

**BAWAG Group**  
**INVESTOR DAY**  
20 September 2021

# Our Agenda

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**1 Business overview**

**2** Financials update

**3** Business units update

**4** Risk management & compliance

**5** Recap

# BAWAG Group franchise

<b>FRANCHISE</b>	Multi-brand and multi-channel commercial bank with over <b>2.3 million customers</b> across our core markets
<b>DELIVERING RESULTS</b>	Mid-teens <b>Return on Tangible Common Equity (RoTCE) ~14%</b> versus sector of ~5% since 2012
<b>BEST-IN-CLASS EFFICIENCY</b>	<b>Cost-income ratio (CIR) ~40%</b> driven by simplification, technology and process focus
<b>GOOD STEWARDS OF CAPITAL</b>	Since IPO, completed <b>5 acquisitions</b> and <b>distributed €1.13 billion capital</b> <b>New capital distribution policy: Dividend payout from 50% to 55% from 2022 ... targeting share buyback in 2022</b>
<b>MEDIUM TERM RETURN TARGETS</b>	<b>Return on tangible common equity (RoTCE) &gt;17% and Cost-income ratio (CIR) &lt;38%</b>
<b>2025 PLAN</b>	<b>By 2025, pre-tax profit &gt;€750 million and EPS &gt;€7.25 with ~10% annual EPS growth through 2025; DPS &gt;€4.00</b>

# Delivering results since our IPO



**Distributed  
€1.13 billion of  
capital**

€734 million in dividends and  
€400 million buyback

(AGM approved in August 2021 €420 million dividend  
to be paid on October 8, 2021)



**5 Acquisitions  
completed &  
fully integrated**



**Expanded footprint  
to new markets**

Germany, Switzerland, Netherlands



**Completed  
separation from  
Austrian Post**

Reducing branches by  
>80% in Austria



**Investment in  
platforms and  
partnerships**

# Operating performance and share price development

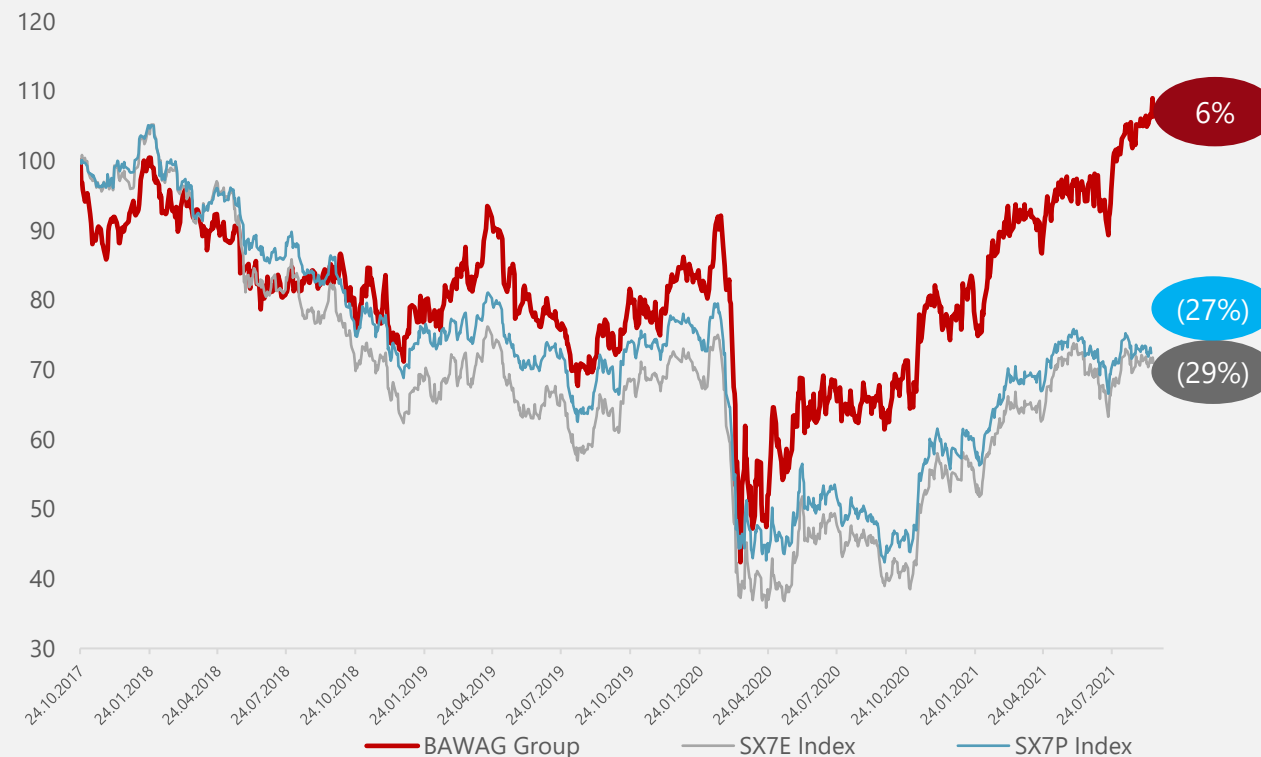
in € million	2017	2018	2019	2020	2021 Forecast
Profit before tax	500	573	604	371	~575
Net income	449	437	459	285	~460
RoTCE	15%	15%	16%	10%	~15%
Dividends (for financial year)	58	215	230*	230	~230
Diluted # of shares outstanding (average, in million)	100.0	99.6	97.9	89.1	89.1
Earnings per share (in €)	4.49	4.38	4.69	3.20	>5.00
Dividends per share (in €, for financial year)	0.58	2.18	2.59*	2.59	~2.60

\* Distributed in 2021 due to ECB dividend ban related to the pandemic in 2020

## Share price development since IPO

Indexed as of 24 October 2017;  
as of 17 September 2021

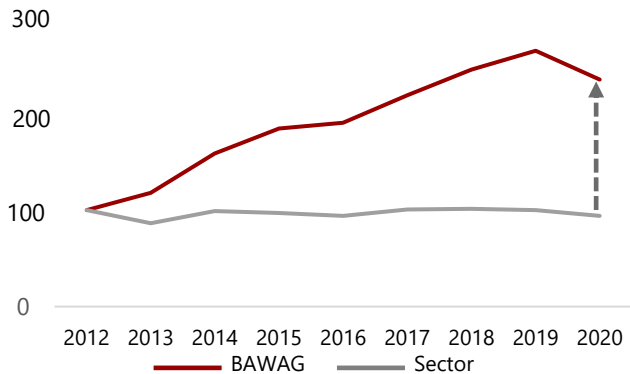
BAWAG Group	6%
EuroStoxx Banks Index (SX7E)	(29%)
Stoxx 600 Banks Index (SX7P)	(27%)



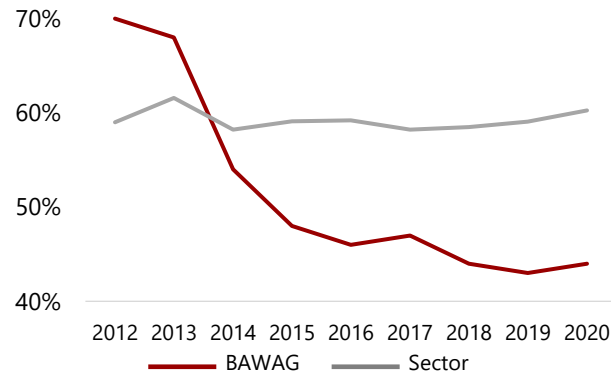
# Outperforming the sector over the last decade

## 2.4x growth of pre-provision profits (PPP)

Pre-impairment profit indexed as of 1 Jan 2012



## Significant improvement of cost-income ratio (CIR)



## Return on tangible common equity (RoTCE)

Average since 2012

**BAWAG Group**

~14%

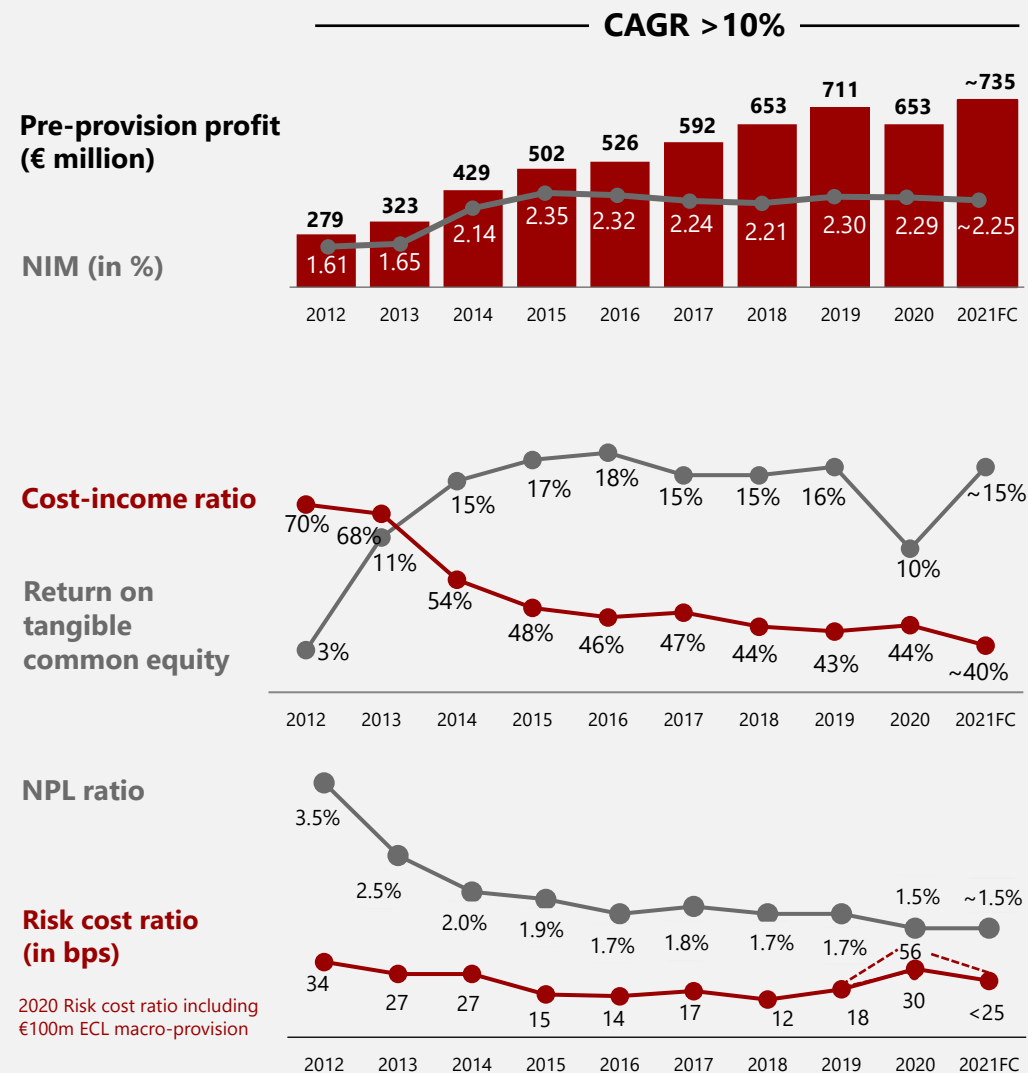
**European banking sector**

~5%

# 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



# 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**



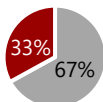
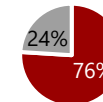
Conservative and disciplined underwriting in markets we understand with focus on secured lending

