BAWAG GROUP
Q2 2023 CREDIT UPDATE

July 21, 2023

AGENDA

HIGHLIGHTS Q2 2023

EARNINGS

Q2 ’23:
Net profit €181m, RoTCE of 25.9% and EPS of €2.19

Core revenues +6% vPQ … operational expenses +1% vPQ

Pre-provision profit of €262m (+6% vPQ and +23% vPY) … CIR at 31.5%

Risk costs of €(20)m or 19bps risk cost ratio … ECL management overlay remains at €100m

H1 ’23: Net profit of €320m, RoTCE of 23.2%, CIR of 32.0%, and EPS of €3.88

- **Q2 ’23: RoTCE 25.9%**
- **H1 ‘23: RoTCE 23.2%**

BALANCE SHEET & CAPITAL

Customer loans (3%) vPQ and (8%) vPY … interest-bearing assets (2%) vPQ and (7%) vPY

Customer deposits +1% vPQ and (3%) vPY … customer funding +3% vPQ and +9% vPY

CET1 ratio at 14.8% after deducting €176m dividend accrual for H1 ’23 … 13.9% when considering €175m share buyback planned in 2023 (subject to regulatory approval)

Fortress balance sheet … excess capital of €505m, €10.8 billion cash excluding TLTRO with LCR 207%, and strong credit profile with NPL ratio of 0.9%

- **CET1 ratio at 14.8% … Excess capital of €505m before planned buyback**
- **Strong asset quality with 0.9% NPL ratio and liquidity profile with LCR of 207%**

TARGETS

Increasing 2023 financial targets:
Profit before tax > €875m, EPS > €8.20,
DPS > €4.50 … considering planned buyback

Return targets 2023 & beyond:
RoTCE >20% and CIR < 34%

Excess capital of €330m after planned buyback provides dry powder for potential organic or inorganic opportunities … Additional capital distributions will be assessed with Full-Year results

- **Increasing 2023 financials targets**
- **Return targets unchanged at: RoTCE >20% & CIR <34%**

FINANCIAL PERFORMANCE

P&L | € millions	Q2 '23	vPY	vPQ	H1 '23	vPY
Core revenues	386.8	18.2%	5.6%	753.1	15.7%
Net interest income	310.2	24.3%	7.0%	600.2	22.1%
Net commission income	76.7	(1.4%)	0.7%	152.9	(4.0%)
Operating income	383.1	15.6%	4.4%	750.0	14.2%
Operating expenses	(120.7)	2.1%	1.1%	(240.1)	0.6%
Pre-provision profit	**262.4**	**23.1%**	**6.0%**	**509.9**	**22.0%**
Regulatory charges	2.6	NM	NM	(38.3)	(16.0%)
Risk costs	(20.5)	(32.3%)	(0.5%)	(41.0)	(19.0%)
Profit before tax	**245.1**	**38.9%**	**31.5%**	**431.5**	**33.7%**
Net profit	**180.8**	**35.2%**	**29.5%**	**320.3**	**30.9%**

Ratios	Q2 '23	vPY	vPQ	H1 '23	vPY
RoCE	21.8%	5.8pts	4.6pts	19.5%	4.8pts
RoTCE	25.9%	6.9pts	5.4pts	23.2%	5.7pts
Net interest margin	2.91%	0.66pts	0.19pts	2.81%	0.52pts
CIR	31.5%	(4.2pts)	(1.0pts)	32.0%	(4.3pts)
Risk cost ratio	0.19%	(0.08pts)	-	0.19%	(0.04pts)

Balance Sheet & Capital | € millions	Q2 '23	Q1 '23	vPY	vPQ
Total assets	53,127	54,513	(3%)	(3%)
Cash & Cash Equivalent excluding TLTRO	10,772	8,483	154%	27%
Interest-bearing assets (average)	42,800	43,290	(4%)	(1%)
Customer funding (average)	44,256	43,565	8%	2%
Customer loans (average)	35,029	35,481	(5%)	(1%)
Customer loans	34,295	35,255	(8%)	(3%)
Customer deposits (average)	32,012	32,249	(5%)	(1%)
Customer deposits	32,664	32,254	(3%)	1%
Common Equity	3,343	3,279	-	2%
Tangible Common Equity	2,828	2,761	-	2%
CET1 Capital	2,909	2,845	8%	2%
Risk-weighted assets	19,622	20,247	(8%)	(3%)
CET1 Ratio (post dividend)	**14.8%**	**14.1%**	**2.1pts**	**0.7pts**

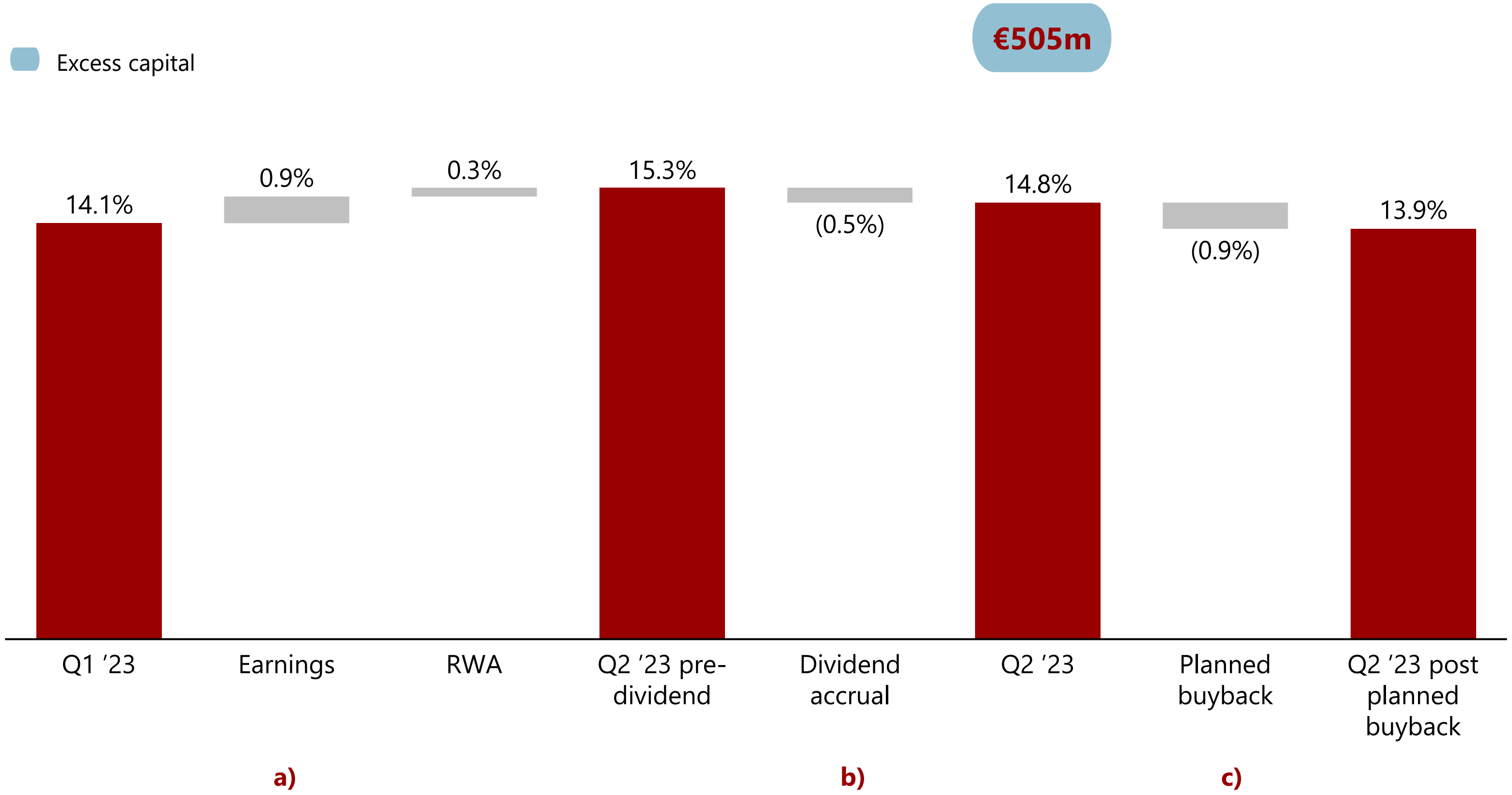
Per share data	Q2 '23	Q1 '23	vPY	vPQ
Book value (€)	40.62	39.84	8%	2%
Tangible book value (€)	34.36	33.55	8%	2%
Shares outstanding (€ m)	82.30	82.30	(8%)	-
Earnings per share (€)	2.19	1.69	46%	30%

Note: All equity, capital, ratios and per share data reflect deduction of €176m dividend accrual.

CAPITAL DEVELOPMENT

~90 basis points gross capital generation

QUARTERLY CAPITAL DEVELOPMENT



1) Pending regulatory approval

CAPITAL DEVELOPMENT

a) Gross capital generation ~90bps in Q2 '23 through earnings

CAPITAL DISTRIBUTION

b) H1 '23 dividend accrual of €176m based on dividend policy (55% of net profit)

c) Share buyback of €175m planned in 2023 (subject to regulatory approval)

EXCESS CAPITAL

- CET1 ratio 14.8% post dividend accrual of €176m and 13.9% after planned share buyback
- Excess capital above management target of 12.25% of €505m before planned share buyback
- Peak Bancorp (Idaho First Bank) … CET1 impact 25-30bps[1)]
- Maintaining dry powder for potential M&A and assessing additional capital distributions with full-year results

RETAIL & SME

FINANCIAL PERFORMANCE

€ millions	Q2 '23	vPY	vPQ	H1 '23	vPY
Core revenues	283.1	11%	3%	559.0	12%
Net interest income	216.1	17%	4%	423.9	19%
Net commission income	67.0	(4%)	(2%)	135.1	(6%)
Operating income	284.1	12%	2%	561.3	12%
Operating expenses	(86.6)	2%	-	(173.1)	1%
Pre-provision profit	**197.5**	**17%**	**4%**	**388.2**	**18%**
Regulatory charges	1.2	NM	NM	(12.7)	(31%)
Risk costs	(19.8)	(3%)	1%	(39.4)	11%
Profit before tax	**178.9**	**25%**	**14%**	**336.1**	**22%**
Net profit	**134.2**	**25%**	**14%**	**252.1**	**22%**

RATIOS

in %	Q2 '23	vPY	vPQ	H1 '23	vPY
RoCE	32.0%	4.5pts	2.6pts	30.7%	3.6pts
RoTCE	37.5%	5.0pts	2.9pts	36.0%	4.2pts
CIR	30.5%	(3.0pts)	(0.7pts)	30.8%	(3.5pts)
NPL ratio	1.7%	(0.2pts)	-	1.7%	(0.2pts)
Risk cost ratio	0.36%	-	-	0.36%	0.03pts

CUSTOMER DEVELOPMENT

€ millions	Q2 '23	vPY	vPQ	H1 '23	vPY
Housing loans	15,656	(3%)	(1%)	15,656	(3%)
Consumer and SME	6,377	2%	-	6,377	2%
Total assets	**22,033**	(1%)	**(1%)**	**22,033**	**(1%)**
Total assets (Ø)	**22,051**	-	**(1%)**	**22,166**	**2%**
Risk-weighted assets	**9,295**	(2%)	**(2%)**	**9,295**	**(2%)**
Customer deposits	**27,327**	(3%)	**1%**	**27,327**	**(3%)**
Customer deposits (Ø)	**26,552**	(4%)	**(1%)**	**26,686**	**(5%)**
Customer funding	**36,978**	9%	**3%**	**36,978**	**9%**
Customer funding (Ø)	**37,133**	9%	**2%**	**36,799**	**9%**

DEVELOPMENTS in Q2 '23

Q2 '23 net profit of €134m, up 25% vPY due to higher pre-provision profits … average assets flat vPY … housing loans down reflecting overall subdued market dynamics

Pre-provision profit of €198m for Q2 '23, up 17% vPY … Core revenues up 11% and operating expenses +2% due to inflationary impacts

Risk costs of (€20m) in Q2 '23, down (3%) vPY and up 1% vPQ … reflecting normalized risk costs with no management overlay build or releases.

