

Landesbank Berlin

Issuer View • 9. April 2024

Authors: Dr Frederik Kunze // Lukas Kühne

Ratings

	Rating	Outlook
Fitch	-	-
Moody's	Aa3	Stable
S&P	-	-

Homepage

www.lbb.de

Landesbank Berlin AG (LBB) is an unlisted public limited company and the owner of Berliner Sparkasse (BSK). As a member of the Sparkassen-Finanzgruppe, LBB/BSK benefits from the deposit and institutional protection scheme and is a wholly owned subsidiary of Landesbank Berlin Holding AG (LBBH). Erwerbsgesellschaft der S-Finanzgruppe mbH & Co. KG holds 89.37% (FY/2023) of LBBH. The remaining 10.63% is attributable to Beteiligungsgesellschaft der S-Finanzgruppe mbH & Co. KG. LBB/BSK divides its business into the following areas of activity: "Private and Corporate Customers", "Private Banking", "DirektBank Service", "Corporate Customers", "Commercial Real Estate Finance", "Treasury" and "Other". With the exception of Treasury and the supra-regional credit card business, all business areas are advertised under the "Berliner Sparkasse" brand. As part of the restructuring, Berliner Sparkasse took over the function as the superordinate institution within the Group on 1 January 2023. The "Z25!" programme for the future aims to strengthen the core business, reduce costs and increase earnings in the customer business. The aim of the restructuring programme is to transform LBB into a traditional savings bank. LBB's refinancing consists primarily of private customer deposits and is supplemented by targeted placements on the capital market. In addition to issues in the covered bond market, LBB is also active on the market with senior preferred and senior non-preferred placements.

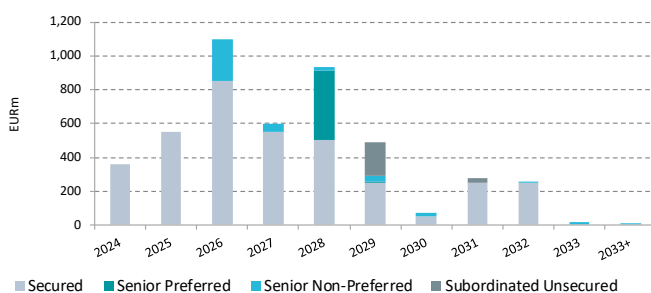
Balance Sheet

(EURm)	2021Y	2022Y	2023H1
Net Loans to Customers	27,381	29,223	29,680
Total Securities	8,264	8,059	7,826
Total Deposits	34,395	35,144	36,900
Tier 1 Common Capital	2,570	2,623	2,731
Total Assets	52,484	48,777	53,884
Total Risk-weighted Assets	13,840	13,829	14,201

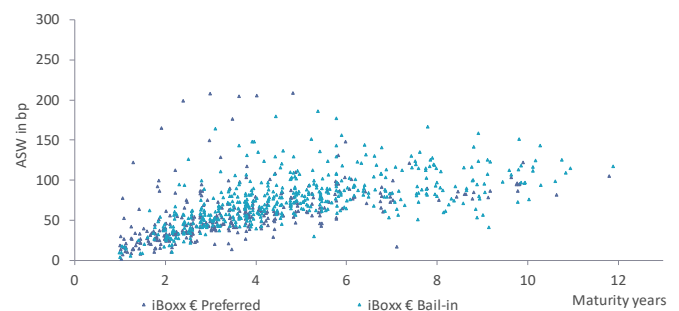
Income Statement

(EURm)	2021Y	2022Y	2023H1
Net Interest Income	771	816	525
Net Fee & Commission Inc.	248	274	152
Net Trading Income	-	-	-
Operating Expense	958	841	415
Credit Commit. Impairment	-104	112	47
Pre-tax Profit	41	131	160

Redemption Profile



Senior Unsecured Bonds (EUR BMK)



Company Ratios

	2021Y	2022Y	2023H1	2021Y	2022Y	2023H1	
Net Interest Margin	1.57	1.66	2.11	Liquidity Coverage Ratio	180.00	159.00	176.00
ROAE	-	-	-	IFRS Tier 1 Leverage Ratio	-	-	-
Cost-to-Income	86.67	72.18	58.25	NPL/ Loans at Amortised Cost	0.62	0.78	-
Core Tier 1 Ratio	18.57	18.97	19.23	Reserves/Loans at Amort. Cost	1.28	1.41	-

