

Erste Group investor presentation

Q2 18 results

31 July 2018

Improved operating performance drives net profit growth

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Disclaimer –

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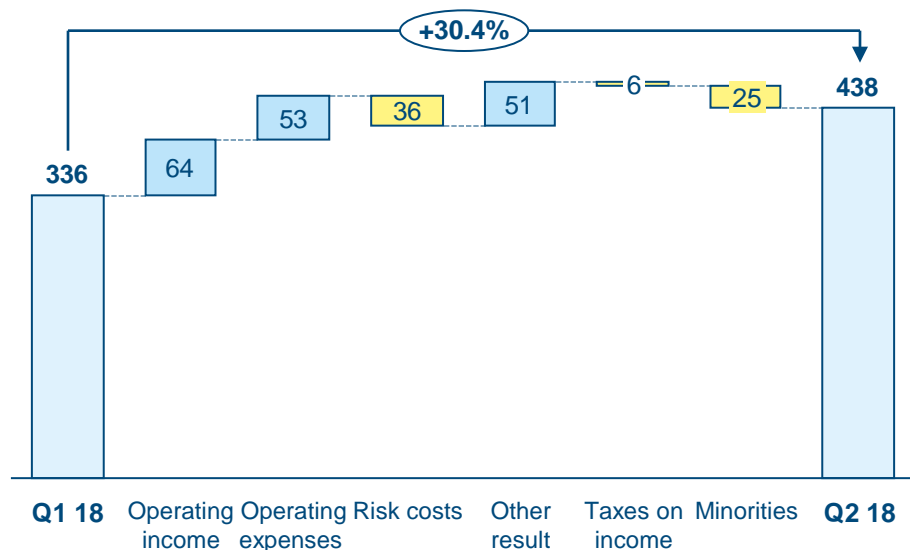
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Presentation topics

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

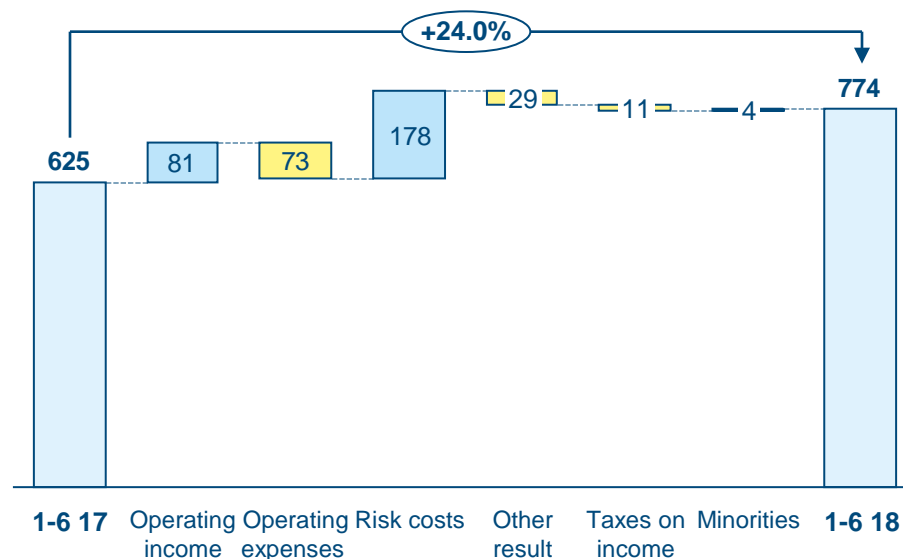
Executive summary – Group income statement performance

QoQ net profit reconciliation (EUR m)



- Erste Group Q2 18 net profit advances to EUR 438.2m driven by rising operating income (strong NII and fees) in Q2 18 and lower expenses (Q1 18 impacted by full year deposit insurance and resolution fund contributions)
- Risk releases declined in Q2 18, but overall asset quality trends remained exceptionally strong with no significant defaults in Q2 18
- Higher minority charge on better performance of savings banks

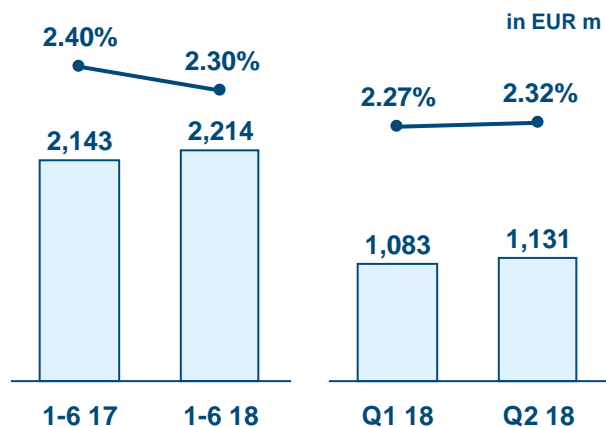
YoY net profit reconciliation (EUR m)



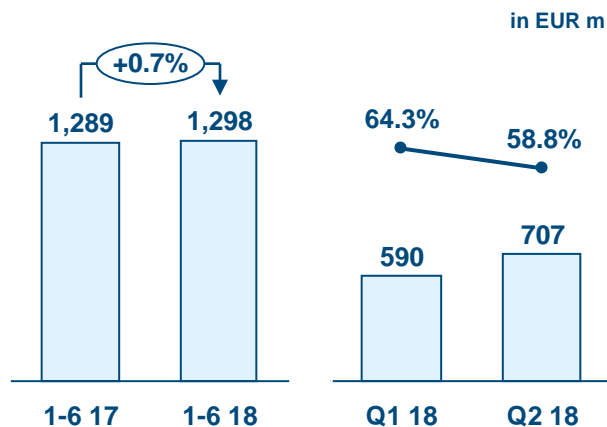
- H1 18 net profit reaches EUR 774.3m driven by exceptional risk performance and early stage operating turnaround (operating result up 0.7%), despite weaker other result (AfS sales in H1 17)
- Strong NII (+3.3%) and fee growth (+5.3%) more than offset weaker trading (-26.9%) and dividend income (-35.5%)
- Higher costs on the back of wage growth and higher deposit insurance contributions (+ EUR 11.6m yoy)

Executive summary – Key income statement data

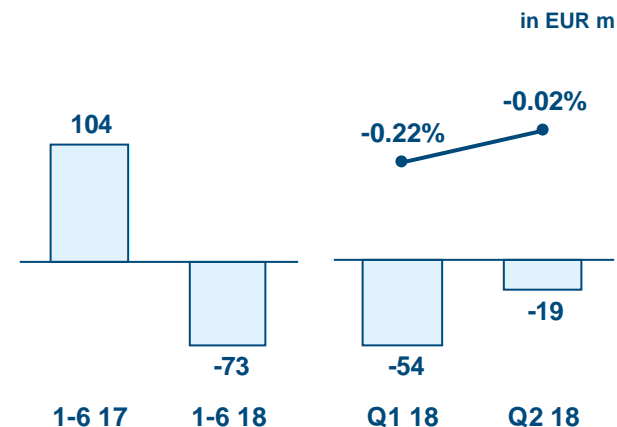
Net interest income & margin



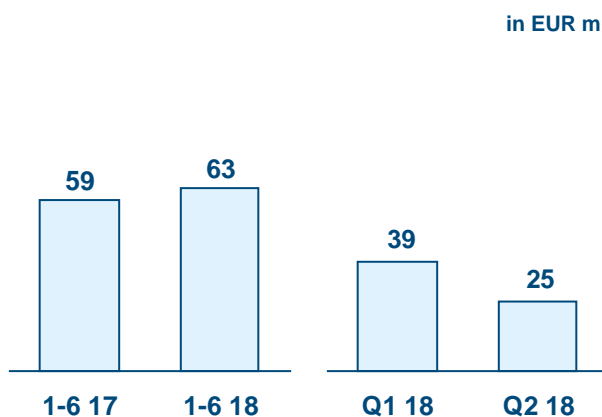
Operating result & cost/income ratio



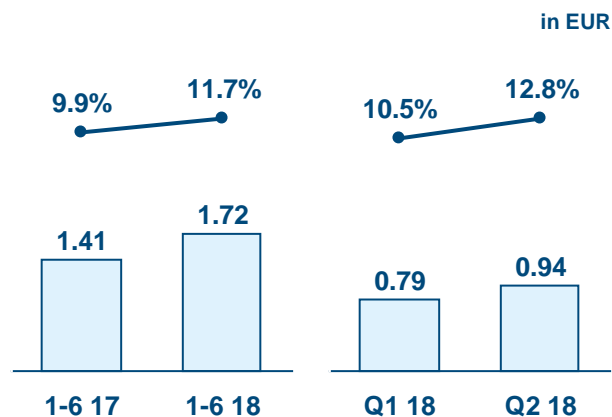
Cost of risk



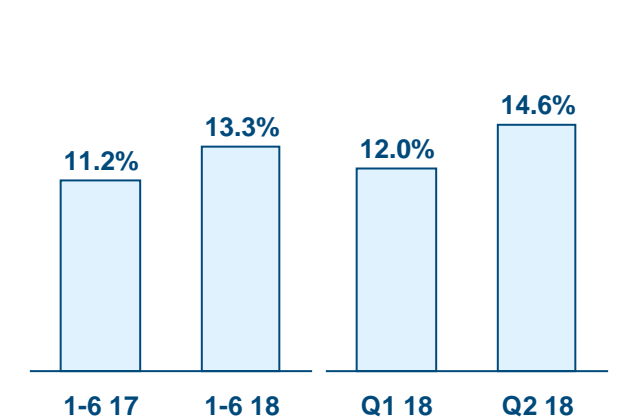
Banking levies



Reported EPS & ROE

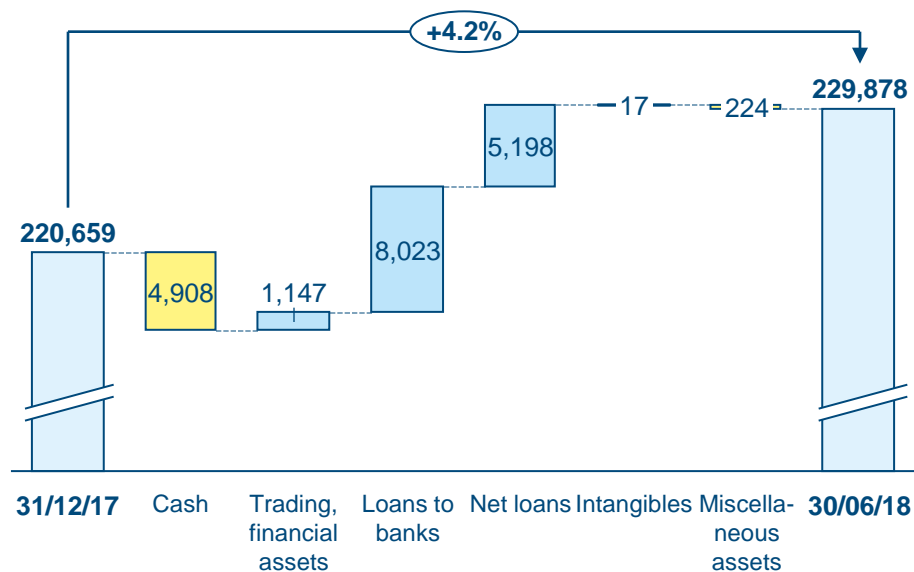


Return on tangible equity



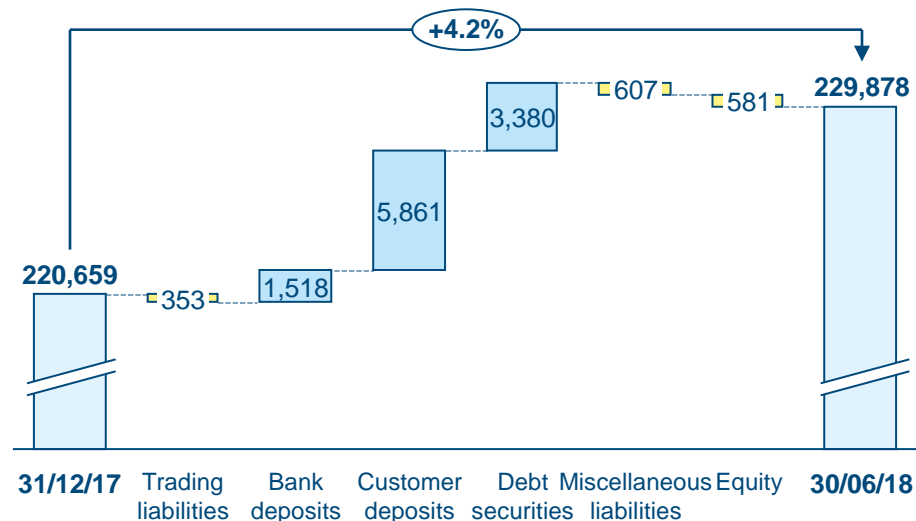
Executive summary – Group balance sheet performance

YTD total asset reconciliation (EUR m)



- Total assets rose markedly in H1 18, due to customer loan growth (+3.7% ytd) and expansion of interbank and trading volumes
- Decline in cash position directly correlated to increase in interbank assets as overnight CB deposits were shifted into 2w facility in CZ in order to maximise NII
- Shift from cash to interbank assets also contributed to rise in interest bearing assets (YE17: EUR 188bn, Q2 18: EUR 202bn)

YTD equity & total liability reconciliation (EUR m)

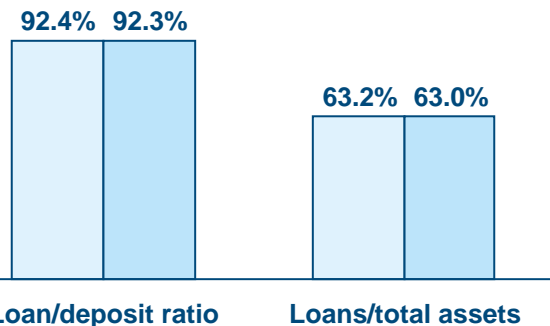


- Total liability growth in H1 18 driven by customer deposits and debt issuance (primarily mortgage covered bonds)
- Customer deposits grew by 3.9%, pushing the loan/deposit ratio to 92.3% (YE17: 92.4%)
- Decline in equity attributable to implementation of IFRS9 (-EUR 0.7bn), payout of 2017 dividend in Q2 18 (-EUR 0.5bn) and currency translation effects

