



wüstenrot

SO SCHNELL KANN'S GEHEN

BAUSPARKASSE WÜSTENROT AG

Investor Presentation | May 2023

Agenda

1

Group Structure

**Governance and
Management**

2

**Bausparkasse
Wüstenrot AG**

Results and Ratios

3

Funding and Liquidity

Issuance Strategy and
Ratios

4

Covered Bonds

Cover Pool

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Annex

The Wüstenrot Group

From building society pioneer to one-stop-shop for financial services

History

Start of lasting success story **with the establishment of Bausparkasse Wüstenrot in 1925** as the first building society in Austria

Expansion of business with the establishment of **an insurance company in 1973**

Key data on the Wüstenrot Group*

Financial conglomerate with three key firms:

- Bausparkasse Wüstenrot AG
- Wüstenrot Versicherungs-AG
- Wüstenrot Bank AG

Total assets of the Group: EUR 11.3 billion
Total assets of Bausparkasse: EUR 6.9 billion

Employees of the Group (AT): 1,282
Employees of Bausparkasse (AT): 412

Sales

Strong focus on **own sales channels** throughout the Group **with 411 sales employees**, independent contract staff, agents and partner banks



Headquarters

The headquarters of Bausparkasse Wüstenrot is located in **Salzburg**, Austria.

Strategy

Group functions **enable strong organisational integration** within Group

Focus on the **retail segment** with broad range of products relating to savings, loans, retirement provisions and insurance

Banking license received in December 2022 in order to expand and supplement the business of Wüstenrot Group as **a one-stop-shop for financial services**

A **strategic exit from the Eastern European market** is currently taking place. A successful step in this direction was the sale of the Croatian insurance in 2022.

*As at year-end 2022

Together #strongerthanever

ONE MISSION

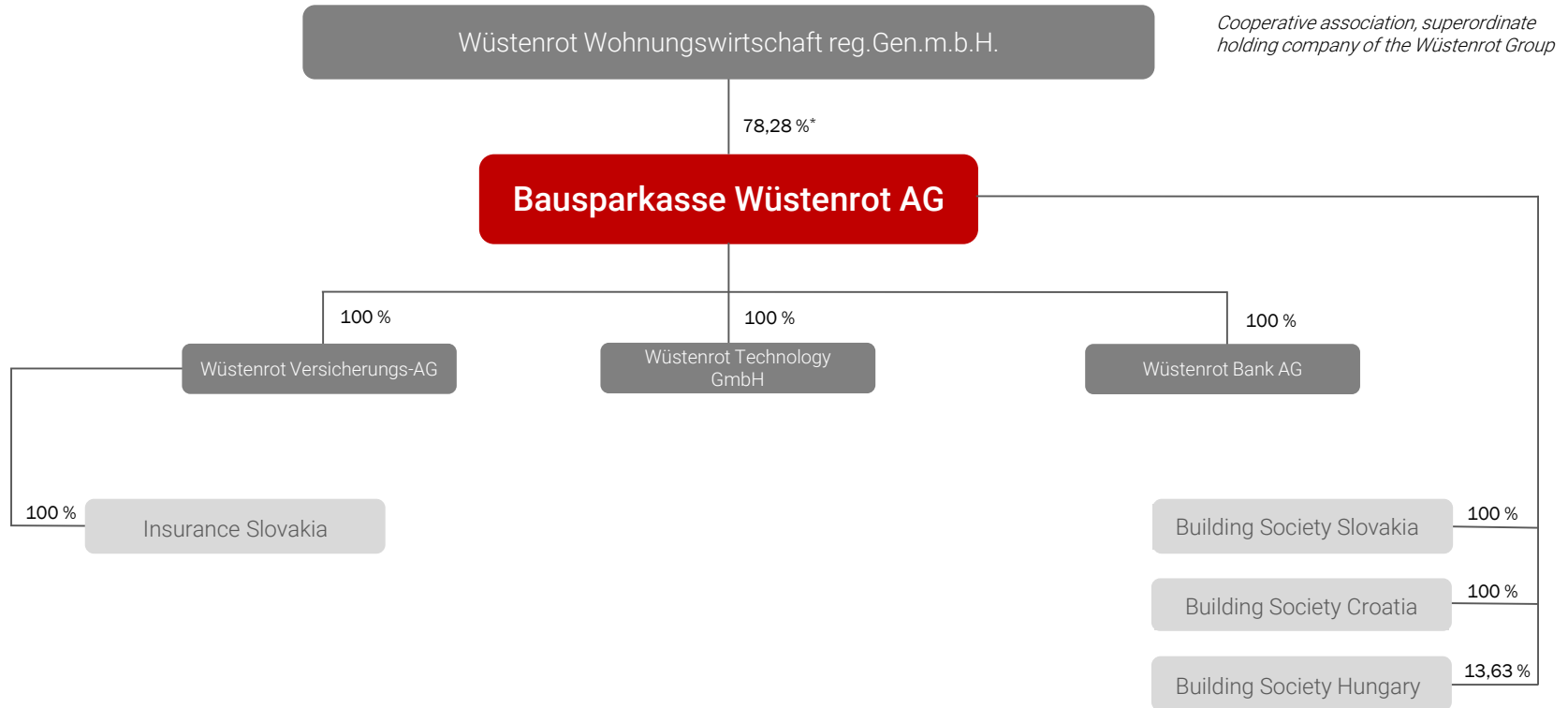
wüstenrot

The logo for wüstenrot, featuring the word "wüstenrot" in white lowercase letters on a red background that is divided into three vertical rectangular sections of varying shades of red.

