

# Erste Group investor presentation

## Q3 2016 results

4 November 2016

**Continuing to deliver: on track for 12%+ ROTE and EUR 1 DPS in 2016**

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## Disclaimer –

### Cautionary note regarding forward-looking statements

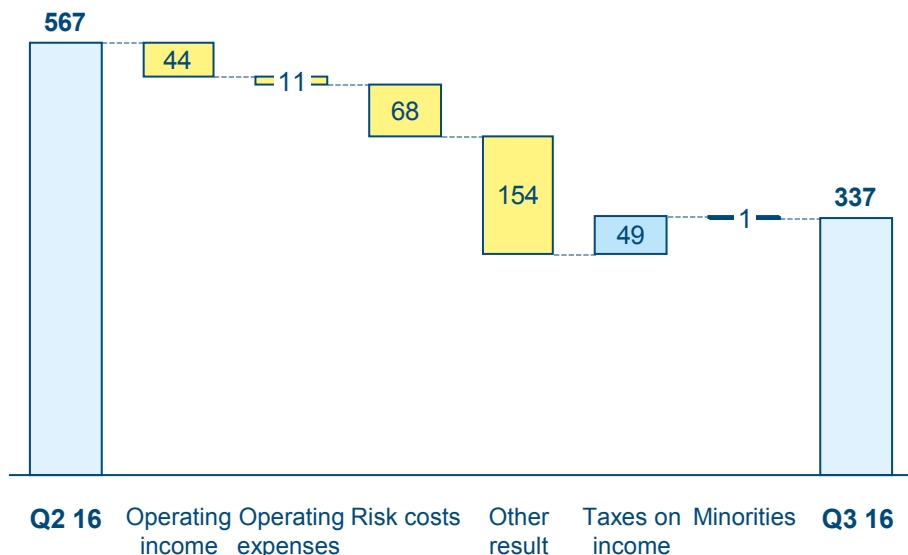
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# Presentation topics

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

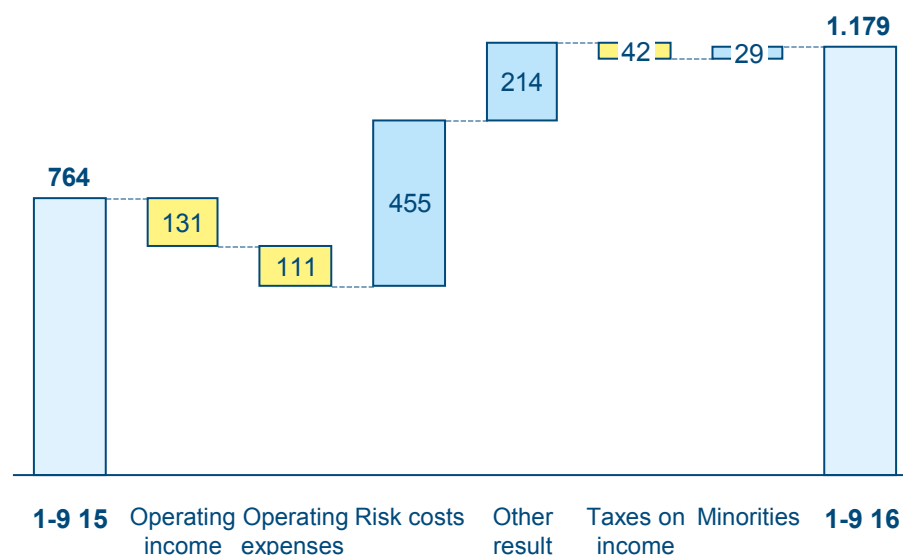
# Executive summary – Group income statement performance

QoQ net profit reconciliation (EUR m)



- Erste Group Q3 16 net profit amounted to EUR 337.4m; qoq decline due to positive VISA one-off in Q2 16 (other result), rise in risk provisions and deterioration in operating performance
- Revenues declined on the back of lower NII as loan growth was insufficient to offset lower reinvestment yields and lower unwinding contribution on the back of continuously improving asset quality
- Operating expenses up qoq due to higher IT costs

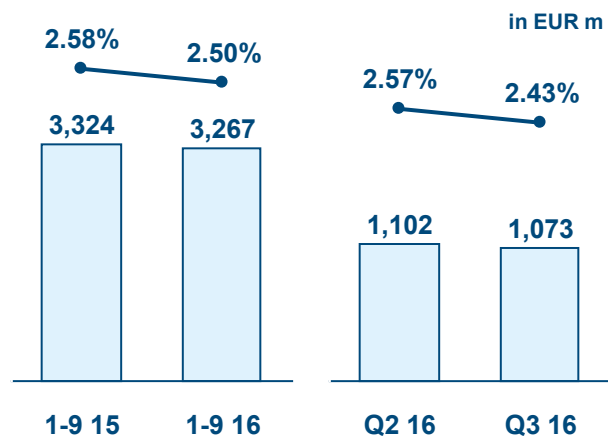
YoY net profit reconciliation (EUR m)



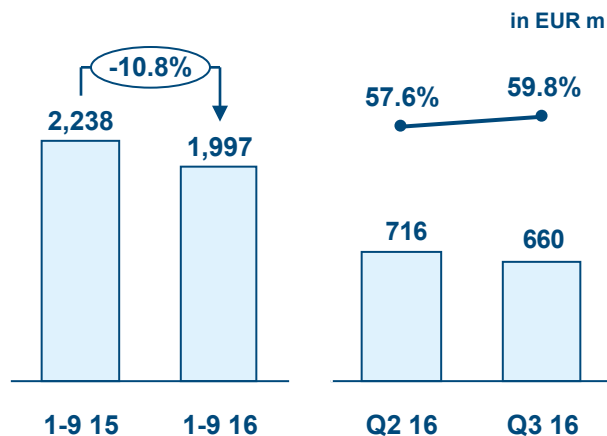
- 54.3% yoy rise in net profit primarily driven by decrease in risk provisions as well as better other result, lower minority charge
- Negative yoy impact from lower revenues, as a result of lower fee and net interest income
- Negative yoy impact from costs primarily due to IT cost associated with digitalisation and regulation

# Executive summary – Key income statement data

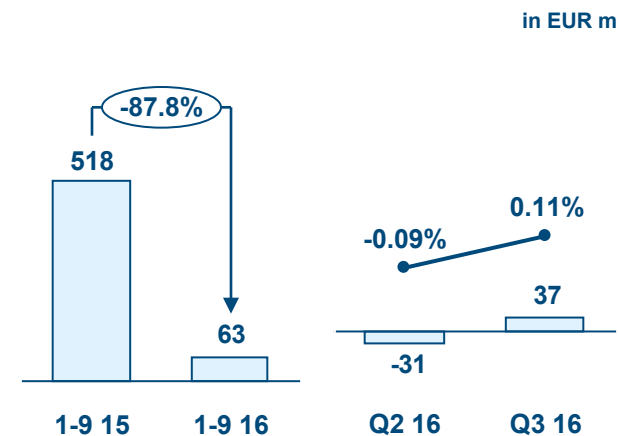
## Net interest income & margin



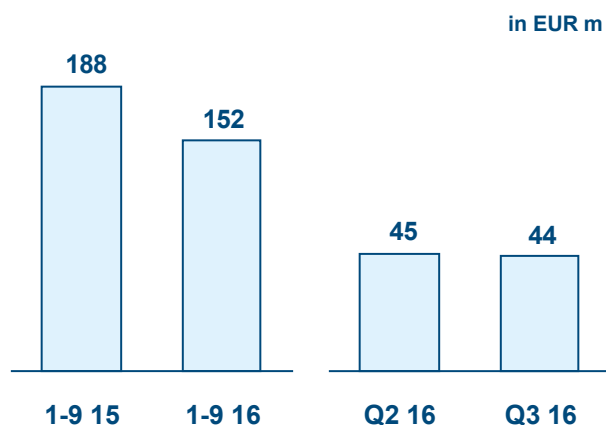
## Operating result & cost/income ratio



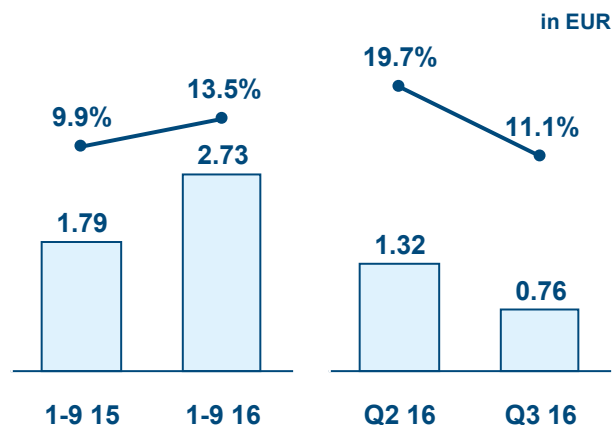
## Cost of risk



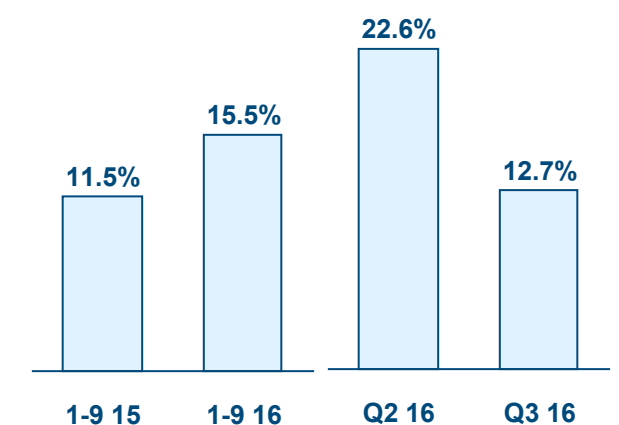
## Banking levies



## Reported EPS & ROE

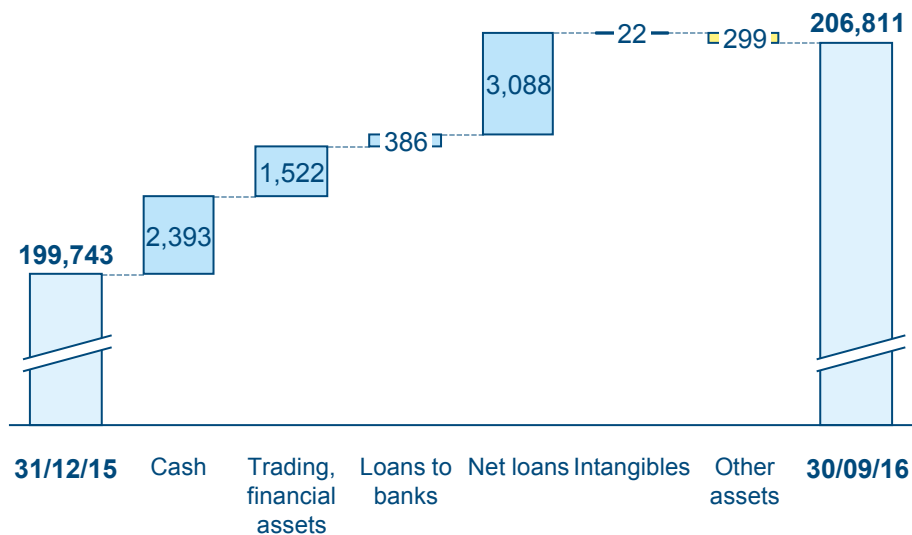


## Return on tangible equity



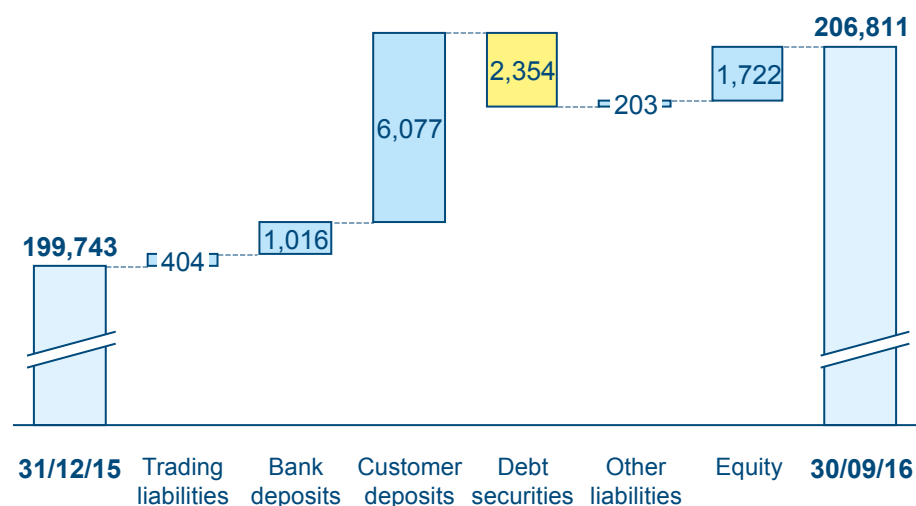
# Executive summary – Group balance sheet performance

YTD total asset reconciliation (EUR m)



- Balance sheet total rises by 3.5% by Sept 16, driven by increase in net customer loans, cash and trading and financial assets
- Net customer loans rise by 2.5% ytd, supported mainly by continued strong demand in Czech Republic (+7.1% ytd) and Slovakia (+5.5% ytd), as Romania, Hungary and Croatia lag behind

YTD equity & total liability reconciliation (EUR m)

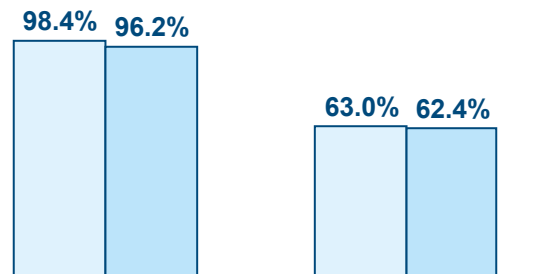


- Strong deposit growth by 4.7% ytd was the key development on the liability side of the balance sheet, driving the loan/deposit ratio down to 96.2% on group level
- Significant 11.6% rise in total equity due to better profitability; and inclusion of AT1 instrument (EUR 497m) in equity as of Q2 16
- Strong deposit inflows led to a reduction in debt securities issued

# Executive summary – Key balance sheet data

31/12/15  
30/09/16

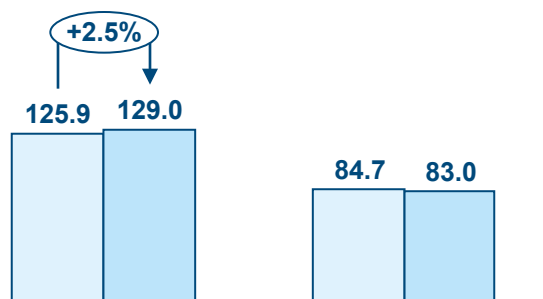
## Loan/deposit & loan/TA ratio



Loan/deposit ratio      Loans/total assets

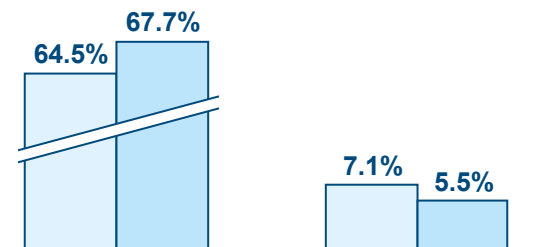
## Net loans & credit RWA

in EUR bn



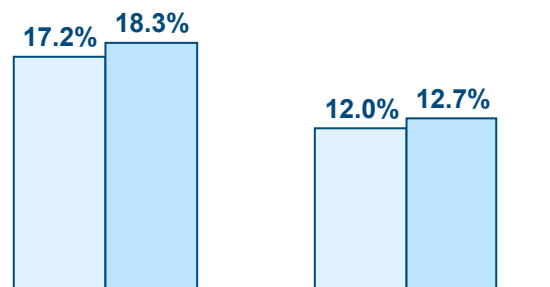
Net loans      Credit RWA

## NPL coverage ratio & NPL ratio



NPL coverage      NPL ratio

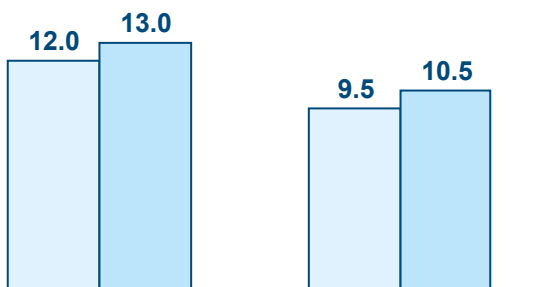
## B3FL capital ratios



Total capital      CET 1

## B3FL capital & tangible equity\*

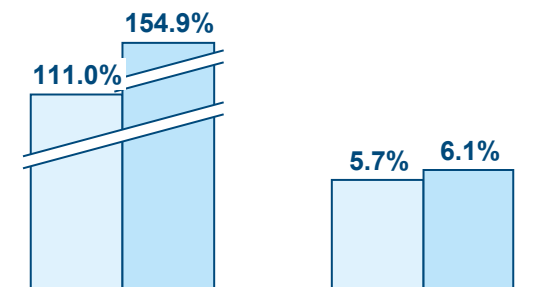
in EUR bn



CET 1      Tangible equity

\* Based on shareholders' equity, not total equity

## Liquidity coverage & leverage ratio\*\*



LCR      LR (B3FL)

