Erste Group Bank AG ("Erste Group") Inaugural Additional Tier 1

Investor presentation

May 2016

ERSTE Group

Disclaimer

Cautionary note regarding forward-looking statements

- THE INFORMATION CONTAINED IN THIS DOCUMENT HAS NOT BEEN INDEPENDENTLY VERIFIED AND NO REPRESENTATION OR WARRANTY EXPRESSED OR IMPLIED IS MADE AS TO, AND NO RELIANCE SHOULD BE PLACED ON, THE FAIRNESS, ACCURACY, COMPLETENESS OR CORRECTNESS OF THIS INFORMATION OR OPINIONS CONTAINED HEREIN.

- CERTAIN STATEMENTS CONTAINED IN THIS DOCUMENT MAY BE STATEMENTS OF FUTURE EXPECTATIONS AND OTHER FORWARD-LOOKING STATEMENTS THAT ARE BASED ON MANAGEMENT’S CURRENT VIEWS AND ASSUMPTIONS AND INVOLVE KNOWN AND UNKNOWN RISKS AND UNCERTAINTIES THAT COULD CAUSE ACTUAL RESULTS, PERFORMANCE OR EVENTS TO DIFFER MATERIALLY FROM THOSE EXPRESSED OR IMPLIED IN SUCH STATEMENTS.

- NONE OF ERSTE GROUP OR ANY OF ITS AFFILIATES, ADVISORS OR REPRESENTATIVES SHALL HAVE ANY LIABILITY WHATSOEVER (IN NEGLIGENCE OR OTHERWISE) FOR ANY LOSS HOWSOEVER ARISING FROM ANY USE OF THIS DOCUMENT OR ITS CONTENT OR OTHERWISE ARISING IN CONNECTION WITH THIS DOCUMENT.

- THIS DOCUMENT DOES NOT CONSTITUTE AN OFFER OR INVITATION TO PURCHASE OR SUBSCRIBE FOR ANY SHARES AND NEITHER IT NOR ANY PART OF IT SHALL FORM THE BASIS OF OR BE RELIED UPON IN CONNECTION WITH ANY CONTRACT OR COMMITMENT WHATSOEVER.

Erste Group

Brief profile

Business model	• One of the largest banking groups by total assets in Austria and the Eastern part of the European Union • Leading retail and corporate bank in 7 geographically connected countries • Favorable mix of mature and emerging markets with low penetration rates • Potential for cross selling and organic growth in CEE • Return on tangible equity (ROTE) expected at about 10-11% in 2016 (Q1 2016 11.3%), underpinning continued profit distribution
Capital position	• Well capitalised with transitional CET1 ratio of 12.1% (12.0% fully loaded) as of Q1 2016 • Strong capital generation; with fully loaded CET1 up 176bps yoy • Total capital has grown yoy to 17.6% transitional (17.2% fully loaded) • Fully loaded leverage ratio at 5.7%
Liquidity strength	• Highly liquid and primarily deposit funded, with a liquidity coverage ratio (LCR) at 122.9% • Liquidity buffer at 24.6% as percentage of total liabilities • Conservative funding model with loan/deposit ratio at 98.5% • Well diversified access to wholesale funding sources
Asset quality	• NPL ratio down to 6.7% from 8.1% yoy. NPL coverage at 66.5% as of Q1 2016 • Continued decline of NPL volumes due to lower NPL inflows and continued NPL sales in CEE • Cost of risk significantly down yoy by 69% • Net loans at EUR 126.7bn, up by 2.7% yoy, driven by growth in core businesses in Austria and CEE

Erste Group

Proven business model and sustainable growth potential

Leading retail and corporate bank in Austria and the Eastern part of the EU

- **Founded** in **1819** as the first Austrian savings bank
- Collaboration with 48 Austrian savings banks via a cross-guarantee-system (Haftungsverbund)
- Expansion into European growth region **Central and Eastern Europe**
- Favourable mix of mature and emerging markets
- **Market leadership** position in Austria, Czech Republic, Slovakia and Romania
- **Approx. 15.8m customers** (3.5m thereof in Austria), **2,800 branches**, and **46,600 employees** (approximately 1/3 in Austria)
- **Strong financial metrics (Q1 2016)**
  - Total assets — EUR 206bn
  - Total equity (IFRS) — EUR 15.2bn
  - Net profit after tax — EUR 968m (FY 2015), EUR 275m (Q1 2016)
  - CET1 ratio (B3 FL) — 12.0%
  - Loan to deposit ratio — 98.5%
  - Market capitalisation — EUR 9.8bn[1]

Geographic Overview of Erste Group

	Austria	Czech Republic	Slovakia	Romania	Hungary	Croatia	Serbia
Branches	940	608	290	511	128	158	76
Customers (m)	3.5	4.8	2.3	2.9	0.8	1.1	0.4
Market share: retail loans (%)	19.4	22.8	27.7	17.1	13.8	13.7	4.3
Market share: corporate loans (%)	19.0	19.2	11.3	15.4	5.6	14.0	4.6
Loan exposure[2,3] (%)	52.3	16.1	7.9	7.0	3.2	5.4	0.7
NPL[3] (%)	3.7	4.5	6.3	19.0	16.2	15.8	16.6

1) As of 17 May 2016. Please refer to appendix for further details on shareholder structure
2) Remaining 7.6% loan exposure attributable to Other EU, Other Industrialised Countries and Emerging Markets
3) Country of origination split, "Erste Group Key Financials – Q1 2016", row 209, tab AS T06 (AQ loans)

Transaction highlights

Summary	• Erste Group's inaugural issuance of CRD IV/CRR compliant Additional Tier 1 Capital • Fixed rate perpetual NC[●] structure with 5.125% CET1 trigger and temporary write-down loss absorption • EUR RegS • Benchmark size • Expected rating BB (S&P) • Buffer to 5.125% trigger of 7.0% or EUR 7.0bn for Erste Group[1] as of Q1 2016

Rationale	• Transitioning of Erste Group towards an optimal CRR-compliant capital structure
	• Raising of going concern loss absorbing capital on a non-dilutive basis, contributing to
	    • Going concern: 1.5% AT1 "bucket"
	    • Gone concern: MREL
	    • Rating metrics: RAC, ALAC, LGF
	• Mitigate risk of mandatory distribution restrictions by maximising quantum of CET1 available to meet and exceed Combined Buffer Requirements

Investment thesis	• One of the largest banking groups by total assets in Austria and the Eastern part of the EU with 15.8m customers
	• Limited notional amount of AT1 to be issued by Erste Group compared to other EU issuers
	• Upside from balanced exposure to core CEE markets, most are members of the EU
	• Strong distribution capability:
	    • Management currently intends to give due consideration to the capital hierarchy and preserve seniority of claims
	    • Group transitional CET1 ratio of 12.1% provides buffer of 2.4% over Maximum Distributable Amount (MDA)
	    • Distributable items applicable to AT1 distributions in 2016 pre-dividend payment are EUR 839m

1) Unconsolidated: Buffer to 5.125% trigger of 11.8% or EUR 3.7bn as of YE 2015

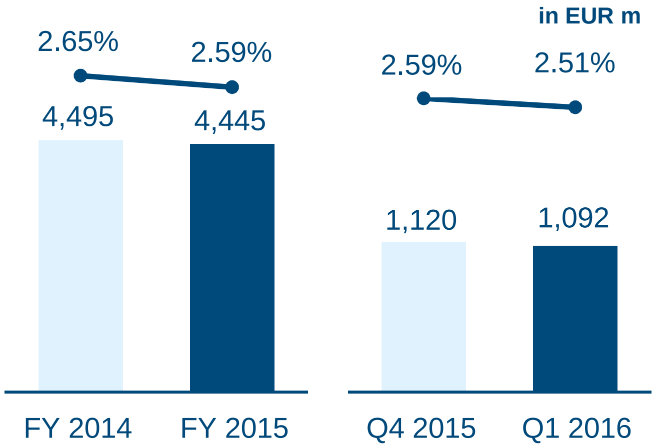
Table of contents

Erste Group overview

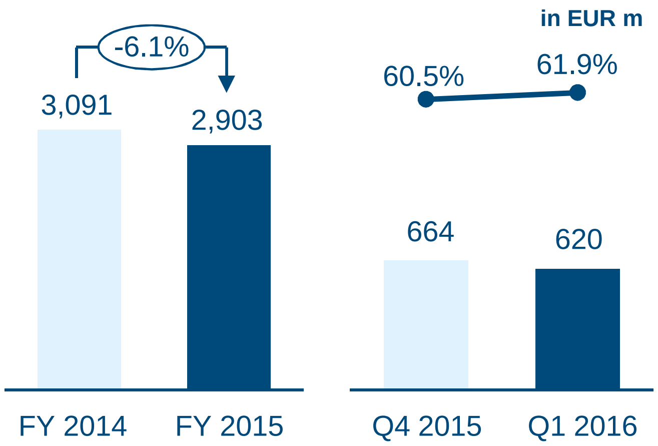
Key financial highlights

Net income and capital generation

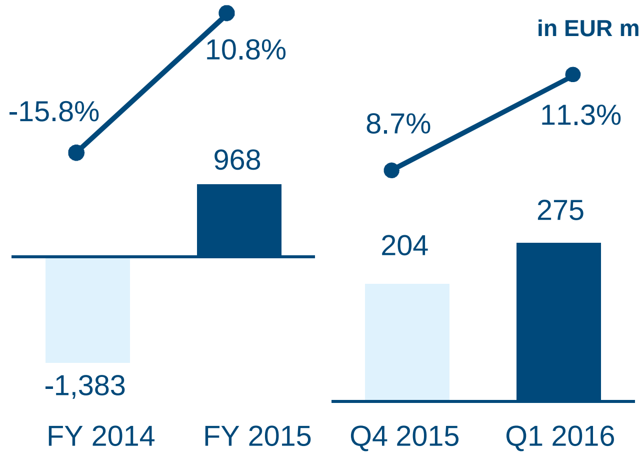
Net interest income & margin



Operating result & cost/income ratio

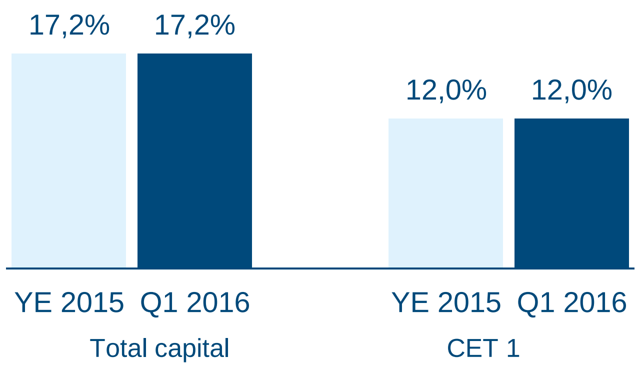


Net profit & ROTE

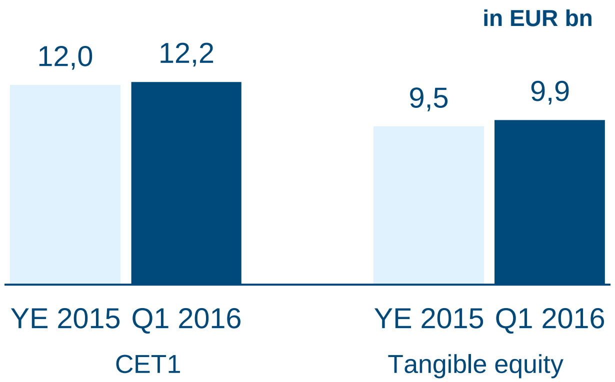


Key balance sheet data

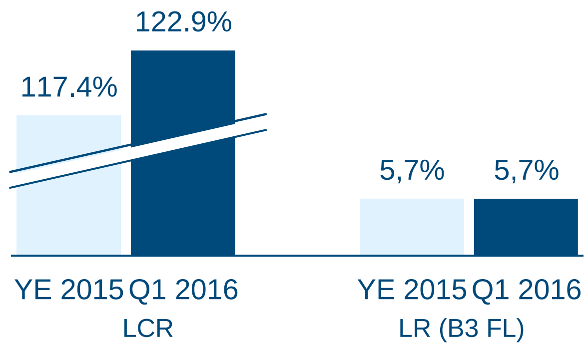
B3 FL capital ratios



B3 FL capital & tangible equity[1]



Liquidity coverage & leverage ratio



1) *Based on shareholders' equity, not total equity*

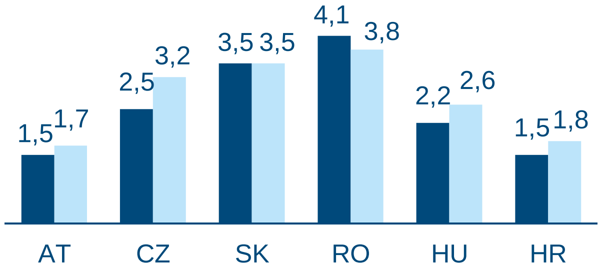
Business environment

Strong underlying economy in Austria and solid growth from core CEE countries

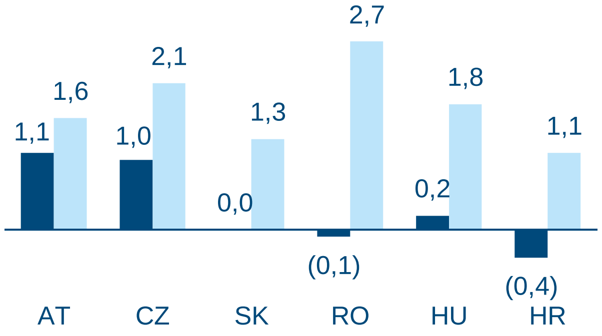
- Austria has a diversified and competitive economy (e.g. ranked 14 out of 186 countries worldwide[1]) with no major macroeconomic imbalances as well as;
  - 3rd lowest unemployment in EU[2]
  - High savings ratio / 2nd highest percentage of savers worldwide[3]
  - 4th richest country in the EU[4]
- Erste Group's core CEE markets posted solid GDP growth in 2015, with continued positive outlook for 2016
- Domestic demand is expected to be the main driver of Erste Group's core CEE economic growth in 2016
- Solid public finances across Erste Group's core CEE markets: almost all countries fulfil Maastricht criteria
- Sustainable current account balances, supported by competitive economies with decreasing unemployment rates amongst core CEE markets

2016E
2017E

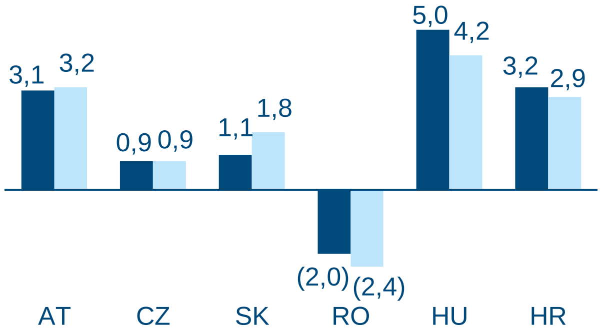
Real GDP growth (in %)



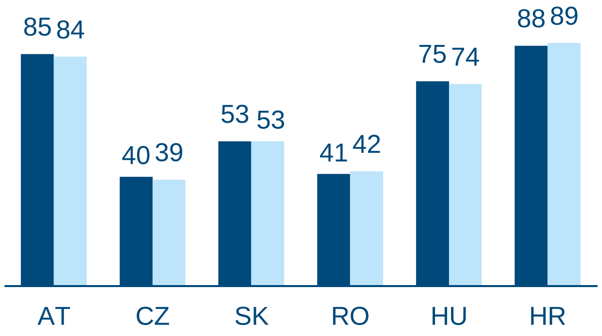
Consumer price inflation (avg. %)



Current account balance (% of GDP)



Public debt (% of GDP)

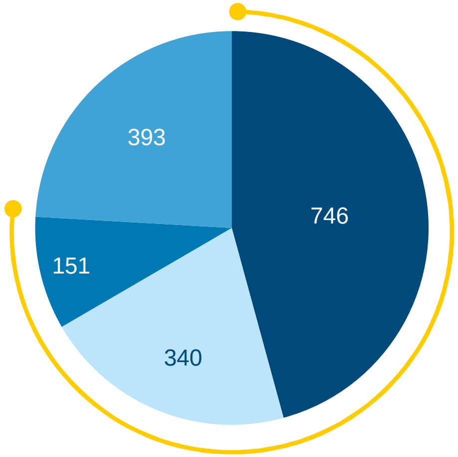


1) Euromoney Country Risk Survey, June 2015
2) OeBFA investor presentation April 2016
3) World Bank Global Financial Inclusion Database (% aged 15+), saved any money in the past year
4) GDP per capita on purchasing power parities, European Commission, Eurostat, September 2015

Business performance overview (Q1 2016) by geographical segmentation

Balanced exposure to Austria and EU members in CEE, with focus on Czech Republic and Slovakia

