# Erste Group posts net profit of EUR 743 million in the first quarter of 2025

## Financial data

| Income statement | | | | | |
|---|---|---|---|---|---|
| **in EUR million** | **Q1 24** | **Q4 24** | **Q1 25** | **1-3 24** | **1-3 25** |
| Net interest income | 1,852 | 1,938 | 1,872 | 1,852 | 1,872 |
| Net fee and commission income | 712 | 780 | 780 | 712 | 780 |
| Net trading result and gains/losses from financial instruments at FVPL | 139 | 79 | 97 | 139 | 97 |
| Operating income | 2,788 | 2,859 | 2,802 | 2,788 | 2,802 |
| Operating expenses | -1,283 | -1,470 | -1,345 | -1,283 | -1,345 |
| Operating result | 1,505 | 1,390 | 1,458 | 1,505 | 1,458 |
| Impairment result from financial instruments | -95 | -186 | -85 | -95 | -85 |
| Post-provision operating result | 1,411 | 1,204 | 1,372 | 1,411 | 1,372 |
| **Net result attributable to owners of the parent** | **783** | **609** | **743** | **783** | **743** |
| | | | | | |
| Net interest margin (on average interest-bearing assets) | 2.49% | 2.46% | 2.33% | 2.49% | 2.33% |
| Cost/income ratio | 46.0% | 51.4% | 48.0% | 46.0% | 48.0% |
| Provisioning ratio (on average gross customer loans) | 0.18% | 0.34% | 0.15% | 0.18% | 0.15% |
| Tax rate | 20.0% | 23.3% | 20.5% | 20.0% | 20.5% |
| Return on equity | 16.0% | 10.7% | 14.2% | 16.0% | 14.2% |

| Balance sheet | | | | | |
|---|---|---|---|---|---|
| **in EUR million** | **Mar 24** | **Dec 24** | **Mar 25** | **Dec 24** | **Mar 25** |
| Cash and cash balances | 29,425 | 25,129 | 23,940 | 25,129 | 23,940 |
| Trading, financial assets | 66,630 | 75,781 | 79,156 | 75,781 | 79,156 |
| Loans and advances to banks | 30,874 | 26,972 | 26,770 | 26,972 | 26,770 |
| Loans and advances to customers | 208,086 | 218,067 | 220,069 | 218,067 | 220,069 |
| Intangible assets | 1,281 | 1,382 | 1,366 | 1,382 | 1,366 |
| Miscellaneous assets | 6,404 | 6,405 | 6,702 | 6,405 | 6,702 |
| **Total assets** | **342,699** | **353,736** | **358,003** | **353,736** | **358,003** |
| | | | | | |
| Financial liabilities held for trading | 1,805 | 1,821 | 2,094 | 1,821 | 2,094 |
| Deposits from banks | 19,737 | 21,261 | 16,588 | 21,261 | 16,588 |
| Deposits from customers | 235,336 | 241,651 | 246,149 | 241,651 | 246,149 |
| Debt securities issued | 48,566 | 51,889 | 54,293 | 51,889 | 54,293 |
| Miscellaneous liabilities | 7,932 | 6,346 | 7,053 | 6,346 | 7,053 |
| Total equity | 29,322 | 30,767 | 31,826 | 30,767 | 31,826 |
| **Total liabilities and equity** | **342,699** | **353,736** | **358,003** | **353,736** | **358,003** |
| | | | | | |
| Loan/deposit ratio | 88.4% | 90.2% | 89.4% | 90.2% | 89.4% |
| NPL ratio | 2.3% | 2.6% | 2.5% | 2.6% | 2.5% |
| NPL coverage ratio (based on AC loans, ex collateral) | 83.7% | 72.5% | 74.6% | 72.5% | 74.6% |
| Texas ratio | 16.6% | 18.4% | 17.7% | 18.4% | 17.7% |
| CET1 ratio (phased-in) | 15.2% | 15.3% | 15.9% | 15.3% | 15.9% |

## HIGHLIGHTS

P&L: 1-3 2025 compared with 1-3 2024
Balance sheet: 31 March 2025 compared with 31 December 2024

**Net interest income** increased to EUR 1,872 million (+1.1%; EUR 1,852 million), primarily in Romania, the Czech Republic and Slovakia, on the back of lower interest expenses on customer deposits. **Net fee and commission income** rose to EUR 780 million (+9.5%; EUR 712 million). Growth was registered across all core markets, most notably in payment services and asset management. **Net trading result** declined to EUR 47 million (EUR 106 million); the line item **gains/losses from financial instruments measured at fair value through profit or loss** increased to EUR 50 million (EUR 33 million). The development of these two line items was mostly attributable to valuation effects. **Operating income** increased slightly to EUR 2,802 million (+0.5%; EUR 2,788 million). **General administrative expenses** were up at EUR 1,345 million (+4.8%; EUR 1,283 million). Personnel expenses rose to EUR 794 million (+6.4%; EUR 746 million) driven by collectively agreed salary increases. Other administrative expenses were higher at EUR 414 million (+3.1%; EUR 402 million). While contributions to deposit insurance schemes included in other administrative expenses – mostly already posted upfront for the full year of 2025 – declined to EUR 54 million (EUR 76 million), IT expenses increased to EUR 166 million (EUR 143 million). Amortisation and depreciation amounted to EUR 136 million (+1.1%; EUR 134 million). Overall, the **operating result** decreased to EUR 1,458 million (-3.2%; EUR 1,505 million), the **cost/income ratio** stood at 48.0% (46.0%).

