

Erste Group investor presentation FY 2017 preliminary results

28 February 2018

Erste Group delivers 11.5% ROTE in 2017 as revenue pressure eases

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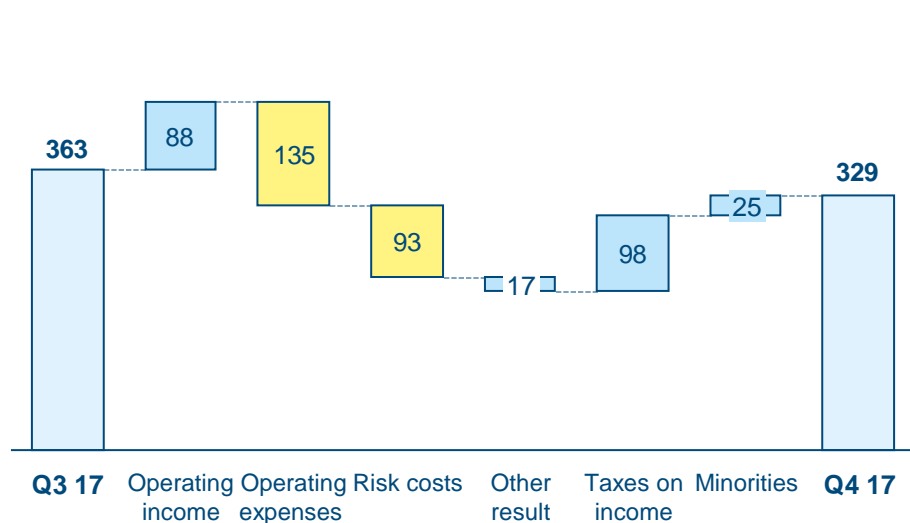
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Presentation topics

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

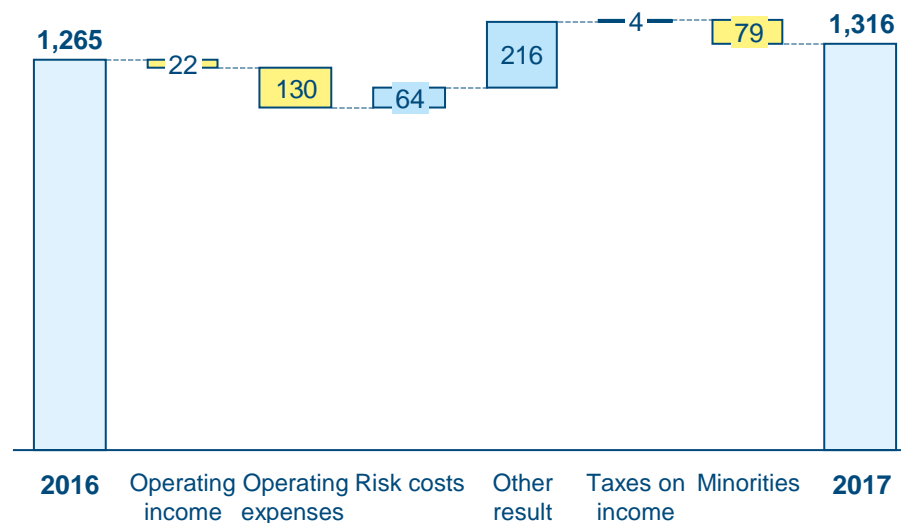
Executive summary – Group income statement performance

QoQ net profit reconciliation (EUR m)



- Erste Group Q4 17 net profit fell to EUR 328.6m; primarily due to seasonally higher expenses and a rise in risk costs (single case)
- Revenues advanced on the back of stronger NII (volume growth, interest rate hikes in CZ) and higher fees (asset management, securities business)
- Operating expenses up on higher personnel and other administrative expenses (in particular related to IT and consulting)

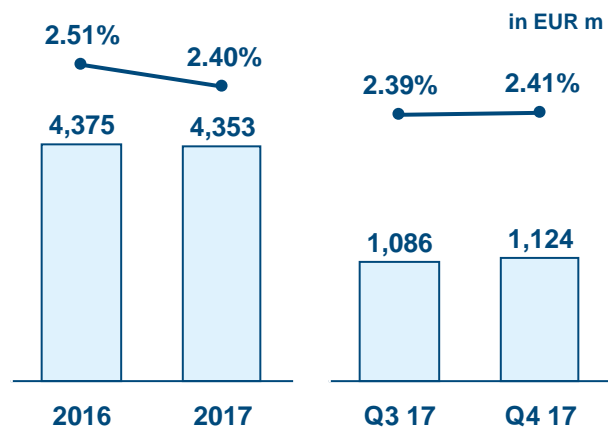
YoY net profit reconciliation (EUR m)



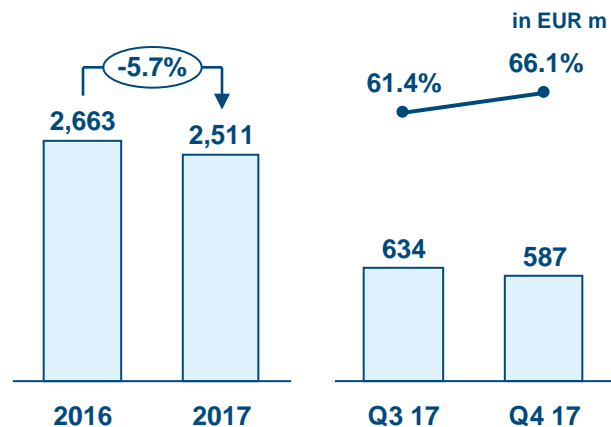
- 2nd consecutive record net profit primarily driven by improved other result and lower risk costs, more than offsetting operating pressure
- Other result improved primarily due to lower banking taxes in AT
- Operating income declined less than expected as loan growth (+6.8% yoy) and higher interest rates (CZ) supported NII; fees also rebounded on increased demand for asset management services
- Higher operating expenses due to regulatory/IT project costs

Executive summary – Key income statement data

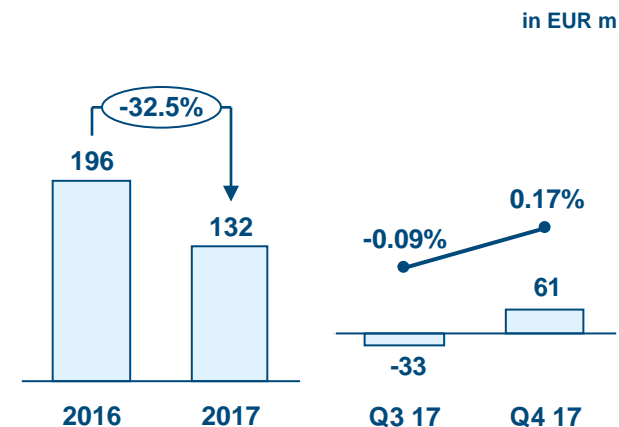
Net interest income & margin



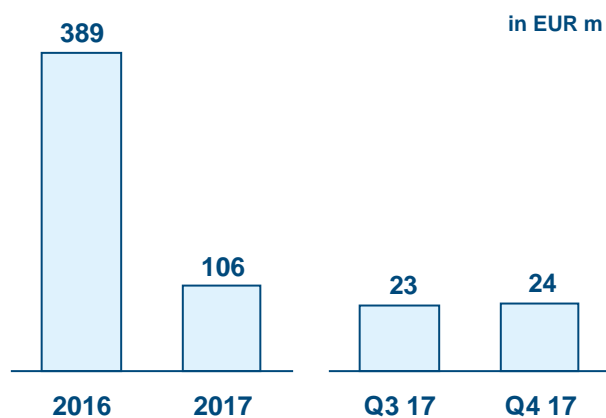
Operating result & cost/income ratio



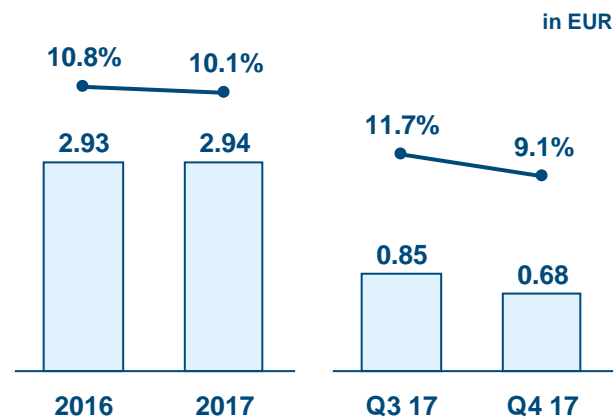
Cost of risk



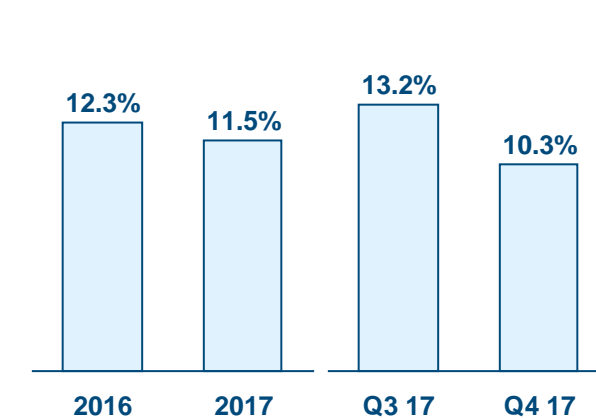
Banking levies



Reported EPS & ROE

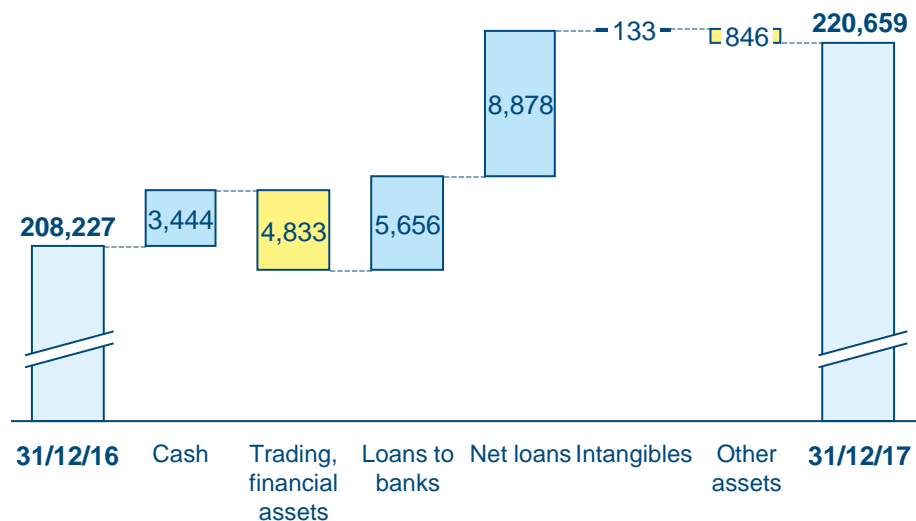


Return on tangible equity

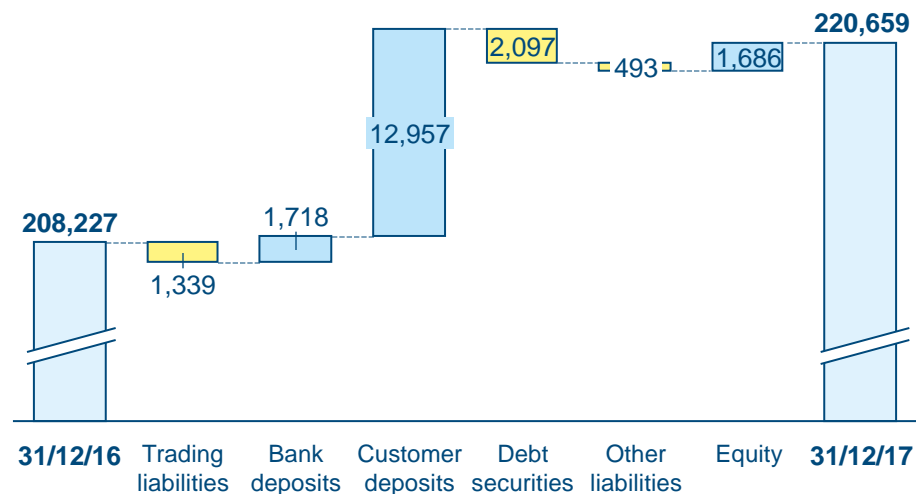


Executive summary – Group balance sheet performance

YTD total asset reconciliation (EUR m)



YTD equity & total liability reconciliation (EUR m)



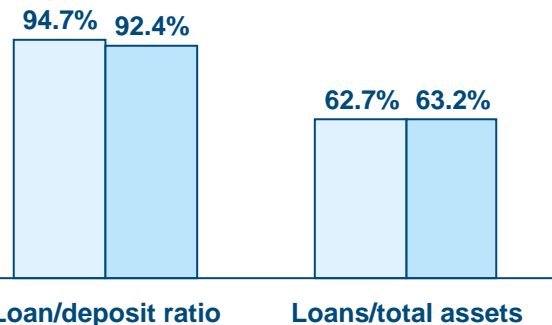
- Balance sheet total rose by 6.0% in 2017, driven by customer business growth in most countries, especially in CZ, SK and AT
- Net customer loan growth supported by strong demand for mortgages in CZ, SK and AT and solid demand for corporate loans amid generally positive economic environment
- Decline in trading and financial assets driven by AfS sales

- Customer deposits grew by an exceptional 9.4% in 2017, pushing the loan/deposit ratio to 92.4% (2016: 94.7%)
- Customer deposit inflows were broad-based across all geographies and especially driven by the Retail and Savings Banks segments
- Strong rise in equity on the back of record profits

