

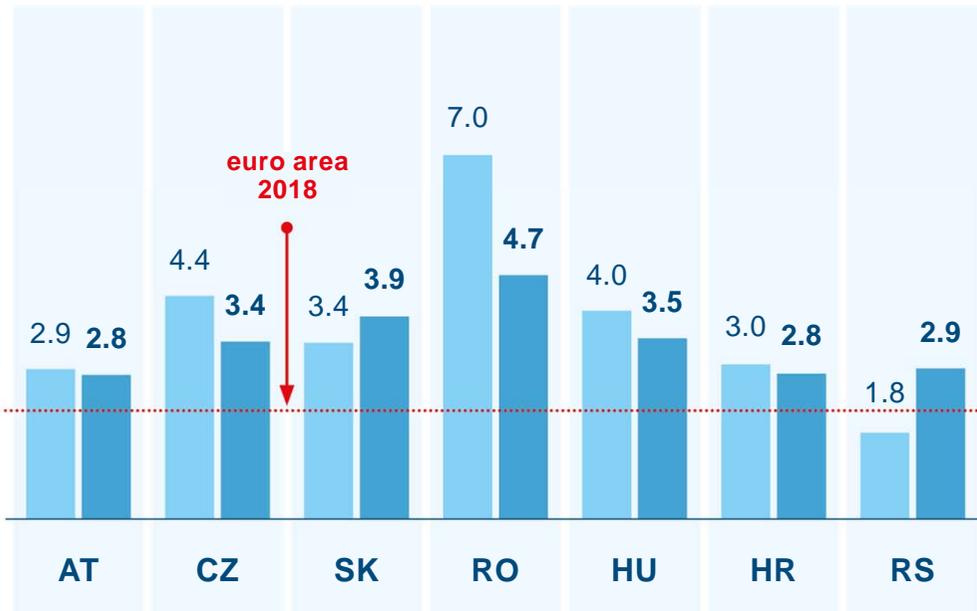
**Erste Group 2017 results:
Net profit of EUR 1.31bn (ROTE 11.5%) prompts increased
dividend proposal of EUR 1.20 per share**

Business environment

Strong macroeconomic development in Erste Group's markets

● 2017 ● 2018

Real GDP growth (in %)



Unemployment rate (EOP, in %)



- In 2018, all CEE countries seen above average GDP growth for euro area
- Domestic demand expected to remain the main driver of economic growth, also in 2018
- Investment in automation needed to cope with labour shortages

