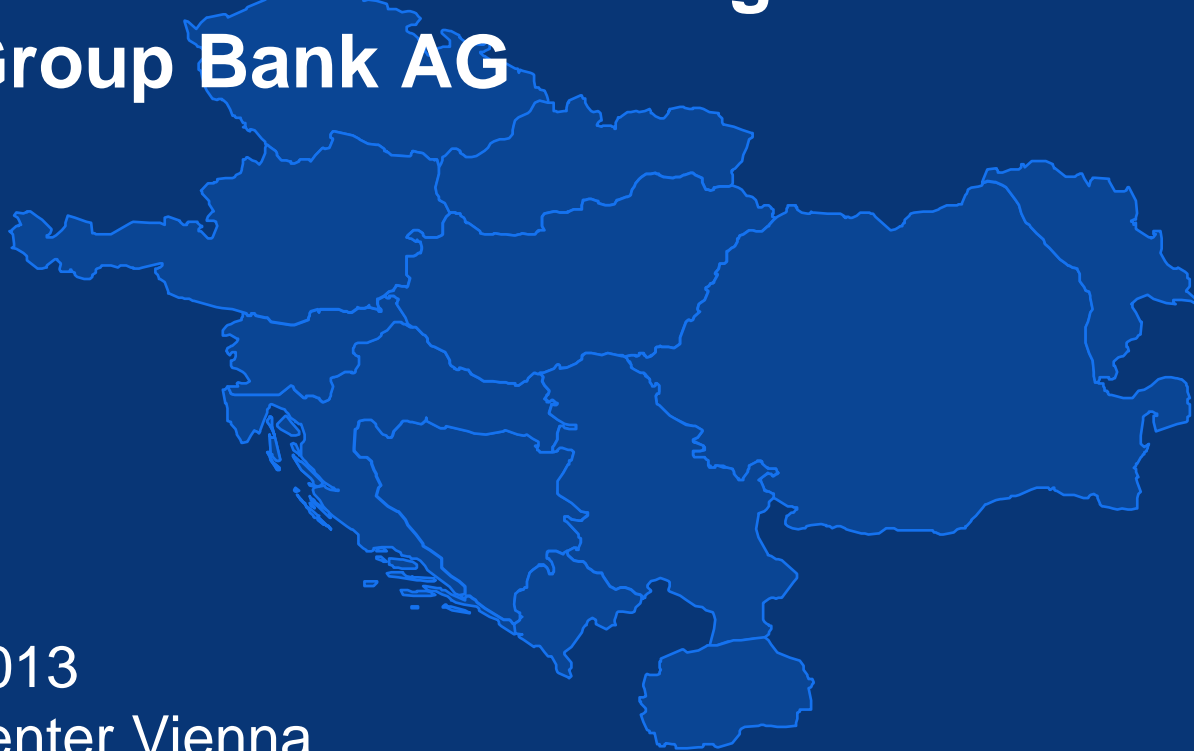


# 20th Annual General Meeting of Erste Group Bank AG



16 May 2013  
Austria Center Vienna



**Friedrich Rödler**  
Chairman of the supervisory board

## Report on the financial year 2012



# Report on the financial year 2012 of Erste Group Bank AG (consolidated)

**Andreas Treichl**

Chairman of the management board

# Disclaimer –

## Cautionary note regarding forward-looking statements

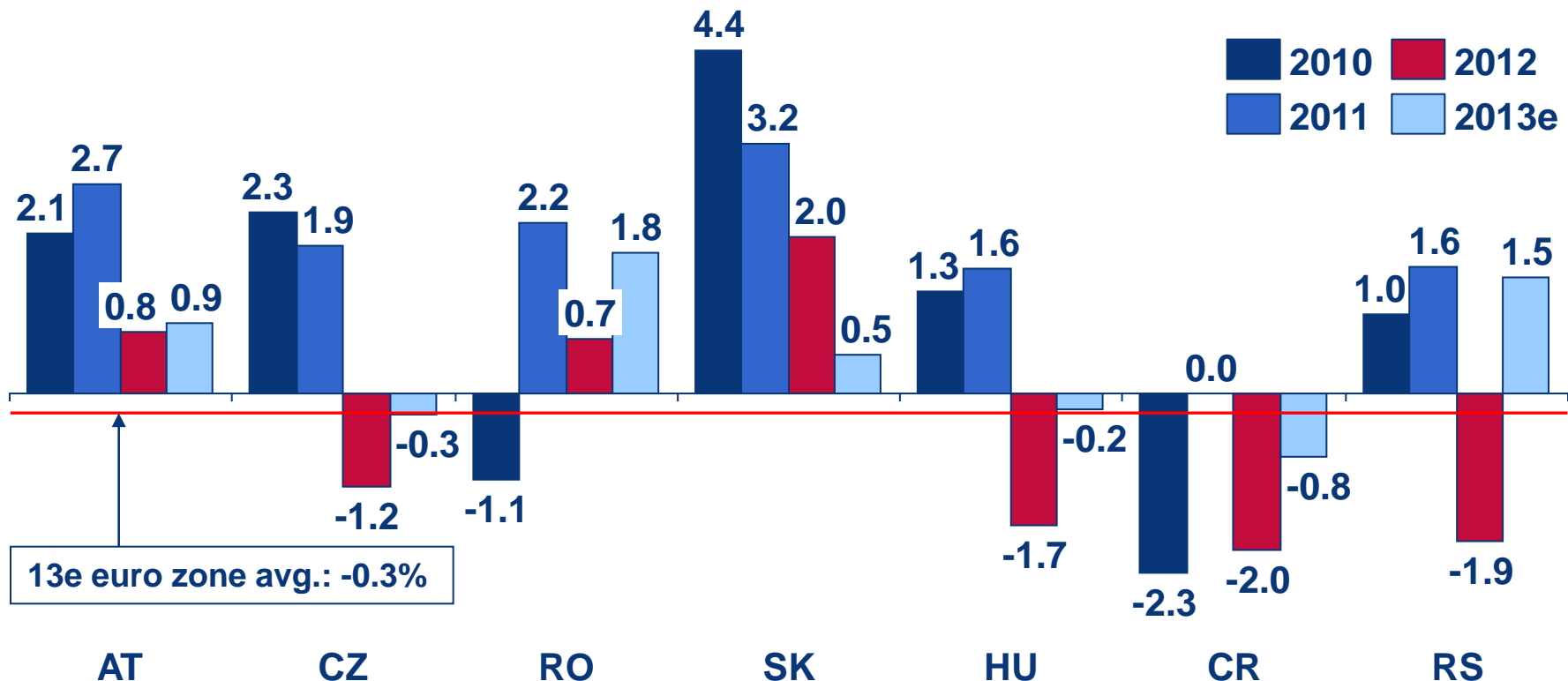
---

- 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.