\*\* Pursuant to Delegated Act

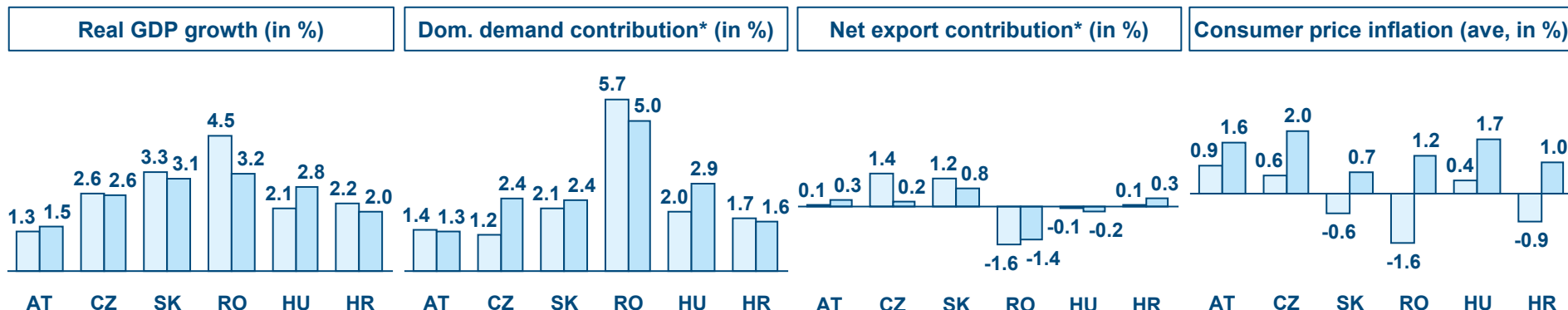
# Presentation topics

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- **Business environment**
- Business performance
- Assets and liabilities
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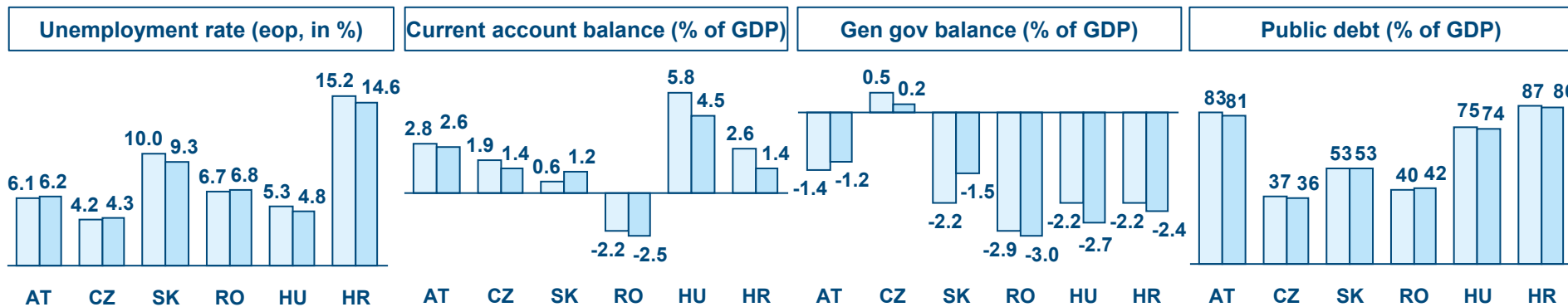


# Business environment – Solid CEE GDP growth expectations for 2016

2016  
2017



- Erste Group's core CEE markets expected to grow by 2-5% in 2016, with continued positive outlook for 2017
  - Domestic demand is expected to be main driver of economic growth in 2016 and 2017
  - Consumption is supported by improving labour markets, wage increases and very low inflation rates across the region



- 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

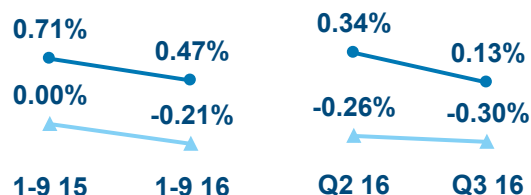
\* Contribution to real GDP growth. Domestic demand contribution includes inventory change. Source: Erste Group Research

# Business environment –

## Interest rates remain at historically low levels in Q3 16

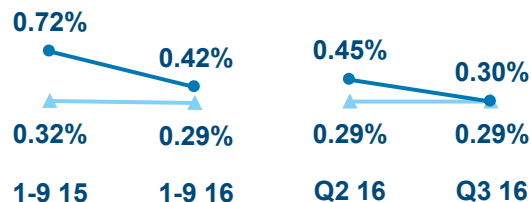
▲ 3M Interbank  
● 10YR GOV

### Austria



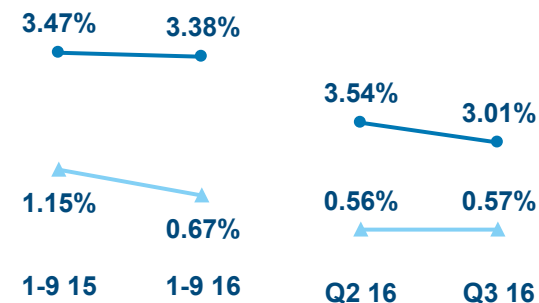
- ECB cut discount rate to zero in March 16
- Maintains expansionary monetary policy stance

### Czech Republic



- National bank maintains ultra-low interest rates since November 12 at 0.05%

### Romania



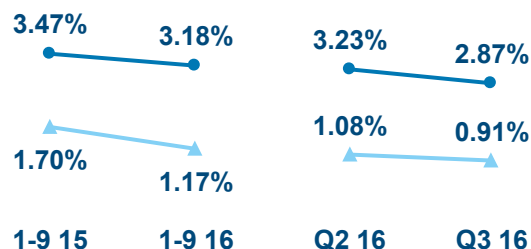
- Central bank cut policy rate to historic low of 1.75% in May 15

### Slovakia



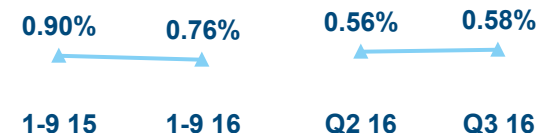
- As part of euro zone ECB rates are applicable in SK

### Hungary



- Easing cycle continues in 2016
- National bank cut the benchmark interest rate to record low of 0.9% in May 16

### Croatia

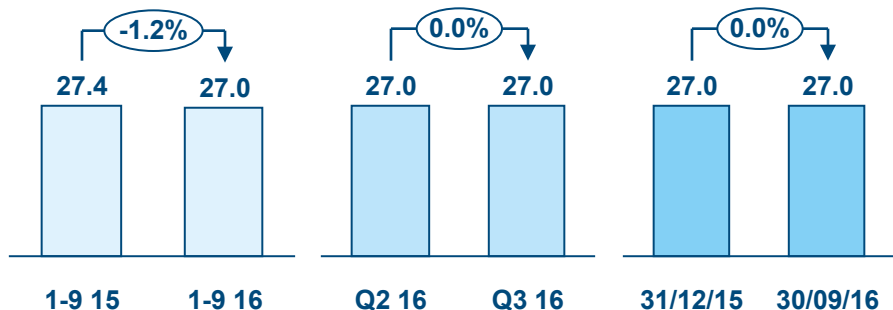


- Central bank maintains discount rate at 7.0% since mid-2011

Source: Bloomberg

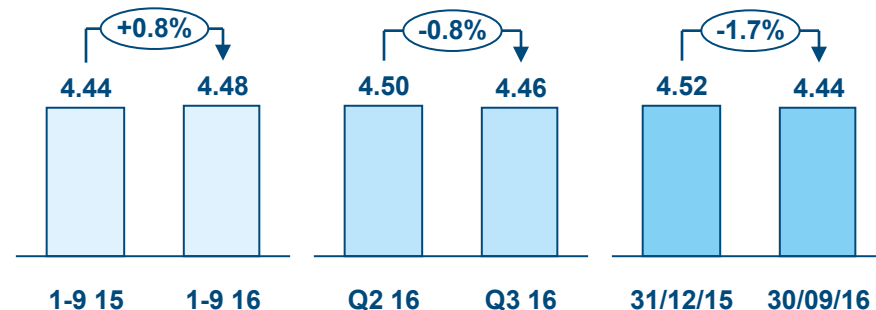
# Business environment – Limited currency volatility in CEE

### EUR/CZK



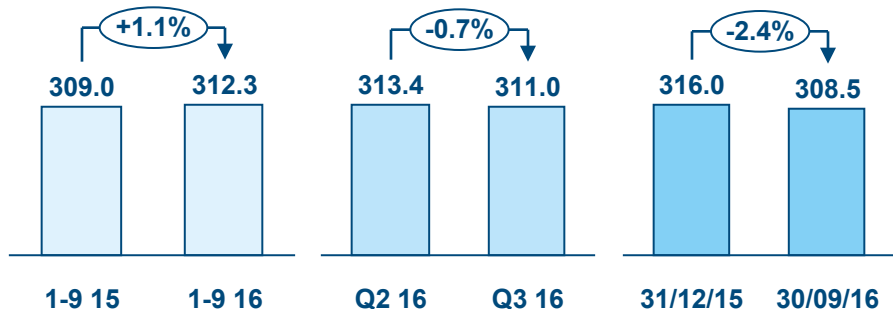
- Czech National Bank maintains exchange rate stability; discount rate also stable at 0.05% in Q3 16

### EUR/RON



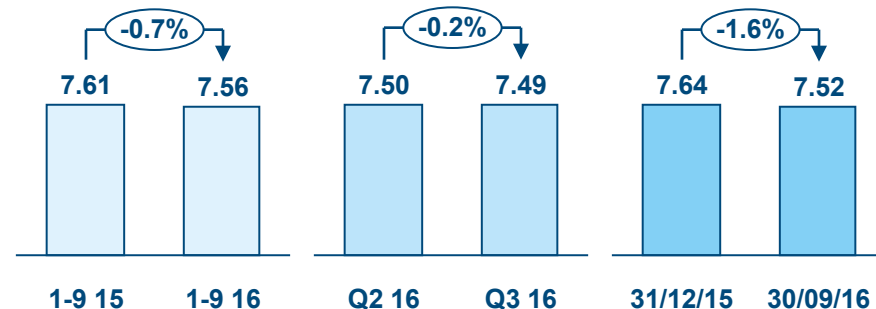
- RON movements marked by limited volatility, despite decreasing interest rates: policy rate cut to 1.75% in Q2 15

### EUR/HUF



- Stable currency development, despite expansionary monetary stance of the national bank

### EUR/HRK



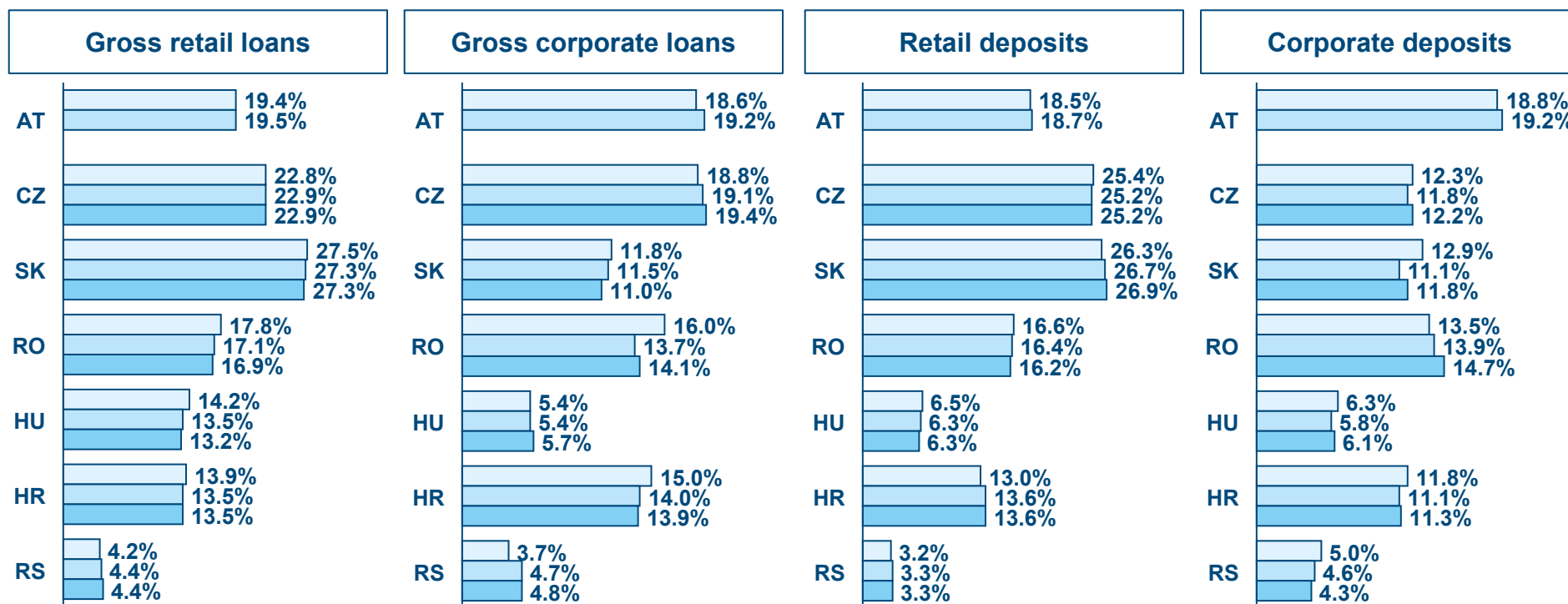
- Strong grip of national bank on HRK is reflected in lack of volatility

Source: Bloomberg

# Business environment –

Market shares: mostly stable, RO impacted by NPL sales, write-offs

30/09/15  
30/06/16  
30/09/16



- CZ and SK: stable qoq market shares in continuously growing markets
- RO: slightly lower market share mainly due to more restrictive lending standards

- RO: continued pressure on gross loan based market share due to NPL sales
- HU: increasing qoq market share driven mainly by SME segment

- Continued inflows in all markets despite low interest rate environment, with broadly stable market shares

- Changes mainly due to normal quarterly volatility in corporate business

AT market shares for 30/09/2016 not yet available

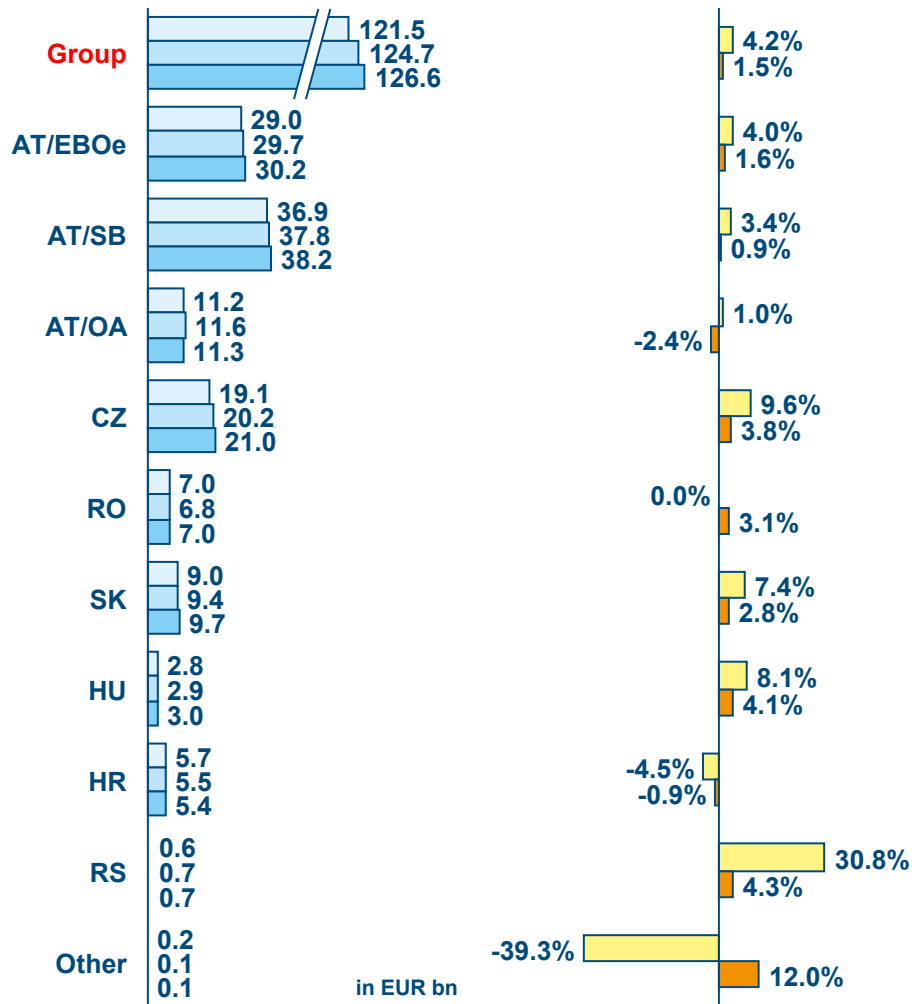
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# Business performance: performing loan stock & growth –

