

Excerpts of public disclosure ahead of Q1 2021 reporting

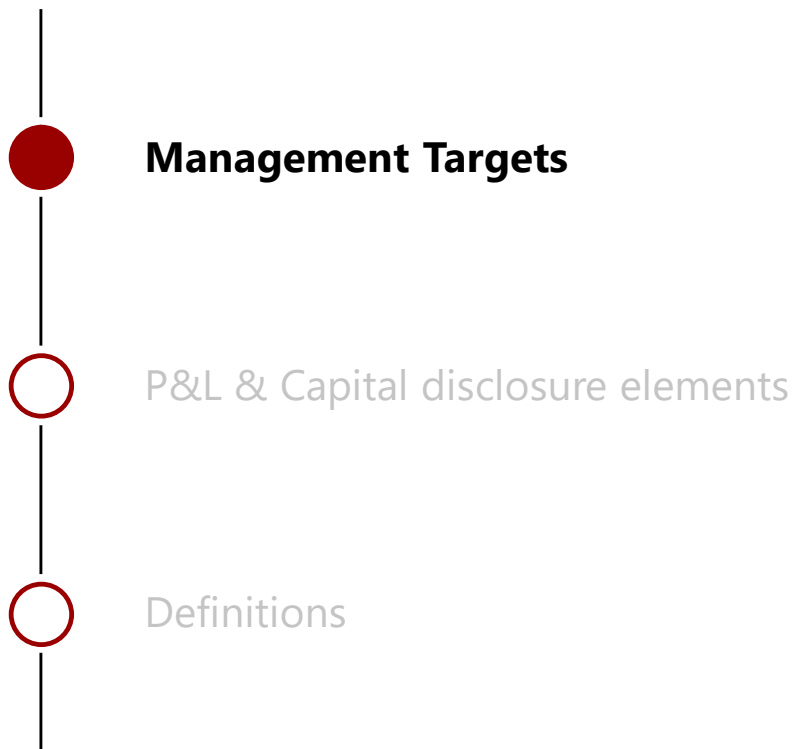
9 April 2021

Excerpts of public disclosure ahead of Q1 2021 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 Q4 2020 disclosure, are based on the Q4 2020 financial reporting as well as information released during Q1 2021 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 Q4 2020 earnings presentation as well as the transcript of the earnings call of Q4 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 2021

Core revenues
FY '20: €1,171m

~2% growth

Other income
FY '20: €1m

€0m expected

Operating expenses:
FY '20: €520m

Below €485m

Regulatory charges
FY '20: €59m

~€60m expected

Risk costs
FY '20: €225m

> 40% reduction

Developments in 2021

Core revenues

- We anticipate subdued activity during H1 '21 given continued lockdowns, followed by a normalized environment in H2 '21

Operating expenses

- Booked ~€22m restructuring charges in 2020 ... ongoing efficiency measures reducing core operating expenses >3%

Regulatory charges

- Commerzialbank fraud in 2020 increased annual deposit insurance payments by €12m per year ... no recoveries expected in 2021

Risk Costs

- Booked ~€100m ECL reserves, of which €38m management overlay, based on most severe macro forecast for 2020 of -12.6% GDP
- Total cyclical corporate exposures ~€22m (down 81% vs YE '19)
- De-minimis active payment holidays ... Retail & SME at 0.6% with 91% paying ratio and 6-month average pay period of expired deferrals

TARGETS

2021

Return on tangible
common equity (RoTCE)

>13%

Cost-income ratio

<41%

MEDIUM-TERM TARGETS

Based on normalized environment

Return on tangible
common equity (RoTCE)

