BAWAG P.S.K.

Full Rating Report

Ratings

Foreign Currency

Long-Term IDR	A-
Short-Term IDR	F1
Viability Rating	a-
Support Rating	5
Support Rating Floor	NF

Sovereign Risk

Long-Term Foreign-Currency IDR	AA+
Long-Term Local-Currency IDR	AA+

Outlooks

Long-Term Foreign-Currency Rating	Stable
Sovereign Long-Term Foreign-Currency IDR	Stable
Sovereign Long-Term Local-Currency IDR	Stable

Financial Data

BAWAG P.S.K.

	2016	2015
Total assets (USDbn)	41.9	38.9
Total assets (EURbn)	39.7	35.7
Total equity (EURbn)	3.1	3.0
Operating profit (EURm)	474	417
Net income (EURm)	484	394
Operating ROAA (%)	1.3	n.a.[c]
Operating ROAE (%)	15.3	n.a.[c]
Fitch Core Capital ratio (%)	14.8	14.6
Common equity Tier 1 capital ratio (%)[a]	15.4	13.7
Total capital ratio (%)[a]	18.2	16.4
Leverage ratio (%)[b]	6.5	6.5
Liquidity coverage ratio (%)	138	137

[a] Transitional
[b] No difference between transitional and fully loaded
[c] n.a. due to the change in the bank's' reporting policy

Related Research

Fitch Rates Austria's BAWAG P.S.K. 'A-' (November 2016)

BAWAG P.S.K. - Ratings Navigator (November 2016)

Austria (February 2017)

2017 Outlook: Austrian Banks (December 2016)

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Key Rating Drivers

Business Model Successfully Realigned: The Issuer Default Ratings (IDRs) and Viability Rating (VR) of BAWAG P.S.K. Bank fuer Arbeit und Wirtschaft und Oesterreichische Postsparkasse Aktiengesellschaft primarily reflect its management's successful record in realigning the bank's business model and strongly improving its financial profile following its restructuring. The ratings also reflect the bank's effective risk management and conservative risk appetite demonstrated by its focus on low-risk assets in highly developed markets.

Growth Entails Execution Risk: BAWAG plans significant growth in the medium term, notably through opportunistic acquisitions in western Europe. This strategy carries heightened execution risk and could negatively affect the bank's earnings and capitalisation. However, we expect growth to remain controlled and we believe its solid underwriting standards and risk controls adequately mitigate some appetite for increased lending exposures to cyclical sectors, particularly international commercial real estate (CRE).

Strong Asset Quality: BAWAG's low and improving non-performing loan (NPL) ratio of 1.9% at end-2016 reflects its tested and automated risk controls and underwriting standards but also recent acquisitions of well-performing loan portfolios. The strong asset quality also benefits from the benign operating conditions prevailing in its main western European and US markets.

Good Performance and Cost Control: BAWAG's efficient processes and strong focus on cost control and pricing discipline support its healthy performance record. Together with its growing international presence, this compensates for the high competitive pressure in its relatively small home market. This results in a strong and improving cost/income ratio, well below those of its Austrian peers. BAWAG has also maintained a resilient net interest income (NII) and improved its net interest margin in the past few years despite the low-interest-rate environment.

Strong Capitalisation: BAWAG's strong capital generation should enable it to remain better capitalised than its domestic peers. The VR anticipates a possible moderate dilution of its strong capital ratios due to likely acquisitions and the return of a shareholder-friendly profit distribution policy since the bank resumed dividend payments to its financial-investor owners in 2016. However, we expect dividend pay-outs to be handled flexibly to accommodate sizeable acquisitions and maintain solid buffers over regulatory requirements.

Solid Funding Franchise: BAWAG's solid funding is underpinned by its large and stable client deposit base, which accounts for 70% of total liabilities, and increasingly diversified wholesale market access. It also benefits from its established brand and strong retail franchise in Austria.

Rating Sensitivities

Confirmed Performance and Diversification: An upgrade of the ratings would require a longer record of generating solid and resilient profits, and maintaining strong asset quality through the economic cycle and amid more adverse market conditions. An upgrade would also require a successful expansion and diversification of the bank's asset base and funding sources, particularly by establishing solid local franchises in its main targeted international markets, while maintaining a conservative approach to risk, especially in non-retail banking.

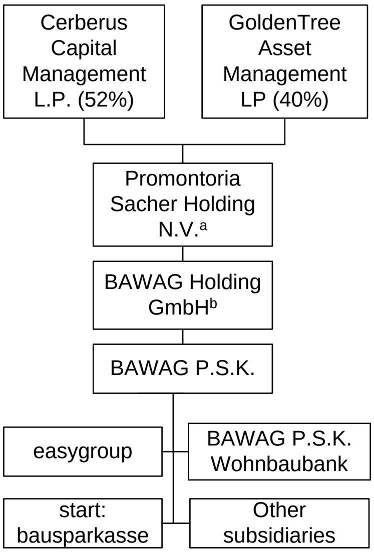
Uncontrolled Growth: A downgrade of BAWAG's ratings could arise from excessive, capital-eroding growth, significantly deteriorating internal capital generation, that puts pressure on the bank's high capital ratios, or deterioration in its risk profile or material increase in risk appetite.

Fitch Economic Forecasts

Austria (in %)	2016	2017	2018
Real GDP growth	0.8	1.5	1.5
Unemployment	6.1	6.3	6.3
General government debt/ GDP	84.0	82.6	81.1
Consumer prices (average annual change)	0.9	1.5	1.5

Source: Fitch

Ownership and Subsidiaries



[a] EU parent financial holding company of the group pursuant to CRR
[b] No material differences between BAWAG Holding and BAWAG P.S.K. BAWAG Holding does not provide any finance activities which are not also shown on a BAWAG P.S.K. Group level
Source: BAWAG

The bank has reported on BAWAG P.S.K. Group's level until end-2015 and on BAWAG Holding Group's level since 1Q16. Differences between the two are not material. Unless stated otherwise, all data used in this report relates to BAWAG Holding Group, in line with the bank's new reporting policy.

Regulatory reporting is performed on the levels of BAWAG Holding Group and Promontoria Group.

