

Erste Group investor presentation FY 2019 preliminary results

28 February 2020

**Erste Group closes 2019 with strong operating performance,
outlook for 2020 confirmed**

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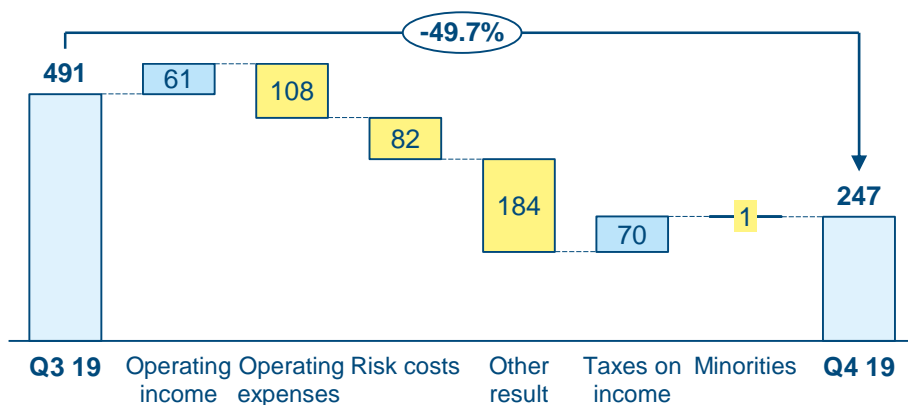
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Presentation topics

- Executive summary
- Business environment
- Business performance
- Assets and liabilities
- Key takeaways and outlook
- Additional information

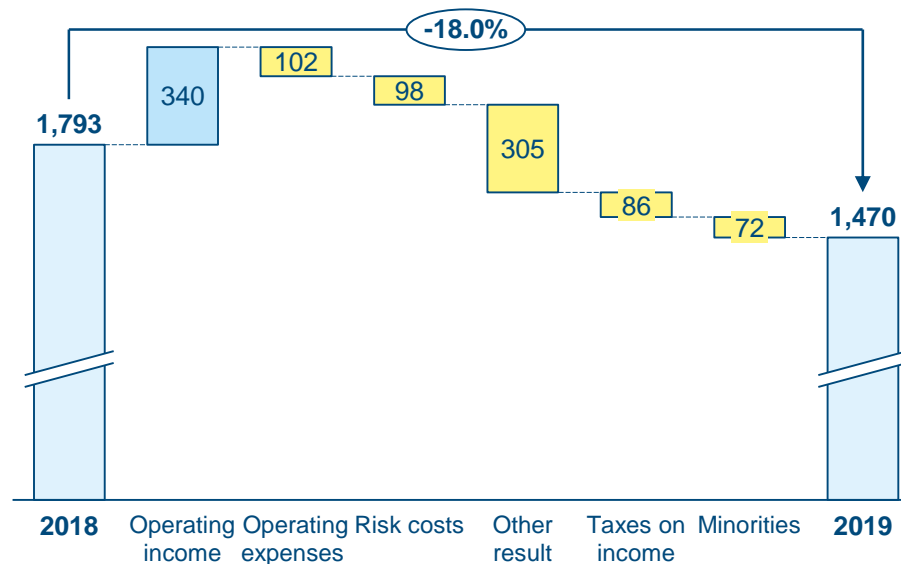
Executive summary – Group income statement performance

QoQ net profit reconciliation (EUR m)



- Q4 19 net result declined to EUR 247.2m, mainly due to the impairment of the SK goodwill (EUR 165.0m) and the booking of risk costs (EUR 82.1m) after 3 quarters of net releases
- Higher operating income driven by NII and fees, offsetting lower trading/FV result
- Operating expenses rose mainly on higher marketing, IT and personnel expenses

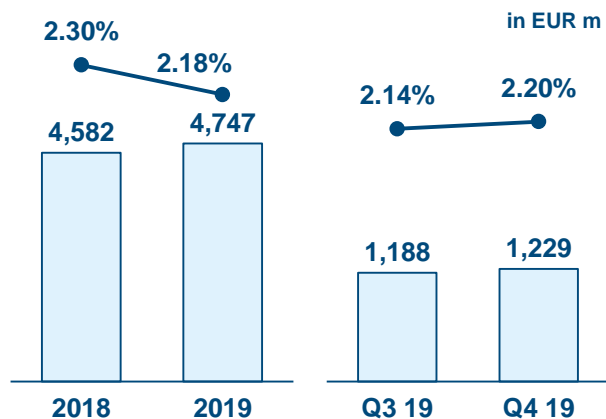
YoY net profit reconciliation (EUR m)



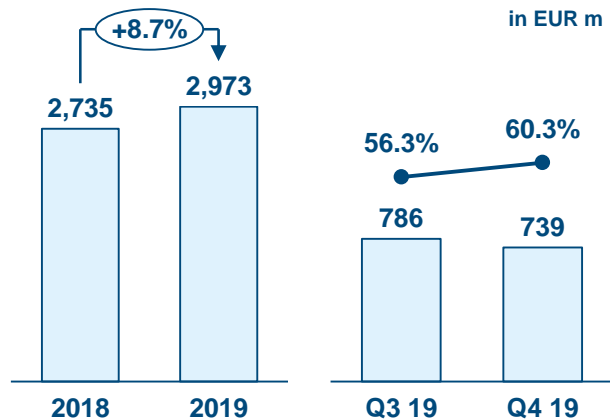
- Yoy lower net profit as rising operating result (+8.7%) could not offset negative impact in other result (negative one-offs), higher (but still low) risk costs and taxes
- Increase in all major components of operating income: NII up by 3.6%, fees rose by 4.8%, and exceptionally strong trading/FV result (+51.7%) on interest-rate driven valuations
- Costs mainly increased on rising personnel expenses (+2.5%)

Executive summary – Key income statement data

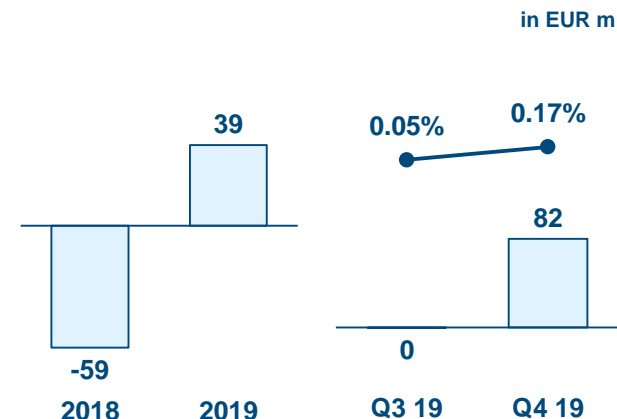
Net interest income & margin



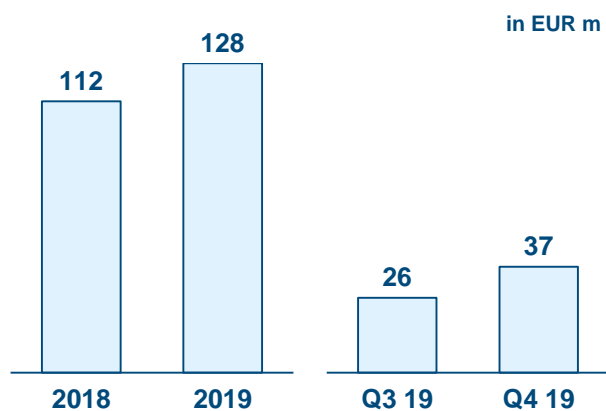
Operating result & cost/income ratio



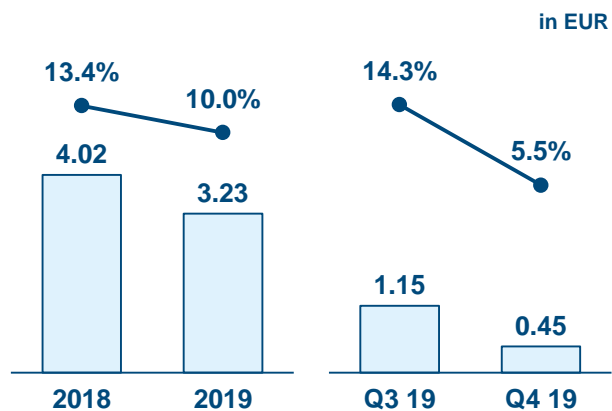
Cost of risk



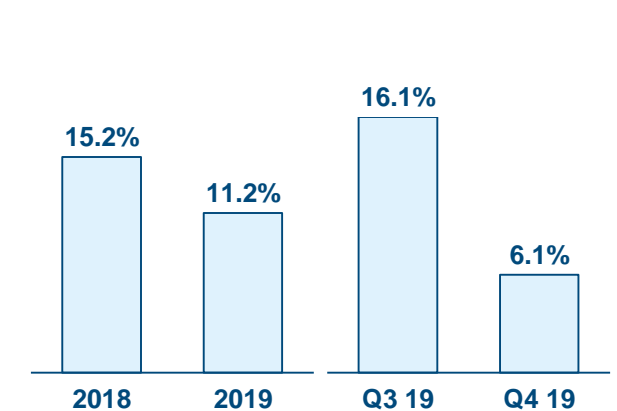
Banking levies



Reported EPS & ROE

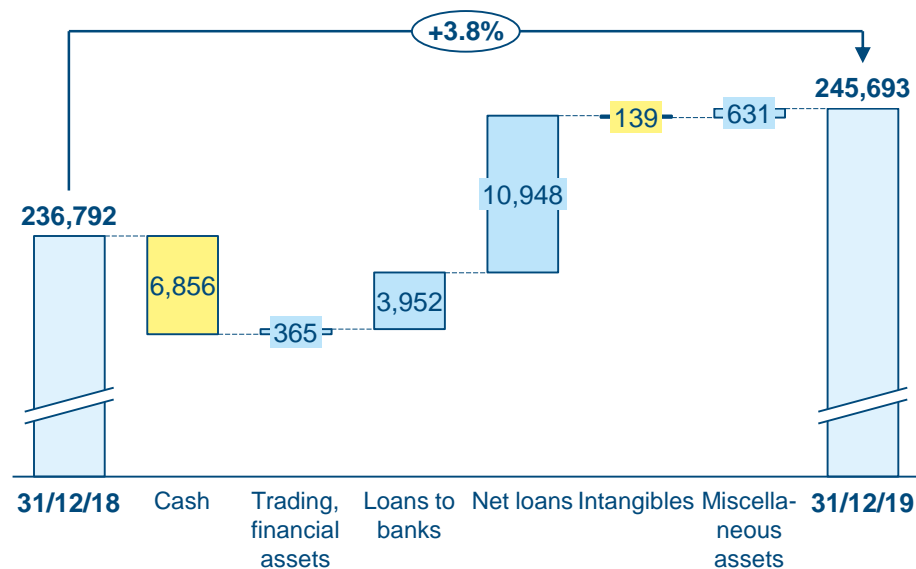


Return on tangible equity



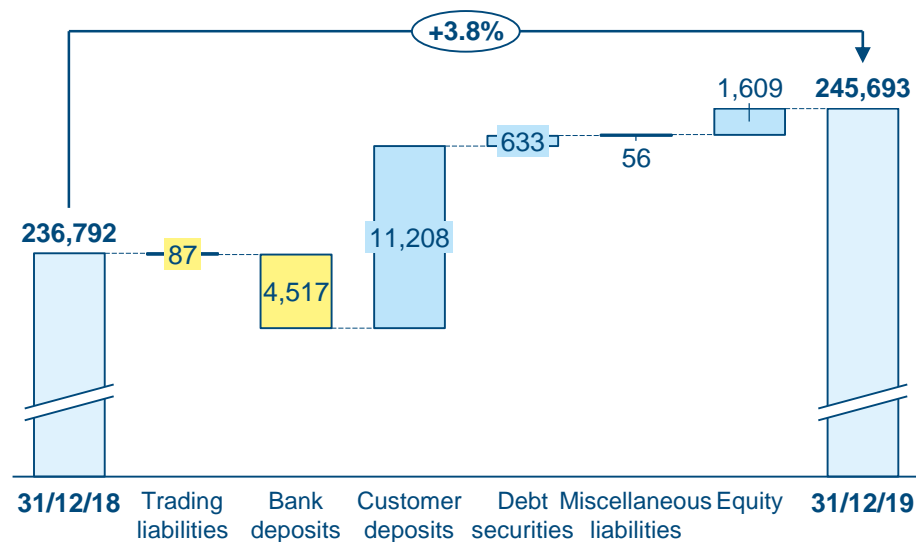
Executive summary – Group balance sheet performance

YTD total asset reconciliation (EUR m)



- Total assets up by 3.8%, mainly driven by customer loans (+7.3%) and interbank business (+20.7%)
- Decline in cash position correlated to increase in interbank assets

YTD equity & total liability reconciliation (EUR m)

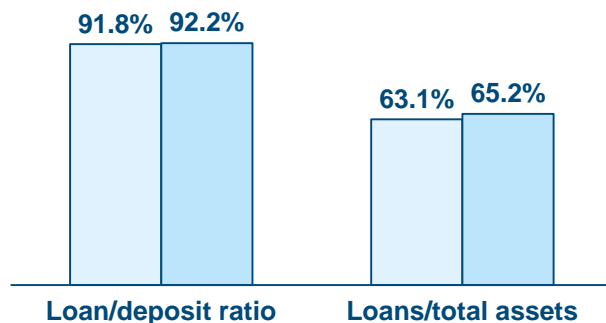


- Total liability growth mainly driven by a continuation of rising customer deposits (+6.9%), more than offsetting decline in bank deposits (-25.6%)
- Growing customer deposits result in a loan/deposit ratio of 92.2% (YE18: 91.8%)
- Increase in equity mainly attributable to increase in retained earnings and the issuance of AT1 instruments

Executive summary – Key balance sheet data

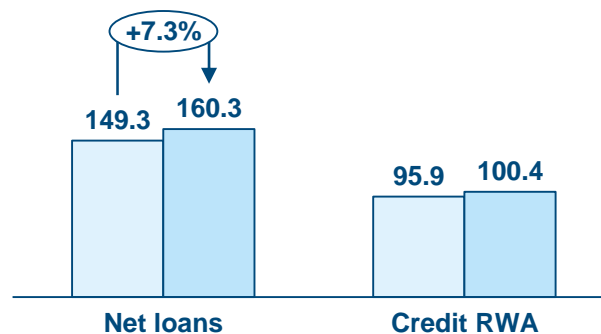
31/12/18
31/12/19

Loan/deposit & loan/TA ratio

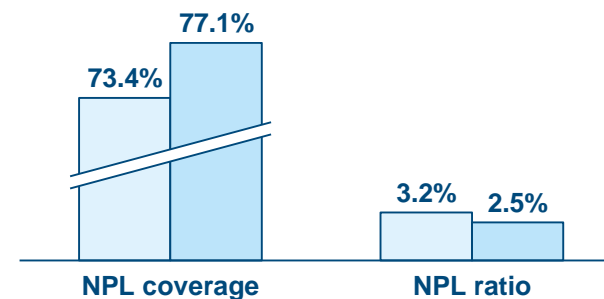


Net loans & credit RWA

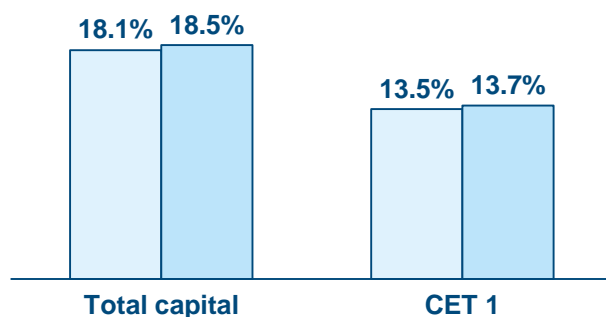
in EUR bn



NPL coverage ratio & NPL ratio

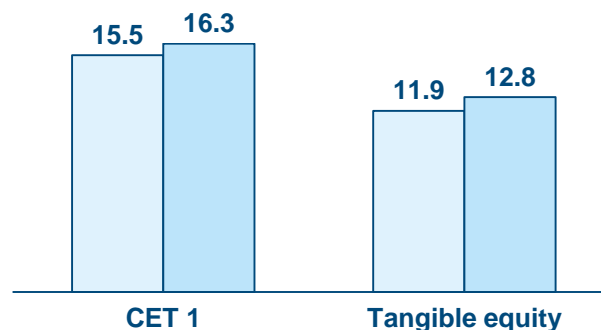


B3FL capital ratios

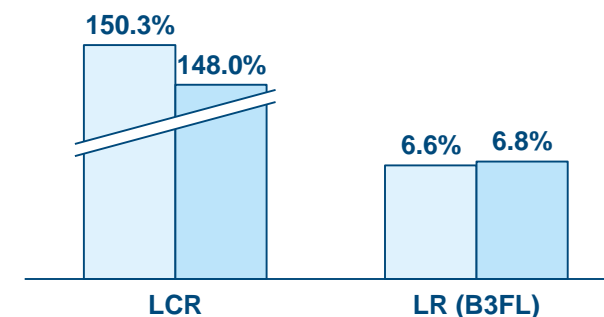


B3FL capital & tangible equity¹

in EUR bn



Liquidity coverage & leverage ratio²



1) Based on shareholders' equity, not total equity

2) Pursuant to Delegated Act

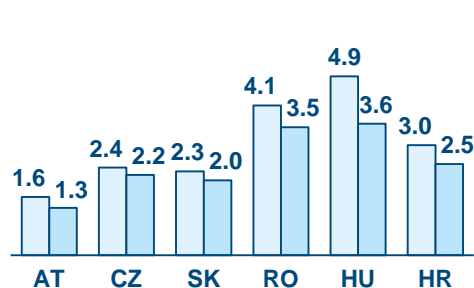
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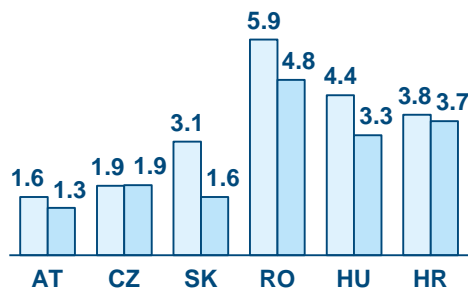
Business environment – Strong economic outlook for 2020

