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Erste Group –
Stabilising loan volume, continued cost discipline

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Presentation topics

- Footprint & business environment
- Business performance
- Assets and liabilities
- Outlook

Geographical footprint –

Customer banking in Austria and the eastern part of the EU

Erste Group footprint

Direct presence

Indirect presence

Czech Republic
- Customers: 5.2m
- Employees : 10,425
- Branches : 643

Slovakia
- Customers: 2.4m
- Employees : 4,216
- Branches: 292

Hungary
- Customers : 0.9m
- Employees : 2,799
- Branches: 135

Romania
- Customers : 3.2m
- Employees : 7,082
- Branches: 563

Austria
- Customers: 3.4m
- Employees: 15,791
- Branches: 972

Croatia
- Customers : 1.0m
- Employees : 2,634
- Branches: 153

Serbia
- Customers : 0.3m
- Employees : 964
- Branches: 68

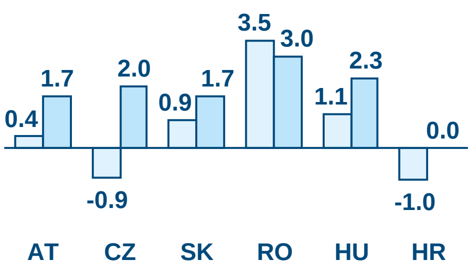
Highlights

- Leading retail and corporate bank in 7 geographically connected countries
- Serving about 16m customers
- Favourable mix of mature & emerging markets with low penetration rates
- Potential for cross selling and organic growth in CEE

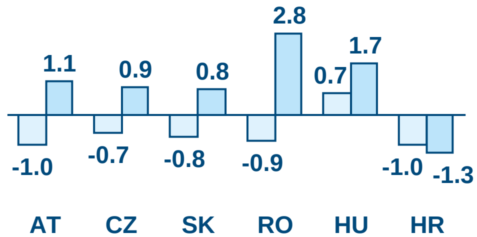
Business environment –
Ongoing macroeconomic stabilisation

2013
2014

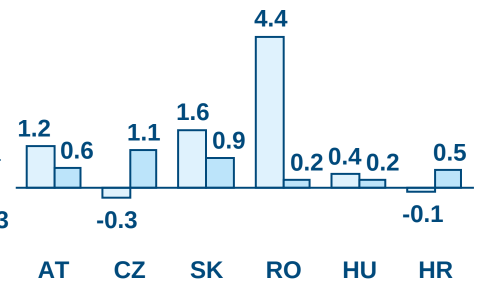
Real GDP growth (in %)



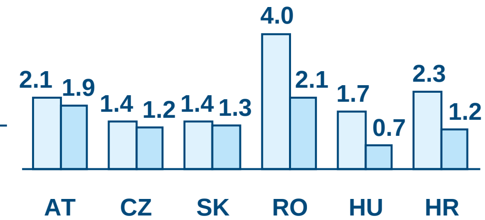
Dom. demand contribution* (in %)



Net export contribution* (in %)

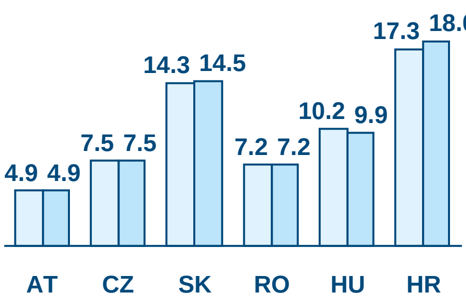


Consumer price inflation (ave, in %)

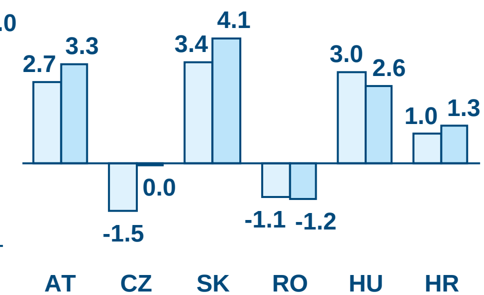


- Expected acceleration of real GDP growth in 2014 to go hand in hand with mix rebalancing in favour of domestic demand
  - Q1 real GDP data underpins positive outlook for 2014: RO enjoyed strongest yoy growth in the region at 3.8%, HU best performance since Q4 06 at 3.5%
  - Full Q1 14 GDP yoy round-up: AT (+0.3%, ▼), CZ (+2.0%, ►), SK (+2.4%, ▲); HR (n/a)

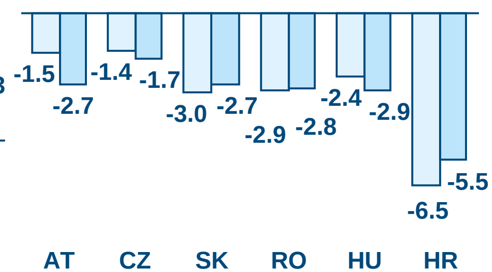
Unemployment rate (eop, in %)



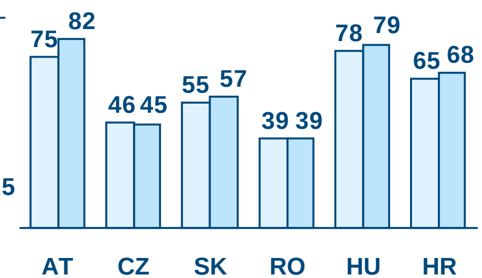
Current account balance (% of GDP)



Gen gov balance (% of GDP)



Public debt (% of GDP)



- Solid public finances across Erste Group's core markets recognised by Moody's: Romania upgraded to investment grade (BBB-) in May 14
- Sustainable current account balances, supported by competitive economies

* Contribution to real GDP growth. Domestic demand contribution includes inventory change.

Presentation topics

- Footprint & business environment
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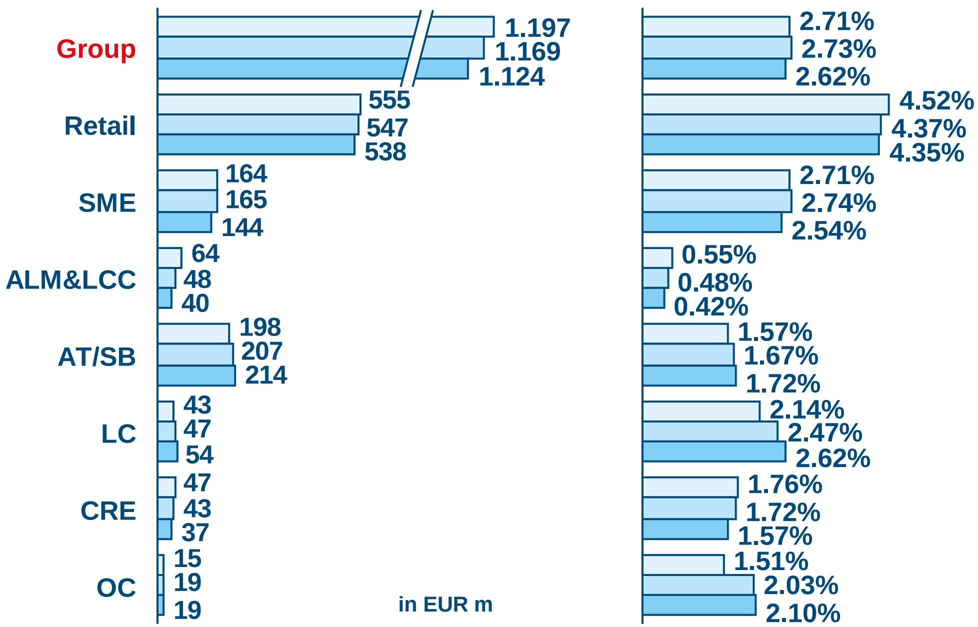
- Outlook