Related Criteria

Global Bank Rating Criteria (November 2016)

Operating Environment

Robust Austrian Economy but High Competitive Pressure

Austria's diversified and open economy with a high GDP per capita underpins its sovereign rating of 'AA+'/Stable. The country has a strong institutional framework, one of the EU's lowest unemployment rates and a moderately leveraged private sector. Its persistent current account surplus reflects its strong competitiveness. Prudent economic management and the absence of major domestic private-sector or external imbalances should enable continued GDP grow in line with or above the eurozone average. Consequently, Fitch expects the country's GDP growth to recover to 1.5% in 2017-2018, partly driven by better investment confidence.

The domestic banking sector is developed and reasonably concentrated, with strong competitive pressure given the relatively small size of the market. Austria's Financial Market Authority and its central bank supervise the banking sector, while the European Central Bank (ECB) directly supervises larger groups. As Austria's fourth-largest bank with total assets exceeding EUR30 billion, BAWAG is supervised by both the national authorities and (via its ultimate holding company Promontoria Sacher Holding NV) the ECB. The regulatory environment and the supervisory framework are developed and transparent. An Austrian law (BaSAG, Bundesgesetz zur Sanierung und Abwicklung von Banken) transposing the EU's Bank Recovery and Resolution Directive (BRRD) came into force in 1Q15. It notably includes the BRRD's bail-in tool and defines the ranking of creditors to be serviced in a resolution.

High but Declining Regulatory Costs

Austrian banks will benefit from the government's decision to reduce the domestic bank levy from EUR640 million in 2016 – one of the highest in Europe – to about EUR100 million from 2017 and link it to profits instead of total assets, thus reducing the burden on poorly performing banks. However, the burden will only fall materially once the sector pays a one-off EUR1 billion in return for the lower levy, equivalent to two years of savings under the new system.

Company Profile

Focus on Austrian Retail and Western Europe

BAWAG was founded in 1883 and is one of Austria's largest retail banks. Previously owned by the Austrian Trade Union Federation, it was sold in 2007 to US financial investor Cerberus following existence-threatening financial troubles. Since its deep restructuring, it has focussed on domestic retail banking, operating its branch network in partnership with the Austrian Post, and expanded into retail and corporate banking in western Europe and the US.

The bank has strategic partnerships with insurance, asset management and housing financing providers to support its core activities. It has exited central and eastern Europe (CEE) and its focus on developed markets is evidenced by recent acquisitions in Austria, France and the UK.

BAWAG Business Segment Overview

End-2016	Description	Assets (EURbn)	Pre-tax profit (EURm)
BAWAG P.S.K. Retail	Domestic private clients, small business lending, social housing activities, building society savings & loans, real-estate leasing	11.7	169
easygroup	Online banking, auto leasing, international retail clients (mostly mortgage) in Germany, France and the UK	4.5	87
DACH Corporates & Public Sector	Corporate and public business mainly for Austrian clients; focus on largest Austrian corporates (and selected clients in Germany and Switzerland) as well as Austrian public-sector activities	7.8	71
International Business	London-based business; international real-estate financing activities, corporate business, and portfolio financing	5.6	102
Treasury Services & Markets	Treasury activities	6.7	50
Corporate Center	Support functions	3.5	-9

Source: BAWAG, Fitch

BAWAG has solid domestic market shares of 12% in retail consumer loans and 9% in retail deposits. It also has a robust domestic online direct banking market share via its subsidiary easygroup.

We view the bank's organisational structure's complexity as commensurate with its business model, with high visibility into its main legal entities. BAWAG's ownership by the Netherlands-based Promontoria Sacher Holding N.V. is, in our view, typical for BAWAG's majority-owner Cerberus.

Main Strategic Partners

- Austrian Post (branch network)
- Amundi (asset manager)
- Generali/BAWAG P.S.K. Versicherung (insurance distribution vehicle, 25% owned by BAWAG)
- Wuestenrot (building and home savings society)

Management and Strategy

Strong and Experienced Management Board

BAWAG's management has a high degree of depth and experience that is commensurate with the bank's business model. Management's strength is evidenced by the execution of the bank's extensive restructuring programme and its realignment to a low-risk, stable and profitable business model. We do not expect material strategic implications from the planned change of chief executive in 2017 as the designated new chief executive has served as the bank's chief financial officer for several years. This reflects good succession planning, in our view, further supported by extensive resources available at the bank's second layer of management.

2017 Management Targets

Profit before tax	>EUR500m (%)
Return on equity[a]	>15
Return on tangible equity[a]	>16
Cost/income ratio	<43
CET1 ratio[b]	>12
Leverage ratio[b]	>5

[a] @12% CET1
[b] Fully-loaded
Source: BAWAG

Good Execution Supports Clearly Defined Post-Restructuring Growth Strategy

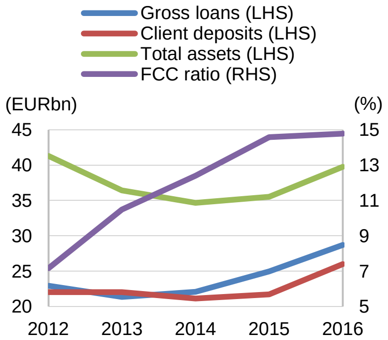
Fitch Ratings believes the bank's financial objectives are ambitious but transparent and realistic. Management has a good record in achieving its post-restructuring targets, although these are yet to be tested through the economic cycle. Further expansion into western Europe is likely, mainly through further opportunistic acquisitions of loan portfolios (asset deals), but also potentially of whole banks. BAWAG undertook its international portfolio acquisitions in cooperation with its owners and benefitted from their longstanding ties in its core markets.

Risk Appetite

Tested Risk-Management Infrastructure

BAWAG's cost base and risk-management infrastructure benefit from harmonised and largely automated underwriting processes, especially in retail. It uses standard requirements including monitoring, workout and collection policies and a collateral catalogue for retail and SME lending and additional requirements for mortgages (eg maximum loan/value). Its risk appetite for exposures to cyclical industries (particularly international CRE) is mitigated by adequate risk controls, underwriting standards and focus on high-quality assets in highly developed markets.

