

# Erste Group investor presentation

## Q3 2014 results

30 October 2014

### Asset quality improvement gains momentum as AQR confirms solid capital base

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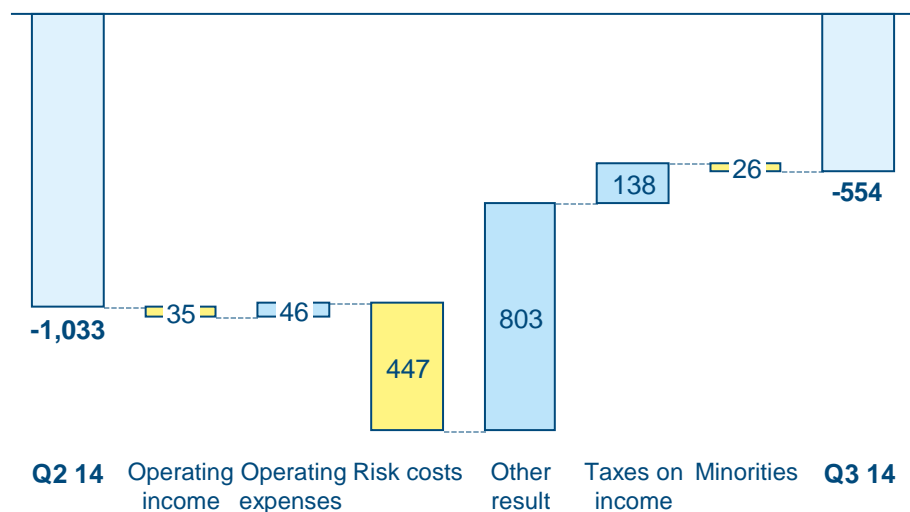
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# Presentation topics

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

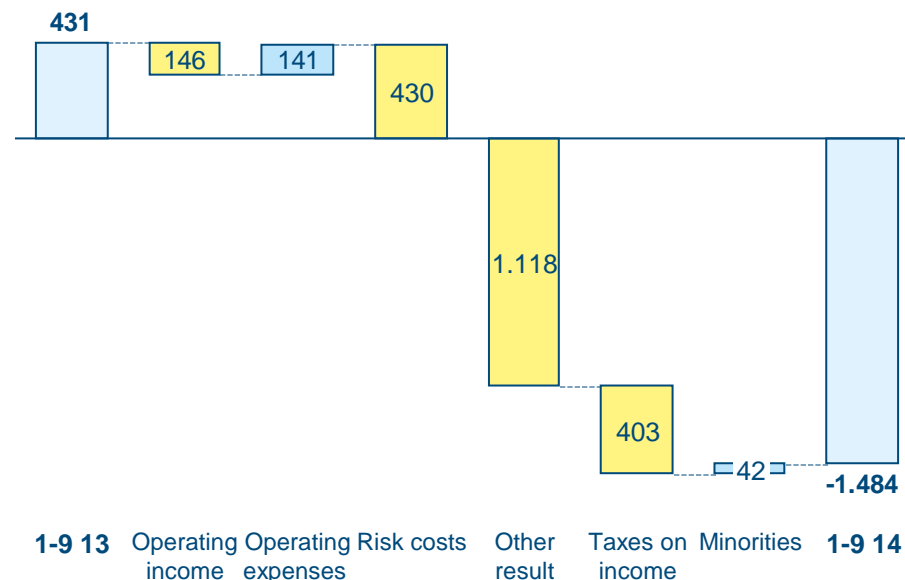
# Executive summary – Group income statement performance

QoQ net profit reconciliation (EUR m)



- Improvement in other result due to intangible write-downs in Q2 14
- Higher risk costs in line with guidance in RO (Retail, SME, LC) on the back of accelerated NPL reduction
- Taxes impacted by negative change in deferred taxes related to the Austrian tax group in Q2 14

YoY net profit reconciliation (EUR m)



- Deterioration in other result driven by one-off intangible write-downs in RO, HR, AT and booking of full consumer loan law impact in HU
- Increase in taxes due to negative change in deferred taxes related to the Austrian tax group
- Stable operating performance due to lower costs and improved net fee and commission income

## Executive summary –

### Group income statement performance: 1-9 14 one-off summary

#### One-offs with effect on regulatory capital

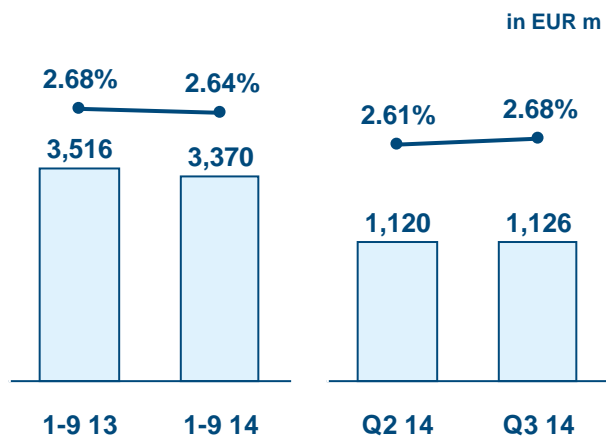
- Additional risk provisions of about EUR 400m in Romania
  - Fully booked in 1-9 14 to fund accelerated legacy NPL resolution;
  - Booked in risk costs of Retail, SME and CRE segments (BL) and Romania segment (geo)
- Hungary: consumer loan law (bid-/ask-spread, unilateral interest and fee changes) impact of EUR 360.8m
  - Booked in other operating result
  - No clarity yet on potential additional losses in Hungary from FX loan conversion into HUF expected for 2015; hence no provision included in Q3 14 figures
- Negative change in deferred taxes (net) of EUR 141.1m
  - Minor impact of 9 and 18bps in fully-loaded and phased-in scenario
  - Accounting standard-induced booking, under Austrian tax regulation tax losses can be carried forward indefinitely

#### One-offs with no effect on regulatory capital

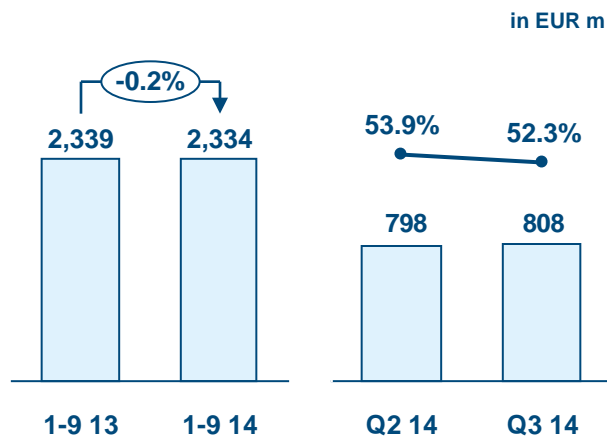
- Write-down of intangible assets related to Romania
  - Write-down of full remaining goodwill of EUR 319.1m
  - Write-down of full value of customer relationships and brand of EUR 489.8m
  - Booked in other operating result of Group Corporate Center (BL) and Other segment (geo)
- Write-down of full remaining goodwill related to Croatia and minor participations
  - Total impact of EUR 101.8m
  - Booked in other operating result of Group Corporate Center (BL) and Other segment (geo)

# Executive summary – Key income statement data

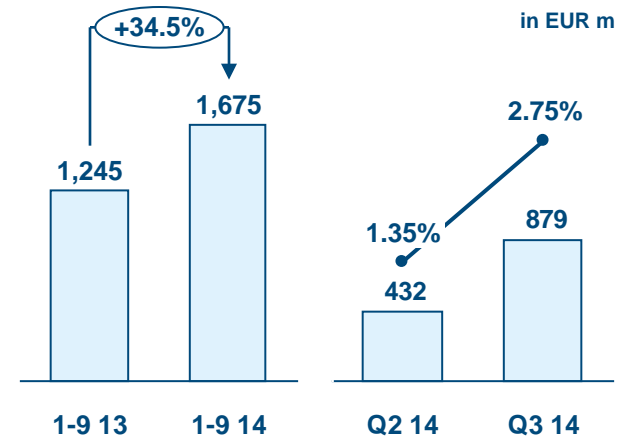
## Net interest income & margin



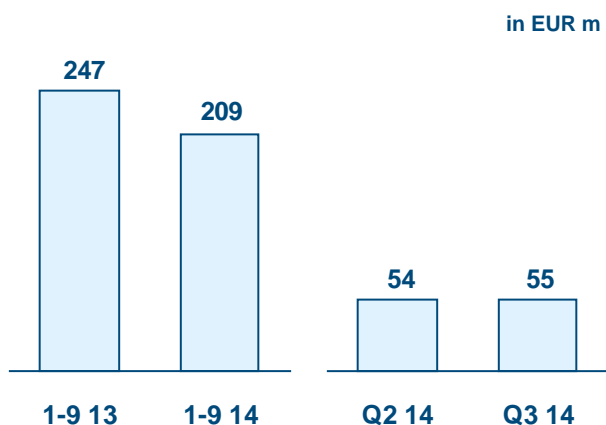
## Operating result & cost/income ratio



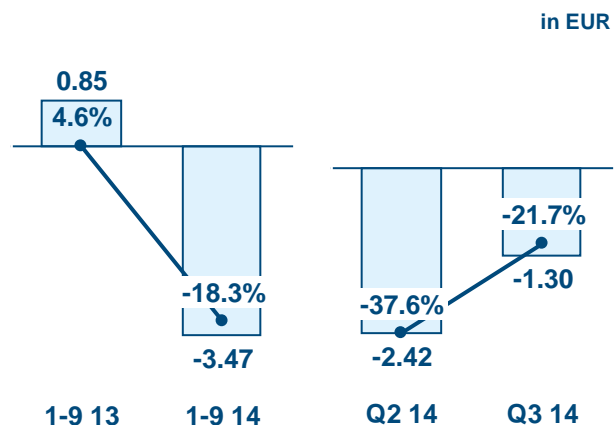
## Cost of risk



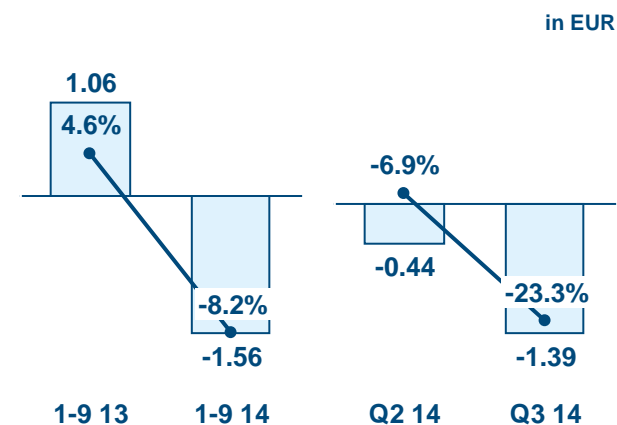
## Banking levies



## Reported EPS & ROE

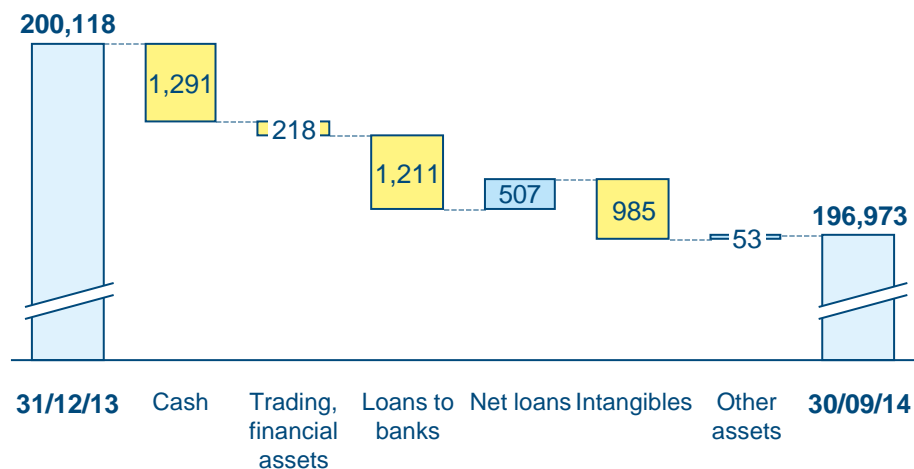


## Cash EPS & cash ROE



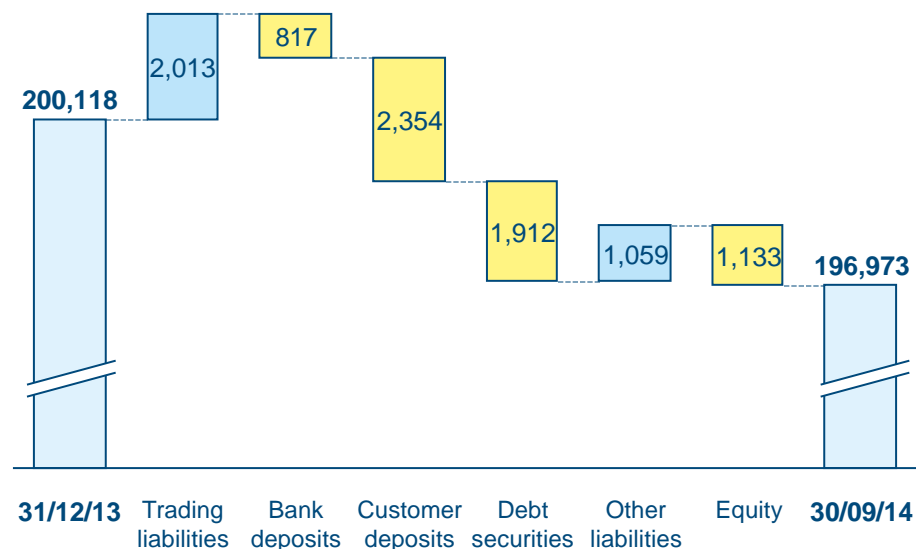
# Executive summary – Group balance sheet performance

YTD total asset reconciliation (EUR m)



- Lower cash position driven by reduced placement with ECB resulting from negative interest rates introduction
- Increase in net customer loans ytd despite significant decline in RO, HU thanks to solid performance of AT, SK retail business lines
- Lower intangibles due to significant write-downs, mainly RO

YTD equity & total liability reconciliation (EUR m)

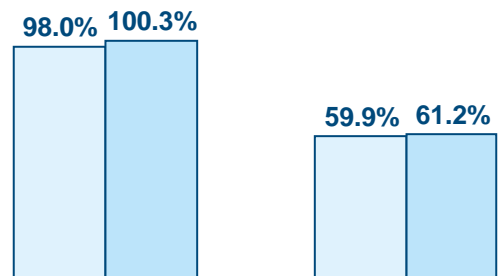


- Decline in customer deposits mainly driven by final deconsolidation of Czech pension fund (EUR 1.8bn) and lower deposits in Erste Bank Hungary and EBOe
- Increase in trading liabilities driven by negative derivatives' fair value increase
- Lower debt securities due to maturities of unsecured bonds

# Executive summary – Key balance sheet data

31/12/13  
30/09/14

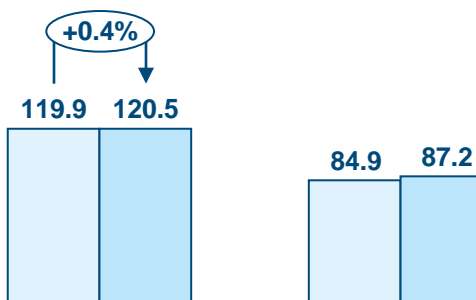
## Loan/deposit & loan/TA ratio



Loan/deposit ratio      Loans/total assets

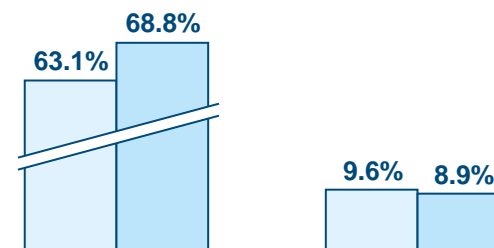
## Net loans & credit RWA\*

in EUR bn



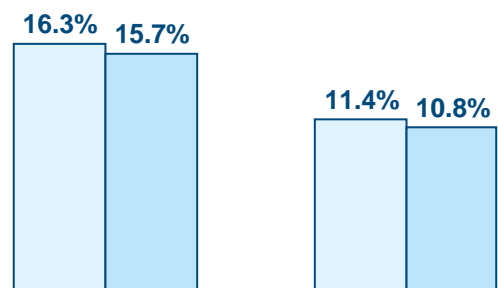
Net loans      Credit RWA

## NPL coverage ratio & NPL ratio



NPL coverage      NPL ratio

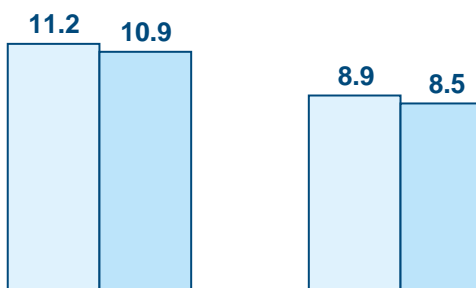
## Basel 3 (phased-in) capital ratios\*



Total capital      CET 1

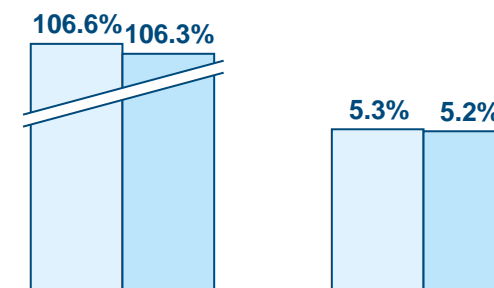
## Regulatory (B3)\* & tangible equity

in EUR bn



CET1 (phased-in)      Tangible equity

## Liquidity coverage & leverage ratio



LCR      LR (phased-in)

