HALF-YEAR FINANCIAL REPORT 2025

BAWAG Group

HIGHLIGHTS H1 2025

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Net profit	**€ 411 million**	**+20% vPY**
Earnings per share	**€ 5.19**	**+20% vPY**
CIR	**37.2%**	**+4.4pts vPY**

USING EXCESS CAPITAL FOR STRATEGIC M&A AND RETURNING CAPITAL TO SHAREHOLDERS

>€ 350 million	Profit before tax contribution by 2027 from the acquisition of Knab (1 November 2024) and Barclays Consumer Bank Europe (1 February 2025)
€ 432 million	Dividend paid out for financial year 2024 on 11 April 2025 … € 5.5 dividend per share
€ 175 million	Share buyback approved by ECB on 18 July 2025 and launched on 23 July 2025

TARGETS RECONFIRMED

	2024	2025 targets	2027 targets
Net profit	**€ 760 million**	**>€ 800 million**	**>€ 1 billion**
Earnings per share	**€ 9.60**	**>€ 10.0**	**>€ 13.0**

KEY FIGURES

Profit or loss statement

in € million	Jan-Jun 2025	Jan-Jun 2024	Change %
Net interest income	903.4	632.6	42.8
Net fee and commission income	179.3	151.6	18.3
Core revenues	**1,082.7**	**784.2**	**38.1**
Other income[1]	3.0	(10.3)	—
Operating income	**1,085.7**	**773.9**	**40.3**
Operating expenses	**(404.3)**	**(253.5)**	**(59.5)**
Pre-provision profit	**681.4**	**520.3**	**31.0**
Regulatory charges	(20.0)	(8.0)	<(100)
Total risk costs	(111.2)	(57.8)	(92.4)
Profit before tax	**551.9**	**456.1**	**21.0**
Income taxes	(140.7)	(114.1)	(23.3)
Net profit	**411.2**	**341.9**	**20.3**

Performance ratios

figures annualized	Jan-Jun 2025	Jan-Jun 2024	Change pts
Return on common equity[2]	22.8%	20.2%	2.6
Return on tangible common equity[2]	**26.7%**	**24.0%**	**2.7**
Net interest margin	3.29%	3.07%	0.22
Cost-income ratio	37.2%	32.8%	4.4
Risk costs / interest-bearing assets	0.40%	0.28%	0.12

Share data

	Jan-Jun 2025	Jan-Jun 2024	Change %
Pre-tax earnings per share (in €)[3]	6.96	5.77	20.6
After-tax earnings per share (in €)[3]	5.19	4.32	20.1
Book value per share (in €)[2]	46.30	43.91	5.4
Tangible book value per share (in €)[2]	39.54	37.20	6.3
Shares outstanding at the end of the period	78,524,046	78,507,604	—

Statement of financial position

in € million	Jun 2025	Dec 2024	Change %	Jun 2024	Change %
Total assets	72,760	71,341	2.0	53,633	35.7
Interest-bearing assets	55,913	51,944	7.6	40,843	36.9
Customer loans	49,300	45,496	8.4	33,116	48.9
Customer funding	62,128	61,254	1.4	45,541	36.4
Common equity[2]	3,636	3,593	1.2	3,447	5.5
Tangible common equity[2]	3,105	3,061	1.4	2,920	6.3
Risk-weighted assets	23,351	20,627	13.2	17,995	29.8

Balance sheet ratios

	Jun 2025	Dec 2024	Change pts	Jun 2024	Change pts
Common Equity Tier 1 capital ratio[2]	**13.5%**	**15.2%**	**(1.7)**	**16.5%**	**(3.0)**
Total capital ratio[2]	19.9%	21.2%	(1.3)	22.1%	(2.2)
Leverage ratio[2]	5.1%	5.2%	(0.1)	6.2%	(1.1)
Liquidity coverage ratio (LCR)	237%	249%	(12)	220%	17
NPL ratio	0.7%	0.8%	(0.1)	1.1%	(0.4)

1 The term “Other Income” includes gains and losses on financial instruments and other operating income and expenses.
2 All equity, capital, ratios and per share data for H1 '25 reflect the deduction of € 226 million dividend accrual and share buyback of € 175 million.
3 Before deduction of AT1 coupon.
Note: For details on definitions and calculation methodology, please refer to the section entitled "Definitions".

Contents

The tables in this report may contain rounding differences.

HALF-YEAR GROUP MANAGEMENT REPORT

ECONOMIC AND REGULATORY DEVELOPMENTS

ECONOMIC DEVELOPMENTS

Prepared by Professor Dr. Ewald Nowotny, former Governor of Austrian National Bank (OeNB), former CEO of BAWAG and current Advisor to the BAWAG Group Supervisory Board

Macro trends

International Perspectives

Growth expectations for 2025 remain modest for the two leading global economies (United States: 1.6%, China: 4.7%). Inflation in the United States is anticipated at 3.9%, while China is beginning to experience some deflationary trends, with prices showing signs of decreasing. Overall, international economic development is currently marked by a high degree of uncertainty. The U.S. administration continues to implement protectionist measures, such as raising tariff barriers, which influence the global trade environment.

In addition to economic uncertainty, several political challenges persist, particularly as it relates to Ukraine and the Middle East.

Despite the ongoing economic prominence of the United States, recent government policies have contributed to a gradual softening of the U.S. dollar over the past months. Since the beginning of the year, the U.S. dollar has depreciated by about 10% against the euro. Contributing factors include expectations that the already sizable U.S. budget deficit (6% in 2024) could grow further due to recent fiscal decisions, as well as concerns regarding the dollar's increasing use in international policy contexts. As a result, some foreign central banks have reduced their holdings of U.S. Treasury bonds within their currency reserves. However, given the lack of broadly accepted alternatives, the U.S. dollar is expected to remain the primary investment currency for the foreseeable future, often perceived as a "safe haven". Its relative importance has lessened somewhat, with increased interest in gold and certain other currencies. Cryptocurrencies, from an economic perspective, are not generally considered a viable alternative for central bank investments.

The euro remains the second most significant currency for foreign reserves (20%), and it is notable that approximately 40% of world trade is conducted in euros, reflecting the openness and integration of the European economy.

EU and Euro Area

In the eurozone, economic growth is projected at 0.9% for 2025 and 1.2% for 2026, with inflation expected to moderate and reach the ECB's 2% target by the end of 2025. Southern and northern EU countries, such as Spain and Denmark, anticipate stronger growth at 2.6%, while key markets like Germany and Austria remain more subdued (see table). Germany, as Europe's largest economy, recently eased budget restrictions, including a new € 500 billion program for infrastructure and climate initiatives. These measures are designed to support gradual economic improvement across Germany and neighboring countries, including Austria.

The decline in euro area inflation allowed the ECB to implement an eighth round of rate cuts in June, bringing the deposit rate to 2%. Further interest rate changes will depend on economic conditions, though current signals suggest only limited additional cuts by year-end.

Outlook

Amid ongoing global economic and political uncertainty, the United States remains the leading power, but Europe is increasingly focused on strengthening its own resilience, especially through deeper integration and a robust common market.

Europe is set to increase military spending, which may strain budgets and domestic politics, but coordinated investment could benefit both security and civilian industries. Economic policy will likely prioritize expanding the internal market and developing initiatives like a European Capital Markets Union.

Central banks in both the United States and euro area have avoided stagflation for now, but will need to remain vigilant to maintain stability. The era of ultra-low interest rates is over, with rates expected to stabilize near their current levels.

Europe is anticipating a slow, modest recovery, with significant uncertainties ahead. Policy shifts in Germany may support this rebound, though elections in other countries, such as France, could impact overall stability.

Austria, after years of recession, is beginning a gradual recovery. To sustain this, it must align inflation with eurozone averages and reduce budget deficits without hampering growth. The Austrian banking sector, with its demonstrated stability, will play a key role in supporting economic progress.

Macro data in our core markets in 2025

in %	Austria	Germany	Netherlands	Euro area	United States
GDP growth rate	—	0.2	0.9	0.9	1.6
Inflation rate	2.9	2.3	3.6	2.0	3.9
Unemployment rate	5.4	3.6	3.9	6.3	4.1
Outlook for 2026					
GDP growth rate	1.2	1.2	1.1	1.2	1.5
Inflation	2.2	2.1	2.5	1.8	2.8

Data sources: OECD, Wifo

REGULATORY DEVELOPMENTS

The European Central Bank (ECB) continued its direct oversight of the Eurozone's main credit institutions, including BAWAG Group, under the Single Supervisory Mechanism (SSM). The SSM's supervisory priorities for the years 2025–2027 reflect ECB Banking Supervision's medium-term strategy and consist of strengthening the ability to withstand immediate macro-financial threats and severe geopolitical shocks, addressing material shortcomings in an effective and timely manner and strengthening digitalization strategies and tackling emerging challenges stemming from the use of new technology.

A major regulatory milestone was reached with the full implementation of the final Basel III reforms – commonly referred to as Basel IV – into EU law. The Capital Requirements Regulation (CRR III) and Capital Requirement Directive (CRD IV), published in the Official Journal of the European Union on 19 June 2024, entered into force on 1 January 2025, with transitional arrangements extending over a five-year period.

The revised framework introduces changes to the calculation of risk-weighted assets and capital requirements, including:

- → Introduction of an output floor, limiting the capital benefits from risk models
- → Update of the standardized approach for credit risk
- → Changes to the internal ratings-based (IRB) approach for credit risk
- → A new operational risk framework
- → Amendments to the market risk framework and the calculation of credit valuation adjustments (CVA)

BAWAG has 90% of the business on Standardized Approach and therefore there is no RWA inflation from the Basel IV output floor (20pts buffer).

The European Banking Authority (EBA) will continue to play a central role in developing technical standards and guidelines to support consistent implementation across the European Union.

We will continue to proactively monitor and implement the upcoming regulatory changes on a regular basis and to consider them in our business plans accordingly. Due to its strong capital position and profitable business model, BAWAG Group considers itself well prepared for the upcoming requirements.

FINANCIAL REVIEW

ANALYSIS OF PROFIT OR LOSS STATEMENT AND STATEMENT OF FINANCIAL POSITION

in € million	Jan-Jun 2025	Jan-Jun 2024	Change	Change %
Net interest income	903.4	632.6	270.8	42.8
Net fee and commission income	179.3	151.6	27.7	18.3
Core revenues	**1,082.7**	**784.2**	**298.5**	**38.1**
Other income[1]	3.0	(10.3)	13.3	—
Operating income	**1,085.7**	**773.9**	**311.8**	**40.3**
Operating expenses[2]	**(404.3)**	**(253.5)**	**(150.8)**	**(59.5)**
Pre-provision profit	**681.4**	**520.3**	**161.1**	**31.0**
Regulatory charges	(20.0)	(8.0)	(12.0)	<(100)
Operating profit	**661.4**	**512.3**	**149.1**	**29.1**
Total risk costs	(111.2)	(57.8)	(53.4)	(92.4)
Share of the profit or loss of associates accounted for using the equity method	1.7	1.5	0.2	13.3
Profit before tax	**551.9**	**456.1**	**95.8**	**21.0**
Income taxes	(140.7)	(114.1)	(26.6)	(23.3)
Profit after tax	**411.2**	**341.9**	**69.3**	**20.3**
Non-controlling interests	—	—	—	—
Net profit	**411.2**	**341.9**	**69.3**	**20.3**

1 The term “Other Income” includes gains and losses on financial instruments and other operating income and expenses.
2 In accordance with IFRS, the item Other operating income and expenses also includes regulatory charges in the amount of € 16.1 million for H1 '25 (H1 '24: € 5.5 million). The item "Operating expenses" includes regulatory charges in the amount of € 3.9 million for H1 '25 as well (H1 '24: € 2.5 million). However, BAWAG’s management considers regulatory charges as a separate expense. Accordingly, they are shown in a separate expense line in the Group Management Report.

BAWAG has completed two strategic acquisitions since late 2024: Knab in the Netherlands, finalized in November 2024, and Barclays Consumer Bank Europe, completed on 1 February 2025. As a result, the financials 2025 include the full contribution of Knab and five months of Barclays Consumer Bank Europe.

Net profit increased by 20.3% or € 69.3 million, to € 411.2 million in the first half 2025. The underlying operating performance of the business was strong during the first half 2025, generating pre-provision profit of € 681.4 million, up 31.0% year-over-year.

Net interest income increased by 42.8%, or € 270.8 million, to € 903.4 million in the first half 2025, supported by our acquisitions.

Net fee and commission income increased by 18.3% to € 179.3 million compared to the first half 2024, driven by the newly acquired businesses as well as a continuous positive trend across retail business lines.

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Other income, consisting of gains and losses on financial instruments and other operating income and expenses, was at € 3.0 million compared to € (10.3) million in the first half 2024.

Operating expenses increased by 59.5% to € 404.3 million in the first half 2025, reflecting the larger group.

Regulatory charges were € 20.0 million in the first half 2025, compared to € 8.0 million in the first half 2024, primarily due to the increase of the bank levy in Austria.

Total risk costs were € 111.2 million in the first half 2025, an increase of € 53.4 million, or 92.4%, compared to the previous year. The increase relates to the acquisitions, while the underlying asset quality of the business remained strong with an NPL ratio of 0.7%. As of end of June 2025, BAWAG had total ECL provisions of € 162 million for the performing book and € 326 million for the non-performing book, representing 54% cash coverage (for details see Note 23 Impairments in the risk report).

Total assets

in € million	Jun 2025	Dec 2024	Change %	Jun 2024	Change %
Cash reserves	14,991	17,604	(14.8)	11,831	26.7
Financial assets					
Held for trading	369	316	16.8	58	>100
Fair value through profit or loss	573	624	(8.2)	659	(13.1)
Fair value through OCI	1,621	1,913	(15.3)	2,769	(41.5)
At amortized cost	53,720	49,407	8.7	37,074	44.9
Customers	49,300	45,496	8.4	32,862	50.0
Debt instruments	4,034	3,081	30.9	3,556	13.4
Credit institutions	386	830	(53.5)	656	(41.2)
Valuation adjustment on interest rate risk hedged portfolios	(371)	(218)	70.2	(451)	(17.7)
Hedging derivatives	367	331	10.9	80	>100
Tangible non-current assets	459	304	51.0	315	45.7
Intangible non-current assets	532	532	—	528	0.8
Tax assets	131	140	(6.4)	43	>100
Other assets	363	383	(5.2)	231	57.1
Non-current assets held for sale	5	5	—	496	(99.0)
Total assets	**72,760**	**71,341**	**2.0**	**53,633**	**35.7**

The **cash reserves** decreased by 14.8% to € 15.0 billion in June 2025 compared to year-end 2024, equaling 21% of the balance sheet.

Financial assets at fair value through OCI decreased by 15.3%.

The line item **at amortized cost** increased by € 4.3 billion, or 8.7%, compared to year-end 2024 and stood at € 53.7 billion as of June 2025, due to the acquisition of Barclays Consumer Bank Europe.

Non-current assets held for sale decreased compared to June 2024 due the sale of start:bausparkasse AG, Germany, in July 2024.

Total liabilities and equity

in € million	Jun 2025	Dec 2024	Change %	Jun 2024	Change %
Total liabilities	**68,046**	**66,608**	**2.2**	**49,527**	**37.4**
Financial liabilities					
Fair value through profit or loss	54	100	(46.0)	102	(47.1)
Held for trading	650	454	43.2	435	49.4
At amortized cost	65,935	64,608	2.1	47,457	38.9
Customers	47,250	46,170	2.3	32,398	45.8
Issued securities	17,697	17,174	3.0	14,193	24.7
Credit institutions	988	1,264	(21.8)	866	14.1
Valuation adjustment on interest rate risk hedged portfolios	(204)	(220)	(7.3)	(479)	(57.4)
Hedging derivatives	93	291	(68.0)	231	(59.7)
Provisions	279	285	(2.1)	249	12.0
Tax liabilities for current taxes	226	145	55.9	222	1.8
Tax liabilities for deferred taxes	141	119	18.5	131	7.6
Other obligations	872	826	5.6	743	17.4
Obligations in disposal groups held for sale	—	—	—	436	(100.0)
Total equity	**4,714**	**4,733**	**(0.4)**	**4,106**	**14.8**
Common equity	4,038	4,025	0.3	3,635	11.1
AT1 capital	670	708	(5.4)	471	42.3
Non-controlling interests	6	—	—	—	—
Total liabilities and equity	**72,760**	**71,341**	**2.0**	**53,633**	**35.7**

Financial liabilities at amortized cost increased by € 1.3 billion, or 2.1%, to € 65.9 billion as of 30 June 2025 compared to year-end 2024. Customer deposits increased by € 1.1 billion, or 2.3%, to € 47.3 billion in June 2025. Issued securities increased by € 0.5 billion, or 3.0%.

Obligations in disposal groups held for sale included the liabilities of start:bausparkasse AG Germany, in June 2024.

Total equity including Additional Tier 1 capital stood at € 4.7 billion as of 30 June 2025. On 11 April 2025, a € 432 million dividend was paid out for the financial year 2024.

CAPITAL AND LIQUIDITY POSITION

BAWAG Group's CET1 target ratio is at 12.50%, which we increased by 25 basis points in 2024. The target CET1 ratio takes the regulatory capital requirements into account and is calibrated to leave a conservative buffer above the minimum capital requirements set by the regulator.

	Jun 2025	Dec 2024
Pillar 1 minimum	4.5%	4.5%
Pillar 2 requirement (CET1 requirement; total requirement 2.5% in 2024/2025)	1.41%	1.41%
Capital conservation buffer	2.5%	2.5%
Systemic risk buffer	0.5%	0.5%
O-SII buffer	0.9%	0.9%
Countercylical buffer (based on June 2025 exposure)	0.52%	0.56%
Overall capital requirement (OCR)	**10.33%**	**10.37%**
Pillar 2 guidance (P2G)	0.50%	0.50%
Overall capital requirement including P2G	**10.83%**	**10.87%**
CET1 target ratio[1]	**12.50%**	**12.50%**
Management buffer to OCR (in basis points)	217	213
Management buffer to OCR including P2G (in basis points)	167	163

1 Jun 2025: Including interim profit, dividends & share buyback.

As of 30 June 2025, our CET1 ratio was at 13.5%, exceeding our CET1 target ratio of 12.50% and all regulatory requirements. This considers the deduction of the accrued dividend of € 226 million for the first half year 2025 and the € 175 million share buyback, which was approved by the European Central Bank on 18 July 2025 and launched on 23 July 2025.

	Jun 2025	Dec 2024
CET1 capital (in € million)	3,153	3,134
Risk-weighted assets (in € million)	23,351	20,627
CET1 ratio (post dividend)[1]	**13.5%**	**15.2%**
Tier1 ratio (post dividend)	**16.2%**	**18.1%**
Total capital ratio (post dividend)	**19.9%**	**21.2%**

1 Jun 2025: Including interim profit, dividends & share buyback

Based on the ratios as of 30 June 2025, the maximum distributable amount above the regulatory requirements for 2025 (Pillar 1 minimum ratios, Pillar 2 CET1 requirement and combined buffer requirements) is € 741 million (after deducting the accrued dividend of € 226 million for the first six months of 2025 and € 175 million share buyback). Available distributable items as defined in Art. 4.1 (128) CRR on the level of BAWAG Group AG amount to approximately € 3.1 billion as of 30 June 2025.

Capital distribution policy

Maintaining a strong capital base with a conservative buffer above regulatory requirements is a strategic priority for BAWAG Group. At the same time, we want to offer a sustainable and balanced return to our shareholders. Since the IPO in 2017, we have distributed € 3.0 billion of capital through € 2.1 billion in dividends and € 900 million in share buybacks. This includes a dividend of € 432 million, equivalent to € 5.5 per share, for the financial year 2024, which was paid on 11 April 2025 following the approval by the Annual General Meeting in early April. In addition, we accrued € 226 million for dividends for the first half year 2025.

We also received regulatory approval for a share buyback of € 175 million on 18 July 2025, our fourth buyback since our IPO and is a key part of our capital allocation framework, which is as follow:

Dividend – 55% payout

We target a dividend payout of 55% of net profit, barring unforeseen circumstances. Dividends will be distributed annually after the Annual General Meeting in line with the respective shareholders' resolution. Dividend distributions will comply with regulatory and/or corporate law restrictions and take into account recommendations made by a competent regulatory authority.

Excess capital management

Additional capital will be allocated to business growth, M&A, minority and/or platform investments.

Excess capital distribution

Any additional capital will be allocated to share buybacks and/or special dividends, subject to our routine annual assessment. In light of the recent acquisitions, we have adjusted our capital distribution threshold to 13% CET1 ratio for the year 2025.

