

# Erste Group investor presentation FY 2018 preliminary results

28 February 2019

**Erste Group targets ROTE > 11% for 2019; in 2018 operating profit growth and risk releases drove record net profit**

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### Cautionary note regarding forward-looking statements

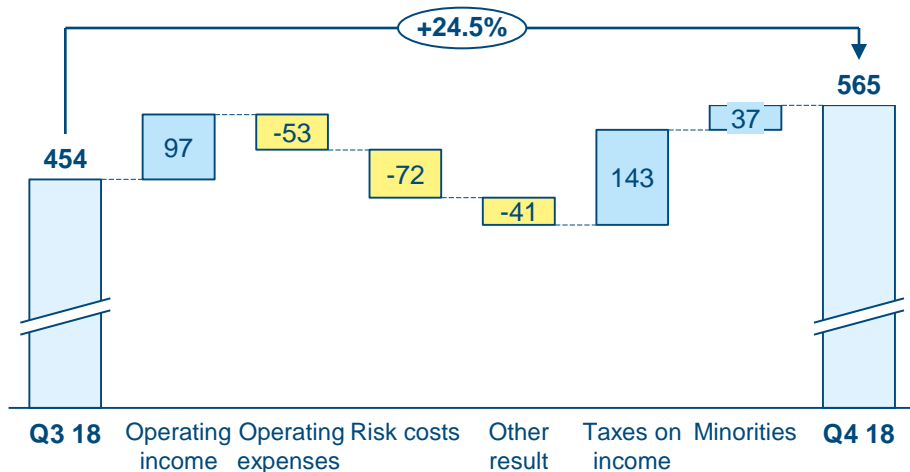
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# Presentation topics

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

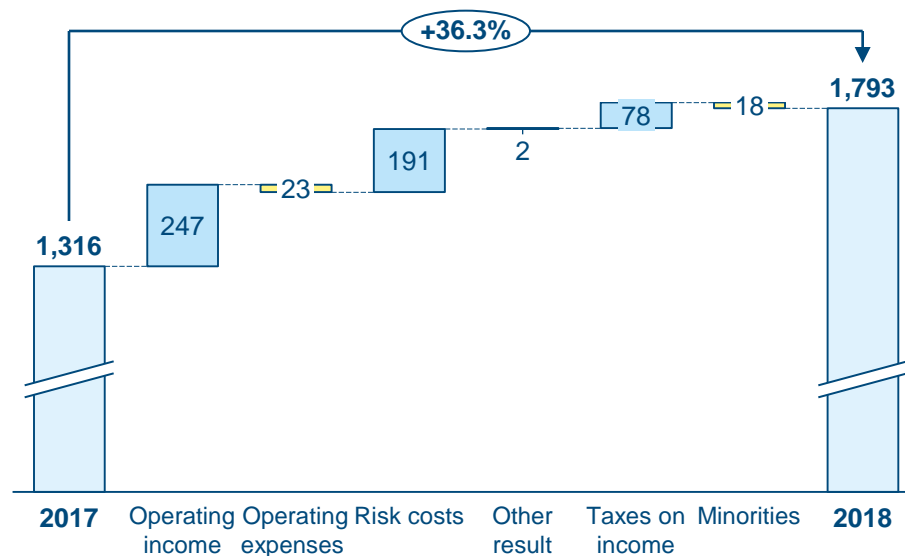
# Executive summary – Group income statement performance

QoQ net profit reconciliation (EUR m)



- Erste Group Q4 18 net profit advances to EUR 565m driven by improved operating income and booking of deferred tax assets
- Operating income improved on the back of strong net interest income and trading & fair value result
- After 3 quarters of risk releases, minor risk costs in Q4 18 (11bps)
- Booking of deferred tax assets in Austria and Hungary (in total EUR 79.3m) led to positive tax result in Q4 18

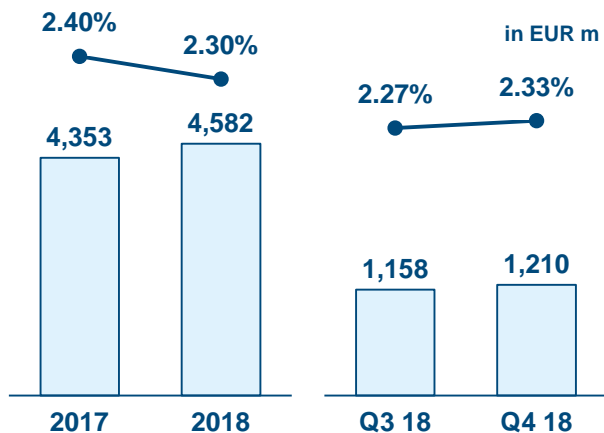
YoY net profit reconciliation (EUR m)



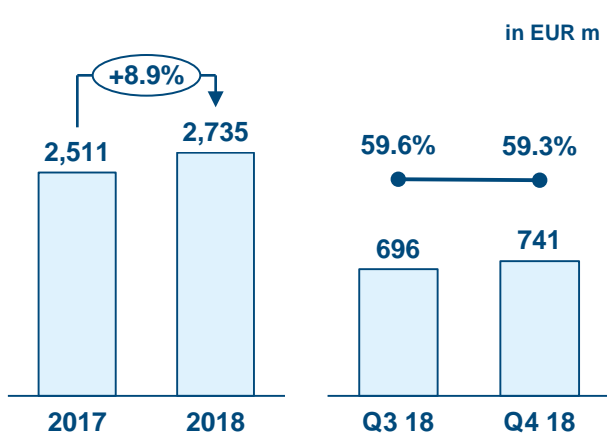
- 2018 net profit rises to EUR 1,793m driven by operating turnaround (operating result up 8.9%), exceptional risk performance (net release of EUR 59.3m) and lower tax charge
- Strong NII (+5.3%) and fee growth (+3.1%) more than offset slightly weaker trading/FV result and dividend income
- Marginally higher costs despite significant wage growth and higher deposit insurance contributions

# Executive summary – Key income statement data

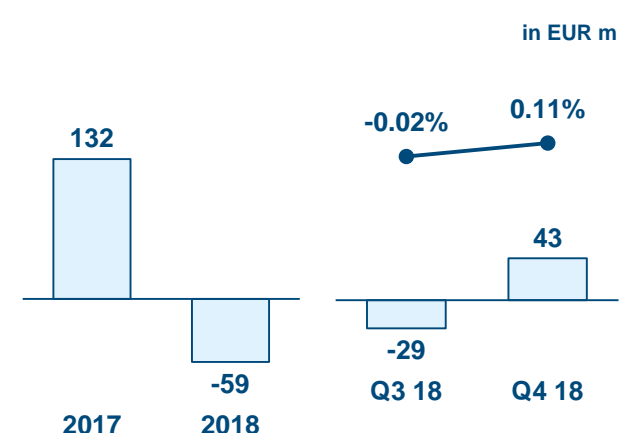
## Net interest income & margin



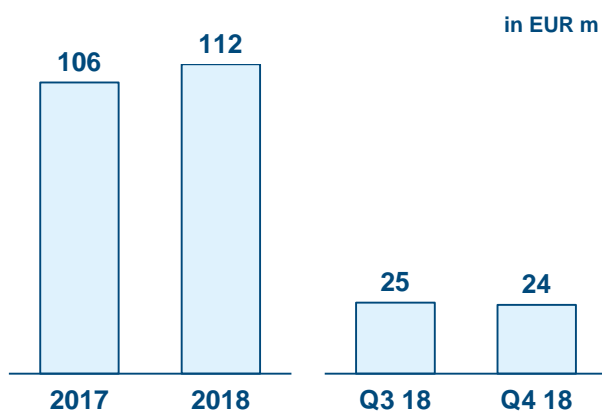
## Operating result & cost/income ratio



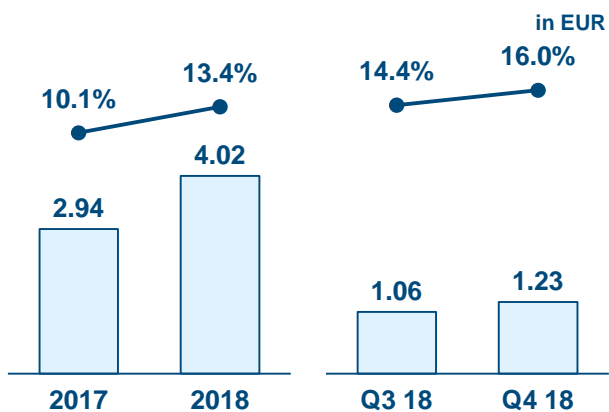
## Cost of risk



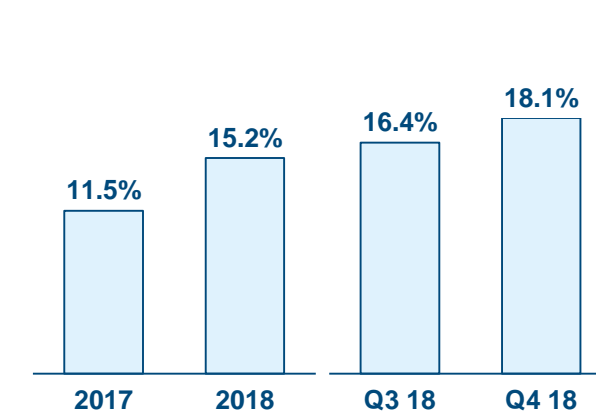
## Banking levies



## Reported EPS & ROE

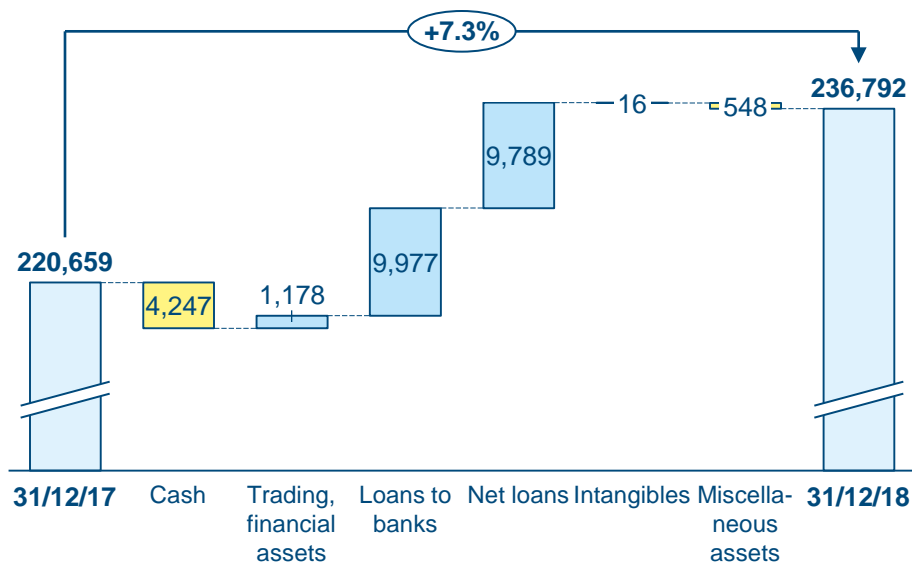


## Return on tangible equity

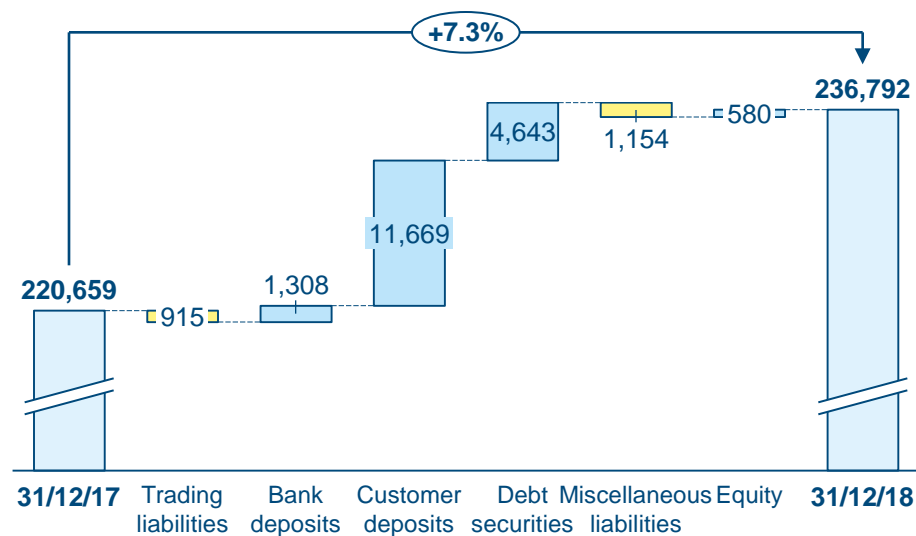


# Executive summary – Group balance sheet performance

YTD total asset reconciliation (EUR m)



YTD equity & total liability reconciliation (EUR m)



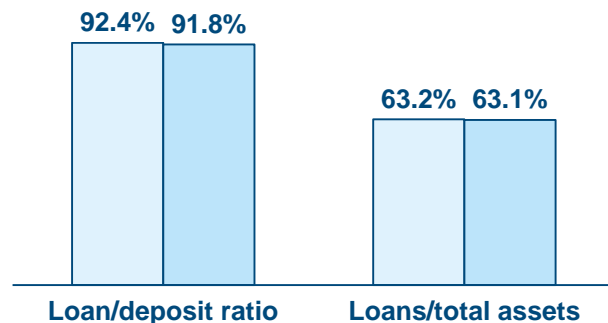
- Total assets rose markedly in 2018, due to customer loan growth (+7.0%) and expansion of interbank and trading volumes
- Decline in cash position directly correlated to increase in interbank assets as overnight CB deposits were shifted into 2w facility in CZ in order to maximise NII
- Shift from cash to interbank assets also contributed to rise in interest bearing assets (YE17: EUR 188bn, YE18: EUR 210bn)

- Total liability growth in 2018 driven by customer deposits and debt issuance (primarily mortgage covered bonds)
- Customer deposits grew by 7.7%, resulting in a loan/deposit ratio of 91.8% (YE17: 92.4%)
- Increase in equity despite implementation of IFRS9 (-EUR 0.7bn), payout of 2017 dividend (-EUR 0.6bn) and currency translation effects

# Executive summary – Key balance sheet data

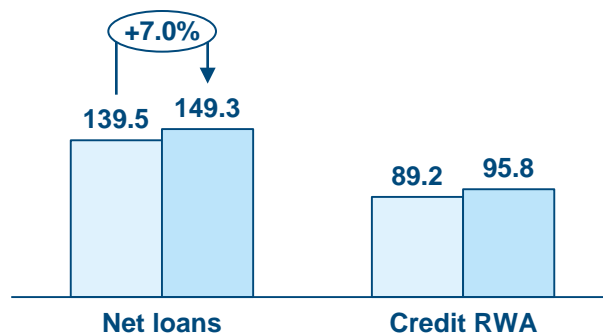
31/12/17  
31/12/18

## Loan/deposit & loan/TA ratio

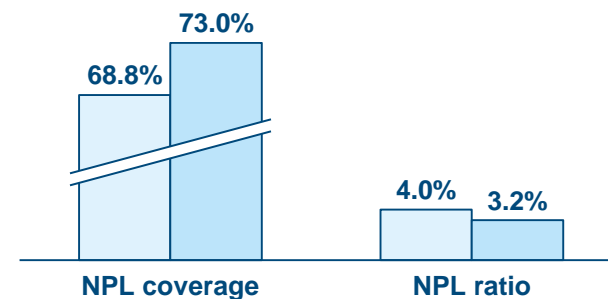


## Net loans & credit RWA

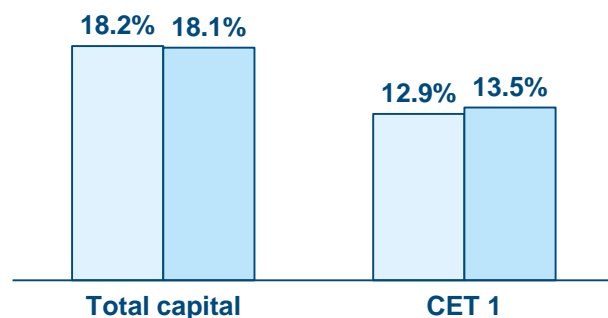
in EUR bn



## NPL coverage ratio & NPL ratio

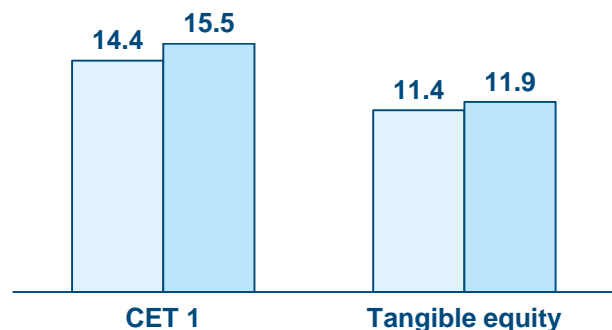


## B3FL capital ratios<sup>1</sup>



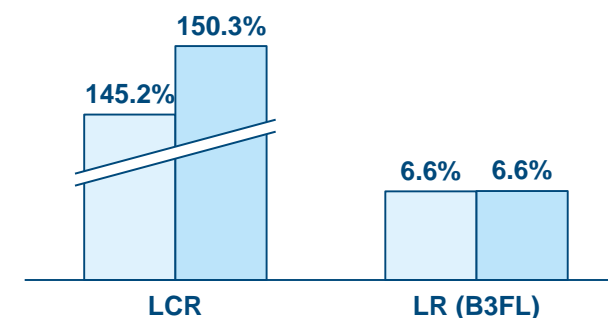
## B3FL capital & tangible equity<sup>2</sup>

2) Based on shareholders' equity, not total equity in EUR bn



## Liquidity coverage & leverage ratio<sup>3</sup>

3) Pursuant to Delegated Act



1) Based on the verified but preliminary YE profits ECB has approved an amount of € 1,315.9mn to include in consolidated CET1 capital according to Art 26 (2) CRR. Assuming the approval and endorsement of the financial statement by the Supervisory Board the eligible amount changes to € 1,341.9mn resulting in a CET1 ratio of 13.45% (Basel 3 fully loaded) and 13.54% (Basel 3 phased-in).

