MOODY'S RATINGS

CREDIT OPINION
17 June 2024

New Issue

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Bausparkasse Wuestenrot AG - Mortgage Covered Bonds

New Issue – Austrian covered bonds

Ratings

Exhibit 1

Cover Pool (€)	Ordinary Cover Pool Assets	Covered Bonds (€)	Rating
2,045,886,379	Residential Mortgage Loans	1,585,400,000	Aaa

All data in the report is as of 31 December 2023 unless otherwise stated
Source: Moody's Ratings

Summary

The covered bonds issued by Bausparkasse Wuestenrot AG (Bausparkasse Wuestenrot or the issuer; A1(cr)) under the Bausparkasse Wuestenrot AG - Mortgage Covered Bonds programme are full recourse to the issuer and are secured by a cover pool of assets consisting of residential mortgage loans backed by properties in Austria (98.3%) and supplementary assets consisting of Austrian government bonds (1.7%).

Credit strengths include the full recourse of the covered bonds to the issuer and support provided by the Austrian legal framework for covered bonds. The covered bonds are governed by the Austrian Covered Bonds Act (Pfandbriefgesetz – PfandBG) and the issuer is regulated and supervised by the Austrian Financial Supervisory Authority (Österreichische Finanzmarktaufsicht or FMA).

Credit challenges include the covered bonds' high level of dependency on the issuer. As with most covered bonds in Europe, there will be few restrictions on the future composition of the cover pool.

Our credit analysis takes into account the cover pool's credit quality, which is reflected in the collateral score of 4.0%, and the current overcollateralisation (OC) of 29.1% (nominal value basis) as of 31 December 2023.

In general, we consider environmental and governance credit risks to be low and social credit risks to be moderate for this transaction. Environmental credit risk is low in this programme as covered bondholders benefit from the cover pool's geographical diversification. Social credit risk is moderate in this programme, mainly because social issues that affect lenders can also affect the cover pool. Social credit risks are mitigated by the cover pool's diversification. Governance credit risk is low in this programme due to (i) the country's covered bond law; and (ii) the fact that the issuer maintains the cover pool on its balance sheet, incentivising it

to maximise cover pool value and aligning its interest with that of covered bond investors. For further details, please see "ESG Considerations" section below.

Credit strengths

» ***Recourse to the issuer***: The covered bonds are full recourse to Bausparkasse Wuestenrot AG (A1(cr)). (See "Covered bond analysis")

» ***Support provided by the Austrian legal framework***: The covered bonds are governed by the Austrian Covered Bonds Act (Pfandbriefgesetz – PfandBG). The act requires the issuer to maintain a cover pool with a nominal value of at least 102% of the nominal value of the covered bonds. The act also provides for the issuer's regulation and supervision and sets certain minimum requirements for the covered bonds and the cover pool. (See "Austrian Covered Bond Legal Frameworks" and "Covered bond description")

» ***High credit quality of the cover pool***: The covered bonds are supported by a cover pool of high-quality assets. The cover pool consists entirely of residential mortgage loans backed by properties in Austria. The collateral quality is reflected in the collateral score, which is currently 4.0%. (See "Cover pool analysis")

» ***No currency risk:*** Both the assets and the liabilities are completely denominated in euros. (See "Covered bond analysis")

» ***Provisions for a cover pool administrator:*** Following an issuer default, the covered bondholders will benefit from a cover pool administrator that acts independently from the issuer's insolvency administrator. (See "Covered bond analysis")

Credit challenges

» ***High level of dependency on the issuer:*** As with most covered bonds, before the insolvency of the issuer, the issuer can materially change the nature of the programme. For example, the issuer can add new assets to the cover pool, issue new covered bonds with varying promises and enter into new hedging arrangements. Also similar to most covered bonds in Europe, this programme has few restrictions on the future composition of the cover pool, albeit with the requirement to adhere to the Bausparkasse Gesetz (Building Societies Act). These changes could affect the credit quality of the cover pool as well as the overall refinancing and market risks. Further, if the quality of the collateral deteriorates below a certain threshold, the issuer would have the ability, but not the obligation, to increase the OC in the cover pool. (See "Covered bond analysis")

» ***Refinancing risk:*** Following a CB anchor event, covered bondholders, to achieve timely principal payment, might need to rely on proceeds raised through the sale of, or borrowing against, the cover pool assets. The market value of these assets may be subject to high volatility after a CB anchor event. A CB anchor event occurs when the issuer, or the entity in the issuer group that supports the issuer, ceases to service the payments on the covered bonds. (See "Covered bond analysis")

» ***Time subordination****:* After a CB anchor event, later-maturing covered bonds will be subject to time subordination. Principal cash collections may be used on a first-come, first-serve basis, paying earlier-maturing covered bonds before later-maturing covered bonds. This subordination could lead to the erosion of OC before any payments are made to later-paying covered bonds. (See "Covered bond analysis")

