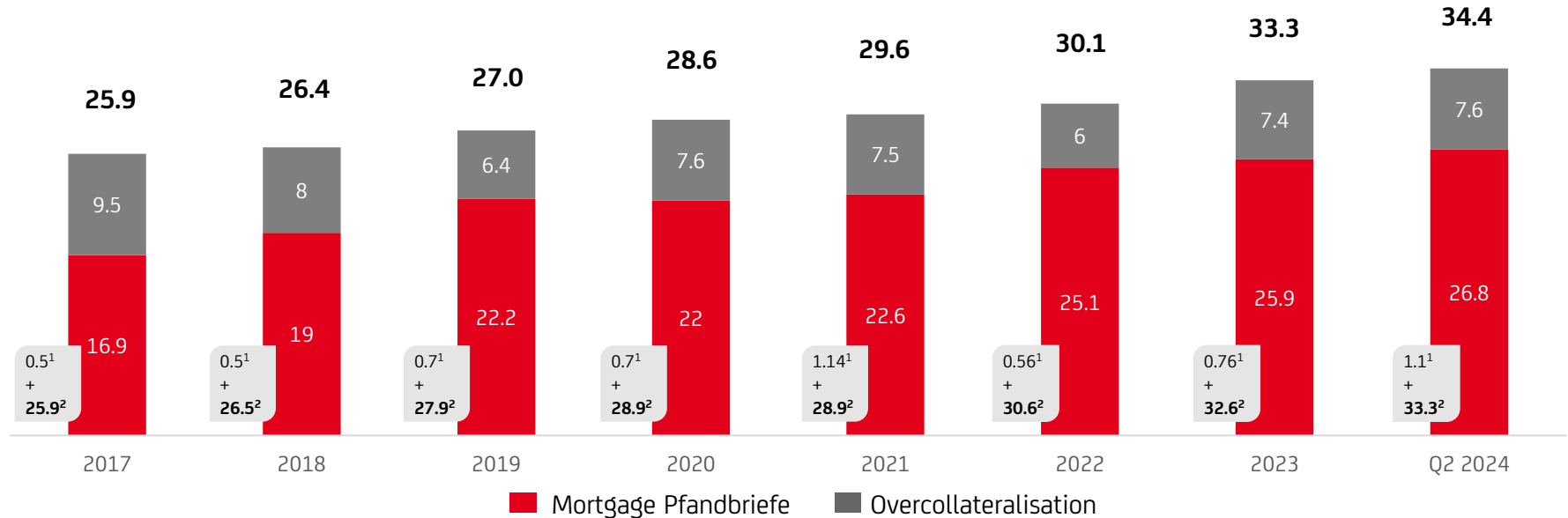
<sup>2</sup>Loan-to-value limits are calculated on the basis of market values derived from internal calculations (System Wertweiser, KRQ and on-site visit)



# Investors benefit from high level of overcollateralisation of outstanding Pfandbriefe

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



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

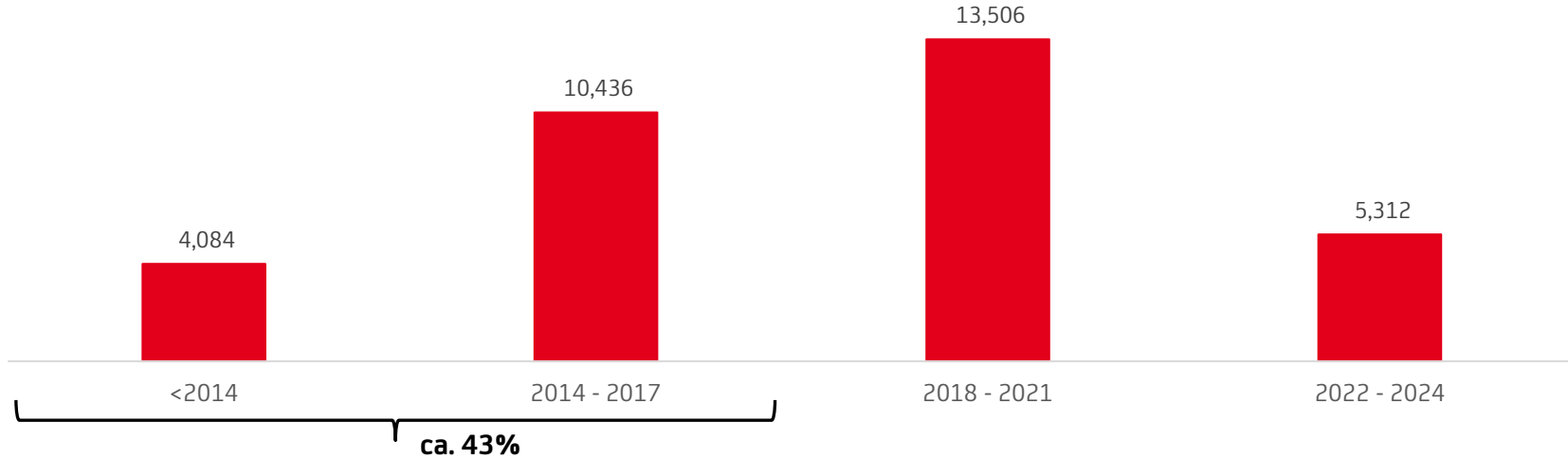
<sup>2</sup>Mortgage cover assets: There are no derivatives and foreign currency assets used as cover for Mortgage Pfandbriefe