# Operating environment –

## Economic decline due to weak domestic demand

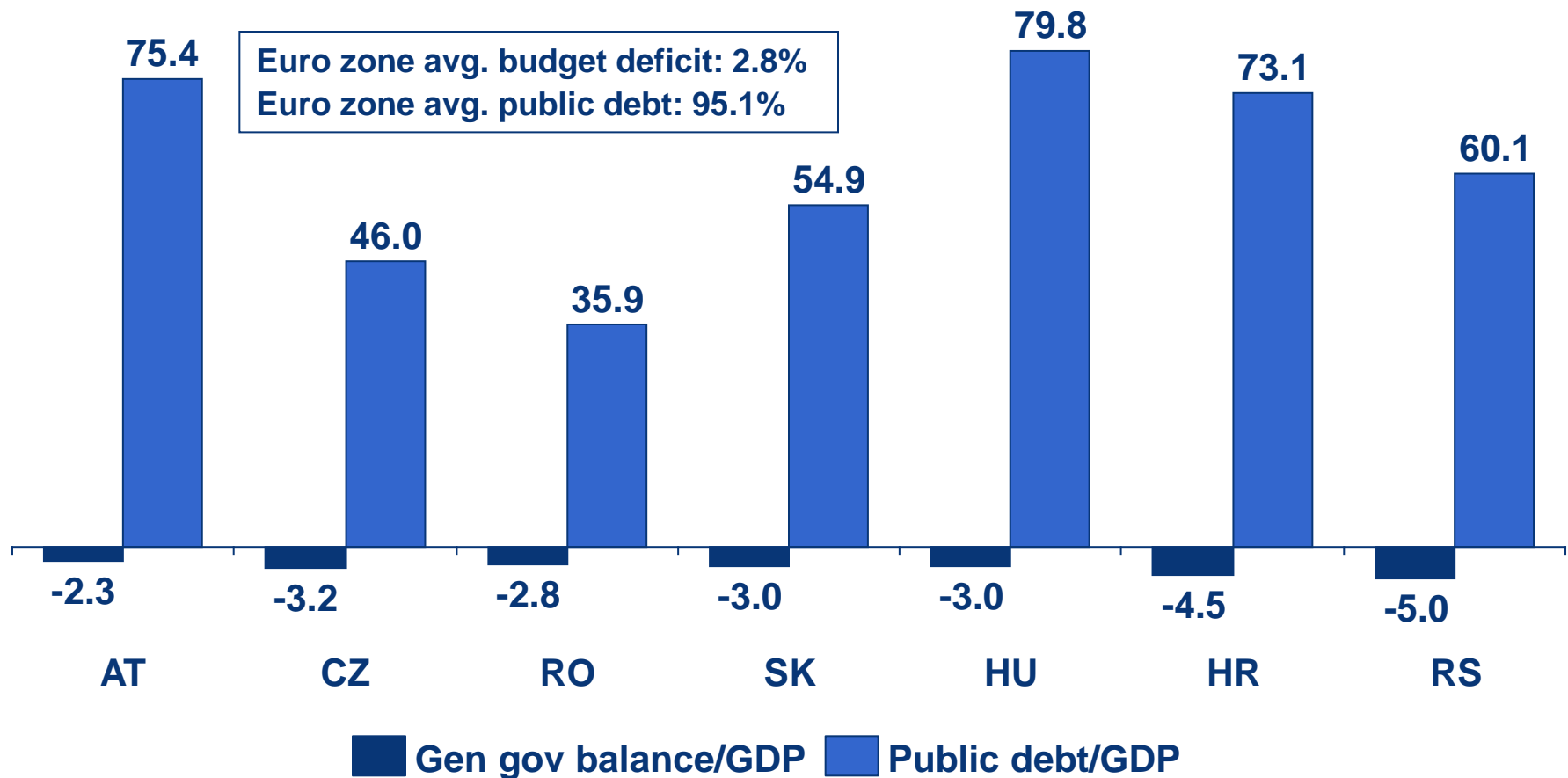
### Real GDP growth in Erste Group's core markets (in %)



# Operating environment –

## Government debt is not a major issue in CEE

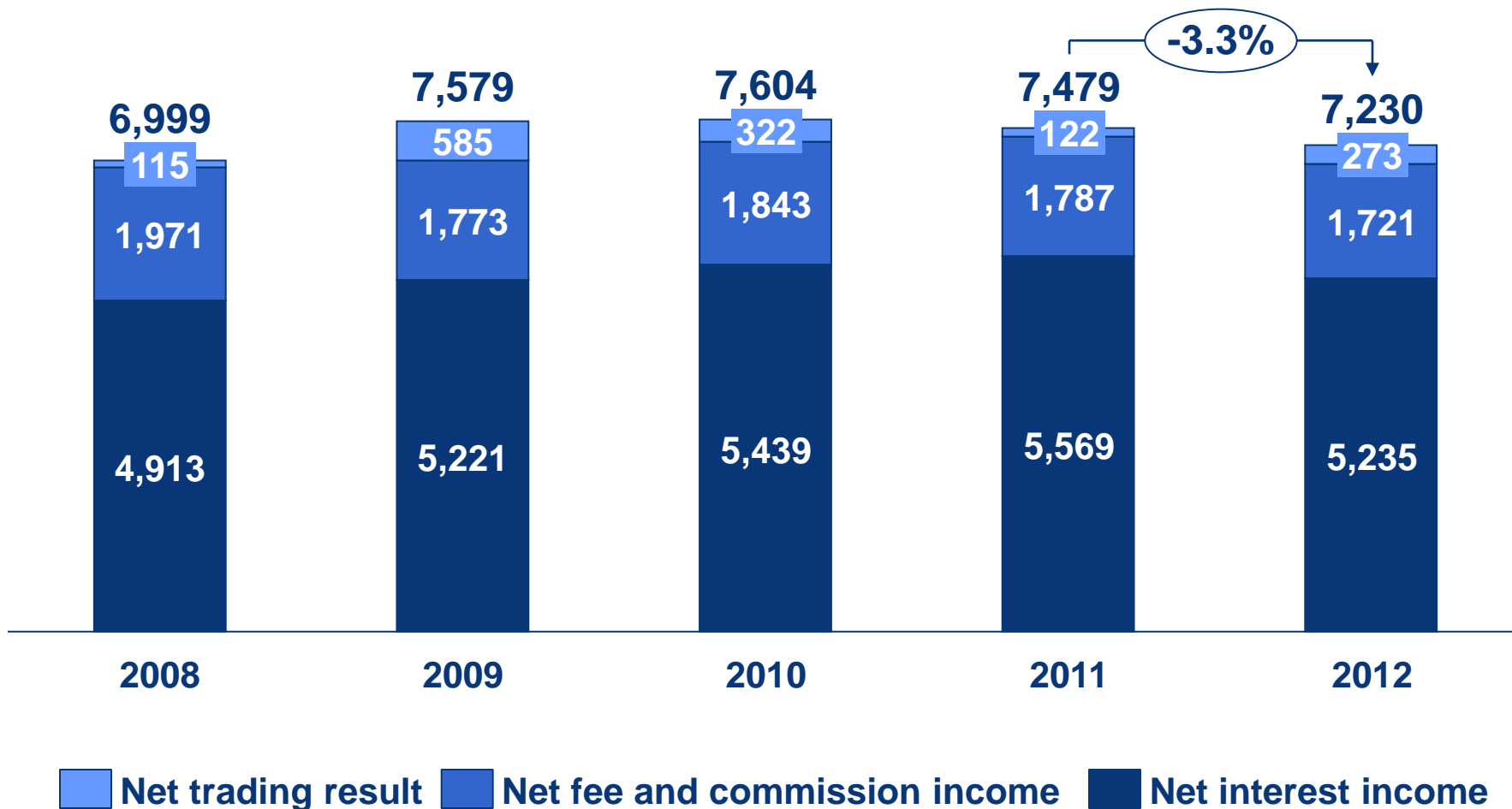
Public debt in Erste Group's core markets (in %, 2013e)



