

# Oldenburgische Landesbank

Issuer View • 18. Januar 2024

Authors: Dr Frederik Kunze // Lukas Kühne

## Ratings

	Rating	Outlook
Fitch	-	-
Moody's	Baa2	Positive
S&P	-	-

## Homepage

[www.olb.de](http://www.olb.de)

Oldenburgische Landesbank (OLB), headquartered in Oldenburg, is a profitably growing universal bank for private and corporate customers in Germany and selected neighbouring European countries. The Bank was created in its current form from the merger of OLB with Bremer Kreditbank AG and Bankhaus Neelmeyer in 2018 and with Wüstenrot Bank AG Pfandbriefbank in 2019. 94% of OLB's share capital (09/2023) was held by Apollo Global Management, Grovepoint Investment Management and Teacher Retirement System of Texas, with none of the owners holding  $\geq 40\%$ . With its approximately 1,200 employees, the Bank serves more than 660,000 customers through its regional branch network and nationwide online offering. OLB reports in the two strategic business segments "Private & Business Customers" (PBC) and "Corporates & Diversified Lending" (CDL) as well as the "Corporate Centre". The PBC segment comprises the private client business, business with SMEs and Private Banking & Wealth Management (brand: Bankhaus Neelmeyer). In addition to its branch business, the bank operates throughout Germany with its digital offering. The CDL division comprises large-volume corporate business, acquisition and football financing as well as commercial property financing. In Europe, it operates in niche markets. In 2022, OLB signed an agreement to acquire Degussa Bank AG; the transaction is expected to close in Q1/2024. OLB's funding consists primarily of customer deposits and is supplemented by targeted issues on the capital market.

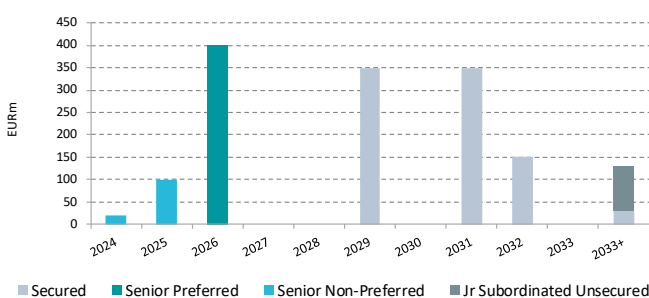
## Balance Sheet

(EURm)	2021Y	2022Y	2023/9M
Net Loans to Customers	16,943	18,009	18,962
Total Securities	2,783	3,214	5,080
Total Deposits	14,074	16,193	16,660
Tier 1 Common Capital	1,146	1,275	1,409
Total Assets	23,251	24,082	25,046
Total Risk-weighted Assets	9,539	9,363	9,596

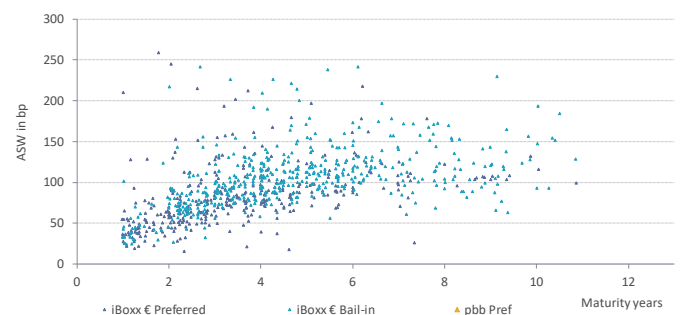
## Income Statement

(EURm)	2021Y	2022Y	2023/9M
Net Interest Income	362	436	373
Net Fee & Commission Inc.	126	115	89
Net Trading Income	5	2	-7
Operating Expense	297	260	192
Credit Commit. Impairment	12	45	32
Pre-tax Profit	166	277	223

## Redemption Profile



## Senior Unsecured Bonds (EUR BMK)



## Company Ratios

	2021Y	2022Y	2023/9M	2021Y	2022Y	2023/9M	
Net Interest Margin	1.70	1.85	2.07	Liquidity Coverage Ratio	142.50	173.94	177.00
ROAE	9.18	13.87	12.76	IFRS Tier 1 Leverage Ratio	4.95	5.34	5.66
Cost-to-Income	57.60	44.91	41.24	NPL/ Loans at Amortised Cost	1.88	1.52	-
Core Tier 1 Ratio	12.02	13.62	14.68	Reserves/Loans at Amort. Cost	0.91	1.02	1.04

As of 18.01.2024; Source: Bloomberg, S&P Global Market Intelligence, NORD/LB Floor Research

## Strengths / Opportunities

- Increased profitability
- Funding profile (deposits)
- NPL ratio

## Risks / Weaknesses

- Concentration risks from ABF business
- Increased capital requirements
- Liquidity buffer

