

## Erste Group: Preliminary results 2016

**Erste Group posts net profit of EUR 1,264.7 million in 2016 (ROTE: 12.3%); confirms guidance for 2017; proposes dividend of EUR 1.0 per share**

### Financial data

Income statement					
in EUR million	Q4 15	Q3 16	Q4 16	2015	2016
Net interest income	1,120.4	1,073.4	1,107.0	4,444.7	4,374.5
Net fee and commission income	489.2	434.9	463.2	1,861.8	1,783.0
Net trading and fair value result	17.2	84.1	80.7	210.1	272.3
Operating income	1,680.9	1,643.1	1,731.5	6,771.8	6,691.2
Operating expenses	-1,016.5	-982.7	-1,065.1	-3,868.9	-4,028.2
Operating result	664.4	660.4	666.4	2,902.9	2,663.0
Net impairment loss on financial assets	-210.7	-37.4	-132.5	-729.1	-195.7
Post-provision operating result	453.7	622.9	533.9	2,173.8	2,467.3
<b>Net result attributable to owners of the parent</b>	<b>204.0</b>	<b>337.4</b>	<b>85.6</b>	<b>968.2</b>	<b>1,264.7</b>
Net interest margin (on average interest-bearing assets)	2.59%	2.43%	2.52%	2.59%	2.51%
Cost/income ratio	60.5%	59.8%	61.5%	57.1%	60.2%
Provisioning ratio (on average gross customer loans)	0.64%	0.11%	0.39%	0.56%	0.15%
Tax rate	0.7%	22.3%	8.0%	22.2%	21.2%
Return on equity	7.5%	11.1%	2.8%	9.3%	10.8%
Balance sheet					
in EUR million	Dec 15	Sep 16	Dec 16	Dec 15	Dec 16
Cash and cash balances	12,350	14,743	18,353	12,350	18,353
Trading, financial assets	47,542	49,064	47,586	47,542	47,586
Loans and receivables to credit institutions	4,805	5,191	3,469	4,805	3,469
Loans and receivables to customers	125,897	128,985	130,654	125,897	130,654
Intangible assets	1,465	1,443	1,390	1,465	1,390
Miscellaneous assets	7,685	7,386	6,775	7,685	6,775
<b>Total assets</b>	<b>199,743</b>	<b>206,811</b>	<b>208,227</b>	<b>199,743</b>	<b>208,227</b>
Financial liabilities - held for trading	5,867	6,272	4,762	5,867	4,762
Deposits from banks	14,212	15,228	14,631	14,212	14,631
Deposits from customers	127,946	134,023	138,013	127,946	138,013
Debt securities issued	29,654	27,300	27,192	29,654	27,192
Miscellaneous liabilities	7,257	7,459	7,027	7,257	7,027
Total equity	14,807	16,529	16,602	14,807	16,602
<b>Total liabilities and equity</b>	<b>199,743</b>	<b>206,811</b>	<b>208,227</b>	<b>199,743</b>	<b>208,227</b>
Loan/deposit ratio	98.4%	96.2%	94.7%	98.4%	94.7%
NPL ratio	7.1%	5.5%	4.9%	7.1%	4.9%
NPL coverage (exc collateral)	64.5%	67.7%	69.1%	64.5%	69.1%
Texas ratio	48.1%	37.4%	34.6%	48.1%	34.6%
CET 1 ratio (phased-in)	12.3%	13.2%	13.4%	12.3%	13.4%

## HIGHLIGHTS

P&L 2016 compared with 2015; balance sheet 31 December 2016 compared with 31 December 2015

**Net interest income** declined to EUR 4,374.5 million (-1.6%; EUR 4,444.7 million), mainly due to a market environment of persistently low interest rates and large-scale NPL reductions. This development was not fully offset by lending growth. **Net fee and commission income** decreased to EUR 1,783.0 million (-4.2%; EUR 1,861.8 million) reflecting a decline in income from lending business and payment services as well as lower income from the securities business. **Net trading and fair value result** rose to EUR 272.3 million (+29.6%; EUR 210.1 million). Consequently, **operating income** declined to EUR 6,691.2 million (-1.2%; EUR 6,771.8 million). **General administrative expenses** increased to EUR 4,028.2 million (+4.1%; EUR 3,868.9 million), driven mainly by higher IT and consultancy costs as well as a rise in personnel expenses to EUR 2,339.3 million (+4.2%; EUR 2,244.6 million). This resulted in a decline of the **operating result** to EUR 2,663.0 million (-8.3%; EUR 2,902.9 million). The **cost/income ratio** stood at 60.2% (57.1%). **Result from financial assets and liabilities not measured at fair value through profit and loss (net)** include a gain, posted in the second quarter, from the sale of shares in VISA Europe in the amount of EUR 138.7 million.

**Net impairment loss on financial assets** declined substantially to EUR 195.7 million or 15 basis points of average gross customer loans (-73.2%; EUR 729.1 million or 56 basis points), on the back of a significant decline of non-performing loans and higher income from the recovery of loans already written off in Romania and Hungary. The **NPL ratio** improved significantly to 4.9% (7.1%). The **NPL coverage ratio** increased markedly to 69.1% (64.5%).

**Other operating result** amounted to EUR -665.0 million (EUR -635.6 million). This includes expenses for the annual contributions to resolution funds in the amount of EUR 65.6 million (EUR 51.3 million). Banking and financial transaction taxes amounted to EUR 388.8 million (EUR 236.2 million). This rise was attributable to a one-off payment of banking tax pursuant to the Austrian Bank Tax Act (Stabilitätsabgabegesetz) in the amount of EUR 200.9 million preceding a significant reduction of future annual banking tax payments in Austria. Overall, banking levies in Austria amounted EUR 306.7 million (EUR 128.6 million). In Hungary, banking levies declined significantly to EUR 57.0 million (EUR 84.0 million) and in Slovakia amounted to EUR 25.1 million (EUR 23.6 million).

As the earnings contributions of savings banks covered by the cross-guarantee system declined slightly from historically very high levels, the minority charge decreased to EUR 272.0 million (-11.4%; EUR 307.0 million). The **net result attributable to owners of the parent** rose to EUR 1,264.7 million (+30.6%; EUR 968.2 million).

**Total equity** – adjusted for additional tier 1 capital – increased to EUR 16.1 billion (EUR 14.8 billion). After regulatory deductions and filtering according to the CRR, **common equity tier 1 capital** (CET1, Basel 3 phased-in) rose to EUR 13.6 billion (EUR 12.1 billion); total eligible **own funds** (Basel 3 phased in) amounted to EUR 18.8 billion (EUR 17.6 billion). Total risk, i.e. **risk-weighted assets** including credit, market and operational risk (Basel 3 phased-in) rose to EUR 101.8 billion (EUR 98.3 billion). The **common equity tier 1 ratio** (CET 1, Basel 3 phased-in) stood at 13.4% (12.3%), the **total capital ratio** (Basel 3 phased-in) at 18.5% (17.9%).

**Total assets** increased to EUR 208.2 billion (EUR 199.7 billion), driven mainly by an increase in **cash and cash balances**, including in particular cash balances at central banks, to EUR 18.4 billion (EUR 12.4 billion). **Loans and receivables to customers (net)** rose to EUR 130.7 billion (+3.8%; EUR 125.9 billion). Securities held for trading declined to EUR 8.0 billion (EUR 8.7 billion). On the liability side, **customer deposits** grew substantially – particularly in the Czech Republic, Austria and Romania – to EUR 138.0 billion (+7.9%; EUR 127.9 billion). Deposits from banks were higher at EUR 14.6 billion (+3.0%; EUR 14.2 billion). **Debt securities in issue**, mainly bonds and mortgage covered bonds, declined to EUR 27.2 billion (-8.3%; EUR 29.7 billion). The **loan-to-deposit** ratio stood at 94.7% (98.4%).

## OUTLOOK

Erste Group expects a return on tangible equity (ROTE) of more than 10% in 2017. The anticipated solid macro-economic development in the core markets Czech Republic, Slovakia, Hungary, Romania, Croatia, Serbia and Austria, the unchanged very positive assessment of the bank's risk profile and the significant reduction of banking tax in Austria should be supportive factors to achieve this target. On the other hand, the persistent low interest rate environment, the non-recurrence of one-off effects such as the sale of VISA shares and potential – and as yet unquantifiable – political risks might jeopardize it.

In 2017, the positive development of the economy should be reflected in growth rates (real GDP growth) between 1.5-4.5% in Erste Group's CEE core markets. All other economic parameters are currently expected to develop likewise robustly. Unemployment rates should decline further – in the Czech Republic and in Hungary they are already among the lowest in the EU. Inflation is forecast to remain low and strong competitive positions should again lead to current account surpluses. The fiscal situation and public debt levels are also projected to remain sound. In Austria, by contrast, growth is forecast to be less dynamic, at a rate of 1.5%. Unemployment is expected to stabilise in 2017 after rising in 2016. Overall, growth continues to be driven by domestic demand across all economies, even though exports are expected to make a positive contribution to growth in most countries.

Against this backdrop, Erste Group expects mid-single digit net loan growth which is required to offset margin pressure resulting from sovereign bond reinvestments in the ongoing low interest rate environment. The strong improvement in asset quality also has an adverse impact on net interest income. With every further reduction of the NPL portfolio – driven, on the one hand, by NPL sales but also by the improved portfolio quality – net interest income will decline on the back of the lower unwinding effect. Overall, Erste Group expects that, at best, it will be able to keep net interest income stable in 2017. If the interest rate environment remains unchanged, a slight decline might also be possible, though.

The second key income component, net fee and commission income, is expected to remain at about the same level in 2017 as in the previous year. Some positive momentum should come from the anticipated rising loan demand and the dynamic economic environment. After a weak year in 2016, the securities business should also pick up again. The other income components are expected to remain flat, by and large, despite the volatility of the net trading and fair value result. Operating income should hence remain stable in 2017 or decline marginally in the case of lower-than-expected loan growth.

Operating expenses are expected to rise by 1-2% in 2017. This cost inflation will be mainly driven by IT investments necessary to secure Erste Group's future competitiveness and measures induced by regulatory requirements. Further investments in product simplification, process standardisation or the group-wide implementation of the digital platform George underline the digital strategy. After its rollout in Austria, George will be launched in the Czech Republic, in Slovakia and Romania in 2017. Additional cost drivers are regulatory expenses related for example to the implementation of IFRS 9 from the beginning of 2018 or to preparations for AnaCredit, a Europe-wide bank loans dataset overseen by the ECB. The operating result is therefore projected to slightly decline in 2017.

Risk costs should again support net profit in 2017. While the low interest rate environment has a negative impact on net interest income, it does have a positive effect on risk costs which, unlike net interest income, benefit additionally from the reduction of NPLs. Erste Group, however, does not expect a recurrence of the historically low risk cost level of the year 2016 of just 15 basis points of average customer loans. While precise forecasts are difficult in the current environment, Erste Group projects for 2017 risk costs of about 30 basis points of average customer loans.