# Operating income –

## Low demand lead to lower NII, fees

5-year operating income history in EUR m

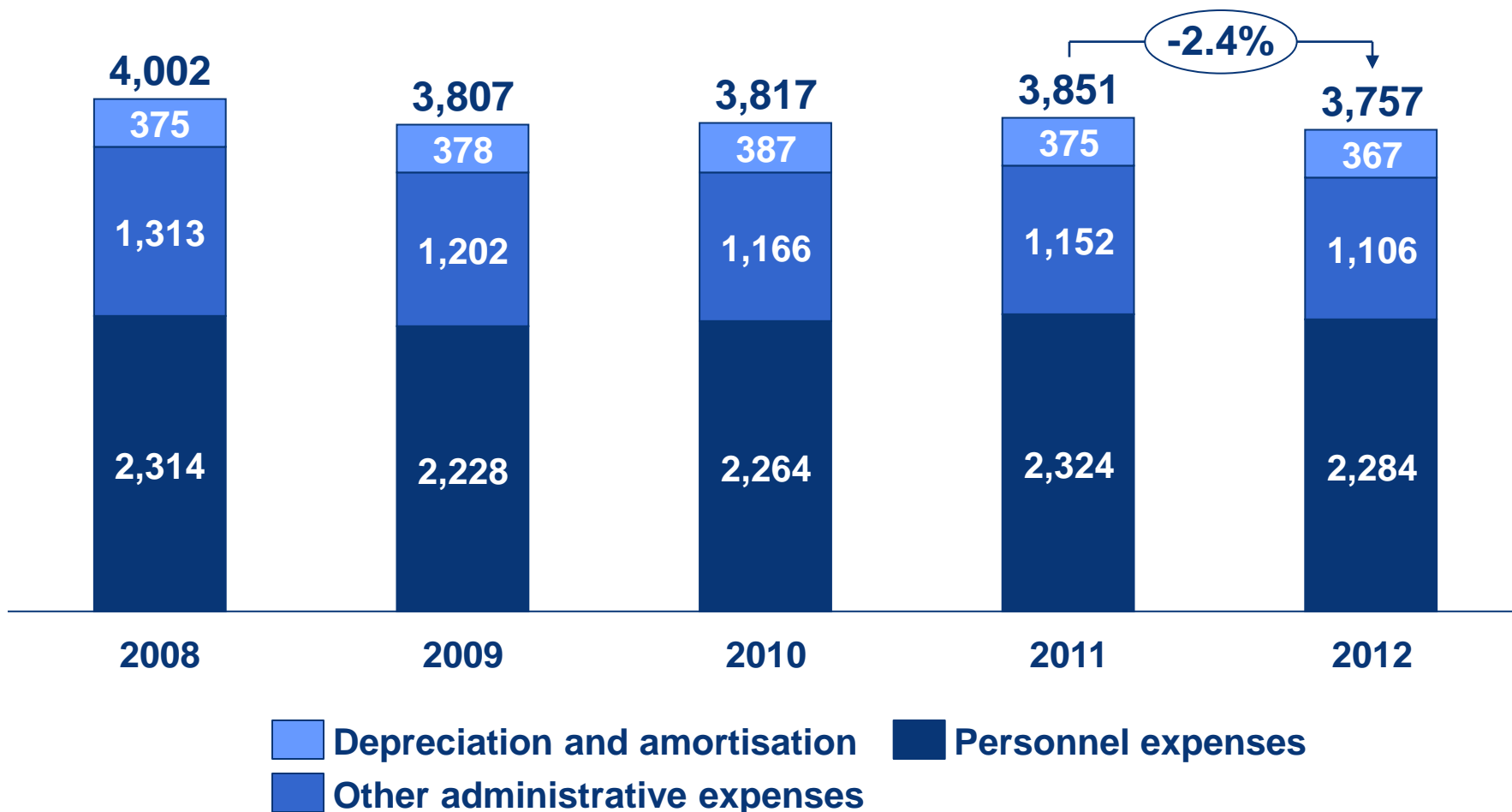




# Operating expenses –

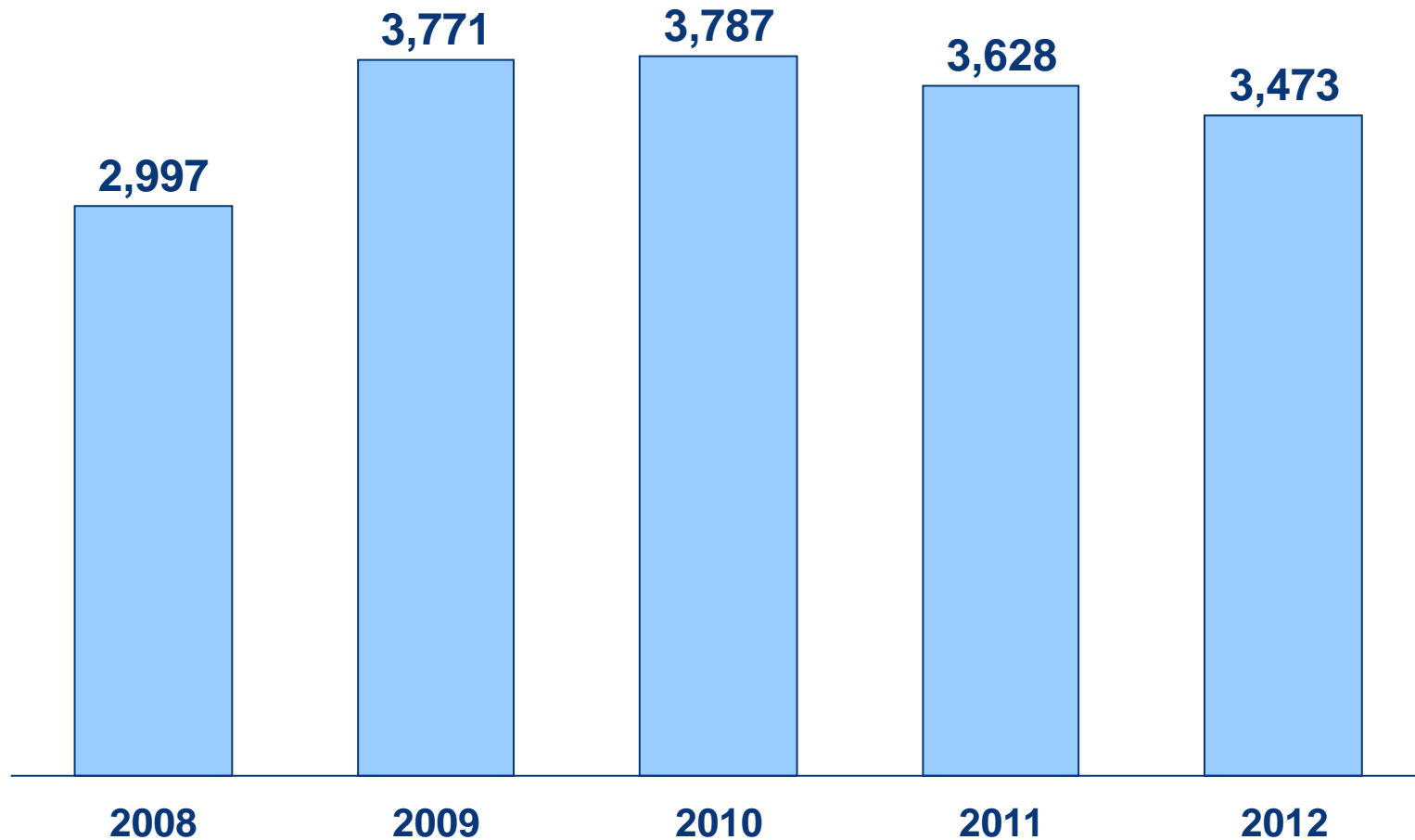
Continued strict cost control, lower headcount

