

Ad hoc release

Erste Group: asset quality improvement gains momentum as AQR confirms solid capital base; net loss for first nine months of 2014 in line with guidance at EUR 1,484.0 million

Financial data

Net interest income 1,175 1,176 1,178 1,175 1,175 1,175 1,175 1,175 1,175 1,175 1,175 1,176 1,176 1,176 1,176 1,176 1,126 3,515.8 3,33 5,11 1,085 8,13,33 1,33 1,226 0,267 0,268 2,2924 -2,2338 -2,2338 -2,2338 -2,2338 -2,2338 -2,2338 -2,2338 -2,2338 -2,2338 -2,2338 2,268% -2,237% 5,	Income statement		·			
Net fee and commission income 449.5 454.9 465.8 1,343.7 1,33 Net trading and fair value result 80.7 67.7 28.4 184.2 160 Operating income 1,730.4 1,731.1 1,695.8 5,263.3 5,111 Operating expenses -964.2 -933.1 -487.3 -2,924.4 -2,76 Operating income 1,731.4 1,195.8 5,263.3 5,11 -1,035.1 -564.2 -333.9 2,33 2,33 2,33 2,33 2,33 1,993.9 66 -1,035.1 -554.2 430.6 -1,460.7 -1,031.1 -554.2 430.6 -1,67 Net instruct attributable to owners of the parent 128.4 -1,033.1 -554.2 430.6 -1,67 Net instruct attributable to owners of the parent 2,21% 5,9% 5,2.3% 5,6 % 64 Net interest margin (on average interest-bearing assets) 2,71% 2,76% 1,27% 1,77 7,7 4,6% -18 Provisioning ratic (on average gross customer loans) 1,42%	in EUR million	Q3 13	Q2 14	Q3 14	1–9 13	1–9 14
Net trading and fair value result 80.7 87.7 28.4 184.2 16 Operating expenses	Net interest income	1,175.9	1,119.7	1,126.0	3,515.8	3,369.6
Operating income 1,780.4 1,731.1 1,685.8 5,263.3 5,11 Operating expenses -964.2 -933.1 -867.3 -2,924.4 -2,77 Operating result 816.2 798.0 808.5 2,333.9 2,33 Net impairment loss on non-fair value financial assets -460.7 -431.9 -878.8 -1,245.0 -1,66 Post-provision operating result 355.5 366.1 -70.3 1,093.9 66 Net result attributable to owners of the parent 128.4 -1,033.1 -554.2 430.6 -1,426 Net interest margin (on average interest-bearing assets) 2,71% 2,61% 2,68% 2,6	Net fee and commission income	449.5	454.9	465.8	1,343.7	1,372.7
Operating expenses -964.2 -933.1 -887.3 -2.924.4 -2.76 Operating result 816.2 798.0 808.5 2.338.9 2.338.9 Net impairment loss on non-fair value financial assets -440.7 -431.9 -878.8 -1,245.0 -1.67 Post-provision operating result 355.5 366.1 -70.3 1,093.9 66 Net interest margin (on average interest-bearing assets) 2.71% 2.61% 2.68% 2.68% 2.64% Cost/income ratio 54.2% 53.9% 52.3% 55.6% 54.2% -1.42% Provisioning ratio (on average gross customer loans) 1.42% 1.35% 2.75% 1.27% 1.7 Tar ate 25.5% -30.2% -23.7% 5.2% -45 Balance sheet -	Net trading and fair value result	80.7	87.7	28.4	184.2	166.5
Operating result 816.2 798.0 808.5 2.338.9 2.33 Net impairment loss on non-fair value financial assets -460.7 -431.9 -678.8 -1.245.0 -1.67 Post-provision operating result 355.5 366.1 -70.0 1.093.9 66 Net result attributable to owners of the parent 128.4 -1.033.1 -554.2 430.6 -1.46 Net interest margin (on average interest-bearing assets) 2.71% 2.61% 2.68% 2.66% 2.66% 54 Net interest margin (on average gross customer loans) 1.42% 1.35% 2.75% 1.27% 1.77 Tax rate 25.5% -30.2% -23.7% 5.2% -45 Return on equity 4.2% -37.6% -21.7% 4.6% -18 Balance sheet In EUR million Sop 13 Jun 14 Sop 14 Ope 13 Seg Trading, financial assets 13.852 7.267 8.010 9.01 8.91 Trading, financial assets 12.656 120.051 <td>Operating income</td> <td>1,780.4</td> <td>1,731.1</td> <td>1,695.8</td> <td>5,263.3</td> <td>5,117.5</td>	Operating income	1,780.4	1,731.1	1,695.8	5,263.3	5,117.5