\* Dec 13 pursuant to Basel 2.5



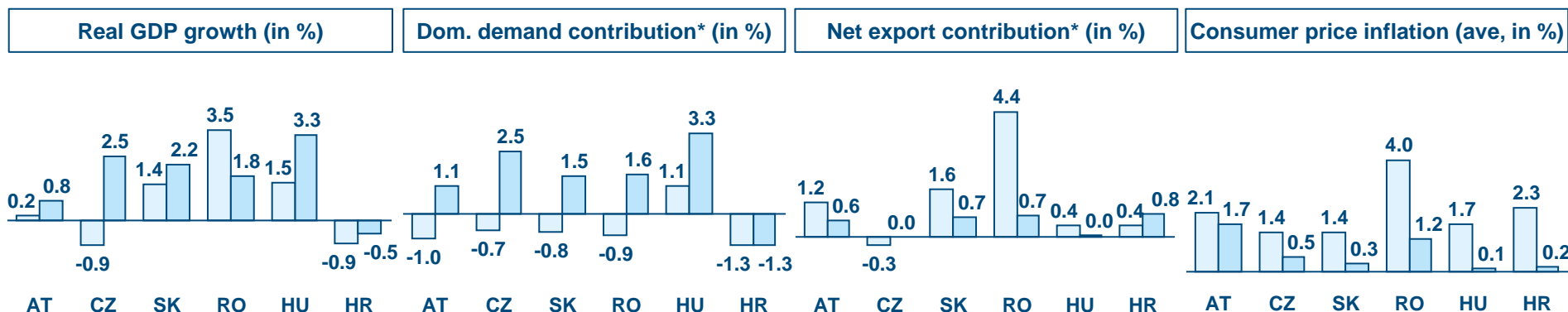
# Presentation topics

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

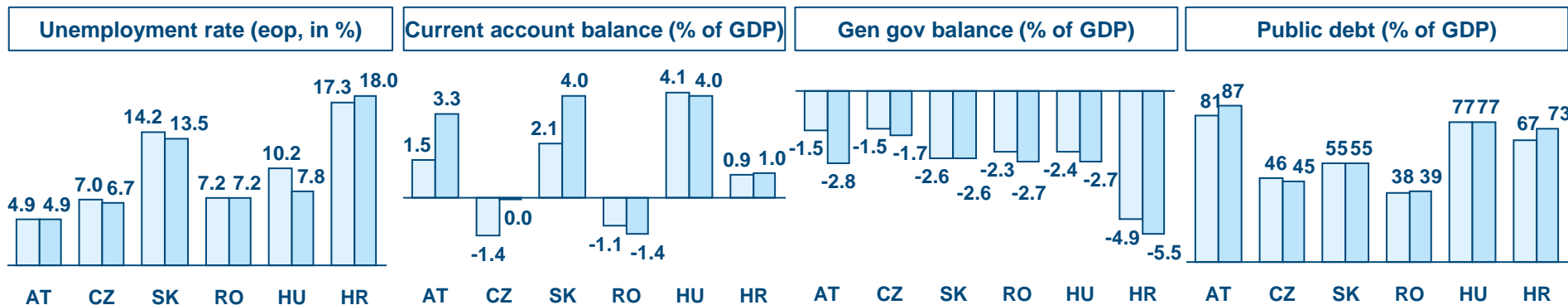
# Business environment –

## Slower export performance offset by improved domestic demand in 2014

2013  
2014



- CEE economies grew faster than the euro zone in Q2 2014 (euro zone GDP grew by 0.7% yoy in Q2)
  - Positive outlook for 2014 supported by Q2 GDP data: AT (+0.1%), CZ (+2.7%), RO (+1.2%), SK (+2.5%), HU (+3.9%)
  - Domestic demand has visibly improved across the region while export has also contributed to growth with strong industrial production



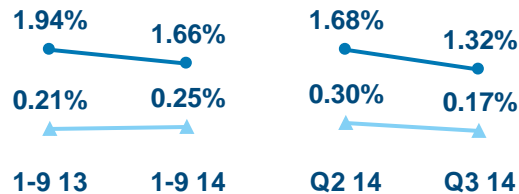
- Solid public finances across Erste Group’s core markets
- Sustainable current account balances, supported by competitive economies; Hungary has announced new austerity package

\* Contribution to real GDP growth. Domestic demand contribution includes inventory change. Source: Erste Group Research, EU Spring Economic Forecast 2014.

# Business environment – Historic low interest rate environment poses challenges

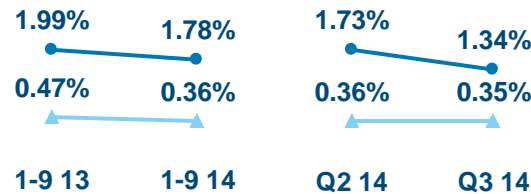
—▲ 3M Interbank  
—● 10YR GOV

## Austria



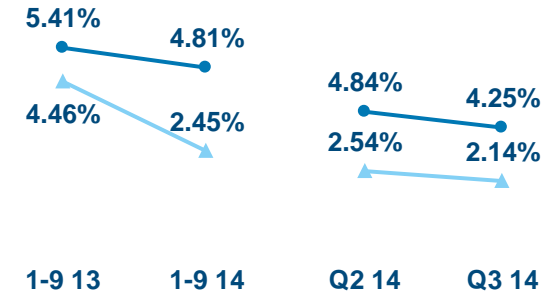
- ECB cut discount rate to 0.05% in Sept 14
- Maintains expansionary monetary policy stance

## Czech Republic



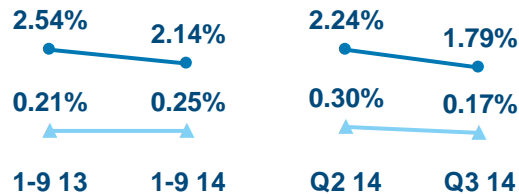
- National bank maintains ultra-low interest rates since November 2012 at 0.05%

## Romania



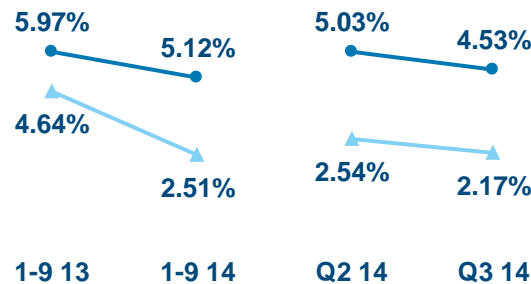
- Central bank cut policy rate to historic low of 3.00% in September 2014

## Slovakia



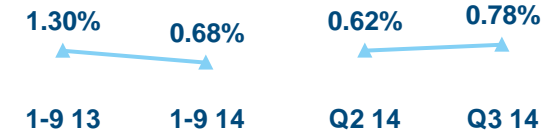
- As part of euro zone ECB rates are applicable in SK

## Hungary



- National bank concluded easing cycle on 22 July 2014 after cutting base rate to historic low of 2.1%

## Croatia



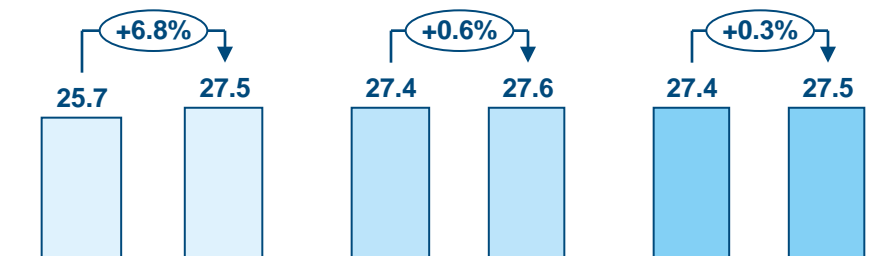
- Central bank maintains discount rate at 7.0% since mid-2011

Source: Bloomberg.

# Business environment –

Limited currency volatility, except one-off CZK devaluation in November 2013

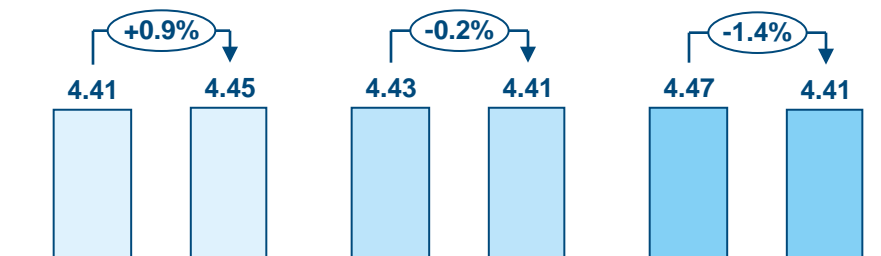
**EUR/CZK**



1-9 13    1-9 14    Q2 14    Q3 14    31/12/13    30/09/14

- YOY depreciation of CZK self-induced by national bank in order to jump-start economy and domestic demand in particular
- YTD development marked by stability

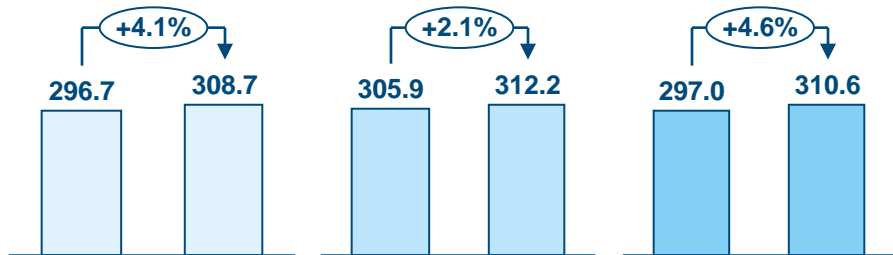
**EUR/RON**



1-9 13    1-9 14    Q2 14    Q3 14    31/12/13    30/09/14

- RON movements marked by limited volatility
- QOQ appreciation driven by improving economic performance

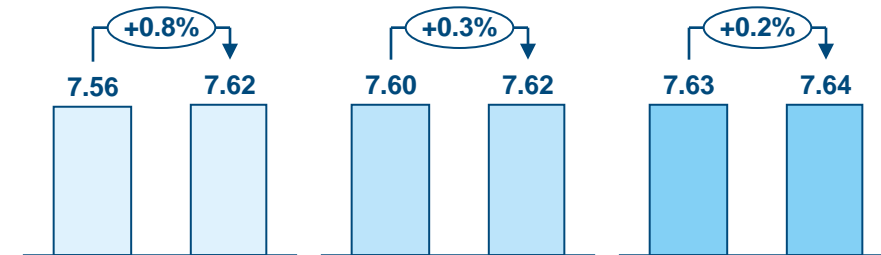
**EUR/HUF**



1-9 13    1-9 14    Q2 14    Q3 14    31/12/13    30/09/14

- YOY depreciation driven by policy uncertainties despite improving headline economic fundamentals

**EUR/HRK**



1-9 13    1-9 14    Q2 14    Q3 14    31/12/13    30/09/14

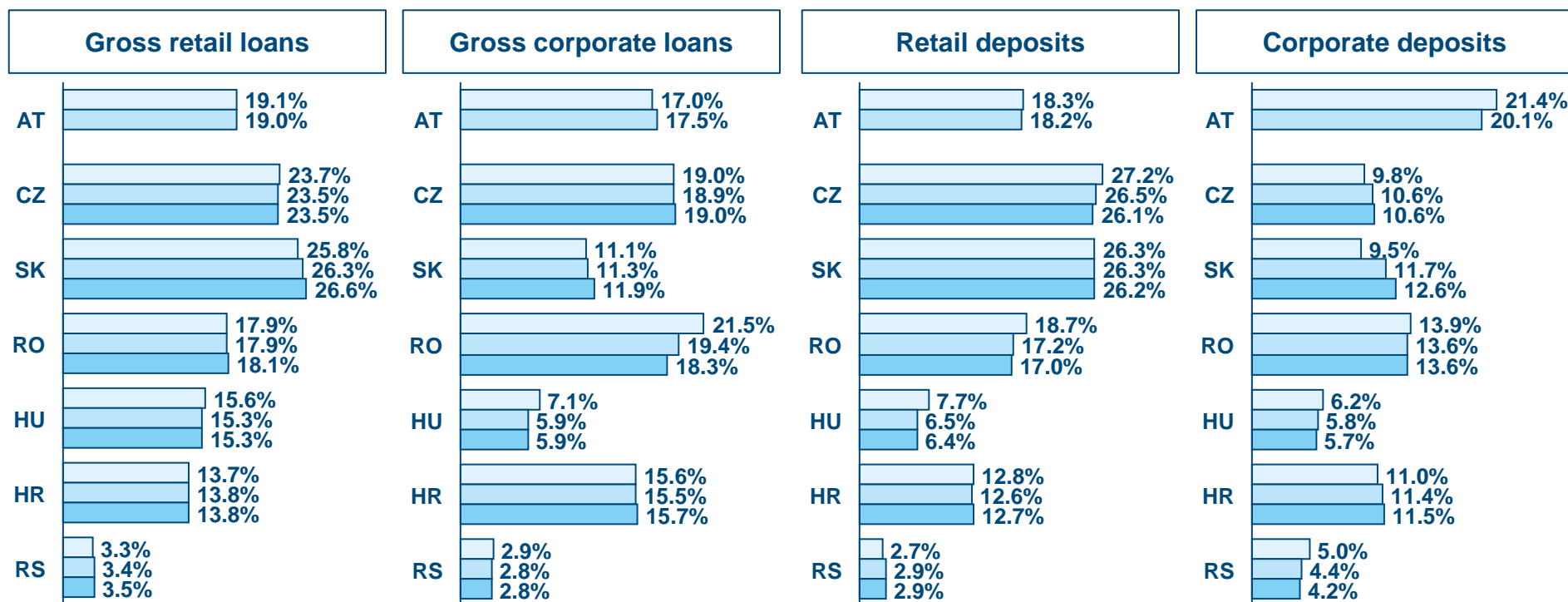
- Strong grip of national bank on HRK is reflected in lack of volatility

Source: Bloomberg.

# Business environment –

## Market shares: stability in AT, CZ and SK, challenges in RO, HU

30/09/13  
30/06/14  
31/08/14



- RO: qoq increase following continued rise in new business volumes (Q3 14: EUR 271m, +94.9% yoy, +10.2% qoq)
- HU: market share development is a function of legacy FX business

- AT: higher volumes in the Savings banks
- RO: selective lending policy with focus on quality customers and NPL sales
- HU: portfolio concentration to preferred sectors

- RO: declining markets share mainly due to deposit repricing
- HU: focus also on alternative saving products such as investment funds where EBH has double-digit market share

- SK: successful acquisition of new clients
- RO: stable share due to continued inflows
- HU: reviewing deposit repricing

AT market shares for 31/08/14 not yet available

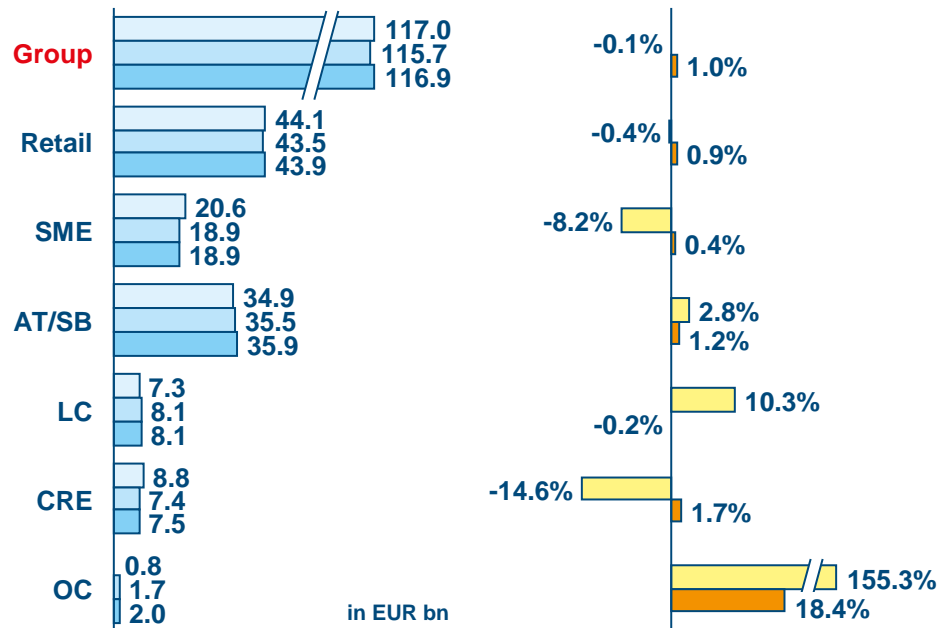
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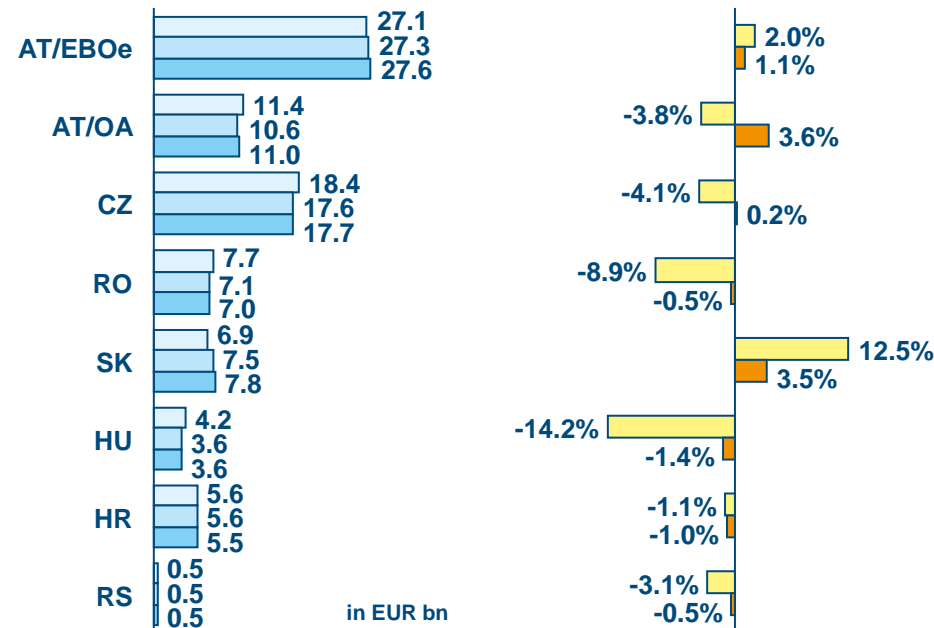
# Business performance: performing loan stock & growth – Solid qoq increase in performing loan stock

