

Erste Group: Financial Performance and Forecast

Findings and management recommendations. Portfolio project based on public information. Research cut-off: 11 October 2026. Reporting periods: financial years 2023-2025 and the first half of 2026 (H1 2026). All amounts in EUR million unless stated.

How to read the labels. **Reported actual** = copied from an Erste Group publication. **Derived** = calculated from reported actuals (sums, ratios, 'excluding Poland'). **Analyst assumption** = an input chosen by the author. **Forecast (E)** = result of those assumptions. **Illustrative plan** = a synthetic plan built from the public outlook of 26 February 2026; it is **not** Erste Group's internal budget.

1. Executive summary

- **Profit grew, but much less than the operating result.** In H1 2026 Erste Group reported net profit attributable to owners of EUR 1,975m (+18.6% on H1 2025), while the operating result rose 49.3% to EUR 4,422m (reported actuals).
- **The acquisition in Poland changes every comparison.** Erste Bank Polska is consolidated from 1 January 2026. The Poland segment added EUR 1,083m of operating result but only EUR 183m of net profit attributable in H1 2026 (derived from reported segment data).
- **Like for like, income is growing faster than costs.** Excluding the Poland segment, operating income grew 8.3% and operating expenses 3.4% (derived). In FY2025 the opposite was true: income +4.3%, costs +5.8%.
- **Base forecast: net profit of EUR 4,116m in FY2026E and EUR 4,402m in FY2027E.** The downside scenario gives EUR 2,897m in FY2027E, 34% below base (analyst forecast, not company guidance).
- **Profit is most sensitive to credit losses.** Ten basis points (bp; 1 bp = 0.01%) more risk cost reduces FY2027E net profit by about EUR 170m; 1% less operating income by about EUR 94m (model sensitivities).

Business questions

The project answers four management questions: (1) What drives profitability? (2) Is income growing faster than costs? (3) How sensitive is profit to weaker income or higher credit losses? (4) What should a bank controller monitor?

Key figures

EUR million	FY2023	FY2024	FY2025	H1 2025	H1 2026	FY2026E	FY2027E
Net interest income	7,228	7,528	7,788	3,786	5,386	10,988	11,428
Net fee and commission income	2,640	2,938	3,191	1,542	1,929	3,973	4,212
Operating income	10,552	11,178	11,659	5,668	7,959	16,145	16,769
Operating expenses	-5,020	-5,279	-5,583	-2,706	-3,537	-7,180	-7,324
Operating result	5,532	5,900	6,076	2,963	4,422	8,965	9,446
Impairment result (risk costs)	-128	-397	-478	-182	-583	-977	-823
Net profit attributable to owners	2,998	3,125	3,510	1,665	1,975	4,116	4,402
Cost/income ratio	47.6%	47.2%	47.9%	47.7%	44.4%	44.5%	43.7%
Risk cost, bp of average gross loans	n/a	18.4	20.9	16.2	43.5	34.9	27.0

FY2023-H1 2026: derived from reported quarterly actuals and reconciled to the published statements. FY2026E = H1 2026 actual + H2 2026 forecast; FY2027E = forecast (base scenario). H1 2026 and later include Erste Bank Polska. Risk cost for half-years is annualised; FY2023 is n/a because the opening loan balance is outside the downloaded data (Erste reported 6.0 bp).

2. Data provenance and limitations

All actual figures come from official Erste Group investor-relations publications (see section 8 and Source_Register.csv). No figure was taken from news sites or data vendors.

Topic	What was done
Accounting basis	Consolidated figures under International Financial Reporting Standards (IFRS) as adopted by the EU. Verified in the basis of preparation of the 2025 financial statements and of the H1 2026 interim report (presented under IAS 34). Not inferred from the company's location.