2019
2020

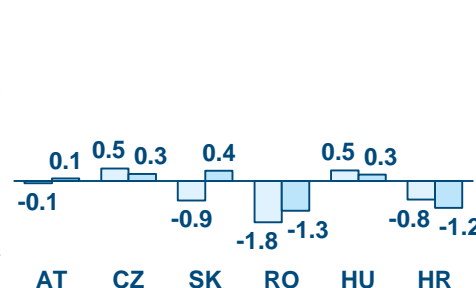
Real GDP growth (in %)



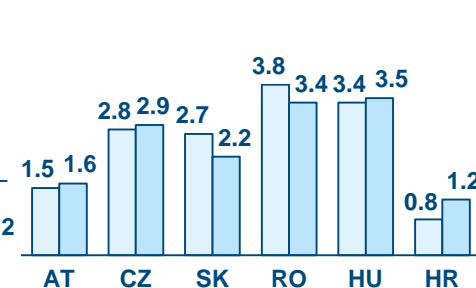
Dom. demand contribution* (in %)



Net export contribution* (in %)

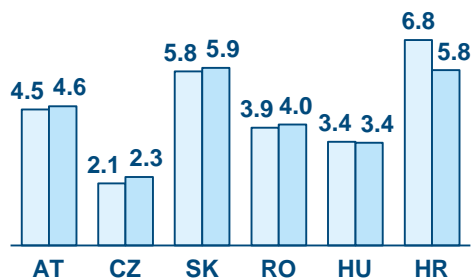


Consumer price inflation (avg, in %)

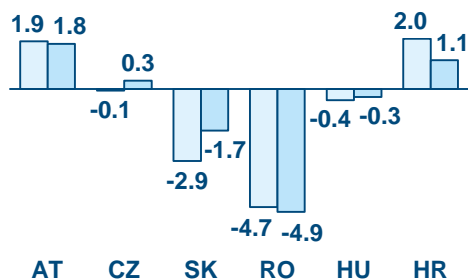


- Erste Group's core CEE markets expected to grow by 2-4% in 2020
 - Domestic demand is expected to remain the main driver of economic growth; net export contribution to differ significantly across the countries
 - Consumption is supported by improving labour markets and wage increases across the region

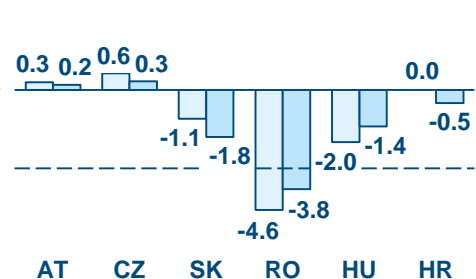
Unemployment rate (avg, in %)



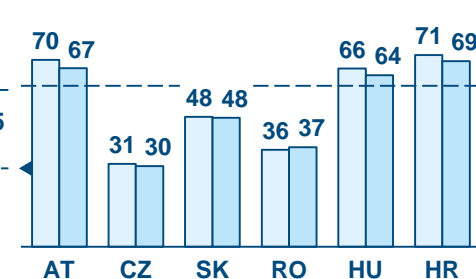
Current account balance (% of GDP)



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

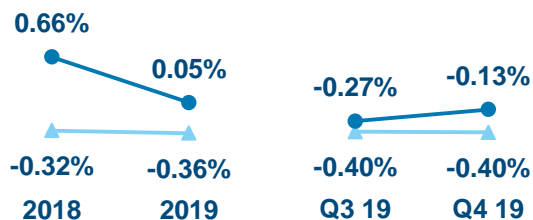
* Contribution to real GDP growth. Domestic demand contribution includes inventory change. Source: Erste Group Research, EU Commission

Business environment –

CZ has increased key policy rate in nine steps to 2.25%

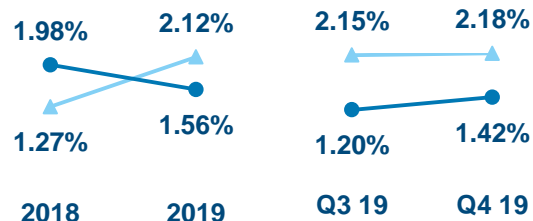
▲ 3M Interbank
● 10YR GOV

Austria



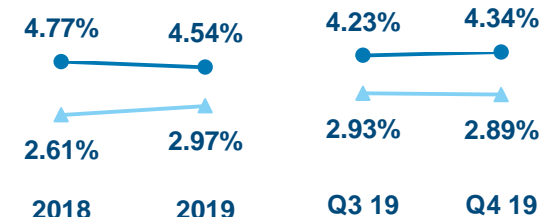
- ECB cut discount rate to zero in March 16
- Maintains expansionary monetary policy stance, despite tapering announcement

Czech Republic



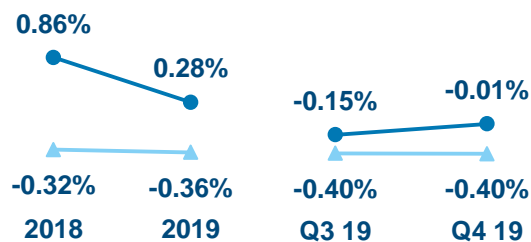
- National bank has increased its benchmark rate in nine steps from historic low of 0.05% to 2.25% since August 2017

Romania



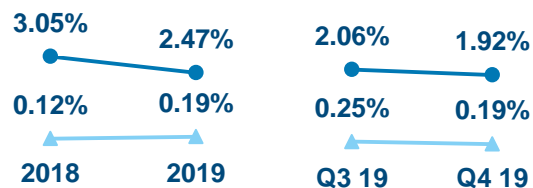
- Central bank increases policy rate from historic low of 1.75% to 2.50% in January, February and May 2018

Slovakia



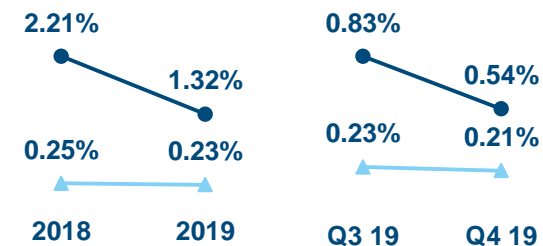
- As part of euro zone ECB rates are applicable in SK

Hungary



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

Croatia



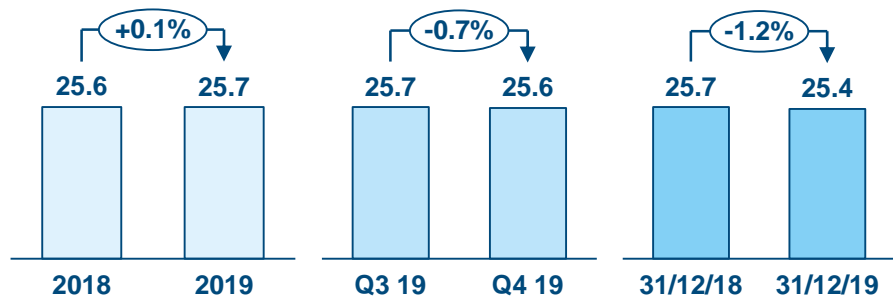
- Central bank maintains discount rate at 3.0% since 2015

Source: Bloomberg, Reuters for SK 10Y. Annual and quarterly averages.

Business environment –

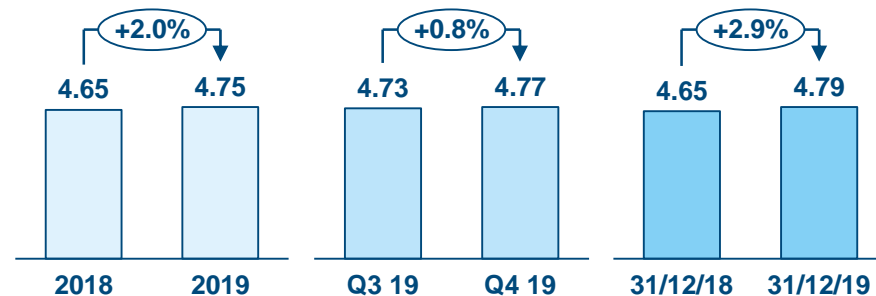
CEE currencies remain mostly stable versus the euro

EUR/CZK



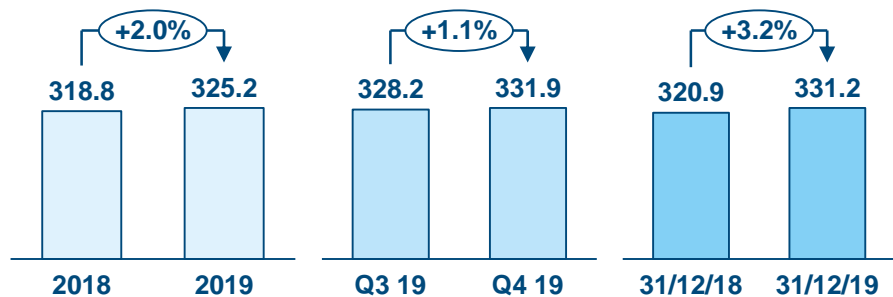
- Czech National Bank ended its currency peg in April 17; benchmark rate increased further to 2.25% in Feb 2020

EUR/RON



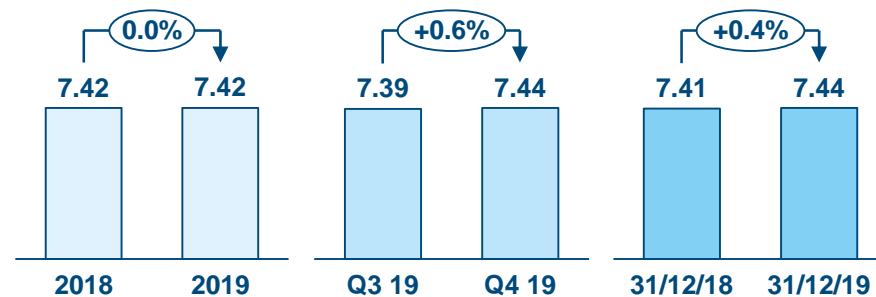
- RON depreciated slightly amid political volatility; policy rate raised to 2.50% in May 2018

EUR/HUF



- HUF depreciated further due to expansionary monetary policy

EUR/HRK

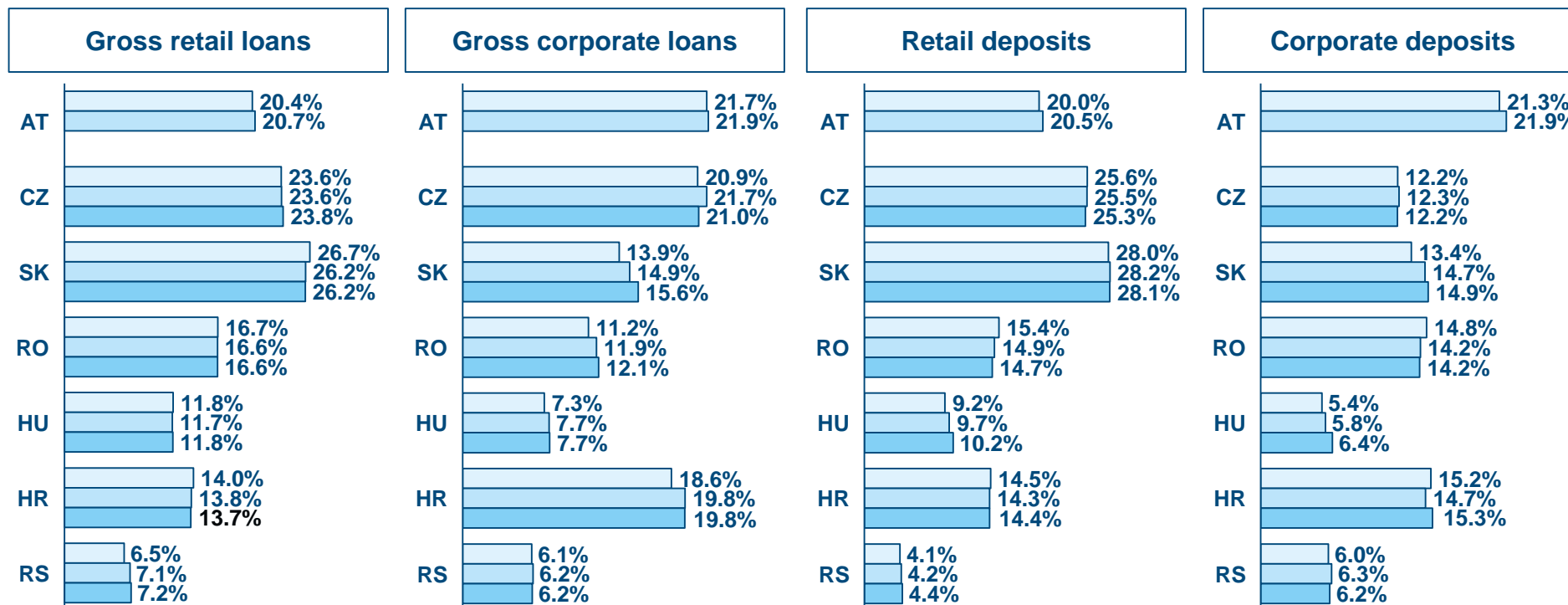


- Croatian National Bank continues to manage HRK in tight range

Source: Bloomberg

Business environment – Stable market shares across the region

31/12/18
30/09/19
31/12/19



- CZ: increasing market share in a growing market
- RO: stable market shares despite restrictive lending standards
- SK: market share impacted by aggressive pricing by some of the smaller competitors

- SK, RO and HU: increasing market shares in both Large Corporate and SME segments
- 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

