

# Erste Group – 9<sup>th</sup> Capital Markets Day

21 November 2019, Vienna

**Taking care of our customers' financial health**

Peter Bosek, Chief Retail Officer

## Disclaimer –

### Cautionary note regarding forward-looking statements

- THE INFORMATION CONTAINED IN THIS DOCUMENT HAS NOT BEEN INDEPENDENTLY VERIFIED AND NO REPRESENTATION OR WARRANTY EXPRESSED OR IMPLIED IS MADE AS TO, AND NO RELIANCE SHOULD BE PLACED ON, THE FAIRNESS, ACCURACY, COMPLETENESS OR CORRECTNESS OF THIS INFORMATION OR OPINIONS CONTAINED HEREIN.
- CERTAIN STATEMENTS CONTAINED IN THIS DOCUMENT MAY BE STATEMENTS OF FUTURE EXPECTATIONS AND OTHER FORWARD-LOOKING STATEMENTS THAT ARE BASED ON MANAGEMENT'S CURRENT VIEWS AND ASSUMPTIONS AND INVOLVE KNOWN AND UNKNOWN RISKS AND UNCERTAINTIES THAT COULD CAUSE ACTUAL RESULTS, PERFORMANCE OR EVENTS TO DIFFER MATERIALLY FROM THOSE EXPRESSED OR IMPLIED IN SUCH STATEMENTS.
- NONE OF ERSTE GROUP OR ANY OF ITS AFFILIATES, ADVISORS OR REPRESENTATIVES SHALL HAVE ANY LIABILITY WHATSOEVER (IN NEGLIGENCE OR OTHERWISE) FOR ANY LOSS HOWSOEVER ARISING FROM ANY USE OF THIS DOCUMENT OR ITS CONTENT OR OTHERWISE ARISING IN CONNECTION WITH THIS DOCUMENT.
- THIS DOCUMENT DOES NOT CONSTITUTE AN OFFER OR INVITATION TO PURCHASE OR SUBSCRIBE FOR ANY SHARES AND NEITHER IT NOR ANY PART OF IT SHALL FORM THE BASIS OF OR BE RELIED UPON IN CONNECTION WITH ANY CONTRACT OR COMMITMENT WHATSOEVER.

## Presentation topics – Taking care of our customers' financial health

- The concept
  - Financial health and prosperity advice
  - Omni-channel approach
- The George story
- Next steps for George

# The concept: financial health – Building client prosperity through improving financial health

## Financial health definition



### FINANCIAL HEALTH OF INDIVIDUAL CLIENTS

“I can fully **meet my current** and ongoing **financial obligations**, I can **feel secure** in my financial **future**, and I am **able to make choices** that allow me to **enjoy life.**”



Purpose



Social



Financial



Community



Physical

## A continuum of 3 stages

FIT

On track to meet future life goals & have wellness to make choices that allow you to enjoy life



HEALTHY

Have the capacity to absorb a financial shock



VULNERABLE

Struggling with control over day-to-day, month-to-month finances

Our goal is to help our clients prosper along their financial health continuum.