Topic	What was done
Audit status	FY2023-FY2025 come from audited annual statements. The H1 2026 interim report states that it was neither audited nor reviewed.
Periods and calendar	Erste's financial year is the calendar year. Quarterly data covers Q1 2023 to Q2 2026 (14 quarters). Half-years are sums of two quarters. H1 2026 is compared with H1 2025, never with a full year, and interim figures are not annualised into annual results.
Currency and units	EUR million. Quarterly figures are unrounded in the source; published statements are rounded to EUR 1 million.
Perimeter change	Erste acquired 49% of Santander Bank Polska (renamed Erste Bank Polska) and 50% of an asset manager for EUR 7,035m in cash; closing was 9 January 2026 and the business is consolidated from 1 January 2026. The 49% stake is treated as control, so 51% of the Polish profit goes to non-controlling interests.
Adjustments	Only with disclosed data: (a) the reported Poland operating segment, to derive a like-for-like view; (b) one-off items the company quantified. No undisclosed adjustment was made.
Restatements	The two analyst data files (February and July 2026) show identical income statement values for the ten overlapping quarters. Quarterly ROTE history differs between the files (about 0.7-1.4 percentage points higher in the later file) without an explanation in the files; the latest values are used.

Limitations

- 'Excluding Poland' is not a pure organic figure: the interest income Erste no longer earns on the cash purchase price sits in the other segments.
- The company's stated FY2025 one-off total (about EUR 270m) is used as stated; the individual items it lists add up to a somewhat higher gross amount, and the difference is not explained in the release.
- Return on tangible equity (ROTE), the Common Equity Tier 1 (CET1) ratio and the net interest margin are shown as reported and are **not forecast**: that would need a capital plan and a balance-sheet model.
- Publication dates of the annual-report files are recorded as the month plus the file date; the exact web publication day was not verified.
- The forecast is a simple driver model built by an outsider with public information. It is illustrative, not investment advice.

3. KPI definitions and methodology

KPI	Numerator	Denominator	Period and unit	Missing or misleading values
Operating income	Net interest income + net fee and commission income + dividend income + net trading result + fair value result + equity-method result + rental income	-	Period flow, EUR m	None missing
Operating result	Operating income less operating expenses (personnel, other administrative, depreciation and amortisation)	-	Period flow, EUR m	None missing
Cost/income ratio (CIR)	Operating expenses	Operating income	Same period, %	Shows n.m. if income is zero or negative
Risk cost in bp	Impairment result from financial instruments, annualised (x2 for a half-year)	Average gross customer loans (mean of quarter-end balances incl. opening balance)	Annualised, bp	n/a for FY2023 (opening balance not in the data)
Jaws	Operating income growth	minus operating expense growth	Like-for-like periods, percentage points	n/a if a comparator is outside the dataset
Net profit	Net result for the period less non-controlling interests	-	Period flow, EUR m	None missing
Variance	Current minus comparator on signed values (expenses negative); F = raises profit, U = lowers profit	% uses the absolute comparator	EUR m and %	% shows n.m. if the comparator is below EUR 50m or the sign changes
ROTE, CET1, NIM	Company definitions (Erste glossary)	Company definitions	Reported values only	Not recalculated for the forecast

Forecast method

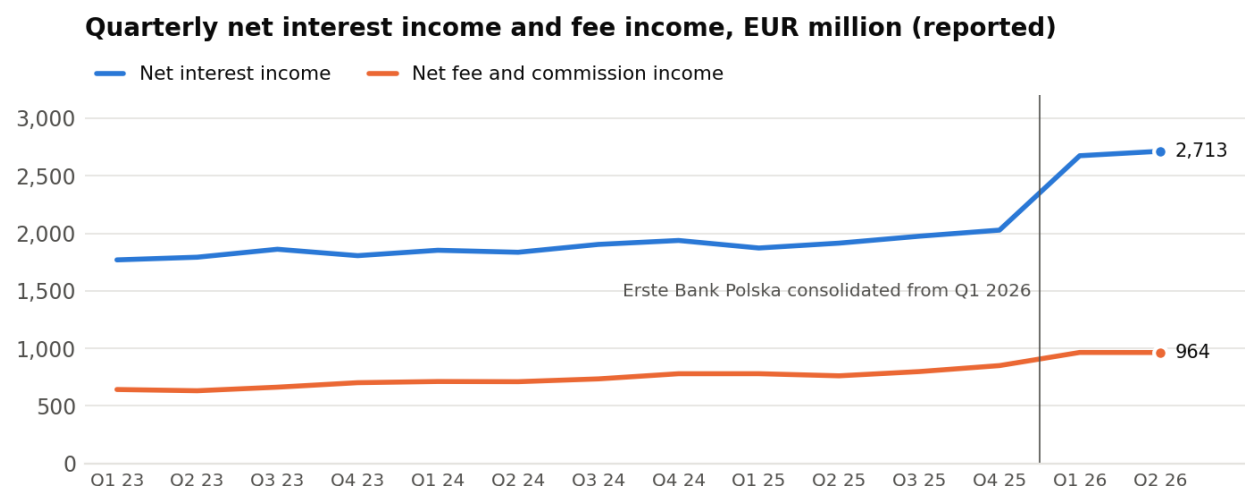
H2 2026 is forecast from the H1 2026 actual: net interest income, fee income and operating expenses grow by an editable half-on-half rate, compared with the average H2-versus-H1 pattern of 2023-2025 (net interest income +4.3%, fees +6.8%, costs +5.5%). Volatile lines (trading and fair value result, other operating result) are entered as EUR amounts, because growth rates on small or sign-changing bases mislead. Risk costs = risk cost in bp x average gross customer loans. Tax and non-controlling interests are rates on pre-tax and net result. FY2026E = H1 2026 actual + H2 2026 forecast. FY2027E applies annual growth rates to FY2026E. Three scenarios (base, upside, downside) use separate columns of the same assumption table.