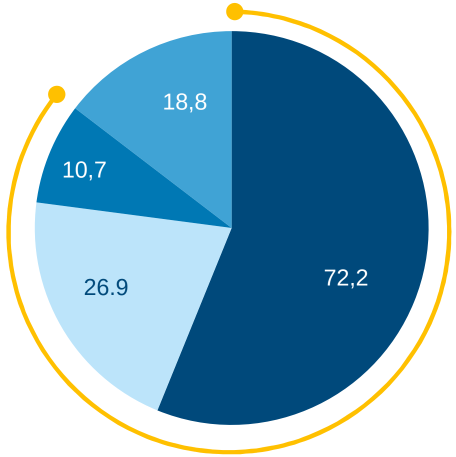
Operating income (EUR m)



Total: 1,629m

AT, CZ, SK: 76%

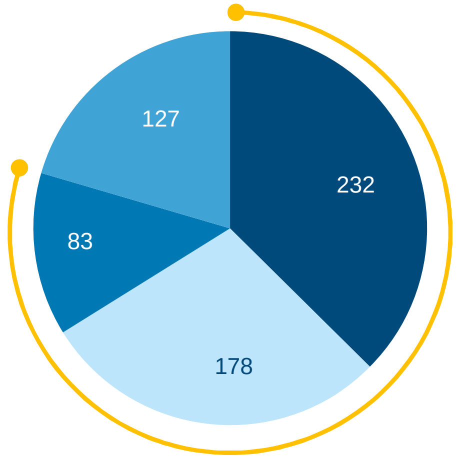
Customer deposits (EUR bn)



Total: 128.6bn

AT, CZ, SK: 85%

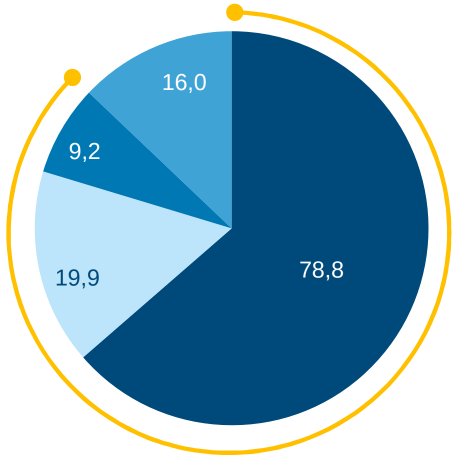
Operating result (EUR m)



Total: 620m

AT, CZ, SK: 80%

Performing customer loans (EUR bn)



Total: 123.8bn

AT, CZ, SK: 87%

By geographical segmentation

AT CZ SK Other

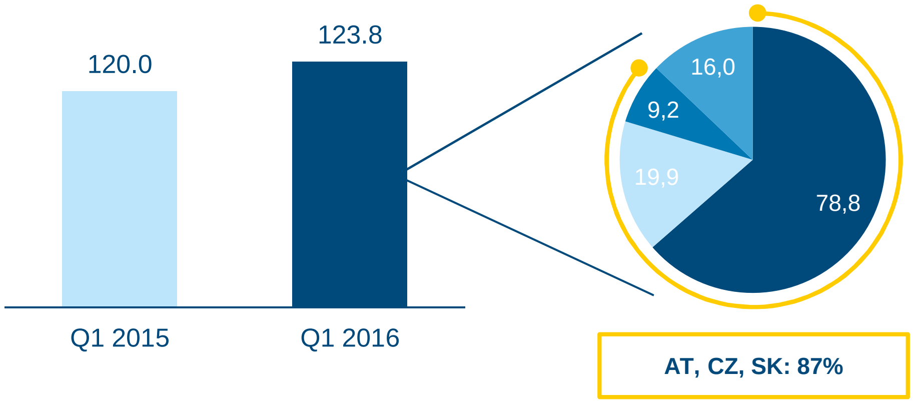
ERSTE Group

Loan book and deposits

Stable loan growth coupled with derisking and conservative funding approach

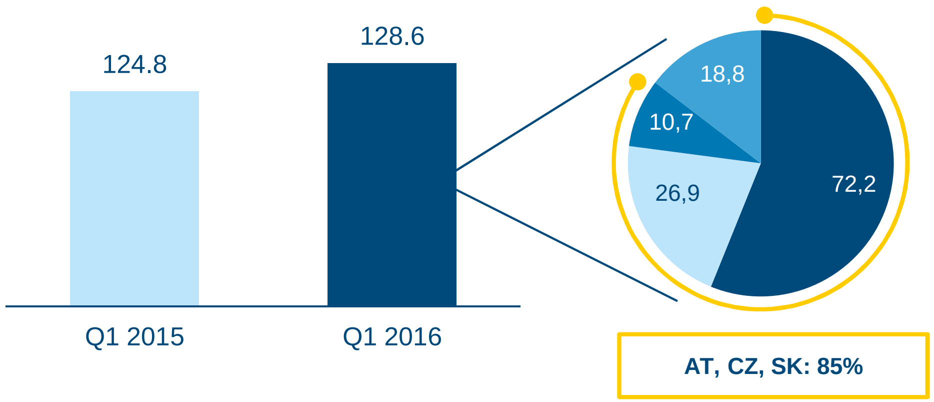
Performing loan stock (EUR bn)

Group figures | **By geography (Q1 2016)**

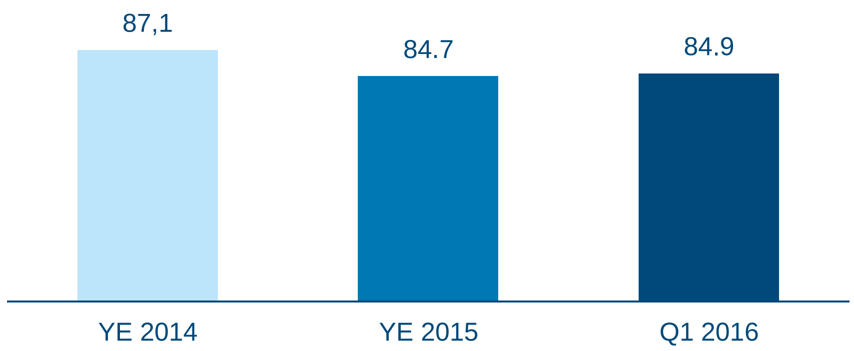


Customer deposits (EUR bn)

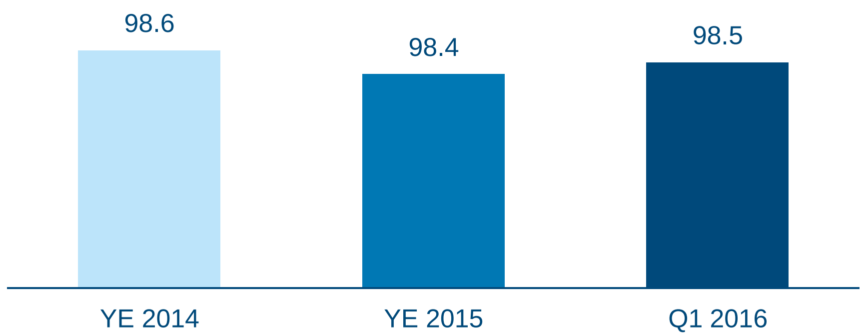
Group figures | **By geography (Q1 2016)**



Credit RWAs – transitional (EUR bn)



Loan / deposit ratio (%)



By geographical segmentation

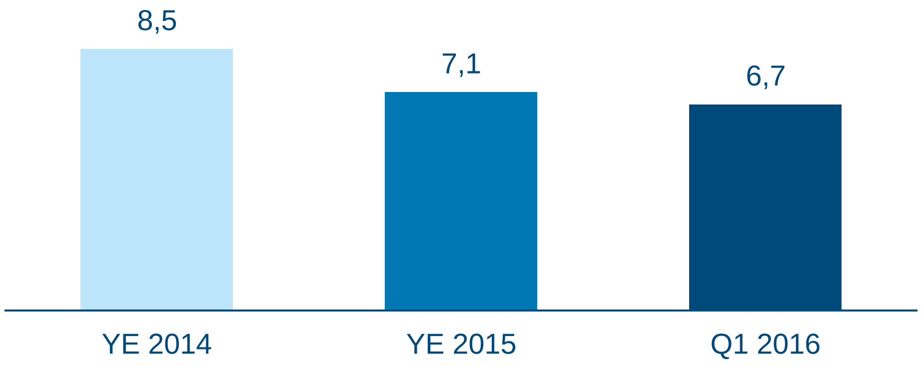
■ AT ■ CZ ■ SK ■ Other

ERSTE Group

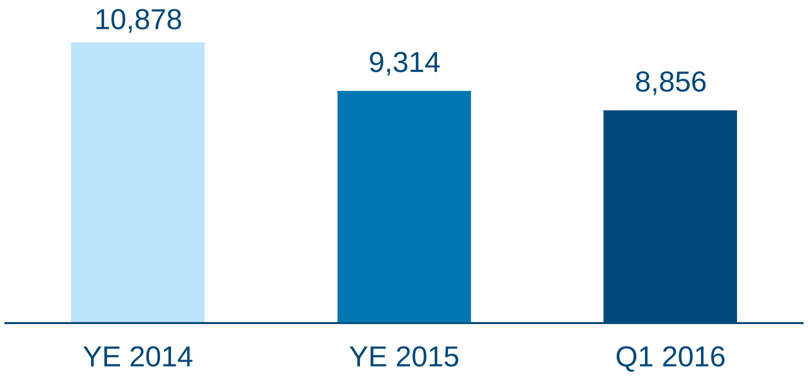
Asset quality review

Continued asset quality improvement and reduction in risk provisioning

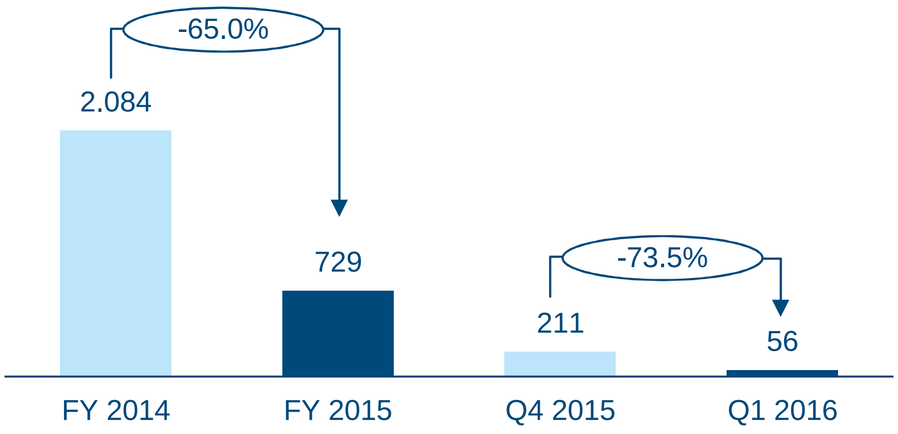
Non-performing loans (%)



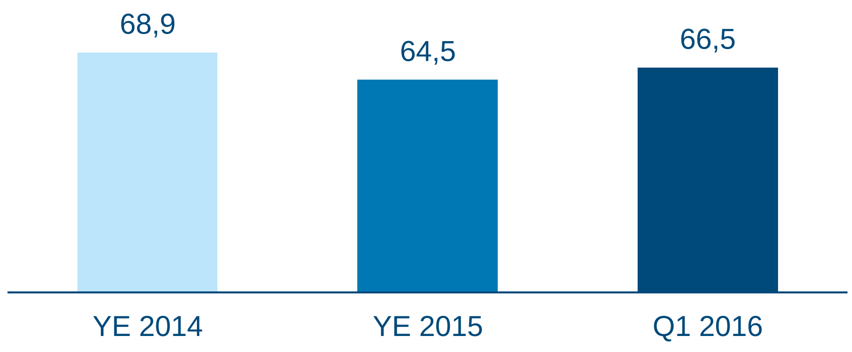
Non-performing loans (EUR m)



Cost of risk (EUR m)



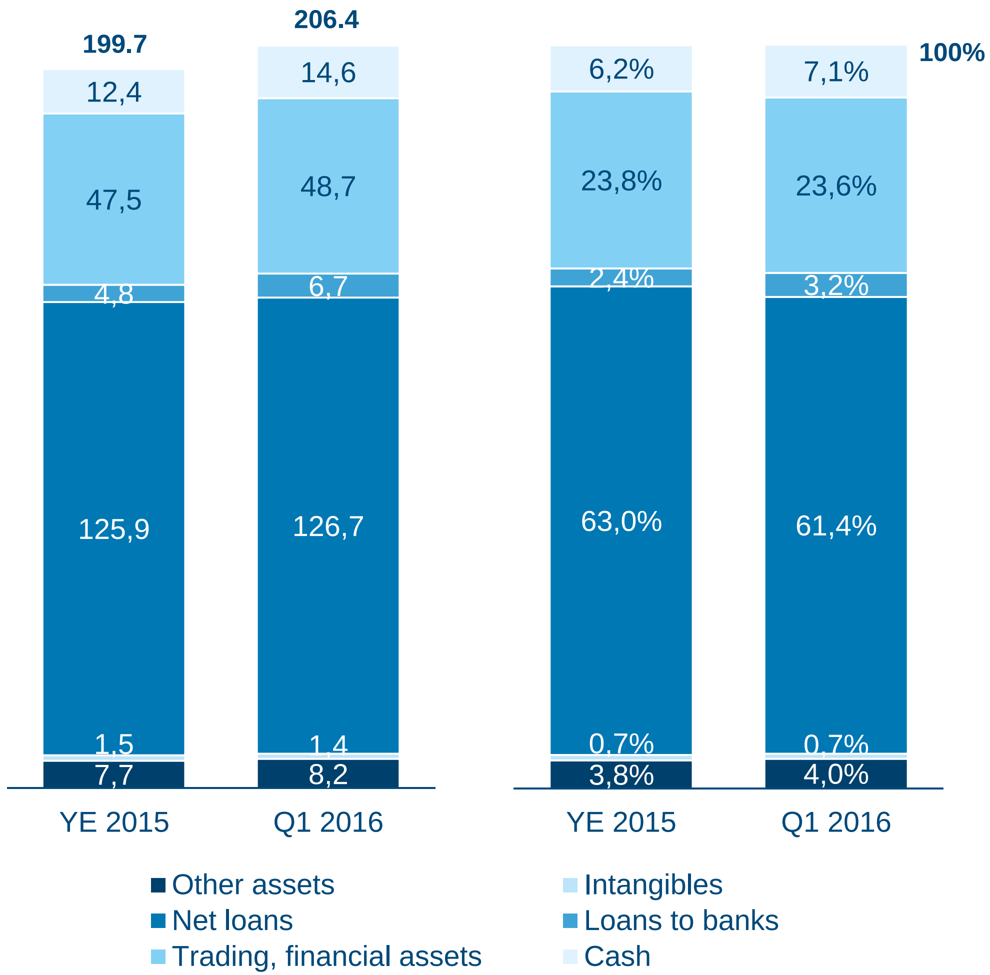
NPL coverage (%)



