Erste Group Bank AG
HY 2014 preliminary results

31 July 2014

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ERSTE Group

Presentation topics

– Overview

– Erste Group’s development in H1 2014

– Equity item and Outlook 2014

– Appendix

Overview-
Group income statement performance: Q2 14 one-off summary

One-offs with effect on regulatory capital

- Romania: Additional risk provisions of about EUR 80m
- Remaining booking in H2 2014
- Hungary: Consumer loan law, impact of EUR130.3m
- Possible additional one-offs expected to impact regulatory capital in H2 2014:

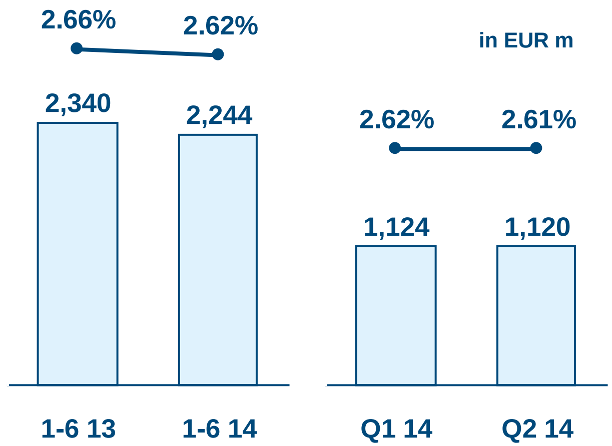
  As there is no clarity yet on potential additional impact in Hungary from FX loan conversion into HUF there is no provision included in H1 14 figures
- Negative change in deferred taxes (net) of EUR 164.2m

One-offs with no effect on regulatory capital

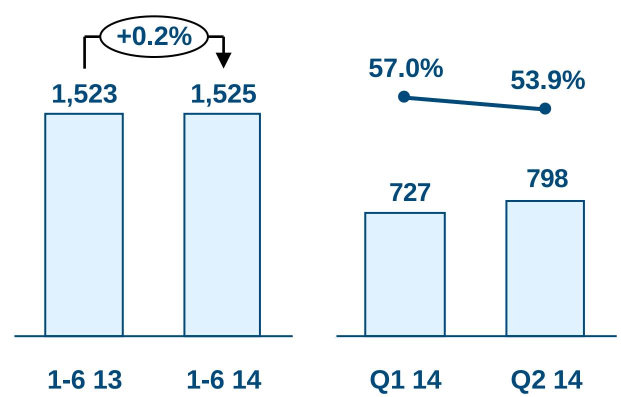
- Full writedown of remaining goodwill, value of customer relationships, brand and other intangibles related to Romania
  - Total impact of EUR 854.2m (cumulative)
- Writedown of goodwill in other subsidiaries
  - Total impact of EUR 101.8m

Overview

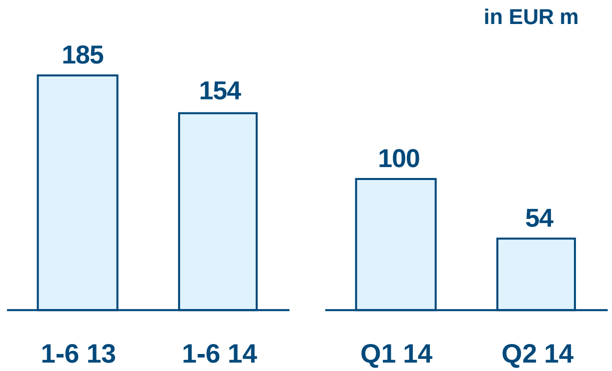
Net interest income & margin



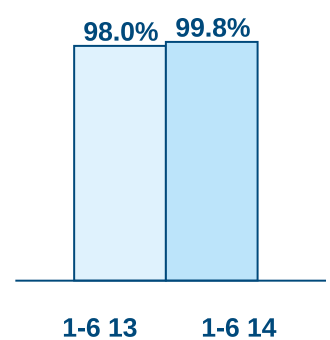
Operating result & cost/income ratio



Banking levies



Loan/deposit ratio



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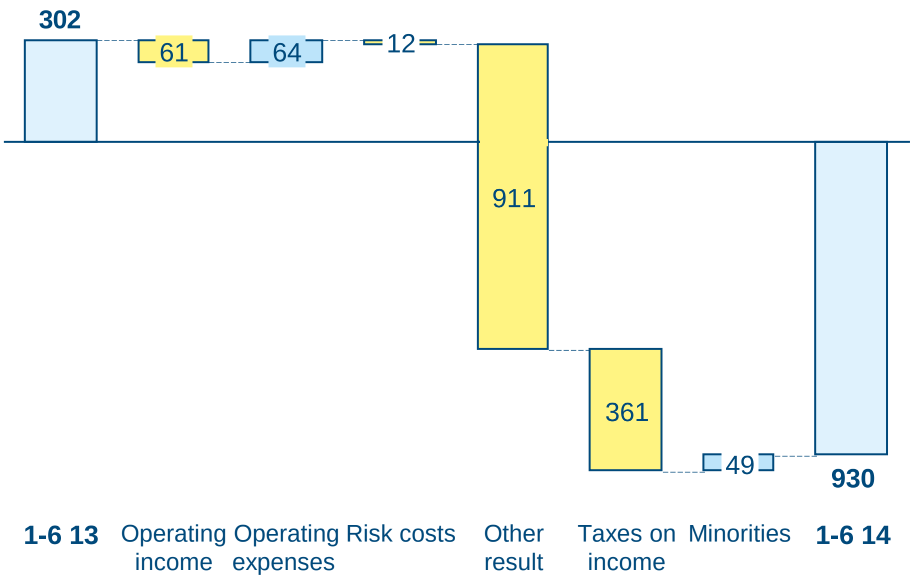
Group income statement performance

YoY net profit reconciliation (EUR m)

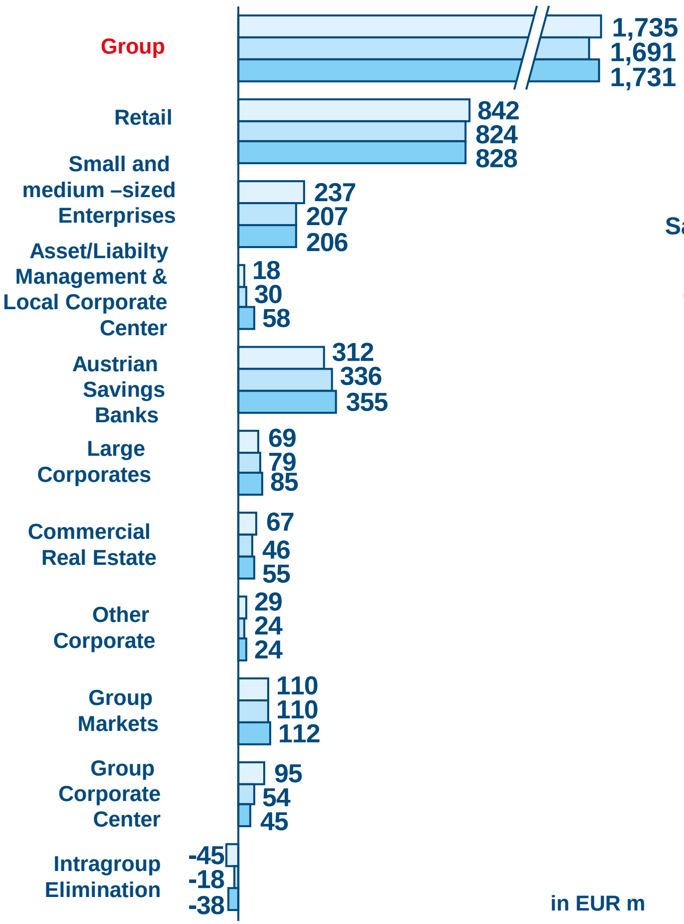


- Deterioration in other result driven primarily by one-off intangible writedowns in RO; partial booking of FX loan law impact in HU
- Increase in taxes due to partial writedown of deferred tax assets related to the Austrian tax group, positive tax effect last year in Romania
- Stable operating performance due to lower costs and positive valuation impacts on trading result

