BAWAG Group
Q3 2021 Credit update

28 October 2021

BAWAG Group franchise

FRANCHISE	Multi-brand and multi-channel commercial bank with over **2.3 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) ~40%** driven by simplification, technology and process focus
GOOD STEWARDS OF CAPITAL	Since IPO, completed **5 acquisitions** and **distributed €1.13 billion capital** **New capital distribution policy: Dividend payout from 50% to 55% from 2022 … targeting share buyback in 2022**
MEDIUM TERM 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

AT1, Tier2 — BAWAG Group — Issuer of capital instruments

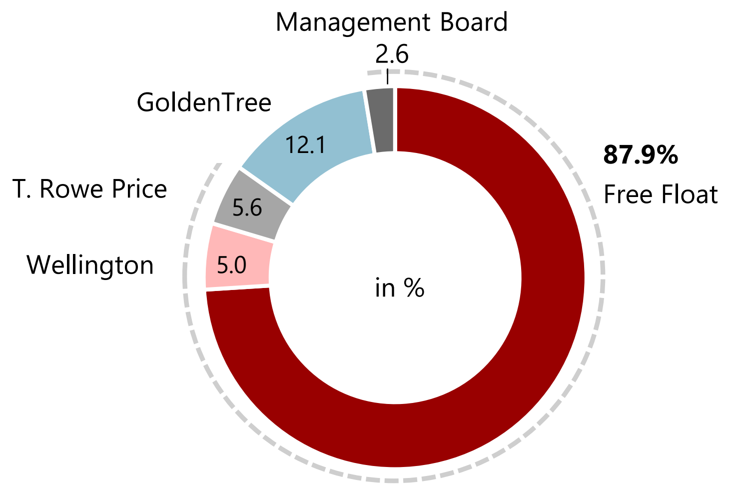
SNP, SP, Covered — BAWAG PSK[1)] — Issuer of debt instruments

start bausparkasse | BAWAG PSK Wohnbaubank | Other subsidiaries

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

On 30 October 2020, Fitch has withdrawn the rating (A-, stable outlook) for commercial reasons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

SHAREHOLDER STRUCTURE



- Public listing on the Vienna Stock Exchange
- Granular and well diversified investor base with ~88% free float

Number of shares: 89,142,237; Shares outstanding as of 28 October 2021: 88,855,047

Financial performance

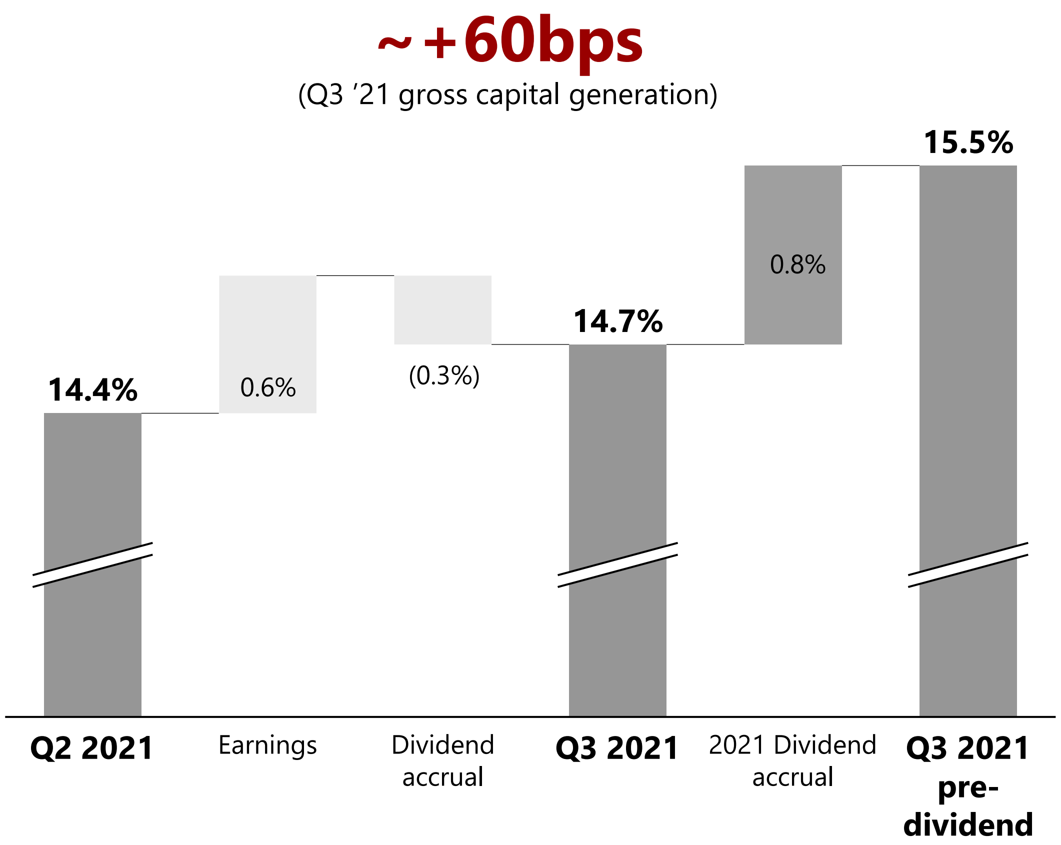
P&L | € millions	Q3 '21	vPY	vPQ	YTD '21	vPY
Core revenues	306	3%	1%	905	4%
Operating income	307	6%	2%	911	5%
Operating expenses	(120)	(4%)	(1%)	(364)	(3%)
Pre-provision profit	**187**	**13%**	**3%**	**547**	**10%**
Regulatory charges	(4)	(70%)	115%	(61)	14%
Risk costs	(22)	(57%)	(10%)	(75)	(58%)
Profit before tax	**162**	**60%**	**3%**	**414**	**57%**
Net profit	**123**	**57%**	**3%**	**316**	**56%**
Ratios					
RoCE	13.9%	4.6pts	0.2pts	12.0%	4.0pts
RoTCE	16.4%	5.3pts	0.1pts	14.2%	4.6pts
CIR	39.2%	(4.0pts)	(0.9pts)	39.9%	(3.1pts)
Risk cost ratio	0.21%	(0.28pts)	(0.02pts)	0.24%	(0.36pts)

Balance Sheet & Capital | € millions	Q3 '21	Q2 '21	vPQ	vYE
Total assets	54,370	54,132	-	2%
Interest-bearing assets (average)	41,337	40,701	2%	1%
Customer loans (average)	33,652	32,480	4%	4%
Customer deposits (average)	33,093	32,505	2%	4%
Common Equity	3,595	3,504	3%	5%
Tangible Common Equity	3,059	2,966	3%	7%
CET1 Capital	2,979	2,903	3%	6%
Risk-weighted assets	20,234	20,142	-	1%
CET1 Ratio (post dividend)	**14.7%**	**14.4%**	**0.3pts**	**0.7pts**

Per share data	Q3 '21	vPY	vPQ	YTD '21	vPY
Earnings (€)	1.38	55%	3%	3.55	55%
Book value (€)	40.46	4%	3%	40.46	4%
Tangible book value (€)	34.43	5%	3%	34.43	5%
Shares outstanding (€ m)	88.86	1%	-	88.86	1%

Note: All equity, capital, ratios and per share data reflect deduction of €158m dividend accrual for YTD '21. Dividend of €420m paid on 8 October 2021.