5-year operating expense history in EUR m



# Operating profit – Stable despite low interest rate environment

5-year operating profit history in EUR m



# Risk costs –

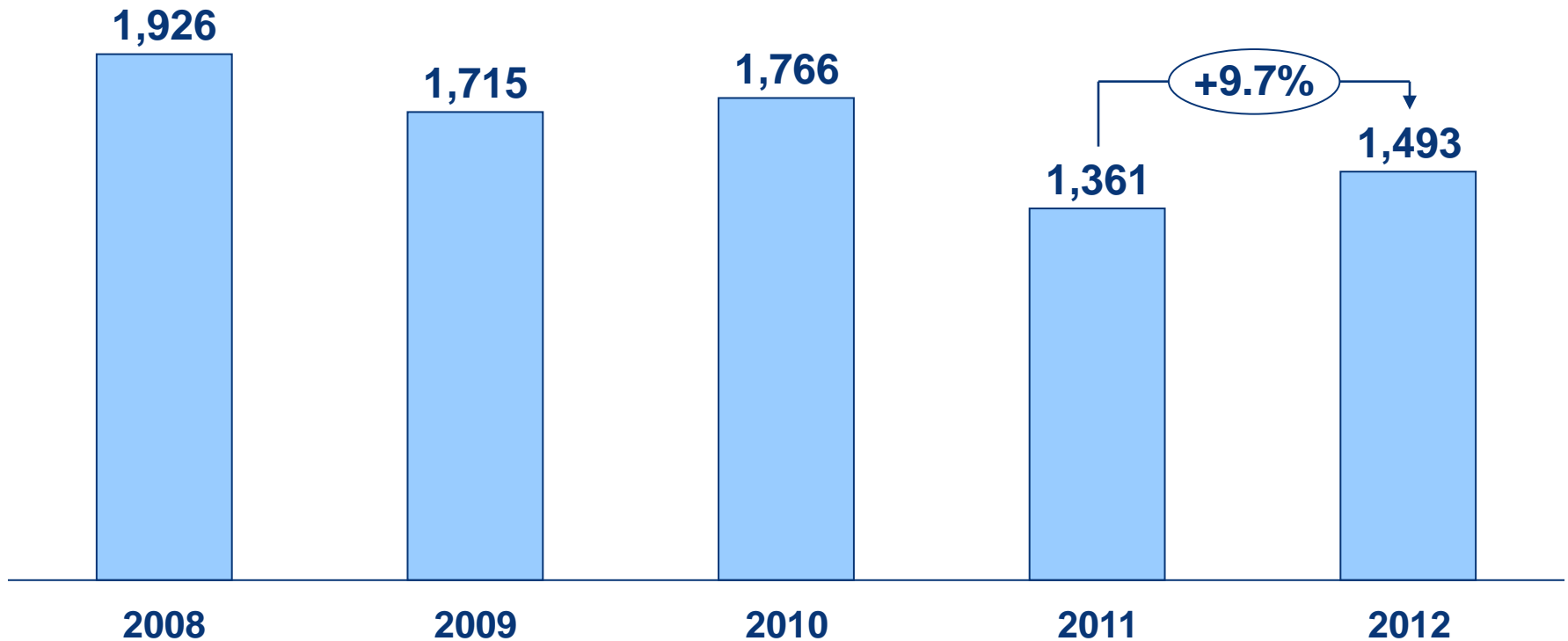
Still elevated, but best performance since 2008

5-year risk cost history in EUR m



# Post-provision operating profit – First significant rise since 2008

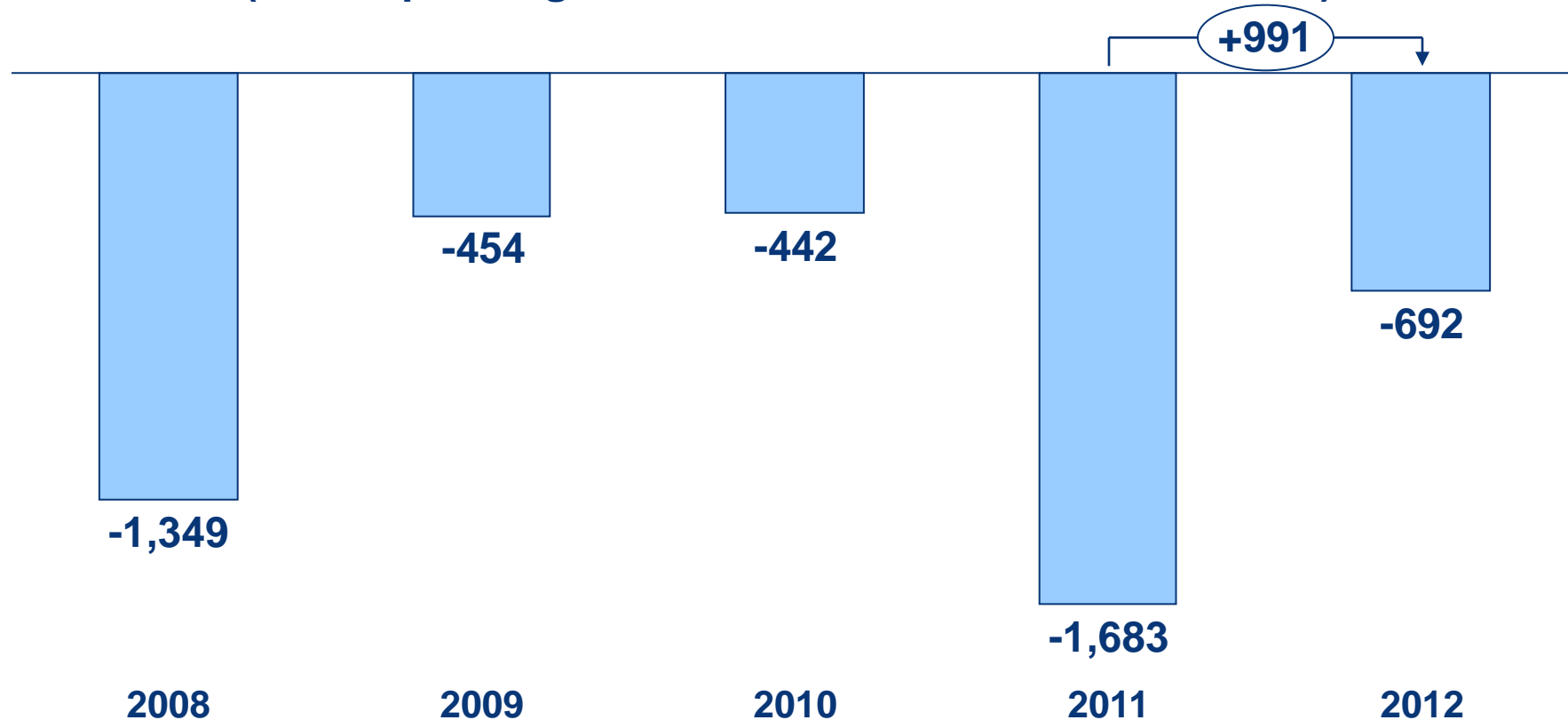
## 5-year post-provision profit history in EUR m



