Q2 2020 Earnings

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28 July 2020

Q2 2020 Highlights and segment performance

Detailed financials

Group Overview & Strategy

Highlights Q2 2020

BAWAG Group

EARNINGS

Net Profit of €61m, EPS of €0.70, and RoTCE 8.9%

Pre-provision profit of €160m and CIR 43.9%

Significant items: ECB Euro area adverse economic scenario (-12.6% in 2020; +3.3% in 2021) applied for macro assumptions resulting in **+€40m general reserves** across all segments

BALANCE SHEET & CAPITAL

Interest bearing assets: +10% vYE; Customer loan growth: +3% vYE

CET1 ratio (post dividend) up +70bps in Q2 '20 to 13.4% as of June 2020

Full year 2019 and H1 '20 **dividend deducted from capital (€291m)**

Dividend distributions pending guidance from ECB/regulators

OUTLOOK

Targeting **RoTCE ~10%** for full year 2020

Annual General Meeting on 30 October 2020

Committed to medium-term targets: RoTCE >15% and CIR <40%

Note: Comparison vPY, unless stated otherwise

Financial performance

Key highlights

P&L | € millions	Q2 '20	vPY	vPQ	H1 '20	vPY
Core revenues	284	(2%)	(3%)	575	-
Operating income	284	(9%)	(4%)	580	(5%)
Operating expenses	(125)	(8%)	(0%)	(250)	(5%)
Pre-provision profit	**160**	**(10%)**	**(7%)**	**330**	**(5%)**
Regulatory charges	(3)	(14%)	(93%)	(39)	5%
Risk costs	(75)	388%	36%	(130)	376%
Profit before tax	**81**	**(50%)**	**-**	**161**	**(44%)**
Net profit	**61**	**(50%)**	**-**	**122**	**(44%)**
Ratios					
RoCE	7.4%	(6.3pts)	(0.1pts)	7.3%	(5.2pts)
RoTCE	8.9%	(7.3pts)	(0.2pts)	8.8%	(5.8pts)
CIR	43.9%	0.4pts	1.6pts	43.0%	0.1pts
Risk cost ratio	0.74%	0.58pts	0.16pts	0.66%	0.52pts
Normalized					
Net profit	55	(53%)	(32%)	136	(41%)
RoCE	6.6%	(6.4pts)	(3.3pts)	8.2%	(4.9pts)
RoTCE	8.0%	(7.4pts)	(3.9pts)	9.8%	(5.6pts)

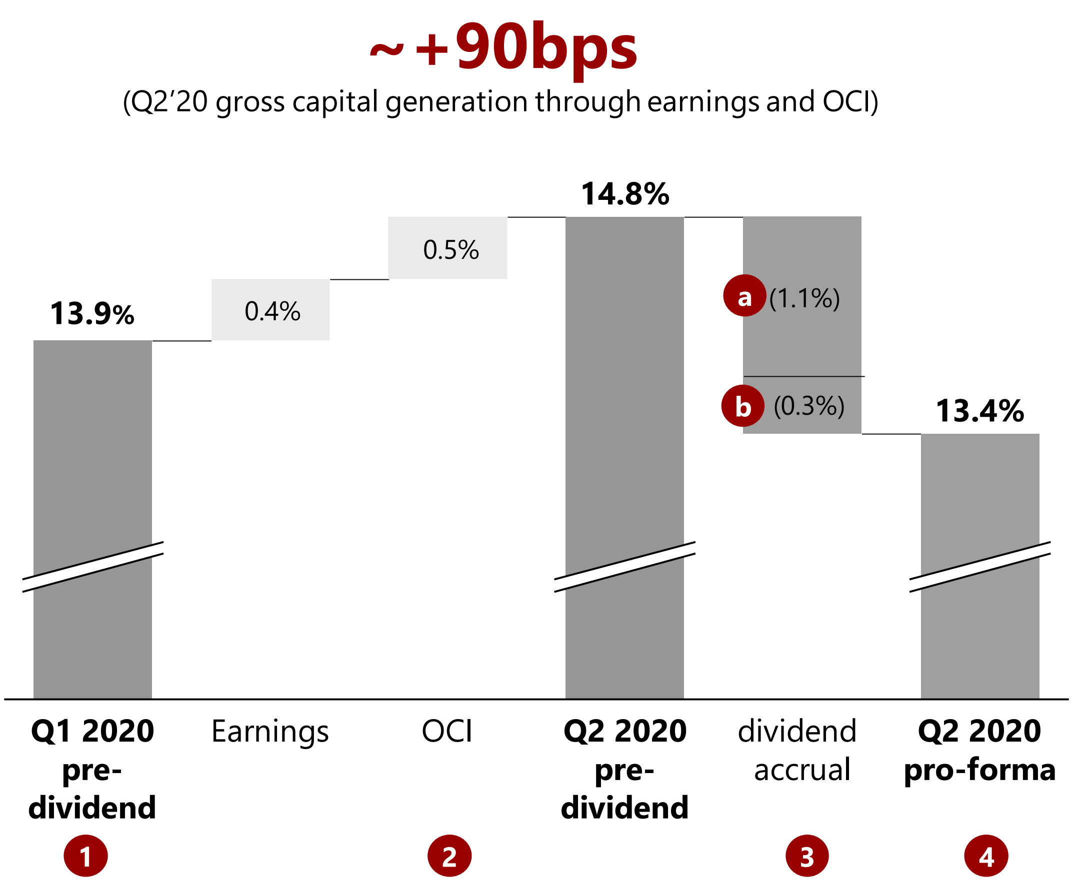
Balance Sheet & Capital | € millions	Q2 '20	Q1 '20	vPQ	vYE
Total assets	51,278	46,510	10%	12%
Interest-bearing assets	40,505	39,063	4%	10%
Customer loans	31,372	31,110	1%	3%
Customer deposits	30,255	29,638	2%	-
Common Equity	3,366	3,240	4%	2%
Tangible Common Equity	2,811	2,675	5%	3%
CET1 Capital	2,777	2,648	5%	3%
Risk-weighted assets	20,750	20,881	(1%)	2%
CET1 Ratio (post dividend)	**13.4%**	**12.7%**	**0.7pts**	**0.1pts**
Liquidity Coverage Ratio	209%	135%	74pts	63pts
Leverage ratio	5.9%	6.3%	(0.4pts)	(0.6pts)

Per share data	Q2 '20	vPY	vPQ	H1 '20	vPY
Earnings (€)	0.70	(43%)	-	1.39	(37%)
Book value (€)	38.28	6%	4%	38.28	6%
Tangible book value (€)	31.96	5%	5%	31.96	5%

Note: €291m dividend deducted from Equity balances and CET1 capital in balance sheet, capital, ratios and per share data.

Capital development … CET1 ratio (FL)

Strong capital position



1. Q1 '20 CET1 ratio excluding dividend at 13.9%
2. OCI: primarily related to tightening credit spreads positively impacting OCI
3. **Dividend deduction of 140bps (€291m):**
   - a. FY '19 dividend ~€230m and
   - b. H1 '20 dividend accrual of ~€61m per dividend policy (50% of net profit)
4. Pro-forma CET1: Assuming dividend payments

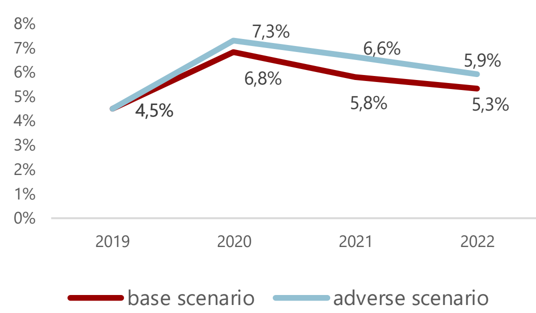
Outlook:

- Projected impact on software intangibles of +25-30bps in H2 '20
- **Intend to fill P2R in the coming quarters resulting in updated CET1 target of 12.25%**

