

# Bausparkasse Schwäbisch Hall

Issuer View • 9 May 2022

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The majority of Bausparkasse Schwäbisch Hall AG (BAUSCH), which was founded in 1931, is owned by DZ BANK AG and is therefore also part of the Genossenschaftliche FinanzGruppe (Cooperative Financial Network), with around 800 affiliated cooperative banks and approximately 18.4 million members. A profit and loss transfer agreement is in place between DZ BANK as the cooperative central institution and BAUSCH. The bank divides its business into three segments: Bausparen Domestic (segment profit before tax FY/2021: EUR 103 million), Bausparen Non-Domestic (EUR 22 million), and Bauspar and Loan Proceeding (EUR 21 million). The two core business areas are savings and housing financing. The core business area of housing financing recently posted a record new business volume of EUR 18.3 billion (FY/2021; previous year: EUR 17.1 billion). BAUSCH's products are also sold through cooperative banks. BAUSCH says it is Germany's largest home savings bank with a 30% market share in Germany and serves 8.3 million customers in Germany and abroad, 6.8 of them in Germany. The approximately 8 million home savings contracts have a total home savings volume of EUR 312 billion (FY/2021). Refinancing is largely carried out independently of the capital market through home savings deposits and is supplemented by Pfandbrief issues. The bank plans to expand the share of Pfandbriefe in the future. EUR 44 million was released from the fund for general banking risks. The common equity tier 1 ratio was 32.3% (FY/2021). The leverage ratio was reported at 7.0% (FY/2020 6.0%) and the liquidity coverage ratio at 1,780.9% (FY/2020 441.7%) at fiscal year-end 2021.

## Ratings

	Rating	Outlook
Fitch	-	-
Moody's	A2	Stable
S&P	-	-

## Homepage

[www.schwaebisch-hall.de](http://www.schwaebisch-hall.de)

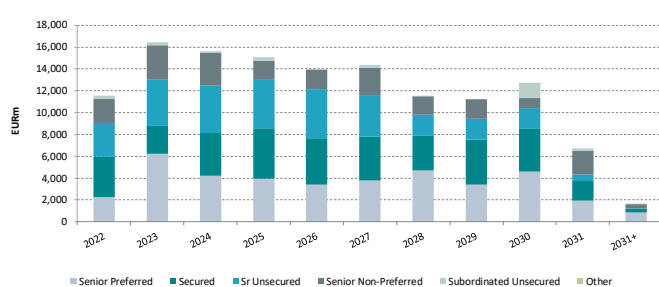
## Balance Sheet

(EURm)	2019Y	2020Y	2021Y
Net Loans to Customers	53,868	58,862	62,979
Total Securities	11,805	12,856	12,895
Total Deposits	63,607	65,074	66,733
Tier 1 Common Capital	4,555	4,967	5,047
Total Assets	77,469	81,673	85,371
Total Risk-weighted Assets	14,528	15,707	16,490

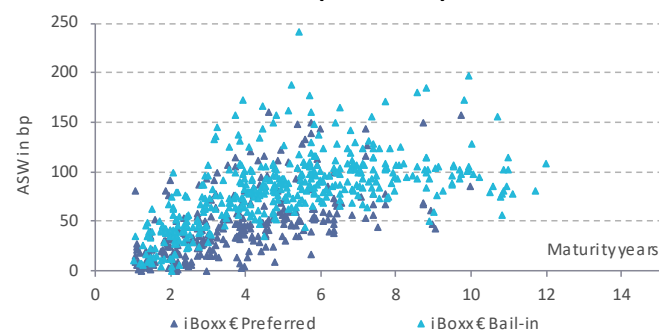
## Income Statement

(EURm)	2019Y	2020Y	2021Y
Net Interest Income	462	531	581
Net Fee & Commission Inc.	-28	-9	12
Net Trading Income	88	76	20
Operating Expense	486	526	515
Credit Commit. Impairment	3	27	14
Pre-tax Profit	189	81	130

## Redemption Profile



## Senior Unsecured Bonds (EUR BMK)



## Company Ratios

	2019Y	2020Y	2021Y	2019Y	2020Y	2021Y	
Net Interest Margin	0.62	0.67	0.70	Liquidity Coverage Ratio	271.19	508.33	-
ROAE	3.05	1.00	1.52	IFRS Tier 1 Leverage Ratio	5.89	6.10	-
Cost-to-Income	83.85	82.75	78.70	NPL/Loans at Amortised Cost	-	-	-
Core Tier 1 Ratio	31.35	31.62	30.61	Reserves/Loans at Amort. Cost	0.30	0.31	0.31

