

Authors: Dr Frederik Kunze // Dr Norman Rudschuck, CIAA

Bausparkasse Wüstenrot AG was founded in 1925 as Austria's first building society and, together with its subsidiary Wüstenrot Versicherungs-AG, forms the main units of the Wüstenrot Group. With total assets of EUR 11.5 billion, the group employs nearly 2,200 people and serves more than 1.8 million clients in Austria, Croatia and Slovakia. Strategically, the Group focuses on bancassurance retail business in its home market. For Wüstenrot Versicherungs-AG, the focus is equally on retail business in Austria. The Wüstenrot Group thus offers its customers complete solutions in the areas of saving, financing, provision and insurance from a single source. The core business of Bausparkasse Wüstenrot comprises the deposit business and mortgage-backed residential construction financing, with first-ranking collateralisation being the norm in Austria. In 2020, building savings deposits in the overall Austrian market totalled EUR 17.5 billion. The issuer reported EUR 5.2 billion (FY/2020) in building savings deposits. Since 2017, the institute has also been diversifying its own funding base as a Pfandbrief issuer, with the focus remaining on liabilities to customers with a share of over 91%. The total assets of Bausparkasse Wüstenrot amounted to EUR 6.464 billion (FY/2020). The loan portfolio accounted for the largest share of this at EUR 4.9 billion, with 93% of loans being mortgage-backed. The NPL ratio was 1.0%, which is below the banking average in Austria. The regulatory requirements for the CET1 ratio and the LCR were clearly exceeded at 17.1% and 318.3%, respectively.

## Ratings\*

		Outlook
Fitch	-	-
Moody's	-	-
S&P	BBB+	negative

## Homepage

[www.wuestenrot.at](http://www.wuestenrot.at)

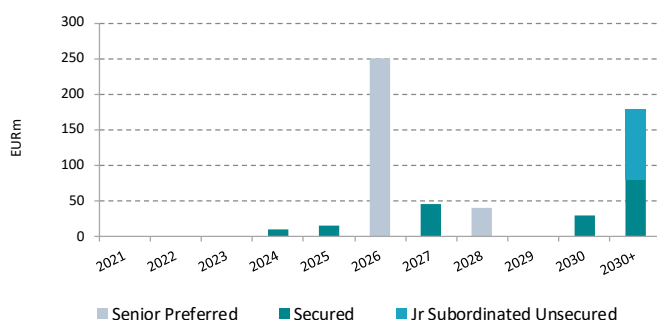
## Balance Sheet

(EURm)	2018Y	2019Y	2020Y
Net Loans to Customers	4,811	4,846	4,911
Total Securities	995	892	723
Total Deposits	5,531	5,434	5,212
Tier 1 Common Capital	514	557	576
Total Assets	6,537	6,566	6,464
Total Risk-weighted Assets	3,460	3,330	3,377

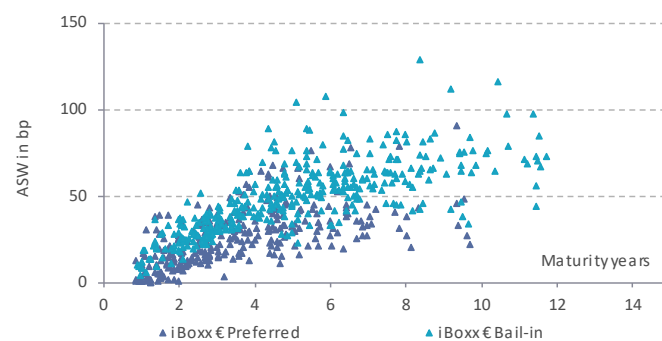
## Income Statement

(EURm)	2018Y	2019Y	2020Y
Net Interest Income	99	91	96
Net Fee & Commission Inc,	9	8	7
Net Trading Income	-	-	-
Operating Expense	105	108	105
Credit Commit, Impairment	-	-	-
Pre-tax Profit	36	22	25

## Redemption Profile



## Senior Unsecured Bonds



## Company Ratios

	2018Y	2019Y	2020Y	2018Y	2019Y	2020Y	
Net Interest Margin	1.68	1.51	1.60	Liquidity Coverage Ratio	476.90	396.50	318.30
ROAE	8.29	3.37	4.02	IFRS Tier 1 Leverage Ratio	7.88	8.56	9.04
Cost-to-Income	72.41	79.86	73.53	NPL/ Loans at Amortised Cost	1.19	1.18	1.20
Core Tier 1 Ratio	14.85	16.73	17.05	Reserves/Loans at Amort. Cost	0.60	0.61	0.69

As of: 16.09.2021; Source: Bloomberg, S&P Global Market Intelligence, NORD/LB Markets Strategy & Floor Research

