BAWAG GROUP REPORTS NET PROFIT OF € 61 MILLION, OR € 0.69 PER SHARE

- **Net profit of € 61 million, EPS of € 0.69 and RoTCE of 9.1%**
- **Net profit of € 81 million and RoTCE of 11.9% after normalizing front-loaded regulatory charges**
- **Q1 2020 includes incremental reserve build-up of approximately € 25 million related to COVID-19 effects**
- **Pre-provision profit of € 171 million broadly in line with prior year and cost-income ratio of 42.3%**
- **Fully loaded CET1 ratio of 12.7%**
- **Mid-term targets of RoTCE > 15% and CIR < 40%**

VIENNA, Austria – April 27, 2020 – BAWAG Group today released its first quarter 2020 results, reporting a net profit of € 61 million, earnings per share of € 0.69 and a RoTCE of 9.1%. Normalizing for the front-loaded regulatory charges, net profit was € 81 million with an RoTCE of 11.9%.

Since early March, when the World Health Organization (WHO) characterized the outbreak of the COVID-19 as a global pandemic, we have witnessed unprecedented market volatility and uncertainty not seen since the financial crisis. Despite this, the underlying operating performance of the business remained strong in the first quarter with pre-provision profits of € 171 million and a cost-income ratio of 42.3%. To address the deteriorating macroeconomic environment as well prudently provision against the observed build-up of customer payment deferrals due to COVID-19, an incremental general reserve of € 25 million was posted in the first quarter 2020, leading to total risk costs of € 55 million. The bank's capital position remained strong, with a fully loaded CET1 ratio of 12.7%. The Bank continues to deduct the full year 2019 and first quarter 2020 dividends from capital and will wait for further guidance from our regulators regarding capital distributions later in the year.

"Our thoughts and prayers are with all the individuals, families, healthcare workers and front-line employees most impacted by the COVID-19 crisis in our local markets and across the globe. Our company entered into the crisis from a position of strength, having transformed the business over the years to be able to withstand economic downturns. We have strong capital levels, solid funding and liquidity, and an efficient platform that was generating mid-teen returns pre-COVID-19. This gives us room to play our part in supporting our customers and our local economies while protecting our franchise. During the first quarter, we demonstrated the strength of our franchise delivering a strong operating performance with pre-provision profits of € 171 million. This allowed us to be prudent and conservative in building up an incremental € 25 million general reserve to proactively address the macroeconomic deterioration and potential impact to our customers from the COVID-19 crisis. While it's too early to tell how this will all unfold, I'm confident our team will be able to navigate these unchartered waters. I could not be prouder of how the company has come together over the past two months, in particular our branch employees who represent the best of the banking community, to continue executing and delivering for our customers and communities during these challenging times", commented Chief Executive Officer **Anas Abuzaakouk**.

Delivering strong operating performance in Q1 2020 versus prior year

Core revenues increased by € 5 million, or 2%, to € 292 million. **Net interest income** rose by 3% to € 220 million reflecting growth in our core retail products as well as the acquisitions closed during the course of 2019. **Net fee and commission income** remained broadly stable at € 72 million. **Operating expenses** decreased by 1% as a result of ongoing efficiency measures. The **cost-income ratio** was stable at 42.3%. This resulted in a **pre-provision profit** of € 171 million, stable versus prior year and a reflection of the strong underlying operating performance of the business.

The first quarter 2020 also included regulatory charges of € 36 million, which represent 85% of full-year-charges that are required to be booked in the first quarter.

Risk costs were € 55 million in the first quarter 2020, an increase of € 43 million, or 362% compared to Q1 2019. To address the deteriorating macroeconomic environment as well prudently provision against the observed build-up of customer payment deferrals due to COVID-19, an incremental general reserve of € 25 million was posted in the Retail & SME business. Additionally, we took a specific provision of € 10 million for an exposure in the Oil & Gas sector in our Corporates business.

