ERSTE Group

FACT SHEET

MAY 2018

PROFILE

Founded in 1819 as the first Austrian savings bank, Erste Group went public in 1997 with a strategy to expand its retail business into Central and Eastern Europe (CEE). Since then, Erste Group has grown through numerous acquisitions and organic growth to one of the largest financial services providers in the Eastern part of EU in terms of clients and total assets:

ONE OF THE LEADING FINANCIAL SERVICE PROVIDERS IN THE EASTERN PART OF EU	AMONG THE TOP 3 BANKS IN ITS CORE MARKETS	INNOVATION LEADER IN RETAIL BANKING IN AUSTRIA

AS PER Q1 2018, ERSTE GROUP HAD:

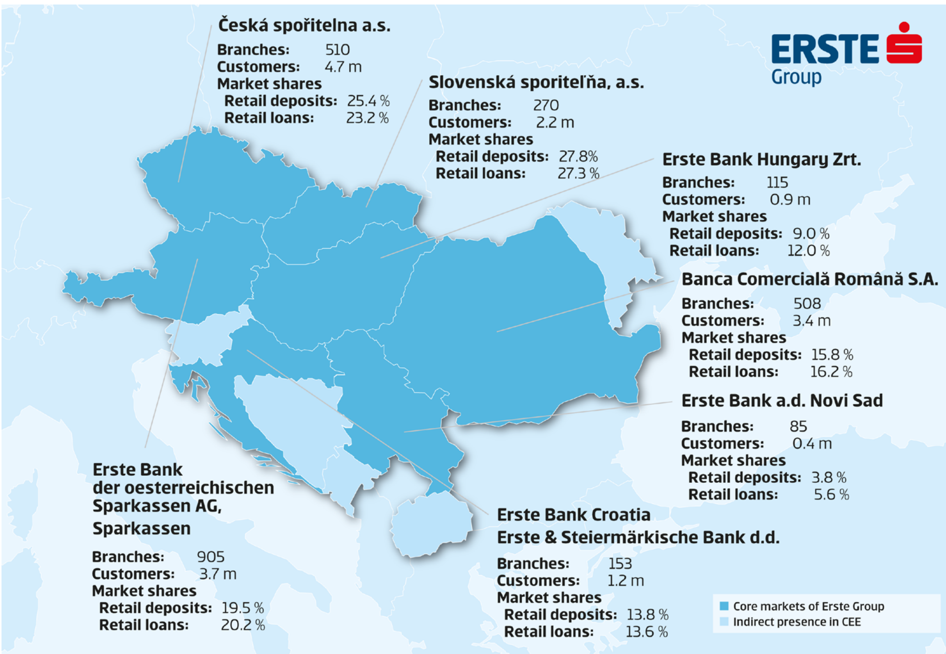
- **16.5 MILLION CUSTOMERS**
- **47,400 EMPLOYEES**
- **2,546 BRANCHES IN 7 COUNTRIES**
- **EUR 230 BILLION TOTAL ASSETS**
- **EUR 332.6 MILLION NET PROFIT**
- **EUR 586.6 MILLION OPERATING RESULT**
- **EUR 18.0 BILLION TOTAL EQUITY**
- **12.6% CET1 RATIO (BASEL 3; PHASED-IN)**

STRATEGY

CUSTOMER BANKING IN CENTRAL AND EASTERN EUROPE

EASTERN PART OF EU		FOCUS ON CEE, LIMITED EXPOSURE TO OTHER EUROPE		
RETAIL BANKING	**CORPORATE BANKING**	**CAPITAL MARKETS**	**PUBLIC SECTOR**	**INTERBANK BUSINESS**
Focus on local currency mortgage and consumer loans funded by local deposits FX loans only in EUR for clients with EUR income (or equivalent) and where funded by local FX deposits (HR and RS) Savings products, asset management and pension products	Large, local corporate and SME banking Advisory services, with focus on providing access to capital markets and corporate finance Real estate business that goes beyond financing	Focus on customer business, including customer-based trading activities In addition to core markets, presence in Poland, Germany and London with institutional client focus and selected product mix Building debt and equity capital markets in CEE	Financing sovereigns and municipalities with focus on infrastructure development in core markets Any sovereign holdings are only held for market making, liquidity or balance sheet management reasons	Focus on banks that operate in the core markets Any bank exposure is only held for liquidity or balance sheet management reasons or to support client business