Net impairment loss on non-fair value financial assets -460.7 -431.9 -878.8 -1.245.0 -1.67 Post-provision operating result 355.5 366.1 -7.0.3 1,033.9 66 Net result attributable to owners of the parent 128.4 -1,031 -554.2 430.6 -1.48 Net interest margin (on average interest-bearing assets) 2.71% 2.61% 2.68% 2.68% 2.6 Cost/income ratio 54.2% 53.9% 52.3% 55.6% 54.4 Provisioning ratio (on average gross customer loans) 1.42% 1.35% 2.75% 1.27% 1.7 Tax rate 25.5% -30.2% -23.7% 5.2% -45 Balance sheet -1 -1 66% 1.852 7.267 8.010 9.301 80 Trading, financial assets 53.554 52.288 51.051 51.269 51. Loans and receivables to customers 121.656 120.005 120.451 119.945 120. Intarding, financial assets 12.666 1.438 1.456	Operating expenses	-964.2	-933.1	-887.3	-2,924.4	-2,783.7
Post-provision operating result 355.5 366.1 -70.3 1,093.9 66 Net result attributable to owners of the parent 128.4 -1,033.1 -554.2 430.6 -1,46 Net interest margin (on average interest-bearing assets) 2.71% 2.61% 2.88% 2.68%	Operating result	816.2	798.0	808.5	2,338.9	2,333.8
Net result attributable to owners of the parent 128.4 -1,033.1 -564.2 430.6 -1,48 Net interest margin (on average interest-bearing assets) 2.71% 2.61% 2.68% 2.66% 2.6 Cost/income ratio 54.2% 53.9% 52.3% 55.6% 54.4% Provisioning ratio (on average gross customer loans) 1.42% 1.35% 2.75% 1.27% 1.7 Tax rate 25.5% -30.2% -23.7% 5.2% -45.5 Return on equity 4.2% -37.6% -21.7% 4.6% -18. Balance sheet In EUR million Sep 13 Jun 14 Sep 14 Dec 13 Seg Cash and cash balances 11.852 7.267 8.010 9.301 88. Trading, financial assets 53.554 52.288 51.051 51.269 51.1 Loans and receivables to credit institutions 7.757 8.548 7.166 8.377 7. Loans and receivables to customers 121.656 120.005 120.451	Net impairment loss on non-fair value financial assets	-460.7	-431.9	-878.8	-1,245.0	-1,674.9
Net interest margin (on average interest-bearing assets) 2.71% 2.61% 2.68% 2.68% 2.68% 2.68% 2.68% 2.68% 5.3% 55.3% 55.42% 53.3% 55.23% 1.27% 1.7 Tax rate 25.5% -30.2% -23.7% 5.2% -45 Return on equity 4.2% -37.6% -21.7% 4.6% -18 Balance sheet 3.52 7.267 8.010 9.301 8. Cash and cash balances 11.852 7.267 8.010 9.301 8. Trading, financial assets 53.554 52.288 51.051 51.269 51. Loans and receivables to crustmers 121.656 120.005 120.451 119.945 120. Intargible assets 2.766 1.438 1.456 2.441 1. Miscellaneous assets 10.500 8.852 8.839 8.766 8. Total assets 23.163 18.803 16.483 17.299 16. Deposits from banks 23.163	Post-provision operating result	355.5	366.1	-70.3	1,093.9	658.8