BAWAG Group ended the first quarter 2020 with a fully loaded **CET1 ratio** of 12.7% (December 2019: 13.3%). This considers the earmarked 2019 dividend of € ~230 million and the Q1 '20 dividend accrual of € ~30 million. In line with the ECB recommendation regarding capital distributions being postponed until further guidance is provided prior to October 1, 2020, we have postponed the AGM to the fourth quarter 2020. This postponement will enable us to have more clarity on the consequences of COVID-19 and allow for the proper assessment of any further formal guidance or recommendations from the ECB or governmental bodies.

Customer loans increased by 2% compared to December 2019. The overall customer loan book continued to be comprised of approximately 70% exposure to the DACH region and approximately 30% exposure to Western Europe and the United States. We focus on developed markets as we believe in doing business in countries with stable legal systems, sound macroeconomic fundamentals, and solid finances. We will continue to maintain our conservative risk appetite and focus on our core markets.

Our goal was, and will always be, maintaining a strong balance sheet, solid capitalization levels and conservative underwriting, a cornerstone of how we run the Bank. The NPL ratio stood at 1.6% (excluding the City of Linz case: 1.1%), representing the historically low NPL levels pre-COVID-19. Over two-thirds of the balance sheet is funded via customer deposits and if capital markets remain volatile, there are no funding requirements in 2020. Furthermore, the Bank has a short-term liquidity buffer of € 7.3 billion as of March 2020, including other marketable securities, the buffer increases to € 9.6 billion.

Dealing with an unprecedented crisis

In dealing with an unprecedented crisis we have established measures to take care of our employees, to support our customers and local communities, and protect our franchise.

Employees: Near the end of February, we established a task force which evaluated the developments of the spread of COVID-19 and related measures on an ongoing basis. As a result, over 75% of our employees are working from home without any issues. While no one could plan for such a situation, the infrastructure was prepared for extended home office work, in terms of equipment, applications and flexible working arrangements agreed in partnership with our workers council.

Customers & local communities: 100% of our branches have remained open during this crisis without any changes in servicing hours, while enhancing our safety standards and protocols. At the same time, we enhanced our services for risk groups, our online functionalities, established new online processes for e.g. payment holiday, in order to reduce branch visits to a minimum. We proactively reached out to customers to inform them of the various stimulus packages implemented by the Austrian and German government as well as supporting them through "take care" calls from our sales force and enhanced support from our call center and collections teams.

We want to play our role in supporting the real economy in Austria, Germany, Switzerland and other markets we operate in. Before the pandemic, the DACH region had strong macro fundamentals with an annual GDP of € 4.5 trillion and an average unemployment rate of less than 4%. The governments in the region committed to support the economy and have put in place extensive stimulus packages and support measures, demonstrating their fiscal strength and capabilities. We see our role in proactively informing our customers, providing transparency and ensuring the resources can be picked up quickly by the ones who need them most.

"Across our Austrian franchise, our utmost priority is to support our customers in such an unprecedented situation and respond real-time to their needs. Our investments over the last years in our digital capabilities and multi-channel banking services made it possible to adjust quickly our processes and enhance our online functionalities to adapt to the new environment ensuring to protect the health of our customers and employees. A special thanks to our branch employees, who ensured that 100% of our branches are open, for their untiring commitment that service and financial security for our customers is guaranteed. In addition, our customer service center also managed large call volumes from the onset and made "Customer Care" out-reach calls throughout the restriction period to discuss financial needs, e-capabilities and options for servicing," commented **David O'Leary**, member of the Managing Board of BAWAG Group and responsible for Retail & SME in Austria.

Furthermore, in the light of the current environment and the hardships faced by many, the Managing Board waived any potential bonuses for 2020, in addition to having already waived all bonuses for 2019. A special rewards-program for front-line employees working in the branches has been instituted.