■ YoY ■ 30/09/13  
■ QoQ ■ 30/06/14  
■ 30/09/14

Business line view (BL)



Geographic view (geo)



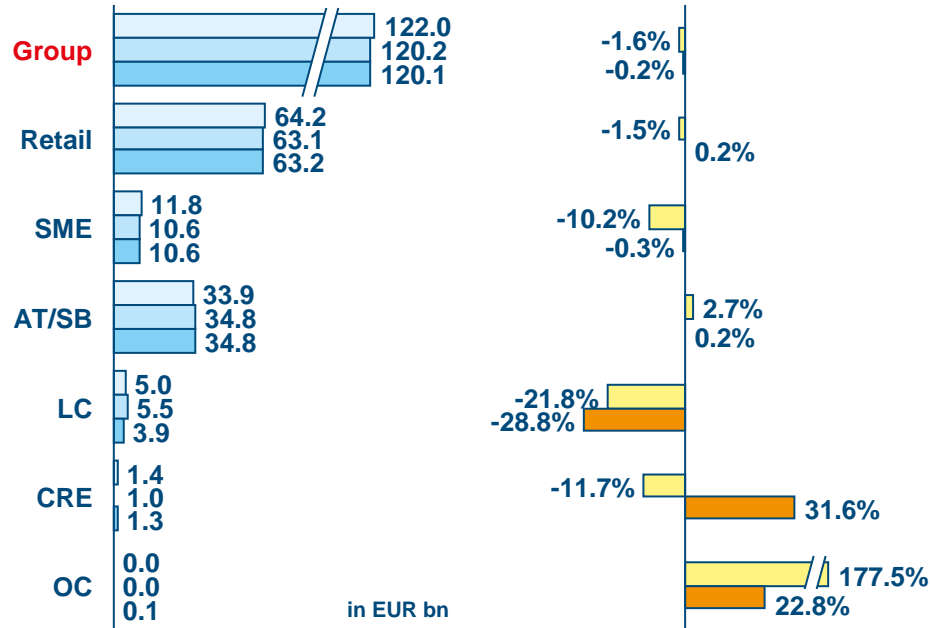
- Second consecutive quarter with rising performing loans due to solid developments in key customer segments
- Reallocation of about EUR 1.5bn of performing loans from SME to LC as per 1 Jan 2014 distorts yoy comparison, as does EUR 1.0bn shift from LC to OC as per 31 Dec 2013
- Visible deleveraging in CRE yoy

- RO: stable development qoq, deleveraging yoy driven by SME
- Consistent strong performance of SK on the back of resurgent demand for consumer loans, strong mortgage loan demand
- Decline in HU yoy across all business lines, stabilising qoq

# Business performance: customer deposit stock & growth – Deposit decline overstated by EUR 1.8bn CZ one-off

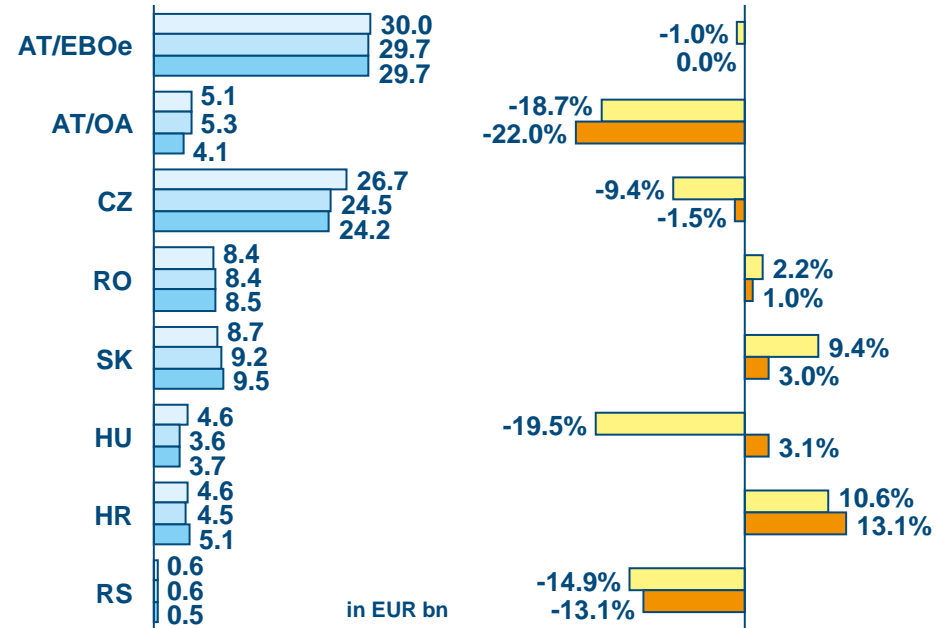
■ YoY    ■ 30/09/13  
■ QoQ    ■ 30/06/14  
■ 30/09/14

Business line view



- Retail: EUR 1.0bn yoy decline is overstated by EUR 1.8bn due to final deconsolidation of Czech pension fund (allocated to Retail)
- Shift from SME to LC distorts comparison

Geographic view



- Underlying trend in CZ stable (see left side explanation)
- YOY slight decline in EBOe driven by Retail business line due to liability repricing with positive margin effect; stable qoq
- Decline in Hungary yoy due to persistent corporate deposit outflows; smaller, but still significant decline in Retail due to shift from deposits into asset management

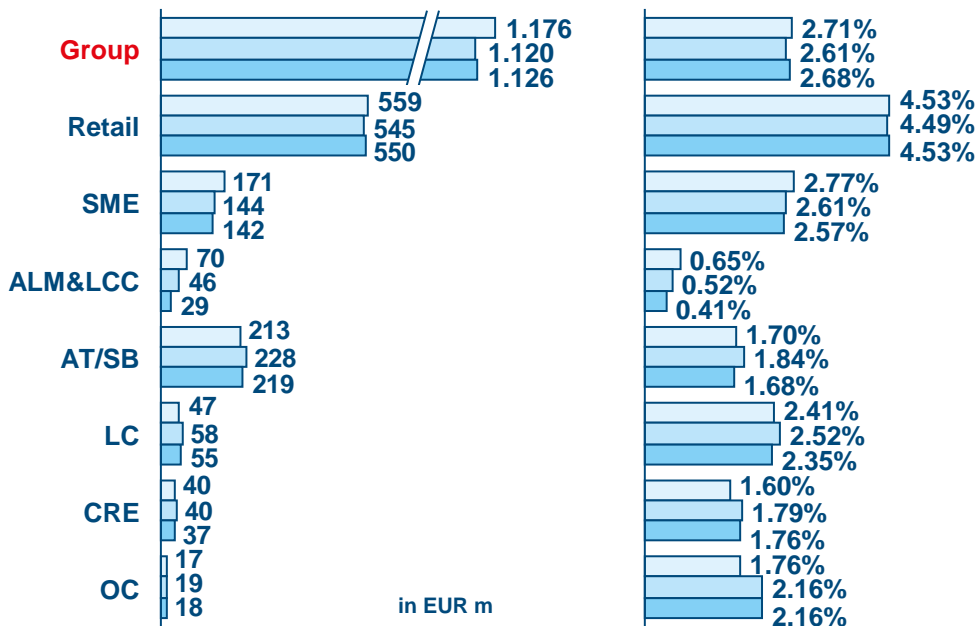


# Business performance: NII and NIM –

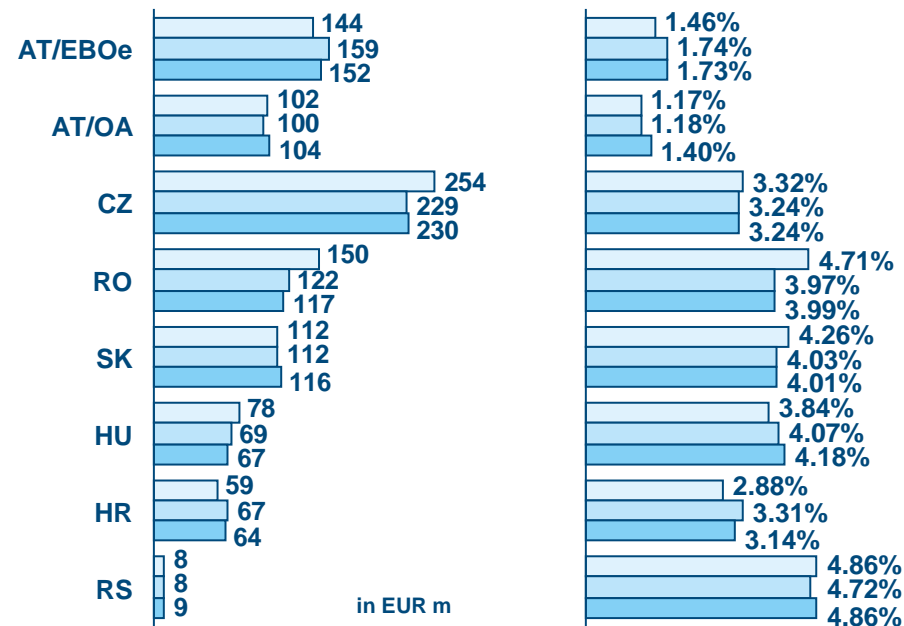
## NII stable qoq, down yoy on lower volumes and CZK effect

Q3 13  
Q2 14  
Q3 14

Business line view



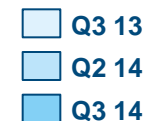
Geographic view



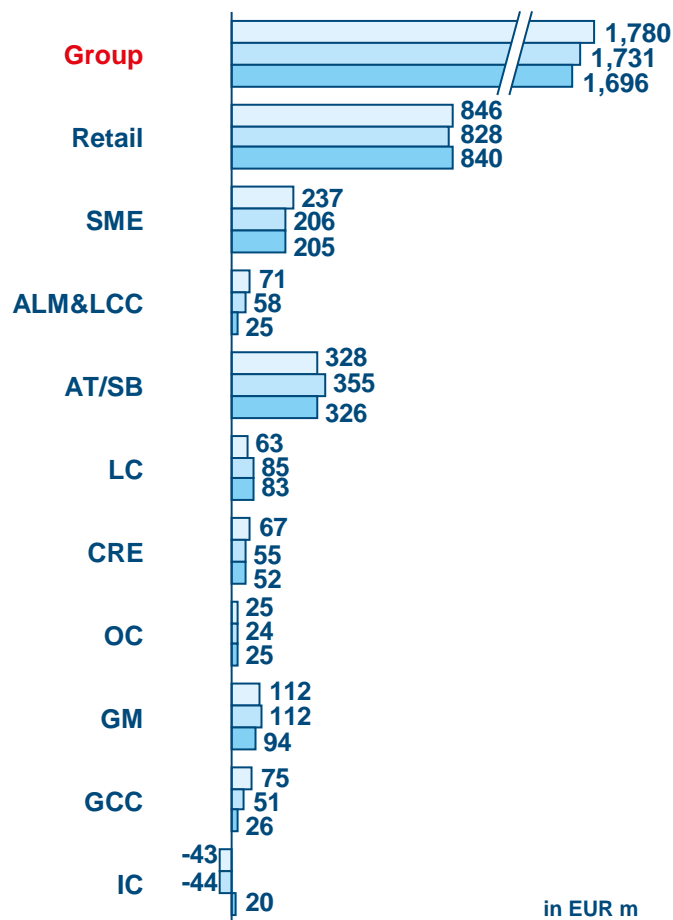
- Group NII down yoy mainly due to lower volumes & margins in RO and FX effects in CZ
- Retail: yoy decline in BCR, still shrinking business in HU and FX impact in CZ despite strong development in EBOe, qoq up mainly on loan volumes and deposit margins in SK
- SME, LC: yoy NII impacted by reallocation from SME to LC
- AT/EBOe: yoy up due to changes of deposit pricing
- CZ: yoy decline in NII mainly on FX effects, despite positive developments in retail (higher mortgage volume, despite FX-effect)
- RO: yoy decrease driven by significantly lower average loan volumes, compounded by margin compression; qoq decline due to lower unwinding impact

# Business performance: operating income –

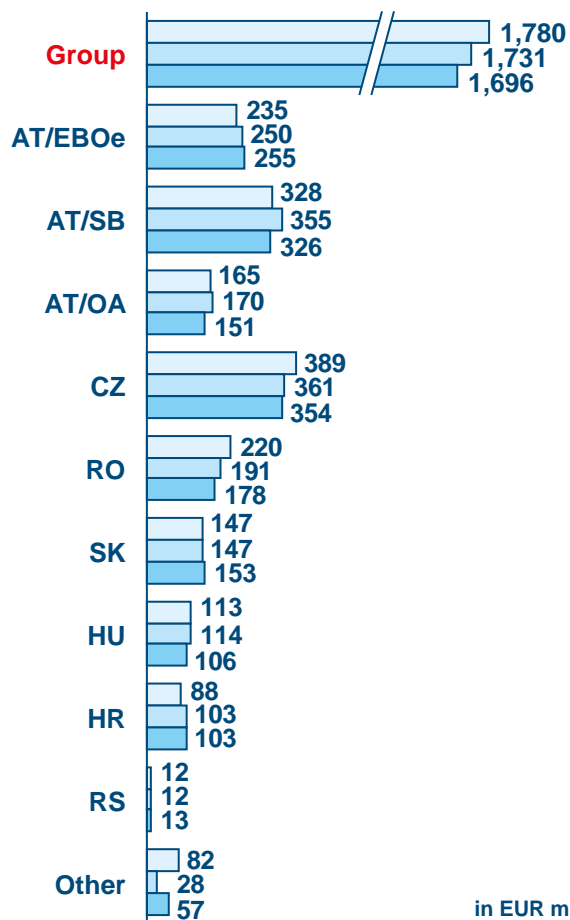
Operating income decline due to lower trading result qoq, lower NII yoy



## Business line view



## Geographic view



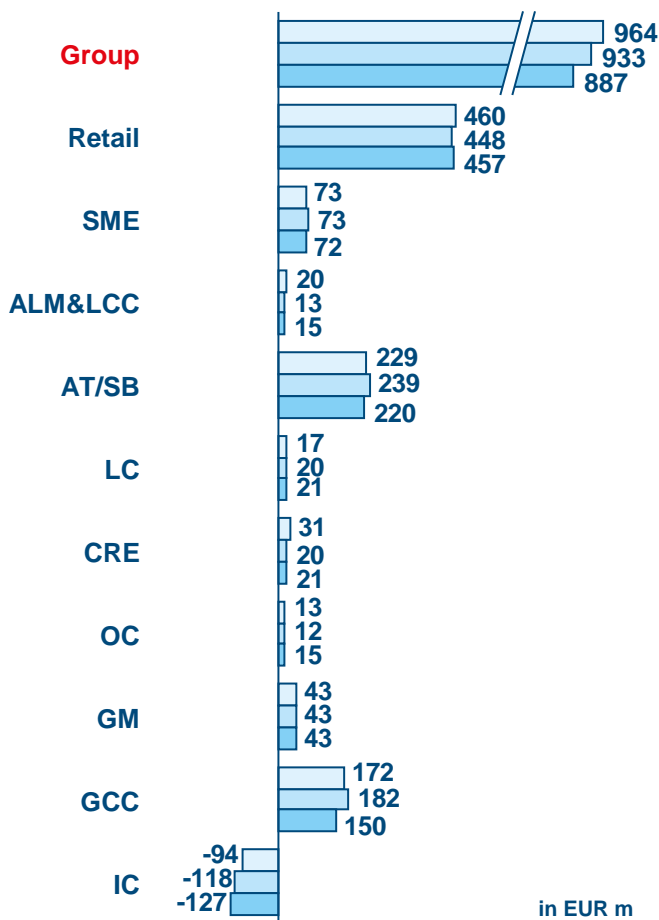
## Highlights

- Decline in group operating income driven by lower NII yoy and lower net trading and fair value result qoq
- Retail: yoy decline in NII driven by lower volumes and margins (RO, HU) and FX effect (CZ), improved qoq in SK
- SME: yoy decline due to reallocation to LC
- SBs: qoq decline impacted by lower net trading and FV result
- GCC (prior to intragroup elimination): NII impacted by lower capital benefit from free capital, fee income down on higher fee expenses from internal service providers
- AT/EBOe: NII yoy up on change in deposit pricing, fee income up on merger with brokerjet, and payment and insurance fees
- CZ: NII, net fee and commission income and net trading result impacted by FX effect
- RO: NII down yoy on lower volumes and margins in all major business lines and qoq on retail and net trading & FV result
- HR: yoy increase in NII on lower funding costs

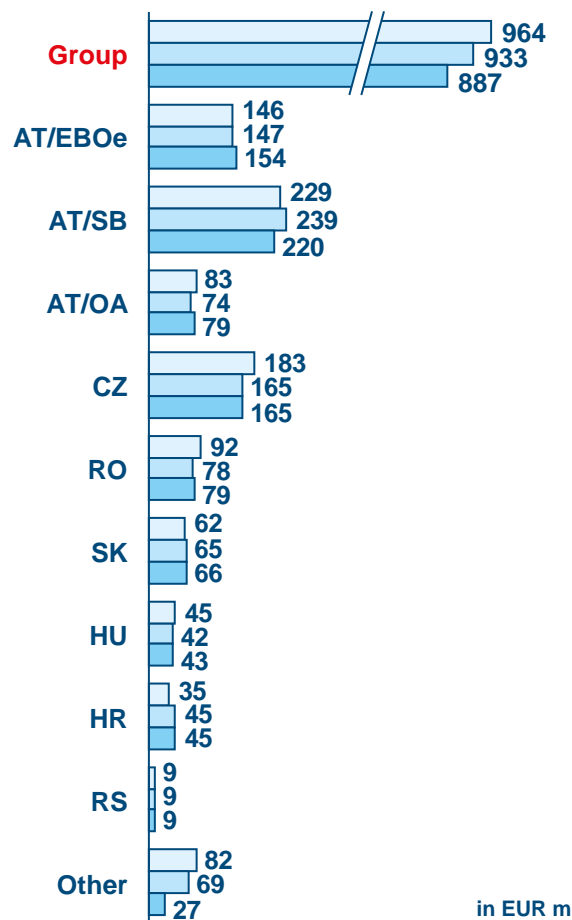
# Business performance: operating expenses – Cost decline slightly exaggerated in Q3 14

