

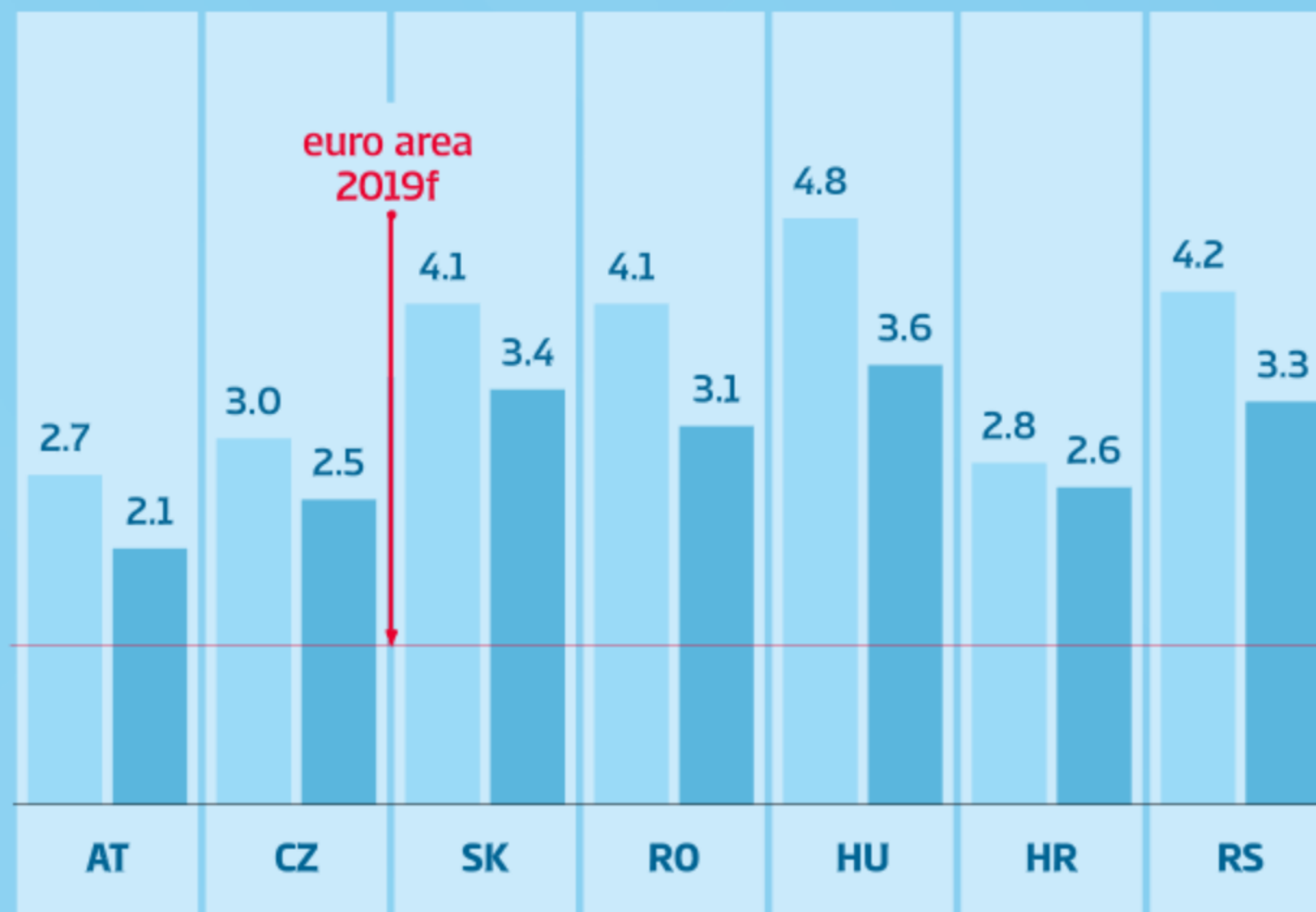


Annual Results 2018

Business environment

Positive economic outlook for Erste Group's markets

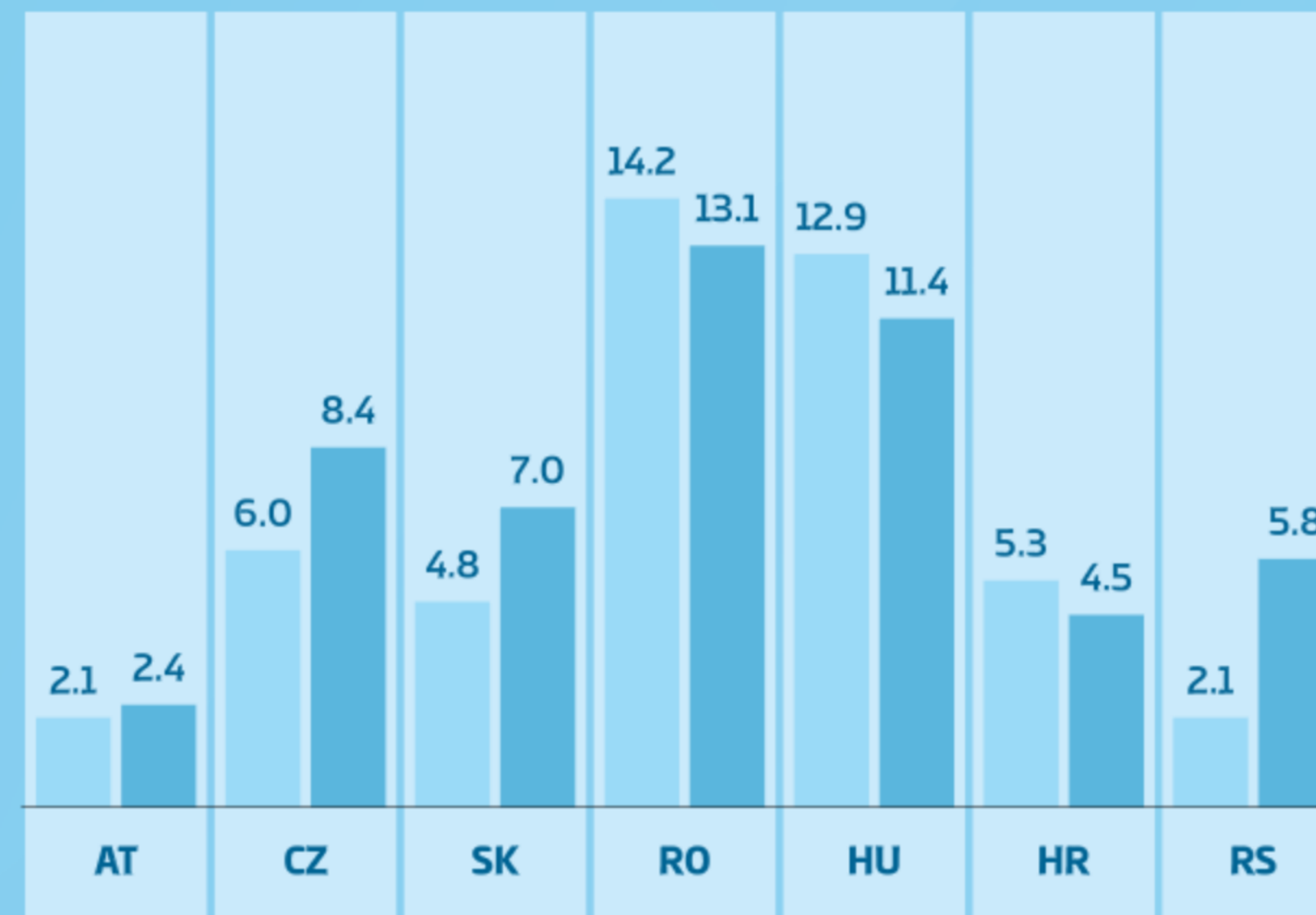
Real GDP growth (in %)



○ 2018 ○ 2019f

Source: Erste Group Research

Wage growth (avg. in %)