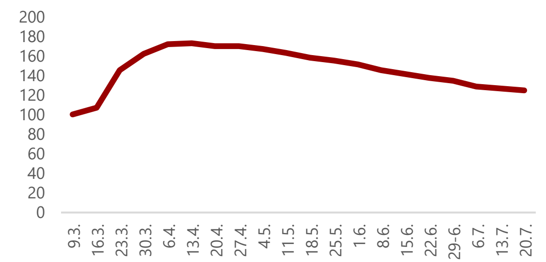
Current environment

- Lockdown in Austria was implemented affecting all businesses with the exception of critical infrastructure mid of March … phased easing of restrictions from mid of April
- Extensive stimulus packages implemented … Austria stimulus package of €50b+ and Germany of €1+ trillion[5], ~30% of total EU area stimulus[6] … Austria 13% GDP … Germany ~30% GDP
- To date, €25b out of the €50b+ rescue package in Austria have been approved
- Public Moratorium in Austria extended 4 months until the end of October 2020
- Applied the ECB Euro area adverse scenario for IFRS 9 macro-assumptions of (12.6%) GDP in 2020 and +3.3% recovery in 2021

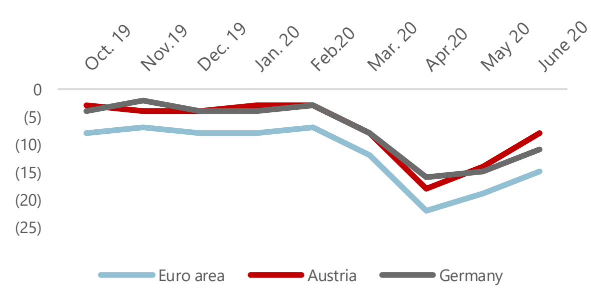
Unemployment rate forecast Austria in %[1]



Unemployed in Austria
indexed as of 9 March 2020[2]



Consumer Confidence Indicator[3]



Retail trade in % y-o-y[4]

1) Based on national bank's forecast as of 5 June 2020 2) Source: Bundesministerium Arbeit, Familie und Jugend, excl. short-term work models; indexed as of 9 March 3) Source: European Commission
4) Source: WIFO 5) Source: International Monetary Fund, fiscal package of federal government incl. guarantees 6) Total EU stimulus and 2019 GDP: European Commission

Retail & SME

Financial performance

€ millions	Q2 '20	Q2 '19	vPY	Q1 '20	vPQ
Core revenues	213.8	217.2	(2%)	229.9	(7%)
Net interest income	166.2	156.8	6%	168.1	(1%)
Net commission income	47.7	60.5	(21%)	61.8	(23%)
Operating income	215.6	217.5	(1%)	232.4	(7%)
Operating expenses	(90.0)	(98.2)	(8%)	(90.1)	-
Pre-provision profit	**125.6**	**119.3**	**5%**	**142.3**	**(12%)**
Regulatory charges	(0.7)	(0.8)	(13%)	(25.2)	(97%)
Risk costs	(35.7)	(17.0)	110%	(42.2)	(15%)
Profit before tax	**89.1**	**101.4**	**(12%)**	**74.9**	**19%**
Net profit	**66.8**	**76.1**	**(12%)**	**56.2**	**19%**

Ratios

in %	Q2 '20	Q2 '19	vPY	Q1 '20	vPQ
RoCE	18.5%	20.2%	(1.7pts)	15.3%	3.2pts
RoTCE	22.1%	23.5%	(1.4pts)	18.3%	3.8pts
CIR	41.7%	45.1%	(3.4pts)	38.8%	2.9pts
NPL ratio	2.1%	1.9%	0.2pts	1.9%	0.2pts
Risk cost ratio	0.78%	0.40%	0.38pts	0.92%	(0.14pts)

Customer development

€ millions	Q2 '20	Q2 '19	vPY	Q1 '20	vPQ
Housing loans	11,030	10,191	8%	10,672	3%
Consumer and SME	5,547	5,363	3%	5,588	(1%)
thereof: secured portfolio	2,505	2,374	6%	2,485	1%
Portfolios	1,916	1,892	1%	2,048	(6%)
thereof: UK & French mortgage portfolio	1,534	1,892	(19%)	1,619	(5%)
Total assets	**18,493**	17,446	**6%**	18,308	**1%**
Total assets (avg)	**18,287**	17,206	**6%**	18,217	**-**
Risk-weighted assets	**8,409**	8,235	**2%**	8,614	**(2%)**
Customer deposits	**24,878**	24,348	**2%**	24,124	**3%**

Pre-tax profit of €67m, down 12% vPY impacted by risk costs … net asset growth +6% vPY and 1% vPQ … Mortgage growth offsetting subdued demand in consumer loans and leases

Pre-provision profit of ~€126m, up 5% vPY … NII up 6% and costs down (8%), offset by (21%) decline in fee income resulting from lockdown measures in Q2 impacting advisory and transaction business

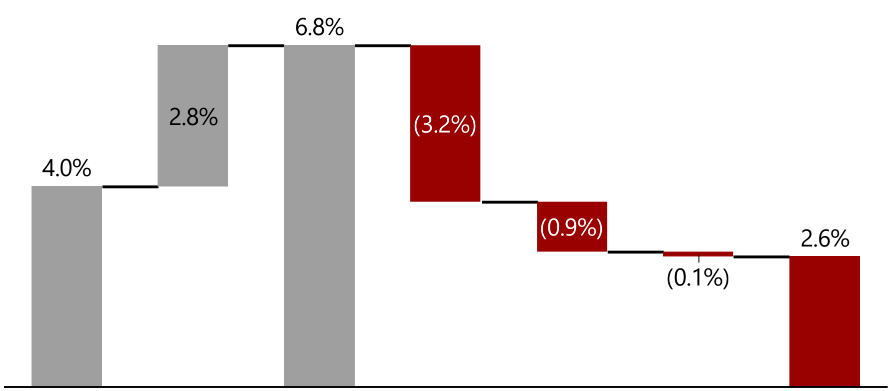
Risk costs of €36m in the quarter, up 110% vPY … driven by general reserve build of €18m from updated macro-assumptions and payment deferrals

Retail & SME

Portfolio overview of €18.5b of customer loans and leases

Credit profile	Assets Q2 '20 (€b)	NPL ratio	Payment holiday as of 24 July	Reserve development (€m) YE '19	Reserve development (€m) Q1 '20	Reserve development (€m) Q2 '20	Reserve ratio YE '19	Reserve ratio Q1 '20	Reserve ratio Q2 '20
Retail & SME secured	15.5	1.8%	2.7%	100	105	106	0.66%	0.69%	0.68%
Retail & SME unsecured	3.0	2.6%	2.3%	75	99	124	2.39%	3.14%	4.08%
Total Retail & SME	**18.5**	**2.1%**	**2.6%**	**176**	**204**	**230**	**0.96%**	**1.11%**	**1.24%**

PAYMENT DEFERRAL DEVELOPMENT



KEY DEVELOPMENTS

Highly collateralized Retail & SME business (84%) … primarily mortgages

Unsecured lending primarily personal loans to primary banking customers (~80%)

Total reserve build of +€54m (+31%) vYE and increase in reserve ratio from 96bps to 124bps vs YE ’19 (+28bps)

Payment deferrals development (6.8%): As of 24 July 47% (3.2%) of payment deferrals resumed payment, 38% (2.6%) with extended payment deferrals, 13% (0.9%) did not request extensions with payment due at month end 31 July, and 1% (0.1%) not paying

Corporates & Public

Financial performance

€ millions	Q2 '20	Q2 '19	vPY	Q1 '20	vPQ
Core revenues	68.4	71.4	(4%)	69.1	(1%)
Net interest income	59.5	61.3	(3%)	58.4	2%
Net commission income	8.9	10.1	(12%)	10.7	(17%)
Operating income	68.7	71.0	(3%)	70.7	(3%)
Operating expenses	(20.5)	(25.7)	(20%)	(21.3)	(4%)
Pre-provision profit	**48.2**	**45.3**	**6%**	**49.4**	**(2%)**
Regulatory charges	(1.0)	(1.4)	(29%)	(6.5)	(85%)
Risk costs	(28.3)	3.8	-	(11.9)	138%
Profit before tax	**18.9**	**47.7**	**(60%)**	**31.0**	**(39%)**
Net profit	**14.2**	**35.8**	**(60%)**	**23.3**	**(39%)**

