

BAWAG Group

Q2 2022 Results

21 July 2022

Highlights Q2 2022

EARNINGS

- **Q2 '22: Net profit of €134m, EPS of €1.50, and RoTCE of 19.0%**
- Pre-provision profit of €213m (+18% vPY) and CIR at 35.7%
- Risk costs of €30m, of which €6m related to ECL management overlay that stands at €70m

BALANCE SHEET & CAPITAL

- Average customer loans +5% vPQ and +13% vPY
- **CET1 ratio at 12.7% ... deducting €325m buyback and €135m of H1 '22 dividend accrual (55% net profit)**
- Acquired highly accretive consumer loan portfolio in Germany and bond portfolio (~30bps CET1 impact)
- Bank positioned for rising interest rate environment ... +100bps in 3-month Euribor = ~+100m NII p.a.

OUTLOOK

- **€325m share buyback approved on 20 July execution to start 25 July**
- Maintaining dry powder to address potential organic and inorganic opportunities in the coming quarters
- **Reconfirmed 2022 targets:** Profit before tax >€675m, RoTCE >17%, and CIR < 38%
- Updating outlook for core revenue growth > 7% growth in 2022

Financial performance

P&L € millions	Q2'22	vPY	vPQ	H1'22	vPY
Core revenues	327	8%	1%	651	9%
Operating income	331	10%	2%	657	9%
Operating expenses	(118)	(2%)	(2%)	(239)	(2%)
Pre-provision profit	213	18%	4%	418	16%
Regulatory charges	(7)	265%	NM	(46)	(19%)
Risk costs	(30)	27%	49%	(51)	(5%)
Profit before tax	177	13%	21%	323	28%
Net profit	134	12%	21%	245	27%

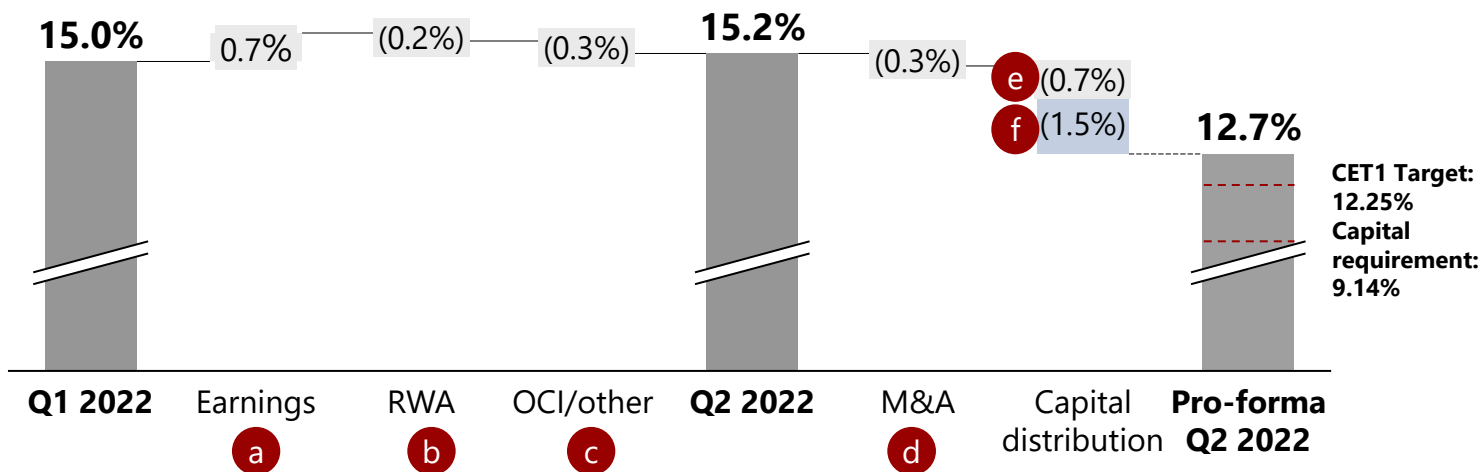
Ratios	Q2'22	vPY	vPQ	H1'22	vPY
RoCE	16.0%	2.2pts	2.7pts	14.7%	3.6pts
RoTCE	19.0%	2.6pts	3.1pts	17.5%	4.3pts
CIR	35.7%	(4.4pts)	(1.3pts)	36.3%	(4.0pts)
Risk cost ratio	0.27%	0.04pts	0.08pts	0.23%	(0.03pts)
Earnings per share (€)	1.50	12%	20%	2.74	27%

Balance Sheet & Capital € million	Q2'22	Q1'22	vPQ	vPY
Total assets	55,029	54,475	1%	2%
Interest-bearing assets (average)	44,530	42,099	6%	9%
Customer loans (average)	36,764	34,982	5%	13%
Customer deposits (average)	33,558	34,150	(2%)	3%
Common Equity	3,351	3,340	-	(4%)
Tangible Common Equity	2,820	2,808	-	(5%)
CET1 Capital	2,699	2,695	-	(7%)
Risk-weighted assets	21,326	20,527	4%	6%
CET1 Ratio (post dividend and buyback)	12.7%	13.1%	(0.4pts)	(1.7pts)
Per share data	Q2'22	Q1'22	vPQ	vPY
Book value (€)	37.65	37.53	-	(5%)
Tangible book value (€)	31.68	31.55	-	(5%)
Shares outstanding (m)	89.00	89.00	-	-

Note: All equity, capital, ratios and per share data reflect deduction of €135m dividend accrual and €325m buyback for Q2 2022 figures.

Capital development and distribution

QUARTERLY CAPITAL DEVELOPMENT



CAPITAL DEVELOPMENT

- (a) Gross capital generation of ~+70bps in Q2 '22 / 120bps in H1 '22
- (b) RWA increase due to organic business growth and FX
- (c) OCI primarily related to widening credit spreads and volatility

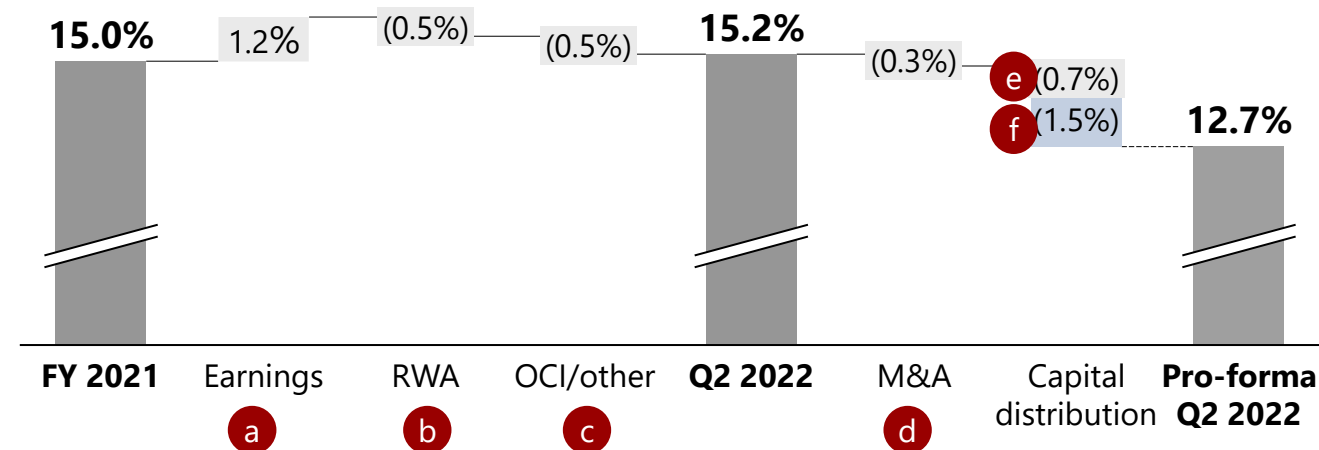
M&A and CAPITAL DISTRIBUTION

- (d) Acquisition of Sberbank assets (consumer loan & bond portfolio)
- (e) Accrual based on dividend payout ratio of 55% (dividend policy)
- (f) Share buyback of €325m in 2022

EXCESS CAPITAL

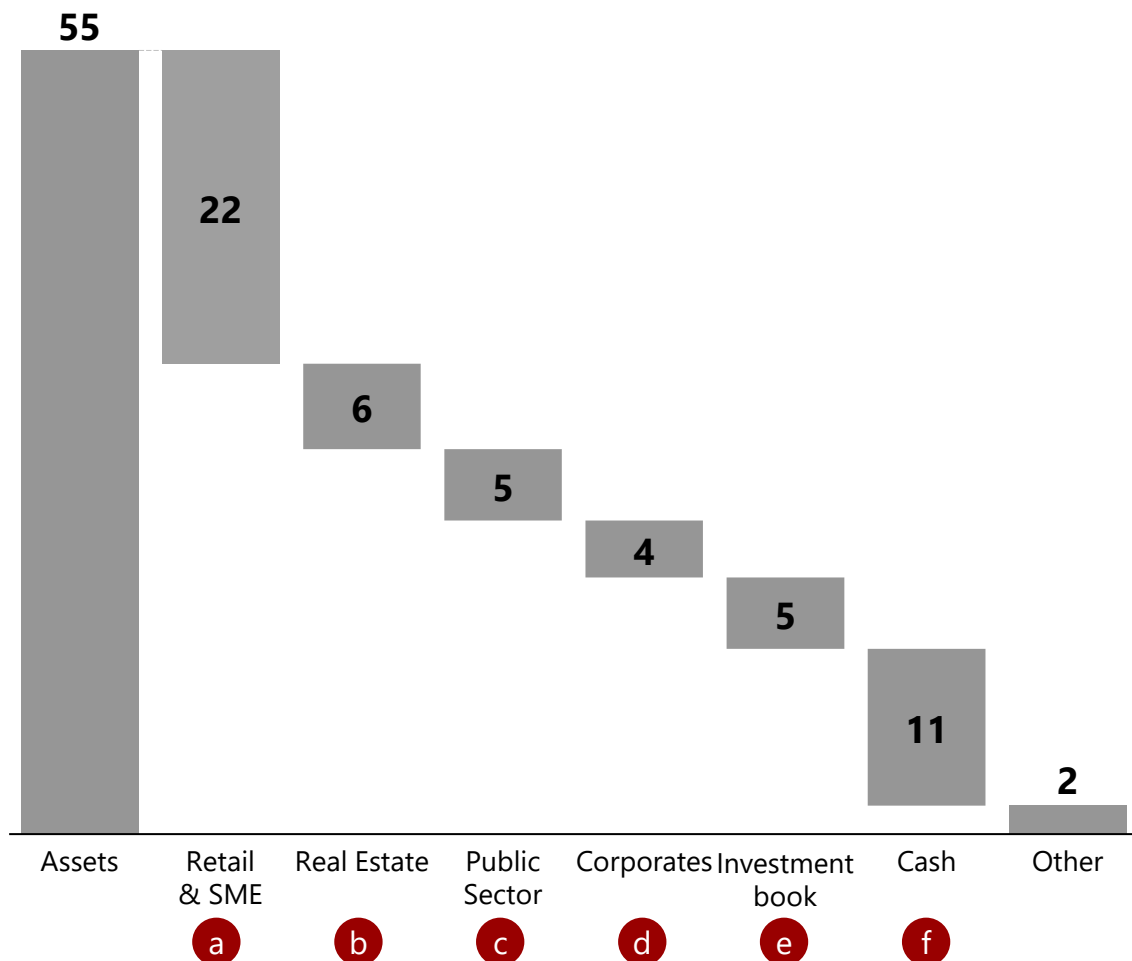
- CET1 ratio 12.7% post buyback of €325m
- Excess capital of ~€90m to our management target of 12.25%
- Maintain dry powder for potential organic and inorganic opportunities in coming quarters