Controlled Asset Growth

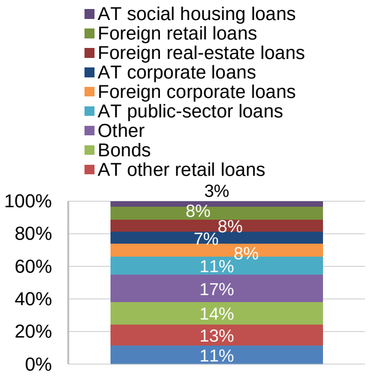


Source: Fitch

Significant but Well-Managed Execution Risk from Acquisition Strategy

BAWAG's acquisitive strategy is reflected in its purchase of UK and French residential mortgage portfolios in 2015 and 2016, respectively, even though management has been more cautious about further UK expansion since the Brexit decision. Despite its larger presence, the bank is still growing externally in Austria, where it acquired Volksbanken-Verbund's real-estate lenders start:bausparkasse and IMMO-BANK in 2016, as well as acquiring the credit and prepaid card issuer PayLife from SIX in 1Q17. Beside the launch of easygroup's German online banking operations in 1H17, BAWAG also plans organic growth in its existing businesses. We view the bank's lending growth targets as manageable and its internal capital generation and risk controls sufficiently robust to accommodate higher business volumes.

Asset Breakdown (End-2016)



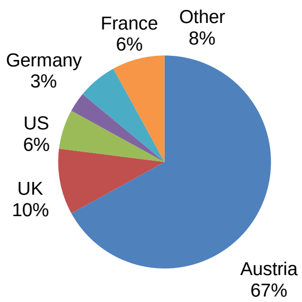
AT: Austria
Source: BAWAG

Well-Controlled Market Risk

BAWAG manages its low market risk strategically at the IFRS group level. Subsidiaries generally assume no market risk and are assigned conservative working balance limits. In 2012, the bank discontinued active proprietary trading and the legacy trading book is in run-off.

We consider foreign-currency positions, which increased with the acquisition of the UK mortgage portfolio, and interest-rate risk to be appropriately mitigated through hedging. Similar to its domestic peers, the bank's retail loans predominantly carry variable rates (about 85% of the total). Like its Austrian peers, BAWAG ceased Swiss franc-denominated lending to retail clients without matching revenues in 2008 and has since reduced its legacy exposure by more than 40% to a manageable EUR1.5 billion at end-2016.

Geographic Loan Split
End-2016



Source: BAWAG

Financial and reputational risk from BAWAG's protracted litigation with the Austrian city of Linz is manageable, in our view, as even the worst possible outcome for BAWAG would be adequately covered by risk provisions and the bank's earnings capacity. The pending legal proceedings relate to a CHF/EUR forward contract concluded in 2007. We understand that this is the only material legal dispute outstanding and that there are no other similar transactions.

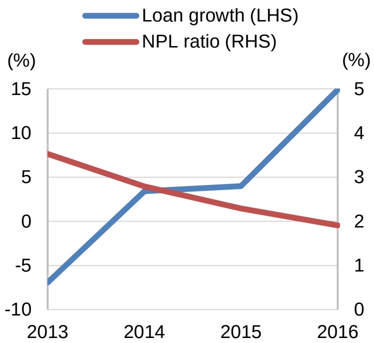
Asset Quality

Strong and Improving Asset Quality

BAWAG's strong and improving asset quality reflects its focus on low-risk assets in developed markets and it compares very favourably with local peers. Lending is predominantly to Austrian, western European and US borrowers. Half of total loans are to retail clients while the rest is mostly to large corporates (with the bank's international business) and the public sector.

The NPL ratio (including the disputed swap exposure to Linz) fell to 1.9% at end-2016 from 2.3% at end-2015, helped by the acquisition-driven inflation of the loan book. NPLs are likely to be close to their cyclical low given the unusually long period of benign economic conditions and low interest rates in BAWAG's core markets. However, we expect a medium-term increase in NPLs to be gradual and moderate given BAWAG's asset mix and underwriting standards. The loan portfolio, including international corporate lending, is fairly granular and concentrations are moderate: the 20 largest corporate exposures to represent less than 8% of gross loans, or less than two-thirds of the bank's Fitch Core Capital (FCC). NPLs at easygroup are almost fully covered by provisions and very low: 1.5% of portfolio in Austria, 3.0% in the UK, and 1.0% in France.

NPL Reduction, Loan Growth



Source: BAWAG, Fitch

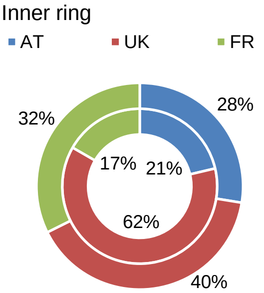
The securities portfolio of EUR5.6 billion is fairly diversified, euro-denominated and almost entirely investment grade (80% rated 'A' or higher). The average maturity is 4.3 years and the legacy exposure to CEE is less than 2% of the portfolio.

Expansion in Western Europe

Asset quality risk from the recently acquired portfolios is limited, in our view. All borrowers are based in western Europe, mainly Austria and Germany, and the US. The EUR2.0 billion UK residential mortgage loans acquired in 4Q15 and the EUR1.5 billion French residential mortgages purchased in 4Q16 are booked at easygroup. Both portfolios have moderate average LTVs (64% and 62%, respectively) and are performing well.

We consider BAWAG's London-based international corporate and CRE operations as adequately organised with a prudent risk appetite despite a smaller franchise in this field. The international corporate lending business, mainly in the US, the UK, and France, fell to EUR2.8 billion at end-2016 (-12% yoy) and has no related NPLs. International CRE exposures increased moderately, also to EUR2.8 billion at end-2016 (end-2015: EUR2.5 billion), with a sound average LTV of less than 60%. Domestic CRE loans amount to a modest EUR0.5 billion.