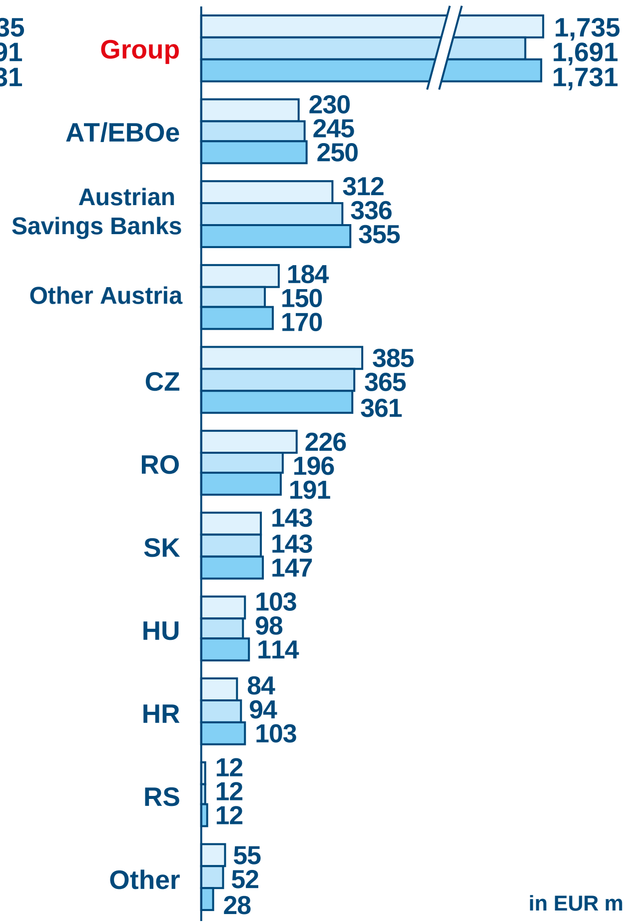
Operating income –
Operating income stable yoy

Q2 13
Q1 14
Q2 14

Business line view



Geographic view



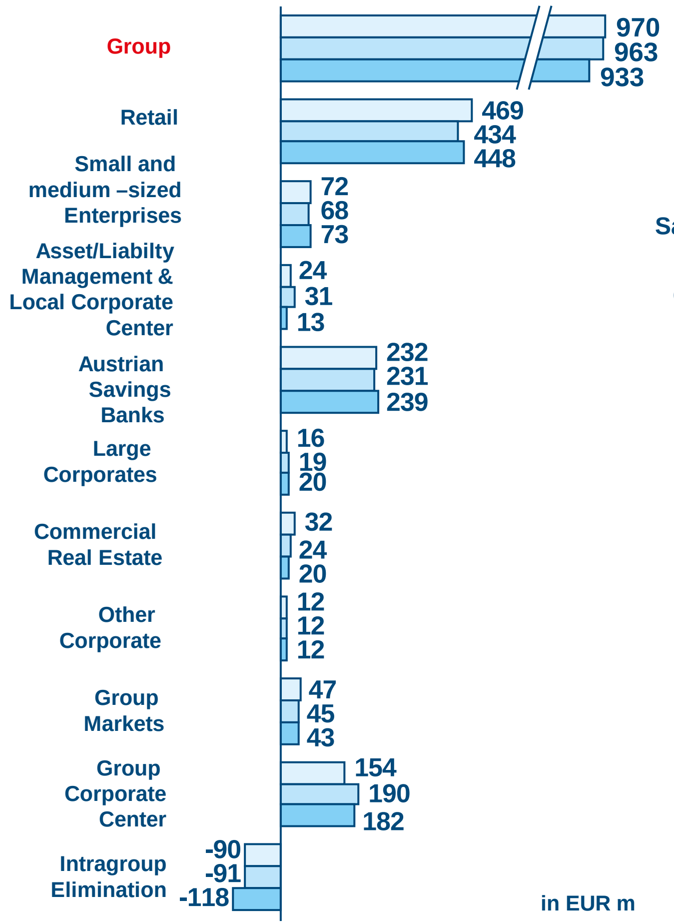
Highlights

- Increase in qoq group operating income despite lower NII on improved net trading & FV result
- SME: yoy decline due to reallocation to LC
- Retail: yoy decline in NII driven by lower volumes and margins, improved qoq in AT
- SBs: higher NII (mainly on retail loans and deposits) and fee income offset decline in net trading and FV result
- AT/OA: yoy driven by commercial real estate business (Immorent) and decline in international business portfolio
- CZ: positive developments in net trading and FV result could not offset decline in NII (low margins, subdued demand) or fee income
- RO: yoy lower volumes and margins in all major business lines weigh on NII, fee income improved in retail business
- HU: yoy decline in NII, improved net trading & FV result driven by revaluation effects

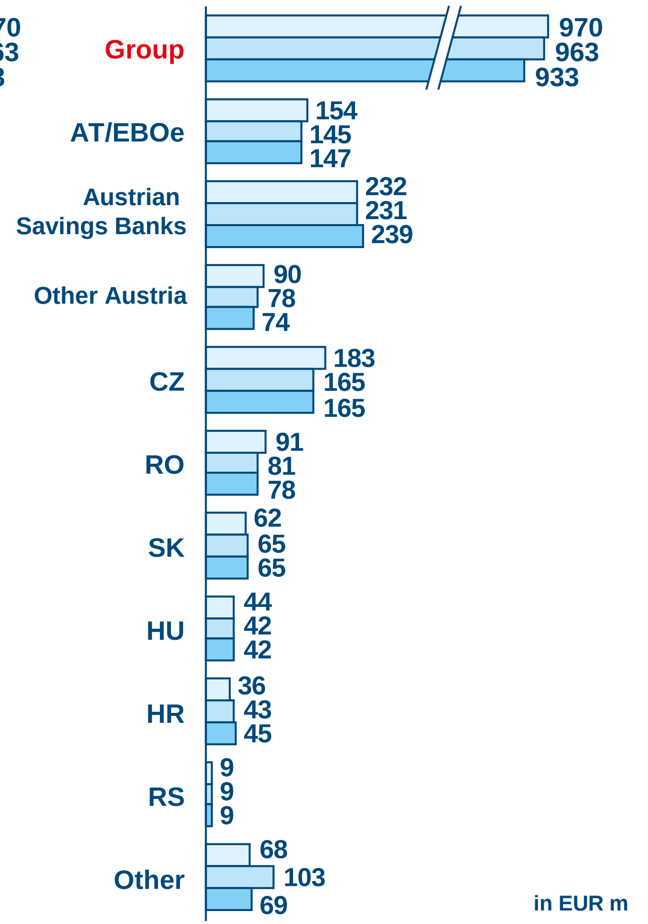
Operating expenses –
Lower costs yoy and qoq

