

CREDIT OPINION

12 July 2024

Update



RATINGS

BAWAG P.S.K. AG

Domicile	Vienna, Austria
Long Term CRR	Aa3
Type	LT Counterparty Risk Rating - Dom Curr
Outlook	Not Assigned
Long Term Debt	A1
Type	Senior Unsecured - Fgn Curr
Outlook	Stable
Long Term Deposit	A1
Type	LT Bank Deposits - Fgn Curr
Outlook	Stable

Please see the [ratings section](#) at the end of this report for more information. The ratings and outlook shown reflect information as of the publication date.

Contacts

Andrea Wehmeier +49.69.70730.782
VP-Senior Analyst
andrea.wehmeier@moodys.com

Alexander Hendricks, +49.69.70730.779
CFA
Associate Managing Director
alexander.hendricks@moodys.com

Carola Schuler +49.69.70730.766
MD-Banking
carola.schuler@moodys.com

» Contacts continued on last page

BAWAG P.S.K. AG

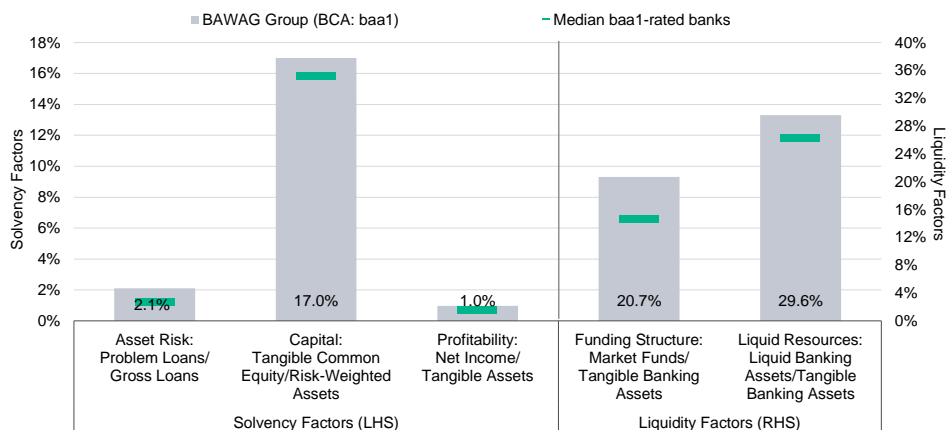
Update following rating affirmation, outlook changed to stable

Summary

[BAWAG P.S.K. AG's](#) (BAWAG) A1 deposit, issuer and senior unsecured debt ratings reflect its baa1 Baseline Credit Assessment (BCA) and Adjusted BCA, two notches of rating uplift from our Advanced Loss Given Failure (LGF) analysis, which incorporates the relative loss severity of a liability class, and one notch of rating uplift resulting from government support, because BAWAG relevance for domestic financial system stability given its solid national market shares in loans and deposits, and the bank's importance to the Austrian payment and clearing systems.

BAWAG's baa1 BCA reflects its good asset quality and strong profitability despite a more volatile operating environment, sound capitalisation, and a well-balanced funding and liquidity profile with limited recourse to confidence sensitive market funding and sound liquid reserves. It further captures the bank's acquisitive nature, reflecting both the expected financial implications and execution risks to the credit profile. While BAWAG generally has a sound track record of successfully managing a series of M&A deals, the varied business additions somewhat lack a coherent strategic rationale and entail an increasingly complex franchise, potentially offsetting some business diversification benefits.

Exhibit 1
Rating Scorecard - Key financial ratios
BAWAG Group AG



Sources: Moody's Ratings and company filings

Credit strengths

- » Strong capitalisation provides good investor protection.
- » Efficient operations result above-average profitability in the domestic banking industry.
- » Strong access to retail deposits supports the bank's funding profile.

Credit challenges

- » Repeated M&A and tactical asset investments in more concentrated non-retail portfolios entail execution risks despite a good track record of integrating acquisitions.
- » Some lending book concentration unsecured consumer and corporate lending, and commercial real estate (CRE) exposures expose the bank to tail risks.

Outlook

The stable outlook reflects our expectation that BAWAG will be able to maintain its current asset-quality metrics and profitability while preserving its sound capitalisation, funding and liquidity profiles, despite the sizeable Knab acquisition and M&A appetite. The outlook also captures our view that BAWAG will maintain sufficient volumes of bail-in-able liabilities, safeguarding the current rating uplift resulting from our Advanced LGF analysis.

Factors that could lead to an upgrade

- » An upgrade of BAWAG's and BAWAG Group's long-term ratings could result from an upgrade of BAWAG's BCA. An upgrade could also be triggered by an additional rating uplift as a result of our Advanced LGF analysis.
- » BAWAG's BCA could be upgraded if its financial profile strengthens, for example, through reduced exposure to volatile asset classes such as CRE, an improvement in the business profile with a complimentary acquisition strategy or a more contained M&A appetite, and the successful integration of planned acquisitions.
- » BAWAG's deposit, senior unsecured, issuer, junior senior unsecured and subordinate ratings may also be upgraded if the volume of debt instruments designed to absorb losses prior to the respective debt classes increases sufficiently in relation to the bank's tangible banking assets, which could result in an additional rating uplift from our Advanced LGF analysis.

Factors that could lead to a downgrade

- » A downgrade of BAWAG's ratings could be triggered by a downgrade of the bank's BCA or as a result of fewer notches of rating uplift from our Advanced LGF analysis.
- » BAWAG's BCA could be downgraded if the integration risks associated with the bank's acquisitions materialise to a greater extent than we currently expect. In addition, a combination of a significant decline in asset quality, levels of capital and earnings below our expectations, as well as higher-than-expected reliance on market funding and sustainably lower liquid resources, could result in a downgrade.
- » BAWAG's deposit, senior unsecured, issuer and junior senior unsecured ratings could be downgraded if the combined volume of debt instruments designed to absorb losses prior to the respective debt classes declines sufficiently, which could lead to a lower rating uplift from our Advanced LGF analysis. A lower volume of outstanding senior unsecured instruments could also lead to a lower rating uplift for the bank's deposit, senior unsecured and issuer ratings.

This publication does not announce a credit rating action. For any credit ratings referenced in this publication, please see the issuer/deal page on <https://ratings.moody's.com> for the most updated credit rating action information and rating history.