Q3 13  
Q2 14  
Q3 14

## Business line view



## Geographic view



## Highlights

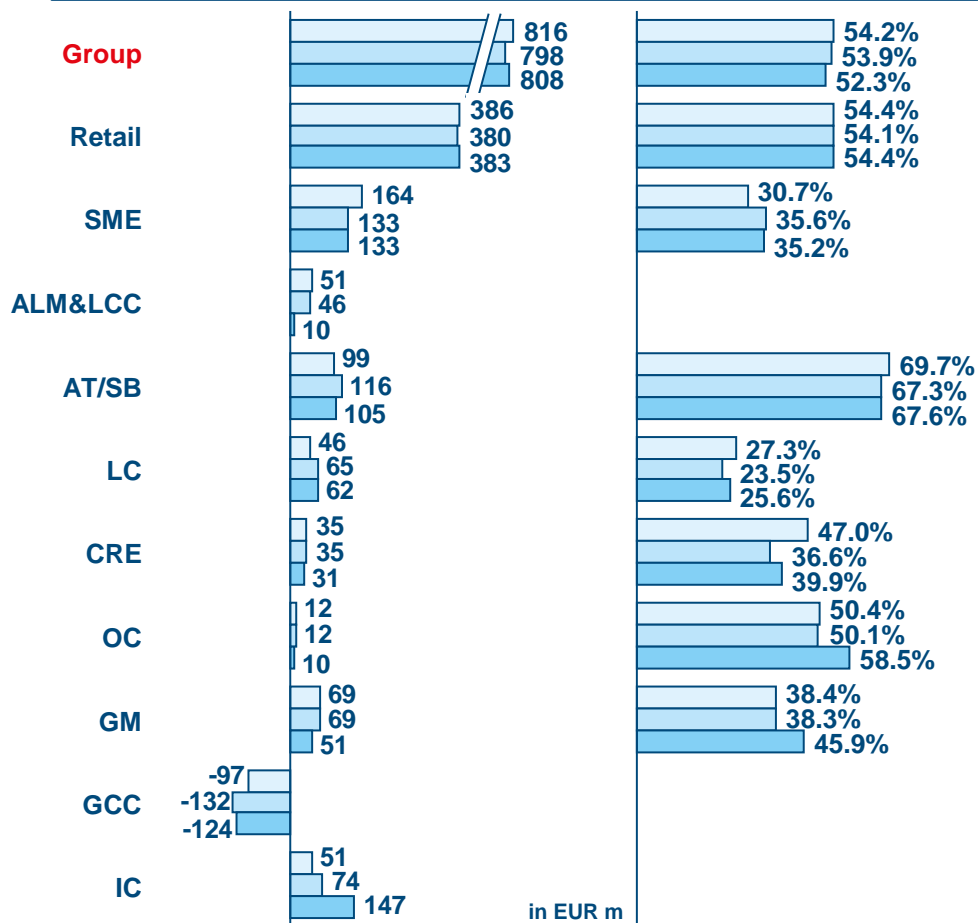
- Group operating expenses declined yoy on lower personnel expenses and on discontinuation of customer stock amortisation as of Q3 14
- Retail: yoy improvement mainly on cost saving measures in CZ and RO, up qoq in AT/EBOe (merger with brokerjet) and HU
- CRE: yoy decline driven by strict cost management and deconsolidation of leasing entities
- GCC (prior to intragroup elimination): yoy and qoq driven by discontinuation of BCR customer relationship amortisation
- AT/OA: down yoy on leasing entities deconsolidation effect, which increased costs in HR, qoq increase at Holding level
- CZ: improvement yoy in personnel expenses, supported by FX effect
- RO: yoy decline in personnel expenses due to restructuring measures
- Other: mirrors GCC and IC developments

# Business performance: operating result and CIR –

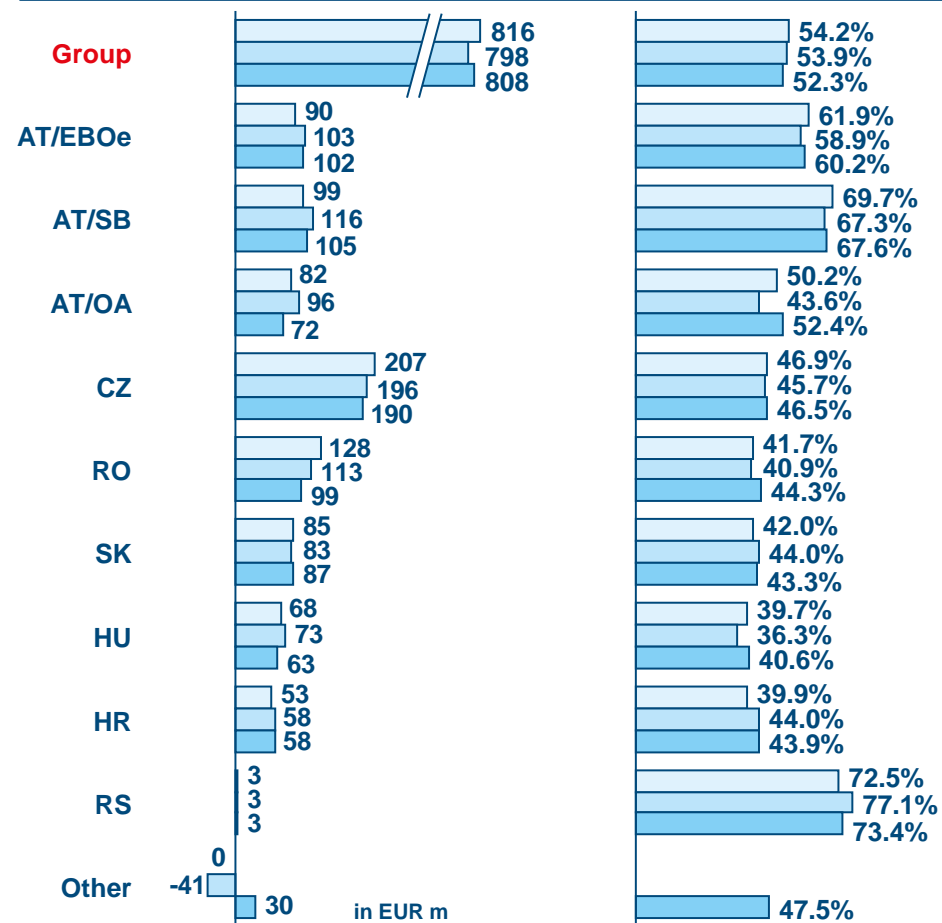
## Operating result stable, cost/income ratio improved

Q3 13  
Q2 14  
Q3 14

### Business line view



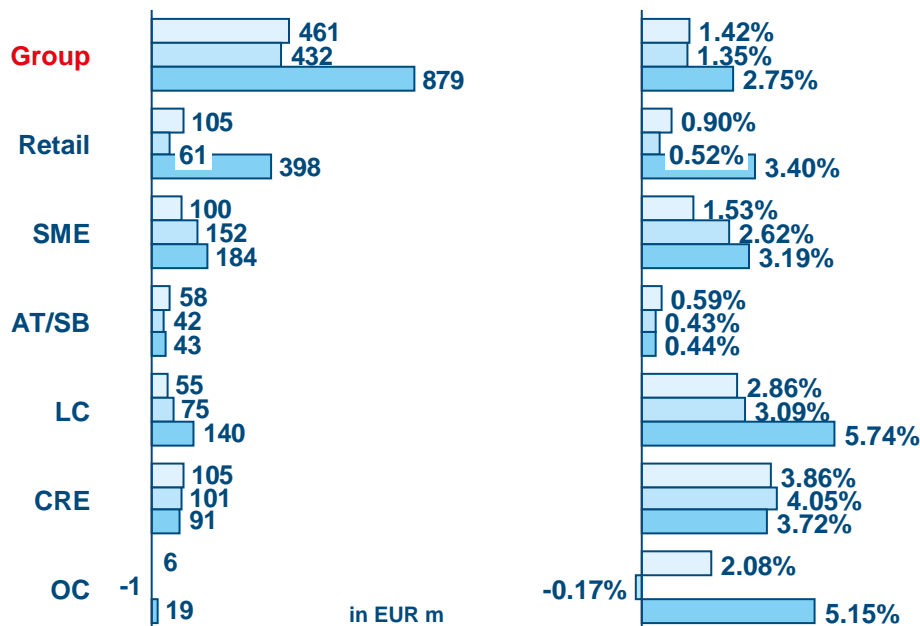
### Geographic view



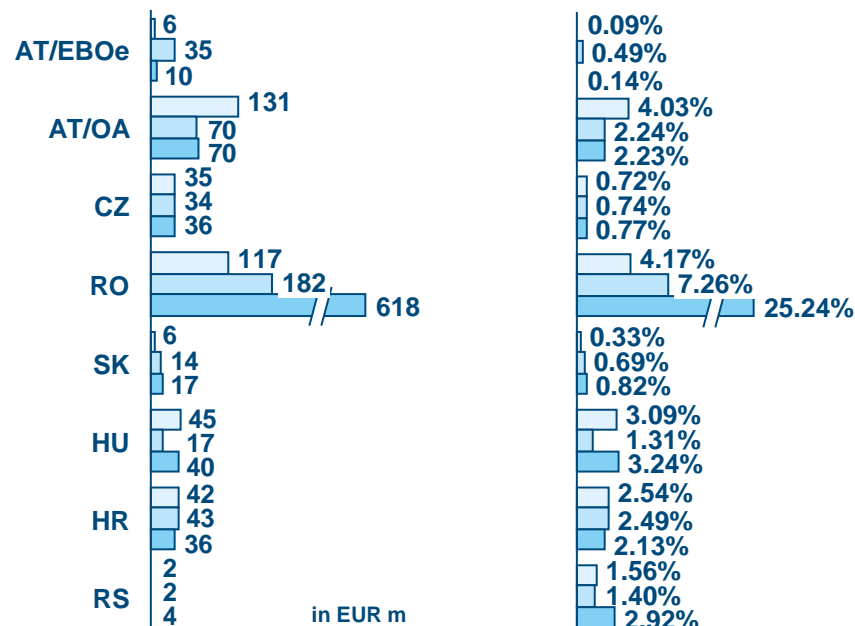
# Business performance: risk costs (abs/rel\*) – Higher risk costs on additional provisions in Romania

Q3 13  
Q2 14  
Q3 14

Business line view



Geographic view



- Increase in group risk costs in line with guidance, due to higher provisions in RO on the back of accelerated NPL reduction
- Retail: significant qoq increase in RO (adapted LGDs for legacy portfolio) and to a lesser extent in HU
- SME: yoy and qoq increase almost solely in RO
- LC: higher risk provisions yoy and qoq in RO, more than offset yoy decline in AT, CZ and SK

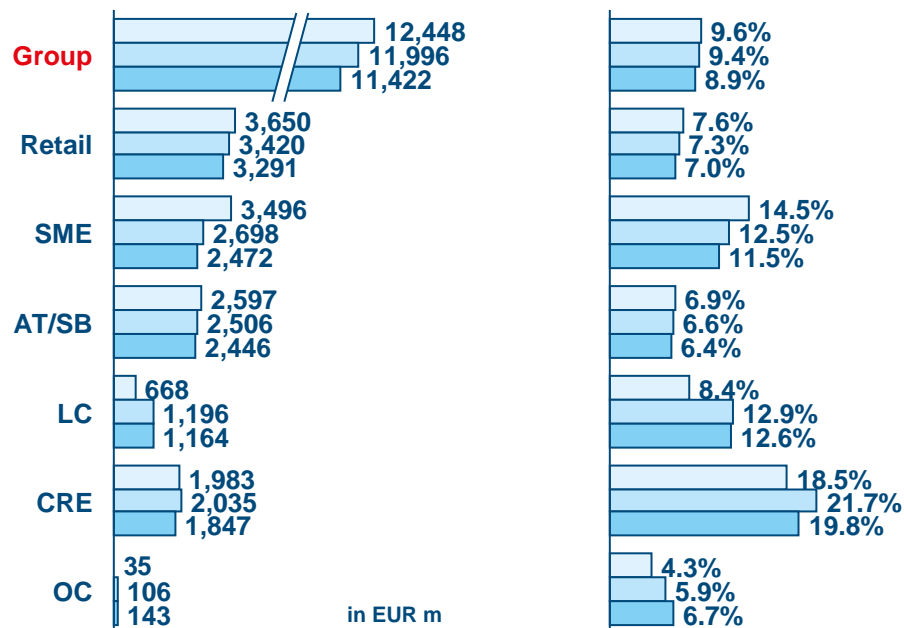
- AT/EBOe: improvement due to increased risk costs in SME in Q2 14
- AT/OA: yoy decline in Holding and Immorent
- RO: significant increase in Retail (adapted LGDs), SME and LC and less pronounced in CRE on the back of accelerated NPL reduction
- HU: qoq development driven by lower provisioning requirements in Retail and CRE in Q2 14

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

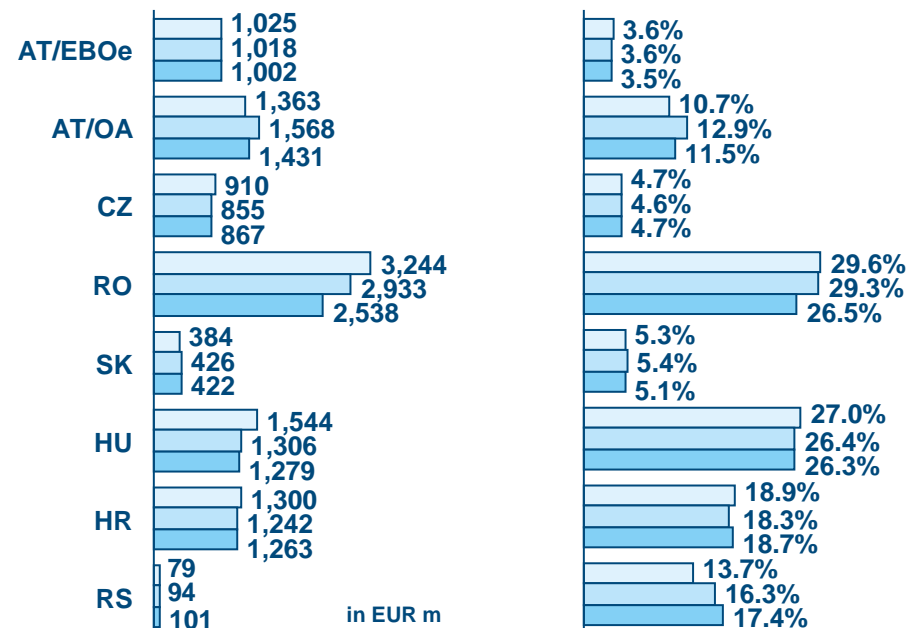
# Business performance: non-performing loans and NPL ratio – Asset quality improvement gains momentum

30/09/13  
30/06/14  
30/09/14

### Business line view



### Geographic view



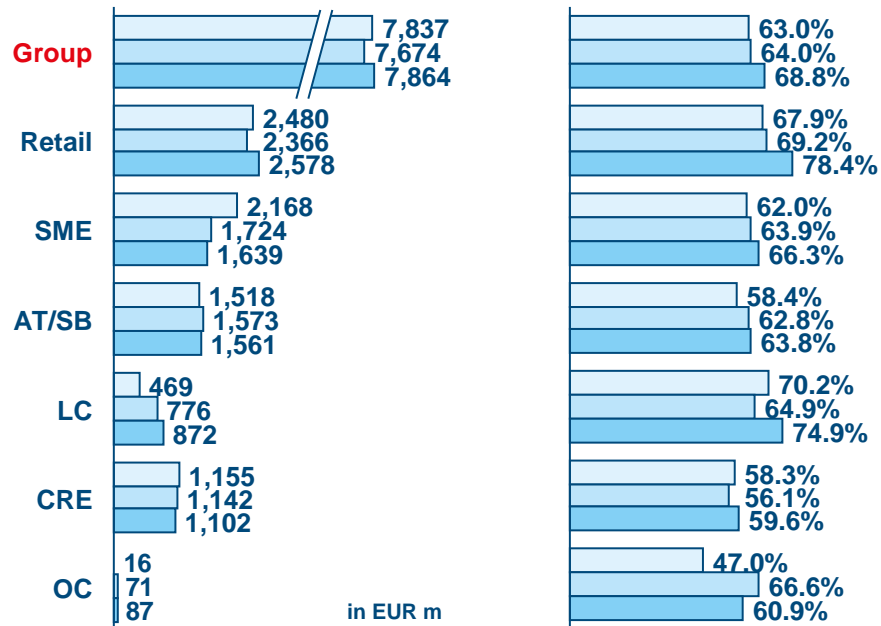
- Continued decline of group NPL volume and group NPL ratio on supportive trends in Retail, SME (BL) and RO, HU (geo)
- NPL sales amounted to EUR 341.3m in Q3 14
  - Retail: EUR 56.2m
  - Corporate: EUR 285.1m
- Reallocation of about EUR 800m from SME to LC is key reason for yoy NPL increase in LC & decline in SME; underlying trends stable

- NPL sales mainly in RO (EUR 275.7m); decline in NPL ratio less pronounced due to declining overall loan volume; further significant NPL sales expected
- Minor sales in AT/OA (Holding, Immorent), CZ, SK and HU

