Q2 2021 Credit Update

BAWAG Group

COMPANY PROFILE

One of Austria's leading banking groups with **2.3 million customers across DACH/NL region**

2020 results: €285m net profit, 10.2% RoTCE, CIR 44.3% and CET1 ratio (post dividend) 14.0% … against backdrop of global pandemic and prudent and conservative provisioning

Focused on developed markets … DACH/NL region, Western Europe and the United States

Organic & inorganic growth in DACH/NL region and developed markets

Delivering simple, transparent and reliable financial products and services that meet our customer's needs across multiple brands and channels

Developing more towards a Retail & SME franchise … targeting mid-term 80% profit contribution from Retail & SME versus 73% in H1 '21

CAPITAL MANAGEMENT

Focused on organic and inorganic growth

Dividend policy of 50% payout ratio of net profits

Committed to returning excess capital to shareholders

TARGETS

	RoTCE	CIR
2021*	**~15%**	**~ 40%**

New Targets & 4-year Plan through 2025 to be presented at Investor Day on 20 September '21

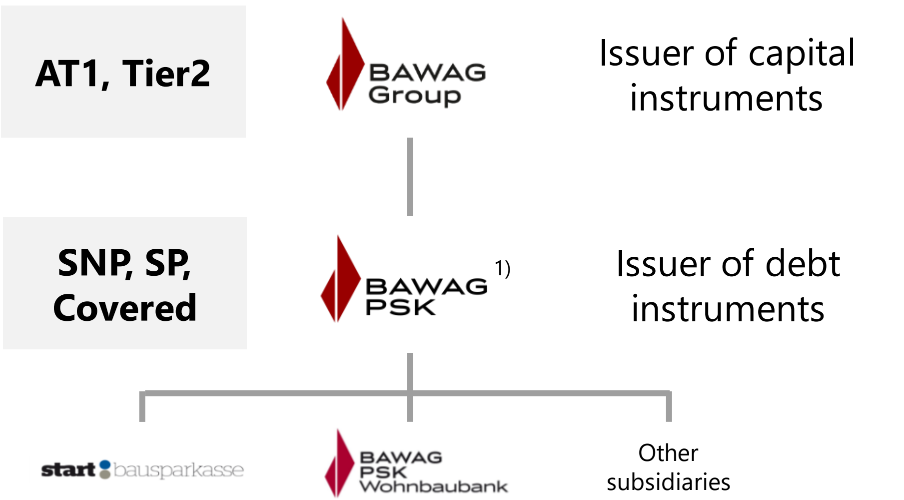
OUR STRATEGY

- Growing in our **core markets**
- Focus on **Customer Centricity**
- Efficiency and **operational excellence**
- **Safe and secure**

* Excluding any potential impacts from City of Linz legal ruling

BAWAG Group

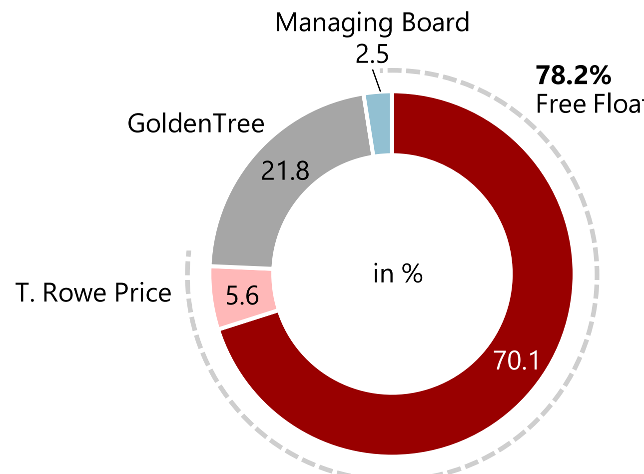
Company structure and issuing entities



		Moody's
BAWAG P.S.K.	Issuer Rating	A2 (stable)
	Covered bonds	Aaa
	Senior preferred	A2
	Senior non-preferred	Baa1
BAWAG Group	Tier 2	Baa2
	Additional Tier 1	Ba1

On 30 October 2020, Fitch has withdrawn the rating (A-, stable outlook) for commercial reasons
1) BAWAG P.S.K., easybank and Südwestbank are the main brands for banking operations of BAWAG P.S.K.

Shareholder structure of BAWAG Group AG



- Public listing on the Vienna Stock Exchange
- Granular and well diversified investor base with ~80% free float

Based on most recent major holdings notifications

Financial performance

Key highlights

P&L | € millions	Q2 '21	vPY	vPQ	H1 '21	vPY
Core revenues	302	6%	1%	599	4%
Operating income	303	6%	-	604	4%
Operating expenses	(121)	(3%)	-	(243)	(3%)
Pre-provision profit	**181**	**14%**	**1%**	**361**	**9%**
Regulatory charges	(2)	(20%)	(96%)	(56)	45%
Risk costs	(24)	(68%)	(19%)	(53)	(59%)
Profit before tax	**156**	**93%**	**62%**	253	**55%**
Net profit	**119**	**94%**	**62%**	**193**	**56%**

Ratios					
RoCE	13.7%	6.3pts	5.1pts	11.1%	3.7pts
RoTCE	16.3%	7.3pts	6.1pts	13.2%	4.3pts
CIR	40.1%	(3.7pts)	(0.4pts)	40.3%	(2.6pts)
Risk cost ratio	0.23%	(0.51pts)	(0.06pts)	0.26%	(0.40pts)

