

## Erste Group: Preliminary results 2017

Erste Group posts net profit of EUR 1,316.2 million in 2017 (ROTE: 11.5%); proposes dividend of EUR 1.2 per share

### Financial data

Income statement					
in EUR million	Q4 16	Q3 17	Q4 17	2016	2017
Net interest income	1,107.0	1,086.3	1,123.9	4,374.5	4,353.2
Net fee and commission income	463.2	451.0	489.7	1,783.0	1,851.6
Net trading result	65.1	36.5	83.5	283.8	222.8
Operating income	1,731.5	1,644.2	1,732.1	6,691.2	6,669.0
Operating expenses	-1,065.1	-1,010.1	-1,144.7	-4,028.2	-4,158.2
Operating result	666.4	634.1	587.5	2,663.0	2,510.8
Net impairment loss on financial assets	-132.5	32.9	-60.5	-195.7	-132.0
Post-provision operating result	533.9	667.0	526.9	2,467.3	2,378.8
<b>Net result attributable to owners of the parent</b>	<b>85.6</b>	<b>363.0</b>	<b>328.6</b>	<b>1,264.7</b>	<b>1,316.2</b>
Net interest margin (on average interest-bearing assets)	2.52%	2.39%	2.41%	2.51%	2.40%
Cost/income ratio	61.5%	61.4%	66.1%	60.2%	62.4%
Provisioning ratio (on average gross customer loans)	0.39%	-0.09%	0.17%	0.15%	0.09%
Tax rate	8.0%	23.3%	9.8%	21.2%	19.7%
Return on equity	2.8%	11.7%	9.1%	10.8%	10.1%
Balance sheet					
in EUR million	Dec 16	Sep 17	Dec 17	Dec 16	Dec 17
Cash and cash balances	18,353	22,104	21,796	18,353	21,796
Trading, financial assets	47,586	43,539	42,753	47,586	42,753
Loans and receivables to credit institutions	3,469	10,358	9,126	3,469	9,126
Loans and receivables to customers	130,654	138,005	139,532	130,654	139,532
Intangible assets	1,390	1,474	1,524	1,390	1,524
Miscellaneous assets	6,775	6,234	5,929	6,775	5,929
<b>Total assets</b>	<b>208,227</b>	<b>221,715</b>	<b>220,659</b>	<b>208,227</b>	<b>220,659</b>
Financial liabilities - held for trading	4,762	3,551	3,423	4,762	3,423
Deposits from banks	14,631	19,226	16,349	14,631	16,349
Deposits from customers	138,013	148,363	150,969	138,013	150,969
Debt securities issued	27,192	25,661	25,095	27,192	25,095
Miscellaneous liabilities	7,027	6,945	6,535	7,027	6,535
Total equity	16,602	17,969	18,288	16,602	18,288
<b>Total liabilities and equity</b>	<b>208,227</b>	<b>221,715</b>	<b>220,659</b>	<b>208,227</b>	<b>220,659</b>
Loan/deposit ratio	94.7%	93.0%	92.4%	94.7%	92.4%
NPL ratio	4.9%	4.3%	4.0%	4.9%	4.0%
NPL coverage (exc collateral)	69.1%	69.5%	68.8%	69.1%	68.8%
Texas ratio	34.6%	31.3%	29.2%	34.6%	29.2%
CET 1 ratio (phased-in)	13.4%	12.8%	13.4%	13.4%	13.4%

## HIGHLIGHTS

P&L 2017 compared with 2016; balance sheet as of 31 December 2017 compared with 31 December 2016

**Net interest income** declined to EUR 4,353.2 million (-0.5%; EUR 4,374.5 million) despite lending growth, mostly due to lower interest income from the government bond portfolio and a lower unwinding effect. **Net fee and commission income** increased to EUR 1,851.6 million (+3.8%; EUR 1,783.0 million). Income from the securities business, from asset management and from brokerage was up substantially, while income from the lending business declined. **Net trading result** decreased significantly to EUR 222.8 million (-21.5%; EUR 283.8 million). **Operating income** was nearly stable at EUR 6,669.0 million (-0.3%; EUR 6,691.2 million). **General administrative expenses** rose to EUR 4,158.2 million (+3.2%; EUR 4,028.2 million). This was attributable to an increase in other administrative expenses and in depreciation and amortisation (+6.0% and +1.5%, respectively) as well as higher personnel expenses of EUR 2,388.6 million (+2.1%; EUR 2,339.3 million). This line item also included deposit insurance payments in the amount of EUR 82.2 million (EUR 88.8 million). Consequently, the **operating result** decreased to EUR 2,510.8 million (-5.7%; EUR 2,663.0 million). The **cost/income ratio** rose to 62.4% (60.2%).

**Net impairment loss on financial assets** declined even further to EUR 132.0 million or 9 basis points of average gross customer loans (EUR 195.7 million or 15 basis points) and thus to a historical low. This was attributable to the substantial decline in the balance of the allocation and release of provisions for the lending business, mostly in Austria and in the Czech Republic. The **NPL ratio** improved further to 4.0% (4.9%). The **NPL cover ratio** was stable at 68.8% (69.1%).

**Other operating result** amounted to EUR -457.4 million (EUR -665.0 million). The improvement was largely due to the significant reduction of Austrian banking taxes to EUR 23.0 million (EUR 306.7 million, including a one-off payment of EUR 200.9 million under the Austrian Bank Tax Act). Overall, banking and transaction taxes declined to EUR 105.7 million (EUR 388.8 million). This line item includes the annual contributions to resolution funds in the amount of EUR 65.8 million (EUR 65.6 million) and EUR 45.0 million in expenses for losses from loans to consumers incurred as a result of supreme court rulings regarding negative reference interest rates in Austria.

The minority charge rose to EUR 351.5 million (+29.2%; EUR 272.0 million) due to a rise in the earnings contributions of the savings banks. The **net result attributable to owners of the parent** rose to EUR 1,316.2 million (+4.1%; EUR 1,264.7 million).

**Total equity** not including AT1 instruments rose to EUR 17.3 billion (EUR 16.1 billion). After regulatory deductions and filtering according to the CRR, **common equity tier 1 capital** (CET1, Basel 3 phased-in) increased to EUR 14.7 billion (EUR 13.6 billion). Total **own funds** (Basel 3 phased-in) went up to EUR 20.3 billion (EUR 18.8 billion). Total risk (**risk-weighted assets** including credit, market and operational risk, Basel 3 phased-in) rose to EUR 110.0 billion (EUR 101.8 billion). The **common equity tier 1 ratio** (CET1, Basel 3 phased-in) remained stable at 13.4% (13.4%), the **total capital ratio** (Basel 3 phased-in) at 18.5% (18.5%).

**Total assets** increased to EUR 220.7 billion (+6.0%; EUR 208.2 billion). On the asset side, cash and cash balances rose to EUR 21.8 billion (EUR 18.4 billion), loans and receivables to credit institutions increased to EUR 9.1 billion (EUR 3.5 billion). **Loans and receivables to customers** rose to EUR 139.5 billion (+6.8%; EUR 130.7 billion). On the liability side, deposits from banks increased to EUR 16.3 billion (EUR 14.6 billion) and **customer deposits** continued to grow – most notably in the Czech Republic and in Austria – to EUR 150.9 billion (+9.4%; EUR 138.0 billion). The **loan-to-deposit** ratio stood at 92.4% (94.7%).

## OUTLOOK

Erste Group targets a return on tangible equity (ROTE) of more than 10% in 2018. The expected very solid macro-economic development in the core markets Czech Republic, Slovakia, Hungary, Romania, Croatia, Serbia and Austria, rising interest rate levels in several of our markets and still historically low risk costs should be supportive factors to achieve this target. On the other hand, a global or regional slowdown of economic growth as well as potential – and as yet unquantifiable – political or regulatory risks might jeopardize achieving the target.

In 2018, the positive development of the economy should be reflected in growth rates (real GDP growth) of around 3% to 5% in the Erste Group's CEE core markets. All other economic parameters are currently expected to be similarly robust. Unemployment rates should remain at historic lows – in the Czech Republic and in Hungary they are already among the lowest in the EU. Inflation is forecast to rise but remain subdued by historical standards and strong competitive positions should again lead to current account surpluses. The fiscal situation and public debt levels are also projected to remain sound. Austria should see accelerating economic growth at a rate of close to 3%. Overall, growth continues to be driven by domestic demand across all economies. The contribution of exports is forecast as neutral.

Against this backdrop, Erste Group expects mid-single digit net loan growth. In 2018, net interest income should also be slightly up on the back of rising short and long-term interest rates, primarily in the Czech Republic and Romania, but also globally, and therefore declining margin pressure from sovereign bond reinvestments. The second key income component, net fee and commission income, is also expected to increase moderately in 2018. As in 2017, some positive momentum should again come from the securities business, fund management and the insurance business. The other income components are expected to remain stable, by and large, despite the volatility of the net trading and fair value results. Consequently, operating income should grow slightly in 2018.

Operating expenses are expected to decline marginally in 2018, mainly due to the fact that in 2017 higher IT expenditure was incurred for regulatory projects, which will not recur on the same scale in 2018. However, Erste Group will continue to invest in digitalisation and thereby its future competitiveness in 2018. The focus will be on product simplification, process standardisation or the group-wide implementation of the digital platform George. After its rollout in Austria, George will be fully up and running in the Czech Republic, Slovakia and Romania in 2018.

Overall, the operating result is projected to rise in 2018.

Risk costs should support net profit again in 2018. Amid a moderate rise of interest rates, risk costs should go up only slightly. Further improvements in asset quality, however, should have a dampening effect. Overall, Erste Group does not expect a recurrence of the historically low risk cost level of 2017 of just 9 basis points of average gross customer loans. While precise forecasts are difficult in the current environment, Erste Group projects for 2018 risk costs of up to 20 basis points of average gross customer loans. The implementation of accounting standard IFRS 9 is not expected to materially impact financial results in 2018.

Assuming a tax rate of around 22% and a similar level of minority charges, Erste Group aims to achieve a return on tangible equity (ROTE) of more than 10%.

Potential risks to the guidance are interest rate trends that differ from expectations, political or regulatory measures targeting banks as well as geopolitical and global economic developments.