Executive summary – Key balance sheet data

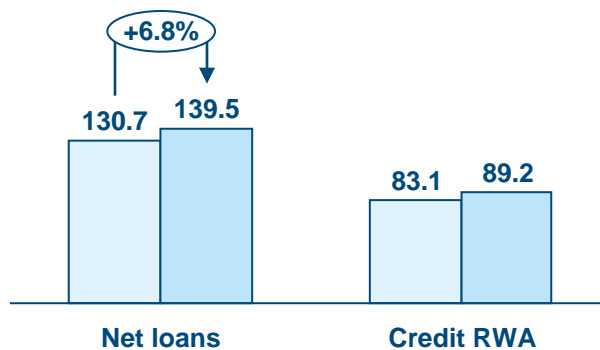
31/12/16
31/12/17

Loan/deposit & loan/TA ratio

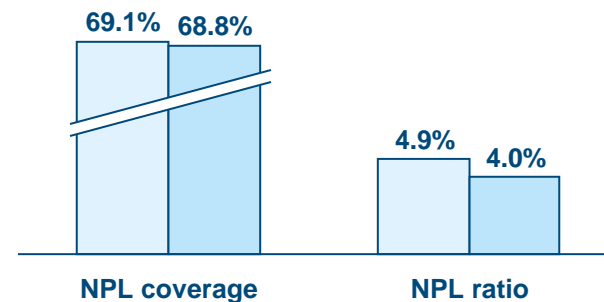


Net loans & credit RWA

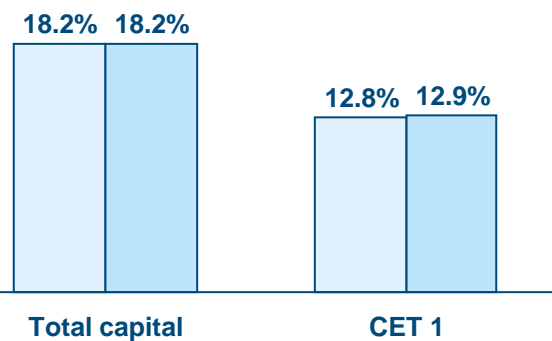
in EUR bn



NPL coverage ratio & NPL ratio

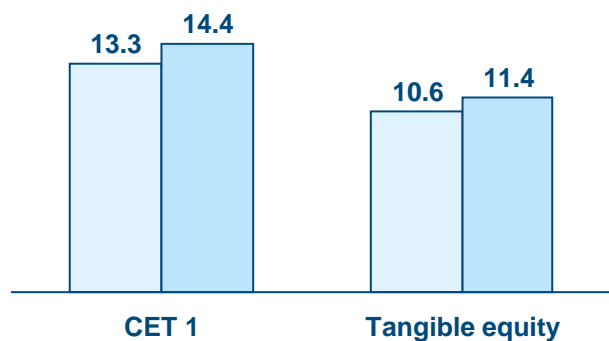


B3FL capital ratios

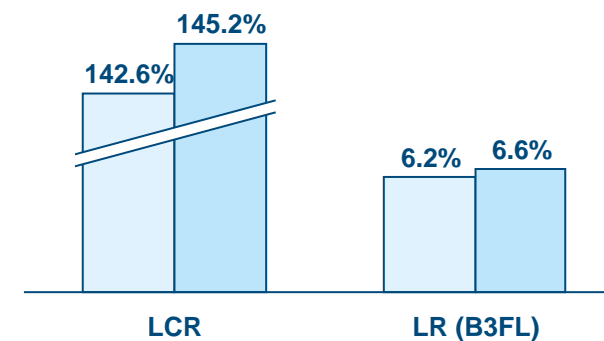


B3FL capital & tangible equity*

in EUR bn



Liquidity coverage & leverage ratio**



* Based on shareholders' equity, not total equity

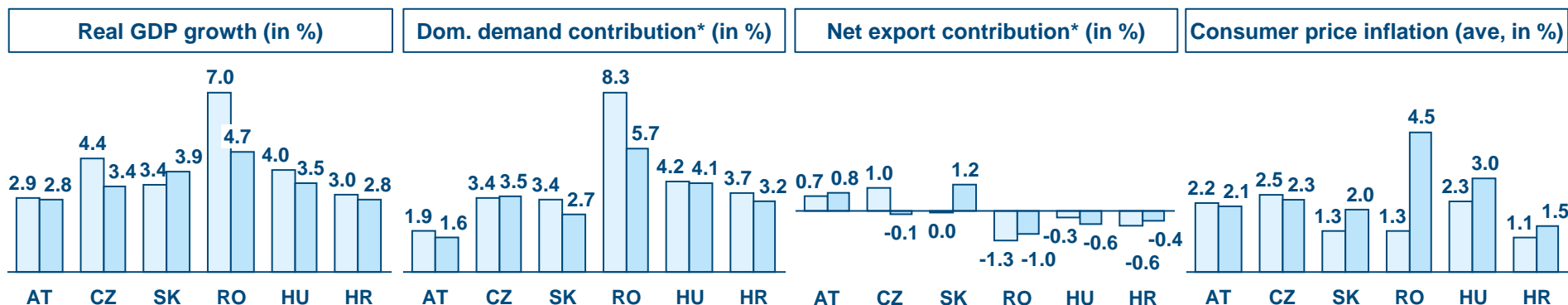
** Pursuant to Delegated Act

Presentation topics

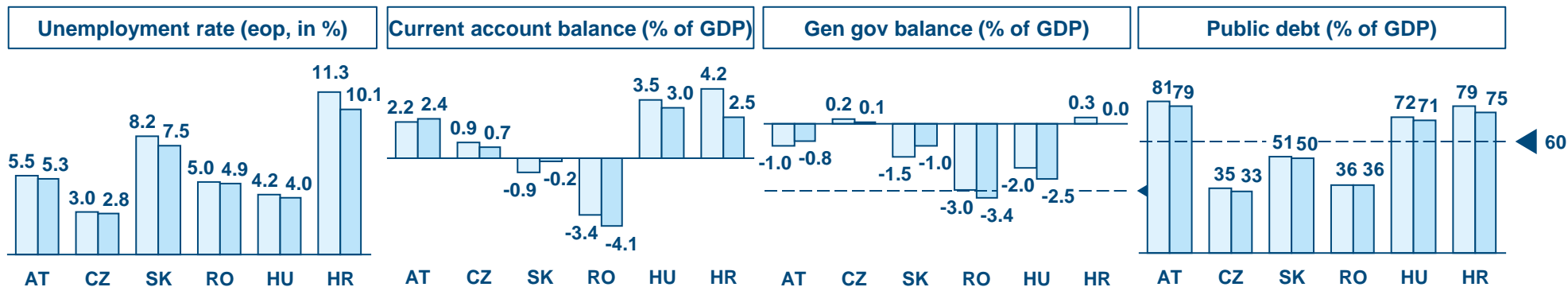
- Executive summary
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Business environment – Strong economic outlook for 2018

2017
2018



- Erste Group's core CEE markets expected to grow by about 3-5% in 2018
 - Domestic demand is expected to remain the main driver of economic growth in 2018
 - Consumption is supported by improving labour markets, wage increases and relatively low inflation rates across the region



- Solid public finances across Erste Group's core CEE markets: almost all countries fulfill Maastricht criteria
- Sustainable current account balances, supported by competitive economies with decreasing unemployment rates

* Contribution to real GDP growth. Domestic demand contribution includes inventory change. Source: Erste Group Research

Business environment –

CZ further increases key policy rate to 75bps in February 2018

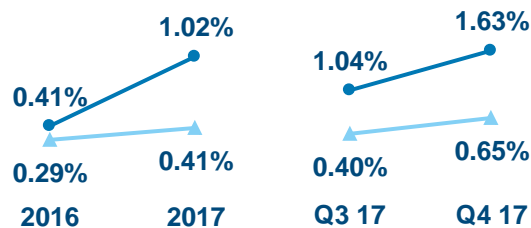
—▲ 3M Interbank
—● 10YR GOV

Austria



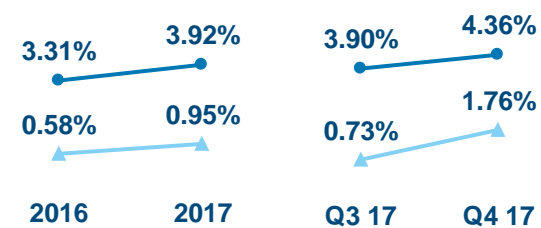
- ECB cut discount rate to zero in March 16
- Maintains expansionary monetary policy stance

Czech Republic



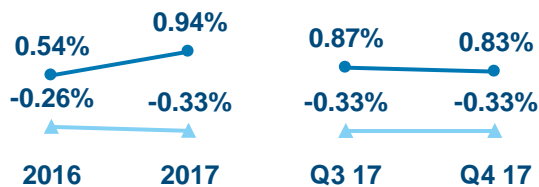
- National bank decided to lift its benchmark rate from historic low of 0.05% to 0.75% in Aug and Nov 2017 and Feb 2018

Romania



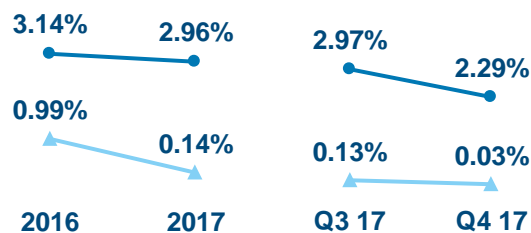
- Central bank increases policy rate from historic low of 1.75% to 2.25% in January and February 2018

Slovakia



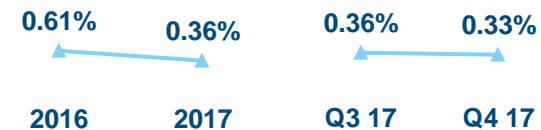
- As part of euro zone ECB rates are applicable in SK

Hungary



- National bank cut the benchmark interest rate to record low of 0.9% in May 2016

Croatia



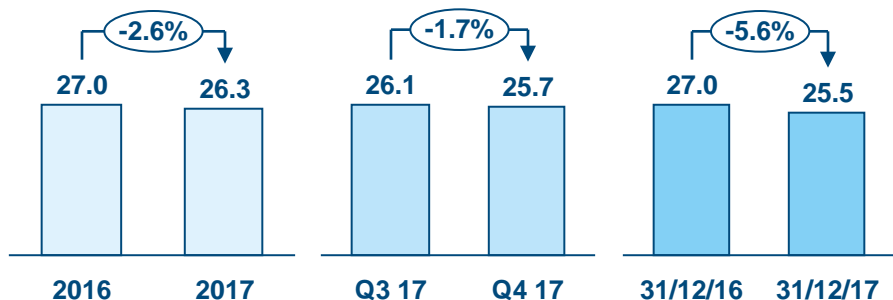
- Central bank maintains discount rate at 3.0% since 2015

Source: Bloomberg.

Business environment –

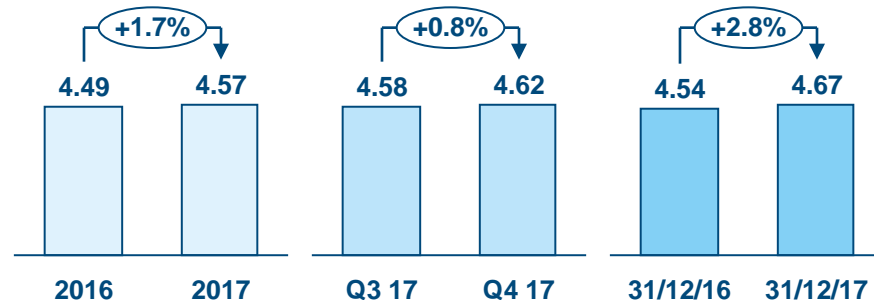
CZK appreciates amid rising rates, RON depreciates on political uncertainty

EUR/CZK



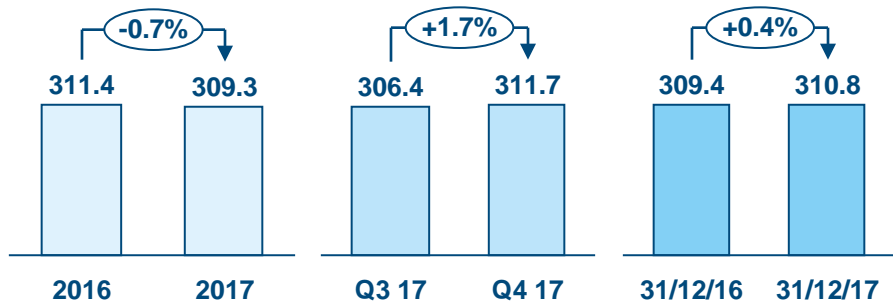
- Czech National Bank ended its currency peg in April 17; discount rate increased further to 0.75% in February 2017

EUR/RON



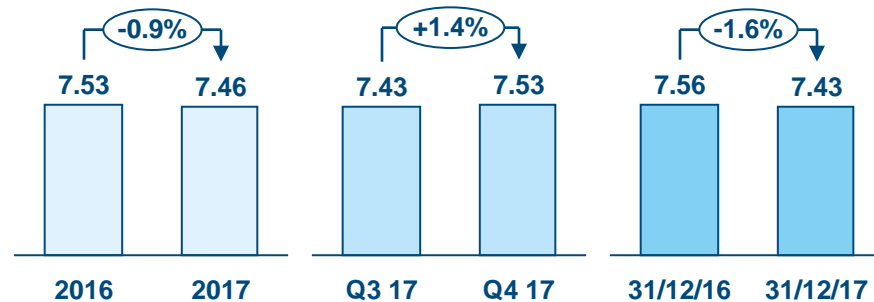
- RON depreciated slightly vs EUR amid political volatility; policy rate raised to 2.25% in February 2018

EUR/HUF



- Stable currency development, despite expansionary monetary stance of the national bank

EUR/HRK



- Croatian National Bank continues to manage HRK in tight range

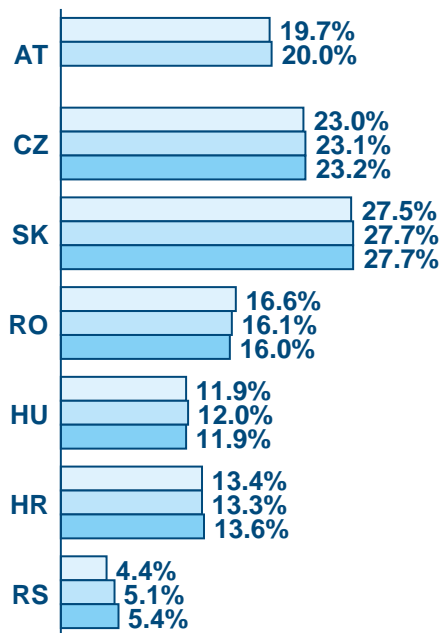
Source: Bloomberg

Business environment –

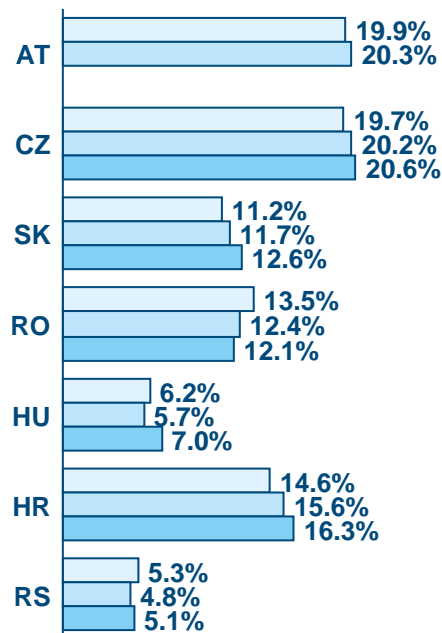
Market shares: mostly stable or increasing shares across the region



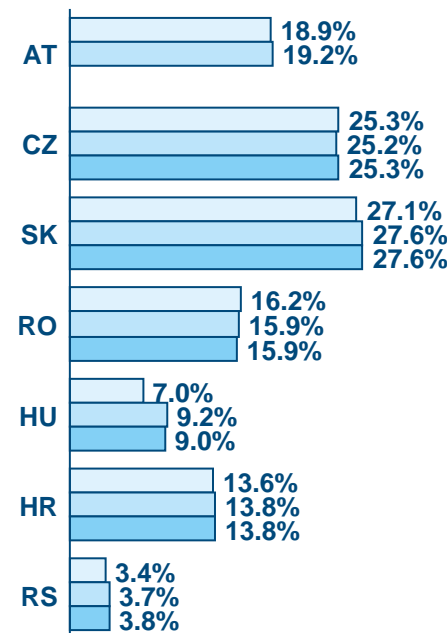
Gross retail loans



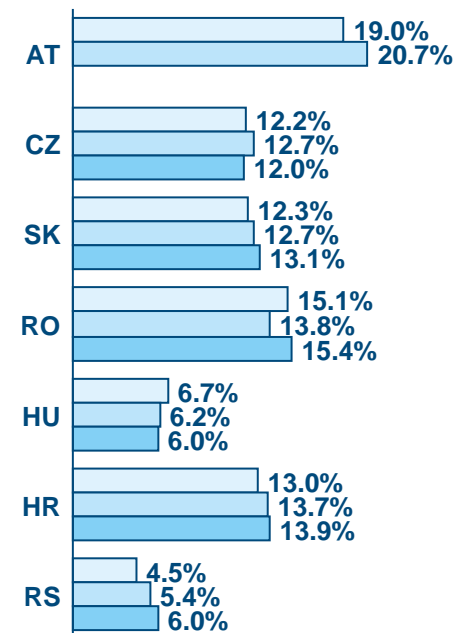
Gross corporate loans



Retail deposits



Corporate deposits



- CZ and SK: slightly increasing market shares in growing markets
- RO: slightly lower market share mainly due to more restrictive lending standards
- HU: high level of repayments offsets new disbursements

- RO: conservative lending standards impact market share
- HR: market share increase mainly due to substantial sale of NPLs by other market participants

- Continued inflows in all markets despite low interest rate environment, with broadly growing market shares
- HU: yoy increase driven mainly by consolidation of Citibank since Q1 2017

- Changes mainly due to normal quarterly volatility in corporate business

AT market shares for 31/12/2017 not yet available

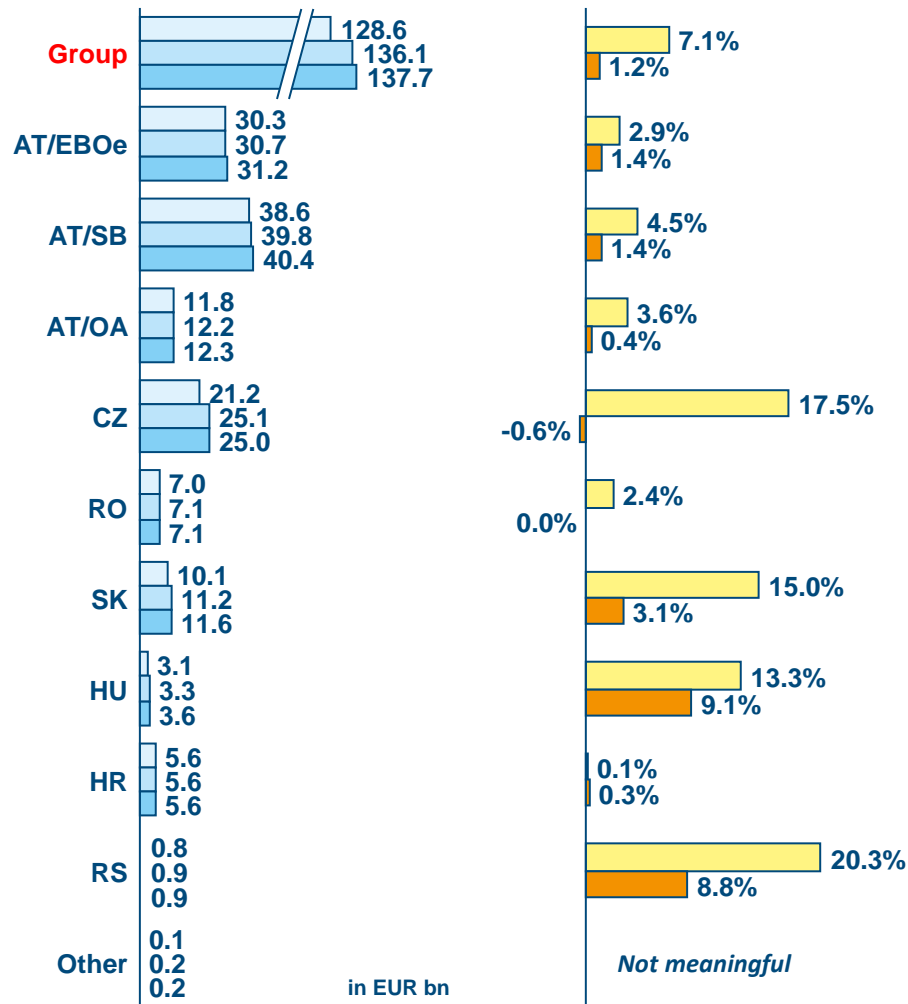
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Business performance: performing loan stock & growth –

