

Erste Group investor presentation

Q3 19 results

30 October 2019

Continuation of volume growth drives operating performance

Andreas Treichl, CEO Erste Group

Bernhard Spalt, Deputy CEO Erste Group

Stefan Dörfler, CFO Erste Group

Alexandra Habeler-Drabek, CRO Erste Group

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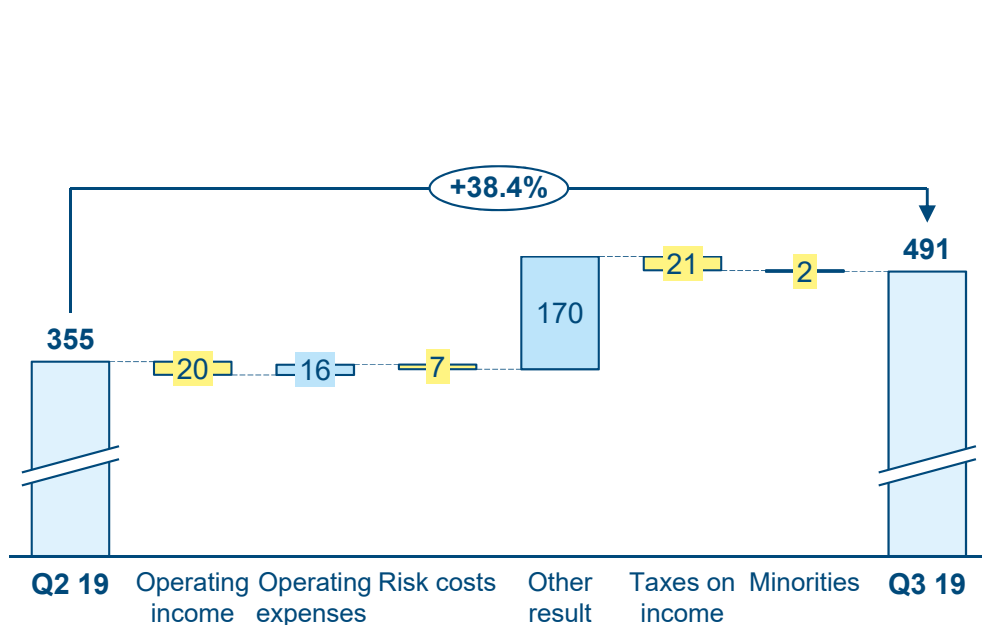
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Presentation topics

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

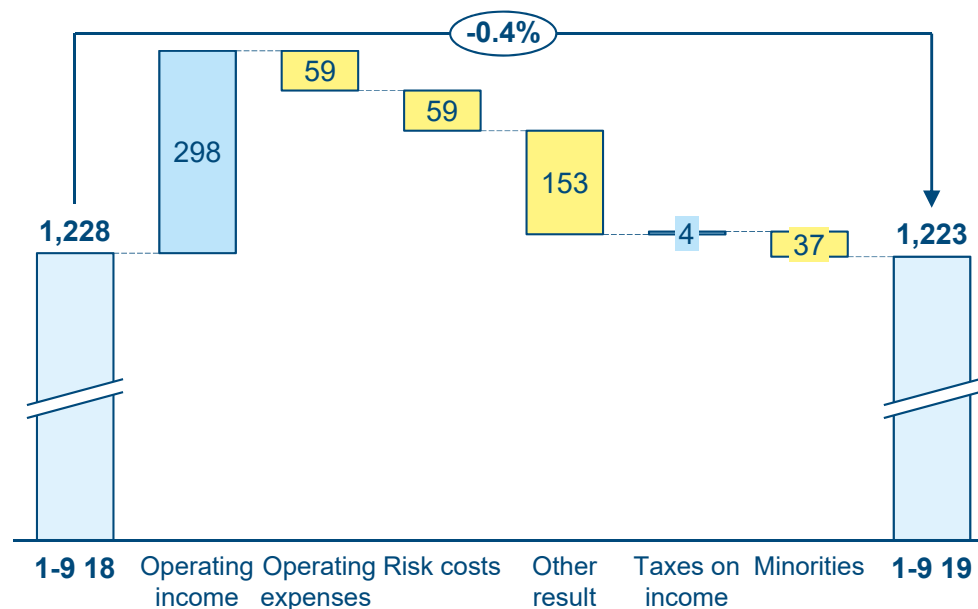
Executive summary – Group income statement performance

QoQ net profit reconciliation (EUR m)



- Q3 19 net result rose to 491.1m, almost solely on other result due to negative one-off booked in Q2 19 (EUR 150.8m provisions booked for RO building society court decision)
- Decline in operating income as improvements in NII and fees could not offset falling trading/FV result
- Positive development of operating expenses mainly driven by lower IT expenses

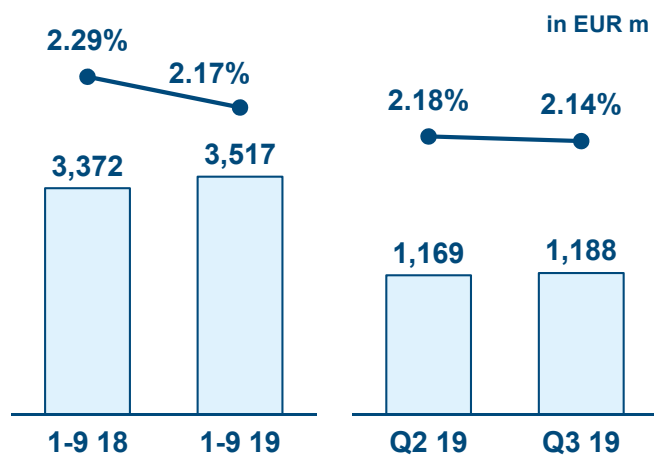
YoY net profit reconciliation (EUR m)



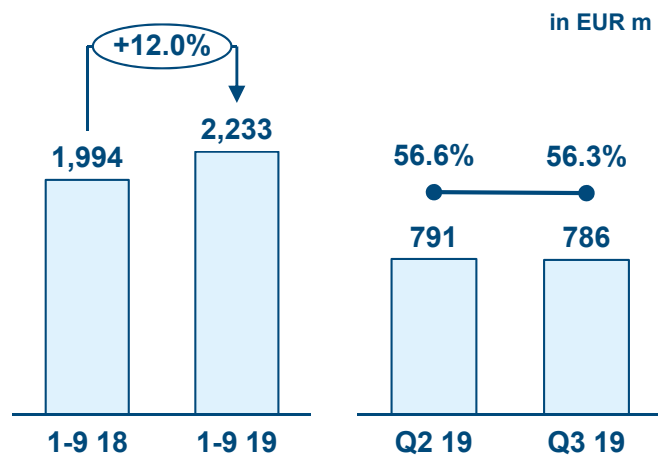
- Yoy stable net profit as increasing operating income offset negative impact in other result
- Increase in all major components of operating income: solid NII (+4.3%), fees up by 3.7%, and exceptionally strong trading/FV result (+99.2%) on interest-rate driven valuations
- Operating expenses increased due to rise in personnel expenses (+3.1%); IFRS 16 implementation had a marginally positive effect

Executive summary – Key income statement data

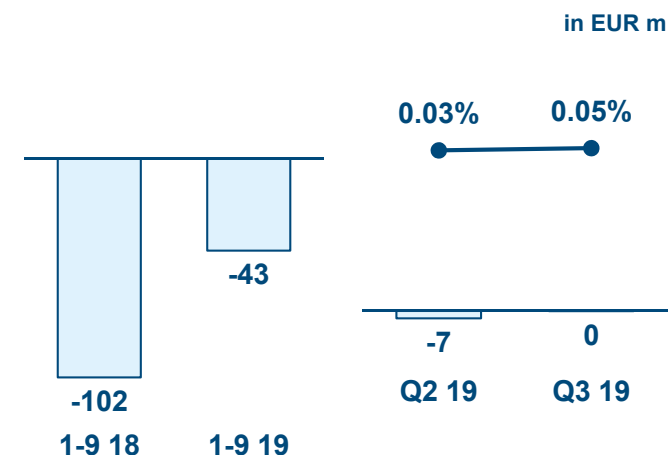
Net interest income & margin



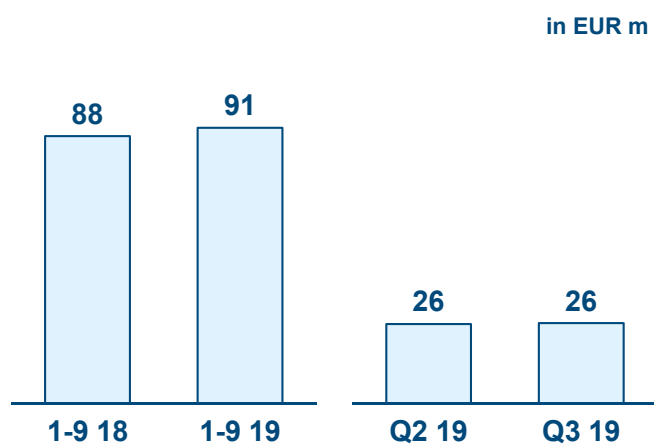
Operating result & cost/income ratio



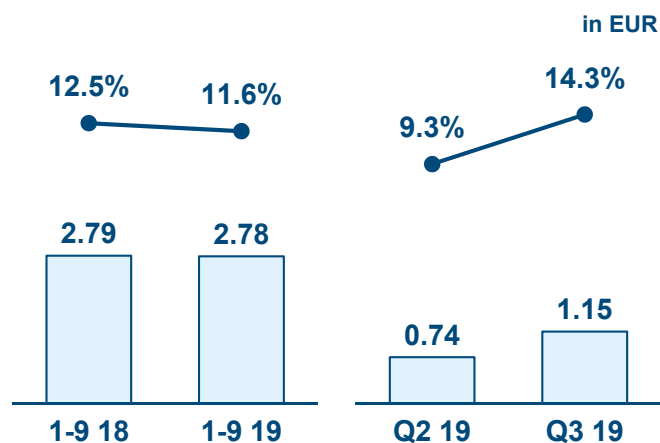
Cost of risk



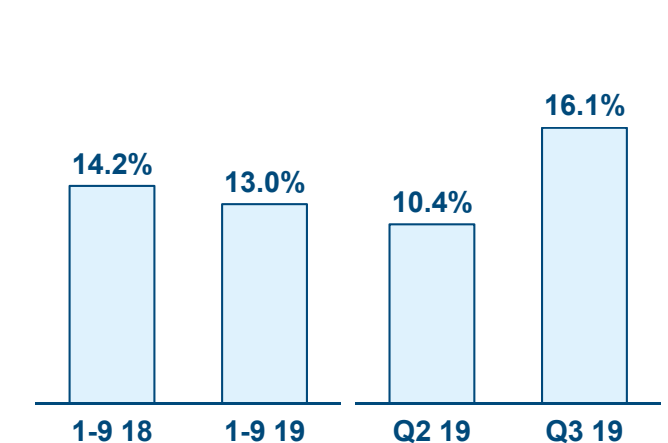
Banking levies



Reported EPS & ROE

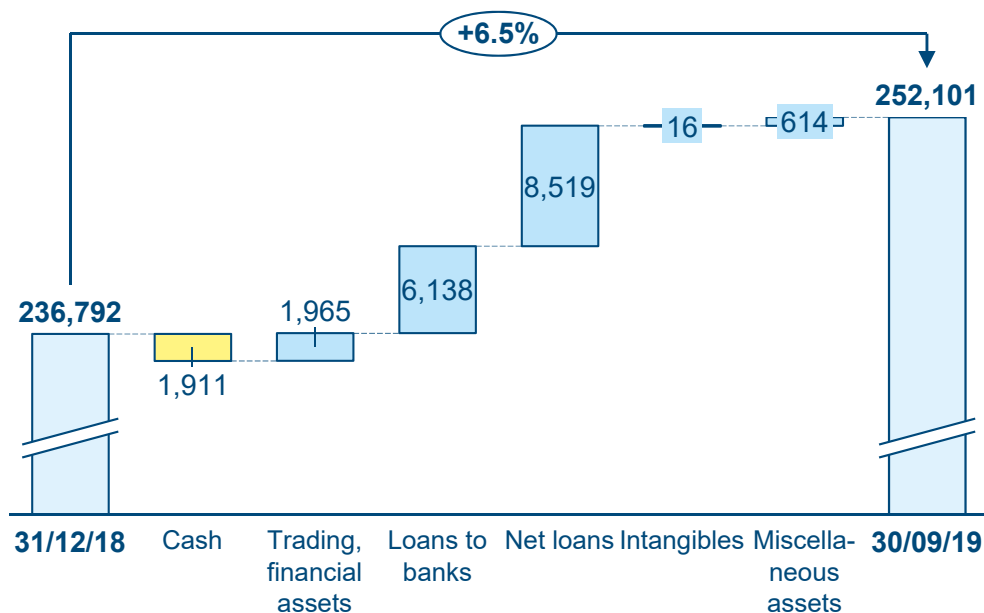


Return on tangible equity



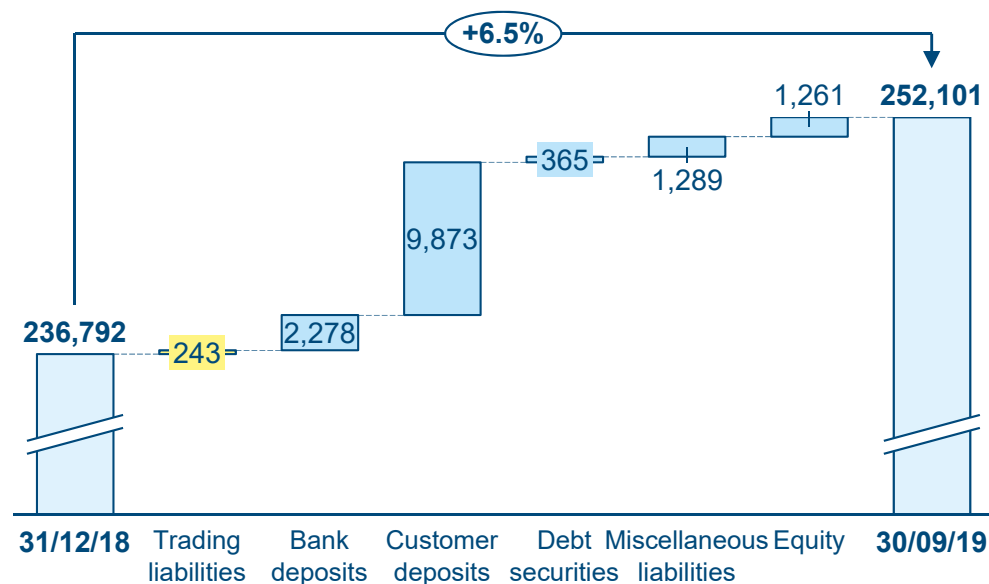
Executive summary – Group balance sheet performance

YTD total asset reconciliation (EUR m)



- Total assets up by 6.5% ytd, mainly driven by customer loans (+5.7%) and interbank business (+32.1%), particularly in the Czech Republic and Holding
- Decline in cash position correlated to increase in interbank assets
- Shift from cash to interbank assets also contributed to rise in interest bearing assets (YE18: EUR 210bn, Sep 19: EUR 226bn)

YTD equity & total liability reconciliation (EUR m)

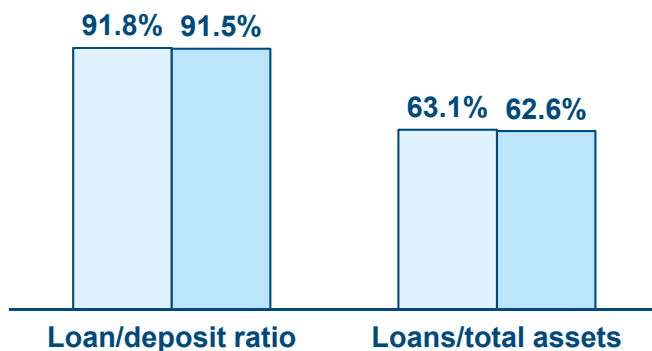


- Total liability growth mainly driven by a continuation of rising customer deposits (+6.1%) and bank deposits (+12.9%)
- Growing customer deposits result in a loan/deposit ratio of 91.5% (YE18: 91.8%)
- Increase in equity mainly attributable to increase in retained earnings and the issuance of AT1 instruments (in Q1 19)

