

## Erste Group: Preliminary results 2019

**Erste Group posts net profit of EUR 1,470.1 million in 2019 (ROTE: 11.2%); proposes dividend of EUR 1.5 per share**

### Financial data

#### Income statement

in EUR million	Q4 18	Q3 19	Q4 19	2018	2019
Net interest income	1,210.0	1,187.7	1,229.5	4,582.0	4,746.8
Net fee and commission income	477.7	503.9	515.9	1,908.4	2,000.1
Net trading result and gains/losses from financial instruments at FVPL	78.3	60.0	63.9	193.7	293.8
Operating income	1,819.5	1,801.2	1,861.8	6,915.6	7,255.9
Operating expenses	-1,078.8	-1,014.9	-1,122.4	-4,181.1	-4,283.3
Operating result	740.6	786.4	739.4	2,734.6	2,972.7
Impairment result from financial instruments	-42.9	0.1	-82.1	59.3	-39.2
Post-provision operating result	697.7	786.5	657.3	2,793.8	2,933.5
<b>Net result attributable to owners of the parent</b>	<b>565.2</b>	<b>491.1</b>	<b>247.2</b>	<b>1,793.4</b>	<b>1,470.1</b>
Net interest margin (on average interest-bearing assets)	2.33%	2.14%	2.20%	2.30%	2.18%
Cost/income ratio	59.3%	56.3%	60.3%	60.5%	59.0%
Provisioning ratio (on average gross customer loans)	0.12%	0.05%	0.17%	-0.03%	0.07%
Tax rate	-3.6%	18.5%	15.7%	13.3%	18.0%
Return on equity	16.0%	14.3%	5.5%	13.4%	10.0%

#### Balance sheet

in EUR million	Dec 18	Sep 19	Dec 19	Dec 18	Dec 19
Cash and cash balances	17,549	15,638	10,693	17,549	10,693
Trading, financial assets	43,930	45,895	44,295	43,930	44,295
Loans and advances to banks	19,103	25,241	23,055	19,103	23,055
Loans and advances to customers	149,321	157,841	160,270	149,321	160,270
Intangible assets	1,507	1,491	1,368	1,507	1,368
Miscellaneous assets	5,382	5,996	6,012	5,382	6,012
<b>Total assets</b>	<b>236,792</b>	<b>252,101</b>	<b>245,693</b>	<b>236,792</b>	<b>245,693</b>
Financial liabilities held for trading	2,508	2,751	2,421	2,508	2,421
Deposits from banks	17,658	19,936	13,141	17,658	13,141
Deposits from customers	162,638	172,511	173,846	162,638	173,846
Debt securities issued	29,738	30,103	30,371	29,738	30,371
Miscellaneous liabilities	5,381	6,670	5,437	5,381	5,437
Total equity	18,869	20,130	20,477	18,869	20,477
<b>Total liabilities and equity</b>	<b>236,792</b>	<b>252,101</b>	<b>245,693</b>	<b>236,792</b>	<b>245,693</b>
Loan/deposit ratio	91.8%	91.5%	92.2%	91.8%	92.2%
NPL ratio	3.2%	2.7%	2.5%	3.2%	2.5%
NPL coverage ratio (based on AC loans, ex collateral)	73.4%	76.9%	77.1%	73.4%	77.1%
Texas ratio	24.5%	21.0%	19.9%	24.5%	19.9%
CET1 ratio (phased-in)	13.5%	13.2%	13.8%	13.5%	13.8%

## HIGHLIGHTS

P&L 2019 compared with 2018; balance sheet as of 31 December 2019 compared with 31 December 2018

**Net interest income** increased – mainly in the Czech Republic, but also in Romania and Hungary – to EUR 4,746.8 million (+3.6%; EUR 4,582.0 million). **Net fee and commission income** rose to EUR 2,000.1 million (+4.8%; EUR 1,908.4 million), driven mainly by higher payment fees, insurance brokerage fees and asset management fees. While **net trading result** improved significantly to EUR 318.3 million (EUR -1.7 million), the line item **gains/losses from financial instruments measured at fair value through profit or loss** declined to EUR -24.5 million (EUR 195.4 million). The development of both line items was driven by valuation effects due to market interest rate volatility. **Operating income** increased to EUR 7,255.9 million (+4.9%; EUR 6,915.6 million). The increase in **general administrative expenses** to EUR 4,283.3 million (+2.4%; EUR 4,181.1 million) was mainly attributable to a rise in personnel expenses to EUR 2,537.1 million (+2.5%; EUR 2,474.2 million). Payments to deposit insurance systems included in other administrative expenses rose to EUR 104.8 million (EUR 88.6 million). The increase in amortisation and depreciation to EUR 541.0 million (EUR 472.0 million) is attributable to the first-time application of the new financial reporting standard for leases (IFRS 16) as of 1 January 2019, while a corresponding positive effect was recorded in other administrative expenses. Overall, the **operating result** increased to EUR 2,972.7 million (+8.7%; EUR 2,734.6 million) and the **cost/income ratio** improved to 59.0% (60.5%).

Due to net allocations in Austria and Slovakia in both the retail and the corporate segments, the **impairment result from financial instruments** amounted to EUR -39.2 million or, adjusted for net allocations to provisions for commitments and guarantees given, 7 basis points of average gross customer loans (net releases of EUR 59.3 million or -3 basis points). Positive effects came from substantial income from the recovery of loans already written off, primarily in the Czech Republic, Hungary and Romania, as well as from releases of provisions for commitments and guarantees given in Austria, the Czech Republic and Romania. The **NPL ratio** based on gross customer loans improved again to 2.5% (3.2%), the **NPL coverage ratio** to 77.1% (73.4%).

**Other operating result** amounted to EUR -628.2 million (EUR -304.5 million). The deterioration is attributable to a provision in the amount of EUR 153.3 million set aside for losses expected from a supreme court decision concerning the business activities of a Romanian subsidiary as well as goodwill impairment in Slovakia in the amount of EUR 165.0 million. The expenses for the annual contributions to resolution funds included in this line item rose – in particular in the Czech Republic – to EUR 75.3 million (EUR 70.3 million). Levies on banking activities increased to EUR 128.0 million (EUR 112.2 million), including a EUR 11.0 million banking tax payable in Romania for the first time in the reporting year.

The minority charge rose due to significantly better results from the savings banks to EUR 440.9 million (EUR 369.1 million). The **net result attributable to owners of the parent** declined to EUR 1,470.1 million (-18.0%; EUR 1,793.4 million) due to the one-off effects.

**Total equity** not including AT1 instruments rose to EUR 19.0 billion (EUR 17.9 billion). After regulatory deductions and filtering in accordance with CRR, **common equity tier 1 capital** (CET1, CRR final) amounted to EUR 16.3 billion (+4.9%; EUR 15.5 billion), total **own funds** (CRR final) to EUR 22.0 billion (EUR 20.9 billion). Total risk (**risk-weighted assets** including credit, market and operational risk, CRR final) rose to EUR 118.6 billion (EUR 115.4 billion). The **common equity tier 1 ratio** (CET 1, CRR final) stood at 13.7% (13.5%), the **total capital ratio** at 18.5% (18.1%).

**Total assets** rose to EUR 245.7 billion (EUR 236.8 billion). On the asset side, cash and cash balances decreased substantially to EUR 10.7 billion (EUR 17.5 billion), while loans and advances to credit institutions increased to EUR 23.1 billion (EUR 19.1 billion). On the back of continuing loan growth in all core markets, **loans and advances to customers** rose to EUR 160.3 billion (+7.3%; EUR 149.3 billion). On the liability side, deposits from banks declined to EUR 13.1 billion (EUR 17.7 billion) while **customer deposits** increased again markedly – across all Erste Group markets – to EUR 173.8 billion (+6.9%; EUR 162.6 billion). The **loan-to-deposit ratio** stood at 92.2% (91.8%).

## OUTLOOK

Erste Group targets a return on tangible equity (ROTE) of above 10% in 2020. The expected positive, albeit moderating, macro-economic development in the core markets Czech Republic, Slovakia, Hungary, Romania, Croatia, Serbia and Austria as well as an improvement in other operating result that was negatively impacted by one-off effects in 2019 should be supportive factors to achieve this target. On the other hand, a global or regional slowdown of economic growth as well as potential – and as yet unquantifiable – political or regulatory risks might jeopardize achieving the target.

In 2020, the positive development of the economy should be reflected in growth rates (real GDP growth) of 2% to 4% in Erste Group's CEE core markets. All other economic parameters are currently expected to be similarly robust. Unemployment rates should remain at historic lows – in the Czech Republic and in Hungary they are already among the lowest in the EU. Inflation is forecast to remain broadly stable. Strong competitive positions should again lead to current account surpluses in most countries. The fiscal situation and public debt levels are also projected to remain sound. Austria should see continued dynamic economic growth at a rate of 1.3%. Overall, growth continues to be driven by domestic demand across all economies. The contribution of exports is forecast as neutral.

Against this backdrop, Erste Group expects mid-single digit net loan growth. Despite negative interest rates in the euro zone but supported by moderately increasing short term market rates in Czech Republic and Hungary net interest income should thus increase further in 2020. The second key income component, net fee and commission income, is also expected to rise. As in 2019, some positive momentum should again come from asset management, insurance brokerage and payment services. Most of the other income components are expected to remain stable, by and large. Considering the good performance in 2019, net trading and fair value results are expected to be lower. Overall, operating income should continue to grow in 2020. Operating expenses are expected to rise in 2020, partly due to anticipated further wage increases in all core markets of Erste Group. However, Erste Group will continue to invest in IT and thereby its future competitiveness in 2020. The focus will be on progressive IT modernisation, back office digitalisation as well as the group-wide implementation and expansion of the digital platform George. The roll-out of George will continue in Hungary and Croatia in 2020. Positive jaws is the ambition for 2020, even though it will be tougher to achieve than in 2019 as revenue pressures increase. Overall, the operating result is projected to rise in 2020.

Risk costs should remain low in 2020 on the back of the low interest rate environment. While precise forecasts are difficult in the current environment, Erste Group projects for 2020 risk costs of below 20 basis points of average gross customer loans. The solid, albeit slowing, macro environment should support asset quality as will the well-balanced diversified loan portfolio.

We do expect an improvement in other operating result due to the non-recurrence of the significant one-off negative effects of 2019. Assuming a tax rate of below 20% and a similar high level of minority charges, Erste Group aims to achieve a return on tangible equity (ROTE) of above 10%.

Potential risks to the guidance are interest rate trends that differ from expectations, political or regulatory measures targeting banks, geopolitical and global economic developments as well as potential negative economic effects from the spreading of the corona virus.

