

## PROFILE

Founded in 1819 as the first Austrian savings bank, Erste Group went public in 1997 with a strategy to expand its retail business into Central and Eastern Europe (CEE). Since then, Erste Group has grown through numerous acquisitions and organic growth to one of the largest financial services providers in the Eastern part of EU in terms of clients and total assets:

ONE OF THE LEADING FINANCIAL SERVICE PROVIDERS IN THE EASTERN PART OF EU

AMONG THE TOP 3 BANKS IN ITS CORE MARKETS

INNOVATION LEADER IN RETAIL BANKING IN AUSTRIA

AS PER THE FIRST NINE MONTHS OF 2019, ERSTE GROUP HAD:

- 16.7 MILLION CUSTOMERS
- 47,200 EMPLOYEES
- 2,385 BRANCHES IN 7 COUNTRIES
- EUR 252.1 BILLION TOTAL ASSETS
- EUR 1.22 BILLION NET PROFIT
- EUR 2.23 BILLION OPERATING RESULT
- EUR 20.1 BILLION TOTAL EQUITY
- 13,5% CET 1 RATIO (PRO FORMA)

## STRATEGY

### CUSTOMER BANKING IN CENTRAL AND EASTERN EUROPE

#### EASTERN PART OF EU

#### FOCUS ON CEE, LIMITED EXPOSURE TO OTHER EUROPE

##### RETAIL BANKING

##### CORPORATE BANKING

##### CAPITAL MARKETS

##### PUBLIC SECTOR

##### INTERBANK BUSINESS

Focus on local currency mortgage and consumer loans funded by local deposits

Large, local corporate and SME banking

Focus on customer business, including customer-based trading activities

Financing sovereigns and municipalities with focus on infrastructure development in core markets

Focus on banks that operate in the core markets

FX loans only in EUR for clients with EUR income (or equivalent) and where funded by local FX deposits (HR and RS)

Advisory services, with focus on providing access to capital markets and corporate finance

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

Any sovereign holdings are only held for market making, liquidity or balance sheet management reasons

Any bank exposure is only held for liquidity or balance sheet management reasons or to support client business

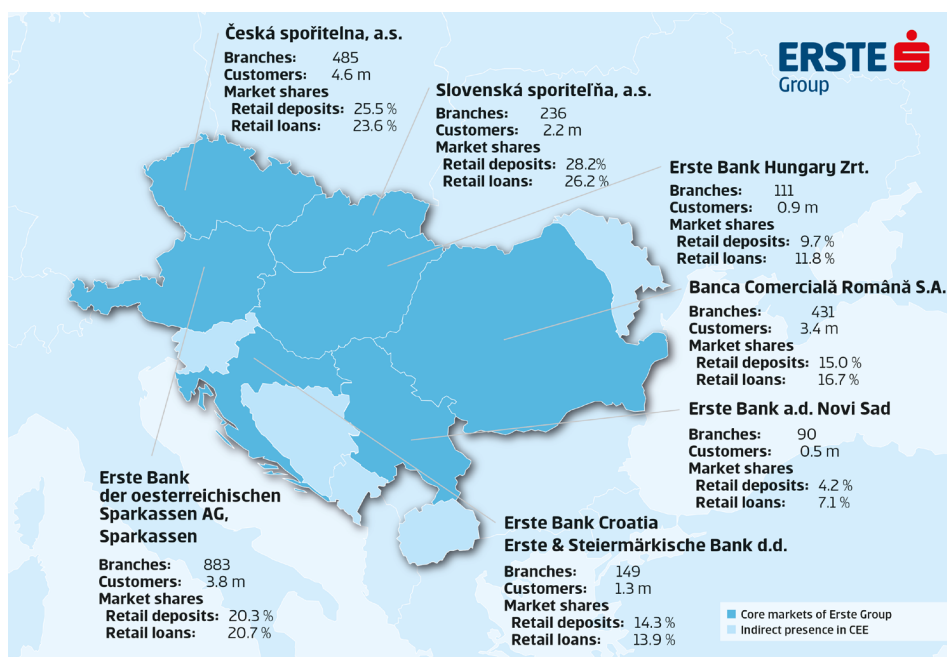
Savings products, asset management and pension products