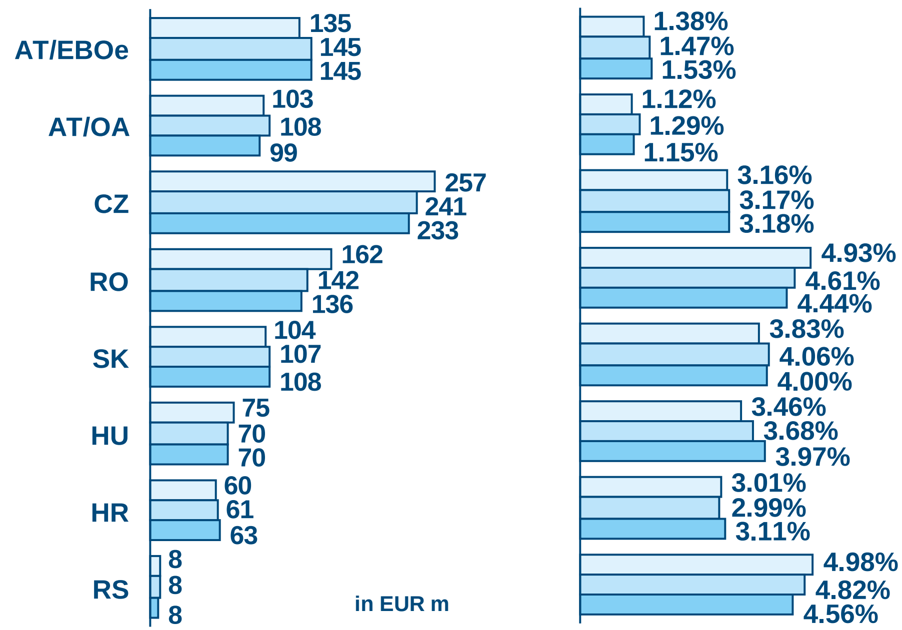
Business performance: NII and NIM –
NII down yoy and qoq on lower volumes, lower margins and CZK effect

Q1 13
Q4 13
Q1 14

Business line view



Geographic view



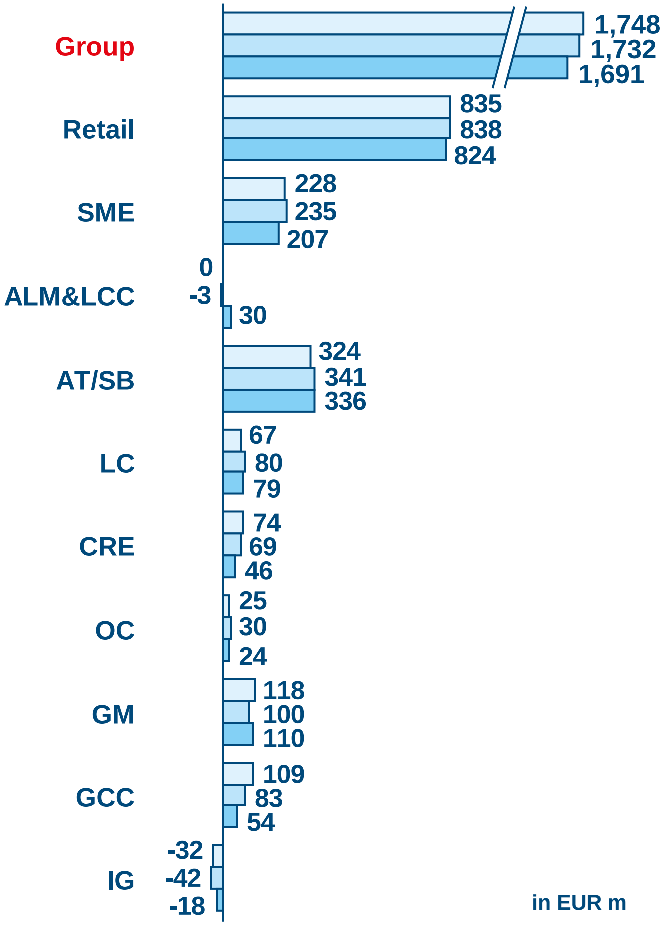
- Group NII down qoq and yoy due to lower volumes, lower margins, persistently low or falling (HU, RO) interest rates & FX effects (CZ)
- Retail: YOY & qoq decline on lower volumes and margins in BCR, shrinking business in EBH and FX impact in CZ
- SME, LC: QOQ NII impacted by reallocation from SME to LC
- CRE: Deconsolidation of leasing companies contributed to overall deleveraging impact

- AT: YOY improvement in EBOe due to deposit repricing; SBs up yoy and qoq mainly due to derivatives results
- CZ: Decline in NII mainly due to FX effects, despite stable margins
- RO: qoq and yoy decline driven by significant volume decline, especially in SME business, compounded by margin compression
- OA: QOQ decline mainly due to lower treasury income and deconsolidation of leasing companies from Immorent

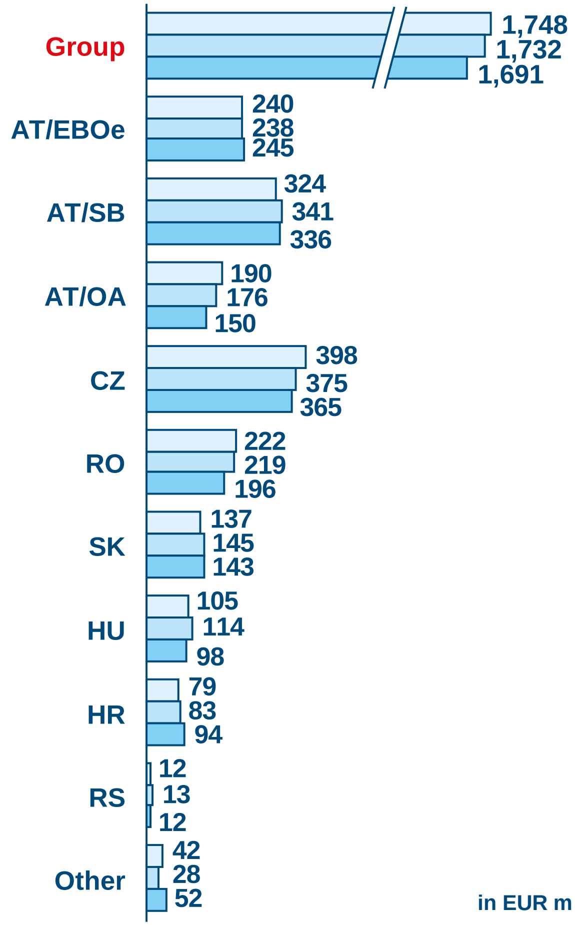
Business performance: operating income –
Decline in NII weighs on operating income

