

**Erste Group financial results: net profit of  
EUR 968.2 million in 2015; 4.2% lending growth;  
CET 1 ratio 12.3%; dividend EUR 0.5 per share**

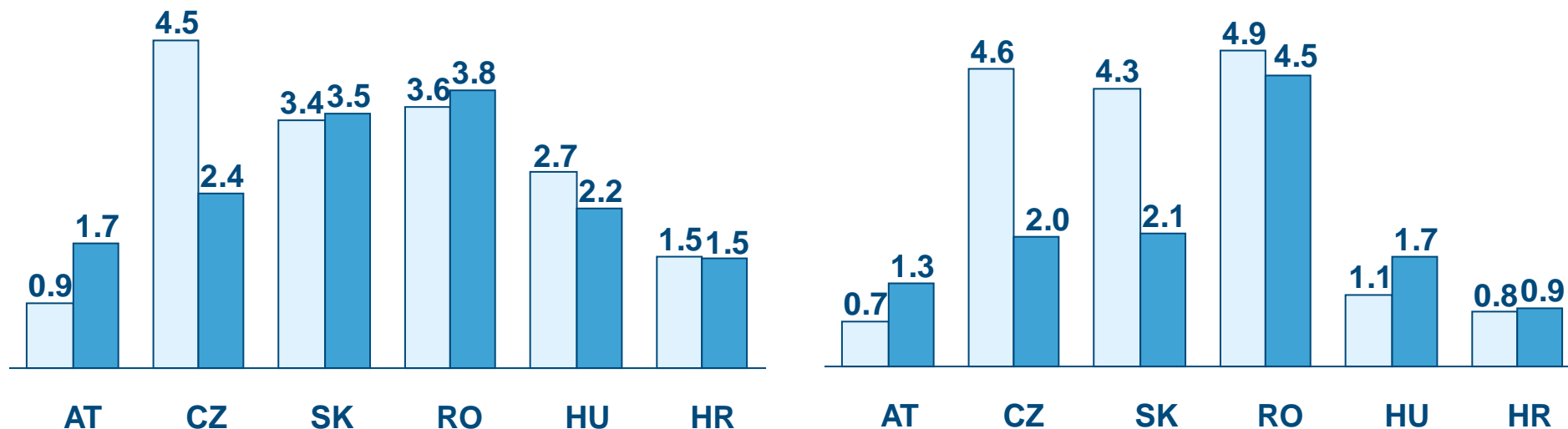
**Press Conference**  
February 26<sup>th</sup>, 2016

# General Economic Conditions – Robust economic environment in Erste Group's markets

2015  
2016

Real GDP growth (in %)

Domestic demand contribution to GDP growth (in pps)

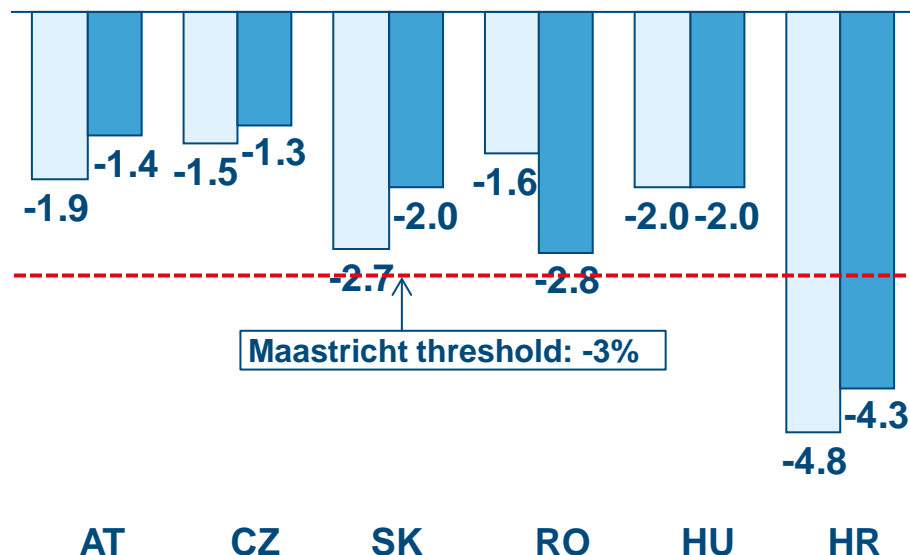


- CEE economies grew more strongly than euro zone in 2015 (GDP in euro zone +1.5%) with continued positive outlook for 2016
- Domestic demand is a key growth driver, supported by wage increase and very low inflation across CEE
- Contribution of exports to GDP growth was neutral in 2015

