BAWAG GROUP PUBLISHES FY 2023 RESULTS: NET PROFIT € 683 MILLION AND ROTCE 25%; DIVIDEND PER SHARE OF €5.00 FOR FY 2023

- **Q4 ’23 net profit of € 177 million and RoTCE 25.7%**
- **Average customer deposits +2% and average customer funding +2% versus prior quarter**
- **FY ’23 net profit of € 683 million, EPS of € 8.31 and RoTCE of 25.0%**
- **€ 175 million buyback fully executed during Q4 ’23 and cancelled 3.9 million shares**
- **CET1 ratio at 14.7% after deducting earmarked dividend of € 393 million for FY ‘23**
- **Target for 2024: Profit before tax > € 920 million**
- **Return targets for 2024 & beyond: RoTCE > 20% and CIR < 34%**

VIENNA, Austria – February 1, 2024 – Today, BAWAG Group publishes the preliminary financial results for the full year 2023, reporting a net profit of € 683 million, earnings per share € 8.31, and an RoTCE of 25.0%. The operating performance of our business was strong with pre-provision profits of € 1,040 million and a cost-income ratio of 31.8%. For the fourth quarter 2023, BAWAG Group reported a net profit of € 177 million, earnings per share of € 2.15, an RoTCE of 25.7%, and a CIR of 32.0%.

As of year-end 2023, BAWAG Group held excess capital of €475 million. BAWAG Group today announced the signing of a transaction to acquire 100% of the shares in Knab, from ASR Nederland N.V. (a.s.r.), for a consideration of € 510 million payable at closing. The acquisition will expand BAWAG Group’s footprint in the Dutch Retail and SME banking space and position it for future growth in one of the bank’s core markets. As of H1 2023, Knab had € 17.1 billion of total assets, which are primarily comprised of Dutch mortgages, and € 11.6 billion customer deposits and € 2.5 billion of covered bonds. BAWAG Group will work with the current leadership team to continue growing its Retail and SME business in the Netherlands. In addition to the acquisition of Knab, an agreement was reached to transfer the management of the servicing of mortgages on Knab’s balance sheet from a.s.r. to BAWAG in due time after closing, for an additional consideration of € 80 million to be paid to a.s.r. The transaction, subject to customary closing conditions, including regulatory approvals, is expected to close in the second half of 2024.

Anas Abuzaakouk, CEO, commented: “*We delivered another strong year with net profit of € 683 million and an RoTCE of 25% for the year. We achieved all 2023 targets despite an overall subdued market and cautious consumer sentiment. We ended the year with a CET1 ratio of 14.7% (net of earmarked dividends) and will be proposing a dividend of € 5.00 per share, or € 393 million, to the AGM in April.*

We closed the year with € 475 million excess capital, which we will invest in growing our franchise. We are now investing in a transformative and highly accretive acquisition of Knab bank in the Netherlands. This deal will expand our DACH/NL footprint, building out our customer franchise, and allowing us to significantly grow the business and earnings in the years ahead. We have been disciplined with the 12 acquisitions that we’ve made over the past decade, and this acquisition is no different.

Despite our strong performance in 2023, our best years are still ahead. 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.”

Delivering strong FY 2023 results

in € million	Q4 2023	Change versus prior year	Change versus prior quarter	FY 2023	Change versus prior year
Core revenues	394.0	14%	1%	1 537.4	16%
Net interest income	316.3	17%	1%	1 230.2	20%
Net commission income	77.7	4%	1%	307.2	(1%)
Operating income	385.7	17%	(1%)	1 525.4	15%
Operating expenses	(123.4)	4%	1%	(485.3)	2%
Pre-provision profit	**262.3**	**23%**	**(2%)**	**1 040.1**	**22%**
Regulatory charges	2.7	Nm	Nm	(39.0)	(20%)
Risk costs	(30.2)	(17%)	38%	(93.2)	(24%)
Profit before tax	**236.4**	**33%**	**(3%)**	**910.4**	**34%**
Net profit	**176.7**	**34%**	**(5%)**	**682.6**	**34%**
RoTCE	25.7%	6.1pts	(1.9pts)	25.0%	6.4pts
CIR	32.0%	(3.7pts)	0.7pts	31.8%	(4.1pts)
EPS (€)	2.15	42%	(4%)	8.31	43%
Liquidity Coverage Ratio (LCR)	215%	(10pts)	(3pts)	215%	(10pts)

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

Core revenues increased by 16% in 2023 versus the prior year driven by net interest income while net commission income remained broadly stable.