Q1 13
Q4 13
Q1 14

Business line view



Geographic view



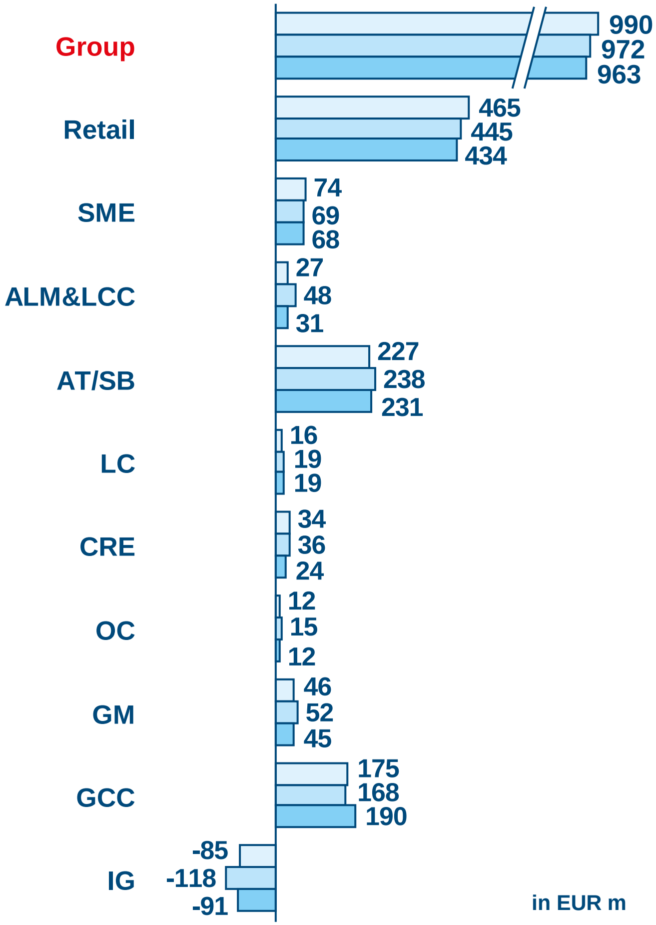
Highlights

- Decline in qoq and yoy group operating income driven by NII, partly offset by an improved net trading & FV result
- GCC: net trading result down on valuation effects and lower imputed NII on capital that is not allocated (free capital); offset by IG
- SME: qoq decline due to reallocation to LC
- Retail: decline in NII driven by lower volumes and margins, improvements in fee income in AT, RO, HU
- CRE: qoq and yoy decline mainly in NII due to deconsolidation of leasing companies and lower business volumes
- Other Austria driven by commercial real estate business (Immorent) and decline in treasury business
- CZ: positive developments in SME NII could not compensate overall FX effect and lower income from fees and in ALM&LCC
- RO: Lower volumes and margins in all major business lines weigh on NII, fee income improved in retail business

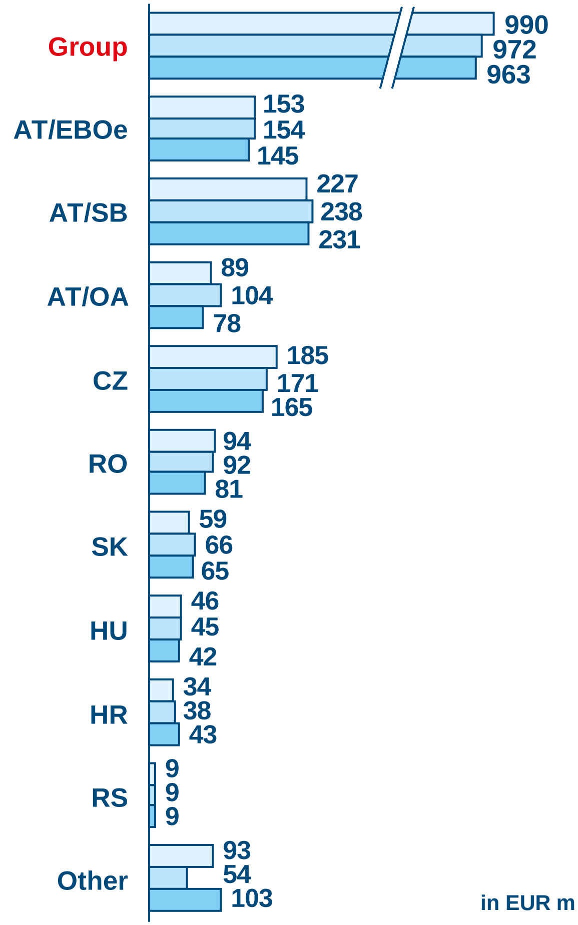
Business performance: operating expenses –
Improvements mainly on lower personnel expenses