○ 2017 ○ Q3 2018

Source: Erste Group Research, Bloomberg

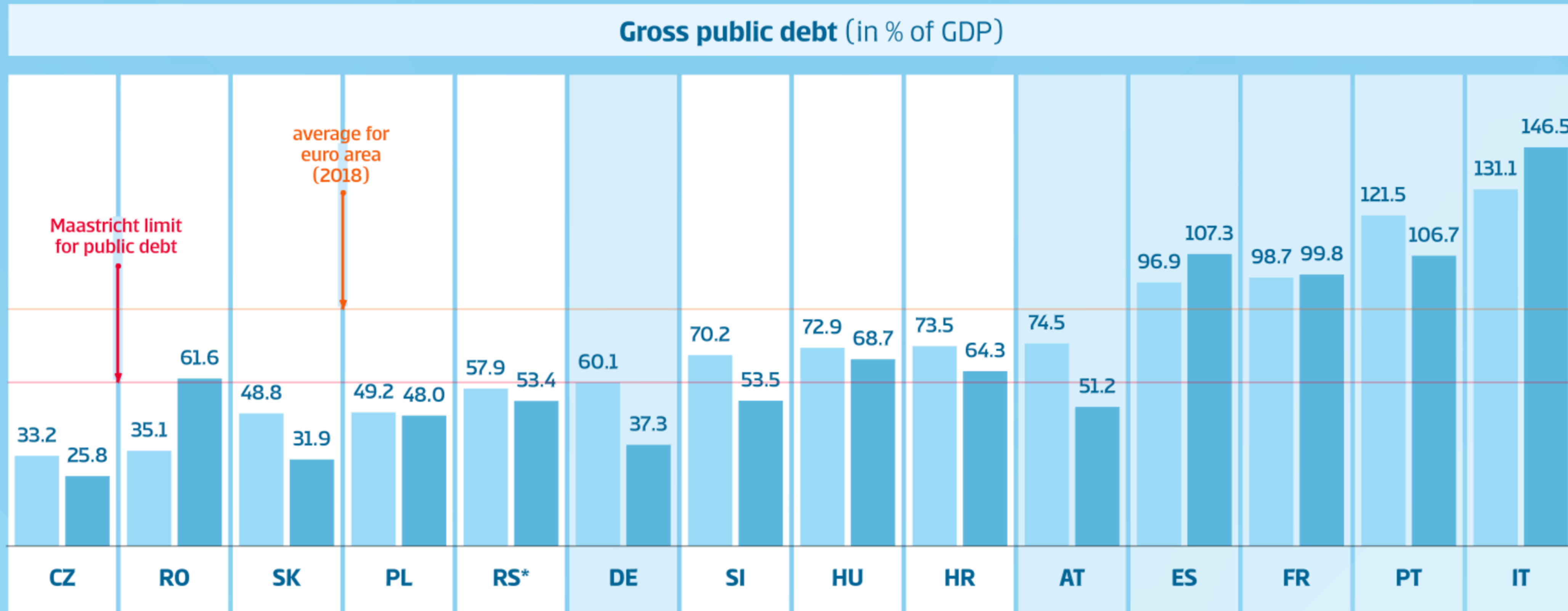


Summary

- Economic growth in CEE countries will remain clearly above the euro area average also in 2019
- Solid economic environment provides basis for wage growth and low unemployment