Key characteristics

Exhibit 2
Covered bond characteristics

Moody's Programme Number:	515
Issuer:	Bausparkasse Wuestenrot AG
Covered Bond Type:	Residential mortgage covered bonds
Issued under Covered Bonds Law:	Yes
Applicable Covered Bonds Law:	Austrian Covered Bonds Act

Entity used in Moody's TPI analysis:	Bausparkasse Wuestenrot AG
CR Assessment:	A1
CB Anchor:	Aa3
Senior unsecured/deposit rating:	Baa1

Total Covered Bonds Outstanding:	€1,585,400,000
Main Currency of Covered Bonds:	EUR (100.0%)
Extended Refinance Period:	No
Principal Payment Type:	Hard bullet
Interest Rate Type:	Fixed rate covered bonds (97.2%), Floating rate covered bonds (2.8%)
Committed Over-Collateralisation:	2.0%
Current Over-Collateralisation:	29.1%

Intra-group Swap Provider:	n/a
Monitoring of Cover Pool:	Cover pool monitor (Treuhänder), mandatory by operation of the Austrian covered bond legislation
Trustees:	n/a
Timely Payment Indicator:	Probable-High
TPI Leeway:	3 notches

Sources: Moody's Ratings and issuer data

Exhibit 3
Cover pool characteristics

Size of Cover Pool:	€2,045,886,379
Main Collateral Type in Cover Pool:	Residential assets (98.3%), other supplementary assets (1.7%)
Main Asset Location of Ordinary Cover Assets:	Austria
Main Currency:	EUR (100.0%)
Loans Count:	16,704
Number of Borrowers:	14,805
WA unindexed LTV:	n/d
WA indexed LTV*:	65.8%
WA Seasoning (in months):	53
WA Remaining Term (in months):	316
Interest Rate Type:	Fixed rate assets (80.1%), Floating rate assets (19.9%)
Collateral Score:	4.0%
Cover Pool Losses:	20.7%
Further Cover Pool Details:	See Appendix 1
Pool Cut-off Date:	31-Dec-23

(note *) For the purposes of LTV calculations, please note that property values can be adjusted solely in a downward direction. Increases in property valuations are not taken into consideration
Sources: Moody's Ratings and issuer data

Covered bond description

The covered bonds under the mortgage covered bond programme of Bausparkasse Wuestenrot are full recourse to the issuer. Upon a CB anchor event, covered bondholders would have access to a cover pool of residential mortgage loan receivables.

Structure description

The bonds

All covered bonds have a hard bullet repayment at maturity, without any extension period for the repayment of the bonds.

Issuer recourse

The covered bonds are full recourse to the issuer. Therefore, the issuer will be obliged to repay principal and pay interest on the covered bonds.

Recourse to cover pool and OC

If the issuer becomes insolvent, the covered bondholders would have priority claims over a pool of assets (cover pool). (See "Cover pool description" for the cover pool characteristics and "Cover pool analysis" for our analysis of the pool)
Based on an issuance of €1,585 million, the OC in the cover pool is currently 29.1%, on a nominal basis. The minimum OC consistent with the Aaa rating is 10.0%, of which the issuer provides 2.0% in a "committed" form. This shows that our analysis currently relies on OC that is in uncommitted form.

Although the issuer has the ability to increase the OC in the cover pool if collateral quality deteriorates below a certain threshold, the issuer does not have any obligation to do so. The failure to increase OC following a deterioration of the collateral could lead to a negative rating action.

Legal framework

The covered bonds are governed by the Austrian Covered Bonds Act. See "Austria's legal framework for covered bonds", published August 2022, for a description of the general legal framework for Austrian covered bonds.

Covered bond analysis

Our credit analysis of the covered bonds primarily focuses on the issuer's credit quality, refinancing risk, interest rate risk and currency risk, as well as the probability that payments on the covered bonds would be made in a timely fashion following a CB anchor event, which we measure using the Timely Payment Indicator (See "Timely Payment Indicator").

Primary analysis

Issuer analysis - Credit quality of the issuer

The issuer's CR Assessment is A1. For a description of the issuer's rating drivers, please see our Credit Opinion.

The reference point for the issuer's credit strength in our analysis is the CB anchor, which for this covered bond programme under the covered bond law in Austria is the CR Assessment plus one notch.

Issuer analysis - Dependency on the issuer's credit quality

The credit quality of the covered bonds depends primarily on the credit quality of the issuer. If the issuer's credit strength were to deteriorate, there would be a greater risk that a CB anchor event would occur, leading to refinancing risk for the covered bonds. Consequently, the credit quality of the covered bonds would deteriorate unless other credit risks were to decrease.

In the event that the CB anchor deteriorates, the issuer would have the ability, but not the obligation, to increase the OC in the cover pool. Failure to increase the level of OC under these circumstances could lead to a negative rating action.

