Erste Group investor presentation
FY 2014 preliminary results

27 February 2015

Erste Group closes 2014 with profitable quarter as loan growth re-emerges, asset quality improves and capital position strengthens; outlook confirmed

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ERSTE Group

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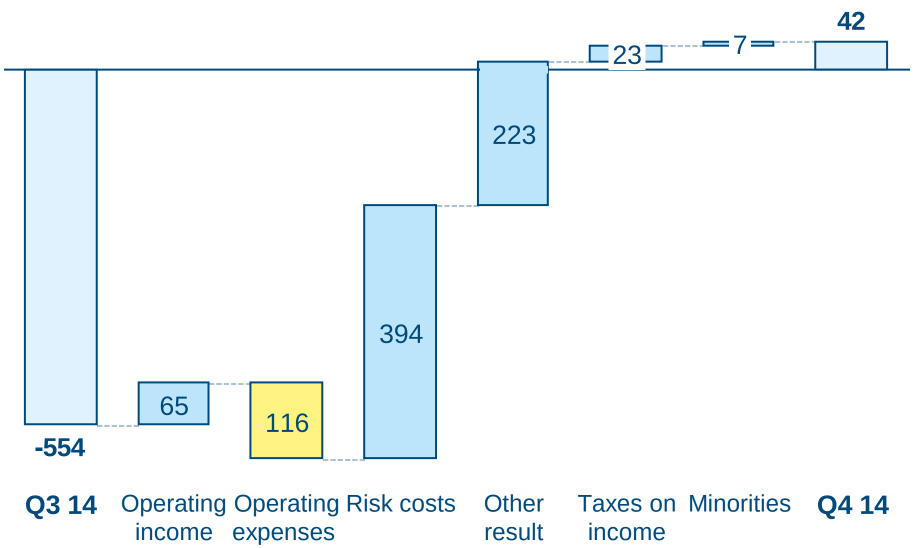
Presentation topics

- Executive summary
- Business environment
- Business performance
- Assets and liabilities
- Outlook
- Additional information

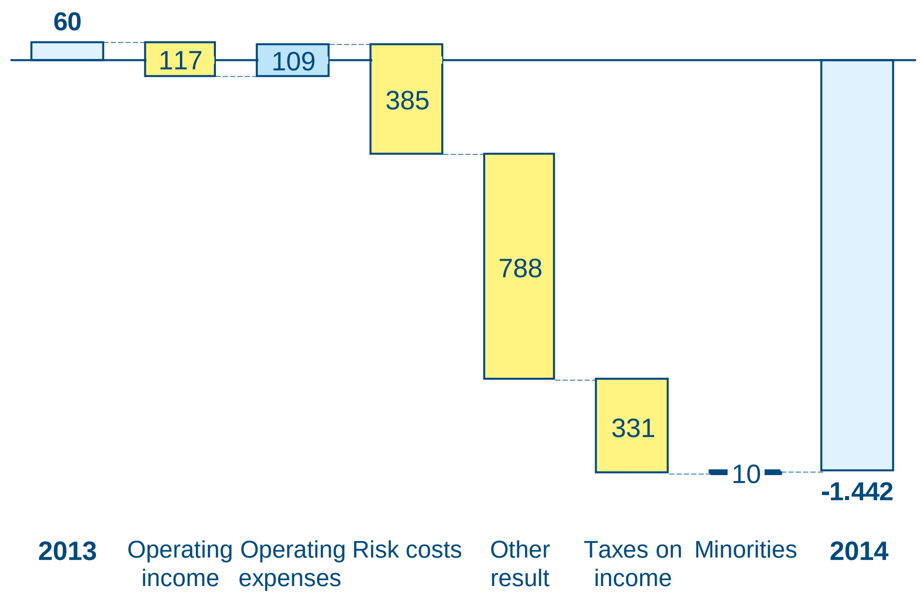
Executive summary –
Group income statement performance: return to profitability in Q4 14

QoQ net profit reconciliation (EUR m)



- Erste Group returns to profit in Q4 14, despite negative one-offs in the amount of EUR 130.2m pretax (goodwill, DTA changes, costs)
- Main qoq improvement drivers are reductions in risk costs and other result, mainly due to lower one-offs compared to Q3 14
- Seasonally higher operating expenses in Q4 14, impacted by one-off expense for partial retirement in the amount of EUR 21.5m

YoY net profit reconciliation (EUR m)



- Full-year loss driven exclusively by one-off intangible write-downs in RO, HR, AT; consumer loan law impact in HU; higher risk costs in RO and negative change in deferred taxes in Austrian tax group
- Stable operating performance due to lower costs and strong operating performance in Austria

Executive summary –
Group income statement performance: 2014 one-off summary

One-offs with effect on regulatory capital

- Additional risk provisions of about EUR 400m in Romania
  - Fully funding accelerated legacy NPL resolution
  - Booked in risk costs of Retail, SME and CRE segments (BL) and Romania segment (geo)
- Hungary: consumer loan law (bid-/ask-spread, unilateral interest and fee changes) and FX conversion net impact of EUR -312.2m
  - Booked in other operating result (EUR -336.8m), net trading result (EUR +32.4m) and NII (EUR -7.8m)
  - Conversion executed at market rates; no negative impact from CHF appreciation in January 2015
- Negative change in deferred taxes (net) of EUR 197.0m
  - Minor impact of -13 and -22bps in fully-loaded and phased-in scenario
  - Accounting standard-induced booking, under Austrian tax regulation tax losses can be carried forward indefinitely
  - Total deferred tax assets amount to only EUR 301m
- Banking taxes and FTT of EUR 256.3m
  - Banking taxes of EUR 210.0m (AT, HU, SK)
  - Financial transaction tax of EUR 46.3m in HU

One-offs with no effect on regulatory capital

- Write-down of intangible assets related to Romania
  - Write-down of full remaining goodwill of EUR 319.1m
  - Write-down of full value of customer relationships and brand of EUR 489.8m
  - Booked in other operating result of Group Corporate Center (BL) and Other segment (geo)
- Write-down of full remaining goodwill related to Croatia and minor participations
  - Total impact of EUR 155.9m
  - Booked in other operating result of Group Corporate Center (BL) and Other segment (geo)

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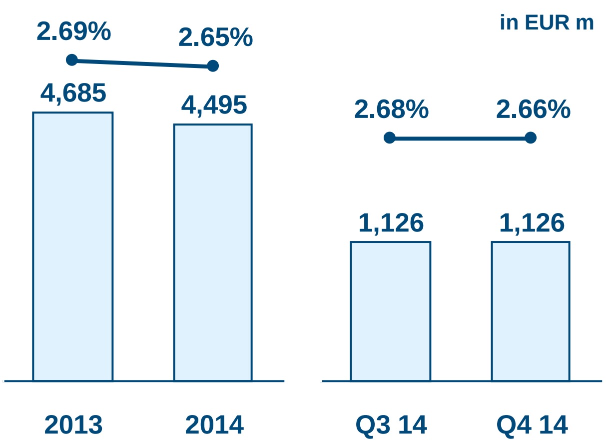
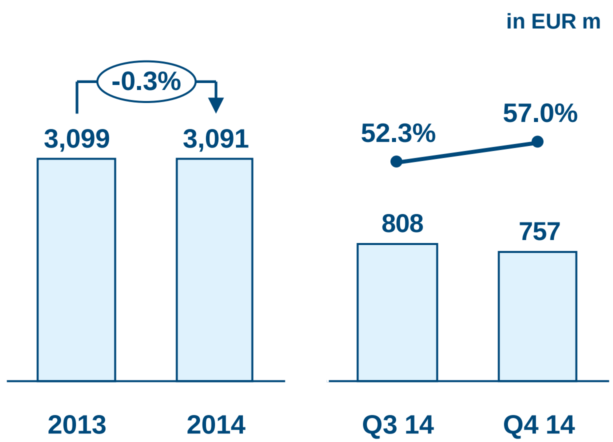
Executive summary –
Key income statement data

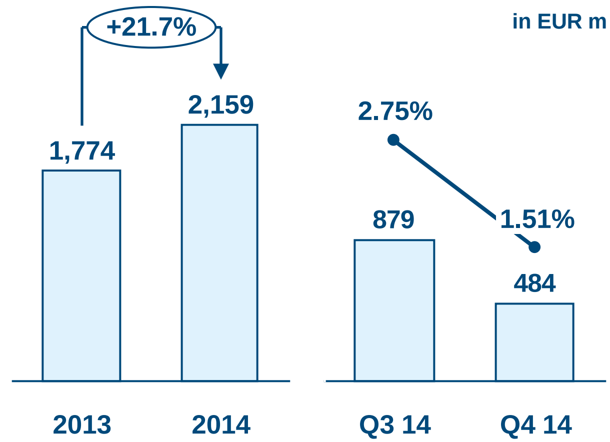
Net interest income & margin



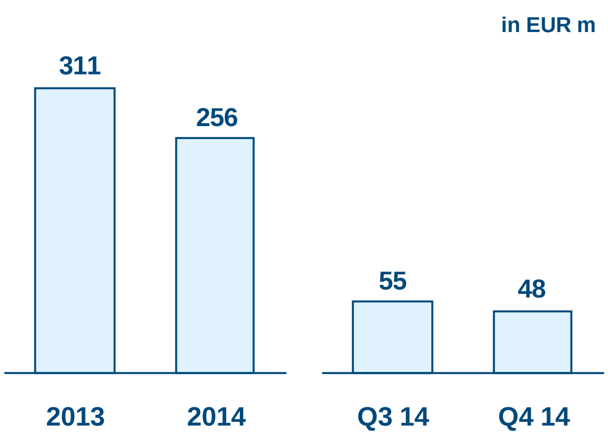
Operating result & cost/income ratio



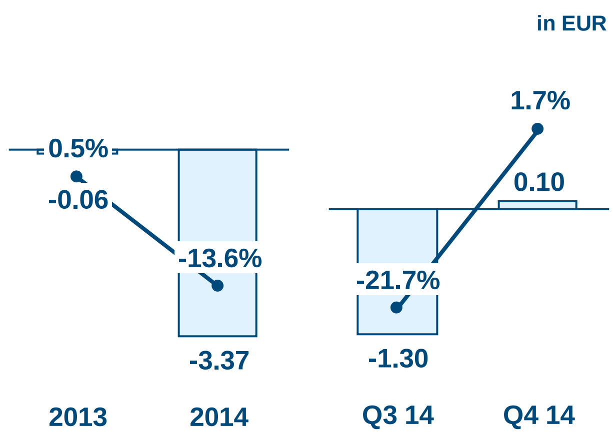
Cost of risk



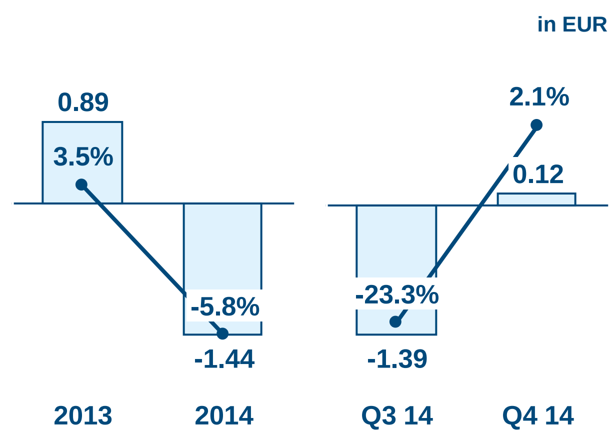
Banking levies



Reported EPS & ROE



Cash EPS & cash ROE



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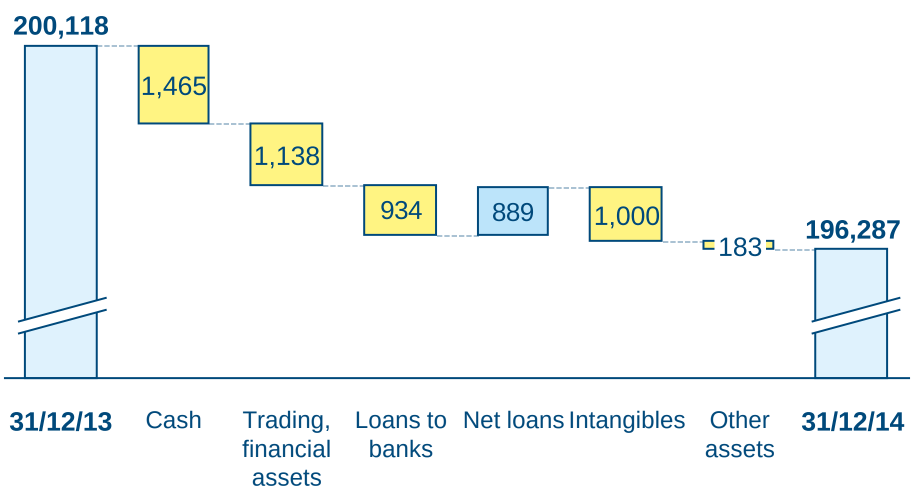
Executive summary –

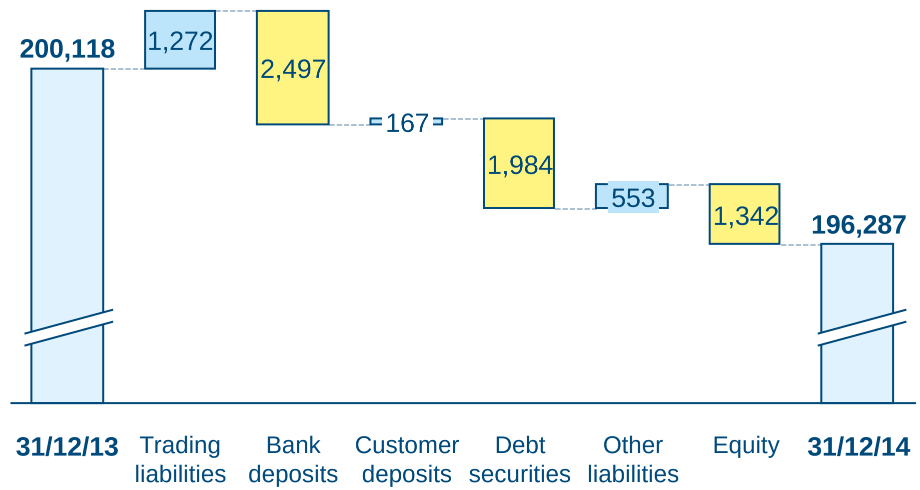
Group balance sheet performance: net loans grow for the first time since 2011

YTD total asset reconciliation (EUR m)



- Slight decline in balance sheet total by 1.9%
- Lower cash position driven by reduced placements with ECB resulting from negative interest rate introduction
- Increase in net customer loans despite significant decline in RO, HU, thanks to loan growth in AT, SK retail business lines
- Lower intangibles due to significant write-downs, mainly related to RO, also AT and HR

YTD equity & total liability reconciliation (EUR m)

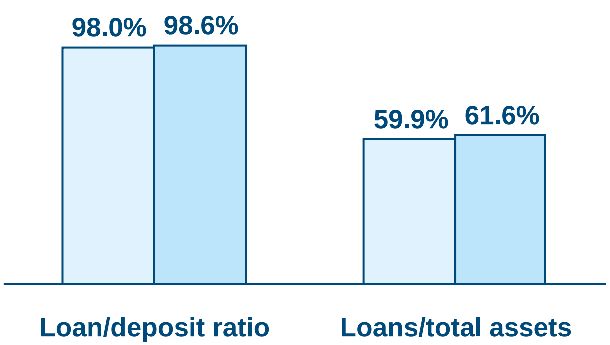


- Slight increase in customer deposits despite final deconsolidation of Czech pension fund (EUR 1.8bn), significant deposit inflows in most geographies
- Increase in trading liabilites driven by derivatives' fair value increase
- Lower debt securities due to maturities of unsecured bonds

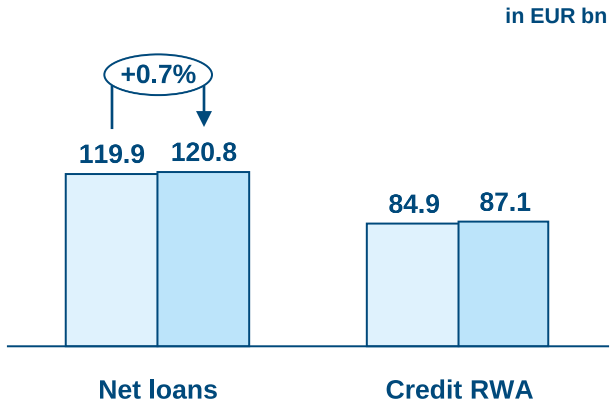
Executive summary – Key balance sheet data

31/12/13
31/12/14

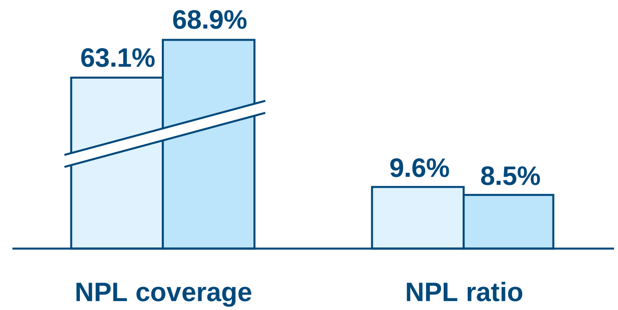
Loan/deposit & loan/TA ratio



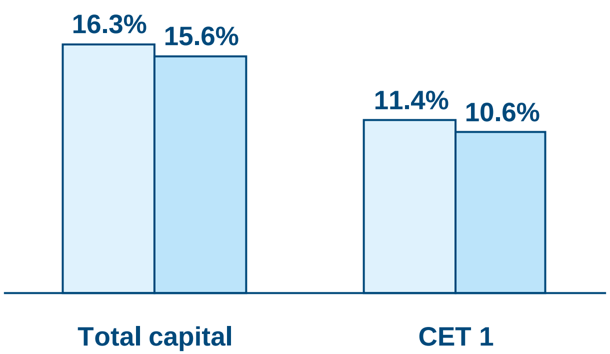
Net loans & credit RWA*



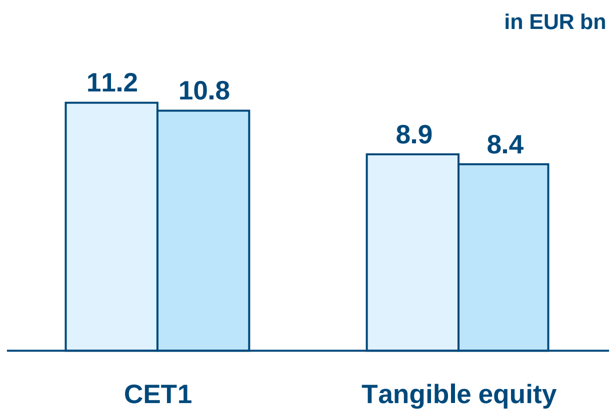
NPL coverage ratio & NPL ratio



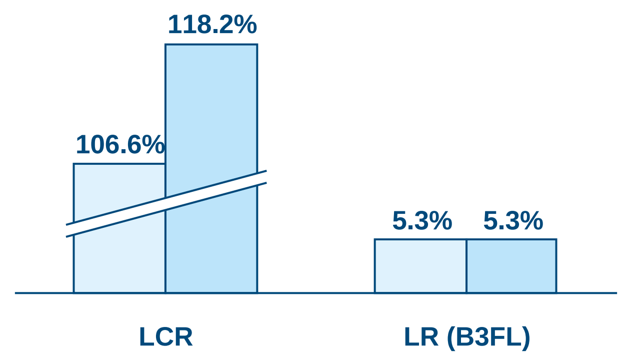
B3FL capital ratios*



B3FL capital* & tangible equity



Liquidity coverage & leverage ratio*



* Dec 13 pursuant to Basel 2.5; B3FL = Basel 3 fully loaded .

