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Erste Group –

Customer banking in Central and Eastern Europe

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- **Clear strategy: customer business in Central and Eastern Europe**
 - **Customer loans and deposits dominate Erste Group's balance sheet**
 - **Retail deposits are the key pillar in funding mix**
 - **Strong and vastly improved capitalisation**
- **Strong start into 2012**
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- **Macroeconomic snapshot**
- **Outlook**
- **Appendix**

Customer banking in Central and Eastern Europe

Eastern part of EU

Focus on CEE, limited exposure to other Europe

Retail banking

Focus on local currency mortgage and consumer loans funded by local deposits

FX loans only where funded by local FX deposits (RO & HR)

Savings products, asset management and pension products

Potential future expansion into Poland

Corporate banking

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

Potential future expansion into Poland

Capital markets

Focus on customer business, incl. customer-based trading activities

In addition to core markets, presences in Poland, Turkey, Germany and London with institutional client focus and selected product mix

Building debt and equity capital markets in CEE

Public sector

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

Interbank business

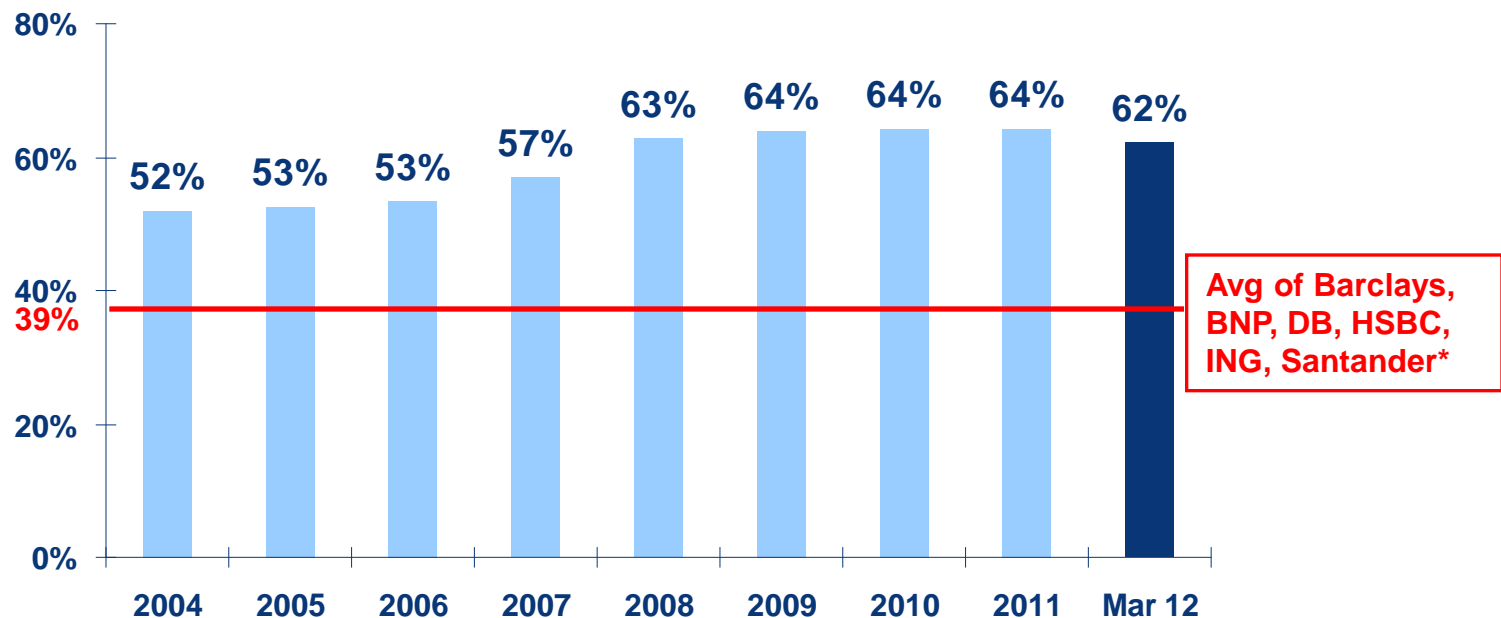
Focus on banks that operate in the core markets

Any bank exposure is only held for liquidity or balance sheet management reasons or to support client business

Balance sheet structure – Asset side

- **Customer loans (March 2012: EUR 135bn) are the key asset (EUR 217bn) component**
 - Loans to private individuals and SMEs represent 85% of customer loans
 - Share of customer loans within assets has substantially increased over time
 - Decline in Mar 2012 is mainly due to rising assets on investing surplus liquidity

Customer loans / Total assets

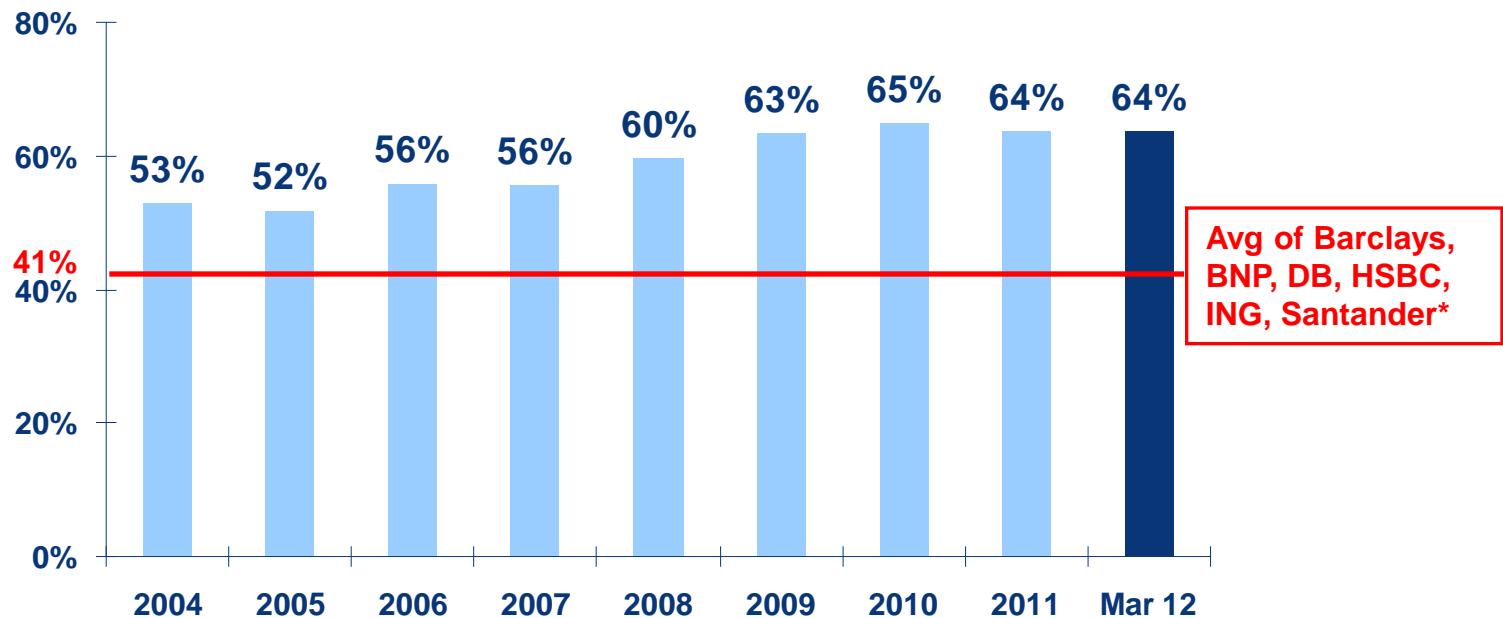


*Source: Bloomberg (YE 2011)