Executive summary – Key balance sheet data

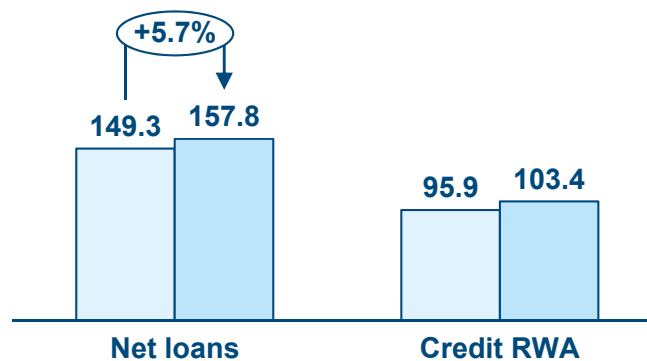
31/12/18
30/09/19

Loan/deposit & loan/TA ratio

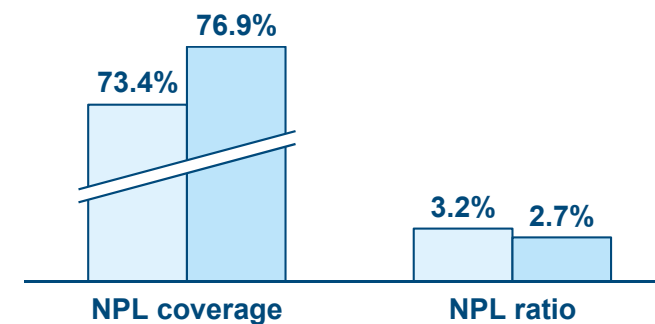


Net loans & credit RWA

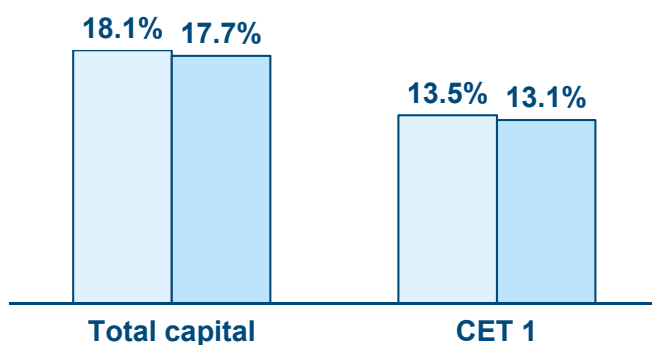
in EUR bn



NPL coverage ratio & NPL ratio

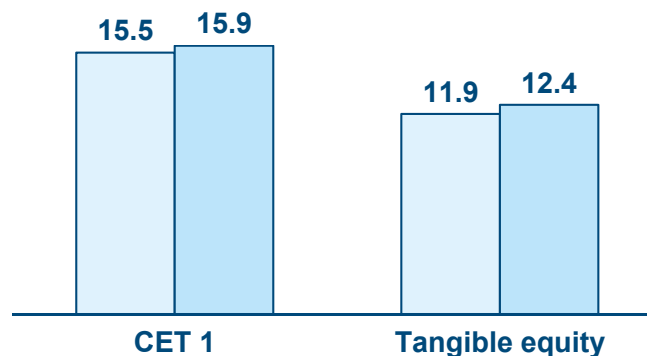


B3FL capital ratios

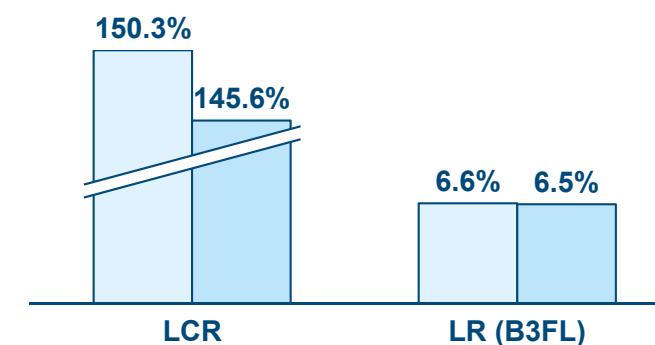


B3FL capital & tangible equity¹

in EUR bn



Liquidity coverage & leverage ratio²



1) Based on shareholders' equity, not total equity

2) Pursuant to Delegated Act

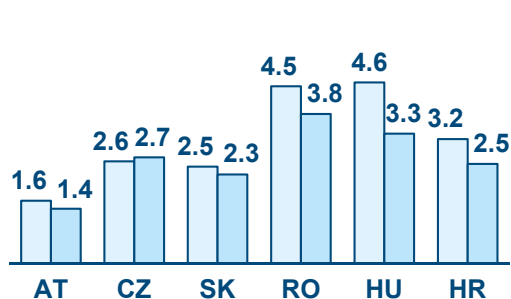
Presentation topics

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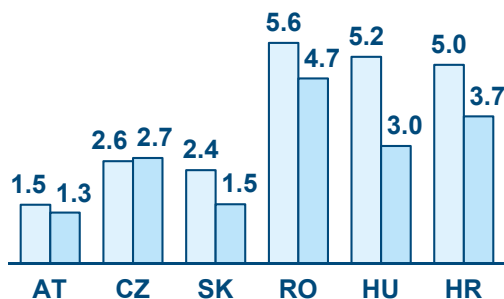
Business environment – Strong economic outlook for 2019-2020

2019
2020

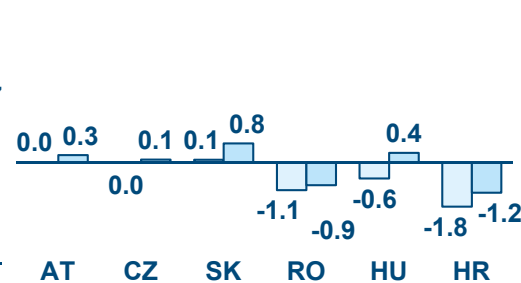
Real GDP growth (in %)



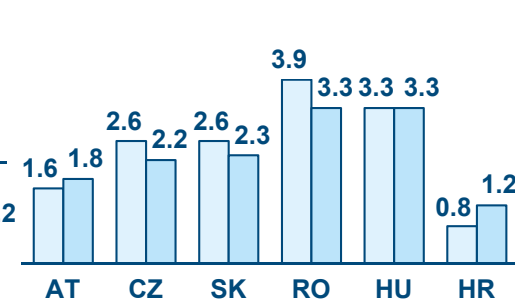
Dom. demand contribution* (in %)



Net export contribution* (in %)

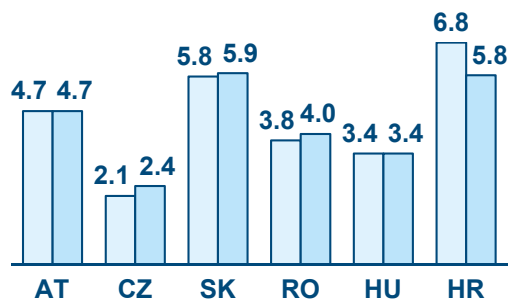


Consumer price inflation (avg, in %)

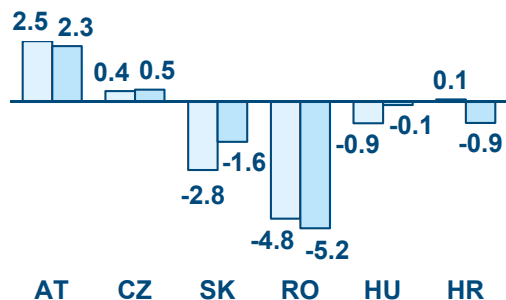


- Erste Group's core CEE markets expected to grow by about 3-4% in 2019
 - Domestic demand is expected to remain the main driver of economic growth
 - Consumption is supported by improving labour markets and significant wage increases across the region

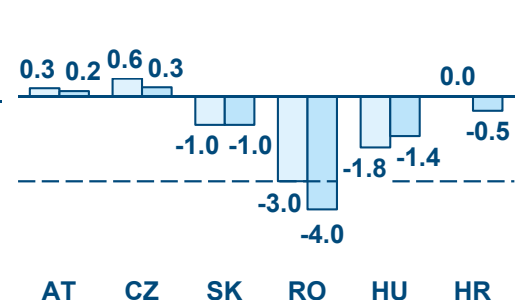
Unemployment rate (avg, in %)



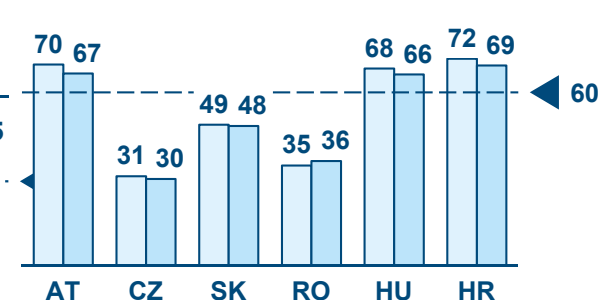
Current account balance (% of GDP)



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

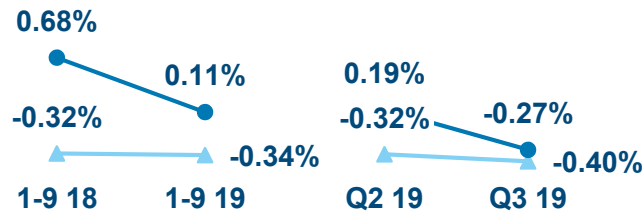
Business environment –

CZ has increased key policy rate in eight steps to 2.0% since August 2017

▲ 3M Interbank

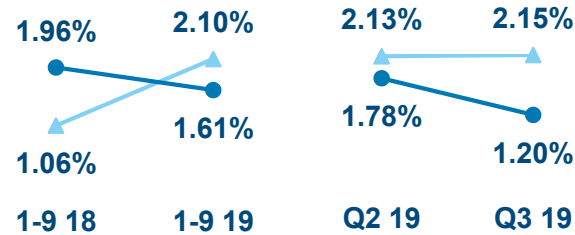
● 10YR GOV

Austria



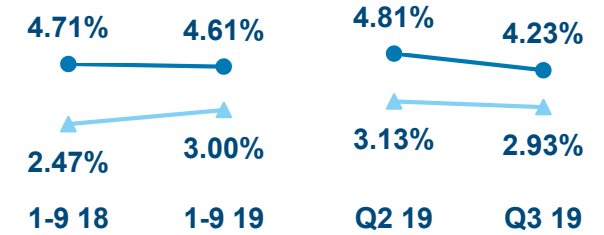
- ECB cut discount rate to zero in March 16
- Maintains expansionary monetary policy stance, despite tapering announcement

Czech Republic



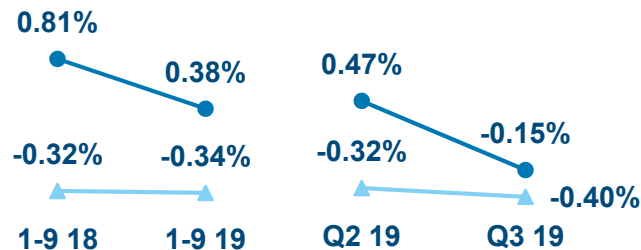
- National bank has increased its benchmark rate in eight steps from historic low of 0.05% to 2.00% since August 2017

Romania



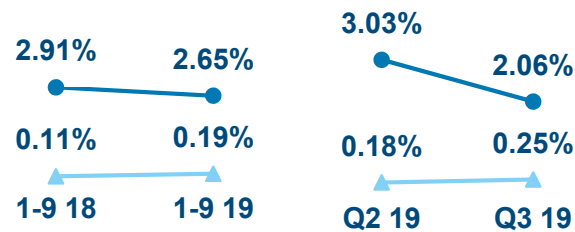
- Central bank increases policy rate from historic low of 1.75% to 2.50% in January, February and May 2018

Slovakia



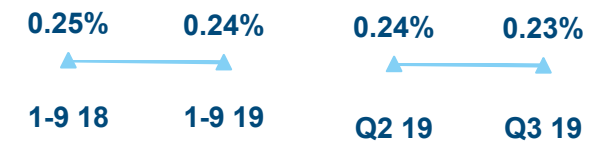
- As part of euro zone ECB rates are applicable in SK

Hungary



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

Croatia

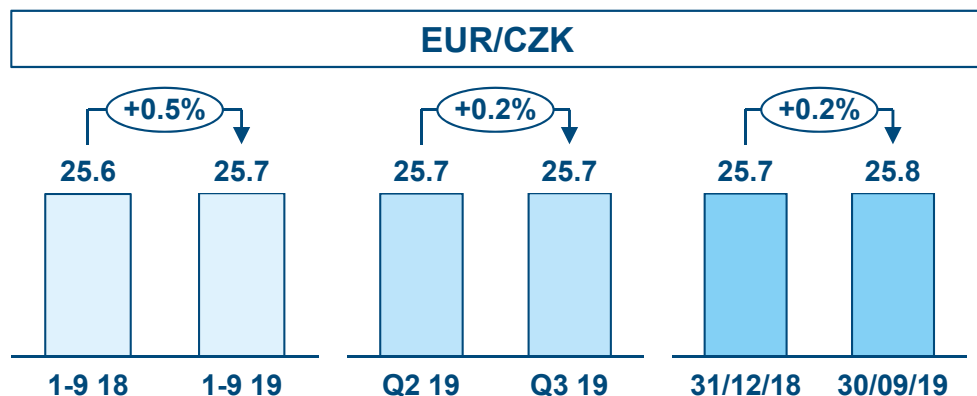


- Central bank maintains discount rate at 3.0% since 2015

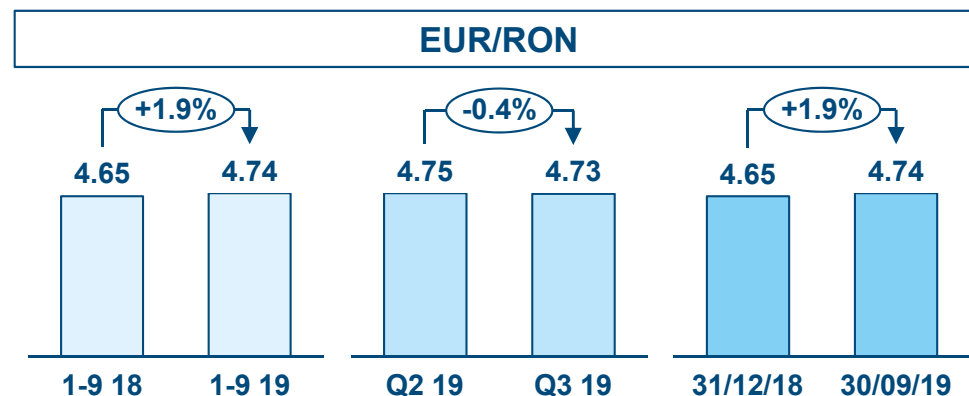
Source: Bloomberg, Reuters for SK 10Y.

Business environment –

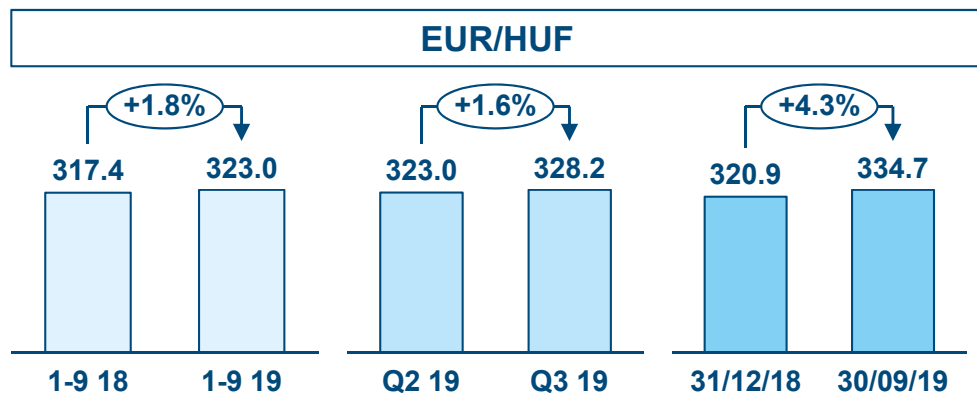
CEE currencies remain remarkably stable versus the euro



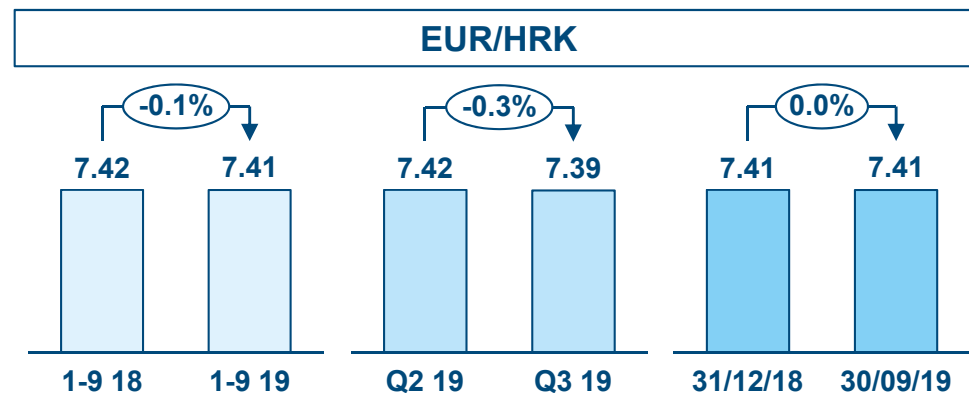
- Czech National Bank ended its currency peg in April 17; benchmark rate increased further to 2.00% in May 2019



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



- HUF depreciated slightly due to expansionary monetary policy

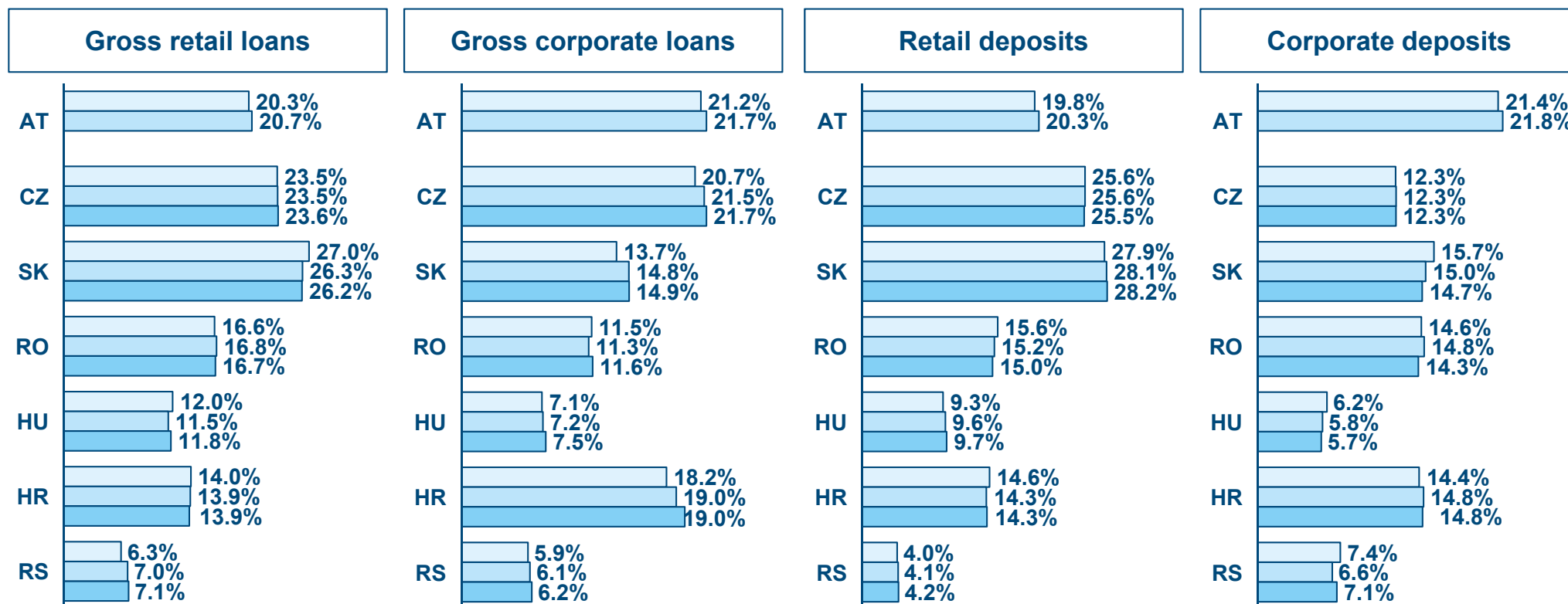


- Croatian National Bank continues to manage HRK in tight range

Source: Bloomberg

Business environment – Stable market shares across the region

30/09/18
30/06/19
30/09/19



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

- CZ and SK: increasing yoy market share in both Large Corporate and SME segments
- HU: increase driven by SME, Large Corporates and CRE
- HR: increasing yoy market share driven by strong SME business

