

BAWAG GROUP PUBLISHES Q3 2023 RESULTS: NET PROFIT € 186 MILLION; ROTCE 27.6%

- ▶ Q3 '23 net profit of € 186 million and RoTCE 27.6%
- ▶ Average customer deposits +1% and average customer funding +1%
- ▶ Q1 '23 – Q3 '23 net profit of € 506 million and RoTCE of 24.9%
- ▶ Share buyback of € 175 million approved by ECB early October ... execution in progress
- ▶ CET1 ratio at 14.2% after deducting dividend accrual of € 278 million and € 175 million buyback
- ▶ Expect to meet or exceed all 2023 targets: PBT > €875 million, EPS > €8.20, DPS > €4.50
- ▶ Return targets for 2023 & beyond of RoTCE > 20% and CIR < 34%

VIENNA, Austria – October 17, 2023 – Today, BAWAG Group publishes the financial results for the third quarter 2023, reporting a net profit of € 186 million, earnings per share € 2.25, and an RoTCE of 27.6%. The operating performance of our business was strong with pre-provision profits of € 268 million and a cost-income ratio of 31.3%. For the first nine months, BAWAG Group reported a net profit of € 506 million, earnings per share of € 6.13, an RoTCE of 24.9%, and a CIR of 31.8%.

Anas Abuzaakouk, CEO, commented: *“We delivered another record quarterly result with net profit of € 186 million and an RoTCE of 28% for the third quarter. With our strong operating performance, we are on track to deliver a record year of earnings and expect to meet or exceed all 2023 targets despite an overall subdued market and cautious consumer sentiment. We target to complete our recently approved €175 million share buyback program by the end of the year and will address any further capital distributions with year-end results based on current M&A prospects, market developments, and subject to regulatory approvals.*

Our team across the bank takes pride in having built a resilient franchise with strong earnings and capital generation, conservative and disciplined underwriting, and a diversified and robust funding stack. This will allow us to consistently deliver quality results, invest in our people and franchise, support our customers and local communities, and extend credit to the real economy across all economic cycles. We continue to remain vigilant in managing risks, requiring us to be patient, always focused on risk-adjusted returns, and not be distracted by short-termism or irrational market behavior.”

Delivering strong Q3 2023 results

in € million	Q3 2023	Change versus prior year	Change versus prior quarter	Jan - Sep 2023	Change versus prior year
Core revenues	390.3	17%	1%	1,143.4	16%
Net interest income	313.7	21%	1%	913.9	22%
Net commission income	76.6	2%	-	229.5	(2%)
Operating income	389.7	16%	2%	1,139.7	15%
Operating expenses	(121.9)	3%	1%	(362.0)	1%
Pre-provision profit	267.8	23%	2%	777.7	22%
Regulatory charges	(3.3)	(3%)	n/a	(41.6)	(15%)
Risk costs	(21.9)	(38%)	7%	(62.9)	(27%)
Profit before tax	242.6	34%	(1%)	674.1	34%
Net profit	185.7	40%	3%	506.0	34%
RoTCE	27.6%	8.3pts	-	24.9%	6.4pts
CIR	31.3%	(3.8pts)	(0.2pts)	31.8%	(4.1pts)
EPS (€)	2.25	51%	3%	6.13	45%
Liquidity Coverage Ratio (LCR)	218%	16.0pts	10.6pts	218%	16.0pts

Note: Prior year excluding City of Linz write-off.

Core revenues increased by 1% in the third quarter versus the prior quarter driven by net interest income while net commission income remained broadly stable.

Operating expenses increased by 1% to € 121.9 million in the third quarter versus the prior quarter. The significant inflationary pressure was offset by several operational measures launched over the last two years.

Asset quality remained strong in Q3 '23 with risk costs at € 22 million with a risk cost ratio of 21 basis points. The management overlay, which are provisions to address the uncertain macroeconomic outlook and any potential headwinds, was at € 80 million. The NPL ratio, one of the lowest in Europe, was at 1.0% at the end of September 2023.

The **CET1 ratio** was 14.2% at the end of third quarter, after deducting year-to-date dividend accruals of € 278 million (in line with our dividend policy) as well as the share buyback of € 175 million. On October 4, 2023 we received regulatory approval by the European Central Bank for the share buyback of € 175 million, which is currently in progress. With excess capital of € 386 million (post buyback and dividend accrual), we are maintaining dry powder for potential M&A opportunities and will address any further capital distributions as part of our annual review with full-year financials.

Average customer deposits and **average customer funding** (including covered bonds) increased by 1% in the third quarter of 2023, respectively. More than 90% of our deposit base is from Austria. We maintained a cash & cash equivalent position (excluding TLTRO) of € 11.0 billion, equal to 21% of our balance sheet, as we continue to remain patient and prudent. As of end of September 2023, the **Liquidity coverage ratio** was 218%.

Average customer loans decreased by 3% in the third quarter. Approximately 80% of our customer loans are secured or public sector lending.

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

Outlook and targets

Based on our strong year-to-date operating performance, we expect to meet or exceed our financial targets for 2023.

Earnings presentation

BAWAG Group will host the earnings call with our CEO Anas Abuzaakouk and our CFO Enver Sirucic at 10 a.m. CEST on 17 October 2023. The webcast details are available on our website under [Financial Results | BAWAG Group](#).

About BAWAG Group

BAWAG Group AG is a publicly listed holding company headquartered in Vienna, Austria, serving 2.1 million retail, small business, corporate, real estate and public sector customers across Austria, Germany, Switzerland, Netherlands, Western Europe and the United States. The Group operates under various brands and across multiple channels offering comprehensive savings, payment, lending, leasing, investment, building society, factoring and insurance products and services. Our goal is to deliver simple, transparent, and affordable financial products and services that our customers need.

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

Contact:

Financial Community:

Jutta Wimmer (Head of Investor Relations)
Tel: +43 (0) 5 99 05-22474

IR Hotline: +43 (0) 5 99 05-34444
E-mail: investor.relations@bawaggroup.com

Media:

Manfred Rapolter (Head of Corporate Affairs)
Tel: +43 (0) 5 99 05-31210
E-mail: communications@bawaggroup.com

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