Performing loans continue to grow in Q4 17

■ YoY ■ 31/12/16
■ QoQ ■ 30/09/17
■ 31/12/17

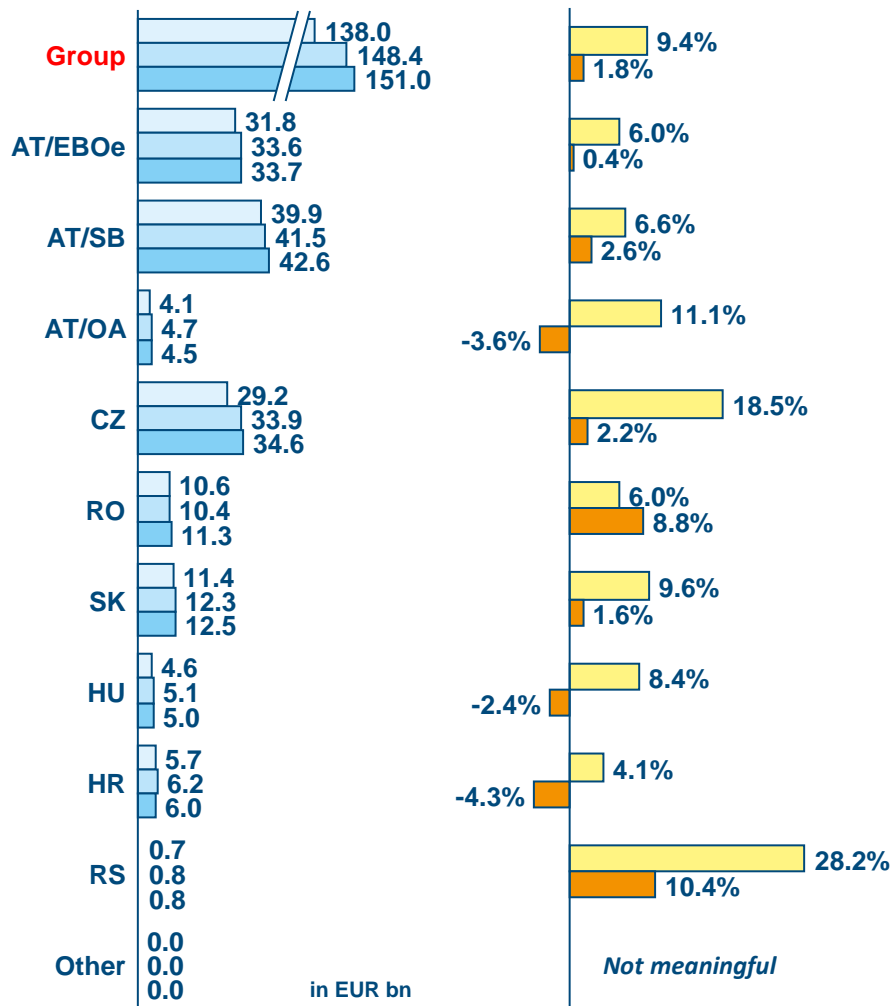


- Rising performing loan volume trend continues in Q4 17 across most geographies; yoy loan growth particularly strong in CZ (supported by currency appreciation) and SK
- Yoy growth primarily driven by Retail (+9.7%) with Corporates (+7.0%), mainly Group Large Corporates and SME, also making a strong contribution
- Qoq growth predominantly in Retail (+2.6%), solid contributions from Corporates (+1.3%), mainly in Group Large Corporates and SME
- Year-on-year segment trends:
 - CZ: strong growth across all customer segments, currency-adjusted: +10.9%
 - SK: stronger growth in Corporates (+19.5%) than in Retail
 - HU: increase driven by Citi integration and Corporates segment
 - RS: continued strong growth in Retail and Corporates segments
- Quarter-on-quarter segment trends:
 - CZ: decline in Group Markets segment (related to CZK peg removal), Retail and Corporates segments remained strong
 - HU: increase driven by Corporates segment

Business performance: customer deposit stock & growth –

Deposits keep advancing in Q4 17

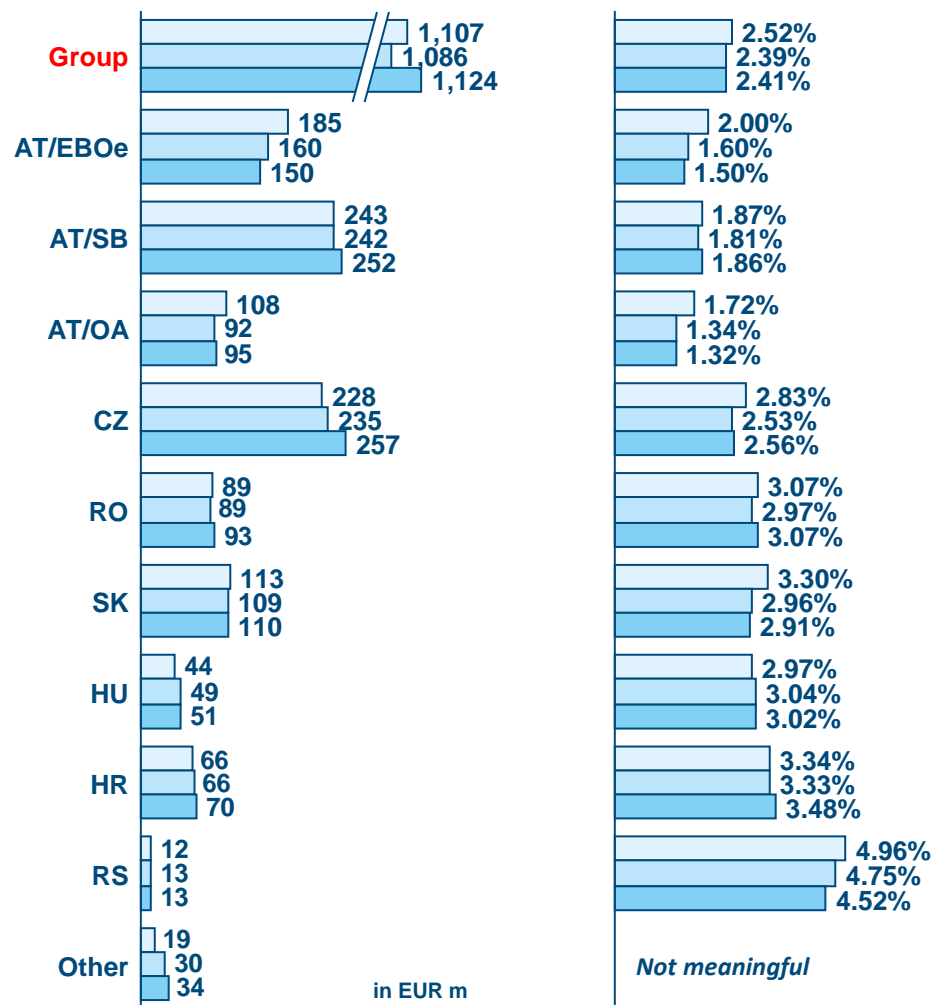
■ YoY ■ 31/12/16
■ QoQ ■ 30/09/17
■ 31/12/17



- Exceptional deposit growth across all geographies despite zero interest rate environment as retail and corporate clients park cash in overnight accounts
- Yoy growth in absolute terms mainly driven by Retail segment (+EUR 5.9bn) and Corporates segment (+EUR 2.3bn), with strong contribution from Savings Banks (+EUR 2.6bn)
- Qoq increase across most geographies
- Year-on-year segment trends:
 - CZ: strongest growth rate in Group Markets (CZK peg removal), with solid performance in Retail and Corporates segments
 - RS: exceptional growth in Corporates segment with good contribution from Retail
- Quarter-on-quarter segment trends:
 - CZ: decline in Corporates segment more than offset by strong increase in Retail and Group Markets segments
 - RO: Corporates driven increase with good contribution from Retail

Business performance: NII and NIM – NII entering growth path, NIM stabilising

Q4 16
Q3 17
Q4 17

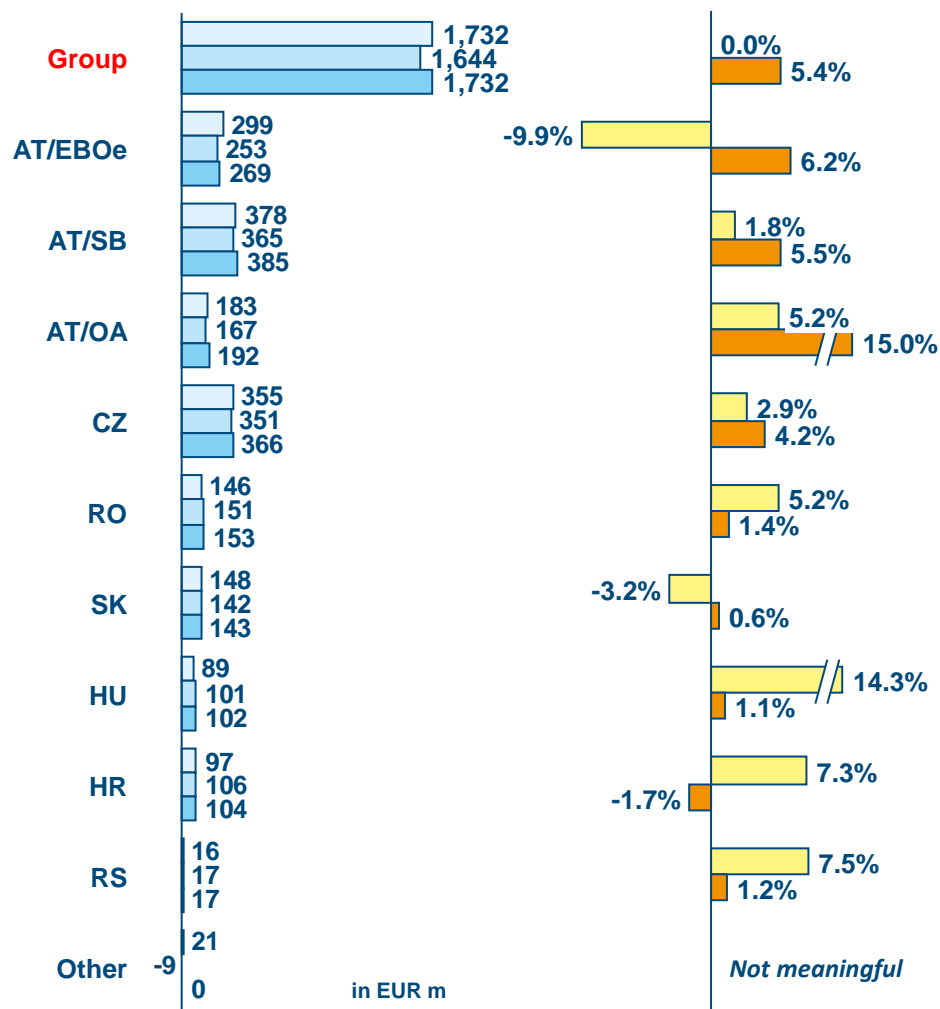


- Yoy increase driven by higher NII in CZ resulting from increased business volumes, rising interest rates, CZK appreciation; and improvements in most other countries
- Qoq advance resulted from improvements in all segments except AT/EBOe, with the main driver again being CZ
- Year-on-year segment trends:
 - CZ: volume growth, currency appreciation (+5.1%) and rate hikes pushed NII up in all key business lines (Retail, Corporates, Group Markets)
 - Other: higher contribution from Holding ALM
 - HU: higher NII due to Citi integration, higher business volumes
 - AT/EBOe: decline mainly attributable to one-off effects related to change in accrual policy in building society
 - AT/OA: decline due to positive one-off in Q4 16
- Quarter-on-quarter segment trends:
 - CZ: increase driven by higher loan volumes; supported by CZK appreciation and rate increases
 - AT/EBOe: see above

Business performance: operating income –

Operating income driven by strong NII and fees

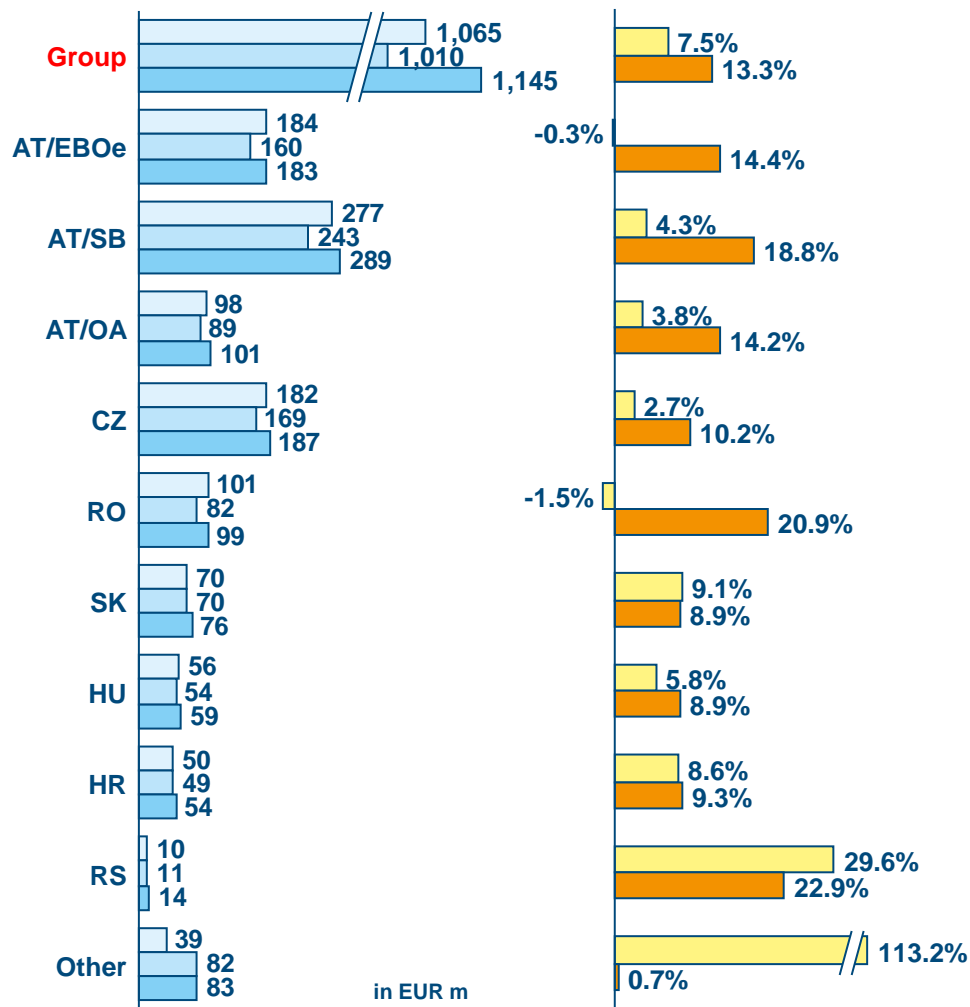
■ YoY ■ Q4 16
■ QoQ ■ Q3 17
■ Q4 17



- YoY flat as higher NII and fees offset lower fair value result and lower rental income (one-off effect in Q4 16)
- QoQ increase driven by strong NII, fees and trading result, which comfortably offset negative fair value result
- Year-on-year segment trends:
 - Revenues rise across the board on the back of good macro environment, higher volumes and higher rates, except in:
 - AT/EBOe: decline mainly attributable to one-off effects related to change in accrual policy in building society
 - SK: weaker NII due to high coupon bond roll-offs
 - Other: decline driven by fair value result (hedging)
- Quarter-on-quarter segment trends:
 - AT/OA: exceptionally strong trading result due to higher CZK currency derivatives valuations
 - AT/EBOe: up due to better fee income from securities and lending business, positively affected also by change in accrual policy in building society
 - AT/SB: mainly better fee income
 - CZ: rise driven by better NII on the back of higher loan volumes and rate increases