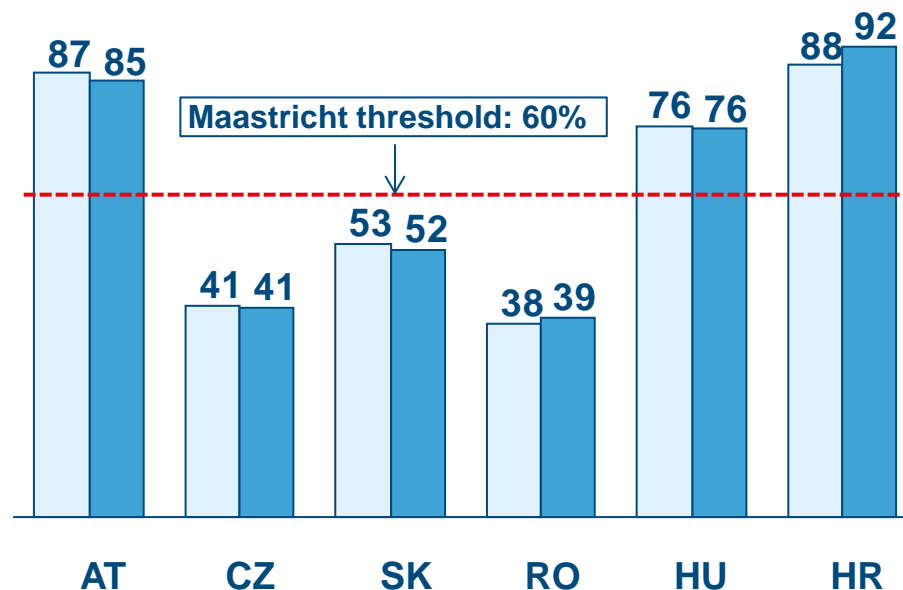
# General economic conditions – Sound public finances in Erste Group's markets

2015  
2016

Budget deficit in (% of GDP)



Government debt (in % of GDP)



- Budget deficit is within Maastricht limits in all markets with the exception of Croatia
- Government debt in most of our markets better than in the rest of Europe

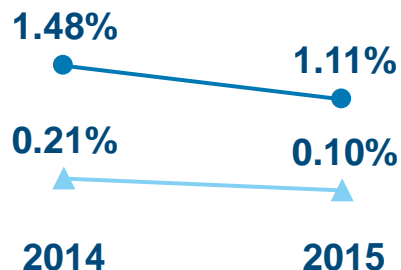
Source: Erste Research

# Business environment –

All-time low interest rates create challenging environment

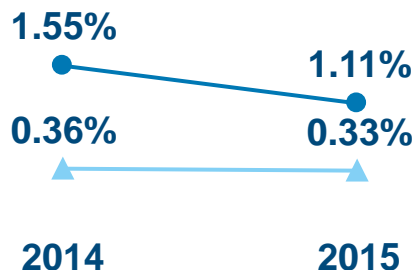
▲ 3m Interbank  
● 10-year Gov

## Austria



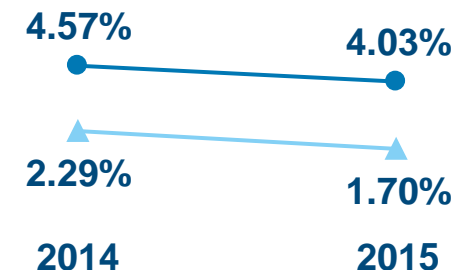
ECB lowered discount rate in September 2014 to 0.05%; retained expansive monetary policy

## Czech Republic



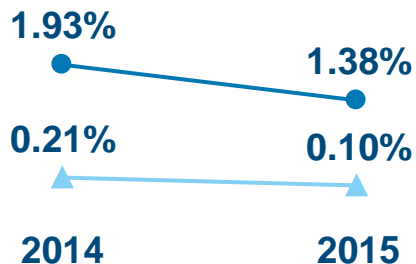
Central bank has kept interest rates extremely low at 0.05% since November 2012

## Romania



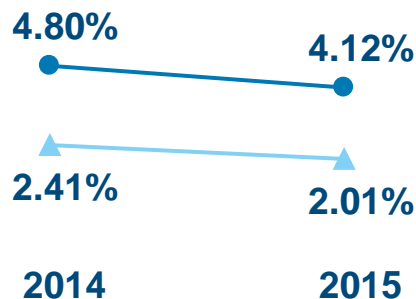
The central bank lowered the reference interest rate in May 2015 to the historic low of 1.75%

## Slovakia



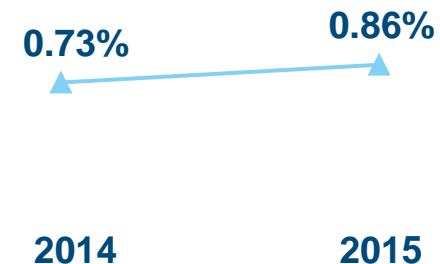
Belongs to the euro area, therefore, ECB interest rates apply in SK

## Hungary



Base interest rate lowered in July 2015 to all-time low of 1.35% thus ending the interest rate cutting cycle