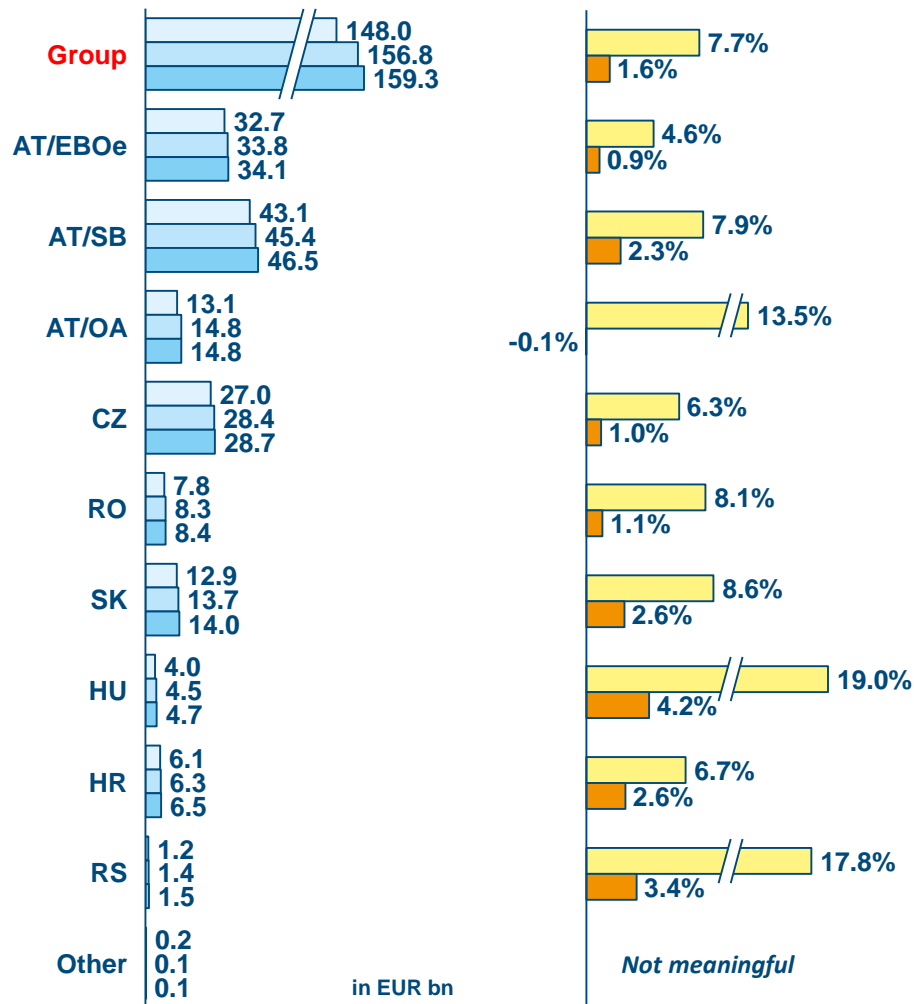
* 31/12/2019 market share data for Austria not yet available

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Business performance: performing loan stock & growth – Performing loans continue to grow across all geographies

■ YoY ■ 31/12/18
■ QoQ ■ 30/09/19
■ 31/12/19

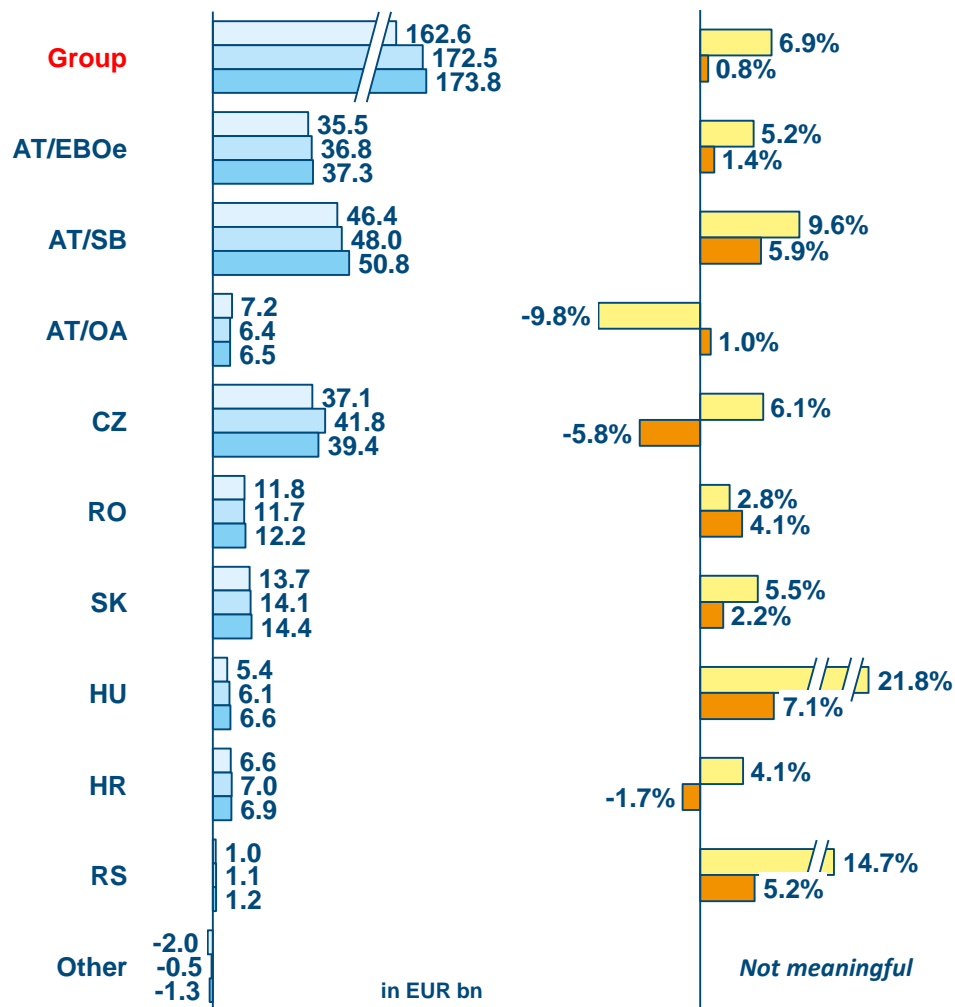


- Yoy development driven by Corporates (+10.7%) and Retail (+5.4%); shift from Retail to Corporates in EBOe totalling EUR 0.8bn benefitted corporate growth
- Qoq growth driven by Retail (+1.9%), while Corporates slowed in Q4 19 (+1.0%)
- Year-on-year segment trends:
 - Continued growth across all segments in line with favourable economic fundamentals
 - HU: strong growth in both Retail (+17.2%) and Corporates (+21.5%) on the back of strong economy and pent-up loan demand
 - AT/OA: both Group Large Corporates and Commercial Real Estate made good contributions
- Quarter-on-quarter segment trends:
 - HU: continuation of quarterly growth dynamics both in Retail (+6.8%) and Corporates (+4.4%)
 - HR: growth equally distributed between Retail (+2.6%) and Corporates (+2.8%)
 - SK: Corporates (+4.3%) remained growth driver in Q4 19
 - AT/SB: qoq growth mainly driven by Corporates

Business performance: customer deposit stock & growth –

Deposit build-up continues in Q4 19

■ YoY ■ 31/12/18
■ QoQ ■ 30/09/19
■ 31/12/19

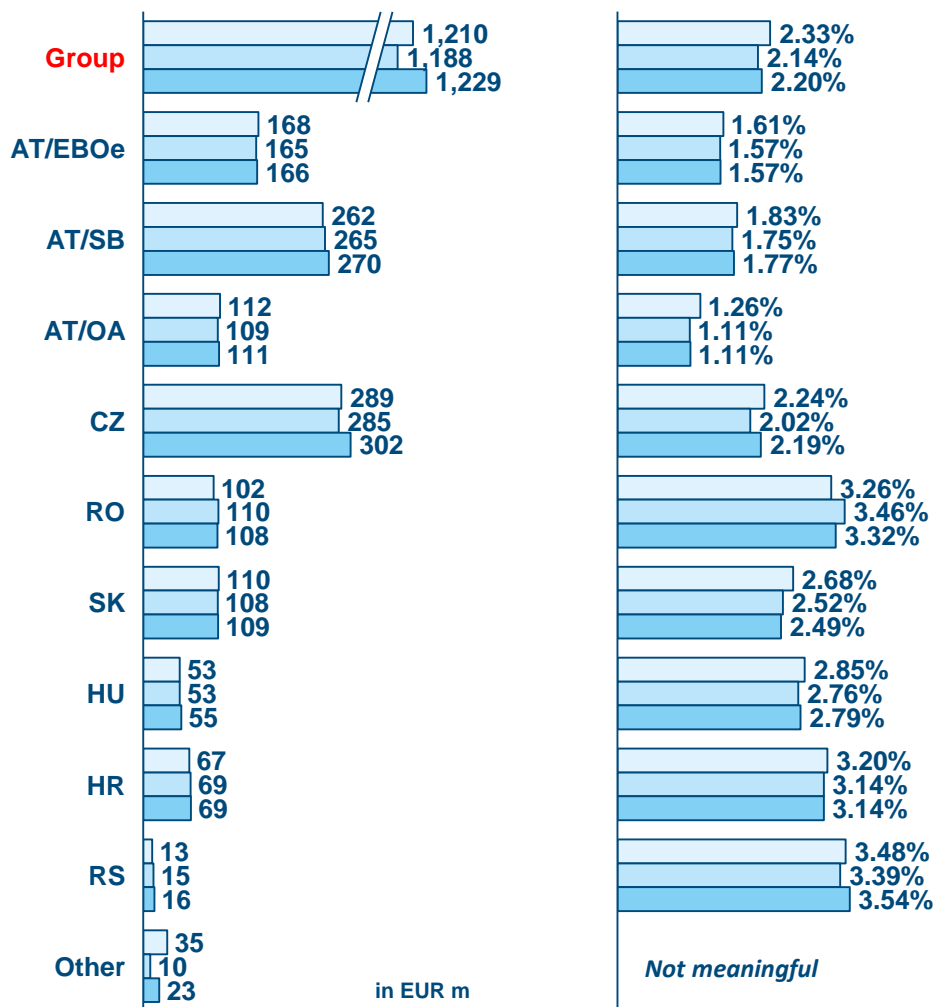


- Continuation of exceptional deposit growth across all geographies despite zero/low interest rate environment as retail and corporate clients park cash in overnight accounts
- Yoy growth in absolute terms mainly driven by Retail segment (+EUR 5.1bn) and Savings Banks (+EUR 4.4bn), while Corporates also contributed (+EUR 1.4bn)
- Qoq increase across most geographies
- Year-on-year segment trends:
 - HU: deposit growth in line with loan growth, supported by strong economic backdrop
 - AT/OA: seasonal volatility due to business structure
 - AT/SB: strong deposit growth across all client segments
 - RS: exceptional growth in Retail (+20.4%) more pronounced than in Corporates (+13.5%)
- Quarter-on-quarter segment trends:
 - CZ: qoq decline attributable to lower Public Sector deposits, which tend to be volatile
 - HU: continued strong increases across all business lines
 - AT/SB: growth driven by retail and corporate customers

Business performance: NII and NIM –

NII increases 1.6% yoy, up 3.5% qoq

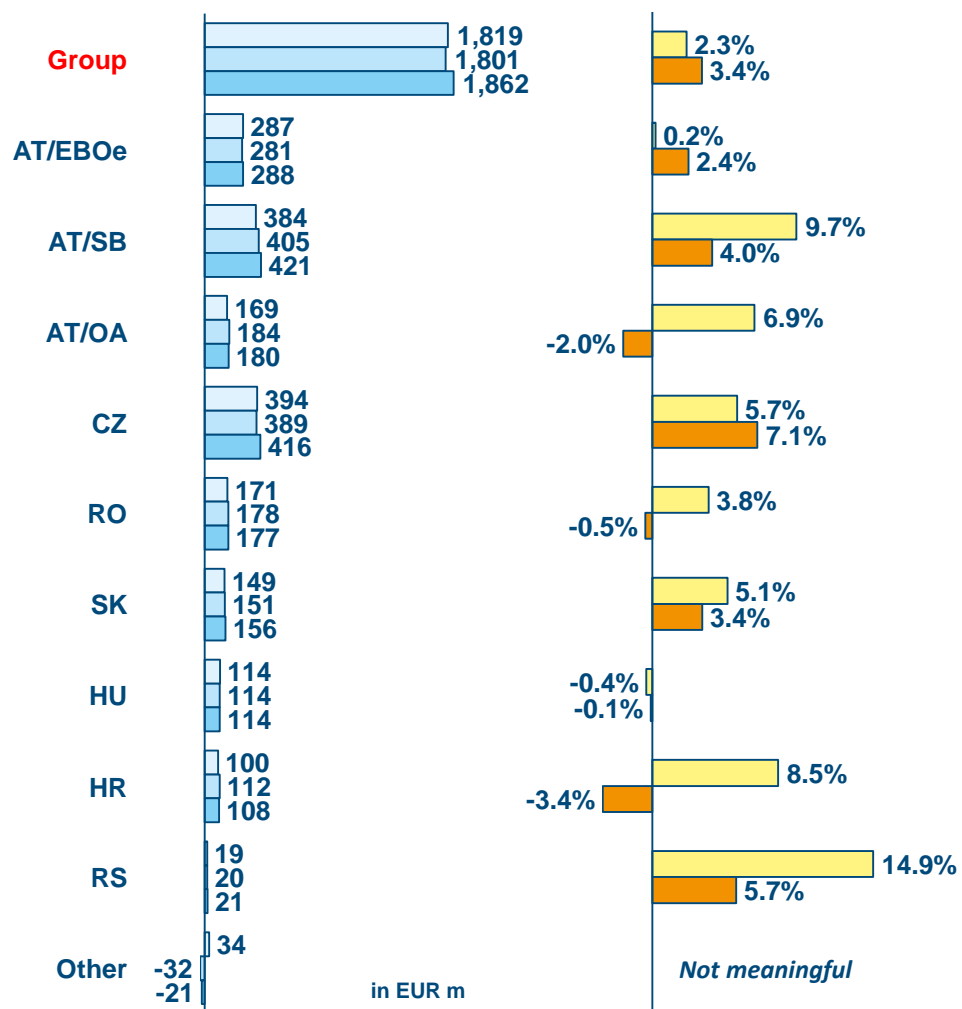
Q4 18
Q3 19
Q4 19



- Yoy NII growth (+1.6%) mainly due to strong CZ, RO, Savings Banks and RS performance; NIM decline due to margin pressure and changed balance sheet structure
- Qoq NII growth (+3.5%) driven by CZ, Savings Banks and Other segments
- Year-on-year segment trends:
 - CZ: higher rates and volumes pushed NII up; recharging of resolution fund contributions also helped (EUR +6.2m)
 - AT/SB: NII growth on the back of rising volumes
 - RO: NII rises mainly on the back of higher ALM contribution
 - Other: decline mainly driven by lower investment income from bonds
- Quarter-on-quarter segment trends:
 - CZ: driven by higher volumes, resolution fund recharge (see above) and better ALM contribution
 - AT/SB: rising volumes at stable margins remain key driver

Business performance: operating income – NII and fees drive operating income growth

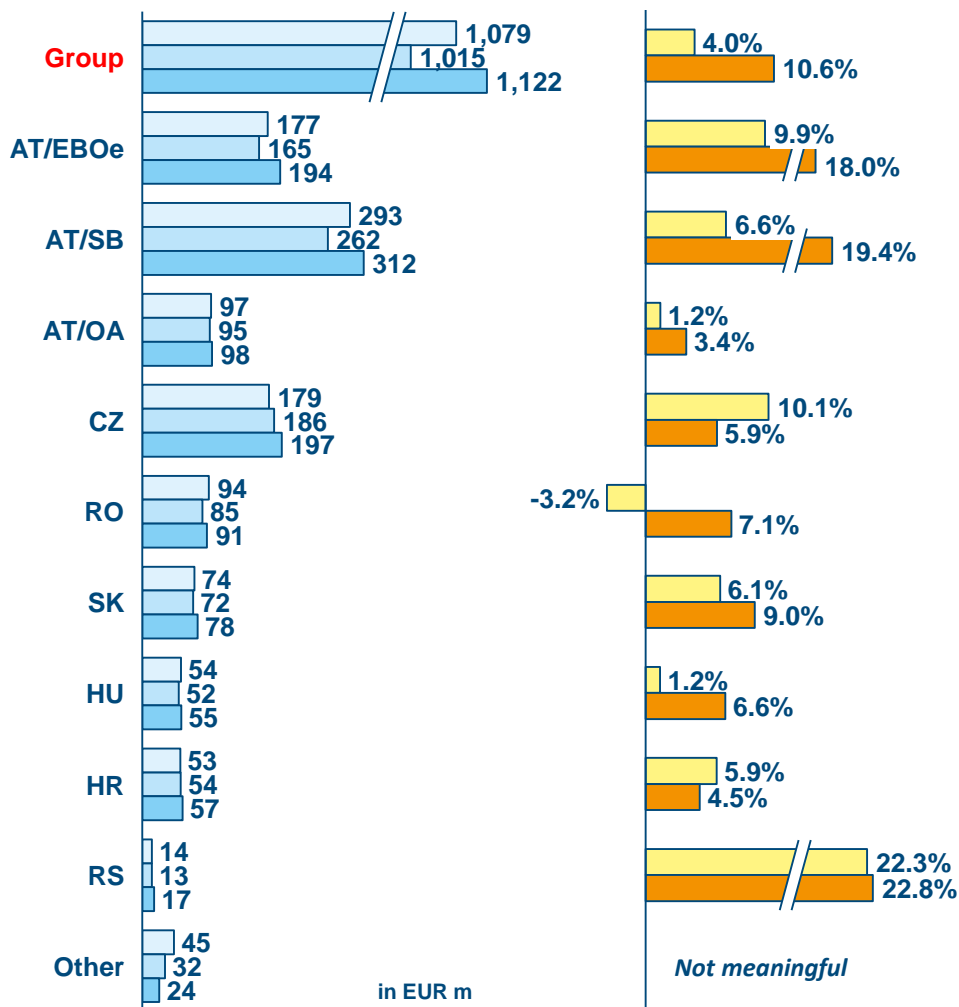
■ YoY ■ Q4 18
■ QoQ ■ Q3 19
■ Q4 19



- YoY up in most segments on the back of good macro and volume performance; improvements in all major operating income components, except net trading and FV result
- QoQ growth driven by higher fees, particularly from securities business and asset management, and NII on continued volume growth and higher market interest rates in CZ
- Year-on-year segment trends:
 - AT/SB: improvement in all key revenue lines supported by volume growth and solid economic backdrop in Austria
 - CZ: growth mainly attributable to NII and net trading and FV result
 - AT/OA: improvement due to higher net trading and FV result on the back of better derivative and fund valuations in Group Markets
 - Other: deterioration mainly driven by weaker net trading and FV result
- Quarter-on-quarter segment trends:
 - AT/SB: growth due to strong fee performance, primarily in asset management, and solid NII
 - CZ: rising NII was key driver (see above)