## PERFORMANCE IN DETAIL

January-December 2019 compared with January-December 2018

in EUR million	2018	2019	Change
Net interest income	4,582.0	4,746.8	3.6%
Net fee and commission income	1,908.4	2,000.1	4.8%
Net trading result and gains/losses from financial instruments at FVPL	193.7	293.8	51.7%
Operating income	6,915.6	7,255.9	4.9%
Operating expenses	-4,181.1	-4,283.3	2.4%
<b>Operating result</b>	<b>2,734.6</b>	<b>2,972.7</b>	<b>8.7%</b>
Impairment result from financial instruments	59.3	-39.2	n/a
Other operating result	-304.5	-628.2	>100.0%
Levies on banking activities	-112.2	-128.0	14.1%
<b>Pre-tax result from continuing operations</b>	<b>2,495.0</b>	<b>2,329.7</b>	<b>-6.6%</b>
Taxes on income	-332.4	-418.7	25.9%
<b>Net result for the period</b>	<b>2,162.5</b>	<b>1,911.1</b>	<b>-11.6%</b>
Net result attributable to non-controlling interests	369.1	440.9	19.5%
<b>Net result attributable to owners of the parent</b>	<b>1,793.4</b>	<b>1,470.1</b>	<b>-18.0%</b>

### Net interest income

Net interest income rose to EUR 4,746.8 million (EUR 4,582.0 million). The marked increase in the Czech Republic was attributable to the benign interest rate environment and sustained growth in lending to customers. Higher net interest income was also posted in Romania driven primarily by higher market interest rates and in Hungary on the back of lending growth. The implementation of IFRS 16 led to a negative impact of EUR 24.6 million on net interest income. Year on year, interest-bearing assets rose faster than net interest income, not least because of a marked increase in interbank assets, which resulted in the net interest margin (net interest income as a percentage of average interest-bearing assets) slightly narrowing to 2.18% (2.30%).

### Net fee and commission income

Net fee and commission income increased to EUR 2,000.1 million (EUR 1,908.4 million). Growth was registered in all core markets, most notably in Austria, Hungary and Slovakia. In Austria, growth was driven mainly by payment fees and asset management fees, while Slovakia saw primarily a rise in insurance brokerage fees.

### Net trading result & gains/losses from financial instruments measured at fair value through profit or loss

Valuation effects have a substantial impact on both positions – net trading result & gains/losses from financial instruments measured at fair value through profit or loss. Debt securities issued measured at FV through profit or loss are particularly impacted – related valuation results are shown in the line gains/losses from financial instruments measured at fair value through profit or loss while valuation results of corresponding hedges are shown in net trading result – as are financial assets in the fair value and trading portfolios.

Due to the interest rate development, net trading result improved significantly to EUR 318.3 million (EUR -1.7 million). On the other hand, gains/losses from financial instruments measured at fair value through profit or loss declined to EUR -24.5 million (EUR 195.4 million).

### General administrative expenses

in EUR million	2018	2019	Change
Personnel expenses	2,474.2	2,537.1	2.5%
Other administrative expenses	1,234.9	1,205.1	-2.4%
Depreciation and amortisation	472.0	541.0	14.6%
<b>General administrative expenses</b>	<b>4,181.1</b>	<b>4,283.3</b>	<b>2.4%</b>

**General administrative expenses** amounted to EUR 4,283.3 million (EUR 4,181.1 million). **Personnel expenses** increased – mainly in Austria and the Czech Republic – to EUR 2,537.1 million (EUR 2,474.2 million). **Other administrative expenses** declined to EUR 1,205.1 million (EUR 1,234.9 million). Contributions to deposit insurance systems increased to EUR 104.8 million (EUR 88.6 million) on the back of continued strong deposit growth. Contributions were up most sharply in Romania (to EUR 12.7 million from previously EUR 4.4 million) and Austria (EUR 58.4 million versus EUR 51.2 million). The first-time application of the new financial reporting standard for leases (IFRS 16) as of 1 January 2019 had a positive impact on other administrative expenses –

through lower rental expenses – in the amount of EUR 81.5 million, but negatively impacted **depreciation and amortisation** by EUR 74.0 million, pushing the latter to EUR 541.0 million (EUR 472.0 million).

### Headcount as of end of the period

	Dec 18	Dec 19	Change
<b>Austria</b>	<b>16,137</b>	<b>16,313</b>	<b>1.1%</b>
Erste Group, EB Oesterreich and subsidiaries	9,022	9,153	1.4%
Haftungsverbund savings banks	7,115	7,160	0.6%
<b>Outside Austria</b>	<b>31,260</b>	<b>30,971</b>	<b>-0.9%</b>
Česká spořitelna Group	10,115	9,679	-4.3%
Banca Comercială Română Group	7,237	6,766	-6.5%
Slovenská sporiteľňa Group	4,105	4,081	-0.6%
Erste Bank Hungary Group	3,124	3,174	1.6%
Erste Bank Croatia Group	3,168	3,341	5.4%
Erste Bank Serbia Group	1,108	1,135	2.4%
Savings banks subsidiaries	1,204	1,615	34.2%
Other subsidiaries and foreign branch offices	1,199	1,180	-1.6%
<b>Total</b>	<b>47,397</b>	<b>47,284</b>	<b>-0.2%</b>

### Operating result

Operating income rose to EUR 7,255.9 million (+4.9%; EUR 6,915.6 million) on the back of significantly improved net interest and net trading income and a rise in net fee and commission income. General administrative expenses increased to EUR 4,283.3 million (+2.4%; EUR 4,181.1 million) due to a rise in personnel expenses and higher depreciation and amortisation while other administrative expenses declined. The operating result improved to EUR 2,972.7 million (+8.7%; EUR 2,734.6 million). The cost/income ratio improved likewise to 59.0% (60.5%).

### Gains/losses from derecognition of financial instruments not measured at fair value through profit or loss

Gains from the derecognition of financial instruments not measured at fair value through profit or loss (net) increased to EUR 23.5 million (EUR 5.7 million). This item includes primarily gains/losses from the sale of securities and the derecognition of financial liabilities.

### Impairment result from financial instruments

Due to net allocations, the impairment result from financial instruments amounted to EUR -39.2 million (net releases of EUR 59.3 million). The negative balance of the allocation/release of provisions for the lending business was partly offset by continued high income received from the recovery of loans already written off in the amount of EUR 154.0 million (EUR 162.9 million) as well as the release of provisions for commitments and guarantees given in the amount of EUR 70.0 million (EUR 6.6 million).

### Other operating result

Other operating result amounted to EUR -628.2 million (EUR -304.5 million). Levies on banking activities rose to EUR 128.0 million (EUR 112.2 million), including a EUR 11.0 million banking tax payable in Romania for the first time in the reporting year. Levies payable in Austria rose slightly to EUR 24.3 million (EUR 23.0 million) and in Slovakia increased to EUR 32.5 million (EUR 30.3 million). Hungarian banking tax declined to EUR 12.6 million (EUR 13.5 million). Including financial transaction tax of EUR 47.6 million (EUR 45.4 million), bank levies in Hungary totalled EUR 60.2 million (EUR 58.9 million).

In view of the expected negative impact on future income resulting from a change in the law on banking tax in Slovakia, the goodwill in Slovakia in the amount of EUR 165.0 million was written down completely and posted to other operating result. Allocations/release of other provisions amounted to EUR -207.0 million (net releases of EUR 13.3 million). The significant deterioration is attributable to a provision in the amount of EUR 153.3 million set aside for losses expected from a decision of the Romanian High Court in relation to the business activities of a local subsidiary. In addition, other operating result also reflects the annual contributions to resolution funds in the amount of EUR 75.3 million (EUR 70.3 million). The steepest rise, to EUR 26.6 million (EUR 19.0 million), was recorded in the Czech Republic.

## Net result

The pre-tax result from continuing operations amounted to EUR 2,329.7 million (EUR 2,495.0 million). Taxes on income increased to EUR 418.7 million (EUR 332.4 million) as the positive impact of deferred taxes that were recognised resulting in deferred tax income was lower than in 2018. In addition, neither the goodwill write-down in Slovakia nor the extraordinary provisions in Romania were tax deductible in 2019. The minority charge rose to EUR 440.9 million (EUR 369.1 million) due to solid results of the savings banks. The net result attributable to owners of the parent amounted to EUR 1,470.1 million (EUR 1,793.4 million).

## FINANCIAL RESULTS – QUARTER-ON-QUARTER COMPARISON

Fourth quarter of 2019 compared to third quarter of 2019

in EUR million	Q4 18	Q1 19	Q2 19	Q3 19	Q4 19
<b>Income statement</b>					
Net interest income	1,210.0	1,160.9	1,168.8	1,187.7	1,229.5
Net fee and commission income	477.7	487.7	492.7	503.9	515.9
Dividend income	6.7	0.5	18.4	5.1	3.8
Net trading result	48.7	153.3	156.8	109.2	-101.0
Gains/losses from financial instruments measured at fair value through profit or loss	29.6	-77.1	-63.0	-49.2	164.9
Net result from equity method investments	3.1	1.8	5.2	3.1	7.0
Rental income from investment properties & other operating leases	43.6	44.6	42.4	41.5	41.7
Personnel expenses	-643.8	-621.9	-633.9	-631.3	-650.0
Other administrative expenses	-313.4	-358.3	-267.3	-253.8	-325.8
Depreciation and amortisation	-121.7	-135.4	-129.1	-129.8	-146.6
Gains/losses from derecognition of financial assets at AC	-0.1	0.3	0.6	-1.3	1.3
Other gains/losses from derecognition of financial instruments not at FVPL	-4.1	0.7	9.4	7.9	5.5
Impairment result from financial instruments	-42.9	35.8	7.1	0.1	-82.1
Other operating result	-67.6	-131.1	-219.9	-46.2	-230.9
Levies on banking activities	-24.1	-38.8	-25.9	-26.2	-37.1
<b>Pre-tax result from continuing operations</b>	<b>626.0</b>	<b>561.8</b>	<b>588.0</b>	<b>746.8</b>	<b>433.2</b>
Taxes on income	22.5	-95.5	-117.2	-138.2	-67.8
<b>Net result for the period</b>	<b>648.5</b>	<b>466.3</b>	<b>470.8</b>	<b>608.6</b>	<b>365.4</b>
Net result attributable to non-controlling interests	83.3	89.3	115.9	117.6	118.2
<b>Net result attributable to owners of the parent</b>	<b>565.2</b>	<b>377.0</b>	<b>354.9</b>	<b>491.1</b>	<b>247.2</b>

**Net interest income** rose to EUR 1,229.5 million (+3.5%; EUR 1,187.7 million). Increases were recorded in the Czech Republic and Austria. In all other core markets, net interest income remained largely stable. **Net fee and commission income** improved to EUR 515.9 million (+2.4%; EUR 503.9 million), primarily in Austria. Dividend income declined to EUR 3.8 million (EUR 5.1 million). The decline in **net trading result** to EUR -101.0 million (EUR 109.2 million) is attributable to valuation effects in the securities and derivatives business due to interest rate developments. Gains/losses from financial instruments measured at fair value through profit or loss improved to EUR 164.9 million (EUR-49.2 million).