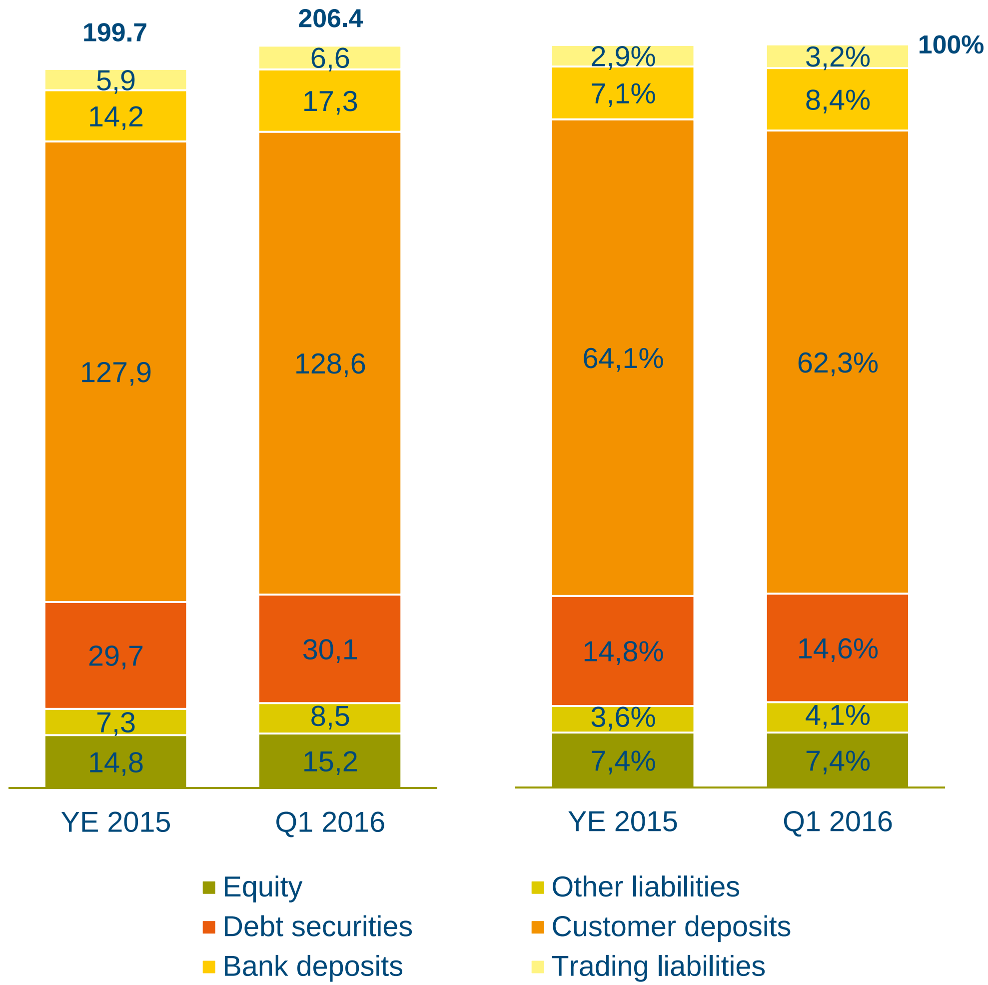
Assets and liabilities: overview

Balance sheet mix reflects Erste Group's moderate risk profile

Assets (EUR bn) | **Assets (in %)**



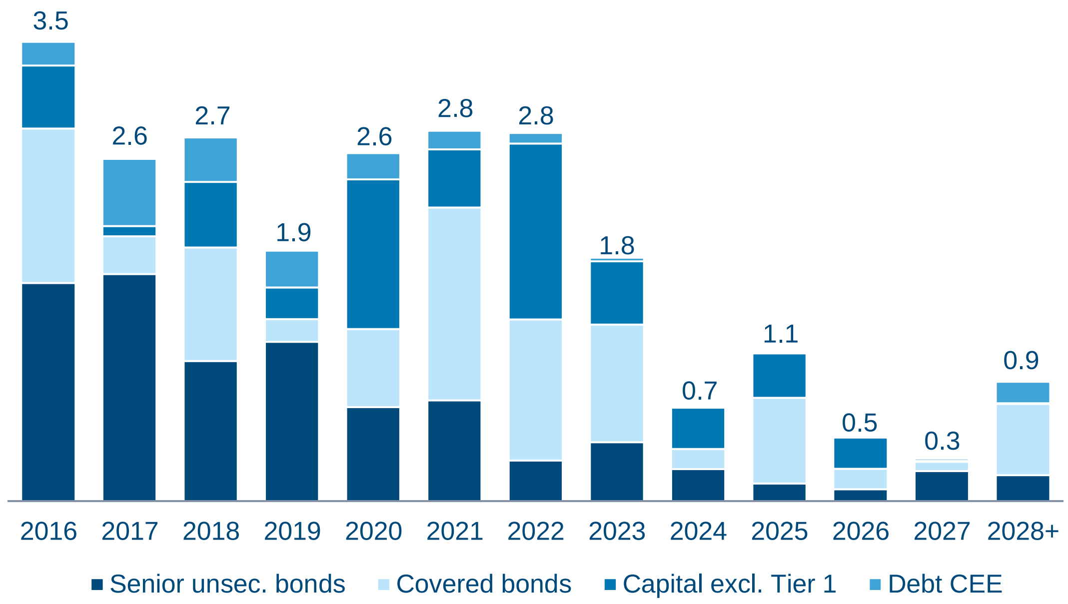
Liabilities & equity (EUR bn) | **Liabilities & equity (in %)**



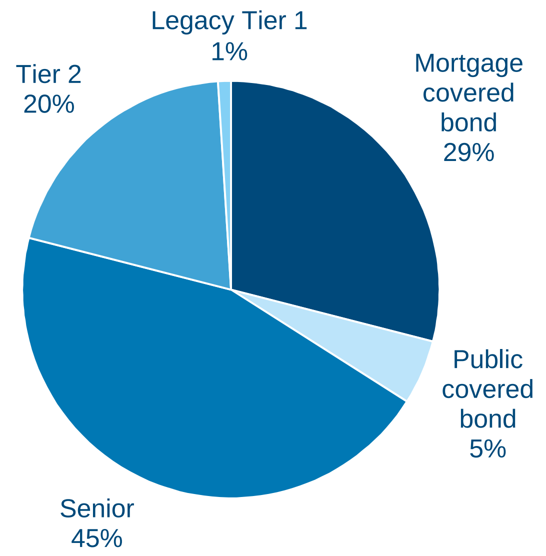
Long term wholesale funding

Limited LT funding needs as well as balanced funding mix

Maturity profile of debt (EUR bn) (Q1 2016)



Outstanding debt structure (Q1 2016)



- Erste Group issued a EUR 750m mortgage covered bond with a 7y tenor in January 2016
- The transaction marks a further benchmark within Erste Group's redemption profile after issuing a 10y and 5y mortgage covered bond in 2015
- Going forward covered bonds will continue to represent an important means of refinancing, despite Erste Group's current participation in TLTRO I amounting to EUR 2.9bn
- Continuous usage of various distribution channels in order to place volume via retail network and private placements

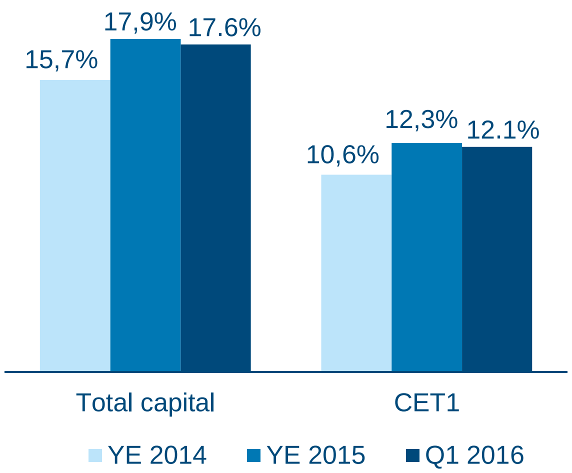
Capital position and Additional Tier 1 considerations

Capital position

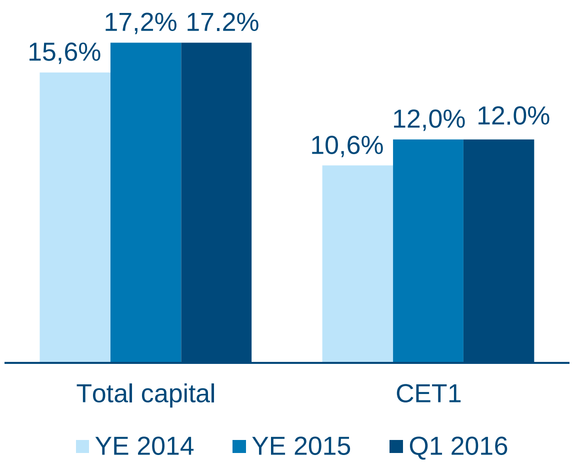
Clean B3 FL CET1[1] at 12.3% including interim profits; reported B3 FL CET1 at 12.0%

Capital

B3 phased-in capital ratios

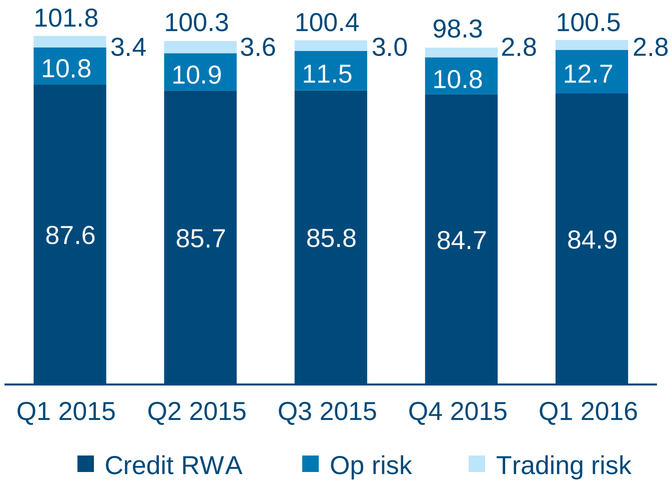


B3 FL capital ratios



- B3 FL CET1 capital build contributed EUR 1.7bn or about +176bps to higher capital ratios between Q1 2015 and Q1 2016; B3 FL CET1 capital at EUR 12.2bn (Q1 2015: EUR 10.6bn)
- Increase in Q1 2016 in B3 FL CET1 capital by EUR 202m mainly due to abolition of AfS haircut
- In Q1 2016, non-inclusion of interim profit and deduction of risk costs resulted in B3 FL CET1 of 12.0%; clean B3 FL CET1 at 12.3%
- SREP requirement for 2016: 9.5% + 0.25% (transitional CET1 + systemic risk buffer)

RWA (EURbn)



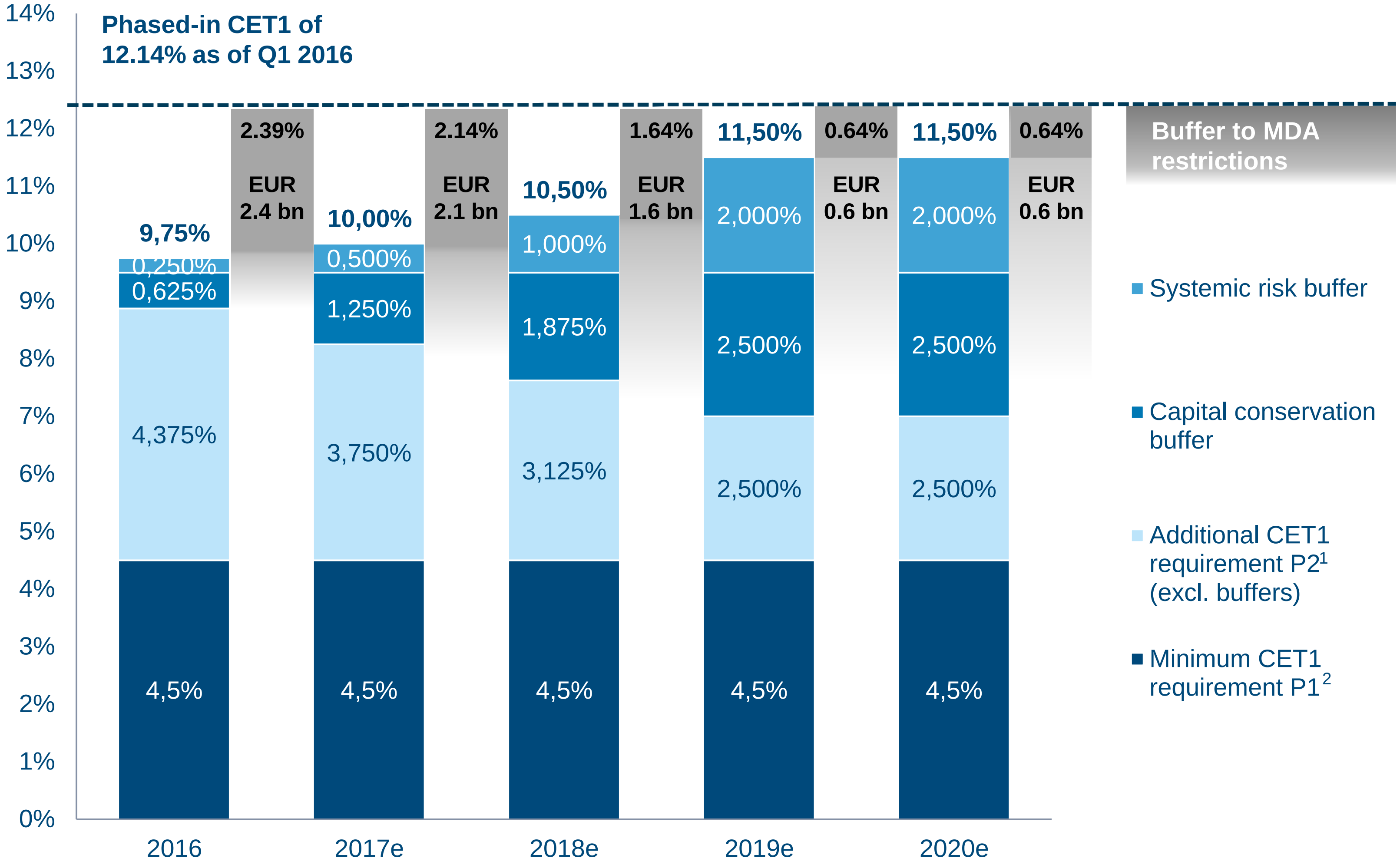
- Qoq stable credit RWA at EUR 84.9bn (phased-in)
- Inclusion of politically driven historical events as operational risk lead to updrift in operational RWA in Q1 2016
- B3 phased-in RWA increased EUR 2.3bn to EUR 100.5bn at Q1 2016
- B3 FL RWA increased EUR 1.9bn to EUR 102.2bn at Q1 2016

1) Clean B3 FL CET1 includes retained earnings of Q1 2016

ERSTE Group

Buffer to MDA restrictions

Buffer to MDA of 239bps or EUR 2.4bn as of Q1 2016

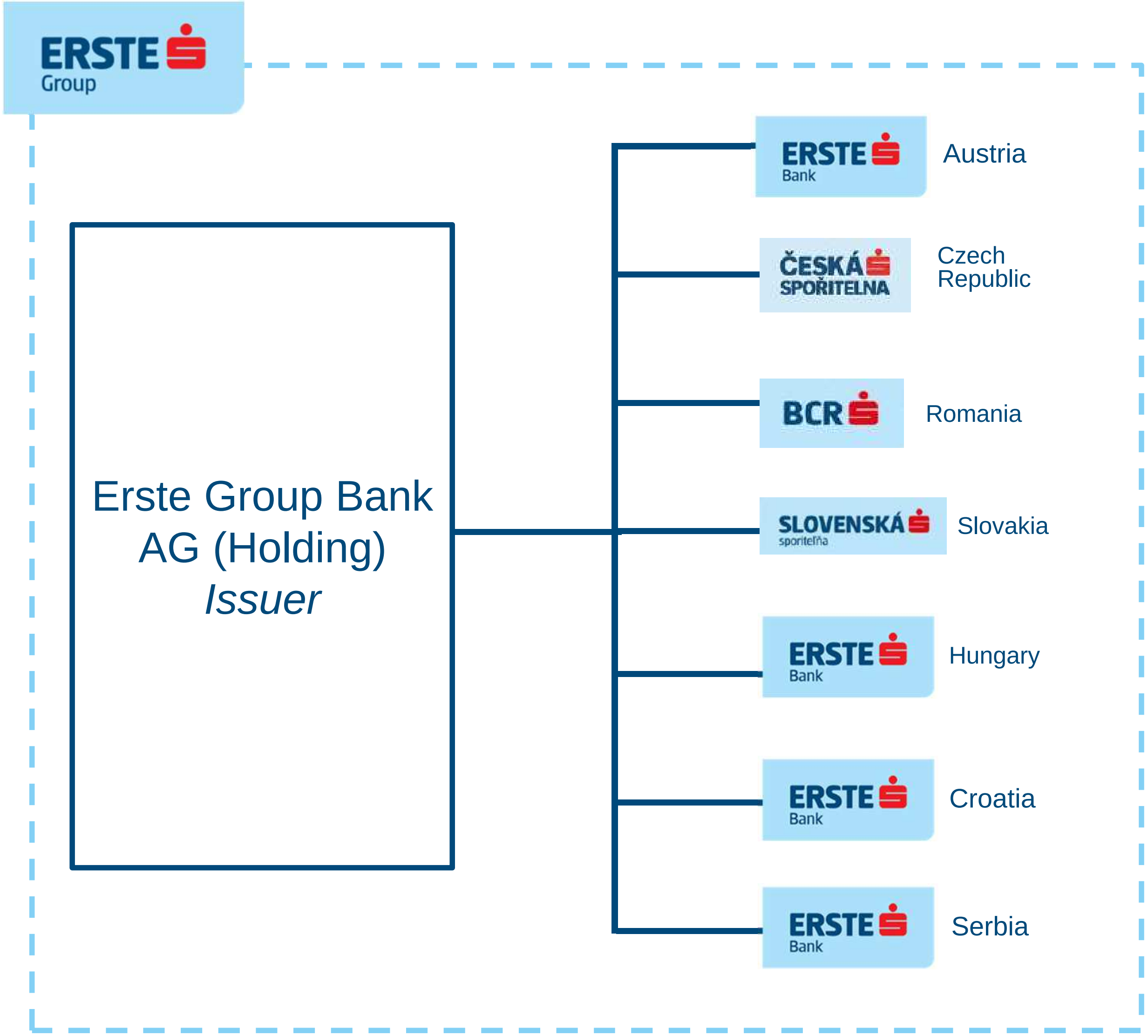


- Erste Group targets capital ratios (B3 FL) of 100 basis points above the regulatory minima on group level

1) Assuming the SREP requirement remains at the 2016 level of 9.5% (including CCB, but excluding SRB)
2) Assuming 1.5% AT1 and 2.0% Tier 2 issued

