

Author: Dr Frederik Kunze

BAWAG Group is the holding company of BAWAG P.S.K., headquartered in Vienna. Its shares, which have been traded on the Vienna Stock Exchange since October 2017, are listed on the Austrian ATX share index. In terms of shares in the public limited company, Golden Tree Asset Management L.P. holds 21.8%, while 5.6% is attributable to T. Rowe Price Group, 1.8% to the Management Board and 70.8% to the remaining free float. The regional focus of the Group, which pursues a multi-brand strategy, is on the DACH region (around 75% of core operating income in the reporting year 2020), while the remaining share is spread across Western Europe and the USA. BAWAG Group offers its customers a broad range of retail and corporate banking products and operates in the core segments "Retail & SME", "Corporates & Public" and "Corporate Center & Treasury". In this context, the bank focuses on the retail and SME business, which made the largest contribution to net profit at EUR 281 million in the financial year 2020 (Corporates & Public: EUR 80 million). BAWAG Group's strategic orientation is concentrated on its own core markets and therefore focuses on growth in the DACH region plus the Netherlands. For the full year 2020, BAWAG Group reports a net profit of EUR 284 million. The CET1 ratio is reported at 14% (previous year: 13.3%). The cost/income ratio recorded a decent increase in the past financial year (44.3% after 42.7% in 2019), while the NPL ratio declined slightly (1.5% after 1.7% in 2019). The Group also pursues a conservative approach to risk provisioning.

Ratings BAWAG P.S.K.

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

Homepage

bawaggroup.com

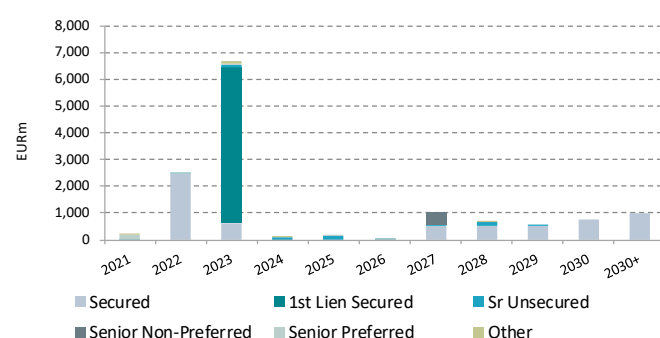
Balance Sheet

(EURm)	2018Y	2019Y	2020Y
Net Loans to Customers	30,772	30,806	32,262
Total Securities	7,518	6,156	8,395
Total Deposits	30,201	30,384	32,415
Tier 1 Common Capital	2,974	2,705	2,807
Total Assets	44,698	45,662	53,128
Total Risk-weighted Assets	20,473	20,241	20,072

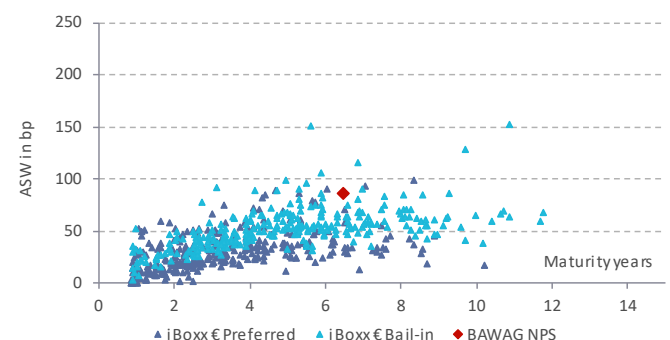
Income Statement

(EURm)	2018Y	2019Y	2020Y
Net Interest Income	841	879	916
Net Fee & Commission Income	283	284	255
Net Trading Income	20	71	-29
Operating Expense	524	538	514
Credit Commitments Impairment	45	67	220
Pre-tax Profit	573	604	370

Redemption Profile



Senior Unsecured Bonds



Company Ratios

	2018Y	2019Y	2020Y	2018Y	2019Y	2020Y	
Net Interest Margin	1.92	1.99	1.91	Liquidity Coverage Ratio	147.31	160.25	231.00
ROAE	11.54	11.40	7.07	IFRS Tier 1 Leverage Ratio	6.82	6.11	5.43
Cost-to-Income	46.85	44.53	45.98	NPL/ Loans at Amortised Cost	2.64	2.68	2.76
Core Tier 1 Ratio	14.53	13.36	13.98	Reserves/NPLs	0.86	0.74	1.16