Executive summary – Key balance sheet data

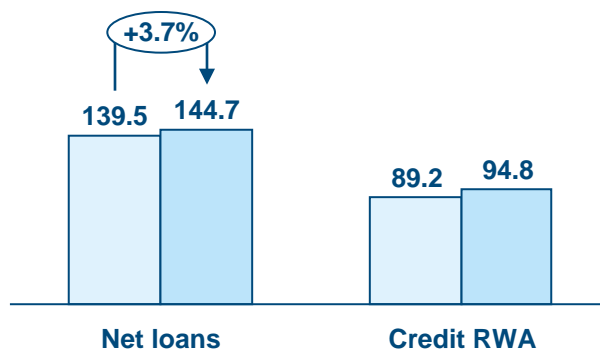
31/12/17
30/06/18

Loan/deposit & loan/TA ratio

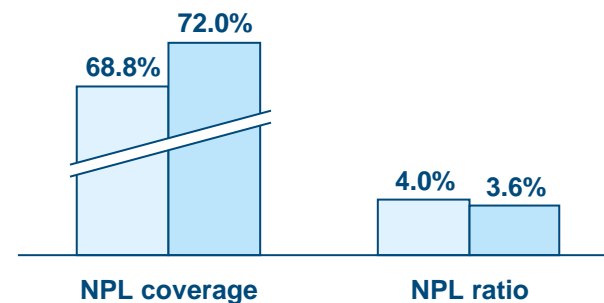


Net loans & credit RWA

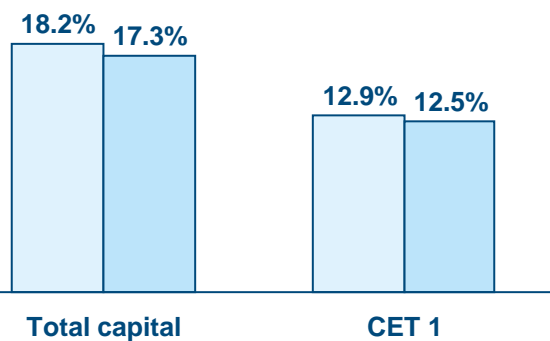
in EUR bn



NPL coverage ratio & NPL ratio

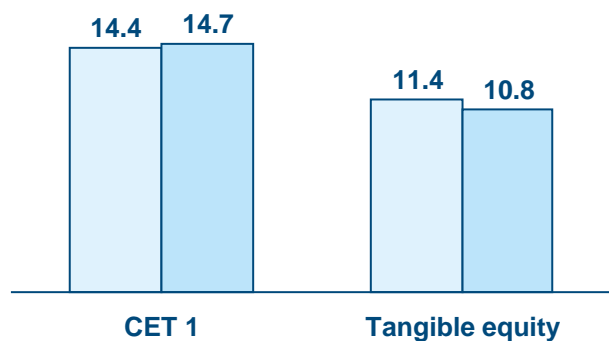


B3FL capital ratios

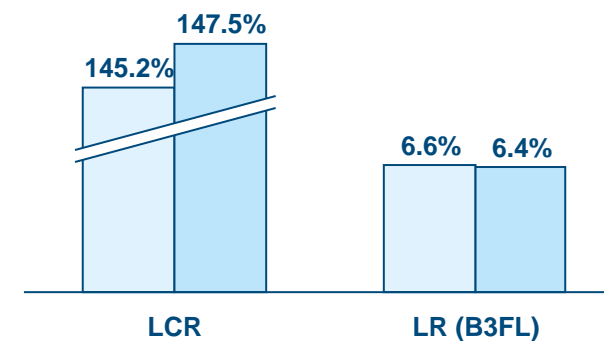


B3FL capital & tangible equity*

in EUR bn



Liquidity coverage & leverage ratio**



* Based on shareholders' equity, not total equity

** Pursuant to Delegated Act

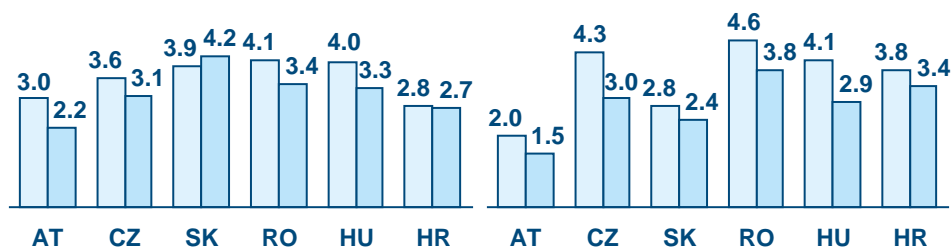
Presentation topics

- Executive summary
- **Business environment**
- Business performance
- Assets and liabilities
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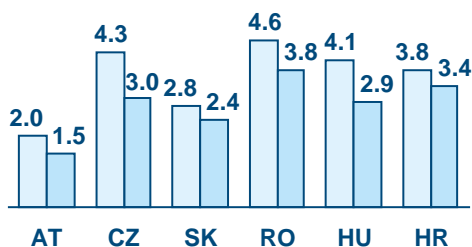
Business environment – Strong economic outlook for 2018

2018
2019

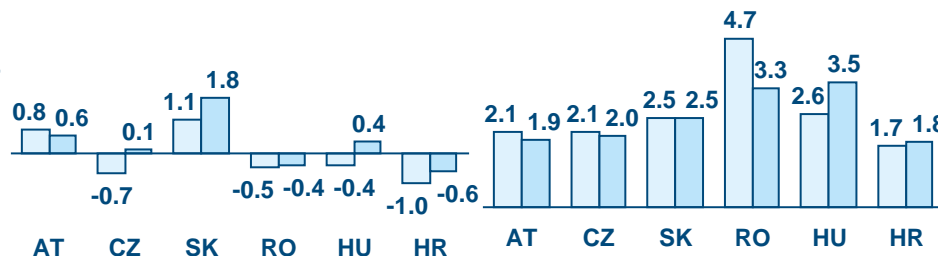
Real GDP growth (in %)



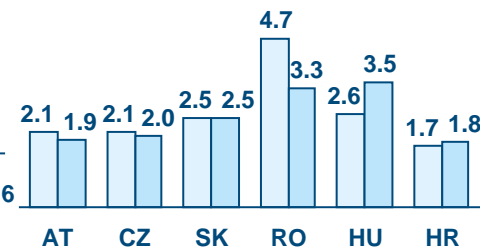
Dom. demand contribution* (in %)



Net export contribution* (in %)

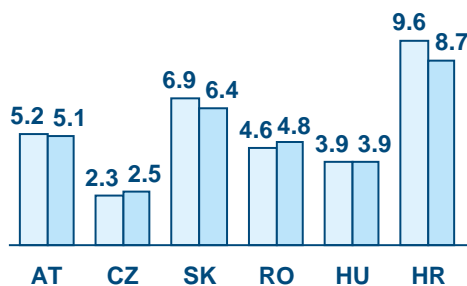


Consumer price inflation (ave, in %)

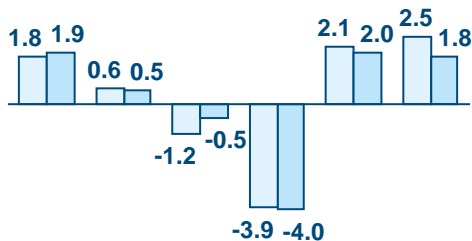


- Erste Group's core CEE markets expected to grow by about 3-4% in 2018
 - Domestic demand is expected to remain the main driver of economic growth in 2018
 - Consumption is supported by improving labour markets, wage increases and relatively low inflation rates across the region

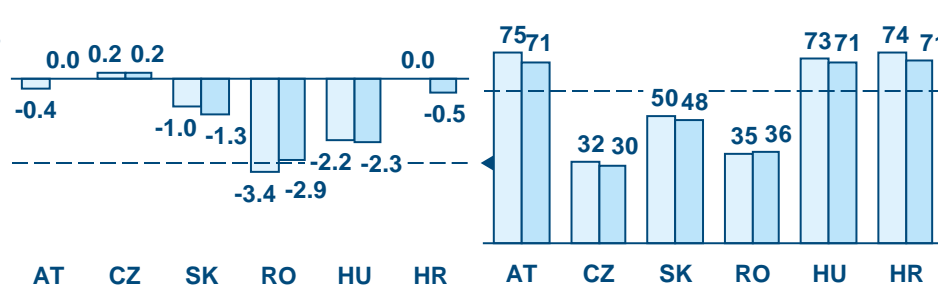
Unemployment rate (eop, in %)



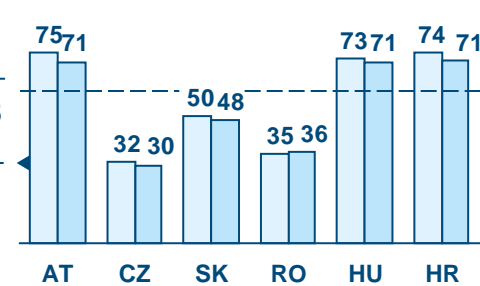
Current account balance (% of GDP)



Gen gov balance (% of GDP)



Public debt (% of GDP)



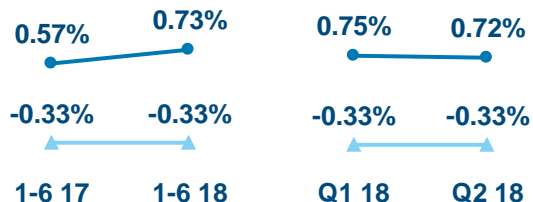
- Solid public finances across Erste Group's core CEE markets: almost all countries fulfill Maastricht criteria
- Sustainable current account balances, supported by competitive economies with decreasing unemployment rates

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

Business environment – CZ further increases key policy rate to 100bps in June 2018

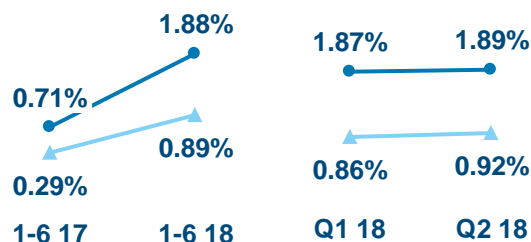
▲ 3M Interbank
● 10YR GOV

Austria



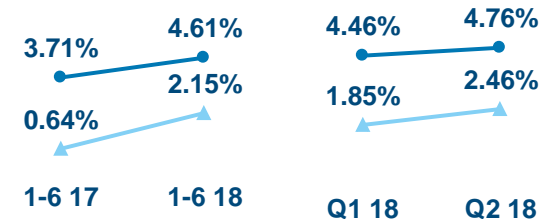
- ECB cut discount rate to zero in March 16
- Maintains expansionary monetary policy stance, despite tapering announcement

Czech Republic



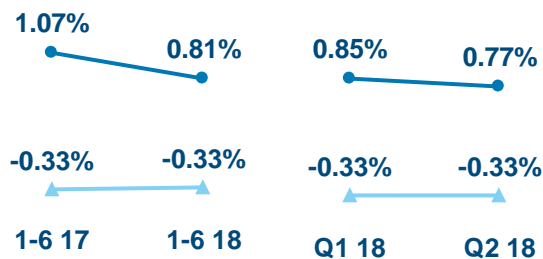
- National bank decided to lift its benchmark rate from historic low of 0.05% to 1.00% in Aug and Nov 2017 & Feb and June 2018

Romania



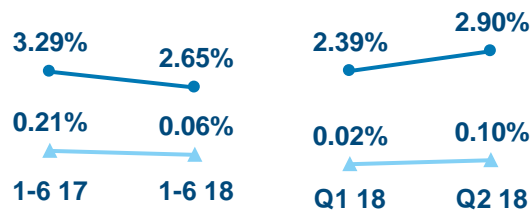
- Central bank increases policy rate from historic low of 1.75% to 2.50% in January, February and May 2018

Slovakia



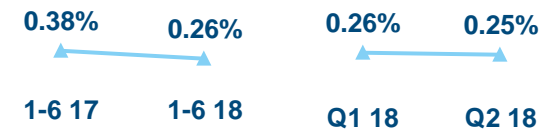
- As part of euro zone ECB rates are applicable in SK

Hungary



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

Croatia



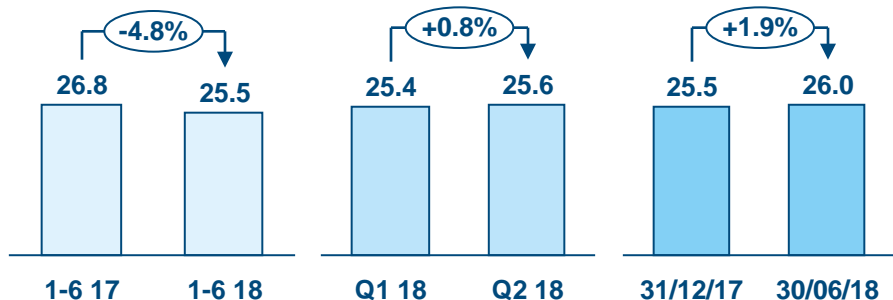
- Central bank maintains discount rate at 3.0% since 2015

Source: Bloomberg, Reuters for SK 10Y.

Business environment –

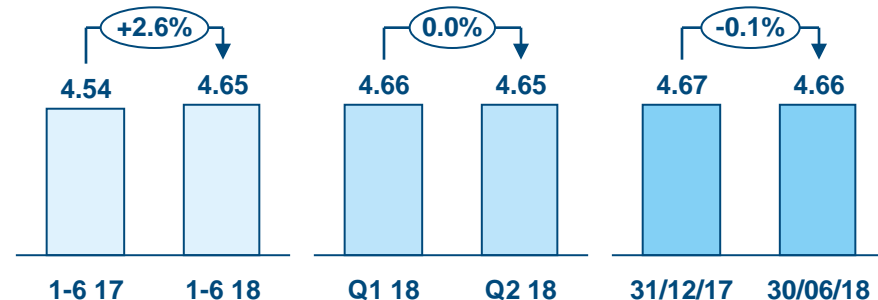
Emerging market volatility has minor impact on CEE currencies

EUR/CZK



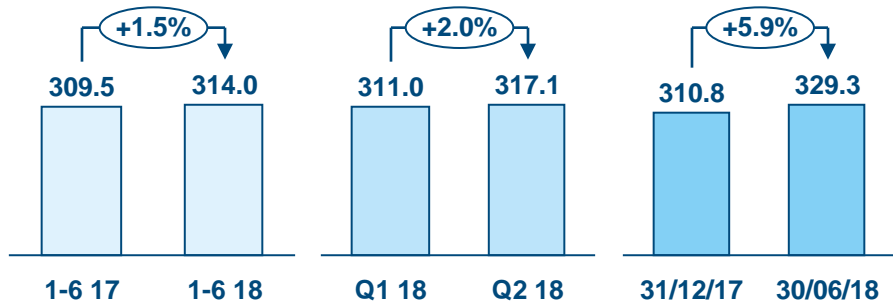
- Czech National Bank ended its currency peg in April 17; benchmark rate increased further to 1.00% in June 2018

EUR/RON



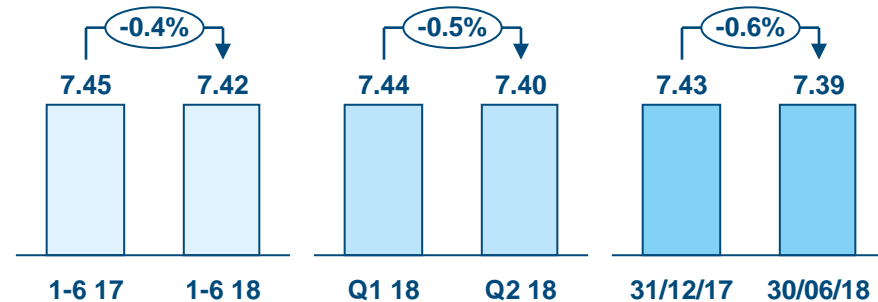
- RON depreciated slightly vs EUR amid political volatility; policy rate raised to 2.50% in May 2018

EUR/HUF



- HUF has recovered after reaching record low against the EUR

EUR/HRK



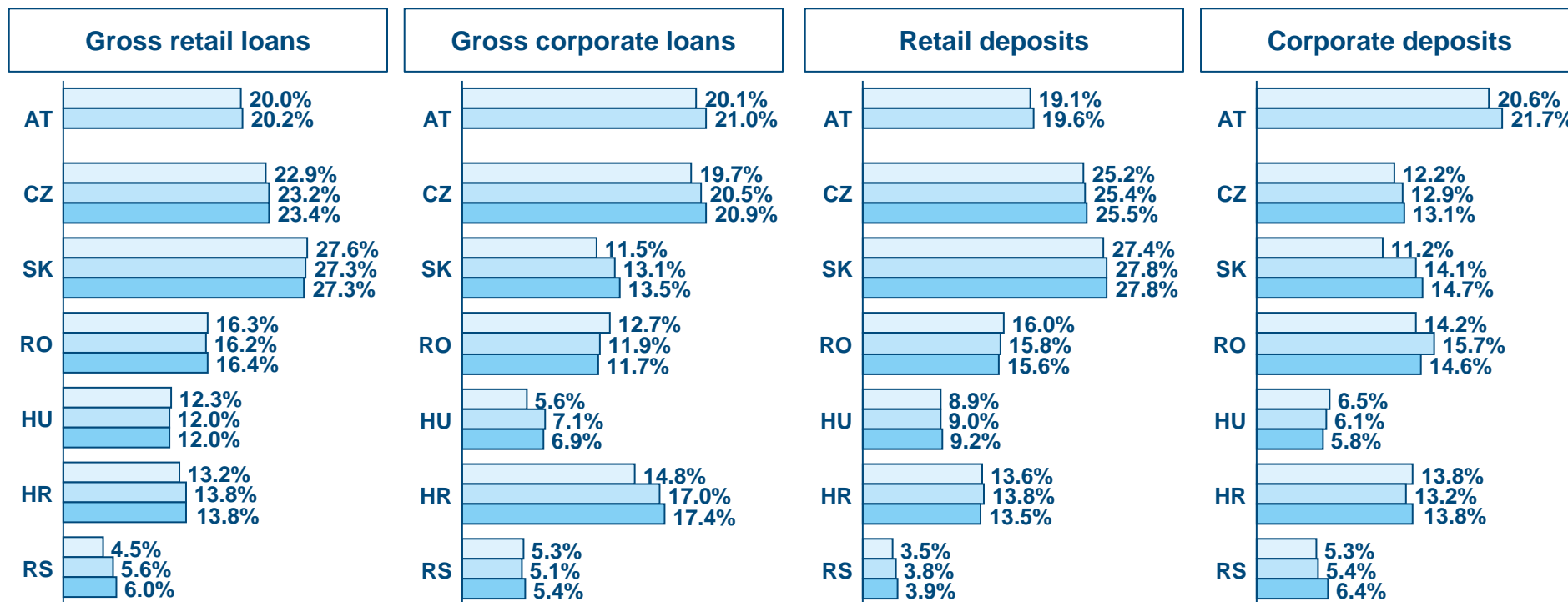
- Croatian National Bank continues to manage HRK in tight range