Key indicators

Exhibit 2

BAWAG Group AG (Consolidated Financials) [1]

	12-23 ²	12-22 ²	12-21 ²	12-20 ²	12-19 ²	CAGR/Avg. ³
Total Assets (EUR Billion)	55.4	56.5	56.3	52.0	44.7	5.5 ⁴
Total Assets (USD Billion)	61.2	60.3	63.8	63.6	50.2	5.1 ⁴
Tangible Common Equity (EUR Billion)	3.3	3.1	3.3	3.3	3.0	2.4 ⁴
Tangible Common Equity (USD Billion)	3.6	3.3	3.7	4.0	3.4	2.0 ⁴
Problem Loans / Gross Loans (%)	2.0	1.7	2.6	2.8	2.9	2.4 ⁵
Tangible Common Equity / Risk Weighted Assets (%)	17.0	14.8	16.4	16.3	14.6	15.9 ⁶
Problem Loans / (Tangible Common Equity + Loan Loss Reserve) (%)	18.7	17.7	24.8	25.1	27.3	22.7 ⁵
Net Interest Margin (%)	2.2	1.8	1.7	1.8	2.0	1.9 ⁵
PPI / Average RWA (%)	4.9	3.5	3.1	2.8	3.3	3.5 ⁶
Net Income / Tangible Assets (%)	1.2	0.9	0.8	0.5	1.1	0.9 ⁵
Cost / Income Ratio (%)	37.5	47.4	55.2	54.6	49.3	48.8 ⁵
Market Funds / Tangible Banking Assets (%)	20.7	22.2	21.2	22.8	15.6	20.5 ⁵
Liquid Banking Assets / Tangible Banking Assets (%)	29.6	28.7	30.4	29.7	24.5	28.6 ⁵
Gross Loans / Due to Customers (%)	104.6	105.6	100.6	100.7	101.0	102.5 ⁵

[1] All figures and ratios are adjusted using Moody's standard adjustments. [2] Basel III - fully loaded or transitional phase-in; IFRS. [3] May include rounding differences because of the scale of reported amounts. [4] Compound annual growth rate (%) based on the periods for the latest accounting regime. [5] Simple average of periods for the latest accounting regime. [6] Simple average of Basel III periods.

Sources: Moody's Ratings and company filings

Profile

BAWAG P.S.K. AG (BAWAG) is a universal bank domiciled in Austria and is the main operating subsidiary of BAWAG Group, a listed holding company. The bank offers a range of retail and corporate banking products, and international business products, such as CRE financing and capital market solutions. Although the bank operates primarily in Austria, it also has a presence in core Western European markets, especially Germany, and a small operation in the US.

As of 31 December 2023, BAWAG Group held €55.4 billion of total assets and had 2,776 employees, serving around 2.1 million customers.

Since 2017, BAWAG has acquired a number of banks, mainly in Western Europe, including Südwestbank AG (2017¹), Deutscher Ring Bausparkasse (2017), BFL Leasing GmbH (2018) and EOS Health Honorarmanagement AG (2018); Zahnärztekasse AG in Switzerland (2018); the Irish wind-down bank and public-sector lender DEPFA BANK plc (2021); the retail broker Hello bank! Austria (2021); US Peak Bancorp, Inc. (2023); and a consumer loan and bond portfolio of Sberbank Europe AG (2022). Furthermore, BAWAG expanded its direct banking (easybank) into Germany, offering consumer loans in association with Südwestbank.

In February 2024, BAWAG announced signing an agreement to acquire Knab, a Netherlands-based digital bank that primarily serves the Dutch retail, and small and medium-sized enterprise (SME) banking sectors. The deal is currently pending, awaiting the necessary regulatory approvals. Finally, in July 2024, the bank announced signing a transaction to acquire the German based Barclays Consumer Bank Europe, with a focus on the Barclay's German credit card business, also awaiting regulatory approvals for now.

For more information, please see BAWAG's latest [Issuer Profile](#) and our [Austrian Banking System Profile](#).

Weighted macro profile of Strong (+)

As of 31 December 2023, 50.2% of BAWAG's exposure at default came from Austria, 13.8% from the US, 9.3% from Germany, 9% from the Netherlands, 6% from Ireland and 3.5% from the United Kingdom, with other countries accounting for the remaining 8.3%. The weighted average of these exposures results in a Strong (+) Weighted macro profile for BAWAG, in line with the Strong (+) [macro profile of Austria](#).

Detailed credit considerations

Solid asset quality, but ongoing M&A activities sustains the bank's exposure to execution risks, while tail risks from cyclical exposures persist

We assign a baa2 Asset Risk score to BAWAG, three notches below the a2 initial score. The adjustment reflects our expectation of an increasing problem loan formation related to a deterioration in the credit environment; concentration risks in cyclical lending areas, including CRE; and the execution risks associated with the bank's acquisitions, the largest of which is Knab, adding around 30% of total assets as of year-end 2023.

The bank's €15.3 billion housing loan portfolio has only created de minimis risk costs in the past, which is likely to persist, because around 70% of housing loans were extended on a fixed-rate basis, 24% of loans benefit from a state or insurance guarantee, and the weighted average loan-to-value (LTV) ratio of the non-guaranteed book is below 60%. The weighted average LTV at origination has been below 70% since 2020. BAWAG supplants these low-risk exposures with €3.5 billion of higher-risk consumer loans; €1.7 billion of primarily auto leasing and factoring receivables; €0.9 billion of loans extended to SMEs; and €0.7 billion of overdraft, charge card and other receivables. Although default rates are still contained, the bank has tightened its lending criteria.

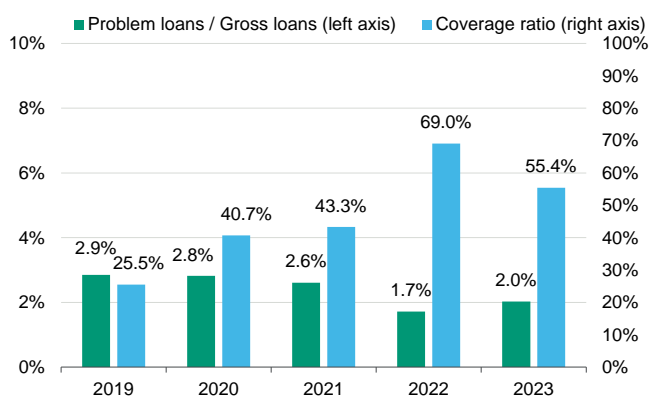
In addition, BAWAG had €5.1 billion of CRE receivables on its balance sheet, equivalent to around 1.6x its tangible common equity (TCE). Furthermore, BAWAG grew this portfolio by 3% since December 2020, adding exposures at the top of the market. Of the portfolio, 48% was from the US, 24% from Ireland, 12% from DACH/NL, and 16% from other European and international markets. The weighted average LTV of this portfolio was below 60%, with 43% of the portfolio being collateralised by direct residential real estate, 22% by industrial and logistic properties, 21% by offices, 7% by hotels and 2% by other properties.