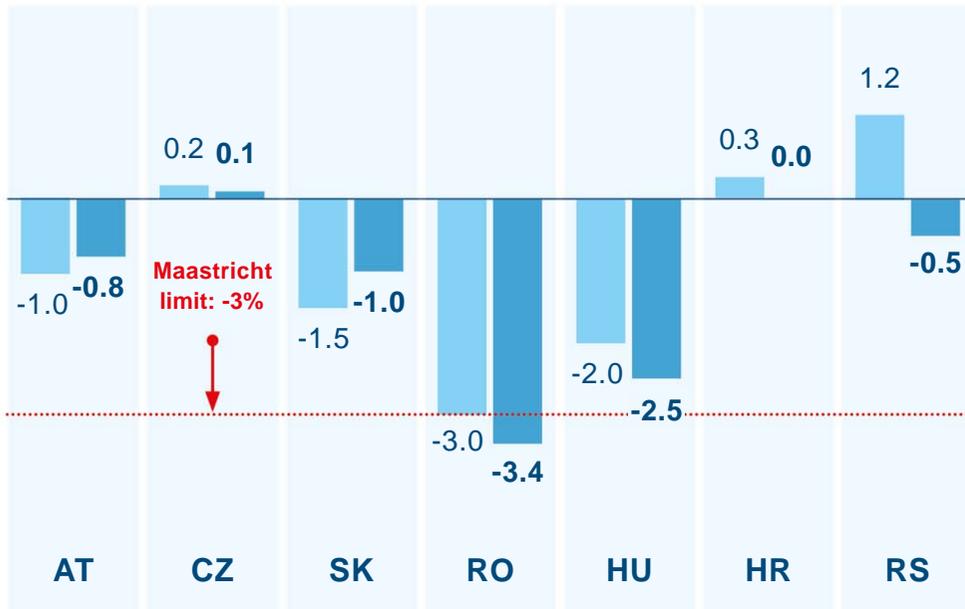
Source: Erste Group Research

Business environment

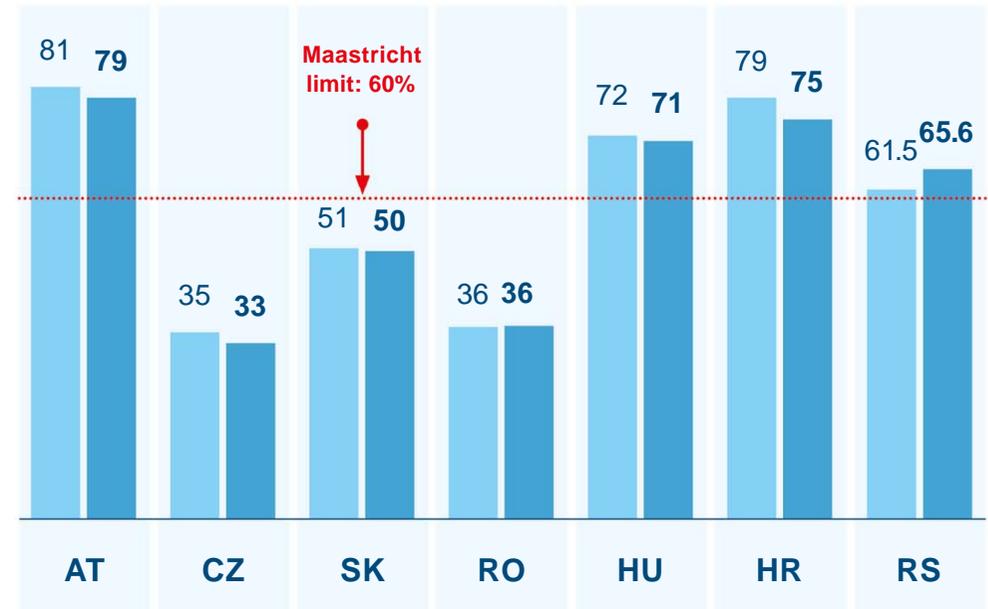
Healthy public finances in Erste Group's markets

● 2017 ● 2018

General government balance (in % of GDP)



Public debt (in % of GDP)



- Budget deficits within Maastricht limit in all markets, with the exception of Romania
- Public debt in major CEE markets below 60% Maastricht limit; Austria, Hungary and Croatia are exceptions, but show a positive trend

Source: Erste Group Research

Business environment: CZ further increases key policy rate to 75bps in Feb 2018

● 3M Interbank (%) ● 10YR gov (%)

Source: Bloomberg

Austria



- ECB cut discount rate to zero in March 16
- Maintains expansionary monetary policy stance

Czech Republic



- National bank decided to lift its benchmark rate from historic low of 0.05% to 0.75% in hikes between August 2017 and February 2018

Romania



- Central bank increases policy rate from historic low of 1.75% to 2.25% in hikes in January and February 2018