Other result is anticipated to develop positively. Even though the one-off effects of the sale of VISA shares will not recur, banking tax in Austria is set to decrease significantly after the one-off payment of EUR 200.9 million to the Innovation Fund in 2016. As a result, this line item will improve barring the occurrence of any unforeseen events.

Assuming a similar tax rate as in 2016 and a similar level of minority charges, Erste Group aims to achieve a return on tangible equity (ROTE) of more than 10%.

Potential risks to the guidance are the impact from expansionary monetary central bank policies including negative interest rates, political risks e.g. related to various elections in key EU economies, geopolitical risks and global economic risks or consumer protection initiatives.

## PERFORMANCE IN DETAIL

January-December 2016 compared with January-December 2015

in EUR million	2015	2016	Change
Net interest income	4,444.7	4,374.5	-1.6%
Net fee and commission income	1,861.8	1,783.0	-4.2%
Net trading and fair value result	210.1	272.3	29.6%
Operating income	6,771.8	6,691.2	-1.2%
Operating expenses	-3,868.9	-4,028.2	4.1%
<b>Operating result</b>	<b>2,902.9</b>	<b>2,663.0</b>	<b>-8.3%</b>
Net impairment loss on financial assets	-729.1	-195.7	-73.2%
Other operating result	-635.6	-665.0	4.6%
Levies on banking activities	-236.2	-388.8	64.6%
<b>Pre-tax result from continuing operations</b>	<b>1,639.1</b>	<b>1,950.4</b>	<b>19.0%</b>
Taxes on income	-363.9	-413.6	13.7%
<b>Net result for the period</b>	<b>1,275.1</b>	<b>1,536.8</b>	<b>20.5%</b>
Net result attributable to non-controlling interests	307.0	272.0	-11.4%
<b>Net result attributable to owners of the parent</b>	<b>968.2</b>	<b>1,264.7</b>	<b>30.6%</b>

### Net interest income

Net interest income declined to EUR 4,374.5 million (EUR 4,444.7 million), mainly due to the impacts of the continuing low interest rate environment, which could not be fully offset by lending growth. Lower net interest income was registered in particular in Hungary and Romania due to the sale of non-performing loans and narrowing net interest margins. The net interest margin (net interest income as a percentage of average interest-bearing assets) declined from 2.59% to 2.51%.

### Net fee and commission income

Net fee and commission income decreased to EUR 1,783.0 million (EUR 1,861.8 million). This was mainly attributable to declining income from the securities business in Austria and lower income from payment services and lending in the Czech Republic. In the other segments, net fee and commission income was largely stable.

### Net trading and fair value result

The net trading and fair value result rose to EUR 272.3 million (EUR 210.1 million). Income from securities and derivatives trading, which improved despite the non-recurrence of extraordinary valuation gains in the Czech Republic, more than offset the negative impact of the valuation of financial liabilities – at fair value through profit or loss.

### General administrative expenses

in EUR million	2015	2016	Change
Personnel expenses	2,244.6	2,339.3	4.2%
Other administrative expenses	1,179.3	1,235.8	4.8%
Depreciation and amortisation	445.0	453.1	1.8%
<b>General administrative expenses</b>	<b>3,868.9</b>	<b>4,028.2</b>	<b>4.1%</b>

General administrative expenses rose to EUR 4,028.2 million (EUR 3,868.9 million). **Personnel expenses** increased to EUR 2,339.3 million (EUR 2,244.6 million) partly due to elevated staffing requirements, mostly IT related and in projects linked to increased regulatory requirements. **Other administrative expenses** rose to EUR 1,235.8 million (EUR 1,179.3 million). IT expenditure was higher at EUR 339.3 million (EUR 286.5 million), deposit insurance contributions amounted to EUR 88.8 million (EUR 99.6 million). Thereof, EUR 43.5 million (EUR 21.5 million) were for contributions payable in Austria, where the first payments of this kind had to be made in the second half of 2015. In the Czech Republic, contributions declined to EUR 7.4 million (EUR 37.1 million). **Depreciation and amortisation** increased to EUR 453.1 million (EUR 445.0 million).

## Headcount as of end of the period

	Dec 15	Dec 16	Change
<b>Domestic</b>	<b>15,686</b>	<b>16,029</b>	<b>2.2%</b>
Erste Group, EB Oesterreich and subsidiaries	8,456	8,835	4.5%
Haftungsverbund savings banks	7,230	7,194	-0.5%
<b>Abroad</b>	<b>30,781</b>	<b>31,004</b>	<b>0.7%</b>
Česká spořitelna Group	10,501	10,299	-1.9%
Banca Comercială Română Group	7,065	7,078	0.2%
Slovenská sporiteľňa Group	4,205	4,232	0.6%
Erste Bank Hungary Group	2,813	2,873	2.1%
Erste Bank Croatia Group	2,851	2,952	3.6%
Erste Bank Serbia Group	1,002	1,005	0.2%
Savings banks subsidiaries	1,210	1,249	3.3%
Other subsidiaries and foreign branch offices	1,134	1,316	16.1%
<b>Total</b>	<b>46,467</b>	<b>47,034</b>	<b>1.2%</b>

The average headcount increased marginally by 1.0% to 46,955 (46,496).

## Operating result

Operating income declined to EUR 6,691.5 million (-1.2%; EUR 6,771.8 million), primarily due to the decrease in net interest income and lower net fee and commission income. General administrative expenses rose to EUR 4,028.2 million (+4.1%; EUR 3,868.9 million), driven by an increase in IT and consultancy costs and higher personnel expenses. This led to an operating result of EUR 2,663.0 million (-8.3%; EUR 2,902.9 million). The cost/income ratio stood at 60.2% (57.1%).

## Gains/losses from financial assets and liabilities not measured at fair value through profit or loss (net)

Gains from financial assets and liabilities not measured at fair value through profit or loss (net) rose significantly to EUR 148.0 million (EUR 100.9 million). This includes a gain from the sale of shares in VISA Europe in the amount of EUR 138.7 million shown in income from financial assets – available for sale.

## Net impairment loss on financial assets

Net impairment loss on financial assets declined significantly to EUR 195.7 million (EUR -73.2%; EUR 729.1 million). This development was mostly attributable to the decline in the balance of the allocation and release of provisions for the lending business together with the costs of direct loan write-offs offset by income received from the recovery of loans already written off to EUR 184.2 million (EUR 666.5 million). The main drivers were declining risk costs in all core markets, substantial recoveries of receivables previously written off in Romania and the improvement of portfolio quality after the conversion of foreign-currency loans in Hungary. Net impairment loss on financial assets, based on the average volume of gross customer loans, hence improved to 15 basis points (56 basis points). In addition, this line item included a net impairment loss on financial assets – held-to-maturity and financial assets – available-for-sale in the amount of EUR 11.4 million (EUR 62.6 million).

## Other operating result

Other operating result amounted to EUR -665.0 million (EUR -635.6 million). **Levies on banking activities** rose to EUR 388.8 million (EUR 236.2 million). Banking tax in Austria increased to EUR 306.7 million (EUR 128.6 million) due to the recognition as an expense of the one-off payment made pursuant to the Austrian Bank Tax Act (Stabilitätsabgabengesetz) in the amount of EUR 200.9 million. The reduction of banking tax in Hungary had a positive impact. Due to a lower tax rate and an adjustment of the assessment base, the tax charge declined to EUR 19.4 million (EUR 46.2 million). Together with the financial transaction tax of EUR 37.6 million (EUR 37.8 million), levies in Hungary hence totalled EUR 57.0 million (EUR 84.0 million). In Slovakia, banking levies rose slightly to EUR 25.1 million (EUR 23.6 million).

Allocation/release of other provisions, including for commitments and guarantees given, decreased significantly to EUR 125.9 million (EUR 306.0 million). This includes an allocation to provisions for potential risks relating to consumer protection claims in Romania in the amount of EUR 62.3 million (EUR 101.6 million). In addition, the comparative figure also included an allocation to provisions in the amount of EUR 129.5 million for expected losses resulting from legislation requiring the conversion of customer loans (Swiss francs to euro) in Croatia.

Other operating result also includes a partial goodwill impairment in the amount of EUR 61.3 million of Slovenská sporiteľňa as well as the annual contributions to resolution funds in the amount of EUR 65.6 million (EUR 51.3 million) shown in the line item result from other operating expenses/income.

### Net result

The pre-tax result from continuing operations amounted to EUR 1,950.4 million (EUR 1,639.1 million). This rise was mainly due to substantially lower risk costs resulting from the improved quality of the loan portfolio. Because of the weaker results of the savings banks, the minority charge declined to EUR 272.0 million (EUR 307.0 million). The net result attributable to owners of the parent rose to EUR 1,264.7 million (EUR 968.2 million). The lower tax rate was mainly attributable to lower income tax charges in Hungary and Romania.

## FINANCIAL RESULTS – QUARTER-ON-QUARTER COMPARISON

Fourth quarter of 2016 compared to third quarter of 2016

in EUR million	Q4 15	Q1 16	Q2 16	Q3 16	Q4 16
<b>Income statement</b>					
Net interest income	1,120.4	1,092.2	1,101.9	1,073.4	1,107.0
Net fee and commission income	489.2	443.1	441.8	434.9	463.2
Dividend income	6.6	2.6	28.8	4.8	9.0
Net trading and fair value result	17.2	43.5	64.0	84.1	80.7
Net result from equity method investments	3.1	1.9	3.7	0.2	3.1
Rental income from investment properties & other operating leases	44.4	45.9	47.1	45.7	68.6
Personnel expenses	-577.1	-565.4	-587.2	-572.0	-614.6
Other administrative expenses	-324.1	-333.5	-276.6	-299.9	-325.8
Depreciation and amortisation	-115.3	-109.8	-107.7	-110.8	-124.7
Gains/losses from financial assets and liabilities not measured at fair value through profit or loss, net	42.1	2.4	146.0	-0.7	0.3
Net impairment loss on financial assets	-210.7	-56.4	30.6	-37.4	-132.5
Other operating result	-258.2	-139.5	-52.6	-60.3	-412.5
Levies on banking activities	-48.5	-62.8	-44.9	-44.0	-237.1
<b>Pre-tax result from continuing operations</b>	<b>237.6</b>	<b>427.0</b>	<b>839.7</b>	<b>562.0</b>	<b>121.7</b>
Taxes on income	-1.6	-104.5	-174.3	-125.1	-9.7
<b>Net result for the period</b>	<b>236.0</b>	<b>322.6</b>	<b>665.3</b>	<b>436.9</b>	<b>112.0</b>
Net result attributable to non-controlling interests	32.0	47.8	98.4	99.4	26.4
<b>Net result attributable to owners of the parent</b>	<b>204.0</b>	<b>274.7</b>	<b>567.0</b>	<b>337.4</b>	<b>85.6</b>

**Net interest income** rose to EUR 1,107.1 million (EUR 1,073.4 Mio) supported by positive one-off effects in the Czech Republic and Austria. **Net fee and commission income** increased to EUR 463.2 million (EUR 434.9 million), mainly on the back of higher income from the securities business and from asset management. Income from brokerage commissions increased as well. Rental income rose to EUR 68.6 million (EUR 45.7 million) due to the first-time consolidation of two new entities in the fourth quarter. The **net trading and fair value result** decreased to EUR 80.7 million (EUR 84.1 million), as positive valuation results of financial liabilities – at fair value through profit or loss did not fully compensate lower income from the securities and derivatives business.