Customer Business performance in Q1 2020 versus Q1 2019

Segment	PBT (in € million)	Net profit (in € million)	RoTCE	Cost-income ratio
Retail & SME	75 / (10%)	56 / (10%)	18.3%	38.8%
Corporates & Public	31 / (34%)	23 / (34%)	11.1%	30.1%

Retail & SME delivered a profit before tax of € 75 million, down 10% versus the first quarter 2019. The decrease relates to an increase in risk costs, as a general reserve of approximately € 25 million was taken to address COVID-19-related effects. Pre-provision profit increased to € 142 million, up 17% compared to the prior year, reflecting primarily an increase in net interest income. While responding real-time to the changed customer needs during the pandemic, we continued executing on our business initiatives. During the first quarter, easybank was merged in BAWAG P.S.K. While the brand easybank will remain and there is no change for customers, this will bring efficiencies in processes and product offerings. In Germany, we continued the centralization of middle-and-back-office activities. The integration of the businesses acquired in 2019 is complete and the focus will now be on growth and profitability initiatives.

Corporates & Public contributed a profit before tax of € 31 million in the first quarter 2020, down 34% versus the previous year quarter. In the first quarter 2020 risk costs were € 12 million, primarily related to the booking of a specific reserve of € 10 million for an exposure in the Oil & Gas sector. We see good opportunities across asset backed lending transactions. Pricing levels have widened for both new issue and secondary transactions, however, transaction levels have reduced as the market adjusts to the current environment.

Outlook and targets

The outbreak of COVID-19 has triggered varying responses, and at varying speeds, from governments across the globe. It is important to note that this is, first and foremost, a healthcare crisis afflicting the global community. A great deal depends on the effectiveness of the public health, fiscal, monetary and regulatory measures that have been put in place. Given the fluid nature of events and the uncertainties in both scope and length, this may result in an overall challenged and volatile market environment over the coming months.

In light of these uncertainties, the Managing Board of BAWAG Group has decided to withdraw the previously communicated 2020 targets. Forecasting any concrete targets this year would be unreliable given the market uncertainty and deterioration in the macroeconomic environment.

Given the strategic focus, strength of the franchise, and transformation that has taken place over the years, the Managing Board also commits to medium-term targets of a return on tangible common equity >15% and cost-income ratio <40% in a normalized environment.

In light of the ECB recommendation of 27 March 2020, we have decided to postpone our Annual General Meeting, initially scheduled for May 4, 2020, to the fourth quarter 2020. This postponement will enable us to have more clarity on the consequences of the coronavirus and allow for the proper assessment of any further formal guidance or recommendations from the ECB or governmental bodies.

Furthermore, our Capital Markets Day will be postponed to the H1 2021.

About BAWAG Group

BAWAG Group AG is the listed holding company of BAWAG P.S.K., which is headquartered in Vienna, Austria, with the main brands and subsidiaries easybank, easyleasing and start:bausparkasse in Austria. In Germany, Bawag Group operates under the Südwestbank, BFL Leasing GmbH, Health Coevo AG and start:bausparkasse brands and subsidiaries with Zahnärztekasse AG in Switzerland as well. With 2.5 million customers, BAWAG P.S.K. is one of Austria's largest banks operating under a well-recognized national brand and applies a low-risk, efficient, simple and transparent business model focused on Austria, Germany and developed markets. The Bank serves retail, small business and corporate customers offering comprehensive savings, payment, lending, leasing, investment, building society, factoring and insurance products and services through various online and offline channels. Delivering simple, transparent and best-in-class products and services that meet our customers' needs is the consistent strategy across all business units.

BAWAG Group's Investor Relations website https://www.bawaggroup.com/ir contains further information, including financial and other information for investors.

Contact:

Financial Community:
Jutta Wimmer (Head of Investor Relations)
Tel: +43 (0) 5 99 05-22474

IR Hotline: +43 (0) 5 99 05-34444
E-mail: investor.relations@bawaggroup.com

Media:
Manfred Rapolter (Head of Communications, Spokesman)
Tel: +43 (0) 5 99 05-31210
E-mail: communications@bawaggroup.com

