

# BAWAG Group Introduction

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February 2023

# BAWAG GROUP – WHO WE ARE

Multi-brand and multi-channel commercial bank

## WE ARE ...

... a multi-brand and multi-channel commercial bank with approximately **2.1 million customers**

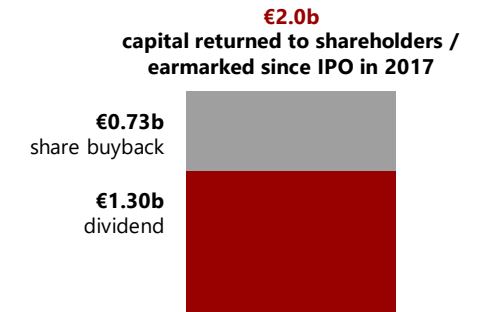
## OUR VIEW

**Commercial banking is becoming more commoditized ...** Focus on simplification, standardization, transparency and ease-of-use for the benefit of customers

## OUR STRATEGY

- 1 Growth in core markets focused on serving our customers
- 2 Efficiency through operational excellence
- 3 Safe and secure risk profile

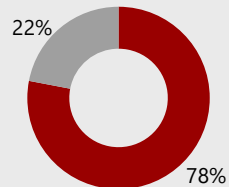
## CREATING SHAREHOLDER VALUE



## A RETAIL-FOCUSED BANK

Core revenues

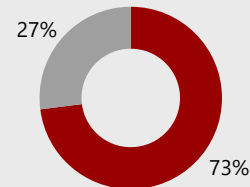
- Retail & SME
- Corporates, Real Estate & Public Sector



## CORE MARKETS

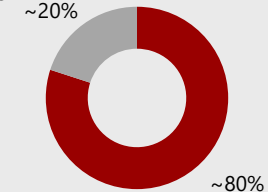
Austria, Germany, Switzerland, Netherland (DACH/NL region), Western Europe and the United States