Business performance: operating expenses – Expenses burdened by regulatory and IT project costs

■ YoY ■ Q4 16
■ QoQ ■ Q3 17
■ Q4 17

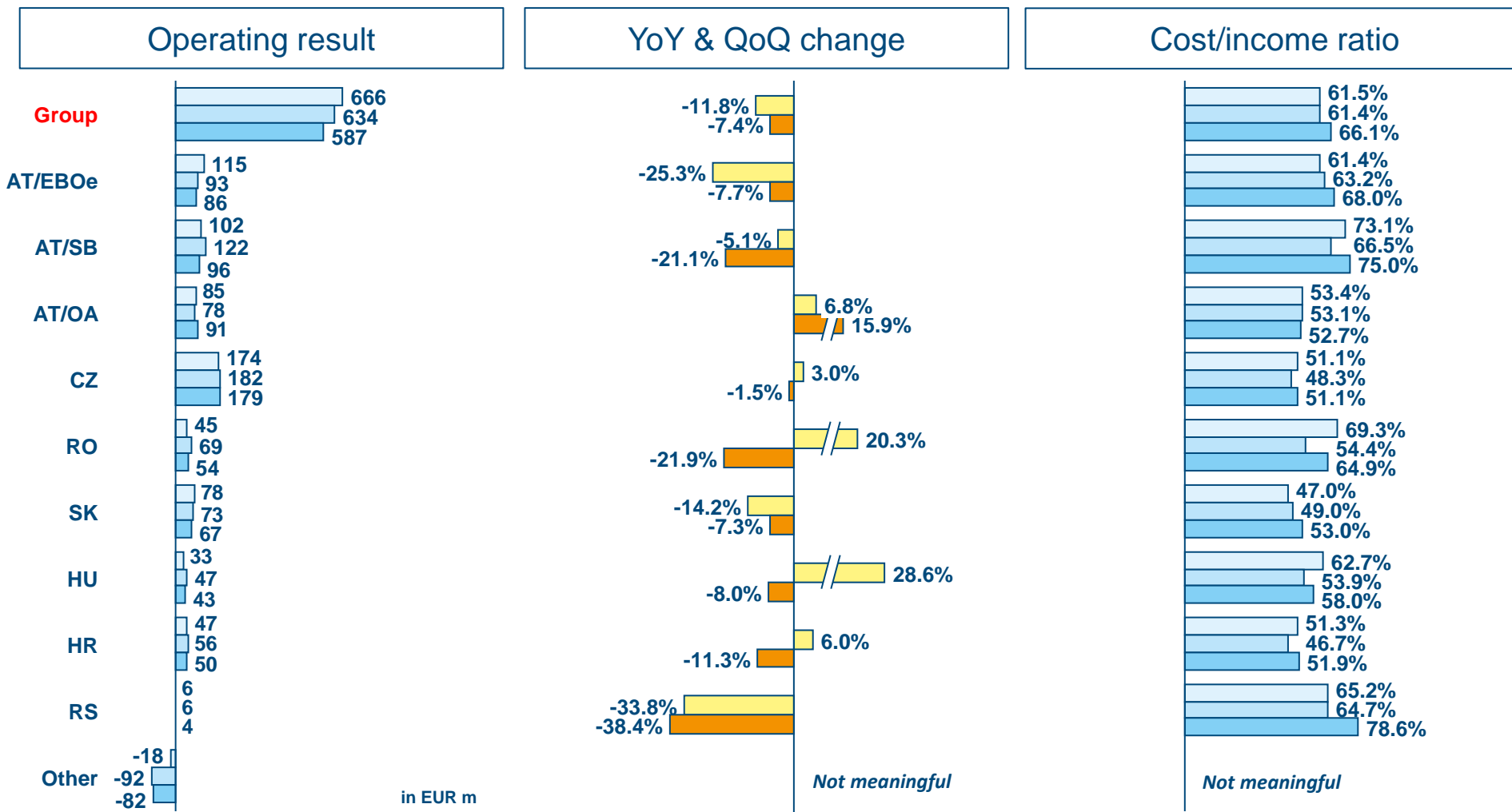


- YoY cost increase mainly driven by higher other administrative expenses related to IT and regulatory projects
- QoQ up due to higher personnel and other administrative costs; depreciation and amortisation rises only moderately
- Year-on-year segment trends:
 - Other: increase driven primarily by higher IT costs, also higher marketing expenses
 - RS: rise due to higher IT costs related to core banking system change
- Quarter-on-quarter segment trends:
 - AT/EBOe: seasonally higher due to across-the-board higher expenses, higher deposit insurance contributions
 - AT/SB: higher personnel, IT as well as legal and consulting costs lead to increase
 - AT/OA: partly driven by extraordinary effects, such as change in scope of consolidation in asset management business, segment shifts; but also by higher legal and consulting costs
 - CZ: up due to higher IT and branch optimisation-related costs
 - RO: higher IT costs and expenses related to head office move

Business performance: operating result and CIR –

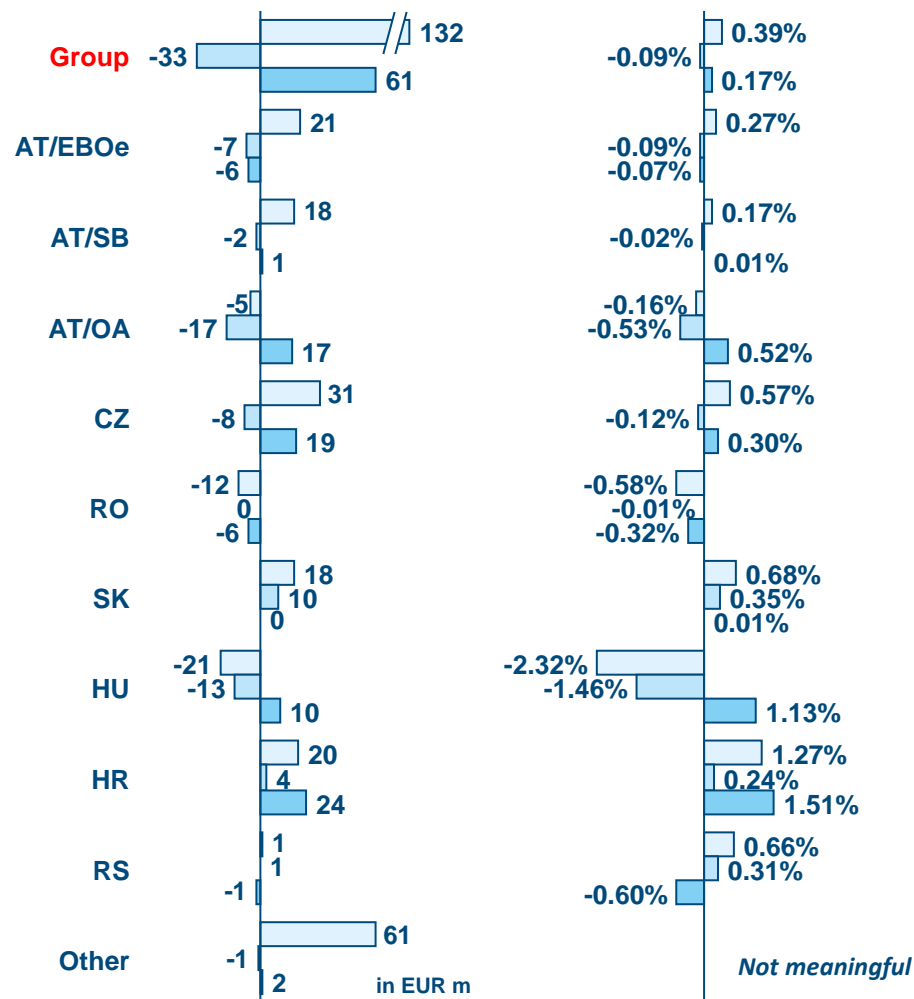
Positive revenue trends overshadowed by Q4 17 cost peak

■ YoY ■ Q4 16
■ QoQ ■ Q3 17
■ Q4 17



Business performance: risk costs (abs/rel*) –

Risk costs remain at all-time-lows



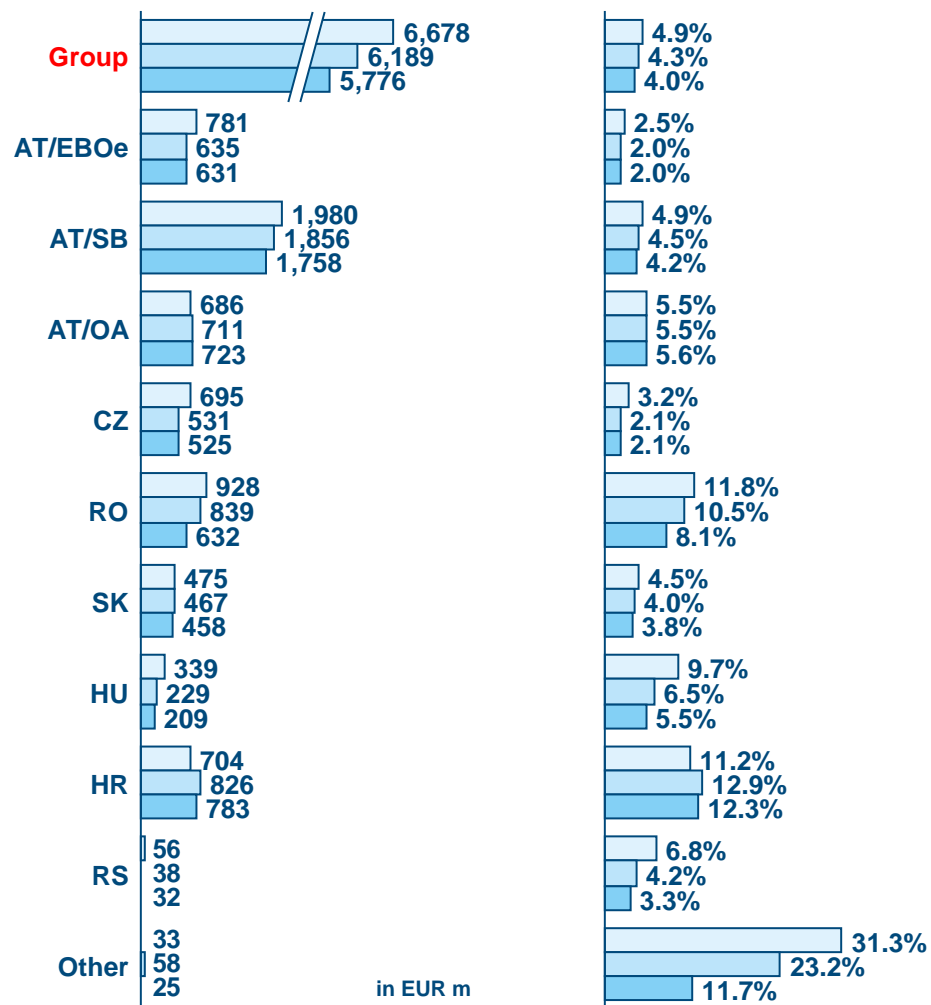
- Yoy improvement due to continued asset quality improvements and one-off effect in Q4 16
- Qoq deterioration due to higher level of releases in Q3 17
- Year-on-year segment trends:
 - Other: significant improvement due to extraordinary effects in Q4 16 (shift from off-balance to on-balance provisions)
 - AT/OA: deterioration due to allocation for single corporate case, only partly offset by lower CRE provisions
 - HU: lower releases than in Q4 16
- Quarter-on-quarter segment trends:
 - AT/OA: see above
 - CZ: Q3 17 benefitted from significant releases
 - HU: Q3 17 benefitted from significant releases
 - HR: mainly driven by higher provisioning requirements in the Corporates segment

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

Business performance: non-performing loans and NPL ratio –

NPL ratio improves again, now standing at 4.0%

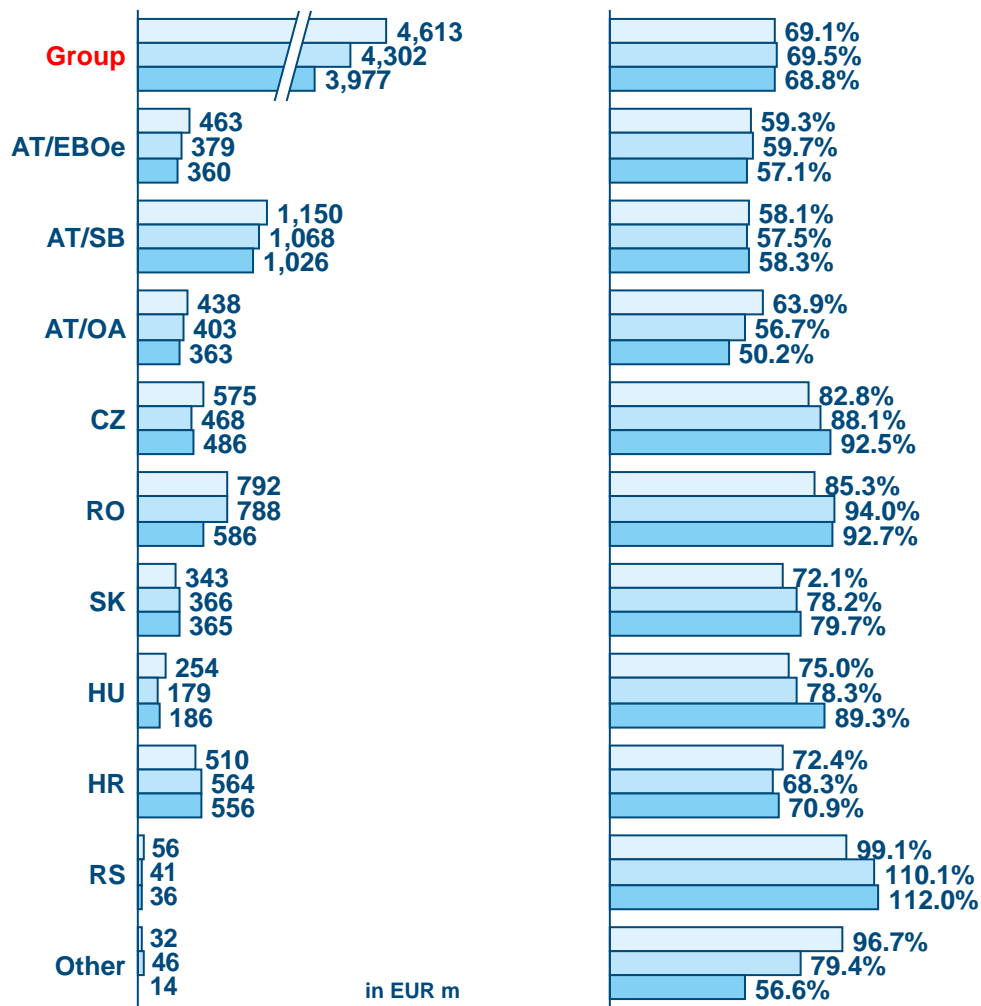
31/12/16
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- NPL volume declined to EUR 5.8bn in Q4 17 as NPL inflows remain moderate
- NPL sales of EUR 59.4m in Q4 17 (Q3 17: EUR 32.2m)
 - Retail: EUR 42.8m (Q3 17: EUR 7.5m)
 - Corporates: EUR 16.6m (Q3 17: EUR 24.7m)
 - Q4 17 NPL sales mainly in RO (EUR 21.2m) and in HR (EUR 16.3m), minor sales in other markets

Business performance: allowances for loans and NPL coverage – NPL provision coverage stable at 68.8%

