



# **BAWAG GROUP**

- ▶ Highlights of our record year 2023
- ▶ Planting the seeds for growth in coming years



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▶ Highlights of our record year 2023

# HIGHLIGHTS 2023

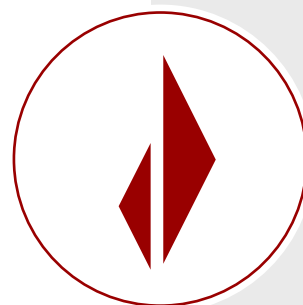
<b>RECORD EARNINGS</b>	<b>2023</b>	<b>Change vs 2022</b>
Net profit	€683m	<b>+34%</b>
RoTCE	25.0%	<b>+6.4pts</b>
CIR	31.8%	<b>(4.1pts)</b>
EPS	€8.31	<b>+43%</b>
DPS	€5.00	<b>+35%</b>

## **Fortress Balance Sheet**

Average interest-bearing assets	€42.5b	<b>(3%)</b>
Average customer funding	€44.5b	<b>+6%</b>
Cash position (excluding TLTRO)	€12.7b	<b>+63%</b>
CET1 ratio	14.7%	<b>+1.2pts</b>
Gross capital generation	330bps	<b>+30%</b>

**Record year for BAWAG Group**

**All 2023 targets achieved**



**Being good stewards of capital**

- €5.00 Dividend per share proposed to AGM
- Acquisition of Idaho First Bank completed in Q4 '23
- Excess capital of €475m to be used for potential strategic opportunities

# OUTLOOK

## 2024 Targets (excluding M&A)

Profit before tax **> €920m**

## 2024 & BEYOND RETURN TARGETS

Return on tangible common equity **> 20%**

Cost-income ratio **< 34%**

## Deploying excess capital for growth opportunities

- + Acquisition of Knab bank in the Netherlands signed on February 1, 2024, which adds **+€150m** profit before tax by 2026
- + Pursuing other strategic opportunities
- + Growing franchise in DACH/NL & Retail & SME franchise
- + Revisiting potential buybacks as part of our overall capital distributions in 2025

# FINANCIAL PERFORMANCE 2023

P&L   € millions	2023	2022 reported	2022 adjusted	vPY adjusted
Core revenues	1 537.4	1 330.4	1 330.4	16%
Net interest income	1 230.2	1 021.1	1 021.1	20%
Net commission income	307.2	309.3	309.3	(1%)
Operating income	1 525.4	1 324.0	1 324.0	15%
Operating expenses	(485.3)	(474.8)	(474.8)	2%
<b>Pre-provision profit</b>	<b>1 040.1</b>	<b>849.2</b>	<b>849.2</b>	<b>22%</b>
Regulatory charges	(39.0)	(48.8)	(48.8)	(20%)
Risk costs	(93.2)	(376.3)	(122.0)	(24%)
<b>Profit before tax</b>	<b>910.4</b>	<b>426.8</b>	<b>681.0</b>	<b>34%</b>
<b>Net profit</b>	<b>682.6</b>	<b>318.3</b>	<b>508.8</b>	<b>34%</b>

