

BAWAG Group

FY 2021 Credit update

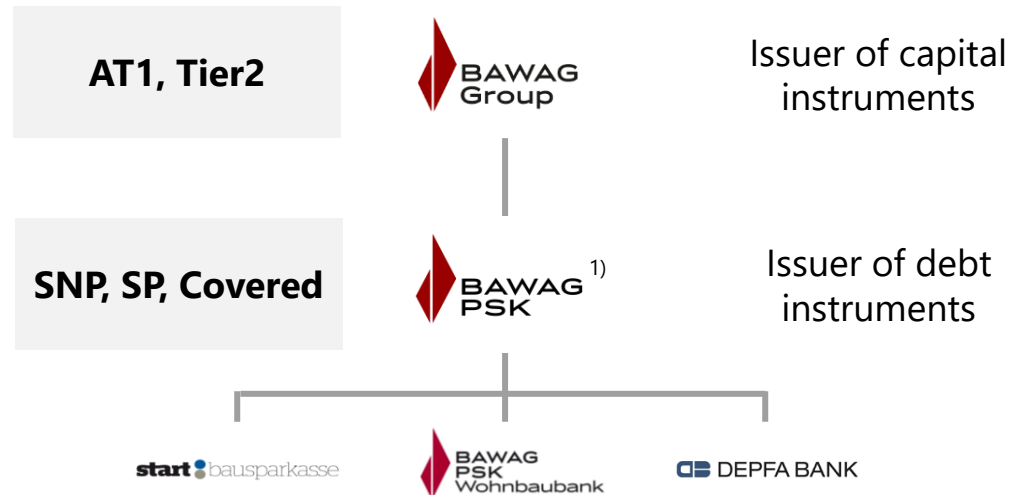
01 March 2022

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% driven by simplification, technology and process focus
GOOD STEWARDS OF CAPITAL	Since IPO, completed 7 acquisitions and distributed €1.13 billion capital New capital distribution policy: Dividend payout of 55% from 2022 ... targeting share buyback in 2022
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

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

SHAREHOLDER STRUCTURE



Top institutional shareholders (>4% holding):

T. Rowe Price	5.6%
Wellington	5.0%
Blackrock	5.0%
Amundi	4.8%
GoldenTree	4.6%
BAWAG Senior Leadership Team (Management Board: 2.9%)	3.3%

1) BAWAG P.S.K., easybank and Südwestbank are the main brands for banking operations of BAWAG P.S.K.

Number of shares: 89,142,237; Shares outstanding as of 01 March 2022: 89,004,800; as of 25 February 2022

Financial performance

P&L € millions	2021	vPY	Q4 '21	vPY	vPQ
Core revenues	1,220	4%	316	6%	3%
Operating income	1,229	5%	318	5%	3%
Operating expenses	(485)	(7%)	(122)	(16%)	1%
Pre-provision profit	743	14%	196	24%	5%
Regulatory charges	(52)	(13%)	9	NM	NM
Risk costs	(95)	(58%)	(20)	(55%)	(6%)
Profit before tax	600	62%	186	74%	15%
Net profit	480	68%	164	97%	33%

Ratios					
RoCE	13.6%	5.1pts	18.1%	8.4pts	4.2pts
RoTCE	16.1%	5.9pts	21.3%	9.7pts	4.9pts
CIR	39.5%	(4.8pts)	38.3%	(9.6pts)	(0.9pts)
Risk cost ratio	0.23%	(0.33pts)	0.17%	(0.27pts)	(0.04pts)
Earnings per share (€)	5.39	68%	1.84	97%	33%

Balance Sheet & Capital € millions	Q4 '21	Q3 '21	vPQ	vPY
Total assets	56,325	54,370	4%	6%
Interest-bearing assets (average)	42,630	41,337	3%	4%
Customer loans (average)	35,019	33,652	4%	9%
Customer deposits (average)	33,925	33,093	3%	7%
Common Equity	3,636	3,595	1%	6%
Tangible Common Equity	3,101	3,059	1%	8%
CET1 Capital	3,012	2,979	1%	7%
Risk-weighted assets	20,135	20,297	(1%)	0%
CET1 Ratio (post dividend)	15.0%	14.7%	0.3pts	1.0pts

Per share data	Q4 '21	Q3 '21	vPQ	vPY
Book value (€)	40.92	40.46	1%	5%
Tangible book value (€)	34.90	34.43	1%	7%
Shares outstanding (€ m)	88.86	88.86	0%	1%

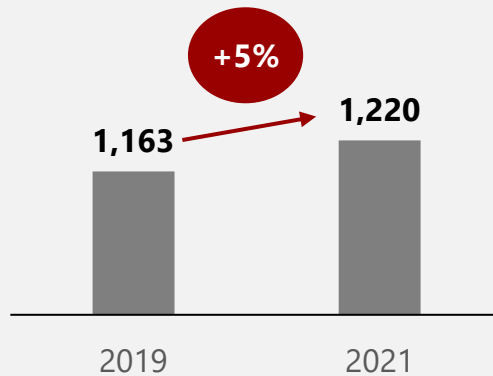
Note: All equity, capital, ratios and per share data reflect deduction of €267m dividend accrual for YE 2021 figures. Dividend of €420m paid in 4Q 2021.

Resilient franchise strengthened post-pandemic

Record results in 2021

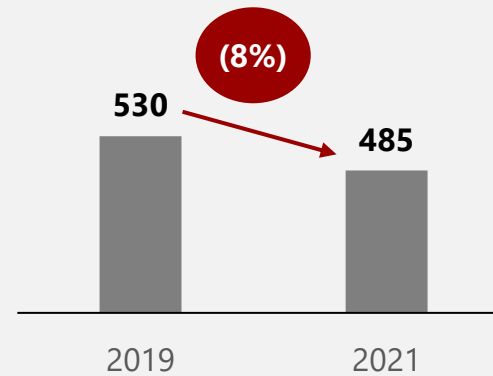
GROWING CORE REVENUES

In € million



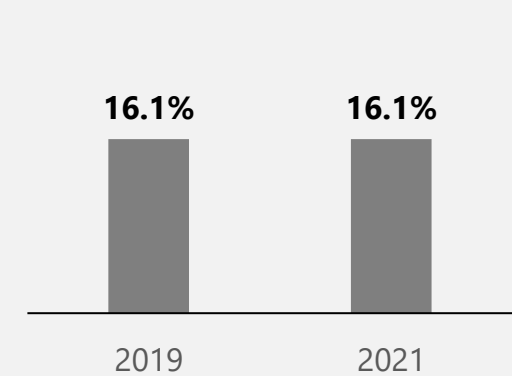
REDUCING OPERATING EXPENSES

In € million



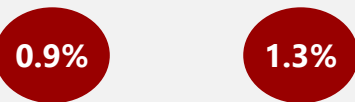
ROTCE AT PRE-PANDEMIC LEVELS

Return on tangible common equity

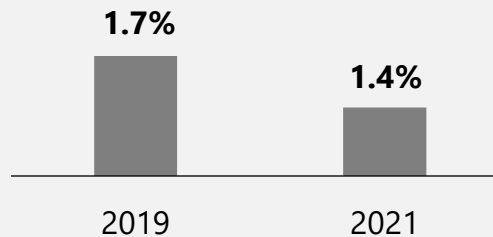


STRONG ASSET QUALITY

Reserve ratio



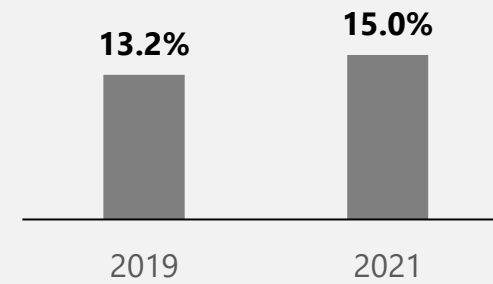
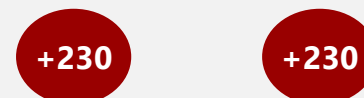
NPL ratio