Ratios

in %	Q2 '20	Q2 '19	vPY	Q1 '20	vPQ
RoCE	5.4%	11.2%	(5.8pts)	8.8%	(3.4pts)
RoTCE	6.7%	13.6%	(6.9pts)	11.1%	(4.4pts)
CIR	29.8%	36.2%	(6.4pts)	30.1%	(0.3pts)
NPL ratio	1.1%	1.2%	(0.1pts)	1.0%	0.1pts
Risk cost ratio	0.81%	(0.10%)	0.91pts	0.35%	0.46pts

Customer development

€ millions	Q2 '20	Q2 '19	vPY	Q1 '20	vPQ
Corporate lending	4,483	6,475	(31%)	4,858	(8%)
Asset backed lending	5,055	4,520	12%	4,921	3%
Public clients	4,364	3,202	36%	3,675	19%
Total assets	**13,902**	14,196	**(2%)**	13,454	**3%**
Total assets (avg)	**13,845**	14,137	**(2%)**	13,088	**6%**
Risk-weighted assets	**7,652**	8,523	**(10%)**	7,977	**(4%)**
Customer deposits	**4,822**	5,459	**(12%)**	4,577	**5%**

Pre-tax profit ~€19m, down 60% vPY impacted by reserve build … net asset growth +3% vPQ and down (2%) vPY driven by reduced corporate lending

Pre-provision profit €48m, up 6% vPY … Operating income down (3%) offset by reduction in costs of (20%)

Risk costs of €28m during the quarter after adopting adverse macro-assumptions (impact of ~€20m) in addition to ~€8m of specific reserves mainly for exposure in the oil & gas sector

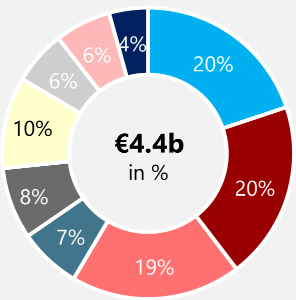
Maintaining disciplined underwriting … solid pipeline of opportunities in public sector and idiosyncratic corporate lending opportunities

Corporates & Public

BAWAG Group

Portfolio overview of €13.9 billion of customer loans

CORPORATE LENDING … €4.4b; (8%) vPQ



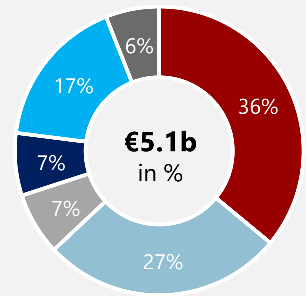
Cyclical sectors	Net book value (€m)	NPL volume	%-share of Corporate lending	%-share of Customer Business
Shipping	28	-	0.63%	0.09%
Retailers	23	6	0.52%	0.07%
Oil & Gas	16	16	0.36%	0.05%
Hotels	13	-	0.29%	0.04%
Airlines	-	-	-	-
Total	**80**	**22**	**1.79%**	**0.25%**

Services
Lender Financing
B-2-C
Food & Beverage
Telecommunication
Pharmaceuticals
Engineering & B-2-B
Healthcare
Other

- Disciplined and conservative underwriting over the years focused on risk-adjusted returns and not chasing volume growth
- Total committed corporate credit lines of ~ €100m … historically avoided committed lines as risk-adjusted returns were imbalanced
- Proactively managing higher-risk cyclical exposures … €80m net book value
- Total payment deferrals of ~€53m … around 1.2% of the corporate lending book

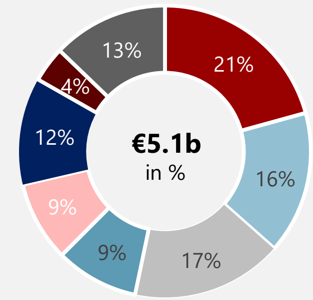
ASSET BACKED LENDING … €5.1b; +3% vPQ

By underlying



Residential
Office
Industrial / Logistics
Shopping / Retail
Other
Mixed

By geography



Ireland
Spain
USA
Austria
Nordics
Germany
UK
Other

Underwriting overview

Historically disciplined underwriting:

- Senior secured
- Day 1 LTC/V < 65%
- Interest Coverage Ratio (ICR >2.0x)

Commentary

- Solid portfolio performance … Positive customer responses and actions to date
- Total Payment deferrals of €67m … ~1.3% of asset backed lending portfolio
- As of 30 June, direct exposure to Hotels/Retail of ~ 8% … over 30% avg. pay down, ~6 months interest reserve, no payment deferrals

PUBLIC SECTOR … €4.4b; +19% vPQ

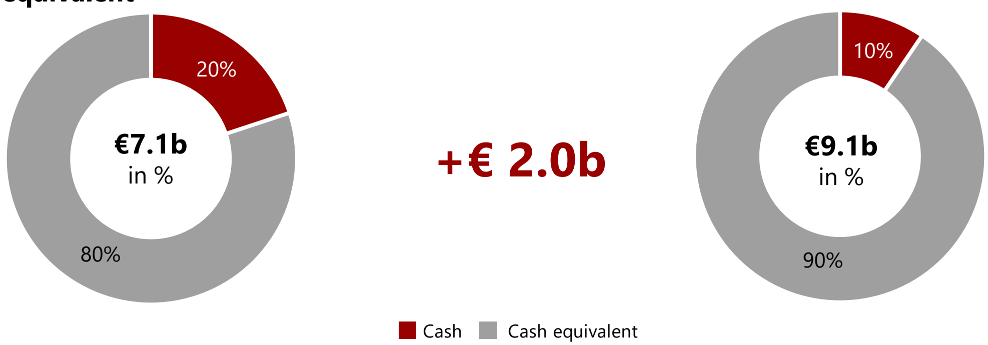
Public sector lending focused on Austrian municipalities, Federal States and Republic of Austria

Investment book and Cash

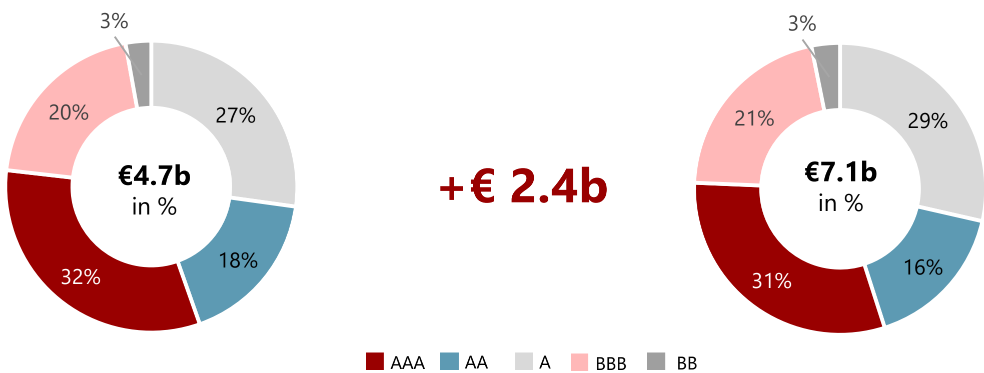
Continued to deploy excess cash into high-quality securities

YE '19 **Q2 '20**

Cash & Cash equivalent



Investment book



As of Q2 '20, cash and cash equivalents (mainly money at central banks) at €9.1b … TLTRO III of €5.8b in Q2 '20 (net incremental B/S impact of €5.2b vYE)

Investment book primarily serves as liquidity book of the Bank … deployed €2.4b since year-end into high quality securities

Focus on low credit risk, high liquidity, shorter duration and solid diversification in terms of geography and issuers:

- No non-performing assets
- 97% portfolio investment grade, with 76% A or higher
- Weighted average life of 4.2 years
- ~400 positions, average size ~€18m

Q2 2020 Highlights and segment performance

Detailed financials

Group Overview & Strategy

P&L & key ratios

P&L | € millions	**Q2 '20**	**Q2 '19**	**vPY**	**vPQ**
Net interest income	227.8	220.6	3%	4%
Net commission income	55.8	70.0	(20%)	(22%)
Core revenues	**283.6**	**290.6**	**(2%)**	**(3%)**
Other revenues	0.6	22.4	(97%)	(84%)
Operating income	**284.2**	**313.0**	**(9%)**	**(4%)**
Operating expenses	**(124.7)**	**(136.0)**	**(8%)**	**-**
Pre-provision profit	**159.5**	**177.0**	**(10%)**	**(7%)**
Regulatory charges	(2.5)	(2.9)	(14%)	(93%)
Risk costs	(74.6)	(15.3)	388%	36%
Profit before tax	**80.8**	**160.0**	**(50%)**	**-**
Income taxes	(19.3)	(38.3)	(50%)	-
Net profit	**61.2**	**121.7**	**(50%)**	**-**

Key ratios	**Q2 '20**	**Q2 '19**	**vPY**	**vPQ**
Return on Common Equity	7.4%	13.7%	(6.3pts)	(0.1pts)
Return on Tangible Common Equity	8.9%	16.2%	(7.3pts)	(0.2pts)
Net interest margin	2.27%	2.30%	(0.03pts)	(0.05pts)
Cost-income ratio	43.9%	43.5%	0.4pts	1.6pts
Risk cost ratio	0.74%	0.16%	0.58pts	0.16pts
Earnings per share (in €)	0.70	1.23	(43%)	-
Tangible book value per share (in €)	31.96	30.45	5%	5%

Net interest income improved due to higher interest-bearing assets, while NCI negatively impacted by lockdown measures

Operating expenses stable ... on track for full-year

Higher risk costs reflecting macroeconomic updates ... general reserve

Note: €291m dividend deducted from Equity balances and CET1 capital in balance sheet, capital, ratios and per share data.

Balance sheet

Growing overall balance sheet thru increased interest-bearing assets

Balance sheet | € billions	**Q2 '20**	**Q4 '19**	**Delta**
Customer loans	31.4	30.5	3%
Securities and bonds	8.0	5.4	50%
Credit institutions and cash	9.1	7.1	27%
Other assets	2.8	2.7	3%
Total assets	**51.3**	**45.7**	**12%**
thereof Average interest-bearing assets	40.4	37.6	7%
Customer deposits	30.3	30.4	-
Own issues	5.6	5.4	3%
Credit institutions	8.0	3.1	159%
Other liabilities	3.5	2.9	19%
Common equity	3.4	3.3	2%
Dividend accrual	0.3	0.2	26%
AT1 capital	0.3	0.3	-
Total liabilities & equity	**51.3**	**45.7**	**12%**

Note: €291m dividend deducted from Equity balances and CET1 capital

Capital & RWA | € billions	**Q2 '20**	**Q4 '19**	**Delta**
Common equity	3.4	3.3	2%
Tangible common equity	2.8	2.7	3%
CET1 capital	2.8	2.7	5%
Risk-weighted assets	20.8	20.4	2%
CET1 ratio (post dividend)	13.4%	13.3%	0.1pts
Leverage ratio	5.9%	6.5%	(0.6pts)

Growing interest-bearing assets thru mix of customer loans (+3%) and securities (+50%)

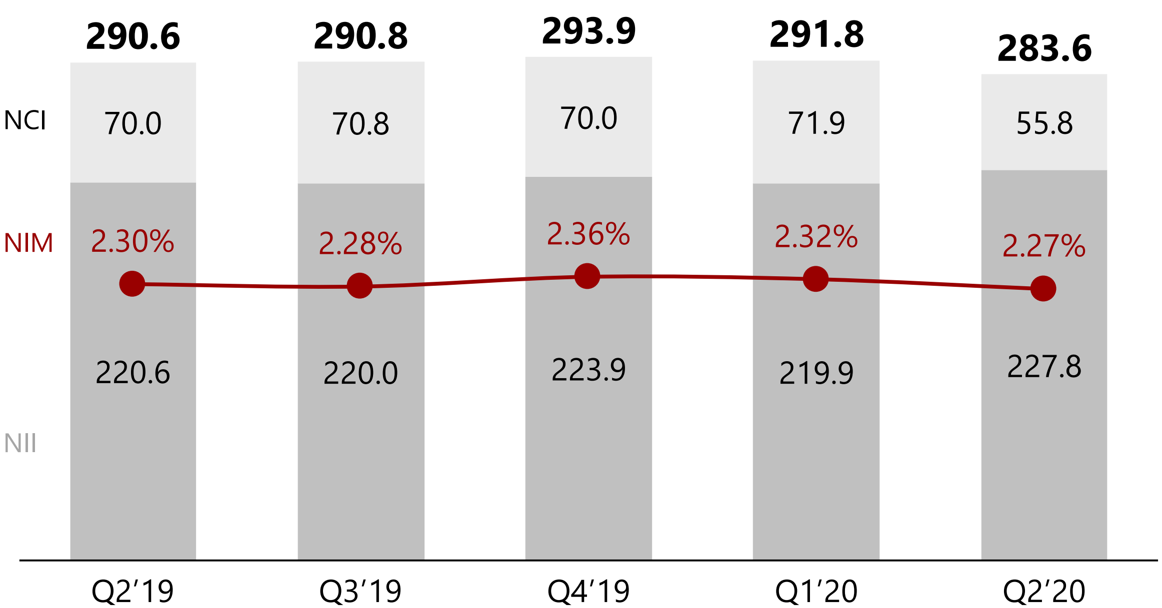
Risk weighted assets increased in line with customer loan growth

Tangible Common Equity up 3% vYE …. CET 1 ratio improved to 13.4% after dividend (+70bps versus Q1 '20)

P&L details – core revenues

Solid revenues in Q2 … COVID-19 mainly had an impact on NCI

€ millions



Customer loans | Average interest-bearing assets | € billions

31.1	30.7	30.5	31.1	31.4
38.4	38.6	37.6	38.1	40.4

Net interest income (NII) up 4% vPQ … net interest margin (NIM) at 2.27% in Q2 '20

- Growth of average interest-bearing assets by €2.3b in Q2 drives higher NII
- Positive trend expected to continue for the rest of the year, also supported by positive TLTRO III impact