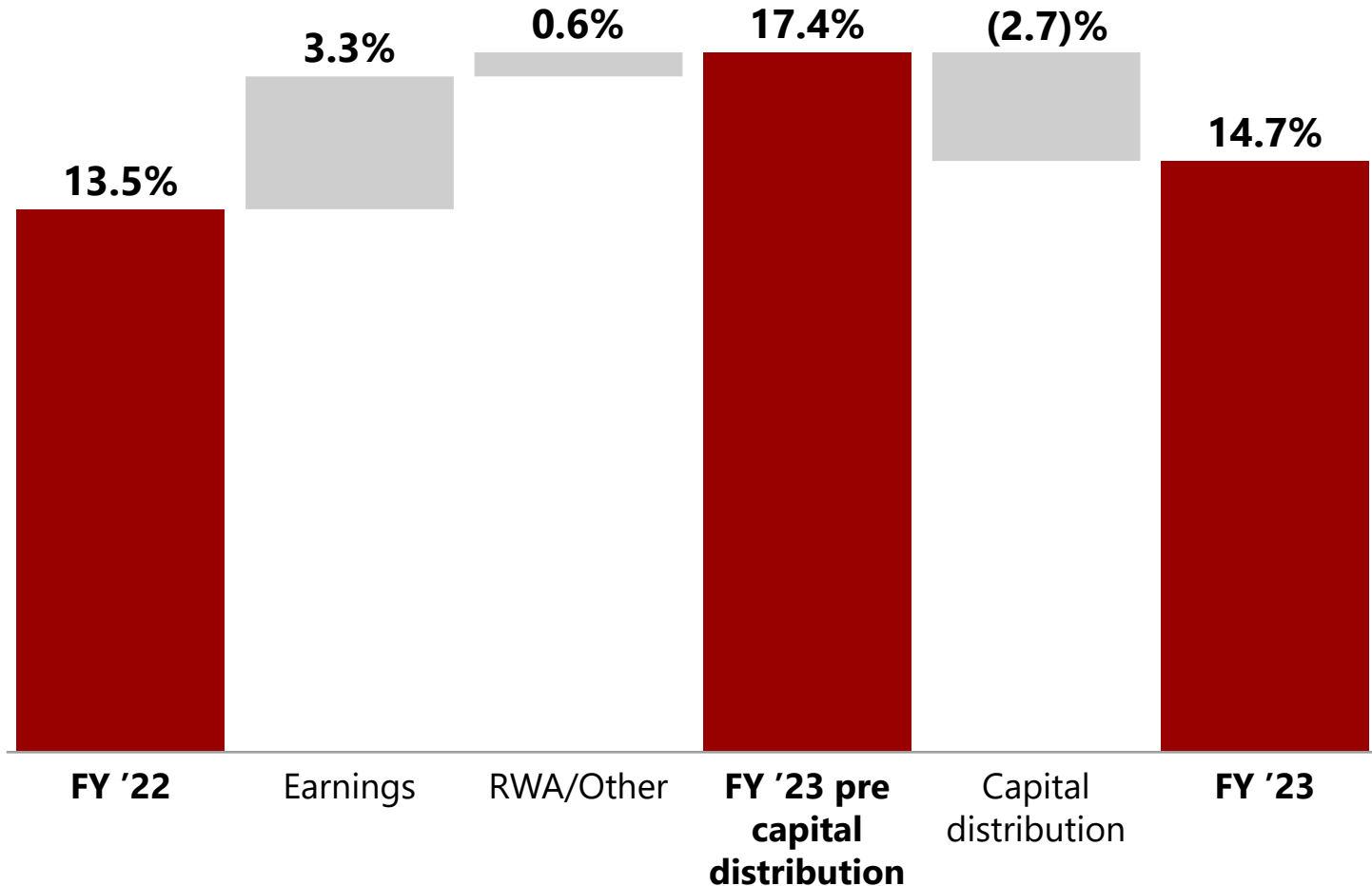
Ratios	2023	2022 reported	2022 adjusted	vPY adjusted
RoCE	20.9%	9.8%	15.6%	5.3pts
RoTCE	25.0%	11.6%	18.6%	6.4pts
Net interest margin	2.90%	2.33%	2.33%	0.57pts
CIR	31.8%	35.9%	35.9%	(4.1pts)
Risk cost ratio	0.22%	0.86%	0.28%	(0.06pts)

Balance Sheet & Capital   € millions	2023	2022	vPY
Total assets	55 448	56 523	(2%)
Cash & Cash Equivalent	12 672	7 792	63%
Interest-bearing assets (average)	42 464	43 852	(3%)
Customer funding (average)	44 494	41 863	6%
Customer loans (average)	34 569	36 242	(5%)
Customer loans	33 593	35 763	(6%)
Customer deposits (average)	32 365	33 713	(4%)
Customer deposits	33 726	34 293	(3%)
Common Equity	3 307	3 215	3%
Tangible Common Equity	2 775	2 693	3%
CET1 Capital	2 841	2 793	2%
Risk-weighted assets	19 317	20 664	(7%)
<b>CET1 Ratio (post dividend)</b>	<b>14.7%</b>	<b>13.5%</b>	<b>1.2pts</b>

Per share data	2023	2022	vPY
Book value (€)	42.12	39.14	8%
Tangible book value (€)	35.35	32.78	8%
Shares outstanding (€ m)	78.51	82.15	(4%)
Earnings per share (€)	8.31	5.81	43%

Note: All equity, capital, ratios and per share data reflect deduction of dividend accrual. "Adjusted" view 2022 excludes write-off of City of Linz receivable of €254m (€190m after tax).