Easygroup Loan and NPL Split
Loans: Outer ring
NPLs: Inner ring



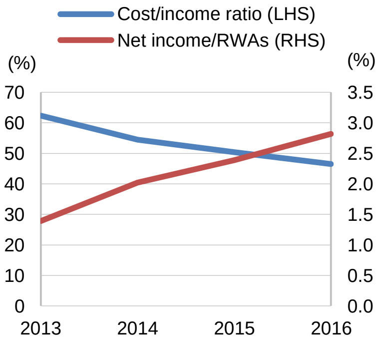
Source: BAWAG

Earnings and Profitability

Cost Efficiency Compares Well with Peers

With EUR470 million pre-tax profit in 2016 (+12% yoy), BAWAG's performance is solid in light of its low risk profile and the margin pressure prevailing in its home market. The retail segments are the main profit drivers, supported by the well-performing other segments, and the international expansion should generate additional income with robust margins. NII was stable at EUR730 million in 2016 despite low interest rates, thanks mostly to funding cost optimisation, including deposit rate reductions and legacy debt management.

Improving Efficiency



Source: BAWAG

Fee income (20% of 2016 gross revenues) has been fairly stable in recent years and should benefit from a new fee structure for current accounts and the migration of legacy accounts to a new model. In line with management's expectation, we do not believe that the potential to raise fee income is sufficient to fully offset the pressure on NII. Therefore, maintaining a high margin discipline in the lending business will be critical to secure the bank's above-average profitability.

Earnings have benefited from significant cost-cutting driven by staff reduction and automation, as well as digitalisation and the simplification of the retail product range. Regulatory costs should have peaked in 2016 as BAWAG, like its main Austrian peers, booked its share of the sector-wide one-off EUR1 billion payment in 2016. We expect BAWAG's cost/income ratio (47% in 2016 per Fitch calculation) to remain, by a wide margin, the lowest of all large Austrian banks in the next few years as competitors are only gradually tackling their cost issues. This places the bank in a position of strength to face further market-driven pressure on NII.

Strong Asset Quality and Benign Environment Drive Low Loan Impairments

Loan impairment charges were a low EUR43 million in 2016, almost exclusively in retail lending. We expect risk costs to remain favourable thanks to the reduction of non-core business, proactive risk-mitigating measures and the benign risk environment.

Capitalisation and Leverage

Comfortable Capitalisation

The bank resumed dividend distribution in 2016 after it repaid in 2015 the remaining hybrid capital received (similar to other Austrian banks) as a precautionary measure from the Austrian government at the start of the financial crisis. We expect the return of a more shareholder-friendly dividend policy and management's appetite for organic growth and acquisitions to moderately dilute the currently strong capital ratios in the next few years.

This potential dilution is adequately mitigated by flexible dividend expectations based on the owners' commitment to a target common equity Tier 1 (CET1) ratio of at least 12% (fully loaded), which provides a comfortable buffer above the bank's individual regulatory capital requirements (SREP; Supervisory Review and Evaluation Process). We also expect that continued strong internal capital generation would enable the bank to rapidly restore solid capital ratios post-acquisitions.

Strong Capital Ratios

(%)	2016	2015
FCC[a]	14.8	14.6
CET1[b]	15.1	12.9
Total capital[b]	18.0	15.8
Leverage[b]	6.5	6.5

[a] Unlike FCC, the regulatory ratios in 2015 were adjusted for undistributed dividends. Thus, FCC in 2015 was higher than CET1 and Tier 1
[b] CRR, fully-loaded
Source: BAWAG

Prudent Risk-Weighted Asset Management

The solid leverage ratio is driven by the bank's fairly conservative risk-weighted asset (RWA) density (45% RWA/total assets at end-2016 despite a large share of secured mortgage loans in low-risk countries) as about 60% of RWAs are calculated using the internal ratings-based approach. Accordingly, the bank calculates its risk-weighted capital ratios more conservatively than similarly rated large international peers.

IFRS 9 and MREL Easily Manageable

We expect only moderate additional loan impairment charges from the implementation of IFRS 9. Similarly, the implementation of MREL (minimum requirement for own funds and eligible liabilities) is increasingly unlikely to trigger material additional funding needs. The consolidation of IMMO-BANK's senior debt of about EUR600 million is positive in this respect by increasing BAWAG's already substantial stock of bail-inable senior debt. The multi-year phasing-in and the bank's proven market access would enable it to easily address any remaining shortfall.

SREP Requirements

Transitional CET1 ratio requirements for 2017	(in %)
Pillar 1 CET1 requirement	4.5
Capital conservation buffer	1.25
OSII/systemic risk buffer	0.5
Pillar 2 CET1 requirement (P2R)	1.75
Total CET1 requirement	**8.0**
Pillar 2 guidance (P2G)	1.0
Total CET1 requirement including P2G	**9.0**

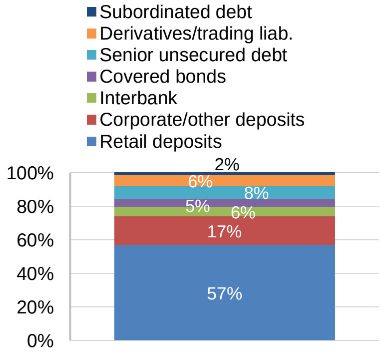
Source: BAWAG

Funding and Liquidity

Solid Retail Deposit Base

BAWAG's solid funding mix is underpinned by its large and stable deposit base. Accounting for about 70% of total liabilities and relating mostly to retail clients, it benefits from its established brand and strong retail franchise in Austria. We expect deposits to remain resilient, even though years of low interest rates have driven a massive shift from fixed-rate term deposits to

Funding Mix (End-2016)



Source: BAWAG

demand deposits, similar to peers. We expect the bank to fund the growth of its German loan portfolio to a large extent by collecting retail deposits in Germany.

Benchmark Wholesale Issues

BAWAG has attracted good investor demand from various western European countries, including Scandinavia, since it has re-entered the wholesale funding market after years focused on reducing its legacy wholesale funding. In 2016, it issued two Swiss francs denominated senior unsecured bonds (in total CHF275 million), a residential mortgage backed securitisation from its UK mortgage portfolio (GBP500 million) and a EUR500 million mortgage covered bond. Having re-established a diversified market presence (by geographies, currencies and products, including in benchmark format) offers valuable financial flexibility to accommodate sizeable funding needs, for example, for acquisitions or to cover unexpected MREL shortfalls.