Business environment

Sustainable CEE public debt outlook well below euro area average



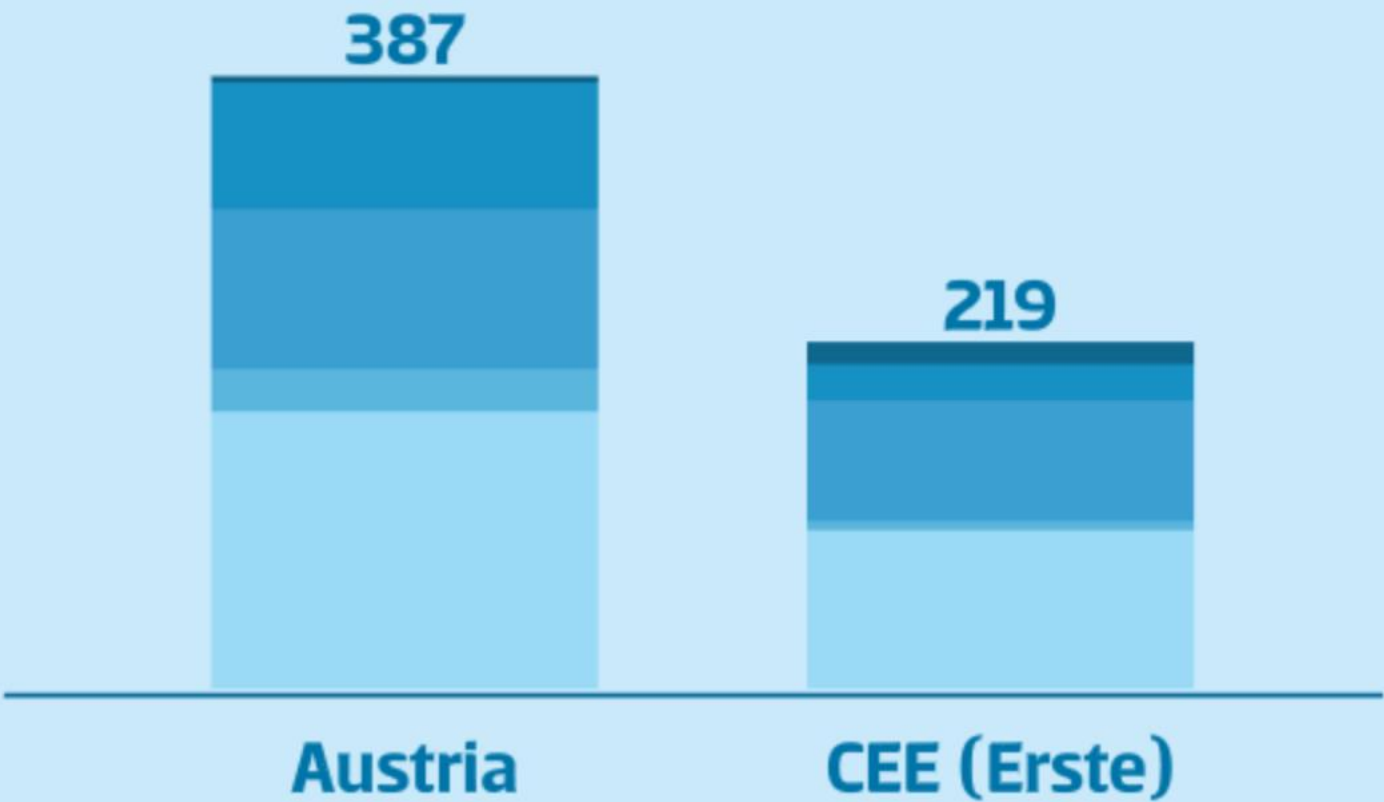
○ 2018 ○ 2029f ● CEE Countries

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

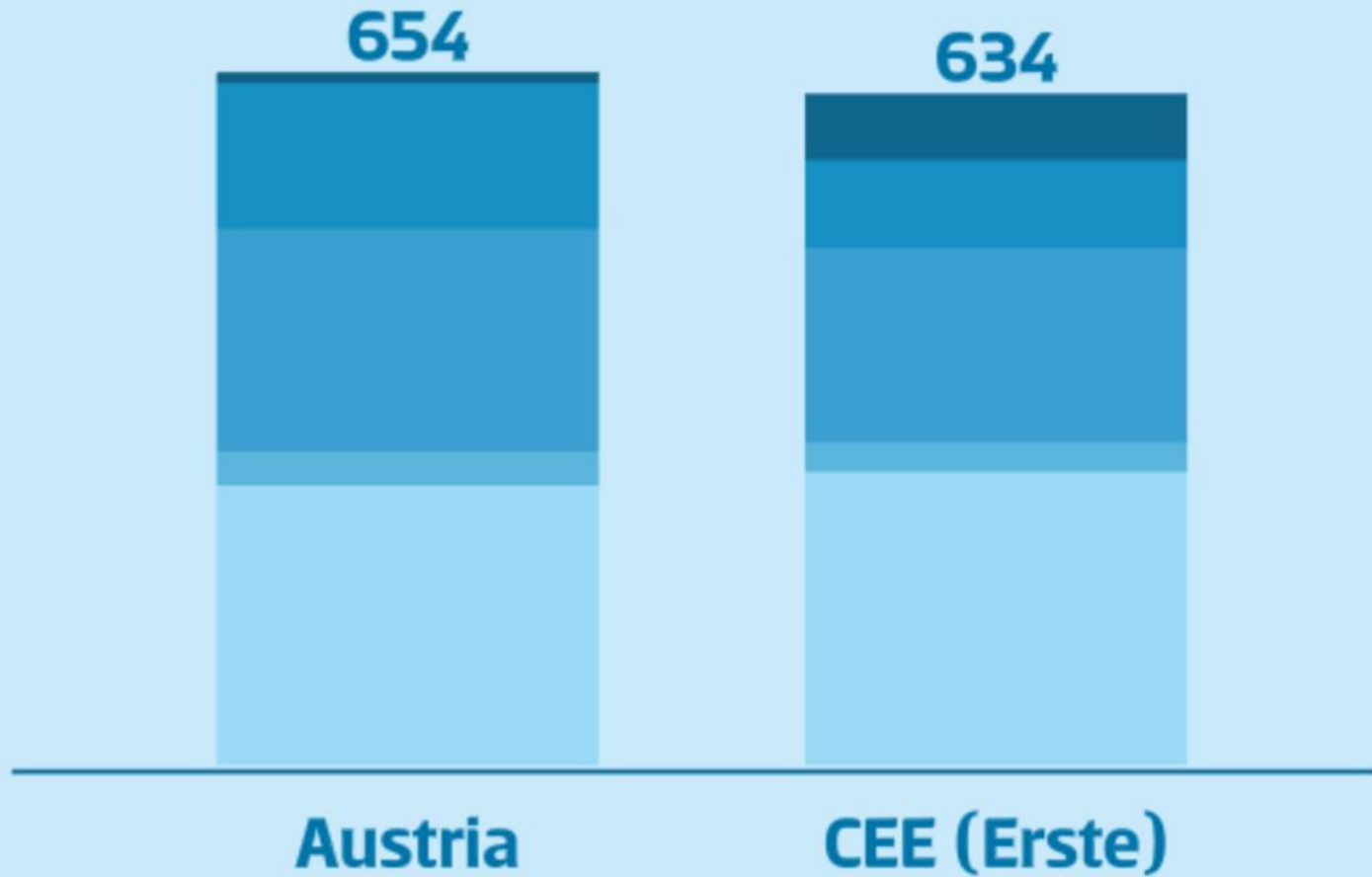
15 years of CEE in EU

Volume of CEE households' financial assets approaching Austrian level

Financial Assets 2004 (EUR mn)



Financial Assets 2017 (EUR mn)



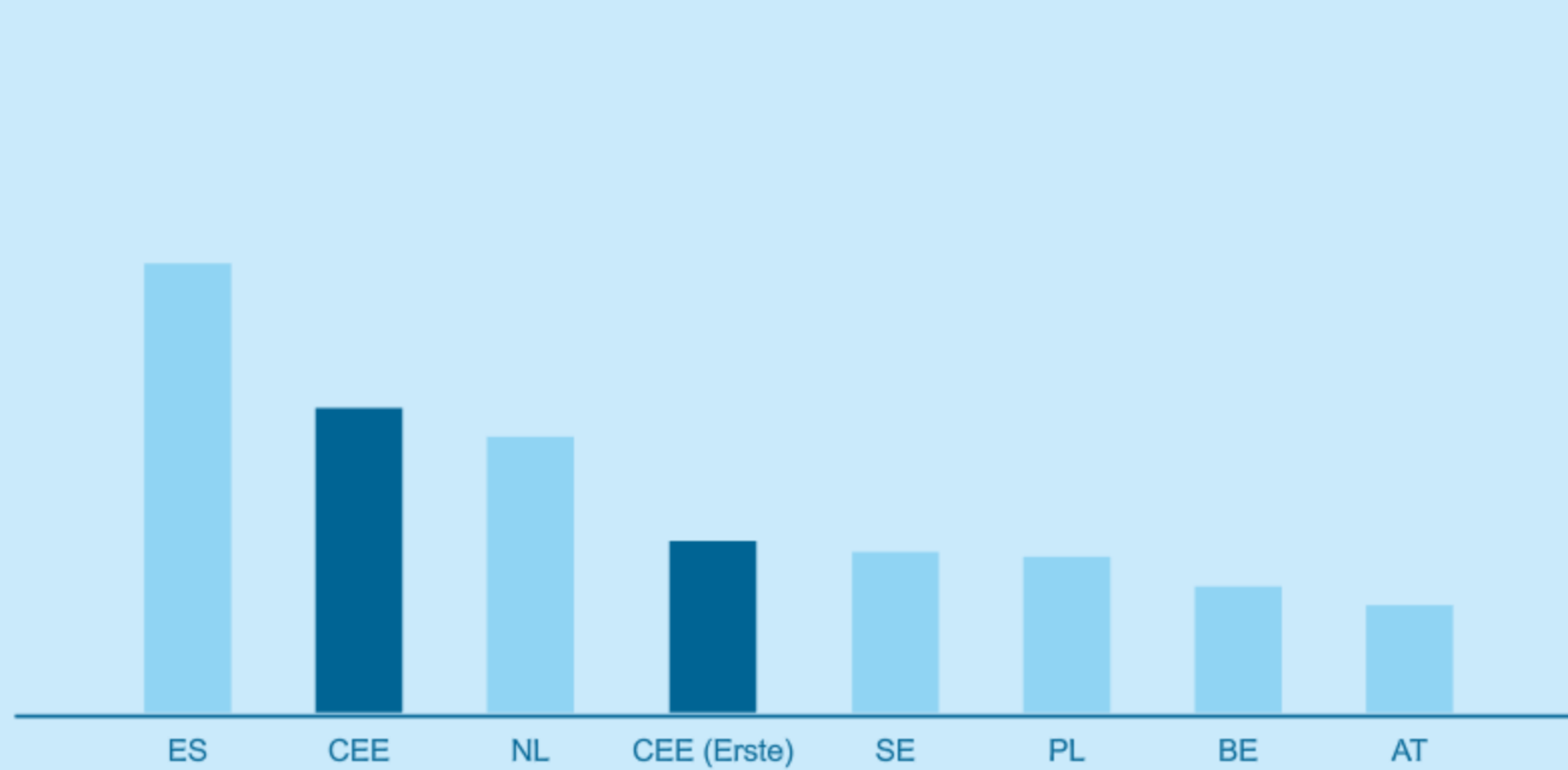
- Deposits and cash
- Bonds
- Shares and investment funds
- Pensions and insurance
- Other