- DACH/NL
- Western Europe & US



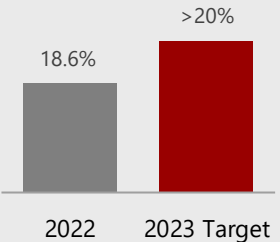
## FOCUS ON SECURED LENDING

- Secured and public sector lending
- Unsecured

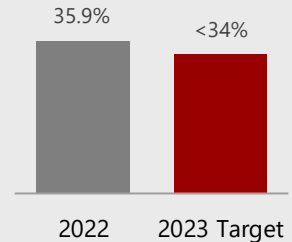


## ONE OF THE MOST PROFITABLE AND EFFICIENT EUROPEAN BANK

RoTCE



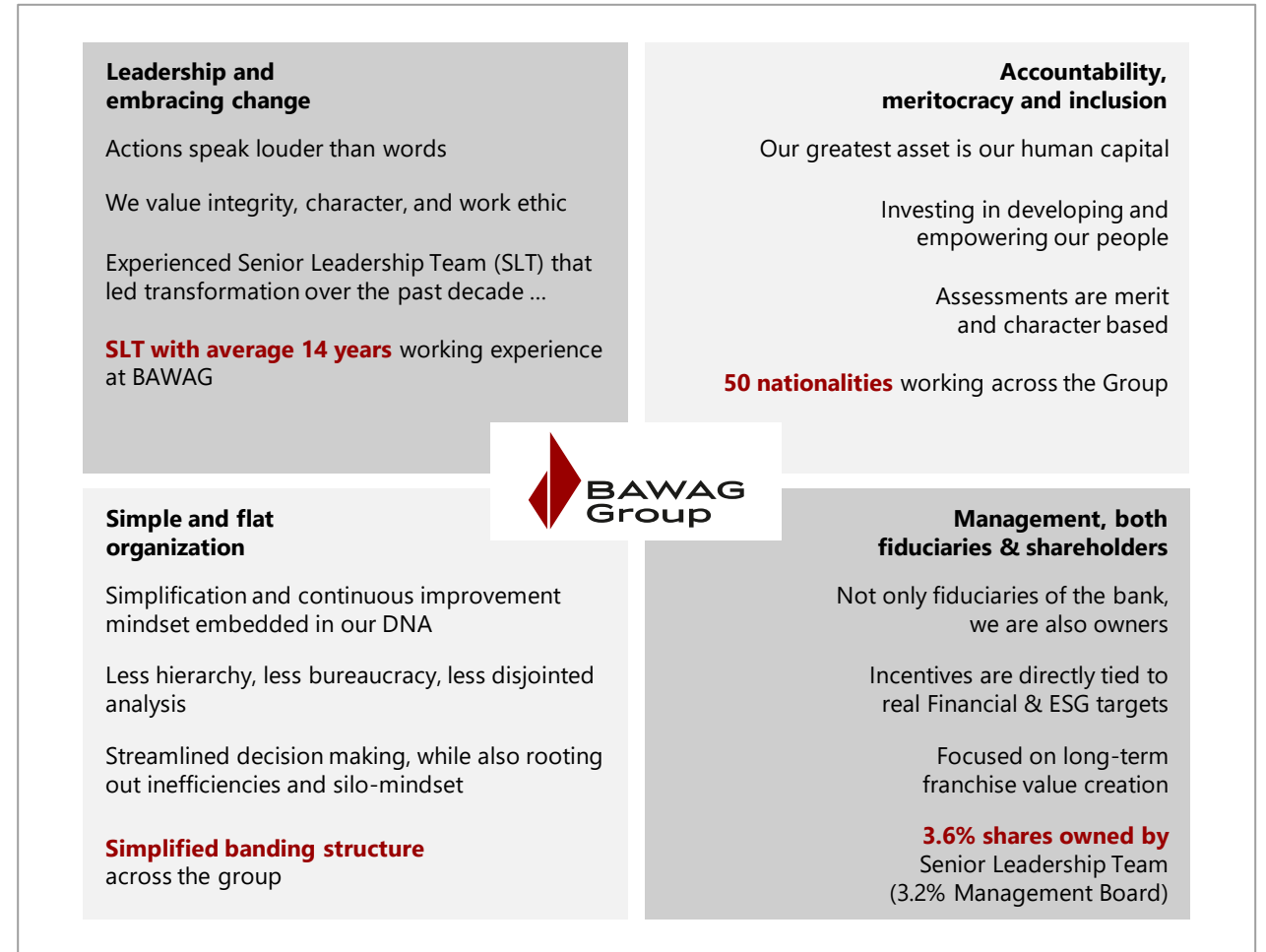
CIR



# OUR BUSINESS PRINCIPLES AND CULTURE

The foundation for executing on our strategy

- **CULTURE:** Our company values and culture are defined by accountability, meritocracy, and embracing change
- **SIMPLIFICATION:** We simplified our business model by focusing on core products, processes and technology
- **CORE MARKETS:** We focus on mature, developed and stable markets with strong macroeconomic fundamentals and reliable legal systems
- **RISK MANAGEMENT:** We focus on risk-adjusted returns, conservative-disciplined underwriting, and proactive risk management
- **CONSISTENT TECHNOLOGY INVESTMENT:** We believe that technology is a transformation enabler and competitive differentiator
- **DATA-DRIVEN:** We believe in constant measurement, data analysis, and being data-driven in how we run the business



# OUR STRATEGY HAS BEEN UNCHANGED SINCE 2012

ESG underpins our strategy driving responsible, sustainable and profitable growth

## 1 GROWTH IN CORE MARKETS FOCUSED ON SERVING OUR CUSTOMERS

**Core markets: Austria, Germany, Switzerland, Netherlands (DACH/NL region), Western Europe and the United States**

- Criteria for core markets: Fiscal position (single A or better sovereign rating), legal infrastructure, and political environment
- 24/7 banking access through multi-channel and multi-brand commercial banking platform
- Customer value proposition: "Providing simple, transparent and affordable financial products and services our customers need"

## 2 EFFICIENCY THROUGH OPERATIONAL EXCELLENCE

**Our DNA is to focus on the things we can control through "self help" management**

- Greater need to simplify business structure, products, and processes
- Technology is an enabler and differentiator

## 3 SAFE AND SECURE RISK PROFILE

**We believe in maintaining a fortress balance sheet through strong capital position, stable customer funding and low risk profile**