BAWAG's ratio of secured funding to overall funding stood at only 12% at end-2016. The bank aims to keep encumbrance moderate to be able to meet unexpected liquidity needs by raising secured funding from its EUR8.8 billion unencumbered assets (about 90% of which is ECB-eligible). Its liquidity coverage ratio was a solid 138% at end-2016 and management expects its net stable funding ratio, which will come into force in 2018, to offer adequate buffer over the 100% minimum requirement.

Debt Ratings

BAWAG's senior unsecured debt ratings are equalised with its IDRs. The Tier 2 subordinated debt is notched once from the VR to reflect its below-average recovery prospects resulting from its subordination to senior unsecured creditors. No notching is applied for incremental non-performance risk because the notes would only be written down once the point of non-viability is reached (ie there is no coupon flexibility prior to non-viability).

BAWAG P.S.K.[1]

Income Statement

		31 Dec 2016	31 Dec 2015	31 Dec 2014	31 Dec 2013
	Year End USDm Audited - Unqualified	Year End EURm Audited - Unqualified	Year End EURm Audited - Unqualified	Year End EURm Audited - Unqualified	Year End EURm Audited - Unqualified
1. Interest Income on Loans	737	699	656	643	637
2. Other Interest Income	343	325	395	447	475
3. Dividend Income	3	3	10	10	9
4. Gross Interest and Dividend Income	**1,083**	**1,028**	**1,062**	**1,100**	**1,122**
5. Interest Expense on Customer Deposits	n.a.	n.a.	n.a.	n.a.	n.a.
6. Other Interest Expense	314	298	339	423	542
7. Total Interest Expense	**314**	**298**	**339**	**423**	**542**
8. Net Interest Income	**769**	**730**	**722**	**677**	**580**
9. Net Gains (Losses) on Trading and Derivatives	3	2	(72)	(7)	17
10. Net Gains (Losses) on Other Securities	10	10	104	61	171
11. Net Gains (Losses) on Assets at FV through Income Statement	10	10	28	(25)	(13)
12. Net Insurance Income	n.a.	n.a.	n.a.	n.a.	n.a.
13. Net Fees and Commissions	203	193	186	198	188
14. Other Operating Income	6	6	(33)	(6)	(23)
15. Total Non-Interest Operating Income	**232**	**220**	**213**	**220**	**341**
16. Personnel Expenses	257	244	238	282	321
17. Other Operating Expenses	209	198	234	206	253
18. Total Non-Interest Expenses	**465**	**442**	**472**	**489**	**574**
19. Equity-accounted Profit/ Loss - Operating	8	8	(1)	1	(1)
20. Pre-Impairment Operating Profit	**544**	**516**	**463**	**409**	**346**
21. Loan Impairment Charge	45	43	46	80	71
22. Securities and Other Credit Impairment Charges	n.a.	n.a.	n.a.	2	27
23. Operating Profit	**499**	**474**	**417**	**328**	**248**
24. Equity-accounted Profit/ Loss - Non-operating	n.a.	n.a.	n.a.	n.a.	n.a.
25. Non-recurring Income	0	0	8	18	84
26. Non-recurring Expense	4	4	7	1	112
27. Change in Fair Value of Own Debt	n.a.	n.a.	n.a.	n.a.	n.a.
28. Other Non-operating Income and Expenses	n.a.	n.a.	n.a.	n.a.	n.a.
29. Pre-tax Profit	**496**	**470**	**419**	**345**	**220**
30. Tax expense	(14)	(13)	24	9	(2)
31. Profit/Loss from Discontinued Operations	n.a.	n.a.	n.a.	n.a.	n.a.
32. Net Income	**510**	**484**	**394**	**336**	**222**
33. Change in Value of AFS Investments	3	3	(93)	9	(89)
34. Revaluation of Fixed Assets	n.a.	n.a.	n.a.	n.a.	n.a.
35. Currency Translation Differences	n.a.	n.a.	n.a.	n.a.	(1)
36. Remaining OCI Gains/(losses)	0	0	39	(51)	17
37. Fitch Comprehensive Income	**513**	**487**	**341**	**295**	**149**
38. Memo: Profit Allocation to Non-controlling Interests	0	0	0	3	(7)
39. Memo: Net Income after Allocation to Non-controlling Interests	510	484	394	333	229
40. Memo: Common Dividends Relating to the Period	326	309	12	n.a.	n.a.
41. Memo: Preferred Dividends Related to the Period	n.a.	n.a.	n.a.	n.a.	n.a.
Exchange rate		USD1 = EUR0.9487	USD1 = EUR0.9185	USD1 = EUR0.8237	USD1 = EUR0.7251

[1] Public reporting has been on BAWAG P.S.K. Group's level until end-2015 and on BAWAG Holding Group's level since 1Q16. Thus, this table relates to BAWAG Holding Group for 2015-2016 and to BAWAG P.S.K. Group for 2013-2014. Differences between the two consolidation perimeters are immaterial.