Cost/income ratio 54.2% 53.9% 52.3% 56.6% 54. Provisioning ratio (on average gross customer loans) 1.42% 1.35% 2.75% 1.27% 1.7 Tax rate 25.5% -30.2% -23.7% 5.2% -45. Balance sheet -37.6% -21.7% 4.6% -18. Balance sheet -37.6% -21.7% 4.6% -18. Cash and cash balances 11.852 7.267 8.010 9.301 80. Trading, financial assets 53.554 52.288 51.051 51.269 51. Loans and receivables to credit institutions 7.757 8.548 7.166 8.377 7. Intangible assets 2.766 1.438 1.456 2.441 1. Intangible assets 2.766 1.438 1.456 2.441 1. Intagible assets 2.000 8.829 8.786 8. 1.050 8.839 8.786 8. Total assets 208.084 198.398 196.973 <	Net result attributable to owners of the parent	128.4	-1,033.1	-554.2	430.6	-1,484.0
Provisioning ratio (on average gross customer loans) 1.42% 1.35% 2.75% 1.27% 1.7 Tax rate 25.5% -30.2% -23.7% 5.2% -45 Return on equity 4.2% -37.6% -21.7% 4.6% -18 Balance sheet In EUR million Sep 13 Jun 14 Sep 14 Dec 13 Sep Cash and cash balances 11,852 7,267 8,010 9,301 88 Trading, financial assets 53,554 52,288 51,051 51,269 51, Loans and receivables to credit institutions 7,757 8,548 7,166 8,377 7, Intagible assets 2,766 1,438 1,456 2,441 1, Miscellaneous assets 10,500 8,852 8,839 8,766 8, Total assets 208,084 198,398 196,973 200,118 196, Financial liabilities - held for trading 7,154 7,152 8,488 6,475 8, Deposits from banks 23,163 18,003 16,483 17,299 16,	Net interest margin (on average interest-bearing assets)	2.71%	2.61%	2.68%	2.68%	2.64%
Tax rate 25.5% -30.2% -23.7% 5.2% -45. Return on equity 4.2% -37.6% -21.7% 4.6% -18. Balance sheet	Cost/income ratio	54.2%	53.9%	52.3%	55.6%	54.4%
Return on equity 4.2% -37.6% -21.7% 4.6% -18 Balance sheet In EUR million Sep 13 Jun 14 Sep 14 Dec 13 Sep 13 Cash and cash balances 11,852 7,267 8,010 9,301 88 Trading, financial assets 53,554 52,288 51,051 51,269 51, Loans and receivables to credit institutions 7,757 8,548 7,166 8,377 7, Loans and receivables to customers 121,656 120,005 120,451 119,945 120, 120,451 130,353 131,456 2,441 1,4 Miscellaneous assets 10,500 8,852 8,839 8,786 8,4 Financial liabilities - held for trading 7,154 7,152 8,488 6,475 8, Deposits from customers 122,010 120,250 <	Provisioning ratio (on average gross customer loans)	1.42%	1.35%	2.75%	1.27%	1.75%
Balance sheet Image: Sep 13 Jun 14 Sep 14 Dec 13 Sep 13 Cash and cash balances 11,852 7,267 8,010 9,301 8, Trading, financial assets 53,554 52,288 51,051 51,269 51, Loans and receivables to credit institutions 7,757 8,548 7,166 8,377 7, Loans and receivables to customers 121,656 120,005 120,451 119,945 120,011 Intangible assets 2,766 1,438 1,456 2,441 1, Miscellaneous assets 10,500 8,852 8,839 8,786 8, Total assets 208,084 198,398 196,973 200,118 196, Peposits from banks 23,163 18,803 16,483 17,299 16, Deposits from customers 122,010 120,250 120,061 122,415 120, Deto securities issued 32,303 31,033 31,211 33,124 31, Miscellaneous liabilities 8,159 7,	Tax rate	25.5%	-30.2%	-23.7%	5.2%	-45.4%
