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

Financial Data

BAWAG Group AG

	1H19	2018
Total assets (USDm)	50,599	51,197
Total assets (EURm)	44,463	44,698
Total equity (EURm)	3,689	3,707
Operating profit (EURm)	287	559
Net profit (EURm)	219	437
Operating profit/RWAs	2.8	2.7
Cost/income ratio (%)	46.3	46.8
Stage 3 loans/gross loans	2.6	2.6
CET1 ratio[a] (%)	15.1	14.5
Loans/customer deposits	104	102
Liquidity coverage ratio (%)	148	179

[a] Including interim profit
Source: Fitch Ratings

The financials in this report refer to BAWAG Group, which is the level of comprehensive regulatory reporting and the parent of the rated operating company BAWAG P.S.K. Both levels' consolidated accounts are almost identical as BAWAG Group is a primarily tax-driven structure that does not consolidate any meaningful entity beside BAWAG P.S.K.

Related Research

Fitch Affirms BAWAG P.S.K. at 'A-'; Outlook Stable (February 2019)

BAWAG P.S.K. - Ratings Navigator (February 2019)

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Key Rating Drivers

Strong Financial Profile Supports Ratings: BAWAG P.S.K.'s ratings reflect its solid asset quality, earnings, capital, funding and liquidity. They also reflect the well-controlled execution of its growth strategy, effective risk management and fairly conservative risk appetite.

Acquisition Risk Constrains Ratings: BAWAG has an acquisitive growth strategy. Extensive due diligence and M&A expertise have adequately mitigated the execution risks arising from multiple, although mostly small, acquisitions in the past few years. Management has also demonstrated its ability to integrate several acquisitions simultaneously. Its corporate governance is sound. Its public listing balances the presence of a still dominant private equity shareholder, which invests jointly with the bank in selected projects or portfolios.

Sound Asset Quality: BAWAG's asset quality benefits from its conservative risk appetite in its domestic Austrian market and in Germany, an increasingly important core market where it has been rapidly growing through acquisitions. Its regulatory non-performing exposure ratio of 1.8% at end-1H19 is likely to be close to its cyclical low after years of strong economic conditions.

Opportunistic International Business Manageable: The bank's international real estate and corporate lending businesses account for almost a fifth of its total loan exposure. Its appetite for highly rated collateralised loan obligations (CLOs) as lending surrogate is also substantial. These activities reflect the bank's opportunistic behaviour in search for yield, but also contribute to diversify its credit exposure by country and asset class. Risk management appears effective.

Strong Performance: The level and stability of BAWAG's performance compare well with peers' and benefit from tight cost control, efficient processes and pricing discipline. Its higher-risk international real estate and corporate lending businesses (including leverage finance) and targeted growth in higher-yielding asset classes (e.g. consumer lending) play an important role in upholding its sound interest margins amid an increasingly adverse interest rate environment.

Healthy Profits Support Capitalisation: BAWAG's common equity Tier 1 (CET1) ratio comfortably exceeds its regulatory requirements. Management has earmarked excess capital above its 12%-13% CET1 target range for organic growth, acquisitions and profit distribution through dividends and share buybacks. We view this target as adequate given the financial flexibility that arises from the bank's sound recurring profitability.

Stable, Diversified Funding: A stable deposit base and the gradual restoration in the last few years of its access to the secured and unsecured debt capital markets underpin BAWAG's solid funding. It plans to issue up to EUR0.5 billion of senior non-preferred (SNP) notes by end-2020 in addition to the EUR0.5 billion issued in 2019 to comply with its minimum requirement for own funds and eligible liabilities (MREL).

Rating Sensitivities

Earnings and Asset Diversification: An upgrade would require a substantial record of resilient earnings and asset quality through the economic cycle and a successful diversification of BAWAG's asset base, notably by establishing solid franchises in its targeted foreign markets (including profitable organic growth in Germany) while maintaining a prudent approach to risk.

Uncontrolled Growth Could Trigger Downgrade: We could downgrade the ratings if capital or profit erosion or the materialisation of operational risks suggest that growth has become excessive, no longer well-controlled or signals risk appetite that exceeds the banks' expertise.

Operating Environment

Robust Austrian Economy, Banking Sector's Profitability Nears Cyclical Peak

Austria (AA+/Positive) has a rich, diversified, high-value-added economy with strong political and social institutions, low private-sector debt and a high household savings rate. Fitch Ratings forecasts robust domestic demand and exports to persist in 2019. The Positive Outlook on the sovereign rating reflects the favourable fiscal debt/GDP developments.

The large Austrian banks' profitability further improved to strong levels well above their cyclical averages in 2018, leading to stronger capital ratios that now compare well with European peers. However, we do not expect the current extremely low loan impairment charges to be sustainable as the sector's performance is increasingly likely to have peaked.

The favourable credit conditions and low interest rates continue to fuel demand for loans, notably increasingly from residential property companies and contributed to inflate residential property prices by 7% yoy in 1H19. This increasingly exposes banks' asset quality to the risk of loosening lending policies. Underwriting standards remain adequate so far and macro-prudential measures introduced by the Austrian authorities in 2H18 bring some risk mitigation.

