Strong operating performance in the first quarter - Banking taxes weigh on net result

- Earnings quality increases year-on-year, driven by higher net fee and commission income (+9.5%) and net interest income (+1.1%)
- Net result lower due to higher banking taxes and collective agreement increases
- Loan volume and deposit volume rise by +0.9% and +1.9% YTD, respectively
- Risk costs (-9.9% YoY) decline on the basis of an improved asset quality

Erste Group Bank AG achieved a good operating performance in its core business in the first quarter of 2025. Net interest income increased slightly year-on-year by 1.1% to 1.87 billion euros (Q1 2024: 1.85 billion euros), while net fee and commission income surged by 9.5% to 780 million euros (Q1 2024: 712 million euros). The growth in fee income was particularly driven by stronger demand for capital market products and by payment transactions. Operating income grew year-on-year by 0.5% to 2.80 billion euros (Q1 2024: 2.79 billion euros), although the previous year's quarter had benefited from one-off effects. The operating result decreased in the first quarter of 2025 by 3.2% to 1.46 billion euros (Q1 2024: 1.51 billion euros). The decline was primarily due to a rise in personnel expenses as a result of collective agreement increases, as well as in IT costs. Risk costs decreased both year-on-year and quarter-on-quarter and amounted to 85 million euros in the first quarter (Q1 2024: 95 million euros). This was mainly due to the better performance of the Austrian business, with fewer defaults in the first quarter of 2025. Banking taxes increased year-on-year by 41% to 121 million euros (Q1 2024: 86 million euros). Therefore, the net result decreased to 743 million euros, which was 5.1% lower year-on-year (Q1 2024: 783 million euros). Loan volumes at the end of the first quarter of 2025 stood at 220.1 billion euros, an increase of 0.9% since the start of the year, mainly due to loan growth in the Czech Republic and Croatia. Year-on-year, the loan volume grew by 5.8%, thus exceeding the five percent mark for the first time since the second quarter of 2023. Deposit volumes also grew by 1.9% quarter-on-quarter to 246.1 billion euros, which corresponded to a rise of 4.6% year-on-year. The common equity tier 1 ratio (CET1, pro forma) stood at 16.2% thanks to the strong operating performance and positive effects from the implementation of Basel IV. It thus significantly exceeded Erste Group's 14% target.

"In times like these, reliability is important and our results underscore this. We were able to improve the quality of our results and to keep our risk costs low. At the same time, we have posted growth in both our loan and deposit volumes and have remained a reliable partner to our customers. In addition, we have further strengthened our capital position, which enables us to both meet the challenges of a dynamic market environment and to make the most of opportunities that arise," says **Peter Bosek**, CEO of Erste Group.

"We were able to achieve a solid operating performance in the first quarter despite all the volatility and uncertainties in the global economic system. This strong foundation allows us to maintain our outlook for the full year 2025 and to even slightly increase our guidance for fee income growth," says **Stefan Dörfler**, CFO of Erste Group.

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Financial results from January to March 2025 are compared with those from January to March 2024 and balance sheet positions as of 31 March 2025 with those as of 31 December 2024.

Fee income growth across all core markets

Net interest income increased to EUR 1,872 million (+1.1%; EUR 1,852 million), primarily in Romania, the Czech Republic and Slovakia, on the back of lower interest expenses on customer deposits. **Net fee and commission income** rose to EUR 780 million (+9.5%; EUR 712 million). Growth was registered across all core markets, most notably in payment services and asset management. **Net trading result** declined to EUR 47 million (EUR 106 million); the line item **gains/losses from financial instruments measured at fair value through profit or loss** increased to EUR 50 million (EUR 33 million). The development of these two line items was mostly attributable to valuation effects. **Operating income** increased slightly to EUR 2,802 million (+0.5%; EUR 2,788 million).

Operating result declines 3.2% on higher personnel expenses

General administrative expenses were up at EUR 1,345 million (+4.8%; EUR 1,283 million). Personnel expenses rose to EUR 794 million (+6.4%; EUR 746 million) driven by collectively agreed salary increases. Other administrative expenses were higher at EUR 414 million (+3.1%; EUR 402 million). While contributions to deposit insurance schemes included in other administrative expenses – mostly already posted upfront for the full year of 2025 – declined to EUR 54 million (EUR 76 million), IT expenses increased to EUR 166 million (EUR 143 million). Amortisation and depreciation amounted to EUR 136 million (+1.1%; EUR 134 million). Overall, the **operating result** decreased to EUR 1,458 million (-3.2%; EUR 1,505 million), the **cost/income ratio** stood at 48.0% (46.0%).

NPL ratio slightly lower at 2.5%, while NPL coverage ratio rises

The **impairment result from financial instruments** amounted to EUR -85 million or 15 basis points of average gross customer loans (EUR -95 million or 18 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 improved to 2.5% (2.6%). The **NPL coverage ratio** (excluding collateral) increased to 74.6% (72.5%).