Slovakia



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

Hungary



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

Croatia



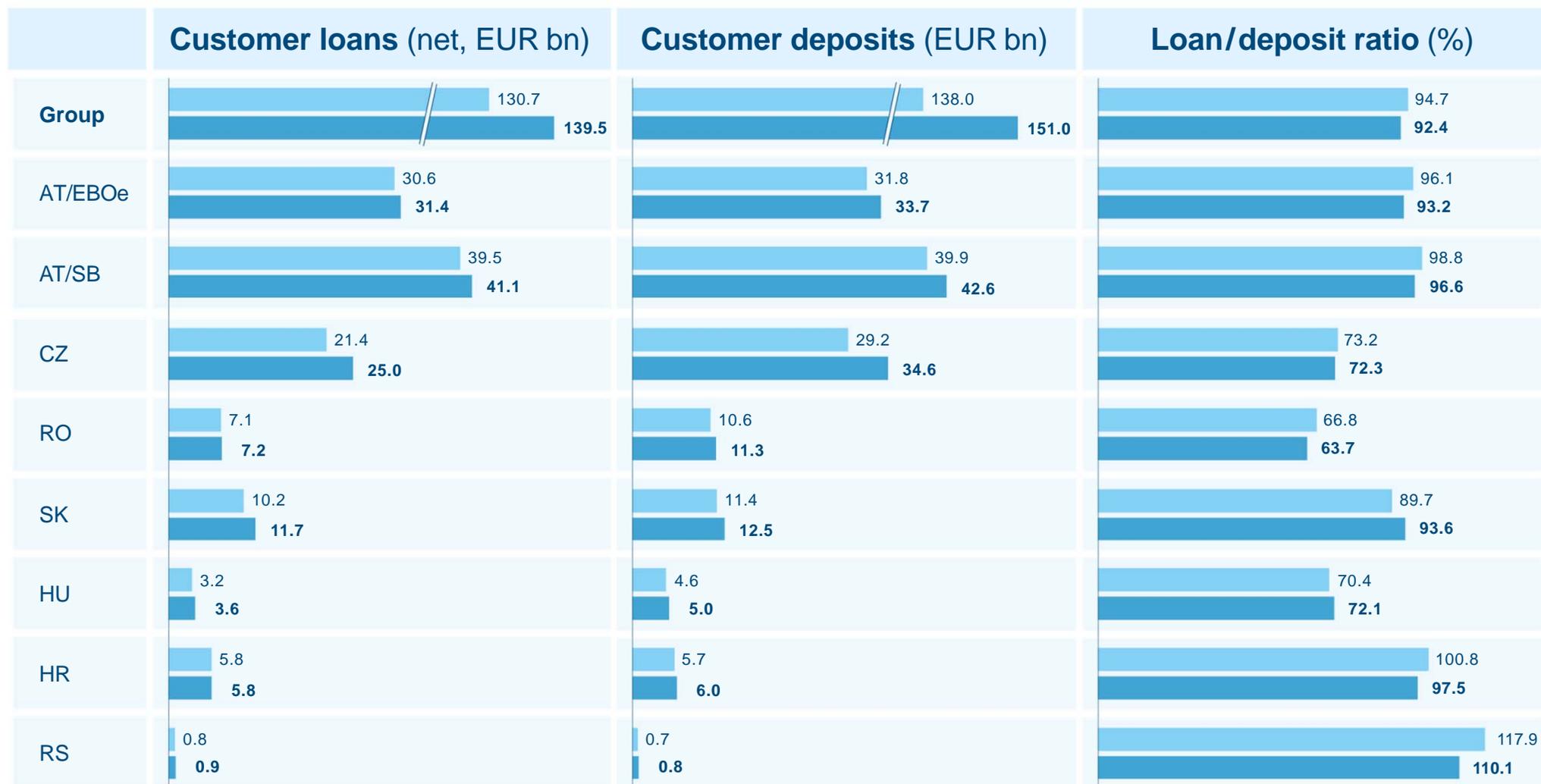
- Central bank maintains discount rate at 3.0% since 2015

Business performance

Strong growth in loans of 6.8% and exceptional inflow of customer deposits, up 9.4%

● 31.12.16

● 31.12.17



Business performance

Net inflow of EUR 6 bn in retail deposits, EUR 2.4 bn in investment products in 2017

Investment products vs Customer Deposits volumes (% share as per end-2017)



● Customer deposits ● Managed investment products

Business performance

Strong retail loan growth of 10.4% yoy

2017 Retail Highlights

NEWLY-GRANTED MORTGAGES

EUR 7.5 bn 

to nearly 100,000 households across CEE

OVERALL MORTGAGE VOLUME

EUR 41.2 bn 

Up 7.8%, on strong growth in CZ, SK and AT

CONSUMER LENDING

EUR 7.4 bn 

in newly disbursed unsecured loans

OVERALL UNSECURED CONSUMER LENDING

EUR 13.7 bn 

Up 6.1% yoy, reflecting high domestic demand

Business performance

Branches with new look and feel, tight link to digital channels



Branches are being transformed at full speed

- In Vienna, up to 50 advisors at flagship stores; extended hours at service branches
- Ceska to keep modernizing around 50 branches per year
- BCR to invest EUR 50 mn in next two years



