



# Preliminary FY 2019 Earnings

Anas Abuzaakouk, CEO  
Enver Sirucic, CFO

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# Highlights 2019

All targets achieved

## STRONG EARNINGS

### FY 2019

- › Profit before tax (PBT) of €604m, +6% vPY
- › Net Profit of €459m, +5% vPY
- › Earnings per share of €4.69 (+7%), pro forma €5.22 (+19%)
- › Dividend per share of €2.61 (+20%)

## EXECUTING ON OUR STRATEGY

- › Completed **Concept 21**: full separation from Austrian Post
- › **Germany**: significant progress made in building out German platform
- › Continue to develop towards a **Retail & SME franchise** ... target 80% profit contribution
- › Currently assessing a handful of **small bolt-on acquisitions** in DACH region

## DISTRIBUTED €615m CAPITAL in 2019

- › **CET1 ratio** at year-end 2019 of 13.3% ... gross capital generation through earnings of ~230bps
- › **Share buyback** of €400m completed in Q4 '19 ... outstanding shares reduced by ~11%
- › **Dividend of €2.61 per share** will be proposed to AGM ... translates in ~€230m payout

Note: Comparison vPY, unless stated otherwise; pro forma EPS defined as net profit / shares outstanding at period end

# Financial performance

## Key highlights

P&L   € millions	2019	vPY	Q4 '19	vPY	vPQ
Core revenues	1,163	3%	294	3%	1%
Operating income	1,241	6%	314	8%	-
Operating expenses	(530)	2%	(134)	(2%)	-
Regulatory charges	(42)	6%	(3)	-	52%
Risk costs	(69)	54%	(25)	89%	46%
<b>Profit before tax</b>	<b>604</b>	<b>6%</b>	<b>154</b>	<b>8%</b>	<b>(6%)</b>
<b>Net profit</b>	<b>459</b>	<b>5%</b>	<b>116</b>	<b>7%</b>	<b>(7%)</b>

**€5.22**  
Earnings per share  
pro forma

**+19%**  
vPY

**€2.61**  
Dividend / share

**+20%**  
vPY

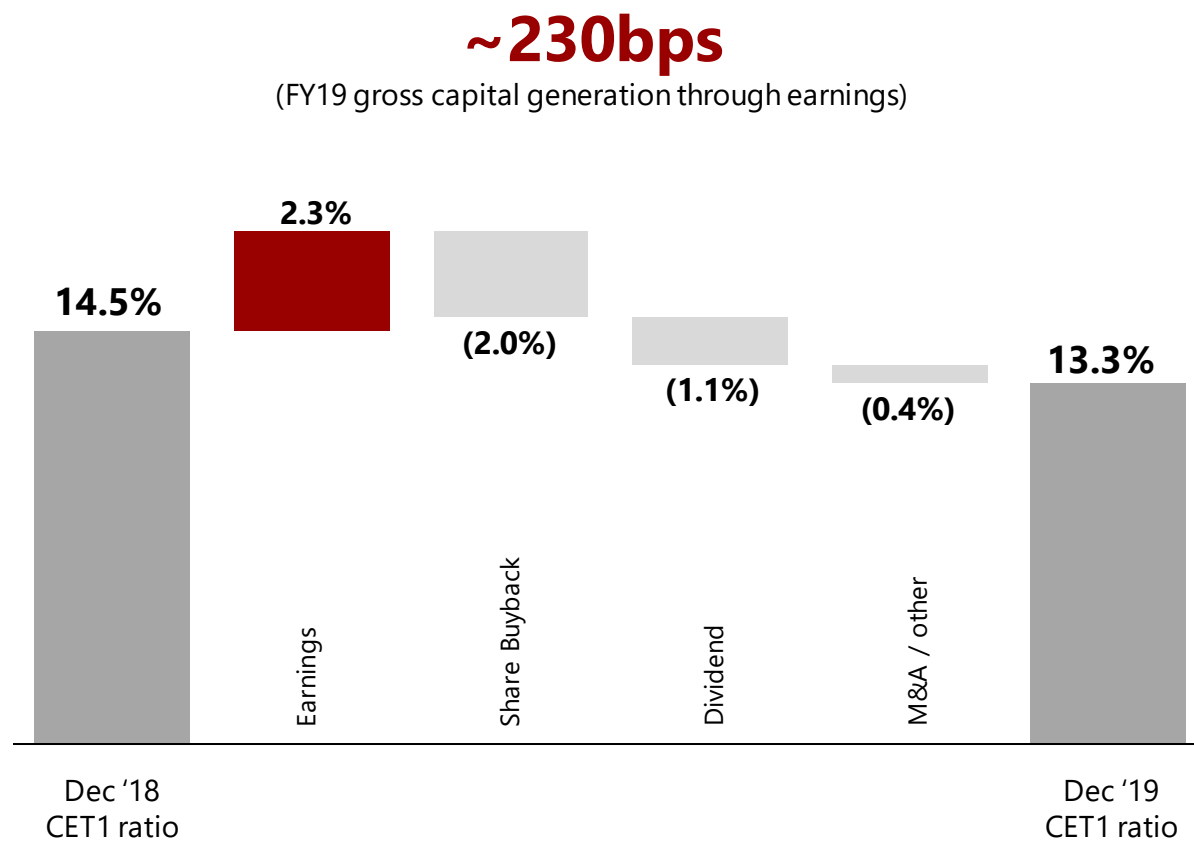
**All 2019 targets achieved**

	2019	Target	
<b>Profit before tax</b>	<b>€604m</b>	<b>&gt; 600m</b>	✓
<b>Cost-income ratio</b>	<b>42.7%</b>	<b>&lt; 43%</b>	✓
<b>RoTCE</b>	<b>Reported</b>	<b>15%-20%</b>	✓
	<b>Pro forma</b>		
<b>CET1 ratio</b> (post dividend)	<b>13.3%</b>	<b>12%-13%</b>	✓
<b>EPS</b>	<b>Pre-tax</b>	<b>&gt; €6.00</b>	✓
	<b>Post-tax</b>	<b>&gt; €4.50</b>	