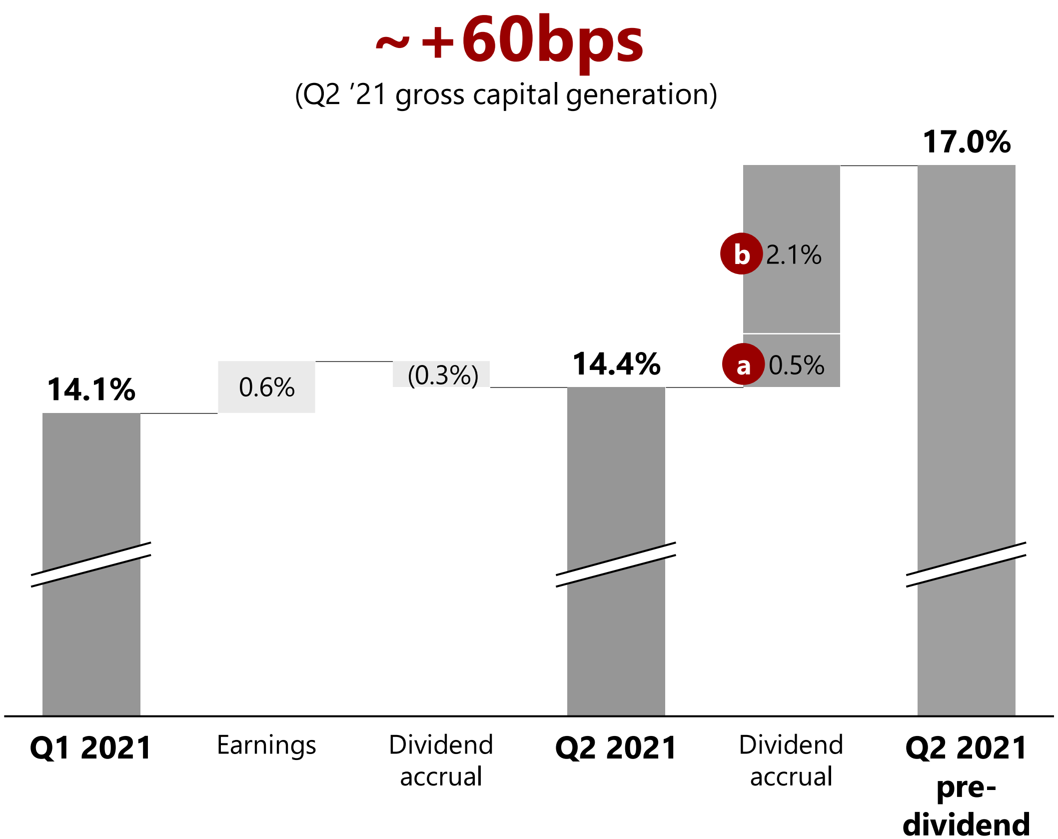
Balance Sheet & Capital | € millions	Q2 '21	Q1 '21	vPQ	vYE
Total assets	54,132	52,970	2%	2%
Interest-bearing assets (average)	40,701	40,824	-	-
Customer loans (average)	32,480	32,494	-	1%
Customer deposits (average)	32,505	31,979	2%	2%
Common Equity	3,504	3,435	2%	2%
Tangible Common Equity	2,966	2,895	2%	3%
CET1 Capital	2,903	2,835	2%	4%
Risk-weighted assets	20,142	20,054	-	-
CET1 Ratio (post dividend)	**14.4%**	**14.1%**	**0.3pts**	**0.4pts**

Per share data	Q2 '21	vPY	vPQ	H1 '21	vPY
Earnings (€)	1.34	92%	61%	2.17	55%
Book value (€)	39.43	3%	2%	39.43	3%
Tangible book value (€)	33.38	5%	2%	33.38	5%
Shares outstanding (€ m)	88.86	1%	-	88.86	1%

Note: All equity, capital, ratios and per share data reflect deduction of remaining €420m earmarked dividend from 2019/2020 profits as well as €95m dividend accrual for H1 '21

Capital development … CET1 ratio (FL)

Strong capital position



Capital distribution plans

- a €95m dividends accrued based on dividend policy for H1 '21 earnings
- b €420m dividends (€4.72 per share) relating to 2019/2020 profits will be proposed to AGM on 27 August '21[1)]

Capital development

+60bps gross capital generation in Q2 '21

Excess capital

Additional excess capital €436m (post-dividend deductions) above 12.25% CET1 target

Other items

City of Linz receivable fully provisioned through prudential filter in 2020 with no impact on capital distribution plans in worst-case scenario

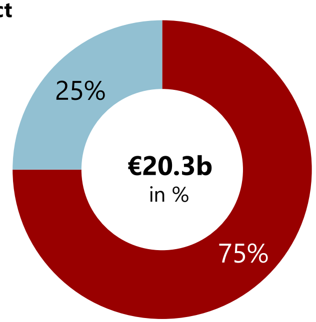
1) Dividend payout in early October

Customer businesses €33.5 billion

As of June 2021

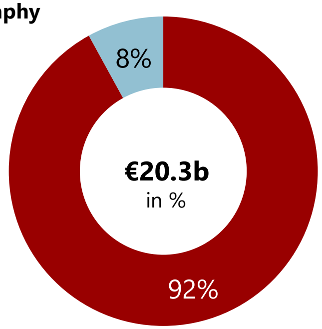
RETAIL & SME

By product



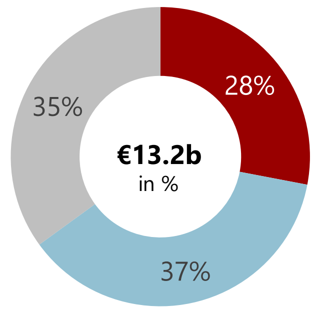
Housing loans | Consumer & SME

By geography

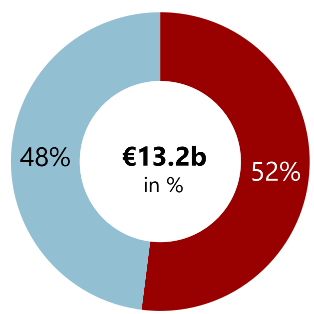


DACH/NL | Western Europe & USA

CORPORATES & PUBLIC



Corporate lending | Asset backed lending | Public clients



DACH/NL | Western Europe & USA

CUSTOMER BUSINESSES

€33.5 billion of which …

80%
Secured or public sector lending

76%
Lending in DACH/NL

24%
Western Europe & USA

Retail & SME

Financial performance

€ millions	Q2 '21	Q2 '20	vPY	Q1 '21	vPQ
Core revenues	225.8	213.8	6%	222.8	1%
Net interest income	163.5	166.2	(2%)	163.1	-
Net commission income	62.4	47.7	31%	59.7	5%
Operating income	227.5	215.6	6%	224.6	1%
Operating expenses	(86.8)	(90.0)	(4%)	(89.4)	(3%)
Pre-provision profit	**140.8**	**125.6**	**12%**	**135.2**	**4%**
Regulatory charges	(0.8)	(0.7)	14%	(30.5)	(97%)
Risk costs	(14.9)	(35.7)	(58%)	(15.4)	(3%)
Profit before tax	**125.0**	**89.1**	**40%**	**89.3**	**40%**
Net profit	**93.8**	**66.8**	**40%**	**67.0**	**40%**

Ratios

in %	Q2 '21	Q2 '20	vPY	Q1 '21	vPQ
RoCE	25.0%	18.5%	6.5pts	18.3%	6.7pts
RoTCE	29.3%	22.1%	7.2pts	21.6%	7.7pts
CIR	38.2%	41.7%	(3.5pts)	39.8%	(1.6pts)
NPL ratio	2.0%	1.8%	0.2pts	1.9%	0.1pts
Risk cost ratio	0.30%	0.78%	(0.48pts)	0.31%	(0.01pts)

Customer development

€ millions	Q2 '21	Q2 '20	vPY	Q1 '21	vPQ
Housing loans	15,181	13,475	13%	14,862	2%
Consumer and SME	5,069	5,018	1%	4,994	2%
Total assets	**20,250**	18,493	**10%**	19,856	**2%**
Total assets (average)	**20,070**	18,362	**9%**	19,668	**2%**
Risk-weighted assets	**8,075**	8,409	**(4%)**	8,091	-
Customer deposits	**27,241**	24,877	**10%**	25,790	**6%**
Customer deposits (average)	**26,027**	24,317	**7%**	25,405	**2%**

Q2 '21 net profit of €94m, up 40% vPY due to higher pre-provision profits and lower risk costs… average net asset growth +9% vPY driven by housing loans