- Conservative and disciplined underwriting in markets we understand with focus on secured lending
- Proactively manage non-financial risks ...no capital markets activities, no trading activities, no exposure to high-risk AML countries

EXECUTION SINCE IPO IN 2017

**7**  
**M&A deals completed**

**+32%**  
**Revenue growth**

**-11pts**  
**CIR**

**75%**  
**Retail & SME products digitized**

**220bps**  
**Average gross capital generation**

**0.9%**  
**NPL ratio ... 80bps reduction**

# M&A: STRATEGIC OPTIONALITY

## M&A TARGETS & UNDERWRITING CRITERIA

### MARKETS

- Focus on core markets ... DACH/NL region, Western Europe and USA

### FINANCIALS

- Underwrite to RoTCE >20%
- Solid balance sheet ... no credit or compliance issues
- Pre-funded restructuring ... underwrite deals to ensure P&L accretive Day 1

### CUSTOMER FRANCHISE

- Focus towards Retail & SME
- Bolt-on acquisitions
- Product factories
- Specialty finance
- Universal banks

### PLATFORMS

- Platforms and minority investments to support customer acquisition and asset originations

### EFFICIENCY

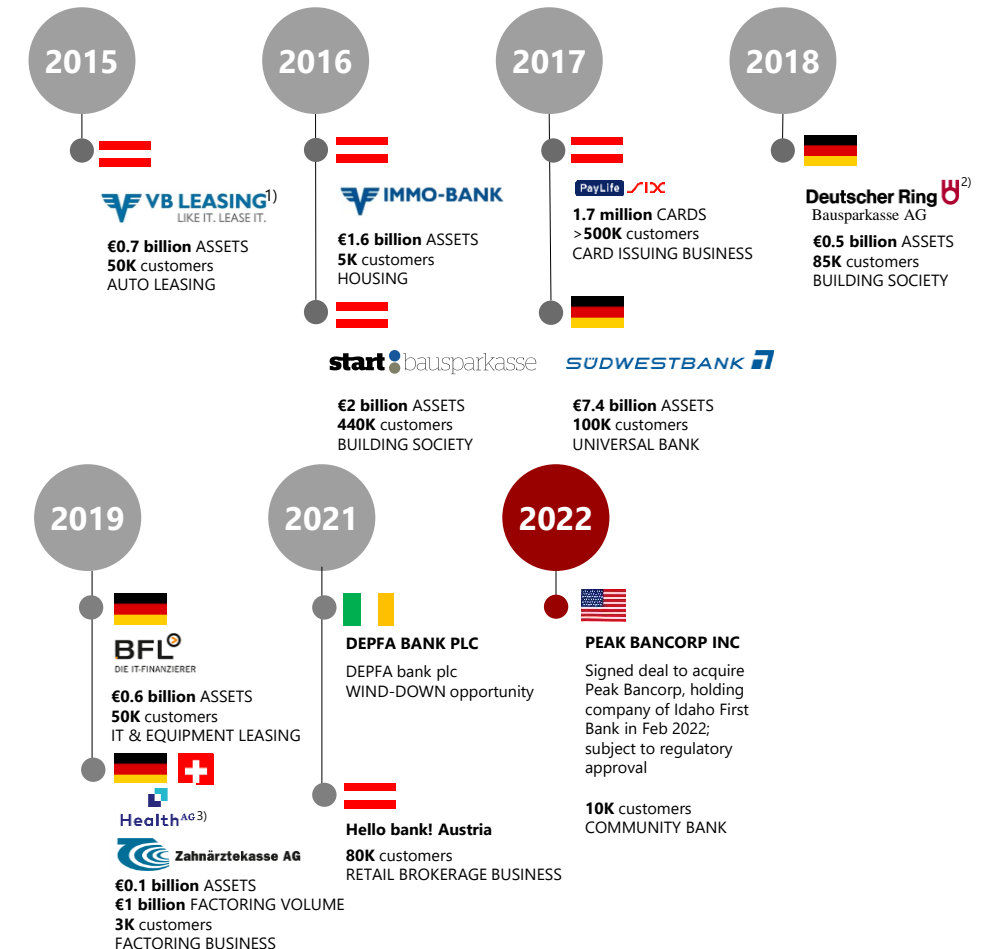
- Operational turn-around
- Run-off / wind-down businesses leveraging our operational capabilities