Pro forma EPS defined as net profit / shares outstanding at period end; pro forma RoTCE assumes deduction of earmarked capital for share buyback in 2018

# Capital development

Highly capital accretive business model



**€2.61**

**dividend per share**

will be proposed to AGM

## Timing:

AGM: Held on 4 May 2020  
Payment date: 13 May 2020

## Calculation:

Net profit	€459m
50% pay-out of net profit	~€230m
Shares* as of year-end	87.9m
Dividend per share	€2.61

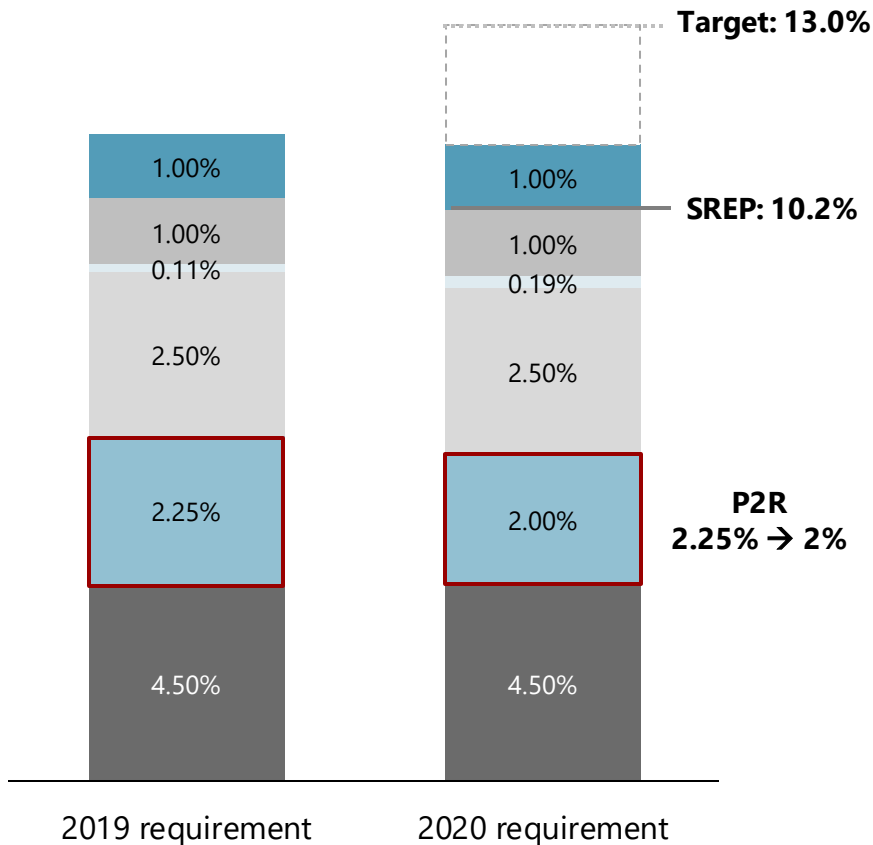
\* Total share count of 89.1m less treasury shares of 1.2m

# Capital distribution ... focus on shareholder value



P2R requirements lowered, while using 13% as threshold for capital distribution

- Pillar 1 Requirement
- Pillar 2 Requirement (P2R)
- Capital Conservation Buffer
- Countercyclical Buffer
- SIFI
- Pillar 2 Guidance (P2G)



## CAPITAL DISTRIBUTION >13%: dividends & buybacks

- Dividend payout of 50% of net profit and share buybacks
- Returned / earmarked\* €900m+ capital since IPO in October 2017
- Translates into €9.37 per share (€5.37 dividends\* and €4.00 share buyback)

## CAPITAL USAGE: organic growth and M&A

- Funded all organic growth and 5 M&A transactions
- Pre-tax profit increased over €100m ... from €500m in 2017 to €604m in 2019

## EARNINGS CAPITAL GENERATION: ~230bps CET1 per year

2017: +220bps      2018: +260bps      2019: +230bps

\* ~€230m dividend payment (€2.61 per share) to be distributed in May 2020 post-AGM approval

## Financial performance

€ millions	2019	2018	vPY	Q4 '19	vPQ
Net interest income	626.0	575.4	9%	163.6	3%
Net commission income	242.2	236.1	3%	59.9	(1%)
<b>Core revenues</b>	<b>868.3</b>	<b>811.5</b>	<b>7%</b>	<b>223.4</b>	<b>2%</b>
Other income	2.5	18.6	(87%)	0.8	(27%)
<b>Operating income</b>	<b>870.8</b>	<b>830.0</b>	<b>5%</b>	<b>224.2</b>	<b>2%</b>
<b>Operating expenses</b>	<b>(372.9)</b>	<b>(350.9)</b>	<b>6%</b>	<b>(90.3)</b>	<b>(7%)</b>
Total risk costs	(76.3)	(62.3)	22%	(25.9)	43%
Regulatory charges	(27.0)	(26.0)	4%	(1.7)	21%
<b>Profit before tax</b>	<b>394.6</b>	<b>390.9</b>	<b>1%</b>	<b>106.4</b>	<b>3%</b>
<b>Net profit</b>	<b>295.9</b>	<b>293.2</b>	<b>1%</b>	<b>79.8</b>	<b>3%</b>