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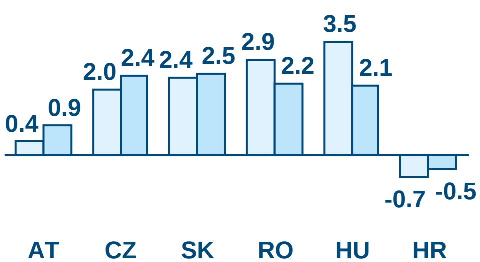
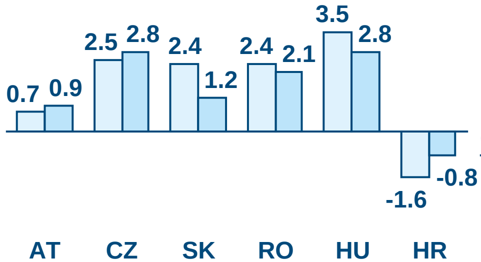
Business environment –
Improved domestic demand expected to drive economic growth in 2015

2014
2015

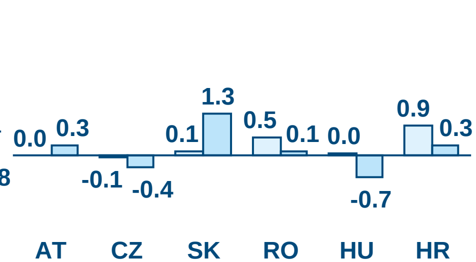
Real GDP growth (in %)



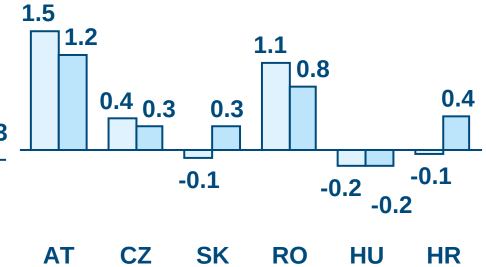
Dom. demand contribution* (in %)



Net export contribution* (in %)

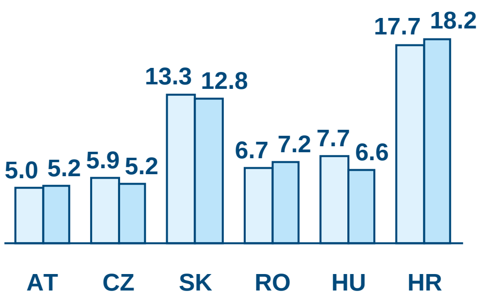


Consumer price inflation (ave, in %)

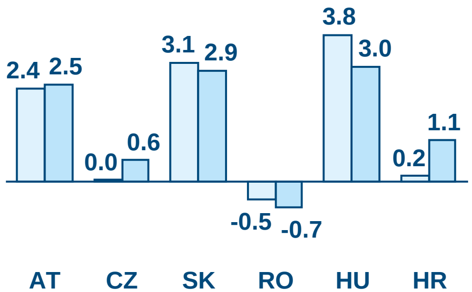


- CEE economies grew faster than the euro zone in Q4 2014 (euro zone GDP grew by 0.9% yoy in Q4)
  - Positive outlook for 2015 supported by Q4 GDP data: AT (0.0%), CZ (+1.3%), RO (+2.5%), SK (+2.4%), HU (+3.4%)
  - Domestic demand has visibly improved across the region while exports are supported by improving German economy (+1.5% yoy in Q4)

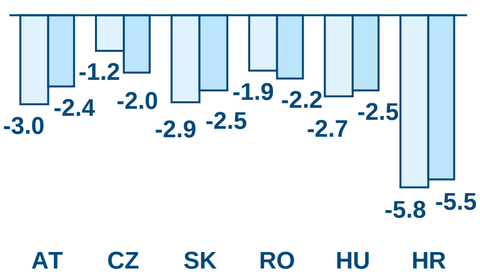
Unemployment rate (eop, in %)



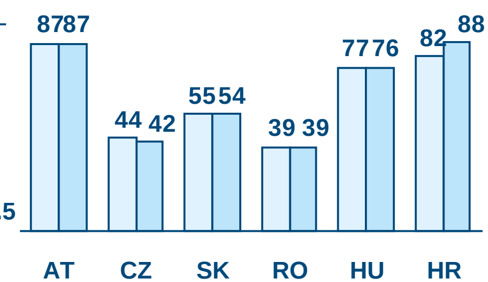
Current account balance (% of GDP)



Gen gov balance (% of GDP)



Public debt (% of GDP)



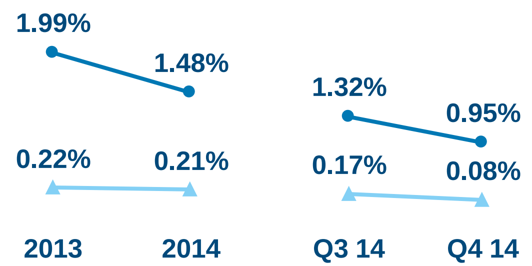
- Solid public finances across Erste Group‘s core markets
- Sustainable current account balances, supported by competitive economies with lower unemployment rates

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

Business environment –
Historic low interest rate environment poses challenges

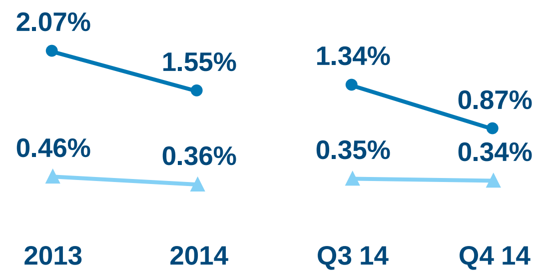
3M Interbank
10YR GOV

Austria



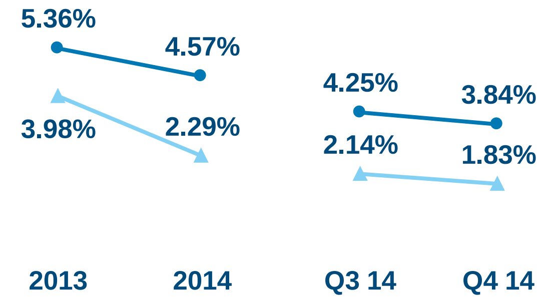
- ECB cut discount rate to 0.05% in Sept 14
- Maintains expansionary monetary policy stance

Czech Republic



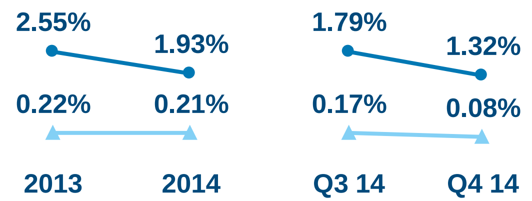
- National bank maintains ultra-low interest rates since November 2012 at 0.05%

Romania



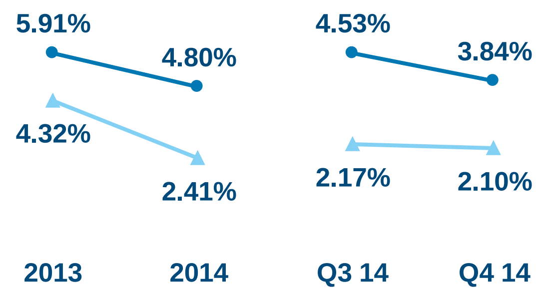
- Central bank cut policy rate to historic low of 2.25% in January 2015; continuation of easing cycle expected

Slovakia



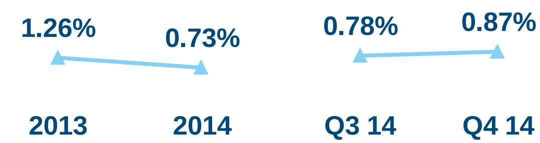
- As part of euro zone ECB rates are applicable in SK

Hungary



- MNB concluded easing cycle in July 2014 after cutting base rate to historic low of 2.1%; ECB QE could result in further cuts

Croatia

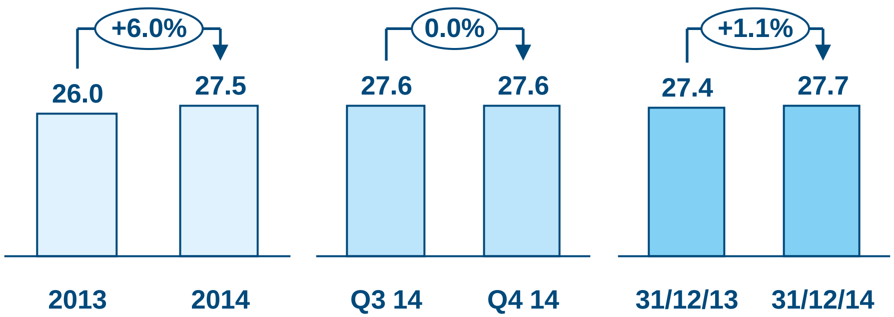


- Central bank maintains discount rate at 7.0% since mid-2011

Source: Bloomberg.

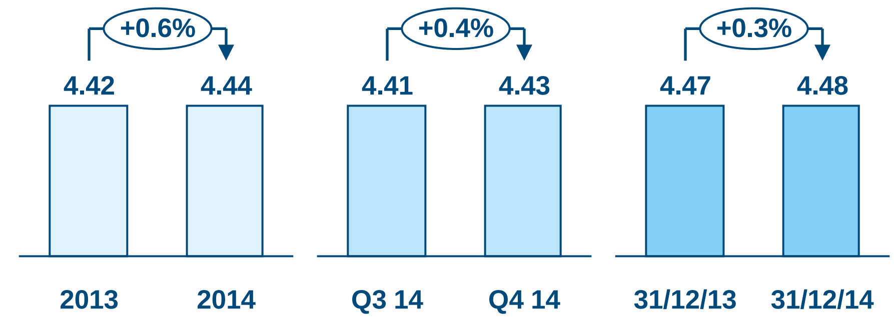
Business environment –
Limited currency volatility in CEE

EUR/CZK



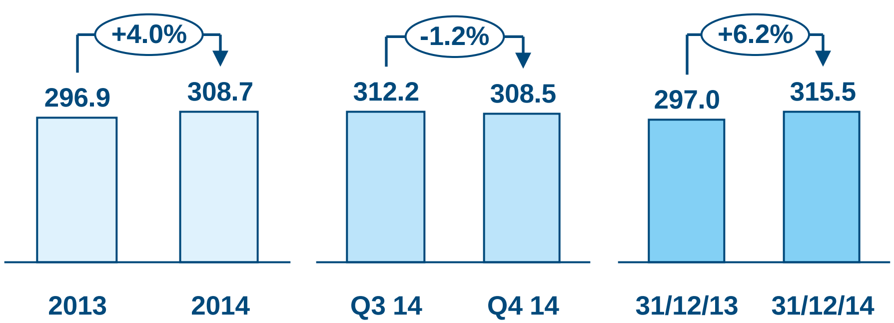
- YOY depreciation of CZK self-induced by national bank in order to jump-start economy and domestic demand in particular
- 2014 development marked by stability

EUR/RON



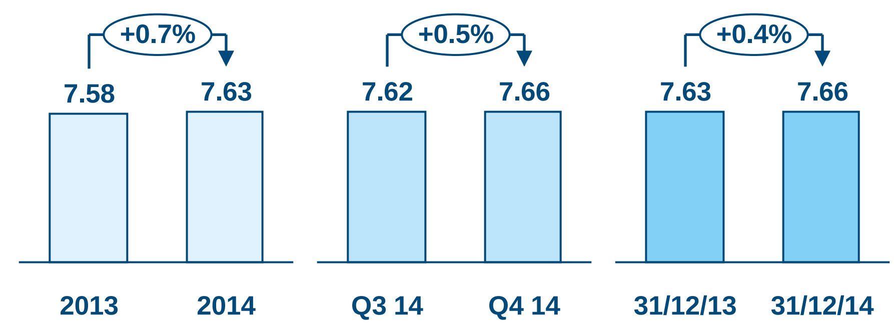
- RON movements marked by limited volatility

EUR/HUF



- YOY depreciation driven by interest rate easing cycle; qoq improvement due to better economic fundamentals

EUR/HRK



- Strong grip of national bank on HRK is reflected in lack of volatility

Source: Bloomberg.

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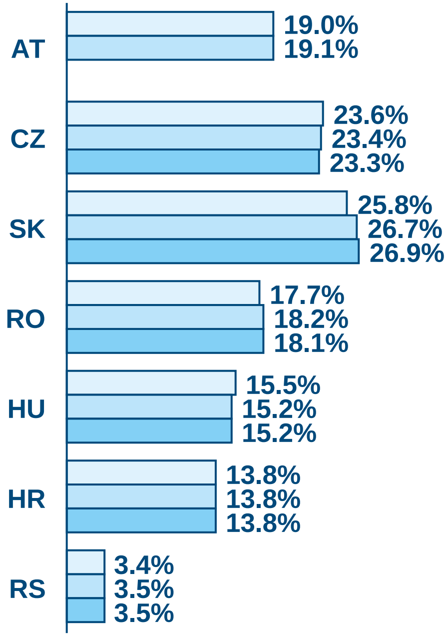
Business environment –

Market shares: stability in AT, CZ and SK, challenges in RO, HU

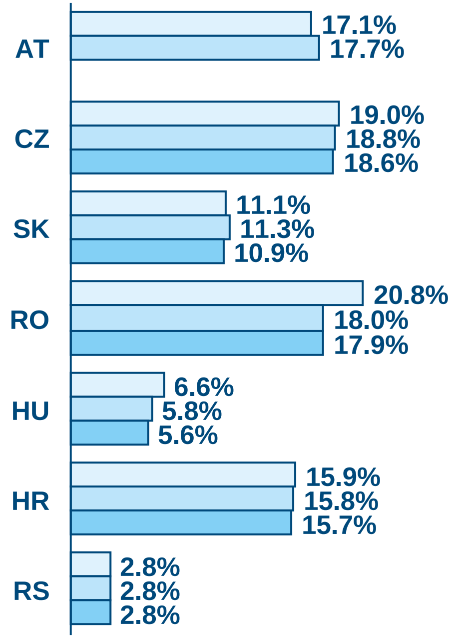
31/12/13
30/09/14
31/12/14

Gross retail loans



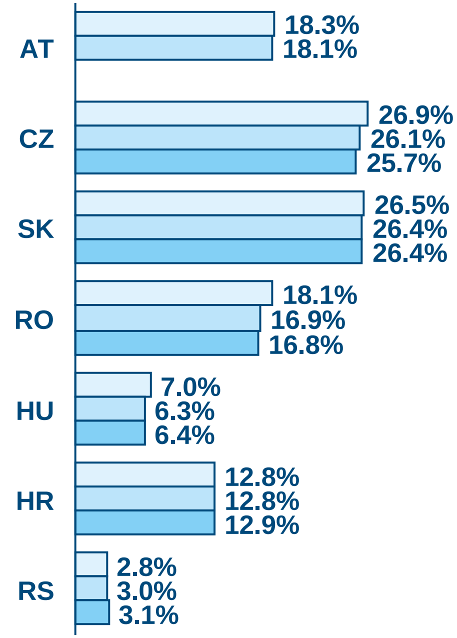
- RO: continued rise in new business volumes (Q4 14: EUR 259m, +39.9% yoy)
- HU: market share development is a function of legacy FX business
- SK: market share gains in a growing market

Gross corporate loans



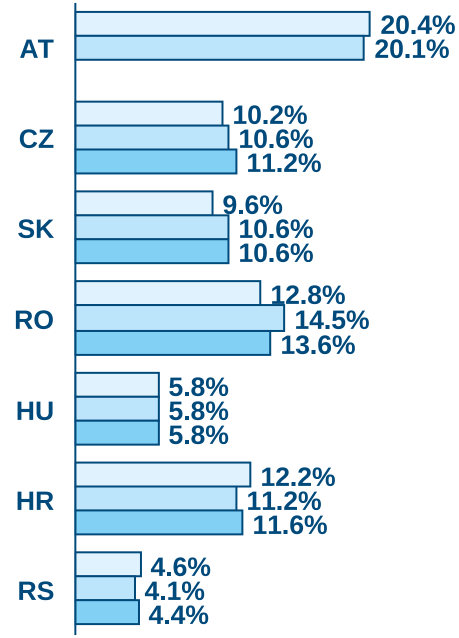
- AT: higher volumes in the Savings banks
- RO: selective lending policy with focus on quality customers and NPL sales
- HU: portfolio concentration to preferred sectors

Retail deposits



- RO: declining markets share mainly due to deposit repricing
- HU: focus also on alternative savings products such as investment funds where EBH has double-digit market share

Corporate deposits



- SK: successful acquisition of new clients
- RO: continued corporate deposit inflows
- HU: reviewing deposit repricing

