

Q1 2020 Credit Update

COMPANY PROFILE

One of Austria's leading retail banks with **2.5 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**



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



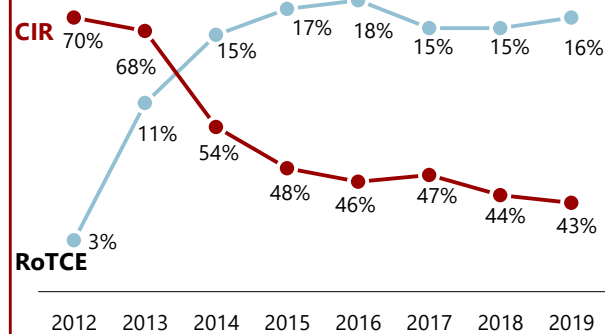
Main pillars of BAWAG Group

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



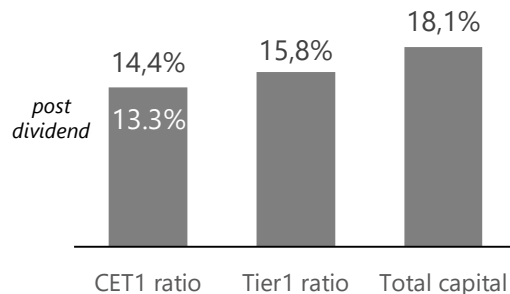
STRONG FUNDING & LIQUIDITY

- > 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 135% ... short-term liquidity buffer of €7.3b

STRONG CAPITAL POSITION

As of Dec 2019, pre-dividend

RWA Density: 45%

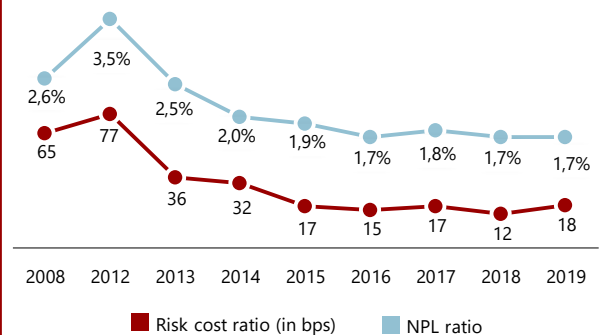


SOLID ASSET QUALITY and DISCIPLINED UNDERWRITING

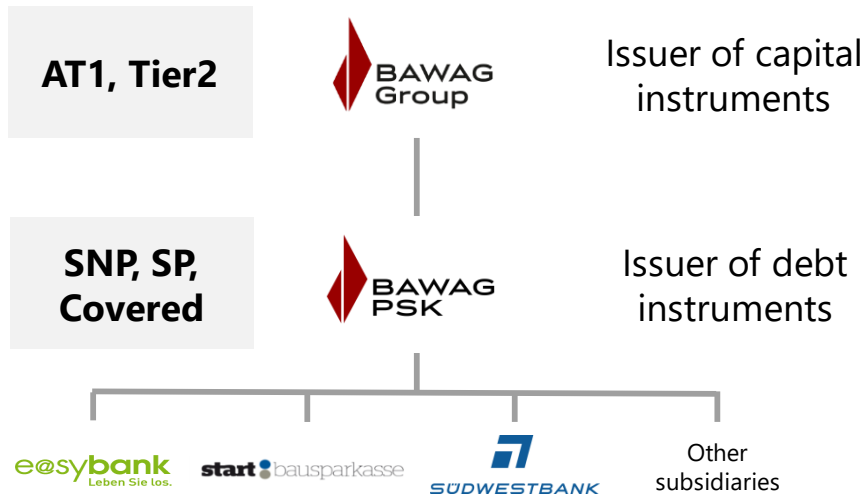
- > Conservative risk appetite and revamped risk organization since 2012
- > Disciplined underwriting in corporates and real estate ... focus on risk-adjusted returns
- > No relevant exposure to CEE or emerging markets
- > No operations with elevated AML risk

NON-PERFORMING LOANS

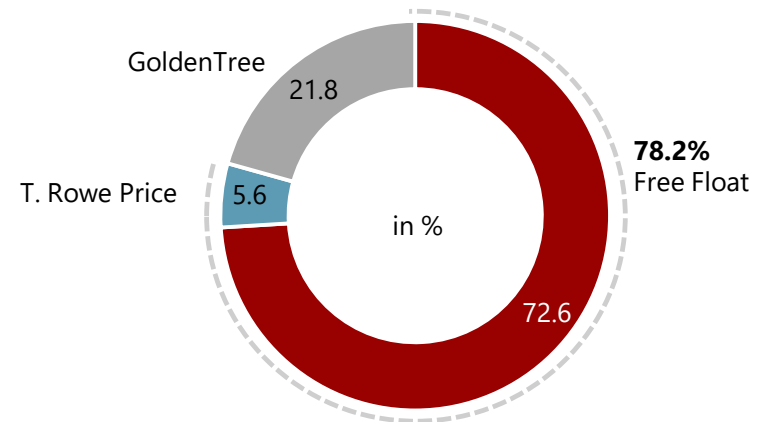
developments since financial crisis



Company structure and issuing entities



Shareholder structure of BAWAG Group AG



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

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

Based on number of shares of the most recent major holdings notifications

Financial performance

Key highlights



| P&L € millions | Q1 '20 | Q1 '19 | vPY | Q4 '19 | vPQ |
|-----------------------------|---------------|---------------|--------------|---------------|--------------|
| Core revenues | 292 | 287 | 2% | 294 | (1%) |
| Operating income | 296 | 298 | (1%) | 314 | (6%) |
| Operating expenses | (125) | (126) | (1%) | (134) | (7%) |
| Pre-provision profit | 171 | 172 | (1%) | 180 | (5%) |
| Regulatory charges | (36) | (34) | 6% | (3) | > 100% |
| Risk costs | (55) | (12) | 362% | (25) | 120% |
| Profit before tax | 81 | 127 | (37%) | 154 | (48%) |
| Net profit | 61 | 97 | (37%) | 116 | (47%) |

| Ratios | | | | | |
|-----------------|-------|-------|----------|-------|----------|
| RoTCE | 9.1% | 12.9% | (3.8pts) | 16.0% | (6.9pts) |
| CIR | 42.3% | 42.4% | (0.1pts) | 42.6% | (0.3pts) |
| Risk cost ratio | 0.58% | 0.13% | 0.5pts | 0.27% | 0.3pts |