## Customer development

€ millions	2019	2018	vPY	Q4 '19	vPQ
Housing loans	9,374	9,075	3%	9,374	2%
Consumer and SME	5,050	4,059	24%	5,050	1%
Portfolios	3,731	3,771	(1%)	3,731	8%
thereof: UK & French mortgage portfolios	1,762	2,093	(16%)	1,762	(3%)
<b>Total assets</b>	<b>18,155</b>	<b>16,905</b>	<b>7%</b>	<b>18,155</b>	<b>3%</b>
<b>Total assets (average)</b>	<b>17,381</b>	<b>16,848</b>	<b>3%</b>	<b>18,006</b>	<b>3%</b>
<b>Customer deposits</b>	<b>24,848</b>	<b>24,251</b>	<b>2%</b>	<b>24,848</b>	<b>3%</b>

Profit before tax growth of 1% in 2019 ... adjusted for risk cost one-offs underlying growth of 3%

Net asset growth of +7% vs prior year ... driven by Consumer & SME and Housing loans

International mortgage portfolios running off as anticipated ... down 16% versus prior year

Major milestones achieved with completion of *Concept 21* ... will begin to realize full benefits of centrally managed network in 2020

**23.5%** | +0.8pts  
FY '19 RoTCE | vPY

**42.8%** | +0.5pts  
FY '19 CIR | vPY

**1.9%** | flat  
NPL ratio | vPY

# Retail & SME

Retail transformation in Austria ... integration momentum in Germany

## AUSTRIA

"Core foundation ... continued transformation"

Led by David O'Leary (Managing Board)



### LEVERAGING ESTABLISHED PHYSICAL FOOTPRINT



- Completely separated from Austrian Post
- Centrally managed network of 88 branches
- ~870 sales force; ~200 new advisors were hired over last 2 years

### ENHANCING DIGITAL PROCESSES & ENGAGEMENT



- POS financing ... simplified lending technology, easily deployed
- SME offering ... Express working capital loans, accounts (Spotcap)
- Launched new mobile bank app *klar*
- Redesign workflow across products and channels

### GROWING PARTNERSHIPS & PLATFORMS



- POS financing ... MediaMarktSaturn Austria
- Sole bank partner of jö bonus loyalty program
- Building out broker platforms

## INTERNATIONAL RETAIL & SME

"Building the platform"

Led by Sat Shah (Managing Board)



### ESTABLISHING SOLID FOUNDATION

- Germany as foundation for International Retail & SME
- Dedicated leadership team to drive integrations and growth

### GROWTH DRIVERS

- More digital focus ... products and channels
- More specialty finance oriented (leasing, factoring, consumer finance)
- Organic growth through partnerships and platforms while pursuing M&A

### DRIVING POSITIVE OPERATING LEVERAGE

- Positive integration momentum
- Harmonizing technology landscape ... core systems and applications
- Centralized middle and back-office functions

**Net profit growth of > 10% targeted in 2020  
for Retail & SME**



## Financial performance

€ millions	2019	2018	vPY	Q4 '19	vPQ
Net interest income	249.1	250.4	(1%)	61.4	-
Net commission income	43.0	48.6	(12%)	10.5	(3%)
<b>Core revenues</b>	<b>292.1</b>	<b>299.0</b>	<b>(2%)</b>	<b>71.9</b>	<b>(1%)</b>
Other income	0.2	10.7	(98%)	1.3	-
<b>Operating income</b>	<b>292.3</b>	<b>309.8</b>	<b>(6%)</b>	<b>73.3</b>	<b>3%</b>
<b>Operating expenses</b>	<b>(100.1)</b>	<b>(120.0)</b>	<b>(17%)</b>	<b>(22.3)</b>	<b>(11%)</b>
Total risk costs	7.6	17.8	57%	(0.6)	>100%
Regulatory charges	(10.0)	(8.9)	12%	(0.9)	50%
<b>Profit before tax</b>	<b>189.8</b>	<b>198.7</b>	<b>(4%)</b>	<b>49.4</b>	<b>8%</b>
<b>Net profit</b>	<b>142.4</b>	<b>149.0</b>	<b>(4%)</b>	<b>37.1</b>	<b>8%</b>

## Customer development

€ millions	2019	2018	vPY	Q4 '19	vPQ
Corporate lending	5,188	6,835	(24%)	5,188	(21%)
Asset backed lending	4,602	4,220	9%	4,602	3%
Public clients	3,351	3,112	8%	3,351	-
<b>Total assets</b>	<b>13,141</b>	<b>14,167</b>	<b>(7%)</b>	<b>13,141</b>	<b>(9%)</b>
<b>Total assets (average)</b>	<b>14,009</b>	<b>14,419</b>	<b>(3%)</b>	<b>13,601</b>	<b>(3%)</b>
<b>Customer deposits</b>	<b>5,019</b>	<b>5,683</b>	<b>(12%)</b>	<b>5,019</b>	<b>(17%)</b>

Focused on risk-adjusted returns and not absolute volume growth

Continued pricing pressure across Corporate lending space ... will remain disciplined and patient

Solid pipeline in asset backed lending

Maintaining disciplined underwriting ... senior secured financing, day 1 LTV < 65%, and ICR > 2.0x

**Net profit in 2020 expected flat to slightly down for Corporates & Public**

**14.4%**

FY '19 RoTCE

+1pt

vPY

**34.2%**

FY '19 CIR

(4.5pts)

vPY

**1.0%**

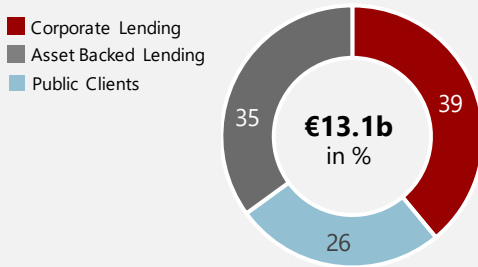
NPL ratio

(0.2pts)