CEE (Erste): CZ, SK, HU, RO, HR Source: Eurostat

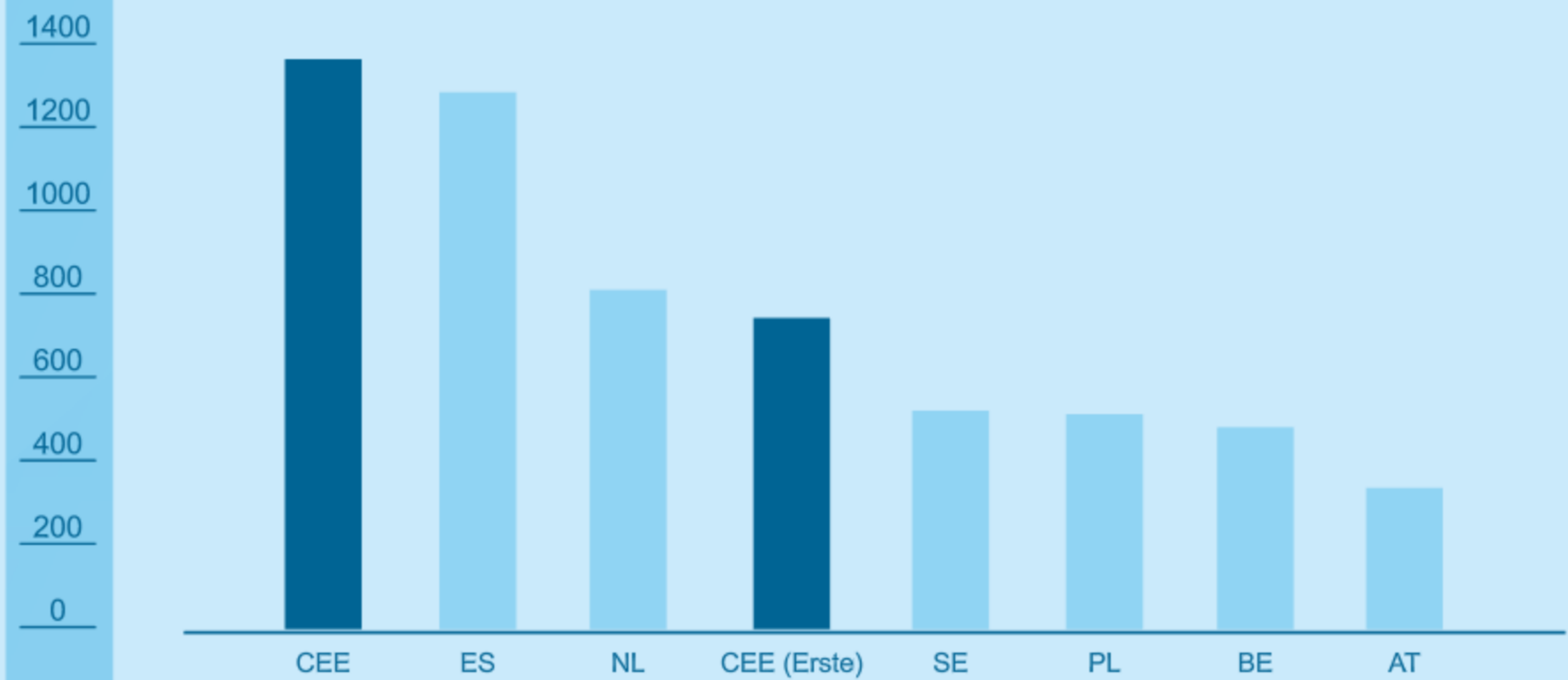
Business environment

CEE catching up with Europe's Big Four, having overtaken Spain

Nominal GDP 2004 (EUR bn)



Nominal GDP 2017 (EUR bn)

