

# BAWAG GROUP REMAINS WELL CAPITALIZED IN ECB'S STRESS TEST EXERCISE

- ▶ **Under the baseline scenario our CET1 ratio would grow to 14.81% by 2023**
- ▶ **Under adverse scenario, CET1 ratio (fully loaded) would fall by 198 basis points to 12.00% after three years from 13.98% at year-end 2020**
- ▶ **Leverage ratio at 6.53% in 2023 under the baseline scenario ... under adverse scenario at 5.62% in 2023**
- ▶ **Dividend payments continued as per our dividend policy**

**VIENNA, Austria – July 30, 2021** – Today the EBA and ECB published the results of the 2021 stress test. Under the theoretical adverse scenario, BAWAG Group's CET1 ratio would fall by 198 basis points to 12.00% after three years from 13.98% at year-end 2020.

The EBA/ECB carry out these regular theoretic stress tests using consistent methodologies and scenarios to assess the resilience of the financial institutions under their supervision. The adverse stress test assumptions were set for a three-year time horizon (2021-2023). The stress test was carried out based on a static balance sheet as at December 2020. The detailed assumptions are available under <https://www.eba.europa.eu/risk-analysis-and-data/eu-wide-stress-testing>.

The assumptions in this year's stress test were more severe than in 2018. For BAWAG Group, the 3-year-impact on CET1 ratio was -198 basis points in this year's stress test compared to -240 basis points in the 2018 stress test. This includes the assumption that dividend payments continue as per our dividend policy in the adverse case as profits were forecast in years 2 and 3 and capital well in excess of minimum requirements. Our 3-year impact on CET1 ratio of -198 basis points compares favorably to the average of the EBA sample of -485 basis points and ECB sample of -520 basis points.

Chief Executive Officer, Anas Abuzaakouk commented: *"The outbreak of the COVID-19 pandemic triggered a real stress scenario during 2020 with a severe macroeconomic downturn across markets, significant market volatility and shocks to our normal customer business. In that environment, we generated a 10% RoTCE while also taking a very conservative and prudent approach towards reserves. The regular theoretic stress test scenarios provide additional insights, which again demonstrated the resiliency of our business, our conservative risk appetite and our disciplined underwriting. Due to our strong capital generation in a normalized environment as a result of our transformation, BAWAG Group has the capacity to absorb stress scenarios while still maintaining a well capitalized balance sheet."*

The stress test does not contain a pass-fail threshold, but is used as an important source of information for the purpose of the supervisory review process (SREP).

The information is only for comparison purposes to other banks and does not provide any indication of BAWAG Group's future profitability. The result is available under: <https://www.bankingsupervision.europa.eu/press/pr/date/2021/html/ssm.pr210730~3d4d31f8e8.en.html>

### **About BAWAG Group**

BAWAG Group AG is a publicly listed holding company headquartered in Vienna, Austria, serving 2.3 million retail, small business, corporate and public sector customers across Austria, Germany, Switzerland, Netherlands, Western Europe and the United States. The Group operates under various brands and across multiple channels offering comprehensive savings, payment, lending, leasing, investment, building society, factoring and insurance products and services. Delivering simple, transparent, and reliable financial products and services that address our customers' needs is our strategy across the Group.

BAWAG Group's Investor Relations website <https://www.bawaggroup.com/ir> contains further information, including financial and other information for investors.

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