## Performing loan volume increases by 3.3% ytd

■ YoY ■ 30/09/15  
■ QoQ ■ 30/06/16  
■ 30/09/16

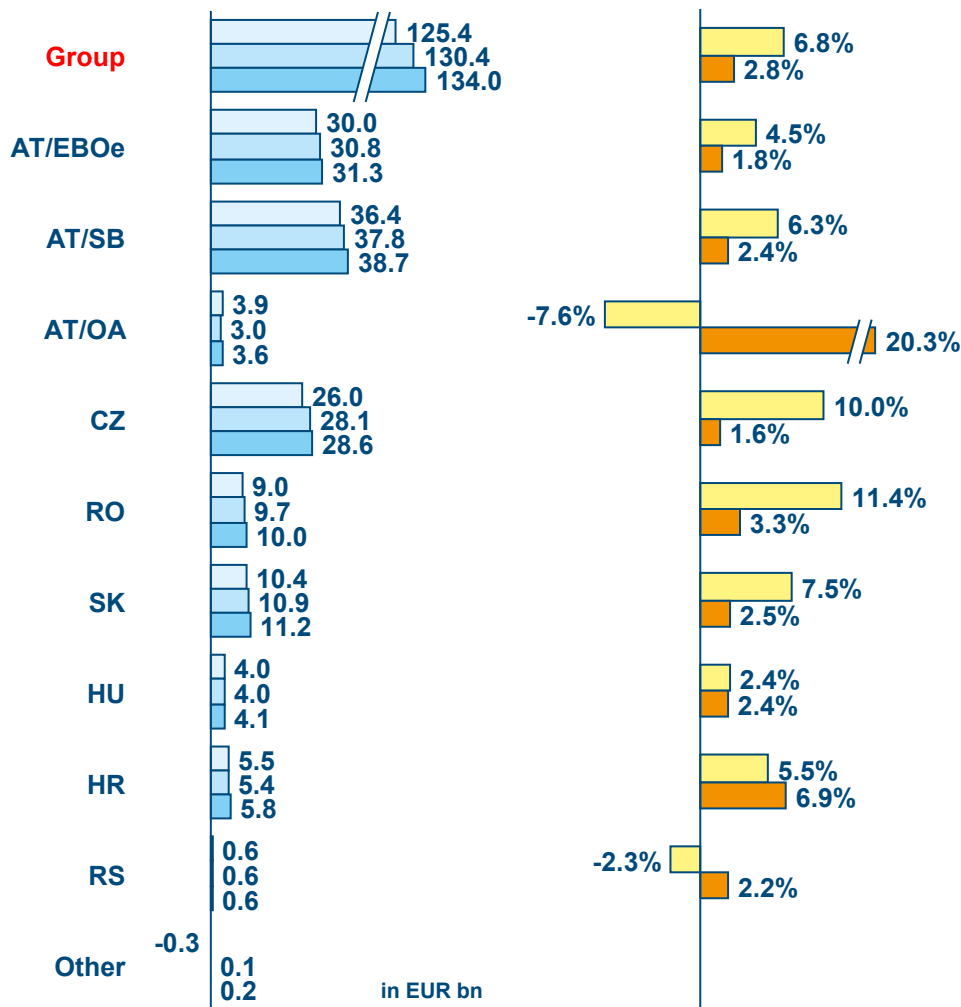


- Rising performing loan volume trend continues in Q3 16 across most geographies, most pronounced in AT and CZ; yoy growth driven by CZ, AT and SK; HU growing again
- Yoy growth equally driven by Retail and Corporates
- Qoq growth exclusively attributable to Retail
- Year-on-year segment trends:
  - CZ: unchanged growth in Retail (mainly mortgages), accompanied by increases in SME and Local Large Corporates
  - SK: increase exclusively driven by Retail as Corporates slightly decline (stable qoq)
  - AT/EBOe: strong performance in Corporates business lines
- Quarter-on-quarter segment trends:
  - CZ: growth equally distributed between Retail and Group Large Corporates business lines
  - RO: increase driven by Corporates

# Business performance: customer deposit stock & growth –

## Deposits grow by 4.7% ytd

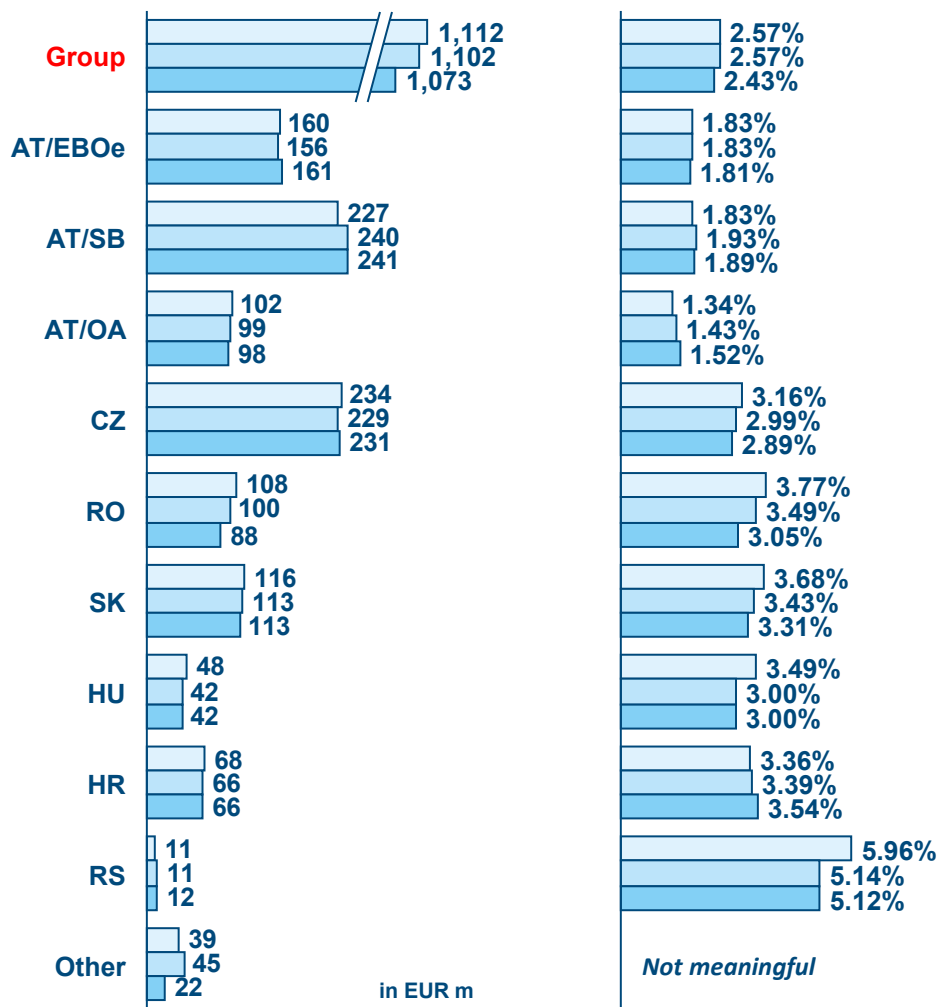
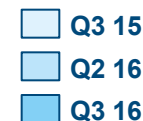
■ YoY ■ 30/09/15  
■ QoQ ■ 30/06/16  
■ 30/09/16



- Continued inflow in customer deposits, mainly driven by CZ, RO, AT/SB and AT/EBOe
- Yoy growth predominantly in Retail but increasingly strong in Corporate business lines
- Qoq increase balanced between Retail and Corporates
- Year-on-year segment trends:
  - CZ: growth mainly in Retail and Corporates (predominantly Group Large Corporates) in line with loan development
  - RO: strong inflow in Corporates (in particular Group Large Corporates and Public Sector), to a lesser but still significant extent in Retail
  - SK: increase driven by inflows in Retail
  - AT/EBOe: growth mainly in Retail, also in SME business
- Quarter-on-quarter segment trends:
  - AT/OA: inflow solely in Holding (Group Markets)
  - HR: balanced growth in Retail and SME business

# Business performance: NII and NIM –

NII, NIM down on lower reinvestment yields, lower unwinding contribution

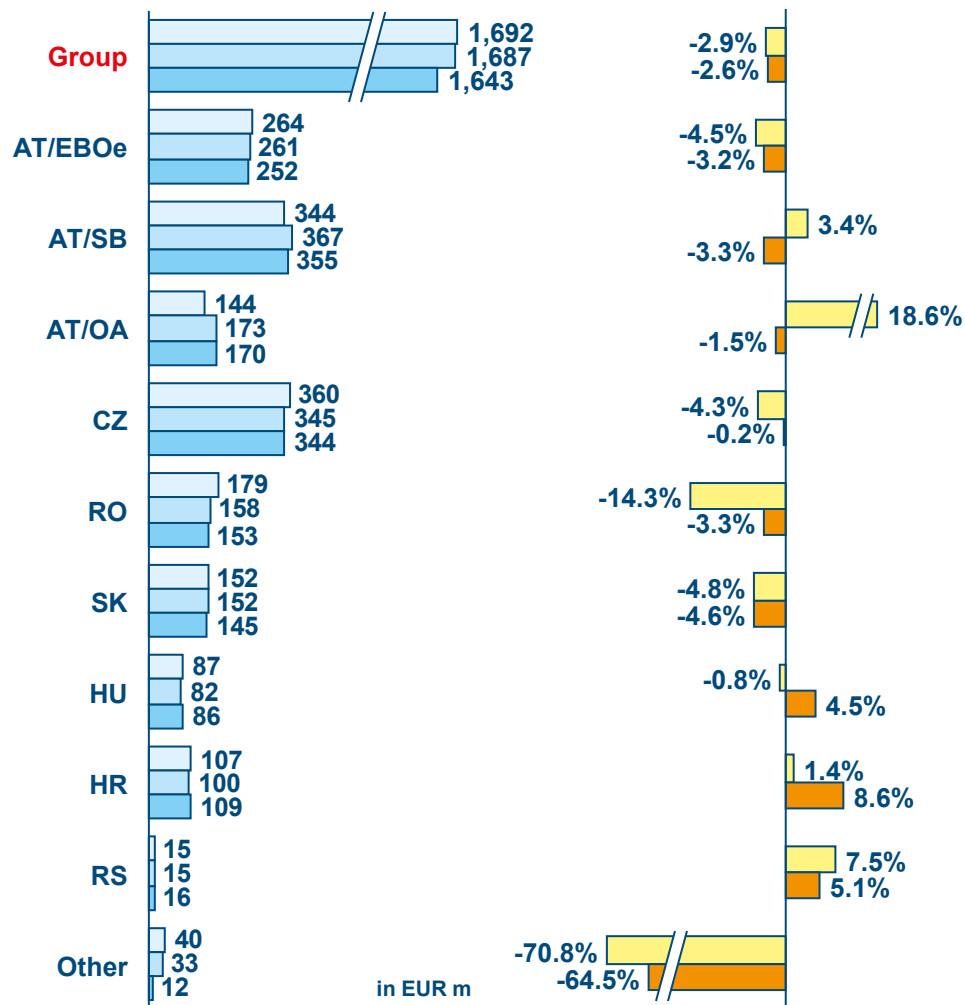


- Yoy decline driven primarily by lower trading-related NII and lower interest income from financial assets as well as lower unwinding impact as asset quality improved; main segment impact in Other (Holding ALM) and Romania
- Qoq reduction also driven by lower interest income from trading and financial assets as well as lower unwinding impact; main segment impact again in Other (Holding ALM) and Romania
- Year-on-year segment trends:
  - AT/SB: increase driven by higher loan volumes and successful deposit repricing
  - RO: decrease mainly due to mortgage refinancing campaign and lower market rates as well as lower unwinding impact
  - HU: decrease driven by fair interest rate settlement combined with lower market interest rates
- Quarter-on-quarter segment trends:
  - AT/EBOe: increase mainly in Retail (higher housing loan volumes and deposit repricing)
  - RO: decline due to lower market interest rates and from termination of hedges
  - Other: lower interest income from financial assets and lower NII from hedge accounting



# Business performance: operating income –

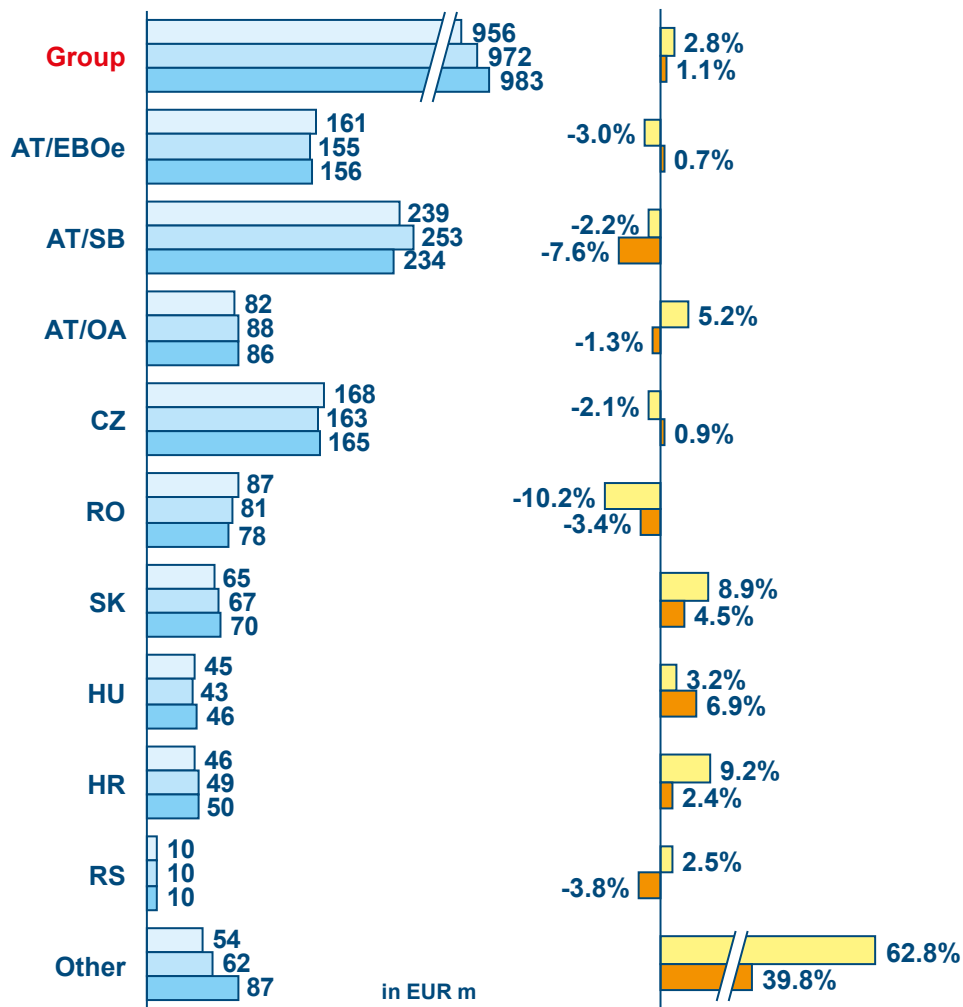
## Operating income down on weaker net interest income in Q3 16