STRONG CAPITAL GENERATION

CET1 ratio

Gross capital generation (in bps)



DISTRIBUTED COMMITTED DIVIDENDS

Earnings per share (in €)



Dividend per share (in €)



Note: 2019 dividend paid out in 2021

Retail & SME

Financial performance

€ millions	2021	vPY	Q4' 21	vPY	vPQ
Core revenues	911.2	3%	232.8	6%	1%
Net interest income	660.1	(1%)	168.2	2%	2%
Net commission income	251.1	15%	64.7	18%	0%
Operating income	917.0	3%	234.6	5%	2%
Operating expenses	(351.7)	(3%)	(88.0)	(3%)	0%
Pre-provision profit	565.4	6%	146.6	11%	3%
Regulatory charges	(21.4)	(32%)	10.8	NM	NM
Risk costs	(60.0)	(52%)	(14.3)	(33%)	(8%)
Profit before tax	483.9	29%	143.1	35%	13%
Net profit	362.9	29%	107.3	35%	13%

Ratios

in %	2021	vPY	Q4' 21	vPY	vPQ
RoCE	23.5%	4.6pts	26.8%	5.3pts	2.5pts
RoTCE	27.4%	5.0pts	31.0%	5.7pts	2.8pts
CIR	38.4%	(2.0pts)	37.5%	(3.1pts)	(0.5pts)
NPL ratio	1.9%	0.0pts	1.9%	0.0pts	0.0pts
Risk cost ratio	0.29%	(0.4pts)	0.27%	(0.2pts)	(0.0pts)

Customer development

€ millions	2021	vPY	Q4' 21	vPY	vPQ
Housing loans	15,781	10%	15,781	10%	1%
Consumer and SME	5,348	9%	5,348	9%	3%
Total assets	21,129	10%	21,129	10%	2%
Total assets (average)	20,344	9%	21,021	9%	2%
Risk-weighted assets	8,105	1%	8,105	1%	1%
Customer deposits	28,999	12%	28,999	12%	8%
Customer deposits (average)	26,839	8%	27,892	9%	3%

FY '21 net profit of €363m, up 29% vPY due to higher pre-provision profits and lower risk costs ... average net asset growth +9% vPY driven by housing loans and consumer loans

Pre-provision profit of €565m for FY '21, up 6% vPY ... Core revenues up 3% and operational expenses down 3%

Risk costs of €(60)m in FY '21, down (52%) vPY ... entering a more normalized risk cost environment

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

Corporates, Real Estate & Public Sector

Financial performance

€ millions	2021	vPY	Q4' 21	vPY	vPQ
Core revenues	292.4	6%	79.4	15%	9%
Net interest income	258.4	9%	70.9	20%	9%
Net commission income	34.0	(13%)	8.6	(14%)	4%
Operating income	312.4	13%	84.7	21%	8%
Operating expenses	(69.5)	(14%)	(16.6)	(13%)	(5%)
Pre-provision profit	242.9	24%	68.1	34%	12%
Regulatory charges	(10.4)	12%	(1.1)	22%	(8%)
Risk costs	(29.0)	(64%)	1.9	NM	NM
Profit before tax	203.4	90%	68.9	122%	29%
Net profit	152.5	90%	51.7	122%	29%

Ratios

in %	2021	vPY	Q4' 21	vPY	vPQ
RoCE	13.5%	6.0pts	17.6%	9.0pts	3.2pts
RoTCE	16.5%	7.2pts	21.4%	10.8pts	3.8pts
CIR	22.2%	(6.8pts)	19.6%	(7.6pts)	(2.8pts)
NPL ratio	0.8%	(0.4pts)	0.8%	(0.4pts)	(0.2pts)
Risk cost ratio	0.21%	(0.4pts)	-0.05%	(0.6pts)	(0.2pts)

Customer development

€ millions	2021	vPY	Q4' 21	Q3 '21	vPY	vPQ
Corporates	4,047	2%	4,047	4,118	2%	(2%)
Real Estate	5,740	16%	5,740	5,569	16%	3%
Public Sector	4,588	8%	4,588	4,170	8%	10%
Short-term / money market lending	524	(32%)	524	261	(32%)	101%
Total assets	14,899	7%	14,899	14,118	7%	6%
Total assets (average)	14,126	2%	15,027	14,088	6%	7%
Risk-weighted assets	7,894	6%	7,894	7,803	6%	1%
Customer deposits	5,735	(3%)	5,735	5,360	(3%)	7%
Customer deposits (average)	5,413	5%	5,557	5,372	(0%)	3%

FY '21 net profit of €153m, up 90% vPY due to higher pre-provision profits and lower risk costs ... average net asset growth of 2% vPY driven primarily by real estate and public sector lending

Pre-provision profit of €243m in FY '21, up 24% vPY ... Operating income up 13% and operating expenses down (14%)

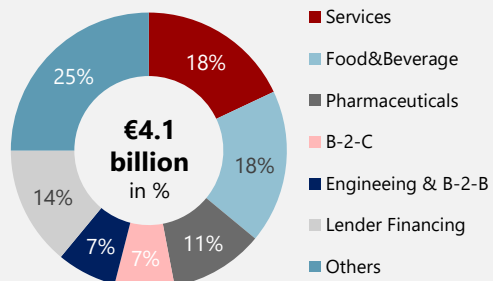
Risk costs of €(29)m ... normalizing during the second half of 2021

Maintaining disciplined and conservative underwriting with solid pipeline and commitments in Q1 '22 ... will remain patient and continue to focus on risk-adjusted returns

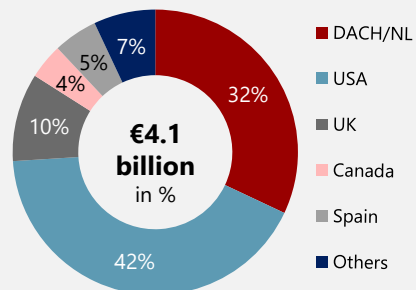
Corporates, Real Estate & Public Sector

CORPORATES*

By industry



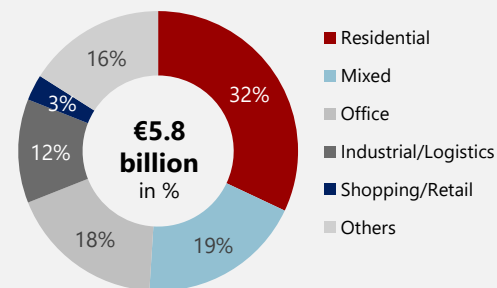
By geography



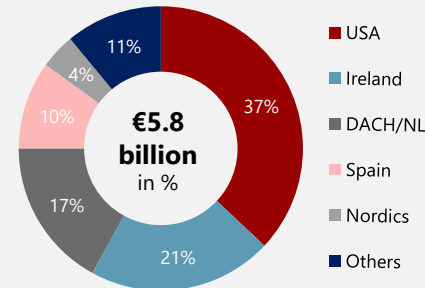
- Portfolio average net leverage <4.0x
- NPL ratio of 1.7%
- No direct exposure to Russia and Ukraine

