

Erste Group: Preliminary results 2020

Erste Group posts net profit of EUR 783.1 million in 2020; proposes dividend of EUR 0.5 per share

Financial data

Income statement

in EUR million	Q4 19	Q3 20	Q4 20	2019	2020
Net interest income	1,229.5	1,192.4	1,185.6	4,746.8	4,774.8
Net fee and commission income	515.9	491.6	528.5	2,000.1	1,976.8
Net trading result and gains/losses from financial instruments at FVPL	63.9	81.0	109.2	293.8	199.5
Operating income	1,861.8	1,814.0	1,869.3	7,255.9	7,155.1
Operating expenses	-1,122.4	-1,008.5	-1,097.3	-4,283.3	-4,220.5
Operating result	739.4	805.5	771.9	2,972.7	2,934.6
Impairment result from financial instruments	-82.1	-194.7	-424.7	-39.2	-1,294.8
Post-provision operating result	657.3	610.8	347.3	2,933.5	1,639.8
Net result attributable to owners of the parent	247.2	343.3	146.0	1,470.1	783.1
Net interest margin (on average interest-bearing assets)	2.20%	2.04%	2.05%	2.18%	2.08%
Cost/income ratio	60.3%	55.6%	58.7%	59.0%	59.0%
Provisioning ratio (on average gross customer loans)	0.20%	0.46%	1.00%	0.02%	0.78%
Tax rate	15.7%	21.8%	27.0%	18.0%	25.0%
Return on equity	5.5%	9.6%	2.3%	10.0%	4.7%

Balance sheet

in EUR million	Dec 19	Sep 20	Dec 20	Dec 19	Dec 20
Cash and cash balances	10,693	27,848	35,839	10,693	35,839
Trading, financial assets	44,295	46,511	46,849	44,295	46,849
Loans and advances to banks	23,055	25,672	21,466	23,055	21,466
Loans and advances to customers	160,270	164,514	166,050	160,270	166,050
Intangible assets	1,368	1,331	1,359	1,368	1,359
Miscellaneous assets	6,012	6,107	5,830	6,012	5,830
Total assets	245,693	271,983	277,394	245,693	277,394
Financial liabilities held for trading	2,421	2,845	2,625	2,421	2,625
Deposits from banks	13,141	26,433	24,771	13,141	24,771
Deposits from customers	173,846	184,830	191,070	173,846	191,070
Debt securities issued	30,371	29,675	30,676	30,371	30,676
Miscellaneous liabilities	5,437	6,762	5,840	5,437	5,840
Total equity	20,477	21,438	22,410	20,477	22,410
Total liabilities and equity	245,693	271,983	277,394	245,693	277,394
Loan/deposit ratio	92.2%	89.0%	86.9%	92.2%	86.9%
NPL ratio	2.5%	2.4%	2.7%	2.5%	2.7%
NPL coverage ratio (based on AC loans, ex collateral)	77.1%	95.5%	88.6%	77.1%	88.6%
Texas ratio	19.9%	18.2%	20.3%	19.9%	20.3%
CET1 ratio (final)	13.7%	14.1%	14.2%	13.7%	14.2%

HIGHLIGHTS

P&L 2020 compared with 2019; balance sheet as of 31 December 2020 compared with 31 December 2019

Net interest income increased – mainly in Austria, but also in Romania and Hungary – to EUR 4,774.8 million (+0.6%; EUR 4,746.8 million). **Net fee and commission income** decreased to EUR 1,976.8 million (-1.2%; EUR 2,000.1 million). Higher income from the securities business and asset management did not fully compensate for the declines in other fee and commission income categories – most notably in payment services (thereof EUR 19 million attributable to the impact of the SEPA Payment Services Directive). While **net trading result** declined significantly to EUR 137.6 million (EUR 318.3 million), the line item **gains/losses from financial instruments measured at fair value through profit or loss** improved to EUR 62.0 million (EUR -24.5 million). The development of both line items was driven by valuation effects due to market volatility amid the Covid-19 pandemic. **Operating income** decreased to EUR 7,155.1 million (-1.4%; EUR 7,255.9 million). **General administrative expenses** declined to EUR 4,220.5 million (-1.5%; EUR 4,283.3 million), personnel expenses were slightly lower at EUR 2,520.7 million (-0.6%; EUR 2,537.1 million). Other administrative expenses were reduced to EUR 1,158.9 million (-3.8%; EUR 1,205.1 million). Payments into deposit insurance schemes included in other administrative expenses rose to EUR 132.2 million (EUR 104.8 million). Depreciation and amortisation was unchanged at EUR 540.9 million (EUR 541.0 million). Overall, the **operating result** declined to EUR 2,934.6 million (-1.3%; EUR 2,972.7 million). The **cost/income ratio** was unchanged at 59.0% (59.0%).

Due to net allocations, the **impairment result from financial instruments** amounted to EUR -1,294.8 million or 78 basis points of average gross customers loans (EUR -39.2 million or 7 basis points). Allocations to provisions for loans as well as for commitments and guarantees given went up in all core markets. The marked rise in allocations to provisions for loans was primarily driven by the deterioration in the macroeconomic outlook due to Covid-19. A positive contribution came from high income from the recovery of loans already written off, primarily in Romania and Hungary. The **NPL ratio** based on gross customer loans deteriorated to 2.7% (2.5%), the **NPL coverage ratio** rose to 88.6% (77.1%).

Other operating result improved to EUR -278.3 million (EUR -628.2 million). The expenses for the annual contributions to resolution funds included in this line item rose – in particular in Austria – to EUR 93.5 million (EUR 75.3 million). The decline in banking and transaction taxes to EUR 117.7 million (EUR 128.0 million) is primarily attributable to the abolition of banking tax in Romania. In the previous year, other operating result included allocations to a provision in the amount of EUR 153.3 million set aside for losses expected from a supreme court decision concerning the business activities of a Romanian subsidiary as well as the write-off of goodwill in Slovakia in the amount of EUR 165.0 million.

Taxes on income declined to EUR 342.5 million (EUR 418.7 million). The minority charge fell to EUR 242.3 million (EUR 440.9 million) due to significantly lower earnings contribution of the savings banks. The **net result attributable to owners of the parent** declined to EUR 783.1 million (-46.7%; EUR 1,470.1 million).

Total equity not including AT1 instruments rose to EUR 19.7 billion (EUR 19.0 billion). After regulatory deductions and filtering in accordance with CRR, **common equity tier 1 capital** (CET1, final) increased to EUR 17.1 billion (+4.9%; EUR 16.3 billion), total **own funds** (CRR final) to EUR 23.6 billion (EUR 22.0 billion). Total risk (**risk-weighted assets**) including credit, market and operational risk, CRR final) rose to EUR 120.2 billion (+1.3%; EUR 118.6 billion). The **common equity tier 1 ratio** (CET 1, CRR final) increased to 14.2% (13.7%), the **total capital ratio** to 19.7% (18.5%).

Total assets rose to EUR 277.4 billion (EUR 245.7 billion). On the asset side, cash and cash balances increased, primarily in Austria, to EUR 35.8 billion (EUR 10.7 billion), loans and advances to banks decreased to EUR 21.5 billion (EUR 23.1 billion). **Loans and advances to customers** increased to EUR 166.1 billion (+3.6%; EUR 160.3 billion). On the liability side, deposits from banks grew significantly to EUR 24.8 billion (EUR 13.1 billion) on the back of increased ECB refinancing (TLTROs). **Customer deposits** rose again – in all core markets, primarily in Austria and the Czech Republic – to EUR 191.1 billion (+9.9%; EUR 173.8 billion). The **loan-to-deposit ratio** stood at 86.9% (92.2%).

OUTLOOK

Erste Group's goal for 2021 is to increase net profit. Among the factors that will support achievement of this goal are a recovery of the economies of all core markets – the Czech Republic, Slovakia, Hungary, Romania, Croatia, Serbia and Austria – and, on this basis, a reduction of risk costs and an improvement in the operating result. A continuation or further escalation of Covid-19 measures by governments as well as potential – and as yet unquantifiable – political, regulatory or economic risks may render meeting this goal more challenging.

In 2021, the positive development of the economy should be reflected in growth rates (real GDP growth) of between 3% and close to 6% in Erste Group's CEE core markets. The development of other economic indicators should vary depending on Covid-19 policy measures imposed by authorities and/or the phasing out of state support. Unemployment rates are expected to rise but, in the Czech Republic and Hungary, should remain among the lowest in the EU. Inflation rates are forecast to decline in the Czech Republic and Slovakia while the other core markets are likely to see a slight acceleration. In most countries, sustained competitiveness should again result in solid and, in Slovakia and Romania, stronger current account balances. The fiscal situation should likewise improve again after the significant budget deficits posted in the year 2020. Public debt is projected to remain largely stable, albeit at a significantly elevated level.

Against this backdrop, Erste Group expects net loan growth in the low to mid-single digit range. This performance should keep net interest income stable despite negative interest rates in the euro zone. The second most important income component – net fee and commission income – is expected to rise in low single digits. As in 2020, positive momentum should again come from fund management, the securities business and insurance brokerage. Given the average result seen in 2020, the net trading and fair value result is expected to come in higher. This, however, will depend substantially on the financial market environment. The remaining income components are forecast to remain, by and large, stable. Overall, operating income should increase again in 2021. Operating expenses are expected to rise slightly in 2021, partly due to re-emerging wage pressure across all Erste Group markets. In addition, Erste Group will continue to invest in IT in 2021, and thus strengthen its competitive position, with a focus on progressive IT modernisation, back-office digitalisation and expansion of the digital platform George. The rollout of George in Hungary and Croatia should be completed in 2021, as a result of which customers will be able to access George in the six largest core markets. Though faced with more challenges in a largely unpredictable environment, Erste Group is striving to make operating income grow faster than costs. This leads Erste Group to project a rise in the operating result in 2021.

Based on the scenario described above, risks costs should decline again in 2021. While precise forecasting is hard in the current Covid-19 environment, Erste Group believes that in 2021 risk costs will not exceed 65 basis points of average gross customer loans. Due to the expected expiry of state support schemes a rise of the NPL ratio to 3-4% is expected though.

Other operating result is expected to remain unchanged in the absence of significant one-off effects. Assuming a tax rate of below 25% and a similar level of minority charges as in the previous year, Erste Group aims to achieve an improvement in net profit. Erste Group's CET1 ratio is expected to remain strong. The management board proposes to the annual general meeting in May – in line with ECB recommendation – a dividend for 2020 of EUR 0.5 per share. An additional EUR 1/share has been reserved for a potential later payment.