# Presentation topics

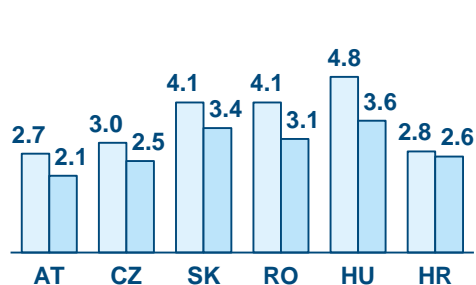
- Executive summary
- **Business environment**
- Business performance
- Assets and liabilities
- Outlook
- Additional information



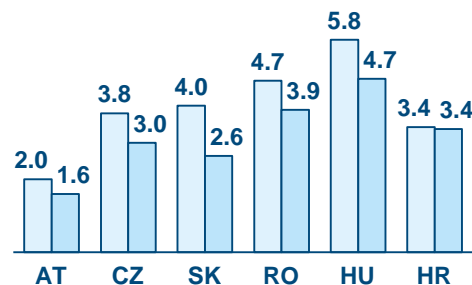
# Business environment – Strong economic outlook for 2019

2018  
2019

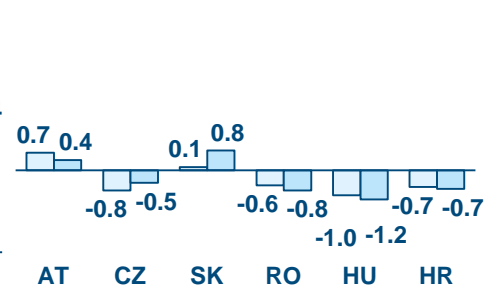
Real GDP growth (in %)



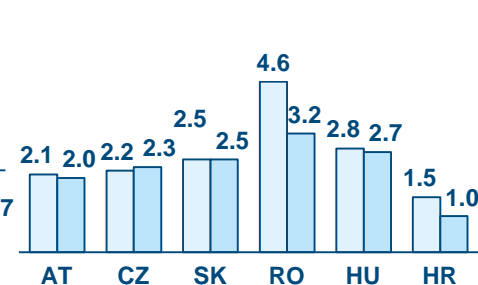
Dom. demand contribution\* (in %)



Net export contribution\* (in %)

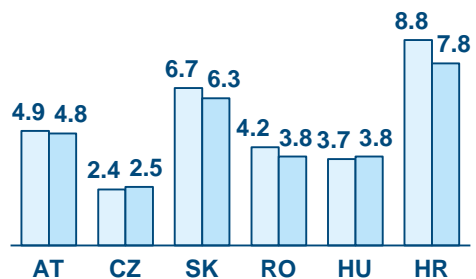


Consumer price inflation (ave, in %)

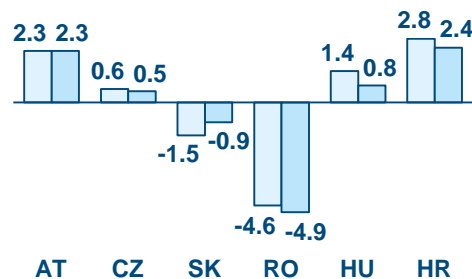


- Erste Group's core CEE markets expected to grow by about 3% in 2019
  - Domestic demand is expected to remain the main driver of economic growth
  - Consumption is supported by improving labour markets, wage increases and relatively low inflation rates across the region

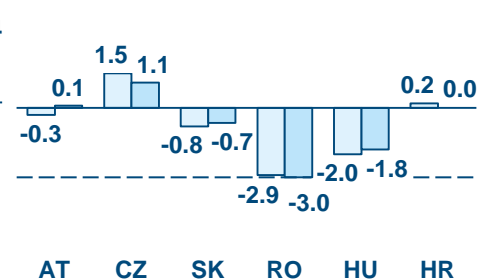
Unemployment rate (avg, in %)



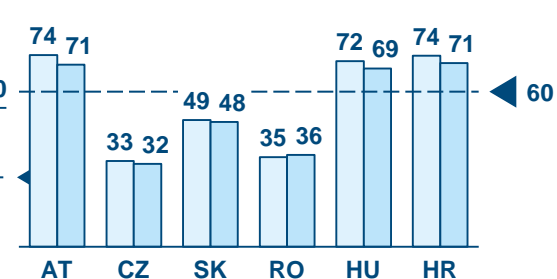
Current account balance (% of GDP)



Gen gov balance (% of GDP)



Public debt (% of GDP)



- 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

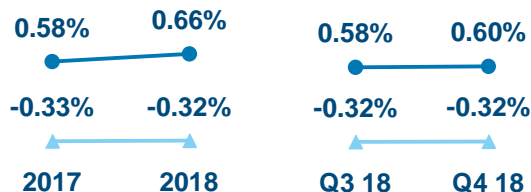
\* Contribution to real GDP growth. Domestic demand contribution includes inventory change. Source: Erste Group Research, EU Commission

# Business environment –

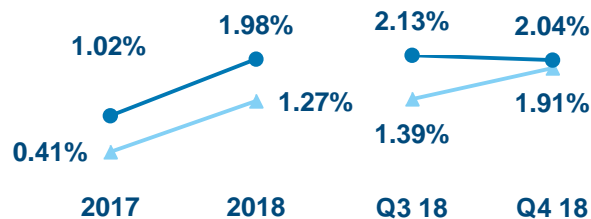
## CZ further increases key policy rate to 175bps in November 2018

▲ 3M Interbank  
● 10YR GOV

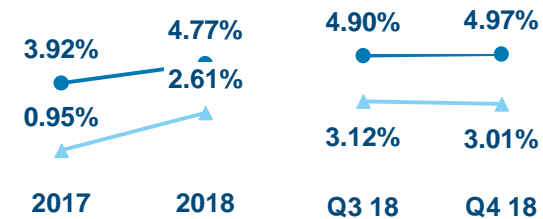
### Austria



### Czech Republic



### Romania

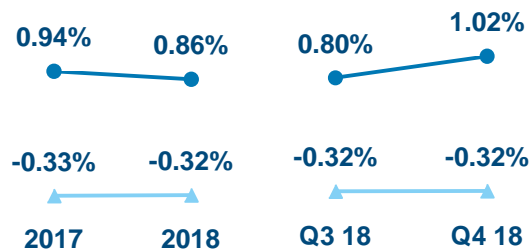


- ECB cut discount rate to zero in March 16
- Maintains expansionary monetary policy stance, despite tapering announcement

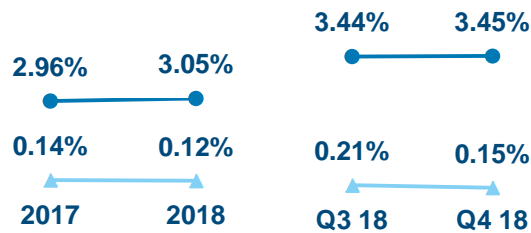
- National bank has increased its benchmark rate in seven steps from historic low of 0.05% to 1.75% since August 2017

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

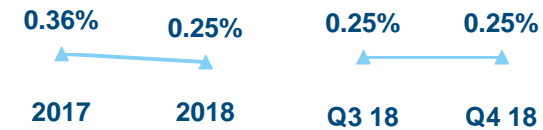
### Slovakia



### Hungary



### Croatia



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

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

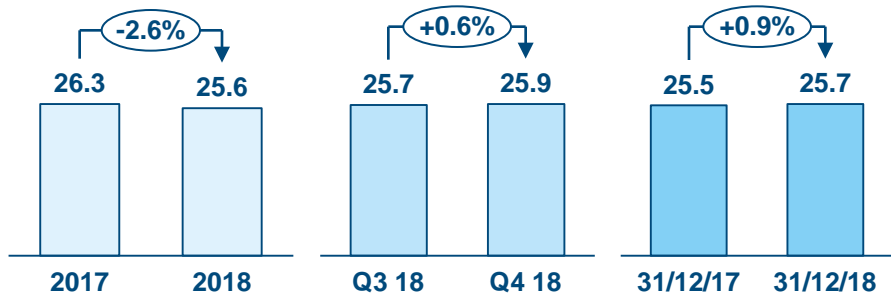
- Central bank maintains discount rate at 3.0% since 2015

Source: Bloomberg, Reuters for SK 10Y.

# Business environment –

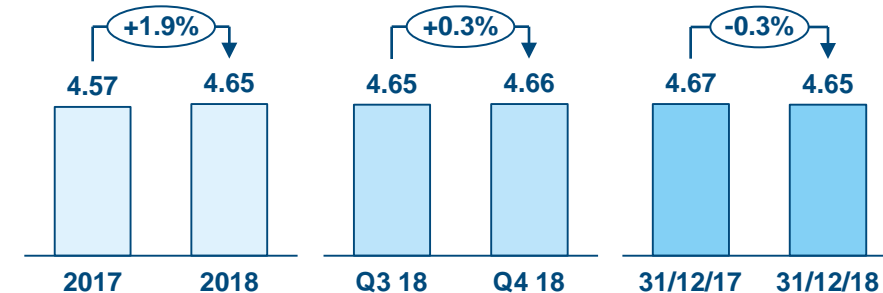
## Emerging market volatility has minor impact on CEE currencies

**EUR/CZK**



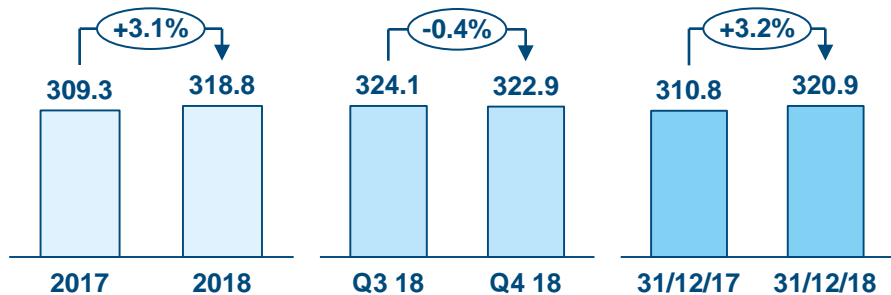
- Czech National Bank ended its currency peg in April 17; benchmark rate increased further to 1.75% in November 2018

**EUR/RON**



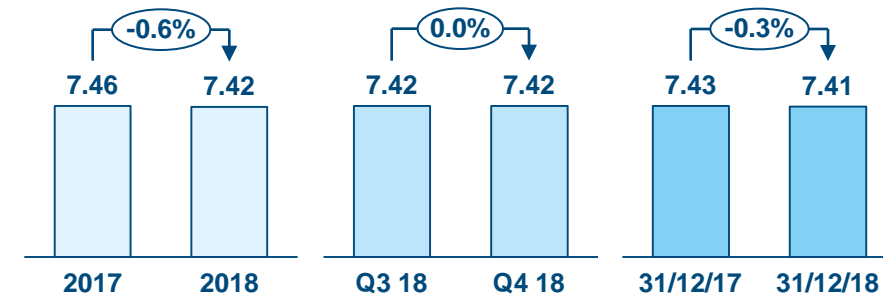
- RON depreciated slightly vs EUR amid political volatility; policy rate raised to 2.50% in May 2018

**EUR/HUF**



- HUF has recovered after reaching record low against the EUR

**EUR/HRK**



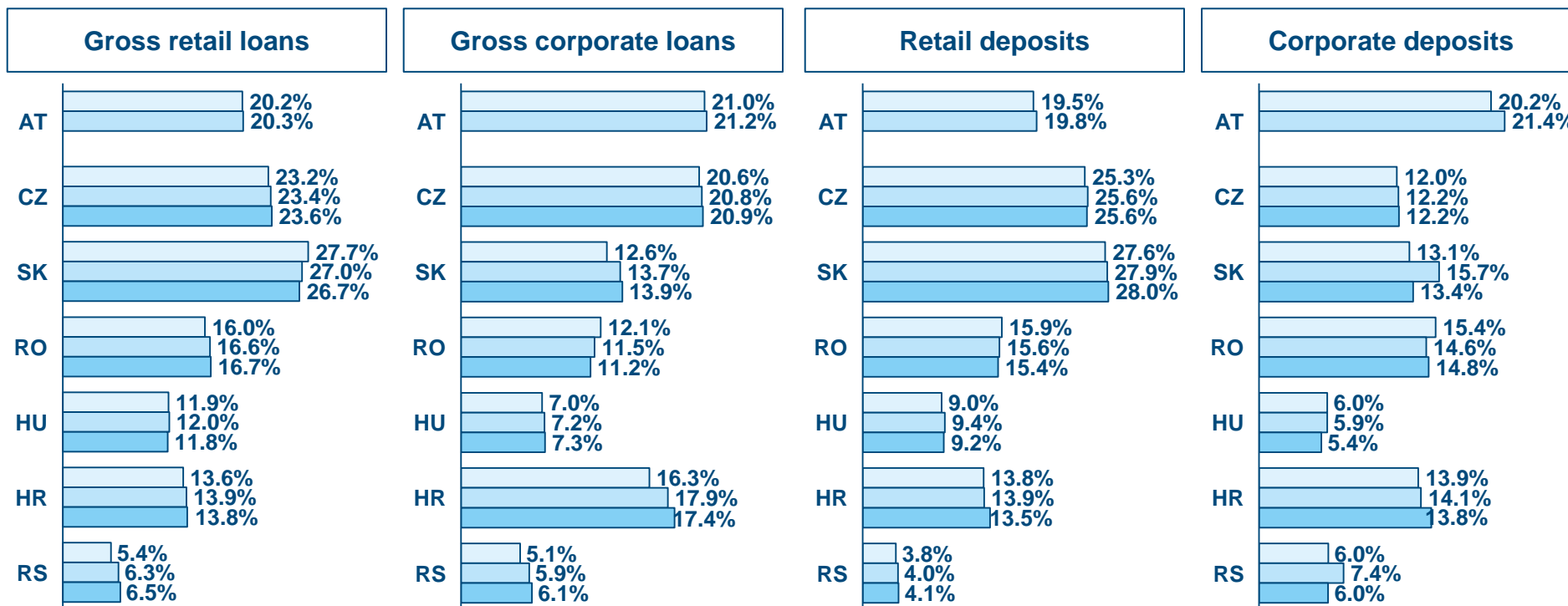
- Croatian National Bank continues to manage HRK in tight range

Source: Bloomberg

# Business environment –

Market shares: mostly stable or increasing shares across the region

31/12/17  
30/09/18  
31/12/18



- CZ: increasing market shares in growing markets
- RO: increasing market shares despite restrictive lending standards
- SK: declining market shares due to aggressive pricing by some of the smaller competitors

- RO: conservative lending standards impact market share
- HR: yoy market share increase mainly due to substantial sale of NPLs by other market participants

- Continued inflows in all markets despite low interest rate environment, with growing market shares in AT, CZ, and SK

