



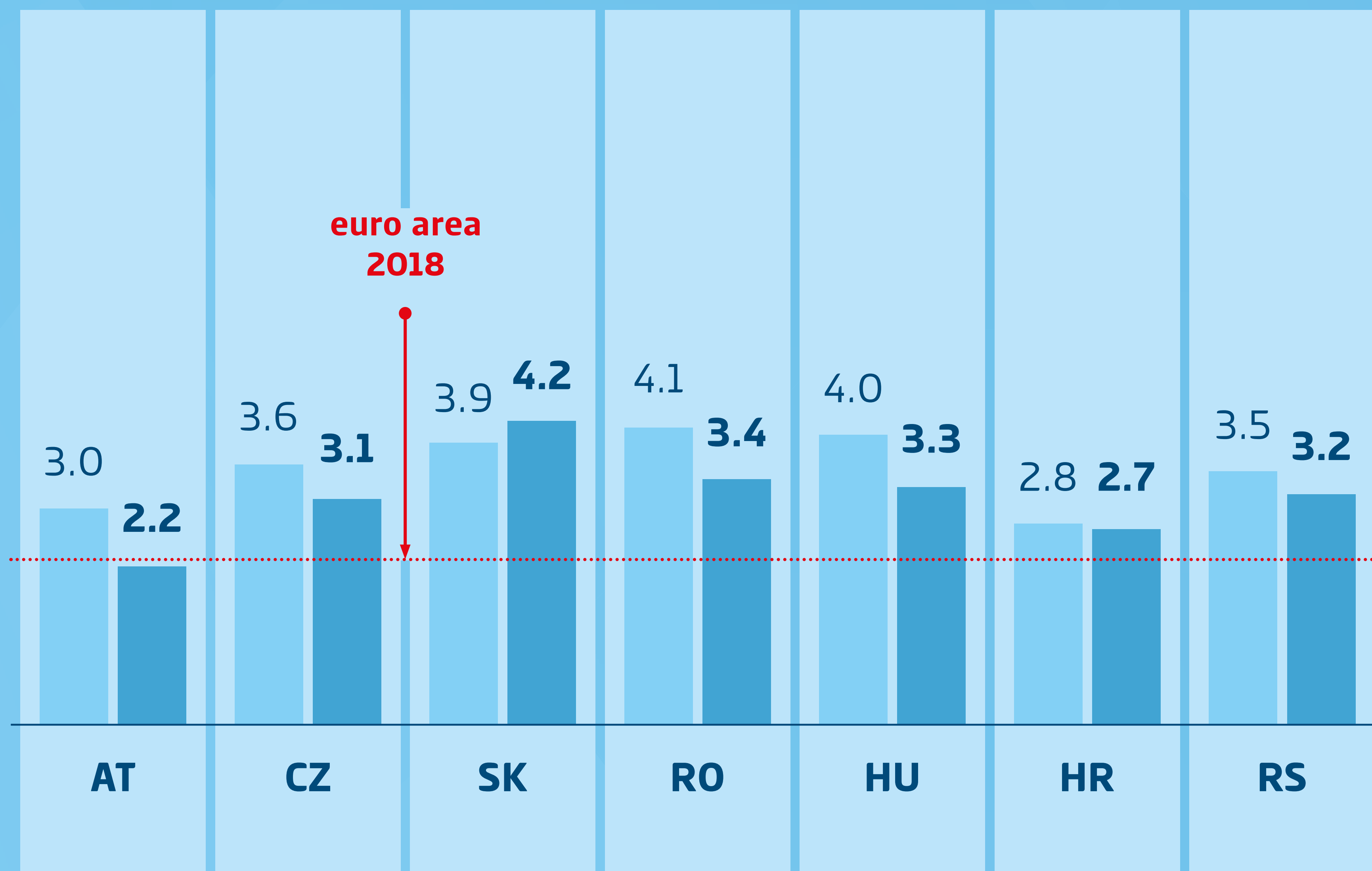
H1 2018 results presentation

Strong net profit of EUR 774 mn based on improved operating performance and benign risk environment

Business environment

Strong economic outlook for Erste Group's markets

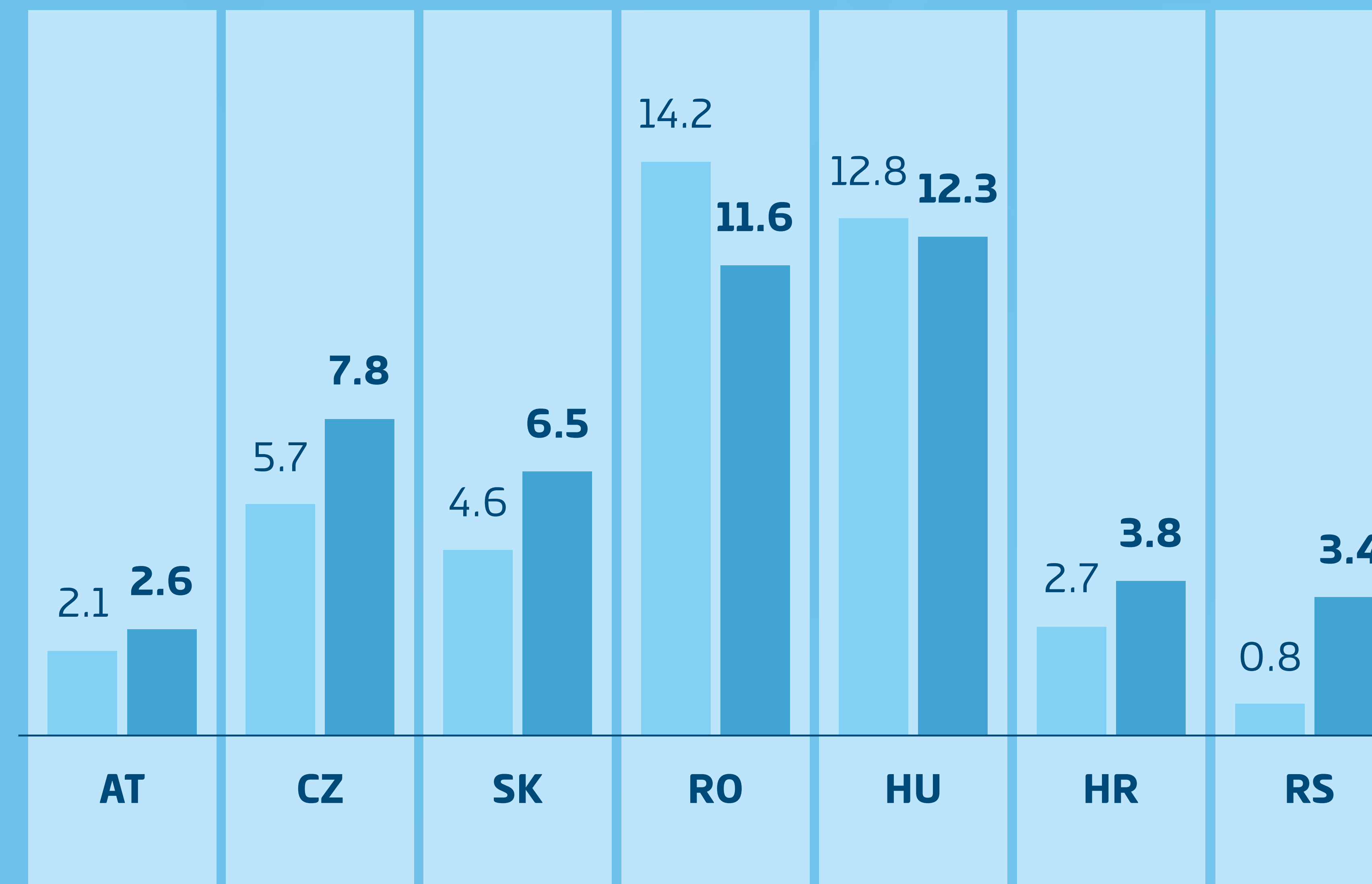
Real GDP growth (in %)



