# Q1 2021 Earnings

Anas Abuzaakouk, CEO
Enver Sirucic, CFO

26 April 2021

# Highlights Q1 2021

**EARNINGS**

- **Net Profit of €74m in Q1 '21, EPS of €0.83, and RoTCE of 10.2% (normalized: 14.3%)**
- Pre-provision profit of €179m and CIR at 40.5%
- Risk cost of €29m … no ECL reserves released
- Regulatory charges of €54m representing 90% of full year charge

**BALANCE SHEET & CAPITAL**

- Customer loans +3% and interest-bearing assets +2% vYE
- **CET1 ratio (post dividend) of 14.2%, up 20bps vYE**
- Dividend distributions … Paid €40m dividend in Q1 '21, plan to pay €420m dividends (€4.72 per share) in Q4 '21 subject to AGM / regulatory approvals, and accrued €37m Q1 '21 dividend
- Additional excess capital of €382m (post-dividend deductions) above 12.25% CET1 target

**OUTLOOK**

- **Target 2021: RoTCE >13% and CIR <41%**
- Medium-term targets: RoTCE >15% and CIR <40%
- €420m dividends (€4.72 per share), to be proposed to AGM in Q4 '21 (after ECB announcement)
- Signed deal to acquire DEPFA Bank plc, closing expected in H2 '21 … capital accretive Day 1
- Capital Markets Day moved to November 2021

# Financial performance

## Key highlights

| P&L \| € millions | Q1 '21 | Q1 '20 | vPY | Q4 '20 | vPQ |
|---|---|---|---|---|---|
| Core revenues | 297 | 292 | 2% | 298 | - |
| Operating income | 301 | 296 | 2% | 302 | - |
| Operating expenses | (122) | (125) | (3%) | (145) | (16%) |
| **Pre-provision profit** | **179** | **171** | **5%** | **158** | **14%** |
| Regulatory charges | (54) | (36) | 49% | (6) | 789% |
| Risk costs | (29) | (55) | (47%) | (45) | (35%) |
| **Profit before tax** | **96** | **81** | **20%** | **107** | **(10%)** |
| **Net profit** | **74** | **61** | **20%** | **83** | **(11%)** |

| Ratios | Q1 '21 | Q1 '20 | vPY | Q4 '20 | vPQ |
|---|---|---|---|---|---|
| RoCE | 8.6% | 7.5% | 1.1pts | 9.7% | (1.1pts) |
| RoTCE | 10.2% | 9.1% | 1.1pts | 11.5% | (1.3pts) |
| CIR | 40.5% | 42.3% | (1.8pts) | 47.9% | (7.4pts) |
| Risk cost ratio | 0.29% | 0.58% | (0.29pts) | 0.44% | (0.15pts) |
| **Normalized** | | | | | |
| Net profit | 103 | 79 | 31% | 76 | 35% |
| RoCE | 12.0% | 9.6% | 2.4pts | 8.9% | 3.1pts |
| RoTCE | 14.3% | 11.6% | 2.7pts | 10.6% | 3.7pts |

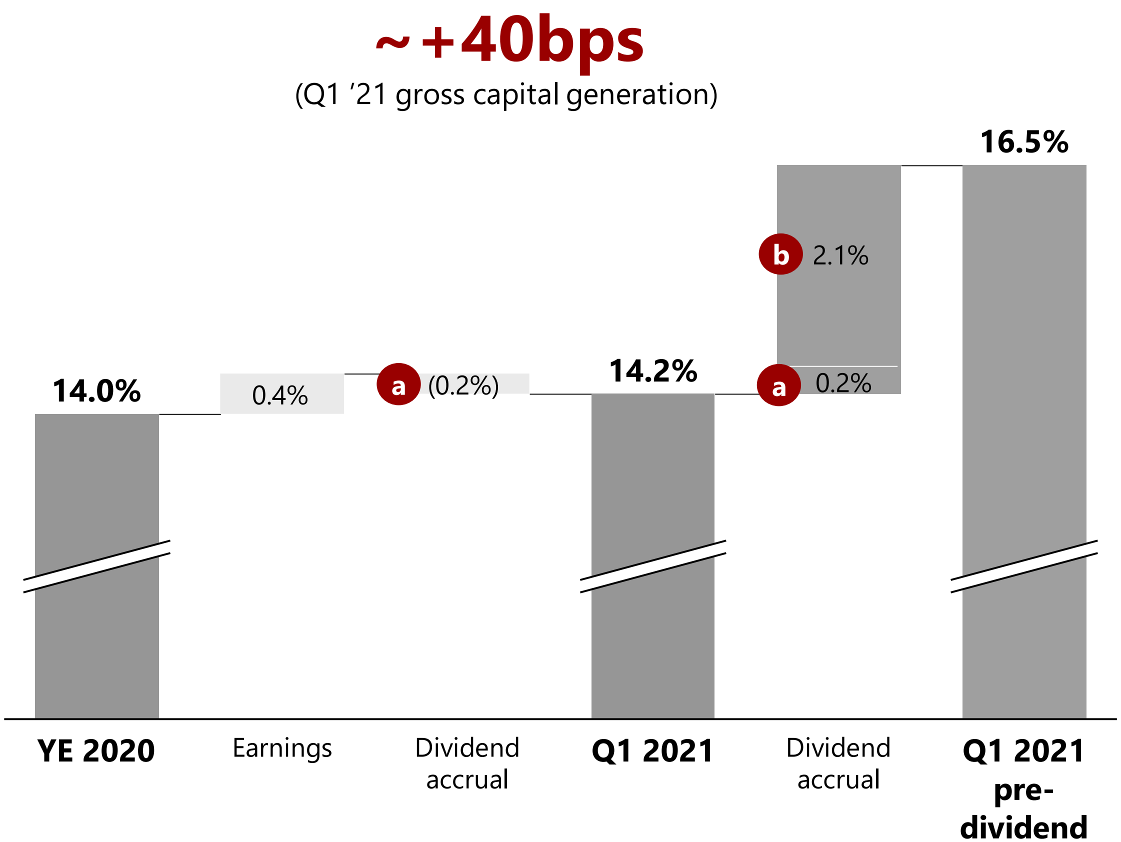
| Balance Sheet & Capital \| € millions | Q1 '21 | Q4 '20 | vPQ |
|---|---|---|---|
| Total assets | 52,975 | 53,128 | - |
| Interest-bearing assets | 41,260 | 40,410 | 2% |
| Customer loans | 33,015 | 32,004 | 3% |
| Customer deposits | 32,041 | 32,415 | (1%) |
| Common Equity | 3,439 | 3,423 | - |
| Tangible Common Equity | 2,899 | 2,871 | 1% |
| CET1 Capital | 2,838 | 2,807 | 1% |
| Risk-weighted assets | 20,053 | 20,072 | - |
| **CET1 Ratio (post dividend)** | **14.2%** | **14.0%** | **0.2pts** |

| Per share data | Q1 '21 | Q1 '20 | vPY | Q4 '20 | vPQ |
|---|---|---|---|---|---|
| Earnings (€) | 0.83 | 0.69 | 19% | 0.93 | (11%) |
| Book value (€) | 38.70 | 36.84 | 5% | 38.93 | (1%) |
| Tangible book value (€) | 32.62 | 30.41 | 7% | 32.65 | - |
| Shares outstanding (€ m) | 88.9 | 87.9 | 1% | 87.9 | 1% |

Note: All equity, capital, ratios and per share data reflect deduction of remaining €420m earmarked dividend from 2019/2020 profits as well as €37m dividend accrual for Q1 '21

# Capital development … CET1 ratio (FL)

Strong capital position




**Capital distribution plans**

✓ €40m dividend paid in Q1 '21 in line with ECB recommendation

a €37m dividends accrued based on dividend policy for Q1 '21 earnings

b €420m dividends (€4.72 per share) relating to 2019/2020 profits to be distributed in Q4 '21*

**Capital development**

– +40bps gross capital generation; RWAs flat

**Excess capital**

– Additional excess capital €382m (post-dividend deductions) above 12.25% CET1 target

**Other items**

– City of Linz receivable fully provisioned through prudential filter in 2020 with no impact on capital distribution plans in worst-case scenario

*subject to shareholder and regulatory approvals.

