## Annual results 2024: Good performance reflects strong growth in customer business

* Significant increase in customer loans (+4.9%) and deposits (+3.8%)
* NPL ratio in line with expectations at 2.6%
* Banking platform George reaches 10.8 million users

**Erste Group Bank AG posted an operating result of 5.9 billion euros (+6.6%) in 2024 on the back of strong growth in customer business. Customer loans rose significantly to 218.1 billion euros (+4.9%), with growth dynamics slightly stronger in Central and Eastern Europe (CEE). After somewhat weaker demand in the first half of the year, the appetite for loans grew in the fourth quarter. Deposits too increased to 241.7 billion euros (+3.8%). The NPL ratio rose from 2.3% to 2.6%, in line with expectations. This was primarily due to the lack of a macroeconomic rebound in Austria, as the asset quality in CEE countries remained at a very good level. The tax rate rose by around 3 percentage points year-on-year to 21.1%. Erste Group generated a net profit of 3.1 billion euros (+4.3%) and remained strongly capitalized. Its year-end 2024 Common Equity Tier 1 (CET1) capital ratio of 15.1% already included a dividend proposal for the financial year 2024 and a potential share buyback program.**

*“Our results show that we are active in Europe's growth region, with two-thirds of our profits coming from our banks in Central and Eastern Europe. The pursuit of prosperity here remains unbroken, despite the strong convergence over the past 20 years. This region is also where future potential lies. In view of the major geopolitical changes taking place, Europe needs to grow closer together,”* says **Peter Bosek**, CEO of Erste Group.

*“We continued to grow strongly in our customer business last year and achieved a good result. Thanks to our prudent and diversified lending, we have our risk costs under control and our capital position remains strong. Interest rate cuts are boosting investments by both households and corporates. This trend is also reflected in the increase in our lending volume in the second half of the year,”* says **Stefan Dörfler**, CFO of Erste Group.

*Financial results from January to December 2024 are compared with those from January to December 2023 and balance sheet positions as of 31 December 2024 with those as of 31 December 2023.*

#### Net interest income rises 4.2% on higher loan volumes

**Net interest income** increased to EUR 7,528 million (+4.2%; EUR 7,228 million), in all core markets except Austria, on the back of higher loan volumes and lower interest expenses. **Net fee and commission income** rose to EUR 2,938 million (+11.3%; EUR 2,640 million). Growth was registered across all core markets, most notably in payment services and asset management. **Net trading result** declined to EUR 519 Mio (EUR 754 million); the line item **gains/losses from financial instruments** **measured at fair value through profit or loss** improved to EUR -82 million (EUR -306 million). The development of these two line items was mostly attributable to valuation effects. **Operating income** increased to EUR 11,178 million (+5.9%; EUR 10,552 million).

#### Cost/income ratio improves to 47.2%

**General administrative expenses** were up at EUR 5,279 million (+5.2%; EUR 5,020 million). Personnel expenses rose to EUR 3,202 million (+7.1%; EUR 2,991 million) driven by salary increases. Other administrative expenses were higher at EUR 1,529 million (+4.1%; EUR 1,468 million), which was mainly attributable to higher IT expenses in the amount of EUR 622 million (EUR 549 million). Contributions to deposit insurance schemes included in other administrative expenses declined to EUR 72 million (EUR 114 million), most notably in Austria. Amortisation and depreciation amounted to EUR 547 million (-2.2%; EUR 560 million). The significant increase in the **operating result** to EUR 5,900 million (+6.6%; EUR 5,532 million) was attributable in equal parts to increases in net interest income and net fee and commission income. The **cost/income ratio** improved to 47.2% (47.6%).

#### Slight deterioration in NPL ratio to 2.6%

The **impairment result from financial instruments** (“risk costs”) amounted to EUR -397 million or 18 basis points of average gross customer loans (EUR -128 million or 6 basis points). Allocations to provisions for loans and advances were posted primarily in Austria. Positive contributions came from the recovery of loans already written off, likewise most notably in Austria. The **NPL ratio** based on gross customer loans deteriorated slightly to 2.6% (2.3%). The **NPL coverage ratio** (excluding collateral) slipped to 72.5% (85.1%).