Developments in other types of funding

A key role of our activities is transforming deposits and other types of funding into loans. Customer deposits remain a key pillar of our funding strategy. As of 30 June 2025, approximately 96% of our customer loans were funded via customer deposits. Customer deposit funding is complemented by diversified capital market funding.

BAWAG Group has been an active issuer in capital markets across different instruments. A senior preferred benchmark issuance of € 500 million was executed successfully in the first quarter of 2025. This placement was issued under our green bond framework, which is an important element of our funding strategy. On the capital side, BAWAG issued a € 250 million Tier 2 bond in the first quarter of 2025.

Minimum requirement for own funds and eligible liabilities (MREL)

In February 2025, BAWAG Group received its new MREL decision from the Single Resolution Board (SRB). It is based on a single point of entry resolution strategy with BAWAG P.S.K. AG as the resolution entity. The MREL requirement (including combined buffer requirement) has been set at 27.1% of RWA on the consolidated level of BAWAG P.S.K. AG. The current MREL decision does not contain a subordination requirement. In addition to the MREL requirement in % of RWA, according to the new SRB decision the MREL requirement in % of LRE (leverage ratio exposure) has been set at 5.9% on the consolidated level of BAWAG P.S.K. AG.

As of 30 June 2025, BAWAG reported MREL-eligible instruments amounting to 32.1% of RWA and 10.0% of LRE, thereby BAWAG exceeding the final requirements in % of RWA and in % of LRE.

Liquidity management

BAWAG Group maintains a conservative liquidity management strategy, which is reflected in our strong liquidity coverage ratio (LCR) of 237% and cash position of € 15.0 billion or 21% at the end of June 2025. BAWAG Group thereby significantly exceeds the regulatory LCR requirement of 100%.

BUSINESS SEGMENTS

RETAIL & SME

Business Review

In the first half 2025, the Retail & SME segment delivered a profit before tax of € 442 million, a return on tangible common equity of 34.2% and a cost-income ratio of 38.6%. The strong development primarily reflects the acquisition of Knab, closed on 1 November 2024, and Barclays Consumer Bank Europe, closed on 1 February 2025. The asset quality remained strong, with the NPL ratio decreasing to 1.1%.

Our teams continued to execute our simplification strategy, adapting to shifting customer behaviors and making our operations more efficient. We focused on maintaining disciplined pricing and risk-adjusted returns while continuing to deliver on our commitment to providing simple, transparent, and reliable financial products.

Our acquisitions of Knab and Barclays Consumer Bank Europe mark a significant step in our strategic expansion. These acquisitions strengthen our position in key European markets, enhancing our product offerings and customer base. Barclays Consumer Bank Europe expands BAWAG Group’s offering in the German Retail and SME banking space with a strong consumer lending platform focused on credit cards, personal loans, and savings products across a large and diverse customer base. Knab expands our digital Retail and SME customer base and presence with a strong offering in the self-employed segment within the Netherlands.

Outlook

Looking ahead, we stay focused on executing our long-term strategy, serving over 4 million customers with the best products and services in the most efficient and simple manner. We will strengthen our position through several growth initiatives, partnerships, and acquisitions, both within and outside the DACH/NL region. As we continue to expand across our core markets, we will emphasize local sales talent while leveraging the scale of the Group for TechOps and central functions.

Our simplified operating model and focus on efficiency give us a competitive cost advantage, enabling us to compete in low-risk but highly competitive markets. We remain committed to delivering reliable financial solutions for our customers.

Financial results

Income metrics

in € million	Jan-Jun 2025	Jan-Jun 2024	Change %
Net interest income	733.5	457.7	60.3
Net fee and commission income	164.9	136.5	20.8
Core revenues	**898.4**	**594.1**	**51.2**
Other income[1]	2.1	1.5	40.0
Operating income	**900.5**	**595.6**	**51.2**
Operating expenses	**(347.4)**	**(190.9)**	**(82.0)**
Pre-provision profit	**553.1**	**404.7**	**36.7**
Regulatory charges	(10.2)	(4.3)	<(100)
Total risk costs	(100.9)	(50.8)	(98.6)
Profit before tax	**442.0**	**349.6**	**26.4**
Income taxes	(110.5)	(87.5)	(26.3)
Net profit	**331.5**	**262.2**	**26.4**

Key ratios

	Jan-Jun 2025	Jan-Jun 2024	Change pts
Return on tangible common equity[2]	34.2%	34.8%	(0.6)
Net interest margin	3.95%	4.18%	(0.23)
Cost-income ratio	38.6%	32.1%	6.5
Risk costs / interest-bearing assets	0.54%	0.46%	0.08
NPL ratio	1.1%	1.9%	(0.8)

Business volumes

in € million	Jun 2025	Dec 2024	Change %	Jun 2024	Change %
Interest bearing assets	38,032	34,106	11.5	21,836	74.2
Interest bearing assets (average)	37,127	23,848	55.7	21,892	69.6
Risk-weighted assets	15,448	12,424	24.3	9,510	62.4
Own issues	11,974	12,096	(1.0)	9,812	22.0
Customer deposits	43,672	40,222	8.6	27,399	59.4
Customer deposits (average)	42,492	28,629	48.4	26,585	59.8
Customer funding	55,756	52,448	6.3	37,356	49.3
Customer funding (average)	55,500	39,885	39.2	37,484	48.1

1 The term “Other income” includes gains and losses on financial instruments and other operating income and expenses.
2 All equity, capital, ratios and per share data for H1 '25 reflect the deduction of dividend accrual and share buyback.

CORPORATES, REAL ESTATE AND PUBLIC SECTOR

Business Review

During the first half 2025, the Corporates, Real Estate & Public Sector segment delivered a profit before tax of € 98 million, a return on tangible common equity of 28.2% and a cost-income ratio of 24.0%. Core revenues decreased by 7.5% in the first half 2025, while maintaining our focus on risk-adjusted returns. Average interest bearing assets were € 13.7 billion, up 1.8% versus full-year 2024.

The frothy credit environment persists and we continued to remain patient and disciplined during the first half of 2025.

Outlook

We remained patient in the first half of the year and avoided chasing volume growth. For the second half, we see a solid lending pipeline with diversified opportunities... However, competition for defensive, high-quality assets remains high. Our focus will be maintaining our disciplined and conservative underwriting and focusing on risk-adjusted returns without ever chasing blind volume growth.

Financial results

Income metrics

in € million	Jan-Jun 2025	Jan-Jun 2024	Change %
Net interest income	129.5	139.5	(7.2)
Net fee and commission income	14.5	16.1	(9.9)
Core revenues	**144.0**	**155.6**	**(7.5)**
Other income[1]	1.6	(0.9)	—
Operating income	**145.6**	**154.7**	**(5.9)**
Operating expenses	**(34.9)**	**(39.4)**	**11.4**
Pre-provision profit	**110.7**	**115.2**	**(3.9)**
Regulatory charges	(4.6)	(1.8)	<(100)
Total risk costs	(8.2)	(7.1)	(15.5)
Profit before tax	**97.9**	**106.3**	**(7.9)**
Income taxes	(24.5)	(26.5)	7.5
Net profit	**73.4**	**79.8**	**(8.0)**

Key ratios

	Jan-Jun 2025	Jan-Jun 2024	Change pts
Return on tangible common equity[2]	28.2%	23.0%	5.2
Net interest margin	1.89%	2.04%	(0.15)
Cost-income ratio	24.0%	25.5%	(1.5)
Risk costs / interest-bearing assets	0.12%	0.10%	0.02
NPL ratio	0.1%	0.8%	(0.7)

Business volumes

in € million	Jun 2025	Dec 2024	Change %	Jun 2024	Change %
Interest bearing assets	13,331	13,339	(0.1)	13,234	0.7
Interest bearing assets (average)	13,702	13,464	1.8	13,656	0.3
Risk-weighted assets	4,881	4,935	(1.1)	5,054	(3.4)
Own issues	1,321	1,331	(0.8)	1,289	2.5
Customer deposits	4,082	6,557	(37.7)	5,979	(31.7)
Customer deposits (average)	5,414	6,397	(15.4)	6,444	(16.0)
Customer funding	6,139	8,669	(29.2)	8,053	(23.8)
Customer funding (average)	7,459	8,369	(10.9)	8,330	(10.5)

1 The term “Other Income” includes gains and losses on financial instruments and other operating income and expenses.
2 All equity, capital, ratios and per share data for H1 '25 reflect the deduction of dividend accrual and share buyback.

CORPORATE CENTER AND TREASURY

Business Review

As of June 2025, the investment portfolio amounted to € 3.9 billion and the liquidity reserve was € 14.2 billion. The investment portfolio's average maturity was 2.8 years, made up of approximately 100% of investment grade rated securities, of which 83% were rated in the single A category or higher. As of June 2025, the portfolio had no direct exposure to China, Russia, Ukraine or the Middle East and limited exposure to Central Eastern European countries.

Outlook

Treasury will continue to focus on keeping streamlined processes in support of BAWAG Group's core operating activities and customer needs. The path of central banks' easing and the economic and fiscal performance of the core European countries will be the key areas and drivers of the financial markets. We are committed to maintaining high credit quality and highly liquid investments with solid diversification.

Financial results

Income metrics

in € million	Jan-Jun 2025	Jan-Jun 2024	Change %
Net interest income	40.4	35.4	14.1
Net fee and commission income	(0.1)	(1.0)	(90.0)
Core revenues	**40.3**	**34.5**	**16.8**
Other income[1]	(0.7)	(10.9)	(93.6)
Operating income	**39.6**	**23.6**	**67.8**
Operating expenses	**(22.0)**	**(23.3)**	**5.6**
Pre-provision profit	**17.6**	**0.4**	**>100**
Regulatory charges	(5.2)	(1.9)	<(100)
Total risk costs	(2.1)	0.1	—
Profit before tax	**12.0**	**0.0**	**—**
Income taxes	(5.7)	(0.3)	>100
Net profit	**6.3**	**(0.1)**	**—**

Business volumes

in € million	Jun 2025	Dec 2024	Change %	Jun 2024	Change %
Assets	21,397	23,896	(10.5)	18,563	15.3
Risk-weighted assets	3,022	3,269	(7.6)	3,431	(11.9)
Equity	3,812	4,302	(11.4)	3,447	(2.7)
Own issues and other liabilities	4,693	5,921	(20.7)	4,777	9.0

1 The term "Other income" includes gains and losses on financial instruments and other operating income and expense.

OUTLOOK AND TARGETS

The first half of 2025 was characterized by a stagnating economy, declining but not yet resolved inflation, a loose monetary policy by the ECB, international trade conflicts, and fiscal policy countermeasures, the effects of which are yet to be seen.

Our emphasis on managing costs and maintaining a conservative and disciplined risk appetite is more important than ever. The opportunity lies in maintaining our cost discipline and focusing on risk-adjusted returns while capturing the benefits of a normalized interest rate environment. The resilience of our franchise lies in our ability to deliver results across all cycles as we are built for all seasons. Our approach is consistent: focus on the things that we can control, be a disciplined commercial lender, maintain a conservative risk appetite, and only pursue sustainable and profitable growth.

Our **outlook** and **targets** remain unchanged:

Outlook

Financial targets	2027	2025	2024
Net profit	>€ 1 billion	>€ 800 million	€ 760 million
Earnings per share	>€ 13.0	>€ 10.0	€9.60

Return targets	2025 & beyond	2024
Return on tangible common equity	>20%	26.0%

We expect a net profit of more than € 800 million for 2025, with an increase of interest income and core revenues largely driven by the acquisitions.

In terms of capital distribution, we will target a dividend payout ratio of 55%. Our primary focus will be to allocate capital towards business growth, M&A, minority, and platform investments.

The Management Board deducted dividend accruals of € 226 million based on our dividend policy from CET1 capital at the end of June. The approved share buyback of € 175 million was launched on 23 July 2025 and is expected to be completed by end of the year, mainly for the purpose of canceling the acquired shares.

We will continue to maintain our low-risk strategy focused on the DACH/NL region, Western Europe and the United States, providing our customers with simple, transparent, and affordable financial products and services they need and that promote their financial health.

RISK MANAGEMENT

With respect to the explanations on financial and legal risks at BAWAG as well as the goals and methods of risk management, please refer to the information in the Notes section. For policies on our investment standards in the light of sustainability, please refer to our website, https://www.bawaggroup.com/BAWAGGROUP/IR/DE/ESG.

31 July 2025

Anas Abuzaakouk
Chief Executive Officer

Enver Siručić
Member of the Management Board

Sat Shah
Member of the Management Board

David O'Leary
Member of the Management Board

Andrew Wise
Member of the Management Board

Guido Jestädt
Member of the Management Board

CONSOLIDATED HALF-YEAR FINANCIAL STATEMENTS

CONSOLIDATED ACCOUNTS

PROFIT OR LOSS STATEMENT

in € million	[Notes]	Jan-Jun 2025	Jan-Jun 2024 restated
Interest income		1,911.4	1,491.6
thereof calculated using the effective interest method		1,468.5	1,190.4
Interest expense		(1,011.9)	(862.8)
thereof calculated using the effective interest method		(459.8)	(366.4)
Dividend income		3.9	3.8
Net interest income		**903.4**	**632.6**
Fee and commission income		264.9	204.7
Fee and commission expense		(85.6)	(53.1)
Net fee and commission income	**[2]**	**179.3**	**151.6**
Gains and losses on financial assets and liabilities	[3]	0.6	(15.0)
thereof gains from the derecognition of financial assets measured at amortized cost		0.1	1.1
thereof losses from the derecognition of financial assets measured at amortized cost		(0.2)	—
Other operating income		43.4	38.0
Other operating expenses		(57.2)	(38.8)
Operating expenses	[4]	(408.1)	(256.1)
thereof administrative expenses		(372.4)	(223.3)
thereof depreciation and amortization on tangible and intangible non-current assets		(35.7)	(32.8)
Risk costs	[5]	(111.2)	(57.8)
thereof according to IFRS 9		(102.5)	(48.5)
Share of the profit or loss of associates accounted for using the equity method		1.7	1.5
Profit before tax		**551.9**	**456.0**
Income taxes		(140.7)	(114.1)
Profit after tax		**411.2**	**341.9**
Thereof attributable to non-controlling interests		—	—
Thereof attributable to owners of the parent		**411.2**	**341.9**

STATEMENT OF OTHER COMPREHENSIVE INCOME

in € million	[Notes]	Jan-Jun 2025	Jan-Jun 2024 restated
Profit after tax		**411.2**	**341.9**
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Actuarial gains (losses) on defined benefit plans		4.4	3.6
Fair value changes of shares and other equity investments at fair value through other comprehensive income		0.3	(1.1)
Change in credit spread of financial liabilities		—	(1.8)
Share of other comprehensive income of associates accounted for using the equity method		3.4	—
Deferred income tax on items that will not be reclassified		(1.6)	(0.1)
Total items that will not be reclassified to profit or loss		**6.5**	**0.6**
Items that may be reclassified subsequently to profit or loss			
Foreign exchange differences		(25.2)	3.1
Hedge of net investment in foreign operations		22.9	(3.3)
Cash flow hedge reserve		69.1	(19.8)
thereof transferred to profit (-) or loss (+)[1]		2.0	5.8
Fair value changes of debt instruments at fair value through other comprehensive income		(11.1)	15.7
thereof transferred to profit (-) or loss (+)		(8.9)	8.3
Deferred income tax on items that will not be reclassified		(13.4)	0.9
Total items that may be reclassified subsequently to profit or loss		**42.3**	**(3.4)**
Other comprehensive income		**48.8**	**(2.8)**
Total comprehensive income, net of tax		**460.0**	**339.1**
Thereof attributable to non-controlling interests		(0.2)	—
Thereof attributable to owners of the parent		**460.2**	**339.1**

1 To net interest income.

STATEMENT OF FINANCIAL POSITION

Total assets

in € million	[Notes]	30.06.2025	31.12.2024
Cash reserves		14,991	17,604
Financial assets at fair value through profit or loss	[6]	573	624
Financial assets at fair value through other comprehensive income	[7]	1,621	1,913
Financial assets held for trading	[8]	369	316
Financial assets measured at amortized cost	[9]	53,720	49,407
Customers		49,300	45,496
Credit institutions		386	830
Securities		4,034	3,081
Valuation adjustment on interest rate risk hedged portfolios		(371)	(218)
Hedging derivatives		367	331
Property, plant and equipment		266	254
Investment properties		193	50
Goodwill		117	119
Brand names and customer relationships		228	233
Software and other intangible assets		187	180
Tax assets for current taxes		20	19
Tax assets for deferred taxes	[10]	111	121
Associates recognized at equity		94	101
Other assets		269	282
Non-current assets and disposal groups held for sale	[11]	5	5
Total assets		**72,760**	**71,341**

Total liabilities and equity

in € million	[Notes]	30.06.2025	31.12.2024
Total liabilities		**68,046**	**66,608**
Financial liabilities designated at fair value through profit or loss	[12]	54	100
Financial liabilities held for trading	[13]	650	454
Financial liabilities at amortized cost	[14]	65,935	64,608
Customers		47,250	46,170
Issued bonds and supplementary capital		17,697	17,174
Credit institutions		988	1,264
Valuation adjustment on interest rate risk hedged portfolios		(204)	(220)
Hedging derivatives		93	291
Provisions	[15]	279	285
Tax liabilities for current taxes		226	145
Tax liabilities for deferred taxes	[10]	141	119
Other obligations		872	826
Total equity		**4,714**	**4,733**
Equity attributable to the owners of the parent (ex AT1 capital)		4,038	4,025
AT1 capital		670	708
Non-controlling interests		6	—
Total liabilities and equity		**72,760**	**71,341**

STATEMENTS OF CHANGES IN EQUITY

in € million	Subscribed capital	Capital reserves	Other equity instruments issued	Retained earnings reserve	Cash flow hedge reserve net of tax	Actuarial gains/losses net of tax	Debt instruments at fair value through other comprehensive income net of tax
Balance as of 01.01.2024	**79**	**1,168**	**471**	**2,603**	**(24)**	**(78)**	**14**
Transactions with owners	—	1	—	(393)	—	—	—
Share-based payment	—	1	—	—	—	—	—
Dividends	—	—	—	(393)	—	—	—
AT1 coupon	—	—	—	(12)	—	—	—
Total comprehensive income	—	—	—	342	(15) [1]	3	12 [2]
Balance as of 30.06.2024	**79**	**1,169**	**471**	**2,540**	**(39)**	**(75)**	**26**
Balance as of 01.01.2025	**79**	**1,173**	**708**	**2,940**	**(68)**	**(78)**	**39**
Transfer from other comprehensive income	—	—	—	1	—	—	—
Transactions with owners	—	8	—	(432)	—	—	—
Share-based payment	—	8	—	—	—	—	—
Dividends	—	—	—	(432)	—	—	—
AT1 capital	—	—	(38)	—	—	—	—
AT1 redemption	—	—	(38)	—	—	—	—
AT1 coupon	—	—	—	(24)	—	—	—
Change in scope of consolidation	—	—	—	—	—	—	—
Total comprehensive income	—	—	—	411	53 [1]	4	(9) [2]
Balance as of 30.06.2025	**79**	**1,181**	**670**	**2,896**	**(14)**	**(74)**	**30**

1 Thereof transferred to profit or loss: plus € 2 million (H1 2024: plus € 5 million).
2 Thereof transferred to profit or loss: minus € 7 million (H1 2024: plus € 6 million).

in € million	Equity investments at fair value through other comprehen-sive income net of tax	Change in credit spread of financial liabilities net of tax	Hedge of net investment in foreign operations net of tax	Foreign exchange differences	Equity attributable to the owners of the parent	Non-controlling interests	Equity including non-controlling interests
Balance as of 01.01.2024	**(8)**	**(52)**	**(1)**	**(1)**	**4,170**	**—**	**4,170**
Transactions with owners	—	—	—	—	(392)	—	(392)
Share-based payment	—	—	—	—	1	—	1
Dividends	—	—	—	—	(393)	—	(393)
AT1 coupon	—	—	—	—	(12)	—	(12)
Total comprehensive income	(2)	(1)	(3)	3	339	—	339
Balance as of 30.06.2024	**(10)**	**(53)**	**(4)**	**2**	**4,106**	**—**	**4,106**
Balance as of 01.01.2025	**(6)**	**(53)**	**(10)**	**9**	**4,733**	**—**	**4,733**
Transfer from other comprehensive income	(1)	—	—	—	—	—	—
Transactions with owners	—	—	—	—	(424)	—	(424)
Share-based payment	—	—	—	—	8	—	8
Dividends	—	—	—	—	(432)	—	(432)
AT1 capital	—	—	—	—	(38)	—	(38)
AT1 redemption	—	—	—	—	(38)	—	(38)
AT1 coupon	—	—	—	—	(24)	—	(24)
Change in scope of consolidation	—	—	—	—	—	6	6
Total comprehensive income	3	—	23	(25)	460	—	460
Balance as of 30.06.2025	**(4)**	**(53)**	**13**	**(16)**	**4,708**	**6**	**4,714**

CONDENSED CASH FLOW STATEMENT

in € million	Jan-Jun 2025	Jan-Jun 2024 restated
Profit (after tax, before non-controlling interests)	**411**	**342**
Non-cash items included in the profit (loss) and reconciliation to net cash from operating activities	(385)	(377)
Change in assets and liabilities arising from operating activities after corrections for non-cash items	(3,067)	(1,070)
Interest receipts	1,822	1,916
Interest paid	(1,188)	(1,367)
Dividend receipts	6	9
Taxes paid	(53)	(59)
Net cash from operating activities	**(2,454)**	**(606)**
Cash receipts from sales and redemptions of		
Financial investments	838	964
Tangible and intangible non-current assets	5	—
Cash paid for		
Financial investments	(608)	(768)
Tangible and intangible non-current assets	(19)	(21)
Acquisition of subsidiaries, net of cash acquired	(121)	—
Net cash used in investing activities	**95**	**175**
Dividends paid	(432)	(393)
Issuance of subordinated liabilities (including those designated at fair value through profit or loss)	250	—
Changes in ownership interests in subsidiaries not resulting in a loss of control	6	—
Cash paid for the buyback of AT1 capital	(38)	—
AT1 coupon	(24)	(12)
Cash paid for amounts included in lease liabilities	(16)	(15)
Redemption of subordinated liabilities (including those designated at fair value through profit or loss)	—	(104)
Net cash from financing activities	**(254)**	**(524)**
Cash and cash equivalents at end of previous period	**17,604**	**12,786**
Net cash from operating activities	**(2,454)**	**(606)**
Net cash used in investing activities	**95**	**175**
Net cash from financing activities	**(254)**	**(524)**
Cash and cash equivalents at end of period	**14,991**	**11,831**

NOTES

The condensed Consolidated Half-Year Financial Statements of BAWAG as of 30 June 2025 were prepared in accordance with the International Financial Reporting Standards (IFRS) released by the International Accounting Standards Board (IASB) and in accordance with their interpretation by the IFRS Interpretations Committee (IFRIC/SIC) to the extent adopted by the EU.