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**



# Growth in core markets & customer focus

	2012	FY 2021 Forecast
Core markets	<b>1 market</b>	<b>7 markets</b>
Core revenues	<b>~€0.8 billion</b>	<b>~ €1.2 billion</b>
NIM (basis points)	<b>161bps</b>	<b>~225bps</b>
Retail & SME core products	<b>5 products</b>  <ul style="list-style-type: none"> <li>Not fully digitized</li> <li>Fully digitized</li> </ul>	<b>9 products</b>  <ul style="list-style-type: none"> <li>Not fully digitized</li> <li>Fully digitized</li> </ul>
Origination channels	 <ul style="list-style-type: none"> <li>Branch</li> <li>Non-branch</li> </ul>	 <ul style="list-style-type: none"> <li>Branch</li> <li>Non-branch</li> </ul>

## Key growth drivers since 2012 ...

- Focused on core markets/products and risk-adjusted returns
- Deleveraged B/S from low-yielding/non-core assets and high-cost liabilities
- Enhanced digital engagement, diversified originations thru partnerships & platforms, and executed disciplined M&A (9 bolt-on acquisitions since 2015)
- Physical network focused on high-touch & high-quality advisory services

## Key focus areas through 2025

- Continue to focus on **growth and expand footprint in core markets** into Western Europe and United States
- Continue to identify **bolt-on acquisitions** focused on product factories, specialty finance, and universal banks in need of operational turnaround
- Invest in **platforms and partnerships** to drive growth across the Group
- Continue to build-up middle-back-office sales support and product/channel standardization to drive profitable growth in competitive markets
- **Target 100% fully digitized Retail & SME product offerings**

**Continue to expand our footprint in core markets to drive sustainable profitable growth**

# Driving efficiency through operational excellence

	2012	FY 2021 Forecast
Cost-income ratio	70%	~40%
Real estate footprint (HQ and central offices)	~90k m <sup>2</sup>	<30k m <sup>2</sup>
# Branches	~500	<90
Technology % of operational expenses	16%	~26%

## Over €500 million technology specific investments since 2012 ...

- Completed 9 end-to-end integrations
- Multiple system upgrades across retail banking and specialty finance products
- Digitized 6 Retail & SME products with fully automated processing
- 100% of applications hosted in private and public clouds
- 15% of infrastructure containerized enabling scalability and automation
- Selected partnerships with tech leaders in cloud, security and collaboration

## Key focus areas through 2025

- Continue to optimize physical footprint reflecting customer needs
- Further improve efficiency and integration speed through a platform approach:
  - **Data asset management:** centralized data warehouse consolidating managerial, financial, risk reporting and analytics
  - **TechOps (technology operations):** driving towards greater simplification across front, middle, and back-office functions through process re-engineering underpinned by enabling technologies
  - **Infrastructure:** centralized cloud infrastructure, container platform and workplace environment across the Group
  - **Products:** Open architecture enabled through standardized interfaces (APIs)
- Expanding specific partnerships with technology leaders in core banking system modernization and Artificial Intelligence
- Maintain consistent technology investments in areas of straight-through processing, architecture simplification and product efficiency

**Further scaling business through simplification,  
process reengineering and technology**

# Maintaining a safe & secure risk profile

	2012	FY 2021 Forecast
CET1 Ratio	6.2%	>14.5%
Leverage ratio	~3%	>6.5%
Balance sheet leverage	20x	14x
Risk cost ratio	34bps	<25bps
NPL ratio	3.5%	~1.5%

## Key actions taken since 2012 ...

- Focused on core markets: DACH/NL region, Western Europe and United States
- Exited all proprietary trading, CEE businesses and non-core assets since 2012
- Fortified balance sheet through disciplined and conservative lending, proactive risk management and conservative leverage levels
- Strengthened overall regulatory and compliance landscape

## Key focus areas through 2025

- Continue to maintain low risk profile across core markets
- Disciplined, prudent growth through market cycles, always focused on appropriate risk-adjusted return dynamics and conservative underwriting
- Long term shift to **secured & public sector lending >85% by 2025**
- **Targeting risk cost ratio of 15-20bps from 2022-2025** reflecting shifting mix of customer business and overall credit quality enhancement
- Platform and acquisition integration into centralized risk framework
- **Operationalizing ESG with a low ESG risk starting point ... committing to new ESG targets that will further enhance our risk profile**

**Maintain fortress balance sheet through strong capital position, stable retail deposits, and low risk profile**

# New Targets & 4-Year Plan through 2025

## MEDIUM TERM RETURN TARGETS

<b>RoTCE</b>	~15%	<b>&gt;17%</b>	> +2pts
<b>CIR</b>	~40%	<b>&lt;38%</b>	> (2pts)

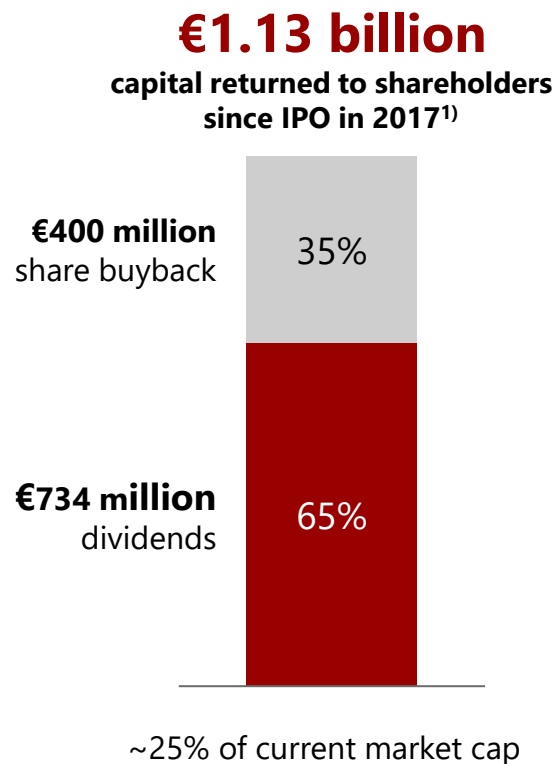
## 2025 ESG TARGETS

	BASELINE	TARGETS
<b>CO2 emission</b> <small>(own scope 1-2)</small>	~2,900 tCO <sub>2</sub> in 2020	<b>&gt;50% reduction</b>
<b>Women quota</b> <small>(Supervisory Board &amp; Senior Leadership Team respectively)</small>	17% SB 15% SLT H1 2021	<b>33%</b>
<b>Green lending new business</b>	€0.8 billion in 2020	<b>&gt;€1.6 billion</b>

## 2025 FINANCIAL TARGETS

	2021 FORECAST	TARGETS	CAGR
<b>Profit before tax</b>	~€575 million	<b>&gt;€750 million</b>	~7%
<b>Earnings per share</b>	>€5.00	<b>&gt;€7.25</b>	~10%
<b>Dividend per share</b>	~€2.60	<b>&gt;€4.00</b>	~11%

# Updating capital distribution policy



**~€2.6 billion of capital available thru 2025**

Dividend policy	Share Buyback 2022	Additional capital thru 2025
<p><b>50% for 2021</b></p> <p><b>55% for 2022-2025</b></p>	<p><b>&gt;12.25% Target CET1 %</b></p> <p>Regulatory application to be filed in Q4 2021</p>	<p><b>1</b> Organic growth, M&amp;A, minority and/or platform investments</p> <p><b>2</b> Share buybacks and/or special dividends</p>
<p><b>~€1.4 billion</b> for financial years 2021 - 2025</p>	<p><b>€436 million</b> excess capital as of Q2 2021</p>	<p><b>~€0.8 billion</b> additional capital thru 2025</p>

1) AGM approved in August 2021 €420 million dividend to be paid on October 8, 2021

# M&A Recap ... 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

# 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

**2.5% shares owned by**  
Management Board

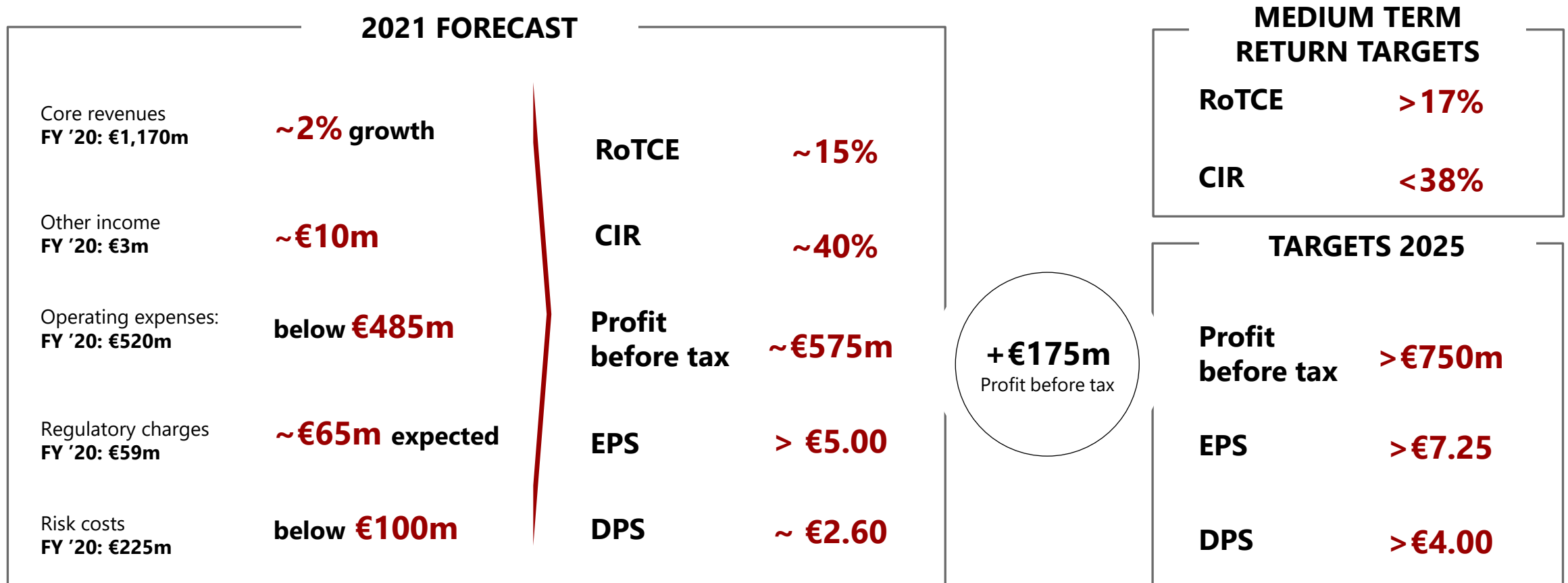
# Our Agenda

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- 3 Business units update
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# Starting Point 2021 and new targets



# +€175 million Profit before tax from 2021 to 2025

**Pre provision profit >€125 million ... >4%p.a.**

## **Net Interest Income: +2% p.a.**

- Retail & SME growing to ~70% of total customer book
- Asset mix leads to overall NIM of ~200bps over time
- Net interest income at >€1 billion in 2025