Balance sheet structure – Liability side

- **Customer deposits (March 2012: EUR 122bn) dominate the liability side**
 - Strong deposit inflow in Q1 2012 leads to further improvement of loan to deposit ratio (110.2%)
 - Deposits from private individuals and SMEs represent 92% of customer deposits
- **Substantial increase of total equity (March 2012: EUR 16bn) over time**

Customer deposit + Total equity / Total assets



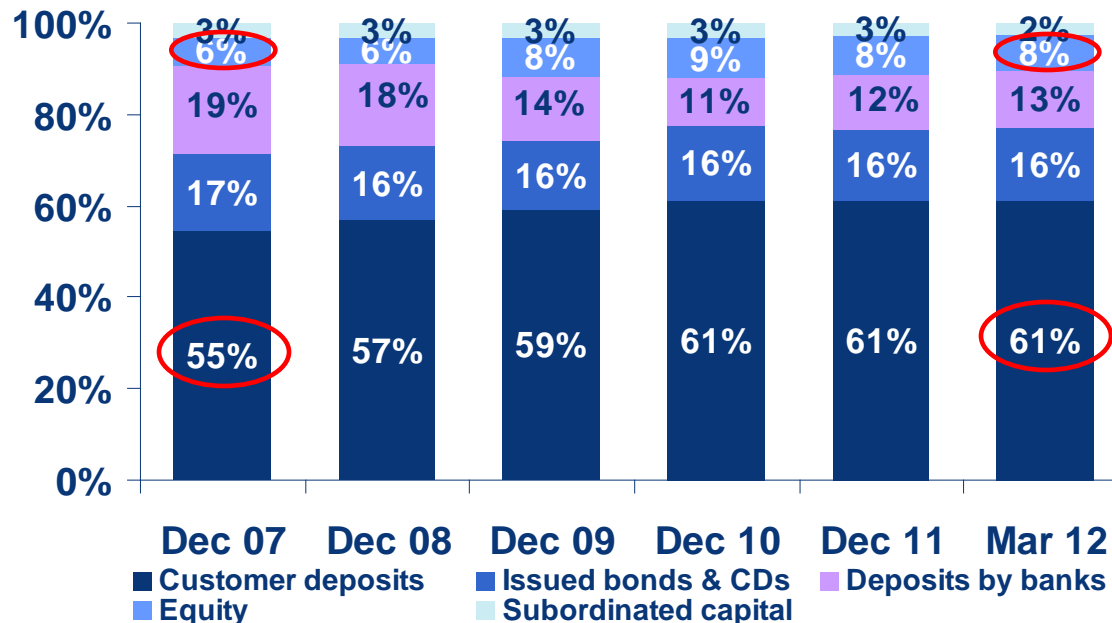
*Source: Bloomberg (YE 2011)

Funding mix –

Retail deposits remain a key pillar in funding mix

- Providing a solid funding base in all local currencies
- Limited long-term funding required due to decrease of non-core business
 - 10yr EUR 1bn Pfandbrief in February 2012 (MS + 130bps)
 - 5yr EUR 500mn Senior Unsecured in March 2012 (MS + 175bps)
 - Total issuance of EUR 3bn ytd

Evolution of Erste Group's funding mix

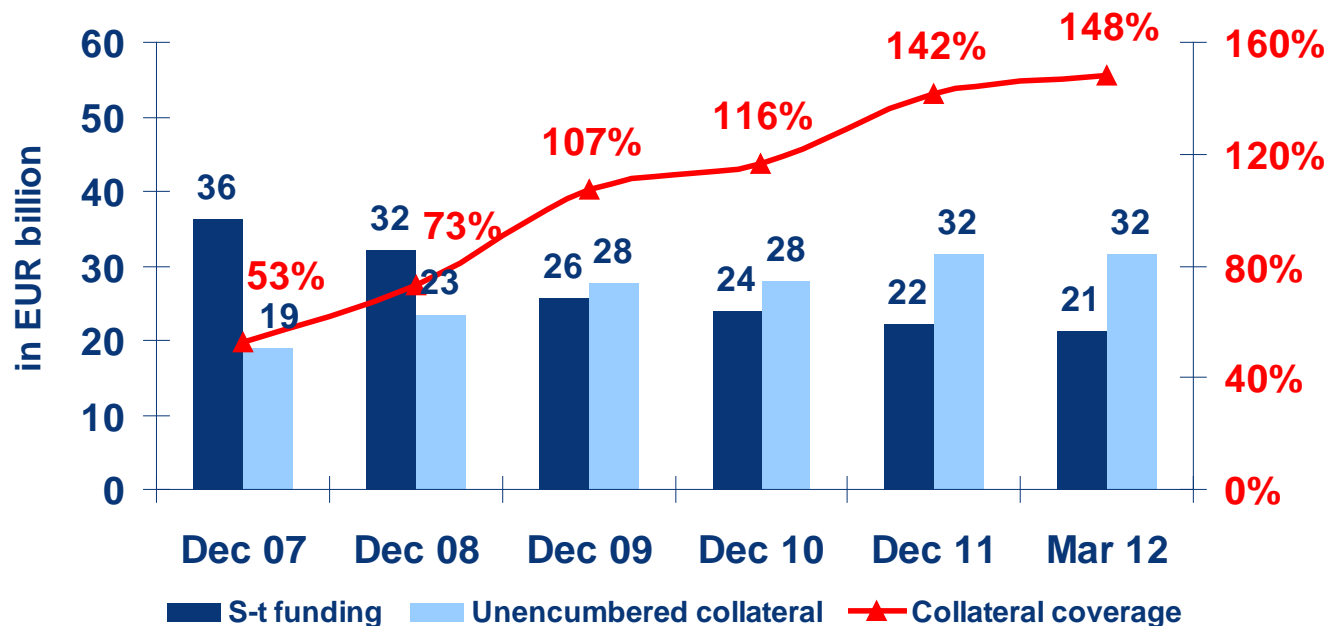


Short term funding –

Vastly improved short-term funding profile

- Declining reliance on short-term funding
- Short-term funding needs are well covered by collateral
- Investment in highly liquid assets emphasized by continuously rising collateral coverage of short-term funding needs