Capital development … CET1 ratio (FL)



Dividend distribution

– €158m dividends accrued based on dividend policy for YTD '21 earnings (50% of net profit)

– €460m dividend (€5.17 per share) relating to 2019/2020 profits distributed in 2021 due to ECB dividend ban related to the pandemic in 2020

… €40m dividend (€0.45 per share) paid out on 12 March '21
… €420m dividend (€4.72 per share) paid out on 8 October 2021

Capital development

+60bps gross capital generation in Q3 '21

Excess capital

Additional excess capital €500m (post-dividend deductions) above 12.25% CET1 target

Targeting share buyback in 2022 … Regulatory application to be filed in Q4 '21

Retail & SME

Financial performance

€ millions	Q3 '21	Q3 '20	vPY	Q2 '21	vPQ
Core revenues	229.8	219.6	5%	225.8	2%
Net interest income	165.4	165.3	-	163.5	1%
Net commission income	64.4	54.2	19%	62.4	3%
Operating income	230.5	222.3	4%	227.5	1%
Operating expenses	(87.6)	(90.3)	(3%)	(86.8)	1%
Pre-provision profit	**142.9**	**132.1**	**8%**	**140.8**	**1%**
Regulatory charges	(0.9)	(1.0)	(10%)	(0.8)	13%
Risk costs	(15.5)	(27.0)	(43%)	(14.9)	4%
Profit before tax	**126.5**	**104.1**	**22%**	**125.0**	**1%**
Net profit	**94.9**	**78.1**	**21%**	**93.8**	**1%**

Ratios

in %	Q3 '21	Q3 '20	vPY	Q2 '21	vPQ
RoCE	24.3%	21.2%	3.1pts	25.0%	(0.7pts)
RoTCE	28.2%	25.1%	3.1pts	29.3%	(1.1pts)
CIR	38.0%	40.6%	(2.6pts)	38.2%	(0.2pts)
NPL ratio	1.9%	1.9%	-	2.0%	(0.1pts)
Risk cost ratio	0.30%	0.57%	(0.27pts)	0.30%	-

Customer development

€ millions	Q3 '21	Q3 '20	vPY	Q2 '21	vPQ
Housing loans	15,602	14,042	11%	15,181	3%
Consumer and SME	5,204	5,027	4%	5,069	3%
Total assets	**20,806**	19,069	**9%**	20,250	**3%**
Total assets (average)	**20,618**	18,922	**9%**	20,070	**3%**
Risk-weighted assets	**8,055**	8,278	**(3%)**	8,075	-
Customer deposits	**26,882**	24,672	**9%**	27,241	**(1%)**
Customer deposits (average)	**26,821**	24,470	**10%**	26,027	**3%**

Q3 '21 net profit of €95m, up 21% vPY due to higher pre-provision profits and lower risk costs … average net asset growth +9% vPY driven by housing loans

Pre-provision profit of €143m for Q3 '21, up 8% vPY … Core revenues up 5% and operational expenses down (3%)

Risk costs of €(15)m in Q3 '21, down (43%) vPY with no reserves released … Payment holidays below 0.2% and fully captured in stage 2/3

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

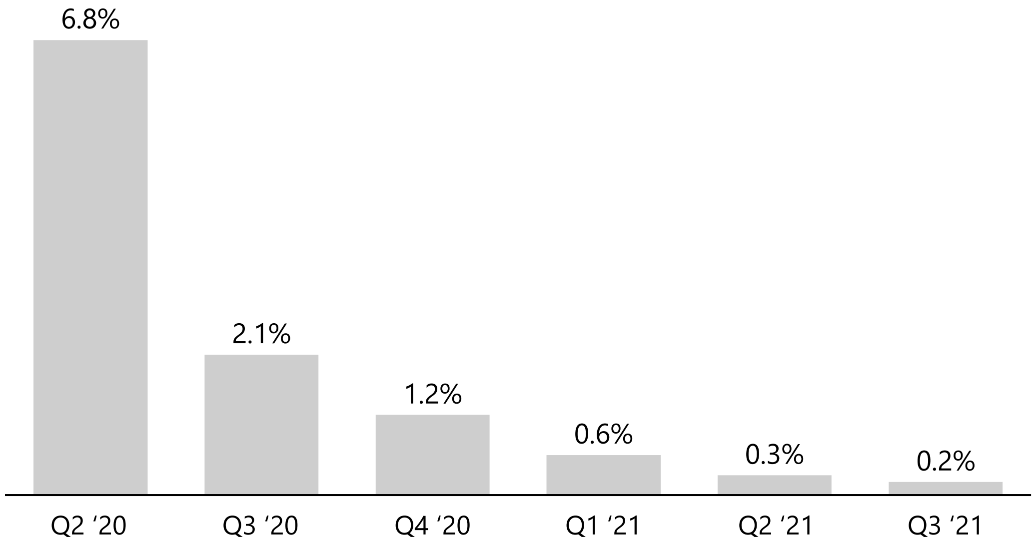
Retail & SME

Portfolio overview of €20.8b of customer loans and leases

Payment deferral overview

	Assets Q3 '21 (€bn)	NPL ratio			Reserve development			Reserve ratio			Payment holiday		paying ratio (expired deferrals)	average time on payments (expired deferrals, in months)
		Q4 '19	Q4 '20	Q3 '21	Q4 '19	Q4 '20	Q3 '21	Q4 '19	Q4 '20	Q3 '21	12/31/2020	9/30/2021		
Housing Loans	15.6	1.8%	1.5%	1.1%	76	95	92	0.88%	0.65%	0.59%	1.0%	0.1%	91%	12
Consumer & SME	5.2	1.9%	2.8%	3.5%	100	187	211	2.39%	3.79%	4.05%	1.7%	0.3%	88%	12
Total Retail & SME	**20.8**	**1.9%**	**1.9%**	**1.9%**	**176**	**281**	**303**	**0.96%**	**1.46%**	**1.45%**	**1.2%**	**0.2%**	**90%**	**12**

Payment Holidays Trend Development



Key developments

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

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

Total reserve build +€21m (+8%) vs YE '20 and stable reserve ratio at 1.45%

90% of expired deferrals current (paying again) with average payment period of 12 months

85% of loans, in active deferral or non-paying after deferral expiration, captured in stage 2/3

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

Corporates, Real Estate & Public Sector

Financial performance

€ millions	Q3 '21	Q3 '20	vPY	Q2 '21	vPQ
Core revenues	73.1	68.6	7%	70.2	4%
Net interest income	64.8	59.3	9%	61.7	5%
Net commission income	8.3	9.3	(11%)	8.5	(2%)
Operating income	78.2	67.5	16%	75.0	4%
Operating expenses	(17.5)	(19.6)	(11%)	(16.7)	5%
Pre-provision profit	**60.8**	**48.0**	**27%**	**58.2**	**4%**
Regulatory charges	(1.2)	(1.0)	20%	(1.2)	-
Risk costs	(5.9)	(20.9)	(72%)	(9.9)	(40%)
Profit before tax	**53.6**	**26.1**	**105%**	**47.1**	**14%**
Net profit	**40.2**	**19.6**	**105%**	**35.3**	**14%**

Ratios

in %	Q3 '21	Q3 '20	vPY	Q2 '21	vPQ
RoCE	14.4%	7.3%	7.1pts	13.3%	1.1pts
RoTCE	17.6%	9.0%	8.6pts	16.1%	1.5pts
CIR	22.4%	29.0%	(6.6pts)	22.3%	0.1pts
NPL ratio	1.0%	1.1%	(0.1pts)	1.1%	(0.1pts)
Risk cost ratio	0.17%	0.61%	(0.44pts)	0.29%	(0.12pts)

Customer development

€ millions	Q3 '21	Q3 '20	vPY	Q2 '21	vPQ
Corporates	4,118	4,107	-	3,586	15%
Real Estate	5,569	4,986	12%	4,888	14%
Public Sector	4,170	4,243	(2%)	4,169	-
Short-term / money market	261	249	5%	582	(55%)
Total assets	**14,118**	13,585	**4%**	13,226	**7%**
Total assets (average)	**14,088**	13,717	**3%**	13,452	**5%**
Risk-weighted assets	**7,803**	7,443	**5%**	7,291	**7%**
Customer deposits	**5,359**	5,170	**4%**	5,255	**2%**
Customer deposits (average)	**5,563**	5,559	-	5,305	**5%**