These Consolidated Half-Year Financial Statements for the first half 2025 were prepared in accordance with IAS 34 (Interim Financial Reporting).

The accounting principles used in preparing these Consolidated Half-Year Financial Statements are the same as those applied in the consolidated annual financial statements as of 31 December 2024.

The Half-Year Financial Report as of 30 June 2025 was not audited or reviewed by the external auditor.

The reporting currency is euro. Unless indicated otherwise, all figures are rounded to millions of euros. The tables in this report may contain rounding differences.

All monetary balance sheet figures in foreign currencies are translated at the middle exchange rate on the reporting date.

Exercise of judgment and uncertainty of estimates

The Consolidated Half-Year Financial Statements include values which are determined, as permitted, on the basis of estimates and judgments. The estimates and judgments used are based on past experience and other factors, such as planning and expectations or forecasts of future events that are considered likely as far as we know today. The estimates and judgments themselves and the underlying estimation methods and judgment factors are reviewed regularly and compared with actual results. With respect to the current geopolitical situation, please refer to the bullet point on IFRS 9.

The measurement of financial instruments and the related estimates in respect of measurement parameters, in particular the future development of interest rates, have a material effect on the results of operations. The parameter values applied by the Bank are derived largely from market conditions prevailing as of the reporting date.

The determination of the fair value for financial assets and liabilities for which there is no observable market price (Level 3) requires the use of valuation techniques. For financial instruments that trade infrequently, calculation of fair value requires varying degrees of judgment depending on liquidity, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument. Details regarding valuation techniques and uncertainty of estimates regarding unobservable input factors are described in Note 17 Fair value.

Assessments of the recoverability of long-term loans are based on assumptions regarding the borrower's future cash flows and, hence, possible impairments of loans and the recognition of provisions for off-balance-sheet commitments in relation to the lending business. In light of the current geopolitical situation (ongoing geopolitical tensions, unilateral tariff imposition by US and following negotiations, potential for persistent inflation, compounding economic slowdowns as well as the future dynamics of international climate policy in general), assessments regarding the measurement of individual financial assets, assessments regarding the transfer of financial instruments from Stage 1 to Stage 2, macroeconomic assumptions for the determination of forward-looking information in the course of the calculation of expected credit losses and assumptions for expected cash flows for impaired loans are based on the latest observations available to us. The long-term impact of the current geopolitical situation on economic development, the development of labor and other industry-specific markets may be overestimated or underestimated when applying hindsight in the future.

The Bank may also face an impact from changed climate conditions and consequently see an impact on the loan portfolio or any collaterals (e.g. through floodings). Other ESG risks may contain changes in client behavior, changes in relevant legislation etc. ESG risks may impact our planning assumptions used for impairment testing, valuation of collateral and financial instruments. The analysis and monitoring of these risks is an ongoing process. For further information on ESG risks, we refer to the relevant chapter of the Corporate Sustainability Report 2024.

Assessments as to whether or not cash-generating units (CGUs) were unimpaired are based on planning calculations. These naturally reflect the management's evaluations, which are in turn subject to a degree of predictive uncertainty.

In determining the amount of deferred tax assets, the Group uses historical utilization possibilities of tax loss carryforwards and a multi-year forecast prepared by the management of the subsidiaries and the approved budget for the following year, including tax planning. The Group regularly re-evaluates its estimates related to deferred tax assets, including its assumptions about future profitability. Details regarding deferred taxes are set out in Note 10 Net deferred tax assets and liabilities on the Statement of Financial Position.

Pension obligations are measured based on the projected unit credit method for defined benefit pension plans. In measuring such obligations, assumptions have to be made regarding long-term trends for salaries, pensions and future mortality in particular. Changes in the underlying assumptions from year to year and divergences from the actual effects each year are reported under actuarial gains and losses.

The following items are also subject to the judgment of management:

- recoverability of intangible assets
- recognition of provisions for uncertain liabilities
- assessments of legal risks from legal proceedings, supreme court rulings and inspections of regulatory authorities and the recognition of provisions regarding such risks
- assessment of the lease term applied for the standard IFRS 16 Leases
- assessing which entities are structured entities, and which involvements in such entities are interests
- IFRS 9: Judgment may be required when assessing the SPPI criterion to ensure that financial assets are classified into the appropriate measurement category.
- fair value calculation for unquoted financial instruments where some parameters required for the valuation model are not observable in the market (Level 3).

Restatement in accordance with IAS 8.41

Correction of presentation of net interest income from derivatives

In the past, BAWAG netted the cash flows from the payer and receiver leg of an interest rate derivative within a steering group when presenting the net interest income from derivatives. The net interest balance across a group of derivatives was subsequently recognized under interest income or interest expense. Due to the improved technical possibilities, BAWAG has changed this presentation and now recognizes the deal balance proposed in the literature for each derivative in the trading book as interest income or interest expense.

When processing this change of presentation, it turned out that Interest income and expenses from derivatives that are used to hedge interest rate risks and are part of a hedging relationship in accordance with IAS 39 were presented incorrectly and thus were corrected to be reported in the line in which the interest income and expenses of the hedged underlying transactions are shown. In cases in which the underlying transaction generates interest income (interest expense), the interest contribution of the hedging derivatives is reported under interest income (interest expense), even if it is a negative amount (positive amount).

The elimination of the netting of cash flows from groups of trading book derivatives and the recognition of interest income and expense for each hedging derivative in the same line item as the hedged item results in a reduction in total interest income and expenses in the amount of € 438.0 million, while net interest income remains the same.

The prior-year figures in the income statement have been corrected and are presented in the table below.

Correction of presentation of fees for loan servicing activities charged by loan service providers

In the past, BAWAG recognized fee and commission expenses charged by loan service providers in interest income from financial assets at amortized cost and in interest income from financial assets at fair value through profit or loss. This presentation was corrected in the 2024 financial year, as the ongoing fees and commissions for service providers are not part of the effective interest rate.

The accounting for fees and commissions that are not an integral part of financial instruments is dealt with in IFRS 15. BAWAG reports typical banking income that is recognized in accordance with IFRS 15 under fee and commission income. Commission expenses comprise those expenses that are paid to third parties and are similar in content to commission income. As income from loan servicing for third parties is reported under fee and commission income, BAWAG reports fees and commissions for loan servicing under fee and commission expenses retroactively from 2024. This disclosure corresponds to the explanations of EBA, which BAWAG takes into account in the regulatory FinRep report.

The prior-year figures in the income statement have been corrected and are presented in the table below. The correction leads to an increase of interest income of € 11.1 million and an increase of commission expenses in the same amount.

Finalization of acquisition of Peak Bancorp Group in accordance with IFRS 3

The purchase price allocation was finalized in the fourth quarter 2024.

The effects of all above-mentioned adjustments on the total comprehensive income are shown in the following table:

Statement of comprehensive income

in € million	Jan-Jun 2024 published	Correction of presentation of net interest income from derivatives	Correction of presentation of fees for loan servicing activities charged by loan service providers	Finalization of purchase price allocation Peak Bancorp Group	Jan-Jun 2024 restated
Interest income	1,918.5	(438.0)	11.1	—	1,491.6
thereof calculated using the effective interest method	1,179.5	—	10.9	—	1,190.4
Interest expense	(1,300.8)	438.0	—	—	(862.8)
Net interest income	**621.5**	**—**	**11.1**	**—**	**632.6**
Fee and commission expense	(42.0)	—	(11.1)	—	(53.1)
Net fee and commission income	**162.7**	**—**	**(11.1)**	**—**	**151.6**
Operating expenses	(255.8)	—	—	(0.3)	(256.1)
thereof depreciation and amortization on tangible and intangible non-current assets	(32.5)	—	—	(0.3)	(32.8)
Profit before tax	**456.3**	**—**	**—**	**(0.3)**	**456.0**
Income taxes	(114.2)	—	—	0.1	(114.1)
Profit after tax	**342.1**	**—**	**—**	**(0.2)**	**341.9**
Other comprehensive income	(2.8)	—	—	—	(2.8)
Total comprehensive income, net of tax	**339.3**	**—**	**—**	**(0.2)**	**339.1**

Finalization of acquisition of Knab N.V. in accordance with IFRS 3

The acquisition of Knab N.V. was completed in November 2024. The accounting for the business combination was regarded as preliminary in our consolidated financial statements as of 31 Dec 2024.

After the date of signing the consolidated annual report of BAWAG, no new information about facts and circumstances that existed as of the acquisition date was obtained. Therefore, no adjustment of the provisional amounts recognized as of year end 2024 was required. As of the date of publication of this half year report no more information is expected to be obtained and the measurement period therefore ended.

Miscellaneous

The scope of consolidation includes all direct and indirect material equity investments of BAWAG.

As of 30 June 2025, the Group consists of 50 (31 December 2024: 43) fully consolidated companies and 2 (31 December 2024: 2) companies that are accounted for using the equity method in Austria and abroad.

In the second quarter of 2025, seven newly established companies were added to the scope of consolidation. Two companies operate as holding companies and five underlying companies hold commercial real estate properties in the United States. BAWAG became the owner of these real estate properties by means of a debt to equity conversion.

Events after the reporting date

There were no major events after the reporting date.

DETAILS OF THE CONSOLIDATED PROFIT OR LOSS STATEMENT

1 | Earnings per share

Earnings per share pursuant to IAS 33

	Jan-Jun 2025	Jan-Jun 2024 restated
Net result attributable to owners of the parent (in € million)	411.2	341.9
AT1 coupon (in € million)	(23.6)	(12.0)
Net result attributable to owners of the parent after deduction of AT1 coupon (in € million)	**387.6**	**329.9**
Weighted average number of outstanding shares	78,524,046	78,507,604
Basic earnings per share (in €)	**4.94**	**4.20**
Weighted average diluted number of outstanding shares	79,294,597	79,013,913
Diluted earnings per share (in €)	**4.89**	**4.18**

Supplemental information on after-tax earnings per share according to BAWAG's internal definition (before deduction of AT1 coupon; not in accordance with IAS 33)

	Jan-Jun 2025	Jan-Jun 2024 restated
Net result attributable to owners of the parent (in € million)	**411.2**	**341.9**
Weighted average diluted number of outstanding shares	79,294,597	79,013,913
After-tax earnings per share in (€) – BAWAG definition	**5.19**	**4.33**

Changes in number of outstanding shares

	Jan-Jun 2025	Jan-Jun 2024
Shares outstanding at the beginning of the period	78,524,046	78,507,604
Shares outstanding at the end of the period	78,524,046	78,507,604
Weighted average number of outstanding shares	78,524,046	78,507,604
Weighted average diluted number of outstanding shares	79,294,597	79,013,913

Earnings per share represent the net result attributable to ordinary equity holders divided by the weighted average number of ordinary shares outstanding during the reporting period. As part of our long-term incentive program, shares will be awarded to employees after fulfillment of certain conditions. For these shares, a potential dilutive effect is calculated.

2 | Net fee and commission income

Net fee and commission income can be broken down by BAWAG's segments as follows:

Jan–Jun 2025

in € million	Retail & SME	Corporates, Real Estate & Public Sector	Treasury	Corporate Center	BAWAG Group
Fee and commission income	**247.3**	**16.7**	**0.1**	**0.8**	**264.9**
Transactional	145.4	16.7	—	—	162.1
Advisory	67.5	—	—	0.3	67.8
Securities	57.4	—	—	0.3	57.7
Insurance	10.1	—	—	—	10.1
Lending and others	34.4	—	0.1	0.5	35.0
Lending	19.7	—	—	—	19.7
Factoring	9.6	—	—	—	9.6
Others	5.1	—	0.1	0.5	5.7
Fee and commission expense	**(82.4)**	**(2.2)**	**(0.3)**	**(0.7)**	**(85.6)**
Transactional	(52.9)	(2.2)	—	—	(55.1)
Advisory	(6.6)	—	—	(0.1)	(6.7)
Securities	(6.6)	—	—	(0.1)	(6.7)
Insurance	—	—	—	—	—
Lending and others	(22.9)	—	(0.3)	(0.6)	(23.8)
Lending	(21.7)	—	—	—	(21.7)
Factoring	(0.6)	—	—	—	(0.6)
Others	(0.6)	—	(0.3)	(0.6)	(1.5)
Net fee and commission income	**164.9**	**14.5**	**(0.2)**	**0.1**	**179.3**

Jan–Jun 2024

in € million	Retail & SME	Corporates, Real Estate & Public Sector	Treasury	Corporate Center	BAWAG Group
Fee and commission income	**185.9**	**18.3**	**0.1**	**0.4**	**204.7**
Transactional	99.5	18.3	—	—	117.8
Advisory	58.1	—	—	0.4	58.5
Securities	49.6	—	—	0.4	50.0
Insurance	8.5	—	—	—	8.5
Lending and others	28.3	—	0.1	—	28.4
Lending	16.7	—	—	—	16.7
Factoring	9.5	—	—	—	9.5
Others	2.1	—	0.1	—	2.2
Fee and commission expense	**(49.4)**	**(2.2)**	**(0.3)**	**(1.2)**	**(53.1)**
Transactional	(31.9)	(2.2)	—	—	(34.1)
Advisory	(5.9)	—	—	(0.1)	(6.0)
Securities	(5.9)	—	—	(0.1)	(6.0)
Insurance	—	—	—	—	—
Lending and others	(11.6)	—	(0.3)	(1.1)	(13.0)
Lending	(10.7)	—	—	—	(10.7)
Factoring	(0.8)	—	—	—	(0.8)
Others	(0.1)	—	(0.3)	(1.1)	(1.5)
Net fee and commission income	**136.5**	**16.1**	**(0.2)**	**(0.8)**	**151.6**

Net fee and commission income includes an amount of € 0.2 million (H1 2024: € 1.0 million) for fiduciary transactions. Income from payment transfers and securities and custody business is recognized mainly at a point in time. Income from lending is recognized mainly over time. Other income is recognized using a mix of point in time and over time.

3 | Gains and losses on financial assets and liabilities

in € million	Jan–Jun 2025	Jan–Jun 2024
Realized gains and losses on financial assets and liabilities not measured at fair value through profit or loss, net	10.7	0.5
Gains (losses) on financial assets and liabilities held for trading, net	(16.3)	14.5
Gains (losses) on financial assets and liabilities measured at fair value through profit or loss, net	14.4	3.4
Gains (losses) from fair value hedge accounting	(5.9)	(36.3)
Exchange differences, net	(2.3)	2.9
Gains and losses on financial assets and liabilities	**0.6**	**(15.0)**

The item Gains and losses on financial assets and liabilities was influenced primarily by the valuation and sale of the Group's investments, the valuation of issued securities and derivatives.

4 | Operating expenses

in € million	Jan–Jun 2025	Jan–Jun 2024
Staff costs	(227.1)	(160.2)
Other administrative expenses	(145.3)	(63.1)
Administrative expenses	**(372.4)**	**(223.3)**
Depreciation and amortization on tangible and intangible non-current assets	(35.7)	(32.8)
Operating expenses	**(408.1)**	**(256.1)**

5 | Risk costs

in € million	Jan–Jun 2025	Jan–Jun 2024
Loan loss provisions and changes in provisions for off-balance credit risk	(102.5)	(48.5)
Provisions and expenses for operational risk	(2.6)	(2.1)
Securitization costs and similar expenses	(6.1)	(7.2)
Risk costs	**(111.2)**	**(57.8)**

DETAILS OF THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

6 | Financial assets at fair value through profit or loss

in € million	30.06.2025	31.12.2024
Financial assets designated at fair value through profit or loss	**41**	**45**
Receivables from customers	41	45
Financial assets mandatorily at fair value through profit or loss	**532**	**579**
Bonds and other securities	281	335
Receivables from customers	159	162
Subsidiaries and other equity investments	92	82
Financial assets at fair value through profit or loss	**573**	**624**

The category Financial assets designated at fair value through profit or loss contains all financial instruments that are carried at their fair value through profit or loss because the fair value option defined in IFRS 9 has been exercised for them. The maximum credit risk of loans and advances to customers equals book value.

7 | Financial assets at fair value through other comprehensive income

in € million	30.06.2025	31.12.2024
Debt instruments	**1,512**	**1,769**
Bonds and other fixed income securities	1,512	1,769
Bonds of other issuers	1,235	1,522
Public sector debt instruments	277	247
Subsidiaries and other equity investments	**109**	**144**
AT1 capital	—	28
Investments in non-consolidated subsidiaries	7	7
Other shareholdings	102	109
Financial assets at fair value through other comprehensive income	**1,621**	**1,913**

8 | Financial assets held for trading

in € million	30.06.2025	31.12.2024
Derivatives in banking book	**369**	**316**
Foreign currency derivatives	39	11
Interest rate derivatives	330	305
Financial assets held for trading	**369**	**316**

9 | Financial assets measured at amortized cost

The following breakdown depicts the composition of the item Financial assets at amortized cost of the Group.

30.06.2025 in € million	Total gross carrying amount	Impairments Stage 1	Impairments Stage 2	Impairments Stage 3	Total net carrying amount
Receivables from customers	49,727	(86)	(55)	(286)	49,300
Securities	4,035	(1)	—	—	4,034
Public sector debt instruments	226	—	—	—	226
Debt instruments of other issuers	3,809	(1)	—	—	3,808
Receivables from credit institutions	386	—	—	—	386
Total	**54,148**	**(87)**	**(55)**	**(286)**	**53,720**

31.12.2024 in € million	Total gross carrying amount	Impairments Stage 1	Impairments Stage 2	Impairments Stage 3	Total net carrying amount
Receivables from customers	45,845	(48)	(59)	(242)	45,496
Securities	3,082	(1)	—	—	3,081
Public sector debt instruments	135	—	—	—	135
Debt instruments of other issuers	2,947	(1)	—	—	2,946
Receivables from credit institutions	830	—	—	—	830
Total	**49,757**	**(49)**	**(59)**	**(242)**	**49,407**

The following table depicts the breakdown of receivables from customers by credit type:

in € million	30.06.2025	31.12.2024
Loans	42,844	42,191
Current accounts	4,133	981
Finance leases	2,045	2,084
Cash advances	201	163
Money market	77	77
Receivables from customers	**49,300**	**45,496**

10 | Net deferred tax assets and liabilities on Statement of Financial Position

The deferred tax assets and liabilities reported on the Statement of Financial Position are the result of temporary differences between the carrying amounts pursuant to IFRS and the valuations of the following items according to the tax requirements:

in € million	30.06.2025	31.12.2024
Financial liabilities designated at fair value through profit or loss	41	41
Financial liabilities at amortized cost	391	401
Financial assets at fair value through other comprehensive income	4	4
Provisions	11	12
Liabilities held for trading	62	57
Hedging derivatives	—	22
Tax loss carryforwards	6	6
Other	9	9
Deferred tax assets	**524**	**552**
Deferred tax assets netted with deferred tax liabilities	(413)	(431)
Deferred tax assets reported on the balance sheet[1]	**111**	**121**
Financial assets at fair value through profit or loss	16	13
Financial assets at amortized cost	443	466
Hedging derivatives	23	—
Internally generated intangible assets	25	23
Other intangible assets	47	48
Deferred tax liabilities	**554**	**550**
Deferred tax liabilities netted with deferred tax assets	(413)	(431)
Deferred tax liabilities reported on the balance sheet	**141**	**119**

1 Representing deferred tax assets of companies that were not part of the tax group.

For each group member, the deferred tax assets and liabilities pertaining to the same local tax authority were offset against each other and reported under Tax assets or Tax liabilities.