### DEAL SIZE

- Open to all size deals that meet our target return thresholds and franchise enhancing

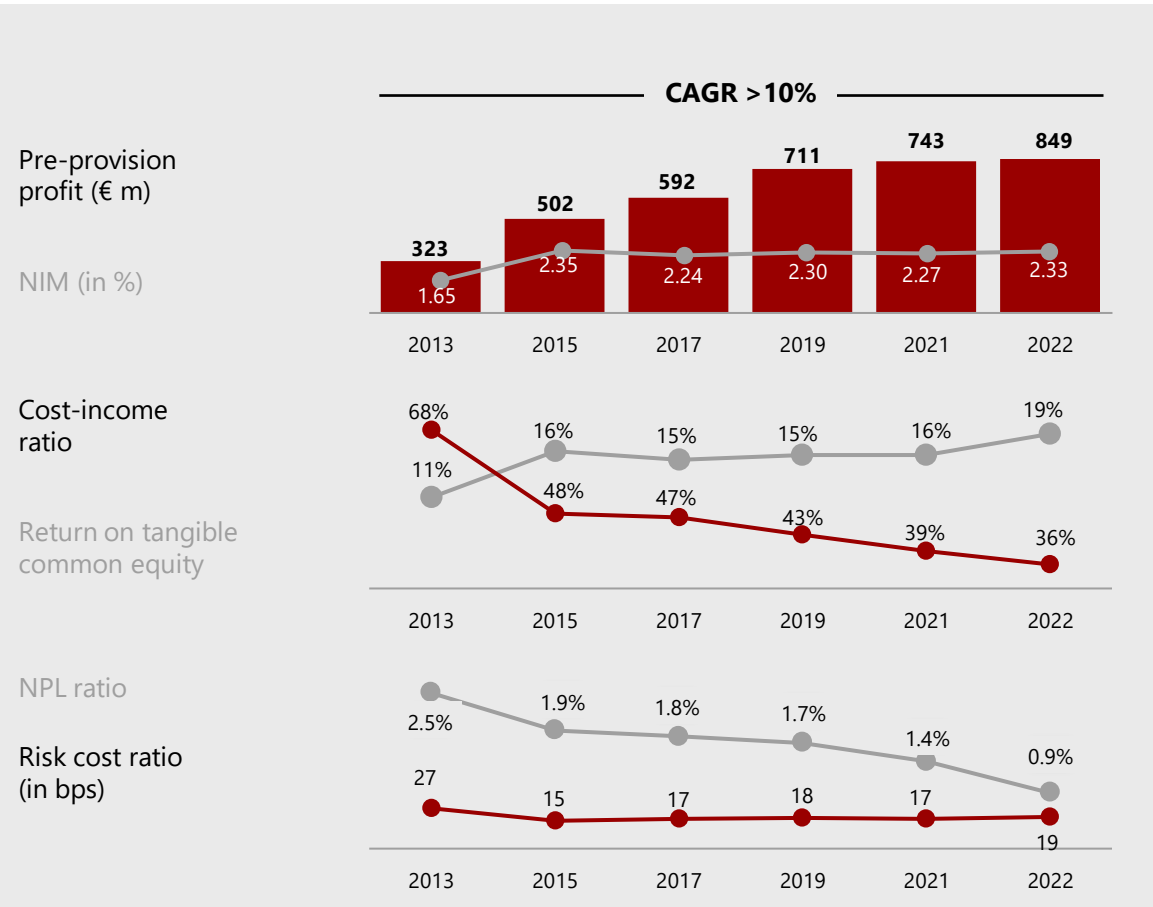
1) rebranded: easyleasing 2) rebranded: start:bausparkasse 3) rebranded: Health Coevo AG