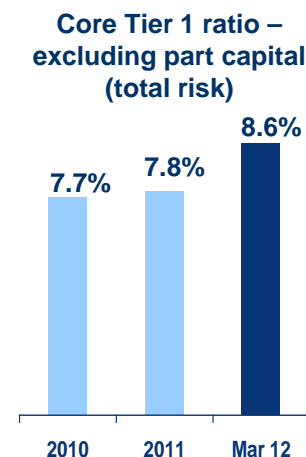
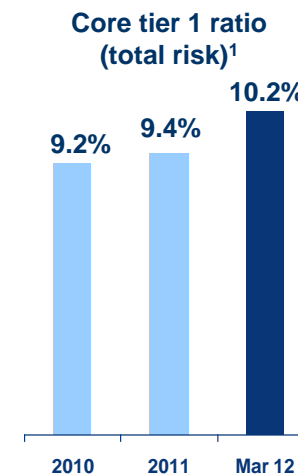
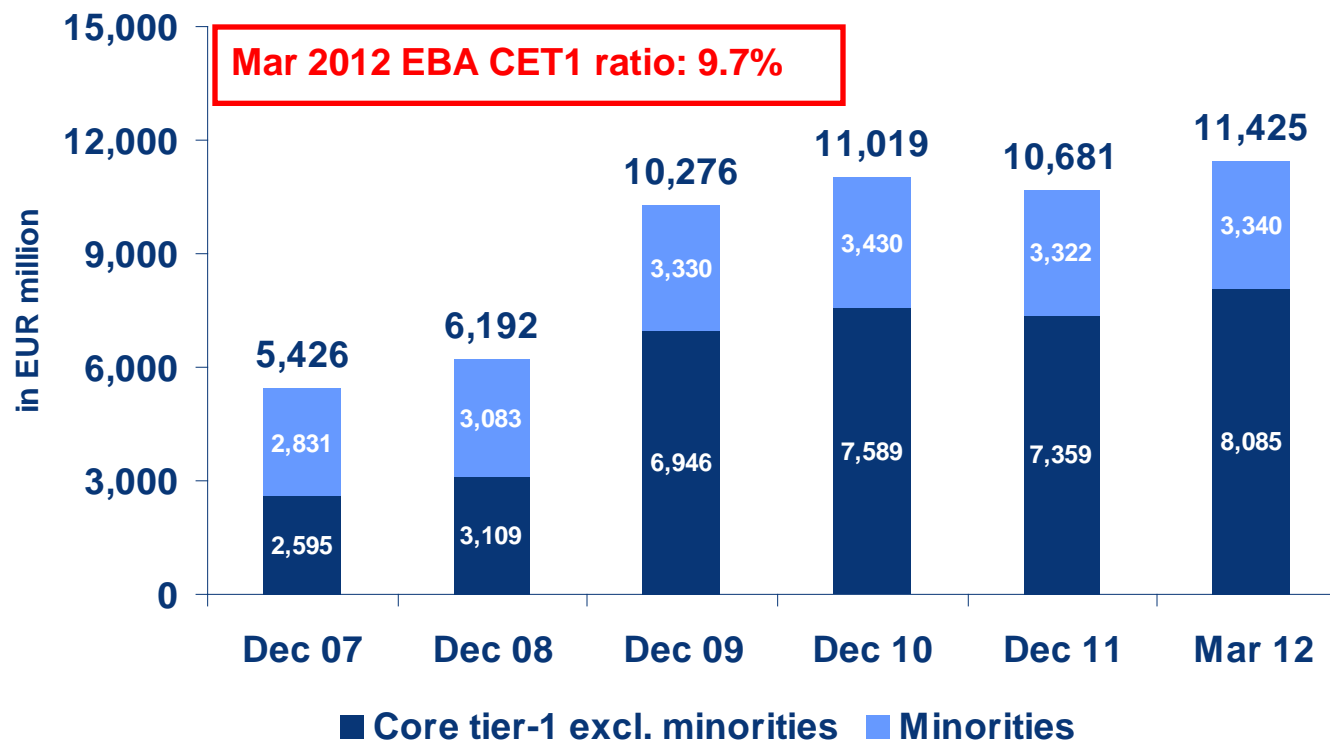
Short-term funding vs collateral coverage



Capital position –

Strongly enhanced capital ratios as of March 2012

Development of Core Tier 1 capital (excluding hybrid)



1) Core tier 1 ratio (total risk) = tier 1 capital excl. hybrid and after regulatory deductions divided by total RWA - including credit risk, market and operational risk.

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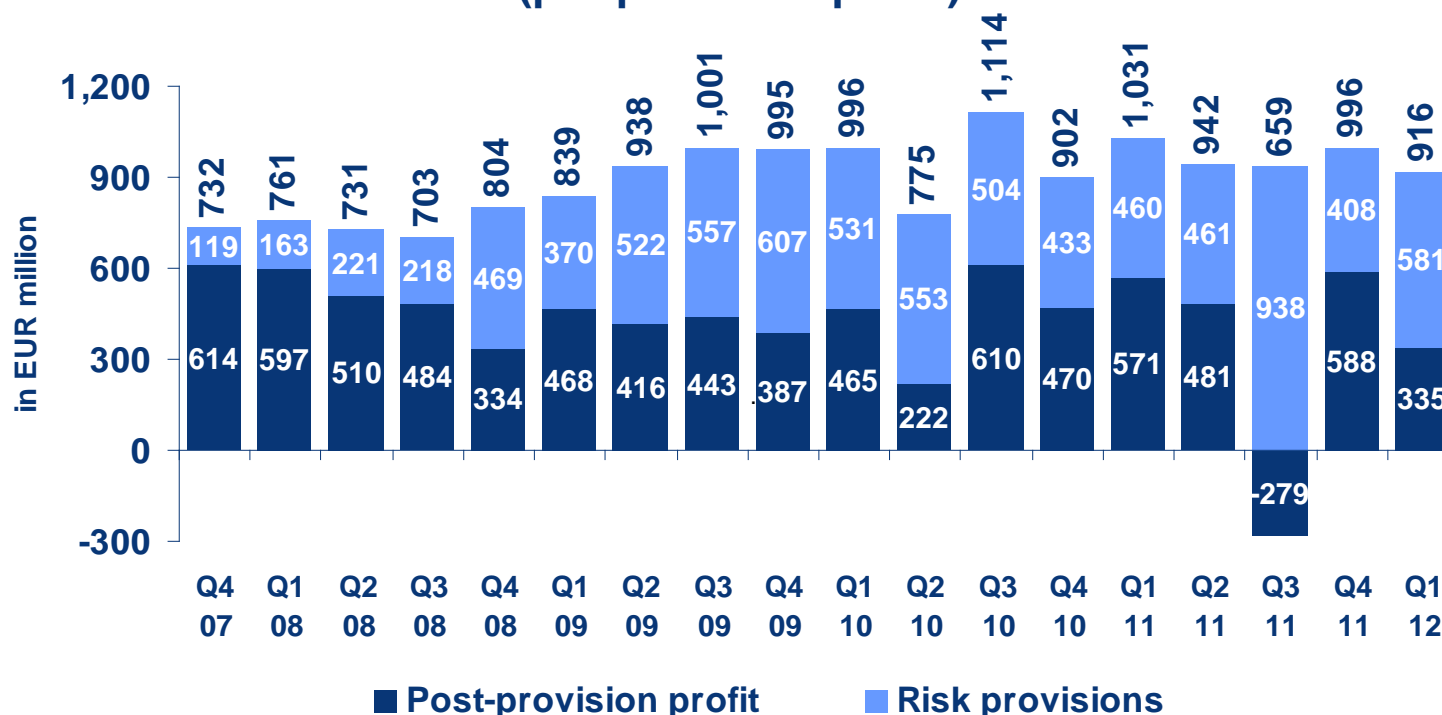
Operating performance – Solid revenues and strict cost control