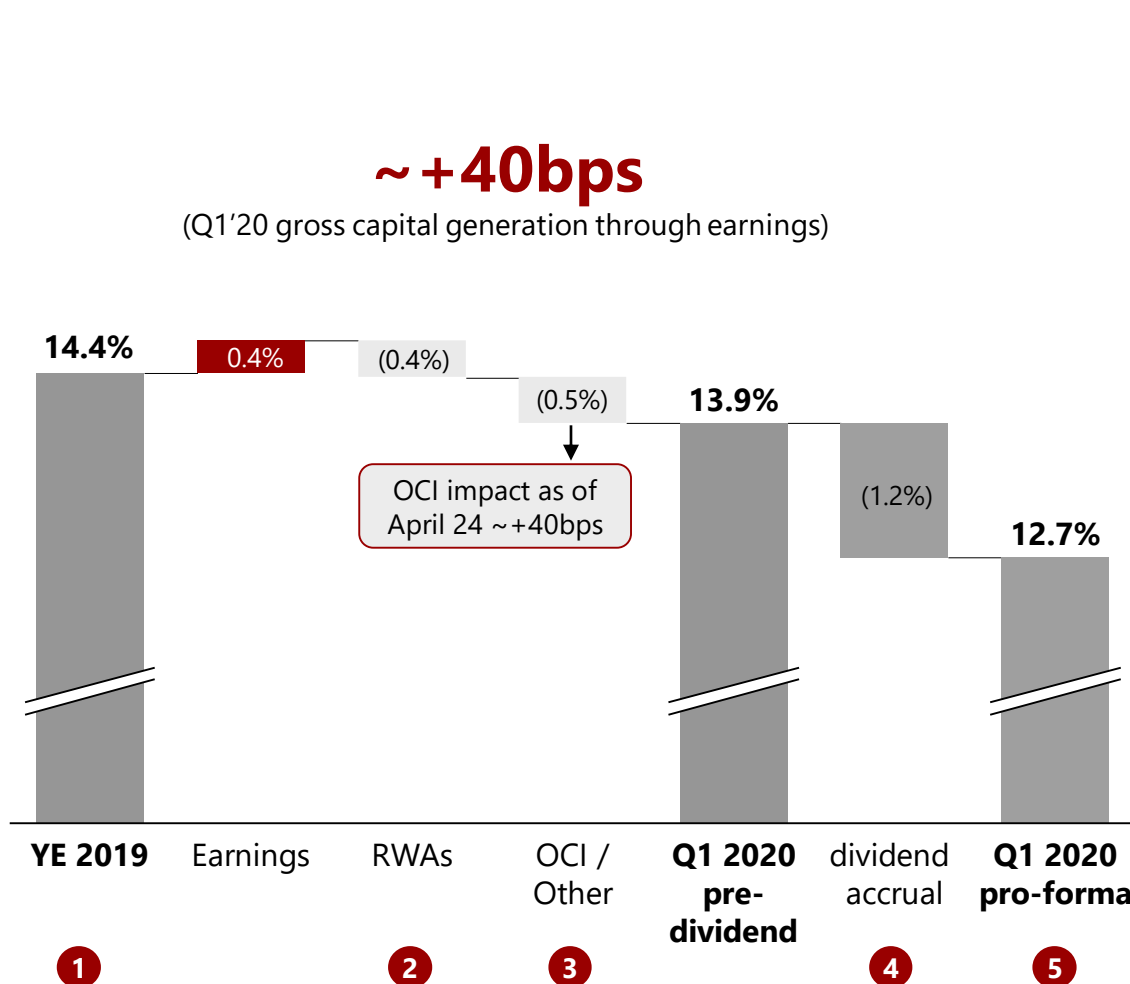
| Normalized | | | | | |
|-------------------|-------|-------|----------|-------|----------|
| Net profit | 81 | 115 | (29%) | 111 | (27%) |
| RoTCE | 11.9% | 15.3% | (3.4pts) | 15.4% | (3.5pts) |

| Balance Sheet & Capital € millions | Q1 '20 | Q4 '19 | vPQ |
|---|---------------|---------------|-----------------|
| Total assets | 46,510 | 45,662 | 2% |
| Customer loans | 31,110 | 30,467 | 2% |
| Securities and bonds | 6,793 | 5,353 | 27% |
| Customer deposits | 29,632 | 30,378 | (2%) |
| Common Equity | 3,240 | 3,297 | (2%) |
| Tangible Common Equity | 2,675 | 2,728 | (2%) |
| CET1 Capital | 2,648 | 2,705 | (2%) |
| Risk-weighted assets | 20,878 | 20,385 | 2% |
| CET1 Ratio (post dividend) | 12.7% | 13.3% | (0.6pts) |
| Liquidity Coverage Ratio | 135% | 146% | (11pts) |
| Leverage ratio | 6.3% | 6.5% | (0.2%) |

| Per share data | Q1 '20 | Q1 '19 | vPY | Q4 '19 | vPQ |
|-------------------------|---------------|---------------|------------|---------------|------------|
| Earnings (€) | 0.69 | 0.98 | (29%) | 1.19 | (42%) |
| Book value (€) | 36.84 | 35.86 | 3% | 37.49 | (2%) |
| Tangible book value (€) | 30.41 | 30.39 | - | 31.02 | (2%) |

Capital development ... CET1 ratio (FL)

Strong capital position



- 1 YE '19 CET1 ratio excluding dividend at 14.4%
- 2 RWA up 2% driven by net asset increase
- 3 OCI/Other: primarily related to widening credit spreads negatively impacting OCI
- 4 **Dividend deduction of 120bps (€260m):**
 - FY 2019 dividend ~€230m and
 - Q1 '20 dividend accrual of ~€30m per dividend policy (50% of net profit)
- 5 Pro-forma CET1: Assuming dividend payments

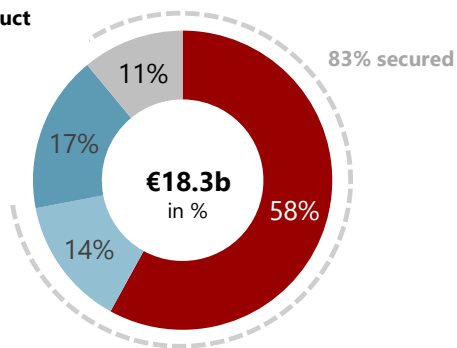
Capital ratios do not reflect any permanent or temporary capital relief changes or measures announced

Customer businesses €31.8 billion

As of March 2020

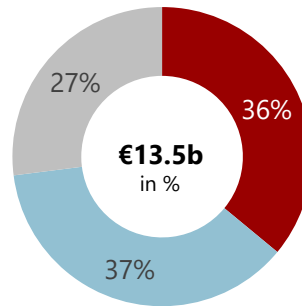
RETAIL & SME

By product



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

CORPORATES & PUBLIC



■ Corporate lending ■ Asset backed lending
■ Public clients

CUSTOMER BUSINESSES

€31.8 billion of which ...