BAWAG P.S.K.[1]
Balance Sheet

		31 Dec 2016		31 Dec 2015		31 Dec 2014		31 Dec 2013
	Year End USDm	Year End EURm	As % of Assets	Year End EURm	As % of Assets	Year End EURm	As % of Assets	Year End EURm
Assets								
A. Loans								
1. Residential Mortgage Loans	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.
2. Other Mortgage Loans	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.
3. Other Consumer/ Retail Loans	15,795	14,985	38	11,075	31	7,577	22	7,202
4. Corporate & Commercial Loans	14,387	13,649	34	13,802	39	14,402	42	14,044
5. Other Loans	69	65	0	71	0	78	0	88
6. Less: Reserves for Impaired Loans	216	205	1	235	1	278	1	354
7. Net Loans	**30,035**	**28,494**	**72**	**24,713**	**69**	**21,779**	**63**	**20,980**
8. Gross Loans	**30,251**	**28,699**	**72**	**24,948**	**70**	**22,057**	**64**	**21,334**
9. Memo: Impaired Loans included above	577	547	1	571	2	616	2	754
10. Memo: Loans at Fair Value included above	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.
B. Other Earning Assets								
1. Loans and Advances to Banks	1,723	1,635	4	1,710	5	1,518	4	3,791
2. Reverse Repos and Cash Collateral	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.
3. Trading Securities and at FV through Income	213	202	1	303	1	450	1	753
4. Derivatives	1,401	1,329	3	1,419	4	1,709	5	1,245
5. Available for Sale Securities	3,383	3,209	8	2,745	8	3,833	11	5,126
6. Held to Maturity Securities	2,480	2,353	6	2,290	6	2,042	6	773
7. Equity Investments in Associates	47	45	0	43	0	37	0	18
8. Other Securities	729	692	2	973	3	1,983	6	2,485
9. Total Securities	**8,253**	**7,830**	**20**	**7,773**	**22**	**10,054**	**29**	**10,400**
10. Memo: Government Securities included Above	1,063	1,008	3	915	3	1,188	3	1,179
11. Memo: Total Securities Pledged	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.
12. Investments in Property	3	3	0	4	0	3	0	n.a.
13. Insurance Assets	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.
14. Other Earning Assets	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.
15. Total Earning Assets	**40,015**	**37,962**	**96**	**34,200**	**96**	**33,354**	**96**	**35,171**
C. Non-Earning Assets								
1. Cash and Due From Banks	1,075	1,020	3	809	2	684	2	481
2. Memo: Mandatory Reserves included above	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.
3. Foreclosed Real Estate	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.
4. Fixed Assets	56	53	0	59	0	81	0	85
5. Goodwill	245	232	1	226	1	1	0	59
6. Other Intangibles	135	128	0	103	0	102	0	83
7. Current Tax Assets	11	10	0	20	0	7	0	5
8. Deferred Tax Assets	214	203	1	190	1	243	1	245
9. Discontinued Operations	0	0	0	9	0	68	0	n.a.
10. Other Assets	142	135	0	92	0	111	0	273
11. Total Assets	**41,892**	**39,743**	**100**	**35,708**	**100**	**34,651**	**100**	**36,402**
Liabilities and Equity								
D. Interest-Bearing Liabilities								
1. Customer Deposits - Current	12,253	11,624	29	9,283	26	12,812	37	12,580
2. Customer Deposits - Savings	8,749	8,300	21	6,919	19	7,760	22	9,433
3. Customer Deposits - Term	6,402	6,074	15	5,490	15	563	2	0
4. Total Customer Deposits	**27,404**	**25,998**	**65**	**21,692**	**61**	**21,135**	**61**	**22,013**
5. Deposits from Banks	2,176	2,064	5	3,586	10	2,420	7	1,646
6. Repos and Cash Collateral	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.
7. Commercial Paper and Short-term Borrowings	n.a.	n.a.	-	n.a.	-	754	2	460
8. Total Money Market and Short-term Funding	**29,579**	**28,062**	**71**	**25,278**	**71**	**24,309**	**70**	**24,119**
9. Senior Unsecured Debt (original maturity > 1 year)	2,793	2,649	7	1,494	4	2,999	9	3,725
10. Subordinated Borrowing	566	537	1	533	1	861	2	767
11. Covered Bonds	1,806	1,714	4	1,209	3	1,368	4	2,292
12. Other Long-term Funding	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.
13. Total LT Funding (original maturity > 1 year)	**5,165**	**4,900**	**12**	**3,236**	**9**	**5,227**	**15**	**6,784**
14. Derivatives	1,159	1,100	3	1,346	4	1,530	4	1,422
15. Trading Liabilities	1,175	1,115	3	1,269	4	n.a.	-	0
16. Total Funding	**37,079**	**35,177**	**89**	**31,129**	**87**	**31,066**	**90**	**32,325**
E. Non-Interest Bearing Liabilities								
1. Fair Value Portion of Debt	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.
2. Credit impairment reserves	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.
3. Reserves for Pensions and Other	426	404	1	419	1	522	2	504
4. Current Tax Liabilities	20	19	0	6	0	n.a.	-	1
5. Deferred Tax Liabilities	28	27	0	0	0	3	0	10
6. Other Deferred Liabilities	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.
7. Discontinued Operations	0	0	0	0	0	6	0	n.a.
8. Insurance Liabilities	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.
9. Other Liabilities	1,033	980	2	1,197	3	517	1	477
10. Total Liabilities	**38,586**	**36,607**	**92**	**32,751**	**92**	**32,114**	**93**	**33,317**
F. Hybrid Capital								
1. Pref. Shares and Hybrid Capital accounted for as Debt	n.a.	n.a.	-	n.a.	-	132	0	287
2. Pref. Shares and Hybrid Capital accounted for as Equity	n.a.	n.a.	-	n.a.	-	n.a.	-	350
G. Equity								
1. Common Equity	3,256	3,089	8	2,915	8	2,298	7	1,954
2. Non-controlling Interest	2	2	0	1	0	n.a.	-	395
3. Securities Revaluation Reserves	41	39	0	41	0	107	0	99
4. Foreign Exchange Revaluation Reserves	n.a.	n.a.	-	n.a.	-	n.a.	-	0
5. Fixed Asset Revaluations and Other Accumulated OCI	7	6	0	0	0	0	0	n.a.
6. Total Equity	**3,306**	**3,136**	**8**	**2,957**	**8**	**2,405**	**7**	**2,448**
7. Total Liabilities and Equity	**41,892.1**	**39,743**	**100**	**35,708**	**100**	**34,651**	**100**	**36,402**
8. Memo: Fitch Core Capital	2,667.9	2,531	6	2,411	7	2,062	6	1,676

Exchange rate USD1 = EUR0.9487 USD1 = EUR0.9185 USD1 = EUR0.8237 USD1 = EUR0.7251

[1] Public reporting has been on BAWAG P.S.K. Group's level until end-2015 and on BAWAG Holding Group's level since 1Q16. Thus, this table relates to BAWAG Holding Group for 2015-2016 and to BAWAG P.S.K. Group for 2013-2014. Differences between the two consolidation perimeters are immaterial.