**General administrative expenses** amounted to EUR 1,122.4 million (+10.6%; EUR 1,014.3 million). Personnel expenses increased – in Austria (mostly in the savings banks) as well as in Slovakia, Hungary and Croatia – to EUR 650.0 million (+3.0%; EUR 631.3 million). Other administrative expenses were up at EUR 325.8 million (EUR +28.4%; EUR 253.8 million), primarily on the back of higher marketing and consulting expenses in Austria. Depreciation and amortisation rose to EUR 146.6 million (EUR 129.8 million). The **cost/income ratio** stood at 60.3% (56.4%).

**Gains/losses from the derecognition of financial instruments not measured at fair value through profit or loss** amounted to EUR 6.8 million (EUR 6.6 million). This line item included gains from the sale of securities in Hungary.

**Impairment result from financial instruments** amounted to EUR-82.1 million (EUR 0.1 million) due to net allocations primarily in Austria and Romania.

**Other operating result** worsened to EUR -230.9 million (EUR-46.2 million), mainly due to the write down of EUR 165.0 million goodwill in Slovakia. Levies on banking activities rose to EUR 37.1 million (EUR 26.2 million), primarily as a result of a EUR 11.0 million banking tax payable in Romania for the first time. Another EUR 11.7 million (EUR 11.9 million) were charged in Hungary – this amount reflects exclusively transaction taxes. Banking tax amounted to EUR 8.3 million (EUR 8.2 million) in Slovakia and EUR 6.1 million (EUR 6.1 million) in Austria.

The **pre-tax result** declined to EUR 433.2 million (EUR 746.8 million). Taxes on income amounted to EUR 67.8 million (EUR 138.2 million). While the minority charge was nearly unchanged at EUR 118.2 million (EUR 117.6 million), the **net result attributable to owners of the parent** declined to EUR 247.2 million (EUR 491.1 million) due to goodwill impairment.

## DEVELOPMENT OF THE BALANCE SHEET

31 December 2019 compared with 31 December 2018

in EUR million	Dec 18	Dec 19	Change
<b>Assets</b>			
Cash and cash balances	17,549	10,693	-39.1%
Trading, financial assets	43,930	44,295	0.8%
Loans and advances to banks	19,103	23,055	20.7%
Loans and advances to customers	149,321	160,270	7.3%
Intangible assets	1,507	1,368	-9.2%
Miscellaneous assets	5,382	6,012	11.7%
<b>Total assets</b>	<b>236,792</b>	<b>245,693</b>	<b>3.8%</b>
<b>Liabilities and equity</b>			
Financial liabilities held for trading	2,508	2,421	-3.5%
Deposits from banks	17,658	13,141	-25.6%
Deposits from customers	162,638	173,846	6.9%
Debt securities issued	29,738	30,371	2.1%
Miscellaneous liabilities	5,381	5,437	1.0%
Total equity	18,869	20,477	8.5%
<b>Total liabilities and equity</b>	<b>236,792</b>	<b>245,693</b>	<b>3.8%</b>

The decline in **cash and cash balances** to EUR 10.7 billion (EUR 17.5 billion) was primarily due to a significant reduction of cash balances held at central banks. **Trading and investment securities** held in various categories of financial assets increased to EUR 44.3 billion (EUR 43.9 billion).

**Loans and advances to credit institutions (net)**, including demand deposits other than overnight deposits, increased primarily in the Czech Republic and in the Holding to EUR 23.1 billion (EUR 19.1 billion). **Loans and receivables to customers (net)** rose in all core markets – most notably in Hungary and Serbia as well as in the Czech Republic, Austria and Slovakia – to EUR 160.3 billion (EUR 149.3 billion) driven by retail and corporate loan growth. **Loan loss allowances for loans to customers** declined to EUR 3.2 billion (EUR 3.6 billion), mostly due to continuing asset quality improvement. The **NPL ratio** (non-performing loans as a percentage of gross customer loans) improved again to 2.5% (3.2%). The **NPL coverage ratio** (based on gross customer loans) rose to 77.1% (73.4%).

**Intangible assets** amounted to EUR 1.4 billion (EUR 1.5 billion). **Miscellaneous assets** were up at EUR 6.0 billion (EUR 5.4 billion).

**Financial liabilities – held for trading** declined to EUR 2.4 billion (EUR 2.5 billion). **Deposits from banks**, primarily overnight deposits and term deposits, decreased to EUR 13.1 billion (EUR 17.7 billion). **Deposits from customers** increased to EUR 173.8 billion (EUR 162.6 billion) due to strong growth in retail overnight deposits in all core markets. The **loan-to-deposit ratio** stood at 92.2% (91.8%). **Debt securities in issue** rose to EUR 30.4 billion (EUR 29.7 billion) on the back of increased issuing activity. **Miscellaneous liabilities** amounted to EUR 5.4 billion (EUR 5.4 billion).

**Total assets** grew to EUR 245.7 billion (+3.8%; EUR 236.8 billion). **Total equity** increased to EUR 20.5 billion (+8.6%; EUR 18.9 billion) including additional tier 1 (AT1) instruments in the amount of EUR 1,490.4 million. After regulatory deductions and filtering according to the Capital Requirements Regulation (CRR) **common equity tier 1 capital** (CET1, CRR final) rose to EUR 16.3 billion (EUR 15.5 billion). Total **own funds** (CRR final) went up to EUR 22.0 billion (EUR 20.9 billion). **Total risk (risk-weighted assets)** including credit, market and operational risk, CRR final) increased to EUR 118.6 billion (EUR 115.4 billion).

The **total capital ratio**, total eligible qualifying capital in relation to total risk pursuant to CRR (final), was 18.5% (18.1%), well above the legal minimum requirement. The **tier 1 ratio** (CRR final) stood at 15.0% (14.3%), the **common equity tier 1 ratio** (CRR final) at 13.7% (13.5%).

## SEGMENT REPORTING

January-December 2019 compared with January-December 2018

Erste Group's segment reporting is based on a matrix organisation. It provides comprehensive information to assess the business and geographic performance. The tables and information below provide a brief overview and focus on selected and summarised items. At [www.erstegroup.com/investorrelations](http://www.erstegroup.com/investorrelations) additional information is available in Excel format.

Operating income consists of net interest income, net fee and commission income, net trading result, gains/losses from financial instruments measured at fair value through profit or loss, dividend income, net result from equity method investments and rental income from investment properties & other operating leases. The latter three listed items are not disclosed in the tables below. Net trading result and gains/losses from financial instruments measured at fair value through profit or loss are summarized under one position. Operating expenses correspond to the position general administrative expenses. Operating result is the net amount of operating income and operating expenses. Risk provisions for loans and receivables as well as impairments and provisions for commitments and guarantees given are included in the position impairment result from financial instruments. Other result summarises the positions other operating result and gains/losses from financial instruments not measured at fair value through profit or loss, net. The cost/income ratio is calculated as operating expenses in relation to operating income. The return on allocated capital is defined as the net result after tax/before minorities in relation to the average allocated capital.

## BUSINESS SEGMENTS

### Retail

in EUR million	2018	2019	Change
Net interest income	2,267.5	2,290.1	1.0%
Net fee and commission income	1,054.4	1,094.5	3.8%
Net trading result and gains/losses from financial instruments at FVPL	116.3	112.5	-3.2%
Operating income	3,467.8	3,529.7	1.8%
Operating expenses	-2,030.9	-2,096.2	3.2%
Operating result	1,436.9	1,433.5	-0.2%
Cost/income ratio	58.6%	59.4%	
Impairment result from financial instruments	-24.7	-74.6	>100.0%
Other result	-52.9	-226.4	>100.0%
Net result attributable to owners of the parent	1,064.9	866.4	-18.6%
Return on allocated capital	35.2%	26.4%	

The Retail segment comprises the entire business with private individuals, free professionals and micros in the responsibility of account managers in the retail network of the local banks cooperating with their specialised subsidiaries (such as leasing and asset management companies).



The increase in net interest income was primarily driven by higher contributions from deposit business in the Czech Republic, Romania and Hungary. While lending business in Croatia, Serbia and Hungary developed positively, contribution from lending business in Czech Republic, Slovakia and Romania decreased on the back of declining margins. The impact was mitigated though by the higher interest rate environment in the Czech Republic and Romania. Net fee and commission income increased mainly due to higher insurance brokerage fees in Slovakia and Hungary, higher payment fees in Austria, Hungary and Croatia, higher fees from loan business in Slovakia, Hungary and Croatia as well as higher fees from securities business in Hungary. Net trading result and gains/losses from financial instruments FVPL decreased primarily due to a lower result from foreign exchange business in Romania. Operating expenses increased on the back of higher personnel expenses as well as higher IT expenses in a majority of the countries. Overall, operating result decreased and the cost/income ratio increased slightly. The deterioration of impairment result from financial instruments was primarily driven by higher provisioning in Romania, the Czech Republic, Austria and Serbia, while risk costs in Croatia, Slovakia and Hungary declined. A provision in the amount of EUR 153.3 million in Romania as a result of a Romanian High Court decision in relation to the business activities of a local subsidiary (building society), led to a worsening of the other result. Consequently, the net result attributable to the owners of the parent decreased.

## Corporates

in EUR million	2018	2019	Change
Net interest income	1,032.2	1,098.7	6.4%
Net fee and commission income	283.1	301.1	6.4%
Net trading result and gains/losses from financial instruments at FVPL	88.2	101.0	14.4%
Operating income	1,524.0	1,603.1	5.2%
Operating expenses	-572.3	-575.3	0.5%
Operating result	951.8	1,027.8	8.0%
Cost/income ratio	37.5%	35.9%	
Impairment result from financial instruments	59.4	32.9	-44.5%
Other result	7.1	-2.3	n/a
Net result attributable to owners of the parent	801.5	814.9	1.7%
Return on allocated capital	21.0%	18.7%	

The Corporates segment comprises business done with SMEs (small and medium sized enterprises), Local Large Corporate and Group Large Corporate customers, as well as commercial real estate and public sector business.

Net interest income increased primarily due to positive contribution of lending business in Austria and higher loan and deposit volumes as well as higher deposit margins in the Czech Republic supported by the higher interest rate environment. These effects were partially offset by the lower contribution of lending business in Romania due to a one-off income in 2018. Net fee and commission income increased predominantly in Erste Bank Oesterreich and Czech Republic but also in Hungary and Slovakia. Net trading result and gains/losses from financial instruments at FVPL increased mainly in the Czech Republic due to positive development in interest rate derivatives and in Slovakia due to valuation of cross-currency derivatives. Overall, operating income improved. Although operating expenses increased moderately, the operating result as well as the cost/income ratio improved. The net release of risk provisions (line item impairment result from financial instruments) resulted from a further improvement in asset quality, lower default rates, higher recoveries as well as releases of specific provisions. However, the net releases year-on-year decreased, mainly in the Holding, Slovakia and Hungary. Other result worsened on the back of higher provisions for legal expenses in Croatia. The net result attributable to the owners of the parent increased.