AT market shares for 31/12/2014 not yet available

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Presentation topics

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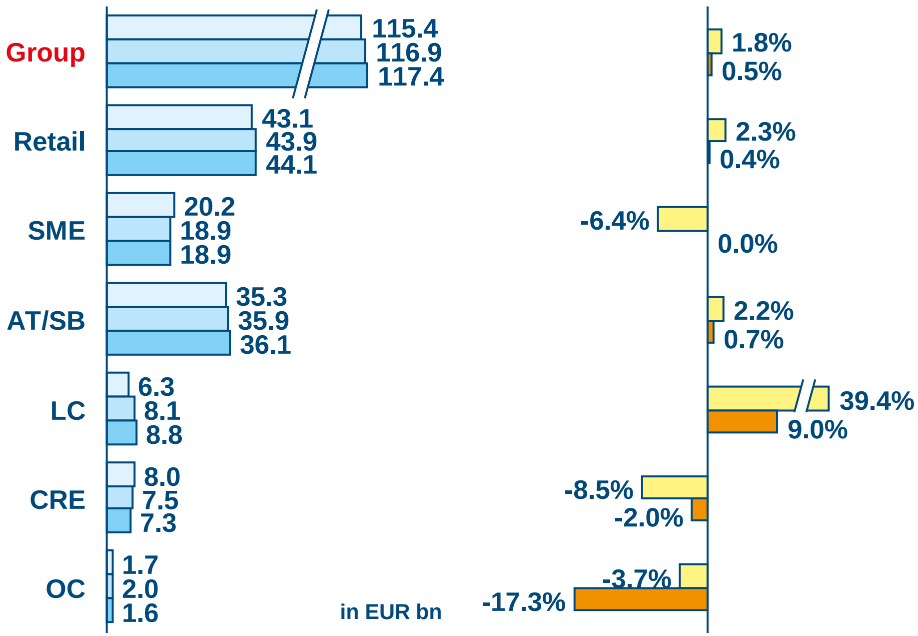
Business performance: performing loan stock & growth – Third consecutive quarter in performing loan growth

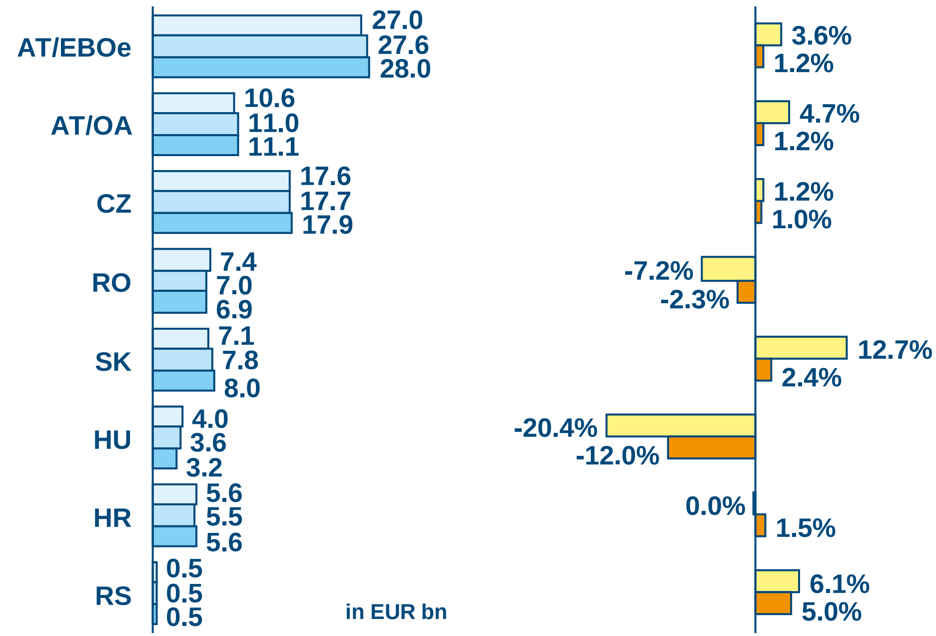
YoY | QoQ | 31/12/13 | 30/09/14 | 31/12/14

Business line view (BL)



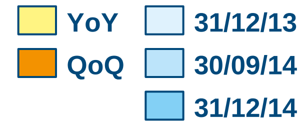
- Third consecutive quarter with rising performing loans due to good performance in Retail and AT/SBs business lines
- SME. LC, OC: reallocation of about EUR 1.5bn of performing loans from SME to LC as per 1 Jan 2014 distorts yoy comparison, as does EUR 1.0bn shift from LC to OC as per 31 Dec 2013
- CRE: visible deleveraging yoy and qoq

Geographic view (geo)

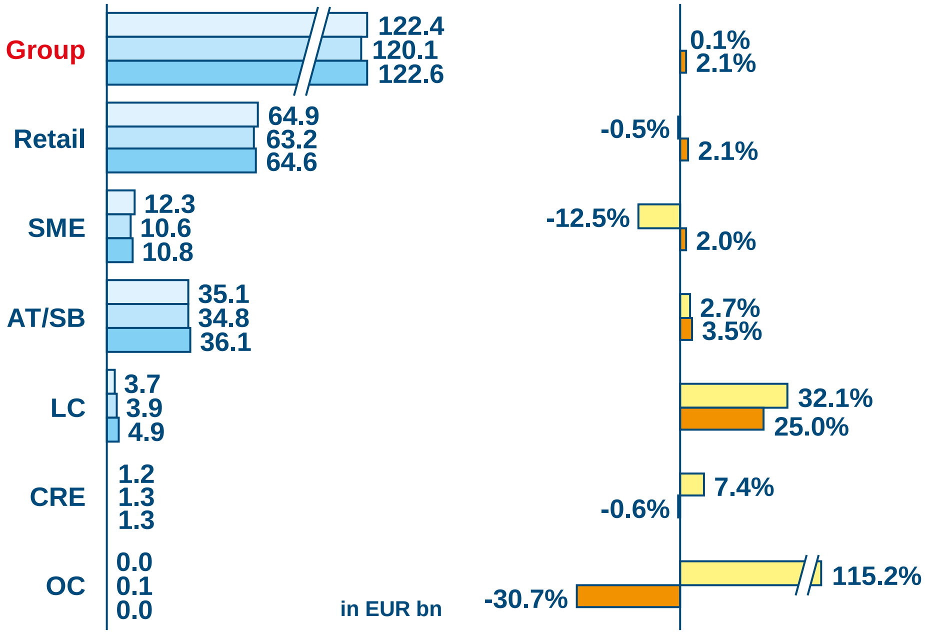


- RO: stable development qoq, deleveraging yoy driven by SME
- Consistent strong performance of SK on the back of stronger demand for consumer and mortgage loans
- HU: qoq decline exclusively attributable to FX retail loan conversion
- AT/OA: qoq and yoy increase driven by Large Corporate business line

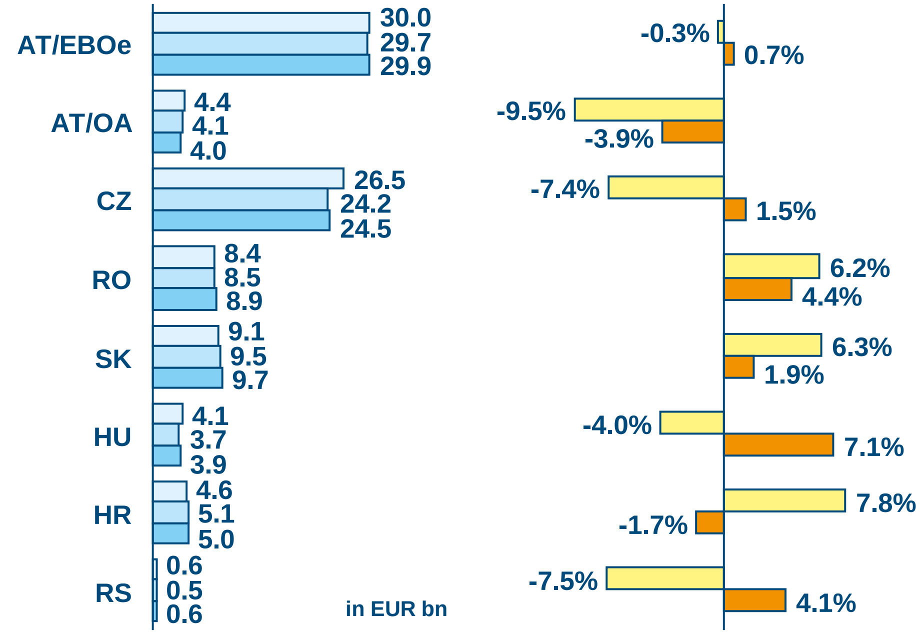
Business performance: customer deposit stock & growth – Rise in deposits despite EUR -1.8bn CZ one-off



Business line view



Geographic view



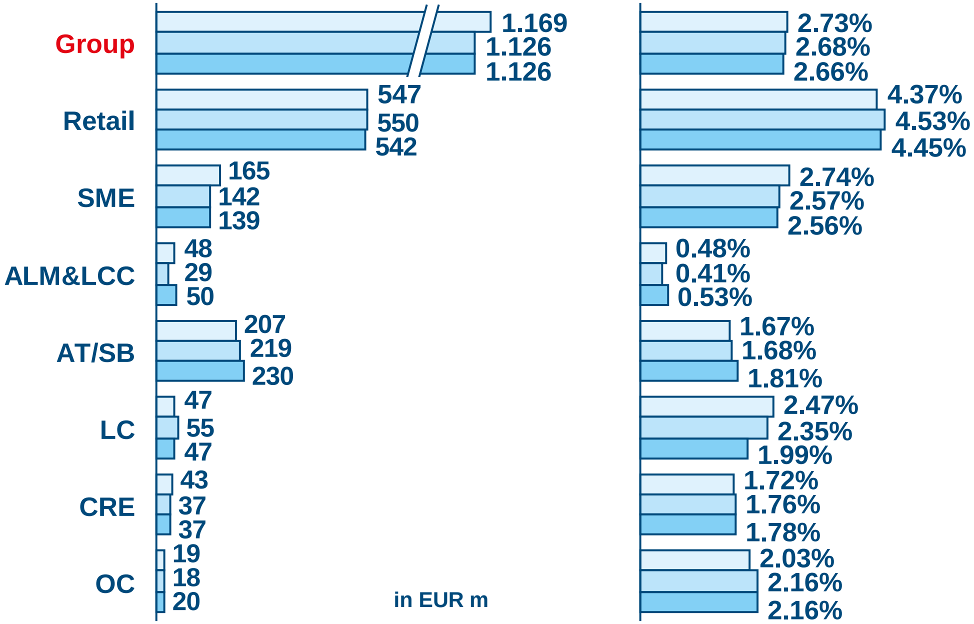
- Deposit inflows (+ EUR 2.0bn) remain strong amid EUR -1.8bn one-off related to final deconsolidation of Czech pension fund
- Retail: EUR 0.3bn yoy decline is overstated by EUR 1.8bn due to final deconsolidation of Czech pension fund (allocated to Retail)
- Shift from SME to LC distorts comparison

- RO: strong deposit performance driven by all business lines
- CZ: underlying trend stable (see left side explanation)
- AT/EBOe: yoy slight decline driven by Retail business line due to liability repricing with positive margin effect; up qoq
- HU: yoy decline in Hungary due to corporate deposit outflows and shift from retail deposits into asset management

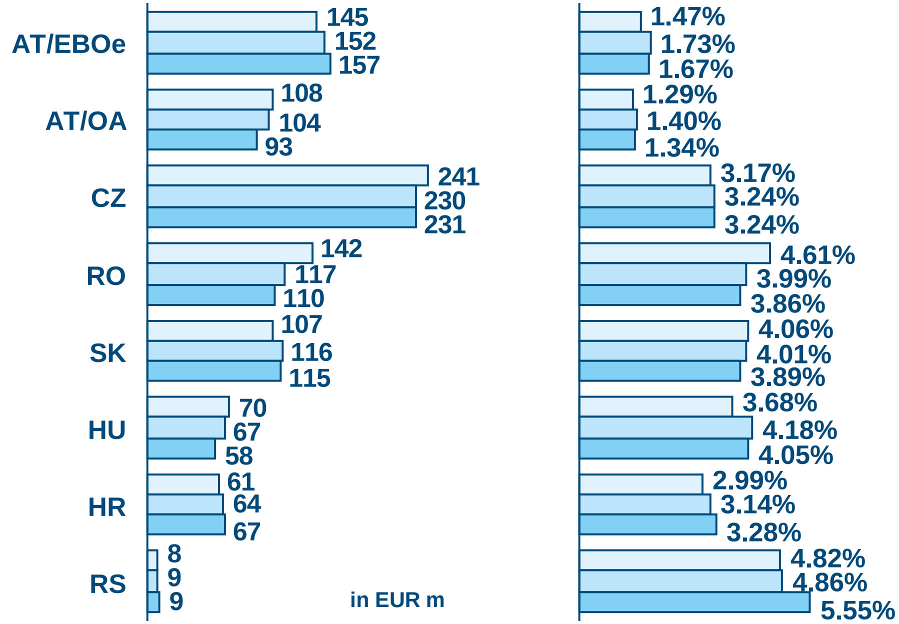
Business performance: NII and NIM –
NII stable qoq, down yoy on RO, HU and CZK effect

Q4 13
Q3 14
Q4 14

Business line view



Geographic view



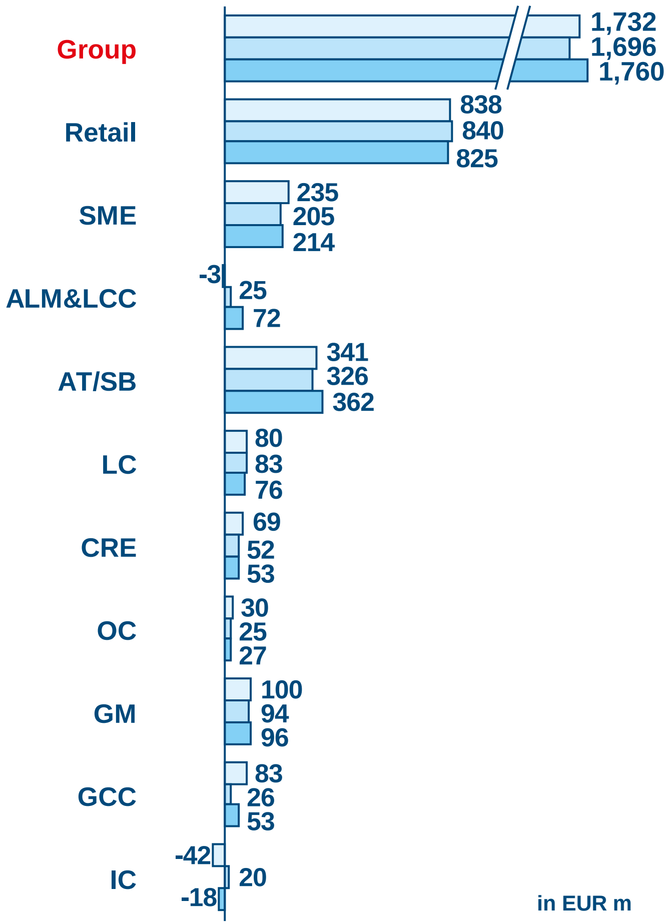
- Group NII down yoy mainly due to lower volumes & margins in RO and FX effects in CZ
- Retail: almost flat yoy and qoq, as decline in BCR (unwinding), still shrinking business in HU and FX impact in CZ are offset by strong development in EBOe and savings banks (repricing), as well as expanding loan volumes in SK (yoy)
- SME, LC: yoy NII impacted by reallocation from SME to LC

- RO: yoy and qoq decrease driven by significantly lower average loan volumes, compounded by margin compression as a result of lower interest rates and lower unwinding impact
- AT/EBOe: yoy up due to deposit repricing, qoq increase due to negative one-off in Q3 14
- CZ: yoy decline in NII mainly on FX effects, despite higher mortgage volumes

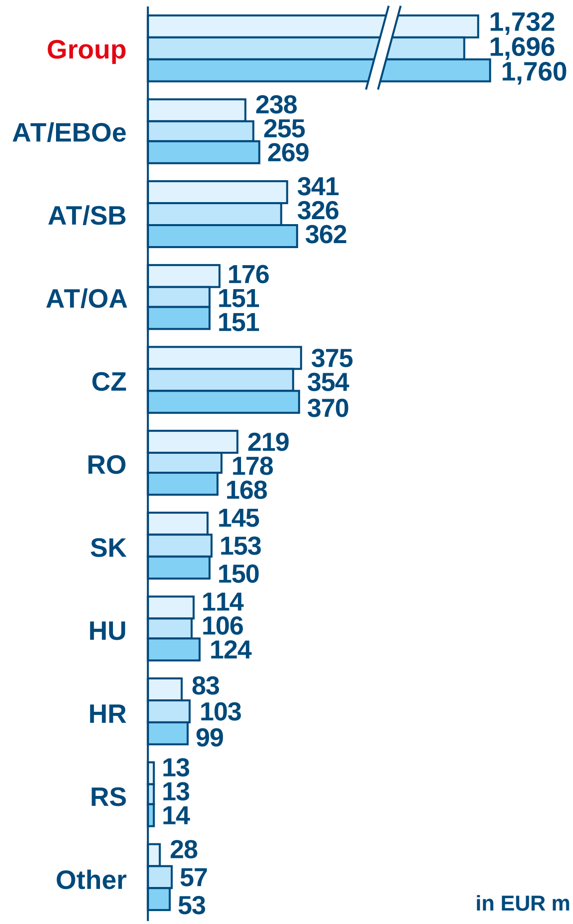
Business performance: operating income –
Operating income rises on strong fees and trading result

Q4 13
Q3 14
Q4 14

Business line view



Geographic view



Highlights

- Increase (yoy and qoq) in group operating income driven by strong fee performance in Q4 14 and higher net trading and fair value result

- ALM&CC: qoq increase driven mainly by FX conversion related one-off of EUR 32.4m in HU; yoy increase driven mainly by valuation effects
- SME: yoy decline due to reallocation to LC
- SBs: qoq and yoy increase driven by fees (securities, insurance) and NII (deposit repricing)
- CRE: yoy decline driven by portfolio reduction and deconsolidation of leasing entities
- GCC (prior to intragroup elimination): yoy NII impacted by lower capital benefit from free capital, fee income down on higher fee expenses from internal service providers