# Retail & SME

## Financial performance

| € millions | Q1 '21 | Q1 '20 | vPY | Q4 '20 | vPQ |
|---|---|---|---|---|---|
| Core revenues | 222.8 | 229.9 | (3%) | 219.4 | 2% |
| Net interest income | 163.1 | 168.1 | (3%) | 164.4 | (1%) |
| Net commission income | 59.7 | 61.8 | (3%) | 54.9 | 9% |
| Operating income | 224.6 | 232.4 | (3%) | 222.7 | 1% |
| Operating expenses | (89.4) | (90.1) | (1%) | (90.4) | (1%) |
| **Pre-provision profit** | **135.2** | **142.3** | **(5%)** | **132.2** | **2%** |
| Regulatory charges | (30.5) | (25.2) | 21% | (4.6) | 563% |
| Risk costs | (15.4) | (42.2) | (64%) | (21.4) | (28%) |
| **Profit before tax** | **89.3** | **74.9** | **19%** | **106.3** | **(16%)** |
| **Net profit** | **67.0** | **56.2** | **19%** | **79.7** | **(16%)** |

## Ratios

| in % | Q1 '21 | Q1 '20 | vPY | Q4 '20 | vPQ |
|---|---|---|---|---|---|
| RoCE | 18.3% | 15.3% | 3.0pts | 21.5% | (3.2pts) |
| RoTCE | 21.6% | 18.3% | 3.3pts | 25.3% | (3.7pts) |
| CIR | 39.8% | 38.8% | 1.0pts | 40.6% | (0.8pts) |
| NPL ratio | 1.9% | 1.7% | 0.2pts | 1.9% | - |
| Risk cost ratio | 0.31% | 0.92% | (0.61pts) | 0.44% | (0.13pts) |

## Customer development

| € millions | Q1 '21 | Q1 '20 | vPY | Q4 '20 | vPQ |
|---|---|---|---|---|---|
| Housing loans | 14,861 | 13,266 | 12% | 14,331 | 4% |
| Consumer and SME | 4,994 | 5,042 | (1%) | 4,915 | 2% |
| **Total assets** | **19,856** | 18,308 | **8%** | 19,246 | **3%** |
| **Total assets (average)** | **19,615** | 18,217 | **8%** | 19,163 | **2%** |
| **Risk-weighted assets** | **8,091** | 8,614 | **(6%)** | 8,029 | **-** |
| **Customer deposits** | **25,790** | 24,124 | **7%** | 25,837 | **-** |
| **Customer deposits (average)** | **25,405** | 23,925 | **6%** | 24,805 | **2%** |

Q1 '21 net profit of €67m, up 19% vPY primarily due to lower risk costs … average net asset growth +8% vPY driven by housing loans

Pre-provision profit of €135m for Q1 '21, down (5%) vPY … Core revenues down (3%), still impacted by COVID-19, and operational expenses down (1%)

Risk costs of €(15)m in Q1 '21, down (64%) vPY with no reserves released … current payment holidays at 0.6% with 89% paying ratio on expired deferrals with average of 7-months … 78% of loans, in active deferral or non-paying after deferral expiration, already captured in stage 2/3

Continued executing various operational and strategic initiatives to drive efficiency and profitable growth across our Retail & SME franchise

# Corporates & Public

## Financial performance

| € millions | Q1 '21 | Q1 '20 | vPY | Q4 '20 | vPQ |
|---|---|---|---|---|---|
| Core revenues | 69.7 | 69.1 | 1% | 69.0 | 1% |
| Net interest income | 61.0 | 58.4 | 4% | 59.0 | 3% |
| Net commission income | 8.7 | 10.7 | (19%) | 10.0 | (13%) |
| Operating income | 74.4 | 70.7 | 5% | 70.1 | 6% |
| Operating expenses | (18.6) | (21.3) | (13%) | (19.1) | (3%) |
| **Pre-provision profit** | **55.8** | **49.4** | **13%** | **51.0** | **9%** |
| Regulatory charges | (6.9) | (6.5) | 6% | (0.9) | 667% |
| Risk costs | (15.1) | (11.9) | 27% | (19.1) | (21%) |
| **Profit before tax** | **33.8** | **31.0** | **9%** | **31.1** | **9%** |
| **Net profit** | **25.4** | **23.3** | **9%** | **23.3** | **9%** |

## Ratios

| in % | Q1 '21 | Q1 '20 | vPY | Q4 '20 | vPQ |
|---|---|---|---|---|---|
| RoCE | 9.6% | 8.8% | 0.8pts | 8.6% | (1.0pts) |
| RoTCE | 11.6% | 11.1% | 0.5pts | 10.6% | (1.0pts) |
| CIR | 25.0% | 30.1% | (5.1pts) | 27.2% | 2.2pts |
| NPL ratio | 1.1% | 1.0% | 0.1pts | 1.2% | 0.1pts |
| Risk cost ratio | 0.43% | 0.35% | 0.08pts | 0.54% | 0.11pts |

## Customer development

| € millions | Q1 '21 | Q1 '20 | vPY | Q4 '20 | vPQ |
|---|---|---|---|---|---|
| Corporate lending | 4,227 | 4,858 | (13%) | 4,060 | 4% |
| Asset backed lending | 4,955 | 4,921 | 1% | 4,954 | - |
| Public clients | 5,046 | 3,675 | 37% | 4,899 | 3% |
| **Total assets** | **14,228** | 13,454 | **6%** | 13,913 | **2%** |
| **Total assets (average)** | **13,800** | 13,088 | **5%** | 13,813 | **-** |
| **Risk-weighted assets** | **7,516** | 7,977 | **(6%)** | 7,431 | **1%** |
| **Customer deposits** | **5,457** | 4,577 | **19%** | 5,902 | **(8%)** |
| **Customer deposits (average)** | **5,851** | 4,994 | **17%** | 5,613 | **4%** |

Q1 '21 net profit of €25m, up 9% vPY ... average net assets up 5% vPY driven by growth in public sector lending

Pre-provision profit €56m in Q1 '21, up 13% vPY ... Operating income up 5% and operating expenses down (13%)

Risk costs of €(15)m in Q1 '21, of which ~€(13)m general reserves ... no reserves released ... current payment holidays of 0.1% with 100% paying ratio on expired deferrals ... continued positive development across customer base

Maintaining disciplined and conservative underwriting ... will remain patient and continue to focus on risk-adjusted returns

Q1 2021 Highlights and segment performance

**Detailed financials**

Supplemental information

Group Overview & Strategy

# P&L & key ratios

| **P&L** \| € millions | **Q1 '21** | **Q1 '20** | **vPY** | **vPQ** |
|---|---|---|---|---|
| Net interest income | 229.6 | 219.9 | 4% | (2%) |
| Net commission income | 67.7 | 71.9 | (6%) | 5% |
| **Core revenues** | **297.3** | **291.8** | **2%** | **-** |
| Other revenues | 3.7 | 3.8 | (3%) | (12%) |
| **Operating income** | **301.0** | **295.6** | **2%** | **-** |
| **Operating expenses** | **(121.8)** | **(125.0)** | **(3%)** | **(16%)** |
| **Pre-provision profit** | **179.2** | **170.6** | **5%** | **14%** |
| Regulatory charges | (54.2) | (36.4) | 49% | 789% |
| Risk costs | (29.3) | (55.0) | (47%) | (35%) |
| **Profit before tax** | **96.4** | **80.5** | **20%** | **(10%)** |
| Income taxes | (23.0) | (19.3) | 19% | (6%) |
| **Net profit** | **73.6** | **61.2** | **20%** | **(11%)** |

| **Key ratios** | **Q1 '21** | **Q1 '20** | **vPY** | **vPQ** |
|---|---|---|---|---|
| Return on Common Equity | 8.6% | 7.5% | 1.1pts | (1.1pts) |
| Return on Tangible Common Equity | 10.2% | 9.1% | 1.1pts | (1.3pts) |
| Net interest margin | 2.28% | 2.32% | (0.04pts) | - |
| Cost-income ratio | 40.5% | 42.3% | (1.8pts) | (7.4pts) |
| Risk cost ratio | 0.29% | 0.58% | (0.29pts) | (0.15pts) |
| Earnings per share (in €) | 0.83 | 0.69 | 19% | (11%) |
| Tangible book value per share (in €) | 32.62 | 30.41 | 7% | - |