- Yoy down primarily due to lower net interest income, lower fees and lower dividend income, partly offset by higher trading contribution
- Qoq decline driven by lower net interest income and seasonally lower dividend income, partly offset by trading
- Year-on-year segment trends:
  - AT/OA: increase due to improved net trading and FV result (Holding Group Markets business) while higher fee income was offset by lower NII (Holding Group Markets business)
  - RO: decline mainly driven by lower NII resulting from mortgage refinancing campaign and lower market rates as well as lower unwinding contribution
  - CZ: decreasing operating income primarily on lower fee income and net trading and FV result and also weaker NII
  - AT/EBOe: decline mainly due to weaker fee income (lower security business in Retail)
- Quarter-on-quarter segment trends:
  - AT/SB: decline due to weaker net trading and FV result (valuation of derivatives) and lower dividend income
  - AT/EBOe: stronger NII (on increasing housing loan volumes and deposit repricing) more than offset by lower net trading and FV result (valuation of derivatives) and lower dividend income
  - HR: increase driven by fee income due to card business and also stronger net trading and FV result

# Business performance: operating expenses – Increase driven by IT and regulatory projects

■ YoY ■ Q3 15  
■ QoQ ■ Q2 16  
■ Q3 16



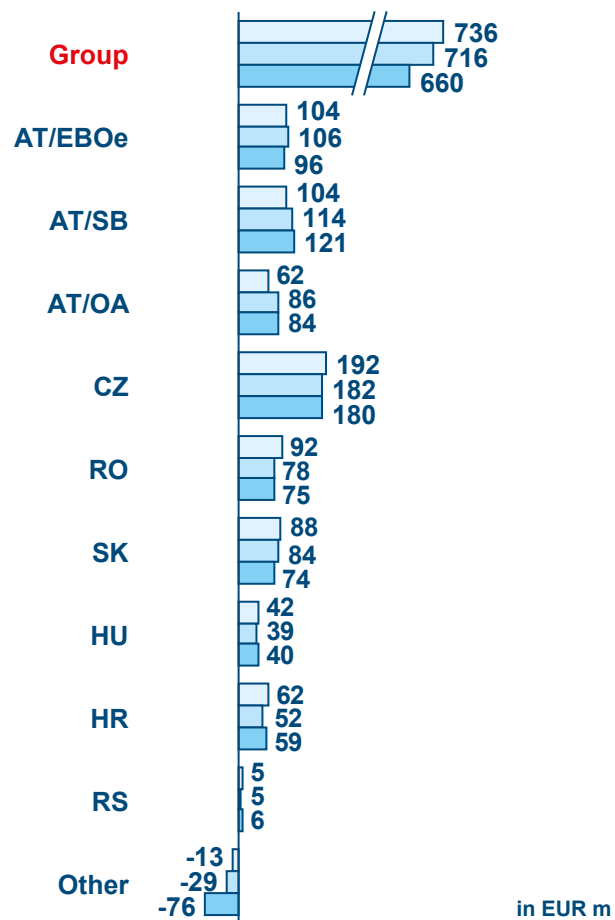
- YoY cost increase driven by higher IT expenses and higher personnel costs, partly offset by lower deposit insurance contributions resulting from different timing
- QoQ rise driven by higher IT costs, partially offset by lower personnel expenses
- Year-on-year segment trends:
  - RO: decline in operating expenses mainly due to lower IT costs
  - SK: increase due to higher personnel expenses (higher wages) and higher costs for IT and premises
  - AT/EBOe: decline mainly due to deposit insurance contributions (booked in Q1 16 vs Q3 15), partially offset by higher IT and personnel expenses
  - Other: driven by growing number of group-wide regulatory projects
- Quarter-on-quarter segment trends:
  - AT/SB: decrease due to lower personnel and IT expenses
  - RO: decline mainly on personnel expenses (vacation allowances and bonus payments paid in Q2 16)
  - HU: higher depreciation
  - Other: driven by growing number of group-wide regulatory projects (see yoy development)

# Business performance: operating result and CIR –

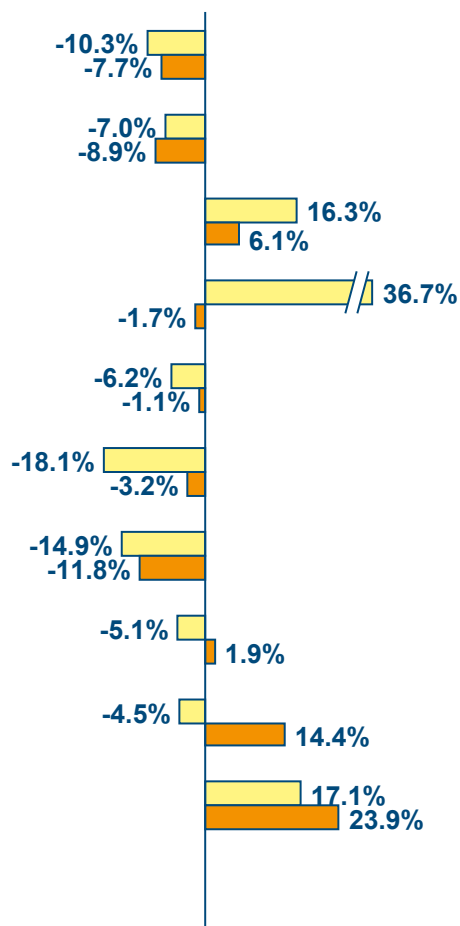
## Operating result declines in Q3 16, down yoy and qoq



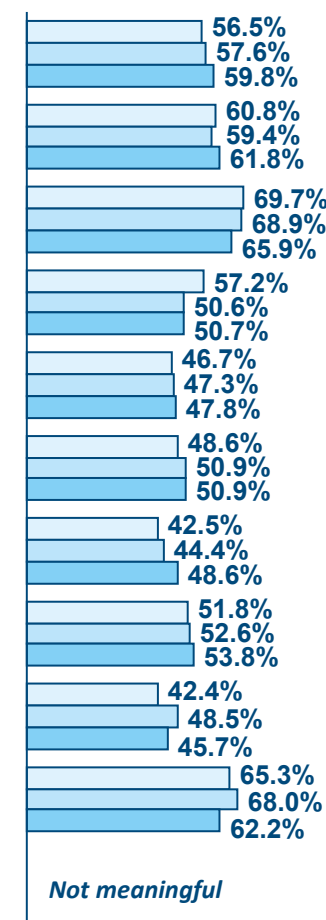
### Operating result



### YoY & QoQ change



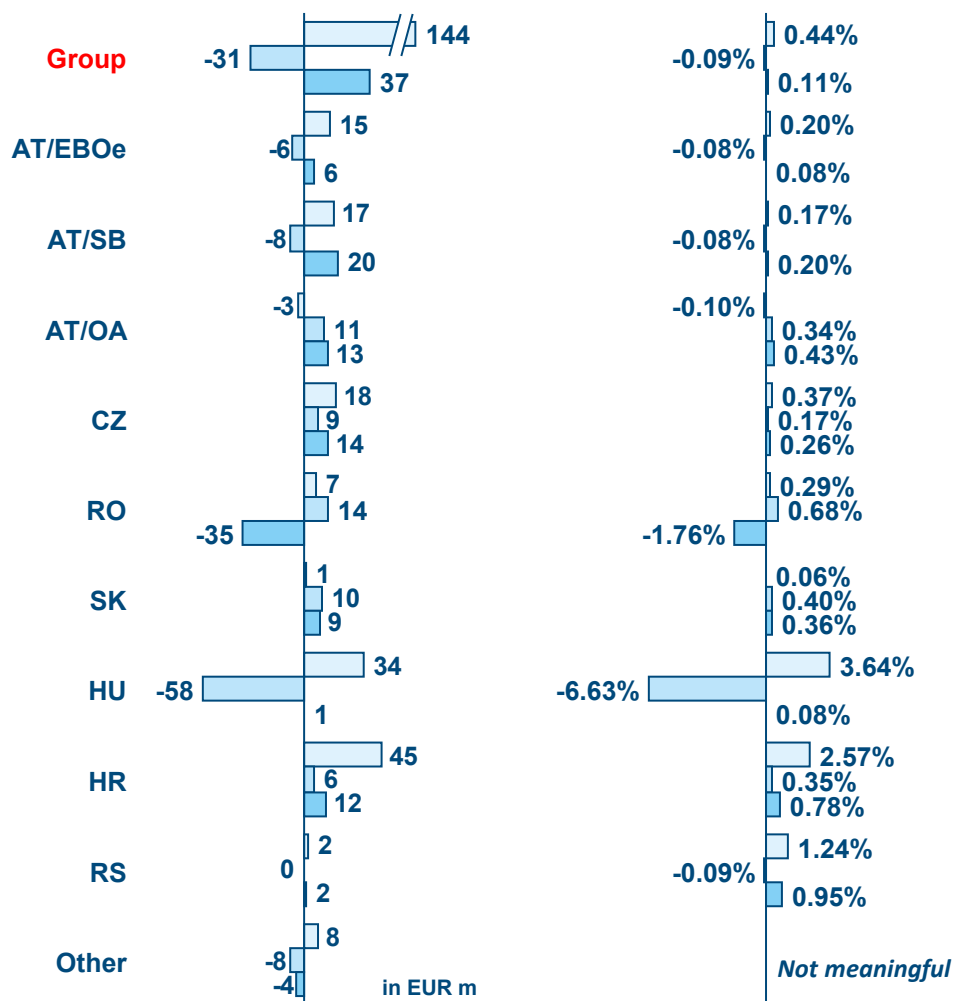
### Cost/income ratio



# Business performance: risk costs (abs/rel\*) –

## Risk costs remain at historically low levels in Q3 16

Q3 15  
Q2 16  
Q3 16



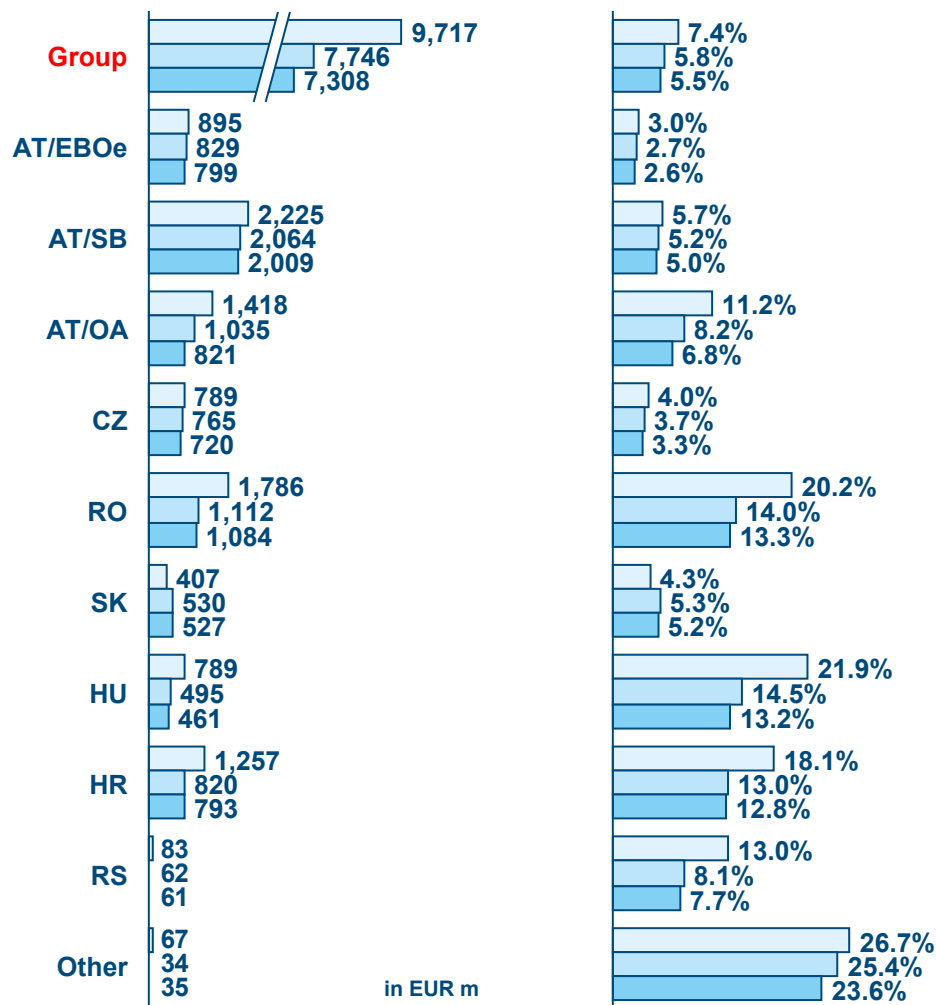
- Yoy improvement driven by significantly reduced new allocations, lower direct write-offs and higher recoveries
- Qoq development mainly attributable to lower recoveries
- Year-on-year segment trends:
  - AT/OA: risk costs on low levels following releases in 2015
  - RO: releases mainly in Retail, partially offset by higher provisions in Commercial Real Estate and Local Large Corporates
  - HU: decline mainly driven by Retail
  - HR: improvements both in Corporate and Retail portfolios
- Quarter-on-quarter segment trends:
  - HU: risk costs level out after releases in Retail in Q2 16 as parameters reset after FX conversion
  - RO: releases in Retail and to a lesser extent in SME portfolio
  - AT/EBOe: increase due to releases mainly in Corporate portfolios in Q2 16, risk costs in Retail decline further

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

# Business performance: non-performing loans and NPL ratio –

## NPL ratio improves for 11<sup>th</sup> consecutive quarter to 5.5%

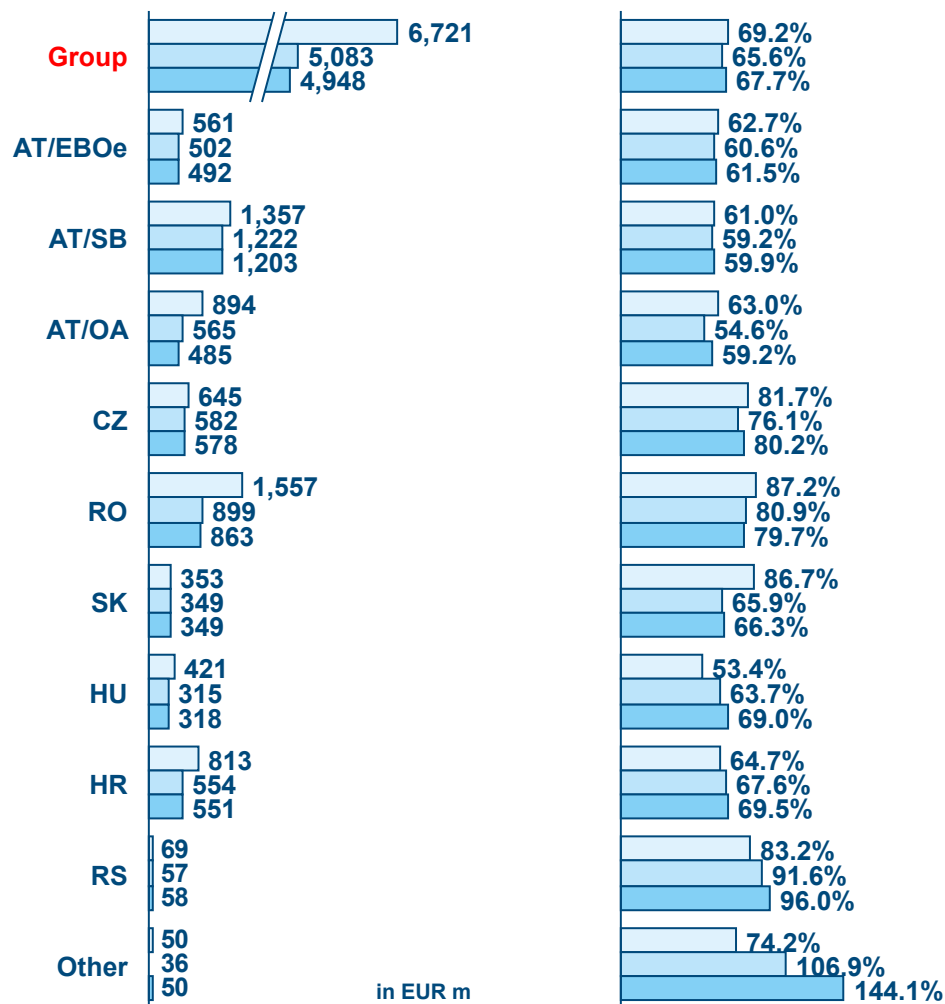
30/09/15  
30/06/16  
30/09/16



- Continued decline of group NPL volume in Q3 16 mainly due to low NPL inflows, continued portfolio upgrades and net recoveries as well as further NPL sales
- NPL sales of EUR 216.8m in Q3 16 (Q2 16: EUR 864.1m)
  - Retail: EUR 25.8m (Q2 16: EUR 103.5m)
  - Corporate: EUR 191.0m (Q2 16: EUR 760.6m)
- Further Q3 NPL sales mainly in Other Austria (172.1m), CZ (12.5m), additional sales in HR, HU, RO and SK
- NPL sales in the pipeline:
  - Sale of Hungarian retail mortgage portfolio, which will push local NPL ratio into the single digits by year-end
  - Retail portfolio sale in Romania, albeit on a significantly smaller scale than in the past
  - Smaller transactions expected in Croatia and Slovakia