Q2 13
Q1 14
Q2 14

Business line view



Geographic view



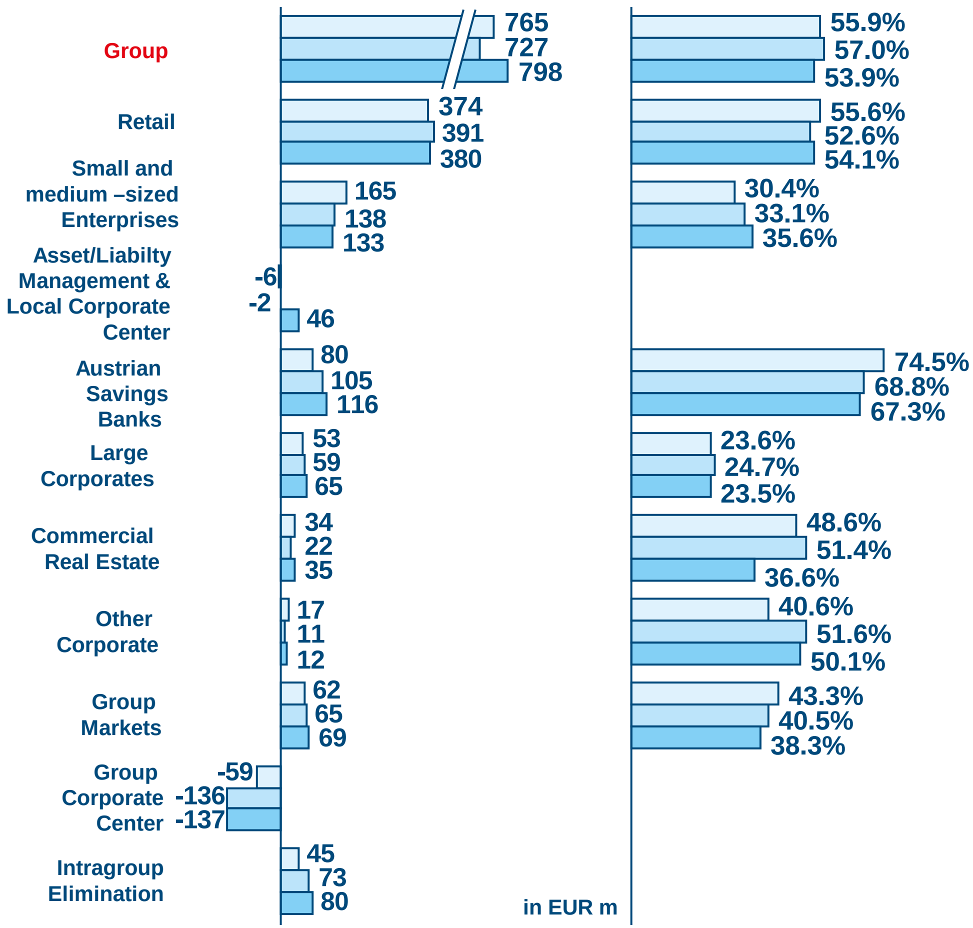
Highlights

- Group operating expenses declined due to lower average headcount (yoy) and lower other administrative expenses (qoq)
- Retail: yoy improvement mainly on cost saving measures in CZ, AT and RO
- SBs: yoy increase mainly driven by depreciation of real estate, qoq on personnel expenses
- CZ: yoy improvement in personnel expenses, supported by FX effect
- OA: down yoy on 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

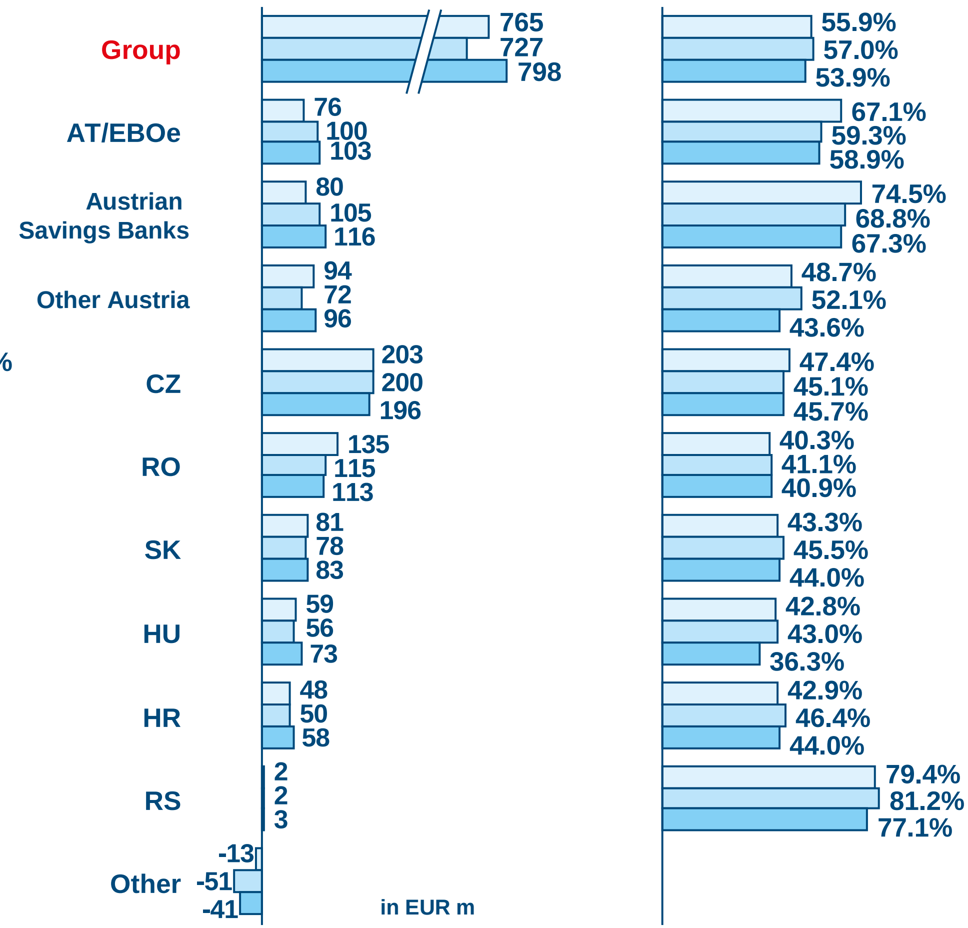
Operating result and CIR –
Improved yoy and qoq operating result