# High percentage of long-lasting client relationship minimises risk

Cover pool mortgages (nominal) per closing date 2Q2024 (in EUR m)



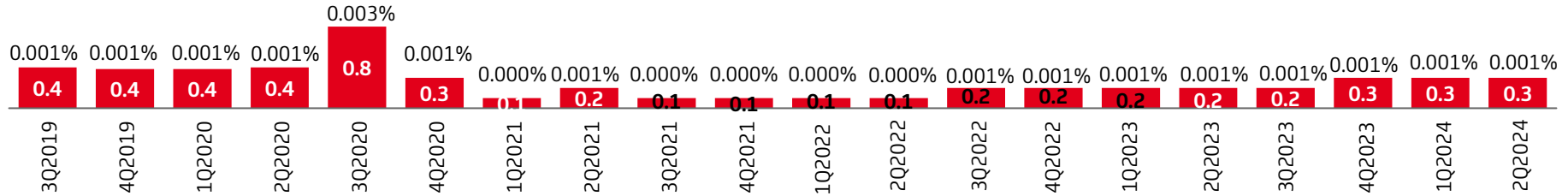
- Roughly 43% of HypoVereinsbank's cover pool mortgages date back to more than 7 years
- Reliable and predictable customer base due to long term client relationship



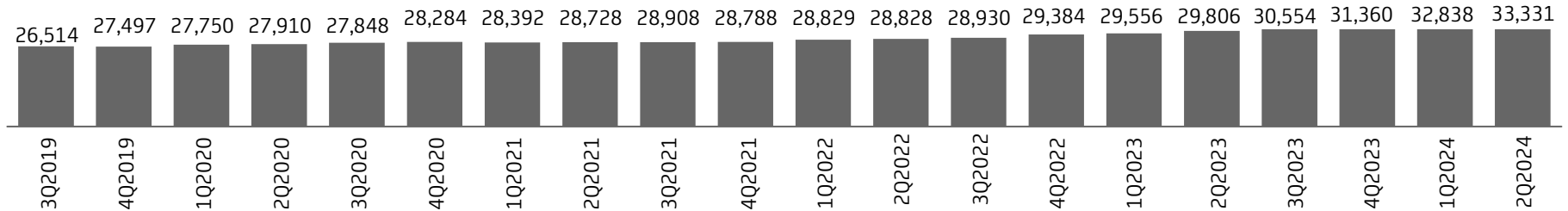
# Excellent payment discipline: Arrear ratio<sup>1</sup> below 0.004% for years

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



Total mortgage cover pool (in EUR m)