„With the utmost care
for the **environment and society**,
we accompany our customers **personally and digitally**
into a new future where **financing, insurance and
retirement planning** are possible with **one lifelong
financial partner.**“

Current Group/Ownership Structure

Only independent building society in Austria



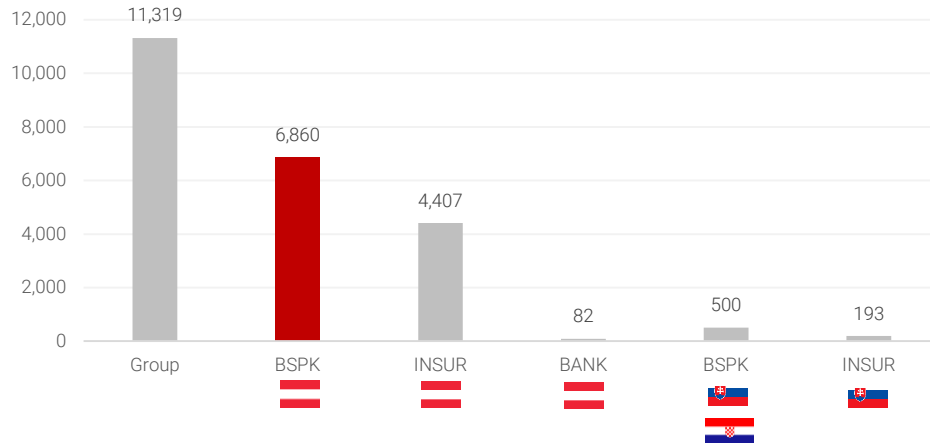
*Minority shareholders: 12.04% UniCredit Bank Austria, 4.16% 3-Banken-Gruppe, 3.70% BAWAG P.S.K., 0.29% W&W, 1.53% other

The Wüstenrot Group

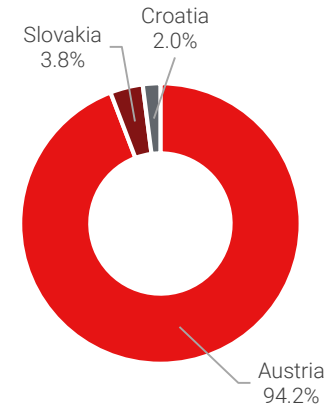
Strategy

- Strategic orientation on offering services as a **one-stop-shop for financial services for retail customers in Austria**
- No activities or exposures in Russia or Ukraine

Balance sheet totals 2022 (in EUR million)



Breakdown of the Group's total assets

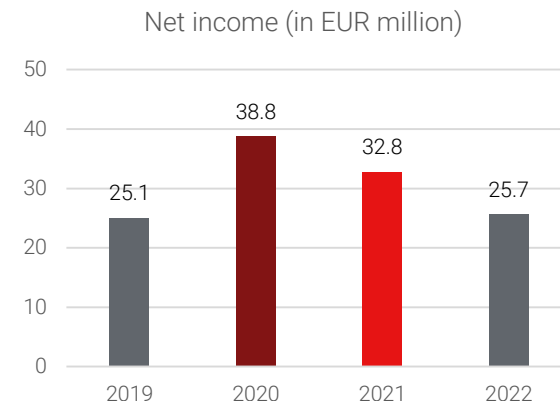
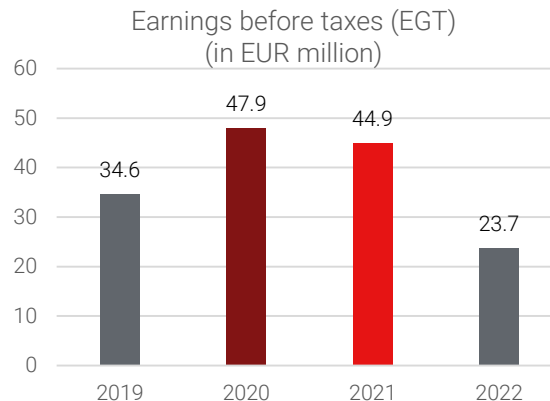
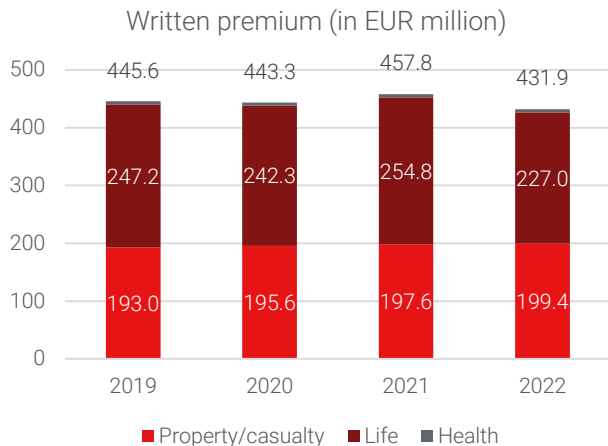


Note: In Hungary, a stake of 13.63% is held in Fundamenta-Lakáskassza, which is one of the largest mortgage banks in the Hungarian market.

Wüstenrot Versicherungs-AG

Exclusive focus on retail business

- **Solvency ratio** (SCR ex transitional measures): **266.5%** as at 31 Dec. 2022 (2021: 186.6%; Increase esp. due to rise in interest rates)
- **Earnings before taxes at EUR 23.7 million** in 2022 (decrease vs. 2021 esp. due to rise in interest rates and other one-offs)
- **Combined Ratio: 96.4%** in 2022 (property/casualty, after reinsurance)
- The entire annual report of WVAG can be found [here](#).



Timeline

In December 2022, the Wüstenrot Group obtained a **banking license**. It encompasses deposits, payment services, issuance and administration of payment instruments, lending, securities accounts, and the brokerage of financial services.

- Since 6 March 2023, the bank is connected to the **international payment systems**.
- On 22 March 2023, the „**Family and Friends**“-phase started.
- Since 2 May 2023, Wüstenrot **current and savings accounts** are available to **all customers**.