Q2 13
Q1 14
Q2 14

Business line view

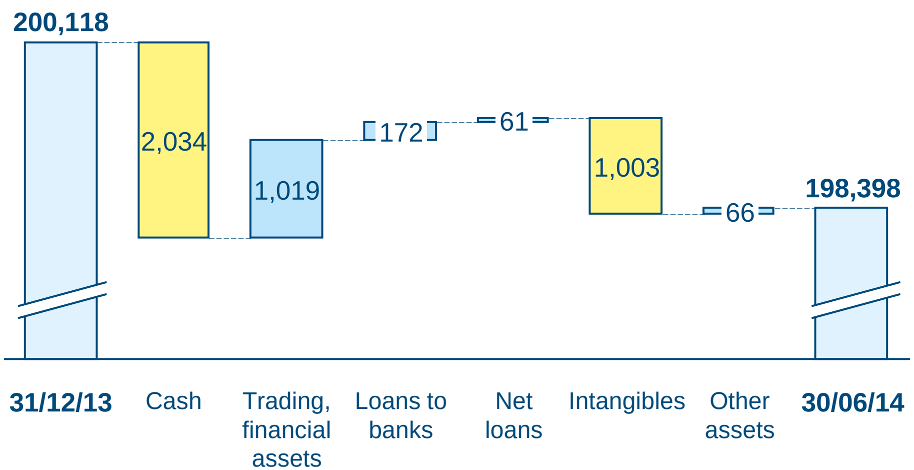


Geographic view



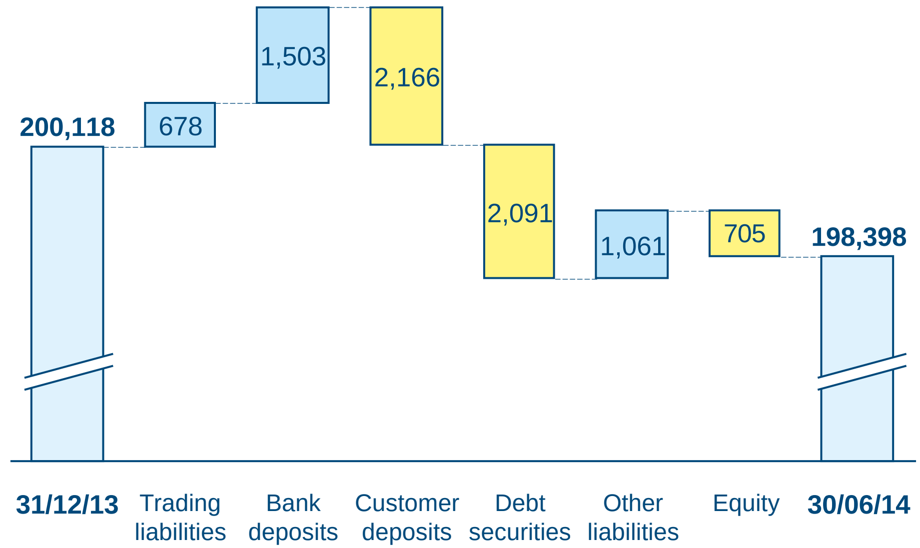
Group balance sheet performance

YTD total asset reconciliation (EUR m)



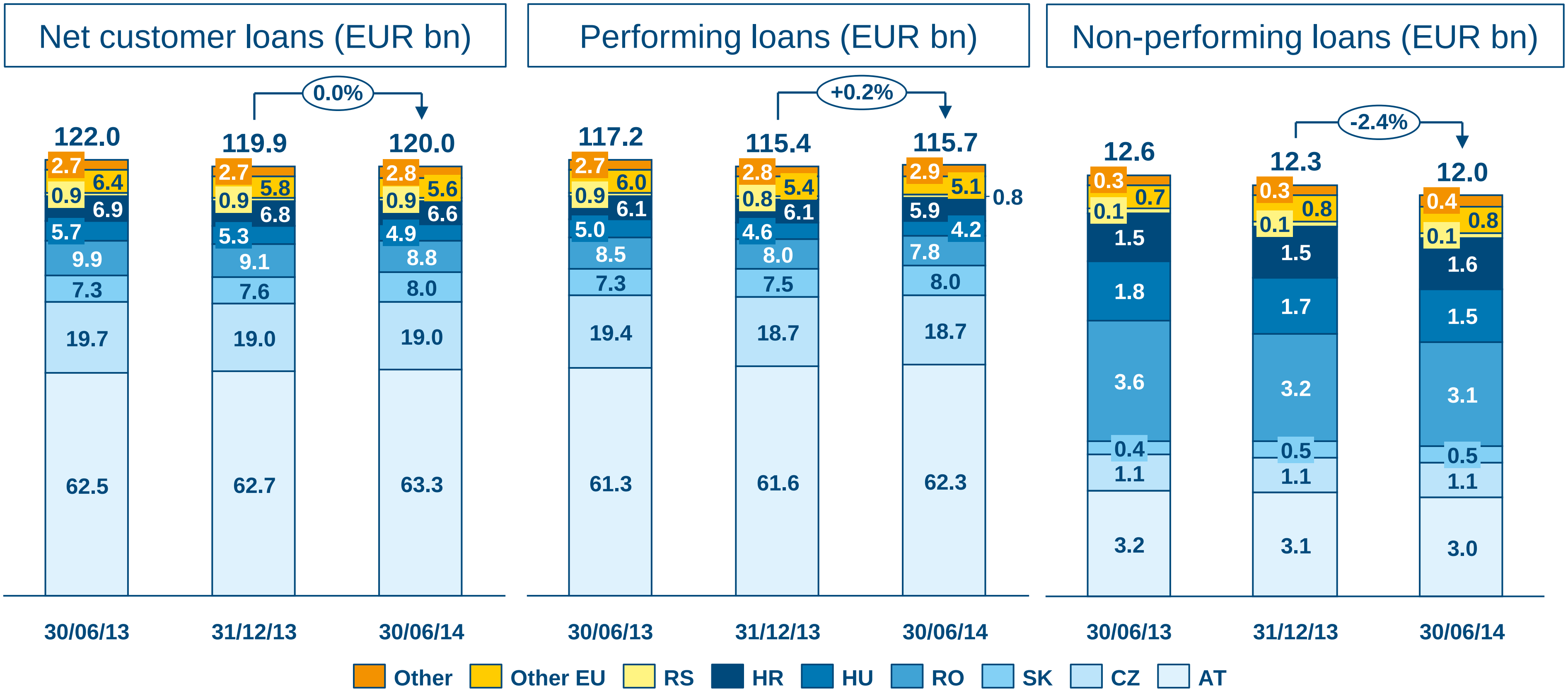
- Lower cash position driven by lower central bank cash position, partly offset by slight increase in trading & financial assets (SK, RO, HU)
- Lower intangibles due to writedowns
- Stabilisation of net customer loans in H1 14 thanks to solid performance of AT, CZ and SK retail and SME business lines

YTD total liability reconciliation (EUR m)



- Decline in customer deposits mainly driven by final deconsolidation of Czech pension fund (EUR 1.8bn) and lower deposits in Erste Bank Hungary and EBOe
- Lower debt securities due to maturities of unsecured bonds

Customer loans by country of risk –
First qoq increase in performing loans since Q3 11



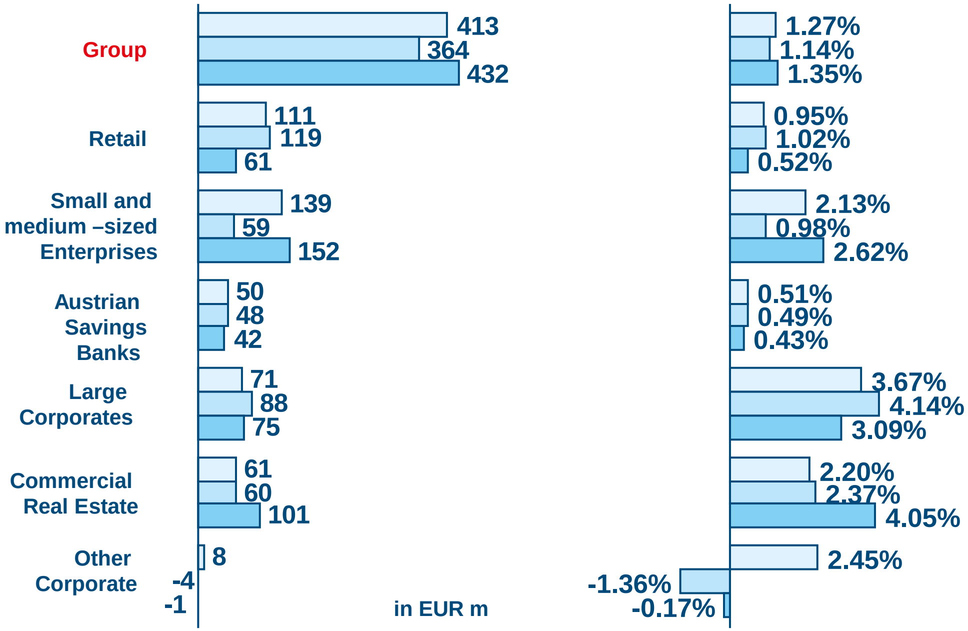
- Improved stability of net customer loans and rise in performing loans due to:
  - Increases in Austrian loan book which offset declines in Hungary, Romania and Other EU
  - Continued stable growth in Slovakia (yoy & ytd) and stability in the Czech Republic (ytd)
- YTD decline in NPL stock driven by lower gross inflows on group level and lower NPLs in Austria, Hungary and Romania