# The concept: prosperity advice –

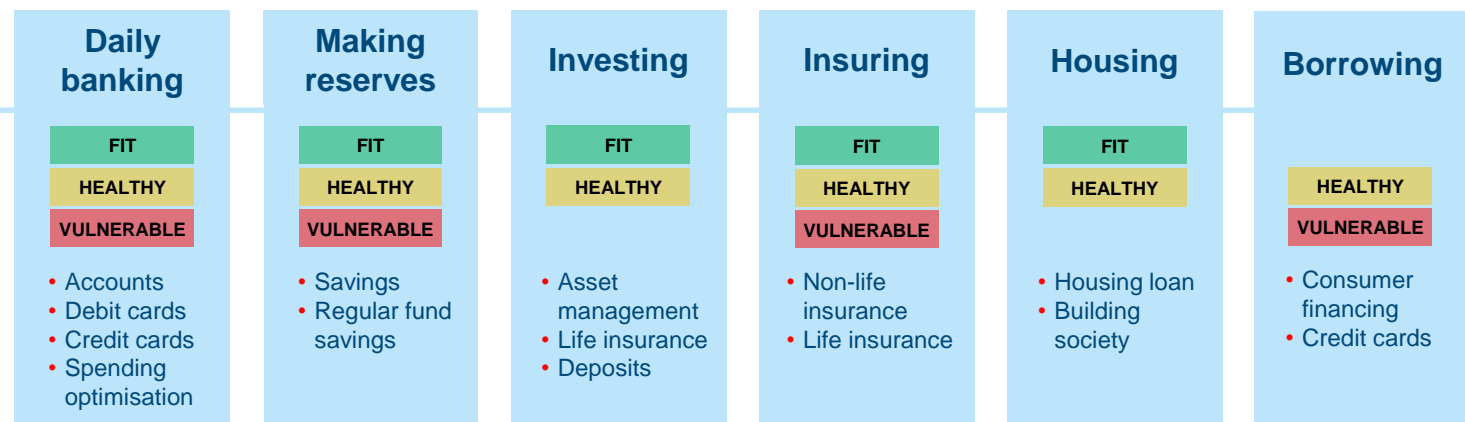
Offer consistent, comprehensive advice across product lines to all clients

## Prosperity advice

- Our goal is to provide comprehensive prosperity advice to help clients prosper along their financial health continuum
- With an initial assessment of their health status, understanding of their future goals and performing risk assessment we aim at finding the right solutions for our clients across product lines



## Optimised product mix according to client needs and not based on product silos



Scope of prosperity advice

Our retail strategy reflects this integral role for prosperity advice.

# Focus on asset management and bancassurance solutions – Building on strong market positions and cooperation with VIG

## Asset management

- Asset management solutions support clients in achieving their financial goals

## Bancassurance

- Insurance solutions play a key role in securing people's financial health
  - Non-life insurance (e.g. property insurance) in absorbing a financial shock
  - Life insurance to prepare for retirement or as investment solution to build up wealth

Taking advantage of strong market positions

**Strong asset management positions in our region\***  
#1 in AT, CZ, HR, RO #2 in HU #3 in SK

**Group-wide established business relationship with Vienna Insurance Group (VIG)**

**Enabling digital investing & insuring is one of 5 digital transformation priority topics**

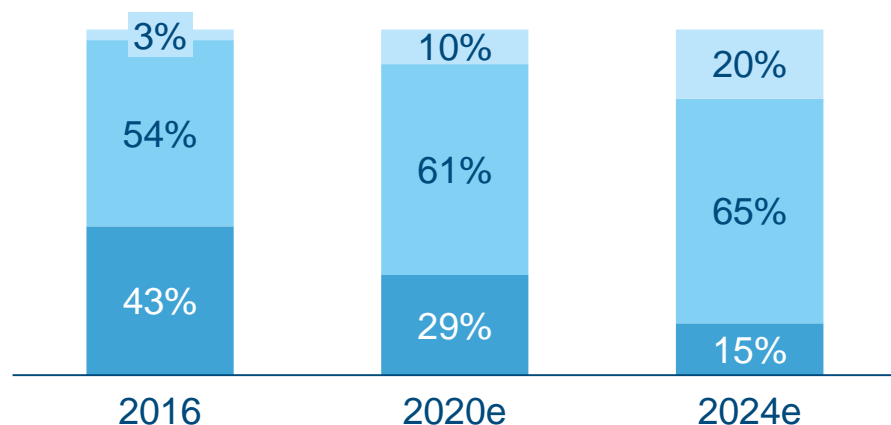
- Advisory approach
  - Digital investment advice to be offered to all clients
  - Differentiated approach for personal advice depending on factors like investment volume, risk appetite or product complexity
- Advisory dependent on product complexity
  - Digital advice primarily for (less complex) non-life products
  - Personal advice primarily for (more complex) life products
  - Specialist advice for complex (especially life) insurances

\*) Market positions as of Sep 19

# The concept: omni-channel approach – Being mindful of changing customer behaviour

Clients future channel behaviour...