Potential risks to the guidance are besides other than expected (geo)political, economic (monetary and fiscal policies) und regulatory measures and developments also global health risks or changes to the competitive environment. In addition, given the Covid-19 governmental measures and their impact on the economic development, financial forecasts are still subject to an elevated level of uncertainty. Erste Group is moreover exposed to non-financial and legal risks that may materialise regardless of the economic environment. Worse than expected economic development may put goodwill at risk.

PERFORMANCE IN DETAIL

January-December 2020 compared with January-December 2019

in EUR million	2019	2020	Change
Net interest income	4,746.8	4,774.8	0.6%
Net fee and commission income	2,000.1	1,976.8	-1.2%
Net trading result and gains/losses from financial instruments at FVPL	293.8	199.5	-32.1%
Operating income	7,255.9	7,155.1	-1.4%
Operating expenses	-4,283.3	-4,220.5	-1.5%
Operating result	2,972.7	2,934.6	-1.3%
Impairment result from financial instruments	-39.2	-1,294.8	>100.0%
Other operating result	-628.2	-278.3	-55.7%
Levies on banking activities	-128.0	-117.7	-8.0%
Pre-tax result from continuing operations	2,329.7	1,368.0	-41.3%
Taxes on income	-418.7	-342.5	-18.2%
Net result for the period	1,911.1	1,025.5	-46.3%
Net result attributable to non-controlling interests	440.9	242.3	-45.0%
Net result attributable to owners of the parent	1,470.1	783.1	-46.7%

Net interest income

Net interest income increased to EUR 4,774.8 million (EUR 4,746.8 million). While in Austria (Holding) positive impacts came from more favourable ECB refinancing and lower negative interest on deposits with the ECB, net interest income in the Czech Republic declined significantly due to lower interest rates. Included in net interest income are modification losses in the amount of EUR 49.5 million mainly resulting from moratoria on loan repayments due to Covid-19. The net interest margin (calculated as the annualised sum of net interest income, dividend income and net result from equity method investments over average interest-bearing assets) stood at 2.08% (2.18%).

Net fee and commission income

Net fee and commission income decreased to EUR 1,976.8 million (EUR 2,000.1 million). Declines were recorded in payment services (thereof EUR 19 million attributable to SEPA, the payment-integration initiative of the European Union) but also in the lending business and insurance brokerage commission income. Significant growth was recorded, however – primarily in Austria – in the securities business and in asset management.

Net trading result & gains/losses from financial instruments measured at fair value through profit or loss

Valuation effects have a substantial impact on both positions – net trading result & gains/losses from financial instruments measured at fair value through profit or loss. Debt securities issued measured at FV through profit or loss are particularly impacted – related valuation results are shown in the line gains/losses from financial instruments measured at fair value through profit or loss while valuation results of corresponding hedges are shown in net trading result – as are financial assets in the fair value and trading portfolios.

Due to valuation effects resulting from interest rate developments, net trading result decreased significantly to EUR 137.6 million (EUR 318.3 million), despite strong income from the foreign exchange business. Conversely, gains/losses from financial instruments measured at fair value through profit or loss improved to EUR 62.0 million (EUR -24.5 million). In addition to gains from the valuation of debt securities in issue due to the development of interest rates, the valuation result of financial assets in the fair value portfolio was, overall, likewise positive. Gains from the valuation of the securities portfolio were significantly higher than the valuation losses in the loan portfolio measured at fair value.

General administrative expenses

in EUR million	2019	2020	Change
Personnel expenses	2,537.1	2,520.7	-0.6%
Other administrative expenses	1,205.1	1,158.9	-3.8%
Depreciation and amortisation	541.0	540.9	0.0%
General administrative expenses	4,283.3	4,220.5	-1.5%

General administrative expenses decreased to EUR 4,220.5 million (EUR 4,283.3 million). **Personnel expenses** declined to EUR 2,520.7 million (EUR 2,537.1 million). While personnel expenses were up in Slovakia as a result of a one-off payment agreed through collective bargaining, they declined in all other core markets, in

the Czech Republic and Hungary also due to positive currency effects. **Other administrative expenses** decreased to EUR 1,158.9 million (EUR 1,205.1 million) on the back of a marked reduction of marketing and consulting costs. Contributions to deposit insurance systems rose to EUR 132.2 million (EUR 104.8 million). In Austria, contributions increased substantially to EUR 95.0 million (EUR 58.4 million), driven by a one-off effect as well as continuing strong deposit growth, but declined in Romania to EUR 4.4 million (EUR 12.7 million). IT expenditure was likewise up. **Amortisation and depreciation** amounted to EUR 540.9 million (EUR 541.0 million).

Headcount as of end of the period

	Dec 19	Dec 20	Change
Austria	16,313	15,942	-2.3%
Erste Group, EB Oesterreich and subsidiaries	9,153	8,866	-3.1%
Haftungsverbund savings banks	7,160	7,076	-1.2%
Outside Austria	30,971	29,748	-3.9%
Česká spořitelna Group	9,679	9,820	1.5%
Banca Comercială Română Group	6,766	5,645	-16.6%
Slovenská sporiteľňa Group	4,081	3,770	-7.6%
Erste Bank Hungary Group	3,174	3,227	1.7%
Erste Bank Croatia Group	3,341	3,252	-2.7%
Erste Bank Serbia Group	1,135	1,198	5.6%
Savings banks subsidiaries	1,615	1,625	0.6%
Other subsidiaries and foreign branch offices	1,180	1,213	2.8%
Total	47,284	45,690	-3.4%

Operating result

Due to the significant decline of the net trading and fair value result, operating income decreased to EUR 7,155.1 million (-1.4%; EUR 7,255.9 million). General administrative expenses were reduced to EUR 4,220.5 million (-1.5%; EUR 4,283.3 million). The operating result declined to EUR 2,934.6 million (-1.3%; EUR 2,972.7 million). The cost/income ratio was unchanged at 59.0% (59.0%).

Gains/losses from derecognition of financial instruments not measured at fair value through profit or loss

Gains from derecognition of financial instruments not measured at fair value through profit or loss amounted to EUR 6.5 million (EUR 23.5 million). This line item includes primarily gains/losses from the derecognition of loans and the sale of securities.

Impairment result from financial instruments

Due to net allocations, the impairment result from financial instruments amounted to EUR -1,294.8 million (EUR -39.2 million). Net allocations to provisions for commitments and guarantees given amounted to EUR -159.2 million (net releases of EUR 70.0 million). The significant rise in allocations to provisions was primarily driven by updated risk parameters with forward-looking information as well as experts' estimates on the impacts of the Covid-19 pandemic. Positive contributions came from continued high income from the recovery of loans already written off – primarily in Romania and Hungary – in the amount of EUR 140.4 million (EUR 154.0 million).

Other operating result

Other operating result improved to EUR -278.3 million (EUR -628.2 million). Levies on banking activities declined to EUR 117.7 million (EUR 128.0 million). Banking tax payable in Austria increased moderately to EUR 25.5 million (EUR 24.3 million). Levies in Slovakia, where they were charged for the last time in the first half of the year, rose to EUR 33.8 million (EUR 32.5 million). Hungarian banking tax increased to EUR 14.5 million (EUR 12.6 million). Together with the financial transaction tax of EUR 44.0 million (EUR 47.6 million), banking levies in Hungary were slightly down, totalling EUR 58.5 million (EUR 60.2 million).

The negative balance of allocations/releases of other provisions decreased markedly to EUR -18.4 million (EUR -207.0 million). The comparative period was negatively impacted by extraordinary effects – a provision in the amount of EUR 153.3 million had been set aside for losses expected from a supreme court decision concerning the business activities of a Romanian subsidiary. Furthermore, goodwill in Slovakia in the amount of EUR 165.0 million had been written down. Other operating result also reflects the annual contributions to resolution funds in the amount of EUR 93.5 million (EUR 75.3 million). Increases were recorded across all core markets, but above all in Austria, to EUR 43.6 million (EUR 33.4 million).

Net result

The pre-tax result from continuing operations amounted to EUR 1,368.0 million (EUR 2,329.7 million). Taxes on income declined to EUR 342.5 million (EUR 418.7 million). The minority charge decreased to EUR 242.3 million (EUR 440.9 million) due to substantially lower earnings contributions of savings banks. The net result attributable to owners of the parent amounted to EUR 783.1 million (EUR 1,470.1 million).

FINANCIAL RESULTS – QUARTER-ON-QUARTER COMPARISON

Fourth quarter of 2020 compared to third quarter of 2020

in EUR million	Q4 19	Q1 20	Q2 20	Q3 20	Q4 20
Income statement					
Net interest income	1,229.5	1,229.0	1,167.9	1,192.4	1,185.6
Net fee and commission income	515.9	504.2	452.5	491.6	528.5
Dividend income	3.8	1.5	13.3	0.9	4.3
Net trading result	-101.0	-157.4	138.2	28.2	128.6
Gains/losses from financial instruments measured at fair value through profit or loss	164.9	37.5	-8.9	52.9	-19.4
Net result from equity method investments	7.0	3.3	2.6	4.0	0.5
Rental income from investment properties & other operating leases	41.7	44.8	43.5	44.0	41.3
Personnel expenses	-650.0	-630.0	-635.5	-636.7	-618.5
Other administrative expenses	-325.8	-344.8	-238.6	-235.6	-339.9
Depreciation and amortisation	-146.6	-136.5	-129.4	-136.1	-138.9
Gains/losses from derecognition of financial assets at AC	1.3	0.4	-0.1	-0.1	6.6
Other gains/losses from derecognition of financial instruments not at FVPL	5.5	-1.7	-0.5	1.4	0.3
Impairment result from financial instruments	-82.1	-61.7	-613.7	-194.7	-424.7
Other operating result	-230.9	-127.6	-42.3	-43.8	-64.6
Levies on banking activities	-37.1	-49.9	-33.1	-17.3	-17.4
Pre-tax result from continuing operations	433.2	361.3	148.8	568.3	289.6
Taxes on income	-67.8	-103.0	-37.3	-123.9	-78.3
Net result for the period	365.4	258.3	111.5	444.4	211.3
Net result attributable to non-controlling interests	118.2	23.0	53.0	101.0	65.2
Net result attributable to owners of the parent	247.2	235.3	58.5	343.3	146.0

Net interest income decreased moderately to EUR 1,185.6 million (-0.6%; EUR 1,192.4 million). While net interest income was up in the Czech Republic, losses from moratoria on loan repayments had a negative impact in the amount of EUR 12.4 million (EUR 5.5 million), largely due to an extension of such measures – above all in Hungary and Serbia. The availability of more favourable refinancing under monetary policy measures taken by the ECB in response to Covid-19 had a positive impact in Austria. **Net fee and commission income** rose to EUR 528.5 million (+7.5%; EUR 491.6 million). Increases were recorded in all core markets, primarily in the securities business but also in asset management and insurance brokerage commissions. Dividend income was up at EUR 4.3 million (EUR 0.9 million). The rise in net trading result to EUR 128.6 million (EUR 28.2 million) is attributable to valuation effects in derivatives and securities trading resulting from market price developments. Gains/losses from financial instruments measured at fair value through profit or loss declined to EUR -19.4 million (EUR 52.9 million), primarily due to valuation losses of debt securities in issue driven by market price developments. Income from the valuation of the securities portfolio was at the same level as in the previous quarter.