Advisory competence sets us apart from the competition

- Proactive, data-driven and personalised advisory
- More time and space to advise clients: data analytics re. client needs, paperless processes, self-service units



Branches serve a purpose

- Digital is key, but 5 of 6 Erste clients (also) visit branches

Business performance

George: the first pan-European digital banking platform



George: one platform across all our markets

- Preparing to expand to all 16 million Erste customers in seven markets
- PSD2 to play to George's strength as a continuously evolving open banking platform

Entry point for new cooperations

- API- based architecture allows cooperation with third parties
- Co-developed with customers, highly personalizable
- Protecting client data and privacy remains central focus

1 in 4 Erste clients are active digital users

- Around 20% of consumer loans were launched digitally in Austria, Czechia and Slovakia
- More than 30% of new deposits opened fully digitally

Business performance

Corporate net loans reach EUR 47.5 bn

2017 Corporate Highlights

NET LOAN GROWTH

EUR 2.4 bn



net new loans in 2017

TOP PERFORMING SUBSIDIARIES*

+27.5%

Hungary

+19.7%

Czech Republic

+17.5%

Slovakia

BLOCKCHAIN TECHNOLOGY

Batavia: blockchain-based trade financing platform - promises to reduce transactions from 7 days to 1 hour



TOP GROWTH SECTORS*

+24%

Automotive

+12%

Cyclical

+9%

Construction

*(YOY VOLUME)

Business performance

Pressure on revenues eases, increase in costs driven by regulatory requirements and IT

Operating revenues (EUR mn)



Operating expenses (EUR mn)