- Changes mainly due to normal quarterly volatility in corporate business

AT market shares for 31/12/18 not yet available

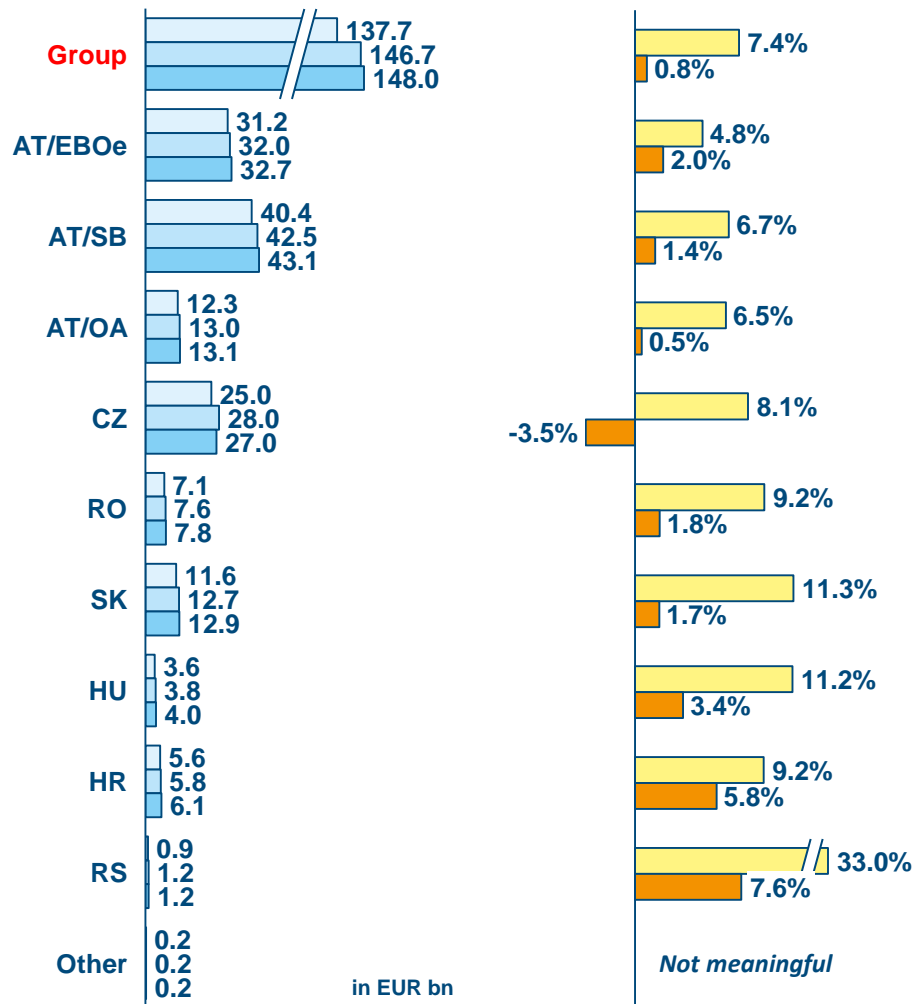
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# Business performance: performing loan stock & growth –

## Performing loans continue to grow in Q4 18

■ YoY ■ 31/12/17  
■ QoQ ■ 30/09/18  
■ 31/12/18

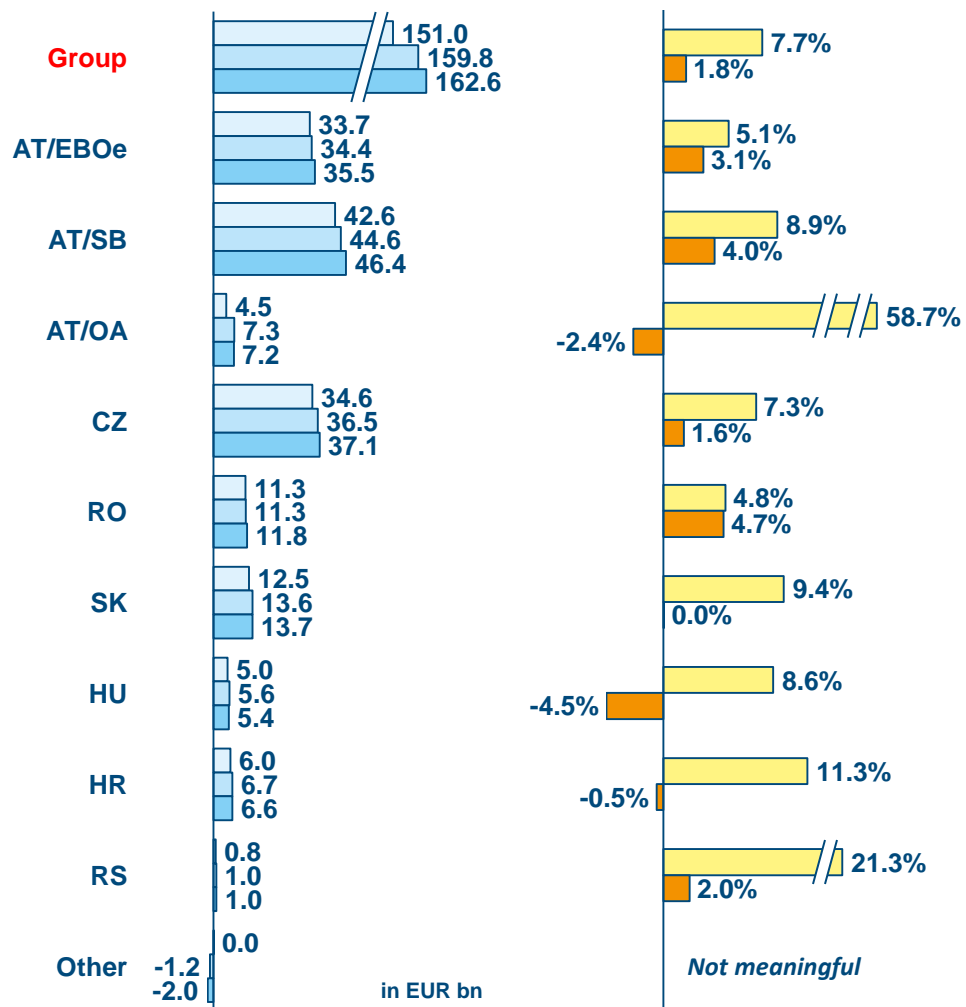


- Rising performing loan volume trend continued in Q4 18 across all geographies (except CZ); yoy loan growth exceptionally strong across the board
- Yoy development driven by equal contributions from key segments: Retail +7.7%, Corporates +7.7%
- Qoq growth driven by Corporates (+2.1%) and Retail (+1.8%), while Group Markets was seasonally lower
- Year-on-year segment trends:
  - Strong, well diversified growth across all segments as CEE and Austrian economies grew strongly in 2018
  - RO: Retail dominates (+14.5%) vs Corporates (+2.4%)
  - SK: Corporates drive growth (+22.7%); Retail (+7.9%)
  - HU: Corporates (+19.2%) trumps Retail growth (+5.8%)
- Quarter-on-quarter segment trends:
  - CZ: decline almost entirely due to lower financial institutions business towards year-end, continued strong growth in Retail (+2.4%)
  - Continued growth across all segments in line with favourable economic fundamentals

# Business performance: customer deposit stock & growth –

## Deposit build-up continues apace in Q4 18

■ YoY ■ 31/12/17  
■ QoQ ■ 30/09/18  
■ 31/12/18

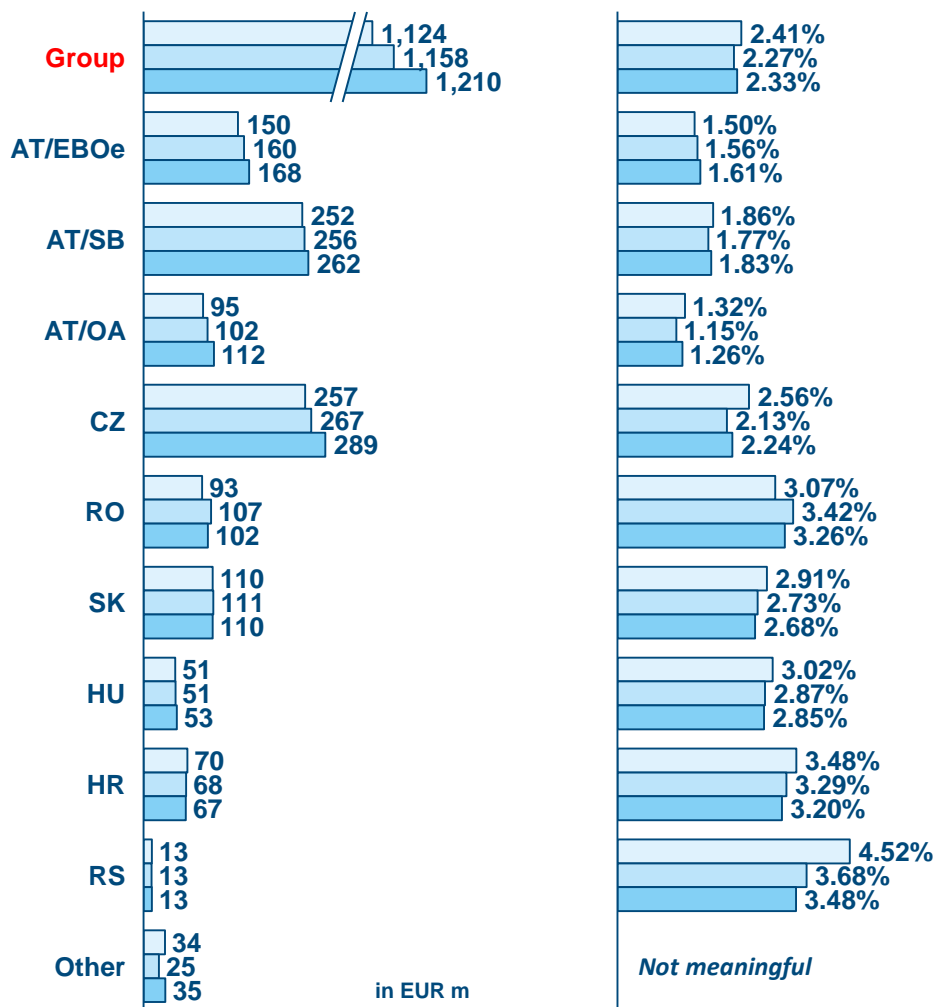


- Continuation of exceptional deposit growth across all geographies despite zero/low interest rate environment as retail and corporate clients park cash in overnight accounts
- Yoy growth in absolute terms mainly driven by Retail segment (+EUR 5.7bn) followed by Group Markets (+EUR 2.9bn) and Corporates segment (+EUR 1.1bn); strong contribution from Savings Banks (+EUR 3.8bn)
- Qoq increase across most geographies
- Year-on-year segment trends:
  - AT/OA: higher volumes driven by increased money market business activity in the New York Branch (Group Markets)
  - RS: strong growth in Retail (+16.9%) with smaller contribution from Corporates (+7.1%)
- Quarter-on-quarter segment trends:
  - AT/OA: minor decline in Corporates business
  - HU: decrease driven by Corporates, Retail up by 2.8%
  - HR: minor decline driven by ALM/LCC

# Business performance: NII and NIM –

## NII advances further qoq and yoy

Q4 17  
Q3 18  
Q4 18



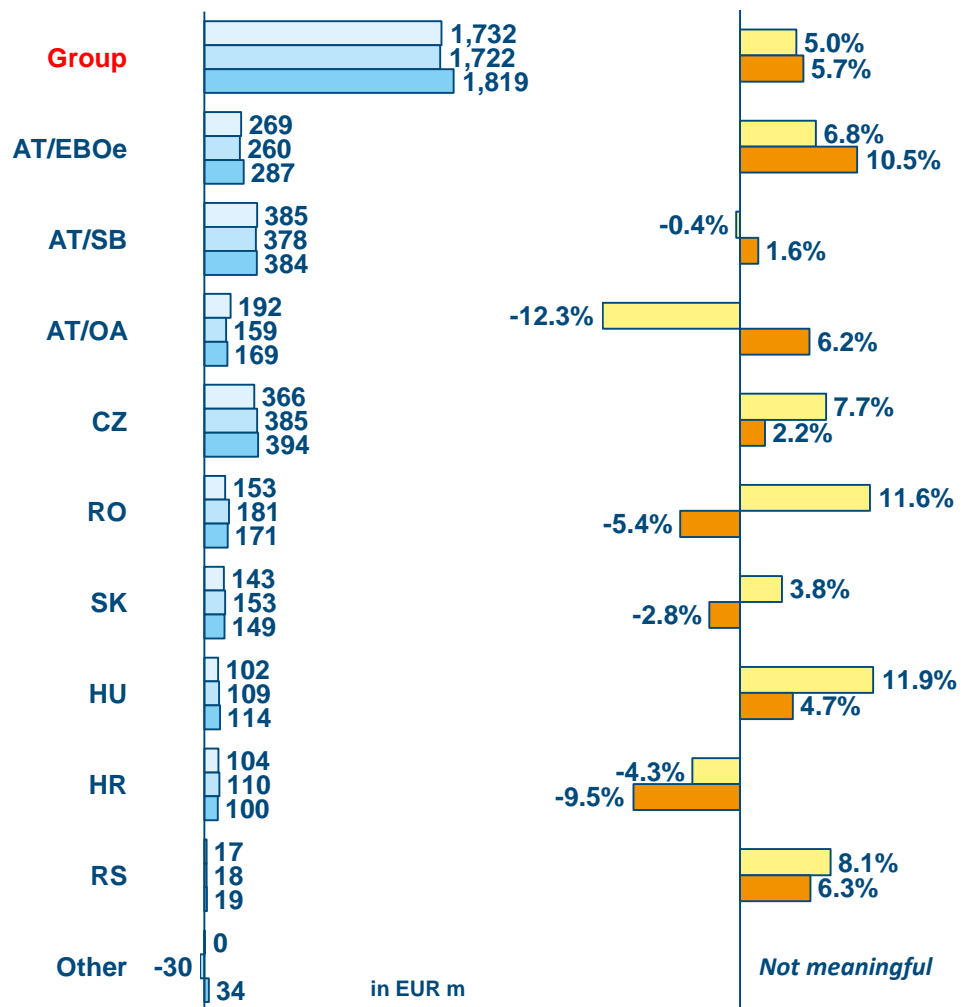
- Yoy NII increase mainly driven by CZ due to higher business volumes and rising interest rates; also strong contribution from AT and RO; NIM decline due to changed balance sheet structure, resulting in higher interest-bearing assets
- Qoq improvement primarily in CZ and AT
- Year-on-year segment trends:
  - CZ: higher rates and volumes push NII up, particularly strong in Corporates; decline in NIM mainly related to technical effect of shifting cash to interbank assets, ie overnight CNB facility to 2-week repo
  - AT/EBOe: mainly supported by one-off effects in Q4 17 and Q4 18 with a combined positive effect of EUR 13m
  - AT/OA: increased volumes in reverse repo/MM business
  - RO: higher interbank rates following rate hikes and higher volumes drive NII growth
- Quarter-on-quarter segment trends:
  - CZ: continued NII growth due to rising interest rates, driven mainly by Corporates
  - AT/OA: strong increase in MM/repo business in the Holding
  - Other: higher NII due to increased intragroup bookings
  - RO: one-off income from early repayments in Q3 18 (EUR 6m)
  - AT/EBOe: increase due to positive one-off (EUR 6m) in Q4 18



# Business performance: operating income –

## Operating income up yoy, mainly on strong NII

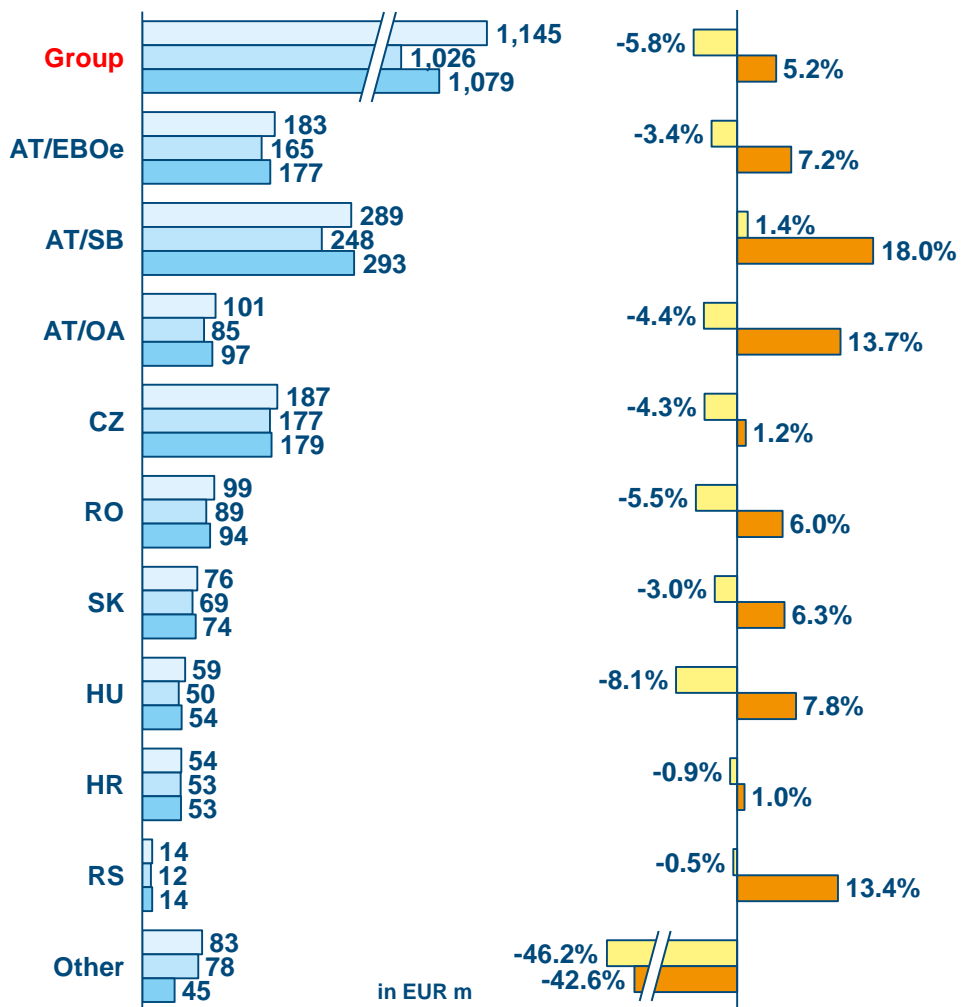
■ YoY ■ Q4 17  
■ QoQ ■ Q3 18  
■ Q4 18



- Yoy up on strong rise in NII and improved net trading result and FV result, while fees declined slightly
- Qoq up on rising NII, fees and net trading & FV result
- Year-on-year segment trends:
  - Revenues rise in most segments on the back of good macro environment, higher volumes and higher rates, except in:
    - AT/OA: decline in net trading result only partially offset by stronger NII, while net fee income remains flat
    - HR: marginally lower NII, fee and rental income
    - Other: improvement due to better FV result on the back of improved own issues valuations
- Quarter-on-quarter segment trends:
  - Other: various valuation effects led to significantly improved net trading and FV result
  - AT/EBOe: driven by across the board higher revenues
  - RO: slightly lower income across all revenue lines (see NII)
  - HR: down on lower fees due to seasonality