Business performance: operating expenses –

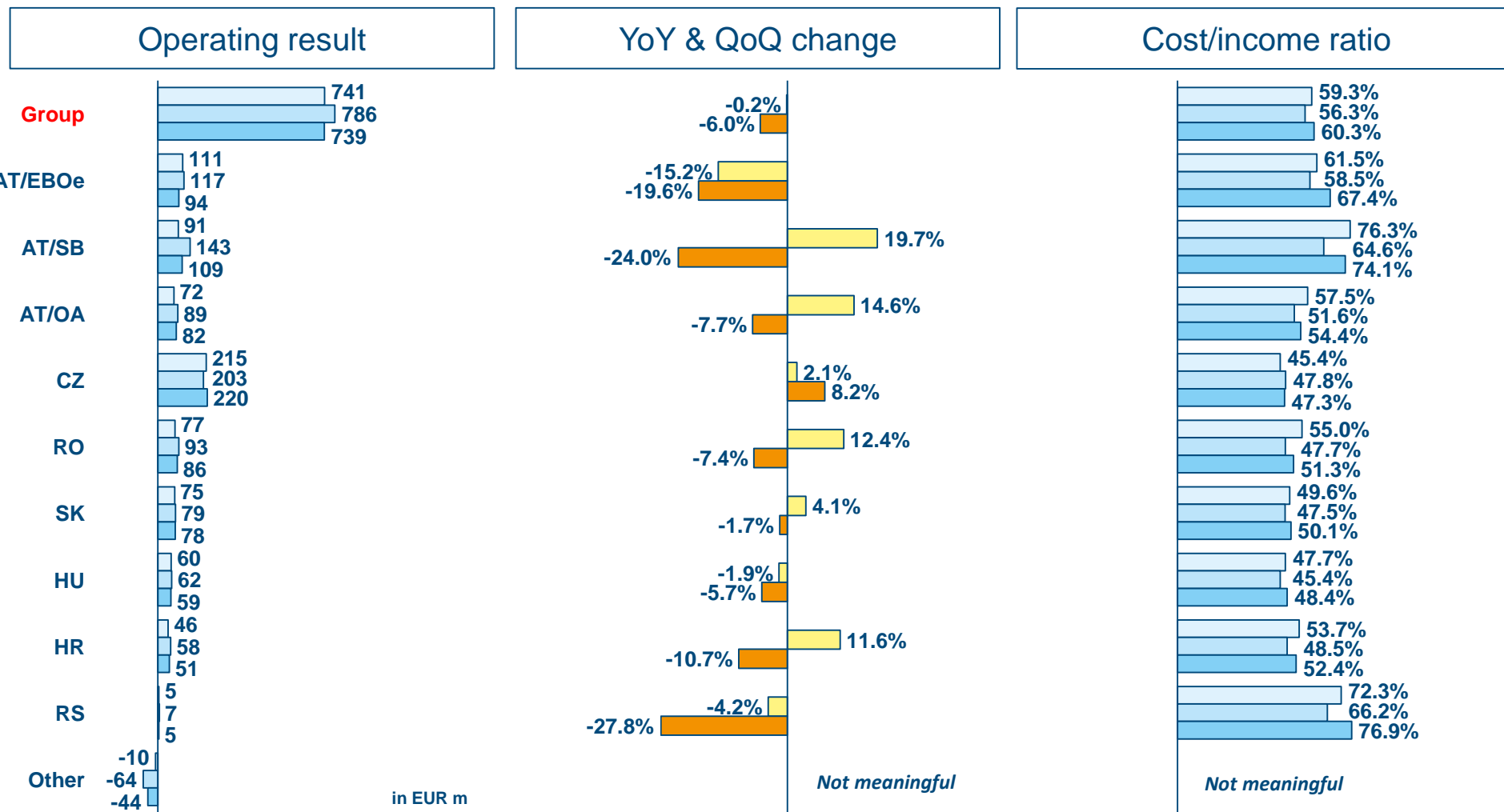
Costs seasonally higher in Q4, in line with guidance



- YoY cost increase driven by higher marketing and IT expenses; IFRS 16 impact on costs neutral
- QoQ deterioration primarily due to seasonality, led by other administrative expenses (significantly higher marketing, consultancy and legal costs, as well as higher IT and sundry expenses)
- Year-on-year segment trends:
 - AT/EBOe: increase due to higher IT and marketing expenses
 - AT/SB: increase due to higher IT expenses
 - CZ: growth mainly driven by higher salaries
 - Other: primarily lower IT costs
- Quarter-on-quarter segment trends:
 - AT/EBOe: see above
 - AT/SB: increase due to higher IT costs as well as seasonally higher marketing, legal and consultancy costs
 - CZ: seasonally higher marketing, IT and personnel-related costs

Business performance: operating result and CIR – CIR improves to 59.0% in 2019

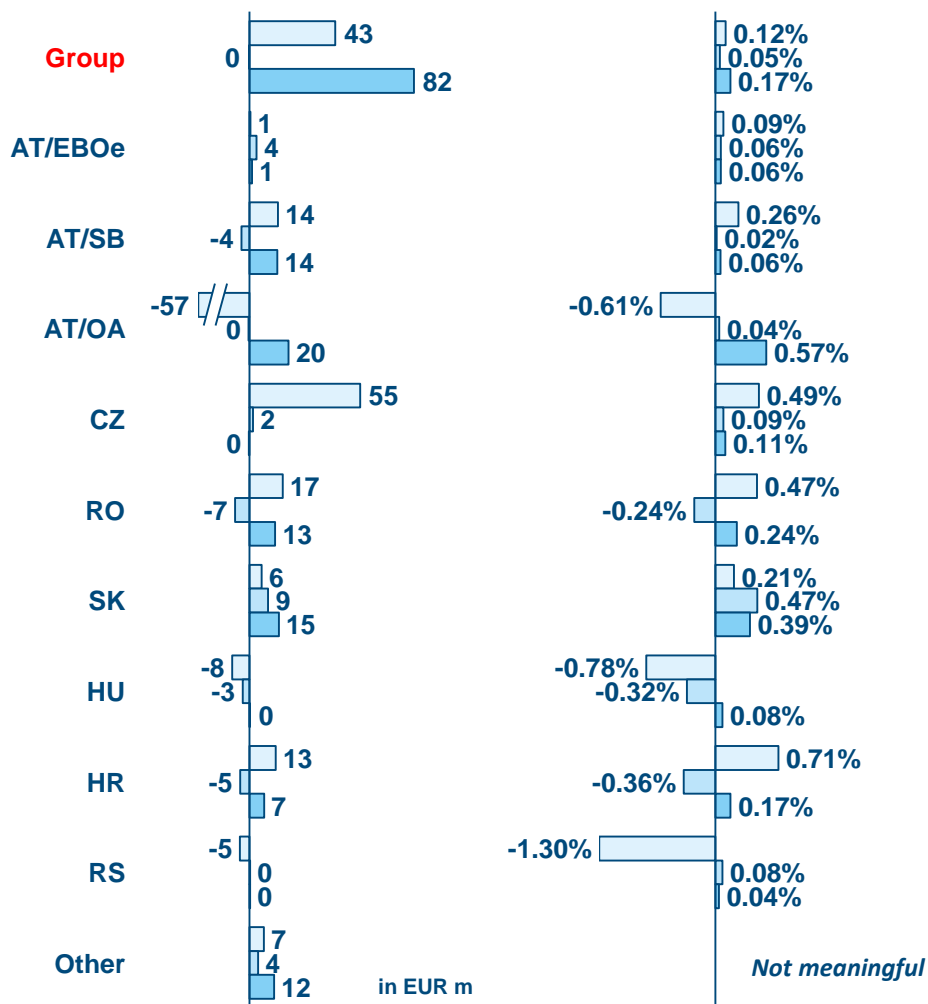
■ YoY ■ Q4 18
■ QoQ ■ Q3 19
■ Q4 19



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

Risk costs remain at benign levels in Q4 19

Q4 18
Q3 19
Q4 19



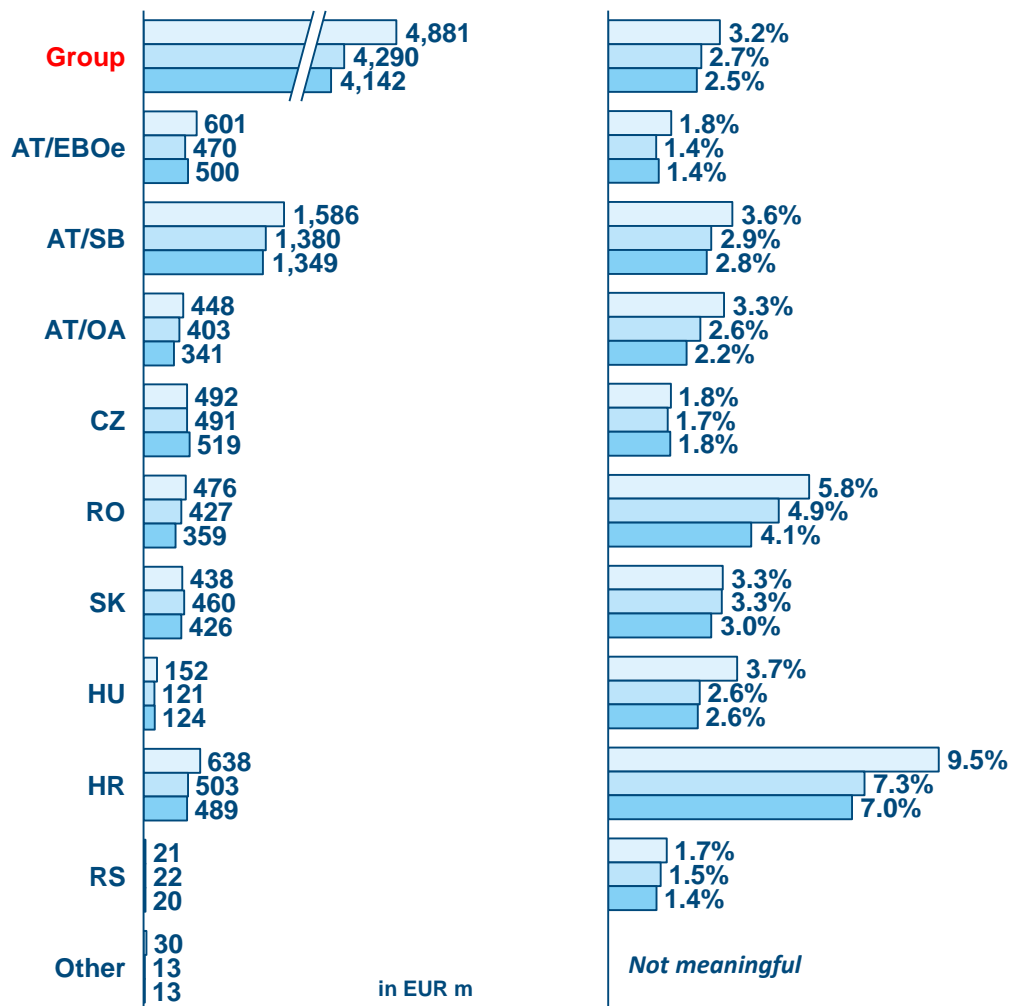
- Yoy and qoq development characterised by continuation of healthy asset quality and benign risk cost environment
- Q4 19 risk costs driven by:
 - Update of forward looking parameter estimates
 - Improved coverage of existing NPLs
- Year-on-year segment trends:
 - AT/OA: high recoveries and provision releases in Q4 18, higher allocations to existing workout customers in Q4 19
 - CZ: Q4 18 was impacted by higher risk costs for Corporates
 - SK: provisioning for single corporate case
- Quarter-on-quarter segment trends:
 - AT/SB: increase driven by parameter updates at various savings banks
 - AT/OA: higher allocations to existing workout customers
 - RO: higher allocations in Retail and Corporates due to parameter updates
 - HR: higher allocations for Corporates, partially offset by parameter update

*) 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 2.5%

31/12/18
30/09/19
31/12/19

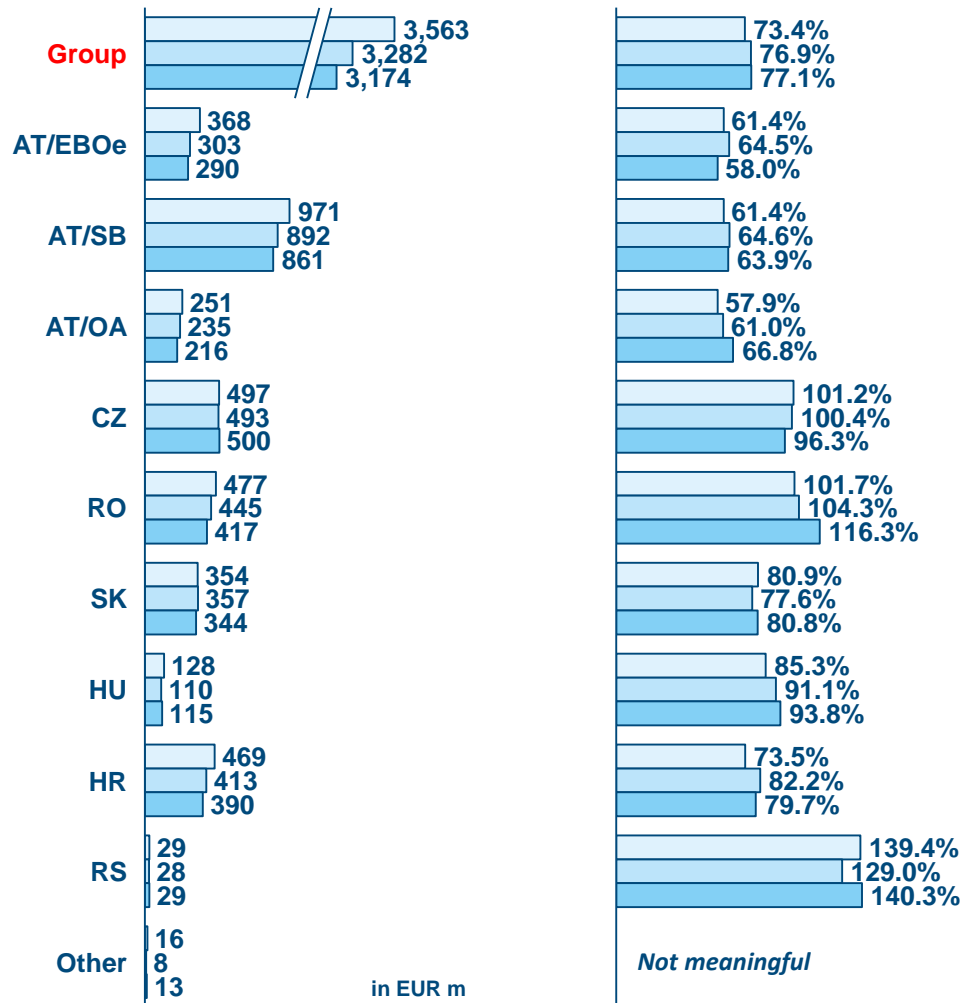


- NPL volume declines to EUR 4.1bn in Q4 19, resulting in lowest NPL ratio since going public in 1997, supported by:
 - Continued recoveries and upgrades, albeit at a lower level than in Q4 18 and Q3 19, but more than offsetting gross new inflows
- NPL sales of EUR 94.9m in Q4 19 (Q3 19: EUR 63.5m)
 - Retail: EUR 62.1m (Q3 19: EUR 45.3m)
 - Corporates: EUR 32.8m (Q3 19: EUR 18.2m)
 - Q4 19 NPL sales mainly in Romania, Slovakia and in the Holding

