

MOODY'S

INVESTORS SERVICE

ISSUER PROFILE

5 January 2021

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TABLE OF CONTENTS

Company overview	1
Financial highlights (as reported)	2
Business activities	2
Distribution capacity and market share	4
Ownership structure	5
Subsidiaries and Associates	5
Company management	6
Company history	7
Peer group	9
Related websites and information sources	9
Moody's related publications	10

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BAWAG P.S.K.

Key Facts and Statistics - H1 2020

Company overview

Bank für Arbeit und Wirtschaft und Oesterreichische Postsparkasse AG (BAWAG P.S.K.) operates as a universal bank in Austria and is the main operating subsidiary of the BAWAG Group AG. The bank offers a range of retail and corporate banking products, including deposit-taking facilities, loans, and investment services. Moreover, it provides international business products, such as commercial real-estate financing and capital market solutions. While the bank operates primarily in Austria, it also has a presence in Germany and Switzerland. The DACH region (Germany, Austria, and Switzerland) contributes to over 70% of the bank's business, with the remainder relating to Western Europe and the United States.

BAWAG P.S.K. was established in 2005 as a result of the merger of two Austrian banks, the trade union Bank für Arbeit und Wirtschaft (BAWAG) and the postal savings bank Oesterreichische Postsparkasse AG (P.S.K.). Prior to 19 August 2017, BAWAG Group AG was organized as a limited liability company with the legal name BAWAG Holding GmbH. In preparation of the group's Initial Public Offering, the legal name and status were changed to BAWAG Group AG. With effect from 25 October 2017, BAWAG Group AG's shares were listed on the Vienna Stock Exchange. Following the complete sale of its stake in BAWAG Group AG by Cerberus Capital Management and its affiliates in 2019, GoldenTree Asset Management LP and its affiliates are the largest shareholders with a 21.8% stake.

Source: Company reports, Moody's Investors Service research, Österreichische Nationalbank (OeNB)

Financial highlights (as reported)

Note: The financials presented below are those reported by BAWAG Group AG and are not adjusted for Moody's analytic purposes. For Moody's generated ratios please visit the issuer page of [BAWAG Group AG](#) and [BAWAG P.S.K.](#) on moodys.com

Exhibit 1

Latest full-year results

BAWAG Group AG

(in € million)	31-Dec-19	31-Dec-18	31-Dec-17	% Change 19/18	% Change 18/17
Total Assets	45,662	44,698	46,056	2.16	(2.95)
Total Shareholders' Equity	3,828	4,005	3,577	(4.42)	11.97
Shareholders' Equity excluding Minority Interest	3,824	4,004	3,576	(4.50)	11.97
Total Regulatory Capital	3,468	3,347	3,268	3.62	2.42
Tier 1 Ratio (%)	13.30	14.50	13.50	(120) bps	100 bps
Net Income	459	437	449	5.22	(2.83)
Net Income Attributable to Equity Holders	459	437	449	5.18	(2.81)

Tier 1 ratio reported on a fully-loaded basis.

Source: Company reports

Exhibit 2

Latest first-half results

BAWAG Group AG

(in € million)	30-Jun-20	30-Jun-19	% Change 20/19
Total Assets	51,278	44,463	15.33
Total Shareholders' Equity	3,959	3,986	(0.68)
Shareholders' Equity excluding Minority Interest	3,955	3,985	(0.75)
Total Regulatory Capital	3,375	3,671	(8.06)
Tier 1 Ratio (%)	13.40	14.60	(120) bps
Net Income	123	219	(43.87)
Net Income Attributable to Equity Holders	122	219	(44.05)

Tier 1 ratio reported on a fully-loaded basis.

Source: Company reports

Business activities

BAWAG P.S.K. serves retail, small business, and corporate customers, offering comprehensive savings, payment, lending, leasing, investment, building society, factoring, and insurance products and services through various online and offline channels.

Following the reorganization of the reporting segments in January 2019 (see exhibit 3), the group operates through the following four business segments: Retail & SME, Corporates & Public, Treasury, and Corporate Center. For the first half ended 30 June 2020 (H1 2020), the largest contributor to the group's operating income was the Retail & SME segment.