## **Net commission income: +3% p.a.**

- Focus on advisory business and banking customers
- Share of advisory business to go from ~30% to ~40%
- Transactional business to go from ~60% to ~50%

## **Operating Expenses: (2%) p.a.**

- Further optimization of physical footprint
- Reduce complexity and increase automation levels
- Consistent use of technology and modern workplace

## **Regulatory charges +€50 million**

### **Regulatory charges: €65 million → €15 million**

- Contributions to the Deposit Guarantee Scheme (€38 million in 2021) to end by 2024
- Contributions to the Single Resolution Fund (€16 million in 2021) to end by 2023
- Ongoing charges of ~€15 million will continue after 2024

## **Risk Costs**

### **Risk Costs below €100 million**

- Risk cost ratio expected to be between 15-20bps
- No release of management overlay provisions assumed

# ~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%
<b>Core revenues</b>	<b>777</b>	<b>~1,210</b>	<b>&gt;1,300</b>	<b>2%</b>
Other income	149	~10	-	-
<b>Operating Income</b>	<b>926</b>	<b>~1,220</b>	<b>&gt;1,300</b>	<b>2%</b>
Operating expenses	(648)	~(485)	<(455)	(2%)
<b>Pre-provision profit</b>	<b>279</b>	<b>~735</b>	<b>&gt;850</b>	<b>4%</b>
Regulatory Charges	(26)	(65)	~(15)	(30%)
Risk Costs	(230)	<(100)	<(100)	-
<b>Profit before tax</b>	<b>24</b>	<b>~575</b>	<b>&gt;750</b>	<b>7%</b>
<b>Net profit</b>	<b>45</b>	<b>~460</b>	<b>&gt;560</b>	<b>5%</b>
<b>Earnings per share (in €)</b>	<b>0.45</b>	<b>&gt;5.00</b>	<b>&gt;7.25</b>	<b>~10%</b>

## 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

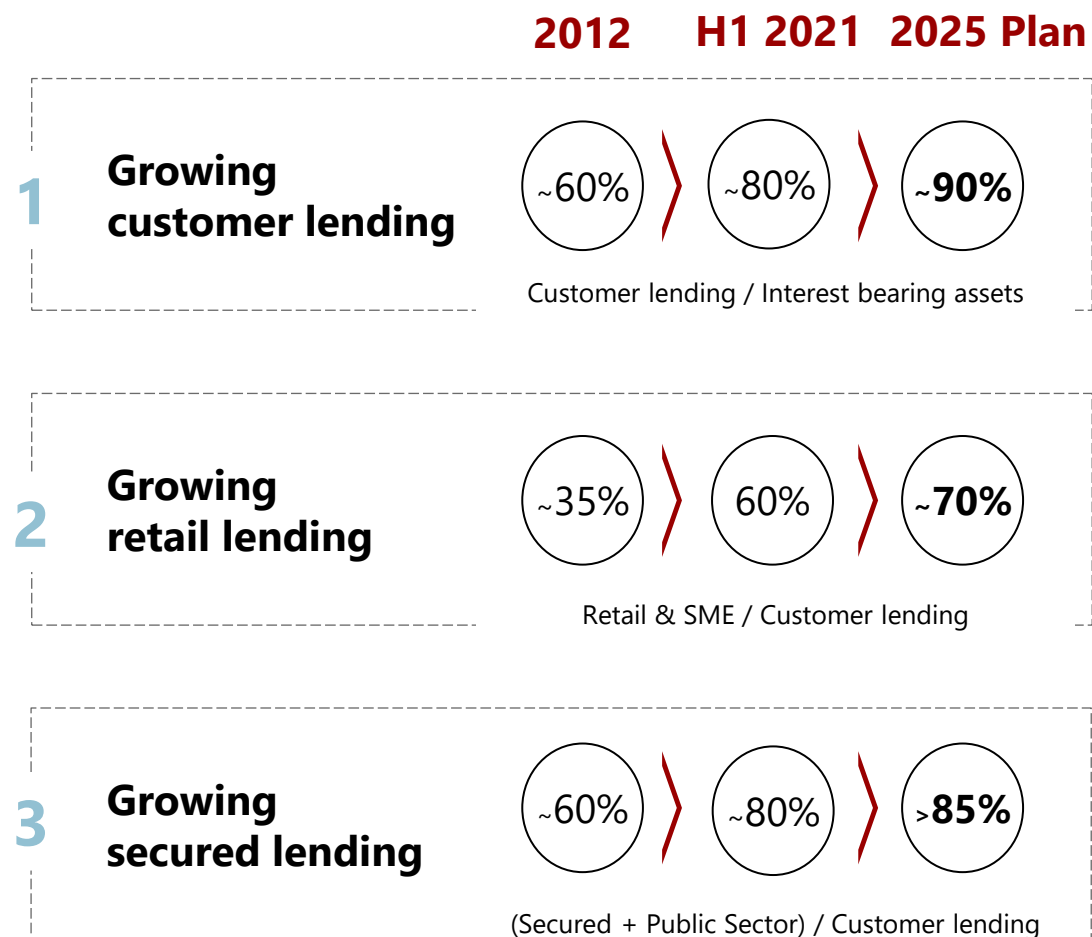
## Regulatory cycle concludes

- 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

# Asset mix shift towards Retail continues

in € billion

	2012	H1 2021	2025 Plan
<b>Customer Lending</b>	<b>25.4</b>	<b>33.5</b>	<b>++</b>
<b>Retail &amp; SME</b>	<b>9.0</b>	<b>20.3</b>	<b>++</b>
Housing loans	5.7	15.2	++
Consumer & SME	3.3	5.1	+
<b>Corporates, Real-Estate &amp; Public Sector</b>	<b>16.4</b>	<b>13.2</b>	<b>+</b>
Real Estate	2.8	4.9	+
Public Sector	5.8	4.6	stable
Corporates	7.9	3.7	stable
<b>Investment book</b>	<b>7.4</b>	<b>5.5</b>	<b>stable</b>

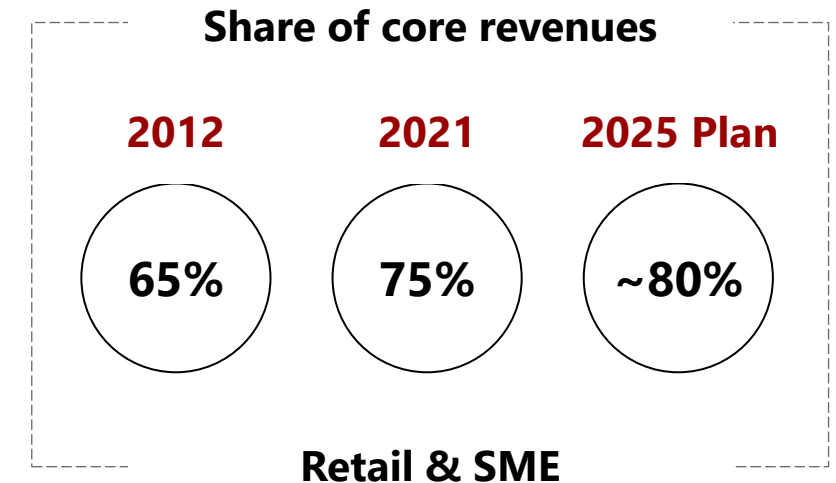


# Business Segments

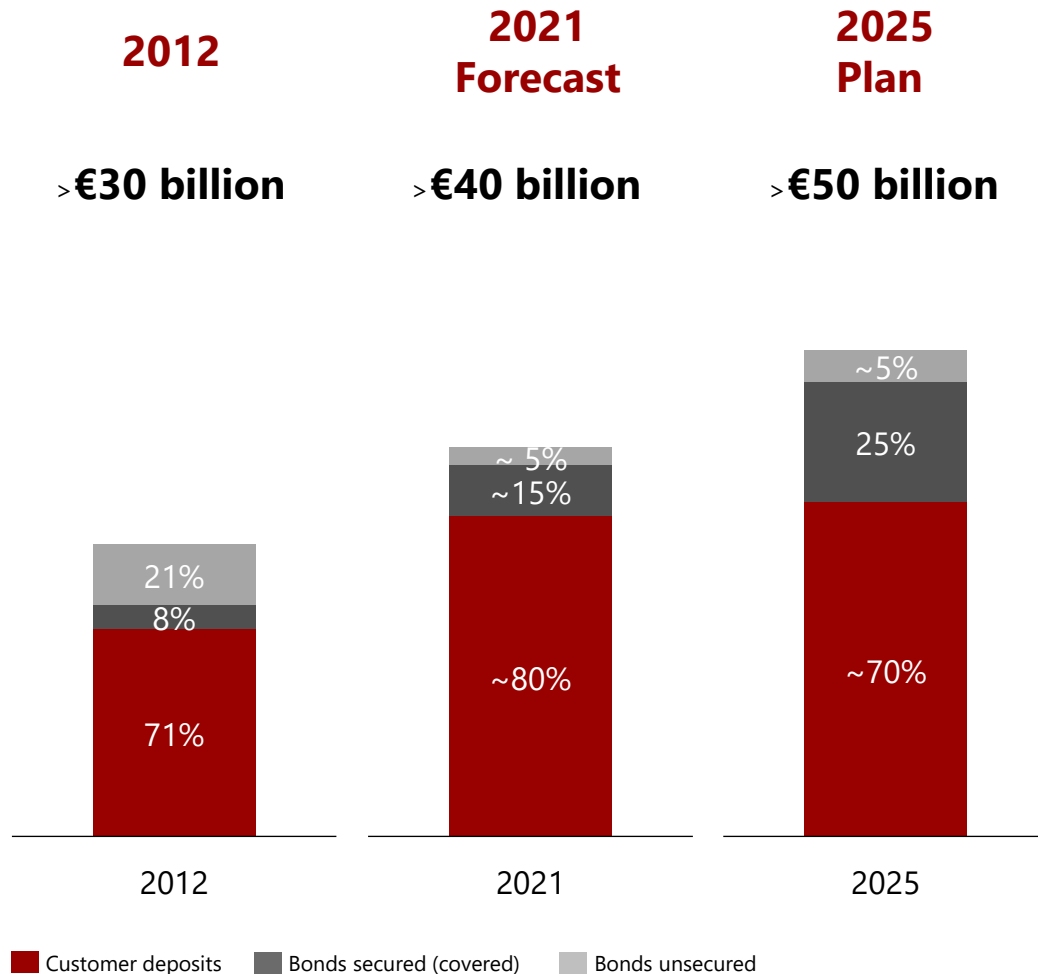
<b>Retail &amp; SME</b> (in € million)	<b>2012</b>	<b>2021 Forecast</b>	<b>2025 Plan</b>
Net interest Income	360	>650	++
Net commission income	142	>245	++
<b>Core Revenues</b>	<b>502</b>	<b>~900</b>	<b>++</b>

<b>Corporates, Real Estate &amp; Public Sector</b> (in € million)	<b>2012</b>	<b>2021 Forecast</b>	<b>2025 Plan</b>
Net interest Income	199	>245	+
Net commission income	59	<35	stable
<b>Core Revenues</b>	<b>258</b>	<b>~280</b>	<b>+</b>

<b>Treasury &amp; Corporate Center</b> (in € million)	<b>2012</b>	<b>2021 Forecast</b>	<b>2025 Plan</b>
Net interest Income	23	~25	stable



# Funding mix



- 1 **“Self-funded” customer business** ... 95% of funding comes from customer deposits and covered bonds, mostly collateralized by retail mortgages
- 2 **Lower cost of funding** thru improved funding mix
- 3 **Higher share of matched funding** thru long-term covered bonds matching growing mortgages

# Specifics on capital distribution policy

## Dividend policy

**50%** for 2021

**55%** for 2022-2025

## Financial year

**2021**

**2022**

Dividend per share (DPS)

~€2.60

>€3.00

Payout date

Q2 2022

Q2 2023

Payout ratio

50%

55%

## Share Buyback 2022

**Target > 12.25% CET1 %**

**€436 million**  
excess capital as of Q2 2021

## Timing

## Size (max.)

## Format

Application to be  
filed in Q4 2021

> 12.25% Target  
CET1 Ratio

Open market  
buyback

Execution expected  
throughout 2022

up to 10% of  
shares outstanding

Safe harbor  
rules

# Opportunities not captured in our targets

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## 1 Interest rate environment and sensitivities

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### **No rate increase assumed**

100bps parallel increase of the interest rate curve leads to approximately +€100 million net interest income p.a.