Pre-provision profit of €141m for Q2 '21, up 12% vPY … Core revenues up 6% and operational expenses down (4%)

Risk costs of €(15)m in Q2 '21, down (58%) vPY with no reserves released … current payment holidays at 0.3% with 90% paying ratio on expired deferrals with average of 9-months … 87% of loans, in active deferral or non-paying after deferral expiration, already captured in stage 2/3

Continued executing various operational and strategic initiatives to drive efficiency and profitable growth across our Retail & SME franchise

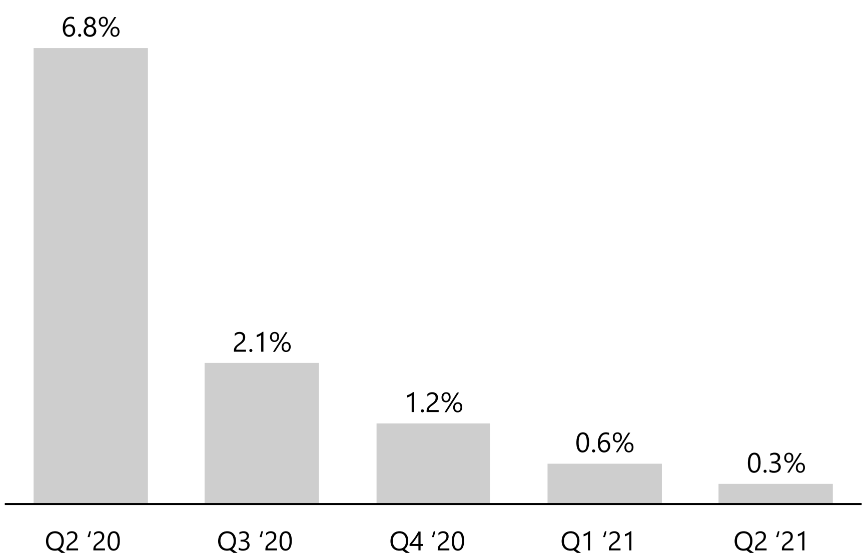
Retail & SME

Portfolio overview of €20.3b of customer loans and leases

Payment deferral overview

	Assets Q2 '21 (€bn)	NPL ratio			Reserve development			Reserve ratio			Payment holiday		paying ratio (expired deferrals)	average time on payments (expired deferrals, in months)
		Q4 '19	Q4 '20	Q2 '21	Q4 '19	Q4 '20	Q2 '21	Q4 '19	Q4 '20	Q2 '21	31.12.2020	30.06.2021		
Housing Loans	15.2	1.8%	1.5%	1.3%	76	95	91	0.88%	0.65%	0.60%	1.0%	0.2%	91%	9
Consumer & SME	5.1	1.9%	2.8%	3.4%	100	187	204	2.39%	3.79%	4.02%	1.7%	0.7%	88%	9
Total Retail & SME	**20.2**	**1.9%**	**1.9%**	**2.0%**	**176**	**281**	**295**	**0.96%**	**1.46%**	**1.46%**	**1.2%**	**0.3%**	**90%**	**9**

Payment Holidays Trend Development



Key developments

Highly collateralized Retail & SME business (86%) … primarily mortgages

Consumer & SME lending primarily personal loans to primary banking customers (~80%)

Total reserve build +€14m (+5%) vs YE '20 and stable reserve ratio at 1.46%

90% of expired payment deferrals are current (paying again) with average payment period of 9 months

87% of loans, in active deferral or non-paying after deferral expiration, already captured in stage 2/3

In Austria, public moratorium expired with 31 January 2021 … Overall, very positive customer behavior, but we will remain prudent and cautious

Corporates & Public

Financial performance

€ millions	Q2 '21	Q2 '20	vPY	Q1 '21	vPQ
Core revenues	70.2	68.4	3%	69.7	1%
Net interest income	61.7	59.5	4%	61.0	1%
Net commission income	8.5	8.9	(4%)	8.7	(2%)
Operating income	75.0	68.7	9%	74.4	1%
Operating expenses	(16.7)	(20.5)	(19%)	(18.6)	(10%)
Pre-provision profit	**58.2**	**48.2**	**21%**	**55.8**	**4%**
Regulatory charges	(1.2)	(1.0)	20%	(6.9)	(83%)
Risk costs	(9.9)	(28.3)	(65%)	(15.1)	(34%)
Profit before tax	**47.1**	**18.9**	**149%**	**33.8**	**39%**
Net profit	**35.3**	**14.2**	**149%**	**25.4**	**39%**

Ratios

in %	Q2 '21	Q2 '20	vPY	Q1 '21	vPQ
RoCE	13.3%	5.4%	7.9pts	9.6%	3.7pts
RoTCE	16.1%	6.7%	9.4pts	11.6%	4.5pts
CIR	22.3%	29.8%	(7.5pts)	25.0%	(2.7pts)
NPL ratio	1.1%	1.1%	-	1.1%	-
Risk cost ratio	0.29%	0.81%	(0.52pts)	0.43%	(0.14pts)

Customer development

€ millions	Q2 '21	Q2 '20	vPY	Q1 '21	vPQ
Corporate lending	3,674	4,483	(18%)	4,227	(13%)
Asset backed lending	4,888	5,055	(3%)	4,955	(1%)
Public clients	4,664	4,364	7%	5,046	(8%)
Total assets	**13,226**	13,902	**(5%)**	14,228	**(7%)**
Total assets (average)	**13,452**	13,998	**(4%)**	13,938	**(3%)**
Risk-weighted assets	**7,291**	7,652	**(5%)**	7,516	**(3%)**
Customer deposits	**5,255**	4,822	**9%**	5,457	**(4%)**
Customer deposits (average)	**5,305**	5,146	**3%**	5,851	**(9%)**

Q2 '21 net profit of €35m, up 149% vPY due to higher pre-provision profits and lower risk costs … average net assets down 4% vPY driven primarily by lower corporate / public sector cash advances

Pre-provision profit €58m in Q2 '21, up 21% vPY … Operating income up 9% and operating expenses down (19%)

Risk costs of €(10)m in Q2 '21, down (65%) vPY with no reserves released … current payment holidays of 0.1% with 100% paying ratio on expired deferrals … continued positive development across customer base

Maintaining disciplined and conservative underwriting with solid pipeline and commitments in H2 '21 … will remain patient and continue to focus on risk-adjusted returns

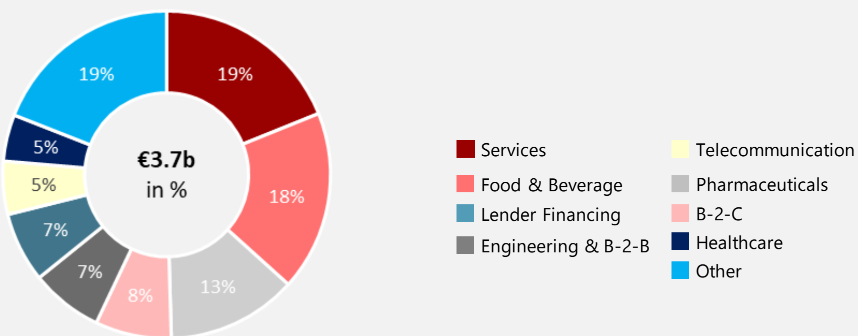
Corporates & Public

Portfolio overview of €13.2 billion of customer loans … whereof €4.7b in public sector