Retail & SME: This segment provides products and services including savings, payment, card, and retail lending activities, investment and insurance services, small business lending, and social housing activities. It also includes the direct banking brand easybank with a full online product offering, e.g. savings, payments, card and lending activities for private and small business customers, along with auto, mobile and real estate leasing platforms, building society loans and savings in Austria and Germany, as well as private and small business activities of Südwestbank, factoring business in Germany and Switzerland, lending portfolios to international retail borrowers, including the bank's own issues covered with retail assets, Wohnbaubank bonds and an international mortgage portfolio. In H1 2020, the segment accounted for 73.4%¹ of the bank's operating income and reported total consolidated assets of €18.5 billion.

Corporates & Public: This segment includes lending activities to international corporates as well as international real estate financing activities. It also includes lending activities and other fee-driven financial services provided to corporate, mid-cap, and public

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enterprises in Austria and Germany. The bank's own debt issuances covered with corporate or public assets are also included in this segment. It accounted for 22.8% of the bank's operating income in H1 2020 and reported total consolidated assets of €13.9 billion.

Treasury: This segment includes treasury activities associated with providing trading and investment services such as certain asset-liability management transactions (including secured and unsecured funding) and the investment results of the portfolio of financial securities of BAWAG Group AG. The segment contributed 3.8% to the bank's operating income in H1 2020 and reported consolidated assets of €16.2 billion.

Corporate Center: This segment includes unallocated items related to support functions for the entire Bank, accounting positions (e.g. market values of derivatives), tangible and intangible assets, as well as selected results related to subsidiary and participation holdings and reconciliation positions. As of 30 June 2020, this segment reported total consolidated assets of €2.7 billion.

Source: Company report, company data

Exhibit 3

Segment changes

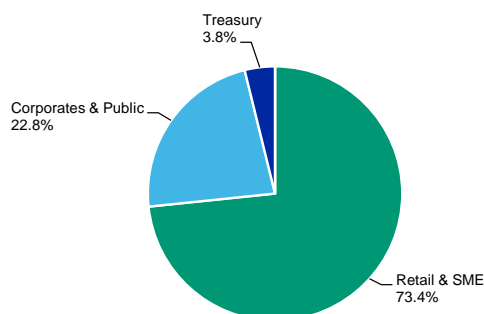
Old reporting	New reporting	Changes
BAWAG P.S.K. Retail easygroup Südwestbank	Retail & SME	The new segment Retail & SME bundles the Retail & SME business from the segments BAWAG P.S.K. Retail (excluding MidCaps) and easygroup. Additionally, the Südwestbank segment was split into two parts, of which the retail part is now included in this segment.
DACH Corporates & Public sector International Business Südwestbank	Corporates & Public	The new segment bundles the business with corporate clients from the segments DACH Corporates & Public Sector (including MidCaps) and International Business. Additionally, the Südwestbank segment was split into two parts, of which the corporate business part is now included in this segment.
Treasury Services & Markets	Treasury	Unchanged
Corporate Center	Corporate Center	Unchanged

Source: Company report

Exhibit 4

Business segment

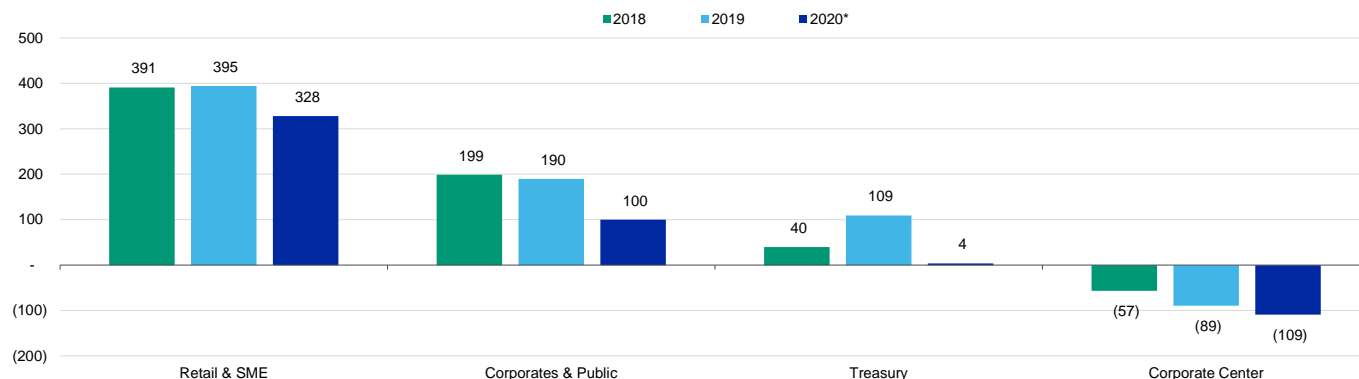
(% Operating income, consolidated for H1 2020)