## PERFORMANCE IN DETAIL

January-December 2017 compared with January-December 2016

in EUR million	2016	2017	Change
Net interest income	4,374.5	4,353.2	-0.5%
Net fee and commission income	1,783.0	1,851.6	3.8%
Net trading result	283.8	222.8	-21.5%
Operating income	6,691.2	6,669.0	-0.3%
Operating expenses	-4,028.2	-4,158.2	3.2%
<b>Operating result</b>	<b>2,663.0</b>	<b>2,510.8</b>	<b>-5.7%</b>
Net impairment loss on financial assets	-195.7	-132.0	-32.5%
Other operating result	-665.0	-457.4	-31.2%
Levies on banking activities	-388.8	-105.7	-72.8%
<b>Pre-tax result from continuing operations</b>	<b>1,950.4</b>	<b>2,077.8</b>	<b>6.5%</b>
Taxes on income	-413.6	-410.1	-0.9%
<b>Net result for the period</b>	<b>1,536.8</b>	<b>1,667.7</b>	<b>8.5%</b>
Net result attributable to non-controlling interests	272.0	351.5	29.2%
<b>Net result attributable to owners of the parent</b>	<b>1,264.7</b>	<b>1,316.2</b>	<b>4.1%</b>

### Net interest income

Net interest income declined to EUR 4,353.2 million (EUR 4,374.5 million) on the back of a persistently challenging market interest rate environment, which resulted in lower interest income from the government bond portfolio and customer loans, and a lower unwinding effect owed to continued asset quality improvements. The implementation of supreme court rulings regarding negative reference interest rates for consumer loans also had a negative impact on net interest income in Austria. Solid net customer loan growth did not fully offset the pressure on net interest income. As a result, the net interest margin (net interest income as a percentage of average interest-bearing assets) declined from 2.51% to 2.40%.

### Net fee and commission income

Net fee and commission income rose to EUR 1,851.6 million (EUR 1,783.0 million). While income from the securities business, from asset management and from brokerage saw significant growth, income from lending declined, most notably in the Czech Republic and in Slovakia.

### Net trading result

Net trading result decreased to EUR 222.8 million (EUR 283.8 million). This was attributable to losses from securities and derivatives trading as well as negative contributions from hedge accounting.

### General administrative expenses

in EUR million	2016	2017	Change
Personnel expenses	2,339.3	2,388.6	2.1%
Other administrative expenses	1,235.8	1,309.6	6.0%
Depreciation and amortisation	453.1	460.0	1.5%
<b>General administrative expenses</b>	<b>4,028.2</b>	<b>4,158.2</b>	<b>3.2%</b>

**General administrative expenses** amounted to EUR 4,158.2 million (EUR 4,028.2 million). **Personnel expenses** increased to EUR 2,388.6 million (EUR 2,339.3 million), **other administrative expenses** to EUR 1,309.6 million (EUR 1,235.8 million). IT expenditure rose to EUR 425.9 million (EUR 339.3 million), mainly due to increased regulatory requirements and the implementation of new systems in Austria. Consulting expenses were up at EUR 165.7 million (EUR 151.7 million). Deposit insurance contributions declined to EUR 82.8 million (EUR 88.8 million) as lower contributions of EUR 2.2 million (EUR 14.5 million) in Romania and EUR 0.8 million (EUR 2.5 million) in Slovakia offset higher payments in other core markets. **Depreciation and amortisation** increased to EUR 460.0 million (EUR 453.1 million).

## Headcount as of end of the period

	Dec 16	Dec 17	Change
<b>Domestic</b>	<b>16,029</b>	<b>16,283</b>	<b>1.6%</b>
Erste Group, EB Oesterreich and subsidiaries	8,835	9,144	3.5%
Haftungsverbund savings banks	7,194	7,140	-0.8%
<b>Abroad</b>	<b>31,004</b>	<b>31,419</b>	<b>1.3%</b>
Česká spořitelna Group	10,299	10,171	-1.2%
Banca Comercială Română Group	7,078	7,265	2.6%
Slovenská sporiteľňa Group	4,232	4,250	0.4%
Erste Bank Hungary Group	2,873	3,047	6.1%
Erste Bank Croatia Group	3,073	3,201	4.2%
Erste Bank Serbia Group	1,005	1,069	6.4%
Savings banks subsidiaries	1,249	1,184	-5.2%
Other subsidiaries and foreign branch offices	1,195	1,233	3.1%
<b>Total</b>	<b>47,034</b>	<b>47,702</b>	<b>1.4%</b>

The average headcount increased marginally by 1.5% to 47,659 (46,955).

## Operating result

Operating income was nearly stable at EUR 6,669.0 million (-0.3%; EUR 6,691.2 million) on the back of improved net fee and commission income, moderately declining net interest income and lower net trading result. General administrative expenses rose to EUR 4,158.2 million (+3.2%; EUR 4,028.2 million), driven by an increase in other administrative and personnel expenses and depreciation and amortisation. The operating result accordingly declined to EUR 2,510.8 million (-5.7%; EUR 2,663.0 million). The cost/income ratio stood at 62.4% (60.2%).

## Gains/losses from financial assets and liabilities not measured at fair value through profit or loss (net)

Gains from financial assets and liabilities not measured at fair value through profit or loss (net) amounted to EUR 156.4 million (EUR 148.0 million). This item includes mostly gains from the sale of securities in Austria, in the Czech Republic and in Hungary shown in income from financial assets – available for sale. In the comparative period, the item reflected a gain from the sale of shares in VISA Europe in the amount of EUR 138.7 million.

## Net impairment loss on financial assets

Net impairment loss on financial assets amounted to EUR 132.0 million (EUR 195.7 million) or 9 basis points (15 basis points) of average volume of gross customer loans and hence remained at a historically very low level. This was mostly attributable to the decline in the balance of the allocation and release of provisions for the lending business together with lower costs of direct loan write-offs, which also offset the decline in income received from the recovery of loans already written off. In addition, this line item included a net impairment loss on financial assets – held to maturity and financial assets – available for sale in the amount of EUR -27.0 million (EUR -11.4 million), which was mostly a net impairment loss on participations.

## Other operating result

Other operating result improved significantly to EUR -457.4 million (EUR -665.0 million) mostly due to reduced **levies on banking activities** of EUR 105.7 million (EUR 388.8 million). Following last year's one-off payment of EUR 200.9 million, banking tax rates have been reduced in Austria from 2017 onwards. This resulted in lower Austrian banking levies of EUR 23.0 million (EUR 306.7 million). In addition, the Hungarian banking tax was further reduced. Due to a lower tax rate and an adjustment of the assessment base, the tax charge declined to EUR 12.8 million (EUR 19.4 million). Including financial transaction tax of EUR 42.4 million (EUR 37.6 million), bank levies in Hungary totalled EUR 55.2 million (EUR 57.0 million). In Slovakia, bank levies rose to EUR 27.4 million (EUR 25.1 million).

Allocation/release of other provisions, including for commitments and guarantees given, amounted to EUR -116.2 million (EUR -125.9 million). This included EUR 45.0 million in provisions for losses from loans to consumers resulting from supreme court rulings regarding negative reference interest rates in Austria. In addition, other operating result also reflected impairments (EUR 31.1 million for IT projects and EUR 26.7 million for branches in the Czech Republic) as well as the annual contributions to resolution funds in the amount of EUR 65.8 million (EUR 65.6 million) shown in the line item result from other operating expenses/income. In Romania, these increased to EUR 14.2 million (EUR 4.5 million) and, to a lesser extent, also in the Czech Republic and Hungary, but declined marginally in Austria, Slovakia and Croatia. In the previous year, the partial impairment of goodwill in Slovenská sporiteľňa had a negative effect of EUR 61.3 million.

## Net result

The pre-tax result from continuing operations amounted to EUR 2,077.8 million (EUR 1,950.4 million). The minority charge rose to EUR 351.5 million (EUR 272.0 million) due to continued solid earnings contributions of the savings banks. The net result attributable to owners of the parent rose to EUR 1,316.2 million (EUR 1,264.7 million).

## FINANCIAL RESULTS – QUARTER-ON-QUARTER COMPARISON

Fourth quarter of 2017 compared to third quarter of 2017

in EUR million	Q4 16	Q1 17	Q2 17	Q3 17	Q4 17
<b>Income statement</b>					
Net interest income	1,107.0	1,051.3	1,091.7	1,086.3	1,123.9
Net fee and commission income	463.2	457.7	453.2	451.0	489.7
Dividend income	9.0	3.7	23.4	10.4	6.2
Net trading result	65.1	48.6	54.3	36.5	83.5
Result from financial assets and liabilities designated at fair value through profit or loss	15.6	3.0	1.5	7.7	-24.4
Net result from equity method investments	3.1	3.2	2.9	4.0	5.7
Rental income from investment properties & other operating leases	68.6	50.1	48.2	48.3	47.6
Personnel expenses	-614.6	-571.7	-579.6	-595.9	-641.3
Other administrative expenses	-325.8	-332.4	-291.8	-301.1	-384.4
Depreciation and amortisation	-124.7	-114.2	-113.8	-113.0	-118.9
Gains/losses from financial assets and liabilities not measured at fair value through profit or loss, net	0.3	28.3	14.2	28.3	85.7
Net impairment loss on financial assets	-132.5	-65.8	-38.6	32.9	-60.5
Other operating result	-412.5	-127.1	-82.7	-86.8	-160.9
Levies on banking activities	-237.1	-35.8	-23.6	-22.7	-23.6
<b>Pre-tax result from continuing operations</b>	<b>121.7</b>	<b>434.7</b>	<b>583.0</b>	<b>608.5</b>	<b>451.7</b>
Taxes on income	-9.7	-95.6	-128.2	-142.0	-44.2
<b>Net result for the period</b>	<b>112.0</b>	<b>339.0</b>	<b>454.7</b>	<b>466.5</b>	<b>407.5</b>
Net result attributable to non-controlling interests	26.4	76.8	92.3	103.5	78.9
<b>Net result attributable to owners of the parent</b>	<b>85.6</b>	<b>262.2</b>	<b>362.5</b>	<b>363.0</b>	<b>328.6</b>

**Net interest income** increased to EUR 1,123.9 million (+3.5%; EUR 1,086.3 million), largely on the back of higher interest rates in the Czech Republic. **Net fee and commission income** rose to EUR 489.7 million (+8.6%; EUR 451.0 million). While income from asset management and brokerage activities increased significantly, income from payment services declined. **Dividend income** went down to EUR 6.2 million (EUR 10.4 million) due to seasonal effects. **Net trading result** increased to EUR 83.5 million (EUR 36.5 million), primarily due to positive valuation effects of foreign currency derivatives.

**General administrative expenses** rose to EUR 1,144.7 million (+13.3%; EUR 1,010.1 million). Personnel expenses increased to EUR 641.3 million (+7.6%; EUR 595.9 million), most notably in Austria, Slovakia and Romania. Other administrative expenses rose to EUR 384.4 million (EUR +27.7%; EUR 301.1 million), driven mainly by another increase in IT expenditure. Depreciation and amortisation was higher at EUR 118.9 (5.2%; EUR 113.0 million). The cost/income ratio rose to 66.1% (61.4%).

**Gains from financial assets and liabilities** not measured at fair value through profit or loss (net) rose to EUR 85.7 million (EUR 28.3 million) on the back of gains from the sale of securities in Austria shown in income from financial assets – available for sale.

**Net impairment loss on financial assets** amounted to EUR 60.5 million (net releases of EUR 32.9 million) due to an increase in specific provisions, mainly in Austria.