Reasons for the high level of dependency of the covered bonds with the issuer also include exposure to decisions made by the issuer in its discretion as manager of the covered bond programme. For example, before a CB anchor event, the issuer may add new assets to the cover pool and remove assets from the cover pool, issue further bonds and enter new hedging arrangements. Such actions could reduce the value of the cover pool.

As with most covered bonds in Europe, there are few contractual restrictions on the future composition of the cover pool, which creates substitution risk. Nevertheless, cover pool quality over time will be protected by, among other things, the requirements of the Austrian legal framework, which specifies what types of assets are eligible. (See "Austria's legal framework for covered bonds")

Refinancing risk

Following a CB anchor event, the "natural" amortisation of the cover pool assets alone cannot be relied on to repay the principal. We assume that funds must be raised against the cover pool at a discount if covered bondholders are to receive timely principal payment. Where the portion of the cover pool that is potentially exposed to refinancing risk is not contractually limited, our expected loss analysis typically assumes that this amount is in excess of 50% of the cover pool.

After a CB anchor event, the market value of these assets may be subject to volatility. Examples of the stressed refinancing margins we use for different types of prime-quality assets are published in our methodology. (See "Moody's Approach to Rating Covered Bonds")

The refinancing-positive aspects of this covered bond programme include the following:

» The Austrian Covered Bonds Act: Upon issuer default, the cover pool administrator has, *inter alia*, the ability to (1) transfer the cover pool together with the covered bonds to another suitable bank, which will assume the liabilities under the transferred covered bonds; or (2) sell the cover pool assets to raise liquidity, if cash is needed for due payments on the outstanding covered bonds. The cover pool administrator may also raise funds against the cover pool assets through bridge loans.

» The relative size and depth of the Austrian market, its reliable domestic base and the importance of the covered bonds as a source of funding. These factors may incentivize existing market participants to acquire a cover pool at a better price.

» The cover pool must include at all times sufficient liquid assets to cover the maximum cumulative net liquidity outflow for the programme over the next 180 days for all bonds issued after 8 July 2022. Outflows include principal and interest amounts payable on covered bonds and the buffer is calculated net of expected cover pool asset collection in-flows. Nevertheless, in accordance with the general grandfathering provisions of the covered bond directive, the law provides that issuers do not need to hold liquidity reserves for maturing covered bonds issued prior to 8 July 2022. We understand that outgoings on pre-July 2022 bonds do not need to be factored into the liquidity reserve calculations for post-July 2022 bonds. As a result, and depending on the sequence of maturities, some post-July bonds may not benefit from full (or any) liquidity reserves.

» The credit quality of the cover pool, which is reflected in the collateral score. A higher credit quality of the cover pool will lead to a lower write-off for losses and lower refinancing margins applied, all other variables being equal.

The refinancing-negative aspects of this covered bond programme include the following:

» In line with other European covered bond programmes, upon a CB anchor event we expect the cover pool assets will have a higher weighted average life (WAL) than the outstanding covered bonds.

Interest rate and currency risk

As with most European covered bonds, there is potential for interest rate and currency risks to arise from the different payment promises and durations of the cover pool and the covered bonds.

Exhibit 4
Overview of assets and liabilities

	WAL Assets (Years)	WAL Liabilities (Years)	Assets (%)	Liabilities (%)
Fixed rate	13.3	6.9	80.1%	97.2%
Variable rate	12.5	3.6	19.9%	2.8%

Sources: Moody's Ratings and issuer data

In the event of issuer insolvency, we currently do not assume that the insolvency administrator would always be able to efficiently manage any natural hedge between the cover pool and the covered bonds. Therefore, following a CB anchor event, our model would separately assess the impact of increasing and decreasing interest rates on the expected loss of the covered bonds, taking the path of interest rates that leads to the worst result. The interest rate and currency stresses used over different time horizons are published in our Rating Methodology.

Aspects of this covered bond programme that are market-risk positive include the following:

» All assets and liabilities are denominated in euros.

» The portion of variable rate assets in the cover pool is 19.9%. This would limit the losses in a rising interest rate environment if the cover pool is refinanced following an issuer default.

» The Austrian Covered Bonds Act requires issuers to maintain assets to an extent that interest income under the assets is always sufficient to pay interest under the covered bonds.

» The requirement under the Austrian legal framework that the nominal value of the assets exceeds the nominal value of the bonds by 2.0%.

Aspects of this covered bond programme that are market-risk negative include the following:

» A potential sale of fixed-rate assets to meet payments due on covered bonds following a CB anchor event could lead to a crystallisation of mark-to-market losses caused by interest rate movements upon issuer default. At present, fixed-rate assets constitute 80.1% of the cover pool, with the majority set to reset after a period of more than 5 years.

» If the issuer becomes insolvent, we do currently not assume that the cover pool administrator will always be able to manage efficiently any natural hedge between the cover pool and the covered bonds.