Added-value for the Wüstenrot Group

The establishment of the bank leads to numerous advantages for Wüstenrot:

- Further **digitalization of the business model**
- **Better utilization of existing customers** and the acquisition of **new customers**
- **Diversification of revenue streams** and **increased profitability**
- **Broader refinancing base** through online products
- **More efficient** and **targeted use of sales force**
- **Focus: retail-customers only**

Added-value for customers

An attractive offer for customers of Wüstenrot as well as potential new customers:

- **One-Stop-Shop:** Wüstenrot receive banking, building society savings, and insurance products from a one single source
- **Improved digital services combined with personal advice**
- **Broader financing opportunities:** easier and more flexible financing opportunities for housing construction, the possibility of short-term overdrafts on current accounts, and consumer loans are facilitated by the digital channel

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Bausparkasse Wüstenrot AG: Ratings

in solid investment-grade range

Mortgage-backed covered bonds (Pfandbriefe)
Standard & Poor's, Scope

AAA | stable outlook

Long-term issuer credit rating (ICR)
Standard & Poor's

BBB+ | stable outlook

- Bausparkasse Wüstenrot AG is rated by the international rating agency **Standard & Poor's**. On 24 February 2023 the ICR was upgraded from BBB (stable) to BBB+ (stable). The Pfandbrief rating was last confirmed by S&P on 16 January 2023 (AAA).
- The mortgage-backed cover pool is additionally assessed by **Scope Ratings**. The rating (AAA) was last confirmed on 13 June 2022.

Building society system in Austria

Differences to Germany

Austria



- Mostly **first ranking** loans
- Usually sole or main loan
- Fixing of interest rate **at time loan is taken out**
- Max. 80% LTV purs. to BausparkassenG (Building Societies Act), max. EUR 240.000 loan sum p.p.
- Fixed or variable interest, partially with interest rate caps and floors

- Government subsidy ("Bausparprämie") on building society savings **independent of income**
- Fixed term required to obtain government subsidy: **six years**

Germany



Lending

- Primarily **junior ranking**
- Mostly as supplement to home loans offered by a customer's principal bank
- The interest rate on the loan is usually **fixed when the building society savings contract is signed**

Savings

- Government subsidy ("Wohnungsbauprämie") **depends on income** (up to EUR 35,000 taxable income)
- Minimum term for subsidy eligibility: **seven years**

Bausparkasse Wüstenrot AG

Result 2022

wüstenrot

Net interest income



EUR 58.6 million*

2021: EUR 70.6 million

- **One-offs** 2022 (cf. footnote)
- Decrease in interest income in 2022 due to existing and new business
- Due to the **annual interest rate fixing** in November, the positive effects of the interest rate increase will become **visible in 2023**

Earnings before taxes



EUR 42.6 million

2021: EUR 27.9 million

- Renewed significant increase
- Significant decrease in operating expenses to **EUR 55.8 million** driven by **cost reduction** and lower contributions to deposit guarantee scheme



Income from securities & associates



EUR 14.2 million

2021: EUR 12.8 million

- Renewed **increase** of income from associates
- Thereof: EUR 11.4 million from affiliated companies (in particular from the **insurance subsidiary**)

Net income



EUR 30.9 million

2021: EUR 23.7 million

- **Significant increase** vs. previous year

*Due to the change in the distribution of fees-/commissions, the value for 2022 is not comparable with the previous year's value (see explanations in the annual report)

Bausparkasse Wüstenrot AG

Result 2022

wüstenrot

Risk provisions / NPL



0.74 % NPL ratio
as at 31 December 2022

- Decrease in NPL volume to EUR 40.7 million (2021: EUR 43.6 million)
- The share of problematic loans remained at a **very low level**

Investment portfolio



EUR 791.2 million*
as at 31 December 2022

- Regulatory required portfolio with **short duration** and **high credit quality**
- Esp. due to the significant increase in interest rates, impairment allowances in current assets in the amount of 12.8 million were triggered



Capital ratios



18.7 %

CET1 ratio
2021: 16.2%

21.5 %

Total capital ratio
2021: 19.4%

- Significant increase esp. due to retained earnings and downstream merger BWA/BWAG
- Total capital ratio incl. profit 2022: 22.4%

Loan portfolio



EUR 5.5 billion
2021: EUR 5.0 billion

- Loans almost **exclusively mortgage-backed**
- Significant increase in demand for **mortgage loans**, especially in the first half of 2022

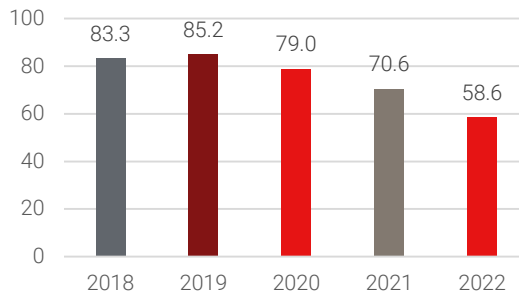
*incl. money market

Bausparkasse Wüstenrot AG

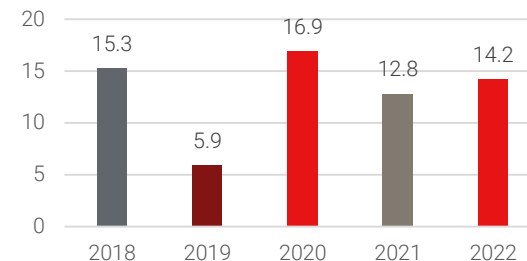
Development of income statement

- **Cost reductions** lead to an ongoing decrease in administrative expenses
- **C/I ratio*** 2022: 54.2% (vs. 64.8% in 2021)
- Decline in net interest income due to balance sheet one-offs**
- N.B.: Income from securities and equity investments was lower in 2019 due to the (recommended) suspension of dividend payouts by Wüstenrot Versicherungs-AG.