Source: Bloomberg

Business environment –

Market shares: continued gains in Austria and the Czech Republic

30/06/17
31/03/18
30/06/18



- CZ: slightly increasing yoy market shares in growing markets
- RO: stable market shares despite 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: market share has stabilised at around 9% with consolidation of Citibank since Q1 2017

- Changes mainly due to normal quarterly volatility in corporate business

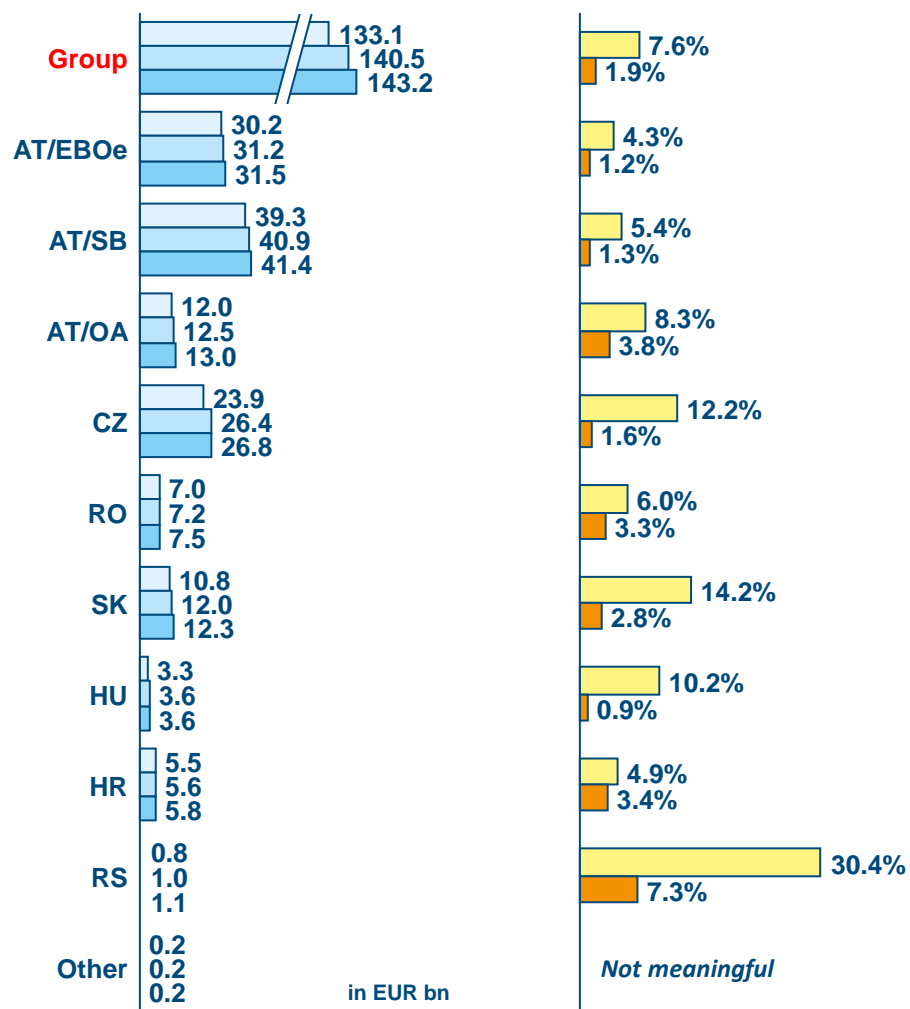
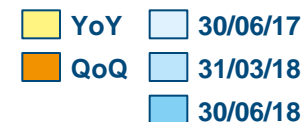
AT market shares for 30/06/2018 not yet available

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Business performance: performing loan stock & growth –

Performing loans continue to grow in Q2 18

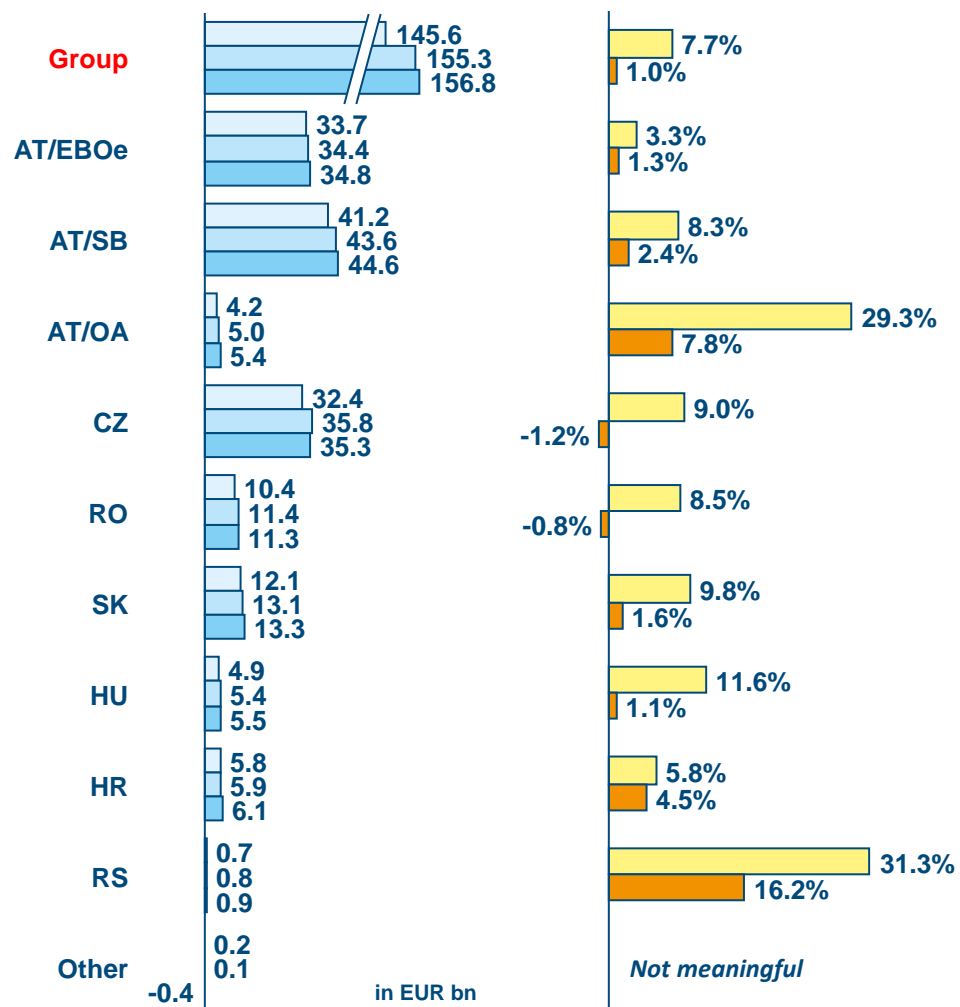


- Rising performing loan volume trend continued in Q2 18 across all geographies; yoy loan growth particularly strong in SK and CZ
- Yoy growth primarily driven by Retail (+9.8%), solid development in Corporates (+6.8%), particularly strong in Group Large Corporates and to a lesser extent in SMEs
- Qoq growth particularly strong in Corporates (+2.7%), mainly in SME and Group Large Corporates; solid development in Retail (+1.5%)
- Year-on-year segment trends:
 - SK: exceptional increase in Corporates (+23.1%) and strong contribution from Retail (+11.6%)
 - CZ: strong growth across all customer segments (Retail +11.2%, Corporates +13.4%), currency-adjusted: +11.5%
 - HU: exceptional growth in Corporates (+35.3%) more than offsets decline in Retail (-3.5%)
 - RS: continued strong growth in Retail and Corporates segments
- Quarter-on-quarter segment trends:
 - HR: solid growth both in Retail (+3.9%) and Corporates (+3.3%)
 - RO: stronger growth in Retail (+5.1%) than in Corporates (+1.4%)

Business performance: customer deposit stock & growth –

Deposit build-up continues in Q2 18

■ YoY ■ 30/06/17
■ QoQ ■ 31/03/18
■ 30/06/18

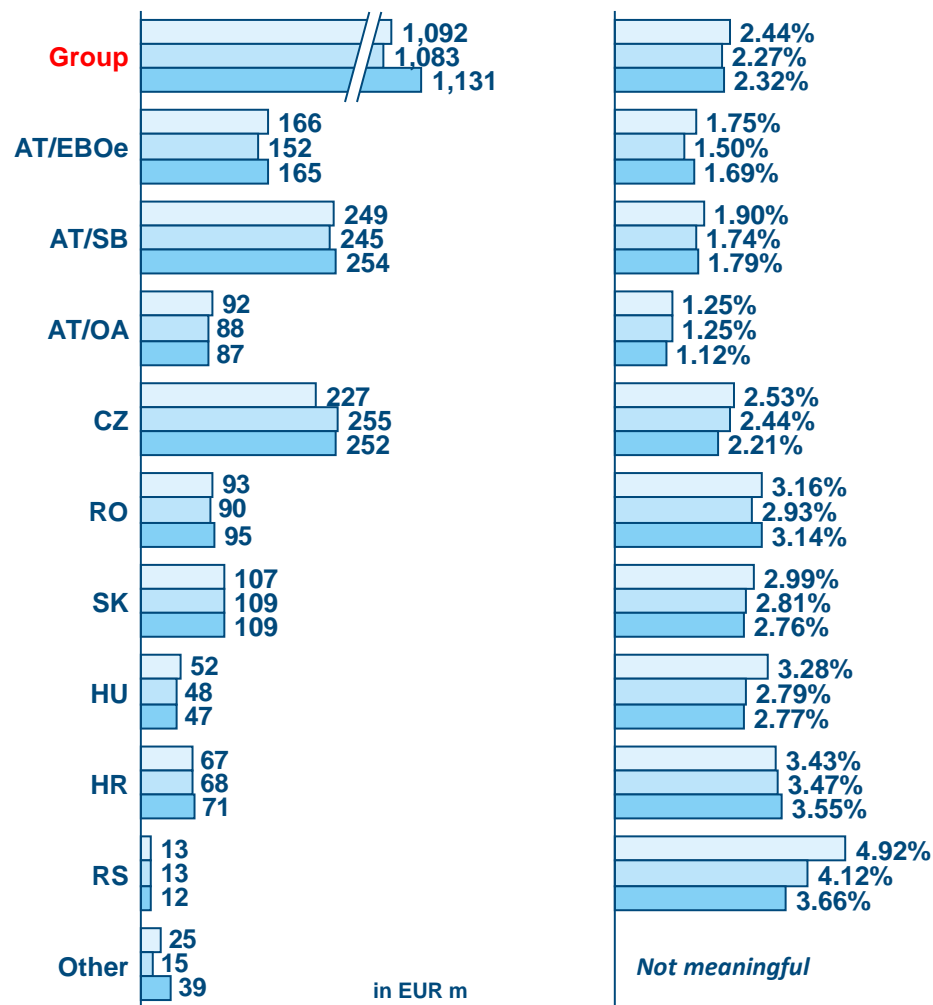


- Exceptional deposit growth across all geographies despite zero/low interest rate environment as retail and corporate clients park cash in overnight accounts
- Yoy growth in absolute terms mainly driven by Retail segment (+EUR 4.9bn) followed by Group Markets (+EUR 1.9bn) and Corporates segment (+EUR 1.7bn); strong contribution from Savings Banks (+EUR 3.4bn)
- Qoq increase across most geographies
- Year-on-year segment trends:
 - CZ: substantial growth in Retail and very solid contribution from Corporates and Group Markets
 - AT/OA: increase driven by deposits in the Holding (Group Markets)
 - SK: stronger deposit inflow in Retail than in Corporates
 - HU: growth equally solid in Retail and Corporates
 - RS: exceptional growth in Retail segment with good contribution from Corporates and Group Markets
- Quarter-on-quarter segment trends:
 - CZ: slight increase in Retail offset by decline in Corporates (particularly Large Corporates) and Group Markets

Business performance: NII and NIM –

NII advances qoq and yoy

Q2 17
Q1 18
Q2 18

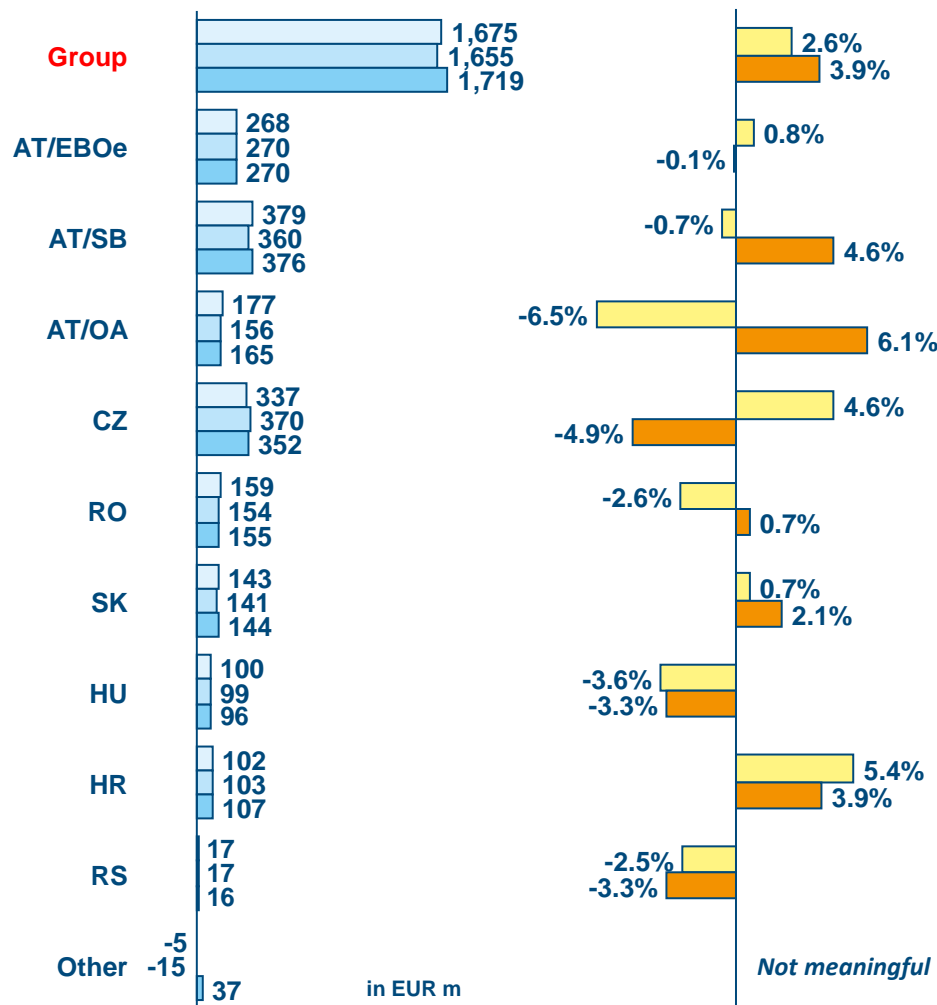


- Yoy increase driven by higher NII in CZ resulting from higher business volumes, rising interest rates and CZK appreciation
- Qoq improvement in Retail including a EUR 7m one-off booked in AT/EBOe (related to building society) and strong ALM result including a EUR 14m shift from trading to NII in segment Other
- Year-on-year segment trends:
 - CZ: volume growth, rate hikes and currency appreciation (+4.5%) pushed NII up in all key business lines (Retail, Corporates, Group Markets)
 - AT/SB: increase on higher volumes
 - AT/OA: decline due to lower contribution from MM business as well as lower margins in Corporate business of the Holding
- Quarter-on-quarter segment trends:
 - CZ: decline in NIM exclusively related to technical effect of shifting cash to interbank assets, ie overnight CNB facility to 2-week repo; underlying business margins broadly stable; NII decline driven by minor currency depreciation in Q2 18
 - Other: higher contribution from Holding ALM due to a shift from trading to NII in the amount of EUR 14m
 - AT/EBOe: increase on positive one-off (EUR 7m) and rising volumes