Economic Forecasts

Austria (%)	2019	2020	2021
Real GDP growth	1.7	1.7	1.9
Unemployment rate	4.6	4.4	n.a.
General govt. debt/GDP	69.5	66.2	63.4
Consumer price growth	2.1	1.9	1.7

Source: Fitch Ratings, sovereign data Comparator September 2019

Company Profile

Austrian Retail-Focused Multi-Channel and Multi-Brand Bank

BAWAG, the fourth-largest bank in Austria, primarily focuses on domestic retail banking. Its growing retail and corporate banking activities in western Europe (mostly Germany) and the US provide significant diversification. It has been listed since 2017 (48% free float), but funds managed by the US private equity firms Cerberus Capital Management and GoldenTree Asset Management remain its largest shareholders, with stakes of 26% each.

Business Segments

	Main activities	Assets end-1H19 (EURbn)	Pre-tax profit 1H19 (EURm)
Retail & SME	Domestic and international retail and small business banking, direct banking, social housing financing, building society, leasing and factoring	17.4	185
Corporates & public sector	Domestic and international corporate banking, international real estate and Austrian public-sector financing	14.2	95
Treasury	Treasury operations	9.2	44

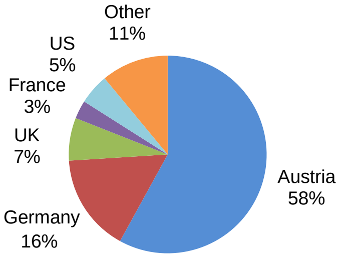
Source: Fitch Ratings, BAWAG

BAWAG mitigates its moderate size by cooperating with insurance, asset management and retail partners (high-street and online) to access new clients. Recent partnerships include Metro Cash & Carry Austria (wholesale) and MediaMarktSaturn electronic goods retailer.

Its Austrian retail franchise is well established, with a share between 15% and 20% of the current account market. Its German retail franchise has grown rapidly in recent years through acquisitions, most notably of Suedwestbank AG, a regional retail and corporate lender, in 2017, but it remains small and has yet to be fully integrated. Its online banking activities benefit from the robust presence of its direct bank easygroup in Austria and expansion in Germany. The bank also lends to Austrian and international (mostly US and UK) corporates, but its non-retail market shares are small.

Geographical Loan Split

End-2018



Source: Fitch Ratings, BAWAG

Management and Strategy

Stable Management Team with Good Execution Record

BAWAG's management has demonstrated its extensive knowledge of the Austrian and German markets and its strong execution of the bank's restructuring since its acquisition by Cerberus in 2007, several bolt-on acquisitions and the early termination of the retail banking

Related Criteria

Bank Rating Criteria (October 2018)
Short-Term Ratings Criteria (May 2019)

cooperation with Austrian Post in 2017. As the effectiveness of this execution was helped by an unusually long period of benign economic conditions, it has yet to be tested through the cycle.

Management Targets

	2019	2020
Pre-tax profit (EURm)	>600	>640
Return on tangible common equity (%)	15-20	15-20
Cost/income ratio (%)	<43	<40
CET1 ratio (%)	12-13	12-13

Source: Fitch ratings, BAWAG

Clear Strategic Positioning with Achievable Financial Targets

BAWAG focuses on mass retail banking primarily in Austria and, increasingly, in Germany. Its strong operational efficiency has been pivotal to maintain above-average profits in recent years. The restructuring of its Austrian branch network (largely via its separation from Austrian Post's branches by end-2019) and digitalisation investments should generate further efficiency gains. BAWAG also pursues organic and external growth, mostly in Austria and Germany, and targets market shares for its core products in Austria of 15% to 20%. This is complemented by opportunistic acquisitions of loan portfolios in highly developed markets, at times in cooperation with Cerberus. Its strategic targets appear feasible given management's execution record, but they are ambitious, and rapid growth gives rise to execution risk.

Risk Appetite

Acquisitions Pose Execution Risk

BAWAG's repeated acquisitions and investments add geographical and product diversification but also create sizeable execution and operational risk, and consume significant management attention. This is mitigated by its extensive due diligence, its record of smooth integration of bolt-on acquisitions in the past three years and its in-house M&A expertise. However, the success of these recent integrations has yet to be tested through the cycle.

The bank's considerably reduced loan growth since 2018 and the return of about 10% of its capital to shareholders hint at an increasing difficulty to identify organic growth opportunities and suitable acquisition targets at this advanced stage of the credit cycle amid a challenged European banking sector, in our view.

Legal and reputational risk from BAWAG's ongoing litigation with the Austrian city of Linz are moderate, in our view, as even the worst possible outcome for BAWAG would be manageable in light of the bank's earnings capacity. The pending legal proceedings relate to a Swiss franc/euro forward contract concluded in 2007 and impaired to EUR254 million in 2011. We understand that this is the only significant legal dispute outstanding.

Tested Risk Management, Appetite for Opportunistic Investments

Standardised and largely automated underwriting processes support BAWAG's cost and risk management, especially in retail banking. Risk controls are robust and underwriting standards reasonably conservative given its focus on high-quality assets in developed markets. The bank's appetite for higher-risk assets, including opportunistic financing of real estate non-performing loans (NPLs), leveraged loans, CLOs and commercial real estate, is significant. Its expertise and risk limits have afforded adequate protection but have yet to be tested amid less benign conditions.