● Net interest income

● Net fee and commission income

● Net trading result

● Other income

● Personnel expenses

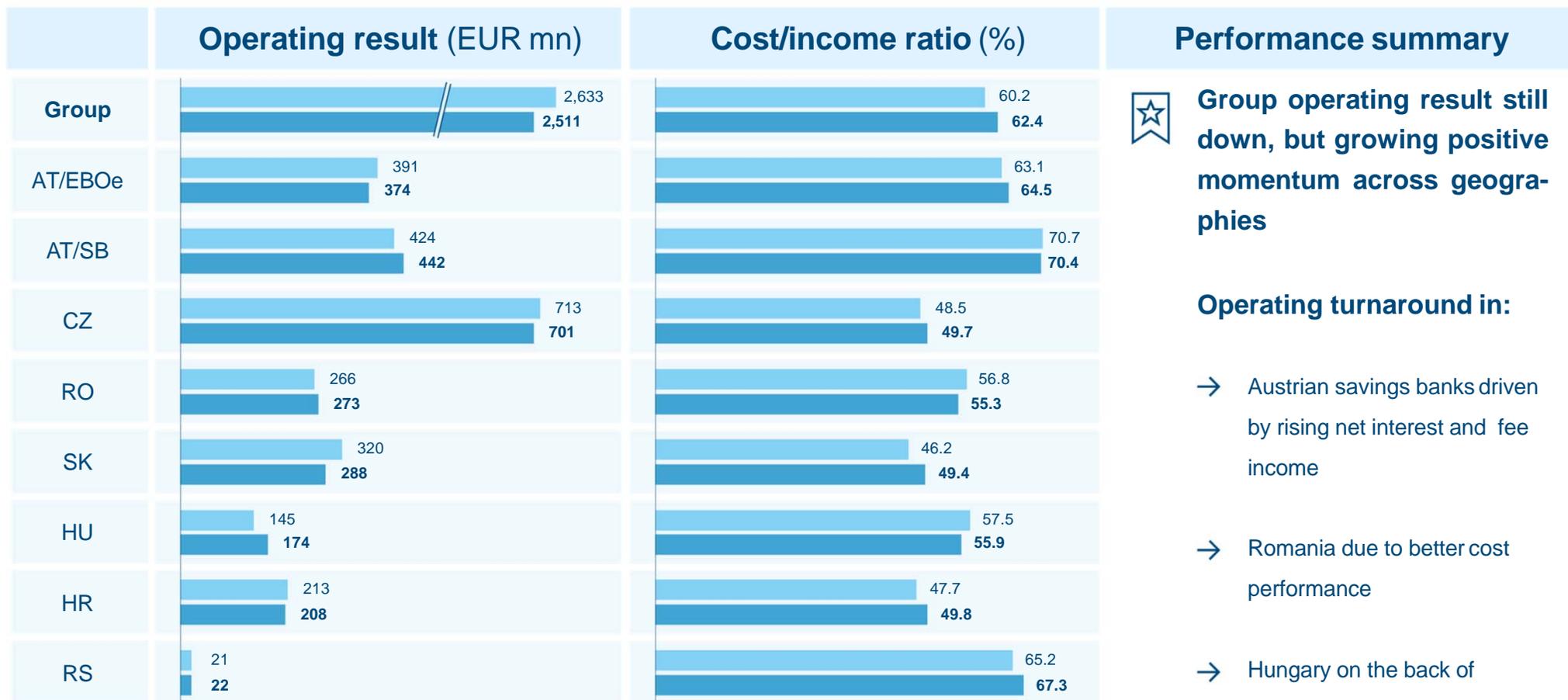
● Other administrative expenses

● Depreciation and amortisation

Business performance

Operating turnaround is under way, especially in AT, HU and RO

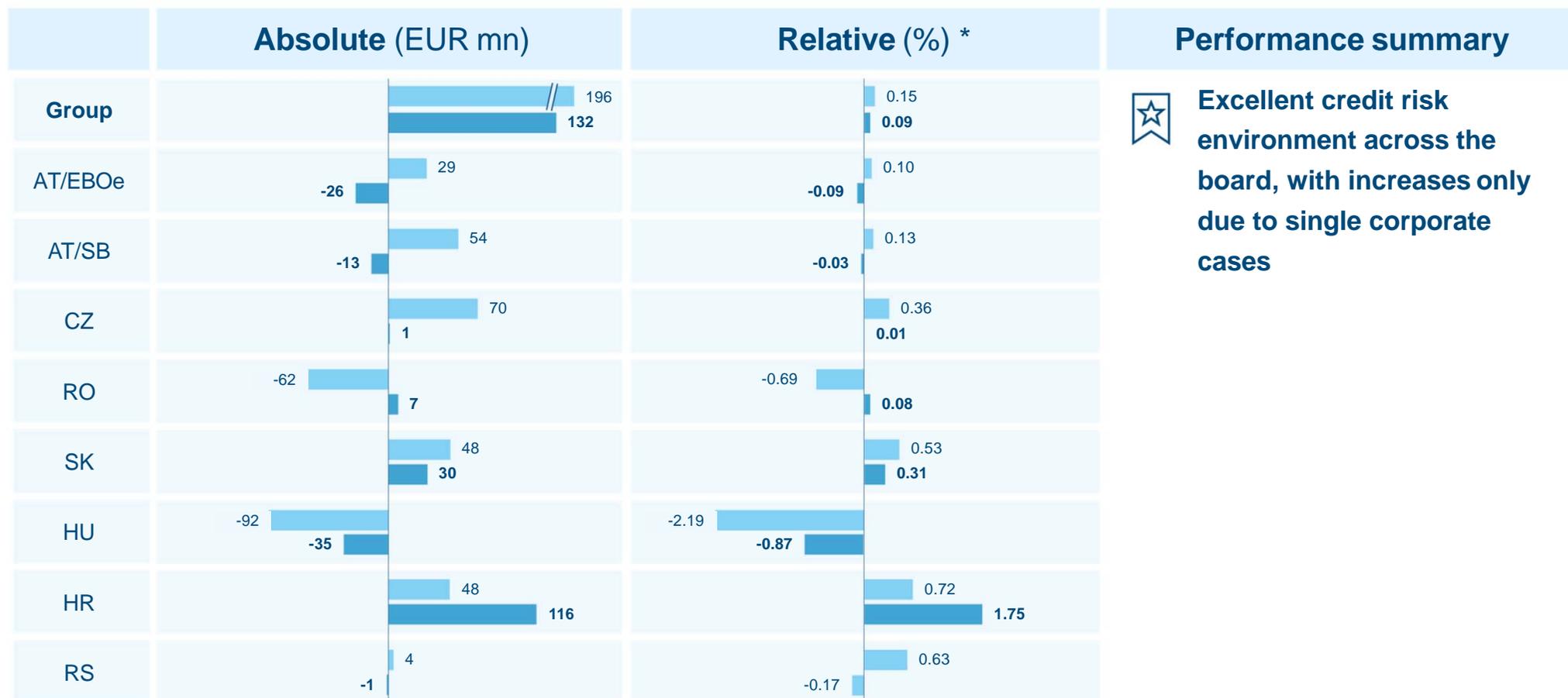
● 2016 ● 2017



Business performance

Risk costs hit another all-time low

● 2016 ● 2017



* Relative risk costs are defined as annualised risk costs over average gross customer loans

Business performance