Real estate business that goes beyond financing

Building debt and equity capital markets in CEE

Expansion of digital banking offering

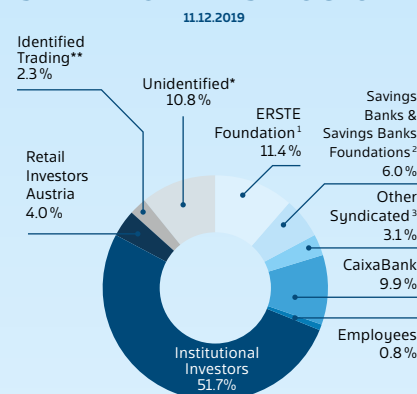
## EXTENSIVE PRESENCE IN CEE



## MANAGEMENT BOARD

- Bernd Spalt, CEO
- Stefan Dörfler, CFO
- Alexandra Habeler-Drabek, CRO
- Peter Bosek, Retail Banking
- Ingo Bleier, Corporates & Capital Markets
- David O'Mahony, Chief Operations Officer
- Ara Abrahamyan, Chief Digital Transformation Office

## SHAREHOLDER STRUCTURE



Total number of shares: **429,800,000**  
Free float: **69.6%**

- <sup>1</sup> Economic interest Erste Foundation, including Erste Employees Private Foundation
  - <sup>2</sup> Economic interest Savings Banks & Savings Banks Foundations
  - <sup>3</sup> Other parties to the shareholder agreement of Erste Foundation, Savings Banks and CaixaBank
- \* Institutional and Retail Investors international  
 \*\* Including Market Makers, Prime Brokerage, Proprietary Trading, Collateral and Stock Lending positions which are visible through custodian banklists

## LISTINGS AND INDEX REPRESENTATION

31.07.2019

LISTINGS	INDEX	WEIGHTING
Vienna Stock Exchange	ATX	19.7%
Prague Stock Exchange	PX	20.1%
Bucharest Stock exchange	BET-BK	6.3%

- Public trading via a level I ADR programme in the U.S.
- MSCI Standard Index
- EURO STOXX Banks Index
- FTSEurofirst 300 Index

## RATINGS

03.12.2019

	LONG-TERM	SHORT-TERM	OUTLOOK
S&P	A	A-1	Positive
Fitch	A	F1	Stable
Moody's	A2	P-1	Positive

# CURRENT FINANCIAL RESULTS

## CEO STATEMENT (30.10.2019)

» We continued to achieve very good results also in the third quarter, with healthy growth in both lending (+5.7 percent ytd) and deposits (+6.1 percent ytd), as well as excellent liquidity and funding positions. Overall for the first nine months of 2019, Erste Group achieved a net result of 1.22 billion euros. What's more, our income growth outpaced cost growth, despite rising wages across CEE and the higher contributions we made to deposit insurance systems during the reporting period. As a result, we managed to improve our cost/income ratio to 58.6 percent. The continued vitality of the CEE economies contributed to the risk environment in the region remaining exceptionally benign. Our NPL ratio improved further by slipping to 2.7 percent, reflecting our healthy asset quality.

Erste Group's capital base is very solid due to steady organic growth over the past years, and has been supported by successful placements of additional tier one capital in the market. Taking into account retained earnings for the third quarter (including accrued dividends), our common equity tier one ratio stood at 13.5 percent as of the end of September, thus meeting our internal CET1 target.

Going forward, CEE is set to remain Europe's unquestionable growth engine and Erste Group, as the leading financial institution of the region, is well positioned to continue supporting it. Although across the globe, there are gathering signs of a downturn in the economic cycle, we remain confident that the CEE region will continue to outpace the Eurozone and that its growth will prove to be more sustainable than in the 2000's."

Andreas Treichl, CEO der Erste Group Bank AG

## OUTLOOK 2019

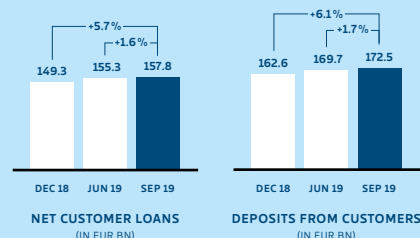
### Operating environment anticipated to be conducive to credit expansion.

Real GDP growth is forecast to come in at around 3-4% in Erste Group's CEE core markets and about 2% in Austria in 2019, again driven primarily by robust domestic demand. In CEE, economic activity should be supported by real wage growth and low unemployment. Fiscal discipline is expected to be maintained across CEE.