# Other result –

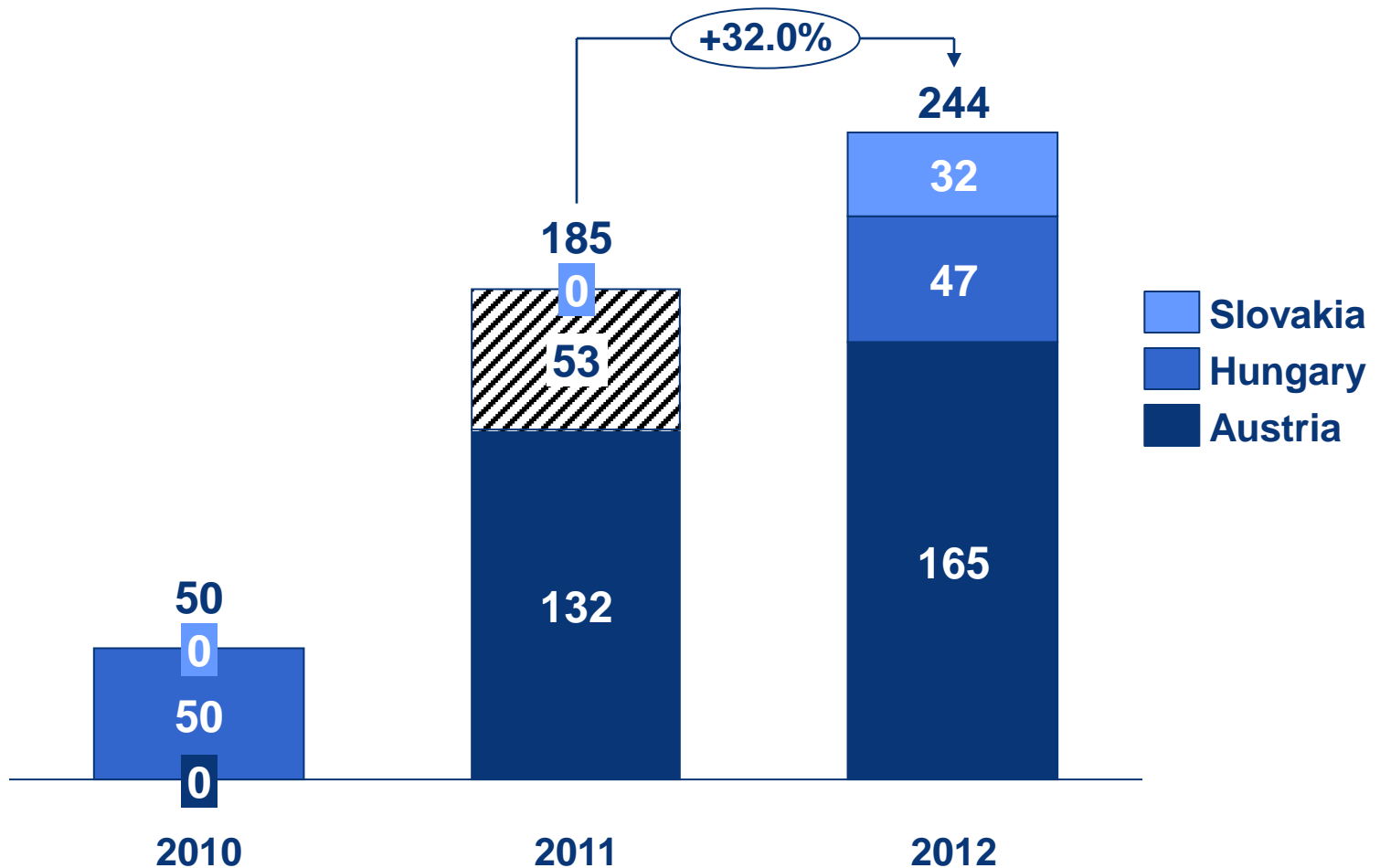
## Lower net negative one-offs in 2012

Other result in EUR m  
(other operating result + results from financial assets)



# Banking taxes –

## Banking taxes slow down capital formation

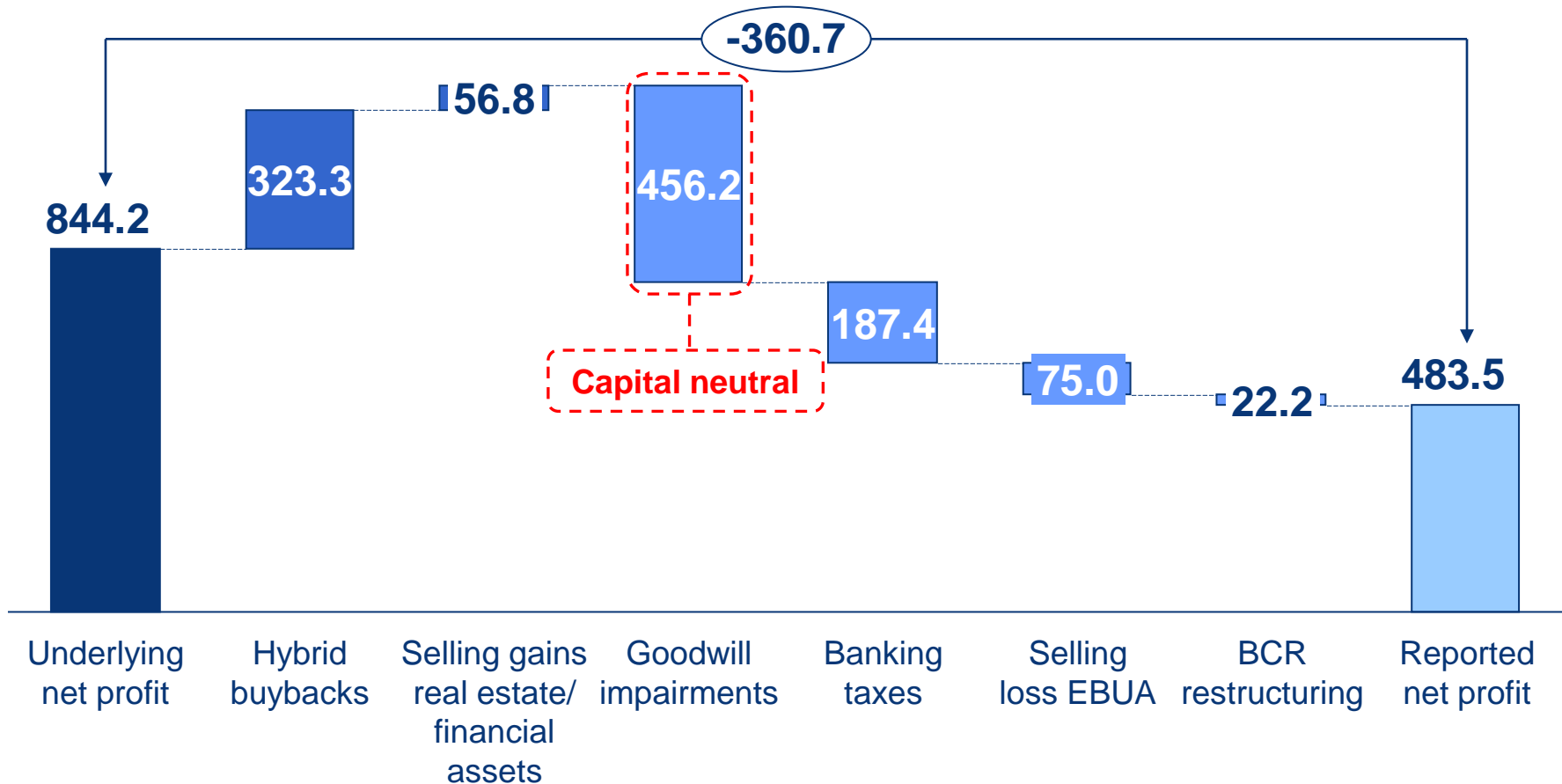


In 2011, banking tax in Hungary was offset by the costs of repayment of foreign currency loans at non-market rates.