in EUR million Sep 13 Jun 14 Sep 14 Dec 13 Sep 13 Cash and cash balances 11,852 7,267 8,010 9,301 8,011 Trading, financial assets 53,554 52,288 51,051 51,269 51,1 Loans and receivables to credit institutions 7,757 8,548 7,166 8,377 7,7 Loans and receivables to customers 121,656 120,005 120,451 119,945 120,01 Intangible assets 2,766 1,438 1,456 2,441 1,0 Miscellaneous assets 10,500 8,852 8,839 8,786 8,0 Total assets 208,084 198,398 196,973 200,118 196,000 Peposits from banks 23,163 18,803 16,483 17,299 16,000 Deposits from customers 122,010 120,250 120,061 122,415 120,000 Debt securities issued 32,303 31,033 31,211 33,124 31,033 Total equity 15,294 14	Return on equity	4.2%	-37.6%	-21.7%	4.6%	-18.3%
Cash and cash balances 11,852 7,267 8,010 9,301 8, Trading, financial assets 53,554 52,288 51,051 51,269 51,1 Loans and receivables to credit institutions 7,757 8,548 7,166 8,377 7, Loans and receivables to customers 121,656 120,005 120,451 119,945 120,015 Intangible assets 2,766 1,438 1,456 2,441 1, Miscellaneous assets 10,500 8,852 8,839 8,786 8, Total assets 208,084 198,398 196,973 200,118 196, Deposits from banks 23,163 18,803 16,483 17,299 16, Deposits from customers 122,010 120,250 120,061 122,415 120,01 Debt securities issued 32,303 31,033 31,211 33,124 31, Miscellaneous liabilities 8,159 7,018 7,078 6,020 7, Total equity 15,294 14,080	Balance sheet					
Trading, financial assets 53,554 52,288 51,051 51,269 51,1 Loans and receivables to credit institutions 7,757 8,548 7,166 8,377 7, Loans and receivables to customers 121,656 120,005 120,451 119,945 120,015 Intangible assets 2,766 1,438 1,456 2,441 1, Miscellaneous assets 10,500 8,852 8,839 8,786 8, Total assets 208,084 198,398 196,973 200,118 196, Financial liabilities - held for trading 7,154 7,152 8,488 6,475 8, Deposits from banks 23,163 18,803 16,483 17,299 16, Deposits from customers 122,010 120,250 120,061 122,415 120, Debt securities issued 32,303 31,033 31,211 33,124 31, Miscellaneous liabilities 8,159 7,081 7,078 6,020 7, Total equity 15,294 14,080 13,652 14,785 13, Total liabilities and e	in EUR million	Sep 13	Jun 14	Sep 14	Dec 13	Sep 14
Loans and receivables to credit institutions 7,757 8,548 7,166 8,377 7, Loans and receivables to customers 121,656 120,005 120,451 119,945 120,015 Intangible assets 2,766 1,438 1,456 2,441 1, Miscellaneous assets 10,500 8,852 8,839 8,786 8, Total assets 208,084 198,398 196,973 200,118 196, Financial liabilities - held for trading 7,154 7,152 8,488 6,475 8, Deposits from banks 23,163 18,803 16,483 17,299 16, Deposits from customers 122,010 120,250 120,061 122,415 120, Debt securities issued 32,303 31,033 31,211 33,124 31, Miscellaneous liabilities 8,159 7,081 7,078 6,020 7, Total equity 15,294 14,080 13,652 14,785 13, Total liabilities and equity 208,084	Cash and cash balances	11,852	7,267	8,010	9,301	8,010
Loans and receivables to customers 121,656 120,005 120,451 119,945 120,015 Intangible assets 2,766 1,438 1,456 2,441 1, Miscellaneous assets 10,500 8,852 8,839 8,786 8, Total assets 208,084 198,398 196,973 200,118 196, Financial liabilities - held for trading 7,154 7,152 8,488 6,475 8, Deposits from banks 23,163 18,803 16,483 17,299 16, Deposits from customers 122,010 120,250 120,061 122,415 120, Debt securities issued 32,303 31,033 31,211 33,124 31, Miscellaneous liabilities 8,159 7,081 7,078 6,020 7, Total equity 15,294 14,080 13,652 14,785 13, Total liabilities and equity 208,084 198,398 196,973 200,118 196, Total equity 15,294 14,080 13,652 14,785 13, Total liabilities and equity <td< td=""><td>Trading, financial assets</td><td>53,554</td><td>52,288</td><td>51,051</td><td>51,269</td><td>51,051</td></td<>	Trading, financial assets	53,554	52,288	51,051	51,269	51,051