– Sound underlying operating performance

– Net interest income and net fee and commission income account for 95% of operating income (Q1 12)

– Q1 2012 risk costs mainly driven by extraordinary items in Hungary and Romania

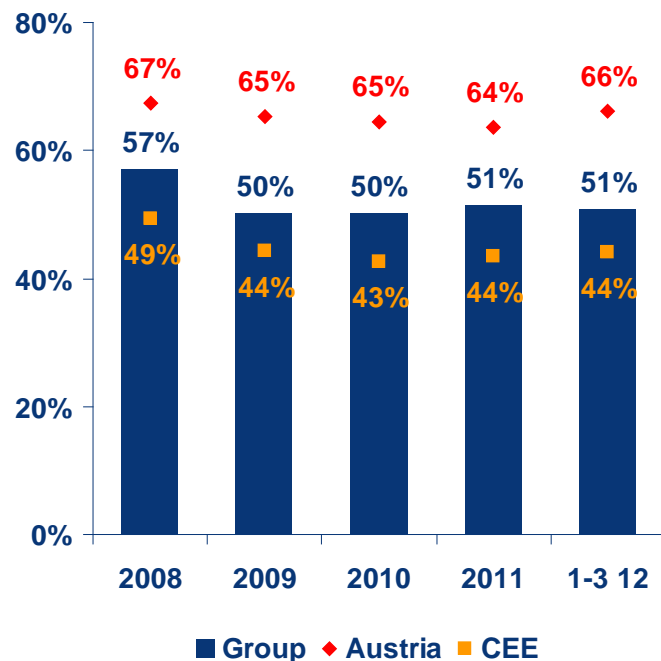
**Erste Group's operating profit history
(pre-provision profit)**



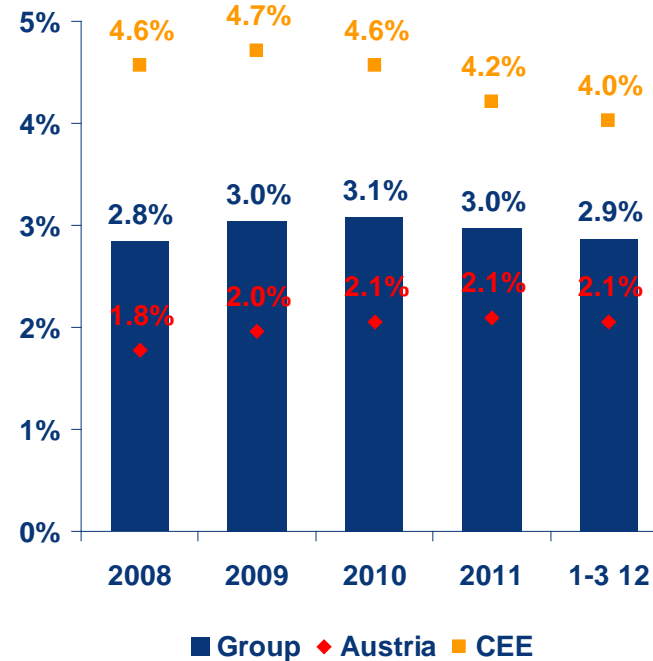
Operating performance – Development of CIR and NIM

- **Cost income ratio represents a continuous and very strict cost control**
 - Declining CIR in CEE; stable in Austria
- **Resilient margins even in a low interest rate environment**
 - Recent decrease in CEE is mainly due to Hungary (FX loan repayment) and Romania (Prima Casa)

Cost/income ratio



Net interest margin

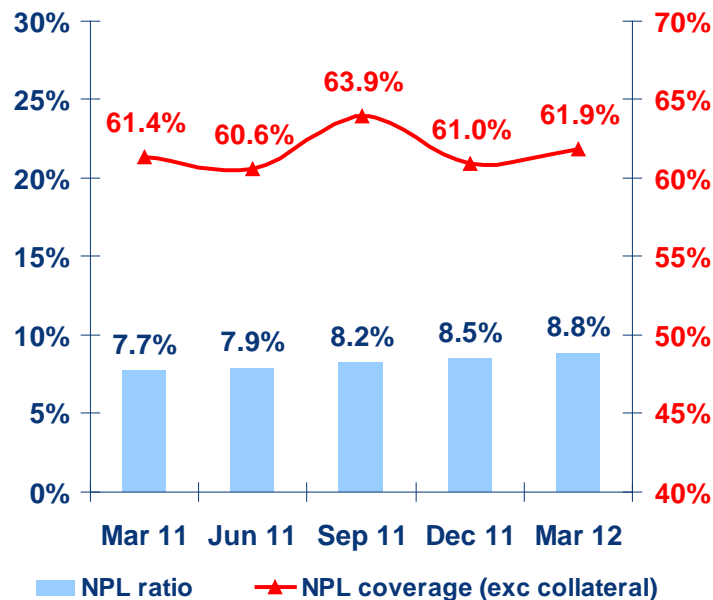


Asset quality review –

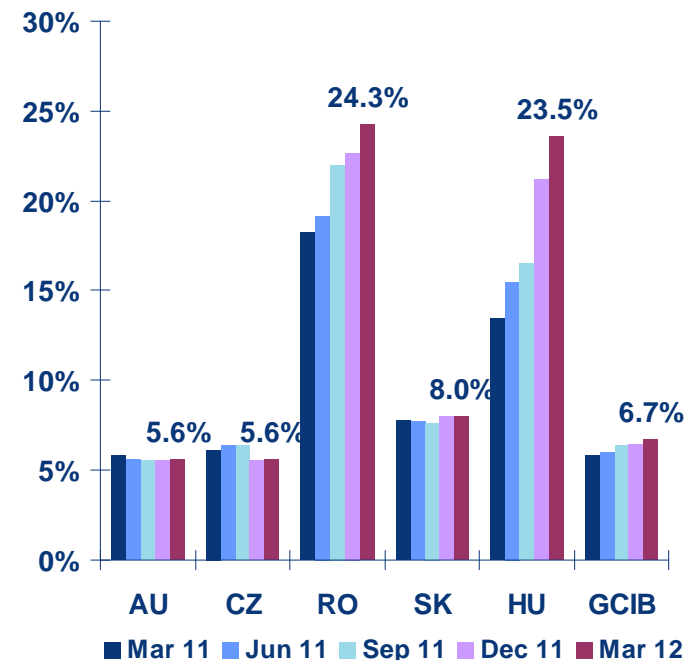
Stable NPL ratio in Austria; CEE still mixed