Business performance: operating income –

Operating income up yoy on strong NII and fees

■ YoY ■ Q2 17
■ QoQ ■ Q1 18
■ Q2 18

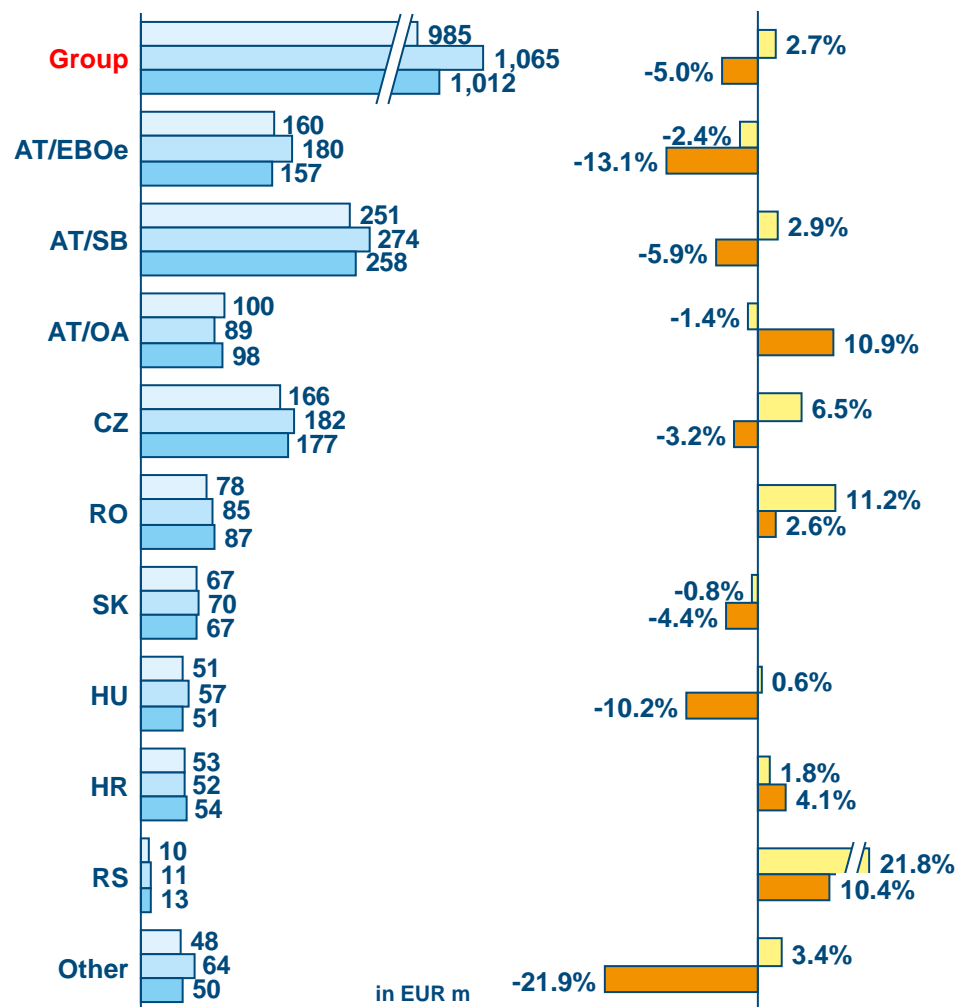


- YoY and qoq up on higher NII and fees, offset lower net trading result, partially compensated by improvement in gains/losses from financial instruments measured at FV (fair value result)
- Year-on-year segment trends:
 - Revenues rise across the board on the back of good macro environment, higher volumes and higher rates, except in:
 - AT/OA: decline mainly on lower NII from gov't bonds and MM business and weaker net trading result in the Holding, partially offset by stronger fee income at Erste Asset Management
 - AT/SB: better NII and fees only partially offset decline in net trading and FV result and dividend income
 - RO: improved NII almost offset weaker net trading result
 - HU: increase in fee income and net trading result only partially offset lower NII, which was primarily due to a change in the segmental capital benefit calculation methodology
- Quarter-on-quarter segment trends:
 - AT/SB: operating income rises on better NII and improved FV result
 - CZ: weaker net trading result weighs on operating income
 - Other: increase mainly driven by NII as well as net trading and FV result

Business performance: operating expenses –

Expenses improve qoq in line with guidance

■ YoY ■ Q2 17
■ QoQ ■ Q1 18
■ Q2 18

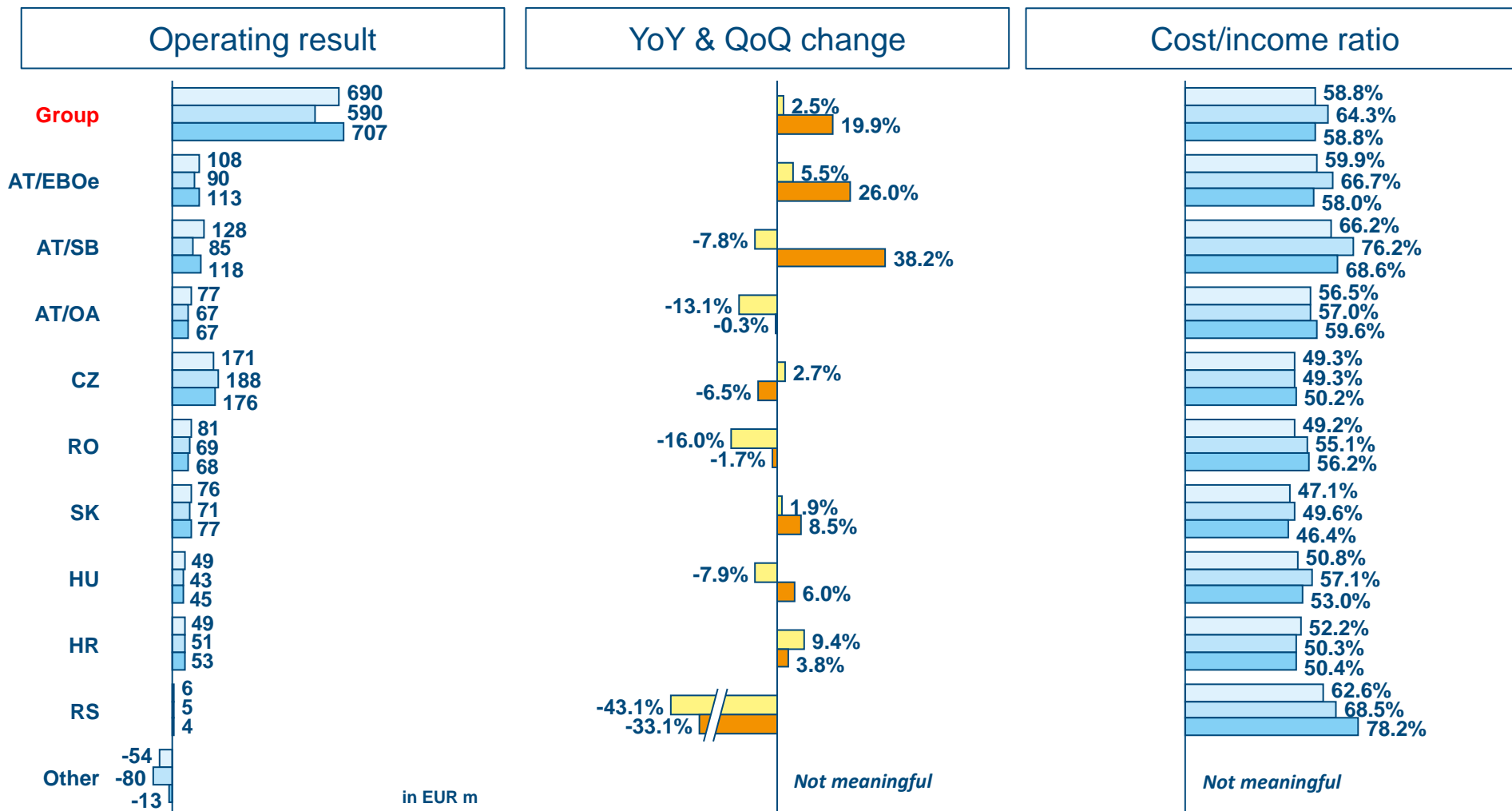


- YoY cost increase mainly driven by higher PEREX following wage increases
- QoQ down on deposit insurance contributions in Q1 18, partially offset by higher PEREX
- Year-on-year segment trends:
 - CZ: increase due to currency effect as well as higher PEREX due to wage increase, partially offset by lower headcount
 - AT/SB: higher PEREX
 - RO: PEREX up on wage increase and higher headcount, increase in IT related expenses
- Quarter-on-quarter segment trends:
 - AT/EBOe: decline due to deposit insurance contribution in Q1 18 and lower marketing expenses
 - AT/SB and CZ: lower OPEX on non-recurrence of deposit insurance, partially offset by higher PEREX
 - AT/OA: higher IT service costs in the Holding
 - Other: improvement mainly driven by lower costs from IT service providers

Business performance: operating result and CIR –

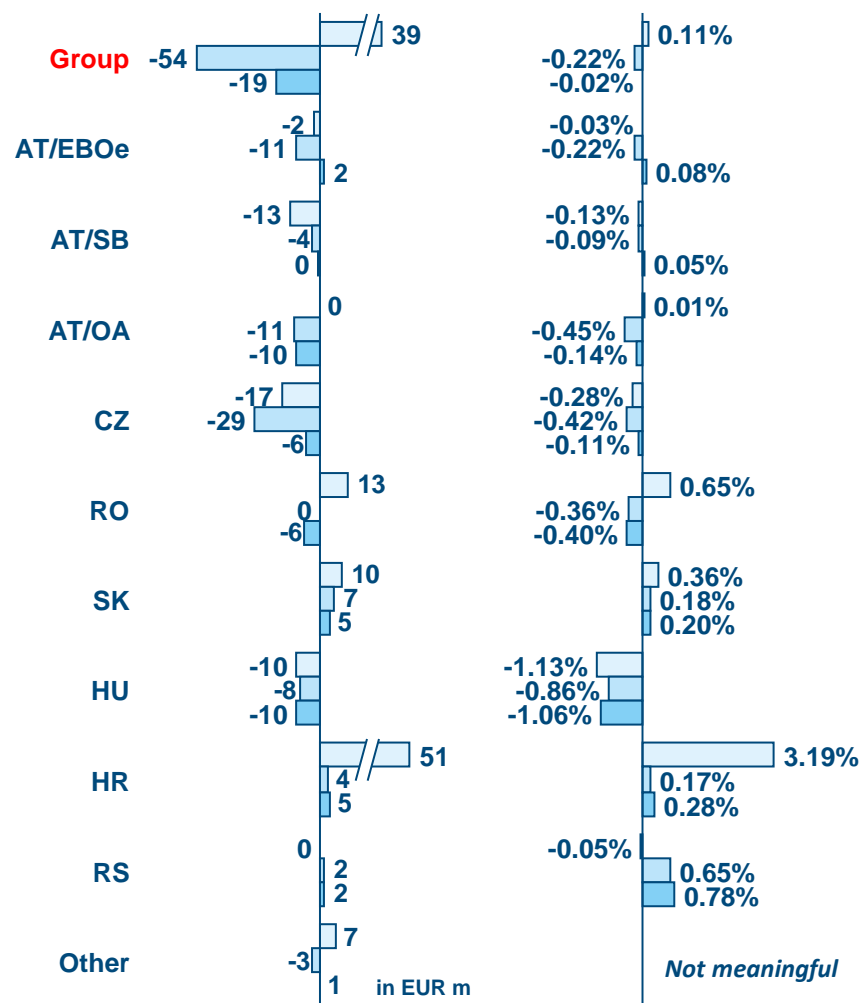
Operating result expands to 2-year high

■ YoY ■ Q2 17
■ QoQ ■ Q1 18
■ Q2 18



Business performance: risk costs (abs/rel*) – Continued net releases of risk provisions

Q2 17
Q1 18
Q2 18



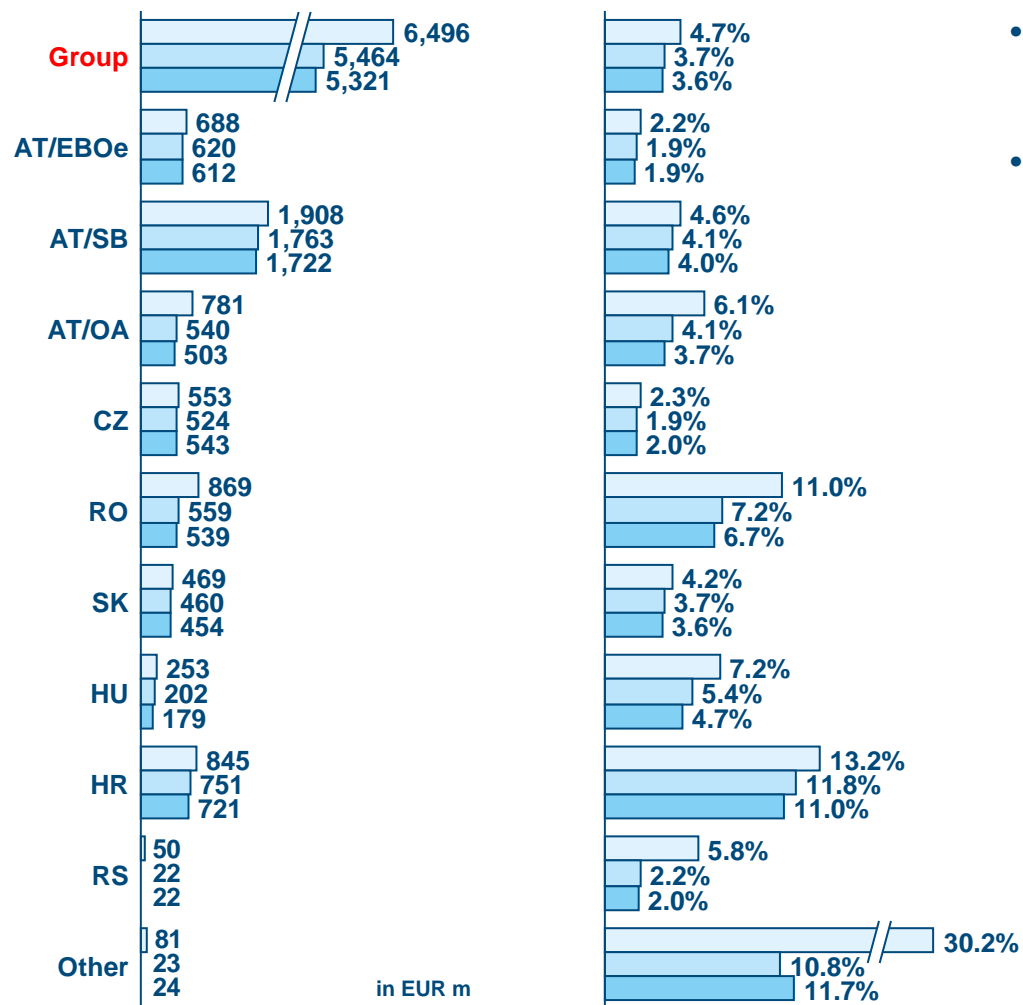
- Yoy improvement due to continued asset quality improvements, particularly in Corporate business (particularly in HR); net releases in most geographies
- Qoq development characterised by lower net releases in a benign economic environment
- Year-on-year segment trends:
 - HR: Q2 17 was impacted by a single default in Corporates (Group Large Corporates)
 - AT/SB: Q2 17 was characterised by net releases across most savings banks
 - RO: Releases in Corporates (SMEs and Local Large Corporates) drove risk costs in Q2 18
- Quarter-on-quarter segment trends:
 - AT/EBOe: Risk provisions in Corporates offset lower releases in Retail
 - CZ: Releases in Retail and Group Large Corporates partially offset by risk provisions in Local Large Corporates and SMEs

*) To ensure comparability with historically reported, pre-IFRS9 provisioning ratios, relative risk costs are calculated as annualised quarterly impairment result from financial instruments adjusted for net allocation of provisions for commitments and guarantees given over average gross customer loans.