General administrative expenses rose to EUR 1,097.3 million (+8.8%; EUR 1,008.5 million). Personnel expenses declined to EUR 618.5 million (-2.9%; EUR 636.7 million). Other administrative expenses increased to EUR 339.9 million (+44.2%; EUR 235.6 million), primarily on the back of higher marketing and consulting expenses as well as IT expenditure in Austria. Depreciation and amortisation rose to EUR 138.9 million (EUR 136.1 million). The cost/income ratio stood at 58.7% (55.6%).

Gains/losses from derecognition of financial instruments not measured at fair value through profit or loss amounted to EUR 7.0 million (EUR 1.3 million).

The **impairment result from financial instruments** declined to EUR -424.7 million (EUR -194.7 million). The negative net balance of allocation/release of provisions for the lending business was again driven by the deterioration in the macro-economic outlook due to Covid-19.

Other operating result worsened to EUR -64.6 million (EUR -43.8 million). Levies on banking activities amounted to EUR 17.4 million (EUR 17.3 million). Thereof, EUR 10.8 million (EUR 10.9 million) were charged in Hungary reflecting almost exclusively transaction taxes as the full amount of 2020 banking tax had already been posted upfront in the first quarter. Banking tax in Austria was almost unchanged at EUR 6.5 million (EUR 6.4 million).

The **pre-tax result** declined to EUR 289.6 million (EUR 568.3 million). Taxes on income amounted to EUR 78.3 million (EUR 123.9 million). The minority charge dropped to EUR 65.2 million (EUR 101.0 million). The **net result attributable to owners of the parent** declined to EUR 146.0 million (EUR 343.3 million).

DEVELOPMENT OF THE BALANCE SHEET

31 December 2020 compared with 31 December 2019

in EUR million	Dec 19	Dec 20	Change
Assets			
Cash and cash balances	10,693	35,839	>100.0%
Trading, financial assets	44,295	46,849	5.8%
Loans and advances to banks	23,055	21,466	-6.9%
Loans and advances to customers	160,270	166,050	3.6%
Intangible assets	1,368	1,359	-0.7%
Miscellaneous assets	6,012	5,830	-3.0%
Total assets	245,693	277,394	12.9%
Liabilities and equity			
Financial liabilities held for trading	2,421	2,625	8.4%
Deposits from banks	13,141	24,771	88.5%
Deposits from customers	173,846	191,070	9.9%
Debt securities issued	30,371	30,676	1.0%
Miscellaneous liabilities	5,437	5,840	7.4%
Total equity	20,477	22,410	9.4%
Total liabilities and equity	245,693	277,394	12.9%

The rise in **cash and cash balances** to EUR 35.8 billion (EUR 10.7 billion) was primarily due to large cash balances held at central banks, not least due to increased TLTRO III funds. **Trading and investment securities** held in various categories of financial assets increased to EUR 46.8 billion (EUR 44.3 billion).

Loans and advances to banks (net), including demand deposits other than overnight deposits, declined primarily in Austria to EUR 21.5 billion (EUR 23.1 billion). **Loans and advances to customers (net)** rose – most notably in Austria – to EUR 166.1 billion (EUR 160.3 billion) driven by loan growth in the corporate and retail segments. In subsidiaries outside the euro zone, the effect of growth in local currency was offset by the depreciation of the local currencies.

Loan loss allowances for loans to customers rose to EUR 4.0 billion (EUR 3.2 billion). The increase reflected the deterioration in the macroeconomic outlook due to Covid-19. The **NPL ratio** (non-performing loans as a percentage of gross customer loans) deteriorated to 2.7% (2.5%). The **NPL coverage ratio** (based on gross customer loans) rose to 88.6% (77.1%).

Intangible assets remained unchanged at EUR 1.4 billion (EUR 1.4 billion). **Miscellaneous assets** amounted to EUR 5.8 billion (EUR 6.0 billion).

Financial liabilities – held for trading increased to EUR 2.6 billion (EUR 2.4 billion). **Deposits from banks**, primarily in the form of term deposits, rose to EUR 24.8 billion (EUR 13.1 billion), including EUR 14.1 billion in TLTRO III funds as of the end of December 2020. **Deposits from customers** increased to EUR 191.1 billion (EUR 173.8 billion) due to strong growth in overnight deposits (the leasing liabilities of EUR 0.6 billion were not included in this position). The **loan-to-deposit ratio** stood at 86.9% (92.2%). **Debt securities in issue** increased slightly to EUR 30.7 billion (EUR 30.4 billion). **Miscellaneous liabilities** amounted to EUR 5.8 billion (EUR 5.4 billion).

Total assets grew to EUR 277.4 billion (+12.9%; EUR 245.7 billion). **Total equity** increased to EUR 22.4 billion (+9.4%; EUR 20.5 billion) including additional tier 1 (AT1) instruments in the amount of EUR 2,733.0 million from five issuances (June 2016, April 2017, March 2019, January 2020 and November 2020). After regulatory deductions and filtering according to the Capital Requirements Regulation (CRR) **common equity tier 1 capital** (CET1, CRR final) rose to EUR 17.1 billion (EUR 16.3 billion). Total **own funds** (CRR final) went up to EUR 23.6 billion (EUR 22.0 billion) supported by AT 1 issuances. **Total risk (risk-weighted assets)** including credit, market and operational risk, CRR final) rose to EUR 120.2 billion (+1.3%; EUR 118.6 billion) benefitting from a positive impact of the application of the SME support factor in an amount of EUR 4.5 billion.

The **total capital ratio**, total eligible qualifying capital in relation to total risk pursuant to CRR (final), rose to 19.7% (18.5%), well above the legal minimum requirement. The **tier 1 ratio** (CRR final) increased to 16.5% (15.0%), the **common equity tier 1 ratio** (CRR final) to 14.2% (13.7%).

SEGMENT REPORTING

January-December 2020 compared with January-December 2019

Erste Group's segment reporting is based on a matrix organisation. It provides comprehensive information to assess the performance of geographical (operating) segments as well as business segments. The tables and information below provide a brief overview and focus on selected and summarised items. At www.erstegroup.com/investorrelations additional information is available in Excel format.

Operating income consists of net interest income, net fee and commission income, net trading result, gains/losses from financial instruments measured at fair value through profit or loss, dividend income, net result from equity method investments and rental income from investment properties & other operating leases. The latter three listed items are not disclosed in the tables below. Net trading result and gains/losses from financial instruments measured at fair value through profit or loss are summarized under one position. Operating expenses correspond to the position general administrative expenses. Operating result is the net amount of operating income and operating expenses. Risk provisions for loans and receivables are included in the position impairment result from financial instruments. Other result summarises the positions other operating result and gains/losses from financial instruments not measured at fair value through profit or loss, net. The cost/income ratio is calculated as operating expenses in relation to operating income. The return on allocated capital is defined as the net result after tax/before minorities in relation to the average allocated capital.

GEOGRAPHICAL (OPERATING) SEGMENTS

Erste Bank Oesterreich & Subsidiaries

in EUR million	2019	2020	Change
Net interest income	642.1	638.2	-0.6%
Net fee and commission income	398.9	406.6	1.9%
Net trading result and gains/losses from financial instruments at FVPL	29.1	13.8	-52.7%
Operating income	1,117.9	1,126.1	0.7%
Operating expenses	-717.1	-711.4	-0.8%
Operating result	400.8	414.7	3.5%
Cost/income ratio	64.1%	63.2%	
Impairment result from financial instruments	-6.0	-135.8	>100.0%
Other result	-18.9	-9.5	-49.7%
Net result attributable to owners of the parent	263.2	222.0	-15.6%
Return on allocated capital	16.4%	15.6%	

The Erste Bank Oesterreich & Subsidiaries (EBOe & Subsidiaries) segment comprises Erste Bank der oesterreichischen Sparkassen AG (Erste Bank Oesterreich) and its main subsidiaries (e.g. sBausparkasse, Salzburger Sparkasse, Tiroler Sparkasse, Sparkasse Hainburg).

Net interest income decreased slightly due to modification losses related to loan moratoria, lower result from debt securities and moderately lower loan margins, which could only partially be compensated by higher loan volumes. Net fee and commission income rose predominantly on the back of higher securities fees. The decline in net trading result and gains/losses from financial instruments at FVPL was driven by valuation effects. Operating expenses decreased mainly due to lower marketing and IT expenses, while the deposit insurance contribution went up to

EUR 49.9 million (EUR 25.0 million). Consequently, operating result increased and the cost/income ratio improved. The deterioration of impairment result from financial instruments was driven by higher provisioning requirements in the retail and corporate business, mainly related to updated risk parameters with forward looking information and stage overlays. Other result improved due to selling gains for real estate, which were partially offset by a shift of expenses from rental income from investment properties and other operating lease to other result. Payments into the resolution fund increased to EUR 10.5 million (EUR 7.8 million). Banking tax remained largely unchanged at EUR 3.7 million (EUR 3.6 million). Overall, the net result attributable to owners of the parent declined.