Subdued loan growth and advisory business given overall cautious consumer sentiment and significant movement in rates

CORPORATES, REAL ESTATE & PUBLIC SECTOR

FINANCIAL PERFORMANCE

€ millions	Q2 '23	vPY	vPQ	H1 '23	vPY
Core revenues	85.4	18%	10%	162.6	12%
Net interest income	75.5	18%	10%	144.0	12%
Net commission income	9.9	24%	14%	18.6	17%
Operating income	84.5	0%	10%	161.0	(2%)
Operating expenses	(19.0)	3%	3%	(37.4)	2%
Pre-provision profit	**65.5**	**(1%)**	**13%**	**123.6**	**(4%)**
Regulatory charges	0.8	NM	NM	(8.2)	(18%)
Risk costs	0.1	NM	NM	-	NM
Profit before tax	**66.4**	**19%**	**35%**	**115.4**	**8%**
Net profit	**49.8**	**19%**	**35%**	**86.5**	**8%**

RATIOS

in %	Q2 '23	vPY	vPQ	H1 '23	vPY
RoCE	20.9%	5.6pts	5.6pts	18.2%	3.5pts
RoTCE	25.9%	7.4pts	6.9pts	22.6%	4.5pts
CIR	22.5%	0.7pts	(1.5pts)	23.2%	1.1pts
NPL ratio	0.7%	-	-	0.7%	-
Risk cost ratio	0.00%	(0.20pts)	-	0.00%	(0.15pts)

CUSTOMER DEVELOPMENT

€ millions	Q2 '23	vPY	vPQ	H1 '23	vPY
Corporates	3,938	(7%)	3%	3,938	(7%)
Real Estate	5,311	(18%)	(6%)	5,311	(18%)
Public Sector	4,283	(1%)	(1%)	4,283	(1%)
Short-term/money market lending	210	(76%)	(57%)	210	(76%)
Total assets	**13,742**	(14%)	**(4%)**	**13,742**	**(14%)**
Total assets (Ø)	**14,332**	(9%)	**0%**	**14,349**	**(6%)**
Risk-weighted assets	**6,988**	(16%)	**(5%)**	**6,988**	**(16%)**
Customer deposits	**5,540**	9%	**2%**	**5,540**	**9%**
Customer deposits (Ø)	**5,347**	(0%)	**6%**	**5,197**	**(5%)**
Customer funding	**7,158**	15%	**1%**	**7,158**	**15%**
Customer funding (Ø)	**7,011**	7%	**4%**	**6,864**	**3%**

DEVELOPMENTS in Q2 '23

Q2 '23 net profit of €50m, up 19% vPY … average net assets flat versus prior quarter and down (9%) vPY

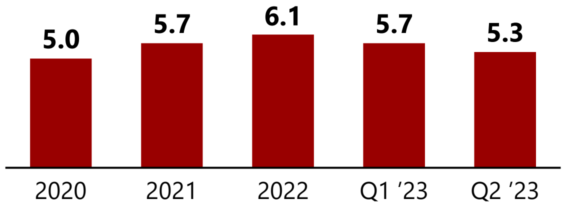
Pre-provision profit of €66m in Q2 '23, down (1%) vPY … Operating income flat to prior year

No risk costs in Q2 '23 with no management overlay build or releases … solid credit performance across asset classes … NPL ratio stable at 0.7%

Maintaining disciplined and conservative underwriting … will continue to remain prudent and patient with focus on risk-adjusted returns never chasing volume growth

REAL ESTATE LENDING

Total portfolio
€ billions



	2020	2021	2022	Q1 '23	Q2 '23
Residential	37%	38%	42%	41%	40%
Industrial / Logistics	11%	17%	22%	24%	25%
Office	29%	23%	22%	21%	20%
Hospitality	6%	12%	7%	7%	7%
Shopping / Retail	12%	8%	5%	6%	6%
Other	4%	3%	2%	2%	2%

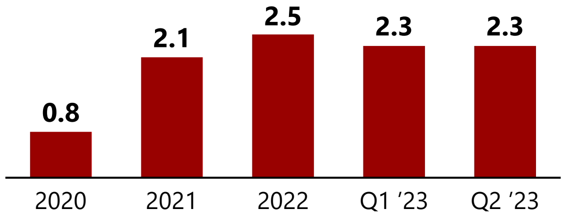
PORTFOLIO DEVELOPMENT

- Residential + Industrial / Logistics make up 65% of total portfolio … Main drivers of growth in portfolio since 2020 … strong supply / demand fundamentals
- Cautious on Office post COVID given secular changes with limited Retail lending as well
- Growth in US portfolio since 2020 from Residential + Industrial / Logistics assets … 72% of portfolio
- NPL ratio 0.9% … position well provisioned
- Average LTV <60% for entire portfolio since 2020
- 2023 stress test adverse scenario with cumulative losses <2% over 3 years …management overlay sufficient to cover cumulative losses under adverse scenario (<€100m)

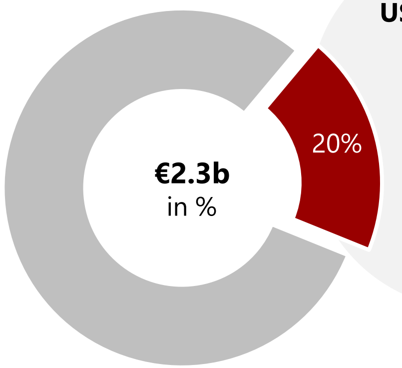
UNDERWRITING PRINCIPLES

- Focus on risk-adjusted returns across all cycles … be patient lender with business that meets our risk appetite … no volume targets
- Senior secured lender … no mezzanine financing
- Focus on structural protections … cross-collateralized loans, cash-flow sweeps, interest rate hedges, sponsor guarantees etc.
- Portfolio total LTV consistently <60% with debt yields across Office portfolio >9%
- Significant amount of the portfolio granular and cross-collateralized

US portfolio
€ billions



	2020	2021	2022	Q1 '23	Q2 '23
Residential	33%	39%	41%	41%	43%
Industrial / Logistics	5%	18%	26%	29%	29%
Office	59%	24%	26%	22%	20%
Hospitality	0%	17%	7%	7%	7%
Shopping / Retail	3%	2%	0%	1%	1%



US OFFICE EXPOSURE:

- Exposure of €471m … down (4%) vPQ
- Geographic footprint solely in major cities and is comprised of Class A buildings across primary market
- Average senior debt yield >9%
- Weighted average lease terms of ~6 years and solid tenants with average occupancy levels ~75% (stable vPQ)
- LTVs in line with the broader portfolio ~60%

AGENDA

P&L & KEY RATIOS

P&L | € millions	Q2 '23	vPY	vPQ	H1 '23	vPY
Net interest income	310.2	24%	7%	600.2	22%
Net commission income	76.7	(1%)	1%	152.9	(4%)
Core revenues	**386.8**	**18%**	**6%**	**753.1**	**16%**
Other revenues	(3.8)	NM	NM	(3.1)	NM
Operating income	**383.1**	**16%**	**4%**	**750.0**	**14%**
Operating expenses	**(120.7)**	**2%**	**1%**	**(240.1)**	**1%**
Pre-provision profit	**262.4**	**23%**	**6%**	**509.9**	**22%**
Regulatory charges	2.6	NM	-	(38.3)	(16%)
Risk costs	(20.5)	(32%)	-	(41.0)	(19%)
Profit before tax	**245.1**	**39%**	**31%**	**431.5**	**34%**
Income taxes	(64.3)	50%	37%	(111.2)	42%
Net profit	**180.8**	**35%**	**30%**	**320.3**	**31%**

Key ratios	Q2 '23	vPY	vPQ	H1 '23	vPY
RoCE	21.8%	5.8pts	4.6pts	19.5%	4.8pts
RoTCE	25.9%	6.9pts	5.4pts	23.2%	5.7pts
Net interest margin	2.91%	0.66pts	0.19pts	2.81%	0.52pts
CIR	31.5%	(4.2pts)	(1.0pts)	32.0%	(4.3pts)
Risk cost ratio	0.19%	(0.08pts)	-	0.19%	(0.04pts)
Earnings per share (€)	2.19	46%	30%	3.88	42%
Tangible book value (€)	34.36	8%	2%	34.36	8%

DEVELOPMENTS in Q2 '23

Net interest income up 7% vPQ … net interest margin (NIM) at 2.91% in Q2 '23, up 19bps vPQ

Net commission income at €77m … 1% vPQ

Cost-income ratio of 31.5% in Q2 '23 … ongoing disciplined cost control despite inflationary headwinds

Regulatory charges of €3m net release … lower than expected contribution to the single resolution fund

Risk costs of €(20)m in Q2 '23… run-rate in line with strong credit performance, low NPL levels and continued low but normalizing delinquencies … management overlay remains at €100m

BALANCE SHEET

Balance sheet | € millions	Q2 ’23	Q2 ’22	vPY	Q1 ’23	vPQ
Total assets	**53,127**	**55,029**	**(3%)**	**54,513**	**(3%)**
thereof Ø interest-bearing assets	42,800	44,530	(4%)	43,290	(1%)
Customer loans	34,295	37,176	(8%)	35,255	(3%)
Ø customer loans	35,029	36,764	(5%)	35,481	(1%)
Securities and bonds	6,175	5,698	8%	6,082	2%
Credit institutions and cash	11,352	10,629	7%	11,866	(4%)
Other assets	1,305	1,526	(14%)	1,310	–
Total liabilities & equity	**53,127**	**55,029**	**(3%)**	**54,513**	**(3%)**
thereof Ø customer funding	44,256	41,010	8%	43,565	2%
Customer deposits	32,664	33,533	(3%)	32,254	1%
Ø customer deposits	32,012	33,643	(5%)	32,249	(1%)
Own issues	13,000	7,949	64%	12,049	8%
Credit institutions	1,601	7,206	(78%)	4,381	(63%)
Other liabilities	1,872	2,055	(9%)	2,002	(6%)
Equity	3,990	4,286	(7%)	3,827	4%

Capital & RWA | € millions	Q2 ’23	vPY	vPQ	H1 ’23	vPY
Common equity	3,343	-	2%	3,343	-
Tangible common equity	2,828	-	2%	2,828	-
CET1 capital	2,909	8%	2%	2,909	8%
Risk-weighted assets	19,622	(8%)	(3%)	19,622	(8%)
CET1 ratio (post dividend)	14.8%	2.1pts	0.7pts	14.8%	2.1pts
Leverage ratio	6.1%	0.5pts	0.2pts	6.1%	0.5pts
Liquidity coverage ratio	207%	24pts	(8pts)	207%	24pts

DEVELOPMENTS in Q2 ’23

Total assets and risk-weighted assets down (3%) vPQ

Customer deposits up 1% in Q2 ’23 … average customer funding up 2% vPQ

TLTRO €2.8b paid back in June ’23 … €0.6b remaining (’24 maturity)

LCR at 207% … Cash & cash equivalents at €11b or 20% of balance sheet

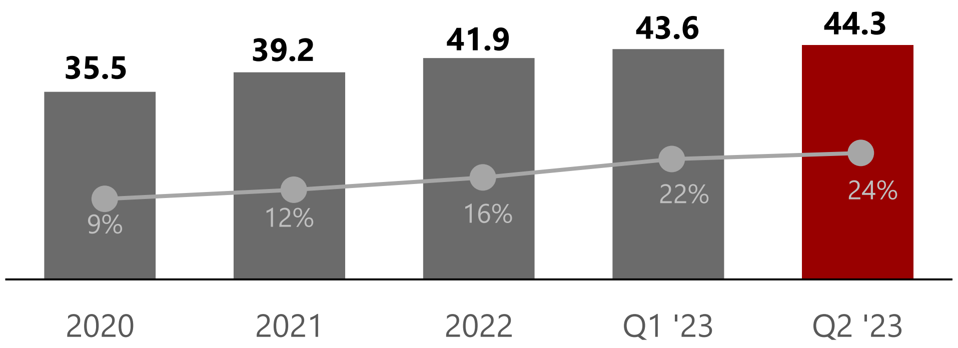
CET1 ratio at 14.8% post deduction of €176m dividend accrual for Q2 ’23