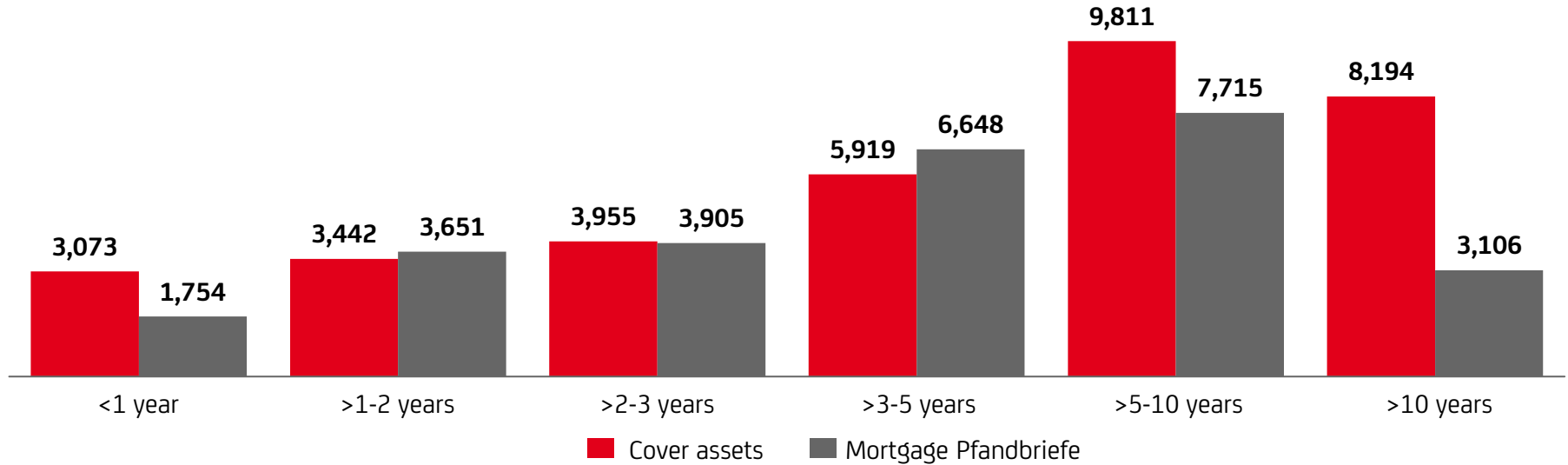
<sup>1</sup>Payments more than 90 days overdue in relation to mortgage receivables



# Well matching maturity profiles of mortgages and Pfandbrief issues

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Maturity structure of outstanding mortgage Pfandbriefe versus related cover assets 2Q2024 (in EUR m)



# Overview of benchmark issues since 2021

1 2 3 4 5

Pfandbrief Type	Initial Tenor and Interest Type	Issued Volume	Issue Date	Maturity	Spread
Mortgage Pfandbriefe	15Y. FXD Rate	EUR 0.50 bn	Jan 21	Jan 36	Midswap +3 bps
Mortgage Pfandbriefe	10Y. FXD Rate	EUR 0.75 bn	Mar 21	Mar 31	Midswap +1 bp
Mortgage Pfandbriefe	8Y. FXD Rate	EUR 0.5 bn	May 21	May 29	Midswap -1 bp
GREEN Mortgage Pfandbriefe	5Y. FXD Rate	EUR 0.5 bn	Sep 21	Sep 26	Midswap -2 bps
TAP Mortgage Pfandbrief	12Y. FXD Rate	EUR 0.25 bn	Nov 21	Jan 32	Midswap -1 bp
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 -1 bp
Mortgage Pfandbriefe	5Y. FXD Rate	EUR 0.5 bn	Jun 22	Jun 27	Midswap flat
GREEN Mortgage Pfandbriefe	5.5Y. FXD Rate	EUR 0.5 bn	Sep 22	Apr 28	Midswap flat
Mortgage Pfandbriefe	3.25Y. FXD Rate	EUR 0.75 bn	Nov 22	Feb 26	Midswap +2 bp
Mortgage Pfandbriefe	3.5Y. FXD Rate	EUR 1.00 bn	Jan 23	Jul 26	Midswap +3 bp
Public Sector Pfandbriefe	2.5Y. FXD Rate	EUR 1.25 bn	Feb 23	Aug 25	Midswap -7 bp
Mortgage Pfandbriefe	4Y. FXD Rate	EUR 0.75 bn	May 23	May 27	Midswap +7 bp
Mortgage Pfandbriefe	3.8Y. FXD Rate	EUR 0.75 bn	Apr 24	Feb 28	Midswap +25 bp

as of 14th Aug





# 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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