## Group Markets

in EUR million	2018	2019	Change
Net interest income	252.6	257.2	1.9%
Net fee and commission income	226.5	228.3	0.8%
Net trading result and gains/losses from financial instruments at FVPL	53.1	48.4	-8.8%
Operating income	533.7	536.9	0.6%
Operating expenses	-241.3	-240.2	-0.5%
Operating result	292.4	296.7	1.5%
Cost/income ratio	45.2%	44.7%	
Impairment result from financial instruments	-0.4	5.1	n/a
Other result	-21.3	-18.4	-13.4%
Net result attributable to owners of the parent	215.7	224.6	4.2%
Return on allocated capital	27.4%	24.1%	

The Group Markets segment comprises trading and markets services as well as business done with financial institutions.

Net interest income increased primarily on the back of higher volumes of reverse repo business in the Holding. Net fee and commission income went up slightly due to higher origination fees and business with institutional clients. Net trading result and gains/losses from financial instruments at FVPL decreased due to valuation effects. Overall, operating income increased. As operating expenses declined moderately, operating result increased and the cost/income ratio improved. Impairment result from financial instruments turned positive as a result of provision releases in the Holding. Other result improved mainly due to valuation effects. Consequently, the net result attributable to the owners of the parent increased.

## Asset/Liability Management & Local Corporate Center

in EUR million	2018	2019	Change
Net interest income	-91.6	-104.3	13.8%
Net fee and commission income	-102.8	-84.5	-17.8%
Net trading result and gains/losses from financial instruments at FVPL	-32.1	38.6	n/a
Operating income	-178.5	-107.1	-40.0%
Operating expenses	-67.8	-110.9	63.5%
Operating result	-246.3	-218.0	-11.5%
Cost/income ratio	-38.0%	>100%	
Impairment result from financial instruments	12.4	13.0	4.3%
Other result	-131.2	-90.0	-31.4%
Net result attributable to owners of the parent	-289.1	-237.3	-17.9%
Return on allocated capital	-10.6%	-8.2%	

The ALM & LCC segment includes all asset/liability management functions – local and of Erste Group Bank AG (Holding) – as well as the local corporate centers which comprise internal service providers and reconciliation items to local entity results.

Net interest income deteriorated primarily due to lower income from the investment portfolio and liquidity positions in the Holding as well as lower contribution from balance sheet management in Erste Bank Oesterreich. These developments were partially compensated by higher interest rates in Czech Republic, higher contribution from balance sheet management in Slovakia and maturity of deposits with high interest expense in Romania. Net fee and commission income improved mainly due to lower fee expenses in Romania. Net trading result and gains/losses from financial instruments at FVPL improved primarily due to valuation results in the Holding, in Erste Bank Oesterreich, and in the Czech Republic. Operating expenses increased on the back of higher IT costs in Erste Bank Oesterreich and methodological changes affecting cost allocation between business segments in Romania and Hungary. Overall, operating result improved. Other result improved primarily due to the non-recurrence last year's real estate impairments in Czech Republic and Immorent, lower provisions for legal expenses in Erste Bank Oesterreich and a real estate selling gain in Romania. The net result attributable to the owners of the parent improved.

## Savings Banks

in EUR million	2018	2019	Change
Net interest income	1,016.4	1,052.1	3.5%
Net fee and commission income	459.8	490.6	6.7%
Net trading result and gains/losses from financial instruments at FVPL	-27.1	52.0	n/a
Operating income	1,497.4	1,640.2	9.5%
Operating expenses	-1,073.3	-1,120.1	4.4%
Operating result	424.1	520.1	22.6%
Cost/income ratio	71.7%	68.3%	
Impairment result from financial instruments	19.8	0.7	-96.3%
Other result	-4.5	26.3	n/a
Net result attributable to owners of the parent	53.6	64.8	20.9%
Return on allocated capital	12.2%	13.0%	

The Savings Banks segment includes those savings banks which are members of the Haftungsverbund (cross-guarantee system) of the Austrian savings banks sector and in which Erste Group does not hold a majority stake but which are fully controlled according to IFRS 10. The fully or majority owned savings banks Erste Bank Oesterreich, Tiroler Sparkasse, Salzburger Sparkasse, and Sparkasse Hainburg are not part of the Savings Banks segment.

The increase in net interest income was primarily driven by higher customer loan volumes. Net fee and commission income increased on the back of higher payment, lending, and insurance brokerage fees. The improvement of net trading result and gains/losses from financial instruments at FVPL was driven by valuation effects. Operating expenses rose mainly due to increased IT, personnel and marketing expenses. In addition, deposit insurance contributions increased to EUR 33.4 million (EUR 27.9 million). Operating result as well as the cost/income ratio improved markedly. A lower net release of risk provisions was reflected in the impairment result from financial instruments. Other result improved mainly due to a booking of a badwill for a new subsidiary of a savings bank. Payment into the resolution fund decreased to EUR 7.9 million (EUR 9.0 million). Banking tax amounted to EUR 4.3 million (EUR 4.0 million). Overall, the net result attributable to the owners of the parent increased.

## Group Corporate Center

in EUR million	2018	2019	Change
Net interest income	77.9	70.6	-9.4%
Net fee and commission income	-12.5	-1.3	-89.9%
Net trading result and gains/losses from financial instruments at FVPL	39.9	12.2	-69.4%
Operating income	124.2	70.9	-42.9%
Operating expenses	-980.4	-1,023.9	4.4%
Operating result	-856.2	-953.0	11.3%
Cost/income ratio	>100.0%	>100.0%	
Impairment result from financial instruments	-7.3	-16.4	>100.0%
Other result	636.0	572.6	-10.0%
Net result attributable to owners of the parent	-53.0	-263.3	>100.0%
Return on allocated capital	-0.8%	-5.6%	

The Group Corporate Center segment covers mainly centrally managed activities and items that are not directly allocated to other segments. It includes the Corporate Center of Erste Group Bank AG as well as internal service providers, therefore in particular the line items other operating result and general administrative expenses should be considered together with intragroup eliminations. Furthermore, the free capital of Erste Group is included.

Operating income deteriorated mainly due to lower rental income triggered by methodological changes as well as lower net trading result and gains/losses from financial instruments at FVPL on lower valuation effects. Operating expenses increased due to methodological effects in internal service providing entities. Consequently, operating result deteriorated. Other result declined mainly on the goodwill impairment of Slovenská sporiteľňa in the amount of EUR 165.0 million only partially offset by higher income in the service entities. Overall, the net result attributable to the owners of the parent decreased considerably.

## GEOGRAPHICAL SEGMENTS

### Erste Bank Oesterreich & Subsidiaries

in EUR million	2018	2019	Change
Net interest income	644.3	642.1	-0.3%
Net fee and commission income	386.4	398.9	3.2%
Net trading result and gains/losses from financial instruments at FVPL	10.6	29.1	>100.0%
Operating income	1,088.1	1,117.9	2.7%
Operating expenses	-678.9	-717.1	5.6%
Operating result	409.2	400.8	-2.0%
Cost/income ratio	62.4%	64.1%	
Impairment result from financial instruments	14.3	-6.0	n/a
Other result	-39.6	-18.9	-52.2%
Net result attributable to owners of the parent	278.2	263.2	-5.4%
Return on allocated capital	18.7%	16.4%	

The Erste Bank Oesterreich & Subsidiaries (EBOe & Subsidiaries) segment comprises Erste Bank der oesterreichischen Sparkassen AG (Erste Bank Oesterreich) and its main subsidiaries (e.g. sBausparkasse, Salzburger Sparkasse, Tiroler Sparkasse, Sparkasse Hainburg).

Net interest income decreased only moderately as higher loan and deposit volumes largely compensated the non-recurrence of last year's positive one-off effect of the changed disclosure for brokerage fee expenses in the building society. Net fee and commission income increased on the back of higher payment and lending fees. The improvement in net trading result and gains/losses from financial instruments at FVPL was driven by the valuation of a participation. Operating expenses increased mainly due to higher IT, marketing and personnel costs. The deposit insurance contribution increased to EUR 25.0 million (EUR 23.3 million). Overall, operating result decreased and the cost/income ratio went up. The deterioration of impairment result from financial instruments was driven by corporate and retail business. Other result improved mainly due to lower provisions for legal expenses and a higher selling gain for real estate, which was partially offset by the non-recurrence of an insurance reimbursement. Payments into the resolution fund decreased to EUR 7.8 million (EUR 10.2 million). Banking tax amounted to EUR 3.6 million (EUR 3.5 million). Overall, the net result attributable to the owners of the parent declined.

### Savings Banks

The geographical segment Savings Banks is identical to the business segment Savings Banks.

### Other Austria

in EUR million	2018	2019	Change
Net interest income	388.9	406.9	4.6%
Net fee and commission income	224.6	240.7	7.1%
Net trading result and gains/losses from financial instruments at FVPL	-26.2	-13.0	-50.3%
Operating income	648.3	689.7	6.4%
Operating expenses	-369.4	-378.1	2.3%
Operating result	278.9	311.6	11.7%
Cost/income ratio	57.0%	54.8%	
Impairment result from financial instruments	87.7	-7.3	n/a
Other result	25.9	47.4	82.9%
Net result attributable to owners of the parent	313.2	278.3	-11.1%
Return on allocated capital	17.7%	13.3%	

The Other Austria segment comprises the Corporates and Group Markets business of Erste Group Bank AG (Holding), Erste Group Immorent, Erste Asset Management and Intermarket Bank.

Net interest income increased primarily due the growth of corporate lending volumes in the Holding and higher volumes of reverse repo business in Group Markets. Net fee and commission income increased on higher asset management fees and institutional sales activities in Group Markets. The improvement of net trading result and gains/losses from financial instruments at FVPL was driven by higher market valuation result of securities, partially offset by lower valuation of derivatives. Despite an increase of operating expenses driven by higher personnel and IT costs, operating result and cost/income ratio improved. Impairment result from financial instruments deteriorated significantly due to lower net releases of risk provisions and increased provision coverage for non-performing portfolio in Holding. Other result improved mostly due to higher selling gains. Other result

also included the resolution fund contribution of EUR 6.6 million (EUR 6.1 million). Overall, the net result attributable to the owners of the parent deteriorated.

## Czech Republic

in EUR million	2018	2019	Change
Net interest income	1,062.2	1,141.1	7.4%
Net fee and commission income	332.9	334.7	0.5%
Net trading result and gains/losses from financial instruments at FVPL	92.5	109.7	18.5%
Operating income	1,501.4	1,600.5	6.6%
Operating expenses	-714.5	-753.9	5.5%
Operating result	786.9	846.6	7.6%
Cost/income ratio	47.6%	47.1%	
Impairment result from financial instruments	-11.2	6.2	n/a
Other result	-49.5	-27.6	-44.2%
Net result attributable to owners of the parent	582.8	666.5	14.4%
Return on allocated capital	23.4%	26.6%	

The segment analysis is done on a constant currency basis. The CZK depreciated by 0.1% against the EUR in the reporting period. Net interest income in the Czech Republic segment (comprising Česká spořitelna Group) increased primarily due to rising interest rates and higher deposit and loan volumes. Net fee and commission income increased on the back of higher insurance brokerage fees. The improvement of net trading result and gains/losses from financial instruments at FVPL was driven by higher contribution from interest rate derivatives and foreign currency transactions. Higher personnel and IT costs led to an increase in operating expenses. Deposit insurance contribution amounted to EUR 10.4 million (EUR 9.6 million). Overall, operating result increased markedly, the cost/income ratio improved. The improvement in the line item 'impairment result from financial instruments', leading to a net release, was mostly attributable to significant releases of risk provisions in corporate business. The other result improved mainly due to non-recurrence of buildings impairment, in spite of a higher contribution to the resolution fund of EUR 26.6 million (EUR 19.0 million). Altogether, these developments led to an increase in the net result attributable to the owners of the parent.