# ONGOING STRONG CAPITAL GENERATION IN 2023



▶ **+330bps**  
gross capital generation

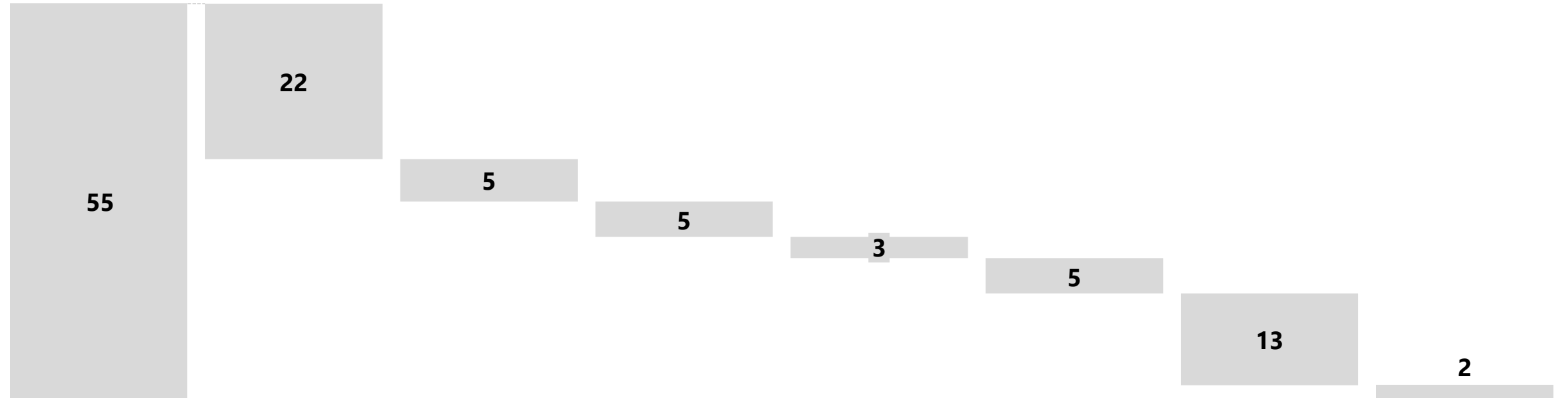
▶ **€393m/€5.00 per share**  
dividend earmarked for distribution

▶ **€175m**  
share buyback executed ...  
3.9m shares cancelled

▶ **€475m**  
excess capital at year-end 2023

# BALANCE SHEET & ASSET QUALITY OVERVIEW

(€ billions)



## Assets

## Retail & SME

80% secured lending, primarily €15b of mortgages (Austria, Germany, Netherlands and Western Europe)

## Real Estate

Average LTV ~55%  
geographically diverse, NPL ratio 1.5%

## Public Sector

Lending primarily to Austrian federal, state and municipal governments, no NPLs

## Corporates

45% W. Europe, 41% USA/Canada  
Highly selective risk appetite  
Senior secured lending

## Investment book

98% investment grade

## Cash

Representing approximately 23% of balance sheet

## Other

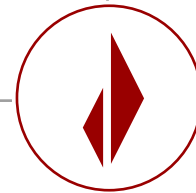
# OUR KEY PRINCIPLES OF MANAGING RISKS

## WE FOCUS ON

- DACH/NL, Western Europe/US as markets
- Secured or public sector lending
- Conservative credit profile
- Investment grade securities book

## WHAT WE DON'T DO

- NO exposure to Russia, de minimis CEE exposure
- NO trading book, no market risk RWA
- NO exposure to high-risk AML countries
- NO brokered deposits
- Low exposure to high-emitting sectors



**~70%**  
DACH/NL region

**>70%**  
Retail & SME business

**~80%**  
Secured or public  
sector lending

**1.0%**  
NPL ratio

**>80%**  
insured deposits

**<2%**  
exposure to moderate to high  
or high emitting industries

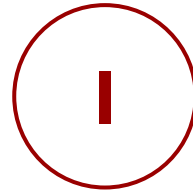




# **BAWAG GROUP**

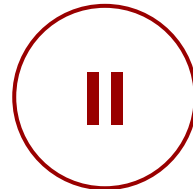
▶ Planting the seeds for growth in coming years

# CONSISTENT EXECUTION OF OUR STRATEGY



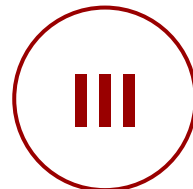
## **Growth in core markets focused on serving our customers**

