

Response to Coronavirus



BAWAG Group's response to coronavirus

ENSURING OPERATIONAL CONTINUITY

Early bank-wide measures implemented :

Customers:

- Branches are open
- Customers are encouraged to use our online channels or telephone banking in order to reduce branch visits to a minimum

Employees:

- Employees are working remotely where possible
- Infrastructure prepared for extended home office work

Ensuring to protect the health of our employees, customers and supporting the real economy

Proactively engaging with our retail, small business and corporate customers to support them during this situation

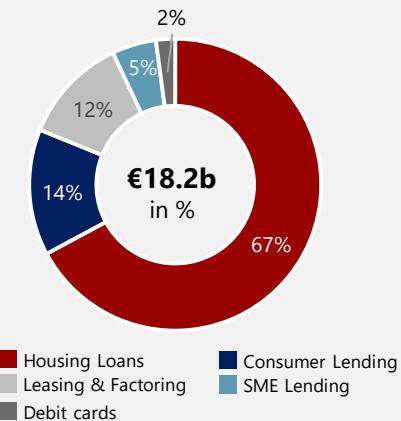
BUSINESS IMPACT

- To date, no disruptions in service to our clients
- BAWAG Group has a strong capital and funding base. Our business model is highly cash capital-generative. In 2019, BAWAG Group generated 230 bps CET1 capital through earnings
- While previous economic growth projections are no longer valid, a great deal depends on the effectiveness of the public health, fiscal, monetary and regulatory measures that have been put in place
- On Friday, March 27, the ECB published recommendations on dividend distributions during the coronavirus pandemic. In the communication, the "ECB asks banks not to pay dividends or buy back shares during the COVID-19 pandemic". The communication concerns dividends for 2019 and 2020, as well as share buy backs, until at least October 1, 2020
- In light of the ECB recommendation we have decided to postpone our AGM, initially scheduled for May 4, 2020, to the fourth quarter 2020. This postponement will enable us to have more clarity on the consequences of the coronavirus and allow for the proper assessment of any further formal guidance or recommendations from the ECB or governmental bodies
- Given the fluid nature of events and the uncertainties in both scope and length, this may result in a overall challenged and volatile market environment over the coming months. We will closely monitor the developments and hope to provide a comprehensive update during our first quarter results

Customer businesses

Split of €31.4b customer segment assets as of year-end 2019

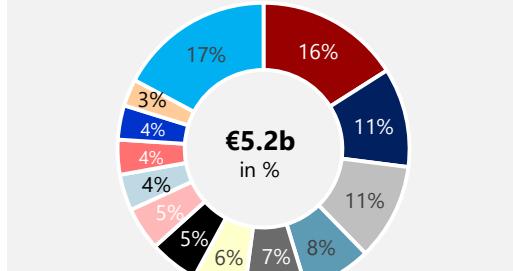
RETAIL & SME (58%)



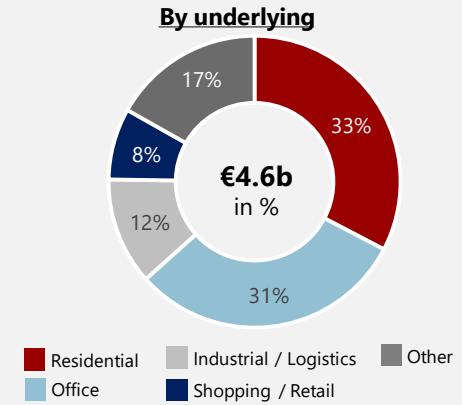
PUBLIC SECTOR (11%)



CORPORATE LENDING (16%)



ASSET BACKED LENDING (15%)



- ~80% collateralized
- ~90% DACH region
- International mortgages €1.8b ... blended LTV 55% (including mortgage insurance 36%)
- SMEs <5% ... 85% secured

- Lending focused on Austrian municipalities, Federal States and Republic of Austria
- BAWAG P.S.K. is payments provider to Republic of Austria

- Non-DACH Corporate lending €2.3b
- Total committed corporate credit lines of less than €100m
- No exposure to high-yield non-investment grade credit
- *Exposure (net book value, Feb '20) to:*
Airlines €0m
Oil & Gas €32m
Shipping €34m

Government stimulus packages

AUSTRIA

A **crisis management fund in the amount of €4b** was passed on March 15, 2020 with relatively unbureaucratic measures to provide:

- Liquidity for companies (including bridge loans & credit guarantees and tax deferrals)
- €1b for job security especially via a new model of "Corona-Kurzarbeit" (short-time work model)
- €2b direct, non-repayable cash subsidies for hardship cases (available for SMEs and self employed workers and family businesses)

On March 18, the Austrian Chancellor announced the **upgrade of the aid package to a total of €38b** providing:

- €9b in guarantees and warranties for bank loans
- €10b in tax deferrals and cuts
- €15b in emergency aid for companies consisting of 90% state covered guarantees for bridge loans up to €120m/ company at max 100bps and non-repayable compensation of up to 75% of "lost" fixed costs (passed April 3)

On April 3, the Austrian government put an **optional moratorium** in place for household loans and loans to micro-enterprises, allowing for payment deferrals for 3+3 months

On April 8, **100% guarantee program for SME** up to 500k or 10% of revenues/turnover was announced

Government started with phased easing of lockdown after Easter

GERMANY

"Economic Stabilization Fund" in the amount of €600b (passed on March 25), available to companies with >250 employees and providing additional:

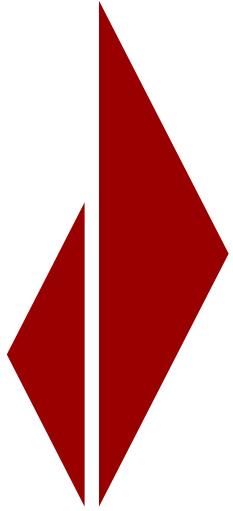
- €400b to guarantee or take on liabilities of companies at risk
- €100b earmarked for equity stakes in companies
- €100b in loans through state-run development bank KfW

€156b in debt to finance higher social spending and a €50bn liquidity fund for self-employed people

Further measures include:

- **Unlimited** credit programs by KfW, available to all companies, from SMEs to blue-chip
- Payment deferrals on KfW loans for 9 months and **moratorium** for loans to consumers (3 month deferrals)
- Increase of funds for short-time work to €26b to prevent dismissals
- tax measures for all businesses (payment deferrals, adjustments to tax prepayments, suspension of enforcement measures)
- Support for tenants
- Furthermore, different federal states within Germany set up programs, e.g. Bavaria opened a €10b fund for financial emergency aid

On April 6, an **additional aid program for SME** (11-250 FTE) providing **100% guaranteed emergency loans** of up to €800k per company/ 3 months of sales at 300bps was presented (further details on April 9)



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Group**

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