>15%

Cost-income ratio

<40%

**Extraordinary
General Meeting**

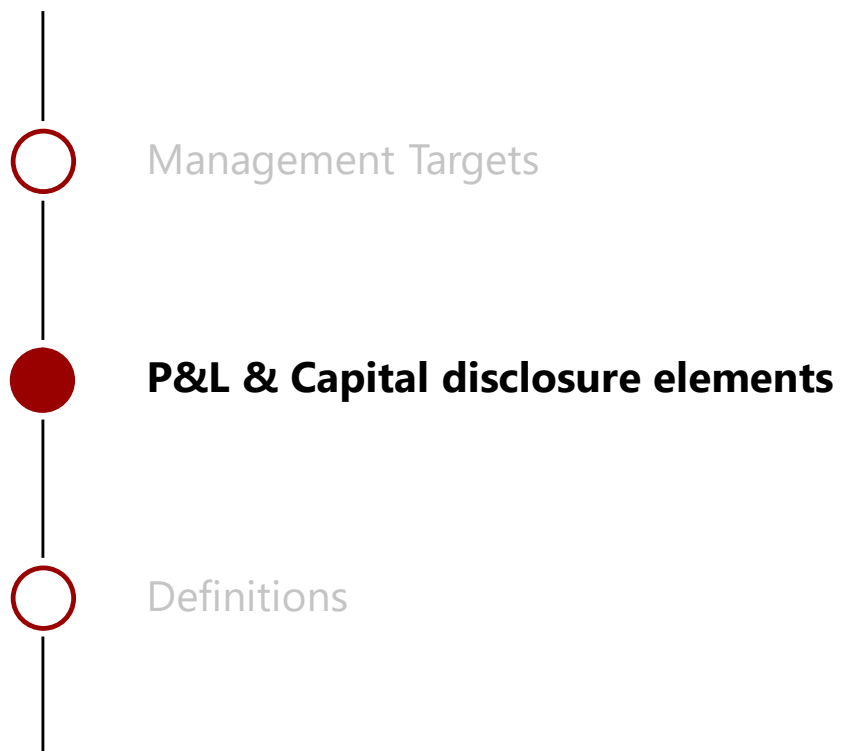
03 March '21

**Capital
Markets
Day**

September '21

**Annual General
Meeting**

H2 '21



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Revenues

> **Net interest income**

"A solid quarter of Net interest income, largely stable versus Q3 with a Net Interest Margin of 228 basis points, in line with the full year performance. We see an overall positive trend resulting from higher interest-bearing assets and over time we also expect a change in our asset mix to more secured and public sector lending."

Source: Webcast transcription FY 2020

Note regarding daycount:

Q1 has 2 days less than Q4

Net commission income

"In the second half of the year (2020) we observed a gradual recovery with NCI improvement in Q3 and Q4. We stand now at above 90% of pre-Covid levels and assuming a more normalized environment in the second half of 2021 after continued subdued activity in the first half, we expect core revenues to grow by approximately 2% in 2021."

Source: Webcast transcription FY 2020

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Risk cost

> Q4 '20 risk costs €45m ... risk cost ratio at 44bps

Source: Earnings presentation Preliminary FY 2020

> "Underlying risk cost ratio further improved, and was below 30 bps in Q4, while total risk cost ratio came down from 49bps in Q3 to 44bps in Q4"

Source: Webcast transcription FY 2020

> 2021 outlook: > 40% reduction versus 2020

Source: Earnings presentation Preliminary FY 2020

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Operating expenses & other P&L lines

> "Absolute costs came in at € 145 million for the quarter including approximately € 22 million of restructuring costs, that we took in Q4 to further accelerate our future efficiency measures."

Source: Webcast transcription FY 2020

> "With the increased annual deposit insurance payments of € 12 million per year following the Commerzialbank fraud in 2020 we would expect total regulatory charges to be around € 60 million for 2021, assuming no recoveries."

Source: Webcast transcription FY 2020

> Q1 '21 accounting for ~90% of full-year regulatory charges ... €54m will be reflected in Q1 '21

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Capital development

› “We’ve maintained a very strong capital position, continued to fortify our balance sheet through conservative provisioning and capital prudential filters, and consistently generated average annual CET1 capital generation through earnings of over 200 basis points per year since 2017.”