Erste Group vs. Erste Group Bank AG

Organisational structure of main participations

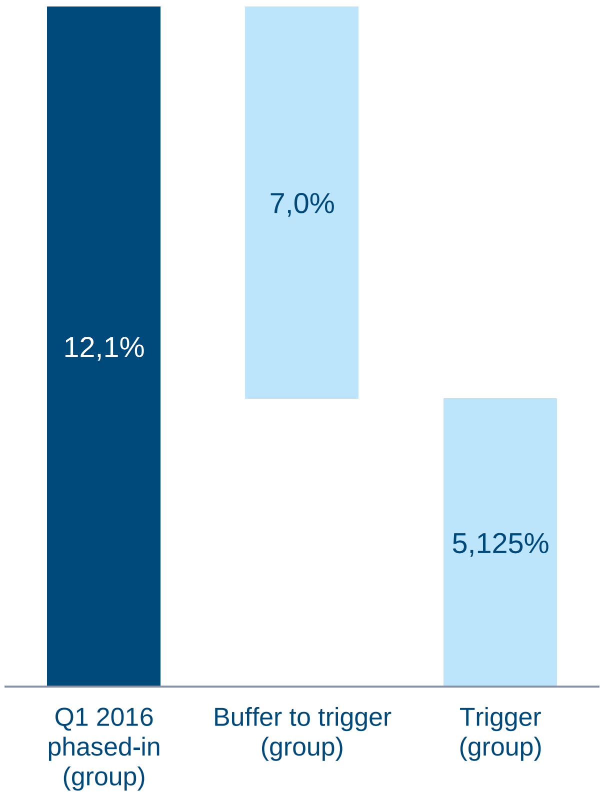


- The Group is supervised at both the Erste Group (consolidated) and Erste Group Bank AG (issuer) levels
- As a result, a dual CET1 trigger is included in the proposed AT1 instrument, which corresponds to the supervision of both Erste Group and Erste Group Bank AG
- As at Q1 2016, the transitional CET1 ratio of Erste Group was 12.1%
- As of YE 2015, the transitional CET1 ratio of Erste Group Bank AG was 16.9%

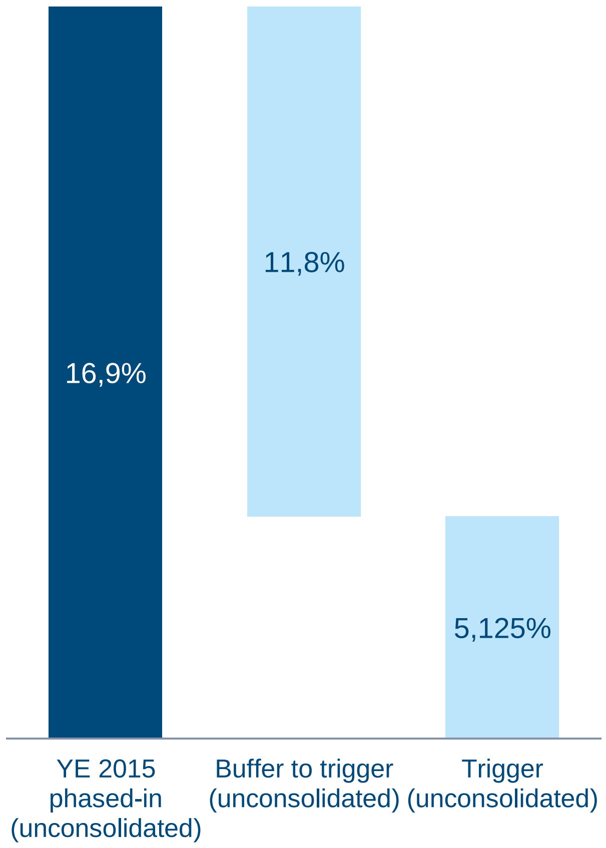
Principal loss absorption risk

Buffer to trigger of 7.0% or EUR 7.0bn at consolidated level as of Q1 2016

Erste Group



Erste Group Bank AG



Highlights

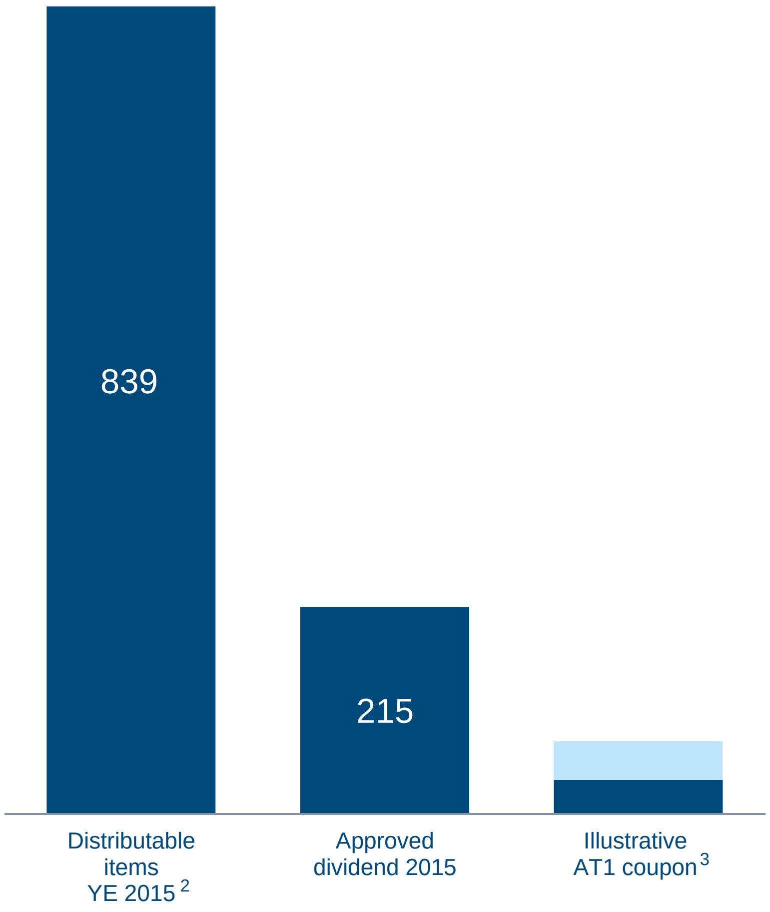
- For Erste Group the distance to 5.125% trigger is equal to 7.0% or EUR 7.0bn as of Q1 2016
- Erste Group targets capital ratios (B3 FL) of 100 basis points above the regulatory minima on group level
- For Erste Group Bank AG, the distance to trigger as of YE 2015 is equal to 11.8% or EUR 3.7bn (unconsolidated)

Available distributable items (ADIs) to cover discretionary distributions

Distributable items

- Discretionary coupon payments on AT1 capital are subject to sufficient distributable items[1]
- Distributable items test will be conducted based on Erste Group Bank AG's non-consolidated accounts based on UGB/BWG (local Austrian GAAP)
- Distributable items applicable to AT1 distributions in 2016 pre-dividend payment are EUR 839m
  - In addition to EUR 839m distributable items, Erste Group Bank AG has further equity reserves that can be applied to cover losses incurred in any given year
- Approved dividend YE 2015: EUR 214.9m (Erste Group's implied payout ratio: 22%)

ADI in context (EURm)



1) Distributable items as defined in Article 4 (1) (128) CRR
2) The Distributable items amount indicated on this slide corresponds only to the amount applicable for AT1 distributions in 2016 pre-dividend payment
3) Based on an indicative 7.0-10.0% coupon range for a EUR 500-750m transaction

Risks and mitigants

Principal write-down risk	• Buffer to 5.125% trigger of 7.0% or EUR 7.0bn for Erste Group as of Q1 2016 (consolidated) • Buffer to 5.125% trigger of 11.8% or EUR 3.7bn for Erste Group Bank AG as of YE 2015 (unconsolidated)
Restriction of coupon payment	• High amount of distributable items: EUR 839m (pre-dividend payment) • Strong track record of capital generation: 176bps between Q1 2015 and Q1 2016 (fully loaded CET1) • Strong earnings generation also allows Erste to further build up distributable reserves as in 2015 • ROTE expected at about 10-11% in 2016 • Buffer to 9.75% MDA trigger: 239bp or EUR 2.4bn
Discretionary non-cumulative coupon	• Management currently intends to give due consideration to the capital hierarchy and preserve seniority of claims when making distributions
Statutory Point of Non-Viability	• The Notes are subject to the statutory bail-in framework (i.e. no contractual PONV), which is not different to the other outstanding AT1s of all European banks

AT1 summary terms and conditions

Issuer	Erste Group Bank AG
Senior Rating (M/S/F)	• Baa2 (pos.) / BBB+ (stable) / BBB+ (stable)
Issue Rating (S)	• BB expected
Status / Subordination	• Direct, unsecured and subordinated obligations of the Issuer • Senior only to share capital and other obligations of the Issuer ranking, or expressed to rank junior to the Notes
Maturity	• Perpetual
Distributions	• Fixed until [•] (the “First Reset Date”), reset every 5 years thereafter (non-step up) • Payable semi-annually in arrear on the Current Principal Amount

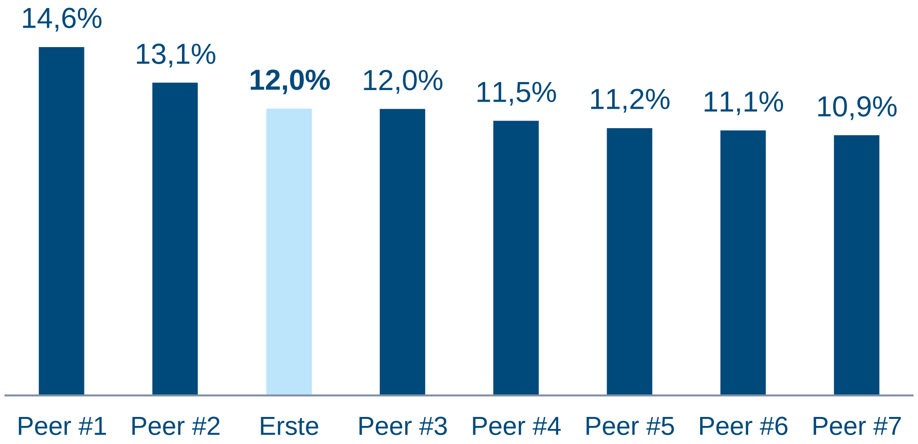
Cancellation of Distributions	• Fully discretionary, non-cumulative
	• Mandatory cancellation to the extent
	    • the distribution payment would exceed the available Distributable Items; or
	    • the Competent Authority orders the relevant distribution payment to be cancelled; or
	    • such distribution payment would not be in compliance with the Maximum Distributable Amount

Optional Redemption	• In each case, subject to the approval of the Competent Authority; • Issuer redemption option on [•] (the “First Reset Date”) and each Distribution Payment Date thereafter at the Current Principal Amount (subject to the Current Principal Amount of each Note being equal to its Original Principal Amount) • Callable on Tax Event or Regulatory Event (full or partial exclusion; reclassification) at the Current Principal Amount
Loss Absorption Mechanism	• Temporary write-down upon breach of 5.125% CET1 ratio at Group and/or Issuer • Discretionary reinstatement and write-up of Current Principal Amount of the Notes (subject to certain conditions/restrictions) • Subject to Statutory PONV
Governing Law	• German Law, except for the provisions on the status, which is governed by Austrian Law
Denominations/Listing	• EUR 200,000 + 200,000 / Vienna Stock Exchange

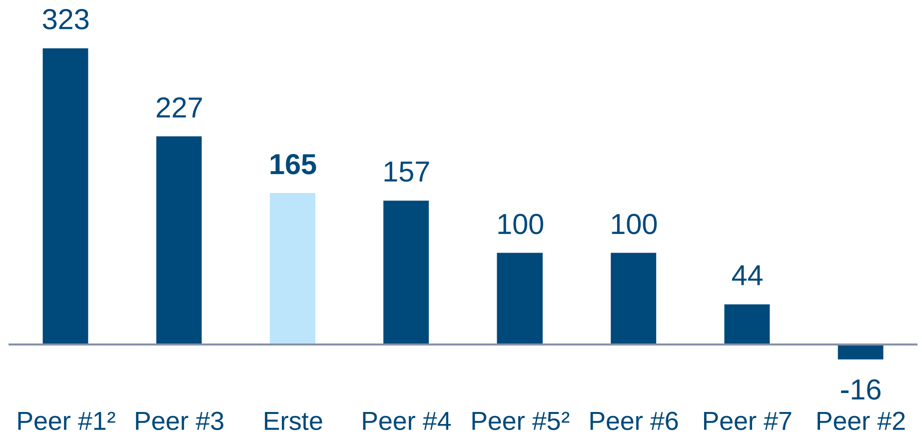
Peer comparison[1]

Strong capitalisation, capital generation and high RWA density

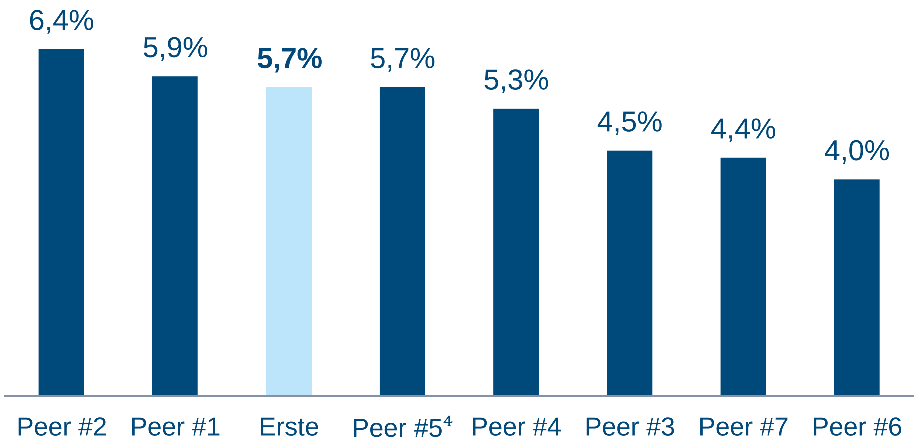
B3 FL CET1 ratios, Q1 2016



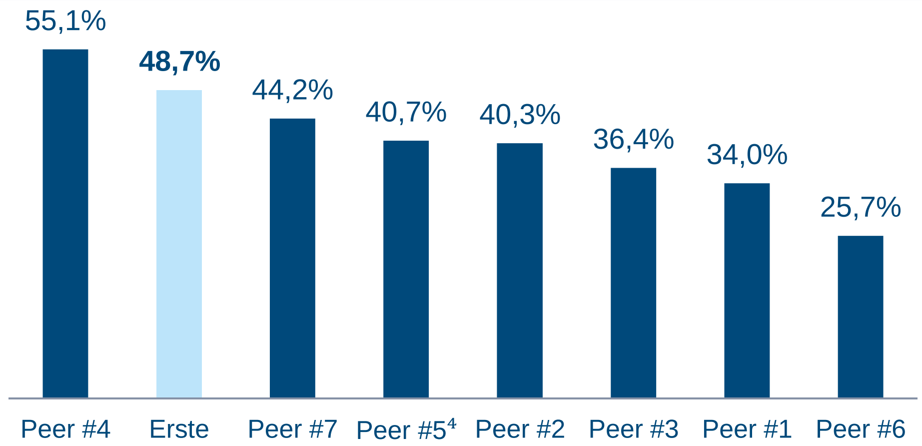
B3 phased-in CET1 generated in bps (Q1 2016 vs Q1 2015)



B3 FL leverage ratios, Q1 2016



RWA density[3], Q1 2016



Source: company filings

1) Peers: Bank of Ireland, Commerzbank, Intesa (Q1 2016 CET1 ratios pro-forma deduction of accrued dividends, assumed equal to net income for the quarter minus accrued coupons on AT1 issues), KBC Group, RBI , SocGen (FL CET1 ratio proforma current earnings, net of dividends , for 2016), UniCredit (Q1 2016 FL CET1 and leverage ratios pro-forma (i) unaudited 1Q16 earnings net of dividend accrual, (ii) 2015 scrip dividend paid on May 3 2016, (iii) the full absorption of DTA on goodwill tax redemption and tax losses carried forward and (iv) Pekao minority excess capital calculated with 12% threshold)