Risk costs –

Higher risk costs on additional provisioning in Romania

Q2 13
Q1 14
Q2 14

Business line view



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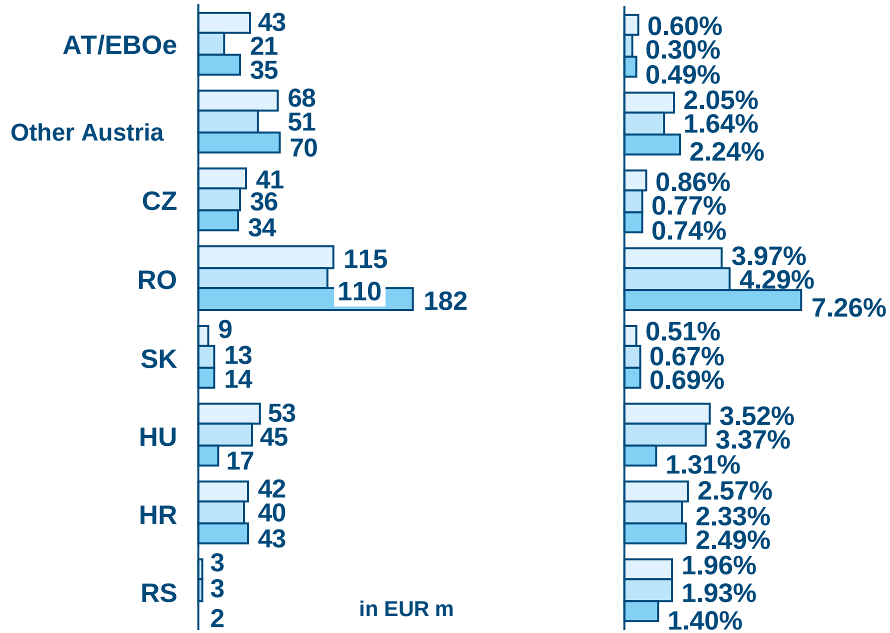


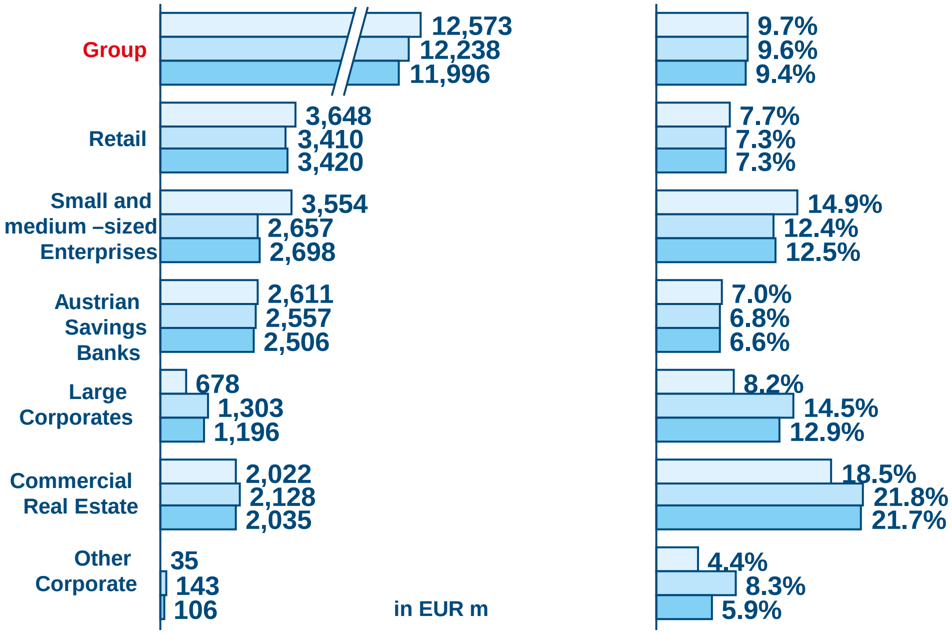
- Increase in group risk costs mainly driven by provisioning requirements in RO and AT/OA (CRE, SME)
- Retail: significant qoq reduction due to CZ, RO and HU
- SME: increase due to additional provisioning in BCR on the back of planned accelerated NPL reduction
- CRE: qoq increase on higher impairments in Immorent and in BCR on the back of planned accelerated NPL reduction

- RO: solid performance of retail; extra provisioning in SME & CRE to prepare for accelerated NPL reduction
- AT/EBOe: increased qoq due higher risk costs in SME
- AT/OA: qoq driven by higher risk costs in CRE
- HU: significant qoq improvement driven by lower provisioning requirements in Retail and CRE

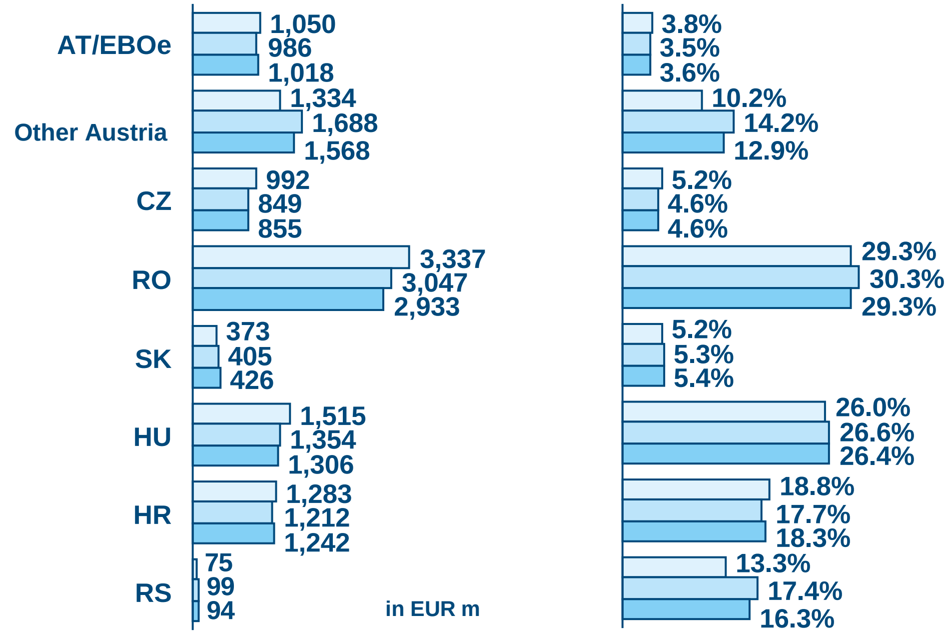
Non-performing loans and NPL ratio –
Declining NPL volume, declining NPL ratio