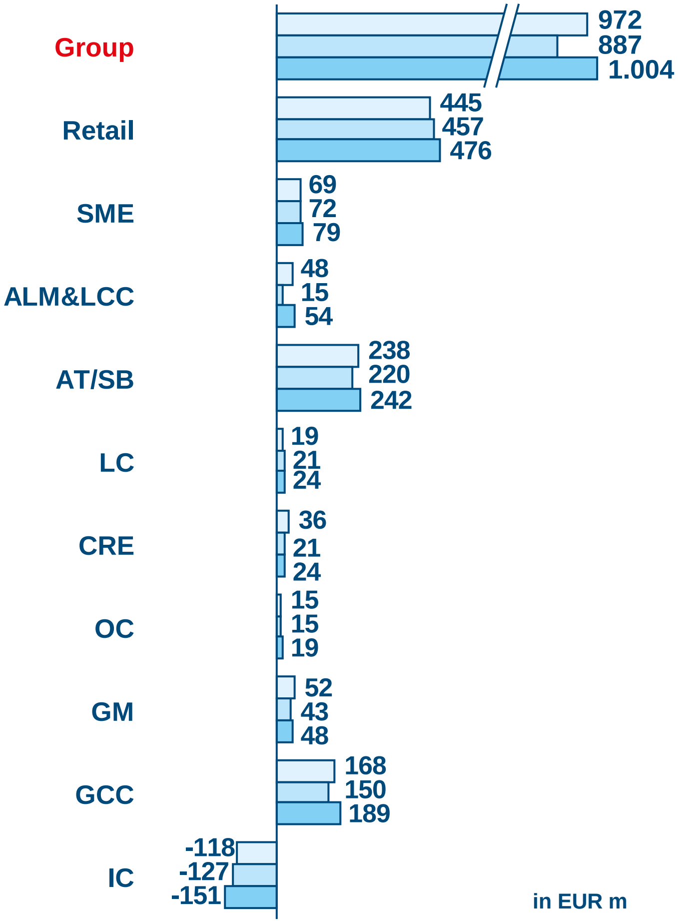
- AT/EBOe: up yoy on higher NII (deposit pricing), higher fee income due to merger with brokerjet, and payment and insurance fees; up qoq mainly on higher fee income
- CZ: qoq increase due to better fee income (asset management)
- RO: yoy and qoq decline due to NII (lower volumes, margins and lower unwinding), and lower fees on lower business volumes
- HU: yoy and qoq increase exclusively due to FX conversion related one-off of EUR 32.4m
- HR: yoy rise due to NII on lower funding costs

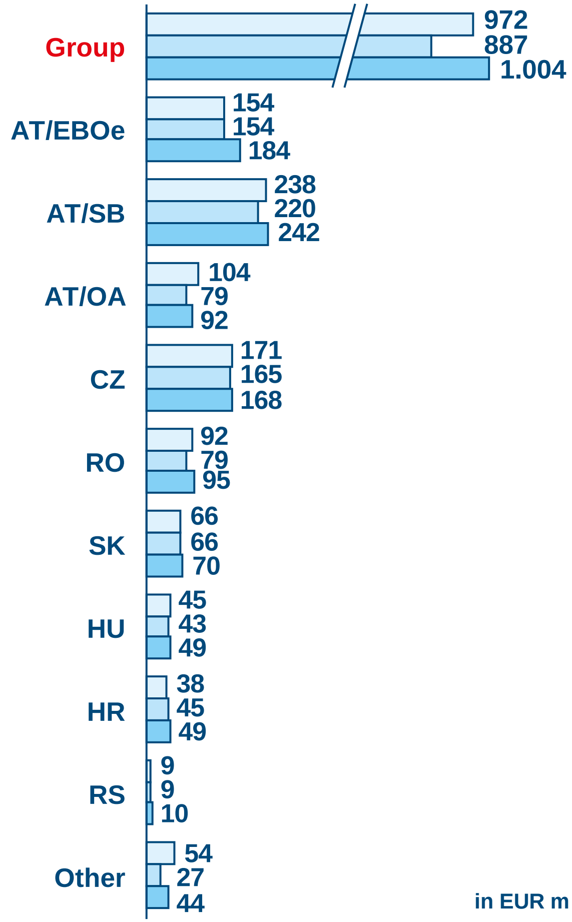
ERSTE Group

Business performance: operating expenses –
Seasonal cost updrift in Q4 slightly exaggerated

Q4 13
Q3 14
Q4 14

Business line view	Geographic view	Highlights





- Seasonally higher operating expenses in Q4 14, impacted by one-off partial retirement expense in the amount of EUR 21.5m

- Retail: qoq increase mainly due to seasonally higher costs in most countries; yoy rise due to higher deposit insurance contributions in SK
- SME: yoy increase due to leasing entity consolidation
- CRE: yoy decline driven by strict cost management and deconsolidation of leasing entities
- GCC (prior to intragroup elimination): qoq driven by seasonally higher costs in holding entity

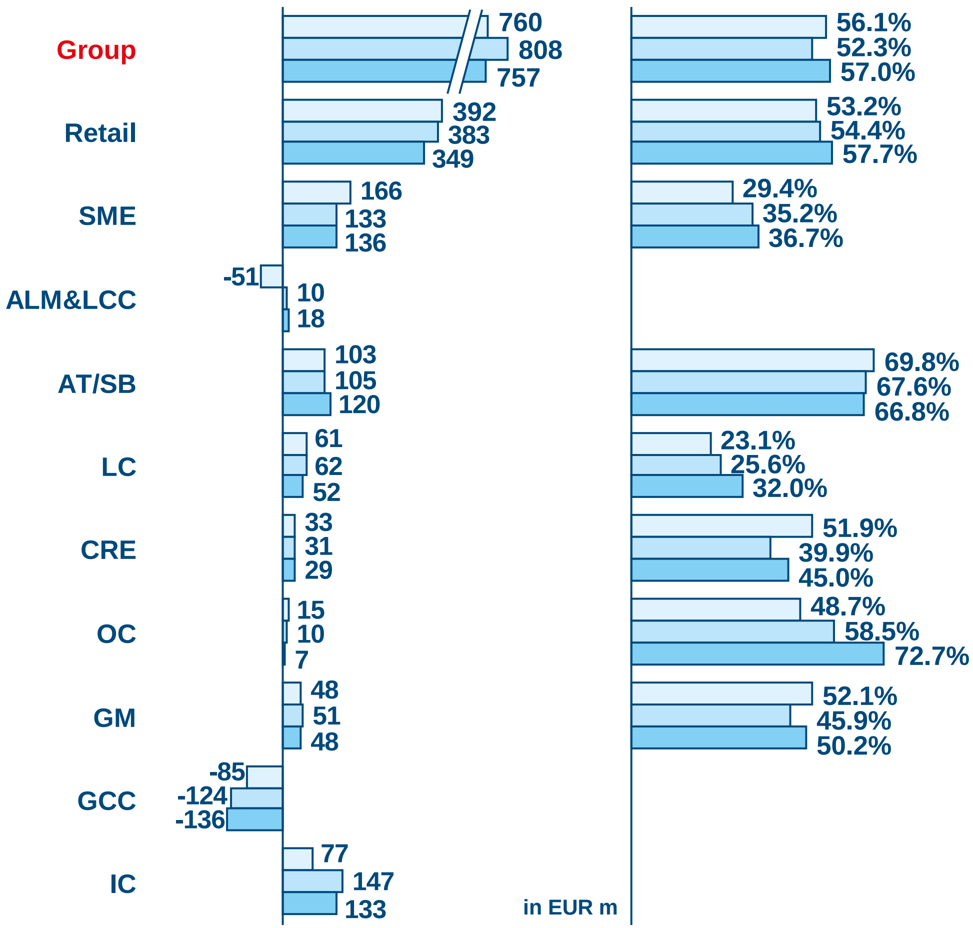
- AT/EBOe & AT/SB: strong qoq increase due to one-off partial retirement expense and seasonally higher marketing costs and personnel expenses
- AT/OA: down yoy on leasing entities deconsolidation effect, which increased costs in HR, qoq increase at Holding level
- RO: qoq increase due to higher consulting and IT costs
- HR: yoy increase due to consolidation of leasing entity; qoq increase due to IT costs
- Other: mirrors GCC and IC developments

ERSTE Group

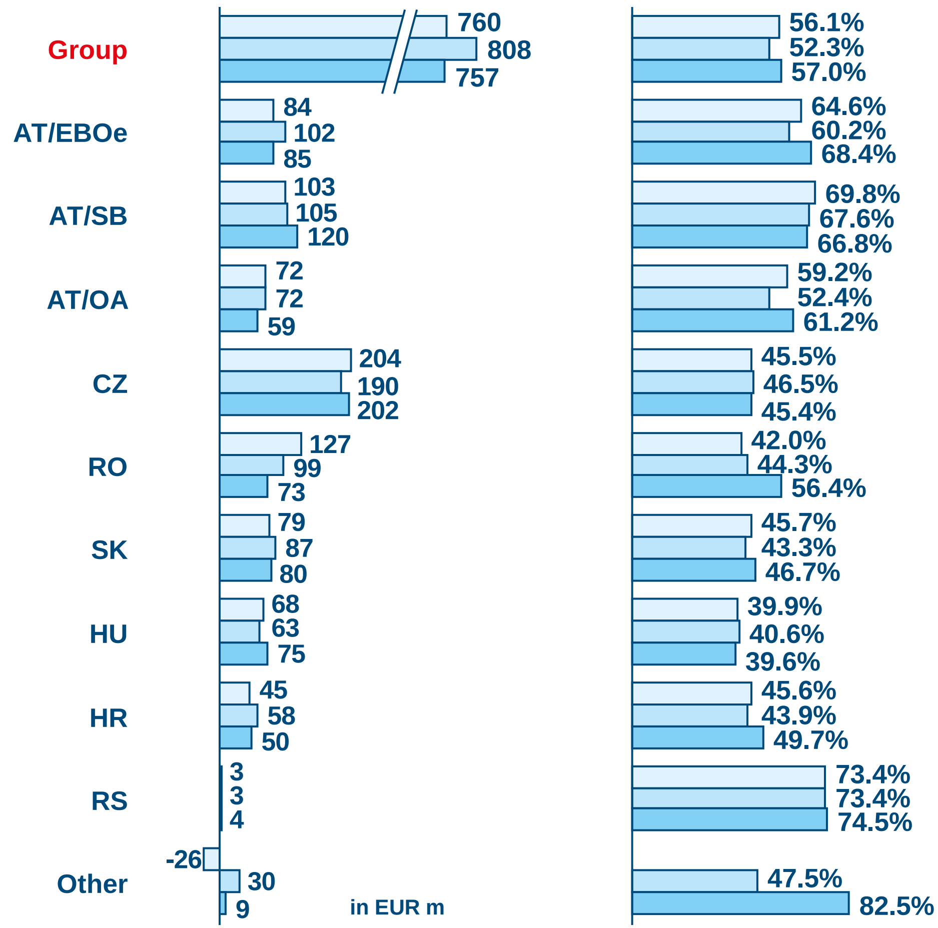
Business performance: operating result and CIR –
Operating result stable yoy

Q4 13
Q3 14
Q4 14

Business line view



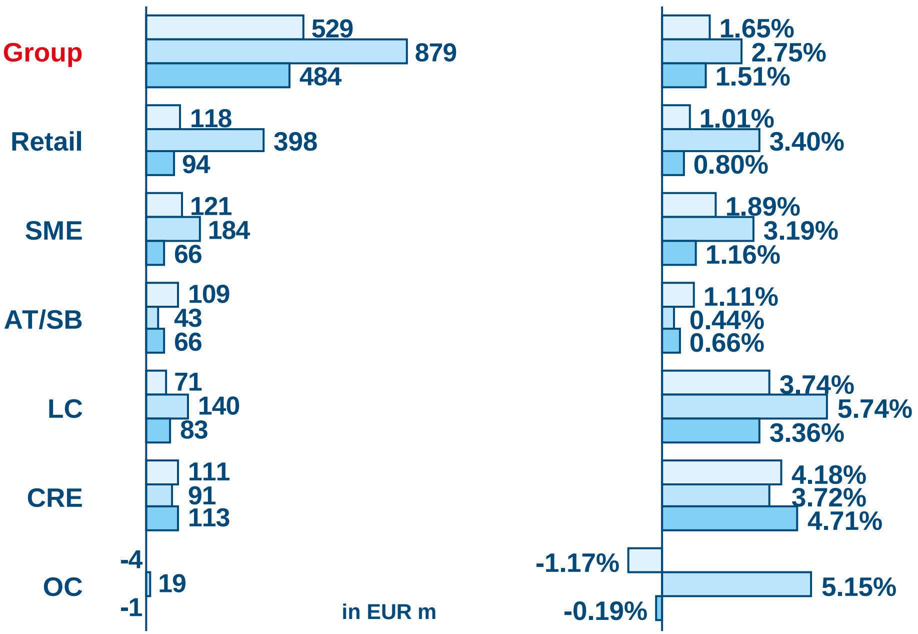
Geographic view



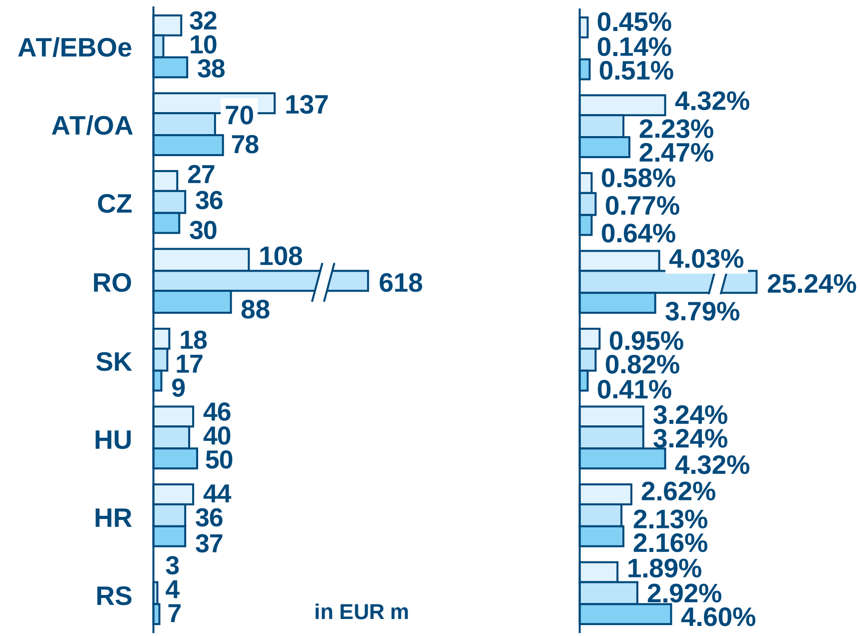
Business performance: risk costs (abs/rel*) –
Risk costs decline qoq and yoy

Q4 13
Q3 14
Q4 14

Business line view



Geographic view



- QOQ decline in group risk costs driven by retail and SME business lines in Romania, yoy decline driven by RO and AT/OA
- CRE: qoq increase due to higher portfolio provisions in Q4 14
- LC: qoq decline mainly driven by lower provisions in RO
- GCC (not shown above): significant yoy (+ EUR 67.2m) and qoq (+ EUR 63.4m) increase mainly due to impairments on financial assets

- RO: significant qoq decline in provisioning following extra provisions booked for accelerated NPL resolution in Q3 14
- AT/EBOe: qoq rise due to booking of portfolio provisions in Q4 14
- AT/OA: yoy decline mainly due to lower provisions for CRE and LC in this segment
- SK: qoq decline driven by retail and SME business lines

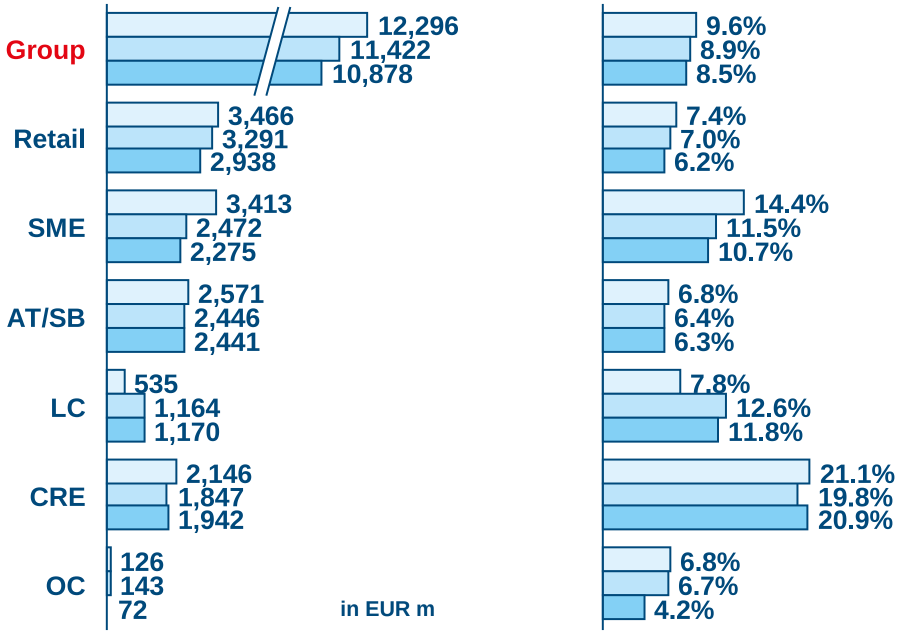
*) Relative risk costs are defined as annualised quarterly risk costs over average gross customer loans.