Savings Banks

in EUR million	2019	2020	Change
Net interest income	1,052.1	1,069.4	1.6%
Net fee and commission income	490.6	519.6	5.9%
Net trading result and gains/losses from financial instruments at FVPL	52.0	16.6	-68.1%
Operating income	1,640.2	1,648.6	0.5%
Operating expenses	-1,120.1	-1,106.1	-1.3%
Operating result	520.1	542.5	4.3%
Cost/income ratio	68.3%	67.1%	
Impairment result from financial instruments	0.7	-267.2	n/a
Other result	26.3	-4.1	n/a
Net result attributable to owners of the parent	64.8	41.6	-35.7%
Return on allocated capital	13.0%	7.1%	

The Savings Banks segment includes those savings banks which are members of the Haftungsverbund (cross-guarantee system) of the Austrian savings banks sector and in which Erste Group does not hold a majority stake but which are fully controlled according to IFRS 10. The fully or majority owned savings banks Erste Bank Oesterreich, Tiroler Sparkasse, Salzburger Sparkasse, and Sparkasse Hainburg are not part of the Savings Banks segment.

The increase in net interest income was primarily driven by the inclusion of a new subsidiary of a savings bank as well as higher customer loan volumes. Net fee and commission income increased on the back of higher securities as well as payment, lending and documentary fees. The worsening of net trading result and gains/losses from financial instruments at FVPL was primarily driven by valuation effects. Operating expenses decreased mainly due to lower IT, marketing and personnel expenses offsetting the increase in the deposit insurance contribution to EUR 45.0 million (EUR 33.4 million). Consequently, operating result as well as the cost/income ratio improved. Impairment result from financial instruments deteriorated significantly on updated risk parameters with forward looking information and stage overlays. Other result worsened on the non-recurrence of the booking of a badwill for a newly acquired subsidiary of a savings bank last year. Contributions to the resolution fund increased to EUR 9.5 million (EUR 7.9 million). Banking tax remained almost unchanged at EUR 4.6 million (EUR 4.3 million). Overall, the net result attributable to the owners of the parent decreased.

Other Austria

in EUR million	2019	2020	Change
Net interest income	406.9	451.0	10.8%
Net fee and commission income	240.7	249.9	3.8%
Net trading result and gains/losses from financial instruments at FVPL	-13.0	-23.9	83.2%
Operating income	689.7	721.8	4.7%
Operating expenses	-378.1	-367.2	-2.9%
Operating result	311.6	354.5	13.8%
Cost/income ratio	54.8%	50.9%	
Impairment result from financial instruments	-7.3	-202.3	>100.0%
Other result	47.4	-14.4	n/a
Net result attributable to owners of the parent	278.3	103.2	-62.9%
Return on allocated capital	13.3%	5.2%	

The Other Austria segment comprises the Corporates and Group Markets business of Erste Group Bank AG (Holding), Erste Group Immorent, Erste Asset Management and Intermarket Bank.

Net interest income increased primarily due to growth of corporate lending volumes in the Holding. Net fee and commission income increased, backed by increased securities transactions, origination and sales activities in market business of Holding as well as by increased asset under management volumes and performance of

managed funds in Erste Asset Management. Net trading result and gains/losses from financial instruments at FVPL went down due to lower valuation results of interest rate derivatives as well as a decrease in market prices of fair value securities and lower valuation of FV loans portfolio. Overall, operating income improved. Operating expenses decreased, mostly due to lower IT related costs and depreciation. Thus, operating result and the cost/income ratio improved. The impairment result from financial instruments deteriorated significantly due to an increased provisioning level in corporate business, mainly related to updated risk parameters with forward looking information and stage overlays. Other result deteriorated primarily due to the non-recurrence of last year's selling gains. Other result included also the resolution fund contribution of EUR 9.6 million (EUR 6.6 million). Overall, the net result attributable to owners of the parent deteriorated significantly.

Czech Republic

in EUR million	2019	2020	Change
Net interest income	1,141.1	1,049.0	-8.1%
Net fee and commission income	334.7	311.6	-6.9%
Net trading result and gains/losses from financial instruments at FVPL	109.7	94.7	-13.7%
Operating income	1,600.5	1,466.6	-8.4%
Operating expenses	-753.9	-722.4	-4.2%
Operating result	846.6	744.2	-12.1%
Cost/income ratio	47.1%	49.3%	
Impairment result from financial instruments	6.2	-299.8	n/a
Other result	-27.6	-25.6	-7.1%
Net result attributable to owners of the parent	666.5	334.7	-49.8%
Return on allocated capital	26.6%	12.9%	

The segment analysis is done on a constant currency basis. The CZK depreciated by 3.1% against the EUR in the reporting period. Net interest income in the Czech Republic segment (comprising Česká spořitelna Group) decreased primarily due to significantly lower interest rates as well as a loan repayment moratorium leading to modification losses. Net fee and commission income decreased due to lower maintenance fees for current accounts in the retail segment as well as lower payment fees on the back of the euro cross border payments regulation SEPA and the Covid-19 impact. These developments were partially offset by an increase in securities fees. The lower result from net trading and from gains/losses from financial instruments at FVPL was attributable to negative valuation effects. Personnel costs decreased and together with lower travel, training and marketing costs led to a decline in operating expenses while IT costs and depreciation increased. The deposit insurance contribution amounted to EUR 10.1 million (EUR 10.4 million). Overall, operating result declined, the cost/income ratio worsened. Impairment result from financial instruments deteriorated as a consequence of updates of risk parameters with forward looking information and stage overlays. The other result improved slightly. Contributions to the resolution fund amounted to EUR 29.1 million (EUR 26.6 million). Altogether, these developments led to a decrease in the net result attributable to the owners of the parent.

Slovakia

in EUR million	2019	2020	Change
Net interest income	433.6	438.4	1.1%
Net fee and commission income	145.2	147.1	1.4%
Net trading result and gains/losses from financial instruments at FVPL	18.8	11.8	-37.3%
Operating income	605.7	601.2	-0.7%
Operating expenses	-288.7	-287.1	-0.6%
Operating result	317.0	314.1	-0.9%
Cost/income ratio	47.7%	47.8%	
Impairment result from financial instruments	-42.7	-107.9	>100.0%
Other result	-39.1	-49.3	26.1%
Net result attributable to owners of the parent	187.7	115.8	-38.3%
Return on allocated capital	17.6%	10.5%	

Net interest income in the Slovakia segment (comprising Slovenská sporiteľňa Group) increased mainly due to the changed disclosure of prepayment fees resulting in a shift from the line item net fee and commission income. As a consequence, net fee and commission income increased only slightly despite higher fees for securities and insurance brokerage. Net trading result and gains/losses from financial instruments at FVPL declined due to valuation effects. Operating expenses decreased on the back of lower depreciation which offset higher personnel and IT expenses. Deposit insurance contribution amounted to EUR 1.1 million (EUR 1.0 million). Overall, operating result decreased moderately and the cost/income ratio remained largely stable. Impairment result from finan-

cial instruments deteriorated primarily due to higher provisions in retail and corporate business, mainly caused by updated risk parameters and stage overlays as well as new defaults in corporate business. Other result deteriorated mainly due to the impairment of a participation. Banking tax was charged for the last time in the first half of the year and increased slightly to EUR 33.8 million (EUR 32.5 million). Payment into the resolution fund rose to EUR 4.0 million (EUR 3.1 million). Overall, the net result attributable to the owners of the parent decreased.

Romania

in EUR million	2019	2020	Change
Net interest income	428.0	435.7	1.8%
Net fee and commission income	164.5	146.8	-10.8%
Net trading result and gains/losses from financial instruments at FVPL	74.2	73.7	-0.6%
Operating income	688.0	678.6	-1.4%
Operating expenses	-359.0	-344.9	-3.9%
Operating result	329.0	333.7	1.4%
Cost/income ratio	52.2%	50.8%	
Impairment result from financial instruments	13.0	-107.7	n/a
Other result	-200.8	-60.2	-70.0%
Net result attributable to owners of the parent	85.0	122.4	44.1%
Return on allocated capital	5.9%	8.7%	

The segment analysis is done on a constant currency basis. The RON depreciated by 1.9% against the EUR in the reporting period. Net interest income in the Romania segment (comprising Banca Comercială Română Group) improved on the back of increasing customer loan volumes in retail and corporate business. Net fee and commission income declined due to lower payment fees – affected among others by euro cross border payments regulation SEPA – and lending fees partially mitigated by higher documentary and securities fees. Net trading result and gains/losses from financial instruments at FVPL decreased marginally. Operating expenses decreased mainly due to a lower deposit insurance contribution of EUR 4.4 million (EUR 12.7 million) as well as lower depreciation, legal and consultancy expenses. Overall, operating result increased and the cost/income ratio improved. Impairment result from financial instruments deteriorated driven by updated risk parameters and stage overlays. The non-recurrence of a provision in the amount of EUR 153.3 million as a result of a Romanian High Court decision in relation to business activities of the local building society subsidiary, led to an improvement of the other result. The resolution fund contribution amounted to EUR 7.7 million (EUR 6.6 million). The net result attributable to the owners of the parent increased considerably.

Hungary

in EUR million	2019	2020	Change
Net interest income	213.5	217.9	2.1%
Net fee and commission income	188.3	181.1	-3.8%
Net trading result and gains/losses from financial instruments at FVPL	36.9	24.7	-33.1%
Operating income	445.8	431.4	-3.2%
Operating expenses	-216.9	-213.3	-1.6%
Operating result	229.0	218.1	-4.7%
Cost/income ratio	48.6%	49.4%	
Impairment result from financial instruments	18.2	-78.0	n/a
Other result	-61.2	-65.5	6.9%
Net result attributable to owners of the parent	173.2	56.1	-67.6%
Return on allocated capital	17.7%	5.8%	

The segment analysis is done on a constant currency basis. The HUF depreciated by 8.0% against the EUR in the reporting period. Net interest income in the Hungary segment (comprising Erste Bank Hungary Group) increased (also in EUR) driven by higher customer loan and deposit volumes despite the negative effect of loan moratoria leading to modification losses. Net fee and commission income rose in local currency terms predominantly due to higher securities fees. Net trading result and gains/losses from financial instruments at FVPL decreased on a lower valuation result as well as lower result from foreign currency transactions. Operating expenses went up in local currency terms on the back of higher IT expenses and depreciation. Deposit insurance contribution amounted to EUR 5.8 million (EUR 6.0 million). Overall, operating result and the cost/income ratio deteriorated. Significantly higher risk costs (reflected in the impairment result from financial instruments) were caused by updated risk parameters and stage overlays. Other result deteriorated on lower securities selling gains. This line item also included the banking tax of EUR 14.5 million (EUR 12.6 million), the transaction tax of EUR 44.0 million

(EUR 47.6 million) and the contribution to the resolution fund of EUR 3.5 million (EUR 2.8 million). Overall, the net result attributable to the owners of the parent decreased.

