

Slovenska sporitelna

Issuer View • 22. January 2025

Authors: Alexander Grenner // Lukas Kühne // Dr Frederik Kunze

Ratings

SLSP

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

Homepage

www.slsp.sk

Slovenska sporitelna (SLSP) was founded in 1825 as the first savings bank in Slovakia. Headquartered in Bratislava, SLSP is wholly owned by the Austrian Erste Group and is categorised as a national systemically important institution (additional capital buffer 2%). Erste Group is one of the leading financial services providers in Austria and the Central and Eastern Europe (CEE) region. SLSP is the largest commercial bank in Slovakia in terms of total assets (Q3/2024: EUR 26.2bn) and serves around 2.0 million customers in 163 branches nationwide with around 3,500 employees. In addition to its original banking business, the bank also offers its private and corporate customers as well as SMEs and public institutions asset management products. The bank has a market share of 23.5% in customer loans (Q3/2024) and 22.9% in customer deposits. SLSP thus holds a leading position in Slovakia in both of these areas. The bank reports in the following segments: "Retail" (Q3/2024: 83.9% of pre-tax profit), "Corporates" (24.6%), "Group Markets" (6.4%) and "Asset Liability Management, Local Corporate Centre and Free Capital" (-14,8%). Customer deposits increased (as at Q3/2024) by 5% year-on-year to EUR 18.2bn and account for 69.6% of total assets. As part of its sustainability activities, the bank issued its first sustainability bond (EUR 154m) in June 2021. This was followed by four further bonds in compliance with Erste Group's Sustainable Finance Framework (volume outstanding FY/2023: EUR 1.03bn).

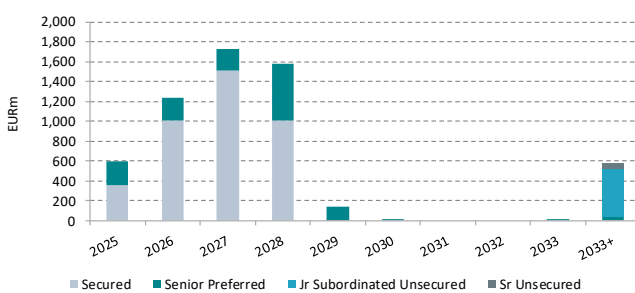
Balance Sheet

(EURm)	2022Y	2023Y	2024H1
Net Loans to Customers	17,774	18,743	18,828
Total Securities	4,266	4,225	4,463
Total Deposits	16,913	17,580	18,115
Tier 1 Common Capital	1,492	1,620	1,675
Total Assets	23,746	26,460	26,093
Total Risk-weighted Assets	10,025	10,810	10,707

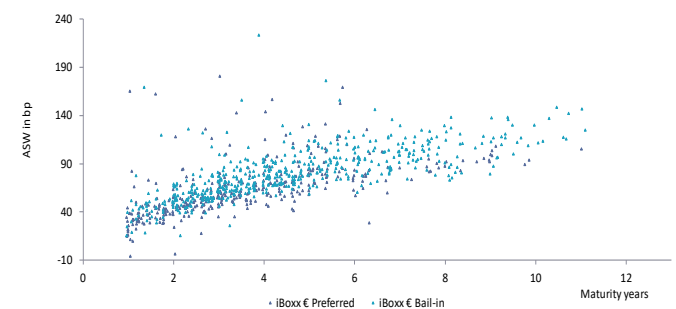
Income Statement

(EURm)	2022Y	2023Y	2024H1
Net Interest Income	444	523	276
Net Fee & Commission Inc.	192	208	113
Net Trading Income	25	24	9
Operating Expense	307	332	175
Credit Commit. Impairment	32	15	23
Pre-tax Profit	312	399	202

Redemption Profile



Senior Unsecured Bonds (EUR BMK)



Company Ratios

	2022Y	2023Y	2024H1		2022Y	2023Y	2024H1
Net Interest Margin	1.90	2.13	2.14	Liquidity Coverage Ratio	161.70	192.09	-
ROAE	11.77	13.51	10.21	IFRS Tier 1 Leverage Ratio	6.33	6.15	6.45
Cost-to-Income	47.12	44.50	43.74	NPL/Loans at Amortised Cost	1.60	1.88	1.96
Core Tier 1 Ratio	14.88	14.98	15.64	Reserves/Loans at Amort. Cost	1.91	1.87	1.96