Net interest income down (2%) vPQ due to daycount; up +4% vPY due to higher interest-bearing assets in prior quarters

NCI +5% vPQ … slight recovery despite partial lockdown during Q1 '21

Regulatory costs up 49% vPY due to Commerzialbank case in 2020 and higher balances

Risk costs of €(29)m in Q1 '21 … no reserves released

# Balance sheet

## Growing overall balance sheet thru increased interest-bearing assets

| **Balance sheet** \| € millions | **Q1 '21** | **Q4 '20** | **vPQ** |
|---|---|---|---|
| Customer loans | 33,015 | 32,004 | 3% |
| Securities and bonds | 6,775 | 7,531 | (10%) |
| Credit institutions and cash | 11,054 | 10,921 | 1% |
| Other assets | 2,131 | 2,671 | (20%) |
| **Total assets** | **52,975** | **53,127** | **-** |
| *thereof Average interest-bearing assets* | 40,824 | 40,851 | - |
| Customer deposits | 32,041 | 32,415 | (1%) |
| Own issues | 6,719 | 6,475 | 4% |
| Credit institutions | 7,628 | 7,522 | 1% |
| Other liabilities | 2,217 | 2,358 | (6%) |
| Common equity | 3,439 | 3,423 | - |
| Dividend accrual | 457 | 460 | (1%) |
| AT1 capital & Minorities | 475 | 474 | - |
| **Total liabilities & equity** | **52,975** | **53,127** | **-** |

| **Capital & RWA** \| € millions | **Q1 '21** | **Q4 '20** | **vPQ** |
|---|---|---|---|
| Common equity | 3,439 | 3,423 | - |
| Tangible common equity | 2,899 | 2,871 | 1% |
| CET1 capital | 2,838 | 2,807 | 1% |
| Risk-weighted assets | 20,053 | 20,072 | - |
| CET1 Ratio | 14.2% | 14.0% | 0.2pts |
| Leverage ratio | 6.1% | 6.1% | - |
| Liquidity Coverage Ratio | 229% | 231% | (2pts) |

Stable average interest-bearing assets vPQ thru mix of growth in customer loans offsetting lower securities and bonds … Risk weighted assets stable vPQ

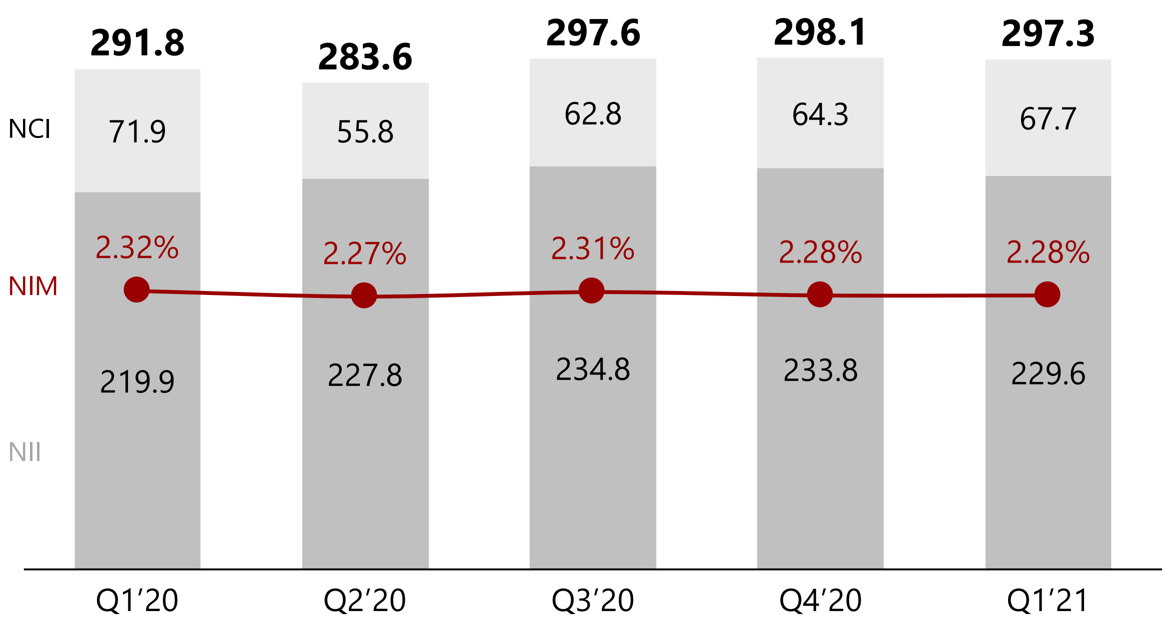
Issued €500m 20yr mortgage covered bond at MS+4bps

Tangible Common Equity +1% vPQ and CET1 ratio at 14.2% (+20bps) post deduction of €420m earmarked dividend (for 2019 and 2020) and €37m dividend accrual (for Q1 2021)

# P&L details – core revenues

## Solid core revenues in Q1 '21 … NCI continues recovery

€ millions




**Customer loans | Average interest-bearing assets** | € billions

| | | | | |
|---|---|---|---|---|
| 31.1 | 31.4 | 31.5 | 32.0 | 33.0 |
| 38.1 | 40.4 | 40.4 | 40.9 | 40.8 |

**Net interest income (NII) down (2%) vPQ … net interest margin (NIM) at 2.28% in Q1 '21**

- Decrease in Q1 '21 mainly related to day count
- Stable NIM at 2.28% with positive underlying trend resulting from increasing average interest-bearing assets in prior quarters
- Changing asset mix over time (more secured vs. unsecured lending) impacting overall NIM
- Interest rate sensitivity (primarily exposed to 3-months-Euribor) +/- 100 bps parallel shift in interest rates = +/- € 100m NII/year

**Net commission income (NCI) up 5% vPQ**

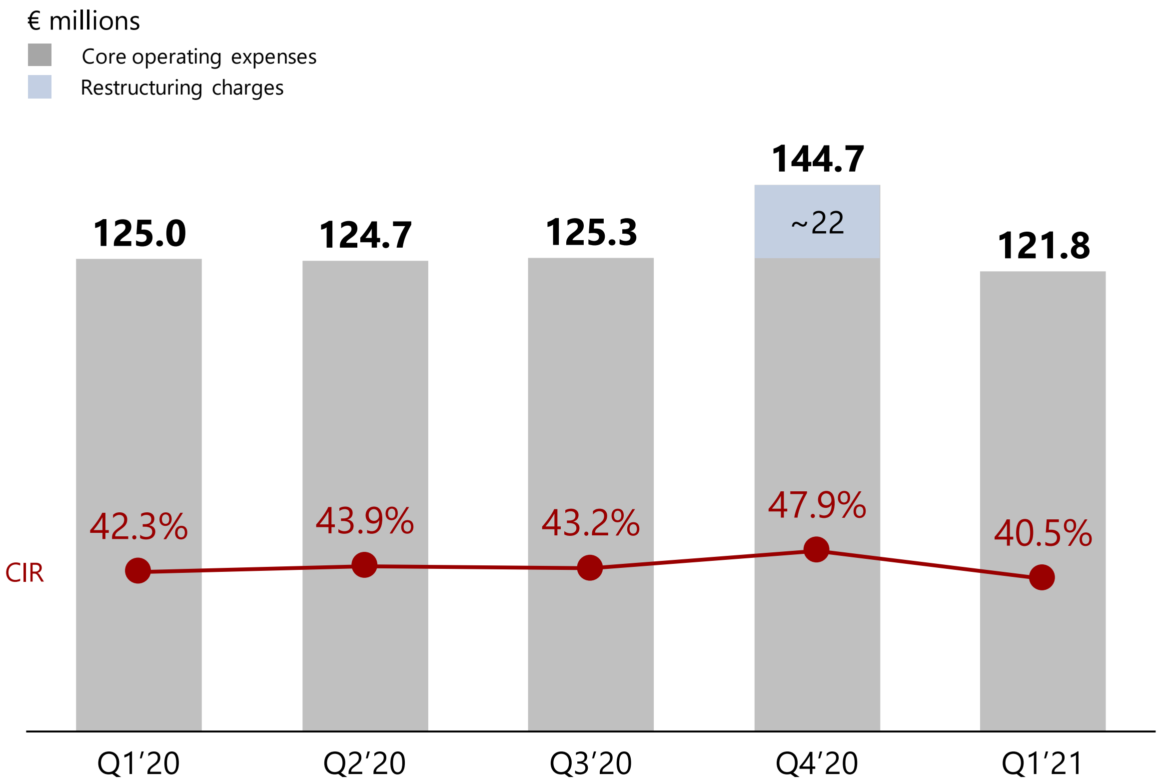
- Ongoing recovery in Q1 '21 … stronger advisory business despite partial lockdown in Q1 '21
- Still subdued activity in selected business areas compared to previous year … down 6% vPY