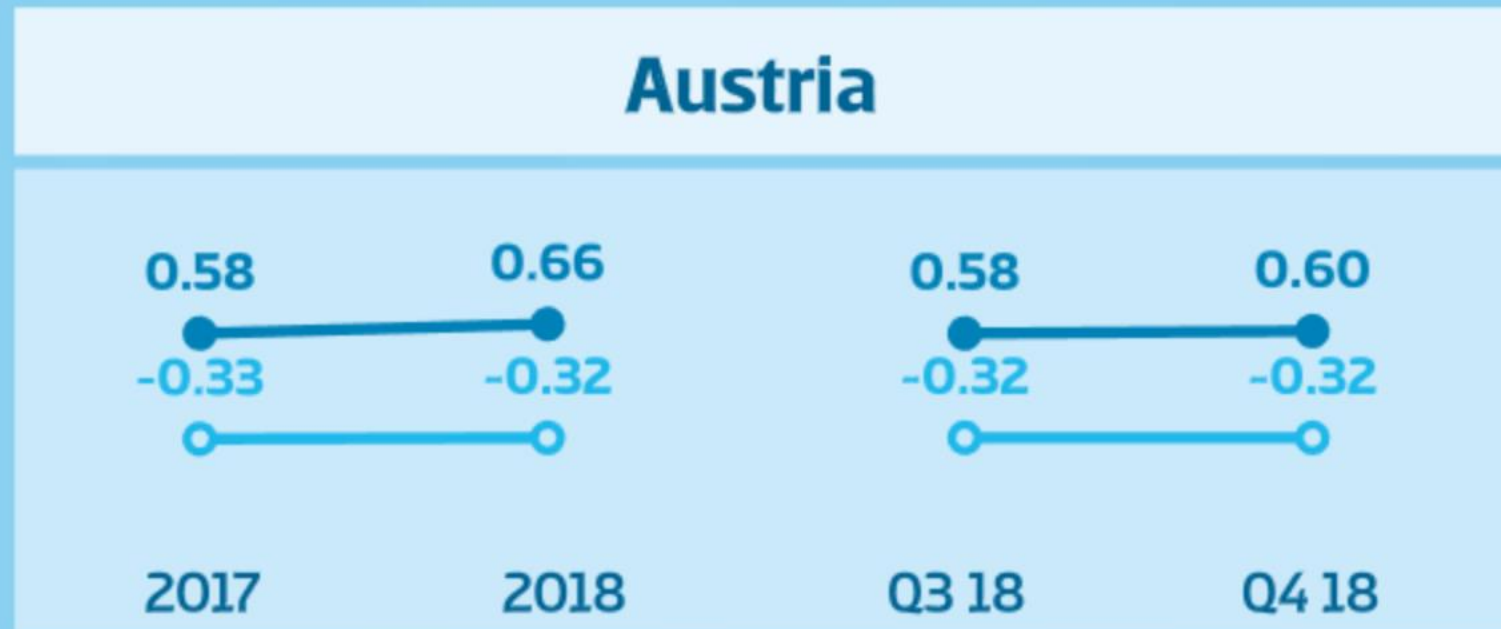


CEE: CZ, SK, HU, PL, BG, RO, SI, HR, RS
CEE (Erste): CZ, SK, HU, RO, HR, RS
Big Four: DE, UK, FR, IT

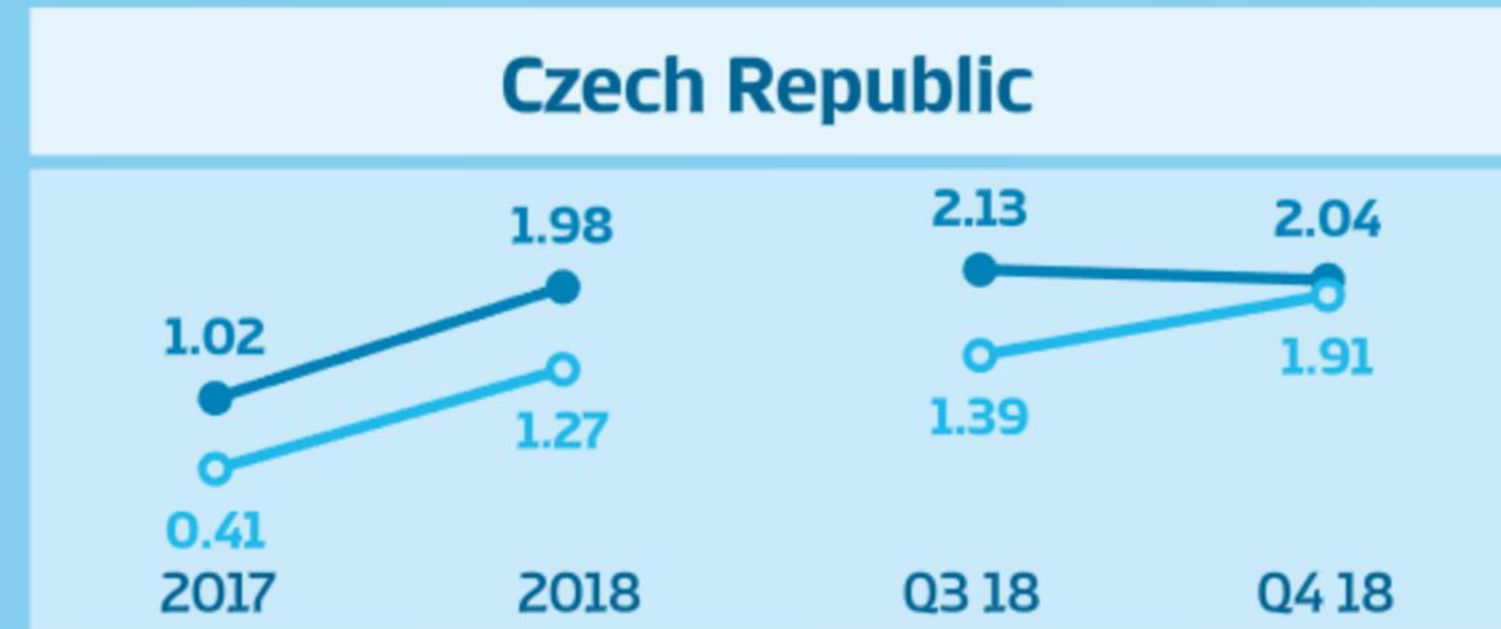
Quelle: Eurostat

Interest rate environment

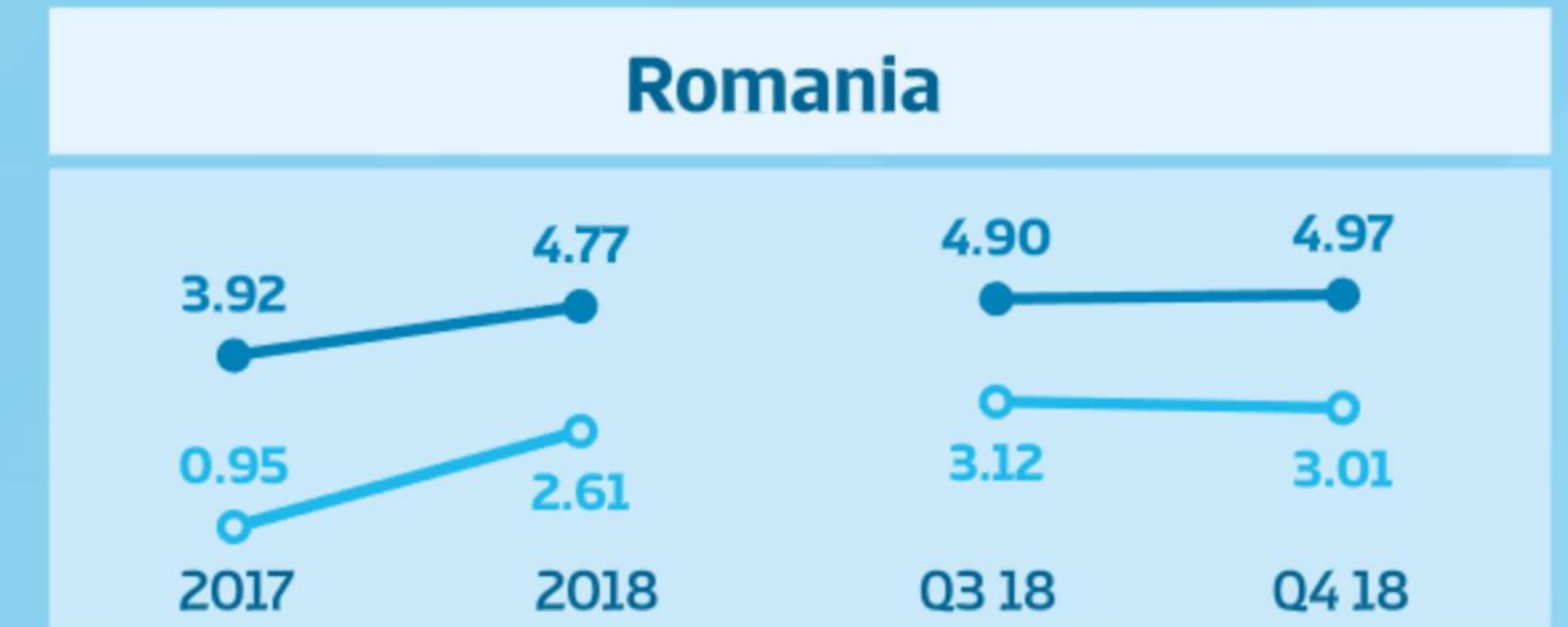
Rising interest rates in CEE countries



→ ECB cut discount rate to zero in March 2016
 → Maintains expansionary monetary policy stance despite tapering announcement



→ National bank has increased its benchmark rate in seven steps from historic low of 0.05% to 1.75% since August 2017



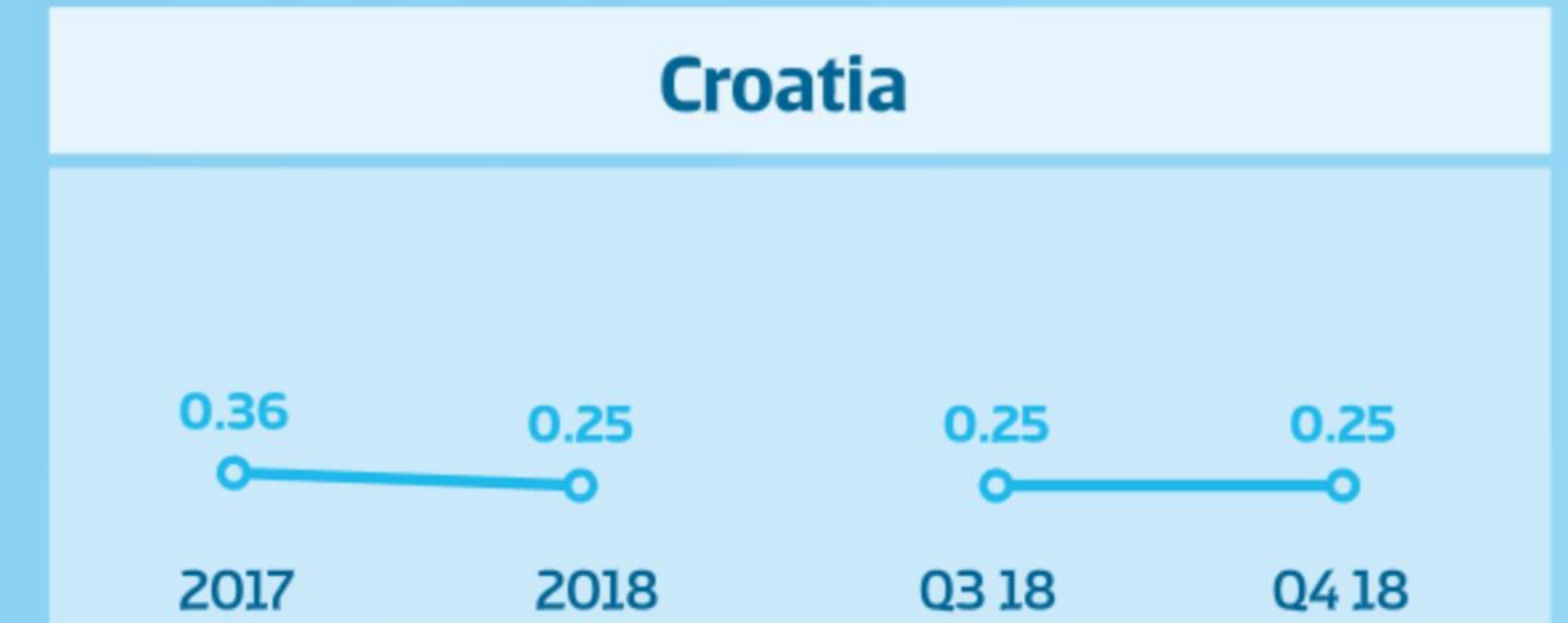
→ Central bank increases policy from historic low of 1.75% to 2.50% in January, February and May 2018