FUNDING OVERVIEW

Customer funding (avg.) … ~94% total funding

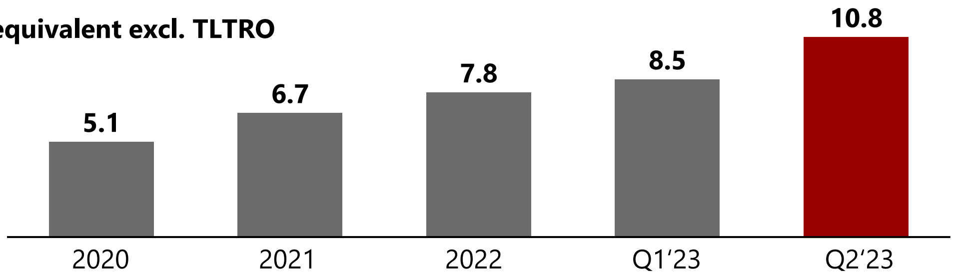
€ billions

Share of covered bonds



Cash & Cash equivalent excl. TLTRO

€ billions



LCR	231%	239%	225%	215%	207%
Cash excl. TLTRO / Balance sheet	9%	12%	14%	16%	20%

DEPOSITS

- Retail & SME deposits €27.3 billion, thereof ~80% insured by deposit guarantee scheme …. Average deposit size of €12k
- Corporates & Public Sector deposits €5.5 billion … largest share in public sector, which are predominantly transactional current accounts
- Overall betas are ~15% … expected <40% by 2024

COVERED BONDS

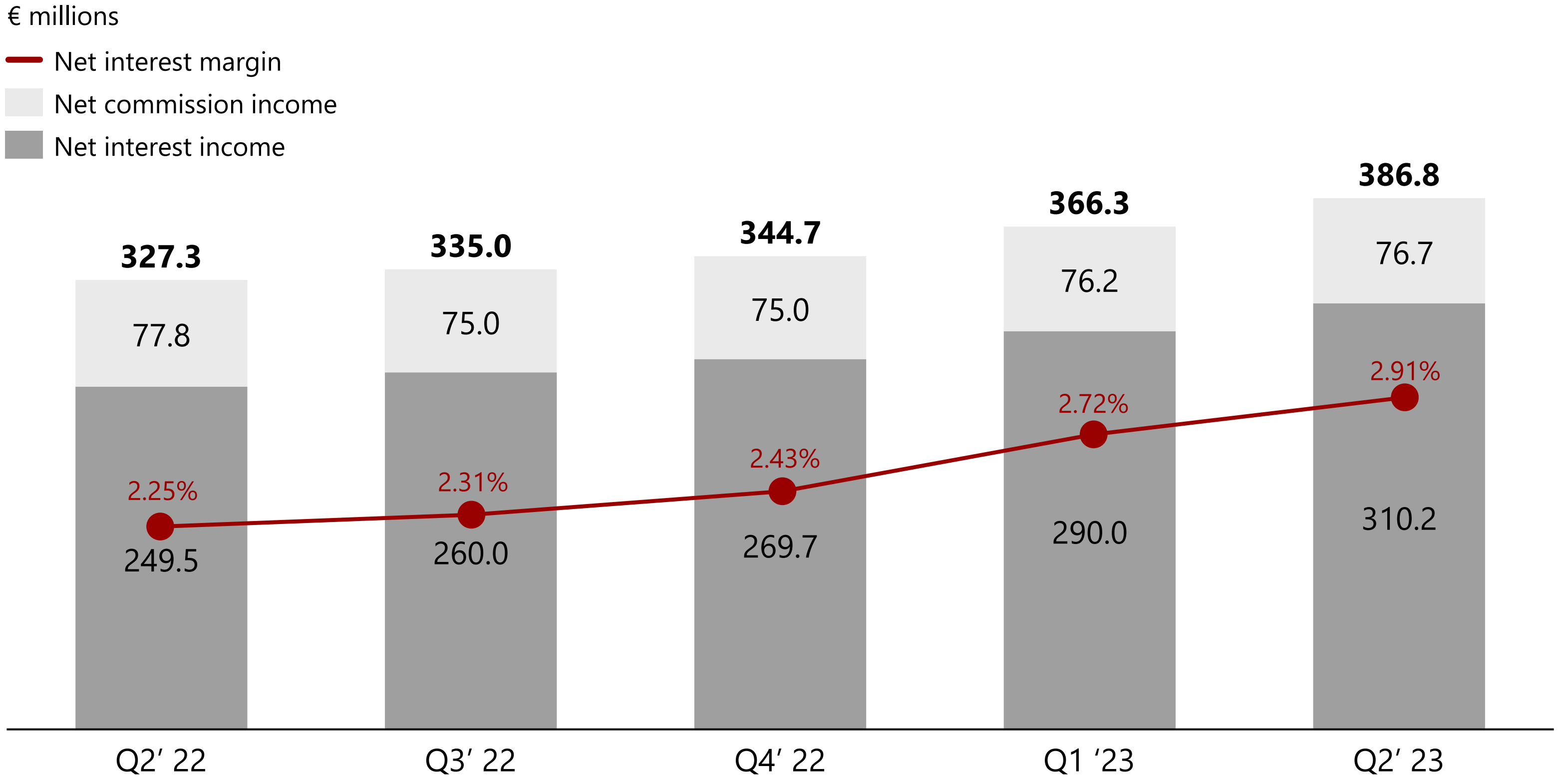
- Austrian covered bond program with mortgages and public sector loans as collateral
- €11 billion notional … high issuance levels early in the year
- Almost no maturities in the coming years, weighted average life ~ 9 years
- Matched against housing loans with average duration of ~8 years
- Additional funding capacity of a few billion after paying back the TLTRO funds

CASH DEVELOPMENT & TRENDS

- LCR at 207% … Cash balance €10.8b (excluding TLTRO)
- €0.6 billion TLTRO remaining after €5.8 billion redemptions over last quarters
- Maintained excess liquidity over the years to address market opportunities … continuing to stay patient and maintain liquid balance sheet

CORE REVENUES

Continued strong NII development … stable NCI



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

36.8	36.8	36.4	35.5	35.0
44.5	44.7	44.0	43.3	42.8

Net interest income (NII) up 7% vPQ … net interest margin (NIM) at 2.91% in Q2 '23

- Average customer loans down (1%) vPQ
- Increase in NII due to interest rate changes

Net commission income (NCI) up 1% vPQ

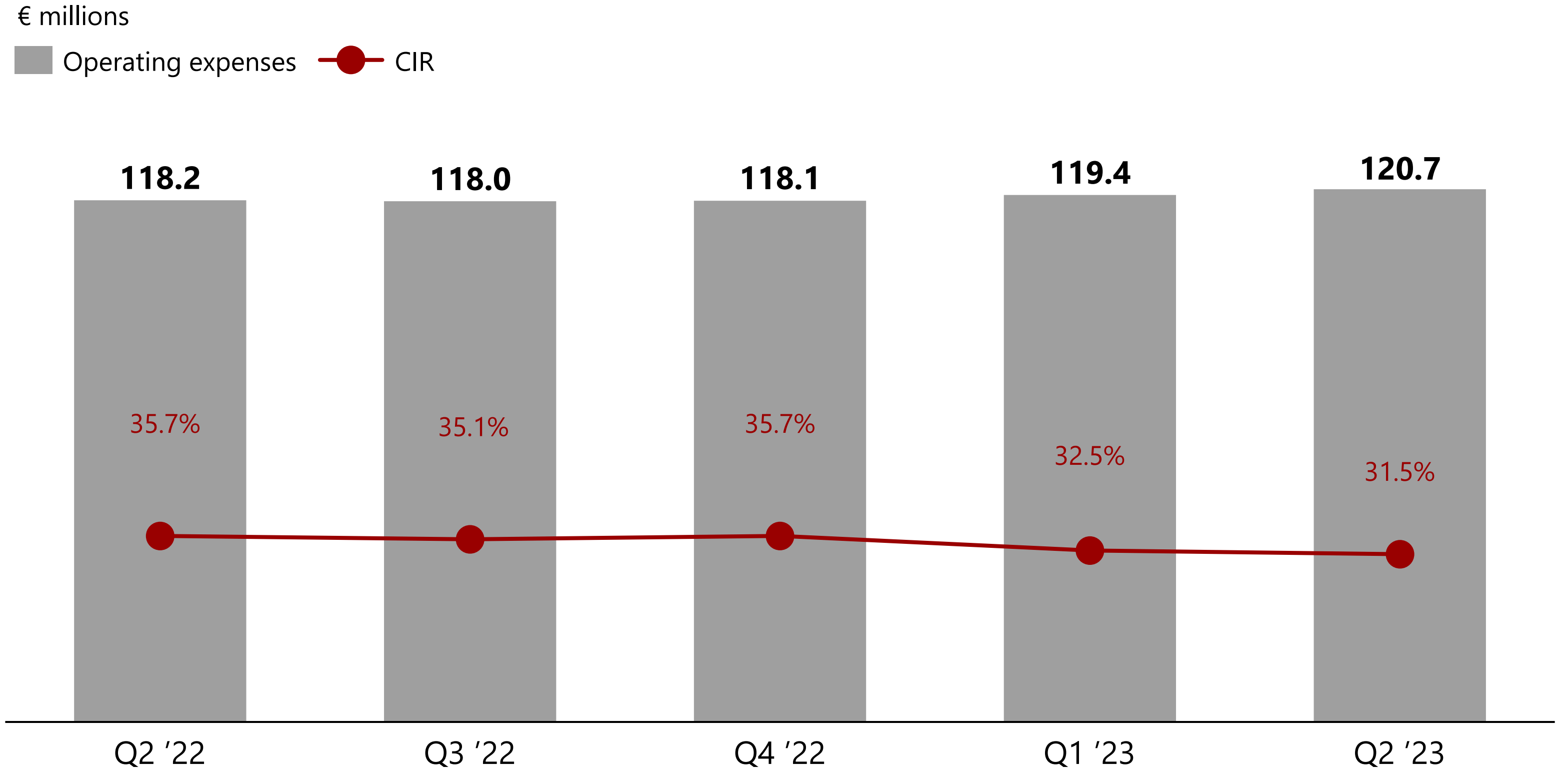
- Advisory business slightly lower and payments business seasonally better

Outlook for 2023

- Core revenues growth of >14% in 2023
- Net interest income expected to increase to >€1.2 billion … largely stable in the coming quarters
- Expecting customer loans to be static-to-declining in 2023

OPERATING EXPENSES

Efficiency and simplification initiatives counter inflationary headwinds



CIR at 31.5% in Q2 '23 down (1pts) vPQ

- Significant inflationary pressure offset by several operational initiatives launched over the past two years
- Focused on absolute cost targets and proactive cost management
- Executed multiple initiatives focused on greater scale, greater digital engagement, and continued rollout of simplification roadmap across the Group
- Targeted investments over the years resulting in long-term productivity gains across the business