**Outlook for 2021**

- Expect core revenues growing ~2% in 2021
- Anticipate subdued activity during H1 '21 followed by a normalized environment in H2 '21

# P&L details – operating expenses

## Costs targets on track




**CIR at 40.5% in Q1 '21 down (1.8pts) vPY**

On track to meet full-year targets … gradual decrease over the coming quarters resulting from efficiency measures

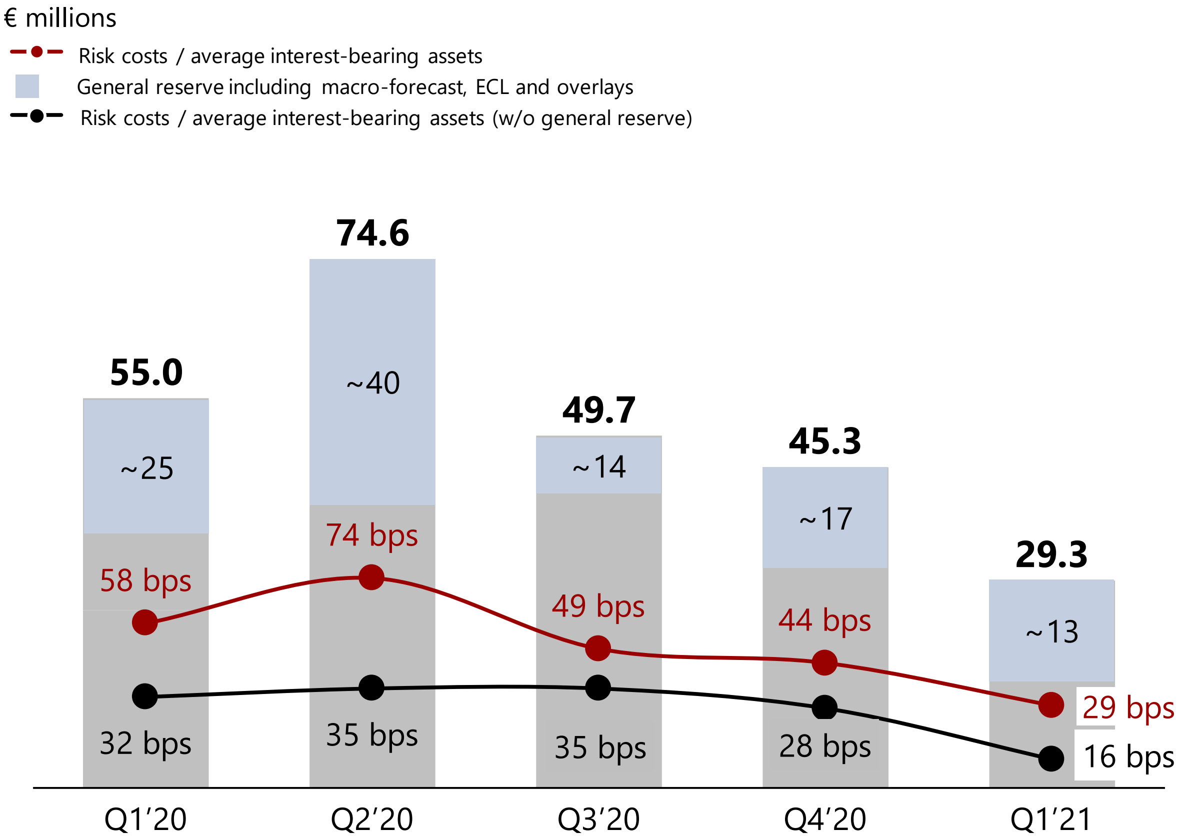
Adapting to post COVID-19 world … planting the seeds for greater scale, greater digital engagement, and continued rollout of simplification initiatives across the Group

**Outlook for 2021**

- Operating expenses expected below €485m in 2021 … target cost-income ratio below 41%
- Mid-term cost-income ratio target below 40%

# P&L details – risk costs

## Strong underlying asset quality




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

| | | | | |
|---|---|---|---|---|
| 1.6% | 1.5% | 1.5% | 1.5% | 1.5% |
| 1.1% | 1.1% | 1.1% | 1.1% | 1.1% |

**Q1 '21 risk costs €29m … risk cost ratio at 29bps**

- Normal risk cost run-rate in Retail & SME of ~€16m
- €13m general reserves booked in Corporate & Public business
- No ECL reserves released

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

- Focused on developed markets … 76% DACH/NL region and 24% Western Europe / United States
- Conservative underwriting with a focus on secured lending … 79% of customer loans is secured or public sector lending

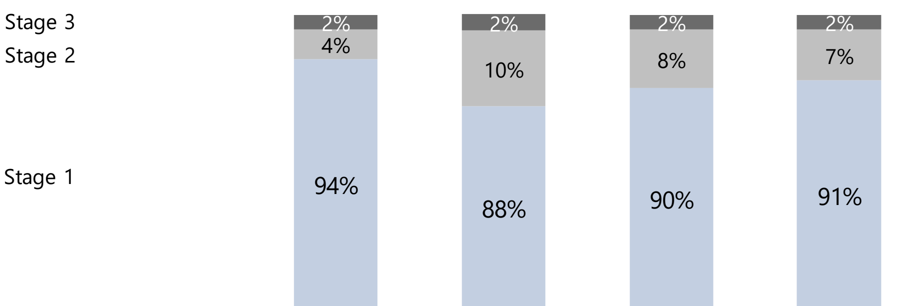
**<u>Outlook for 2021</u>**

- Expected >40% reduction vs. 2020 based on current macroeconomic assumptions … no ECL reserve releases included in outlook

# Details on reserves

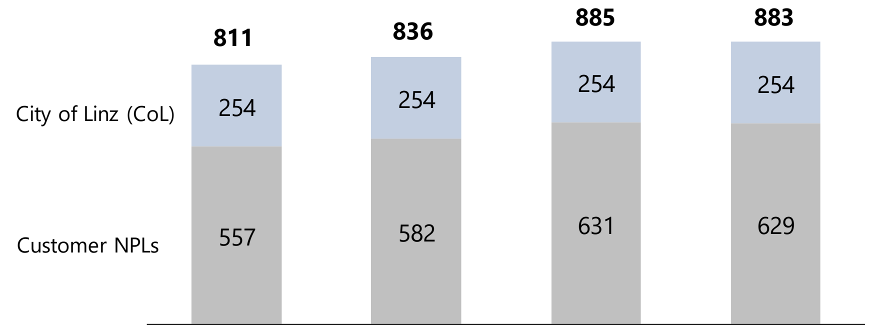
## Continuing to remain prudent despite improved economic forecast