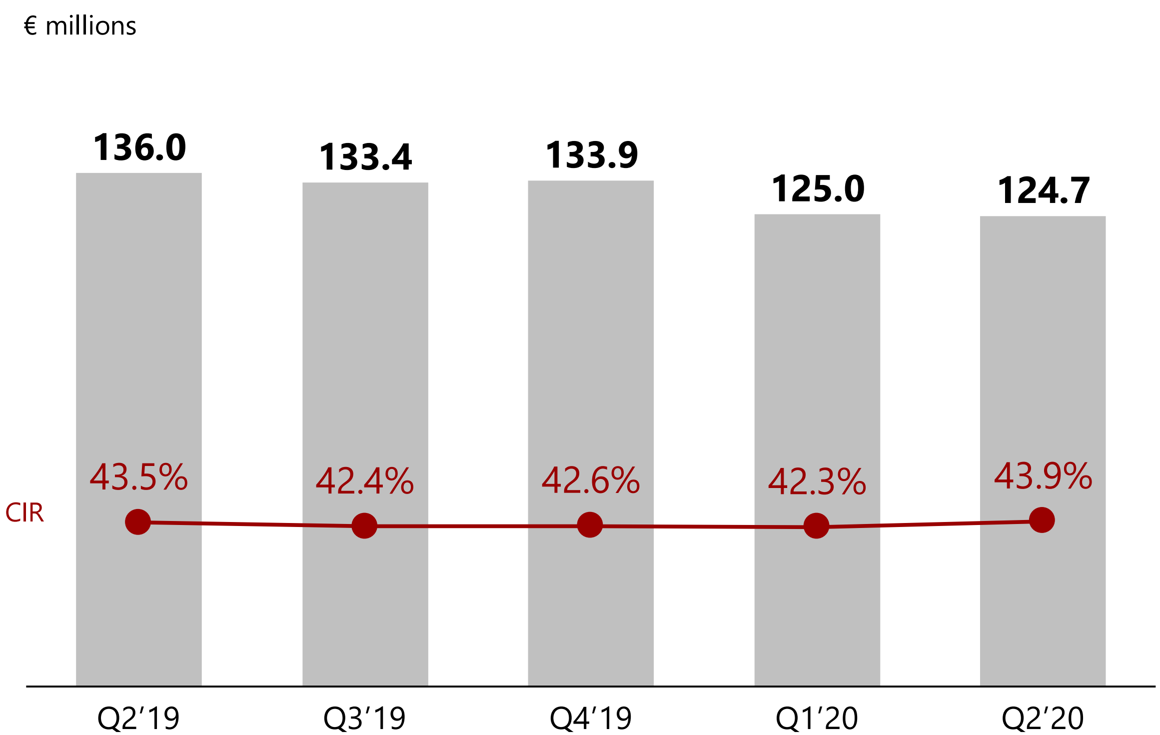
Net commission income (NCI) down 22% vPQ

- Lockdown measures resulted in less advisory business and customer foot-traffic
- Decrease in transaction business related to current accounts and credit cards, with the second quarter representing a trough of activity
- Most significant impact in Q2 '20, however negative implications expected for rest of the year

Outlook for 2020: increasing NII, negative impacts expected on NCI mainly from reduced advisory activity and reduced branch foot traffic

P&L details – operating expenses

Absolute costs lower versus prior quarter and prior year



Cost-income ratio at 43.9% in Q2 '20 and 43.0% in H1 '20

Year-over-year decrease resulting from ongoing efficiency and centralization measures … effect from specific cost items positively impacted by lockdown (e.g. travel) is negligible

Planting the seeds for greater scale, greater digital engagement both with customers and employees, and greater simplification and standardization across the Bank

Operating model implications from COVID-19

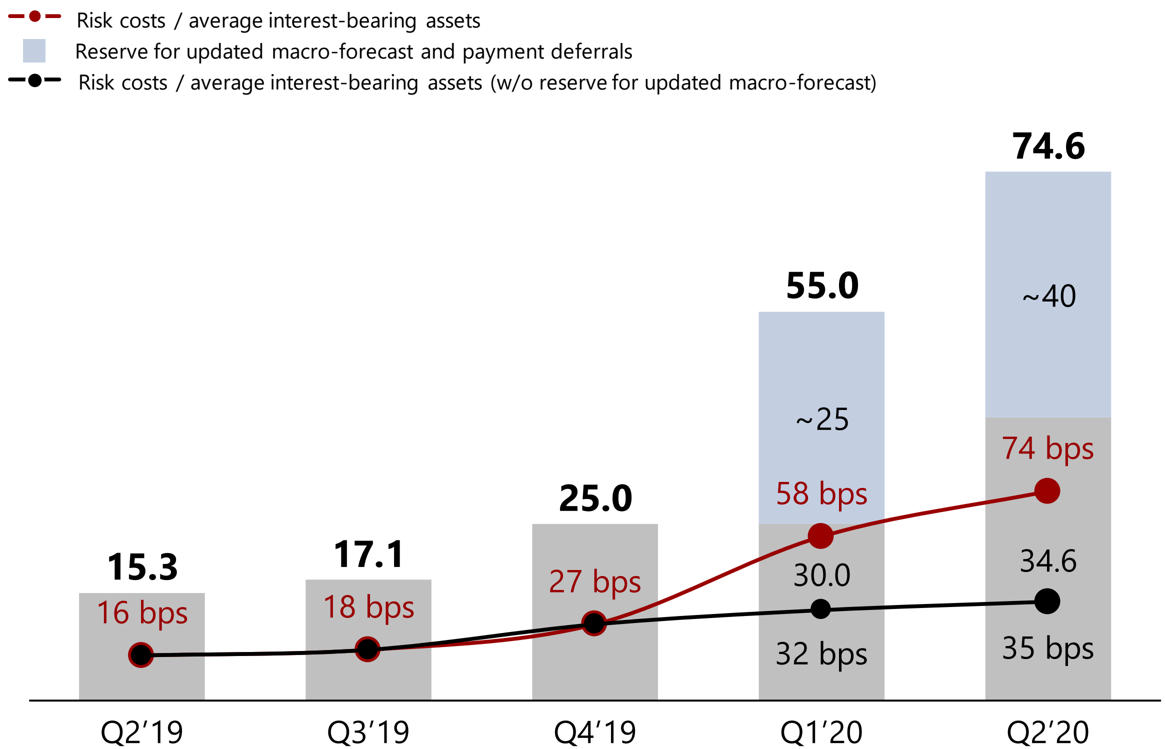
- Positive impacts from home-office, e.g. reduced physical footprint, maintenance costs, greater potential productivity
- Catalyst for future cost initiatives and redefining operating infrastructure

Outlook for 2020: 5% lower versus 2019

P&L details – risk costs

Higher risk costs due to COVID-19 … Strong underlying asset quality

€ millions



NPL ratio (as reported and excluding CoL)

	Q2'19	Q3'19	Q4'19	Q1'20	Q2'20
NPL ratio (as reported)	1.8%	1.9%	1.7%	1.6%	1.6%
NPL ratio (excluding CoL)	1.2%	1.4%	1.2%	1.1%	1.1%
Reserve ratio	1.0%	1.0%	0.9%	1.0%	1.2%

Q2 '20 risk costs at ~€75m … ratio at 74bps

- includes €40m reserve applying adverse ECB Euro macro scenarios (-12.6% in 2020; +3.3% in 2021) across businesses and addressing payment deferrals
- normal risk cost run-rate in Retail & SME of ~€17m
- specific provisions in Corporates & Public of ~€8m (mainly related to oil & gas exposure)

Maintain safe & secure balance sheet & portfolio risk management

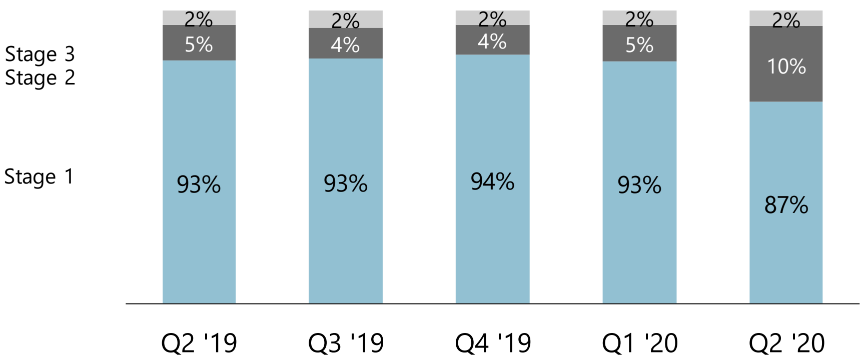
- Business focused on developed markets … ~70% DACH region and ~30% Western Europe / United States
- 75% of loan portfolio is secured or public sector lending