## Croatia

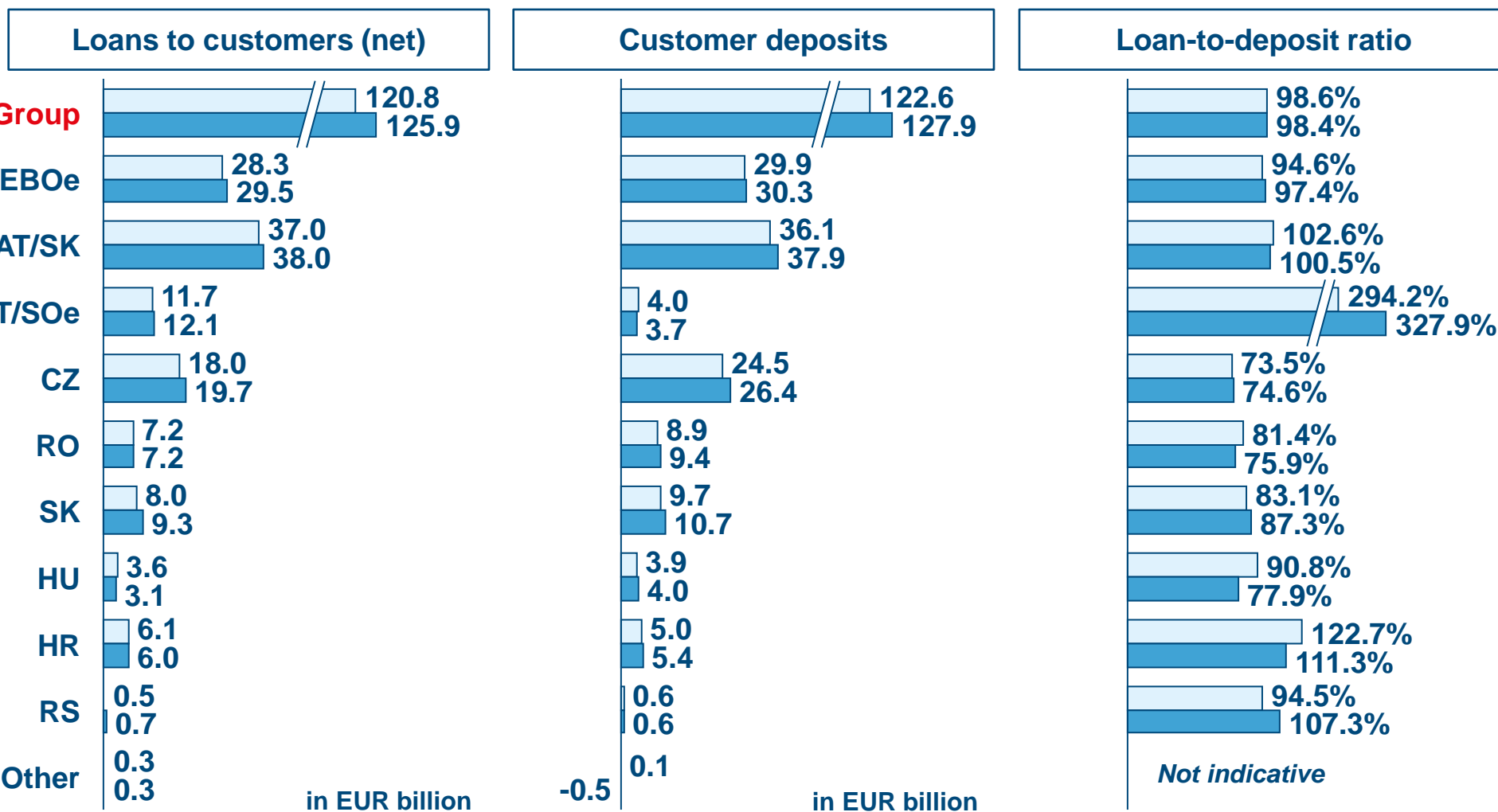


The central bank has kept the reference interest rate at 7.0% since mid-2011

Source: Bloomberg

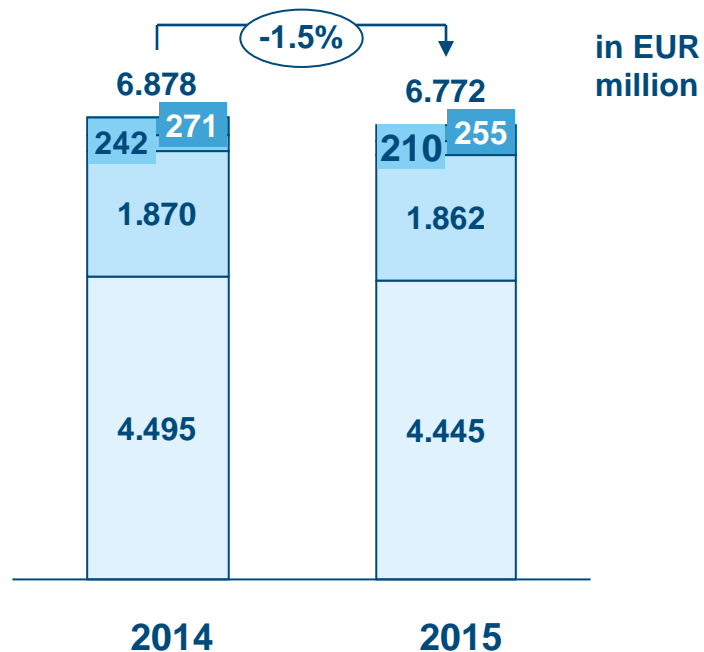
# Development of business: Loans to customers and deposits –