- Continued inflows in all markets despite low interest rate environment
- Stable qoq market shares across the region

- Changes mainly due to normal quarterly volatility in corporate business

AT market shares not yet available for 30/09/19

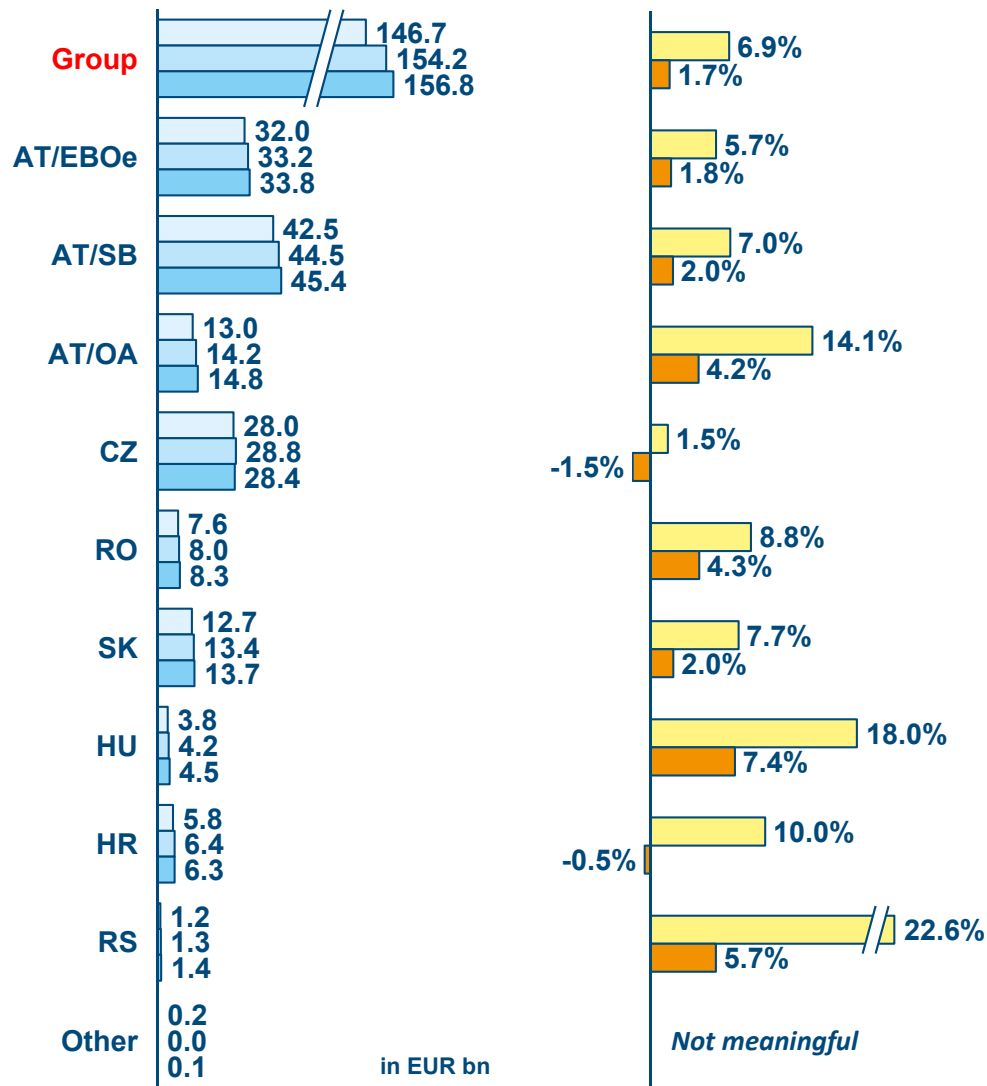
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Business performance: performing loan stock & growth –

Performing loans continue to grow across most geographies

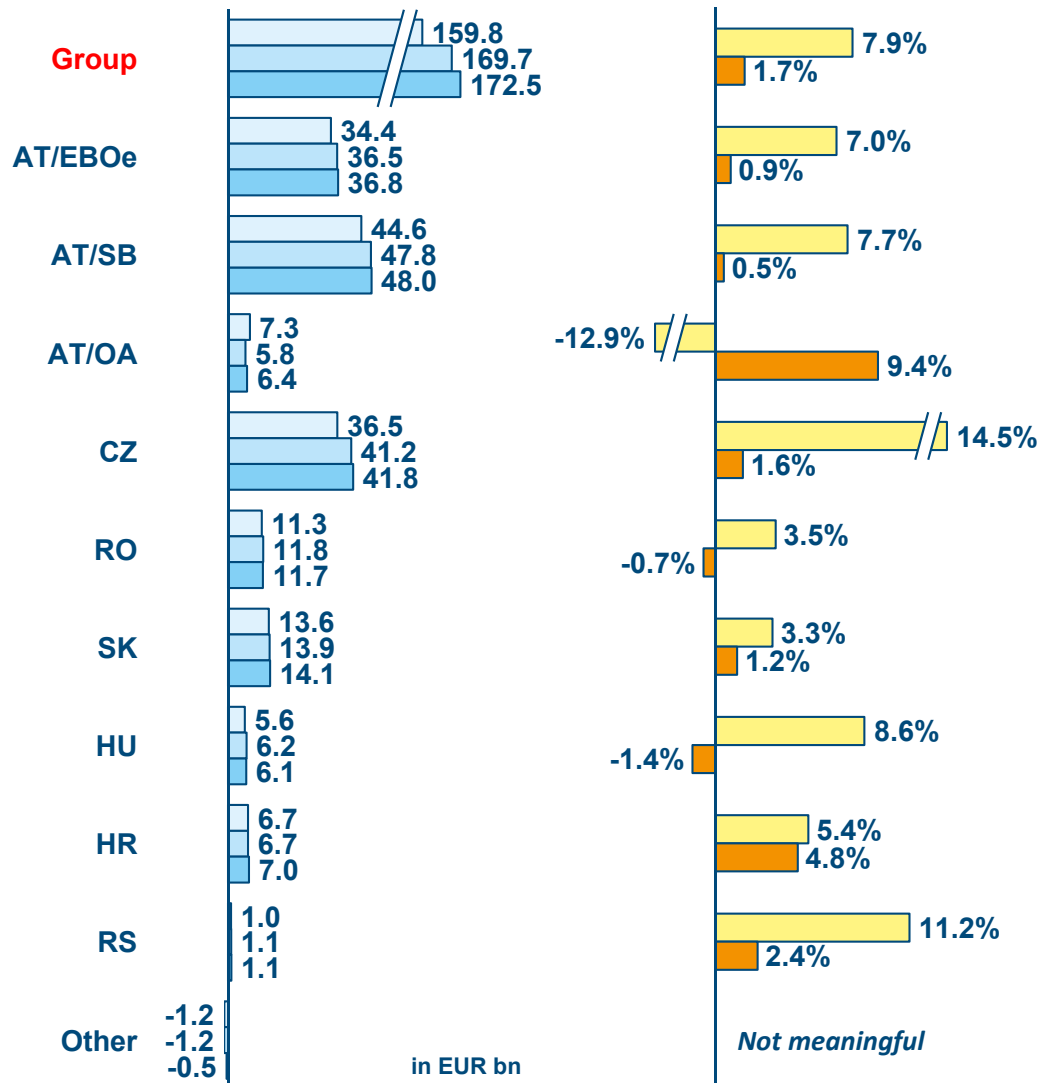
■ YoY ■ 30/09/18
■ QoQ ■ 30/06/19
■ 30/09/19



- Rising performing loan volume trend continued in Q3 19 across most geographies
- Yoy development driven by Corporates (+11.8%) and Retail (+5.3%), while Group Markets declined
- Qoq growth equally attributable to Corporates (+2.2%) and Retail (+2.8%), offsetting sharp decline in Group Markets
- Year-on-year segment trends:
 - Continued growth across all segments in line with favourable economic fundamentals
 - HU: exceptional growth in Corporates (+24.5%), accompanied by strong increase in Retail (+13.0%)
 - AT/OA: growth drivers within Corporates (+17.2%) are Commercial Real Estate and Group Large Corporates, partially offset by decline in Group Markets (-28.5%)
- Quarter-on-quarter segment trends:
 - HU: continuation of growth dynamics both in Corporates (+8.6%) and Retail (+6.8%) despite currency depreciation
 - RO: Corporates continue their growth momentum (+6.7%), accompanied by rising performing loans in Retail (+2.6%)
 - CZ: decreasing performing loans due to currency depreciation and sharp decline in Group Markets (-48.2%) driven by lower reverse repo business, while Corporates (-0.9%) and Retail (+0.5%) remain relatively flat

Business performance: customer deposit stock & growth –

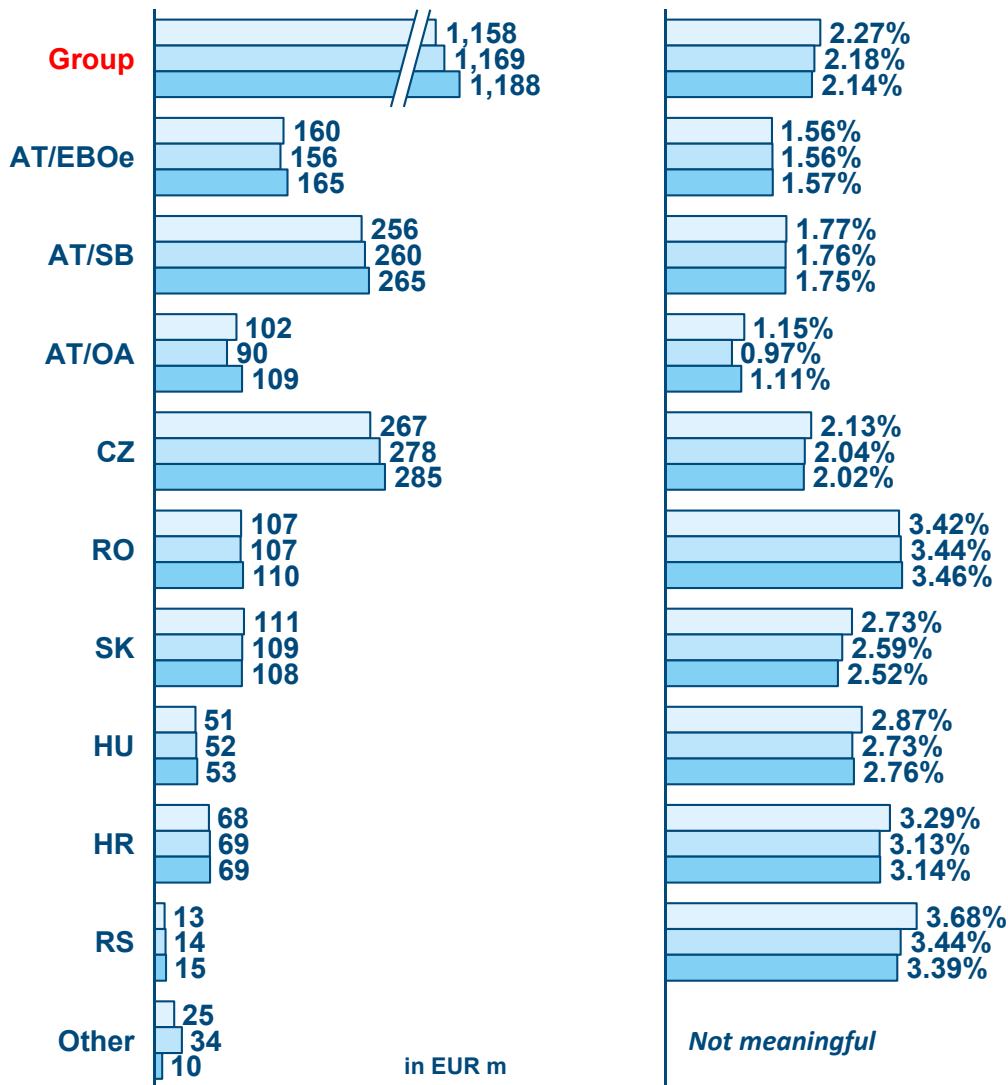
Deposit build-up continues in Q3 19



- 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 4.9bn) and by Corporates (+EUR 3.5bn); strong contribution from Savings Banks (+EUR 3.4bn)
- Qoq increase across most geographies
- Year-on-year segment trends:
 - CZ: continued strong deposit inflow both in Corporates (+50.6%), most pronounced in Public Sector, and Retail (+6.2%)
 - AT/OA: decline in corporate deposits in the Holding
 - HU: growth mainly driven by Retail (+8.6%) and Group Markets (+6.0%)
 - RS: exceptional growth in Retail (+16.9%) more pronounced than in Corporates (+9.4%) and Group Markets (+9.1%)
- Quarter-on-quarter segment trends:
 - AT/OA: increase following sharp decline in Q2 19 in customer deposits in the Holding (foreign branches)
 - HR: solid inflows from Corporates (+10.9%), particularly SMEs, and Retail (+4.3%) offset decline in Group Markets (-35.0%)
 - HU: minor increase in Corporates (+1.4%) could not offset decline in Group Markets (-9.1%); Retail almost stable (-0.7%)
 - RO: decline in Group Markets (-28.3%) outweighs growth in Corporates (+2.4%) as Retail remains flat

Business performance: NII and NIM – NII increases 2.5% yoy, up 1.6% qoq

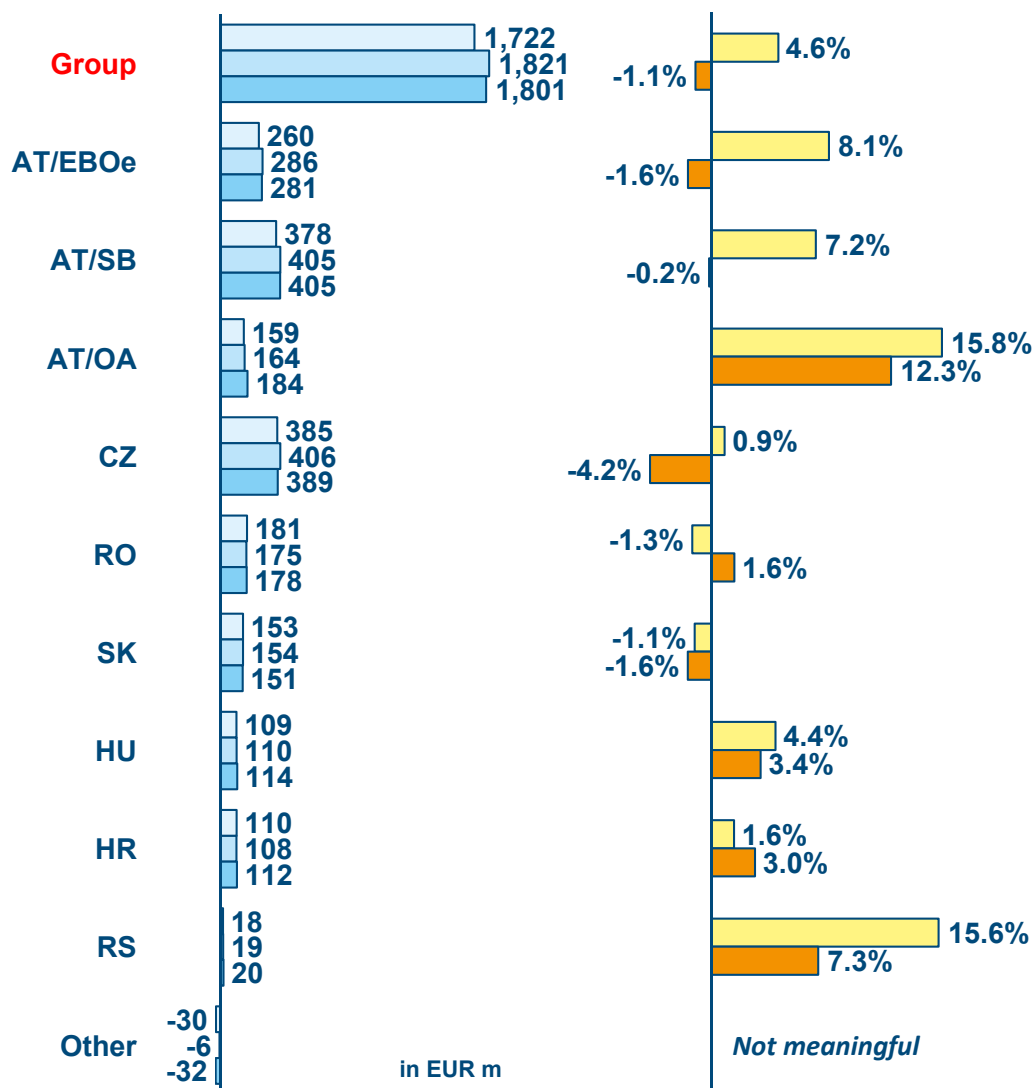
Q3 18
Q2 19
Q3 19



- Yoy NII growth (+2.5%) mainly due to Corporates, solid contribution from Retail and Savings Banks; NIM decline due to expanded balance sheet
- Qoq development reflects stronger NII in Retail and Corporates as well as in Group Markets (mainly in the Holding), offsetting lower ALM contribution
- Year-on-year segment trends:
 - CZ: higher rates and volumes push NII up; continued decline in NIM mainly related to technical effect of shifting cash to interbank assets, ie overnight CNB facility to 2-week repo
 - AT/SB: NII growth on the back of rising volumes
 - SK: Improved contributions from Corporates and ALM only partially offset decline in Retail due to lower loan margins
 - RO: NII rises mainly on the back of increased market interest rates
- Quarter-on-quarter segment trends:
 - AT/OA: NII improves on increased repo and MM business as well as increased corporate lending of the Holding
 - AT/EBOe: volume growth and adjusted accruals for savings products result in higher NII
 - Other: decline in NII mainly related to Holding Corporate Center and Holding ALM

