

REPORT FROM THE CHAIRMAN OF THE SUPERVISORY BOARD

The Supervisory Board of BAWAG Group AG properly fulfilled all duties incumbent upon it by law, its Articles of Association and its Rules of Procedure. The Managing Board informed the Supervisory Board of all material issues in a timely and comprehensive manner either in writing or verbally. In addition to periodic meetings, the Chairmen of the Supervisory Board, the Audit and Compliance Committee and the Risk and Credit Committee discussed current business matters with the Managing Board members. Further details regarding the composition of the Supervisory Board and its committees as well as their working procedures are disclosed under Corporate Governance in this report.

SUPERVISORY BOARD

As of 31 December 2020, the Supervisory Board consisted of six members. The Supervisory Board focused on the annual financial statements and the consolidated financial statements for 2019 and discussed the appointment of the external auditor for 2021.

Other material topics which the Supervisory Board dealt with were BAWAG Group's strategy and budget, ESG-related topics, the preparation of the cross-border merger of Südwestbank into BAWAG P.S.K., the risk strategy and the mid-term plan and topics related to the board's self-evaluation and succession planning. Furthermore, the Supervisory Board was regularly updated about all relevant developments and measures in connection with the COVID-19 pandemic. It also received updates on BAWAG's multi-branded strategy in the international Retail & SME segment, priorities within the technology group (simplification and modernization) and the SREP process.

SUPERVISORY BOARD COMMITTEE MEETINGS

Audit and Compliance Committee

The Audit and Compliance Committee discussed the quarterly reports by Internal Audit and the Compliance Office as well as the 2021 audit plans of Internal Audit and of Compliance. The annual audit process for 2020 was also presented. Furthermore, regular updates on legal issues, compliance/conduct (including ethics) and AML topics were given, including updates on cybersecurity and data security and data privacy. The external auditor as well as the Head of Internal Audit attended all meetings.

Risk and Credit Committee

The Risk and Credit Committee discussed the Group Risk Report, which includes the calculation of the risk-bearing capacity and reports on credit, market and operational risk. In addition, regulatory updates (including reports on credit, market, liquidity and operational risk and complaint management) and credit risk updates in light of the COVID-19 pandemic were presented to the committee.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee approved amendments of the remuneration policy pursuant to the Austrian Banking Act and also prepared the remuneration policies for the Supervisory Board and the Managing Board pursuant to the Austrian Stock Corporation Act, which were presented and ultimately approved by the General Meeting. In addition, the annual Fit & Proper assessment of the Supervisory Board and the Managing Board members was performed. The Committee also dealt with BAWAG's organizational structure and succession planning topics.

All committees also reported their discussions and decisions to the entire Supervisory Board.

ANNUAL FINANCIAL STATEMENTS

The annual financial statements and the consolidated annual financial statements for 2020 were audited by KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungs-gesellschaft headquartered in Vienna. The audit revealed no reason for objections. The legal regulations were complied with in full, and an unqualified auditor's opinion was issued. After an in-depth discussion, the Supervisory Board approved and adopted the annual financial statements in accordance with Section 96 Para 4 Stock Corporation Act. In addition, the Supervisory Board reviewed the separate consolidated non-financial report. The consolidated financial statements were noted by the Supervisory Board.

In conclusion, I would like to express my sincere thanks to the Managing Board as well as all employees within BAWAG Group on behalf of the entire Supervisory Board for their performance and sustained commitment in 2020.

March 2021

Egbert Fleischer
Chairman of the Supervisory Board of BAWAG Group AG