Q3 '21 net profit of €40m, up 105% vPY due to higher pre-provision profits and lower risk costs … average net asset growth of 3% vPY driven primarily by real estate

Pre-provision profit €61m in Q3 '21, up 27% vPY … Operating income up 16% and operating expenses down (11%)

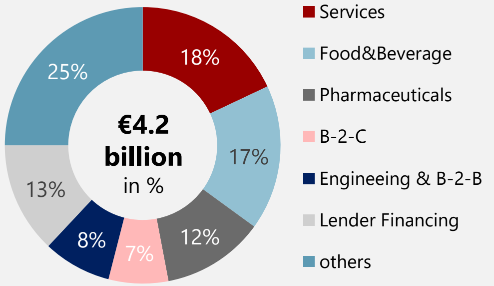
Risk costs of €(6)m in Q3 '21, down (72%) vPY with no reserves released … Payment holidays down below 0.1% and fully captured in stage 2/3

Maintaining disciplined and conservative underwriting with solid pipeline and commitments in Q4 '21 … will remain patient and continue to focus on risk-adjusted returns

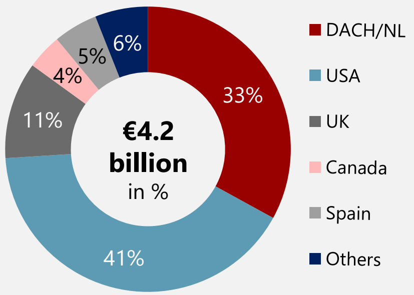
Corporates, Real Estate & Public Sector

CORPORATES*

By industry



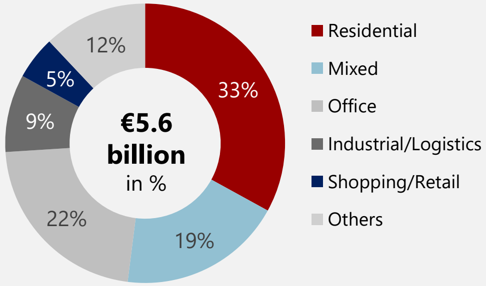
By geography



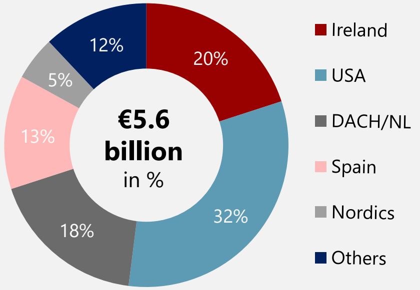
- Portfolio average net leverage of <4.0
- NPL ratio of 1.8% … conservative RWA density 71%
- ~50% portfolio comprised of resilient industries … Pharma & Healthcare, Food & beverages, Services

REAL ESTATE

By underlying



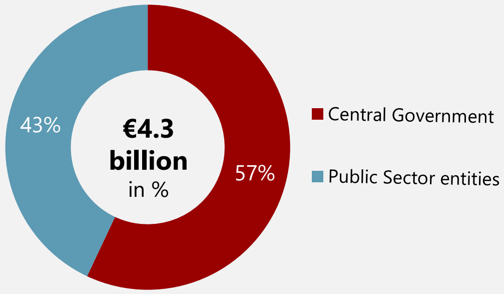
By geography



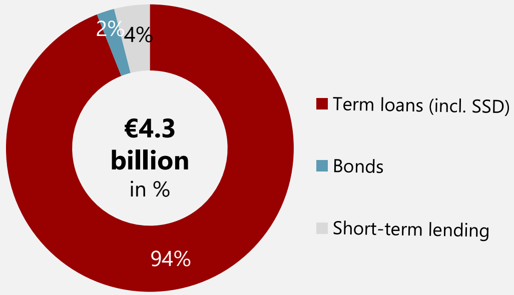
- Weighted average portfolio LTV <60% … NPL ratio of 1.3% … RWA density 67%
- Collateral backing portfolio is granular with ~33% of pool being direct residential

PUBLIC SECTOR*

Customer types



By funding & type



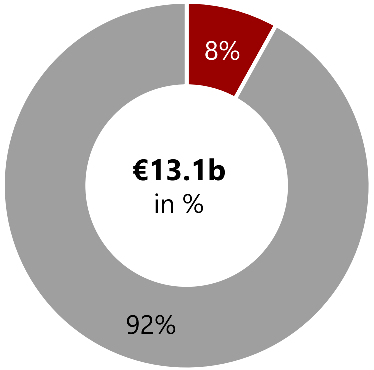
- 0 non-performing loans … RWA density of 7%
- Portfolio comprised >2/3 AAA or AA entities … Sovereign exposure: Austria (95%) & Germany (5%)

* Includes short-term lending / money market of €261m in Corporates and Public Sector

Investment book and Cash

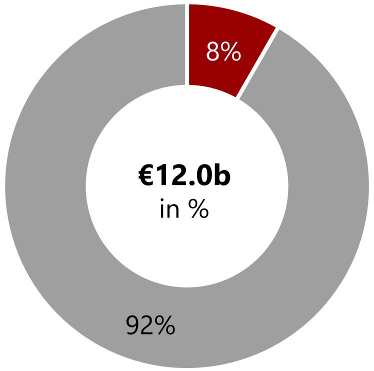
Q2 '21 | **Q3 '21**

Cash & Cash equivalent

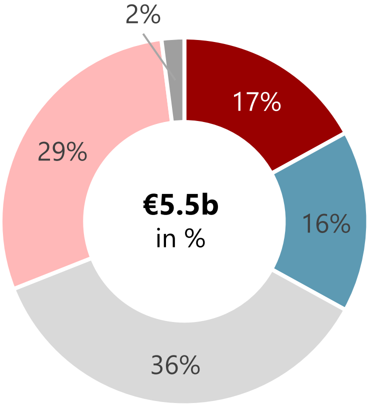


-€ 1.1b

■ Cash ■ Cash equivalent

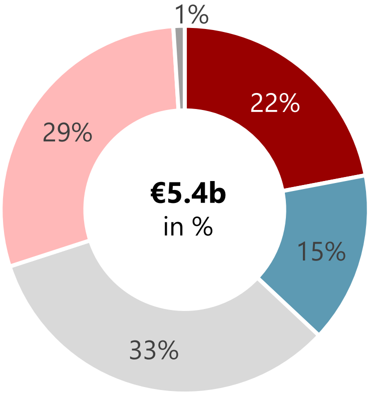


Investment book



-€ 0.1b

■ AAA ■ AA ■ A ■ BBB ■ BB



As of Q3 '21, cash and cash equivalents (mainly money at central banks) at €12.0b … TLTRO III of €6.4b

Cash down €1.1b vPQ due to funding of loan growth

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 70% A or higher
- Weighted average life of 4.4 years
- ~280 positions, average size ~€19m

P&L & key ratios

P&L | € millions	**Q3 '21**	**Q3 '20**	**vPY**	**vPQ**
Net interest income	233.8	234.6	-	1%
Net commission income	71.7	62.8	14%	2%
Core revenues	**305.5**	**297.3**	**3%**	**1%**
Other revenues	1.7	(7.4)	(123%)	113%
Operating income	**307.2**	**290.0**	**6%**	**2%**
Operating expenses	**(120.4)**	**(125.3)**	**(4%)**	**(1%)**
Pre-provision profit	**186.8**	**164.6**	**13%**	**3%**
Regulatory charges	(4.3)	(14.2)	(70%)	115%
Risk costs	(21.5)	(49.7)	(57%)	(10%)
Profit before tax	**161.6**	**101.1**	**60%**	**3%**
Income taxes	(38.1)	(22.2)	72%	3%
Net profit	**123.2**	**78.6**	**57%**	**3%**