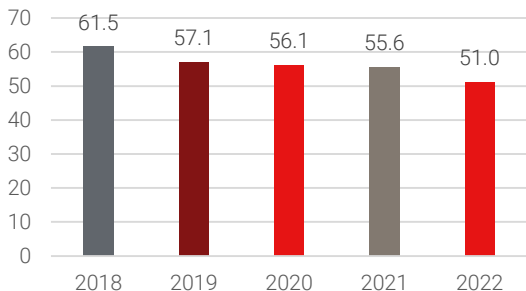
Net interest income



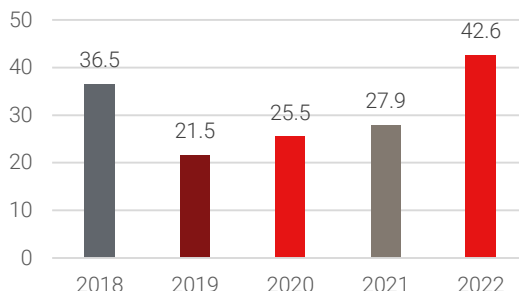
Income from securities and equity investments



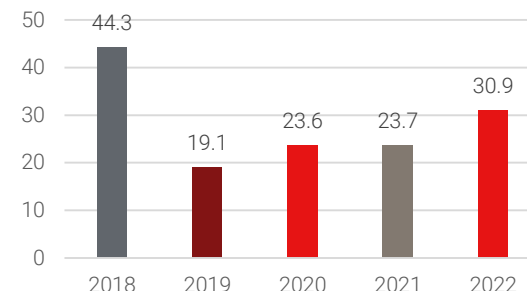
General administrative expenses



Earnings before taxes (EGT)



Net income



*C/I ratio defined as operating expenses/operating income

**Due to the change in the distribution of fees/commissions, the value for 2022 is not comparable with the previous years' values (cf. explanations in the annual report)

in EUR million

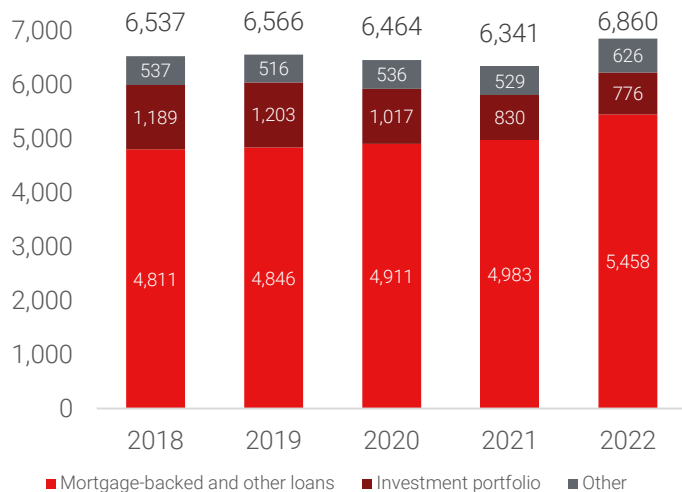
Bausparkasse Wüstenrot AG



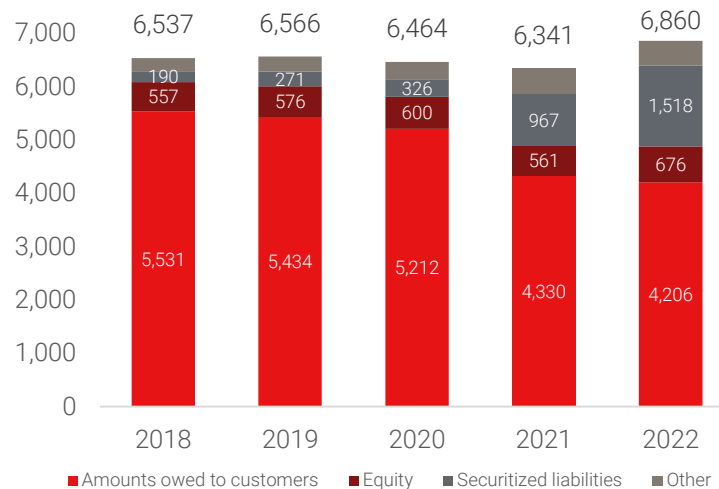
Balance sheet structure

- Continuous **increase in lending** by focusing on the core business of retail mortgage loans
- **Investment portfolio**, in particular, to meet regulatory requirements (LCR + Pillar II)
- Management decision to **diversify** funding structure (start of issuance of covered bonds in 2017)