## M&A HISTORY: TRANSFORMING BUSINESSES THROUGH OPERATIONAL TURNAROUND ... RoTCE ~3% to >17%

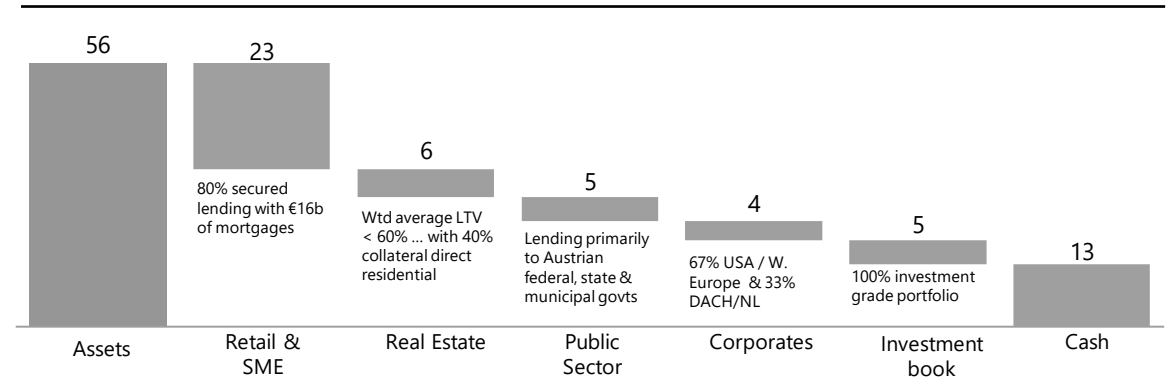


# OUR TRANSFORMATION

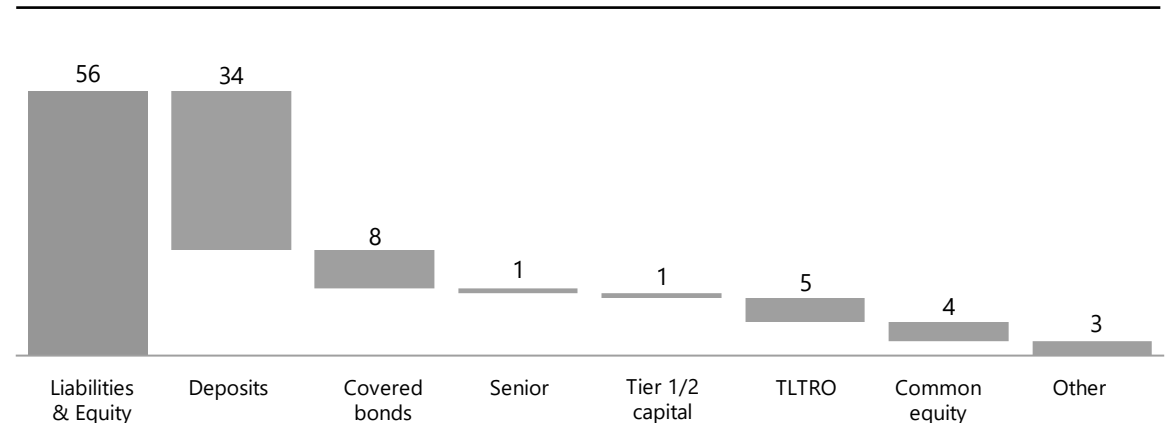
Ranking among the most profitable and efficient European banks with further ambitions



## SOLID ASSET QUALITY AND DISCIPLINED UNDERWRITING



## FUNDING, CAPITAL AND EARNINGS



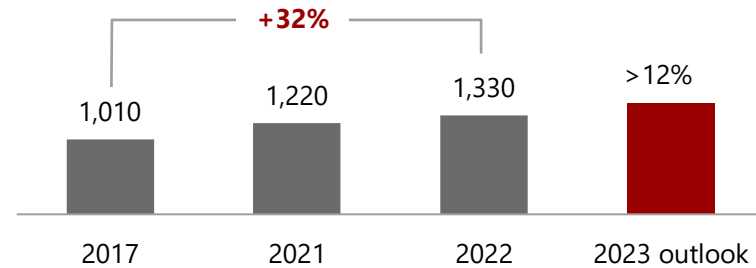
Note: 2022 RoTCE, and Risk Cost Ratio adjusted for write-off of City of Linz receivable of €254m (€190m after tax); 2020 Risk cost ratio adjusted for ~€100m ECL macro-provision; 2021 and 2022 excl. management overlay