REAL ESTATE

By underlying



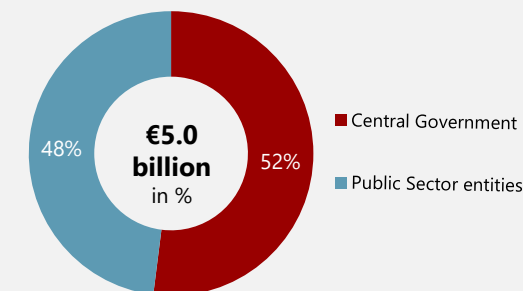
By geography



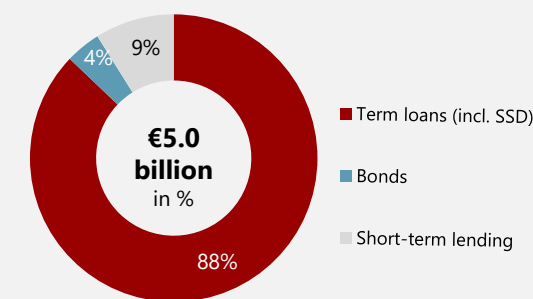
- Weighted average portfolio LTV <55%
- NPL ratio 0.9%
- Collateral backing portfolio is granular with ~32% of pool being direct residential

PUBLIC SECTOR*

Customer types



By funding & type



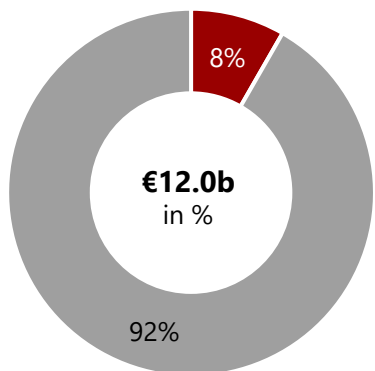
- Portfolio comprised of 67% AAA or AA entities
- No non-performing loans
- Sovereign exposure: Austria (92%), Germany (4%), and Western Europe (4%)

* Includes short-term lending / money market of €524m, of which €101m in Corporates and €423m in Public Sector

Investment book and Cash

Q3 '21

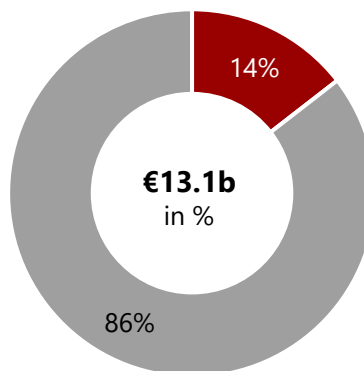
Cash & Cash equivalent



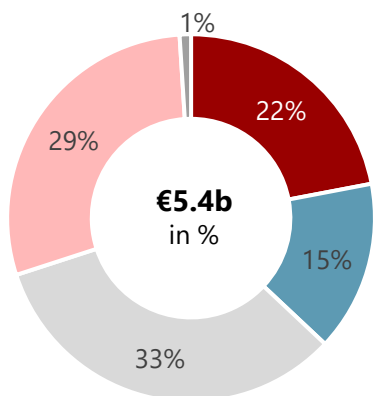
+€ 1.1b

■ Cash ■ Cash equivalent

Q4 '21

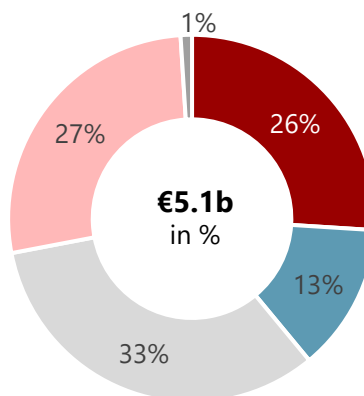


Investment book



-€ 0.3b

■ AAA ■ AA ■ A ■ BBB ■ BB



As of Q4 '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
- 99% portfolio investment grade, with 72% A or higher
- Weighted average life of 4.4 years
- ~260 positions, average size ~€20m

No exposure to Russia or Ukraine

P&L & key ratios

P&L € millions	2021	vPY	Q4 '21	vPY	vPQ
Net interest income	938.3	3%	243.3	4%	4%
Net commission income	282.1	11%	72.5	13%	1%
Core revenues	1,220.4	4%	315.8	6%	3%
Other revenues	8.1	138%	1.9	(57%)	12%
Operating income	1,228.5	5%	317.7	5%	3%
Operating expenses	(485.3)	(7%)	(121.8)	(16%)	1%
Pre-provision profit	743.2	14%	195.9	24%	5%
Regulatory charges	(51.6)	(13%)	8.9	NM	NM
Risk costs	(95.0)	(58%)	(20.3)	(55%)	(6%)
Profit before tax	600.4	62%	186.2	74%	15%
Income taxes	(120.4)	40%	(22.3)	(9%)	(41%)
Net profit	479.9	68%	163.9	97%	33%

Key ratios	2021	vPY	Q4 '21	vPY	vPQ
Return on Common Equity	13.6%	5.1pts	18.1%	8.4pts	4.2pts
Return on Tangible Common Equity	16.1%	5.9pts	21.3%	9.7pts	4.9pts
Net interest margin	2.27%	(0.02pts)	2.26%	(0.01pts)	0.02pts
Cost-income ratio	39.5%	(4.8pts)	38.3%	(9.6pts)	(0.9pts)
Risk cost ratio	0.23%	(0.33pts)	0.17%	(0.27pts)	(0.04pts)
Earnings per share (in €)	5.39	68%	1.84	97%	33%
Tangible book value per share (in €)	34.90	7%	34.90	7%	1%

Net interest income up 4% vPQ and 3% vPY ... net interest margin (NIM) at 2.26% in Q4 '21

Net commission income up 1% vPQ and 11% vPY ... further recovery in payments and strong advisory banking

Good cost control despite significant inflation ... cost-income ratio 39.5%

Risk costs of €(20)m in Q4 '21 ... returning to normalized risk environment ... maintained management overlay of €61m

Balance sheet

Balance sheet € millions	2021	2020	vPY
Customer loans	34,963	32,129	9%
Securities and bonds	6,330	7,525	(16%)
Credit institutions and cash	13,060	10,796	21%
Other assets	1,972	2,672	(26%)
Total assets	56,325	53,122	6%
<i>thereof average interest-bearing assets</i>	41,373	39,931	4%
Customer deposits	35,161	32,415	8%
Own issues	7,378	6,475	14%
Credit institutions	7,361	7,522	(2%)
Other liabilities	2,051	2,360	(13%)
Common equity	3,636	3,419	6%
Dividend accrual	267	460	(42%)
AT1 capital	471	471	0%
Total liabilities & equity	56,325	53,122	6%

Capital & RWA € millions	2021	2020	vPY
Common equity	3,636	3,419	6%
Tangible common equity	3,101	2,867	8%
CET1 capital	3,012	2,802	7%
Risk-weighted assets	20,135	20,073	0%
CET1 ratio (post dividend)	15.0%	14.0%	1.0pts
Leverage ratio	6.0%	6.0%	0.0pts
Liquidity Coverage Ratio	239%	231%	8pts