75%

Secured or public sector lending

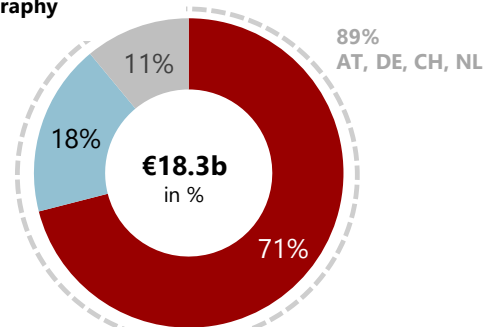
73%

Lending in AT, DE, CH, NL

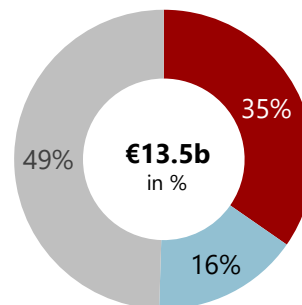
27%

Western Europe & USA

By geography



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



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

Financial performance

| € millions | Q1 '20 | Q1 '19 | vPY | Q4 '19 | vPQ |
|-----------------------------|--------------|--------------|--------------|--------------|--------------|
| Core revenues | 229.9 | 208.5 | 10% | 223.4 | 3% |
| Net interest income | 168.1 | 147.0 | 14% | 163.6 | 3% |
| Net commission income | 61.8 | 61.6 | 0% | 59.9 | 3% |
| Operating income | 232.4 | 208.9 | 11% | 224.2 | 4% |
| Operating expenses | (90.1) | (87.1) | 3% | (90.3) | (0%) |
| Pre-provision profit | 142.3 | 121.8 | 17% | 133.9 | 6% |
| Regulatory charges | (25.2) | (23.2) | 9% | (1.7) | > 100% |
| Risk costs | (42.2) | (15.2) | 178% | (25.9) | 63% |
| Profit before tax | 74.9 | 83.5 | (10%) | 106.4 | (30%) |
| Net profit | 56.2 | 62.6 | (10%) | 79.8 | (30%) |

Customer development

| € millions | Q1 '20 | Q1 '19 | vPY | Q4 '19 | vPQ |
|---|---------------|---------------|-----------|---------------|-------------|
| Housing loans | 10,672 | 10,200 | 5% | 10,429 | 2% |
| Consumer and SME | 5,588 | 4,634 | 21% | 5,608 | (0%) |
| thereof secured portfolio | 2,485 | 1,844 | 35% | 2,406 | 3% |
| Portfolios | 2,048 | 2,024 | 1% | 2,118 | (3%) |
| thereof: UK & French mortgage portfolio | 1,619 | 2,024 | (20%) | 1,762 | (8%) |
| Total assets | 18,308 | 16,858 | 9% | 18,155 | 1% |
| Total assets (average) | 18,217 | 16,818 | 8% | 18,006 | 1% |
| Customer deposits | 24,124 | 23,963 | 1% | 24,848 | (3%) |

Pre-tax profit down 10% vPY impacted by rising risk costs ... net asset growth +9% vPY and +1% vPQ

Pre-provision profit +17% vPY ... Strong underlying performance ... core revenues +10% vs. costs +3%

Risk costs of €42m in the quarter ... up 2.8x times prior year driven by general reserve build to proactively and prudently address COVID-19 impacts on the business

Transforming the business ... under 100 branches across the Group with 88 in Austria and 11 in Germany ... upgraded branch network and focused on growth thru digital engagement, platforms and partners

18.3% (1.7pts) | **38.8%** (2.9pts)
Q1 '20 RoTCE vPY | Q1 '20 CIR vPY

1.9% (0.1pts)
NPL ratio vPY

Retail & SME

Portfolio overview of €18.3b of customer loans and leases

| <u>Credit profile</u> | Assets Q1 '20 (€b) | LTV | NPL ratio | Total reserves YE '19 (€m) | Reserve ratio YE '19 | Total reserves Q1 '20 (€m) | Reserve ratio Q1 '20 |
|----------------------------------|------------------------------|------------|------------------|--------------------------------------|--------------------------------|--------------------------------------|--------------------------------|
| Consumer & SME (Unsecured) | 3.2 | n/a | 2.0% | 75 | 2.39% | 99 | 3.14% |
| Consumer & SME (Secured) | 2.5 | 57% | 2.4% | 37 | 1.52% | 41 | 1.67% |
| Housing and Portfolios (secured) | 12.7 | 55% | 1.8% | 63 | 0.49% | 64 | 0.50% |
| Total Retail & SME | 18.3 | 56% | 1.9% | 176 | 0.96% | 204 | 1.11% |
| thereof secured | 15.2 | 56% | 1.9% | 100 | 0.66% | 105 | 0.69% |
| thereof unsecured | 3.2 | n/a | 2.0% | 75 | 2.39% | 99 | 3.14% |

Arrears and payment deferral

| | Assets Q1 '20 (€b) | % 1-90 dpd | % 90+ dpd | % of balances with payment deferral <i>status as of 22 April</i> |
|----------------------------------|------------------------------|-----------------------------|----------------------------|--|
| Consumer & SME (Unsecured) | 3.2 | 2.8% | 3.1% | 4.1% |
| Consumer & SME (Secured) | 2.5 | 2.4% | 2.4% | 5.1% |
| Housing and Portfolios (secured) | 12.7 | 0.4% | 0.7% | 3.8% |
| Total Retail & SME | 18.3 | 1.1% | 1.4% | 4.0% |
| thereof secured | 15.2 | 0.7% | 1.0% | 4.0% |
| thereof unsecured | 3.2 | 2.8% | 3.1% | 4.1% |

- > Highly collateralized Retail & SME business (83%) ... primarily mortgages (84%) ... Unsecured lending primarily personal loans to primary banking customers (~80%)
- > Overall 90+ dpd of 1.0% for secured lending and 3.1% for unsecured lending
- > €25m general reserve booked in Q1 '20:
 - €14m related to updated macroeconomic forecasts (IMF) ... GDP forecast 2020 (6.5%) and 2021 +3.9% across markets we operate in
 - €11m primarily related to a general reserve on payment deferrals in case of increased roll rates of unsecured loans

Financial performance

| € millions | Q1 '20 | Q1 '19 | vPY | Q4 '19 | vPQ |
|-----------------------------|-------------|-------------|--------------|-------------|--------------|
| Core revenues | 69.1 | 76.3 | (9%) | 71.9 | (4%) |
| Net interest income | 58.4 | 64.7 | (10%) | 61.4 | (5%) |
| Net commission income | 10.7 | 11.6 | (8%) | 10.5 | 2% |
| Operating income | 70.7 | 76.6 | (8%) | 73.3 | (4%) |
| Operating expenses | (21.3) | (27.1) | (21%) | (22.3) | (4%) |
| Pre-provision profit | 49.4 | 49.5 | (0%) | 51.0 | (3%) |
| Regulatory charges | (6.5) | (7.1) | (8%) | (0.9) | > 100% |
| Risk costs | (11.9) | 4.6 | (359%) | (0.6) | 1,883% |
| Profit before tax | 31.0 | 47.0 | (34%) | 49.4 | (37%) |
| Net profit | 23.3 | 35.3 | (34%) | 37.1 | (37%) |

Customer development

| € millions | Q1 '20 | Q1 '19 | vPY | Q4 '19 | vPQ |
|-------------------------------|---------------|---------------|--------------|---------------|-------------|
| Corporate lending | 4,858 | 6,393 | (24%) | 5,188 | (6%) |
| Asset backed lending | 4,921 | 4,424 | 11% | 4,602 | 7% |
| Public clients | 3,675 | 3,108 | 18% | 3,351 | 10% |
| Total assets | 13,454 | 13,925 | (3%) | 13,141 | 2% |
| Total assets (average) | 13,088 | 14,301 | (8%) | 13,601 | (4%) |
| Customer deposits | 4,577 | 6,381 | (28%) | 5,019 | (9%) |

Pre-tax profit down 34% vPY impacted by rising risk costs ... net asset growth +2% vPQ and down (3%) vPY driven by reduced corporate lending