Further risk stems from the bank's €3.5 billion corporate lending book, 37% of which is derived from the US, 34% from DACH/NL, 8% from the UK and 20% from other markets. Although the overall portfolio is well diversified across industries, higher interest rates, inflation, supply-chain interruptions and general geopolitical risks could result in a significant rise in problem loans from this part of the lending book.

BAWAG released a fraction of management overlays during 2023. Still overall €80 million of management overlays as of year-end 2023 is maintained to mitigate the risks from the deteriorated credit environment to a large extent.

Exhibit 3

BAWAG's problem loan ratio reflects a slight increase in problem loans year on year, with a significant drop in the coverage ratio compared with that as of year-end 2022

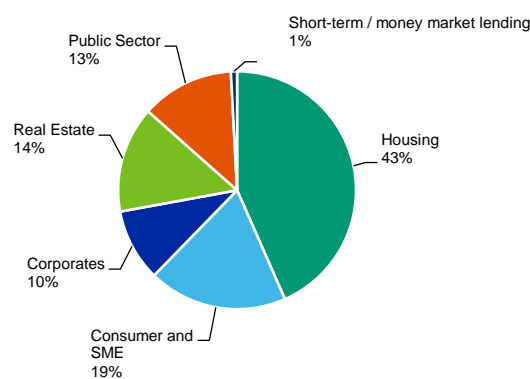


The problem loan ratio is in accordance with our definitions; according to IFRS 9 reporting standards.

Sources: Moody's Ratings and company filings

Exhibit 4

BAWAG's loan book split by type
As of 31 December 2023



Sources: Moody's Ratings and company filings

Solid capitalisation level sustained despite inorganic growth and return of funds to shareholders

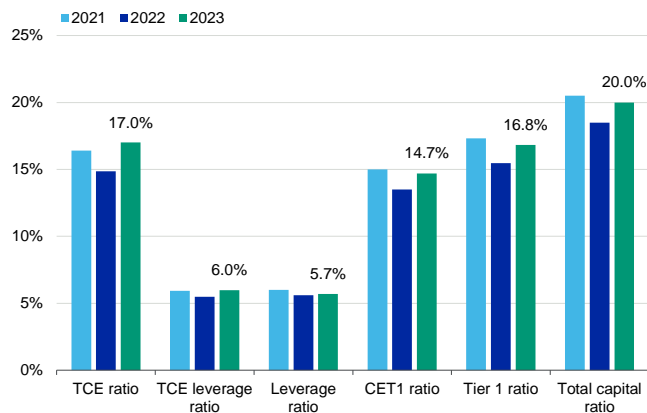
We assign an a2 Capital score to BAWAG, three notches below the initial aa2 score. The adjustment takes into account our view that BAWAG will continue to tightly manage its TCE/risk-weighted assets (RWA) within 13%-16%. Despite the recent acquisitions, the

bank's earnings capacity will ensure that capital remains within the range. However, BAWAG's leverage will, at least temporarily, rise. This has been taken into account for the assigned score.

BAWAG's management targets a regulatory Common Equity Tier 1 (CET1) capital ratio of 12.25%. As of 31 December 2023, the CET1 ratio after dividends and share buybacks reached 14.7%, up from 13.5% as of year-end 2022, reflecting a 7.6% increase from earnings and a 6.5% drop in RWA. The bank executed a share buyback of €175 million in the fourth quarter of 2023. For 2024, BAWAG has no intentions of initiating further share buybacks. Instead, its strategic focus has shifted towards M&A opportunities. The Knab acquisition is projected to reduce the CET1 capital by 100-150 basis points (bps), the Barclays Consumer Bank Europe deal by around 140 bps. Nevertheless, even with this reduction, BAWAG's capital ratios will remain well above the bank's regulatory capital requirements and its management target for 2024.

Upon the integration of acquired entities, the bank has, to some extent, achieved a reduction in applicable credit risk weights by selectively rolling out internal models to acquired portfolios and securitisations. Hence, the group's risk density, as measured by RWA/tangible assets, was a more modest 34.8% as of 31 December 2023, reflected in BAWAG's leverage metrics, which stood at 5.7% on a TCE leverage as of 31 December 2023, which we expect to decline further as a result of its M&A activities, at least for 2024.

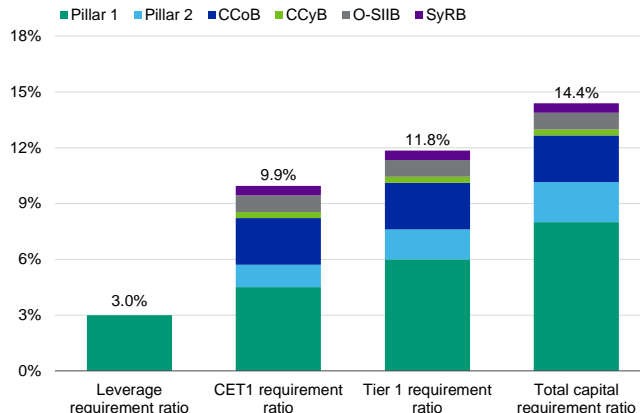
Exhibit 5

BAWAG's capital ratios exceed regulatory minima

TCE = Tangible common equity; TCE leverage = TCE/tangible banking assets; CET1 = Common Equity Tier 1.

Sources: Moody's Ratings and company filings

Exhibit 6

BAWAG's regulatory capital requirements for 2024

P2R = Pillar 2 requirement; CCoB = Capital conservation buffer; CCyB = Countercyclical capital buffer; SIB = Systemically important institutions buffer.