Deferred tax assets and deferred tax liabilities have a remaining maturity of more than one year.

As of 30 June 2025, deferred tax assets on tax loss carryforwards of BAWAG amount to € 6 million (31 December 2024: € 6 million). The risk that the current geopolitical situation will have an impact on the recoverability of tax loss carryforwards that have not yet been utilized is therefore considered to be low. As can be seen in the table above, the Statement of Financial Position shows a net deferred tax liability of € 30 million (31 December 2024: asset of € 2 million). There is no increased risk that deferred tax assets cannot be used for future taxable profits.

11 | Disclosures in compliance with IFRS 5 – Non-current assets and disposal groups held for sale and Liabilities in disposal groups held for sale

The basic composition of these balance sheet items has not changed compared to 31 December 2024.

12 | Financial liabilities designated at fair value through profit or loss

in € million	30.06.2025	31.12.2024
Issued bonds, subordinated and supplementary capital	**54**	**100**
Issued debt securities and other securitized liabilities	22	63
Subordinated capital	15	14
Short-term notes and non-listed private placements	17	23
Financial liabilities designated at fair value through profit or loss	**54**	**100**

13 | Financial liabilities held for trading

in € million	30.06.2025	31.12.2024
Derivatives banking book	**650**	**454**
Foreign currency derivatives	4	44
Interest rate derivatives	641	405
Credit derivatives	5	5
Financial liabilities held for trading	**650**	**454**

14 | Financial liabilities measured at amortized cost

in € million	30.06.2025	31.12.2024
Deposits from credit institutions	**988**	**1,264**
Deposits from customers	**47,250**	**46,170**
Current accounts	19,134	19,450
Retail & SME	16,157	16,154
Corporates, Real Estate & Public Sector	2,970	3,278
Treasury	1	4
Corporate Center	6	14
Deposits	28,116	26,720
Daily deposits	20,646	16,847
Retail & SME	19,423	16,517
Corporates, Real Estate & Public Sector	281	281
Treasury	—	5
Corporate Center	942	44
Term deposits	7,470	9,873
Retail & SME	6,670	6,997
Corporates, Real Estate & Public Sector	643	2,808
Treasury	157	68
Corporate Center	—	—
Issued bonds and supplementary capital	**17,697**	**17,174**
Issued debt securities	15,701	15,280
Supplementary capital	874	630
Other obligations evidenced by paper	1,122	1,264
Financial liabilities at amortized cost	**65,935**	**64,608**

The issued bonds are mainly listed securities.

As of 30 June 2025 and 31 December 2024, BAWAG utilized no funding under the ECB's TLTRO III facility. Therefore, there was no interest expense from the TLTRO III program in H1 2025 (H1 2024: interest expense amounting to € 5.8 million is reported under interest expense).

15 | Provisions

in € million	30.06.2025	31.12.2024
Provisions for social capital	225	234
Thereof for severance payments	62	64
Thereof for pension provisions	162	169
Thereof for jubilee benefits	1	1
Anticipated losses from pending business	25	16
Credit promises and guarantees	25	16
Other items including legal risks	29	35
Provisions	**279**	**285**

According to IAS 19, provisions for post-employment and termination benefits and for jubilee benefits are calculated using the projected unit credit method.

A discount rate of 3.7% was used for pension provisions in euro (31 December 2024: 3.4%). For pensions provisions in Swiss franc a discount rate of 0.95% was used (31 December 2024: 0.95%). Compared to 31 December 2024, the wage growth rates remained the same: wage growth post-employment pension obligations of 1.0%–2.0% p.a., wage growth severance payments of 2.75% p.a. and wage growth anniversary bonuses of 2.50% p.a..

Actuarial adjustments resulted in a positive net impact of € 3.3 million in other comprehensive income and a negative net impact of € (0.1) million in profit (H1 2024: a positive net impact of € 2.8 million in other comprehensive income and a positive net impact of € 0.1 million in profit).

16 | Related parties

Transactions with related parties

The following table shows transactions with related parties.

30.06.2025 in € million	Parent company	Entities with joint control of, or significant influence over, the entity	Subsidiaries, not consolidated	Associates	Joint ventures	Other companies
Receivables – customers	—	—	38	—	13	—
Unutilized credit lines	—	—	20	4	2	—
Securities	—	—	—	—	—	—
Other assets (incl. derivatives)	—	—	3	—	—	—
Financial liabilities – customers	—	—	10	—	—	—
Other liabilities (incl. derivatives)	—	—	—	—	—	—
Guarantees provided	—	—	3	—	—	—
Interest income[1]	—	—	0.6	—	0.3	—
Interest expense	—	—	0.2	—	—	—
Net fee and commission income	—	—	—	—	—	—

1 Gross income; hedging costs not offset.

31.12.2024 in € million	Parent company	Entities with joint control of, or significant influence over, the entity	Subsidiaries, not consolidated	Associates	Joint ventures	Other companies
Receivables – customers	—	—	41	—	14	—
Unutilized credit lines	—	—	18	4	2	—
Securities	—	—	—	—	—	—
Other assets (incl. derivatives)	—	—	3	—	—	—
Financial liabilities – customers	—	—	13	—	1	—
Other liabilities (incl. derivatives)	—	—	—	—	—	—
Guarantees provided	—	—	3	—	—	—
Interest income[1]	—	—	2.8	0.4	1.1	—
Interest expense	—	—	0.5	—	—	—
Net fee and commission income	—	—	—	—	—	—

1 Gross income; hedging costs not offset.

30.06.2024 in € million	Parent company	Entities with joint control of, or significant influence over, the entity	Subsidiaries, not consolidated	Associates	Joint ventures	Other companies
Receivables – customers	—	—	47	—	14	—
Unutilized credit lines	—	—	16	4	2	—
Securities	—	—	—	25	—	—
Other assets (incl. derivatives)	—	—	2	—	—	—
Financial liabilities – customers	—	—	11	58	20	—
Other liabilities (incl. derivatives)	—	—	—	—	—	—
Guarantees provided	—	—	3	—	—	—
Interest income[1]	—	—	1.1	0.7	0.8	—
Interest expense	—	—	0.1	0.6	—	—
Net fee and commission income	—	—	—	7.0	—	—

1 Gross income; hedging costs not offset.

Information regarding natural persons

The following breakdowns depict the business relations with related individuals and their family members. All business is conducted at standard industry and group terms for employees or at standard market terms.

in € million	Key management of the entity or its parent	Other related parties[1]	Key management of the entity or its parent	Other related parties[1]
	30.06.2025	30.06.2025	31.12.2024	31.12.2024
Deposits	17	1	5	1
Loans	21	—	21	—
	Jan–Jun 2025	Jan–Jun 2025	Jan–Jun 2024	Jan–Jun 2024
Interest income	0.3	—	0.3	—
Interest expense	0.1	—	0.1	—

1 With respect to key management.

Number of shares	Key management of the entity or its parent	Other related parties[2]	Key management of the entity or its parent	Other related parties[2]
	30.06.2025	30.06.2025	31.12.2024	31.12.2024
Shares of BAWAG Group AG [1]	3,154,353	—	3,085,515	55,600

1 Key management includes related trusts.
2 With respect to key management.

SEGMENT REPORTING

This information is based on the Group structure as of 30 June 2025.

The segment reporting presents the results of the operating business segments of BAWAG Group. The following segment information is based on IFRS 8 Operating Segments, which follows the management approach. In this, the segment information is prepared based on the internal reports used by the Management Board to assess the performance of the segments and to make decisions on allocating resources to the segments.

The breakdown of the net interest income and its allocation to the segments in the management report is based on the principles of the market interest rate method, also taking into account allocated liquidity costs and premiums. According to this method, it is assumed that asset and liability items are refinanced by means of money and capital market transactions with corresponding maturities, and that there is therefore no interest rate risk. The interest rate risk is managed actively through asset and liability management, and the related results are reported in the Corporate Center. The remaining earnings components and the directly allocable costs are assigned to the respective business units based on where they are incurred. The overhead costs and planned depreciations are assigned to the individual segments according to an allocation factor. Regulatory charges and corporate tax are allocated based on relevant input parameters.

BAWAG Group is managed in accordance with the following four business and reporting segments:

- Retail & SME – includes savings, payment, card and lending activities, investment and insurance services for our private customers, small business lending, factoring and leasing business and our social housing activities as well as own issues covered with retail assets and Wohnbaubank bonds. The segment services its domestic and international private and small business customers through a centrally managed branch network focused on high-touch and high-quality advisory and complementary online, mobile and partnership (broker, dealers) channels providing 24/7 customer access and driving asset origination. Our online product offering, for example, covers savings, payments, securities, card and lending activities for private and small business customers while the platform business provides auto, mobile and real estate leasing as well as consumer and mortgage loans. It also includes lending portfolios and platform business to our international retail borrowers in Western Europe and the United States. While driving our cross-border multi-brand and multi-channel strategy, we are committed to conservative lending strongly supported by our platform business in the DACH/NL region.

- Corporates, Real Estate & Public Sector – includes lending activities to international corporates as well as international real estate financing activities. It also includes our corporate, mid-cap and public sector lending business and other fee-driven financial services for mainly Austrian and German customers, expanding to the broader Western European market. Own issues covered with corporate or public sector assets are included in this segment as well.

- Treasury – includes any treasury activities associated with providing trading and investment services such as certain asset-liability management transactions (including secured and unsecured funding) and the investment results of the portfolio of financial securities of BAWAG Group.

- Corporate Center – provides central functions for the entire Group such as legal services, risk management and Group asset-liability management and includes unallocated items related to these support functions, accounting positions (e.g. market values of derivatives), the company’s equity, real estate and fixed assets, non-interest bearing assets and liabilities as well as selected results related to subsidiary and participation holdings and reconciliation positions.

Our segments are fully aligned with our business strategy as well as our objective of providing transparent reporting of our business units and bank-wide results while minimizing the financial impact within the Corporate Center.

The segments in detail:

Jan-Jun 2025 in € million	Retail & SME	Corporates, Real Estate & Public Sector	Treasury	Corporate Center	Total
Net interest income	733.5	129.5	17.7	22.7	903.4
Net fee and commission income	164.9	14.5	(0.2)	0.1	179.3
Core revenues	**898.4**	**144.0**	**17.5**	**22.8**	**1,082.7**
Other income[1]	2.1	1.6	8.2	(8.9)	3.0
Operating income	**900.5**	**145.6**	**25.7**	**13.9**	**1,085.7**
Operating expenses	**(347.4)**	**(34.9)**	**(9.1)**	**(12.9)**	**(404.3)**
Pre-provision profit	**553.1**	**110.7**	**16.6**	**1.0**	**681.4**
Regulatory charges	(10.2)	(4.6)	(4.7)	(0.5)	(20.0)
Total risk costs	(100.9)	(8.2)	(0.2)	(1.9)	(111.2)
Share of the profit or loss of associates accounted for using the equity method	—	—	—	1.7	1.7
Profit before tax	**442.0**	**97.9**	**11.7**	**0.3**	**551.9**
Income taxes	(110.5)	(24.5)	(2.9)	(2.8)	(140.7)
Profit after tax	**331.5**	**73.4**	**8.8**	**(2.5)**	**411.2**
Non-controlling interests	—	—	—	—	—
Net profit	**331.5**	**73.4**	**8.8**	**(2.5)**	**411.2**
Business volumes					
Assets	38,032	13,331	19,456	1,941	72,760
Liabilities	55,756	6,139	4,693	6,172	72,760
Risk-weighted assets	15,448	4,881	939	2,083	23,351

1 The term “Other income” includes gains and losses on financial instruments and other operating income and expenses.

The segments in detail:

Jan-Jun 2024 in € million	Retail & SME	Corporates, Real Estate & Public Sector	Treasury	Corporate Center	Total
Net interest income	457.7	139.5	31.1	4.3	632.6
Net fee and commission income	136.5	16.1	(0.2)	(0.8)	151.6
Core revenues	**594.1**	**155.6**	**30.9**	**3.6**	**784.2**
Other income[1]	1.5	(0.9)	11.5	(22.4)	(10.3)
Operating income	**595.6**	**154.7**	**42.4**	**(18.8)**	**773.9**
Operating expenses	**(190.9)**	**(39.4)**	**(12.3)**	**(11.0)**	**(253.5)**
Pre-provision profit	**404.7**	**115.2**	**30.1**	**(29.7)**	**520.3**
Regulatory charges	(4.3)	(1.8)	(1.6)	(0.3)	(8.0)
Total risk costs	(50.8)	(7.1)	0.5	(0.4)	(57.8)
Share of the profit or loss of associates accounted for using the equity method	—	—	—	1.5	1.5
Profit before tax	**349.6**	**106.3**	**28.9**	**(28.9)**	**456.1**
Income taxes	(87.5)	(26.5)	(7.3)	7.0	(114.1)
Profit after tax	**262.2**	**79.8**	**21.8**	**(21.9)**	**341.9**
Non-controlling interests	—	—	—	—	—
Net profit	**262.2**	**79.8**	**21.8**	**(21.9)**	**341.9**
Business volumes					
Assets	21,836	13,234	17,505	1,058	53,633
Liabilities	37,356	8,053	3,003	5,221	53,633
Risk-weighted assets	9,510	5,054	1,687	1,744	17,995

1 The term “Other income” includes gains and losses on financial instruments and other operating income and expenses.

As the internal and external reporting of BAWAG Group is fully harmonized, the total of reportable segments' measures of profit or loss do not differ from the Bank's profit or loss. Therefore, no separate reconciliation column is shown in the segment tables.

In 2025 the cost segmentation methodology was updated using revised input parameters to reflect a more precise cost allocation. For better comparison, the cost segmentation was also changed retroactively for the year 2024. As a result, costs in the Retail & SME segment increased by € 8.7 million to € (190.9) million for H1 2024. The Corporate, Real Estate & Public Sector segment rose by € 1.0 million to € (39.4) million, while Treasury costs decreased by € 9.7 million reaching € (12.3) million. These adjustments had no impact on the total cost at group level.

Geographical split

The tables below show a geographical split of the business segments based on the risk-related assignment of individual customers to a country. Customer groups are not aggregated and assigned to a single country (i.e. the country of the parent company) but allocated to their respective countries on a single entity level.

The following tables show core revenues per segment and geography:

Jan-Jun 2025 in € million	Retail & SME	Corporates, Real Estate & Public Sector	Treasury	Corporate Center	Total
DACH / NL	843.2	63.3	10.8	12.7	929.9
thereof Austria	456.1	49.1	7.9	13.9	527.0
thereof Germany	201.3	12.7	2.3	(0.3)	216.0
Western Europe / USA	55.2	80.7	6.7	10.1	152.7
Total	**898.4**	**144.0**	**17.5**	**22.8**	**1,082.7**

Jan-Jun 2024 in € million	Retail & SME	Corporates, Real Estate & Public Sector	Treasury	Corporate Center	Total
DACH / NL	553.3	67.5	10.1	(2.4)	628.5
thereof Austria	462.5	55.4	4.6	(3.7)	518.8
thereof Germany	66.1	10.7	3.7	1.3	81.8
Western Europe / USA	40.8	88.1	20.8	6.0	155.7
Total	**594.1**	**155.6**	**30.9**	**3.6**	**784.2**

The segment result can be reconciled with the Profit or Loss Statement as follows:

in € million	**Jan–Jun 2025**	Jan–Jun 2024
Other operating income and expenses according to segment report[1]	2.3	4.7
Regulatory charges[1]	(16.1)	(5.5)
Other operating income and expenses according to Consolidated Profit or Loss Statement	**(13.8)**	**(0.8)**

in € million	**Jan–Jun 2025**	Jan–Jun 2024
Operating expenses according to segment report[1]	(404.3)	(253.6)
Regulatory charges[1]	(3.9)	(2.5)
Operating expenses according to Consolidated Profit or Loss Statement	**(408.1)**	**(256.1)**

1 In accordance with IFRS, the item Other operating income and expenses also includes regulatory charges in the amount of € 16.1 million for the first half 2025 (H1 2024: € 5.5 million). The item Operating expenses includes regulatory charges in the amount of € 3.9 million for the first half 2025 as well (H1 2024: € 2.5 million). However, BAWAG's management considers regulatory charges as a separate expense. Accordingly, they are shown in a separate expense line in the Group Management Report.

CAPITAL MANAGEMENT

Regulatory reporting is performed on the level of BAWAG Group. The following table shows the breakdown of own funds of BAWAG Group applying transitional rules per 30 June 2025 and 31 December 2024 pursuant to CRR applying IFRS figures and the CRR scope of consolidation.

	BAWAG Group	
in € million	**30.06.2025**	31.12.2024 restated
Share capital and reserves (including funds for general banking risk)[1]	3,555	3,578
Deduction of intangible assets	(416)	(415)
Other comprehensive income	(116)	(164)
IRB risk provision shortfalls	(10)	(21)
Prudent valuation, cumulative gains due to changes in own credit risk on fair valued liabilities, prudential filter for unrealized gains, cash flow hedge reserve	9	62
Deferred tax assets that rely on future profitability excluding those arising from temporary differences	(1)	(1)
Securitization positions which can alternatively be subject to a 1,250% risk weight	(31)	(29)
Insufficient coverage for non-performing exposures	(13)	(10)
Additional deductions of CET 1 capital due to article 3 CRR	(27)	(27)
Common Equity Tier I	**2,950**	**2,972**
Capital instruments eligible as additional Tier 1 capital	675	675
Deduction of significant investments	(50)	(72)
Additional Tier I	**625**	**603**
Tier I	**3,575**	**3,575**
Tier II capital	874	631
Tier II capital in grandfathering	—	8
Excess IRB risk provisions	2	—
Tier II	**875**	**638**
Own funds	**4,450**	**4,213**

1 In this item, an amount of € 175.0 million for a share buyback was deducted (31.12.2024: € 175.0 million).

Capital requirements (risk-weighted assets)

	BAWAG Group	
in € million	**30.06.2025**	31.12.2024
Credit risk	19,235	18,132
Operational risk	4,271	2,495
Capital requirements (risk-weighted assets)	**23,505**	**20,627**

Key figures including (interim) profit and dividends

	BAWAG Group	
	30.06.2025	31.12.2024
Common Equity Tier 1 capital ratio based on total risk	13.5%	15.2%
Total capital ratio based on total risk	19.9%	21.2%

Key figures based on transitional rules[1]

	BAWAG Group	
	30.06.2025	31.12.2024 restated
Common Equity Tier 1 capital ratio based on total risk	12.6%	14.4%
Total capital ratio based on total risk	18.9%	20.4%

1 2024 figures already deduct the buyback of € 175.0 million.