○ 2018 ● 2019

Source: Erste Group Research

Wage growth (avg, in %)



○ 2017 ● Q1 2018

Source: Erste Group Research, Bloomberg

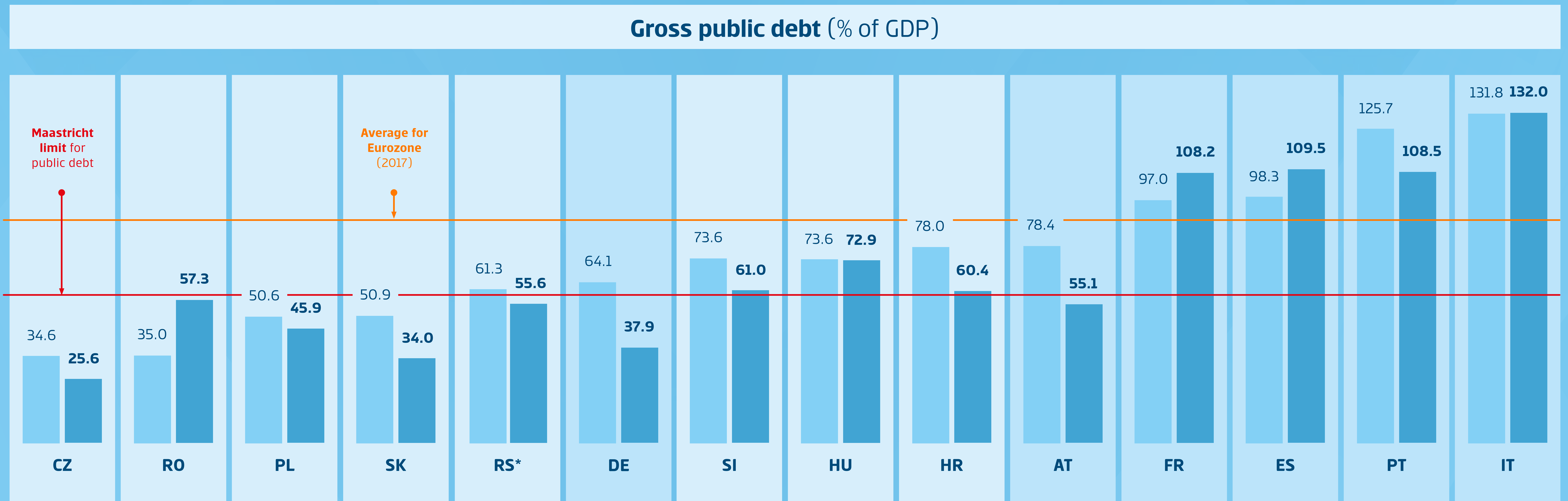


Summary

- CEE macroeconomic growth set to be well above Euro-area in both 2018 and 2019
- Real wage growth driven by continued strong economic growth and low unemployment