Payment deferral overview

	Assets Q2 '21 (€b)	NPL ratio			Reserve development			Reserve ratio			Payment holiday		paying ratio (expired deferrals)	average time on payments (expired deferrals, in months)
		Q4 '19	Q4 '20	Q2 '21	Q4 '19	Q4 '20	Q2 '21	Q4 '19	Q4 '20	Q2 '21	31.12.2020	30.06.2021		
Total Corporates and Public	**13.2**	**1.0%**	**1.2%**	**1.1%**	**77**	**115**	**126**	**0.58%**	**0.82%**	**0.95%**	**0.2%**	**0.1%**	**100%**	**9**
Corporate & Asset Backed Lending	8.6	1.4%	1.8%	1.7%	76	114	125	0.78%	1.27%	1.47%	0.4%	0.1%	100%	9

CORPORATE LENDING … €3.7b; (13%) vPQ



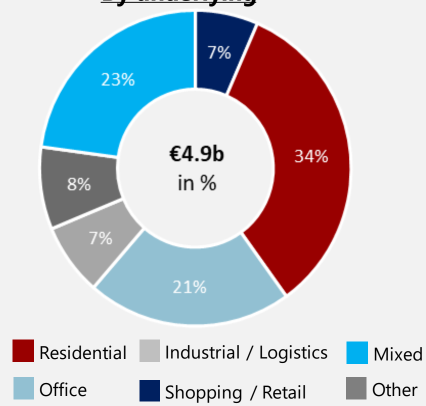
By industry

– Disciplined and conservative underwriting over the years focused on risk-adjusted returns and not chasing volume growth

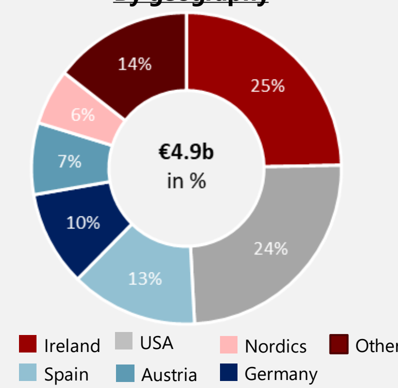
– Proactively managing higher-risk cyclical exposures … De-minimis remaining exposure of €16m (down by ~ 86% vs YE´19)

ASSET BACKED LENDING … €4.9b; (1%) vPQ

By underlying



By geography



Underwriting overview

Historically disciplined underwriting:

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

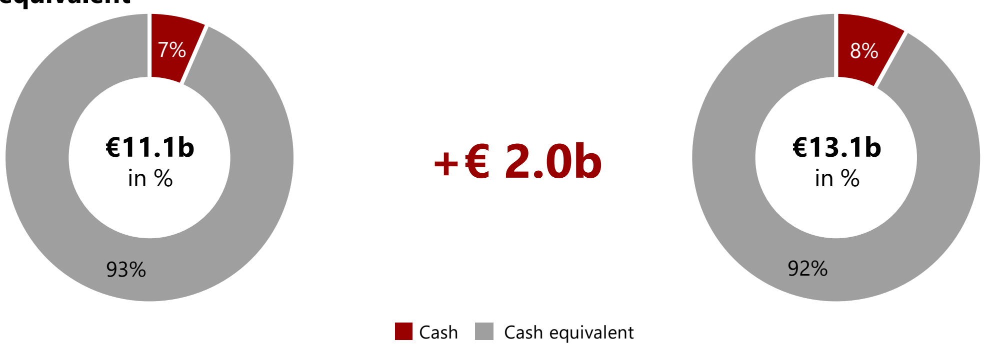
Comments

- Resilient portfolio performance through lockdowns with continued 2Q '21 improving fundamentals
- Direct exposure to Hotel/Retail of ~ 8%, of which ~16% NPL, proactive management and conservative LLPs
- Hotel/Retail with over 39% avg. pay down, ~6 months interest reserve

Investment book and Cash

Q1 '21 **Q2 '21**

Cash & Cash equivalent



Investment book

As of Q2 '21, cash and cash equivalents (mainly money at central banks) at €13.1b ... TLTRO III of €6.4b

Investment book primarily serves as liquidity book of the Bank

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

- No non-performing assets
- 98% portfolio investment grade, with 70% A or higher
- Weighted average life of 4.0 years
- 300 positions, average size ~€17m

P&L & key ratios

P&L | € millions	**Q2 '21**	**Q2 '20**	**vPY**	**vPQ**
Net interest income	231.6	227.5	2%	1%
Net commission income	70.1	55.8	26%	4%
Core revenues	**301.7**	**283.3**	**6%**	**1%**
Other revenues	0.8	1.1	(27%)	(79%)
Operating income	**302.5**	**284.4**	**6%**	-
Operating expenses	**(121.2)**	**(124.7)**	**(3%)**	-
Pre-provision profit	**181.3**	**159.7**	**14%**	**1%**
Regulatory charges	(2.0)	(2.5)	(20%)	(96%)
Risk costs	(23.8)	(74.6)	(68%)	(19%)
Profit before tax	**156.2**	**81.0**	**93%**	**62%**
Income taxes	(37.0)	(19.4)	91%	61%
Net profit	**119.1**	**61.3**	**94%**	**62%**

Key ratios	**Q2 '21**	**Q2 '20**	**vPY**	**vPQ**
Return on Common Equity	13.7%	7.4%	6.3pts	5.1pts
Return on Tangible Common Equity	16.3%	9.0%	7.3pts	6.1pts
Net interest margin	2.28%	2.26%	0.02pts	-
Cost-income ratio	40.1%	43.8%	(3.7pts)	(0.4pts)
Risk cost ratio	0.23%	0.74%	(0.51pts)	(0.06pts)
Earnings per share (in €)	1.34	0.70	92%	61%
Tangible book value per share (in €)	33.38	31.91	5%	2%

Net interest income up 1% vPQ; up +2% vPY … stable net interest margin at 2.28%

NCI +4% vPQ … further recovery taking hold after easing of lockdowns during Q2 '21

Risk costs of €(24)m in Q2 '21 … no reserves released

Balance sheet

Growth in customer loans

Balance sheet | € millions	Q2 '21	Q4 '20	Delta
Customer loans	32,371	32,004	1%
Securities and bonds	6,628	7,525	(12%)
Credit institutions and cash	13,104	10,921	20%
Other assets	2,029	2,671	(24%)
Total assets	**54,132**	**53,122**	**2%**
thereof average interest-bearing assets	40,701	40,850	-
Customer deposits	33,034	32,415	2%
Own issues	7,149	6,475	10%
Credit institutions	7,493	7,522	-
Other liabilities	1,962	2,356	(17%)
Common equity	3,504	3,419	2%
Dividend accrual	515	460	12%
AT1 capital & Minorities	475	475	-
Total liabilities & equity	**54,132**	**53,122**	**2%**