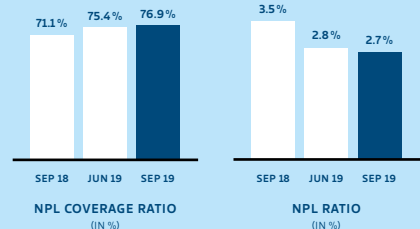
**Business outlook.** Erste Group aims to achieve a return on tangible equity (ROTE) of more than 11% in 2019 (based on average tangible equity in 2019). The underlying assumptions are: revenues rising faster than costs (based on mid-single digit net loan growth), risk costs higher, but still at a historically benign level (up to 10 basis points), with a tax rate of below 20%.

**Risks to guidance.** Impact from other than expected interest rate development; political or regulatory measures against banks; as well as geopolitical and global economic risks.

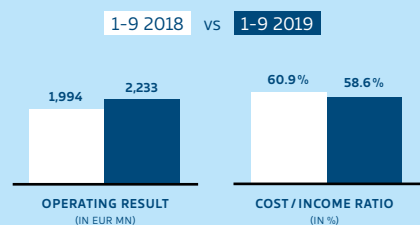
## CUSTOMER LOANS & CUSTOMER DEPOSITS



## NPL COVERAGE RATIO & NPL RATIO



## OPERATING RESULT & COST / INCOME RATIO



# CENTRAL AND EASTERN EUROPE

## MACROECONOMIC OUTLOOK FROM ERSTE RESEARCH

### REAL GDP GROWTH (%)

STATUS: 14.11.2019

	HR	CZ	HU	PL	RO	RS	SK	SI	CEE8	AT	EZ
2017	2.9	4.5	4.3	4.8	7.0	2.0	3.0	4.8	4.8	2.5	2.5
2018	2.6	2.9	5.1	5.1	4.1	4.3	4.0	4.1	4.4	2.4	1.9
2019f	3.2	2.6	4.9	4.2	4.0	3.6	2.5	2.8	3.8	1.6	1.1
2020f	2.5	2.5	3.5	3.4	3.5	4.0	2.3	2.7	3.2	1.4	1.2

Economic growth in 3Q 2019 slowed in most of the CEE countries, as the external environment remains overcast. The weakening global outlook, ongoing uncertainty re. Brexit, unresolved protectionism and possible structural changes in the car sector are weighing on the region's performance. Anemic industrial development left its mark on growth in particular in Romania and Slovakia, with their 3Q GDP growth of 3.0% y/y and 1.3% y/y, respectively, falling well short of expectations. Consequently, there are downside risks in both countries to our current growth forecasts for 2019 and next year (currently close to 4% in Romania and 2% in Slovakia). In 3Q, the Polish economy slid below the 4% y/y growth dynamics it had posted over past ten quarters. The inevitability of further slowdown is reflected in our growth forecast for Poland: it is set to slip from 4.2% this year to 3.4% in 2020. Looking on the bright side: Economic developments in the Czech Republic remained relatively favorable, as 3Q growth declined only slightly to 2.5% y/y and the country is expected to post similar dynamics in the one-year horizon too. Hungary remained the CEE region's ray of sunshine thanks to solid 5% y/y growth and a likely upward revision to its 2019 forecast. However, Hungary too is likely to see its pace of growth slow in 2020, namely to 3.0-3.5% y/y. In the coming year, GDP growth in Croatia, Serbia, and Slovenia is also likely to hover around 3%. It's worth noting that despite external headwinds, strong domestic demand makes it possible for CEE countries to post a three times faster pace of GDP growth than the Eurozone. On average, the CEE8 should grow 3.8% this year and 3.2% in 2020.

## DID YOU KNOW THAT ...



... PRAGUE AND BRATISLAVA BELONG TO THE TOP-10 WEALTHIEST REGIONS IN THE EU?



... ROMANIA IS ONE OF THE MOST VIBRANT TECH & INNOVATION HUBS IN CEE, WITH 80,000 ACTIVE DEVELOPERS?



...BUDAPEST IS THE MOST POPULAR LOCATION FOR FILM SHOOTING IN CONTINENTAL EUROPE?



... THE GDP OF THE CEE REGION HAS OVERTAKEN THAT OF SPAIN AND IS CATCHING UP TO THE EU'S "BIG FOUR"?

# CONTACTS

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