Croatia

in EUR million	2019	2020	Change
Net interest income	275.1	270.8	-1.6%
Net fee and commission income	108.2	92.0	-15.0%
Net trading result and gains/losses from financial instruments at FVPL	32.7	26.2	-20.1%
Operating income	430.3	401.5	-6.7%
Operating expenses	-223.1	-214.6	-3.8%
Operating result	207.2	187.0	-9.7%
Cost/income ratio	51.9%	53.4%	
Impairment result from financial instruments	-5.8	-104.2	>100.0%
Other result	-38.2	-16.7	-56.2%
Net result attributable to owners of the parent	90.3	43.9	-51.4%
Return on allocated capital	16.8%	7.2%	

The segment analysis is done on a constant currency basis. The HRK depreciated by 1.6% against the EUR in the reporting period. Net interest income in the Croatia segment (comprising Erste Bank Croatia Group) decreased driven by the negative impact from modification losses related to loan moratoria. Net fee and commission income decreased on the back of lower payment fees in retail and corporate business driven by the SEPA regulation on cross border payments and the Covid-19 impact. Net trading result and gains/losses from financial instruments at FVPL declined due to a lower result from foreign exchange transactions and valuation effects. Operating expenses decreased mainly due to lower personnel, travel, training and marketing expenses, while the deposit insurance contribution went up EUR 12.3 million (EUR 11.6 million). Overall, operating result decreased, the cost/income ratio went up. The deterioration of impairment result from financial instruments was predominantly driven by updated risk parameters and stage overlays. Other result improved mainly due to significantly lower provisions for legal expenses. This line item included a resolution fund contribution in the amount of EUR 5.7 million (EUR 2.9 million). Overall, the net result attributable to the owners of the parent decreased.

Serbia

in EUR million	2019	2020	Change
Net interest income	58.4	63.6	8.9%
Net fee and commission income	14.7	16.1	9.4%
Net trading result and gains/losses from financial instruments at FVPL	5.3	3.9	-25.9%
Operating income	78.5	83.8	6.6%
Operating expenses	-58.7	-60.3	2.9%
Operating result	19.9	23.4	17.8%
Cost/income ratio	74.7%	72.0%	
Impairment result from financial instruments	-0.8	-13.5	>100.0%
Other result	-0.4	-4.8	>100.0%
Net result attributable to owners of the parent	14.0	4.2	-69.9%
Return on allocated capital	7.4%	2.4%	

The segment analysis is done on a constant currency basis. The Serbian Dinar (RSD) appreciated by 0.2% against the EUR in the reporting period. Net interest income in the Serbia segment (comprising Erste Bank Serbia Group) increased due to higher loan and deposit volumes in retail and corporate business. Net fee and commission income went up due to higher payment fees. Net trading result and gains/losses from financial instruments at FVPL decreased driven by a lower result from foreign currency transactions and valuation effects. Operating expenses increased due to higher personnel costs and depreciation partially offset by lower IT costs and a lower deposit insurance contribution of EUR 3.5 million (EUR 4.7 million). Operating result thus increased and the cost/income ratio improved. Impairment result from financial instruments deteriorated due to higher provisions in corporate and retail business driven by updated risk parameters and stage overlays. Other result deteriorated due to provisions for legal expenses. Overall, the net result attributable to owners of the parent decreased.

Other

in EUR million	2019	2020	Change
Net interest income	96.0	140.9	46.7%
Net fee and commission income	-85.6	-94.1	9.9%
Net trading result and gains/losses from financial instruments at FVPL	-51.9	-41.9	-19.3%
Operating income	-40.7	-4.4	-89.1%
Operating expenses	-167.8	-193.1	15.1%
Operating result	-208.4	-197.5	-5.2%
Cost/income ratio	>100.0%	>100.0%	
Impairment result from financial instruments	-14.8	21.7	n/a
Other result	-291.3	-21.7	-92.5%
Net result attributable to owners of the parent	-352.8	-260.9	-26.1%
Return on allocated capital	-6.1%	-3.4%	

The residual segment Other consists mainly of internal service providers, the Group Asset/Liability Management and the Corporate Center of Erste Group Bank AG as well as the reconciliation to the consolidated accounting result (e.g. intercompany elimination, dividend elimination) and free capital.

Operating income increased on higher net interest income in the Holding due to positive impacts of more favorable ECB refinancing and lower negative interest on deposits with ECB. Operating expenses went up on higher IT costs. Overall, operating result improved. Other result improved notably on the non-recurrence of last years' good will impairment of Slovenská sporiteľňa in the amount of EUR 165.0 million and higher valuation results. Overall, the net result attributable to owners of the parent improved.

BUSINESS SEGMENTS

Retail

in EUR million	2019	2020	Change
Net interest income	2,290.1	2,083.7	-9.0%
Net fee and commission income	1,094.5	1,047.9	-4.3%
Net trading result and gains/losses from financial instruments at FVPL	112.5	89.4	-20.6%
Operating income	3,529.7	3,248.8	-8.0%
Operating expenses	-2,096.2	-2,067.7	-1.4%
Operating result	1,433.5	1,181.2	-17.6%
Cost/income ratio	59.4%	63.6%	
Impairment result from financial instruments	-74.6	-392.2	>100.0%
Other result	-226.4	-68.9	-69.6%
Net result attributable to owners of the parent	866.4	583.9	-32.6%
Return on allocated capital	26.4%	18.4%	

The Retail segment comprises the entire business with private individuals, free professionals and micros in the responsibility of account managers in the retail network of the local banks cooperating with their specialised subsidiaries (such as leasing and asset management companies).

The decrease in net interest income was primarily driven by a change of transfer prices that led to a negative impact in the retail segment and a corresponding positive effect in ALM & Local Corporate Center. Lending business in the Czech Republic declined primarily on the depreciation of the Czech koruna against the euro and the negative impact of loan repayment moratoria leading to modification losses. These negative effects were partially mitigated by the growth of customer loan volumes in almost all core markets. Net fee and commission income decreased mainly due to lower fees from payments in all core markets as well as lower fees from lending business mostly on changed disclosure of the fees charged for early loan repayment. Higher fees from securities business in Austria, the Czech Republic, Hungary and Romania and improved fees from insurance brokerage in the Czech Republic and Slovakia could not fully mitigate these developments. Net trading result and gains/losses from financial instruments FVPL decreased due to lower foreign currency transactions in the Czech Republic and negative valuation effects in Hungary. Operating expenses decreased in several core markets, mainly in the Czech Republic, helped by FX translation effects and lower variable remuneration. Consequently, operating result declined and the cost/income ratio worsened. The deterioration of impairment result from financial instruments was primarily driven by updated risk parameters with forward looking information and stage overlays. The non-recurrence of a provision in the amount of EUR 153.3 million in Romania as a result of a Ro-

manian High Court decision in relation to business activities of the local building society subsidiary led to an improvement of the other result. Overall, the net result attributable to the owners of the parent decreased.

Corporates

in EUR million	2019	2020	Change
Net interest income	1,098.7	1,109.4	1.0%
Net fee and commission income	301.1	282.3	-6.2%
Net trading result and gains/losses from financial instruments at FVPL	101.0	64.1	-36.5%
Operating income	1,603.1	1,561.3	-2.6%
Operating expenses	-575.3	-535.7	-6.9%
Operating result	1,027.8	1,025.6	-0.2%
Cost/income ratio	35.9%	34.3%	
Impairment result from financial instruments	32.9	-656.0	n/a
Other result	-2.3	-65.5	>100.0%
Net result attributable to owners of the parent	814.9	193.7	-76.2%
Return on allocated capital	18.7%	5.1%	

The Corporates segment comprises business done with SMEs (small and medium sized enterprises), Large Corporate customers, as well as commercial real estate and public sector business.

Net interest income increased primarily due to higher loan volumes in Austria and positive contributions from lending business in Slovakia, Hungary and Croatia. Net fee and commission income went down as a result of lower payment and lending fees mainly in Romania, the Czech Republic and Croatia. Net trading result and gains/losses from financial instruments at FVPL decreased due to negative valuation effects mainly in the Holding, the Czech Republic and Slovakia. Overall, operating income declined. Operating expenses decreased in the majority of core markets. Operating result thus remained almost unchanged and cost/income ratio improved. The significant increase of risk provisions (line item impairment result from financial instruments) across all core markets resulted from the updated risk parameters with forward looking information and stage overlays. Other result worsened primarily due to the non-recurrence of selling gains. The net result attributable to the owners of the parent decreased significantly.

Group Markets

in EUR million	2019	2020	Change
Net interest income	257.2	252.2	-2.0%
Net fee and commission income	228.3	240.9	5.5%
Net trading result and gains/losses from financial instruments at FVPL	48.4	38.5	-20.4%
Operating income	536.9	529.7	-1.4%
Operating expenses	-240.2	-232.0	-3.4%
Operating result	296.7	297.7	0.3%
Cost/income ratio	44.7%	43.8%	
Impairment result from financial instruments	5.1	-0.8	n/a
Other result	-18.4	-25.7	39.5%
Net result attributable to owners of the parent	224.6	211.0	-6.1%
Return on allocated capital	24.1%	24.4%	

The Group Markets segment comprises trading and markets services as well as business done with financial institutions.

Net interest income went down mainly due to lower result from repurchase operations as well as decreased contribution of the business with institutional clients in the Czech Republic. Net fee and commission income increased mostly due to higher securities fees driven by increased securities transactions, origination and business with institutional clients in Austria. Net trading result and gains/losses from financial instruments at FVPL decreased due to valuation results of interest rate derivatives as well as a significant decrease in market prices of fair value securities. Overall, operating income decreased. Operating expenses went down leading to a moderate increase in operating result. Cost/income ratio improved. Impairment result from financial instruments deteriorated due to risk provisioning in several CEE core markets. Other result deteriorated mainly on the back of higher resolution fund contribution and non-recurrence of selling gains in Austria. Overall, the net result attributable to the owners of the parent declined.

Asset/Liability Management & Local Corporate Center

in EUR million	2019	2020	Change
Net interest income	-104.3	86.2	n/a
Net fee and commission income	-84.5	-79.3	-6.2%
Net trading result and gains/losses from financial instruments at FVPL	38.6	13.2	-65.8%
Operating income	-107.1	58.0	n/a
Operating expenses	-110.9	-107.4	-3.1%
Operating result	-218.0	-49.4	-77.3%
Cost/income ratio	>100%	>100%	
Impairment result from financial instruments	13.0	-3.0	n/a
Other result	-90.0	-111.8	24.2%
Net result attributable to owners of the parent	-237.3	-112.7	-52.5%
Return on allocated capital	-8.2%	-3.6%	

The ALM & LCC segment includes all asset/liability management functions – local and of Erste Group Bank AG (Holding) – as well as the local corporate centers which comprise internal service providers and reconciliation items to local entity results.