Sources: Moody's Ratings and company filings

Efficient operations support above-average profitability in the domestic banking industry

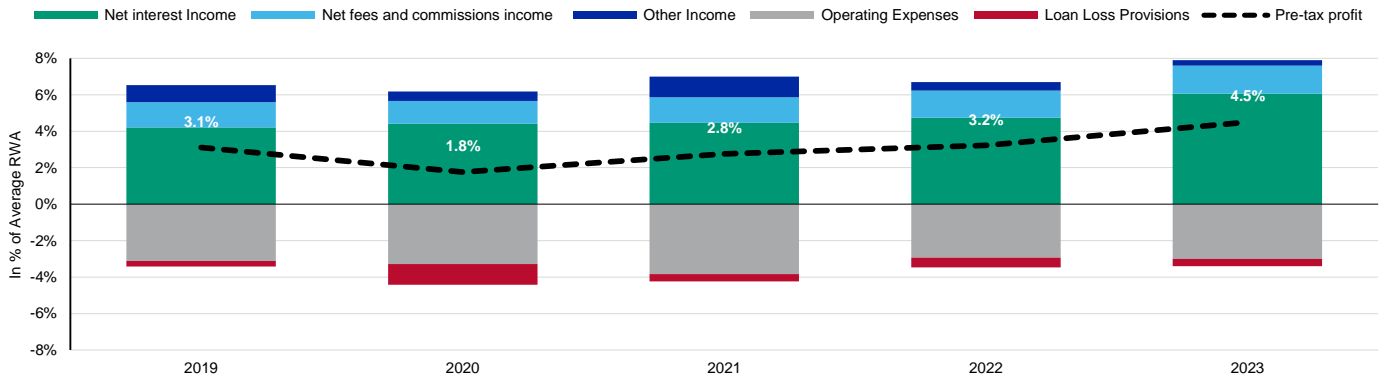
We assign a baa1 Profitability score, in line with the initial score, which is derived from BAWAG's 0.96% average return on assets generated in 2021-23. In 2024, we expect BAWAG's profitability to strengthen only marginally as the revenue boost from higher interest rates starts to fade. Continued cost-consciousness, despite high wage settlements, and conservative loan loss provisioning so far should significantly offset the challenges from the deteriorated credit environment and the expected effects of integration.

BAWAG operates with a comparably low cost-to-income ratio, which reflects strict and efficient cost management. In addition, BAWAG's strong earnings have helped the bank create an advanced IT infrastructure, which in turn helps keep operating expenses in check. In 2023, BAWAG's reported net interest margin of 2.9% remained strong, particularly considering its focus on domestic, German and Dutch retail banking.

For 2024, BAWAG recently confirmed its pre-tax target of €920 million in pre-tax earnings, however, excluding M&A effects. We expect the necessary investments around the integration and the closing of the recent acquisitions to burden the cost side of the bank, while positive earnings effects will only filter through with a certain time lag.

Exhibit 7

BAWAG's pre-tax profit benefitted significantly from the higher interest rate environment and its stringent cost and risk management



Sources: Moody's Ratings and company filings

Market funding dependence is increasing

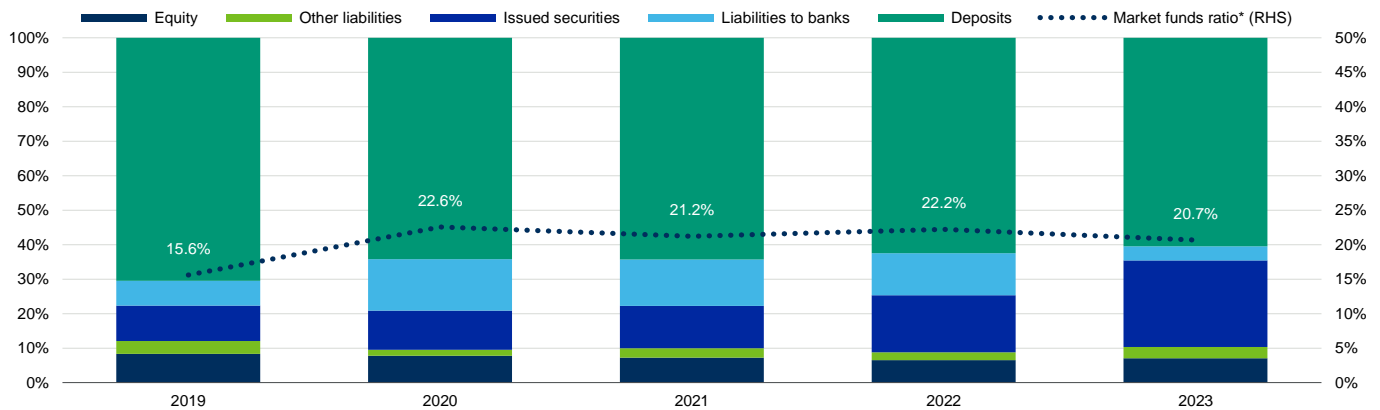
Our baa1 assigned Funding Structure score is positioned in line with initial score, reflecting BAWAG's funding profile after the repayment of TLTRO.

BAWAG replaced its recourse to TLTRO via the issuance of securities and covered bonds, leading to an increase in market funding compared with pre-pandemic levels. To meet its minimum requirement for own funds and eligible liabilities (MREL) of 22.5% of RWA from January 2024 and a final stage requirement of 26.5% of RWA, the bank has been issuing eligible securities, also in order to build a buffer for further balance sheet growth. Concurrently, the bank increased its recourse to covered bonds, which we deem a more stable funding source. Covered bonds provide matched and low risk funding for the mortgage and public sector portfolio, underpinning the assigned baa1 score.

BAWAG's solid funding and well diversified profile remains supported by its strong deposit base, that finance 60% of the bank's balance sheet and mainly consists of stable retail and SME deposits (80%), limiting potential outflow risks.

Exhibit 8

BAWAG replaced TLTRO mainly with recourse to covered bonds and securities



*Market funds ratio = Market funds/tangible banking assets.

Sources: Moody's Ratings and company filings

Solid level and quality of liquid resources

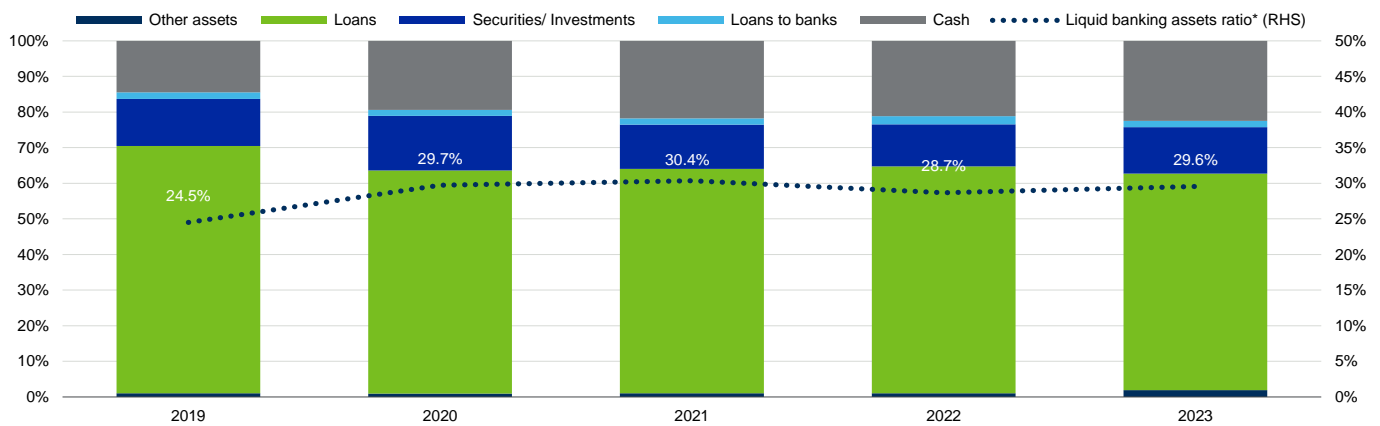
Our baa1 assigned Liquid Resources score is one notch below the a3 initial score, reflecting asset encumbrance that reduces the readily available liquidity buffers, but also incorporates the bank's significant funding leeway under its covered bond programmes.