**General administrative expenses** rose to EUR 1,065.1 million (+8.4%; EUR 982.7 million), personnel expenses to EUR 614.6 million (+7.4%; EUR 572.0 million), partly due to elevated staffing requirements – mostly IT related and in projects linked to increased regulatory requirements. Other administrative expenses increased to EUR 325.8 million (+8.6%; EUR 299.9 million), primarily due to significantly higher IT expenditure. Depreciation and amortisation rose to EUR 124.7 million (+12.5%; EUR 110.8 million) due to the first-time consolidation of two new entities in the fourth quarter. The **cost/income ratio** was higher at 61.5% (59.8%).

**Net impairment loss on financial assets** amounted to EUR 132.5 million (EUR 37.4 million).

**Other operating result** deteriorated to EUR -412.5 million (EUR -60.3 million). **Levies on banking activities** amounted to EUR 237.1 million (EUR 44.0 million). Banking tax in Austria increased to EUR 221.1 million (EUR 28.5 million) due to the recognition as an expense of the one-off payment made pursuant to the Austrian Bank Tax Act in the amount of EUR 200.9 million. Banking levies were also charged in Hungary in the amount of EUR 9.6 million (EUR 9.3 million) and in Slovakia in the amount of EUR 6.5 million (EUR 6.3 million). An allocation to provisions in the amount of EUR 62.3 million for potential risks resulting from Romanian consumer protection

claims and a partial goodwill impairment of Slovenská sporiteľňa in the amount of EUR 61.3 million also had an adverse impact on other operating result in the fourth quarter.

The **pre-tax result** declined to EUR 121.7 million (EUR 562.0 million). Taxes on income declined to EUR 9.7 million (EUR 125.1 million) partly also as a consequence of the write-up of deferred taxes in Austria. The **net result attributable to owners of the parent** amounted to EUR 85.6 million (EUR 337.4 million).

## DEVELOPMENT OF THE BALANCE SHEET

31 December 2016 compared with 31 December 2015

in EUR million	Dec 15	Dec 16	Change
<b>Assets</b>			
Cash and cash balances	12,350	18,353	48.6%
Trading, financial assets	47,542	47,586	0.1%
Loans and receivables to credit institutions	4,805	3,469	-27.8%
Loans and receivables to customers	125,897	130,654	3.8%
Intangible assets	1,465	1,390	-5.1%
Miscellaneous assets	7,685	6,775	-11.8%
<b>Total assets</b>	<b>199,743</b>	<b>208,227</b>	<b>4.2%</b>
<b>Liabilities and equity</b>			
Financial liabilities - held for trading	5,867	4,762	-18.8%
Deposits from banks	14,212	14,631	3.0%
Deposits from customers	127,946	138,013	7.9%
Debt securities issued	29,654	27,192	-8.3%
Miscellaneous liabilities	7,257	7,027	-3.2%
Total equity	14,807	16,602	12.1%
<b>Total liabilities and equity</b>	<b>199,743</b>	<b>208,227</b>	<b>4.2%</b>

The rise in **cash and cash balances** to EUR 18.4 billion (EUR 12.4 billion) was primarily due to larger cash balances held at central banks. **Trading and investment securities** held in various categories of financial assets were almost unchanged at EUR 47.6 billion (EUR 47.5 billion).

**Loans and receivables to credit institutions (net)**, including demand deposits other than overnight deposits, declined significantly to EUR 3.5 billion (EUR 4.8 billion). **Loans and receivables to customers (net)** increased – primarily in Austria and in the Czech Republic – to EUR 130.7 billion (EUR 125.9 billion). **Allowances for loans and receivables to customers** declined to EUR 4.6 billion (EUR 6.0 billion), mostly on the back of the improvement in asset quality and the sale of non-performing loans. The **NPL ratio** – non-performing loans as a percentage of gross loans to customers – declined again significantly to 4.9% (7.1%) while the **NPL coverage ratio** improved to 69.1% (64.5%).

**Intangible assets** amounted to EUR 1.4 billion (EUR 1.5 billion). **Miscellaneous assets** declined to EUR 6.8 billion (EUR 7.7 billion). **Financial liabilities – held for trading** decreased to EUR 4.8 billion (EUR 5.9 billion), partly as a result of a decrease in the line item derivatives.

**Deposits from banks** were higher at EUR 14.6 billion (EUR 14.2 billion). **Deposits from customers** rose due to increased savings and overnight deposits mainly in Austria and in the Czech Republic to EUR 138.0 billion (EUR 127.9 billion). The **loan-to-deposit ratio** stood at 94.7% (98.4%). **Debt securities in issue**, mainly bonds, declined to EUR 27.2 billion (EUR 29.7 billion). **Miscellaneous liabilities** were lower at EUR 7.0 billion (EUR 7.3 billion).

**Total assets** rose to EUR 208.2 billion (EUR 199.7 billion). Erste Group's **total equity** increased to EUR 16.6 billion (EUR 14.8 billion). Since June 2016, this includes AT1-instruments in the amount of EUR 497 million. After regulatory deductions and filtering according to the CRR **common equity tier 1 capital** (CET 1, Basel 3 phased-in) rose to EUR 13.6 billion (EUR 12.1 billion), **total own funds** (Basel 3 phased-in) to EUR 18.8 billion (EUR 17.6 billion). **Total risk (risk-weighted assets)** including credit, market and operational risk, Basel 3 phased-in) increased to EUR 101.8 billion (EUR 98.3 billion).

Consolidated regulatory capital is calculated in accordance with the capital requirements regulation (CRR) taking into consideration transitional provisions as defined in the Austrian CRR Supplementary Regulation and the regulation of the European Central Bank on the exercise of options and discretions. These transitional provisions define the percentages applicable to eligible capital instruments and regulatory deduction items as well as filters. The **total capital ratio** (Basel 3 phased-in) in relation to the total risk (total eligible qualifying capital in relation to total risk pursuant to CRR) was 18.5% (17.9%), well above the legal minimum requirement.

The **tier 1 ratio** (Basel 3 phased in) in relation to total risk stood at 13.4% (12.3%). The **common equity tier 1 ratio** (Basel 3 phased in) amounted also to 13.4% (12.3%).

## SEGMENT REPORTING

January-December 2016 compared with January-December 2015

Erste Group's segment reporting is based on a matrix organisation. It provides comprehensive information to assess the business and geographic segments performance. Following a strategic review related to Erste Group's operating segments and the method used for capital allocation to the segments, changes were introduced in the segment reporting from 1 January 2016. To ensure comparability Erste Group has adjusted the segment reporting for the financial year 2015.

The tables and information below provide a brief overview and focus on selected and summarised items. At [www.erstegroup.com](http://www.erstegroup.com) additional information is available in Excel format.

Operating income consists of net interest income, net fee and commission income, net trading and fair value result as well as dividend income, net result from equity method investments and rental income from investment properties & other operating leases. The latter three listed items are not separately disclosed in the tables below. Operating expenses equal the position general administrative expenses. Operating result is the net amount of operating income and operating expenses. Risk provisions for loans and receivables are included in the position net impairment loss on financial assets. Other result summarises the positions other operating result and gains/losses from financial assets and liabilities not measured at fair value through profit or loss. The cost/income ratio is calculated as operating expenses in relation to operating income. The return on allocated equity is defined as the net result after tax/before minorities in relation to the average allocated equity.

## BUSINESS SEGMENTS

### Retail

in EUR million	2015	2016	Change
Net interest income	2,211.5	2,198.2	-0.6%
Net fee and commission income	1,012.8	958.4	-5.4%
Net trading and fair value result	82.6	98.5	19.2%
Operating income	3,341.3	3,286.3	-1.6%
Operating expenses	-1,859.5	-1,892.8	1.8%
Operating result	1,481.7	1,393.5	-6.0%
Cost/income ratio	55.7%	57.6%	
Net impairment loss on financial assets	-291.9	-19.1	-93.5%
Other result	-278.3	-110.8	-60.2%
Net result attributable to owners of the parent	719.6	964.6	34.1%
Return on allocated capital	29.3%	42.0%	

The Retail segment comprises the entire business with private individuals, free professionals and micros in the responsibility of account managers in the retail network of the local banks cooperating with their specialised subsidiaries (such as leasing and asset management companies).

The net interest income remained almost stable despite a negative impact of the consumer loan law in Hungary as well as lower margins from lending business and unwinding in Romania. These developments were mitigated by higher loan volumes in Slovakia and the Czech Republic as well as an increased contribution from Austria and the deposit business in Croatia. Net fee and commission income decreased primarily due to lower card and current account maintenance fees in the Czech Republic, lower securities fees in Austria as well as lower fees



from card business in Slovakia. Net trading and fair value result went up as the negative impact of the Swiss franc exchange rate fixing for retail loans required by legislation in Croatia in 2015 did not recur. In addition, net trading and fair value result improved in the Czech Republic. Operating expenses increased primarily due to higher deposit insurance contributions in Austria and Hungary as well as higher IT and personnel expenses. Operating result thus declined, the cost/income ratio went up. The significant improvement of net impairment loss on financial assets was driven by lower risk costs in Hungary, Croatia and Romania due to portfolio quality improvement. Risk costs also decreased markedly in the Czech Republic. Other result improved significantly due to the non-recurrence of last year provisions for Swiss franc loan conversion in the amount of EUR 129.5 million in Croatia. This line item also included selling gains on property in Austria. Overall, the net result attributable to the owners of the parent went up.

## Corporates

in EUR million	2015	2016	Change
Net interest income	1,004.4	1,015.6	1.1%
Net fee and commission income	262.9	259.1	-1.4%
Net trading and fair value result	79.3	91.7	15.7%
Operating income	1,457.4	1,504.7	3.3%
Operating expenses	-552.4	-562.4	1.8%
Operating result	905.0	942.4	4.1%
Cost/income ratio	37.9%	37.4%	
Net impairment loss on financial assets	-321.1	-61.9	-80.7%
Other result	-22.7	-10.2	-55.3%
Net result attributable to owners of the parent	417.0	653.0	56.6%
Return on allocated capital	13.3%	22.3%	

The Corporates segment comprises business done with SMEs (small and medium sized enterprises), Local Large Corporate and Group Large Corporate customers, as well as commercial real estate and public sector business.