2) Excluding state aid

3) RWA/assets

4) As of YE 2015

ERSTE Group

Appendix

AT1 structural comparison

Comparison with relevant capital instrument precedents

	Societe Generale	Crédit Agricole	BNP Paribas	Bank of Ireland	ABN·AMRO	AIB	Intesa Sanpaolo[1]	Erste Group
Issue date	28-Mar-14	01-Apr-14	10-Jun-15	11-Jun-15	15-Sep-15	26-Nov-15	12-Jan-16	[•]-[•]-16
Size / coupon	EUR 1.0bn 6.750%	EUR 1.0bn 6.500%	EUR 750m 6.125%	EUR 750m 7.375%	EUR 1.0bn 5.750%	EUR 500m 7.375%	EUR1.25bn 7.000%	EUR [•]m [•]%
Maturity / call	PerpNC7, 2021	PerpNC7, 2021	PerpNC7, 2022	PerpNC5, 2020	PerpNC5, 2020	PerpNC5, 2020	PerpNC5, 2021	PerpNC[•], [•]
Coupon nature / Structure	Discretionary non-cum Fixed rate resettable	Discretionary non-cum Fixed rate resettable	Discretionary non-cum Fixed rate resettable	Discretionary non-cum Fixed rate resettable	Discretionary non-cum Fixed rate resettable	Discretionary non-cum Fixed rate resettable	Discretionary non-cum Fixed rate resettable	Discretionary non-cum Fixed rate resettable
Trigger	Transitional CET1/RWAs (Group)	Transitional CET1/RWAs (Bank or Group)	Transitional CET1/RWAs (Group)	Transitional CET1/RWAs (Bank or Group)	Transitional CET1/RWAs (Bank or Group)	Transitional CET1/RWAs (Bank or Group)	Transitional CET1/RWAs (Bank or Group)	Transitional CET1/RWAs (Bank or Group)
Loss absorption mechanism	Temporary write-down	Temporary write-down	Temporary write-down	Temporary write-down	Temporary write-down	Temporary write-down	Temporary write-down	Temporary write-down
PONV approach	Statutory	Statutory	Statutory	Statutory	Statutory	Statutory	Statutory	Statutory
Substitution/Variation	Yes	Yes	Yes	No	Yes	Yes	Yes	No
Current instrument ratings (M / S / F)	Ba2 / BB+ / -	- / BB / BB+	Ba1 / BBB- / BBB-	B2 / B+ / -	Ba2 / BB / BB+	B3 / - / B	Ba3 / B+ / BB-	-[2] / BB / -[2] (Exp.)
Capital buffer[3] to write-down trigger (Q1 2016)[4] Trigger Buffer	11.5% 6.4% 5.125%	CA Group: 13.7% 6.6% 7.000% CASA: 10.8% 5.6% 5.125%	11.1% 6.0% 5.125%	Group: 13.1% 8.0% 5.125% Unconsol.: 14.6% 9.5% 5.125%	Group: 15.8% 8.8% 7.000% Sub-con.: 15.5% 10.4% 5.125% Uncon.: 14.6% 9.5% 5.125%	Group: 15.8% 8.8% 7.000% Unconsol.: 28.9% 21.9% 7.000%	12.9% 7.8% 5.125%	Group: 12.1% 7.0% 5.125% Unconsol.: 16.9% 11.8% 5.125%
Capital buffer[3] to 2016 transitional MDA (Q1 2016)[4] 2015 SREP 2016 SIFI/SRB Buffer	11.50% 1.75% 0.25% 9.50%	CA Group: 13.67% 3.92% 0.25% 9.50% CASA: 10.78% 1.28% 9.50%	11.13% 1.13% 0.50% 9.50%	Group: 13.10% 2.85% 10.25%	Group: 15.84% 5.59% 0.75% 9.50%	Not disclosed	12.89% 3.39% 9.50%	Group: 12.14% 2.39% 0.25% 9.50%

Source: Transaction documentation, company filings

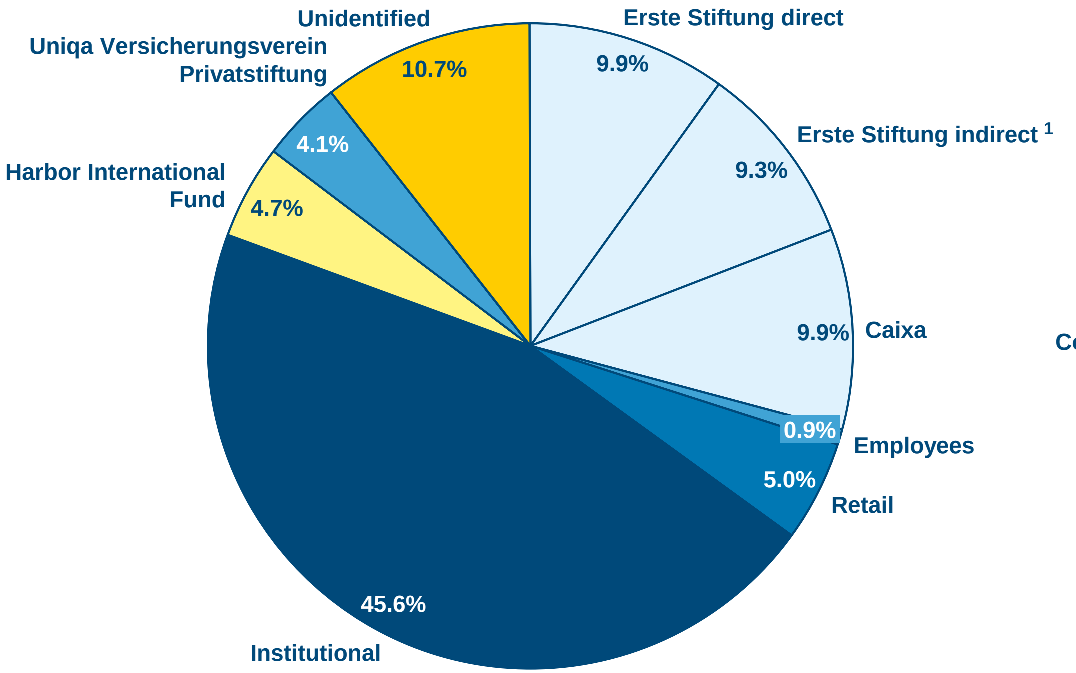
1) *Intesa Q1 2016 transitional CET1 pro-forma deduction of accrued dividends, assumed equal to net income for the quarter minus accrued coupons on AT1 issues*
2) *Any Moody's or Fitch rating of the potential future AT1 issue by Erste Group would be on unsolicited basis. Hence, Erste Group does not provide any indication of such ratings*
3) *Please note that not all banks are subject to the same regulations and therefore the different capital buffers may not be comparable.*
4) *BKIR unconsolidated, ABN AMRO sub-consolidated and unconsolidated, AIB Group and Unconsolidated and Erste Unconsolidated CET1 transitional ratios as of YE 2015*

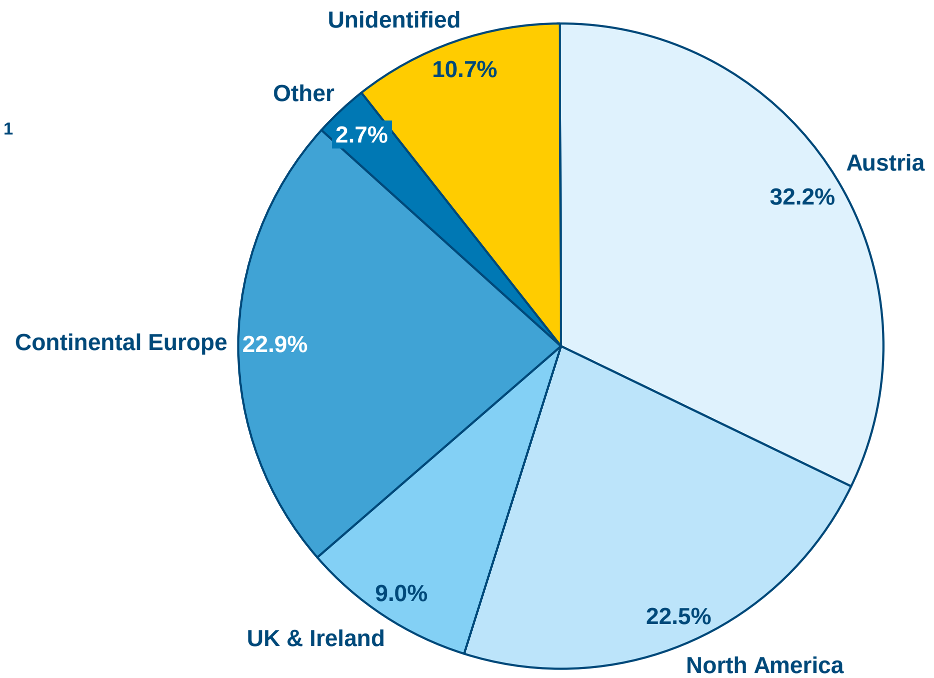
ERSTE Group

Shareholder structure

Total number of shares: 429.8m

By investor	By region





1) Including voting rights of Erste Foundation, savings banks, savings banks foundations and Wiener Städtische Wechselseitige Versicherungsverein

Erste Group's key business areas

Business lines and geographic segments

Erste Group – Business segments

- Retail
- Corporates
  - SME
  - Local Large Corporate
  - Group Large Corporate
  - Commercial Real Estate
  - Public Sector
- Group Markets
- ALM & Local CC (ALM&LCC)
  - Asset/Liability Management
  - Local Corporate Center
- Savings Banks
- Group Corporate Center
  - Other Subsidiaries
  - Group bookings
  - Holding Corporate Center
  - Free Capital
- Intragroup Elimination

Erste Group – Geographical segmentation

- Austria
  - EBOe & Subsidiaries (AT/EBOe)
  - Savings Banks (AT/SB)
  - Other Austria (AT/OA)
    - Holding Business
    - Erste Group Immorent
    - Erste Asset Management
- Central and Eastern Europe
  - Czech Republic (CZ)
  - Romania (RO)
  - Slovakia (SK)
  - Hungary (HU)
  - Croatia (HR)
  - Serbia (RS)
- Other
  - Holding ALM
  - Holding CC
  - Other Subsidiaries
  - Group bookings and IC elimination
  - Free Capital

CEE: strategy

A real customer need is the reason for all business

Customer banking in Central and Eastern Europe

Eastern part of EU		Focus on CEE, limited exposure to other Europe		
Retail banking	Corporate banking	Capital markets	Public sector	Interbank business
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	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	Focus on customer business, incl. customer-based trading activities In addition to core markets, presences in Poland, Turkey, Germany and London with institutional client focus and selected product mix Building debt and equity capital markets in CEE	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	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

Outlook 2016

- **CEE economic environment anticipated to be conducive to credit expansion**
  - Real GDP growth of between 1.5-4.1% expected in 2016 in all major CEE markets, including Austria
  - Real GDP growth to be driven by solid domestic demand

- **Return on tangible equity (ROTE) expected at about 10-11% in 2016 underpinning continued dividend payout**
  - Support factors: continued loan growth; further asset quality improvement amid a benign risk environment; positive one-off related to VISA sale in the amount of about EUR 127m pre-tax
  - Headwinds: persistent low interest rate environment affecting group operating income, primarily NII; lower operating results in Hungary (lower volumes) and Romania (following asset re-pricing); banking levies (total of banking taxes, FTT, resolution fund and deposit insurance fund contributions) expected at about EUR 360m pre-tax in 2016

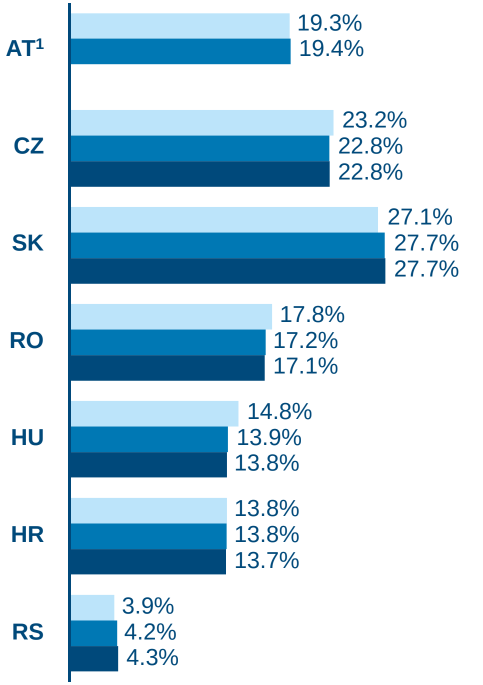
- **Risks to guidance**
  - Geopolitical risks and global economic risks
  - Impact from negative interest rates
  - Consumer protection initiatives

Business environment

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

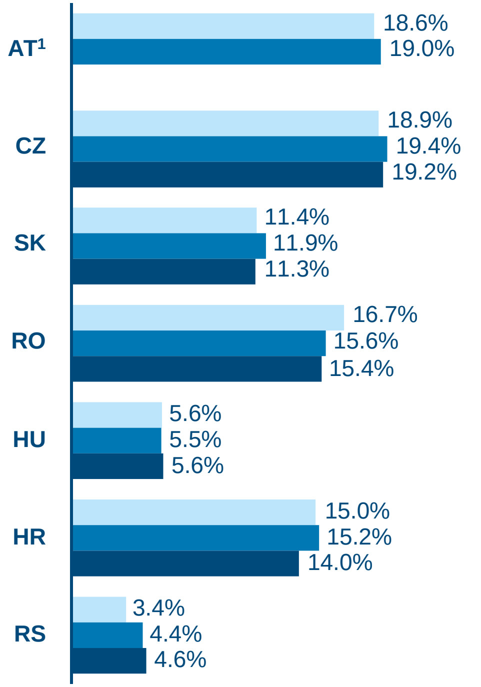
Q1 15
Q4 15
Q1 16

Gross retail loans



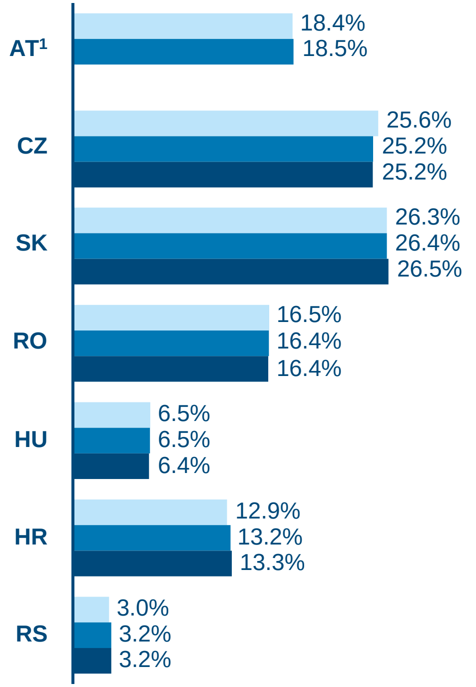
- SK: stable market share in a growing market
- CZ: stable qoq market share as market growth accelerates
- RO: qoq decline mainly due to lower new business volumes in Q1 16

Gross corporate loans



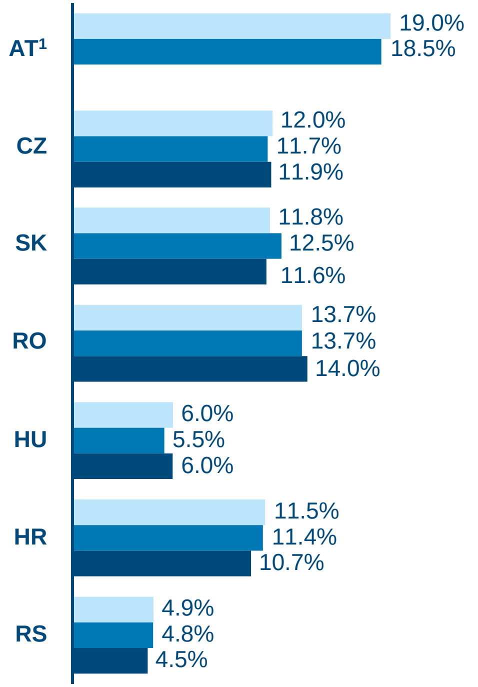
- RO: continued pressure on gross loan based market share due to NPL sales
- HR: qoq decrease driven mainly by NPL sales