The **illustrative plan** for the plan-versus-actual comparison takes the company's public outlook of 26 February 2026 (for example 'net interest income in excess of EUR 11 billion') and phases it into H1 with the historical H1 share of the full year. It is synthetic and is not Erste Group's budget.

4. Five findings

Finding 1 - Net interest income drives the business, and the Polish acquisition adds scale more than profit for owners

Net interest income was 67.7% of operating income in H1 2026 (66.8% in FY2025). Reported operating income rose 40.4% to EUR 7,959m, of which the Poland segment contributed EUR 1,821m. Yet net profit attributable to owners rose only 18.6%. Four items absorbed the difference between the operating result (EUR +1,459m) and net profit (EUR +310m): higher risk costs (EUR -401m), a weaker other operating result, mainly banking levies (EUR -147m), higher taxes (EUR -312m; tax rate 24.0% against 20.5%) and a higher share for non-controlling interests (EUR -301m). The Poland segment earned EUR 360m after tax, of which EUR 176m belongs to minority shareholders.

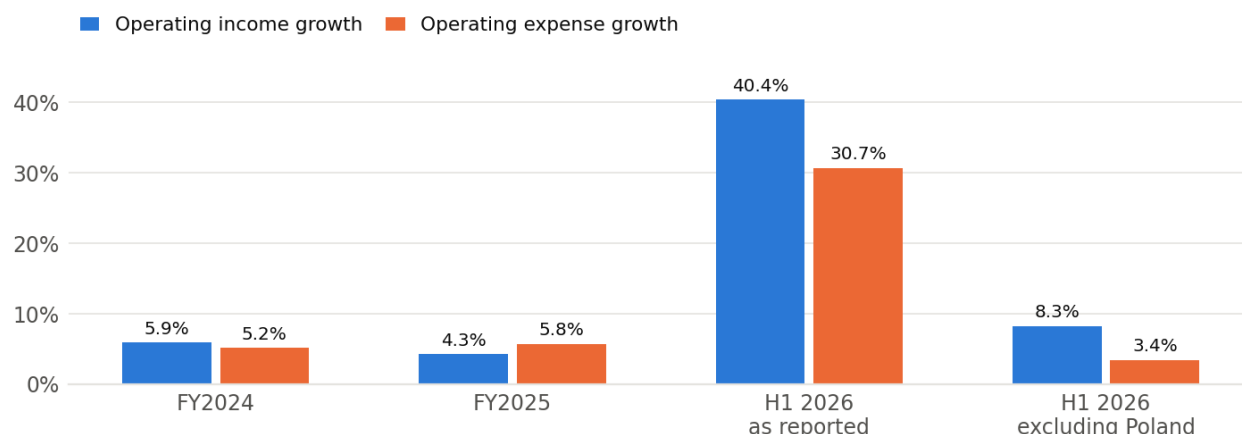


Source: reported quarterly data (Erste Group analyst data sheets). Values labelled are Q2 2026.