Q1 13
Q4 13
Q1 14

Business line view



Geographic view



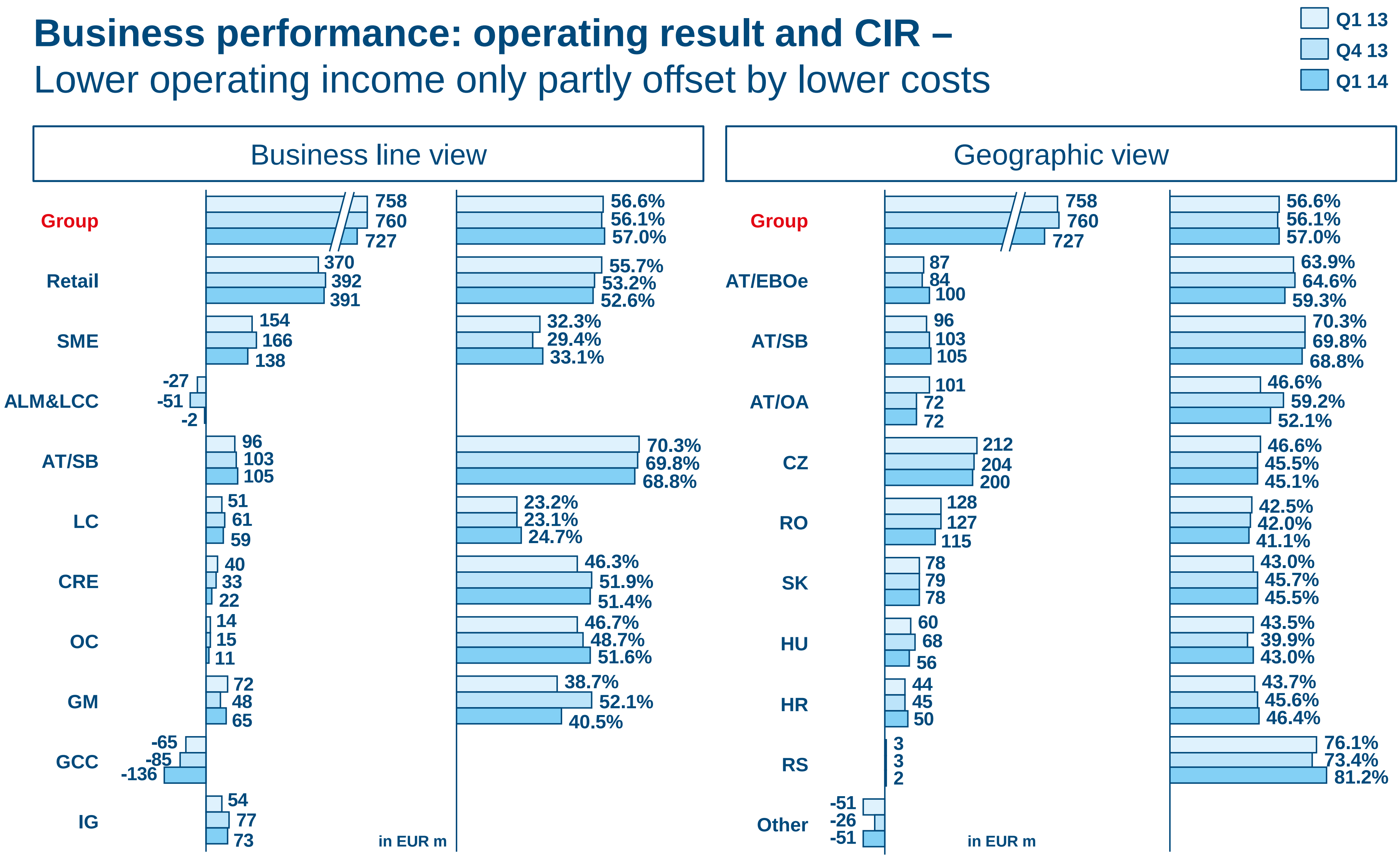
Highlights

- Group operating expenses declined due to lower average headcount (yoy) and seasonally higher costs in Q4 13 (qoq)

- Retail: yoy decline mainly on reduced personnel expenses, CZ (FX effect) and RO (restructuring)
- SME: lower personnel expenses and positive effect from reallocation to LC
- CRE: improvements on deconsolidation of leasing entities and lower depreciation on operating lease and investment properties
- GCC: significant yoy, qoq increase due to change in cost reimbursement methodology; fully offset in other result; bottom line neutral

- CZ: improvement in personnel expenses, supported by FX effect
- OA: seasonally higher costs in Q4 13, plus leasing deconsolidation effect, which increased costs in HR
- RO: decline in personnel expenses, full effect of restructuring measures visible
- Other: mirrors GCC and IG developments

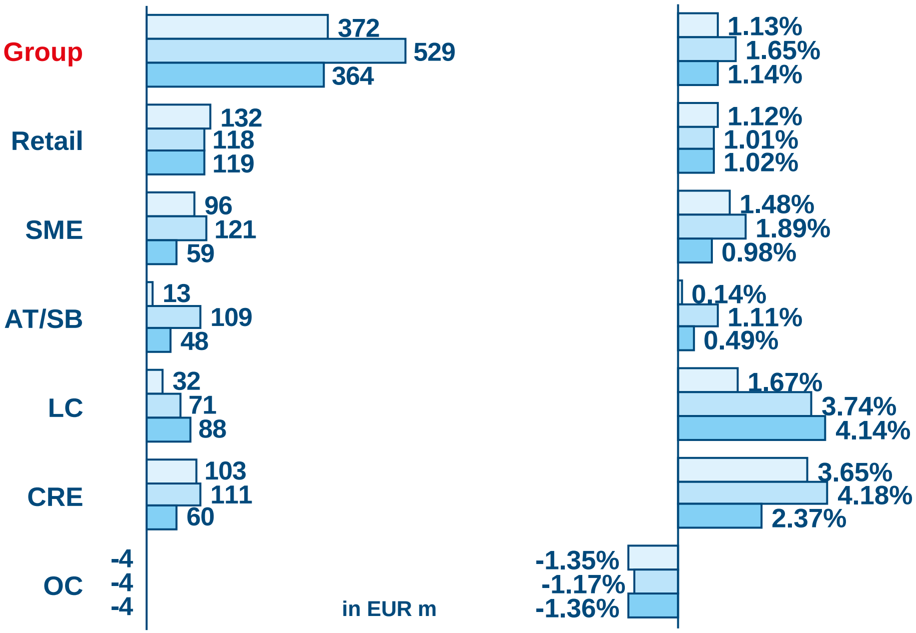
Business performance: operating result and CIR –
Lower operating income only partly offset by lower costs



Business performance: risk costs (abs/rel) –
Lower risk costs mainly in SME and commercial real estate

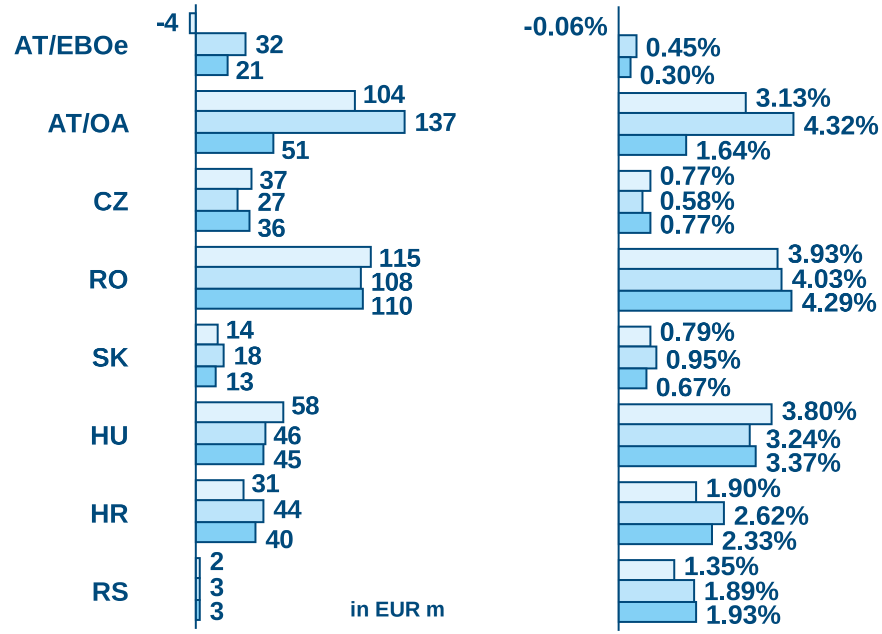
Q1 13
Q4 13
Q1 14

Business line view



- Decline in group risk costs driven by lower provisioning requirements in CRE, SME and the savings banks (qoq), CRE (yoy)
- CRE: normalisation following exceptionally high provision in 2013
- SME & LC: impacted by reallocation from SME to LC
- AT/SB: volatile risk cost distribution in 2013 followed by return to normalised provisioning