Austria as our foundation with core markets Germany, Switzerland, Netherlands, Western Europe and USA



## **Efficiency through operational excellence**

Focus on simplification and things we can control

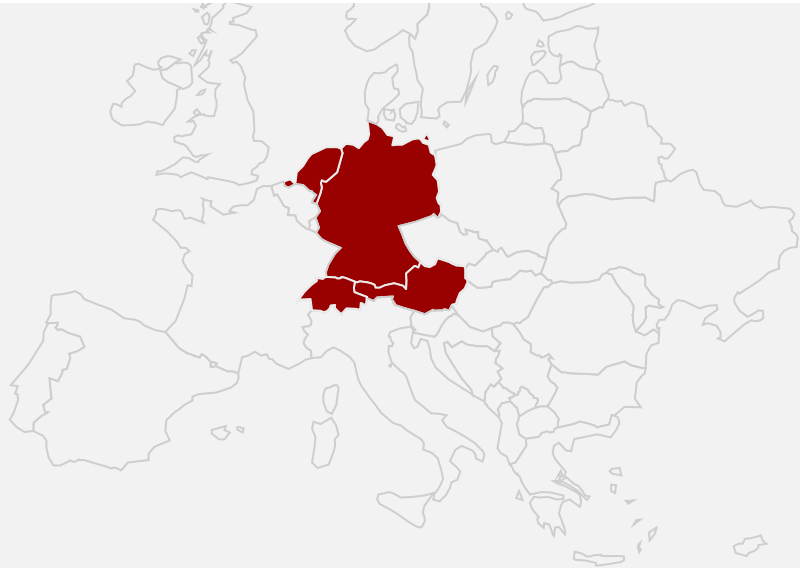


## **Safe and Secure risk profile**

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

# STRONG FOCUS ON DACH/NL REGION

Focusing on core continental Europe with a differentiated market approach

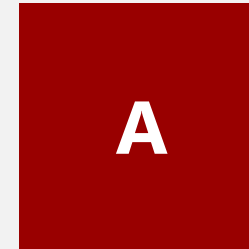


## GERMANY

Full product offering as well as health factoring

## SWITZERLAND

Health factoring



## AUSTRIA

Austria as our foundation with full range of product and service offering



## NETHERLANDS

Mortgages and new product lines with signed acquisition

today  
**~70%**



mid-term  
**80-90%**

# FOCUS ON RETAIL & SME BANKING

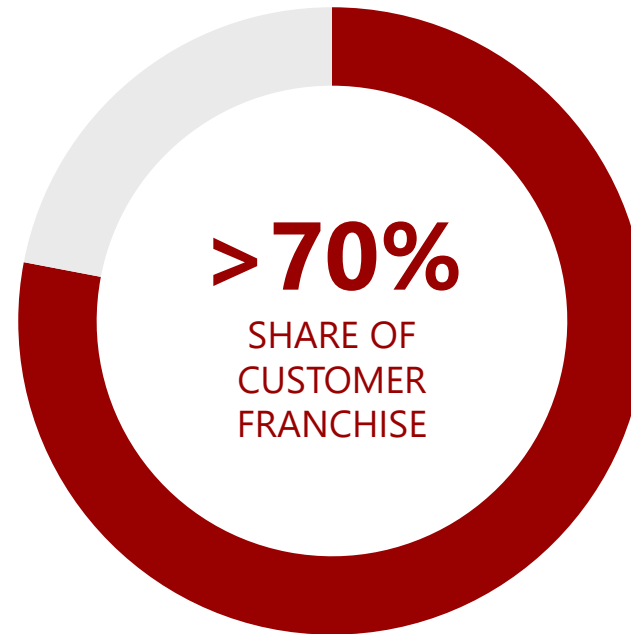
With acquisition of Knab bank in the Netherlands, share of Retail & SME will grow