# Covered Bonds

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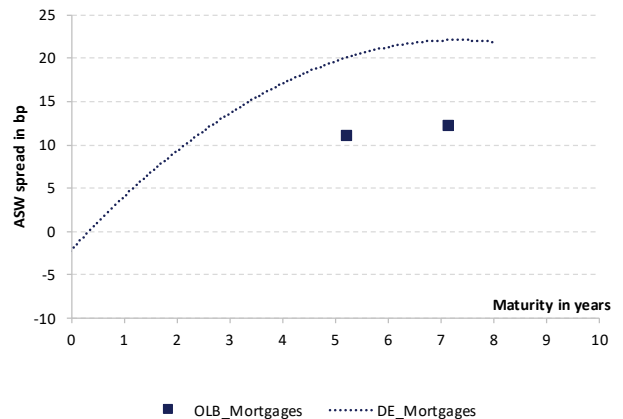
## Outstanding Pfandbrief volume of around EUR 1.1bn

Oldenburgische Landesbank (OLB) has a programme exclusively for issuing mortgage Pfandbriefe. As of the reporting date of 30 September 2023, the outstanding Pfandbrief volume totalled EUR 1.1bn, including two issues with a total volume of EUR 700m, which are attributable to the EUR subbenchmark segment. OLB was last active in the market in April 2022 with a Pfandbrief (volume EUR 350m) of this size.

### Programme data

30 September 2023	Mortgage
Covered bonds outstanding	EUR 1,061m
Cover pool volume	EUR 1,516m
Current OC (nominal / regulatory)	42.9% / 2.0%
Type	97.8% Residential
Country	100.0 Germany
NPL	0.00%
Fixed interest (Cover Pool / CBs)	96.0% / 100%
LTV	56.3%
Avg. seasoning	4.5y
WAL (Cover Pool / CBs)	- / -
CB Rating (Fitch / Moody's / S&P)	- / Aa1 / -

### Spread overview (SBMK) – Germany



Source: Issuer, rating agencies, Bloomberg, NORD/LB Floor Research

### Mortgage cover pool with high proportion of residential assets

The mortgage cover pool (EUR 1.5bn; over-collateralisation 42.9%) consists of 92% primary cover. With a 90.2% share of primary cover, the cover pool is predominantly residential in nature. A further 2.1% is attributable to commercial assets. The "detached and semi-detached houses" category accounts for 84.4% of primary cover. Geographically, 100% of all assets are located in Germany. Commercial buildings dominate the commercial cover assets with a share of 37.3%. OLB gives the average weighted loan-to-value ratio (LTV) as 56.3%. There are no loans in arrears (>90 days) in the cover pool as of 30 September 2023.

### Rating and regulation

Moody's rates OLB's Pfandbrief program with a rating of Aa1. In our view, OLB's existing benchmark issues fulfil the necessary requirements to be used as Level 2A assets in the context of LCR management. In our view, EUR benchmarks should be treated as Level 1 assets. In addition, the issuer's Pfandbriefe benefit from a risk weighting of 10% in accordance with the CRR due to their rating and are suitable as collateral within the ECB Collateral Framework. Pfandbriefe of the issuer placed as of 08 July 2022 onwards may bear the label "European Covered Bond (Premium)".

## Appendix

### Contacts at NORD/LB

#### Floor Research



**Dr. Frederik Kunze**

Covered Bonds/Banks

+49 172 354 8977

[frederik.kunze@nordlb.de](mailto:frederik.kunze@nordlb.de)



**Dr. Norman Rudschuck, CIIA**

SSA/Public Issuers

+49 152 090 24094

[norman.rudschuck@nordlb.de](mailto:norman.rudschuck@nordlb.de)



**Lukas Kühne**

Covered Bonds/Banks

+49 176 152 90932

[lukas.kuehne@nordlb.de](mailto:lukas.kuehne@nordlb.de)



**Christian Ilchmann**

SSA/Public Issuers

+49 157 851 64976

[christian.ilchmann@nordlb.de](mailto:christian.ilchmann@nordlb.de)



**Lukas-Finn Frese**

SSA/Public Issuers

+49 176 152 89759

[lukas-finn.frese@nordlb.de](mailto:lukas-finn.frese@nordlb.de)

#### Sales

Institutional Sales	+49 511 9818-9440
Sales Sparkassen & Regionalbanken	+49 511 9818-9400
Institutional Sales MM/FX	+49 511 9818-9460
Fixed Income Relationship Management 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 9818-9660
Frequent Issuers	+49 511 9818-9640

#### Sales Wholesale Customers

Firmenkunden	+49 511 361-4003
Asset Finance	+49 511 361-8150

#### Relationship Management

Institutionelle Kunden	<a href="mailto:rm-vs@nordlb.de">rm-vs@nordlb.de</a>
Öffentliche Kunden	<a href="mailto:rm-oek@nordlb.de">rm-oek@nordlb.de</a>

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