30/06/13
31/03/14
30/06/14

Business line view



Geographic view



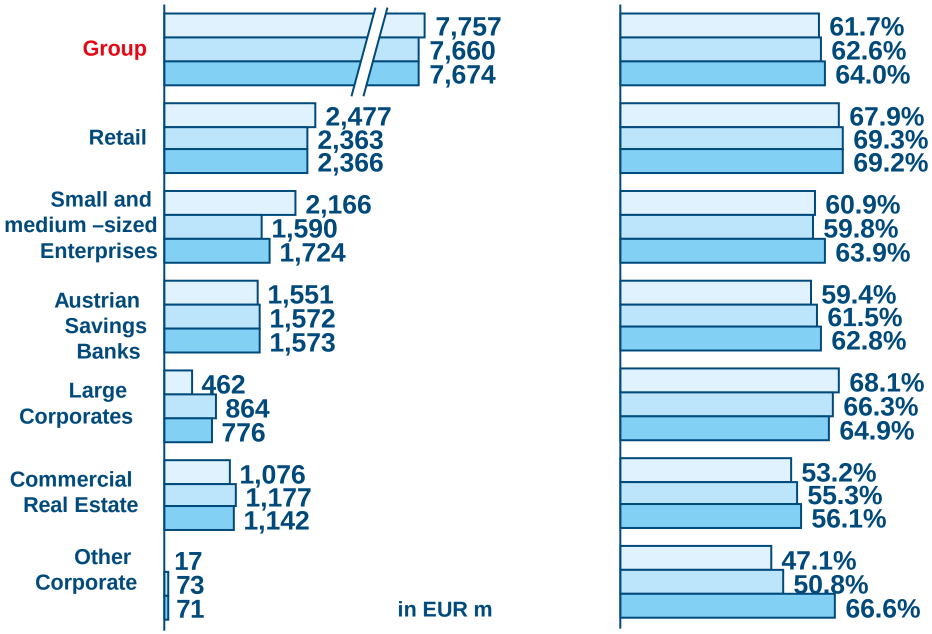
- Continued decline of group NPL volume and group NPL ratio on supportive trends in CRE, LC (BL) and RO, HU (geo)
- NPL sales amounted to EUR 134.9m in Q2 14
  - Retail: EUR 50.5m
  - Corporate: EUR 84.4m
- Reallocation of about EUR 800m from SME to LC is key reason for rising NPL ratio in LC and decline in SME; underlying trends stable

- NPL sales mainly in HU (EUR 53.1m), leading to NPL decline in same amount; NPL ratio stable due to declining overall loan volume
- NPL sales of EUR 41.8m in AT/OA (Holding, Immorent)
- Minor sales in CZ, SK, RO
- RO: First large volume NPL package of about EUR 230m sold in July 2014 and further significant NPL sales until YE 2014 expected

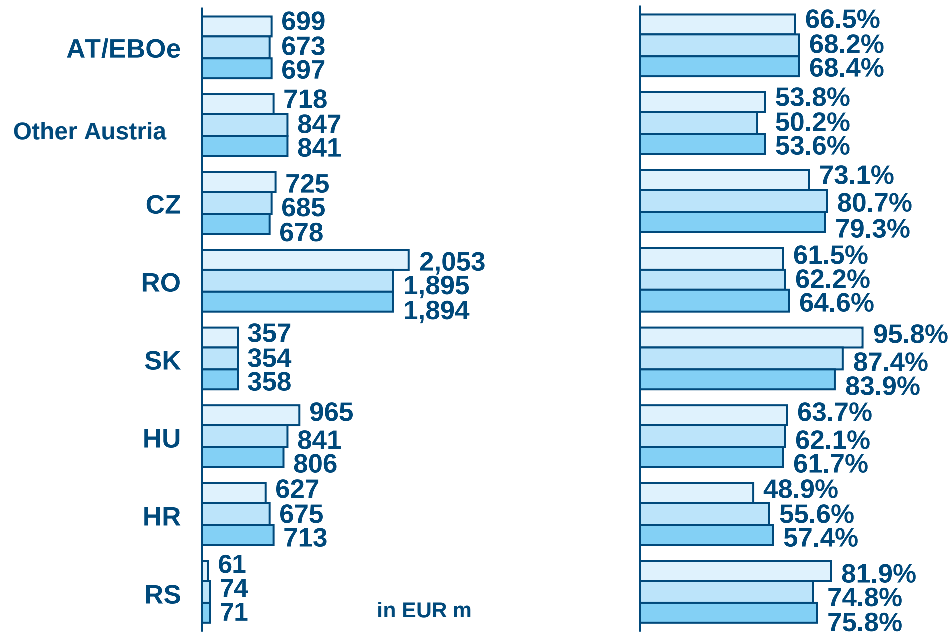
Allowances for loans and NPL coverage –
NPL coverage rises to multi-year high of 64.0%

30/06/13
31/03/14
30/06/14

Business line view



Geographic view



- Improving group coverage ratio over the past quarters following significant provisioning in SME and CRE
- LC: decline in coverage driven by reallocation from SME
- SME: higher qoq coverage due to higher provisioning of new NPLs

- Continued increase in coverage in HR
- AT/OA qoq coverage rise reflects additional provisions in CRE
- RO qoq coverage increase on the back of additional provisions for CRE and SME ahead of accelerated NPL reduction

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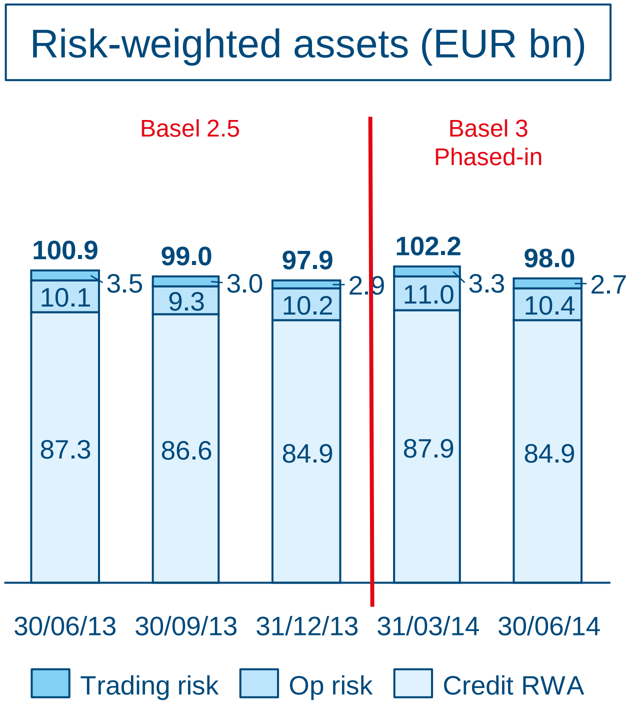
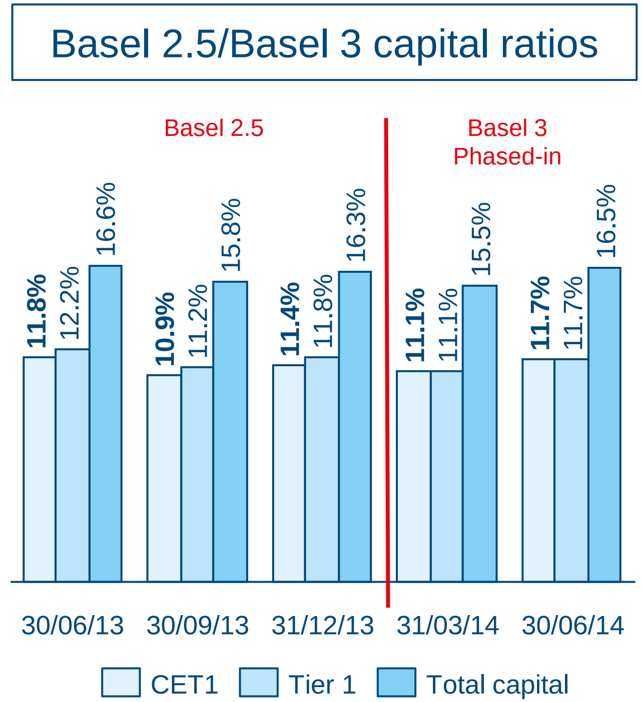
Capital position –
CET 1-ratio (fully loaded) at 10.8%