# Business performance: operating expenses –

## Moderate cost development despite wage pressure in CEE



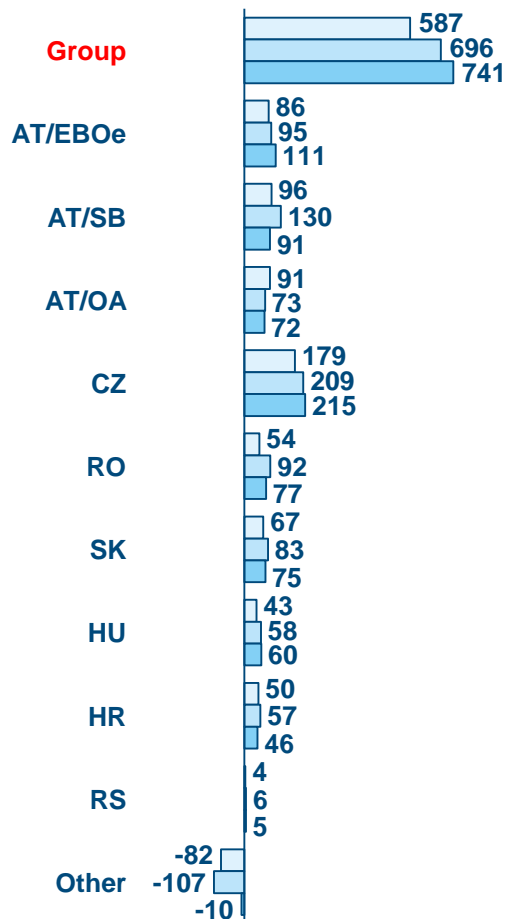
- YoY cost decline driven by lower other administrative expenses due to lower IT and consulting costs
- QoQ up on seasonally higher personnel and marketing expenses
- Year-on-year segment trends:
  - Costs down in all segments except AT/SB
  - AT/SB: Higher personnel, IT and marketing expenses
  - Other: significant decline on the back of reduced IT expenses
- Quarter-on-quarter segment trends:
  - Costs up in all segments, except in Other
  - Other: lower intercompany bookings
  - AT/SB: higher personnel costs due to bonus accruals, higher IT, consulting and marketing costs
  - AT/OA: minor cost increases in Erste Asset Management, Group Markets, Intermarket (reclassification of costs from other operating expenses to operating expenses)

# Business performance: operating result and CIR –

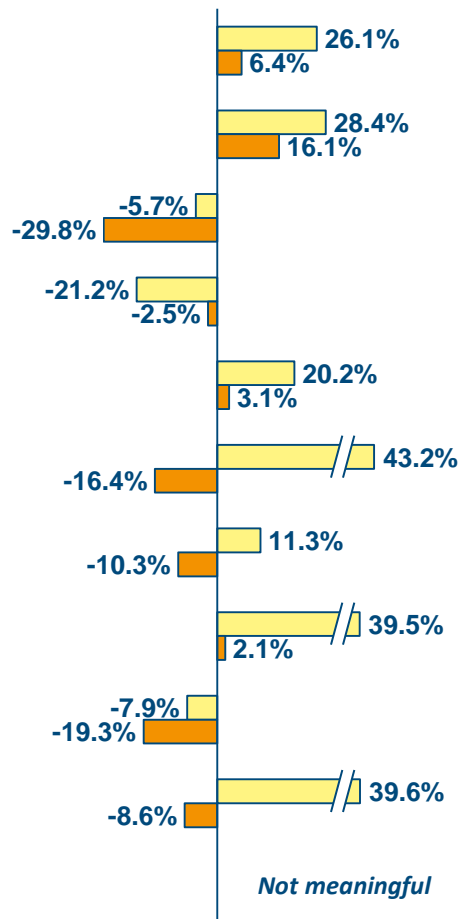
## Operating result up 26.1% yoy, up 6.4% qoq on better NII

■ YoY ■ Q4 17  
■ QoQ ■ Q3 18  
■ Q4 18

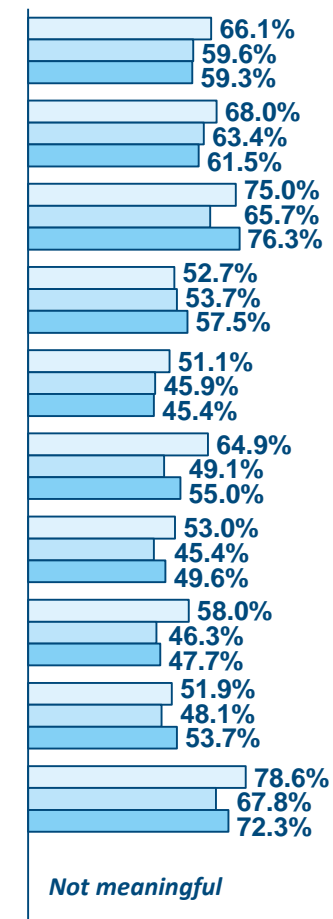
### Operating result



### YoY & QoQ change

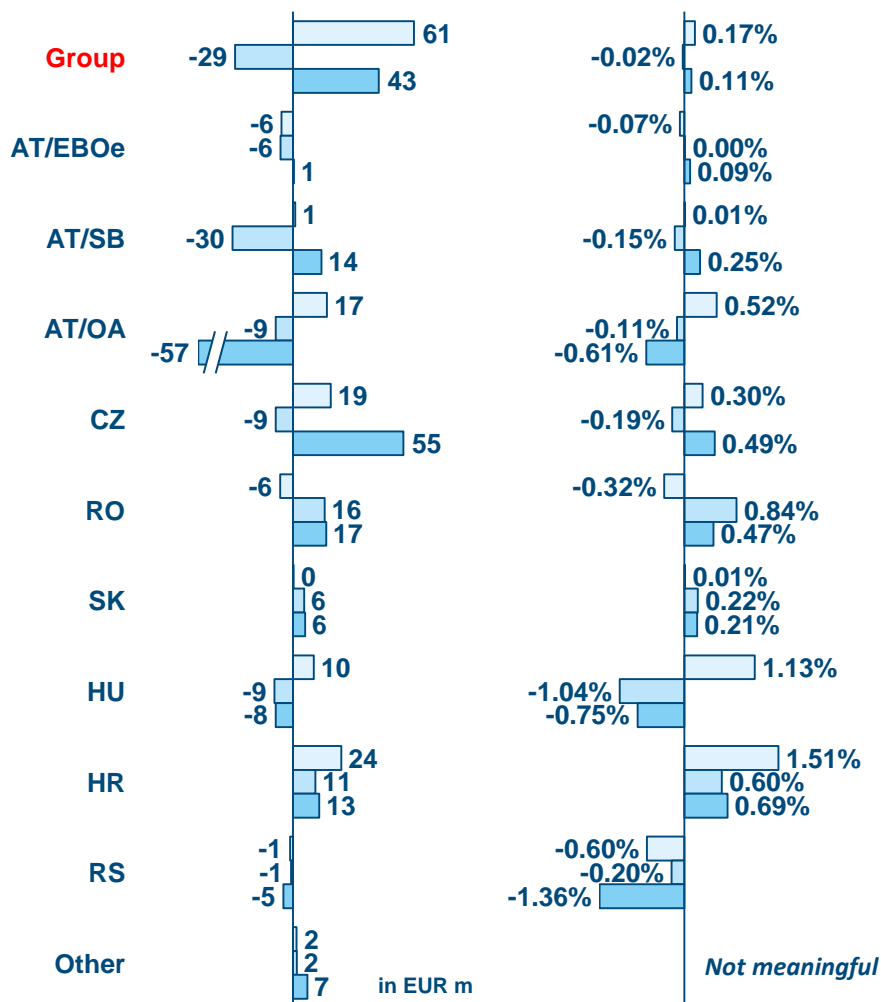


### Cost/income ratio



# Business performance: risk costs (abs/rel\*) – Minor risk provisions in Q4 18, after 3 quarters of releases

Q4 17  
Q3 18  
Q4 18



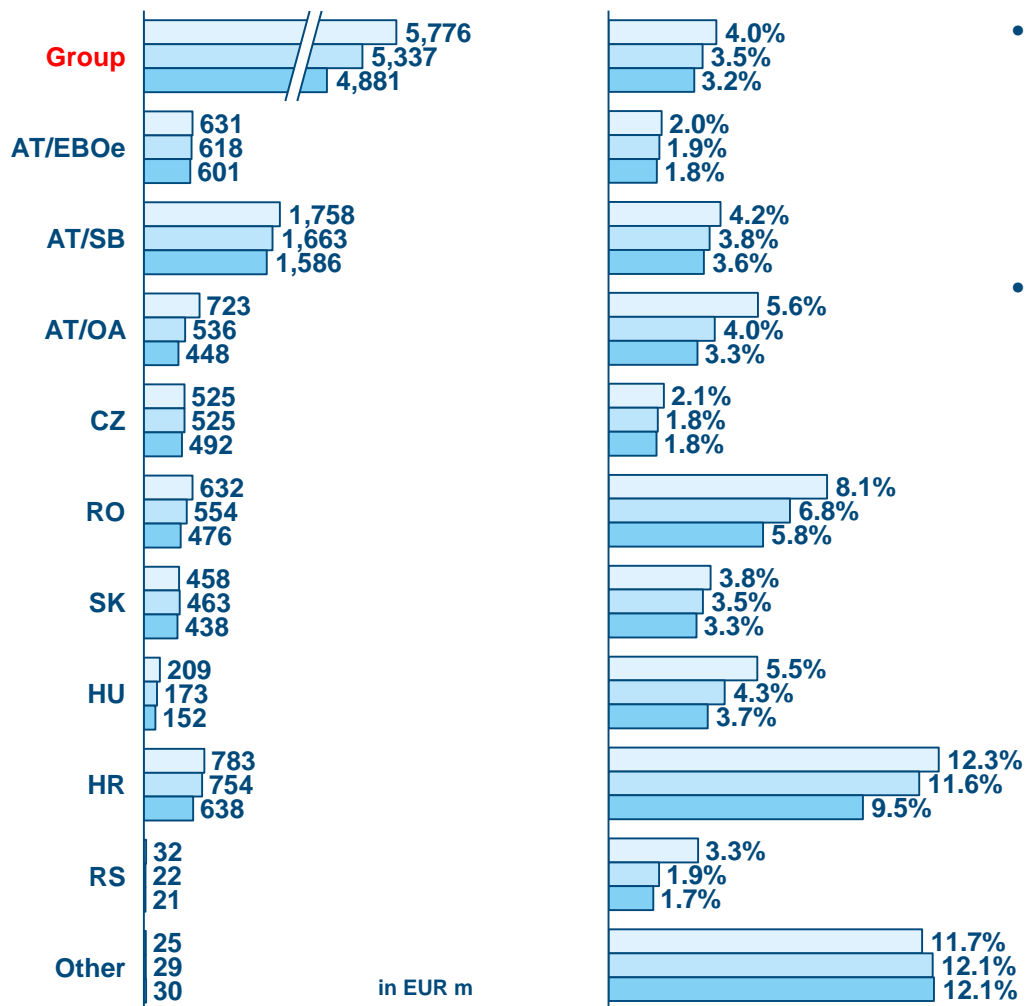
- Yoy and qoq development characterised by continuation of healthy asset quality, resulting in net releases in most geographies
- Year-on-year segment trends:
  - AT/SB: higher risk provisions among large savings banks
  - AT/OA: significant reduction in new impairments combined with recoveries led to net release
  - CZ: provisions for various corporate clients
  - RO: minor provisions in all business lines
  - HU: net releases due to upgrades and NPL sales above book value
  - HR: decline in risk costs due to releases in Corporates
- Quarter-on-quarter segment trends:
  - AT/SB, AT/OA, CZ: see above (yoy explanations)

\*) To ensure comparability with historically reported, pre-IFRS9 provisioning ratios, relative risk costs are calculated as annualised quarterly impairment result from financial instruments adjusted for net allocation of provisions for commitments and guarantees given over average gross customer loans.

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

## NPL ratio improves further to 3.2%, best level since 1999

31/12/17  
30/09/18  
31/12/18

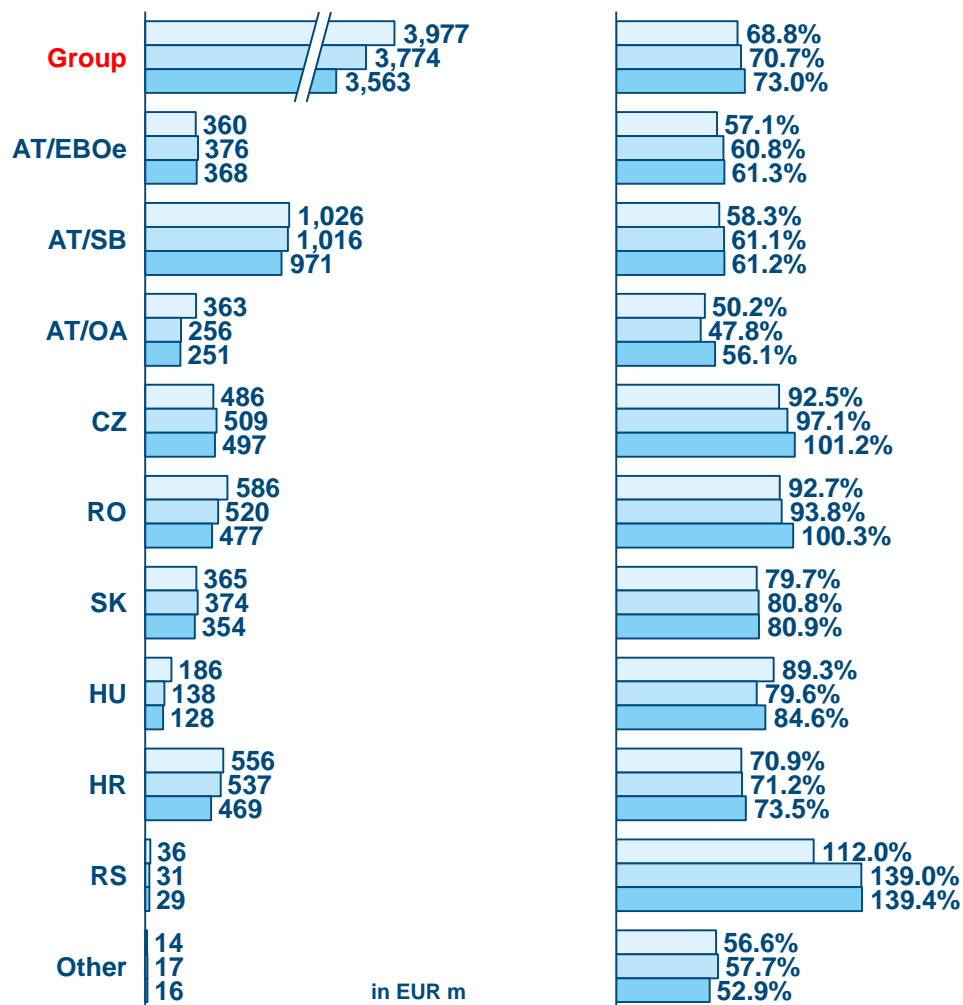


- NPL volume falls by almost EUR 0.5bn to EUR 4.9bn in Q4 18, despite continued loan growth, supported by:
  - Limited gross new inflows
  - High levels of recoveries and write-offs (including NPL sales)
  - Portfolio upgrades
- NPL sales of EUR 108.3m in Q4 18 (Q3 18: EUR 25.0m)
  - Retail: EUR 66.6m (Q3 18: EUR 10.6m)
  - Corporates: EUR 41.7m (Q3 18: EUR 14.3m)
  - Q4 18 NPL sales mainly in Romania, Slovakia and Croatia