Average interest-bearing assets up 4% vPYE through mix of growth in customer loans offsetting lower securities and bonds ... Risk weighted assets stable

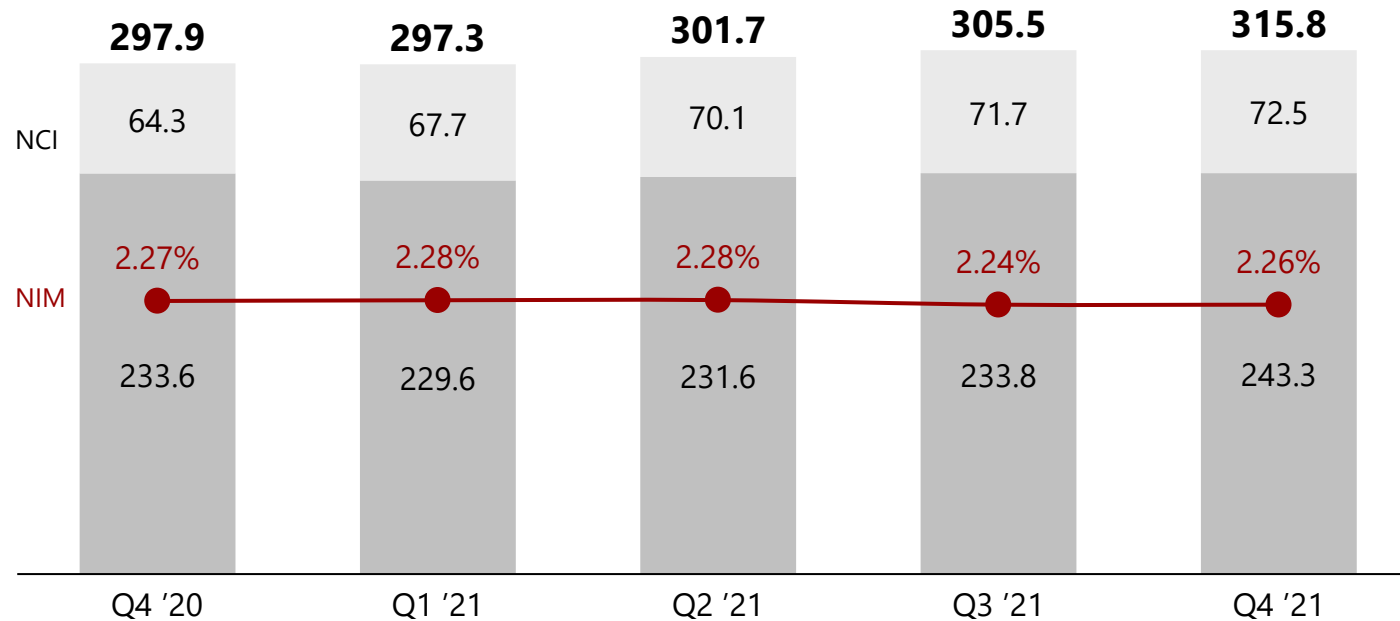
Tapped capital markets for €1.5b long-term funding in 2021 via 3 mortgage covered bond issuances, with our inaugural green bond issuance in Q3 '21

Tangible Common Equity +8% vPYE and CET1 ratio at 15.0% (+100bps net; +230bps gross) post deduction of €267m dividend accrual for FY '21

P&L details – core revenues

Solid core revenues in Q4 '21

€ million



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

Quarter	Q4 '20	Q1 '21	Q2 '21	Q3 '21	Q4 '21
Average customer loans	32.3	32.5	32.5	33.7	35.0
Average interest-bearing assets	40.9	40.8	40.7	41.3	42.6

Net interest income (NII) up 4% vPQ ... net interest margin (NIM) at 2.26% in Q4 '21 ... outperforming our FY '21 outlook

- Strong net asset growth in Q4 '21 ... average customer loans +4% vPQ and average interest-bearing assets +3% vPQ
- Strong NIM on full year basis at 2.27% ... with changing asset mix
- Interest rate sensitivity: 100bps increase in 3-month Euribor leads to approximately +€100 million net interest income p.a.

Net commission income (NCI) up 1% vPQ

- Ongoing recovery in Q4 '21 with stronger advisory business (securities, credit card and factoring)
- Continue to see subdued activity in certain customer activity compared to pre-pandemic levels

Outlook for 2022

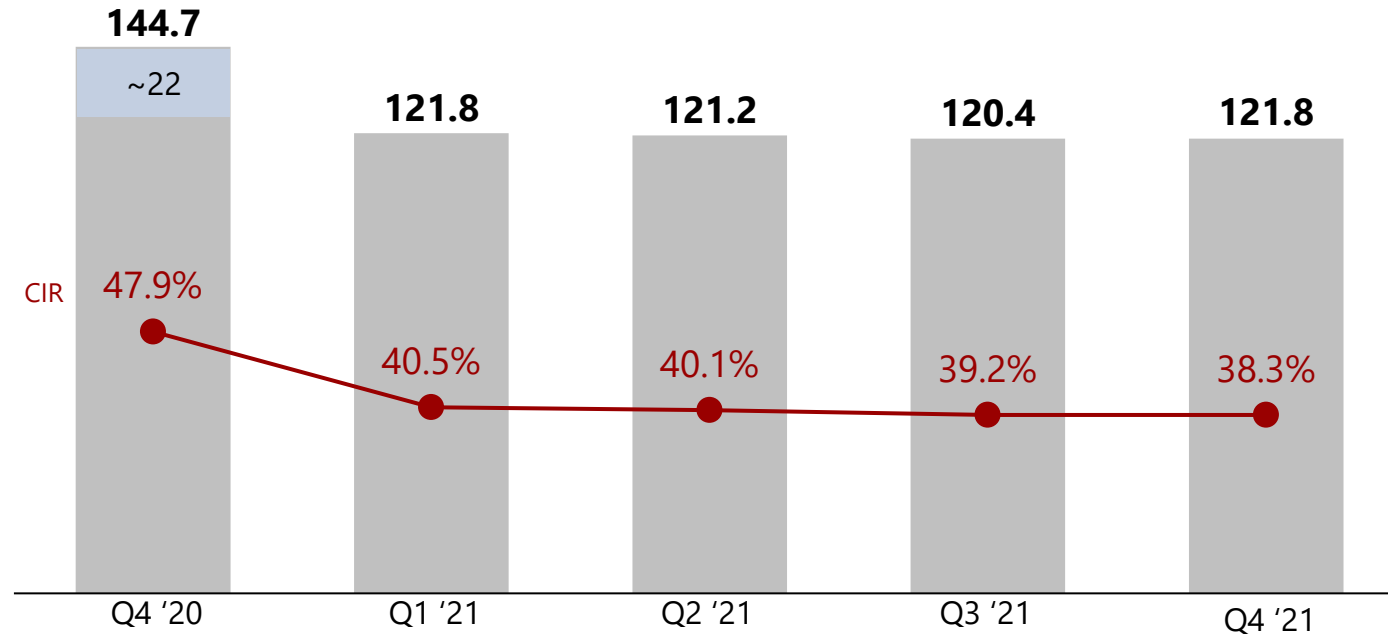
- Expect core revenues growing >4% in 2022