This text can also be downloaded from our website: https://www.bawaggroup.com

Profit or loss statement

in € million	Q1 2020	Q1 2019	Change (%)	Q4 2019	Change (%)
Interest income	284.0	289.0	(1.7)	281.1	1.0
Interest expense	(64.1)	(74.8)	(14.3)	(58.3)	9.9
Dividend income	0.0	0.3	>(100)	1.2	>(100)
Net interest income	**219.9**	**214.5**	**2.5**	**223.9**	**(1.8)**
Fee and commission income	92.0	93.5	(1.6)	93.0	(1.1)
Fee and commission expenses	(20.1)	(21.0)	(4.3)	(23.0)	(12.6)
Net fee and commission income	**71.9**	**72.5**	**(0.8)**	**70.0**	**2.7**
Core revenues	**291.8**	**287.1**	**1.6**	**293.9**	**(0.7)**
Gains and losses on financial instruments and other operating income and expenses[1)]	3.8	11.2	(66.1)	20.4	(81.4)
Operating income	**295.6**	**298.3**	**(0.9)**	**314.3**	**(5.9)**
Operating expenses[1)]	**(125.0)**	**(126.4)**	**(1.1)**	**(133.9)**	**(6.6)**
Regulatory charges	(36.4)	(34.2)	6.4	(3.2)	>100
Operating profit	**134.2**	**137.7**	**(2.5)**	**177.2**	**(24.3)**
Total risk costs	(55.0)	(11.9)	>100	(25.0)	>100
Share of the profit or loss of associates accounted for using the equity method	1.3	1.2	8.3	1.6	(18.8)
Profit before tax	**80.5**	**127.0**	**(36.6)**	**153.8**	**(47.7)**
Income taxes	(19.3)	(30.2)	(36.1)	(37.4)	(48.4)
Profit after tax	**61.2**	**96.8**	**(36.8)**	**116.3**	**(47.4)**
Non-controlling interests	0.0	0.0	–	(0.2)	>100
Net profit	**61.2**	**96.8**	**(36.8)**	**116.1**	**(47.3)**

1) In accordance with IFRS, the item Other operating income and expenses also includes regulatory charges in the amount of € 35.0 million for the first quarter 2020. The item Operating expenses includes regulatory charges in the amount of € 1.4 million for the first quarter 2020 as well. However, BAWAG Group's management considers regulatory charges as a separate expense. Accordingly, they are shown in a separate expense line.

Total assets

in € million	Mar 2020	Dec 2019	Change (%)	Mar 2019	Change (%)
Cash reserves	535	1,424	(62.4)	2,342	(77.2)
Financial assets	5,573	4,724	18.0	3,826	45.7
Held for trading	364	353	3.1	368	(1.1)
Fair value through profit or loss	831	740	12.3	499	66.5
Fair value through OCI	4,378	3,631	20.6	2,959	48.0
At amortized cost	38,256	37,556	1.9	38,737	(1.2)
Customers	31,110	30,467	2.1	30,197	3.0
Debt instruments	2,051	1,369	49.8	3,354	(38.8)
Credit institutions	5,095	5,720	(10.9)	5,186	(1.8)
Valuation adjustment on interest rate risk hedged portfolios	6	5	20.0	3	100
Hedging derivatives	609	397	53.4	410	48.5
Tangible non-current assets	704	707	(0.4)	496	41.9
Intangible non-current assets	565	569	(0.7)	540	4.6
Tax assets for current taxes	14	15	(6.7)	10	40.0
Tax assets for deferred taxes	8	8	–	53	(84.9)
Other assets	240	257	(6.6)	171	40.4
Total assets	**46,510**	**45,662**	**1.9**	**46,588**	**(0.2)**