Pre-provision profit flat vPY ... Core revenues down (9%) offset by reduction in costs of (21%)

Risk costs of €12m during the quarter driven by specific reserve of €10m for oil & gas exposure .. Total remaining oil & gas exposure of €22m

Maintaining disciplined underwriting ... Beginning to see opportunities with solid risk-adjusted returns

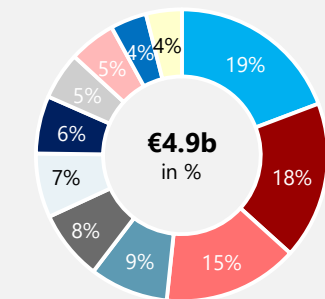
11.1% (1.7pts) | **30.1%** (5.3pts)
 Q1 '20 RoTCE vPY | Q1 '20 CIR vPY

1.0% (0.3pts)
 NPL ratio vPY

Corporates & Public

Portfolio overview of €13.5 billion of customer loans

CORPORATE LENDING



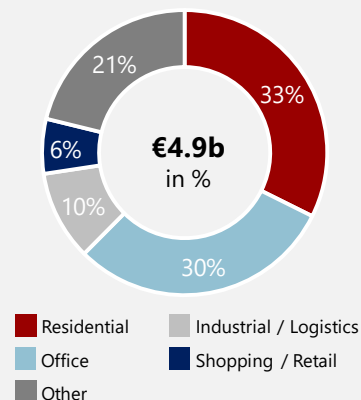
| Cyclical sectors | Net book value (€m) | % -share of | |
|------------------|---------------------|-------------------|-------------------|
| | | Corporate lending | Customer business |
| Shipping | 34 | 0.70% | 0.11% |
| Oil & Gas | 22 | 0.45% | 0.07% |
| Retailers | 20 | 0.41% | 0.06% |
| Hotels | 15 | 0.31% | 0.05% |
| Airlines | - | - | - |
| Total | 91 | 1.87% | 0.29% |

- Services
- Lender Financing
- Real estate
- B-2-C
- Food & Beverage
- Telecommunication
- Pharmaceuticals
- Engineering & B-2-B
- Public Sector
- 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 ... €91m net book value ... account for 29bps of total customer loans

ASSET BACKED LENDING

By underlying



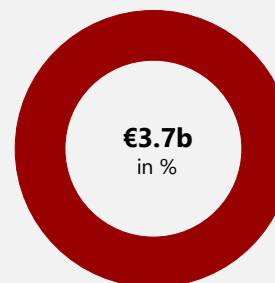
Underwriting overview

Historically disciplined underwriting: Senior secured, day 1 LTC/V < 65%, and ICR > 2.0x

Direct exposures to Retail and Hotels

- 8% exposure to Retail or Hotel on a stand-alone basis ... majority has interest reserve or free cashflow to pay interest for ~6 months
- Stand-alone loans have repaid on average ~25% of the initial loan balance with vintage primarily in 2017/ 2018
- Average equity balance of ~50%

PUBLIC SECTOR



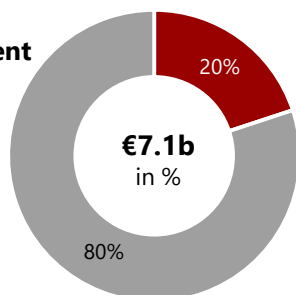
- Lending focused on Austrian municipalities, Federal States and Republic of Austria
- BAWAG P.S.K. is payments provider to Republic of Austria

Investment book and Cash

Deploying excess cash into high-quality securities

YE 2019

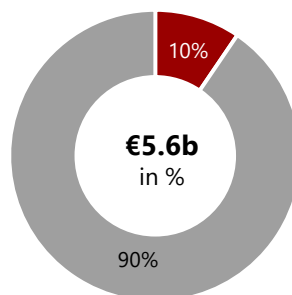
Cash & Cash equivalent



■ Cash ■ Cash equivalent

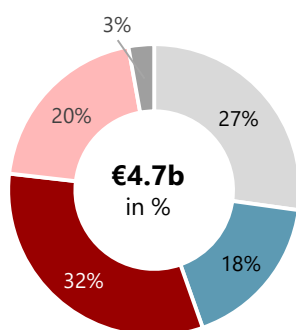
€ (1.5b)

Q1 '20



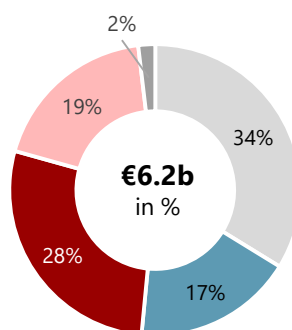
■ Cash ■ Cash equivalent

Investment book



■ AAA ■ AA ■ A
■ BBB ■ BB

€ +1.5b



■ AAA ■ AA ■ A
■ BBB ■ BB

Investment book primarily serves as liquidity book of the Bank ... managing excess cash as we focus on deploying into customer loans

As of Q1 '20, Cash and cash equivalents (mainly money at central banks) at €5.6b ... down 21% as invested in high quality securities portfolio (+32% vYE)

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

- more than 98% of the portfolio is allocated to investment grade
- weighted average life of 4.5 years
- ~400 positions, average size ~€15m

P&L & key ratios

| P&L € millions | Q1 '20 | Q1 '19 | vPY | vPQ |
|-----------------------------|----------------|----------------|--------------|--------------|
| Net interest income | 219.9 | 214.5 | 3% | (2%) |
| Net commission income | 71.9 | 72.5 | (1%) | 3% |
| Core revenues | 291.8 | 287.1 | 2% | (1%) |
| Other revenues | 3.8 | 11.2 | (66%) | (81%) |
| Operating income | 295.6 | 298.3 | (1%) | (6%) |
| Operating expenses | (125.0) | (126.4) | (1%) | (7%) |
| Pre-provision profit | 170.6 | 171.9 | (1%) | (5%) |
| Regulatory charges | (36.4) | (34.2) | 6% | > 100% |
| Risk costs | (55.0) | (11.9) | 362% | 120% |
| Profit before tax | 80.5 | 127.0 | (37%) | (48%) |
| Income taxes | (19.3) | (30.2) | 36% | 48% |
| Net profit | 61.2 | 96.8 | (37%) | (47%) |

| Key ratios | Q1 '20 | Q1 '19 | vPY | vPQ |
|--------------------------------------|--------|--------|----------|-----------|
| Return on Common Equity | 7.5% | 11.0% | (3.5pts) | (5.9pts) |
| Return on Tangible Common Equity | 9.1% | 12.9% | (3.8pts) | (6.9pts) |
| Net interest margin | 2.34% | 2.26% | 0.08pts | (0.02pts) |
| Cost-income ratio | 42.3% | 42.4% | (0.1pts) | (0.3pts) |
| Risk cost ratio | 0.58% | 0.13% | 0.45pts | 0.30pts |
| Earnings per share (in €) | 0.69 | 0.98 | (29%) | (42%) |
| Tangible book value per share (in €) | 30.41 | 30.39 | 0% | (2%) |