YTD CAPITAL DEVELOPMENT



Balance sheet & asset quality overview

€ billion



- a** 80% secured lending with €16b of mortgages (Austria, Germany, Netherlands and Western Europe) with a blended LTV in the mid-60's
- b** Real Estate with blended LTV < 60% , NPL ratio 70bps, and over 40% of underlying collateral granular with direct residential exposure
- c** Lending primarily to Austrian federal, state and municipal governments
- d** 2/3rd USA / W. Europe and 1/3rd DACH/NL ... Focus on high-cash flow + recurring revenue service oriented business with defensive profile ... De-minimis exposure to cyclical industries
- e** 99% investment grade with no Southern Europe sovereign exposure or exposures to Russia/Ukraine
- f** Cash representing approximately 20% of balance sheet ... very liquid balance sheet

SOLID ASSET QUALITY and DISCIPLINED UNDERWRITING

Focused on developed and mature markets ... 73% DACH/NL region and 27% Western Europe / United States

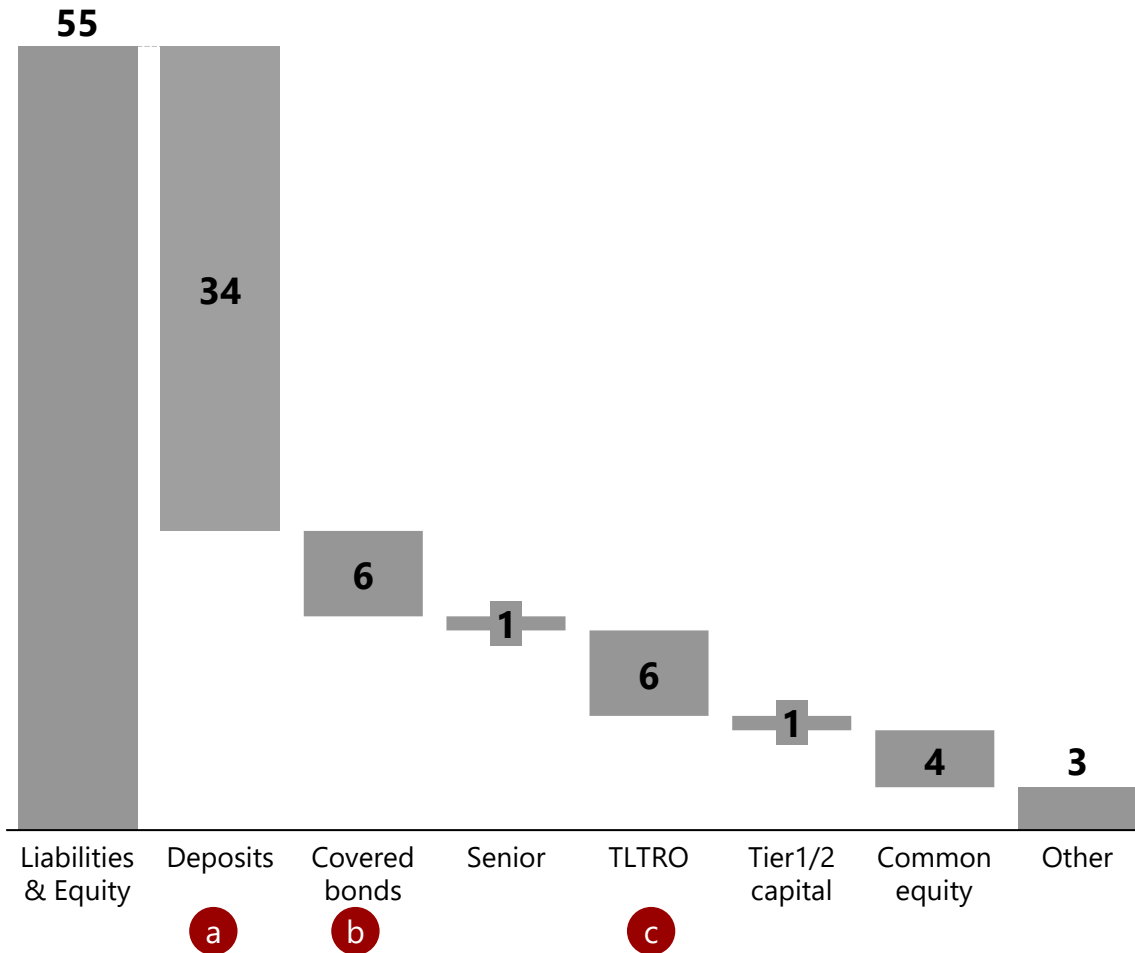
Conservative underwriting with a focus on secured lending ... ~80% of customer loans is secured or public sector lending

Further tightened underwriting standards across the board

ECL overlay increased to €70m in addition to incorporating deteriorating macroeconomic scenarios into models ... Overlay represents nearly 1x normalized annual risk costs

Funding, capital & earnings

€ billion



a

€28b retail deposits ... 75% total deposit funding ... No negative rates or fees assessed to our retail customers as a result of the negative interest rate environment

b

Mortgage and public sector covered bonds ... currently, additional capacity ~€5b funding

c

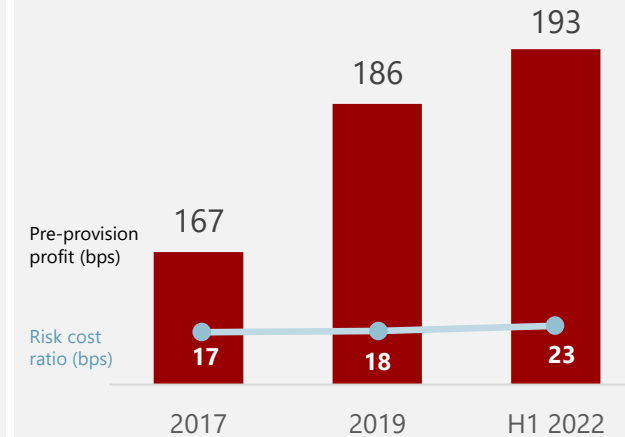
TLTRO ... plan to pay down or replace with longer term funding

Capital & Leverage

- Business generates ~+250bps gross capital p.a.
- Current CET1% of 12.7% (post buyback + dividend accruals) vs Target CET1% of 12.25% ... +311bps above minimum regulatory requirement of 9.14%
- €21.3b RWAs ... 65% assets on standard approach
- Balance sheet leverage (assets/equity) ranges from 12-14x based on excess cash position
- Regulatory leverage ratio at 5.6% (post buyback and dividend accruals)

HIGHLY PROFITABLE BUSINESS MODEL

Based on interest bearing assets



	2017	2019	H1 2022
NIM	2.24%	2.30%	2.29%
CIR	47%	43%	36%
RoTCE	15%	16%	19%
NPL ratio	1.8%	1.7%	1.4%

Retail & SME

Financial performance

€ millions	Q2'22	Q2'21	vPY	Q1'22	vPQ
Core revenues	254.1	225.8	13%	245.8	3%
Net interest income	184.1	163.5	13%	171.7	7%
Net commission income	70.0	62.4	12%	74.1	(6%)
Operating income	254.7	227.5	12%	246.8	3%
Operating expenses	(85.2)	(86.8)	(2%)	(86.7)	2%
Pre-provision profit	169.5	140.8	20%	160.1	6%
Regulatory charges	(6.0)	(0.8)	>100%	(12.5)	-
Risk costs	(20.4)	(14.9)	37%	(15.0)	36%
Profit before tax	143.1	125.0	14%	132.6	8%
Net profit	107.3	93.8	14%	99.4	8%

Ratios

in %	Q2'22	Q2'21	vPY	Q1'22	vPQ
RoCE	27.5%	25.0%	2.5pts	26.5%	1.0pts
RoTCE	32.5%	29.3%	3.2pts	31.3%	1.2pts
CIR	33.5%	38.2%	(4.7pts)	35.1%	(1.6pts)
NPL ratio	1.9%	2.0%	(0.1pts)	1.9%	-
Risk cost ratio	0.37%	0.30%	0.07pts	0.28%	0.09pts