# Business performance: allowances for loans and NPL coverage – NPL provision coverage at comfortable 67.7%

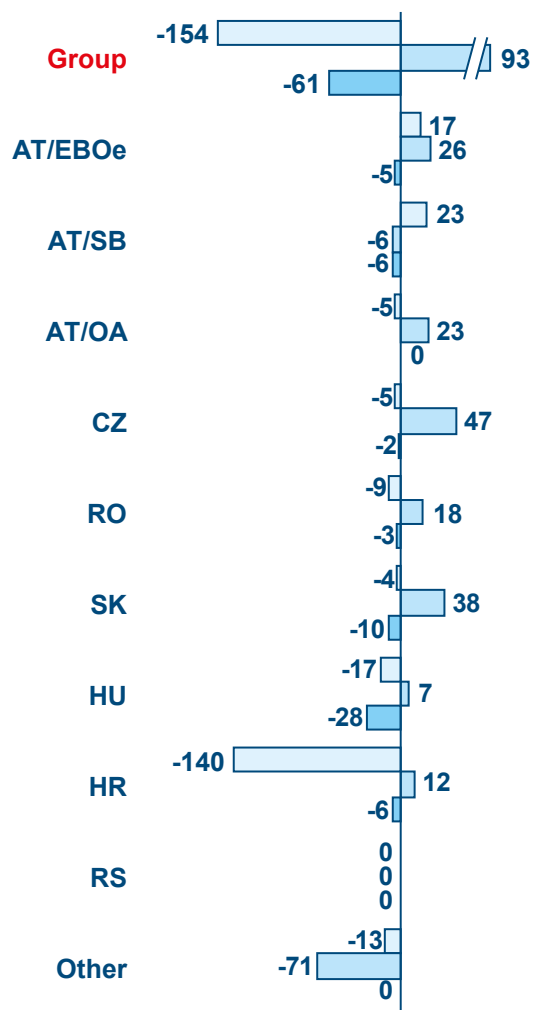
30/09/15  
30/06/16  
30/09/16



- NPL coverage at 67.7%, qoq improvement resulting from reduced NPL stock in Q3 16
- HU: coverage improves further after significant decline resulting from the CHF conversion in 2015
- SK: coverage ratio at comfortable level following temporary decline at year-end (due to adoption of EBA default definition)
- AT/OA: improvement of coverage following temporary decline in Q2 16 due to NPL sales
- RO: coverage remains at comfortable level

# Business performance: other result –

## Other result without any significant one-offs in Q3 16

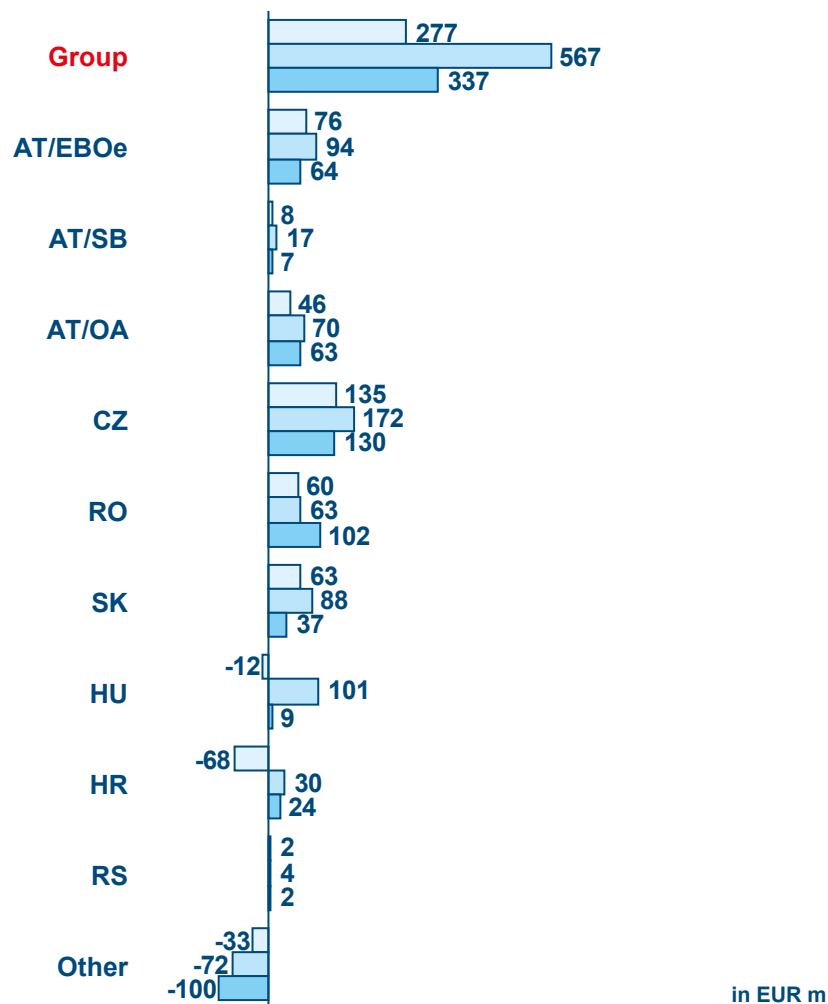
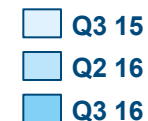


in EUR m

- Yoy improvement mainly due to one-off provision for FX conversion in Croatia in Q3 15
- Qoq deterioration driven by one-off gain from sale of participation in VISA (EUR 138.7m) in Q2 16
- Year-on-year segment trends:
  - HR: improvement driven by non-recurrence of provisions related to the FX conversion in 2015
  - AT/EBOe: lower other result due to one-off income in Q3 15 (gain from Lotto/Toto sale)
  - AT/SB: decrease driven by valuation of investment funds
- Quarter-on-quarter segment trends:
  - AT/EBOe: other result declines on VISA selling gain and real estate selling gains in Q2 16
  - HU: development due to VISA selling gain in Q2 16 and provisions for commitments and guarantees in Q3 16
  - CZ, SK, HR, RO: decline mainly a result of VISA selling gain in Q2 16 (see above)
  - Other: reclassification on/off-balance sheet provisions

# Business performance: net result –

## Q3 16 net result puts Erste Group on track for 12%+ ROTE in 2016



- Yoy profitability driven by lower risk provisions across the board and improved other result in HR
- Qoq development mainly due to VISA sale one-off and releases of risk provisions in Q2 16
- Year-on-year segment trends:
  - HR: improvement mainly due to CHF conversion in Q3 15, to a lesser extent to lower risk provisions
  - RO: significantly lower risk provisions more than offset decline in operating performance
  - HU: net result driven by decline in risk costs
- Quarter-on-quarter segment trends:
  - HU: development as a result of releases of risk costs in Q2 16 and to a lesser extent driven by other result (VISA sale)
  - RO: improvement in risk provisions drive net profit (see yoy)
  - AT/EBOe, CZ, SK, HR: decline driven by VISA sale as well as real estate selling gain in AT/EBOe in Q2 16
- Return on equity at 11.1% in Q3 16, following 19.7% in Q2 16, and 10.5% in Q3 15
- Cash return on equity at 11.1% in Q3 16, following 19.8 % in Q2 16, and 10.6% in Q3 15

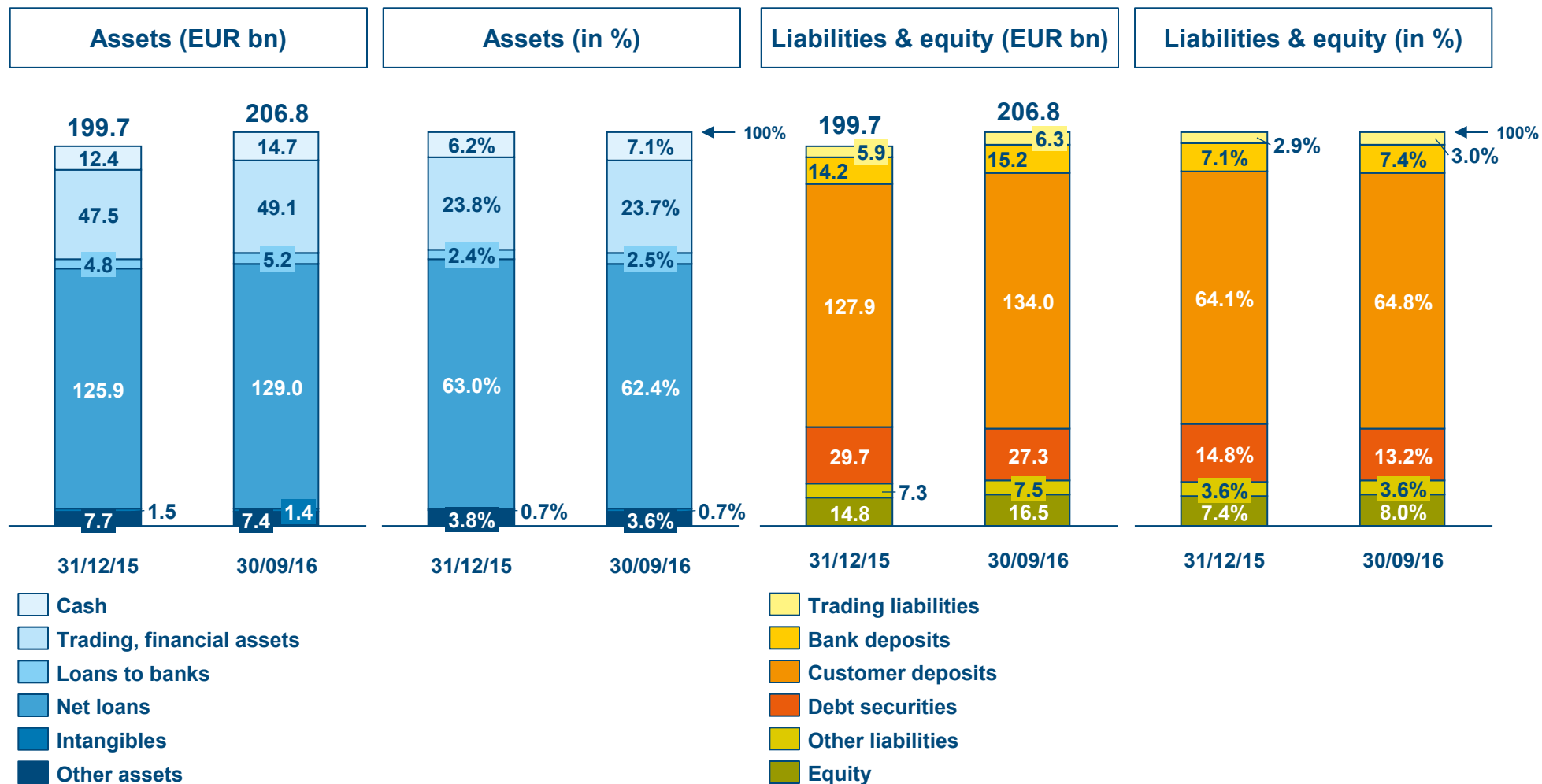


# Presentation topics

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

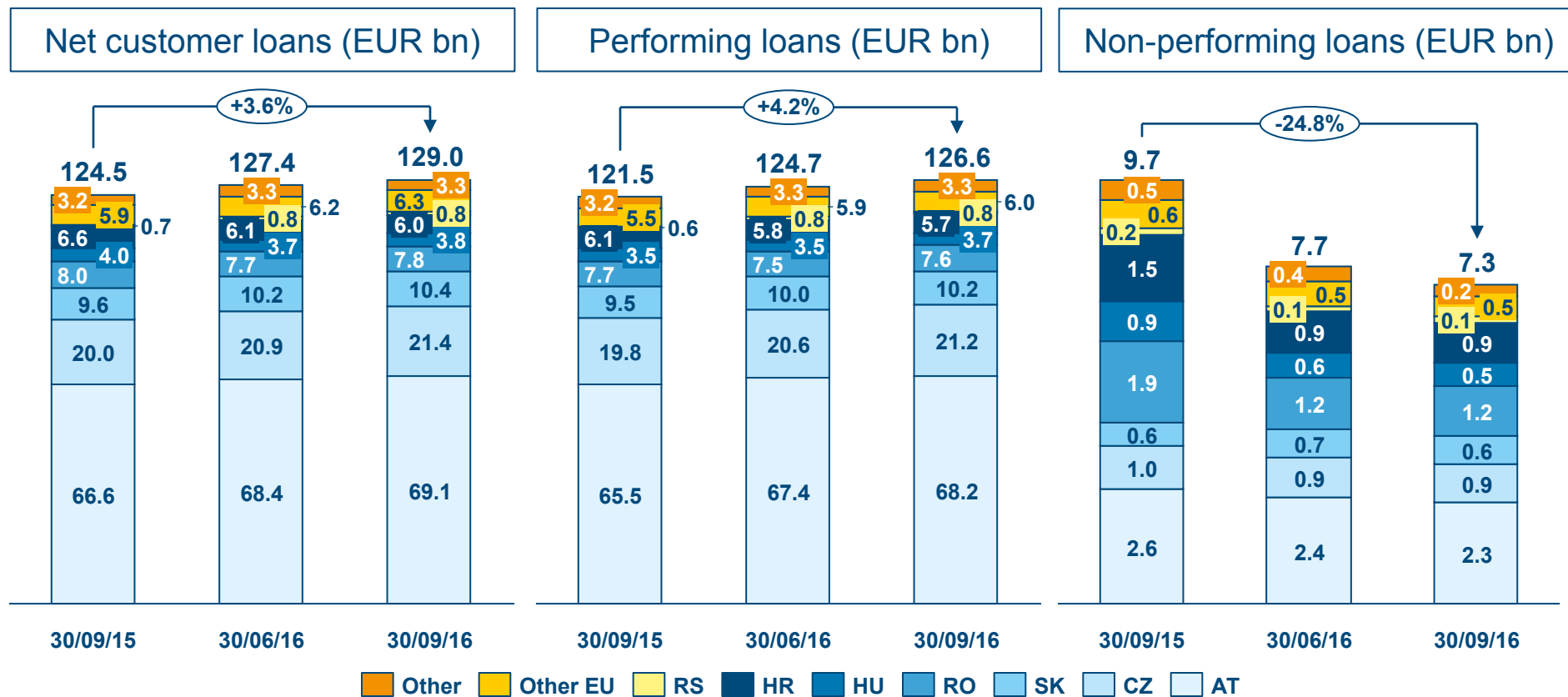
# Assets and liabilities: YTD overview –

Loan/deposit ratio down to 96.2% in Sept 16 (Dec 15: 98.4%)



