

Vseobecna Uverova Banka

Issuer View • 12. March 2024

Authors: Dr Frederik Kunze // Lukas Kühne

Ratings

	Rating	Outlook
Fitch	-	-
Moody's*	A2	Negative
S&P	-	-

Vseobecna Uverova Banka (VUB) is a universal bank based in Bratislava. In November 2001, the Italian banking group Intesa Sanpaolo acquired shares in VUB and is now the sole owner of 100% of the bank (FY/2023). In terms of total assets (FY/2023: EUR 24.4bn), VUB is the second largest credit institution in Slovakia. With over 3,600 employees, VUB serves around 1.2m customers and provides them with a wide range of banking services. VUB is also considered a national systemically important institution (additional capital buffer of 1.75%). In Slovakia, the bank has a market share of 20% for loans and 19% for deposits (H1/2023). VUB's business focus is on mortgage and consumer loans, deposit and payment products and related services, corporate banking, foreign trade finance, consumer finance and factoring. Through its subsidiaries, VUB offers, for example, leasing services (VUB Leasing) and pension products (VUB Generali). VUB is also one of the largest asset managers in Slovakia with a market share of 19% (H1/2023). The bank reports in the three operating segments "Retail Banking", "Corporate Banking" and "Central Treasury" as well as the non-operating segment "Other". At 60.8% (H1/2023), the majority of the loan portfolio was attributable to retail customers, followed by commercial customers (39.0%). At 66% (measured in terms of liabilities; H1/2023), deposits form the main component of the financing mix, which is supplemented by selected capital market placements.

Homepage

www.vub.sk

*LT Bank Deposits

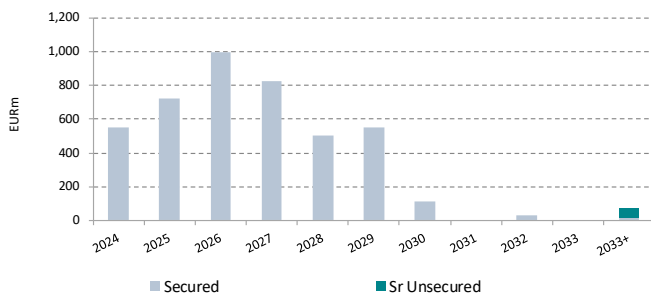
Balance Sheet

(EURm)	2021Y	2022Y	2023Y
Net Loans to Customers	16,660	17,498	18,464
Total Securities	1,768	1,718	1,447
Total Deposits	13,953	15,408	16,021
Tier 1 Common Capital	1,590	1,663	1,835
Total Assets	23,243	22,873	24,386
Total Risk-weighted Assets	9,220	9,972	10,633

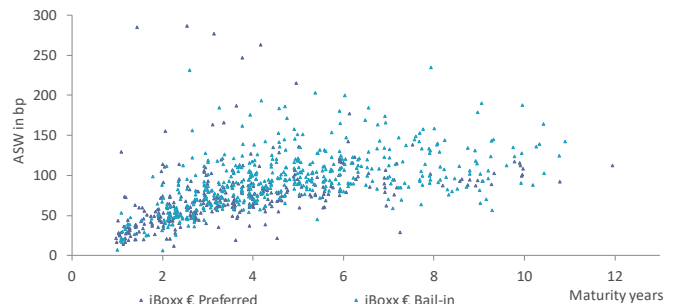
Income Statement

(EURm)	2021Y	2022Y	2023Y
Net Interest Income	287	336	516
Net Fee & Commission Inc.	147	163	176
Net Trading Income	28	24	19
Operating Expense	231	237	272
Credit Commit. Impairment	80	67	67
Pre-tax Profit	144	213	342

Redemption Profile



Senior Unsecured Bonds (EUR BMK)



Company Ratios

	2021Y	2022Y	2023Y		2021Y	2022Y	2023Y
Net Interest Margin	1.38	1.48	2.23	Liquidity Coverage Ratio	134.77	135.77	-
ROAE	6.59	9.40	13.14	IFRS Tier 1 Leverage Ratio	6.91	7.46	7.67
Cost-to-Income	50.80	47.81	39.58	NPL/ Loans at Amortised Cost	2.18	1.87	1.84
Core Tier 1 Ratio	17.24	16.68	17.25	Reserves/Loans at Amort. Cost	2.04	2.06	1.98