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## 2 M&A / platforms / minority investments

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### **No M&A or platform investments assumed**

market consolidation or individual situations could offer interesting opportunities

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## 3 Securities portfolio rebalancing

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### **Securities portfolio remains under-weight**

higher credit spreads would be an opportunity to build-up our securities portfolio again ... today, mix is 15% of total interest-bearing assets vs. 30% historically

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## 4 Servicing offering

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### **Leveraging operational capabilities**

servicing platform (E2E processing), BPOs, BAWAG Group advisory platform, etc.



# Our Agenda

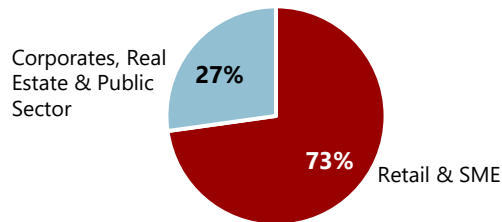
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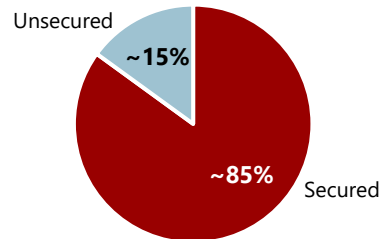
# Retail & SME Overview

## Key Stats

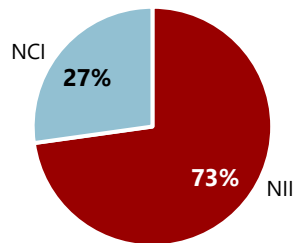
### Retail & SME 73% of Group profits



### Heavily focused on secured lending



### Healthy mix of NCI & NII business



Note: Numbers as of June 2021

## Product Offerings

### Current Accounts

- Comprehensive offering across various brands & channels
- Fully digital online opening process, from anywhere at anytime
- Range of simple product offerings at different price points

### Cards & Payments

- Leading card issuer in Austria with cross-border distribution
- Various card features (revolving, insurance, rewards, mobile pay)
- Own & co-branded offerings distributed via branches, digital channels & partners

### Secured Lending

- Housing loans, auto & moveable leasing, and inventory financing
- €15 billion in assets, risk costs <5bps & ~20% green financing
- Distributions via branches, digital channels, partners, brokers & platforms

### Unsecured Lending

- Consumer loans and overdrafts
- Underwriting & processing heavily automated, providing instant decisions & payouts
- Distribution via branches, digital channels, partners & platforms

### Investing, Insurance & Savings

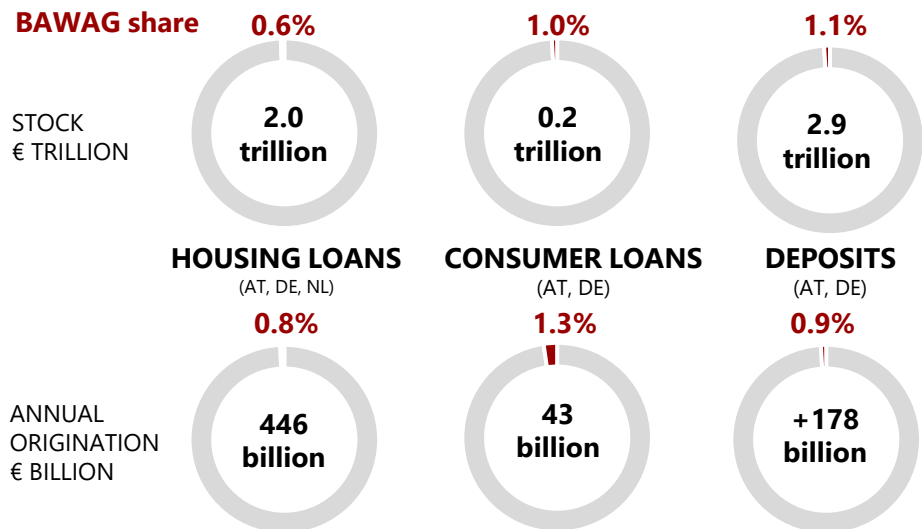
- Comprehensive advisory services: funds, shares, insurance & savings products
- Online brokerage via multiple brands; acquisition of Hello bank! strengthens position
- Distribution via branches, digital channels, partners, brokers and platforms

### Specialty Finance

- Current accounts, lending, securities, leasing and receivables factoring
- Focused mainly on B2B with direct customers being small & medium enterprises; starting to grow B2C
- Distribution via branches, digital channels, dealers, partners, brokers and platforms

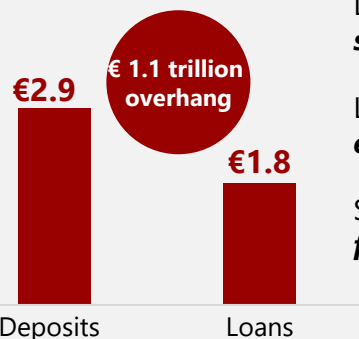
# Disciplined lender in a large addressable market

## MARKET SIZE (DACH/NL REGION)



## MARKET STRUCTURE (AUSTRIA & GERMANY)

in € trillion



Liquidity overhang in DACH/NL region ... **more savers than borrowers**

Low levels of consumer indebtedness ... **growing but expected to stay below European average**

Slow shift into investments beginning ... **increasing first-time investments and need for advisory**

	2012	June 2021	2025 Plan
<b>ASSETS</b> (in € billion)	<b>9.0</b>	<b>20.3</b>	<b>++</b>
Housing loans	5.7	15.2	++
Consumer & SME	3.3	5.1	+
<b>FUNDING</b>			
Deposits	19.5	27.2	stable
Mortgage covered bonds	0.5	4.4	++
<b>P&amp;L</b> (in € million)	<b>2012</b>	<b>FY 2021 Forecast</b>	<b>2025 Plan</b>
Core revenues	502	900	++

## KEY DEVELOPMENTS TO ACHIEVE 2025 PLAN

- Disciplined growth with focus on risk-adjusted returns ... will not chase the market
- Strong focus on building out advisory business across Austria & Germany
- Continued focus on niche partnership & platform relationships to expand customer reach and distribution channels
- Explore and expand into additional developed markets

# Strategic growth pillars

## 1 A multi-brand and multi-channel lending & advisory platform across core markets

- Leveraging various distribution channels including branches, digital channels, dealers, strategic partners, brokers & platforms
- Repositioned organization with 80% of Retail employees in the field providing advisory services
- Mix of organic growth, partnerships and M&A using a multi-branded go-to-market strategy

**900 sales staff  
across multiple  
geographies**

## 2 Serving 2.3 million loyal customers through high-quality advisory and advanced analytics

- Average relationship of the customer ~13 years, revenue per customer up >20% over past decade
- Broad based product offerings creating an advantage versus traditional & non-traditional competitors
- Data driven & analytical approach to provide products & services at the right time

**~80% of current  
accounts are  
primary accounts**

## 3 Continuous investments driving growth and efficiency across the business

- Focus on efficiency around people, processes & systems to reduce internal & external friction
- Proactive investments in footprint repositioning, digitalization & simplification
- Continued focus on digitalization across the customer journey ... we are a profitable "digital bank"

**CIR <40%**

## 4 Continue to identify new market opportunities, products, partnerships & strategic acquisitions

- Completed 9 acquisitions since 2015, entered 3 new markets, and multiple strategic partnerships

**Hello bank!  
Austria**

# Creating a multi-brand & multi-channel lending & advisory platform across core markets



## Central Support/Operations

- Risk appetite, pricing & capital allocation centrally steered
- Leverage non-sales support functions (technology-operations)
- Digital development
- Data & customer analytics
- Mid-office sales support



## Digital Products with Advanced Analytics

- Preapproved offers for existing customers
- Product sales on mobile devices
- Investment in fully-automated and straight-through processes
- Transformation from reactive to active funnel management

## Key pillars of a lending & advisory platform



## Local Sales Organizations

- Physical branches/advisory
- Sales teams in field
- Mobile sales force for reach
- "Community" banking focus
- Strong broker network
- Advisory services in/out normal hours



## Partnerships/Platforms

- Traditional & niche partners creating differentiated opportunity
- Asset origination under BAWAG's defined credit box with robust quality assurance
- Minority ownerships and board representations
- Full data interfaces & controls

## Key Highlights

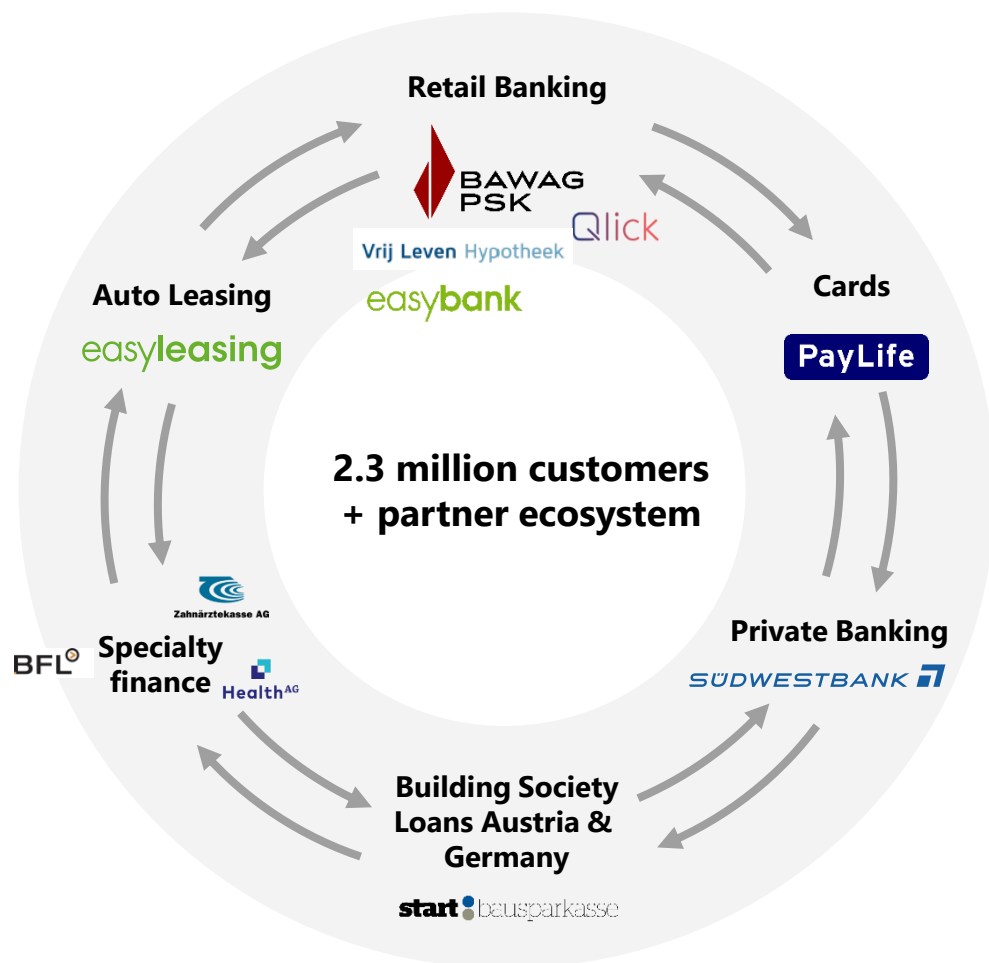
**11 different brands** originating products; non-sales functions centralized to leverage scale & synergies