As of 09.04.2024; Source: Bloomberg, S&P Global Market Intelligence, NORD/LB Floor Research

Strengths / Opportunities

- Capitalisation and liquidity
- Asset quality
- Deposit basis

Risks / Weaknesses

- Geographical concentration in Berlin-Brandenburg
- Exposure in CRE segment
- Profitability

Covered Bonds

Authors: Dr Frederik Kunze // Lukas Kühne

Issuer with public and mortgage-backed cover pool

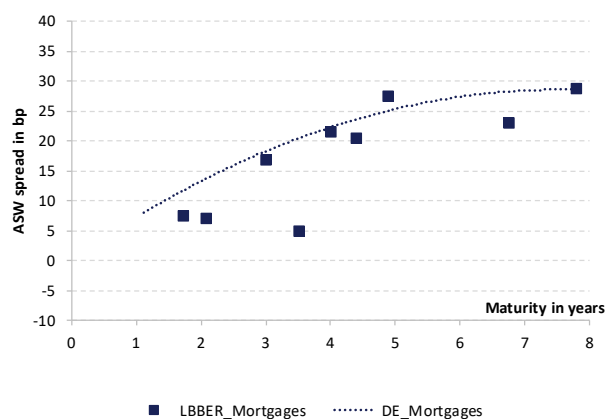
Landesbank Berlin maintains both a publicly secured and a mortgage-backed covered bond programme. As at the reporting date of 31 December 2023, the cover assets of the mortgage pool totalled EUR 6.3bn. The cover assets are offset by issues with a volume of EUR 3.9bn, resulting in an overcollateralisation ratio of 59.9%. The Public Sector Pool – also as at 31 December 2023 – contains cover assets with a volume of EUR 863m. These are offset by covered bonds in the amount of EUR 300m as at the same reporting date.

Programme data

31 December 2023	Public	Mortgage
Covered bonds outstanding	EUR 300.0m	EUR 3.934bn
Cover pool volume	EUR 863.4m	EUR 6.289bn
Current OC (nominal / legal)	187.8% / 2.0%	59.9% / 2.0%
Type	80.6% Other public debtors	70.4% Residential
Main country	100% Germany	100% Germany
Largest exposure tranche	91.6% (> EUR 100m)	56.2% (> EUR 10m)
Number of exposures/loans	32	8,196
Share top 10 exposures	98.7%	23.7%
NPL	0.00%	0.00%
Fixed interest (Cover Pool / CBs)	100% / 100%	91.0% / 97.0%
WAL (Cover Pool / CBs)	5.9y / 1.5y	10.1y / 4.3y
CB Rating (Fitch / Moody's / S&P)	- / Aaa / -	- / Aaa / -

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

Spread overview (SBMK) – Germany



Cover assets located exclusively in Germany

The mortgage cover pool consists almost exclusively of primary cover assets (share: 93.7%). At 70.4% or EUR 4.2bn, the largest share of primary cover pool assets is attributable to residential property. The remaining EUR 1.7bn (29.6%) is therefore commercial cover assets. At EUR 3.3bn or 56.2%, the majority of primary cover can be attributed to the multi-family category. In terms of geographical distribution, the cover assets in the mortgage cover pool are located exclusively in Germany. Regionally, the largest shares of the primary cover pool volume are attributable to the federal states of Berlin (share: 83.0%) and Brandenburg (7.0%). The mortgage cover pool does not contain any NPLs (90-day overdue receivables). The public cover pool consists of 100% primary cover pool assets, which are only located in Germany. By type of debtor, the largest shares of primary cover are attributable to the categories "Other" (80.6%) and "Regional authorities" (18.6%). Both the outstanding public sector Pfandbriefe and their cover pool assets have exclusively fixed coupons.

Rating and regulatory treatment

Both the programme for issuing public sector Pfandbriefe and the mortgage Pfandbriefe have a top rating from Moody's (Aaa). Based on the rating, a risk weight of 10% is applicable for the issuer's covered bonds in accordance with the CRR. Furthermore, we consider EUR subbenchmark transactions to be suitable as Level 2A assets within the scope of LCR management. In addition, the issuer's covered bonds are suitable as collateral in transactions with the ECB and new placements can be marketed under the European Covered Bond (Premium) label according to BaFin.

Appendix

Contacts at NORD/LB

Floor Research



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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

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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

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Öffentliche Kunden	rm-oek@nordlb.de

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Time of going to press: Tuesday, 09 April 2024 (14:46)