Net interest income improved primarily due to a change of transfer prices that led to a negative impact in the retail and corporate segment and a corresponding positive effect in ALM & LCC as well as a higher contribution from balance sheet management in the Czech Republic. Net fee and commission income improved mainly due to a better result in Czech Republic. Net trading result and gains/losses from financial instruments at FVPL deteriorated due to valuation results in the Holding. Operating expenses declined mainly on methodological changes resulting in cost allocations to the other business segments in Erste Bank Oesterreich and Slovakia. Overall, operating result improved. Other result worsened mainly due to higher allocations of payment into resolution funds and lower real estate selling gains. The net result attributable to the owners of the parent improved.

Savings Banks

The business segment Savings Banks is identical to the geographical (operating) segment Savings Banks.

Group Corporate Center

in EUR million	2019	2020	Change
Net interest income	70.6	89.1	26.2%
Net fee and commission income	-1.3	6.6	n/a
Net trading result and gains/losses from financial instruments at FVPL	12.2	37.1	>100.0%
Operating income	70.9	124.8	76.0%
Operating expenses	-1,023.9	-1,013.0	-1.1%
Operating result	-953.0	-888.2	-6.8%
Cost/income ratio	>100.0%	>100.0%	
Impairment result from financial instruments	-16.4	24.4	n/a
Other result	572.6	829.5	44.9%
Net result attributable to owners of the parent	-263.3	-134.4	-49.0%
Return on allocated capital	-5.6%	-2.1%	

The Group Corporate Center segment covers mainly centrally managed activities and items that are not directly allocated to other segments. It includes the Corporate Center of Erste Group Bank AG as well as internal service providers, therefore in particular the line items other operating result and general administrative expenses should be considered together with intragroup eliminations. Furthermore, the free capital of Erste Group is included.

The increase in operating income was driven by higher net interest income on decreased funding costs as well as improved net trading result and gains/losses from financial instruments at FVPL. Operating expenses decreased on lower marketing and project related costs. Overall, operating result improved. Other result improved notably on the non-recurrence of last years' good will impairment of Slovenská sporiteľňa in the amount of EUR 165.0 million and higher valuation results. Overall, the net result attributable to owners of the parent improved.

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Erste Group shares (ISIN AT0000652011) are traded in Vienna, Prague and Bucharest.

The issues of Erste Group Bank AG are admitted to trading on the following regulated markets: Vienna, Luxembourg, Budapest, Bucharest and Stuttgart.

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Appendix

Preliminary results 2020 of Erste Group Bank AG (IFRS)

Consolidated income statement

in EUR thousand	2019	2020
Net interest income	4,746,850	4,774,848
Interest income	5,543,983	5,107,947
Other similar income	1,655,214	1,461,747
Interest expenses	-1,054,859	-621,237
Other similar expenses	-1,397,488	-1,173,609
Net fee and commission income	2,000,131	1,976,821
Fee and commission income	2,373,502	2,354,525
Fee and commission expenses	-373,370	-377,705
Dividend income	27,881	19,941
Net trading result	318,342	137,573
Gains/losses from financial instruments measured at fair value through profit or loss	-24,508	61,970
Net result from equity method investments	17,093	10,396
Rental income from investment properties & other operating leases	170,143	173,555
Personnel expenses	-2,537,127	-2,520,724
Other administrative expenses	-1,205,146	-1,158,891
Depreciation and amortisation	-540,979	-540,880
Gains/losses from derecognition of financial assets measured at amortised cost	921	6,842
Other gains/losses from derecognition of financial instruments not measured at fair value through profit or loss	23,475	-380
Impairment result from financial instruments	-39,193	-1,294,766
Other operating result	-628,152	-278,281
Levies on banking activities	-127,990	-117,696
Pre-tax result from continuing operations	2,329,731	1,368,025
Taxes on income	-418,674	-342,547
Net result for the period	1,911,057	1,025,478
Net result attributable to non-controlling interests	440,924	242,349
Net result attributable to owners of the parent	1,470,133	783,129

Consolidated statement of comprehensive income

in EUR thousand	2019	2020
Net result for the period	1,911,057	1,025,478
Other comprehensive income		
Items that may not be reclassified to profit or loss	-70,143	62,023
Remeasurement of defined benefit plans	-139,949	-61,030
Fair value reserve of equity instruments	54,148	5,758
Own credit risk reserve	-17,506	127,513
Deferred taxes relating to items that may not be reclassified	33,165	-10,219
Items that may be reclassified to profit or loss	-22,825	-223,384
Fair value reserve of debt instruments	44,609	44,375
Gain/loss during the period	46,341	34,702
Reclassification adjustments	-6,075	-1,201
Credit loss allowances	4,343	10,874
Cash flow hedge reserve	-54,421	99,231
Gain/loss during the period	-29,415	113,496
Reclassification adjustments	-25,006	-14,266
Currency reserve	-13,519	-338,373
Gain/loss during the period	-13,519	-338,373
Deferred taxes relating to items that may be reclassified	370	-28,583
Gain/loss during the period	-6,211	-32,271
Reclassification adjustments	6,581	3,688
Share of other comprehensive income of associates and joint ventures accounted for by the equity method	136	-33
Total other comprehensive income	-92,968	-161,361
Total comprehensive income	1,818,089	864,116
Total comprehensive income attributable to non-controlling interests	394,459	215,016
Total comprehensive income attributable to owners of the parent	1,423,630	649,100

Group balance sheet

in EUR thousand	Dec 19	Dec 20
Assets		
Cash and cash balances	10,693,301	35,838,532
Financial assets held for trading	5,759,602	6,356,017
Derivatives	2,805,447	2,954,359
Other financial assets held for trading	2,954,155	3,401,658
Pledged as collateral	429,799	67,952
Non-trading financial assets at fair value through profit and loss	3,208,269	3,082,818
Pledged as collateral	38,639	7,950
Equity instruments	390,080	347,312
Debt securities	2,334,757	2,048,457
Loans and advances to customers	483,432	687,049
Financial assets at fair value through other comprehensive income	9,046,504	8,518,771
Pledged as collateral	603,241	49,995
Equity instruments	210,117	129,756
Debt securities	8,836,388	8,389,015
Financial assets at amortised cost	204,162,083	210,940,419
Pledged as collateral	2,141,960	1,898,545
Debt securities	26,763,789	29,578,919
Loans and advances to banks	23,054,595	21,466,188
Loans and advances to customers	154,343,699	159,895,312
Finance lease receivables	4,034,425	4,127,083
Hedge accounting derivatives	130,118	205,174
Fair value changes of hedged items in portfolio hedge of interest rate risk	-3,766	5,271
Property and equipment	2,629,247	2,552,076
Investment properties	1,265,916	1,280,412
Intangible assets	1,368,320	1,358,911
Investments in associates and joint ventures	162,984	190,073
Current tax assets	80,715	174,657
Deferred tax assets	477,063	460,128
Assets held for sale	268,860	211,815
Trade and other receivables	1,408,069	1,340,979
Other assets	1,001,137	750,572
Total assets	245,692,847	277,393,709
Liabilities and equity		
Financial liabilities held for trading	2,421,082	2,625,045
Derivatives	2,005,403	2,037,466
Other financial liabilities held for trading	415,679	587,578
Financial liabilities at fair value through profit or loss	13,494,319	12,091,012
Deposits from customers	264,837	254,005
Debt securities issued	13,010,530	11,656,648
Other financial liabilities	218,953	180,360
Financial liabilities at amortised cost	204,143,420	235,125,299
Deposits from banks	13,140,590	24,771,349
Deposits from customers	173,066,149	190,816,425
Debt securities issued	17,360,340	19,019,787
Other financial liabilities	576,341	517,738
Lease liabilities	515,068	559,720
Hedge accounting derivatives	269,189	188,662
Fair value changes of hedged items in portfolio hedge of interest rate risk	11	57
Provisions	1,918,740	2,081,947
Current tax liabilities	60,586	58,485
Deferred tax liabilities	17,905	20,044
Liabilities associated with assets held for sale	6,169	1,403
Other liabilities	2,369,033	2,231,756
Total equity	20,477,324	22,410,280
Equity attributable to non-controlling interests	4,857,496	5,073,100
Additional equity instruments	1,490,367	2,732,965
Equity attributable to owners of the parent	14,129,461	14,604,214
Subscribed capital	859,600	859,600
Additional paid-in capital	1,477,719	1,477,719
Retained earnings and other reserves	11,792,141	12,266,895
Total liabilities and equity	245,692,847	277,393,709