Intangible assets 2,766 1,438 1,456 2,441 1, Miscellaneous assets 10,500 8,852 8,839 8,786 8, Total assets 208,084 198,398 196,973 200,118 196, Financial liabilities - held for trading 7,154 7,152 8,488 6,475 8, Deposits from banks 23,163 18,803 16,483 17,299 16, Deposits from customers 122,010 120,250 120,061 122,415 120, Debt securities issued 32,303 31,033 31,211 33,124 31, Miscellaneous liabilities 8,159 7,081 7,078 6,020 7, Total equity 15,294 14,080 13,652 14,785 13, Total liabilities and equity 208,084 198,398 196,973 200,118 196, Loan/deposit ratio 99.7% 99.8% 100.3% 98.0% 100. NPL ratio 9.6% 9.4% 8.9% 63.1%<	Loans and receivables to credit institutions	7,757	8,548	7,166	8,377	7,166
Miscellaneous assets 10,500 8,852 8,839 8,786 8, Total assets 208,084 198,398 196,973 200,118 196, Financial liabilities - held for trading 7,154 7,152 8,488 6,475 8, Deposits from banks 23,163 18,803 16,483 17,299 16, Deposits from customers 122,010 120,250 120,061 122,415 120,0 Debosits from customers 32,303 31,033 31,211 33,124 31, Miscellaneous liabilities 8,159 7,081 7,078 6,020 7, Total equity 15,294 14,080 13,652 14,785 13, Total liabilities and equity 208,084 198,398 196,973 200,118 196, Coan/deposit ratio 99.7% 99.8% 100.3% 98.0% 100. NPL coverage (exc collateral) 63.0% 64.0% 68.8% 63.1% 68.8%	Loans and receivables to customers	121,656	120,005	120,451	119,945	120,451
Total assets 208,084 198,398 196,973 200,118 196, 196,973 Financial liabilities - held for trading 7,154 7,152 8,488 6,475 8, 0 Deposits from banks 23,163 18,803 16,483 17,299 16, 122,010 Deposits from customers 122,010 120,250 120,061 122,415 120, 120,061 Debt securities issued 32,303 31,033 31,211 33,124 31, Miscellaneous liabilities 8,159 7,081 7,078 6,020 7, Total equity 15,294 14,080 13,652 14,785 13, Total liabilities and equity 208,084 198,398 196,973 200,118 196, Miscellaneous Loan/deposit ratio 99.7% 99.8% 100.3% 98.0% 100, NPL ratio 9.6% 8.4% 63.1% 68.	Intangible assets	2,766	1,438	1,456	2,441	1,456
Financial liabilities - held for trading 7,154 7,152 8,488 6,475 8, Deposits from banks 23,163 18,803 16,483 17,299 16, 122,010 120,250 120,061 122,415 120,0 Deposits from customers 122,010 120,250 120,061 122,415 120,0 Debt securities issued 32,303 31,033 31,211 33,124 31,0 Miscellaneous liabilities 8,159 7,081 7,078 6,020 7,0 Total equity 15,294 14,080 13,652 14,785 13,0 Total liabilities and equity 208,084 198,398 196,973 200,118 196,9 Loan/deposit ratio 99.7% 99.8% 100.3% 98.0% 100.0 NPL ratio 9.6% 9.4% 8.9% 9.6% 8. 63.1% 68.	Miscellaneous assets	10,500	8,852	8,839	8,786	8,839