Key ratios	**Q3 '21**	**Q3 '20**	**vPY**	**vPQ**
Return on Common Equity	13.9%	9.3%	4.6pts	0.2pts
Return on Tangible Common Equity	16.4%	11.1%	5.3pts	0.1pts
Net interest margin	2.24%	2.31%	(0.07pts)	(0.10pts)
Cost-income ratio	39.2%	43.2%	(4.0pts)	(0.9pts)
Risk cost ratio	0.21%	0.49%	(0.28pts)	(0.02pts)
Earnings per share (in €)	1.38	0.89	55%	3%
Tangible book value per share (in €)	34.43	32.72	5%	3%

Net interest income up 1% vPQ; stable vPY … net interest margin (NIM) at 2.24% slightly down vPQ due to asset mix

NCI +2% vPQ … further recovery in payments and advisory banking

Risk costs of €(22)m in Q3 '21 … returning to normalized run-rate … no ECL reserves released with management overlay of €72m

Balance sheet

Balance sheet | € millions	**Q3 '21**	**Q4 '20**	**Delta**
Customer loans	33,887	32,004	6%
Securities and bonds	6,495	7,525	(14%)
Credit institutions and cash	12,030	10,921	10%
Other assets	1,958	2,671	(27%)
Total assets	**54,370**	**53,122**	**2%**
thereof average interest-bearing assets	41,337	40,850	1%
Customer deposits	32,850	32,415	1%
Own issues	7,448	6,475	15%
Credit institutions	7,461	7,522	(1%)
Other liabilities	2,384	2,356	1%
Common equity	3,595	3,419	5%
Dividend accrual	157	460	(66%)
AT1 capital & Minorities	475	475	-
Total liabilities & equity	**54,370**	**53,122**	**2%**

Capital & RWA | € millions	**Q3 '21**	**Q4 '20**	**Delta**
Common equity	3,595	3,419	5%
Tangible common equity	3,059	2,867	7%
CET1 capital	2,979	2,802	6%
Risk-weighted assets	20,234	20,073	1%
CET1 ratio (post dividend)	14.7%	14.0%	0.7pts
Leverage ratio	6.2%	6.0%	0.2pts
Liquidity Coverage Ratio	213.8%	231.0%	(17pts)

Average interest-bearing assets up 1% vYE thru mix of growth in customer loans offsetting lower securities and bonds … Risk weighted assets up 1% vYE

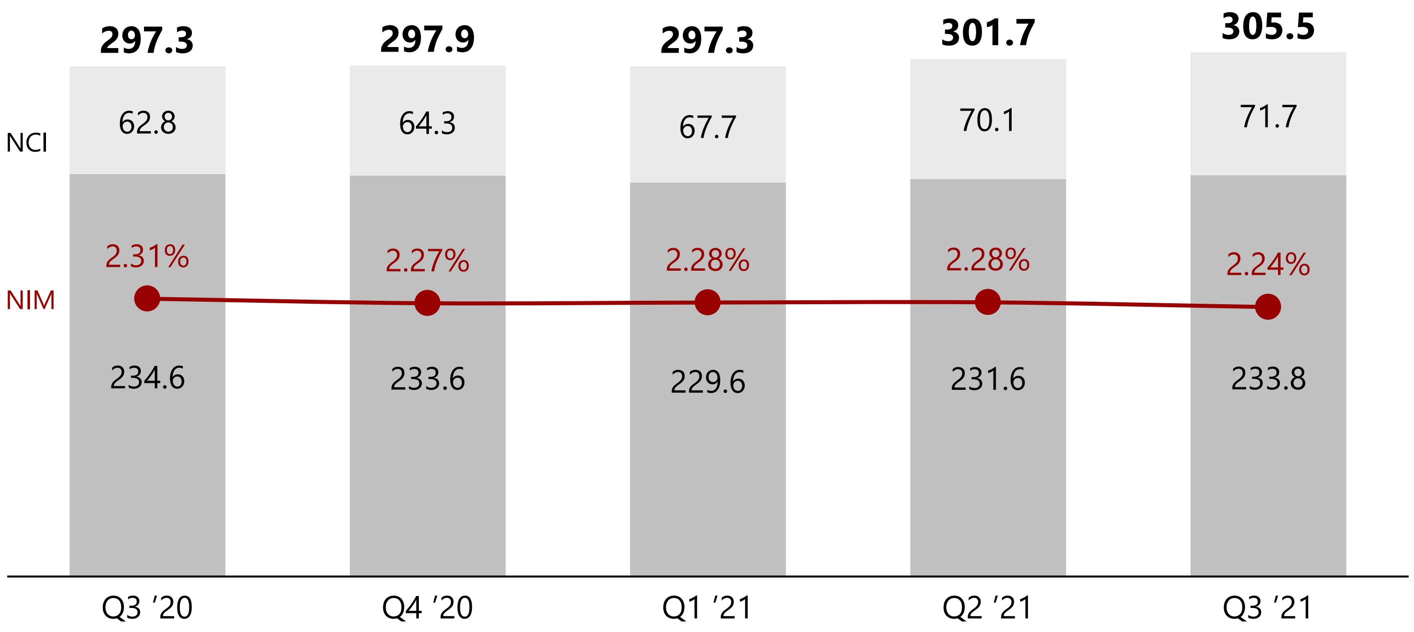
Tapped capital markets for €1.5b long-term funding YTD via 3 mortgage covered bond issuances, whereof one (first) green issuance in Q3 '21

Tangible Common Equity +7% vYE and CET1 ratio at 14.7% (+70bps) post deduction of €158m dividend accrual (for YTD '21) and €420m dividend payment in October related to 2019/2020 dividends

P&L details – core revenues

Solid core revenues in Q3 '21 … NCI continues recovery

€ million



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

31.5	32.3	32.5	32.5	33.7
40.4	40.9	40.8	40.7	41.3

Net interest income (NII) up 1% vPQ … net interest margin (NIM) at 2.24% in Q3 '21

- Slightly decreasing NIM at 2.24% … continued changing asset mix
- Strong net asset growth in Q3 '21 … average customer loans up 4% vPQ and average interest-bearing assets +2% vPQ
- Interest rate sensitivity (primarily exposed to 3-months-Euribor) +/- 100 bps parallel shift in interest rates = +/- € 100m NII/year