The **impairment result from financial instruments** amounted to EUR -85 million or 15 basis points of average gross customer loans (EUR -95 million or 18 basis points). Allocations to provisions for loans and advances were posted primarily in Austria. Positive contributions came from the recovery of loans already written off, likewise most notably in Austria. The **NPL ratio** based on gross customer loans improved to 2.5% (2.6%). The **NPL coverage ratio** (excluding collateral) increased to 74.6% (72.5%).

**Other operating result** amounted to EUR -184 million (EUR -123 million). Expenses for annual contributions to resolution funds included in this line item already for the full year of 2025 declined to EUR 15 million (EUR 27 million). Banking levies – currently payable in four core markets – went up, though. EUR 121 million (EUR 86 million) are reflected in other operating result: thereof, EUR 78 million (EUR 67 million) were charged in Hungary. In Austria, banking tax rose to 34 million (EUR 10 million) on the back of a temporarily increase, in Romania it amounted to EUR 10 million (EUR 9 million). The banking tax in Slovakia of EUR 15 million (EUR 21 million) is posted in the line item taxes on income.

**Taxes on income** amounted to EUR 242 million (EUR 257 million). The decline in the minority charge to EUR 197 million (EUR 244 million) was attributable to lower profitability at the savings banks. The **net result attributable to owners of the parent** stood at EUR 743 million (EUR 783 million).

**Total equity** not including AT1 instruments rose to EUR 29.1 billion (EUR 28.1 billion). After regulatory deductions and filtering in accordance with the Capital Requirements Regulation (CRR), **common equity tier 1 capital** (CET1, phased-in) equalled EUR 24.0 billion (EUR 24.0 billion), total **own funds** EUR 31.4 billion (EUR 30.9 billion). Interim profit for the first quarter is not included in the above figures. Total risk (**risk-weighted assets** including credit, market and operational risk, phased-in) declined to EUR 151.6 billion (EUR 157.2 billion). The **common equity tier 1 ratio** (CET1, phased-in) stood at 15.9% (15.3%), the **total capital ratio** at 20.7% (19.7%).

**Total assets** increased to EUR 358.0 billion (+1.2%; EUR 353.7 billion). On the asset side, cash and cash balances declined to EUR 23.9 billion (EUR 25.1 billion); loans and advances to banks were lower at EUR 26.8 billion (EUR 27.0 billion). Year to date, **loans and advances to customers** rose to EUR 220.1 billion (+0.9%; EUR 218.1 billion). On the liability side, deposits from banks declined to EUR 16.6 billion (EUR 21.3 billion). **Customer deposits** rose – most strongly in the Czech Republic and Austria – to EUR 246.1 billion (+1.9%; EUR 241.7 billion). The **loan-to-deposit ratio** stood at 89.4% (90.2%).

## OUTLOOK

Erste Group's goal for 2025 is to achieve a return on tangible equity (ROTE) of about 15%. This ambition is built on the following key assumptions: Firstly, the macroeconomic environment, primarily as measured by real GDP growth, in Erste Group's seven core markets (Austria, Czech Republic, Slovakia, Romania, Hungary, Croatia and Serbia) remains robust and on average, improves moderately versus 2024. Although the GDP forecasts have been slightly revised downwards, Erste Group expects robust loan growth of about 5% in 2025, supported by growth in the retail as well as the corporate business. Secondly, operating performance as defined by operating result to stay broadly stable versus 2024, as net interest income is projected to remain flat year-on-year, net fee and commission income to grow by more than 5% (upgrade from prior assumption of about 5% based on development in the first quarter), net trading and fair result produces a similar revenue contribution as in 2024, and operating expenses grow on the order of 5%. Consequently, the cost/income ratio is expected to be below 50%. Thirdly, risk costs increase only slightly to about 25 basis points of average customer loans from levels seen in 2024, as the asset quality environment remains strong across Central and Eastern Europe while only deteriorating moderately in Austria. In addition, regulatory costs, comprising deposit insurance and resolution fund contributions, banking levies such as banking and financial transaction taxes as well as sector-specific extra profit taxes, and, the cost of supervision, in aggregate, are expected to increase due to an announced increased banking tax in Austria.

While a forecast for the other operating result, which is primarily impacted by regulatory costs excluding deposit insurance contributions as well as extra profit tax in Slovakia, and various categories of gains and losses from financial instruments not measured at fair value is challenging, this combined item is likely to stay flat versus 2024 in the absence of significant one-off effects. Assuming an effective group tax rate of about 21% and lower minority charges compared to 2024, all of the above should result in return on tangible equity of about 15% in 2025.

In line with the projected strong profit performance, the CET1 ratio is expected to increase in 2025, providing enhanced capital return and/or M&A flexibility. The adjusted net profit of 2024 (net profit after deduction of AT1-dividends) allows Erste Group to propose a regular dividend of EUR 3 per share as well as the execution of a third share buyback in the amount of EUR 700 million, subject to regulatory approval.

Potential risks to the guidance include (geo)political and economic (including monetary and fiscal policy impacts) developments, regulatory measures as well as changes to the competitive environment. International (military) conflicts, such as the war in Ukraine and in the Middle East do not impact Erste Group directly, as it has no operating presence in the regions involved. Indirect effects, such as financial markets volatility, sanctions-related knock-on effects, supply chain disruptions or the emergence of deposit insurance or resolution cases cannot be ruled out, though. Erste Group is moreover exposed to non-financial and legal risks that may materialise regardless of the economic environment. Worse than expected economic development may put goodwill at risk.

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