Business performance: allowances for loans and NPL coverage –

NPL coverage rises to 77.1%

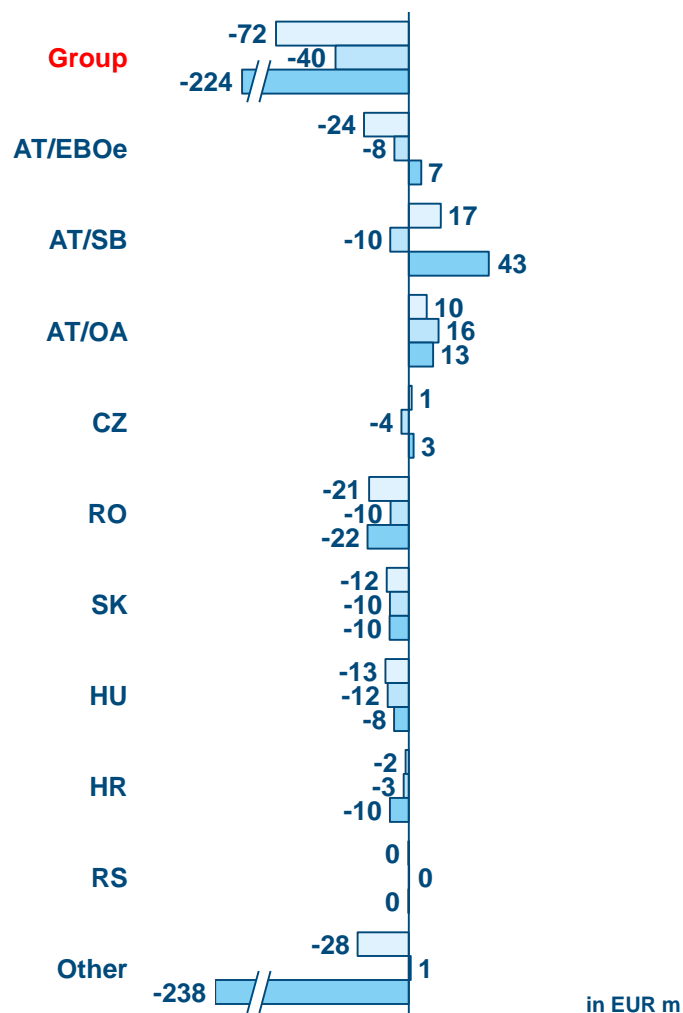
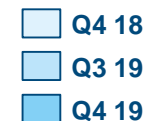
31/12/18
30/09/19
31/12/19



- NPL coverage rises yoy and qoq driven by NPL stock decrease followed by less significant allowances reduction
- Year-on-year segment trends:
 - AT/SB, AT/OA, RO, HU, HR: reduction in NPLs at a faster pace than allowances result in higher coverage
 - No material changes in other markets; excellent macro backdrop allows for release of provisions in some markets
- Quarter-on-quarter segment trends:
 - AT/EBOe: decline in coverage partially due to new defaults of highly collateralised (and lower provisioned) leasing contracts
 - AT/OA, RO: reduction of allowances primarily due to sales and writes-offs, partially offset by additional allowances for performing portfolio and strengthening of coverage of existing NPLs; NPL coverage ratio improves in both segments

Business performance: other result –

Other result impacted by SK goodwill impairment in Q4 19

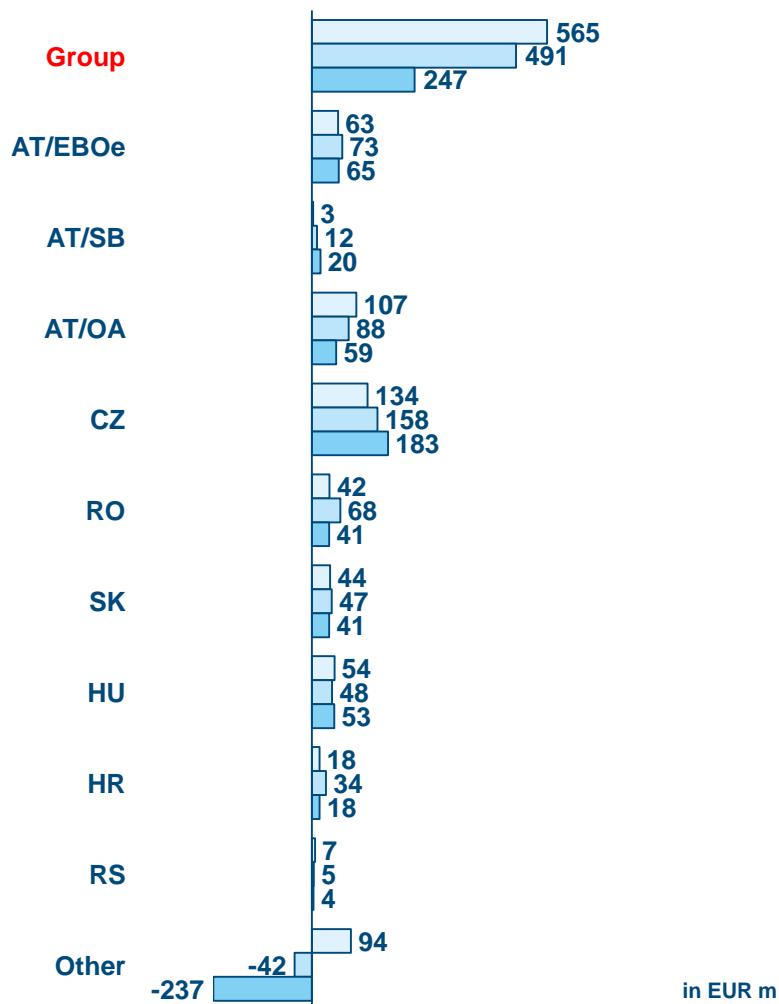


- Yoy and qoq deterioration primarily resulting from Slovakian (banking tax-related) goodwill write-down in the amount of EUR 165 million
- Year-on-year segment trends:
 - AT/EBOe: Q4 18 impacted by litigation provisions which did not recur in Q4 19, real estate selling gains in Q4 19
 - AT/SB: improvement due to booking of badwill in the amount of EUR 27m related to banking acquisition
 - HR: deterioration due to booking of legal provisions
 - Other: negatively impacted by Slovakian goodwill writedown of EUR 165 million in Q4 19
- Quarter-on-quarter segment trends:
 - AT/EBOe: improvement due to real estate selling gains
 - AT/SB: supported by booking of badwill (see above), and real estate selling gains
 - RO: booking of banking tax in the amount of EUR 11 million
 - HR: see above
 - Other: see above

Business performance: net result –

Net profit impacted by one-offs, higher risk costs

Q4 18
Q3 19
Q4 19



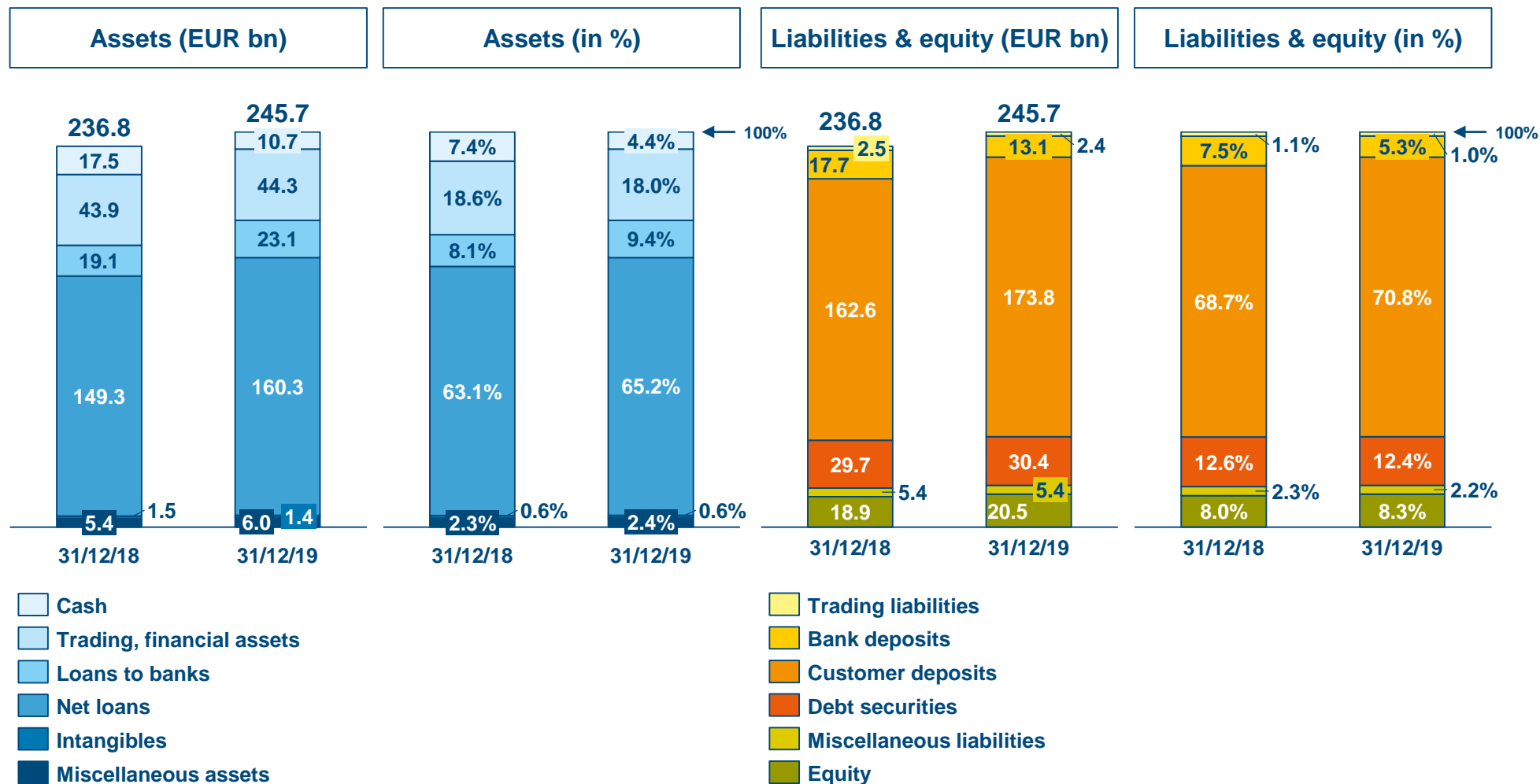
- Yoy development driven by one-off write-down of Slovakian goodwill, higher tax charge (Q4 18 benefitted from significant one-off tax effects), higher risk costs and minority charge
- Qoq profitability mirrors weaker other result (SK goodwill) and higher risk costs and seasonally higher expenses
- Year-on-year segment trends:
 - AT/OA: weaker net result exclusively due to higher risk costs in Q4 19 – Q4 18 benefitted from releases and recoveries
 - CZ: stronger net result due to better NII and lower risk costs
- Quarter-on-quarter segment trends:
 - AT/OA: higher risk costs, slightly weaker operating result
 - CZ: improvement primarily due to better NII
 - RO: higher risk costs, slightly weaker operating result
 - HR: lower net profit due to booking of legal provisions
 - Other: Slovakian goodwill write-down of EUR 165.0m
- Return on equity at 5.5%, following 14.3% in Q3 19, and 16.0% in Q4 18
- Cash return on equity at 5.6%, following 14.4% in Q3 19, and 16.1% in Q4 18

Presentation topics

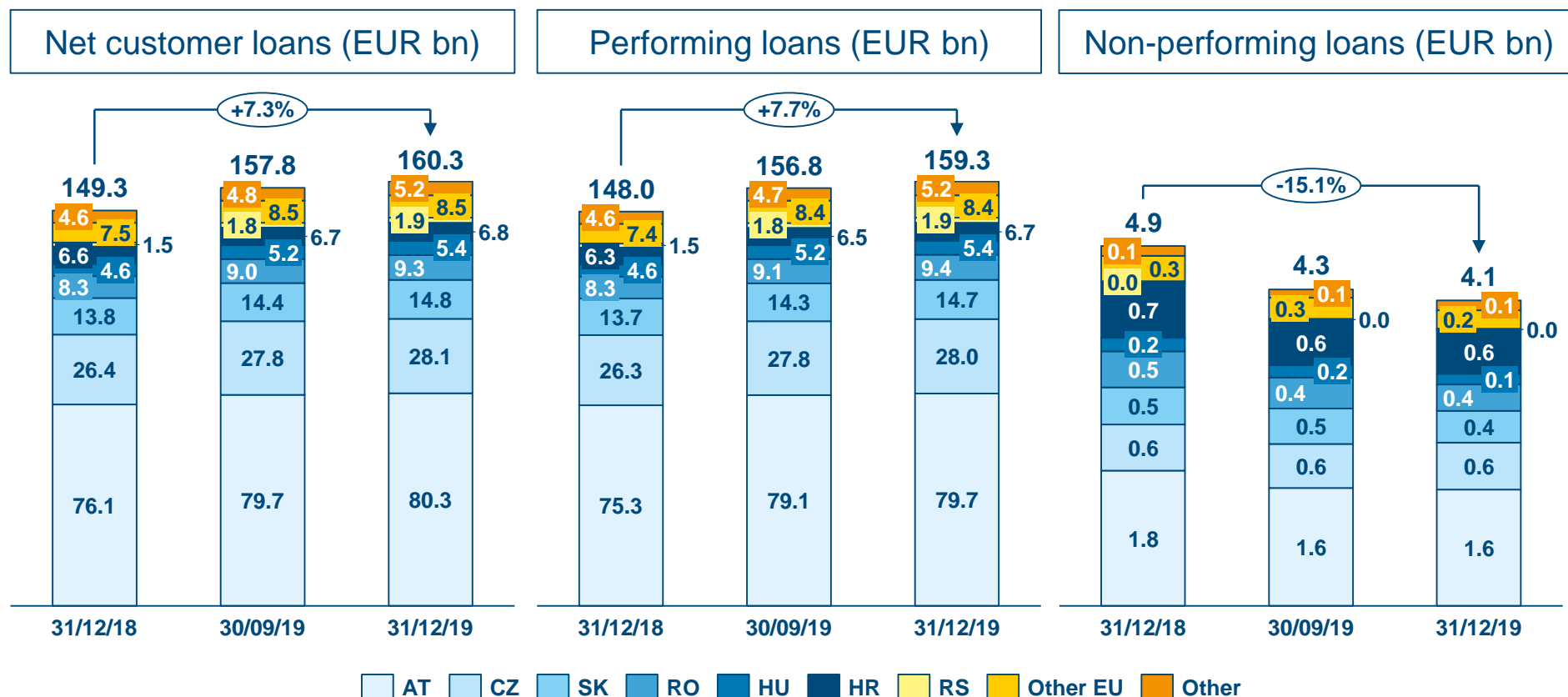
- Executive summary
- Business environment
- Business performance
- **Assets and liabilities**
- Key takeaways and outlook
- Additional information

Assets and liabilities: YTD overview –

Loan/deposit ratio stable at 92.2% (Dec 18: 91.8%)

