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The BAWAG Group is the holding company of BAWAG P.S.K. with headquarters in Vienna. Its shares, which have been traded on the Vienna Stock Exchange since October 2017, are listed on the Austrian ATX index. Golden Tree Asset Management L.P. holds 21.8 per cent of the shares in the joint stock company, while 5.6 per cent are held by the T. Rowe Price Group, 1.8 per cent by the Management Board and 70.8 per cent are allocated to the remaining free float. The regional focus of the Group, which pursues a multi-brand strategy, is the DACH region (approximately 79% of the core operating revenues in the first half of 2019), while the remaining share is distributed between Western Europe and the U.S. BAWAG offers its customers a wide range of retail and corporate banking products and operates in the core segments "Retail & SME", "Corporates & Public" and "Corporate Center & Treasury". The Bank focuses on the retail and SME business (profit contribution 2019: 67%). The strategic goal of the bank is to further expand business in the "Retail & SME" segment and to increase its contribution to profits to a level of 80% in the mid-term. A net profit of EUR 201 million was reported for the first nine months of 2020, while the operating business achieved a pre-provision profit of EUR 495 million. The cost income ratio here was 43%. In addition, due to the economic uncertainties resulting from the COVID19 pandemic, a conservative approach was taken in setting up loan loss provisions. Following that approach provisions amounted to EUR 179 million for the first nine months of the year (+305% year-on-year).

Ratings BAWAG P.S.K.

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

Homepage

bawaggroup.com

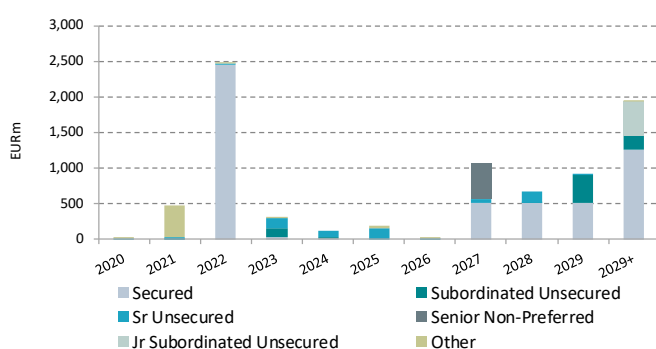
Balance Sheet

(EURm)	2018Y	2019Y	2020H1
Net Loans to Customers	30,772	30,806	31,666
Total Securities	7,518	6,156	8,972
Total Deposits	30,201	30,384	30,255
Tier 1 Common Capital	2,974	2,705	2,781
Total Assets	44,698	45,662	51,278
Total Risk-weighted Assets	20,473	20,241	20,750

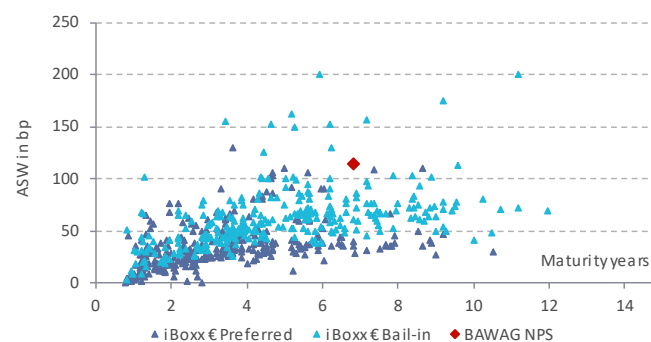
Income Statement

(EURm)	2018Y	2019Y	2020H1
Net Interest Income	841	879	448
Net Fee & Commission Income	283	284	128
Net Trading Income	20	71	-22
Operating Expense	524	538	254
Credit Commitments Impairment	45	67	117
Pre-tax Profit	573	604	161

Redemption Profile



Senior Unsecured Bonds



Company Ratios

	2018Y	2019Y	2020H1	2018Y	2019Y	2020H1	
Net Interest Margin	1.92	1.99	1.95	Liquidity Coverage Ratio	147.31	160.25	209.00
ROAE	11.54	11.40	6.38	IFRS Tier 1 Leverage Ratio	6.82	6.11	-
Cost-to-Income	46.85	44.53	46.75	NPL/ Loans at Amortised Cost	2.70	2.71	2.76
Core Tier 1 Ratio	14.53	13.36	13.40	Reserves/NPLs	0.86	0.74	0.97

