

BAWAG Group



COMPANY PROFILE

One of Austria's leading retail banks with **2.4 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 of net profits**



Committed to returning excess capital to **shareholders**

MEDIUM-TERM TARGETS

Based on normalized environment

Return on tangible common equity (RoTCE)

> 15%

Cost-income ratio

< 40%

OUR STRATEGY



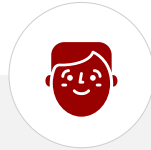
Strategy

4 pillars of our growth strategy



Growing in our core markets

- Our foundation is Austria with a focus on DACH region and developed markets
- Grow into current account market share entitlement of up to 20% in Austria across core retail products
- Organic growth drivers ... Partnerships & platforms, enhancing digital engagement and growing share of wallet of 2.4 million customer base
- Inorganic growth drivers ... 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

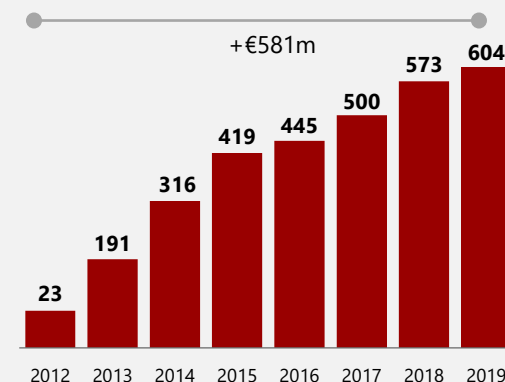
	2012	2013	2014	2015	2016	2017	2018	2019
RoTCE	3%	11%	15%	17%	18%	15%	15%	16%
C/I ratio	70%	68%	54%	48%	46%	47%	44%	43%
CET1 (FL) post dividend	6.2%	9.4%	12.2%	12.3%	13.6%	13.5%	14.5%	13.3%
NPL ratio	3.5%	2.5%	2.0%	1.9%	1.7%	1.8%	1.7%	1.7%
Assets (€b)	41.5	36.6	34.9	35.7	39.7	46.1	44.7	45.7

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

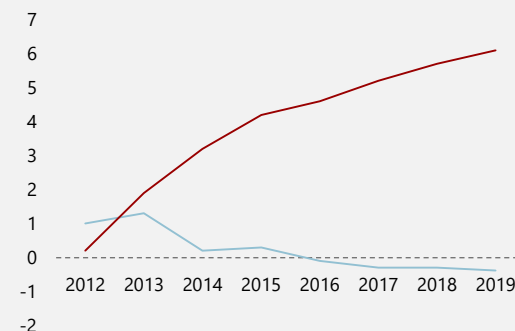
Increased profitability ...

Pre-tax profit (€ millions)



... without relying on interest rates

• Pre-tax profit
• 3m Euribor



* Comprised of €400m share buyback executed in 2019 and €500m dividend, of which €230m FY 2019 dividend postponed, pending regulatory guidance

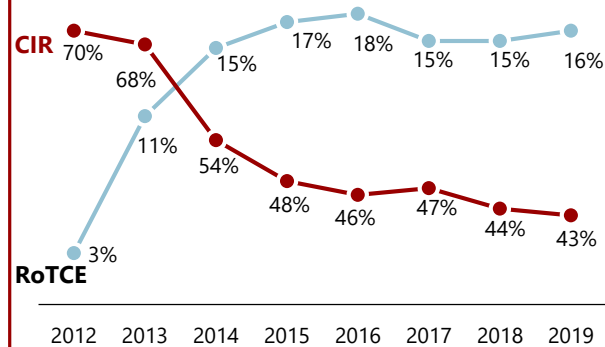
Main pillars of BAWAG Group

We entered the crisis in a strong position

RESILIENT BUSINESS MODEL

- > Strategic transformation since 2012
- > Focus on developed markets with Austria as our core and foundation
- > Highly cash-capital generating business model with ~230bps CET1 thru 2019