→ As part of euro area, ECB rates are applicable in SK



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



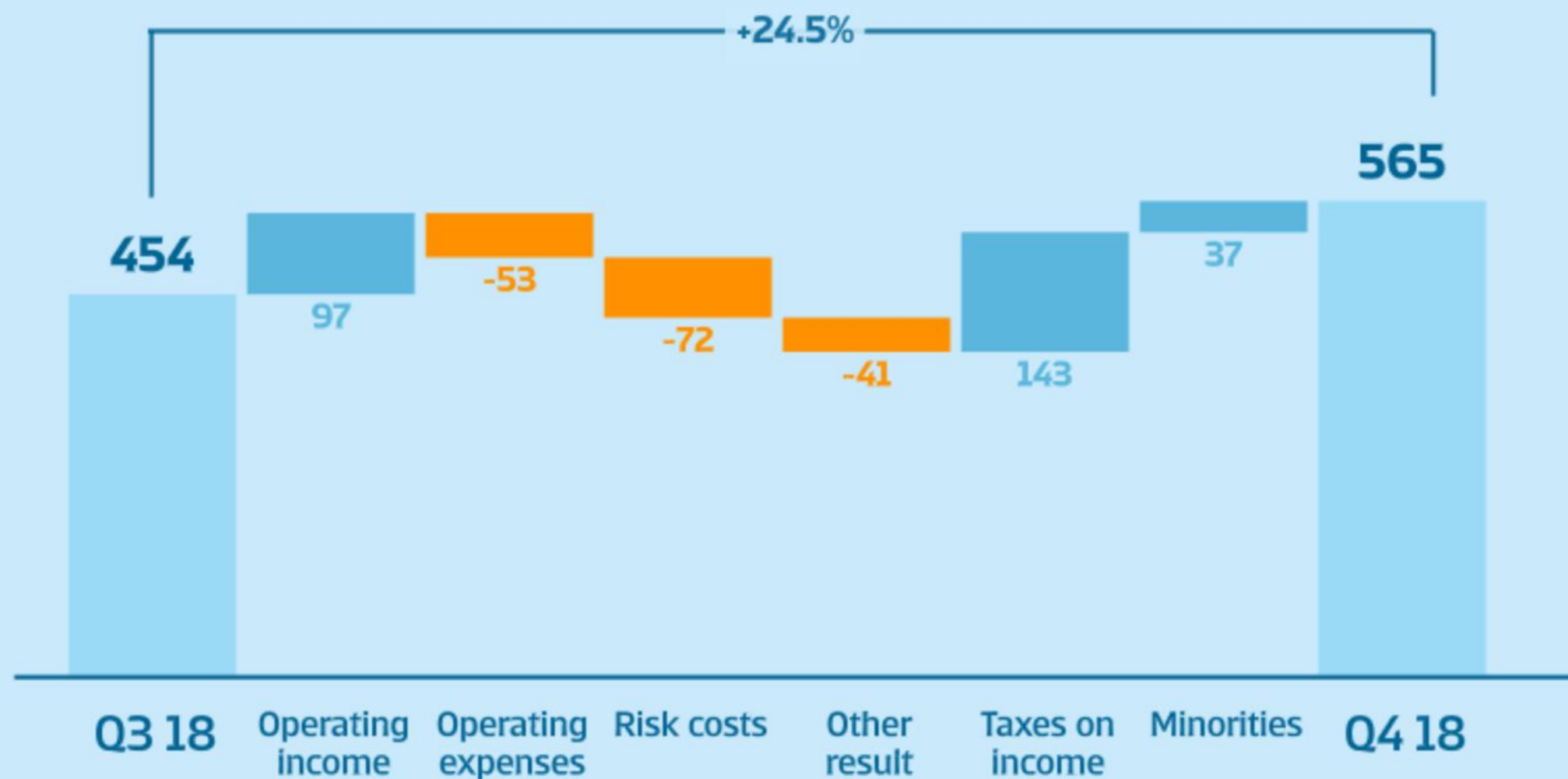
→ Central bank has maintained discount rate at 3.0% since 2015

○ 3M INTERBANK (%) ● 10YR GOV (%) Source: Bloomberg

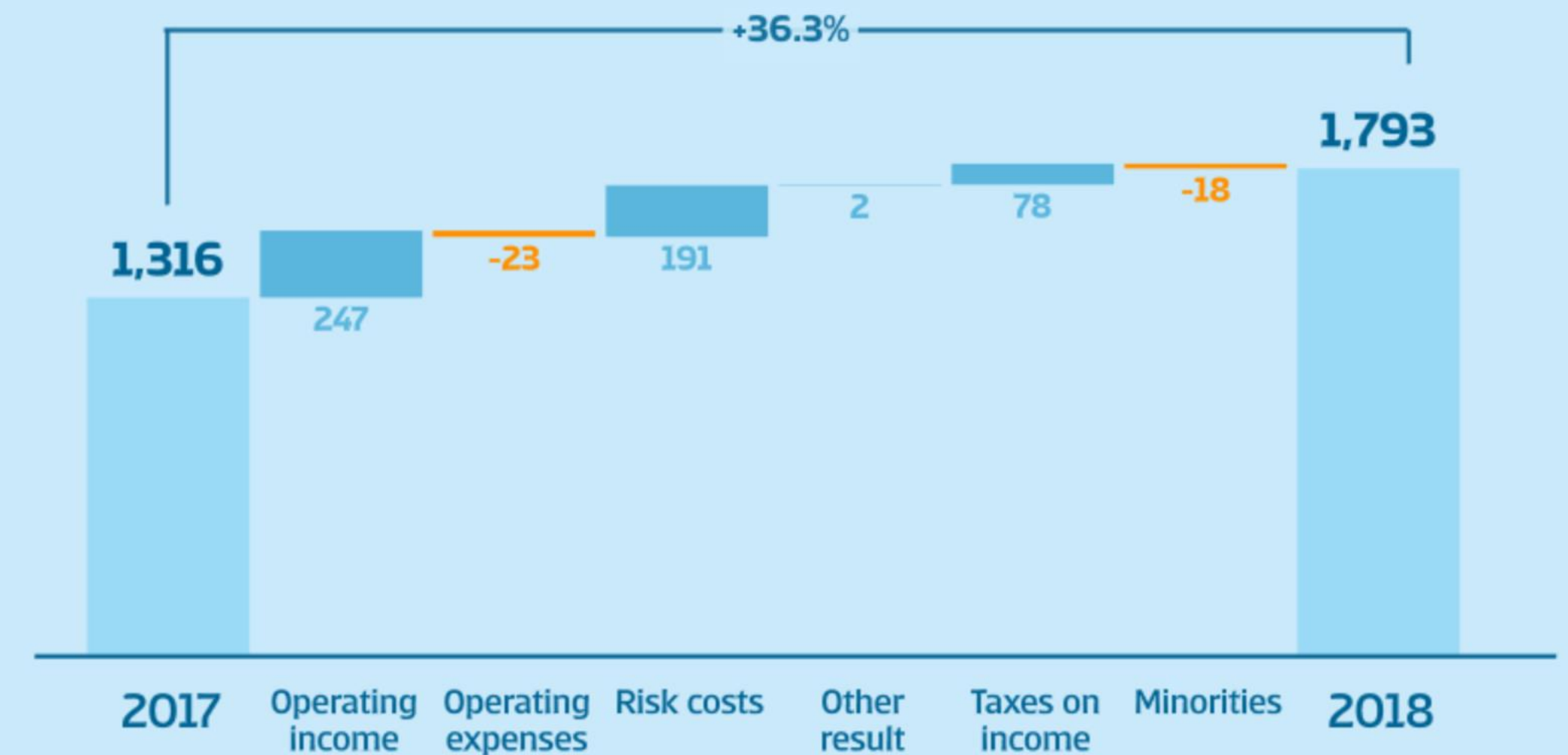
Business performance

Net profit of EUR 1.8 bn on improved operating performance

QoQ net profit reconciliation (EUR mn)

