

**BAWAG Group**

**Excerpts of public disclosure**

January 19, 2023

# Note

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This document provides excerpts of different public disclosure of BAWAG Group. The source of the excerpt is noted at each respective excerpt. Except where noted, the excerpts were prepared at the time of the Q3 2022 disclosure, are based on the Q3 2022 financial reporting as well as information released during the Q3 2022 earnings call and were provided to you at such time. BAWAG Group has not and expressly disclaims any obligation to update or alter any statements therein, including without limitations any forward-looking statements, whether as a result of new information, future events, or otherwise.

The information in this document is to be read together with the Q3 2022 earnings presentation, the H1 2022 financial report, the transcript of the earnings call of Q3 2022 as well as all releases published since then.

Documents can be found on our website under <https://www.bawaggroup.com/BAWAGGROUP/IR/EN/Financial-Results> unless stated otherwise.

# 2022 Outlook

Confirming outlook ... revenue outlook revised upwards

## P&L OVERVIEW\*

	<i>previous</i>	<i>updated</i>
<b>Core revenues</b> FY '21: €1,220m	<b>&gt;7%</b> growth	<b>~9%</b> growth
<b>Operating expenses:</b> FY '21: €485m	<b>~2%</b> net cost-out	<b>~2%</b> net cost-out
<b>Regulatory charges</b> FY '21: €52m	<b>~€55m</b> expected	<b>~€55m</b> expected
<b>Risk costs</b> FY '21: €95m	<b>~20bps</b> underlying	<b>~20bps</b> underlying
<b>Profit before tax</b> FY '21: €600m	<b>&gt; €675m</b>	<b>&gt; €675m</b>

## RETURN TARGETS\*

<b>RoTCE</b> FY '21: 16.1%	<b>&gt; 17%</b>
<b>CIR</b> FY '21: 39.5%	<b>&lt; 38%</b>

\*Note: Financial and return targets are excluding the write-off of the City of Linz receivable of €254m (€190m net of tax). Dividend payout will be based on net profit excluding City of Linz impact.

# P&L and capital items

## FY 2022 outlook

**Core revenues: ~9%** growth vs 2021

**Operational expenses: ~2% net cost-out vs 2021**

**Risk cost ratio: ~20 bps** underlying

**Regulatory charges: ~€55m** expected

**Capital**

**Other**

## Statements at Q3 2022 reporting or releases during Q4 2022/Q1 2023

*"We have a positive view on core revenues for the rest of the year, that is why we again updated our outlook from previously over 7% core revenue growth to around 9% growth in 2022."*

*"Net commission income was down 4%, as we see a slowdown in our advisory business, given the uncertainty and volatile market environment, which is likely to continue for the rest of the year."*

*"Subdued loan growth vPQ given overall cautious consumer sentiment and significant movement in rates."*

*"We will also continue to focus on our absolute cost-out target ... we are confident to achieve a net cost-out of around 2% in 2022."*

*"Expect underlying risk cost ratio ~20bps in 2022 ... in addition we will continue to build up the management overlay throughout the year"*

Regulatory charges in Q4 '22: €0m; new FY '22 expectation of €49m

- Share buyback program completed in November and cancelation of 6,642,237 treasury shares with effectiveness per 6 December 2022 (share capital: 82,500,000 shares)
- Increase in domestic buffers from 1.0% to 1.4% going forward (to 1.25% end of 2022, 1.4% end of 2023) ... no change in CET1 ratio target

Other income expected at approximately €(15)m in Q4 '22:

- No TLTRO benefit in NII from Q4 onwards ... hedge unwind cost will be considered in other income
- Settlement with City of Linz reached (subject to formal approvals of competent bodies on both sides)

Source: Transcript of Q3 2022 Earnings call , Q3 2022 Earnings presentation; press release, statements on request

# Definitions

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

Including interim profit and deducting earmarked dividends and 2022 buyback of €325m (1.1.2022)

## **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

## **Common equity**

Equity attributable to the owners of the parent; excluding minorities, AT1 and deducted dividend accrual and buyback of €325m (1.1.2022)

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

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

**FL** ... Fully-loaded

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

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

## **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 €325m (1.1.2022)

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

Net profit / average IFRS tangible common equity and deducted dividend accruals and buyback of €325m (1.1.2022)

## **Risk cost ratio**

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

## **Tangible common equity**

Common equity reduced by the carrying amount of intangible assets

## **Total capital ratio**

Total capital / risk-weighted assets

## **Targets and forecast numbers**

Including share buyback in 2022; excluding any potential implications from city of Linz case



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