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## Erste Group's net profit rises by 10% to EUR 255 million in Q1 2010 on higher operating income and lower costs

### Highlights:

- Erste Group started well into FY 2010, posting a strong operating result of **EUR 983.2 million** in Q1 2010, up 17.3% on Q1 2009, and net profit of **EUR 255.2 million**, up 10.0% on Q1 2009. The cost/income ratio improved to **49.2%**, from 53.8% in Q1 2009.
- The operating result was driven by record operating income, which rose by 6.7% to EUR 1,936.3 million, and a decline in operating expenses, which fell by 2.3% to EUR 953.1 million. **Net interest income** grew by 8.0% to EUR 1,323.6 million on the back of an improving net interest margin, which rose to 3.03%, from 2.86% in Q1 2009. **Net commission income** posted the first year-on-year increase in six quarters, growing by 6.1% to EUR 471.5 million in Q1 2010, due to increased fees from securities business and payment transfers. **Net trading result** held up very well, declining by only 1.8% compared to Q1 2009 to EUR 141.2 million.
- **Risk costs declined** significantly quarter-on-quarter to **EUR 531.2 million or 164 basis points** of average customer loans (Q4 09: EUR 607.4 million and 189 bps, respectively). Compared to the first quarter last year, risk costs increased (Q1 09: EUR 370.2 million and 117 bps, respectively) – albeit at a slower rate of 43.5% as compared to FY 2009.
- Following **strong deceleration in NPL growth** in the second half of 2009, new NPL formation in Q1 2010 remained at the lower levels seen in the two previous quarters. As a result, the **NPL ratio** in relation to customer loans reached **6.9%**, following 6.6% at year-end 2009. The **NPL coverage ratio improved significantly to 59.0%**, compared to 57.2% at year-end 2009.
- **Net profit after minorities\*** rose by 10.0%, from EUR 232.1 million to **EUR 255.2 million** in Q1 2010, on the back of strong contributions from the Czech, Slovak and Austrian subsidiaries. **Cash return on equity** decreased from 9.7% in FY 2009 to 8.1% as a result of the significantly enlarged capital base.
- **Total assets** increased by a significant 3.1% year-to-date to EUR 208.0 billion. This was mainly due to rising interbank and financial asset volumes, driven by strong growth in customer deposits (+3.2% year-to-date to EUR 115.6 billion). The loan-to-deposit ratio was **112.7%**.
- Erste Group's **shareholders' equity** continued to improve strongly in Q1 2010, driven by quarterly earnings, a positive change in the AfS reserve and currency effects. In Q1 2010, Erste Group's equity therefore rose by EUR 0.6 billion to EUR 13.3 billion. In line with moderate loan growth, risk-weighted assets remained flat at EUR 105.9 billion. Prior to the inclusion of retained earnings, this resulted in a **tier 1 ratio (credit risk)** of **11.0%**, compared to 10.8% at year-end 2009 and a **core tier 1 ratio (total risk)** of **8.5%**, up from 8.3% at year-end 2009.

\* The term “net profit after minorities” corresponds to the term “net profit attributable to owners of the parent”.