## Slovakia

in EUR million	2018	2019	Change
Net interest income	438.7	433.6	-1.2%
Net fee and commission income	128.8	145.2	12.7%
Net trading result and gains/losses from financial instruments at FVPL	11.8	18.8	58.8%
Operating income	586.1	605.7	3.3%
Operating expenses	-279.6	-288.7	3.3%
Operating result	306.6	317.0	3.4%
Cost/income ratio	47.7%	47.7%	
Impairment result from financial instruments	-23.5	-42.7	81.3%
Other result	-40.3	-39.1	-2.9%
Net result attributable to owners of the parent	189.4	187.7	-0.9%
Return on allocated capital	20.7%	17.6%	

Net interest income in the Slovakia segment (comprising Slovenská sporiteľňa Group) decreased on the back of lower loan margins in the retail business. Net fee and commission income improved mainly due to higher insurance brokerage and lending fees. Net trading result and gains/losses from financial instruments at FVPL increased due to valuation effects. Operating expenses increased mainly due to higher personnel expenses. Deposit insurance contribution amounted to EUR 1.0 million (EUR 0.9 million). Overall, operating result increased and the cost/income ratio remained stable. Impairment result from financial instruments deteriorated due to higher provisions in corporate business. Other result remained largely stable although banking tax increased to EUR 32.5 million (EUR 30.3 million) and payment into the resolution fund went up to EUR 3.1 million (EUR 2.7 million). Overall, the net result attributable to the owners of the parent declined.

## Romania

in EUR million	2018	2019	Change
Net interest income	394.5	428.0	8.5%
Net fee and commission income	151.9	164.5	8.3%
Net trading result and gains/losses from financial instruments at FVPL	96.0	74.2	-22.7%
Operating income	660.6	688.0	4.1%
Operating expenses	-354.6	-359.0	1.2%
Operating result	306.0	329.0	7.5%
Cost/income ratio	53.7%	52.2%	
Impairment result from financial instruments	-26.0	13.0	n/a
Other result	-18.4	-200.8	>100.0%
Net result attributable to owners of the parent	219.9	85.0	-61.4%
Return on allocated capital	17.4%	5.9%	

The segment analysis is done on a constant currency basis. The RON depreciated by 2.0% against the EUR in the reporting period. Net interest income in the Romania segment (comprising Banca Comercială Română Group) improved on the back of higher market interest rates, higher customer deposit volumes as well as lower funding costs. Net fee and commission income increased on higher payment, card, insurance brokerage and securities fees. Net trading result and gains/losses from financial instruments at FVPL decreased primarily due to a lower result from foreign exchange business. Operating expenses increased mainly due to higher deposit insurance contributions of EUR 12.7 million (EUR 4.4 million) and higher IT expenses. Overall, operating result increased and the cost/income ratio improved. Impairment result from financial instruments improved mainly in corporate business resulting in overall net releases of risk provisions. A provision in the amount of EUR 153.3 million as a result of a Romanian High Court decision in relation to the business activities of a subsidiary, the local building society, led to a worsening of the other result. A newly introduced banking tax amounted to EUR 11.0 million. The resolution fund contribution amounted to EUR 6.6 million (EUR 5.5 million). Consequently, the net result attributable to the owners of the parent decreased.

## Hungary

in EUR million	2018	2019	Change
Net interest income	198.8	213.5	7.4%
Net fee and commission income	170.2	188.3	10.6%
Net trading result and gains/losses from financial instruments at FVPL	45.4	36.9	-18.7%
Operating income	418.4	445.8	6.6%
Operating expenses	-212.4	-216.9	2.1%
Operating result	206.0	229.0	11.2%
Cost/income ratio	50.8%	48.6%	
Impairment result from financial instruments	36.3	18.2	-49.8%
Other result	-67.2	-61.2	-8.8%
Net result attributable to owners of the parent	166.8	173.2	3.8%
Return on allocated capital	20.8%	17.7%	

The segment analysis is done on a constant currency basis. The HUF depreciated by 2.0% against the EUR in the reporting period. Net interest income in the Hungary segment (comprising Erste Bank Hungary Group) increased driven by higher customer loan and deposit volumes. Net fee and commission income rose due to higher securities and insurance brokerage fees. Net trading result and gains/losses from financial instruments at FVPL declined due to the non-recurrence of the last year's high contribution of derivatives. Operating expenses went up on the back of higher personnel and IT costs. Deposit insurance contributions decreased to EUR 6.0 million (EUR 7.5 million). Overall, operating result and the cost/income ratio improved. Lower net releases of risk provisions (reflected in the impairment result from financial instruments) were caused by provisioning requirements in corporate business. Other result improved on selling gains from securities not measured at fair value through profit and loss. This line item also included the banking tax of EUR 12.6 million (EUR 13.5 million), transaction tax of EUR 47.6 million (EUR 45.4 million) and the contribution to the resolution fund of EUR 2.8 million (EUR 2.6 million). Overall, the net result attributable to the owners of the parent increased.

## Croatia

in EUR million	2018	2019	Change
Net interest income	273.7	275.1	0.5%
Net fee and commission income	98.9	108.2	9.5%
Net trading result and gains/losses from financial instruments at FVPL	30.3	32.7	8.0%
Operating income	420.3	430.3	2.4%
Operating expenses	-212.5	-223.1	5.0%
Operating result	207.8	207.2	-0.3%
Cost/income ratio	50.6%	51.9%	
Impairment result from financial instruments	-33.1	-5.8	-82.3%
Other result	-1.3	-38.2	>100.0%
Net result attributable to owners of the parent	95.7	90.3	-5.7%
Return on allocated capital	19.1%	16.8%	

The segment analysis is done on a constant currency basis. The Croatian Kuna remained stable against the EUR in the reporting period. Net interest income in the Croatia segment (comprising Erste Bank Croatia Group) increased moderately as higher contributions from consumer and housing loans in the retail business combined with higher contribution from balance sheet management offset lower margins on corporate loans. Net fee and commission income increased due to higher payment fees in retail business as well as one-off bond origination fees. Net trading result and gains/losses from financial instruments at FVPL increased on the back of higher result from foreign exchange transactions. Operating expenses went up due to higher personnel and IT costs and included a EUR 11.6 million (EUR 11.1 million) deposit insurance fund contribution. Overall, operating result decreased slightly, the cost/income ratio went up. The improvement of impairment result from financial instruments was driven by lower provisioning needs in both corporate and retail business. Other result deteriorated mainly due to higher provisions for legal expenses. This line item included resolution fund contribution in the amount of EUR 2.9 million (EUR 3.8 million). Consequently, the net result attributable to the owners of the parent decreased.

## Serbia

in EUR million	2018	2019	Change
Net interest income	50.7	58.4	15.1%
Net fee and commission income	13.4	14.7	10.0%
Net trading result and gains/losses from financial instruments at FVPL	5.1	5.3	4.1%
Operating income	69.3	78.5	13.3%
Operating expenses	-49.6	-58.7	18.2%
Operating result	19.7	19.9	1.1%
Cost/income ratio	71.6%	74.7%	
Impairment result from financial instruments	1.7	-0.8	n/a
Other result	-0.5	-0.4	-32.5%
Net result attributable to owners of the parent	15.5	14.0	-9.8%
Return on allocated capital	10.1%	7.4%	

The segment analysis is done on a constant currency basis. The Serbian Dinar (RSD) appreciated by 0.3% against the EUR in the reporting period. Net interest income in the Serbia segment (comprising Erste Bank Serbia Group) increased on the back of higher loan volumes in retail and corporate business. Net fee and commission income went up due to higher payment and lending fees. Net trading result and gains/losses from financial instruments at FVPL remained largely stable. The increase in operating expenses was mainly driven by IT and personnel costs, both primarily related to the planned implementation of a new core banking system. Deposit insurance contribution rose to EUR 4.7 million (EUR 4.0 million). Operating result remained largely stable, the cost/income ratio went up. The deterioration of impairment result from financial instruments was primarily driven by lower releases and a higher allocation of risk provisions in retail business. Overall, the net result attributable to the owners of the parent decreased.

## Other

in EUR million	2018	2019	Change
Net interest income	113.7	96.0	-15.5%
Net fee and commission income	-58.4	-85.6	46.6%
Net trading result and gains/losses from financial instruments at FVPL	-44.7	-51.9	15.9%
Operating income	25.8	-40.7	n/a
Operating expenses	-236.3	-167.8	-29.0%
Operating result	-210.5	-208.4	-1.0%
Cost/income ratio	>100.0%	>100.0%	
Impairment result from financial instruments	-6.6	-14.8	>100.0%
Other result	-103.4	-291.3	>100.0%
Net result attributable to owners of the parent	-121.6	-352.8	>100.0%
Return on allocated capital	-1.9%	-6.1%	

The residual segment Other consists mainly of internal service providers, the Group Asset/Liability Management and the Corporate Center of Erste Group Bank AG as well as the reconciliation to the consolidated accounting result (e.g. intercompany elimination, dividend elimination) and free capital.

Operating income decreased mainly due to lower fees as well lower rental income on the back of lower operating lease volumes. Operating expenses decreased on higher intercompany eliminations. Other result deteriorated mainly on the goodwill impairment of Slovenská sporiteľňa in the amount of EUR 165.0 million. Overall the net result attributable to the owners of the parent declined.

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Erste Group shares (ISIN AT0000652011) are traded in Vienna, Prague and Bucharest.

The issues of Erste Group Bank AG are admitted to trading on the following regulated markets: Vienna, Luxembourg, Budapest, Bucharest and Stuttgart.