Finding 2 - Like for like, income is growing faster than costs again, after a negative year in 2025

In FY2024 operating income grew 5.9% and costs 5.2% (jaws +0.8 percentage points). In FY2025 costs grew faster (+5.8% against +4.3%; jaws -1.5 points) and the cost/income ratio rose from 47.2% to 47.9%. The reported H1 2026 growth rates (+40.4% income, +30.7% costs) are dominated by the acquisition. Excluding the Poland segment, income grew 8.3% and costs 3.4% (jaws +4.8 points), and the cost/income ratio improved from 47.7% to 45.6% (44.4% as reported). This derived view matches the company's own statement that net interest income and fee income grew 6.1% and 8.8% excluding Erste Bank Polska (model: +6.1% and +8.8%).

Is income growing faster than costs? Growth versus the prior period



Derived from reported actuals. 'Excluding Poland' = group minus the reported Poland operating segment.

Finding 3 - Reported risk costs nearly tripled, but the underlying level is close to last year's

The impairment result was EUR -583m in H1 2026 (H1 2025: EUR -182m), or 43.5 bp of average gross customer loans annualised (H1 2025: 16.2 bp). The company states that EUR 302m of this is a one-off: IFRS 9 requires expected credit loss provisions when an acquired portfolio is first consolidated. Excluding it, risk costs were EUR -281m or 21.0 bp, close to FY2025 (20.9 bp) and FY2024 (18.4 bp). The model's risk cost recalculation matches Erste's reported provisioning ratio within one basis point in all four periods tested.

Finding 4 - Earnings quality: one-offs and banking levies matter below the operating result

FY2025 net profit of EUR 3,510m (+12.3%) included net positive one-offs of EUR 213m after tax, as stated by the company. Without them the profit would be EUR 3,297m, growth of 5.5% on FY2024. In H1 2026 the other operating result (EUR -330m) benefited from a EUR 116m disposal gain; without it the line would be EUR -446m. Banking levies booked in this line doubled to EUR 392m (H1 2025: EUR 197m), partly because Poland was added and partly because some levies are booked upfront for the full year. Operating expenses in H1 2026 include EUR 73m of integration costs; excluding them the cost/income ratio would be 43.5% instead of 44.4%.

Item (EUR million)	Reported	Disclosed one-off	Adjusted
H1 2026 impairment result	-583	-302	-281
H1 2026 operating expenses	-3,537	-73	-3,464
H1 2026 other operating result	-330	+116	-446
FY2025 other operating result	-158	about +270	-428
FY2025 net profit attributable (after tax)	3,510	+213	3,297

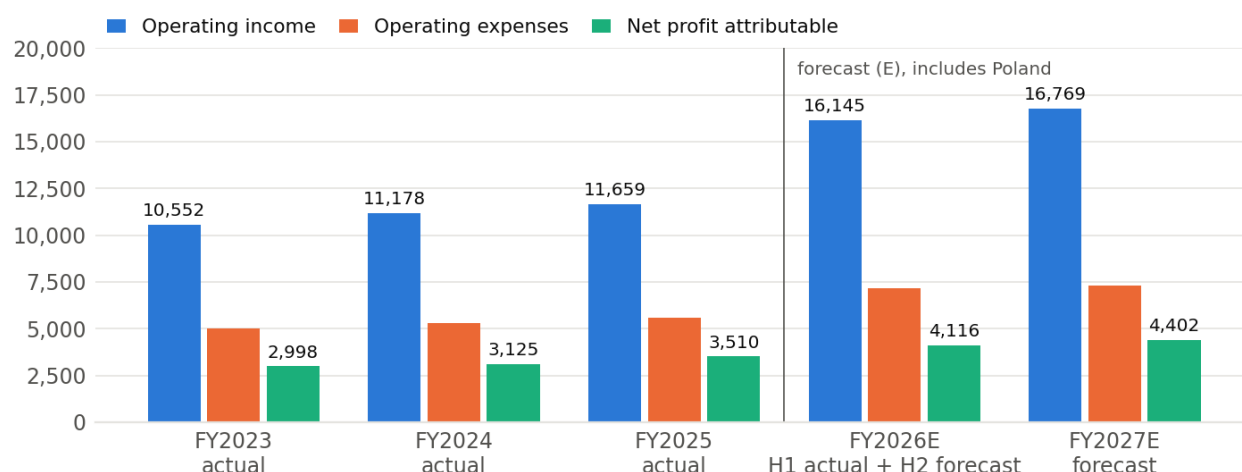
Reported = derived from reported actuals. One-off amounts are company-disclosed. Adjusted = reported minus one-off (derived).

