

## Erste Group posts net profit of EUR 61.0 million in 2013 and improves capital ratios

### HIGHLIGHTS

- **Net interest income** declined to **EUR 4,858.1 million** in 2013 (2012: EUR 5,235.3 million), which was mainly due to subdued credit demand and the low interest rate environment. On the back of higher income from securities business, **net fee and commission income** rose from EUR 1,720.8 million in 2012 to **EUR 1,810.0 million** and the **net trading result** from EUR 273.4 million to **EUR 293.2 million**.
- **Operating income** amounted to **EUR 6,961.3 million** (-3.7% versus 2012: EUR 7,229.5 million). **General administrative expenses** declined due to strict cost management by 2.7% from EUR 3,756.7 million to **EUR 3,653.5 million** in 2013. This led to an **operating result** of **EUR 3,307.9 million** (-4.7% versus 2012: EUR 3,472.8 million) and an almost unchanged **cost/income ratio** of **52.5%** (2012: 52.0%).
- **Risk costs** showed a positive trend and declined by 10.9% to **EUR 1,763.4 million** or **136 basis points** of average customer loans (2012: EUR 1,980.0 million or 148 basis points), mainly due to the substantial decline of risk costs in Romania. The **NPL ratio** was stable in the second half of the year despite decreasing gross customer loans and stood at **9.6%** as of 31 December 2013 (year-end 2012: 9.2%). The **NPL coverage ratio** improved to **63.1%** (year-end 2012: 62.6%).
- **Other operating result** amounted to **EUR -1,081.9 million** (2012: EUR -724.3 million). The decline by EUR 357.6 million was largely due to the non-recurrence of a positive one-off effect in the amount of EUR 413.2 million from the buyback of tier 1 and tier 2 instruments in 2012. Negative influences in 2013 came from the sale of the Ukrainian subsidiary (EUR 76.6 million) and a goodwill write-down in a total amount of EUR 383.0 million, including EUR 283.2 million in Romania and EUR 52.2 million in Croatia. Banking and financial transaction taxes levied in Austria, Hungary and Slovakia had an additional negative impact of EUR 311.0 million (2012: EUR 244.0 million).
- A significant increase in the tax rate due to the relatively lower recognition of deferred tax assets in the Austrian tax group in 2013 had an additional negative impact on net profit. Erste Group posted a **net profit after minorities**<sup>1</sup> of **EUR 61.0 million**. The management board will propose to the annual general meeting to pay a dividend of EUR 0.2 per share for the financial year 2013 and the pro rata participation capital dividend.
- The capital increase of EUR 660.6 million and the full redemption of the participation capital of EUR 1.76 billion had an impact on **shareholders' equity**<sup>2</sup>, which at year-end 2013 stood at **EUR 11.3 billion** (year-end 2012: EUR 12.9 billion). **Core tier 1 capital** amounted to **EUR 11.2 billion** (year-end 2012: EUR 11.8 billion). The decline in **risk-weighted assets** by 7.1% to **EUR 97.9 billion** as of 31 December 2013 (year-end 2012: EUR 105.3 billion) mainly resulted from the deconsolidation of Ukraine, lower credit exposure and foreign exchange effects. The **core tier 1 ratio** (total risk; Basel 2.5) improved to **11.4%** (year-end 2012: 11.2%), the **common equity tier 1 ratio** (CET1, Basel 3, fully loaded) stood at **10.8%**.
- **Total assets** amounted to **EUR 199.9 billion** as of 31 December 2013. The decline by 6.5% versus year-end 2012 was related to reductions in trading assets and derivatives (-23.0%), financial assets (-7.6%) and gross customer loans (-3.2%). Customer deposits were stable. The **loan-to-deposit ratio** improved to **104.3%** as of 31 December 2013 (year-end 2012: 107.2%).

<sup>1</sup> The term "net profit/loss for the year after minorities" corresponds to the term "net profit/loss for the year attributable to the owners of the parent".

<sup>2</sup> The term "shareholders' equity" corresponds to the term "total equity attributable to the owners of the parent".

## Outlook for 2014

In order to ensure a like-for-like comparison, all P&L figures provided in this outlook statement are adapted in line with EBA FINREP reporting standards to be applied from Q1 2014. The full dataset of the adapted 2013 figures has been published in a separate release dated 28 February 2014.

For 2014, Erste Group has planned with a stable operating environment in its markets in Austria and Central and Eastern Europe: while economic growth is forecast to average 1.7% (Erste Group Research), interest rates are expected to remain persistently low or fall even further in certain geographies. Against this backdrop, Erste Group anticipates a slow start to the year but aims to keep operating profit stable ( $\pm 2\%$ ) at about EUR 3.1 billion. Net customer loans are expected to remain equally stable ( $\pm 2\%$ ) at about EUR 120 billion. In light of the upcoming ECB Asset Quality Review, Erste Group does not expect a decline in risk costs beyond 5% or to about EUR 1.7 billion. Erste Group does not anticipate recognising deferred tax assets in the Austrian tax group in 2014, which will result in a significantly elevated tax rate of about 40%. The decline in banking taxes from EUR 311 million in 2013 to about EUR 270 million in 2014 should positively affect net profit.

For more information, please contact:

**Erste Group, Investor Relations**, Graben 21, 1010 Vienna, Austria, Fax: +43 5 0100 9 13112

Email: [investor.relations@erstegroup.com](mailto:investor.relations@erstegroup.com)

Internet: <http://www.erstegroup.com/investorrelations>

<http://twitter.com/ErsteGroupIR>

[http://slideshare.net/Erste\\_Group](http://slideshare.net/Erste_Group)

Thomas Sommerauer

Tel +43 5 0100 17326,

Email: [thomas.sommerauer@erstegroup.com](mailto:thomas.sommerauer@erstegroup.com)

Peter Makray

Tel +43 5 0100 16878,

Email: [peter.makray@erstegroup.com](mailto:peter.makray@erstegroup.com)

Simone Pilz

Tel +43 5 0100 13036,

Email: [simone.pilz@erstegroup.com](mailto:simone.pilz@erstegroup.com)

Gerald Krames

Tel +43 5 0100 12751,

Email: [gerald.krames@erstegroup.com](mailto:gerald.krames@erstegroup.com)

This information is also available on <http://www.erstegroup.com/en/Investors/News> and on the Erste Group Investor Relations App for iPad, iPhone and Android ([http://www.erstegroup.com/en/Investors/IR\\_App](http://www.erstegroup.com/en/Investors/IR_App))