



**BAWAG Group**

## COMPANY PROFILE

One of Austria's leading retail banks with **2.5 million customers & solid market shares**

**2019 results: €459m net profit, 16.1% RoTCE, CIR 42.7% and CET1 ratio 13.3%**

Focused on developed markets ... DACH region, Western Europe and the United States

Organic & inorganic growth in DACH region and developed markets

Simple & consistent product offering across multiple channels

## CAPITAL MANAGEMENT



Focused on **organic** and **inorganic growth**



Dividend policy of **50% payout ratio**



Committed to returning excess capital to **shareholders**

## TARGETS

Metrics	2020
Profit before tax	> €640m
Net profit	> €480m
Cost-income ratio	<40%
Return on Tangible Common Equity	15% - 20%
CET1 ratio (FL)	13%
Earnings per share	> €5.40

Note: EPS targets based on total share count of 89.1m shares

## OUR STRATEGY



# 2019 Results

Strong fundamentals across the Group



## PROFITABILITY

**€459m**  
Net profit

+5%  
vPY

**16.1%**  
Return on Tangible  
Common Equity

1.3pts  
vPY

**42.7%**  
Cost-income ratio

(1.5pts)  
vPY

## CAPITAL

**13.3%**  
CET1 ratio

**14.7%**  
Tier1 ratio

**17.0%**  
Total capital ratio

## RISK

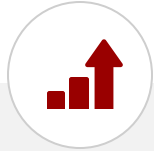
**1.7%**  
NPL ratio

**1.2%**  
NPL ratio excluding City of Linz

**0.18%**  
Risk-cost ratio

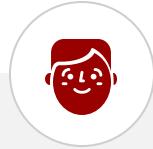
# Strategy

## 4 pillars of our growth strategy



### Growing in our core markets

- Our foundation is Austria with a focus on developed markets
- Focus markets ... DACH region, Western Europe and the United States
- Grow into current account market share entitlement of up to 20% in Austria across core retail products
- Growth drivers ... Partnerships & platforms, enhancing digital engagement, and pursuing earnings-accretive M&A meeting our Group RoTCE targets > 15%



### Focus on Customer Centricity

- Build multi-channel and multi-brand franchise from branches-to-partners-to-brokers-to-platforms-to-digital products across the entire Retail & SME franchise
- Physical network focused on high-touch and high-quality advisory
- Leverage technology to simplify processes and reduce complexity
- Enhance analytical capabilities to improve customer experience
- New retail partnerships and lending platforms to provide 24/7 customer access



### Drive efficiency through operational excellence

- Our DNA is to focus on the things we can control ... "Self-help" approach to banking
- Simplify, standardize, and automate online and offline product offerings
- Create frictionless processes ... wing-to-wing digitization focus across the Bank
- Continuously optimize our processes, footprint, and technology infrastructure
- Embrace various forms of technological change ... will transform banking



### Maintaining a safe and secure risk profile

- Maintaining strong capital position, stable retail deposits and low risk profile
- Focus on mature, developed and sustainable markets
- Applying conservative and disciplined underwriting in markets we understand
- Maintain fortress balance sheet
- Proactively manage and mitigate non-financial risk

**Committed to responsible and profitable growth considering ESG.**

# Bank transformation

Focusing on things we control and driving operational excellence

## KEY METRICS

	2012	2013	2014	2015	2016	2017	2018	2019
<b>RoTCE</b>	3%	11%	15%	17%	18%	15%	15%	<b>16%</b>
<b>C/I ratio</b>	70%	68%	54%	48%	46%	47%	44%	<b>43%</b>
<b>CET1 (FL)</b> post dividend	6.2%	9.4%	12.2%	12.3%	13.6%	13.5%	14.5%	<b>13.3%</b>
<b>NPL ratio</b>	3.5%	2.5%	2.0%	1.9%	1.7%	1.8%	1.7%	<b>1.7%</b>
<b>Assets (€b)</b>	41.5	36.6	34.9	35.7	39.7	46.1	44.7	<b>45.7</b>