Lending and deposit volume increased by over 4%, stable loan-to-deposit ratio



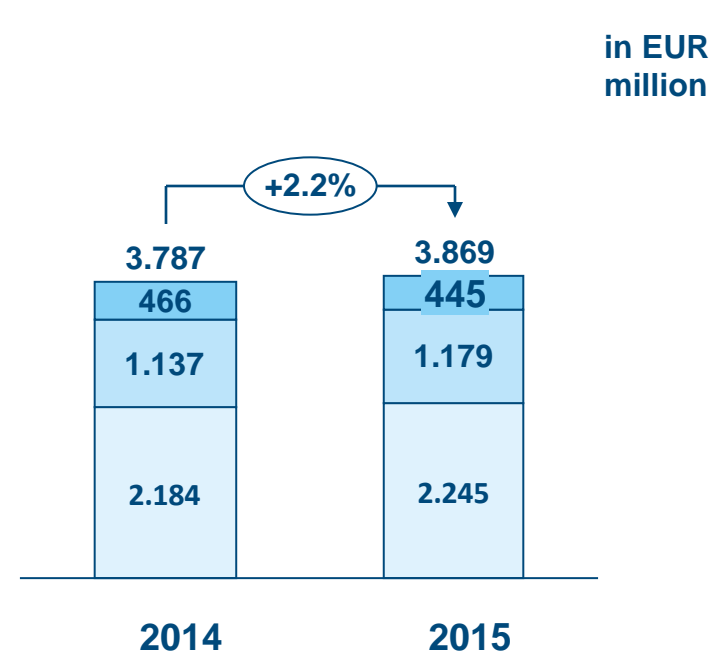
## Development of business: Operating income and expenses – Lower NII & net trading result due to interest rate environment

### Operating income



- Net interest income
- Net fee and commission income
- Net trading and fair value result
- Other revenues

### Operating expenses



- Personnel expenses
- Other administrative expenses
- Depreciation and amortisation

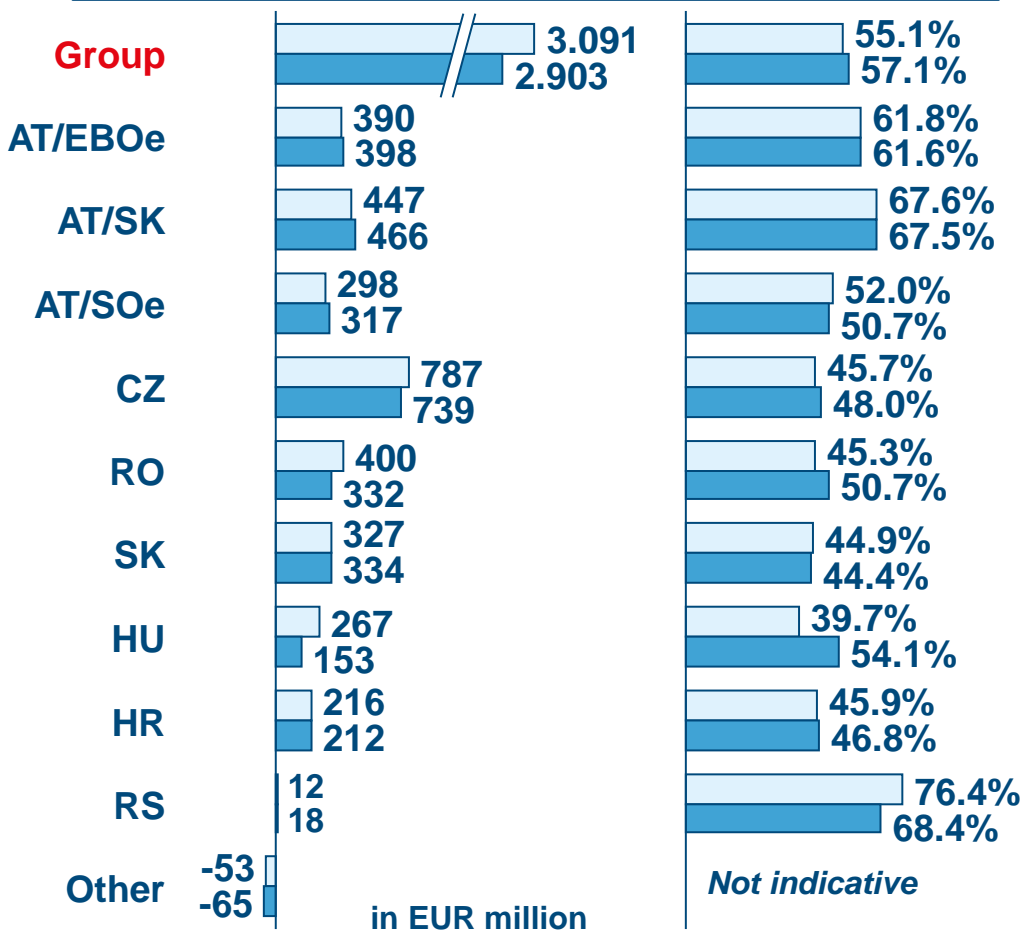
# Development of business: Operating result and cost/income ratio –

Operating result impacted by low interest rate environment

2014  
2015

## Geographic segments

## Summary



- Stable development of business, especially in:
  - EB Oesterreich
  - Savings banks
  - Other business Austria
  - Slovakia
- Earnings impacted by:
  - BCR's reduction of NPLs
  - EBH due to CHF conversion and Government measures
  - Ceska burdened by low interest rate environment