Net commission income (NCI) up 2% vPQ

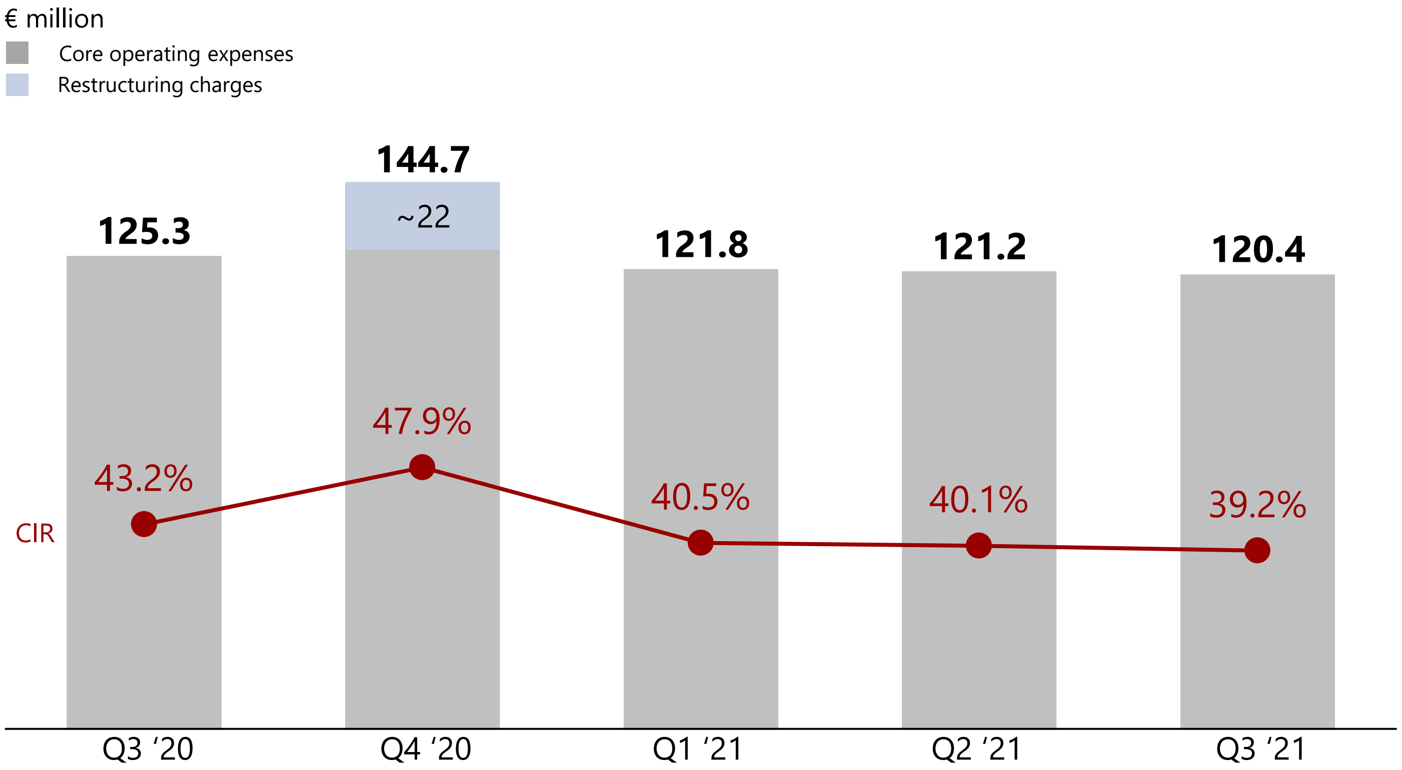
- Ongoing recovery in Q3 '21 with stronger advisory business (securities & insurance)
- Still subdued activity in selected business areas compared to pre-pandemic levels

Outlook for 2021

- Expect core revenues growing ~2% in 2021 and at ~€1.21b for FY '21

P&L details – operating expenses

Costs targets on track



CIR at 39.2% in Q3’21 down (4.0pts) vPY and (0.9pts) vPQ … YTD ’21 CIR at 39.9% (down 3.1pts vPY)

On track to meet full-year targets … working on measures to meet 2025 target of below 38% cost-income ratio

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 2021

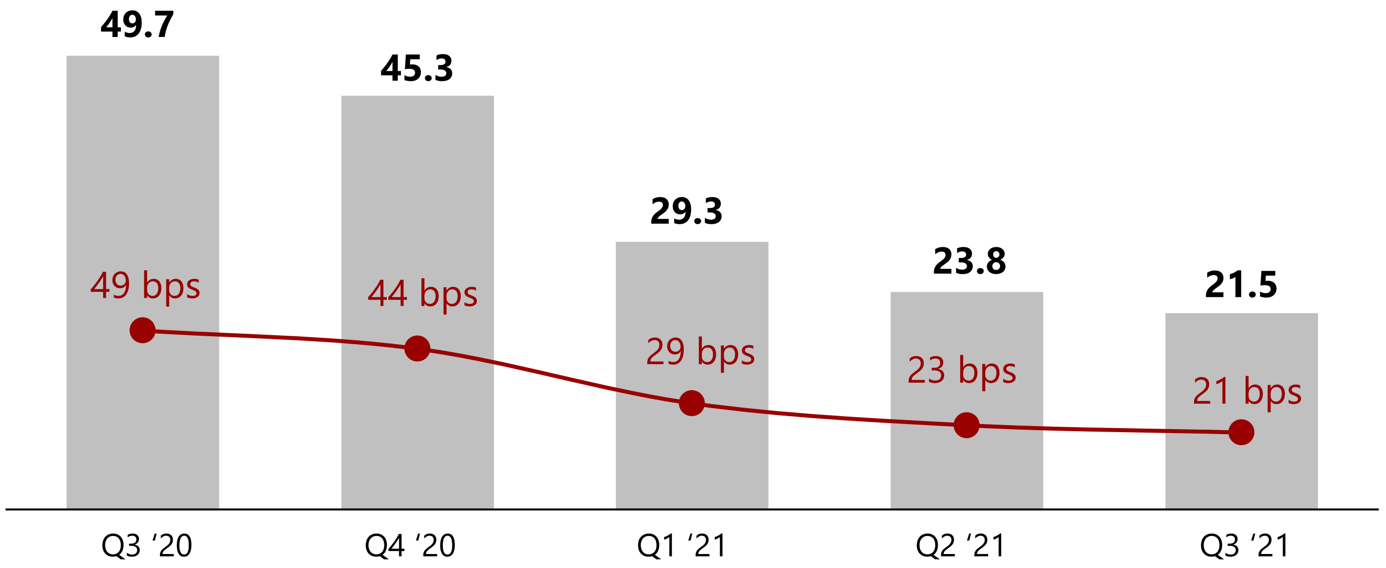
- Operating expenses expected below €485m in 2021
- Targeting CIR ~40% in 2021

P&L details – risk costs

Strong underlying asset quality

€ million

Risk costs / average interest-bearing assets



ECL Management overlay (in €m)

9	38	52	70	72

NPL ratio (as reported and excluding CoL)

1.5%	1.5%	1.5%	1.5%	1.5%
1.1%	1.1%	1.1%	1.1%	1.1%

Q3 '21 risk costs €22m … risk cost ratio at 21bps

- Strong asset quality performance … continued improving underlying trend
- Normal risk cost run-rate in Retail & SME ~€15m
- No ECL reserves released … ECL management overlay stands at €72m in Q3 '21 (vs. €70m in Q2 '21)

Maintain safe & secure balance sheet & portfolio risk management

- Focused on developed markets … 74% DACH/NL region and 26% Western Europe / United States
- Conservative underwriting with a focus on secured lending … ~80% of customer loans is secured or public sector lending