Core revenues stable in Q1'20 with NIM of 2.34%

Operating expenses coming down versus Q4'19 and versus last year

Pre-provision profit decreased by 5% versus Q4'19

Regulatory charges 85% front-loaded in Q1'20

Risk costs mainly impacted by "COVID-19" provisions

Balance sheet

Continued focus on balance sheet optimization and growing our customer business

| Balance sheet € billions | Q1 '20 | Q4 '19 | Delta |
|---|---------------|---------------|--------------|
| Customer loans | 31.1 | 30.5 | 2% |
| Securities and bonds | 6.8 | 5.4 | 27% |
| Credit institutions and cash | 5.6 | 7.1 | (21%) |
| Other assets | 3.0 | 2.7 | 10% |
| Total assets | 46.5 | 45.7 | 2% |
| thereof Average interest-bearing assets | 38.1 | 37.6 | 1% |
| Customer deposits | 29.6 | 30.4 | (2%) |
| Own issues | 5.7 | 5.4 | 6% |
| Credit institutions | 4.3 | 3.1 | 41% |
| Other liabilities | 3.0 | 2.9 | 2% |
| Common equity | 3.2 | 3.3 | (2%) |
| Dividend accrual | 0.3 | 0.2 | 13% |
| AT1 capital | 0.3 | 0.3 | 0% |
| Total liabilities & equity | 46.5 | 45.7 | 2% |

| Capital & RWA € billions | Q1 '20 | Q4 '19 | Delta |
|---------------------------------------|---------------|---------------|--------------|
| Common equity | 3.2 | 3.3 | (2%) |
| Tangible common equity | 2.7 | 2.7 | (2%) |
| CET1 capital | 2.7 | 2.7 | (2%) |
| Risk-weighted assets | 20.9 | 20.4 | 2% |
| CET1 ratio (post dividend) | 12.7% | 13.3% | (0.6pts) |
| Leverage ratio | 6.3% | 6.5% | (0.2pts) |

Growing interest-bearing assets ... deployed excess cash into customer loans and securities

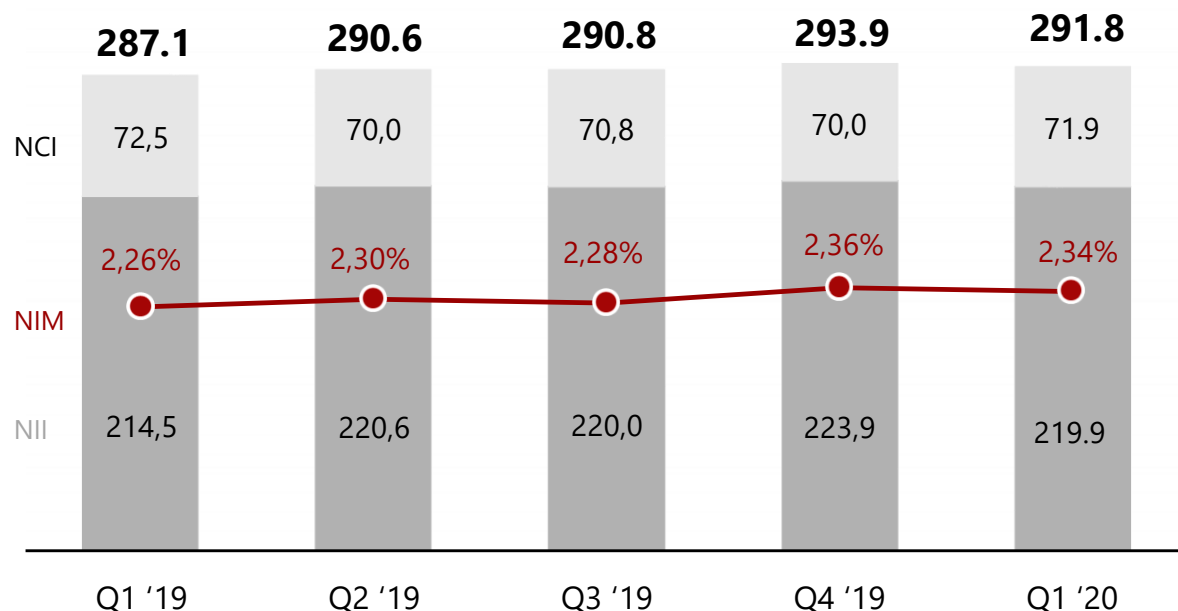
Risk weighted assets increased in line with higher interest-bearing assets

Issued €500m covered bond in Jan '20, and participated in €1.25b LTRO in Mar '20

P&L details – core revenues

Solid revenues in Q1 ... COVID-19 will have an impact on NCI mainly

€ millions



Customer loans | Average interest-bearing assets | € billions

| Quarter | Q1 '19 | Q2 '19 | Q3 '19 | Q4 '19 | Q1 '20 |
|---------------------------------|--------|--------|--------|--------|--------|
| Customer loans | 30.2 | 31.1 | 30.7 | 30.5 | 31.1 |
| Average interest-bearing assets | 38.0 | 38.4 | 38.6 | 37.6 | 38.1 |

Net interest income (NII) down 2% vPQ ... net interest margin (NIM) at 2.34%

- Stable NIM development, lower number of days in Q1 versus Q4 driving NII reduction
- Solid growth of interest-bearing assets in Q1 will help off-set lower consumer lending in coming quarters
- Interest rates could be a positive (primarily exposed to 3-Months-Euribor) +/- 10 bps parallel shift in interest rates = +/- €1m NII per month

Net commission income (NCI) up 3% vPQ

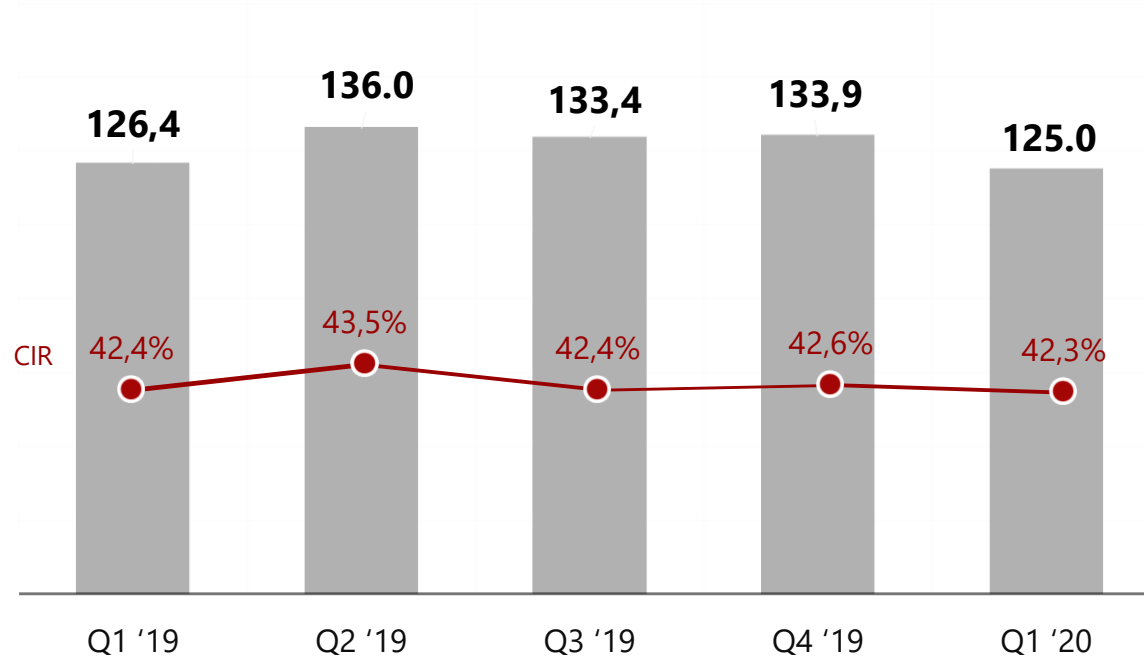
- Strong performance in Q1
- Limited impacts of COVID-19 in Q1 '20, negative implications expected for rest of the year

