

## Erste Group achieves solid net profit of EUR 903.4 million despite higher risk costs

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### Highlights:

- Erste Group continued the trend of the first three quarters and posted a record operating result of EUR 3,771.4 million in 2009, up 25.8% on the previous year. As a result, the cost/income ratio also improved to its best ever level at 50.2%. Kosten-Ertrags-Relation auf einen Bestwert von 50,2%.
- This success was driven by a significant increase in operating income, which rose by 8.3% to EUR 7,578.8 million, and a marked decline in operating expenses, which fell by 4.9% to EUR 3.807,4 million. Net interest income improved during the course of the year, growing by 6.3% to EUR 5,220.9 million. Moderate growth in deposits (+2.5% to EUR 112.0 billion) and customer loans (+2.3% to EUR 129.1 billion) as well as stable net interest margins contributed to this rise. Net commission income declined by 10.1% to EUR 1,772.8 million in 2009. Net trading result rose by more than 400% to EUR 585.1 million. This significant increase was driven by a very weak 2008 result and an improvement in the market environment.
- Risk costs rose by 92.0% to EUR 2,056.6 million or 161 basis points (2008: 88 bps) of average customer loans. The deceleration in NPL growth continued in the fourth quarter. The NPL ratio in relation to average customer loans reached 6.6% at year-end 2009, following 6.3% in the third quarter (year-end 2008: 4.7%). The NPL coverage ratio, which deteriorated until mid-year, also improved to 57.2%, compared to 56.7% in the third quarter (year-end 2008: 62.8%).
- Net profit after minorities rose by 5.1% from EUR 859.6 million to EUR 903.4 million. All CEE subsidiaries, except for Erste Bank Ukraine, continued to operate profitably in 2009. Return on equity equalled 9.1%.
- Summary of fourth quarter 2009 performance: Net interest income continued to improve to EUR 1,380.0 million. Net commission income also developed positively, posting an 8.1% increase compared to the third quarter to EUR 459.5 million. As expected, net trading result declined significantly compared to the previous quarters to EUR 82.1 million. As general administrative expenses remained almost unchanged at EUR 927.1 million, the operating result at EUR 994.5 million was only marginally below the record level achieved in the third quarter (EUR 1,000.5 million).
- The capital increase, which was successfully executed in the fourth quarter of 2009, resulted in a significantly improved capital position of Erste Group. Overall, Erste Group's equity rose by EUR 4.6 billion in 2009 to EUR 12.7 billion. The tier 1 ratio (credit risk) equalled 10.8%, after 7.2% in 2008 and the core tier 1 ratio (total risk) improved to 8.3%, from 5.2% in 2008.
- Based on these positive business trends, the management board of Erste Group will propose an unchanged dividend of EUR 0.65 to the Annual General Meeting.

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