**~80% of organization is on sales individuals**

**building strategic partnerships** creating differentiation in sales channels

Ability to rapidly expand organically via partnerships and acquisitions

# High-quality advisory & advanced analytics as an enabler for banking our customers



## How we serve our customers...

1. Invested into data analytics to create centralized customer view with predictive behavior and trigger-based leads using more enhanced propensity models
2. Leads/opportunities pushed into multi-channel and cross segment sales funnel
3. Simple and efficient upselling 24/7 via multiple channels (branch, mobile, e-banking, telephone, partner platforms & self-service terminals)
4. Automated feedback and A/B testing to further optimize approach and refine customer personas
5. **Significant upside potential** within own customer base ... considerably larger when adding partner channels across customer ecosystem

## Optimization of customer advisory and data analytics...

**> 70%**  
Pre-scored customer  
leads for advisors

Marketing  
spend<sup>1</sup>  
**↓ 50%**

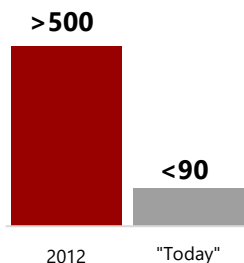
**> 2x**  
Lead-  
management  
conversion<sup>2</sup>

1) 2020 to 2021 Forecast 2) 2020 to H1 2021

# Continuous investments driving growth and efficiency

## Optimized branch footprint

### Branch transformation



- Reduced footprint to match our customer base while:
  - >80% Coverage of Austrian population<sup>1</sup>
  - >40% increased sales per advisor<sup>2</sup> through investment in people, processes and technology
  - 20+ New branches opened last 3-years
- Shift to high-touch and quality customer interactions with focus on quality of experience and advisory
- Transactional banking digital / non-branch channels

## + Continuous shift to digital platforms =

Continuous enhancement of app-functions, like personal finance manager & cash flow analysis, contactless payments

>90%  
Transactions  
digitized

900k+  
Online  
customers

~2x

Mobile engagement  
vs. web based

Digital & platforms drive 45%+ of  
total consumer loan sales

## Further growth & efficiency



Cost-to-serve &  
cost-to-acquire

- Reduced network infrastructure cost and focused on advisory activity
- Transactional banking shifting to digital channels



Customer  
experience

- Further investing into frictionless digital journeys and products
- Reduced processing/cycle times
- 6 core products fully digitized providing 24/7 availability



Asset & fee  
growth

- Integrated technology and highly automated processes to enable efficient growth
- Quick deployment of new products and features
- Greater conversion through targeted marketing / increased engagement

1) Share of Austrian Inhabitants with distance to branch <30km 2) Total number of sold products per advisor with selling function, 2017 vs. 2021H1

# Continued focus on growth and expansion

## Targeting new markets

Platform/minority investments and bolt-on acquisitions in core markets

## Expanding product reach & greenfield opportunities

Specialty finance, brokerage, specialty insurance

## Reassess existing partnerships

Insurance and asset management

## New strategic partnerships

Customer acquisition & lending opportunities



# Overview of Corporates, Real Estate and Public Sector

## PRINCIPLES OF LENDING

- Focus on risk-adjusted returns and maintain disciplined underwriting with margin of safety
- Focus on core markets with stable legal systems and strong macroeconomic fundamentals
- No focus on absolute volumes, enables us to avoid irrational lending ... extremely selective in choosing deals to participate in

## TEAM WORKING TOGETHER FOR OVER A DECADE

- Real estate and corporate lending sourcing team based in UK, Germany, Austria and USA (in process)
- Dedicated team to public sector customers based in Austria, which also serves the Republic of Austria payments platform
- Credit underwriting, loan operations, and portfolio management based in Austria

## BUSINESS DEVELOPMENT

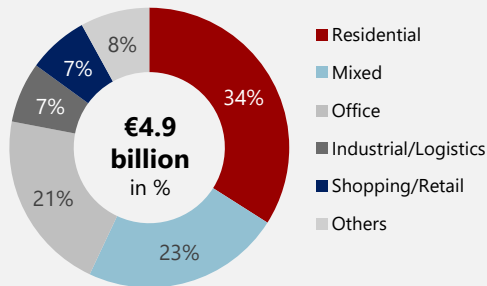
	2012	June 2021	2025 Plan
<b>ASSETS</b> (in € billion)	<b>16.4</b>	<b>13.2</b>	<b>+</b>
Real Estate	2.8	4.9	+
Public Sector	5.8	4.6	stable
Corporates	7.9	3.7	stable
<b>P&amp;L</b> (in € million)	<b>2012</b>	<b>FY 2021 Forecast</b>	<b>2025 Plan</b>
Core revenues	258	~280	+

## KEY DEVELOPMENTS OF THE LAST DECADE AND GOING FORWARD

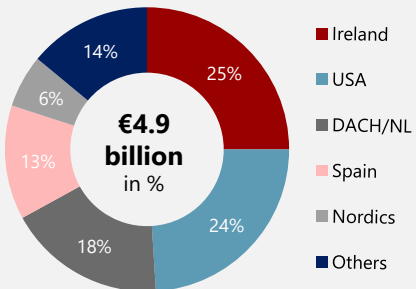
- Continue disciplined approach to lending, conservative underwriting and focus on risk-adjusted returns ... No focus on absolute volume growth ... find niche lending opportunities
- Stick to the fundamentals of highly collateralized, strong cash flow, and first lien exposures
- Working with high quality customers in the form of strong real estate sponsors, corporates, and public sector clients
- Minimal realized losses over the past decade ... cumulative loss rate of ~15bps

# Real Estate

## By underlying



## By geography



Note: Figures as of June 2021

## LENDING FOCUS AREAS & UNDERWRITING

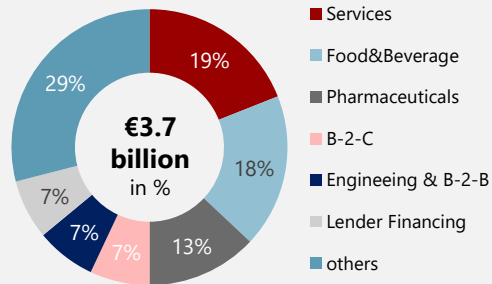
- Focus on lending to real estate companies/properties that produce strong cash flow with reasonable leverage
- Compete on speed, flexibility and reliability over pricing ... extremely selective in choosing deals
- Our relatively small size in market has advantages as can focus on attractive niches and avoid pure volume focus
- Identify niche lending strategies and constantly adapt (NPL financing, logistics, residential real estate funds)
- Loans are generally structured as 5-year or shorter term loans with a strong covenant package
- Real estate funds are primary clients given ability to support investments, strong track record and disciplined approach to investing.
- BAWAG lends to many of the largest and best known funds in real estate and continues to develop relationships with additional funds

## KEY PORTFOLIO STATISTICS

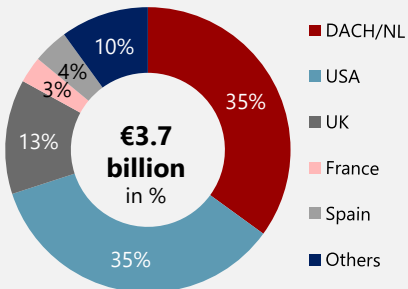
- Weighted average portfolio LTV <60%
- NPL ratio of 1.4% ... RWA density 67%
- Collateral backing portfolio is granular with ~34% of pool being direct residential
- 2021 ECB stress test resulted in cumulative 3-year loss of ~2% assuming 30% commercial real estate price reduction

# Corporate Lending

## By industry



## By geography



Note: Figures as of June 2021

## LENDING FOCUS AREAS & UNDERWRITING

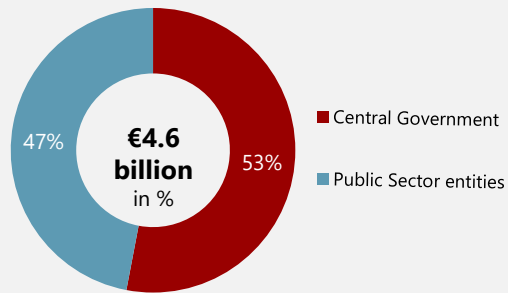
- Focus on corporates that produce strong cash flow in defensive industries with reasonable leverage
- Compete on speed, flexibility and reliability over pricing ... our smaller size is an advantage – focus on small and attractive niches
- We have been cautious on the leverage loan market and participating in more aggressive financing structures over the past few years
- DACH clients with focus on payments component ... challenging risk-adjusted return profile over the past few years

## KEY PORTFOLIO STATISTICS

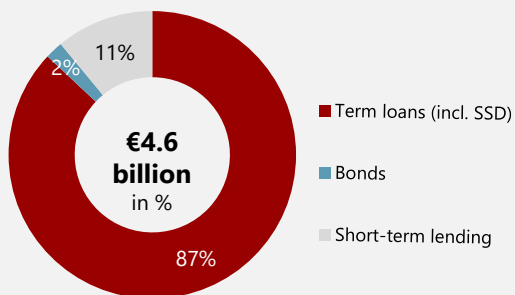
- Portfolio average net leverage of <4.0
- NPL ratio of 2.1% ... conservative RWA density 75%
- ~50% portfolio comprised of resilient industries ... Pharma & Healthcare, Food & beverages and Services
- 2021 ECB stress test: <2% loss despite cumulative GDP impacts of (3.5%) during 3-year recession

# Public Sector

## Customer types



## By funding & type



Note: Figures as of June 2021

## LENDING FOCUS AREAS & UNDERWRITING

- Focus on sovereign, federal state, and municipalities in Austria and Germany
- Strong market share and presence in Austria ~15%
- Provide payments services to federal, state and municipalities as well as social insurance companies
- Provide term loan facilities and working capital with average term loan of 20 years
- Planning to provide green financing products and green public sector covered bonds in the future