P&L details – operating expenses

Continued efficiency measures countering inflationary pressures

€ million

■ Core operating expenses
■ Restructuring charges



**CIR at 38.3% in Q4'21 down (9.6pts) vPY and (0.9pts) vPQ ...
FY'21 CIR at 39.5% (down 4.8pts vPY)**

- Outperformed 2021 CIR target of ~40% ... launched several initiatives over the past two years that have allowed us to counter the significant inflationary pressure we are confronted with today
- 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

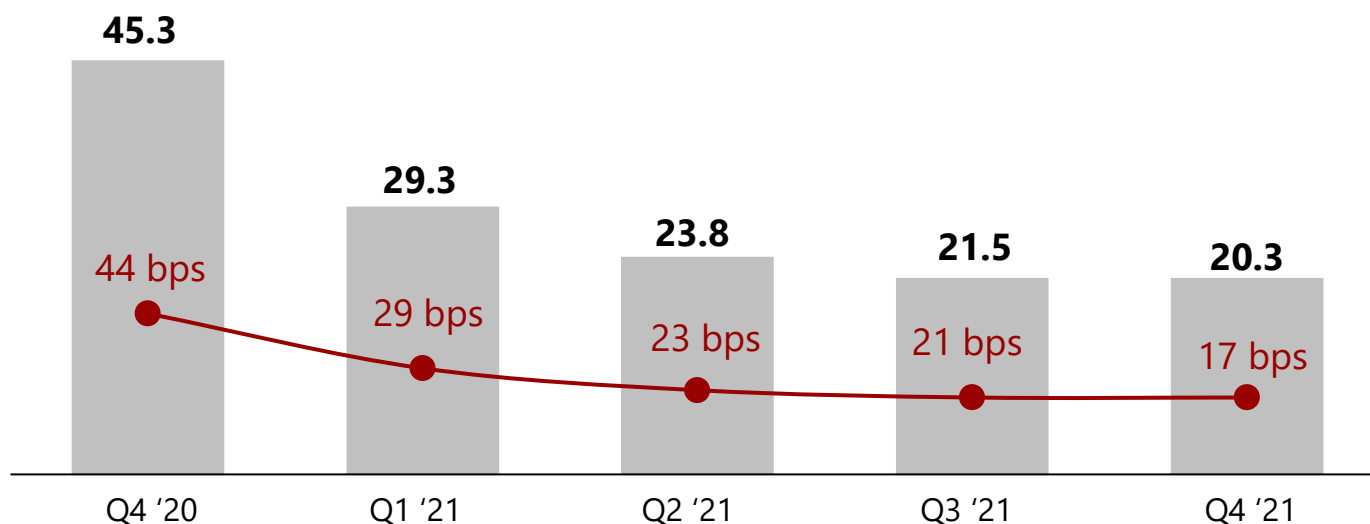
- Targeting ~2% net cost-out with a CIR of <38% in 2022

P&L details – risk costs

Entering normalized risk environment

€ million

—●— Risk costs / average interest-bearing assets



ECL Management overlay (in €m)

38	52	70	72	61
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NPL ratio (as reported and excluding CoL)

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

Q4 '21 risk costs €20m and FY '21 risk cost of €95m ... in line with our target of below €100m

- Strong asset quality performance ... entering more normalized risk cost environment
- Normal risk cost run-rate in Retail & SME ~€14m
- ECL management overlay stands at €61m in Q4 '21

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

Outlook for 2022

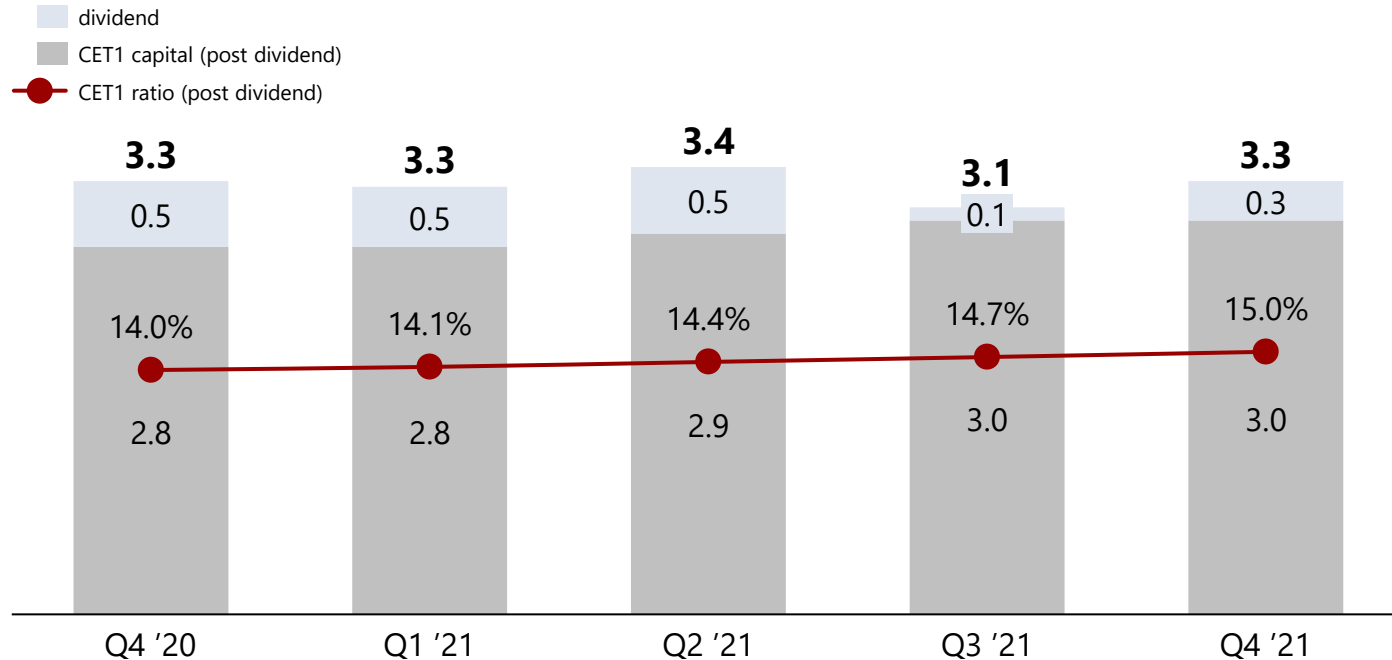
Expect risk cost ratio ~20bps in 2022 without benefit of any reserve releases ... entering normalized risk environment

Regulatory Capital

Strong capital position

CET1 Capital and ratios

€ billion



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

Q4 '20	Q1 '21	Q2 '21	Q3 '21	Q4 '21
20.1	20.1	20.1	20.3	20.1
16.3%	16.5%	16.8%	17.1%	17.3%
19.6%	19.8%	20.0%	20.2%	20.4%
6.0%	6.1%	6.1%	6.2%	6.0%

Note: All ratios post dividend accrual ; Dividend shown for Q3 '21 already deducts dividend paid out in October.