Market Risk in Line with Domestic Peers

BAWAG's market risk mainly arises from its interest-rate and currency positions (e.g. its UK mortgage portfolio), which are adequately hedged. Similar to its Austrian peers, its back book of retail loans predominantly carry variable rates, but the majority of new mortgage lending has been on a fixed-rate basis in the past few years. The bank estimates that a 25bp downward parallel shift of the interest rate curve would cut its net interest income by EUR30 million. It has not extended new loans in Swiss francs to retail clients without matching revenues since 2008 and has since halved its legacy exposure to a manageable EUR1.1 billion at end-2018. Its legacy proprietary trading book has been in run-off since it discontinued active trading in 2012.

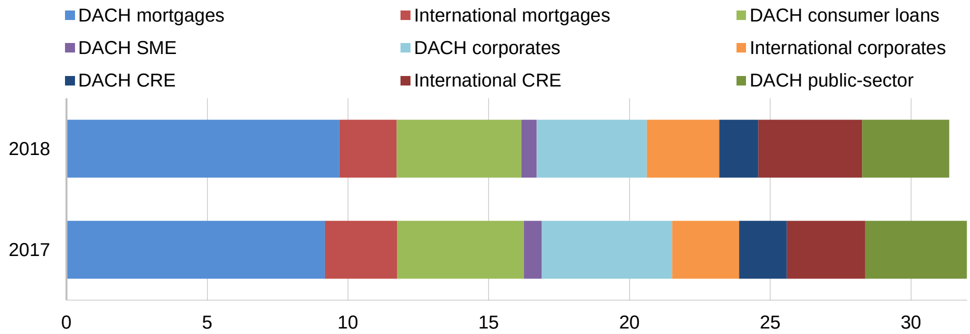
Asset Quality

Focus on Developed Markets

BAWAG's asset quality compares well with its domestic peers' and reflects its retail banking focus in developed markets and its adequately diversified loan book. Its non-performing exposure ratio of 1.8% at end-1H19 (1.2% excluding exposures related to the litigation with Linz) is mainly the result of benign economic conditions and low interest rates in its core markets. We therefore expect NPLs to gradually increase in the medium term.

BAWAG finances NPL portfolios in western Europe (mainly Spain and Ireland) via senior secured loans to ring-fenced special purpose vehicles set up by private equity firms. Risk costs could also arise from the run-off of largely performing mortgage portfolios (EUR1.1 billion in the UK and EUR0.8 billion in France at end-1H19), given their high share of interest-only loans and remaining average tenors of 13 and 10 years, respectively. The bank keeps the NPL ratio in its consumer loan portfolio very low by selling loans quickly as they default. Credit risk from recent acquisitions appears limited as the bank has so far avoided targets with material credit issues.

Loan Breakdown
(EUR bn)



Source: Fitch Ratings, BAWAG

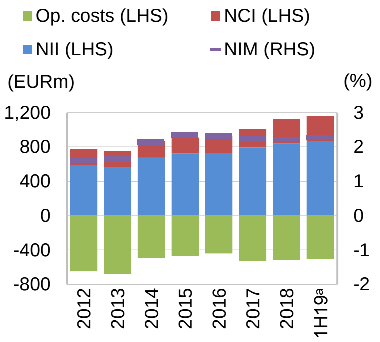
BAWAG's securities portfolio is diversified and predominantly investment grade, focused on unsecured and secured bonds of reasonably highly rated western European and US banks. In 2017, the bank started investing in 'AAA' rated senior collateralised loan obligations from western and northern European and US companies, with a volume of EUR957 million at end-2018.

Earnings and Profitability

Cost Efficiency Drives Strong Profitability and Is a Key Competitive Advantage

BAWAG's profitability is particularly stable and strong by western European banking standards and results from years of improving cost efficiency and disciplined asset pricing. Management's tight control of costs and process efficiency, which is typical for a private-equity-owned bank, should remain a key competitive advantage. However, the increasingly challenging operating environment is unlikely to leave the bank much room to achieve and maintain the targeted cost/income ratio for 2020 of below 40% despite further digitalisation and standardisation of products and services.

Revenue Up, Costs Controlled



[a] Annualized
Source: Fitch Ratings, BAWAG

Higher-Yielding Portfolios and Balance-Sheet Optimisation Support Margins

BAWAG's pre-tax profit rose by 6% yoy to a record EUR287 million in 1H19, helped by acquisitions and loan growth, two-thirds of which was from retail clients. Consumer loans and the higher-risk international real estate and international corporate loan books were instrumental to uphold the bank's net interest margin in 2018 and 1H19 amid the low rate environment. Balance-sheet optimisation including a buyback and reissuance of Tier 2 capital and a redeployment of excess liquidity into higher-yielding assets also helped to stabilise margins over the past 18 months.

The ECB's latest rate cut makes BAWAG's EUR640 million pre-tax profit target for 2020 more difficult. Mitigating the pressure on interest margins through loan growth will become harder as the economic outlook weakens. Risk costs should remain within the bank's 15bp-25bp guidance next year. They are increasingly likely to rise thereafter, particularly in the higher-risk portfolios, but should remain manageable given BAWAG's prudent underwriting standards.