As of 22.01.2025; Source: Bloomberg, S&P Global Market Intelligence, NORD/LB Floor Research

Strengths / Opportunities

- Franchise position
- Capitalisation

Risks / Weaknesses

- Credit growth (mortgages)
- Liquidity buffer

Covered Bonds

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Slovenska sporitelna with an outstanding covered bond volume of EUR 4.2bn

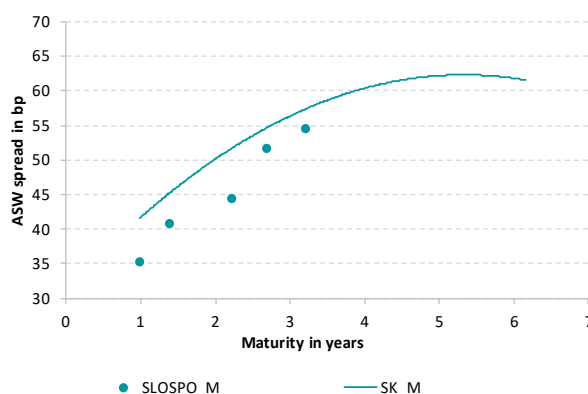
As at the reporting date of 30 September 2024, Slovenska sporitelna's cover pool had cover assets with a volume of around EUR 5.8bn. This is offset by covered bonds issued in the amount of around EUR 4.2bn, resulting in an arithmetical overcollateralisation ratio of 39.0%. The legally binding minimum over-collateralisation in Slovakia is 5%. In the current composition of the iBoxx EUR Covered (January 2025), SLSP is represented with five outstanding bonds in benchmark format, with the last issue dating back to 2023.

Programme data

30 September 2024	Mortgage
Covered bonds outstanding	EUR 4.151bn
Cover pool volume	EUR 5.771bn
Current OC (nominal / legal)	39.0% / 5.0%
Loan purpose	37.8% Remortgage
Main country	100% Slovakia
Main region	18.9% Bratislava
Number of loans	119,162
Number of borrowers	106,830
NPL	0.00%
Fixed interest (Cover Pool / CBs)	78.2% / 100%
WAL (Cover Pool / CBs)	13.1y / 2.4y
CB Rating (Fitch / Moody's / S&P)	- / Aaa / -

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

Spread overview (BMK) – Slovakia



Cover pool assets geographically located exclusively in Slovakia

96.1% of SLSP's cover pool consists of residential assets, which total 119,162 loans to 106,830 borrowers and are located exclusively in Slovakia. The highest share (18.9%) is attributable to the Bratislava region, followed by Trnava (13.6%) and Zilina (13.0%). The average loan volume as at 30 September 2024 was around EUR 46,555. Non-performing loans are not included in the cover pool. 37.8% of the loans were used for debt rescheduling purposes, while 34.0% are attributable to the purchase of residential property. While the average LTV for the non-indexed case is stated at 55.9%, the indexed LTV, which takes into account price changes on the property market, was 41.7% as at 30 September 2024. While only a fixed interest rate can be observed for the covered bonds issued, the proportion of fixed interest rates for the cover assets is 78.2%.

Rating and regulatory treatment

Slovenska Sporitelna's covered bonds have the highest rating from the rating agency Moody's (Aaa). On this basis, a preferred risk weight of 10% is relevant for the covered bonds in accordance with CRR. In addition, we believe that SLSP benchmark transactions are suitable as Level 1 assets for LCR management. The issuer's covered bonds are also suitable as collateral in the context of transactions with the ECB. SLSP's covered bond issues can be marketed under the "European Covered Bond (Premium)" label. All of the institution's outstanding covered bonds have a soft bullet structure based on the special Slovakian national covered bond legislation. This allows a maturity extension of up to 24 months, which can only be triggered in accordance with legal requirements.

Appendix

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