BAWAG's disclosed €18.0 billion readily available and unencumbered liquidity reserves provide strong protection for unexpected outflow risks, particularly in the context of its defensive funding profile. The redemption of the TLTRO has not impacted the liquidity buffers, that remain of good quality. In the assigned score, we reflect our expectation of a stable liquidity profile, with higher rates providing a higher attractiveness to increase the investment portfolio in line with balance sheet growth.

We further incorporate BAWAG's good funding leeway under the covered bond programmes. For BAWAG's [Mortgage Covered Bonds](#), overcollateralisation was 10.6% as of the first quarter of 2024, providing a limited issuance leeway. For its [Public-Sector Covered Bonds](#), overcollateralisation was significant at 273%, providing the bank with stronger, directly available access to further liquidity resources.

BAWAG's regulatory liquidity coverage ratio (LCR), stood at a strong 215% as of 31 December 2023, consisting mainly of highly liquid level-1 securities.

Exhibit 9
BAWAG's liquid resources were not affected by the TLTRO redemption

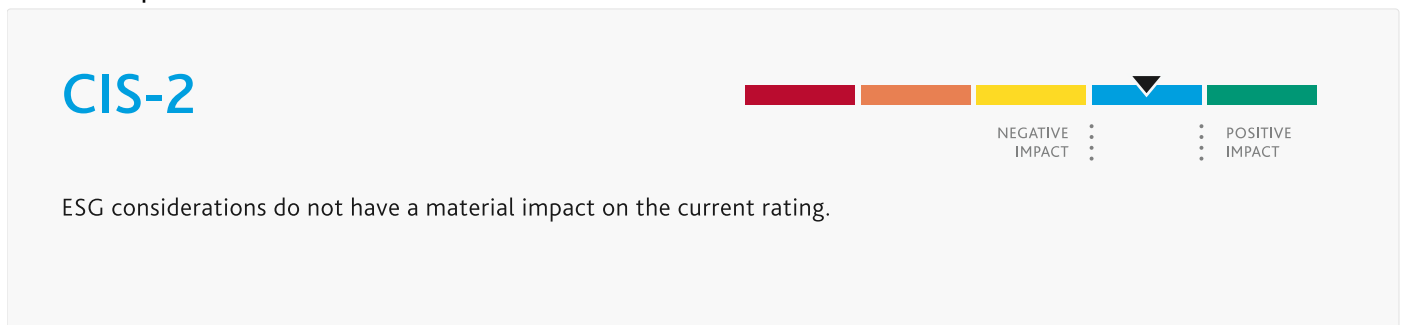


*Liquid banking assets ratio = Liquid banking assets/tangible banking assets.
 Sources: Moody's Ratings and company filings

ESG considerations

BAWAG P.S.K. AG's ESG credit impact score is CIS-2

Exhibit 10
ESG credit impact score

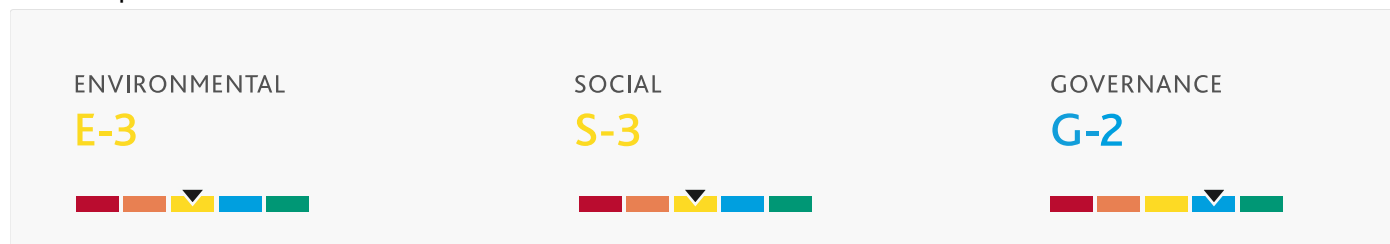


Source: Moody's Ratings

BAWAG P.S.K.'s (BAWAG) **CIS-2** indicates that ESG considerations do not have a material impact on the current rating. BAWAG's governance risks are low, despite the bank's still significant appetite for acquisitions, that imply execution risks and an increasingly dispersed franchise.

Exhibit 11

ESG issuer profile scores



Source: Moody's Ratings

Environmental

BAWAG faces moderate exposure to environmental risks primarily because of its portfolio exposure to carbon transition risks as a diversified bank operating in Austria, Germany and other select markets. In line with its peers, BAWAG is facing mounting business risks and stakeholder pressure to meet broader carbon transition goals. In response, BAWAG has committed to continuously transform its lending book towards less carbon-intensive assets.

Social

BAWAG faces moderate social risks mainly related to customer relations as well as to demographic and societal trends. The bank's developed policies and procedures mitigate conduct risk associated with the distribution of financial products such as regulatory and reputational risks, as well as exposure to litigation. Continued investments in technology and the bank's long track record of handling sensitive customer data, as well as appropriate culture and governance that ensure adherence to regulatory standards, help to manage high cyber and personal data risks. BAWAG operates mostly in Austria, which faces challenges from adverse demographic trends affecting long-term economic growth prospects and impacting the demand for certain banking products. Product diversity as well as an ability to adapt to consumer preferences, regulatory changes and societal trends such as digitization are key to address these risks.

Governance

BAWAG faces low governance risks, and its risk management, policies and procedures are in line with industry practices and commensurate with its universal banking model and multi-country operations. BAWAG's strategy of growing its franchise through acquisitions adds operational risks and entails an increasingly complex franchise to manage. However, the bank generally has a sound track record of successfully managing a smooth and successful integration of targets; also the addition of regions and lending types increases the group's business diversification.