Net interest income increased primarily due to the positive business development in Austria. Net fee and commission income declined due to the non-recurrence of several one-off effects in the Large Corporate business of the Holding. The improved net trading and fair value result was attributable to derivative valuation effects in the Czech Republic. Although operating expenses increased due to higher project costs and the first time consolidation of a real estate developer entity in Austria, the cost/income ratio went down. The net impairment loss on financial assets declined substantially on the back of significantly lower risk provisions in the Holding and Croatia. The other result improved due to lower provisions for contingent credit risk liabilities. The banking tax increased to EUR 7.6 million (3.9 million) due to a one-off payment in the amount of EUR 4.6 million in Austria. Consequently, the net result attributable to the owners of the parent improved notably.

## Group Markets

in EUR million	2015	2016	Change
Net interest income	221.8	212.1	-4.4%
Net fee and commission income	198.6	203.7	2.6%
Net trading and fair value result	65.9	96.9	47.0%
Operating income	488.2	515.1	5.5%
Operating expenses	-225.6	-223.4	-1.0%
Operating result	262.5	291.7	11.1%
Cost/income ratio	46.2%	43.4%	
Net impairment loss on financial assets	13.1	11.4	-12.4%
Other result	-5.1	4.9	n/a
Net result attributable to owners of the parent	209.3	235.6	12.5%
Return on allocated capital	30.5%	37.6%	

The Group Markets segment comprises trading and markets services as well as business done with financial institutions.

Net interest income decreased primarily due to the generally low interest rate environment and lower margins on loans granted to financial institutions. Net fee and commission income increased on the back of higher investment funds related fees. The increase in net trading and fair value result was attributable to positive market developments affecting fixed income, money market and credit trading products. Therefore, operating income

increased. As operating expenses decreased, this led to an improvement in operating result and the cost/income ratio. Other result improved due to the resolution of a claim. Overall, net result attributable to the owners of the parent increased.

### Asset/Liability Management & Local Corporate Center

in EUR million	2015	2016	Change
Net interest income	34.3	-93.7	-373.1%
Net fee and commission income	-44.4	-64.4	45.0%
Net trading and fair value result	-62.1	-22.5	-63.7%
Operating income	-35.4	-135.2	281.7%
Operating expenses	-86.1	-117.3	36.3%
Operating result	-121.5	-252.5	107.8%
Cost/income ratio	>100%	-86.8%	
Net impairment loss on financial assets	-5.3	-9.6	82.6%
Other result	-144.8	-28.2	-80.5%
Net result attributable to owners of the parent	-216.7	-214.4	-1.0%
Return on allocated capital	-9.8%	-9.6%	

The ALM & LCC segment includes all asset/liability management functions – local and of Erste Group Bank AG (Holding) – as well as the local corporate centers which comprise non-profit service providers and reconciliation items to local entity results.

Net interest income declined considerably mainly due to lower ALM contribution on the back of an unfavourable yield curve development. The decrease in net fee and commission income was primarily related to lower fee income in Erste Bank Oesterreich. Net trading and fair value result improved mainly due to valuation effects of derivatives. The increase in operating expenses was attributable to higher IT costs in Slovakia and the first time depreciation of the new headquarter in Vienna. Overall, operating result deteriorated. Other result improved as the selling gain of the shares in VISA Europe (EUR 138.7 million) and the reduction of the banking tax in Hungary offset the temporarily higher Austrian banking tax due to a one-off payment in the amount of EUR 25.4 million preceding a significant reduction of future annual banking tax payments. The net result attributable to the owners of the parent was almost unchanged.

### Savings Banks

in EUR million	2015	2016	Change
Net interest income	929.7	955.8	2.8%
Net fee and commission income	439.3	429.7	-2.2%
Net trading and fair value result	3.1	5.3	68.9%
Operating income	1,435.3	1,446.0	0.7%
Operating expenses	-966.0	-1,021.8	5.8%
Operating result	469.3	424.2	-9.6%
Cost/income ratio	67.3%	70.7%	
Net impairment loss on financial assets	-83.6	-54.2	-35.1%
Other result	6.3	-56.8	n/a
Net result attributable to owners of the parent	41.6	34.1	-18.2%
Return on allocated capital	14.3%	9.3%	

The Savings Banks segment includes those savings banks which are members of the Haftungsverbund (cross-guarantee system) of the Austrian savings banks sector and in which Erste Group does not hold a majority stake but which are fully controlled according to IFRS 10. The fully or majority owned savings banks Erste Bank Oesterreich, Tiroler Sparkasse, Salzburger Sparkasse, and Sparkasse Hainburg are not part of the Savings Banks segment.

The increase in net interest income was attributable to loan growth and the repricing of deposits due to the persistent low interest rate environment. Net fee and commission income declined mainly due to lower fees from securities and insurance business. Net trading and fair value result improved on the back of positive derivatives valuation. Operating expenses went up due to the contribution to the deposit insurance fund of EUR 24.2 million (EUR 12.2 million – in 2015, the first payment was due only in the second half of the year) as well as higher personnel and IT expenses. Therefore, operating result decreased, the cost/income ratio went up. Net impairment loss on financial assets decreased. Other result deteriorated due to valuation effects and due to the selling gain on AfS securities in 2015. Banking tax increased to EUR 47.0 million (EUR 15.0 million) on the back of a one-off

payment of EUR 32.6 million preceding a significant reduction of future annual banking tax payments. The payment into the resolution fund increased to EUR 8.5 million (EUR 8.0 million). Overall, the net result attributable to owners of the parent decreased.

### Group Corporate Center

in EUR million	2015	2016	Change
Net interest income	66.2	77.4	16.9%
Net fee and commission income	18.3	6.4	-64.9%
Net trading and fair value result	12.4	2.0	-84.0%
Operating income	129.3	112.0	-13.4%
Operating expenses	-689.5	-871.5	26.4%
Operating result	-560.2	-759.4	35.6%
Cost/income ratio	>100.0%	>100.0%	
Net impairment loss on financial assets	-40.4	-62.2	54.2%
Other result	375.8	307.3	-18.2%
Net result attributable to owners of the parent	-202.7	-408.1	>100.0%
Return on allocated capital	-5.0%	-7.2%	

The Group Corporate Center segment covers mainly centrally managed activities and items that are not directly allocated to other segments. It includes the Corporate Center of Erste Group Bank AG as well as internal non-profit service providers, therefore, in particular the line items “other operating result” and “general administrative expenses” should be considered together with intragroup eliminations. Furthermore, the free capital of Erste Group is included.

The increase in net interest income almost fully offset lower net fee and commission income. Net trading and fair value result decreased due to valuation effects. The increase in operating expenses was mainly due to higher IT expenses and costs related to the move into the new headquarters in Vienna. Other result declined significantly due to the higher Austrian banking tax. The one-off payment of EUR 138.3 million precedes a significant reduction of future annual banking tax payments in Austria. This line item also included a partial impairment of the goodwill in Slovenská sporiteľňa in the amount of EUR 61.3 million. Consequently, the net result attributable to the owners of the parent declined.

### GEOGRAPHICAL SEGMENTS

#### Erste Bank Oesterreich & Subsidiaries

in EUR million	2015	2016	Change
Net interest income	639.5	660.5	3.3%
Net fee and commission income	370.8	334.6	-9.8%
Net trading and fair value result	-0.6	16.2	n/a
Operating income	1,040.0	1,057.5	1.7%
Operating expenses	-640.3	-666.9	4.2%
Operating result	399.7	390.6	-2.3%
Cost/income ratio	61.6%	63.1%	
Net impairment loss on financial assets	-59.0	-29.3	-50.4%
Other result	-25.6	-18.5	-27.5%
Net result attributable to owners of the parent	231.1	228.4	-1.2%
Return on allocated capital	18.9%	19.3%	

The Erste Bank Oesterreich & Subsidiaries (EBOe & Subsidiaries) segment comprises Erste Bank Oesterreich and its main subsidiaries (e.g. sBausparkasse, Salzburger Sparkasse, Tiroler Sparkasse, Sparkasse Hainburg).

Net interest income increased as higher loan volumes and re-pricing of deposits offset the negative effect from the low interest rate environment. While the net fee and commission income declined mainly due to lower securities fees, the net trading and fair value result increased primarily due to valuation effects of derivatives. Operating income further increased due to the first time consolidation of a real estate developer in Austria. Operating expenses increased due to deposit insurance contributions in the amount of EUR 19.2 million (EUR 9.2 million – in 2015, the first payment was due only in the second half of the year), higher IT costs and the first time consolidation of a real estate developer entity in Austria. Therefore, operating result decreased and the cost/income ratio went up. Net impairment loss on financial assets decreased substantially on the back of lower risk provisions in the corporate business. The improvement of other result was driven by releases of provisions for contin-

gent credit risk liabilities, selling gains for buildings and the selling gain of the shares in VISA Europe in the amount of EUR 12.2 million. Banking tax increased to EUR 44.4 million (EUR 14.9 million), because of the one-off payment in the amount of EUR 30.0 million preceding a significant reduction of future annual banking tax payments in Austria. Payment into recovery and resolution fund increased to EUR 7.2 million (EUR 4.7 million). Overall, the net result attributable to owners of the parent went down marginally.

### Savings Banks

The geographical segment Savings Banks is identical to the business segment Savings Banks.

### Other Austria

in EUR million	2015	2016	Change
Net interest income	414.5	401.6	-3.1%
Net fee and commission income	202.3	197.8	-2.2%
Net trading and fair value result	6.5	20.5	>100.0%
Operating income	667.3	681.7	2.2%
Operating expenses	-344.6	-355.5	3.2%
Operating result	322.8	326.2	1.1%
Cost/income ratio	51.6%	52.2%	
Net impairment loss on financial assets	-78.7	-23.5	-70.1%
Other result	-8.4	25.6	n/a
Net result attributable to owners of the parent	170.6	248.1	45.4%
Return on allocated capital	10.6%	16.6%	

The Other Austria segment comprises the Corporates and Group Markets business of Erste Group Bank AG (Holding), Erste Group Immorent AG and Erste Asset Management GmbH.

Net interest income decreased primarily due to the non-recurrence of one-off income in the real estate business in Austria and a lower contribution of business with financial institutions. Net fee and commission income declined due to lower asset management volumes and lower fees from lending business. The increase of net trading and fair value result was predominantly attributable to the positive impact of mark-to-market valuations and better performance of credit trading products. Overall operating income improved. Despite an increase in general administrative expenses driven by higher project related costs, operating result went up. The cost/income ratio worsened. Net impairment loss on financial assets improved significantly on the back of lower provisioning requirements in the corporate business of Holding. Other result improved significantly due to releases of provisions for contingent credit risk liabilities. This line item also included a resolution fund contribution of EUR 3.1 million (EUR 3.8 million). The net result attributable to the owners of the parent increased significantly.