## ▶ INVEST

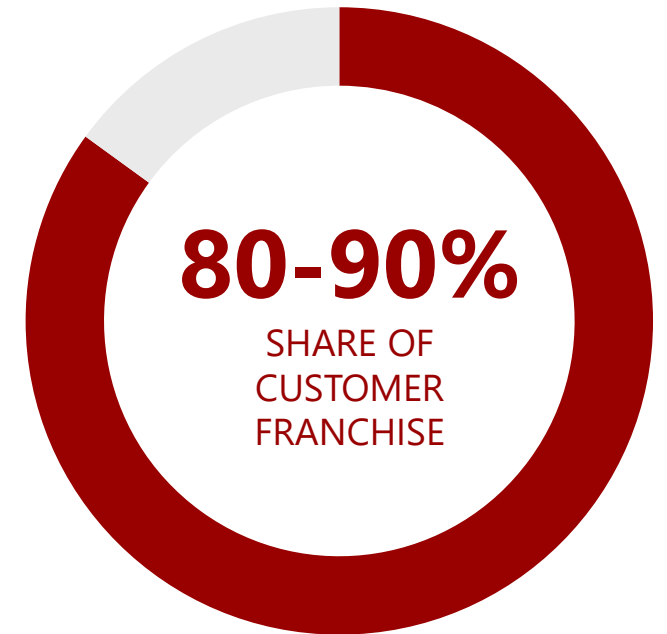
in developing our branch and digital channels, integrating our online brokerage capabilities, expanding our partnerships and platforms, continuing our transition to an advisory focused bank