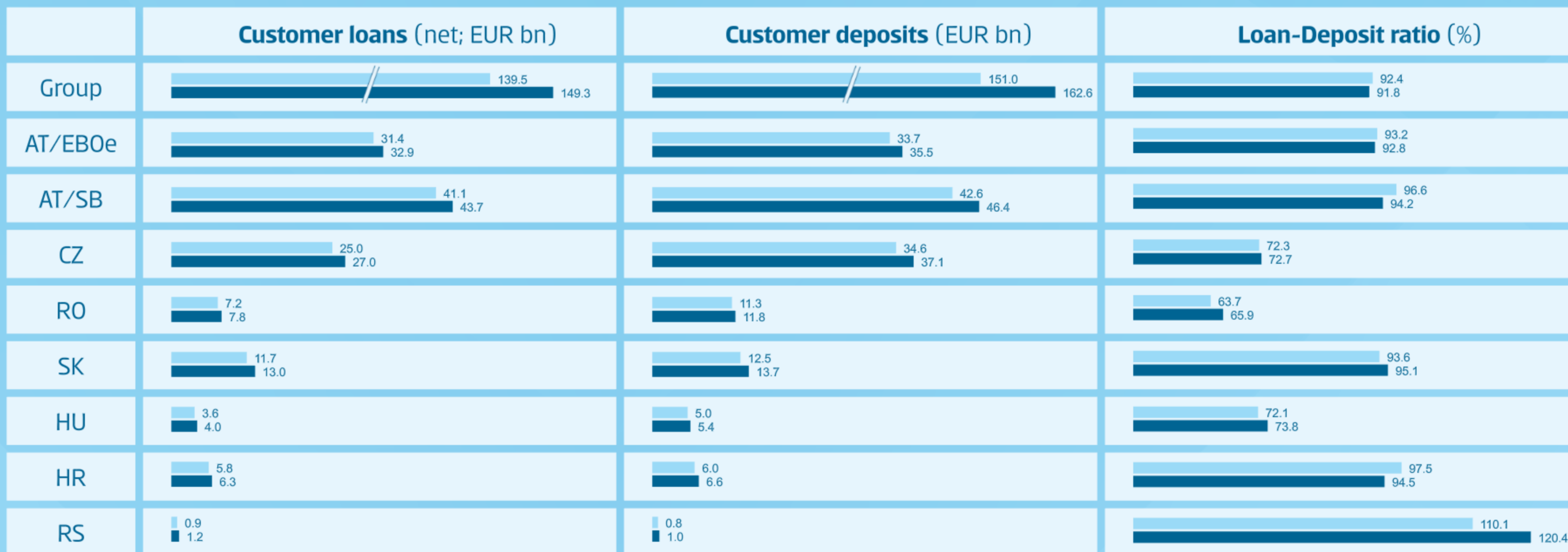


YoY net profit reconciliation (EUR mn)



Business performance

Solid growth in customer loans (+7.0%) and deposits (+7.7%)



○ DEC 2017 ● DEC 2018

Business performance

Retail lending volume rises 6.3%

Retail Highlights for 2018

NEWLY-GRANTED MORTGAGES (Volume: -1.75%)

EUR 7.33 bn 

provided to over 95,500 households

CONSUMER LENDING (Volume: +7.40%)

EUR 7.92 bn 

Average loan size: EUR 6,200

INFLOW OF RETAIL DEPOSITS (Volume: +7.43%)

EUR 5.79 bn 

continued inflow in all markets

BANCASSURANCE VOLUMES

EUR 1.25 bn 

gross premium written in 2018

Digital advances

George is Europe's largest platform, with over 4.4 million users

- 1 billion customer engagements across all channels
- Over 30% growth in digital sales of consumer loans, deposits and current account openings
- Mobile engagements rising at twice the rate of digital overall



Business performance

SMEs driving growth in corporate loans

2018 Corporate Highlights

TOTAL GROSS LOANS

EUR 51.9 bn 

rise by 6%

SME LENDING

11.5% growth in loan volume
2,500 new SME clients acquired



TOP PERFORMING SUBSIDIARIES*

Serbia
+30%

Slovakia
+21%

Hungary
+20%

TOP GROWTH SECTORS IN OUR PORTFOLIO*

Hotels & Leisure
+27%

Telecom & Media
+24%

Natural Resources
and Agriculture
+18%

*(Annual growth in volumes, gross)

Business performance

Higher operating revenues due to strong net interest income and fees

Operating revenues (EUR mn)



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

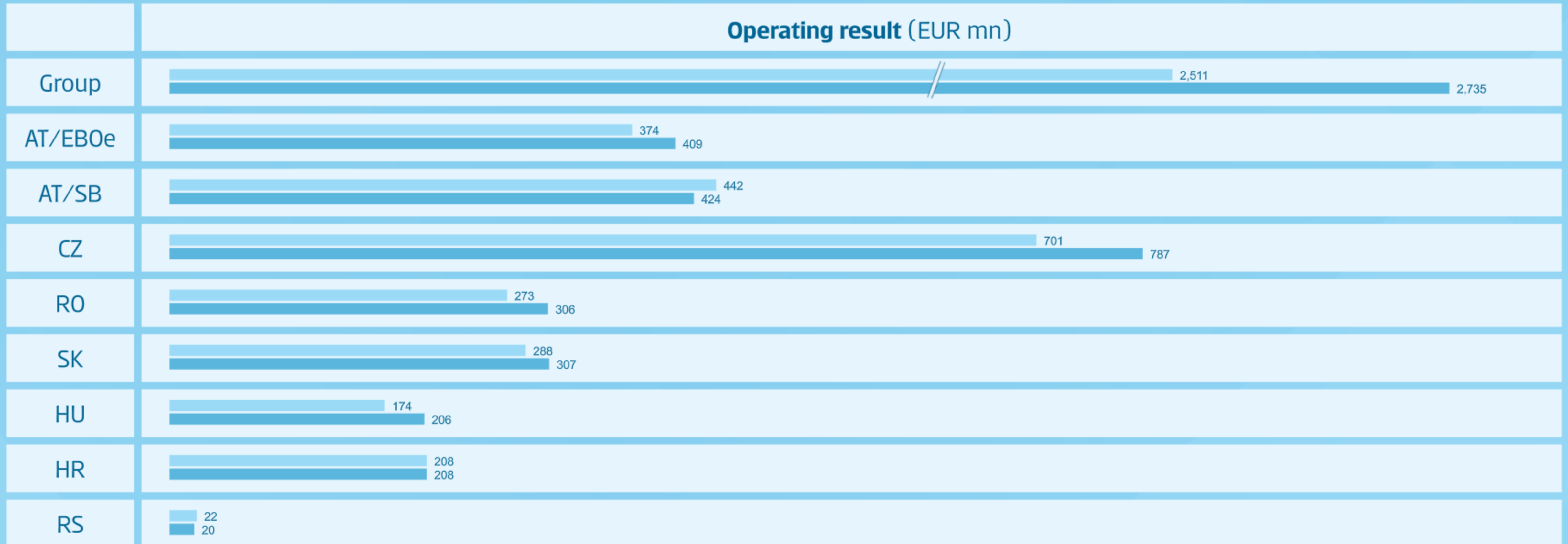
Operating expenses (EUR mn)



- Personnel expenses
- Depreciation and amortisation
- Other administrative expenses