As of: 15.03.2021; Source: Bloomberg, S&P Global Market Intelligence, NORD/LB Markets Strategy & Floor Research

Strengths / Opportunities

- Capitalization and funding
- Cost management

Risks / Weaknesses

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

Covered Bonds

Author: Henning Walten, CIIA

Two covered bonds programmes

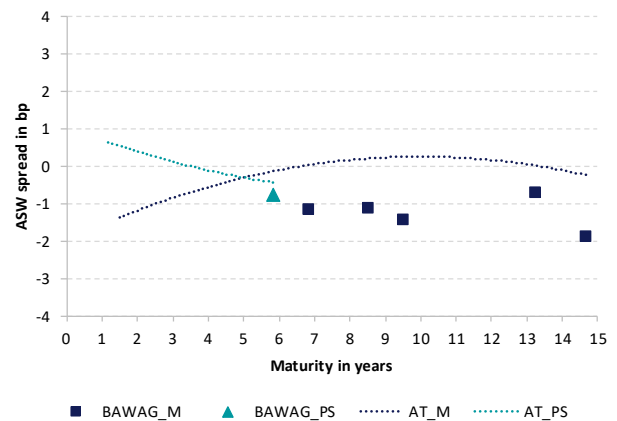
As at the reporting date of 31 December 2020, BAWAG had a total of around EUR 6bn in outstanding covered bonds. Mortgage-backed bonds accounted for approximately 84% of this total. BAWAG is currently represented in the iBoxx EUR Covered with six covered bonds with a total volume of EUR 3.25bn. Five of the bonds are mortgage covered bonds, while one issue was placed in the public sector format.

Programme data

31 December 2020	Mortgage	Public Sector
Covered bonds outstanding	EUR 4.47bn	EUR 1.50bn
Cover pool volume	EUR 5.04bn	EUR 1.60bn
Current OC (nominal / NPV)	13% / 38%	7% / 11%
Type	96.7% Residential	74.1% Municipality
Main country	76.3% Austria	97.7% Austria
Main region	22.0% Lower Austria	27.7% Styria
Number of mortgage loans	43,095	2,239
Number of borrowers	36,139	1,096
Share of 10 largest loans	1%	20%
Fixed interest (Cover Pool / CBs)	59.3% / 100.0%	40.3% / 100%
WAL (Cover Pool / CBs)	10.3y / 7.3y	13.8y / 3.2y
CB Rating (Fitch / Moody's / S&P)	- / Aaa / -	- / Aaa / -

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

Spread overview (BMK) – Austria



Cover pools with a national focus

The cover pool used to collateralise the mortgage covered bonds is clearly residential in character. 97.7% of the cover pool volume is attributable to residential assets, of which the largest share (94.8%) is allocated to the category private use incl. multi-family housing. The share of commercial cover assets comprises the remaining 3.3% of the cover pool. While all issues are denominated in EUR, 4.6% of the cover assets are denominated in Swiss francs in addition to the euro. Austria's share in the cover pool is 76.3%. The remaining assets, however, are located in the Netherlands. Within Austria, the regions of Lower Austria (29%), Styria (20%) and Vienna (17%) dominate. With a total of 43,095 loans to 36,139 borrowers, which were used to finance a total of 43,407 properties, the cover pool can be described as granular, which is also reflected in the average loan volume of around EUR 117,000. The ten largest loans accounted for 1% of the cover pool volume. The cover pool of the Public Sector Covered Bonds consists mainly of claims against municipalities or loans guaranteed by them (74.1%), followed by loans to federal states (19.4%) or claims with guarantee of federal states. 97.7% of the claims are due from Austrian borrowers. The remaining 2.3% are owed by debtors from Germany. Within Austria, the focus is on the regions of Styria (28%), Lower Austria (24%) and Upper Austria (16%).

Rating and regulatory treatment

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

Appendix

Contacts at NORD/LB

Markets Strategy & Floor Research



Melanie Kiene

Banks
 +49 511 361-4108
 +49 172 169 2633
melanie.kiene@nordlb.de



Dr. Norman Rudschuck

SSA/Public Issuers
 +49 511 361-6627
 +49 152 090 24094
norman.rudschuck@nordlb.de



Dr. Frederik Kunze

Covered Bonds
 +49 511 361-5380
 +49 172 354 8977
frederik.kunze@nordlb.de



Henning Walten

Covered Bonds
 +49 511 361-6379
 +49 152 545 67178
henning.walten@nordlb.de

Sales

Institutional Sales	+49 511 9818-9440
Sales Sparkassen & Regionalbanken	+49 511 9818-9400
Sales MM/FX	+49 511 9818-9460
Sales Europe	+352 452211-515