# Assets and liabilities: customer loans by country of risk –

## Net customer loans up 3.6% yoy, NPLs down 24.8%

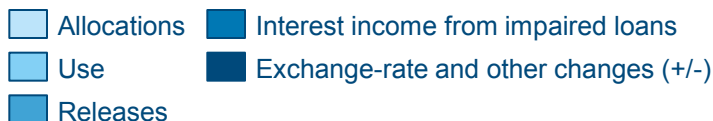
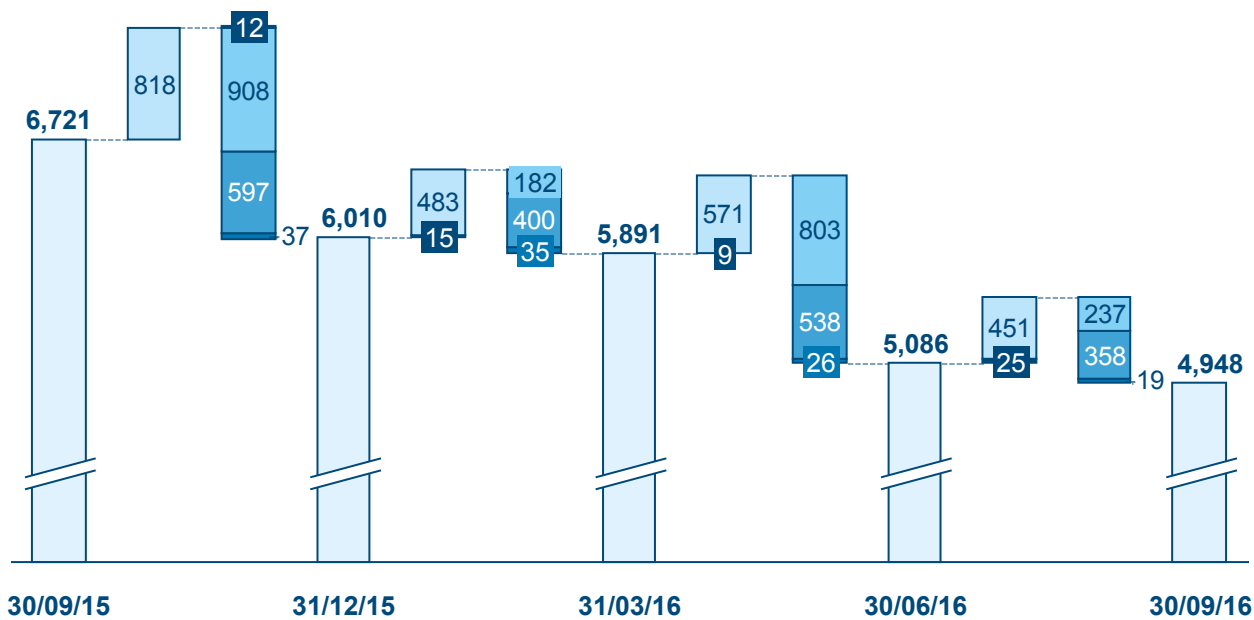


- Performing loan growth driven by Austria, Slovakia and Czech Republic:
  - Main contributing business lines: Retail and Corporates
  - Broadly stable loan volumes in RO, HU and HR
- 24.8% yoy decline in NPL stock mainly driven by NPL sales and positive migration trends across most geographies

# Assets and liabilities: allowances for customer loans –

As asset quality improves lower interest income from NPLs weighs on NII

Quarterly development (EUR m)



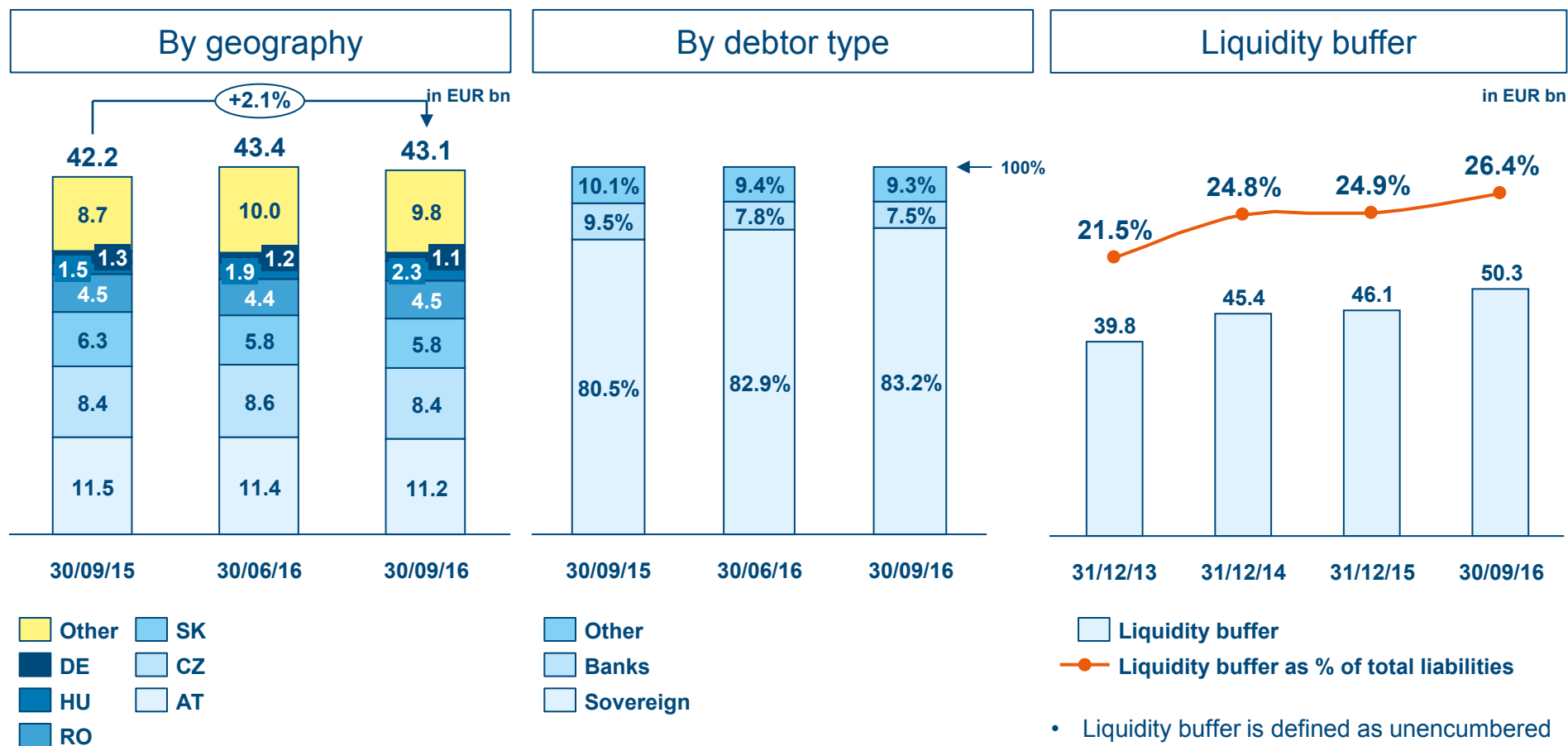
Highlights

- Development of interest income from NPLs:
  - 2013: EUR 270m
  - 2014: EUR 202m
  - 2015: EUR 162m
  - 2016e: EUR 90-100m
- P&L unwinding impact = interest income from impaired loans = EUR 19m in Q3 16 (Q2 16: EUR 26m, Q3 15: EUR 39m)

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

# Assets and liabilities: financial and trading assets \* – LCR at 154.9%



\* Excludes derivatives held for trading.

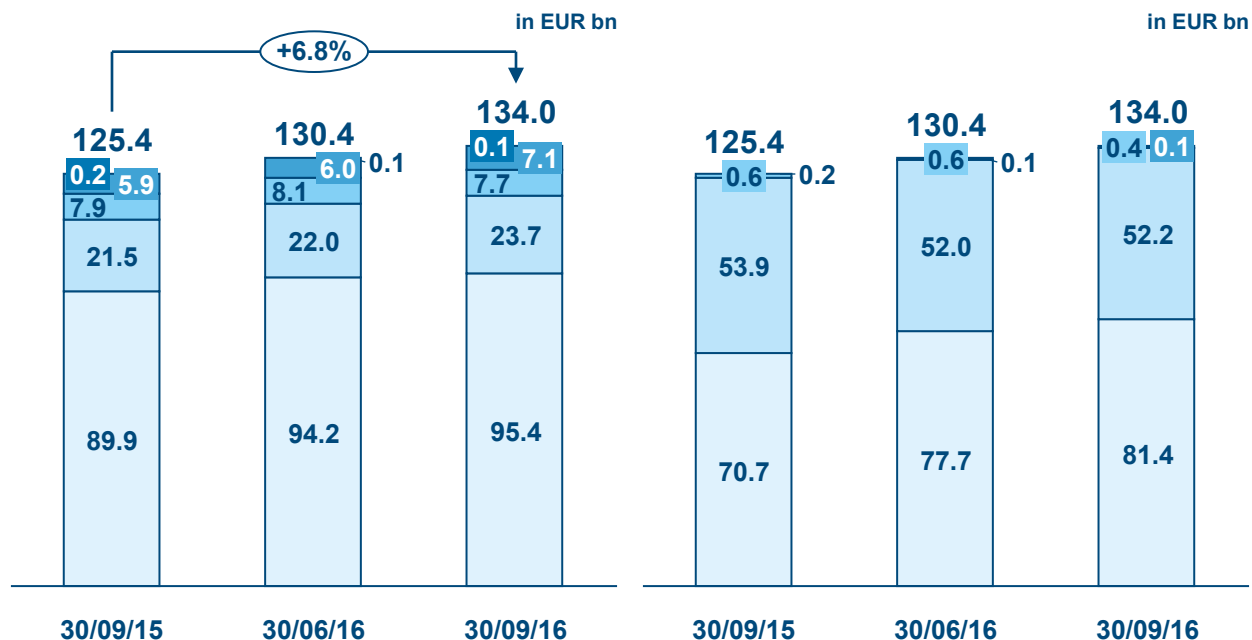
# Assets and liabilities: customer deposit funding –

## Customer deposits grow by 2.8% qoq, up 6.8% yoy

### By customer type

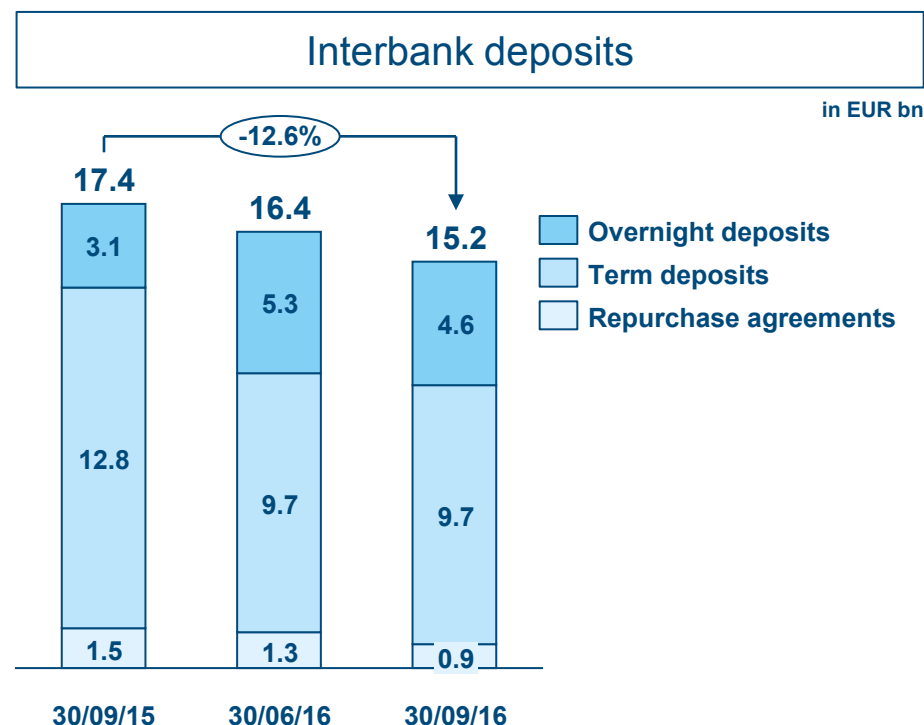
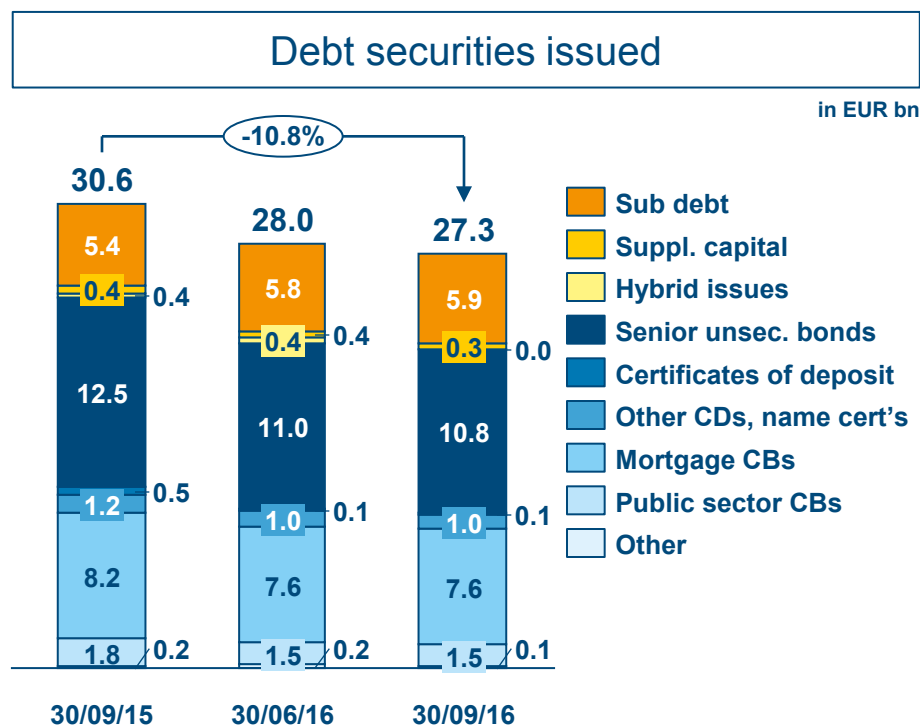
### By product type

### Highlights



- Continued deposit inflows driven by Retail segment with highest demand for overnight deposits amid low interest rate environment
- Limited volatility in corporate and public sector deposits
- Increasing share of overnight deposits with significantly longer behavioural maturity provides a cost effective funding source

# Assets and liabilities: debt vs interbank funding – Stable wholesale funding base

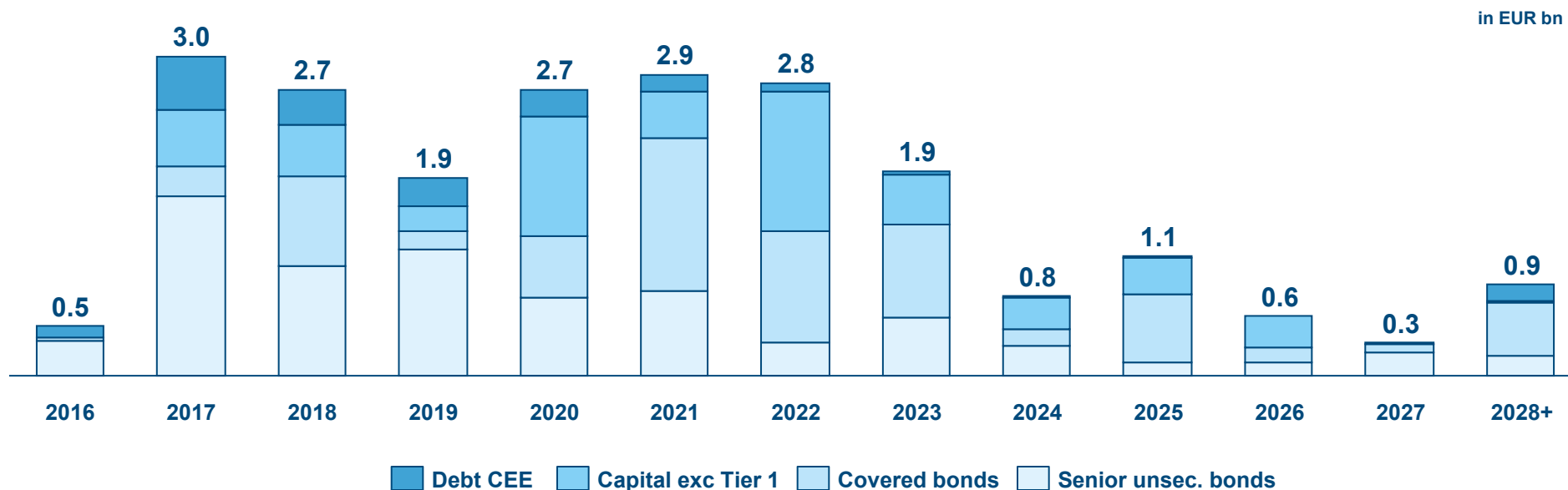


- Overall reduction in wholesale funding reliance led by decline in outstanding senior unsecured debt, which was only partly offset by increased subordinated debt

- Lower reliance on interbank deposits following strong customer deposit inflows during the course of 2016