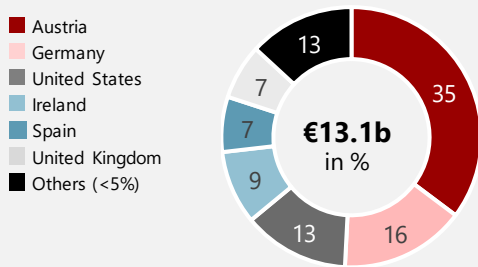
vPY

# Corporates & Public

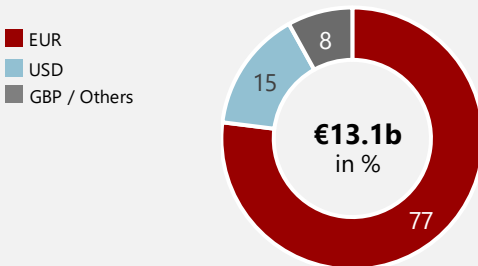
## ASSET SPLIT



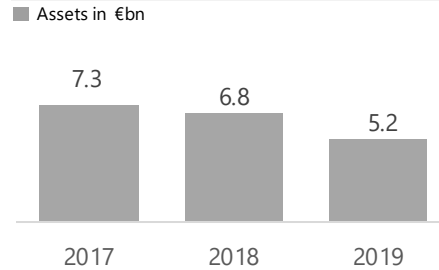
## COUNTRY SPLIT



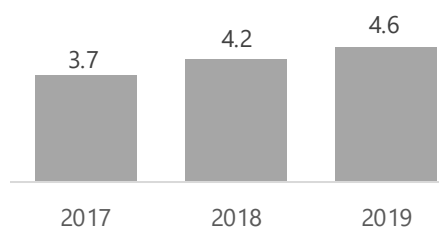
## CURRENCY SPLIT



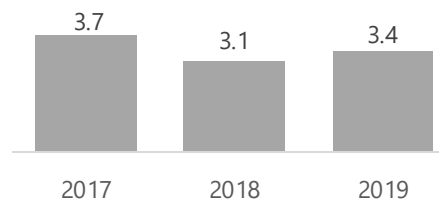
## CORPORATE LENDING



## ASSET BACKED LENDING

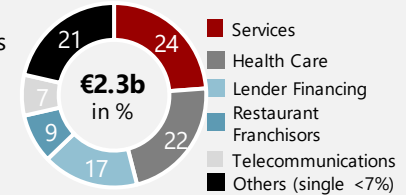


## PUBLIC CLIENTS



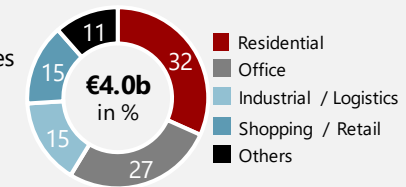
- Conservative approach to lending ... Focus on senior secured lending, free cash flow generating companies with defensive business profile and solid capital structure
- Focus on large publicly listed companies and select lending opportunities in resilient industries
- Weighted avg. net leverage < 4.0x through Bawag P.S.K. tranche
- Corporate lending space ongoing challenging from a risk-adjusted returns standpoint ... will remain patient and disciplined

### Non-DACH – Industry Type



- Conservative approach to lending ... Focus on senior secured lending with no mezzanine financing and real estate focused
- Focus on developed markets ... primarily Western Europe and the United States
- Focus on lender friendly jurisdictions and well-established sponsors
- Current portfolio metrics ... LTV < 60%, ICR > 2.0x and weighted avg. life of ~3-yrs for non-DACH portfolio

### Non-DACH – Property Type



- Lending focused on Austrian municipalities, Federal States and Republic of Austria
- BAWAG P.S.K. is payments provider to Republic of Austria
- Established originate-to-sell platform to leverage experience and drive fee business



# P&L & key ratios

P&L   € millions	Q4 '19	vPY	vPQ	2019	vPY
Net interest income	223.9	4%	2%	879.0	5%
Net commission income	70.0	(0%)	(1%)	283.5	-
<b>Core revenues</b>	<b>293.9</b>	<b>3%</b>	<b>1%</b>	<b>1,162.5</b>	<b>3%</b>
Other revenues	20.4	>100%	(15%)	78.0	65%
<b>Operating income</b>	<b>314.3</b>	<b>8%</b>	<b>(0%)</b>	<b>1,240.5</b>	<b>6%</b>
<b>Operating expenses</b>	<b>(133.9)</b>	<b>(2%)</b>	<b>0%</b>	<b>(529.7)</b>	<b>2%</b>
Total risk costs	(25.0)	89%	46%	(69.3)	54%
Regulatory charges	(3.2)	-	52%	(42.4)	6%
<b>Profit before tax</b>	<b>153.8</b>	<b>8%</b>	<b>(6%)</b>	<b>604.3</b>	<b>6%</b>
Income taxes	(37.4)	9%	(4%)	(145.0)	6%
<b>Net profit</b>	<b>116.1</b>	<b>7%</b>	<b>(7%)</b>	<b>459.1</b>	<b>5%</b>