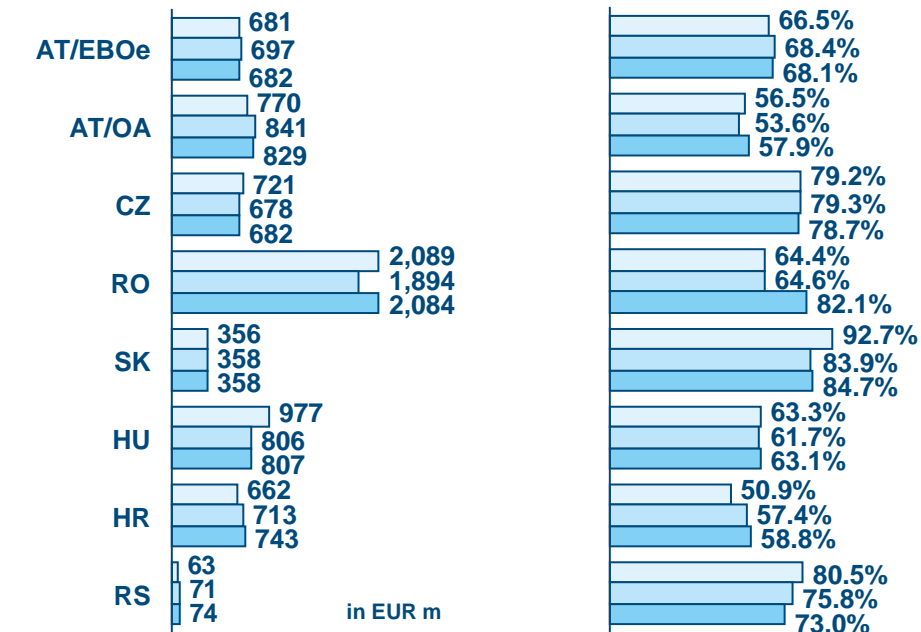
# Business performance: allowances for loans and NPL coverage – NPL coverage rises to multi-year high of 68.8%

■ 30/09/13  
■ 30/06/14  
■ 30/09/14

Business line view



Geographic view



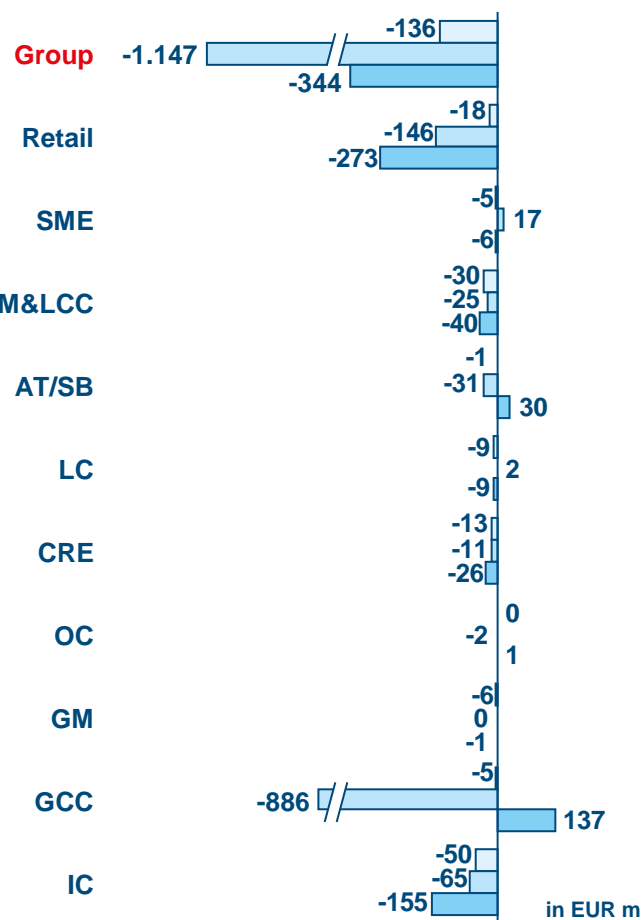
- Improving group coverage ratio over the past quarters following significant provisioning in RO
- Retail, LC, SME: increase in risk provisioning and coverage to fund accelerated NPL reduction in RO

- AT/OA qoq coverage rise reflects additional provisions in LC
- RO substantial qoq coverage increase to fund accelerated NPL reduction
- Continued increase in coverage in HR

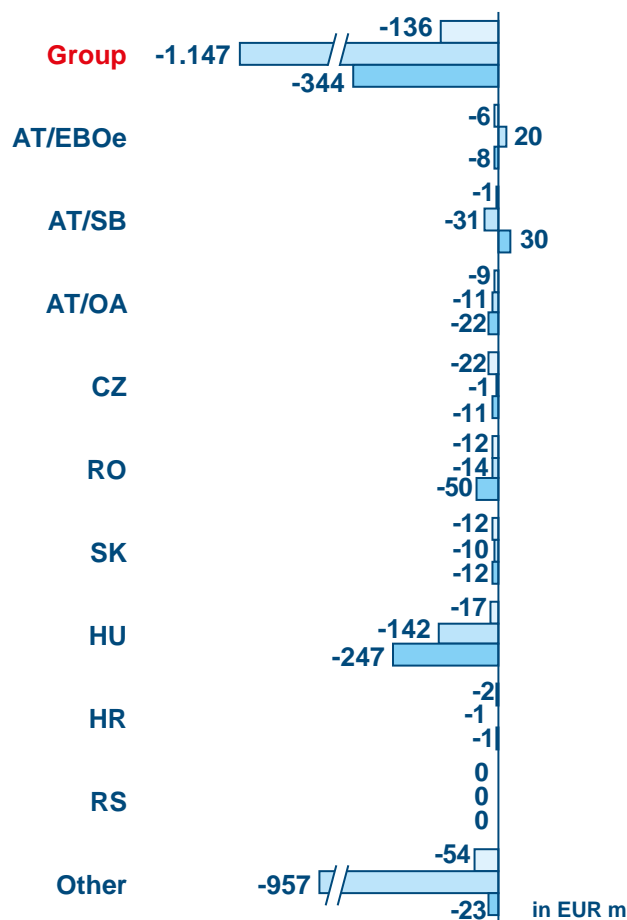
# Business performance: other result – Q3 14 driven by Hungarian consumer loan law

Q3 13  
Q2 14  
Q3 14

## Business line view



## Geographic view



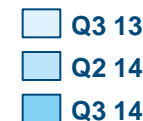
## Highlights

- QOQ improvement in group other result due to goodwill impairments in Q2 14; Q3 14 other result still burdened by HU one-off
- Retail: yoy and qoq deterioration driven by HU consumer loan law passed in July 14 (Q3 14 impact: EUR 230.5m)
- SME: Q2 14 impacted by one-off income from insurance payment (in AT/EBOe)
- LC: driven by releases of risk provisions of contingent credit risk liabilities in EBOe in Q2 14
- CRE: down yoy and qoq due to impairments of repossessed assets at Immorent
- GCC: goodwill impairments in Q2 14; GCC has to be read in conjunction with IC elimination
- AT/SB: driven by losses on AfS securities in Q2 14 and positive valuation effects in Q3 14
- AT/OA: impacted by negative effects in Immorent
- RO: deterioration in Q3 impacted by impairments of repossessed assets
- Other: volatility in Other segment mirrors developments in GCC and IC elimination



# Business performance: net result –

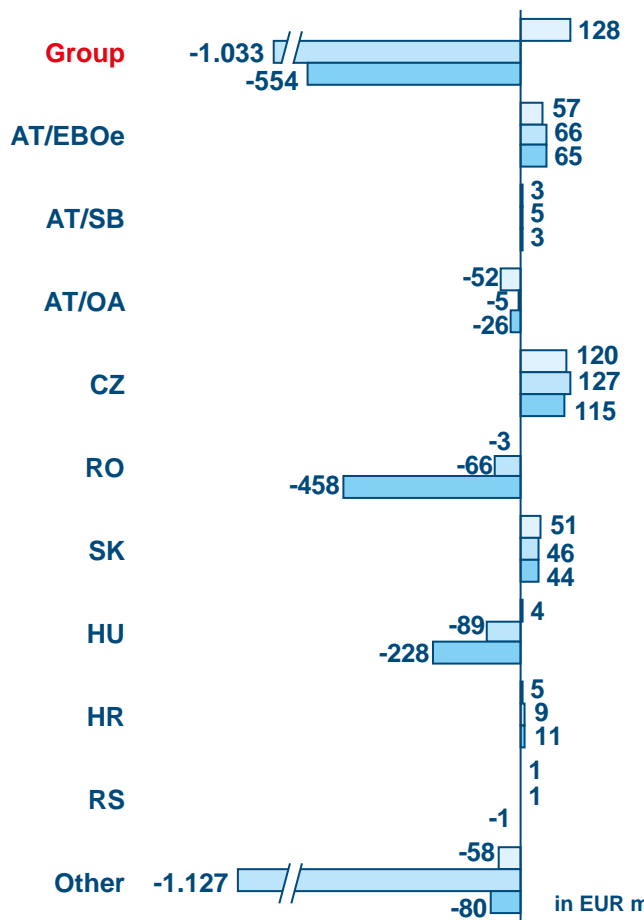
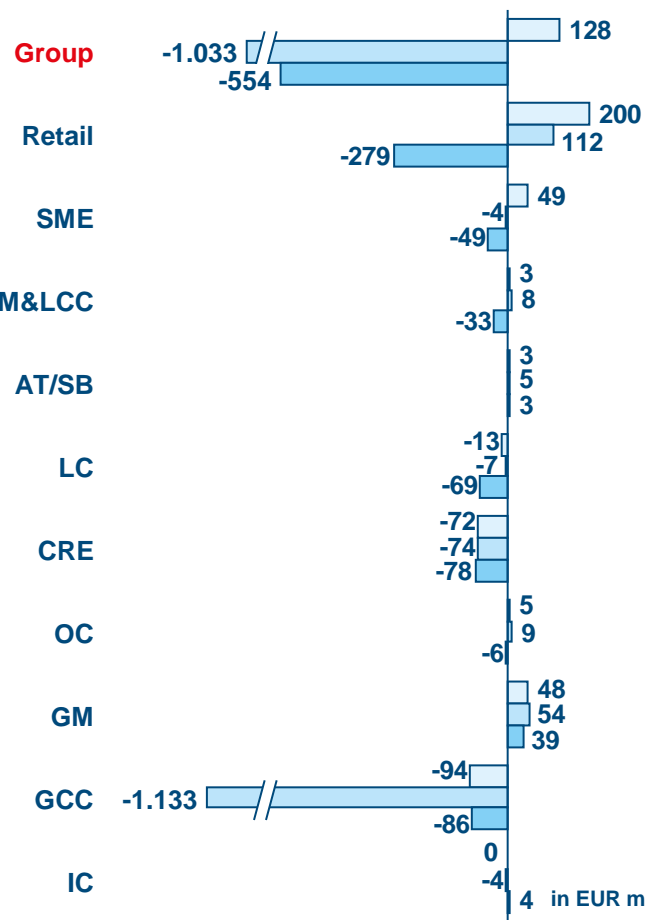
## Q3 14 net loss due to HU one-off and higher risk costs in Romania



Net result by business line

Net result by geography

Highlights



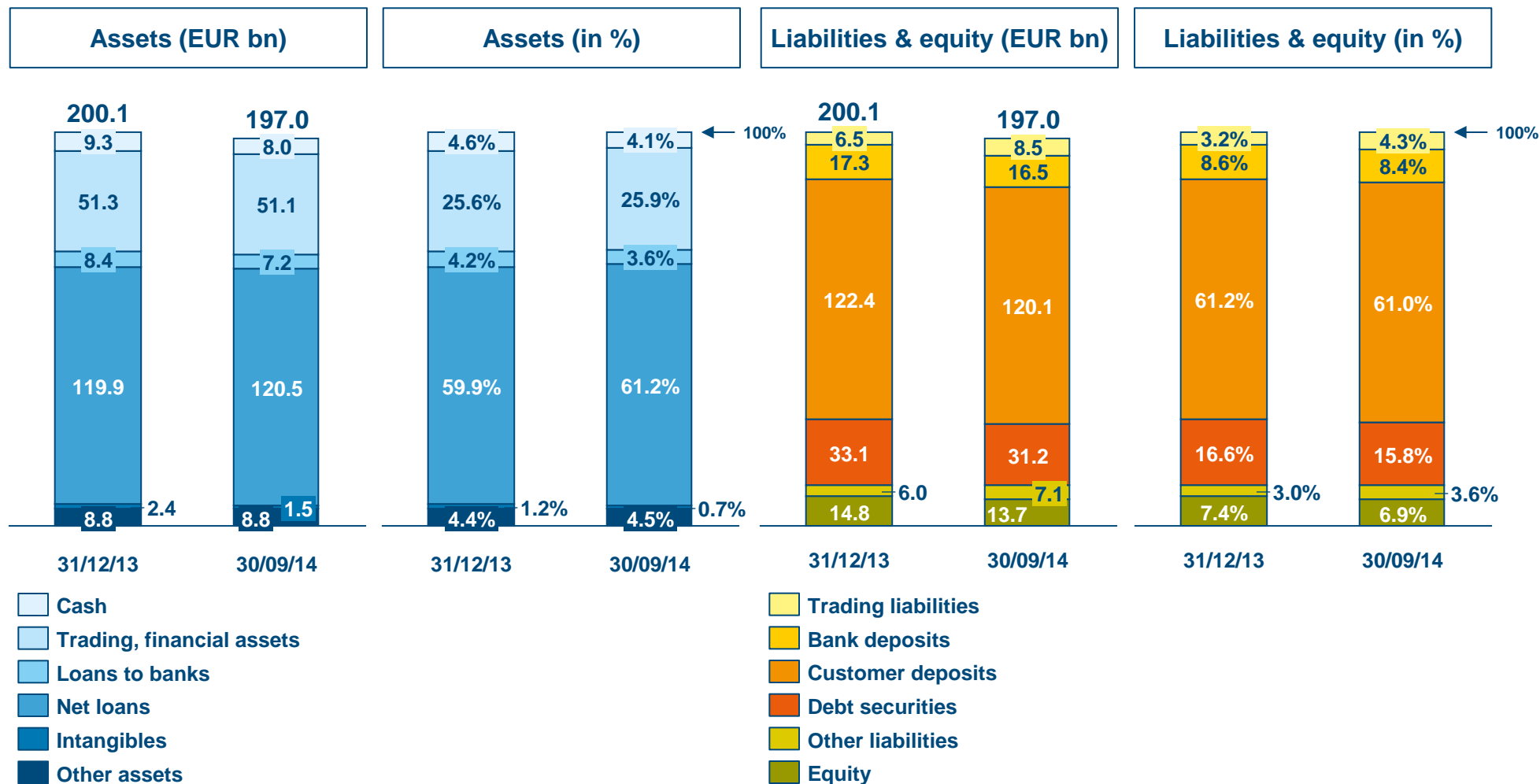
- QOQ improvement in net result, significant one-offs (goodwill, taxes) in Q2 14, Q3 14 net loss due to higher risk costs in RO and consumer loan law in HU
- Retail affected by HU consumer loan law and higher provisioning requirements in RO
- SME and CRE impacted by higher provisioning requirements in RO
- GCC and Other segments driven by intangibles write-downs in Q2 14
- Return on equity at -21.7% in Q3 14, following -37.6 % in Q2 14 and 4.2% in Q3 13
- Cash return on equity at -23.3% in Q3 14, following -6.9 % in Q2 14 and 2.6% in Q2 13

# Presentation topics

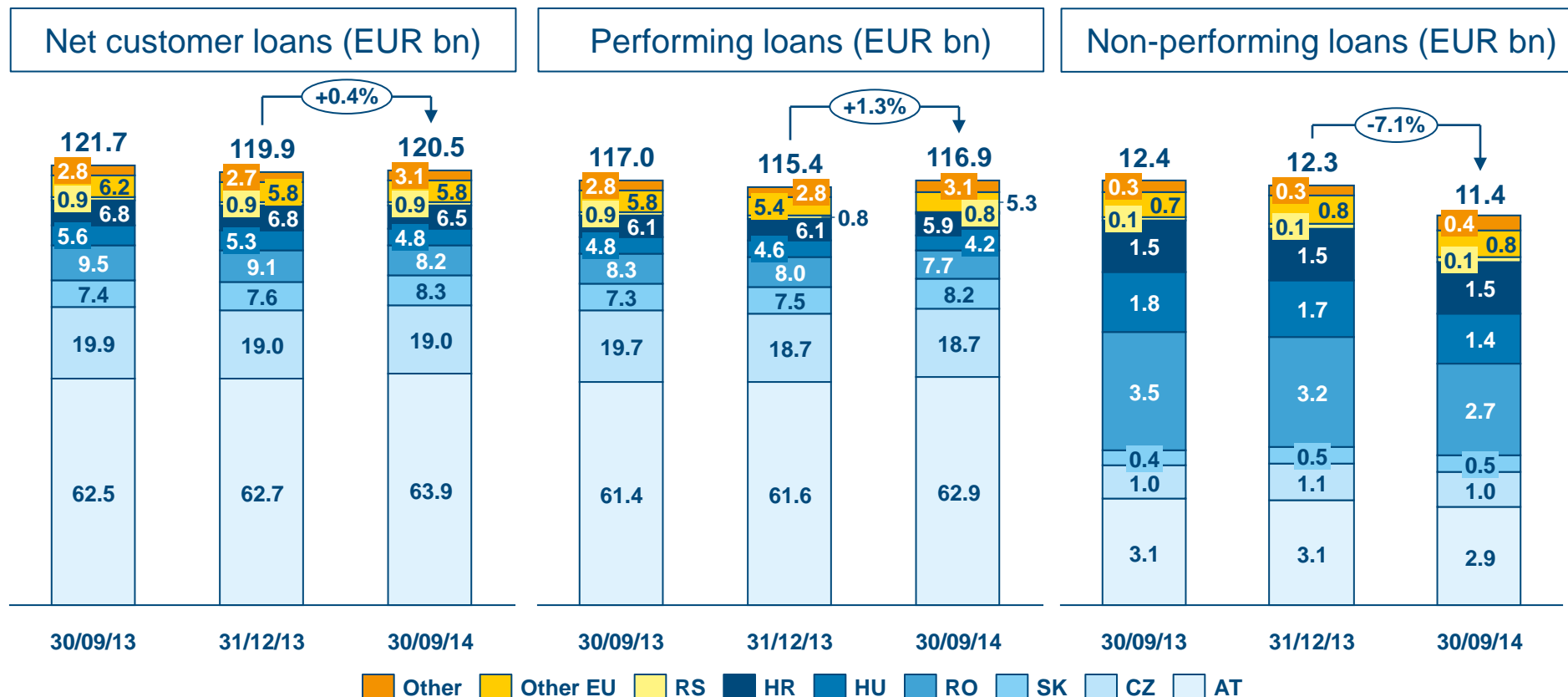
- Executive summary
- Business environment
- Business performance
- **Assets and liabilities**
- Outlook
- Additional information