# Business performance: allowances for loans and NPL coverage\* –

## NPL provision coverage rises to 73.0%

31/12/17  
30/09/18  
31/12/18



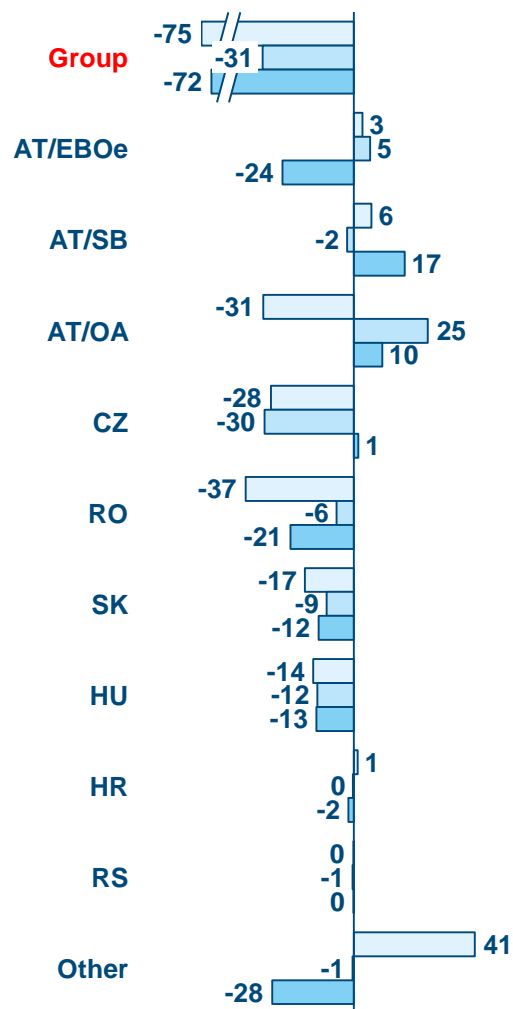
- NPL provision coverage rises qoq and yoy, exceptionally strong in Central & Eastern Europe
- Stock of provisions continues to decline at a slower pace than stock of NPLs
- Year-on-year segment trends:
  - AT/OA: enhanced coverage and significant decrease of NPLs triggered by write-offs in connection with NPL sales
  - RO: substantial decrease of NPLs due to recoveries and large-scale write-offs; additional allowances contribute to sharp increase of coverage ratio
  - HU: decreasing coverage because of sales and write-offs of highly provisioned NPLs
  - HR: improved coverage due to additional allowances and sharp decrease of NPLs as a result of recoveries and large-scale write-offs (partially in connection with NPL sales)
- Quarter-on-quarter segment trends:
  - RO: despite sharp reduction in provisions due to NPL sales and write-offs, the NPL coverage ratio rose significantly based on additional bookings for already defaulted Corporates
  - AT/SB: lower provisions due to portfolio upgrades; coverage remains stable

\*) To ensure comparability with historically reported, pre-IFRS9 NPL coverage ratios, non-performing loans include NPLs from all categories of customer loans.

# Business performance: other result –

## Other result improves yoy

Q4 17  
Q3 18  
Q4 18

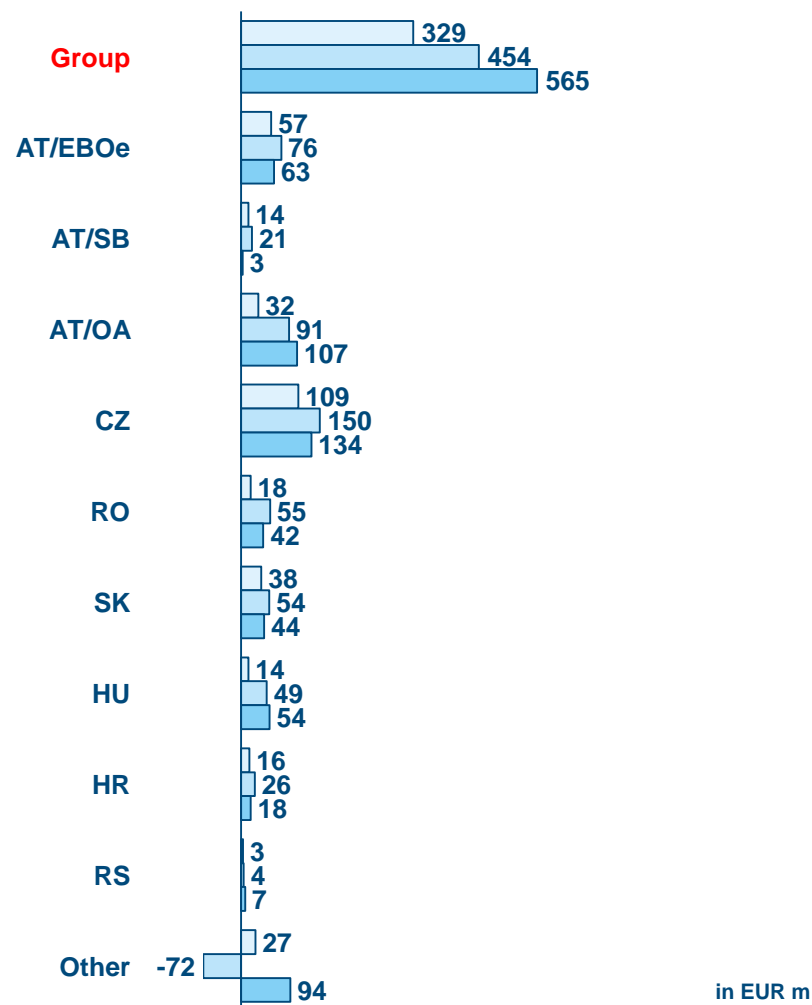


in EUR m

- Yoy: slight improvement despite sale of participation in Q4 17
- Qoq other operating result deteriorated due to allocation of additional litigation provisions, primarily in Austria
- Year-on-year segment trends:
  - AT/EBOe: deterioration due to booking of litigation provisions
  - AT/SB: release of provisions in Q4 18, shift to impairment result
  - AT/OA: improvement due to booking of legal provisions in Q4 17, shift of off balance sheet provisions to impairment result in 2018
  - CZ: Q4 17 burdened by impairments on branches
  - RO: shift of off balance sheet provisions to impairment result
  - Other: Q4 17 benefitted from sale of participation, while other operating result remained flat
- Quarter-on-quarter segment trends:
  - AT/EBOe: see above
  - AT/SB: see above
  - AT/OA: deterioration mainly attributable to reversal of provision in Commercial Real Estate in Q3 18
  - CZ: Q3 18 impacted by branch impairments
  - RO: lower other result due to impairments on buildings
  - Other: Q4 18 burdened by revaluation effects

# Business performance: net result – Net profit rises significantly yoy and qoq

Q4 17  
Q3 18  
Q4 18



- Yoy profitability rises on better operating performance and positive tax effect (primarily booking of deferred tax assets, and generally lower tax rate than accrued for)
- Qoq improvement mainly attributable to positive tax, supported by improved operating result
- Year-on-year segment trends:
  - AT/OA: significant risk release and improved other operating result are main drivers for bottom line improvement
  - RO: improved operating result is main profit driver
  - HU: better operating result and risk release support profit growth
  - RS: operating result up, risk release = record net profit
  - Other: positive tax impact and better operating result
- Quarter-on-quarter segment trends:
  - Limited qoq volatility in most segments
  - Other: see yoy comment
- Return on equity at 16.0%, following 14.4% in Q3 18, and 9.1% in Q4 17
- Cash return on equity at 16.1%, following 14.5% in Q3 18, and 9.2% in Q4 17

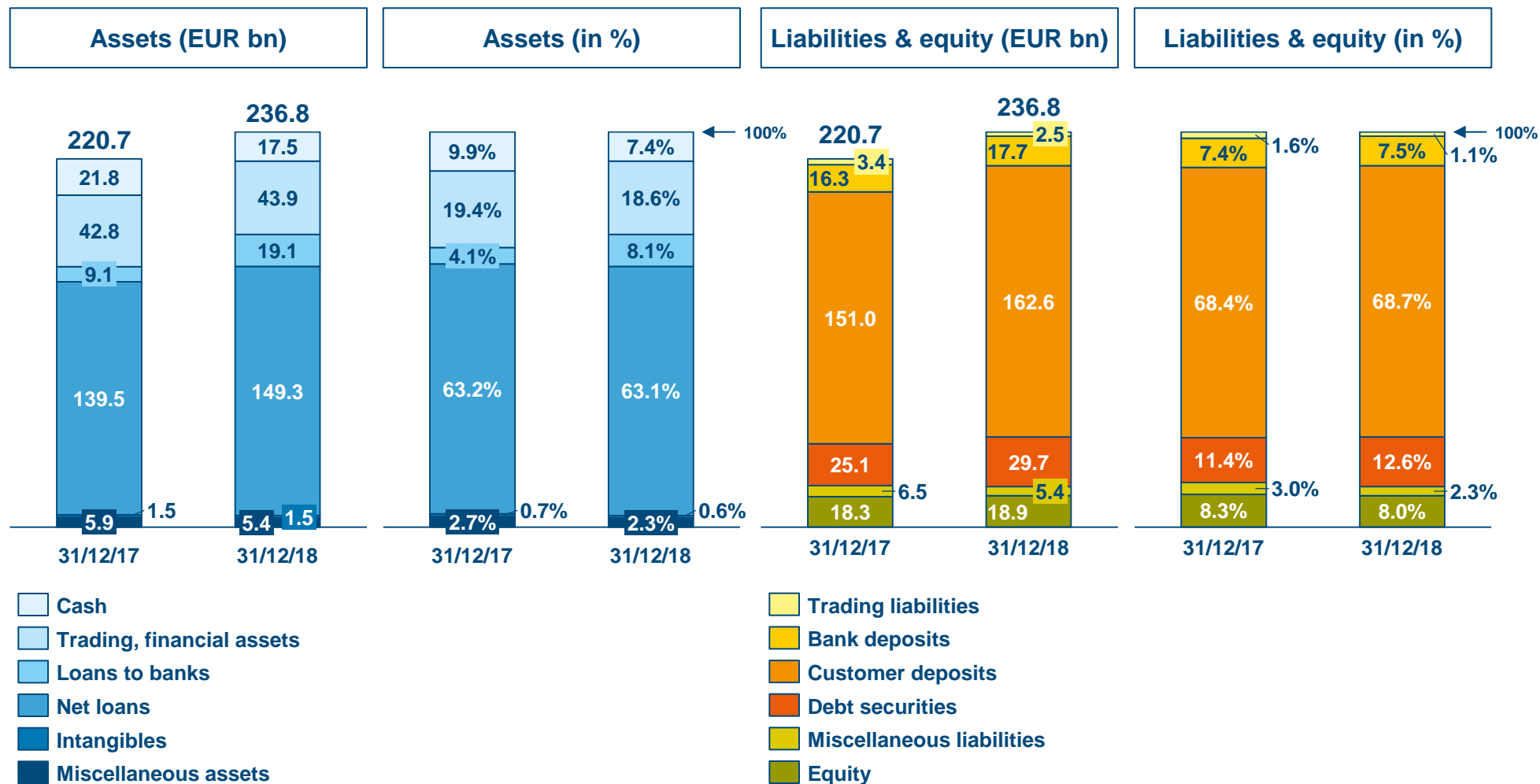


# Presentation topics

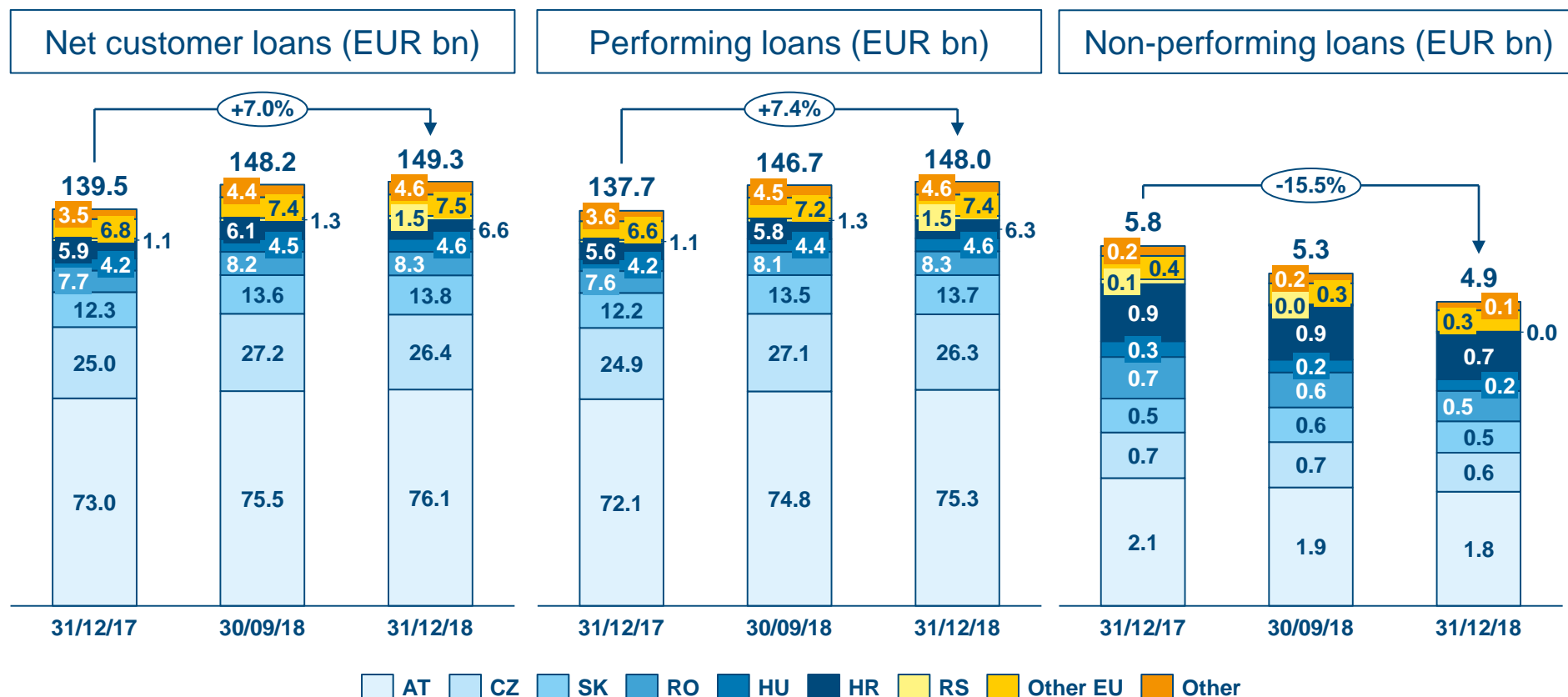
- Executive summary
- Business environment
- Business performance
- **Assets and liabilities**
- Outlook
- Additional information

# Assets and liabilities: YTD overview –

Loan/deposit ratio stable at 91.8% at Dec 18 (Dec 17: 92.4 %)

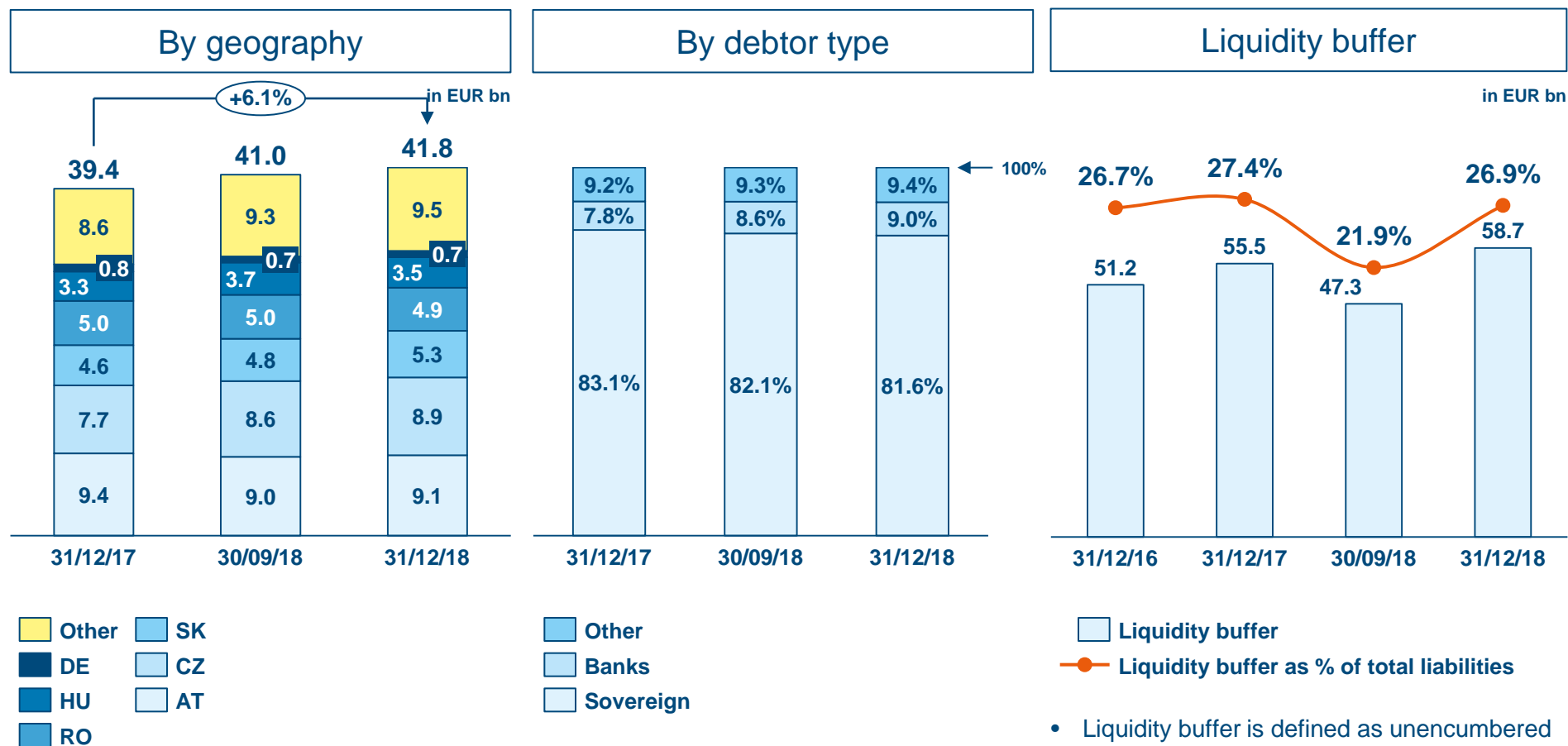


# Assets and liabilities: customer loans by country of risk – Net customer loans up 7.0%, NPLs down 15.5% in 2018



- Performing loans enjoy solid growth in all geographies
- Retail & Corporates business lines contribute in equal measure (+7.0%)
- 15.5% yoy decline in NPL stock driven by reductions across most geographies

# Assets and liabilities: financial and trading assets \* – LCR at excellent 150.3%



\* Excludes derivatives held for trading.