Customer development

€ millions	Q2'22	Q2'21	vPY	Q1'22	vPQ
Housing loans	16,109	15,181	6%	15,890	1%
Consumer and SME	6,244	5,069	23%	5,492	14%
Total assets	22,353	20,250	10%	21,382	5%
Total assets (average)	22,049	20,070	10%	21,262	4%
Risk-weighted assets	9,452	8,075	17%	8,792	8%
Customer deposits	28,045	27,241	3%	28,054	-
Customer deposits (average)	28,145	26,700	5%	28,181	-

Q2 '22 net profit of €107m, up 14% vPY due to higher pre-provision profits ... average net asset growth +10% vPY driven by consumer loans and housing loans

Pre-provision profit of €170m for Q2 '22, up 20% vPY ... Core revenues up 13% and operating expenses down (2%)

Risk costs of €(20)m in Q2 '22, up 37% vPY ... €(15)m core run rate, lower than pre-pandemic due to tightened credit box ... Added €(5)m management overlay to address future uncertainty

Acquired German consumer loan portfolio of Sberbank Europe in Q2 '22 ... Deal underwritten to RoE >30%, assuming highly stressed losses, and yielding a net profit margin of ~4%

Continuing to execute on various operational and strategic initiatives to drive efficiency and disciplined profitable growth across our Retail & SME franchise

Subdued loan growth during the 2nd half of the year given overall cautious consumer sentiment

Corporates, Real Estate & Public Sector

Financial performance

€ millions	Q2'22	Q2'21	vPY	Q1'22	vPQ
Core revenues	72.2	70.2	3%	72.7	(1%)
Net interest income	64.2	61.7	4%	64.8	(1%)
Net commission income	8.0	8.5	(6%)	7.9	1%
Operating income	84.5	75.0	13%	80.5	5%
Operating expenses	(18.4)	(16.7)	10%	(18.1)	2%
Pre-provision profit	66.0	58.2	13%	62.4	6%
Regulatory charges	(1.6)	(1.2)	33%	(8.5)	(81%)
Risk costs	(8.4)	(9.9)	(15%)	(3.2)	163%
Profit before tax	56.0	47.1	19%	50.8	10%
Net profit	42.0	35.3	19%	38.1	10%

Ratios

in %	Q2'22	Q2'21	vPY	Q1'22	vPQ
RoCE	15.3%	13.3%	2.0pts	14.0%	1.3pts
RoTCE	18.5%	16.1%	2.4pts	17.1%	1.4pts
CIR	21.8%	22.3%	(0.5pts)	22.5%	(0.7pts)
NPL ratio	0.7%	1.1%	(0.4pts)	0.9%	(0.2pts)
Risk cost ratio	0.21%	0.29%	(0.08pts)	0.09%	0.12pts

Customer development

€ millions	Q2'22	Q2'21	vPY	Q1'22	vPQ
Corporates	4,243	3,586	18%	3,900	9%
Real Estate	6,487	4,888	33%	6,089	7%
Public Sector	4,309	4,169	3%	4,451	(3%)
Short-term / money market lending	877	582	51%	344	155%
Total assets	15,916	13,226	20%	14,784	8%
Total assets (average)	15,821	13,451	18%	14,708	8%
Risk-weighted assets	8,309	7,291	14%	7,891	5%
Customer deposits	5,080	5,255	(3%)	5,656	(10%)
Customer deposits (average)	5,044	5,118	(1%)	5,563	(9%)

Q2 '22 net profit of €42m, up 19% vPY due to higher pre-provision profits ... average net asset growth of 18% vPY driven primarily by real estate and corporate lending

Pre-provision profit of €66m in Q2 '22, up 13% vPY ... Operating income up 13%

Risk costs of €(8)m ... down (15%) vPY with no reserves released, slight increase in management overlay

Maintaining disciplined and conservative underwriting with solid pipeline and commitments in Q3 '22 ... will remain patient and continue to focus on risk-adjusted returns

Agenda

1 Q2 2022 Highlights and segment performance

2 Detailed financials

3 Supplemental information

4 Group Overview & Strategy

P&L & key ratios

P&L € millions	Q2'22	Q2'21	vPY	Q1'22	vPQ	Key ratios	Q2'22	Q2'21	vPY	Q1'22	vPQ
Net interest income	249.5	231.6	8%	242.0	3%	Return on Common Equity	16.0%	13.8%	2.2pts	13.3%	2.7pts
Net commission income	77.8	70.1	11%	81.4	(4%)	Return on Tangible Common Equity	19.0%	16.4%	2.6pts	15.9%	3.1pts
Core revenues	327.3	301.7	8%	323.4	1%	Net interest margin	2.25%	2.28%	(0.03pts)	2.33%	(0.08pts)
Other revenues	4.1	0.8	413%	2.1	95%	Cost-income ratio	35.7%	40.1%	(4.4pts)	37.0%	(1.3pts)
Operating income	331.4	302.5	10%	325.4	2%	Risk cost ratio	0.27%	0.23%	0.04pts	0.19%	0.08pts
Operating expenses	(118.2)	(121.2)	(2%)	(120.4)	(2%)	Earnings per share (in €)	1.50	1.34	12%	1.24	20%
Pre-provision profit	213.2	181.3	18%	205.0	4%	Tangible book value per share (in €)	31.69	33.38	(5%)	31.55	-
Regulatory charges	(7.3)	(2.0)	265%	(38.4)	(81%)						
Risk costs	(30.3)	(23.8)	27%	(20.3)	49%						
Profit before tax	176.5	156.2	13%	146.3	21%						
Income taxes	(42.8)	(37.0)	16%	(35.3)	21%						
Net profit	133.7	119.1	12%	110.9	21%						

Net interest income up 3% vPQ ... net interest margin (NIM) at 2.25% in Q2 '22

Net commission income down 4% vPQ due to market volatility ... up 11% vPY reflecting stronger advisory business

Cost-income ratio below 36% in Q2 '22 ... ongoing disciplined cost control more than offsetting significant inflation

Regulatory charges of €7m following higher contributions to resolution fund

Risk costs of €30m in Q2 '22 ... Core run rate in line with high portfolio quality, low NPL levels and continued low delinquencies, while increasing management overlay +€6m to €70m in light of the macroeconomic uncertainties

Balance sheet

Balance sheet € million	Q2'22	Q2'21	vPY	Q1'22	vPQ	Capital & RWA € million	Q2'22	Q2'21	vPY	Q1'22	vPQ
Customer loans	37,176	32,487	14%	35,132	6%	Common equity	3,351	3,504	(4%)	3,340	-
Securities and bonds	5,698	6,628	(14%)	5,646	1%	Tangible common equity	2,820	2,966	(5%)	2,808	-
Credit institutions and cash	10,629	12,988	(18%)	11,912	(11%)	CET1 capital	2,699	2,903	(7%)	2,695	-
Other assets	1,526	2,028	(25%)	1,785	(15%)	Risk-weighted assets	21,326	20,142	6%	20,527	4%
Total assets	55,029	54,132	2%	54,475	1%	CET1 ratio (post dividend and buyback)	12.7%	14.4%	(1.7pts)	13.1%	(0.4pts)
<i>thereof average interest-bearing assets</i>	44,530	40,701	9%	42,099	6%	Leverage ratio	5.6%	6.1%	(0.5pts)	5.6%	-
Customer deposits	33,533	33,034	2%	34,071	(2%)	Liquidity Coverage Ratio	184%	265%	(81pts)	192%	(8pts)
Own issues	7,949	7,149	11%	6,877	16%						
Credit institutions	7,206	7,493	(4%)	7,273	(1%)						
Other liabilities	2,055	1,962	5%	2,053	-						
Common equity	3,351	3,504	(4%)	3,340	-						
Dividend accrual	135	515	(74%)	61	121%						
Buyback	325	-	>100%	325	-						
AT1 capital & others	475	476	(0%)	475	0%						
Total liabilities & equity	55,029	54,132	1%	54,475	1%						

Customer loans and average interest-bearing assets up 6% vPQ ... Risk weighted assets up 4% vPQ

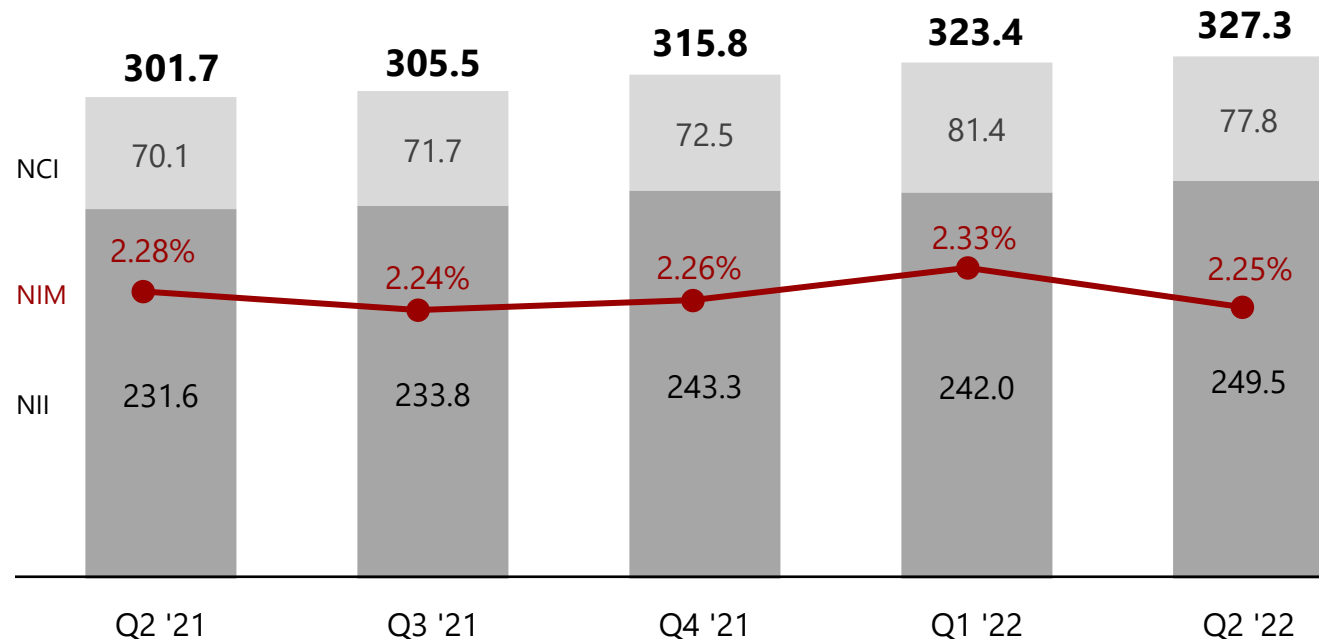
Covered bond issuances of €2b in H1 '22, thereof €1.5b in Q2 '22