Origination & Syndicate

Origination FI	+49 511 9818-6600
Origination Corporates	+49 511 361-2911

Treasury

Collat. Management/Repos	+49 511 9818-9200
Liquidity Management	+49 511 9818-9620 +49 511 9818-9650

Trading

Covereds/SSA	+49 511 9818-8040
Financials	+49 511 9818-9490
Governments	+49 511 9818-9660
Länder/Regionen	+49 511 9818-9550
Frequent Issuers	+49 511 9818-9640

Corporate Sales

Schiffe/Flugzeuge	+49 511 9818-9440
Immobilien/Strukturierte Finanzierung	+49 511 9818-8150
Firmenkunden 1	+49 511 9818-4006
Firmenkunden 2	+49 511 9818-4003

Disclaimer

The present report (hereinafter referred to as “information”) was drawn up by NORDEUTSCHE LANDESBANK GIROZENTRALE (NORD/LB). The supervisory authorities responsible for NORD/LB are the European Central Bank (ECB), Sonnemannstraße 20, D-60314 Frankfurt am Main, and the Federal Financial Supervisory Authority in Germany (Bundesanstalt für Finanzdienstleistungsaufsicht; BaFin), Graurheindorfer Str. 108, D-53117 Bonn and Marie-Curie-Str. 24-28, D-60439 Frankfurt am Main. The present report and the products and services described herein have not been reviewed or approved by the relevant supervisory authority. The present information is addressed exclusively to Recipients in Austria, Belgium, Canada, Cyprus, the Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Indonesia, Ireland, Italy, Japan, Korea, Luxembourg, the Netherlands, New Zealand, Poland, Portugal, Singapore, Portugal, Spain, Sweden, Switzerland, the Republic of China (Taiwan), Thailand, the United Kingdom and Vietnam (hereinafter referred to as “Relevant Persons” or “Recipients”). The contents of the information are disclosed to the Recipients on a strictly confidential basis and, by accepting such information, the Recipients shall agree that they will not forward it to third parties, copy and/or reproduce this information without the prior written consent of NORD/LB. The present information is addressed solely to the Relevant Persons and any parties other than the Relevant Persons shall not rely on the information contained herein. In particular, neither this information nor any copy thereof shall be forwarded or transmitted to the United States of America or its territories or possessions, or distributed to any employees or affiliates of Recipients resident in these jurisdictions. **The present information does not constitute financial analysis within the meaning of Art. 36 (1) of the Delegate Regulation (EU) 2017/565, but rather represents a marketing communication for your general information within the meaning of Art. 36 (2) of this Regulation. Against this background, NORD/LB expressly points out that this information has not been prepared in accordance with legal provisions promoting the independence of investment research and is not subject to any prohibition of trading following the dissemination of investment research.** Likewise, this information does not constitute an investment recommendation or investment strategy recommendation within the meaning of the Market Abuse Regulation (EU) No. 596/2014. This report and the information contained herein have been compiled and are provided exclusively for information purposes. The present information is not intended as an investment incentive. It is provided for the Recipient’s personal information, subject to the express understanding, which shall be acknowledged by the Recipient, that it does not constitute any direct or indirect offer, recommendation, solicitation to purchase, hold or sell or to subscribe for or acquire any securities or other financial instruments nor any measure by which financial instruments might be offered or sold. All actual details, information and statements contained herein were derived from sources considered reliable by NORD/LB. For the preparation of this information, NORD/LB uses issuer-specific financial data providers, own estimates, company information and public media. However, since these sources are not verified independently, NORD/LB cannot give any assurance as to or assume responsibility for the accuracy and completeness of the information contained herein. The opinions and prognoses given herein on the basis of these sources constitute a non-binding evaluation of the employees of the Markets Strategy & Floor Research division of NORD/ LB. Any changes in the underlying premises may have a material impact on the developments described herein. Neither NORD/LB nor its governing bodies or employees can give any assurances as to or assume any responsibility or liability for the accuracy, appropriateness and completeness of this information or for any loss of return, any indirect, consequential or other damage which may be suffered by persons relying on the information or any statements or opinions set forth in the present Report (irrespective of whether such losses are incurred due to any negligence on the part of these persons or otherwise). Past performance is not a reliable indicator of future performance. Exchange rates, price fluctuations of the financial instruments and similar factors may have a negative impact on the value and price of and return on the financial instruments referred to herein or any instruments linked thereto. Fees and commissions apply in relation to securities (purchase, sell, custody), which reduce the return on investment. An evaluation made on the basis of the historical performance of any security does not necessarily provide an indication of its future performance. The present information neither constitutes any investment, legal, accounting or tax advice nor any assurance that an investment or strategy is suitable or appropriate in the light of the Recipient’s individual circumstances, and nothing in this information constitutes a personal recommendation to the Recipient thereof. The securities or other financial instruments referred to herein may not be suitable for the Recipient’s personal investment strategies and objectives, financial situation or individual needs. Moreover, the present report in whole or in part is not a sales or other prospectus. Accordingly, the information contained herein merely constitutes an overview and does not form the basis for any potential decision to buy or sell on the part of an investor. A full description of the details relating to the financial instruments or transactions which may relate to the subject matter of this report is given in the relevant (financing) documentation. To the extent that the financial instruments described herein are NORD/LB’s own issues and subject to the requirement to publish a prospectus, the conditions of issue applicable to any individual financial instrument and the relevant prospectus published with respect thereto as well NORD/LB’s relevant registration form, all of which are available for download at www.nordlb.de and may be obtained free of charge from NORD/LB, Georgsplatz 1, 30159 Hanover, shall be solely binding. Furthermore, any potential investment decision should be made exclusively on the basis of such (financing) documentation. The present information cannot replace personal advice. Before making an investment decision, each Recipient should consult an independent investment adviser for individual investment advice with respect to the appropriateness of an investment in financial instruments or investment strategies subject to this information as well as for other and more recent information on certain investment opportunities. Each of the financial instruments referred to herein may involve substantial risks, including capital, interest, index, currency and credit risks in addition to political, fair value, commodity and market risks. The financial instruments could experience a sudden and substantial deterioration in value, including a total loss of the capital invested. Each transaction should only be entered into on the basis of the relevant investor’s assessment of his or her individual financial situation as well as of the suitability and risks of the investment.

