

BAWAG Group

Excerpts of public disclosure

11 April, 2024

NOTE

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 Q4 2023 disclosure, are based on the Q4 2023 financial reporting as well as information released during the Q4 2023 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 Q4 2023 earnings presentation as well as the transcript of the earnings call of Q4 2023 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.

2024 OUTLOOK AND TARGETS

P&L OUTLOOK (excluding M&A)

Net interest income

FY '23: €1,230m

+1%

Core revenues

FY '23: €1,537m

+1%

Operating expenses

FY '23: €485m

~3% increase

Regulatory charges

FY '23: €39m

~€16m

Risk cost ratio

FY '23: 22bps

25-30bps

2024 FINANCIAL TARGETS (excluding M&A)

Profit before tax

FY '23: €910m

> €920m

2024 & BEYOND RETURN TARGETS

Return on tangible common equity

> 20%

Cost-income ratio

< 34%

P&L and capital items

2024 OUTLOOK/GUIDANCE

Core revenues

FY '23: €1,537m

1% growth

Operating expenses

FY '23: €485m

3% increase

Risk cost ratio

FY '23: 22bps (underlying)

25-30bps

Regulatory charges

FY '23: €39m

**Expected at
~ €16m**

Balance sheet/capital

STATEMENTS DURING Q4 2023 EARNINGS CALL

We are targeting net interest income and core revenue growth in 2024 of 1%.
Overall deposit betas now at around 25%, expected to grow to 30-35% and peak in the coming quarters in 2024.

Going into 2024, we expect wage inflation in the area of around 8%. That will be partly offset by our ongoing optimization programs, mostly through further simplification and standardization across the Group, leaving us with an expected cost increase of around 3% for 2024.

Based on overall macro environment, the recent underlying trends, and solid asset quality, the risk cost ratio is expected to be between 25 and 30 basis points.

Regulatory charges expected at ~€16m p.a., Q1 '24 at €5.2m.

Expecting customer loans to be static-to-slightly increasing.
Excess capital will be used to acquire Knab bank as well as pursuing other strategic opportunities that are at an advanced stage.

Definitions

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

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

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 €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 common equity

Common equity reduced by the carrying amount of intangible assets

Total capital ratio

Total capital / risk-weighted assets



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