### Czech Republic

in EUR million	2015	2016	Change
Net interest income	923.0	914.3	-0.9%
Net fee and commission income	375.8	344.3	-8.4%
Net trading and fair value result	103.5	105.5	2.0%
Operating income	1,431.7	1,384.5	-3.3%
Operating expenses	-681.2	-671.2	-1.5%
Operating result	750.5	713.3	-5.0%
Cost/income ratio	47.6%	48.5%	
Net impairment loss on financial assets	-97.1	-70.5	-27.4%
Other result	-20.9	27.7	n/a
Net result attributable to owners of the parent	498.3	542.0	8.8%
Return on allocated capital	29.5%	31.1%	

Net interest income in the Czech Republic segment (comprising Česká spořitelna Group) declined primarily because of the maturing of high yielding government bonds. Net fee and commission income declined mostly due to lower private current account fees and the implementation of debit and credit card fee caps as of the third quarter of 2015. Net trading and fair value result increased slightly on the back of higher result from derivatives and foreign exchange. The lower deposit insurance contribution of EUR 7.4 million (EUR 37.1 million) led to a decline in operating expenses although personnel costs increased. Operating result thus decreased, the cost/income ratio went up. The decline of net impairment loss on financial assets was attributable to an improvement in retail portfolio quality. Other result improved on the back of the selling gains of the shares in VISA Europe in the amount of

EUR 52.6 million. The resolution fund contribution amounted to EUR 14.7 million (no payment in 2015). Overall, these developments led to an increase in the net result attributable to the owners of the parent.

## Slovakia

in EUR million	2015	2016	Change
Net interest income	458.0	453.0	-1.1%
Net fee and commission income	121.4	121.7	0.2%
Net trading and fair value result	8.8	12.6	42.8%
Operating income	600.1	595.4	-0.8%
Operating expenses	-266.1	-275.1	3.4%
Operating result	334.0	320.4	-4.1%
Cost/income ratio	44.3%	46.2%	
Net impairment loss on financial assets	-58.0	-48.2	-16.9%
Other result	-32.5	11.0	n/a
Net result attributable to owners of the parent	184.8	213.3	15.4%
Return on allocated capital	28.7%	33.7%	

Net interest income in the Slovakia segment (comprising Slovenská sporiteľňa Group) decreased slightly mainly due to a lower asset/liability management contribution in the low interest rate environment that was not fully compensated by higher loan volumes, particularly in housing and consumer loans. Net fee and commission income remained stable as lower fee expenses for card transactions and higher loan prepayment fees were offset by lower card and deposit account maintenance fees. The increase in the net trading and fair value result was driven by the valuation of derivatives. Operating expenses increased mainly due to higher personnel expenses. The booking of deposit insurance contributions amounted to EUR 2.5 million (EUR 2.4 million). Consequently, operating result decreased, the cost/income ratio went up. Net impairment loss on financial assets decreased due to lower provisioning requirements in corporate business. The selling gains of the shares in VISA Europe (EUR 26.8 million) impacted the other result positively, the payment into the resolution fund decreased to EUR 4.0 million (EUR 7.3 million). Banking tax increased to EUR 25.1 million (EUR 23.6 million). Overall, the net result attributable to the owners of the parent improved.

## Romania

in EUR million	2015	2016	Change
Net interest income	436.5	374.9	-14.1%
Net fee and commission income	163.2	157.9	-3.2%
Net trading and fair value result	69.4	70.0	0.9%
Operating income	680.0	615.7	-9.5%
Operating expenses	-340.5	-349.8	2.7%
Operating result	339.5	266.0	-21.7%
Cost/income ratio	50.1%	56.8%	
Net impairment loss on financial assets	16.4	62.4	>100.0%
Other result	-140.0	-90.7	-35.2%
Net result attributable to owners of the parent	184.8	199.5	7.9%
Return on allocated capital	17.9%	21.6%	

Net interest income in the Romania segment (comprising Banca Comercială Română Group) decreased mainly due to an adapted loan pricing, a mortgage loan re-financing campaign and a lower unwinding contribution. Net fee and commission income decreased on the back of lower building society and asset management fees in the retail business. The slight increase in net trading and fair value result was mostly attributable to the revaluation of some foreign currency denominated participations. Operating expenses increased as the lower deposit insurance fund contribution of EUR 14.5 million (EUR 21.2 million) did not fully offset higher legal, consultancy and IT expenses. Consequently, operating result declined and the cost/income ratio went up. Successful insurance claims, lower provisioning requirements and the sale of non-performing portfolio led to net provision releases (net impairment loss on financial assets). Other result improved due to lower provisions for litigations and the selling gains of the shares in VISA Europe in the amount of EUR 24.3 million. Overall, the net result attributable to the owners of the parent improved.

## Hungary

in EUR million	2015	2016	Change
Net interest income	198.5	173.4	-12.6%
Net fee and commission income	137.5	141.8	3.1%
Net trading and fair value result	-0.5	21.1	n/a
Operating income	336.6	340.3	1.1%
Operating expenses	-179.9	-195.6	8.7%
Operating result	156.7	144.8	-7.6%
Cost/income ratio	53.5%	57.5%	
Net impairment loss on financial assets	-105.8	91.7	n/a
Other result	-111.6	-93.4	-16.2%
Net result attributable to owners of the parent	-71.3	133.6	n/a
Return on allocated capital	-14.0%	27.1%	

Net interest income in the Hungary segment (comprising Erste Bank Hungary Group) declined considerably mainly due to lower market interest rates and the impact of the consumer loan law. Net fee and commission income increased on the back of higher fees from securities business. Net trading and fair value result improved mainly due to the non-recurrence of the negative impact of the loan conversion booked in 2015. Operating expenses increased due to the higher deposit insurance fund contribution amounting to EUR 7.4 million (EUR 4.3 million) as well as higher personnel and IT costs. Consequently, operating result deteriorated, the cost/income ratio went up. The net release of risk provisions (net impairment loss on financial assets) was largely driven by the retail business partly on the back of NPL sales. Other result improved, although the positive impact of the reduced banking tax of EUR 19.4 million (EUR 46.2 million) was largely offset by higher provisions for contingent credit risk liabilities. This line item was positively impacted by a gain related to the sale of shares in VISA Europe in the amount of EUR 12.8 million; it also included the contribution to the resolution fund of EUR 1.8 million (EUR 2.1 million). Overall, the net result attributable to the owners of the parent improved substantially.

## Croatia

in EUR million	2015	2016	Change
Net interest income	270.6	264.9	-2.1%
Net fee and commission income	84.8	88.0	3.8%
Net trading and fair value result	15.9	29.5	85.9%
Operating income	401.6	407.4	1.4%
Operating expenses	-187.0	-194.3	3.9%
Operating result	214.7	213.1	-0.7%
Cost/income ratio	46.6%	47.7%	
Net impairment loss on financial assets	-167.3	-48.4	-71.1%
Other result	-134.9	-5.2	-96.1%
Net result attributable to owners of the parent	-43.7	83.7	n/a
Return on allocated capital	-11.6%	22.2%	

Net interest income in the Croatia segment (comprising Erste Bank Croatia Group) declined mainly due to lower asset margins in the corporate business and a reduction in the loan portfolio. Net fee and commission income went up due to higher fees from payment transfers. The net trading and fair value result improved significantly as the negative impact from Swiss franc exchange rate fixing for retail loans required by legislation as well as negative foreign exchange differences on the open position in Swiss francs did not recur. Operating expenses increased due to consolidation of an IT service entity and higher personnel costs. Overall, the operating result declined marginally, the cost/income ratio went up. The decrease in net impairment loss on financial assets was driven by lower provisioning requirements in the corporate as well as retail businesses. Other result improved significantly due to the non-recurrence of last year's provision for Swiss franc loan conversion in the amount of EUR 129.5 million. Other result included a gain related to the sale of shares in VISA Europe in the amount of EUR 10.0 million as well as the contribution to the resolution fund of EUR 5.2 million (EUR 4.2 million). Consequently, the net result attributable to the owners of the parent improved considerably.

## Serbia

in EUR million	2015	2016	Change
Net interest income	42.1	46.8	11.3%
Net fee and commission income	12.6	11.1	-11.6%
Net trading and fair value result	3.2	3.3	3.8%
Operating income	58.4	61.7	5.8%
Operating expenses	-39.0	-40.2	3.0%
Operating result	19.3	21.5	11.3%
Cost/income ratio	66.9%	65.2%	
Net impairment loss on financial assets	-10.8	-4.1	-61.6%
Other result	-0.6	-0.6	3.1%
Net result attributable to owners of the parent	6.3	12.8	>100.0%
Return on allocated capital	7.9%	13.6%	

Net interest income in the Serbia segment (comprising Erste Bank Serbia Group) increased mainly due to higher loan and deposit volumes despite decreasing margins. Net fee and commission income declined mostly due to lower fees from lending business. The increase in operating expenses was driven by higher project related costs. Net impairment loss on financial assets declined on the back of a better loan portfolio. Overall, the net result attributable to the owners of the parent improved.

## Other

in EUR million	2015	2016	Change
Net interest income	132.1	129.3	-2.1%
Net fee and commission income	-45.9	-43.9	-4.3%
Net trading and fair value result	0.8	-11.6	n/a
Operating income	120.7	100.9	-16.4%
Operating expenses	-224.4	-257.9	14.9%
Operating result	-103.6	-157.0	51.5%
Cost/income ratio	>100.0%	>100.0%	
Net impairment loss on financial assets	-85.1	-71.5	-16.1%
Other result	-66.5	-315.9	>100.0%
Net result attributable to owners of the parent	-234.4	-430.7	83.8%
Return on allocated capital	-4.6%	-6.4%	

The residual segment Other consists mainly of centralised service providers, the Group Asset/Liability Management and the Corporate Center of Erste Group Bank AG as well as the reconciliation to the consolidated accounting result (e.g. intercompany elimination, dividend elimination) and free capital.

The lower net interest income was largely offset by the improved net fee and commission income. Net trading and fair value result decreased due to valuation effects. Operating expenses increased on the back of IT expenses and costs related to the move to the new headquarters in Vienna. Consequently, operating result declined. Other result decreased primarily because of a one-off banking tax payment in the amount of EUR 138.3 million that precedes a significant reduction of the future annual banking tax in Austria as well as due to higher provisions for contingent credit risk liabilities. This line item also included a partial impairment of the goodwill in Slovenská sporiteľňa in the amount of EUR 61.3 million. Net result attributable to the owners of the parent thus decreased.

## Presentation of results via audio webcast and telephone conference for portfolio managers and analysts

Date	Tuesday 28 February 2017
Time	9:00 Vienna / 8:00 London / 3:00 New York
Live audio webcast	<a href="http://www.erstegroup.com/investorrelations">http://www.erstegroup.com/investorrelations</a> (slide presentation) The presentation will be held in English.
Dial-in for analysts	Please dial in prior to the start time using one of the following numbers and the Confirmation Code 6804238  UK: +44(0) 330 336 9411 National free phone 0800 279 7204 US: +1 719 457 2086 National free phone 800 263 0877
Replay	Will be available at <a href="https://www.erstegroup.com/en/investors/events/irevents">https://www.erstegroup.com/en/investors/events/irevents</a> .