Timely Payment Indicator

Our Timely Payment Indicator (TPI) assesses the likelihood that timely payments would be made to covered bondholders following a CB anchor event, and thus determines the maximum rating a covered bond programme can achieve with its current structure while allowing for the addition of a reasonable level of OC. We have assigned a TPI of Probable-High to these covered bonds, in line with other Austrian mortgage covered bonds.

Based on the current TPI of Probable-High, the TPI leeway for this programme is three notches. This three-notch leeway implies that we might downgrade the covered bonds' rating because of a TPI cap if we were to lower the CB anchor by more than three notches, all other variables being equal.

The TPI-positive aspects of this covered bond programme include:

» The level of support expected for covered bonds in Austria.

» The Austrian Covered Bonds Act, including:

  – At the time of the declaration of issuer's bankruptcy, a cover pool administrator will take over management responsibility of the covered bond programme. The cover pool administrator will act independently from the issuer's bankruptcy receiver. Having an independent administrator may reduce potential conflicts of interest between the covered bondholders and other creditors.

  – Set-off: We understand that setting-off against claims registered in the cover pool is not permitted in context of cover pool assets that are located in Austria and governed by Austrian law. All cover pool assets are currently located in Austria and governed by Austrian law.

  – Ability of the cover pool administrator to raise funds against the cover pool assets.

  – 2.0% minimum OC on a nominal basis.

» Credit quality of the cover pool assets, which is reflected by the collateral score of 4.0%.

The TPI-negative aspects of this covered bond programme include:

» Commingling risk: We understand that, upon the appointment of the cover pool administrator, the cover pool administrator has a priority claim on all cash flows stemming from the cover pool assets. However, the cover pool administrator must separate these cash flows from other cash flows to the issuer, before this cash can be used to make payments to covered bondholders.

Additional analysis

Liquidity

The law requires a cover pool liquidity buffer for the covered bond programme. The cover pool must include at all times sufficient liquid assets to cover the maximum cumulative net liquidity outflow for the programme over the next 180 days. Outflows include principal and interest amounts payable on covered bonds and the buffer is calculated net of expected cover pool asset collection in-flows. However, in accordance with the general grandfathering provisions of the covered bond directive, the law provides that issuers do not need to hold liquidity reserves for maturing covered bonds issued prior to 8 July 2022. Given that some of the existing bonds in the programme are issued before 8 July 2022, the programme would not benefit from a designated source of liquidity for all bonds if cash flow collections are interrupted. Nonetheless, prior to an issuer default, the Austrian framework requires the issuer to maintain a minimum over-collateralisation of 2% on a nominal basis. After an issuer default, the cover pool administrator has the ability to raise funds against the cover pool assets.

Time subordination

After a CB anchor event, later-maturing covered bonds would be subject to time subordination. Principal cash collections may be used on a first-come, first-served basis, paying earlier-maturing covered bonds before later-maturing covered bonds. Such payments could result in the erosion of OC before any payments are made to later-paying covered bonds.

Cover pool description

Pool description as of 31 December 2023

As of 31 December 2023, the cover pool consists of residential mortgage loans (98.3%) backed by real estate in Austria and supplementary assets consisting of Austrian government bonds (1.7%).

On a nominal value basis, the cover pool assets total €2.05 billion which back €1.58 billion in outstanding covered bonds, resulting in an OC level of 29.1% on a nominal value basis. (For Bausparkasse Wuestenrot's underwriting criteria, see “Appendix 1: Income underwriting and valuation”).

As the exhibit below shows, mortgage loans backed by residential assets (EUR) amount to €2.01 billion. With main geographic concentration in Niederösterreich (22.0%) and Oberösterreich (18.9%) region of Austria. These loans have a weighted average indexed loan to value (LTV) of 65.8%. Almost all the loans are performing (99.8%) and have a seasoning of 53 months.

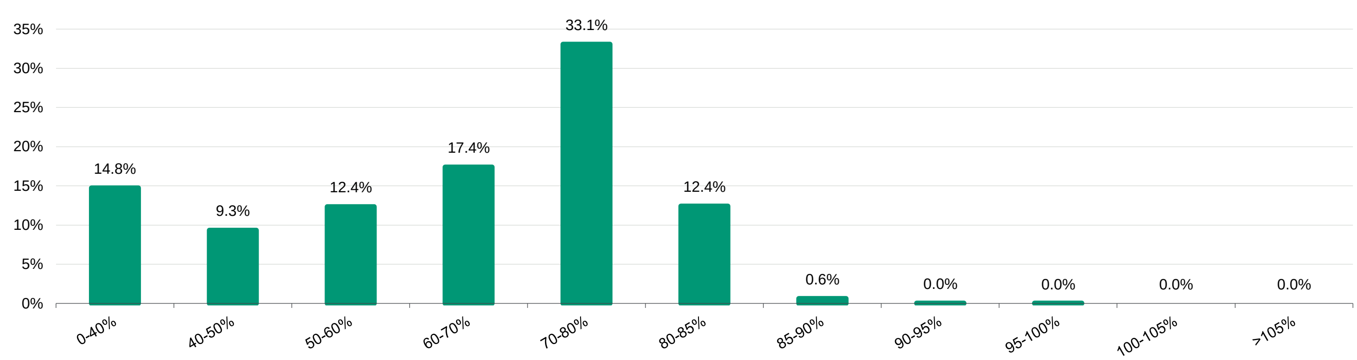
Exhibit 5
Cover pool summary - Residential assets