Business performance: operating income –

NII continues to grow, fee income advances in Q3 19

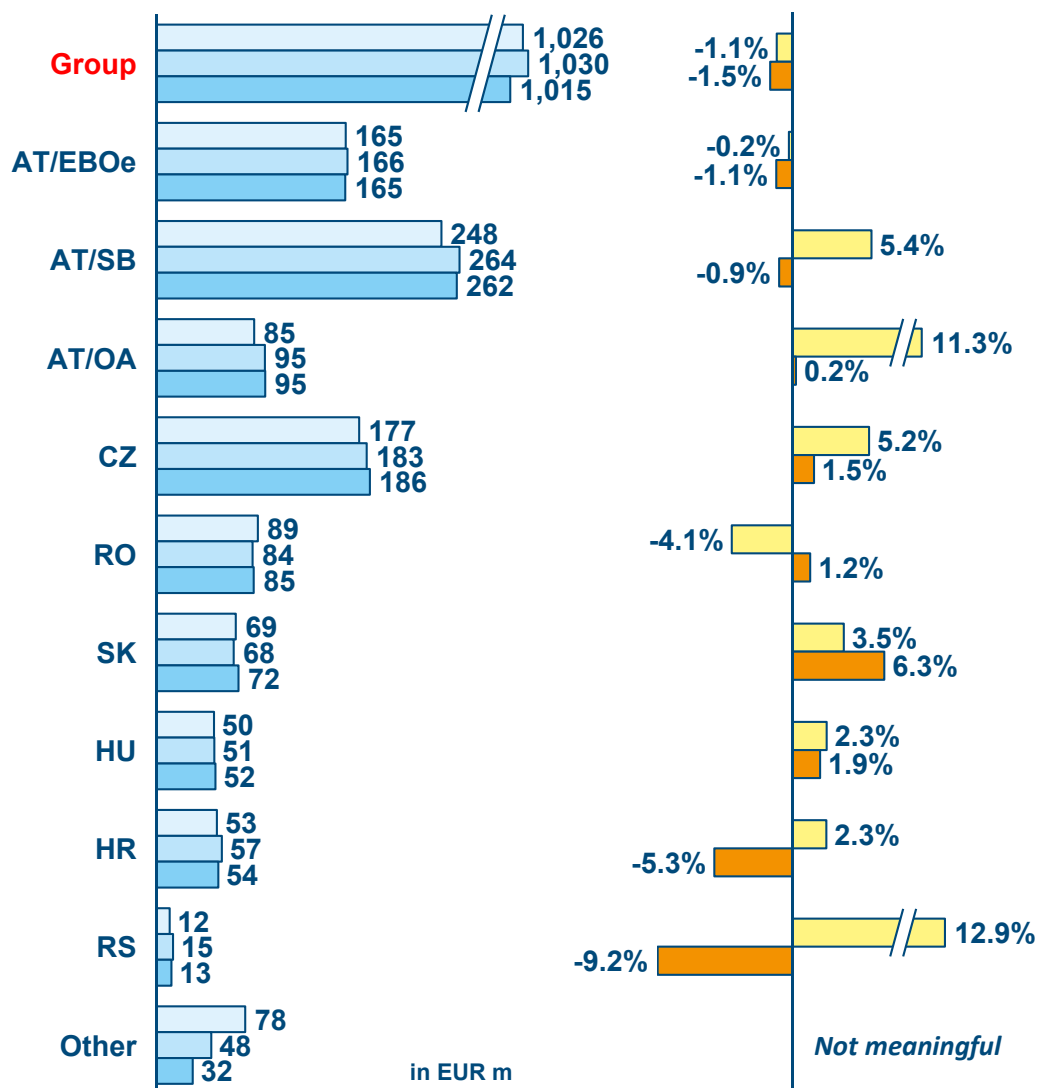


- Yoy up in most segments on the back of good macro environment; improvements in all major operating income components
- Qoq development mainly driven by decline in net trading and FV result, to a lesser extent by dividend income; partially offset by rising NII and fees
- Year-on-year segment trends:
 - AT/OA: operating income improves on NII and fees in the Holding
 - AT/EBOe: solid increase in fees (esp. payments) and higher net trading/FV result push operating income up
 - RS: rising operating income mainly driven by NII due to higher loan volumes in Retail and Corporates
- Quarter-on-quarter segment trends:
 - AT/OA: positive development mainly driven by strong NII, supported by improved fee income
 - CZ: rising NII only partially offsets lower net trading and FV result and decline in fees
 - HU: improvements across all major operating income components

Business performance: operating expenses –

Costs improve on other administrative expenses

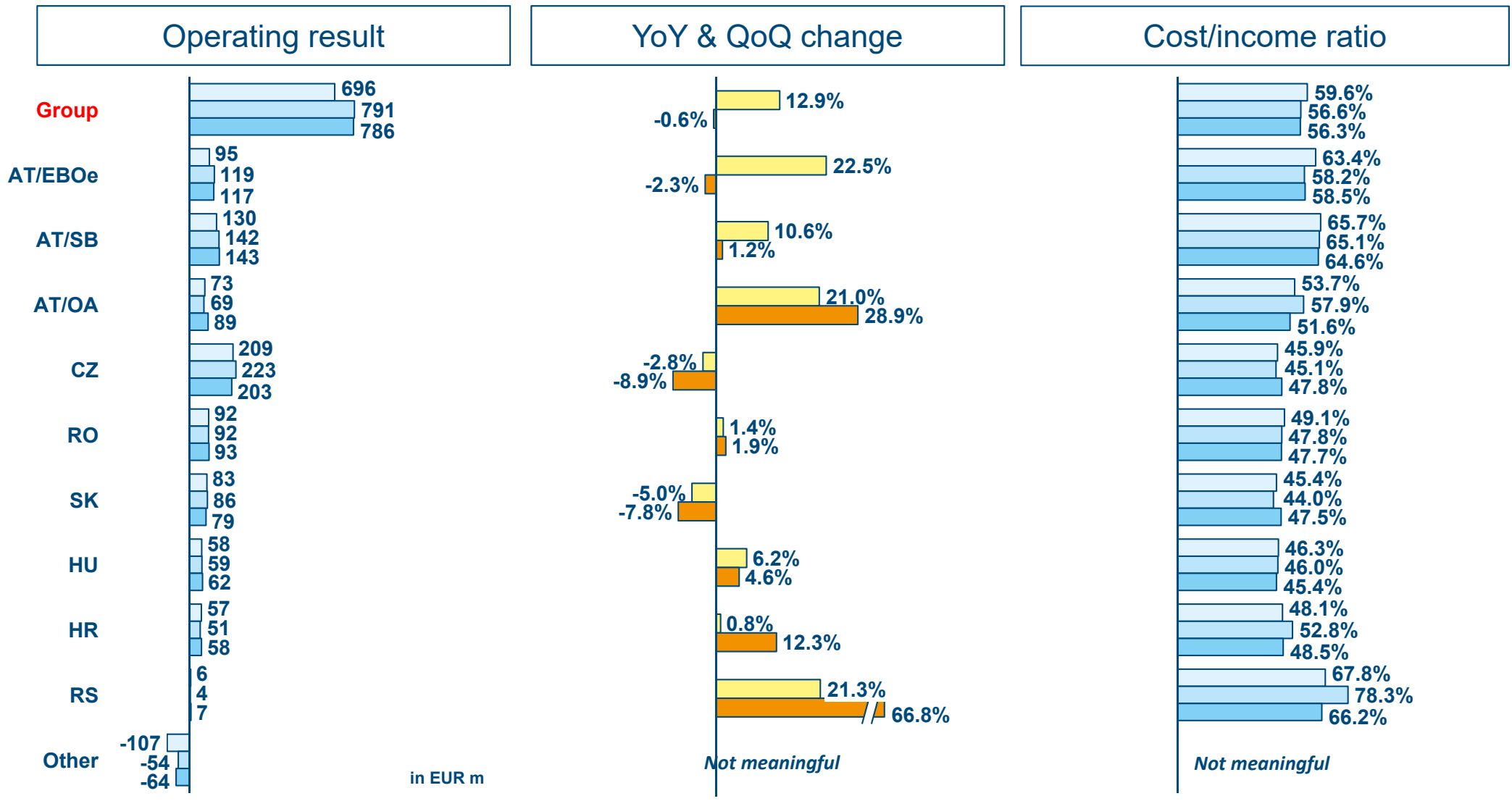
■ YoY ■ Q3 18
■ QoQ ■ Q2 19
■ Q3 19



- YoY cost decline driven by lower other administrative expenses (esp. expenses for office space and business operating expenses), partially offset by higher depreciation due to corresponding IFRS 16 impact and higher personnel expenses
- QoQ improvement on lower other administrative expenses as personnel expenses remain flat
- Year-on-year segment trends:
 - Salary increases result in higher operating expenses in almost all segments
 - RO: lower OPEX driven by decline in office space costs (partially due to IFRS 16)
 - Other: lower costs from IT service providers and intercompany effects
- Quarter-on-quarter segment trends:
 - SK: development due to pos. one-off in Q2 19 resulting from release of accruals
 - HR: improvement mainly due to lower marketing expenses
 - RS: decline in operating expenses driven by lower IT costs

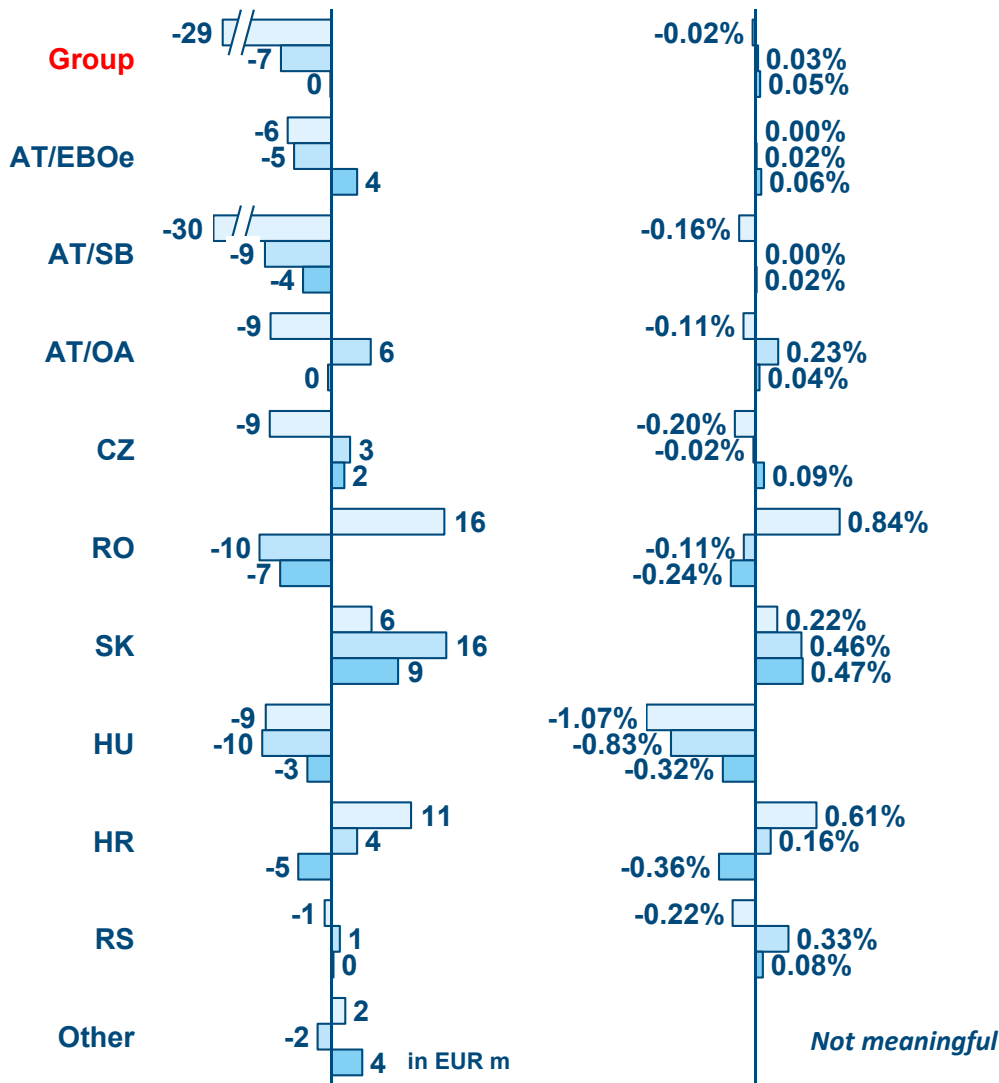
Business performance: operating result and CIR – CIR improves to 58.6% ytd

■ YoY ■ Q3 18
■ QoQ ■ Q2 19
■ Q3 19



Business performance: risk costs (abs/rel*) – Net releases tapering off in Q3 19

Q3 18
Q2 19
Q3 19



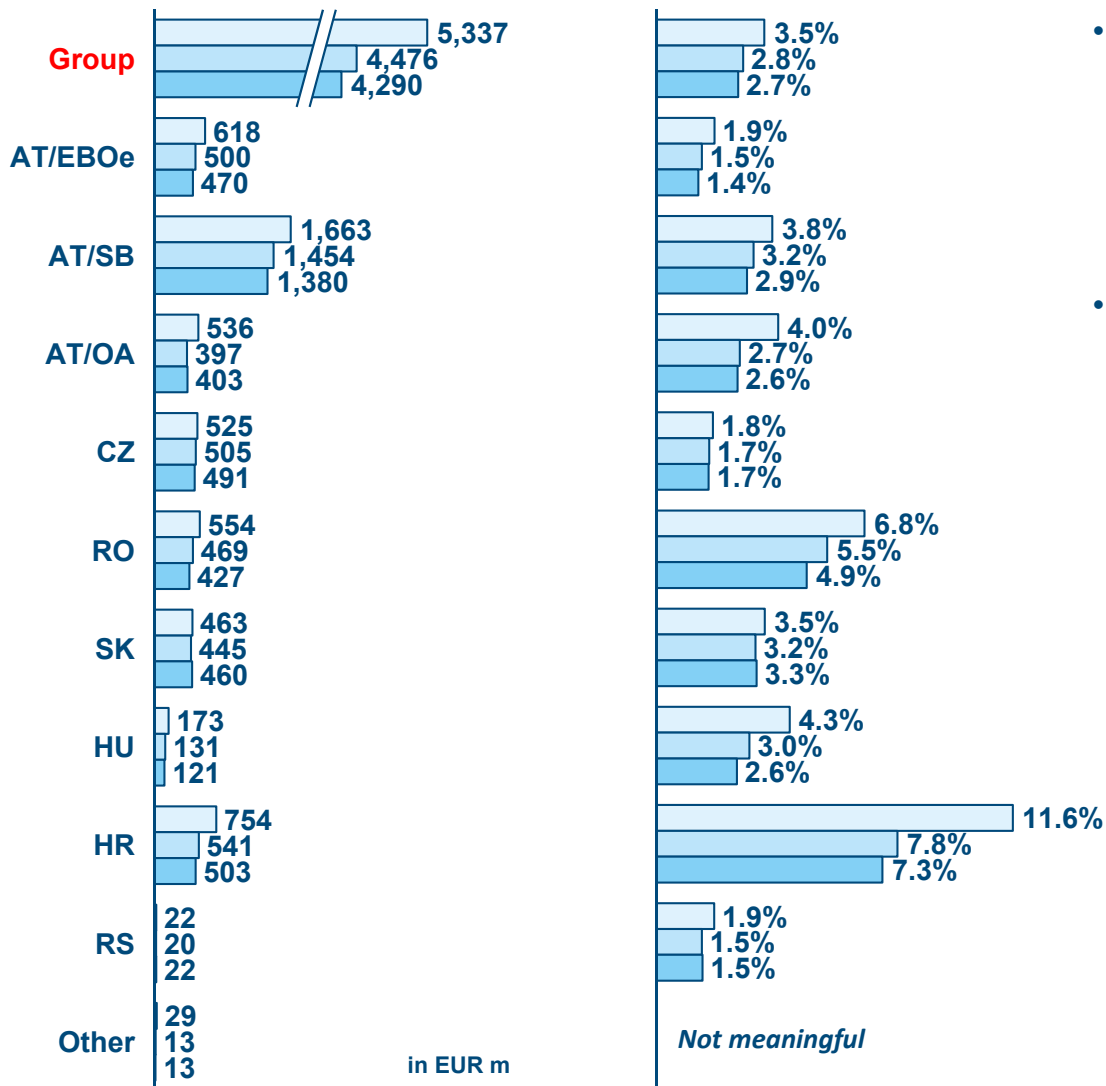
- Yoy and qoq development characterised by continuation of healthy asset quality, further net releases in different geographies
- Year-on-year segment trends:
 - RO: higher releases in Corporates (mainly Group Large Corporates) partially offset by higher risk costs in Retail
 - HR: development driven by releases in Corporates
 - AT/SB: overall declining level of net releases across the savings banks
- Quarter-on-quarter segment trends:
 - AT/EBOe: higher risk costs (at very low levels) in Retail, partially offset by releases in subsidiaries
 - SK: lower risk costs mainly in Corporates as the leasing portfolio triggered less impairments in Q3 19

*) A positive (absolute) figure denotes risk costs, a negative figure denotes net releases. Relative risk costs are calculated as annualised quarterly impairment result of financial instruments at AC to customers (including finance lease and trade receivables) over average gross customer loans at AC. In contrast, the absolute risk costs values comprise additionally the net allocations/releases of provisions for commitments and guarantees given.