Key ratios	Q4 '19	vPY	vPQ	2019	vPY
Return on Common Equity	13.4%	0.9pts	(0.4pts)	13.5%	0.8pts
Return on Tangible Common Equity	16.0%	1.5pts	(0.4pts)	16.1%	1.3pts
Net interest margin	2.36%	0.20pts	0.08pts	2.30%	0.09pts
Cost-income ratio	42.6%	(4.5pts)	0.2pts	42.7%	(1.5pts)
Risk cost ratio	0.27%	0.13pts	0.09pts	0.18%	0.06pts
Pre-tax earnings per share	€1.57	9%	(5%)	€6.17	7%
After-tax earnings per share	€1.19	9%	(6%)	€4.69	7%
Tangible book value per share	€31.02	3%	(0%)	€31.02	3%
Book value per share	€37.49	7%	2%	€37.49	7%

Solid financial performance in Q4 ... all ratios / metrics in line with our FY '19 targets

NII up 2% in Q4 '19 with NIM expanding from 2.28% to 2.36%

Operating expenses and risk costs seasonally higher, but good underlying run-rate into 2020

# Balance sheet

Continued focus on balance sheet optimization and growing our customer business

Balance sheet   € billions	2019	2018	vPY	vPQ
Customer loans	30.5	30.5	(0%)	(1%)
Securities and bonds	5.4	6.9	(22%)	(12%)
Credit institutions and cash	7.1	5.4	32%	11%
Other assets	2.7	1.9	42%	(1%)
<b>Total assets</b>	<b>45.7</b>	<b>44.7</b>	<b>2%</b>	<b>(1%)</b>
thereof Interest-bearing assets	36.8	38.0	(3%)	(4%)
Customer deposits	30.4	30.2	1%	-
Own issues	5.4	4.4	23%	6%
Credit institutions	3.1	4.3	(28%)	(9%)
Other liabilities	2.9	1.8	63%	(5%)
Common equity	3.5	3.7	(5%)	(7%)
AT1 capital	0.3	0.3	(0%)	-
<b>Total liabilities &amp; equity</b>	<b>45.7</b>	<b>44.7</b>	<b>2%</b>	<b>(1%)</b>

Capital & RWA   € billions	2019	2018	vPY	vPQ
Common equity *	3.3	3.5	(6%)	(9%)
Tangible common equity *	2.7	3.0	(9%)	(11%)
CET1 capital (FL) *	2.7	3.0	(9%)	(17%)
Risk-weighted assets	20.4	20.5	(0%)	(1%)
CET1 ratio (FL)	13.3%	14.5%	(1.2pts)	(2.4pts)
Leverage ratio (FL)	6.5%	7.1%	(0.6pts)	(0.7pts)

\*deducted dividend accruals

Customer loans and deposits largely stable

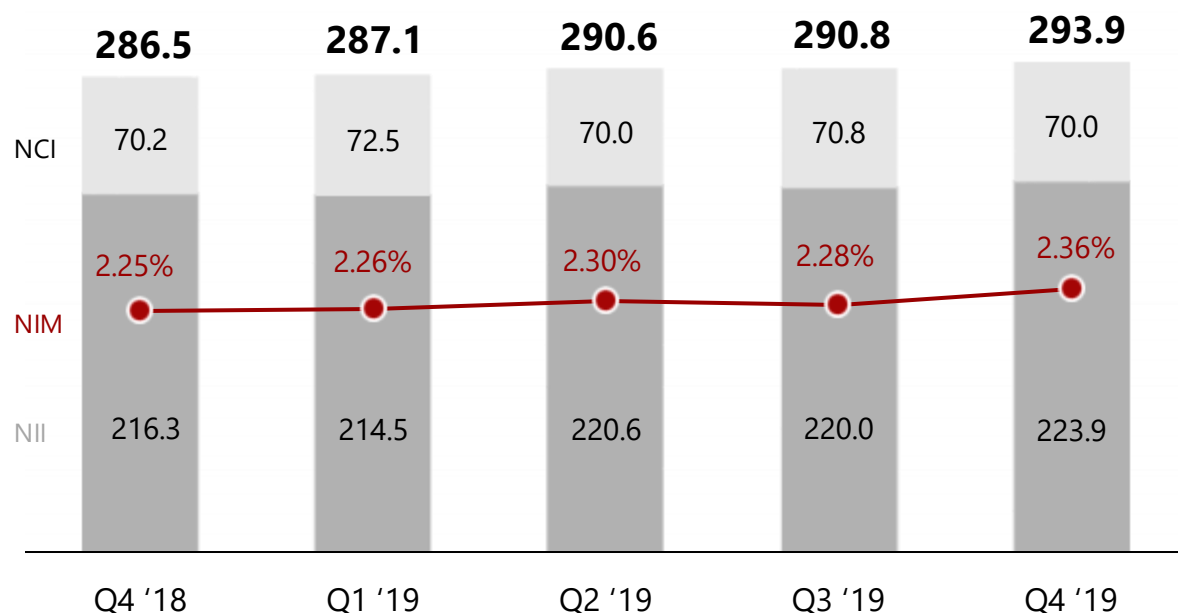
Securities and bonds further reduced

Execution of share buyback of €400m in Q4 '19

# P&L details – core revenues

Strong revenue momentum from NII growth

€ millions



## Customer loans | Average interest bearing assets | € billions

Quarter	Q4 '18	Q1 '19	Q2 '19	Q3 '19	Q4 '19
Customer loans	30.5	30.2	31.1	30.7	30.5
Average interest bearing assets	38.5	38.0	38.4	38.6	37.6