ERSTE Group

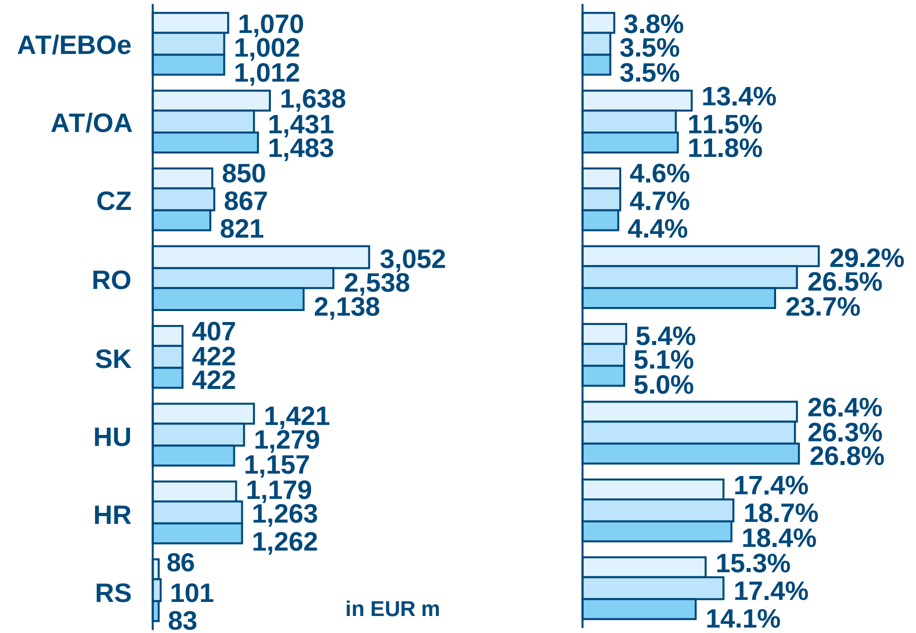
Business performance: non-performing loans and NPL ratio –
Asset quality improvement accelerates: NPL ratio down 110bps yoy

31/12/13
30/09/14
31/12/14

Business line view



Geographic view



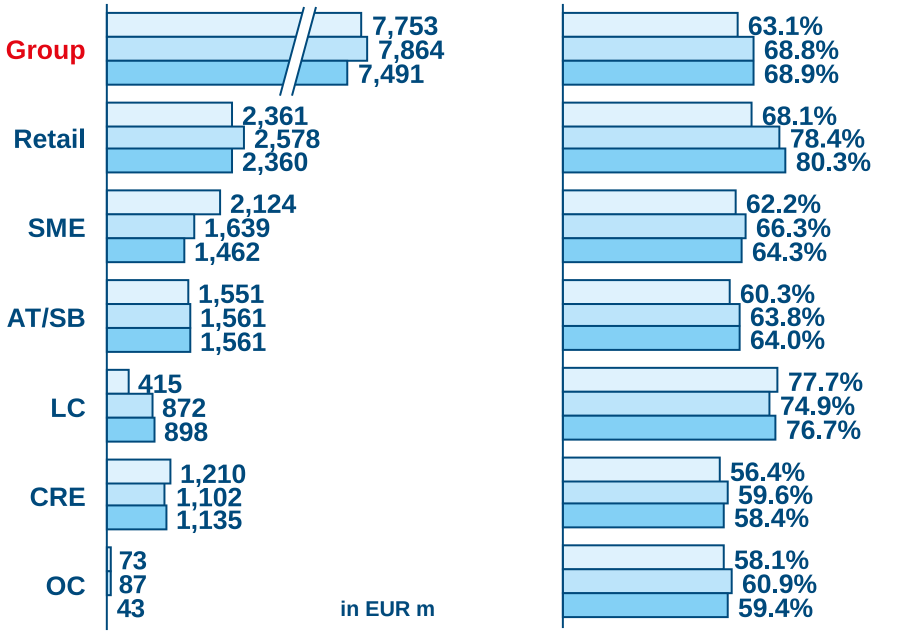
- Continued decline of group NPL volume and group NPL ratio on supportive trends in Retail, SME (BL) and RO, HU (geo)
- Very positive migration trends with low risk share reaching lowest level since Q3 08 at 77.1%
- Reallocation of about EUR 800m from SME to LC is key reason for yoy NPL increase in LC & decline in SME; underlying trends stable

- NPL sales amounted to EUR 575.2m in Q4 14 (Q3 14: EUR 328.9m)
  - Retail: EUR 90.6m (Q3 14: EUR 56.2m)
  - Corporate: EUR 484.6m (Q3 14: EUR 285.1m)
- Q4 NPL sales driven by continued disposals in RO (EUR 446.7m)
- Additional sales in HU, SK and CZ
- NPL sales in 2014: EUR 1.1bn (2013: 0.7bn)

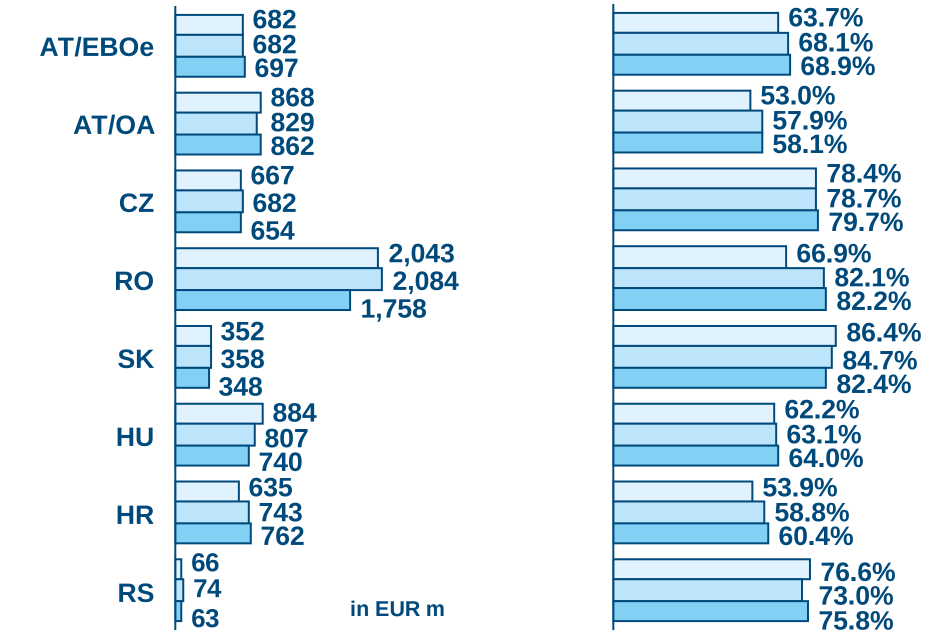
Business performance: allowances for loans and NPL coverage –
NPL coverage rises again, reaching 68.9%

31/12/13
30/09/14
31/12/14

Business line view



Geographic view



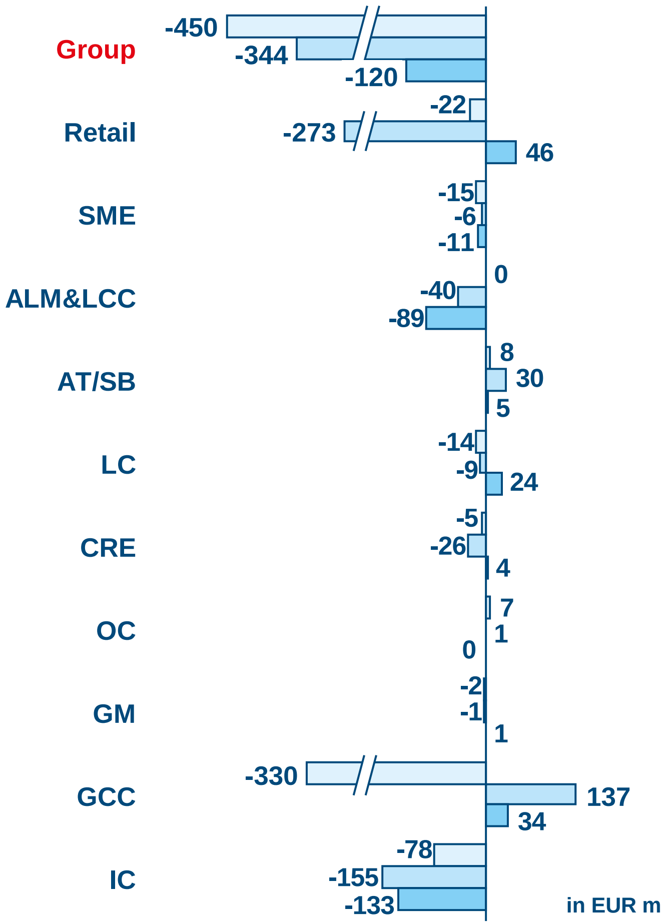
- Improving group coverage ratio over the past quarters following significant provisioning in RO
- Retail, LC, SME: increase in risk provisioning and coverage to fund accelerated NPL reduction in RO

- AT/OA: qoq coverage rise reflects additional provisions in LC
- RO: stable NPL coverage ratio despite continued NPL sales
- Continued increase in coverage in HR

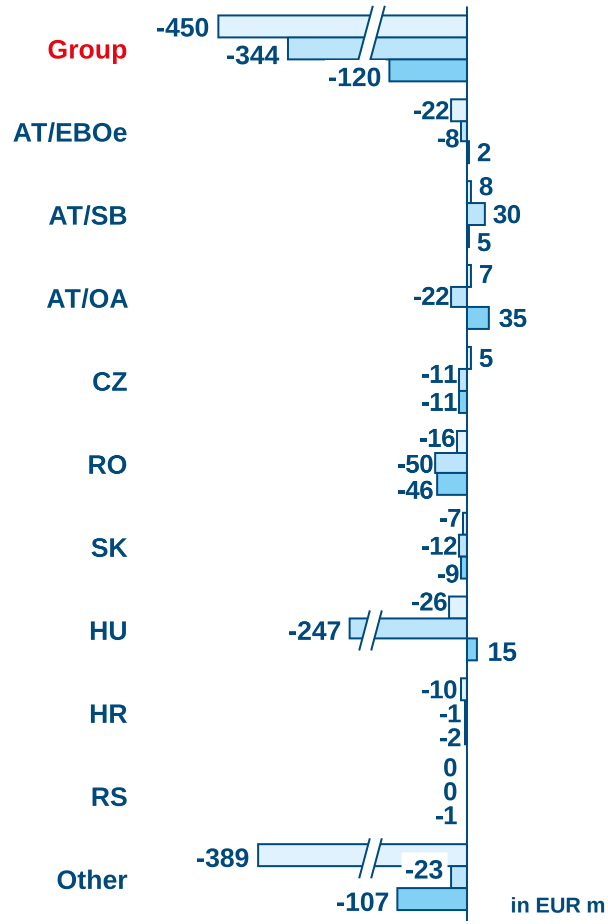
Business performance: other result –
Normalisation of other result due to lower one-offs

Q4 13 | Q3 14 | Q4 14

Business line view



Geographic view



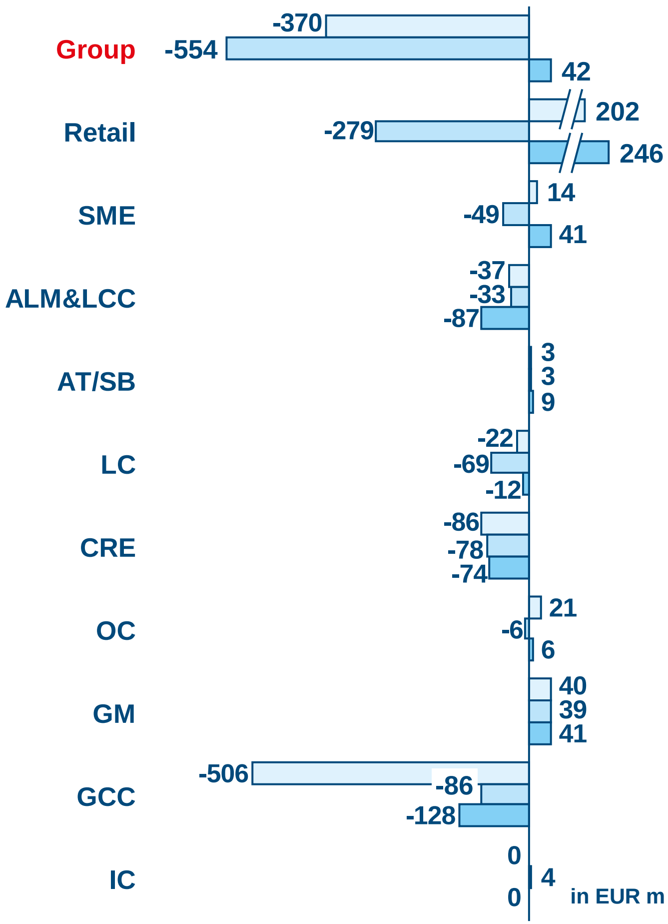
Highlights

- YOY improvement in group other result due to significantly lower goodwill impairments in Q4 14 (EUR 54.1m); qoq improvement due to HU
- Retail: qoq improvement driven by HU consumer loan law impact (Q3 14: EUR 230.5m, followed by partial release in Q4 14: EUR 56.4m)
- ALM&LCC: qoq decline due to HU conversion FX profit (trading) that had to be eliminated in other result (EUR -32.4m) = no impact on bottom line
- LC: qoq improvement driven by releases of risk provisions of contingent credit risk liabilities
- CRE: up qoq due to lower impairments on repossessed assets
- GCC: strongly up yoy on lower goodwill impairments in Q4 14; GCC has to be read in conjunction with IC elimination
- AT/OA: improvement after high impairments on repossessed assets in previous quarter
- RO: still elevated other result due to revaluation of real estate
- HU: Q3 14 impacted by provision for consumer loan law and FX conversion
- Other: volatility in Other segment mirrors developments in GCC and IC elimination

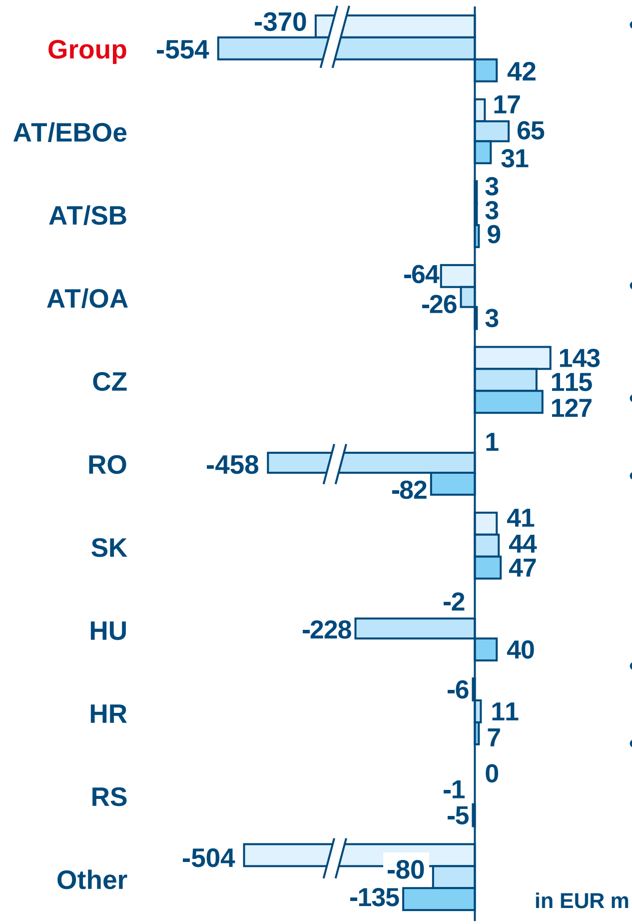
Business performance: net result –
Return to net profit in Q4 14

Q4 13
Q3 14
Q4 14

Net result by business line



Net result by geography



Highlights

- Return to net profit in Q4 14 following significant one-offs (goodwill, taxes, higher risk costs in RO and consumer loan law in HU) in Q3 14; yoy improvement due to goodwill write-downs and negative DTA changes in Q4 13

- Retail affected by HU consumer loan law and higher provisioning requirements in RO in Q3 14; these effects did not recur in Q4 14
- SME improved qoq on the back of lower provisioning requirements in RO
- GCC and Other segments: yoy improvement driven by lower one-offs; qoq deterioration driven by impairments on financial assets in Q4 14

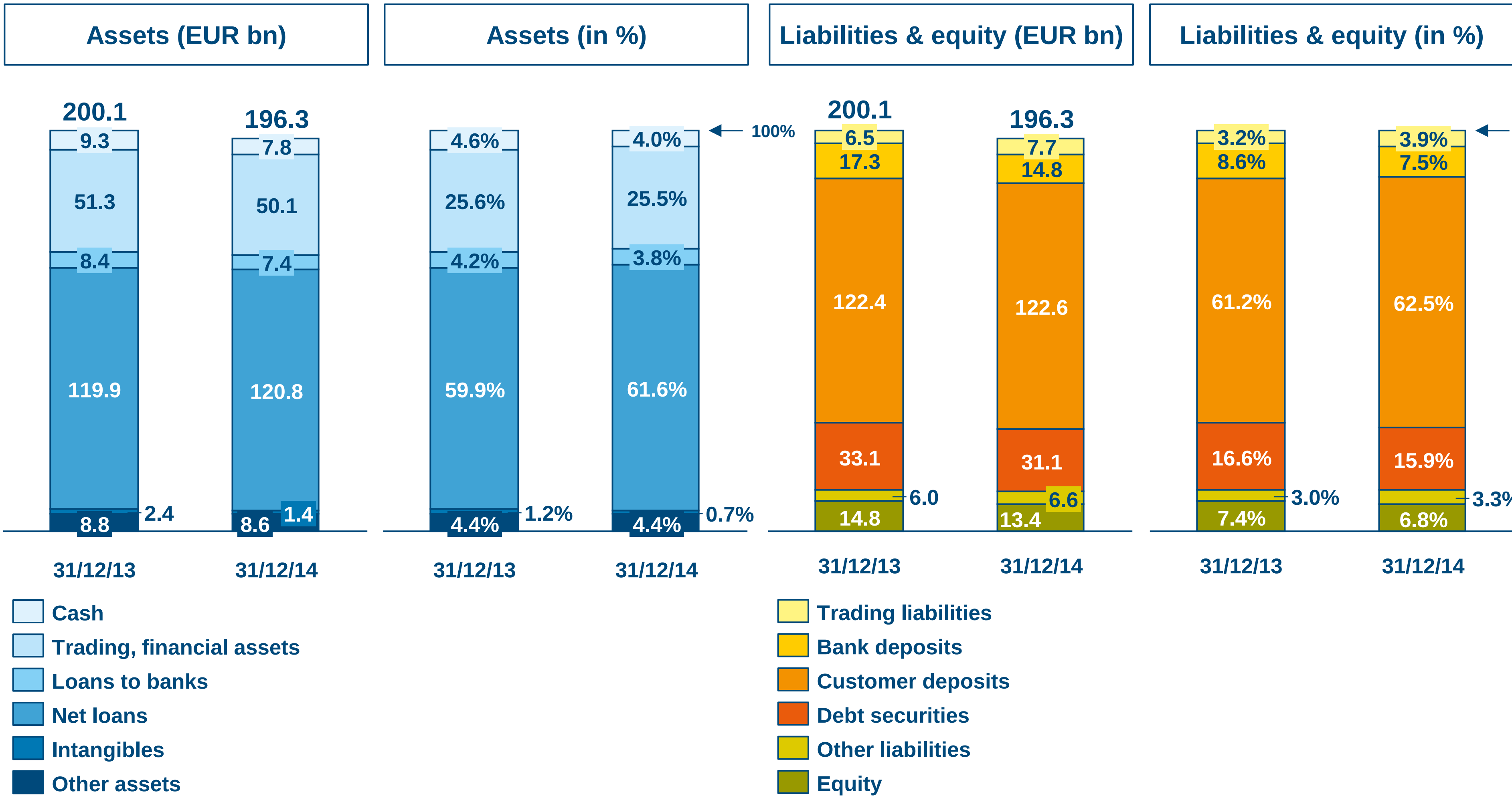
- Return on equity at 1.7% in Q4 14, following -21.7 % in Q3 14 and -12.8% in Q4 13
- Cash return on equity at 2.1% in Q4 14, following -23.3% in Q3 14 and -0.1% in Q4 13