For more information, please contact:

**Erste Group, Investor Relations**, Am Belvedere 1, 1100 Vienna, Austria

Email: [investor.relations@erstegroup.com](mailto:investor.relations@erstegroup.com)

Internet: <http://www.erstegroup.com/investorrelations>

<http://twitter.com/ErsteGroupIR>

[http://slideshare.net/Erste\\_Group](http://slideshare.net/Erste_Group)

Thomas Sommerauer

Tel +43 5 0100 17326,

Email: [thomas.sommerauer@erstegroup.com](mailto:thomas.sommerauer@erstegroup.com)

Peter Makray

Tel +43 5 0100 16878,

Email: [peter.makray@erstegroup.com](mailto:peter.makray@erstegroup.com)

Simone Pilz

Tel +43 5 0100 13036,

Email: [simone.pilz@erstegroup.com](mailto:simone.pilz@erstegroup.com)

Gerald Krames

Tel +43 5 0100 12751,

Email: [gerald.krames@erstegroup.com](mailto:gerald.krames@erstegroup.com)

This information is also available on <http://www.erstegroup.com/en/Investors/News> and on the Erste Group Investor Relations App for iPad, iPhone and Android ([http://www.erstegroup.com/en/Investors/IR\\_App](http://www.erstegroup.com/en/Investors/IR_App))



## Appendix

### Preliminary results 2016 of Erste Group Bank AG (IFRS)

#### I. Group statement of comprehensive income

##### Income statement

in EUR thousand	Notes	2015	2016
Net interest income	1	4,444,657	4,374,518
Net fee and commission income	2	1,861,768	1,782,963
Dividend income	3	49,901	45,181
Net trading and fair value result	4	210,135	272,275
Net result from equity method investments		17,510	9,010
Rental income from investment properties & other operating leases	5	187,865	207,234
Personnel expenses	6	-2,244,611	-2,339,292
Other administrative expenses	6	-1,179,329	-1,235,771
Depreciation and amortisation	6	-444,999	-453,110
Gains/losses from financial assets and liabilities not measured at fair value through profit or loss, net	7	100,911	148,001
Net impairment loss on financial assets	8	-729,099	-195,672
Other operating result	9	-635,646	-664,953
Levies on banking activities	9	-236,222	-388,794
<b>Pre-tax result from continuing operations</b>		<b>1,639,064</b>	<b>1,950,385</b>
Taxes on income	10	-363,926	-413,627
<b>Net result for the period</b>		<b>1,275,138</b>	<b>1,536,757</b>
Net result attributable to non-controlling interests		306,974	272,030
<b>Net result attributable to owners of the parent</b>		<b>968,164</b>	<b>1,264,728</b>

##### Statement of comprehensive income

in EUR thousand	2015	2016
<b>Net result for the period</b>	<b>1,275,138</b>	<b>1,536,757</b>
<b>Other comprehensive income</b>		
<b>Items that may not be reclassified to profit or loss</b>		
Remeasurement of net liability of defined benefit plans	100,995	-36,130
Deferred taxes relating to items that may not be reclassified	-33,607	-9,098
<b>Total</b>	<b>67,388</b>	<b>-45,227</b>
<b>Items that may be reclassified to profit or loss</b>		
Available for sale reserve (including currency translation)	-31,580	-4,603
Gain/loss during the period	-10,077	142,807
Reclassification adjustments	-21,502	-147,411
Cash flow hedge reserve (including currency translation)	-27,413	-13,341
Gain/loss during the period	11,354	18,235
Reclassification adjustments	-38,766	-31,576
Currency translation	90,987	28,848
Gain/loss during the period	90,987	28,848
Reclassification adjustments	0	0
Deferred taxes relating to items that may be reclassified	35,869	8,791
Gain/loss during the period	6,349	-33,446
Reclassification adjustments	29,520	42,236
<b>Total</b>	<b>67,864</b>	<b>19,694</b>
<b>Total other comprehensive income</b>	<b>135,252</b>	<b>-25,533</b>
<b>Total comprehensive income</b>	<b>1,410,389</b>	<b>1,511,224</b>
Total comprehensive income attributable to non-controlling interests	229,740	307,847
<b>Total comprehensive income attributable to owners of the parent</b>	<b>1,180,650</b>	<b>1,203,377</b>

## II. Group balance sheet

in EUR thousand	Notes	1 Jan 14	Dec 15	Dec 16
<b>Assets</b>				
Cash and cash balances	11	9,300,683	12,350,003	18,352,596
Financial assets - held for trading		12,283,046	8,719,244	7,950,401
Derivatives	12	6,342,237	5,303,001	4,474,783
Other trading assets	13	5,940,808	3,416,243	3,475,618
Financial assets - at fair value through profit or loss	14	528,984	358,959	479,512
Financial assets - available for sale	15	20,677,648	20,762,661	19,885,535
Financial assets - held to maturity	16	17,779,013	17,700,886	19,270,184
Loans and receivables to credit institutions	17	8,376,688	4,805,222	3,469,440
Loans and receivables to customers	18	119,868,987	125,896,650	130,654,451
Derivatives - hedge accounting	19	1,943,645	2,191,175	1,424,452
Property and equipment		2,319,501	2,401,868	2,476,913
Investment properties		950,572	753,243	1,022,704
Intangible assets		2,440,833	1,464,529	1,390,245
Investments in associates and joint ventures		207,594	166,541	193,277
Current tax assets		100,398	118,786	124,224
Deferred tax assets		731,097	310,370	233,773
Assets held for sale	20	74,774	526,451	279,447
Other assets		2,470,898	1,216,785	1,019,916
<b>Total assets</b>		<b>200,054,360</b>	<b>199,743,371</b>	<b>208,227,070</b>
<b>Liabilities and equity</b>				
Financial liabilities - held for trading	12	6,474,745	5,867,450	4,761,782
Derivatives	21	6,086,938	5,433,865	4,184,508
Other trading liabilities		387,807	433,586	577,273
Financial liabilities - at fair value through profit or loss		2,339,171	1,906,766	1,763,043
Deposits from banks		0	0	0
Deposits from customers	22	459,964	148,731	73,917
Debt securities issued		1,879,207	1,758,035	1,689,126
Other financial liabilities		0	0	0
Financial liabilities measured at amortised cost	23	170,785,614	170,786,703	178,908,933
Deposits from banks	23	17,299,491	14,212,032	14,631,353
Deposits from customers	23	121,955,141	127,797,081	137,938,808
Debt securities issued		31,244,697	27,895,975	25,502,621
Other financial liabilities	19	286,286	881,616	836,150
Derivatives - hedge accounting		644,319	592,891	472,675
Changes in fair value of portfolio hedged items	24	733,747	965,583	942,028
Provisions		1,447,605	1,736,367	1,702,354
Current tax liabilities		84,519	89,956	65,859
Deferred tax liabilities		169,392	95,787	67,542
Liabilities associated with assets held for sale	25	0	577,953	4,637
Other liabilities		2,653,713	2,316,601	2,936,220
<b>Total equity</b>		<b>14,721,534</b>	<b>14,807,313</b>	<b>16,601,996</b>
Equity attributable to non-controlling interests		3,461,883	3,801,997	4,142,054
Equity attributable to owners of the parent		11,259,651	11,005,316	12,459,942
<b>Total liabilities and equity</b>		<b>200,054,360</b>	<b>199,743,371</b>	<b>208,227,070</b>

### III. Segment reporting

#### Business segments (1)

in EUR million	Retail		Corporates		Group Markets		ALM&LCC	
	2015	2016	2015	2016	2015	2016	2015	2016
Net interest income	2,211.5	2,198.2	1,004.4	1,015.6	221.8	212.1	34.3	-93.7
Net fee and commission income	1,012.8	958.4	262.9	259.1	198.6	203.7	-44.4	-64.4
Dividend income	1.5	2.5	-1.2	1.2	1.8	2.3	14.9	11.4
Net trading and fair value result	82.6	98.5	79.3	91.7	65.9	96.9	-62.1	-22.5
Net result from equity method investments	10.4	7.3	0.0	0.0	0.0	0.0	4.0	2.4
Rental income from investment properties & other operating leases	22.4	21.4	112.0	137.1	0.0	0.0	17.8	31.6
General administrative expenses	-1,859.5	-1,892.8	-552.4	-562.4	-225.6	-223.4	-86.1	-117.3
Gains/losses from financial assets and liabilities not measured at fair value through profit or loss, net	0.0	0.9	26.5	4.8	1.8	1.6	23.5	132.0
Net impairment loss on financial assets	-291.9	-19.1	-321.1	-61.9	13.1	11.4	-5.3	-9.6
Other operating result	-278.3	-111.7	-49.2	-14.9	-6.8	3.4	-168.3	-160.2
Levies on banking activities	-42.6	-43.5	-14.6	-19.1	-1.8	-1.7	-63.5	-62.2
<b>Pre-tax result from continuing operations</b>	<b>911.6</b>	<b>1,263.6</b>	<b>561.2</b>	<b>870.3</b>	<b>270.5</b>	<b>308.1</b>	<b>-271.6</b>	<b>-290.3</b>
Taxes on income	-198.4	-261.1	-126.6	-173.8	-56.3	-67.4	57.8	74.0
<b>Net result for the period</b>	<b>713.2</b>	<b>1,002.5</b>	<b>434.6</b>	<b>696.5</b>	<b>214.2</b>	<b>240.6</b>	<b>-213.8</b>	<b>-216.4</b>
Net result attributable to non-controlling interests	-6.4	37.9	17.6	43.5	4.9	5.0	2.9	-1.9
<b>Net result attributable to owners of the parent</b>	<b>719.6</b>	<b>964.6</b>	<b>417.0</b>	<b>653.0</b>	<b>209.3</b>	<b>235.6</b>	<b>-216.7</b>	<b>-214.4</b>
Operating income	3,341.3	3,286.3	1,457.4	1,504.7	488.2	515.1	-35.4	-135.2
Operating expenses	-1,859.5	-1,892.8	-552.4	-562.4	-225.6	-223.4	-86.1	-117.3
<b>Operating result</b>	<b>1,481.7</b>	<b>1,393.5</b>	<b>905.0</b>	<b>942.4</b>	<b>262.5</b>	<b>291.7</b>	<b>-121.5</b>	<b>-252.5</b>
Risk-weighted assets (credit risk, eop)	18,074	17,113	33,962	34,527	4,371	4,850	5,448	4,202
Average allocated capital	2,431	2,390	3,265	3,125	703	640	2,187	2,259
Cost/income ratio	55.7%	57.6%	37.9%	37.4%	46.2%	43.4%	>100.0%	>100.0%
Return on allocated capital	29.3%	42.0%	13.3%	22.3%	30.5%	37.6%	-9.8%	-9.6%
Total assets (eop)	50,869	53,822	46,325	47,707	22,500	28,552	48,259	49,477
Total liabilities excluding equity (eop)	69,948	74,588	22,379	25,660	16,254	21,322	51,797	47,598
<b>Impairments and risk provisions</b>	<b>-293.2</b>	<b>-24.4</b>	<b>-424.5</b>	<b>-140.5</b>	<b>11.1</b>	<b>10.8</b>	<b>-65.4</b>	<b>-66.1</b>
Net impairment loss on loans and receivables to credit institutions/customers	-291.9	-19.2	-282.7	-61.8	13.1	11.3	-0.7	-7.2
Net impairment loss on other financial assets	0.0	0.1	-38.4	-0.2	0.0	0.2	-4.5	-2.4
Allocations/releases of provisions for contingent credit risk liabilities	0.6	-1.4	-99.9	-55.0	-2.0	-0.6	-19.6	7.4
Impairment of goodwill	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net impairment loss on other non-financial assets	-2.0	-3.8	-3.5	-23.6	0.0	0.0	-40.5	-63.9

All 2015 figures reflect changed segment structure of Erste Group as of 1 January 2016.