- Basel 3 CET1 ratio (final) stays unchanged at 10.8% at 30 June 2014 (YE 2013: 10.8%)

Outlook

- Erste Group confirms outlook provided on 3 July 2014 for 2014 and 2015
- For Erste Group (consolidated):
  - Operating result is staying despite stable underlying group operating trends – will be pushed slightly below guidance in 2014
  - Risk costs of EUR 2.1 – 2.4bn, depending on booking of Hungarian consumer loan law impact in risk provisions or other operating result;
  - Net loss for 2014 of EUR 1.4 to 1.6bn;
  - CET 1-ratio (fully loaded Basel 3 of about 10.0% at year-end;
  - Strongly improved post-provision result and net profit (ROTE: 8-10%) in 2015, despite still disproportionate high banking levies.
- For the geographic segment:
  - Romania: full normalisation of risk costs at 100-150bps of average gross customer loans starting in 2015, accompanied by an accelerated NPL reduction (down about EUR 800 million or 25%, compared to year-end 2013) already in 2014; a significant rise in the NPL coverage ratio; a lower, but sustainable operating result due to a lower unwinding impact on net interest income
  - Hungary: gradual normalisation of risk costs to 150-200bps (by 2016) of average gross customer loans once all government actions have been completed; a lower, but sustainable operating result due to lower net interest income

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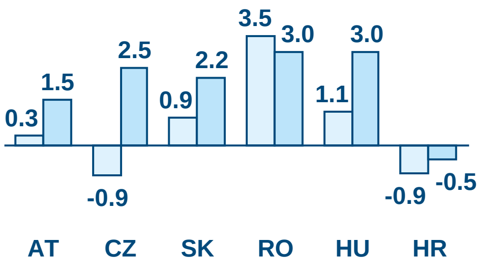
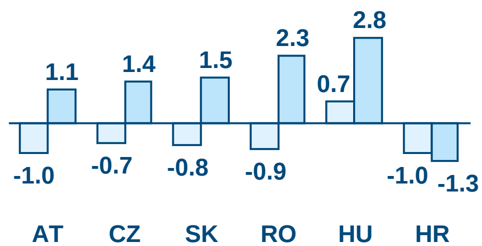
Business environment -
Visible macroeconomic improvement across the CEE region

2013
2014

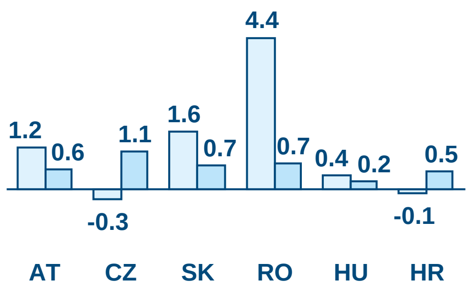
Real GDP growth (in %)



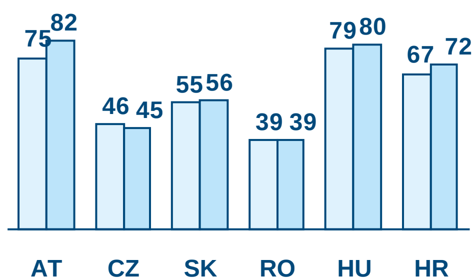
Dom. demand contribution* (in %)



Net export contribution* (in %)



Public debt (% of GDP)



- CEE economies performed better than expected in Q1 2014 with industrial output being the bright spot
  - Positive outlook for 2014 supported by Q1 GDP data: AT (+0.3%), CZ (+2.0%), RO (+3.9%); SK (+2.4%); HU (+3.5%)
  - 2014 GDP yoy estimates improved across the CEE region as economies remained driven by exports with visible improvement in domestic demand
- 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

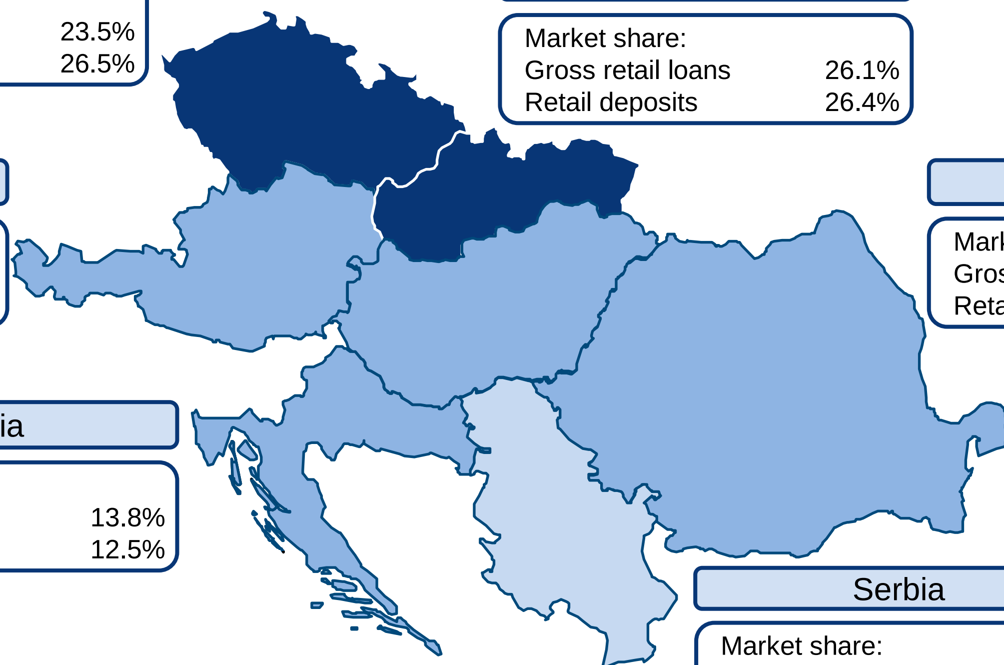
* Contribution to real GDP growth. Domestic demand contribution includes inventory change. Source: Erste Group Research, EU Spring Economic Forecast 2014.