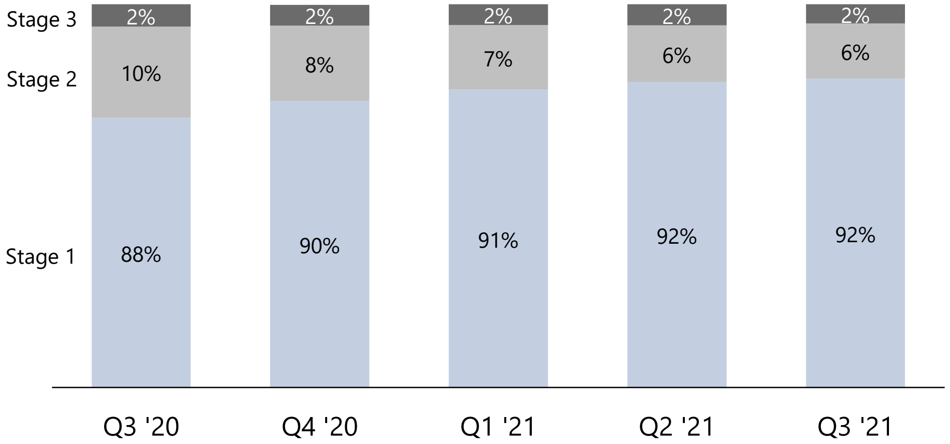
Outlook for 2021

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

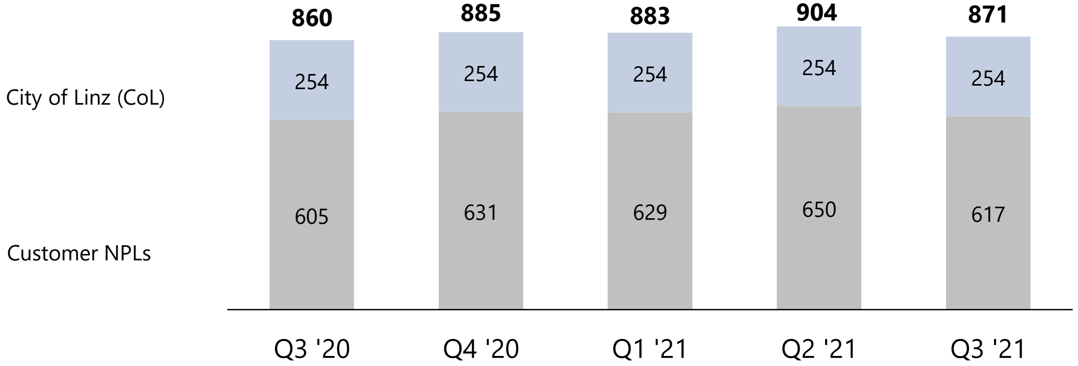
Details on reserves

Continuing to remain prudent despite improved economic outlook

IFRS 9 Migration- Customer Segment Assets*)



Non-performing stage 3 loans, in €m



	Q3 '20	Q4 '20	Q1 '21	Q2 '21	Q3 '21
NPL ratio excl. CoL (%)	1.1%	1.1%	1.1%	1.1%	1.1%
NPL cash coverage excl. CoL	43%	46%	47%	45%	49%
NPL ratio (%)	1.5%	1.5%	1.5%	1.5%	1.5%
NPL cash coverage	45%	62%	63%	61%	64%

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

€ million	Q3 '20	Q4 '20	Q1 '21	Q2 '21	Q3 '21
Stage 1	70	67	69	67	66
Stage 2	58	64	80	80	82
Stage 3	262	271	279	276	286
Total Reserves	**390**	**402**	**428**	**423**	**433**
Total Reserve Ratio %	**1.38%**	**1.42%**	**1.50%**	**1.47%**	**1.42%**

Key developments

NPL ratio (excluding City of Linz) flat at 1.1%, cash coverage of 49% … have not executed any routine retail NPL sales since Q2 '20

Total reserves of €433m, up €31m vYE '20 (+8%) … total reserve ratio at 1.42%

Total ECL of €148m, up €17m (+13%) vYE '20 … of which €72m (49%) comprised of management overlay … monitoring economic recovery during remainder of the year

Stage 2 assets (6% of portfolio) approaching pre-COVID levels

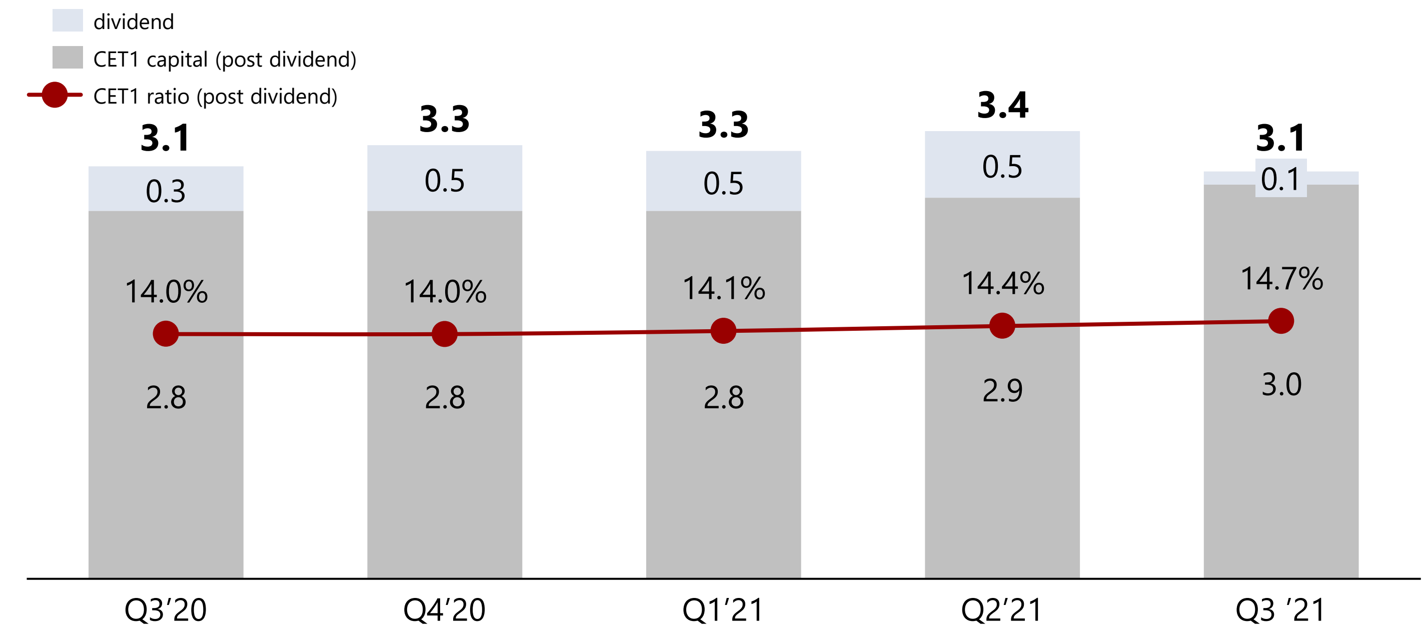
City of Linz receivable fully provisioned through prudential filter in 2020 with no impact on capital distribution plans in worst-case scenario

Regulatory Capital

Strong capital position

CET1 Capital and ratios

€ billion



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

20.2	20.1	20.1	20.1	20.2
16.3%	16.3%	16.5%	16.8%	17.1%
19.6%	19.6%	19.8%	20.0%	20.2%
6.4%	6.0%	6.1%	6.1%	6.2%

Note: All ratios post dividend accrual

Capital distribution plans:

- €158m dividends accrued based on dividend policy for YTD '21 earnings
- €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 … regulatory application to be filed in Q4 '21

Capital development:

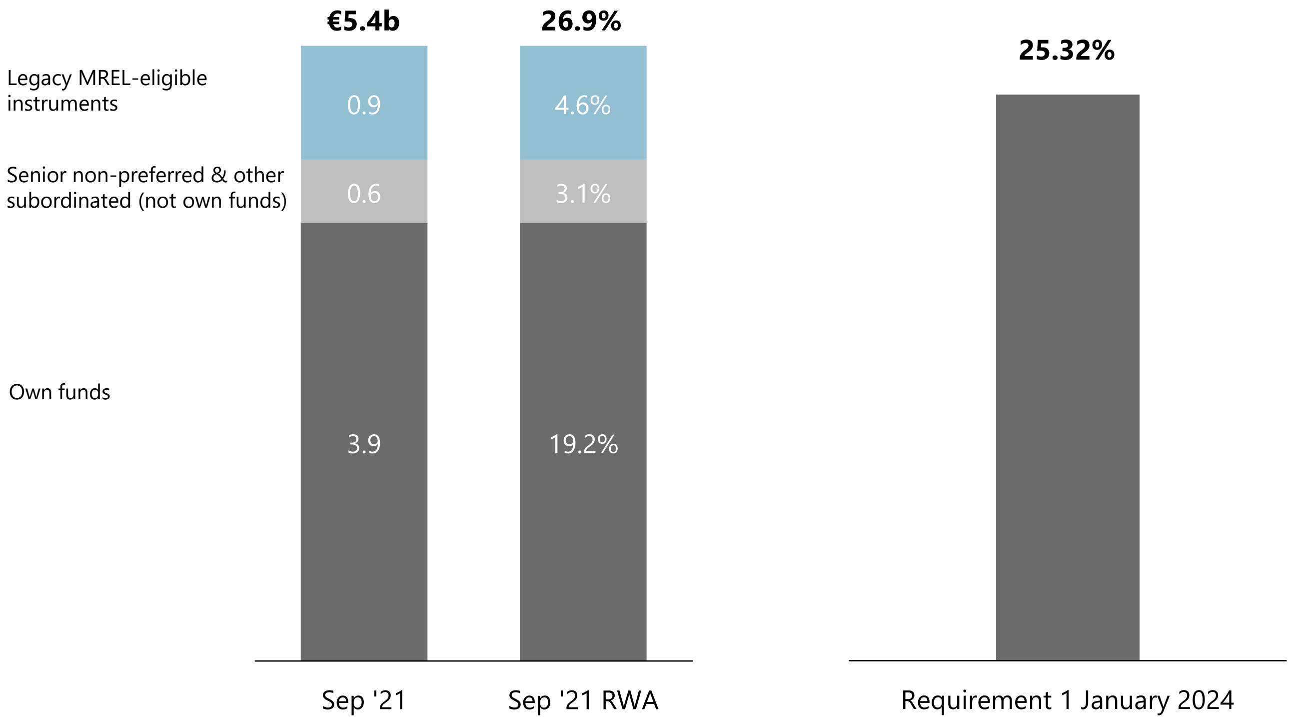
- Tier1 capital ratio increased to 17.1% and Total Capital ratio to 20.2% in Q3 '21
- Target CET1 ratio of 12.25% is 311bps above MDA trigger of 9.14%
- Current CET1 ratio 558bps above MDA trigger of 9.14%

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 '21 fully reflecting CRR2/BRRD2 with final requirements from 1 January 2024:

- Requirement applicable at BAWAG P.S.K. level (consolidated)
- MREL ratio as of Q3 2021 of 26.9% already in line with end state requirement of 25.32% of RWA
- Currently no subordination requirement
- Interim target lowered due to COVID-19 pandemic … 2022 interim target of c. 22% already met

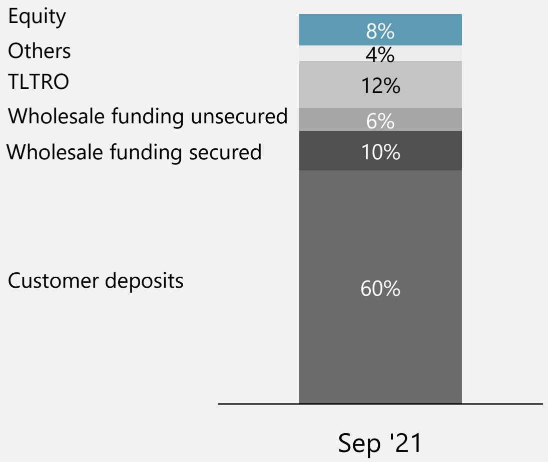
Our MREL strategy with consideration of multi-year phase in:

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

Funding & Liquidity

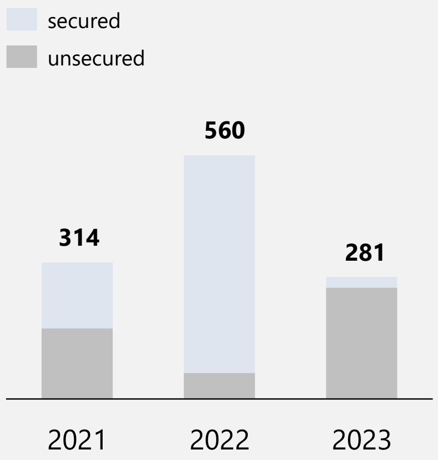
FUNDING

STRONG CUSTOMER DEPOSIT FUNDING …



… COMFORTABLE MATURITY PROFILE

€ millions notional



… AND SOLID MARKET ACCESS

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

- Covered bonds important capital market funding source … €1.75b executed in 2020 and €1.5b executed in 2021 … 10 benchmark bonds outstanding with up to €750m issue size and maturities up to 2041
- Participated in TLTRO III up to full capacity of €6.4b
- P2R optimization executed … €175m AT1 and €200m Tier2 issued in Sep ’20
- Additional ~€1.0b-1.5b senior instruments to replace maturities, meet MREL requirement and build buffer until year end 2023

LIQUIDITY

Liquidity coverage ratio

214%

Liquidity buffer

€11.3b

Liquidity buffer Including other marketable securities

€14.3b

ESG as a part of proactive risk management

Overview: Operationalizing ESG with a low ESG risk starting point

LENDING PORTFOLIO

- Low exposure to industries with significant ESG risk
- Low tolerance for transition risk in credit assessments
- €0.2b (~2%) exposure to restricted or high ESG risk industries
- Below average for EU banks and PACTA assessment
- De-minimis Oil and Gas exposures

GREEN FINANCING & FUNDING

- Targeting green financing and green bond issuances … issued €500 million green covered bond in August 2021
- Incentives for customers that meet green standards
- Dedicated green financing products for our retail and corporate/public sector clients

REDUCING OUR OWN EMISSIONS

- Several initiatives in the past to reduce own scope 1 and scope 2 CO2 emissions …. near 100% usage of green electricity across the group today
- Reducing our own negative footprint also supports our strategy to reduce complexity and improve efficiency
- Further initiatives planned to continue reducing CO2 emissions

	BASELINE	2025 TARGETS
CO2 emission (own scope 1-2)	~2,900 tCO_2 in 2020	**>50% reduction**
Women quota (Supervisory Board & Senior Leadership Team respectively)	17% SB 15% SLT H1 2021	**33%**
Green lending new business	€0.8 billion in 2020	**>€1.6 billion**

2021 Forecast

2021 FORECAST

Net interest income	~930
Net commission income	~280
Core revenues	**~1,210**
Other income	~10
Operating Income	**~1,220**
Operating expenses	~(485)
Pre-provision profit	**~735**
Regulatory Charges	(65)
Risk Costs	<(100)
Profit before tax	**~575**
Net profit	**~460**

RoTCE	**~15%**
CIR	**~40%**
Profit before tax	**~€575m**
EPS	**> €5.00**
DPS	**~ €2.60**

FY 2021 reporting

1 March 2022

Annual General Meeting

28 March 2022

Supplemental pages

Capital distribution policy

~€2.6 billion of capital available thru 2025

Dividend policy	Share Buyback 2022	Additional capital thru 2025
50% for 2021 **55%** for 2022-2025	**>12.25%** Target CET1 % Regulatory application to be filed in Q4 2021	1 Organic growth, M&A, minority and/or platform investments 2 Share buybacks and/or special dividends
~€1.4 billion for financial years 2021 - 2025	**€500 million** excess capital as of Q3 2021	**~€0.8 billion** additional capital thru 2025

City of Linz overview

- Receivable of €254 million on balance sheet as of 30 September 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

	Valid contract	Invalid contract
Net profit	Receivable remains valued @60%	(€254)m gross receivable, ~(€190)m net impact
Dividend	No impact	No impact[1)]
CET1 Capital	Up to +60bps increase of CET1 ratio	No impact