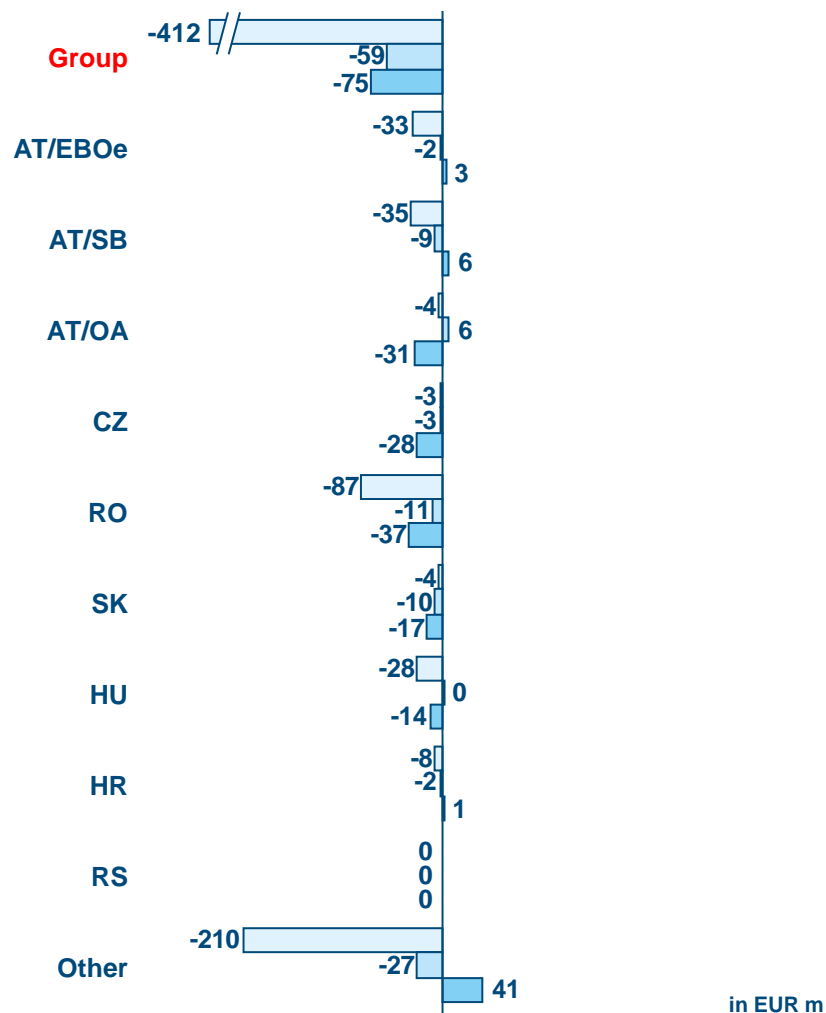
31/12/16
30/09/17
31/12/17



- NPL provision coverage remained comfortable at group level, exceptionally strong in CZ, RO, SK, HU and RS
- Year-on-year segment trends:
 - RO: lower provisions driven by NPL write-offs; coverage still exceptionally strong
 - HR: higher provisions due to single corporate restructuring case; coverage remains adequate
 - AT/OA: decreasing coverage in line with lower expected losses for recently defaulted customers
 - No material changes in other markets; excellent macro backdrop allows for release of provisions
- Quarter-on-quarter segment trends:
 - RO: see above
 - AT/OA: see above
 - CZ, HU: increase in provisions result in higher coverage

Business performance: other result –

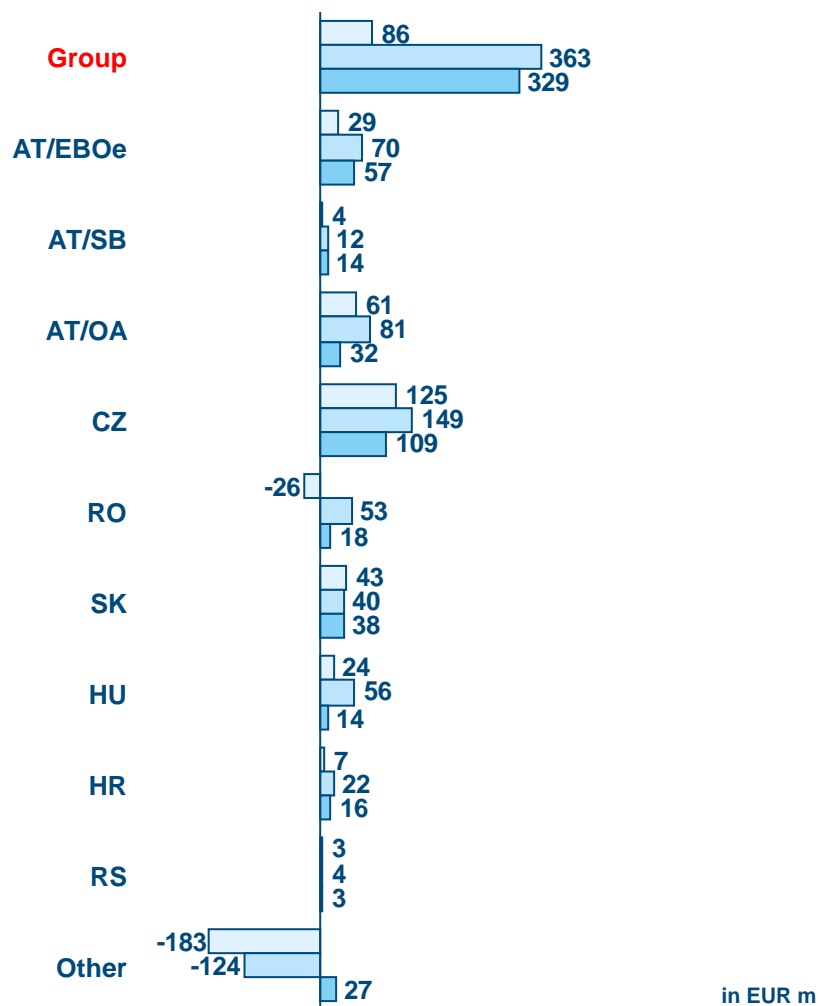
Other result improves significantly yoy on lower banking tax



- Yoy improvement driven by significant one-off banking tax payment in Austria in Q4 16
- Qoq deterioration due to impairments for IT projects and branch network as well as higher provisions for guarantees and commitments
- Year-on-year segment trends:
 - AT/OA: higher project-related provisions
 - CZ: impairments for IT projects and branch network
 - RO: improvement due to lower litigation provisions
 - Other: one-off banking tax payment in Austria in Q4 16 and one-off income from sale of participation in Q4 17
- Quarter-on-quarter segment trends:
 - AT/OA: see above
 - CZ: see above
 - RO: increase due to higher provisions for guarantees and commitments
 - HU: deterioration due to selling gains from shares in Q3 17
 - Other: improvement due to one-off income from sale of participation

Business performance: net result –

Net profit soars yoy on significantly reduced negative one-offs



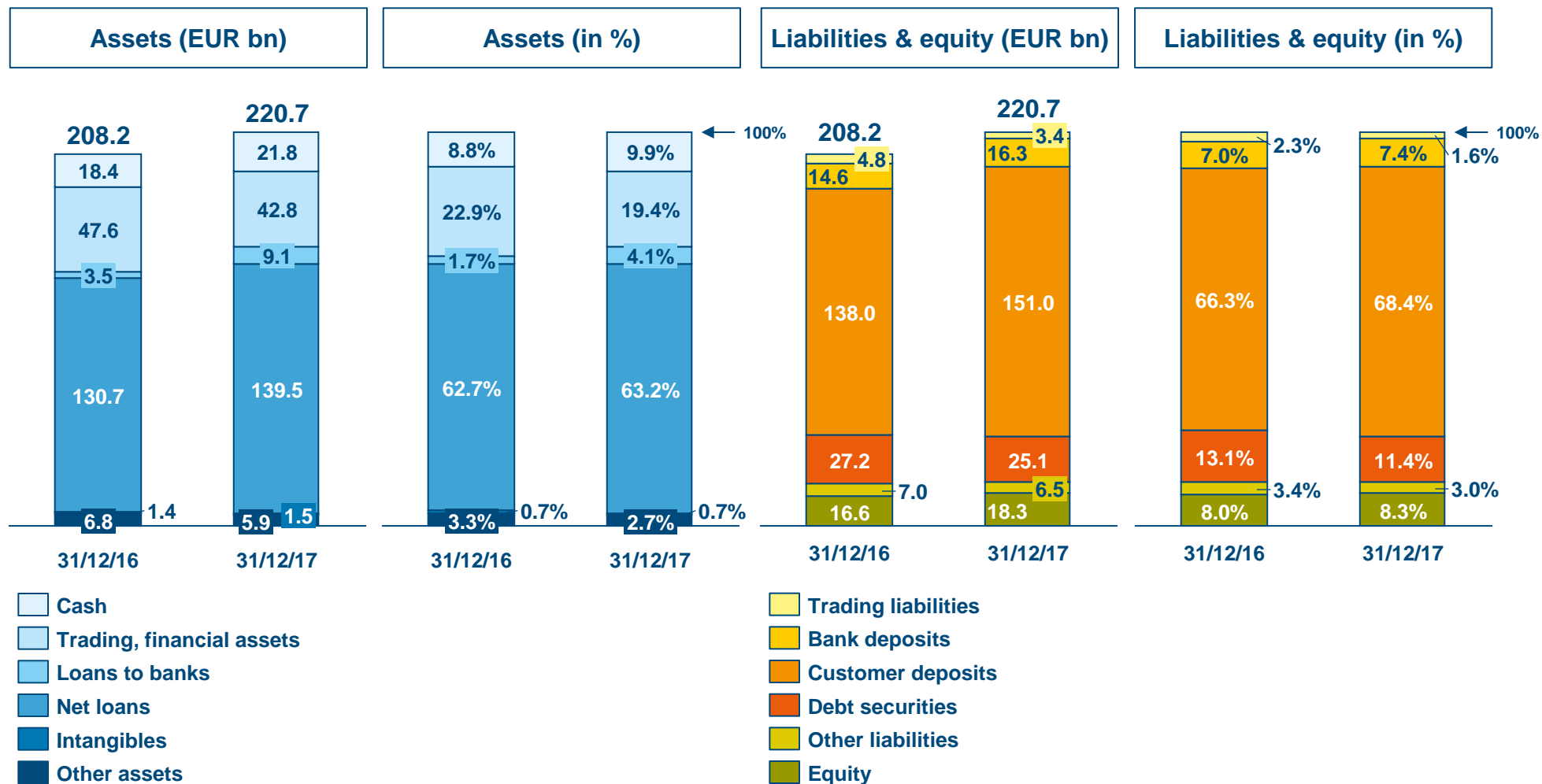
- Yoy profitability improved on lower negative one-off effects and lower risk costs
- Qoq down on higher operating expenses and risk costs, which were not fully offset by higher revenues
- Year-on-year segment trends:
 - AT/EBOe: one-off banking tax in Q4 16 and lower risk costs in Q4 17 result in doubling of net profit
 - AT/OA: higher project-related provisions and risk costs dent profitability
 - RO: litigation provisions in Q4 16
 - Other: one-off Austrian banking tax in Q4 16
- Quarter-on-quarter segment trends:
 - AT/OA: see above
 - CZ: lower other result and higher risk costs
 - RO: mainly lower other result
 - HU: weaker other result and higher risk costs
 - Other: positive tax effect and one-off income from sale of participation underpin profitable quarter
- Return on equity at 9.1% in Q4 17, following 11.7% in Q3 17, and 2.8% in Q4 16
- Cash return on equity at 9.2% in Q4 17, following 11.7% in Q3 17, and 4.9% in Q4 16

Presentation topics

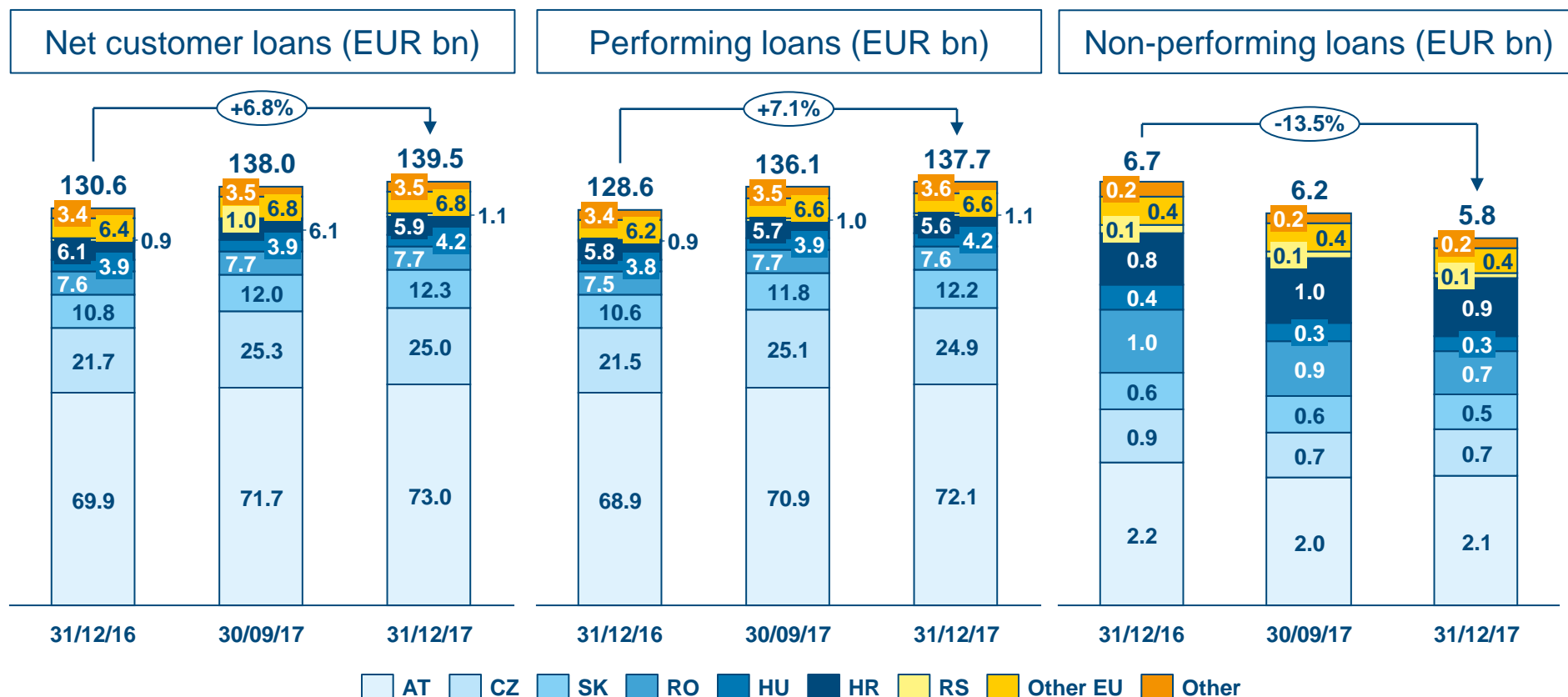
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Assets and liabilities: YTD overview –

Loan/deposit ratio down to 92.4% at Dec 17 (Dec 16: 94.7%)



Assets and liabilities: customer loans by country of risk – Net customer loans up 6.8% in 2017, NPLs down 13.5%

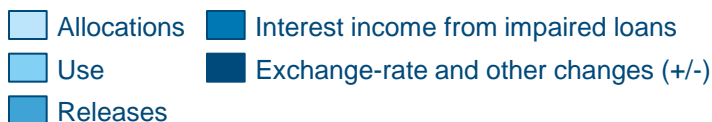
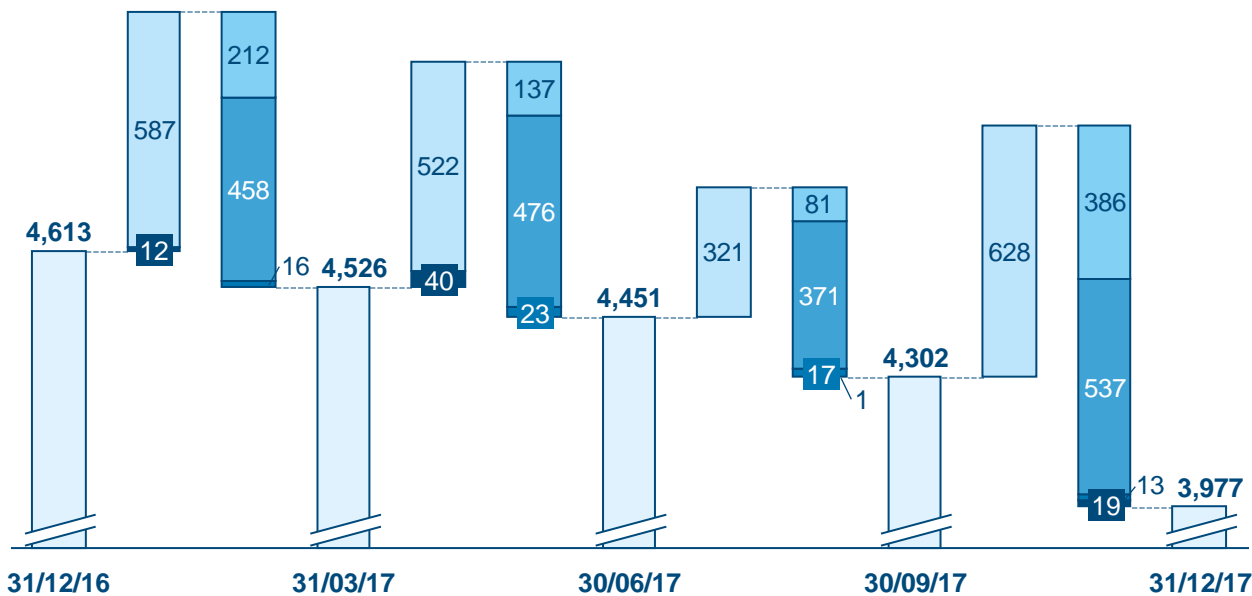