Net profit down 5.1% YoY on sharply higher banking taxes

Other operating result amounted to EUR -184 million (EUR -123 million). Expenses for annual contributions to resolution funds included in this line item already for the full year of 2025 declined to EUR 15 million (EUR 27 million). Banking levies – currently payable in four core markets – went up, though. EUR 121 million (EUR 86 million) are reflected in other operating result: thereof, EUR 78 million (EUR 67 million) were charged in Hungary. In Austria, banking tax rose to 34 million (EUR 10 million) on the back of a temporarily increase, in Romania it amounted to EUR 10 million (EUR 9 million). The banking tax in Slovakia of EUR 15 million (EUR 21 million) is posted in the line item taxes on income.

Taxes on income amounted to EUR 242 million (EUR 257 million). The decline in the minority charge to EUR 197 million (EUR 244 million) was attributable to lower profitability at the savings banks. The **net result attributable to owners of the parent** stood at EUR 743 million (EUR 783 million).

Growth in both loan and deposit volumes

Total equity not including AT1 instruments rose to EUR 29,1 billion (EUR 28.1 billion). After regulatory deductions and filtering in accordance with the Capital Requirements Regulation (CRR), **common equity tier 1 capital** (CET1, phased in) equalled EUR 24.0 billion (EUR 24.0 billion), total **own funds** EUR 31.4 billion (EUR 30.9 billion). Interim profit for the first quarter is not included in the above figures. Total risk (**risk-weighted assets** including credit, market and operational risk, phased-in) declined to EUR 151.6 billion (EUR 157.2 billion). The **common equity tier 1 ratio** (CET1, phased-in) stood at 15.9% (15.3%), the **total capital ratio** at 20.7% (19.7%).

Total assets increased to EUR 358.0 billion (+1.2%; EUR 353.7 billion). On the asset side, cash and cash balances declined to EUR 23.9 billion (EUR 25.1 billion); loans and advances to banks were lower at EUR 26,8 billion (EUR 27.0 billion). Year to date, **loans and advances to customers** rose to EUR 220.1 billion (+0.9%; EUR 218.1 billion). On the liability side, deposits from banks declined to EUR 16.6 billion (EUR 21.3 billion). **Customer deposits** rose – most strongly in the Czech Republic and Austria – to EUR 246.1 billion (+1.9%; EUR 241.7 billion). The **loan-to-deposit ratio** stood at 89.4% (90.2%)

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. Although the GDP forecasts have been slightly revised downwards, 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** to grow by more than 5% (upgrade from prior assumption of about 5% based on development in the first quarter), **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** increase 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 addition, regulatory costs, comprising deposit insurance and resolution fund contributions, banking levies such as banking and financial transaction taxes as well as sector-specific extra profit taxes, and, the cost of supervision, in aggregate, are expected to increase due to an announced increased banking tax 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 propose a regular dividend of EUR 3.00 per share, as well as the execution of a third share buyback in the amount of EUR 700 million, subject to regulatory approval.

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KEY FINANCIAL FIGURES Q1 2025

Income statement

in EUR mn	1-3 2024	1-3 2025	% change
Net interest income	1,852	1,872	1.1
Net fee and commission income	712	780	9.5
Net trading result and gains/losses from financial instruments at FVPL	139	97	-30.6
Operating income	2,788	2,802	0.5
Operating expenses	-1,283	-1,345	4.8
Operating result	1,505	1,458	-3.2
Impairment result from financial instruments ("risk costs")	-94.8	-85.4	-9.9
Post-provision operating result	1,411	1,372	-2.8
Net result attributable to owners of the parent	**783**	**743**	-5.1

Key income statement ratios	1-3 2024	1-3 2025	change
Earnings per share (in EUR)	1.87	1.82	-2.7%
Return on equity	16.0%	14.2%	-1.8 PP
Net interest margin (on average interest-bearing assets)	2.49%	2.33%	-0.16 PP
Cost/income ratio	46.0%	48.0%	2.0 PP
Provisioning ratio (on average gross customer loans)	0.18%	0.15%	-0.03 PP

Balance sheet

in EUR mn	Dec 24	Mar 25	% change
Loans and advances to customers	218,067	220,069	0.9
Risk-weighted assets (RWA, phased-in)	157,200	151,600	-3.6
Deposits from customers	241,651	246,149	1.9
Total assets	**353,736**	**358,003**	**1.2**

Key balance sheet ratios	Dec 24	Mar 25	change
Loan/deposit ratio	90.2%	89.4%	-0.8 PP
NPL ratio	2.6%	2.5%	-0.1 PP
NPL coverage ratio (based on AC loans, excl. collateral)	72.5%	74.6%	2.1 PP
CET1 ratio (March 2025 on a pro forma basis)	15.1%	16.2%	1.1 PP