Business environment

Sustainable CEE public debt outlook well below Eurozone average

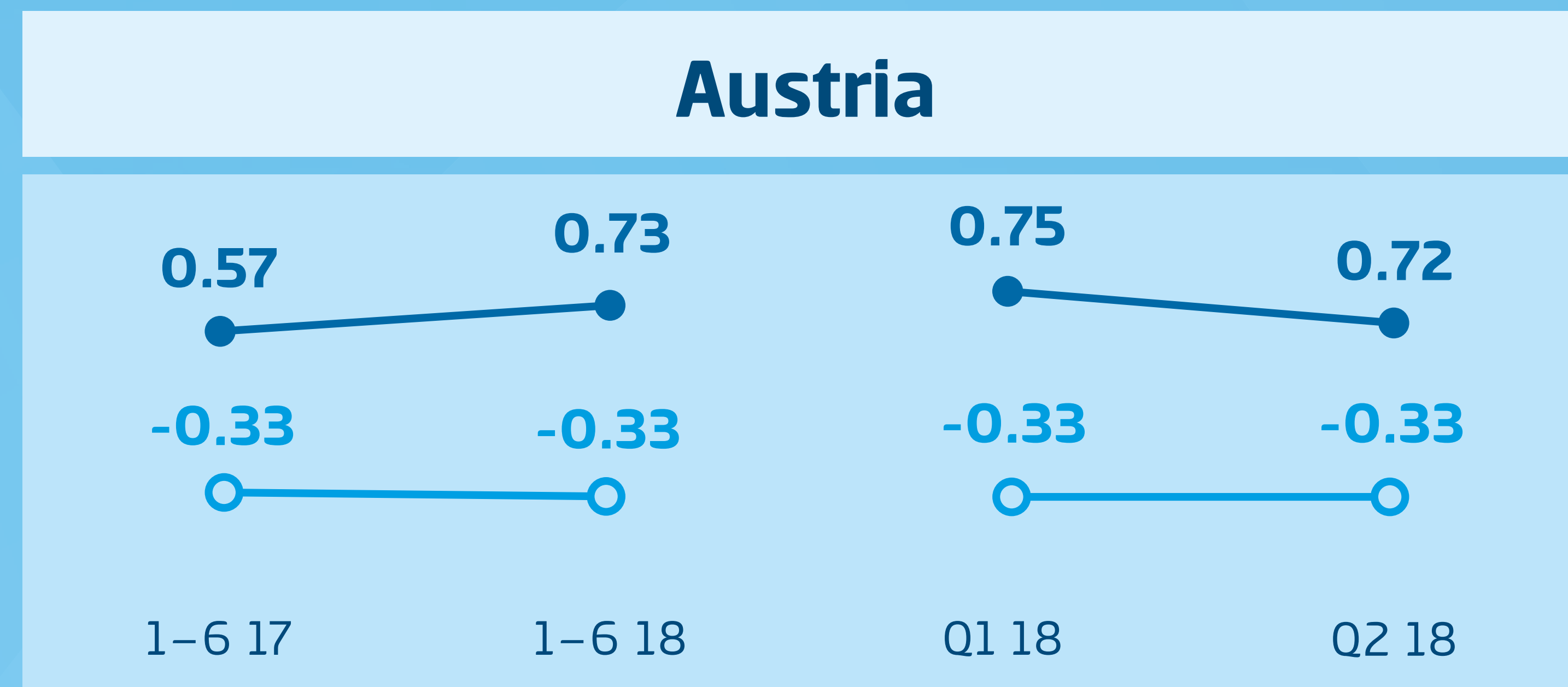


○ 2017 ● 2028 ● CEE COUNTRIES

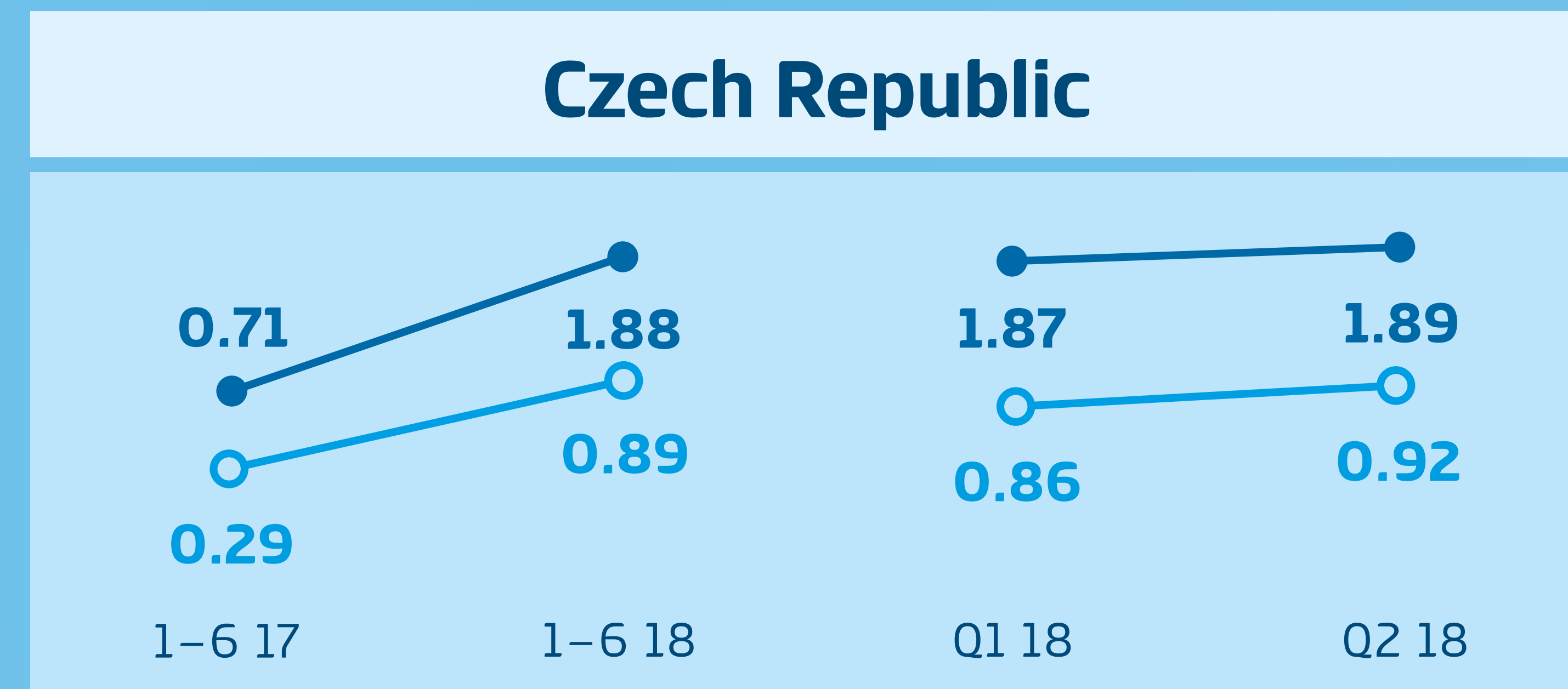
Source: European Commission, Erste Group Research
* only 2019 forecast