## Business segments (2)

in EUR million	Savings Banks		Group Corporate Center		Intragroup Elimination		Total Group	
	2015	2016	2015	2016	2015	2016	2015	2016
Net interest income	929.7	955.8	66.2	77.4	-23.3	9.0	4,444.7	4,374.5
Net fee and commission income	439.3	429.7	18.3	6.4	-25.7	-9.9	1,861.8	1,783.0
Dividend income	23.1	16.4	9.9	11.6	-0.3	-0.2	49.9	45.2
Net trading and fair value result	3.1	5.3	12.4	2.0	28.9	0.4	210.1	272.3
Net result from equity method investments	0.0	0.0	3.1	-0.6	0.0	0.0	17.5	9.0
Rental income from investment properties & other operating leases	40.0	38.8	19.4	15.3	-23.7	-37.0	187.9	207.2
General administrative expenses	-966.0	-1,021.8	-689.5	-871.5	510.2	660.9	-3,868.9	-4,028.2
Gains/losses from financial assets and liabilities not measured at fair value through profit or loss, net	45.8	8.5	4.7	1.0	-1.4	-0.8	100.9	148.0
Net impairment loss on financial assets	-83.6	-54.2	-40.4	-62.2	0.0	0.0	-729.1	-195.7
Other operating result	-39.5	-65.3	371.1	306.3	-464.6	-622.4	-635.6	-665.0
Levies on banking activities	-15.0	-47.0	-98.8	-215.3	0.0	0.0	-236.2	-388.8
<b>Pre-tax result from continuing operations</b>	<b>392.0</b>	<b>313.1</b>	<b>-224.7</b>	<b>-514.4</b>	<b>0.0</b>	<b>0.0</b>	<b>1,639.1</b>	<b>1,950.4</b>
Taxes on income	-90.2	-116.0	49.7	130.7	0.0	0.0	-363.9	-413.6
<b>Net result for the period</b>	<b>301.9</b>	<b>197.2</b>	<b>-175.0</b>	<b>-383.6</b>	<b>0.0</b>	<b>0.0</b>	<b>1,275.1</b>	<b>1,536.8</b>
Net result attributable to non-controlling interests	260.2	163.1	27.7	24.5	0.0	0.0	307.0	272.0
<b>Net result attributable to owners of the parent</b>	<b>41.6</b>	<b>34.1</b>	<b>-202.7</b>	<b>-408.1</b>	<b>0.0</b>	<b>0.0</b>	<b>968.2</b>	<b>1,264.7</b>
Operating income	1,435.3	1,446.0	129.3	112.0	-44.2	-37.8	6,771.8	6,691.2
Operating expenses	-966.0	-1,021.8	-689.5	-871.5	510.2	660.9	-3,868.9	-4,028.2
<b>Operating result</b>	<b>469.3</b>	<b>424.2</b>	<b>-560.2</b>	<b>-759.4</b>	<b>466.0</b>	<b>623.2</b>	<b>2,902.9</b>	<b>2,663.0</b>
Risk-weighted assets (credit risk, eop)	21,955	20,930	888	1,433	0	0	84,698	83,056
Average allocated capital	2,106	2,120	3,533	5,326	0	0	14,226	15,859
Cost/income ratio	67.3%	70.7%	>100.0%	>100.0%	>100.0%	>100.0%	57.1%	60.2%
Return on allocated capital	14.3%	9.3%	-5.0%	-7.2%			9.0%	9.7%
Total assets (eop)	57,953	58,357	9,575	3,762	-35,738	-33,450	199,743	208,227
Total liabilities excluding equity (eop)	53,835	54,038	6,522	1,838	-35,799	-33,420	184,936	191,625
<b>Impairments and risk provisions</b>	<b>-86.9</b>	<b>-44.8</b>	<b>7.4</b>	<b>-117.2</b>	<b>0.0</b>	<b>0.0</b>	<b>-851.5</b>	<b>-382.1</b>
Net impairment loss on loans and receivables to credit institutions/customers	-73.9	-51.6	-30.4	-55.7	0.0	0.0	-666.5	-184.2
Net impairment loss on other financial assets	-9.7	-2.6	-10.0	-6.5	0.0	0.0	-62.6	-11.4
Allocations/releases of provisions for contingent credit risk liabilities	-1.7	10.5	59.6	11.1	0.0	0.0	-63.0	-28.1
Impairment of goodwill	0.0	0.0	0.0	-61.3	0.0	0.0	0.0	-61.3
Net impairment loss on other non-financial assets	-1.6	-1.0	-11.8	-4.8	0.0	0.0	-59.4	-97.1

All 2015 figures reflect changed segment structure of Erste Group as of 1 January 2016.

## Geographical segmentation - overview

in EUR million	Austria		Central and Eastern Europe		Other		Total Group	
	2015	2016	2015	2016	2015	2016	2015	2016
Net interest income	1,983.8	2,017.9	2,328.8	2,227.3	132.1	129.3	4,444.7	4,374.5
Net fee and commission income	1,012.4	962.0	895.3	864.8	-45.9	-43.9	1,861.8	1,783.0
Dividend income	35.2	28.6	5.0	5.2	9.7	11.4	49.9	45.2
Net trading and fair value result	9.1	42.0	200.2	241.9	0.8	-11.6	210.1	272.3
Net result from equity method investments	1.9	2.2	12.5	7.5	3.1	-0.6	17.5	9.0
Rental income from investment properties & other operating leases	100.3	132.4	66.6	58.4	20.9	16.4	187.9	207.2
General administrative expenses	-1,950.8	-2,044.1	-1,693.8	-1,726.2	-224.4	-257.9	-3,868.9	-4,028.2
Gains/losses from financial assets and liabilities not measured at fair value through profit or loss, net	65.2	30.2	14.2	122.4	21.5	-4.6	100.9	148.0
Net impairment loss on financial assets	-221.3	-107.0	-422.6	-17.2	-85.1	-71.5	-729.1	-195.7
Other operating result	-92.9	-80.0	-454.8	-273.7	-88.0	-311.2	-635.6	-665.0
Levies on banking activities	-29.8	-91.3	-107.6	-82.1	-98.8	-215.3	-236.2	-388.8
<b>Pre-tax result from continuing operations</b>	<b>942.8</b>	<b>984.2</b>	<b>951.5</b>	<b>1,510.5</b>	<b>-255.2</b>	<b>-544.3</b>	<b>1,639.1</b>	<b>1,950.4</b>
Taxes on income	-219.8	-286.6	-192.4	-264.9	48.3	137.9	-363.9	-413.6
<b>Net result for the period</b>	<b>723.0</b>	<b>697.5</b>	<b>759.1</b>	<b>1,245.7</b>	<b>-206.9</b>	<b>-406.4</b>	<b>1,275.1</b>	<b>1,536.8</b>
Net result attributable to non-controlling interests	279.7	187.0	-0.2	60.7	27.5	24.3	307.0	272.0
<b>Net result attributable to owners of the parent</b>	<b>443.3</b>	<b>510.5</b>	<b>759.2</b>	<b>1,184.9</b>	<b>-234.4</b>	<b>-430.7</b>	<b>968.2</b>	<b>1,264.7</b>
Operating income	3,142.7	3,185.1	3,508.4	3,405.2	120.7	100.9	6,771.8	6,691.2
Operating expenses	-1,950.8	-2,044.1	-1,693.8	-1,726.2	-224.4	-257.9	-3,868.9	-4,028.2
<b>Operating result</b>	<b>1,191.8</b>	<b>1,141.0</b>	<b>1,814.7</b>	<b>1,679.0</b>	<b>-103.6</b>	<b>-157.0</b>	<b>2,902.9</b>	<b>2,663.0</b>
Risk-weighted assets (credit risk, eop)	50,063	46,970	33,301	34,061	1,334	2,025	84,698	83,056
Average allocated capital	5,074	4,929	4,614	4,538	4,538	6,392	14,226	15,859
Cost/income ratio	62.1%	64.2%	48.3%	50.7%	>100.0%	>100.0%	57.1%	60.2%
Return on allocated capital	14.2%	14.2%	16.5%	27.4%	-4.6%	-6.4%	9.0%	9.7%
Total assets (eop)	132,396	138,778	79,266	85,624	-11,919	-16,175	199,743	208,227
Total liabilities excluding equity (eop)	108,281	114,205	70,588	75,976	6,066	1,444	184,936	191,625
<b>Impairments and risk provisions</b>	<b>-321.2</b>	<b>-114.9</b>	<b>-486.3</b>	<b>-146.7</b>	<b>-44.1</b>	<b>-120.5</b>	<b>-851.5</b>	<b>-382.1</b>
Net impairment loss on loans and receivables to credit institutions/customers	-202.2	-104.3	-422.4	-15.0	-41.8	-65.0	-666.5	-184.2
Net impairment loss on other financial assets	-19.1	-2.7	-0.2	-2.2	-43.3	-6.5	-62.6	-11.4
Allocations/releases of provisions for contingent credit risk liabilities	-82.3	9.6	-33.5	-55.1	52.9	17.5	-63.0	-28.1
Impairment of goodwill	0.0	0.0	0.0	0.0	0.0	-61.3	0.0	-61.3
Net impairment loss on other non-financial assets	-17.5	-17.4	-30.1	-74.4	-11.8	-5.3	-59.4	-97.1

All 2015 figures reflect changed segment structure of Erste Group as of 1 January 2016.