# Net profit –

## Reconciliation to underlying net profit

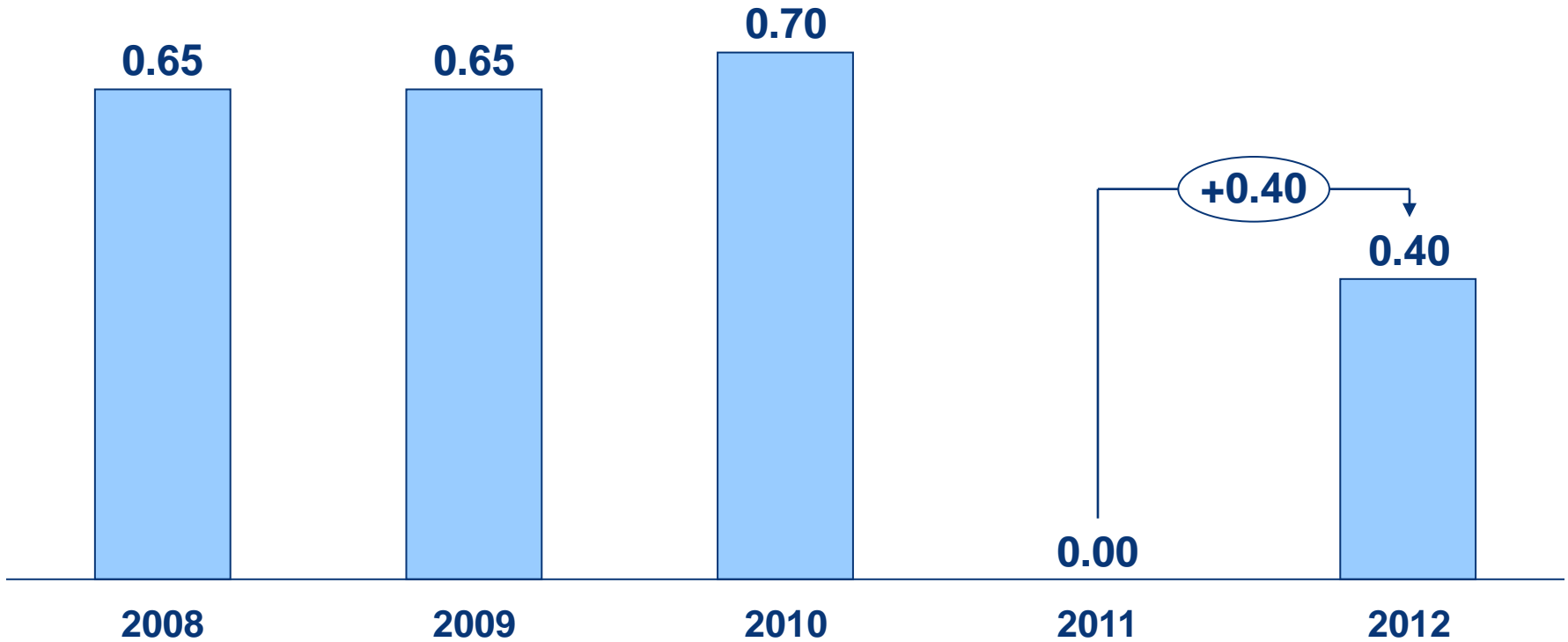
- 2012 positive extraordinary effects: EUR 380.1m (post-tax)
- 2012 negative extraordinary effects: EUR 740.8m (post-tax)