## ▶ GROW

consolidate and streamline our products and channels across the DACH/NL region and planting the seeds for growth across our core markets



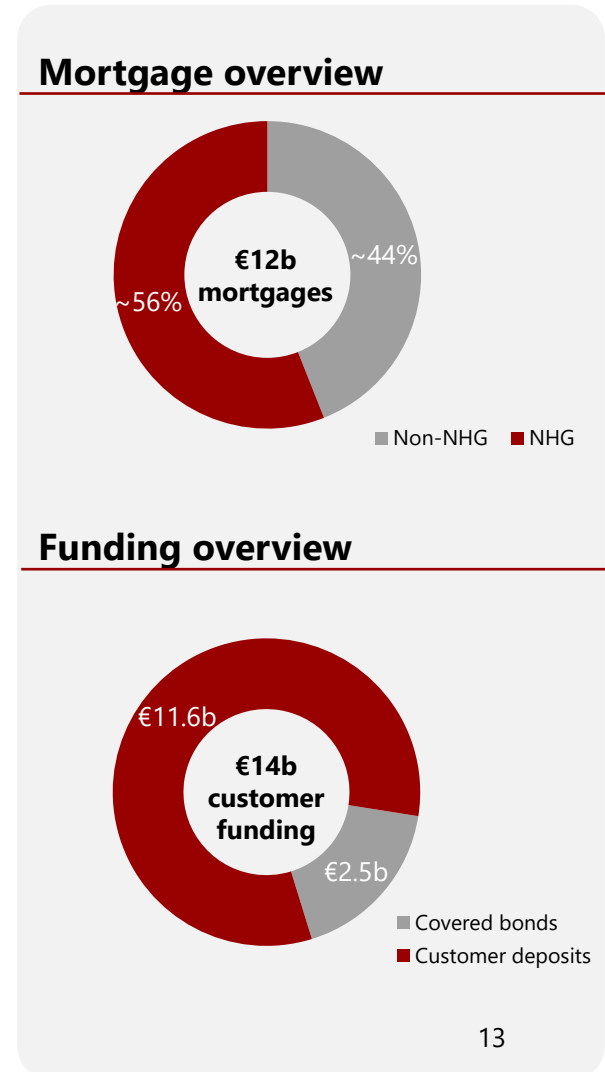
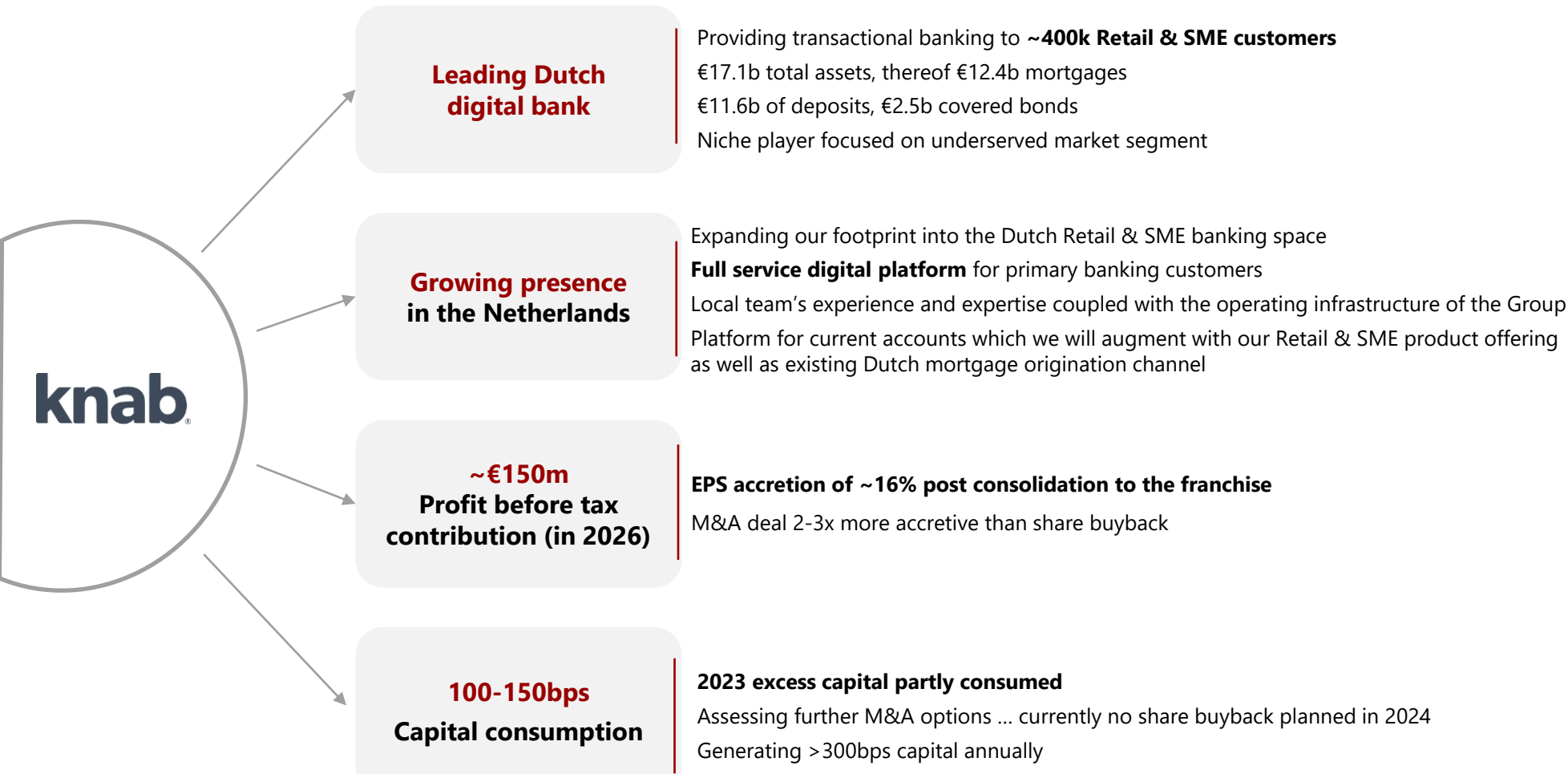
**Today**