Operating income percentages are calculated by excluding the Corporate Center due to its negative contribution.

Source: Company report

Exhibit 5

Profit/Loss before tax by business segment
 (consolidated, in € million)


* annualised 1H 2020 figures

Source: Company report

Distribution capacity and market share

In the past, BAWAG P.S.K. operated through a centrally managed distribution network in Austria in cooperation with Österreichische Post AG (Austrian Post). In February 2018, the bank finalized the agreement to exit from this distribution partnership. As of 30 June 2020 the bank served its 2.3 million customers through a network of 88 branches across Austria, down from 142 branches in 2018. For the international retail and SME business, the group signed four new partnerships in 2020 to promote its financial solutions.

BAWAG P.S.K. also provides e-banking services and an online customer platform, as well as direct banking operations carried out through its wholly owned subsidiary easybank AG, in addition to its nationwide self-service terminal network.

Geographically, the bank's loan portfolio was distributed as follows:

Exhibit 6

BAWAG P.S.K.
 (% of core revenues)

Geographical Segment	30-Jun-20	30-Jun-19
Austria	63.3	68.0
Western Europe/ USA	22.3	20.4
Germany/ Switzerland	14.4	11.6
Total	100.0	100.0

Source: Company report

As of 31 March 2020, the bank's market shares among Austrian banking institutions were as follows:

Exhibit 7

BAWAG P.S.K.

Market Share (%)	31-Mar-20	31-Dec-19	31-Mar-19
Assets	5.1	5.2	5.3
Deposits	7.9	8.1	8.2
Loans	6.4	6.4	6.6

"Loans" for the Austrian banking sector is denoted by claims against customers (nonbanks) while "Deposits" is denoted by liabilities to customers (nonbanks)

Sources: Company report, OeNB, Moody's Investors Service research

Ownership structure

As of 30 June 2020, BAWAG Group AG had 87,937,130 shares outstanding. GoldenTree Asset Management LP and T. Rowe Price Group, Inc. and its affiliates held 21.8% and 5.6% of the shares, respectively. The shares of the entity are listed on the Vienna Stock Exchange (ISIN: AT0000BAWAG2) which is regulated by the Financial Market Authority.

On 25 October 2019, the group issued a partial tender offer to repurchase shares. Upon expiry of the offer on 22 November 2019, the group repurchased 10,857,763 shares at €36.84 per share and canceled the repurchased shares.

Following the complete exit of Cerberus in 2019, the free float increased from 40% to 78% by the end of the year.

Source: Company report, company data, Wiener Börse, Financial Market Authority

Subsidiaries and Associates

As of 31 December 2019, the Group's consolidated subsidiaries were as follows:

