Excerpts of public disclosure ahead of Q3 2020 reporting

October 2020

Excerpts of public disclosure ahead of Q3 2020 reporting

This document provides excerpts of different public disclosure of BAWAG Group. The source of the excerpt is noted at each respective excerpt. Except where noted, the excerpts were prepared at the time of the Q2 2020 disclosure, are based on the Q2 2020 financial reporting as well as information released during Q3 2020 and were provided to you at such time. BAWAG Group has not and expressly disclaims any obligation to update or alter any statements therein, including without limitations any forward-looking statements, whether as a result of new information, future events, or otherwise.

The information in this document is to be read together with the Q2 2020 earnings presentation as well as the transcript of the earnings call of Q2 2020 as well as all releases published since then.

Documents can be found on our website under https://www.bawaggroup.com/BAWAGGROUP/IR/EN/Financial-Results unless stated otherwise.

Outlook and Targets

Updated 2020 outlook

OUTLOOK 2020

	AS OF Q1 '20	UPDATED
Net interest income **FY '19: €879m**	Fairly stable	**up to 3%**
Net fee and commission income **FY '19: €284m**	Down up to 15%	**Decreasing 10 - 15%**
Other income **FY '19: €78m**	Down	**Flat to H1 '20**
Operational expenses **FY '19: €530m**	Reducing by ~5%	**Decreasing by ~5%**
Risk costs **FY '19: €69m**	No forecast as uncertain	**H2 '20 lower than H1 '20 risk costs**
Return on tangible common equity: **FY '19: 16.1%**		**Targeting ~10%**

MEDIUM-TERM TARGETS

Based on normalized environment

Return on tangible common equity (RoTCE)

>15%

Cost-income ratio

<40%

Source: Earnings presentation Q2 2020

Management Targets

P&L & Capital disclosure elements

Definitions

P&L disclosure elements

BAWAG Group

1

Revenues

- **Net interest income**
  Positive trend expected to continue for the rest of the year, also supported by positive TLTRO III impact.
- **Net commission and fee income**
  Most significant impact in Q2 '20, however negative implications expected for rest of the year

Source: Earnings presentation Q2 2020

2

Risk cost

- **Q2 '20 risk cost ratio at 74bps**
  - includes €40m reserve applying adverse ECB Euro macro scenarios across businesses and addressing payment deferrals
  - specific provisions in Corporates & Public of ~€8m (mainly related to oil & gas exposure)

  Source: Earnings presentation Q2 2020
- "Given the overall uncertainty it is still difficult to give a precise outlook on risk costs for the rest of the year, but after having reflected the most severe macro assumptions in the second quarter, we would expect risk costs for the second half to be lower than for the first half of the year … we also think there will be potentially more specific versus general provisions in the next quarters."

  "…we will continue to be prudent and conservative, addressing any reserve requirements as needed."

  Source: Webcast transcription Q2 2020

3

Operating expenses & other P&L lines

- "We remain positive about the cost development in 2020 and we think costs could come down approximately 5% versus 2019."
- "We assume the other income to be flat in the second half."

  Source: Webcast transcription Q2 2020
- Increase in deposit insurance contribution related to the Commerzialbank fraud in Austria … approximately €10 million additional charge in Q3 '20

  Source: Developments in Q3 2020 Presentation

Capital and other disclosure

1

Capital development

- "We generated 40 basis points of gross capital through earnings and 50 basis points from an increasing OCI, primarily due to positive OCI development as a result of tightening credit spreads."

- Dividend treatment: "The Bank continues to deduct the full year 2019 dividend of € 230 million and the first half 2020 dividend of € 61 million from our capital and we will wait for further guidance from our regulators regarding capital distributions during the fourth quarter, following this morning's announcement from the ECB which recommends banks not to pay dividends until January 2021. We are fully committed to distributing our earmarked dividends."

- "The new composition of P2R allows us to meet 88bps of our 200bps Pillar 2 requirement with non CET 1 instruments, which we also intend to issue in the coming quarters, which then will result in an updated CET 1 target of 12.25%."

  Source: Webcast transcription Q2 2020

- P2R: Issued €175 million AT1 (5.125% coupon) and €200 million T2 (1.932% yield, ms +235bps) filling the P2R bucket and created additional RWA capacity

  Source: Developments in Q3 2020 Presentation

2

Other

- Risk: Extension of public moratorium through January 2021

- Issued €750 million mortgage covered bond (10 years; ms +7bps)

  Source: Developments in Q3 2020 Presentation

Management Targets

P&L & Capital disclosure elements

Definitions

Definitions of return and efficiency ratios

Reported ratios	Definition
Cost-income ratio	Operating expenses / operating income
Risk costs / interest-bearing assets; (risk cost ratio)	Provisions and loan loss provisions, impairment losses and operational risk (total risk costs) / average interest bearing assets
Common Equity Tier 1 (CET1) ratio	Common Equity Tier 1 (CET1) capital / risk-weighted assets; CET1 capital including profit and dividend accrual
Return on tangible common equity	Net profit / average tangible common equity
Pre-tax earnings per share	Profit before tax / weighted average number of shares outstanding
After-tax earnings per share	Net profit / weighted average diluted number of shares outstanding

BAWAG Group

IMPORTANT DISCLAIMER: This presentation is prepared solely for the purpose of providing general information about BAWAG Group, Wiedner Gürtel 11, 1100 Wien. The information does not constitute investment or other advice or any solicitation to participate in investment business. This presentation does not constitute an offer or recommendation to purchase any securities or other investments or financial products. In respect of any information provided past performances do not permit reliable conclusion to be drawn as to the future performances. BAWAG Group does not make any representation, express or implied, as to the accuracy, reliability or completeness of the information contained in this presentation. BAWAG Group disclaims all warranties, both express and implied, with regard to the information contained in this presentation. This presentation contains forward-looking statements relating to the business, financial performance and results of BAWAG Group or the industry in which BAWAG Group operates. These statements may be identified by words such as "expectation", "belief", "estimate", "plan", "target" or "forecast" and similar expressions, or by their context. These statements are made on the basis of current knowledge and assumptions and involve risks and uncertainties. Various factors could cause actual future results, performance or events to differ materially from those described in these statements and neither BAWAG Group nor any other person accepts any responsibility for the accuracy of the opinions expressed in this presentation or the underlying assumptions. No obligation is assumed to update any forward-looking statements. In no event shall BAWAG Group be liable for any loss, damages, costs or other expenses of any kind (including, but not limited to, direct, indirect, consequential or special loss or loss of profit) arising out of or in connection with any use of, or any action taken in reliance on, any information contained in this presentation. BAWAG Group assumes no obligation for updating the provided information in this presentation. The content in this presentation are not to be relied upon as a substitute for professional advice. This presentation shall not be forwarded to any third party.