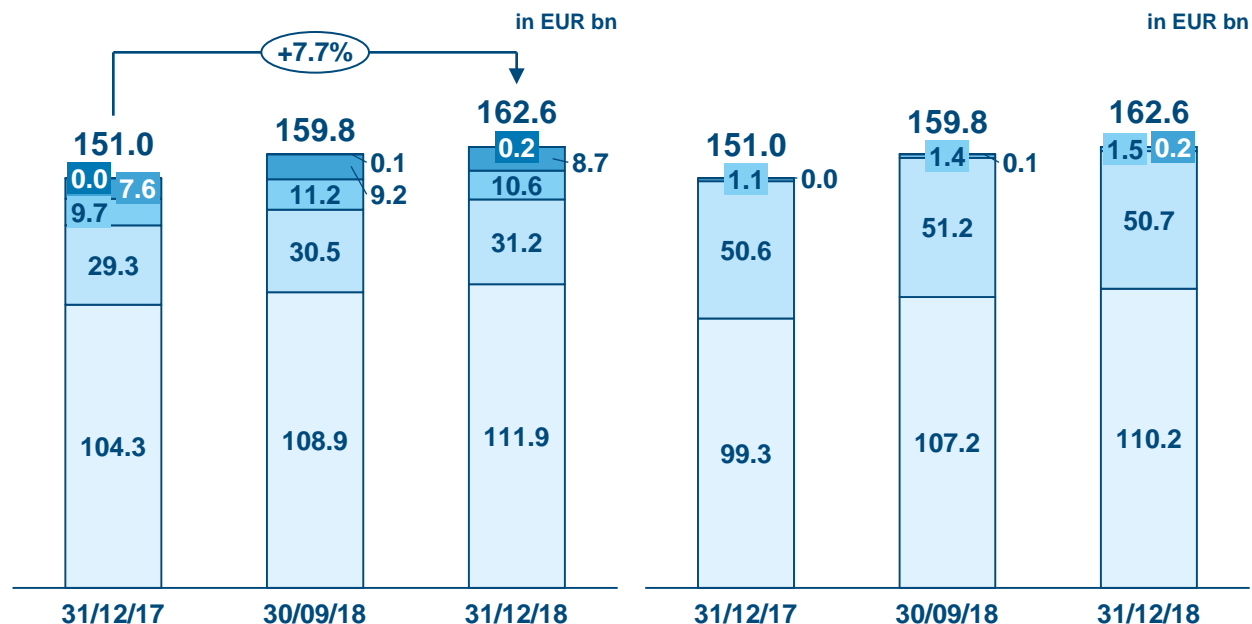
# Assets and liabilities: customer deposit funding –

## Customer deposits grow by 7.7% in 2018, driven by households

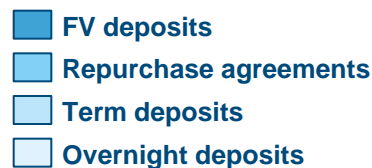
### By customer type

### By product type

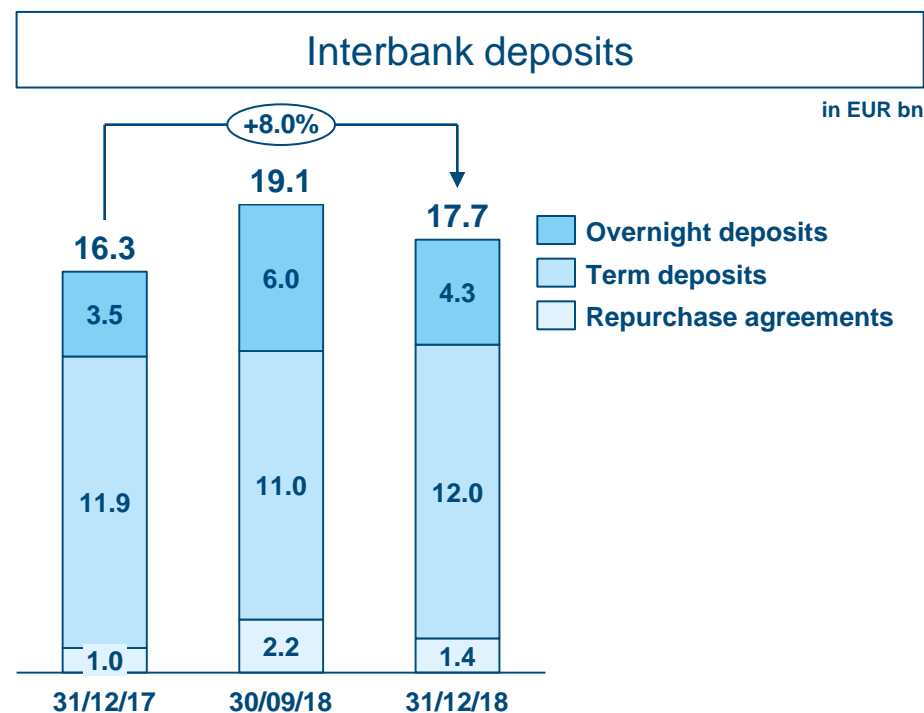
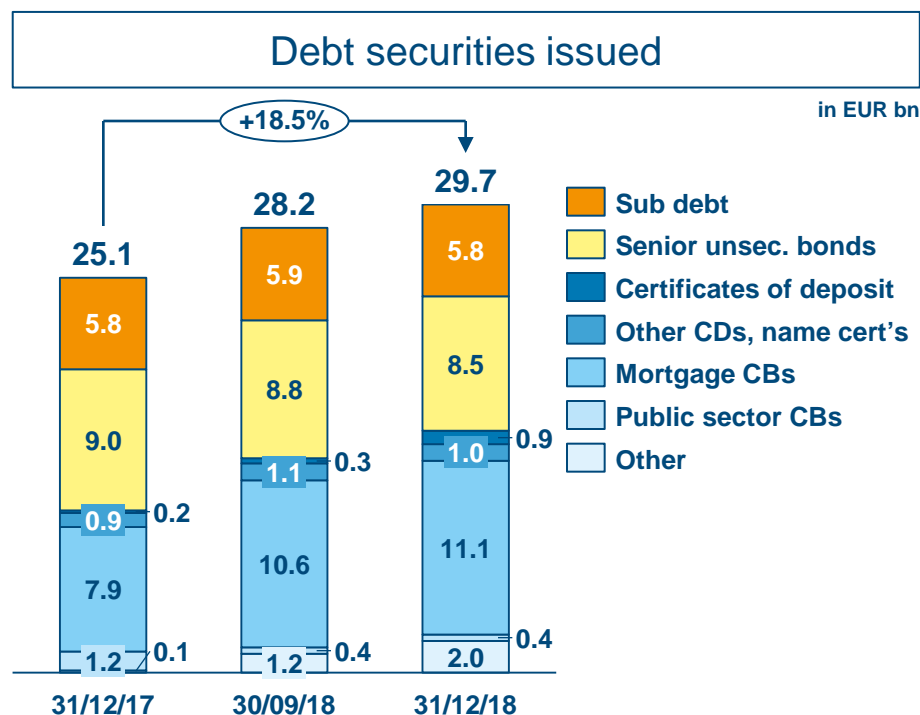
### Highlights



- Continued deposit inflows driven by Retail segment with highest demand for overnight deposits amid low interest rate environment
- Solid growth also 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 – Taking advantage of favourable market conditions

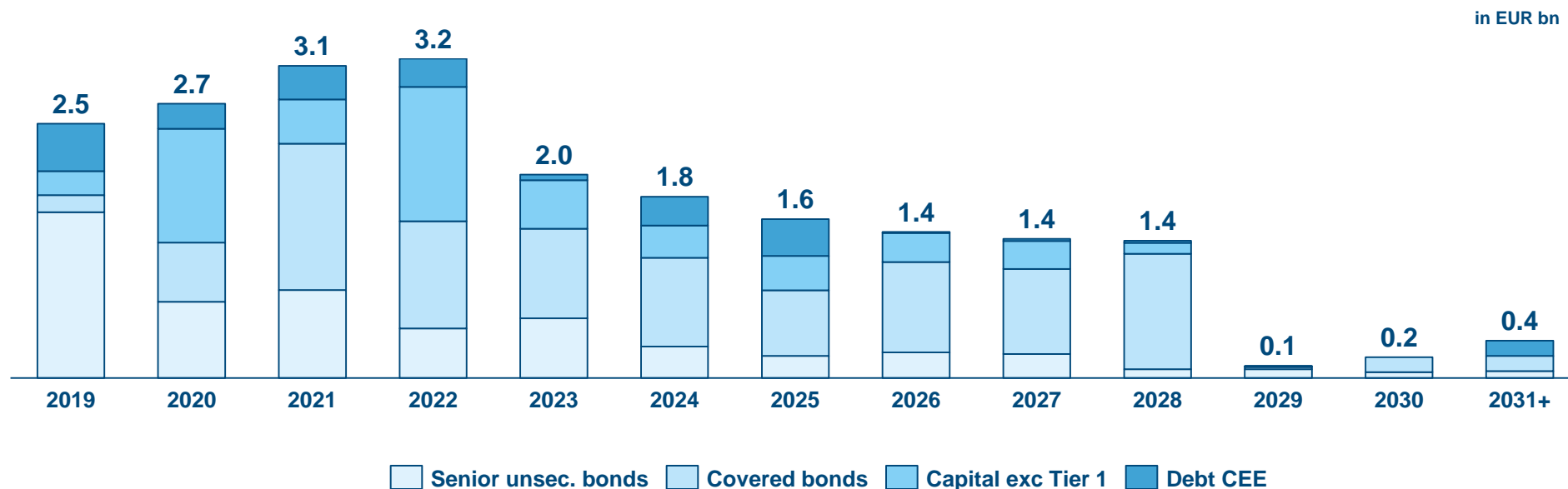


- After periods of reduced wholesale funding, volumes increased again in 2018 led by mortgage covered bond issuances

- Stable development of interbank deposits

## Assets and liabilities: LT funding – Limited LT funding needs in 2019

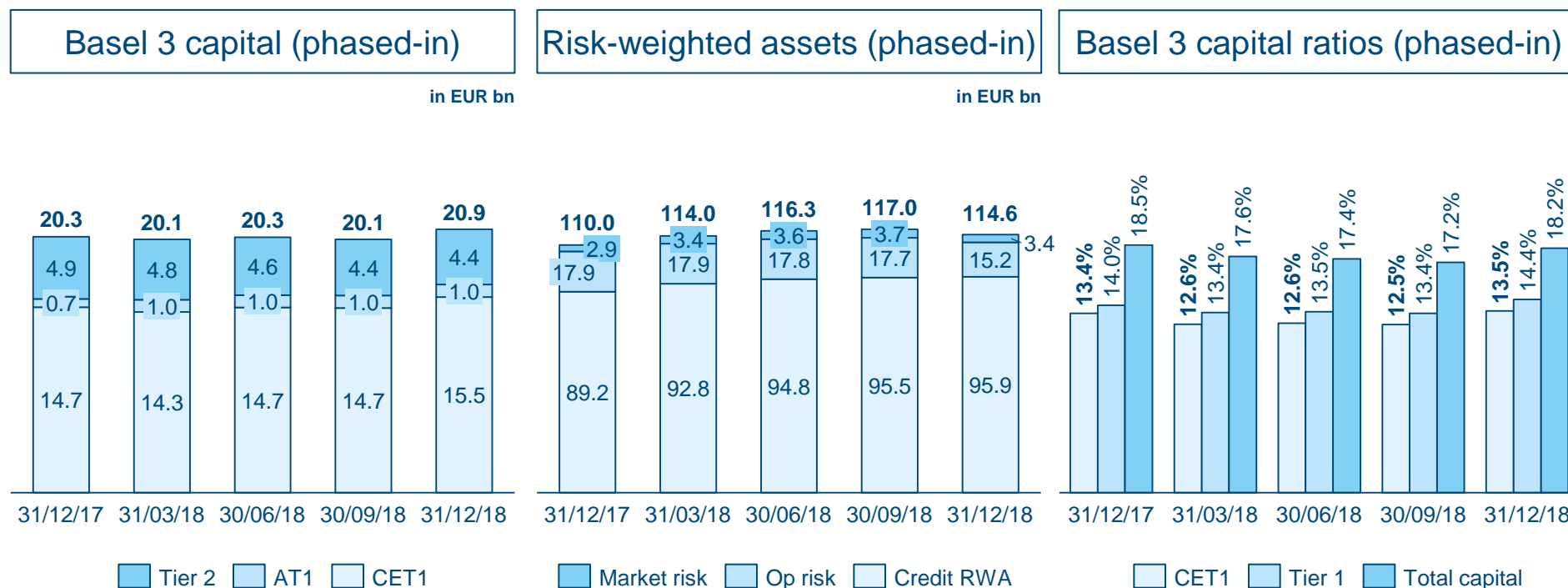
Maturity profile of debt



- One single benchmark redemption in May 2019 only; thus timing flexibility in new issuance
- Funding needs in 2019 amount to approx. EUR 3.8bn in various seniorities
- When determined, MREL needs are likely to be met with a mix of own funds, senior non-preferred and senior preferred instruments; inaugural NPS issuance by Erste Group Bank AG might happen in 2019
- Erste Group targets to fill 1.5%-AT1 bucket by year-end 2020

# Assets and liabilities: capital position –

## Internal B3FL CET1-target for 2020 of 13.5% met early\*



- CET1 capital: +EUR 805m, due to:
  - Significant increase in retained earnings and minority interest recognised in CET1, partly offset by IFRS9-led reclassification of own liabilities to FV
  - Available distributable items (ADIs) at EUR 2.7bn (pre share dividend)

- Credit RWA: +EUR 6.6bn in 2018
  - Business effects (loan growth): +EUR 6.3bn
  - Regulatory one-off effects (higher sovereign and equity RWA): +EUR 1.6bn
  - Portfolio changes (migration): -EUR 2.2bn
- Operational risk RWA down yoy and qoq on implementation of new model

- B3FL CET1 ratio at 13.5% at 31 Dec 2018 (YE 2017: 12.9%)
- B3FL total capital ratio at 18.1% (YE17: 18.2%)

\* See footnote 1 on page 7.