Finding 5 - The base forecast is in line with the company's direction; the plan comparison shows where H1 differed

The base scenario gives net profit of EUR 4,116m for FY2026E (+17.3%) and EUR 4,402m for FY2027E (+6.9%), with a cost/income ratio of 44.5% and 43.7%. The model was not calibrated to the company outlook of 30 July 2026, but it lands close to it: net interest income EUR 10,988m (outlook: above EUR 11bn), fee income EUR 3,973m (about EUR 4bn), costs EUR 7,180m (about EUR 7bn), net profit above EUR 4bn. The model is more cautious on costs because the second half was more expensive than the first in each of the last three years.

Against the illustrative plan, H1 2026 net profit was EUR 177m higher (+9.9%; plan EUR 1,797m). Net interest income and fee income were on plan (EUR -4m and EUR -3m). The favourable variance came from the trading and fair value result (EUR +254m; the plan does not include Polish foreign-exchange income, which the outlook did not quantify) and lower risk costs (EUR +102m); operating expenses were EUR 128m above plan (unfavourable).

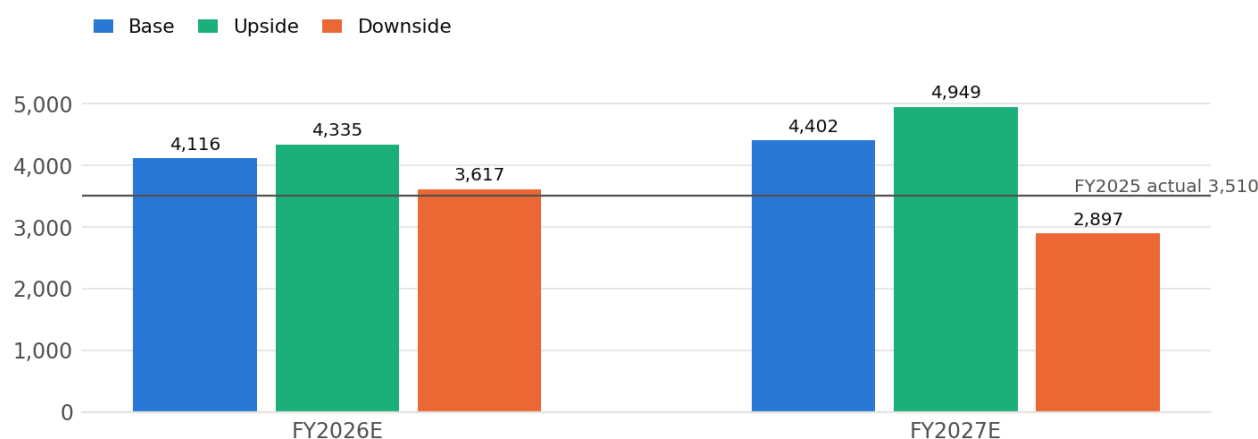
Operating income, operating expenses and net profit, EUR million (base scenario)



FY2023-FY2025 derived from reported actuals; FY2026E and FY2027E are analyst forecasts (base scenario). Operating expenses shown as positive amounts.

5. Scenarios and sensitivity analysis

Net profit attributable to owners by scenario, EUR million



Scenario (EUR million)	Net profit FY2026E	Net profit FY2027E	Operating result FY2027E	Risk costs FY2027E	CIR FY2027E	Risk cost bp FY2027E
Base	4,116	4,402	9,446	-823	43.7%	27.0
Upside	4,335	4,949	10,102	-617	41.6%	20.0
Downside	3,617	2,897	7,853	-1,771	49.0%	60.0

All scenario values are analyst forecasts. The downside combines weaker income (net interest income -2% in FY2027), higher cost growth (+4%), risk costs of 60 bp and higher levies.