Capital & RWA | € millions	Q2 '21	Q4 '20	Delta
Common equity	3,504	3,419	2%
Tangible common equity	2,966	2,867	3%
CET1 capital	2,903	2,802	4%
Risk-weighted assets	20,142	20,073	-
CET1 ratio (post dividend)	14.4%	14.0%	0.4pts
Leverage ratio	6.1%	6.0%	0.1pts
Liquidity Coverage Ratio	265%	231%	34pts

Stable average interest-bearing assets vYE thru mix of growth in customer loans offsetting lower securities and bonds … Risk weighted assets stable vYE

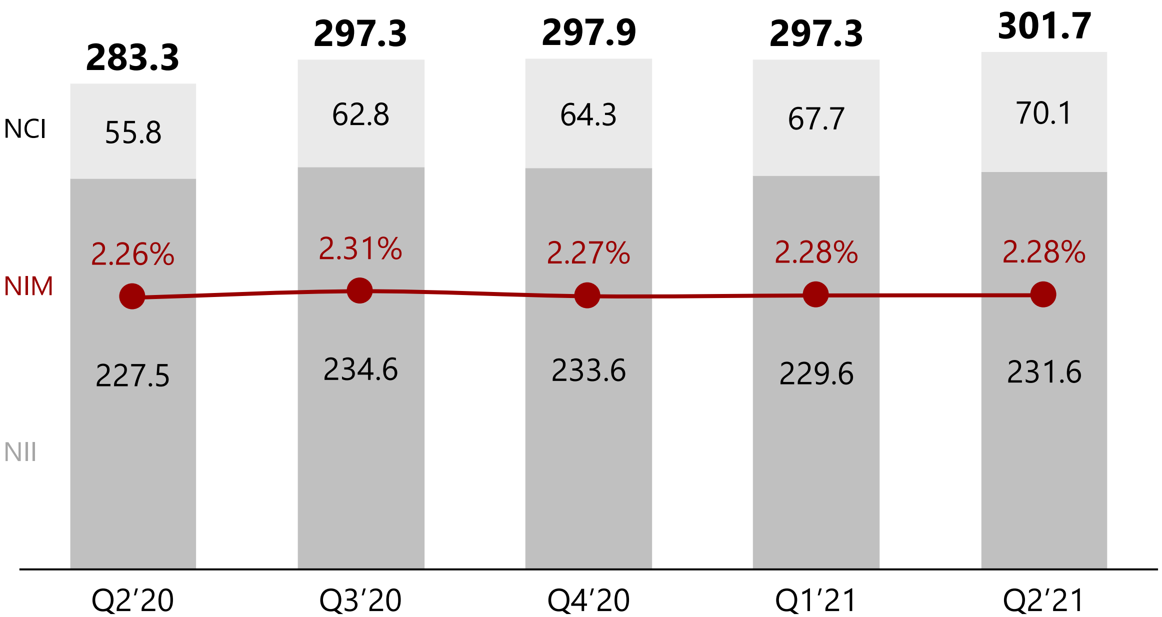
Issued €500m 20yr mortgage covered bond at MS+4bps in Q1 '21 and €500m 10yr mortgage covered bond at MS-1bp in May '21

Tangible Common Equity +3% vYE and CET1 ratio at 14.4% (+40bps) post deduction of €420m earmarked dividend (for 2019 and 2020) and €95m dividend accrual (for H1 '21)

P&L details – core revenues

Solid core revenues in Q2 ‘21 ... NCI continues recovery

€ million



Average customer loans | Average interest-bearing assets | € billions

31.5	31.5	32.3	32.5	32.5
40.4	40.4	40.9	40.8	40.7

Net interest income (NII) up 1% vPQ ... net interest margin (NIM) at 2.28% in Q2 ‘21

- Stable NIM at 2.28% with continued changing asset mix over time (more secured vs. unsecured lending) impacting overall NIM
- Interest rate sensitivity (primarily exposed to 3-months-Euribor) +/- 100 bps parallel shift in interest rates = +/- € 100m NII/year

Net commission income (NCI) up 4% vPQ

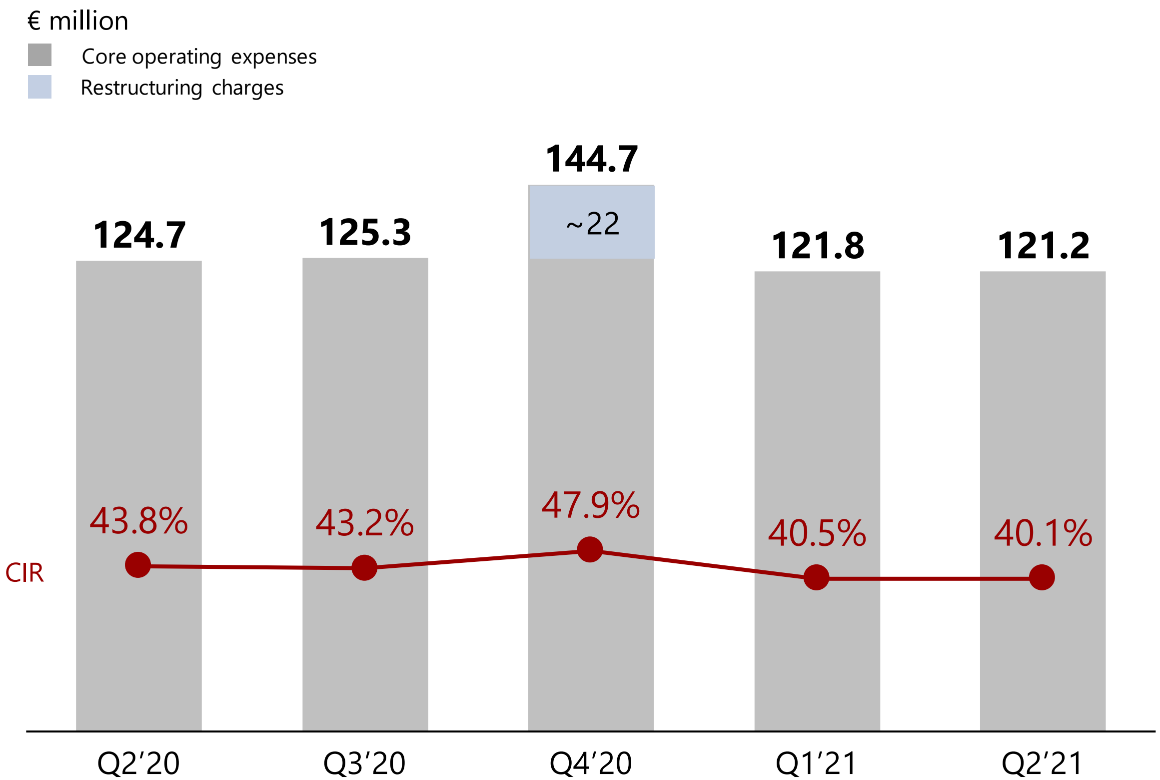
- Ongoing recovery in Q2 ’21 with stronger advisory business (securities & insurance)
- Still subdued activity in selected business areas compared to pre-pandemic levels