**Other operating result** amounted to EUR -160.9 million (EUR -86.8 million). Allocations to provisions for commitments and guarantees given rose to EUR 39.5 million (EUR 13.3 million), allocations to other provisions amounted to EUR 22.1 million (EUR 4.1 million). **Levies on banking activities** rose slightly to EUR 23.6 million (EUR 22.7 million), including EUR 10.7 million (EUR 10.3 million) in Hungary – this amount reflects almost exclusively transaction taxes as the annual banking tax is booked upfront in the first quarter. Banking tax in Austria was almost unchanged at EUR 5.8 million and in Slovakia amounted to EUR 7.1 million (EUR 6.9 million). In addition, this position also reflects impairments of EUR 18.6 million for IT projects and of EUR 26.7 million for branches in the Czech Republic.

The **pre-tax result** declined to EUR 451.7 million (EUR 608.5 million). Taxes on income accordingly decreased to EUR 44.2 million (EUR 142.0 million). The **net result attributable to owners of the parent** amounted to EUR 328.6 million (EUR 363.0 million).

## DEVELOPMENT OF THE BALANCE SHEET

31 December 2017 compared with 31 December 2016

in EUR million	Dec 16	Dec 17	Change
<b>Assets</b>			
Cash and cash balances	18,353	21,796	18.8%
Trading, financial assets	47,586	42,753	-10.2%
Loans and receivables to credit institutions	3,469	9,126	>100.0%
Loans and receivables to customers	130,654	139,532	6.8%
Intangible assets	1,390	1,524	9.6%
Miscellaneous assets	6,775	5,929	-12.5%
<b>Total assets</b>	<b>208,227</b>	<b>220,659</b>	<b>6.0%</b>
<b>Liabilities and equity</b>			
Financial liabilities - held for trading	4,762	3,423	-28.1%
Deposits from banks	14,631	16,349	11.7%
Deposits from customers	138,013	150,969	9.4%
Debt securities issued	27,192	25,095	-7.7%
Miscellaneous liabilities	7,027	6,535	-7.0%
Total equity	16,602	18,288	10.2%
<b>Total liabilities and equity</b>	<b>208,227</b>	<b>220,659</b>	<b>6.0%</b>

The **rise in cash and cash balances** to EUR 21.8 billion (EUR 18.4 billion) was primarily due to larger cash balances held at central banks on the back of continued strong customer deposit inflows and lower reinvestments. **Trading and investment securities** held in various categories of financial assets declined to EUR 42.8 billion (EUR 47.6 billion), driven by sales of available-for-sale securities.

**Loans and receivables to credit institutions (net)**, including demand deposits other than overnight deposits, increased to EUR 9.1 billion (EUR 3.5 billion). **Loans and receivables to customers (net)** rose – mainly in the Czech Republic, but also in Austria and in Slovakia – to EUR 139.5 billion (+6.8%; EUR 130.7 billion) on the back of growth in retail and corporate lending as well as a temporarily expanded money market business. **Allowances for loans and receivables to customers** declined to EUR 4.0 billion (EUR 4.6 billion), mostly due to the continuing improvement in asset quality. The **NPL ratio** – non-performing loans as a percentage of loans to customers – improved further to 4.0% (4.9%). The **NPL coverage ratio** remained solid at 68.8% (69.1%).

**Intangible assets** increased to EUR 1.5 billion (EUR 1.4 billion). **Miscellaneous assets** declined to EUR 5.9 billion (EUR 6.8 billion).

**Financial liabilities – held for trading** decreased to EUR 3.4 billion (EUR 4.8 billion).

**Deposits from banks**, primarily in the form of term deposits, rose to EUR 16.3 billion (EUR 14.6 billion); **deposits from customers** increased to EUR 151.0 billion (EUR 138.0 billion), due to the strong growth in overnight deposits mainly in Austria and in the Czech Republic. The **loan-to-deposit ratio** stood at 92.4% (94.7%). **Debt securities in issue** declined to EUR 25.1 billion (EUR 27.2 billion). **Miscellaneous liabilities** were almost unchanged at EUR 6.5 billion (EUR 7.0 billion).

**Total assets** increased to EUR 220.7 billion (+6.0%; EUR 208.2 billion). Erste Group's **total equity** increased to EUR 18.3 billion (+10.2%; EUR 16.6 billion). Following two issuances in June 2016 and April 2017, this has included AT1 instruments in the amount of EUR 993 million. After regulatory deductions and filtering according to the Capital Requirements Regulation (CRR) the **common equity tier 1 capital** (CET1, Basel 3 phased-in) increased to EUR 14.7 billion (EUR 13.6 billion). Total **own funds** (Basel 3 phased-in) rose to EUR 20.3 billion (EUR 18.8 billion). **Total risk (risk-weighted assets)** including credit, market and operational risk, Basel 3 phased-in) increased to EUR 110.0 billion (EUR 101.8 billion).

Consolidated regulatory capital is calculated in accordance with CRR taking into consideration transitional provisions as defined in the Austrian CRR Supplementary Regulation. These transitional provisions define the percentages applicable to eligible capital instruments and regulatory deduction items as well as filters. The **total capital ratio** (Basel 3 phased-in), total eligible qualifying capital in relation to total risk pursuant to CRR, remained stable at 18.5% (18.5%), well above the legal minimum requirement. The **tier 1 ratio** (Basel 3 phased in) stood at 14.0% (13.4%), the **common equity tier 1 ratio** (Basel 3 phased-in) at 13.4% (13.4%).

## SEGMENT REPORTING

January-December 2017 compared with January-December 2016

Erste Group's segment reporting is based on a matrix organisation. It provides comprehensive information to assess the business line and geographic performance. The tables and information below provide a brief overview and focus on selected and summarised items. At [www.erstegroup.com](http://www.erstegroup.com) additional information is available in Excel format. Operating income consists of net interest income, net fee and commission income, net trading result as well as result from financial assets and liabilities designated at fair value through profit or loss, dividend income, net result from equity method investments and rental income from investment properties & other operating leases. The latter four listed items are not separately disclosed in the tables below. Operating expenses equal the position general administrative expenses. Operating result is the net amount of operating income and operating expenses. Risk provisions for loans and receivables are included in the position net impairment loss on financial assets. Other result summarises the positions other operating result and gains/losses from financial assets and liabilities not measured at fair value through profit or loss. The cost/income ratio is calculated as operating expenses in relation to operating income. The return on allocated capital is defined as the net result after tax/before minorities in relation to the average allocated capital.

## BUSINESS SEGMENTS

### Retail

in EUR million	2016	2017	Change
Net interest income	2,198.2	2,155.7	-1.9%
Net fee and commission income	958.4	1,003.8	4.7%
Net trading result	99.6	114.0	14.5%
Operating income	3,286.3	3,304.4	0.6%
Operating expenses	-1,892.8	-1,995.8	5.4%
Operating result	1,393.5	1,308.6	-6.1%
Cost/income ratio	57.6%	60.4%	
Net impairment loss on financial assets	-19.1	9.5	n/a
Other result	-110.8	-60.4	-45.5%
Net result attributable to owners of the parent	964.6	960.7	-0.4%
Return on allocated capital	42.0%	40.5%	

The Retail segment comprises the entire business with private individuals, free professionals and micros in the responsibility of account managers in the retail network of the local banks cooperating with their specialised subsidiaries (such as leasing and asset management companies).

Net interest income declined on the back of lower contributions from deposit business in Austria and the Czech Republic as well as lower contributions from lending business in Romania and Slovakia. These developments were partially mitigated by an increasing secured loan portfolio as well as the shift of clients from the Corporates segment in Austria, improved performance of deposit business in Croatia and Slovakia as well as additional income generated by the unsecured portfolio of the acquired business of Citibank in Hungary. Net fee and commission income increased primarily due to higher securities and payment transfer fees in Austria. The former Citibank retail business in Hungary also contributed positively. Net trading went up due to the higher income from client foreign exchange transactions in Romania and the Czech Republic and the increased client base in Hungary. Operating expenses increased primarily due to higher costs in Hungary and Slovakia as well as higher costs in Austria triggered by the shift of clients from the Corporates segment. Operating result thus declined, the cost/income ratio went up. The significant improvement of net impairment loss on financial assets was driven by releases of risk provisions in the Czech Republic, Austria and Romania. Other result improved due to the non-recurrence of high litigation provisions in Romania booked last year. Overall, the net result attributable to the owners of the parent marginally decreased.



## Corporates

in EUR million	2016	2017	Change
Net interest income	1,015.6	993.9	-2.1%
Net fee and commission income	259.1	256.2	-1.1%
Net trading result	90.7	91.6	1.0%
Operating income	1,504.7	1,469.9	-2.3%
Operating expenses	-562.4	-577.0	2.6%
Operating result	942.4	892.9	-5.2%
Cost/income ratio	37.4%	39.3%	
Net impairment loss on financial assets	-61.9	-135.3	>100.0%
Other result	-10.2	-13.9	37.2%
Net result attributable to owners of the parent	653.0	580.3	-11.1%
Return on allocated capital	22.3%	18.8%	

The Corporates segment comprises business done with SMEs (small and medium sized enterprises), Local Large Corporate and Group Large Corporate customers, as well as commercial real estate and public sector business.

Net interest income decreased primarily due to the lower contribution of business in Austria partially caused by the shift of clients to the Retail segment of Erste Bank Oesterreich. Net interest income in Croatia was negatively impacted by lower contribution of the lending business. A better result from early repayment fees in the Czech Republic, higher guarantee fees in Hungary as well as higher lending fees in Croatia partially compensated the negative impact of the shift of customers in Austria on net fee and commission income. The moderate increase in the net trading result was mainly attributable to valuation effects of derivatives in Erste Bank Oesterreich. Rental income was negatively influenced by the sale of real estate SPVs in the Czech Republic and decreasing volumes of operating lease in Croatia. As a result, operating income went down. Higher operating expenses driven by project-related costs contributed to the decrease of the operating result and the increase in the cost/income ratio. Net impairment loss on financial assets increased significantly on the back of lower income from insurance claims in Romania as well as downgrading of one customer in Croatia. On the other hand, risk costs in the Czech Republic and Erste Bank Oesterreich decreased. Other result improved mainly due to the release of provisions for litigations in Hungary. Consequently, the net result attributable to the owners of the parent decreased.

## Group Markets

in EUR million	2016	2017	Change
Net interest income	212.1	196.8	-7.2%
Net fee and commission income	203.7	223.0	9.4%
Net trading result	94.3	123.8	31.2%
Operating income	515.1	554.1	7.6%
Operating expenses	-223.4	-229.5	2.7%
Operating result	291.7	324.6	11.3%
Cost/income ratio	43.4%	41.4%	
Net impairment loss on financial assets	11.4	3.6	-68.4%
Other result	4.9	-11.5	n/a
Net result attributable to owners of the parent	235.6	245.7	4.3%
Return on allocated capital	37.6%	36.9%	

The Group Markets segment comprises trading and markets services as well as business done with financial institutions.