Deposits from banks 23,163 18,803 16,483 17,299 16, Deposits from customers 122,010 120,250 120,061 122,415 120,0 Debt securities issued 32,303 31,033 31,211 33,124 31, Miscellaneous liabilities 8,159 7,081 7,078 6,020 7, Total equity 15,294 14,080 13,652 14,785 13, Total liabilities and equity 208,084 198,398 196,973 200,118 196,973 Loan/deposit ratio 99.7% 99.8% 100.3% 98.0% 100. NPL ratio 9.6% 9.4% 8.9% 9.6% 8. NPL coverage (exc collateral) 63.0% 64.0% 68.8% 63.1% 68.	Total assets	208,084	198,398	196,973	200,118	196,973
Deposits from customers 122,010 120,250 120,061 122,415 120,0 Debt securities issued 32,303 31,033 31,211 33,124 31, Miscellaneous liabilities 8,159 7,081 7,078 6,020 7, Total equity 15,294 14,080 13,652 14,785 13, Total liabilities and equity 208,084 198,398 196,973 200,118 196,973 Loan/deposit ratio 99.7% 99.8% 100.3% 98.0% 100. NPL ratio 9.6% 9.4% 8.9% 9.6% 88. NPL coverage (exc collateral) 63.0% 64.0% 68.8% 63.1% 68.	Financial liabilities - held for trading	7,154	7,152	8,488	6,475	8,488
Debt securities issued 32,303 31,033 31,211 33,124 31, 31,033 Miscellaneous liabilities 8,159 7,081 7,078 6,020 7, 7, 10,12 14,080 13,652 14,785 13, 13, Total equity 15,294 14,080 13,652 14,785 13, 13, Total liabilities and equity 208,084 198,398 196,973 200,118 196, 196, Loan/deposit ratio 99.7% 99.8% 100.3% 98.0% 100, 100, NPL ratio 9.6% 9.4% 8.9% 9.6% 8. NPL coverage (exc collateral) 63.0% 64.0% 68.8% 63.1% 68.	Deposits from banks	23,163	18,803	16,483	17,299	16,483
Miscellaneous liabilities 8,159 7,081 7,078 6,020 7,7 Total equity 15,294 14,080 13,652 14,785 13, Total liabilities and equity 208,084 198,398 196,973 200,118 196,973 Loan/deposit ratio 99.7% 99.8% 100.3% 98.0% 100. NPL ratio 9.6% 9.4% 8.9% 9.6% 88. NPL coverage (exc collateral) 63.0% 64.0% 68.8% 63.1% 68.	Deposits from customers	122,010	120,250	120,061	122,415	120,061
Total equity 15,294 14,080 13,652 14,785 13,1 Total liabilities and equity 208,084 198,398 196,973 200,118 196,973 Loan/deposit ratio 99.7% 99.8% 100.3% 98.0% 100.0% NPL ratio 9.6% 9.4% 8.9% 9.6% 8.9% 9.6% 8.9% 63.1% 68.8% 63.1% 68.8% 68.1% 68	Debt securities issued	32,303	31,033	31,211	33,124	31,211
Total liabilities and equity 208,084 198,398 196,973 200,118 196, 100,000 Loan/deposit ratio 99.7% 99.8% 100.3% 98.0% 100.0% NPL ratio 9.6% 9.4% 8.9% 9.6% 8.8% NPL coverage (exc collateral) 63.0% 64.0% 68.8% 63.1% 68.8%	Miscellaneous liabilities	8,159	7,081	7,078	6,020	7,078
Loan/deposit ratio 99.7% 99.8% 100.3% 98.0% 100. NPL ratio 9.6% 9.4% 8.9% 9.6% 8. NPL coverage (exc collateral) 63.0% 64.0% 68.8% 63.1% 68.	Total equity	15,294	14,080	13,652	14,785	13,652
NPL ratio 9.6% 9.4% 8.9% 9.6% 8.9% NPL coverage (exc collateral) 63.0% 64.0% 68.8% 63.1% 68.8%	Total liabilities and equity	208,084	198,398	196,973	200,118	196,973
NPL coverage (exc collateral) 63.0% 64.0% 68.8% 63.1% 68.8%	Loan/deposit ratio	99.7%	99.8%	100.3%	98.0%	100.3%
	NPL ratio	9.6%	9.4%	8.9%	9.6%	8.9%
CET 1 ratio (phased-in) 10.9% 11.7% 10.8% 11.4% 10.8%	,	63.0%	64.0%	68.8%	63.1%	68.8%
	CET 1 ratio (phased-in)	10.9%	11.7%	10.8%	11.4%	10.8%