Assets



Shareholder equity and liabilities

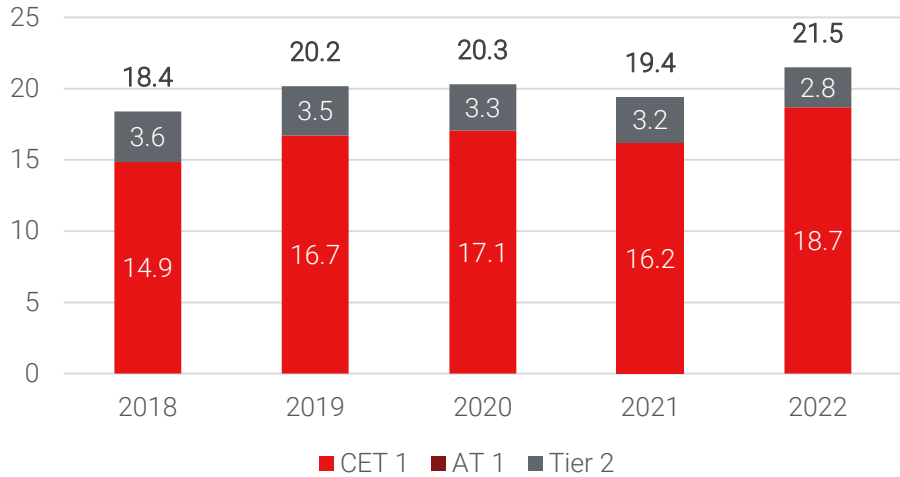


in EUR million

Regulatory capital ratios

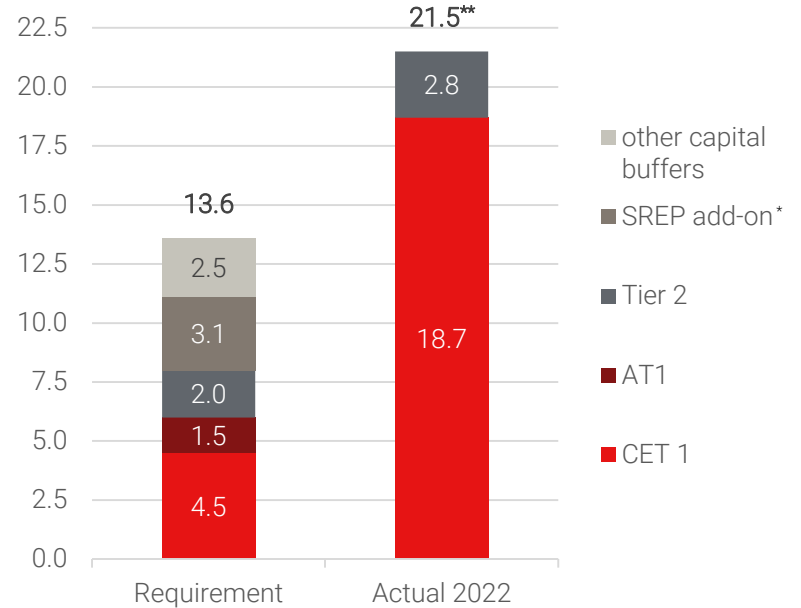
High capitalisation

Capital ratio (in % RWA)



- Capital ratios **significantly above the regulatory requirement**
- Increase in ratios 2022 due to retained earnings as well as the merger between BWA and BWAG („downstream merger“)

Capitalisation requirements 2022 (in % of RWA)



*Note: SREP Add-On was reduced to 2.9% in early 2023
 Total capital ratio incl. profit 2022: **22.4%

Capital ratios CI-Group

Measures to strengthen capital in 2022

■ The sale of stakes in Oberbank and BTV:

- Wüstenrot Wohnungswirtschaft sold its minority holdings in Oberbank (4.5%) and Bank für Tirol und Vorarlberg (2.5%). By doing so, Wüstenrot focusses on a future with its own strategic projects.
- The divestment had a **very positive effect on Wüstenrot Group's equity position** (in the financial conglomerate as well as the credit institutions group).

■ Downstream-merger of BWA to BWAG:

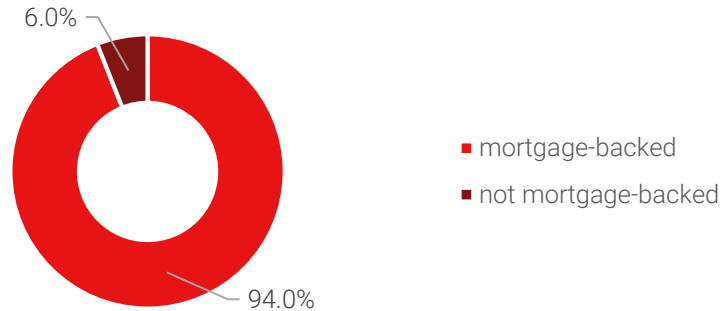
- The BWA Beteiligungs- und Verwaltungs-AG was merged with its subsidiary Bausparkasse Wüstenrot AG. This further step towards modernizing the group's structure allows for a more efficient steering over all of its product lines. The restructuring was accompanied by a **significant strengthening of the equity base**. The merger also secures the success of security issuances in capital market.

- → Total capital ratio on credit institutions group level (incl. profit 2022): 23.9 %

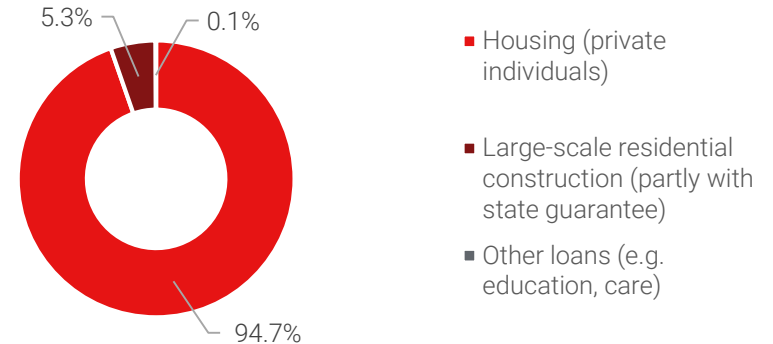
Credit portfolio structure

As at 31 December 2022

Breakdown of loans by collateral



Breakdown of loans by sector

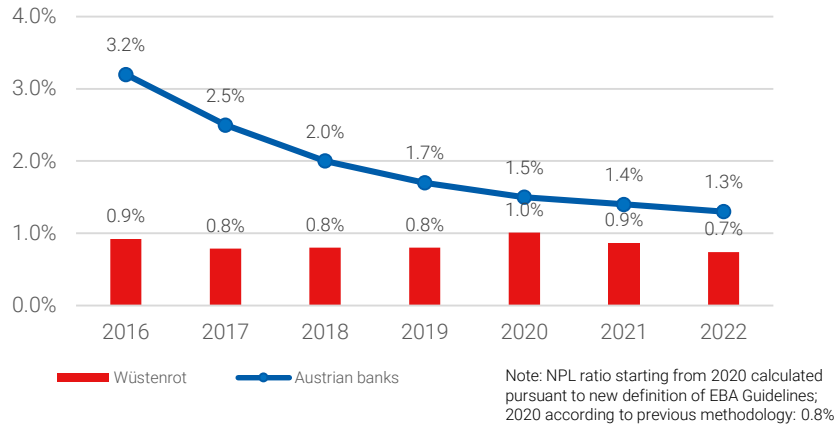


- Building Societies Act: Purpose **housing, education or care**, max. 80% LTV and max. EUR 240 thousand p. p.
- Bausparkasse Wüstenrot AG: **Focus home loans to individuals**
- **High regional diversification** throughout Austria, no foreign currency loans
- **94.0%** of loan portfolio **mortgage-backed**, remainder mostly with substitute collateral or local government guarantees (large-scale residential construction)