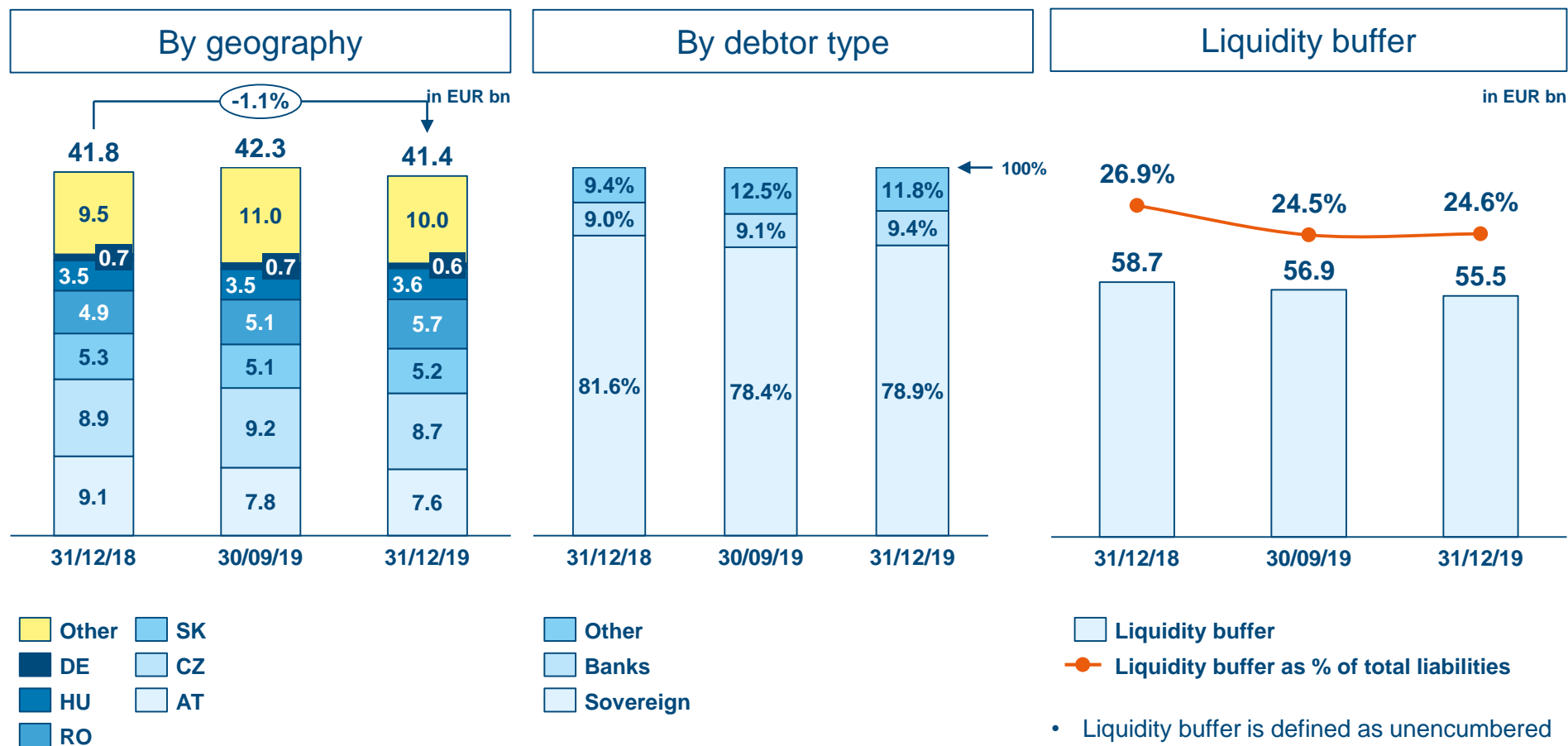


Assets and liabilities: customer loans by country of risk – Net customer loans up 7.3%, NPLs down 15.1% in 2019



- Performing loans enjoy solid growth in most geographies, led by Hungary, Serbia and Slovakia; Savings Banks also performed strongly with 7.9% yoy growth
- Corporates performed better than Retail, but also benefitted from segment shift from Retail to Corporates
- 15.1% decline in NPL stock in 2019 driven by reductions across most geographies

Assets and liabilities: financial and trading assets* – LCR at excellent 148.0%

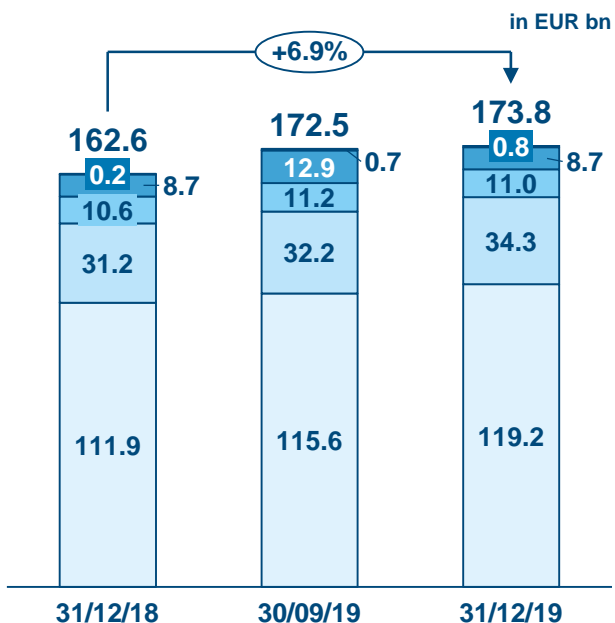


* Excludes derivatives held for trading.

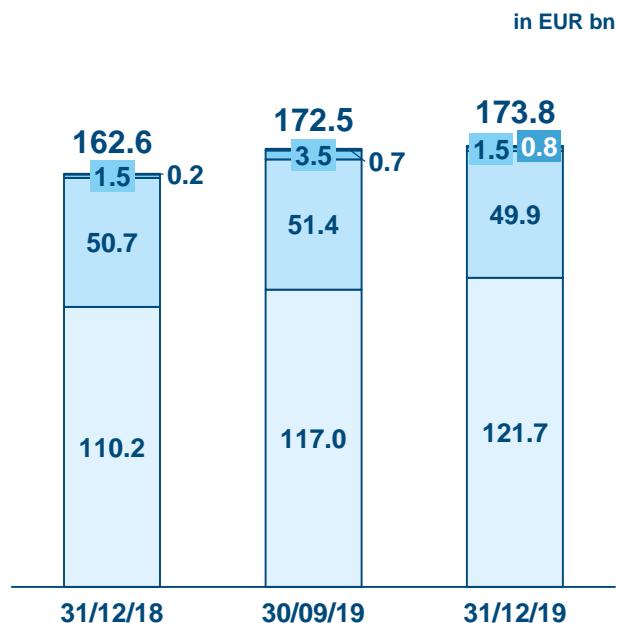
Assets and liabilities: customer deposit funding –

Customer deposits grow by 6.9% in 2019, driven by households and corporates

By customer type

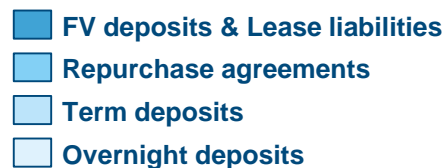
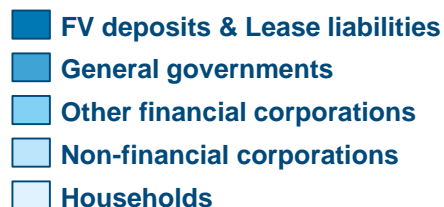


By product type



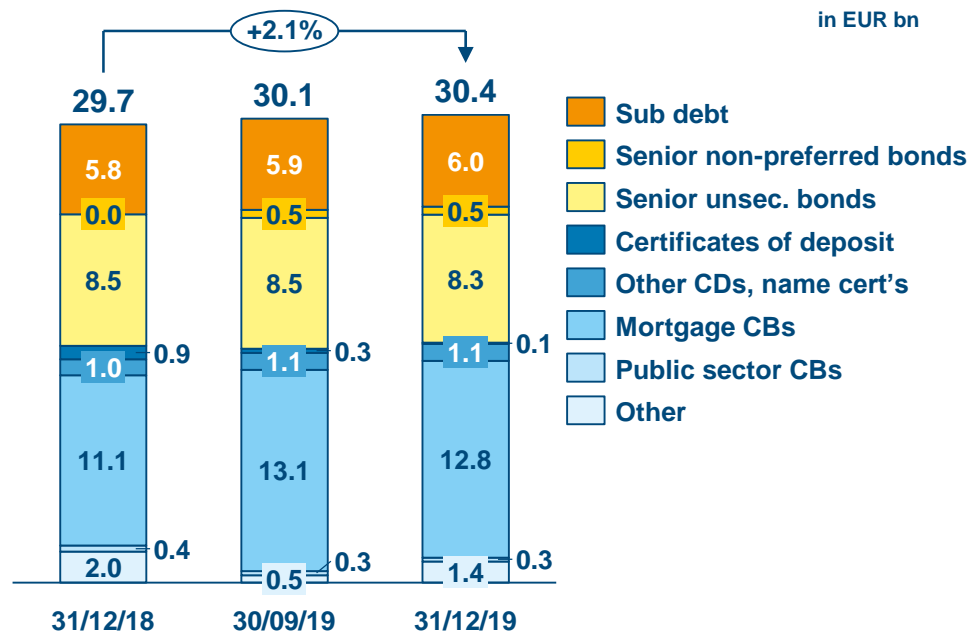
Highlights

- 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



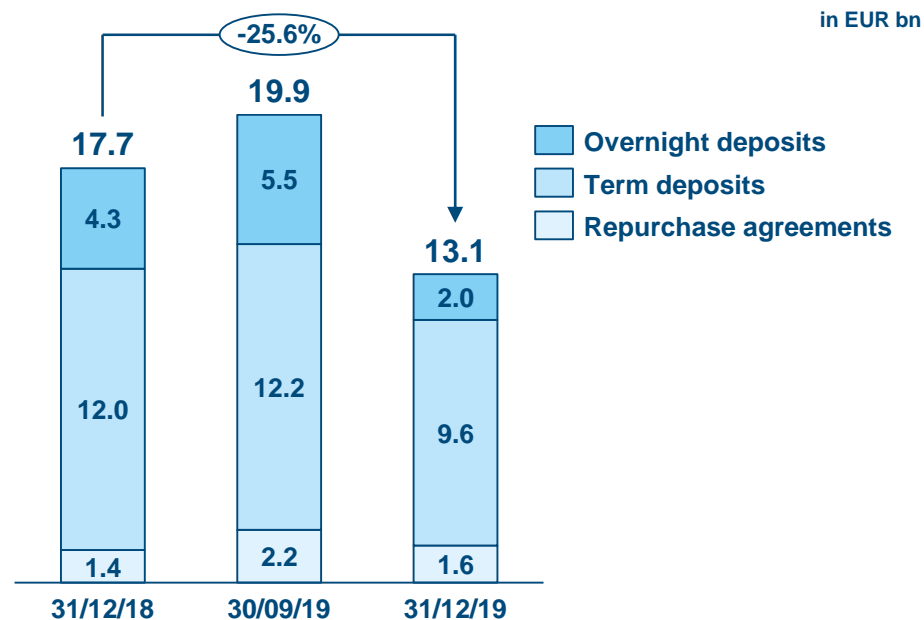
Assets and liabilities: debt vs interbank funding – Taking advantage of favourable market conditions

Debt securities issued



- Slight yoy increase primarily related to start of NPS issuance in preparation for MREL implementation

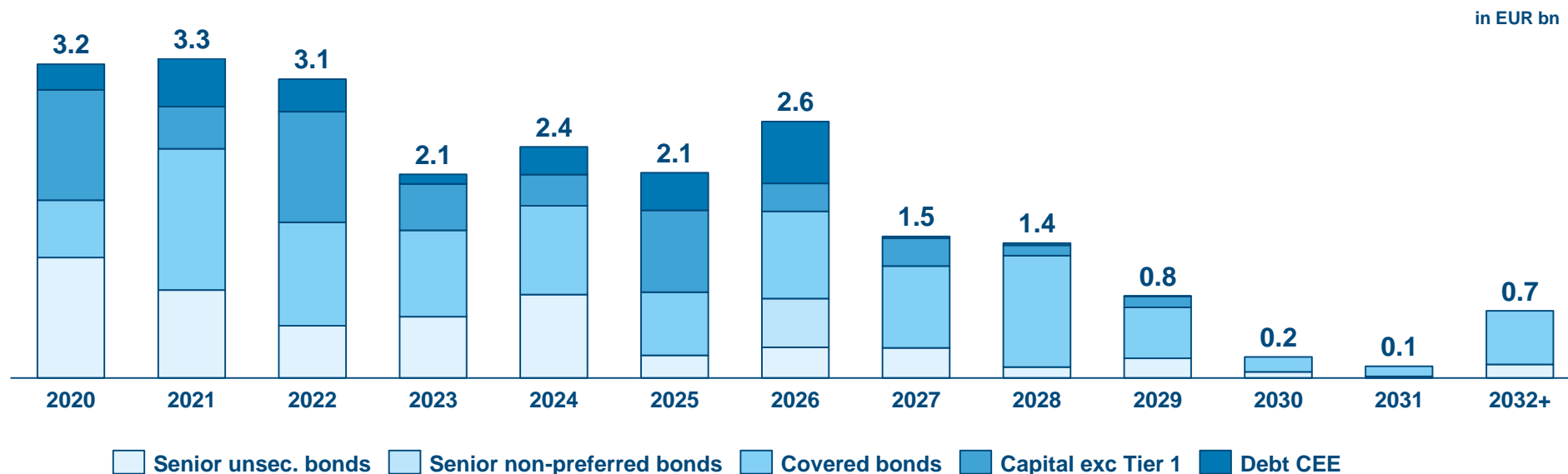
Interbank deposits



- Seasonal decline in interbank deposits mainly in overnight and term deposits

Assets and liabilities: LT funding – Stable LT funding needs in 2020

Maturity profile of debt



- Erste Group started the year with a EUR 750m covered bond issuance in January 2020; pricing at MS+3pbs
- Furthermore a EUR 500m perpNC7.2 AT1 was issued with a 3.375% annual coupon in the second half of January representing the second lowest coupon for a EUR AT1 ever printed
- Funding needs in 2020 out of holding amount to approx. EUR 4bn in various seniorities

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



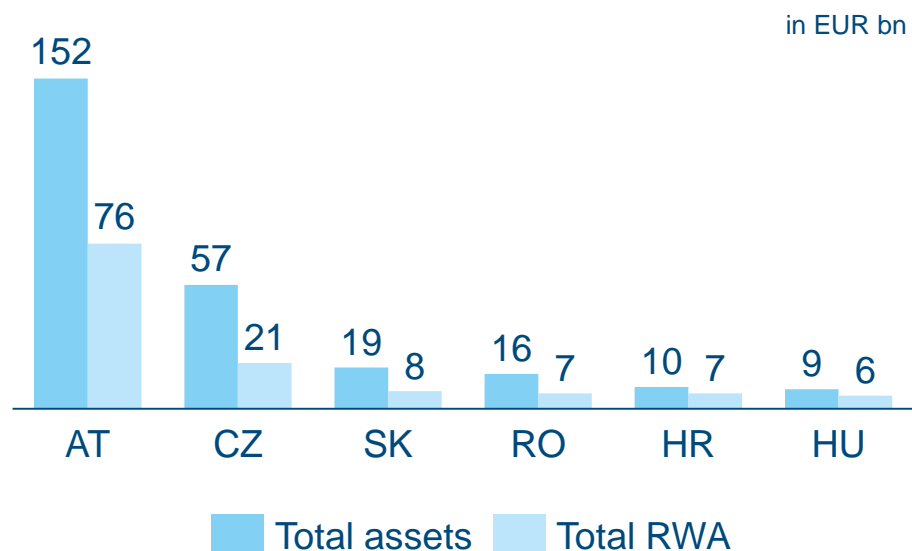
Austrian resolution group

- 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
- **Binding MREL target for Austrian resolution group expected in H1 20, other resolution groups to follow**