- Austria: stable development in saving banks as well as Erste Bank Oesterreich
- Hungary and Romania have remained challenging
- Slovakia: good quality loan growth
- Czech Republic: new production mainly in low risk mortgage business

Erste Group: NPL ratio vs NPL coverage



NPL ratios in key segments

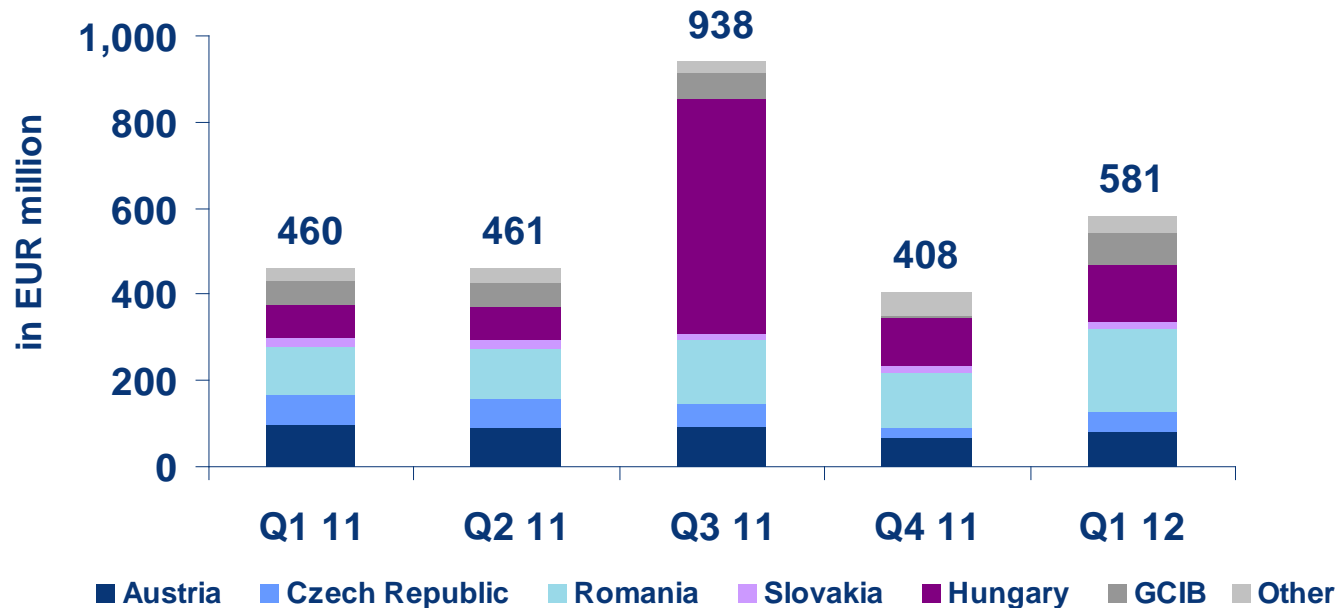


Asset quality review –

Risk costs increased in Hungary and Romania

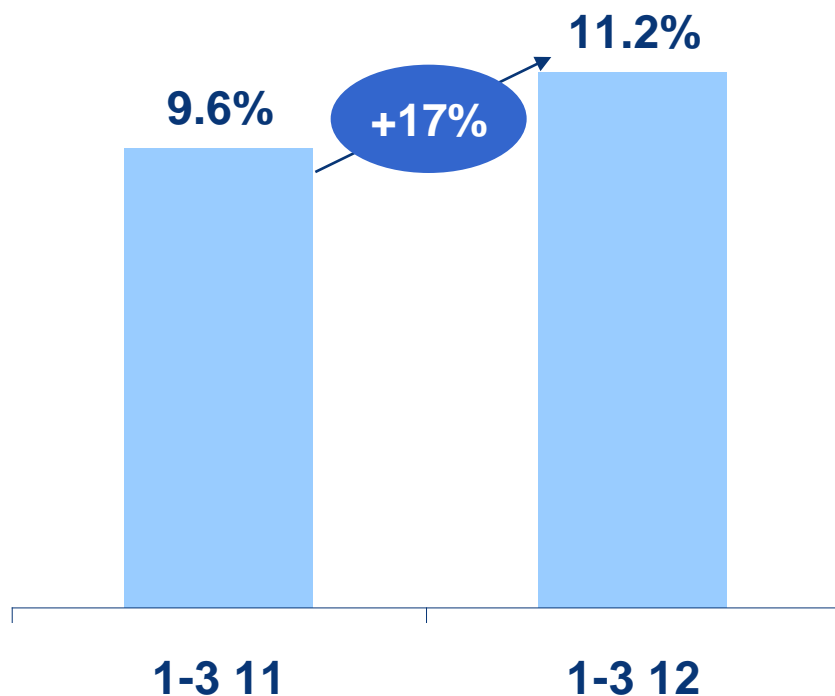
- **GCIB: demand is growing in GLC business**
- **Increase of risk cost mainly driven by Hungary and Romania in Q1 2012**
 - One-off risk provisions of EUR 75.6m in Hungary related to the interest subsidy scheme
 - Extraordinary risk provisions of EUR 98.6m in Romania which resulted in increased NPL cov. ratio
- **Long-term improvement trend of risk costs in AT, SK and CZ**