- Performing loan growth driven by Czech Republic, Slovakia, Austria, Hungary and Serbia
 - Main contributing business lines: Retail (+9.7%), Corporates (+7.0%), primarily Group Large Corporates and SME
 - Slightly growing performing loans also in Romania
- 13.5% yoy decline in NPL stock driven by reductions across most geographies

Assets and liabilities: allowances for customer loans –

As asset quality improves lower interest income from NPLs weighs on NII

Quarterly development (EUR m)



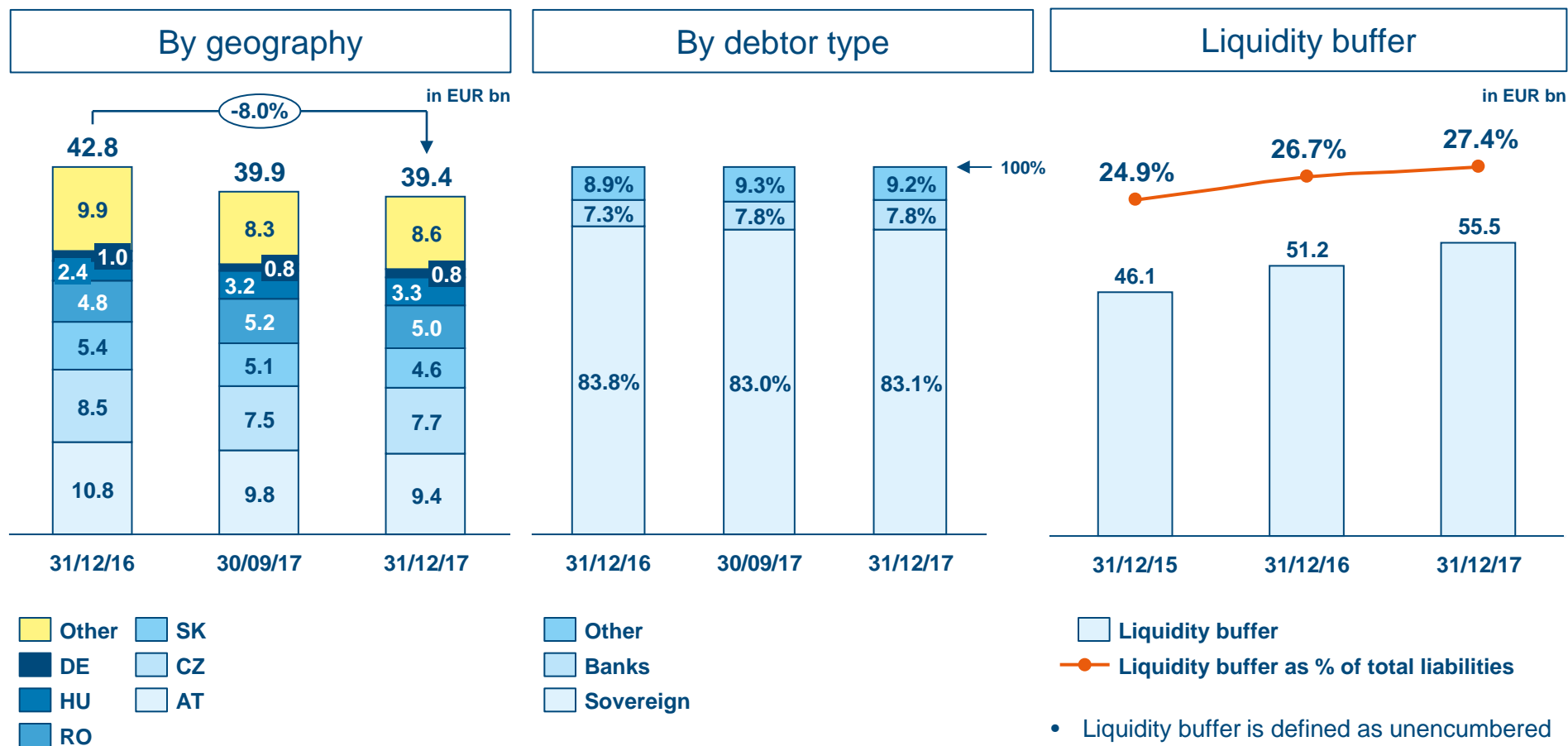
Highlights

- Development of interest income from NPLs:
 - 2014: EUR 202m
 - 2015: EUR 162m
 - 2016: EUR 106m
 - 2017: EUR 70m
- P&L unwinding impact = interest income from impaired loans = EUR 13m in Q4 17 (Q3 17: EUR 17m, Q4 16: EUR 26 m)

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

Assets and liabilities: financial and trading assets * – LCR at excellent 145.2%

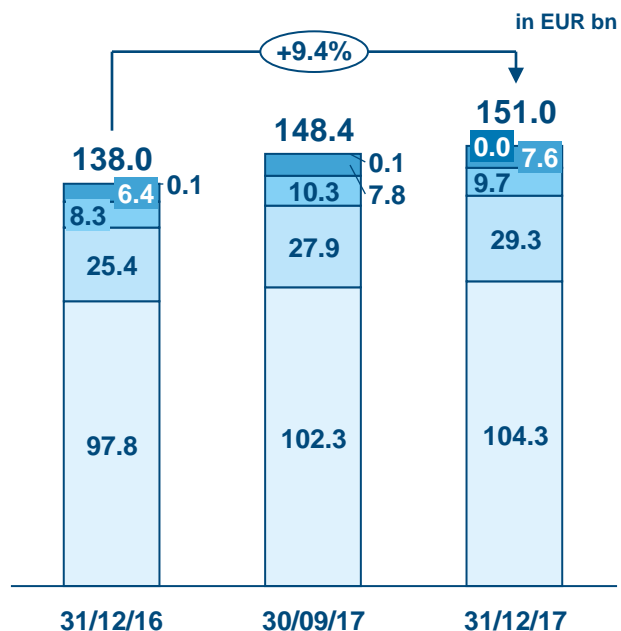


* Excludes derivatives held for trading.

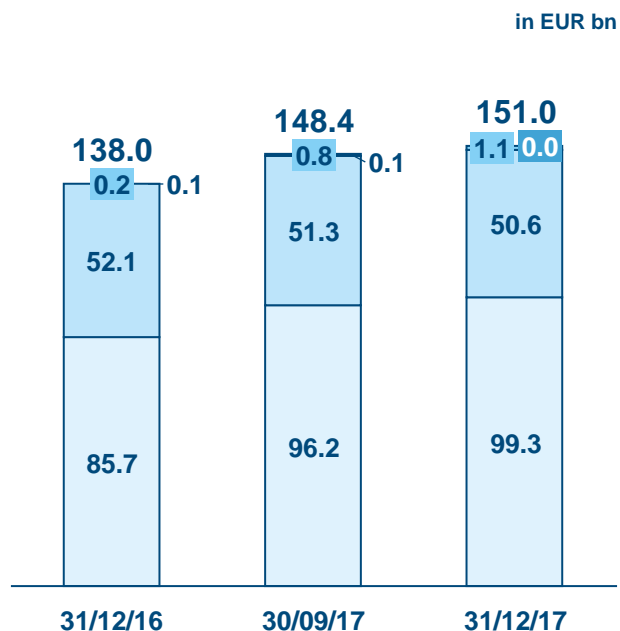
Assets and liabilities: customer deposit funding –

Customer deposits grow by 1.8% qoq, up 9.4% ytd

By customer type

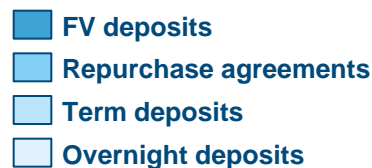


By product type

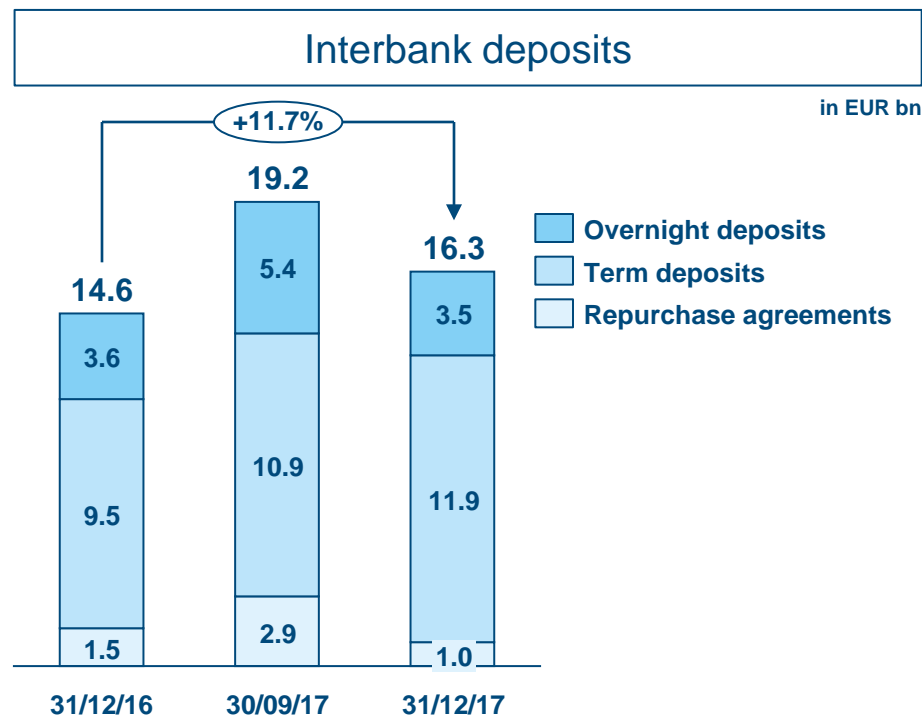
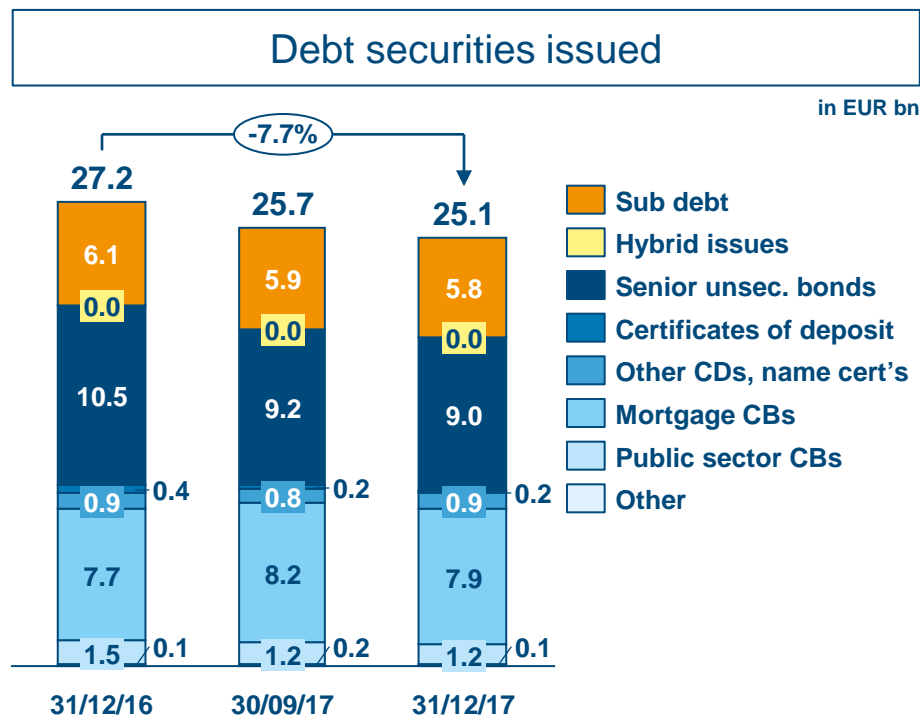


Highlights

- Continued deposit inflows driven by Retail segment with highest demand for overnight deposits amid low interest rate environment
- Solid growth also in corporate and public sector deposits
- Increased money market activities in CZ and on Holding level
- Increasing share of overnight deposits with significantly longer behavioural maturity provides a cost effective funding source



Assets and liabilities: debt vs interbank funding – Declining wholesale funding reliance, as customer deposits grow strongly

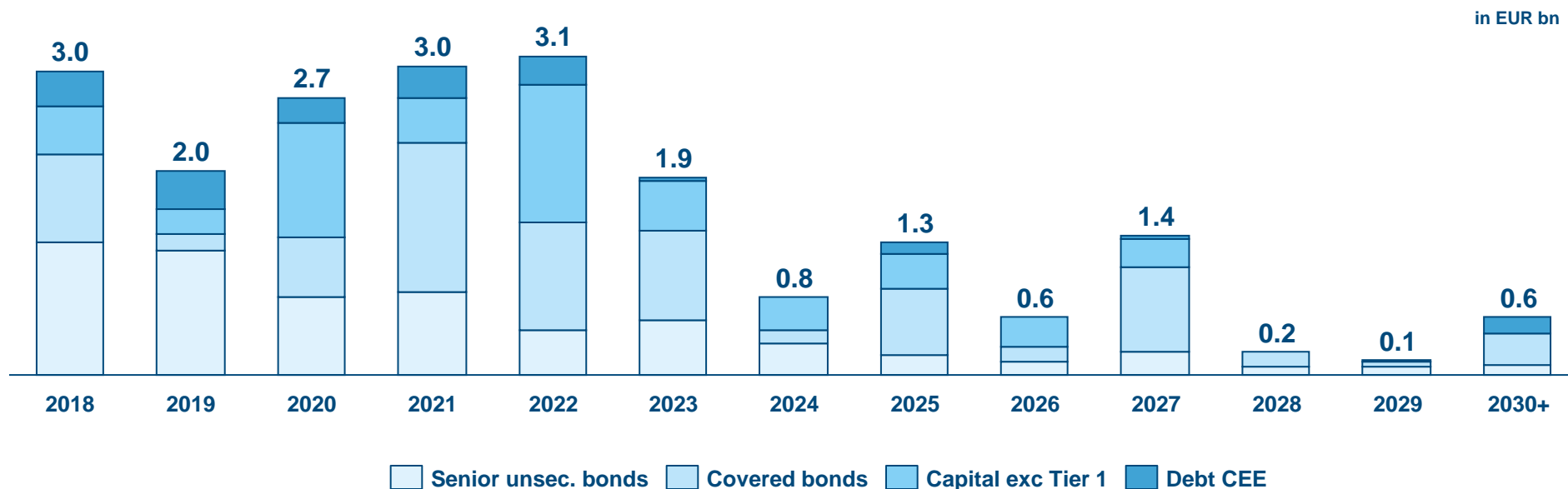


- Overall reduction in wholesale funding reliance led by decline in outstanding senior unsecured debt

- Money market activities peaked in CZ, interbank deposits increase by 15.0% qoq

Assets and liabilities: LT funding – Limited LT funding needs

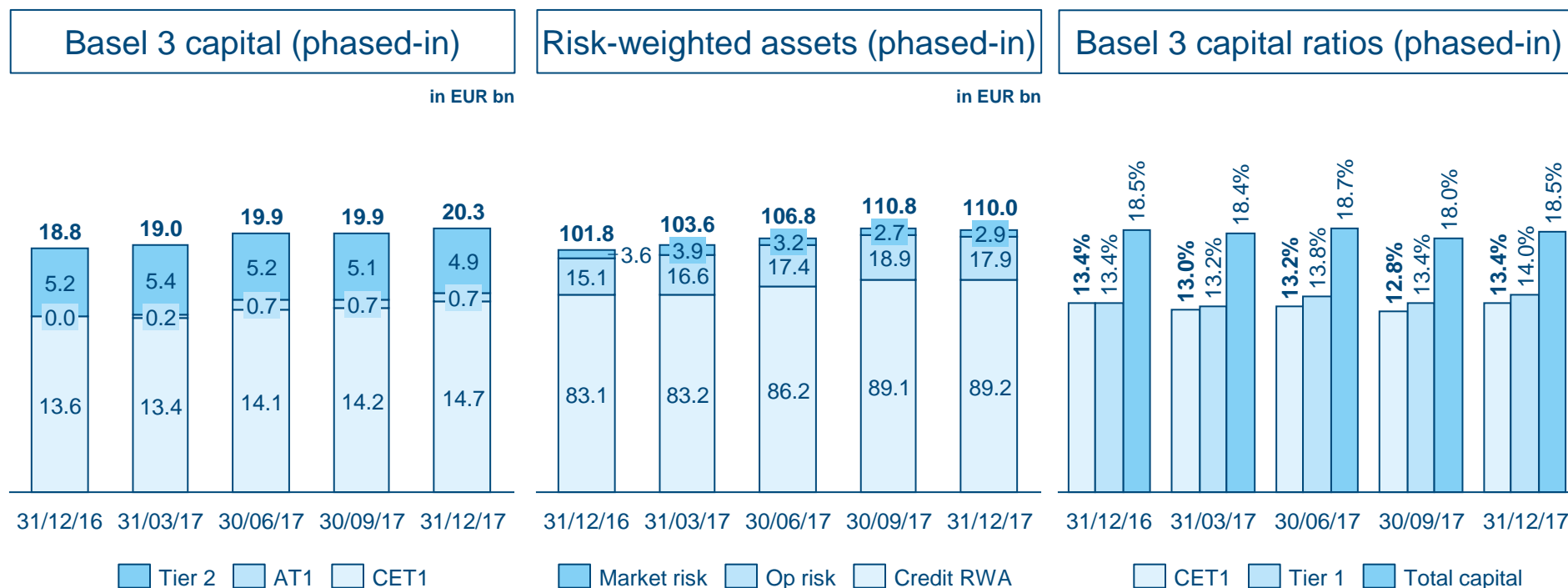
Maturity profile of debt



- In January 2018 Erste Group opened the covered bond market for Austrian issuers with a EUR 1bn 10y mortgage covered. Despite its size, the transaction achieved the lowest re-offer spread for an Austrian covered bond issuer at a spread of MS-6bps.
- Funding target for 2018 of approximately EUR 2.5bn is forecast slightly above last year's volume, in line 2018 redemptions. While the focus will be on covered bonds, the planned seniorities will depend on the final resolution strategy.