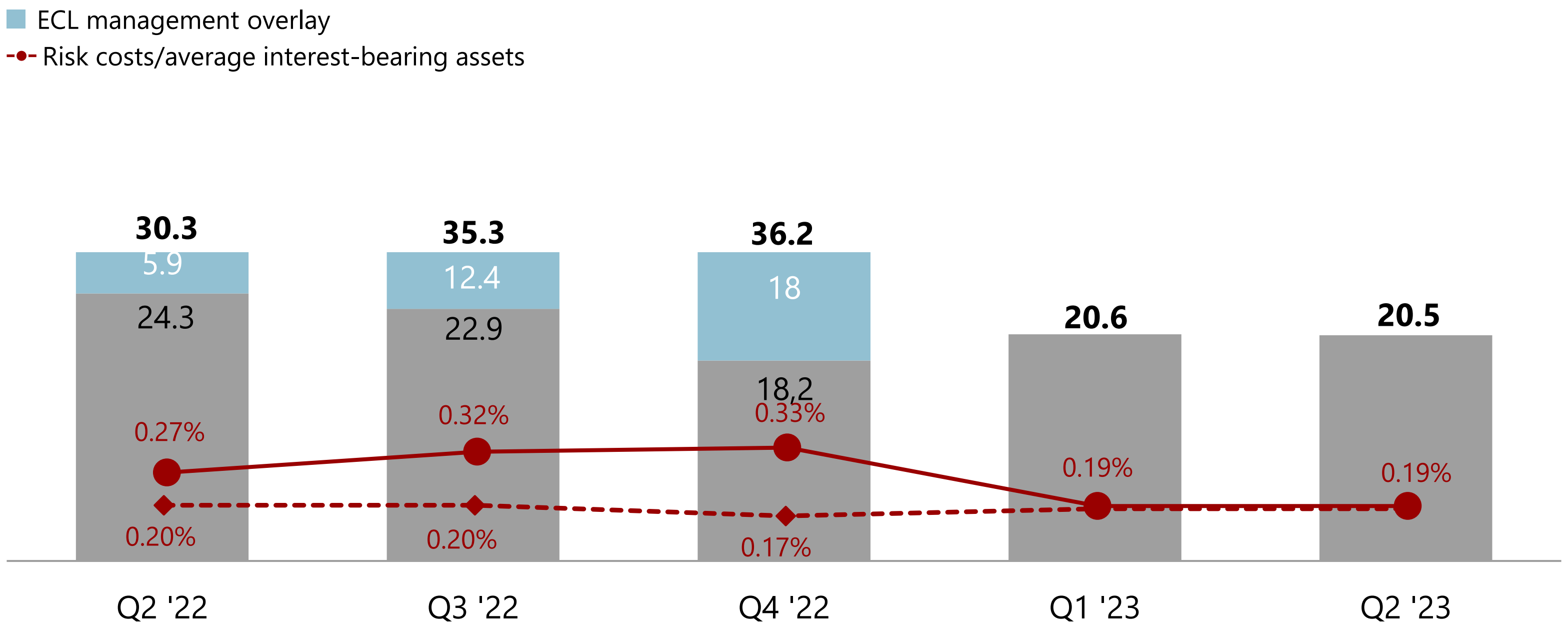
Outlook for 2023

- Operating expenses to increase ~2% … CIR of <34%

RISK COSTS

Applying prudent approach while closely monitoring macro environment

€ millions



ECL Management overlay (in € m)

70	82	100	100	100

NPL ratio

1.4%	1.0%	0.9%	0.9%	0.9%

Q2 ’23 risk costs €20m… risk cost ratio 19bps

- Ongoing strong credit performance … NPL ratio of 0.9%
- ECL management overlay remains at €100m in Q2 ’23

Maintain safe & secure balance sheet

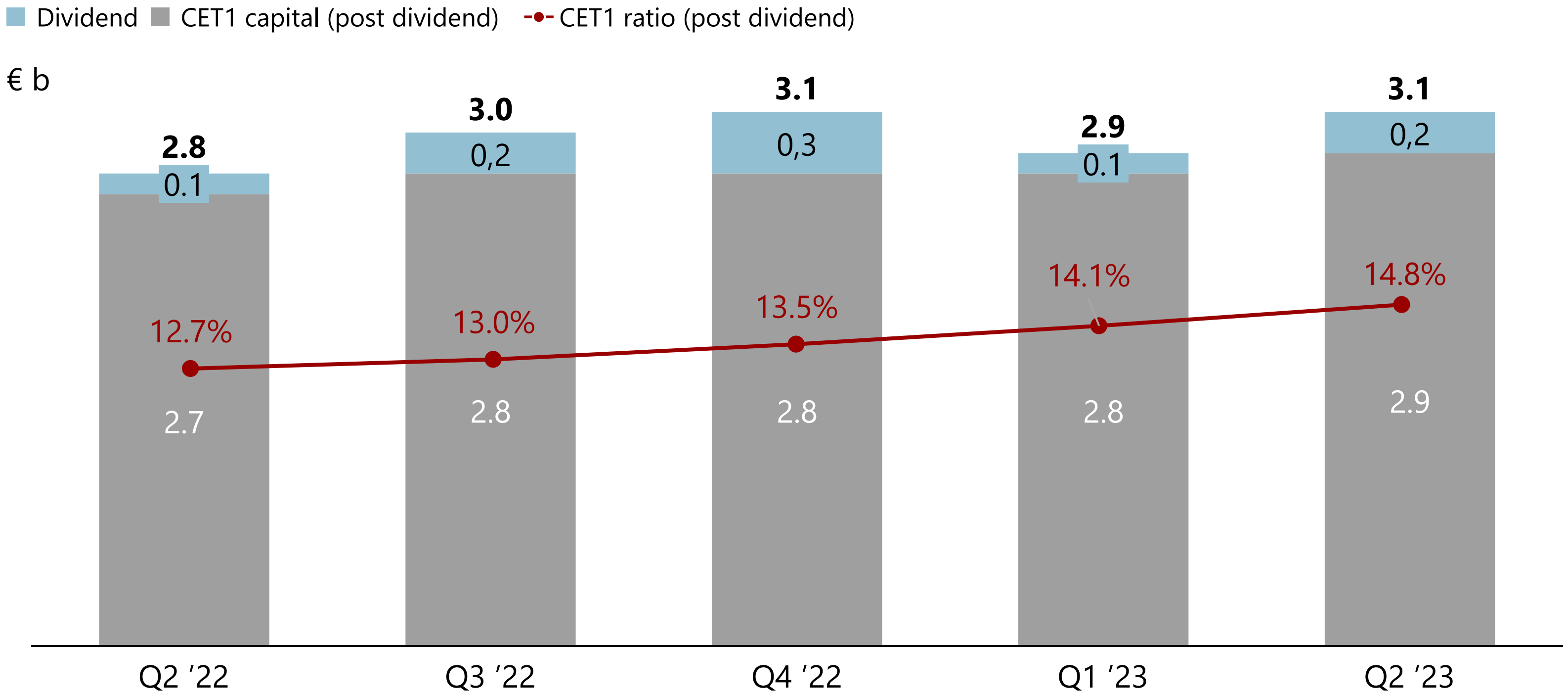
- Focused on developed and mature markets … ~75% DACH/NL region & 20% Western Europe/United States
- Conservative underwriting with a focus on secured lending … ~80% of customer loans is secured or public sector lending
- No direct exposure to Russia or Ukraine and de minimis secondary exposures

Outlook for 2023

- Expect underlying risk cost ratio of 20-25bps in 2023 … assumes no release of management overlay

REGULATORY CAPITAL

Strong capital position



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

21.3	21.3	20.7	20.2	19.6
14.8%	15.1%	15.5%	16.1%	16.9%
17.7%	18.0%	18.5%	19.1%	20.0%
5.6%	5.7%	5.6%	5.9%	6.1%

Capital distribution plans:

€176m dividend accrual for H1 ’23 based on dividend policy

Planned share buyback of €175m planned, subject to regulatory approval

Capital development:

Q2 ’23 Tier1 capital ratio 16.9% and Total Capital ratio 20.0%

Capital requirement of 9.63% CET1 at Q2 ’23 … P2R of 2% and P2G of 0.75%

Target CET1 ratio of 12.25% is 262bps above MDA trigger of 9.63%

Increase in domestic buffers to 1% for 2024

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

MREL

MREL Strategy

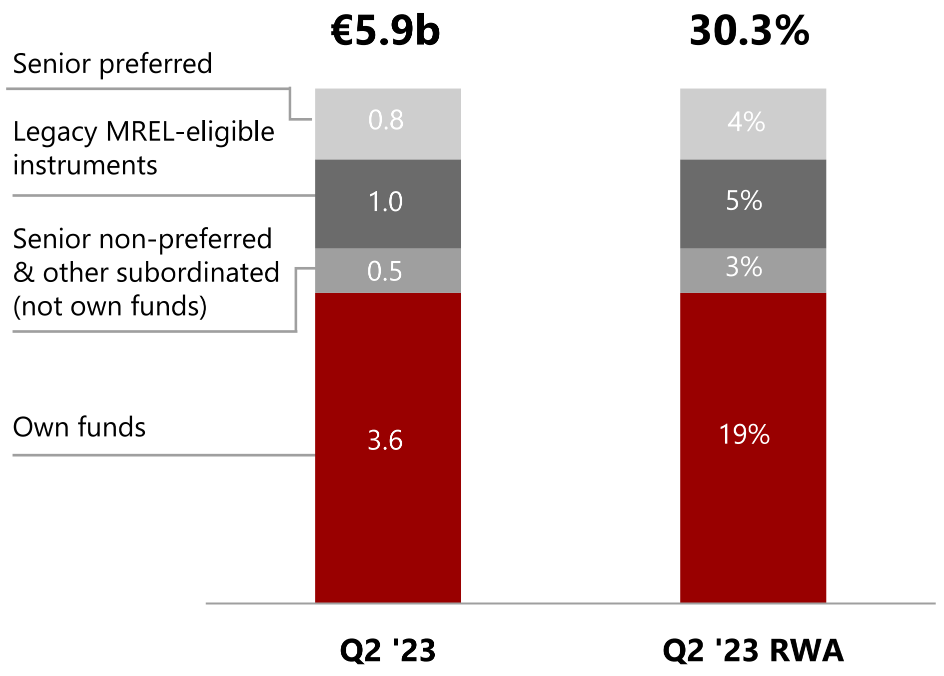
MREL decision received in Feb '23 fully reflecting CRR2/BRRD2 with final requirements from 1 January 2024:

- Requirement applicable at BAWAG P.S.K. level (consolidated) with a single point of entry resolution strategy
- Currently no subordination requirement
- Binding interim requirement of 22.55% as well as end state requirement of 26.58% met

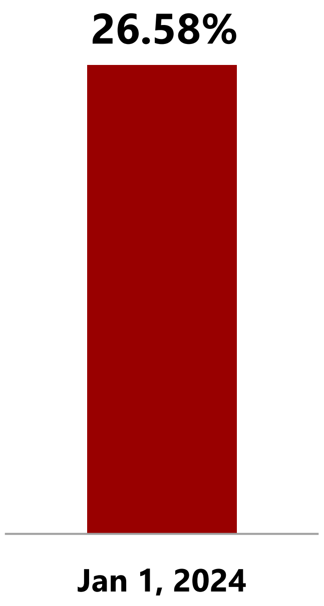
Our MREL issuance plans:

- €500 m SP issued in Q1 2023 and CHF300 m SP issued in Q4 2022
- Further issuance planned in coming years to replace maturities, meet MREL requirement and build buffer

MREL instruments



MREL requirement incl. CBR



Note: all stated MREL requirements incl. CBR

FUNDING & LIQUIDITY

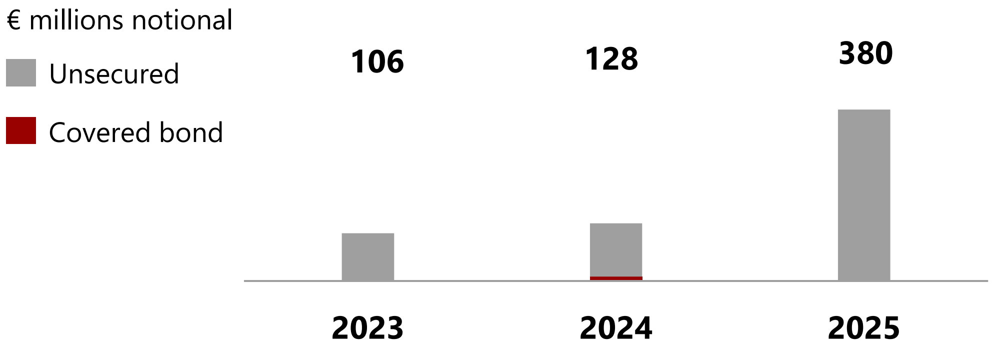
Liquidity

Liquidity coverage ratio	207%
Liquidity buffer	€9.9b
Liquidity buffer including other marketable securities	€15.9b

Issuance plans 2023 and beyond

- Frequent covered bond issuer
- Increasing focus on senior issuance
- At least one Green bond benchmark per year

Comfortable maturity profile



- Covered bonds continue to be an important capital market funding source … €9.4b executed since 2020 … 19 benchmark bonds outstanding with up to €1.25b issue size and maturities up to 2041
- Increasing focus on senior issuance since 2022 … ~€0.8b senior instruments already executed in Q4 2022 and Q1 2023. Further issuance planned in coming years to replace maturities, meet MREL requirement and build buffer
- Currently optimal capital stack of AT1 and tier 2 … next call date in March '24 for €400m Tier 2
- 4 Green bond issues since 2021 … at least one Green bond benchmark per year planned