...confirms omni-channel strategy



- Digital only clients
- Hybrid clients (branch & digital)
- Branch only clients

## FACE2FACE

- Augment all personal advisors with algorithms on tablets which steer the agenda, process and solution proposal

## REMOTE

- Use remote communication tools (video, text, voice) to provide access to specialised human advisors where necessary

## AUTOMATED

- Providing clients access to the intelligence of the algorithms via digital interface

**Younger clients shift from branch only to hybrid or digital only channel usage.**

Source: Erste Group, Banking Market Monitor 2017 + Extrapolation

# Introducing George.

We help more than 5 million people to take care of their financial life.

Our mission is to empower everyone to **understand**, **manage** and **improve** their financial health.






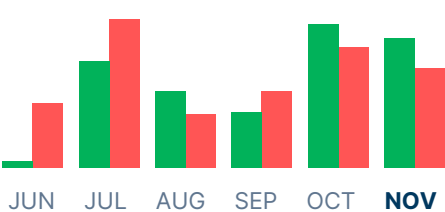
# Your financial dashboard.

All your financial products aggregated in a simple and smart dashboard.

Desktop, tablet, mobile.

GIROACCOUNT  Family Account  
€ 3.280,<sup>25</sup>

Available amount: € 6.280,25



JUN JUL AUG SEP OCT NOV

New Transfer

S KOMFORT SAVINGS  Saving for Kids  
€ 12.520,<sup>00</sup>



JUN JUL AUG SEP OCT NOV

Own Transfer

S KOMFORT SAVINGS  Family Holidays  
€ 2.750,<sup>00</sup>




JUN JUL AUG SEP OCT NOV

Own Transfer


Account Summary:  
€ 25.549,<sup>50</sup>

GIROACCOUNT  Family Account  
€ 3.280,<sup>25</sup>

S KOMFORT SAVINGS  Saving for Kids  
€ 12.520,<sup>00</sup>

S KOMFORT SAVINGS  Family Holidays  
€ 2.750,<sup>00</sup>

MULTIBANKING  ING Account  
€ 1.425,<sup>25</sup>

S MASTERCARD  My Credit Card  
-€ 320,<sup>00</sup>

PORTFOLIO  My Portfolio  
€ 43.374,<sup>00</sup>


FINANCING  House loan

MULTIBANKING  ING Account  
€ 1.425,<sup>25</sup>



JUN JUL AUG SEP OCT NOV

Sync Now

S MASTERCARD  My Credit Card  
-€ 320,<sup>00</sup>

10%

Available amount: € 2.670,00  
Pre-authorized: -€ 10,00  
Limit: € 3.000,00  
Bound to: Family Account

Card Details

PORTFOLIO  My Portfolio  
€ 43.374,<sup>00</sup>








5 Shares  
1 Fonds  
1 Other(s)

More

# Designed to uncomplicate money.

(Financial) life is complicated enough. George stands for simplicity, clarity and reliability.

22 AUG		<b>Starbucks</b> IBAN: AT56 2011 1801 512 6102 / BIC/SWIFT: BKA
	<b>Note</b>	Meeting with Peter <a href="#">#business</a>
	<b>Attachment</b>	receipt.png (1 MB) 
	<b>Category</b>	BUSINESS EXPENSES

# Designed to uncomplicate money.

(Financial) life is  
complicated enough.  
George stands for  
simplicity, clarity  
and reliability.



**Daniela Maier**



AT34 3456 1234 7890

50,00|

EUR ▾

Sign

# George Key Metrics / Q3 2019

## SCALE

**5.3**

**Million Users**

- Retail users across 4 countries: Austria, Czech Republic, Slovakia, Romania.
- **5,000 new users every day.** 2.7% Month-Over-Month growth.

## EXPERIENCE

**4.6**



- All ratings above 4 on iOS and Android APP Store.
- **35% DAU/MAU\* (Stickiness).** 35% of our active users are online each day. Over 20% is great, 50%+ is world class.