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## Appendix

### Preliminary results 2019 of Erste Group Bank AG (IFRS)

#### Consolidated income statement

in EUR thousand	2018	2019
Net interest income	4,581,977	4,746,850
Interest income	5,174,274	5,543,983
Other similar income	1,772,606	1,655,214
Interest expenses	-1,003,447	-1,054,859
Other similar expenses	-1,361,456	-1,397,488
Net fee and commission income	1,908,449	2,000,131
Fee and commission income	2,377,020	2,373,502
Fee and commission expenses	-468,571	-373,370
Dividend income	29,043	27,881
Net trading result	-1,697	318,342
Gains/losses from financial instruments measured at fair value through profit or loss	195,406	-24,508
Net result from equity method investments	13,102	17,093
Rental income from investment properties & other operating leases	189,368	170,143
Personnel expenses	-2,474,238	-2,537,127
Other administrative expenses	-1,234,893	-1,205,146
Depreciation and amortisation	-471,966	-540,979
Gains/losses from derecognition of financial assets measured at amortised cost	58	921
Other gains/losses from derecognition of financial instruments not measured at fair value through profit or loss	5,658	23,475
Impairment result from financial instruments	59,253	-39,193
Other operating result	-304,549	-628,152
Levies on banking activities	-112,221	-127,990
<b>Pre-tax result from continuing operations</b>	<b>2,494,972</b>	<b>2,329,731</b>
Taxes on income	-332,439	-418,674
<b>Net result for the period</b>	<b>2,162,533</b>	<b>1,911,057</b>
Net result attributable to non-controlling interests	369,087	440,924
<b>Net result attributable to owners of the parent</b>	<b>1,793,446</b>	<b>1,470,133</b>

#### Consolidated statement of comprehensive income

in EUR thousand	2018	2019
<b>Net result for the period</b>	<b>2,162,533</b>	<b>1,911,057</b>
<b>Other comprehensive income</b>		
<b>Items that may not be reclassified to profit or loss</b>	<b>122,218</b>	<b>-70,143</b>
Remeasurement of defined benefit plans	-127,413	-139,949
Fair value reserve of equity instruments	36,740	54,148
Own credit risk reserve	226,932	-17,506
Deferred taxes relating to items that may not be reclassified	-14,041	33,165
<b>Items that may be reclassified to profit or loss</b>	<b>-191,755</b>	<b>-22,825</b>
Fair value reserve of debt instruments	-152,264	44,609
Gain/loss during the period	-152,484	46,341
Reclassification adjustments	3,508	-6,075
Credit loss allowances	-3,288	4,343
Cash flow hedge reserve	-2,890	-54,421
Gain/loss during the period	28,025	-29,415
Reclassification adjustments	-30,915	-25,006
Currency reserve	-72,079	-13,519
Gain/loss during the period	-72,079	-13,519
Deferred taxes relating to items that may be reclassified	35,479	370
Gain/loss during the period	30,321	-6,211
Reclassification adjustments	5,158	6,581
Share of other comprehensive income of associates and joint ventures accounted for by the equity method	0	136
<b>Total other comprehensive income</b>	<b>-69,537</b>	<b>-92,968</b>
<b>Total comprehensive income</b>	<b>2,092,996</b>	<b>1,818,089</b>
Total comprehensive income attributable to non-controlling interests	322,652	394,459
<b>Total comprehensive income attributable to owners of the parent</b>	<b>1,770,344</b>	<b>1,423,630</b>

## Group balance sheet

in EUR thousand	Dec 18	Dec 19
<b>Assets</b>		
Cash and cash balances	17,549,181	10,693,301
Financial assets held for trading	5,584,460	5,759,602
Derivatives	3,037,413	2,805,447
Other financial assets held for trading	2,547,047	2,954,155
Pledged as collateral	162,856	429,799
Non-trading financial assets at fair value through profit and loss	3,310,046	3,208,269
Pledged as collateral	37,237	38,639
Equity instruments	372,297	390,080
Debt securities	2,651,166	2,334,757
Loans and advances to customers	286,583	483,432
Financial assets at fair value through other comprehensive income	9,271,881	9,046,504
Pledged as collateral	212,439	603,241
Equity instruments	238,876	210,117
Debt securities	9,033,005	8,836,388
Financial assets at amortised cost	189,106,358	204,162,083
Pledged as collateral	959,617	2,141,960
Debt securities	26,050,153	26,763,789
Loans and advances to banks	19,102,754	23,054,595
Loans and advances to customers	143,953,451	154,343,699
Finance lease receivables	3,762,767	4,034,425
Hedge accounting derivatives	132,411	130,118
Fair value changes of hedged items in portfolio hedge of interest rate risk	0	-3,766
Property and equipment	2,292,792	2,629,247
Investment properties	1,159,330	1,265,916
Intangible assets	1,507,082	1,368,320
Investments in associates and joint ventures	198,093	162,984
Current tax assets	101,315	80,715
Deferred tax assets	402,190	477,063
Assets held for sale	213,127	268,860
Trade and other receivables	1,318,411	1,408,069
Other assets	882,387	1,001,137
<b>Total assets</b>	<b>236,791,833</b>	<b>245,692,847</b>
<b>Liabilities and equity</b>		
Financial liabilities held for trading	2,508,250	2,421,082
Derivatives	2,000,173	2,005,403
Other financial liabilities held for trading	508,077	415,679
Financial liabilities at fair value through profit or loss	14,121,895	13,494,319
Deposits from customers	211,810	264,837
Debt securities issued	13,445,678	13,010,530
Other financial liabilities	464,407	218,953
Financial liabilities at amortised cost	196,862,845	204,143,420
Deposits from banks	17,657,544	13,140,590
Deposits from customers	162,426,423	173,066,149
Debt securities issued	16,292,610	17,360,340
Other financial liabilities	486,268	576,341
Lease liabilities	6	515,068
Hedge accounting derivatives	276,968	269,189
Fair value changes of hedged items in portfolio hedge of interest rate risk	48	11
Provisions	1,704,526	1,918,740
Current tax liabilities	99,234	60,586
Deferred tax liabilities	22,886	17,905
Liabilities associated with assets held for sale	3,310	6,169
Other liabilities	2,323,146	2,369,033
<b>Total equity</b>	<b>18,868,719</b>	<b>20,477,324</b>
Equity attributable to non-controlling interests	4,494,030	4,857,496
Additional equity instruments	993,242	1,490,367
Equity attributable to owners of the parent	13,381,447	14,129,461
Subscribed capital	859,600	859,600
Additional paid-in capital	1,476,689	1,477,719
Retained earnings and other reserves	11,045,159	11,792,141
<b>Total liabilities and equity</b>	<b>236,791,833</b>	<b>245,692,847</b>

## Segment reporting

### Business segments (1)

in EUR million	Retail		Corporates		Group Markets		ALM&LCC	
	2018	2019	2018	2019	2018	2019	2018	2019
Net interest income	2,267.5	2,290.1	1,032.2	1,098.7	252.6	257.2	-91.6	-104.3
Net fee and commission income	1,054.4	1,094.5	283.1	301.1	226.5	228.3	-102.8	-84.5
Dividend income	0.4	3.6	1.0	1.6	1.5	3.0	11.7	7.6
Net trading result	118.0	112.0	70.6	95.5	60.1	19.9	-206.8	117.3
Gains/losses from financial instruments at FVPL	-1.7	0.5	17.7	5.4	-7.0	28.5	174.7	-78.7
Net result from equity method investments	6.8	6.1	0.0	0.0	0.0	0.0	3.4	4.8
Rental income from investment properties & other operating leases	22.4	23.0	119.6	100.8	0.0	0.0	33.0	30.8
General administrative expenses	-2,030.9	-2,096.2	-572.3	-575.3	-241.3	-240.2	-67.8	-110.9
Gains/losses from derecognition of financial assets at AC	0.0	-0.3	0.0	-1.1	0.0	0.0	-0.1	5.6
Other gains/losses from derecognition of financial instruments not at FVPL	1.1	0.0	10.0	21.3	0.0	0.0	-5.8	-2.3
Impairment result from financial instruments	-24.7	-74.6	59.4	32.9	-0.4	5.1	12.4	13.0
Other operating result	-54.0	-226.1	-3.0	-22.5	-21.3	-18.4	-125.4	-93.3
Levies on banking activities	-60.4	-69.2	-21.5	-27.6	-3.6	-4.1	-7.2	-6.4
<b>Pre-tax result from continuing operations</b>	<b>1,359.3</b>	<b>1,132.5</b>	<b>1,018.2</b>	<b>1,058.4</b>	<b>270.7</b>	<b>283.4</b>	<b>-365.1</b>	<b>-295.0</b>
Taxes on income	-253.7	-223.3	-180.0	-202.5	-51.5	-52.8	69.9	46.8
<b>Net result for the period</b>	<b>1,105.6</b>	<b>909.2</b>	<b>838.2</b>	<b>855.9</b>	<b>219.1</b>	<b>230.6</b>	<b>-295.2</b>	<b>-248.1</b>
Net result attributable to non-controlling interests	40.7	42.8	36.7	41.0	3.5	6.0	-6.1	-10.9
<b>Net result attributable to owners of the parent</b>	<b>1,064.9</b>	<b>866.4</b>	<b>801.5</b>	<b>814.9</b>	<b>215.7</b>	<b>224.6</b>	<b>-289.1</b>	<b>-237.3</b>
Operating income	3,467.8	3,529.7	1,524.0	1,603.1	533.7	536.9	-178.5	-107.1
Operating expenses	-2,030.9	-2,096.2	-572.3	-575.3	-241.3	-240.2	-67.8	-110.9
<b>Operating result</b>	<b>1,436.9</b>	<b>1,433.5</b>	<b>951.8</b>	<b>1,027.8</b>	<b>292.4</b>	<b>296.7</b>	<b>-246.3</b>	<b>-218.0</b>
Risk-weighted assets (credit risk, eop)	20,199	19,053	38,702	42,693	3,985	3,321	5,298	5,739
Average allocated capital	3,145	3,446	3,989	4,567	800	958	2,773	3,037
Cost/income ratio	58.6%	59.4%	37.5%	35.9%	45.2%	44.7%	-38.0%	>100%
Return on allocated capital	35.2%	26.4%	21.0%	18.7%	27.4%	24.1%	-10.6%	-8.2%
Total assets (eop)	62,434	65,277	52,710	57,342	46,257	31,394	49,155	60,971
Total liabilities excluding equity (eop)	86,252	91,572	27,044	28,210	37,207	31,802	47,746	49,244
<b>Impairments</b>	<b>-35.4</b>	<b>-74.4</b>	<b>57.2</b>	<b>20.6</b>	<b>-0.4</b>	<b>5.1</b>	<b>-46.9</b>	<b>-4.6</b>
Net impairment loss on financial assets AC	-32.4	-80.9	53.9	-26.1	-1.7	4.6	1.0	10.2
Net impairment loss on financial assets FVOCI	0.0	-0.1	-0.9	-3.6	0.0	0.0	2.2	-0.2
Net impairment loss on finance lease receivables	-0.2	-1.7	10.4	9.2	0.0	0.0	0.1	0.3
Net impairment loss on commitments and guarantees given	7.9	8.0	-4.1	53.5	1.3	0.5	9.2	2.6
Impairment of goodwill	-2.6	0.0	0.0	0.0	0.0	0.0	2.6	0.0
Net impairment on investments in subsidiaries, joint ventures and associates	0.0	0.0	-0.3	-1.3	0.0	0.0	0.3	1.3
Net impairment on other non-financial assets	-8.1	0.2	-1.9	-11.0	0.0	0.0	-62.2	-18.8