17 | Fair value

The following tables depict a comparison of the carrying amounts and fair values for selected items on the Statement of Financial Position.

in € million	Carrying amount 30.06.2025	Fair value 30.06.2025	Delta Fair value/ Carrying amount 30.06.2025	Carrying amount 31.12.2024	Fair value 31.12.2024	Delta Fair value/ Carrying amount 31.12.2024
Assets						
Cash reserves	14,991	14,991	—	17,604	17,604	—
Financial assets designated at fair value through profit or loss	41	41	—	45	45	—
Loans to customers	41	41	—	45	45	—
Financial assets mandatorily at fair value through profit or loss	532	532	—	579	579	—
Securities	281	281	—	335	335	—
Loans to customers	159	159	—	162	162	—
Subsidiaries and other equity investments	92	92	—	82	82	—
Financial assets at fair value through other comprehensive income	1,621	1,621	—	1,913	1,913	—
Debt instruments	1,512	1,512	—	1,769	1,769	—
Subsidiaries and other equity investments	109	109	—	144	144	—
Financial assets held for trading	369	369	—	316	316	—
At amortized cost	53,720	53,359	(361)	49,407	48,817	(590)
Customers	49,300	48,964	(336)	45,496	44,942	(554)
Credit institutions	386	383	(3)	830	826	(4)
Securities	4,034	4,012	(22)	3,081	3,049	(32)
Valuation adjustment on interest rate risk hedged portfolios	(371)	(371)	—	(218)	(218)	—
Hedging derivatives	367	367	—	331	331	—
Property, plant and equipment	266	n/a	n/a	254	n/a	n/a
Investment properties	193	193	—	50	50	—
Intangible non-current assets	532	n/a	n/a	532	n/a	n/a
Other assets	494	n/a	n/a	523	n/a	n/a
Non-current assets and disposal groups held for sale	5	5	—	5	5	—
Total assets	**72,760**			**71,341**		

in € million	Carrying amount 30.06.2025	Fair value 30.06.2025	Delta Fair value/ Carrying amount 30.06.2025	Carrying amount 31.12.2024	Fair value 31.12.2024	Delta Fair value/ Carrying amount 31.12.2024
Equity and liabilities						
Financial liabilities designated at fair value through profit or loss	54	54	—	100	100	—
Issued debt securities and other securitized liabilities	39	39	—	86	86	—
Subordinated capital	15	15	—	14	14	—
Deposits from customers	—	—	—	—	—	—
Financial liabilities held for trading	650	650	—	454	454	—
Financial liabilities at amortized cost	65,935	65,728	(207)	64,608	64,354	(254)
Deposits from credit institutions	988	993	5	1,264	1,269	5
Deposits from customers	47,250	47,249	(1)	46,170	46,153	(17)
Issued bonds and supplementary capital	17,697	17,486	(211)	17,174	16,932	(242)
Valuation adjustment on interest rate risk hedged portfolios	(204)	(204)	—	(220)	(220)	—
Hedging derivatives	93	93	—	291	291	—
Provisions	279	n/a	n/a	285	n/a	n/a
Other obligations	1,239	n/a	n/a	1,090	n/a	n/a
Equity	4,708	n/a	n/a	4,733	n/a	n/a
Non-controlling interests	6	n/a	n/a	—	n/a	n/a
Total liabilities and equity	**72,760**			**71,341**		

The fair values of material investment properties are based on external and internal valuations. The carrying amount of other assets and other obligations is a reasonable approximation of their fair value. Therefore, information on the fair value of these items is not shown.

Market standard valuation methods are used to determine the fair value of assets and liabilities. With regard to Level 3 assets and liabilities for which non-observable valuation parameters are used for measurement, the current macroeconomic environment results in increased uncertainty with regard to the measurement of the fair value of these items.

Carrying amount adjustments of hedged items in a portfolio fair value hedge are presented in a separate balance sheet item Valuation adjustment on interest rate risk hedged portfolios in accordance with IFRS 9. To enable a direct comparison with the balance sheet items, fair value changes relating to the interest rate risk hedged here are also presented in a separate line.

Fair value hierarchy

The following table depicts an analysis of the fair values of financial instruments and investment properties on the basis of the fair value hierarchy in IFRS 13. The breakdown consists of the following groups:

- **Level 1:** The value of financial instruments is measured using a quoted price without adjustment. This includes government bonds, bonds with quoted prices and exchange-traded derivatives.

- **Level 2**: If no current, liquid market values are available, generally accepted, standard state-of-the-art methods of measurement are used. This applies to the category liabilities evidenced by paper (issued by BAWAG), and, in individual cases, other current financial assets in the Bank's trading portfolio where the valuation of plain vanilla securities was performed on the basis of the yield curve plus the current credit spread. The value is measured using input factors (default rates, costs, liquidity, volatility, interest rates etc.) to derive values from quoted prices (Level 1). This pertains to prices that are calculated using internal models or using valuation methods, as well as to external price quotes for securities that are traded on markets with limited liquidity and that are demonstrably based on observable market prices.

This category includes the majority of the OTC derivative contracts, corporate bonds and other bonds for which no quoted price is available, as well as the majority of the Group's own issues that are recognized at their fair values.

For customer receivables accounted for at fair value, modeling techniques following industry standard models are applied, for example discounted cash flow analysis and standard option pricing models. Market parameters such as interest rates, FX rates or volatilities are used as inputs to the valuation models to determine fair value. The discount curves used to determine the pure time value of money contain only instruments that assume no or only low default risk, such as swap rates. Spread curves that reflect the refinancing costs of the respective borrower are either derived from outstanding funding instruments, distinguished by seniority (senior unsecured, subordinated, collateralized funding), or benchmark yield curves (e.g. indices).

Linear derivative financial instruments containing no optional components (such as interest rate swaps, currency forwards and futures) were also measured using a present value technique (discounting of future cash flows applying the current swap curve, derivatives with counterparties with a Credit Support Annex [CSA] agreement are discounted by the corresponding RFR curve [risk free rate; e.g. €STR]).

Optional instruments were measured using option price models such as Black-Scholes (swaptions, caps, floors), Bachelier (caps, floors and swaptions in currencies with negative interest rates), Garman-Kohlhagen (currency options) or the Hull-White model (swaps with multiple cancellation rights), which were implemented and applied consistently in the front office systems.

The basic parameters on which the models are based (yield curves, volatilities and exchange rates) are input into the system by the Market Risk unit independently of the Treasury departments, which ensures the separation of front office functions from back office processing and control.

For more complex derivatives that are held for hedging purposes and that are concluded back to back, external valuations are obtained by the Market Risk unit and input into the systems for correct processing.

Standard providers such as Bloomberg and Markit are used to evaluate the spreads of issued securities recognized at fair value through profit or loss. A senior unsecured spread curve and an LT2 spread curve are calculated based on the term structure of the A Europe Financial sector curve and the quotes of the international BAWAG P.S.K. issues. For covered issues, the spread curve is derived directly from the quotes of several BAWAG P.S.K. benchmark bonds. The securities prices for BAWAG P.S.K. issues are then calculated by discounting the swap curve adapted by the spread.

As of 30 June 2025, the portion of change in fair value of securities issued by BAWAG accounted for solely by changes in the Group's credit spreads was minus € 0.3 million (minus € 1.8 million as of 31 December 2024). This is defined as the product of the credit spread basis point value with the respective spread change, supplemented by the pull-to-par effect. As of 30 June 2025, the cumulative fair value change resulting from changes in the Group's credit rating amounted to plus € 0.7 million (plus € 1.1 million as of 31 December 2024).

The cumulative fair value change of receivables recognized at fair value through profit or loss that was recognized due to changes in credit spreads amounted to € 0.2 million as of 30 June 2025 (€ 0.2 million as of 31 December 2024) and is calculated as the change in the spread between the government yield curve and the swap curve during the observed period. The respective annual fair value change amounted to € 0.0 million (€ 0.0 million as of 31 December 2024).

A one basis point narrowing of the credit spread is expected to change their valuation by plus € 0.02 million (plus € 0.02 million as of 31 December 2024).

- **Level 3:** The measurement is based on unobservable input factors that have a material influence on the market value. This pertains primarily to illiquid funds as well as own issues of BAWAG P.S.K. Wohnbaubank. Loans and receivables and financial liabilities measured at amortized cost are valued using the discounted cash flow method using a spread-adjusted swap curve. This also pertains to stakes in non-consolidated subsidiaries that are classified as mandatorily at fair value through profit or loss or at fair value through other comprehensive income and customer liabilities accounted for at fair value through profit or loss.

The fair values of material investment properties are based on external and internal valuations.

For the determination of the credit value adjustment for the credit risk of OTC derivatives, netting effects at the customer level within transactions of the same kind and currency are taken into account.

30.06.2025 in € million	Level 1	Level 2	Level 3	Total
Assets				
Financial assets designated at fair value through profit or loss	—	41	—	41
Financial assets mandatorily at fair value through profit or loss	2	—	530	532
Financial assets at fair value through other comprehensive income	1,340	172	109	1,621
Debt instruments	1,340	172	—	1,512
Subsidiaries and other equity investments	—	—	109	109
Financial assets held for trading	—	369	—	369
Valuation adjustment on interest rate risk hedged portfolios	—	(371)	—	(371)
Hedging derivatives	—	367	—	367
Investment properties	—	—	193	193
Total assets	**1,342**	**578**	**832**	**2,752**
Liabilities				
Financial liabilities designated at fair value through profit or loss	—	54	—	54
Issued debt securities and other securitized liabilities	—	39	—	39
Subordinated capital	—	15	—	15
Financial liabilities held for trading	—	650	—	650
Valuation adjustment on interest rate risk hedged portfolios	—	(204)	—	(204)
Hedging derivatives	—	93	—	93
Total liabilities	**—**	**593**	**—**	**593**

31.12.2024 in € million	Level 1	Level 2	Level 3	Total
Assets				
Financial assets designated at fair value through profit or loss	—	45	—	45
Financial assets mandatorily at fair value through profit or loss	2	—	577	579
Financial assets at fair value through other comprehensive income	1,384	413	116	1,913
Debt instruments	1,375	394	—	1,769
Subsidiaries and other equity investments	9	19	116	144
Financial assets held for trading	—	316	—	316
Valuation adjustment on interest rate risk hedged portfolios	—	(218)	—	(218)
Hedging derivatives	—	331	—	331
Investment properties	—	—	50	50
Total assets	**1,386**	**887**	**743**	**3,016**
Liabilities				
Financial liabilities designated at fair value through profit or loss	—	96	4	100
Issued debt securities and other securitized liabilities	—	82	4	86
Subordinated capital	—	14	—	14
Financial liabilities held for trading	—	454	—	454
Valuation adjustment on interest rate risk hedged portfolios	—	(220)	—	(220)
Hedging derivatives	—	291	—	291
Total liabilities	**—**	**621**	**4**	**625**

BAWAG recognizes transfers between levels as of the end of the reporting period during which the transfer has occurred.

Movements between Level 1 and Level 2

In the first half of 2025, securities at fair value through other comprehensive income with a book value of € 26 million (31 December 2024: € 10 million) were moved from Level 1 to Level 2 due to subsequent illiquid market prices. Securities at fair value through other comprehensive income with a book value of € 0 million (31 December 2024: € 0 million) were moved from Level 2 to Level 1 due to a more liquid market.

Movements in Level 3 financial instruments measured at fair value

The changes in financial instruments accounted for at fair value in the Level 3 category were as follows:

			Financial assets at fair value through other comprehensive income		
in € million	Financial assets mandatorily at fair value through profit or loss	Financial assets designated at fair value through profit or loss	Debt instruments	Subsidiaries and other equity investments	Financial liabilities
Opening balance as of 01.01.2025	**577**	**—**	**—**	**116**	**4**
Valuation gains (losses) in profit or loss					
for assets held at the end of the period	19	—	—	—	—
for assets no longer held at the end of the period	(1)	—	—	—	—
Valuation gains (losses) in other comprehensive income					
for assets held at the end of the period	—	—	—	1	—
for assets no longer held at the end of the period	—	—	—	(1)	—
Purchases/Additions	12	—	—	1	—
Redemptions	(33)	—	—	—	(4)
Sales	(19)	—	—	—	—
Foreign exchange differences	(25)	—	—	(8)	—
Change in scope of consolidation	—	—	—	—	—
Closing balance as of 30.06.2025	**530**	**—**	**—**	**109**	**—**

			Financial assets at fair value through other comprehensive income		
in € million	Financial assets mandatorily at fair value through profit or loss	Financial assets designated at fair value through profit or loss	Debt instruments	Subsidiaries and other equity investments	Financial liabilities
Opening balance as of 01.01.2024	**514**	**—**	**—**	**115**	**24**
Valuation gains (losses) in profit or loss					
for assets held at the end of the period	9	—	—	—	—
for assets no longer held at the end of the period	—	—	—	—	—
Valuation gains (losses) in other comprehensive income					
for assets held at the end of the period	—	—	—	(2)	—
for assets no longer held at the end of the period	—	—	—	—	—
Purchases/Additions	73	—	—	4	—
Redemptions	(26)	—	—	(1)	(20)
Sales	(1)	—	—	(1)	—
Foreign exchange differences	8	—	—	4	—
Change in scope of consolidation	—	—	—	(3)	—
Closing balance as of 31.12.2024	**577**	**—**	**—**	**116**	**4**

Valuation (including the parameterization of observable input factors) is performed by a market-independent back office division within the risk group on a monthly basis. Changes that have occurred are verified, as far as possible, by comparing them to references observable on the market.

Quantitative and qualitative information regarding the valuation of Level 3 financial instruments

The main unobservable input factor for own issues of BAWAG P.S.K. Wohnbaubank and the former IMMO-BANK is the spread premium on the swap curve, which is used to determine the risk-adjusted discount curve. Subsequently, the fair value is calculated by discounting the future cash flows with the risk-adjusted discount curve. The gross spread premium for own issues of BAWAG P.S.K. Wohnbaubank depends on the maturity and is currently 81 basis points (31 December 2024: 83 basis points) for 5 years (mid). For issues of the former IMMO-BANK, the spreads depend on the seniority of the bond and the maturity.

In general, the mentioned input parameter is dependent on the general market development of credit spreads within the banking sector and in detail on the credit rating development of the housing banks, with spread increases having a positive effect.

In general, the discounted cash flow method (DCF) is used to determine the fair values of loans. Caps, floors or simple call options, if existing, are measured using the Bachelier model. The discount factor used in the DCF consists of various parameters: the funding curve (derived from a peer group of European banks with the same rating as BAWAG P.S.K.) and a customer-specific credit spread curve (derived from the CDS or CDS Markit Sector curve, depending on availability; for retail and SME, from an internally derived default probability), which is adjusted by the respective collateral ratio.

For illiquid funds that could not be sold in time for the published net asset values, a discount is applied as an input factor which is not directly observable, taking the expected selling price into account. The fair value is subsequently calculated as the difference between the net asset values and this liquidity discount. The funds are reported under Financial assets mandatorily at fair value through profit or loss.

The fair value of non-traded investment funds is based on fair value quotes provided by the fund manager.

For real estate investment funds, the underlying investments are appraised at least annually by an independent appraiser engaged by the fund manager; net asset value (NAV) is determined at least quarterly. The net asset value of the investment fund corresponds to the excess of the value of the investment fund's assets over the value of its liabilities.

Funds investing in loan portfolios are valued by an independent external valuation agent based on a discounted cash flow methodology that uses proprietary default and prepayment models to derive expected cash flows, which are discounted at a market rate. The model utilizes credit and performance as well as macroeconomic indicators to forecast cash flows for each loan pool segmented by origination, vintage, sub-grade and term. Net asset value is calculated on a monthly basis.

The fund's financial statements are prepared according to local GAAP and an independent auditor conducts the annual audit for the funds, providing assurance on the accuracy of the above.

The dividend discount and discounted earnings method is applied to a significant part of the investments in equity instruments. A smaller portion is valued based on external price indications and pro-rata equity.

Expected dividends and earnings as well as external price indications take into account the most recent forecasts, including the observed and expected impact of the current geopolitical situation on the profitability of the companies concerned.

The fair values of customer liabilities at fair value through profit or loss are determined analogously to receivables using the discounted cash flow method and the Bachelier model.

Sensitivity analysis of fair value measurement from changes in unobservable parameters

If the value of financial instruments is dependent on unobservable input parameters, the precise level for these parameters can be drawn from a range of reasonably possible alternatives. The current geopolitical situation results in increased uncertainty with regard to unobservable input parameters and the measurement of the fair value of such items. Financial liabilities in Level 3 that are measured at fair value through profit or loss relate to own issues of BAWAG P.S.K. Wohnbaubank and the former IMMO-BANK and customer deposits in start:bausparkasse Austria.

If the credit spread used in calculating the fair value of own issues increased by 20 basis points, the accumulated valuation result as of 30 June 2025 would have increased by € 0.0 million (31 December 2024: € 0.0 million). If the credit spread used in calculating the fair value of own issues decreased by 20 basis points, the accumulated valuation result as of 30 June 2025 would have decreased by € 0.0 million (31 December 2024: € 0.0 million).

The cumulative fair value change of receivables recognized at fair value through profit or loss that was recognized due to changes in credit spreads amounted to plus € 6.1 million as of 30 June 2025 (31 December 2024: plus € 4.2 million) and is calculated as the change in the credit spread over the swap curve during the observed period. The corresponding annual fair value change amounted to plus € 1.9 million (31 December 2024: plus € 2.1 million).

A one basis point narrowing of the credit spread is expected to change their valuation by plus € 0.05 million (31 December 2024: plus € 0.06 million).

If the credit spread used in calculating the fair value of loans increased by 100 basis points, the accumulated valuation result as of 30 June 2025 would have decreased by € 5.0 million (31 December 2024: € 5.6 million). If the credit spread used in calculating the fair value of loans decreased by 100 basis points, the accumulated valuation result as of 30 June 2025 would have increased by € 5.5 million (31 December 2024: € 6.2 million).

If the liquidity discount of illiquid funds is increased by 10 percentage points, the valuation result as of 30 June 2025 would have decreased by € 0.1 million (31 December 2024: € 0.3 million). If the liquidity discount of illiquid funds is decreased by 10 percentage points, the valuation result as of 30 June 2025 would have increased by € 0.1 million (31 December 2024: € 0.3 million).

For the valuation of a part of the investments in equity instruments, the main input parameters are the discount factor, dividend income or earnings as well as (possibly) necessary capital measures. If the discount rate for investments in equity instruments is decreased by 100 basis points, the fair value would increase by € 5.3 million (thereof € 1.8 million FVTOCI and € 3.5 million FVTPL; 31 December 2024: € 3.3 million; thereof € 1.5 million FVTOCI and € 1.8 million FVTPL), whereas if the discount rate is increased by 100 basis points, the fair value would decrease by € 4.0 million (thereof € 1.3 million FVTOCI and € 2.7 million FVTPL; 31 December 2024: € 2.5 million; thereof € 1.1 million FVTOCI and € 1.4 million FVTPL). If changes in dividend income or net profit where applicable rose by 20%, the fair value of those assets would rise by € 1.2 million (thereof € 0.5 million FVTOCI and € 0.7 million FVTPL; 31 December 2024: € 0.7 million; thereof € 0.3 million FVTOCI and € 0.4 million FVTPL); if changes in dividend income or net profit where applicable declined by 20%, the fair value would decrease by € 1.1 million (thereof € 0.4 million FVTOCI and € 0.7 million FVTPL; 31 December 2024: € 0.7 million; thereof € 0.3 million FVTOCI and € 0.4 million FVTPL).

A part of the investments in equity instruments is valued based on external price indications. If these indications were 10% lower, the fair value of this portion would decrease by € 15.1 million (thereof € 8.9 million FVTOCI and € 6.2 million FVTPL; 31 December 2024: € 15.8 million, thereof € 9.5 million FVTOCI and € 6.3 million FVTPL). If these indications were 10% higher, the fair value of this portion would increase by € 15.1 million (thereof € 8.9 million FVTOCI and € 6.2 million FVTPL; 31 December 2024: € 15.8 million; thereof € 9.5 million FVTOCI and € 6.3 million FVTPL).

The smallest portion is valued based on pro-rata equity. If the equity was 10% lower, this would result in a decrease of € 1.2 million (thereof € 0.9 million FVTOCI and € 0.3 million FVTPL; 31 December 2024: € 1.3 million; thereof € 1.0 million FVTOCI and € 0.3 million FVTPL), whereas if the equity was 10% higher, there would be an increase of € 1.2 million (thereof € 0.9 million FVTOCI and € 0.3 million FVTPL; 31 December 2024: € 1.3 million; thereof € 1.0 million FVTOCI and € 0.3 million FVTPL).

The fair value of the non-traded investment funds is based on fair value quotes provided by the fund manager. Based on the current portfolio allocation, one fund has an expected interest rate sensitivity of approximately minus € 0.1 million (31 December 2024: minus € 0.1 million) if rates rise by 100 bp and a credit spread sensitivity of minus € 0.1 million (31 December 2024: minus € 0.1 million) if credit spreads widen by 100 bp (and vice versa).

For the other fund, the following applies: If the fair value indicated increased by 10%, the Group would recognize a gain of € 16.7 million in profit or loss (31 December 2024: € 17.6 million). If the fair value indicated decreased by 10%, the Group would recognize a loss of € 16.7 million in profit or loss (31 December 2024: € 17.6 million).

Fair value changes of Level 3 assets with alternative parameterization

To determine the potential impact, credit spreads are used for debt securities, income funds with the risk factor credit spreads as well as loans. For these, the value range between +100 bp and (50) bp is used in the sensitivity analysis. An increase (a reduction) in spreads leads to a reduction (an increase) in the respective fair value.

