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Fitch Affirms UniCredit at 'A-' on Commerzbank Tender Offer Conclusion; Outlook Stable

Fitch Ratings - Paris - 20 Jul 2026: Fitch Ratings has affirmed UniCredit S.p.A.'s Long-Term Issuer Default Rating (IDR) at 'A-' with a Stable Outlook and Viability Rating (VR) at 'a-'. A full list of rating actions is below.

The affirmation considers Fitch's expectations of the potential credit implications for UniCredit should it exercise effective control over Commerzbank AG, the likelihood of which has significantly increased following the conclusion of UniCredit's voluntary takeover offer in July 2026. UniCredit's ownership in Commerzbank and therefore its ability to effectively exercise control remain subject to regulatory and anti-trust approvals by 2027. Fitch also believes the bank's ability to exercise control over Commerzbank could still face operational hurdles due to the opposition of Commerzbank's management and some of its shareholders to a takeover.

The affirmation reflects UniCredit's sufficient rating headroom to withstand the potential negative short-term impacts on its capitalisation and earnings from a full consolidation of Commerzbank with very large minority interests. However, Fitch believes an acquisition could have positive rating implications over time, if execution risks and the restructuring are well managed, resulting in tangible improvements to the business profile and earnings capacity, and if the combined group rebuilds capital to above industry average.

A takeover could support or benefit our assessment of UniCredit's operating environment, business profile and asset quality, and materially reduce UniCredit's sensitivity to Italy over time.

Key Rating Drivers

Diversified, Resilient Financial Profile: UniCredit's ratings reflect its international presence with large operations in strong economies (Germany and Austria), which is a business model strength, and a leading position in Italy. UniCredit's sustainably strong profitability is a rating strength, and a takeover of Commerzbank should only moderately weigh on operating profitability. The ratings also consider that a disciplined risk appetite will mitigate execution risks, and that capital ratios will remain adequate, despite the potential material hit due to the consolidation of Commerzbank.

Ratings One Notch Above Italy: The group's growing diversification in well-performing or growing economies and its very strong loss absorption capacity put it in an exceptionally strong position relative to domestic peers. The ratings reflect Fitch's expectation that the bank would likely continue servicing its obligations in case of a sovereign default, and that the Italian sovereign is unlikely to impose material restrictions on the bank's debt-servicing capacity.

Sound Operating Environment: UniCredit's operating environment score of 'a-' is one notch above that of other Italian banks, which is capped by the sovereign. The score reflects the benefits of geographic diversification into higher-rated or well-performing economies. An effective takeover of Commerzbank could support a higher score if it strengthens growth opportunities and UniCredit's credit profile compared with peers.

Pan-European Franchise: UniCredit has a strong strategic execution record over the last few years and a history of development through acquisitions. Its pan-European presence in retail and commercial banking, ranking among the leading banks by total assets in its key markets, is a strength. The group's credit profile remains influenced by its Italian operations, but its geographical diversification supports through-the-cycle performance.

The takeover and integration of Commerzbank, if effective governance can be implemented, could boost the group's franchise in Germany, where it would double its market share to about 8%-9%, and in the fast-growing market of Poland, while further cementing UniCredit's pan-European strategy by strengthening cross-selling opportunities.

Conservative Risk Appetite, Execution Risks: Integrating Commerzbank would lead to a material increase in execution risk due to the unsolicited nature of UniCredit's takeover attempt and Commerzbank's large size (about two-thirds of UniCredit's assets). However, Fitch views UniCredit's risk appetite framework as sufficiently robust and sophisticated to adapt to an acquisition.

UniCredit's risk profile has historically benefited from its diversification outside of Italy. The group has a conservative appetite for market and interest rate risks, including adequate exposure to Italian sovereign bonds (1x common equity Tier 1 (CET1) capital). Operational risks from Russia are declining.

Asset Quality Close to Average: The impaired loans ratio of 2.7% at end-March 2026 is slightly above the European average. However, a consolidation of Commerzbank's better-quality loan exposure would likely lead to a combined ratio below 2.5%. UniCredit's broadly stable ratio over the past years has benefited from resilient economies and government support measures. Fitch forecasts the impaired loans ratio will be resilient, given conservative underwriting and active impaired loan management. Loan loss allowance coverage, and large provision overlays, provide a strong buffer in case of unexpected asset-quality deterioration.

Acquisition to Moderately Weaken Earnings: UniCredit has earnings generation and loss absorption capacity that is among the strongest of large European banks. It benefits from superior revenue generation, geographical diversification in highly profitable markets, growing non-interest income from product diversification and strict cost control.