Net interest income decreased primarily due to the generally low interest rate environment, lower volumes of collateral trading products and lower margins on sight deposits of financial institutions. Net fee and commission income rose on the back of increased sales activities, higher assets under management and arrangement fees related to debt issuance. The increase in net trading result was attributable to positive market developments affecting fixed income, money market, collateral trading and credit trading products. Therefore, operating income improved. Although operating expenses went up on the back of higher project-related costs, operating result as well as the cost/income ratio improved. Other result deteriorated due to the booking of one-off income from the resolution of a claim last year. Overall, the net result attributable to the owners of the parent increased.

## Asset/Liability Management & Local Corporate Center

in EUR million	2016	2017	Change
Net interest income	-93.7	-55.4	-40.9%
Net fee and commission income	-64.4	-87.4	35.6%
Net trading result	-10.2	-74.3	>100.0%
Operating income	-135.2	-191.2	41.4%
Operating expenses	-117.3	-86.0	-26.7%
Operating result	-252.5	-277.2	9.8%
Cost/income ratio	-86.8%	-45.0%	
Net impairment loss on financial assets	-9.6	-8.3	-13.4%
Other result	-28.2	-142.9	>100.0%
Net result attributable to owners of the parent	-214.4	-359.3	67.6%
Return on allocated capital	-9.6%	-17.7%	

The ALM & LCC segment includes all asset/liability management functions – local and of Erste Group Bank AG (Holding) – as well as the local corporate centers which comprise non-profit service providers and reconciliation items to local entity results.

Net interest income increased mainly due to a higher contribution from deposits in Erste Bank Oesterreich partially offset by the lower result from derivatives in the Holding. The decrease in net fee and commission income was primarily related to lower fee income in the Czech Republic. The deterioration of net trading result as well as the result from financial assets and liabilities designated at fair value through profit or loss was driven by valuation results in the Holding. The decrease in operating expenses was mainly attributable to lower costs in Slovakia. Overall, operating result declined. Other result worsened mainly due to the non-recurrence of the selling gains on the shares of VISA Europe in 2016 (EUR 138.7 million) as well as provisions for expected losses from loans to consumers due to supreme court rulings regarding negative reference interest rates in Erste Bank Oesterreich in 2017 (EUR 13.7 million). These effects were partially compensated by the substantial decrease of banking tax in Erste Bank Oesterreich after a one-off payment in the amount of EUR 25.4 million in 2016. The net result attributable to the owners of the parent decreased.

## Savings Banks

in EUR million	2016	2017	Change
Net interest income	955.8	982.0	2.7%
Net fee and commission income	429.7	446.2	3.8%
Net trading result	5.3	10.2	91.4%
Operating income	1,446.0	1,492.9	3.2%
Operating expenses	-1,021.8	-1,051.2	2.9%
Operating result	424.2	441.7	4.1%
Cost/income ratio	70.7%	70.4%	
Net impairment loss on financial assets	-54.2	12.6	n/a
Other result	-56.8	-38.0	-33.2%
Net result attributable to owners of the parent	34.1	51.9	52.4%
Return on allocated capital	9.3%	14.7%	

The Savings Banks segment includes those savings banks which are members of the Haftungsverbund (cross-guarantee system) of the Austrian savings banks sector and in which Erste Group does not hold a majority stake but are fully controlled according to IFRS 10. The fully or majority owned savings banks Erste Bank Oesterreich, Tiroler Sparkasse, Salzburger Sparkasse, and Sparkasse Hainburg are not part of the Savings Banks segment.

The increase in net interest income was mainly attributable to higher loan volumes and lower interest expenses, which was partially offset by the effect of the implementation of supreme court rulings regarding negative reference interest rates for consumer loans. Net fee and commission income increased mostly due to higher fees from securities business and payments. Net trading result improved on the back of positive valuation results. Operating expenses went up due to higher IT expenses. The booking of deposit insurance contributions for the full year amounted to EUR 27.0 million (EUR 24.2 million). Therefore, operating result increased and the cost/income ratio improved. Net impairment loss on financial assets decreased substantially. Other result improved due to selling gains of AfS securities and the decrease of banking tax to EUR 4.4 million (EUR 47.0 million – including a one-off payment in the amount of EUR 32.6 million) despite provisions for expected losses from loans to consumers due to supreme court rulings regarding negative reference interest rates (EUR 31.3

million) and higher provisions for contingent liabilities. The payment into the resolution fund amounted to EUR 6.4 million (EUR 8.5 million). Overall, the net result attributable to the owners of the parent increased.

### Group Corporate Center

in EUR million	2016	2017	Change
Net interest income	77.4	74.9	-3.2%
Net fee and commission income	6.4	13.0	>100.0%
Net trading result	3.7	-41.5	n/a
Operating income	112.0	73.1	-34.8%
Operating expenses	-871.5	-996.4	14.3%
Operating result	-759.4	-923.3	21.6%
Cost/income ratio	>100.0%	>100.0%	
Net impairment loss on financial assets	-62.2	-14.1	-77.3%
Other result	307.3	709.2	>100.0%
Net result attributable to owners of the parent	-408.1	-163.2	-60.0%
Return on allocated capital	-7.2%	-2.0%	

The Group Corporate Center segment covers mainly centrally managed activities and items that are not directly allocated to other segments. It includes the Corporate Center of Erste Group Bank AG as well as internal non-profit service providers. Therefore, in particular the line items "other operating result" and "general administrative expenses" should be considered together with intragroup eliminations. Furthermore, the free capital of Erste Group is included.

Operating income declined mainly due to lower valuation results. The increase in operating expenses was primarily driven by higher IT costs. Other result improved significantly on the back of lower Austrian banking tax impacted by a one-off payment in the amount of EUR 138.3 million in the previous year. In 2016 this line item also included partial impairment of the goodwill in Slovenská sporiteľňa in the amount of EUR 61.3 million. Consequently, the net result attributable to the owners of the parent improved significantly.

### GEOGRAPHICAL SEGMENTS

#### Erste Bank Oesterreich & Subsidiaries

in EUR million	2016	2017	Change
Net interest income	660.5	631.2	-4.4%
Net fee and commission income	334.6	353.8	5.7%
Net trading result	16.1	18.9	17.0%
Operating income	1,057.5	1,053.7	-0.4%
Operating expenses	-666.9	-679.6	1.9%
Operating result	390.6	374.1	-4.2%
Cost/income ratio	63.1%	64.5%	
Net impairment loss on financial assets	-29.3	26.1	n/a
Other result	-18.5	-27.5	48.3%
Net result attributable to owners of the parent	228.4	253.2	10.9%
Return on allocated capital	19.3%	21.1%	

The Erste Bank Oesterreich & Subsidiaries (EBOe & Subsidiaries) segment comprises Erste Bank Oesterreich and its main subsidiaries (e.g. sBausparkasse, Salzburger Sparkasse, Tiroler Sparkasse, Sparkasse Hainburg).

Net interest income decreased due to a change in accrual policy at the building society, a change in the scope of consolidation and the effect of the implementation of supreme court rulings regarding negative reference interest rates for consumer loans, which was only partially compensated by higher customer loan volumes and re-pricing of deposits. Net fee and commission income increased due to higher securities, payments and insurance fees, as well as a change in accrual policy at the building society. The net trading result increased slightly due to valuation effects of derivatives. Operating expenses increased mainly on the back of higher IT costs. The booking of deposit insurance contributions also rose to EUR 21.7 million (EUR 19.2 million). Consequently, operating result decreased and the cost/income ratio deteriorated. Net impairment loss on financial assets benefited from lower provisioning requirements in corporate and retail business. The deterioration of other result was driven by non-recurrence of the selling gains from buildings and related to the sale of shares in Visa Europe (EUR 12.2 million) in 2016 as well as by provisions for expected losses from loans to consumers due to supreme court rulings regarding negative reference interest rates (EUR 13.7 million). Banking tax decreased to EUR 3.3 million (EUR

44.4 million; including a one-off payment in the amount of EUR 30.0 million). Payment into the resolution fund decreased to EUR 6.1 million (EUR 7.2 million). Overall, the net result attributable to the owners of the parent improved.

### Savings Banks

The geographical segment Savings Banks is identical to the business segment Savings Banks.

### Other Austria

in EUR million	2016	2017	Change
Net interest income	401.6	372.2	-7.3%
Net fee and commission income	197.8	216.6	9.5%
Net trading result	18.3	50.7	>100.0%
Operating income	681.7	708.0	3.9%
Operating expenses	-355.5	-373.8	5.1%
Operating result	326.2	334.2	2.5%
Cost/income ratio	52.2%	52.8%	
Net impairment loss on financial assets	-23.5	-40.0	69.8%
Other result	25.6	3.4	-86.7%
Net result attributable to owners of the parent	248.1	228.6	-7.8%
Return on allocated capital	16.6%	15.5%	

The Other Austria segment comprises the Corporates and Group Markets business of Erste Group Bank AG (Holding), Erste Group Immorent AG and Erste Asset Management GmbH.

Net interest income declined primarily as a result of lower income from credit trading positions in Group Markets business, a decrease of lending margins in the corporate loan portfolio in New York branch and the non-recurrence of a positive one-off impact in the real estate business in Austria. Net fee and commission income increased due to higher asset management volumes and a wider scope of consolidation at Erste Asset Management, as well as the inclusion of Intermarket Bank (reported as part of EBOe & Subsidiaries segment in 2016). The increase of net trading result was predominantly attributable to better performance of interest rate derivatives. Despite of an increase in operating expenses, mostly driven by higher project costs, overall operating result improved. Cost/income ratio remained stable. Net impairment loss on financial assets increased as an effect of the downgrading of selected corporate customers. Other result deteriorated mostly due to higher off-balance provisions and a non-recurrence of the positive effect from the resolution of a claim in the previous year. This line item also included a resolution fund contribution of EUR 3.6 million (EUR 3.1 million). Overall, the net result attributable to the owners of the parent deteriorated.

### Czech Republic

in EUR million	2016	2017	Change
Net interest income	914.3	942.3	3.1%
Net fee and commission income	344.3	334.4	-2.9%
Net trading result	107.2	103.9	-3.0%
Operating income	1,384.5	1,393.4	0.6%
Operating expenses	-671.2	-692.8	3.2%
Operating result	713.3	700.6	-1.8%
Cost/income ratio	48.5%	49.7%	
Net impairment loss on financial assets	-70.5	-1.3	-98.2%
Other result	27.7	-35.2	n/a
Net result attributable to owners of the parent	542.0	532.9	-1.7%
Return on allocated capital	31.1%	26.3%	

The segment analysis is done on a constant currency basis. The CZK appreciated by 2.6% vs the EUR in the reporting period. Net interest income in the Czech Republic segment (comprising Česká spořitelna Group) increased primarily due to rising interest rates and higher loan volumes. Net fee and commission income went down on the back of lower payment and lending fees as well as non-recurrence of the one-off positive impact from release of provisions for the customer incentive program in 2016. These developments were partially offset by higher fees from asset management and insurance brokerage. Net trading result decreased driven by lower derivative valuation results. Higher personnel and project-related costs led to an increase in operating expenses. Deposit insurance contribution amounted to EUR 8.3 million (EUR 7.4 million). Operating result thus decreased, the cost/income ratio went up. The decline of net impairment loss on financial assets was attributable to an improve-

ment in corporate and retail portfolio quality resulting in releases of risk provisions. The other result deteriorated mainly due to the non-recurrence of last year's selling gains on the shares of VISA Europe in the amount of EUR 52.6 million. The resolution fund contribution amounted to EUR 16.2 million (EUR 14.7 million). Overall, these developments led to a decrease in the net result attributable to the owners of the parent.

