Landesbank Baden-Wuerttemberg - Public-Sector Covered Bonds

Covered Bonds / Germany

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Reporting as of: 31/12/2019
All amounts in EUR (unless otherwise specified)

Data as provided to Moody’s Investors Service (note 1)

I. Programme Overview

Overview
Year of initial rating assignment: 1999
Total outstanding liabilities: EUR 7,928,264,309
Total assets in the Cover Pool: EUR 12,576,956,615
Issuer name / CR Assessment: Landesbank Baden-Wuerttemberg / Aa3
Group or parent name / CR Assessment: Public sector
Main collateral type: Public sector

Ratings
Covered bonds rating: Aaa
Entity used in Moody’s EL & TPI analysis: Landesbank Baden-Wuerttemberg
CB anchor: CR Assessment + 1 notch
CR Assessment: Aa3
SUR: Aa3
Unsecured claim used for Moody’s EL analysis: Yes

II. Value of the Cover Pool

Collateral quality
Collateral score: 3.9%
Collateral score excl. systemic risk: n/a

Cover Pool losses
Cover Pool collateralized score post-haircut: 2.2% 23%
Market Risk: 8.2% 79% 10.4% (100%)

III. Over-Collateralisation Levels (note 2 & 3)

Over-Collateralisation (OC) figures presented below include Eligible only collateral.

Over-Collateralisation levels are provided on any of the following: nominal basis or unstressed NPV basis or on stressed NPV basis.

NPV stress assumptions applied as required by the legal framework for German Pfandbriefe.

Current situation
Committed OC (Stressed NPV): 2.0%
Current OC (Unstressed NPV): 66.6%

Scenario 1: CB anchor is lowered by 1 notch
OC consistent with current rating (note 4) 0.0%

IV. Timely Payment Indicator & TPI Leeway

Timely Payment Indicator (TPI): High
TPI Leeway: 5

Extract from TPI table - CB anchor is CR Assessment + 1 notch

<table>
<thead>
<tr>
<th>CR Assessment</th>
<th>Aaa</th>
<th>Aa1</th>
<th>Aa2</th>
<th>Aa3</th>
<th>A1</th>
<th>A2</th>
<th>A3</th>
<th>Baa1</th>
<th>Baa2</th>
<th>Baa3</th>
</tr>
</thead>
<tbody>
<tr>
<td>CR Assessment</td>
<td>Aaa</td>
<td>Aa1</td>
<td>Aa2</td>
<td>Aa3</td>
<td>A1</td>
<td>A2</td>
<td>A3</td>
<td>Baa1</td>
<td>Baa2</td>
<td>Baa3</td>
</tr>
</tbody>
</table>

Sensitivity scenario CB anchor
OC consistent with current rating
Scenario 1: CB anchor is lowered by 1 notch 2.5%

Legal framework
Does a specific covered bond law apply for this programme: Yes, Pfandbrief Act
Main country in which collateral is based: Germany
Country in which issuer is based: Germany

Timely payment
Refinancing period for principal payments of 6 months or greater: No

Please refer to section 4 of the Pfandbrief Act.

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(note 1) The data reported in this PO is based on information provided by the issuer and may include certain assumptions made by Moody’s. Moody’s accepts no responsibility for the information provided to it and, whilst it believes the assumptions it has made are reasonable, cannot guarantee that they are or will remain accurate. Although Moody’s encourages all issuers to provide reporting data in a consistent manner, there may be differences in the way that certain data is categorised by issuers. The data reporting template (which Issuers are requested to use) is available on request.

(note 2) This assumes the Covered Bonds rating is not constrained by the TPI. Also to the extent rating assumptions change following a downgrade or an upgrade of the issuer, the necessary OC stated here may also change. This is especially significant in the case of CR assessments of A3(cr) or Baa3(cr). In its necessary OC following a 1-notch downgrade it may then be substantially higher than the amount suggested by market risks. In such cases the CR assessments are considered more critically by Moody’s at this time. In any event, the necessary OC amounts stated here are subject to change at any time at Moody’s discretion.

(note 3) The necessary OC is calculated to be consistent with the current rating under Moody’s expected loss model. However, the level of OC consistent with a given rating level may differ from the amount where ratings are capped under the TR framework and, for example, where committee discretion is applicable.