Capitalisation and Leverage

Capitalisation Set to Decline but Remain Adequate Following Share Buyback

BAWAG's CET1 ratio exceeds its Austrian peers' but is likely to converge toward the higher end of its 12%-13% target by end-2019 as management is about to return capital to shareholders via a EUR400 million share buyback in addition to its targeted 50% dividend pay-out ratio. A first small buyback of EUR51 million already cut its CET1 ratio by 20bp in 3Q18. Management also intends to keep a buffer of 50bp to 100bpto accommodate organic growth and M&A opportunities, which is included in its targeted CET1 ratio. However, the size of the buyback suggests a dearth of suitable acquisition targets that could fulfil BAWAG's return on tangible equity target of at least 15% post-integration as the operating environment is increasingly challenging.

2019 SREP

Requirements (%)	
Pillar 1 CET1 requirement	4.50
Pillar 2 CET1 requirement	2.25
Capital conservation buffer	2.50
Systemic risk buffer	1.00
Countercyclical buffer (est.)	0.11
Total SREP requirement	10.36
Pillar 2 guidance	1.00

Source: Fitch Ratings, BAWAG

BAWAG Group issued its first CRR-compliant additional Tier 1 notes (EUR300 million) in 2018 and EUR400 million of Tier 2 notes in 1Q19 to replace EUR268 million of BAWAG's P.S.K.'s relatively more expensive Tier 2 notes repurchased in 2018. We expect future junior debt and capital issuance to be at BAWAG Group's level only, because regulatory capital issued from BAWAG P.S.K. is not likely to be recognised in full for the fulfilment of BAWAG Group's regulatory capital requirements.

Despite their expected decline, BAWAG's capital ratios should remain comfortably above the regulatory requirements as the bank's strong profit generation provides significant flexibility. Its risk density is high relative to peers operating in similarly advanced countries, especially considering BAWAG's high share of secured mortgage lending. The high density partly reflects the bank's use of the standardised approach for a large share of its exposures and indicates the significant optimisation potential available from the ongoing roll-out of internal models.

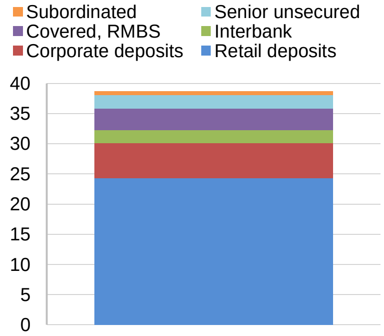
Funding and Liquidity

Sizeable and Stable Retail Deposits Underpin Solid Funding Profile

Client deposits account for over 75% of BAWAG's funding, with some sizeable growth potential in Germany, where we expect retail deposits to grow broadly in line with the local loan book. BAWAG's debt issuance is diversified by geography, currency and product and meets strong investor demand. Its issuance of mortgage and public-sector covered bonds and residential mortgage-backed securities adds funding flexibility and limits its reliance on unsecured debt.

Funding Mix

Excluding derivatives; in EURbn at end-1H19



Source: Fitch Ratings, BAWAG

The bank's liquidity profile is solid. The controlled decline of its regulatory liquidity coverage ratio to a still comfortable 148% at end-1H19 reflects the repayment of EUR1.75 billion of the ECB's targeted long-term refinancing operations and a 29% yoy contraction of the bank's liquidity reserve driven by the redeployment of excess liquidity into higher-yielding assets.

As the resolution entity for the group's single-point-of-entry resolution strategy, BAWAG P.S.K. should remain the sole issuer of senior unsecured debt. At end-1H19, the group's consolidated eligible liabilities and own funds of 13.8% exceeded the MREL of 11.94% set at BAWAG P.S.K.'s level. However, the bank expects that only BAWAG P.S.K.'s debt will be MREL-eligible. To fulfil its subordination requirement (expected to be applicable to Austrian domestically systemically important banks from 2020) with limited reliance on phasing in, BAWAG issued a EUR500 million benchmark SNP bond in 3Q19 and plans to issue up to EUR500 million within the next 15 months. It also plans to fill the gap between its MREL and subordination requirement with up to EUR1 billion senior preferred (SP) notes by end-2022.

Debt Ratings

Qualifying Debt Buffers Not Yet Sufficient for Preferred Debt Rating Uplift

BAWAG's senior unsecured debt issued until mid-2018 ranks pari passu with future SP debt issuance and senior to its SNP debt, which can be issued in Austria since mid-2018. We align its SP debt rating with its Long-Term IDR because its junior and SNP debt buffers are still too small to warrant uplift. We notch its Tier 2 notes once from its VR to reflect their likely below-average recovery due to their contractual subordination, but we do not notch for incremental non-performance risk as the notes would only be written down if BAWAG becomes non-viable.

ESG Considerations

BAWAG's highest level of ESG credit relevance is a score of '3'. This means that ESG issues are credit neutral or have only a minimal credit impact on BAWAG, either due to their nature or the way in which they are being managed by the bank. For more information on our ESG Relevance Scores, visit www.fitchratings.com/esg.