Business environment –
Market shares gross retail loans and retail deposits

Market share 20-30%

Market share 10-20%

Market share <5%



Czech Republic

Market share:	
Gross retail loans	23.5%
Retail deposits	26.5%

Slovakia

Market share:	
Gross retail loans	26.1%
Retail deposits	26.4%

Austria

Market share:	
Gross retail loans	19.0%
Retail deposits	18.1%

Romania

Market share:	
Gross retail loans	17.8%
Retail deposits	17.3%

Croatia

Market share:	
Gross retail loans	13.8%
Retail deposits	12.5%

Hungary

Market share:	
Gross retail loans	15.3%
Retail deposits	6.5%

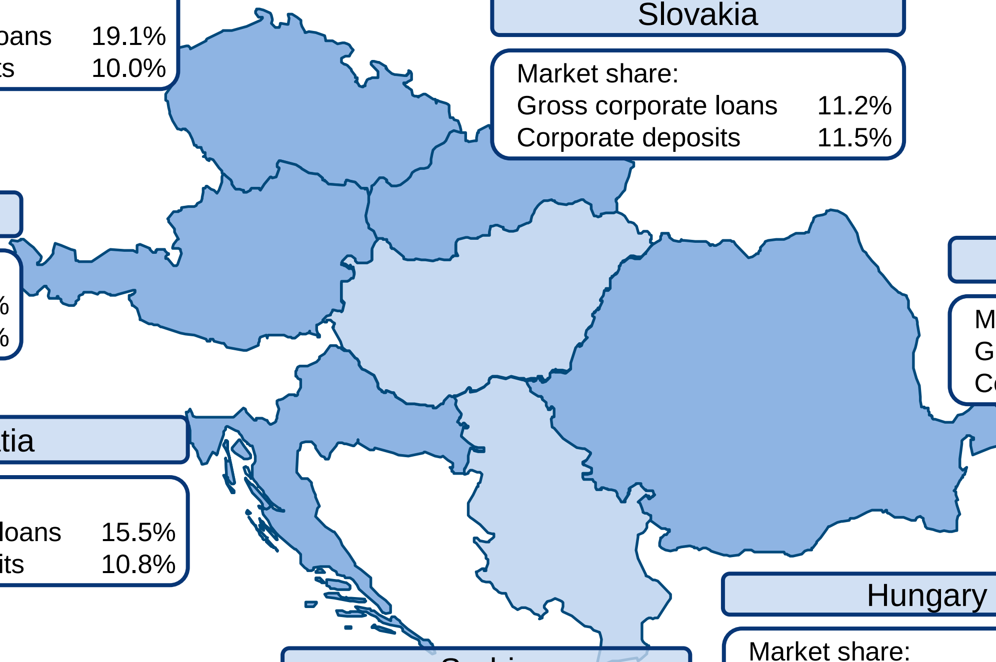
Serbia

Market share:	
Gross retail loans	3.5%
Retail deposits	2.9%

Market shares as of 05/2014, AT market shares as of 03/2014, RO market shares as of 06/2014.

Business environment –
Market shares: gross corporate loans and corporate deposits

Market share	10-20%
Market share	<10%



Czech Republic

Market share:	
Gross corporate loans	19.1%
Corporate deposits	10.0%

Slovakia

Market share:	
Gross corporate loans	11.2%
Corporate deposits	11.5%

Austria

Market share:	
Gross corporate loans	17.4%
Corporate deposits	19.6%

Romania

Market share:	
Gross corporate loans	19.6%
Corporate deposits	14.0%

Croatia

Market share:	
Gross corporate loans	15.5%
Corporate deposits	10.8%

Hungary

Market share:	
Gross corporate loans	6.0%
Corporate deposits	6.3%

Serbia

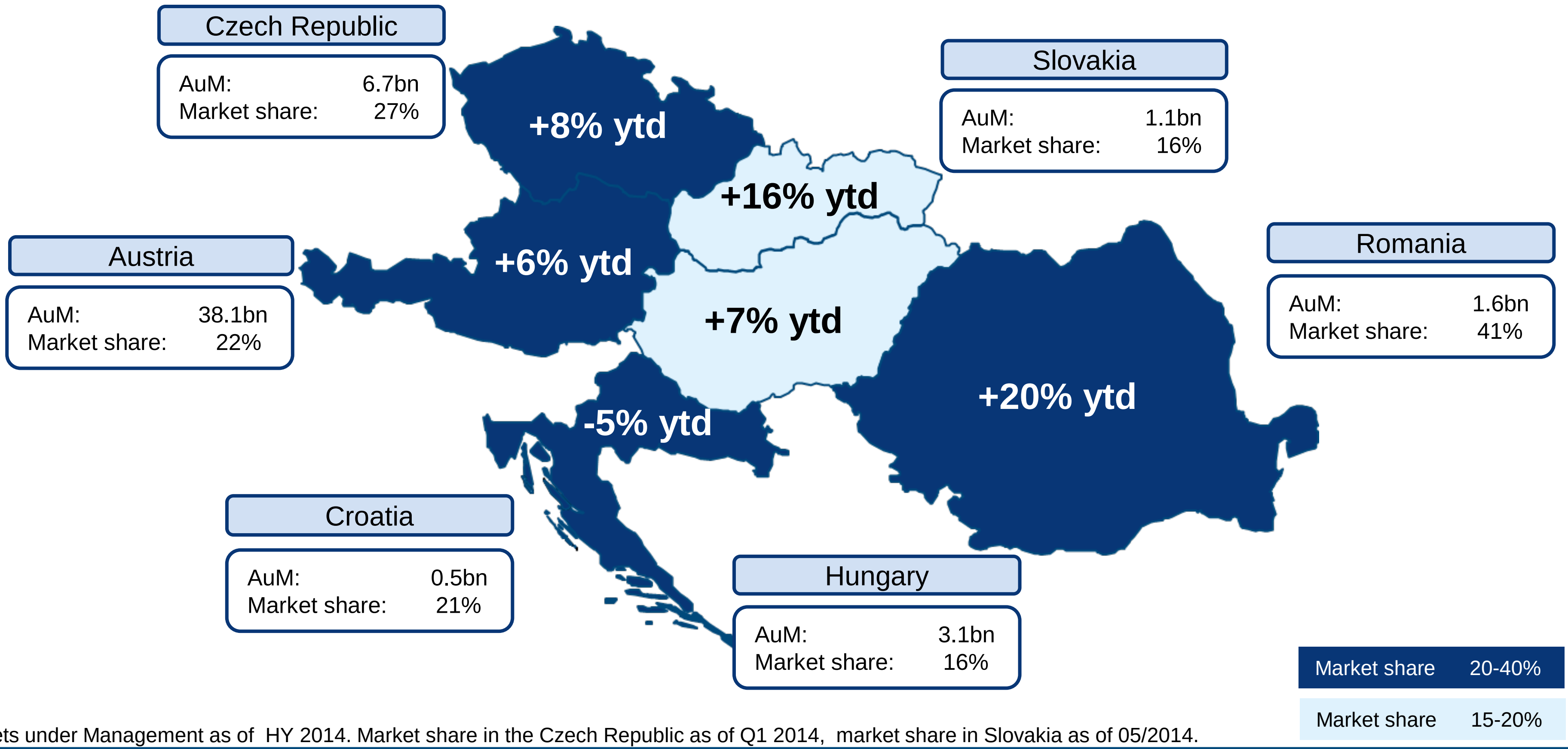
Market share:	
Gross corporate loans	2.8%
Corporate deposits	4.3%

Market shares as of 05/2014, AT market shares as of 03/2014, RO market shares as of 06/2014.

Assets under Management grew by 7% YTD

Erste Group manages EUR 50.5 bn assets across CEE; strong ytd growth in RO and SK

Assets under Management
(in EUR mn; as of HY 2014)



Assets under Management as of HY 2014. Market share in the Czech Republic as of Q1 2014, market share in Slovakia as of 05/2014.

Private banking assets in CEE grew by almost 40% since 2010

Erste Group manages EUR ~15 bn assets in its Private banking division