Business environment

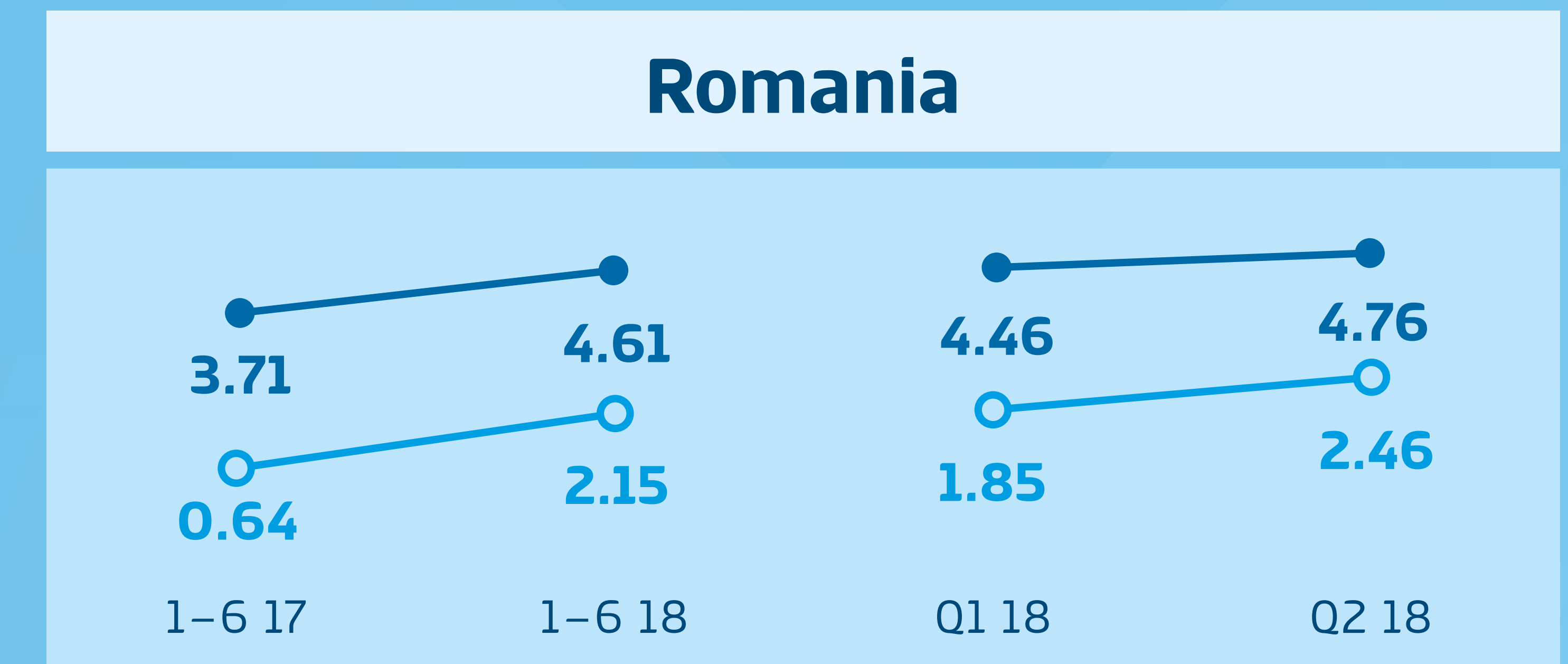
Rising interest rates across CEE



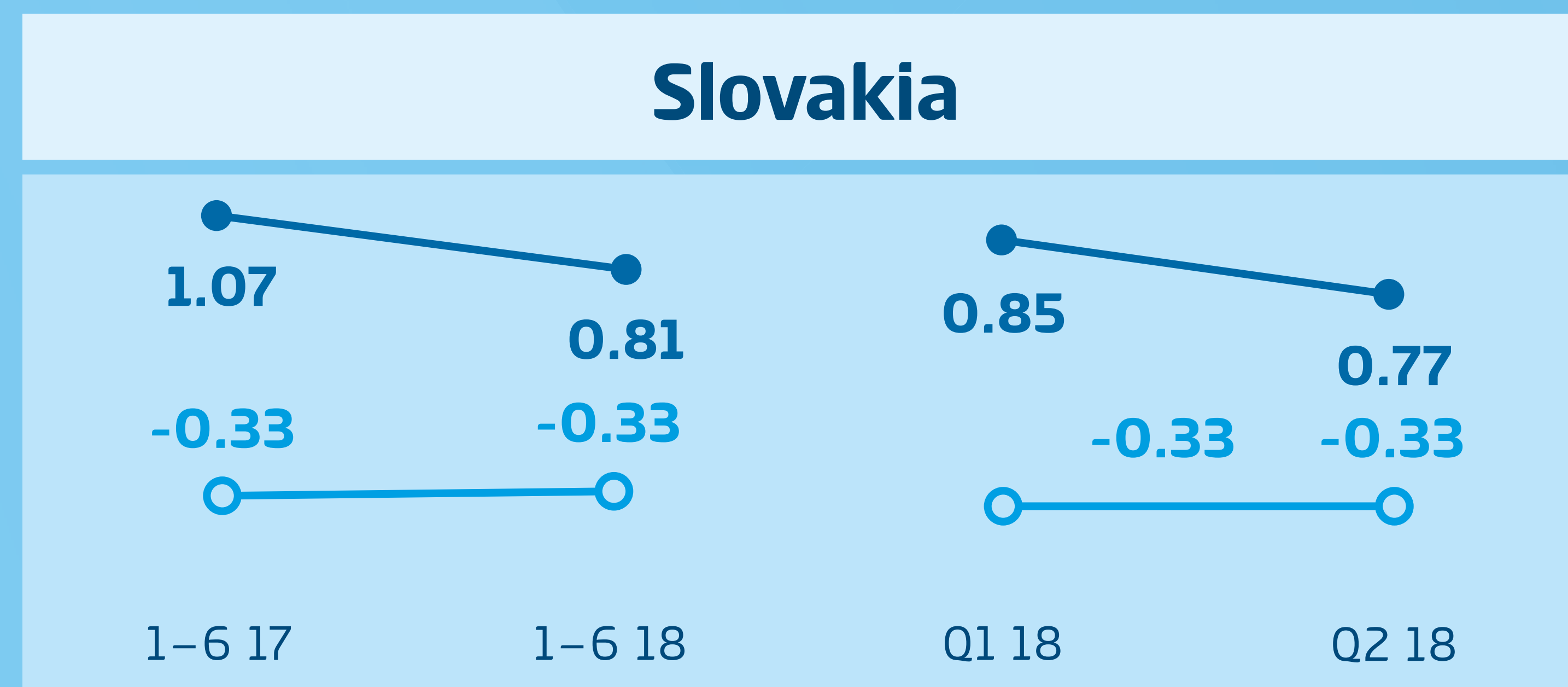
- ECB cut discount rate to zero in March 16
- Maintains expansionary monetary policy stance



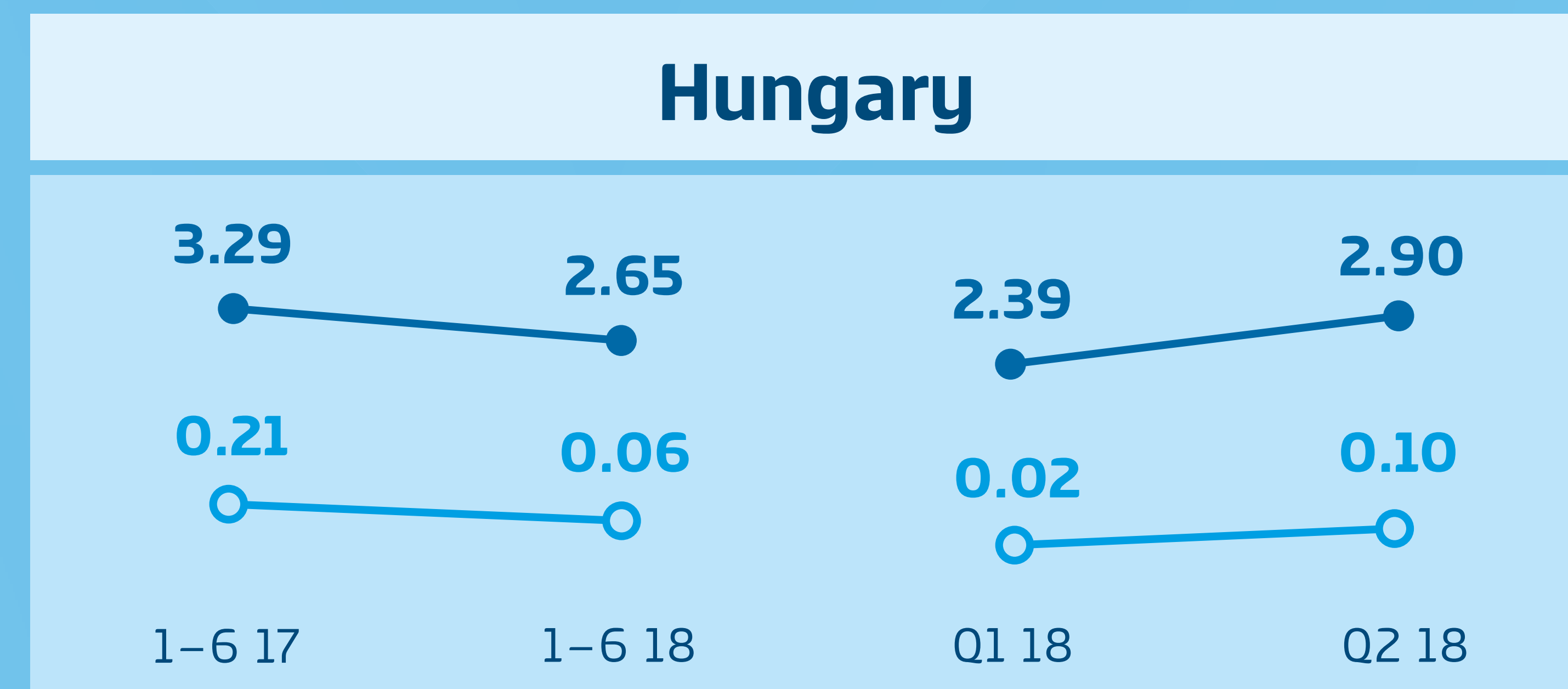
- National bank decided to lift its benchmark rate from historic low of 0.05% to 1.00% in Aug and Nov 2017 & Feb and June 2018