Tangible Common Equity flat vPQ and CET1 ratio at 12.7% post deduction of share buyback of €325m and €135m dividend accrual for H1 '22 (55% pay-out ratio)

P&L details – core revenues

Increasing core revenues in Q2 '22

€ million



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

32.5	33.7	35.0	35.0	36.8
40.7	41.3	42.6	42.1	44.5

Net interest income (NII) up 3% vPQ ... net interest margin (NIM) at 2.25% in Q2'22

- Increase in assets in Q2 '22 ... average customer loans up 5% vPQ and average interest-bearing assets up 6% vPQ
- Acquisition of Sberbank consumer loan portfolio in May '22
- Interest rate sensitivity: 100bps increase in 3-month Euribor leads to approximately +€100 million net interest income p.a.

Net commission income (NCI) down 4% vPQ

- Slowdown in advisory business due to volatile market environment and seasonality partly offset by pick-up in payments

Outlook for 2022

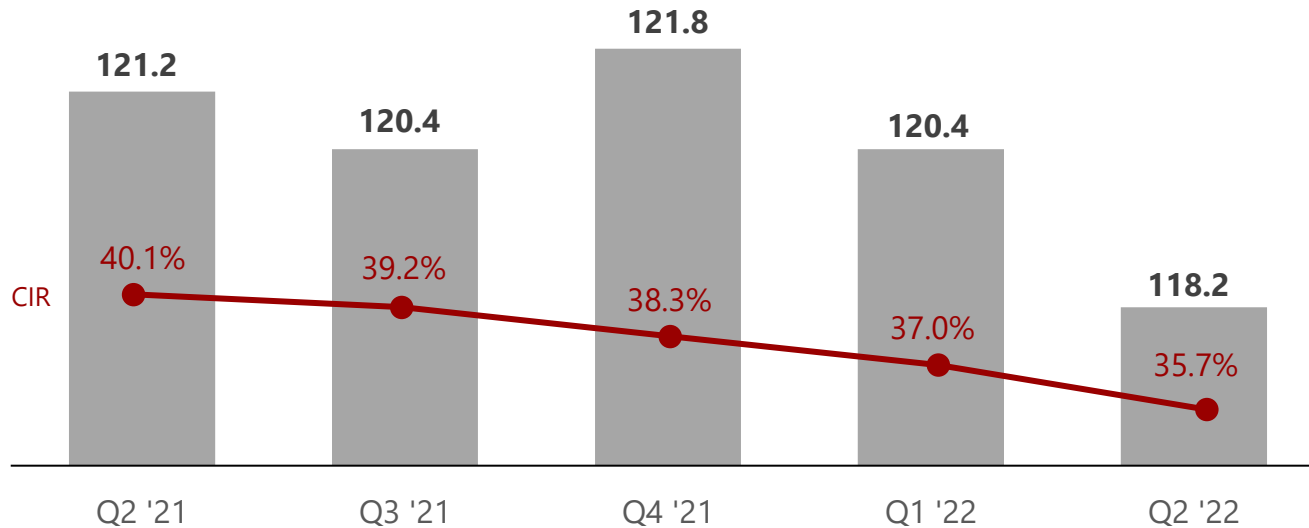
- Expect core revenues growing >7% in 2022

P&L details – operating expenses

Continued efficiency measures countering inflationary pressures

€ million

■ Core operating expenses



CIR at 35.7% in Q2 '22 down (4.4pts) vPY and (1.3pts) vPQ

- Significant inflationary pressure offset by several operational initiatives launched over the past two years
- Focused on absolute cost-out target (despite inflationary headwinds)
- Adapting to post COVID-19 world ... multiple initiatives focused on greater scale, greater digital engagement, and continued rollout of simplification roadmap across the Group

Outlook for 2022

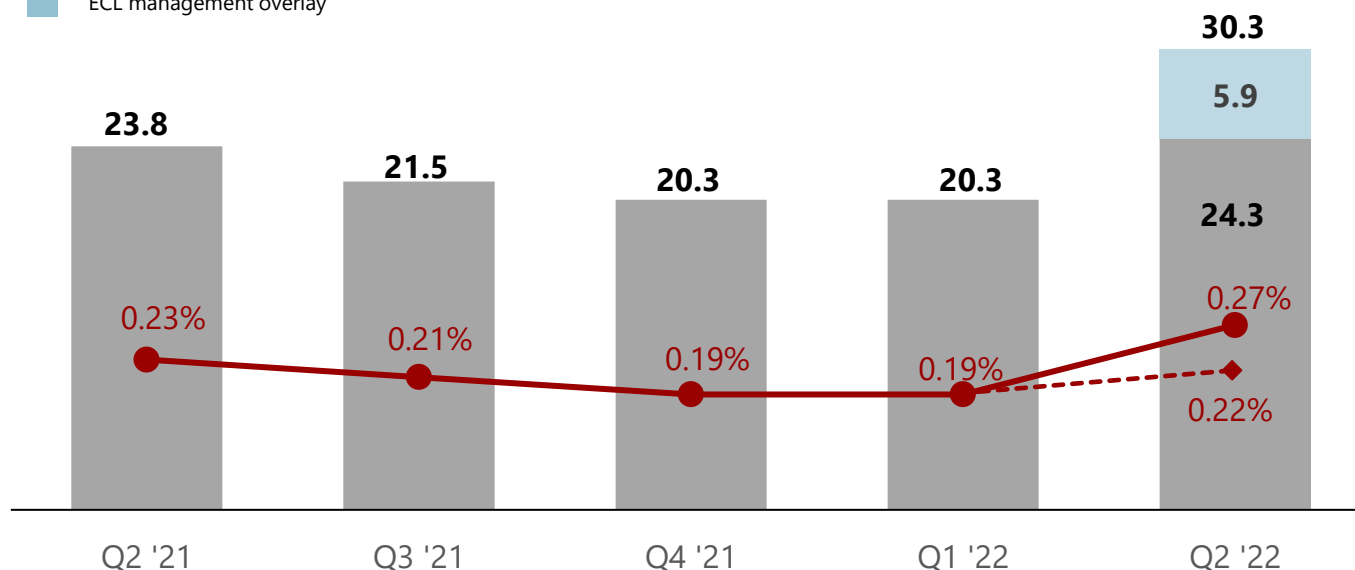
- Targeting ~2% net cost-out with a CIR of <38% in 2022

P&L details – risk costs

Applying prudent approach while closely monitoring macro environment

€ million

- Risk costs / average interest-bearing assets
- ◆ (Risk costs-management overlay) / average interest-bearing assets
- ECL management overlay



ECL Management overlay (in €m)

70	72	61	64	70
----	----	----	----	----

NPL ratio (excluding CoL and including CoL)

1.1%	1.1%	1.0%	1.1%	1.0%
1.5%	1.5%	1.4%	1.5%	1.4%

Q2 '22 risk costs €30m and 27bps risk cost ratio

- Ongoing strong asset quality performance ... record low NPL ratio
- Risk cost run-rate in Retail & SME ~€15m
- ECL management overlay stands at €70m in Q2 '22

Maintain safe & secure balance sheet

- Focused on developed and mature markets ... 73% DACH/NL region and 27% Western Europe / United States
- Conservative underwriting with a focus on secured lending ... ~80% of customer loans is secured or public sector lending
- No direct exposure to Russia or Ukraine and de minimis secondary exposures; however, remain cautious and prudent

Outlook for 2022

Expect underlying risk cost ratio ~20bps in 2022 ... in addition we will continue to build up the management overlay throughout the year

2022 Outlook

Updated P&L composition while return targets reconfirmed despite changed geopolitical environment

P&L OVERVIEW

	<i>previous</i>	<i>updated</i>
Core revenues FY '21: €1,220m	>4% growth	>7% growth
Operating expenses: FY '21: €485m	~2% net cost-out	~2% net cost-out
Regulatory charges FY '21: €52m	<€50m expected	~€55m expected
Risk costs FY '21: €95m	~20bps	~20bps underlying
Profit before tax FY '21: €600m	>€675m	>€675m

RETURN TARGETS

RoTCE FY '21: 16.1%	>17%
CIR FY '21: 39.5%	<38%

Note: Financial and return targets are excluding any outcome of the City of Linz case. Dividend payout will be based on net profit excluding a City of Linz case impact.