Exhibit 8

BAWAG Group AG

Subsidiary	Location	% Holding
Banks		
BAWAG P.S.K. AG	Vienna	100.00
BAWAG P.S.K. Wohnbaubank Aktiengesellschaft	Vienna	100.00
IMMO-BANK Aktiengesellschaft	Vienna	100.00
start:bausparkasse AG	Hamburg	100.00
start:bausparkasse AG	Vienna	100.00
Südwestbank Aktiengesellschaft	Stuttgart	100.00
Real estate		
LSREF3 Tiger Aberdeen S.à r.l.	Luxembourg	100.00
LSREF3 Tiger Falkirk I S.à r.l.	Luxembourg	100.00
LSREF3 Tiger Gloucester S.à r.l.	Luxembourg	100.00
LSREF3 Tiger Romford S.à r.l.	Luxembourg	100.00
LSREF3 Tiger Southampton S.à r.l.	Luxembourg	100.00
Promontoria Holding 136 B.V.	Amsterdam	100.00
R & B Leasinggesellschaft m.b.H.	Vienna	100.00
RVG Realitätenverwertungsgesellschaft m.b.H.	Vienna	100.00
SWBI Darmstadt 1 GmbH	Stuttgart	100.00
SWBI Mainz 1 GmbH	Stuttgart	100.00
SWBI München 1 GmbH	Stuttgart	100.00
SWBI Stuttgart 1 GmbH	Stuttgart	100.00
SWBI Stuttgart 2 GmbH	Stuttgart	100.00
SWBI Stuttgart 3 GmbH	Stuttgart	100.00
Leasing		
ACP IT- Finanzierungs GmbH	Vienna	75.00
BAWAG P.S.K. IMMOBILIENLEASING GmbH	Vienna	100.00
BAWAG P.S.K. Kommerzleasing GmbH	Vienna	100.00
BAWAG P.S.K. LEASING GmbH & Co. MOBILIENLEASING KG.	Vienna	100.00
BAWAG P.S.K. LEASING Holding GmbH	Vienna	100.00
BAWAG P.S.K. MOBILIENLEASING GmbH	Vienna	100.00
BFL Leasing GmbH	Eschborn	97.51
BPI Holding GmbH & Co KG.	Vienna	100.00
CVG Immobilien GmbH	Vienna	100.00
easyleasing GmbH	Vienna	100.00
HBV Holding und Beteiligungsverwaltung GmbH	Vienna	100.00
KLB Baulandentwicklung GmbH	Vienna	100.00
Leasing-west GmbH	Kiefersfelden	100.00
Morgenstern Miet + Leasing GmbH	Eschborn	92.64
P.S.K. IMMOBILIENLEASING GmbH	Vienna	100.00
RF zwölf BAWAG Leasing Gesellschaft m.b.H.	Vienna	100.00
Other non-credit institutions		
AUSTWEST ANSTALT GmbH	Triesen	100.00

BAWAG Education Trust Corp.	Wilmington	100.00
BAWAG Group Germany GmbH	Eschborn	100.00
BAWAG P.S.K. Datendienst Gesellschaft m.b.H.	Vienna	100.00
BAWAG P.S.K. IMMOBILIEN GmbH	Vienna	100.00
BAWAG P.S.K. Versicherung Aktiengesellschaft	Vienna	25.00
Bonnie RE UK 1 B.V.	Amsterdam	100.00
BV Vermögensverwaltung GmbH	Vienna	100.00
BVV Cayman Ltd.	George Town	100.00
E2E Kreditmanagement GmbH	Vienna	100.00
E2E Service Center Holding GmbH	Vienna	100.00
E2E Transaktionsmanagement GmbH	Vienna	100.00
FCT Pearl	Pantin	100.00
Feldspar 2016-1 Mortgage Holding Limited	London	0.00
Feldspar 2016-1 PLC	London	0.00
Health Coevo AG	Hamburg	100.00
M. Sittikus Str. 10 Errichtungs GmbH	Vienna	100.00
MF BAWAG Blocker LLC	Wilmington	100.00
PFH Properties Funds Holding GmbH	Vienna	100.00
PSA Payment Services Austria GmbH	Vienna	20.82
P.S.K. Beteiligungsverwaltung GmbH	Vienna	100.00
RF fünfzehn BAWAG Mobilien-Leasing Gesellschaft m.b.H.	Vienna	100.00
ROMAX Immobilien GmbH	Vienna	100.00
SWB Immowert GmbH	Stuttgart	100.00
Tiger Retail UK RE 1 S.à r.l.	Luxembourg	100.00
Tiger Retail UK RE 2 S.à r.l.	Luxembourg	100.00
Zahnärztekasse AG	Wädenswil	99.99

Source: Company report

Company management

Exhibit 9

BAWAG Group AG

Managing Board	Current Title
Anas Abuzaakouk	Chief Executive Officer & Chairman of the Managing Board
David O'Leary	Chief Risk Officer
Enver Sirucic	Chief Financial Officer
Andrew Wise	Chief Investment Officer & Head of Non-Retail Lending
Stefan Barth	Member
Sat Shah	Head of Retail & SME

As of 30 September 2020.