30.06.2025 in € million	(50) bp	+50 bp	+100 bp
Financial assets at fair value through profit or loss	**2.7**	**(2.6)**	**(5.0)**
Debt securities	—	—	—
Loans to customers	2.7	(2.6)	(5.0)
Income funds	—	—	—
Financial assets at fair value through other comprehensive income	—	—	—
Debt securities	—	—	—

31.12.2024 in € million	(50) bp	+50 bp	+100 bp
Financial assets at fair value through profit or loss	**3.0**	**(2.9)**	**(5.7)**
Debt securities	—	—	—
Loans to customers	3.0	(2.9)	(5.6)
Income funds	—	—	(0.1)
Financial assets at fair value through other comprehensive income	—	—	—
Debt securities	—	—	—

18 | Treatment of day one gain

IFRS 9.B5.1.2A states that the fair value on initial recognition will normally be equal to the transaction price. If the entity determines that the fair value on initial recognition differs from the transaction price and this fair value measurement is not evidenced by a valuation technique that uses only data from observable markets, the carrying amount of the financial instrument on initial recognition is adjusted. If the fair value of a loan portfolio differs from the transaction price, the initial recognition must be based on the fair value but will be adjusted for any day one gain or loss; this will eventually lead to a book value of the loan portfolio that equals the transaction price.

In the case of the acquisition of several loan portfolios, market interest rates on the transaction date were different than when prices were negotiated. In the majority of cases, the seller wanted to exit the respective business and therefore the transaction prices did not represent the fair value of the loans. The initial recognition is based on the fair value of the acquired loans and receivables determined using a DCF method taking into consideration market conditions on the purchase date. Because the fair value and therefore the day one gain or loss is neither evidenced by a quoted price nor based on a valuation technique that uses only data from observable markets, the day one gain or loss must not be realized on day one but must be accrued and the difference is subsequently recognized as a gain or loss only to the extent that it arises from a change in a factor (including time) that market participants would consider in setting a price. IFRS 9 does not state how to subsequently measure this difference.

IFRS does not provide guidance on the presentation of the amortization of day one gain or loss. Day one gain or loss will be amortized on a systematic basis and is presented as part of interest income for performing loans and as part of risk costs for loans classified as POCI. The following differences will be recognized in income in subsequent years:

in € million	30.06.2025	31.12.2024
Balance at the beginning of the period	22	38
Amounts recognized in profit or loss during the period	(5)	(16)
Balance at the end of the period	**17**	**22**

19 | Changes in the Group's holdings

Acquisition of Barclays Consumer Bank Europe

Following the receipt of all regulatory approvals on 9 January 2025, BAWAG completed the acquisition of the Hamburg-based Barclays Consumer Bank Europe from Barclays Bank Ireland PLC on 3 February 2025.

Barclays Consumer Bank Europe has been operating successfully in Germany for more than 30 years and is one of the leading providers of credit cards with a genuine credit function. The company's other business areas include consumer loans, installment purchase financing via the online retailer Amazon and overnight money accounts. The acquisition enables BAWAG to continue growing its Retail business in Germany and the broader DACH/NL region and to better position itself for future growth in the Bank's core markets.

The preliminary purchase price is € 154 million (including taxes and duties of € 2 million) and will be paid in cash equivalents. Of this amount, € 121 million was paid as at 30 June 2025 (see cash flow statement). BAWAG incurred acquisition-related costs of € 8.7 million in consulting and legal fees, which were spread over several periods. These costs were included in the line item other operating expenses.

According to IFRS 3, the consolidation result was recognized in the Profit or Loss Statement in the line item Other operating income.

In accordance with IFRS 3, the fair values were reassessed after the calculation of a gain on bargain purchase (fair value of the assets and liabilities acquired exceeded the purchase price). The reassessment showed that the fair values of the assets and liabilities do not differ significantly from the carrying amounts recognized so far. There are particularly no previously unrecognized default risks that market participants would include in the fair value measurement, or other risks that have not been provided for.

The consolidation result is mainly due to the advantageous interest rates on the credit card receivables of Barclays Consumer Bank Europe compared to the credit card market. There were no significant valuation effects on loans and deposits.

The purchase price of € 154 million used for the calculation of the consolidation result is a preliminary price and will only be fully settled in the second half of 2025. Positive or negative deviations may therefore lead to a different first-time consolidation result.

The following table compares the recognized amount of assets and liabilities at the date of acquisition with the total consideration transferred:

in € million	2025
Financial assets measured at amortized cost	4,331
Securities	1,010
Receivables from customers	3,322
Tangible assets	27
Other assets	14
Financial liabilities at amortized cost	4,128
Deposits from customers	4,128
Provisions	7
Tax liabilities for deferred taxes	9
Other liabilities	58
Total identifiable net assets acquired	**170**
Total preliminary consideration transferred	**154**
Consolidation result (Badwill)	**16**
Restructuring and other expenses relating to the acquisition of Barclays Consumer Bank Europe	(14)
Net result	**2**

The valuation techniques used for measuring the fair value of material assets acquired were as follows:

Financial assets

Group-wide valuation methodologies and standards are applied. Depending on the information available for the determination of the fair values, different approaches are chosen.

For financial instruments where the fair value cannot be determined directly by reference to market-observable information (Level 3), a discounted cash flow model is used. The valuation is based on expected future cash flows. Different parameters are used for the discounting of these expected cash flows, which can either be derived from market data or from internal information of the acquired company (e.g. expected credit losses). The discount rates that are then used for valuations are basically composed of a risk-free yield curve, refinancing costs and counterparty credit risk premiums. In addition, a residual spread component is calculated to calibrate the applied discount spreads to current market observed transactions (e.g. new business margins that reflect current fair value spreads).

The discount curves used to determine the pure time value of money contain only instruments which assume no or only low default risk, such as swap rates. Spread curves that reflect the refinancing costs are either derived from outstanding funding instruments, distinguished by seniority (senior unsecured, subordinated, collateralized funding), benchmark yield curves (e.g. bond indices) or funding costs observed for new business conducted recently. The assignment of a credit spread curve to a financial asset is based on internal rating based probabilities of default. For all credit spread curves applied, available collateralization is taken into account (i.e. only unsecured exposure at risk).

The acquired securities represent securitized loan receivables in the amount of € 1,010 million.

The acquired loans and receivables from customers in the amount of € 3,322 million comprise of fixed rate, fully amortizing consumer loans, full payer and revolving credit cards and represent the fair value as of the acquisition date.

The total financial assets comprise gross amounts of € 4,515 million, of which € 183 million was expected to be uncollectible at the date of acquisition.

Financial liabilities

On the liabilities side, Barclays Consumer Bank Europe has customer deposits with a volume of around € 4.128 million. These are mainly daily withdrawable deposits, which are therefore measured at nominal value (see IFRS 13.47).

The business combination and the following disclosure is based on information available as at the reporting date and the resulting accounting results of the business combination described above. The acquisition was completed in the first half of 2025. In the event that we obtain new information about facts or circumstances that existed as of the acquisition date and that – if known – would have resulted in the recognition of additional assets or liabilities, the accounting for the business combination would have to be adapted according to IFRS 3.45.

For the period from the acquisition date to 30 June 2025, Barclays Consumer Bank Europe contributed core revenues (net interest income and net commission income) of € 154 million and a profit of € 29 million to the consolidated financial statements. If the acquisition had occurred on 1 January 2025, management estimates that Barclays Consumer Bank Europe would have contributed core revenues of € 185 million and consolidated profit of € 37 million. In determining these amounts, management assumed that the fair value adjustments that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 January 2025.

20 | Contingent assets, contingent liabilities and unused lines of credit

in € million	30.06.2025	31.12.2024
Contingent liabilities	**101**	**102**
Arising from guarantees	101	102
Unused customer credit lines	**17,449**	**9,141**
Thereof terminable at any time and without notice	15,721	7,487
Thereof not terminable at any time	1,728	1,654

RISK REPORT

BAWAG operates a focused, low-risk and transparent business model. We concentrate on developed markets with robust banking and legal infrastructures, primarily the DACH/NL region, Western Europe and the United States. We specialize in retail and SME banking activities and serve customers with comprehensive savings, lending, investment and insurance products. Our liquidity is primarily provided by stable retail deposits. Simplicity and efficiency are the foundation of our operations, enabling us to streamline processes from end to end and deliver clarity, ease and value to our customers.

Our business model aligns with our conservative risk appetite. Risk management and the active steering of risks are integral to the Group's business strategy. We believe our risk management approach is a differentiator in our market and is key to achieving our strategic and financial objectives as well as creating value for our shareholders and protecting our customers.

Safe and Secure is a cornerstone of our Group strategy, risk policies and governance. It is founded on the following tenets:

- → Conservative and forward-looking risk management framework
- → Strong capital position, stable customer funding and a low risk profile
- → Focus on mature, developed and sustainable markets
- → Conservative and disciplined underwriting with a focus on secured lending
- → Disciplined focus on risk-adjusted returns
- → Maintaining a fortress balance sheet
- → Proactively managing and mitigating non-financial risks including ESG and climate-related risks

H1 2025 summary

- → Our primary markets in Austria, Western Europe, and the United States have benefited from resilient employment levels and the healthy financial positions of our customers. As always, downside risks exist including but not limited to ongoing geopolitical tensions, unilateral tariff imposition by US and following negotiations, potential for persistent inflation, compounding economic slowdowns. Such risks would expose economic vulnerabilities particularly for entities or customers with high debt levels and cause high uncertainty and negatively impact company investments. We believe our prudent risk management and long-term conservative underwriting practices have positioned BAWAG well to withstand adverse developments. We maintain prudence by holding sufficient reserve levels, high levels of capital and liquidity well above regulatory requirements, and relying on stable funding sources.

- → In Q1 25 we closed the strategic acquisition of Barclays Consumer Bank Europe increasing further our Retail & SME business. The acquisition is fully in line with BAWAG's risk strategy and appetite and will together with Knab which was closed in Q4 2024 expand BAWAG's footprint in the DACH region. Both portfolios have been integrated into the BAWAG-wide risk management processes ensuring regulatory compliance from the first day after closing of the transactions. We expect within H2 2025 to finalize the implementation of BAWAG group wide risk management policies, models and processes across both acquisitions.

- → Our strong asset quality is evidenced by the high share of the customer book in Stage 1 (performing) of 94% (2024: 95%) and just 5% (2024: 4%) in Stage 2 (performing, but increased credit risk). BAWAG's Stage 2 assets remain low as a share of our total book, reflecting the disciplined underwriting standards and credit quality. This remains stable after the acquisitions of Knab and Barclays Consumer Bank Europe demonstrating a fit to our risk appetite.

- → We maintain a strong credit profile with low NPL ratio at 0.7% (2024: 0.8%), increased NPL cash coverage at 54% (2024: 47%) and NPL coverage ratio at 72% (2024: 74%)

- → In H1 2025 risk costs amounted to € 111 million (H1 2024: € 58 million) representing an increase to 40 basis points in H1 2025 (H1 2024: 28 basis points), demonstrating the excepted increase from the integrations of new acquisitions.

- → Robust liquidity with an LCR of 237% (2024: 249%) and an NSFR of 142% (2024: 147%), both of which are well above regulatory requirements.

Development of key risk metrics

IN € MILLION	Total book 30.06.2025	31.12.2024	Change (pts)
NPL ratio	0.7%	0.8%	(0.1)
NPL cash coverage ratio	53.9%	47.2%	6.6
NPL coverage ratio	71.9%	74.3%	(2.4)
Impairments	452	368	84
Stage 2 asset ratio	4.9%	4.2%	0.7
LCR	237%	249%	(12)
NSFR	142%	147%	(5)

21 | Risk governance

Risk statement

BAWAG is active in banking activities, focusing primarily on retail banking in our core markets, with a secondary focus on low-risk public financing, selective corporate lending and commercial real estate financing in established markets that demonstrate adequate risk-adjusted returns. As such, the Group takes on the typical risks inherent to the banking industry, as well as the economy in general. BAWAG closely monitors and manages all such risks within a strict and comprehensive risk framework, with the intent to mitigate such risks as negative impacts may occur and ensure adequate levels of capital and liquidity.

BAWAG has established a comprehensive and forward-looking risk management framework which considers the nature, scale and complexity of the Group's business activities and the resulting risks. The Group's risk management governance and oversight involves understanding drivers of risks, types of risks and impacts of risks. BAWAG's approach to risk, risk appetite and governance framework remained unchanged.

BAWAG's approach to risk

BAWAG's risk management framework is based on the following guiding principles:

→ Risk-conscious culture: Risk management is a joint effort across business units and risk management divisions. We have established a risk-conscious mindset throughout the Group which ensures risk-based decision-making.

→ Prudent approach to risk and underwriting: Our strategic commitment to maintaining a low risk profile is reflected in our focus on developed markets, our conservative underwriting with emphasis on secured business and risk-adjusted returns, a strong capital position, a stable retail-based funding model and the proactive mitigation of non-financial risks.

→ Integrated risk management: We manage relevant risk categories on a Group-wide basis, ensuring a consistent and coherent approach towards our risk management activities throughout the Group.

→ Well-established risk governance: The governance framework ensures a strict separation of business and risk functions at all organizational levels and contributes to the effective implementation and control of the Group's preferred risk appetite and strategy.

→ Effective risk analysis, management and reporting: Comprehensive risk reporting together with sophisticated risk measurement and validation techniques covering all material risk types ensure the close monitoring and the early detection of emerging risks. Risk analysis is supplemented by a sound and comprehensive stress testing framework, allowing the targeted stressing of the Group's risk vulnerabilities.

The implemented risk management framework ensures the effective identification, measurement and management of risks across BAWAG and forms the basis for making informed, risk-based business decisions. It allows us to react quickly and proactively to market trends or other deteriorating developments as well as support the Group's sustainable organic and inorganic growth within the overall risk appetite.

22 | ICAAP and stress test

The definitions of Risk Governance and ICAAP & Stress Test remained unchanged in first half of 2025 compared to FY 2024, except the following enhancements:

→ Internal Capital: quality of the capital further increased.

→ Credit Risk: methodology has been enhanced to increase conservatism in the risk parameters and in the quantification of credit risk components.

→ Market Risk: improvement of Credit Spread Risk in the Banking Book Value at Risk quantification.

- Other Risks: further enhancements in the quantification of other risks as well as in optimizing overlaps across risk types and risk frameworks (Real Estate Risk, Pension Risk, Participation Risk, and Business Risks).

- ESG indicators: the Group extended its Risk Appetite Framework by introducing new ESG key risk indicators, specific for physical risk and transition risk.

23 | Credit risk

The definitions of Credit Risk (including the Credit risk governance, Assessing creditworthiness, Collateral valuation, Definition of default, Forbearance and Impairments) remained unchanged in first half of 2025 compared to FY 2024.

Overview of the total credit risk portfolio

The following sections provide an overview of the structure and the portfolio quality of the total credit risk portfolio and in the individual segments.

30.06.2025 in € million	Retail & SME	Corporates, Real Estate & Public Sector	Treasury	Corporate Center	Total portfolio
At amortized cost	37,891	13,184	3,022	(377)	53,720
Loans and advances to customers	37,891	11,585	201	(377)	49,300
Loans and advances to banks	—	53	333	—	386
Debt securities	—	1,546	2,488	—	4,034
Financial assets FVPL/FVOCI	139	147	1,428	282	1,996
Other assets	2	—	15,006	(17)	14,991
On-balance business	**38,032**	**13,331**	**19,455**	**(112)**	**70,706**
Off-balance business	15,389	2,111	24	808	18,332
Total	**53,420**	**15,442**	**19,479**	**696**	**89,038**
thereof collateralized	30,132	5,084	333	172	35,721
thereof NPL (gross view)	588	16	—	—	604
Impairments Stage 1	86	16	1	—	103
Impairments Stage 2	54	5	—	—	59
Impairments Stage 3	279	11	—	—	290
Total impairments	**419**	**31**	**1**	**—**	**452**
Prudential filter	36	—	—	—	36

31.12.2024 in € million	Retail & SME	Corporates, Real Estate & Public Sector	Treasury	Corporate Center	Total portfolio
At amortized cost	33,948	13,251	2,553	(345)	49,407
Loans and advances to customers	33,948	11,735	160	(348)	45,495
Loans and advances to banks	—	58	770	2	830
Debt securities	—	1,457	1,623	1	3,081
Financial assets FVPL/FVOCI	151	88	1,768	335	2,342
Other assets	7	—	17,561	36	17,604
On-balance business	**34,106**	**13,339**	**21,882**	**27**	**69,353**
Off-balance business	6,884	2,295	30	748	9,958
Total	**40,989**	**15,634**	**21,912**	**775**	**79,311**
thereof collateralized	29,953	5,595	438	136	36,122
thereof NPL (gross view)	494	107	—	—	601
Impairments Stage 1	45	9	1	—	55
Impairments Stage 2	61	2	—	—	63
Impairments Stage 3	225	25	—	1	251
Total impairments	**330**	**37**	**1**	**1**	**368**
Prudential filter	33	—	—	—	33

Total credit portfolio overview – rating, geography, currencies and collateral

Rating distribution of the total credit portfolio

The following table shows the distribution by ratings for the performing portfolio. The risk profile has overall improved in H1 2025 mostly in Corporate, Real estate & Public Segment.

30.06.2025 in %	Moody's rating equivalent	Retail & SME	Corporates, Real Estate & Public Sector	Treasury	Total portfolio
Rating class 1	Aaa–Aa2	0.1%	28.0%	89.4%	30.1%
Rating class 2	Aa3–A1	11.5%	23.1%	4.5%	11.7%
Rating class 3	A2–A3	18.3%	9.3%	1.6%	12.0%
Rating class 4	Baa1–Baa3	46.8%	26.5%	4.1%	31.2%
Rating class 5	Ba1–B1	16.7%	12.8%	0.1%	11.4%
Rating class 6	B2–Caa2	2.4%	0.2%	—%	1.3%
Rating class 7	Caa3	4.1%	—%	0.3%	2.3%

31.12.2024 in %	Moody's rating equivalent	Retail & SME	Corporates, Real Estate & Public Sector	Treasury	Total portfolio
Rating class 1	Aaa–Aa2	0.1%	24.6%	87.9%	32.8%
Rating class 2	Aa3–A1	11.2%	16.3%	4.1%	9.9%
Rating class 3	A2–A3	19.0%	9.0%	2.5%	11.8%
Rating class 4	Baa1–Baa3	49.5%	37.8%	4.8%	33.0%
Rating class 5	Ba1–B1	13.8%	11.8%	0.4%	9.2%
Rating class 6	B2–Caa2	2.3%	0.4%	—%	1.2%
Rating class 7	Caa3	4.0%	—%	0.3%	2.1%

Geographic distribution of the total credit portfolio

The geographic distribution of the credit portfolio is in line with BAWAG's strategy of focusing on stable economies and currencies with the DACH/NL share remained unchanged at 80% (2024: 80%) in 2025 following the Barclays Consumer Bank Europe integration in Q1 2025. A total of 98% (2024: 98%) of the portfolio is located in Western Europe and North America.

	Book value		in %	
in € million	**30.06.2025**	31.12.2024	**30.06.2025**	31.12.2024
DACH/NL	56,553	55,213	80%	80%
North America	7,342	7,245	10%	10%
Ireland	2,305	2,320	3%	3%
France	1,890	1,562	3%	2%
United Kingdom	894	1,111	1%	2%
Spain	583	561	1%	1%
Others	1,138	1,341	2%	2%
Total	**70,706**	**69,353**	**100%**	**100%**

Currency distribution of the total credit portfolio

Consistent with BAWAG's overall positioning, the majority of financing remained denominated in EUR. The following table depicts the currency distribution of the total credit portfolio.