Outlook for 2020: Risk cost in H2 '20 expected to be lower than in H1 '20

Details on reserves

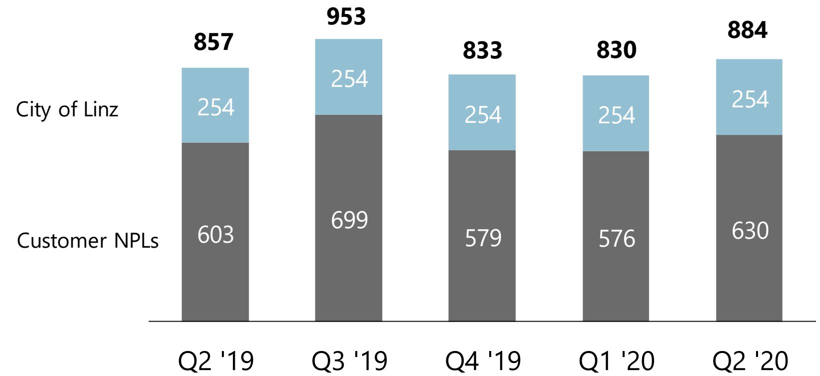
BAWAG Group

IFRS 9 MIGRATION – CUSTOMER SEGMENT ASSETS



	Q2 '19	Q3 '19	Q4 '19	Q1 '20	Q2 '20
Customer business	**31.6**	**32.0**	**31.3**	**31.8**	**32.4**
Less public sector	*3.2*	*3.3*	*3.4*	*3.7*	*4.4*
Asset base	**28.4**	**28.7**	**27.9**	**28.1**	**28.0**

NPL volume (stage 3), in €m



	Q2 '19	Q3 '19	Q4 '19	Q1 '20	Q2 '20
NPL ratio	1.8%	1.9%	1.7%	1.6%	1.6%
NPL ratio excl. City of Linz	1.2%	1.4%	1.2%	1.1%	1.1%
NPL cash coverage ratio	35%	32%	33%	34%	36%
NPL coverage ratio	77%	75%	75%	77%	79%

ECLs (Stage 1&2) and SPECIFIC RESERVES (Stage 3)

	Q2 '19	Q3 '19	Q4 '19	Q1 '20	Q2 '20
Stage 1	38.7	36.8	34.6	53.4	60.2
Stage 2	21.4	18.6	17.1	21.9	56.3
Stage 3	228.9	238.0	204.6	217.9	226.5
Total reserves	**289.0**	**293.4**	**256.3**	**293.1**	**343.0**
Total reserve ratio %	**1.0%**	**1.0%**	**0.9%**	**1.0%**	**1.2%**

IFRS 9: We took the full impact in 2018 … will not apply the newly proposed transition period

General reserves (Stage 1 & 2) increased +€65m (+125%) from €52m to €117m during H1 '20 vYE '19

General reserve build primarily related to macro-assumptions (95%) … payment deferrals and watchlist customers account for 5%

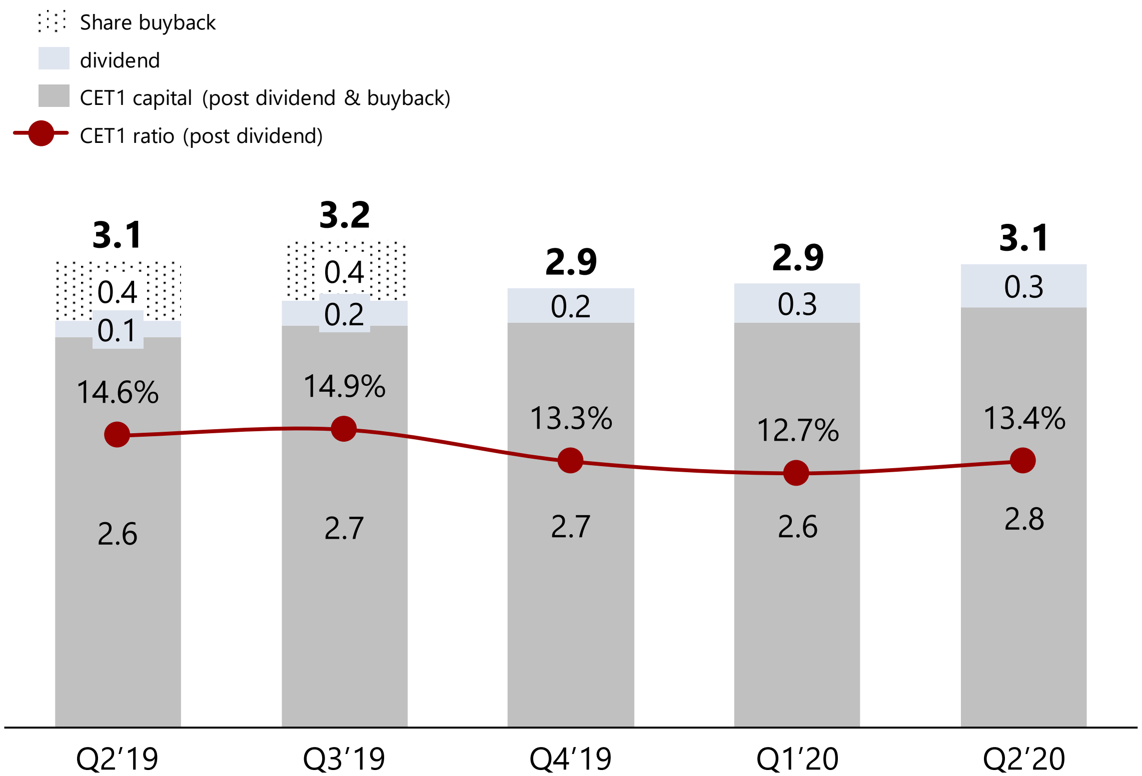
NPL ratio (excluding City of Linz) at 1.1%, with cash coverage of 36% and total coverage of 79%

City of Linz receivable marked at 60% … Assuming worst case scenario, CET1 impact of (30bps)

Regulatory Capital

Strong capital position

€ billions



RWA | € billions | **Total capital ratio**[1)]

	Q2'19	Q3'19	Q4'19	Q1'20	Q2'20
RWA	20.7	20.6	20.4	20.9	20.8
Total capital ratio	18.4%	18.7%	17.0%	16.3%	17.0%

Impact of various capital measures:

- SME Supporting Factor: impact used to offset organic growth
- Software intangibles: Impact of +25-30bps to CET1 to be recognized in 2H '20
- IFRS 9: We took the full impact in 2018 and will not apply the newly proposed transition period

BAWAG Group: 2% P2R needs to be held with 1.12% CET capital at the minimum … 88bps can be filled with 38bps Tier 1 and 50bps Tier 2 capital

CRD V update and SIFI-buffer (1%)/O-SII buffer (1%): unchanged at 1%

MDA trigger including current Tier 1 / Tier 2 capital shortfall at 9.9%

Intend to fill P2R with AT1 and Tier 2 in the coming quarters resulting in updated CET1 target of 12.25%

1) Post dividend accrual

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%

AGM

30 October 2020

Capital Markets Day

H1 '21

FY 2019 Highlights and segment performance

Detailed financials

Group Overview & Strategy

BAWAG Group

COMPANY PROFILE

One of Austria's leading retail banks with **2.4 million customers & solid market shares**

2019 results: €459m net profit, 16.1% RoTCE, CIR 42.7% and CET1 ratio 13.3%

Focused on developed markets ... DACH region, Western Europe and the United States

Organic & inorganic growth in DACH region and developed markets

Simple & consistent product offering across multiple channels

CAPITAL MANAGEMENT

Focused on **organic** and **inorganic growth**

Dividend policy of **50% payout ratio of net profits**

Committed to returning excess capital to **shareholders**

MEDIUM-TERM TARGETS

Based on normalized environment

Return on tangible common equity (RoTCE)

>15%

Cost-income ratio

<40%

OUR STRATEGY

Growth in our **core markets**

Focus on **Customer Centricity**

Efficiency and **operational excellence**

Safe and secure

Strategy

4 pillars of our growth strategy

Growing in our core markets

- Our foundation is Austria with a focus on DACH region and developed markets
- Grow into current account market share entitlement of up to 20% in Austria across core retail products
- Organic growth drivers … Partnerships & platforms, enhancing digital engagement and growing share of wallet of 2.4 million customer base
- Inorganic growth drivers … pursuing earnings-accretive M&A meeting our Group RoTCE targets >15%