(note 4) The OC consistent with the CR assessment is the minimum level of over-collateralisation which is necessary to support the covered bond rating at its current level on the basis of the pool as per the cut-off date. The sensitivity run is based on certain assumptions, including that the Covered Bonds rating is not constrained by the TPI. Further, this sensitivity run is a model output only and therefore a simplification as it does not take into account certain assumptions that may change as an issuer is downgraded, and as a result of the CR number consistent with the current rating may be higher than shown. The OC required may also differ from the model output in situations where committee discretion is applied. In any event, the OC amounts stated here are subject to change at any time at Moody’s discretion.
V. Asset Liability Profile

Interest Rate & Duration Mismatch (note 5)

- Fixed rate assets in the cover pool: 68.9%
- Fixed rate covered bonds outstanding: 94.5%
- WAL of outstanding covered bonds: 6.3 years
- WAL of the cover pool: 7.6 years

Swap Arrangements

- Interest rate swap(s) in the Cover Pool: No
- Intra-group interest rate swap(s) provider(s): No
- Currency swap(s) in the Cover Pool: No
- Intra-group currency swap(s) provider(s): No

Maximum mismatch: 13.8% in EUR millions

Amortisation profile  (in millions) (note 7)

VI. Performance Evolution

This publication does not announce a credit rating action. For any credit ratings referenced in this publication, please see the ratings tab on the issuer/entity page on www.moodys.com for the most updated credit rating action information and rating history.

Chart 3: Stressed refinancing needs per quarter (% of liabilities)

Chart 4: Currency mix before swaps (Main Currencies)

Chart 5: Amortisation profile (in millions) (note 7)

Chart 6: Collateral Score

Chart 7: Cover Pool Losses

Chart 8: OC consistent with covered bond rating vs. Current OC

(note 5) This assumes no prepayment.

(note 6) Based on principal flows only. Assumptions include no prepayments, principal collections limited to the portion of assets that make up the amount of the liabilities plus committed OC, no further CB issuance and no further assets added to the cover pool.

(note 7) Assumptions include no swap in place in Cover Pool, no prepayment and no further CB issuance.
VII. Cover Pool Information - Public Sector Assets

Overview

- **Asset type:** Public Sector
- **Repo eligible loans / bonds:** 12.6%
- **Asset balance:** 12,576,956,615
- **Percentage of fixed rate loans / bonds:** 72.2%
- **WA remaining Term (in months):** 140
- **Percentage of bullet loans / bonds:** 31.0%
- **Number of borrowers:** 2,929
- **Loans / bonds in non-domestic currency:** 1.3%
- **Number of loans / bonds:** 7,357
- **Performance**
  - **Exposure to the 10 largest borrowers:** 27.4%
  - **Average exposure to borrowers:** 4,293,942
- **Loans / bonds in a foreclosure procedure:** 0.0%

Table A: Borrower type by country

<table>
<thead>
<tr>
<th>Country</th>
<th>Direct claim against supranational</th>
<th>Direct claim against sovereign</th>
<th>Loan with guarantee of sovereign</th>
<th>Direct claim against regional/federal state</th>
<th>Loan with guarantee of regional/federal state</th>
<th>Direct claim against municipality</th>
<th>Loan with guarantee of municipality</th>
<th>Others</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Germany</td>
<td>0.0%</td>
<td>0.0%</td>
<td>96.5%</td>
<td>1.4%</td>
<td>0.0%</td>
<td>0.0%</td>
<td>0.0%</td>
<td>0.0%</td>
<td>0.3%</td>
</tr>
<tr>
<td>Switzerland</td>
<td>0.0%</td>
<td>0.0%</td>
<td>0.0%</td>
<td>0.0%</td>
<td>0.0%</td>
<td>0.0%</td>
<td>0.0%</td>
<td>0.0%</td>
<td>0.0%</td>
</tr>
<tr>
<td>Denmark</td>
<td>1.3%</td>
<td>1.3%</td>
<td>1.3%</td>
<td>0.6%</td>
<td>0.6%</td>
<td>0.2%</td>
<td>0.2%</td>
<td>0.2%</td>
<td>0.3%</td>
</tr>
<tr>
<td>Other</td>
<td>0.0%</td>
<td>0.0%</td>
<td>0.0%</td>
<td>0.0%</td>
<td>0.0%</td>
<td>0.0%</td>
<td>0.0%</td>
<td>0.0%</td>
<td>0.0%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>0.0%</td>
<td>0.0%</td>
<td>93.5%</td>
<td>12.3%</td>
<td>11.3%</td>
<td>3.9%</td>
<td>3.9%</td>
<td></td>
<td>20.8%</td>
</tr>
</tbody>
</table>

Chart B: Percentage of public sector assets

Chart C: Borrower concentration

Chart E: Main country regional distribution

Chart F: Distribution by country exposure, rating
null
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