## ENGAGEMENT

**72**

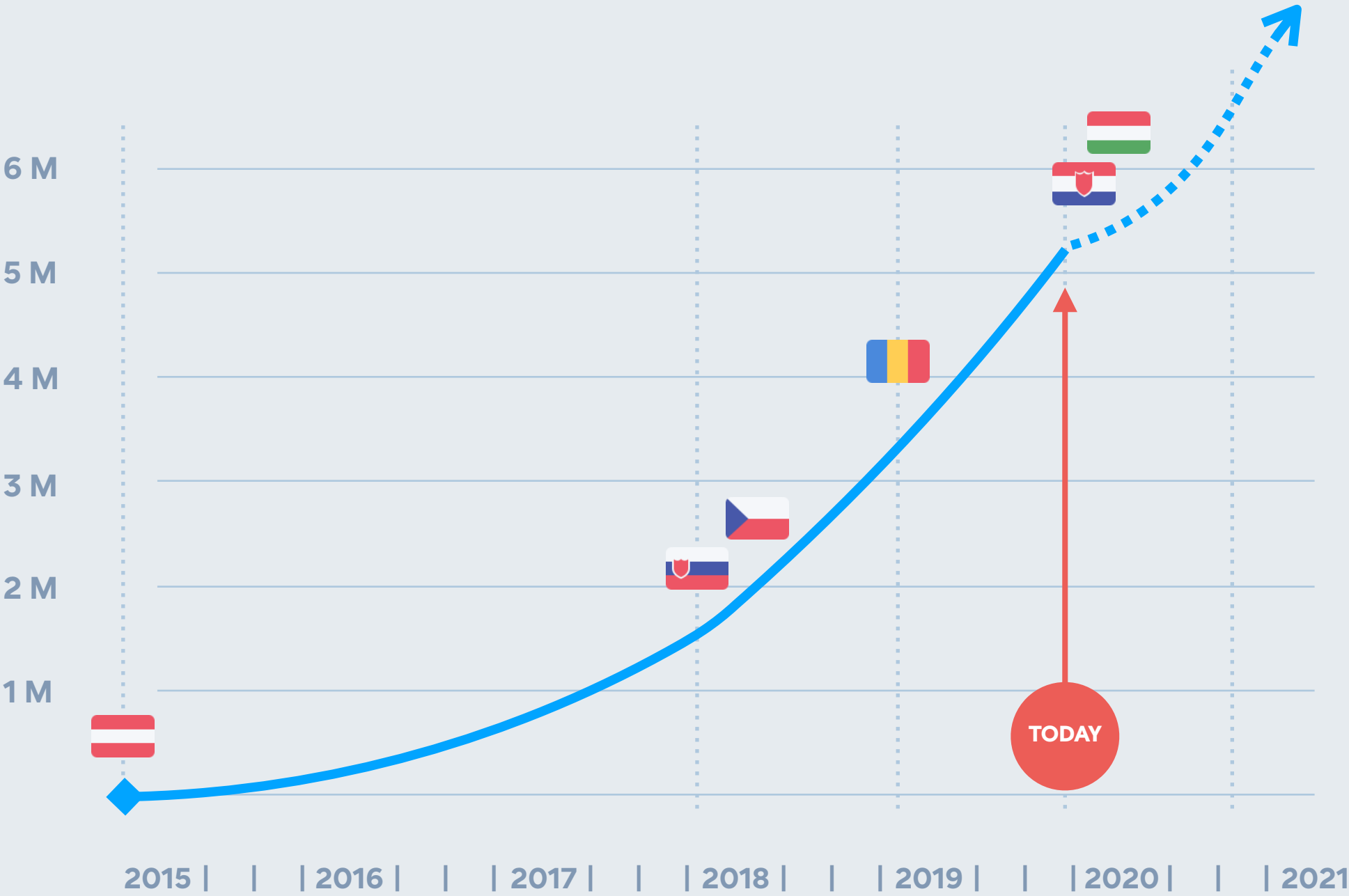
**Million Logins / Month**

- 80% mobile driven. 3% Month-Over-Month growth.
- We will reach **100 million** engagements moments in about 15 months.

\* The Daily Active Users (DAU) to Monthly Active Users (MAU) Ratio measures the stickiness of your product - that is how often people engage with your product.