Business performance: non-performing loans and NPL ratio –

NPL ratio improves further to 2.7%

30/09/18
30/06/19
30/09/19

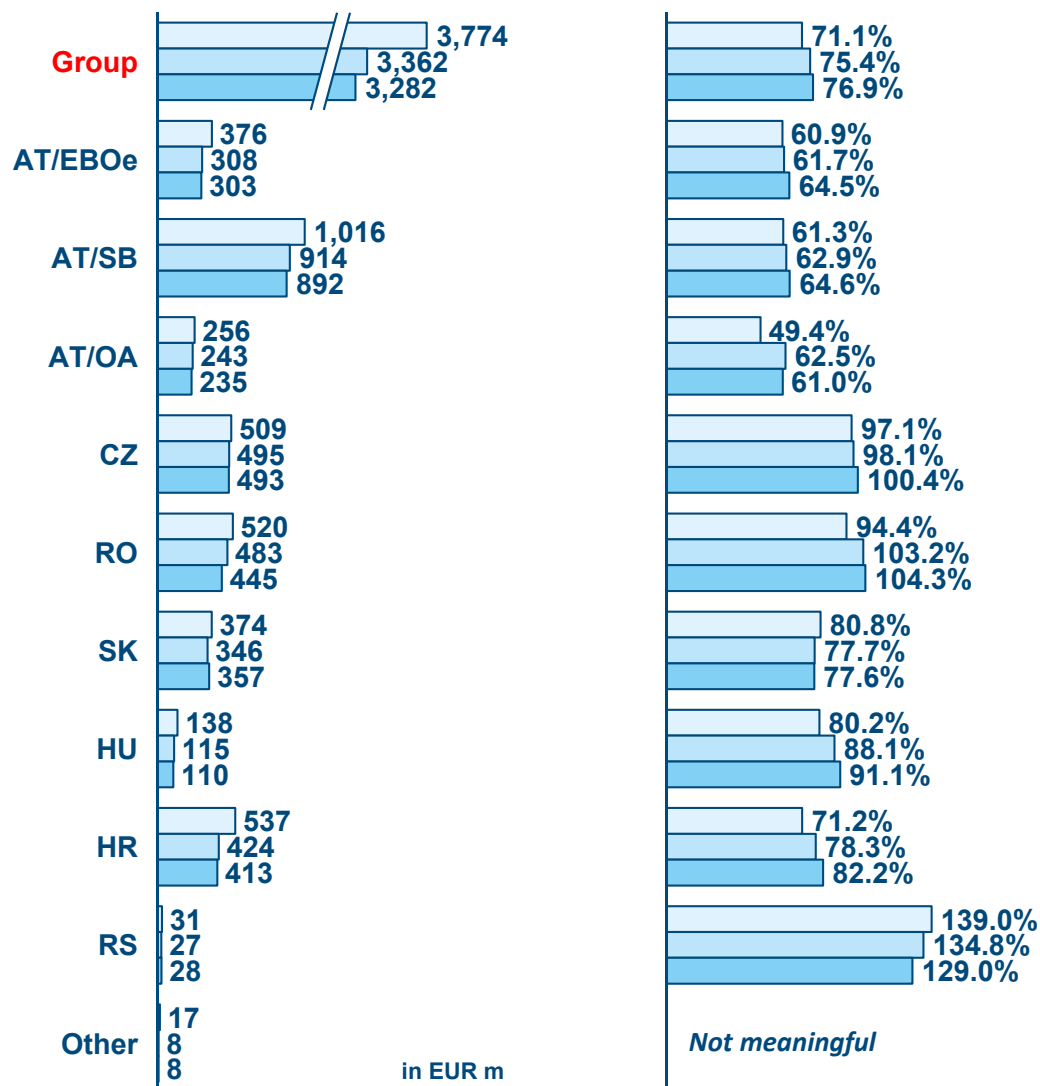


- NPL volume declines qoq by EUR 0.2bn to EUR 4.3bn in Q3 19 concurrent with loan growth leading to the NPL ratio improvement. NPL volume development was supported by:
 - High recoveries and upgrades
 - Gross new inflows at a stable low level
- NPL sales of EUR 63.5m in Q3 19 (Q2 19: EUR 34.1m)
 - Retail: EUR 45.3m (Q2 19: EUR 28.0m)
 - Corporates: EUR 18.2m (Q2 19: EUR 6.2m)
 - Q3 19 NPL sales mainly in Romania, Slovakia, Croatia and in the Holding

Business performance: allowances for loans and NPL coverage –

NPL coverage rises to 76.9%

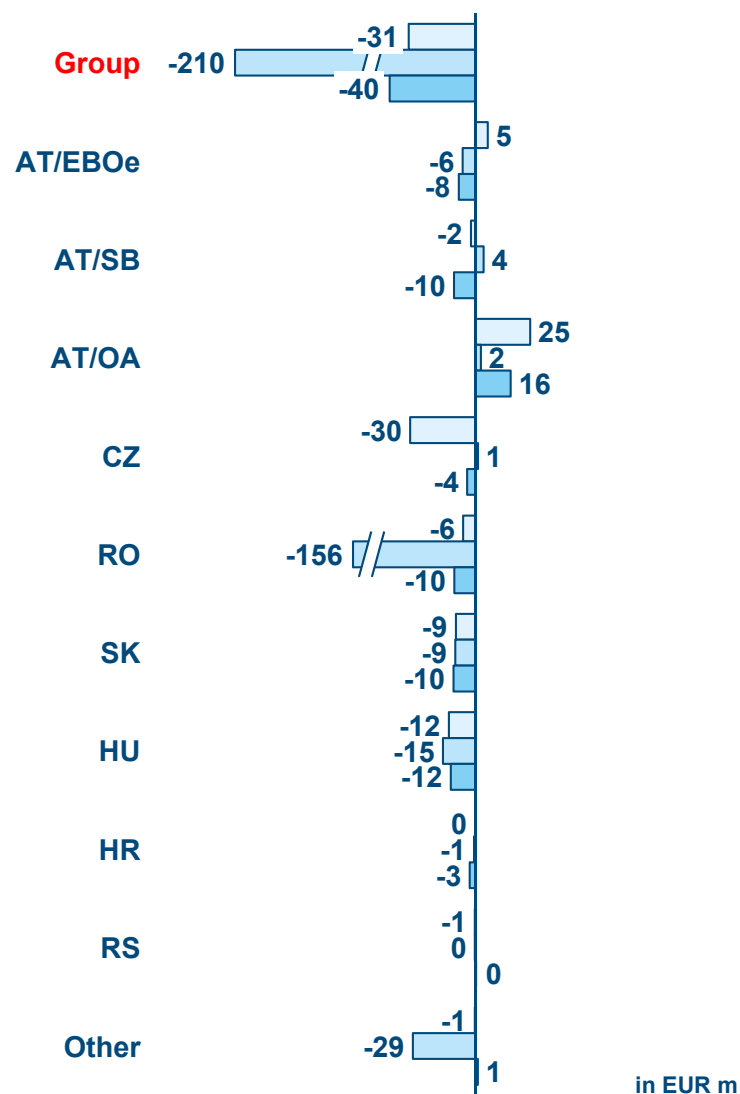
30/09/18
30/06/19
30/09/19



- NPL coverage rises yoy and qoq, exceptionally strong in Central & Eastern Europe
- Stock of provisions declined further, following the same trend as NPL stock
- Year-on-year segment trends:
 - AT/EBOe, AT/OA, HU, HR: reduction in NPLs at an accelerated pace compared to provisions result in higher coverage
 - No material changes in other markets; excellent macro backdrop allows for release of provisions in most markets
- Quarter-on-quarter segment trends:
 - AT/SB: elevated recoveries contribute to higher coverage
 - In CEE, except SK and RS, decline of NPLs in excess of decline in allowances result in higher coverage

Business performance: other result –

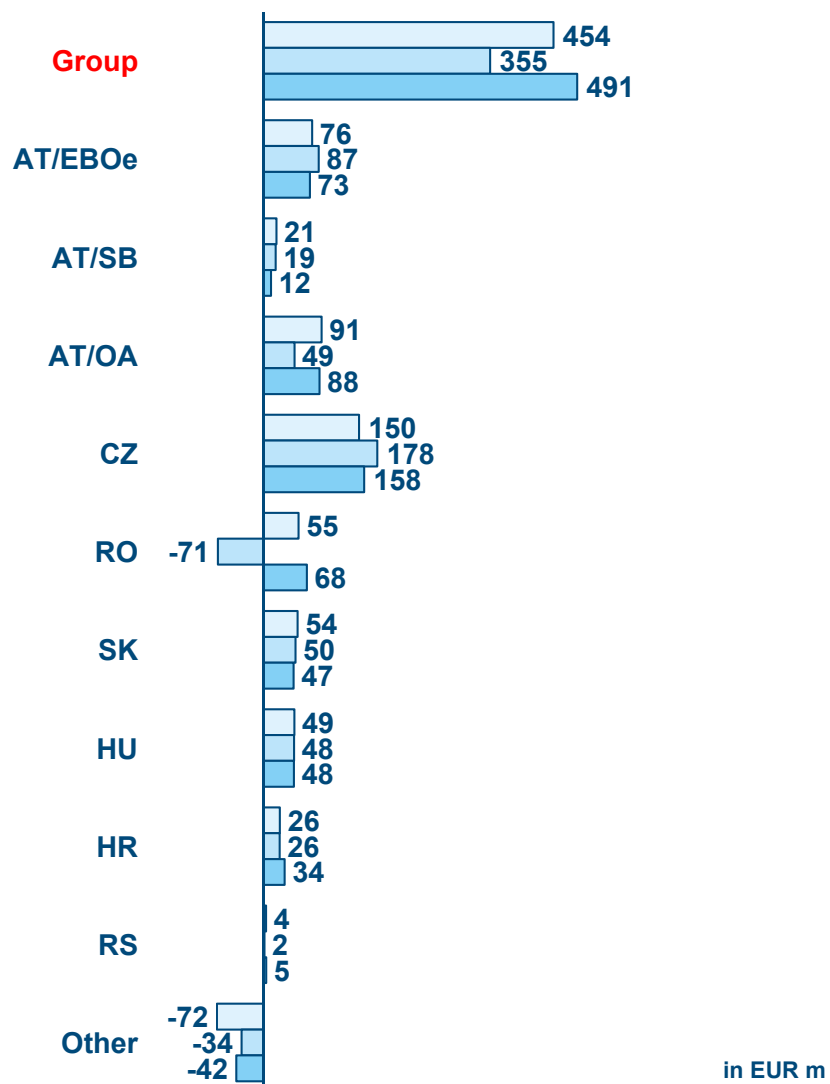
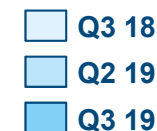
Other result improves qoq after one-off hit in Q2 19



- Yoy other operating result relatively stable
- Qoq development reflects legal provisions following RO high court decision in Q2 19
- Year-on-year segment trends:
 - CZ: improvement mainly due to impairments on branches in Q3 18
 - AT/EBOe, AT/SB: development mainly driven by IT service provider moving to new headquarters (neutral on Group level)
- Quarter-on-quarter segment trends:
 - RO: improvement solely related to legal provisions (EUR 150.8m) booked for RO building society following high court decision in Q2 19
 - AT/OA: mainly selling gains in Immorent lead to improved other result
 - Other: improvement mainly driven by valuation effects in the Holding

Business performance: net result –

Net profit reflects solid operating performance and improved other result



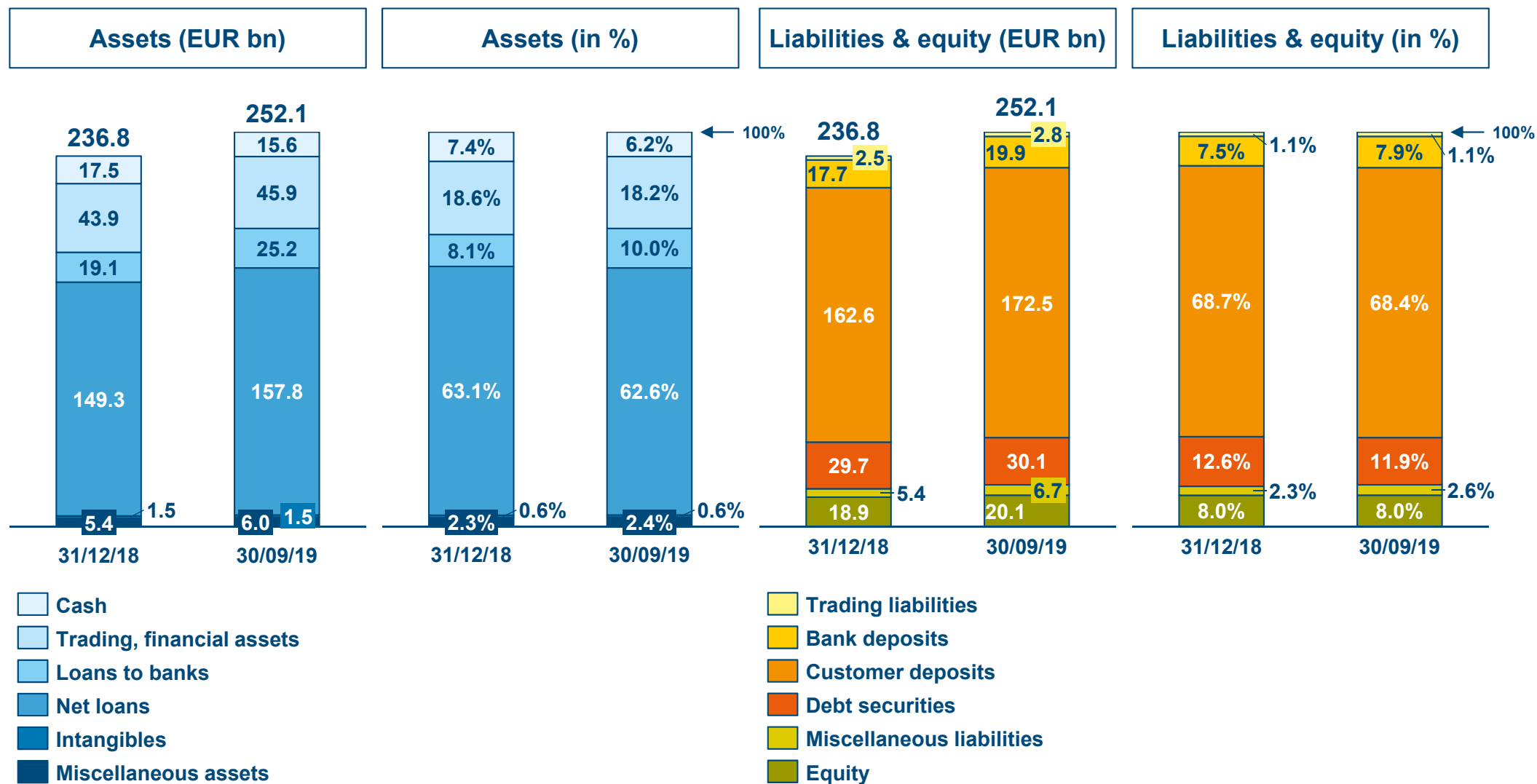
- Yoy development driven by significant improvement of operating result (+12.9%)
- Qoq profitability mirrors improved other result due to provisions booked in Q2 19
- Year-on-year segment trends:
 - RO: net result improves on net releases of risk provisions accompanied by enhanced operating performance
 - HR: positive development driven by net releases for risk provisions
- Quarter-on-quarter segment trends:
 - RO: significant rise in net profit due to negative one-off hit in other result in Q2 19
 - AT/OA: higher net result reflects improved operating performance
 - CZ: lower net profit due to decline in operating result as net trading/FV results abates
- Return on equity at 14.3%, following 9.3% in Q2 19, and 14.4% in Q3 18
- Cash return on equity at 14.4%, following 9.4% in Q2 19, and 14.5% in Q3 18

Presentation topics

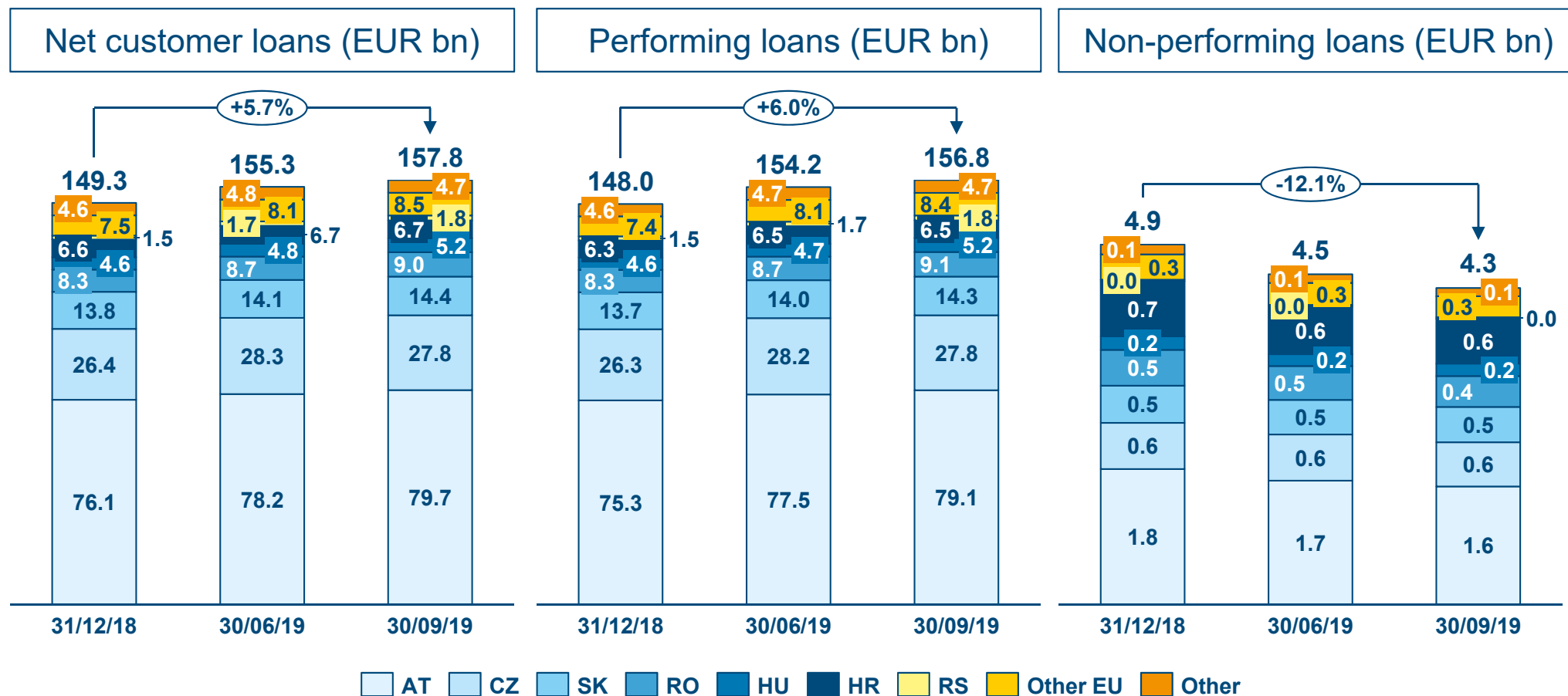
- Executive summary
- Business environment
- Business performance
- **Assets and liabilities**
- Outlook
- Additional information