Agenda

1 Q2 2022 Highlights and segment performance

2 Detailed financials

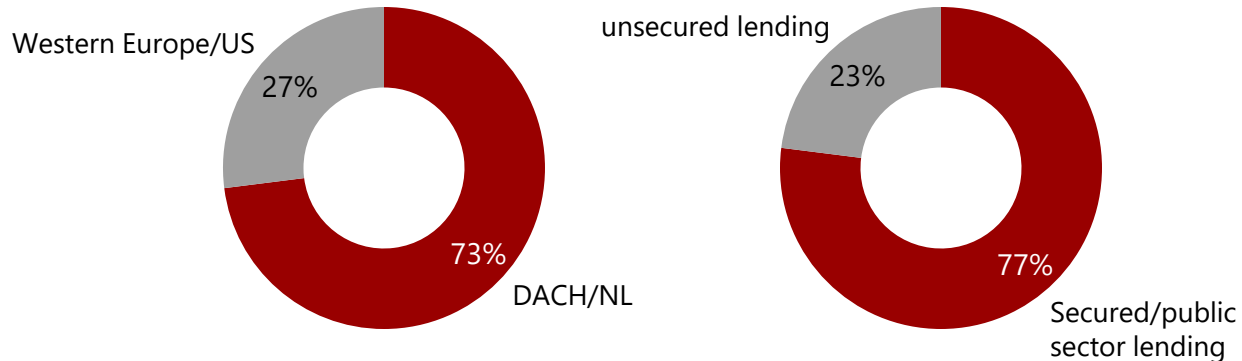
3 **Supplemental information**

4 Group Overview & Strategy

Current environment

BAWAG'S BUSINESS PRINCIPLES

- 1 Focus on mature, developed and stable markets (Austria, Germany, Switzerland, Netherlands (DACH/NL), Western Europe and USA)
- 2 Focus on secured and public sector lending
- 3 Focus on risk-adjusted returns, conservative underwriting, and proactive risk management



BAWAG'S EXPOSURE & ACTIONS TAKEN

- No direct exposure to Russia, Ukraine or Belarus reflecting our strategic focus towards DACH/NL region, Western Europe and United States. No trade finance, derivative or security business to Eastern Europe
- Exposure <1% of total assets to energy intensive industries (exposure in Austria and United States)
- De-minimis exposure to customers with reliance on Russian Markets (local subsidiaries, clients or suppliers)
- High ability of corporate customers to pass on increased energy prices to their clients
- Adjusted credit box for retail consumer lending and mortgage loans to reflect high inflationary impacts on customers cash flows (energy costs, supply chain and interest rate)
- Continued strength in retail portfolio performance as delinquency rates remain below pre-pandemic levels reflecting credit quality and tightening measures since 2020
- ECL overlay increased to €70m in addition to incorporating deteriorating macroeconomic scenarios into models, mitigates the impacts of high inflation, input shocks and potential recessionary pressures. Overlay represents nearly 1x normalized annual risk costs

Acquisition of assets of Sberbank Europe

OVERVIEW

- On 1 March 2022 Sberbank Europe AG (now in liquidation) was prohibited from continuing business operations
- BAWAG Group purchased a consumer loan portfolio in Germany and a bond portfolio
- Purchase price was directly paid to the Austrian deposit guarantee scheme
- Assets have been transferred beginning May 2022 ... consumer loan portfolio serviced via our channel Qlick

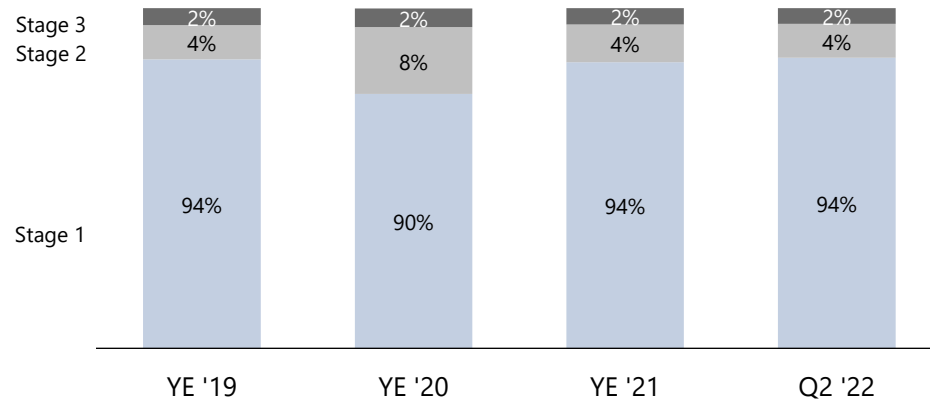
FINANCIAL, BALANCE SHEET AND CAPITAL

- Book value of consumer loan and bond portfolio approximately €0.7b ... CET1 impact from RWA ~-(30)bps
- Portfolio conservatively priced to ensure BAWAG profitability hurdles met under severe loss scenario
- Minimal impact on operating expenses
- No Day 1 P&L impact ... expected risk costs addressed in the discount

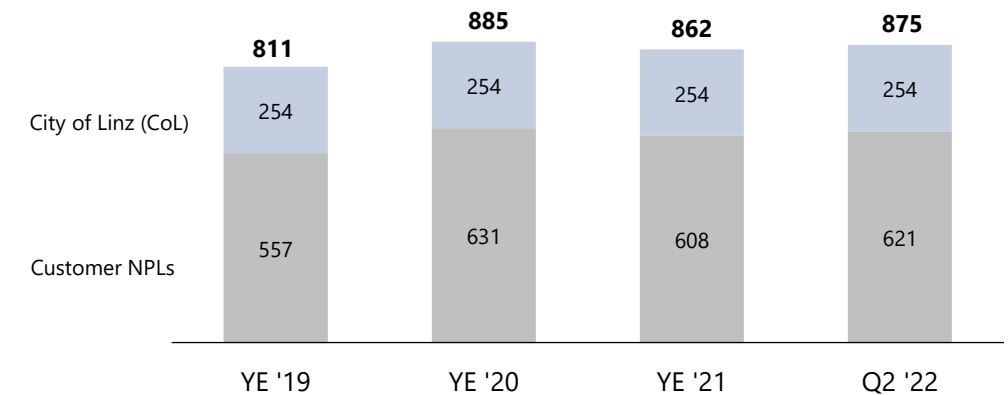
Details on reserves

Continuing to remain prudent in current environment

IFRS 9 Migration- Customer Segment Assets



Non-performing stage 3 loans, in €m



NPL ratio excl. CoL (%)	1.1%	1.1%	1.0%	1.0%
NPL cash coverage excl. CoL	37%	46%	46%	51%
NPL ratio (%)	1.7%	1.5%	1.4%	1.4%

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

€ million	YE '19	YE '20	YE '21	Q2 '22
Stage 1	39	67	37	46
Stage 2	17	64	102	104
Stage 3	205	271	276	302
Total Reserves	262	402	414	452
Total Reserve Ratio %	0.94%	1.42%	1.34%	1.36%

Key developments

NPL ratio (excluding City of Linz) at 1.0%, cash coverage of 51%

Stage 1/2/3 asset split at pre-COVID levels

Total reserves of €452m (+9% vs. YE '21) ... reserve ratio increased by 2bps to 1.36% vs. YE '21

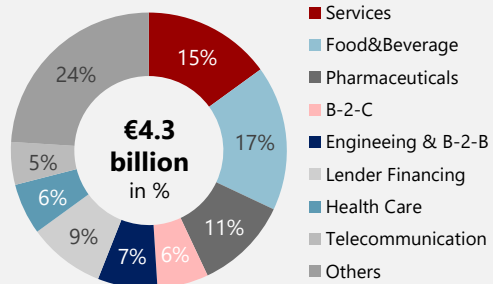
Total ECL of €150m, of which €70m comprised of management overlay ... closely monitoring overall environment over the coming quarters

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

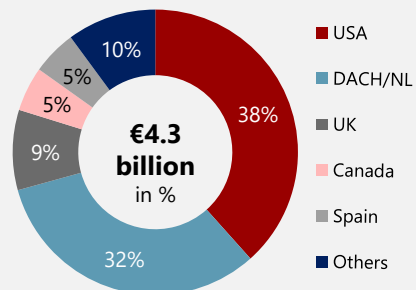
Corporates, Real Estate & Public Sector

CORPORATES*

By industry

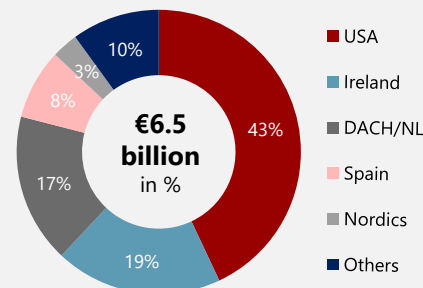
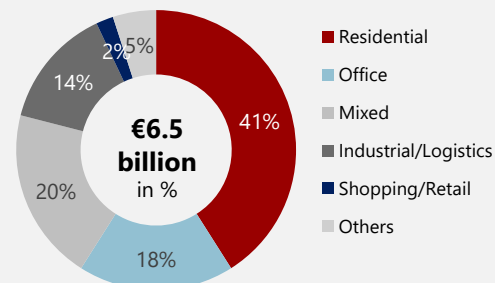