Capital distribution plans:

- €267m dividends accrued for 2021
- €460m dividend relating to 2019/2020 profits distributed in 2021 due to ECB dividend ban related to the pandemic in 2020
- Targeting share buyback in 2022 of up to €425m, subject to regulatory approvals

Capital development:

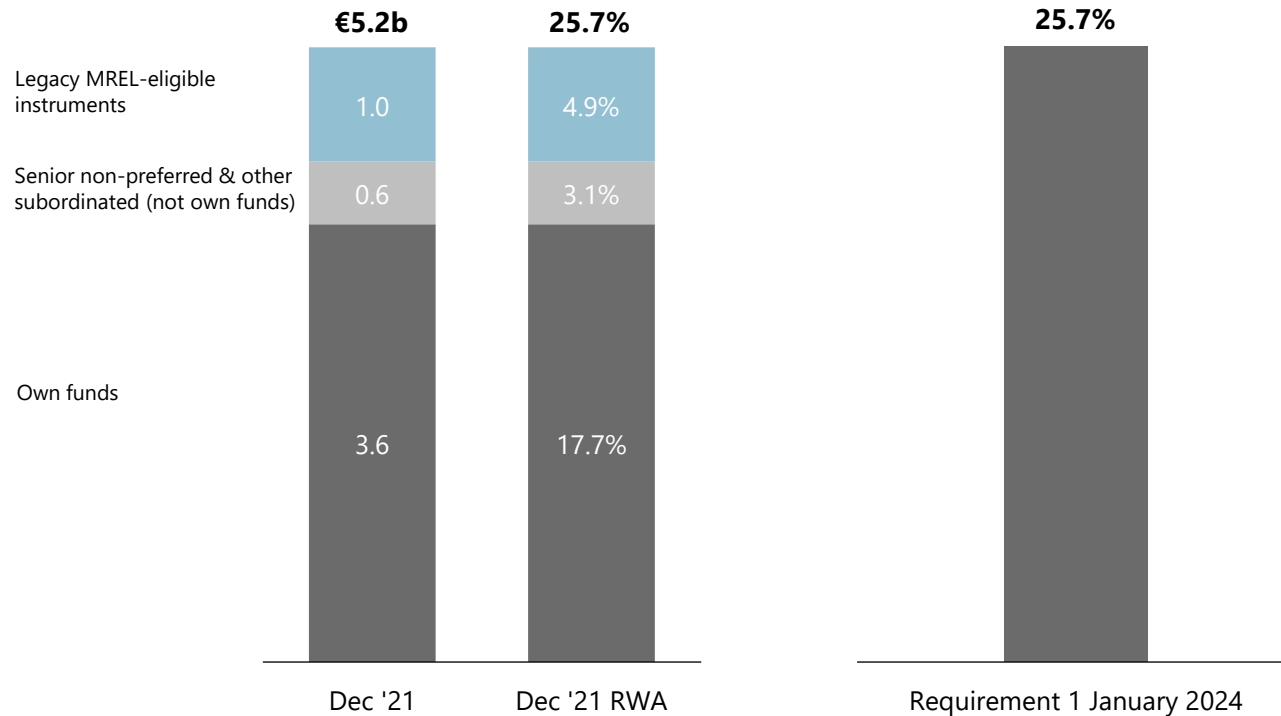
- YE '21 Tier1 capital ratio 17.3% and Total Capital ratio 20.4%
- Target CET1 ratio of 12.25% is 311bps above MDA trigger of 9.14%

Other:

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

MREL

MREL REQUIREMENT



MREL-STRATEGY

MREL decision received in Feb '22 fully reflecting CRR2/BRRD2 with final requirements from 1 January 2024:

- > Requirement applicable at BAWAG P.S.K. level (consolidated)
- > Currently no subordination requirement

Our MREL issuance plans:

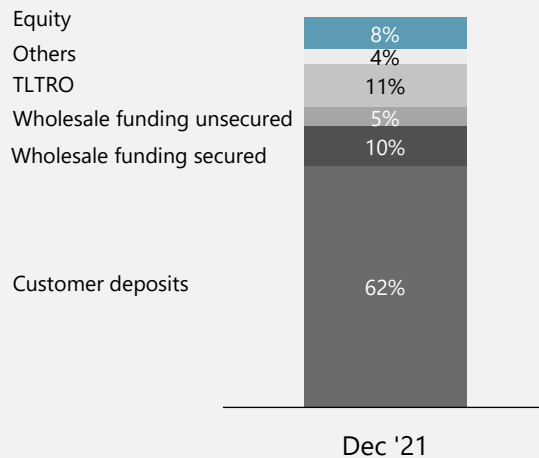
€500m SNP successfully issued in August 2019

Additional €0.5b-1.0b senior instruments planned for 2022 to replace maturities, meet MREL requirement and build buffer

Funding & Liquidity

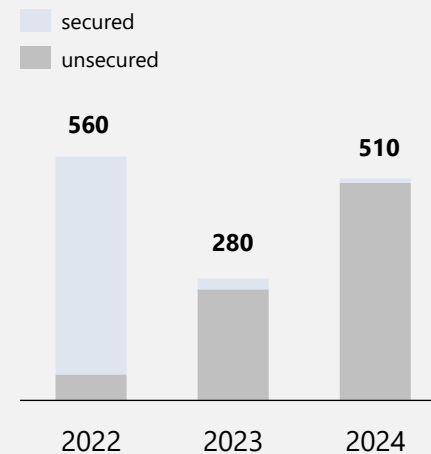
FUNDING

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
 Q3'21: €500m 8y Green Cov.Bond
 Q1'22: €500m 10y Cov.Bond

- > Covered bonds important capital market funding source ... €3.75b executed since 2020 ... 11 benchmark bonds outstanding with up to €750m issue size and maturities up to 2041
- > Increasing senior issuance planned for 2022 ... ~€0.5b-1.0b senior instruments to replace maturities, meet MREL requirement and build buffer
- > Inaugural Green benchmark bond issuance in 2021 ... at least one Green bond benchmark per year planned
- > Participated in TLTRO III up to full capacity of €6.4b

* Maturity profile considers earliest possible redemption dates (eg first call date for callable bonds)

LIQUIDITY

Liquidity coverage ratio

239%

Liquidity buffer

€12b

Liquidity buffer
Including other marketable securities

€15.3b

ESG Update

E

ENVIRONMENTAL INITIATIVES

- Reducing our direct CO2 emissions ... 100% green electricity adopted, continuous footprint optimization and further initiatives planned
- Increase in share of investment funds with ESG approach (customers)
- Green bond framework defined in 2021 ... first green bond issued in August of € 500m with further issuances planned
- Annual review of industries and lending criteria
- Building capabilities to address green financing products and overall market opportunities

S

SOCIAL INITIATIVES

EMPLOYEES

- Special bonus of € 300 for all employees in 2021
- Providing a stock grant equal to € 1,000 to each employee as well as introducing company stock matching program in 2022
- Greater work flexibility through home office model; a permanent feature of workplace environment

DIVERSITY

- 47 nationalities working at BAWAG Group
- Improved women quota at the Supervisory board from 17% to 44%; Senior Leadership Team from 15% to 28%
- Ongoing support of women's mentoring program

COMMUNITIES

- Partnering with several non-profit organizations to support our local communities through donations, mentoring and community service

G

GOVERNANCE

- ESG committees set up across our organization:
 - ESG committee at Supervisory Board
 - Non-Financial Risk & ESG Committee set-up at the Management Board level
 - Designated 6 cross-functional ESG officers
 - Multiple workings groups across the bank
- Ongoing integration of risk management framework and supporting policies

2022 Outlook

P&L OVERVIEW

Core revenues

FY '21: €1,220m

>4% growth

Operating expenses:

FY '21: €485m

~2% net cost-out

Regulatory charges

FY '21: €52m

<€50m expected

Risk costs

FY '21: €95m

~20bps

Profit before tax

FY '21: €600m

>€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.