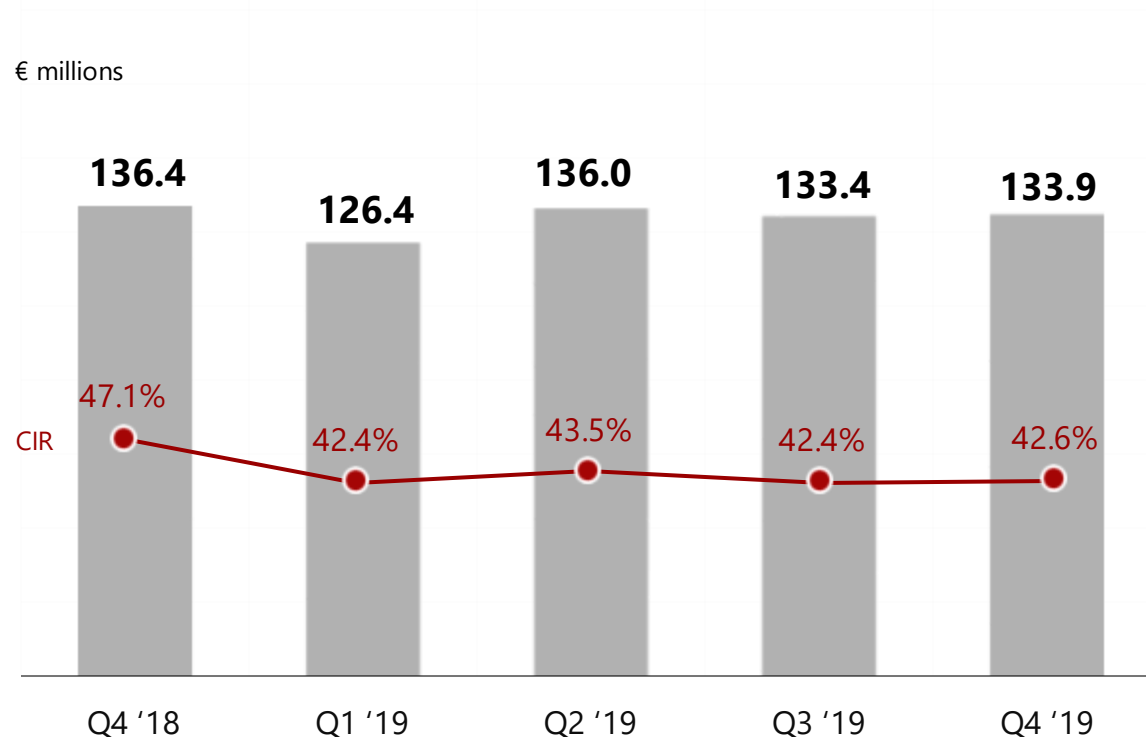
### Net interest income (NII) +2% vPQ ... net interest margin (NIM) at 2.36%

- Revenue uplift in Q4 '19 ... growth in Retail core products drives positive momentum and margin expansion into 2020
- Interest rates ongoing low (primarily exposed to 3-Months-Euribor) +/- 10 bps parallel shift in interest rates = +/- €1m NII per month
- Run-down of international mortgage portfolios as anticipated

### Net commission income (NCI) (1%) vPQ

- Stable development after strong Q3 performance
- Initiatives on the way to improve commission income in advisory businesses

# P&L details – operating expenses



## Cost-income ratio <43% in Q4 '19 and FY'19

- Despite seasonally higher operating expenses (restructuring expenses, etc.) in Q4 '19 cost-income ratio remained below 43%
- **Normalized run-rate of €129m per quarter ...** good line of sight for cost-income ratio of below 40% in 2020

## Examples of initiatives launched during the course of 2019:

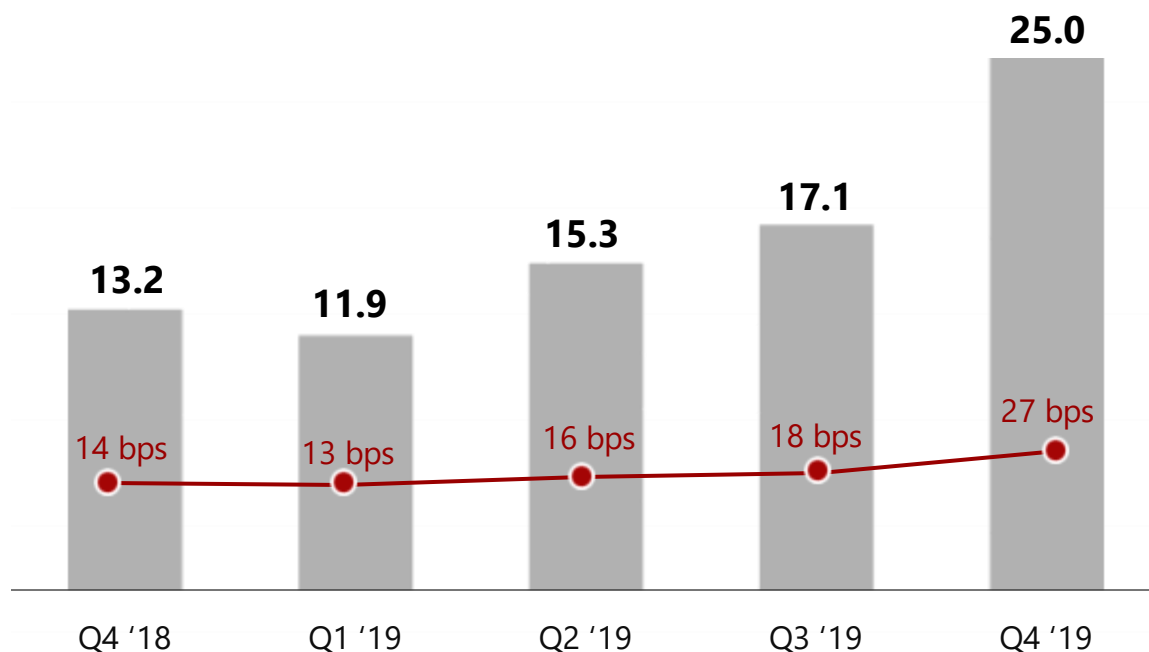
- Network to 88 branches vs. originally planned 100 branches as part of *Concept 21*
- Harmonizing technology landscape ... core systems and applications
- Further centralization of back-office functions in competence centers (mainly in Vienna)