Outlook for 2021

- Expect core revenues growing ~2% in 2021

P&L details – operating expenses

Costs targets on track



CIR at 40.1% in Q2'21 down (3.7pts) vPY …
H1 '21 CIR at 40.3% (down 2.6pts vPY)

On track to meet full-year targets … gradual decrease over the coming quarters resulting from efficiency measures

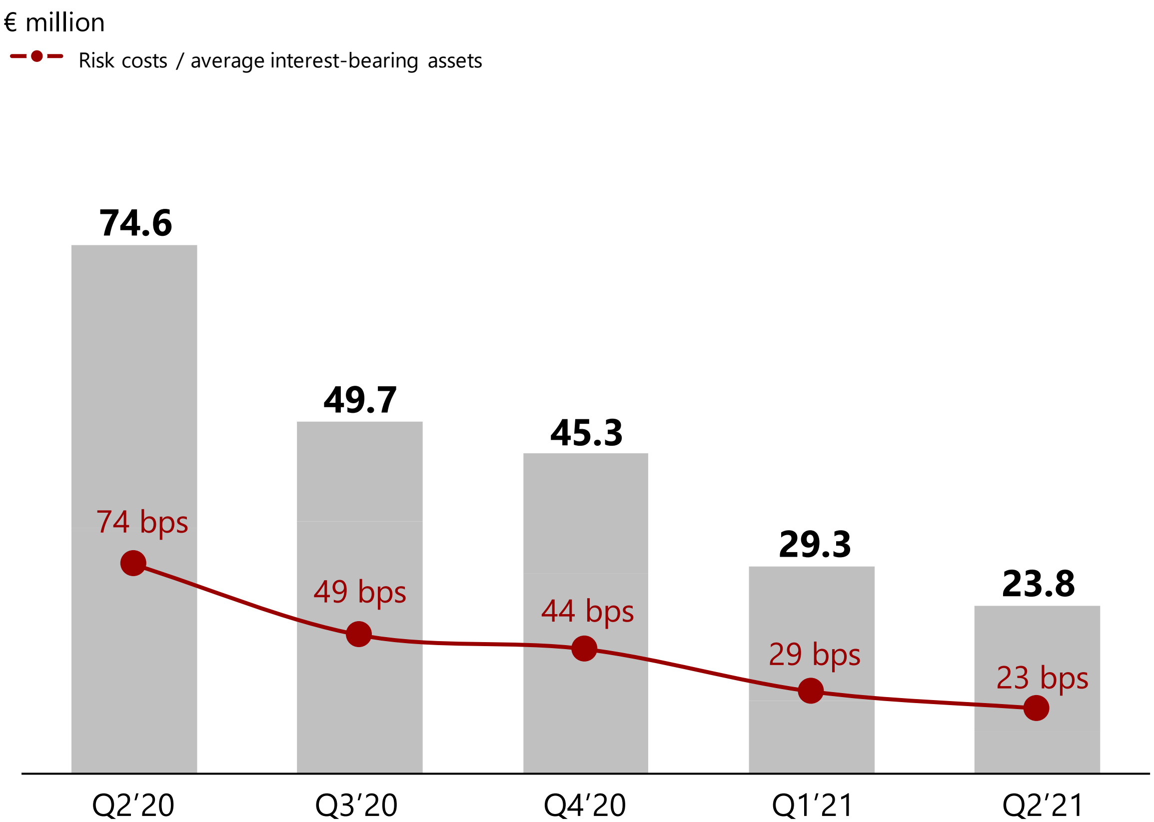
Adapting to post COVID-19 world … multiple initiatives focused on greater scale, greater digital engagement, and continued rollout of simplification roadmap across the Group

<u>Outlook for 2021</u>

- Operating expenses expected below €485m in 2021
- Targeting CIR ~40% in 2021

P&L details – risk costs

Strong underlying asset quality



ECL Management overlay (in €m)

Q2'20	Q3'20	Q4'20	Q1'21	Q2'21
-	9	38	52	70

NPL ratio (as reported and excluding CoL)

Q2'20	Q3'20	Q4'20	Q1'21	Q2'21
1.5%	1.5%	1.5%	1.5%	1.5%
1.1%	1.1%	1.1%	1.1%	1.1%

Q2 '21 risk costs €24m ... risk cost ratio at 23bps

- Strong asset quality performance ... continued improving underlying trend
- Normal risk cost run-rate in Retail & SME ~€15m
- No ECL reserves released ... ECL management overlay stands at €70m in Q2 '21 (vs. €52m in Q1 '21)

Maintain safe & secure balance sheet & portfolio risk management

- Focused on developed markets ... 76% DACH/NL region and 24% Western Europe / United States
- Conservative underwriting with a focus on secured lending ... 80% of customer loans is secured or public sector lending

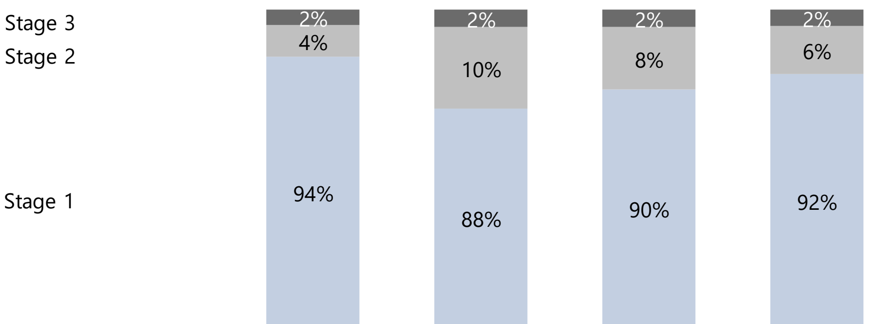
Outlook for 2021

- Expected total risk costs under €100m in 2021 ... no ECL reserve releases included in outlook

Details on reserves

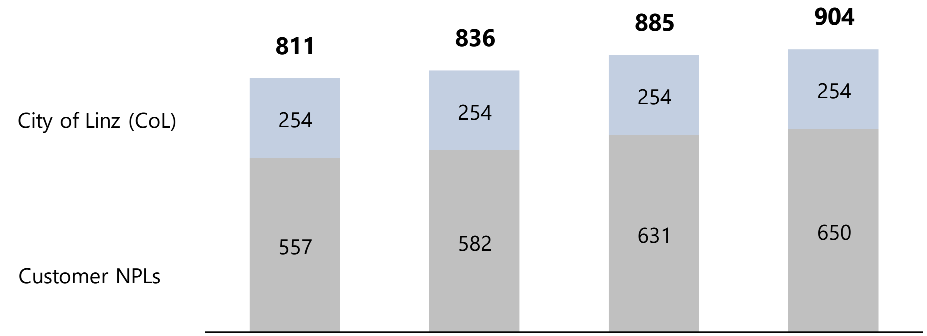
Continuing to remain prudent despite improved economic outlook