Retail deposits



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

Corporate deposits

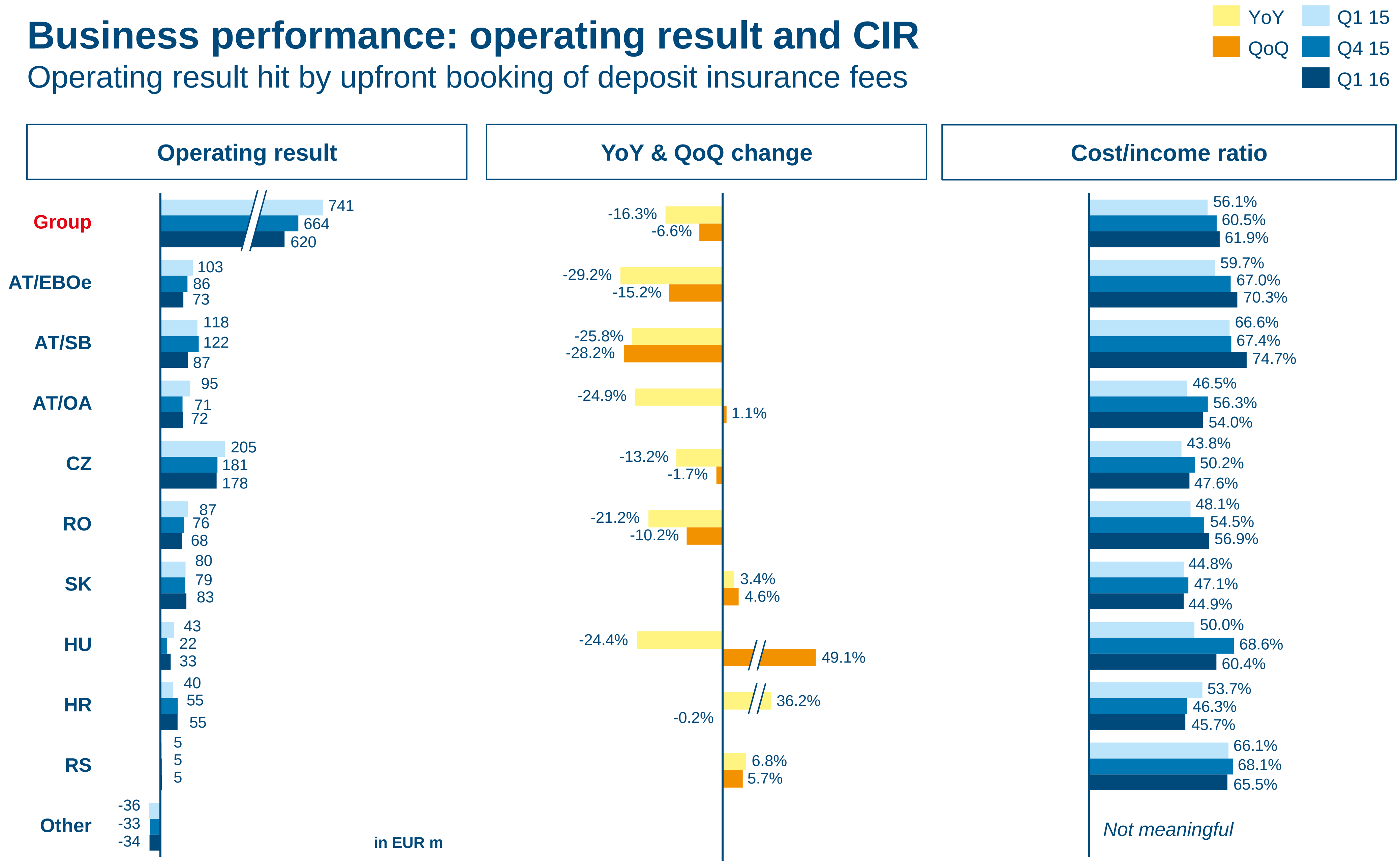


- Changes mainly due to normal quarterly volatility in corporate business

1) AT market shares for Q1 2016 not yet available

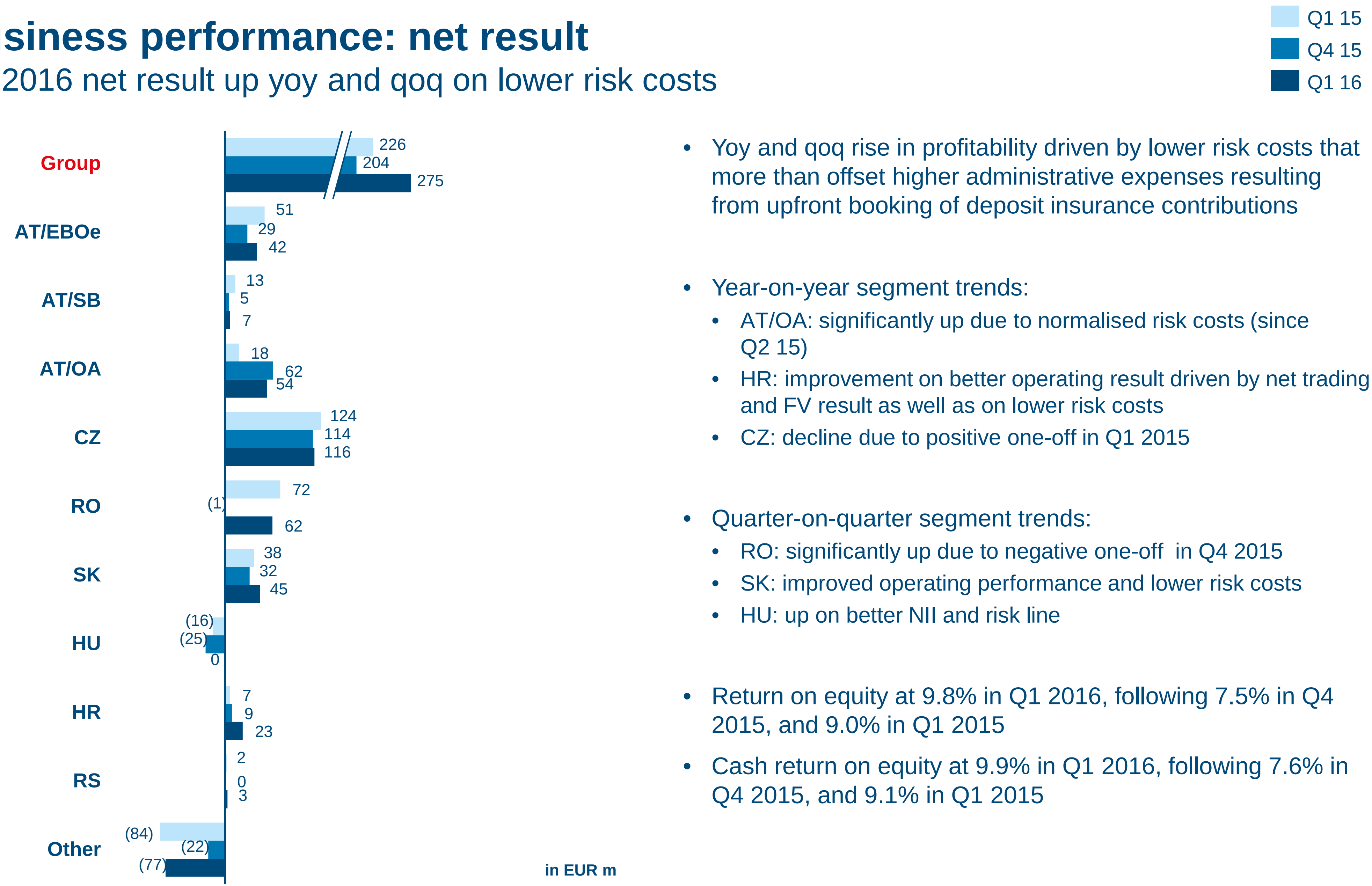
Business performance: operating result and CIR

Operating result hit by upfront booking of deposit insurance fees



Business performance: net result

Q1 2016 net result up yoy and qoq on lower risk costs



- Yoy and qoq rise in profitability driven by lower risk costs that more than offset higher administrative expenses resulting from upfront booking of deposit insurance contributions

- Year-on-year segment trends:
  - AT/OA: significantly up due to normalised risk costs (since Q2 15)
  - HR: improvement on better operating result driven by net trading and FV result as well as on lower risk costs
  - CZ: decline due to positive one-off in Q1 2015

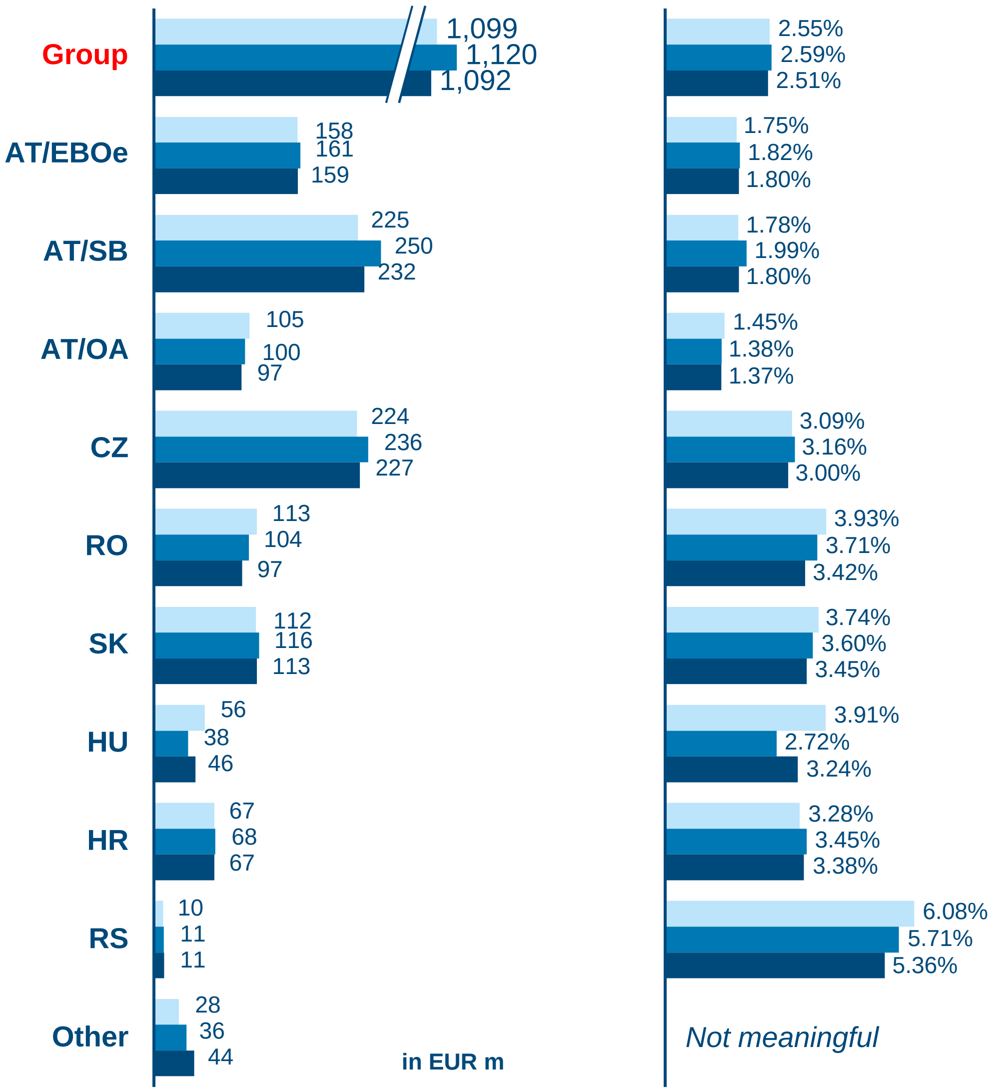
- Quarter-on-quarter segment trends:
  - RO: significantly up due to negative one-off in Q4 2015
  - SK: improved operating performance and lower risk costs
  - HU: up on better NII and risk line

- Return on equity at 9.8% in Q1 2016, following 7.5% in Q4 2015, and 9.0% in Q1 2015
- Cash return on equity at 9.9% in Q1 2016, following 7.6% in Q4 2015, and 9.1% in Q1 2015

Business performance: NII and NIM

Low interest rate environment results in NIM pressure

Q1 15
Q4 15
Q1 16



- Yoy relatively stable as increase in Other segment (due to higher benefit from free capital) and AT/SB (driven by higher loan volumes and deposit repricing) was offset by decline in RO, HU and AT/OA
- Qoq decline mainly in AT/SB (due to consolidation of investment funds as total amount for 2015 was booked in Q4 15), CZ and RO, while HU improved

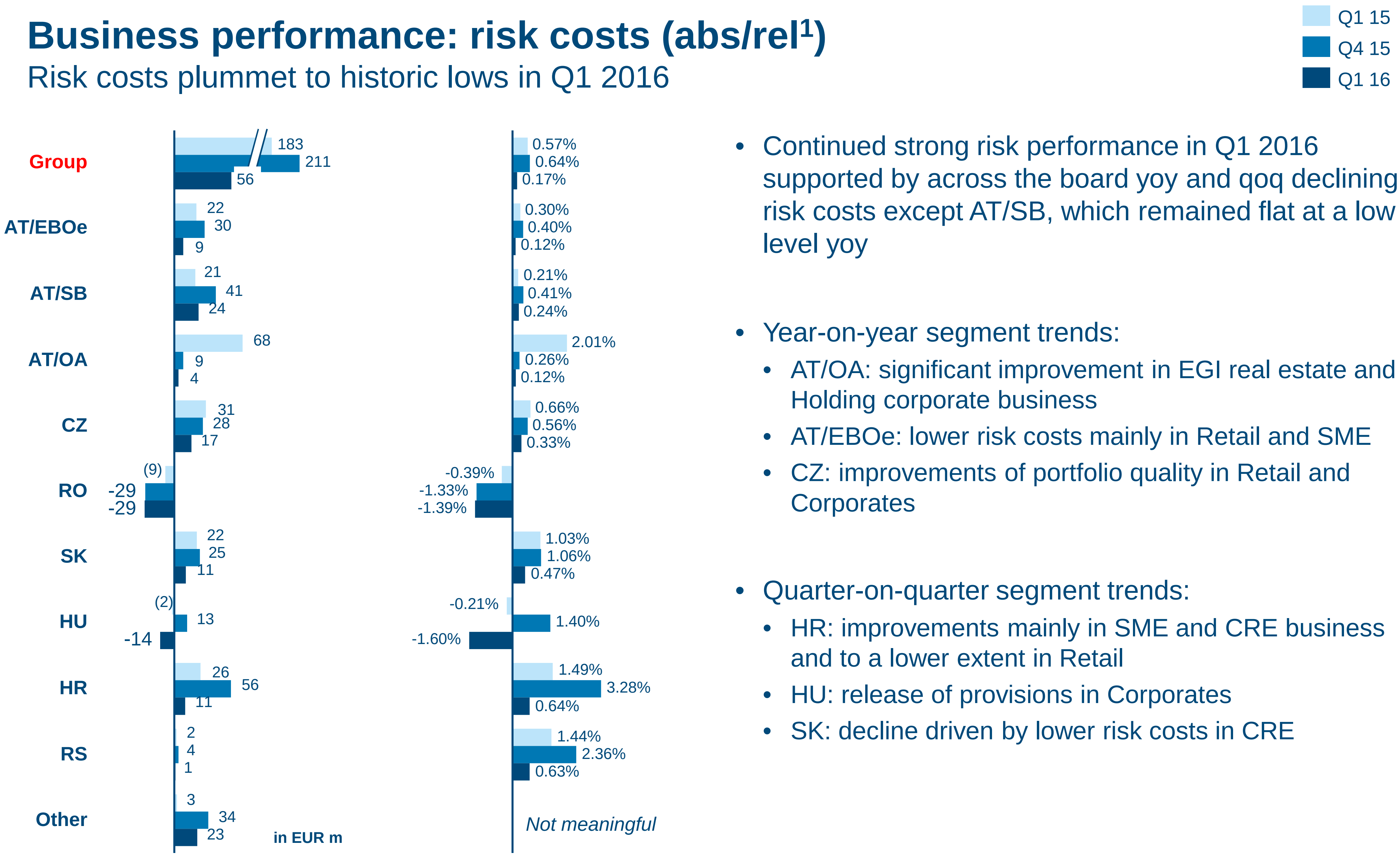
- Year-on-year segment trends:
  - RO: decrease driven by lower average loan volumes and by Q4 15 refinancing campaign, income from unwinding declines
  - AT/OA: decline in NII driven by lower lending volumes in the Holding and by higher interest expense for Immorent
  - HU: decrease driven by fair interest rate settlement combined with lower performing loan volumes

- Quarter-on-quarter segment trends:
  - AT/SB: decline due to consolidation of investment funds (see above)
  - CZ: decline driven by maturing bond portfolio
  - RO: decrease mainly due to the refinancing campaign
  - HU: normalisation following one-off booked in Q4 15

ERSTE Group

Business performance: risk costs (abs/rel[1])

Risk costs plummet to historic lows in Q1 2016



- Continued strong risk performance in Q1 2016 supported by across the board yoy and qoq declining risk costs except AT/SB, which remained flat at a low level yoy

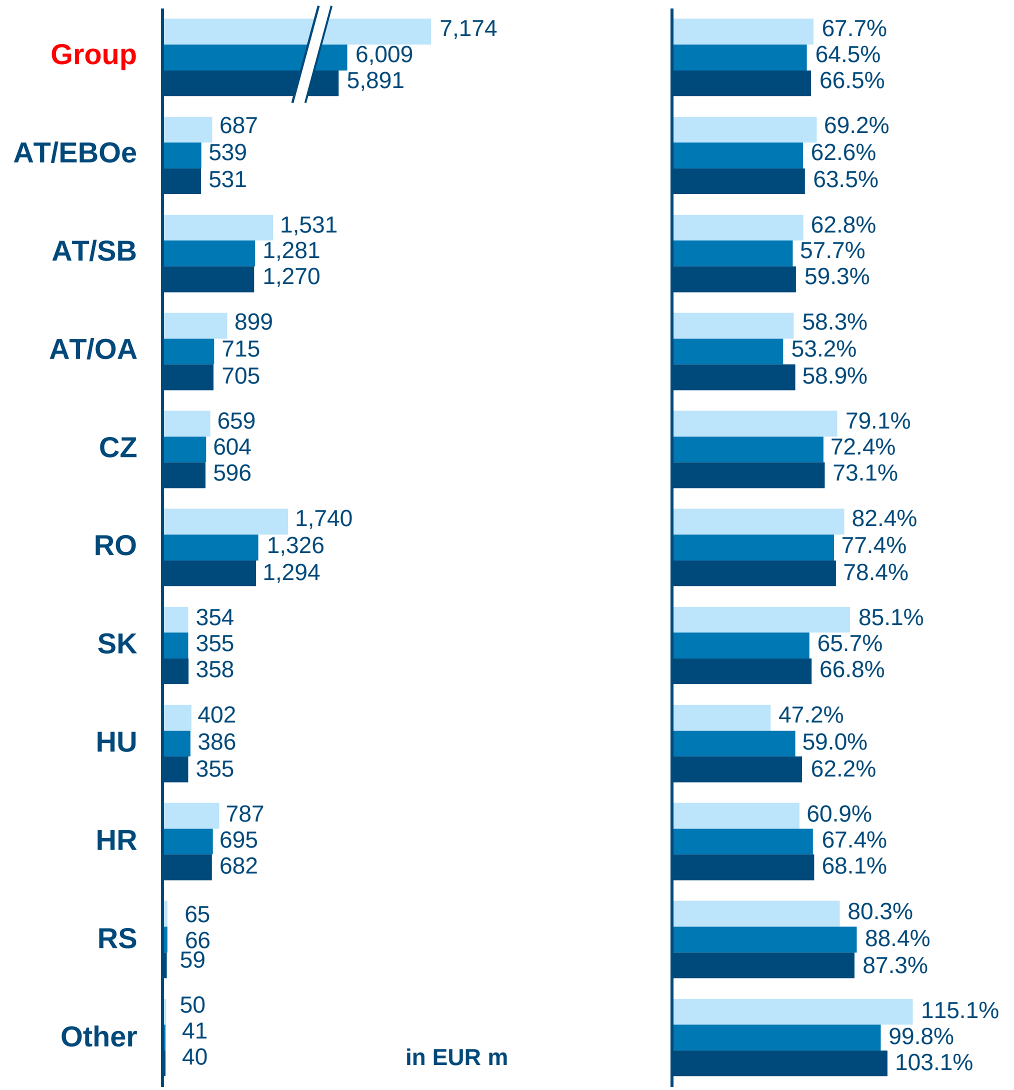
- Year-on-year segment trends:
  - AT/OA: significant improvement in EGI real estate and Holding corporate business
  - AT/EBOe: lower risk costs mainly in Retail and SME
  - CZ: improvements of portfolio quality in Retail and Corporates

- Quarter-on-quarter segment trends:
  - HR: improvements mainly in SME and CRE business and to a lower extent in Retail
  - HU: release of provisions in Corporates
  - SK: decline driven by lower risk costs in CRE

1) Relative risk costs are defined as annualised quarterly risk costs over average gross customer loans.