EXTENSIVE PRESENCE IN CEE

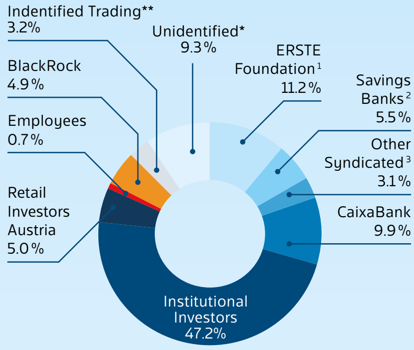


MANAGEMENT BOARD

- Andreas Treichl, CEO
- Gernot Mittendorfer, CFO & CPO
- Willibald Cernko, CRO
- Peter Bosek, Retail Banking
- Jozef Síkela, Corporate Banking & Markets
- Petr Brávek, COO

SHAREHOLDER STRUCTURE

02.05.2018



Total number of shares: **429,800,000**
Free float: **70.38%**

[1] Economic interest Erste Foundation
[2] Economic interest Savings Banks and Savings Banks Foundations
[3] Other parties to the shareholder agreement of Erste Foundation, Savings Banks and CaixaBank
* Institutional and Retail Investors
** Including Market Makers, Prime Brokerage, Proprietary Trading, Collateral and Stock Lending positions which are visible through custodian banklists

LISTINGS AND INDEX REPRESENTATION

28.02.2018

LISTINGS	INDEX	WEIGHTING
Vienna Stock Exchange	ATX	22.56 %
Prague Stock Exchange	PX	21.60 %
Bucharest Stock exchange	BET-BK	7.88 %

- Public trading via a level I ADR programme in the U.S.
- MSCI Standard Index
- EURO STOXX Banks Index
- FTSEurofirst 300 Index

RATINGS

30.04.2018

	LONG-TERM	SHORT-TERM	OUTLOOK
S&P	A	A-1	Positive
Fitch	A-	F1	Stable
Moody's	A2	P-1	Positive

CURRENT FINANCIAL RESULTS

CEO STATEMENT

A net profit of almost EUR 333 million (+26.8% YoY) for the first quarter is a solid start to the year. This comes on the back of good asset quality, strong inflow of customer deposits (up 7.3% YoY, to EUR 155.3 billion), as well as continuous loan growth (up 7.4% YoY, to EUR 140.5 billion). We also saw a higher net interest income and better commission income, which grew by 3.0% and 4.6%, respectively. The good bottom line was supported by the benign risk environment, which had seen a further decrease in the NPL-ratio from 4.0% to 3.7%.

The increase of our cost base in the first quarter was due to the strong inflow of deposits, which led to substantially higher contribution to the Deposit Insurance Fund and to higher personnel expenses due to the raising wages as a result of the strong economic development in our region, especially in Czechia and Slovakia.

Our capital situation remains very strong at EUR 14.4 billion. The slight decrease of 30 basis points and its impact on our Basel 3 fully loaded ratio, which now stands at 12.5%, reflects the fact that retained earnings are traditionally not accrued in the first quarter and the effects of implementing the IFRS 9 accounting standard.

We take the April 2018 decision by Moody's to upgrade our ratings and maintain a positive outlook as further market confirmation for our business model as a bank geared to servicing retail and corporate clients in Central and Eastern Europe. This upgrade will also have a positive impact on our funding situation. The first quarter of 2018 was also marked by George, our digital platform, surpassing two million users in the three markets in which it's already been introduced. And we successfully executed the first transactions on a trade finance platform using blockchain technology for our corporate clients.

Andreas Treichl, CEO of Erste Group Bank AG

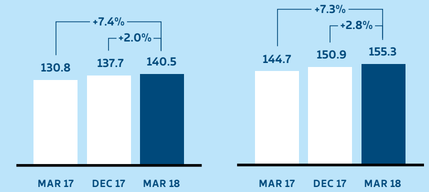
OUTLOOK 2018

Operating environment anticipated to be conducive to credit expansion. Real GDP growth is expected to be between 3% and 5% in Erste Group's CEE core markets, including Austria, in 2018. Real GDP growth should primarily be driven by solid domestic demand, as real wage growth and declining unemployment should support economic activity in CEE. Fiscal discipline is expected to be maintained across CEE.