# Dividend –

## Dividend of EUR 0.4 per share proposed to AGM

### 5-year dividend history in EUR

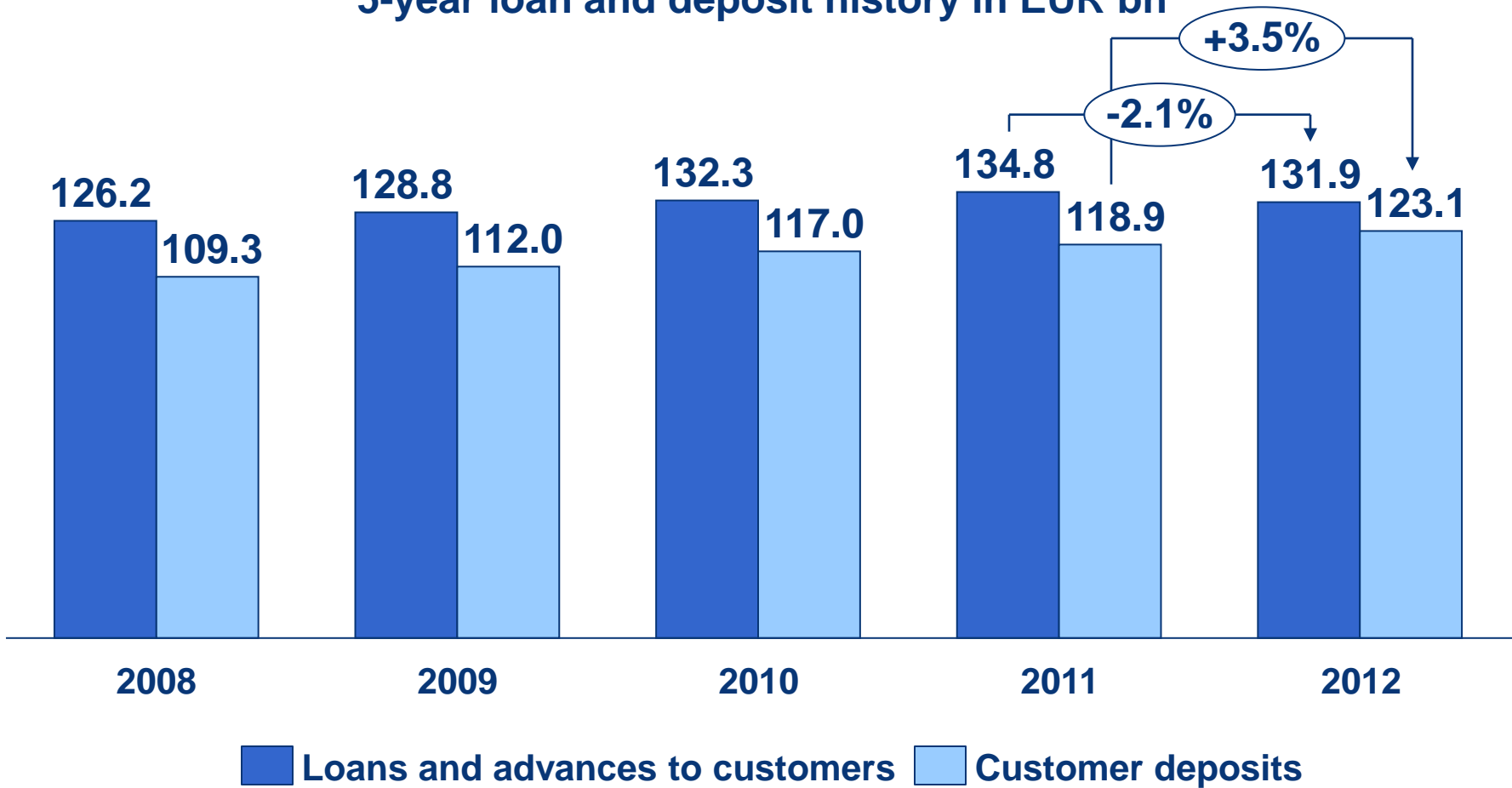




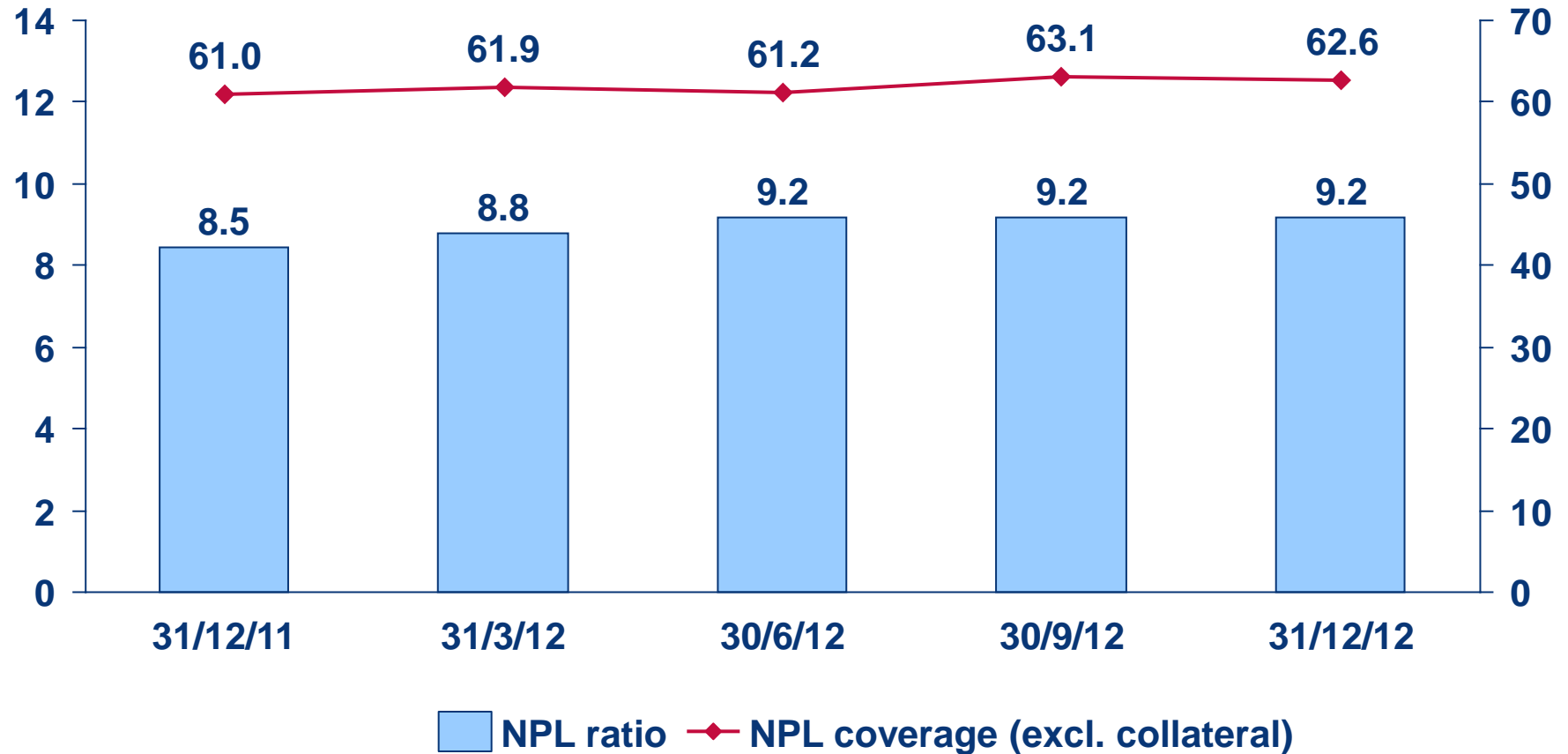
# Balance sheet –

## Loan/deposit ratio improves to 107.2%

5-year loan and deposit history in EUR bn

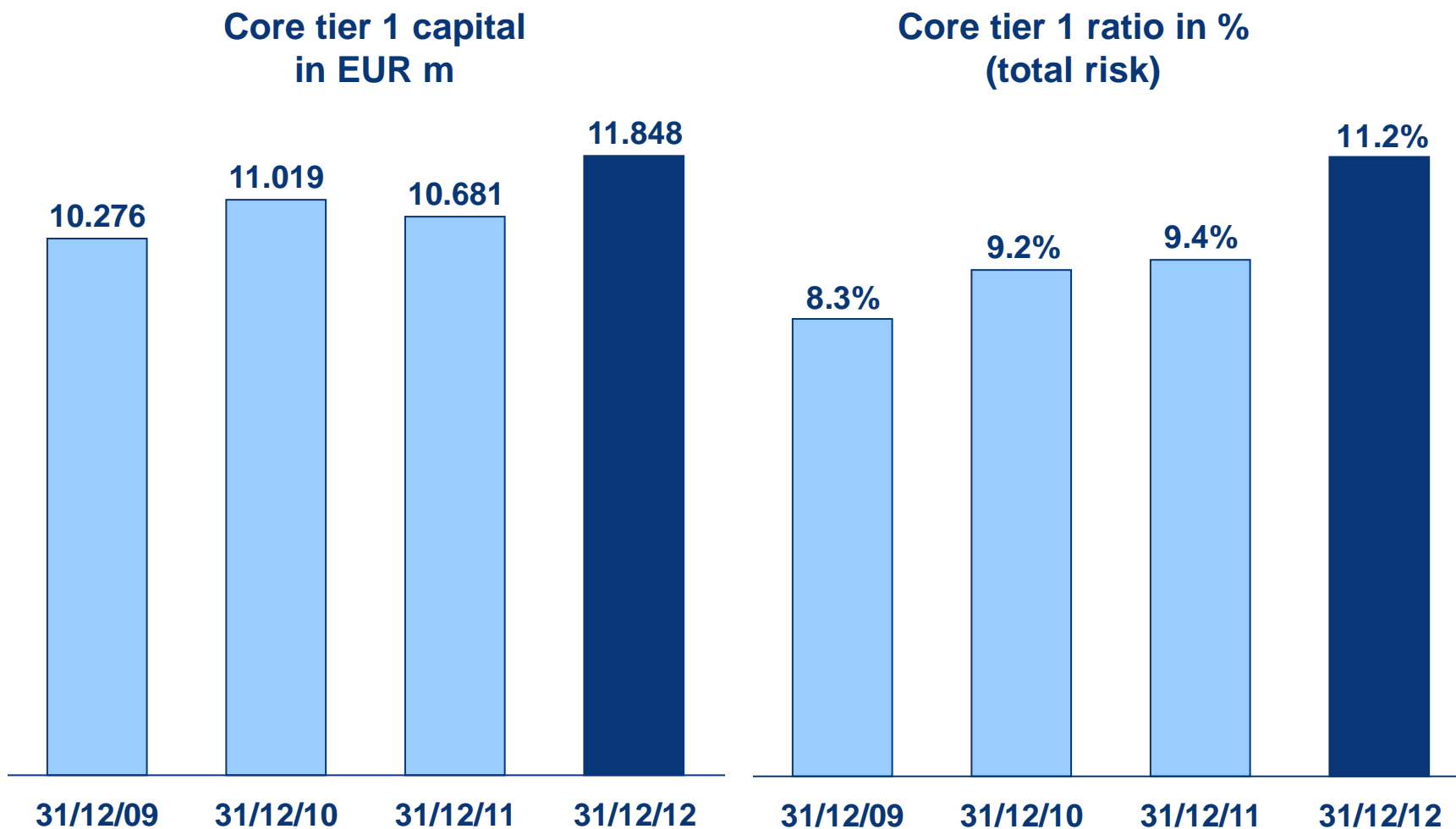


### Asset quality summary in %

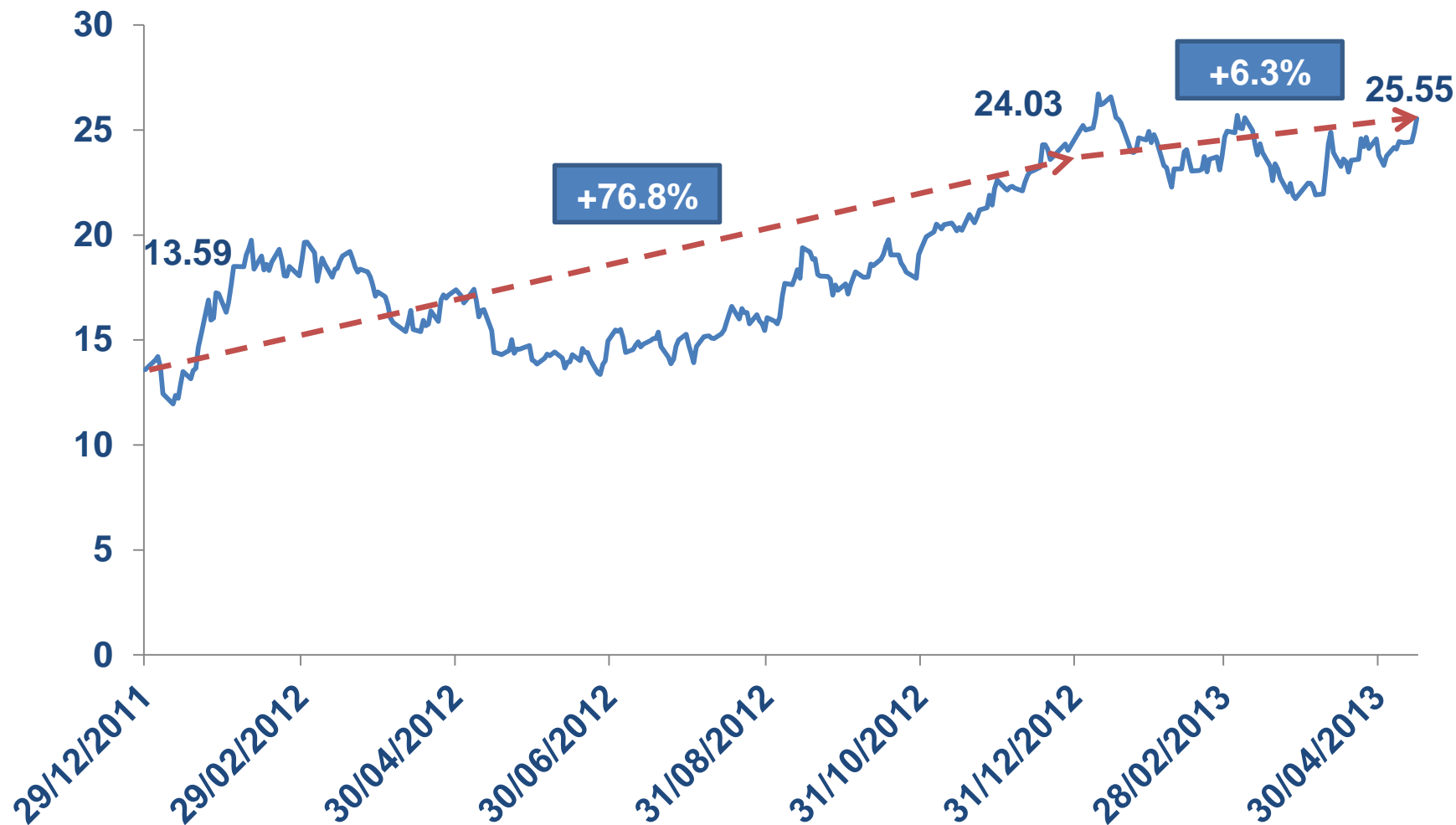


# Capital –

## Best capital position since going public in 1997



# Share price performance – Erste Group share up 76.8% in 2012



# Q1 13 performance summary –

## Risk costs declined, BCR improved

### Income statement – Q1 13 vs Q1 12

- Net profit of EUR 176.2m supported by significant reduction in risk costs
- Decline in net profit due to significant one-off income in Q1 12
- Operating result impacted by subdued loan demand and low interest rates
- Risk costs declined to 123bps (EUR 402.2m) of average customer loans

### Income statement – Q1 13 vs Q4 12

- Improvement in net result mainly due to negative one-offs in Q4 12
- Slight decline in operating income, operating expenses flat
- Risk costs decreased significantly on improvements in Austria and Romania

### Balance sheet – Mar 13 vs Dec 12

- Reported deposits stable at EUR 123.1bn, but strong underlying inflows
- Customer loans declined to EUR 130.3bn
- Loan/deposit ratio improved to 105.9% vs 107.2%

### Asset quality

- NPLs increased to 9.4% (Dec 12: 9.2%)
- NPL coverage ratio stood at 62.4% (Dec 12: 62.6%)
- NPL net inflows declined to EUR 134m yoy, up qoq on lower sales

### Capital

- Core tier 1 ratio (Basel 2.5) stable at 11.2% (Dec 12: 11.2%)
- Solvency ratio slightly up to 15.9% as of March 2013 (Dec 12: 15.5%)
- Risk-weighted assets flat at EUR 105.1bn

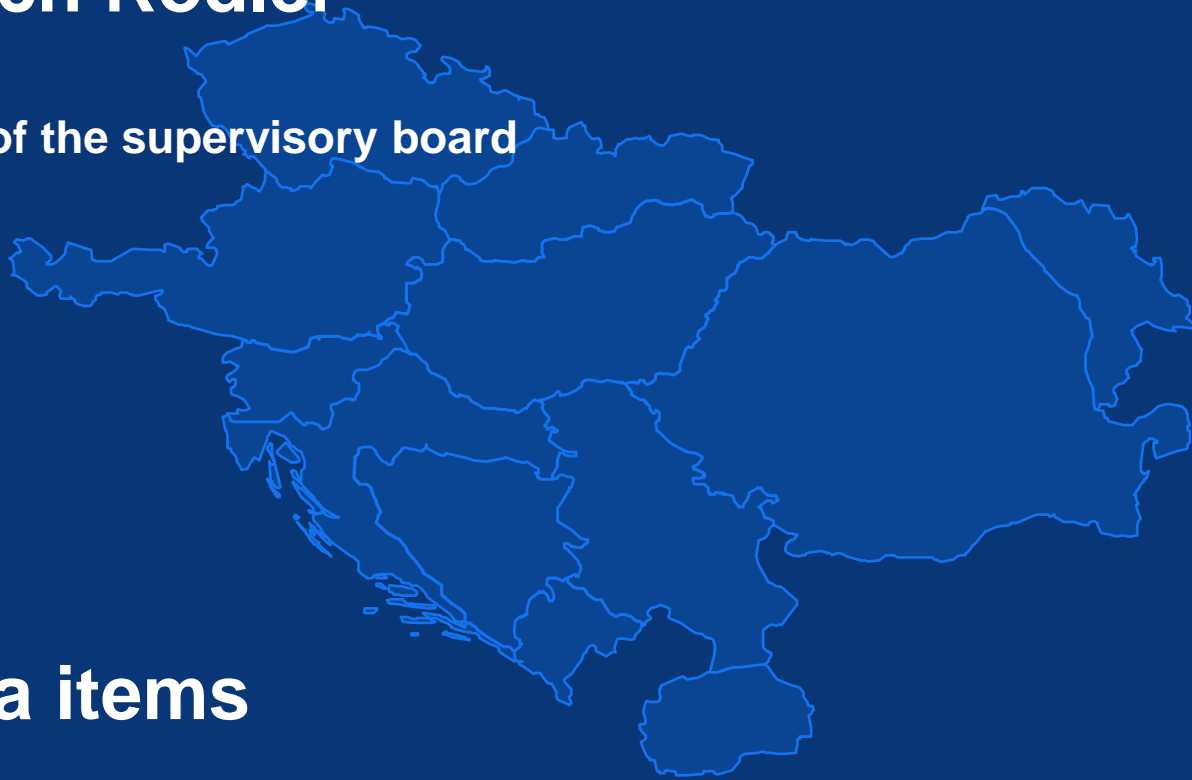
- Erste Group expects a slight improvement in economic performance for Central and Eastern Europe in H2 2013, even though growth will remain moderate**
  
- For 2013 Erste Group targets a stable operating result compared to 2012**