Overview		Specific Loan and Borrower characteristics	
Asset type:	Residential	Loans with an external guarantee in addition to a mortgage:	0.0%
Asset balance:	2,011,886,379	Interest only Loans	0.0%
Average loan balance:	120,443	Loans for second homes / Vacation:	0.0%
Number of loans:	16,704	Buy to let loans / Non owner occupied properties:	2.4%
Number of borrowers:	14,805	Limited income verified:	0.0%
Number of properties:	15,126	Adverse credit characteristics (***)	0.0%
WA remaining term (in months):	316		
WA seasoning (in months):	53	**Performance**	
		Loans in arrears (≥ 2months - < 6months):	0.2%
Details on LTV		Loans in arrears (≥ 6months - < 12months):	0.0%
WA unindexed LTV (*)	n/d	Loans in arrears (≥ 12months):	0.0%
WA Indexed LTV (**):	65.8%	Loans in a foreclosure procedure:	0.0%
Valuation type:	Market Value		
LTV threshold:	60.0%	**Multi-Family Properties**	
Junior ranks:	n/d	Loans to tenants of tenant-owned Housing Cooperatives:	n/a
Loans with Prior Ranks:	9.0%	Other type of Multi-Family loans (****)	n/a

(note *) may be based on property value at time of origination or further advance or borrower refinancing
(note **) For the purposes of LTV calculations, please note that property values can be adjusted solely in a downward direction. Increases in property valuations are not taken into consideration
(note ***) Typically borrowers with a previous personal bankruptcy or borrowers with record of court claims against them at time of origination
(note ****) This "other" type refers to loans directly to Housing Cooperatives and to Landlords of Multi-Family properties (not included in Buy to Let)
Source: Moody's Ratings and issuer data

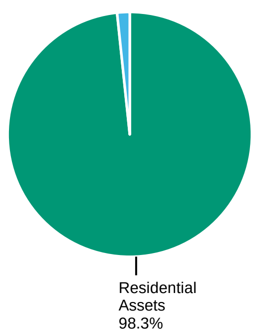
Cover pool characteristics

Exhibit 6
Balance per LTV band



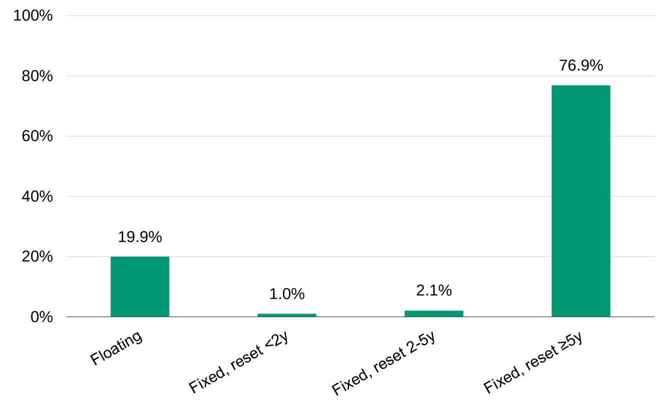
Sources: Moody's Ratings and issuer data

Exhibit 7
Percentage of residential assets



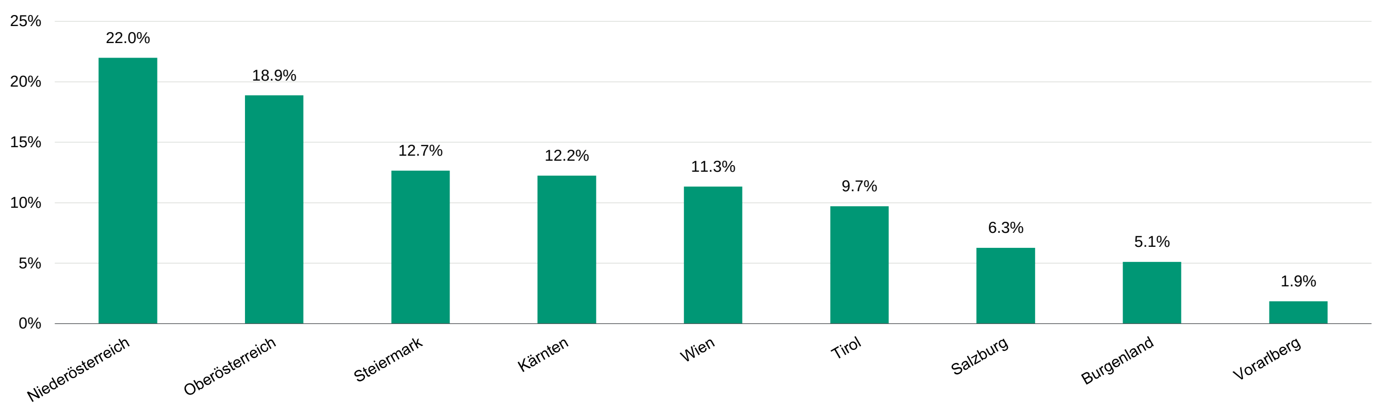
Sources: Moody's Ratings and issuer data