# Assets and liabilities: LT funding – Limited LT funding needs

Maturity profile of debt

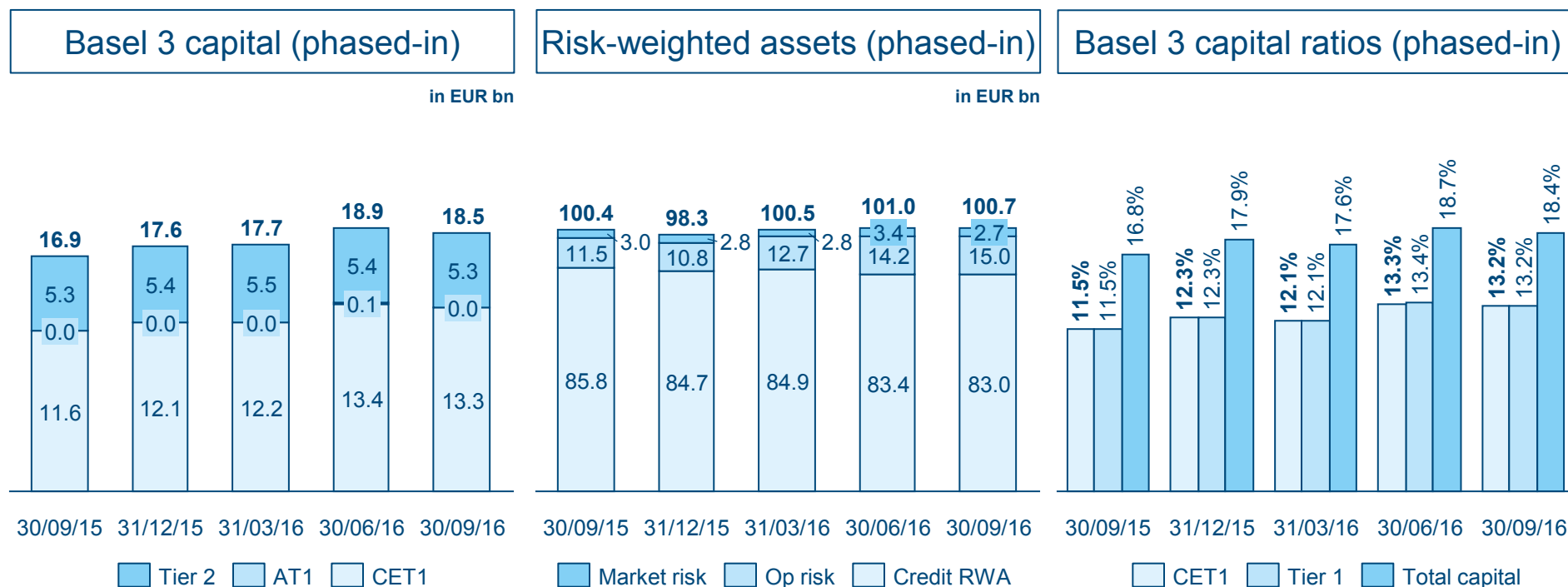


- In January 2016 Erste Group opened the covered bond market for Austrian issuers with a EUR 750m 7y mortgage covered bond.
- Erste Group followed-up in May with Austria's inaugural CRDIV CRR compliant Additional Tier 1 transaction (EUR 500m PerpNC5.5). The issue attracted more than 160 accounts and had orders above EUR 2bn. The already comfortable capital position of Erste Group was strengthened further and the issue contributes to the transition towards an optimal CRR-compliant capital structure.
- The inaugural AT1 transaction allowed Erste Group to call its outstanding legacy Tier 1 instruments.



# Assets and liabilities: capital position –

## Clean B3FL CET1 ratio increases to 13.0%, ADIs at EUR 1.6bn



- Strong CET1 capital development ytd
  - Increase in B3FL CET 1 capital by EUR 985m ytd includes H1 16 net profit; Q3 16 net profit is not included and Q3 16 risk costs are deducted
- Strong ytd rise in available distributable items (ADIs) to EUR 1.6bn (pre dividend and AT1 coupon for 2016)

- Lower credit and market RWA offset increased operational risk RWA in Q3 16
  - Credit RWA driven lower by across-the-board improved portfolio quality
  - Inclusion of politically driven historical events as operational risk (Romania, Hungary) led to up-drift in operational RWA in 2016
- B3FL RWA at EUR 102.4bn

- B3FL CET1 ratio at 12.7% at 30 Sept 2016 (YE 2015: 12.0%)
- B3FL total capital ratio at 18.3% including AT1 issued in Q3 16 (YE15: 17.2%)
- SREP requirement for 2016: 9.5% + 0.25% systemic risk buffer; currently expected B3FL SREP ratio as of 1 Jan 2019: 9.5% + 2.0% = 11.5%

# Presentation topics

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

# Conclusion – Outlook 2016 & 2017

## Macro outlook

- Real GDP growth of between 1.3-4.5% expected in 2016 in CEE markets and Austria
- Growth in the range of 2-3% in 2017 in CEE, about 1.5% in Austria
- Real GDP growth to be driven by solid domestic demand, as real wage growth and declining unemployment support economic activity in CEE
- Solid public finances across CEE

## Outlook 2016

- ROTE for 2016 confirmed at 12%+ (based on average tangible equity in 2016)
- Dividend for 2016 on track for EUR 1 per share (+100% vs 2015), which corresponds to a dividend yield of about 3.5%

## Outlook 2017

- ROTE for 2017 targeted at 10%+ (based on average tangible equity in 2017 and assuming Austrian banking tax one-off payment already in 2016)
- Assumptions for 2017: at best flat revenues (assuming 5%+ net loan growth); cost inflation of 1-2% due to digitalisation; increase in risk costs, remaining at historically low levels; positive swing in other operating result due to lower Austrian banking tax

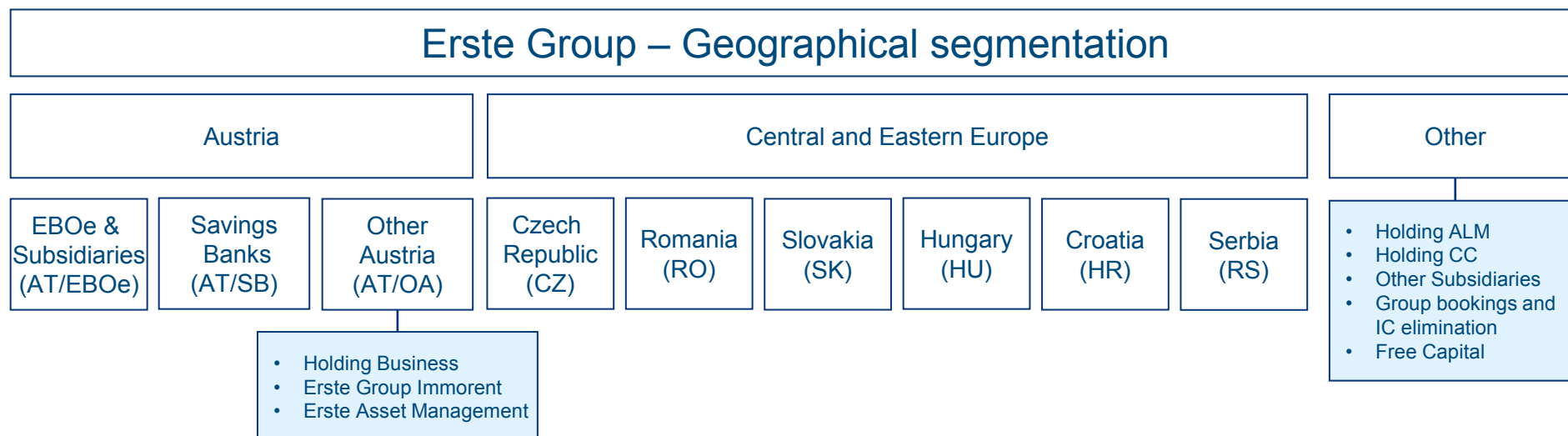
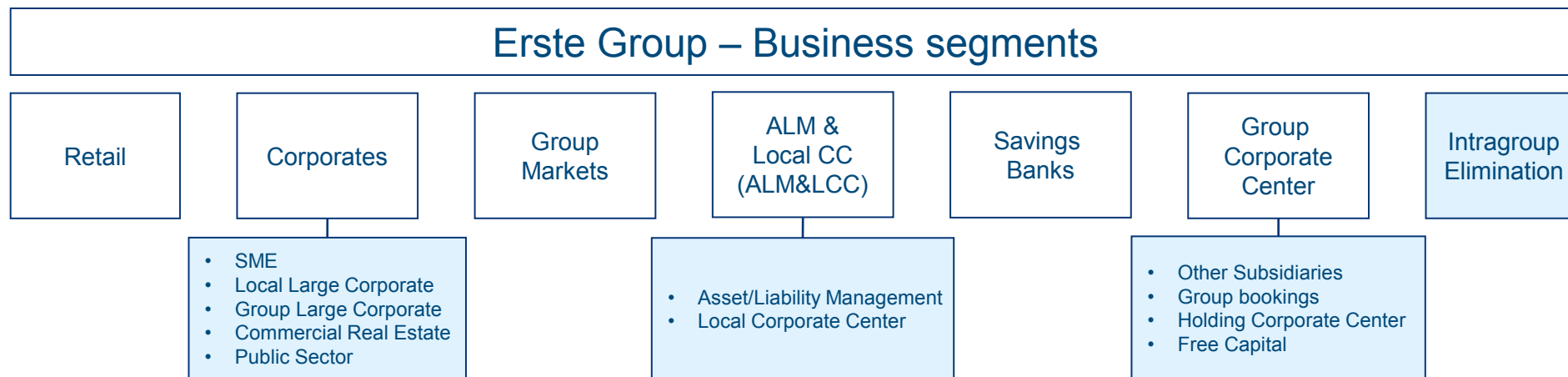
## Risk factors for guidance

- Impact from expansionary monetary central bank policies, inc negative interest rates
- Political risks, eg timely implementation of Austrian banking tax reduction
- Geopolitical risks and global economic risks
- Consumer protection initiatives

# 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				
	1-9 15	1-9 16	YOY-Δ	Q3 15	Q2 16	Q3 16	YOY-Δ	QOQ-Δ
Net interest income	3,324.3	3,267.5	-1.7%	1,112.3	1,101.9	1,073.4	-3.5%	-2.6%
Net fee and commission income	1,372.6	1,319.8	-3.8%	455.2	441.8	434.9	-4.5%	-1.6%
Dividend income	43.3	36.2	-16.3%	11.2	28.8	4.8	-57.5%	-83.5%
Net trading and fair value result	193.0	191.6	-0.7%	56.4	64.0	84.1	49.1%	31.3%
Net result from equity method investments	14.4	5.9	-59.0%	4.7	3.7	0.2	-95.8%	-94.7%
Rental income from investment properties & other operating leases	143.5	138.7	-3.4%	51.7	47.1	45.7	-11.6%	-2.9%
Personnel expenses	-1,667.5	-1,724.7	3.4%	-553.6	-587.2	-572.0	3.3%	-2.6%
Other administrative expenses	-855.2	-910.0	6.4%	-295.6	-276.6	-299.9	1.4%	8.4%
Depreciation and amortisation	-329.7	-328.4	-0.4%	-106.4	-107.7	-110.8	4.1%	2.9%
Gains/losses from financial assets and liabilities not measured at fair value through profit or loss, net	58.8	147.7	>100.0%	22.8	146.0	-0.7	n/a	n/a
Net impairment loss on financial assets not measured at fair value through profit or loss	-518.4	-63.2	-87.8%	-144.4	30.6	-37.4	-74.1%	n/a
Other operating result	-377.4	-252.4	-33.1%	-176.8	-52.6	-60.3	-65.9%	14.5%
Levies on banking activities	-187.7	-151.7	-19.2%	-50.5	-44.9	-44.0	-12.8%	-1.9%
<b>Pre-tax result from continuing operations</b>	<b>1,401.5</b>	<b>1,828.7</b>	<b>30.5%</b>	<b>437.4</b>	<b>839.7</b>	<b>562.0</b>	<b>28.5%</b>	<b>-33.1%</b>
Taxes on income	-362.3	-403.9	11.5%	-88.9	-174.3	-125.1	40.8%	-28.2%
<b>Net result for the period</b>	<b>1,039.2</b>	<b>1,424.8</b>	<b>37.1%</b>	<b>348.5</b>	<b>665.3</b>	<b>436.9</b>	<b>25.3%</b>	<b>-34.3%</b>
Net result attributable to non-controlling interests	275.0	245.6	-10.7%	71.6	98.4	99.4	38.9%	1.1%
<b>Net result attributable to owners of the parent</b>	<b>764.2</b>	<b>1,179.2</b>	<b>54.3%</b>	<b>276.9</b>	<b>567.0</b>	<b>337.4</b>	<b>21.8%</b>	<b>-40.5%</b>
Operating income	5,090.9	4,959.7	-2.6%	1,691.6	1,687.3	1,643.1	-2.9%	-2.6%
Operating expenses	-2,852.4	-2,963.0	3.9%	-955.6	-971.5	-982.7	2.8%	1.1%
<b>Operating result</b>	<b>2,238.5</b>	<b>1,996.6</b>	<b>-10.8%</b>	<b>735.9</b>	<b>715.8</b>	<b>660.4</b>	<b>-10.3%</b>	<b>-7.7%</b>

# Additional information: group balance sheet – Assets

in EUR million	Quarterly data					Change		
	Sep 15	Dec 15	Mar 16	Jun 16	Sep 16	YOY-Δ	YTD-Δ	QOQ-Δ
Cash and cash balances	11,097	12,350	14,641	12,982	14,743	32.9%	19.4%	13.6%
Financial assets - held for trading	8,805	8,719	9,960	10,373	9,731	10.5%	11.6%	-6.2%
Derivatives	5,633	5,303	5,668	5,610	5,297	-6.0%	-0.1%	-5.6%
Other trading assets	3,172	3,416	4,292	4,763	4,433	39.8%	29.8%	-6.9%
Financial assets - at fair value through profit or loss	332	359	404	433	477	43.7%	32.8%	10.0%
Financial assets - available for sale	21,187	20,763	20,743	20,822	20,406	-3.7%	-1.7%	-2.0%
Financial assets - held to maturity	17,585	17,701	17,573	17,823	18,451	4.9%	4.2%	3.5%
Loans and receivables to credit institutions	8,384	4,805	6,680	5,626	5,191	-38.1%	8.0%	-7.7%
<b>Loans and receivables to customers</b>	<b>124,521</b>	<b>125,897</b>	<b>126,740</b>	<b>127,407</b>	<b>128,985</b>	<b>3.6%</b>	<b>2.5%</b>	<b>1.2%</b>
Derivatives - hedge accounting	2,284	2,191	2,347	2,253	2,208	-3.3%	0.8%	-2.0%
Changes in fair value of portfolio hedged items	0	0	0	0	0	n/a	n/a	n/a
Property and equipment	2,368	2,402	2,370	2,334	2,335	-1.4%	-2.8%	0.0%
Investment properties	751	753	744	753	658	-12.5%	-12.7%	-12.6%
Intangible assets	1,393	1,465	1,447	1,437	1,443	3.6%	-1.5%	0.4%
Investments in associates and joint ventures	164	167	169	190	185	12.6%	10.9%	-3.0%
Current tax assets	166	119	142	132	130	-21.9%	9.3%	-1.7%
Deferred tax assets	234	310	308	253	245	4.6%	-21.0%	-3.2%
Assets held for sale	487	526	456	294	372	-23.6%	-29.4%	26.3%
Other assets	1,411	1,217	1,646	1,391	1,254	-11.2%	3.0%	-9.9%
<b>Total assets</b>	<b>201,171</b>	<b>199,743</b>	<b>206,369</b>	<b>204,505</b>	<b>206,811</b>	<b>2.8%</b>	<b>3.5%</b>	<b>1.1%</b>