# P&L details – risk costs

Proactive risk management to maintain conservative risk profile

€ millions

—●— Risk costs / average interest-bearing assets



**NPL ratio** (as reported and excluding CoL)

1.7%	1.8%	1.8%	1.9%	1.7%
1.2%	1.2%	1.2%	1.4%	1.2%

**Q4 '19 risk cost ratio at 27bps** ... includes one-offs (mainly addressing legacy NPL exposures)

**Adjusted underlying run-rate in Q4 '19 consistent with prior quarters of ~€17m or 18bps**

Business focused on developed markets ... 72% DACH region and 28% Western Europe / United States

**Maintain safe & secure balance sheet & portfolio risk management**

- No relevant exposure to CEE or emerging markets
- No Turkey and Russia exposure
- No operations in countries with elevated AML risk

**For 2020 expected risk costs 15-20bps**

**Benign credit environment and expected through-the-cycle risk costs 15-25bps**



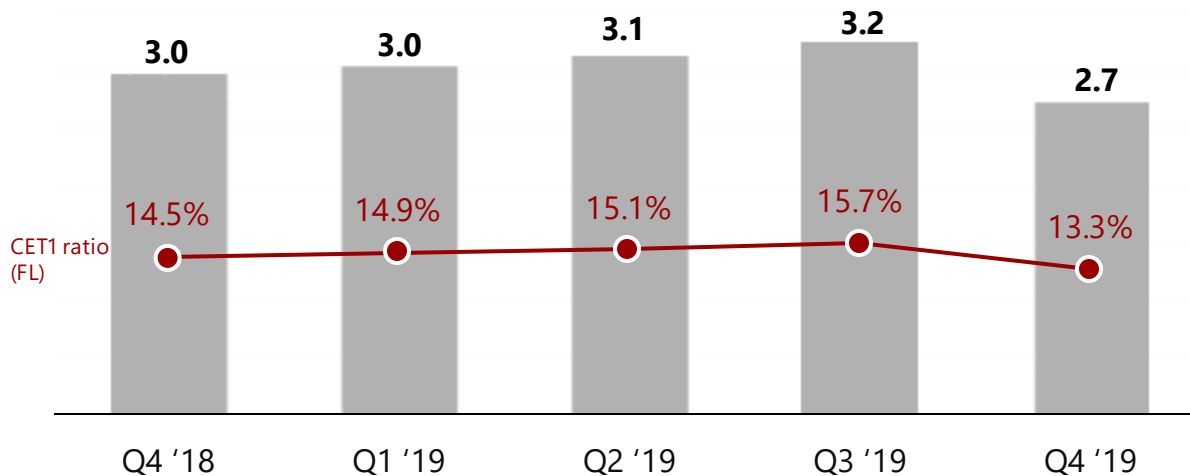
# Regulatory Capital

Continued strong capital generation



## CET1 Capital (FL)

€ billions



### RWA | € billions | Total capital ratio

Quarter	Q4 '18	Q1 '19	Q2 '19	Q3 '19	Q4 '19
RWA [€ billions]	20.5	20.5	20.7	20.6	20.4
Total capital ratio [%]	16.3%	18.7%	18.9%	19.5%	17.0%

CET1 ratio at year-end of 13.3%

BAWAG Group SREP requirement of 10.2% ... P2R of 2.0% (down 25bps vPY) ... P2G of 1.0%

ECB published bank-specific data:

- average P2R 2.1%
- average P2G (non-binding) at 1.5%

**13.3%**  
CET1 ratio

**14.7%**  
Tier1 ratio

**17.0%**  
Total capital ratio

Note: Quarterly CET1 ratio not considering dividend, at year-end dividend deducted; ECB reference: <https://www.bankingsupervision.europa.eu/press/pr/date/2020/html/ssm.pr200128~20e2703d8e.en.html>

# Recent developments

## NEW FEDERAL GOVERNMENT IN AUSTRIA

New government program includes:

- Reduction of corporate income tax from 25% to 21%
- Reduction of broad-based personal income tax
- Tax exemption on capital gains (for securities with a retention period and on ESG products)
- Introduction of an environmental tax package
- Specific timing of proposed tax program and investments pending

## REGULATORY DEVELOPMENTS – CRD V

### – Pillar 2 Requirement (CRD V update)

If, going forward, P2R can be fulfilled proportionally with CET1, AT, and Tier 2 (vs. today only using CET1) .. Impact on BAWAG would be 88bps (€200m) fulfilled with AT1 and Tier 2 capital

### – CRD V update and SIFI-buffer (1%)/O-SII buffer (1%)

Austrian Financial Market Stability Board (FMSB) will assess level of buffers for Austrian banks ... update expected for 2020

## LEGAL CASE UPDATE – CITY OF LINZ

- On January 7, 2020, the court of the first instance issued interim judgement that swap contract was not valid; BAWAG Group announced immediate appeal
- No decision has been made in regards to the amount of the potential mutual claims, which therefore remain to be decided
- Book value as of 31 Dec 2019: €254m, 100% risk-weighted
- Assuming worst scale scenario, CET1 impact of (60bps)