## Geographical area - Austria

in EUR million	EBOe & Subsidiaries		Savings Banks		Other Austria		Austria	
	2015	2016	2015	2016	2015	2016	2015	2016
Net interest income	639.5	660.5	929.7	955.8	414.5	401.6	1,983.8	2,017.9
Net fee and commission income	370.8	334.6	439.3	429.7	202.3	197.8	1,012.4	962.0
Dividend income	9.4	8.0	23.1	16.4	2.7	4.2	35.2	28.6
Net trading and fair value result	-0.6	16.2	3.1	5.3	6.5	20.5	9.1	42.0
Net result from equity method investments	1.4	1.7	0.0	0.0	0.5	0.5	1.9	2.2
Rental income from investment properties & other operating leases	19.4	36.5	40.0	38.8	40.8	57.1	100.3	132.4
General administrative expenses	-640.3	-666.9	-966.0	-1,021.8	-344.6	-355.5	-1,950.8	-2,044.1
Gains/losses from financial assets and liabilities not measured at fair value through profit or loss, net	0.1	15.2	45.8	8.5	19.3	6.5	65.2	30.2
Net impairment loss on financial assets	-59.0	-29.3	-83.6	-54.2	-78.7	-23.5	-221.3	-107.0
Other operating result	-25.6	-33.8	-39.5	-65.3	-27.8	19.1	-92.9	-80.0
Levies on banking activities	-14.9	-44.4	-15.0	-47.0	0.0	0.0	-29.8	-91.3
<b>Pre-tax result from continuing operations</b>	<b>315.1</b>	<b>342.8</b>	<b>392.0</b>	<b>313.1</b>	<b>235.6</b>	<b>328.2</b>	<b>942.8</b>	<b>984.2</b>
Taxes on income	-73.8	-95.0	-90.2	-116.0	-55.8	-75.6	-219.8	-286.6
<b>Net result for the period</b>	<b>241.3</b>	<b>247.8</b>	<b>301.9</b>	<b>197.2</b>	<b>179.9</b>	<b>252.6</b>	<b>723.0</b>	<b>697.5</b>
Net result attributable to non-controlling interests	10.1	19.4	260.2	163.1	9.3	4.5	279.7	187.0
<b>Net result attributable to owners of the parent</b>	<b>231.1</b>	<b>228.4</b>	<b>41.6</b>	<b>34.1</b>	<b>170.6</b>	<b>248.1</b>	<b>443.3</b>	<b>510.5</b>
Operating income	1,040.0	1,057.5	1,435.3	1,446.0	667.3	681.7	3,142.7	3,185.1
Operating expenses	-640.3	-666.9	-966.0	-1,021.8	-344.6	-355.5	-1,950.8	-2,044.1
<b>Operating result</b>	<b>399.7</b>	<b>390.6</b>	<b>469.3</b>	<b>424.2</b>	<b>322.8</b>	<b>326.2</b>	<b>1,191.8</b>	<b>1,141.0</b>
Risk-weighted assets (credit risk, eop)	12,482	11,523	21,955	20,930	15,625	14,517	50,063	46,970
Average allocated capital	1,274	1,285	2,106	2,120	1,694	1,525	5,074	4,929
Cost/income ratio	61.6%	63.1%	67.3%	70.7%	51.6%	52.2%	62.1%	64.2%
Return on allocated capital	18.9%	19.3%	14.3%	9.3%	10.6%	16.6%	14.2%	14.2%
Total assets (eop)	40,560	41,484	57,953	58,357	33,883	38,936	132,396	138,778
Total liabilities excluding equity (eop)	38,821	39,738	53,835	54,038	15,625	20,429	108,281	114,205
<b>Impairments and risk provisions</b>	<b>-76.6</b>	<b>-21.2</b>	<b>-86.9</b>	<b>-44.8</b>	<b>-157.6</b>	<b>-49.0</b>	<b>-321.2</b>	<b>-114.9</b>
Net impairment loss on loans and receivables to credit institutions/customers	-49.6	-28.9	-73.9	-51.6	-78.7	-23.8	-202.2	-104.3
Net impairment loss on other financial assets	-9.4	-0.4	-9.7	-2.6	0.1	0.3	-19.1	-2.7
Allocations/releases of provisions for contingent credit risk liabilities	-11.7	8.8	-1.7	10.5	-69.0	-9.7	-82.3	9.6
Impairment of goodwill	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net impairment loss on other non-financial assets	-5.9	-0.7	-1.6	-1.0	-9.9	-15.7	-17.5	-17.4

All 2015 figures reflect changed segment structure of Erste Group as of 1 January 2016.

## Geographical area - Central and Eastern Europe

in EUR million	Czech Republic		Romania		Slovakia		Hungary		Croatia		Serbia		Central and Eastern Europe	
	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016
Net interest income	923.0	914.3	436.5	374.9	458.0	453.0	198.5	173.4	270.6	264.9	42.1	46.8	2,328.8	2,227.3
Net fee and commission income	375.8	344.3	163.2	157.9	121.4	121.7	137.5	141.8	84.8	88.0	12.6	11.1	895.3	864.8
Dividend income	2.5	3.1	1.3	0.6	0.9	1.2	0.2	0.1	0.2	0.2	0.0	0.0	5.0	5.2
Net trading and fair value result	103.5	105.5	69.4	70.0	8.8	12.6	-0.5	21.1	15.9	29.5	3.2	3.3	200.2	241.9
Net result from equity method investments	0.0	-0.4	0.6	0.4	9.1	6.1	0.0	0.0	2.6	1.2	0.2	0.2	12.5	7.5
Rental income from investment properties & other operating leases	26.8	17.7	9.1	11.9	1.9	0.9	0.9	4.0	27.6	23.7	0.3	0.3	66.6	58.4
General administrative expenses	-681.2	-671.2	-340.5	-349.8	-266.1	-275.1	-179.9	-195.6	-187.0	-194.3	-39.0	-40.2	-1,693.8	-1,726.2
Gains/losses from financial assets and liabilities not measured at fair value through profit or loss, net	16.5	52.6	1.1	24.9	0.9	27.0	-4.7	9.3	0.4	8.7	0.0	0.0	14.2	122.4
Net impairment loss on financial assets	-97.1	-70.5	16.4	62.4	-58.0	-48.2	-105.8	91.7	-167.3	-48.4	-10.8	-4.1	-422.6	-17.2
Other operating result	-37.3	-24.8	-141.2	-115.6	-33.4	-16.1	-106.9	-102.7	-135.4	-13.9	-0.6	-0.6	-454.8	-273.7
Levies on banking activities	0.0	0.0	0.0	0.0	-23.6	-25.1	-84.0	-57.0	0.0	0.0	0.0	0.0	-107.6	-82.1
<b>Pre-tax result from continuing operations</b>	<b>632.6</b>	<b>670.6</b>	<b>215.9</b>	<b>237.6</b>	<b>243.5</b>	<b>283.1</b>	<b>-60.7</b>	<b>143.0</b>	<b>-87.6</b>	<b>159.5</b>	<b>7.9</b>	<b>16.7</b>	<b>951.5</b>	<b>1,510.5</b>
Taxes on income	-128.9	-122.8	-18.4	-24.5	-58.6	-69.8	-10.5	-9.4	24.1	-37.6	-0.1	-0.7	-192.4	-264.9
<b>Net result for the period</b>	<b>503.7</b>	<b>547.8</b>	<b>197.5</b>	<b>213.1</b>	<b>184.8</b>	<b>213.3</b>	<b>-71.3</b>	<b>133.6</b>	<b>-63.5</b>	<b>121.9</b>	<b>7.7</b>	<b>16.0</b>	<b>759.1</b>	<b>1,245.7</b>
Net result attributable to non-controlling interests	5.4	5.8	12.7	13.7	0.0	0.0	0.0	0.0	-19.8	38.2	1.5	3.1	-0.2	60.7
<b>Net result attributable to owners of the parent</b>	<b>498.3</b>	<b>542.0</b>	<b>184.8</b>	<b>199.5</b>	<b>184.8</b>	<b>213.3</b>	<b>-71.3</b>	<b>133.6</b>	<b>-43.7</b>	<b>83.7</b>	<b>6.3</b>	<b>12.8</b>	<b>759.2</b>	<b>1,184.9</b>
Operating income	1,431.7	1,384.5	680.0	615.7	600.1	595.4	336.6	340.3	401.6	407.4	58.4	61.7	3,508.4	3,405.2
Operating expenses	-681.2	-671.2	-340.5	-349.8	-266.1	-275.1	-179.9	-195.6	-187.0	-194.3	-39.0	-40.2	-1,693.8	-1,726.2
<b>Operating result</b>	<b>750.5</b>	<b>713.3</b>	<b>339.5</b>	<b>266.0</b>	<b>334.0</b>	<b>320.4</b>	<b>156.7</b>	<b>144.8</b>	<b>214.7</b>	<b>213.1</b>	<b>19.3</b>	<b>21.5</b>	<b>1,814.7</b>	<b>1,679.0</b>
Risk-weighted assets (credit risk, eop)	14,406	15,285	5,489	5,369	4,905	4,737	3,328	3,470	4,369	4,256	803	943	33,301	34,061
Average allocated capital	1,707	1,761	1,106	987	644	633	511	493	548	548	98	117	4,614	4,538
Cost/income ratio	47.6%	48.5%	50.1%	56.8%	44.3%	46.2%	53.5%	57.5%	46.6%	47.7%	66.9%	65.2%	48.3%	50.7%
Return on allocated capital	29.5%	31.1%	17.9%	21.6%	28.7%	33.7%	-14.0%	27.1%	-11.6%	22.2%	7.9%	13.6%	16.5%	27.4%
Total assets (eop)	35,512	39,470	13,784	14,875	13,978	14,819	6,090	6,606	8,902	8,654	1,000	1,199	79,266	85,624
Total liabilities excluding equity (eop)	31,211	34,965	12,486	13,375	12,441	13,263	5,582	5,699	8,002	7,621	867	1,051	70,588	75,976
<b>Impairments and risk provisions</b>	<b>-116.9</b>	<b>-124.0</b>	<b>0.3</b>	<b>54.1</b>	<b>-54.9</b>	<b>-44.5</b>	<b>-127.7</b>	<b>40.8</b>	<b>-176.0</b>	<b>-68.7</b>	<b>-11.1</b>	<b>-4.3</b>	<b>-486.3</b>	<b>-146.7</b>
Net impairment loss on loans and receivables to credit institutions/customers	-97.1	-70.6	16.7	62.8	-58.1	-48.2	-105.8	92.7	-167.3	-47.5	-10.8	-4.1	-422.4	-15.0
Net impairment loss on other financial assets	0.1	0.2	-0.3	-0.4	0.0	0.0	0.0	-1.0	0.0	-0.9	0.0	0.0	-0.2	-2.2
Allocations/releases of provisions for contingent credit risk liabilities	-6.1	-11.8	-6.5	4.7	3.0	4.4	-19.1	-45.8	-4.8	-6.0	0.0	-0.6	-33.5	-55.1
Impairment of goodwill	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net impairment loss on other non-financial assets	-13.8	-41.8	-9.6	-13.0	0.2	-0.7	-2.8	-5.1	-3.8	-14.3	-0.2	0.4	-30.1	-74.4

All 2015 figures reflect changed segment structure of Erste Group as of 1 January 2016.