## Business segments (2)

in EUR million	Savings Banks		Group Corporate Center		Intragroup Elimination		Total Group	
	2018	2019	2018	2019	2018	2019	2018	2019
Net interest income	1,016.4	1,052.1	77.9	70.6	27.0	82.5	4,582.0	4,746.8
Net fee and commission income	459.8	490.6	-12.5	-1.3	0.0	-28.5	1,908.4	2,000.1
Dividend income	8.9	6.1	5.6	6.0	0.0	0.0	29.0	27.9
Net trading result	1.9	26.8	-0.8	17.7	-44.5	-70.9	-1.7	318.3
Gains/losses from financial instruments at FVPL	-28.9	25.2	40.7	-5.5	0.0	0.0	195.4	-24.5
Net result from equity method investments	0.0	0.0	2.9	6.2	0.0	0.0	13.1	17.1
Rental income from investment properties & other operating leases	39.4	39.3	10.4	-22.9	-35.4	-0.9	189.4	170.1
General administrative expenses	-1,073.3	-1,120.1	-980.4	-1,023.9	784.8	883.4	-4,181.1	-4,283.3
Gains/losses from derecognition of financial assets at AC	1.3	2.3	0.7	0.4	-1.8	-6.0	0.1	0.9
Other gains/losses from derecognition of financial instruments not at FVPL	0.6	-0.5	-0.3	-1.1	0.0	6.1	5.7	23.5
Impairment result from financial instruments	19.8	0.7	-7.3	-16.4	0.0	0.0	59.3	-39.2
Other operating result	-6.4	24.5	635.6	573.3	-730.1	-865.6	-304.5	-628.2
Levies on banking activities	-4.1	-4.3	-15.4	-16.4	0.0	0.0	-112.2	-128.0
<b>Pre-tax result from continuing operations</b>	<b>439.4</b>	<b>547.1</b>	<b>-227.5</b>	<b>-396.8</b>	<b>0.0</b>	<b>0.0</b>	<b>2,495.0</b>	<b>2,329.7</b>
Taxes on income	-106.0	-127.8	188.9	141.0	0.0	0.0	-332.4	-418.7
<b>Net result for the period</b>	<b>333.4</b>	<b>419.2</b>	<b>-38.6</b>	<b>-255.8</b>	<b>0.0</b>	<b>0.0</b>	<b>2,162.5</b>	<b>1,911.1</b>
Net result attributable to non-controlling interests	279.8	354.5	14.4	7.5	0.0	0.0	369.1	440.9
<b>Net result attributable to owners of the parent</b>	<b>53.6</b>	<b>64.8</b>	<b>-53.0</b>	<b>-263.3</b>	<b>0.0</b>	<b>0.0</b>	<b>1,793.4</b>	<b>1,470.1</b>
Operating income	1,497.4	1,640.2	124.2	70.9	-52.9	-17.7	6,915.6	7,255.9
Operating expenses	-1,073.3	-1,120.1	-980.4	-1,023.9	784.8	883.4	-4,181.1	-4,283.3
<b>Operating result</b>	<b>424.1</b>	<b>520.1</b>	<b>-856.2</b>	<b>-953.0</b>	<b>731.9</b>	<b>865.6</b>	<b>2,734.6</b>	<b>2,972.7</b>
Risk-weighted assets (credit risk, eop)	23,334	24,670	1,691	1,417	0	0	93,209	96,894
Average allocated capital	2,741	3,218	4,685	4,561	0	0	18,133	19,788
Cost/income ratio	71.7%	68.3%	>100%	>100%	>100%	>100%	60.5%	59.0%
Return on allocated capital	12.2%	13.0%	-0.8%	-5.6%			11.9%	9.7%
Total assets (eop)	63,364	67,360	5,178	4,081	-42,305	-40,732	236,792	245,693
Total liabilities excluding equity (eop)	58,648	62,276	3,380	2,869	-42,354	-40,759	217,923	225,216
<b>Impairments</b>	<b>20.2</b>	<b>1.8</b>	<b>-37.0</b>	<b>-231.3</b>	<b>0.0</b>	<b>0.0</b>	<b>-42.3</b>	<b>-282.8</b>
Net impairment loss on financial assets AC	-8.1	-12.1	25.9	-8.2	0.0	0.0	38.6	-112.5
Net impairment loss on financial assets FVOCI	1.4	-0.2	0.9	-0.1	0.0	0.0	3.5	-4.2
Net impairment loss on finance lease receivables	0.3	-0.4	0.0	0.0	0.0	0.0	10.6	7.4
Net impairment loss on commitments and guarantees given	26.3	13.4	-34.1	-8.1	0.0	0.0	6.6	70.0
Impairment of goodwill	0.0	0.0	0.0	-165.0	0.0	0.0	0.0	-165.0
Net impairment on investments in subsidiaries, joint ventures and associates	0.0	0.3	0.0	-46.1	0.0	0.0	0.0	-45.8
Net impairment on other non-financial assets	0.4	0.8	-29.7	-3.9	0.0	0.0	-101.6	-32.8

## Geographical segmentation – overview

in EUR million	Austria		Central and Eastern Europe		Other		Total Group	
	2018	2019	2018	2019	2018	2019	2018	2019
Net interest income	2,049.6	2,101.1	2,418.7	2,549.7	113.7	96.0	4,582.0	4,746.8
Net fee and commission income	1,070.8	1,130.1	896.1	955.6	-58.4	-85.6	1,908.4	2,000.1
Dividend income	18.4	17.6	5.1	4.3	5.6	6.0	29.0	27.9
Net trading result	-16.8	-1.5	270.8	268.9	-255.6	50.9	-1.7	318.3
Gains/losses from financial instruments at FVPL	-25.9	69.6	10.4	8.7	210.9	-102.8	195.4	-24.5
Net result from equity method investments	0.6	-0.4	9.6	11.3	2.9	6.2	13.1	17.1
Rental income from investment properties & other operating leases	137.2	131.3	45.5	50.4	6.7	-11.5	189.4	170.1
General administrative expenses	-2,121.6	-2,215.3	-1,823.2	-1,900.2	-236.3	-167.8	-4,181.1	-4,283.3
Gains/losses from derecognition of financial assets at AC	0.9	1.2	0.6	0.0	-1.4	-0.3	0.1	0.9
Other gains/losses from derecognition of financial instruments not at FVPL	2.1	-0.9	5.6	-1.4	-2.0	25.8	5.7	23.5
Impairment result from financial instruments	121.8	-12.5	-55.9	-11.9	-6.6	-14.8	59.3	-39.2
Other operating result	-21.2	54.4	-183.4	-365.8	-100.0	-316.8	-304.5	-628.2
Levies on banking activities	-7.6	-8.0	-89.2	-103.6	-15.4	-16.4	-112.2	-128.0
<b>Pre-tax result from continuing operations</b>	<b>1,215.7</b>	<b>1,274.7</b>	<b>1,599.8</b>	<b>1,569.5</b>	<b>-320.6</b>	<b>-514.5</b>	<b>2,495.0</b>	<b>2,329.7</b>
Taxes on income	-264.1	-280.7	-281.7	-307.1	213.4	169.2	-332.4	-418.7
<b>Net result for the period</b>	<b>951.6</b>	<b>994.0</b>	<b>1,318.1</b>	<b>1,262.4</b>	<b>-107.2</b>	<b>-345.4</b>	<b>2,162.5</b>	<b>1,911.1</b>
Net result attributable to non-controlling interests	306.7	387.7	47.9	45.7	14.4	7.5	369.1	440.9
<b>Net result attributable to owners of the parent</b>	<b>644.9</b>	<b>606.3</b>	<b>1,270.2</b>	<b>1,216.7</b>	<b>-121.6</b>	<b>-352.8</b>	<b>1,793.4</b>	<b>1,470.1</b>
Operating income	3,233.8	3,447.8	3,656.1	3,848.8	25.8	-40.7	6,915.6	7,255.9
Operating expenses	-2,121.6	-2,215.3	-1,823.2	-1,900.2	-236.3	-167.8	-4,181.1	-4,283.3
<b>Operating result</b>	<b>1,112.2</b>	<b>1,232.5</b>	<b>1,832.9</b>	<b>1,948.6</b>	<b>-210.5</b>	<b>-208.4</b>	<b>2,734.6</b>	<b>2,972.7</b>
Risk-weighted assets (credit risk, eop)	50,053	51,812	40,914	43,021	2,242	2,060	93,209	96,894
Average allocated capital	6,143	7,131	6,400	7,025	5,590	5,632	18,133	19,788
Cost/income ratio	65.6%	64.3%	49.9%	49.4%	>100%	>100%	60.5%	59.0%
Return on allocated capital	15.5%	13.9%	20.6%	18.0%	-1.9%	-6.1%	11.9%	9.7%
Total assets (eop)	156,325	158,921	107,377	112,600	-26,910	-25,828	236,792	245,693
Total liabilities excluding equity (eop)	126,772	126,184	96,790	101,011	-5,639	-1,979	217,923	225,216
<b>Impairments</b>	<b>105.9</b>	<b>-12.2</b>	<b>-111.3</b>	<b>-38.8</b>	<b>-37.0</b>	<b>-231.7</b>	<b>-42.3</b>	<b>-282.8</b>
Net impairment loss on financial assets AC	28.8	-58.0	-16.2	-47.9	25.9	-6.7	38.6	-112.5
Net impairment loss on financial assets FVOCI	0.6	-3.7	1.9	-0.1	1.0	-0.3	3.5	-4.2
Net impairment loss on finance lease receivables	11.2	16.5	-0.5	-9.0	-0.1	0.0	10.6	7.4
Net impairment loss on commitments and guarantees given	81.2	32.7	-41.2	45.1	-33.5	-7.8	6.6	70.0
Impairment of goodwill	0.0	0.0	0.0	0.0	0.0	-165.0	0.0	-165.0
Net impairment on investments in subsidiaries, joint ventures and associates	0.0	0.3	0.0	0.0	0.0	-46.1	0.0	-45.8
Net impairment on other non-financial assets	-15.9	0.0	-55.4	-27.0	-30.3	-5.8	-101.6	-32.8