Sources: Company report, company data

Exhibit 10

BAWAG Group AG

Supervisory Board	Current Title
Egbert Fleischer	Chairperson
Kim Fennebresque	Deputy Chairperson
Frederik Haddad	Member
Adam Rosmarin	Member
Ingrid Streibel-Zarfl	Delegated by the Works Council
Verena Spitz	Delegated by the Works Council

As of 31 December 2019.

Source: Company data

Company history

BAWAG P.S.K. originated as BAWAG, which had been established in 1922 as a trade union bank, and P.S.K., which had been founded in 1883 as a government-owned postal savings bank.

In 1995, Bayerische Landesbank acquired a 46.43% stake in BAWAG, which was then sold in 2004 to the Association of Austrian Trade Unions (OeGB). In 2000, BAWAG (along with an investor consortium) acquired full ownership of P.S.K., which merged and fully integrated into the new BAWAG P.S.K. in 2005.

In 2006, the Republic of Austria granted a guarantee to restabilise the bank following a class action suit against it in the US. Later that year, the OeGB decided to sell its shares in BAWAG P.S.K. to a consortium managed by Cerberus, comprising Austrian Post, Generali Holding AG and Wuestenrot Verwaltungs- und Dienstleistungen GmbH, as well as a sub-consortium of several Austrian industrialists. In May 2007, the consortium completed its acquisition of BAWAG P.S.K. The injection of capital by the new owner replaced the guarantee granted in favour of the bank by the Republic of Austria.

Over 2007–08, as part of a new strategy to streamline its operations, the bank sold some of its noncore businesses, including its subsidiaries in Slovakia and the Czech Republic, and several real estate assets. Furthermore, Sparda Bank AG was merged into the bank.

In 2010, BAWAG P.S.K. started to put its subsidiaries in Ireland into liquidation. Consequently, it liquidated BAWAG International Finance Ltd. (Ireland) in 2010, Datchet Limited in April 2011, and Polestar Limited and Shrivenham Limited in 2012. Moreover, the bank has reduced the number of companies active in Liechtenstein (through mergers) and Jersey (through closings), and has terminated its operations in the UK. In 2010, it liquidated BAWAG P.S.K. Jersey Auto Finance Ltd., Auto Finance Jersey I Ltd. and Auto Finance Jersey II Ltd.

In 2012, BAWAG P.S.K. launched a transformational initiative with the target to improve its financial strength and efficiency by improving and restructuring its operations. The transformation included strict cost management and process simplification and triggered a shift in focus back to its core geographic markets.

During the fourth quarter of 2013, BAWAG P.S.K. merged with Österreichische Verkehrskreditbank AG (ÖVKB). Consequently, BAWAG P.S.K. took over the rail cargo operations and payment services of Austrian Railways, which had previously been handled by ÖVKB.

In October 2014, BAWAG P.S.K. signed a definitive agreement to sell its asset management subsidiary, BAWAG P.S.K. INVEST, to the asset management company Amundi. As part of the agreement, the bank will continue to distribute its former subsidiary's products. As of February 2015, BAWAG P.S.K. INVEST was a wholly owned subsidiary of Amundi. Since November 2014, BAWAG P.S.K., initially through its ultimate parent entity Promontoria Sacher Holding N.V., is listed as a "significant supervised entity" in the newly established single supervisory mechanism and is therefore directly supervised by the European Central Bank (ECB).

In August 2015, the bank signed the purchase for the domestic leasing operations of the Austrian co-operative Volksbanken sector (VB-Leasing), thereby turning BAWAG P.S.K. into the third-largest automotive lessor in Austria. In December 2015, BAWAG P.S.K. purchased a UK retail mortgage portfolio in the amount of GBP 1.8 billion.