Risk costs in key segments

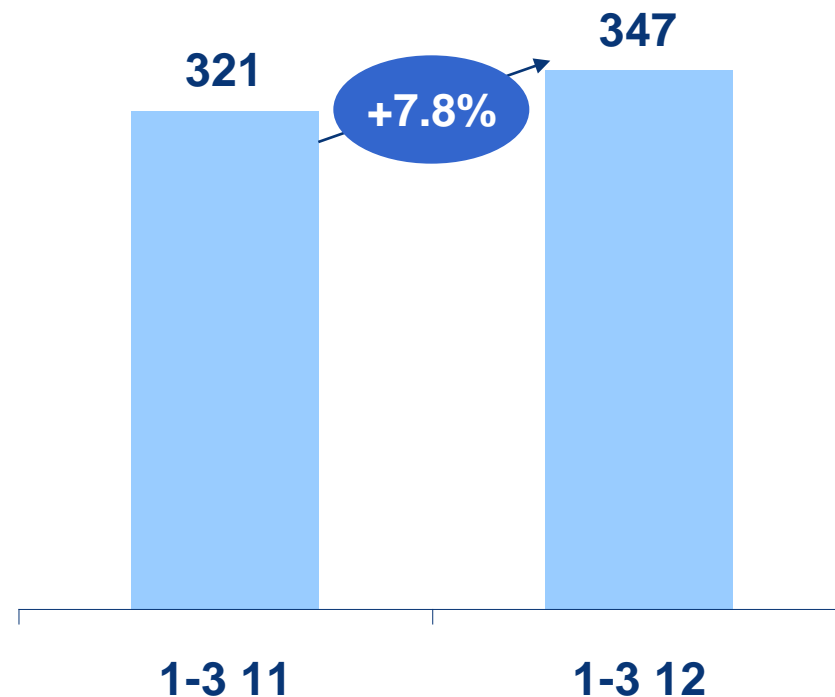


Development of net profit – Strong start into 2012

Return on Equity



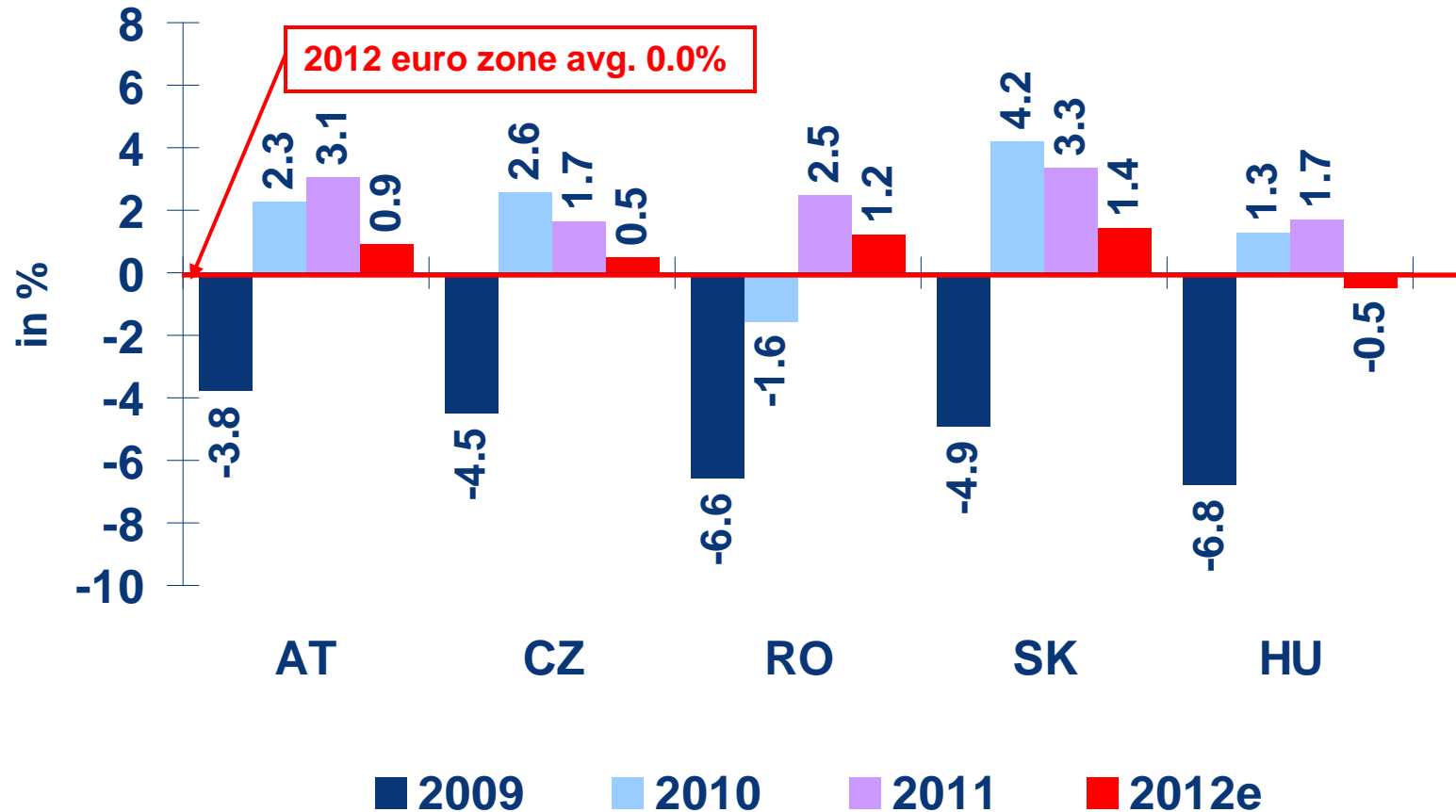
Net profit (in EUR m)



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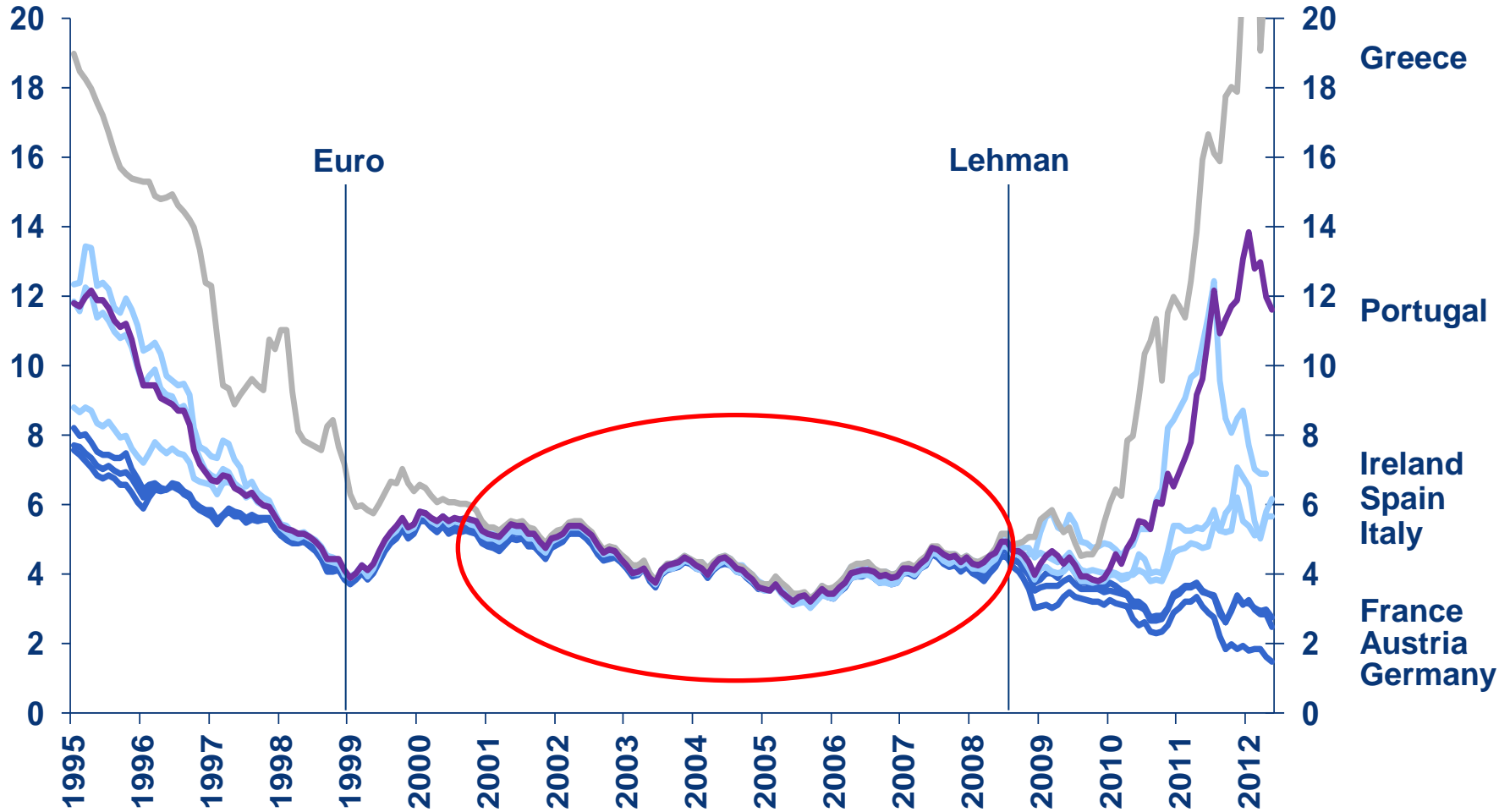
Growth outlook in CEE – CEE continuously outgrows the euro zone