## ESG initiatives

- 100% green energy in Austria and Switzerland ... target 100% green energy by 2023 in the Group
- Women in leadership increased to 34% in BAWAG
- Introduced 2 new employee development programs ... Risk & Technology
- Ongoing focus on financial literacy for customers, employees, community ... BAWAG P.S.K.'s Women Award presented in that category
- Enhanced disclosure on ESG available on [www.bawaggroup.com/BAWAGGROUP/IR/EN](http://www.bawaggroup.com/BAWAGGROUP/IR/EN)

# 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



## 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

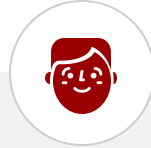
# Strategy

## 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>

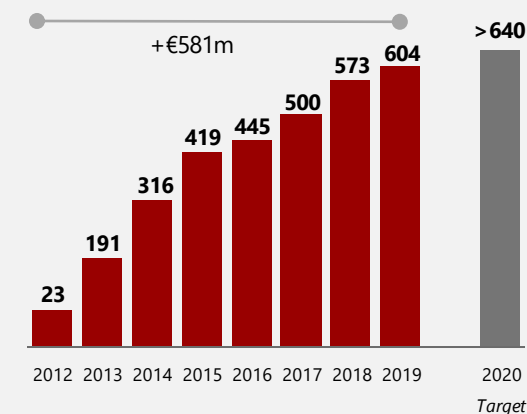
## KEY TOPICS

- ✔ 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

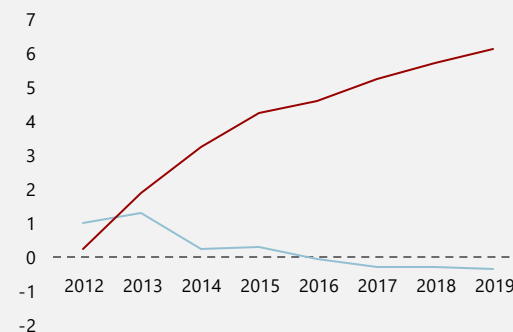
## Increased profitability ...

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**

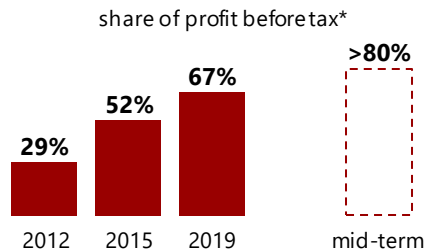
customers in DACH region with core foundation in Austria ... focus on DACH and developed markets

### 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

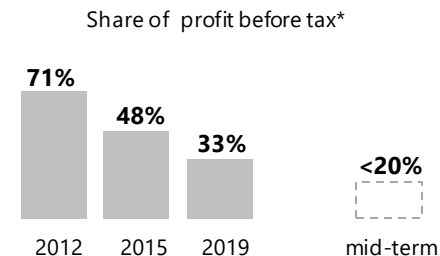


## Corporates & Public Business

- 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

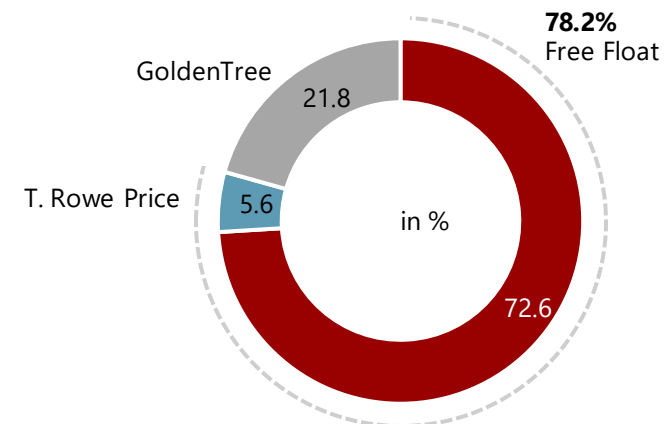
1) rebranded: easyleasing 2) rebranded: start:bausparkasse 3) rebranded: Health Coevo AG

# 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



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# Annex – Definitions and abbreviations

## **After-tax earnings per share ('EPS')**

Net profit / weighted average number of shares outstanding (diluted)

## **B/S leverage**

Total assets / IFRS equity

## **Common Equity Tier 1 capital (CET1)**

including interim profit, excluding any transitional capital (fully loaded), no dividend accruals considered; year-end common equity Tier 1 capital considers dividend deduction

## **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 and AT1

**FL** ... fully-loaded

## **Leverage ratio**

Tier 1 capital / total exposure (calculation according to CRR)

## **Net interest margin (NIM)**

Net interest income (NII) / average interest-bearing assets

## **NPL ratio**

Non-performing loans (NPLs) / exposure

## **NPE ratio**

Non-performing exposure (NPEs) / exposure

## **Pre-tax earnings per share**

Profit before tax / weighted average number of shares outstanding (diluted)

## **Pro-forma EPS**

Net profit / number of shares outstanding post buyback

**Pro-forma RoTCE** ... reflect average tangible common equity after accounting for share buyback of €400m

## **Return on common equity (RoCE)**

Net profit / average IFRS equity excluding AT1 capital and deducted dividend accruals average equity based on 1 January 2018 due to IFRS 9 implementation

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

Net profit / average IFRS tangible equity excluding AT1 capital and deducted dividend accruals; average equity based on 1 January 2018 due to IFRS 9 implementation

## **Risk cost ratio**

Provisions and loan-loss provisions, impairment losses and operational risk (total 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**

IFRS equity reduced by the carrying amount of intangible assets; excluding AT1

**vPY** ... versus prior year period

**vPQ** ... versus prior quarter period

**vYE** ... versus year-end