Focus on Customer Centricity

- Build multi-channel and multi-brand franchise from branches-to-partners-to-brokers-to-platforms-to-digital products across the entire Retail & SME franchise
- Physical network focused on high-touch and high-quality advisory
- Leverage technology to simplify processes and reduce complexity
- Enhance analytical capabilities to improve customer experience
- New retail partnerships and lending platforms to provide 24/7 customer access

Drive efficiency through operational excellence

- Our DNA is to focus on the things we can control … "Self-help" approach to banking
- Simplify, standardize, and automate online and offline product offerings
- Create frictionless processes … wing-to-wing digitization focus across the Bank
- Continuously optimize our processes, footprint, and technology infrastructure
- Embrace various forms of technological change … will transform banking

Maintaining a safe and secure risk profile

- Maintaining strong capital position, stable retail deposits and low risk profile
- Focus on mature, developed and sustainable markets
- Applying conservative and disciplined underwriting in markets we understand
- Maintain fortress balance sheet
- Proactively manage and mitigate non-financial risk

Committed to responsible and profitable growth considering ESG

Bank transformation

Focusing on things we control and driving operational excellence

KEY METRICS

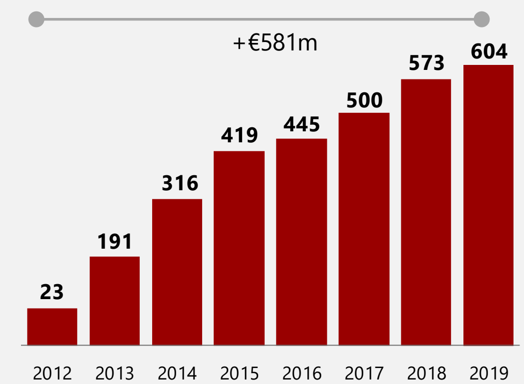
	2012	2013	2014	2015	2016	2017	2018	2019
RoTCE	3%	11%	15%	17%	18%	15%	15%	**16%**
C/I ratio	70%	68%	54%	48%	46%	47%	44%	**43%**
CET1 (FL) post dividend	6.2%	9.4%	12.2%	12.3%	13.6%	13.5%	14.5%	**13.3%**
NPL ratio	3.5%	2.5%	2.0%	1.9%	1.7%	1.8%	1.7%	**1.7%**
Assets (€b)	41.5	36.6	34.9	35.7	39.7	46.1	44.7	**45.7**

KEY TOPICS

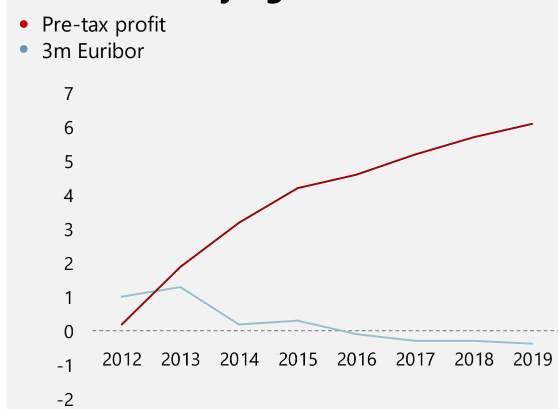
- Structurally **fixed cost base**
- Focus on **simple core products**
- **Focus on core markets** ... exited CEE and non-core assets
- **Discontinued trading activities**
- **Significantly increased profitability** despite declining / negative rates
- More than **doubled CET1** ratio
- **Returned/earmarked €900m+* capital since IPO in 2017**
- Completed **9 acquisitions** in DACH region since 2015

Increased profitability ...

Pre-tax profit (€ millions)



... without relying on interest rates



* Comprised of €400m share buyback executed in 2019 and €500m dividend, of which €230m FY 2019 dividend postponed, pending regulatory guidance

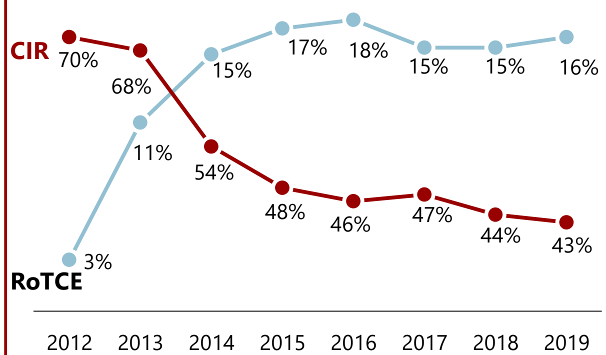
Main pillars of BAWAG Group

We entered the crisis in a strong position

RESILIENT BUSINESS MODEL

- Strategic transformation since 2012
- Focus on developed markets with Austria as our core and foundation
- Highly cash-capital generating business model with ~230bps CET1 thru 2019

EFFICIENT & HIGH-RETURN BUSINESS MODEL

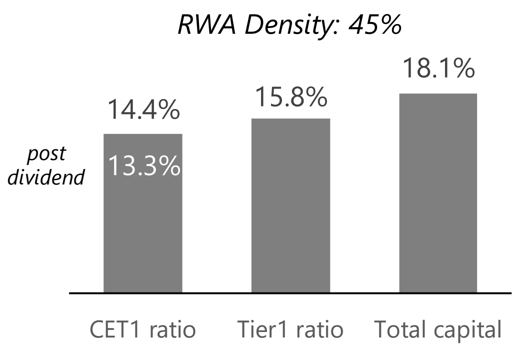


STRONG FUNDING & LIQUIDITY

- Strong customer deposit base … represent more than 2/3 of funding
- Comfortable maturity profile of own issuances
- No need for funding in 2020 if conditions are not favorable
- Liquidity coverage ratio of 209% … short-term liquidity buffer of €8.6b (30 June 2020)

STRONG CAPITAL POSITION

As of Dec 2019, pre-dividend

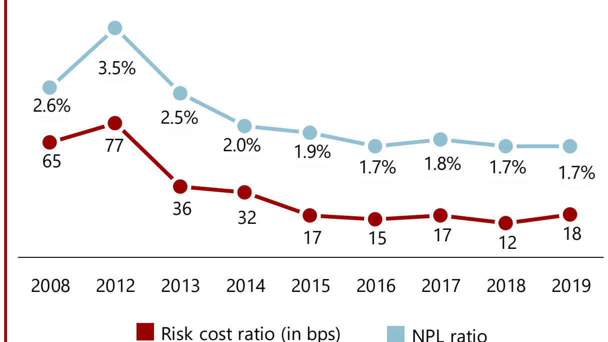


SOLID ASSET QUALITY and DISCIPLINED UNDERWRITING

- Conservative risk appetite and revamped risk organization since 2012
- Disciplined underwriting in corporates and real estate … focus on risk-adjusted returns
- No relevant exposure to CEE or emerging markets
- No operations with elevated AML risk

NON-PERFORMING LOANS

developments since financial crisis

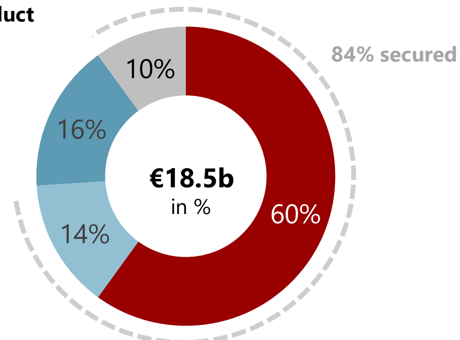


Customer businesses €32.4 billion

As of June 2020

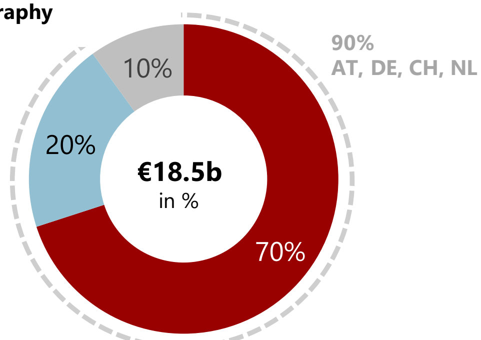
RETAIL & SME

By product



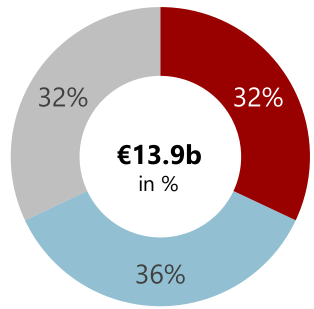
Housing loans | Consumer & SME (secured) | Consumer & SME (unsecured) | Portfolios