We calculate that the consolidation and restructuring of Commerzbank could temporarily reduce the combined group's operating profit/risk-weighted assets (RWA) to about 4%-4.5% from about 5% over 2026-2028. However, over the longer term, execution of planned synergies and restructuring actions could lead to an earnings trajectory consistent with that of a standalone UniCredit.

Reducing Capital Flexibility: The consolidation of Commerzbank with large minority interests could cause UniCredit's CET1 ratio to fall by about 300bp from 14.2% at end-March 2026 (or 14.8% including the expected benefit from the application of the Danish compromise). However, Fitch forecasts that UniCredit will swiftly rebuild CET1 ratio to a level comfortably within its 12.5%-13% CET1 ratio target by end-2027, which would be consistent with the bank's ratings. We would expect this to be achieved through sharp RWA reduction at Commerzbank, lower shareholder distributions and still solid internal capital generation of about 150bp per year after the takeover.

Diversified Funding, Sound Liquidity: UniCredit has well-established customer deposit franchises in its core markets, and a takeover of Commerzbank will further expand its deposit base with sticky German retail and SME clients. The loans/deposits ratio is sound at around 90% and should modestly benefit from a takeover of Commerzbank. UniCredit has strong access to a large investor base through well-diversified funding sources. Liquidity is sound as liquid assets comfortably cover total wholesale funding maturing within 12 months.

Rating Sensitivities

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

UniCredit's ratings are primarily sensitive to a downgrade of Italy's rating, as its ratings are capped at one notch above its home country, or to material weakening of the operating environment of its key markets.

The ratings are also sensitive to a material and prolonged weakening of UniCredit's performance, loss absorption capacity and resilience to stress scenarios on Italy, including through potential materialisation of execution risks from a potential takeover of Commerzbank. This could be the case if the impaired loans ratio durably increases to well above 3%, and operating profit fails to remain above 3% of RWAs. A CET1 ratio below 13% without prospects of a recovery could also be negative for the ratings. A material increase in the group's risk profile, for instance, due to a surge in execution risks connected to a takeover of Commerzbank, or major strategic setbacks leading to a less stable business model could also lead to negative rating action.

Materially higher exposure to the Italian sovereign, if it was durably and significantly larger than the CET1 capital, could also lead to negative rating action, as this would greatly increase UniCredit's sensitivity to Italian risk in distressed scenarios. Reduced flexibility and capacity to access the wholesale funding markets, if it materially affects liquidity or capital, could also lead to negative rating action.

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

An upgrade of Italy's sovereign rating, a higher assessment of the operating environment for Italian banks and a longer record of outperformance throughout the cycle would together likely lead to an upgrade of UniCredit's ratings. In particular, an upgrade would require UniCredit maintaining an operating profit/RWAs ratio above 4%, further reducing the group's risk profile and keeping significant capital buffers above requirements with a CET1 ratio remaining close to 14%. A reduction in the impaired loans ratio to levels closer to 2% and reduction of operational risks from its Russian exposure to negligible levels would also likely be necessary for positive rating action.

A successful takeover of Commerzbank could also have positive rating implications for UniCredit over the longer term if the governance transition, execution risks and the restructuring process are well managed and the combined entity's capital metrics remain stronger than industry standards. A takeover and successful restructuring could improve our assessment of UniCredit's operating environment, business profile and asset quality, and materially reduce its sensitivity to the Italian sovereign and economy. However, we will also consider the potential impact on capital and client attrition risks linked to such a complex integration.

UniCredit's IDRs could also be upgraded if it builds and maintains sustainable resolution debt buffers materially above 10% of RWAs, provided Fitch views the group's resolution strategy as effective, including after a potential full takeover of Commerzbank.

OTHER DEBT AND ISSUER RATINGS: KEY RATING DRIVERS

SHORT-TERM IDR

The Short-Term IDR of 'F2' is the lower of the two options that map to a 'A-' Long-Term IDR as UniCredit's funding and liquidity score is below the threshold for a higher Short-Term IDR.

DEPOSITS

The long-term deposit rating of 'A+' is two notches above the VR, which is the anchor rating, due to reduced probability of default on deposits, reflecting full depositor preference in Italy. The 'F1' short-term deposit rating is the lower of the two options for a 'A+' long-term deposit rating because the funding and liquidity score is not high enough to achieve the higher equivalent short-term rating.