NORD/LB and its affiliated companies may participate in transactions involving the financial instruments described in the present information or their underlying basis values for their own account or for the account of third parties, may issue other financial instruments with the same or similar features as those of the financial instruments presented in this information and may conduct hedging transactions to hedge positions. These measures may affect the price of the financial instruments described in the present information. If the financial instruments presented in this information are derivatives, they may, depending on their structure, have an initial negative market value from the customer's perspective at the time the transaction is concluded. NORD/LB further reserves the right to transfer its economic risk from a derivative concluded with it to a third party on the market by means of a mirror-image counter transaction. More detailed information on any commission payments which may be included in the selling price can be found in the "Customer Information on Securities Business" brochure, which is available to download at www.nordlb.de. The information contained in the present report replaces all previous versions of corresponding information and refers exclusively to the time of preparation of the information. Future versions of this information will replace this version. NORD/LB is under no obligation to update and/or regularly review the data contained in such information. No guarantee can therefore be given that the information is up-to-date and continues to be correct. By making use of this information, the Recipient shall accept the terms and conditions outlined above. NORD/LB is a member of the protection scheme of Deutsche Sparkassen-Finanzgruppe. Further information for the Recipient is indicated in clause 28 of the General Terms and Conditions of NORD/LB or at www.dsgv.de/sicherungssystem.

Additional information for Recipients in Australia: NORD/LB IS NOT A BANK OR DEPOSIT TAKING INSTITUTION AUTHORISED UNDER THE 1959 BANKING ACT OF AUSTRALIA. IT IS NOT SUPERVISED BY THE AUSTRALIAN PRUDENTIAL REGULATION AUTHORITY. NORD/LB does not provide personal advice with this information and does not take into account the objectives, financial situation or needs of the Recipient (other than for the purpose of combating money laundering).

Additional information for Recipients in Austria: None of the information contained herein constitutes a solicitation or offer by NORD/LB or its affiliates to buy or sell any securities, futures, options or other financial instruments or to participate in any other strategy. Only the published prospectus pursuant to the Austrian Capital Market Act should be the basis for any investment decision of the Recipient. For regulatory reasons, products mentioned herein may not be on offer in Austria and therefore not available to investors in Austria. Therefore, NORD/LB may not be able to sell or issue these products, nor shall it accept any request to sell or issue these products to investors located in Austria or to intermediaries acting on behalf of any such investors.