## KEY PORTFOLIO STATISTICS

- 0 non-performing loans ... RWA density of 8%
- Weighted average life of the loan portfolio of 13 years
- Portfolio comprised of >80% AAA or AA entities ... Sovereign exposure to Austria (95%) and Germany (5%)
- 76% of the portfolio eligible for EIB/ECB funding as well

# Our Agenda

- 1 Business overview
- 2 Financials update
- 3 Business units update
- 4 Risk management and compliance**
- 5 Recap

# BAWAG's low-risk profile



**High asset quality  
driven by disciplined  
underwriting**

1.5% NPL ratio  
~25 bps historical risk costs  
(2012 – 2020)



**Proactive risk  
management**



**Focus on retail and  
secured lending in  
core markets**

60% retail  
93% exposure in AAA/AA sovereigns



**Minimized market  
risk with no trading  
activities**



**Centralized risk  
management and  
simplified  
operations**

Low risk AML footprint  
Central risk framework across all  
channels, platforms

# How we manage risk

## FOUNDATION

### 1 Maintain low risk profile

- Led by risk culture and front-end alignment
- Risk / return discipline
- Low operational risk: Reduce AML risk through high-risk countries from customer network

### 2 Safety of core markets: DACH/NL, Western Europe and United States

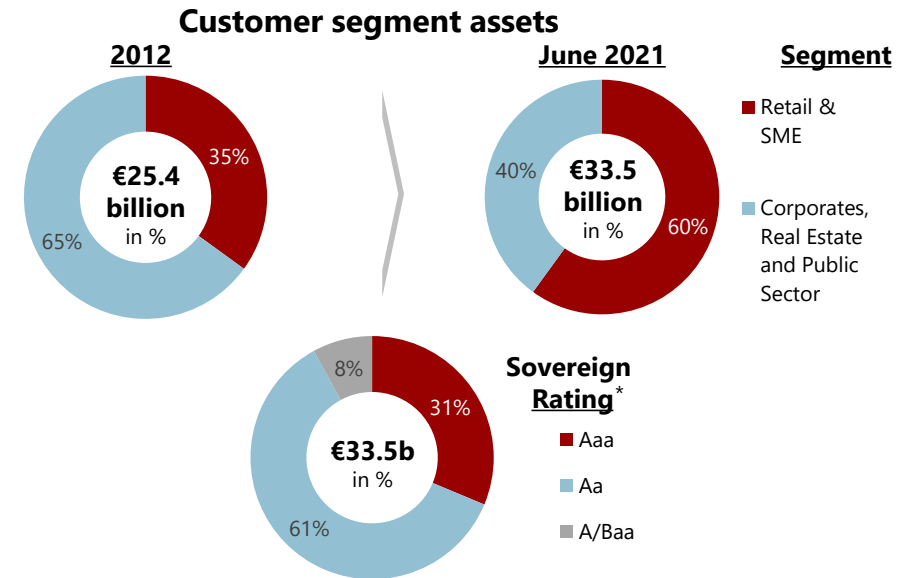
### 3 Underwriting as competitive advantage

### 4 Institutionalized risk values and framework

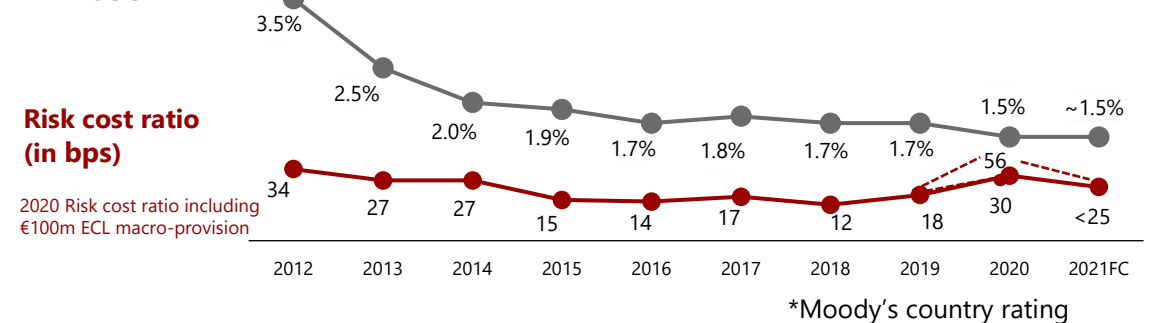
- Macro: Top-down assessment of new markets
- Micro: customer/product level; deal by deal
- Centralized risk framework and discipline: acquisitions, new channels integrated into risk framework

### 5 ESG: Risk culture has created strong starting position

## RISK PROFILE

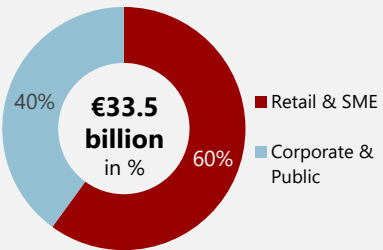


## Risk cost ratio (bps) and NPL ratio

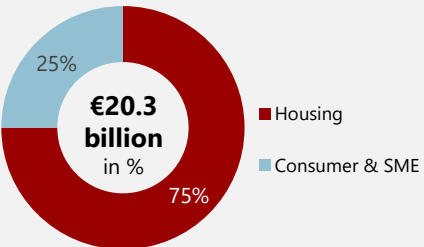


# Portfolio Overview – Retail & SME

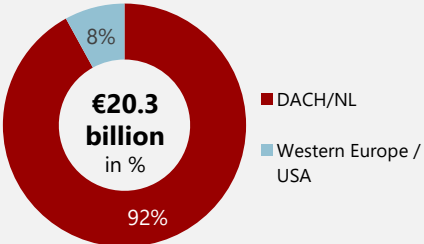
## Customer Book



## Retail By Product



## By Geography



### Retail & SME Overview

- 83% housing or secured exposures (leasing products)
- Consumer lending to primary customers
- 2.0% NPL ratio
- Total reserve ratio 1.5%

### Statistics

- 92% DACH/NL region and 8% Western Europe
- ~20% is backed by state or insurance guarantee
- Average 2021 origination LTV of 69%<sup>1)</sup>
- Average seasoning ~5.5 years
- Average historic risk costs of ~5bps

### Underwriting

- Significant affordability (DSTI) buffer and customer equity (LTV) in established markets
- Focus on LTV <80%
- Proactive green financing requirements create favorable credit and funding dynamics

### Housing (€15.2b)

- ~50% unsecured lending, primarily consumer loans
- 90% collateralization of SME/Leasing portfolio (~€2.3b)
- Average historic risk costs of ~133bps

### Consumer & SME (€5.1b)

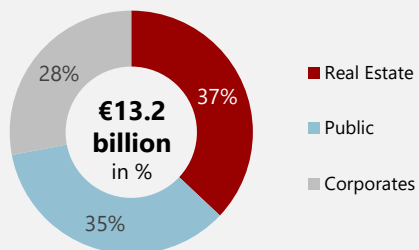
- Focus on risk-adjusted returns in prime/near-prime segment
- Prime credit quality customers underwritten based on DSTI cushion
- Strong primary banking customer base (80% of consumer loan exposure in Austria to current account customers)

1) Excluding loans supported by guarantees (state or insurer)

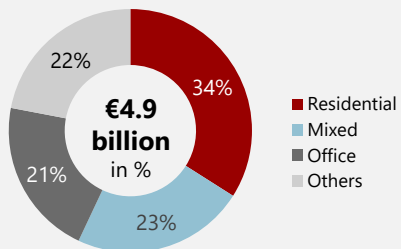


# Portfolio overview: Corporates, Real Estate & Public Sector

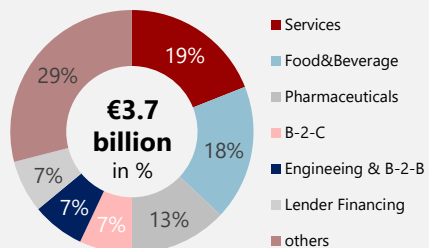
## Asset Type



## Real estate by type



## Corporate Sectors



### Corporates, Real Estate & Public Sector (€13.2 billion)

- Long-term credit standards maintained
- Highly collateralized, high cash flow first lien exposures
- 1.1% NPL ratio
- Total reserve ratio 1.0%

### Statistics

- Portfolio comprised of >80% AAA or AA entities ... Sovereign exposure to Austria (95%) and Germany (5%)
- 0% risk costs historically

### Underwriting

- Exposures to municipalities / PSEs (Austria)
- Maintain market position and cash management business

### Public Sector (€4.6 billion)

- ~34% of underlying assets are direct residential real estate
- Weighted average portfolio LTV <60%
- NPL ratio 1.4%

- Historically disciplined underwriting:
  - Senior secured
  - Average day 1 LTC/V < 65%
  - ICR > 2.0x

### Real Estate (€4.9 billion)

- Resilient industries: Pharma & Healthcare, Food & beverages and Services accounting for ~50% of loan book
- Continued low NPL ratio in 2021 of 2.1%
- De-minimis exposure to high risk, cyclical sectors

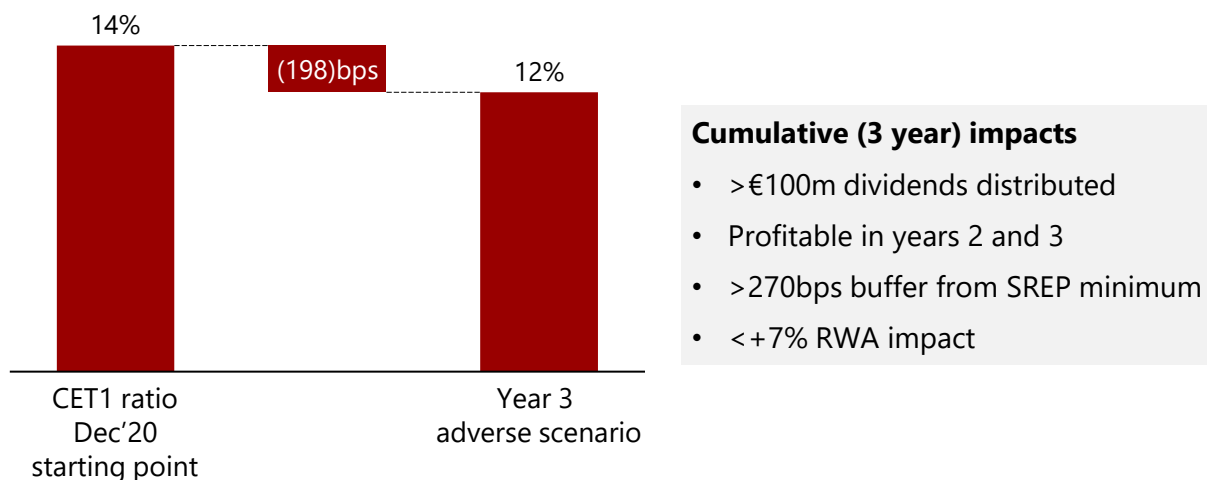
- Disciplined, conservative underwriting: focus on risk-adjusted returns and not volume growth
- Western Europe/United States with market positions in resilient (low cyclical risk) industries
- Senior, primarily first lien positions ... companies with strong free cash flow generation
- Minimal exposure to uncommitted lines