Business performance: non-performing loans and NPL ratio –

NPL ratio improves further, now standing at 3.6%

30/06/17
31/03/18
30/06/18

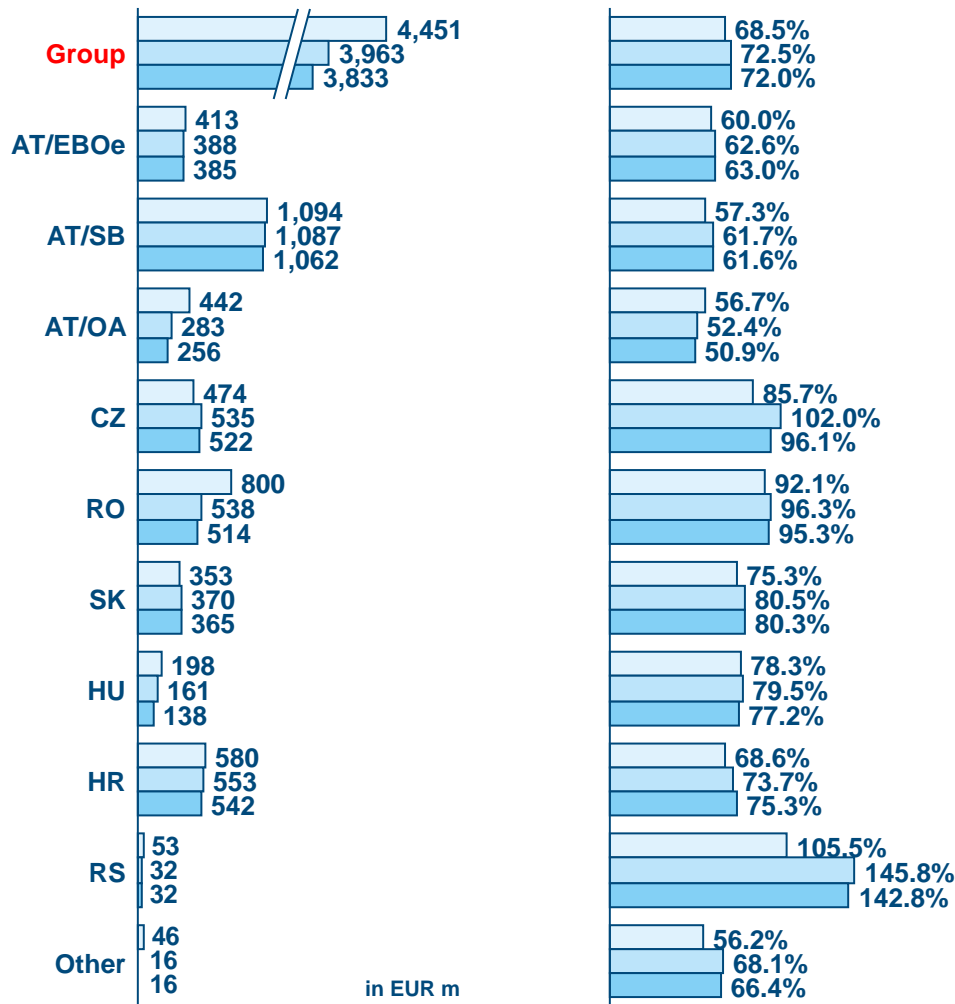


- NPL volume declined further to EUR 5.3bn in Q2 18 as NPL inflows remained moderate
- NPL sales of EUR 55.1m in Q2 18 (Q1 18: EUR 103.8m)
 - Retail: EUR 29.6m (Q1 18: EUR 9.3m)
 - Corporates: EUR 25.5m (Q1 18: EUR 94.5m)
 - Q2 18 NPL sales mainly in Holding (EUR 19.4m), SK (EUR 15.3m), minor sales in other markets

Business performance: allowances for loans and NPL coverage* –

NPL provision coverage at comfortable 72.0%

30/06/17
31/03/18
30/06/18

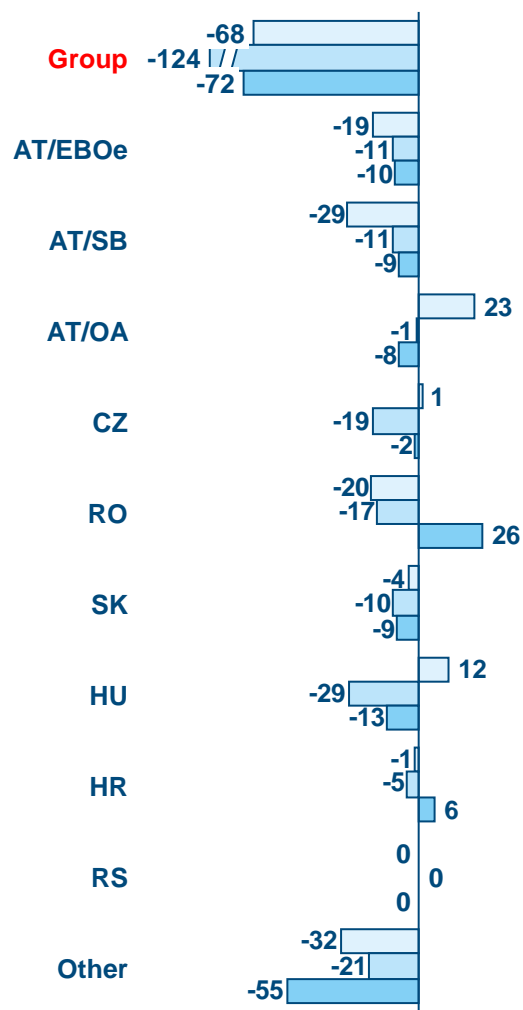
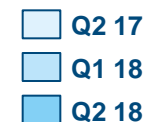


- NPL provision coverage qoq broadly stable at group level, exceptionally strong in CZ, RO, SK and RS
- Year-on-year segment trends:
 - CZ: increase in provisions together with decline in NPLs result in exceptionally strong coverage
 - AT/OA: decreasing coverage in line with lower expected losses for defaulted customers
 - RS: coverage improves as provisions decrease at a slower pace than NPLs
 - No material changes in other markets; excellent macro backdrop allows for release of provisions
- Quarter-on-quarter segment trends:
 - CZ: decreasing coverage in line with lower expected losses for defaulted customers; coverage remains at an exceptionally strong level

*) To ensure comparability with historically reported, pre-IFRS9 NPL coverage ratios, non-performing loans include NPLs from all categories of customer loans.

Business performance: other result –

Other result improves qoq on regulatory payments in Q1 18

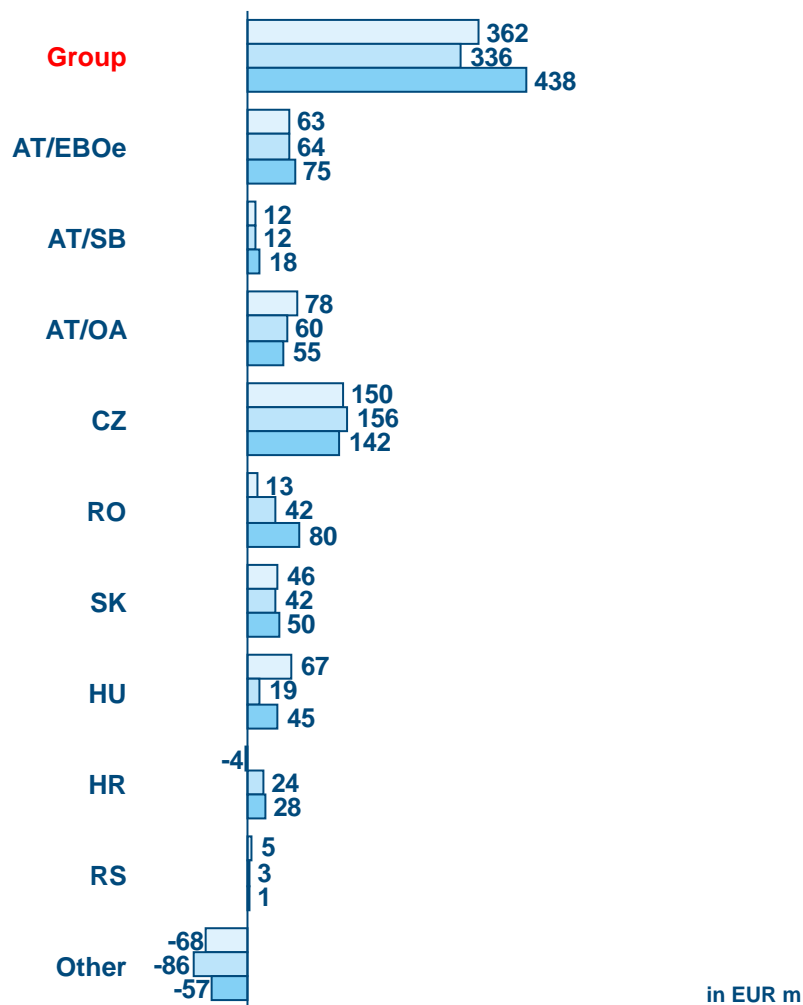


in EUR m

- Yoy other operating result improved slightly, while gains/losses from financial instruments not measured at FV through P&L declined by EUR 10.0m
- Qoq improvement due to booking of full year resolution fund contributions as well as of HU banking tax in Q1 18
- Year-on-year segment trends:
 - AT/OA: Q2 17 benefitted from a positive one-off resulting from property sales
 - RO: improvement driven by releases of provisions
 - HU: decline due to releases of provisions in Q2 17
- Quarter-on-quarter segment trends:
 - CZ: improvements mainly driven by contributions to resolution fund in Q1 18
 - RO: positive development driven by contributions to resolution fund in Q1 18 and releases of provisions in Q2 18
 - HU: improvement due to booking of full amount of annual banking tax in Q1 18
 - Other: development in other result driven by valuation effects in the Holding

Business performance: net result – Net profit rises significantly yoy and qoq

Q2 17
Q1 18
Q2 18



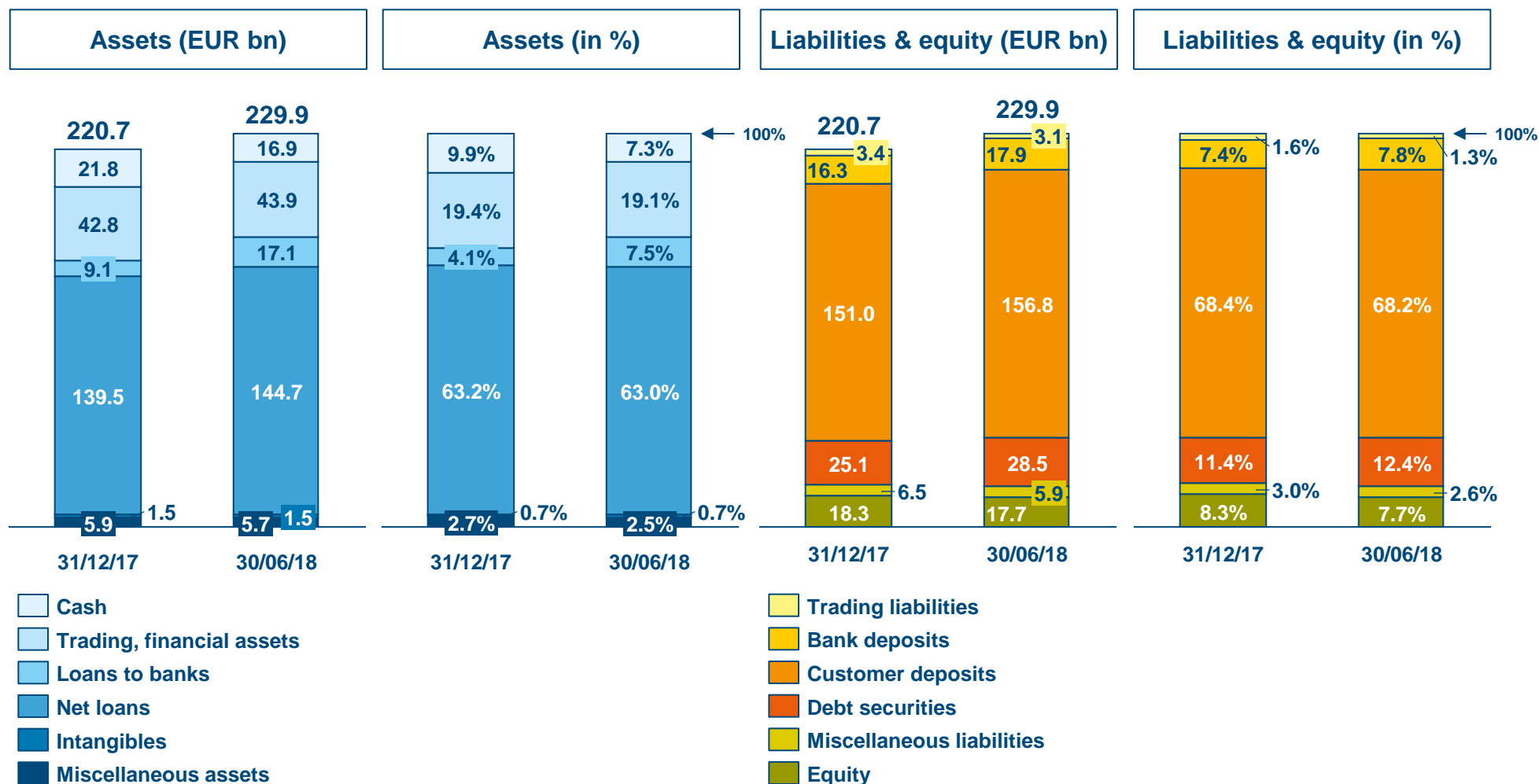
- Yoy profitability rises on better operating performance and net releases of risk provisions across most geographies
- Qoq up on improved operating performance and better other result
- Year-on-year segment trends:
 - RO: net result improves on releases of risk provisions and better other result
 - HR: net result in Q2 17 was impacted by higher risk provisions due to a single default in Corporates
 - AT/OA: decline due to other result and lower operating income
- Quarter-on-quarter segment trends:
 - HU: net result improves on better other result due to booking of full amount of annual banking tax in Q1 18
 - CZ: decline due to lower operating income resulting from weaker net trading result
- Return on equity at 12.8% in Q2 18, following 10.5% in Q1 18, and 11.1% in Q2 17
- Cash return on equity at 12.9% in Q2 18, following 10.6% in Q1 18, and 11.2% in Q2 17

Presentation topics

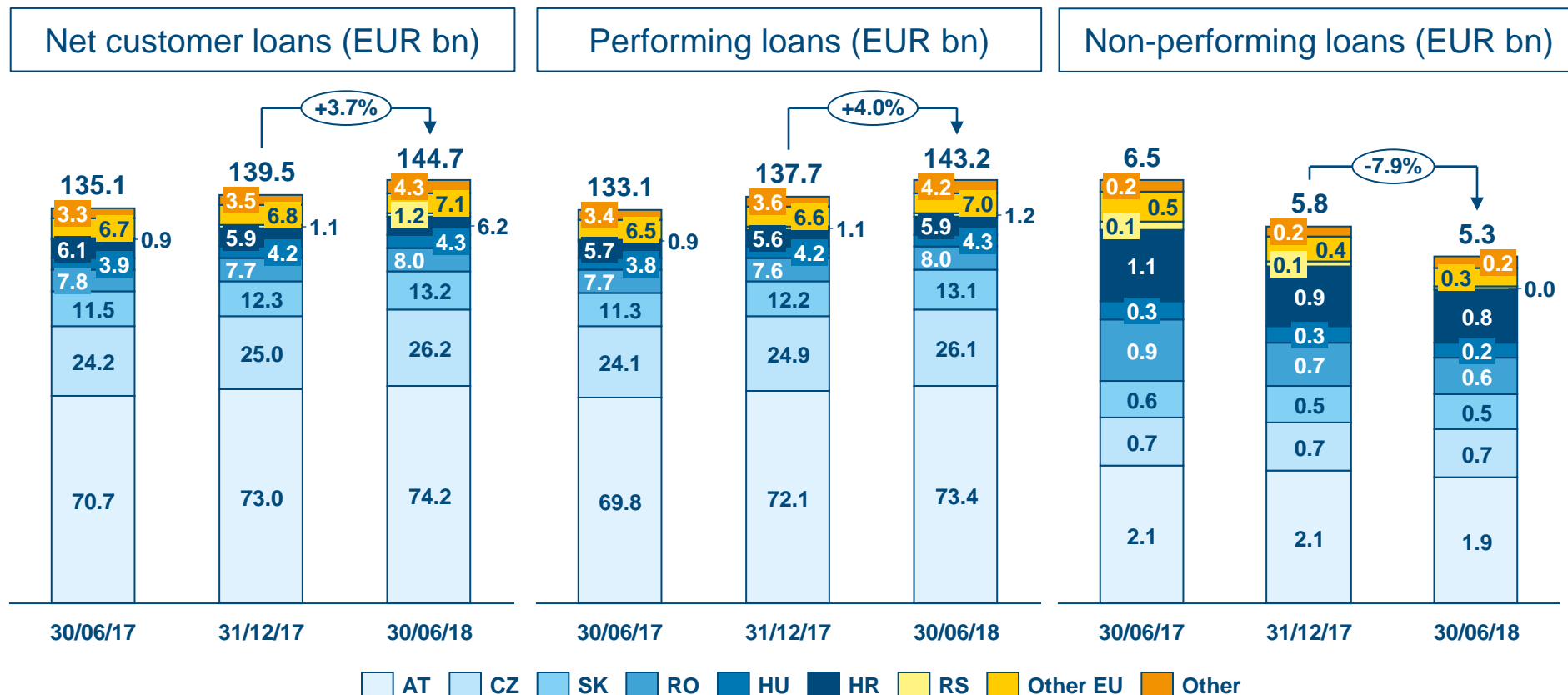
- Executive summary
- Business environment
- Business performance
- **Assets and liabilities**
- Outlook
- Additional information

