

BAWAG Group

Q2 '23 early read

02 July, 2023

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P&L

Q2 '23 P&L items

Core revenues

Q1'23: €366m

+5%

Operating expenses

Q1 '23: €(119)m

+1%

Risk costs

Q1'23: €(21)m

stable

Regulatory charges

Q1 '23: €(41)m

+€3m net release

Profit before tax

Q1'23: €186m

>€240m

Net profit

Q1'23: €140m

>€180m

Developments Q2 '23

- Net interest income increasing in line with previous quarter trend.
- Net commission income remaining broadly stable.
- Operational expenses including impact of the collective bargaining agreement (effective as of April).
- Management overlay remaining at €100m.
- Net release of € 3m in the second quarter due to a lower than expected contribution to the single resolution fund.

Q2 '23 RETURN KPIS

Return on tangible common equity **>25%**

Cost-income ratio **<32%**

Balance sheet development

Q2 '23 Asset development

Interest-bearing assets Q1'23: €43.2b	-2%
Retail & SME assets Q1'23: €22.2b	-1%
Corporate, Real Estate & Public sector assets Q1'23: €14.3b	-3%
Cash & Cash equivalents Q1'23: €11.8b	~20% of balance sheet
NPL ratio/volume Q1'23: 0.9% / €547m	stable

Q2 '23 Liability development

Customer funding Q1 '23: €42.9b	+6%
Customer deposits Q1'23: €32.5b	+1%
Retail & SME deposits Q1 '23: €27.1b	+1%
Corporates, Real Estate & Public sector deposits Q1'23: €5.4b	+2%
Liquidity Coverage Ratio Q1'23: 215%	~200%
TLTRO Q1'23: €3.3b	Redeemed €2.8b in Q2'23

Capital development

Q2 '23 Capital

CET1 ratio

Q1'23: 14.1%

~14.7%

Excess capital

Q1'23: €190m

(after planned buyback and dividend accruals)

>€300m after
planned share buyback and
dividend accruals

Capital management framework

- 1** We target a dividend payout of **55% of net profit**
- 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**

Q2 '23 developments

Capital

- Strong capital generation in Q2 ... CET1 ratio ~14.7%
- Excess capital above management target of 12.25% of >€300m (post planned share buyback and dividend accruals)
- Maintaining dry powder for potential M&A
- Additional capital distributions will be assessed with Full Year-results

Share buyback

- Application for share buyback of €175m filed early June with the ECB
- Regulatory approval process on track
- Execution expected in second half 2023

Definitions

Common Equity Tier 1 capital (CET1)

Including interim profit and deducting 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

Common equity

Equity attributable to the owners of the parent; excluding minorities, AT1 and deducted dividend accrual

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

Return on tangible common equity (RoTCE)

Net profit / average IFRS tangible common equity and deducted dividend accruals

Risk cost ratio

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

Risk cost ratio (underlying)

Risk cost ratio excluding write-off of City of Linz and increase in ECL-management overlay

Tangible common equity

Common equity reduced by the carrying amount of intangible assets

Total capital ratio

Total capital / risk-weighted assets