# George rollout trajectory: 2015 - 2021

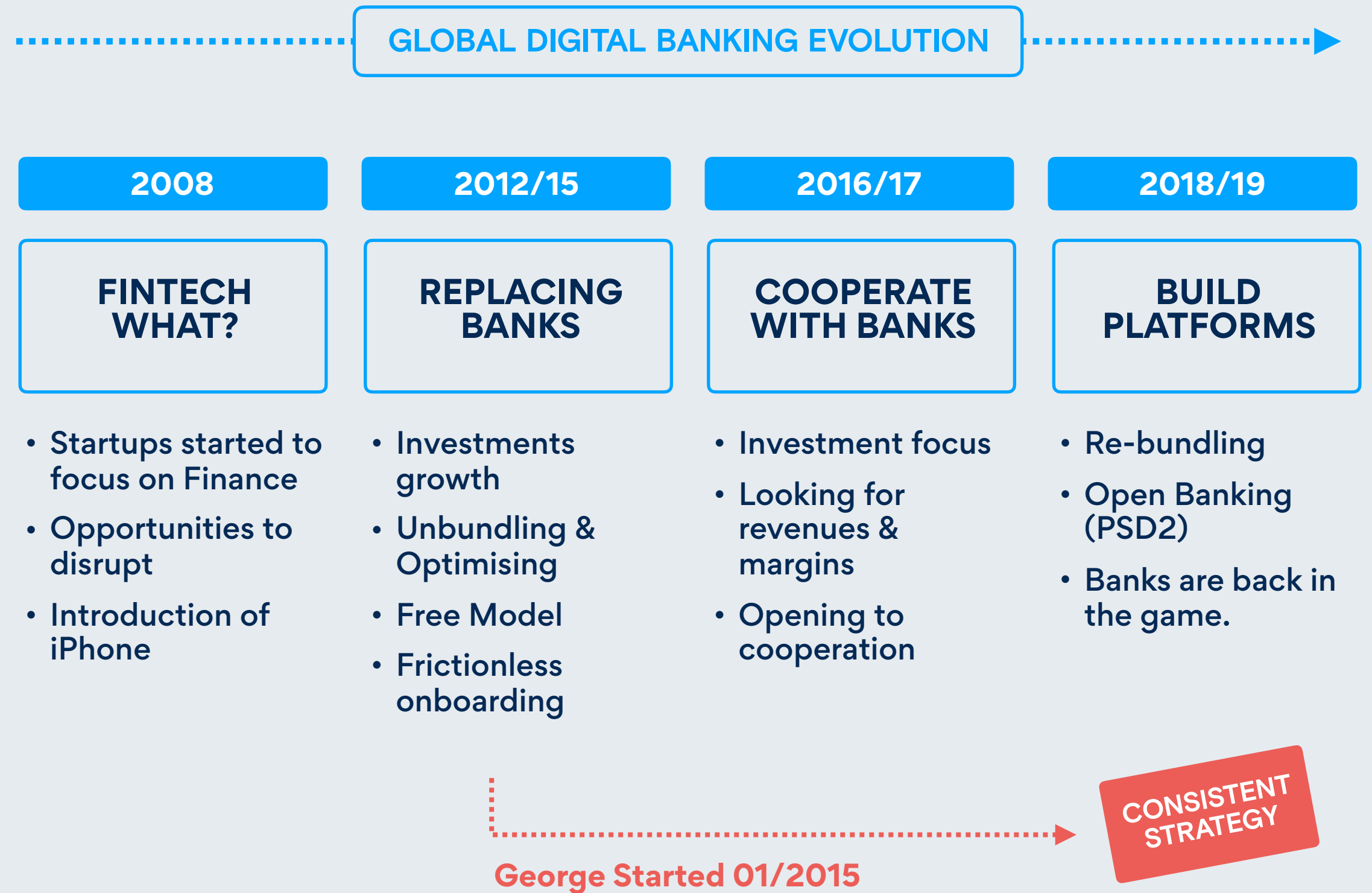
By 2021, we expect to have 6.5 million Erste Group customers with George.



# Platform Banking.

From day one we wanted to build a platform to achieve cross-border economies of scale.

We are creating relevant digital experiences across the Erste Group region.



# The race for relevance.

## George is for all people.

We manage the complete financial life of our customers.

Most of George users are **primary** clients.