Assets and liabilities: YTD overview –

Loan/deposit ratio relatively stable at 92.3% at Jun 18 (Dec 17: 92.4 %)

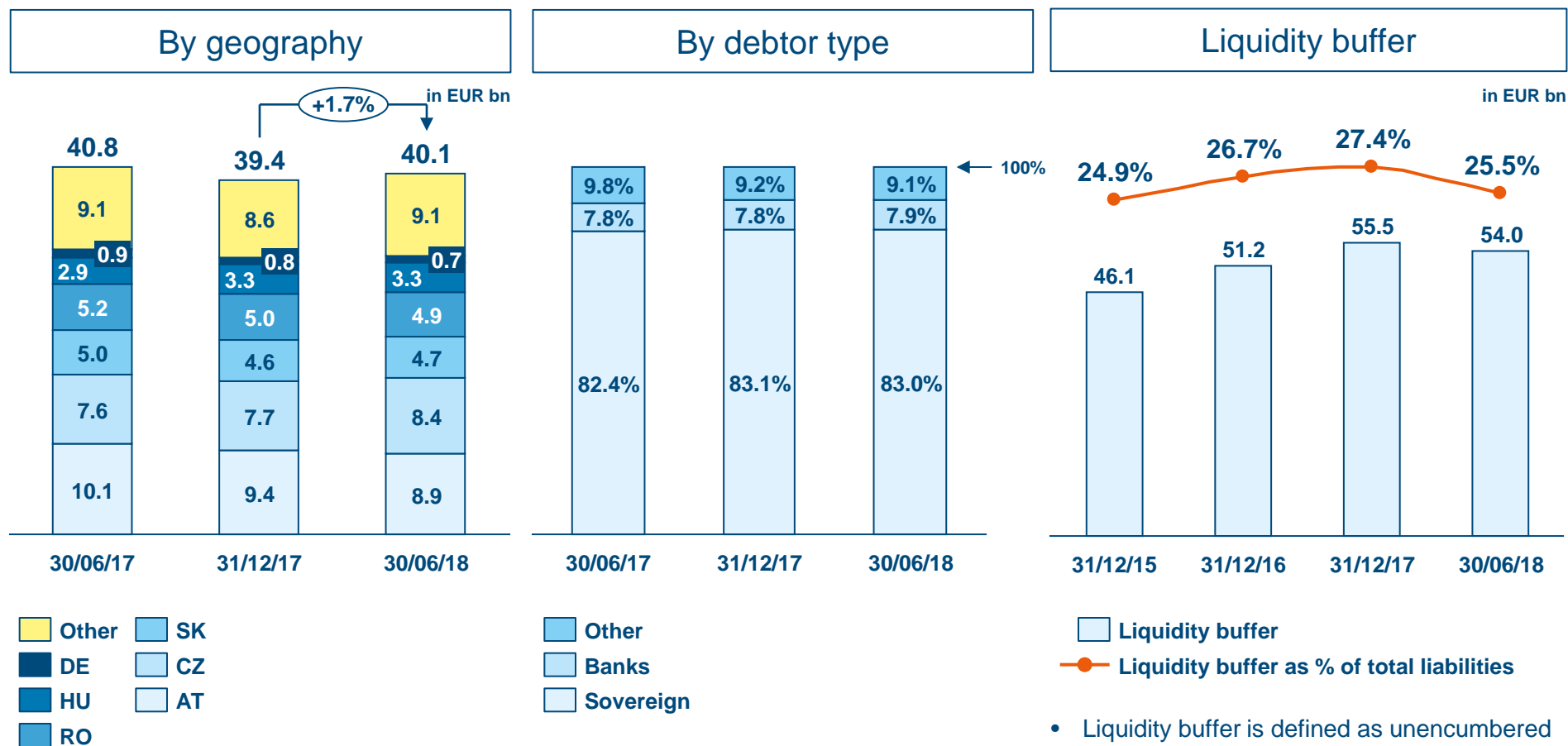


Assets and liabilities: customer loans by country of risk – Net customer loans up 3.7% and NPLs down 7.9% ytd



- Performing loan growth mainly driven by Czech Republic, Slovakia and Austria
 - Main contributing business lines: Retail (+10.7%), Corporates (+5.8%), primarily Group Large Corporates and SME
 - Growing performing loans across all geographies
- 18.1% yoy decline in NPL stock driven by reductions across most geographies

Assets and liabilities: financial and trading assets * – LCR at excellent 147.5%

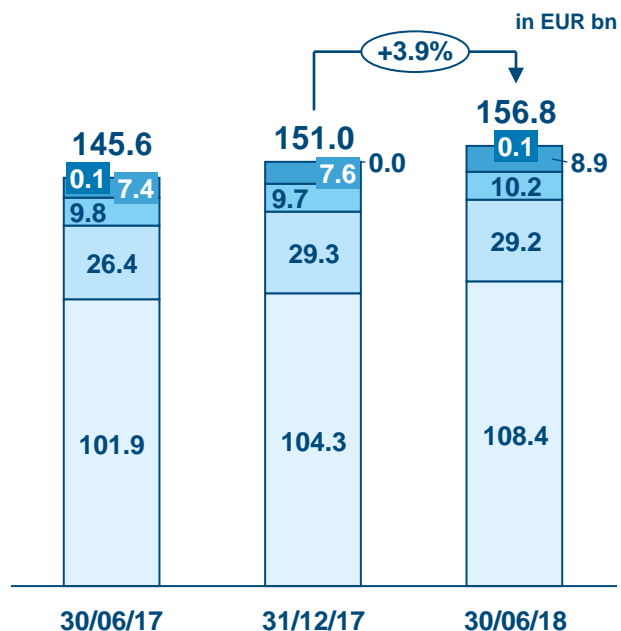


* Excludes derivatives held for trading.

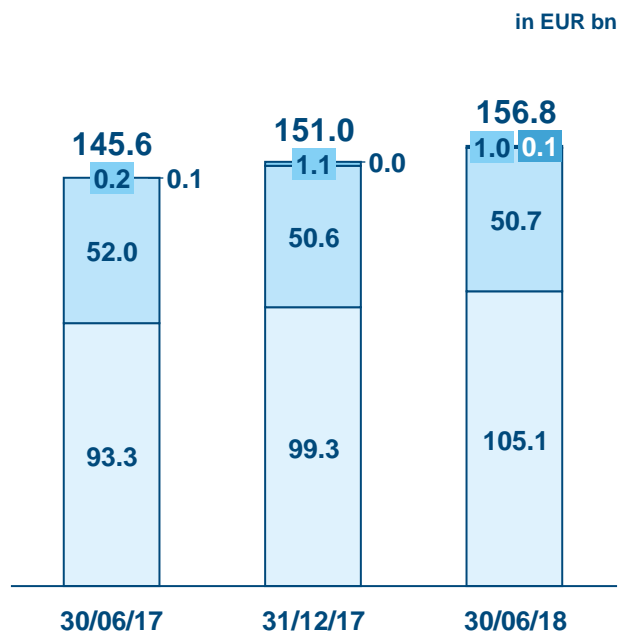
Assets and liabilities: customer deposit funding –

Customer deposits grow by 1.0% qoq, up 3.9% ytd

By customer type

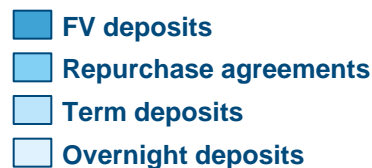


By product type

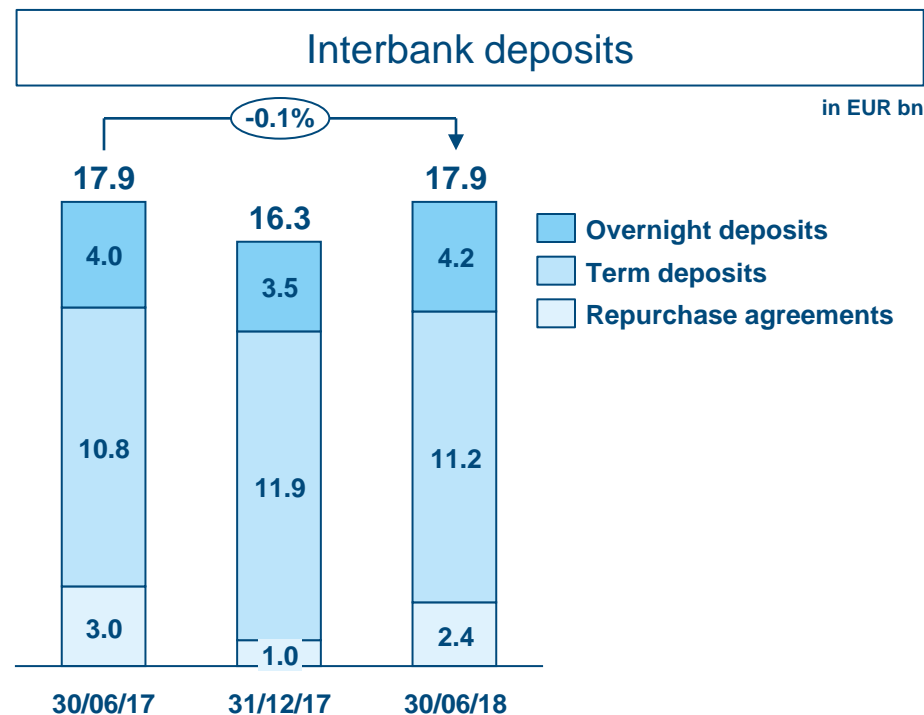
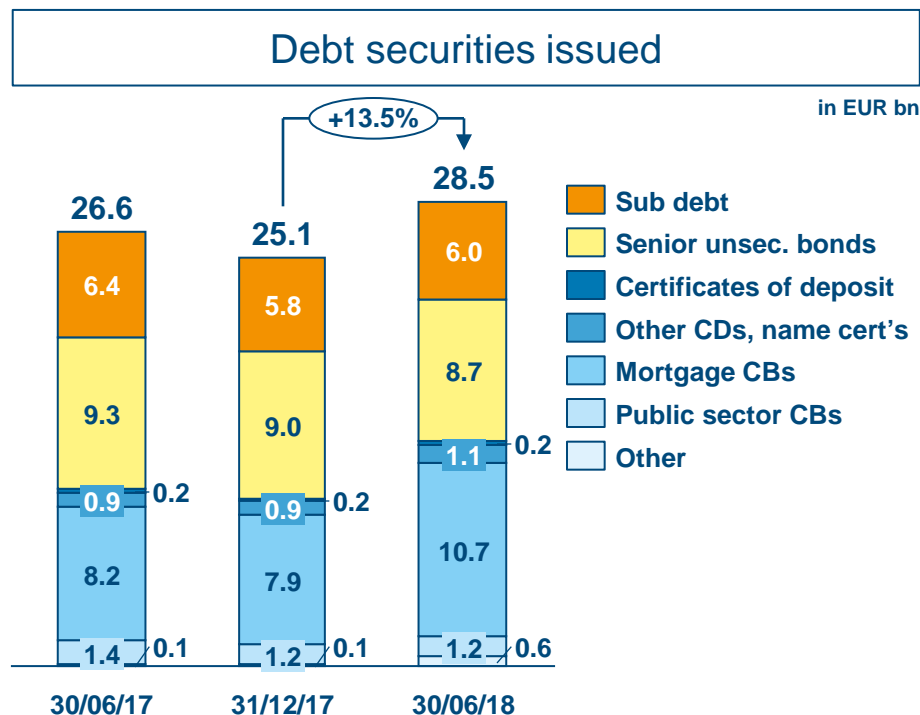


Highlights

- 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

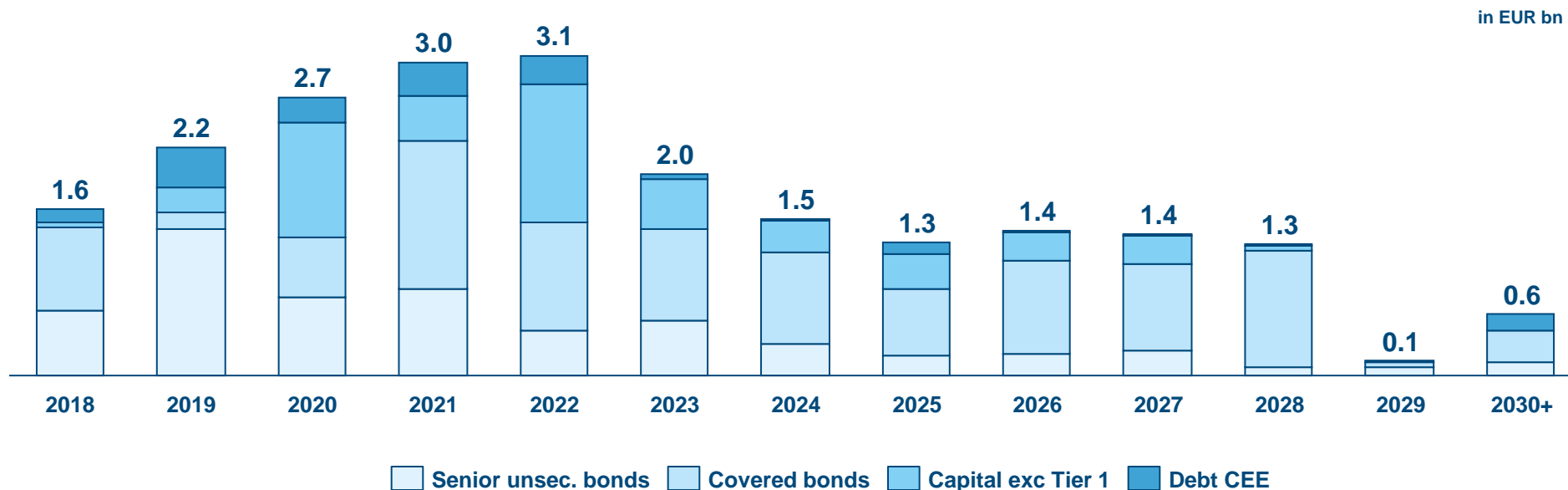


- After periods of reduced wholesale funding, volumes increased again in 2018 led by mortgage covered bonds issuances

- Money market activities peaked in CZ, interbank deposits decline by 14.9% qoq, up 9.3% ytd

Assets and liabilities: LT funding – Limited LT funding needs

Maturity profile of debt

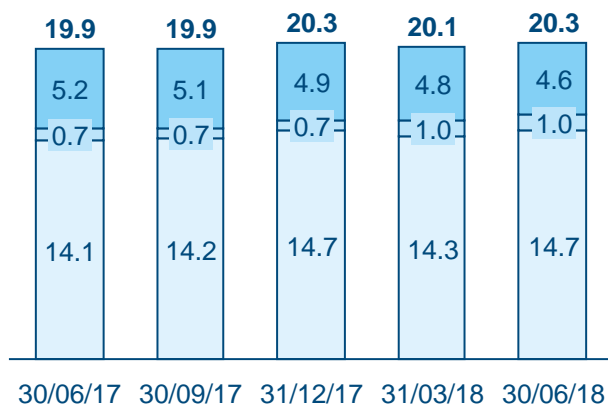


- In January 2018 Erste Group opened the covered bond market for Austrian issuers with a EUR 1bn 10y mortgage covered at a spread of MS-6bps.
- In April 2018 Erste Group placed a EUR 750mn 8y mortgage covered bond at a spread of MS-3bps, and in June 2018 a EUR 750mn 6y mortgage covered bond at a spread of MS-2bps.
- Funding target for 2018 of approximately EUR 3.1bn is forecast slightly above last year's volume, in line with 2018 redemptions. With the 3 covered bonds in H1 18, the Group is on track with its funding plans.