As of 12.03.2024; Source: Bloomberg, S&P Global Market Intelligence, NORD/LB Floor Research

Strengths / Opportunities

- Market position
- Capitalization
- Funding and deposit base

Risks / Weaknesses

- Asset risk (mortgage & sector concentrations)
- Liquidity reserve
- Competition in the domestic market

Covered Bonds

Authors: Dr Frederik Kunze // Lukas Kühne

Outstanding Covered Bond volume of around EUR 4.6bn

Vseobecna Uverova Banka only has one program for issuing mortgage-backed Covered Bonds. As at the reporting date of 31 December 2023, the outstanding Covered Bond volume totalled EUR 4.6bn, compared to cover assets of EUR 5.5bn, resulting in an arithmetical overcollateralization ratio of 20.8%. In the current composition of the iBoxx EUR Covered benchmark index, VUB is represented with a total of six mortgage Covered Bonds with a volume of EUR 3.0bn.

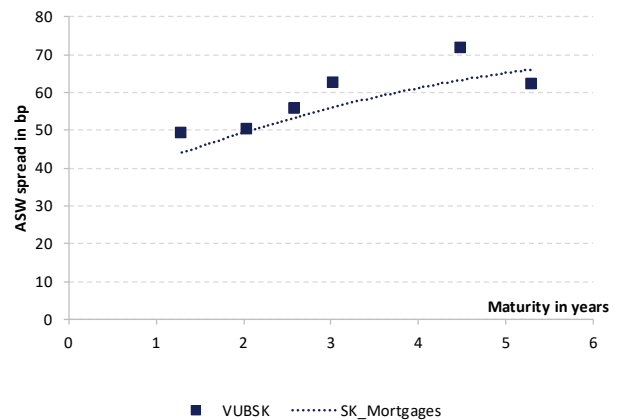
Programme data

31 December 2023

Covered Bonds outstanding	EUR 4,570m
Cover pool volume	EUR 5,541m
Current OC (nominal / legal)	20.8% / 5.0%
Type	100% Residential
Main country	100% Slovakia
Main region	35.8% Bratislava
Number of exposures/loans	81,828
Number of borrowers	68,041
NPL	0.00%
Fixed interest (Cover Pool / CBs)	100% / 100%
WAL (Cover Pool / CBs)	50.8%
CB Rating (Fitch / Moody's / S&P)	- / Aa1 / -

Quelle: Emittent, Ratingagenturen, Bloomberg, NORD/LB Floor Research

Spread overview (BMK) – Slovakia



Primary cover assets exclusively of a residential nature

The mortgage cover pool consists largely of primary cover assets (share: 87.1%). In terms of the type of cover assets, the cover pool stands out with its exclusively residential cover. The cover pool contains assets located solely in Slovakia. In terms of regional distribution, Bratislava dominates (share: 35.8%). The Trnava region accounts for 11.9% and Nitra for 10.1% of the assets. The granularity is reflected in the number of loans (81,828) and borrowers (68,041). The average loan-to-value ratio for the VUB cover pool is stated as 50.8%. The average maturity of the assets in the cover pool is 22.2 years, while the average remaining term of the Covered Bonds is 2.9 years. Almost 95% of all primary cover pool assets have a residual term of more than ten years. Non-performing loans or receivables more than 90 days in arrears are not included in the cover pool.

Rating and regulatory treatment

VUB's mortgage Covered Bond program has a Moody's rating of Aa1. Based on the ratings, a risk weight of 10% is applicable for the issuer's Covered Bonds in accordance with the CRR. In addition, we believe that VUB's benchmark issues are suitable as Level 1 assets for LCR management purposes. The issuer's Covered Bonds are also suitable as collateral in transactions with the ECB and the issues can be marketed as European Covered Bond (Premium).

Appendix

Contacts at NORD/LB

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Institutional Sales MM/FX	+49 511 9818-9460
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Origination Corporates	+49 511 361-2911

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Collat. Management/Repos	+49 511 9818-9200
Liquidity Management	+49 511 9818-9620 +49 511 9818-9650

Trading

Covereds/SSA	+49 511 9818-8040
Financials	+49 511 9818-9490
Governments	+49 511 9818-9660
Länder/Regionen	+49 511 9818-9660
Frequent Issuers	+49 511 9818-9640

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Relationship Management

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