

BAWAG GROUP REMAINS STRONGLY CAPITALIZED IN ECB STRESS TEST EXERCISE

- ▶ **Achieved improved results versus 2021 stress test despite more severe assumptions**
- ▶ **Under adverse scenario, CET1 ratio would fall by -90 basis points after 3-year stress period versus the average -459 basis points against the 70 banks of the EBA stress test exercise**
- ▶ **CET1 ratio above management target of >12.25% for all periods**
- ▶ **Profitable in every year reflecting the resilient franchise and sustainable business model, which allows us to support our customers and communities in times of severe stress**
- ▶ **BAWAG ranks #2 among 57 EBA Eurozone stress-tested banks and #5 among the 70 total EBA sample in terms of adverse CET1 impact**
- ▶ **Cumulative losses in commercial real estate < € 100 million (or 1.6%) over 3 years under the adverse scenario**

VIENNA, Austria – July 28, 2023 – Today the EBA and ECB published the results of the 2023 stress test. Under the theoretical adverse scenario, BAWAG Group's CET1 ratio would fall by 90 basis points to 12.61% after three years from 13.51% at year-end 2022. Despite the harsher economic assumptions in the 2023 exercise, this represents a further improvement from the 2021 stress test results, where the impact was a decrease of 198 basis points of CET1 in the adverse case. The strength of this result places BAWAG #2 among the 57 EBA Eurozone stress-tested banks and #5 among the 70 total EBA sample in terms of adverse CET1 impact.

The EBA/ECB conduct periodic theoretical 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 (2023-2025). The stress test was carried out based on a static balance sheet as of December 2022. The assumptions for BAWAG Group in this year's stress test were more severe than in 2021 with a 6% cumulative decline in GDP and an inflation of +18% over the forecast period in addition to declines in commercial real estate values of 29% and residential housing prices of 30% on a weighted average.

For BAWAG Group, the 3-year impact on CET1 ratio was -90 basis points in this year's stress test compared to -198 basis points in 2021 and -240 basis points in the 2018 stress test. Despite these stress assumptions, in no year does the bank's capital fall below the 12.25% CET1 target set by management with significant cushion to minimum requirements throughout. The bank remains profitable in all years, with dividend payments continuing as per our dividend policy across the stressed time horizon in the adverse case.

Anas Abuzaakouk, CEO, commented: *“Our stress test results are yet another validation of our conservative risk appetite, disciplined underwriting focused on risk-adjusted returns, strong capital generation, and sustainable profitability. Over the past decade we have made long-term investments to fundamentally transform our business. This is the foundation of our resilient franchise and fortress balance sheet allowing us to consistently deliver value for our customers and local communities, our team members, and our shareholders.”*

David O'Leary, Chief Risk Officer, continues: *“This year's stress test results showed improvement further surpassing the top-tier results of 2021 by continually enhancing our resilience and strength of our balance sheet. This is a result of focusing on risk-adjusted returns, maintaining strong asset quality, emphasizing secured lending, and proactive de-risking of our balance sheet despite much more severe theoretical stress assumptions. Core to the bank's strategy is to maintain a safe and secure risk profile.”*

An overview with the highlights of the stress test as well as the detailed stress test template are published on our website under: [Financial Results | BAWAG Group](#)

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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