Segment reporting

Operating segments: Geographical segmentation – overview

in EUR million	Austria		Central and Eastern Europe		Other		Total Group	
	2019	2020	2019	2020	2019	2020	2019	2020
Net interest income	2,101.1	2,158.6	2,549.7	2,475.4	96.0	140.9	4,746.8	4,774.8
Net fee and commission income	1,130.1	1,176.1	955.6	894.8	-85.6	-94.1	2,000.1	1,976.8
Dividend income	17.6	9.8	4.3	3.5	6.0	6.6	27.9	19.9
Net trading result	-1.5	-17.2	268.9	214.9	50.9	-60.1	318.3	137.6
Gains/losses from financial instruments at FVPL	69.6	23.6	8.7	20.1	-102.8	18.3	-24.5	62.0
Net result from equity method investments	-0.4	1.8	11.3	4.7	6.2	3.9	17.1	10.4
Rental income from investment properties & other operating leases	131.3	143.7	50.4	49.8	-11.5	-19.9	170.1	173.6
General administrative expenses	-2,215.3	-2,184.8	-1,900.2	-1,842.6	-167.8	-193.1	-4,283.3	-4,220.5
Gains/losses from derecognition of financial assets at AC	1.2	7.7	0.0	0.3	-0.3	-1.1	0.9	6.8
Other gains/losses from derecognition of financial instruments not at FVPL	-0.9	-0.6	-1.4	0.7	25.8	-0.5	23.5	-0.4
Impairment result from financial instruments	-12.5	-605.3	-11.9	-711.2	-14.8	21.7	-39.2	-1,294.8
Other operating result	54.4	-35.2	-365.8	-223.0	-316.8	-20.1	-628.2	-278.3
Levies on banking activities	-8.0	-8.5	-103.6	-92.2	-16.4	-17.0	-128.0	-117.7
Pre-tax result from continuing operations	1,274.7	678.3	1,569.5	887.2	-514.5	-197.5	2,329.7	1,368.0
Taxes on income	-280.7	-95.2	-307.1	-188.1	169.2	-59.2	-418.7	-342.5
Net result for the period	994.0	583.1	1,262.4	699.1	-345.4	-256.7	1,911.1	1,025.5
Net result attributable to non-controlling interests	387.7	216.2	45.7	22.0	7.5	4.1	440.9	242.3
Net result attributable to owners of the parent	606.3	366.9	1,216.7	677.2	-352.8	-260.9	1,470.1	783.1
Operating income	3,447.8	3,496.5	3,848.8	3,663.1	-40.7	-4.4	7,255.9	7,155.1
Operating expenses	-2,215.3	-2,184.8	-1,900.2	-1,842.6	-167.8	-193.1	-4,283.3	-4,220.5
Operating result	1,232.5	1,311.7	1,948.6	1,820.4	-208.4	-197.5	2,972.7	2,934.6
Risk-weighted assets (credit risk, eop)	51,812	52,187	43,021	43,346	2,060	2,933	96,894	98,466
Average allocated capital	7,131	6,789	7,025	7,189	5,632	7,467	19,788	21,445
Cost/income ratio	64.3%	62.5%	49.4%	50.3%	>100%	>100%	59.0%	59.0%
Return on allocated capital	13.9%	8.6%	18.0%	9.7%	-6.1%	-3.4%	9.7%	4.8%
Total assets (eop)	158,921	182,528	112,600	119,760	-25,828	-24,894	245,693	277,394
Total liabilities excluding equity (eop)	126,184	146,072	101,011	107,557	-1,979	1,354	225,216	254,983
Impairments	-12.2	-612.3	-38.8	-767.9	-231.7	28.1	-282.8	-1,352.1
Net impairment loss on financial assets AC/FVTOCI and finance lease receivables	-45.2	-516.2	-57.0	-645.0	-7.0	25.6	-109.2	-1,135.6
Net impairment loss on commitments and guarantees given	32.7	-89.1	45.1	-66.2	-7.8	-3.9	70.0	-159.2
Impairment of goodwill	0.0	0.0	0.0	0.0	-165.0	0.0	-165.0	0.0
Net impairment on investments in subsidiaries, joint ventures and associates	0.3	0.0	0.0	-8.1	-46.1	25.7	-45.8	17.5
Net impairment on other non-financial assets	0.0	-7.0	-27.0	-48.6	-5.8	-19.3	-32.8	-74.8

Operating segments: Geographical area – Austria

in EUR million	EBOe & Subsidiaries		Savings Banks		Other Austria		Austria	
	2019	2020	2019	2020	2019	2020	2019	2020
Net interest income	642.1	638.2	1,052.1	1,069.4	406.9	451.0	2,101.1	2,158.6
Net fee and commission income	398.9	406.6	490.6	519.6	240.7	249.9	1,130.1	1,176.1
Dividend income	6.9	6.4	6.1	4.6	4.5	-1.2	17.6	9.8
Net trading result	16.9	6.5	26.8	8.1	-45.2	-31.7	-1.5	-17.2
Gains/losses from financial instruments at FVPL	12.2	7.3	25.2	8.5	32.2	7.8	69.6	23.6
Net result from equity method investments	1.7	1.6	0.0	0.0	-2.2	0.1	-0.4	1.8
Rental income from investment properties & other operating leases	39.2	59.5	39.3	38.4	52.7	45.7	131.3	143.7
General administrative expenses	-717.1	-711.4	-1,120.1	-1,106.1	-378.1	-367.2	-2,215.3	-2,184.8
Gains/losses from derecognition of financial assets at AC	0.0	0.1	2.3	0.1	-1.1	7.4	1.2	7.7
Other gains/losses from derecognition of financial instruments not at FVPL	-0.3	-0.1	-0.5	-1.7	0.0	1.2	-0.9	-0.6
Impairment result from financial instruments	-6.0	-135.8	0.7	-267.2	-7.3	-202.3	-12.5	-605.3
Other operating result	-18.6	-9.6	24.5	-2.6	48.5	-23.1	54.4	-35.2
Levies on banking activities	-3.6	-3.7	-4.3	-4.7	-0.1	-0.1	-8.0	-8.5
Pre-tax result from continuing operations	375.9	269.4	547.1	271.2	351.7	137.8	1,274.7	678.3
Taxes on income	-88.4	-11.5	-127.8	-54.3	-64.4	-29.4	-280.7	-95.2
Net result for the period	287.5	257.9	419.2	216.8	287.3	108.3	994.0	583.1
Net result attributable to non-controlling interests	24.3	35.9	354.5	175.2	9.0	5.1	387.7	216.2
Net result attributable to owners of the parent	263.2	222.0	64.8	41.6	278.3	103.2	606.3	366.9
Operating income	1,117.9	1,126.1	1,640.2	1,648.6	689.7	721.8	3,447.8	3,496.5
Operating expenses	-717.1	-711.4	-1,120.1	-1,106.1	-378.1	-367.2	-2,215.3	-2,184.8
Operating result	400.8	414.7	520.1	542.5	311.6	354.5	1,232.5	1,311.7
Risk-weighted assets (credit risk, eop)	12,536	12,578	24,670	24,185	14,607	15,424	51,812	52,187
Average allocated capital	1,756	1,657	3,218	3,063	2,157	2,069	7,131	6,789
Cost/income ratio	64.1%	63.2%	68.3%	67.1%	54.8%	50.9%	64.3%	62.5%
Return on allocated capital	16.4%	15.6%	13.0%	7.1%	13.3%	5.2%	13.9%	8.6%
Total assets (eop)	46,504	52,572	67,360	73,219	45,057	56,737	158,921	182,528
Total liabilities excluding equity (eop)	44,320	50,363	62,276	67,984	19,588	27,726	126,184	146,072
Impairments	-7.1	-135.7	1.8	-271.5	-6.9	-205.1	-12.2	-612.3
Net impairment loss on financial assets AC/FVTOCI and finance lease receivables	-20.2	-124.2	-12.7	-232.9	-12.3	-159.2	-45.2	-516.2
Net impairment loss on commitments and guarantees given	14.2	-11.6	13.4	-34.4	5.0	-43.2	32.7	-89.1
Impairment of goodwill	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net impairment on investments in subsidiaries, joint ventures and associates	0.0	0.0	0.3	0.0	0.0	0.0	0.3	0.0
Net impairment on other non-financial assets	-1.2	0.1	0.8	-4.3	0.4	-2.8	0.0	-7.0

Operating segments: Geographical area – Central and Eastern Europe

in EUR million	Czech Republic		Slovakia		Romania		Hungary		Croatia		Serbia		Central and Eastern Europe	
	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020
Net interest income	1,141.1	1,049.0	433.6	438.4	428.0	435.7	213.5	217.9	275.1	270.8	58.4	63.6	2,549.7	2,475.4
Net fee and commission income	334.7	311.6	145.2	147.1	164.5	146.8	188.3	181.1	108.2	92.0	14.7	16.1	955.6	894.8
Dividend income	2.5	2.1	1.0	0.6	0.5	0.7	0.1	0.0	0.2	0.1	0.0	0.0	4.3	3.5
Net trading result	104.0	72.1	20.7	12.2	71.0	70.7	36.4	28.0	31.5	28.0	5.4	4.0	268.9	214.9
Gains/losses from financial instruments at FVPL	5.7	22.6	-2.0	-0.5	3.2	3.0	0.6	-3.3	1.2	-1.8	0.0	0.0	8.7	20.1
Net result from equity method investments	4.1	1.2	6.1	2.9	-0.1	-0.4	0.0	0.0	1.2	1.0	0.0	0.0	11.3	4.7
Rental income from investment properties & other operating leases	8.4	8.1	1.2	0.3	20.8	22.2	7.0	7.7	12.9	11.4	0.1	0.1	50.4	49.8
General administrative expenses	-753.9	-722.4	-288.7	-287.1	-359.0	-344.9	-216.9	-213.3	-223.1	-214.6	-58.7	-60.3	-1,900.2	-1,842.6
Gains/losses from derecognition of financial assets at AC	0.3	0.0	0.1	0.0	-0.1	0.0	0.0	0.5	-0.1	-0.1	-0.2	-0.1	0.0	0.3
Other gains/losses from derecognition of financial instruments not at FVPL	-1.1	0.0	-0.5	0.0	-6.2	0.0	6.0	0.7	0.2	0.0	0.1	0.0	-1.4	0.7
Impairment result from financial instruments	6.2	-299.8	-42.7	-107.9	13.0	-107.7	18.2	-78.0	-5.8	-104.2	-0.8	-13.5	-11.9	-711.2
Other operating result	-26.8	-25.6	-38.7	-49.3	-194.5	-60.2	-67.3	-66.6	-38.3	-16.7	-0.3	-4.7	-365.8	-223.0
Levies on banking activities	0.0	0.0	-32.5	-33.8	-11.0	0.0	-60.2	-58.4	0.0	0.0	0.0	0.0	-103.6	-92.2
Pre-tax result from continuing operations	825.3	418.8	235.3	156.9	141.2	165.7	185.9	74.6	163.2	66.0	18.7	5.2	1,569.5	887.2
Taxes on income	-158.7	-84.0	-47.5	-41.1	-56.1	-43.2	-12.7	-18.5	-30.8	-1.6	-1.1	0.2	-307.1	-188.1
Net result for the period	666.5	334.8	187.7	115.8	85.1	122.6	173.2	56.1	132.3	64.4	17.6	5.4	1,262.4	699.1
Net result attributable to non-controlling interests	0.0	0.1	0.0	0.0	0.1	0.1	0.0	0.0	42.0	20.5	3.5	1.2	45.7	22.0
Net result attributable to owners of the parent	666.5	334.7	187.7	115.8	85.0	122.4	173.2	56.1	90.3	43.9	14.0	4.2	1,216.7	677.2
Operating income	1,600.5	1,466.6	605.7	601.2	688.0	678.6	445.8	431.4	430.3	401.5	78.5	83.8	3,848.8	3,663.1
Operating expenses	-753.9	-722.4	-288.7	-287.1	-359.0	-344.9	-216.9	-213.3	-223.1	-214.6	-58.7	-60.3	-1,900.2	-1,842.6
Operating result	846.6	744.2	317.0	314.1	329.0	333.7	229.0	218.1	207.2	187.0	19.9	23.4	1,948.6	1,820.4
Risk-weighted assets (credit risk, eop)	17,815	17,666	7,209	7,624	6,521	6,786	4,226	3,967	5,638	5,814	1,612	1,489	43,021	43,346
Average allocated capital	2,504	2,590	1,066	1,103	1,452	1,415	977	967	790	889	237	225	7,025	7,189
Cost/income ratio	47.1%	49.3%	47.7%	47.8%	52.2%	50.8%	48.6%	49.4%	51.9%	53.4%	74.7%	72.0%	49.4%	50.3%
Return on allocated capital	26.6%	12.9%	17.6%	10.5%	5.9%	8.7%	17.7%	5.8%	16.8%	7.2%	7.4%	2.4%	18.0%	9.7%
Total assets (eop)	57,412	58,600	18,614	20,705	15,673	16,841	8,932	10,162	9,905	10,899	2,064	2,553	112,600	119,760
Total liabilities excluding equity (eop)	52,004	52,909	16,999	18,914	13,902	14,921	7,715	8,997	8,601	9,546	1,790	2,269	101,011	107,557
Impairments	4.8	-297.7	-41.8	-116.3	-9.3	-153.5	16.8	-79.3	-8.5	-107.5	-0.8	-13.5	-38.8	-767.9
Net impairment loss on financial assets AC/FVTOCI and finance lease receivables	-23.9	-282.7	-48.6	-97.0	-0.2	-88.5	16.4	-72.8	-0.1	-90.3	-0.5	-13.8	-57.0	-645.0
Net impairment loss on commitments and guarantees given	30.2	-17.1	6.0	-10.9	13.3	-19.3	1.9	-5.2	-5.8	-13.9	-0.3	0.3	45.1	-66.2
Impairment of goodwill	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net impairment on investments in subsidiaries, joint ventures and associates	0.0	0.0	0.0	-8.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-8.1
Net impairment on other non-financial assets	-1.4	2.0	0.9	-0.2	-22.4	-45.7	-1.4	-1.3	-2.6	-3.3	0.0	0.0	-27.0	-48.6