BAWAG Group AG
Income Statement

	30 Jun 2019 6 Months - Interim EURm Unaudited	31 Dec 2018 Year End EURm Audited - Unqualified	31 Dec 2017 Year End EURm Audited - Unqualified	31 Dec 2016 Year End EURm Audited - Unqualified
1. Interest Income on Loans	n.a.	n.a.	742	699
2. Other Interest Income	575	1,141	342	325
3. Dividend Income	2	9	8	3
4. Gross Interest and Dividend Income	**578**	**1,150**	**1,091**	**1,028**
5. Interest Expense on Customer Deposits	n.a.	n.a.	n.a.	n.a.
6. Other Interest Expense	143	310	300	298
7. Total Interest Expense	**143**	**310**	**300**	**298**
8. Net Interest Income	**435**	**841**	**791**	**730**
9. Net Fees and Commissions	143	283	217	193
10. Net Gains (Losses) on Trading and Derivatives	3	(38)	(76)	2
11. Net Gains (Losses) on Assets and Liabilities at FV	(15)	12	40	10
12. Net Gains (Losses) on Other Securities	40	51	49	10
13. Net Insurance Income	n.a.	n.a.	n.a.	n.a.
14. Other Operating Income	(30)	(27)	86	6
15. Total Non-Interest Operating Income	**141**	**281**	**316**	**220**
16. Total Operating Income	**576**	**1,121**	**1,107**	**950**
17. Personnel Expenses	151	285	326	244
18. Other Operating Expenses	116	239	206	198
19. Total Non-Interest Expenses	**267**	**525**	**532**	**442**
20. Equity-accounted Profit/ Loss - Operating	2	5	4	8
21. Pre-Impairment Operating Profit	**312**	**602**	**579**	**516**
22. Loan Impairment Charge	25	29	62	43
23. Securities and Other Credit Impairment Charges	n.a.	13	n.a.	n.a.
24. Operating Profit	**287**	**559**	**518**	**474**
25. Equity-accounted Profit/ Loss - Non-operating	n.a.	n.a.	n.a.	n.a.
26. Goodwill Impairment	n.a.	n.a.	n.a.	n.a.
27. Non-recurring Income	n.a.	38	0	0
28. Non-recurring Expense	n.a.	24	0	4
29. Change in Fair Value of Own Debt	n.a.	n.a.	n.a.	n.a.
30. Other Non-operating Income and Expenses	n.a.	n.a.	n.a.	n.a.
31. Pre-tax Profit	**287**	**573**	**517**	**470**
32. Tax expense	69	136	51	(13)
33. Profit/Loss from Discontinued Operations	n.a.	n.a.	n.a.	n.a.
34. Net Income	**219**	**437**	**467**	**484**
35. Change in Value of AFS Investments	34	(88)	33	3
36. Revaluation of Fixed Assets	n.a.	n.a.	n.a.	n.a.
37. Currency Translation Differences	1	(0)	n.a.	n.a.
38. Remaining OCI Gains/(losses)	(25)	12	(15)	0
39. Fitch Comprehensive Income	**229**	**361**	**485**	**487**
40. Memo: Profit Allocation to Non-controlling Interests	0	0	0	0
41. Memo: Net Income after Allocation to Non-controlling Interests	219	437	467	484
42. Memo: Common Dividends Relating to the Period	n.a.	215	110	n.a.
43. Memo: Preferred Dividends and Interest on Hybrid Capital Accounted for as Equity Related to the Period	n.a.	n.a.	n.a.	n.a.