Additional information for Recipients in Belgium: Evaluations of individual financial instruments on the basis of past performance are not necessarily indicative of future results. It should be noted that the reported figures relate to past years.

Additional information for Recipients in Canada: This report has been prepared solely for information purposes in connection with the products it describes and should not, under any circumstances, be construed as a public offer or any other offer (direct or indirect) to buy or sell securities in any province or territory of Canada. No financial market authority or similar regulatory body in Canada has made any assessment of these securities or reviewed this information and any statement to the contrary constitutes an offence. Potential selling restrictions may be included in the prospectus or other documentation relating to the relevant product.

Additional information for Recipients in Cyprus: This information constitutes an analysis within the meaning of the section on definitions of the Cyprus Directive D1444-2007-01 (No. 426/07). Furthermore, this information is provided for information and promotional purposes only and does not constitute an individual invitation or offer to sell, buy or subscribe to any investment product.

Additional information for Recipients in the Czech Republic: There is no guarantee that the invested amount will be recouped. Past returns are no guarantee of future results. The value of the investments may rise or fall. The information contained herein is provided on a non-binding basis only and the author does not guarantee the accuracy of the content.

Additional information for Recipients in Denmark: This Information does not constitute a prospectus under Danish securities law and consequently is not required to be, nor has been filed with or approved by the Danish Financial Supervisory Authority, as this Information either (i) has not been prepared in the context of a public offering of securities in Denmark or the admission of securities to trading on a regulated market within the meaning of the Danish Securities Trading Act or any executive orders issued pursuant thereto, or (ii) has been prepared in the context of a public offering of securities in Denmark or the admission of securities to trading on a regulated market in reliance on one or more of the exemptions from the requirement to prepare and publish a prospectus in the Danish Securities Trading Act or any executive orders issued pursuant thereto.

Additional information for Recipients in Estonia: It is advisable to closely examine all the terms and conditions of the services provided by NORD/LB. If necessary, Recipients of this information should consult an expert.

Additional information for Recipients in Finland The financial products described herein may not be offered or sold, directly or indirectly, to any resident of the Republic of Finland or in the Republic of Finland, except pursuant to applicable Finnish laws and regulations. Specifically, in the case of shares, such shares may not be offered or sold, directly or indirectly, to the public in the Republic of Finland as defined in the Finnish Securities Market Act (746/2012, as amended). The value of investments may go up or down. There is no guarantee of recouping the amount invested. Past performance is no guarantee of future results. **Additional information for Recipients in France** NORD/LB is partially regulated by the “Autorité des Marchés Financiers” for the conduct of French business. Details concerning the extent of our regulation by the respective authorities are available from us on request. The present information does not constitute an analysis within the meaning of Article 24 (1) Directive 2006/73/EC, Article L.544-1 and R.621-30-1 of the French Monetary and Financial Code, but does represent a marketing communication and does qualify as a recommendation pursuant to Directive 2003/6/EC and Directive 2003/125/EC. **Additional information for Recipients in Greece** The information contained herein gives the view of the author at the time of publication and may not be used by its Recipient without first having confirmed that it remains accurate and up to date at the time of its use. Past performance, simulations or forecasts are therefore not a reliable indicator of future results. Investment funds have no guaranteed performance and past returns do not guarantee future performance. **Additional information for Recipients in Indonesia** This report contains generic information and has not been tailored to the circumstances of any individual or specific Recipient. This information is part of NORD/LB’s marketing material. **Additional information for Recipients in the Republic of Ireland** This information has not been prepared in accordance with Directive (EU) 2017/1129 (as amended) on prospectuses (the “Prospectus Directive”) or any measures made under the Prospectus Directive or the laws of any Member State or EEA treaty adherent state that implement the Prospectus Directive or such measures and therefore may not contain all the information required for a document prepared in accordance with the Prospectus Directive or the laws. **Additional information for Recipients in Japan:** This information is provided to you for information purposes only and does not constitute an offer or solicitation of an offer to enter into securities transactions or commodity futures transactions. Although the actual data and information contained herein has been obtained from sources which we believe to be reliable and trustworthy, we are unable to vouch for the accuracy and completeness of this actual data and information. **Additional information for Recipients in South Korea** This information has been provided to you free of charge for information purposes only. The information contained herein is factual and does not reflect any opinion or judgement of NORD/LB. The information contained herein should not be construed as an offer, marketing, solicitation to submit an offer or investment advice with respect to the financial investment products described herein. **Additional information for Recipients in Luxembourg** Under no circumstances shall the present information constitute an offer to purchase or issue or the solicitation to submit an offer to buy or subscribe for financial instruments and financial services in Luxembourg. **Additional information for Recipients in New Zealand:** NORD/LB is not a bank registered in New Zealand. This information is for general information only. It does not take into account the Recipient’s financial situation or objectives and is not a personalised financial advisory service under the 2008 Financial Advisers Act. **Additional information for Recipients in the Netherlands:** The value of your investment may fluctuate. Past performance is no guarantee for the future. **Additional information for Recipients in Poland** This information does not constitute a recommendation within the meaning of the Regulation of the Polish Minister of Finance Regarding Information Constituting Recommendations Concerning Financial Instruments or Issuers thereof dated 19 October 2005. **Additional information for Recipients in Portugal** This information is intended only for institutional clients and may not be (i) used by, (ii) copied by any means or (iii) distributed to any other kind of investor, in particular not to retail clients. The present information does not constitute or form part of an offer to buy or sell any of the securities covered by the report, nor should it be understood as a request to buy or sell securities where that practice may be deemed unlawful. The information contained herein is based on information obtained from sources which we believe to be reliable, but is not guaranteed as to accuracy or completeness. Unless otherwise stated, all views contained herein relate solely to our research and analysis and are subject to change without notice. **Additional information for Recipients in Sweden** This information does not constitute (or form part of) a prospectus, offering memorandum, any other offer or solicitation to acquire, sell, subscribe for or otherwise trade in shares, subscription rights or other securities, nor shall it or any part of it form the basis of or be relied on in connection with any contract or commitment whatsoever. The present information has not been approved by any regulatory authority. Any offer of securities will only be made pursuant to an applicable prospectus exemption under the EC Prospectus Directive (Directive (EU) 2017/1129), and no offer of securities is being directed to any person or investor in any jurisdiction where such action is wholly or partially subject to legal restrictions or where such action would require additional prospectuses, other offer documentation, registrations or other actions.