## Slovakia

in EUR million	2016	2017	Change
Net interest income	453.0	434.3	-4.1%
Net fee and commission income	121.7	112.7	-7.4%
Net trading result	13.5	13.8	2.3%
Operating income	595.4	568.7	-4.5%
Operating expenses	-275.1	-281.1	2.2%
Operating result	320.4	287.6	-10.2%
Cost/income ratio	46.2%	49.4%	
Net impairment loss on financial assets	-48.2	-30.1	-37.7%
Other result	11.0	-39.5	n/a
Net result attributable to owners of the parent	213.3	166.2	-22.1%
Return on allocated capital	33.7%	24.7%	

Net interest income in the Slovakia segment (comprising Slovenská sporiteľňa Group) decreased mainly due to a lower asset/liability management contribution driven by the low interest rate environment and lower loan margins in retail business that could not be fully compensated by higher loan volumes and re-pricing of deposits. Net fee and commission income went down due to lower lending and point-of-sale maintenance fees due to the sale of the card-acquiring business in 2016. Net trading result remained stable. Operating expenses increased on the back of higher personnel and IT expenses, which was partially compensated by lower deposit insurance contribution of EUR 0.8 million (EUR 2.5 million). Overall, operating result decreased, the cost/income ratio deteriorated. Net impairment loss on financial assets decreased mainly due to a release of provisions in the corporate business. The other result declined mainly due to the non-recurrence of last year's selling gains on the shares of VISA Europe in the amount of EUR 26.8 million. The payment into the resolution fund decreased to EUR 2.8 million (EUR 4.0 million). Banking tax amounted to EUR 27.4 million (EUR 25.1 million). Overall, the net result attributable to the owners of the parent declined.

## Romania

in EUR million	2016	2017	Change
Net interest income	374.9	365.5	-2.5%
Net fee and commission income	157.9	153.4	-2.9%
Net trading result	70.3	77.3	10.0%
Operating income	615.7	611.5	-0.7%
Operating expenses	-349.8	-338.0	-3.4%
Operating result	266.0	273.5	2.8%
Cost/income ratio	56.8%	55.3%	
Net impairment loss on financial assets	62.4	-7.1	n/a
Other result	-90.7	-88.9	-2.0%
Net result attributable to owners of the parent	199.5	120.7	-39.5%
Return on allocated capital	21.6%	12.5%	

The segment analysis is done on a constant currency basis. The RON depreciated by 1.7% vs the EUR in the reporting period. Net interest income in the Romania segment (comprising Banca Comercială Română Group) decreased mainly due to lower income from lending business and lower unwinding effects. Net fee and commission income decreased on the back of lower transaction and account maintenance fees in the retail business. The increase in net trading result was mostly attributable to foreign currency positioning and derivatives revaluation. Operating expenses decreased on the back of the significantly lower deposit insurance fund contribution of EUR 2.2 million (EUR 14.5 million). Overall, operating result increased and the cost/income ratio improved. Despite the non-recurrence of last year's high net provision releases, net impairment loss on financial assets remained low. Other result improved due to significantly lower level of provisions for litigations despite higher resolution fund contribution of EUR 14.2 million (EUR 4.5 million) and the non-recurrence of last year's selling gains on the shares of VISA Europe in the amount of EUR 24.3 million. Overall, the net result attributable to the owners of the parent decreased.

## Hungary

in EUR million	2016	2017	Change
Net interest income	173.4	198.4	14.4%
Net fee and commission income	141.8	157.4	11.0%
Net trading result	22.2	37.7	70.0%
Operating income	340.3	395.0	16.1%
Operating expenses	-195.6	-220.8	12.9%
Operating result	144.8	174.2	20.3%
Cost/income ratio	57.5%	55.9%	
Net impairment loss on financial assets	91.7	35.1	-61.7%
Other result	-93.4	-28.6	-69.4%
Net result attributable to owners of the parent	133.6	164.9	23.4%
Return on allocated capital	27.1%	29.3%	

The segment analysis is done on a constant currency basis. The HUF appreciated by 0.7% vs the EUR in the reporting period. Net interest income in the Hungary segment (comprising Erste Bank Hungary Group) increased on the back of the acquisition of Citibank's retail portfolio (predominantly unsecured loans) and a decreased unwinding contribution. Net fee and commission income rose due to higher card, payments and securities fees in the retail business supported by the former Citibank portfolio. Net trading result improved mainly due to the higher contribution of derivatives. Operating expenses increased primarily due to additional costs related to the former Citibank business and IT expenses. The contribution to the deposit insurance fund amounted to EUR 8.7 million (EUR 7.4 million). Consequently, operating result and the cost/income ratio improved. A lower net release of risk provisions (net impairment loss on financial assets) was posted both in retail and corporate business. Other result improved on the release of provisions for litigations, higher selling gains from securities and shares in VISA Inc. and Mastercard Inc. as well as lower banking levies of EUR 55.3 million (EUR 57.0 million). This line item also included the contribution to the resolution fund of EUR 1.9 million (EUR 1.8 million). Overall, the net result attributable to the owners of the parent improved.

## Croatia

in EUR million	2016	2017	Change
Net interest income	264.9	270.5	2.1%
Net fee and commission income	88.0	95.8	8.8%
Net trading result	29.5	26.6	-9.7%
Operating income	407.4	414.0	1.6%
Operating expenses	-194.3	-206.3	6.2%
Operating result	213.1	207.7	-2.5%
Cost/income ratio	47.7%	49.8%	
Net impairment loss on financial assets	-48.4	-116.1	>100.0%
Other result	-5.2	-9.0	73.3%
Net result attributable to owners of the parent	83.7	37.7	-55.0%
Return on allocated capital	22.2%	10.4%	

The segment analysis is done on a constant currency basis. The HRK appreciated by 0.9% against the EUR in the reporting period. Net interest income in the Croatia segment (comprising Erste Bank Croatia Group) increased predominantly due to higher deposit margins in the retail business. Net fee and commission income went up due to higher fees from payment transfers and card transactions in retail business as well as fees related to debt issuance. The net trading result decreased on the back of lower foreign exchange and securities trading. Operating expenses increased due to higher personnel as well as IT costs and included a EUR 10.9 million (EUR 10.9 million) deposit insurance fund contribution. Overall, the operating result declined and the cost/income ratio went up. The deterioration of net impairment loss on financial assets was primarily driven by the downgrading of one customer in the corporate business. Other result deteriorated mainly due to the non-recurrence of last year's selling gains on the shares of VISA Europe in the amount of EUR 10.0 million. It included the resolution fund contribution of EUR 4.0 million (EUR 5.2 million). Consequently, the net result attributable to the owners of the parent decreased.

## Serbia

in EUR million	2016	2017	Change
Net interest income	46.8	51.3	9.6%
Net fee and commission income	11.1	11.3	1.7%
Net trading result	3.3	4.1	25.5%
Operating income	61.7	67.0	8.6%
Operating expenses	-40.2	-45.1	12.0%
Operating result	21.5	21.9	2.1%
Cost/income ratio	65.2%	67.3%	
Net impairment loss on financial assets	-4.1	1.2	n/a
Other result	-0.6	-0.3	-47.2%
Net result attributable to owners of the parent	12.8	17.0	32.8%
Return on allocated capital	13.6%	15.5%	

Net interest income in the Serbia segment (comprising Erste Bank Serbia Group) increased mainly due to higher loan volumes. Net fee and commission income remained largely unchanged. Net trading result went up on the back of higher gains from foreign exchange transactions. The increase in operating expenses was driven by higher personnel and project costs. Operating result remained largely stable while the cost/income ratio went up. Net impairment loss on financial assets benefited from strong recovery activities as well as portfolio quality improvement mainly in corporate business, resulting in net releases of risk provisions. Overall, the net result attributable to the owners of the parent increased.

## Other

in EUR million	2016	2017	Change
Net interest income	129.3	105.5	-18.4%
Net fee and commission income	-43.9	-30.0	-31.8%
Net trading result	-1.7	-120.3	>100.0%
Operating income	100.9	-35.2	n/a
Operating expenses	-257.9	-269.6	4.6%
Operating result	-157.0	-304.8	94.1%
Cost/income ratio	>100.0%	>100.0%	
Net impairment loss on financial assets	-71.5	-12.6	-82.3%
Other result	-315.9	-37.5	-88.1%
Net result attributable to owners of the parent	-430.7	-256.8	-40.4%
Return on allocated capital	-6.4%	-3.0%	

The residual segment Other consists mainly of centralised service providers, the Group Asset/Liability Management and the Corporate Center of Erste Group Bank AG as well as the reconciliation to the consolidated accounting result (e.g. intercompany elimination, dividend elimination) and free capital.

Net interest income declined mainly due to a lower ALM result in the Holding on the back of an unfavorable yield curve development. Net trading result as well as result from financial assets and liabilities designated at fair value through profit or loss went down on the back of valuation effects. The increase in operating expenses was primarily driven by higher IT costs. Operating result declined. Other result improved significantly on the back of lower Austrian banking tax following a one-off payment in the amount of EUR 138.3 million in the previous year. In 2016, this line item also included partial impairment of the goodwill in Slovenská sporiteľňa in the amount of EUR 61.3 million. The net result attributable to the owners of the parent increased significantly.

## Presentation of results via audio webcast and telephone conference for portfolio managers and analysts

Date	Wednesday 28 February 2018
Time	9:00 Vienna / 8:00 London / 3:00 New York
Live audio webcast	<a href="http://www.erstegroup.com/investorrelations">http://www.erstegroup.com/investorrelations</a> (slide presentation) The presentation will be held in English.
Dial-in for analysts	Please dial in prior to the start time using one of the following numbers and the Confirmation Code 8902662  UK: +44 (0) 330 336 9411 National free phone 0800 279 7204 US: +1 323 794 2551 National free phone 800 239 9838
Replay	Will be available at <a href="https://www.erstegroup.com/en/investors/events/irevents">https://www.erstegroup.com/en/investors/events/irevents</a> .

For more information, please contact:

**Erste Group, Investor Relations**, Am Belvedere 1, 1100 Vienna, Austria

Erste Group shares (ISIN AT0000652011) are traded in Vienna, Prague Bucharest.