Geographic view

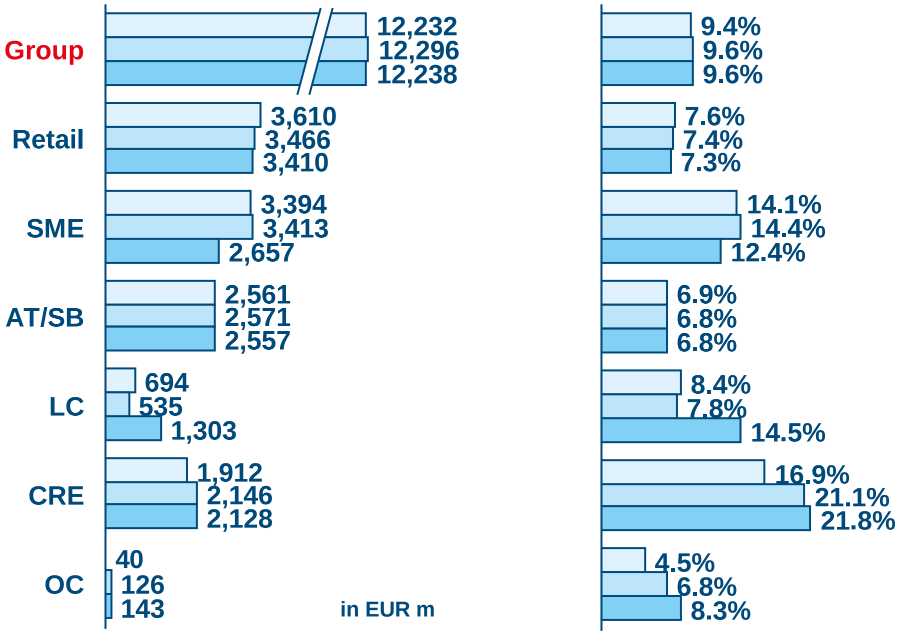


- EBOe: release of risk costs in Q1 13, overall decline qoq due to lower provisioning requirements at subsidiaries
- Other Austria driven by improved risk costs in CRE
- RO: different developments in retail and SME (both improved) and LC (higher risk costs in work out portfolio)
- HU: improvement in retail and SME, higher risk costs in CRE
- HR: higher risk costs in CRE yoy to increase coverage

Business performance: non-performing loans and NPL ratio – Stable NPL volume, stable NPL ratio

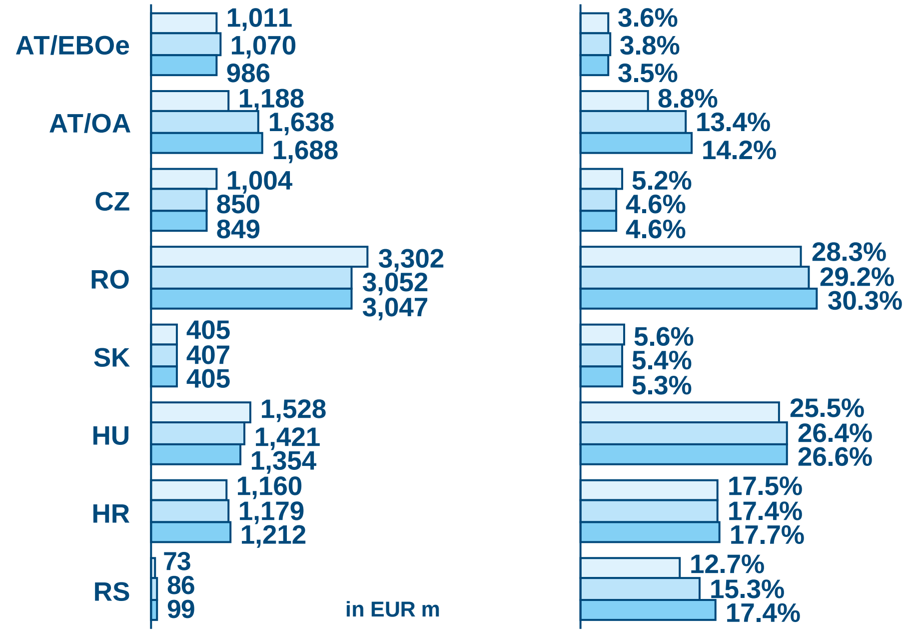
31/03/13
31/12/13
31/03/14

Business line view



- Continued stabilisation of group NPL volume and group NPL ratio on supportive trends in RO, HU and commercial real estate
- NPL sales amounted to EUR 86.2m in Q1 14
  - Retail: EUR 39m
  - Corporate: EUR 47.2m
- Reallocation of about EUR 800m from SME to LC is key reason for rising NPL ratio in LC and decline in SME; underlying trends stable

Geographic view



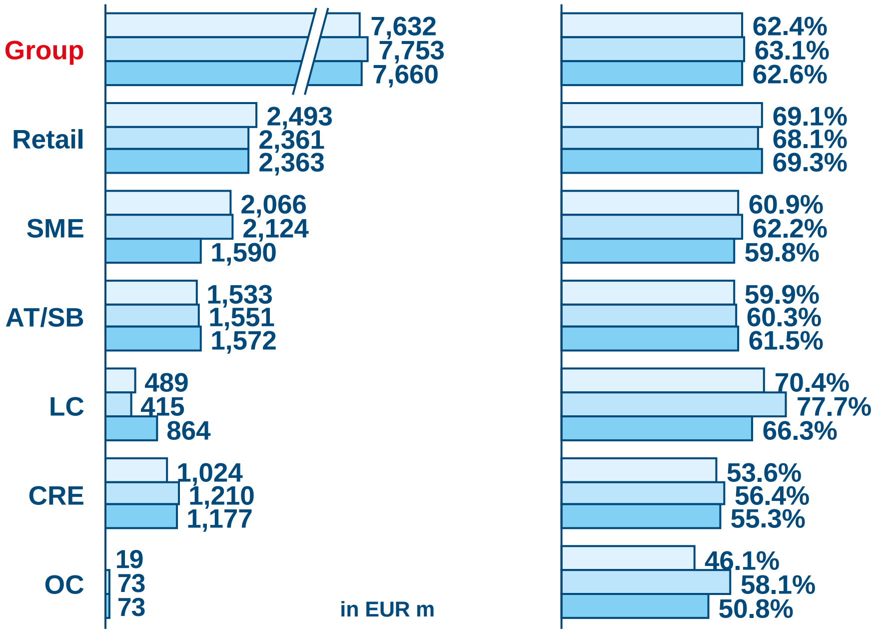
- NPL sales mainly in Hungary (EUR 71.6m), leading to NPL decline in same amount; NPL ratio rose due to declining overall volume
- Minor sales in CZ, SK, RO
- QoQ deterioration in Serbia driven by Retail and LC business lines