# Presentation topics

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

# Conclusion – Outlook 2019

## Macro outlook 2019

- Real GDP growth of approx. 3% expected in 2019 in CEE and above 2% in Austria
- Real GDP growth to be driven by solid domestic demand, as real wage growth and low unemployment support economic activity in CEE
- Solid public finances across CEE

## Business outlook 2019

- ROTE for 2019 targeted at >11% (based on average tangible equity)
  - Revenue growth > cost growth based on mid-single digit loan growth
  - Risk costs to rise, but to remain at historically low levels (10-20bps)
  - Other operating result to be negatively impacted by Romanian banking tax
  - Tax rate expected below 20%

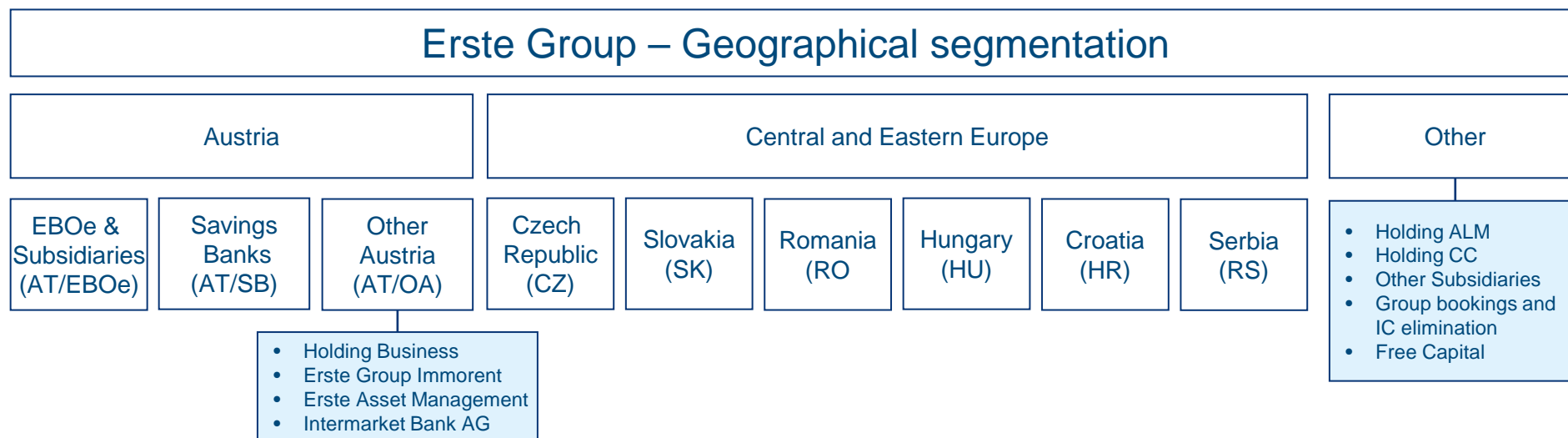
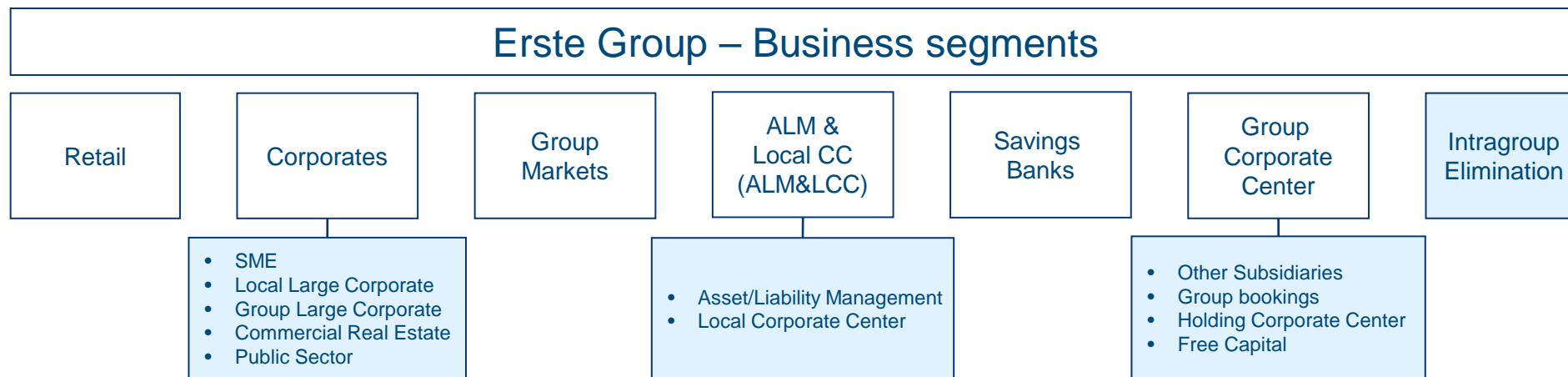
## Risk factors for guidance

- Impact from other than expected interest rate development
- Political or regulatory measures against banks
- Geopolitical risks and global economic risks

# Presentation topics

- Executive summary
- Business environment
- Business performance
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## 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				
	2017	2018	YOY-Δ	Q4 17	Q3 18	Q4 18	YOY-Δ	QOQ-Δ
Net interest income	4,353.2	4,582.0	5.3%	1,123.9	1,158.2	1,210.0	7.7%	4.5%
Interest income	5,624.4	5,174.3	-8.0%	1,400.3	1,314.0	1,374.9	-1.8%	4.6%
Other similar income	0.0	1,772.6	n/a	0.0	448.8	437.0	n/a	-2.6%
Interest expenses	-1,271.3	-1,003.4	-21.1%	-276.4	-262.5	-270.6	-2.1%	3.1%
Other similar expenses	0.0	-1,361.5	n/a	0.0	-342.1	-331.3	n/a	-3.2%
Net fee and commission income	1,851.6	1,908.4	3.1%	489.7	471.4	477.7	-2.4%	1.3%
Fee and commission income	2,329.4	2,377.0	2.0%	605.7	584.0	587.0	-3.1%	0.5%
Fee and commission expenses	-477.8	-468.6	-1.9%	-116.1	-112.6	-109.3	-5.8%	-3.0%
Dividend income	43.7	29.0	-33.6%	6.2	4.8	6.7	7.9%	39.7%
Net trading result	222.8	-1.7	n/a	83.5	-62.2	48.7	-41.7%	n/a
Gains/losses from financial instruments measured at fair value through profit or loss	-12.3	195.4	n/a	-24.4	99.2	29.6	n/a	-70.1%
Net result from equity method investments	15.9	13.1	-17.4%	5.7	3.0	3.1	-45.8%	1.8%
Rental income from investment properties & other operating leases	194.2	189.4	-2.5%	47.6	47.7	43.6	-8.5%	-8.6%
Personnel expenses	-2,388.6	-2,474.2	3.6%	-641.3	-613.8	-643.8	0.4%	4.9%
Other administrative expenses	-1,309.6	-1,234.9	-5.7%	-384.4	-294.0	-313.4	-18.5%	6.6%
Depreciation and amortisation	-460.0	-472.0	2.6%	-118.9	-118.0	-121.7	2.3%	3.1%
Gains/losses from financial assets and liabilities not measured at fair value through profit or loss, net	156.4	0.0	-100.0%	85.7	0.0	0.0	-100.0%	n/a
Gains/losses from derecognition of financial assets measured at amortised cost	0.0	0.1	n/a	0.0	0.5	-0.1	n/a	n/a
Other gains/losses from derecognition of financial instruments not measured at fair value through profit or loss	0.0	5.7	n/a	0.0	1.0	-4.1	n/a	n/a
Gains/losses from reclassification from amortised cost to fair value through profit or loss	0.0	0.0	n/a	0.0	0.0	0.0	n/a	n/a
Gains/losses from reclassification from fair value through other comprehensive income to fair value through profit or loss	0.0	0.0	n/a	0.0	0.0	0.0	n/a	n/a
Net impairment loss on financial assets	-132.0	0.0	-100.0%	-60.5	0.0	0.0	-100.0%	n/a
Impairment result from financial instruments	0.0	59.3	n/a	0.0	28.9	-42.9	n/a	n/a
Other operating result	-457.4	-304.5	-33.4%	-160.9	-32.4	-67.6	-58.0%	>100.0%
Levies on banking activities	-105.7	-112.2	6.2%	-23.6	-24.8	-24.1	2.3%	-3.0%
<b>Pre-tax result from continuing operations</b>	<b>2,077.8</b>	<b>2,495.0</b>	<b>20.1%</b>	<b>451.7</b>	<b>694.3</b>	<b>626.0</b>	<b>38.6%</b>	<b>-9.8%</b>
Taxes on income	-410.1	-332.4	-18.9%	-44.2	-120.0	22.5	n/a	n/a
<b>Net result for the period</b>	<b>1,667.7</b>	<b>2,162.5</b>	<b>29.7%</b>	<b>407.5</b>	<b>574.2</b>	<b>648.5</b>	<b>59.1%</b>	<b>12.9%</b>
Net result attributable to non-controlling interests	351.5	369.1	5.0%	78.9	120.3	83.3	5.6%	-30.7%
<b>Net result attributable to owners of the parent</b>	<b>1,316.2</b>	<b>1,793.4</b>	<b>36.3%</b>	<b>328.6</b>	<b>454.0</b>	<b>565.2</b>	<b>72.0%</b>	<b>24.5%</b>
Operating income	6,669.0	6,915.6	3.7%	1,732.1	1,722.1	1,819.5	5.0%	5.7%
Operating expenses	-4,158.2	-4,181.1	0.5%	-1,144.7	-1,025.8	-1,078.8	-5.8%	5.2%
<b>Operating result</b>	<b>2,510.8</b>	<b>2,734.6</b>	<b>8.9%</b>	<b>587.5</b>	<b>696.3</b>	<b>740.6</b>	<b>26.1%</b>	<b>6.4%</b>

# Additional information: group balance sheet – Assets

in EUR million	Quarterly data					Change		
	Dec 17	Mar 18	Jun 18	Sep 18	Dec 18	YOY-Δ	YTD-Δ	QOQ-Δ
Cash and cash balances	21,796	25,246	16,888	15,237	17,549	-19.5%	-19.5%	15.2%
Financial assets held for trading	6,349	6,603	6,888	6,034	5,584	-12.0%	-12.0%	-7.4%
Derivatives	3,333	3,696	3,804	3,303	3,037	-8.9%	-8.9%	-8.0%
Other financial assets held for trading	3,016	2,907	3,083	2,731	2,547	-15.6%	-15.6%	-6.7%
Financial assets at fair value through profit or loss	543	0	0	0	0	-100.0%	-100.0%	n/a
Non-trading financial assets at fair value through profit or loss	0	3,405	3,430	3,403	3,310	n/a	n/a	-2.7%
Equity instruments	0	278	279	303	372	n/a	n/a	22.8%
Debt securities	0	2,727	2,739	2,717	2,651	n/a	n/a	-2.4%
Loans and advances to banks	0	0	0	0	0	n/a	n/a	n/a
<b>Loans and advances to customers</b>	<b>0</b>	<b>401</b>	<b>412</b>	<b>383</b>	<b>287</b>	<b>n/a</b>	<b>n/a</b>	<b>-25.2%</b>
Financial assets available for sale	16,060	0	0	0	0	-100.0%	-100.0%	n/a
Financial assets at fair value through other comprehensive income	0	10,289	9,965	9,850	9,272	n/a	n/a	-5.9%
Equity instruments	0	262	242	259	239	n/a	n/a	-7.9%
Debt securities	0	10,027	9,723	9,591	9,033	n/a	n/a	-5.8%
Financial assets held to maturity	19,800	0	0	0	0	-100.0%	-100.0%	n/a
Loans and receivables to credit institutions	9,126	0	0	0	0	-100.0%	-100.0%	n/a
Loans and receivables to customers	139,532	0	0	0	0	-100.0%	-100.0%	n/a
Financial assets at amortised cost	0	172,805	180,748	188,323	189,106	n/a	n/a	0.4%
Debt securities	0	23,710	24,029	25,430	26,050	n/a	n/a	2.4%
Loans and advances to banks	0	11,944	17,149	19,972	19,103	n/a	n/a	-4.4%
<b>Loans and advances to customers</b>	<b>0</b>	<b>137,151</b>	<b>139,570</b>	<b>142,921</b>	<b>143,953</b>	<b>n/a</b>	<b>n/a</b>	<b>0.7%</b>
Finance lease receivables	0	3,561	3,676	3,715	3,763	n/a	n/a	1.3%
Hedge accounting derivatives	884	103	116	90	132	-85.0%	-85.0%	47.1%
Property and equipment	2,387	2,342	2,363	2,327	2,293	-3.9%	-3.9%	-1.5%
Investment properties	1,112	1,106	1,102	1,100	1,159	4.3%	4.3%	5.4%
Intangible assets	1,524	1,511	1,507	1,483	1,507	-1.1%	-1.1%	1.7%
Investments in associates and joint ventures	198	197	201	200	198	-0.1%	-0.1%	-0.9%
Current tax assets	108	122	125	110	101	-5.9%	-5.9%	-8.2%
Deferred tax assets	258	319	320	333	402	55.9%	55.9%	20.7%
Assets held for sale	214	228	203	196	213	-0.4%	-0.4%	9.0%
Trade and other receivables	0	947	1,072	1,292	1,318	n/a	n/a	2.0%
Other assets	769	1,235	1,274	1,136	882	14.8%	14.8%	-22.3%
<b>Total assets</b>	<b>220,659</b>	<b>230,018</b>	<b>229,878</b>	<b>234,827</b>	<b>236,792</b>	<b>7.3%</b>	<b>7.3%</b>	<b>0.8%</b>

# Additional information: group balance sheet – Liabilities and equity

in EUR million	Quarterly data					Change		
	Dec 17	Mar 18	Jun 18	Sep 18	Dec 18	YOY-Δ	YTD-Δ	QOQ-Δ
Financial liabilities held for trading	3,423	2,940	3,070	2,865	2,508	-26.7%	-26.7%	-12.5%
Derivatives	2,934	2,384	2,529	2,153	2,000	-31.8%	-31.8%	-7.1%
Other financial liabilities held for trading	489	555	541	712	508	3.9%	3.9%	-28.7%
Financial liabilities at fair value through profit or loss	1,801	14,478	14,473	14,267	14,122	>100.0%	>100.0%	-1.0%
<b>Deposits from customers</b>	<b>49</b>	<b>58</b>	<b>56</b>	<b>62</b>	<b>212</b>	<b>&gt;100.0%</b>	<b>&gt;100.0%</b>	<b>&gt;100.0%</b>
Debt securities issued	1,753	13,855	13,874	13,668	13,446	>100.0%	>100.0%	-1.6%
Other financial liabilities	0	565	544	537	464	n/a	n/a	-13.5%
Financial liabilities at amortised cost	191,711	189,427	189,875	194,025	196,863	2.7%	2.7%	1.5%
Deposits from banks	16,349	20,988	17,867	19,086	17,658	8.0%	8.0%	-7.5%
<b>Deposits from customers</b>	<b>150,921</b>	<b>155,248</b>	<b>156,775</b>	<b>159,765</b>	<b>162,426</b>	<b>7.6%</b>	<b>7.6%</b>	<b>1.7%</b>
Debt securities issued	23,342	12,596	14,601	14,582	16,293	-30.2%	-30.2%	11.7%
Other financial liabilities	1,099	595	633	591	486	-55.8%	-55.8%	-17.7%
Finance lease liabilities	0	0	0	0	0	n/a	n/a	-3.4%
Hedge accounting derivatives	360	277	311	342	277	-23.1%	-23.1%	-19.1%
Fair value changes of hedged items in portfolio hedge of interest rate risk	666	0	0	0	0	-100.0%	-100.0%	>100.0%
Provisions	1,648	1,799	1,688	1,628	1,705	3.4%	3.4%	4.7%
Current tax liabilities	101	114	127	126	99	-1.8%	-1.8%	-21.5%
Deferred tax liabilities	61	54	65	67	23	-62.8%	-62.8%	-65.9%
Liabilities associated with assets held for sale	3	4	3	3	3	20.3%	20.3%	9.1%
Other liabilities	2,596	2,958	2,558	3,109	2,323	-10.5%	-10.5%	-25.3%
<b>Total equity</b>	<b>18,288</b>	<b>17,968</b>	<b>17,708</b>	<b>18,396</b>	<b>18,869</b>	<b>3.2%</b>	<b>3.2%</b>	<b>2.6%</b>
Equity attributable to non-controlling interests	4,416	4,353	4,402	4,518	4,494	1.8%	1.8%	-0.5%
Additional equity instruments	993	993	993	993	993	0.0%	0.0%	0.0%
Equity attributable to owners of the parent	12,879	12,622	12,313	12,884	13,381	3.9%	3.9%	3.9%
Subscribed capital	860	860	860	860	860	0.0%	0.0%	0.0%
Additional paid-in capital	1,477	1,477	1,477	1,477	1,477	0.0%	0.0%	0.0%
Retained earnings and other reserves	10,542	10,286	9,977	10,548	11,045	4.8%	4.8%	4.7%
<b>Total liabilities and equity</b>	<b>220,659</b>	<b>230,018</b>	<b>229,878</b>	<b>234,827</b>	<b>236,792</b>	<b>7.3%</b>	<b>7.3%</b>	<b>0.8%</b>

## Additional information: regulatory capital position/requirement (SREP) – Internal CET1-target for 2020 of 13.5% already met in 2018\*