Additional information for Recipients in Switzerland This information has not been approved by the Federal Banking Commission (merged into the Swiss Financial Market Supervisory Authority (FINMA) on 1 January 2009). NORD/LB will comply with the Directives of the Swiss Bankers Association on the Independence of Financial Research (as amended). The present information does not constitute an issuing prospectus pursuant to article 652a or article 1156 of the Swiss Code of Obligations. The information is published solely for the purpose of information on the products mentioned herein. The products do not qualify as units of a collective investment scheme pursuant to the Federal Act on Collective Investment Schemes (CISA) and are therefore not subject to supervision by FINMA. **Additional information for Recipients in Singapore:** This information is directed only at accredited investors or institutional investors under the Securities and Futures Act in Singapore. This information is intended for general distribution only. It does not constitute investment advice and does not take into account the specific investment objectives, financial situation or particular needs of the Recipient. It is recommended that advice be obtained from a financial adviser regarding the suitability of the investment product in light of the specific investment objectives, financial situation and special needs of the Recipient before agreeing to purchase the investment product. **Additional information for Recipients in the Republic of China (Taiwan)** This information is provided for general information only and does not take into account the individual interests or requirements, financial status and investment objectives of any specific investor. Nothing herein should be construed as a recommendation or advice for you to subscribe to a particular investment product. You should not rely solely on the information provided herein when making your investment decisions. When considering any investment, you should endeavour to make your own independent assessment and determination on whether the investment is suitable for your needs and seek your own professional financial and legal advice. NORD/LB has taken all reasonable care in producing this report and trusts that the information is reliable and suitable for your situation at the date of publication or delivery. However, no guarantee of accuracy or completeness is given. To the extent that NORD/LB has exercised the due care of a good administrator, we accept no responsibility for any errors, omissions, or misstatements in the information given. NORD/LB does not guarantee any investment results and does not guarantee that the strategies employed will improve investment performance or achieve your investment objectives. **Information for Recipients in the United Kingdom:** NORD/LB is subject to partial regulation by the Financial Conduct Authority (FCA) and the Prudential Regulation Authority (PRA). Details of the scope of regulation by the FCA and the PRA are available from NORD/LB on request. The present information is "financial promotion". Recipients in the United Kingdom should contact the London office of NORD/LB, Investment Banking Department, telephone: 0044 / 2079725400, in the event of any queries. An investment in financial instruments referred to herein may expose the investor to a significant risk of losing all the capital invested.

Time of going to press and last update of all market data: Monday, 15 March 2021 (14:18h)