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BAWAG P.S.K.[1]
Summary Analytics

	31 Dec 2016 Year End	31 Dec 2015 Year End	31 Dec 2014 Year End	31 Dec 2013 Year End
A. Interest Ratios				
1. Interest Income on Loans/ Average Gross Loans	2.8	0.7	3.0	2.9
2. Interest Expense on Customer Deposits/ Average Customer Deposits	n.a.	n.a.	n.a.	n.a.
3. Interest Income/ Average Earning Assets	3.0	n.a.	3.3	3.0
4. Interest Expense/ Average Interest-bearing Liabilities	0.9	n.a.	1.4	1.6
5. Net Interest Income/ Average Earning Assets	2.1	n.a.	2.0	1.6
6. Net Int. Inc Less Loan Impairment Charges/ Av. Earning Assets	2.0	n.a.	1.8	1.4
7. Net Interest Inc Less Preferred Stock Dividend/ Average Earning Assets	2.1	n.a.	2.0	1.6
B. Other Operating Profitability Ratios				
1. Non-Interest Income/ Gross Revenues	23.2	22.8	24.5	37.0
2. Non-Interest Expense/ Gross Revenues	46.5	50.4	54.5	62.3
3. Non-Interest Expense/ Average Assets	1.2	n.a.	1.4	1.5
4. Pre-impairment Op. Profit/ Average Equity	16.7	n.a.	17.1	13.9
5. Pre-impairment Op. Profit/ Average Total Assets	1.4	n.a.	1.2	0.9
6. Loans and securities impairment charges/ Pre-impairment Op. Profit	8.3	9.9	19.9	28.4
7. Operating Profit/ Average Equity	15.3	n.a.	13.7	9.9
8. Operating Profit/ Average Total Assets	1.3	n.a.	0.9	0.6
9. Operating Profit / Risk Weighted Assets	2.8	2.5	2.0	1.6
C. Other Profitability Ratios				
1. Net Income/ Average Total Equity	15.6	n.a.	14.0	8.9
2. Net Income/ Average Total Assets	1.3	n.a.	1.0	0.6
3. Fitch Comprehensive Income/ Average Total Equity	15.7	n.a.	12.3	6.0
4. Fitch Comprehensive Income/ Average Total Assets	1.4	n.a.	0.8	0.4
5. Taxes/ Pre-tax Profit	(2.9)	5.8	2.6	(0.8)
6. Net Income/ Risk Weighted Assets	2.8	2.4	2.0	1.4
D. Capitalization				
1. FCC/FCC-Adjusted Risk Weighted Assets[2]	14.8	14.6	12.4	10.5
2. Tangible Common Equity/ Tangible Assets	6.5	6.9	6.0	5.8
3. Tier 1 Regulatory Capital Ratio	15.4	13.7	12.9	15.3
4. Total Regulatory Capital Ratio	18.2	16.4	16.1	18.7
5. Common Equity Tier 1 Capital Ratio	15.4	13.7	12.9	14.4
6. Equity/ Total Assets	7.9	8.3	6.9	6.7
7. Cash Dividends Paid & Declared/ Net Income	64.0	3.0	n.a.	n.a.
8. Internal Capital Generation	5.6	12.9	14.0	9.1
E. Loan Quality				
1. Growth of Total Assets	11.3	n.a.	(4.8)	(11.8)
2. Growth of Gross Loans	15.0	n.a.	3.4	(6.9)
3. Impaired Loans/ Gross Loans	1.9	2.3	2.8	3.5
4. Reserves for Impaired Loans/ Gross Loans	0.7	0.9	1.3	1.7
5. Reserves for Impaired Loans/ Impaired Loans	37.5	41.2	45.1	47.0
6. Impaired loans less Reserves for Impaired Loans/ Fitch Core Capital	13.5	13.9	16.4	23.9
7. Impaired Loans less Reserves for Impaired Loans/ Equity	10.9	11.4	14.1	16.3
8. Loan Impairment Charges/ Average Gross Loans	0.2	n.a.	0.4	0.3
9. Net Charge-offs/ Average Gross Loans	0.1	n.a.	0.6	1.4
10. Impaired Loans + Foreclosed Assets/ Gross Loans + Foreclosed Assets	1.9	2.3	2.8	3.5
F. Funding and Liquidity				
1. Loans/ Customer Deposits	110.4	115.0	104.4	96.9
2. Interbank Assets/ Interbank Liabilities	79.2	47.7	62.7	230.3
3. Customer Deposits/ Total Funding (excluding derivatives)	76.3	72.8	71.2	69.8
4. Liquidity Coverage Ratio	138.0	137.0	134.0	178.0
5. Net Stable Funding Ratio	n.a.	n.a.	n.a.	n.a.

[1]Public reporting has been on BAWAG P.S.K. Group's level until end-2015 and on BAWAG Holding Group's level since 1Q16. Thus, this table relates to BAWAG Holding Group for 2015-2016 and to BAWAG P.S.K. Group for 2013-2014. This shift also exlpains missing average ratios between 2014 and 2015 (e.g. Average Total Assets). Differences between the two consolidation perimeters are immaterial.
[2]In contrast to FCC, regulatory capital ratios in 2015 were adjusted for undistributed dividends. Thus, FCC in 2015 was higher than CET1 and Tier 1.