Assets and liabilities: capital position – B3FL CET1 ratio stable at 12.5%

Basel 3 capital (phased-in)

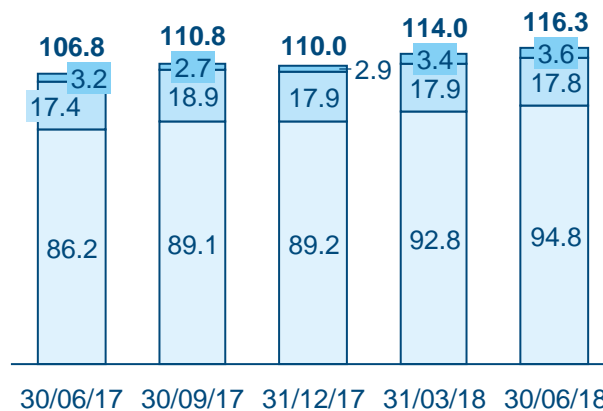
in EUR bn



■ Tier 2 ■ AT1 ■ CET1

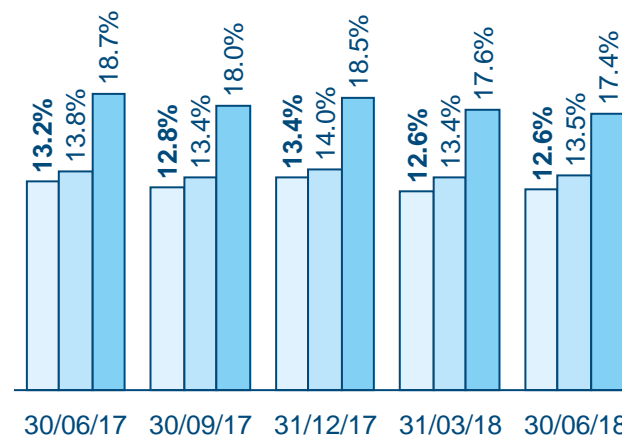
Risk-weighted assets (phased-in)

in EUR bn



■ Market risk ■ Op risk ■ Credit RWA

Basel 3 capital ratios (phased-in)



■ CET1 ■ Tier 1 ■ Total capital

- CET1 capital: -EUR 31m ytd, due to:

- Reclassification of financial instruments to FV, as part of IFRS9 implementation (-EUR 1.0bn)
- Partly offset by prudential filter for FV changes from own credit spread (+EUR 0.6bn) and interim profit in H1 18

- Available distributable items (ADIs) at EUR 2.5bn (pre dividend and AT1 coupon for 2018)

- Credit RWA: +EUR 5.6bn ytd, due to:

- Business effects (loan growth, increased repo and interbank business): +EUR 3.6bn
- Regulatory one-off effects (higher sovereign and equity RWA): +EUR 1.6bn

- Operational risk RWA flat in Q2 18

- New model submitted for approval to regulator, resolution expected in H2 18

- B3FL CET1 ratio at 12.5% at 30 Jun 2018 (YE 2017: 12.9%)

- B3FL total capital ratio at 17.3% (YE17: 18.2%)

- Currency impact (CZK and HUF): -14 bps
- Impact of acquired BCR-minority stake (closing expected in H2 18): -9 bps

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. 3-4% expected in 2018 in CEE and Austria
- Real GDP growth to be driven by solid domestic demand, as real wage growth and low unemployment support economic activity in CEE
- Solid public finances across CEE

Business outlook 2018

- 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 interest rate hikes in CZ and RO); slightly falling expenses due to lower project-related costs; risk costs to remain at historically low levels

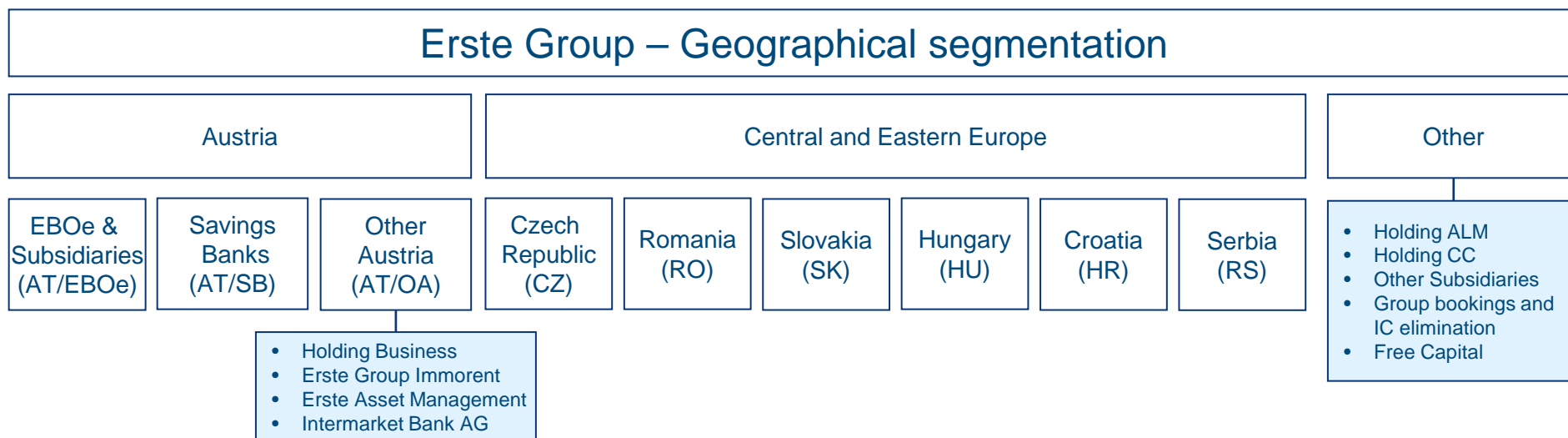
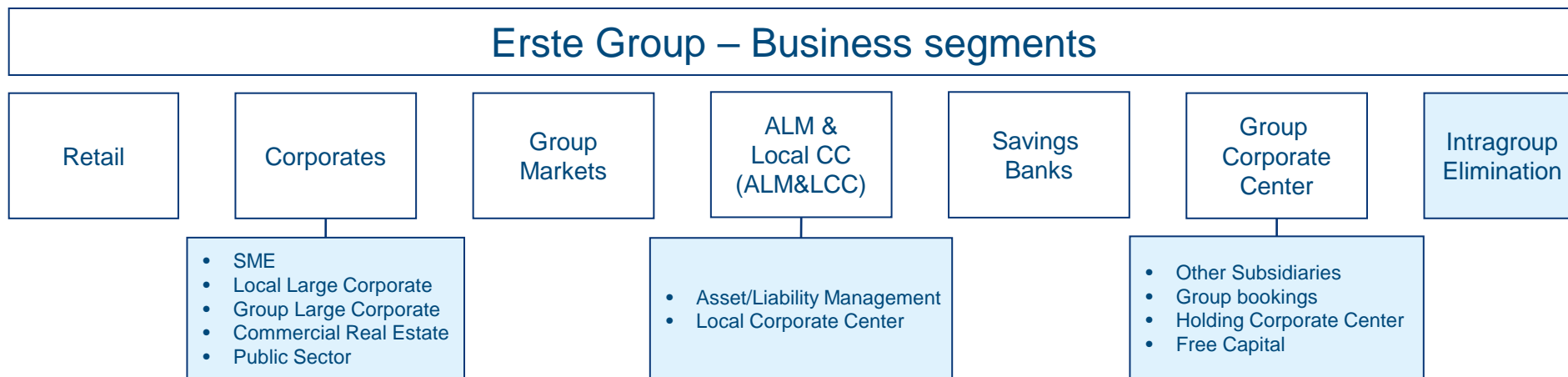
Risk factors for guidance

- 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				
	1-6 17	1-6 18	YOY-Δ	Q2 17	Q1 18	Q2 18	YOY-Δ	QOQ-Δ
Net interest income	2,143.0	2,213.8	3.3%	1,091.7	1,082.6	1,131.2	3.6%	4.5%
Interest income	2,812.2	2,485.4	-11.6%	1,414.5	1,222.0	1,263.4	-10.7%	3.4%
Other similar income	0.0	886.9	n/a	0.0	473.8	413.1	n/a	-12.8%
Interest expenses	-669.2	-470.4	-29.7%	-322.8	-229.7	-240.7	-25.4%	4.8%
Other similar expenses	0.0	-688.0	n/a	0.0	-383.5	-304.6	n/a	-20.6%
Net fee and commission income	910.9	959.3	5.3%	453.2	478.6	480.7	6.1%	0.5%
Fee and commission income	1,149.3	1,205.9	4.9%	578.1	602.9	603.0	4.3%	0.0%
Fee and commission expenses	-238.4	-246.6	3.5%	-124.9	-124.3	-122.3	-2.1%	-1.7%
Dividend income	27.1	17.5	-35.5%	23.4	2.6	14.8	-36.5%	>100.0%
Net trading result	102.9	11.9	-88.5%	54.3	11.3	0.6	-99.0%	-95.1%
Gains/losses from financial instruments measured at fair value through profit or loss	4.5	66.6	>100.0%	1.5	30.3	36.3	>100.0%	20.0%
Net result from equity method investments	6.1	7.0	14.2%	2.9	1.8	5.2	78.9%	>100.0%
Rental income from investment properties & other operating leases	98.3	98.1	-0.2%	48.2	47.9	50.2	4.0%	4.7%
Personnel expenses	-1,151.3	-1,216.7	5.7%	-579.6	-604.5	-612.1	5.6%	1.3%
Other administrative expenses	-624.1	-627.5	0.5%	-291.8	-344.5	-283.0	-3.0%	-17.8%
Depreciation and amortisation	-228.1	-232.3	1.8%	-113.8	-115.9	-116.3	2.2%	0.4%
Gains/losses from financial assets and liabilities not measured at fair value through profit or loss, net	42.5	0.0	-100.0%	14.2	0.0	0.0	-100.0%	n/a
Gains/losses from derecognition of financial assets measured at amortised cost	0.0	-0.3	n/a	0.0	0.1	-0.4	n/a	n/a
Other gains/losses from derecognition of financial instruments not measured at fair value through profit or loss	0.0	8.8	n/a	0.0	4.1	4.7	n/a	13.8%
Gains/losses from reclassification from amortised cost to fair value through profit or loss	0.0	0.0	n/a	0.0	0.0	0.0	n/a	n/a
Gains/losses from reclassification from fair value through other comprehensive income to fair value through profit or loss	0.0	0.0	n/a	0.0	0.0	0.0	n/a	n/a
Net impairment loss on financial assets	-104.3	0.0	-100.0%	-38.6	0.0	0.0	-100.0%	n/a
Impairment result from financial instruments	0.0	73.2	n/a	0.0	54.4	18.9	n/a	-65.3%
Other operating result	-209.8	-204.6	-2.5%	-82.7	-128.0	-76.6	-7.4%	-40.2%
Levies on banking activities	-59.4	-63.3	6.6%	-23.6	-38.6	-24.7	5.0%	-35.9%
Pre-tax result from continuing operations	1,017.6	1,174.7	15.4%	583.0	520.7	654.0	12.2%	25.6%
Taxes on income	-223.9	-234.9	4.9%	-128.2	-114.6	-120.4	-6.1%	5.1%
Net result for the period	793.8	939.8	18.4%	454.7	406.2	533.6	17.3%	31.4%
Net result attributable to non-controlling interests	169.1	165.5	-2.1%	92.3	70.1	95.4	3.4%	36.1%
Net result attributable to owners of the parent	624.7	774.3	24.0%	362.5	336.1	438.2	20.9%	30.4%
Operating income	3,292.8	3,374.1	2.5%	1,675.2	1,655.1	1,719.0	2.6%	3.9%
Operating expenses	-2,003.5	-2,076.5	3.6%	-985.2	-1,065.0	-1,011.5	2.7%	-5.0%
Operating result	1,289.3	1,297.6	0.7%	690.0	590.2	707.5	2.5%	19.9%

Additional information: group balance sheet – Assets

in EUR million	Quarterly data					Change		
	Jun 17	Sep 17	Dec 17	Mar 18	Jun 18	YOY-Δ	YTD-Δ	QOQ-Δ
Cash and cash balances	25,842	22,104	21,796	25,246	16,888	-34.6%	-22.5%	-33.1%
Financial assets held for trading	7,206	6,850	6,349	6,603	6,888	-4.4%	8.5%	4.3%
Derivatives	3,990	3,639	3,333	3,696	3,804	-4.7%	14.1%	2.9%
Other financial assets held for trading	3,216	3,211	3,016	2,907	3,083	-4.1%	2.2%	6.1%
Financial assets at fair value through profit or loss	539	549	543	0	0	-100.0%	-100.0%	n/a
Non-trading financial assets at fair value through profit or loss	0	0	0	3,405	3,430	n/a	n/a	0.7%
Equity instruments	0	0	0	278	279	n/a	n/a	0.4%
Debt securities	0	0	0	2,727	2,739	n/a	n/a	0.5%
Loans and advances to banks	0	0	0	0	0	n/a	n/a	-100.0%
Loans and advances to customers	0	0	0	401	412	n/a	n/a	2.8%
Financial assets available for sale	17,786	16,743	16,060	0	0	-100.0%	-100.0%	n/a
Financial assets at fair value through other comprehensive income	0	0	0	10,289	9,965	n/a	n/a	-3.2%
Equity instruments	0	0	0	262	242	n/a	n/a	-7.9%
Debt securities	0	0	0	10,027	9,723	n/a	n/a	-3.0%
Financial assets held to maturity	19,355	19,398	19,800	0	0	-100.0%	-100.0%	n/a
Loans and receivables to credit institutions	4,347	10,358	9,126	0	0	-100.0%	-100.0%	n/a
Loans and receivables to customers	135,122	138,005	139,532	0	0	-100.0%	-100.0%	n/a
Financial assets at amortised cost	0	0	0	172,805	180,748	n/a	n/a	4.6%
Debt securities	0	0	0	23,710	24,029	n/a	n/a	1.3%
Loans and advances to banks	0	0	0	11,944	17,149	n/a	n/a	43.6%
Loans and advances to customers	0	0	0	137,151	139,570	n/a	n/a	1.8%
Finance lease receivables	0	0	0	3,561	3,676	n/a	n/a	3.2%
Hedge accounting derivatives	1,063	1,006	884	103	116	-89.1%	-86.9%	13.2%
Property and equipment	2,431	2,414	2,387	2,342	2,363	-2.8%	-1.0%	0.9%
Investment properties	1,027	1,033	1,112	1,106	1,102	7.3%	-0.8%	-0.3%
Intangible assets	1,458	1,474	1,524	1,511	1,507	3.4%	-1.1%	-0.3%
Investments in associates and joint ventures	196	196	198	197	201	2.9%	1.5%	2.0%
Current tax assets	156	123	108	122	125	-19.6%	16.3%	2.5%
Deferred tax assets	209	209	258	319	320	53.0%	24.0%	0.2%
Assets held for sale	231	217	214	228	203	-12.2%	-5.2%	-10.9%
Trade and other receivables	0	0	0	947	1,072	n/a	n/a	13.2%
Other assets	1,190	1,036	769	1,235	1,274	7.1%	65.7%	3.2%
Total assets	218,156	221,715	220,659	230,018	229,878	5.4%	4.2%	-0.1%