### IFRS 9 Migration- Customer Segment Assets




| € billions | Q4 '19 | Q2 '20 | Q4 '20 | Q1 '21 |
|---|---|---|---|---|
| **Customer Segments** | **31.3** | **32.4** | **33.2** | **34.1** |
| less Public Sector | *3.4* | *4.4* | *4.9* | *5.6* |
| **Asset base** | **27.9** | **28.0** | **28.3** | **28.5** |

### Non-performing stage 3 loans, in €m




| | Q4 '19 | Q2 '20 | Q4 '20 | Q1 '21 |
|---|---|---|---|---|
| NPL ratio excl. CoL | 1.1% | 1.0% | 1.1% | 1.1% |
| NPL cash coverage excl. CoL | 37% | 39% | 46% | 47% |
| NPL ratio | 1.7% | 1.5% | 1.5% | 1.5% |
| NPL cash coverage | 32% | 36% | 62% | 63% |

### ECLs (Stage 1&2) and SPECIFIC RESERVES (Stage 3)

| € millions | **Q4 '19** | **Q2 '20** | **Q4 '20** | **Q1 '21** |
|---|---|---|---|---|
| Stage 1 | 39 | 67 | 67 | 69 |
| Stage 2 | 17 | 56 | 64 | 80 |
| Stage 3 | 205 | 226 | 271 | 279 |
| **Total Reserves** | **262** | **349** | **402** | **428** |
| **Total reserve ratio %** | *0.9%* | *1.2%* | *1.4%* | *1.5%* |

### Key developments

NPL ratio (excluding City of Linz) flat at 1.1% … cash coverage of 47%

Total reserves of €428, up €26m vYE '20 (+6%) … total reserve ratio at 1.5%

Total ECL of €149m, up €18m (+14%) vYE '20 … of which €56m (38%) comprised of management overlay … monitoring economic recovery H2 '21

NPE backstop regulatory requirements fully met as of Q1 '21 (including all transitional step-ups)

City of Linz receivable fully provisioned through prudential filter in 2020 with no impact on capital distribution plans in worst-case scenario

# 2021 Outlook

## OUTLOOK 2021

| | |
|---|---|
| Core revenues<br>**FY '20: €1,171m** | **~2% growth** |
| Other income<br>**FY '20: €1m** | **€0m expected** |
| Operating expenses:<br>**FY '20: €520m** | **Below €485m** |
| Regulatory charges<br>**FY '20: €59m** | **~€60m expected** |
| Risk costs<br>**FY '20: €225m** | **> 40% reduction** |

## TARGETS

| | RoTCE | CIR |
|---|---|---|
| **2021** | **>13%** | **<41%** |
| ***MID-TERM***<br>*Based on normalized environment* | **>15%** | **<40%** |

**Annual General Meeting**
Q4 '21

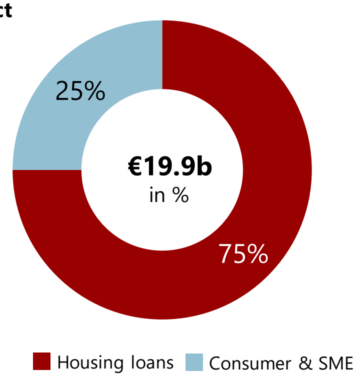
**Capital Markets Day**
November '21

# Customer businesses €34.1 billion

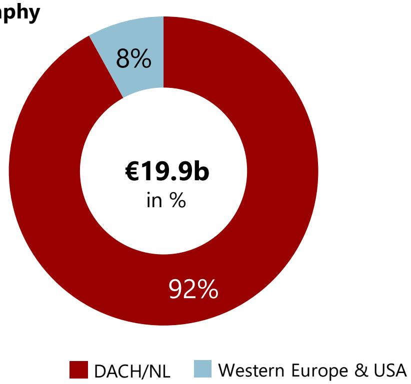
As of March 2021

## RETAIL & SME

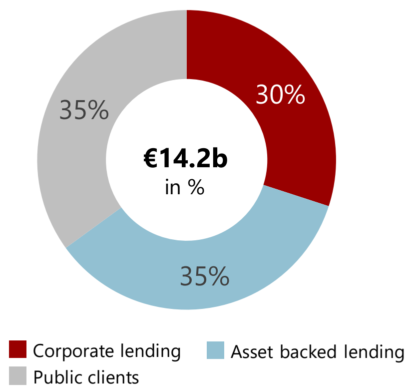
**By product**

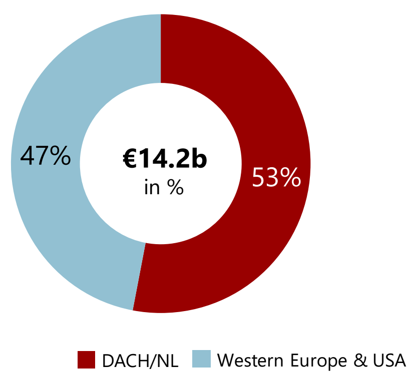



**By geography**




## CORPORATES & PUBLIC




## CUSTOMER BUSINESSES

**€34.1 billion of which …**

**79%**
**Secured or public sector lending**

---

**76%**
**Lending in DACH/NL**

**24%**
**Western Europe & USA**

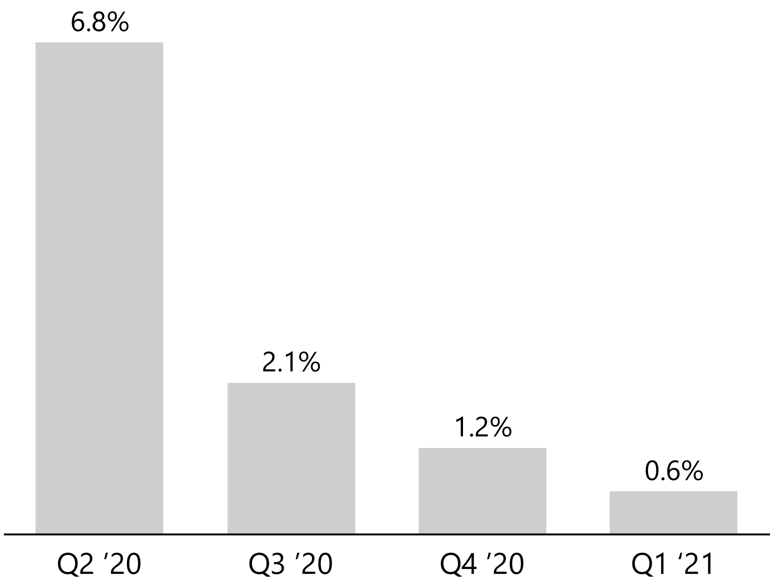
# Retail & SME

## Portfolio overview of €19.9b of customer loans and leases

### Payment deferral overview

| | Assets Q1 '21 (€b) | NPL ratio | | | Reserve development | | | Reserve ratio | | | Payment holiday | | paying ratio (expired deferrals) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Q4 '19 | Q4 '20 | Q1 '21 | Q4 '19 | Q4 '20 | Q1 '21 | Q4 '19 | Q4 '20 | Q1 '21 | 31.12.2020 | 31.03.2021 | |
| Housing Loans | 14.9 | 1.8% | 1.5% | 1.3% | 76 | 93 | 94 | 0.88% | 0.65% | 0.64% | 1.0% | 0.4% | 90% |
| Consumer & SME | 5.0 | 1.9% | 2.8% | 3.1% | 100 | 188 | 200 | 2.39% | 3.79% | 4.00% | 1.7% | 1.5% | 87% |
| **Total Retail & SME** | **19.9** | **1.9%** | **1.9%** | **1.9%** | **176** | **281** | **294** | **0.96%** | **1.46%** | **1.48%** | **1.2%** | **0.6%** | **89%** |

### Payment Holidays Trend Development




### Key developments

- Highly collateralized Retail & SME business (81%) … primarily mortgages
- Consumer & SME lending primarily personal loans to primary banking customers (~80%)
- Total reserve build of +€13m (+5%) vs YE '20 and increase in reserve ratio from 146bps to 148bps
- 89% of expired payment deferrals are current (paying again) with average payment period of 7 months
- 78% of loans, in active deferral or non-paying after deferral expiration, already captured in stage 2/3
- In Austria, public moratorium expired with 31 January 2021 … Overall, very positive customer behavior, but we will remain prudent and cautious