2025 Targets and opportunities

FINANCIAL TARGETS

OPPORTUNITIES NOT CAPTURED IN OUR TARGETS

Profit before tax (PBT) **> €750 million**

No rate hikes assumed ... 100bps increase in 3-month Euribor leads to approximately **+€100 million net interest income p.a.**

Earnings per share (EPS) **> €7.25**

No additional M&A or platform investments assumed ... Planned acquisition of Peak Bancorp (Idaho) in US to contribute **>€30m PBT and incremental to our 2025 PBT target**

Dividend per share (DPS) **> €4.00**

Return on tangible common equity (RoTCE) **> 17%**

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

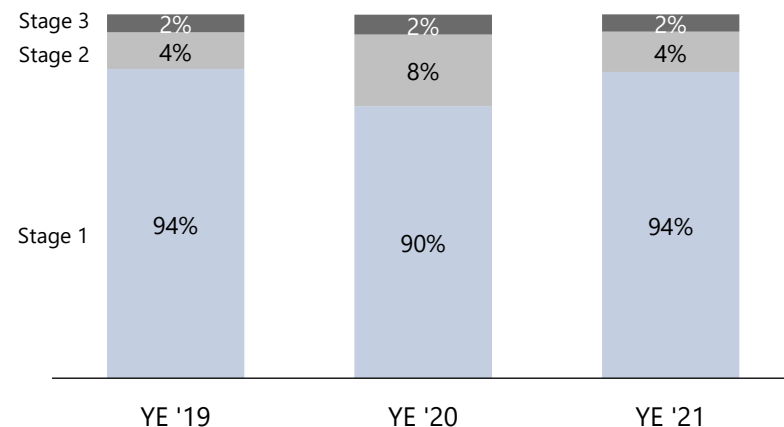
Cost-income ratio (CIR) **< 38%**

Supplemental pages

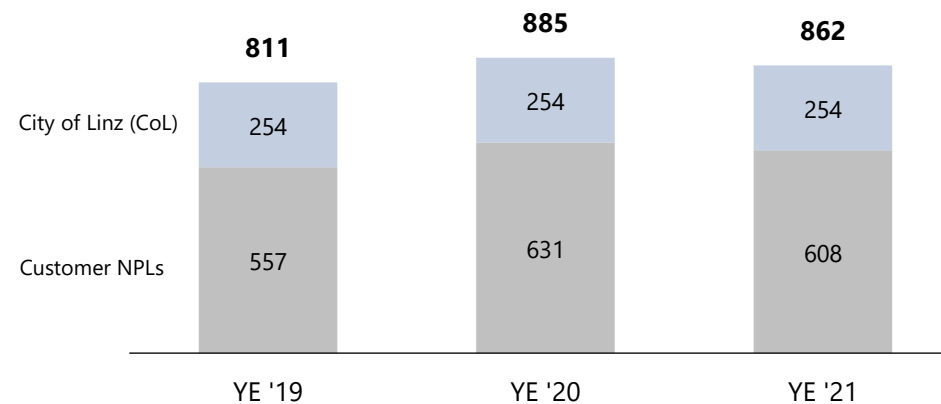
Details on reserves

Continuing to remain prudent despite improved economic outlook

IFRS 9 Migration- Customer Segment Assets



Non-performing stage 3 loans, in €m



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

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

	YE '19	YE '20	YE '21
Stage 1	39	67	37
Stage 2	17	64	102
Stage 3	205	271	276
Reserves	262	402	414
Reserve (%)	0.94%	1.42%	1.34%

Key developments

NPL ratio (excluding City of Linz) at 1.0%, cash coverage of 46% ... improved vs pre-COVID levels

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

Total reserves of €414m (+58% vs. YE '19) ... reserve ratio increased 40bps to 1.34% vs. YE '19

Total ECL of €139m (+148% vs. YE '19) ... of which €61m (44%) comprised of management overlay ... monitoring economic 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

City of Linz overview

- Receivable of €254 million on balance sheet as of 31 December 2021
- 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

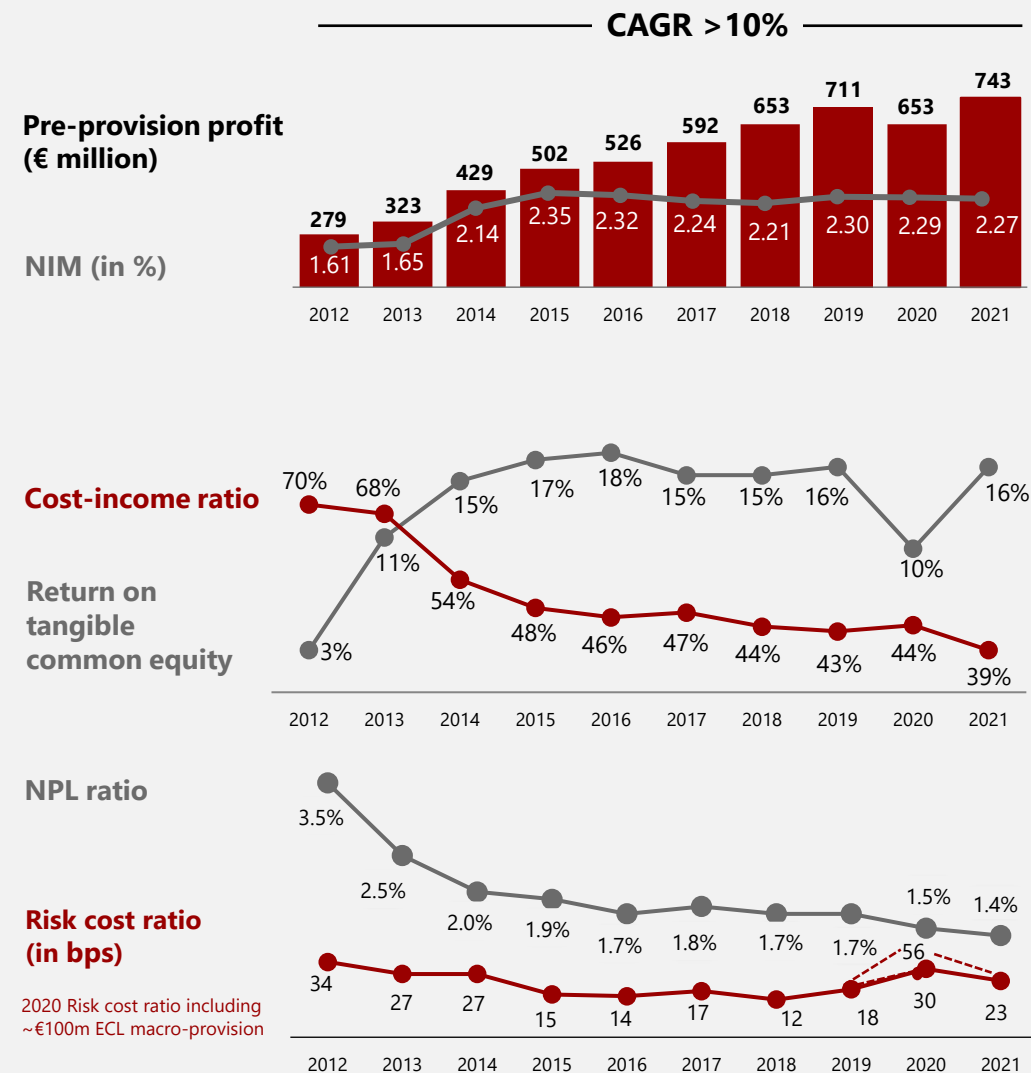
➤ Next step litigation on claims each party raised (i.e. damages in case of BAWAG)