EFFICIENT & HIGH-RETURN BUSINESS MODEL



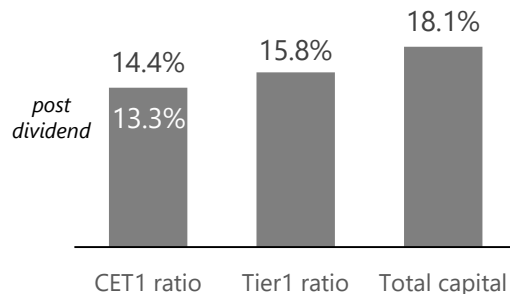
STRONG FUNDING & LIQUIDITY

- > Strong customer deposit base ... represent more than 2/3 of funding
- > Comfortable maturity profile of own issuances
- > No need for funding in 2020 if conditions are not favorable
- > Liquidity coverage ratio of 209% ... short-term liquidity buffer of €8.6b (30 June 2020)

STRONG CAPITAL POSITION

As of Dec 2019, pre-dividend

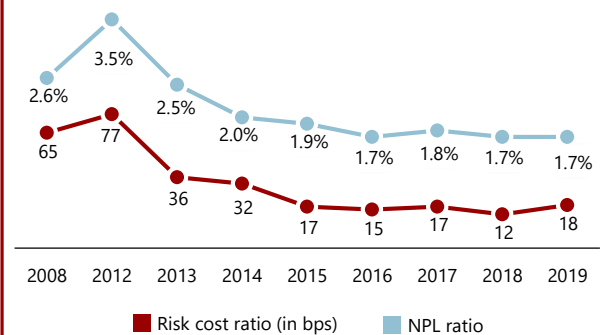
RWA Density: 45%



SOLID ASSET QUALITY and DISCIPLINED UNDERWRITING

- > Conservative risk appetite and revamped risk organization since 2012
- > Disciplined underwriting in corporates and real estate ... focus on risk-adjusted returns
- > No relevant exposure to CEE or emerging markets
- > No operations with elevated AML risk

NON-PERFORMING LOANS developments since financial crisis

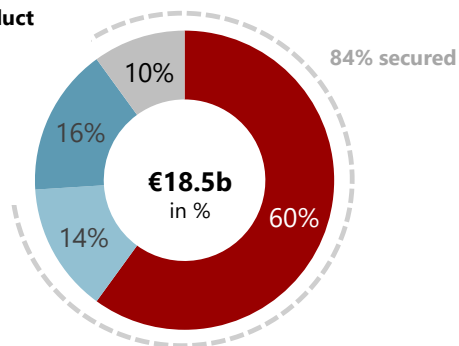


Customer businesses €32.4 billion

As of June 2020

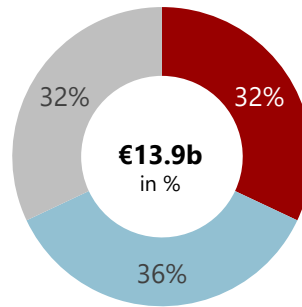
RETAIL & SME

By product



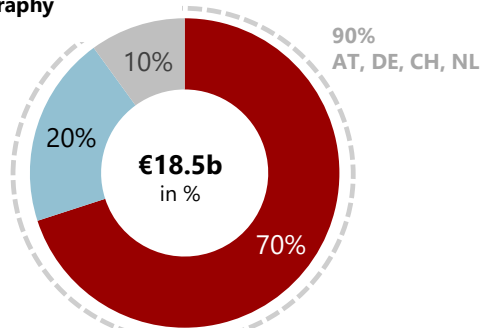
■ Housing loans ■ Consumer & SME (secured)
■ Consumer & SME (unsecured) ■ Portfolios

CORPORATES & PUBLIC

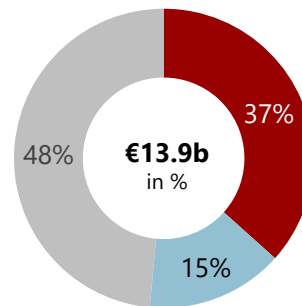


■ Corporate lending ■ Asset backed lending
■ Public clients

By geography



■ AT ■ DE, CH, NL ■ Western Europe / Other



■ AT ■ DE, CH, NL ■ Western Europe / USA

CUSTOMER BUSINESSES

€32.4 billion of which ...

