Erste Group posts net profit of EUR 879 million in the first quarter of 2026

Financial data

Income statement					
in EUR million	**Q1 25**	**Q4 25**	**Q1 26**	**1-3 25**	**1-3 26**
Net interest income	1,872	2,027	2,674	1,872	2,674
Net fee and commission income	780	850	965	780	965
Net trading result and gains/losses from financial instruments at FVPL	97	131	229	97	229
Operating income	2,802	3,072	3,939	2,802	3,939
Operating expenses	-1,345	-1,515	-1,771	-1,345	-1,771
Operating result	1,458	1,557	2,167	1,458	2,167
Impairment result from financial instruments	-85	-159	-439	-85	-439
Post-provision operating result	1,372	1,398	1,728	1,372	1,728
Net result attributable to owners of the parent	**743**	**944**	**879**	**743**	**879**
Net interest margin (on average interest-bearing assets)	2.32%	2.46%	2.64%	2.32%	2.64%
Cost/income ratio	48.0%	49.3%	45.0%	48.0%	45.0%
Provisioning ratio (on average gross customer loans)	0.15%	0.27%	0.68%	0.15%	0.68%
Tax rate	20.5%	20.2%	24.5%	20.5%	24.5%
Return on tangible equity	15.2%	16.0%	18.1%	15.2%	18.1%

Balance sheet					
in EUR million	**Mar 25**	**Dec 25**	**Mar 26**	**Dec 25**	**Mar 26**
Cash and cash balances	23,940	27,573	26,850	27,573	26,850
Trading, financial assets	79,156	79,522	106,177	79,522	106,177
Loans and advances to banks	26,770	20,827	26,382	20,827	26,382
Loans and advances to customers	220,069	231,985	275,630	231,985	275,630
Intangible assets	1,366	1,413	5,915	1,413	5,915
Miscellaneous assets	6,702	7,254	9,073	7,254	9,073
Total assets	**358,003**	**368,574**	**450,027**	**368,574**	**450,027**
Financial liabilities held for trading	2,094	2,412	4,975	2,412	4,975
Deposits from banks	16,588	16,919	19,658	16,919	19,658
Deposits from customers	246,149	252,991	314,772	252,991	314,772
Debt securities issued	54,293	54,872	59,891	54,872	59,891
Miscellaneous liabilities	7,053	6,715	10,423	6,715	10,423
Total equity	31,826	34,665	40,308	34,665	40,308
Total liabilities and equity	**358,003**	**368,574**	**450,027**	**368,574**	**450,027**
Loan/deposit ratio	89.4%	91.7%	87.6%	91.7%	87.6%
NPL ratio	2.5%	2.4%	2.4%	2.4%	2.4%
NPL coverage ratio (based on AC loans, ex collateral)	74.6%	69.7%	67.9%	69.7%	67.9%
CET1 ratio (phased-in)	15.9%	19.3%	14.5%	19.3%	14.5%

HIGHLIGHTS

P&L: 1-3 2026 compared with 1-3 2025
Balance sheet: 31 March 2026 compared with 31 December 2025
The first-time consolidation of Erste Bank Polska resulted in significant changes of multiple position.