BAWAG Group AG
Balance Sheet

	30 Jun 2019	31 Dec 2018	31 Dec 2017	31 Dec 2016
	6 Months - Interim	Year End	Year End	Year End
	EURm	EURm	EURm	EURm
Assets				
A. Loans				
1. Residential Mortgage Loans	n.a.	10,109	n.a.	n.a.
2. Other Mortgage Loans	n.a.	n.a.	n.a.	n.a.
3. Other Consumer/ Retail Loans	n.a.	6,589	14,505	14,985
4. Corporate & Commercial Loans	n.a.	14,010	16,511	13,649
5. Other Loans	31,332	39	64	65
6. Less: Loan Loss Allowances	270	265	276	205
7. Net Loans	**31,062**	**30,482**	**30,804**	**28,494**
8. Gross Loans	**31,332**	**30,747**	**31,080**	**28,699**
9. Memo: Impaired Loans included above	822	806	715	547
10. Memo: Specific Loan Loss Allowances	215	n.a.	n.a.	n.a.
B. Other Earning Assets				
1. Loans and Advances to Banks	3,614	4,340	3,660	1,635
2. Reverse Repos and Securities Borrowing	n.a.	n.a.	n.a.	n.a.
3. Derivatives	907	753	975	1,329
4. Trading Securities and at FV through Income	537	504	448	202
5. Securities at FV through OCI / Available for Sale	3,069	3,039	4,408	3,209
6. Securities at Amortised Cost / Held to Maturity	2,955	3,512	2,274	2,353
7. Other Securities	n.a.	n.a.	1,289	692
8. Total Securities	**6,561**	**7,055**	**8,419**	**6,456**
9. Memo: Government Securities included Above	103	587	738	1,008
10. Memo: Total Securities Pledged	n.a.	n.a.	n.a.	n.a.
11. Equity Investments in Associates	43	45	44	45
12. Investments in Property	246	118	120	3
13. Insurance Assets	n.a.	n.a.	n.a.	n.a.
14. Other Earning Assets	n.a.	n.a.	n.a.	n.a.
15. Total Earning Assets	**42,433**	**42,793**	**44,022**	**37,962**
C. Non-Earning Assets				
1. Cash and Due From Banks	803	1,069	1,180	1,020
2. Memo: Mandatory Reserves included above	n.a.	n.a.	n.a.	n.a.
3. Foreclosed Assets	n.a.	n.a.	n.a.	n.a.
4. Fixed Assets	391	116	103	53
5. Goodwill	93	59	58	40
6. Other Intangibles	476	446	448	320
7. Current Tax Assets	12	15	12	10
8. Deferred Tax Assets	26	75	102	203
9. Discontinued Operations	n.a.	0	0	0
10. Other Assets	229	125	146	135
11. Total Assets	**44,463**	**44,698**	**46,071**	**39,743**
Liabilities and Equity				
D. Interest-Bearing Liabilities				
1. Total Customer Deposits	30,089	30,195	30,947	25,998
2. Deposits from Banks	2,925	4,281	4,009	2,064
3. Repos and Securities Lending	99	150	n.a.	n.a.
4. Commercial Paper and Short-term Borrowings	n.a.	n.a.	n.a.	n.a.
5. Customer Deposits and Short-term Funding	**33,113**	**34,626**	**34,956**	**28,062**
6. Senior Unsecured Debt	n.a.	n.a.	n.a.	3,764
7. Subordinated Borrowing	636	218	543	537
8. Covered Bonds	n.a.	n.a.	n.a.	1,714
9. Other Long-term Funding	4,176	4,207	5,121	n.a.
10. Total LT Funding	**4,812**	**4,425**	**5,664**	**6,015**
11. Memo: o/w matures in less than 1 year	n.a.	n.a.	n.a.	n.a.
12. Trading Liabilities	385	n.a.	n.a.	0
13. Total Funding	**38,310**	**39,051**	**40,620**	**34,077**
14. Derivatives	777	561	555	1,100
15. Total Funding and Derivatives	**39,087**	**39,612**	**41,175**	**35,177**
E. Non-Interest Bearing Liabilities				
1. Fair Value Portion of Debt	n.a.	n.a.	n.a.	n.a.
2. Credit impairment reserves	n.a.	n.a.	n.a.	n.a.
3. Reserves for Pensions and Other	476	465	450	404
4. Current Tax Liabilities	18	8	17	19
5. Deferred Tax Liabilities	16	11	5	27
6. Other Deferred Liabilities	n.a.	n.a.	n.a.	n.a.
7. Discontinued Operations	n.a.	n.a.	0	0
8. Insurance Liabilities	n.a.	n.a.	n.a.	n.a.
9. Other Liabilities	880	597	814	980
10. Total Liabilities	**40,477**	**40,693**	**42,461**	**36,607**
F. Hybrid Capital				
1. Pref. Shares and Hybrid Capital accounted for as Debt	n.a.	n.a.	n.a.	n.a.
2. Pref. Shares and Hybrid Capital accounted for as Equity	297	298	n.a.	n.a.
G. Equity				
1. Common Equity	3,676	3,718	3,542	3,089
2. Non-controlling Interest	1	1	1	2
3. Securities Revaluation Reserves	20	(4)	64	39
4. Foreign Exchange Revaluation Reserves	0	(0)	n.a.	n.a.
5. Fixed Asset Revaluations and Other Accumulated OCI	(8)	(8)	3	6
6. Total Equity	**3,689**	**3,707**	**3,610**	**3,136**
7. Memo: Equity plus Pref. Shares and Hybrid Capital accounted for as Equity	3,986	4,005	3,610	3,136
8. Total Liabilities and Equity	**44,463**	**44,698**	**46,071**	**39,743**
9. Memo: Fitch Core Capital	3,110	3,094	2,919	2,531

