

Announcement of Periodic Review: Moody's announces completion of a periodic review of ratings of BAWAG Group AG

17 Jan 2022

Frankfurt am Main, January 17, 2022 -- Moody's Investors Service ("Moody's") has completed a periodic review of the ratings of BAWAG Group AG and other ratings that are associated with the same analytical unit. The review was conducted through a portfolio review discussion held on 11 January 2022 in which Moody's reassessed the appropriateness of the ratings in the context of the relevant principal methodology(ies), recent developments, and a comparison of the financial and operating profile to similarly rated peers. The review did not involve a rating committee. Since 1 January 2019, Moody's practice has been to issue a press release following each periodic review to announce its completion.

This publication does not announce a credit rating action and is not an indication of whether or not a credit rating action is likely in the near future. Credit ratings and outlook/review status cannot be changed in a portfolio review and hence are not impacted by this announcement. For any credit ratings referenced in this publication, please see the ratings tab on the issuer/entity page on www.moody's.com for the most updated credit rating action information and rating history.

Key rating considerations are summarized below.

BAWAG Group AG is a listed holding company, with BAWAG P.S.K. being its main operating entity. BAWAG P.S.K.'s (BAWAG) A2 deposit, issuer, and senior unsecured debt ratings reflect its baa1 Baseline Credit Assessment (BCA) and the application of Moody's Advanced Loss Given Failure (LGF) analysis to the bank's liabilities, which indicates a very low loss given failure and results in two notches of rating uplift. While Moody's considers BAWAG to be a domestic systemically relevant bank, it does not incorporate rating uplift from government support for BAWAG due to the wider scope of BRRD application in Austria and evidenced willingness of its government to apply burden-sharing to creditors.

BAWAG's baa1 BCA, which is based on consolidated group financials published for BAWAG Group AG, reflects above-average profitability levels among Austrian banking groups. BAWAG's BCA also factors in its strong deposit funding base and adequately sized liquid resources. In addition, the bank's solid capitalisation provides a sufficient safety buffer to absorb future growth ambitions. In contrast, exposures to real estate, as well as non-retail lending and asset books, expose BAWAG to asset risk concentration.

This document summarizes Moody's view as of the publication date and will not be updated until the next periodic review announcement, which will incorporate material changes in credit circumstances (if any) during the intervening period.

The principal methodology used for this review was Banks Methodology published in July 2021. Please see the Rating Methodologies page on www.moody's.com for a copy of this methodology.

This announcement applies only to EU rated, UK rated, EU endorsed and UK endorsed ratings. Non EU rated, non UK rated, non EU endorsed and non UK endorsed ratings may be referenced above to the extent necessary, if they are part of the same analytical unit.

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