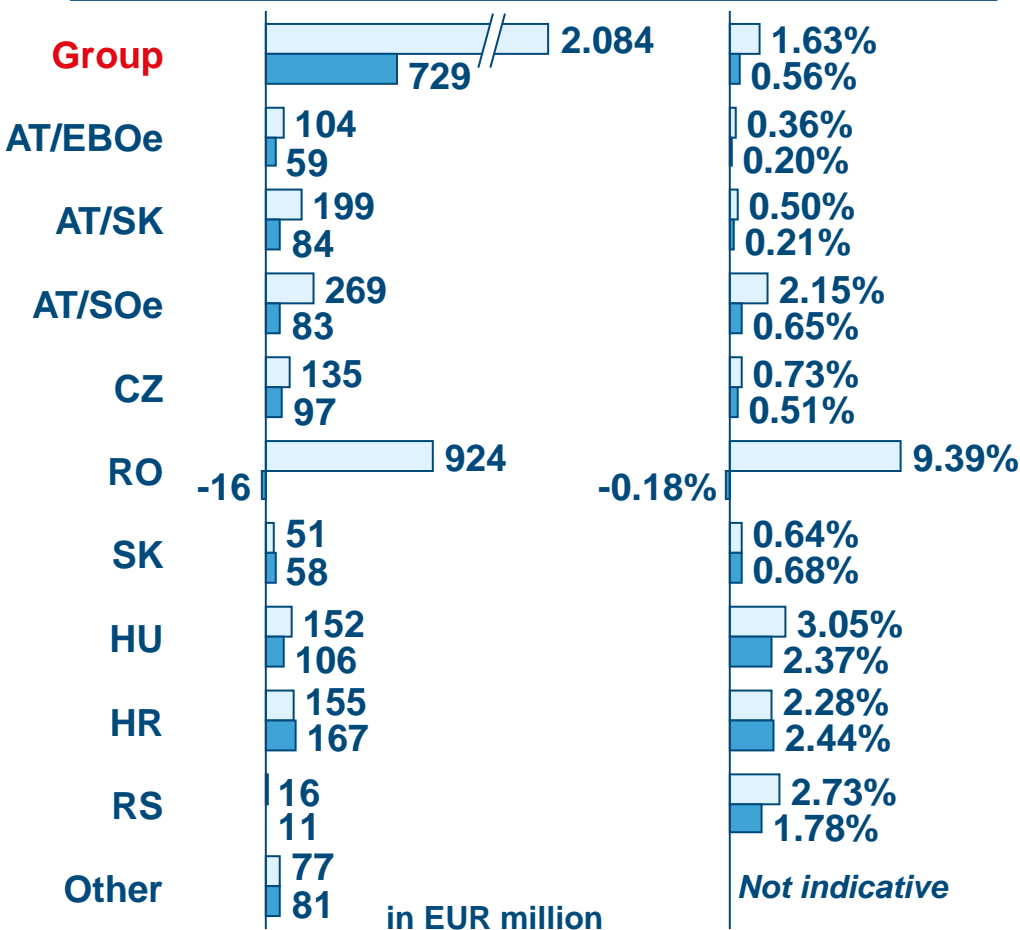
# Development of business: Risk costs –

Risk costs improved (-65%) nearly everywhere, especially in Romania

2014  
2015

## Geographic segments

## Summary



- Healthy and improved credit risk environment in almost all countries, especially in:
  - Romania
  - Austria (all segments)
  - Czech Republic
  - Slovakia
- Continued high risk costs in:
  - Hungary, but trend is improving
  - Croatia due to challenging economic environment
  - Other business in Austria, but improving trend