Business segments (1)

in EUR million	Retail		Corporates		Group Markets		ALM&LCC	
	2019	2020	2019	2020	2019	2020	2019	2020
Net interest income	2,290.1	2,083.7	1,098.7	1,109.4	257.2	252.2	-104.3	86.2
Net fee and commission income	1,094.5	1,047.9	301.1	282.3	228.3	240.9	-84.5	-79.3
Dividend income	3.6	0.0	1.6	0.8	3.0	-2.0	7.6	9.9
Net trading result	112.0	96.2	95.5	76.7	19.9	20.9	117.3	-39.9
Gains/losses from financial instruments at FVPL	0.5	-6.8	5.4	-12.6	28.5	17.6	-78.7	53.1
Net result from equity method investments	6.1	3.9	0.0	0.0	0.0	0.0	4.8	2.6
Rental income from investment properties & other operating leases	23.0	23.9	100.8	104.7	0.0	0.0	30.8	25.5
General administrative expenses	-2,096.2	-2,067.7	-575.3	-535.7	-240.2	-232.0	-110.9	-107.4
Gains/losses from derecognition of financial assets at AC	-0.3	0.0	-1.1	7.3	0.0	0.0	5.6	-0.4
Other gains/losses from derecognition of financial instruments not at FVPL	0.0	0.0	21.3	0.7	0.0	1.2	-2.3	-0.2
Impairment result from financial instruments	-74.6	-392.2	32.9	-656.0	5.1	-0.8	13.0	-3.0
Other operating result	-226.1	-69.0	-22.5	-73.6	-18.4	-26.9	-93.3	-111.2
Levies on banking activities	-69.2	-61.0	-27.6	-23.6	-4.1	-4.0	-6.4	-7.3
Pre-tax result from continuing operations	1,132.5	720.1	1,058.4	304.1	283.4	271.1	-295.0	-164.2
Taxes on income	-223.3	-121.7	-202.5	-63.1	-52.8	-56.3	46.8	48.8
Net result for the period	909.2	598.4	855.9	241.0	230.6	214.8	-248.1	-115.4
Net result attributable to non-controlling interests	42.8	14.5	41.0	47.3	6.0	3.9	-10.9	-2.7
Net result attributable to owners of the parent	866.4	583.9	814.9	193.7	224.6	211.0	-237.3	-112.7
Operating income	3,529.7	3,248.8	1,603.1	1,561.3	536.9	529.7	-107.1	58.0
Operating expenses	-2,096.2	-2,067.7	-575.3	-535.7	-240.2	-232.0	-110.9	-107.4
Operating result	1,433.5	1,181.2	1,027.8	1,025.6	296.7	297.7	-218.0	-49.4
Risk-weighted assets (credit risk, eop)	19,053	18,451	42,693	43,965	3,321	3,209	5,739	5,932
Average allocated capital	3,446	3,254	4,567	4,746	958	880	3,037	3,210
Cost/income ratio	59.4%	63.6%	35.9%	34.3%	44.7%	43.8%	>100%	>100%
Return on allocated capital	26.4%	18.4%	18.7%	5.1%	24.1%	24.4%	-8.2%	-3.6%
Total assets (eop)	65,277	65,948	57,342	59,531	31,394	43,529	60,971	71,508
Total liabilities excluding equity (eop)	91,572	100,342	28,210	32,706	31,802	37,968	49,244	53,213
Impairments	-74.4	-392.6	20.6	-713.9	5.1	-0.8	-4.6	-22.0
Net impairment loss on financial assets AC/FVTOCI and finance lease receivables	-82.6	-387.9	-20.5	-536.4	4.6	-1.1	10.4	-5.4
Net impairment loss on commitments and guarantees given	8.0	-4.3	53.5	-119.6	0.5	0.3	2.6	2.4
Impairment of goodwill	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net impairment on investments in subsidiaries, joint ventures and associates	0.0	0.0	-1.3	0.1	0.0	0.0	1.3	-8.3
Net impairment on other non-financial assets	0.2	-0.5	-11.0	-58.0	0.0	0.0	-18.8	-10.8

Business segments (2)

in EUR million	Savings Banks		Group Corporate Center		Intragroup Elimination		Total Group	
	2019	2020	2019	2020	2019	2020	2019	2020
Net interest income	1,052.1	1,069.4	70.6	89.1	82.5	85.0	4,746.8	4,774.8
Net fee and commission income	490.6	519.6	-1.3	6.6	-28.5	-41.2	2,000.1	1,976.8
Dividend income	6.1	4.6	6.0	6.6	0.0	0.0	27.9	19.9
Net trading result	26.8	8.1	17.7	35.0	-70.9	-59.4	318.3	137.6
Gains/losses from financial instruments at FVPL	25.2	8.5	-5.5	2.2	0.0	0.0	-24.5	62.0
Net result from equity method investments	0.0	0.0	6.2	3.9	0.0	0.0	17.1	10.4
Rental income from investment properties & other operating leases	39.3	38.4	-22.9	-18.6	-0.9	-0.4	170.1	173.6
General administrative expenses	-1,120.1	-1,106.1	-1,023.9	-1,013.0	883.4	841.3	-4,283.3	-4,220.5
Gains/losses from derecognition of financial assets at AC	2.3	0.1	0.4	0.0	-6.0	-0.2	0.9	6.8
Other gains/losses from derecognition of financial instruments not at FVPL	-0.5	-1.7	-1.1	-0.7	6.1	0.2	23.5	-0.4
Impairment result from financial instruments	0.7	-267.2	-16.4	24.4	0.0	0.0	-39.2	-1,294.8
Other operating result	24.5	-2.6	573.3	830.2	-865.6	-825.3	-628.2	-278.3
Levies on banking activities	-4.3	-4.7	-16.4	-17.0	0.0	0.0	-128.0	-117.7
Pre-tax result from continuing operations	547.1	271.2	-396.8	-34.3	0.0	0.0	2,329.7	1,368.0
Taxes on income	-127.8	-54.3	141.0	-96.0	0.0	0.0	-418.7	-342.5
Net result for the period	419.2	216.8	-255.8	-130.2	0.0	0.0	1,911.1	1,025.5
Net result attributable to non-controlling interests	354.5	175.2	7.5	4.1	0.0	0.0	440.9	242.3
Net result attributable to owners of the parent	64.8	41.6	-263.3	-134.4	0.0	0.0	1,470.1	783.1
Operating income	1,640.2	1,648.6	70.9	124.8	-17.7	-16.0	7,255.9	7,155.1
Operating expenses	-1,120.1	-1,106.1	-1,023.9	-1,013.0	883.4	841.3	-4,283.3	-4,220.5
Operating result	520.1	542.5	-953.0	-888.2	865.6	825.3	2,972.7	2,934.6
Risk-weighted assets (credit risk, eop)	24,670	24,185	1,417	2,725	0	0	96,894	98,466
Average allocated capital	3,218	3,063	4,561	6,293	0	0	19,788	21,445
Cost/income ratio	68.3%	67.1%	>100%	>100%	>100%	>100%	59.0%	59.0%
Return on allocated capital	13.0%	7.1%	-5.6%	-2.1%			9.7%	4.8%
Total assets (eop)	67,360	73,219	4,081	2,810	-40,732	-39,152	245,693	277,394
Total liabilities excluding equity (eop)	62,276	67,984	2,869	1,969	-40,759	-39,197	225,216	254,983
Impairments	1.8	-271.5	-231.3	48.8	0.0	0.0	-282.8	-1,352.1
Net impairment loss on financial assets AC/FVTOCI and finance lease receivables	-12.7	-232.9	-8.3	28.1	0.0	0.0	-109.2	-1,135.6
Net impairment loss on commitments and guarantees given	13.4	-34.4	-8.1	-3.6	0.0	0.0	70.0	-159.2
Impairment of goodwill	0.0	0.0	-165.0	0.0	0.0	0.0	-165.0	0.0
Net impairment on investments in subsidiaries, joint ventures and associates	0.3	0.0	-46.1	25.7	0.0	0.0	-45.8	17.5
Net impairment on other non-financial assets	0.8	-4.3	-3.9	-1.3	0.0	0.0	-32.8	-74.8