Erste Group posts net profit of EUR 483.5 million in 2012;

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HIGHLIGHTS

Net interest income declined to **EUR 5,235.3 million** in 2012 (2011: EUR 5,569.0 million), which was mainly due to the economic environment and the subdued credit demand as well as the continuing reduction of non-core assets. **Net fee and commission income** decreased from EUR 1,787.2 million to **EUR 1,720.8 million** due to weaker lending and securities business. At **EUR 273.4 million**, the **net trading result** was significantly higher than in the previous year (EUR 122.3 million).

Operating income totalled **EUR 7,229.5 million** (-3.3% versus 2011: EUR 7,478.5 million). Strict cost management reduced **general administrative expenses** by 2.4% from EUR 3,850.9 million to **EUR 3,756.7 million** in 2012. This led to an **operating result** of **EUR 3,472.8 million** (2011: EUR 3,627.6 million). The **cost/income ratio** was stable at **52.0%** (2011: 51.5%).

Risk costs showed a positive trend and declined by 12.7% to **EUR 1,980.0 million**, or **148 basis points** of average customer loans, in 2012 from EUR 2,266.9 million, or 168 basis points, in 2011. Provisioning levels declined or were stable in all core markets, with the exception of Romania and Croatia. For the second consecutive quarter the NPL volume declined while the **NPL ratio** remained stable and stood at **9.2%** as of 31 December 2012 (year-end 2011: 8.5%). The **NPL coverage ratio** improved to **62.6%** (year-end 2011: 61.0%).

Other operating result amounted to **EUR -724.3 million** (2011: EUR -1,589.9 million). The strong improvement was attributable to considerably smaller one-off effects in 2012: In particular, the buyback of tier 1 and tier 2 instruments had a favourable effect in the amount of EUR 413.2 million. Negative influences came from the adjustment of goodwill, including EUR 469.4 million for Banca Comercială Română. Banking taxes levied in Austria, Hungary and Slovakia had a negative impact of EUR 244.0 million (2011: EUR 132.1 million).

Erste Group's **net profit after minorities** amounted to **EUR 483.5 million** for 2012 despite net negative one-off effects of EUR 360.7 million. The management board will propose to the annual general meeting to pay a **dividend** of **EUR 0.4** per share for the financial year 2012 and to fully service the 8% coupon on the participation capital.

Shareholders' equity improved to **EUR 12.9 billion** (year-end 2011: EUR 12.0 billion). The substantial rise in **core tier 1 capital** to **EUR 11.8 billion** (year-end 2011: EUR 10.7 billion) and the strong reduction of **risk-weighted assets** by 7.6% to **EUR 105.3 billion** as of 31 December 2012 (year-end 2011: EUR 114.0 billion) led to a significant increase in the **core tier 1 ratio** (total risk; Basel 2.5) to **11.2%** (year-end 2011: 9.4%).

The **total balance sheet** as of 31 December 2012 stood at **EUR 213.8 billion**, up 1.8% year to date. The rise was primarily due to deposit growth in several core markets and investments in highly liquid assets. Lending volume decreased by 2.1% to EUR 131.9 billion.

In view of the bank's exceptionally strong liquidity situation, with customer deposits up 3.5% to EUR 123.1 billion and the loan-to-deposit ratio down to 107.2% (year-end 2011: 113.3%) in 2012, Erste Group **repaid EUR 4.0 billion** borrowed under the ECB's long-term refinancing operations (**LTRO**) early.

"Erste Group recorded a net profit of EUR 483.5 million in 2012, a solid bottom-line result considering the economically challenging environment and net negative one-off effects of EUR 361 million – including banking taxes in an amount of EUR 187 million," said Andreas Treichl, CEO of Erste Group Bank AG, when presenting the preliminary results for the financial year 2012. "We will therefore propose to the annual general meeting to pay a dividend of EUR 0.4 per share", Treichl continued. ”Regarding the business, we not only made progress in Romania and posted an excellent result in the Czech Republic, but the core tier 1 ratio (Basel 2.5) and the liquidity situation also showed positive developments. On the back of continued deposit inflows we repaid EUR 4 billion LTRO funds early”, Treichl concluded.

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