## Geographical area – Austria

in EUR million	EBOe & Subsidiaries		Savings Banks		Other Austria		Austria	
	2018	2019	2018	2019	2018	2019	2018	2019
Net interest income	644.3	642.1	1,016.4	1,052.1	388.9	406.9	2,049.6	2,101.1
Net fee and commission income	386.4	398.9	459.8	490.6	224.6	240.7	1,070.8	1,130.1
Dividend income	6.8	6.9	8.9	6.1	2.7	4.5	18.4	17.6
Net trading result	7.3	16.9	1.9	26.8	-25.9	-45.2	-16.8	-1.5
Gains/losses from financial instruments at FVPL	3.3	12.2	-28.9	25.2	-0.3	32.2	-25.9	69.6
Net result from equity method investments	1.3	1.7	0.0	0.0	-0.7	-2.2	0.6	-0.4
Rental income from investment properties & other operating leases	38.7	39.2	39.4	39.3	59.1	52.7	137.2	131.3
General administrative expenses	-678.9	-717.1	-1,073.3	-1,120.1	-369.4	-378.1	-2,121.6	-2,215.3
Gains/losses from derecognition of financial assets at AC	-0.5	0.0	1.3	2.3	0.0	-1.1	0.9	1.2
Other gains/losses from derecognition of financial instruments not at FVPL	1.5	-0.3	0.6	-0.5	0.0	0.0	2.1	-0.9
Impairment result from financial instruments	14.3	-6.0	19.8	0.7	87.7	-7.3	121.8	-12.5
Other operating result	-40.6	-18.6	-6.4	24.5	25.9	48.5	-21.2	54.4
Levies on banking activities	-3.5	-3.6	-4.1	-4.3	0.0	-0.1	-7.6	-8.0
<b>Pre-tax result from continuing operations</b>	<b>383.8</b>	<b>375.9</b>	<b>439.4</b>	<b>547.1</b>	<b>392.5</b>	<b>351.7</b>	<b>1,215.7</b>	<b>1,274.7</b>
Taxes on income	-88.0	-88.4	-106.0	-127.8	-70.1	-64.4	-264.1	-280.7
<b>Net result for the period</b>	<b>295.8</b>	<b>287.5</b>	<b>333.4</b>	<b>419.2</b>	<b>322.4</b>	<b>287.3</b>	<b>951.6</b>	<b>994.0</b>
Net result attributable to non-controlling interests	17.6	24.3	279.8	354.5	9.3	9.0	306.7	387.7
<b>Net result attributable to owners of the parent</b>	<b>278.2</b>	<b>263.2</b>	<b>53.6</b>	<b>64.8</b>	<b>313.2</b>	<b>278.3</b>	<b>644.9</b>	<b>606.3</b>
Operating income	1,088.1	1,117.9	1,497.4	1,640.2	648.3	689.7	3,233.8	3,447.8
Operating expenses	-678.9	-717.1	-1,073.3	-1,120.1	-369.4	-378.1	-2,121.6	-2,215.3
<b>Operating result</b>	<b>409.2</b>	<b>400.8</b>	<b>424.1</b>	<b>520.1</b>	<b>278.9</b>	<b>311.6</b>	<b>1,112.2</b>	<b>1,232.5</b>
Risk-weighted assets (credit risk, eop)	12,162	12,536	23,334	24,670	14,557	14,607	50,053	51,812
Average allocated capital	1,582	1,756	2,741	3,218	1,820	2,157	6,143	7,131
Cost/income ratio	62.4%	64.1%	71.7%	68.3%	57.0%	54.8%	65.6%	64.3%
Return on allocated capital	18.7%	16.4%	12.2%	13.0%	17.7%	13.3%	15.5%	13.9%
Total assets (eop)	44,948	46,504	63,364	67,360	48,012	45,057	156,325	158,921
Total liabilities excluding equity (eop)	43,013	44,320	58,648	62,276	25,111	19,588	126,772	126,184
<b>Impairments</b>	<b>14.5</b>	<b>-7.1</b>	<b>20.2</b>	<b>1.8</b>	<b>71.2</b>	<b>-6.9</b>	<b>105.9</b>	<b>-12.2</b>
Net impairment loss on financial assets AC	4.0	-20.7	-8.1	-12.1	32.9	-25.1	28.8	-58.0
Net impairment loss on financial assets FVOCI	0.0	0.0	1.4	-0.2	-0.8	-3.5	0.6	-3.7
Net impairment loss on finance lease receivables	-0.6	0.5	0.3	-0.4	11.5	16.3	11.2	16.5
Net impairment loss on commitments and guarantees given	10.8	14.2	26.3	13.4	44.1	5.0	81.2	32.7
Impairment of goodwill	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net impairment on investments in subsidiaries, joint ventures and associates	0.0	0.0	0.0	0.3	0.0	0.0	0.0	0.3
Net impairment on other non-financial assets	0.2	-1.2	0.4	0.8	-16.5	0.4	-15.9	0.0

## Geographical area - Central and Eastern Europe

in EUR million	Czech Republic		Slovakia		Romania		Hungary		Croatia		Serbia		Central and Eastern Europe	
	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019
Net interest income	1,062.2	1,141.1	438.7	433.6	394.5	428.0	198.8	213.5	273.7	275.1	50.7	58.4	2,418.7	2,549.7
Net fee and commission income	332.9	334.7	128.8	145.2	151.9	164.5	170.2	188.3	98.9	108.2	13.4	14.7	896.1	955.6
Dividend income	3.0	2.5	1.0	1.0	0.8	0.5	0.1	0.1	0.1	0.2	0.0	0.0	5.1	4.3
Net trading result	83.8	104.0	9.7	20.7	92.0	71.0	50.4	36.4	29.8	31.5	5.1	5.4	270.8	268.9
Gains/losses from financial instruments at FVPL	8.7	5.7	2.1	-2.0	4.0	3.2	-4.9	0.6	0.5	1.2	0.0	0.0	10.4	8.7
Net result from equity method investments	2.1	4.1	5.5	6.1	0.6	-0.1	0.0	0.0	1.4	1.2	0.0	0.0	9.6	11.3
Rental income from investment properties & other operating leases	8.6	8.4	0.3	1.2	16.8	20.8	3.8	7.0	15.8	12.9	0.1	0.1	45.5	50.4
General administrative expenses	-714.5	-753.9	-279.6	-288.7	-354.6	-359.0	-212.4	-216.9	-212.5	-223.1	-49.6	-58.7	-1,823.2	-1,900.2
Gains/losses from derecognition of financial assets at AC	0.6	0.3	0.0	0.1	0.0	-0.1	0.0	0.0	0.0	-0.1	0.0	-0.2	0.6	0.0
Other gains/losses from derecognition of financial instruments not at FVPL	0.3	-1.1	-0.1	-0.5	0.5	-6.2	1.1	6.0	3.7	0.2	0.1	0.1	5.6	-1.4
Impairment result from financial instruments	-11.2	6.2	-23.5	-42.7	-26.0	13.0	36.3	18.2	-33.1	-5.8	1.7	-0.8	-55.9	-11.9
Other operating result	-50.4	-26.8	-40.2	-38.7	-18.9	-194.5	-68.2	-67.3	-5.1	-38.3	-0.6	-0.3	-183.4	-365.8
Levies on banking activities	0.0	0.0	-30.3	-32.5	0.0	-11.0	-58.9	-60.2	0.0	0.0	0.0	0.0	-89.2	-103.6
<b>Pre-tax result from continuing operations</b>	<b>726.2</b>	<b>825.3</b>	<b>242.8</b>	<b>235.3</b>	<b>261.5</b>	<b>141.2</b>	<b>175.1</b>	<b>185.9</b>	<b>173.3</b>	<b>163.2</b>	<b>20.8</b>	<b>18.7</b>	<b>1,599.8</b>	<b>1,569.5</b>
Taxes on income	-144.0	-158.7	-53.4	-47.5	-41.3	-56.1	-8.3	-12.7	-33.2	-30.8	-1.5	-1.1	-281.7	-307.1
<b>Net result for the period</b>	<b>582.3</b>	<b>666.5</b>	<b>189.4</b>	<b>187.7</b>	<b>220.2</b>	<b>85.1</b>	<b>166.8</b>	<b>173.2</b>	<b>140.1</b>	<b>132.3</b>	<b>19.4</b>	<b>17.6</b>	<b>1,318.1</b>	<b>1,262.4</b>
Net result attributable to non-controlling interests	-0.5	0.0	0.0	0.0	0.3	0.1	0.0	0.0	44.4	42.0	3.8	3.5	47.9	45.7
<b>Net result attributable to owners of the parent</b>	<b>582.8</b>	<b>666.5</b>	<b>189.4</b>	<b>187.7</b>	<b>219.9</b>	<b>85.0</b>	<b>166.8</b>	<b>173.2</b>	<b>95.7</b>	<b>90.3</b>	<b>15.5</b>	<b>14.0</b>	<b>1,270.2</b>	<b>1,216.7</b>
Operating income	1,501.4	1,600.5	586.1	605.7	660.6	688.0	418.4	445.8	420.3	430.3	69.3	78.5	3,656.1	3,848.8
Operating expenses	-714.5	-753.9	-279.6	-288.7	-354.6	-359.0	-212.4	-216.9	-212.5	-223.1	-49.6	-58.7	-1,823.2	-1,900.2
<b>Operating result</b>	<b>786.9</b>	<b>846.6</b>	<b>306.6</b>	<b>317.0</b>	<b>306.0</b>	<b>329.0</b>	<b>206.0</b>	<b>229.0</b>	<b>207.8</b>	<b>207.2</b>	<b>19.7</b>	<b>19.9</b>	<b>1,832.9</b>	<b>1,948.6</b>
Risk-weighted assets (credit risk, eop)	18,373	17,815	6,310	7,209	5,954	6,521	3,816	4,226	5,005	5,638	1,456	1,612	40,914	43,021
Average allocated capital	2,492	2,504	914	1,066	1,266	1,452	802	977	734	790	191	237	6,400	7,025
Cost/income ratio	47.6%	47.1%	47.7%	47.7%	53.7%	52.2%	50.8%	48.6%	50.6%	51.9%	71.6%	74.7%	49.9%	49.4%
Return on allocated capital	23.4%	26.6%	20.7%	17.6%	17.4%	5.9%	20.8%	17.7%	19.1%	16.8%	10.1%	7.4%	20.6%	18.0%
Total assets (eop)	55,455	57,412	17,435	18,614	15,340	15,673	7,987	8,932	9,378	9,905	1,782	2,064	107,377	112,600
Total liabilities excluding equity (eop)	50,685	52,004	15,930	16,999	13,546	13,902	6,872	7,715	8,179	8,601	1,580	1,790	96,790	101,011
<b>Impairments</b>	<b>-36.8</b>	<b>4.8</b>	<b>-24.2</b>	<b>-41.8</b>	<b>-49.0</b>	<b>-9.3</b>	<b>32.2</b>	<b>16.8</b>	<b>-35.2</b>	<b>-8.5</b>	<b>1.7</b>	<b>-0.8</b>	<b>-111.3</b>	<b>-38.8</b>
Net impairment loss on financial assets AC	13.9	-24.4	-26.0	-45.1	-11.2	3.6	35.1	18.8	-28.7	-0.1	0.7	-0.7	-16.2	-47.9
Net impairment loss on financial assets FVOCI	2.1	-0.3	0.0	0.0	-0.2	0.1	0.0	-0.1	-0.3	0.2	0.4	0.0	1.9	-0.1
Net impairment loss on finance lease receivables	-1.6	0.8	0.1	-3.6	-0.2	-3.9	0.9	-2.3	0.4	-0.1	0.0	0.2	-0.5	-9.0
Net impairment loss on commitments and guarantees given	-25.6	30.2	2.4	6.0	-14.4	13.3	0.2	1.9	-4.5	-5.8	0.7	-0.3	-41.2	45.1
Impairment of goodwill	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net impairment on investments in subsidiaries, joint ventures and associates	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net impairment on other non-financial assets	-25.6	-1.4	-0.7	0.9	-23.0	-22.4	-4.1	-1.4	-2.0	-2.6	0.0	0.0	-55.4	-27.0