Highlights

January-September 2014 compared with January-September 2013; 30 September 2014 compared with 31 December 2013

Net interest income declined to EUR 3,369.6 million (EUR 3,515.8 million), mainly due to the persistently low interest rate environment and FX translation effects. **Net fee and commission income** increased to EUR 1,372.7 million (EUR 1,343.7 million) on the back of an improved result from asset management. The **net trading and fair value result** declined to EUR 166.5 million (EUR 184.2 million). **Operating income** amounted to EUR 5,117.5 million (-2.8%; EUR 5,263.3 million).

General administrative expenses declined by 4.8% to EUR 2,783.7 million (EUR 2,924.4 million), mainly due to lower personnel expenses on the back of lower average headcount. This led to an **operating result** of EUR 2,333.8 million (-0.2%; EUR 2,338.9 million) and an improved **cost/income ratio** of 54.4% (55.6%).

In line with the expected rise in 2014 risk costs announced on 3 July 2014, **net impairment loss on financial assets not measured at fair value through profit or loss** went up by 34.5% to EUR 1,674.9 million or 175 basis points of average customer loans (EUR 1,245.0 million or 120 basis points). This was attributable in particular to additional risk costs in Romania resulting from the announced accelerated NPL reduction. The NPL ratio declined substantially to 8.9% (9.6%) on the back of successful NPL sales in Romania. The NPL coverage ratio improved significantly to 68.8% (63.1%).

Other operating result amounted to EUR -1,682.7 million (EUR -520.2 million). This was primarily due to the write-down of goodwill in the amount of EUR 420.9 million as well as of brand and customer relationships in Romania of EUR 489.8 million in total. At EUR 208.7 million (EUR 247.1 million) levies on banking activities were again significant: EUR 95.3 million (EUR 125.0 million) in Austria, EUR 31.5 million (EUR 31.1 million) in Slovakia, and EUR 81.8 million (EUR 90.9 million) in Hungary (this included the full Hungarian banking tax of EUR 47.9 million for 2014). In addition, the item other operating result includes EUR 360.8 million in expenses expected by Erste Group as a result of the consumer loan law passed by the Hungarian parliament.

Taxes on income rose to EUR 433.9 million due to a negative change in deferred taxes (net) in the amount of EUR 141.1 million. The **net result attributable to owners of the parent** amounted to EUR -1,484.0 million (EUR 430.6 million), in line with guidance.

Total IFRS capital declined to EUR 13.7 billion (EUR 14.8 billion). **Common equity tier 1 capital** (CET 1, phasedin) decreased to EUR 10.9 billion versus EUR 11.2 billion (Basel 2.5). **Risk-weighted assets** (phased-in) increased to EUR 100.6 billion (EUR 97.9 billion). The **common equity tier 1 ratio** (CET 1, phased-in) stood at 10.8% versus 11.4% (Basel 2.5), the **total capital ratio** (Basel 3, phased-in) 15.7% versus 16.3% (Basel 2.5).

Total assets amounted to EUR 197.0 billion (EUR 200.1 billion). **Loans and advances to customers (net)** increased slightly to EUR 120.5 billion (EUR 119.9 billion). The **loan-to-deposit ratio** stood at 100.3% (98.0%)

Outlook

• For Erste Group (consolidated):

- Risk costs of EUR 2.1-2.4 billion depending on booking of Hungarian consumer loan law impact (EUR 350-400 million, EUR 360.8 million of which have already been booked) in risk costs or other operating result; any costs related to the unlikely, but still possible discounted conversion of Hungarian retail FX loans are not included in this guidance.
- A net loss for 2014 of EUR 1.4-1.6 billion;
- o A CET 1-ratio (fully loaded, based on current definitions) of comfortably above 10.0% at year-end;
- Strongly improved post-provision result and net profit (ROTE: 8-10%) in 2015, despite still disproportionate banking levies.
- For the geographic segment Romania: a full normalisation of risk costs at 100-150 bps of average gross customer loans starting in 2015, accompanied by an accelerated NPL reduction already in 2014; a lower, but sustainable operating result due to a lower unwinding impact on net interest income;
- For the geographic segment Hungary: a gradual normalisation of risk costs to 150-200 bps (by 2016) of average gross customer loans based on the assumption that all government actions will be completed in 2014; a lower, but sustainable operating result due to lower net interest income.



Presentation of results via audio webcast and telephone conference for portfolio managers and analysts

Date	Thursday 30 October 2014				
Time	9:00 Vienna / 8:00 London / 4:00 New York The presentation will be held in English.				
Live audio webcast	http://www.erstegroup.com/investorrelations (slide presentation)				
Dial-in for analysts	UK: US:	+44 (0) 20 3427 1912 0800 279 4977 +1 718 354 1157 1877 280 2296			
	Confirmation Code 9955355				
Replay	Will be available at http://www.erstegroup.com/en/Investors/Webcasts-Videos.				

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