

publication: 04.05.2016 07:30

source: <http://adhoc.presstext.com/news/1462339800799>

PDF: <http://adhoc.presstext.com/news/media/1462339800799>

keywords: Erste Group Bank AG / Q1 2016 / quarterly result

Adhoc announcement according to article 48d section 1 BörseG

Erste Group Bank AG: Net profit of EUR 274.7m in Q1 16 despite upfront booking of banking levies and regulatory charges

outlook confirmed

Vienna (pta014/04.05.2016/07:30) - Highlights

January-March 2016 compared with January-March 2015; 31 March 2016 compared with 31 December 2015

Net interest income declined moderately to EUR 1,092.2 million (EUR 1,098.5 million) in a challenging environment of persistently low interest rates. Net fee and commission income decreased to EUR 443.1 million (EUR 461.0 million), mainly due to lower income from the securities business and payment services. Due to the non-recurrence of one-off effects, the net trading and fair value result declined to EUR 43.5 million (EUR 72.4 million). Operating income went down to EUR 1,629.3 million (-3.5%; EUR 1,689.1 million). General administrative expenses rose to EUR 1,008.8 million (+6.4%; EUR 948.1 million), mainly as a result of the advance booking of most of the expected contributions for 2016 to deposit insurance schemes in the total amount of EUR 71.7 million (EUR 19.2 million). This resulted in a decline of the operating result to EUR 620.5 Million (-16.3%; EUR 741.0 million). The cost/income ratio stood at 61.9% (56.1%).

Net impairment loss on financial assets not measured at fair value through profit or loss dropped to EUR 56.4 million or 17 basis points of average gross customer loans (-69.2%; EUR 183.1 million or 57 basis points), primarily due to a substantial decline of non-performing loans and higher income from the recovery of loans already written off. The NPL ratio improved further to 6.7% (7.1%). The NPL coverage ratio stood at 66.5% (64.5%).

Other operating result amounted to EUR -139.5 million (EUR -153.5 million). This includes expected expenses for the annual contributions to resolution funds of EUR 64.7 million (EUR 54.9 million). At EUR 62.8 million (EUR 91.8 million), banking and financial transaction taxes were lower than in the previous year, which is attributable to the significant reduction of the Hungarian banking levies to EUR 27.1 million (EUR 56.5 million). Banking levies remained high in Austria at EUR 29.5 million (EUR 29.5 million) and amounted to EUR 6.2 million (EUR 5.8 million) in Slovakia.

Due to the lower profitability of the savings banks, the minority charge declined to EUR 47.8 million (EUR 70.8 million). The net result attributable to owners of the parent rose to EUR 274.7 million (EUR 225.8 million).

Total equity rose to EUR 15.2 billion (EUR 14.8 billion). After regulatory deductions and filtering according to the CRR, common equity tier 1 capital (CET1, Basel 3 phased-in) increased to EUR 12.2 billion (EUR 12.1 billion), total eligible own funds (Basel 3 phased-in) amounted to EUR 17.7 billion (EUR 17.6 billion). While the calculation did not include the interim profit, risk costs of the reporting period were deducted. Total risk, i.e. risk-weighted assets including credit, market and operational risk (Basel 3 phased-in) increased to EUR 100.5 billion (EUR 98.3 billion). The common equity tier 1 ratio (CET1, Basel 3 phased-in) stood at 12.1% (12.3%), the total capital ratio (Basel 3 phased-in) at 17.6% (17.9%).

Total assets increased to EUR 206.4 billion (EUR 199.7 billion), driven mainly by an increase in cash and cash balances, including in particular deposits at central banks, to EUR 14.6 billion (EUR 12.4 billion) and loans and receivables to credit institutions to EUR 6.7 billion (EUR 4.8 billion). Loans and receivables to customers (net) increased moderately to EUR 126.7 billion (EUR 125.9 billion). On the liability side, deposits from banks rose to EUR 17.3 billion (EUR 14.2 billion) and customer deposits were slightly higher at EUR 128.6 billion (EUR 127.9 billion). The loan-to-deposit ratio stood at 98.5% (98.4%).

Outlook

Operating environment anticipated to be conducive to credit expansion. Real GDP growth in 2016 is expected to be between 1.5% and 4.1% in all major CEE markets, including Austria, driven by solid domestic demand.

Return on tangible equity (ROTE) expected at about 10-11% in 2016 underpinning continued dividend payout. Support factors include continued loan growth; further improvement in asset quality amid a benign risk environment as well as a positive one-off impact related to the sale of a participation in VISA in the amount of about EUR 127 million pre-tax. Headwinds are the persistent low interest rate environment affecting group operating income, primarily net interest income, as well as lower operating results in Hungary (lower volumes) and Romania (following asset re-pricing). Banking levies (comprising banking taxes, financial transaction tax, resolution funds and deposit insurance fund contributions) will have a negative pre-tax impact of about EUR 360 million in 2016.

Risks to guidance. Geopolitical risks and global economic risks, impact from negative interest rates, consumer protection initiatives.

Table with financial data - see pdf

emitter: Erste Group Bank AG
Am Belvedere 1
1100 Wien
Austria

contact person: Thomas Sommerauer/ Simone Pilz

phone: +43 (0)50100-17741

e-mail: investor.relations@erstegroup.com

website: www.erstegroup.com

ISIN(s): AT0000652011 (share)

stock exchanges: official trade in Vienna



News transmitted by presstext.adhoc. The emitter is responsible for the content.