ESG Issuer Profile Scores and Credit Impact Scores for the rated entity/transaction are available on Moody's.com. In order to view the latest scores, please click [here](#) to go to the landing page for the entity/transaction on MDC and view the ESG Scores section.

Support and structural considerations

Loss Given Failure (LGF) analysis

BAWAG is domiciled in Austria, which we consider an operational resolution regime (ORR). Thus, we apply our advanced LGF analysis using our standard assumptions. In addition, we assume that only a small percentage (10%) of the deposit base can actually be considered junior and qualify as bail-in-able.

Our Advanced LGF analysis indicates that BAWAG's deposits, senior unsecured debt and the bank's issuer ratings are likely to face a very low loss given failure, which results in a two-notch adjustment above the baa1 Adjusted BCA.

Additional Tier 1 (AT1) instruments

We assign Ba1(hyb) ratings to the €300 million and €175 million low-trigger AT1 instruments issued by BAWAG Group. These ratings are positioned three notches below BAWAG's baa1 Adjusted BCA, reflecting our assessment of the instruments' undated deeply subordinated claim in liquidation, the issuer's ability to redeem the securities under certain conditions at a level below par in case these have been affected by a write-down and the securities' non-cumulative coupon deferral features. The securities' principal is subject to a partial or full write-down on a contractual basis if BAWAG Group's CET1 ratio falls below 5.125%, the issuer receives public support or

the Austrian Financial Market Authority determines that the conditions for a full write-down of the instruments are fulfilled and orders such a write-down as a precautionary measure to prevent insolvency.

Government support considerations

We assess the probability of government support for BAWAG's senior liabilities as moderate, reflecting the bank's solid national market shares in terms of loans and deposits, as well as the bank's importance to the Austrian payment and clearing systems. The moderate support assumption results in one notch of rating uplift for BAWAG's deposit, issuer and senior unsecured ratings, as well as for the bank's Counterparty Risk Rating and its Counterparty Risk Assessment. For junior senior unsecured debt, subordinated debt and hybrid instruments, the potential for government support is low and these ratings, therefore, do not benefit from any government support uplift.

Methodology and scorecard

Methodology

The principal methodology used in rating BAWAG and BAWAG Group was our [Banks Methodology](#), published in March 2024

About Moody's Bank Scorecard

Our bank scorecard is designed to capture, express and explain in summary form our Rating Committee's judgement. When read in conjunction with our research, a fulsome presentation of our judgement is expressed. As a result, the output of our scorecard may materially differ from that suggested by raw data alone (though it has been calibrated to avoid the frequent need for strong divergence). The scorecard output and the individual scores are discussed in rating committees and may be adjusted up or down to reflect conditions specific to each rated entity.

Rating methodology and scorecard factors

Exhibit 12

Rating Factors

MACRO FACTORS							
WEIGHTED MACRO PROFILE		STRONG +	100%				
FACTOR	HISTORIC RATIO	INITIAL SCORE	EXPECTED TREND	ASSIGNED SCORE	KEY DRIVER #1	KEY DRIVER #2	
Solvency							
Asset Risk							
Problem Loans / Gross Loans	2.1%	a2	↔	baa2	Sector concentration	Operational risk	
Capital							
Tangible Common Equity / Risk Weighted Assets (Basel III - fully loaded)	17.0%	aa2	↔	a2	Expected trend	Capital retention	
Profitability							
Net Income / Tangible Assets	1.0%	baa1	↔	baa1	Expected trend	Return on assets	
Combined Solvency Score		a1		baa1			
Liquidity							
Funding Structure							
Market Funds / Tangible Banking Assets	20.7%	baa1	↔	baa1	Expected trend	Extent of market funding reliance	
Liquid Resources							
Liquid Banking Assets / Tangible Banking Assets	29.6%	a3	↔	baa1	Expected trend	Asset encumbrance	
Combined Liquidity Score		baa1		baa1			
Financial Profile							
Qualitative Adjustments				Adjustment			
Business Diversification				0			
Opacity and Complexity				0			
Corporate Behavior				0			
Total Qualitative Adjustments				0			
Sovereign or Affiliate constraint				Aa1			
BCA Scorecard-indicated Outcome - Range				a3 - baa2			
Assigned BCA				baa1			
Affiliate Support notching				0			
Adjusted BCA				baa1			
BALANCE SHEET							
		IN-SCOPE (EUR MILLION)	% IN-SCOPE	AT-FAILURE (EUR MILLION)	% AT-FAILURE		
Other liabilities		14,418	26.3%	16,825	30.6%		
Deposits		34,373	62.6%	31,967	58.2%		
Preferred deposits		30,936	56.3%	29,389	53.5%		
Junior deposits		3,437	6.3%	2,578	4.7%		
Junior senior unsecured bank debt		500	0.9%	500	0.9%		
Dated subordinated bank debt		29	0.1%	29	0.1%		
Dated subordinated holding company debt		689	1.3%	689	1.3%		
Preference shares(holding company)		475	0.9%	475	0.9%		
Equity		1,647	3.0%	1,647	3.0%		
Total Tangible Banking Assets		52,132	100.0%	54,916	100.0%		

DEBT CLASS	DE JURE WATERFALL		DE FACTO WATERFALL		NOTCHING		LGF NOTCHING VS. ADJUSTED BCA	ASSIGNED LGF NOTCHING	ADDITIONAL LGF NOTCHING	PRELIMINARY RATING ASSESSMENT
	INSTRUMENT VOLUME SUBORDINATION	SUB-ORDINATION	INSTRUMENT VOLUME SUBORDINATION	SUB-ORDINATION	DE JURE	DE FACTO				
Counterparty Risk Rating	15.8%	15.8%	15.8%	15.8%	3	3	3	3	0	a1
Counterparty Risk Assessment	15.8%	15.8%	15.8%	15.8%	3	3	3	3	0	a1 (cr)
Deposits	15.8%	6.1%	15.8%	11.2%	2	3	2	2	0	a2
Senior unsecured bank debt	15.8%	6.1%	11.2%	6.1%	2	1	2	-	-	-
Junior senior unsecured bank debt	6.1%	5.2%	6.1%	5.2%	0	0	0	0	0	baa1
Dated subordinated bank debt	5.2%	3.9%	5.2%	3.9%	-1	-1	-1	-1	0	baa2
Dated subordinated holding company debt	5.2%	3.9%	5.2%	3.9%	-1	-1	-1	-1	0	baa2
Holding company non-cumulative preference shares	3.9%	3.0%	3.9%	3.0%	-1	-1	-1	-1	-2	ba1