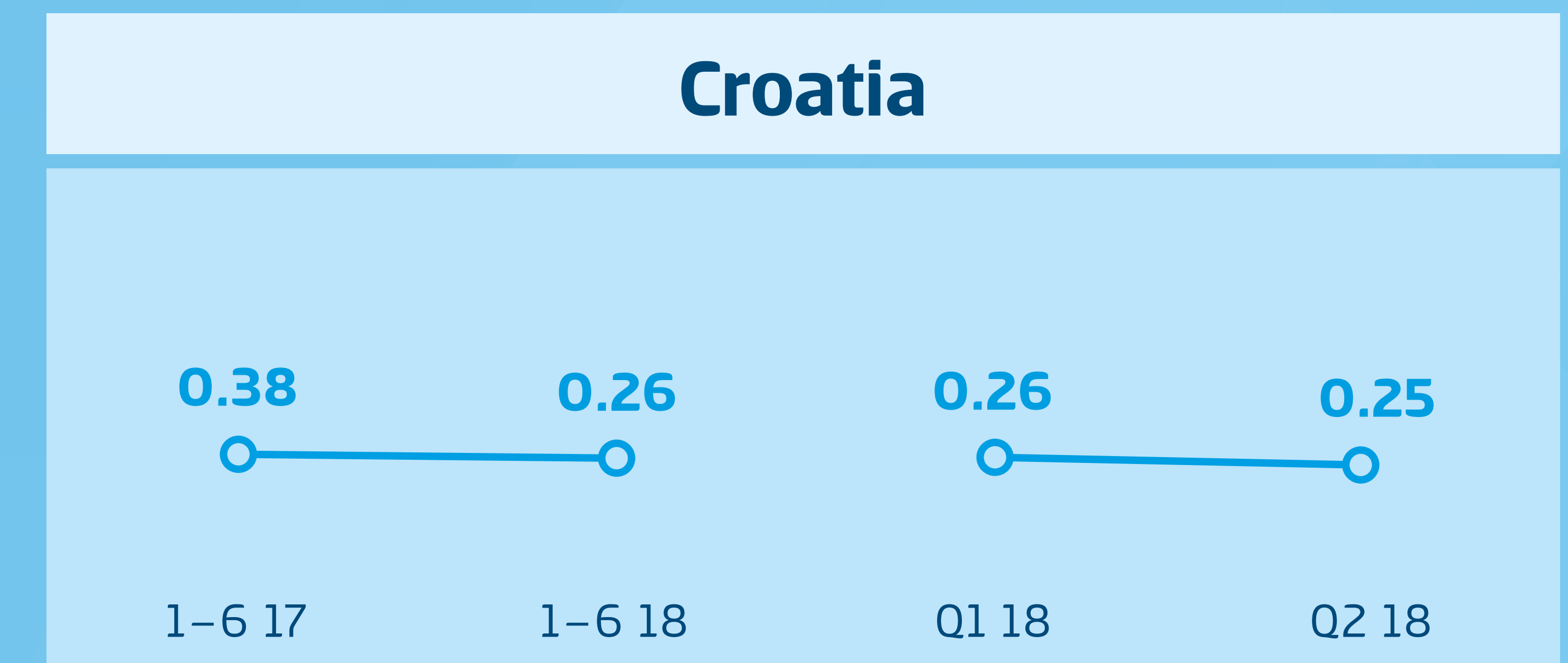
- Central bank increased policy rate from historic low of 1.75% to 2.50% in January, February and May 2018