Business performance: allowances for loans and NPL coverage –

NPL coverage remains comfortably above 60%-target

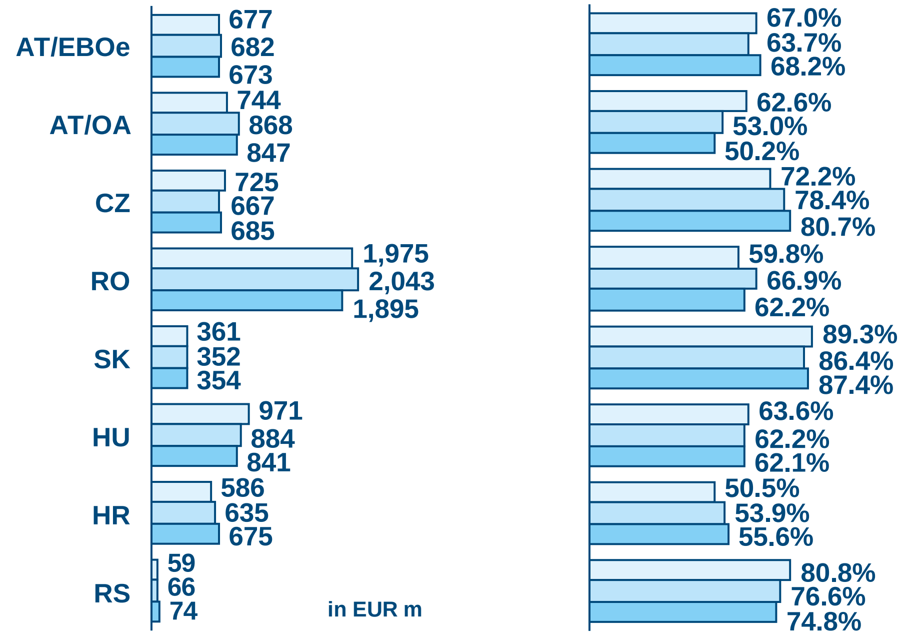
31/03/13
31/12/13
31/03/14

Business line view



- Overall stable group coverage ratio over the past quarters following significant provisioning
- Decline in LC coverage driven by reallocation from SME, which has lower coverage levels
- Decline in SME driven by charge-off of seasoned and highly provisioned NPLs, mainly related to Romania

Geographic view



- Continued increase in coverage in HR
- OA coverage decline reflects lower coverage levels in CRE and LC
- For explanation of RO coverage decline see left

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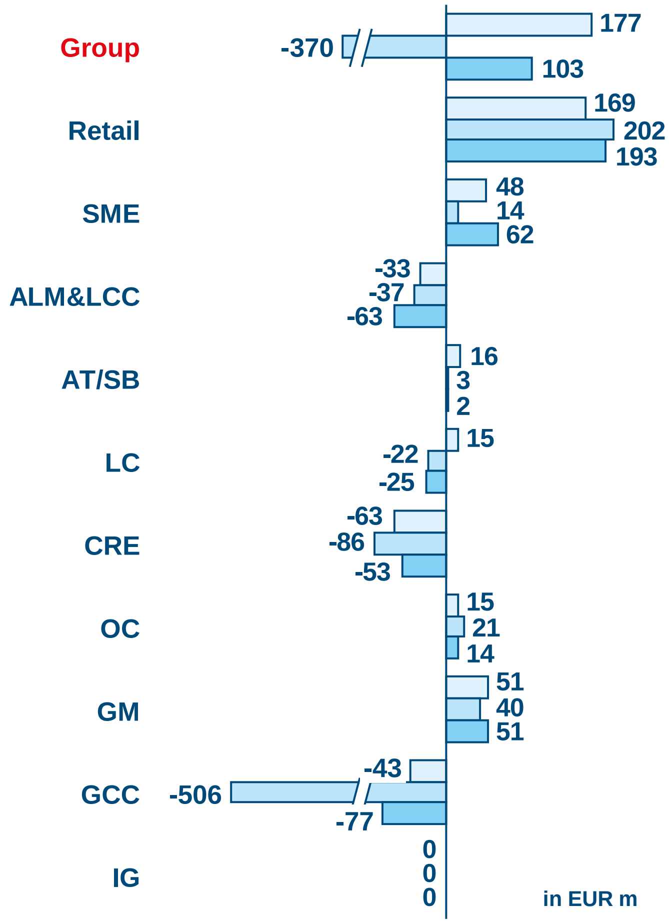
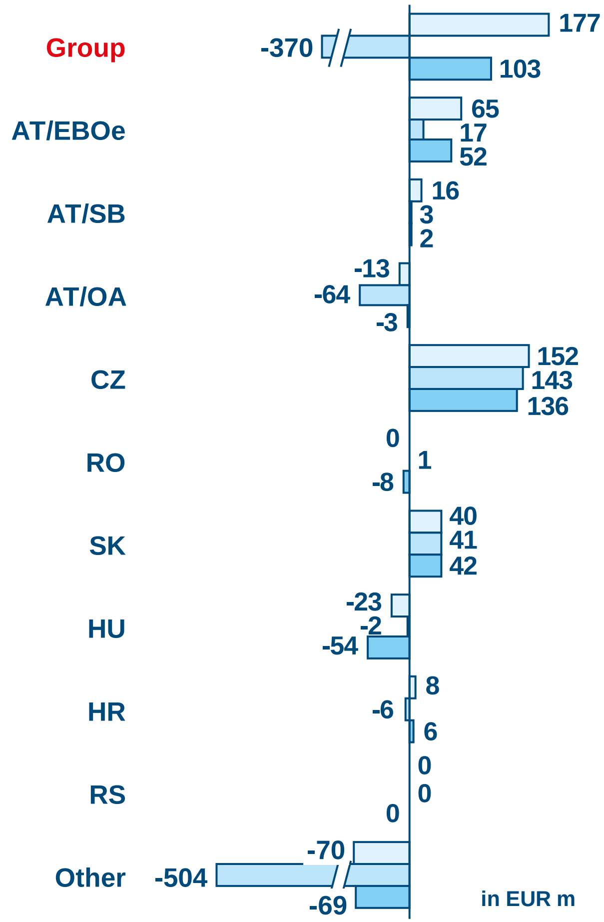
Business performance: income tax and net result –
Income tax rate in line with expectations at 41.6%, ROE at 3.6%

Net result by business line



Net result by geography



Highlights

- Group income tax rate almost doubled yoy to guided level of about 40%, due to non-creation of deferred taxes (DTA) in 2014
- QOQ decline in income tax charge due to limited recognition of DTAs in 2013

- QOQ improvement in net result driven by significantly lower one-offs (goodwill, taxes), and substantially lower risk costs
- YOY net result deterioration driven by lower operating contribution, full recognition of 2014 Hungarian banking tax in Q1 and higher tax charge