## Strengths / Opportunities

- Segment-specific market position
- Risk management & capital base

## Risks / Weaknesses

- COVID19-related pressures
- Low interest rate environment

# Covered Bonds

Authors: Dr Frederik Kunze // Dr Norman Rudschuck, CIIA

## EUR 394 million in outstanding covered bonds

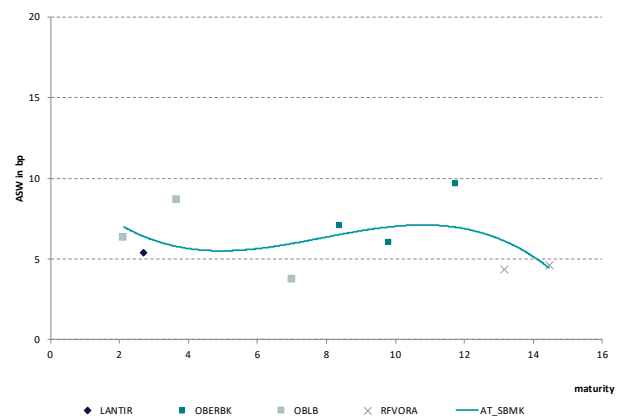
As at the reporting date of 30 June 2021, Bausparkasse Wüstenrot had outstanding covered bonds with a volume of EUR 394 million. The Pfandbriefe under Austrian legislation (Pfandbrief Act) were matched by cover assets with a volume of EUR 1,018 million as at the same reporting date, resulting in an excess cover ratio of 158.5%. The statutory minimum requirement is 2.0%.

### Programme data

30 June 2021	Mortgage
Covered bonds outstanding	EUR 394m
Cover pool volume	EUR 1,018m
Current OC (nominal / legal)	158.50% / 2.0%
Type	100% Residential
Main country	100% Austria
Main region	23% Lower Austria
Number of mortgage loans	9,137
Average loan size	EUR 109,564
10 largest exposures	0.52%
NPL	0.00%
Fixed interest (Cover Pool / CBs)	73.2% / 88.6%
WAL (Cover Pool / CBs)	26.3y / 13.8y
CB Rating (Fitch / Moody's / S&P)	- / - / AAA

Source: Issuer, Rating agencies, Bloomberg, NORD/LB Markets Strategy & Floor Research

### Spread overview (SBMK) – Austria



### Cover pool with exclusive primary cover for the residential sector

98.32% (EUR 1.001 billion) of the cover pool volume consists of primary cover. The substitute cover assets (EUR 17.2 million or 1.68%) are fully attributable to the category "Exposures to/guaranteed by Supranational, Sovereign, Agency (SSA)", whereby the substitute cover is geographically exclusively attributable to Austria. The mortgage assets are fully attributable to the residential segment and are located 100% in Austria. The largest share of the cover assets is also attributable to the province of Lower Austria (22.8%). Upper Austria (16.7%), Styria (12.9%), Carinthia (12.8%) and Vienna (11.8%) also account for double-digit shares, which indicates a regional diversification of the cover assets. The granularity of the cover pool is expressed both by the average loan size (EUR 109,564) and the number of loans as well as by the low pool share of the 10 largest exposures of 0.52%. In addition, the loan size EUR >300,000 accounts for a share of 4.1%. The cover pool contains neither non-performing loans nor derivatives. The primary cover belongs exclusively to the categories "1st lien / No prior ranks" or "guaranteed".

### Rating and regulatory treatment

The covered bond issues of Bausparkasse Wüstenrot have the top rating of AAA from the rating agency Standard & Poor's. The risk weight according to CRR is 10%. In the context of LCR management, benchmark deals can also be classified as Level 1 assets in our opinion, while covered bonds in sub-benchmark format can be allocated to the category Level 2A in our assessment. Covered bonds are also eligible for purchase under the APP (CBPP3) as well as in the context of the PEPP. Furthermore, the eligibility as collateral in the context of the Collateral Framework of the European Central Bank is given.

# Appendix

## Contacts at NORD/LB

### Markets Strategy & Floor Research



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### Sales

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Sales Sparkassen & Regionalbanken	+49 511 9818-9400
Sales MM/FX	+49 511 9818-9460
Sales Europe	+352 452211-515

### Origination & Syndicate

Origination FI	+49 511 9818-6600
Origination Corporates	+49 511 361-2911

### Treasury

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 9818-9550
Frequent Issuers	+49 511 9818-9640

### Corporate Sales

Schiffe/Flugzeuge	+49 511 9818-9440
Immobilien/Strukturierte Finanzierung	+49 511 9818-8150
Firmenkunden 1	+49 511 9818-4006
Firmenkunden 2	+49 511 9818-4003

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