  - Slightly lower operating income as a result of moderate loan demand and the low interest rate environment is expected to be offset by lower operating costs
  
- A double-digit percentage decline is expected for group risk costs in 2013**
  - Mainly due to declining risk costs in Romania
  
- BCR is expected to return to profitability in 2013**



**Thank you for your attention!**

# Friedrich Rödler

Chairman of the supervisory board



Agenda items



## Appropriation of the profit

## **Grant of discharge to the members of the management board and the supervisory board**

## Remuneration of the members of the supervisory board

## Election to the supervisory board

## Appointment of an additional auditor

## Authorisation to acquire own shares for the purpose of securities trading

## Authorisation to acquire own shares for no designated purpose

## **Authorisation to acquire own participation certificates for the purpose of securities trading**



## **Authorisation to acquire own participation certificates for no designated purpose**

# 20th Annual General Meeting Erste Group Bank AG



20th Annual General Meeting  
Erste Group Bank AG



**Resolutions**

## Appropriation of the profit

## **Grant of discharge to the members of the management board and the supervisory board**

## **a) Discharge of the members of the management board**

## **b) Discharge of the members of the supervisory board**

## Remuneration of the members of the supervisory board



## Election to the supervisory board

## **a) Reduction of the number of supervisory board members from ten to nine**

## **b) Election of Theresa Jordis to the supervisory board**

## Appointment of an additional auditor

## Authorisation to acquire own shares for the purpose of securities trading

## Authorisation to acquire own shares for no designated purpose

## **Authorisation to acquire own participation certificates for the purpose of securities trading**

## **Authorisation to acquire own participation certificates for no designated purpose**



20th Annual General Meeting  
Erste Group Bank AG



**Thank you for your active  
participation!**