By geography



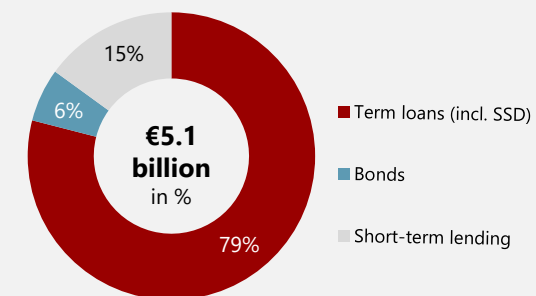
REAL ESTATE

By underlying

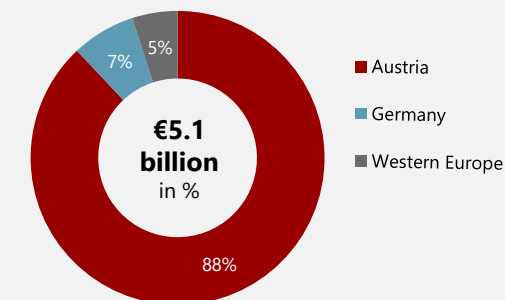


PUBLIC SECTOR*

By funding & type



By geography



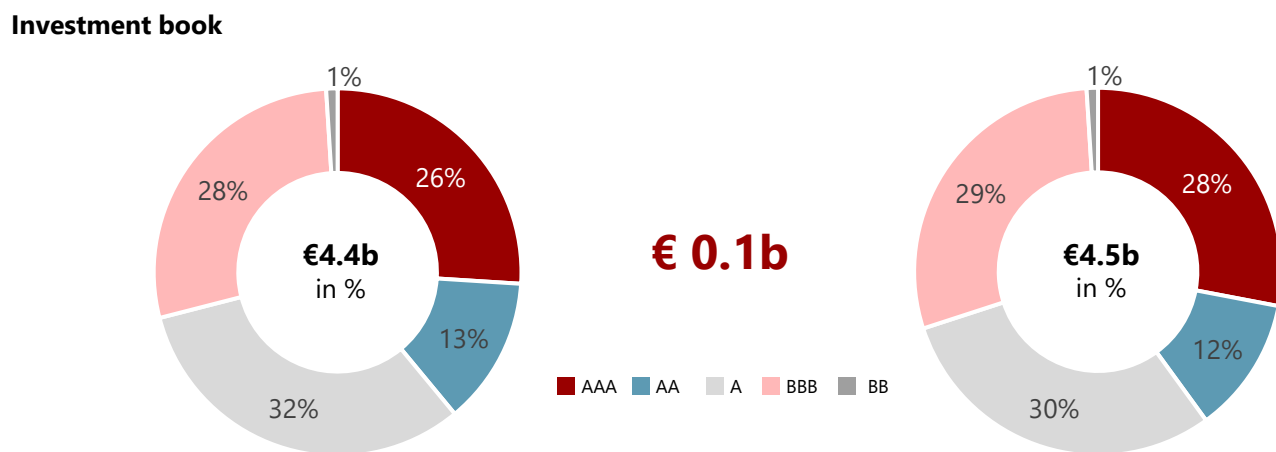
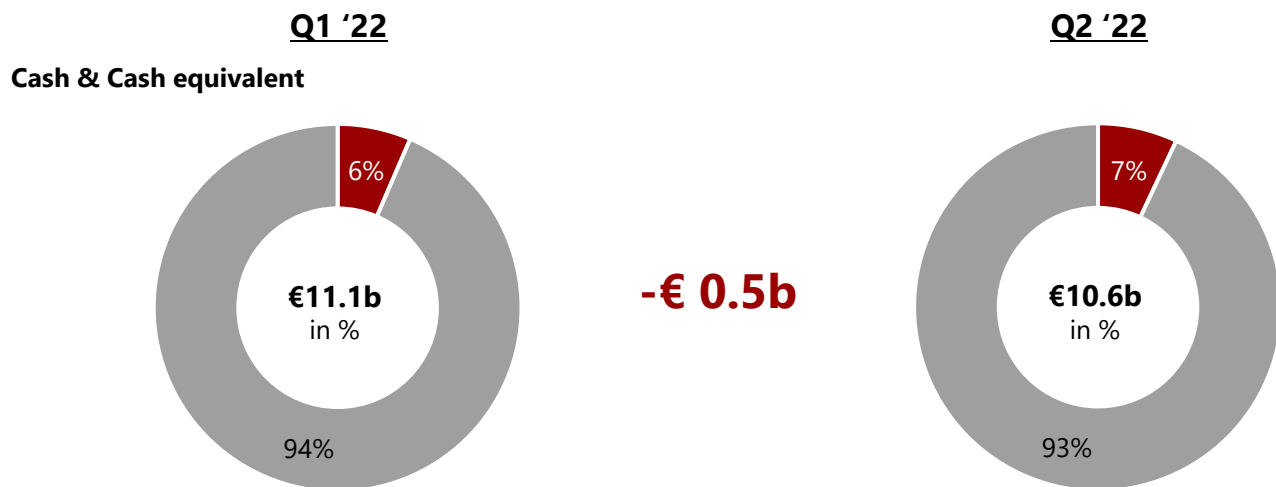
- Portfolio average net leverage <4.0x
- NPL ratio of 1.6%
- No exposure to Russia and Ukraine
- DACH/NL 32% exposure

- Weighted average portfolio LTV <60%
- NPL ratio 0.7%
- Collateral backing portfolio is granular with ~41% of pool being direct residential

- Portfolio comprised of 63% AAA or AA entities
- No non-performing loans

* Includes short-term lending / money market of €877m, of which €107m in Corporates and €770m in Public Sector

Investment book and Cash



As of Q2 '22, cash and cash equivalents (mainly money at central banks) at €10.6b ... TLTRO III of €6.4b

Investment book primarily serves as liquidity book of the Bank

Securities portfolio "under-invested" ... Higher credit spreads would be an opportunity to build-up our securities portfolio again as we have been under-invested for the past few years

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

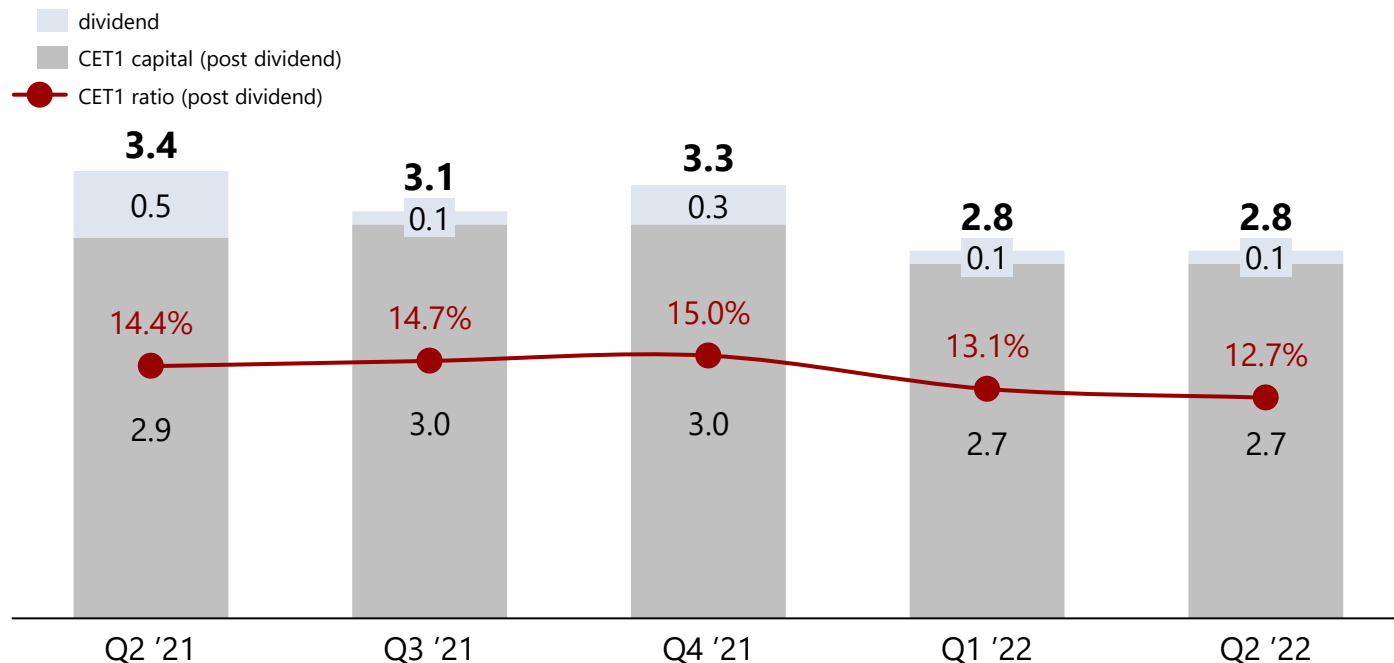
- No non-performing assets
- 99% portfolio investment grade, with 70% A or higher
- Weighted average life of 4.1 years
- ~280 positions, average size ~€17m
- No exposure to Russia and Ukraine

Regulatory Capital

Strong capital position

CET1 Capital and ratios

€ billion



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

Q2 '21	Q3 '21	Q4 '21	Q1 '22	Q2 '22
20.1	20.3	20.1	20.5	21.3
16.8%	17.0%	17.3%	15.3%	14.8%
20.0%	20.2%	20.4%	18.4%	17.7%
6.1%	6.2%	6.0%	5.6%	5.6%

Note: All capital ratios post dividend accrual and deducting €325m buyback in 2022

Capital distribution plans:

- €135m dividends accrued for H1 '22 based on dividend policy of 55% payout ratio of net income
- Share buyback of €325m in 2022 deducted from CET1 capital ... execution to start July 25

Capital development:

- Q2 '22 Tier1 capital ratio 14.8% and Total Capital ratio 17.7%
- Capital requirement of 9.14% CET1 ... P2G of 0.75%
- Target CET1 ratio of 12.25% is 311bps 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

City of Linz overview

- > Receivable of €254 million on balance sheet as of 30 June 2022
- > Receivable fully provisioned in CET1 through prudential filter in 2020, i.e. no impact on capital regardless of outcome of lawsuit
- > Future dividend payments will be based on a net **profit excluding CoL impact** in case of a further write down of the receivable becoming necessary
- > Latest update from May '21: BAWAG filed appeal against second instance ruling ... final decision of contractual validity being decided by the Austrian Supreme Court
- > Decision of Supreme Court is only an interim decision regarding validity of contract ... as basis for further litigation on the payment claims each party raised

Scenario Analysis

for potential outcomes of interim decision of Supreme Court

	<u>Valid contract</u>	<u>Invalid contract</u>
Net profit	Receivable remains valued @60%	(€254)m gross receivable, ~ (€190)m net impact
Dividend	No impact	No impact¹⁾
CET1 Capital	Up to +60bps increase of CET1 ratio	No impact

> Next step litigation on claims each party raised (i.e. damages in case of BAWAG)

1) Dividend payout will be based on net profit excluding a City of Linz case impact.