# Assets and liabilities: YTD overview –

## Loan/deposit ratio balanced at 100.3%



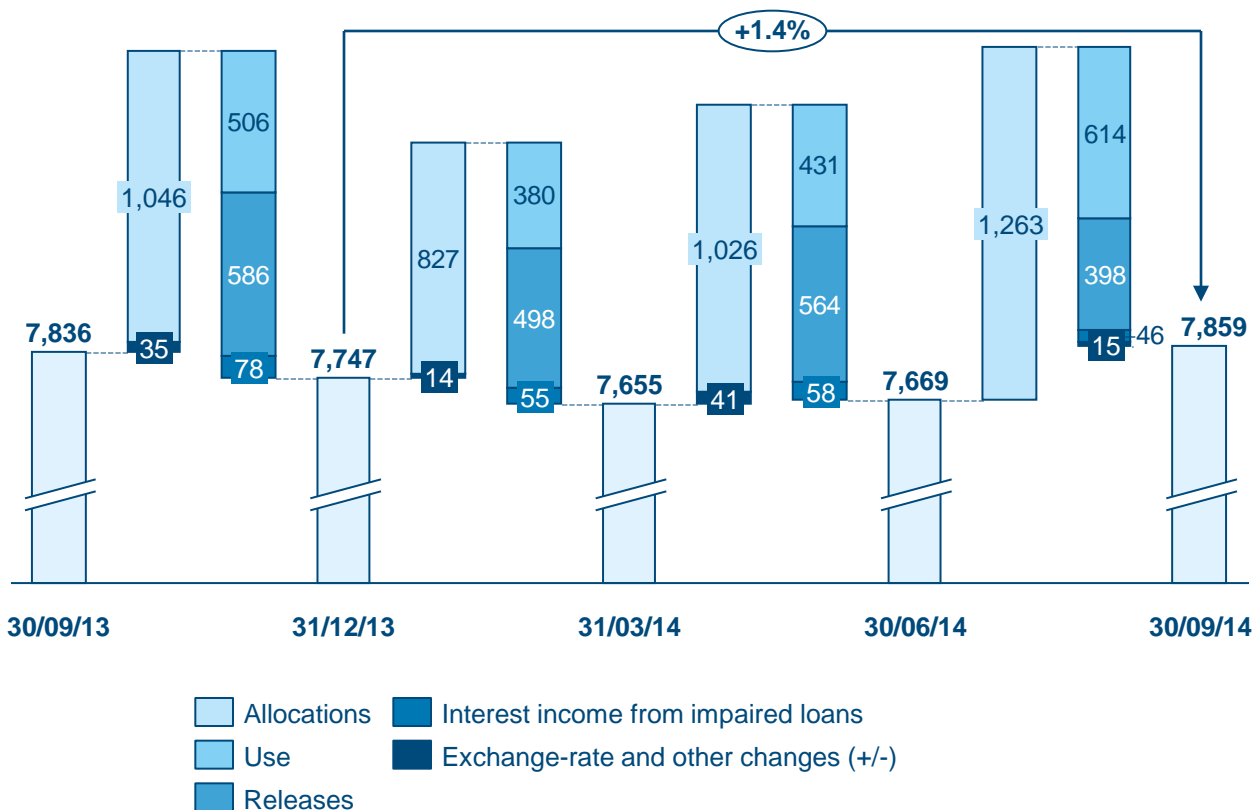
# Assets and liabilities: customer loans by country of risk – Second consecutive quarter of increase in performing loans, NPLs decline



- Improved stability of net customer loans and rise in performing loans due to:
  - Increases in Austrian and Slovak loan books offset declines in Hungary, Romania and Croatia
  - Continued stable growth in Slovakia (yoy & ytd) and stability in the Czech Republic (ytd)
- YTD decline in NPL stock driven by lower gross inflows on group level and lower NPLs in Austria, Hungary and Romania

# Assets and liabilities: allowances for customer loans – Increase in allowances despite decline in NPL volume

Quarterly development (EUR m)



## Highlights

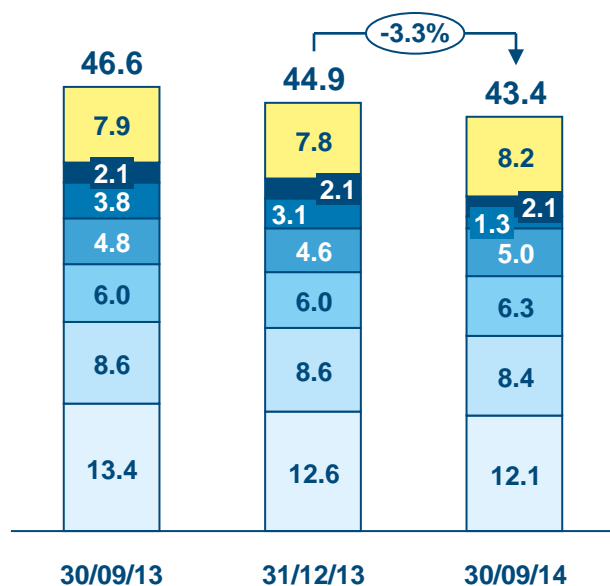
- Higher allocations due to booking of additional provisions in Romania
- Higher qoq level of use due to higher qoq NPL sales (EUR 341.3m vs EUR 134.9m)
- P&L unwinding impact = interest income from impaired loans = EUR 159m ytd

## Unwinding impact explained

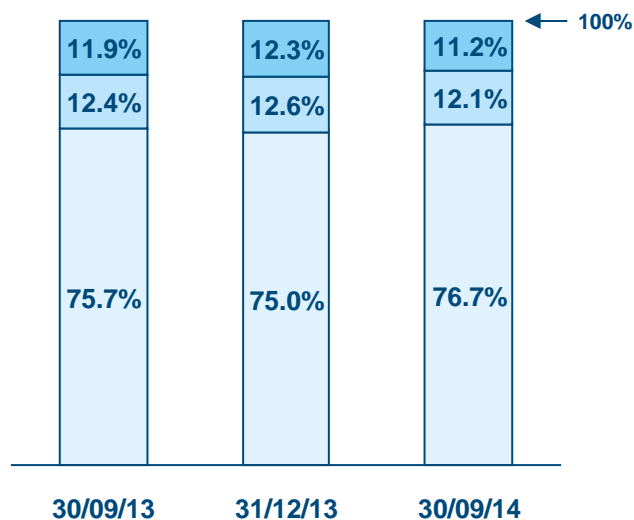
- Erste Group does not accrue interest on NPLs
- When a loan turns NPL Erste Group estimates the recoverable amount and the time frame of recovery
- The recoverable amount is discounted to present (at the effective interest rate of the underlying contract) and a provision reflecting the time value of money is created, ie a higher provision than without discounting
- The time value is released through NII until recovery realisation
- Total unwinding contribution to NII in Romania: 2013 = EUR 142m, 2014e = ~ EUR 80-100m

# Assets and liabilities: financial and trading assets \* – LCR at comfortable 106% (YE 13: 107%)

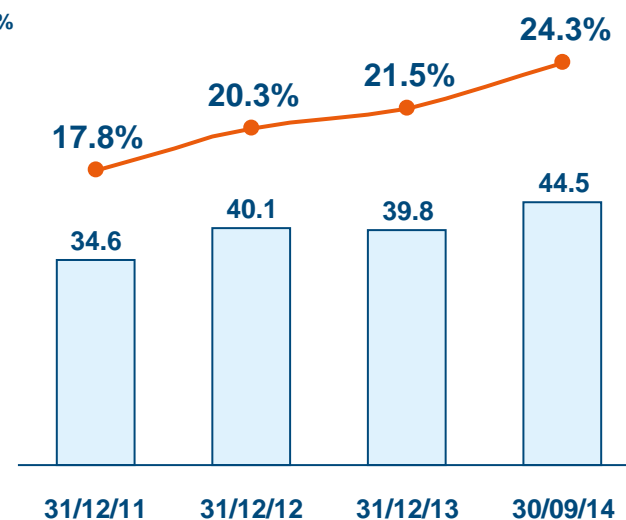
By geography (EUR bn)



By debtor type



Liquidity buffer (EUR bn)



■ Other  
■ DE  
■ HU  
■ RO  
■ SK  
■ CZ  
■ AT

■ Other  
■ Banks  
■ Sovereign

■ Liquidity buffer  
—●— Liquidity buffer as % of total liabilities

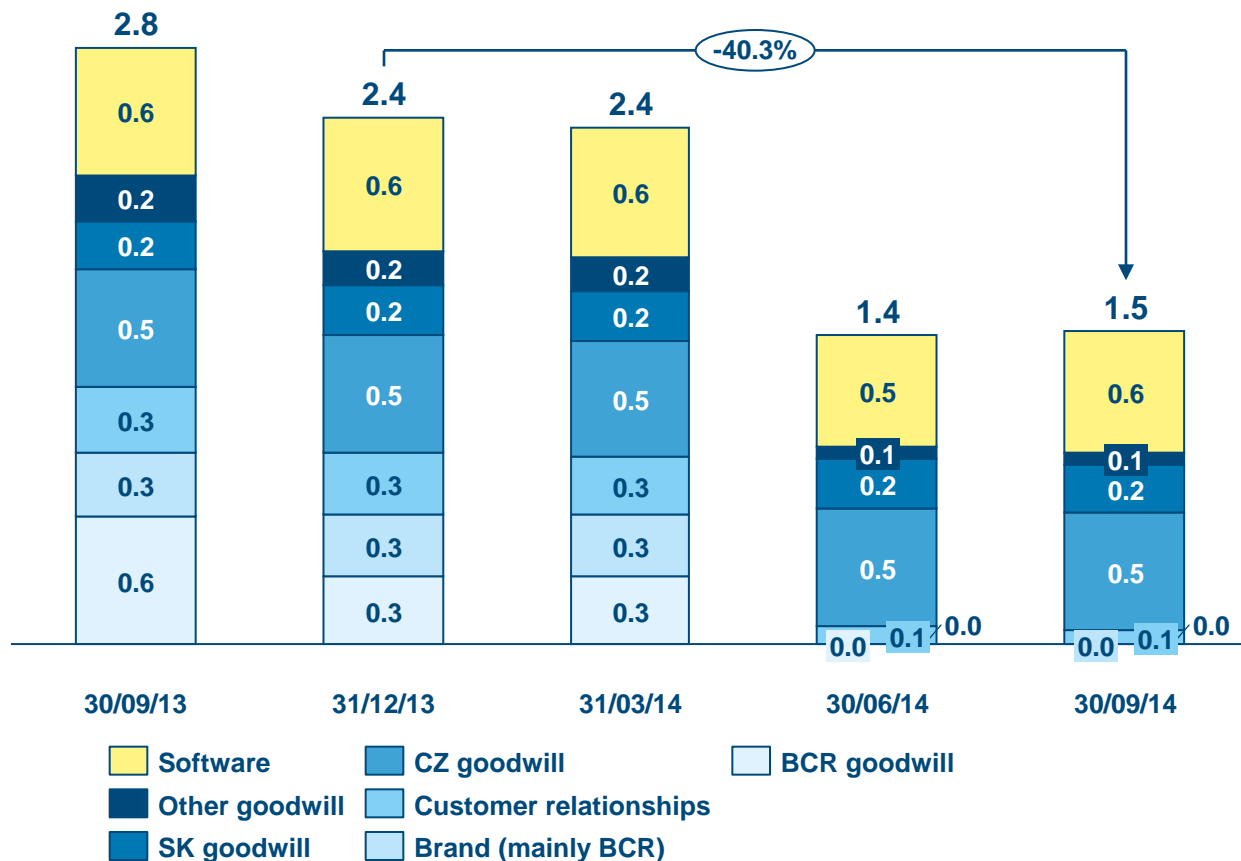
- Liquidity buffer is defined as unencumbered collateral plus cash
- Total liabilities are defined as total on balance sheet liabilities excluding total equity
- Increase as of Sep 14 mainly on broader scope of consolidation (driven by EBA requirements)

\* Excludes derivatives held for trading.

# Assets and liabilities: intangibles –

## Significant reduction in intangibles to only 14.6% of book value

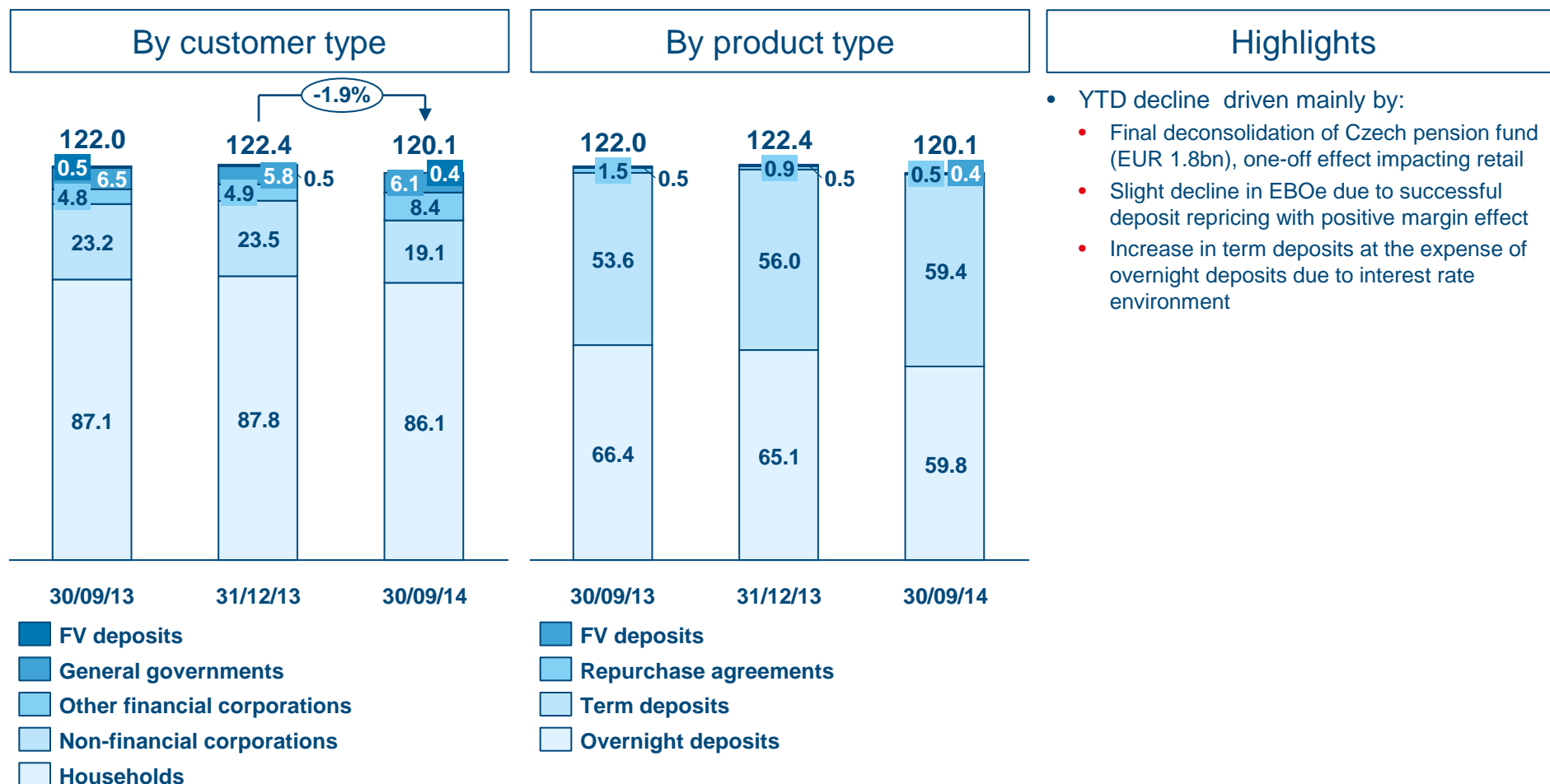
Quarterly development of intangibles (EUR bn)



Highlights

- Extraordinary intangible write-downs amounted to EUR 931.7m (thereof goodwill of EUR 420.9m and value of customer relationships and brand in RO of EUR 489.8m)
- CZ and SK goodwill are carried in EUR
- No goodwill related to Hungary
- No goodwill related to Romania
- Significantly reduced customer relationship amortisation expenses booked in operating costs of the Group Corporate Center as of Q3 14