… and solid market access

2020 issuance

- €1.8b covered bonds
- €0.4b subordinated AT1/T2

2021 issuance

- €1.5b covered bonds of which €500m Green bonds

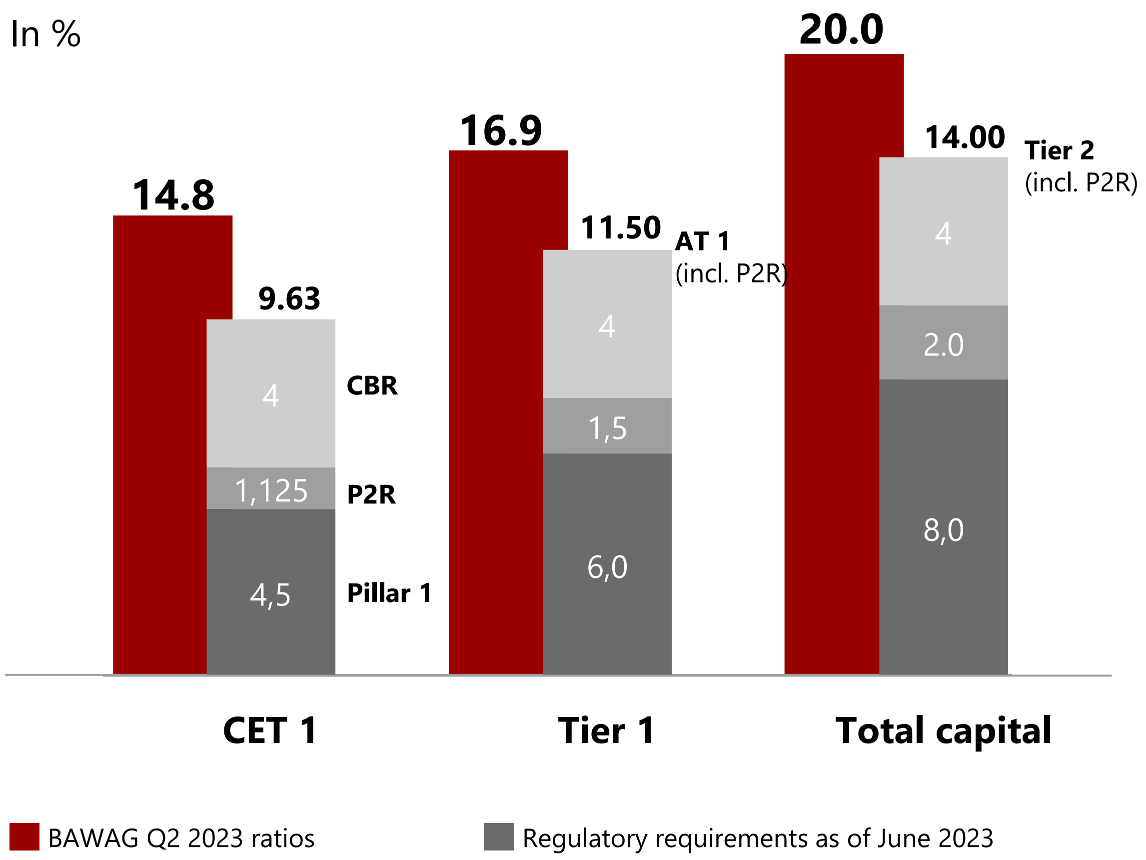
2022 issuance

- €4.0b covered bonds
- €0.3b senior preferred of which €300m Green bonds

2023 issuance year to date

- €2.1b covered bonds
- €0.5b senior preferred of which €500m Green bonds

STRONG CAPITAL POSITION



P2R 2.00%

- 1.125% of P2R is to be met with CET1 … remaining 88bps filled with AT1/T2

P2G 0.75%

Combined buffer requirement

CBR increase of 25 bps for 2023 and further 15bps for 2024

	2022	Jun 2023
Systemic risk buffer	0.50%	0.50%
OSII buffer	0.50%	0.75%
Countercyclical capital buffer[1)]	0.06%	0.25%
Capital conversation buffer	2.50%	2.50%

1) Based on exposure as of June 2023

2023 **OUTLOOK** AND **TARGETS**

Updated

P&L OUTLOOK

UPDATED

Net interest income FY '22: €1,021m	**>€1.2b**
Core revenues FY '22: €1,330m	**From >12% to >14% growth**
Operating expenses FY '22: €475m	**~2% increase**
Risk cost ratio FY '22: 19bps (underlying)	**20-25bps**

2023 FINANCIAL TARGETS

UPDATED

Profit before tax	**From >€825m to >€875m**
Earnings per share	**From >€7.50 to >€8.20**
Dividend per share	**From >€4.10 to >€4.50**

2023 & BEYOND RETURN TARGETS

Return on tangible common equity	**>20%**
Cost-income ratio	**<34%**

AGENDA

BAWAG GROUP

Multi-brand and multi-channel commercial bank

WE ARE …

… a multi-brand and multi-channel bank
… with a history dating back to 1883 in Austria
… focusing on mass retail business in the DACH/NL region
… with 2.1 million customers

WHAT WE STAND FOR

We aim to provide our customers with simple, transparent, and affordable financial products and services they need and that promote their financial health.

Focus on simplification, standardization, transparency and ease-of-use for the benefit of customers

OUR STRATEGIC PILLARS

1. Growth in core markets focused on serving our customers
2. Efficiency through operational excellence
3. Safe and secure risk profile

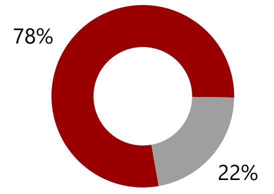
PRODUCT OFFERING ALIGNED TO CUSTOMER NEEDS

- Current accounts, Credit cards
- Lending
- Leasing and Factoring
- Savings products (Deposits)
- Investments
- Insurance

A RETAIL-FOCUSED BANK

Core revenues, FY 2022

- Retail & SME
- Corporates, Real Estate & Public Sector

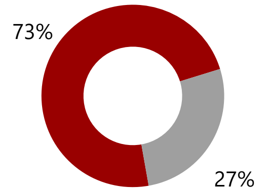


FOCUS ON DEVELOPED AND MATURE MARKETS

Customer assets, FY 2022*

- DACH/NL
- Western Europe & United States

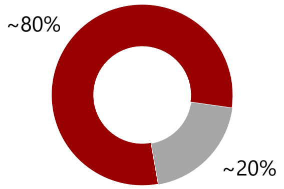
*No exposure to Russia, Ukraine, limited CEE exposure



FOCUS ON SECURED LENDING

Customer assets, FY 2022

- Secured and Public Sector lending
- Unsecured



SOLID FUNDING PROFILE

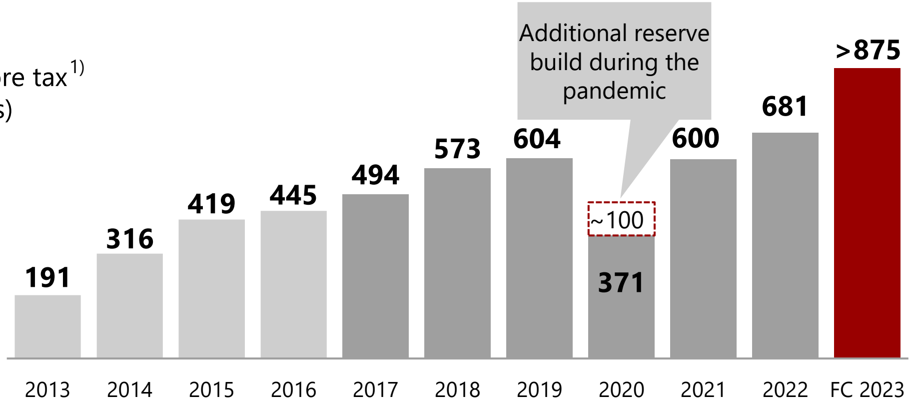
A1
Moody's issuer rating with positive outlook

>90%
retail and public sector deposits

CONSISTENTLY DELIVERING RESULTS

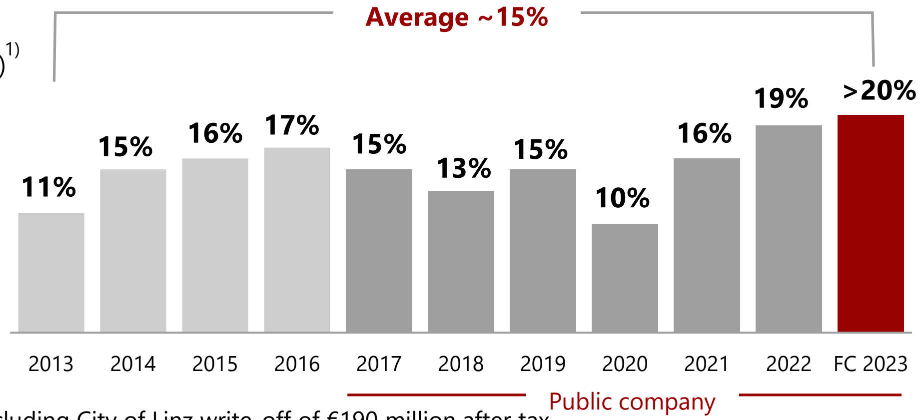
Focus on executing on our core principles

Profit before tax[1)]
(€ millions)



% of core revenues *75% — 95% — 93% — 96% — 90% — 96% — 94% - 100% - 99% -100% -100%*

RoTCE (%)[1)]



1) 2022 excluding City of Linz write-off of €190 million after tax

FOCUS ON ...

- ➔ DACH/NL and Western Europe/US with Austria as our foundation
- ➔ Core businesses and core products
- ➔ Developing our franchise through long-term investments
- ➔ Simplification of the group and transparency
- ➔ Disciplined and conservative risk management
- ➔ Maintaining a fortress balance sheet

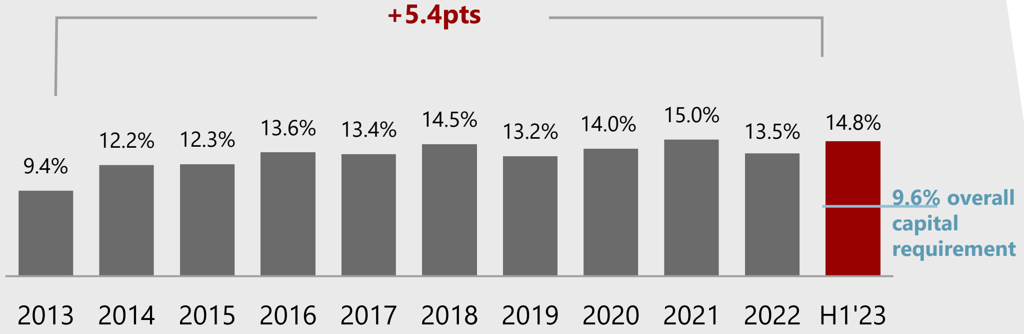
Focus on long-term sustainable and profitable growth and value generation for all our stakeholders

WHY IT IS IMPORTANT TO HAVE A PROFITABLE FRANCHISE

Our profitability allows us to support all our stakeholders

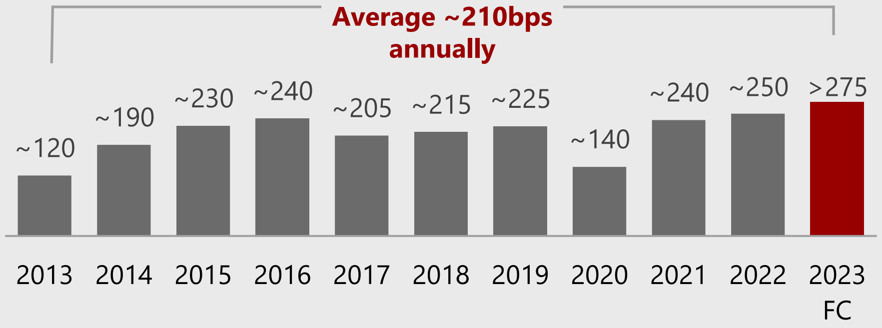
SOLID CAPITAL POSITION

CET1 ratio (in %)



STRONG CAPITAL GENERATION

Gross capital generation (in bps)



ALLOWING US TO SUPPORT ALL OF OUR STAKEHOLDERS…

1 **EXTENDING CREDIT TO CUSTOMERS & GROWING FRANCHISE**

\+

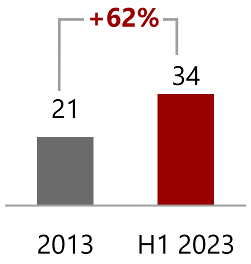
2 **MAKING SUBSTANTIAL LONG-TERM INVESTMENTS IN OUR FRANCHISE … PEOPLE, TECHNOLOGY & FOOTPRINT**