INSTRUMENT CLASS	LOSS GIVEN		ADDITIONAL NOTCHING	PRELIMINARY RATING ASSESSMENT	GOVERNMENT SUPPORT NOTCHING	LOCAL CURRENCY RATING	FOREIGN CURRENCY RATING
	FAILURE	NOTCHING					
Counterparty Risk Rating	3	0		a1	1	Aa3	
Counterparty Risk Assessment	3	0		a1 (cr)	1	Aa3(cr)	
Deposits	2	0		a2	1	A1	A1
Senior unsecured bank debt	-	-		-	1	A1	A1
Junior senior unsecured bank debt	0	0		baa1	0	Baa1	
Dated subordinated bank debt	-1	0		baa2	0	(P)Baa2	
Dated subordinated holding company debt	-1	0		baa2	0	Baa2	
Holding company non-cumulative preference shares	-1	-2		ba1	0	Ba1 (hyb)	

[1] Where dashes are shown for a particular factor (or sub-factor), the score is based on non-public information.

Source: Moody's Ratings

Ratings

Exhibit 13

Category	Moody's Rating
BAWAG P.S.K. AG	
Outlook	Stable
Counterparty Risk Rating - Dom Curr	Aa3/P-1
Bank Deposits	A1/P-1
Baseline Credit Assessment	baa1
Adjusted Baseline Credit Assessment	baa1
Counterparty Risk Assessment	Aa3(cr)/P-1(cr)
Issuer Rating	A1
Senior Unsecured	A1
Junior Senior Unsecured - Dom Curr	Baa1
Subordinate MTN - Dom Curr	(P)Baa2
ST Issuer Rating	P-1
PARENT: BAWAG GROUP AG	
Subordinate - Dom Curr	Baa2
Pref. Stock Non-cumulative - Dom Curr	Ba1 (hyb)

Source: Moody's Ratings

Endnotes

1 Year refers to the announcement of acquisition

© 2024 Moody's Corporation, Moody's Investors Service, Inc., Moody's Analytics, Inc. and/or their licensors and affiliates (collectively, "MOODY'S"). All rights reserved. CREDIT RATINGS ISSUED BY MOODY'S CREDIT RATINGS AFFILIATES ARE THEIR CURRENT OPINIONS OF THE RELATIVE FUTURE CREDIT RISK OF ENTITIES, CREDIT COMMITMENTS, OR DEBT OR DEBT-LIKE SECURITIES, AND MATERIALS, PRODUCTS, SERVICES AND INFORMATION PUBLISHED OR OTHERWISE MADE AVAILABLE BY MOODY'S (COLLECTIVELY, "MATERIALS") MAY INCLUDE SUCH CURRENT OPINIONS. MOODY'S DEFINES CREDIT RISK AS THE RISK THAT AN ENTITY MAY NOT MEET ITS CONTRACTUAL FINANCIAL OBLIGATIONS AS THEY COME DUE AND ANY ESTIMATED FINANCIAL LOSS IN THE EVENT OF DEFAULT OR IMPAIRMENT. SEE APPLICABLE MOODY'S RATING SYMBOLS AND DEFINITIONS PUBLICATION FOR INFORMATION ON THE TYPES OF CONTRACTUAL FINANCIAL OBLIGATIONS ADDRESSED BY MOODY'S CREDIT RATINGS. CREDIT RATINGS DO NOT ADDRESS ANY OTHER RISK, INCLUDING BUT NOT LIMITED TO: LIQUIDITY RISK, MARKET VALUE RISK, OR PRICE VOLATILITY. CREDIT RATINGS, NON-CREDIT ASSESSMENTS ("ASSESSMENTS"), AND OTHER OPINIONS INCLUDED IN MOODY'S MATERIALS ARE NOT STATEMENTS OF CURRENT OR HISTORICAL FACT. MOODY'S MATERIALS MAY ALSO INCLUDE QUANTITATIVE MODEL-BASED ESTIMATES OF CREDIT RISK AND RELATED OPINIONS OR COMMENTARY PUBLISHED BY MOODY'S ANALYTICS, INC. AND/OR ITS AFFILIATES. MOODY'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS AND MATERIALS DO NOT CONSTITUTE OR PROVIDE INVESTMENT OR FINANCIAL ADVICE, AND MOODY'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS AND MATERIALS ARE NOT AND DO NOT PROVIDE RECOMMENDATIONS TO PURCHASE, SELL, OR HOLD PARTICULAR SECURITIES. MOODY'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS AND MATERIALS DO NOT COMMENT ON THE SUITABILITY OF AN INVESTMENT FOR ANY PARTICULAR INVESTOR. MOODY'S ISSUES ITS CREDIT RATINGS, ASSESSMENTS AND OTHER OPINIONS AND PUBLISHES OR OTHERWISE MAKES AVAILABLE ITS MATERIALS WITH THE EXPECTATION AND UNDERSTANDING THAT EACH INVESTOR WILL, WITH DUE CARE, MAKE ITS OWN STUDY AND EVALUATION OF EACH SECURITY THAT IS UNDER CONSIDERATION FOR PURCHASE, HOLDING, OR SALE.

MOODY'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS, AND MATERIALS ARE NOT INTENDED FOR USE BY RETAIL INVESTORS AND IT WOULD BE RECKLESS AND INAPPROPRIATE FOR RETAIL INVESTORS TO USE MOODY'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS OR MATERIALS WHEN MAKING AN INVESTMENT DECISION. IF IN DOUBT YOU SHOULD CONTACT YOUR FINANCIAL OR OTHER PROFESSIONAL ADVISER.

ALL INFORMATION CONTAINED HEREIN IS PROTECTED BY LAW, INCLUDING BUT NOT LIMITED TO, COPYRIGHT LAW, AND NONE OF SUCH INFORMATION MAY BE COPIED OR OTHERWISE REPRODUCED, REPACKAGED, FURTHER TRANSMITTED, TRANSFERRED, DISSEMINATED, REDISTRIBUTED OR RESOLD, OR STORED FOR SUBSEQUENT USE FOR ANY SUCH PURPOSE, IN WHOLE OR IN PART, IN ANY FORM OR MANNER OR BY ANY MEANS WHATSOEVER, BY ANY PERSON WITHOUT MOODY'S PRIOR WRITTEN CONSENT. FOR CLARITY, NO INFORMATION CONTAINED HEREIN MAY BE USED TO DEVELOP, IMPROVE, TRAIN OR RETRAIN ANY SOFTWARE PROGRAM OR DATABASE, INCLUDING, BUT NOT LIMITED TO, FOR ANY ARTIFICIAL INTELLIGENCE, MACHINE LEARNING OR NATURAL LANGUAGE PROCESSING SOFTWARE, ALGORITHM, METHODOLOGY AND/OR MODEL.