Assets and liabilities: YTD overview –

Loan/deposit ratio stable at 91.5% at Sep 19 (Dec 18: 91.8%)



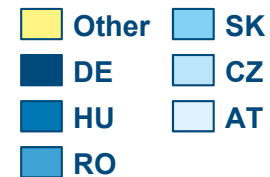
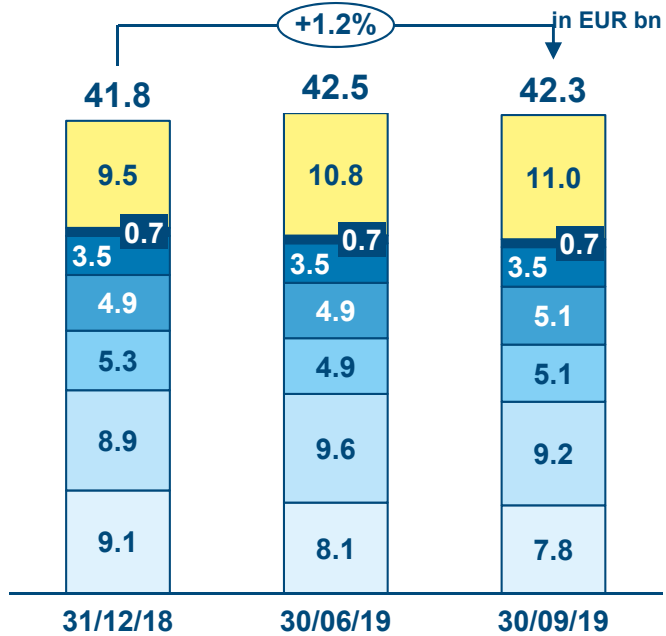
Assets and liabilities: customer loans by country of risk – Net customer loans up 5.7%, NPLs down 12.1% ytd



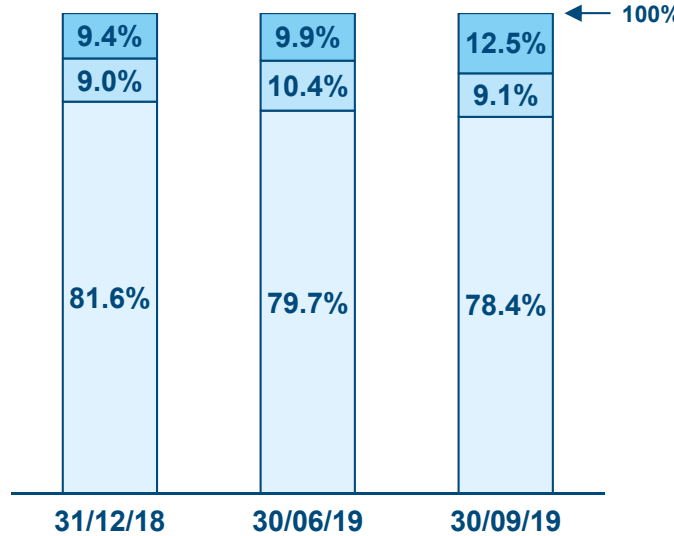
- Performing loans enjoy solid growth in most geographies, qoq development in CZ due to currency depreciation and decline in Group Markets business
- Corporates business lines (+9.6%) contribute yoy more visibly to growing performing loans than Retail (+3.5%)
- 12.1% ytd decline in NPL stock driven by reductions across most geographies

Assets and liabilities: financial and trading assets* – LCR at excellent 145.6%

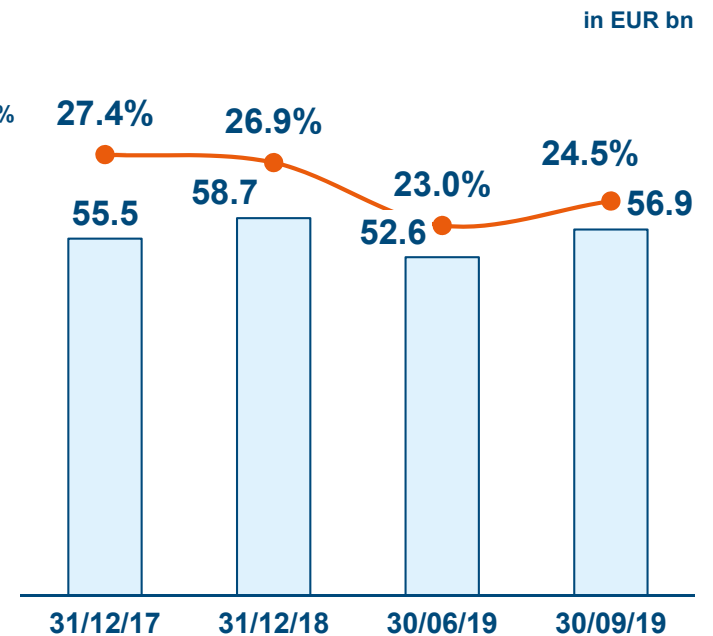
By geography



By debtor type



Liquidity buffer



- Liquidity buffer is defined as unencumbered collateral plus cash
- Total liabilities are defined as total on balance sheet liabilities excluding total equity

* Excludes derivatives held for trading.

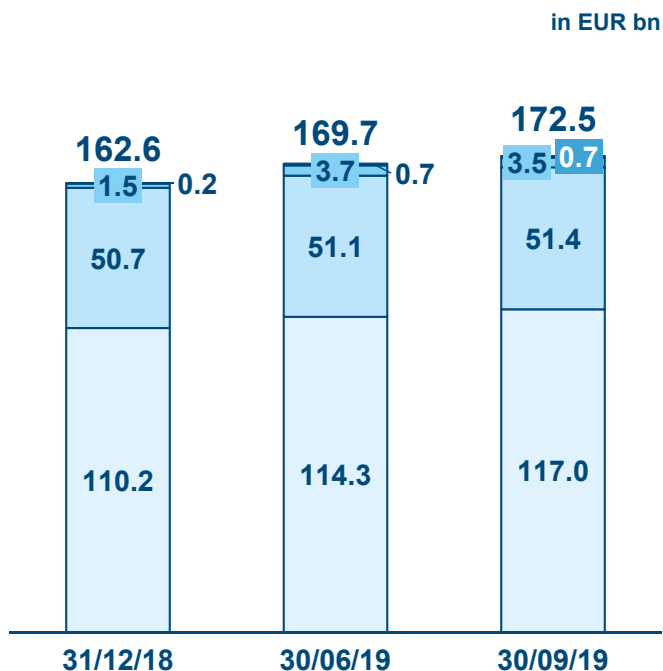
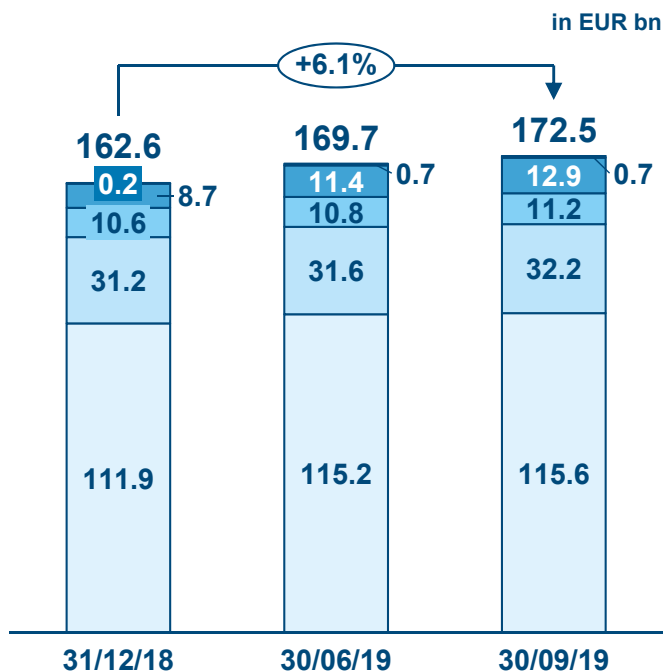
Assets and liabilities: customer deposit funding –

Customer deposits grow by 6.1% ytd, driven by households and corporates

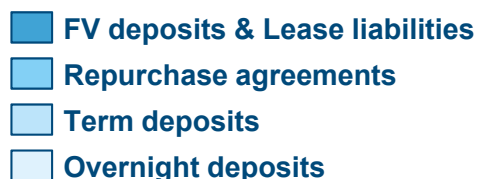
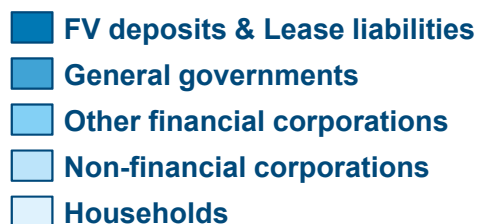
By customer type

By product type

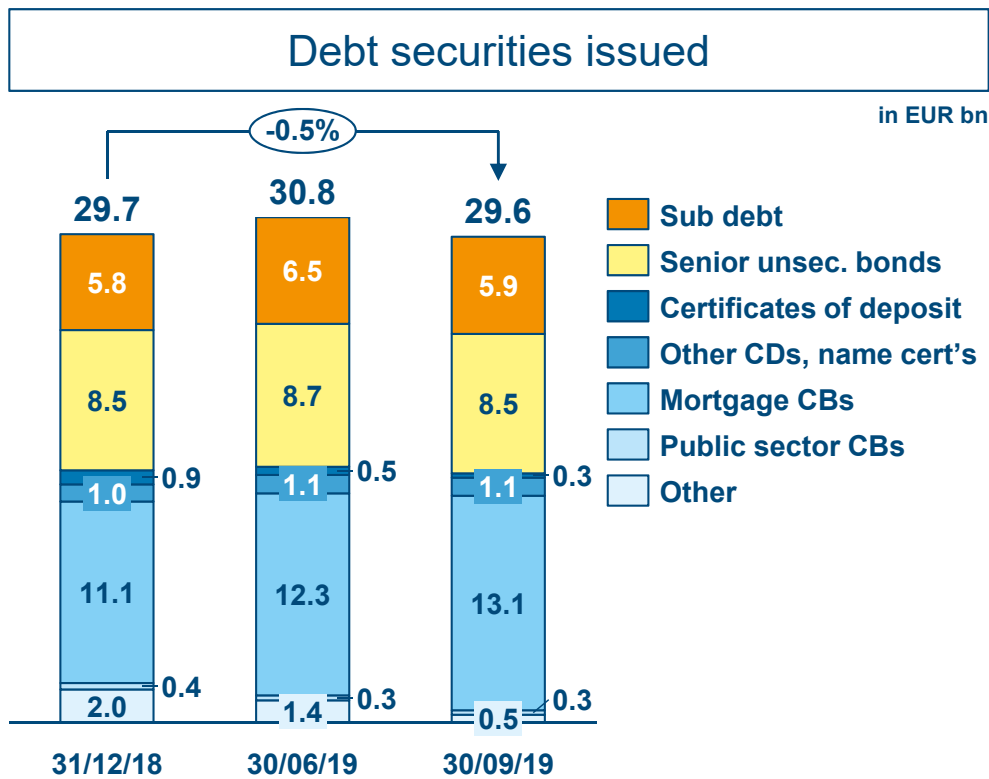
Highlights



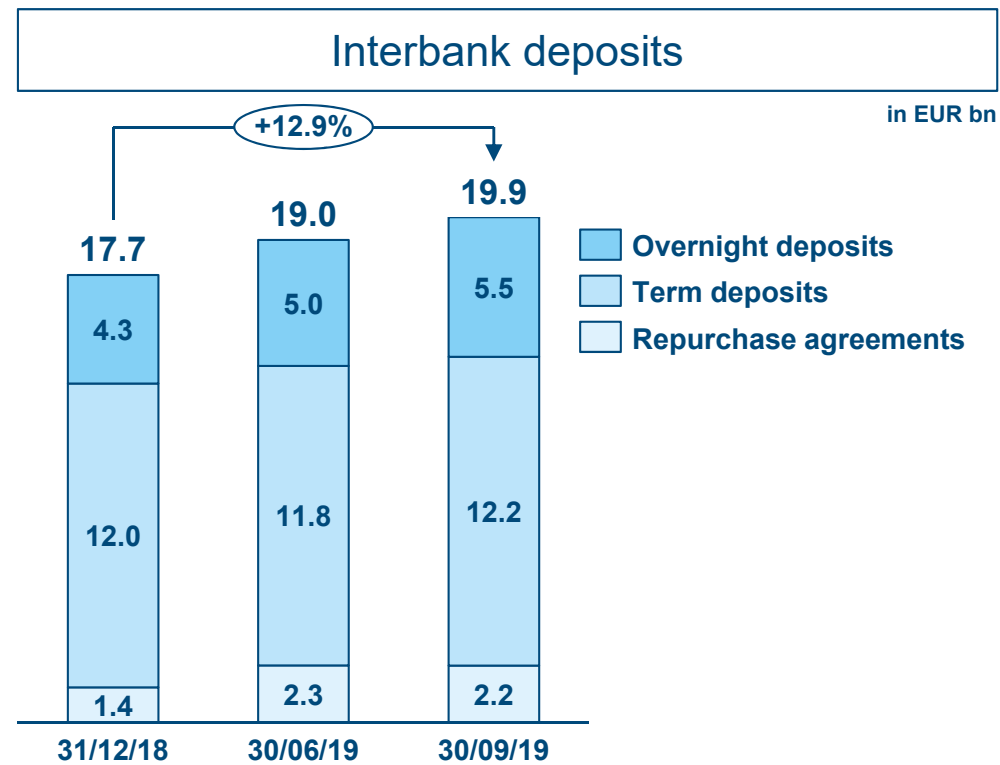
- Continued deposit inflows driven by Retail segment with highest demand for overnight deposits amid low interest rate environment
- Solid growth also in Corporate segment (esp. public sector deposits)
- Increasing share of overnight deposits with significantly longer behavioural maturity provides a cost effective funding source



Assets and liabilities: debt vs interbank funding – Taking advantage of favourable market conditions



- Amount of debt stable in Q3 19

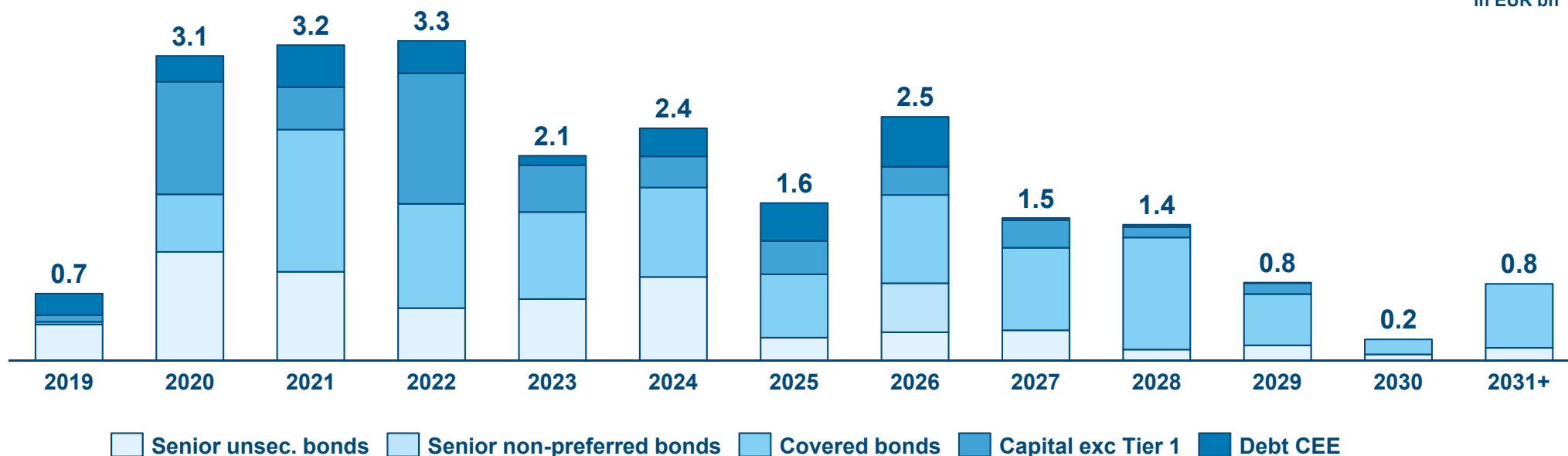


- Increase of interbank deposits mainly in overnight deposits

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

Maturity profile of debt

in EUR bn

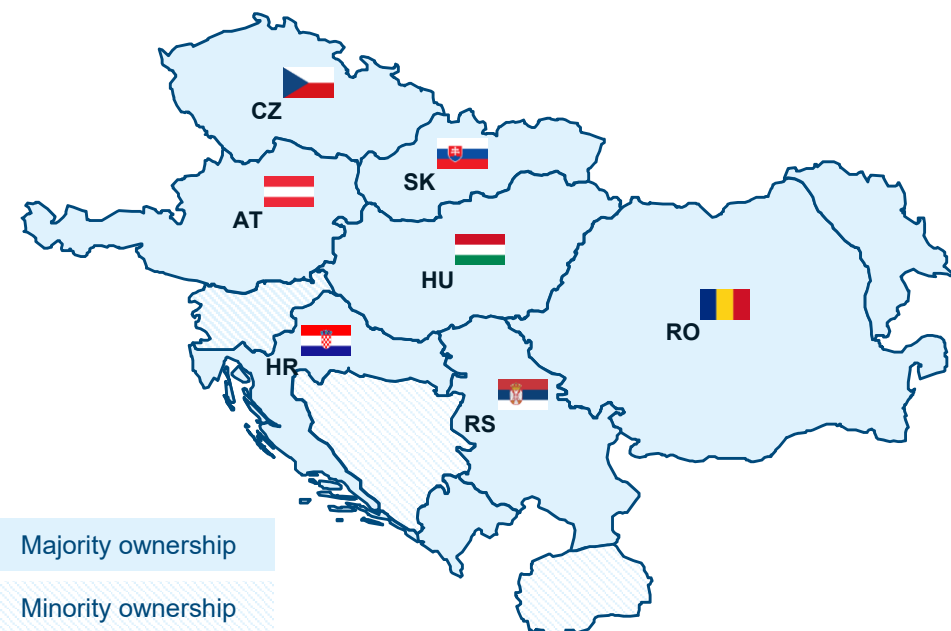


- In terms of benchmark sized-transactions 2019 has been one of the busiest years for Erste Group. By issuing another covered bond in September (EUR 500m 10y mortgage) Erste Group managed to issue the longest EUR denominated bond in this asset class with a negative yield at that point in time.