### Corporates (€3.7 billion)

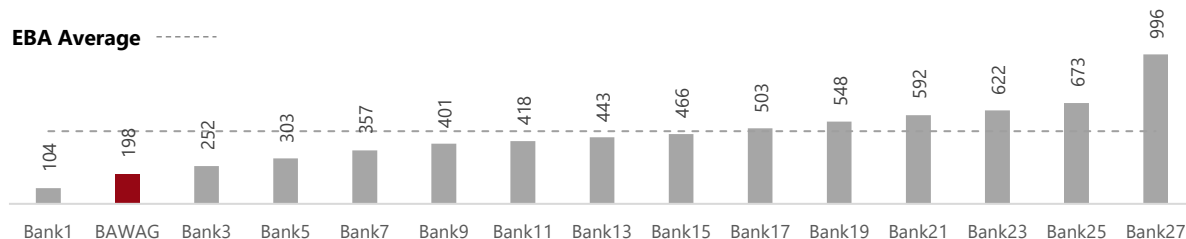
# Resilient portfolio

ECB stress test results validate strength of underwriting and conservative balance sheet

## BAWAG 3-Year CET1 impact of -198bps vs ECB avg. of -520bps



## CET1% STRESSED CASE REDUCTION VS PEERS (ADVERSE CASE)



## SEGMENT ANALYSIS

Main portfolios	Exposure* (in €b)	Assets* (in €b)	Credit losses (adverse case, 3-year cumulative)
Real-Estate	5.3	5.0	2.1%
Corporates	4.7	4.0	1.7%
Mortgages	14.9	14.3	0.7%
Consumer lending	5.6	2.6	5.0%

- **Real-Estate:** ~2% cumulated loss despite -30% stress in CRE values
  - Collateralization levels, structural protections provide resilience
- **Corporates:** <2% loss despite cumulative GDP impacts of (-3.5% during 3-year recession)
- **Residential mortgages:** 0.7% loss (~20% stress in housing prices)
- **Consumer lending:** Max credit loss of 5% in unsecured exposures, in line with peers
  - Overall losses mitigated by conservative underwriting, share of secured lending and low starting LTVs

\* Stress test was run on YE 2020 figures

# 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 CO<sub>2</sub> 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 CO<sub>2</sub> emissions

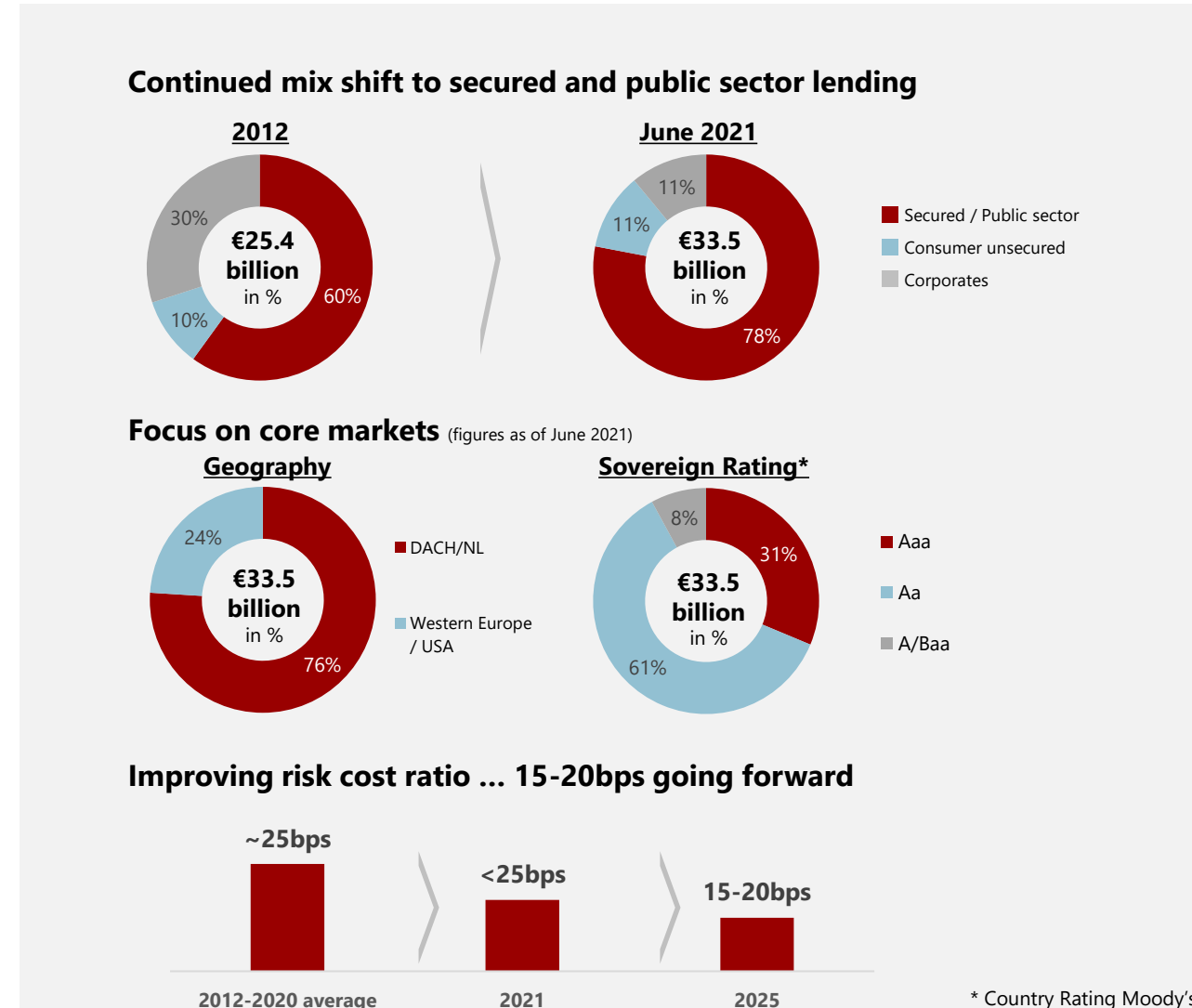
	BASELINE	2025 TARGETS
<b>CO<sub>2</sub> emission</b> <small>(own scope 1-2)</small>	~2,900 tCO <sub>2</sub> in 2020	<b>&gt;50% reduction</b>
<b>Women quota</b> <small>(Supervisory Board &amp; Senior Leadership Team respectively)</small>	17% SB 15% SLT H1 2021	<b>33%</b>
<b>Green lending new business</b>	€0.8 billion in 2020	<b>&gt;€1.6 billion</b>

# Portfolio management

Consistent strategy and discipline as risk performance continues to differentiate

## PROACTIVE RISK MANAGEMENT

- 1 **Mix shift: secured lending continues to favorably impact loss levels**
  - Secured & Public Sector lending migrating to > 85% of customer lending
  - Unsecured lending focused on prime and near-prime customers
- 2 **Focus on risk-adjusted returns and disciplined underwriting**
- 3 **Proactive loss mitigation: reducing defaults and time in default**
  - Retail & SME: Active early collections, resolution target of 18 months
  - Corporate / Real-Estate: Strong collateral and structural protections, collateralization and restructuring actions to ensure risk reduction
- 4 **Consistent risk framework applied to new channels and acquisitions**
  - Growth built on framework in place ... operational integration critical
  - New opportunities with minimized credit risk



# Maintaining a robust compliance culture

## STRATEGIC RATIONALE

### CONSOLIDATION & FUNCTIONAL CENTRALIZATION

governance topics continuously combined and centralized across the group

### BUSINESS GROWTH

key to review and assess local laws and regulations from all lenses (tax, legal, regulatory, etc.) when entering new markets

### INDEPENDENCE

organizational separation of governance topics

### AWARENESS

elevation of topics to Management Board level (internal and external visibility)

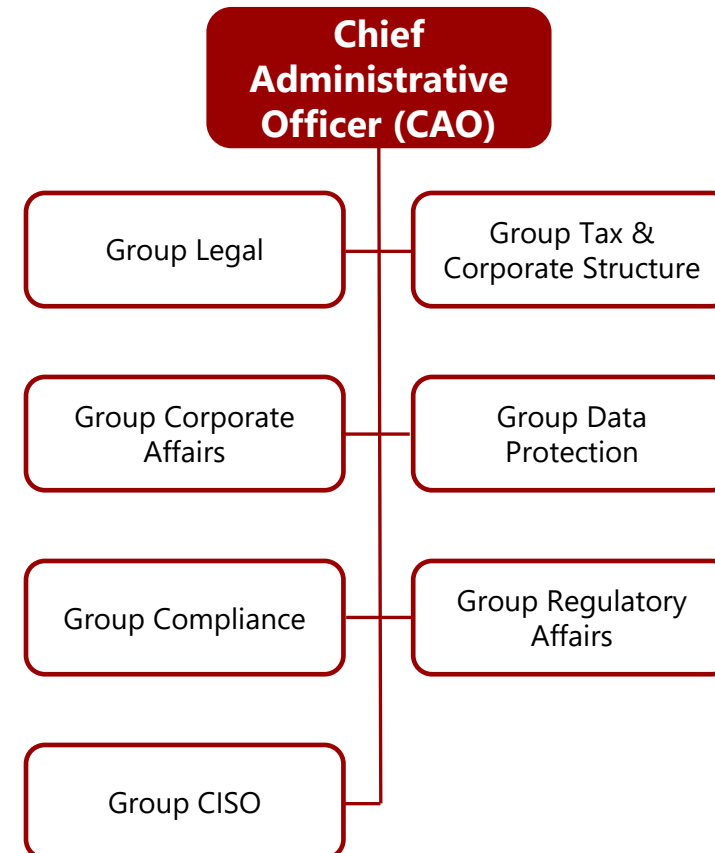
### CONTINUITY

previous approach continued - majority of governance topics were consolidated already under the General Counsel Office

### DYNAMIC

adjusting our governance to changing environment and framework (e.g. establishment of ESG Committee at Supervisory Board level)

## NEW MANAGEMENT BOARD FUNCTION



# Strategy and business inherently supports governance

... and is in addition strengthened by a clear governance approach through ...

BAWAG GROUP's business model and strategy limit certain risk-areas through focus on ...

