

BAWAG GROUP PUBLISHES Q2 2023 EARLY READ: NET PROFIT > € 180 MILLION; ROTCE > 25%

- ▶ Q2 '23 net profit of > € 180 million and RoTCE > 25%
- ▶ Customer deposits +1% and customer funding +6%
- ▶ Ongoing strong asset quality with risk costs stable compared to Q1 '23
- ▶ CET1 ratio expected at approximately 14.7% ... already deducting dividend accrual
- ▶ Share buyback application filed early June for € 175 million

VIENNA, Austria – July 2, 2023 – Today, BAWAG Group publishes an early-read of financial results for the second quarter 2023. This early release provides the market with an update on underlying performance of our business, reflects the continued strength of the franchise, and most importantly provides our customers, employees, and shareholders with facts about the business.

The operating performance of BAWAG Group remained strong, reporting a **net profit** of > € 180 million and a **Return on tangible common equity (RoTCE)** of > 25% for the second quarter 2023.

| FINANCIAL PERFORMANCE | Q2 '23 EARLY READ |
|--|---------------------------|
| Core revenues | +5% vs Q1 '23 |
| Operating expenses | +1% vs Q1 '23 |
| Risk costs | Stable to Q1 '23 |
| Profit before tax | > € 240 million |
| Net profit | > € 180 million |
| Return on tangible common equity (RoTCE) | > 25% |
| Cost/Income ratio | < 32% |
| Liquidity Coverage Ratio (LCR) | ~200% |

Core revenues grew 5% in the second quarter 2023 with net interest income increasing in line with previous quarter trend and net commission income remaining broadly stable.

Operating expenses increased by 1% versus € 119 million in the first quarter 2023, driven by the impact of the collective bargaining agreement (effective as of April).

Asset quality remained strong in Q2 '23 with risk costs stable compared to the first quarter 2023. The management overlay, which are provisions to address the uncertain macroeconomic outlook and any potential headwinds, remained at € 100 million. The NPL ratio, one of the lowest in Europe, and NPL volume were stable, which was at 0.9% and € 547 million in the first quarter 2023 respectively.

The **CET1 ratio** was approximately 14.7% end of June 2023, after deducting dividend accruals in line with our dividend policy. In terms of capital distribution, we filed the application for a share buyback of € 175 million beginning of June, which we expect to execute in the second half 2023 (subject to regulatory approval). With excess capital over € 300 million (post planned buyback and dividend accruals), we maintain dry powder for potential M&A and we will reassess additional capital distribution as part of our annual review with Full Year-financials.

Customer deposits increased by 1% in the second quarter 2023, while customer funding (including covered bonds) is up 6%. More than 90% of our deposit base is from Austria. We redeemed € 2.8 billion of TLTRO in the second quarter and maintained a cash & cash equivalent position equal to 20% of our balance sheet, as we continue to remain patient and prudent. As of end of June 2023, the **Liquidity coverage ratio** was approximately 200%.

Customer loans decreased by 2% in the second quarter due to lower volumes in commercial real estate and housing loans, which is a reflection of the current market environment. Approximately 80% of our customer loans is secured or public sector lending.

Our goal is, and will always be, maintaining a strong balance sheet, solid capitalization levels, low balance sheet leverage and conservative underwriting, a cornerstone of how we run the Bank. The customer loan book is comprised of approximately 75% exposure to the DACH/NL region (Germany, Austria, Switzerland, Netherlands) and 25% exposure to Western Europe and the United States.

A more detailed presentation is available on the Investor Relations website: [Financial Results | BAWAG Group](#)

Earnings presentation and further events

Note that the financials are an early read and therefore subject to change. We will publish the detailed results on 19 July 2023 and hold the earnings call with our CEO Anas Abuzaakouk and our CFO Enver Sirucic at 10 a.m. CEST. The webcast details will be available on our website under [Financial Results | BAWAG Group](#). The half-year report will be published on 28 July 2023.

In addition, we will communicate our stress test result of the European Central Bank end of July.

About BAWAG Group

BAWAG Group AG is a publicly listed holding company headquartered in Vienna, Austria, serving 2.1 million retail, small business, corporate, real estate 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. Our goal is to deliver simple, transparent, and affordable financial products and services that our customers need.

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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