

Press release

26 October 2023

Baader Bank posts positive nine-month earnings before tax in the Group with focus on B2B growth

- Baader Bank generates earnings before tax of EUR 3.9 million over nine-month period of current financial year
- Total revenue of EUR 123.8 million slightly above previous year's level; improved revenue from commission- and interest-driven business only partially offsetting weak trading result
- Number of securities accounts managed by Group growing steadily and now over 1,130,000
- Managed customer assets increase in nine-month period of 2023 to EUR 24.1 billion

For the nine-month period of 2023, Baader Bank generated Group earnings before tax of EUR 3.0 million (9M 2022: EUR 12.0 million). Earnings from the commission business have continued to increase compared to the same period last year due to further growth in the B2B business and now stand at EUR 57.3 million (9M 2022: EUR 54.2 million). Together with macroeconomic and geopolitical developments, the persistently uncertain market environment is continuing to have an impact on trading results, which at EUR 29.8 million have declined significantly compared to the same period last year (9M 2022: EUR 48.0 million). Earnings from the interest business amounted to EUR 25.2 million (9M 2022: EUR 0.6 million), so this constitutes a significant increase. This can be attributed both to interest rate developments and to deposit growth in the B2B cooperation business. Total revenue in the nine-month period was EUR 123.8 million (9M 2022: EUR 123.0 million), which is slightly above the level as previous year.

Total expenses increased to EUR 120.8 million in the nine-month period (9M 2022: EUR 111.0 million). At EUR 53.0 million, personnel expenses rose compared to the same period of the previous year owing to growth and the planned increase in staff capacities (9M 2022: EUR 48.0 million). Operating expenses rose significantly to EUR 63.7 million (9M 2022: EUR 56.1 million), mainly due to continued investments to optimise the IT infrastructure and the expansion of platform functionality as part of Baader Bank's high-performance banking strategy.

In the nine-month period of 2023, pension expenses amounted to EUR 4.0 million (9M 2022: EUR 6.9 million) and included allocations to the fund for general banking risks of EUR 6.8 million (9M 2022: EUR 9.0 million).

As at 30 September 2023, the Group had 538 employees (in full-time equivalents) (31 December 2022: 503).

Further product placements and growth in the B2B platform business continues

In terms of the number of accounts held within the Group, the Baader Bank account and securities account business grew by a further 125,000 accounts to over 1,130,000 accounts in the nine-month period of 2023 (31 December 2022: 843,000). Managed customer assets, consisting of securities account volumes and customer deposits have increased to a total of EUR 24.1 billion since the start of 2023 (31 December 2022: EUR 17.6 billion).

In the third quarter, Baader Bank launched a secured loan together with a B2B cooperation partner. This serves neobroker end customers in particular and enables them to make investments in the capital market without liquidating any of their existing positions. The product process is implemented in an automated and standardised manner, which makes it scalable. Accordingly, other cooperation partners are already in the process of implementing this facility and are expected to be connected to the product process in the coming months.

Another focus during the nine-month period was on preparing to migrate the securities accounts of Smartbroker users. The final implementation offers further growth potential in Baader Bank's B2B business.

To promote further growth, Baader Bank will pursue a targeted investment strategy in order to model the IT infrastructure with future scalability in mind. This will be particularly evident in market phases with high trading volumes.

Solid capitalisation forms basis for growth and targeted investment

Baader Bank's total assets have risen in comparison with the end of the previous financial year, standing at EUR 3.8 billion as of 30 September 2023 (31 December 2022: EUR 2.4 billion) due to rising deposit volumes. Baader Bank's equity remains much the same at EUR 162.1 million (31 December 2022: EUR 164.9 million) and the total capital ratio at 30 September 2023 was 22.8%. With this basis, Baader Bank is solidly positioned for further growth and investment.

Earnings expectations revised

On the premise that the market environment is currently very challenging and will remain so for the rest of the year, especially in terms of market making, the Board of Directors at Baader Bank is now expecting balanced earnings before tax for 2023 as a whole based on the nine-month figures for the Group. This departure from the Board's original forecast is mainly due to the lower trading volumes and the negative effects that these are having on trading income.

It should be noted that the Board of Directors believes that given unforeseeable and external factors, reliable forecasts of business development can only be made subject to certain limitations.

The revised forecast was published on 18 October 2023.

The focus of business activities will be on medium- and long-term strategic goals for the remainder of the financial year. Baader Bank has positioned itself as one of the leading partners for securities and banking services in Europe. It is a professional partner and operator of a platform offering market-leading technology and processes. The foundations for the planned further growth are therefore in place.

In addition to sound capital resources, the powerful IT and process infrastructure guarantees reliable delivery capabilities, cementing Baader Bank's position as a resilient partner in the global capital market environment. Thanks to its solid capital and liquidity base, even high trading volumes can be handled reliably during particularly volatile market phases. This value proposition underlines Baader Bank's status as a high-performance banking organisation.

Overview of key figures 9M 2023

in € mn	Nine month period (01/01/-30/09/)		
	2023	2022	Delta
Result from interest business	25.2	0.6	24.6
Result from commission business	57.3	54.2	3.1
Result from trading activities	29.8	48.0	-18.1
Revenue	8.4	16.4	-7.9
Other income	3.1	3.9	-0.8
Income	123.8	123.0	0.9
Personnel expenses	53.0	48.0	5.1
Other operating expenses	63.7	56.1	7.6
Risk provision	4.0	6.9	-2.8
Expenses	120.8	111.0	9.8
Earnings before tax (EBT)	3.0	12.0	-8.9
Taxes	3.4	3.1	0.3
Minorities	0.0	0.2	-0.2
Group results	-0.4	8.7	-9.1
Earnings per share in EUR	-0.01	0.18	-0.19
Return on equity after tax in %	-0.4	7.0	-7.4

	as of reporting date		
	30/06/2023	31/12/2022	Delta
Total assets in € mn	3,778	2,376	1,402
Equity capital in € mn	162.1	164.9	-2.8
Total capital ratio in %	22.8	24.3	-

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About Baader Bank AG:

Baader Bank is one of the leading European partners for investment and banking services. Trading and banking are combined using a single powerful platform that offers a unique setup and optimum access to the capital market using a secure, automated and scalable approach. As a family-run full-service bank with its headquarters in Unterschleissheim near Munich, Baader Bank AG employs around 550 staff members and operates in the business fields of Market Making, Capital Markets, Brokerage, Fund Services, Account Services and Research Services.