BAWAG Group AG
Summary Analytics

	30 Jun 2019 6 Months - Interim	31 Dec 2018 Year End	31 Dec 2017 Year End	31 Dec 2016 Year End
A. Interest Ratios				
1. Interest Income/ Average Earning Assets	2.7	2.7	2.8	3.0
2. Interest Income on Loans/ Average Gross Loans	n.a.	n.a.	2.6	2.8
3. Interest Expense on Customer Deposits/ Average Customer Deposits	n.a.	n.a.	n.a.	n.a.
4. Interest Expense/ Average Interest-bearing Liabilities	0.7	0.8	0.8	0.9
5. Net Interest Income/ Average Earning Assets	2.1	2.0	2.0	2.1
6. Net Int. Inc Less Loan Impairment Charges/ Av. Earning Assets	1.9	1.9	1.9	2.0
7. Net Interest Inc Less Preferred Stock Dividend/ Average Earning Assets	2.1	2.0	2.0	2.1
B. Other Operating Profitability Ratios				
1. Operating Profit/ Risk Weighted Assets	2.8	2.7	2.4	2.5
2. Non-Interest Expense/ Gross Revenues	46.3	46.8	48.0	46.5
3. Loans and securities impairment charges/ Pre-impairment Op. Profit	8.0	7.1	10.7	8.3
4. Operating Profit/ Average Total Assets	1.3	1.2	1.3	1.3
5. Non-Interest Income/ Gross Revenues	24.5	25.0	28.5	23.2
6. Non-Interest Expense/ Average Total Assets	1.2	1.2	1.3	1.2
7. Pre-impairment Op. Profit/ Average Equity	16.9	16.6	17.3	16.7
8. Pre-impairment Op. Profit/ Average Total Assets	1.4	1.3	1.4	1.4
9. Operating Profit/ Average Equity	15.5	15.4	15.5	15.3
C. Other Profitability Ratios				
1. Net Income/ Average Total Equity	11.8	12.0	14.0	15.6
2. Net Income/ Average Total Assets	1.0	1.0	1.1	1.3
3. Fitch Comprehensive Income/ Average Total Equity	12.4	9.9	14.5	15.7
4. Fitch Comprehensive Income/ Average Total Assets	1.0	0.8	1.2	1.4
5. Taxes/ Pre-tax Profit	23.9	23.8	9.8	(2.9)
6. Net Income/ Risk Weighted Assets	2.2	2.1	2.2	2.5
D. Capitalization				
1. FCC/ FCC-Adjusted Risk Weighted Assets	15.1	15.1	13.6	13.3
2. Tangible Common Equity/ Tangible Assets	7.1	7.0	6.4	6.5
3. Equity/ Total Assets	8.3	8.3	7.8	7.9
4. Basel Leverage Ratio	7.4	7.1	6.2	6.5
5. Common Equity Tier 1 Capital Ratio	15.1	14.5	13.5	13.9
6. Fully Loaded Common Equity Tier 1 Capital Ratio	15.1	14.5	13.5	13.6
7. Tier 1 Capital Ratio	16.6	16.0	13.5	13.9
8. Total Capital Ratio	18.5	16.3	15.3	16.4
9. Impaired Loans less Loan Loss Allowances/ Fitch Core Capital	17.8	17.5	15.0	13.5
10. Impaired Loans less Loan Loss Allowances/ Equity	15.0	14.6	12.2	10.9
11. Cash Dividends Paid & Declared/ Net Income	n.a.	49.3	23.6	n.a.
12. Risk Weighted Assets/ Total Assets	46.2	45.8	46.6	47.9
13. Risk Weighted Assets - Standardised/ Risk Weighted Assets	n.a.	n.a.	n.a.	n.a.
14. Risk Weighted Assets - Advanced Method/ Risk Weighted Assets	n.a.	n.a.	n.a.	n.a.
E. Loan Quality				
1. Impaired Loans/ Gross Loans	2.6	2.6	2.3	1.9
2. Growth of Gross Loans	1.9	(1.1)	8.3	15.0
3. Loan Loss Allowances/ Impaired Loans	32.9	32.9	38.6	37.5
4. Loan Impairment Charges/ Average Gross Loans	0.2	0.1	0.2	0.2
5. Growth of Total Assets	(0.5)	(3.0)	15.9	11.3
6. Loan Loss Allowances/ Gross Loans	0.9	0.9	0.9	0.7
7. Net Charge-offs/ Average Gross Loans	n.a.	0.4	n.a.	0.3
8. Impaired Loans + Foreclosed Assets/ Gross Loans + Foreclosed	2.6	2.6	2.3	1.9
F. Funding and Liquidity				
1. Loans/ Customer Deposits	104.1	101.8	100.4	110.4
2. Liquidity Coverage Ratio	148.0	179.0	150.0	138.0
3. Customer Deposits/ Total Funding (including Pref. Shares & Hybrids)	77.9	76.7	76.2	76.3
4. Interbank Assets/ Interbank Liabilities	123.6	101.4	91.3	79.2
5. Net Stable Funding Ratio	n.a.	n.a.	n.a.	n.a.
6. Growth of Total Customer Deposits	(0.4)	(2.4)	19.0	19.9