\+

3 **REWARDING OUR SHAREHOLDERS THROUGH CAPITAL DISTRIBUTIONS**

CUSTOMER LOANS +62% since 2013

Customer loans, in € billion



extended
€68 billion
credit to customers 1)

~€600 million
accumulated investment in technology and branches1)

>€2 billion
capital distributed via dividends and share buybacks since IPO

1) Reference period of 2012 – 2022

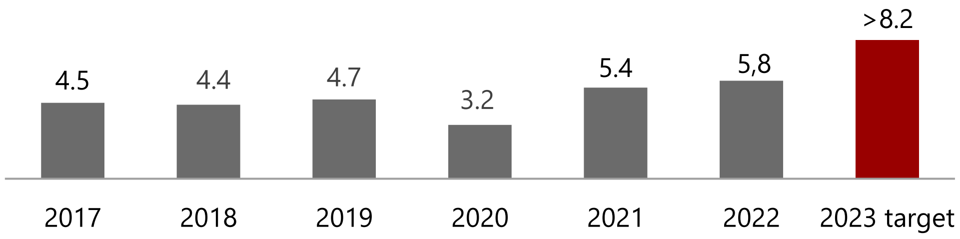
OUR PERFORMANCE SINCE IPO

Track record

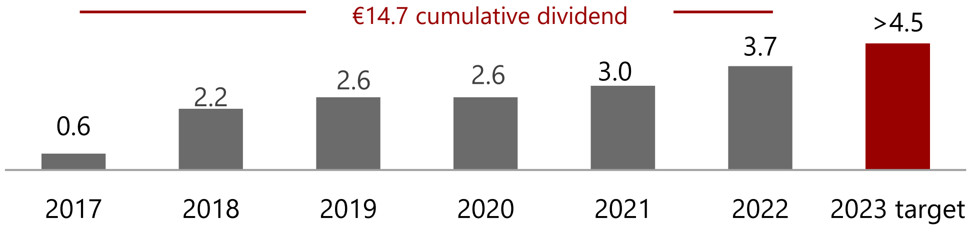
in € millions	2017	2018	2019	2020	2021	2022
Net income	449	437	459	285	480	509
Dividends (for financial year)	58	215	230*	230	267	305
Capital distribution (cumulative)	58	673	903	1,133	1,725	2,030
Diluted # of shares outstanding (average, in million)	100.0	99.6	97.9	89.1	89.1	82.5

* Distributed in 2021 due to ECB dividend ban related to the pandemic in 2020
2022 excluding City of Linz write-off of €190m after tax

Earnings per share
(in €)

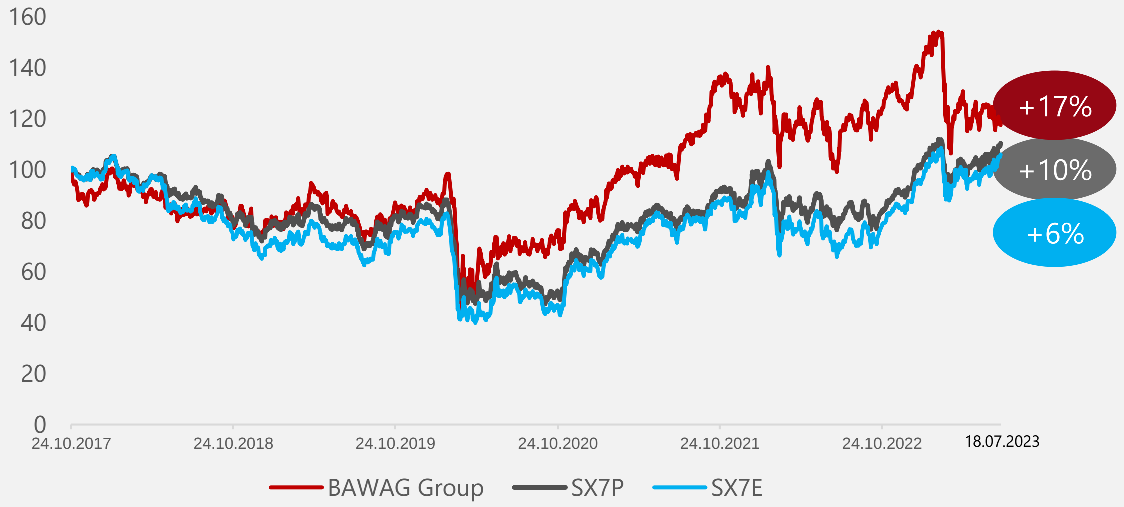


Dividends per share
(in €, for financial year)

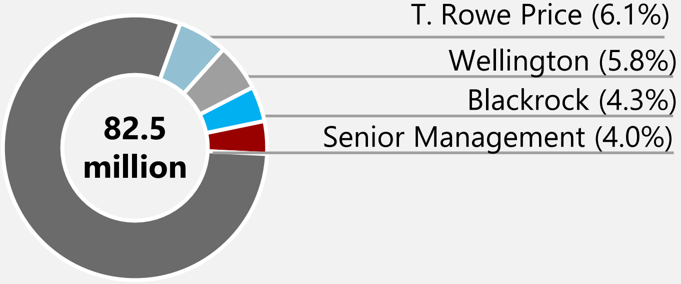


Total shareholder return since IPO

Indexed as of 24 October 2017;
as of 18 July 2023



Shareholder structure



CONSISTENT EXECUTION OF OUR STRATEGY SINCE 2013

ESG underpins our strategy driving responsible, sustainable and profitable growth

1 GROWTH IN CORE MARKETS FOCUSED ON SERVING OUR CUSTOMERS

Core markets: Austria as our foundation with niche presence in Germany, Switzerland, Netherlands, Western Europe and USA

- Criteria for core market growth: Fiscal position (single A or better sovereign rating), legal infrastructure, and political environment
- Remaining niche and focused player in markets outside of Austria
- 24/7 banking access through multi-channel and multi-brand commercial banking platform
- Customer value proposition: "Providing simple, transparent and affordable financial products and services our customers need"

2 EFFICIENCY THROUGH OPERATIONAL EXCELLENCE

Our DNA is to focus on the things we can control

- Investing in long-term strategic initiatives yielding sustainable productivity gains and transforming the franchise
- Focusing on simple and straightforward core products and servicing that benefit our customers
- Centralizing Technology, Data & Operations platform "TechOps"… Owning technology & infrastructure … In-sourcing TechOps
- Simplified group structure and therefore reducing management layers, hierarchy, and bureaucracy

3 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 underwriting in markets we understand with focus on secured lending
- Proactively manage non-financial risks … no capital markets business, no trading activities, no exposure to high-risk AML countries

GROWTH IN OUR CORE MARKETS FOCUSING ON CUSTOMERS

Franchise geared to long-term sustainable and profitable growth with Austria as our core

	2013	H1 '23
Customer-related		
Core markets	1 (Austria)	1+6
# of customers	1.6 million	2.1 million
Retail & SME core products	5	9
Retail Assets under Management	€6.2 billion	€13.8 billion
Financials		
Customer loans	€21 billion	€34 billion
Customer deposits	€22 billion	€33 billion
% of retail deposits	~80%	~80%
of which insured	~70%	~80%

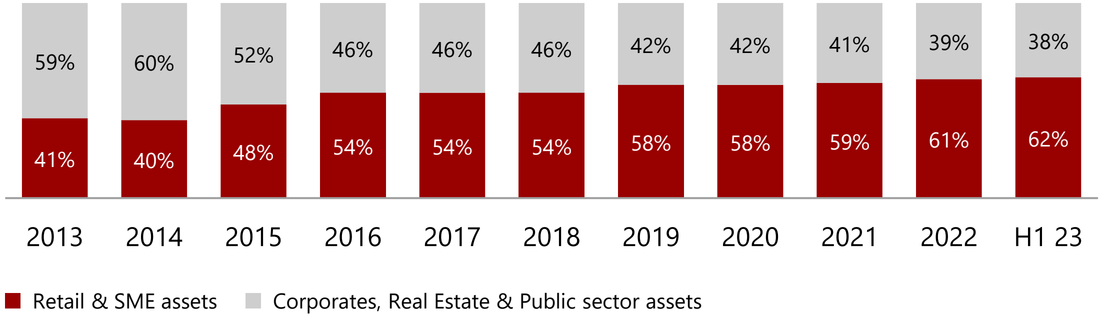
AUSTRIA AS OUR FOUNDATION (market share)

	2013	June'23	Change
Housing loans	2.8%	5.6%	**+2.8pts**
Consumer loans	8.2%	12.7%	**+4.5pts**
Credit cards (TX volume)	8%	21%	**+13pts**
Car leasing	4.5%	8.4%	**+3.9pts**
Retail household deposits	8.9%	8.4%	**(0.5pts)**

GROWTH IN OUR CORE MARKETS FOCUSING ON CUSTOMERS

Focusing on core products and core markets

INCREASING SHARE OF RETAIL BUSINESS FROM ~41% to ~62%



MULTI-BRAND AND MULTI-CHANNEL RETAIL APPROACH

Austria
- BAWAG – *Full product suite*
- PayLife – *Credit cards*
- start bausparkasse – *Building society*
- easybank – *Full product suite*
- easyleasing – *Car leasing*

Germany
- SÜDWESTBANK – *Universal bank*
- start bausparkasse – *Building society*
- BFL – *leasing*
- Qlick – *Consumer loans*
- Health AG – *Health factoring*

Switzerland
- Zahnärztekasse AG – *Health factoring*

Netherlands
- HYPO TRUST – VRIJ LEVEN HYPOTHEEK

Ireland
- MoCo – Making mortgages easier

USA
- IDAHO FIRST BANK (pending regulatory approval)

FOCUS ON RETAIL BUSINESS (assets in € billions)

	2013	H1 '23	Change
Retail & SME	**€9.4**	**€22.0**	**+134%**
Housing loans	€6.5	€15.6	+140%
Consumer & SME	€2.9	€6.4	+119%
Corporates, Real Estate & Public Sector	**€13.6**	**€13.7**	**+1%**
% of secured lending	65%	77%	+12pts

EFFICIENCY THROUGH OPERATIONAL EXCELLENCE

Making significant long-term investments that have fundamentally transformed the franchise

What we did …

WE TRANSFORMED

… from a transactional to advisory retail bank

WE DIGITIZED & MODERNIZED

… our products, customer journeys and how we work

WE SIMPLIFIED

… workflows, processes and decision-making

WE DIVESTED

… from non-core businesses and products

How we did it …

- ✓ ~€600m investment in technology and branches
- ✓ Modernization of branch network under "Concept 21"
- ✓ Invested in self-service, e-banking and mobile banking
- ✓ Shift from ~50% to >80% customer advisory

- ✓ ~90% of products digitized
- ✓ 9 total migrations … 6 decommissioned /migrated + 3 applications upgraded … consolidated 80% data centers
- ✓ Over 90% of IT staff trained in Cloud fundamentals
- ✓ Headquarters reduced from 4 to 1
- ✓ Embracing hybrid home office model

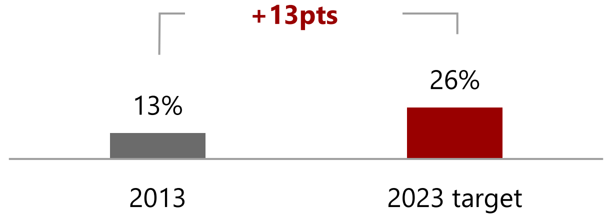
- × Exit from Austrian Post partnership … 400 postal offices
- × Exit non-core participations, business units and products not meeting risk profile
- × Reducing management layers, hierarchy and bureaucracy
- × Merged banking entities and simplified group structure

~€600 million

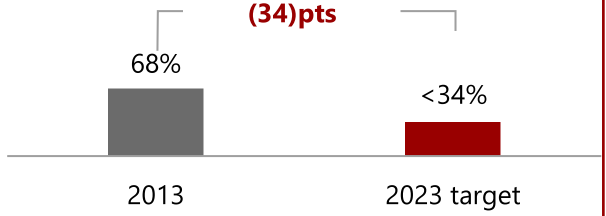
accumulated investment in technology and branches (2012 – 2022)