#### Increased net profit reflects stronger operating result

**Other operating result** amounted to EUR -414 million (EUR -468 million). This includes an allocation in the amount of EUR 102 million to a provision relating to the interbank exemption pursuant to the Austrian VAT Act. Expenses for annual contributions to resolution funds declined significantly to EUR 28 million (EUR 113 million), as no regular annual contributions were collected in the euro zone in 2024. Banking levies were paid in four core markets. EUR 245 million (EUR 183 million) are reflected in other operating result: thereof, EUR 168 million (EUR 137 million) were charged in Hungary. In Austria, banking tax equaled EUR 40 million (EUR 46 million), in Romania EUR 37 million (newly introduced in 2024). The banking tax in Slovakia of EUR 103 million is booked in the line item taxes on income.

**Taxes on income** amounted to EUR 1,053 million (EUR 874 million). The decline in the minority charge to EUR 819 million (EUR 923 million) was attributable to lower profitability at the savings banks. The **net result attributable to owners of the parent** rose to EUR 3,125 million (EUR 2,998 million) on the back of the strong operating result.

#### Significant increases in both loan and deposit volumes

**Total equity** not including AT1 instruments rose to EUR 28.1 billion (EUR 26.1 billion). After regulatory deductions and filtering in accordance with the CRR, **common equity tier 1 capital** (CET1, final) rose to EUR 24.0 billion (EUR 22.9 billion), total **own funds** (final) to EUR 30.9 billion (EUR 29.1 billion). Total risk – **risk-weighted assets** including credit, market and operational risk (CRR, final) – increased to EUR 159.1 billion (EUR 146.6 billion). The **common equity tier 1 ratio** (CET1, final) stood at 15.1% (15.7%), the **total capital ratio** at 19.5% (19.9%).

**Total assets** increased to EUR 353.7 billion (+4.9%; EUR 337.2 billion). On the asset side, cash and cash balances declined to EUR 25.1 billion (EUR 36.7 billion); loans and advances to banks rose – most notably in the Czech Republic – to EUR 27.0 billion (EUR 21.4 billion). Year on year, **loans and advances to customers** increased to EUR 218.1 billion (+4.9%; EUR 207.8 billion). On the liability side, deposits from banks declined to EUR 21.3 billion (EUR 22.9 billion). **Customer deposits** rose – most strongly in the Czech Republic and Romania – to EUR 241.7 billion (+3.8%; EUR 232.8 billion). The **loan-to-deposit ratio** stood at 90.2% (89.3%).

#### Outlook 2025

Erste Group’s goal for 2025 is to achieve a **return on tangible equity (ROTE)** of about 15%. This ambition is built on the following key assumptions. Firstly, the macroeconomic environment, primarily as measured by real GDP growth, in Erste Group’s seven core markets remains robust and, on average, improves moderately versus 2024. Consequently, Erste Group expects robust **loan growth** of about 5% in 2025, supported by growth in the retail as well as the corporate business. Secondly, operating performance as defined by **operating result** to stay broadly stable versus 2024, as **net interest income** is projected to remain flat year-on-year, **fee and commission income** continues to grow by about 5%, **net trading and fair result** produces a similar revenue contribution as in 2024, and **operating expenses** grow on the order of 5%. Consequently, the **cost/income ratio** is expected to be below 50%. Thirdly, **risk costs** increased only slightly to about 25 basis points of average customer loans from levels seen in 2024, as the asset quality environment remains strong across Central and Eastern Europe while only deteriorating moderately in Austria.

In line with the projected strong profit performance, the **CET1 ratio** is expected to increase in 2025, providing enhanced capital return and/or M&A flexibility. The adjusted net profit of 2024 (net profit after deduction of AT1-dividends) allows Erste Group to target a regular dividend equalling 41.2% of adjusted net profit, as well as the execution of a third share buyback in the amount of 23.7% of adjusted net profit, subject to regulatory approval.



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