Exhibit 8
Interest rate type



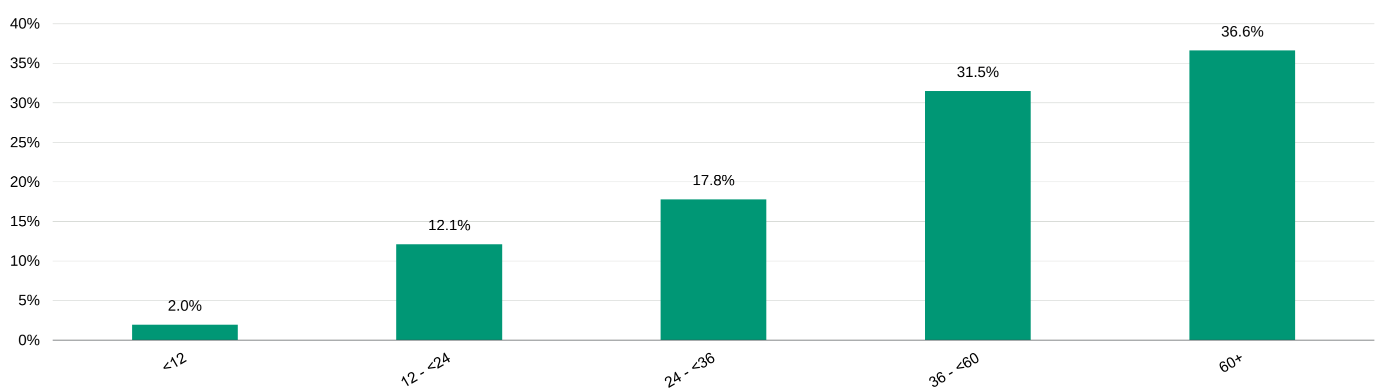
Sources: Moody's Ratings and issuer data

Exhibit 9
Main country regional distribution



Sources: Moody's Ratings and issuer data

Exhibit 10
Seasoning (in months)



Source: Moody's Ratings and issuer data

Substitute assets

Of the cover assets, €34.0 million (1.7%) are substitute assets.

Cover pool monitor

Pursuant to the Austrian Covered Bonds Act, a cover pool monitor (*Treuhänder*) will monitor the various day-to-day operations with respect to the cover pool. (See "Austria's legal framework for covered bonds")

Cover pool analysis

Our credit analysis of the pool takes into account specific characteristics of the pool, as well as legal risks.

We calculate the collateral score for the residential mortgages using a scoring model that estimates loss in severe recession scenario. Our analysis takes into account, among other factors, the LTV ratios of the mortgage loans, the seasoning and the geographical distribution.

For this programme, the collateral score of the current pool is 4.0%, which is better than the average collateral score of 10.5% in other Austrian mortgage covered bonds programmes. (For details, see"Moody's Global Covered Bonds Sector Update, Q1 2024").

Residential mortgage loans pool analysis

» From a credit perspective, we view the following characteristics as credit positive:

  – The loans have an average seasoning of 53 months

  – All the loans are performing

  – All loans are amortising

» From a credit perspective, we view the following characteristics as credit negative:

  – Regional concentration: All loans are backed by properties in Austria, and within Austria, there is a high concentration in Niederösterreich (22.0%) and Oberösterreich (18.9%) region of Austria.