Assets and liabilities: capital position –

B3FL CET1 ratio at comfortable 12.9% post EUR 1.2 dividend for 2017



- CET1 capital strongly up yoy and qoq on solid profitability and after deduction of dividend
- Strong increase in available distributable items (ADIs) since YE 16 to EUR 2.2bn (pre dividend and AT1 coupon for 2017)

- Credit risk RWA impacted by one-offs:
 - Romanian IRB impact (EUR 2.4 bn) in Q2
 - Specialised lending add-on (EUR 1.7bn) in Q3
- Operational risk RWA decline in Q4 17
 - Insurance leads to reduction in Q4 17
 - New model submitted for approval to regulator, resolution expected in H2 18

- B3FL CET1 ratio at 12.9% at 31 Dec 2017 (YE 2016: 12.8%)
- B3FL total capital ratio stable at 18.2% (YE16: 18.2%)

Presentation topics

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

Conclusion – Outlook 2018

Macro outlook 2018

- Real GDP growth of approx. 3-5% expected in 2018 in CEE and Austria
- Real GDP growth to be driven by solid domestic demand, as real wage growth and declining unemployment support economic activity in CEE
- Solid public finances across CEE

Business outlook 2018

- Dividend proposal to 2018 AGM: EUR 1.2 per share
- ROTE for 2018 targeted at 10%+ (based on average tangible equity in 2018)
- Assumptions for 2018: slightly growing revenues (assuming 5%+ net loan growth and further interest rate hikes in CZ and RO); slightly falling expenses due to lower project-related costs; increase in risk costs, but remaining at historically low levels

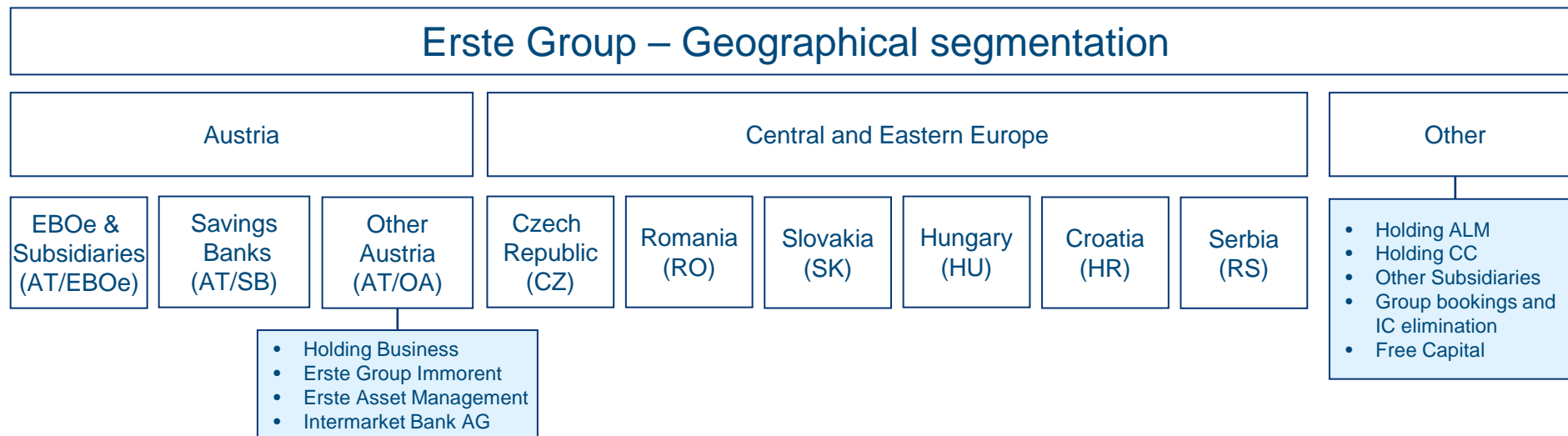
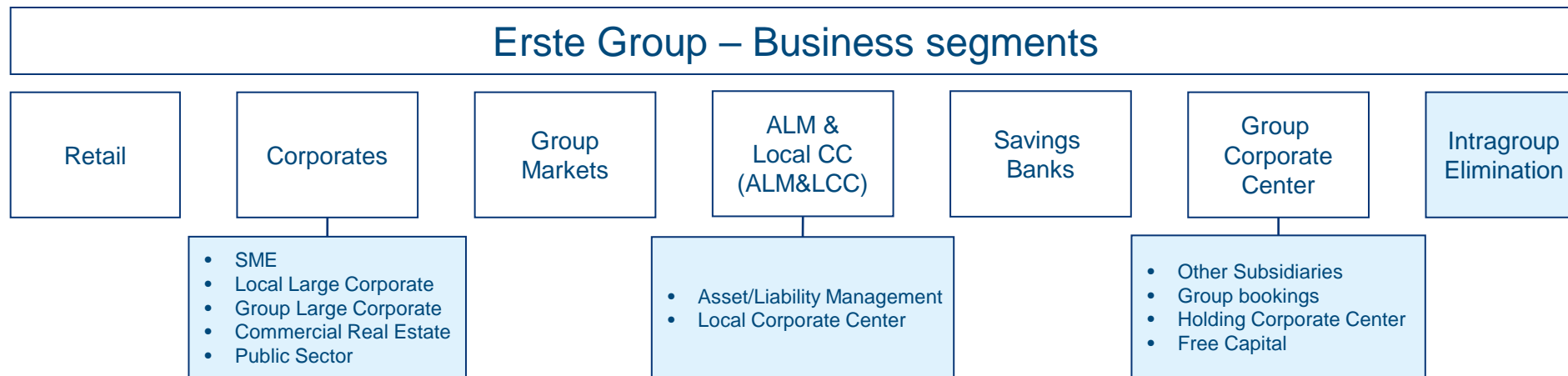
Risk factors for guidance

- Impact from other than expected interest rate development
- Political or regulatory measures against banks
- Geopolitical risks and global economic risks

Presentation topics

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

Additional information: new segmentation – Business line and geographic view



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

in EUR million	Year-to-date view			Quarterly view				
	2016	2017	YOY-Δ	Q4 16	Q3 17	Q4 17	YOY-Δ	QOQ-Δ
Net interest income	4,374.5	4,353.2	-0.5%	1,107.0	1,086.3	1,123.9	1.5%	3.5%
Net fee and commission income	1,783.0	1,851.6	3.8%	463.2	451.0	489.7	5.7%	8.6%
Dividend income	45.2	43.7	-3.2%	9.0	10.4	6.2	-30.3%	-39.9%
Net trading result	283.8	222.8	-21.5%	65.1	36.5	83.5	28.2%	>100.0%
Result from financial assets and liabilities designated at fair value through profit or loss	-11.5	-12.3	6.7%	15.6	7.7	-24.4	n/a	n/a
Net result from equity method investments	9.0	15.9	76.0%	3.1	4.0	5.7	83.2%	41.0%
Rental income from investment properties & other operating leases	207.2	194.2	-6.3%	68.6	48.3	47.6	-30.6%	-1.5%
Personnel expenses	-2,339.3	-2,388.6	2.1%	-614.6	-595.9	-641.3	4.3%	7.6%
Other administrative expenses	-1,235.8	-1,309.6	6.0%	-325.8	-301.1	-384.4	18.0%	27.7%
Depreciation and amortisation	-453.1	-460.0	1.5%	-124.7	-113.0	-118.9	-4.7%	5.2%
Gains/losses from financial assets and liabilities not measured at fair value through profit or loss, net	148.0	156.4	5.7%	0.3	28.3	85.7	>100.0%	>100.0%
Net impairment loss on financial assets	-195.7	-132.0	-32.5%	-132.5	32.9	-60.5	-54.3%	n/a
Other operating result	-665.0	-457.4	-31.2%	-412.5	-86.8	-160.9	-61.0%	85.4%
Levies on banking activities	-388.8	-105.7	-72.8%	-237.1	-22.7	-23.6	-90.1%	3.6%
Pre-tax result from continuing operations	1,950.4	2,077.8	6.5%	121.7	608.5	451.7	>100.0%	-25.8%
Taxes on income	-413.6	-410.1	-0.9%	-9.7	-142.0	-44.2	>100.0%	-68.9%
Net result for the period	1,536.8	1,667.7	8.5%	112.0	466.5	407.5	>100.0%	-12.6%
Net result attributable to non-controlling interests	272.0	351.5	29.2%	26.4	103.5	78.9	>100.0%	-23.8%
Net result attributable to owners of the parent	1,264.7	1,316.2	4.1%	85.6	363.0	328.6	>100.0%	-9.5%
Operating income	6,691.2	6,669.0	-0.3%	1,731.5	1,644.2	1,732.1	0.0%	5.4%
Operating expenses	-4,028.2	-4,158.2	3.2%	-1,065.1	-1,010.1	-1,144.7	7.5%	13.3%
Operating result	2,663.0	2,510.8	-5.7%	666.4	634.1	587.5	-11.8%	-7.4%

Additional information: group balance sheet – Assets

in EUR million	Quarterly data					Change		
	Dec 16	Mar 17	Jun 17	Sep 17	Dec 17	YOY-Δ	YTD-Δ	QOQ-Δ
Cash and cash balances	18,353	24,731	25,842	22,104	21,796	18.8%	18.8%	-1.4%
Financial assets - held for trading	7,950	7,827	7,206	6,850	6,349	-20.1%	-20.1%	-7.3%
Derivatives	4,475	4,101	3,990	3,639	3,333	-25.5%	-25.5%	-8.4%
Other trading assets	3,476	3,726	3,216	3,211	3,016	-13.2%	-13.2%	-6.1%
Financial assets - at fair value through profit or loss	480	518	539	549	543	13.2%	13.2%	-1.1%
Financial assets - available for sale	19,886	17,887	17,786	16,743	16,060	-19.2%	-19.2%	-4.1%
Financial assets - held to maturity	19,270	19,912	19,355	19,398	19,800	2.8%	2.8%	2.1%
Loans and receivables to credit institutions	3,469	10,448	4,347	10,358	9,126	>100.0%	>100.0%	-11.9%
Loans and receivables to customers	130,654	132,992	135,122	138,005	139,532	6.8%	6.8%	1.1%
Derivatives - hedge accounting	1,424	1,297	1,063	1,006	884	-37.9%	-37.9%	-12.1%
Changes in fair value of portfolio hedged items	0	0	0	0	0	n/a	n/a	n/a
Property and equipment	2,477	2,441	2,431	2,414	2,387	-3.6%	-3.6%	-1.1%
Investment properties	1,023	1,025	1,027	1,033	1,112	8.7%	8.7%	7.7%
Intangible assets	1,390	1,378	1,458	1,474	1,524	9.6%	9.6%	3.4%
Investments in associates and joint ventures	193	200	196	196	198	2.6%	2.6%	1.2%
Current tax assets	124	117	156	123	108	-13.4%	-13.4%	-12.2%
Deferred tax assets	234	238	209	209	258	10.3%	10.3%	23.3%
Assets held for sale	279	262	231	217	214	-23.5%	-23.5%	-1.5%
Other assets	1,020	1,525	1,190	1,036	769	-24.6%	-24.6%	-25.8%
Total assets	208,227	222,798	218,156	221,715	220,659	6.0%	6.0%	-0.5%

Additional information: group balance sheet – Liabilities and equity

in EUR million	Quarterly data					Change		
	Dec 16	Mar 17	Jun 17	Sep 17	Dec 17	YOY-Δ	YTD-Δ	QOQ-Δ
Financial liabilities - held for trading	4,762	4,314	3,960	3,551	3,423	-28.1%	-28.1%	-3.6%
Derivatives	4,185	3,855	3,646	3,206	2,934	-29.9%	-29.9%	-8.5%
Other trading liabilities	577	459	314	344	489	-15.3%	-15.3%	42.0%
Financial liabilities - at fair value through profit or loss	1,763	1,906	1,819	1,810	1,801	2.2%	2.2%	-0.5%
Deposits from banks	0	0	0	0	0	n/a	n/a	n/a
Deposits from customers	74	64	51	51	49	-34.3%	-34.3%	-4.0%
Debt securities issued	1,689	1,842	1,768	1,759	1,753	3.8%	3.8%	-0.4%
Other financial liabilities	0	0	0	0	0	n/a	n/a	n/a
Financial liabilities measured at amortised cost	178,909	193,523	188,890	192,089	191,711	7.2%	7.2%	-0.2%
Deposits from banks	14,631	22,935	17,883	19,226	16,349	11.7%	11.7%	-15.0%
Deposits from customers	137,939	144,643	145,523	148,313	150,921	9.4%	9.4%	1.8%
Debt securities issued	25,503	25,285	24,834	23,902	23,342	-8.5%	-8.5%	-2.3%
Other financial liabilities	836	660	649	649	1,099	31.5%	31.5%	69.3%
Derivatives - hedge accounting	473	439	411	409	360	-23.8%	-23.8%	-12.0%
Changes in fair value of portfolio hedged items	942	863	772	745	666	-29.3%	-29.3%	-10.6%
Provisions	1,702	1,812	1,696	1,645	1,648	-3.2%	-3.2%	0.2%
Current tax liabilities	66	61	102	77	101	53.5%	53.5%	32.0%
Deferred tax liabilities	68	77	67	110	61	-9.0%	-9.0%	-44.3%
Liabilities associated with assets held for sale	5	5	0	0	3	-40.7%	-40.7%	n/a
Other liabilities	2,936	2,905	2,923	3,310	2,596	-11.6%	-11.6%	-21.6%
Total equity	16,602	16,894	17,515	17,969	18,288	10.2%	10.2%	1.8%
Equity attributable to non-controlling interests	4,142	4,209	4,262	4,367	4,416	6.6%	6.6%	1.1%
Additional equity instruments	497	497	993	993	993	100.0%	100.0%	0.0%
Equity attributable to owners of the parent	11,963	12,188	12,260	12,609	12,879	7.7%	7.7%	2.1%
Total liabilities and equity	208,227	222,798	218,156	221,715	220,659	6.0%	6.0%	-0.5%

Additional information: regulatory capital position – Capital requirements (SREP) for 2018; Erste target of 12.75%+ unchanged

- As buffers are phasing in in 2018, P2G declines

	Erste Group Consolidated				Erste Group Unconsolidated			
	2016	Phased-in 2017	2018	Fully loaded 2019e	2017	Phased-in 2018	Fully loaded 2019e	
Pillar 1 CET1 requirement	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	
Combined buffer requirement	0.88%	1.90%	3.20%	4.87%	1.40%	3.07%	4.87%	
Capital conservation buffer	0.63%	1.25%	1.88%	2.50%	1.25%	1.88%	2.50%	
Countercyclical capital buffer 3	0.00%	0.15%	0.32%	0.37%	0.15%	0.20%	0.37%	
OSII/Systemic risk buffer	0.25%	0.50%	1.00%	2.00%	0.00%	1.00%	2.00%	
Pillar 2 CET1 requirement		1.75%	1.75%	1.75%	1.75%	1.75%	1.75%	
Pillar 2 CET1 guidance 1	4.38%	1.66%	1.05%	P2G>0%	1.00%	0.00%	0.00%	
Regulatory minimum ratios excluding P2G								
	CET1 requirement	9.75%	8.15%	9.45%	11.12%	7.65%	9.32%	11.12%
1.50% AT1	Tier 1 requirement	NM	9.65%	10.95%	12.62%	9.15%	10.82%	12.62%
2.00% T2	Own funds requirement	NM	11.65%	12.95%	14.62%	11.15%	12.82%	14.62%
		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Regulatory minimum ratios including P2G								
	CET1 requirement	9.75%	9.81%	10.50%	NA	8.65%	9.32%	NA
1.50% AT1	Tier 1 requirement	NM	9.65%	10.95%	NA	9.15%	10.82%	NA
2.00% T2	Own funds requirement	NM	11.65%	12.95%	NA	11.15%	12.82%	NA
Reported CET1 ratio as of December 2017 2		13.37%			21.43%			

- Buffer to MDA restriction as of 31 Dec 17: 432bps
- Available distributable items (ADI) as of 31 Dec 17: EUR 2.2bn (pre dividend and AT1 deduction for 2017)

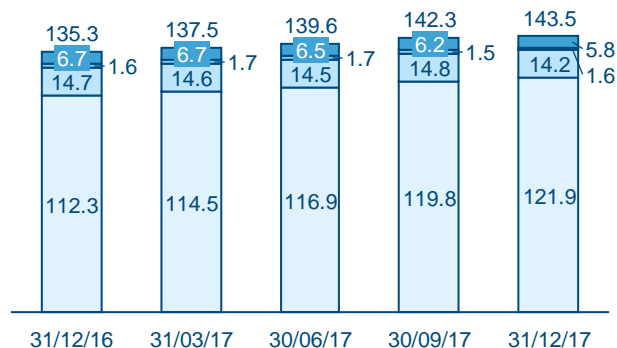
1) P2G is expected to be positive in the future.