Business performance: allowances for loans and NPL coverage

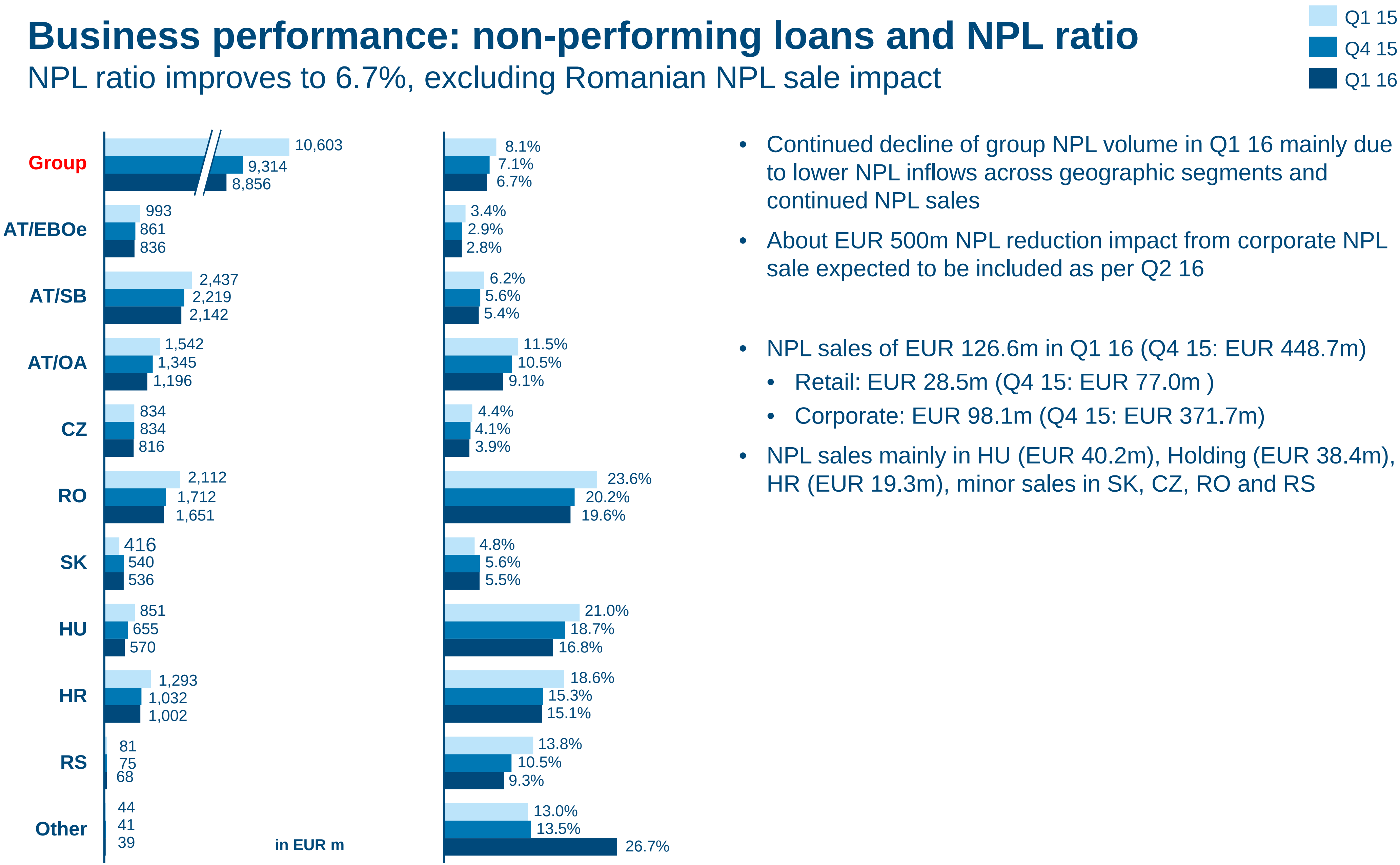
NPL coverage improves to 66.5%



- NPL coverage improved to 66.5% after temporary decline at year-end exclusively due to adoption of EBA default definitions
- HU: coverage again above 60% after significant decline resulting from the CHF conversion in Q1 2015
- SK: coverage ratio stable at comfortable level following decline at year-end (see above)

Business performance: non-performing loans and NPL ratio

NPL ratio improves to 6.7%, excluding Romanian NPL sale impact



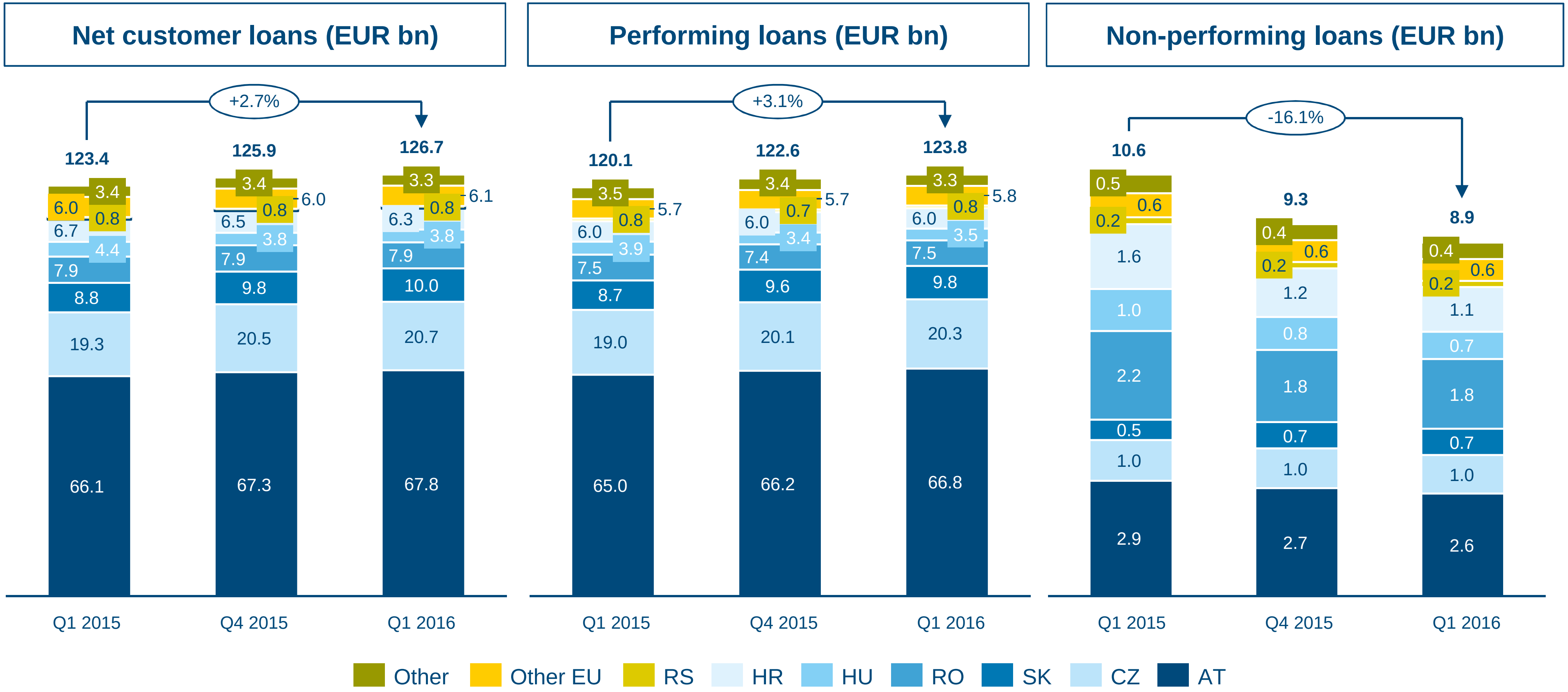
- Continued decline of group NPL volume in Q1 16 mainly due to lower NPL inflows across geographic segments and continued NPL sales
- About EUR 500m NPL reduction impact from corporate NPL sale expected to be included as per Q2 16

- NPL sales of EUR 126.6m in Q1 16 (Q4 15: EUR 448.7m)
  - Retail: EUR 28.5m (Q4 15: EUR 77.0m)
  - Corporate: EUR 98.1m (Q4 15: EUR 371.7m)
- NPL sales mainly in HU (EUR 40.2m), Holding (EUR 38.4m), HR (EUR 19.3m), minor sales in SK, CZ, RO and RS

ERSTE Group

Assets and liabilities: customer loans by country of risk

Performing loans up 3.1% yoy, NPLs down 16.1%

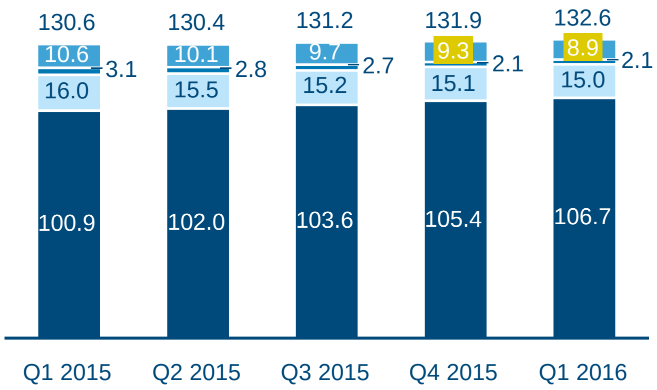


- Performing loan growth accelerates, driven by Austria, Slovakia and Czech Republic:
  - Main contributing business lines: Retail and Corporates
  - Stable loan volumes in RO and HR, small growth in HU ytd after extended period of portfolio streamlining
- 16.1% yoy decline in NPL stock mainly driven by positive migration trends across most geographies and NPL sales

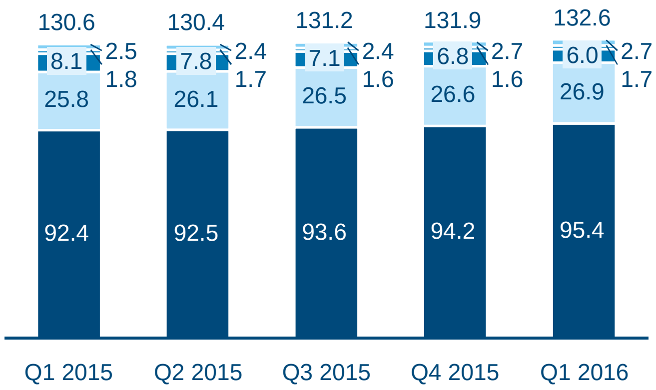
Assets and liabilities: gross customer loans

By risk category, by currency, by industry

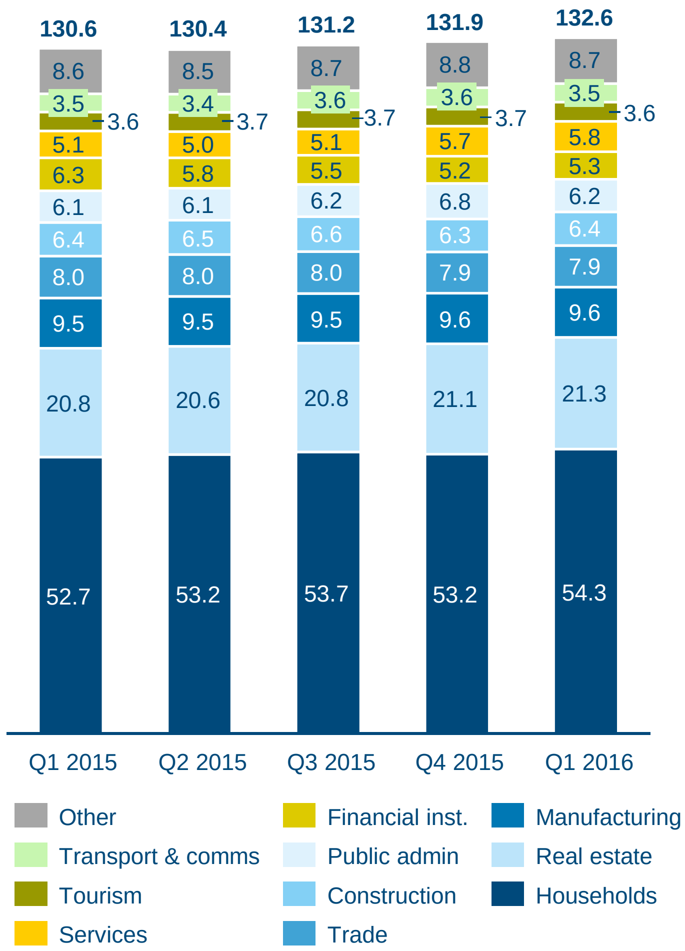
Gross cust. loans by risk category (EUR bn)



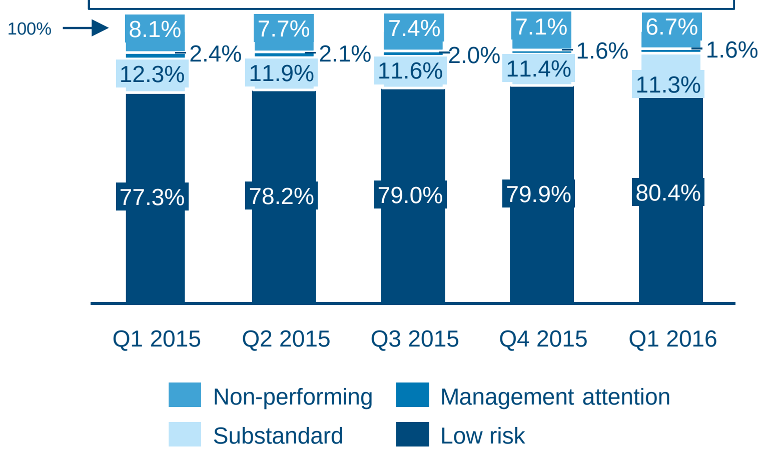
Gross customer loans by currency (EUR bn)



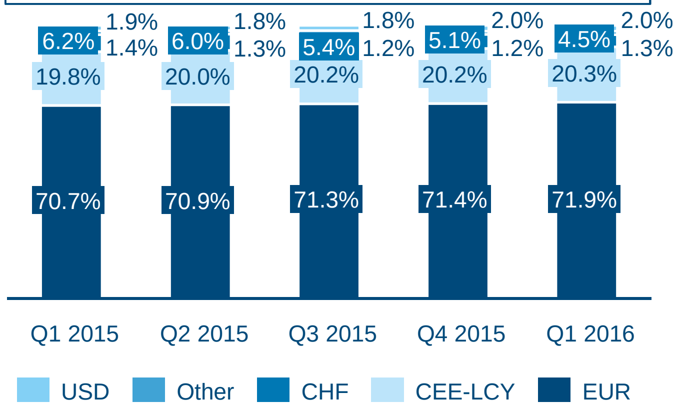
Gross customer loans by industry (EUR bn)