Asset clean-up is over; NPL ratio drops to 4.0%

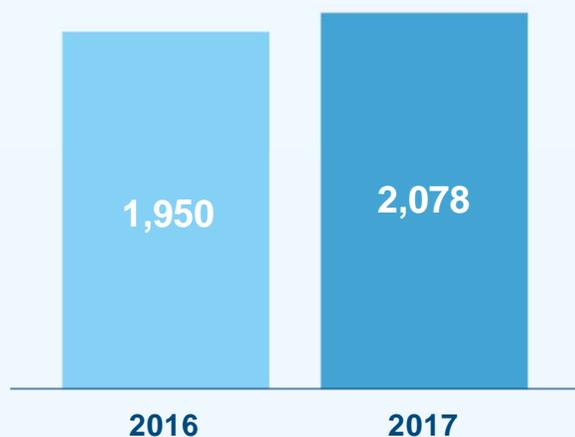
● 2016 ● 2017



Business performance

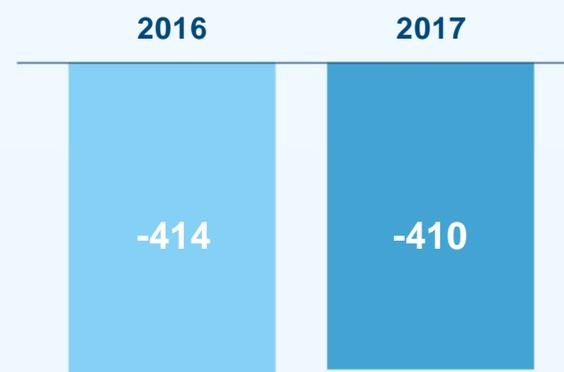
Further increase in pre-tax result

Pre-tax result (in EUR mn)



→ Other result improvement and lower risk costs lead to further improvement of pre-tax result

Taxes on income (in EUR mn)

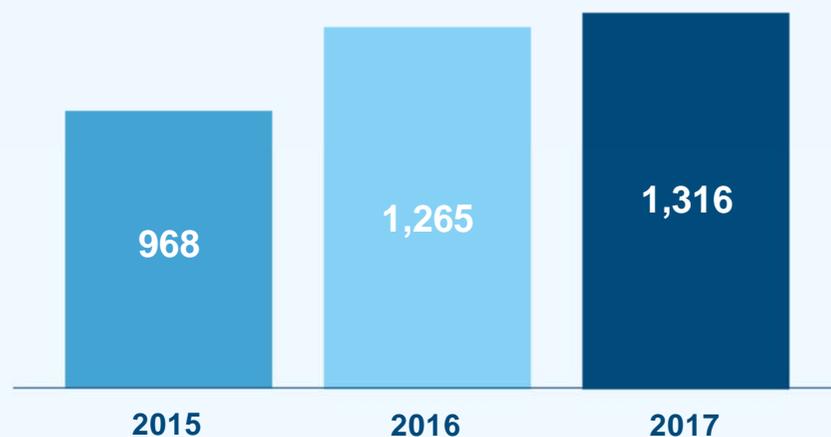


→ Tax rate at 19.7% in 2017

Business performance

Proposed dividend raised to EUR 1.20 per share

Net result (in EUR mn)



Dividend (EUR per share)