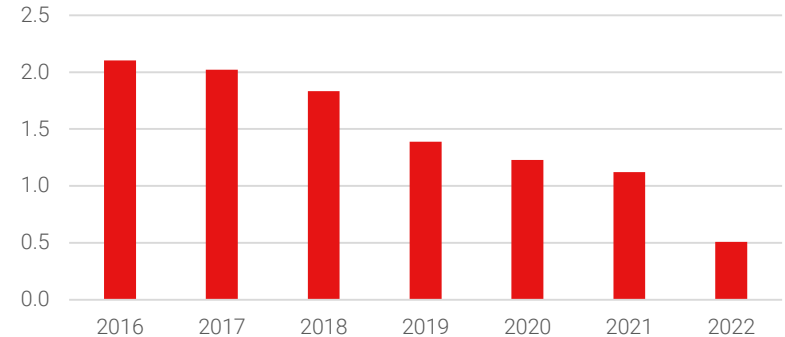
Loan portfolio

Low NPL ratio and credit risk expenses

NPL ratio



Loss on loans (EUR mn)

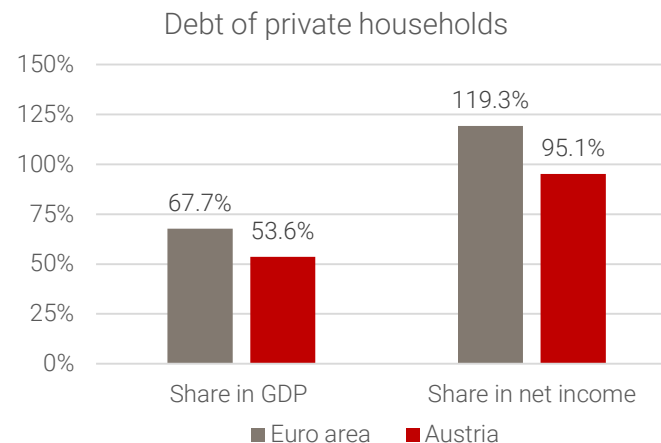
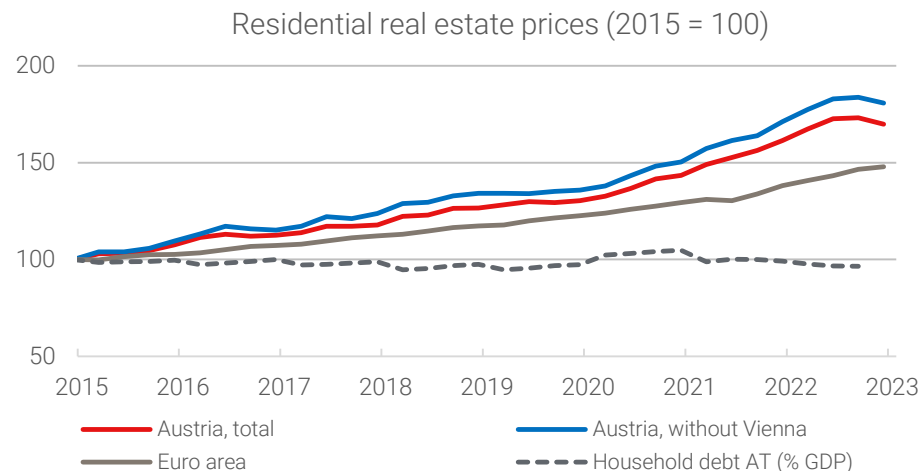


Source for Austrian banks: OeNB Financial Stability Report; data AT 2022: Q2 2022

Real estate prices

Resilient even in times of crisis

- **No decline** during the crises of 2008/2009 and 2012/2013; **slight decline** since Q4 2022 due to regulatory restrictions for lending as well as increasing interest rates
- **Low level** of household debt in international comparison



Debt: as at 2022, source: Eurostat, OeNB, IWF, BIS

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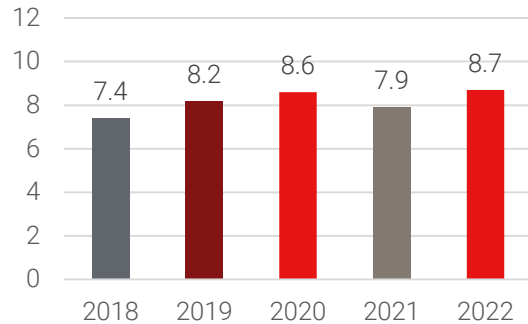
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Funding & Liquidität

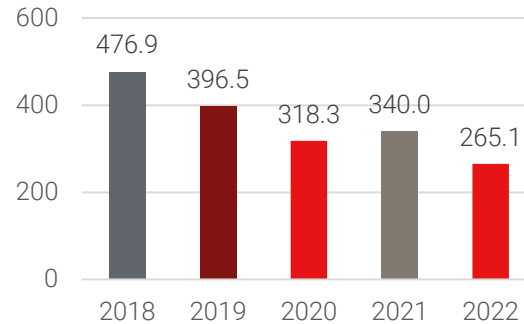
LR, LCR und NSFR

- Liquidity position **significantly higher than regulatory requirements**
- LCR **at very high level** and declining in the long run, in particular, due to decision to reduce securities portfolio

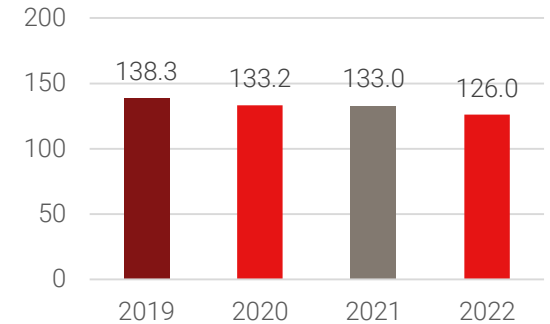
Leverage Ratio (in %)