The issues of Erste Group Bank AG are admitted to trading on the following regulated markets: Vienna, Luxembourg, Budapest, Bucharest and Stuttgart. The five biggest listed issues of Erste Group Bank AG in terms of issue volume have the following ISINs: XS0580561545, XS0743547183, XS1750974658, AT0000A17ZZ3, AT0000A1LLC8.

Email: [investor.relations@erstegroup.com](mailto:investor.relations@erstegroup.com)

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

<http://twitter.com/ErsteGroupIR>

[http://slideshare.net/Erste\\_Group](http://slideshare.net/Erste_Group)

Thomas Sommerauer

Tel +43 5 0100 17326,

Email: [thomas.sommerauer@erstegroup.com](mailto:thomas.sommerauer@erstegroup.com)

Peter Makray

Tel +43 5 0100 16878,

Email: [peter.makray@erstegroup.com](mailto:peter.makray@erstegroup.com)

Simone Pilz

Tel +43 5 0100 13036,

Email: [simone.pilz@erstegroup.com](mailto:simone.pilz@erstegroup.com)

Gerald Krames

Tel +43 5 0100 12751,

Email: [gerald.krames@erstegroup.com](mailto:gerald.krames@erstegroup.com)

This information is also available on <http://www.erstegroup.com/en/Investors/News> and on the Erste Group Investor Relations App for iPad, iPhone and Android ([http://www.erstegroup.com/en/Investors/IR\\_App](http://www.erstegroup.com/en/Investors/IR_App))



## Appendix

### Preliminary results 2017 of Erste Group Bank AG (IFRS)

#### Consolidated income statement

in EUR thousand	2016	2017
Net interest income	4,374,518	4,353,154
Interest income	5,910,189	5,624,422
Interest expenses	-1,535,671	-1,271,268
Net fee and commission income	1,782,963	1,851,567
Fee and commission income	2,225,598	2,329,384
Fee and commission expenses	-442,635	-477,816
Dividend income	45,181	43,726
Net trading result	283,802	222,802
Result from financial assets and liabilities designated at fair value through profit or loss	-11,527	-12,302
Net result from equity method investments	9,010	15,857
Rental income from investment properties & other operating leases	207,234	194,235
Personnel expenses	-2,339,292	-2,388,581
Other administrative expenses	-1,235,771	-1,309,630
Depreciation and amortisation	-453,110	-460,022
Gains/losses from financial assets and liabilities not measured at fair value through profit or loss, net	148,001	156,431
Net impairment loss on financial assets	-195,672	-132,017
Other operating result	-664,953	-457,425
Levies on banking activities	-388,794	-105,658
<b>Pre-tax result from continuing operations</b>	<b>1,950,385</b>	<b>2,077,797</b>
Taxes on income	-413,627	-410,050
<b>Net result for the period</b>	<b>1,536,757</b>	<b>1,667,747</b>
Net result attributable to non-controlling interests	272,030	351,529
<b>Net result attributable to owners of the parent</b>	<b>1,264,728</b>	<b>1,316,218</b>

#### Consolidated statement of comprehensive income

in EUR thousand	2016	2017
<b>Net result for the period</b>	<b>1,536,757</b>	<b>1,667,747</b>
<b>Other comprehensive income</b>		
<b>Items that may not be reclassified to profit or loss</b>		
Remeasurement of net liability of defined benefit plans	-36,130	-7,387
Deferred taxes relating to items that may not be reclassified	-9,098	6,747
<b>Items that may be reclassified to profit or loss</b>	<b>19,694</b>	<b>15,030</b>
Available for sale reserve (including currency translation)		
Gain/loss during the period	142,807	-61,622
Reclassification adjustments	-147,411	-122,953
Cash flow hedge reserve (including currency translation)		
Gain/loss during the period	18,235	-73,898
Reclassification adjustments	-31,576	-31,390
Currency translation		
Gain/loss during the period	28,848	237,620
Reclassification adjustments	0	0
Deferred taxes relating to items that may be reclassified		
Gain/loss during the period	-33,446	23,264
Reclassification adjustments	42,236	44,009
<b>Total other comprehensive income</b>	<b>-25,533</b>	<b>14,391</b>
<b>Total comprehensive income</b>	<b>1,511,224</b>	<b>1,682,137</b>
Total comprehensive income attributable to non-controlling interests	307,847	277,144
<b>Total comprehensive income attributable to owners of the parent</b>	<b>1,203,377</b>	<b>1,404,994</b>

## Group balance sheet

in EUR thousand	Dec 16	Dec 17
<b>Assets</b>		
Cash and cash balances	18,352,596	21,796,299
Financial assets - held for trading	7,950,401	6,349,189
Derivatives	4,474,783	3,333,142
Other trading assets	3,475,618	3,016,047
Thereof pledged as collateral	56	242
Financial assets - at fair value through profit or loss	479,512	542,572
Thereof pledged as collateral	0	0
Financial assets - available for sale	19,885,535	16,060,153
Thereof pledged as collateral	678	757
Financial assets - held to maturity	19,270,184	19,800,435
Thereof pledged as collateral	914	1,568
Loans and receivables to credit institutions	3,469,440	9,125,673
Loans and receivables to customers	130,654,451	139,532,277
Derivatives - hedge accounting	1,424,452	884,311
Property and equipment	2,476,913	2,386,767
Investment properties	1,022,704	1,111,561
Intangible assets	1,390,245	1,523,564
Investments in associates and joint ventures	193,277	198,373
Current tax assets	124,224	107,633
Deferred tax assets	233,773	257,933
Assets held for sale	279,447	213,897
Other assets	1,019,916	768,795
<b>Total assets</b>	<b>208,227,070</b>	<b>220,659,433</b>
<b>Liabilities and equity</b>		
Financial liabilities - held for trading	4,761,782	3,422,793
Derivatives	4,184,508	2,933,667
Other trading liabilities	577,273	489,126
Financial liabilities - at fair value through profit or loss	1,763,043	1,801,245
Deposits from banks	0	0
Deposits from customers	73,917	48,559
Debt securities issued	1,689,126	1,752,686
Other financial liabilities	0	0
Financial liabilities measured at amortised cost	178,908,933	191,711,402
Deposits from banks	14,631,353	16,349,382
Deposits from customers	137,938,808	150,920,715
Debt securities issued	25,502,621	23,342,123
Other financial liabilities	836,150	1,099,182
Derivatives - hedge accounting	472,675	360,379
Changes in fair value of portfolio hedged items	942,028	666,117
Provisions	1,702,354	1,647,963
Current tax liabilities	65,859	101,079
Deferred tax liabilities	67,542	61,454
Liabilities associated with assets held for sale	4,637	2,752
Other liabilities	2,936,220	2,595,932
<b>Total equity</b>	<b>16,601,996</b>	<b>18,288,316</b>
Equity attributable to non-controlling interests	4,142,054	4,416,402
Additional equity instruments	496,750	993,275
Equity attributable to owners of the parent	11,963,192	12,878,639
Subscribed capital	859,600	859,600
Capital reserves	1,477,860	1,476,689
Retained earnings and other reserves	9,625,732	10,542,350
<b>Total liabilities and equity</b>	<b>208,227,070</b>	<b>220,659,433</b>

## Segment reporting

### Business segments (1)

in EUR million	Retail		Corporates		Group Markets		ALM&LCC	
	2016	2017	2016	2017	2016	2017	2016	2017
Net interest income	2,198.2	2,155.7	1,015.6	993.9	212.1	196.8	-93.7	-55.4
Net fee and commission income	958.4	1,003.8	259.1	256.2	203.7	223.0	-64.4	-87.4
Dividend income	2.5	1.0	1.2	0.6	2.3	1.2	11.4	13.4
Net trading result	99.6	114.0	90.7	91.6	94.3	123.8	-10.2	-74.3
Result from financial assets and liabilities designated at fair value through profit or loss	-1.1	0.0	1.0	1.8	2.6	9.2	-12.3	-23.4
Net result from equity method investments	7.3	8.4	0.0	0.2	0.0	0.0	2.4	4.4
Rental income from investment properties & other operating leases	21.4	21.6	137.1	125.6	0.0	0.0	31.6	31.5
General administrative expenses	-1,892.8	-1,995.8	-562.4	-577.0	-223.4	-229.5	-117.3	-86.0
Gains/losses from financial assets and liabilities not measured at fair value through profit or loss, net	0.9	0.3	4.8	7.0	1.6	1.7	132.0	47.0
Net impairment loss on financial assets	-19.1	9.5	-61.9	-135.3	11.4	3.6	-9.6	-8.3
Other operating result	-111.7	-60.7	-14.9	-20.9	3.4	-13.3	-160.2	-189.9
Levies on banking activities	-43.5	-50.6	-19.1	-14.9	-1.7	-1.6	-62.2	-18.9
<b>Pre-tax result from continuing operations</b>	<b>1,263.6</b>	<b>1,257.7</b>	<b>870.3</b>	<b>743.7</b>	<b>308.1</b>	<b>316.7</b>	<b>-290.3</b>	<b>-428.4</b>
Taxes on income	-261.1	-237.0	-173.8	-136.9	-67.4	-65.2	74.0	37.7
<b>Net result for the period</b>	<b>1,002.5</b>	<b>1,020.8</b>	<b>696.5</b>	<b>606.8</b>	<b>240.6</b>	<b>251.5</b>	<b>-216.4</b>	<b>-390.7</b>
Net result attributable to non-controlling interests	37.9	60.1	43.5	26.5	5.0	5.8	-1.9	-31.4
<b>Net result attributable to owners of the parent</b>	<b>964.6</b>	<b>960.7</b>	<b>653.0</b>	<b>580.3</b>	<b>235.6</b>	<b>245.7</b>	<b>-214.4</b>	<b>-359.3</b>
Operating income	3,286.3	3,304.4	1,504.7	1,469.9	515.1	554.1	-135.2	-191.2
Operating expenses	-1,892.8	-1,995.8	-562.4	-577.0	-223.4	-229.5	-117.3	-86.0
<b>Operating result</b>	<b>1,393.5</b>	<b>1,308.6</b>	<b>942.4</b>	<b>892.9</b>	<b>291.7</b>	<b>324.6</b>	<b>-252.5</b>	<b>-277.2</b>
Risk-weighted assets (credit risk, eop)	17,113	19,097	34,527	37,029	4,850	3,405	4,202	4,546
Average allocated capital	2,390	2,518	3,125	3,222	640	682	2,259	2,210
Cost/income ratio	57.6%	60.4%	37.4%	39.3%	43.4%	41.4%	-86.8%	-45.0%
Return on allocated capital	42.0%	40.5%	22.3%	18.8%	37.6%	36.9%	-9.6%	-17.7%
Total assets (eop)	53,822	58,952	47,707	49,661	28,552	31,106	49,477	58,619
Total liabilities excluding equity (eop)	74,588	80,446	25,660	28,032	21,322	28,592	47,598	49,041
<b>Impairments and risk provisions</b>	<b>-24.4</b>	<b>-0.3</b>	<b>-140.5</b>	<b>-96.5</b>	<b>10.8</b>	<b>4.7</b>	<b>-66.1</b>	<b>-68.3</b>
Net impairment loss on loans and receivables to credit institutions/customers	-19.2	9.5	-61.8	-135.0	11.3	3.3	-7.2	-6.4
Net impairment loss on other financial assets	0.1	0.0	-0.2	-0.3	0.2	0.3	-2.4	-2.0
Allocations/releases of provisions for contingent credit risk liabilities	-1.4	-6.6	-55.0	34.3	-0.6	0.4	7.4	1.1
Impairment of goodwill	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-0.5
Net impairment loss on other non-financial assets	-3.8	-3.2	-23.6	4.5	0.0	0.7	-63.9	-60.6