~75%
Secured or public
sector lending

74%
Lending in
AT, DE, CH, NL

26%
Western Europe &
USA

Developing towards a Retail & SME franchise

Retail & SME Business

2.4 million

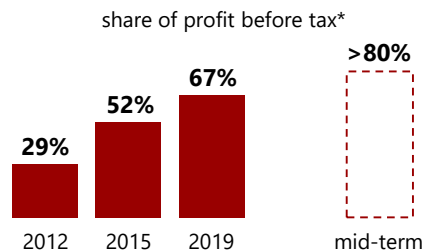
customers in DACH region with core foundation in Austria ... focus on DACH and developed markets

Focus on

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

Strategic priorities

- Applying a multi-brand and multi-channel focus leveraging "branches-to-partners-to-brokers-to-platforms-to-digital products and services"
- Entering into strategic retail partnerships and platforms in core markets
- Driving digital engagement ... Technology as enabler to roll-out simple and easy-to-use digital products and services
- Data driven decision-making ... enhancing analytical capabilities to better serve our customers



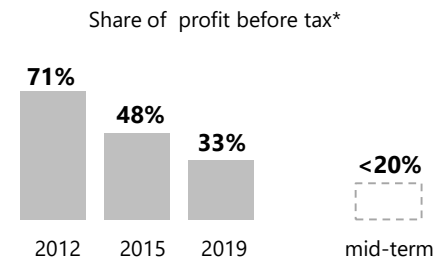
*based on customer segments' profit before tax

Corporates & Public Business

- Focus on developed markets ... DACH region, Western Europe & the United States
- Disciplined & conservative corporate, asset backed and public sector 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



Proven M&A track record

Experienced with bolt-on acquisitions to build out customer franchise

	Q2 '19	 Health AG ³⁾	€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 ²⁾ Bausparkasse AG	€0.5b assets	85k customers
	2017	 SÜDWESTBANK	€7.4b assets	100k customers
	2017	 PayLife SIX 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 ¹⁾ 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, Leasing, Leasing, Factoring, Consumer, Cards, SMEs and niche Private Banking

Primarily targeting companies requiring operational turnaround through simplification, standardization and efficiency measures

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

Outlook and Targets

Updated 2020 outlook

OUTLOOK 2020

	<u>AS OF Q1 '20</u>	<u>UPDATED</u>
Net interest income FY '19: €879m	Fairly stable	up to 3%
Net fee and commission income FY '19: €284m	Down up to 15%	Decreasing 10 - 15%
Other income FY '19: €78m	Down	Flat to H1 '20
Operational expenses FY '19: €530m	Reducing by ~5%	Decreasing by ~5%
Risk costs FY '19: €69m	No forecast as uncertain	H2 '20 lower than H1 '20 risk costs
Return on tangible common equity: FY '19: 16.1%		Targeting ~10%

MEDIUM-TERM TARGETS

Based on normalized environment

**Return on tangible
common equity (RoTCE)**

> 15%

Cost-income ratio

< 40%

AGM

30 October 2020

**Capital
Markets
Day**

Day

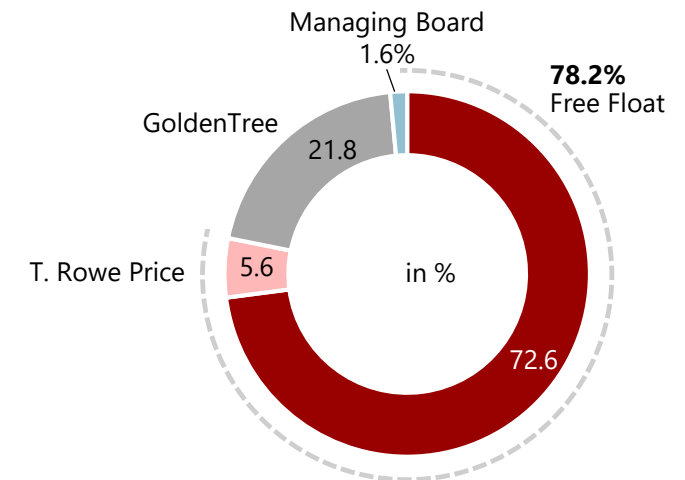
H1 '21

Investor relations calendar

UPCOMING ROADSHOWS AND CONFERENCES

28 Jul	Digital one-on-one and group meetings
30 Jul	Asia investor call
17 Sep	Citi Virtual Small, Mid-Cap & Growth Conference
23 Sep	BAML Financial Conference
5 Oct	Erste Group - The Finest CEElection Investor Conference
27 Oct	Digital one-on-one and group meetings

SHAREHOLDER STRUCTURE





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