- Return on equity at 3.6% in Q1 14, following -12.8% in Q4 13 and 5.5% in Q1 13
- Cash return on equity at 4.1% in Q1 14, following -0.1% in Q4 13 and 5.9% in Q1 13

Presentation topics

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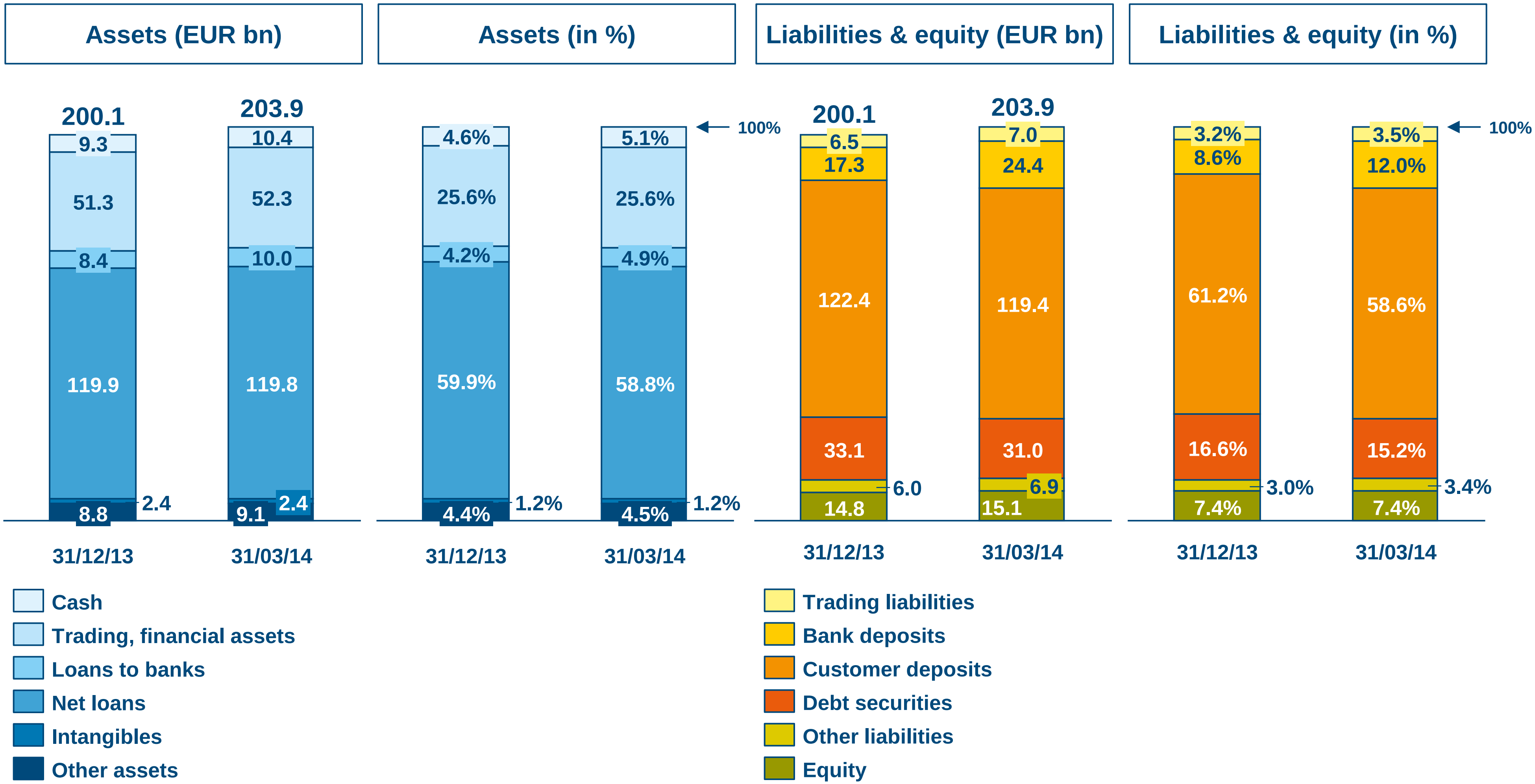
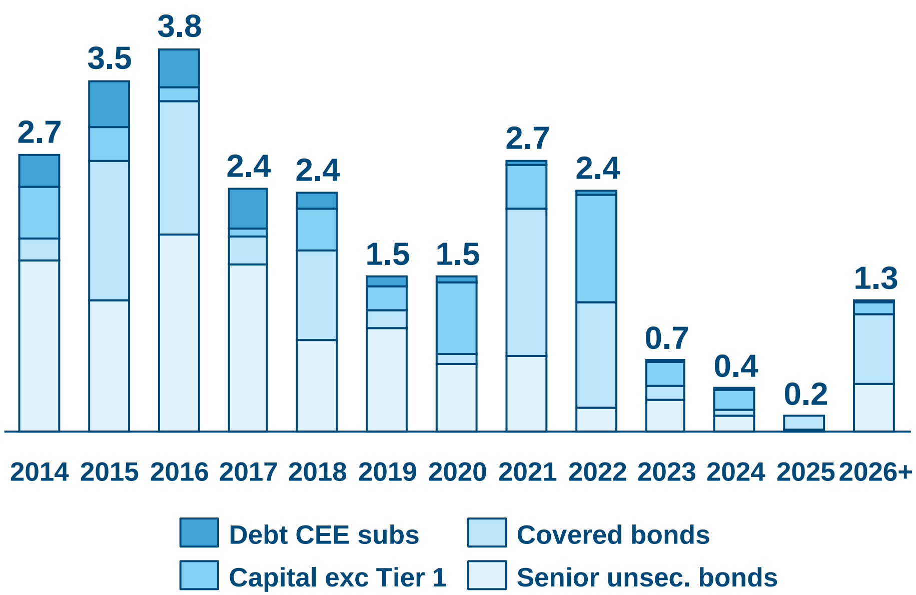
Assets and liabilities: YTD overview –
Loan/deposit ratio balanced at 100.3%



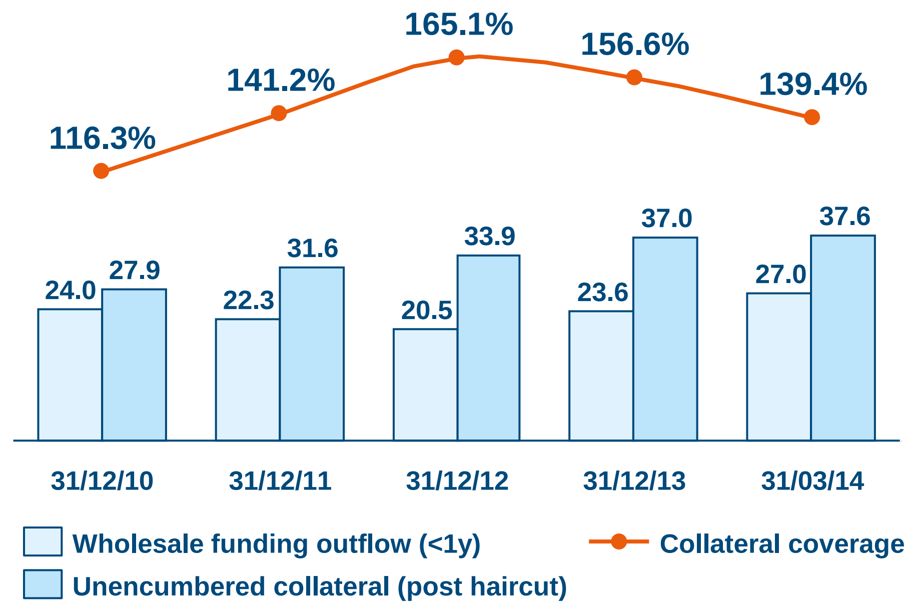
Assets and liabilities: ST vs LT funding –
Limited LT funding needs, solid ST funding collateral coverage