Operating expenses increased by 2% to € 485.3 million in 2023 versus the prior year. The significant inflationary pressure was partially offset by several operational measures launched over the last two years.

Asset quality remained strong in 2023 with risk costs at € 93 million and a risk cost ratio of 22 basis points. The management overlay, which are provisions to address the uncertain macroeconomic outlook and any potential headwinds, stands at € 80 million. The NPL ratio, one of the lowest in Europe, was at 1.0% at the end of December 2023.

The **CET1 ratio** was 14.7% at the end of 2023, after deducting earmarked dividend for FY '23 of € 393 million. This equals a dividend per share of € 5.0 and will be proposed to the Annual General Meeting on April 8, 2024. During the fourth quarter 2023 we fully executed our € 175 million buyback and cancelled 3.9 million shares, effective December 18, 2023 (new share capital: 78.6 million shares). In addition, we also completed the acquisition of Idaho First Bank during the fourth quarter.

Average customer deposits decreased 4% and **average customer funding** (including covered bonds) increased by 6% during 2023, respectively. We maintained a cash & cash equivalent position (excluding TLTRO) of € 12.7 billion, equal to 23% of our balance sheet, as we continue to remain patient and prudent. As of end of December 2023, the **Liquidity coverage ratio** was 215%.

Average customer loans decreased by 5% during 2023 mainly due to lower volumes in corporates and real estate. 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

2023 was marked by high interest rates, ongoing elevated inflation, broadened geopolitical conflicts, a deterioration in the banking sector beginning of the year as well as a deterioration in commercial real estate. Governments across Europe have made significant efforts to reduce the burden from higher inflation. However, the inflation remained elevated in our core markets, as wage increases resulting from higher inflation in 2022 only came through during 2023.

Despite our strong record of performance over the past decade with an average RoTCE of ~15%, the best years are still ahead of us. We have an opportunity to deliver more normalized returns in the years ahead. However, we should never confuse the tailwind from a normalization of interest rates with the daily execution of our strategy. 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. Going forward, we will be able to demonstrate continued positive operating leverage as we see ongoing revenue growth opportunities while maintaining cost discipline. Our approach is consistent: focus on the things that we can control, be a disciplined lender, maintain a conservative risk appetite and only pursue profitable growth.

Our outlook and our targets are as follows:

OUTLOOK	FY 2024	FY 2023
Net interest income	+1%	€ 1 230 million
Core revenues	+1%	€ 1 537 million
Operating expenses	~3% increase	(€ 485) million
Regulatory charges	~(€ 16) million	(€ 39) million
Risk cost ratio	25-30bps	22bps
FINANCIAL TARGETS		
Profit before tax	>€ 920 million	€ 910 million
RETURN TARGETS		
RoTCE	>20%	25.0%
CIR	<34%	31.8%

In terms of capital distribution, we will target a dividend payout ratio of 55% with at least maintaining prior year's dividend per share or increasing it (progressive dividend approach). Our primary focus will be to allocate to business growth, M&A, minority, and platform investments.

The Management Board deducted dividends of € 393 million from CET1 capital at the end of 2023, which will be proposed as a dividend payment of € 5.0 per share to the Annual General Meeting on April 8, 2024.

We will continue to maintain our low-risk strategy focused on the DACH/NL region, Western Europe and United States, providing our customers with simple, straightforward and reliable financial products and services that address our customers' needs

Earnings presentation

BAWAG Group will host the earnings call with our CEO Anas Abuzaakouk, our CFO Enver Sirucic and our CRO David O'Leary at 10 a.m. CET on 1 February 2024. 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

This text can also be downloaded from our website: https://www.bawaggroup.com