How sensitive is FY2027E net profit? (base scenario)

Change	Effect on net profit (EUR m)		In % of net profit			
Operating income 1% lower	-94		-2.1%			
Operating expenses 1% higher	-41		-0.9%			
Risk cost 10 bp higher	-170		-3.9%			
Net interest income 1% lower	-64		-1.4%			
Tax rate 1 percentage point higher	-58		-1.3%			

FY2027E net profit (EUR m): income change (rows) / added risk cost (columns)	+0 bp	+10 bp	+20 bp	+40 bp	+60 bp	+80 bp
0.0%	4,402	4,232	4,062	3,721	3,381	3,041
-2.5%	4,168	3,998	3,828	3,487	3,147	2,806

FY2027E net profit (EUR m): income change (rows) / added risk cost (columns)	+0 bp	+10 bp	+20 bp	+40 bp	+60 bp	+80 bp
-5.0%	3,934	3,764	3,593	3,253	2,913	2,572
-7.5%	3,700	3,530	3,359	3,019	2,679	2,338
-10.0%	3,466	3,295	3,125	2,785	2,444	2,104

Grid logic: only operating income and risk cost change; costs, other operating result, tax rate and minority share stay as in the base scenario. Example: 5% less income together with 40 bp more risk cost gives EUR 3,253m, 26% below base. Because costs are held fixed, the grid overstates the effect if management would cut costs in such a case.

6. Three prioritised recommendations

These are an outside analyst's suggestions for a bank controlling team, based only on public data.

#	Recommendation	Evidence from the model	Trade-off	Risk
1	Report every key figure on two bases until the comparatives include Poland (from Q1 2027): as reported, and like for like (excluding Poland and disclosed one-offs).	Reported income growth +40.4% against +8.3% like for like; risk cost 43.5 bp against 21.0 bp excluding the one-off.	More reporting effort and a longer monthly pack.	Adjusted figures can become the 'preferred' story; keep the reconciliation to reported figures visible.
2	Track the second-half cost run-rate against the full-year outlook each month, by cost type, with integration costs shown separately.	Base forecast costs of EUR 7,180m against the outlook of about EUR 7bn; H2 costs exceeded H1 by 5.5% on average in 2023-2025; 1% more cost = EUR 41m less profit.	Tighter cost control can slow the Polish integration and IT investment.	Savings that only delay spending into 2027.
3	Set early-warning thresholds for risk costs and banking levies, the two largest profit risks outside management's direct control.	10 bp more risk cost = EUR 170m less FY2027E profit; downside (60 bp) cuts FY2027E profit to EUR 2,897m; levies doubled to EUR 392m in H1 2026.	Earlier provisioning lowers reported profit in good times.	Thresholds set too tight create noise; set them on the underlying figure, excluding one-offs.

What a bank controller should monitor

- Net interest income run-rate per quarter (Q2 2026: EUR 2,713m) and whether H2 reaches the growth needed for EUR 11bn (H2 must exceed H1 by 4.2%).
- Cost/income ratio on both perimeters, and integration costs booked against the EUR 180m indicated by the company.
- Risk cost in bp excluding the one-off, the non-performing loan ratio, and the Polish portfolio separately.
- Banking levies by country, and which are booked upfront for the full year (this distorts quarterly comparisons).
- The share of profit going to non-controlling interests, now structurally higher because of the 51% minority in Poland.
- Capital: the reported CET1 ratio fell from 19.3% to 15.2% with the acquisition (reported; not modelled here).

7. Validation summary

The workbook was generated with Python and then opened, fully recalculated and saved in Microsoft Excel for Mac (version 16.78), so the formula results in the file were calculated by Excel. Status of the workbook's own controls after recalculation: **ALL 49 CHECKS PASS**. The separate validation script ran 24 tests; 24 passed.

Test	Result	Tested in
Source-to-output reconciliation: 13 statement lines x 5 periods against the published statements	All within rounding (EUR 0.6m tolerance)	Excel formulas (Checks C01-C05)
Arithmetic of the reported statements in 14 quarters (7 identities)	No differences	Excel formulas (Checks C06-C12)
KPI recalculation against reported cost/income ratio, provisioning ratio and tax rate	All within rounding tolerance	Excel formulas (Checks C13-C25)
ROTE approximate recalculation (company definition)	Within 0.3 percentage points (FY2025: 16.77% against reported 16.6%); approximate by design	Excel formulas (Checks C26-C29)
'Excluding Poland' growth against the company's own statement (6.1% and 8.8%)	6.07% and 8.82%	Excel formulas (Checks C34-C35)