# Additional information: group balance sheet – Liabilities and equity

in EUR million	Quarterly data					Change		
	Sep 15	Dec 15	Mar 16	Jun 16	Sep 16	YOY-Δ	YTD-Δ	QOQ-Δ
Financial liabilities - held for trading	6,364	5,867	6,612	6,146	6,272	-1.5%	6.9%	2.0%
Derivatives	5,654	5,434	5,782	5,341	4,933	-12.8%	-9.2%	-7.6%
Other trading liabilities	711	434	830	805	1,339	88.4%	>100.0%	66.2%
Financial liabilities - at fair value through profit or loss	1,907	1,907	1,918	1,765	1,737	-8.9%	-8.9%	-1.6%
Deposits from banks	0	0	0	0	0	n/a	n/a	n/a
<b>Deposits from customers</b>	<b>197</b>	<b>149</b>	<b>122</b>	<b>113</b>	<b>79</b>	<b>-59.9%</b>	<b>-46.9%</b>	<b>-30.4%</b>
Debt securities issued	1,710	1,758	1,796	1,652	1,658	-3.0%	-5.7%	0.4%
Other financial liabilities	0	0	0	0	0	n/a	n/a	n/a
Financial liabilities measured at amortised cost	172,186	170,787	175,026	173,943	175,780	2.1%	2.9%	1.1%
Deposits from banks	17,414	14,212	17,330	16,367	15,228	-12.6%	7.1%	-7.0%
<b>Deposits from customers</b>	<b>125,242</b>	<b>127,797</b>	<b>128,518</b>	<b>130,304</b>	<b>133,944</b>	<b>6.9%</b>	<b>4.8%</b>	<b>2.8%</b>
Debt securities issued	28,910	27,896	28,263	26,362	25,642	-11.3%	-8.1%	-2.7%
Other financial liabilities	620	882	914	911	966	55.9%	9.6%	6.0%
Derivatives - hedge accounting	621	593	650	666	642	3.4%	8.3%	-3.6%
Changes in fair value of portfolio hedged items	1,013	966	1,089	1,148	1,128	11.3%	16.8%	-1.8%
Provisions	1,752	1,736	1,801	1,715	1,758	0.4%	1.2%	2.5%
Current tax liabilities	120	90	101	98	62	-48.2%	-30.9%	-36.7%
Deferred tax liabilities	92	96	119	133	174	89.2%	81.5%	31.1%
Liabilities associated with assets held for sale	33	578	451	0	3	-90.9%	-99.5%	n/a
Other liabilities	2,647	2,317	3,383	2,913	2,727	3.0%	17.7%	-6.4%
<b>Total equity</b>	<b>14,437</b>	<b>14,807</b>	<b>15,218</b>	<b>15,977</b>	<b>16,529</b>	<b>14.5%</b>	<b>11.6%</b>	<b>3.5%</b>
Equity attributable to non-controlling interests	3,746	3,802	3,889	3,948	4,063	8.5%	6.9%	2.9%
Equity attributable to owners of the parent	10,691	11,005	11,329	12,029	12,466	16.6%	13.3%	3.6%
<b>Total liabilities and equity</b>	<b>201,171</b>	<b>199,743</b>	<b>206,369</b>	<b>204,505</b>	<b>206,811</b>	<b>2.8%</b>	<b>3.5%</b>	<b>1.1%</b>

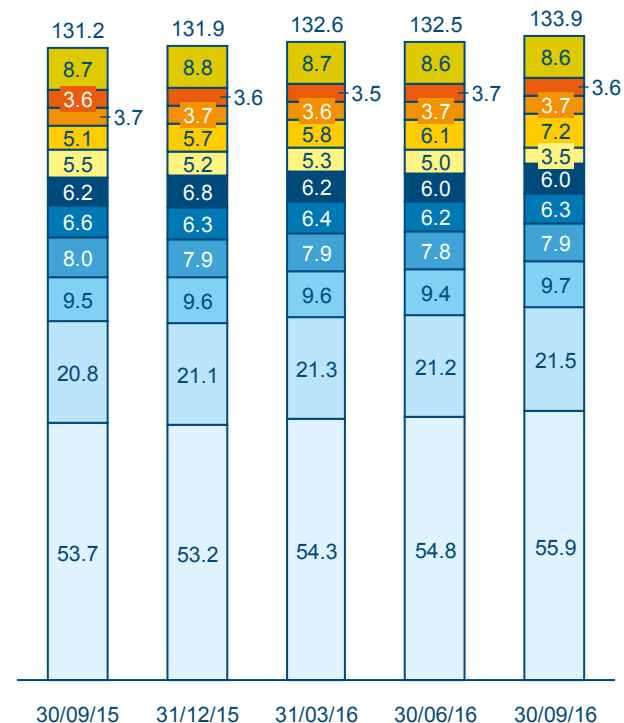
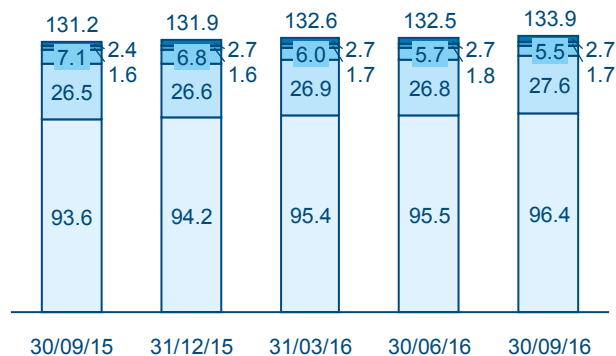
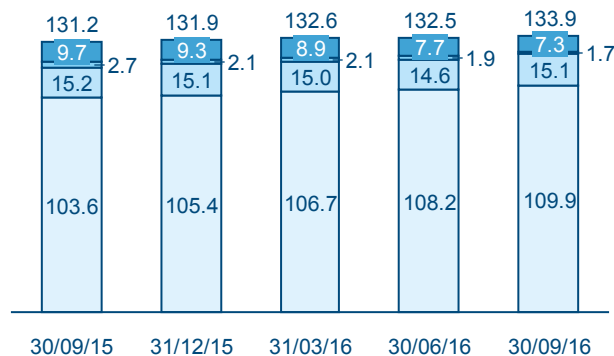


# Additional information: gross customer loans – By risk category, by currency, by industry

Gross cust. loans by risk category (EUR bn)

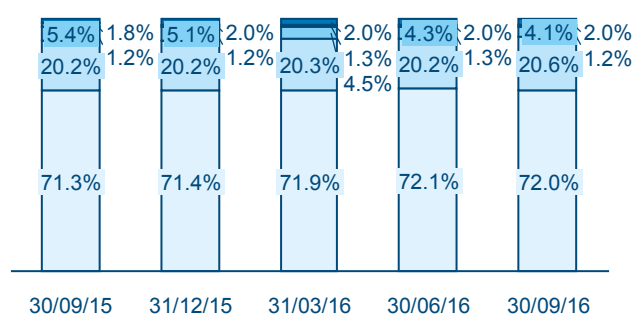
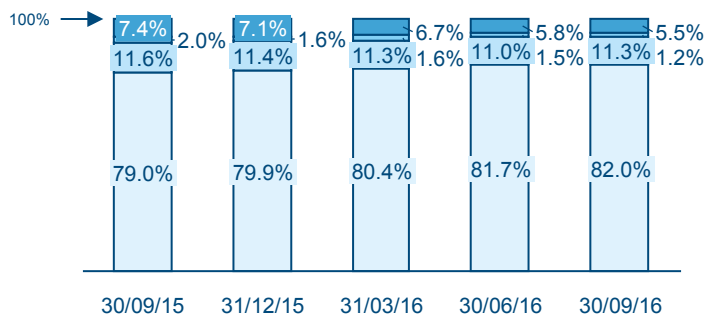
Gross customer loans by currency (EUR bn)

Gross customer loans by industry (EUR bn)



Gross customer loans by risk category (in %)

Gross customer loans by currency (in %)



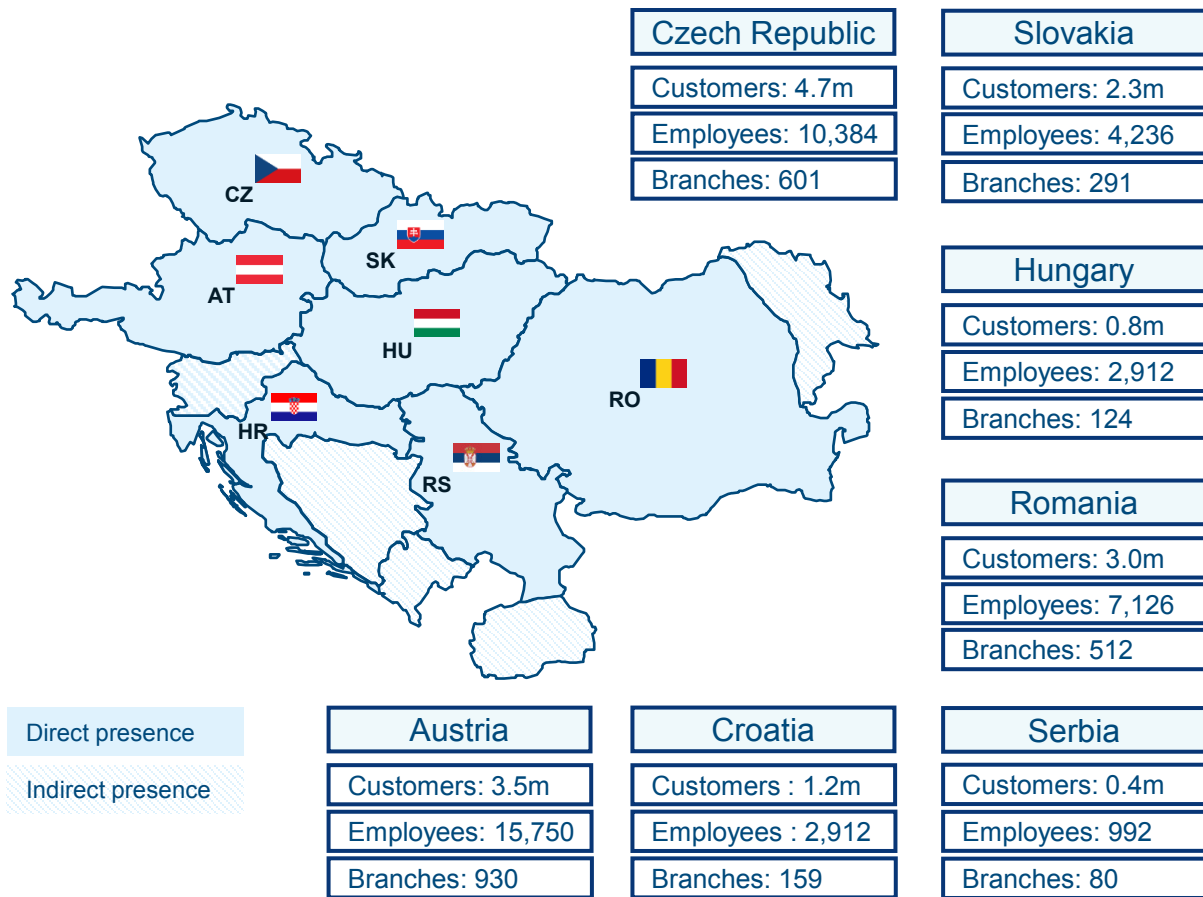
■ Non-performing    ■ Management attention  
■ Substandard    ■ Low risk

■ 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 (HR & RS)

Savings products, asset management and pension products

##### 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, 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: Ratings – Composition of Erste Group Bank AG's issuer ratings

## MOODY'S

<b>Macro Profile</b>	
Strong -	
+	
<b>Financial Profile</b>	
Asset Risk	ba1
Capital	baa2
Profitability	ba1
Funding Structure	baa1
Liquid Resources	baa3
+	
<b>Qualitative Factors</b>	
Business Diversification	0
Opacity, Complexity	0
Corporate Behaviour	0
=	
<b>BCA Baseline Credit Assessment</b>	<b>baa3</b>
+	
Affiliate Support	0
=	
<b>Adjusted BCA</b>	<b>baa3</b>
+	
<b>LGF Loss Given Failure</b>	<b>+ 2</b>
Government Support	0
=	
<b>Issuer Rating / Senior Unsecured</b>	
<b>Baa1 Stable</b>	

## S&P Global Ratings

<b>SACP - Stand-Alone Credit Profile</b>		
bbb+		
▲		
<b>Anchor</b>	bbb	
<b>Business Position</b>	Strong	+1
<b>Capital &amp; Earnings</b>	Adequate	0
<b>Risk Position</b>	Adequate	0
<b>Funding</b>	Above Average	0
<b>Liquidity</b>	Adequate	0
+		
<b>Support</b>	0	
▲		
<b>ALAC Support</b>	0	
<b>GRE Support</b>	0	
<b>Group Support</b>	0	
<b>Sovereign Support</b>	0	
+		
<b>Additional Factors</b>	0	
=		
<b>Issuer Credit Rating</b>		
<b>BBB+/Stable/A-2</b>		

## FitchRatings

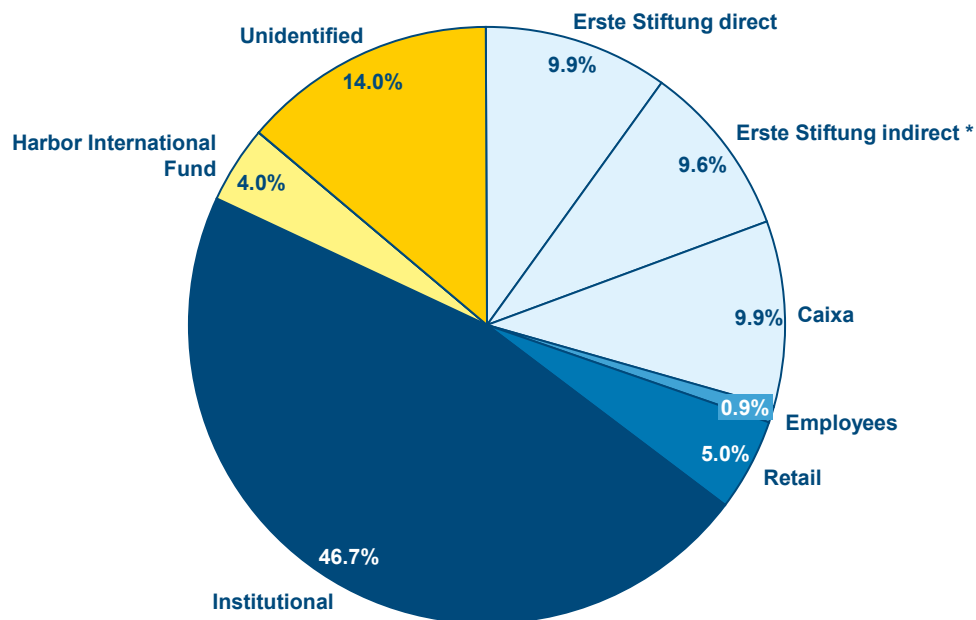
<b>VR - Viability Rating (Individual Rating)</b>
bbb+
<b>SRF - Support Rating Floor</b>
NF (No Floor)
<b>IDR - Issuer Default Rating</b>
<b>BBB+ Stable</b>

Status as of 31 October 2016

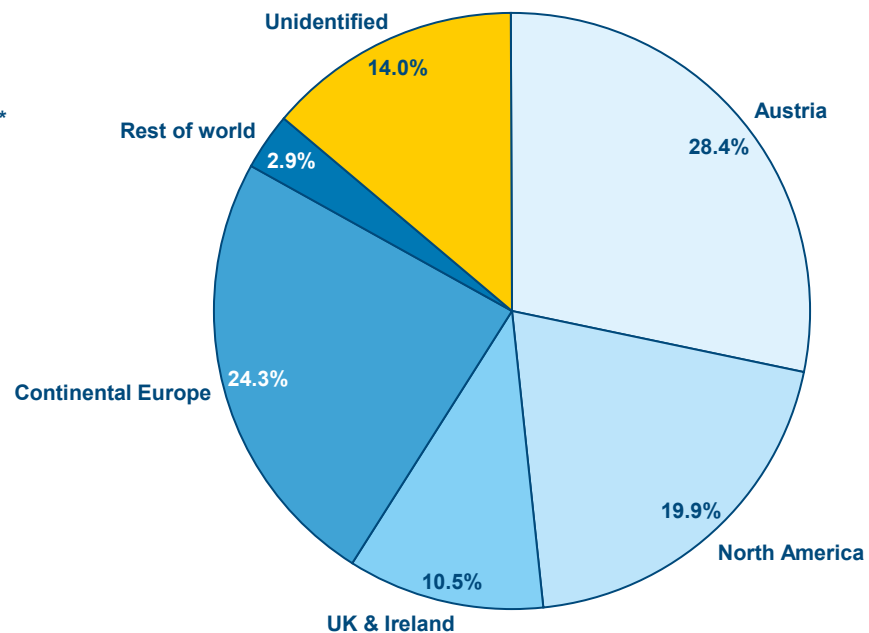
# Additional information: shareholder structure –

Total number of shares: 429,800,000

By investor



By region



\* Including voting rights of Erste Foundation, savings banks, savings banks foundations and Wiener Städtische Wechselseitige Versicherungsverein

Status as of 31 October 2016

# Investor relations details

- **Erste Group Bank AG, Am Belvedere 1, 1100 Vienna**

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