Real GDP growth in CEE



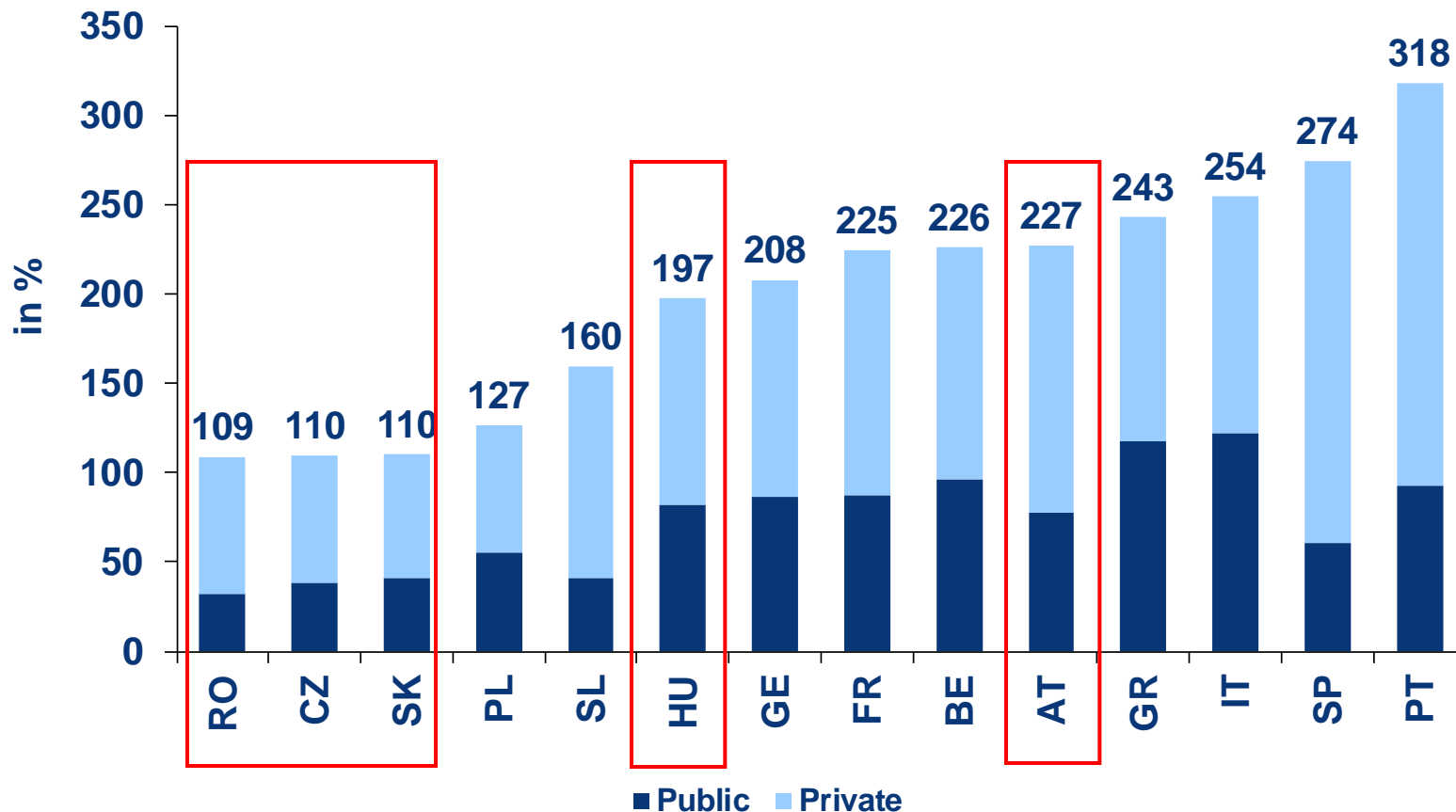
Source: Erste Research

Interest rate environment in Europe – Development of 10y government bonds (%)