Test	Result	Tested in
Independent Python model against Excel-calculated values (725 cells)	All equal	Python against Excel results
Scenario switch to Downside and Upside; zero-comparator and loss-case stress tests	7 of 7 passed after one formula was fixed (see note)	Microsoft Excel, on temporary copies
Formula cells without a cached result / cells with Excel error values	0 / 0	Python read of the Excel-saved file

Note: the loss-case test first found one scenario-difference formula that returned an error when a ratio was 'n.m.'; the formula was guarded and all tests were re-run. **Not tested:** Excel for Windows, Excel in a German-language installation other than this Mac's regional settings, LibreOffice, Google Sheets, printing, and manual use by a second person. The dashboard charts were checked visually only through Excel's own PDF export. Full details: validation_results.csv.

8. Source references

ID	Document (publisher: Erste Group Bank AG)	Published	Period	Used for
S01	Annual Report 2025 - Consolidated statement of income (XLSX)	March 2026 (file last modified 2026-03-05; exact web publication date not verified)	FY2025 (1-12 25) with FY2024 comparative	As-reported FY2024 and FY2025 statement lines (tblRep)
S02	Annual Report 2025 - Key financial and operating data, 5-year summary (XLSX)	March 2026 (file last modified 2026-03-11; exact web publication date not verified)	FY2021-FY2025	Reported subtotals and ratios FY2023-FY2025 (operating income, CIR, ROTE, CET1 etc.)
S03	Annual Report 2023 - Consolidated statement of income (XLSX)	March 2024 (file last modified 2024-03-28; exact web publication date not verified)	FY2023 (1-12 23) with FY2022 comparative	As-reported FY2023 statement lines (tblRep)
S04	Annual Report 2024 - Consolidated statement of income (XLSX)	March 2025 (file last modified 2025-03-20; exact web publication date not verified)	FY2024 with FY2023 comparative	Confirms FY2023 comparatives were not restated in AR2024
S05	Erste Group Key Financials 2025 - analyst data sheets (XLSX)	2026-02-26 (with preliminary FY2025 results; file last modified 2026-02-25)	Quarterly Q1 2023 - Q4 2025	Quarterly values for Q1 23 and Q2 23; vintage comparison for Q3 23 - Q4 25
S06	Erste Group Key Financials H1 2026 - analyst data sheets (XLSX)	2026-07-30 (file last modified 2026-07-29)	Quarterly Q3 2023 - Q2 2026	Quarterly values Q3 23 - Q2 26 (tblQ), Poland segment (tblPoland), gross loans, equity, CET1 capital, risk-weighted assets
S07	Interim Report - First Half Year 2026 (PDF)	2026-07-30	1 January - 30 June 2026; comparatives 1-6 2025 and 31 December 2025	As-reported H1 2025 / H1 2026 statement; acquisition facts; one-off items; accounting basis
S08	Investor information: Erste Group posts net profit of EUR 1,975 million in the first six months of 2026 (PDF)	2026-07-30	1-6 2026 vs 1-6 2025; balance sheet 30 June 2026 vs 31 December 2025	Reported H1 ratios, Poland contributions, one-off amounts, company outlook (not used as actuals)
S09	Investor information: Erste Group posts net profit of EUR 3,510 million in 2025 (PDF)	2026-02-26	FY2025 vs FY2024	FY2025 one-off items; February 2026 outlook used as the basis of the ILLUSTRATIVE plan
S10	Annual Report 2025 - Group Consolidated Financial Statements (IFRS) (PDF)	March 2026 (PDF generated 2026-03-13; exact web publication date not verified)	FY2025	Verification of the accounting basis; no figures taken
S11	Annual Report 2025 - Glossary (PDF)	March 2026 (PDF generated 2026-03-11; exact web publication date not verified)	FY2025	Company definitions of cost/income ratio, ROTE, operating income, CET1 ratio, NPL ratio, tax ratio

Full URLs, page and table references, units, accounting basis and extraction method for each source are in Source_Register.csv and on the Source_Register sheet. Not affiliated with or endorsed by Erste Group Bank AG. Forecasts are illustrative and are not investment advice.