- Combined impact of countercyclical buffers amounts to 44bps in 2019
- Management buffer targeted in 100-150bps range from 2019

	Erste Group Consolidated				Erste Group Unconsolidated		
	2016	Phased-in 2017	2018	Fully loaded 2019e	Phased-in 2017	2018	Fully loaded 2019e
<b>Pillar 1 CET1 requirement</b>	<b>4.50%</b>	<b>4.50%</b>	<b>4.50%</b>	<b>4.50%</b>	<b>4.50%</b>	<b>4.50%</b>	<b>4.50%</b>
<b>Combined buffer requirement</b>	<b>0.88%</b>	<b>1.90%</b>	<b>3.19%</b>	<b>4.94%</b>	<b>1.34%</b>	<b>3.07%</b>	<b>4.77%</b>
Capital conservation buffer	0.63%	1.25%	1.88%	2.50%	1.25%	1.88%	2.50%
Countercyclical capital buffer 2)	0.00%	0.15%	0.31%	0.44%	0.09%	0.20%	0.27%
OSII/Systemic risk buffer	0.25%	0.50%	1.00%	2.00%	0.00%	1.00%	2.00%
<b>Pillar 2 CET1 requirement</b>	<b>4.38%</b>	<b>1.75%</b>	<b>1.75%</b>	<b>1.75%</b>	<b>1.75%</b>	<b>1.75%</b>	<b>1.75%</b>
<b>Pillar 2 CET1 guidance</b>		<b>1.66%</b>	<b>1.05%</b>	<b>1.00%</b>	<b>1.00%</b>	<b>0.00%</b>	<b>0.00%</b>
<b>Regulatory minimum ratios excluding P2G</b>							
CET1 requirement	9.75%	8.15%	9.44%	11.19%	7.59%	9.32%	11.02%
1.50% AT1 Tier 1 requirement	NM	9.65%	10.94%	12.69%	9.09%	10.82%	12.52%
2.00% T2 Own funds requirement	NM	11.65%	12.94%	14.69%	11.09%	12.82%	14.52%
<b>Regulatory minimum ratios including P2G</b>							
CET1 requirement	<b>9.75%</b>	<b>9.81%</b>	<b>10.49%</b>	<b>12.19%</b>	<b>8.59%</b>	<b>9.32%</b>	<b>11.02%</b>
1.50% AT1 Tier 1 requirement	NM	9.65%	10.94%	12.69%	9.09%	10.82%	12.52%
2.00% T2 Own funds requirement	NM	11.65%	12.94%	14.69%	11.09%	12.82%	14.52%
<b>Reported CET1 ratio as of December 2018 1)</b>			<b>13.54%</b>	<b>21.35%</b>			

- Buffer to MDA restriction as of 31 Dec 18: 347bps
- Available distributable items (ADI) as of 31 Dec 18: EUR 2.7bn (pre share dividend)

\*) See footnote 1 on page 7.

1) Consolidated capital ratios pursuant to IFRS. Unconsolidated capital ratios pursuant to Austrian Commercial Code (UGB) and on phased-in basis. ADIs pursuant to UGB.

2) Planned values based on Q4 2018 exposure (Q4 18 countercyclical buffer of 0.31% for Erste Group Consolidated).

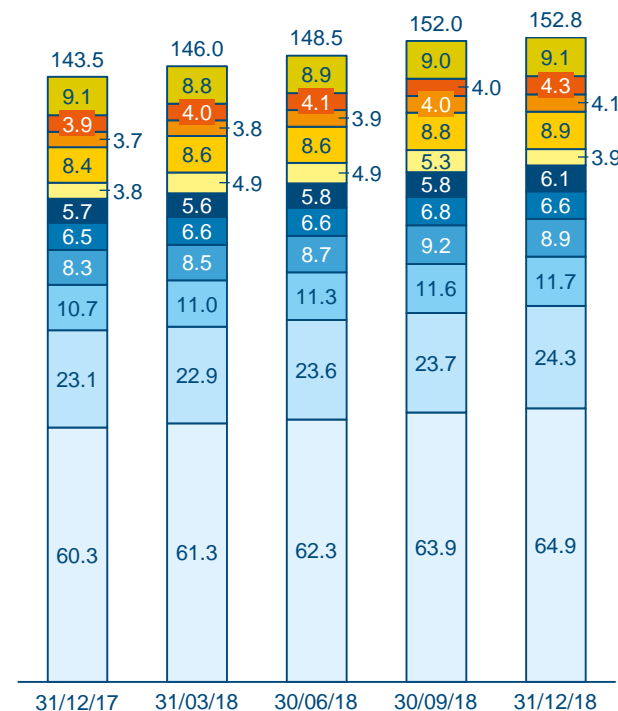
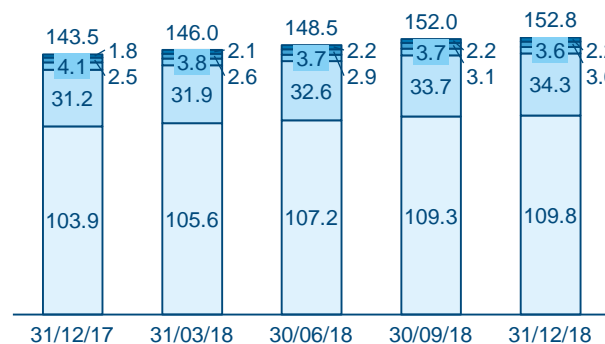
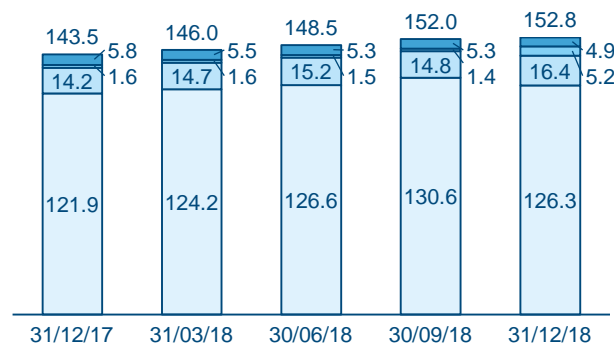


# Additional information: gross customer loans – By risk category, by currency, by industry

Gross cust. loans by risk category (EUR bn)

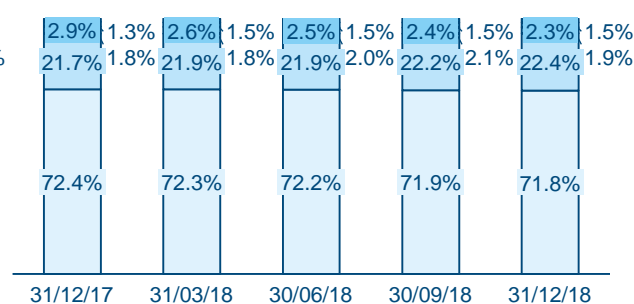
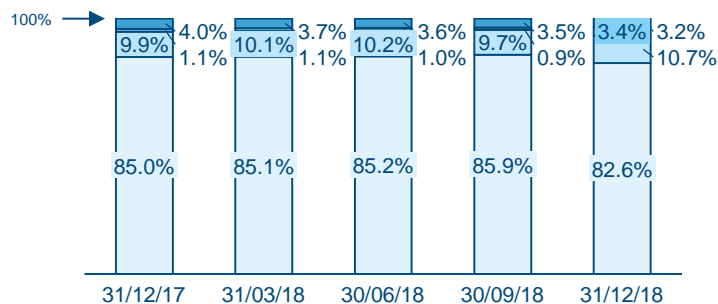
Gross customer loans by currency (EUR bn)

Gross customer loans by industry (EUR bn)



Gross customer loans by risk category (in %)

Gross customer loans by currency (in %)



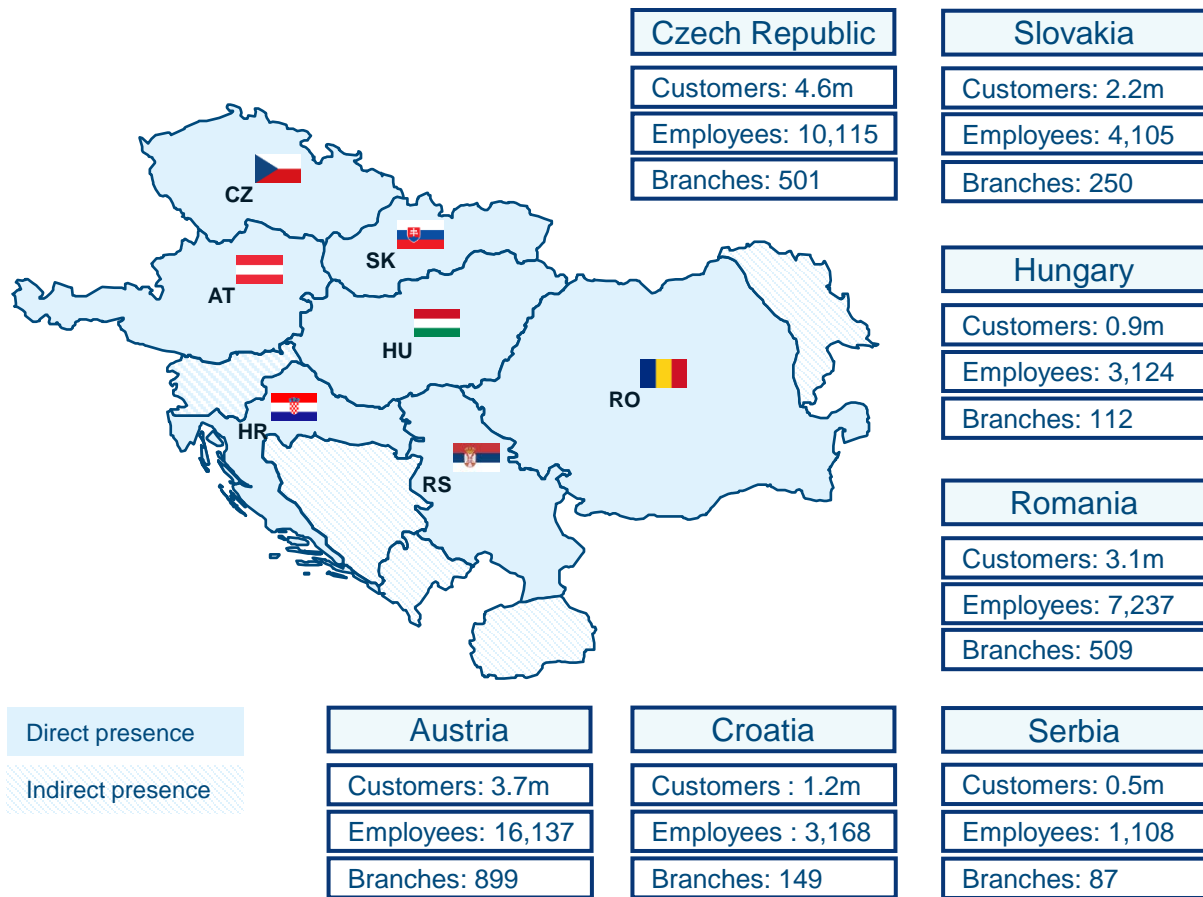
■ Non-performing    ■ Management attention  
■ Substandard    ■ Low risk

■ Other    ■ USD    ■ 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

Employees: FTEs as of end of reporting period

## 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

Expansion of digital banking offering

##### 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, 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	baa2
Capital	baa1
Profitability	baa3
Funding Structure	a3
Liquid Resources	baa1
+	
<b>Qualitative Factors</b>	
Business Diversification	0
Opacity, Complexity	0
Corporate Behaviour	0
=	
<b>BCA Baseline Credit Assessment</b>	<b>baa1</b>
+	
Affiliate Support	0
=	
<b>Adjusted BCA</b>	<b>baa1</b>
+	
<b>LGF Loss Given Failure</b>	<b>+ 2</b>
Government Support	0
=	
<b>Issuer Rating / Senior Unsecured Long-Term Outlook / Short-Term</b>	
<b>A2 Positive / P-1</b>	

## S&P Global Ratings

<b>SACP - Stand-Alone Credit Profile</b>		
a		
▲		
<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	+1
<b>Liquidity</b>	Strong	
+		
<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 Long-Term Outlook / Short-Term</b>		
<b>A Positive / A-1</b>		

## FitchRatings

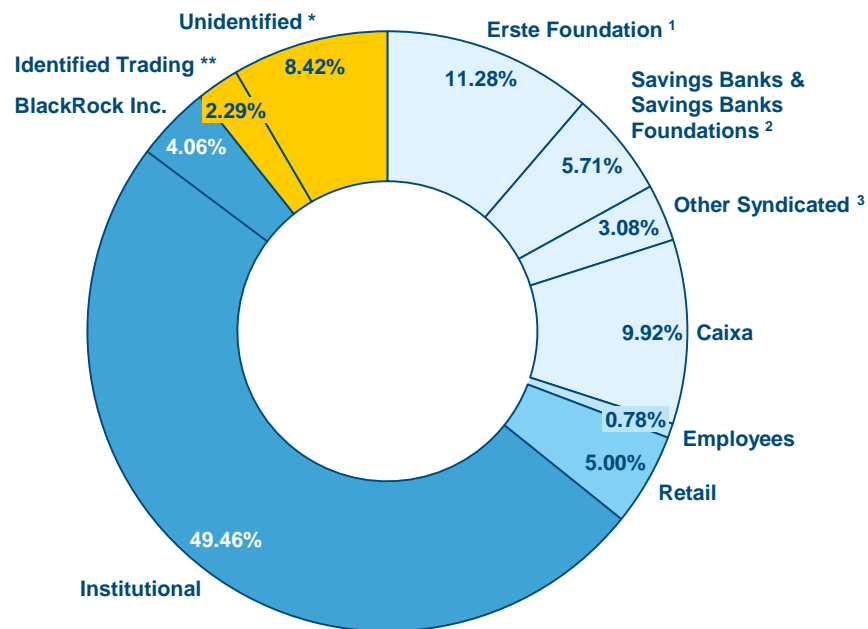
<b>VR - Viability Rating (Individual Rating)</b>
a
<b>SRF - Support Rating Floor</b>
NF (No Floor)
<b>IDR - Issuer Default Rating Long-Term Outlook / Short-Term</b>
<b>A Stable / F1</b>

Status as of 5 February 2019

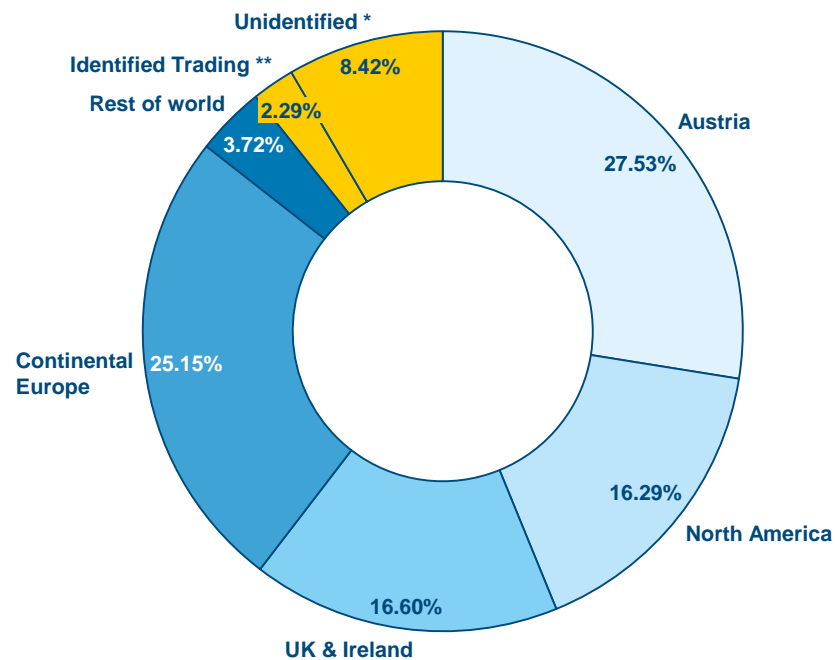
# Additional information: shareholder structure –

Total number of shares: 429,800,000

By investor



By region



<sup>1</sup> Economic interest Erste Foundation, including Erste Employees Private Foundation

<sup>2</sup> Economic interest Savings Banks & Savings Banks Foundations

<sup>3</sup> Other parties to the shareholder agreement of Erste Foundation, Savings Banks and CaixaBank

\* Unidentified institutional and retail investors

\*\* Including Market Makers, Prime Brokerage, Proprietary Trading, Collateral and Stock Lending positions which are visible through custodian banklists

Status as of 8 February 2019

## Investor relations details

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<http://twitter.com/ErsteGroupIR> [http://www.slideshare.net/Erste\\_Group](http://www.slideshare.net/Erste_Group)

Erste Group IR App for iPad, iPhone and Android [http://www.erstegroup.com/de/Investoren/IR\\_App](http://www.erstegroup.com/de/Investoren/IR_App)

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

Datastream: **O:ERS** ISIN: **AT0000652011**

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