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

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

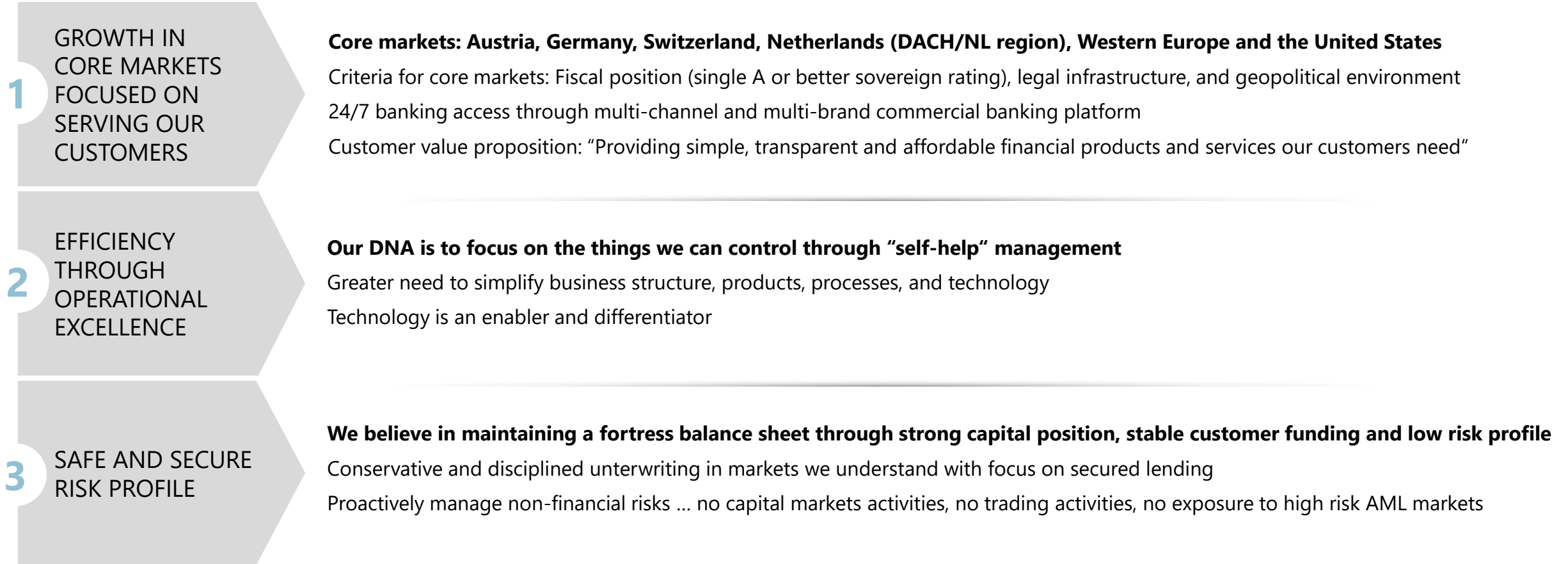
Simplified banding structure
across the group

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 (2.9% 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, with 2 deals closed in 2021 ...
- ✓ 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

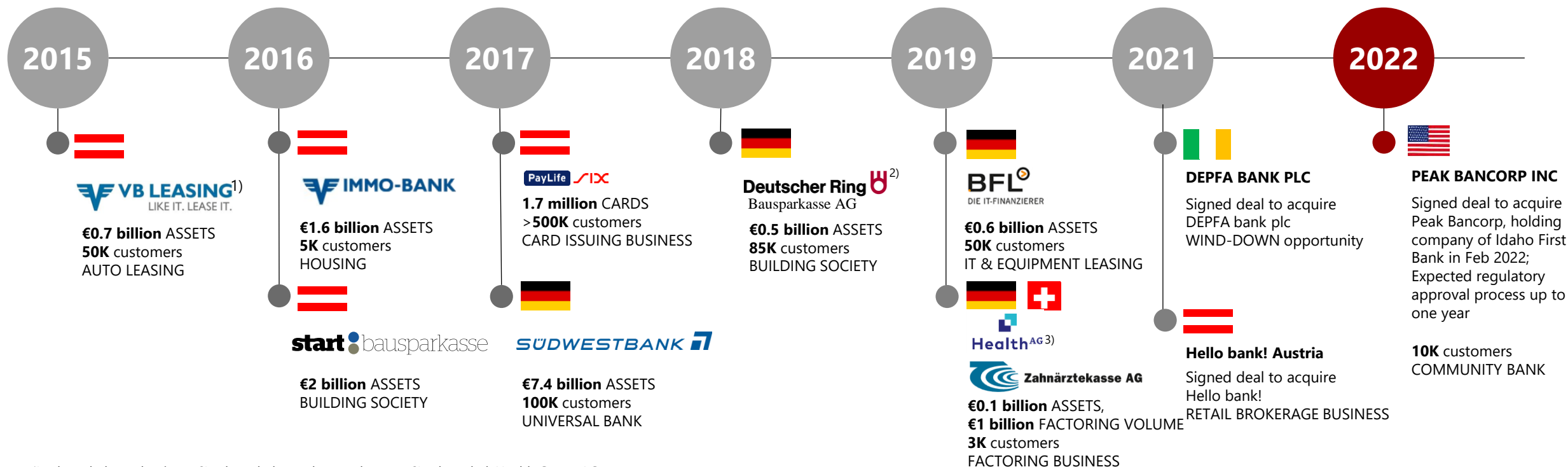
- Platforms and minority investments to support customer acquisition and asset originations

DEAL SIZE

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

M&A track record .. 11 acquisitions completed or signed since 2015

EXPERIENCED WITH BOLT-ON ACQUISITIONS TO BUILD OUT CUSTOMER FRANCHISE



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

Targets & capital distribution

RETURN TARGETS

RoTCE > **17%**

CIR < **38%**

FINANCIAL TARGETS 2025

Profit before tax > **€750 million**

Earnings per share > **€7.25**

Dividend per share > **€4.00**

ESG TARGETS 2025

CO2 emission > **50% reduction**
(own scope 1 & 2 vs. 2020)

Women quota **33%**
(Supervisory Board & Senior Leadership Team respectively)

Green lending new business > **€1.6 billion**

CAPITAL DISTRIBUTION 2021- 2025

Dividends ~ **€1.4 billion**

Share buyback 2022 **up to €425 million**
subject to regulatory approval

Additional capital through 2025 ~ **€0.8 billion**

For organic growth, M&A, minority, platform investments, share buybacks and/or special dividends



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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 and dividends) / 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 deducts earmarked dividends	Return on common equity (RoCE) Net profit / average IFRS common equity and deducted dividend accruals
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
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 IFRS tangible equity (excluding AT1 capital, deducted dividend accruals) / 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	Total capital ratio Total capital / risk-weighted assets
Dividend per share (DPS) Net profit / shares outstanding as of 18 February 2022	Notes:
Earnings per share (EPS) Net profit / weighted average number of shares outstanding (diluted)	Targets and forecast numbers Including share buyback in 2022; excluding any potential implications from City of Linz case
FL ... Fully-loaded	CO2 emissions CO2 emissions based on market based approach
Leverage ratio Tier 1 capital (including interim profit and dividend accruals) / 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	