Comparables

Exhibit 11

Comparables - Bausparkasse Wuestenrot AG - Mortgage Covered Bonds and other selected mortgage covered bonds

PROGRAMME NAME	Bausparkasse Wuestenrot AG - Mortgage Covered Bonds	Raiffeisen Bausparkasse Gesellschaft m.b.H. - Mortgage Covered Bonds	UniCredit Bank Austria AG - Mortgage Covered Bonds	Raiffeisenlandesbank Vorarlberg - Mortgage Covered Bonds	Bausparkasse Schwaebisch Hall AG - Mortgage Covered Bonds
Overview					
Programme is under the law	Austria	Austria	Austria	Austria	Pfandbrief Act
Main country in which collateral is based	Austria	Austria	Austria	Austria	Germany
Country in which issuer is based	Austria	Austria	Austria	Austria	Germany
Total outstanding liabilities	1,585,400,000	[.]	7,940,621,700	2,785,500,000	3,064,000,000
Total assets in the Cover Pool	2,045,886,379	385,635,998	17,501,714,421	3,787,849,949	5,642,277,823
Issuer name	Bausparkasse Wüstenrot AG	Raiffeisen Bausparkasse Gesellschaft m.b.H.	UniCredit Bank Austria AG	Raiffeisen Landesbank Vorarlberg	Bausparkasse Schwäbisch Hall AG
Issuer CR assessment	A1(cr)	A1(cr)	A1(cr)	A1(cr)	Aa2(cr)
Group or parent name	n/a	n/a	n/a	n/a	0
Group or parent CR assessment	n/a	n/a	n/a	n/a	n/a
Main collateral type	Residential	Residential	Residential	Residential	Residential
Collateral types	Residential 98.3%, Commercial 0%, Public Sector 0%, Other/Supplementary assets 1.7%	Residential 100%, Commercial 0%, Public Sector 0%, Other/Supplementary assets 0%	Residential 78%, Commercial 22%, Public Sector 0%, Other/Supplementary assets 0%	Residential 76%, Commercial 24%, Public Sector 0%, Other/Supplementary assets 0%	Residential 97%, Commercial 0%, Public Sector 0%, Other/Supplementary assets 3%
Ratings					
Covered bonds rating	Aaa	(P)Aaa	Aaa	Aaa	Aaa
Entity used in Moody's EL & TPI analysis	Bausparkasse Wüstenrot AG	Raiffeisen Bausparkasse Gesellschaft m.b.H.	UniCredit Bank Austria AG	Raiffeisen Landesbank Vorarlberg	Bausparkasse Schwaebisch Hall AG
CB anchor	Aa3	Aa3	Aa3	Aa3	Aa1
CR Assessment	A1(cr)	A1(cr)	A1(cr)	A1(cr)	Aa2(cr)
SUR / LT Deposit	Baa1	A1	A3	n/a	n/a
Unsecured claim used for Moody's EL analysis	Yes	Yes	Yes	Yes	Yes
Value of Cover Pool					
Collateral Score	4.0%	4.0%	6.7%	8.5%	4.0%
Collateral Score excl. systemic risk	n/a	n/a	n/a	n/a	1.4%
Collateral Risk (Collateral Score post-haircut)	2.7%	2.7%	4.5%	5.7%	2.7%
Market Risk	18.0%	18.9%	10.5%	8.5%	9.9%
Over-Collateralisation Levels					
Committed OC*	2.0%	2.0%	2.0%	2.0%	2.0%
Current OC	29.1%	[.]	133.6%	36.0%	77.9%
OC consistent with current rating	10.0%	11.5%	5.0%	3.5%	0.0%
Surplus OC	19.1%	[.]	128.6%	32.5%	77.9%
Timely Payment Indicator & TPI Leeway					
TPI	Probable-High	Probable-High	Probable-High	Probable-High	High
TPI Leeway	3	3	3	3	6
Reporting date	31 December 2023	03 August 2023	31 December 2023	29 December 2023	31 December 2023

*We consider this level of OC as committed according to our methodology even though the level of OC provided via the asset cover test might be higher because the issuer could reduce the level of OC down to this level without a rating impact on our covered bond rating.

Sources: Moody's Ratings and issuer data

ESG considerations

We assess Environmental, Social and Governance (ESG) credit risks in our analysis based on general principles described in detail in the ESG cross-sector rating methodology available on moodys.com.

Environmental considerations

Overall exposure to meaningful environmental credit risks is low in this programme.

» In respect of physical risks to the cover pool, the geographical diversification of the pool, the largest concentration being 22% in the Niederösterreich region.

» In respect of regulatory risk, we expect that over time properties that do not meet climate-aligned standards for energy efficiency or carbon emissions will face regulatory sanctions and value impairment. However, we expect much of this risk to be gradually absorbed into the periodic updating of property valuations and income underwriting.

In the event of shocks in connection with regulation or physical hazards, the impact on property collateral will be partly mitigated by borrowers' liability to repay mortgage loans regardless of property value.

Social considerations

Overall exposure to social factors is moderate for this programme. Misconduct, poor handling of data security and customer privacy breaches by lenders are the most significant social risks that may in due course affect the credit quality of the cover pool, although the lenders' financial and operational flexibility and track record of adjusting to social issues may mitigate this. In addition, the diversified nature of the cover pool is a mitigant to exposure to social factors.

Social factors that potentially affect the cover pool have varied implications. Social risks can arise from changing demographic trends such as aging, urbanization, an increase in telecommuting and flight from cities, population declines or ways of living trends in general that impact the supply or demand for housing in particular areas, which can reduce home values. Societal and demographic trends will be relevant but typically develop over an extended timeframe that smooths out materiality for expected loss.