Our customers pay **premium** services and fully trust our brands.

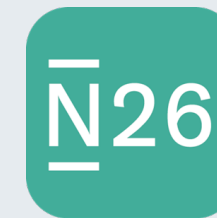


**George**

5.3 m User

4 EU Countries

90% Primary



**N26**

3.5 m User

26 EU Countries

~30% Primary\*

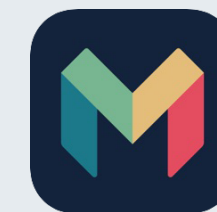


**Revolut**

7 m User

36 Countries

// Primary

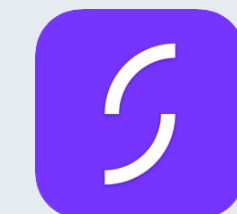


**Monzo**

2.5 m User

UK only

30% Primary\*\*



**Starling**

0.7 m User

UK only

32% Primary\*\*\*

\* Market estimation.

\*\* [Techcrunch.com/2019/06/13/across-the-pond](https://techcrunch.com/2019/06/13/across-the-pond/)

\*\*\* [Choose.co.uk/news/2019/starling-bank-increases-customer-numbers](https://choose.co.uk/news/2019/starling-bank-increases-customer-numbers)

# OUR PURPOSE NEVER CHANGED

## ↑ WE ARE THE DIGITAL PLATFORM FOR EVERYONE.

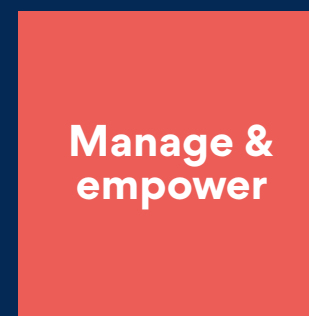
- We serve the young and the old, low and high income, mobile first and desktop users, the digital enthusiasts and the less digital affine.

## ↑ OUR RESPONSIBILITY TO EMPOWER MILLIONS OF PEOPLE TO EMBRACE DIGITAL CHANGE.

- With our current positioning, our brands, our reputation and our scale, we are able to drive the markets towards healthy digitalisation, helping and protecting our customers.

## ↑ WE ARE BUILDING THE NEXT GENERATION OF BANKING EXPERIENCE.

- No-one is left behind.
- With artificial intelligence and machine learning, we protect our customers against the downside and help them to take opportunities in good times.





# Financial Coach.

Using artificial intelligence and machine learning to understand and coach each single customer.



The screenshot displays the Financial Coach web application interface. At the top, the browser window shows the URL and navigation controls. The application header includes the logo "Financial Coach BETA 2.1.4" and navigation links: "Start", "Simulator", "Saving Programs", "Methodology", and language options "de | en". Below the header is a link to "Edit Customer Data".

The main content area is divided into three columns:

- Current Account:** Features a banknote icon. It shows a "Current Balance" of € 725 and an "Optimal Balance" of € 5.330 (with an "ADJUST" link). A warning message states: "Attention! You do not have enough money in your current account to manage your day-to-day costs." It includes a call to action: "Increase your balance to reach the optimal amount that is sustainable with your costs." and a link: "Click here for Saving Programs". Additional tips include: "Increase your account balance by € 2.500" and "Your recommended balance range lies between € 3.230 and € 5.330." A "LEARN MORE" link is also present.
- Savings:** Features a piggy bank icon. A large dark blue overlay with the text "DEMO TIME" is positioned over this section.
- Prosperity:** Features a plant icon. It shows an "Actual investment" of € 0 and "Available to invest" of € 25.000. It includes motivational text: "You can do it. Investing is the best way to build wealth and save for retirement." and "You have available capital of € 25.000. It's optimal to make a proper investment. You can either invest one-time or save regularly into your personalized portfolio, month by month." It also states: "This contribution might yield up to € 10.400 in profits within the next five years. This is more than 3 times your salary thanks to a smart decision you can take right now." Below this, it shows "Your portfolio options:" with a "Risk appetite" dropdown set to "Balanced" and a "Fund savings cautious (51.0%)" label. A circular progress indicator is partially visible at the bottom right.