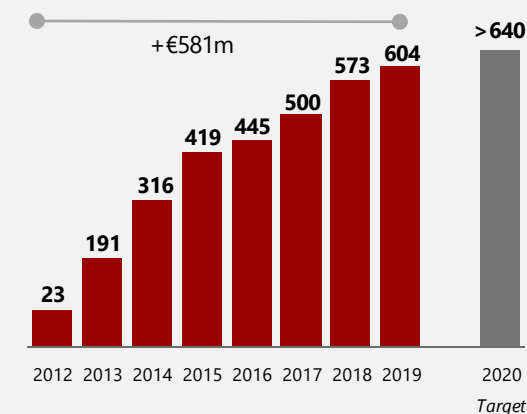
## KEY TOPICS

- ✔ Structurally **fixed cost base**
- ✔ Focus on **simple core products**
- ✔ Focus on **core markets** ... exited CEE and non-core assets
- ✔ **Discontinued trading activities**
- ✔ **Significantly increased profitability** despite declining / negative rates
- ✔ More than **doubled CET1** ratio
- ✔ **Returned/earmarked €900m+\* capital since IPO in 2017**
- ✔ Completed **9 acquisitions** in DACH region since 2015

\* Through €500m dividend of which €230m will be proposed to the AGM in May and €400m share buyback executed in 2019

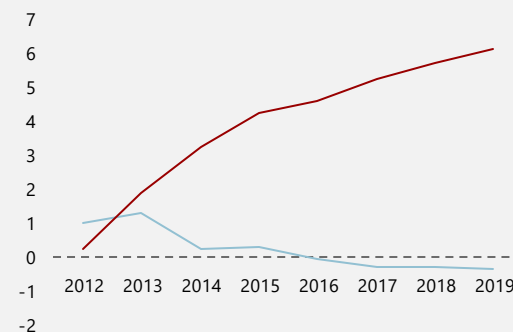
## Increased profitability ...

Pre-tax profit (€ millions)



## ... without relying on interest rates

• Pre-tax profit  
• 3m Euribor



# Developing towards a Retail & SME franchise

## Retail & SME Business

**2.5 million**

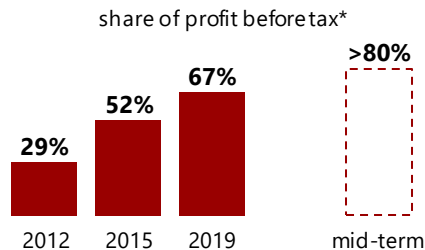
customers in DACH region with core foundation in Austria ... focus on DACH and developed markets

### Focus on

- current accounts
- credit cards
- mortgages
- consumer loans
- discount brokerage
- auto and equipment leasing
- factoring
- SME lending
- niche private banking

### Strategic priorities

- Multi-brand and multi-channel focus from branches-to-partners-to-brokers-to-platforms-to-digital products and services
- Strategic retail partnerships and platforms ... Focusing on digital engagement
- Technology as enabler to roll-out simple and easy-to-use digital products and services across the value chain
- Enhancing analytical capabilities to better serve our customers

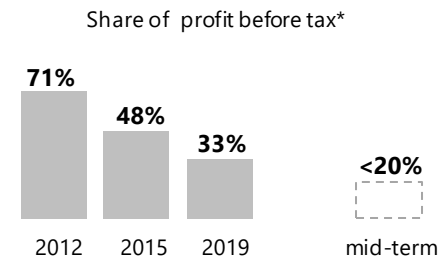


## Corporates & Public Business

- Focus on developed markets... DACH region, Western Europe & the United States
- Disciplined & conservative corporate & asset backed lending
- Austrian public sector lending, payments provider for the Republic of Austria

### Simplified business focus





















- Term loans, payments, and working capital facilities
- Focus on risk-adjusted returns versus volume growth
- Diversified portfolio in regards to asset class and geographies
- Focus on originate-to-sell for public sector assets