Social issues may also be driven by a political agenda related to housing and consumer protection, particularly in down cycles, creating pressure on recovery values. Borrower-friendly legislation as a reaction to consumer activism can affect both the underwriting and the servicing of mortgage loans in the cover pool. Social policy-driven decisions in Austria, such as lowering underwriting standards at government-sponsored enterprises to increase homeownership, would reduce the credit quality of the cover pool.

Governance considerations

Overall exposure to meaningful governance credit risks is low and similar to other covered bond programmes under Austrian law.

The principal sources of governance for this programme are Austria's covered bond law. In this programme, there are control mechanisms in place that are designed to protect covered bondholders from mistakes, misallocation of cash flows and misappropriation of assets, and that promote compliance with the covered bond legal framework and operational and reporting requirements.

In particular, we note that (i) the issuer is a regulated credit institution with experience and expertise in carrying out residential lending and servicing activities; (ii) the issuer maintains the cover pool on its balance sheet, incentivising it to maximise cover pool value and aligning its interest with that of covered bond investors; (ii) the cover pool monitor and cover pool administrator are independent roles mandated and governed by the covered bond law and both entities owe duties to bondholders; and the covered bond law (iii) ensures the bankruptcy remoteness of the cover pool; and (iv) contains detailed reporting requirements and sanctions for issuer noncompliance.

Methodology and monitoring

The primary methodology we use in rating the issuer's covered bonds is "Moody's Approach to Rating Covered Bonds", published in March 2024. Other methodologies and factors that may have been considered in the rating process can also be found on http://www.moodys.com. In addition, we publish a weekly summary of structured finance credit, ratings and methodologies, available to all registered users of our website, at www.moodys.com/SFQuickCheck.

We expect the issuer to deliver certain performance data to us on an ongoing basis. In the event that this data is not made available to us, our ability to monitor the ratings may be impaired. This lack of data availability could negatively impact the ratings or, in some cases, our ability to continue to rate the covered bonds.

Appendix: Income underwriting and valuation

Exhibit 12

Income underwriting and valuation - Residential assets

A. Residential Income Underwriting	
1 Is income always checked?	Yes
2 Does this check ever rely on income stated by borrower (“limited income verification”) ?	No. There is always an independent income verification (e.g. proof of income, salary inflow on the borrower's account etc.).
3 Percentage of loans in Cover Pool that have limited income verification	0%
4 If limited income verification loans are in the Cover Pool, describe what requirements lender has in place for these loans.	N/A
5 Does income in all cases constrain the amount lent (for example through some form of Income Sufficiency Test (“IST”)?	Yes
6 If not, what percentage of cases are exceptions.	N/A
For the purpose of any IST:	
7 Is it confirmed that income after tax is sufficient to cover both interest and principal?	Yes.
8 If so over what period is it assumed principal will be paid (typically on an annuity basis)? Any exceptions?	Bausparkasse Wuestenrot AG requires monthly repayment from the customer. Indebtedness calculation also considers monthly repayment capacity of the customer.
9 Does the age of the borrower constrain the period over which principal can be amortised?	Yes
10 Are any stresses made to interest rates when carrying out the IST? If so when and for what type of products?	Yes. This is conducted for products with variable interest rate agreements.
11 Are all other debts of the borrower taken into account at the point the loan is made?	Yes, all debt is taken into account.
12 How are living expenses of the borrower calculated? And what is the stated maximum percentage of income (or income multiple if relevant) that will be relied on to cover debt payments. (specify if income is pre or post tax)	Living expenses are calculated by using a statistical model for determining the average cost of living. The DSTI (Debt Service to Income) ratio of a maximum of 40% is set by the FMSG (Finanzmarktstabilitätsgremium).
Other comments	

B. Residential Valuation	
1 Are valuations based on market or lending values?	Valuations are based on market values
2 Are all or the majority of valuations carried out by external valuers (with no direct ownership link to any company in the Sponsor Bank group)?	Valuations are conducted internally for the majority of cases
3 How are valuations carried out where an external valuer not used?	Internal as desktop-valuation
4 What qualifications are external valuers required to have?	Certified appraisers
5 What qualifications are internal valuers required to have?	Technical College for Civil Engineering or Business School with training on the job (at least; relevant high school diploma / engineers degree preferred)
6 Do all external valuations include an internal inspection of a property?	Usually internal inspections are included. The scope of the engagement is based on single contracts with the external valuer.
7 What exceptions?	Usually there are no exceptions. The scope of the engagement is based on single contracts with the external valuer.
8 Do all internal valuations include an internal inspection of a property?	No, internal valuations are based on pictures and an analysis of the land register as well as other external sources (e.g. HORA).
9 What exceptions?	none
Other comments	N/A

Source: Issuer

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