ERSTE Group

Presentation topics

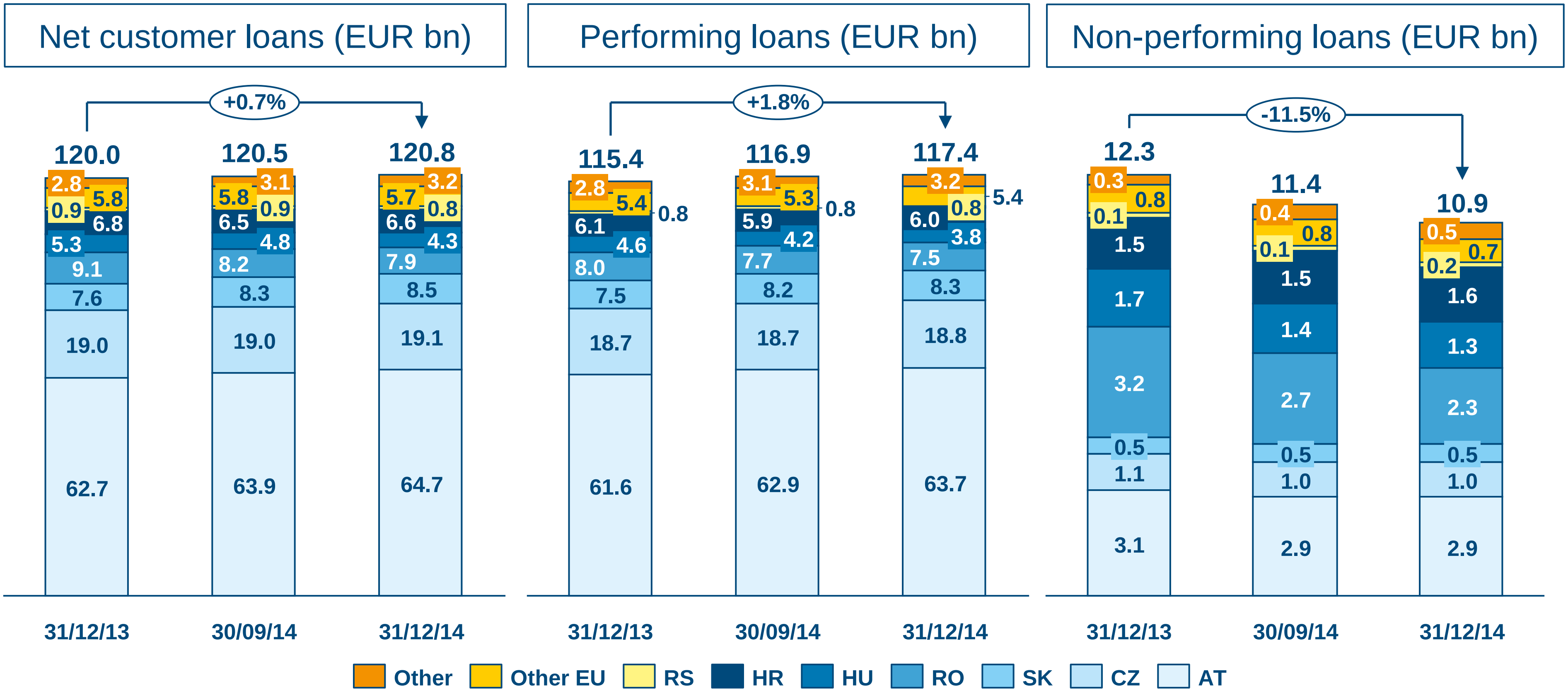
- Executive summary
- Business environment
- Business performance
- Assets and liabilities
- Outlook
- Additional information

Assets and liabilities: YTD overview –
Loan/deposit ratio balanced at 98.6%



ERSTE Group

Assets and liabilities: customer loans by country of risk –
Re-emerging loan growth, double-digit yoy decline in NPLs

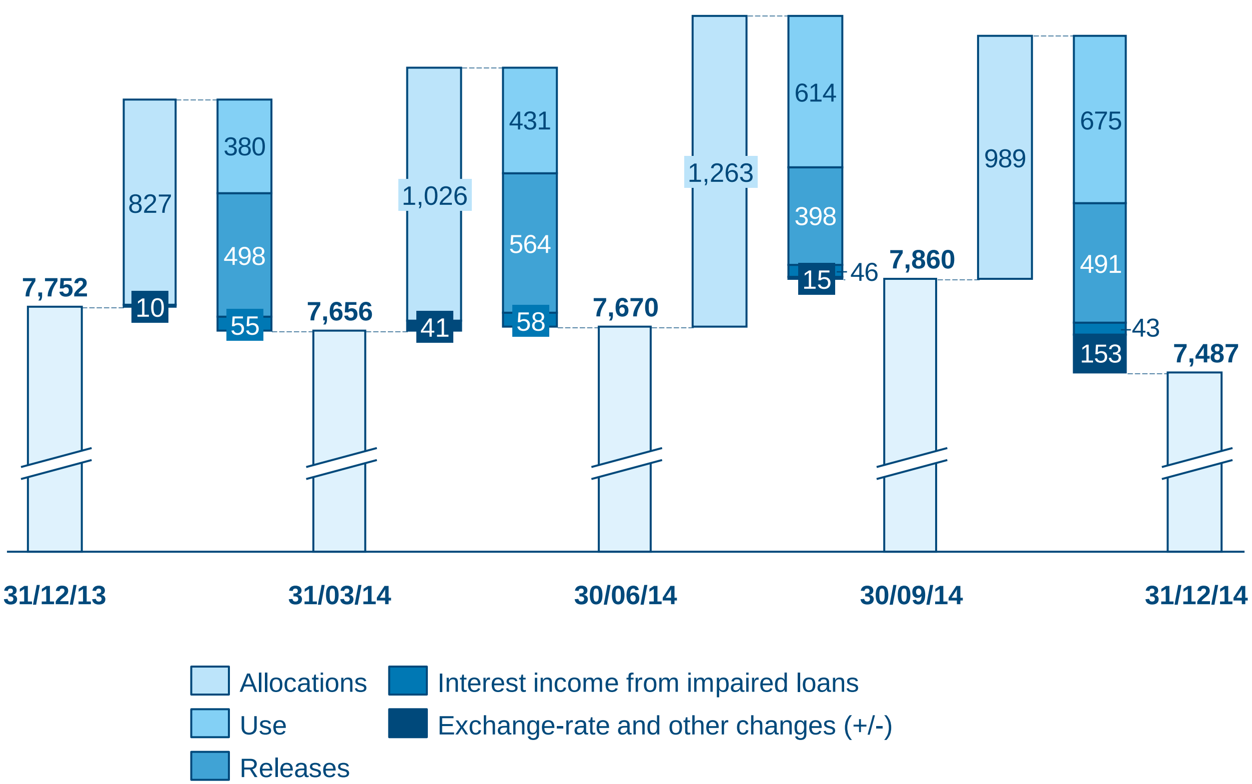


- Emerging trend of performing loan growth driven by Austria, Slovakia and Czech Republic:
  - QOQ decline in Hungary due to conversion of retail FX loans pursuant to consumer loan law at year-end
  - Continued stable growth in Slovakia and encouraging signs in Czech Republic; Romania performing loan decline has decelerated markedly
- 11.5% yoy decline in NPL stock driven by lower gross inflows on group level and continued NPL sales in Romania

Assets and liabilities: allowances for customer loans –

Increase in allowances despite decline in NPL volume

Quarterly development (EUR m)



Highlights

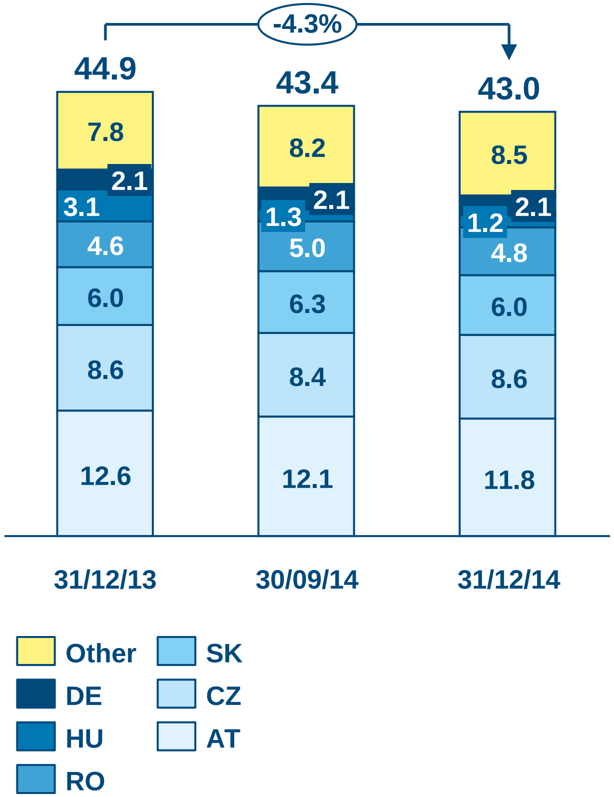
- Lower allocations due to booking of lower qoq provisions in Romania
- Higher qoq level of use due to higher qoq NPL sales
- P&L unwinding impact = interest income from impaired loans = EUR 201.9m in 2014 (2013: EUR 270.0m)

Unwinding impact explained

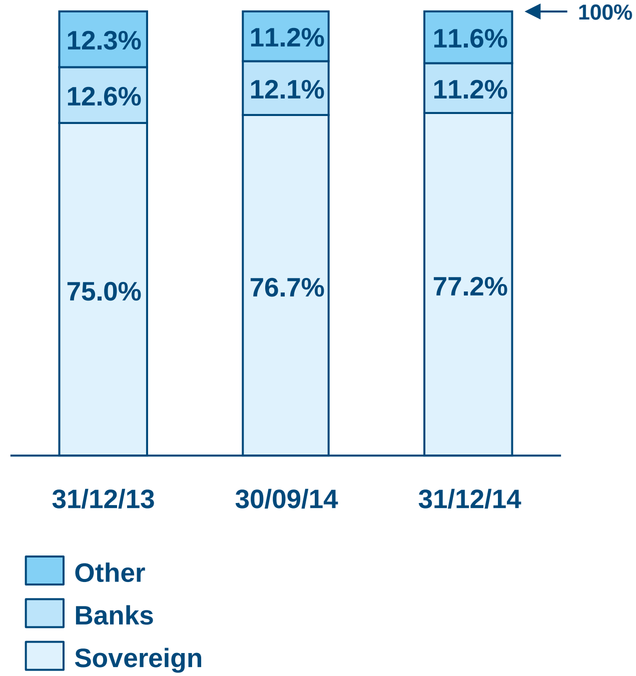
- Erste Group does not accrue interest on NPLs
- When a loan turns NPL Erste Group estimates the recoverable amount and the time frame of recovery
- The recoverable amount is discounted to present (at the effective interest rate of the underlying contract) and a provision reflecting the time value of money is created, ie a higher provision than without discounting
- The time value is released through NII until recovery realisation
- Total unwinding contribution to NII in Romania: 2013 = EUR 142m, 2014 = EUR 87m

Assets and liabilities: financial and trading assets * –
LCR at comfortable 118% (YE 13: 107%)

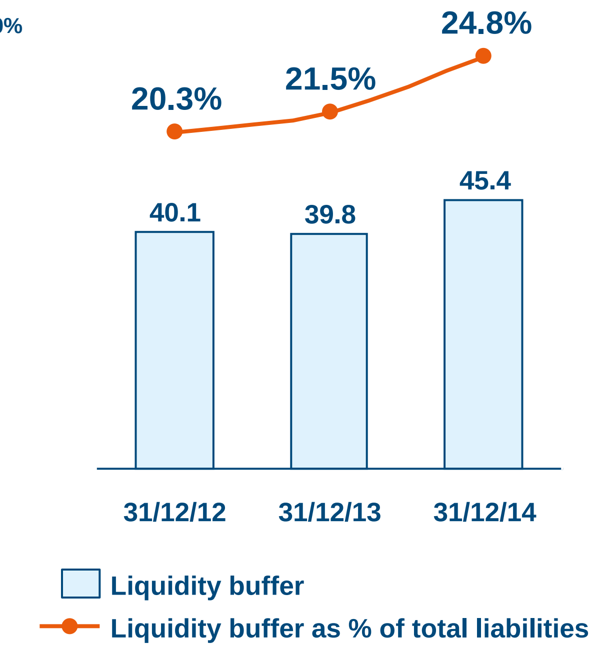
By geography (EUR bn)



By debtor type



Liquidity buffer (EUR bn)



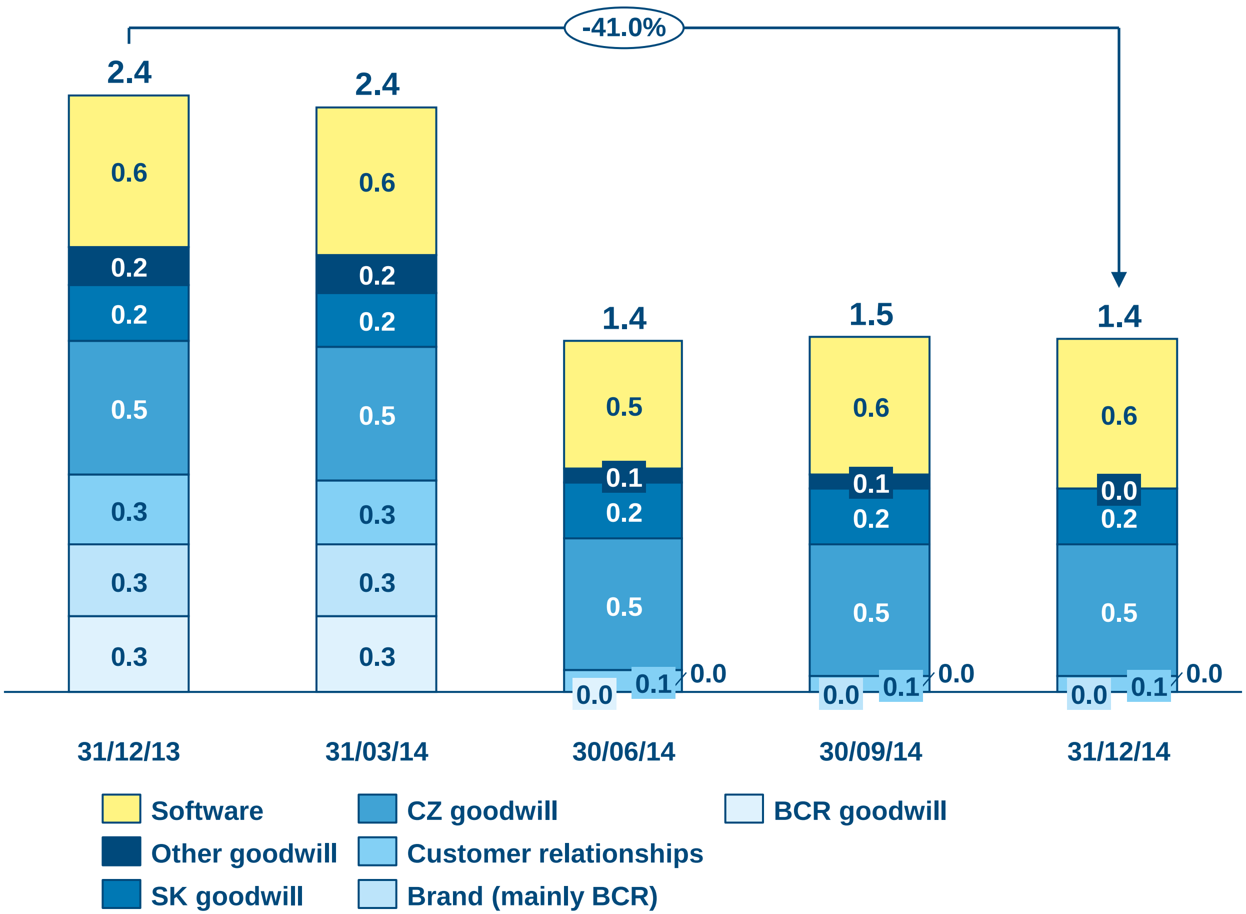
- Liquidity buffer is defined as unencumbered collateral plus cash
- Total liabilities are defined as total on balance sheet liabilities excluding total equity
- Increase as of Dec 14 mainly on broader scope of consolidation (driven by EBA requirements)

* Excludes derivatives held for trading.