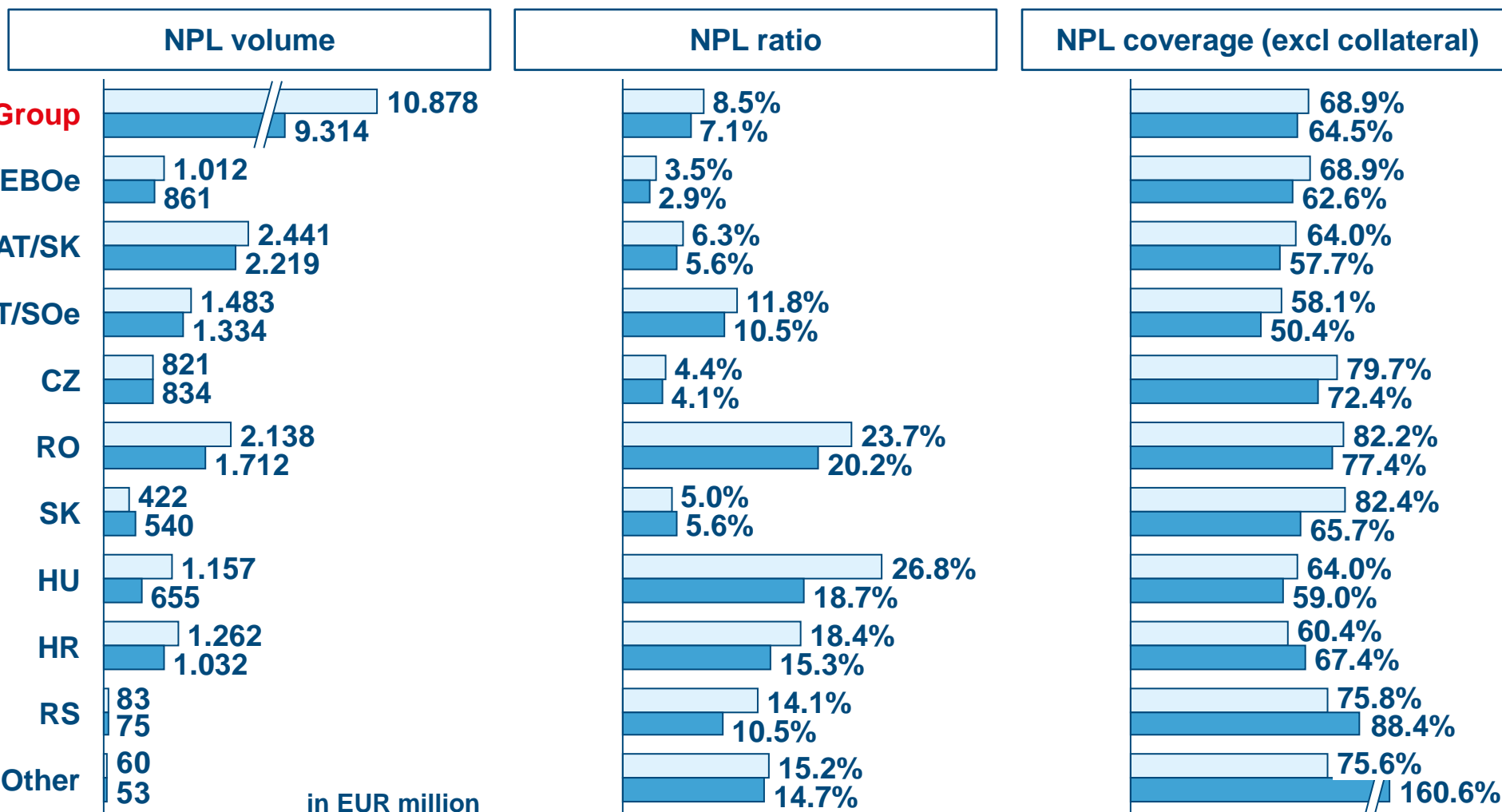


# Development of business: Asset quality –

Clear improvement in asset quality, especially in Romania, Hungary

Dec.14

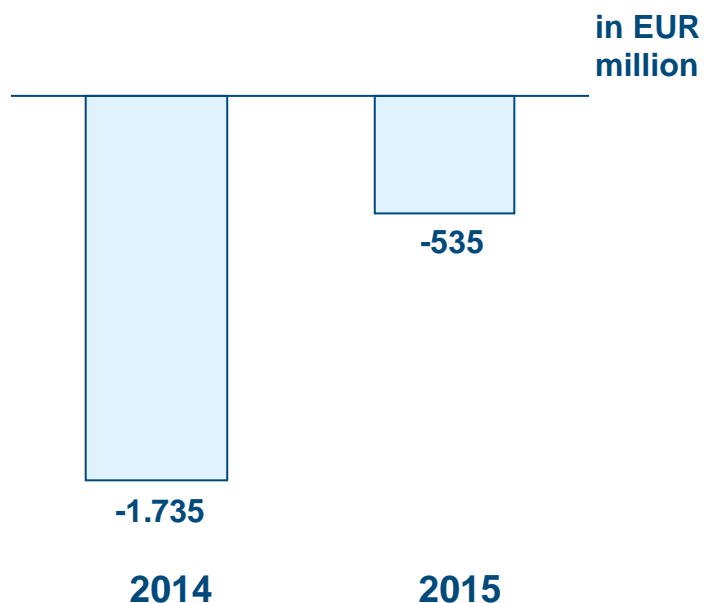
Dec.15



## Development of business: Other result –

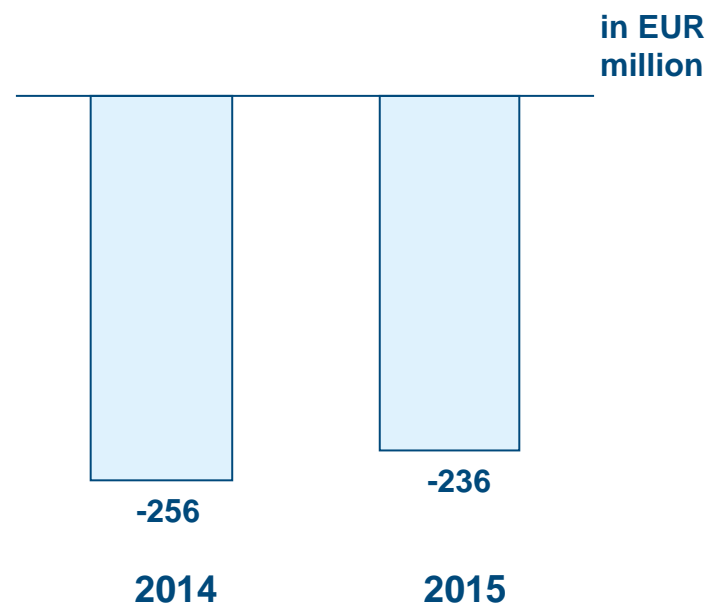
Reduced impact from one-offs, banking taxes still high