→ Highest net profit in corporate history

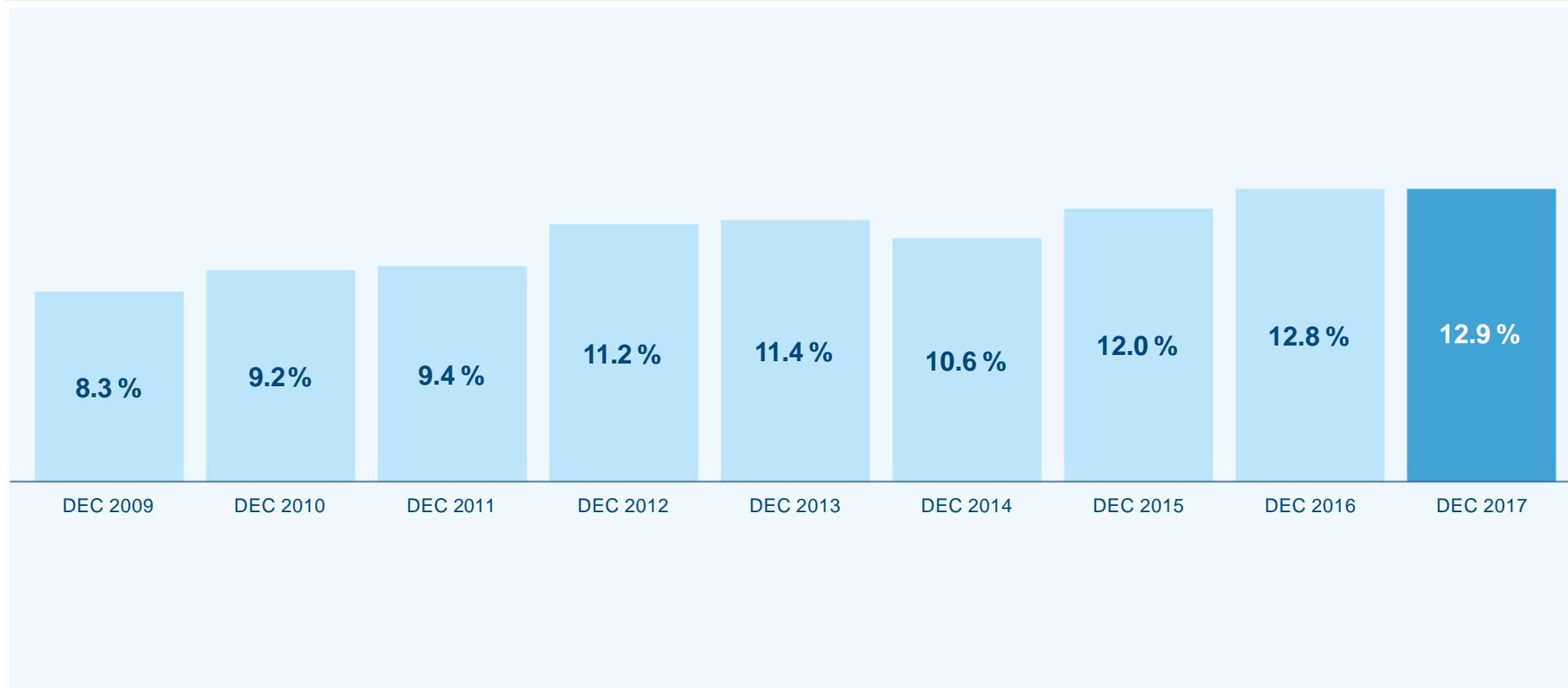


→ Payout ratio is equal to 34.0%

Business performance

Excellent capital generation across the years

Common equity tier one capital ratio (Basel 3, fully loaded)



Outlook 2018

Macro outlook 2018

- **Real GDP growth of approx. 3-5%** expected in 2018 in CEE and Austria
- **Real GDP growth to be driven by solid domestic demand**, as real wage growth and declining unemployment support economic activity in CEE
- **Solid public finances across CEE**

Business outlook 2018

- **Dividend proposal: EUR 1.20 per share**
- **ROTE for 2018 targeted at 10%+** (based on average tangible equity in 2018)
- **Assumptions for 2018:** slightly growing revenues (assuming 5%+ net loan growth and interest rate hikes in CZ and RO); slightly falling expenses due to lower project-related costs; increase in risk costs, but remaining at historically low levels

Risk factors for guidance

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