ERSTE Group

Assets and liabilities: intangibles –
Significant reduction in intangibles to only 14.6% of book value

Quarterly development of intangibles (EUR bn)



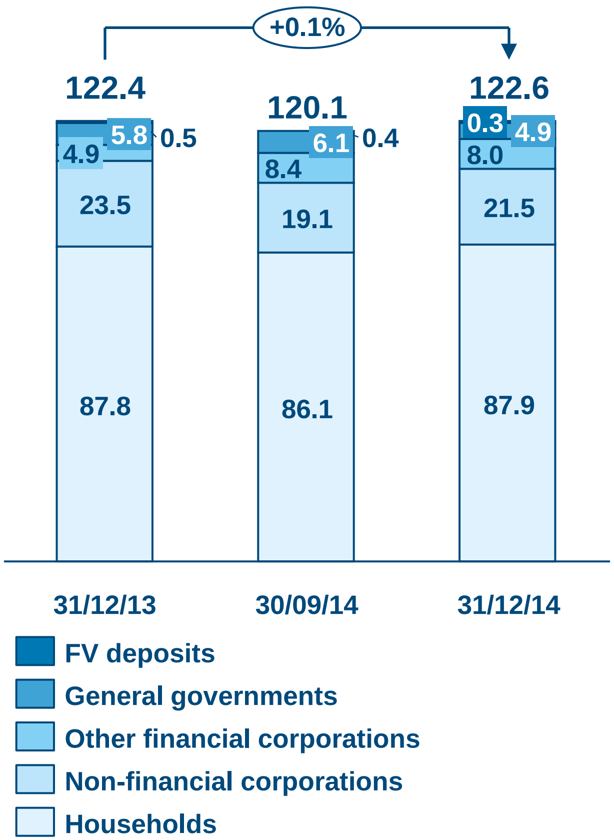
Highlights

- Extraordinary intangible write-downs amounted to EUR 964.8m (thereof goodwill of EUR 475.0m and value of customer relationships and brand in RO of EUR 489.8m)
- CZ and SK goodwill are carried in EUR
- No goodwill related to Hungary
- No goodwill related to Romania
- Significantly reduced customer relationship amortisation expenses booked in operating costs of the Group Corporate Center as of Q3 14

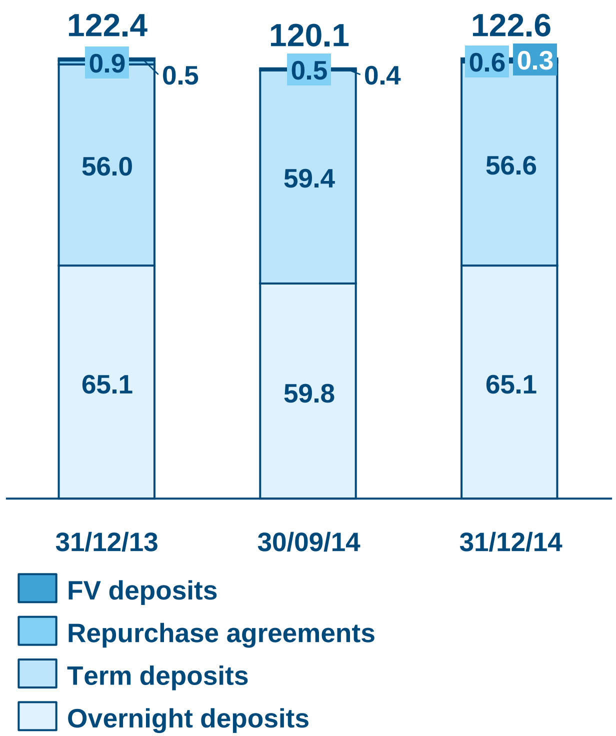
ERSTE Group

Assets and liabilities: customer deposit funding –
Increase in customer deposits despite EUR -1.8bn Czech one-off

By customer type



By product type

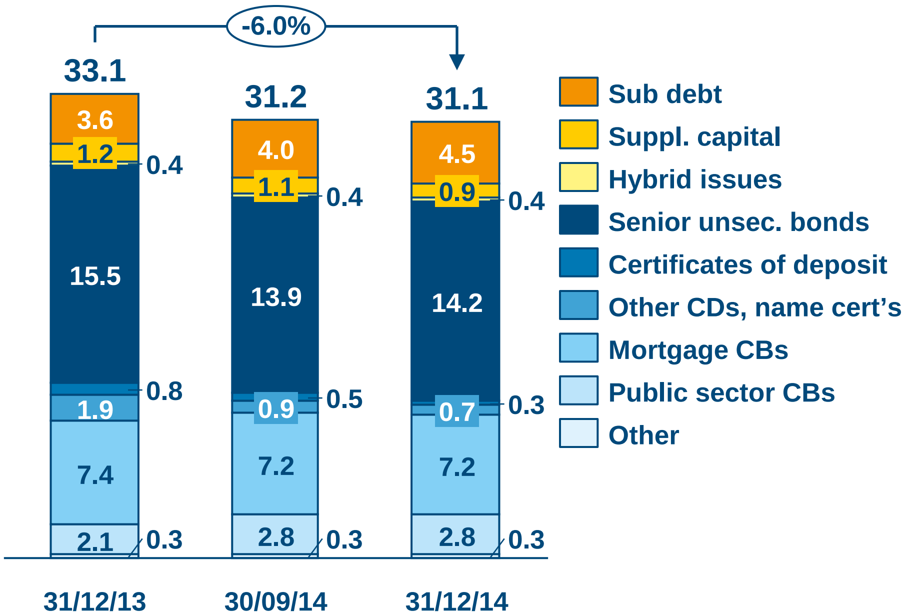


Highlights

- YOY increase driven despite final deconsolidation of Czech pension fund (EUR 1.8bn), one-off effect impacting retail
- Slight decline in EBOe due to successful deposit repricing with positive margin effect
- Stable product structure

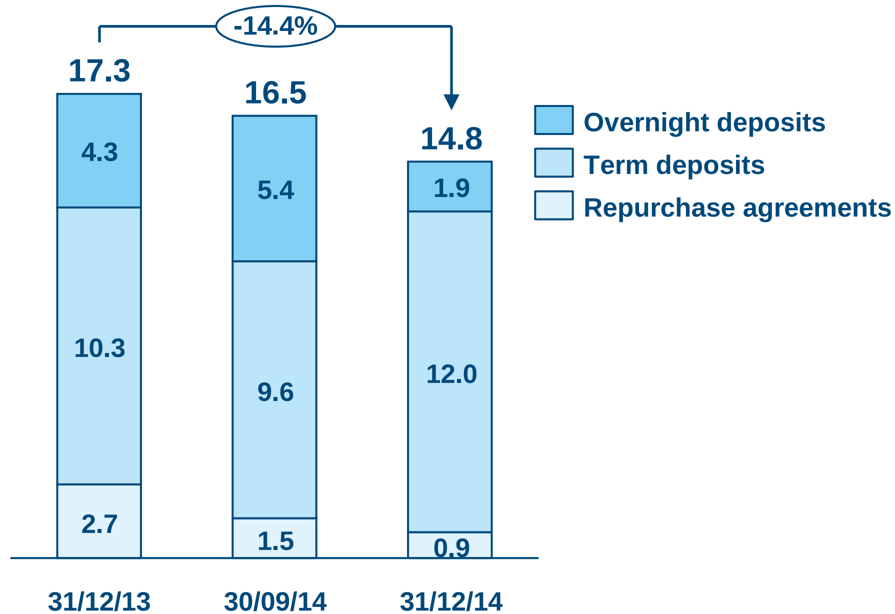
Assets and liabilities: debt vs interbank funding –
Decline in both issued debt and interbank funding

Debt securities issued (EUR bn)



- YOY decline in issued debt driven by maturities of senior unsecured bonds, with no need to issue new debt due to excellent liquidity situation
- QOQ increase in subordinated debt entirely attributable to upper tier 2 bond in November 2014

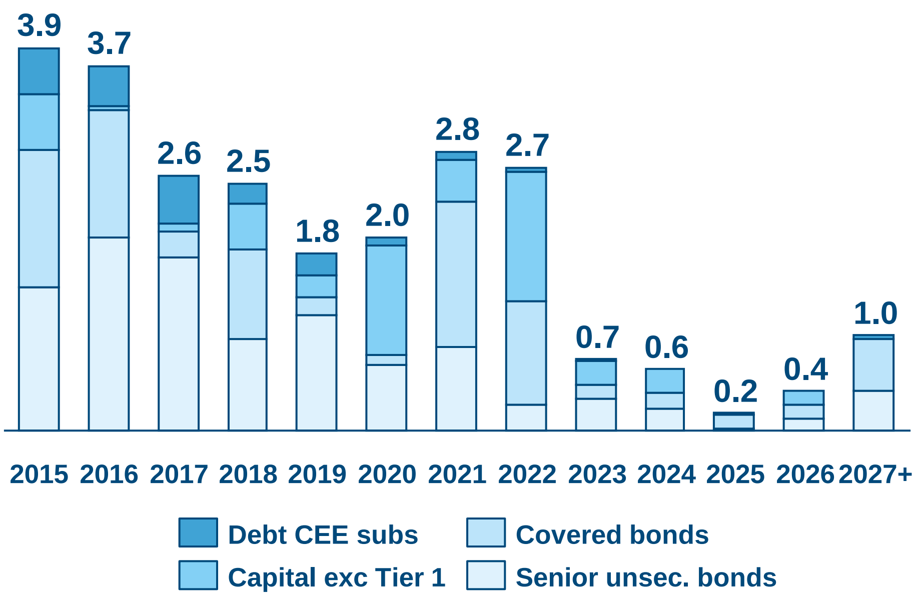
Interbank deposits (EUR bn)



- Decline in interbank deposits mainly due to slight balance sheet contraction

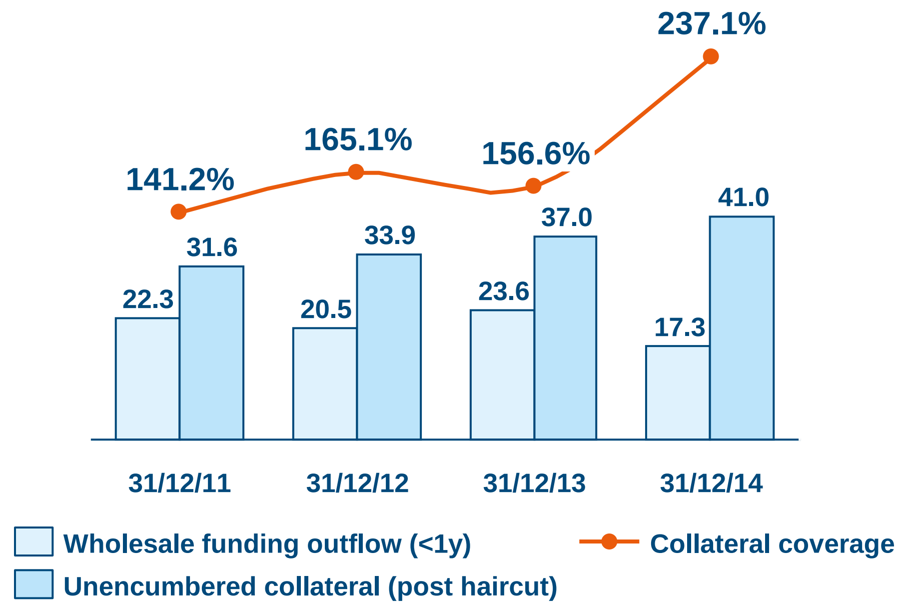
Assets and liabilities: ST vs LT funding –
Limited LT funding needs, solid ST funding collateral coverage

Maturity profile of debt (EUR bn)



- Continued emphasis on retail issues and private placements in very moderate funding plan
- Average maturity of issues during 2014 amounts to 8 years and represents an extension of the current redemption profile
- Repurchase of supplementary capital in the amount of EUR 346.4m was successfully completed in October 2014
- Participation in TLTROs: approx. EUR 1.8bn

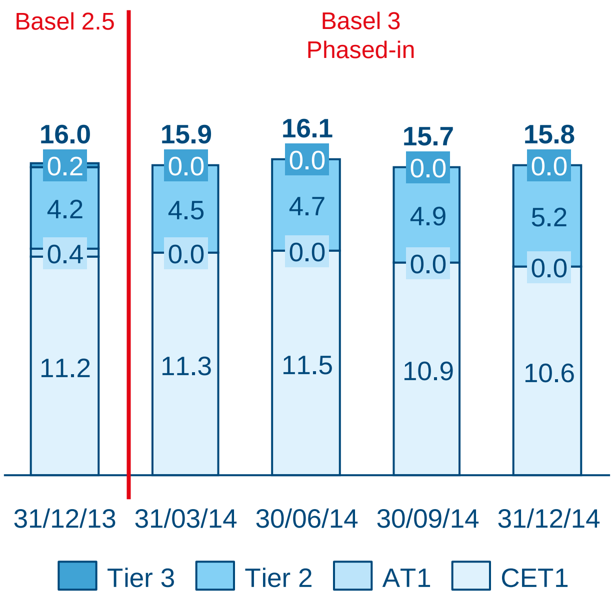
Wholesale funding outflow (<1y) v collateral coverage



- Collateral coverage ratio increased due to significantly lower gross short term funding outflow volumes
- The volume of unencumbered eligible collateral has an increasing trend 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) unchanged

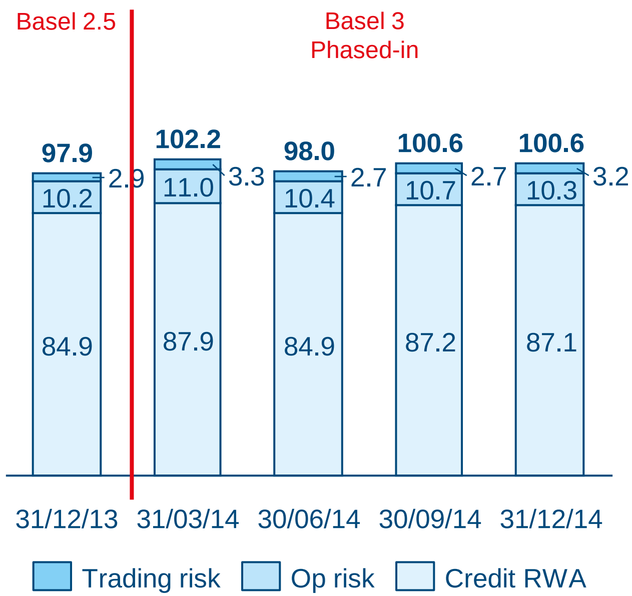
Assets and liabilities: capital position –
B3FL CET 1-ratio at 10.6%

Basel 2.5/Basel 3 capital (EUR bn)



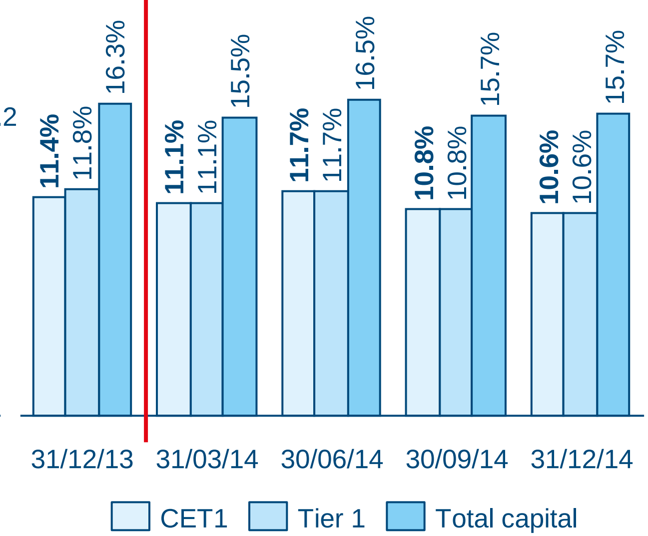
- Decrease in CET 1 driven by net loss for the year

Risk-weighted assets (EUR bn)



- B3FL RWA stable qoq at EUR 101.9bn

Basel 2.5/Basel 3 capital ratios



- B3FL CET1 ratio equalled 10.6% at 31 December 2014 (YE 2013: 10.8%)
  - No gap between B3FL CET 1-ratio and phased-in CET 1-ratio due to full recognition of AfS reserve under fully loaded regime

Presentation topics

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Conclusion –
Outlook

- **Operating environment anticipated to be conducive to credit expansion**
  - Real GDP growth of between 2-3% expected in 2015 in all major CEE markets, except Croatia
  - Real GDP growth to be driven by rising domestic demand
  - Real GDP growth in Austria expected at below 1% in 2015

- **Return on tangible equity (ROTE) expected at 8-10% in 2015 (YE 14 TE: EUR 8.4bn)**
  - Operating result expected to decline in the mid-single digits on the back of lower but sustainable operating results in Hungary (due to FX conversion related effects of lower average volume and expected reversal of positive 2014 trading effect in 2015) and Romania (lower unwinding impact) as well as persistent low interest rate environment
  - Loan growth expected in the low single digits in 2015
  - Risk costs expected to decline significantly in 2015
  - Banking levies expected at about EUR 360m in 2015, including contributions to European bank resolution and deposit insurance funds; related discussions with Austrian government still ongoing

- **Risks to guidance**
  - Consumer protection initiatives, eg potential pre-election CHF legislation in Croatia
  - Geopolitical risks (Eastern Ukraine conflict, Greece) resulting in potentially negative economic impacts

Presentation topics

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Additional information: new segmentation –
Business line and geographic view

Erste Group – Business segments

- Retail
- SME
- ALM & Local CC (ALM&LCC)
  - Asset/Liability Management
  - Local Corporate Center
- Savings Banks (AT/SB)
- Large Corporates (LC)
- Commercial Real Estate (CRE)
- Other Corporate (OC)
  - Investment Banking
  - International Business
- Group Markets (GM)
- Group Corporate Center (GCC)
  - Other Subsidiaries
  - Group bookings
  - Holding Corporate Center
  - Free Capital
- Intragroup Elimination (IC)

Erste Group – Geographical segmentation

- Austria
  - EBOe & Subsidiaries (AT/EBOe)
  - Savings Banks (AT/SB)
  - Other Austria (AT/OA)
    - Holding Business
    - Erste Group Immorent
    - Erste Asset Management
- Central and Eastern Europe
  - Czech Republic (CZ)
  - Romania (RO)
  - Slovakia (SK)
  - Hungary (HU)
  - Croatia (HR)
  - Serbia (RS)
- Other
  - Holding ALM
  - Holding CC
  - Other Subsidiaries
  - Group bookings and IC elimination
  - Free Capital