Outlook for 2020: stable 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

€ millions



Cost-income ratio at 42.3% in Q1 '20 ... initiatives started in 2019 showing effect

- Austrian Network to 88 branches vs. originally planned 100 branches as part of *Concept 21*
- Harmonizing technology landscape ... core systems and applications
- Further centralization of middle-and-back-office functions in competence centers (mainly in Vienna)
- Merger of easybank into BAWAG completed in Q1 '20

Operating model implications from COVID-19

- Shift from physical to digital and home-office
- Less travel and lower other G&A expenses
- Catalyst for future cost initiatives and redefining operating infrastructure

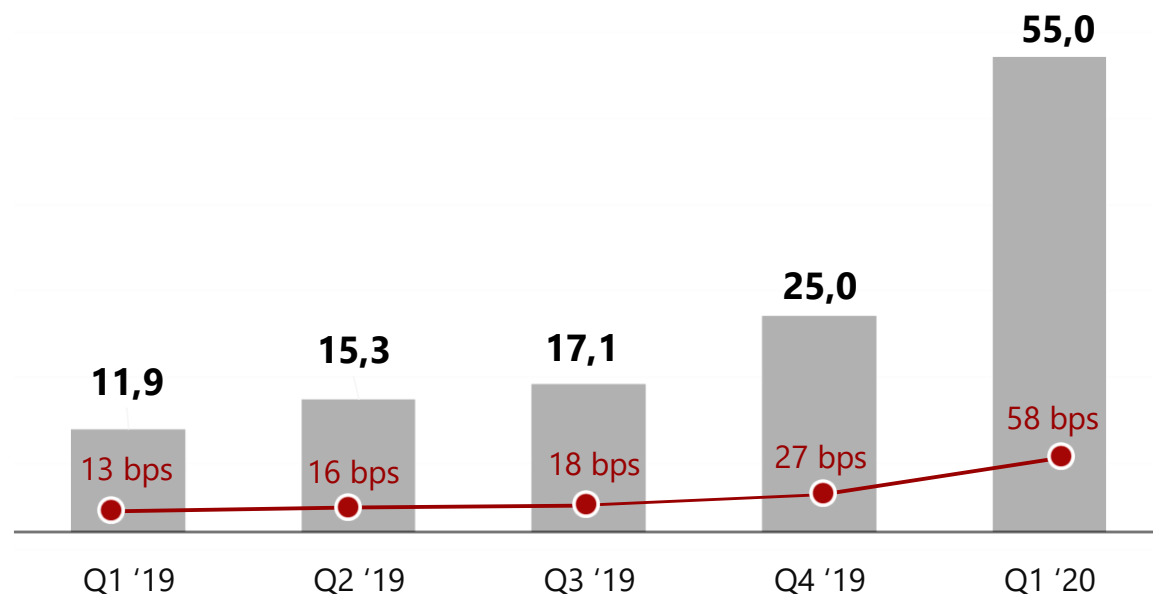
Outlook for 2020: 5% lower versus 2019

P&L details – risk costs

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

€ millions

—●— Risk costs / average interest-bearing assets



NPL ratio (as reported and excluding CoL)

| | | | | |
|------|------|------|------|------|
| 1.8% | 1.8% | 1.9% | 1.7% | 1.6% |
| 1.2% | 1.2% | 1.4% | 1.2% | 1.1% |

Q1 '20 risk cost ratio at 58bps

- includes €25m general reserve in Retail & SME to address COVID-19-related effects ... applying IMF macro scenarios and addressing payment deferrals, etc.
- specific provision in Corporates & Public related to oil & gas exposure

Business focused on developed markets ... ~70% DACH region and ~30% Western Europe / United States

75% of loan portfolio is secured or public sector lending

Maintain safe & secure balance sheet & portfolio risk management

- No relevant exposure to CEE or emerging markets
- No Turkey and Russia exposure
- No operations in countries with elevated AML risk

Outlook for 2020: Forecasting risk costs this year would be unreliable given the market uncertainty and deterioration in the macroeconomic environment

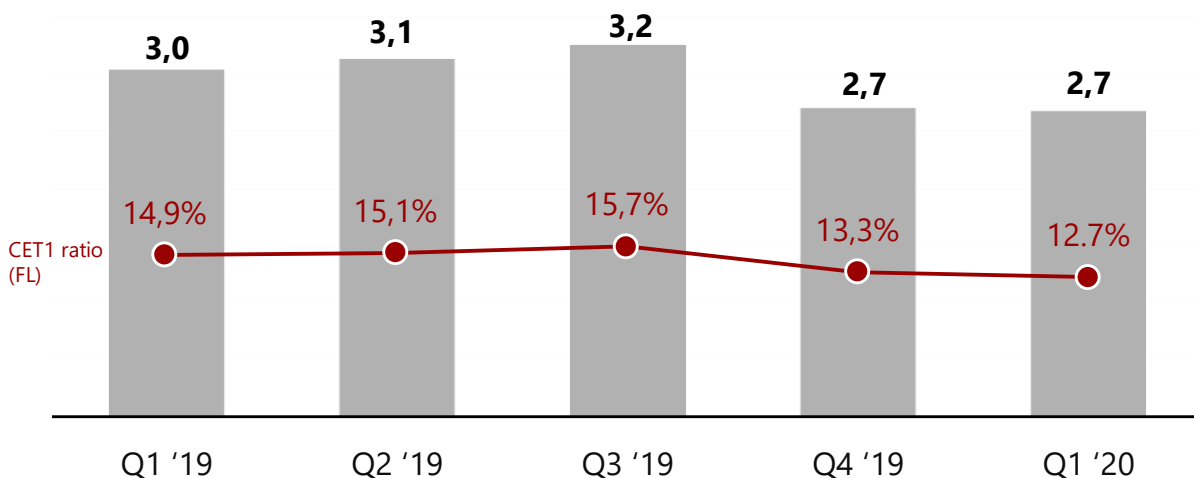
Regulatory Capital

Strong capital position



CET1 Capital (FL)

€ billions



RWA | € billions | Total capital ratio

| Quarter | Q1 '19 | Q2 '19 | Q3 '19 | Q4 '19 | Q1 '20 |
|-------------------------|--------|--------|--------|--------|--------|
| RWA [€ billions] | 20.5 | 20.7 | 20.6 | 20.4 | 20.9 |
| Total capital ratio [%] | 18.7% | 18.9% | 19.5% | 17.0% | 16.3% |