Additional information: group balance sheet – Liabilities and equity

in EUR million	Quarterly data					Change		
	Jun 17	Sep 17	Dec 17	Mar 18	Jun 18	YOY-Δ	YTD-Δ	QOQ-Δ
Financial liabilities held for trading	3,960	3,551	3,423	2,940	3,070	-22.5%	-10.3%	4.4%
Derivatives	3,646	3,206	2,934	2,384	2,529	-30.6%	-13.8%	6.1%
Other financial liabilities held for trading	314	344	489	555	541	72.3%	10.7%	-2.5%
Financial liabilities at fair value through profit or loss	1,819	1,810	1,801	14,450	14,473	>100.0%	>100.0%	0.2%
Deposits from customers	51	51	49	58	56	9.3%	14.9%	-4.4%
Debt securities issued	1,768	1,759	1,753	13,827	13,874	>100.0%	>100.0%	0.3%
Other financial liabilities	0	0	0	565	544	n/a	n/a	-3.8%
Financial liabilities at amortised cost	188,890	192,089	191,711	189,427	189,875	0.5%	-1.0%	0.2%
Deposits from banks	17,883	19,226	16,349	20,988	17,867	-0.1%	9.3%	-14.9%
Deposits from customers	145,523	148,313	150,921	155,248	156,775	7.7%	3.9%	1.0%
Debt securities issued	24,834	23,902	23,342	12,596	14,601	-41.2%	-37.4%	15.9%
Other financial liabilities	649	649	1,099	595	633	-2.5%	-42.4%	6.3%
Finance lease liabilities	0	0	0	0	0	n/a	n/a	-2.3%
Hedge accounting derivatives	411	409	360	277	311	-24.3%	-13.6%	12.5%
Fair value changes of hedged items in portfolio hedge of interest rate risk	772	745	666	0	0	-100.0%	-100.0%	0.0%
Provisions	1,696	1,645	1,648	1,799	1,688	-0.5%	2.4%	-6.2%
Current tax liabilities	102	77	101	114	127	24.7%	25.3%	11.3%
Deferred tax liabilities	67	110	61	54	65	-3.9%	5.5%	19.3%
Liabilities associated with assets held for sale	0	0	3	4	3	n/a	21.2%	-6.3%
Other liabilities	2,923	3,310	2,596	2,958	2,558	-12.5%	-1.5%	-13.5%
Total equity	17,515	17,969	18,288	17,996	17,708	1.1%	-3.2%	-1.6%
Equity attributable to non-controlling interests	4,262	4,367	4,416	4,353	4,402	3.3%	-0.3%	1.1%
Additional equity instruments	993	993	993	993	993	-0.1%	-0.1%	0.0%
Equity attributable to owners of the parent	12,260	12,609	12,879	12,650	12,313	0.4%	-4.4%	-2.7%
Subscribed capital	860	860	860	860	860	0.0%	0.0%	0.0%
Additional paid-in capital	1,478	1,478	1,477	1,477	1,477	-0.1%	0.0%	0.0%
Retained earnings and other reserves	9,922	10,272	10,542	10,314	9,977	0.5%	-5.4%	-3.3%
Total liabilities and equity	218,156	221,715	220,659	230,018	229,878	5.4%	4.2%	-0.1%

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	2018e	Fully loaded 2019e	2017	Phased-in 2018e	Fully loaded 2019e	
Pillar 1 CET1 requirement	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%
Combined buffer requirement	0.88%	1.90%	3.20%	4.95%	1.34%	3.07%	4.76%	
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%	0.33%	0.45%	0.09%	0.19%	0.26%	
OSII/Systemic risk buffer	0.25%	0.50%	1.00%	2.00%	0.00%	1.00%	2.00%	
Pillar 2 CET1 requirement	4.38%	1.75%	1.75%	1.75%	1.75%	1.75%	1.75%	
Pillar 2 CET1 guidance 1)		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%	11.20%	7.59%	9.32%	11.01%	
1.50% AT1 Tier 1 requirement	NM	9.65%	10.95%	12.70%	9.09%	10.82%	12.51%	
2.00% T2 Own funds requirement	NM	11.65%	12.95%	14.70%	11.09%	12.82%	14.51%	
	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	8.59%	9.32%	NA	
1.50% AT1 Tier 1 requirement	NM	9.65%	10.95%	NA	9.09%	10.82%	NA	
2.00% T2 Own funds requirement	NM	11.65%	12.95%	NA	11.09%	12.82%	NA	
Reported CET1 ratio as of June 2018 2)		12.63%			19.91%4)			

- Buffer to MDA restriction as of 30 Jun 18: 270bps
- Pro forma available distributable items (ADI), unaudited, as of 30 Jun 18: EUR 2.5bn (pre dividend and AT1 deduction for 2018)

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

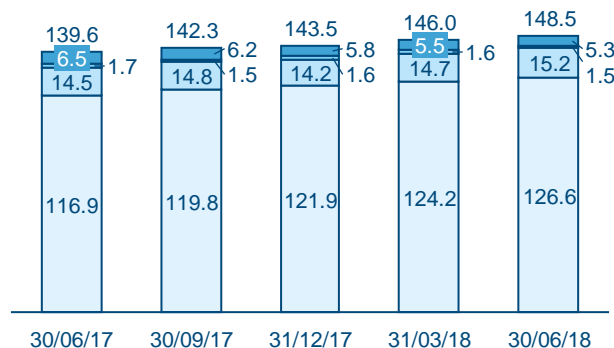
2) Consolidated capital ratios pursuant to IFRS. Unconsolidated capital ratios pursuant to Austrian Commercial Code (UGB) and on phased-in basis. ADIs pursuant to UGB.

3) Planned values based on Q2 2018 exposure (Q2 18 countercyclical buffer of 0.16% for Erste Group Consolidated).

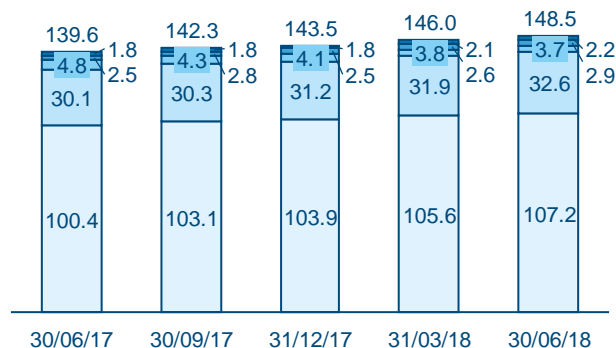
4) Value as of Q1 2018

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

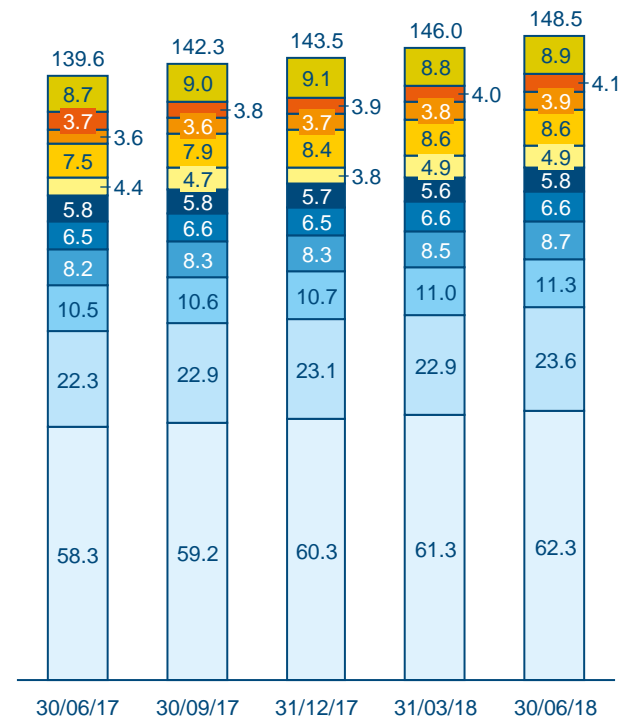
Gross cust. loans by risk category (EUR bn)



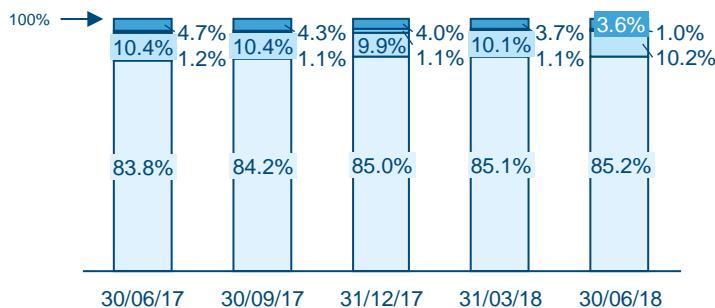
Gross customer loans by currency (EUR bn)



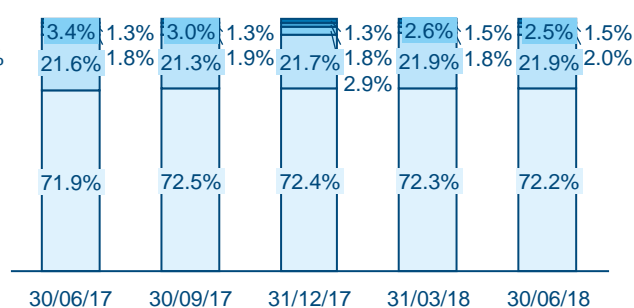
Gross customer loans by industry (EUR bn)



Gross customer loans by risk category (in %)



Gross customer loans by currency (in %)



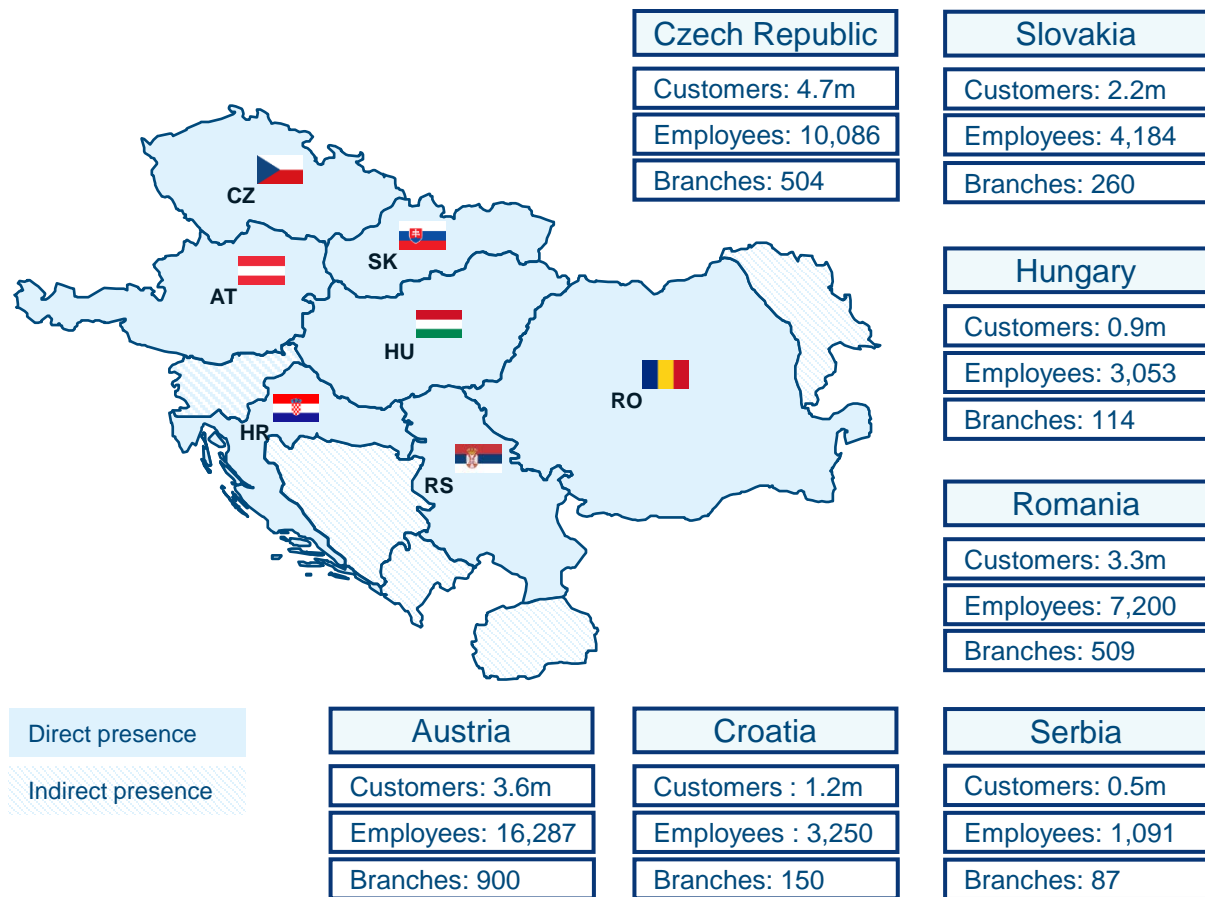
■ Non-performing ■ Management attention
■ Substandard ■ Low risk

■ 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

Expansion of digital banking offering

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

Macro Profile	
Strong	
+	
Financial Profile	
Asset Risk	baa2
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	baa1
+	
Affiliate Support	0
=	
Adjusted BCA	baa1
+	
LGF Loss Given Failure	+ 2
Government Support	0
=	
Issuer Rating / Senior Unsecured Long-Term Outlook / Short-Term	
A2 Positive / P-1	

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	
=		
Issuer Credit Rating Long-Term Outlook / Short-Term		
A Positive / A-1		

FitchRatings

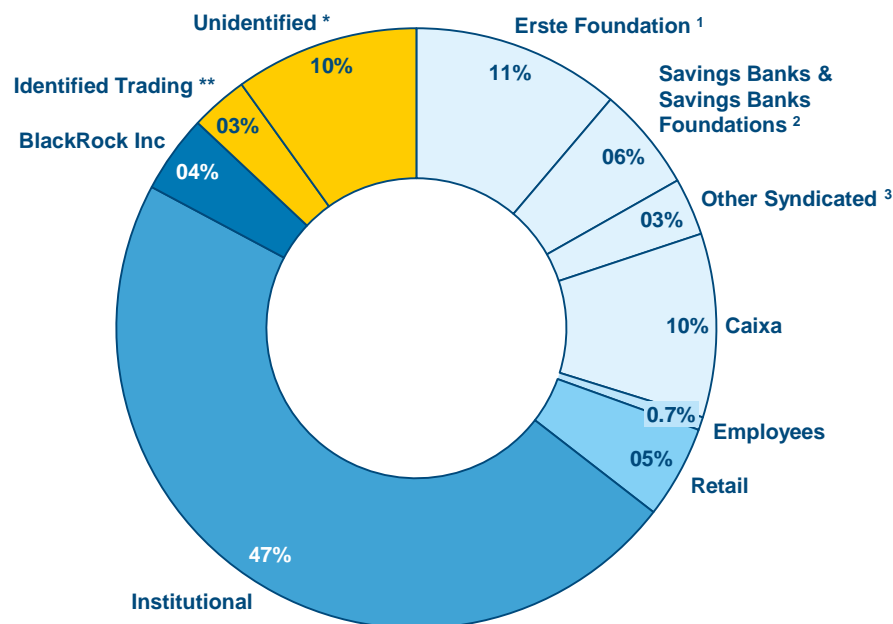
VR - Viability Rating (Individual Rating)
a-
SRF - Support Rating Floor
NF (No Floor)
IDR - Issuer Default Rating Long-Term Outlook / Short-Term
A- Stable / F1

Status as of 30 April 2018

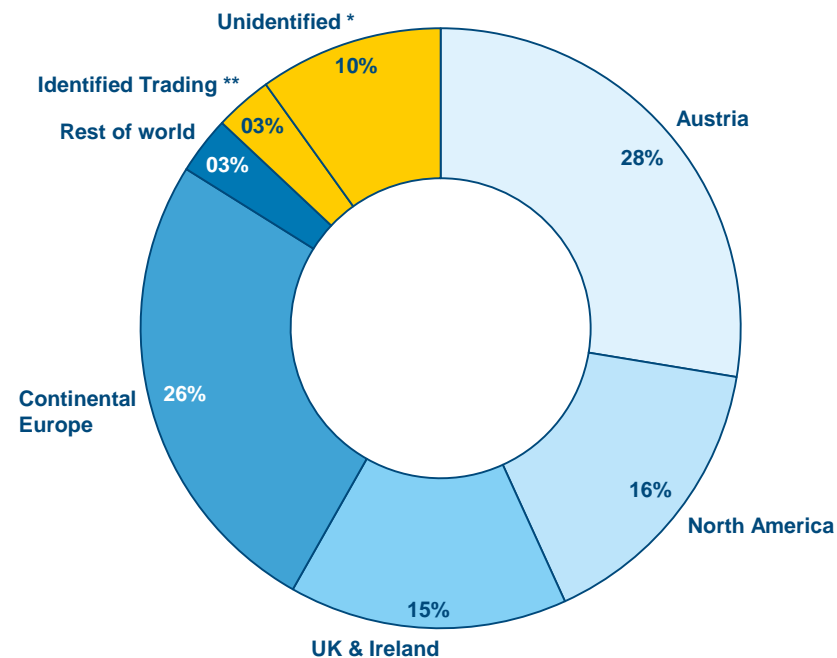
Additional information: shareholder structure –

Total number of shares: 429,800,000

By investor



By region



¹ Economic interest Erste Foundation

² Economic interest Savings Banks & Savings Banks Foundations

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

* Unidentified institutional and retail investors

** Including Market Makers, Prime Brokerage, Proprietary Trading, Collateral and Stock Lending positions which are visible through custodian banklists

Status as of 30 June 2018

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<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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