## Business segments (2)

in EUR million	Savings Banks		Group Corporate Center		Intragroup Elimination		Total Group	
	2016	2017	2016	2017	2016	2017	2016	2017
Net interest income	955.8	982.0	77.4	74.9	9.0	5.2	4,374.5	4,353.2
Net fee and commission income	429.7	446.2	6.4	13.0	-9.9	-3.2	1,783.0	1,851.6
Dividend income	16.4	16.7	11.6	11.0	-0.2	-0.2	45.2	43.7
Net trading result	5.3	10.2	3.7	-41.5	0.4	-0.9	283.8	222.8
Result from financial assets and liabilities designated at fair value through profit or loss	0.0	0.0	-1.7	0.1	0.0	0.0	-11.5	-12.3
Net result from equity method investments	0.0	0.0	-0.6	2.9	0.0	0.0	9.0	15.9
Rental income from investment properties & other operating leases	38.8	37.8	15.3	12.7	-37.0	-35.0	207.2	194.2
General administrative expenses	-1,021.8	-1,051.2	-871.5	-996.4	660.9	777.6	-4,028.2	-4,158.2
Gains/losses from financial assets and liabilities not measured at fair value through profit or loss, net	8.5	30.4	1.0	70.0	-0.8	0.0	148.0	156.4
Net impairment loss on financial assets	-54.2	12.6	-62.2	-14.1	0.0	0.0	-195.7	-132.0
Other operating result	-65.3	-68.4	306.3	639.2	-622.4	-743.4	-665.0	-457.4
Levies on banking activities	-47.0	-4.4	-215.3	-15.3	0.0	0.0	-388.8	-105.7
<b>Pre-tax result from continuing operations</b>	<b>313.1</b>	<b>416.3</b>	<b>-514.4</b>	<b>-228.2</b>	<b>0.0</b>	<b>0.0</b>	<b>1,950.4</b>	<b>2,077.8</b>
Taxes on income	-116.0	-101.3	130.7	92.5	0.0	0.0	-413.6	-410.1
<b>Net result for the period</b>	<b>197.2</b>	<b>315.0</b>	<b>-383.6</b>	<b>-135.7</b>	<b>0.0</b>	<b>0.0</b>	<b>1,536.8</b>	<b>1,667.7</b>
Net result attributable to non-controlling interests	163.1	263.1	24.5	27.4	0.0	0.0	272.0	351.5
<b>Net result attributable to owners of the parent</b>	<b>34.1</b>	<b>51.9</b>	<b>-408.1</b>	<b>-163.2</b>	<b>0.0</b>	<b>0.0</b>	<b>1,264.7</b>	<b>1,316.2</b>
Operating income	1,446.0	1,492.9	112.0	73.1	-37.8	-34.1	6,691.2	6,669.0
Operating expenses	-1,021.8	-1,051.2	-871.5	-996.4	660.9	777.6	-4,028.2	-4,158.2
<b>Operating result</b>	<b>424.2</b>	<b>441.7</b>	<b>-759.4</b>	<b>-923.3</b>	<b>623.2</b>	<b>743.5</b>	<b>2,663.0</b>	<b>2,510.8</b>
Risk-weighted assets (credit risk, eop)	20,930	21,625	1,433	1,083	0	0	83,056	86,784
Average allocated capital	2,120	2,136	5,326	6,776	0	0	15,859	17,544
Cost/income ratio	70.7%	70.4%	>100.0%	>100.0%	>100.0%	>100.0%	60.2%	62.4%
Return on allocated capital	9.3%	14.7%	-7.2%	-2.0%			9.7%	9.5%
Total assets (eop)	58,357	60,108	3,762	2,797	-33,450	-40,583	208,227	220,659
Total liabilities excluding equity (eop)	54,038	55,486	1,838	1,328	-33,420	-40,555	191,625	202,371
<b>Impairments and risk provisions</b>	<b>-44.8</b>	<b>0.2</b>	<b>-117.2</b>	<b>-24.7</b>	<b>0.0</b>	<b>0.0</b>	<b>-382.1</b>	<b>-184.9</b>
Net impairment loss on loans and receivables to credit institutions/customers	-51.6	17.8	-55.7	5.7	0.0	0.0	-184.2	-105.0
Net impairment loss on other financial assets	-2.6	-5.2	-6.5	-19.8	0.0	0.0	-11.4	-27.0
Allocations/releases of provisions for contingent credit risk liabilities	10.5	-11.7	11.1	0.0	0.0	0.0	-28.1	17.5
Impairment of goodwill	0.0	0.0	-61.3	0.0	0.0	0.0	-61.3	-0.5
Net impairment loss on other non-financial assets	-1.0	-0.7	-4.8	-10.6	0.0	0.0	-97.1	-69.9

## Geographical segmentation - overview

in EUR million	Austria		Central and Eastern Europe		Other		Total Group	
	2016	2017	2016	2017	2016	2017	2016	2017
Net interest income	2,017.9	1,985.4	2,227.3	2,262.3	129.3	105.5	4,374.5	4,353.2
Net fee and commission income	962.0	1,016.6	864.8	865.0	-43.9	-30.0	1,783.0	1,851.6
Dividend income	28.6	28.1	5.2	4.8	11.4	10.8	45.2	43.7
Net trading result	39.7	79.7	245.8	263.4	-1.7	-120.3	283.8	222.8
Result from financial assets and liabilities designated at fair value through profit or loss	2.3	10.5	-3.9	-3.0	-9.9	-19.8	-11.5	-12.3
Net result from equity method investments	2.2	3.9	7.5	9.1	-0.6	2.9	9.0	15.9
Rental income from investment properties & other operating leases	132.4	130.4	58.4	48.1	16.4	15.8	207.2	194.2
General administrative expenses	-2,044.1	-2,104.6	-1,726.2	-1,784.0	-257.9	-269.6	-4,028.2	-4,158.2
Gains/losses from financial assets and liabilities not measured at fair value through profit or loss, net	30.2	43.6	122.4	30.0	-4.6	82.9	148.0	156.4
Net impairment loss on financial assets	-107.0	-1.2	-17.2	-118.2	-71.5	-12.6	-195.7	-132.0
Other operating result	-80.0	-105.6	-273.7	-231.4	-311.2	-120.4	-665.0	-457.4
Levies on banking activities	-91.3	-7.7	-82.1	-82.6	-215.3	-15.3	-388.8	-105.7
<b>Pre-tax result from continuing operations</b>	<b>984.2</b>	<b>1,086.7</b>	<b>1,510.5</b>	<b>1,346.0</b>	<b>-544.3</b>	<b>-354.9</b>	<b>1,950.4</b>	<b>2,077.8</b>
Taxes on income	-286.6	-268.7	-264.9	-266.7	137.9	125.4	-413.6	-410.1
<b>Net result for the period</b>	<b>697.5</b>	<b>818.0</b>	<b>1,245.7</b>	<b>1,079.3</b>	<b>-406.4</b>	<b>-229.5</b>	<b>1,536.8</b>	<b>1,667.7</b>
Net result attributable to non-controlling interests	187.0	284.2	60.7	40.0	24.3	27.3	272.0	351.5
<b>Net result attributable to owners of the parent</b>	<b>510.5</b>	<b>533.8</b>	<b>1,184.9</b>	<b>1,039.3</b>	<b>-430.7</b>	<b>-256.8</b>	<b>1,264.7</b>	<b>1,316.2</b>
Operating income	3,185.1	3,254.6	3,405.2	3,449.6	100.9	-35.2	6,691.2	6,669.0
Operating expenses	-2,044.1	-2,104.6	-1,726.2	-1,784.0	-257.9	-269.6	-4,028.2	-4,158.2
<b>Operating result</b>	<b>1,141.0</b>	<b>1,150.0</b>	<b>1,679.0</b>	<b>1,665.6</b>	<b>-157.0</b>	<b>-304.8</b>	<b>2,663.0</b>	<b>2,510.8</b>
Risk-weighted assets (credit risk, eop)	46,970	47,237	34,061	37,909	2,025	1,637	83,056	86,784
Average allocated capital	4,929	4,918	4,538	5,031	6,392	7,595	15,859	17,544
Cost/income ratio	64.2%	64.7%	50.7%	51.7%	>100.0%	>100.0%	60.2%	62.4%
Return on allocated capital	14.2%	16.6%	27.4%	21.5%	-6.4%	-3.0%	9.7%	9.5%
Total assets (eop)	138,778	143,757	85,624	101,036	-16,175	-24,134	208,227	220,659
Total liabilities excluding equity (eop)	114,205	118,263	75,976	90,816	1,444	-6,708	191,625	202,371
<b>Impairments and risk provisions</b>	<b>-114.9</b>	<b>-14.0</b>	<b>-146.7</b>	<b>-141.0</b>	<b>-120.5</b>	<b>-30.0</b>	<b>-382.1</b>	<b>-184.9</b>
Net impairment loss on loans and receivables to credit institutions/customers	-104.3	3.4	-15.0	-115.6	-65.0	7.2	-184.2	-105.0
Net impairment loss on other financial assets	-2.7	-4.6	-2.2	-2.6	-6.5	-19.8	-11.4	-27.0
Allocations/releases of provisions for contingent credit risk liabilities	9.6	-7.9	-55.1	26.1	17.5	-0.7	-28.1	17.5
Impairment of goodwill	0.0	0.0	0.0	-0.5	-61.3	0.0	-61.3	-0.5
Net impairment loss on other non-financial assets	-17.4	-4.9	-74.4	-48.4	-5.3	-16.7	-97.1	-69.9