Business performance

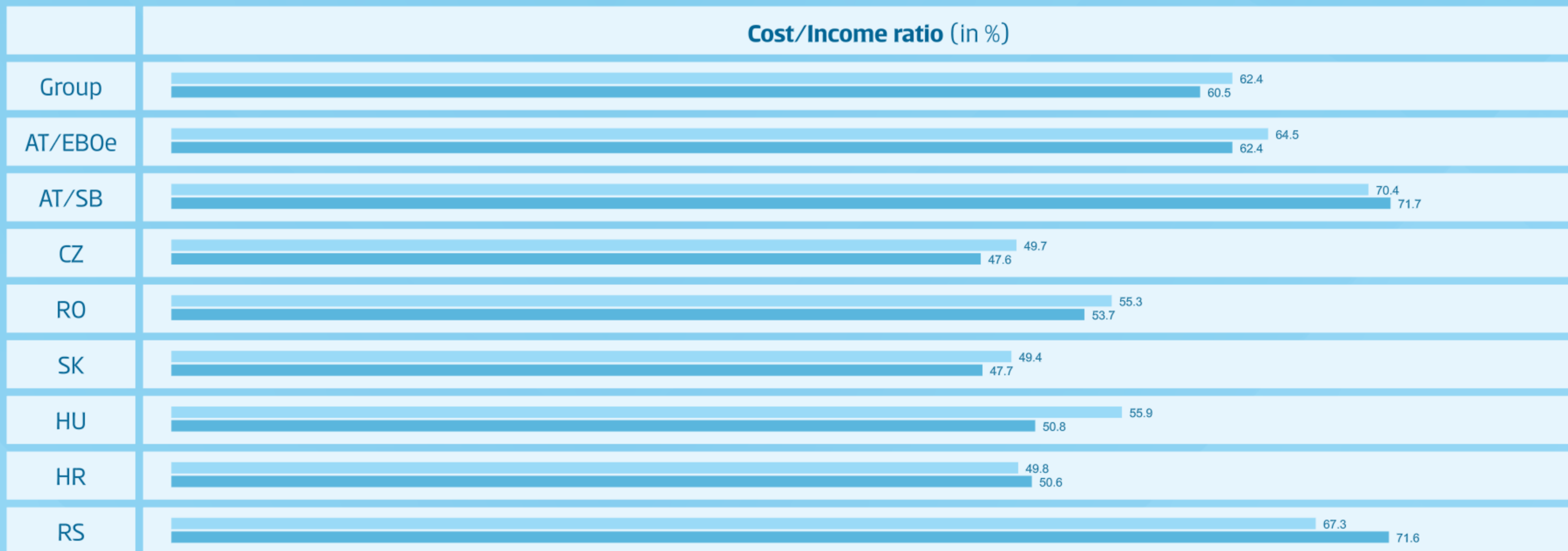
Operating result rises on growth across markets



○ 2017 ● 2018

Business performance

Cost/Income ratio declines slightly



○ 2017 ● 2018

Business performance

Risk provisions releases continue

	Absolute (EUR mn)		Relative* (in %)	
Group	-59	132	-0.14	0.09
AT/EBOe	-26	-14	-0.08	0.00
AT/SB	-13	-20	-0.03	0.00
AT/OA	-88	40	0.00	0.31
CZ	1	11	0.01	0.00
RO	7	26	0.00	0.09
SK	30	24	0.00	0.27
HU	-35	-36	-0.97	0.00
HR	33	116	0.00	1.83
RS	-1	-2	-0.14	0.00

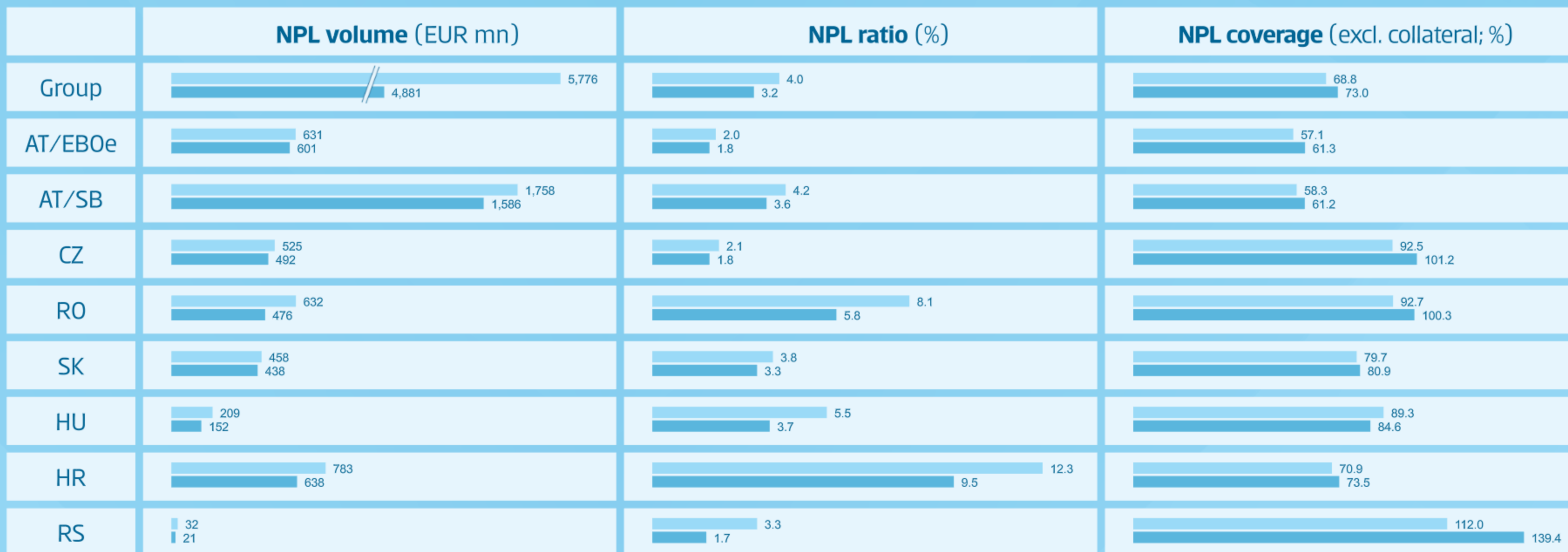


Summary

- Improved asset quality primarily due to net releases in Hungary and the Other Austria segment (AT/OA)
- Risk costs remain at historic low levels
- Minor risk provisions in Q4 18, after three quarters of releases

Business performance

NPL volumes decline in all markets, with NPL ratio improving to 3.2%

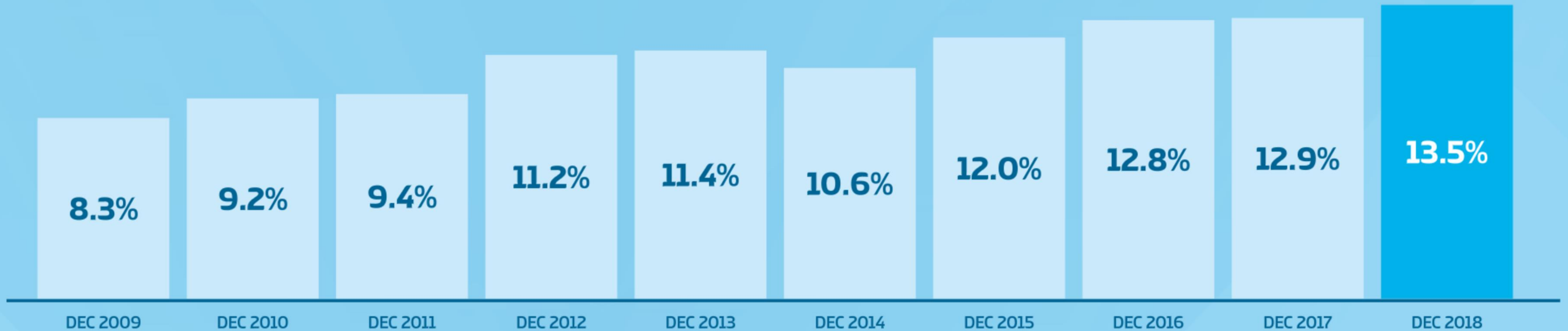


○ 2017 ● 2018

Business performance

Excellent capital generation over past decade (+50% since 2009)

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



Outlook 2019

The outlook is based on a solid macroeconomic development in our markets. We expect real GDP growth of approximately 3% in CEE and above 2% in Austria on the back of continued strong domestic demand, rising real wages, low unemployment, and healthy public finances.

Based on loan growth in the mid-single digit percentage range, we expect revenues to grow more strongly than costs. Risk costs will rise, but remain at historically low levels (10-20bps). Other operating result will be negatively impacted by the Romanian banking tax. On the back of the low average tax rates in CEE, the tax rate of Erste Group is expected to remain below 20%.

Based on this assumption, the Return on Tangible Equity (ROTE) for 2019 is targeted at above 11%.