Liquidity Coverage Ratio (in %)



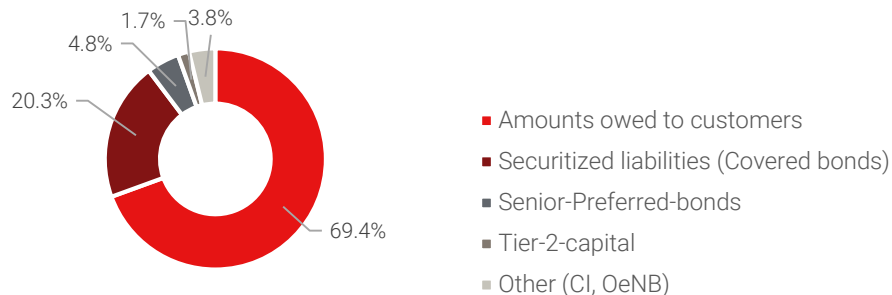
Net Stable Funding Ratio (%)



Funding strategy

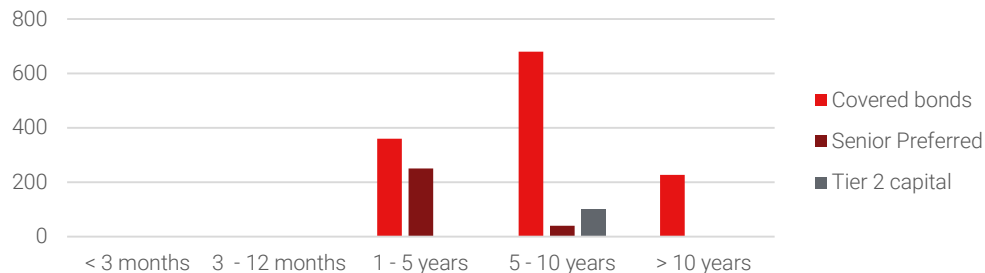
Building society deposits as primary source of funding

Funding structure as at 31 December 2022



- **Clear focus on building society savings deposits:** At a share of more than 69.4%, amounts owed to (retail) customers outweigh.
- **To achieve a broader diversification in the funding structure,** bond issuance is continuously expanded.
- Specifically, since 2021, **the refinancing structure** has been further diversified by issuing sub-benchmark issues (senior unsecured and covered bonds), institutional term deposits and ECB liquidity.
- The **MREL** final target of 20.4% (of TREA) is already **clearly met** with 25.4%.

Maturities of capital market issues (in EUR mn)



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Mortgage cover pool

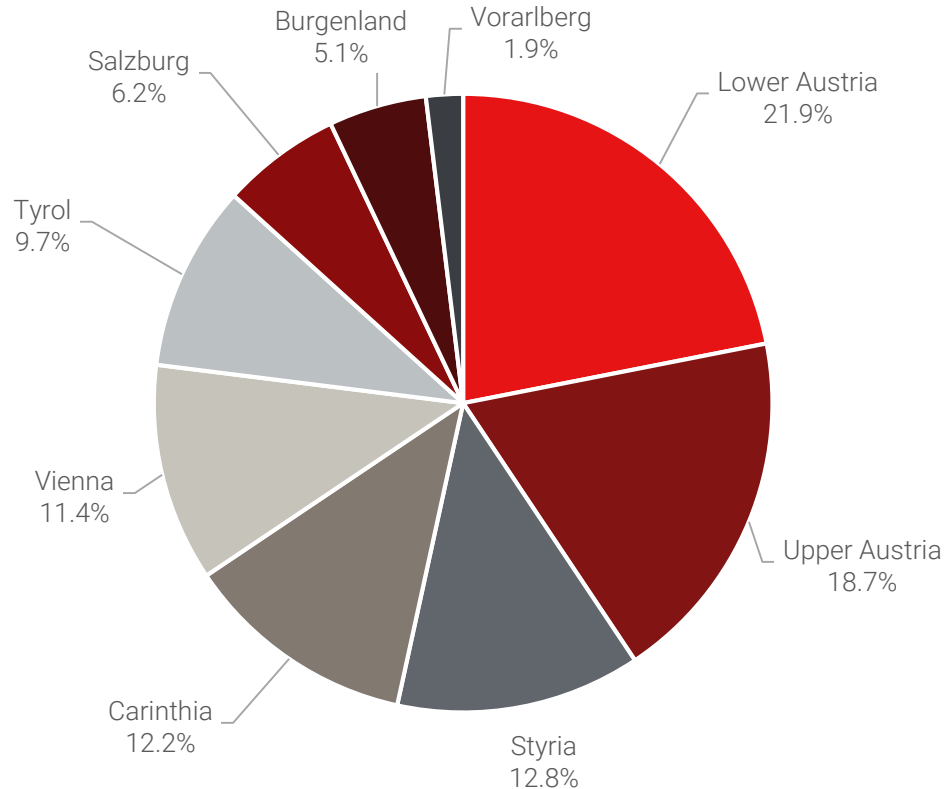
Key data as at 30 April 2023

Rating (Standard & Poor's, Scope)	AAA (stable outlook)
Total Cover Assets (incl. RAGB substitute assets)	EUR 2,032 m
Issued Covered Bonds	EUR 1,312 m
Over-collateralisation	54.87 %
Number of mortgage loans	16,708
10 largest exposures	0.33 %
Average loan size	EUR 119,561
Currency	100 % Euro
Distribution residential / commercial	100 % / 0 %
Geographical distribution	100 % Austria
Average contractual remaining life	28.45 years
NPLs in cover pool	0 %
Derivatives in cover pool	no

- The entire cover pool report (ATT) is [online](#) available.