Agenda

1 Q2 2022 Highlights and segment performance

2 Detailed financials

3 Supplemental information

4 Group Overview & Strategy

BAWAG Group franchise

FRANCHISE	Multi-brand and multi-channel commercial bank with approximately 2.2 million customers across our core markets
DELIVERING RESULTS	Mid-teens Return on Tangible Common Equity (RoTCE) ~14% versus sector of ~5% since 2012
BEST-IN-CLASS EFFICIENCY	Cost-income ratio (CIR) of 39.5% in 2021 driven by simplification, technology and process focus
GOOD STEWARDS OF CAPITAL	Since IPO, completed 7 acquisitions and distributed €1.4 billion capital (€1.0 billion dividends and €400 million buyback) New capital distribution policy: Dividend payout of 55% from 2022 ... share buyback of €325 million with execution starting on July 25
RETURN TARGETS	Return on tangible common equity (RoTCE) >17% and Cost-income ratio (CIR) <38%
2025 PLAN	By 2025, pre-tax profit >€750 million and EPS >€7.25 with ~10% annual EPS growth through 2025; DPS >€4.00

Our performance since IPO

in € million	2017	2018	2019	2020	2021
Profit before tax	500	573	604	371	600
Net income	449	437	459	285	480
RoTCE	15%	15%	16%	10%	16%
Dividends (for financial year)	58	215	230*	230	267
Diluted # of shares outstanding (average, in million)	100.0	99.6	97.9	89.1	89.1

Earnings per share (in €)	2017	2018	2019	2020	2021
	4.49	4.38	4.69	3.20	5.39

Dividends per share (in €, for financial year)	2017	2018	2019	2020	2021
	0.58	2.18	2.59*	2.59	3.00

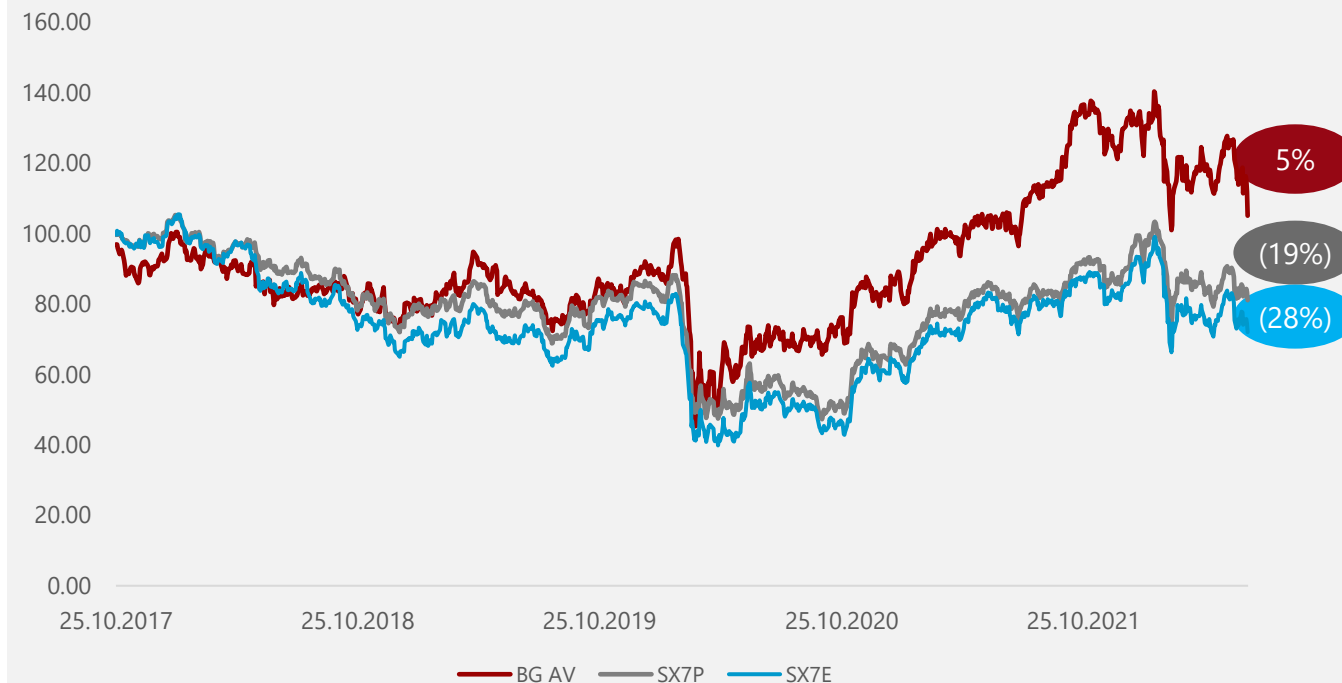
* Distributed in 2021 due to ECB dividend ban related to the pandemic in 2020

Total shareholder return development since IPO

Indexed as of 24 October 2017;
as of 30 June 2022

BAWAG Group	5%
EuroStoxx Banks Index (SX7P)	(19%)
Stoxx 600 Banks Index (SX7E)	(28%)

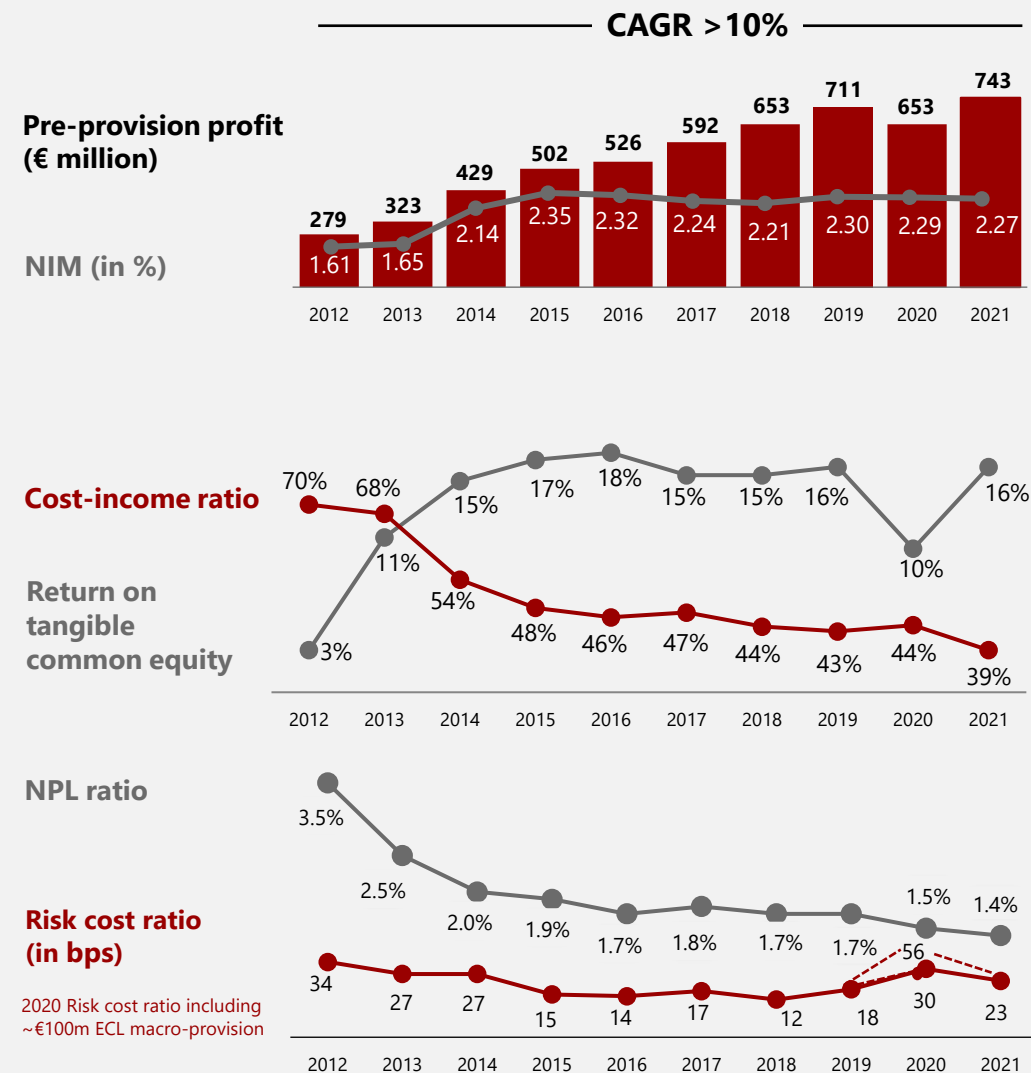
Share Price Development (since IPO)



BAWAG transformation over the past decade

PRINCIPLES OF OUR TRANSFORMATION

- FIRM CULTURE:** Our company values and culture are defined by accountability, meritocracy, and embracing change
- SIMPLIFICATION:** We simplified our business model by focusing on core products, processes and technology
- CORE MARKETS:** We focus on mature, developed and stable markets with strong macroeconomic fundamentals and reliable legal systems
- RISK MANAGEMENT:** We focus on risk-adjusted returns, conservative-disciplined underwriting, and proactive risk management
- CONSISTENT TECHNOLOGY INVESTMENT:** We believe that technology is a transformation enabler and competitive differentiator
- DATA-DRIVEN:** We believe in constant measurement, data analysis, and being data driven in how we run the business



The BAWAG culture

Leadership & Embracing Change

- Actions speak louder than words
- We value integrity, character and work ethic
- Experienced Senior Leadership Team (SLT) that effectuated our transformation over the past decade ... 79 members

SLT has on average ~13 years
working experience at BAWAG

Accountability, Meritocracy & Inclusion

- Our greatest asset is our human capital
- Investing in developing and empowering our people
- Assessments are merit and character based

~55% female hires
over the last 5 years

47 different nationalities
working together at BAWAG

OUR FOUNDATION

Simple & Flat Organization

- Simplification and continuous improvement mindset
- Less hierarchy, less bureaucracy, less disjointed analysis
- Streamlined decision making, while also rooting out inefficiencies and silo-mindset