Annual technology spend

% share of operational expenses



SUSTAINABLE REDUCTION OF Cost/Income ratio



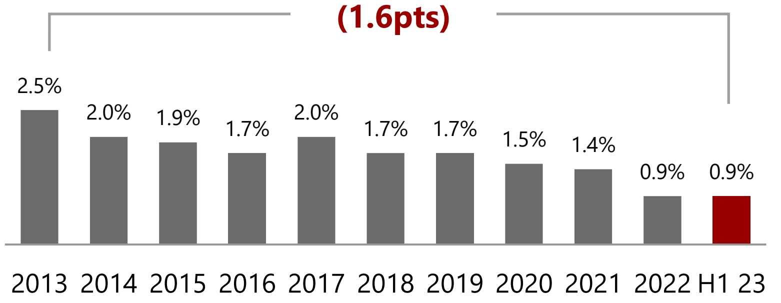
EFFICIENCY

SAFE & SECURE RISK PROFILE

Strong asset quality and low leverage

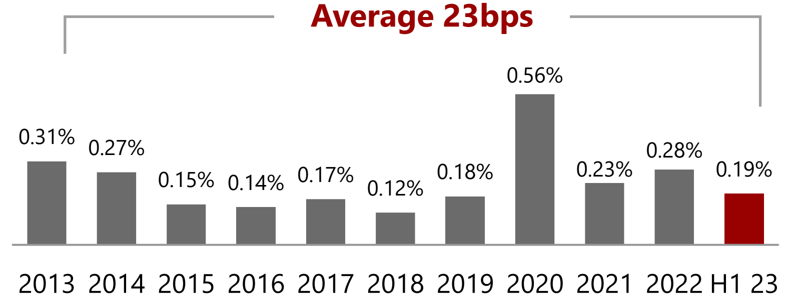
HIGH ASSET QUALITY

NPL ratio

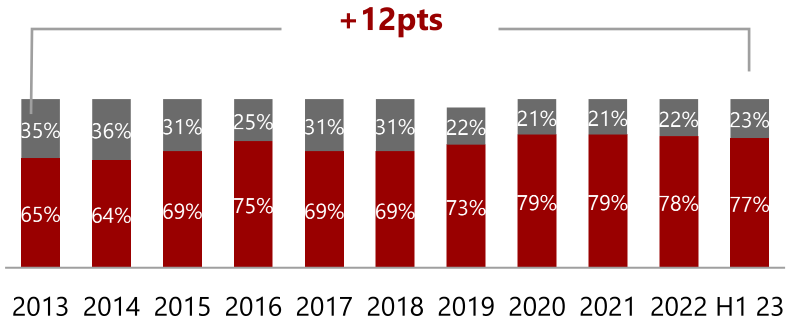


... LEADS TO LOW RISK COSTS

Risk cost ratio

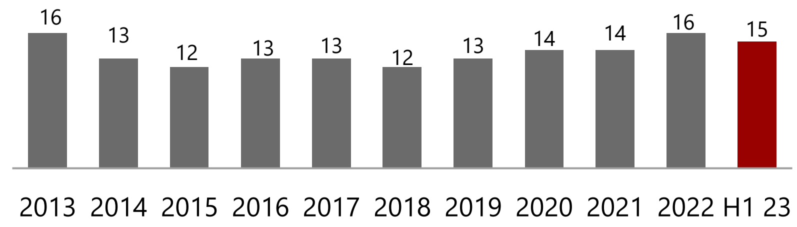


FOCUS ON SECURED LENDING ...



LOW BALANCE SHEET LEVERAGE

Total assets / Shareholder equity



GENERAL PRINCIPLES

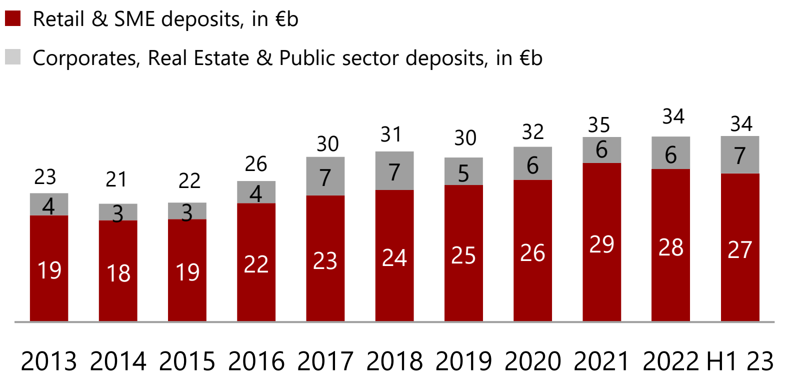
- ✓ Focus on DACH/NL and Western Europe/US
- ✓ Focus on secured lending
- ✓ Conservative credit risk profile
- ✓ Never compromise on credit risk for volume or return growth
- ✓ Hedged interest rate risk
- ✓ Securities portfolio 100% Investment grade

- × No exposure to Russia/Ukraine
- × Limited exposure to CEE
- × No customer derivatives
- × No mezzanine financing
- × No capital markets business
- × No trading book
- × Low exposure to high-emitting sectors
- × No exposure to high-risk AML countries
- × No market risk RWA

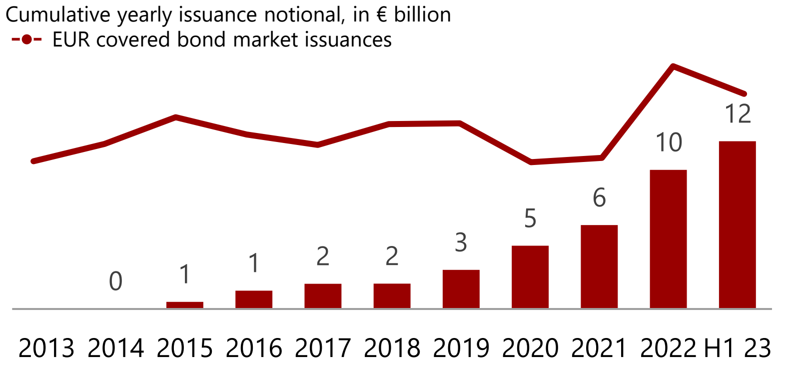
SAFE & SECURE RISK PROFILE

Maintaining a robust customer funding stack

CONTINUOUS INCREASE OF DEPOSIT BASE

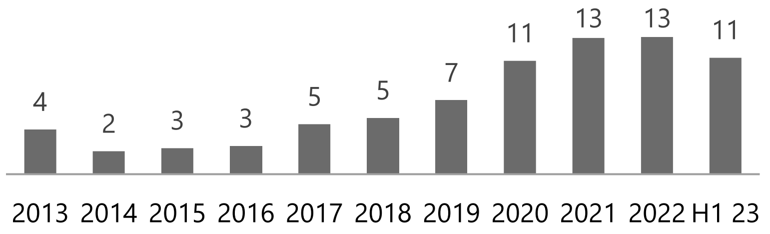


FREQUENT COVERED BOND ISSUER SINCE 2019

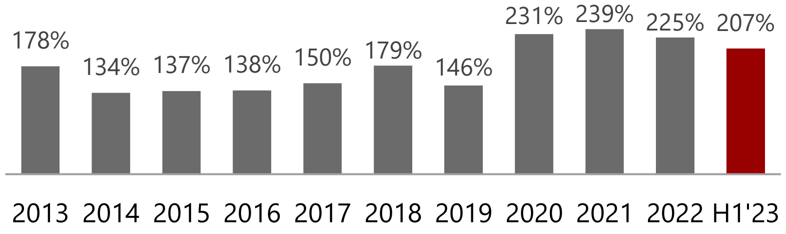


CASH POSITION

Cash & cash equivalents (in € billion)



LIQUIDITY COVERAGE RATIO



GENERAL PRINCIPLES

FOCUS ON QUALITY DEPOSITS

- ✓ 90% from Austrian market … average deposit size €12k
- ✓ ~80% of retail deposits insured
- ✓ Avg. retail customer relationship ~18 years
- ✓ Maintained 8-9% market share over the past decade
- ✓ No material deposit contribution from M&A since 2018

FOCUS ON MATCHED FUNDING

- ✓ Improved matched funding thru long-term covered bonds matching mortgage loans
- ✓ Issued >€10 billion Aaa rated covered bonds since 2019, with average time to maturity of ~9 years and spread of +11bps over mid-swaps

ACCESS TO CAPITAL MARKET

- ✓ Senior unsecured rating of A1 (positive outlook) by Moody's
- ✓ Addressed MREL & Capital instruments

- × Avoid funding concentration
- × No brokered deposits

VALUE CREATION FOR OUR STAKEHOLDERS

Sustainable value creation is at the core of our decision-making

CUSTOMERS

We want to be a reliable partner for our customers.

- We provide simple, transparent and affordable financial products
- We focus on high quality and high-touch advisory banking
- We enhance transactional banking with digital capabilities

- We extended €68 billion credit to customers over the past decade
- We did not charge negative interest rates to our retail clients
- We provided support to customers during pandemic

EMPLOYEES

We want to develop our employees, promote diversity, meritocracy and ownership.

- We focus on being an attractive employer
- We focus on diversity … >50 nationalities … 55% female workforce
- We focus on building culture and celebrating success
- We embed an ownership mentality … employee stock grants and matching programs
- We focus on retaining and attracting top talent … senior leadership team average 14 years working together … 29% female quota

BAWAG Group

INVESTORS

We want to create financial value for our investors by generating and distributing economic value.

- We aim to be good stewards of capital
- We self-funded organic growth and 7 bolt-on acquisitions
- We delivered "TSR" of +17% since IPO
- We will have distributed/earmarked ~€2.6 billion of capital since IPO by end 2023

SOCIETY

We want to play an integral role in the markets we are operating and support our communities.

- We emphasize social programs focused on underserved communities
- >100 days corporate volunteering
- Our branches reflect our local communities

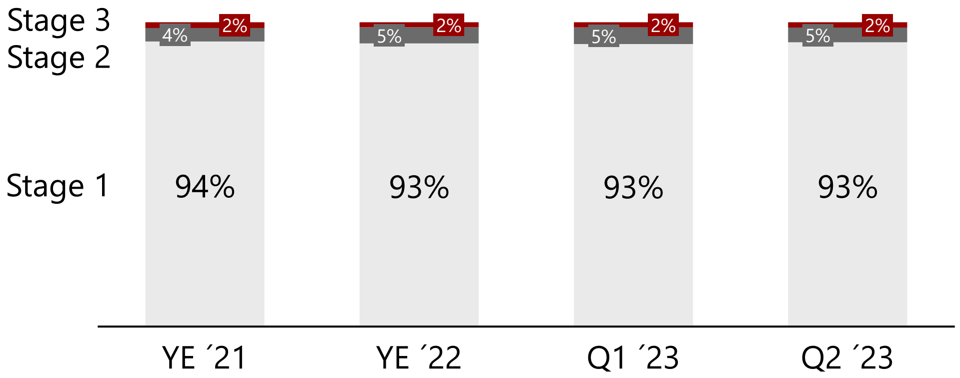
As part of a continuous improvement culture, we will work to capture the voices of all stakeholders

AGENDA

DETAILS ON RESERVES

Continuing to remain prudent in current environment

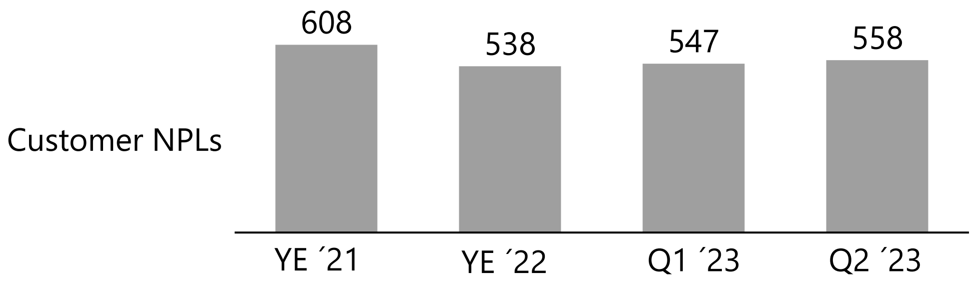
IFRS 9 MIGRATION – CUSTOMER SEGMENT ASSETS