Net interest income rose to EUR 2,674 million (+42.8%; EUR 1,872 million). Increases were recorded primarily in Slovakia, the Czech Republic and Hungary on the back of loan growth and lower interest expenses on customer deposits, the latter most notably in Austria. An additional major contribution came from Poland in the amount of EUR 681 million. **Net fee and commission income** rose in nearly all core markets and income categories to EUR 965 million (+23.7%; EUR 780 million), including EUR 128 million from Poland. **Net trading result** increased to EUR 161 million (EUR 47 million); the line item **gains/losses from financial instruments measured at fair value through profit or loss** rose to EUR 68 million (EUR 50 million). The development of both line items was mostly attributable to valuation effects. **Operating income** was up at EUR 3,939 million (+40.5%; EUR 2,802 million), with EUR 901 million contributed by Poland. **General administrative expenses** rose to EUR 1,771 million (+31.7%; EUR 1,345 million), including EUR 359 million from Poland. In the first quarter, integration costs of EUR 30 million in total were booked. Personnel expenses increased to EUR 974 million (+22.7%; EUR 794 million). This was primarily due to the consolidation of the Poland segment (EUR 138 million) and collectively agreed salary increases. Other administrative expenses were higher at EUR 556 million (+34.1%; EUR 414 million), thereof EUR 125 million in Poland. While contributions to deposit insurance schemes included in other administrative expenses – mostly already posted upfront for the full year of 2026 – declined to EUR 48 million (EUR 54 million), IT expenses increased to EUR 244 million (EUR 166 million), most importantly due to the inclusion of Poland (EUR 58 million). Amortisation and depreciation amounted to EUR 241 million (+77.6%; EUR 136 million), with Poland accounting for EUR 96 million. Overall, the **operating result** increased to EUR 2,167 million (+48.7%; EUR 1,458 million), the **cost/income ratio** improved to 45.0% (48.0%).

The **impairment result from financial instruments** amounted to EUR -439 million or 68 basis points of average gross customer loans (EUR -85 million or 15 basis points). The rise was materially attributable to allocations to provisions for loans and advances related to the first-time inclusion of the Polish portfolio as required under IFRS 9 rules (EUR 302 million or 47 basis points). The **NPL ratio** based on gross customer loans remained at 2.4% (2.4%). The **NPL coverage ratio** (excluding collateral) stood at 67.9% (69.7%).

Other operating result amounted to EUR -194 million (EUR -184 million). Expenses for annual contributions to resolution funds included in this line item already for the full year of 2026 declined to EUR 13 million (EUR 15 million). Banking levies – currently payable in five core markets – went up, though. EUR 251 million (EUR 121 million) are reflected in other operating result: thereof, EUR 152 million (EUR 78 million) were charged in Hungary (including EUR 120 million banking tax for the full year), EUR 50 million in Poland. In Austria, banking tax amounted to EUR 32 million (EUR 34 million), in Romania to EUR 16 million (EUR 10 million). The banking tax in Slovakia of EUR 16 million (EUR 15 million) is posted in the line item taxes on income.

Taxes on income amounted to EUR 376 million (EUR 242 million). The minority charge increased to EUR 279 million (EUR 197 million) on the back of higher contributions from the savings banks and the inclusion of the Poland segment (EUR 17 million). The **net result attributable to owners of the parent** rose to EUR 879 million (+ 18.2%; EUR 743 million).

Total equity not including AT1 instruments rose to EUR 36.8 billion (EUR 31.2 billion). After regulatory deductions and filtering in accordance with the Capital Requirements Regulation (CRR), **common equity tier 1 capital (CET1)** decreased to EUR 26.5 billion (EUR 28.5 billion). **Total own funds** stood at EUR 35.8 billion (EUR 36.5 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) rose to EUR 183.2 billion (EUR 147.5 billion), which was mostly attributable to the acquisition of Erste Bank Polska. The **common equity tier 1 ratio** (**CET1 ratio**) declined to 14.5% (19.3%), the **total capital ratio** to 19.5% (24.8%). The initial consolidation of Erste Bank Polska reduced the CET1 ratio by 455 basis points.

Total assets increased to EUR 450.0 billion (+22.1%; EUR 368.6 billion). On the asset side, cash and cash balances declined to EUR 26.8 billion (EUR 27.6 billion); loans and advances to banks increased to EUR 26.4 billion (EUR 20.8 billion). Year to date, **loans and advances to customers** rose to EUR 275.6 billion (+18.8%; EUR 232.0 billion), most importantly on the back of the Polish portfolio of EUR 40.1 billion. In the other core markets, increased volume was recorded most notably in Austria and the Czech Republic. On the liability side, deposits from banks rose to EUR 19.7 billion (EUR 16.9 billion). **Customer deposits** were up at EUR 314.8 billion (+24.4%; EUR 253.0 billion). This rise was driven mainly by the first-time consolidation of Poland (EUR 53.8 billion) as well as higher deposits from corporates in Austria and the Czech Republic. The **loan-to-deposit ratio** stood at 87.6% (91.7%).