Maturity profile of debt (EUR bn)



- Last government-guaranteed bond redeemed in February 2014
- Refinancing needs still modest in 2014
- Limited liquidity demand is covered by retail issues and private placements
- The average maturity of Q1 14 issues amounts to 8.2 years and extends the current redemption profile

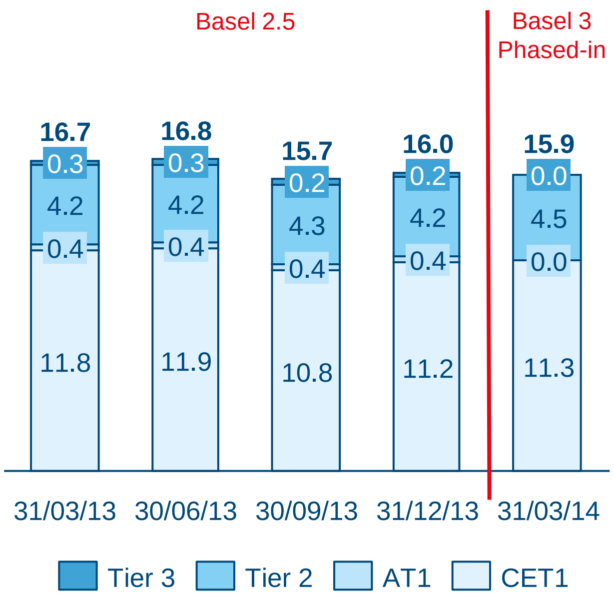
Wholesale funding outflow (<1y) v collateral coverage



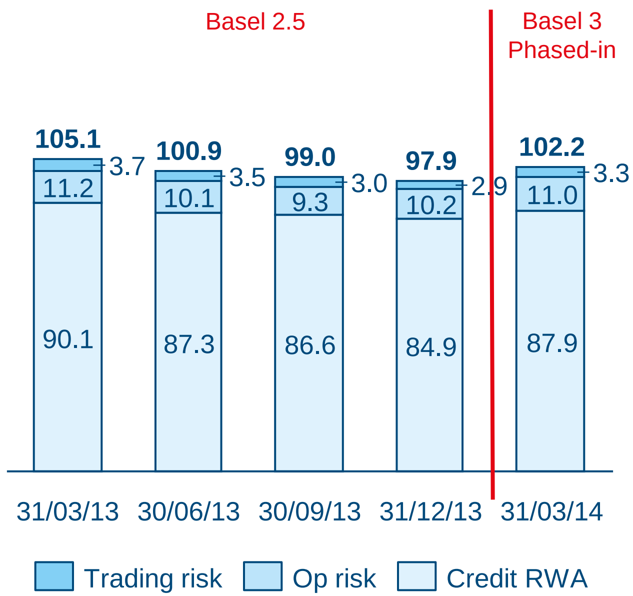
- Collateral coverage ratio remains at comfortable level
- The volume of unencumbered collateral constantly increases due to investments in central bank eligible assets only
- Short term wholesale funding is quoted on a *gross* basis – *net* short term wholesale funding (netting with short term interbank and central bank placements) actually decreased

Assets and liabilities: capital position –
Basel 3 implementation as of 31 March 2014

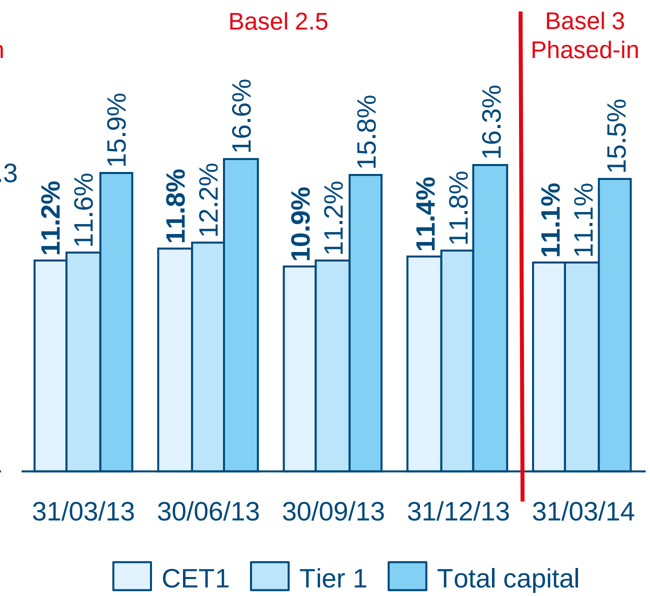
Basel 2.5/Basel 3 capital (EUR bn)



Risk-weighted assets (EUR bn)



Basel 2.5/Basel 3 capital ratios



- AT1 hybrids consumed by partial phase-out (20%) and deduction of intangibles from AT1 instead of CET1 during transitional period
- Increase in Tier 2 due IRB surplus for NPLs (switch to gross view)

- Further minor RWA adjustments are expected in the course of 2014
- Basel 3 induced RWA increase per 31 March 2014 is expected to be reduced by about EUR 1bn until year end

- Basel 3 CET1 ratio (final) equalled 10.4% at 31 March 2014
- Compared to year-end 2013 level of 10.8%, main drivers are implementation of gross view for IRB shortfall for performing loans and RWA uplift

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Conclusion –
Outlook

- Erste Group expects a stable operating environment in its markets in Austria and CEE: while economic growth is expected to average 1.9% (Erste Group Research) in 2014, interest rates are expected to remain persistently low or fall even further in certain geographies

- Erste Group aims to keep operating profit stable (± 2%) at about EUR 3.1 billion

- Net customer loans are set to remain stable (± 2%) at about EUR 120 billion

- In light of the upcoming ECB Asset Quality Review, Erste Group does not expect a decline in risk costs beyond 5% or to about EUR 1.7 billion

- Erste Group does not anticipate to recognise deferred tax assets in the Austrian tax group in 2014, which will result in a significantly elevated tax rate of about 40%

- The decline in banking taxes from EUR 311 million in 2013 to about EUR 270 million in 2014 should positively affect net profit