Manageable indebtedness in CEE – Private and public debt levels across Europe

Debt to GDP*



*Source: Eurostat

Private sector data include households and non-financial corporations

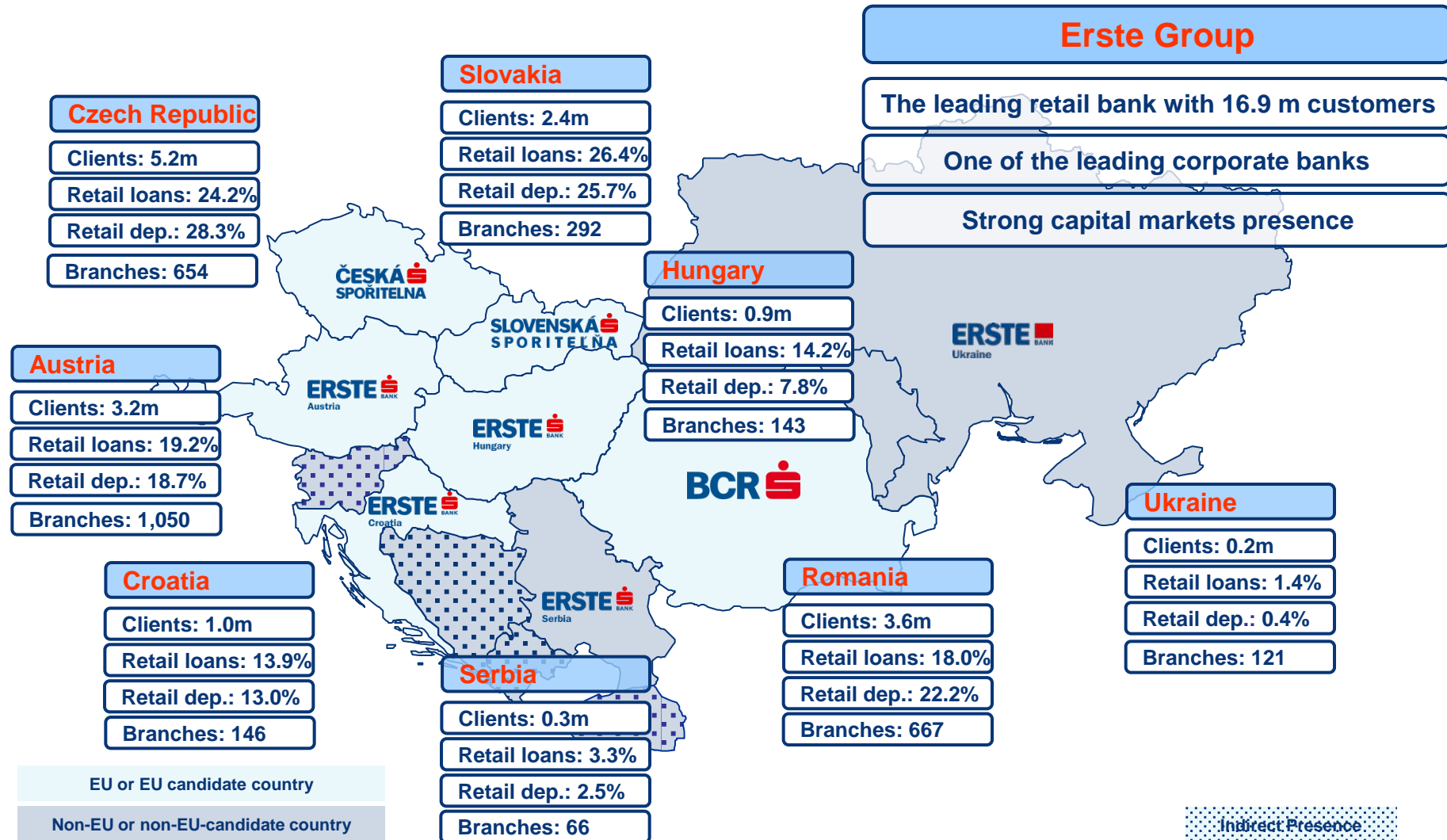
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- **Erste Group focuses on customer banking in Central and Eastern Europe**
 - Customer loans and customer deposits dominate the balance sheet
 - Real economy related business remains the key priority
 - **Comfortable liquidity position**
 - Retail deposits are the key pillar in funding
 - Significantly improved short-term funding profile
 - **Strong capitalisation**
 - Erste Group expects to comfortably and sustainably meet all capital requirements (EBA, Basel 3)
 - Basel 2.5 CET1 ratio reaches 10.2%, EBA CET1 ratio rises to 9.7% as of March 2012
 - **Erste Group expects a stable operating result in 2012**
 - Supported by selective loan growth in core markets and further cost reductions
 - **Risk costs expected to decline to about EUR 2.0 billion in 2012**
 - Impacted by one-off provisioning requirements in Hungary (EUR 75.6 million in Q1 2012) and by the slow economic recovery in Romania
 - **Net income will be further supported in Q2 2012**
 - By one-off income of EUR 160m (pretax) from the buyback of additional tier 1- and tier 2-instruments

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Strategy –

Customer banking in the eastern part of the EU



Drill-down on selected asset classes –

No meaningful sovereign exposure to peripheral Europe

Total net exposure of Erste Group (incl. savings banks) to selected European countries:

in EUR million	Sovereign			Bank			Other			Total net exposure		
	Dec 10	Dec 11	Mar 12	Dec 10	Dec 11	Mar 12	Dec 10	Dec 11	Mar 12	Dec 10	Dec 11	Mar 12
Greece	602.2	4.4	3.9	172.0	57.9	15.1	7.7	7.6	7.6	781.9	69.9	26.7
Ireland	88.6	46.5	61.1	252.2	204.4	107.4	81.7	78.2	67.1	422.6	329.1	235.6
Portugal	234.6	5.6	3.8	280.5	94.0	70.1	14.3	13.0	9.6	529.5	112.6	83.5
Spain	114.2	23.8	5.8	734.6	282.2	400.7	383.6	425.6	328.5	1,232.4	731.6	735.0
Italy	1,075.8	472.6	70.7	1,164.8	806.8	720.5	1,082.0	582.0	619.4	3,322.6	1,861.4	1,410.6
Sum total	2,115.5	553.0	145.2	2,604.2	1,445.2	1,313.8	1,569.3	1,106.4	1,032.2	6,288.9	3,104.6	2,491.3

Sovereign net exposure by country and portfolio:

in EUR million	FV			AfS			At amortised cost			Total net exposure		
	Dec 10	Dec 11	Mar 12	Dec 10	Dec 11	Mar 12	Dec 10	Dec 11	Mar 12	Dec 10	Dec 11	Mar 12
Greece	456.5	-8.5	1.3	77.5	10.3	2.6	68.2	2.6	0.0	602.2	4.4	3.9
Ireland	59.7	0.0	0.0	25.3	31.8	46.4	3.6	14.7	14.7	88.6	46.5	61.1
Portugal	168.4	0.0	0.0	10.6	5.6	3.8	55.6	0.0	0.0	234.6	5.6	3.8
Spain	35.1	-27.1	-26.2	51.6	38.7	29.8	27.5	12.2	2.2	114.2	23.8	5.8
Italy	907.2	399.9	0.0	149.1	70.9	70.7	19.5	1.8	0.0	1,075.8	472.6	70.7
Sum total	1,627.0	364.3	-25.0	314.1	157.3	153.3	174.4	31.3	16.9	2,115.5	553.0	145.2

Bank net exposure by country and portfolio:

in EUR million	FV			AfS			At amortised cost			Total net exposure		
	Dec 10	Dec 11	Mar 12	Dec 10	Dec 11	Mar 12	Dec 10	Dec 11	Mar 12	Dec 10	Dec 11	Mar 12
Greece	0.1	0.0	2.2	0.0	0.0	0.0	171.9	57.9	13.0	172.0	57.9	15.1
Ireland	141.8	99.4	64.8	90.4	92.0	38.7	20.0	13.0	3.9	252.2	204.4	107.4
Portugal	71.7	9.4	15.3	56.4	29.7	0.0	152.4	54.9	54.8	280.5	94.0	70.1
Spain	341.0	61.9	166.8	163.6	64.5	56.1	229.9	155.8	177.8	734.6	282.2	400.7
Italy	322.8	233.6	28.1	152.7	180.6	186.6	689.2	392.6	505.8	1,164.8	806.8	720.5
Sum total	877.5	404.3	277.2	463.3	366.8	830.1	1,263.4	674.2	755.2	2,604.2	1,445.2	1,313.8