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



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

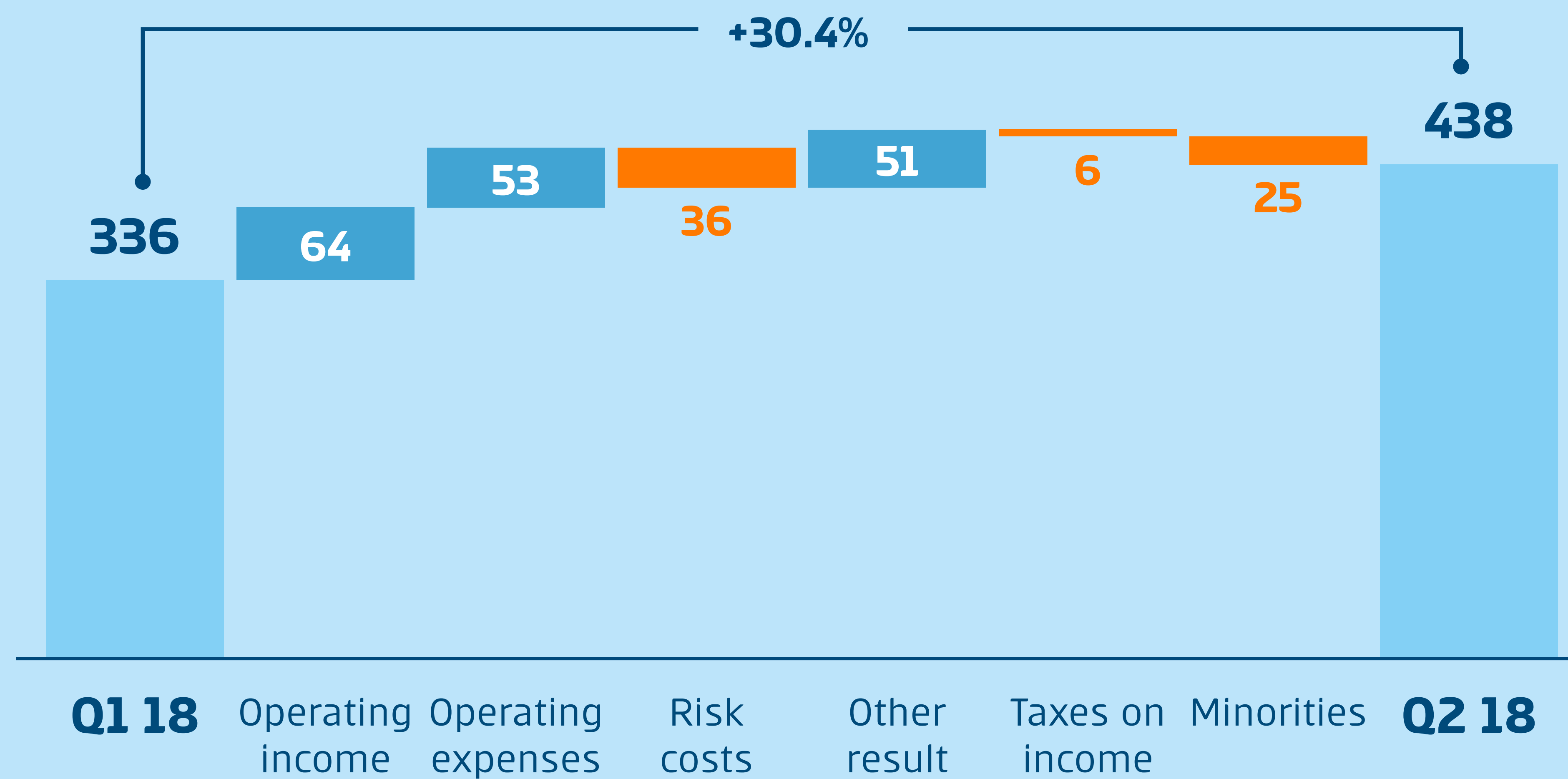


- Central bank maintains discount rate at 3.0% since 2015

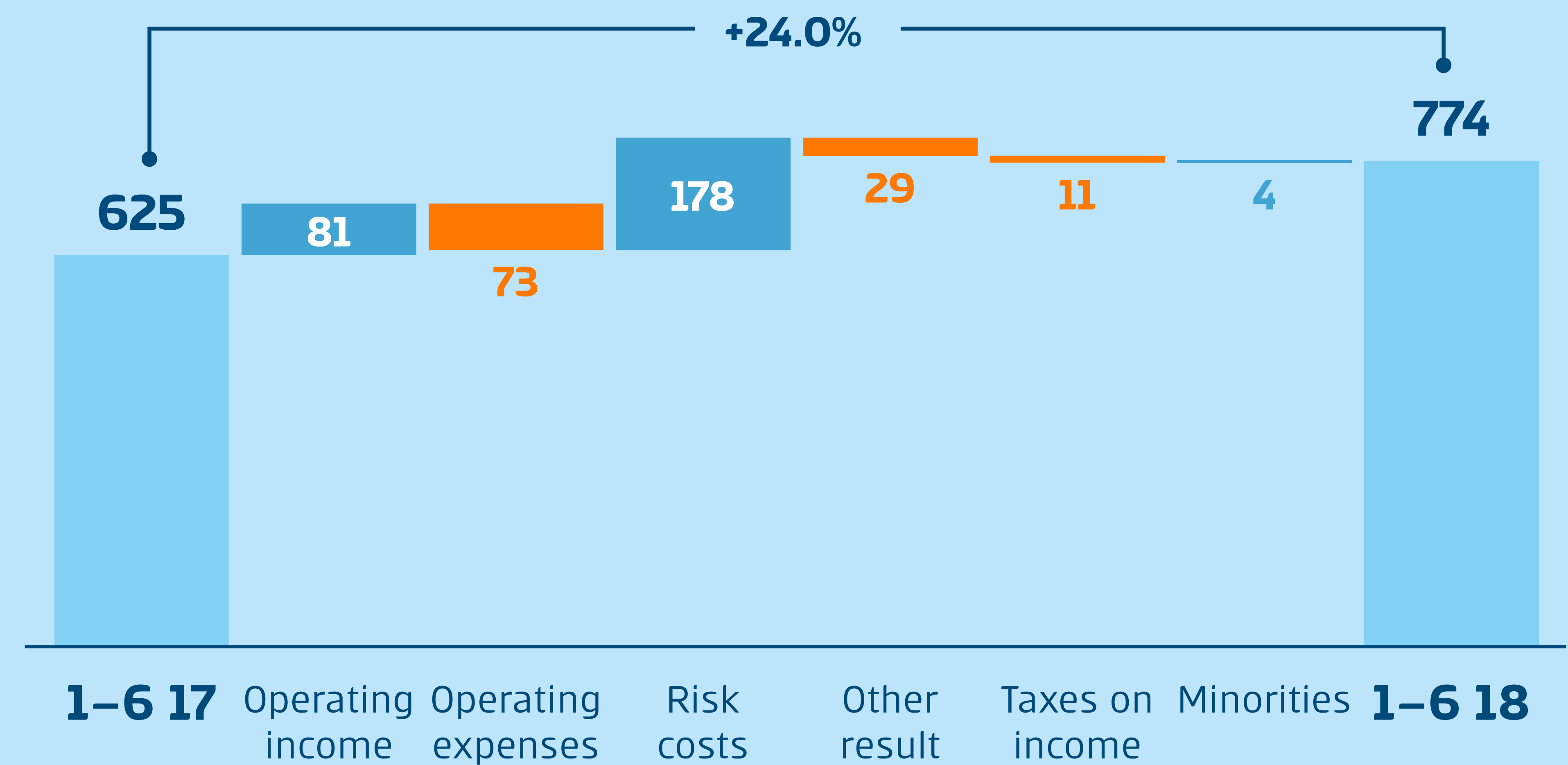
Business performance

Net profit of EUR 774mn based on improved operating performance

QoQ net profit reconciliation (EUR mn)



YoY net profit reconciliation (EUR mn)



Business performance

7.1% YoY loan growth and continued customer deposits inflow, up 7.7%

	Customer loans (net; EUR bn)	Customer deposits (EUR bn)	Loan / deposit ratio (%)
Group			
AT/EBOe			
AT/SB			
CZ			
RO			
SK			
HU			
HR			
RS			

Business performance

Strong retail loan growth of 6.5% YoY

Retail Highlights for H1 2018

NEWLY-GRANTED MORTGAGES +6.1% YoY

EUR 3.87bn



provided to over 51,000 households

CONSUMER LENDING +8.7% YoY

EUR 3.99bn



Average loan size: EUR 6,000

INFLOW OF RETAIL DEPOSITS +8.0% YoY

EUR 7.92bn



continued inflow in all markets

BANCASSURANCE VOLUMES

EUR 622mn



total premium written in H1 2018

Business performance

Digital sales with growing contribution to overall lending growth

15%
of total new
consumer loans
sold digitally

53%
of our active
clients opt for
digital banking



50%
YoY increase in
mobile trans-
actions

20%
QoQ jump in mobile
sales on stronger
mobile app usage

Business performance

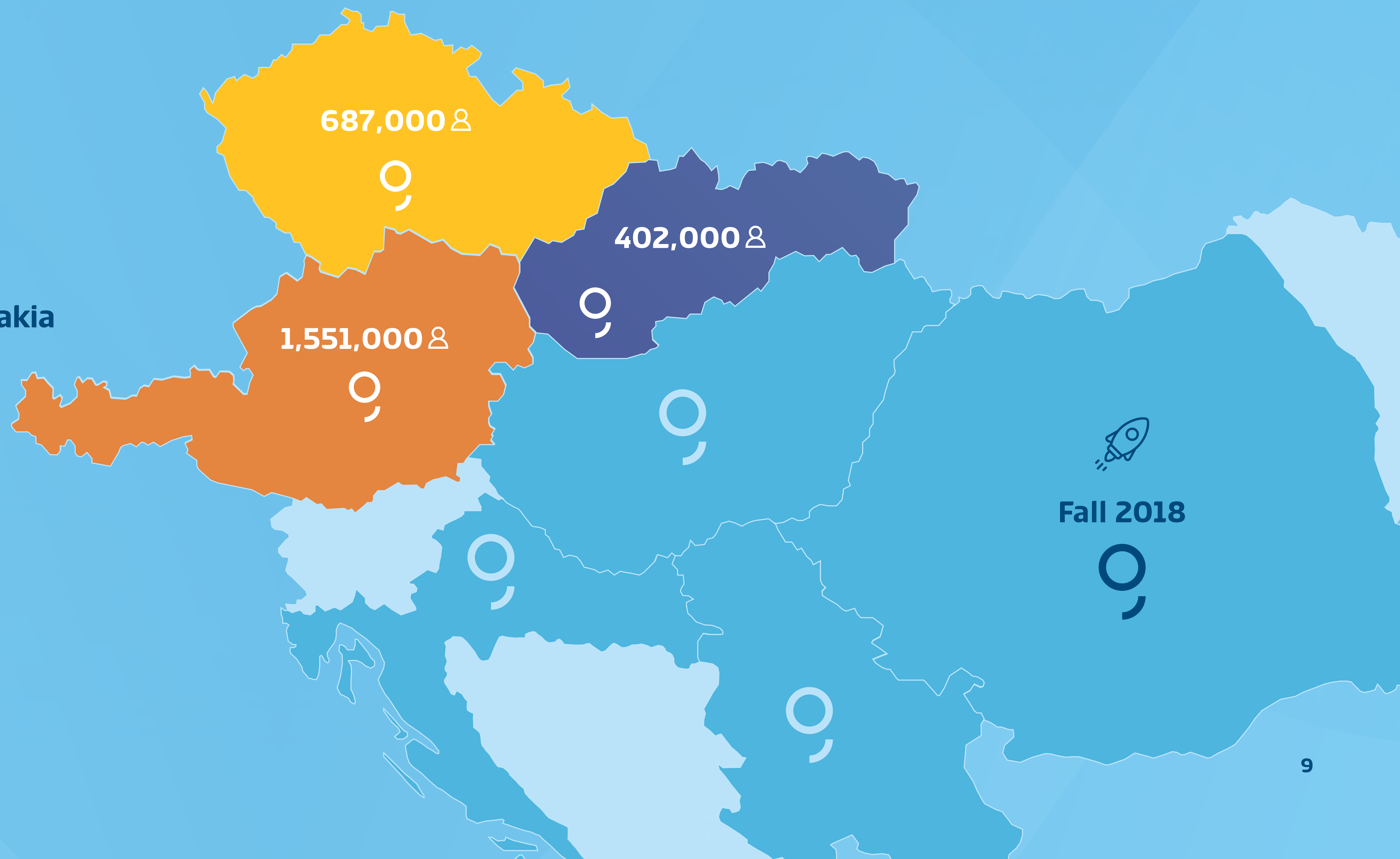
George is the digital assistant of over 2.6 million customers

→ Two new markets added in H1 2018:

→ Czech clients use George app 6x more than previous offering

→ most downloaded bank app in Slovakia

→ Austria's leader in digital banking: 80% YoY more active users of George app




Business performance

Corporate loan growth driven by large companies and SMEs

H1 2018 Corporate Highlights

TOTAL GROSS LOANS

EUR 51.2bn 

up 6.1% YoY

SME LENDING

10.3% YoY loan volume growth
1,300 new SME clients acquired



TOP PERFORMING SUBSIDIARIES*

Slovakia

+ 21.5%

Hungary

+ 16.7%

Czechia

+ 14.1%

TOP GROWTH SECTORS* IN OUR PORTFOLIO

Telecom & Media

+ 48%

Automotive

+ 20%

**Natural Resources
and Agriculture**

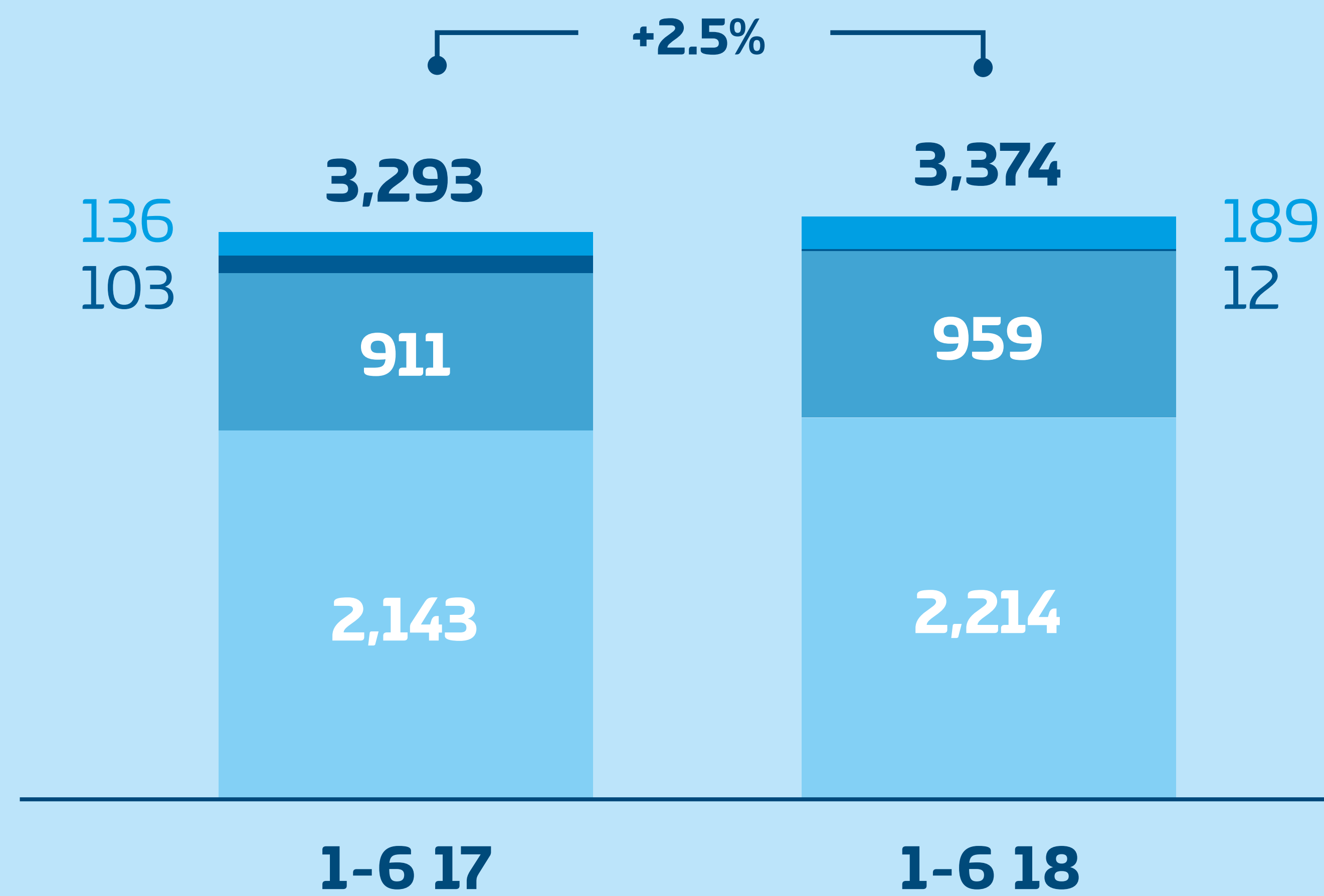
+ 13%

*(YOY VOLUME)

Business performance

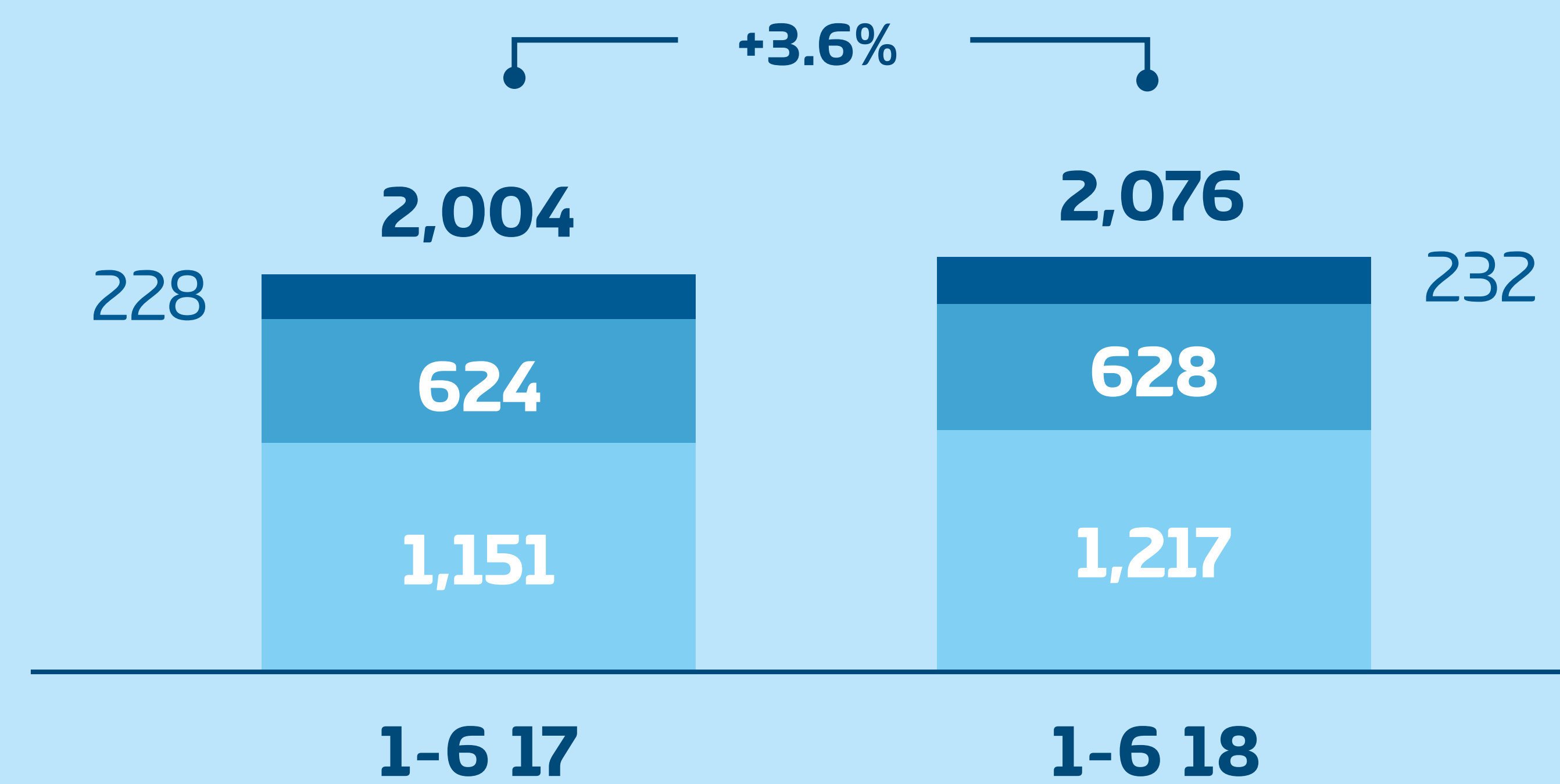
Higher operating revenues due to strong NII and fees