Business outlook. Erste Group aims to achieve a return on tangible equity (ROTE) of more than 10% in 2018 (based on average tangible equity in 2018). The underlying assumptions are slightly growing revenues (assuming 5%+ net loan growth and further interest rate hikes in the Czech Republic and Romania), slightly falling expenses due to lower project-related costs and an increase in risk costs, albeit remaining at historically low levels.

Risks to guidance. Impact from other than expected interest rate development; political or regulatory measures against banks; and geopolitical risks and global economic risks.

COSTUMER LOANS & COSTUMER DEPOSITS

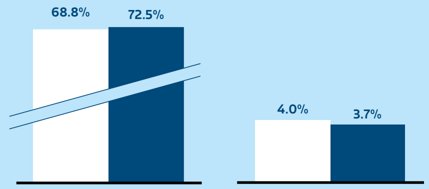


PERFORMING LOAN VOLUMES (IN EUR BN)

DEPOSITS FROM CUSTOMERS (IN EUR BN)

NPL COVERAGE RATIO & NPL RATIO

31.12.2017 vs 31.03.2018

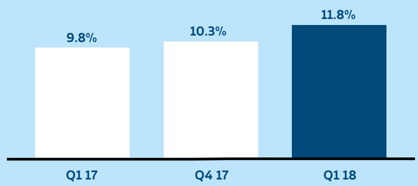


NPL COVERAGE RATIO

NPL RATIO

RETURN ON TANGIBLE EQUITY

(ROTE)



CENTRAL AND EASTERN EUROPE

MACROECONOMIC OUTLOOK FROM ERSTE RESEARCH

REAL GDP GROWTH (%)

	HR	CZ	HU	PL	RO	RS	SK	SI	CEE8	AT	EZ
2016	3.2	2.5	2.2	2.9	4.8	2.8	3.3	3.1	3.1	1.5	1.8
2017	2.8	4.6	4.0	4.6	6.9	1.9	3.4	5.0	4.7	2.9	2.4
2018f	2.8	3.6	3.7	4.2	4.1	2.8	3.9	4.5	3.9	2.8	2.4
2019f	2.7	3.0	3.3	3.3	3.0	3.0	4.2	4.1	3.3	2.2	2.2

STATUS: 15.05.2018

In 1Q18, GDP growth in CEE remained robust on an annualised basis, but details varied across countries. Poland surprised to the upside with +5.1% y/y. However, in Romania, the slowdown vs. 4Q17 was abrupt, with 4.0% y/y growth accompanied by q/q stagnation courtesy of the fading effects of earlier fiscal stimulus. Growth also slowed in Czechia, namely to 4.5% y/y. Year-on-year GDP growth in Hungary and Slovakia came in bang in-line with our assumptions: 4.4% and 3.6%, respectively. While household consumption remained the backbone of growth across CEE, external trade also likely remained good, despite a recent deterioration in manufacturing PMIs. A pickup in productivity-enhancing private investments would be welcome for the region, given the scarcity on the labour market. To this end, investments likely performed well in Poland and also in the Czech Republic in 1Q18. The expected pickup in EU fund inflows during the course of 2018 could also help investments. Overall, however, we expect growth in CEE to slow moderately to roughly 4% in 2018, compared to a strong expansion of 4.7% in 2017.

DID YOU KNOW THAT …

… THAT OVER 90% OF SLOVAKS AND ROMANIANS OWN THEIR OWN HOMES?

… FITNESS WEARABLES PRODUCER FITBIT CHOSE BUCHAREST FOR ITS LARGEST RESEARCH & DEVELOPMENT CENTER IN EUROPE?

… HUNGARY HAS ONE OF THE FASTEST 4G INTERNET ACCESS SPEEDS IN ALL OF EUROPE?

… GROWTH IN THE CEE REGION HAS BEEN OUTPERFORMING THAT IN THE EU15 FOR NEARLY TWO DECADES?

CONTACTS

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