IFRS 9 Migration- Customer Segment Assets



€ billions	Q4 '19	Q2 '20	Q4 '20	Q2 '21
Customer Segments	**31.3**	**32.4**	**33.2**	**33.5**
less Public Sector	*3.4*	*4.4*	*4.9*	*4.7*
Asset base	**27.9**	**28.0**	**28.3**	**28.8**

Non-performing stage 3 loans, in €m



	Q4 '19	Q2 '20	Q4 '20	Q2 '21
NPL ratio excl. CoL (%)	1.1%	1.0%	1.1%	1.1%
NPL cash coverage excl. CoL	37%	39%	46%	45%
NPL ratio (%)	1.7%	1.5%	1.5%	1.5%
NPL cash coverage	32%	36%	62%	61%

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

€ million	Q4 '19	Q2 '20	Q4 '20	Q2 '21
Stage 1	39	67	67	67
Stage 2	17	56	64	80
Stage 3	205	226	271	276
Total Reserves	**262**	**349**	**402**	**423**
Total Reserve Ratio %	**0.94%**	**1.25%**	**1.42%**	**1.47%**

Key developments

NPL ratio (excluding City of Linz) flat at 1.1% … cash coverage of 45%

Total reserves of €423m, up €21m vYE '20 (+5%) … total reserve ratio at 1.47%

Total ECL of €147m, up €17m (+13%) vYE '20 … of which €70m (48%) comprised of management overlay … monitoring economic recovery H2 '21

Stage 2 assets continue to decline (6% of portfolio) approaching pre-COVID levels … have not executed any routine retail NPL sales since Q2 '20

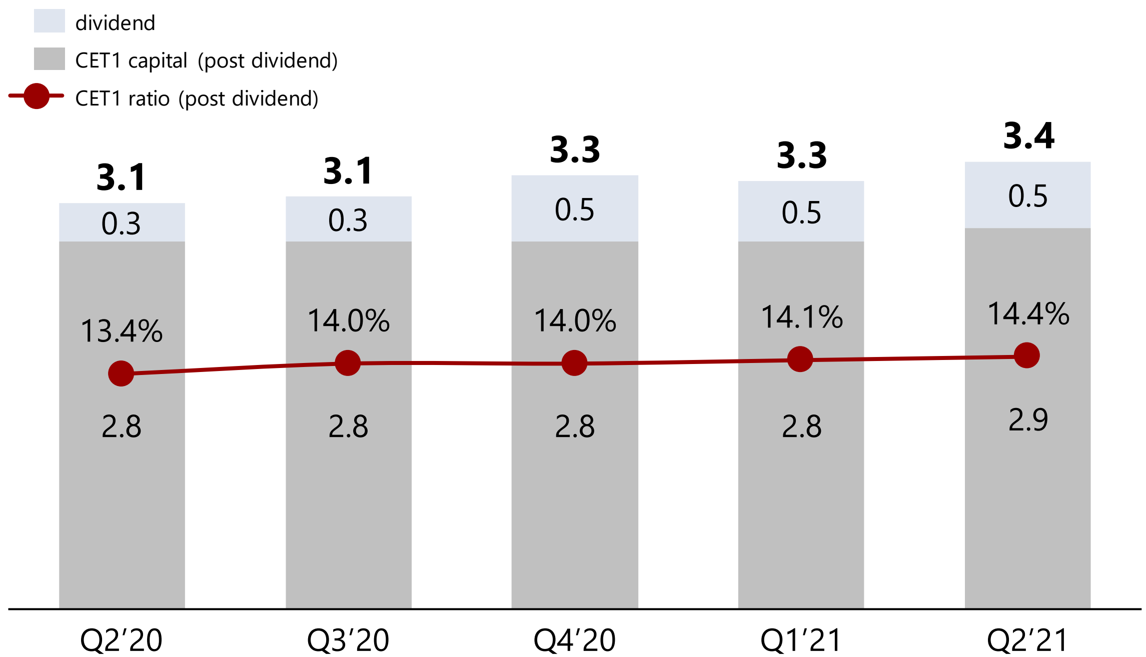
City of Linz receivable fully provisioned through prudential filter in 2020 with no impact on capital distribution plans in worst-case scenario

Regulatory Capital

Strong capital position

€ billion

CET1 Capital and ratios



RWA | € billions | **Tier 1 ratio** | **Total capital ratio** | **Leverage ratio**

RWA (€ billions)	20.8	20.2	20.1	20.1	20.1
Tier 1 ratio	14.8%	16.3%	16.3%	16.5%	16.8%
Total capital ratio	17.0%	19.6%	19.6%	19.8%	20.0%
Leverage ratio	5.9%	6.4%	6.0%	6.1%	6.1%

Capital distribution plans:

- €95m dividends accrued based on dividend policy for H1 '21 earnings
- €420m dividends (€4.72 per share) relating to 2019/2020 profits will be proposed to AGM on 27 August 2021[1)]

Capital development:

- Tier1 capital ratio increased to 16.8% and Total Capital ratio to 20.0% in Q2 '21
- Target CET1 ratio of 12.25% is ~310bps above MDA trigger of 9.14%
- Current CET1 ratio 528bps above MDA trigger of 9.14%

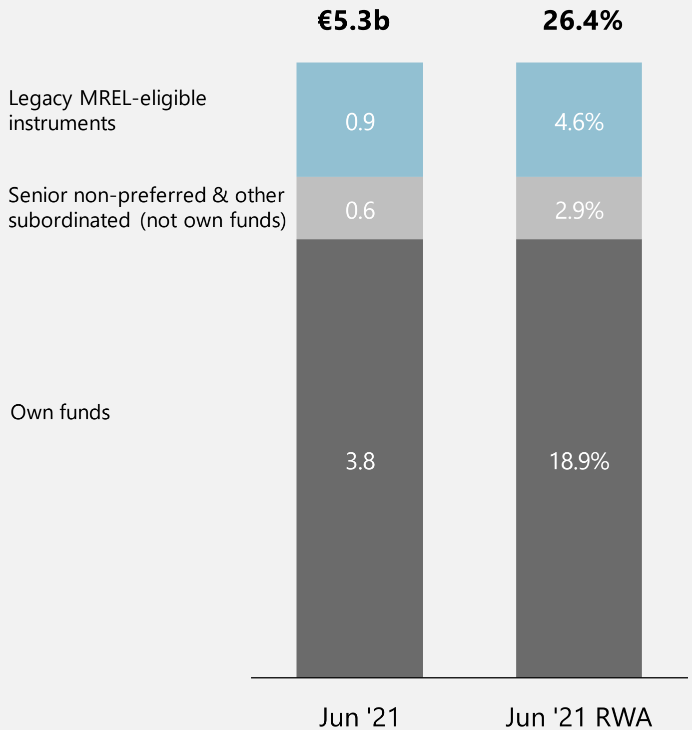
Other:

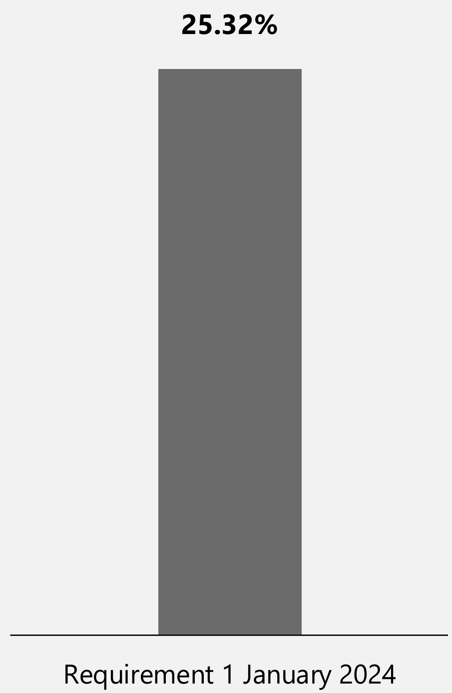
- City of Linz receivable fully provisioned through prudential filter in 2020 with no impact on capital distribution plans in worst-case scenario

Note: All ratios post dividend accrual 1) Dividend payout in early October

MREL

MREL-REQUIREMENT





MREL-STRATEGY

New MREL decision received in Feb '21 fully reflecting CRR2/BRRD2 with final requirements from 1 January 2024:

- Requirement applicable at BAWAG P.S.K. level (consolidated)
- MREL ratio as of Q2 2021 of 26.4% already in line with end state requirement of 25.32% of RWA
- Currently no subordination requirement
- Interim target lowered due to COVID-19 pandemic … 2022 interim target of c. 22% already met

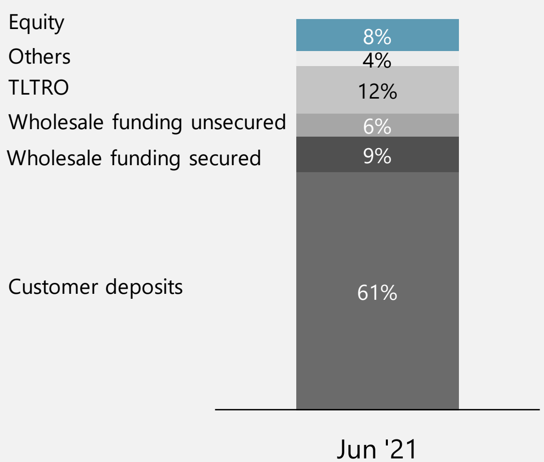
Our MREL strategy with consideration of multi-year phase in:

- €500m SNP successfully issued in August 2019
- Additional ~€1.0b-1.5b senior instruments to replace maturities, meet MREL requirement and build buffer until year end 2023

Funding & Liquidity

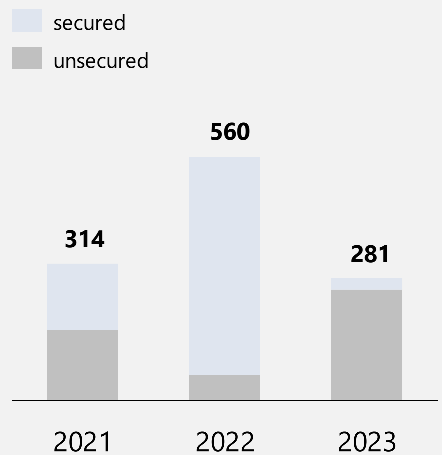
FUNDING

STRONG CUSTOMER DEPOSIT FUNDING ...



... COMFORTABLE MATURITY PROFILE

€ millions notional



... AND SOLID MARKET ACCESS

Q1'19: €400m 10NC5 T2
Q2'19: €500m 15y Cov.Bond
Q3'19: €500m 8y SNP
Q4'19: €500m 10y Cov.Bond
Q1'20: €500m 8y Cov.Bond
Q3'20: €175m PerpNC5 AT1
Q3'20: €200m 10NC5 T2
Q3'20: €750m 10y Cov.Bond
Q4'20: €500m 15y Cov.Bond
Q1'21: €500m 20y Cov.Bond
Q2'21: €500m 10y Cov.Bond

- Covered bonds important capital market funding source ... €1.75b executed in 2020 and €1.0b executed in 1H 2021 ... 9 benchmark bonds outstanding with up to €750m issue size and maturities up to 2041
- Participated in TLTRO III up to full capacity of €6.4b
- P2R optimization executed ... €175m AT1 and €200m Tier2 issued in Sep '20
- Additional ~€1.0b-1.5b senior instruments to replace maturities, meet MREL requirement and build buffer until year end 2023

LIQUIDITY

Liquidity coverage ratio

265%

Liquidity buffer

€11.1b

Liquidity buffer Including other marketable securities

€14.6b

ESG embedded into our strategic roadmap

Committed to responsible, sustainable and profitable growth

- Reduce own Scope 1 and Scope 2 CO_2 emissions mid-term
- Switch to 100% green electricity mid-term … already at 97% as of YE ’20 … as of 1 January 2021, all Südwestbank locations switched to green energy suppliers
- Continuously increasing ESG-related products – both for environmental and social factors
- Lending/exclusion criteria for specific industries introduced in Q1 ’21 … low or no volumes in customer book already today: total exposure to defense industry, nuclear energy, fossil fuels and industries with other ethical risks represented less than 0.1% of Group exposure
- Planning a green bond issuance in 2021 … subject to market conditions

- Empower our clients by continuously enhancing our services and digital/online functionalities for their financial well-being
- Empower our employees by offering broad-based career opportunities and focus on enhancing training and development programs
- Increase the number of women in management positions … offering targeted development programs … Women target quota introduced in Q1 ’21: 33% in Supervisory Board and 33% in senior leadership team (including Managing Board) until 2027
- Intensify collaboration with dedicated partners, bundling activities across the region and drawing on our various franchise assets in support of our local communities

- Executive body of ESG-topics is the Non-Financial Risk & ESG Committee at Managing Board level
- Selective topics like Data Privacy & IT security are integrated in Supervisory Board Committees
- Establishing a clear governance to address climate risks … addressing supervisory expectations and regulations
- Newly formed ESG committee at the Supervisory Board level, will be established during Q3 ’21
- Disclosure will be continuously enhanced

For further details see: https://www.bawaggroup.com/BAWAGGROUP/IR/EN/ES

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Annex – Definitions and abbreviations

B/S leverage
Total assets / IFRS equity

Book value per share
Common equity (excluding AT1 capital and dividends) / number of shares outstanding

Common Equity Tier 1 capital (CET1)
including interim profit and deducts earmarked dividends

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

Earnings per share (EPS)
Net profit / weighted average number of shares outstanding (diluted)

FL … Fully-loaded

Leverage ratio
Tier 1 capital (including interim profit and dividend accruals) / total exposure (calculation according to CRR)

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

NPL cash coverage
Stage 3 including prudential filter / NPL exposure economic

NPL ratio
NPL exposure economic / exposure

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

Return on common equity (RoCE)
Net profit / average IFRS common equity and deducted dividend accruals

Return on tangible common equity (RoTCE)
Net profit / average IFRS tangible common equity and deducted dividend accruals;

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
vPQ … versus prior quarter period
vYE … versus year-end

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