Assets and liabilities: LT funding – MPE resolution strategy

Resolution strategy

- Direct presence in 7 geographically connected countries
- Erste Group's setup suggests a multiple point of entry (MPE) resolution strategy
- When determined, MREL needs are likely to be met with a mix of own funds, senior non-preferred and senior preferred instruments

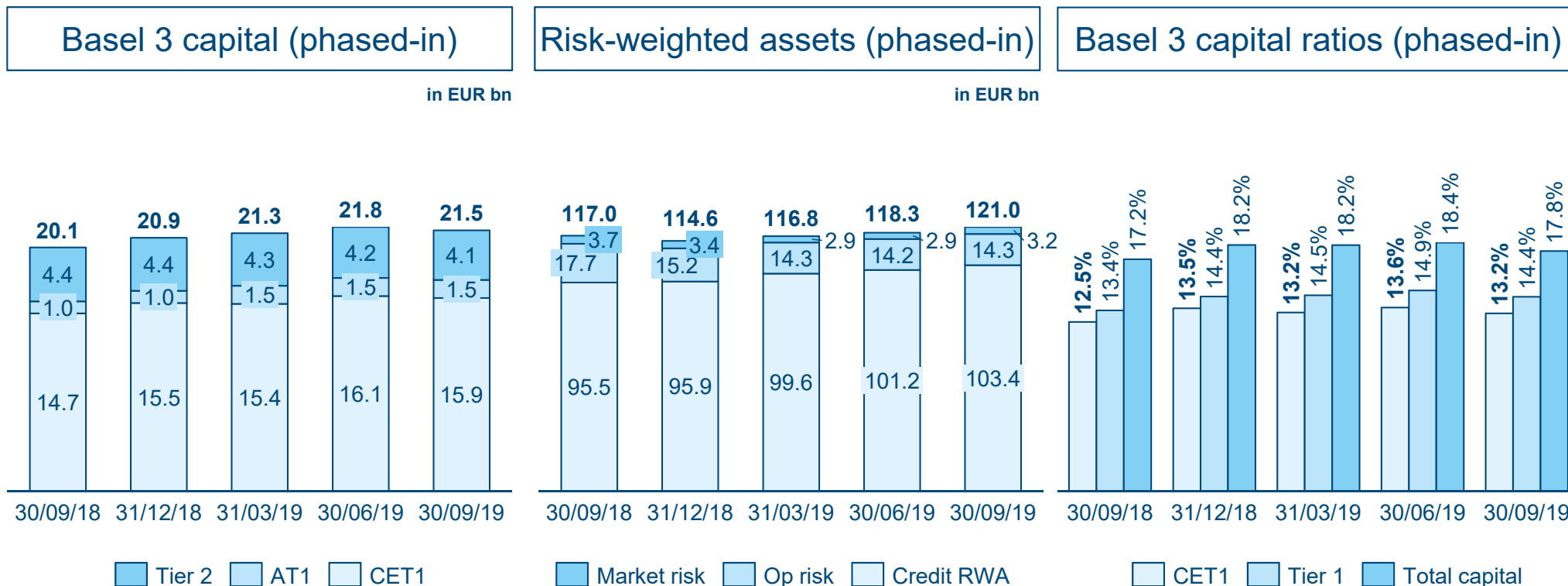


Austrian resolution group

- Major entities within the Austrian resolution group*:
 - Erste Group Bank AG
 - Erste Bank Oesterreich and its subsidiaries
 - All other savings banks of the Haftungsverbund
- Limited non-preferred senior (NPS) need as subordination requirement does not seem to be a limiting factor
- NPS out of Austrian resolution group is expected to have a positive impact on the senior unsecured rating
- Further NPS benchmark issuance by Erste Group Bank AG planned in 2020 to further strengthen subordination layer in capital structure

* Subject to joint decision of resolution authorities

Assets and liabilities: capital position – B3FL CET1 ratio at 13.1%, ex Q3 19 interim profit



- CET1 capital (including minorities): +EUR 400m ytd:
 - Increase in minority interest offset by change in OCI
 - Non-inclusion of Q3 19 interim profit
- AT1 issuance in March 19: +EUR 497m

- Credit RWA: +EUR 7.5bn ytd, mainly on
 - Business effects (exposure growth): +EUR 7.4bn
 - Regulatory one-off effects (including IFRS 16) +EUR 0.7bn
 - Asset quality changes: -EUR 1.1bn
- Operational RWA declined ytd on parameter updates

- B3FL CET1 ratio at 13.1% at 30 Sept 2019 (YE 2018: 13.5%)
- B3FL total capital ratio at 17.7% (YE 2018: 18.1%)
- Pro-forma B3FL CET1 (including Q3 interim profit) at 13.5%

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. 3-4% expected in 2019 in CEE and about 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

- ROTC 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 (up to 10bps)
 - Tax rate expected below 20%

Risk factors for guidance

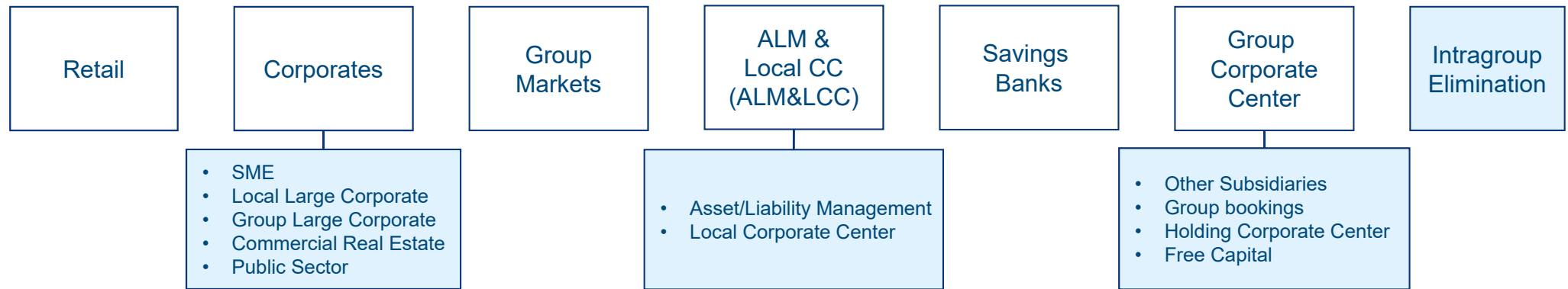
- Impact from other than expected interest rate development
- Political or regulatory measures against banks
- Geopolitical risks and global economic risks

Presentation topics

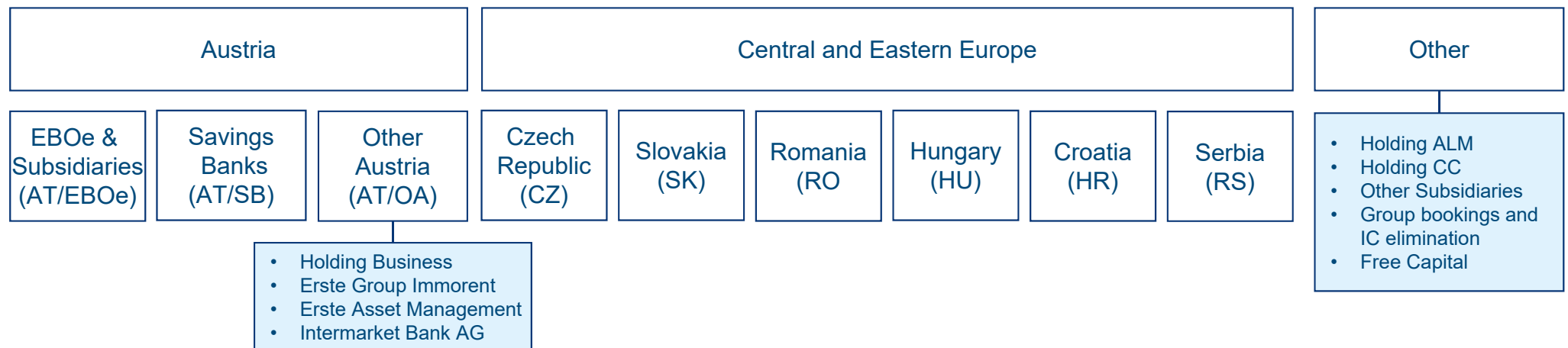
- Executive summary
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Additional information: new segmentation – Business line and geographic view

Erste Group – Business segments



Erste Group – Geographical segmentation



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

in EUR million	Year-to-date view			Quarterly view				
	1-9 18	1-9 19	YOY-Δ	Q3 18	Q2 19	Q3 19	YOY-Δ	QOQ-Δ
Net interest income	3,372.0	3,517.4	4.3%	1,158.2	1,168.8	1,187.7	2.5%	1.6%
Interest income	3,799.4	4,139.4	8.9%	1,314.0	1,385.5	1,397.4	6.3%	0.9%
Other similar income	1,335.6	1,231.5	-7.8%	448.8	414.1	392.0	-12.6%	-5.3%
Interest expenses	-732.9	-817.8	11.6%	-262.5	-283.6	-262.9	0.2%	-7.3%
Other similar expenses	-1,030.2	-1,035.7	0.5%	-342.1	-347.2	-338.8	-1.0%	-2.4%
Net fee and commission income	1,430.7	1,484.3	3.7%	471.4	492.7	503.9	6.9%	2.3%
Fee and commission income	1,790.0	1,805.8	0.9%	584.0	593.2	616.8	5.6%	4.0%
Fee and commission expenses	-359.3	-321.5	-10.5%	-112.6	-100.5	-113.0	0.3%	12.4%
Dividend income	22.3	24.0	7.8%	4.8	18.4	5.1	5.6%	-72.4%
Net trading result	-50.4	419.3	n/a	-62.2	156.8	109.2	n/a	-30.3%
Gains/losses from financial instruments measured at fair value through profit or loss	165.8	-189.4	n/a	99.2	-63.0	-49.2	n/a	-21.9%
Net result from equity method investments	10.0	10.1	0.8%	3.0	5.2	3.1	0.5%	-41.6%
Rental income from investment properties & other operating leases	145.8	128.4	-11.9%	47.7	42.4	41.5	-13.0%	-2.1%
Personnel expenses	-1,830.5	-1,887.2	3.1%	-613.8	-633.9	-631.3	2.9%	-0.4%
Other administrative expenses	-921.5	-879.3	-4.6%	-294.0	-267.3	-253.8	-13.7%	-5.1%
Depreciation and amortisation	-350.3	-394.4	12.6%	-118.0	-129.1	-129.8	10.0%	0.5%
Gains/losses from derecognition of financial assets measured at amortised cost	0.2	-0.4	n/a	0.5	0.6	-1.3	n/a	n/a
Other gains/losses from derecognition of financial instruments not measured at fair value through profit or loss	9.7	18.0	84.2%	1.0	9.4	7.9	>100.0%	-15.8%
Impairment result from financial instruments	102.2	42.9	-58.0%	28.9	7.1	0.1	-99.6%	-98.4%
Other operating result	-237.0	-397.2	67.6%	-32.4	-219.9	-46.2	42.8%	-79.0%
Levies on banking activities	-88.1	-90.9	3.1%	-24.8	-25.9	-26.2	5.4%	1.2%
Pre-tax result from continuing operations	1,869.0	1,896.6	1.5%	694.3	588.0	746.8	7.6%	27.0%
Taxes on income	-355.0	-350.9	-1.2%	-120.0	-117.2	-138.2	15.1%	17.9%
Net result for the period	1,514.0	1,545.7	2.1%	574.2	470.8	608.6	6.0%	29.3%
Net result attributable to non-controlling interests	285.8	322.7	12.9%	120.3	115.9	117.6	-2.3%	1.4%
Net result attributable to owners of the parent	1,228.3	1,223.0	-0.4%	454.0	354.9	491.1	8.2%	38.4%
Operating income	5,096.2	5,394.1	5.8%	1,722.1	1,821.2	1,801.2	4.6%	-1.1%
Operating expenses	-3,102.3	-3,160.8	1.9%	-1,025.8	-1,030.4	-1,014.9	-1.1%	-1.5%
Operating result	1,993.9	2,233.3	12.0%	696.3	790.9	786.4	12.9%	-0.6%

Additional information: group balance sheet – Assets

in EUR million	Quarterly data					Change		
	Sep 18	Dec 18	Mar 19	Jun 19	Sep 19	YOY-Δ	YTD-Δ	QOQ-Δ
Cash and cash balances	15,237	17,549	16,382	16,843	15,638	2.6%	-10.9%	-7.2%
Financial assets held for trading	6,034	5,584	6,331	6,464	7,215	19.6%	29.2%	11.6%
Derivatives	3,303	3,037	3,208	3,101	3,551	7.5%	16.9%	14.5%
Other financial assets held for trading	2,731	2,547	3,123	3,363	3,664	34.2%	43.8%	8.9%
Non-trading financial assets at fair value through profit and loss	3,403	3,310	3,328	3,377	3,350	-1.6%	1.2%	-0.8%
Equity instruments	303	372	367	401	393	29.5%	5.5%	-2.0%
Debt securities	2,717	2,651	2,692	2,459	2,539	-6.6%	-4.2%	3.3%
Loans and advances to banks	0	0	0	0	0	n/a	n/a	n/a
Loans and advances to customers	383	287	269	518	419	9.3%	46.0%	-19.1%
Financial assets at fair value through other comprehensive income	9,850	9,272	9,207	9,404	8,940	-9.2%	-3.6%	-4.9%
Equity instruments	259	239	271	285	312	20.3%	30.5%	9.4%
Debt securities	9,591	9,033	8,936	9,119	8,629	-10.0%	-4.5%	-5.4%
Financial assets at amortised cost	188,323	189,106	195,852	199,411	204,079	8.4%	7.9%	2.3%
Debt securities	25,430	26,050	26,594	26,892	26,808	5.4%	2.9%	-0.3%
Loans and advances to banks	19,972	19,103	22,741	23,035	25,241	26.4%	32.1%	9.6%
Loans and advances to customers	142,921	143,953	146,518	149,484	152,030	6.4%	5.6%	1.7%
Finance lease receivables	3,715	3,763	3,779	3,925	3,987	7.3%	6.0%	1.6%
Hedge accounting derivatives	90	132	139	168	182	>100.0%	37.3%	8.0%
Property and equipment	2,327	2,293	2,663	2,580	2,509	7.8%	9.4%	-2.8%
Investment properties	1,100	1,159	1,243	1,228	1,226	11.5%	5.7%	-0.2%
Intangible assets	1,483	1,507	1,489	1,490	1,491	0.6%	-1.1%	0.1%
Investments in associates and joint ventures	200	198	200	204	202	1.0%	1.9%	-1.1%
Current tax assets	110	101	98	92	80	-27.4%	-20.9%	-12.4%
Deferred tax assets	333	402	412	417	436	30.7%	8.3%	4.4%
Assets held for sale	196	213	141	214	242	23.9%	13.7%	13.3%
Trade and other receivables	1,292	1,318	1,391	1,404	1,405	8.7%	6.6%	0.1%
Other assets	1,136	882	1,050	1,039	1,119	-1.5%	26.8%	7.7%
Total assets	234,827	236,792	243,706	248,261	252,101	7.4%	6.5%	1.5%