# TAKING STOCK SINCE OUR IPO ...

Consistent execution and delivery

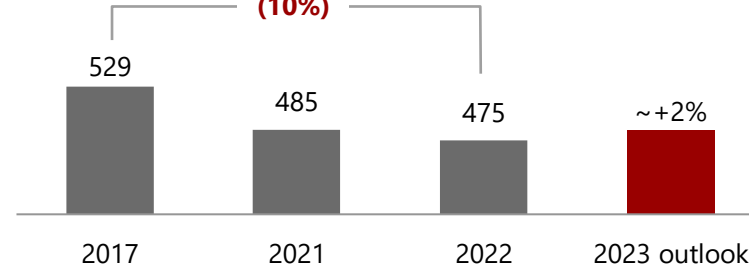
## GROWING CORE REVENUES ...

Core revenues (in € millions)



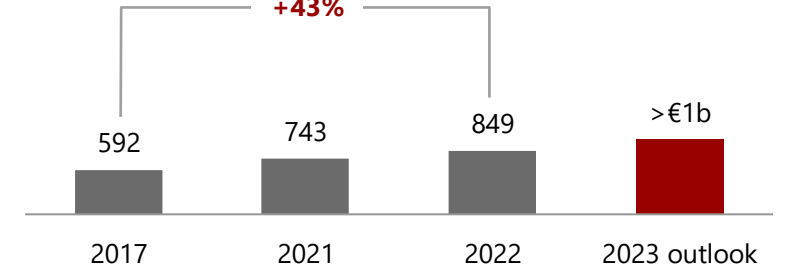
## ... WHILE IMPROVING COST BASE

Operating expenses (in € millions)



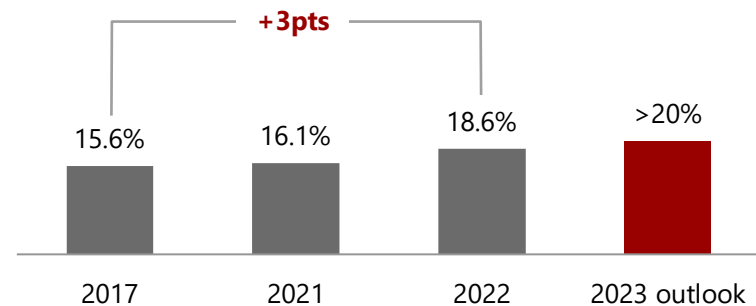
## HIGH PROFITABLE BUSINESS MODEL

Pre-provision profit (in € millions)



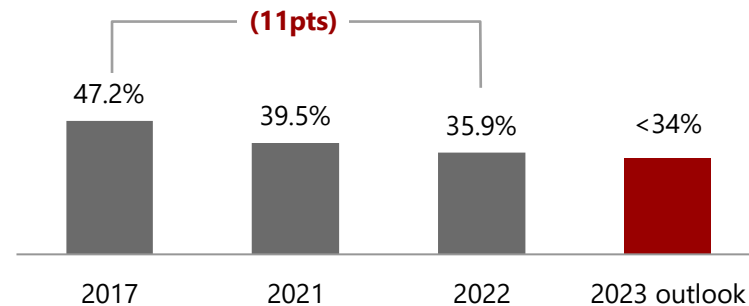
## HIGHER RETURN LEVELS ...

