

“CEE convergence goes digital” – Erste Group hosts 9th Capital Markets Day in Vienna

At today's Capital Markets Day (CMD) in Vienna, the largest ever corporate access event organised by the bank, Erste Group Bank AG issued the following forward looking guidance:

- Erste Group issued new guidance for 2020 at ROTE > 10%, translating into double-digit ROTE for the 6th consecutive year and underscoring the financial strength of the bank
- Erste Group issued new medium term financial guidance: it aims to raise net fee income to EUR 2.4bn and reduce the cost/income ratio to ~55% by 2024

In line with the theme of the CMD “CEE convergence goes digital”, many presenters from the top management of the bank highlighted the strong convergence track record of Central and Eastern Europe and stressed that this bodes well for the future development of the region. At the same time the increased adoption of digital and mobile banking solutions and Erste Group's successful rollout of its digital retail platform George was another key topic. Further details were provided on the outlook for 2020 financial year, in which Erste Group once again targets a return on tangible equity of above 10%.

After almost a quarter of a century at the helm of Erste Group and before taking over as Chairman of the supervisory board at Erste Group's largest shareholder ERSTE Foundation, Andreas Treichl, commented: “The last 25 years have been quite a ride. We started out as a local Viennese savings bank in a city of then approximately 1.6 million inhabitants and today are the leading digital bank in a region of almost 70 million inhabitants. When we went public we were valued at EUR 1.5 billion, now we are worth almost EUR 15 billion. And all financial metrics you look at have increased manifold too, not least net profit: in the first full year as a public company, in 1998, we reported a net profit of EUR 133 million, now we are on course for EUR 1.5 billion plus. Sometimes you have to pinch yourself to believe all of this. In between there were real ups and down, of course, as you all know well, but I end where I started: it was quite a development and it was a real privilege to be part of this journey.” Andreas Treichl concluded by thanking the analyst and investor community for the many years of support and encouragement, their challenging questions and valuable feedback.

Bernhard Spalt, Deputy CEO & CEO Designate of Erste Group, expressed his gratitude to Andreas Treichl for his many years of invaluable service to Erste Group. In his presentation he underscored that the CEE countries made significant economic progress in the past years and are fundamentally in a much better position than before the global financial crisis. Economic balances have improved markedly, the banking markets are locally funded and the subsidiary banks all boast liquidity surpluses and are ready to lend. He also highlighted strategic growth areas, such as prosperity advice, which should help both customers and Erste Group to combat the low and in some instances negative interest rate environment. He concluded that Erste Group will continue on its path of digitalisation from a position of financial strength and focus primarily on generating efficiency gains from digitalising the mid and back office.

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