2) Consolidated capital ratios pursuant to IFRS. Unconsolidated capital ratios pursuant to Austrian Commercial Code (UGB) and on phased-in basis as of Dec 2017. ADIs pursuant to UGB.

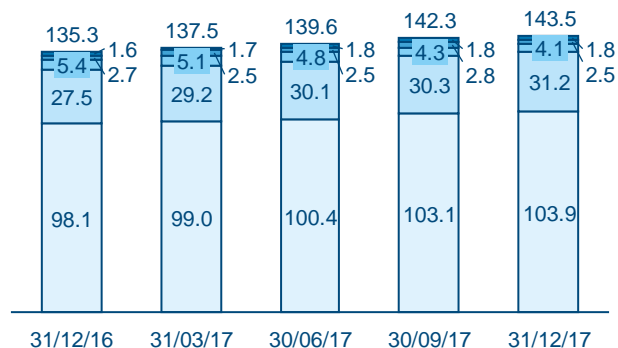
3) Planned values based on Q4 2017 exposure.

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

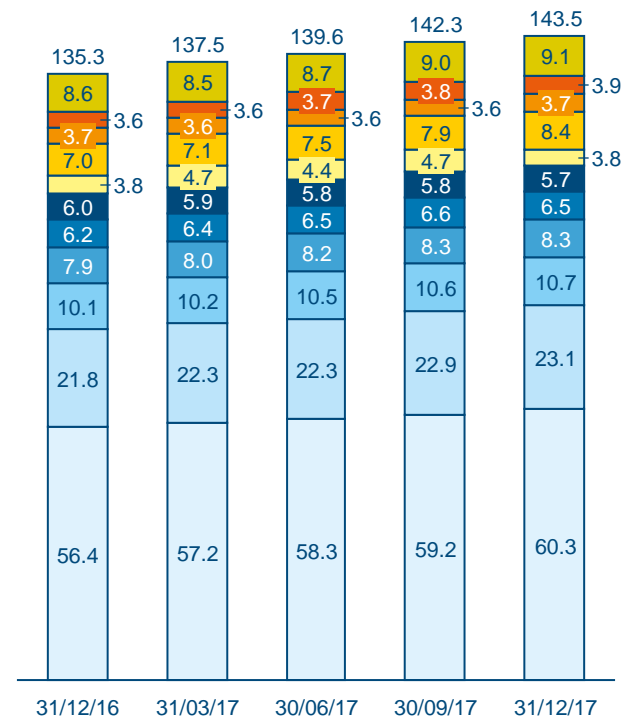
Gross cust. loans by risk category (EUR bn)



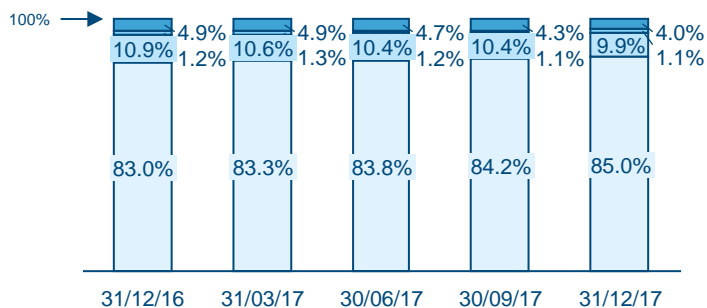
Gross customer loans by currency (EUR bn)



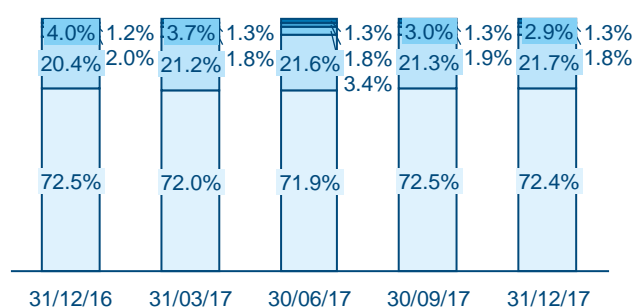
Gross customer loans by industry (EUR bn)



Gross customer loans by risk category (in %)



Gross customer loans by currency (in %)



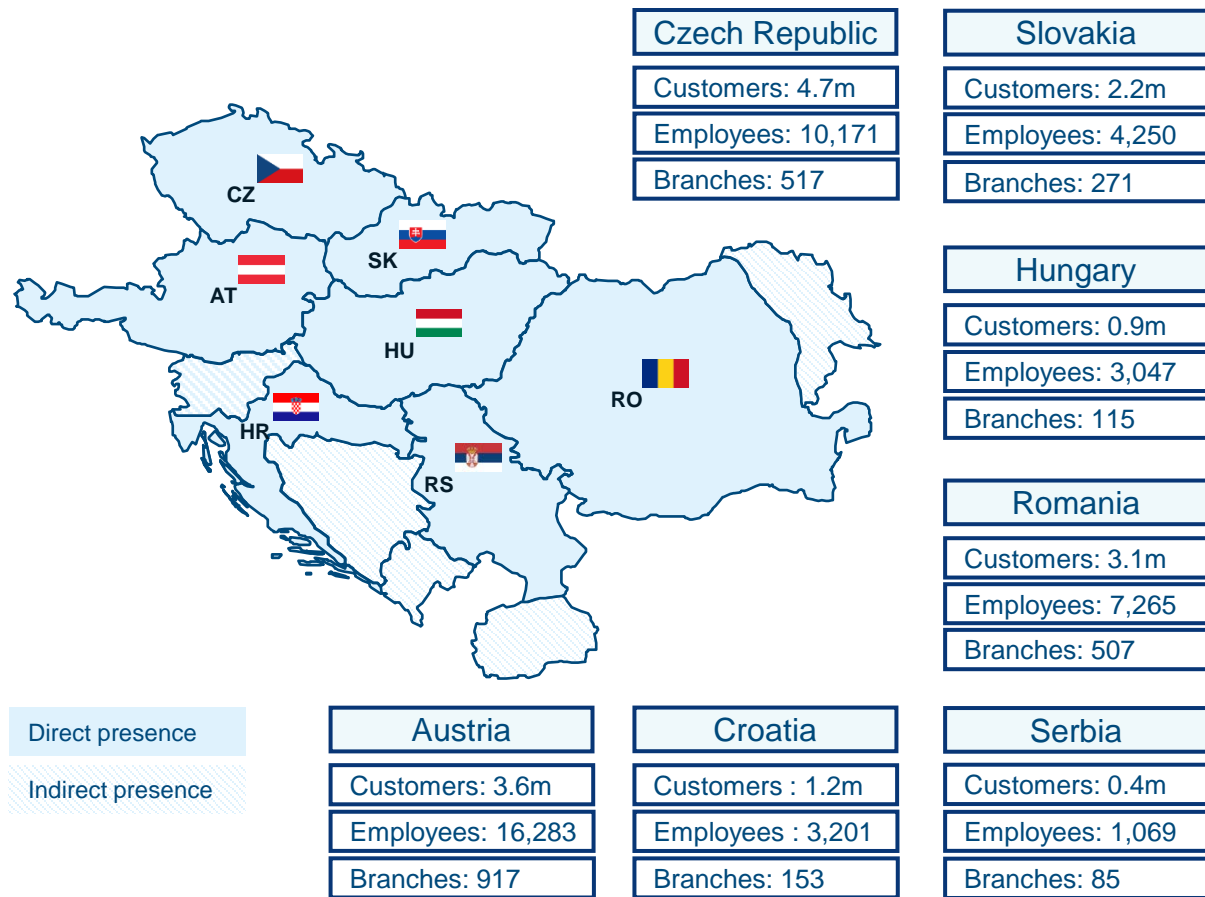
■ Non-performing ■ Management attention
■ Substandard ■ Low risk

■ Other ■ USD ■ CHF ■ CEE-LCY ■ EUR

■ Other ■ Financial inst. ■ Manufacturing
■ Transport & comms ■ Public admin ■ Real estate
■ Tourism ■ Construction ■ Households
■ Services ■ Trade

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

Erste Group footprint



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

Employees: FTEs as of end of reporting period

Additional information: strategy –

A real customer need is the reason for all business

Customer banking in Central and Eastern Europe

Eastern part of EU

Retail banking

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 (HR & RS)

Savings products, asset management and pension products

Corporate banking

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

Capital markets

Focus on customer business, incl. customer-based trading activities

In addition to core markets, presences in Poland, Germany and London with institutional client focus and selected product mix

Building debt and equity capital markets in CEE

Public sector

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

Interbank business

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

Focus on CEE, limited exposure to other Europe

Additional information: Ratings – Composition of Erste Group Bank AG's issuer ratings

MOODY'S

Financial Profile	
Asset Risk	baa3
Capital	baa1
Profitability	baa3
Funding Structure	a3
Liquid Resources	baa1

+

Qualitative Factors	
Business Diversification	0
Opacity, Complexity	0
Corporate Behaviour	0

=

BCA Baseline Credit Assessment	baa2
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+

Affiliate Support	0
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=

Adjusted BCA	baa2
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+

LGF Loss Given Failure	+ 2
Government Support	0

=

Issuer Rating / Senior Unsecured Long-Term Outlook / Short-Term	
A3 Positive / P-2	

S&P Global Ratings

SACP - Stand-Alone Credit Profile		
a		
▲		
Anchor	bbb+	
Business Position	Strong	+1
Capital & Earnings	Adequate	0
Risk Position	Adequate	0
Funding	Above Average	+1
Liquidity	Strong	

+

Support	0	
▲		
ALAC Support	0	
GRE Support	0	
Group Support	0	
Sovereign Support	0	

+

Additional Factors	0	
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Issuer Credit Rating Long-Term Outlook / Short-Term		
A Positive / A-1		

FitchRatings

VR - Viability Rating (Individual Rating)
a-

SRF - Support Rating Floor
NF (No Floor)

IDR - Issuer Default Rating Long-Term Outlook / Short-Term
A- Stable / F1

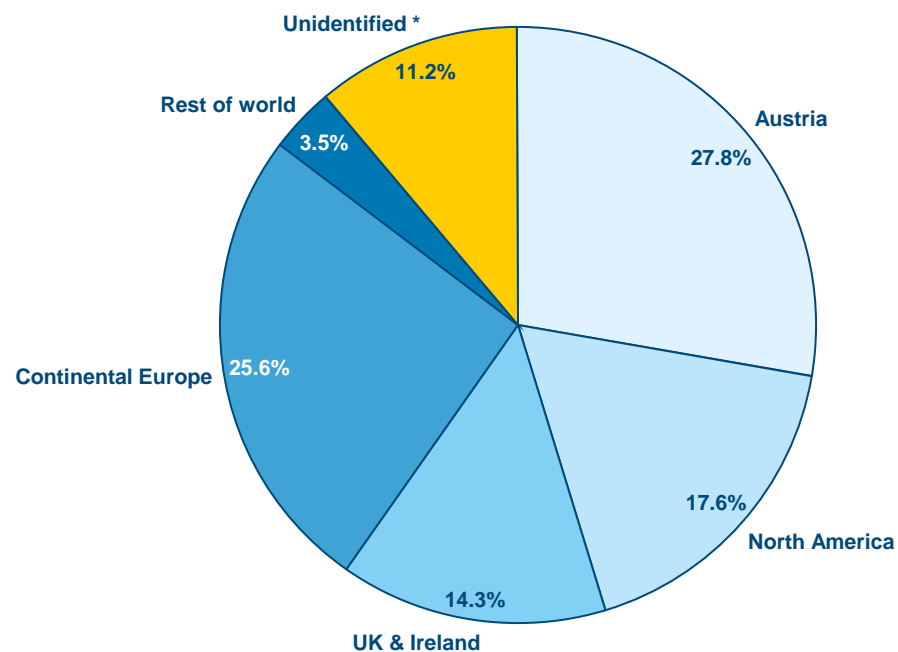
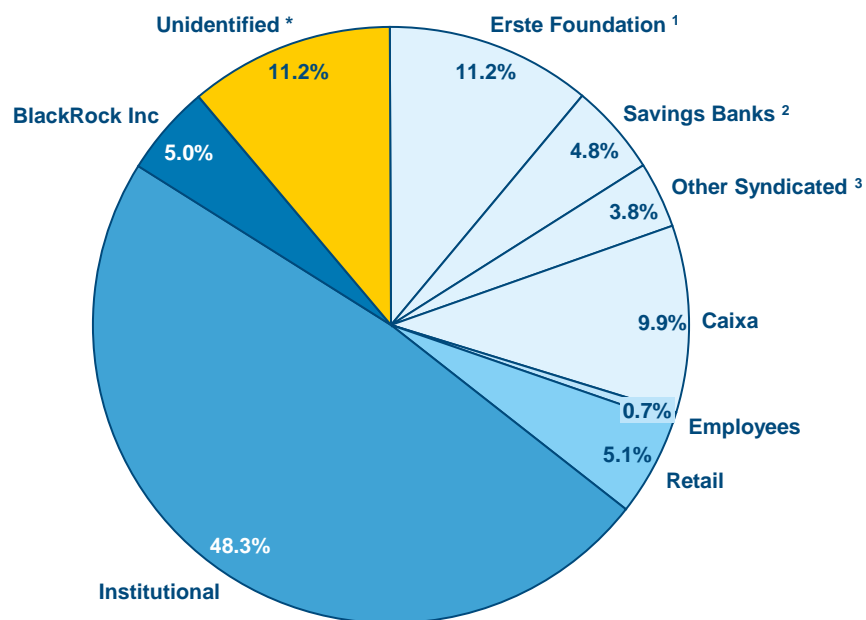
Status as of 30 October 2017

Additional information: shareholder structure –

Total number of shares: 429,800,000

By investor

By region



¹ Economic interest Erste Foundation

² Economic interest Savings Banks

³ Other parties to the shareholder agreement of Erste Foundation, Savings Banks and CaixaBank

* Unidentified institutional and retail investors

Status as of 31 January 2017

Investor relations details

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

<http://twitter.com/ErsteGroupIR> http://www.slideshare.net/Erste_Group

Erste Group IR App for iPad, iPhone and Android http://www.erstegroup.com/de/Investoren/IR_App

Reuters: **ERST.VI** Bloomberg: **EBS AV**

Datastream: **O:ERS** ISIN: **AT0000652011**

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