Other result\*



Improvement in other result due to lower one-offs: CHF conversion in Croatia (EUR 129.5mn), provisions for consumer protection claims in Romania (EUR 101.6mn)

Banking taxes

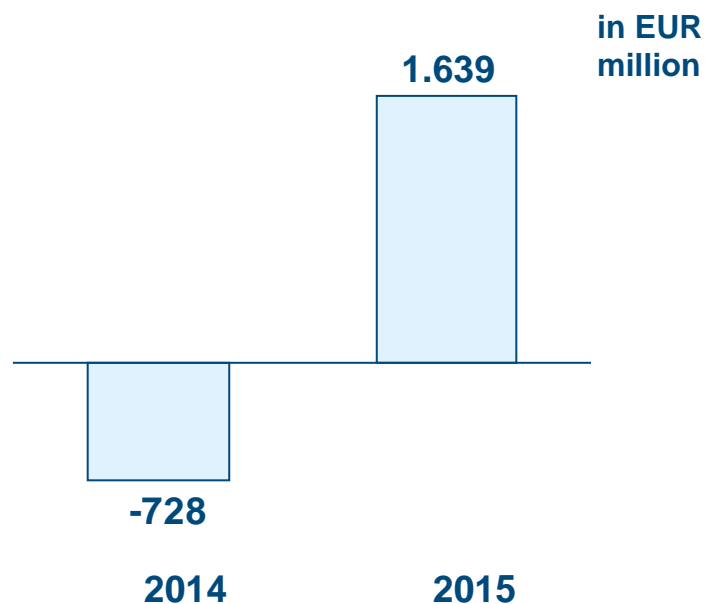


Still substantial banking taxes: Austria (EUR 129mn), Hungary (EUR 84mn), Slovakia (EUR 23mn)

\* Contains other operating result and gains/losses on financial assets not measured at fair value through profit or loss (net)

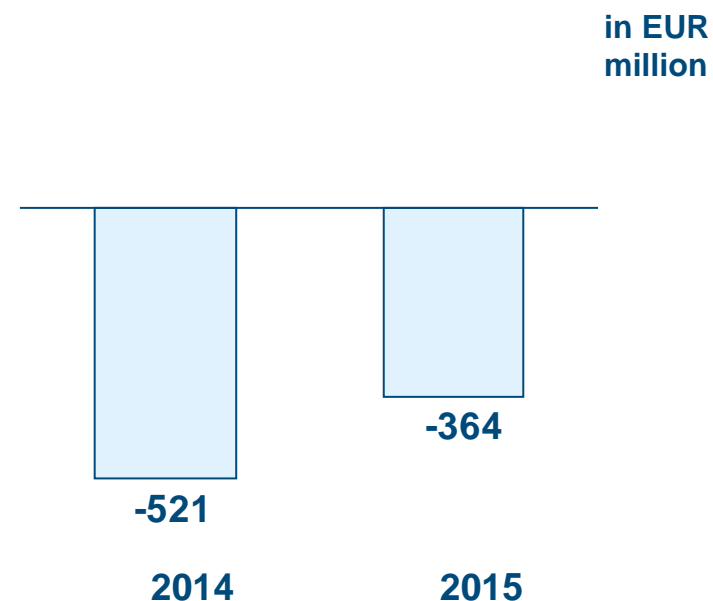
## Development of business: Pre-tax result and taxes on income – Pre-tax profit at highest level since 2007

### Pre-tax results



Pre-tax result was supported by normalisation of risk costs and improved other comprehensive income