By geography

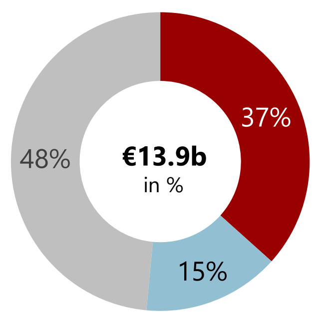


AT | DE, CH, NL | Western Europe / Other

CORPORATES & PUBLIC



Corporate lending | Asset backed lending | Public clients



AT | DE, CH, NL | Western Europe / USA

CUSTOMER BUSINESSES

€32.4 billion of which …

~75%

Secured or public sector lending

74%

Lending in AT, DE, CH, NL

26%

Western Europe & USA

Developing towards a Retail & SME franchise

Retail & SME Business

Corporates & Public Business

2.4 million

customers in DACH region with core foundation in Austria … focus on DACH and developed markets

Focus on

- current accounts
- credit cards
- mortgages
- consumer loans
- discount brokerage
- auto and equipment leasing
- factoring
- SME lending
- niche private banking

- Focus on developed markets … DACH region, Western Europe & the United States
- Disciplined & conservative corporate, asset backed and public sector lending
- Austrian public sector lending, payments provider for the Republic of Austria

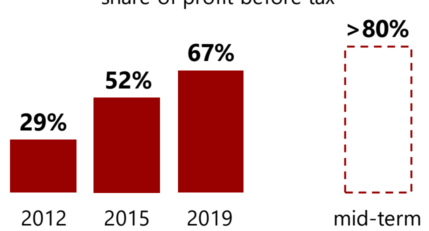
Strategic priorities

- Applying a multi-brand and multi-channel focus leveraging *"branches-to-partners-to-brokers-to-platforms-to-digital products and services"*
- Entering into strategic retail partnerships and platforms in core markets
- Driving digital engagement … Technology as enabler to roll-out simple and easy-to-use digital products and services
- Data driven decision-making … enhancing analytical capabilities to better serve our customers

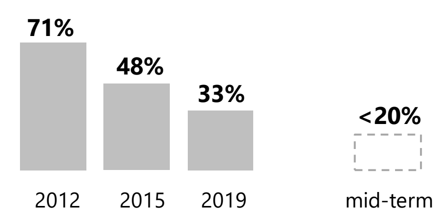
Simplified business focus

- Term loans, payments, and working capital facilities
- Focus on risk-adjusted returns versus volume growth
- Diversified portfolio in regards to asset class and geographies
- Focus on originate-to-sell for public sector assets

share of profit before tax*



Share of profit before tax*



*based on customer segements' profit before tax

Proven M&A track record

Experienced with bolt-on acquisitions to build out customer franchise

Q2 '19	Health AG [3]	€0.1b assets, €1b factoring volume	3k customers
Q1 '19	Zahnärztekasse AG		
Q2 '19	BFL DIE IT-FINANZIERER	€0.6b assets	50k customers
2018	Deutscher Ring Bausparkasse AG [2]	€0.5b assets	85k customers
2017	SÜDWESTBANK	€7.4b assets	100k customers
2017	PayLife, SIX commercial card issuing business	1.7m cards	>500k customers
2016	start:bausparkasse	€2b assets	500k customers
2016	IMMO-BANK	€1.6b assets	5k customers
2015	VB LEASING [1] LIKE IT. LEASE IT.	€0.7b assets	50k customers

- Continued focus on companies within the DACH region
- Assessing Banks, specialty finance companies, performing loan portfolios and FinTechs
- Primary focus: Mortgages, Leasing, Leasing, Factoring, Consumer, Cards, SMEs and niche Private Banking
- Primarily targeting companies requiring operational turnaround through simplification, standardization and efficiency measures

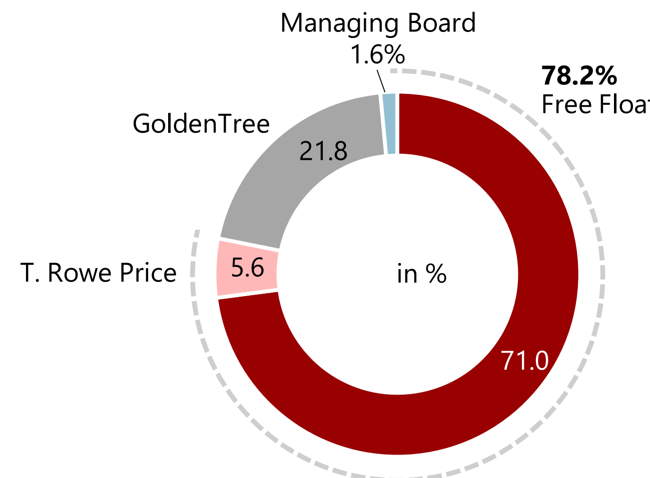
1) rebranded: easyleasing 2) rebranded: start:bausparkasse 3) rebranded: Health Coevo AG

Investor relations calendar

UPCOMING ROADSHOWS AND CONFERENCES

28 Jul	Digital one-on-one and group meetings
30 Jul	Asia investor call
17 Sep	Citi Virtual Small, Mid-Cap & Growth Conference
23 Sep	BAML Financial Conference
5 Oct	Erste Group - The Finest CEElection Investor Conference
27 Oct	Digital one-on-one and group meetings

SHAREHOLDER STRUCTURE



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Annex – Definitions and abbreviations

After-tax earnings per share ('EPS')
Net profit / weighted average number of shares outstanding (diluted)

B/S leverage
Total assets / IFRS equity

Common Equity Tier 1 capital (CET1)
including interim profit and dividend accruals considered; at year-end dividend deducted; Q1 '20 deducts dividend for FY '19 and Q1 '20

Common Equity Tier 1 ratio
Common Equity Tier 1 capital (CET1) / risk-weighted assets

Core revenues
The total of net interest income and net fee and commission income

Cost-income ratio
Operating expenses (OPEX) / operating income

Customer Loans
Loans to customers measured at amortized cost

Common equity
Equity attributable to the owners of the parent; excluding minorities, AT1 and deducted dividend accrual

FL … fully-loaded

Leverage ratio
Tier 1 capital / total exposure (calculation according to CRR)

Net interest margin (NIM)
Net interest income (NII) / average interest-bearing assets

NPL ratio
Non-performing loans (NPLs) / exposure

Pre-tax earnings per share
Profit before tax / weighted average number of shares outstanding (diluted)

Reserve ratio
Total reserves / Asset volume of customer segments excluding public lending

Return on common equity (RoCE)
Net profit / average IFRS equity excluding AT1 capital and deducted dividend accruals average equity based on 1 January 2018 due to IFRS 9 implementation

Return on tangible common equity (RoTCE)
Net profit / average IFRS tangible equity excluding AT1 capital and deducted dividend accruals; average equity based on 1 January 2018 due to IFRS 9 implementation

Risk cost ratio
Provisions and loan-loss provisions, impairment losses and operational risk (risk costs) / average interest-bearing assets

Tangible book value / share
IFRS tangible equity (excluding AT1 capital, deducted dividend accruals) / number of shares outstanding

Tangible common equity
Common equity reduced by the carrying amount of intangible assets

Total capital ratio
Total capital / risk-weighted assets

vPY … versus prior year period
vYE … versus year-end

vPQ … versus prior quarter period

Note: Tables in this presentation may contain rounding differences. Already published historic figures may vary due to adjustments.