CET1 ratio at Q1 2020 of 12.7% ... deducting dividend for FY '19 and Q1 '20 (~€260m)

RWA density remained stable at 45%

Outlook for 2020: Capital accretion thru earnings and higher risk weighted assets from organic business

12.7%
CET1 ratio
post dividend

14.1%
Tier1 ratio

16.3%
Total capital ratio

Note: Historic quarterly CET1 ratio not considering dividend accrual, at year-end dividend deducted; Q1 '20 deducts dividend for FY '19 and Q1 '20

Update on Capital

ECB provides temporary relief and recommendations

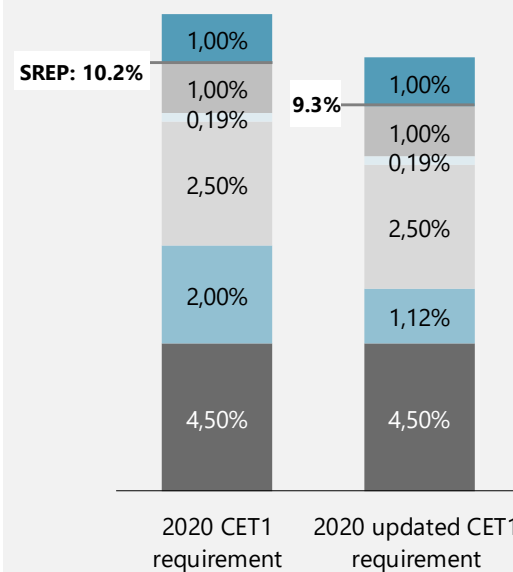
1

RESPONSE OF EUROPEAN CENTRAL BANK

- > ECB allows banks to fully use capital and liquidity buffers
- > Change in composition of capital for Pillar 2 Requirement was moved forward from 1 Jan 2021 to immediate effect
- > Recommendation on capital distribution not to pay dividend until 1 October 2020 ... situation for afterwards will be reassessed
- > Guidance on macro economic scenario for IFRS9 – handling of demand shock, forbearance/NPLs, moratorium
- > Easing of conditions for targeted longer-term refinancing operations (TLTRO III)

2

IMPACT ON BAWAG GROUP



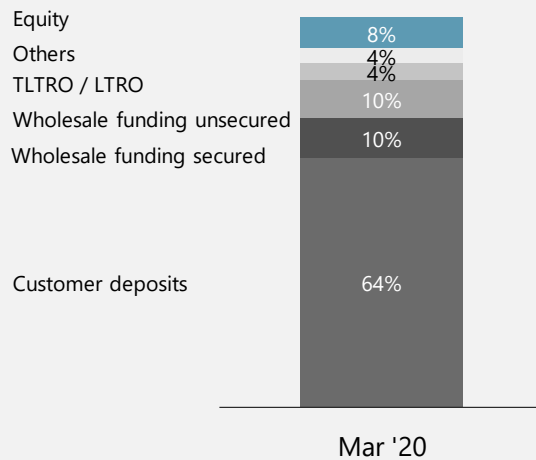
Pillar 1 Requirement
 Countercyclical Buffer
 Pillar 2 Requirement (P2R)
 SIFI
 Capital Conservation Buffer
 Pillar 2 Guidance (P2G)

- > BAWAG Group: 2% P2R needs to be held with 1.12% CET capital at the minimum ... 88bps can be filled with Tier 1/Tier 2 capital
- > Germany revoked the previously announced countercyclical buffer ... minimal impact on BAWAG
- > No update so far to Austrian domestic SIFI
- > With current ratios (post dividend), buffer of ~250bps; ~350bps after P2R adjustment

Funding & Liquidity

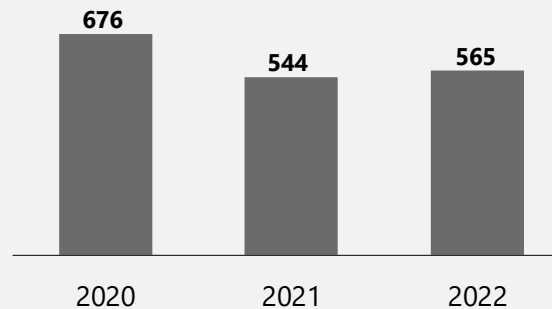
FUNDING

STRONG CUSTOMER DEPOSIT FUNDING ...



... AND COMFORTABLE MATURITY PROFILE

€ millions notional



- > At least one covered bond benchmark per year to replace redemptions and fund growing asset base ... €500m executed in Jan '20
- > No funding need in 2020 if conditions are not favorable ... additional ~€1.0b-1.5b senior instruments (senior preferred, senior non-preferred) to meet MREL and subordination requirement until year end 2022, depending on regulatory requirements

LIQUIDITY

Liquidity coverage ratio

135%

Liquidity buffer

€7.3b

Liquidity buffer
Including other marketable
securities

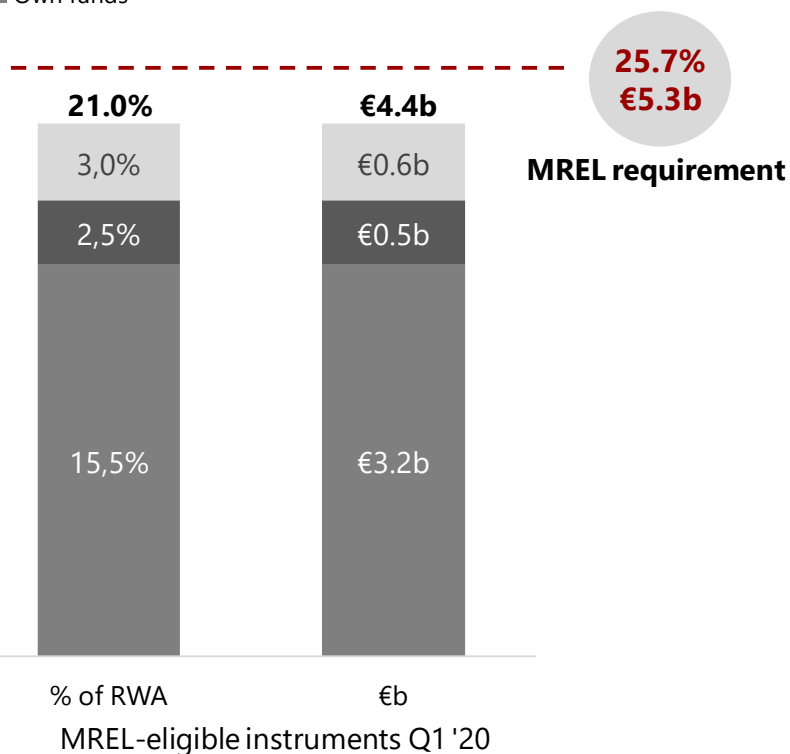
€9.6b

MREL update

Proactive approach to meeting regulatory requirements

MREL requirement¹⁾

- Legacy MREL-eligible instruments BAWAG P.S.K.
- Senior non-preferred & other subordinated (not own funds)
- Own funds