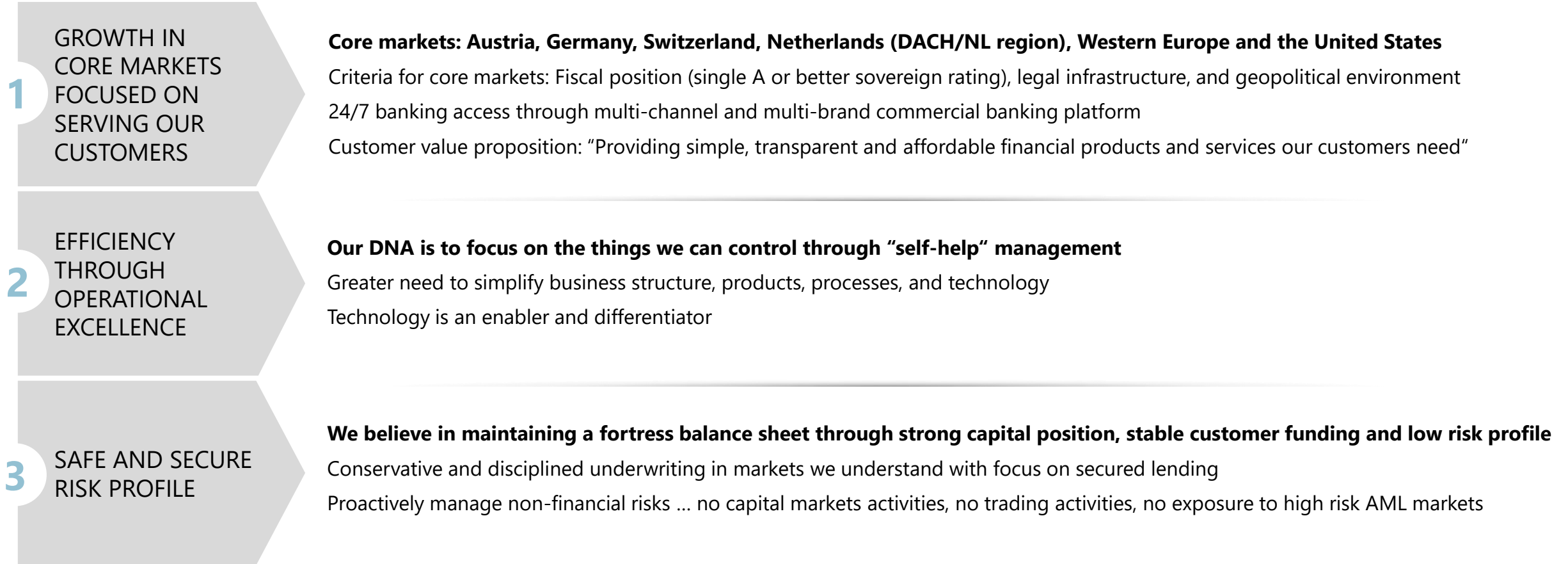
Simplified banding structure
across the group

Management, both Fiduciaries & Shareholders

- Not only fiduciaries of the bank, we are also owners
- Incentives are directly tied to real Financial & ESG targets
- Focused on long-term franchise value creation

3.3% shares owned by
Senior Leadership Team (3.0% Management Board)

Strategy focused on execution and continuous improvement



ESG UNDERPINS OUR STRATEGY DRIVING RESPONSIBLE, SUSTAINABLE AND PROFITABLE GROWTH

M&A ... Strategic Optionality

M&A HISTORY SINCE 2015

- ✓ 11 acquisitions closed
- ✓ One acquisition in US signed early 2022
- ✓ Acquisitions in following markets: Austria, Germany, Switzerland, Ireland, USA
- ✓ Added core retail products: leasing, factoring, credit cards, online brokerage

**Transformed businesses from
RoTCE of ~3% to >15%+**

M&A TARGETS & UNDERWRITING CRITERIA

MARKETS

- Focus on core markets ... DACH/NL region, Western Europe and United States

CUSTOMER FRANCHISE

- Focus towards Retail & SME
- Bolt-on acquisitions
- Product factories
- Specialty finance
- Universal banks

EFFICIENCY

- Operational turn-around
- Run-off/wind-down businesses benefiting from our operational capabilities and BAWAG Group Advisory Platform

FINANCIALS

- Underwrite to RoTCE >17%
- Solid balance sheet ... no credit or compliance issues
- Pre-funded restructuring ... underwrite deals to ensure P&L accretive day1

PLATFORMS

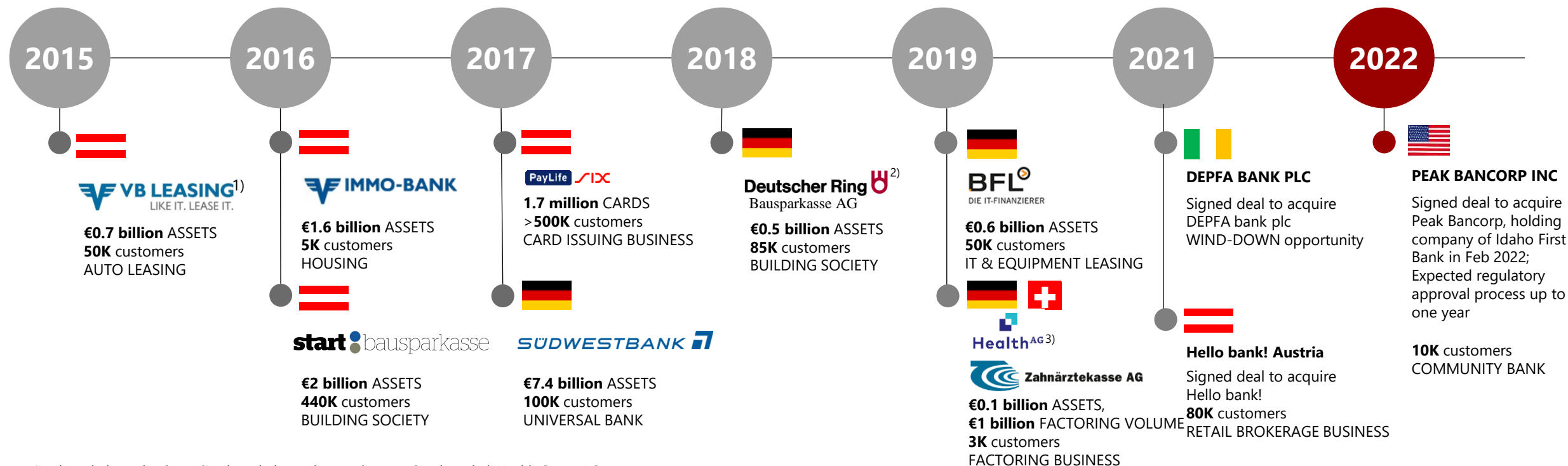
- Platforms and minority investments to support customer acquisition and asset originations

DEAL SIZE

- Open to all size deals that meet our target return thresholds and franchise enhancing

M&A track record .. 11 acquisitions completed (since 2015)

EXPERIENCED WITH BOLT-ON ACQUISITIONS TO BUILD OUT CUSTOMER FRANCHISE



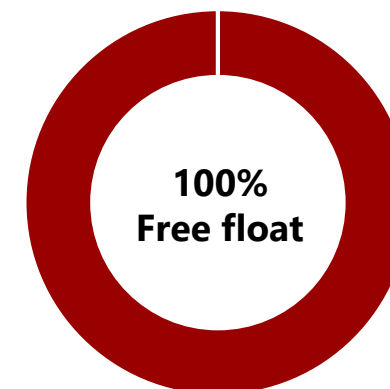
1) rebranded: easyleasing 2) rebranded: start:bausparkasse 3) rebranded: Health Coevo AG

Investor relations calendar

UPCOMING ROADSHOWS, CONFERENCES AND FINANCIAL EVENTS

21 July	Q2 2022 virtual roadshow
21 September	BofA 27th Annual Financials CEO Conference 2022
6 October	Start of quiet period
20 October	Results Q3 2022
20 October	Q3 roadshow
8 November	UBS Flagship European Conference

SHAREHOLDER STRUCTURE



Top institutional shareholders (>4% holding):

T. Rowe Price	5.6%
Wellington	5.0%
Blackrock	5.0%
GoldenTree	4.6%
Amundi	4.5%
BAWAG Senior Leadership Team (Management Board: 3.0%)	3.3%

Number of shares: 89,142,237; Shares outstanding as of 30 June 2022: 89,004,800



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.

Definitions

B/S leverage Total assets / IFRS equity	Pre-provision profit Operating income less operating expenses (excluding regulatory charges)
Book value per share Common equity (excluding AT1 capital, dividends and buyback of €325m (1.1.2022)) / number of shares outstanding	Reserve ratio Total reserves / Asset volume of customer segments excluding public sector lending
Common Equity Tier 1 capital (CET1) Including interim profit and deducting earmarked dividends and 2022 buyback of €325m (1.1.2022)	Return on common equity (RoCE) Net profit / average IFRS common equity and deducted dividend accruals and buyback of €325m (1.1.2022)
Common Equity Tier 1 ratio Common Equity Tier 1 capital (CET1) / risk-weighted assets	Return on tangible common equity (RoTCE) Net profit / average IFRS tangible common equity and deducted dividend accruals and buyback of €325m (1.1.2022)
Core revenues The total of net interest income and net fee and commission income	Risk cost ratio Provisions and loan-loss provisions, impairment losses and operational risk (risk costs) / average interest-bearing assets
Cost-income ratio Operating expenses (OPEX) / operating income	Tangible book value / share Common equity reduced by the carrying amount of intangible assets / number of shares outstanding
Customer Loans Loans to customers measured at amortized cost	Tangible common equity Common equity reduced by the carrying amount of intangible assets
Common equity Equity attributable to the owners of the parent; excluding minorities, AT1 and deducted dividend accrual and buyback of €325m (1.1.2022)	Total capital ratio Total capital / risk-weighted assets
Earnings per share (EPS) Net profit / weighted average number of shares outstanding (diluted)	Notes:
FL ... Fully-loaded	Targets and forecast numbers Including share buyback in 2022; excluding any potential implications from City of Linz case
Leverage ratio Tier 1 capital (including interim profit, dividend accruals buyback €325m (1.1.2022)/ total exposure (CRR definition)	
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	