As of: 11.11.2020; Source: Bloomberg, S&P Global Market Intelligence, NORD/LB Markets Strategy & Floor Research

Strengths / Opportunities

- Capitalization and stable funding
- Cost management

Risks / Weaknesses

- Limited scope for profit retention
- Niche position in German market

Covered Bonds

Author: Henning Walten, CIIA

Two covered bonds programmes

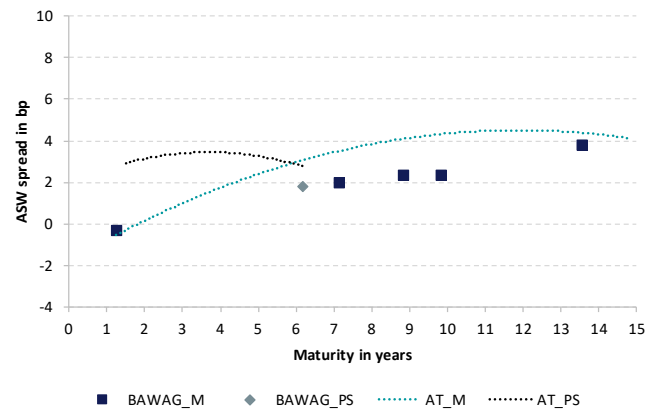
As of the reporting date of June 30, 2020, BAWAG had a total of approximately EUR 5bn in outstanding covered bonds. Mortgage-backed bonds accounted for about 70% of this amount. The institution currently has six outstanding EUR benchmarks with a total volume of EUR 3.25bn, four of which (EUR 2.75bn) were issued under the mortgage cover pool. The bonds each have a hard bullet structure.

Programme data

30 June 2020	Mortgage	Public Sector
Covered bonds outstanding	EUR 3,565m	EUR 1,497m
Cover pool volume	EUR 3,939m	EUR 1,660m
Current OC (nominal / NPV)	11% / 42%	11% / 28%
Type	96% Residential	67% Municipality
Main country	91% Austria	99% Austria
Main region	28% Lower Austria	28% Styria
Number of mortgage loans	32,931	2,210
Number of borrowers	28,491	1,063
Share of 10 largest exposures	2%	33%
Fixed interest (Cover Pool / CBs)	47.2% / 86.0%	47.3% / 100%
WAL (Cover Pool / CBs)	11.5y / 5.2y	13.9y / 3.7y
CB Rating (Fitch / Moody's / S&P)	- / Aaa / -	- / Aaa / -

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

Spread overview (BMK) – Austria



Cover pools with a national focus

The cover pool used to collateralise the mortgage covered bonds has a clearly residential character. Thus, 88% are attributable to private use including multi-family houses and a further 7% assets used in the context of promoted housing. By contrast, the remaining assets are attributable to the commercial sector. In addition to cover assets from Austria (91%), the cover pool also includes Dutch assets (9%). Within Austria, the geographical distribution of loans is concentrated in the regions of Lower Austria (28%), Styria (20%) and Vienna (18%). While all issues are denominated in euros, the cover pool contains 94.4% of EUR cover assets. Other cover assets are only denominated in CHF. With 32,931 loans outstanding against 28,491 borrowers and used to finance a total of 36,531 properties, the cover pool can be described as granular, which is also reflected in the average loan volume of around EUR 120,000. 2% of the cover pool volume are accounted to the ten largest exposures. The cover pool for the public sector covered bonds consists mainly of loans to municipalities or loans guaranteed by them, followed by loans to the Austrian Bundeslaender (29%) or loans guaranteed by them. 99% of loans are due from Austrian debtors. The remaining 1% are due from debtors in Germany. Within Austria, the focus is on the regions of Styria (28%), Upper Austria (23%) and Lower Austria (21%).

Rating and regulatory treatment

Both the mortgage and public sector programme issues have the highest rating of Aaa from Moody's. In our opinion, benchmark bonds are therefore suitable as Level 1 assets in the context of LCR management. In addition, all covered bonds benefit from a preferential risk weighting of 10% according to the CRR. In addition, covered bonds can be purchased under both CBPP3 and PEPP by the Eurosystem.

Appendix

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