Operating revenues (EUR mn)



- Net interest income
- Net trading result
- Net fee and commission income
- Other income

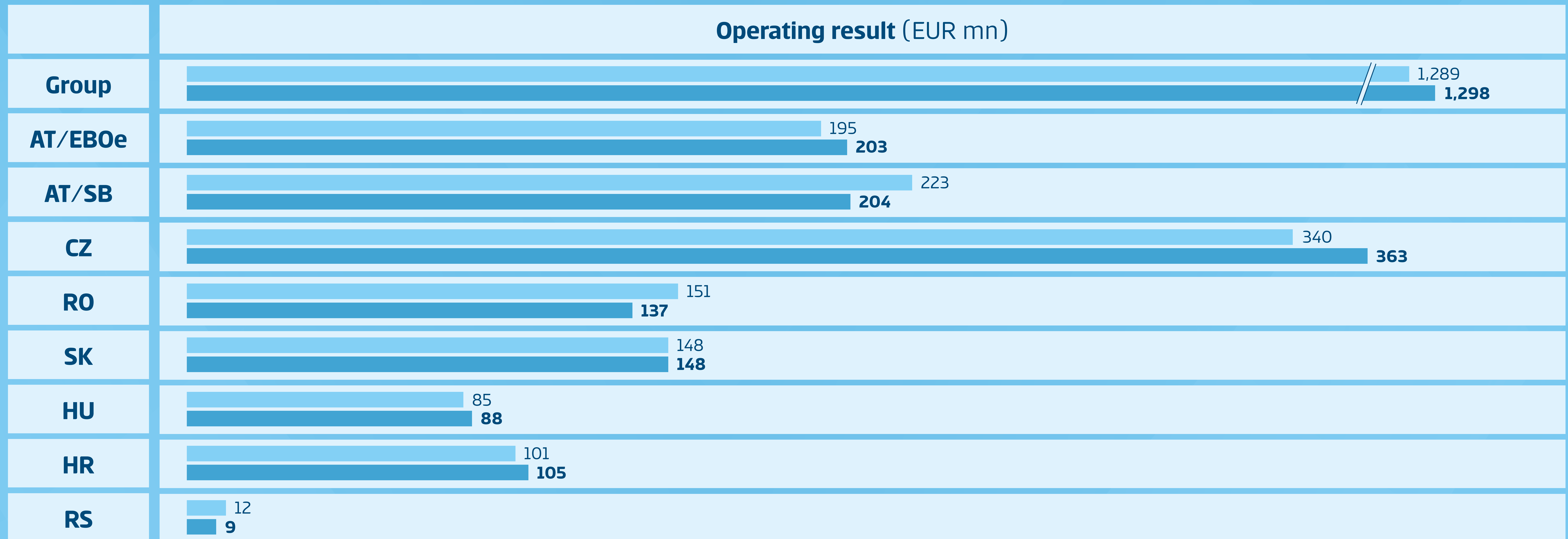
Operating expenses (EUR mn)



- Personnel expenses
- Depreciation and amortisation
- Other administrative expenses

Business performance

Operating result higher in most markets



Business performance

Continued releases of risk provisions

	Absolute (EUR mn)		Relative (%) *	
Group	-73	104	-0.12	0.15
AT/EBOe	-14	-9	-0.09	-0.07
AT/SB	-12	-4	-0.06	-0.02
CZ	-10	-35	-0.08	-0.27
RO	14	-6	0.34	-0.38
SK	20	12	0.36	0.19
HU	-33	-19	-1.82	-0.96
HR	88	9	2.79	0.23
RS	-1	4	-0.12	0.71



Performance summary

- YoY improvement due to continued asset quality improvements, particularly in Corporate business (esp. in HR); net releases in most markets
- Risk costs seen higher in H2 18, but remaining at historically low levels

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

Business performance

NPL ratio improves to 3.6%, lowest level in ten years

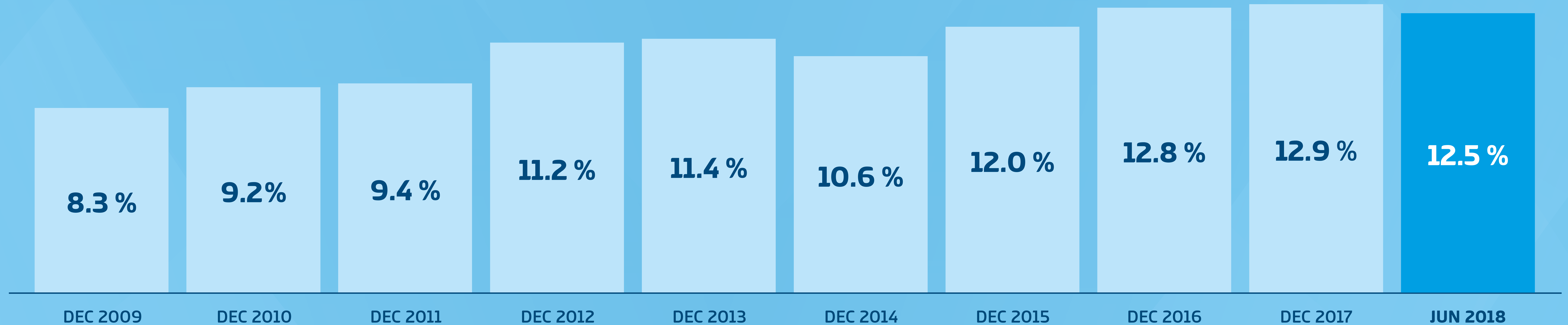
	NPL volume (EUR mn)	NPL ratio (%)	NPL coverage (excl collateral; %)
Group	5,776 / 5,321	4.0 / 3.6	68.8 / 72.0
AT/EBOe	631 / 612	2.0 / 1.9	57.1 / 63.0
AT/SB	1,758 / 1,722	4.2 / 4.0	58.3 / 61.6
CZ	525 / 543	2.1 / 2.0	92.5 / 96.1
RO	632 / 539	8.1 / 6.7	92.7 / 95.3
SK	458 / 454	3.8 / 3.6	79.7 / 80.3
HU	209 / 179	5.5 / 4.7	89.3 / 77.2
HR	783 / 721	12.3 / 11.0	70.9 / 75.3
RS	32 / 22	3.3 / 2.0	112.0 / 142.8

○ Dec 17 ● Jun 18

Business performance

Excellent capital generation across the years

Common equity tier one capital ratio (Basel 3, fully loaded)



→ The decline in H1 2018 was mainly attributable to one-time effects (buy-out of last large minority shareholder in BCR and currency effects), as well as a rise in RWA

Outlook

Macro outlook 2018	Business outlook 2018	Risk factors for guidance
<ul style="list-style-type: none">→ 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	<ul style="list-style-type: none">→ 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	<ul style="list-style-type: none">→ Impact from other than expected interest rate development→ Political or regulatory measures against banks→ Geopolitical risks and global economic risks