*) Subject to joint decision of resolution authority

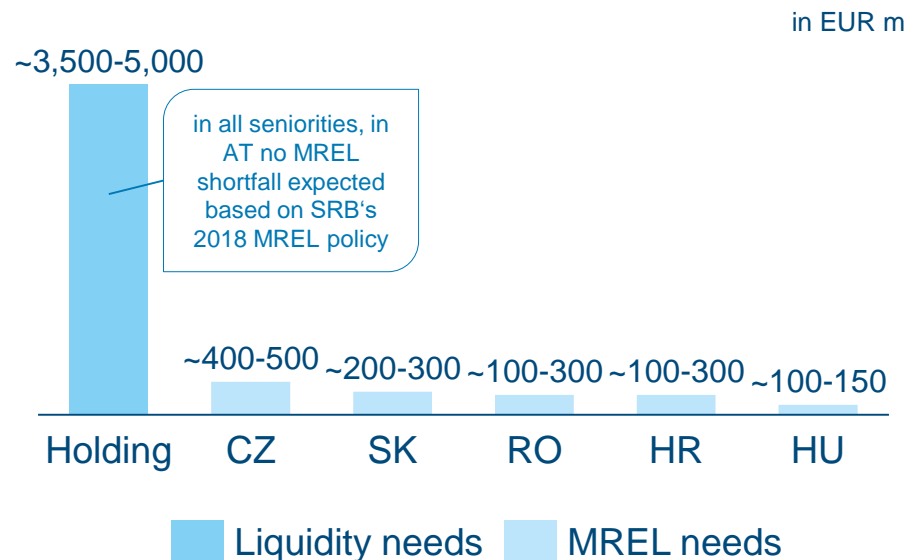
Assets and liabilities: LT funding – MREL update

MREL resolution groups (2019)



- Under MREL there are 6 resolution groups covered by the Single Resolution Board
- The Austrian resolution group (parent company, EBOe and savings banks) is not considered a legal entity or reporting unit, hence there is neither a statutory reporting nor a capital requirement for the Austrian resolution group

Preliminary 5-year issuance plan (avg pa)

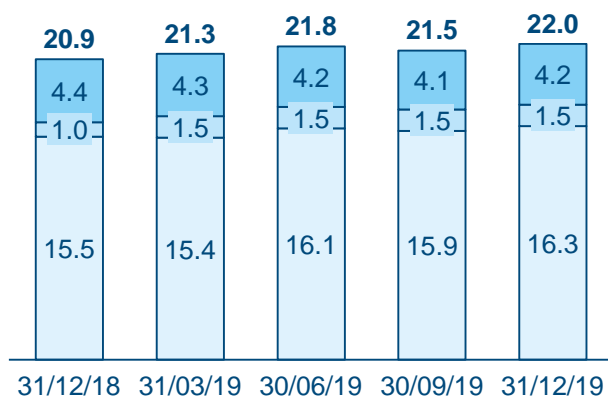


- CEE issuances will mainly be placed in domestic market
- First NPS issuances by Erste Group Bank AG (in EUR) and BCR (in RON) in 2019 and Slovenska sporitelna in Feb 2020

Assets and liabilities: capital position – B3FL CET1 ratio at 13.7%

Basel 3 capital (phased-in)

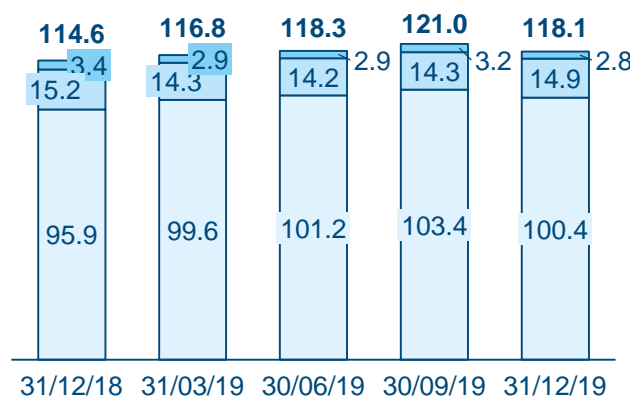
in EUR bn



■ Tier 2 ■ AT1 ■ CET1

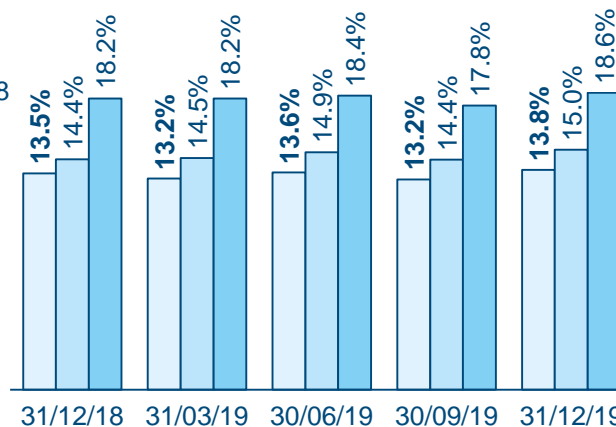
Risk-weighted assets (phased-in)

in EUR bn



■ Market risk ■ Op risk ■ Credit RWA

Basel 3 capital ratios (phased-in)



■ CET1 ■ Tier 1 ■ Total capital

- CET1 capital (including minorities): +EUR 735m yoy:
 - Increase in retained earnings: +EUR 696m
 - Increase in minority interest partially offset by change in OCI
- AT1 issuance in 2019: +EUR 497m

- Yoy credit RWA inflation limited to EUR 4.5bn, as Q4 19 benefitted from:
 - Positive portfolio effects of EUR -1.4bn: rating upgrades and minor migrations to default
 - Positive method effects of EUR -1.8bn: new PD methodology, LGD and CCF re-estimation

- B3FL CET1 ratio at 13.7% (YE 2018: 13.5%)
- B3FL total capital ratio at 18.5% (YE 2018: 18.1%)

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Conclusion –

Key takeaways and outlook for 2020

2019 key takeaways

Operating in the **growth engine** of the European Union

- CEE continued to grow in a sustainable and **balanced** manner in 2019, with real GDP growth between 2.3% (SK) and **4.9% (HU)**, driven by **full employment**
- Austria also performed well at 1.6% real GDP growth

Strong operating performance – **positive jaws**

- Strong revenue performance: +4.9%
- Good cost control: +2.4%
- Positive jaws for second consecutive year
- Improved **cost/income ratio: 59.0%**

Sound **asset quality**, low risk costs

- Healthy net **loan growth: +7.3%**
- **NPL ratio** improved for 6th consecutive year to **2.5%**
- NPL coverage ratio up again to 77.1%
- Benign risk costs at 7bps of avg gross customer loans

Strong **capital position**

- **CET 1 ratio (final)** increased to **13.7%**, slightly exceeding management target of 13.5%
- 3rd successful AT1 issuance, first NPS issuance in Austria and Romania, respectively

Above average **profitability**

- **Double-digit ROTE** for 5th consecutive year: 11.2% (despite significant negative one-offs)
- Dividend payout at 43.9%, DPS up to EUR 1.5

Risk factors to guidance

2020 outlook

- Slight economic slowdown expected, with growth rates between 2%-4% in CEE, 1.3% in Austria
- Domestic economies will remain pillars of support

- **Ambition to continue on positive jaws path**, ie revenue growth > cost growth, supported primarily by net interest income and fee growth
- 2024 CIR target of 55% confirmed

- **Net loan growth in mid-single digits**
- Risk costs expected to remain low (max 20bps of avg gross customer loans)

- Continued capital generation should lift CET1 ratio (final) further
- Following final MREL targets, further NPS issuance activity

- Targeting continued **double-digit ROTE (>10%)**
- Incremental increase in DPS

- Impact from other than expected interest rate development
- Political or regulatory measures against banks
- Geopolitical risks and global economic risks
- Negative economic effects from spreading of Corona virus

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

in EUR million	Year-to-date view			Quarterly view				
	2018	2019	YOY-Δ	Q4 18	Q3 19	Q4 19	YOY-Δ	QOQ-Δ
Net interest income	4,582.0	4,746.8	3.6%	1,210.0	1,187.7	1,229.5	1.6%	3.5%
Interest income	5,174.3	5,544.0	7.1%	1,374.9	1,397.4	1,404.6	2.2%	0.5%
Other similar income	1,772.6	1,655.2	-6.6%	437.0	392.0	423.8	-3.0%	8.1%
Interest expenses	-1,003.4	-1,054.9	5.1%	-270.6	-262.9	-237.1	-12.4%	-9.8%
Other similar expenses	-1,361.5	-1,397.5	2.6%	-331.3	-338.8	-361.8	9.2%	6.8%
Net fee and commission income	1,908.4	2,000.1	4.8%	477.7	503.9	515.9	8.0%	2.4%
Fee and commission income	2,377.0	2,373.5	-0.1%	587.0	616.8	567.7	-3.3%	-8.0%
Fee and commission expenses	-468.6	-373.4	-20.3%	-109.3	-113.0	-51.8	-52.6%	-54.1%
Dividend income	29.0	27.9	-4.0%	6.7	5.1	3.8	-43.1%	-24.7%
Net trading result	-1.7	318.3	n/a	48.7	109.2	-101.0	n/a	n/a
Gains/losses from financial instruments measured at fair value through profit or loss	195.4	-24.5	n/a	29.6	-49.2	164.9	>100.0%	n/a
Net result from equity method investments	13.1	17.1	30.5%	3.1	3.1	7.0	>100.0%	>100.0%
Rental income from investment properties & other operating leases	189.4	170.1	-10.2%	43.6	41.5	41.7	-4.3%	0.5%
Personnel expenses	-2,474.2	-2,537.1	2.5%	-643.8	-631.3	-650.0	1.0%	3.0%
Other administrative expenses	-1,234.9	-1,205.1	-2.4%	-313.4	-253.8	-325.8	4.0%	28.4%
Depreciation and amortisation	-472.0	-541.0	14.6%	-121.7	-129.8	-146.6	20.5%	13.0%
Gains/losses from derecognition of financial assets measured at amortised cost	0.1	0.9	>100.0%	-0.1	-1.3	1.3	n/a	n/a
Other gains/losses from derecognition of financial instruments not measured at fair value through profit or loss	5.7	23.5	>100.0%	-4.1	7.9	5.5	n/a	-29.9%
Impairment result from financial instruments	59.3	-39.2	n/a	-42.9	0.1	-82.1	91.4%	n/a
Other operating result	-304.5	-628.2	>100.0%	-67.6	-46.2	-230.9	>100.0%	>100.0%
Levies on banking activities	-112.2	-128.0	14.1%	-24.1	-26.2	-37.1	54.0%	41.7%
Pre-tax result from continuing operations	2,495.0	2,329.7	-6.6%	626.0	746.8	433.2	-30.8%	-42.0%
Taxes on income	-332.4	-418.7	25.9%	22.5	-138.2	-67.8	n/a	-50.9%
Net result for the period	2,162.5	1,911.1	-11.6%	648.5	608.6	365.4	-43.7%	-40.0%
Net result attributable to non-controlling interests	369.1	440.9	19.5%	83.3	117.6	118.2	41.8%	0.5%
Net result attributable to owners of the parent	1,793.4	1,470.1	-18.0%	565.2	491.1	247.2	-56.3%	-49.7%
Operating income	6,915.6	7,255.9	4.9%	1,819.5	1,801.2	1,861.8	2.3%	3.4%
Operating expenses	-4,181.1	-4,283.3	2.4%	-1,078.8	-1,014.9	-1,122.4	4.0%	10.6%
Operating result	2,734.6	2,972.7	8.7%	740.6	786.4	739.4	-0.2%	-6.0%

Additional information: group balance sheet – Assets

in EUR million	Quarterly data					Change		
	Dec 18	Mar 19	Jun 19	Sep 19	Dec 19	YOY-Δ	YTD-Δ	QOQ-Δ
Cash and cash balances	17,549	16,382	16,843	15,638	10,693	-39.1%	-39.1%	-31.6%
Financial assets held for trading	5,584	6,331	6,464	7,215	5,760	3.1%	3.1%	-20.2%
Derivatives	3,037	3,208	3,101	3,551	2,805	-7.6%	-7.6%	-21.0%
Other financial assets held for trading	2,547	3,123	3,363	3,664	2,954	16.0%	16.0%	-19.4%
Non-trading financial assets at fair value through profit and loss	3,310	3,328	3,377	3,350	3,208	-3.1%	-3.1%	-4.2%
Equity instruments	372	367	401	393	390	4.8%	4.8%	-0.7%
Debt securities	2,651	2,692	2,459	2,539	2,335	-11.9%	-11.9%	-8.0%
Loans and advances to banks	0	0	0	0	0	n/a	n/a	n/a
Loans and advances to customers	287	269	518	419	483	68.7%	68.7%	15.5%
Financial assets at fair value through other comprehensive income	9,272	9,207	9,404	8,940	9,047	-2.4%	-2.4%	1.2%
Equity instruments	239	271	285	312	210	-12.0%	-12.0%	-32.6%
Debt securities	9,033	8,936	9,119	8,629	8,836	-2.2%	-2.2%	2.4%
Financial assets at amortised cost	189,106	195,852	199,411	204,079	204,162	8.0%	8.0%	0.0%
Debt securities	26,050	26,594	26,892	26,808	26,764	2.7%	2.7%	-0.2%
Loans and advances to banks	19,103	22,741	23,035	25,241	23,055	20.7%	20.7%	-8.7%
Loans and advances to customers	143,953	146,518	149,484	152,030	154,344	7.2%	7.2%	1.5%
Finance lease receivables	3,763	3,779	3,925	3,987	4,034	7.2%	7.2%	1.2%
Hedge accounting derivatives	132	139	168	182	130	-1.7%	-1.7%	-28.4%
Property and equipment	2,293	2,663	2,580	2,509	2,629	14.7%	14.7%	4.8%
Investment properties	1,159	1,243	1,228	1,226	1,266	9.2%	9.2%	3.3%
Intangible assets	1,507	1,489	1,490	1,491	1,368	-9.2%	-9.2%	-8.2%
Investments in associates and joint ventures	198	200	204	202	163	-17.7%	-17.7%	-19.2%
Current tax assets	101	98	92	80	81	-20.3%	-20.3%	0.7%
Deferred tax assets	402	412	417	436	477	18.6%	18.6%	9.5%
Assets held for sale	213	141	214	242	269	26.1%	26.1%	10.9%
Trade and other receivables	1,318	1,391	1,404	1,405	1,408	6.8%	6.8%	0.2%
Other assets	882	1,050	1,039	1,119	1,001	13.5%	13.5%	-10.5%
Total assets	236,792	243,706	248,261	252,101	245,693	3.8%	3.8%	-2.5%

Additional information: group balance sheet – Liabilities and equity

in EUR million	Quarterly data					Change		
	Dec 18	Mar 19	Jun 19	Sep 19	Dec 19	YOY-Δ	YTD-Δ	QOQ-Δ
Financial liabilities held for trading	2,508	2,277	2,518	2,751	2,421	-3.5%	-3.5%	-12.0%
Derivatives	2,000	1,979	2,125	2,411	2,005	0.3%	0.3%	-16.8%
Other financial liabilities held for trading	508	298	393	341	416	-18.2%	-18.2%	22.0%
Financial liabilities at fair value through profit or loss	14,122	14,449	14,605	14,550	13,494	-4.4%	-4.4%	-7.3%
Deposits from customers	212	229	255	277	265	25.0%	25.0%	-4.3%
Debt securities issued	13,446	13,784	13,914	13,754	13,011	-3.2%	-3.2%	-5.4%
Other financial liabilities	464	436	436	520	219	-52.9%	-52.9%	-57.9%
Financial liabilities at amortised cost	196,863	201,357	205,560	208,728	204,143	3.7%	3.7%	-2.2%
Deposits from banks	17,658	20,295	19,043	19,936	13,141	-25.6%	-25.6%	-34.1%
Deposits from customers	162,426	165,556	169,004	171,831	173,066	6.6%	6.6%	0.7%
Debt securities issued	16,293	14,886	16,859	16,350	17,360	6.6%	6.6%	6.2%
Other financial liabilities	486	620	653	611	576	18.5%	18.5%	-5.6%
Lease liabilities	0	432	409	403	515	>100.0%	>100.0%	27.8%
Hedge accounting derivatives	277	285	276	291	269	-2.8%	-2.8%	-7.4%
Fair value changes of hedged items in portfolio hedge of interest rate risk	0	0	0	0	0	-77.9%	-77.9%	-81.3%
Provisions	1,705	1,877	2,004	2,001	1,919	12.6%	12.6%	-4.1%
Current tax liabilities	99	88	75	89	61	-38.9%	-38.9%	-31.6%
Deferred tax liabilities	23	30	31	24	18	-21.8%	-21.8%	-26.1%
Liabilities associated with assets held for sale	3	6	7	7	6	86.4%	86.4%	-13.7%
Other liabilities	2,323	3,151	3,127	3,128	2,369	2.0%	2.0%	-24.3%
Total equity	18,869	19,754	19,649	20,130	20,477	8.5%	8.5%	1.7%
Equity attributable to non-controlling interests	4,494	4,570	4,639	4,735	4,857	8.1%	8.1%	2.6%
Additional equity instruments	993	1,490	1,490	1,490	1,490	50.1%	50.1%	0.0%
Equity attributable to owners of the parent	13,381	13,694	13,520	13,904	14,129	5.6%	5.6%	1.6%
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	1,478	0.1%	0.1%	0.1%
Retained earnings and other reserves	11,045	11,358	11,183	11,568	11,792	6.8%	6.8%	1.9%
Total liabilities and equity	236,792	243,706	248,261	252,101	245,693	3.8%	3.8%	-2.5%