# Corporates & Public

BAWAG Group

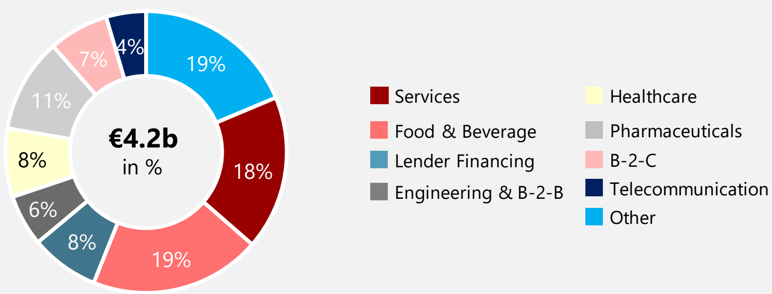
## Portfolio overview of €14.2 billion of customer loans … whereof €5.0b in public sector

**Payment deferral overview**

| | Assets Q1 '21 (€b) | NPL ratio Q4 '19 | NPL ratio Q4 '20 | NPL ratio Q1 '21 | Reserve development Q4 '19 | Reserve development Q4 '20 | Reserve development Q1 '21 | Reserve ratio Q4 '19 | Reserve ratio Q4 '20 | Reserve ratio Q1 '21 | Payment holiday 31.12.2020 | Payment holiday 31.03.2021 | paying ratio (expired deferrals) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Total Corporates and Public** | **14.2** | **1.0%** | **1.2%** | **1.1%** | **77** | **115** | **130** | **0.58%** | **0.82%** | **0.91%** | **0.2%** | **0.1%** | **100%** |
| Corporate & Asset Backed Lending | 9.2 | 1.4% | 1.8% | 1.7% | 76 | 114 | 129 | 0.78% | 1.27% | 1.40% | 0.4% | 0.1% | 100% |

### CORPORATE LENDING … €4.2; 4% vPQ

**By industry**

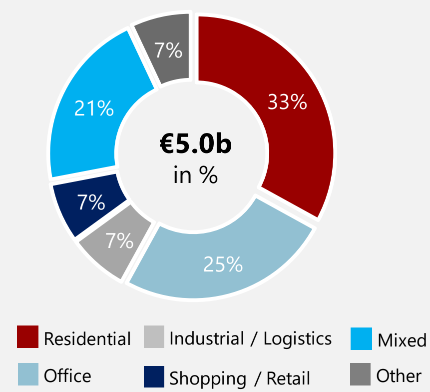



– Disciplined and conservative underwriting over the years focused on risk-adjusted returns and not chasing volume growth

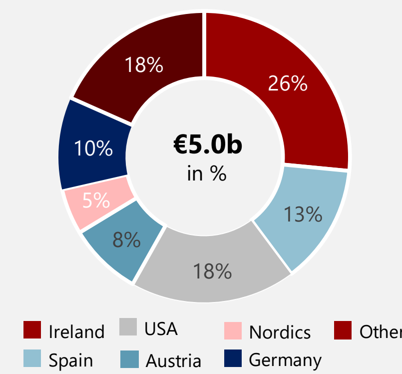
– Proactively managing higher-risk cyclical exposures … De-minimis remaining exposure of €22m (down by ~ 81% vs YE´19)

### ASSET BACKED LENDING … €5.0b; flat vPQ

**By underlying**




**By geography**




**Underwriting overview**

Historically disciplined underwriting:

- Senior secured
- Day 1 LTC/V < 65%
- Interest Coverage Ratio (ICR >2.0x)

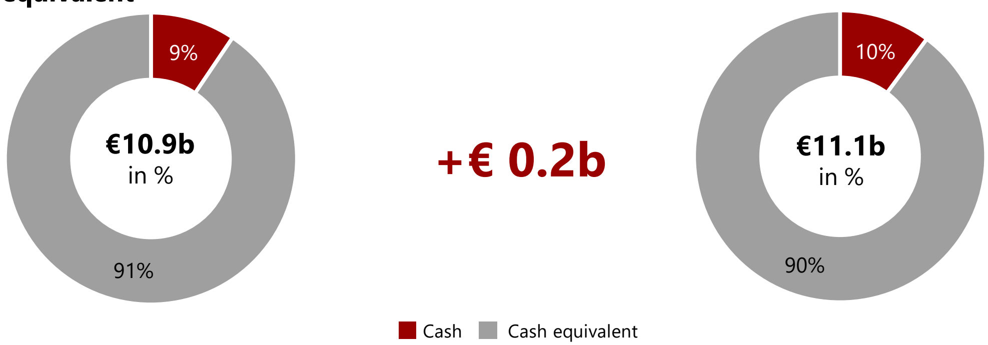
**Comments**

- Resilient portfolio performance through lockdowns with continued 1Q '21 improving fundamentals
- Direct exposure to Hotel/Retail of ~ 8%, of which ~16% NPL, proactive management and conservative LLPs
- Hotel/Retail with over 39% avg. pay down, ~6 months interest reserve

# Investment book and Cash

**Q4 '20** **Q1 '21**

**Cash & Cash equivalent**




**Investment book**


As of Q1 '21, cash and cash equivalents (mainly money at central banks) at €11.1b … TLTRO III of €6.4b

Investment book primarily serves as liquidity book of the Bank

Focus on low credit risk, high liquidity, shorter duration and solid diversification in terms of geography and issuers:

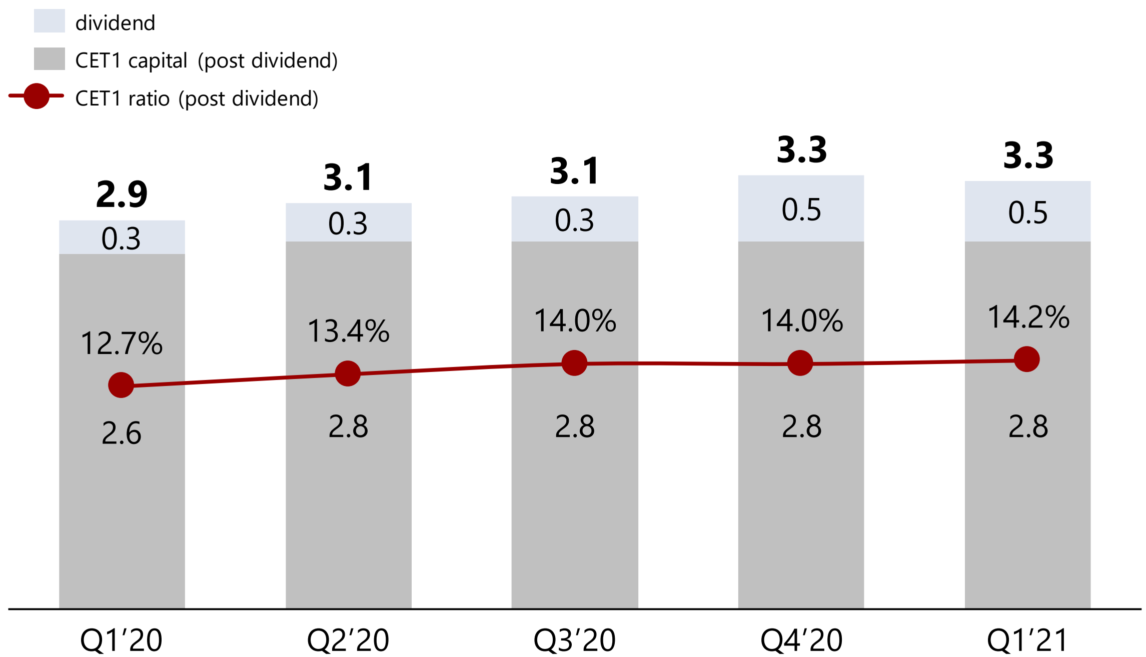
- No non-performing assets
- 97% portfolio investment grade, with 73% A or higher
- Weighted average life of 3.9 years
- 320 positions, average size ~€18m