MOODY'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS AND MATERIALS ARE NOT INTENDED FOR USE BY ANY PERSON AS A BENCHMARK AS THAT TERM IS DEFINED FOR REGULATORY PURPOSES AND MUST NOT BE USED IN ANY WAY THAT COULD RESULT IN THEM BEING CONSIDERED A BENCHMARK.

All information contained herein is obtained by MOODY'S from sources believed by it to be accurate and reliable. Because of the possibility of human or mechanical error as well as other factors, however, all information contained herein is provided "AS IS" without warranty of any kind. MOODY'S adopts all necessary measures so that the information it uses in assigning a credit rating is of sufficient quality and from sources MOODY'S considers to be reliable including, when appropriate, independent third-party sources. However, MOODY'S is not an auditor and cannot in every instance independently verify or validate information received in the credit rating process or in preparing its Materials.

To the extent permitted by law, MOODY'S and its directors, officers, employees, agents, representatives, licensors and suppliers disclaim liability to any person or entity for any indirect, special, consequential, or incidental losses or damages whatsoever arising from or in connection with the information contained herein or the use of or inability to use any such information, even if MOODY'S or any of its directors, officers, employees, agents, representatives, licensors or suppliers is advised in advance of the possibility of such losses or damages, including but not limited to: (a) any loss of present or prospective profits or (b) any loss or damage arising where the relevant financial instrument is not the subject of a particular credit rating assigned by MOODY'S.

To the extent permitted by law, MOODY'S and its directors, officers, employees, agents, representatives, licensors and suppliers disclaim liability for any direct or compensatory losses or damages caused to any person or entity, including but not limited to by any negligence (but excluding fraud, willful misconduct or any other type of liability that, for the avoidance of doubt, by law cannot be excluded) on the part of, or any contingency within or beyond the control of, MOODY'S or any of its directors, officers, employees, agents, representatives, licensors or suppliers, arising from or in connection with the information contained herein or the use of or inability to use any such information.

NO WARRANTY, EXPRESS OR IMPLIED, AS TO THE ACCURACY, TIMELINESS, COMPLETENESS, MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OF ANY CREDIT RATING, ASSESSMENT, OTHER OPINION OR INFORMATION IS GIVEN OR MADE BY MOODY'S IN ANY FORM OR MANNER WHATSOEVER.

Moody's Investors Service, Inc., a wholly-owned credit rating agency subsidiary of Moody's Corporation ("MCO"), hereby discloses that most issuers of debt securities (including corporate and municipal bonds, debentures, notes and commercial paper) and preferred stock rated by Moody's Investors Service, Inc. have, prior to assignment of any credit rating, agreed to pay to Moody's Investors Service, Inc. for credit ratings opinions and services rendered by it. MCO and Moody's Investors Service also maintain policies and procedures to address the independence of Moody's Investors Service credit ratings and credit rating processes. Information regarding certain affiliations that may exist between directors of MCO and rated entities, and between entities who hold credit ratings from Moody's Investors Service, Inc. and have also publicly reported to the SEC an ownership interest in MCO of more than 5%, is posted annually at www.moody's.com under the heading "Investor Relations — Corporate Governance — Charter Documents - Director and Shareholder Affiliation Policy."

Moody's SF Japan K.K., Moody's Local AR Agente de Calificación de Riesgo S.A., Moody's Local BR Agência de Classificação de Risco LTDA, Moody's Local MX S.A. de C.V., I.C.V., Moody's Local PE Clasificadora de Riesgo S.A., and Moody's Local PA Clasificadora de Riesgo S.A. (collectively, the "Moody's Non-NRSRO CRAs") are all indirectly wholly-owned credit rating agency subsidiaries of MCO. None of the Moody's Non-NRSRO CRAs is a Nationally Recognized Statistical Rating Organization.

Additional terms for Australia only: Any publication into Australia of this document is pursuant to the Australian Financial Services License of MOODY'S affiliate, Moody's Investors Service Pty Limited ABN 61 003 399 657AFSL 336969 and/or Moody's Analytics Australia Pty Ltd ABN 94 105 136 972 AFSL 383569 (as applicable). This document is intended to be provided only to "wholesale clients" within the meaning of section 761G of the Corporations Act 2001. By continuing to access this document from within Australia, you represent to MOODY'S that you are, or are accessing the document as a representative of, a "wholesale client" and that neither you nor the entity you represent will directly or indirectly disseminate this document or its contents to "retail clients" within the meaning of section 761G of the Corporations Act 2001. MOODY'S credit rating is an opinion as to the creditworthiness of a debt obligation of the issuer, not on the equity securities of the issuer or any form of security that is available to retail investors.

Additional terms for India only: Moody's credit ratings, Assessments, other opinions and Materials are not intended to be and shall not be relied upon or used by any users located in India in relation to securities listed or proposed to be listed on Indian stock exchanges.

Additional terms with respect to Second Party Opinions (as defined in Moody's Investors Service Rating Symbols and Definitions): Please note that a Second Party Opinion ("SPO") is not a "credit rating". The issuance of SPOs is not a regulated activity in many jurisdictions, including Singapore. JAPAN: In Japan, development and provision of SPOs fall under the category of "Ancillary Businesses", not "Credit Rating Business", and are not subject to the regulations applicable to "Credit Rating Business" under the Financial Instruments and Exchange Act of Japan and its relevant regulation. PRC: Any SPO: (1) does not constitute a PRC Green Bond Assessment as defined under any relevant PRC laws or regulations; (2) cannot be included in any registration statement, offering circular, prospectus or any other documents submitted to the PRC regulatory authorities or otherwise used to satisfy any PRC regulatory disclosure requirement; and (3) cannot be used within the PRC for any regulatory purpose or for any other purpose which is not permitted under relevant PRC laws or regulations. For the purposes of this disclaimer, "PRC" refers to the mainland of the People's Republic of China, excluding Hong Kong, Macau and Taiwan.

Contacts

Ibrahim Kara +49.69.86790.2181
Sr Ratings Associate
ibrahim.kara@moodys.com

CLIENT SERVICES

Americas	1-212-553-1653
Asia Pacific	852-3551-3077
Japan	81-3-5408-4100
EMEA	44-20-7772-5454