	Book value		in %	
in € million	**30.06.2025**	31.12.2024	**30.06.2025**	31.12.2024
EUR	62,067	60,374	87.8%	87.1%
USD	7,262	7,239	10.3%	10.4%
CHF	657	697	0.9%	1.0%
GBP	350	538	0.5%	0.8%
Others	370	506	0.5%	0.7%
Total	**70,706**	**69,353**	**100%**	**100%**

Collateral distribution of the total credit portfolio and collateral valuation

The following table contains the overview of collateral types with the residential real estate collateral type share in the total credit portfolio increasing to 86% (2024: 84%) and remaining the main collateral type in Group's Portfolio.

in € million	**30.06.2025**	31.12.2024	**30.06.2025**	31.12.2024
Real estate	29,819	29,906	69.7%	69.8%
thereof residential	25,591	24,980	85.8%	83.5%
thereof commercial	4,228	4,926	14.2%	16.5%
Guarantees	9,631	9,682	22.5%	22.6%
Others	1,665	1,499	3.9%	3.5%
Financial collateral	1,638	1,763	3.8%	4.1%
Total	**42,753**	**42,850**	**100%**	**100%**

Forborne loans and forbearance measures and unlikeliness to pay

30.06.2025 in € million	Total forborne book value	Thereof defaulted forborne	% forborne of total portfolio	Forbearance coverage ratio	Forbearance defaulted coverage ratio
Retail & SME	376	84	1.0%	62%	65%
Corporates, Real Estate & Public Sector	463	6	3.5%	73%	100%
Total	**839**	**90**	**1.2%**	**68%**	**67%**

31.12.2024 in € million	Total forborne book value	Thereof defaulted forborne	% forborne of total portfolio	Forbearance coverage ratio	Forbearance defaulted coverage ratio
Retail & SME	368	74	1.1%	61%	66%
Corporates, Real Estate & Public Sector	395	95	3.0%	72%	68%
Total	**763**	**169**	**1.1%**	**67%**	**67%**

Non-performing loans portfolio

The following table shows the non-performing loans (NPL) ratio, provisions, NPL cash coverage ratio and NPL coverage ratios of the credit portfolio. The low risk profile is reflected by the historically low NPL ratio, low delinquency of loan volumes and a increasing provisioning level and collateral coverage across the portfolios. More than 85% (2024: 87%) of the total exposure can be assigned to an investment grade rating, which corresponds to the external rating classes AAA to BBB.

	Book value		in %	
in € million	30.06.2025	31.12.2024	30.06.2025	31.12.2024
On-balance business (gross)	**70,706**	**69,353**	**100.0%**	**100.0%**
Provisions	452	368	0.6%	0.5%
thereof Stage 1	103	55	0.1%	0.1%
thereof Stage 2	59	63	0.1%	0.1%
thereof Stage 3	290	251	0.4%	0.4%
On-balance business (net)	70,254	68,985	99.4%	99.5%
NPL ratio			0.7%	0.8%
NPL cash coverage ratio			53.9%	47.2%
NPL coverage ratio			71.9%	74.3%

	Retail & SME		Corporates, Real Estate & Public Sector	
in € million	30.06.2025	31.12.2024	30.06.2025	31.12.2024
Total	**38,032**	**34,106**	**13,331**	**13,339**
NPL ratio	1.1%	1.2%	0.1%	0.7%
NPL cash coverage ratio	53.4%	52.1%	71.4%	24.0%
NPL coverage ratio	71.0%	74.4%	100.0%	72.8%

Received collateral for the NPL portfolio

The figures below refer to gross NPL (Stage 3) exposure.

30.06.2025 in € million	NPL exposure	Real estate collateral	Other collateral	Financial guarantees	Credit enhancements
Retail & SME	588	115	23	6	4
Corporates, Real Estate & Public Sector	16	6	4	0	0
Total portfolio	**604**	**121**	**26**	**6**	**5**

The values shown are capped market values.

31.12.2024 in € million	NPL exposure	Real estate collateral	Other collateral	Financial guarantees	Credit enhancements
Retail & SME	494	117	21	7	5
Corporates, Real Estate & Public Sector	107	94	4	0	2
Total portfolio	**601**	**210**	**25**	**7**	**7**

The values shown are capped market values.

Impairments

Forward-looking information for point-in-time adjustment

The specified parameters for expected credit loss are contingent upon forward-looking information. Consequently, these parameters undergo adjustments based on the prevailing macroeconomic conditions and their forecasts at each point in time. For instance, forecasts for real estate collateral hinge on predictions of the real estate price index, and the relationship between probability of default and macroeconomic factors, such as GDP, is assessed and projected.

BAWAG employs a set of three scenarios in its macroeconomic forecast: 26% pessimistic, 45% baseline and 29% optimistic. The weights are derived by a statistical approach that determines probability weights from the distribution of severity of the given scenarios and should be understood as the share of possible future outcomes the particular scenario represents.

The scenarios are centered around the baseline scenario defined by the internal macroeconomic scenario committee, which analyzes and approves the macroeconomic forecast combining expert opinions, scenario analyses and economic forecasts. Among all macroeconomic variables, BAWAG uses GDP growth as a main source of forward-looking information to consider in ECL estimates, with additional variables such as inflation, unemployment rate or housing prices in a complementary role. The pessimistic scenario assumes a rapid recession in 2025 due to the effects of escalating trade war combined with intensifying domestic political risks in Europe and pressure on sovereigns, followed by a gradual recovery in the next years.

Eurozone macroeconomic forecast as considered for ECL calculation:

GDP growth 30.06.2025 in %	**2025**	2026	2027	2028
Optimistic (29% weight)	1.1	2.1	2.1	1.8
Baseline (45% weight)	1.1	0.5	1.5	2.0
Pessimistic (26% weight)	1.1	(3.0)	(0.5)	3.4

GDP growth 31.12.2024 in %	2024	2025	2026	2027
Optimistic (29% weight)	0.8	3.0	2.3	1.5
Baseline (45% weight)	0.8	1.4	1.7	1.6
Pessimistic (26% weight)	0.8	(2.2)	(0.5)	3.1

The definitions of impairment, ECL parameters (exposure at default, probability of default, loss given default), SICR (significant increase in credit risk) criteria and Stage 1 to 3 remained unchanged in the first half of 2025 compared to FY 2024.

Development of book values, impairments and stages

The following table provides an overview of the development of IFRS book values (net of impairments) across stages.

Development of book values by stages

30.06.2025 in € million	Starting balance	Increases due to origination and acquisition	Decreases due to derecogni-tion	Changes on existing assets	Closing balance
Book values for impairments in Stage 1 (without POCI)	**63,063**	**12,205**	**(3,870)**	**(5,641)**	**65,756**
Retail & SME	31,937	5,853	(838)	(1,419)	35,533
Corporates, Real Estate & Public Sector	12,686	1,673	(597)	(1,059)	12,703
Treasury	18,421	4,673	(2,434)	(3,155)	17,506
Corporate Center	17	5	(1)	(8)	14
Book values for impairments in Stage 2 (without POCI)	**1,928**	**135**	**(87)**	**49**	**2,025**
Retail & SME	1,458	135	(47)	(66)	1,480
Corporates, Real Estate & Public Sector	469	—	(41)	116	545
Treasury	—	—	—	—	—
Corporate Center	—	—	—	—	—
Book values for impairments in Stage 3 (without POCI)	**571**	**16**	**(112)**	**63**	**538**
Retail & SME	468	16	(24)	66	526
Corporates, Real Estate & Public Sector	103	—	(88)	(3)	13
Treasury	—	—	—	—	—
Corporate Center	—	—	—	—	—
Total POCI	**54**	**287**	**(2)**	**(3)**	**336**
Retail & SME	50	287	(2)	(2)	333
Corporates, Real Estate & Public Sector	3	—	—	—	3
Treasury	—	—	—	—	—
Corporate Center	—	—	—	—	—
Total	**65,616**	**12,642**	**(4,071)**	**(5,532)**	**68,655**

Only IFRS 9 ECL-relevant book values are shown.

Development of impairments per stage

30.06.2025 in € million	Starting balance	Increases due to origination and acquisition	Decreases due to derecognition	Changes on existing assets	Closing balance
Impairments Stage 1 (without POCI)	**55**	**51**	**(2)**	**—**	**103**
Retail & SME	45	48	(2)	(4)	86
Corporates, Real Estate & Public Sector	9	3	—	4	16
Treasury	1	—	—	—	1
Corporate Center	—	—	—	—	—
Impairments Stage 2 (without POCI)	**63**	**18**	**(2)**	**10**	**88**
Retail & SME	61	18	(2)	7	84
Corporates, Real Estate & Public Sector	2	—	—	3	5
Treasury	—	—	—	—	—
Corporate Center	—	—	—	—	—
Impairments Stage 3 (without POCI)	**242**	**9**	**(21)**	**34**	**264**
Retail & SME	219	9	(9)	37	255
Corporates, Real Estate & Public Sector	22	—	(12)	(2)	8
Treasury	—	—	—	—	—
Corporate Center	1	—	—	(1)	—
Total POCI	**9**	**(13)**	**—**	**1**	**(3)**
Retail & SME	6	(13)	—	1	(6)
Corporates, Real Estate & Public Sector	3	—	—	—	3
Treasury	—	—	—	—	—
Corporate Center	—	—	—	—	—
Total	**368**	**65**	**(26)**	**44**	**452**

The following table provides an overview of the transfer of impairments across stages within the year.

Stage transfer of impairments

30.06.2025 in € million	From Stage 1 gross to Stage 2	From Stage 1 gross to Stage 3	From Stage 2 gross to Stage 1	From Stage 2 gross to Stage 3	From Stage 3 gross to Stage 1	From Stage 3 gross to Stage 2
Retail & SME	20	19	(7)	16	—	(4)
Corporates, Real Estate & Public Sector	2	—	—	—	—	—
Treasury	—	—	—	—	—	—
Corporate Center	—	—	—	—	—	—
Total	**22**	**19**	**(7)**	**16**	**—**	**(4)**

Stage transfer of impairments

31.12.2024 in € million	From Stage 1 gross to Stage 2	From Stage 1 gross to Stage 3	From Stage 2 gross to Stage 1	From Stage 2 gross to Stage 3	From Stage 3 gross to Stage 1	From Stage 3 gross to Stage 2
Retail & SME	20	37	(11)	21	(2)	(6)
Corporates, Real Estate & Public Sector	—	—	—	(11)	—	—
Treasury	—	—	—	—	—	—
Corporate Center	—	—	—	—	—	—
Total	**20**	**37**	**(12)**	**9**	**(2)**	**(6)**

Rating distribution of book values by impairment stage

The numbers below refer to IFRS book values (net of Stage 1 to 3 provisions).

30.06.2025 in € million	Rating class 1	Rating class 2	Rating class 3	Rating class 4	Rating class 5	Rating class 6	Rating class 7	Rating class 8	Total portfolio
Book values for impairments in Stage 1 (without POCI)	**20,240**	**8,161**	**8,315**	**21,358**	**7,090**	**400**	**192**	**—**	**65,756**
Retail & SME	981	4,247	6,773	17,164	5,779	399	189	—	35,533
Corporates, Real Estate & Public Sector	3,676	3,072	1,239	3,415	1,299	—	3	—	12,703
Treasury	15,583	836	296	779	11	—	—	—	17,506
Corporate Center	—	6	7	—	—	—	—	—	14
Book values for impairments in Stage 2 (without POCI)	**—**	**16**	**25**	**408**	**775**	**389**	**413**	**—**	**2,025**
Retail & SME	—	16	25	298	371	358	411	—	1,480
Corporates, Real Estate & Public Sector	—	—	—	109	403	30	2	—	545
Treasury	—	—	—	—	—	—	—	—	—
Corporate Center	—	—	—	—	—	—	—	—	—
Book values for impairments in Stage 3 (without POCI)	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**538**	**538**
Retail & SME	—	—	—	—	—	—	—	526	526
Corporates, Real Estate & Public Sector	—	—	—	—	—	—	—	13	13
Treasury	—	—	—	—	—	—	—	—	—
Corporate Center	—	—	—	—	—	—	—	—	—
Total POCI	**—**	**16**	**1**	**2**	**76**	**137**	**49**	**56**	**336**
Retail & SME	—	16	1	2	76	137	49	53	333
Corporates, Real Estate & Public Sector	—	—	—	—	—	—	—	3	3
Treasury	—	—	—	—	—	—	—	—	—
Corporate Center	—	—	—	—	—	—	—	—	—
Total	**20,240**	**8,192**	**8,341**	**21,768**	**7,940**	**925**	**654**	**594**	**68,655**

Only IFRS 9 ECL-relevant book values are shown.

31.12.2024 in € million	Rating class 1	Rating class 2	Rating class 3	Rating class 4	Rating class 5	Rating class 6	Rating class 7	Rating class 8	Total portfolio
Book values for impairments in Stage 1 (without POCI)	**20,705**	**6,699**	**7,877**	**21,655**	**5,669**	**365**	**93**	**—**	**63,063**
Retail & SME	970	3,705	6,283	16,265	4,258	364	93	—	31,937
Corporates, Real Estate & Public Sector	3,207	2,155	1,170	4,837	1,316	1	—	—	12,686
Treasury	16,529	829	417	552	94	—	—	—	18,421
Corporate Center	—	9	8	—	—	—	—	—	17
Book values for impairments in Stage 2 (without POCI)	**—**	**16**	**16**	**452**	**590**	**466**	**387**	**—**	**1,928**
Retail & SME	—	16	16	286	347	408	385	—	1,458
Corporates, Real Estate & Public Sector	—	—	—	167	243	58	2	—	469
Treasury	—	—	—	—	—	—	—	—	—
Corporate Center	—	—	—	—	—	—	—	—	—
Book values for impairments in Stage 3 (without POCI)	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**571**	**571**
Retail & SME	—	—	—	—	—	—	—	468	468
Corporates, Real Estate & Public Sector	—	—	—	—	—	—	—	103	103
Treasury	—	—	—	—	—	—	—	—	—
Corporate Center	—	—	—	—	—	—	—	—	—
Total POCI	**—**	**18**	**—**	**—**	**1**	**7**	**6**	**22**	**54**
Retail & SME	—	18	—	—	1	7	6	19	50
Corporates, Real Estate & Public Sector	—	—	—	—	—	—	—	3	3
Treasury	—	—	—	—	—	—	—	—	—
Corporate Center	—	—	—	—	—	—	—	—	—
Total	**20,705**	**6,733**	**7,893**	**22,107**	**6,259**	**838**	**486**	**594**	**65,616**

Only IFRS 9 ECL-relevant book values are shown.

Novel risks and assessment of (post-)model adjustments

BAWAG's ECL estimation relies on historical data and observed relationships to anticipate future credit risk developments. However, certain risks provide challenges to be fully captured within historical datasets, potentially falling outside the model's scope. This is especially relevant for novel risks such as geopolitical uncertainties, climate-related challenges, supply chain disruptions, pandemics, sudden inflation and interest rate fluctuations. Thus, BAWAG applies a framework to capture such risks proactively. Models are regularly and rapidly updated to incorporate the latest developments and data. Further, complementary measures are implemented when potential risks are identified, even if they have not yet materialized.

The models have been updated to its ECL provisioning models across several major portfolios in 2024 and remain unchanged compared to year-end 2024. These models integrate the most recent data and insights, ensuring that the models adequately reflect the challenges and complexities of recent years. In particular high inflation, interest rate hikes, the economic aftermath of the COVID-19 pandemic and ongoing geopolitical crises have been accounted for in these updates.

An additional area of focus has been the inclusion of new and emerging portfolios that are still in the early stages of growth. Due to the limited availability of historical data for these portfolios, BAWAG has proactively evaluated the appropriate risk level based on all available information. This forward-looking approach ensures that ECL results are in line with portfolio growth and that strong and resilient risk management is maintained.

BAWAG is dedicated to persistently enhancing and updating its ECL models to ensure they incorporate relevant developments and remain accurate in reflecting the ever-changing economic and market conditions.

Furthermore, BAWAG has established a systematic procedure to identify aforementioned novel risks and evaluate their possible effects on various portfolios. This process is continuously applied to determine if measures such as post-model adjustments or collective staging are necessary. Based on this thorough analysis, BAWAG is confident that no additional adjustments are currently required, and the provisioning level is considered appropriate to effectively manage the existing and foreseeable risks.

These improvements have enhanced the precision and reliability of BAWAG's ECL models and overall framework, enabling the Bank to address uncertainties effectively.

Sensitivity analysis

The following table illustrates the weighted impairment allowance as well as the results of the sensitivity analysis where ECLs are measured under each scenario with 100% weight. The sensitivity analysis takes the calculated ECL of € 162 million as starting point.

The impact of the sensitivity analysis varies from an ECL release of € 44 million when the optimistic scenario is weighted at 100% to an ECL increase of € 75 million when the pessimistic scenario is weighted at 100%.

30.06.2025		ECL scenario change		
in € million	ECL Total	100% optimistic	100% baseline	100% pessimistic
Stage 1 & Stage 2 impairments	162	(44)	(15)	75

31.12.2024		ECL scenario change		
in € million	ECL Total	100% optimistic	100% baseline	100% pessimistic
Stage 1 & Stage 2 impairments	118	(15)	(6)	27

24 | Market risk

The definitions of market risk (including interest rate and credit spread risk tools and processes) and interest risk in the banking book remained unchanged in the first half of 2025 compared to FY 2024.

The target interest rate risk structure defined by the S-ALCO is implemented by the Treasury & Markets division. BAWAG uses interest rate derivatives:

- to implement the interest risk strategy within the requirements and limits defined by the S-ALCO
- to manage the sensitivity of the valuation result and the revaluation reserve
- to hedge the economic risk position, thereby taking the accounting treatment into consideration

BAWAG uses hedge accounting pursuant to IAS 39. The following fair value hedge accounting methods are currently used to mitigate market risks:

Micro fair value hedge

Hedging of financial assets or financial liabilities against changes in their fair value. The decision on instruments to be assigned to micro hedge accounting is made in the context of the overall interest rate risk position.

Portfolio fair value hedge ("EU carve-out")

BAWAG has identified sight deposits in euros as a portfolio that is to be protected against interest rate risks. These deposits are divided into time buckets in accordance with the expected repayment and interest rate adjustment dates. BAWAG determines an amount of liabilities from the identified portfolio that corresponds to the amount to be hedged as the underlying for the portfolio fair value hedge using a bottom layer approach. As of June 30, 2025, approximately 39% (2024: 39%) of the total volume of sight deposits were allocated to a portfolio fair value hedge.

In addition, contractually agreed interest rate caps and/or floors embedded in financial assets (e.g. loan receivables or securities) or liabilities (e.g. savings deposits) are designated to portfolio fair value hedge accounting in order to mitigate changes in the fair value of these instruments resulting from changes in interest rates. The decision on the amount to be designated to portfolio fair value hedge accounting is determined using a bottom layer approach and made in the context of the overall interest rate risk position and limit framework.

Interest rate risk is measured using sensitivities based on the present value of a basis point (PVBP) concept. The PVBP, which is derived from the duration of interest-bearing financial instruments, reflects the impact on net asset value resulting from an upward parallel shift of the yield curves by one basis point (0.01%). The following table depicts BAWAG's interest rate risk sensitivities on the basis of the PVBP concept:

Interest rate sensitivity – total economic risk position

30.06.2025 in € thousand	<1Y	1Y–3Y	3Y–5Y	5Y–7Y	7Y–10Y	>10Y	Total
EUR	(379)	114	257	(372)	188	(372)	(564)
USD	22	(10)	—	12	18	(26)	16
CHF	(27)	5	4	(6)	(5)	(2)	(31)
GBP	(11)	(3)	—	—	—	—	(14)
Others	9	(10)	8	—	—	—	7
Total	**(386)**	**96**	**269**	**(366)**	**201**	**(400)**	**(586)**

Interest rate sensitivity – total economic risk position

31.12.2024 in € thousand	<1Y	1Y–3Y	3Y–5Y	5Y–7Y	7Y–10y	>10Y	Total
EUR	(459)	23	225	(177)	305	(272)	(355)
USD	14	(14)	(11)	16	32	(22)	15
CHF	(26)	6	(1)	(7)	(10)	(2)	(40)
GBP	(9)	(3)	(1)	—	—	—	(13)
Others	3	(22)	8	(2)	(1)	—	(14)
Total	**(477)**	**(10)**	**220**	**(170)**	**326**	**(296)**	**(407)**

Scenario analysis for interest rate sensitivity

Valuation perspective

The table below illustrates the interest rate risk sensitivity of the total economic risk position from the valuation perspective assuming an instantaneous parallel interest rate shift of up to +/- 200 basis points.

Interest rate risk sensitivity (+/- 200 basis points shift)

30.06.2025 in € million	-200bp	-100bp	-50bp	-25bp	+25bp	+50bp	+100bp	+200bp
EUR	115	59	29	15	(15)	(29)	(58)	(115)
USD	(4)	(3)	(2)	(1)	1	2	3	6
CHF	20	5	2	1	(1)	(1)	(2)	(4)
GBP	3	1	1	—	—	(1)	(1)	(3)
Others	(1)	(1)	—	—	—	—	1	1
Total	**133**	**61**	**30**	**15**	**(15)**	**(29)**	**(57)**	**(115)**

Interest rate risk sensitivity (+/- 200 basis points shift)

31.12.2024 in € million	-200bp	-100bp	-50bp	-25bp	+25bp	+50bp	+100bp	+200bp
EUR	53	36	19	10	(10)	(20)	(40)	(85)
USD	(4)	(2)	(1)	(1)	1	1	2	4
CHF	22	7	3	1	(1)	(2)	(3)	(5)
GBP	3	1	1	—	—	(1)	(1)	(2)
Others	1	—	—	—	—	—	—	(1)
Total	**75**	**42**	**22**	**10**	**(10)**	**(22)**	**(42)**	**(89)**

Earnings perspective

Under the assumption of a constant balance sheet, commercial margins based on recent transactions, static deposit margins (before applicable 0% client rate floors), and forward rates to reprice cash flow as a baseline scenario, the net interest income within a time horizon of one year would generate an impact of plus € 2 million and minus € 140 million, respectively, in 2025 applying an instantaneous parallel interest rate shift of +/- 200 basis points (2024: minus € 11 million/minus € 106 million).