ERSTE Group

Additional information: income statement –
Year-to-date and quarterly view

in EUR million	Year-to-date view 2013	2014	YOY-Δ	Quarterly view Q4 13	Q3 14	Q4 14	YOY-Δ	QOQ-Δ
Net interest income	4,685.0	4,495.2	-4.1%	1,169.2	1,126.0	1,125.6	-3.7%	0.0%
Net fee and commission income	1,806.5	1,869.8	3.5%	462.8	465.8	497.1	7.4%	6.7%
Dividend income	89.7	74.2	-17.2%	21.6	33.0	11.3	-47.7%	-65.8%
Net trading and fair value result	218.8	242.3	10.7%	34.6	28.4	75.8	>100.0%	>100.0%
Net result from equity method investments	21.8	15.8	-27.5%	2.1	0.1	4.2	>100.0%	>100.0%
Rental income from investment properties & other operating leases	173.3	180.6	4.2%	41.6	42.5	46.5	11.8%	9.4%
Personnel expenses	-2,232.4	-2,184.2	-2.2%	-553.4	-515.0	-577.2	4.3%	12.1%
Other administrative expenses	-1,146.0	-1,136.9	-0.8%	-285.1	-264.2	-315.1	10.5%	19.2%
Depreciation and amortisation	-517.7	-466.1	-10.0%	-133.1	-108.0	-111.3	-16.4%	3.0%
Gains/losses from financial assets and liabilities not measured at fair value through profit or loss, net	62.4	18.3	-70.7%	38.1	13.2	4.0	-89.6%	-70.0%
Net impairment loss on financial assets not measured at fair value through profit or loss	-1,774.4	-2,159.2	21.7%	-529.4	-878.8	-484.3	-8.5%	-44.9%
Other operating result	-1,008.6	-1,752.9	73.8%	-488.4	-356.8	-124.3	-74.6%	-65.2%
Levies on banking activities	-311.0	-256.3	-17.6%	-63.9	-54.6	-47.6	-25.5%	-12.8%
Pre-tax result from continuing operations	**378.4**	**-803.2**	**n/a**	**-219.6**	**-414.0**	**152.2**	**n/a**	**n/a**
Taxes on income	-178.5	-509.4	>100.0%	-147.5	-98.3	-75.5	-48.8%	-23.2%
Net result for the period	**199.9**	**-1,312.6**	**n/a**	**-367.1**	**-512.3**	**76.7**	**n/a**	**n/a**
Net result attributable to non-controlling interests	139.6	129.4	-7.3%	3.2	42.0	34.7	>100.0%	-17.2%
Net result attributable to owners of the parent	**60.3**	**-1,442.0**	**n/a**	**-370.3**	**-554.2**	**42.0**	**n/a**	**n/a**
Operating income	6,995.1	6,877.9	-1.7%	1,731.8	1,695.8	1,760.5	1.7%	3.8%
Operating expenses	-3,896.1	-3,787.3	-2.8%	-971.7	-887.3	-1,003.6	3.3%	13.1%
Operating result	**3,099.0**	**3,090.7**	**-0.3%**	**760.1**	**808.5**	**756.9**	**-0.4%**	**-6.4%**

Additional information: group balance sheet – Assets

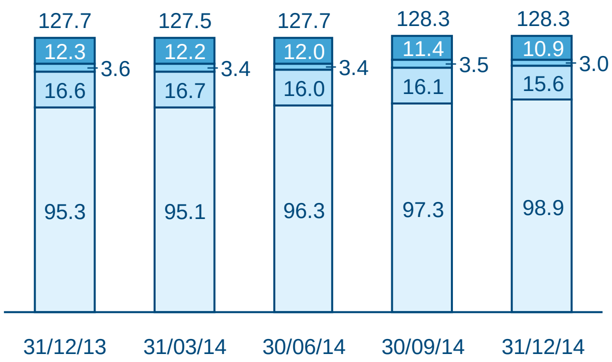
	Quarterly data					Change		
in EUR million	**Dec 13**	**Mar 14**	**Jun 14**	**Sep 14**	**Dec 14**	**YOY-Δ**	**YTD-Δ**	**QOQ-Δ**
Cash and cash balances	9,301	10,373	7,267	8,010	7,835	-15.8%	-15.8%	-2.2%
Financial assets - held for trading	12,283	13,610	12,954	11,641	10,531	-14.3%	-14.3%	-9.5%
Derivatives	6,342	6,482	6,480	7,611	7,173	13.1%	13.1%	-5.7%
Other trading assets	5,941	7,128	6,474	4,030	3,357	-43.5%	-43.5%	-16.7%
Financial assets - at fair value through profit or loss	529	512	456	444	350	-33.9%	-33.9%	-21.2%
Financial assets - available for sale	20,678	20,956	21,923	21,940	22,373	8.2%	8.2%	2.0%
Financial assets - held to maturity	17,779	17,191	16,955	17,026	16,877	-5.1%	-5.1%	-0.9%
Loans and receivables to credit institutions	8,377	9,962	8,548	7,166	7,442	-11.2%	-11.2%	3.9%
Loans and receivables to customers	**119,945**	**119,805**	**120,005**	**120,451**	**120,834**	**0.7%**	**0.7%**	**0.3%**
Derivatives - hedge accounting	1,944	2,212	2,489	2,764	2,872	47.7%	47.7%	3.9%
Changes in fair value of portfolio hedged items	0	0	0	0	0	n/a	n/a	n/a
Property and equipment	2,320	2,330	2,347	2,356	2,264	-2.4%	-2.4%	-3.9%
Investment properties	951	1,035	975	952	950	0.0%	0.0%	-0.2%
Intangible assets	2,441	2,408	1,438	1,456	1,441	-41.0%	-41.0%	-1.0%
Investments in associates and joint ventures	208	226	211	191	195	-6.1%	-6.1%	2.3%
Current tax assets	100	119	101	107	107	6.9%	6.9%	0.4%
Deferred tax assets	719	672	411	461	301	-58.1%	-58.1%	-34.6%
Assets held for sale	75	82	158	150	291	>100.0%	>100.0%	93.9%
Other assets	2,471	2,409	2,158	1,859	1,623	-34.3%	-34.3%	-12.7%
Total assets	**200,118**	**203,903**	**198,398**	**196,973**	**196,287**	**-1.9%**	**-1.9%**	**-0.3%**

Additional information: group balance sheet –
Liabilities and equity

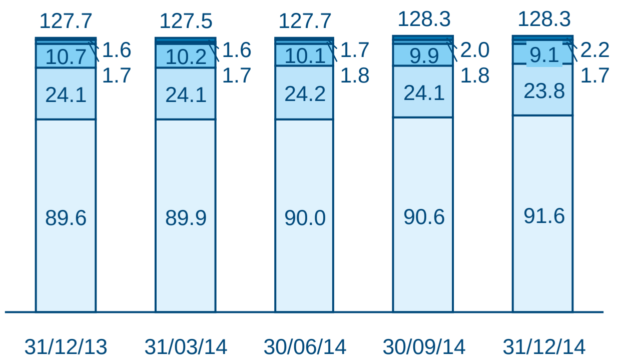
	Quarterly data					Change		
in EUR million	**Dec 13**	**Mar 14**	**Jun 14**	**Sep 14**	**Dec 14**	**YOY-Δ**	**YTD-Δ**	**QOQ-Δ**
Financial liabilities - held for trading	6,475	7,042	7,152	8,488	7,746	19.6%	19.6%	-8.7%
Derivatives	6,087	6,341	6,347	7,563	7,188	18.1%	18.1%	-5.0%
Other trading liabilities	388	702	805	925	558	43.9%	43.9%	-39.7%
Financial liabilities - at fair value through profit or loss	2,339	2,275	2,278	2,161	2,073	-11.4%	-11.4%	-4.1%
Deposits from banks	0	0	0	0	0	n/a	n/a	n/a
Deposits from customers	**460**	**449**	**435**	**363**	**320**	**-30.4%**	**-30.4%**	**-12.0%**
Debt securities issued	1,879	1,826	1,843	1,797	1,753	-6.7%	-6.7%	-2.5%
Other financial liabilities	0	0	0	0	0	n/a	n/a	n/a
Financial liabilities measured at amortised cost	170,786	172,918	168,155	166,139	166,921	-2.3%	-2.3%	0.5%
Deposits from banks	17,299	24,421	18,803	16,483	14,803	-14.4%	-14.4%	-10.2%
Deposits from customers	**121,955**	**118,996**	**119,814**	**119,698**	**122,263**	**0.3%**	**0.3%**	**2.1%**
Debt securities issued	31,245	29,217	29,190	29,414	29,387	-5.9%	-5.9%	-0.1%
Other financial liabilities	286	285	348	545	469	63.9%	63.9%	-13.8%
Derivatives - hedge accounting	644	681	724	755	726	12.7%	12.7%	-3.8%
Changes in fair value of portfolio hedged items	734	910	983	1,072	1,225	67.0%	67.0%	14.3%
Provisions	1,448	1,491	1,607	1,822	1,653	14.2%	14.2%	-9.3%
Current tax liabilities	85	83	88	95	91	7.7%	7.7%	-4.0%
Deferred tax liabilities	169	182	132	199	99	-41.7%	-41.7%	-50.5%
Liabilities associated with assets held for sale	0	0	0	0	0	n/a	n/a	n/a
Other liabilities	2,654	3,251	3,199	2,590	2,310	-13.0%	-13.0%	-10.8%
Total equity	**14,785**	**15,069**	**14,080**	**13,652**	**13,443**	**-9.1%**	**-9.1%**	**-1.5%**
Equity attributable to non-controlling interests	3,466	3,542	3,626	3,707	3,605	4.0%	4.0%	-2.7%
Equity attributable to owners of the parent	11,319	11,527	10,454	9,945	9,838	-13.1%	-13.1%	-1.1%
Total liabilities and equity	**200,118**	**203,903**	**198,398**	**196,973**	**196,287**	**-1.9%**	**-1.9%**	**-0.3%**

Additional information: gross customer loans –
By risk category, by currency, by industry

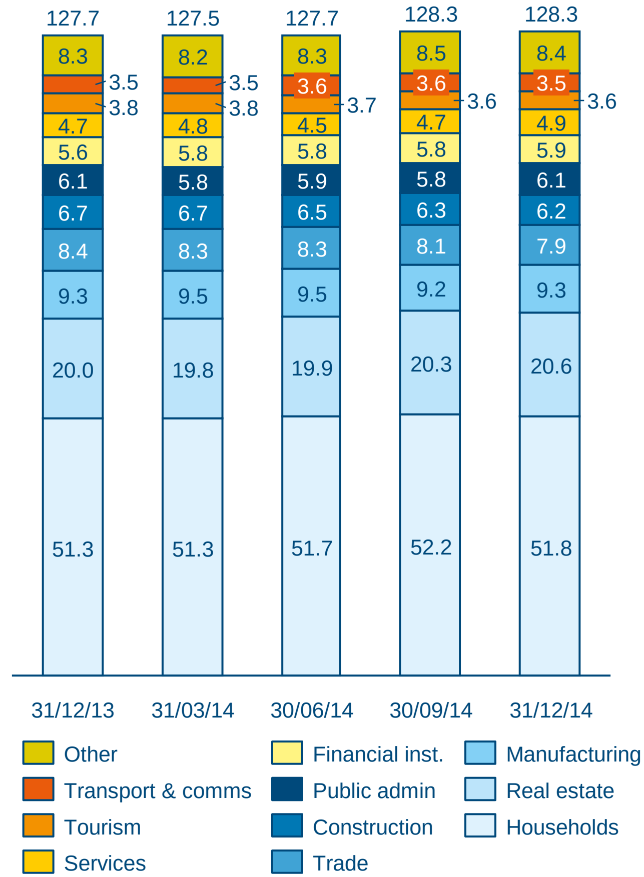
Gross cust. loans by risk category (EUR bn)



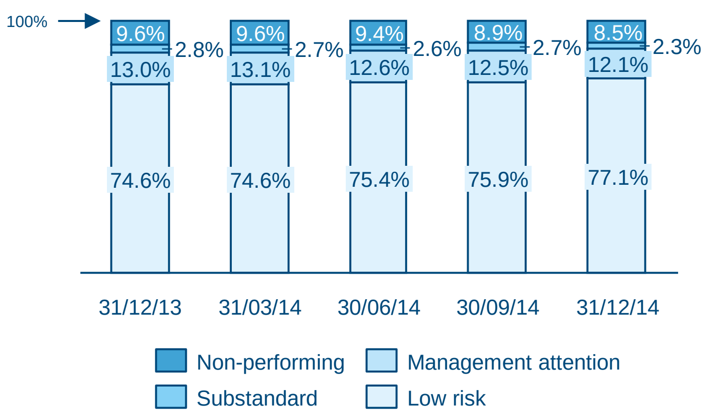
Gross customer loans by currency (EUR bn)



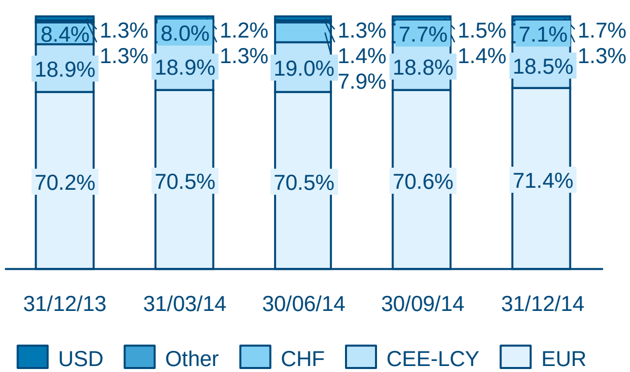
Gross customer loans by industry (EUR bn)



Gross customer loans by risk category in %



Gross customer loans by currency in %



Additional information: footprint –
Customer banking in Austria and the eastern part of the EU

Erste Group footprint

Czech Republic
- Customers: 5.0m
- Employees : 10,504
- Branches : 644

Slovakia
- Customers: 2.4m
- Employees : 4,275
- Branches: 292

Hungary
- Customers : 0.9m
- Employees : 2,766
- Branches: 128

Romania
- Customers : 3.0m
- Employees : 7,054
- Branches: 538

Direct presence

Indirect presence

Austria
- Customers: 3.4m
- Employees: 15,550
- Branches: 964

Croatia
- Customers : 1.1m
- Employees : 2,754
- Branches: 158

Serbia
- Customers : 0.4m
- Employees : 955
- Branches: 68

Highlights

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

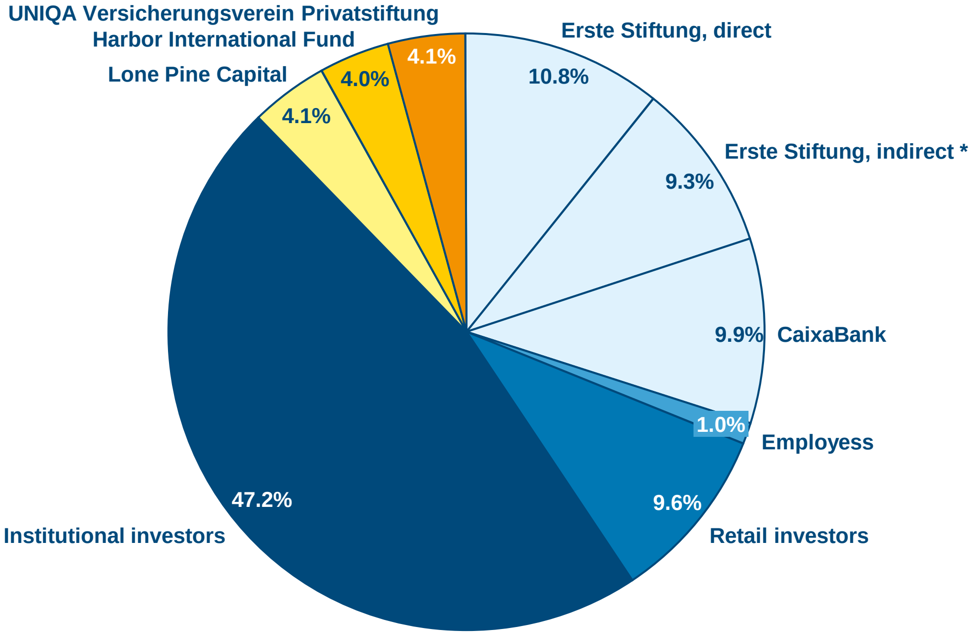
Additional information: strategy –
A real customer need is the reason for all business

Customer banking in Central and Eastern Europe

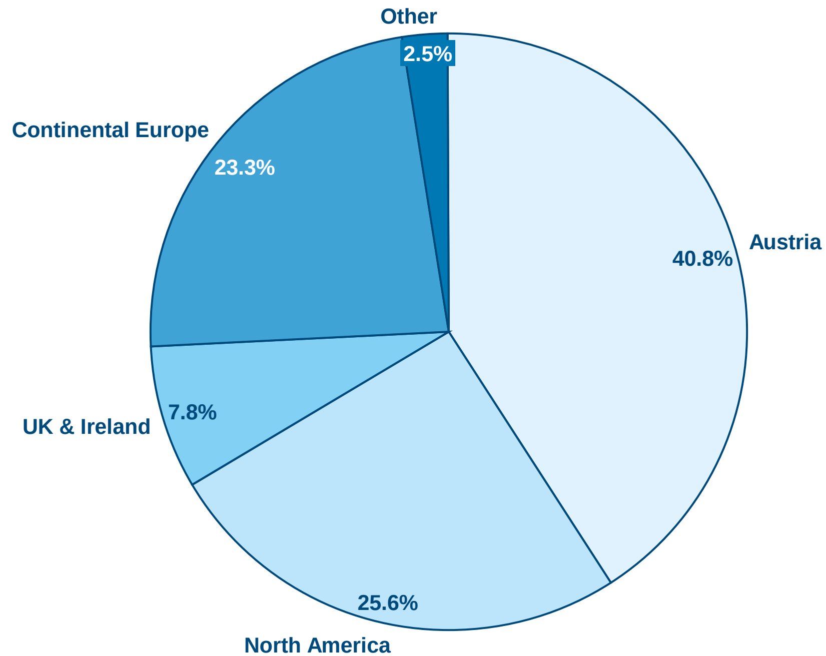
Eastern part of EU		Focus on CEE, limited exposure to other Europe		
Retail banking	Corporate banking	Capital markets	Public sector	Interbank business
Focus on local currency mortgage and consumer loans funded by local deposits FX loans only in EUR for clients with EUR income (or equivalent) and where funded by local FX deposits (RO, HR & RS) Savings products, asset management and pension products Potential future expansion into Poland	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	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	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

Additional information: shareholder structure –
Total number of shares: 429,800,000

By investor



By region



* Including voting rights of Erste Foundation, savings banks, savings banks foundations and Wiener Städtische Wechselseitige Versicherungsverein

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