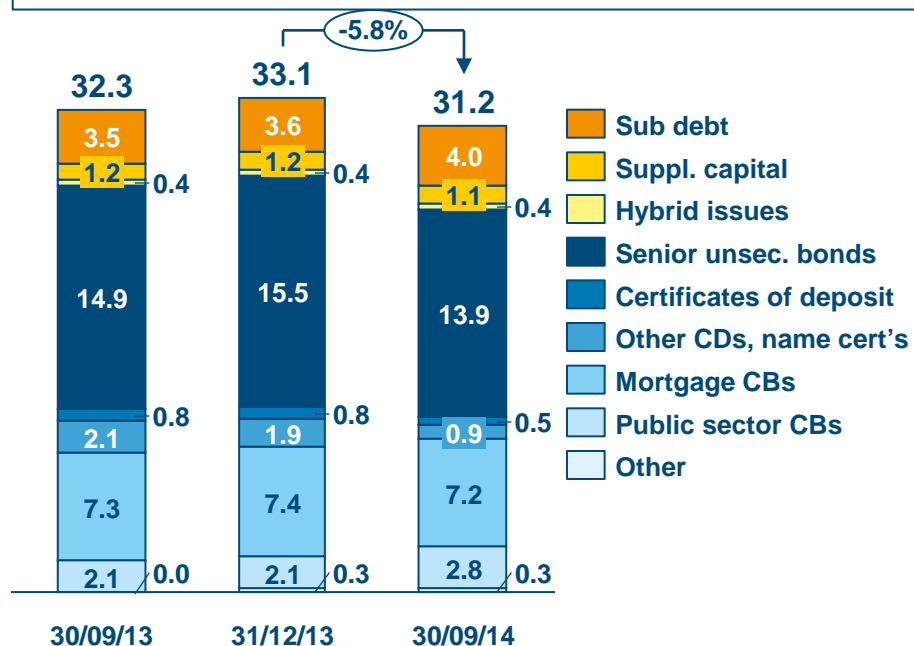
# Assets and liabilities: customer deposit funding – Decline in customer deposits driven by EUR 1.8bn Czech one-off



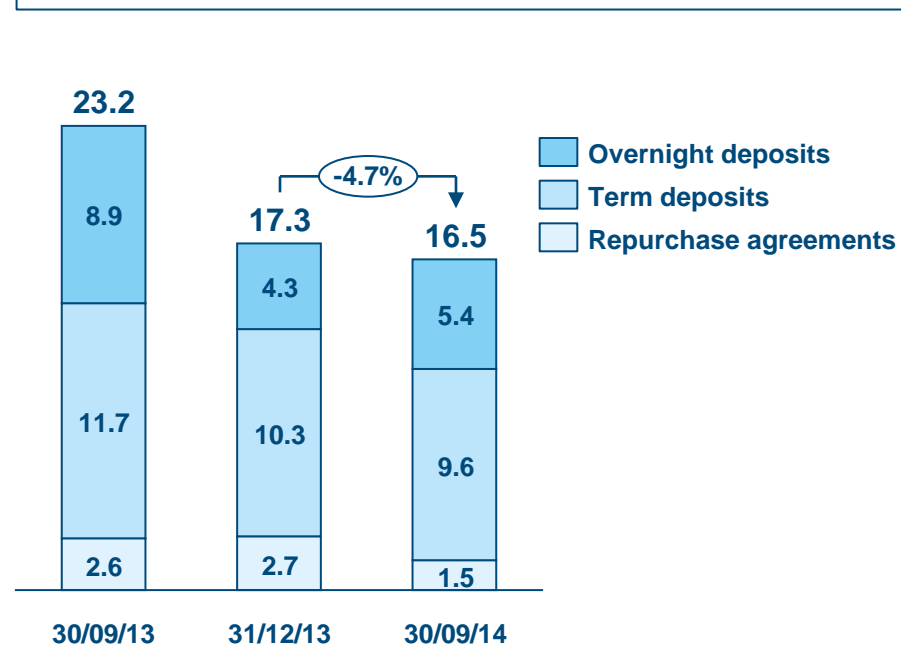


# Assets and liabilities: debt vs interbank funding – Decline in both issued debt and interbank funding

Debt securities issued (EUR bn)



Interbank deposits (EUR bn)

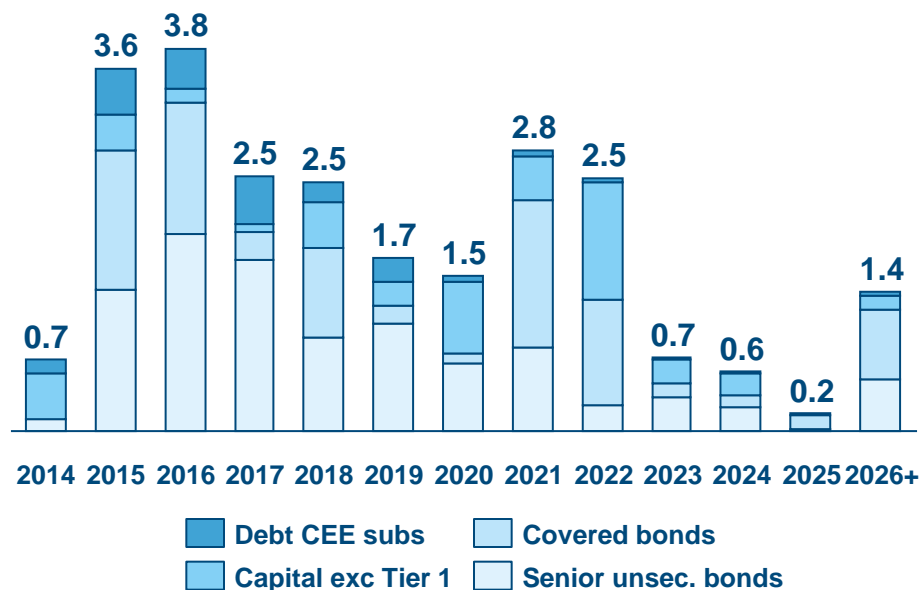


- YTD decline in issued debt driven by maturities of senior unsecured bonds, with no need to issue new debt due to excellent liquidity situation
- Excluding senior unsecured debt, stability in debt funding mix

- Decline in interbank deposits mainly due to slight balance sheet contraction

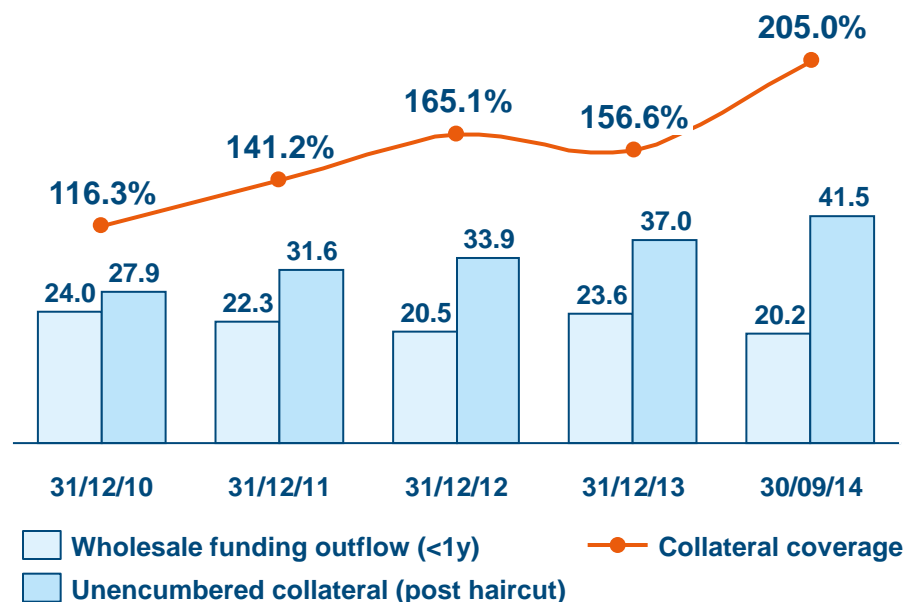
# Assets and liabilities: ST vs LT funding – Limited LT funding needs, solid ST funding collateral coverage

Maturity profile of debt (EUR bn)



- Continued emphasis on retail issues and private placements in very moderate funding plan
- Average maturity of issues during Q1-3 2014 amounts to 7.6 years and represents an extension of the current redemption profile
- Repurchase of supplementary capital in the amount of EUR 346.4m was successfully completed in October 2014

Wholesale funding outflow (<1y) v collateral coverage



- Collateral coverage ratio increased due to significantly lower gross short term funding outflow volumes
- The volume of unencumbered eligible collateral has an increasing trend due to investments in central bank eligible assets only
- Short term wholesale funding is quoted on a *gross* basis – *net* short term wholesale funding (netting with short term interbank and central bank placements) unchanged

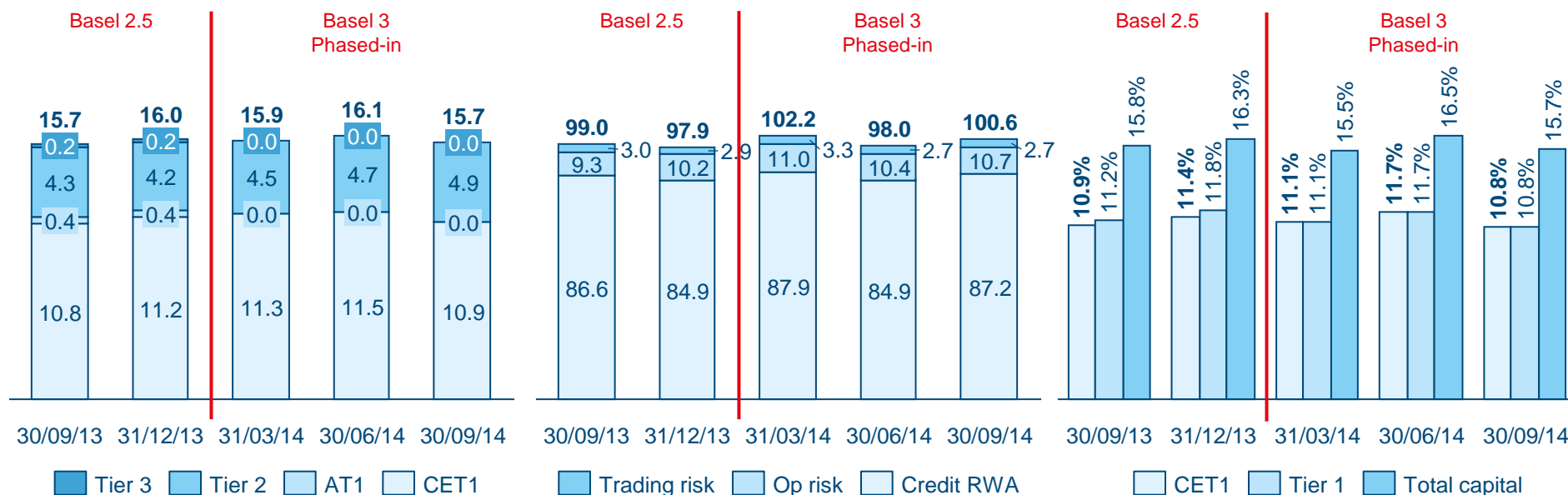
# Assets and liabilities: capital position –

CET 1-ratio (fully loaded) at 10.5%, supported by minority capital uplift

Basel 2.5/Basel 3 capital (EUR bn)

Risk-weighted assets (EUR bn)

Basel 2.5/Basel 3 capital ratios



- Negative impact of EUR 0.6bn due to increase in net loss as of 1-9 14
- Increase in Tier 2 mainly due to higher IRB surplus

- Slight qoq increase in RWAs due to:
  - Model changes in AT (adapted LGDs) and CZ, SK (adapted PDs): EUR 1.1bn
  - Exposure increase: EUR 0.7bn
  - Portfolio downgrades in AT, SK: EUR 0.2bn

- Basel 3 CET1 ratio (final) equalled 10.5% at 30 September 2014 (YE 2013: 10.8%)
  - Includes 60 bps capital uplift related primarily to the inclusion of savings banks' minority capital in CEE subsidiaries, as recently clarified with the Austrian Financial Market Supervisory Authority FMA; applicable immediately in fully loaded scenario only

# Presentation topics

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

## Conclusion – Outlook

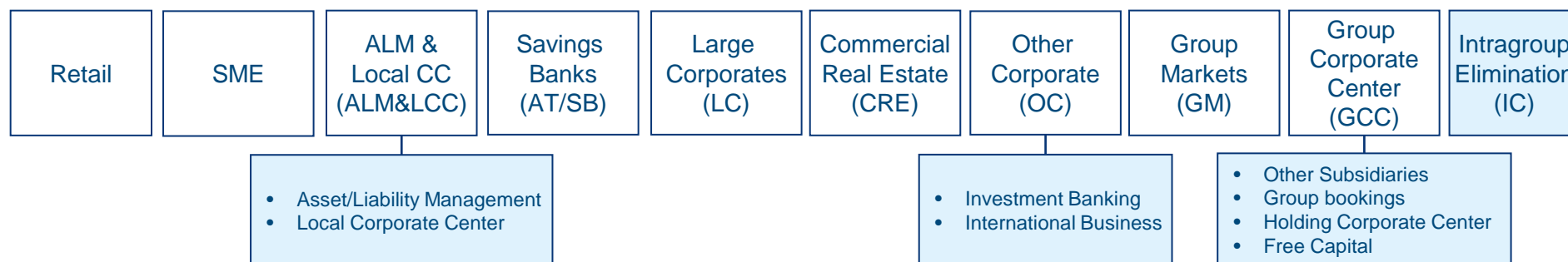
- **For Erste Group (consolidated):**
  - Risk costs of EUR 2.1-2.4 billion depending on booking of Hungarian consumer loan law impact (EUR 350-400m, EUR 360.8m of which have already been booked) in risk provisions or other operating result; any costs related to the unlikely, but still possible discounted conversion of Hungarian retail FX loans are not included in this guidance;
  - A net loss for 2014 of EUR 1.4-1.6 billion;
  - A CET 1-ratio (fully loaded, based on current definitions) of comfortably above 10.0% at year-end;
  - Strongly improved post-provision result and net profit (ROTE: 8-10%) in 2015, despite still disproportionate banking levies.
- **For the geographic segment Romania:** a full normalisation of risk costs at 100-150 bps of average gross customer loans starting in 2015, accompanied by an accelerated NPL reduction already in 2014; a lower, but sustainable operating result due to a lower unwinding impact on net interest income;
- **For the geographic segment Hungary:** a gradual normalisation of risk costs to 150-200 bps (by 2016) of average gross customer loans based on the assumption that all government actions will be completed in 2014; a lower, but sustainable operating result due to lower net interest income

# Presentation topics

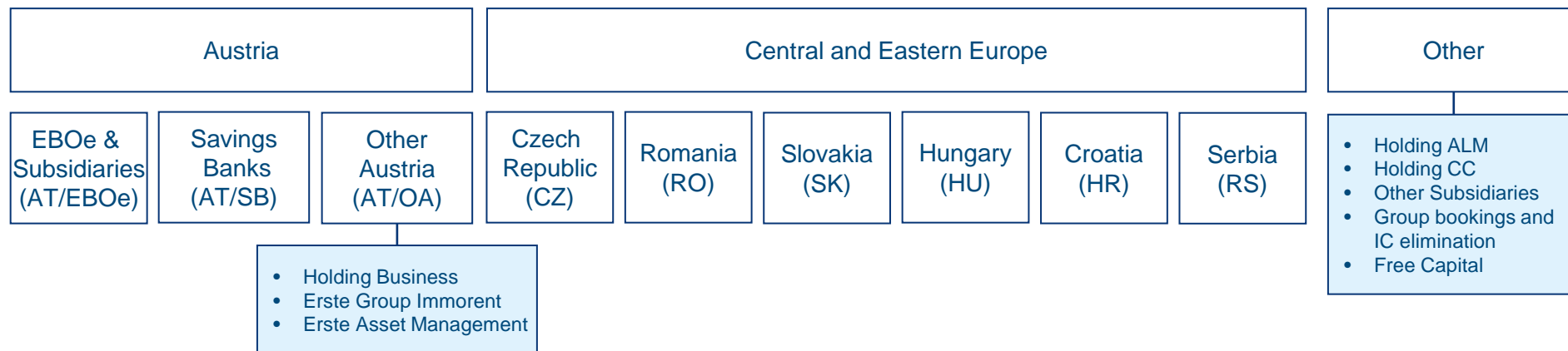
- Executive summary
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# Additional information: new segmentation – Business line and geographic view

## Erste Group – Business segments



## Erste Group – Geographical segmentation



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

in EUR million	Year-to-date view			Quarterly view				
	1-9 13	1-9 14	YOY-Δ	Q3 13	Q2 14	Q3 14	YOY-Δ	QOQ-Δ
Net interest income	3,515.8	3,369.6	-4.2%	1,175.9	1,119.7	1,126.0	-4.2%	0.6%
Net fee and commission income	1,343.7	1,372.7	2.2%	449.5	454.9	465.8	3.6%	2.4%
Dividend income	68.1	62.9	-7.6%	20.2	15.4	33.0	63.6%	>100.0%
Net trading and fair value result	184.2	166.5	-9.6%	80.7	87.7	28.4	-64.8%	-67.6%
Net result from equity method investments	19.7	11.6	-41.3%	7.5	8.3	0.1	-98.8%	-99.0%
Rental income from investment properties & other operating leases	131.8	134.1	1.8%	46.6	45.1	42.5	-8.8%	-5.9%
Personnel expenses	-1,679.0	-1,607.0	-4.3%	-552.5	-546.1	-515.0	-6.8%	-5.7%
Other administrative expenses	-860.9	-821.9	-4.5%	-283.9	-265.2	-264.2	-6.9%	-0.4%
Depreciation and amortisation	-384.6	-354.8	-7.7%	-127.8	-121.8	-108.0	-15.5%	-11.3%
Gains/losses from financial assets and liabilities not measured at fair value through profit or loss, net	24.3	14.3	-41.0%	6.7	4.9	13.2	97.0%	>100.0%
Net impairment loss on financial assets not measured at fair value through profit or loss	-1,245.0	-1,674.9	34.5%	-460.7	-431.9	-878.8	90.7%	>100.0%
Other operating result	-520.2	-1,628.6	>100.0%	-142.6	-1,152.0	-356.8	>100.0%	-69.0%
Levies on banking activities	-247.1	-208.7	-15.6%	-62.4	-54.3	-54.6	-12.6%	0.5%
<b>Pre-tax result from continuing operations</b>	<b>598.0</b>	<b>-955.5</b>	<b>n/a</b>	<b>219.6</b>	<b>-781.0</b>	<b>-414.0</b>	<b>n/a</b>	<b>-47.0%</b>
Taxes on income	-31.0	-433.9	>100.0%	-56.0	-235.9	-98.3	75.4%	-58.3%
<b>Net result for the period</b>	<b>567.0</b>	<b>-1,389.3</b>	<b>n/a</b>	<b>163.5</b>	<b>-1,016.9</b>	<b>-512.3</b>	<b>n/a</b>	<b>-49.6%</b>
Net result attributable to non-controlling interests	136.4	94.6	-30.6%	35.2	16.2	42.0	19.3%	>100.0%
<b>Net result attributable to owners of the parent</b>	<b>430.6</b>	<b>-1,484.0</b>	<b>n/a</b>	<b>128.4</b>	<b>-1,033.1</b>	<b>-554.2</b>	<b>n/a</b>	<b>-46.3%</b>
Operating income	5,263.3	5,117.5	-2.8%	1,780.4	1,731.1	1,695.8	-4.7%	-2.0%
Operating expenses	-2,924.4	-2,783.7	-4.8%	-964.2	-933.1	-887.3	-8.0%	-4.9%
<b>Operating result</b>	<b>2,338.9</b>	<b>2,333.8</b>	<b>-0.2%</b>	<b>816.2</b>	<b>798.0</b>	<b>808.5</b>	<b>-0.9%</b>	<b>1.3%</b>