As of: 09.05.2022; Source: Bloomberg, S&P Global Market Intelligence, NORD/LB Markets Strategy & Floor Research

## Strengths / Opportunities

- Support probability FinanzGruppe
- Credit quality in the home market
- Capitalization

## Risks / Weaknesses

- Interest rate environment
- Interest rate on deposits in legacy contracts
- Diversification of business activities

## Covered Bonds

Authors: Melanie Kiene, CIIA

### Outstanding mortgage Pfandbriefe with a volume of around EUR 1.5 bn

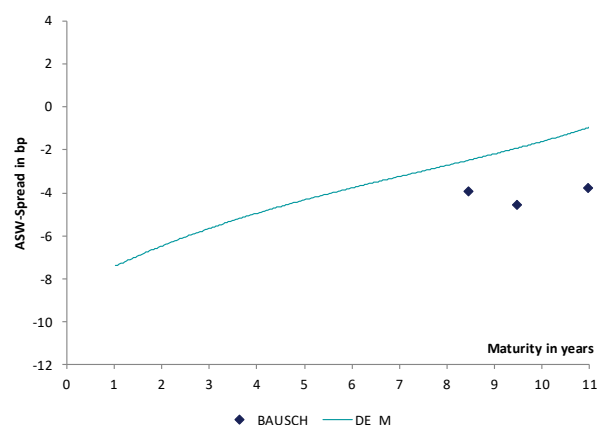
As of the reporting date March 31, 2022, Bausparkasse Schwäbisch Hall had a total of EUR 1,506 million in outstanding mortgage Pfandbriefe, which were matched by cover assets of EUR 2,140 million. The bank is also currently represented in the iBoxx EUR Covered with three EUR benchmarks in the form of mortgage Pfandbriefe with a total volume of EUR 1,500 billion.

#### Programme data

31 March 2022	Mortgage
Covered bonds outstanding	EUR 1.51bn
Cover pool volume	EUR 2.14bn
Current OC (nominal / legal)	42.1% / 2.0%
Type	100% Residential
Main country	100% Germany
Number of mortgage loans	14.761
Number of borrowers	23.122
Average loan balance	138.753
NPL	0.0%
Fixed interest (Cover Pool / CBs)	100% / 100%
WAL (Cover Pool / CBs)	14.8y / 9.7y
CB Rating (Fitch / Moody's / S&P)	- / Aaa / -

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

#### Spread overview (BMK) – Germany



### Cover pool with a focus on residential finance

The cover pool (EUR 2,140 million) used to collateralize BAUSCH's mortgage Pfandbriefe was exclusively residential in nature as of March 31, 2022, with the exception of the substitute cover assets (4.3%; EUR 92 million). Mortgage receivables totaled EUR 2,048 million. Geographically, all assets were located in Germany. The main focus, at 33.3%, was in Bavaria, followed by Baden-Württemberg (22.7%) and North Rhine-Westphalia (12.9%). With 14,761 loans versus 23,122 borrowers, the pool can be considered granular. An average loan volume of EUR 138,753 is derived from the data. 32.5% of the mortgage cover pool were interest-only loans, where no repayments are made during the term, and 11.5% were buy-to-let loans, i.e. not owner-occupied housing. Loans with payments in arrears are not included in the cover pool. The share of condominiums was 18.8% and that of one- and two-family houses 77.7%. The average weighted loan-to-value ratio was also reported as 50.6%. The average term since loan origination (seasoning) was 23 months.

### Rating and Regulatory

The mortgage Pfandbriefe of Bausparkasse Schwäbisch Hall have been given the top rating of Aaa by Moody's. In our view, this makes the corresponding benchmark bonds suitable as Level 1 assets in the context of LCR management. In addition, all covered bonds benefit from a preferred risk weighting of 10% in accordance with CRR. Furthermore, the covered bonds can be purchased by the Eurosystem under the CBPP3 program. In addition, they can be used as eligible collateral in the context of ECB collateral management.

# Appendix

## Contacts at NORD/LB

### Markets Strategy & Floor Research



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