Additional information: regulatory capital position/requirement (SREP) – Capital requirements (SREP) for 2020; Erste Group target of 13.5% unchanged

- Combined impact of countercyclical buffers amounts to 55 bps in 2020
- Management buffer targeted in 100-150bps range

	Erste Group Consolidated				Erste Group Unconsolidated			
	2017	Phased-in 2018	2019	Fully loaded 2020	2018	Phased-in 2019	Fully loaded 2020	
Pillar 1 CET1 requirement	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	
Combined buffer requirement	1.90%	3.19%	4.91%	5.05%	3.07%	4.75%	4.85%	
Capital conservation buffer	1.25%	1.88%	2.50%	2.50%	1.88%	2.50%	2.50%	
Countercyclical capital buffer 2)	0.15%	0.31%	0.41%	0.55%	0.20%	0.25%	0.35%	
OSII/Systemic risk buffer	0.50%	1.00%	2.00%	2.00%	1.00%	2.00%	2.00%	
Pillar 2 CET1 requirement	1.75%	1.75%	1.75%	1.75%	1.75%	1.75%	1.75%	
Pillar 2 CET1 guidance	1.66%	1.05%	1.00%	1.00%	0.00%	0.00%	0.00%	
Regulatory minimum ratios excluding P2G								
CET1 requirement	8.15%	9.44%	11.16%	11.30%	9.32%	11.00%	11.10%	
1.50% AT1 Tier 1 requirement	9.65%	10.94%	12.66%	12.80%	10.82%	12.50%	12.60%	
2.00% T2 Own funds requirement	11.65%	12.94%	14.66%	14.80%	12.82%	14.50%	14.60%	
Regulatory minimum ratios including P2G								
CET1 requirement	9.81%	10.49%	12.16%	12.30%	9.32%	11.00%	11.10%	
1.50% AT1 Tier 1 requirement	9.65%	10.94%	12.66%	13.80%	10.82%	12.50%	12.60%	
2.00% T2 Own funds requirement	11.65%	12.94%	14.66%	15.80%	12.82%	14.50%	14.60%	
Reported CET1 ratio as of December 2019 1)		13.76%			22.89%			

- Buffer to MDA restriction as of 31 Dec 19: 237bps
- Available distributable items (ADI) as of 31 Dec 19: EUR 2.6bn (post proposed 2019 dividend and AT1 coupon; based on CRR II, which allows additional own funds components to be included, ADIs are at EUR 5.1bn)

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.

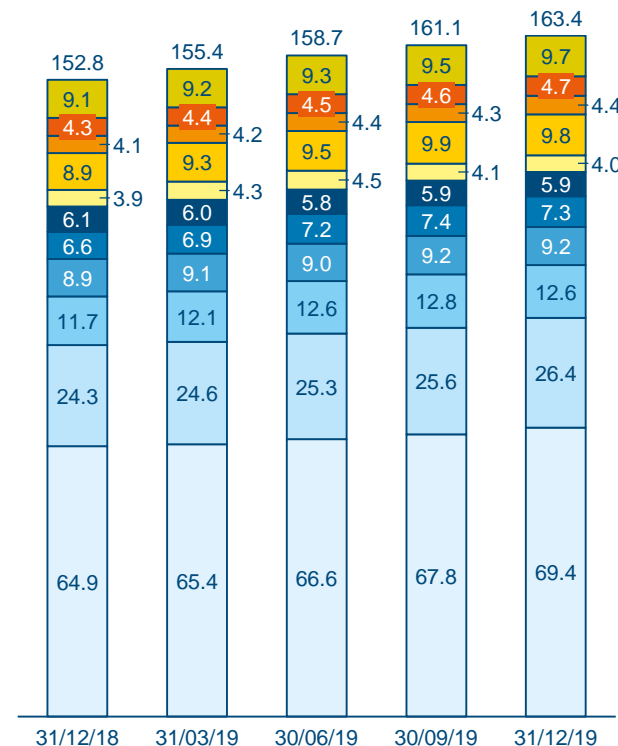
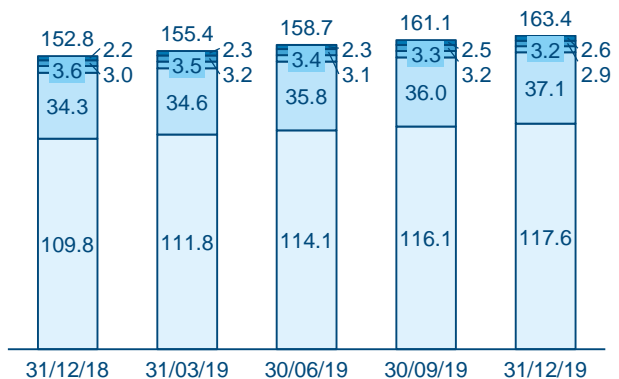
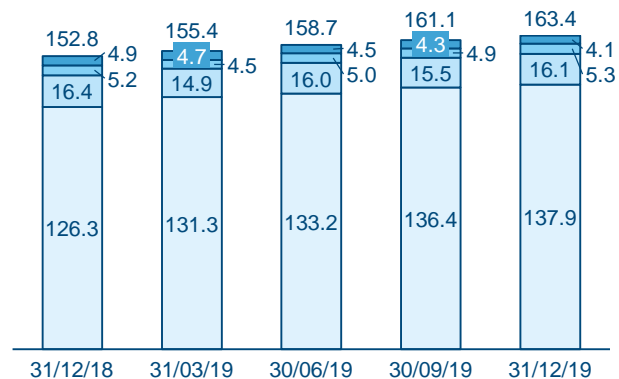
2) Planned values based on Q4 2019 exposure (Q4 19 countercyclical buffer of 0.41% for Erste Group consolidated).

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

Gross cust. loans by risk category (EUR bn)

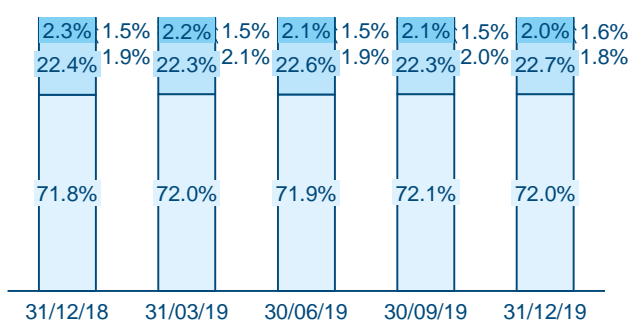
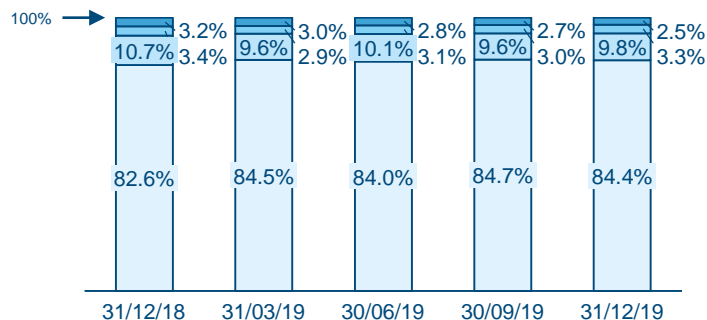
Gross customer loans by currency (EUR bn)

Gross customer loans by industry (EUR bn)



Gross customer loans by risk category (in %)

Gross customer loans by currency (in %)



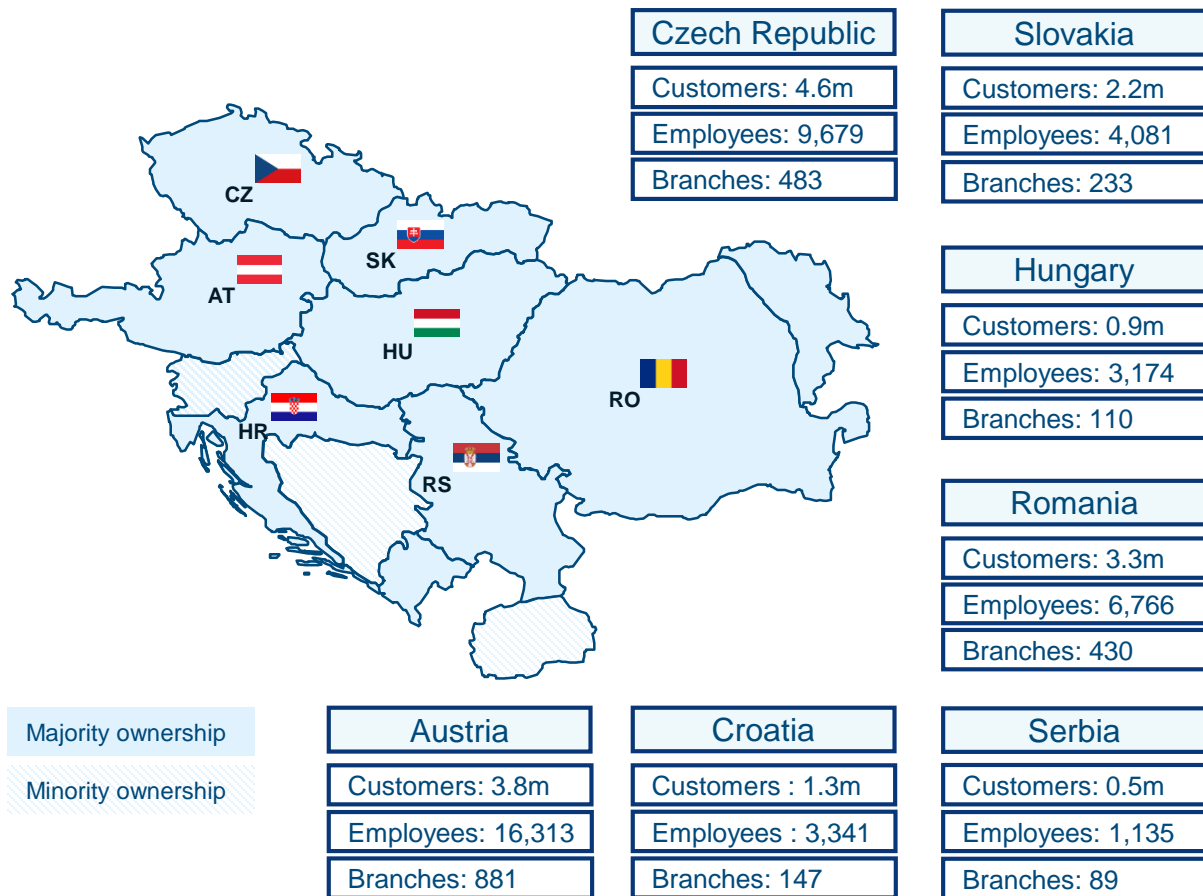
■ Non-performing ■ Management attention
■ Substandard ■ Low risk

■ 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
(The presented FTE data exclude FTEs outside Erste Group's core markets in Austria and CEE as well as FTEs of specific services entities not located in Austria)

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 since 2016: The FTSE4Good Index Series measures the performance of companies with strong environmental, social and governance (ESG) practices



Since 2017 included in the Euronext Vigeo Index: Eurozone 120



In October 2018, Erste Group was awarded **prime status in the ISS ESG ratings**.



In March 2019, imug Investment Research **raised the rating for Erste Group to positive (B)**, mortgage covered bonds are currently rated positive (BB) and public sector covered bonds positive (A).



Included since 2015, Erste Group was **upgraded to AA in July 2019**. Erste Group is a **leader among 212 companies in the banks industry**



Included since 2019 in the Bloomberg Gender-Equality Index. **Erste Group is the only Austrian company represented in this index.**(as of 2020)

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:

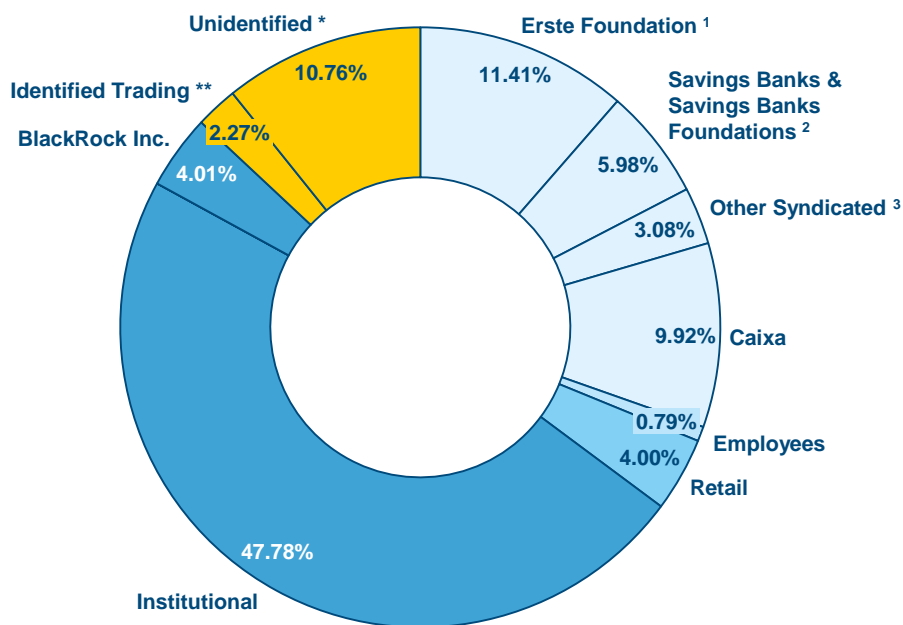


- Since its foundation 200 years ago, Erste Group's purpose has been to promote and secure prosperity. Erste Group values responsibility, respect and sustainability.
- Financial literacy is key to economic prosperity. Therefore, Erste Group offers a variety of financial literacy trainings.
- Erste Group 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

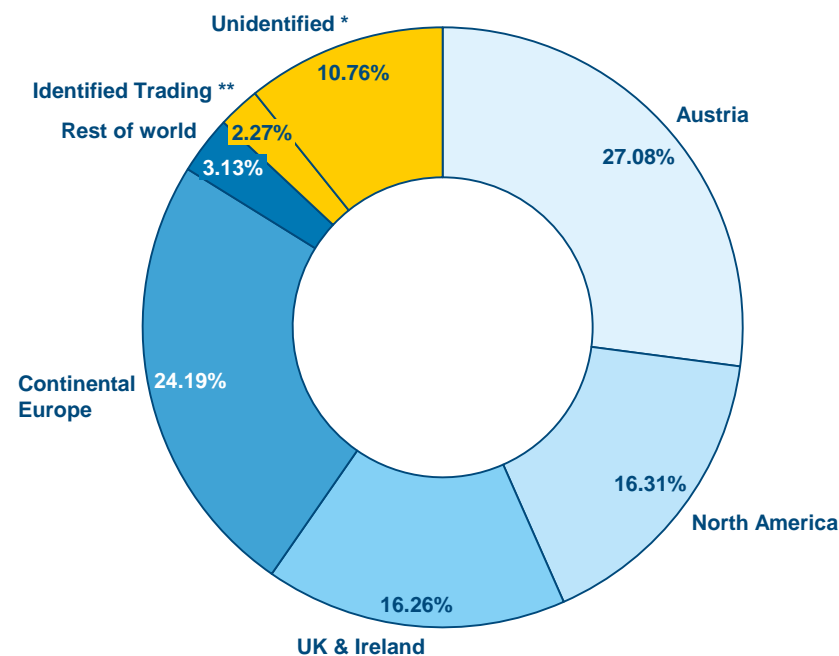
Additional information: shareholder structure –

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 2 January 2020

Investor relations details

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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**

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