RoTCE



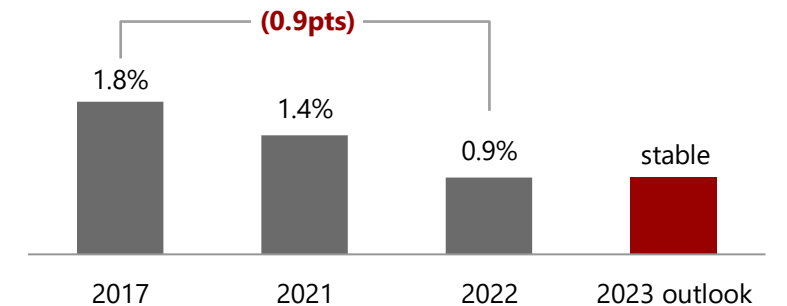
## ... WITH INCREASED EFFICIENCY

Cost-income ratio



## ... AND HIGH ASSET QUALITY

NPL ratio



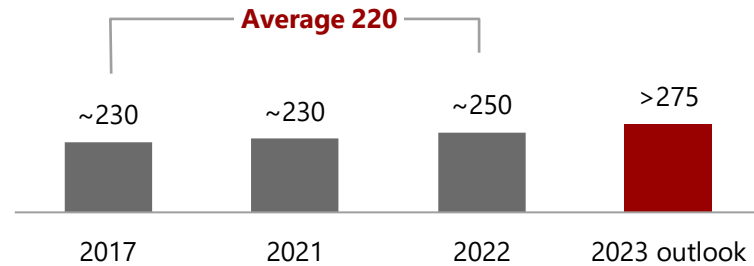
Note: 2022 RoTCE adjusted

# CAPITAL GENERATION and DISTRIBUTION

A sustainable and balanced return to our shareholders

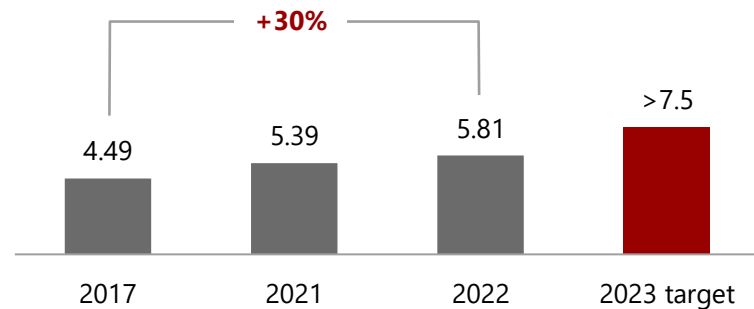
## STRONG CAPITAL GENERATION POWER

Gross capital generation (in bps)



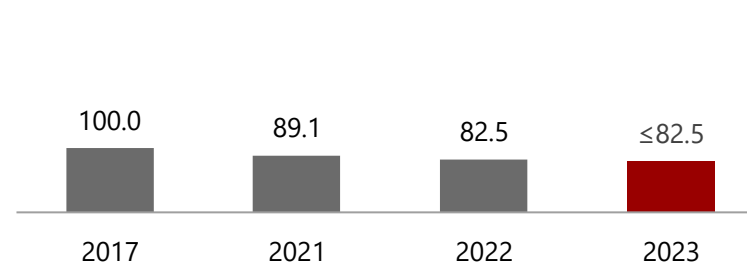
## STEADY INCREASE IN EARNINGS

Earnings per share (in €)



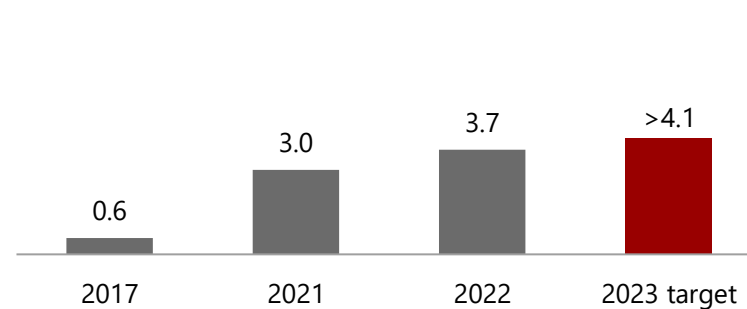
## LOWER SHARE COUNT FOLLOWING BUYBACKS

Number of shares (in millions)



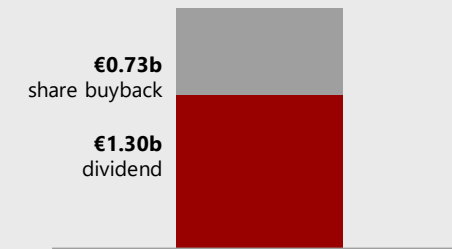
## €14.6 ACCUMULATED DPS SINCE IPO

Dividend per share for respective financial year (in €)



€ 2.0b capital returned / earmarked since IPO...