In January 2016, BAWAG P.S.K. sold its operations in Malta. In December 2016, the bank completed the acquisition of start:bausparkasse, an Austrian savings and loan association, as well as IMMO-BANK, an Austrian financing provider for real estate companies and social housing associations, both formerly institutions of the Austrian Volksbanken sector.

In August 2017, BAWAG Holding GmbH was transformed into a stock corporation established under Austrian law (Aktiengesellschaft) and changed its name to BAWAG Group AG.

In October 2017, BAWAG Group AG listed its shares on the Vienna Stock Exchange.

In October 2017 the bank completed the acquisition of SIX Payment Services GmbH for a preliminary purchase price of €40 million. PayLife's card-issuing business has been Austria's leading card issuer and added approximately 1.7 million credit and pre-paid cards to easybank's portfolio at the time of purchase.

In November 2017, BAWAG P.S.K. cancelled its cooperation agreement with Austrian Post and in February 2018 a separation agreement was concluded to replace the former cooperation agreement.

In December 2017 the bank acquired 100% of the shares of Suedwestbank AG for a purchase price of €641 million. Suedwestbank offers retail, corporate and private banking services in the Baden-Wuerttemberg region of Germany. At the time of purchase the bank served around 100,000 customers with around € 7 billion of assets.

In February 2018, BAWAG Group AG participated in a consortium to acquire 100% of the shares in HSH Nordbank AG, Hamburg (renamed to Hamburg Commercial Bank in 2019), with a 2.5% stake.

In September 2018, BAWAG Group AG successfully completed the acquisition of Deutscher Ring Bausparkasse AG, a German building society, headquartered in Hamburg.

In December 2018, BAWAG Group AG launched its "mobile first" digital credit offer Qlick in Germany.

In December 2018, BAWAG Group AG entered into a definitive agreement to purchase 100% of BFL Leasing GmbH, headquartered in Eschborn near Frankfurt, Germany. BFL Leasing GmbH is a specialist financing provider that has been offering technology and equipment leasing products and services since 1973. The transaction was closed in May 2019.

In March 2019, BAWAG Group AG completed the acquisitions of dental factoring businesses Zahnärztekasse AG and EOS Health Honorarmanagement AG (Health AG) from the EOS Group, and a 49% stake in Finventum GmbH – a FinTech business.

During 2019, Cerberus Capital Management and its affiliates sold their entire stake in BAWAG Group AG.

By decision of 20 February 2020, the merger of easybank AG and Pa-Zweiundsechzigste WT Beteiligungsverwaltungs GmbH with BAWAG P.S.K. AG was approved by the ECB. The merger agreement was signed on 12 December 2019.

Source: Company reports, company data, Moody's Investors Service research

Peer group

- » [Deutsche Apotheker- und Aerztebank eG](#)
- » [DNB Bank ASA](#)
- » [ING-DiBa AG](#)
- » [UniCredit Bank Austria AG](#)

Related websites and information sources

For additional information, please see:

- » the company's website: www.bawagpsk.com
- » the company group's website: www.bawaggroup.com
- » the central bank's website: www.oenb.at
- » the ECB's regulatory website: www.bankingsupervision.europa.eu

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Moody's related publications

Credit Opinion

- » [BAWAG P.S.K.: Update to credit analysis, July 2020 \(1232770\)](#)

Issuer-specific research

- » [BAWAG's announced acquisition of Suedwestbank would expedite the bank's strategic expansion in Germany, May 2017 \(1074682\)](#)
- » [BAWAG's Acquisition of Paylife's Consumer Business Is Credit Positive, March 2017 \(194733\)](#)
- » [BAWAG P.S.K.: Strong, Sustainable Profits Buck Trends in the Austrian Banking Sector, June 2016 \(1028610\)](#)

Banking system research

- » [Banking System Outlook Update - Austria: Resilience to fallout from coronavirus outbreak supports our stable outlook, April 2020 \(1221336\)](#)
- » [Banks - Austria: Banking System Profile, August 2019 \(1167954\)](#)

To access any of these reports, click on the entry above. Note that these references are current as of the date of publication of this report and that more recent reports may be available on the issuer's page. All research may not be available to all clients.

Endnotes

- 1 Throughout this report operating income percentages are calculated by excluding the Corporate Center due to its negative contribution.

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