BAWAG P.S.K.[1]
Reference Data

	31 Dec 2016 Year End USDm	31 Dec 2016 Year End EURm	As % of Assets	31 Dec 2015 Year End EURm	As % of Assets	31 Dec 2014 Year End EURm	As % of Assets	31 Dec 2013 Year End EURm
A. Off-Balance Sheet Items								
1. Managed Securitized Assets Reported Off-Balance Sheet	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.
2. Other off-balance sheet exposure to securitizations	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.
3. Guarantees	n.a.	n.a.	-	n.a.	-	442	1	658
4. Acceptances and documentary credits reported off-balance sheet	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.
5. Committed Credit Lines	n.a.	n.a.	-	n.a.	-	5,920	17	5,674
7. Other Off-Balance Sheet items	n.a.	n.a.	-	n.a.	-	n.a.	-	0
8. Total Assets under Management	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.
B. Average Balance Sheet								
Average Loans	26,681	25,313	64	n.a.	-	21,744	63	22,000
Average Earning Assets	36,337	34,473	87	n.a.	-	33,753	97	37,116
Average Assets	37,926	35,981	91	n.a.	-	34,975	101	38,621
Average Managed Securitized Assets (OBS)	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.
Average Interest-Bearing Liabilities	33,300	31,591	79	n.a.	-	31,365	91	34,314
Average Common equity	3,218	3,053	8	n.a.	-	2,126	6	1,975
Average Equity	3,264	3,096	8	n.a.	-	2,398	7	2,500
Average Customer Deposits	23,952	22,724	57	n.a.	-	21,228	61	22,039
C. Maturities								
Asset Maturities:								
Loans & Advances < 3 months	1,755	1,665	4	2,621	7	2,007	6	3,909
Loans & Advances 3 - 12 Months	2,743	2,602	7	819	2	1,449	4	1,702
Loans and Advances 1 - 5 Years	10,453	9,917	25	8,621	24	8,168	24	6,042
Loans & Advances > 5 years	15,084	14,310	36	12,652	35	10,155	29	9,327
Debt Securities < 3 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.
Debt Securities 3 - 12 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.
Debt Securities 1 - 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.
Debt Securities > 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.
Loans & Advances to Banks < 3 Months	1,573	1,492	4	1,571	4	1,306	4	3,642
Loans & Advances to Banks 3 - 12 Months	0	0	0	8	0	72	0	5
Loans & Advances to Banks 1 - 5 Years	9	9	0	1	0	8	0	23
Loans & Advances to Banks > 5 Years	141	134	0	130	0	132	0	121
Liability Maturities:								
Retail Deposits < 3 months	21,477	20,375	51	17,290	48	15,836	46	13,283
Retail Deposits 3 - 12 Months	3,610	3,425	9	2,821	8	3,697	11	3,019
Retail Deposits 1 - 5 Years	2,130	2,021	5	1,416	4	1,411	4	2,398
Retail Deposits > 5 Years	187	177	0	165	0	191	1	3,313
Other Deposits < 3 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.
Other Deposits 3 - 12 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.
Other Deposits 1 - 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.
Other Deposits > 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.
Deposits from Banks < 3 Months	1,455	1,380	3	2,144	6	738	2	985
Deposits from Banks 3 - 12 Months	75	71	0	33	0	129	0	20
Deposits from Banks 1 - 5 Years	329	312	1	1,091	3	1,114	3	377
Deposits from Banks > 5 Years	317	301	1	318	1	439	1	264
Senior Debt Maturing < 3 months	n.a.	n.a.	-	n.a.	-	71	0	1,000
Senior Debt Maturing 3-12 Months	n.a.	n.a.	-	n.a.	-	1,333	4	388
Senior Debt Maturing 1- 5 Years	n.a.	n.a.	-	n.a.	-	1,586	5	2,281
Senior Debt Maturing > 5 Years	n.a.	n.a.	-	n.a.	-	2,130	6	2,808
Total Senior Debt on Balance Sheet	n.a.	n.a.	-	n.a.	-	5,120	15	6,477
Fair Value Portion of Senior Debt	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.
Subordinated Debt Maturing < 3 months	n.a.	n.a.	-	n.a.	-	n.a.	-	27
Subordinated Debt Maturing 3-12 Months	n.a.	n.a.	-	n.a.	-	230	1	n.a.
Subordinated Debt Maturing 1- 5 Year	n.a.	n.a.	-	n.a.	-	14	0	242
Subordinated Debt Maturing > 5 Years	n.a.	n.a.	-	n.a.	-	617	2	640
Total Subordinated Debt on Balance Sheet	566	537	1	533	1	861	2	767
Fair Value Portion of Subordinated Debt	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.
D. Risk Weighted Assets								
1. Risk Weighted Assets	18,067	17,140	43	16,535	46	16,625	48	16,000
2. Fitch Core Capital Adjustments for Insurance and Securitisation Risk Weighted Assets	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.
3. Fitch Core Capital Adjusted Risk Weighted Assets	18,067	17,140	43	16,535	46	16,625	48	16,000
4. Other Fitch Adjustments to Risk Weighted Assets	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.
5. Fitch Adjusted Risk Weighted Assets	18,067	17,140	43	16,535	46	16,625	48	16,000
E. Equity Reconciliation								
1. Equity	3,306	3,136	8	2,957	8	2,405	7	2,448
2. Add: Pref. Shares and Hybrid Capital accounted for as Equity	n.a.	n.a.	-	n.a.	-	n.a.	-	350
3. Add: Other Adjustments	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.
4. Published Equity	3,306	3,136	8	2,957	8	2,405	7	2,798
F. Fitch Core Capital Reconciliation								
1. Total Equity as reported (including non-controlling interests)	3,306	3,136	8	2,957	8	2,405	7	2,448
2. Fair value effect incl in own debt/borrowings at fv on the B/S- CC only	0	0	0	0	0	0	0	0
3. Non-loss-absorbing non-controlling interests	0	0	0	0	0	0	0	395
4. Goodwill	245	232	1	226	1	1	0	59
5. Other intangibles	135	128	0	103	0	102	0	83
6. Deferred tax assets deduction	258	245	1	217	1	240	1	235
7. Net asset value of insurance subsidiaries	0	0	0	0	0	0	0	0
8. First loss tranches of off-balance sheet securitizations	0	0	0	0	0	0	0	0
9. Fitch Core Capital	**2,668**	**2,531**	**6**	**2,411**	**7**	**2,062**	**6**	**1,676**
Exchange Rate		USD1 = EUR0.9487		USD1 = EUR0.9185		USD1 = EUR0.8237		USD1 = EUR0.7251

[1]Public reporting has been on BAWAG P.S.K. Group's level until end-2015 and on BAWAG Holding Group's level since 1Q16. Thus, this table relates to BAWAG Holding Group for 2015-2016 and to BAWAG P.S.K. Group for 2013-2014. Differences between the two consolidation perimeters are immaterial.

The ratings above were solicited by, or on behalf of, the issuer, and therefore, Fitch has been compensated for the provision of the ratings.