... and invested in GROWTH

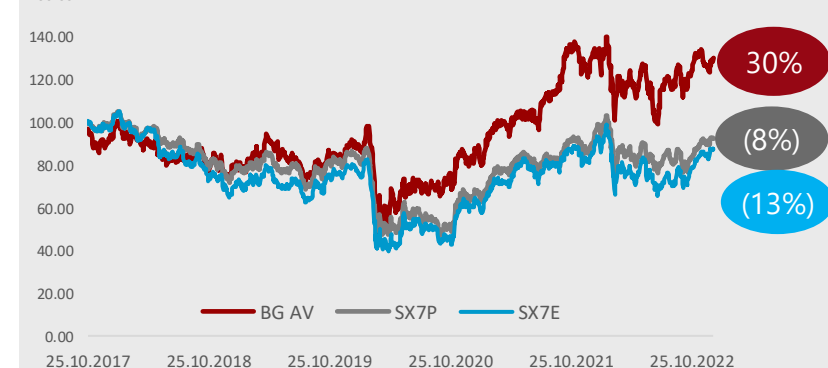


7

M&A deals completed since IPO

## Total shareholder return development since IPO

Indexed 25 October 2017; 31 December 2022





# SHAREHOLDER REMUNERATION

A sustainable and balanced return to our shareholders

1

We target a dividend payout of **55% of net profit**, barring unforeseen circumstances. Dividends will be distributed annually after the Annual General Meeting in line with the respective shareholders' resolution.

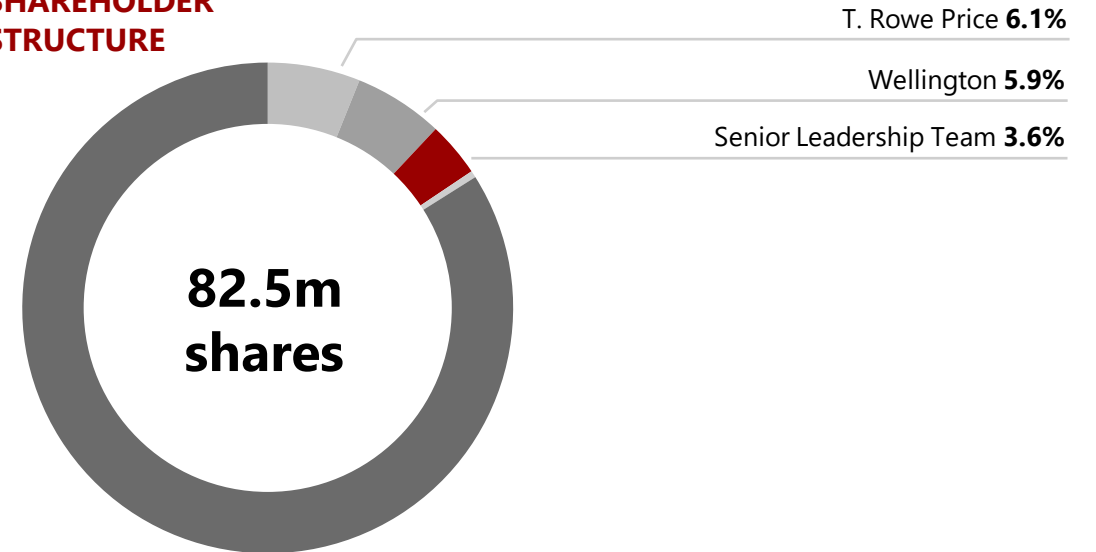
2

Additional capital will be allocated to **business growth, M&A, minority and/or platform investments**.

3

Any additional capital, not used for organic growth or M&A, will be allocated to **share buybacks and/or special dividends**, subject to a routine annual assessment.

## SHAREHOLDER STRUCTURE



February 13/14, 2023  
March 10, 2023  
March 18, 2023  
March 29, 2023  
March 31, 2023  
April 6, 2023  
April 25, 2023

Roadshow London/Paris  
Publication of FY 2022 Consolidated Annual Report  
Morgan Stanley European Financials Conference  
Jefferies Pan-European mid-cap conference  
Annual General Meeting 2023  
Dividend payment date  
Q1 2023 results



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