**Mid-term**

# GROWING OUR FRANCHISE IN LINE WITH OUR STRATEGY

Excess capital of €475m as of year-end 2023 providing dry-powder for signing M&A transaction

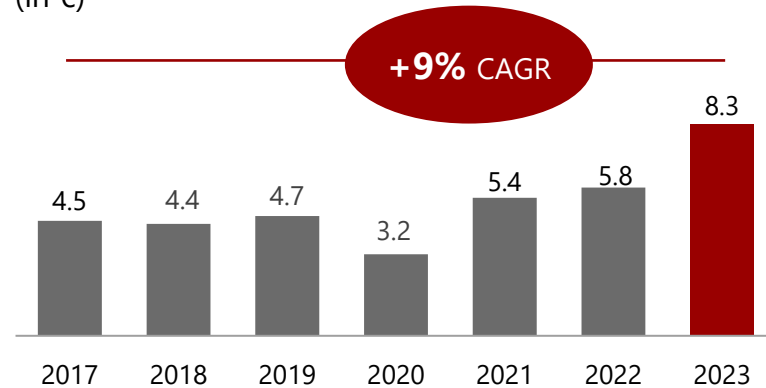


Note: Numbers of Knab as of half-year 2023 or full year 2022; transaction subject to regulatory approval

# CREATING LONG-TERM SHAREHOLDER VALUE

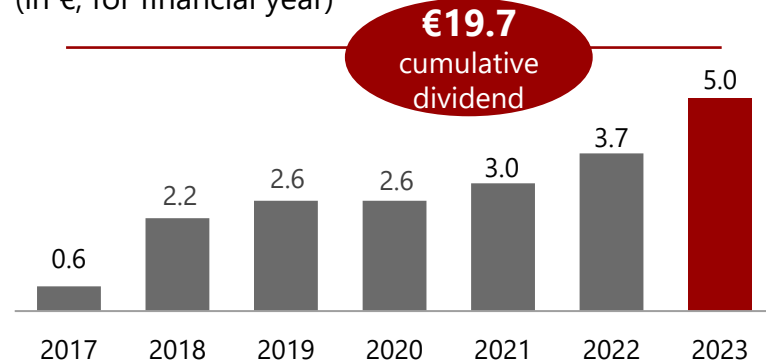
## Earnings per share

(in €)



## Dividend per share

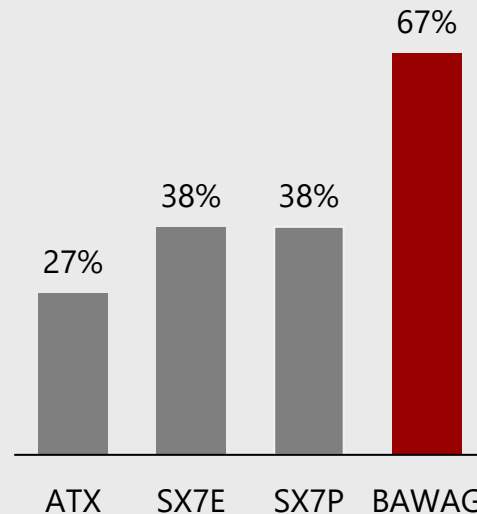
(in €, for financial year)



## €2.6b

of capital distributed / earmarked for distribution since IPO

**Total shareholder return – outperforming major bank indices since IPO**



## €47b + 9

credit expanded to customers since IPO

acquisitions self-funded

**We have planted the seeds for growth in the coming years based on our transformation over the last decade.**

## €475m

excess capital used for acquisition of knab (+€150m profit before tax by 2026) and potential further opportunities

# DEFINITIONS

## **Adjusted (2022 numbers are presented adjusted)**

Excluding the write-off of the City of Linz receivable in Q3 2022

## **B/S leverage**

Total assets/common equity (excluding earmarked dividend and buyback of €175m (1.1.2023))

## **Book value per share**

Common equity (excluding AT1 capital, dividends and buyback of €175m (1.1.2023))/number of shares outstanding

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

Including interim profit and deducting earmarked dividends and buyback of €175m (1.1.2023)

## **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 Deposits (average)**

Deposits to customers including own issues sold through retail network and private placement, average based on daily figures

## **Customer Funding**

Deposits to customers, covered bonds (public sector and mortgage) and senior bonds sold through the retail network and private placement, average based on daily figures

## **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 and buyback of €175m (1.1.2023)

## **Earnings per share (EPS)**

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

FL ... Fully-loaded

## **Leverage ratio**

Tier 1 capital (including interim profit, dividend accruals, buyback of €175m (1.1.2023))/total exposure (CRR definition)

## **Loan to Value (LTV)**

IFRS book value including prior liens excluding NPLs / Market value of real estate collaterals allocated excluding NPLs

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

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

## **NPL cash coverage**

(Stage 3 Loan Loss Provisions plus Reserves plus Prudential Filter) / Non-Performing Loans IFRS Exposure

## **NPL ratio**

Non-performing exposure (economic IFRS) - defined as NPL acc. to Art. 178 CRR excluding Retail & SME segment exposures without arrears (8.1. 8.2 and 8.4 RK) / BAWAG Group Total Exposure including off balance (IFRS scope of consolidation)

## **Pre-provision profit**

Operating income less operating expenses (excluding regulatory charges)

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

Net profit/average IFRS common equity and deducted dividend accruals and buyback of €175m (1.1.2023)

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

Net profit/average IFRS tangible common equity and deducted dividend accruals and buyback of €175m (1.1.2023)

## **Risk cost ratio**

Provisions and loan-loss provisions, impairment losses and operational risk (risk costs)/average interest-bearing assets

## **Tangible book value/share**

Common equity reduced by the carrying amount of intangible assets/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

## **Total reserve ratio**

Total reserves (including prudential filter)/asset volume of customer segments excluding public sector lending