ECLs (STAGE 1&2) AND SPECIFIC RESERVES (STAGE 3) in € million

	YE ´20	YE ´21	YE ´22	Q2 ´23
Stage 1	67	37	47	43
Stage 2	64	102	133	143
Stage 3	271	276	263	272
Total Reserves	**402**	**414**	**442**	**458**
Total Reserves Ratio %	**1.42**	**1.34**	**1.37**	**1.46**

NON-PERFORMING STAGE 3 LOANS, IN € million



	YE ´21	YE ´22	Q1 ´23	Q2 ´23
NPL ratio (%)	1.0%	0.9%	0.9%	0.9%
NPL cash coverage ratio (%)	46%	52%	52%	53%

KEY DEVELOPMENTS

Customer asset NPLs slightly up vs YE … total reserves up 3.6%

NPL ratio at 0.9% … cash coverage slightly higher in Q2 ’23 at 53%

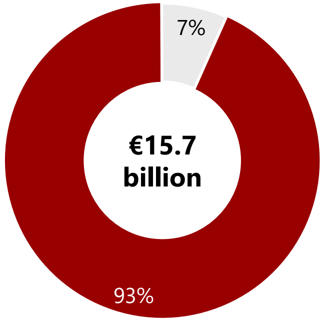
Stage 1/2/3 asset split stable to previous quarter, still in line with pre-covid levels

Total reserves of €458m… reserve ratio at 1.5%

Total ECL €186m, of which €100m (54%) comprised of management overlay … equal ~1x annual risk costs

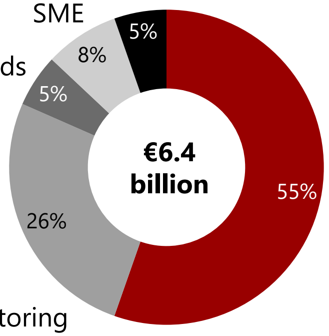
RETAIL & SME

HOUSING LOANS



- 24% state or insurance guaranteed
- Weighted average LTV <60% (non-guaranteed loans)
- Weighted average LTV at origination below 70% since 2020
- De minimis historical losses
- Significant affordability buffer and customer equity in established markets at underwriting

CONSUMER & SME



- Consumer Loans: loss rates continue to track below pre-pandemic levels (AT)
- Finance leasing/Factoring: Primarily cars, movables
- New business subdued as credit tightening remains in place, cost inflation adjustments for all new underwriting
- Delinquencies remain stable

RISK MANAGEMENT FRAMEWORK

Credit box tightened through 2022 to account for high inflation impacting customer ability to pay

Inflationary pressure expected to ease through 2023

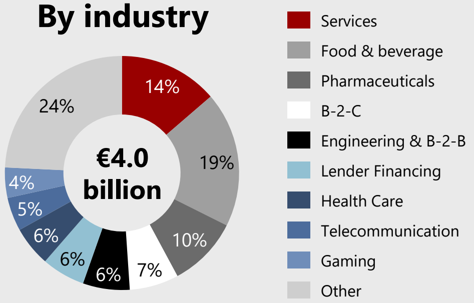
Rising interest rates have had very limited impact on delinquencies to date … 66% of housing portfolio is fixed rate

Government support measures taken in core markets to address increased energy prices

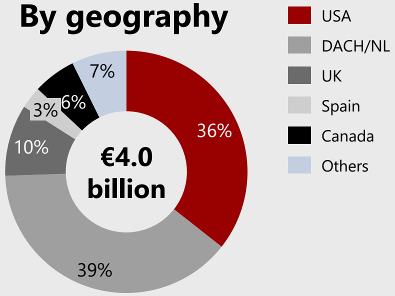
CORPORATES, REAL ESTATE & PUBLIC SECTOR

CORPORATES[1)]

By industry



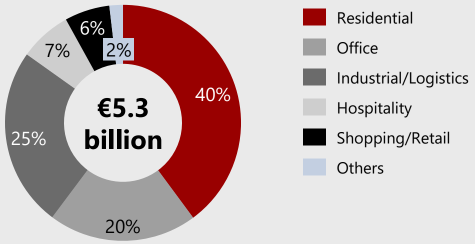
By geography



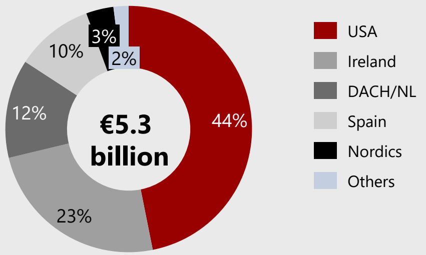
- Portfolio average net leverage <4.0x,
- 100% senior lending
- NPL ratio 1.2%
- DACH/NL 39% exposure
- No exposure to Russia and Ukraine

REAL ESTATE

By underlying



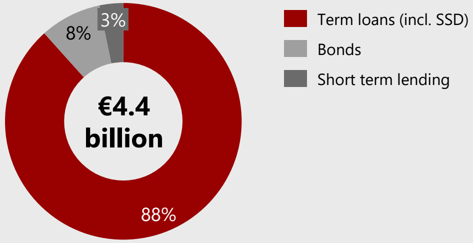
By geography



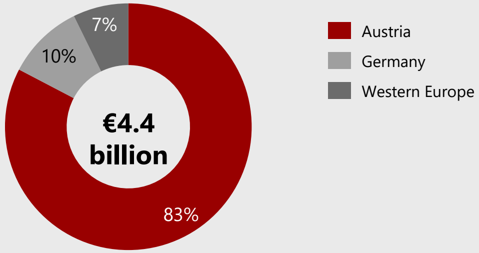
- Weighted average portfolio LTV <60%
- NPL ratio 0.9%
- ~64% total portfolio backed by residential, industrial and logistics assets

PUBLIC SECTOR[1)]

By funding & type



By geography

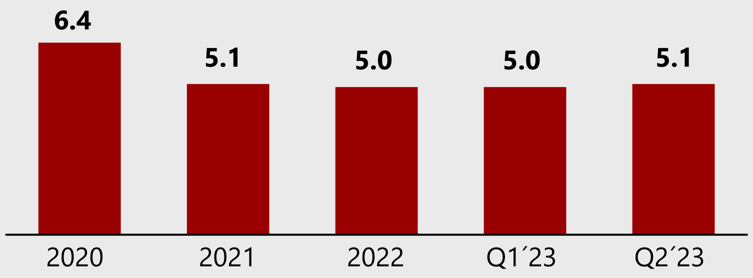


- Portfolio comprised of ~60% AAA or AA entities
- No non-performing loans

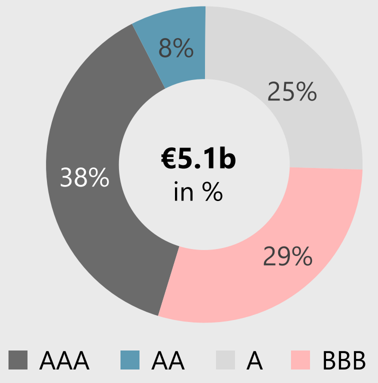
1) Includes short-term lending/money market of €210 million, of which €67 million in Corporates and €143 million in Public Sector

INVESTMENT BOOK AND CASH

€ billion



% of interest-bearing assets	2020	2021	2022	Q1´23	Q2´23
	16%	12%	12%	12%	12%



PORTFOLIO DEVELOPMENT

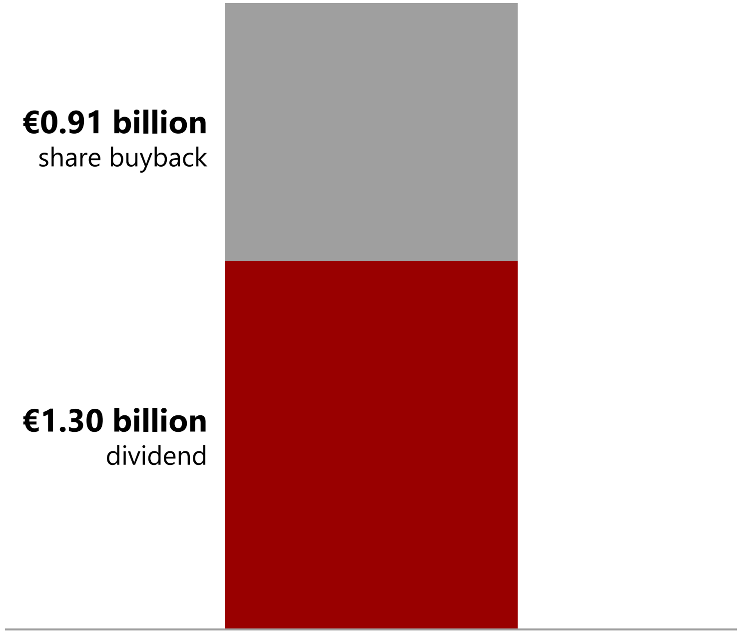
- Portfolio increase during COVID period (2020) when market volatility presented very attractive risk-adjusted returns
- Portfolio deleveraging post-2020… a period defined by excess liquidity, negative interest rates and tight credit spreads
- We have been underinvested in our securities portfolio over the past few years … conscious decision to stay on the sidelines as we did not see attractive risk-adjusted returns

Q2 ´23 OVERVIEW

- Portfolio comprised ~300 positions, average size ~€17m, weighted average life (WAL) of ~3.6 years
- 100% portfolio investment grade, with 70% A or higher … ~90% EUR denominated positions
- Interest-rate risk almost fully hedged (<1% unrealized loss)

CAPITAL DISTRIBUTIONS & FRAMEWORK

>€2.2b
capital earmarked*/returned to shareholders since IPO in 2017



CAPITAL MANAGEMENT FRAMEWORK

	1 DIVIDEND POLICY	2 EXCESS CAPITAL MANAGEMENT	3 EXCESS CAPITAL DISTRIBUTION
	55% payout (net profit)	Organic growth, M&A, minority and/or platform investments	Share buybacks and/ or special dividends
Since IPO in 2017	**€1.30 billion distributed**	**7 M&A transactions completed**	**€0.9 billion returned via share buybacks (incl. €175 million planned in 2023)**
2023 outlook	**>€4.50 DPS target**	Closing of Peak Bancorp (Idaho First Bank) subject to regulatory approval … ongoing assessment of other M&A opportunities	**€505 million excess capital or €330 million after planned share buyback in 2023 of €175 million** (subject to regulatory approval)

1) Includes €175m planned share buyback in 2023, not including 2023 dividend accrual

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DEFINITIONS

Adjusted
Excluding the write-off of the City of Linz receivable

B/S leverage
Total assets/common equity

Book value per share
Common equity (excluding AT1 capital, dividends and buyback of €325m (1.1.2022))/number of shares outstanding

Common Equity Tier 1 capital (CET1)
Including interim profit and deducting earmarked dividends and 2022 buyback of €325m (1.1.2022)

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 Deposits
Deposits to customers including own issues sold through retail network, average based on daily figures

Customer Funding
Deposits to customers, covered bonds (public sector and mortgage) and senior bonds sold through the retail network, average based on daily figures

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 and buyback of €325m (1.1.2022)

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

FL … Fully-loaded

Leverage ratio
Tier 1 capital (including interim profit, dividend accruals, buyback of €325m (1.1.2022)/total exposure (CRR definition)

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

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

NPL ratio
NPL exposure (economic)/exposure

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

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

Return on common equity (RoCE)
Net profit/average IFRS common equity and deducted dividend accruals and buyback of €325m (1.1.2022)

Return on tangible common equity (RoTCE)
Net profit/average IFRS tangible common equity and deducted dividend accruals and buyback of €325m (1.1.2022)

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

Tangible book value/share
Common equity reduced by the carrying amount of intangible assets/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

<u>Definitions for specific pages:</u>

Page 21: Source for TSR development: Bloomberg/Stoxx
Shareholder structure based on latest major shareholding notifications

Page 23: Car leasing only FY 2022 market data available and for credit card TX volume only Q1'23 available
references to BAWAG June '23 figures and OeNB market data May '23
Housing loans excluding FX loans

Page 26: Risk cost ratio for 2022 excluding City of Linz

Page 28: Capital distribution including already paid dividends and executed buybacks, planned buyback of €175 million for 2023 and 2023 dividend accrual based on dividend policy

Page 30: Customer NPLs and NPL related data excludes City of Linz at YE '21