# Regulatory Capital

## Strong capital position

€ billions

### CET1 Capital and ratios




**RWA** | € billions | **Tier 1 ratio** | **Total capital ratio** | **Leverage ratio**

| | | | | |
|---|---|---|---|---|
| 20.9 | 20.8 | 20.2 | 20.1 | 20.1 |
| 14.1% | 14.8% | 16.3% | 16.4% | 16.5% |
| 16.3% | 17.0% | 19.6% | 19.6% | 19.8% |
| 6.3% | 5.9% | 6.4% | 6.1% | 6.1% |

Note: All ratios post dividend accrual

**Capital distribution plans:**

✓ €40m dividend paid in Q1 '21 in line with ECB recommendation

- €37m dividends accrued based on dividend policy for Q1 '21 earnings
- €420m dividends (€4.72 per share) relating to 2019/2020 profits to be distributed in Q4 '21 (subject to shareholder and regulatory approvals)

**Capital development:**

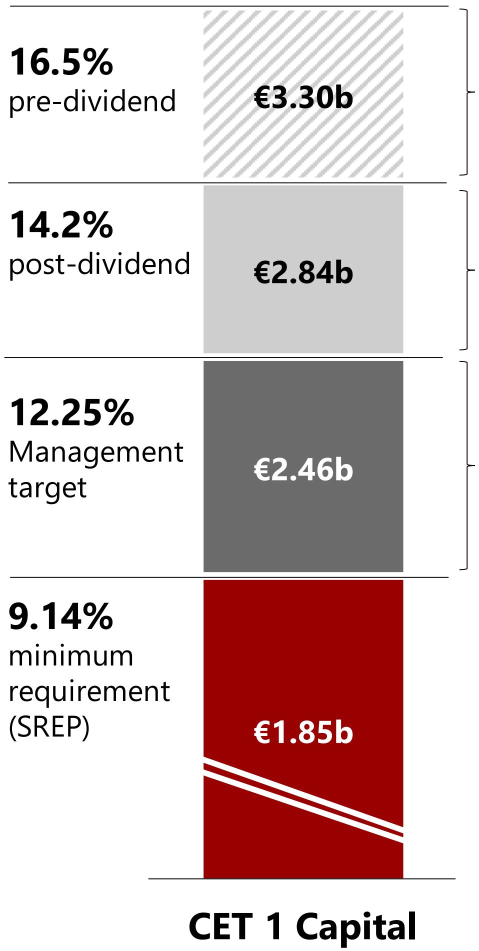
- Tier1 capital ratio increased to 16.5% and Total Capital ratio to 19.8% in Q1 '21
- Target CET1 ratio of 12.25% is ~310bps above MDA trigger of 9.14%
- Current CET1 ratio ~500bps above MDA trigger of 9.14%

**Other:**

- City of Linz receivable fully provisioned through prudential filter in 2020 with no impact on capital distribution plans in worst-case scenario

# Capital distribution update

Consistent average annual capital generation through earnings **+220bps** since 2017




1 "Earmarked dividends"
**~235 bps = €457m**

2 Excess capital
**~190 bps = €382m**

3 MDA buffer
**~310 bps = €620m**

**~425 bps = €839m Total Excess capital**

1 Dividends of **€457m** deducted from CET1 capital …
- **€420m** dividends relating to 2019/2020 profits
- **€37m** dividends accrued for Q1 '21 earnings

2 In addition **€382m** excess capital versus CET1 target 12.25% … earmarked for organic growth, M&A and/or share buybacks

3 CET1 target 12.25% represents **+311bps** (~€620m) buffer to SREP 9.14%

**Capital distribution plans:**

✓ €40m dividend paid in Q1 '21 in line with ECB recommendation

– €37m dividends accrued based on dividend policy for Q1 '21 earnings

– €420m dividends (€4.72 per share) relating to 2019/2020 profits to be distributed in Q4 '21 (subject to shareholder and regulatory approvals)

BAWAG Group

Q1 2021 Highlights and segment performance

Detailed financials

Supplemental information

**Group Overview & Strategy**

# BAWAG Group

## COMPANY PROFILE

One of Austria's leading banking groups with **2.3 million customers across DACH/NL region**

**2020 results: €284m net profit, 10.2% RoTCE, CIR 44.3% and CET1 ratio (post dividend) 14.0%** … against backdrop of global pandemic and prudent and conservative provisioning

Focused on developed markets … DACH/NL region, Western Europe and the United States

Organic & inorganic growth in DACH/NL region and developed markets

Delivering simple, transparent and reliable financial products and services that meet our customer's needs across multiple brands and channels

Developing more towards a Retail & SME franchise … targeting mid-term 80% profit contribution from Retail & SME versus 67% in 2019

## CAPITAL MANAGEMENT

**Focused on organic and inorganic growth**

**Dividend policy of 50% payout ratio of net profits**

**Committed to returning excess capital to shareholders**

## TARGETS

| | RoTCE | CIR |
|---|---|---|
| **2021** | **>13%** | **<41%** |
| ***MID-TERM*** *Based on normalized environment* | **>15%** | **<40%** |

## OUR STRATEGY

- Growing in our **core markets**
- Focus on **Customer Centricity**
- Efficiency and **operational excellence**
- **Safe and secure**

# Strategy

## 4 pillars of our growth strategy

### Growing in our core markets

- Our foundation is Austria with focus on DACH/NL region and developed markets
- Grow profitably into current account market share entitlement in Austria and address significant market opportunity in retail products across DACH/NL region
- Organic growth drivers … Partnerships & platforms, enhancing digital engagement and growing share of wallet of 2.3 million customers
- Inorganic growth drivers … pursuing earnings-accretive M&A meeting our Group RoTCE targets of at least 15%

### Focus on Customer Centricity

- Build multi-channel and multi-brand franchise from branches-to-partners-to-platforms-to-digital products
- 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 partnerships and lending platforms to provide 24/7 customer access

### Drive efficiency through operational excellence

- Our DNA is to focus on the things we control through “self-help” management
- Simplify, standardize, and automate products offerings across all channels
- Create simple end-to-end processes across the Bank
- Continuously optimize our processes, footprint, and technology infrastructure
- Embrace various forms of technological change and invest judiciously in technology

### 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 with focus on secured lending
- Maintain fortress balance sheet
- Proactively manage and mitigate non-financial risk

**Committed to responsible, sustainable and profitable growth considering ESG**

# ESG embedded into our strategic roadmap

## Committed to responsible, sustainable and profitable growth


- Reduce own Scope 1 and Scope 2 $CO_2$ emissions mid-term
- Switch to 100% green electricity mid-term … already at 97% as of YE ’20 … as of 1 January 2021, all Südwestbank locations switched to green energy suppliers
- Continuously increasing ESG-related products – both for environmental and social factors
- Lending/exclusion criteria for specific industries introduced in Q1 ’21 … low or no volumes in customer book already today: total exposure to defense industry, nuclear energy, fossil fuels and industries with other ethical risks represented less than 0.1% of Group exposure
- Planning a green bond issuance in 2021 … subject to market conditions


- Empower our clients by continuously enhancing our services and digital/online functionalities for their financial well-being
- Empower our employees by offering broad-based career opportunities and focus on enhancing training and development programs
- Increase the number of women in management positions … offering targeted development programs … Women target quota introduced in Q1 ’21: 33% in Supervisory Board and 33% in senior leadership team (including Managing Board) until 2027
- Intensify collaboration with dedicated partners, bundling activities across the region and drawing on our various franchise assets in support of our local communities


- Executive body of ESG-topics is the Non-Financial Risk & ESG Committee at Managing Board level
- Selective topics like Data Privacy & IT security are integrated in Supervisory Board Committees
- Establishing a clear governance to address climate risks … addressing supervisory expectations and regulations
- Disclosure continuously enhanced, e.g. publication of diversity & inclusion policy in Q1 ’21