MREL strategy

- New MREL decision received in February 2020, with binding requirement only from Q2 2023 – no binding interim targets
 - MREL requirement of 11.93% of TLOF (~25.67% of RWA²⁾)
 - Subordination requirement of 8.19% of TLOF (~17.62% of RWA²⁾) of which 2.2% of RWA can be met with non-subordinated liabilities
 - Requirement applicable at BAWAG P.S.K. level (consolidated)
 - Introduces hybrid approach for MREL eligibility: own funds of BAWAG P.S.K. (consolidated), other MREL liabilities only eligible if issued directly by BAWAG P.S.K.
- BAWAG P.S.K. MREL based on hybrid approach at 9.8% of TLOF / 21.0% of RWA and subordination at 8.4% of TLOF / 18.0% of RWA as of Q1 '20
- New SRB MREL policy fully reflecting CRR2/BRRD2 and potential regulatory relief related to COVID-19 will only be incorporated in next MREL decision expected for late 2020 / early 2021
- Our MREL strategy with consideration of multi-year phase in
 - €500m SNP successfully issued in August 2019
 - Additional ~€1.0b-1.5b senior instruments (senior preferred, SNP) to meet MREL and subordination requirement until year end 2022

TLOF ... Total Liabilities and Own Funds

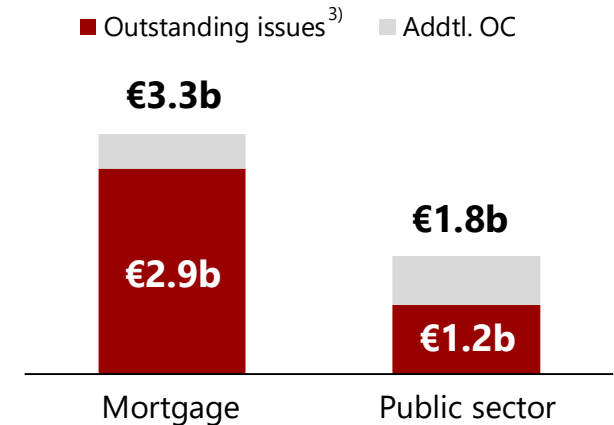
1) Figures on BAWAG P.S.K. consolidated level; own funds and RWA on fully loaded basis 2) Based on financial statements as of 31 December 2018

BAWAG P.S.K. covered bonds

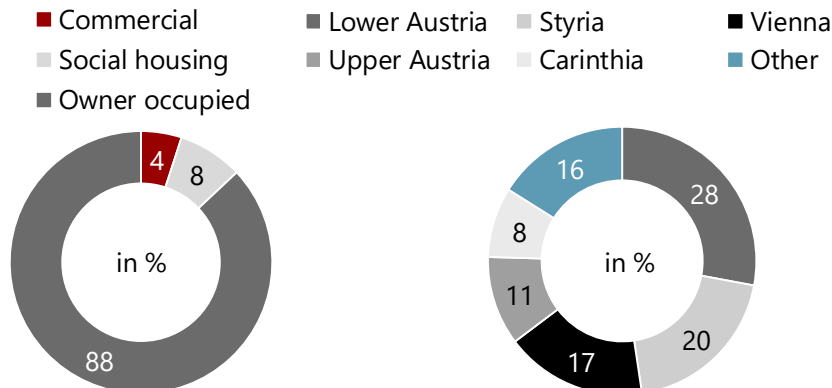
High quality collateral with a plain cover pool

- **Aaa Rating** (Moody's) ... 4.5% OC required to maintain Aaa for mortgage pool and 2.5% OC required to maintain Aaa for public sector pool²⁾
- **High quality assets** ... mortgage cover pool size €3,323m and public sector cover pool size €1,838m¹⁾
- **Solid collateral score** compared to Austrian and German average cover pool ... 5.8% for mortgage cover pool and 6.6% for public sector cover pool²⁾
- **Plain cover pool ... 96% residential housing** (vs. commercial use) ... **71% municipalities** (vs. regions and central government) ... 0% non-performing loans, no derivatives ... highly granular pools with >27ths mortgages and >2.7ths public sector loans¹⁾

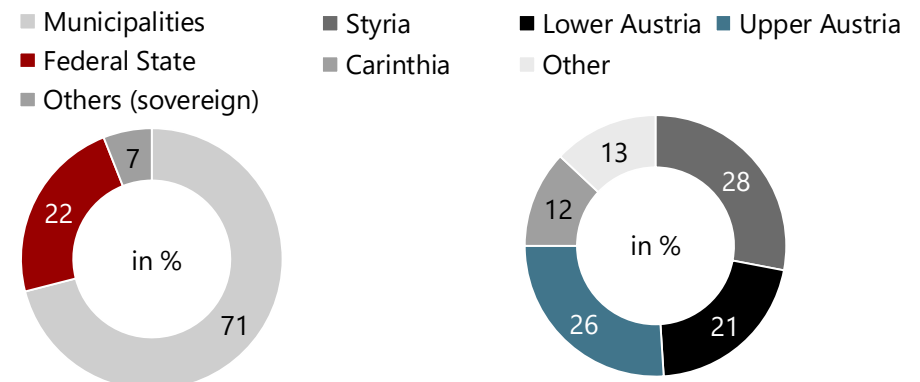
BAWAG P.S.K. cover pools¹⁾



Mortgage cover pool decomposition¹⁾



Public sector cover pool decomposition¹⁾



1) Data as of Q1 2020 2) Data as of Q4 2019 3) Includes fully retained covered bonds

Response of governments

Stimulus packages of Austria and Germany

€4b immediate crisis management fund for

- liquidity for companies (including bridge loans & credit guarantees and tax deferrals)
- €1b for job security especially via a new model of “Corona-Kurzarbeit” (short-time work model) ... was increased to €5b over time
- €2b direct, non-repayable cash subsidies for hardship cases (available for SMEs and self employed workers and family businesses)

€9b in guarantees and warranties for bank loans

€10b in tax deferrals and cuts

€15b in emergency aid for companies (90% state covered guarantees for bridge loans, non-repayable compensation of up to 75% of “lost” fixed costs)

Optional moratorium in place for household loans and loans to micro-enterprises, allowing for payment deferrals for 3+3 months

100% guarantee program for SME up to 500k or 10% of revenues/turnover

€38b+
Austria

>€700b
Germany

€600b “Economic Stabilization Fund” available to companies with >250 employees providing:

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

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

Additional aid program for SMEs (11-250 FTE) providing 100% guaranteed emergency loans

Examples for further measures:

- Unlimited credit programs by KfW, available to all companies, from SMEs to blue-chip ... guarantee framework was increased to €822b
- Payment deferrals on KfW loans for 9 months and moratorium for loans to consumers (3 month deferrals)
- Increase of funds for short-time work to €26b to prevent dismissals
- tax measures for all businesses (payment deferrals, adjustments to tax prepayments, suspension of enforcement measures)



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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 no 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

NPE ratio

Non-performing exposure (NPEs) / exposure

Pre-tax earnings per share

Profit before tax / weighted average number of shares outstanding (diluted)

Reserve ratio

Total reserves / Asset volume

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;

vPY ... versus prior year period

vPQ ... versus prior quarter period

vYE ... versus year-end