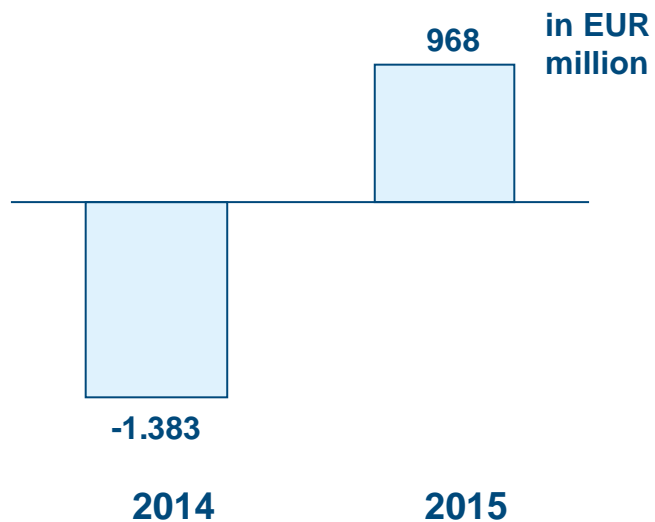
### Taxes on income



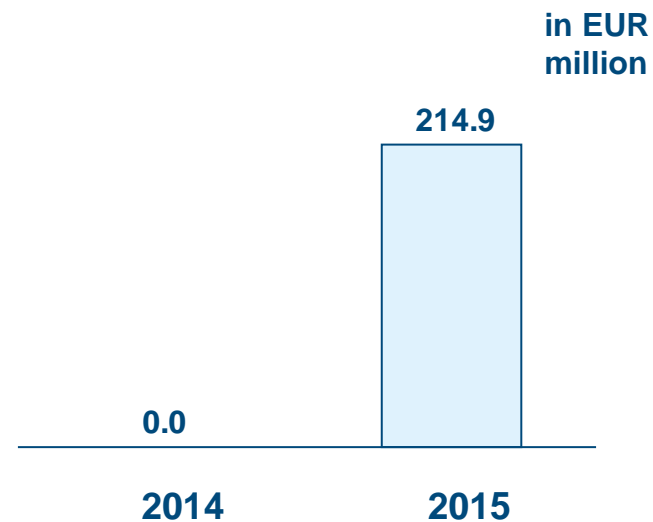
Normalisation of tax rate around 22%

## Development of business: Net profit and dividend – Strong profitability, dividend payout around 22%

Net result



Dividend



**Dividend proposal for the AGM: EUR 0.5 for  
the financial year 2015**

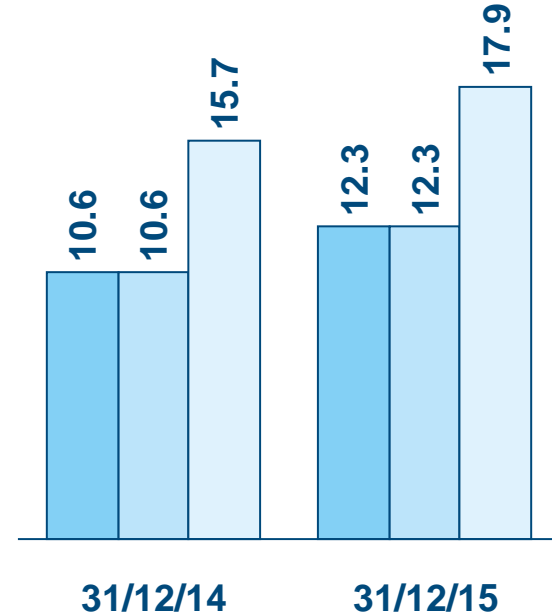
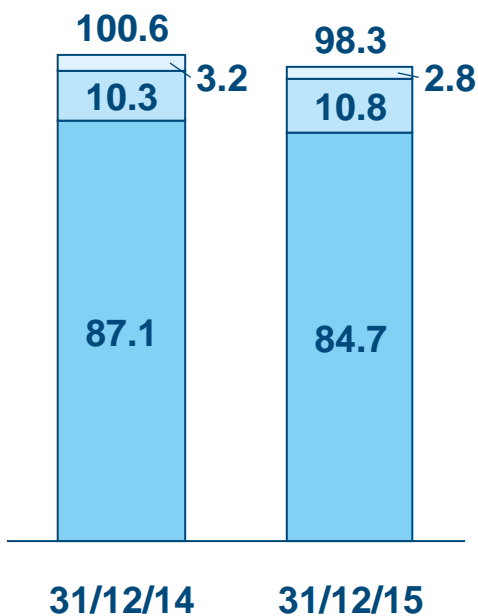
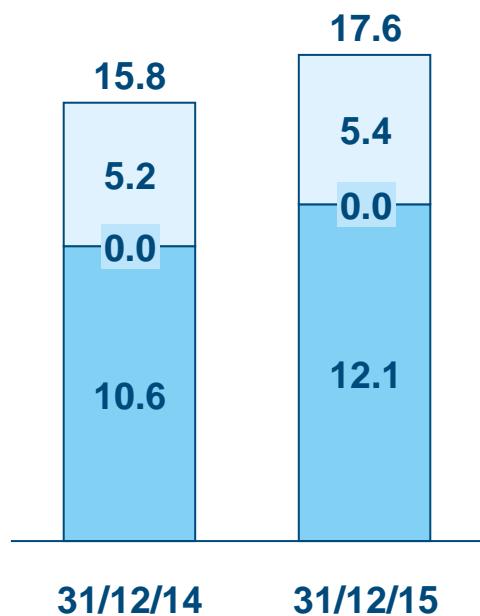
# Development of business: Capital & RWA –

CET 1 (Basel 3 phased-in) increased to 12.3% vs. 9.75% required

Regulatory capital (in EUR bln)

Risk-weighted assets (in EUR bln)

Capital ratios (in %)



CET1 AT1 Tier 2

Credit RWA Trading risk  
Op risk

CET1 Tier 1 Own funds

## Conclusion – Outlook 2016

- **CEE economic environment anticipated to be conducive to credit expansion**
  - Real GDP growth of between 1.5-3.8% expected in 2016 in all major CEE markets, including Austria
  - Real GDP growth to be driven by solid domestic demand
- **Return on tangible equity (ROTE) expected at about 10-11% in 2016 underpinning continued dividend payout**
  - Support factors: re-emerging loan growth; continued improvement in asset quality amid a benign risk environment; positive one-off related to VISA sale in the amount of approx. EUR 127mn pre-tax
  - Headwinds: persistent low interest rate environment affecting group operating income, primarily NII; lower operating results in Hungary (lower volumes) and Romania (following asset re-pricing); banking levies (total of banking taxes, FTT, resolution fund and deposit insurance fund contributions) expected at about EUR 360mn pre-tax in 2016
- **Risks to guidance**
  - Geopolitical risks and global economic risks
  - Impact from negative interest rates
  - Consumer protection initiatives