Source: Webcast transcription FY 2020

› “Given the most recent ECB recommendation from December, a down payment of € 40 million on the total € 460 million earmarked dividend will be proposed to the Extraordinary General Meeting in March (which represents the maximum allowed at the moment), with the remaining € 420 million dividend to be paid in the fourth quarter later this year, of course subject to shareholder and regulatory approvals.”

Source: Webcast transcription Preliminary FY 2020

› On 3 March 2021, the extraordinary general meeting of BAWAG Group approved a dividend payment of €0.4551 per share (equivalent to €40m, paid on 12 March 2021). The ordinary annual general meeting, which will resolve upon the remaining € 420 million dividend payment, subject to shareholder and regulatory approvals, will take place during H2 2021.

Source: Press release from 8 March 2021

› Q1 '21 (€54m) accounting for ~90% of full-year regulatory charges

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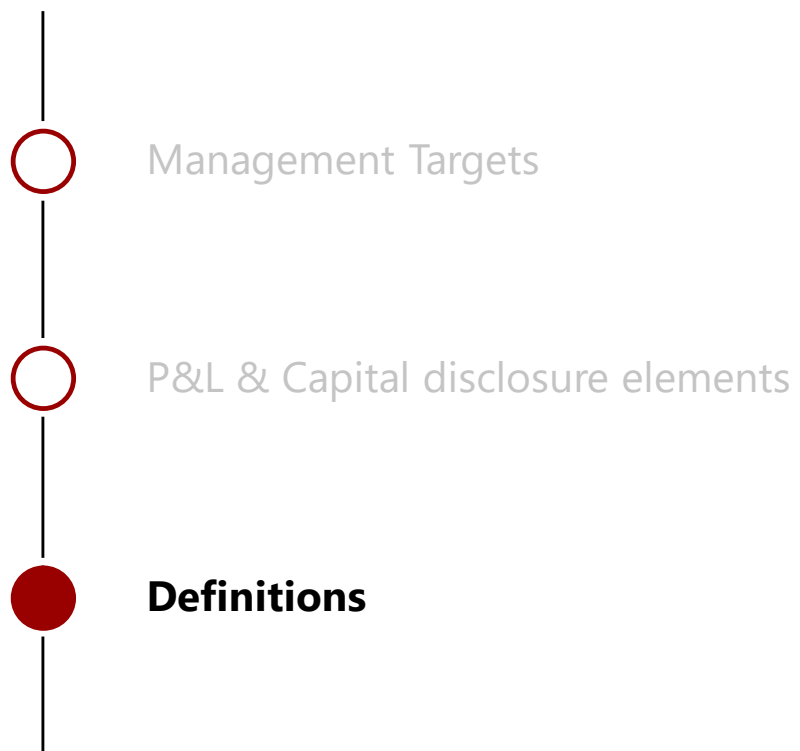
Other

› City of Linz:

We take note of the judgment of the Court of 2nd instance, which asserts invalidity of our contract with the City of Linz. However, we feel strongly about the legal merits of the case and look forward to the question of contractual validity being decided by the Austrian Supreme Court.

At this stage the judgment of the Court of 2nd instance doesn't impact the financial valuation (receivable of €254m as of December 2020), as we look forward to the question of contractual validity being decided by the Austrian Supreme Court. From a CET1 ratio perspective, the “City of Linz” worst case scenario was fully provisioned thru prudential filter as of year-end 2020.

Statement following judgment of Court of 2nd instance from 31 March 2021



Definitions of return and efficiency ratios

<u>Reported ratios</u>	Definition
Cost-income ratio	Operating expenses / operating income
Risk costs / interest-bearing assets; (risk cost ratio)	Total risk costs (Provisions and loan loss provisions, impairment losses and operational risk) / 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



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