Gross customer loans by risk category in %



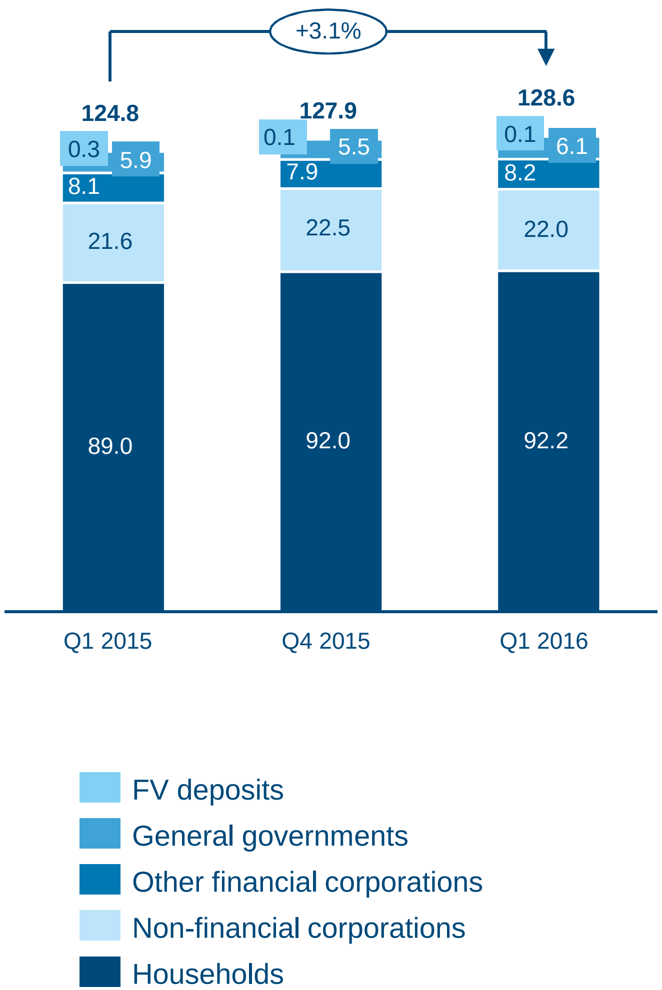
Gross customer loans by currency in %



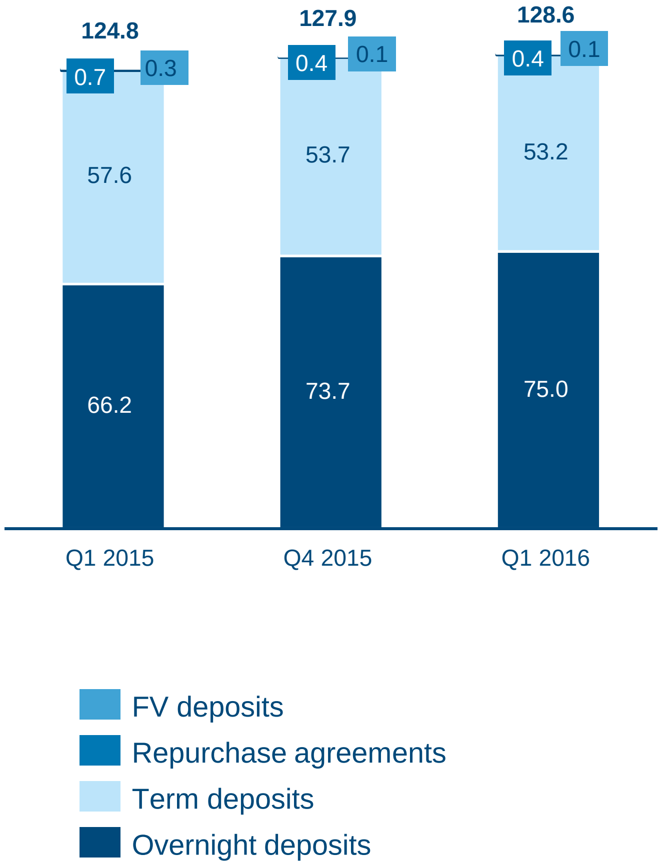
Assets and liabilities: customer deposit funding

Customer deposits grow by 0.5% qoq, up 3.1% yoy

By customer type



By product type



Highlights

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

Additional information: income statement

Year-to-date and quarterly view

in EUR million	Year-to-date view 1-3 15	1-3 16	YOY-Δ	Quarterly view Q1 15	Q4 15	Q1 16	YOY-□	QOQ-Δ
Net interest income	1,098.5	1,092.2	-0.6%	1,098.5	1,120.4	1,092.2	-0.6%	-2.5%
Net fee and commission income	461.0	443.1	-3.9%	461.0	489.2	443.1	-3.9%	-9.4%
Dividend income	7.4	2.6	-64.2%	7.4	6.6	2.6	-64.2%	-60.1%
Net trading and fair value result	72.4	43.5	-39.9%	72.4	17.2	43.5	-39.9%	>100.0%
Net result from equity method investments	4.7	1.9	-58.1%	4.7	3.1	1.9	-58.1%	-38.1%
Rental income from investment properties & other operating leases	45.1	45.9	1.6%	45.1	44.4	45.9	1.6%	3.3%
Personnel expenses	-554.0	-565.4	2.1%	-554.0	-577.1	-565.4	2.1%	-2.0%
Other administrative expenses	-281.1	-333.5	18.6%	-281.1	-324.1	-333.5	18.6%	2.9%
Depreciation and amortisation	-112.9	-109.8	-2.8%	-112.9	-115.3	-109.8	-2.8%	-4.7%
Gains/losses from financial assets and liabilities not measured at fair value through profit or loss, net	10.9	2.4	-77.7%	10.9	42.1	2.4	-77.7%	-94.3%
Net impairment loss on financial assets not measured at fair value through profit or loss	-183.1	-56.4	-69.2%	-183.1	-210.7	-56.4	-69.2%	-73.3%
Other operating result	-153.5	-139.5	-9.1%	-153.5	-258.2	-139.5	-9.1%	-46.0%
Levies on banking activities	-91.8	-62.8	-31.6%	-91.8	-48.5	-62.8	-31.6%	29.4%
Pre-tax result from continuing operations	**415.2**	**427.0**	**2.8%**	**415.2**	**237.6**	**427.0**	**2.8%**	**79.7%**
Taxes on income	-118.6	-104.5	-11.9%	-118.6	-1.6	-104.5	-11.9%	>100.0%
Net result for the period	**296.6**	**322.6**	**8.8%**	**296.6**	**236.0**	**322.6**	**8.8%**	**36.7%**
Net result attributable to non-controlling interests	70.8	47.8	-32.5%	70.8	32.0	47.8	-32.5%	49.7%
Net result attributable to owners of the parent	**225.8**	**274.7**	**21.7%**	**225.8**	**204.0**	**274.7**	**21.7%**	**34.7%**
Operating income	1,689.1	1,629.3	-3.5%	1,689.1	1,680.9	1,629.3	-3.5%	-3.1%
Operating expenses	-948.1	-1,008.8	6.4%	-948.1	-1,016.5	-1,008.8	6.4%	-0.8%
Operating result	**741.0**	**620.5**	**-16.3%**	**741.0**	**664.4**	**620.5**	**-16.3%**	**-6.6%**

ERSTE Group

Additional information: group balance sheet
Assets

in EUR million	Quarterly data					Change		
	Mar 15	Jun 15	Sep 15	Dec 15	Mar 16	YOY-Δ	YTD-Δ	QOQ-Δ
Cash and cash balances	8,223	7,011	11,097	12,350	14,641	78.0%	18.6%	18.6%
Financial assets - held for trading	11,366	9,022	8,805	8,719	9,960	-12.4%	14.2%	14.2%
Derivatives	7,628	5,613	5,633	5,303	5,668	-25.7%	6.9%	6.9%
Other trading assets	3,738	3,409	3,172	3,416	4,292	14.8%	25.6%	25.6%
Financial assets - at fair value through profit or loss	271	269	332	359	404	48.9%	12.5%	12.5%
Financial assets - available for sale	23,187	21,804	21,187	20,763	20,743	-10.5%	-0.1%	-0.1%
Financial assets - held to maturity	17,462	17,949	17,585	17,701	17,573	0.6%	-0.7%	-0.7%
Loans and receivables to credit institutions	8,345	8,775	8,384	4,805	6,680	-20.0%	39.0%	39.0%
Loans and receivables to customers	**123,437**	**123,504**	**124,521**	**125,897**	**126,740**	**2.7%**	**0.7%**	**0.7%**
Derivatives - hedge accounting	2,914	2,181	2,284	2,191	2,347	-19.4%	7.1%	7.1%
Changes in fair value of portfolio hedged items	0	0	0	0	0	n/a	n/a	n/a
Property and equipment	2,340	2,330	2,368	2,402	2,370	1.3%	-1.3%	-1.3%
Investment properties	947	805	751	753	744	-21.5%	-1.3%	-1.3%
Intangible assets	1,415	1,395	1,393	1,465	1,447	2.2%	-1.2%	-1.2%
Investments in associates and joint ventures	190	194	164	167	169	-11.2%	1.4%	1.4%
Current tax assets	107	150	166	119	142	32.7%	19.7%	19.7%
Deferred tax assets	293	255	234	310	308	4.9%	-0.8%	-0.8%
Assets held for sale	229	429	487	526	456	99.1%	-13.3%	-13.3%
Other assets	1,844	1,457	1,411	1,217	1,646	-10.8%	35.3%	35.3%
Total assets	**202,570**	**197,532**	**201,171**	**199,743**	**206,369**	**1.9%**	**3.3%**	**3.3%**

Additional information: group balance sheet

Liabilities and equity

in EUR million	Mar 15	Jun 15	Sep 15	Dec 15	Mar 16	YOY-Δ	YTD-Δ	QOQ-Δ
	Quarterly data					Change		
Financial liabilities - held for trading	8,988	6,632	6,364	5,867	6,612	-26.4%	12.7%	12.7%
Derivatives	8,163	5,875	5,654	5,434	5,782	-29.2%	6.4%	6.4%
Other trading liabilities	824	758	711	434	830	0.7%	91.4%	91.4%
Financial liabilities - at fair value through profit or loss	1,966	1,881	1,907	1,907	1,918	-2.4%	0.6%	0.6%
Deposits from banks	0	0	0	0	0	n/a	n/a	n/a
Deposits from customers	**257**	**237**	**197**	**149**	**122**	**-52.6%**	**-18.0%**	**-18.0%**
Debt securities issued	1,709	1,644	1,710	1,758	1,796	5.1%	2.2%	2.2%
Other financial liabilities	0	0	0	0	0	n/a	n/a	n/a
Financial liabilities measured at amortised cost	170,616	168,769	172,186	170,787	175,026	2.6%	2.5%	2.5%
Deposits from banks	16,389	15,704	17,414	14,212	17,330	5.7%	21.9%	21.9%
Deposits from customers	**124,495**	**124,296**	**125,242**	**127,797**	**128,518**	**3.2%**	**0.6%**	**0.6%**
Debt securities issued	29,143	28,270	28,910	27,896	28,263	-3.0%	1.3%	1.3%
Other financial liabilities	590	497	620	882	914	55.1%	3.7%	3.7%
Derivatives - hedge accounting	833	639	621	593	650	-21.9%	9.7%	9.7%
Changes in fair value of portfolio hedged items	1,277	962	1,013	966	1,089	-14.7%	12.8%	12.8%
Provisions	1,688	1,608	1,752	1,736	1,801	6.7%	3.8%	3.8%
Current tax liabilities	111	121	120	90	101	-9.1%	11.8%	11.8%
Deferred tax liabilities	140	85	92	96	119	-14.5%	24.7%	24.7%
Liabilities associated with assets held for sale	0	33	33	578	451	n/a	-22.0%	-22.0%
Other liabilities	2,996	2,786	2,647	2,317	3,383	12.9%	46.0%	46.0%
Total equity	**13,956**	**14,015**	**14,437**	**14,807**	**15,218**	**9.0%**	**2.8%**	**2.8%**
Equity attributable to non-controlling interests	3,718	3,701	3,746	3,802	3,889	4.6%	2.3%	2.3%
Equity attributable to owners of the parent	10,238	10,314	10,691	11,005	11,329	10.7%	2.9%	2.9%
Total liabilities and equity	**202,570**	**197,532**	**201,171**	**199,743**	**206,369**	**1.9%**	**3.3%**	**3.3%**

Contact 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

  AT1 programme: https://www.erstegroup.com/de/ueber-uns/erste-group-emissionen/prospekte/anleihen/at1np20042016

- **IR Contacts**
  Thomas Sommerauer
  Tel: +43 (0)5 0100 17326 **e-mail:** thomas.sommerauer@erstegroup.com

  Simone Pilz
  Tel: +43 (0)5 0100 13036 **e-mail:** simone.pilz@erstegroup.com

- **Funding Contacts**
  Bernhard Leder
  Tel: +43 (0)5 0100 85076 **e-mail:** bernhard.leder@erstegroup.com

  Renée Bauer
  Tel: +43 (0)5 0100 84013 **e-mail:** renee.bauer@erstegroup.com

Restrictions on marketing and sales to retail investors

- The Perpetual Euro-denominated 5.125% CET1 trigger temporary write-down Additional Tier 1 Notes discussed in the base prospectus dated 20 April 2016 (as supplemented) (the "Notes") are complex financial instruments and are not a suitable or appropriate investment for all investors. In some jurisdictions, regulatory authorities have adopted or published laws, regulations or guidance with respect to the offer or sale of securities such as the Notes to retail investors.

- In particular, in June 2015, the U.K. Financial Conduct Authority (the "FCA") published the Product Intervention (Contingent Convertible Instruments and Mutual Society Shares) Instrument 2015, which took effect from 1 October 2015 (the "PI Instrument").

- Under the rules set out in the PI Instrument (as amended or replaced from time to time, the "PI Rules"):
  - (i) certain contingent write-down or convertible Notes (including any beneficial interests therein), such as the Notes, must not be sold to retail clients in the EEA; and
  - (ii) there must not be any communication or approval of an invitation or inducement to participate in, acquire or underwrite such Notes (or the beneficial interest in such Notes) where that invitation or inducement is addressed to or disseminated in such a way that it is likely to be received by a retail client in the EEA (in each case, within the meaning of the PI Rules), other than in accordance with the limited exemptions set out in the PI Rules.
- Erste Group Bank AG, Morgan Stanley & Co. International plc, UBS Limited, J.P. Morgan Securities plc and HSBC Bank plc (the "Joint Bookrunners") are required to comply with the PI Rules. By purchasing, or making or accepting an offer to purchase, any Notes (or a beneficial interest in such Notes) from the Issuer and/or the Joint Bookrunners each prospective investor represents, warrants, agrees with and undertakes to the Issuer and each of the Joint Bookrunners that:
  1. it is not a retail client in the EEA (as defined in the PI Rules);
  2. whether or not it is subject to the PI Rules, it will not

Restrictions on marketing and sales to retail investors (continued)

(A) sell or offer the Notes (or any beneficial interest therein) to retail clients in the EEA or

(B) communicate (including the distribution of the base prospectus dated 20 April 2016 (as supplemented) or approve an invitation or inducement to participate in, acquire or underwrite the Notes (or any beneficial interests therein) where that invitation or inducement is addressed to or disseminated in such a way that it is likely to be received by a retail client in the EEA (in each case within the meaning of the PI Rules),

in any such case other than (i) in relation to any sale or offer to sell Notes (or any beneficial interests therein) to a retail client in or resident in the United Kingdom, in circumstances that do not and will not give rise to a contravention of the PI Rules by any person and/or (ii) in relation to any sale or offer to sell Notes (or any beneficial interests therein) to a retail client in any EEA member state other than the United Kingdom, where (a) it has conducted an assessment and concluded that the relevant retail client understands the risks of an investment in the Notes (or such beneficial interests therein) and is able to bear the potential losses involved in an investment in the Notes (or such beneficial interests therein) and (b) it has at all times acted in relation to such sale or offer in compliance with the Markets in Financial Instruments Directive (2004/39/EC) ("MiFID") to the extent it applies to it or, to the extent MiFID does not apply to it, in a manner which would be in compliance with MiFID if it were to apply to it; and

3. it will at all times comply with all applicable laws, regulations and regulatory guidance (whether inside or outside the EEA) relating to the promotion, offering, distribution and/or sale of the Notes (or any beneficial interests therein), including (without limitation) any such laws, regulations and regulatory guidance relating to determining the appropriateness and/or suitability of an investment in the Notes (or any beneficial interests therein) by investors in any relevant jurisdiction.

- Where acting as agent on behalf of a disclosed or undisclosed client when purchasing, or making or accepting an offer to purchase, any Notes (or any beneficial interests therein) from the Issuer and/or the Joint Bookrunners the foregoing representations, warranties, agreements and undertakings will be given by and be binding upon both the agent and its underlying client.