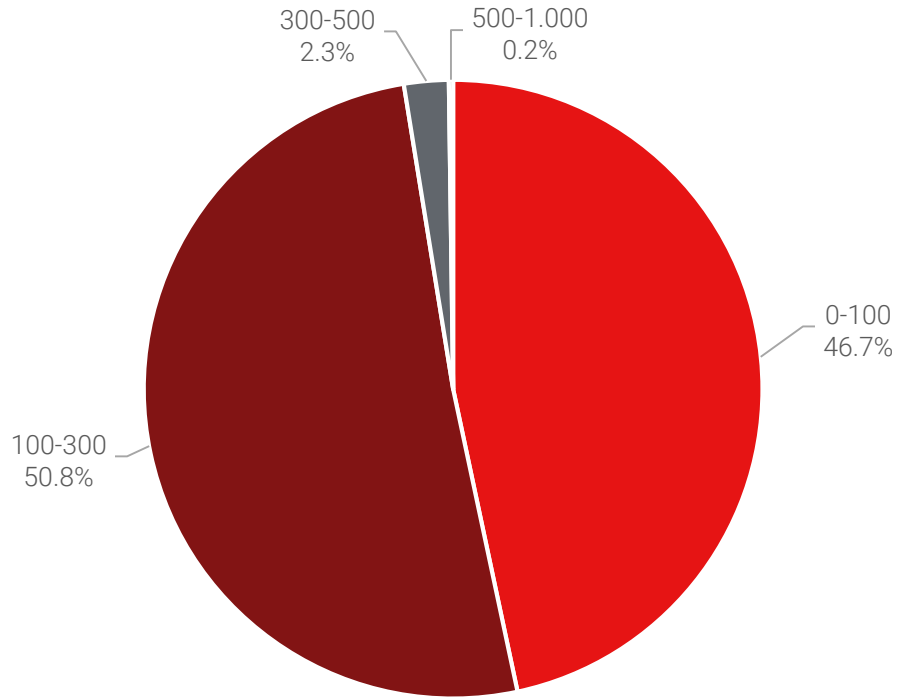
Cover pool: geographically well-balanced

Breakdown by regions



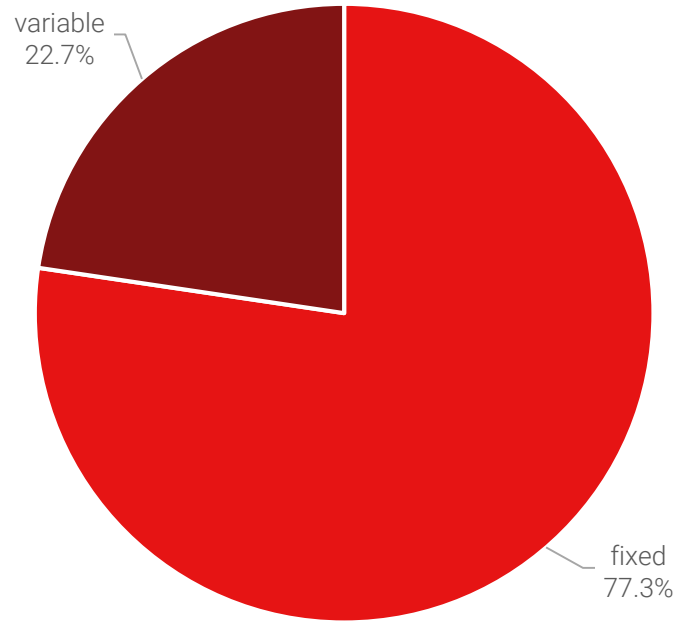
Cover pool: small-sized loans

Breakdown by loan size in EUR thousand



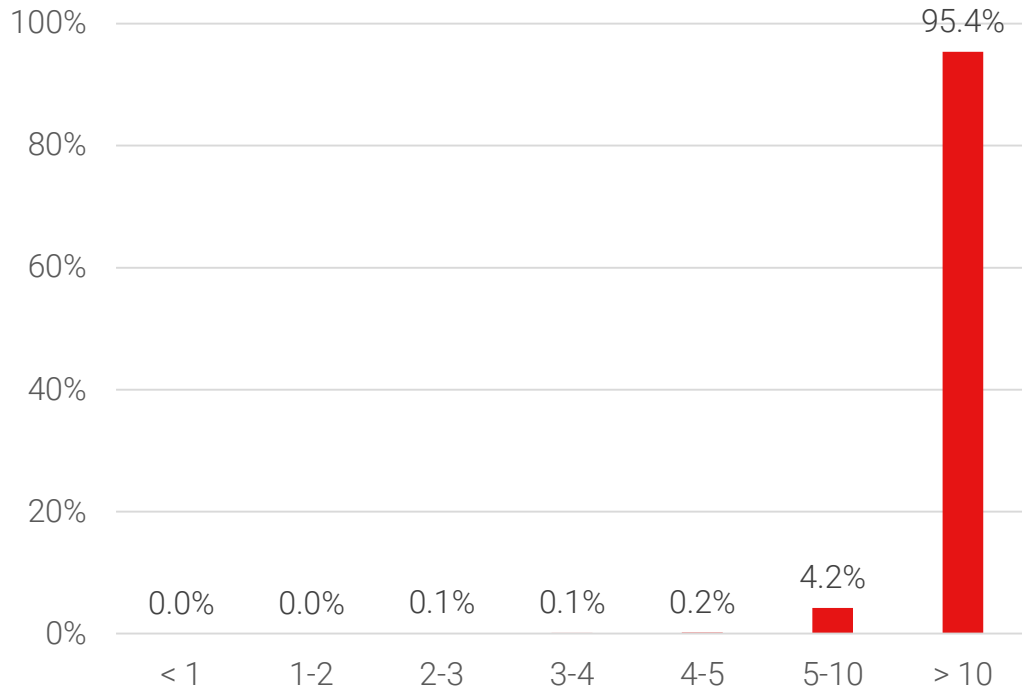
Cover pool: predominantly fixed-rate

Breakdown by interest rate type



Cover pool: long residual maturities

Breakdown by residual maturity in years



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