Total liabilities and equity

in € million	Mar 2020	Dec 2019	Change (%)	Mar 2019	Change (%)
Total liabilities	**42,708**	**41,834**	**2.1**	**42,483**	**0.5**
Financial liabilities	40,087	39,247	2.1	40,435	(0.9)
Fair value through profit or loss	350	369	(5.1)	527	(33.6)
Held for trading	357	334	6.9	353	1.1
At amortized cost	39,381	38,543	2.2	39,555	(0.4)
Customers	29,632	30,378	(2.5)	30,535	(3.0)
Issued securities	5,401	5,080	6.3	4,220	28.0
Credit institutions	4,348	3,085	40.9	4,800	(9.4)
Financial liabilities associated with transferred assets	875	729	20.0	155	>100
Valuation adjustment on interest rate risk hedged portfolios	366	337	8.6	272	34.6
Hedging derivatives	94	116	(19.0)	169	(44.4)
Provisions	443	480	(7.7)	471	(5.9)
Tax liabilities for current taxes	36	34	5.9	13	>100
Tax liabilities for deferred taxes	36	54	(33.3)	11	>100
Other obligations	770	838	(8.1)	957	(19.5)
Total equity	**3,802**	**3,828**	**(0.7)**	**4,105**	**(7.4)**
Common equity	3,501	3,527	(0.7)	3,806	(8.0)
AT1 capital	297	297	–	298	(0.3)
Non-controlling interests	4	4	0.0	1	>100
Total liabilities and equity	**46,510**	**45,662**	**1.9**	**46,588**	**(0.2)**

Business segment performance

Q1 2020 in € million	Retail & SME	Corporates & Public	Treasury	Corporate Center	Total
Net interest income	168.1	58.4	9.0	(15.6)	219.9
Net fee and commission income	61.8	10.7	0.0	(0.6)	71.9
Core revenues	**229.9**	**69.1**	**9.0**	**(16.2)**	**291.8**
Gains and losses on financial instruments	1.9	1.6	(7.0)	(6.7)	(10.2)
Other operating income and expenses	0.6	0.0	0.0	13.4	14.0
Operating income	**232.4**	**70.7**	**2.0**	**(9.5)**	**295.6**
Operating expenses	**(90.1)**	**(21.3)**	**(6.8)**	**(6.8)**	**(125.0)**
Regulatory charges	(25.2)	(6.5)	(4.7)	0.0	(36.4)
Total risk costs	(42.2)	(11.9)	(0.4)	(0.5)	(55.0)
Share of the profit or loss of associates accounted for using the equity method	–	–	–	1.3	1.3
Profit before tax	**74.9**	**31.0**	**(9.9)**	**(15.5)**	**80.5**
Income taxes	(18.7)	(7.7)	2.5	4.6	(19.3)
Profit after tax	**56.2**	**23.3**	**(7.4)**	**(10.9)**	**61.2**
Non-controlling interests	–	–	–	–	0.0
Net profit	**56.2**	**23.3**	**(7.4)**	**(10.9)**	**61.2**
Business volumes					
Assets	18,308	13,454	11,755	2,993	46,510
Liabilities	27,269	7,838	7,504	3,899	46,510
Risk-weighted assets	8,614	7,977	2,357	1,930	20,878

Q1 2019 in € million	Retail & SME	Corporates & Public	Treasury	Corporate Center	Total
Net interest income	147.0	64.7	11.8	(9.0)	214.5
Net fee and commission income	61.6	11.6	0.1	(0.8)	72.5
Core revenues	**208.5**	**76.3**	**11.8**	**(9.5)**	**287.1**
Gains and losses on financial instruments	0.0	0.3	7.9	1.6	9.8
Other operating income and expenses	0.4	0.0	0.0	1.0	1.4
Operating income	**208.9**	**76.6**	**19.7**	**(6.9)**	**298.3**
Operating expenses	**(87.1)**	**(27.1)**	**(9.4)**	**(2.8)**	**(126.4)**
Regulatory charges	(23.2)	(7.1)	(3.9)	0.0	(34.2)
Total risk costs	(15.2)	4.6	(0.4)	(0.9)	(11.9)
Share of the profit or loss of associates accounted for using the equity method	–	–	–	–	0.0
Profit before tax	**83.5**	**47.0**	**6.1**	**(9.6)**	**127.0**
Income taxes	(20.9)	(11.8)	(1.5)	4.0	(30.2)
Profit after tax	**62.6**	**35.3**	**4.6**	**(5.7)**	**96.8**
Non-controlling interests	–	–	–	–	0.0
Net profit	**62.6**	**35.3**	**4.6**	**(5.7)**	**96.8**
Business volumes					
Assets	16,858	13,925	11,119	4,686	46,588
Liabilities	26,859	10,081	3,263	6,385	46,588
Risk-weighted assets	7,708	8,901	1,719	2,130	20,458