DERIVATIVE COUNTERPARTY RATING AND SENIOR PREFERRED DEBT

UniCredit's senior preferred debt rating and Derivative Counterparty Rating are equalised with the bank's VR because we expect UniCredit to use senior preferred debt to meet its MREL. The 'F2' short-term senior preferred debt rating is the lower of the two options for a 'A-' long-term senior preferred debt rating because the funding and liquidity score is not high enough to achieve the higher short-term rating.

SENIOR NON-PREFERRED DEBT

Fitch expects UniCredit's resolution debt buffer to continue increasing (end-2025: 8.1%), particularly if it completes the acquisition of Commerzbank which will affect its resolution buffer requirements. However, we estimate it is unlikely to sustainably exceed 10% of RWAs before 2028. We therefore rate senior non-preferred debt one notch below the bank's VR.

SUBORDINATED DEBT

The Tier 2 subordinated debt is rated two notches below the VR, which is the baseline notching for these instruments. This is because of loss severity, as we expect recoveries to be poor for this type of debt in case of failure of the bank.

ADDITIONAL TIER 1 INSTRUMENTS

Additional Tier 1 notes are rated four notches below the VR, reflecting Fitch's baseline notching for loss severity (two notches) and incremental non-performance risk (two notches) relative to the anchor. The notching reflects the instruments' fully discretionary interest payment and the bank's distance to mandatory coupon omission points, which we expect, even in case of a full takeover of Commerzbank, to remain adequate.

No Government Support

UniCredit's Government Support Rating (GSR) of 'no support' (ns) reflects Fitch's view that although external extraordinary sovereign support is possible, it cannot be relied on. Senior creditors can no longer expect to receive full extraordinary support from the sovereign if the bank becomes non-viable. This is because the EU's Bank Recovery and Resolution Directive and the Single Resolution Mechanism for eurozone banks provide a framework for resolving banks that requires senior creditors participating in losses, if necessary, instead of or ahead of a bank receiving sovereign support.

OTHER DEBT AND ISSUER RATINGS: RATING SENSITIVITIES

UniCredit's Short-Term IDR would be downgraded if the bank's Long-Term IDR is downgraded by more than one notch and our assessment of funding and liquidity was notably lowered. Conversely, the Short-Term IDR would be upgraded if the Long-Term IDR was upgraded or its funding and liquidity score was revised to at least 'a', all else being equal.

The deposit, senior preferred and senior non-preferred debt ratings and DCR are sensitive to changes to the VR and the resolution debt buffers. In particular, the senior non-preferred debt and senior preferred debt ratings would likely be upgraded if UniCredit's builds up a sustainable resolution debt buffer above 10% of RWAs, including in case of a takeover and consolidation of Commerzbank. For the short-term deposit rating to be upgraded, UniCredit's funding and liquidity score would need to be revised up to 'aa-', which is unlikely.

The subordinated debt and additional Tier 1 securities ratings are sensitive to changes in the bank's VR. The ratings are also sensitive to a change in Fitch's assessment of their non-performance relative to the risk captured in the VR or of the expected loss severity. For additional Tier 1 issues, this could reflect a change in capital management or flexibility, or an unexpected shift in regulatory buffers and requirements.

An upward revision of the GSR would be contingent on a positive change in the Italian sovereign's propensity to support the bank. In Fitch's view, this is highly unlikely.

VR ADJUSTMENTS

The operating environment score of 'a-' is below the 'aa' category implied score due to the following adjustment reasons: geographical scope (positive), and sovereign rating (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.

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.

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Rating Actions

ENTITY/DEBT	RATING			RECOVERY	PRIOR
UniCredit S.p.A.	LT IDR	A-	Affirmed		A-
	ST IDR	F2	Affirmed		F2
	Viability	a-	Affirmed		a-
	DCR	A-(dcr)	Affirmed		A-(dcr)
	Government Support	ns	Affirmed		ns
• subordinated	LT	BBB	Affirmed		BBB
• junior subordinated	LT	BB+	Affirmed		BB+
• Senior preferred	LT	A-	Affirmed		A-
• Senior non-preferred	LT	BBB+	Affirmed		BBB+
• long-term deposits	LT	A+	Affirmed		A+

ENTITY/DEBT	RATING			RECOVERY	PRIOR
• Senior preferred	ST	F2	Affirmed		F2
• short-term deposits	ST	F1	Affirmed		F1

RATINGS KEY	OUTLOOK	WATCH
POSITIVE		
NEGATIVE		
EVOLVING		
STABLE		

Applicable Criteria

Bank Rating Criteria (pub.08 May 2026) (including rating assumption sensitivity)

Additional Disclosures

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Endorsement Status

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see Best- and Worst-Case Measures under the Rating Performance page on Fitch's website.

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