**For further details see: https://www.bawaggroup.com/BAWAGGROUP/IR/EN/ES**

# Bank transformation

Focusing on things we control and driving operational excellence

## KEY METRICS

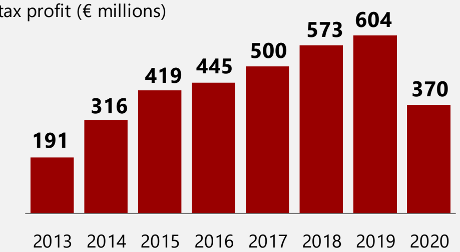
| | Private company | | | | Public company | | | |
|---|---|---|---|---|---|---|---|---|
| | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
| **RoTCE** | 11% | 15% | 17% | 18% | 15% | 15% | 16% | **10%** |
| **C/I ratio** | 68% | 54% | 48% | 46% | 47% | 44% | 43% | **44%** |
| **CET1** (FL) post dividend | 9.4% | 12.2% | 12.3% | 13.6% | 13.5% | 14.5% | 13.3% | **14.0%** |
| **NPL ratio** | 2.5% | 2.0% | 1.9% | 1.7% | 1.8% | 1.7% | 1.7% | **1.5%** |
| **Assets** (€b) | 36.6 | 34.9 | 35.7 | 39.7 | 46.1 | 44.7 | 45.7 | **53.1** |

## PILLARS OF OUR TRANSFORMATION

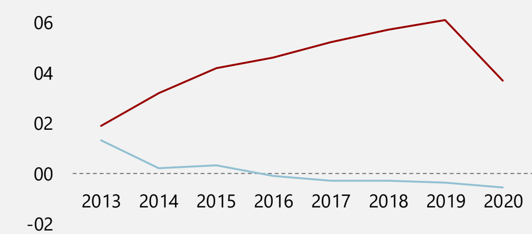
- **Transformed business to address prolonged negative interest rate environment**
- Structurally **fixed cost base**
- Focus on **simple core products**
- **Focus on core markets** ... exited CEE and non-core assets
- **Discontinued trading activities**
- **Significantly increased profitability** despite declining / negative rates
- More than **doubled CET1** ratio
- Completed **9 acquisitions** in DACH region since 2015 ... one further deal signed in Feb '21

### Increased profitability ...

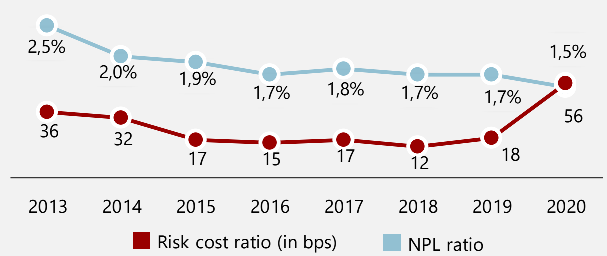
Pre-tax profit (€ millions)




### ... without relying on interest rates




### ... maintaining fortress balance sheet



# Proven M&A track record

## Experienced with bolt-on acquisitions to build out customer franchise

| | | | | |
|---|---|---|---|---|
| 2021 | DEPFA Bank plc | Signed deal to acquire DEPFA Bank plc, closing expected in 2H'21 | | |
| 2019 | Health AG 3) | €0.1b assets, €1b factoring volume | 3k customers | |
| 2019 | Zahnärztekasse AG | | | |
| 2019 | BFL DIE IT-FINANZIERER | €0.6b assets | 50k customers | |
| 2018 | Deutscher Ring Bausparkasse AG 2) | €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 | |

**Key M&A targets**

- Continued focus on companies within the DACH/NL region and developed markets
- Assessing banks, specialty finance companies, performing loan portfolios, complimentary financial service companies and FinTechs
- Primary focus on core Retail & SME Banking (Mortgages, Consumer Lending, SME, Product Factories) and Specialty Finance (Leasing, Factoring)
- Targeting companies requiring operational turnaround through simplification, standardization and technology enhancement
- Also targeting wind-down / run-off opportunities to leverage restructuring advisory unit in both M&A and advisory capacity

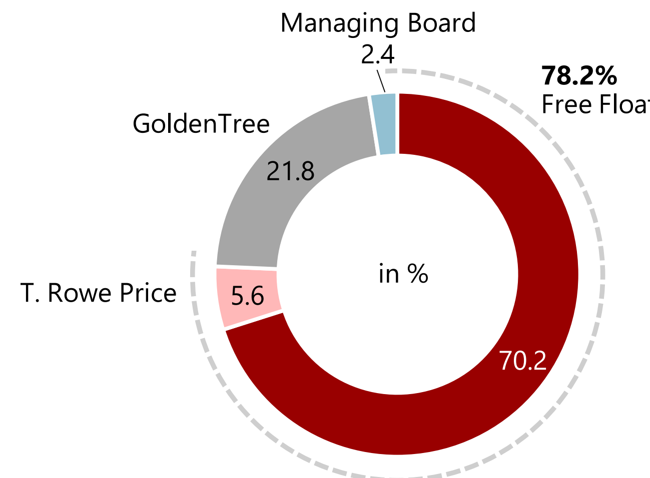
1) rebranded: easyleasing 2) rebranded: start:bausparkasse 3) rebranded: Health Coevo AG

# Investor relations calendar

## UPCOMING ROADSHOWS AND CONFERENCES

| | |
|---|---|
| 26 April | Digital one-on-one and Group Meetings after Q1 results |
| 05 May | Goldman Sachs small/mid-cap conference |
| 12 May | KBW European Financials Conference |
| 12 May | UBS small/mid-cap conference |
| 09 June | Goldman Sachs European Financials conference |
| 26 July | BAWAG Group Q2 '21 Earnings Release |
| 16 Sep | Citi small/mid-cap conference |
| 22 Sep | BAML conference |
| 28 Oct | BAWAG Group Q3 '21 Earnings Release |
| mid Nov | BAWAG Group Capital Markets Day |
| 22 – 25 Nov | Citi Pan-Asia conference |

## SHAREHOLDER STRUCTURE




Number of shares: 89,142,237; Shares outstanding as of 26 April 2020: 88,855,047

IMPORTANT DISCLAIMER: This presentation is prepared solely for the purpose of providing general information about BAWAG Group, Wiedner Gürtel 11, 1100 Wien. The information does not constitute investment or other advice or any solicitation to participate in investment business. This presentation does not constitute an offer or recommendation to purchase any securities or other investments or financial products. In respect of any information provided past performances do not permit reliable conclusion to be drawn as to the future performances. BAWAG Group does not make any representation, express or implied, as to the accuracy, reliability or completeness of the information contained in this presentation. BAWAG Group disclaims all warranties, both express and implied, with regard to the information contained in this presentation. This presentation contains forward-looking statements relating to the business, financial performance and results of BAWAG Group or the industry in which BAWAG Group operates. These statements may be identified by words such as "expectation", "belief", "estimate", "plan", "target" or "forecast" and similar expressions, or by their context. These statements are made on the basis of current knowledge and assumptions and involve risks and uncertainties. Various factors could cause actual future results, performance or events to differ materially from those described in these statements and neither BAWAG Group nor any other person accepts any responsibility for the accuracy of the opinions expressed in this presentation or the underlying assumptions. No obligation is assumed to update any forward-looking statements. In no event shall BAWAG Group be liable for any loss, damages, costs or other expenses of any kind (including, but not limited to, direct, indirect, consequential or special loss or loss of profit) arising out of or in connection with any use of, or any action taken in reliance on, any information contained in this presentation. BAWAG Group assumes no obligation for updating the provided information in this presentation. The content in this presentation are not to be relied upon as a substitute for professional advice. This presentation shall not be forwarded to any third party.

# 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 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

**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-tax earnings per share**
Profit before tax / weighted average number of shares outstanding (diluted)

**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
average equity based on 1 January 2018 due to IFRS 9 implementation

**Return on tangible common equity (RoTCE)**
Net profit / average IFRS tangible common equity 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 (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

**vPY** ... versus prior year period
**vPQ** ... versus prior quarter period
**vYE** ... versus year-end

Note: Tables in this presentation may contain rounding differences. Already published historic figures may vary due to adjustments.