OUTLOOK

Erste Group's goal for 2026 is to achieve a return on tangible equity (ROTE) of about 19% and an increase in earnings per share of more than 20% based on 2025 net profit adjusted for one-off items compared to 2026 net profit adjusted for extraordinary items connected to the acquisition and first-time consolidation of Erste Bank Polska. This ambition is built on the following key assumptions: Firstly, Erste Group's business, as at year-end 2025 in seven core markets (Austria, Czech Republic, Slovakia, Romania, Hungary, Croatia and Serbia), is expected to perform well, supported by an improved macro-economic environment, broadly stable interest rates, especially in the euro zone, stable margins and healthy loan volume growth of more than 5%. Operating performance as defined by operating result (operating income minus operating expenses) is expected to improve year-on-year, as net interest income is projected to grow by about 5%, fee and commission income continues to grow by more than 5%, net trading and fair result produces a similar revenue contribution as in 2025, and operating expenses grow in the order of 3%. Consequently, the cost/income ratio is expected to improve from the level of about 48% in 2025 to about 47% in 2026. Other operating result is expected to normalise following several positive one-offs in the amount of about EUR 270 million in 2025 and be more in line with the amount of banking levies also booked in this line item. Risk costs, at 20-25 basis points, are expected at a similarly benign level as in 2025.

Secondly, extraordinary effects due to the full consolidation of Erste Bank Polska are primarily expected in net interest income, operating expenses and risk costs. Net interest income will be negatively impacted by about EUR 170 million (equivalent to a net profit impact of approx. EUR -60 million) connected to the amortisation of positive fair value adjustments recognised on debt securities and derivatives in the course of purchase price allocation. In addition, interest income earned on the purchase price in 2025 will not recur in 2026. Operating expenses will be affected by the amortisation of intangibles (customer stock and brand) and the booking of integration costs. Customer relationships will be amortised over 10 years in the amount of about EUR 210 million per annum (net profit impact of approx. EUR -70 million), while the brand will be fully written off following rebranding in 2026 (EUR 30 million gross or EUR ~10 million

net). Integration costs are forecast at up to EUR 180 million gross in 2026. The corresponding net impact will depend on the allocation of costs between the parent company and the local bank, which is still to be determined. Risk costs will be impacted by a EUR 302 million charge (net profit impact of about EUR -120 million) for expected credit losses of the Polish portfolio required under IFRS 9 in the course of the first-time consolidation. This charge is not indicative of portfolio deterioration.

Consequently, taking into account organic underlying growth as well as the contribution from Erste Bank Polska, including extraordinary effects from its first-time consolidation, Erste Group in its now eight core markets, in 2026, targets net interest income in excess of EUR 11 billion, fee income of approx. EUR 4 billion and operating expenses of about EUR 7 billion. Consequently, the cost/income ratio is projected to improve to about 45%. Risk costs are expected in the range of 25-30 basis points of average gross customer loans, as risk costs tend to be somewhat higher in Poland than in other CEE markets. This expectation is adjusted for the EUR 302 million one-off ECL provision mentioned above. Reported net profit for the combined entity is forecast somewhat below EUR 4 billion, net profit adjusted for extraordinary items related to first time consolidation of Erste Bank Polska is projected at somewhat above EUR 4 billion.

In line with the projected strong profit performance, the CET1 ratio is expected to increase again in 2026, providing renewed capital return and/or M&A flexibility.

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. Current international (military) conflicts do not impact Erste Group directly, as it has no operating presence in 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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