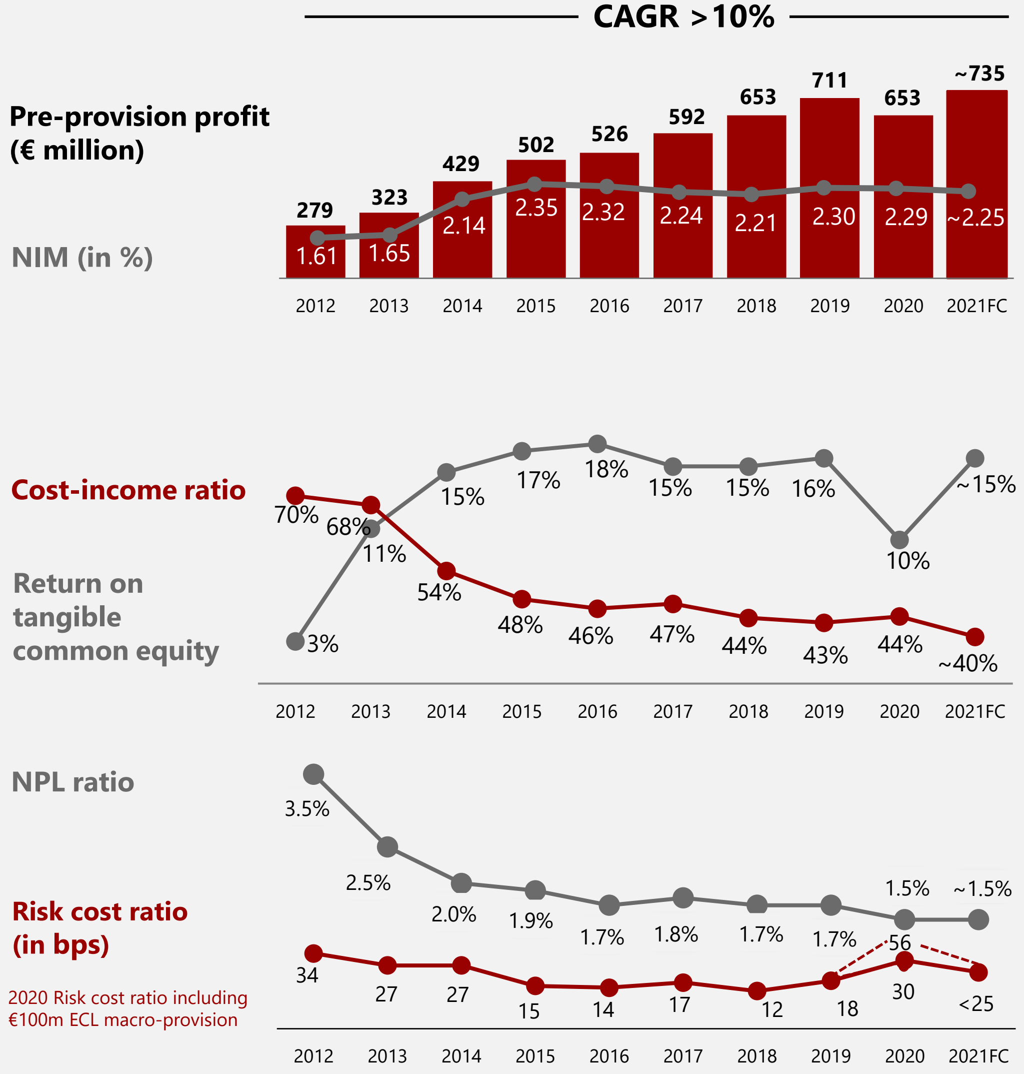
- Next step litigation on claims each party raised (i.e. damages in case of BAWAG)

1) Dividend payout would be based on net profit excluding City of Linz 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

SLT has on average ~12 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

45 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

2.6% shares owned by
Management Board

Strategy focused on execution and continuous improvement

1 GROWTH IN CORE MARKETS	**Our focus is on Austria, Germany, Switzerland, Netherlands (DACH/NL region), Western Europe and United States** Criteria for core markets: Fiscal position (single A or better sovereign rating), legal infrastructure, and geopolitical environment Organic growth, M&A, minority investments, and partnerships in core markets
2 CUSTOMER FOCUS	**We believe in 24/7 banking access through multi-channel & multi-brand commercial banking platform** Customer focus defined in terms of values and customer proposition … *"Providing simple, transparent, and affordable financial products and services that our customers need"*
3 DRIVE EFFICIENCY THROUGH OPERATIONAL EXCELLENCE	**Our DNA is to focus on the things we can control through "self-help" management** Greater need to simplify business structure, products, processes, and technology Technology is an enabler and differentiator
4 MAINTAINING A SAFE AND SECURE RISK PROFILE	**We believe in maintaining a fortress balance sheet through strong capital position, stable customer funding and low risk profile** Conservative and disciplined unterwriting in markets we understand with focus on secured lending Proactively manage non-financial risks › No capital markets activities, no trading activities, no exposure to high risk AML markets

ESG UNDERPINS OUR STRATEGY DRIVING RESPONSIBLE, SUSTAINABLE AND PROFITABLE GROWTH

M&A … Strategic Optionality

M&A History since 2015

- ✓ 11 total acquisitions: Closed 9 deals with 2 new deals signed in 2021
- ✓ Acquisitions in home market and new markets: Germany, Switzerland, Ireland
- ✓ Added core retail products: leasing, factoring, credit cards

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
- 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

Targets & capital distribution

MEDIUM TERM 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 (own scope 1 & 2 vs. 2020)	>50% reduction
Women quota (Supervisory Board & Senior Leadership Team respectively)	33%
Green lending new business	>€1.6 billion

CAPITAL DISTRIBUTION

Dividends	~€1.4 billion
Share buyback 2022 (Regulatory application to be filed in Q4 2021)	>12.25% CET1 % €500 million excess capital as of Q3 2021
Additional capital thru 2025	~€0.8 billion

~10% annual EPS growth through 2025

in € million	2012	2021 Forecast	2025 Plan	2021-2025 CAGR
Net interest income	582	~930	>1,000	2%
Net commission income	195	~280	>300	3%
Core revenues	**777**	**~1,210**	**>1,300**	**2%**
Other income	149	~10	-	-
Operating Income	**926**	**~1,220**	**>1,300**	**2%**
Operating expenses	(648)	~(485)	<(455)	(2%)
Pre-provision profit	**279**	**~735**	**>850**	**4%**
Regulatory Charges	(26)	(65)	~(15)	(30%)
Risk Costs	(230)	<(100)	<(100)	-
Profit before tax	**24**	**~575**	**>750**	**7%**
Net profit	**45**	**~460**	**>560**	**5%**
Earnings per share (in €)	**0.45**	**>5.00**	**>7.25**	**~10%**

Growing high quality earnings

- Net interest income +2% p.a. mainly from retail loan growth
- Net commission +3% p.a. mainly from advisory business
- Operating income 100% from core revenues
- No reliance on other income or reserve releases

Focus on efficiency and risk management

- Operating expenses effectively 2% lower p.a. through 2025 considering Depfa, Hello bank! and business growth
- Changing asset mix towards secured lending provides stability of risk costs, expected around 15-20bps

Regulatory cycle concludes

- Last decade was characterized by increasing regulatory costs (bank levy, deposit guarantee scheme, single resolution fund, etc.)
- In the last 10 years we've spent ~€400 million on regulatory charges
- By 2024 ~€50 million of annual regulatory charges will run out

BAWAG Group

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Definitions

B/S leverage
Total assets / IFRS equity

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

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

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

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

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

Customer Loans
Loans to customers measured at amortized cost

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

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

FL … Fully-loaded

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

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

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

NPL ratio
NPL exposure economic / exposure

Pre-provision profit
Operating income less operating expenses (excluding regulatory charges)

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

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

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

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

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

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

Total capital ratio
Total capital / risk-weighted assets

Notes:

Targets and forecast numbers
Including share buyback in 2022; excluding any potential implications from city of Linz case

CO2 emissions
CO2 emissions based on market based approach