Credit spread risk in the banking book

Credit spread risk in the banking book refers to the risk of decreasing fair values of securities and derivatives due to changes in market credit spreads. The risk management models employed by BAWAG to address this risk have been continuously refined. The credit spread risk is measured on the basis of the sensitivities (basis point value). The basis point value reflects the impact on net asset value resulting from an upward parallel shift of the credit spreads by one basis point (0.01%). The following table shows the total credit spread sensitivity of BAWAG along with the breakdown by accounting categories impacting the profit or loss statement and other comprehensive income:

Credit spread sensitivity

in Thousand €	30.06.2025	31.12.2024
Total portfolio	(1,013)	(952)
Financial positions at fair value through profit or loss	123	155
Financial positions at fair value through other comprehensive income	(379)	(450)
Financial positions at amortized cost	(757)	(657)

Market risk in the trading book

BAWAG has no active trading book. No trading activities are currently planned for the entire BAWAG Group.

25 | Liquidity risk

The definition of liquidity risk and liquidity risk management framework, tools and processes remained unchanged in the first half of 2025 compared to FY 2024.

BAWAG's overall strategy has an explicit commitment to a deposit-based funding strategy. Retail and corporate savings products have been the core part of the funding strategy over the years and will continue to be the dominant source of funding for the balance sheet. The continuous shift of BAWAG's assets towards collateralized products also increases the Bank's flexibility in secured funding markets. Consequently, covered bond funding is of growing importance in the overall funding mix.

BAWAG maintains a liquidity buffer to cover unexpected liquidity outflows in a stress scenario. The liquidity buffer is kept as a preventive measure against liquidity risk. The liquidity buffer consists of a portfolio of liquid assets which can be used to generate cash in a stress situation in order to prevent the illiquidity of the Bank. BAWAG's liquidity buffer only includes assets that can be liquidated with minimal execution risk within 30 days. The market liquidity of the liquidity buffer is tested regularly.

The table below shows the liquidity buffer composition based on the market values of unencumbered assets after a component-specific haircut.

Structure of the liquidity buffer

in € million	30.06.2025	31.12.2024
Balances at central banks	14,215	16,701
Securities eligible for Eurosystem operations	3,730	3,676
Other assets eligible for Eurosystem operations	1,144	1,134
Short-term liquidity buffer	**19,089**	**21,511**
Other marketable securities	1,161	1,194
Total	**20,250**	**22,705**

BAWAG maintains a conservative liquidity management strategy, which is reflected in a strong liquidity coverage ratio (LCR) of 237% as of 1HY 2025 (2024: 249%). BAWAG thus significantly exceeds the regulatory LCR requirement.

The first half of 2025 was characterized by a solid liquidity position with growing core funding sources and a balanced term funding structure, with retail customers providing the majority of funding. Retail deposits remain a core pillar of our funding strategy, having demonstrated strong resilience as a stable funding source through recent periods of macroeconomic and geopolitical uncertainty and substantially rising interest rates. In line with this strategy, the acquisition of Knab further strengthens the focus on retail deposits as a cornerstone of the funding model.

In addition to the stable deposit base, in January and February 2025 the Bank successfully placed € 0.5 billion in green senior preferred debt and € 250 million in subordinated debt, which proved BAWAG's good capital market access and the positive perception among investors.

26 | Operational risk

The definitions of operational risk, its governance, risk identification, assessment and mitigation and risk quantification remained unchanged in the first half of 2025 compared to FY 2024.

27 | Sustainability-related risk

The interaction of sustainability-related risks and other material risk types is evaluated as part of the overarching risk self-assessment (RSA) as well as the annual risk materiality assessment. Within BAWAG's portfolio steering framework, both high-ESG-risk sectors and countries are limited accordingly due to low-risk appetite for industries exposed to high transition risk (for example oil and gas industries for which there is de minimis exposure on book, and political or social risk). Due to the currently low exposures to high ESG risks, the impact on the first half year 2025 results is not significant. BAWAG established a governance framework for monitoring and managing the respective risks. To address these challenges, BAWAG has implemented key risk indicators and established due diligence processes to manage the associated risks. This includes restricted and prohibited sectors which are part of the due diligence process and loan origination process. The biggest challenge remains the availability and accuracy of related data. For the largest GHG emitting portfolios, we developed decarbonization pathways. Additionally, as part of our governance framework, ESG risk management is embedded in our key policies and processes, ensuring an appropriate consideration of ESG risks within outsourcing management, product introductions and evaluation of new credit extensions etc. Various initiatives such as learning programs, newsletters etc. support the implementation of the topic in the organization.

The regulatory environment related to ESG is extensive and developing rapidly. BAWAG expects to meet the changing regulatory requirements within designated time targets and following available methodology and standards applied throughout the industry. The management of sustainability-related risks is described in the relevant chapter of the Corporate Sustainability Report 2024.

STATEMENT OF ALL LEGAL REPRESENTATIVES

“We confirm to the best of our knowledge that the condensed consolidated Half-Year Financial Statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the group as required by the applicable accounting standards and that the Half-Year Group Management Report gives a true and fair view of important events that have occurred during the first six months of the financial year and their impact on the condensed consolidated Half-Year Financial Statements and of the principal risks and uncertainties for the remaining six months of the financial year.”

31 July 2025

Anas Abuzaakouk
Chief Executive Office

Enver Siručić
Member of the Management Board

Sat Shah
Member of the Management Board

David O’Leary
Member of the Management Board

Andrew Wise
Member of the Management Board

Guido Jestädt
Member of the Management Board

DEFINITIONS

Key performance indicator	Definition / Calculation	Explanation
After-tax earnings per share	Net profit / weighted average diluted number of shares outstanding	After-tax earnings per share is the portion of net profit per individual share (diluted) of the stock.
Average interest-bearing assets	Month-end interest-bearing assets / number of months	Average of month-end interest-bearing assets within the quarter or the year is used for calculating net interest margin and risk cost ratio (see KPIs below).
Basic earnings per share	(Net profit - AT1 coupon) / weighted average number of shares outstanding	After-tax earnings per share is the portion of net profit (excluding AT1 coupon) per individual share of the stock.
Book value per share	Common equity (excluding AT1 capital, dividends and share buybacks) / number of shares outstanding	Book value per share represents the total amount of common equity divided by the number of shares outstanding at the end of the period.
Common equity	Equity attributable to the owners of the parent excluding dividend accruals and share buybacks	Common equity is viability indicator for banks and facilitates the comparison of equity figures. It is used as the denominator of the return on common equity calculation (see below).
Common Equity Tier 1 (CET1) capital	Based on CRR regulatory figures including net profit and dividends	CET1 capital is defined by the CRR and represents the highest quality of capital. It therefore only comprises capital instruments that are available to the bank for unrestricted and immediate use to cover risks or losses as soon as they occur. The higher the bank's CET1 capital, the higher its resilience against such risks or losses.
Common Equity Tier 1 (CET1) Capital transitional	Based on CRR regulatory transitional rules	CET1 capital is defined by the CRR and represents the highest quality of capital. It therefore only comprises capital instruments that are available to the bank for unrestricted and immediate use to cover risks or losses as soon as they occur. The higher the bank's CET1 capital, the higher its resilience against such risks or losses.
Common Equity Tier 1 (CET1) ratio	Common Equity Tier 1 (CET1) capital / risk-weighted assets	The CET1 ratio is one of the most important regulatory metrics and demonstrates the bank's financial strength by providing a measure for how well a bank can withstand financial stress. The ratio is consistently monitored to ensure compliance with regulatory minimum requirements. Before any business opportunities are entered into, they are thoroughly assessed with regard to their impact on the CET1 ratio. The CET1 ratio is shown based on transitional rules and including net profit and dividends.
Core revenues	The total of net interest income and net fee and commission income	Core revenues consist of the line items net interest income and net fee and commission income and demonstrate the success of the bank in its core activities.
Cost-income ratio (CIR)	Operating expenses / operating income	The cost-income ratio shows the company's operating expenses in relation to its operating income. The ratio gives a clear view of operational efficiency. BAWAG Group uses the cost-income ratio as an efficiency measure for steering the bank and for easily comparing its efficiency with other financial institutions.
Customer deposits (segment view)	Customer deposits and selected own issues incl. deposits held for sale start:Bausparkasse Germany	Deposits to customers including own issues sold through retail network and private placements and incl deposits held for sale of start:Bausparkasse Germany for FY 2023.
Customer funding (segment view)	Customer deposits incl. own issues incl. deposits held for sale start:Bausparkasse Germany	Deposits to customers, covered bonds and senior bonds sold through retail network and private placements incl deposits held for sale of start:Bausparkasse Germany.
Customer deposits average / Customer	Daily average	Averages based on daily figures.
Customer loans	Customer loans measured at amortized cost and held for sale start:Bausparkasse Germany	The book value of customer loans measured at amortized cost and assets held for sale start:Bausparkasse Germany.
Dividend per share	Dividend payout / shares outstanding	The dividend per share expresses the distributed profit over the dividend eligible share. The base for the shares eligible for dividend is shown is the shares outstanding at period end plus the respective tranches of the LTIP from the following year.
Diluted earnings per share	(Net profit - AT1 coupon) / weighted average diluted number of shares outstanding	After-tax earnings per share is the portion of net profit (excluding AT1 coupon) per individual share (diluted) of the stock.
Equity	Equity attributable to the owners of the parent	Equity as presented in the consolidated financial statements.
Interest-bearing assets	Financial assets + Assets at amortized cost	Interest-bearing assets comprise the line items Financial assets and Assets at amortized cost incl. customer business from relevant B/S positions.

Key performance indicator	Definition / Calculation	Explanation
Leverage ratio	Tier 1 capital / total exposure (calculation according to CRR)	The leverage ratio is a regulatory metric and expresses the relationship between the bank's Tier 1 capital and its total exposure, where total exposure includes on-balance and certain off-balance exposures but not on a risk-weighted basis. The ratio provides a metric to judge how leveraged a bank is. The higher the leverage ratio, the lower a bank is leveraged and the higher the likelihood of a bank withstanding negative shocks to its balance sheet.
Liquidity coverage ratio (LCR)	Liquid assets / net liquid outflows (calculation according to CRR)	The liquidity coverage ratio is a regulatory metric that ensures that banks maintain adequate levels of liquidity, i.e. sufficient highly liquid assets, to meet short-term obligations under stressed conditions. In keeping with this, the bank shall sustain any possible imbalance between liquidity inflows and outflows under stressed conditions over a period of thirty days. The ratio is consistently monitored by the management to ensure compliance with regulatory minimum requirements and short-term liquidity needs.
Loan-to-value (LTV)	Mortgage loans / appraised value (market value) of the property	The LTV ratio is a financial term to express the ratio of a real estate secured loan in relation to the value in use or market value of the underlying property.
Net interest margin	Net interest income / average interest-bearing assets	The net interest margin is a performance measure and is expressed as a percentage of what a bank earns on loans and other assets in a time period less the interest it pays on deposits and other liabilities divided by average interest-bearing assets. It is used for external comparison with other banks as well as internal profitability measurement of products and segments.
Net profit	Profit after tax attributable to owners of the parent	This profitability measure represents the profit after tax that is attributable to the owners of the parent in absolute amounts for the respective period as presented in the consolidated financial statements.
Non-performing loans (NPL) ratio	Non-performing loans / Exposure	The NPL ratio is a ratio to demonstrate the proportion of loans that have been classified as economical non-performing in relation to the entire credit risk exposure (on-balance and off-balance sheet receivables). The ratio reflects the quality of the portfolio and of the Group's credit risk management.
Non-performing loans (NPL) coverage ratio	Stage 3 incl. prudential filter and collateral / NPL exposure economic	The total of stage 3 impairments including prudential filter and collateral relative to the NPL exposure economic.
Non-performing loans (NPL) cash coverage ratio	Stage 3 incl. prudential filter / NPL exposure economic	The total of stage 3 impairments including prudential filter relative to the NPL exposure economic.
Net stable funding ratio (NSFR)	Available stable funding / Required stable funding	The Net Stable Funding Ratio (NSFR) requires banks to maintain a stable funding profile in relation to their on- and off-balance sheet exposures. NSFR has to be maintained at ≥100% to comply with CRR II provisions in Art. 428b(2).
Off-balance business	Off-balance business	Off-balance business refers to assets or liabilities that do not appear on the Group's balance sheet such as loan commitments and financial guarantees.
Operating income	The total of core revenues, gains and losses on financial instruments and other operating income and expenses	As presented in the respective line item in the income statement.
Operating profit	Operating income less operating expenses and regulatory charges	As presented in the respective line item in the income statement.
Other income	Sum of gains and losses on financial instruments and other operating income and expenses	Other income consists of the line items gains and losses on financial instruments and other operating income and expenses.
Pre-provision profit	Operating income less operating expenses	As presented in the respective line item in the income statement.
Pre-tax earnings per share	Profit before tax / weighted average diluted number of shares outstanding	Pre-tax earnings per share is the portion of profit before tax per individual share (diluted) of the stock.
Prudential Filter (PF)	Other deduction from own funds	Deduction from own funds specifically calculated for the fraction of an Non-Performing Exposure (CRR) that is not sufficiently covered by provisions or other adjustments.
Return on common equity (RoCE)	Net profit / average common equity excluding AT1 capital, dividend accruals and share buybacks	These metrics provide a profitability measure for both management and investors by expressing the net profit as presented in the income statement as a percentage of the respective underlying (either equity related or asset related). Return on common equity and return on tangible common equity demonstrate profitability of the bank on the capital invested by its shareholders and thus the success of their investment. The "Return on …" measures are useful for easily comparing the profitability of the bank with other financial institutions. Allocated equity to segments is based on an internal model taking into account risk-weighted assets and balance sheet size of the respective segment.
Return on tangible common equity (RoTCE)	Net profit / average tangible common equity excluding AT1 capital and dividend accruals and share buybacks	
Risk-weighted assets	Based on IFRS CRR regulatory figures	The calculation of risk-weighted assets is defined in the CRR. The figure describes the total amount of exposure at risk for a bank and includes both on-balance and off-balance positions. When calculating the amount, the bank can consider risk-mitigating elements (e.g. collateral) and has to derive regulatory risk weights for each position depending on the (external) credit rating of the counterparty or customer. Risk-weighted assets are used as the denominator for calculating the CET1 ratio (see above). As of 2025 the CRR III phase-in view is used.

Key performance indicator	Definition / Calculation	Explanation
Risk costs / interest-bearing assets; (risk cost ratio)	Provisions and loan loss provisions, impairment losses, operational risk and securitization costs (total risk costs) / average interest-bearing assets	This ratio is a measure for the quality of credit risk management and the loan portfolio itself. It provides a relative view of the risk costs for the period based on the average interest-bearing assets and allows benchmarking with other banks. Low risk costs may result from a high collateralization and/or a close monitoring of the credit rating of the customers. As a result, this implies that there are only few actual credit losses and little need for provisioning.
RWA density	Risk-weighted assets / total assets	The RWA density is a metric to obtain an "average risk weight" for a bank's balance sheet, i.e. the bank's total risk-weighted assets (see above) compared to the total assets. The ratio indicates the average risk weightings of the assets based on their regulatory assessment, which can be impacted by asset quality, the collateralization level or the applied models for assessing the risk weights.
Tangible book value per share	Tangible common equity (excluding AT1 capital, dividends and share buybacks) / number of shares outstanding	Tangible book value per share represents the total amount of common equity less intangible assets divided by the number of shares outstanding at the end of the period.
Tangible common equity	Common equity reduced by the carrying amount of intangible assets	Tangible common equity is another viability indicator for banks and facilitates the comparison of equity figures excluding intangible assets. It is used as the denominator of the return on tangible equity calculation (see below).
Total capital	Based on CRR regulatory figures including interim profit and dividends	Total capital and total capital ratio are regulatory metrics and compare to CET1 capital and the CET1 ratio in a way that the eligible capital for this purpose is extended by other instruments (e.g. Additional Tier 1 and Tier 2 instruments) not falling within the strict Common Equity Tier 1 definition. The total capital ratio is consistently monitored by the management to ensure compliance with regulatory minimum requirements. However, CET1 capital is of higher significance as it is also the base for prudential thresholds such as the SREP requirement. Therefore, BAWAG Group focuses more on CET1 capital and the CET1 ratio.
Total capital ratio	Total capital / risk-weighted assets	
Value-at-risk (VaR)	Measure of risk of investments	A method for quantifying risks that measures the potential maximum future losses that can occur within a specific period and with a certain probability.

GLOSSARY

Associated company	A company over which a material influence is exerted in terms of its business or financial policy and that is recognized in the consolidated accounts using the equity method.
AML	Anti-Money-Laundering
Backtesting	A method for verifying projected VaR values by comparing them with the actual developments.
Banking book	All risk-bearing on- and off-balance-sheet positions of a bank that are not assigned to the trading book.
Cash flow hedge	A cash flow hedge is a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction and could affect profit or loss.
CDS	Credit default swap; a financial instrument that securitizes credit risks, for example those associated with loans or securities.
CLO	Collateralized loan obligation; securities that are collateralized by a pool of credit claims.
Cross-selling	The active selling of complementary products and services to existing customers.
CRR	Capital Requirements Regulation; Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012 Text with EEA relevance; in the applicable version.
Derivatives	Financial instruments whose value depends on the value of an underlying asset (such as stocks or bonds). The most important derivatives are futures, options and swaps.
Economic collateral	Market value of all economic collateral after applying internal haircuts capped to exposure.
Expected credit loss	IFRS 9 requires a bank to determine the expected credit loss (ECL) based on a probability assessment of future cash flows and losses. The ECL is basically defined as the difference between the cash flows that are due to the bank in accordance with the contractual terms of a financial instrument and the cash flows that the bank expects to receive (considering probabilities of default and expected recoveries).
Fair value	Price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants on the measurement date.
Fair value hedge	Assets or liabilities, generally with fixed interest rates, are protected against changes in their fair value using derivatives.
Futures	Standardized, exchange-traded forward agreements in which an asset must be delivered or purchased at a specific time and at a price that is agreed in advance.
Hedge accounting	An accounting technique that aims to minimize the effects that the opposing developments in the value of a hedge transaction and its underlying transaction have on the income statement.
Hedging	Protecting against the risk of disadvantageous interest rate and price changes.
ICAAP	Internal Capital Adequacy Assessment Process; an internal procedure to ensure that a bank has sufficient own funds to cover all material types of risk.
ILAAP	Internal Liquidity Adequacy Assessment Process; an internal procedure to ensure that a bank has robust strategies, policies, processes and systems for the identification, measurement, management and monitoring of liquidity risk.
Impairments stage 1	Impairments (ECL) for assets without increase in credit risk since initial recognition.
Impairments stage 2	Impairments (ECL) with increase in risk since initial recognition but not credit-impaired.
Impairments stage 3	Impairments (provisions and reserves) for credit-impaired debt instruments.
Industry segmentation	Allocation to individual industries based on internal industry codes.
Investment properties	Properties held as financial investments, primarily to generate rental income.
Monte Carlo simulation	A numerical method for solving mathematical problems by modelling random values.
Option	The right to buy (call) or sell (put) an underlying reference asset at an agreed price within a specific period of time or at a fixed point in time.
OTC	Over the counter; trade with non-standardized financial instruments directly between the market participants instead of through an exchange.
SALCO	Strategic Asset Liability Committee; a bank committee with a full board representation that decides on the most relevant issues related to liquidity, capital and interests.
Stage 2 Assets Ratio	Stage 2 Assets (assets with significant increase of credit since the initial recognition) in % of customer assets (Retail & SME, Corporates, Real Estate excl. Public).
Swap	A financial instrument that is generally used to exchange payment flows between two parties.
Trading book	All positions that a bank holds in financial instruments for the purpose of sale again in the short term when the best result can be achieved depending on the development of prices and interest rates. Positions that are not assigned to the trading book are managed in the banking book.

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