## Commercial banking

limits risk of money laundering

## Low risk and highly regulated countries

limits risk of money laundering and ensures high regulatory standards

## Low risk industries

limits risk of money laundering

## Simple and transparent core products

addresses MiFID and data protection compliance

## Simplification and harmonization

supports a robust and transparent governance structure

**CENTRALIZATION of FUNCTIONS and SETTING STANDARDS**  
of group wide responsibilities for governance topics, whilst always ensuring compliance with local regulatory requirements ... this allows roll-out of group-wide policies

**CLEAR OWNERSHIP and REPORTING LINES**  
of allocated responsibilities not to end at entity level with clear reporting lines ... allows for clear and consistent information flow to ensure a top down and seamless execution

**PROACTIVE SUPPORT**  
of business and central function units (e.g. real time involvement in product design/production process or distribution channels/time to market)

**INTEGRATION and EMBEDDING BAWAG CULTURE**  
as natural driver for integration – direct communication between subs and headquarter (supports "group thinking" vs "entity thinking") ... BAWAG culture induced by placing BAWAG senior leaders into local management roles

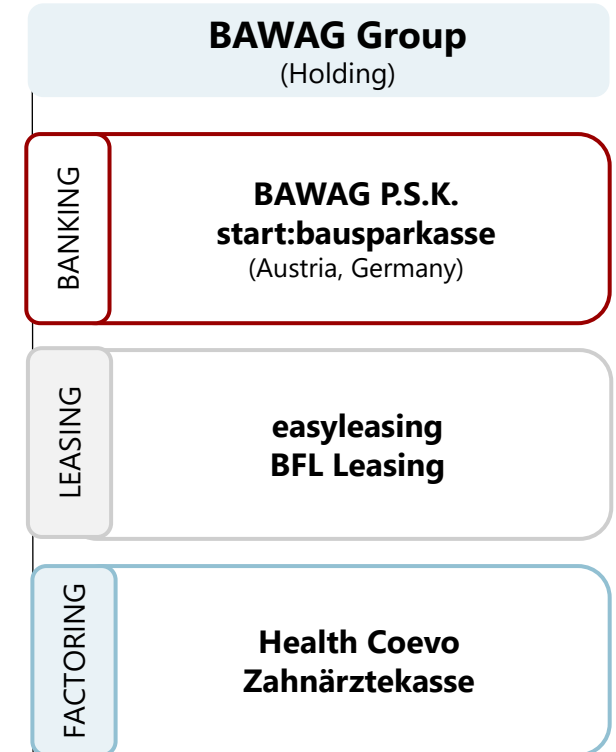
# Example: Simplification of group structure as driver to enhance governance and efficiency

## SIMPLIFICATION OF GROUP AND CULTURE INDUCEMENT IN NEWLY ACQUIRED BUSINESSES...

- 1 Simplification by way of **intra-group mergers** (enhances group oversight - reduce overhead to run separate regulated entities)
- 2 Simplification by way of **integration/centralization** - to extent legally possible and commercially prudent (enhance group oversight - leverage group functions)
- 3 **Experienced M&A and integration team** which has worked together for many years



## MAIN OPERATING ENTITIES



# Our Agenda

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- 1** Business overview
- 2** Financials update
- 3** Business units update
- 4** Risk management and compliance
- 5 Recap**



# Recapping 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** > **50%  
reduction**  
(own scope 1 & 2 vs. 2020)

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

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

## CAPITAL DISTRIBUTION

**Dividends** ~ **€1.4 billion**

**Share buyback  
2022** > **12.25% CET1 %**  
**€436 million**  
(Regulatory application to be filed in Q4 2021)  
excess capital  
as of H1 2021

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

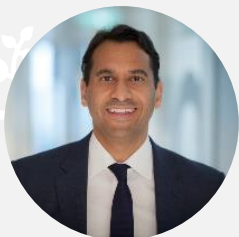
# BAWAG Group franchise

<b>FRANCHISE</b>	Multi-brand and multi-channel commercial bank with over <b>2.3 million customers</b> across our core markets
<b>DELIVERING RESULTS</b>	Mid-teens <b>Return on Tangible Common Equity (RoTCE) ~14%</b> versus sector of ~5% since 2012
<b>BEST-IN-CLASS EFFICIENCY</b>	<b>Cost-income ratio (CIR) ~40%</b> driven by simplification, technology and process focus
<b>GOOD STEWARDS OF CAPITAL</b>	Since IPO, completed <b>5 acquisitions</b> and <b>distributed €1.13 billion capital</b> <b>New capital distribution policy: Dividend payout from 50% to 55% from 2022 ... targeting share buyback in 2022</b>
<b>MEDIUM TERM RETURN TARGETS</b>	<b>Return on tangible common equity (RoTCE) &gt;17% and Cost-income ratio (CIR) &lt;38%</b>
<b>2025 PLAN</b>	<b>By 2025, pre-tax profit &gt;€750 million and EPS &gt;€7.25 with ~10% annual EPS growth through 2025; DPS &gt;€4.00</b>

**Supplemental pages**

# Management Board & Supervisory Board

## MANAGEMENT BOARD



**Anas Abuzaakouk**  
Chief Executive Officer



**David O'Leary**  
Chief Risk Officer



**Enver Sirucic**  
Deputy CEO  
& Chief Financial Officer



**Andrew Wise**  
Chief Investment Officer &  
Head of Non-Retail Lending



**Sat Shah**  
Deputy CEO  
& Head of Retail & SME



**Guido Jestädt**  
Chief Administrative  
Officer

## SUPERVISORY BOARD



**Egbert Fleischer**  
Chairperson



**Frederick Haddad**  
Chairperson of  
Risk & Credit committee



**Verena Spitz**  
Works' council delegate



**Kim Fennebresque**  
Deputy Chairperson



**Gerrit Schneider**  
Chairperson of  
Audit & Compliance committee



**Beatrix Pröll**  
Works' council delegate



**Adam Rosmarin**



**Tamara Kapeller**  
Chairperson of  
ESG committee



**Konstantin Latsunas**  
Works' council delegate

# Further embedding ESG into our strategy

## ESG governance



## Initiatives

### Environment

- Reduce own Scope 1-2 CO2 emissions by >50% by 2025 vs. 2020 ... closed to 100% green electricity
- Increasing green lending volume over time ... annual green lending new business target of >€1.6 billion by 2025
- Continuously increasing ESG-related products – both for environmental and social factors
- Lending/exclusion criteria for specific industries introduced in Q1 2021 ... low or no volumes in customer book for prohibited sectors already today
- Issued €500m green covered bond in August '21

### Social

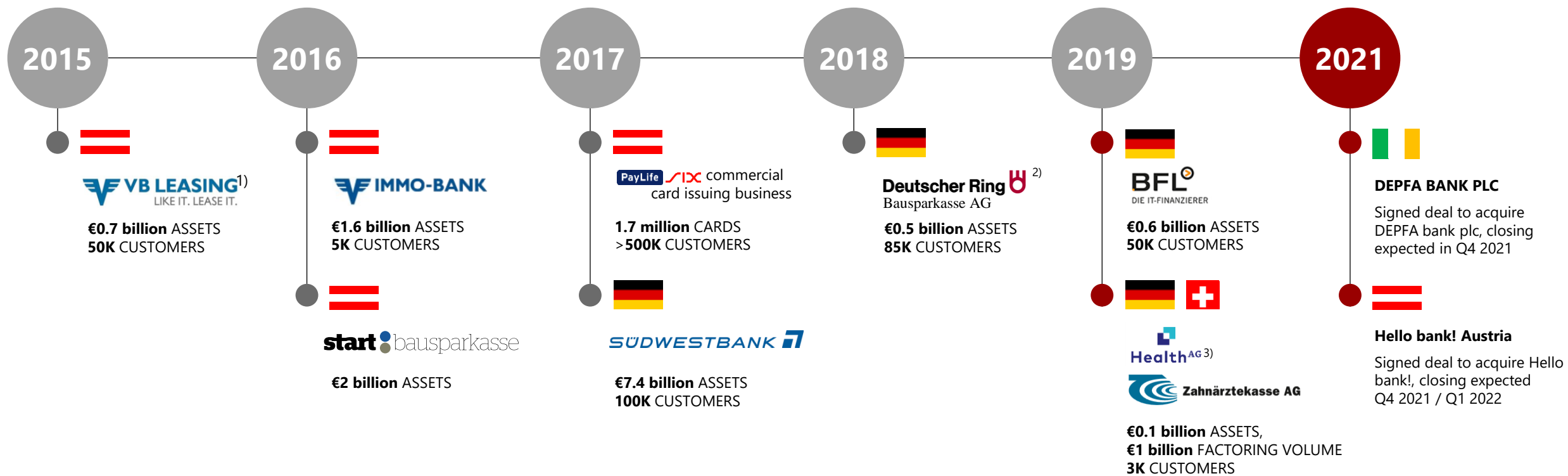
- **Women target quota** introduced in Q1 '21: 33% in Supervisory Board and 33% in senior leadership team (including Managing Board) until 2025
- Enhanced support of our communities and customers during the pandemic, e.g. with offering special services for risk group
- Enhanced training programs for employees, adjusting to new working environment with integrated home-office
- Recognition of our employees' engagement during pandemic with special bonus

### Governance

- Establishing a clear governance to address climate risks ... addressing supervisory expectations and regulations

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

## EXPERIENCED WITH BOLT-ON ACQUISITIONS TO BUILD OUT CUSTOMER FRANCHISE



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

# City of Linz overview

- > Receivable of €254 million on balance sheet as of 30 June 2021
- > Receivable fully provisioned in CET1 through prudential filter in 2020, i.e. no impact on capital regardless of outcome of lawsuit
- > Future dividend payments will be based on a net **profit excluding CoL impact** in case of a further write down of the receivable becoming necessary
- > Latest update from May '21: BAWAG filed appeal against second instance ruling ... final decision of contractual validity being decided by the Austrian Supreme Court
- > Decision of Supreme Court is only an interim decision regarding validity of contract ... as basis for further litigation on the payment claims each party raised

## Scenario Analysis

for potential outcomes of interim decision of Supreme Court

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

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

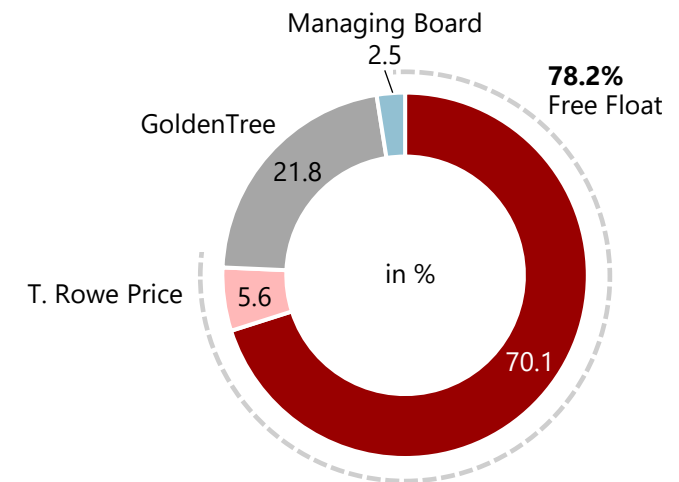
1) Dividend payout would be based on net profit excluding City of Linz impact

# Investor relations calendar

## UPCOMING ROADSHOWS AND CONFERENCES

21 September	UK roadshow
22 September	BAML conference
23 September	18 <sup>th</sup> Bernstein Strategic Decision Conference
27 September	Scandinavia roadshow
27 September	Benelux roadshow
28 September	US and UK roadshow
28 September	France, Spain, Italy roadshow
29 September	Asia / Australia roadshow
01 October	Mid-East roadshow
04 October	Germany roadshow
05 October	Switzerland roadshow

## SHAREHOLDER STRUCTURE



Number of shares: 89,142,237; Shares outstanding as of 20 September 2021: 88,855,047





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# Definitions

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## **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:**

### **Dividends**

Dividends in 2017 refers to one quarter only due to IPO in October 2017; dividend shown refers to dividend paid/earmarked for respective financial year

### **European banks benchmark (page 6)**

Benchmark Portfolio consists of all listed SSM banks + selected Nordic Peers with available data set (S&P), defined as net profit on continuing operations before non-recurring, impairment and tax expense; **RoTCE** – calculated (net profit/ ( avg equity - intangibles); CIR: calculated (operating expenses/ operating income) BAWAG figures as disclosed.

### **Risk cost ratio**

2012/2013 excluding impairments from non-core participations

### **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