\*based on customer segments' profit before tax

# Proven M&A track record

Experienced with bolt-on acquisitions to build out customer franchise

	Q2 '19	 Health AG <sup>3)</sup>	€0.1b assets, €1b factoring volume	3k customers
	Q1 '19	 Zahnärztekasse AG		
	Q2 '19	 BFL DIE IT-FINANZIERER	€0.6b assets	50k customers
	2018	 Deutscher Ring <sup>2)</sup> Bausparkasse AG	€0.5b assets	85k customers
	2017	 SÜDWESTBANK	€7.4b assets	100k customers
	2017	 PayLife,  IXX commercial card issuing business	1.7m cards	>500k customers
	2016	 start  bausparkasse	€2b assets	500k customers
	2016	 IMMO-BANK	€1.6b assets	5k customers
	2015	 VB LEASING <sup>1)</sup> LIKE IT. LEASE IT.	€0.7b assets	50k customers

Continued focus on companies within the DACH region

Assessing Banks, specialty finance companies, performing loan portfolios and Fintechs

Primary focus: Mortgages, Consumer, Leasing, Factoring, Credit Cards, SMEs and Private Banking

Targeting companies with turnaround potential through cost-reduction and simplification strategies

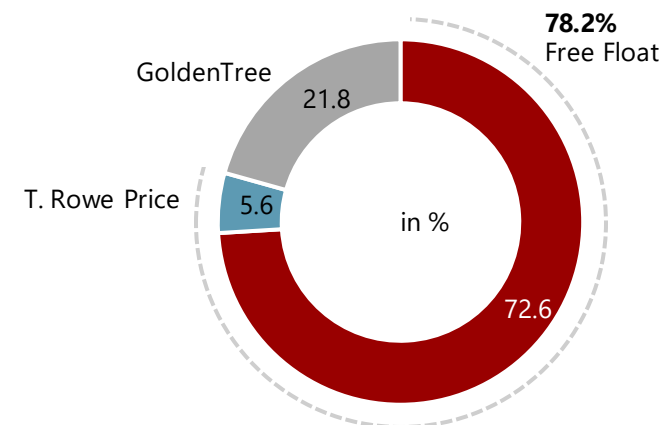
1) rebranded: easyleasing 2) rebranded: start:bausparkasse 3) rebranded: Health Coevo AG

# Investor relations calendar

## H1 2020 ROADSHOWS AND CONFERENCES

12-14 Feb	London
14 Feb	Paris
18 Feb	Group Meeting, Vienna
24-27 Feb	USA (New York, Boston, Chicago, Dallas)
04 Mar	Introduction Call to Asian Investors
05 Mar	Switzerland
17 Mar	JPM Small & Mid-Cap Conference, London
18 Mar	Morgan Stanley European Financials Conference, London
30-31 Mar	Raiffeisen Centrobank Investor Conference, Austria
2 Apr	USA (New York)
27 Apr	London
6 May	Goldman Sachs Small and Mid-Cap Conference, London
12 May	UBS Pan European Small and Mid-Cap Conference, London
13 May	KBW European Financials Conference, London
11 Jun	Goldman Sachs European Financials Conference, Rome
23 Jun	Autonomous CEE Financials Rendezvous, London

## SHAREHOLDER STRUCTURE



## SAVE THE DATE

**CAPITAL  
MARKETS DAY**  
**September, 21 2020**  
in London



# 2020 Targets

2019 fully delivered; unchanged 2020 targets

Metrics	2020
Profit before tax	>€640m
Net profit	>€480m
Cost-income ratio	<40%
Return on Tangible Common Equity	15% - 20%
CET1 ratio (FL)	13%
Earnings per share (EPS) <sup>1)</sup>	>€5.40

## 2020 KEY DRIVERS

- > Efficiencies of *Concept 21* and new organizational setup
- > Continued integration momentum in Germany
- > NII tailwinds from Q4 '19 ... driven by Retail & SME

## SAVE THE DATE

**CAPITAL MARKETS  
DAY**

**September 21, 2020**  
in London

1) EPS targets based on total share count of 89.1m shares



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