Additional information: group balance sheet – Liabilities and equity

in EUR million	Quarterly data					Change		
	Sep 18	Dec 18	Mar 19	Jun 19	Sep 19	YOY-Δ	YTD-Δ	QOQ-Δ
Financial liabilities held for trading	2,865	2,508	2,277	2,518	2,751	-4.0%	9.7%	9.3%
Derivatives	2,153	2,000	1,979	2,125	2,411	12.0%	20.5%	13.4%
Other financial liabilities held for trading	712	508	298	393	341	-52.2%	-32.9%	-13.4%
Financial liabilities at fair value through profit or loss	14,267	14,122	14,449	14,605	14,550	2.0%	3.0%	-0.4%
Deposits from customers	62	212	229	255	277	>100.0%	30.6%	8.6%
Debt securities issued	13,668	13,446	13,784	13,914	13,754	0.6%	2.3%	-1.2%
Other financial liabilities	537	464	436	436	520	-3.2%	11.9%	19.3%
Financial liabilities at amortised cost	194,025	196,863	201,357	205,560	208,728	7.6%	6.0%	1.5%
Deposits from banks	19,086	17,658	20,295	19,043	19,936	4.5%	12.9%	4.7%
Deposits from customers	159,765	162,426	165,556	169,004	171,831	7.6%	5.8%	1.7%
Debt securities issued	14,582	16,293	14,886	16,859	16,350	12.1%	0.4%	-3.0%
Other financial liabilities	591	486	620	653	611	3.3%	25.6%	-6.5%
Lease liabilities	0	0	432	409	403	>100.0%	>100.0%	-1.4%
Hedge accounting derivatives	342	277	285	276	291	-15.1%	4.9%	5.3%
Fair value changes of hedged items in portfolio hedge of interest rate risk	0	0	0	0	0	>100.0%	18.3%	25.1%
Provisions	1,628	1,705	1,877	2,004	2,001	22.9%	17.4%	-0.1%
Current tax liabilities	126	99	88	75	89	-29.9%	-10.7%	17.8%
Deferred tax liabilities	67	23	30	31	24	-63.9%	5.9%	-21.7%
Liabilities associated with assets held for sale	3	3	6	7	7	>100.0%	>100.0%	-4.7%
Other liabilities	3,109	2,323	3,151	3,127	3,128	0.6%	34.6%	0.0%
Total equity	18,396	18,869	19,754	19,649	20,130	9.4%	6.7%	2.4%
Equity attributable to non-controlling interests	4,518	4,494	4,570	4,639	4,735	4.8%	5.4%	2.1%
Additional equity instruments	993	993	1,490	1,490	1,490	50.0%	50.1%	0.0%
Equity attributable to owners of the parent	12,884	13,381	13,694	13,520	13,904	7.9%	3.9%	2.8%
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	10,548	11,045	11,358	11,183	11,568	9.7%	4.7%	3.4%
Total liabilities and equity	234,827	236,792	243,706	248,261	252,101	7.4%	6.5%	1.5%

Additional information: regulatory capital position/requirement (SREP) – Capital requirements (SREP) for 2019/20; Erste Group target of 13.5% unchanged

- Combined impact of countercyclical buffers amounts to 45bps in 2019, 61bps in 2020
- Management buffer targeted in 100-150bps range

	Erste Group Consolidated				Erste Group Unconsolidated			
	Phased-in		Fully loaded		Phased-in		Fully loaded	
	2018	2019	2019e	2020e	2018	2019e	2019e	2020e
Pillar 1 CET1 requirement	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%
Combined buffer requirement	3.19%	4.95%	4.95%	5.11%	3.07%	4.76%	4.76%	4.86%
Capital conservation buffer	1.88%	2.50%	2.50%	2.50%	1.88%	2.50%	2.50%	2.50%
Countercyclical capital buffer 2)	0.31%	0.45%	0.45%	0.61%	0.20%	0.26%	0.26%	0.36%
OSII/Systemic risk buffer	1.00%	2.00%	2.00%	2.00%	1.00%	2.00%	2.00%	2.00%
Pillar 2 CET1 requirement	1.75%	1.75%	1.75%	1.75%	1.75%	1.75%	1.75%	1.75%
Pillar 2 CET1 guidance	1.05%	1.00%	1.00%	1.00%	0.00%	0.00%	0.00%	0.00%
Regulatory minimum ratios excluding P2G								
CET1 requirement	9.44%	11.20%	11.20%	11.36%	9.32%	11.01%	11.01%	11.11%
1.50% AT1 Tier 1 requirement	10.94%	12.70%	12.70%	12.86%	10.82%	12.51%	12.51%	12.61%
2.00% T2 Own funds requirement	12.94%	14.70%	14.70%	14.86%	12.82%	14.51%	14.51%	14.61%
Regulatory minimum ratios including P2G								
CET1 requirement	10.49%	12.20%	12.20%	12.36%	9.32%	11.01%	11.01%	11.11%
1.50% AT1 Tier 1 requirement	10.94%	12.70%	12.70%	13.86%	10.82%	12.51%	12.51%	12.61%
2.00% T2 Own funds requirement	12.94%	14.70%	14.70%	15.86%	12.82%	14.51%	14.51%	14.61%
Reported CET1 ratio as of September 2019 1)		13.16%		21,43% 3)				

- Buffer to MDA restriction as of 30 Sept 19: 170bps
- Available distributable items (ADI) as of 30 Sept 19: EUR 2.8bn (pre dividend and AT1 coupon; based on CRR II, which allows additional own funds components to be included, ADIs are at EUR 5.2bn)
- From 2020 onwards, P2G applicable for all capital ratios (CET1, T1, total capital)

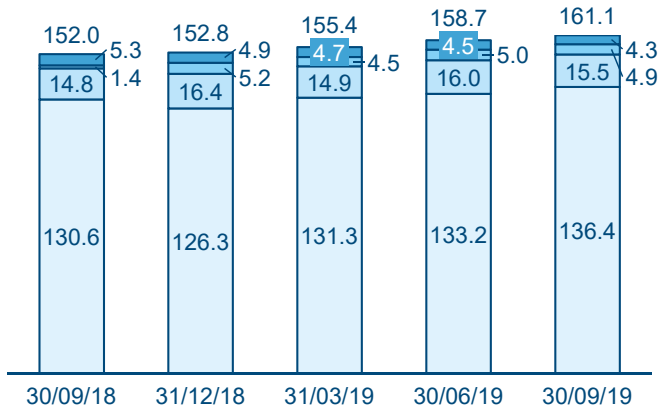
1) Consolidated capital ratios pursuant to IFRS. Unconsolidated capital ratios pursuant to Austrian Commercial Code (UGB) and on phased-in basis. ADIs pursuant to UGB.

2) Planned values based on Q3 2019 exposure (Q3 19 countercyclical buffer of 0.45% for Erste Group consolidated).

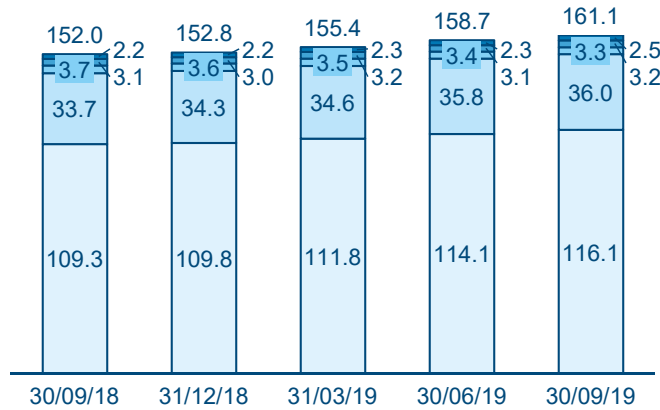
3) Unconsolidated figures are based on Q2 2019.

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

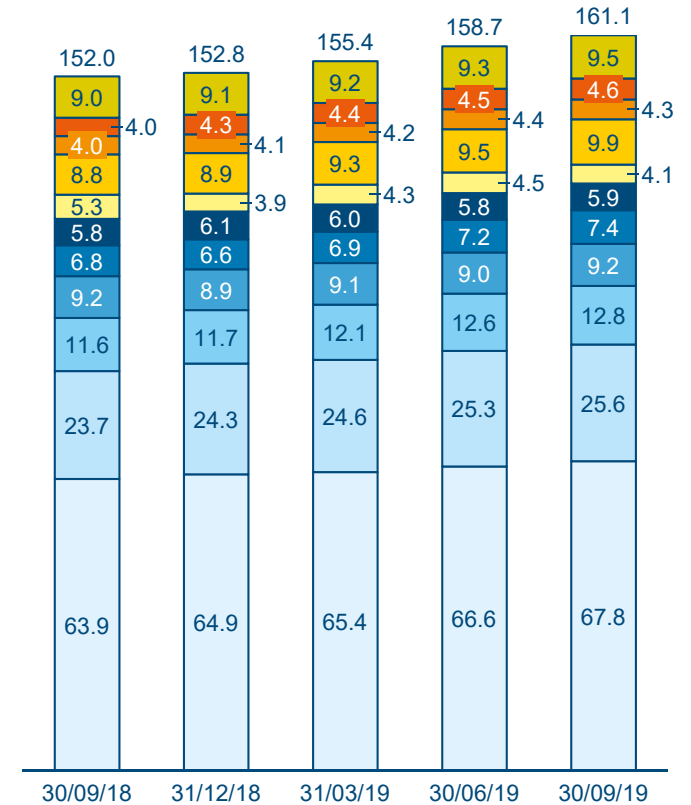
Gross cust. loans by risk category (EUR bn)



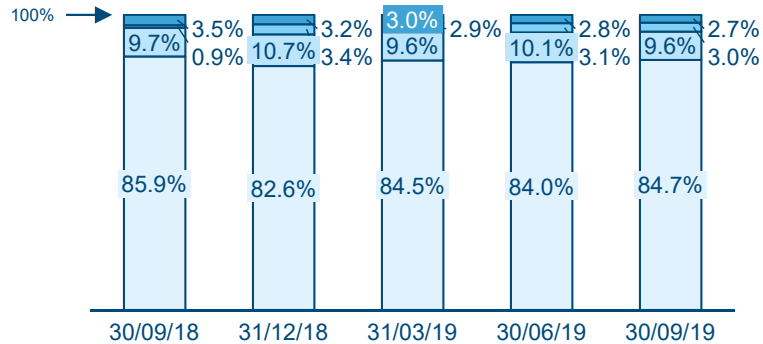
Gross customer loans by currency (EUR bn)



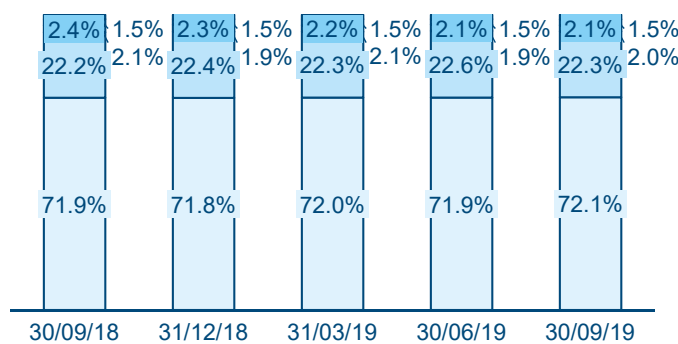
Gross customer loans by industry (EUR bn)



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



Majority ownership

Minority ownership

Austria

Customers: 3.8m

Employees: 16,247

Branches: 883

Croatia

Customers : 1.3m

Employees : 3,337

Branches: 149

Serbia

Customers: 0.5m

Employees: 1,170

Branches: 90

Czech Republic

Customers: 4.6m

Employees: 9,723

Branches: 485

Slovakia

Customers: 2.2m

Employees: 4,085

Branches: 236

Hungary

Customers: 0.9m

Employees: 3,154

Branches: 111

Romania

Customers: 3.4m

Employees: 6,753

Branches: 431

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

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

S&P Global Ratings

SACP - Stand-Alone Credit Profile		
a		
▲		
Anchor	bbb+	
Business Position	Strong	+1
Capital & Earnings	Adequate	0
Risk Position	Adequate	0
Funding	Above Average	+1
Liquidity	Strong	
+		
Support	0	
▲		
ALAC Support	0	
GRE Support	0	
Group Support	0	
Sovereign Support	0	
+		
Additional Factors	0	
=		
Issuer Credit Rating Long-Term Outlook / Short-Term		
A Positive / A-1		

FitchRatings

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

Status as of 5 February 2019

Additional information: ESG ratings, indices and alignment with UN SDGs

ESG Ratings and Indices



Included in the Vienna Stock Exchange's sustainability index since its launch in 2008



FTSE4Good

Included in 2016 in the FTSE4Good Index Series, which measures the performance of companies with strong environmental, social and governance (ESG) practices



Included in 2017 in the Euronext Vigeo Index: Eurozone 120



In October 2018, Erste Group was awarded prime status in the ISS-oekom corporate ratings



At the beginning of 2019 imug Investment Research raised the rating for Erste Group from neutral to positive, and public sector covered bonds are now rated as very positive.

UN Sustainable Development Goals

In principle, Erste Group supports all SDGs. Given its regional footprint and business model, Erste Group is in fact able to make notable contributions to the achievement of the below-mentioned SDGs:

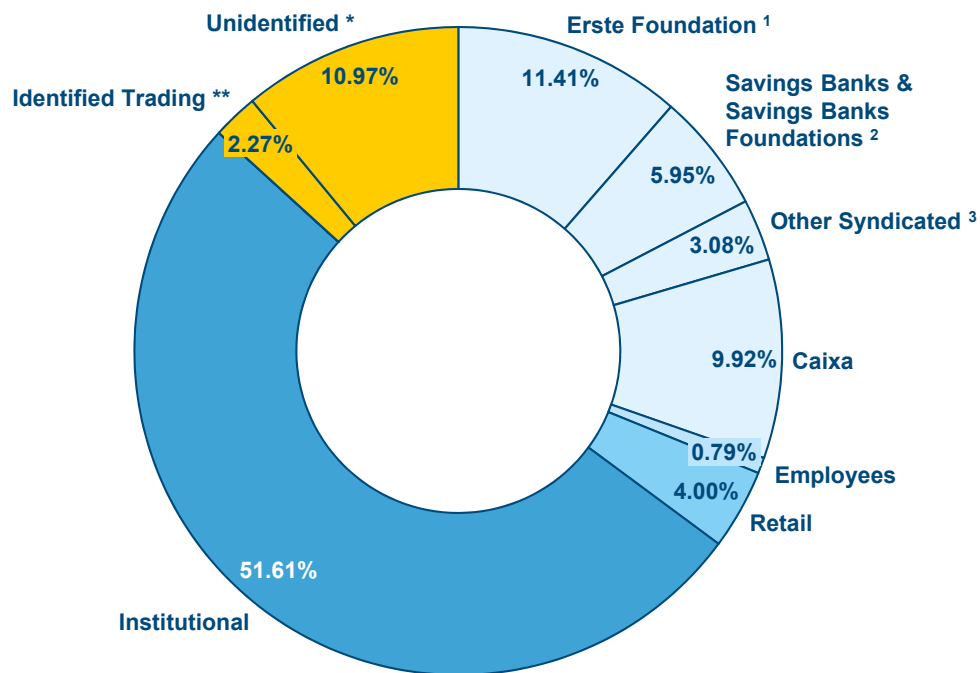


- Since its foundation 200 years ago, Erste Group's purpose has been to promote and secure prosperity. Erste Group values responsibility, respect and sustainability.
- Financial literacy is key to economic prosperity. Therefore, Erste Group offers a variety of financial literacy trainings.
- Erste Group respects and promotes work-life balance among its employees and also contributes to their good health.
- Diversity and equal opportunity are key elements of Erste Group's human resource strategy.
- For Erste Group social and/or ecological criteria are as important as economic criteria in its investment decision process.
- Erste Group has launched social banking initiatives aiming at the financial inclusion of those parts of the population that are often excluded.
- Erste Group contributes to the cultural and social development of society.
- Erste Group aims at protecting the environment by minimising its ecological footprint, in particular with its consumption of energy and paper.
- Erste Group cooperates with national and international organisations and it promotes corporate volunteering

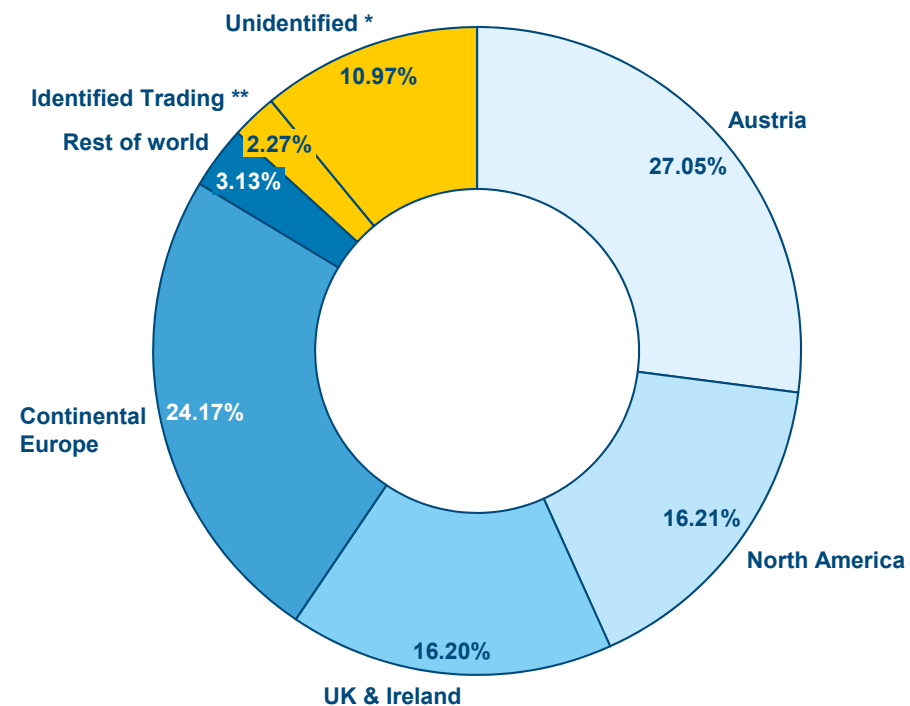
Additional information: shareholder structure –

Total number of shares: 429,800,000

By investor



By region



¹ Economic interest Erste Foundation, including Erste Employees Private Foundation

² Economic interest Savings Banks & Savings Banks Foundations

³ 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 28 October 2019

Investor relations details

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

E-mail: investor.relations@erstegroup.com

Internet: <http://www.erstegroup.com/investorrelations>

<http://twitter.com/ErsteGroupIR> http://www.slideshare.net/Erste_Group

Erste Group IR App for iPad, iPhone and Android http://www.erstegroup.com/de/Investoren/IR_App

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

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

- **Contacts**

Thomas Sommerauer

Tel: +43 (0)5 0100 17326

e-mail: thomas.sommerauer@erstegroup.com

Peter Makray

Tel: +43 (0)5 0100 16878

e-mail: peter.makray@erstegroup.com

Simone Pilz

Tel: +43 (0)5 0100 13036

e-mail: simone.pilz@erstegroup.com

Gerald Krames

Tel: +43 (0)5 0100 12751

e-mail: gerald.krames@erstegroup.com