# Additional information: group balance sheet – Assets

in EUR million	Quarterly data					Change		
	Sep 13	Dec 13	Mar 14	Jun 14	Sep 14	YOY-Δ	YTD-Δ	QOQ-Δ
Cash and cash balances	11,852	9,301	10,373	7,267	8,010	-32.4%	-13.9%	10.2%
Financial assets - held for trading	14,219	12,283	13,610	12,954	11,641	-18.1%	-5.2%	-10.1%
Derivatives	6,930	6,342	6,482	6,480	7,611	9.8%	20.0%	17.5%
Other trading assets	7,289	5,941	7,128	6,474	4,030	-44.7%	-32.2%	-37.8%
Financial assets - at fair value through profit or loss	575	529	512	456	444	-22.8%	-16.1%	-2.7%
Financial assets - available for sale	20,569	20,678	20,956	21,923	21,940	6.7%	6.1%	0.1%
Financial assets - held to maturity	18,190	17,779	17,191	16,955	17,026	-6.4%	-4.2%	0.4%
Loans and receivables to credit institutions	7,757	8,377	9,962	8,548	7,166	-7.6%	-14.5%	-16.2%
<b>Loans and receivables to customers</b>	<b>121,656</b>	<b>119,945</b>	<b>119,805</b>	<b>120,005</b>	<b>120,451</b>	<b>-1.0%</b>	<b>0.4%</b>	<b>0.4%</b>
Derivatives - hedge accounting	1,788	1,944	2,212	2,489	2,764	54.6%	42.2%	11.1%
Changes in fair value of portfolio hedged items	0	0	0	0	0	n/a	n/a	n/a
Property and equipment	2,402	2,320	2,330	2,347	2,356	-1.9%	1.6%	0.4%
Investment properties	941	951	1,035	975	952	1.2%	0.2%	-2.4%
Intangible assets	2,766	2,441	2,408	1,438	1,456	-47.4%	-40.3%	1.3%
Investments in associates and joint ventures	217	208	226	211	191	-12.3%	-8.2%	-9.8%
Current tax assets	98	100	119	101	107	9.1%	6.4%	5.3%
Deferred tax assets	852	719	672	411	461	-45.9%	-35.9%	12.0%
Assets held for sale	106	75	82	158	150	42.0%	>100.0%	-5.2%
Other assets	4,096	2,471	2,409	2,158	1,859	-54.6%	-24.8%	-13.9%
<b>Total assets</b>	<b>208,084</b>	<b>200,118</b>	<b>203,903</b>	<b>198,398</b>	<b>196,973</b>	<b>-5.3%</b>	<b>-1.6%</b>	<b>-0.7%</b>

# Additional information: group balance sheet – Liabilities and equity

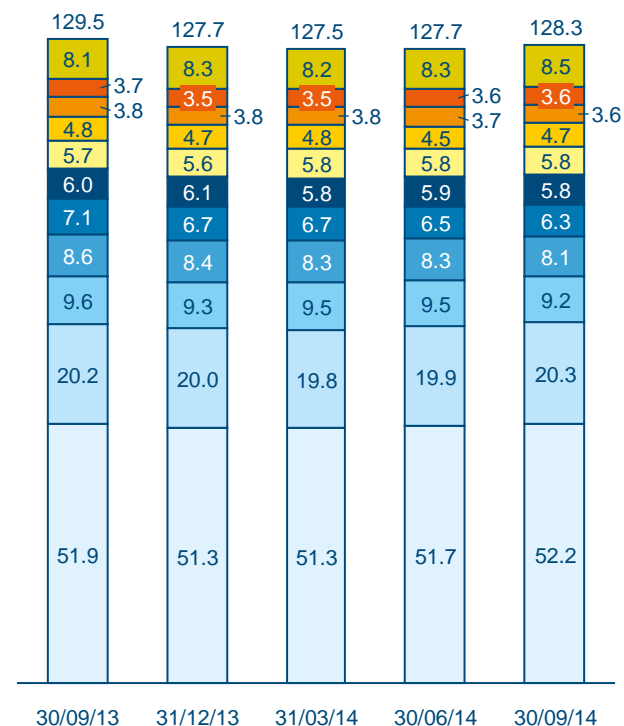
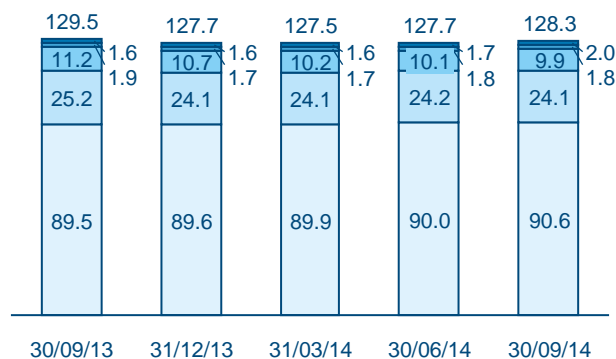
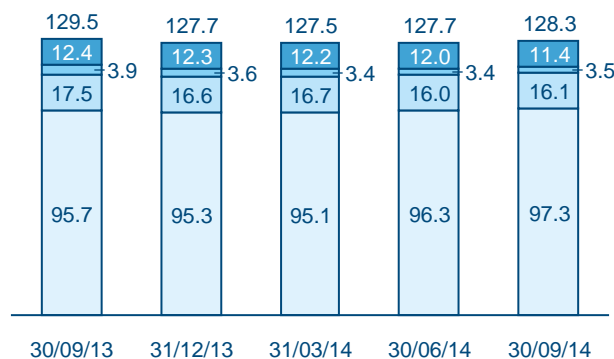
in EUR million	Quarterly data					Change		
	Sep 13	Dec 13	Mar 14	Jun 14	Sep 14	YOY-Δ	YTD-Δ	QOQ-Δ
Financial liabilities - held for trading	7,154	6,475	7,042	7,152	8,488	18.6%	31.1%	18.7%
Derivatives	6,706	6,087	6,341	6,347	7,563	12.8%	24.2%	19.2%
Other trading liabilities	448	388	702	805	925	>100.0%	>100.0%	14.8%
Financial liabilities - at fair value through profit or loss	2,377	2,339	2,275	2,278	2,161	-9.1%	-7.6%	-5.1%
Deposits from banks	0	0	0	0	0	n/a	n/a	n/a
<b>Deposits from customers</b>	<b>498</b>	<b>460</b>	<b>449</b>	<b>435</b>	<b>363</b>	<b>-27.1%</b>	<b>-21.0%</b>	<b>-16.5%</b>
Debt securities issued	1,878	1,879	1,826	1,843	1,797	-4.3%	-4.3%	-2.5%
Other financial liabilities	0	0	0	0	0	n/a	n/a	n/a
Financial liabilities measured at amortised cost	175,397	170,786	172,918	168,155	166,139	-5.3%	-2.7%	-1.2%
Deposits from banks	23,163	17,299	24,421	18,803	16,483	-28.8%	-4.7%	-12.3%
<b>Deposits from customers</b>	<b>121,512</b>	<b>121,955</b>	<b>118,996</b>	<b>119,814</b>	<b>119,698</b>	<b>-1.5%</b>	<b>-1.9%</b>	<b>-0.1%</b>
Debt securities issued	30,425	31,245	29,217	29,190	29,414	-3.3%	-5.9%	0.8%
Other financial liabilities	298	286	285	348	545	83.1%	90.3%	56.3%
Derivatives - hedge accounting	615	644	681	724	755	22.8%	17.2%	4.3%
Changes in fair value of portfolio hedged items	870	734	910	983	1,072	23.2%	46.1%	9.1%
Provisions	1,474	1,448	1,491	1,607	1,822	23.6%	25.9%	13.4%
Current tax liabilities	89	85	83	88	95	6.3%	12.3%	7.8%
Deferred tax liabilities	200	169	182	132	199	-0.4%	17.7%	51.3%
Liabilities associated with assets held for sale	0	0	0	0	0	n/a	n/a	n/a
Other liabilities	4,613	2,654	3,251	3,199	2,590	-43.9%	-2.4%	-19.0%
<b>Total equity</b>	<b>15,294</b>	<b>14,785</b>	<b>15,069</b>	<b>14,080</b>	<b>13,652</b>	<b>-10.7%</b>	<b>-7.7%</b>	<b>-3.0%</b>
Equity attributable to non-controlling interests	3,501	3,466	3,542	3,626	3,707	5.9%	7.0%	2.2%
Equity attributable to owners of the parent	11,793	11,319	11,527	10,454	9,945	-15.7%	-12.1%	-4.9%
<b>Total liabilities and equity</b>	<b>208,084</b>	<b>200,118</b>	<b>203,903</b>	<b>198,398</b>	<b>196,973</b>	<b>-5.3%</b>	<b>-1.6%</b>	<b>-0.7%</b>

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

Gross cust. loans by risk category (EUR bn)

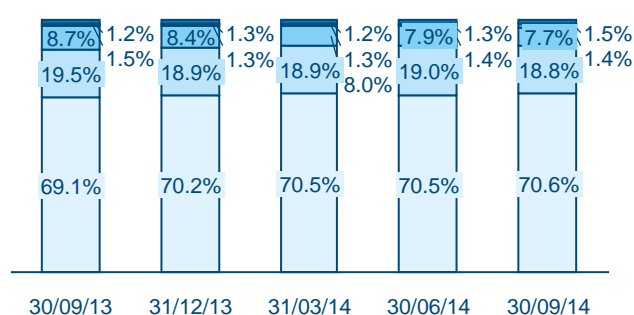
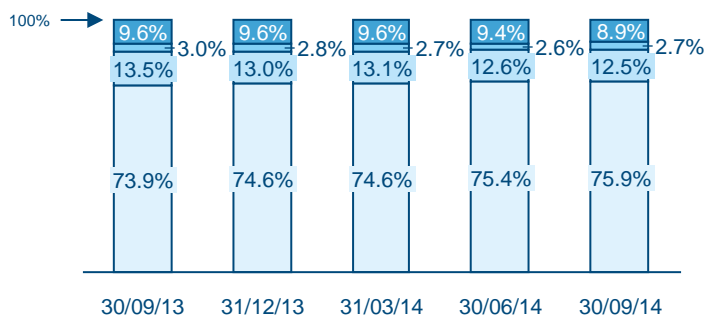
Gross customer loans by currency (EUR bn)

Gross customer loans by industry (EUR bn)



Gross customer loans by risk category in %

Gross customer loans by currency in %



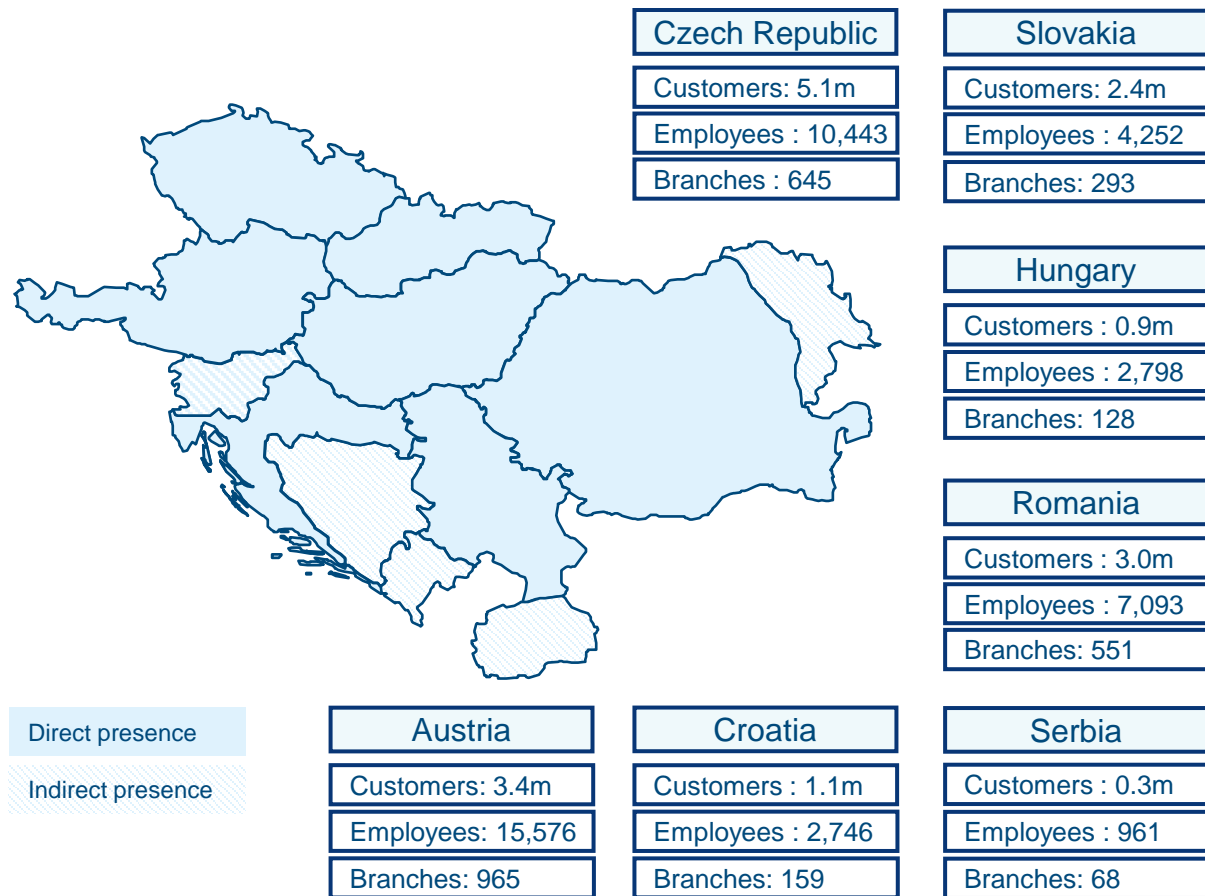
■ Non-performing    ■ Management attention  
■ Substandard    ■ Low risk

■ USD    ■ Other    ■ 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

## 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 (RO, HR & RS)

Savings products, asset management and pension products

Potential future expansion into Poland

##### 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

Potential future expansion into Poland

##### Capital markets

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

In addition to core markets, presences in Poland, Turkey, 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

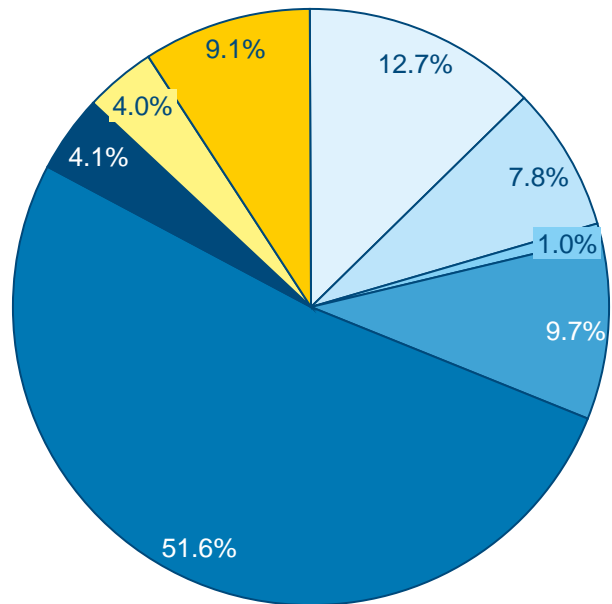
Any bank exposure is only held for liquidity or balance sheet management reasons or to support client business

#### Focus on CEE, limited exposure to other Europe

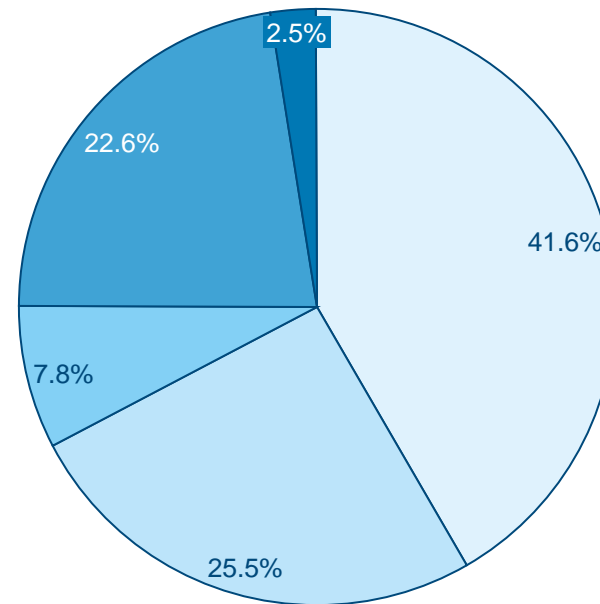
## Additional information: shareholder structure –

Total number of shares: 429,800,000

By investor



By region



\* Including Sparkassen 1.1%, Sparkassen Beteiligungs GmbH & Co KG and other syndiate members

## Investor relations details

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

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