BAWAG Group AG
Reference Data

	30 Jun 2019 6 Months - EURm	31 Dec 2018 Year End EURm	31 Dec 2017 Year End EURm	31 Dec 2016 Year End EURm
A. Off-Balance Sheet Items				
1. Managed Securitized Assets Reported Off-Balance Sheet	n.a.	n.a.	n.a.	n.a.
2. Other off-balance sheet exposure to securitizations	n.a.	n.a.	n.a.	n.a.
3. Guarantees	n.a.	n.a.	n.a.	n.a.
4. Acceptances and documentary credits reported off-balance sheet	n.a.	n.a.	n.a.	n.a.
5. Committed Credit Lines	n.a.	n.a.	n.a.	n.a.
6. Other Contingent Liabilities	n.a.	n.a.	n.a.	n.a.
7. Other Off-Balance Sheet items	n.a.	n.a.	n.a.	n.a.
8. Total Assets under Management	n.a.	n.a.	n.a.	n.a.
B. Average Balance Sheet				
1. Average Loans	30,759	30,754	28,837	25,313
2. Average Earning Assets	42,734	43,128	39,226	34,473
3. Average Total Assets	45,250	44,980	40,884	35,981
4. Average Managed Securitized Assets (OBS)	n.a.	n.a.	n.a.	n.a.
5. Average Interest-Bearing Liabilities	39,858	40,060	36,377	31,591
6. Average Common equity	3,733	3,615	3,291	3,053
7. Average Equity	3,734	3,634	3,344	3,096
8. Average Customer Deposits	30,273	30,459	26,485	22,724
C. Maturities				
Asset Maturities:				
Loans & Advances < 3 months	n.a.	2,942	3,385	1,665
Loans & Advances 3 - 12 Months	n.a.	1,941	1,978	2,602
Loans and Advances 1 - 5 Years	n.a.	10,839	10,303	9,917
Loans & Advances > 5 years	n.a.	14,760	15,138	14,310
Debt Securities < 3 Months	n.a.	n.a.	n.a.	n.a.
Debt Securities 3 - 12 Months	n.a.	n.a.	n.a.	n.a.
Debt Securities 1 - 5 Years	n.a.	n.a.	n.a.	n.a.
Debt Securities > 5 Years	n.a.	n.a.	n.a.	n.a.
Loans & Advances to Banks < 3 Months	n.a.	4,208	3,537	1,492
Loans & Advances to Banks 3 - 12 Months	n.a.	11	2	0
Loans & Advances to Banks 1 - 5 Years	n.a.	6	1	9
Loans & Advances to Banks > 5 Years	n.a.	115	120	134
Liability Maturities:				
Retail Deposits < 3 months	n.a.	24,854	25,329	20,375
Retail Deposits 3 - 12 Months	n.a.	2,511	3,751	3,425
Retail Deposits 1 - 5 Years	n.a.	1,811	1,565	2,021
Retail Deposits > 5 Years	n.a.	1,019	302	177
Other Deposits < 3 Months	n.a.	n.a.	n.a.	n.a.
Other Deposits 3 - 12 Months	n.a.	n.a.	n.a.	n.a.
Other Deposits 1 - 5 Years	n.a.	n.a.	n.a.	n.a.
Other Deposits > 5 Years	n.a.	n.a.	n.a.	n.a.
Deposits from Banks < 3 Months	n.a.	832	991	1,380
Deposits from Banks 3 - 12 Months	n.a.	256	36	71
Deposits from Banks 1 - 5 Years	n.a.	1,835	2,197	312
Deposits from Banks > 5 Years	n.a.	1,358	785	301
Senior Debt Maturing < 3 months	n.a.	n.a.	n.a.	n.a.
Senior Debt Maturing 3-12 Months	n.a.	n.a.	n.a.	n.a.
Senior Debt Maturing 1- 5 Years	n.a.	n.a.	n.a.	n.a.
Senior Debt Maturing > 5 Years	n.a.	n.a.	n.a.	n.a.
Total Senior Debt on Balance Sheet	**n.a.**	**n.a.**	**n.a.**	**n.a.**
Fair Value Portion of Senior Debt	n.a.	n.a.	n.a.	n.a.
Subordinated Debt Maturing < 3 months	n.a.	n.a.	n.a.	n.a.
Subordinated Debt Maturing 3-12 Months	n.a.	n.a.	n.a.	n.a.
Subordinated Debt Maturing 1- 5 Year	n.a.	n.a.	n.a.	n.a.
Subordinated Debt Maturing > 5 Years	n.a.	n.a.	n.a.	n.a.
Total Subordinated Debt on Balance Sheet	**636**	**218**	**543**	**537**
Fair Value Portion of Subordinated Debt	n.a.	n.a.	n.a.	n.a.
D. Risk Weighted Assets				
1. Risk Weighted Assets	20,550	20,473	21,473	19,044
2. Fitch Core Capital Adjustments for Insurance and Securitisation Risk Weighted Assets	n.a.	n.a.	n.a.	n.a.
3. Fitch Core Capital Adjusted Risk Weighted Assets	**20,550**	**20,473**	**21,473**	**19,044**
4. Other Fitch Adjustments to Risk Weighted Assets	n.a.	n.a.	n.a.	n.a.
5. Fitch Adjusted Risk Weighted Assets	**20,550**	**20,473**	**21,473**	**19,044**
E. Fitch Core Capital Reconciliation				
1. Total Equity as reported (including non-controlling interests)	3,689	3,707	3,610	3,136
2. Fair-value adjustments relating to own credit risk on debt issued	0	1	6	0
3. Non-loss-absorbing non-controlling interests	0	0	0	0
4. Goodwill	93	59	58	232
5. Other intangibles	476	446	448	128
6. Deferred tax assets deduction	10	109	191	245
7. Net asset value of insurance subsidiaries	0	0	0	0
8. First loss tranches of off-balance sheet securitizations	0	0	0	0
9. Fund for general banking risks if not already included and readily convertible into equity	0	0	0	0
10. Fitch Core Capital	**3,110**	**3,094**	**2,919**	**2,531**

The ratings above were solicited and assigned or maintained at the request of the rated entity/issuer or a related third party. Any exceptions follow below.