## Geographical area - Austria

in EUR million	EBOe & Subsidiaries		Savings Banks		Other Austria		Austria	
	2016	2017	2016	2017	2016	2017	2016	2017
Net interest income	660.5	631.2	955.8	982.0	401.6	372.2	2,017.9	1,985.4
Net fee and commission income	334.6	353.8	429.7	446.2	197.8	216.6	962.0	1,016.6
Dividend income	8.0	9.8	16.4	16.7	4.2	1.6	28.6	28.1
Net trading result	16.1	18.9	5.3	10.2	18.3	50.7	39.7	79.7
Result from financial assets and liabilities designated at fair value through profit or loss	0.1	1.3	0.0	0.0	2.2	9.2	2.3	10.5
Net result from equity method investments	1.7	2.7	0.0	0.0	0.5	1.2	2.2	3.9
Rental income from investment properties & other operating leases	36.5	36.1	38.8	37.8	57.1	56.5	132.4	130.4
General administrative expenses	-666.9	-679.6	-1,021.8	-1,051.2	-355.5	-373.8	-2,044.1	-2,104.6
Gains/losses from financial assets and liabilities not measured at fair value through profit or loss, net	15.2	4.1	8.5	30.4	6.5	9.1	30.2	43.6
Net impairment loss on financial assets	-29.3	26.1	-54.2	12.6	-23.5	-40.0	-107.0	-1.2
Other operating result	-33.8	-31.6	-65.3	-68.4	19.1	-5.7	-80.0	-105.6
Levies on banking activities	-44.4	-3.3	-47.0	-4.4	0.0	0.0	-91.3	-7.7
<b>Pre-tax result from continuing operations</b>	<b>342.8</b>	<b>372.7</b>	<b>313.1</b>	<b>416.3</b>	<b>328.2</b>	<b>297.7</b>	<b>984.2</b>	<b>1,086.7</b>
Taxes on income	-95.0	-102.2	-116.0	-101.3	-75.6	-65.3	-286.6	-268.7
<b>Net result for the period</b>	<b>247.8</b>	<b>270.6</b>	<b>197.2</b>	<b>315.0</b>	<b>252.6</b>	<b>232.4</b>	<b>697.5</b>	<b>818.0</b>
Net result attributable to non-controlling interests	19.4	17.4	163.1	263.1	4.5	3.7	187.0	284.2
<b>Net result attributable to owners of the parent</b>	<b>228.4</b>	<b>253.2</b>	<b>34.1</b>	<b>51.9</b>	<b>248.1</b>	<b>228.6</b>	<b>510.5</b>	<b>533.8</b>
Operating income	1,057.5	1,053.7	1,446.0	1,492.9	681.7	708.0	3,185.1	3,254.6
Operating expenses	-666.9	-679.6	-1,021.8	-1,051.2	-355.5	-373.8	-2,044.1	-2,104.6
<b>Operating result</b>	<b>390.6</b>	<b>374.1</b>	<b>424.2</b>	<b>441.7</b>	<b>326.2</b>	<b>334.2</b>	<b>1,141.0</b>	<b>1,150.0</b>
Risk-weighted assets (credit risk, eop)	11,523	11,621	20,930	21,625	14,517	13,992	46,970	47,237
Average allocated capital	1,285	1,285	2,120	2,136	1,525	1,497	4,929	4,918
Cost/income ratio	63.1%	64.5%	70.7%	70.4%	52.2%	52.8%	64.2%	64.7%
Return on allocated capital	19.3%	21.1%	9.3%	14.7%	16.6%	15.5%	14.2%	16.6%
Total assets (eop)	41,484	43,141	58,357	60,108	38,936	40,509	138,778	143,757
Total liabilities excluding equity (eop)	39,738	41,260	54,038	55,486	20,429	21,516	114,205	118,263
<b>Impairments and risk provisions</b>	<b>-21.2</b>	<b>27.9</b>	<b>-44.8</b>	<b>0.2</b>	<b>-49.0</b>	<b>-42.1</b>	<b>-114.9</b>	<b>-14.0</b>
Net impairment loss on loans and receivables to credit institutions/customers	-28.9	26.0	-51.6	17.8	-23.8	-40.5	-104.3	3.4
Net impairment loss on other financial assets	-0.4	0.1	-2.6	-5.2	0.3	0.5	-2.7	-4.6
Allocations/releases of provisions for contingent credit risk liabilities	8.8	2.6	10.5	-11.7	-9.7	1.2	9.6	-7.9
Impairment of goodwill	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net impairment loss on other non-financial assets	-0.7	-0.8	-1.0	-0.7	-15.7	-3.4	-17.4	-4.9

## Geographical area - Central and Eastern Europe

in EUR million	Czech Republic		Romania		Slovakia		Hungary		Croatia		Serbia		Central and Eastern Europe	
	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017
Net interest income	914.3	942.3	374.9	365.5	453.0	434.3	173.4	198.4	264.9	270.5	46.8	51.3	2,227.3	2,262.3
Net fee and commission income	344.3	334.4	157.9	153.4	121.7	112.7	141.8	157.4	88.0	95.8	11.1	11.3	864.8	865.0
Dividend income	3.1	2.4	0.6	0.9	1.2	1.1	0.1	0.3	0.2	0.1	0.0	0.0	5.2	4.8
Net trading result	107.2	103.9	70.3	77.3	13.5	13.8	22.2	37.7	29.5	26.6	3.3	4.1	245.8	263.4
Result from financial assets and liabilities designated at fair value through profit or loss	-1.6	-0.3	-0.3	0.4	-0.9	-0.5	-1.1	-2.6	0.0	0.0	0.0	0.0	-3.9	-3.0
Net result from equity method investments	-0.4	0.3	0.4	0.2	6.1	7.1	0.0	0.0	1.2	1.3	0.2	0.2	7.5	9.1
Rental income from investment properties & other operating leases	17.7	10.3	11.9	13.9	0.9	0.3	4.0	3.8	23.7	19.6	0.3	0.1	58.4	48.1
General administrative expenses	-671.2	-692.8	-349.8	-338.0	-275.1	-281.1	-195.6	-220.8	-194.3	-206.3	-40.2	-45.1	-1,726.2	-1,784.0
Gains/losses from financial assets and liabilities not measured at fair value through profit or loss, net	52.6	10.3	24.9	0.0	27.0	0.3	9.3	18.6	8.7	0.7	0.0	0.0	122.4	30.0
Net impairment loss on financial assets	-70.5	-1.3	62.4	-7.1	-48.2	-30.1	91.7	35.1	-48.4	-116.1	-4.1	1.2	-17.2	-118.2
Other operating result	-24.8	-45.5	-115.6	-88.9	-16.1	-39.8	-102.7	-47.2	-13.9	-9.7	-0.6	-0.3	-273.7	-231.4
Levies on banking activities	0.0	0.0	0.0	0.0	-25.1	-27.4	-57.0	-55.3	0.0	0.0	0.0	0.0	-82.1	-82.6
<b>Pre-tax result from continuing operations</b>	<b>670.6</b>	<b>664.2</b>	<b>237.6</b>	<b>177.5</b>	<b>283.1</b>	<b>218.0</b>	<b>143.0</b>	<b>180.8</b>	<b>159.5</b>	<b>82.6</b>	<b>16.7</b>	<b>22.8</b>	<b>1,510.5</b>	<b>1,346.0</b>
Taxes on income	-122.8	-125.8	-24.5	-48.6	-69.8	-51.9	-9.4	-15.9	-37.6	-22.9	-0.7	-1.6	-264.9	-266.7
<b>Net result for the period</b>	<b>547.8</b>	<b>538.4</b>	<b>213.1</b>	<b>128.9</b>	<b>213.3</b>	<b>166.2</b>	<b>133.6</b>	<b>164.9</b>	<b>121.9</b>	<b>59.7</b>	<b>16.0</b>	<b>21.2</b>	<b>1,245.7</b>	<b>1,079.3</b>
Net result attributable to non-controlling interests	5.8	5.5	13.7	8.2	0.0	0.0	0.0	0.0	38.2	22.1	3.1	4.1	60.7	40.0
<b>Net result attributable to owners of the parent</b>	<b>542.0</b>	<b>532.9</b>	<b>199.5</b>	<b>120.7</b>	<b>213.3</b>	<b>166.2</b>	<b>133.6</b>	<b>164.9</b>	<b>83.7</b>	<b>37.7</b>	<b>12.8</b>	<b>17.0</b>	<b>1,184.9</b>	<b>1,039.3</b>
Operating income	1,384.5	1,393.4	615.7	611.5	595.4	568.7	340.3	395.0	407.4	414.0	61.7	67.0	3,405.2	3,449.6
Operating expenses	-671.2	-692.8	-349.8	-338.0	-275.1	-281.1	-195.6	-220.8	-194.3	-206.3	-40.2	-45.1	-1,726.2	-1,784.0
<b>Operating result</b>	<b>713.3</b>	<b>700.6</b>	<b>266.0</b>	<b>273.5</b>	<b>320.4</b>	<b>287.6</b>	<b>144.8</b>	<b>174.2</b>	<b>213.1</b>	<b>207.7</b>	<b>21.5</b>	<b>21.9</b>	<b>1,679.0</b>	<b>1,665.6</b>
Risk-weighted assets (credit risk, eop)	15,285	17,615	5,369	5,409	4,737	5,560	3,470	3,826	4,256	4,357	943	1,143	34,061	37,909
Average allocated capital	1,761	2,049	987	1,034	633	673	493	563	548	575	117	137	4,538	5,031
Cost/income ratio	48.5%	49.7%	56.8%	55.3%	46.2%	49.4%	57.5%	55.9%	47.7%	49.8%	65.2%	67.3%	50.7%	51.7%
Return on allocated capital	31.1%	26.3%	21.6%	12.5%	33.7%	24.7%	27.1%	29.3%	22.2%	10.4%	13.6%	15.5%	27.4%	21.5%
Total assets (eop)	39,470	52,055	14,875	15,228	14,819	16,338	6,606	7,151	8,654	8,840	1,199	1,423	85,624	101,036
Total liabilities excluding equity (eop)	34,965	47,317	13,375	13,631	13,263	14,807	5,699	6,057	7,621	7,758	1,051	1,245	75,976	90,816
<b>Impairments and risk provisions</b>	<b>-124.0</b>	<b>-29.1</b>	<b>54.1</b>	<b>-46.1</b>	<b>-44.5</b>	<b>-34.7</b>	<b>40.8</b>	<b>89.8</b>	<b>-68.7</b>	<b>-121.7</b>	<b>-4.3</b>	<b>0.8</b>	<b>-146.7</b>	<b>-141.0</b>
Net impairment loss on loans and receivables to credit institutions/customers	-70.6	-1.4	62.8	-6.9	-48.2	-30.0	92.7	36.6	-47.5	-115.4	-4.1	1.6	-15.0	-115.6
Net impairment loss on other financial assets	0.2	0.1	-0.4	-0.2	0.0	0.0	-1.0	-1.4	-0.9	-0.7	0.0	-0.4	-2.2	-2.6
Allocations/releases of provisions for contingent credit risk liabilities	-11.8	-2.4	4.7	-27.3	4.4	-3.6	-45.8	58.3	-6.0	1.4	-0.6	-0.4	-55.1	26.1
Impairment of goodwill	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-0.5	0.0	0.0	0.0	-0.5
Net impairment loss on other non-financial assets	-41.8	-25.4	-13.0	-11.6	-0.7	-1.1	-5.1	-3.6	-14.3	-6.6	0.4	-0.1	-74.4	-48.4