

Interim Report  
**Third Quarter 2018**

## Key financial data

### Income statement

| in EUR million   | Q3 17        | Q2 18        | Q3 18        | 1-9 17         | 1-9 18         |
|--|--------------|--------------|--------------|----------------|----------------|
| Net interest income                                      | 1,086.3      | 1,131.2      | 1,158.2      | 3,229.3        | 3,372.0        |
| Net fee and commission income                            | 451.0        | 480.7        | 471.4        | 1,361.9        | 1,430.7        |
| Net trading result                                       | 36.5         | 0.6          | -62.2        | 139.3          | -50.4          |
| Operating income   | 1,644.2      | 1,719.0      | 1,722.1      | 4,936.9        | 5,096.2        |
| Operating expenses                                       | -1,010.1     | -1,011.5     | -1,025.8     | -3,013.6       | -3,102.3       |
| <b>Operating result</b>                                  | <b>634.1</b> | <b>707.5</b> | <b>696.3</b> | <b>1,923.4</b> | <b>1,993.9</b> |
| Impairment result from financial instruments             | 32.9         | 18.9         | 28.9         | -71.5          | 102.2          |
| <b>Post-provision operating result</b>                   | <b>667.0</b> | <b>726.3</b> | <b>725.2</b> | <b>1,851.9</b> | <b>2,096.1</b> |
| Other operating result                                   | -86.8        | -76.6        | -32.4        | -296.6         | -237.0         |
| Levies on banking activities                             | -22.7        | -24.7        | -24.8        | -82.1          | -88.1          |
| Pre-tax result from continuing operations                | 608.5        | 654.0        | 694.3        | 1,626.1        | 1,869.0        |
| Taxes on income  | -142.0       | -120.4       | -120.0       | -365.9         | -355.0         |
| <b>Net result for the period</b>                         | <b>466.5</b> | <b>533.6</b> | <b>574.2</b> | <b>1,260.2</b> | <b>1,514.0</b> |
| Net result attributable to non-controlling interests     | 103.5        | 95.4         | 120.3        | 272.6          | 285.8          |
| <b>Net result attributable to owners of the parent</b>   | <b>363.0</b> | <b>438.2</b> | <b>454.0</b> | <b>987.6</b>   | <b>1,228.3</b> |
| Earnings per share                                       | 0.85         | 0.94         | 1.06         | 2.26           | 2.79           |
| Return on equity   | 11.7%        | 12.8%        | 14.4%        | 10.5%          | 12.5%          |
| Net interest margin (on average interest-bearing assets) | 2.39%        | 2.32%        | 2.27%        | 2.39%          | 2.29%          |
| Cost/income ratio  | 61.4%        | 58.8%        | 59.6%        | 61.0%          | 60.9%          |
| Provisioning ratio (on average gross customer loans)     | -0.09%       | -0.02%       | -0.02%       | 0.07%          | -0.09%         |
| Tax rate   | 23.3%        | 18.4%        | 17.3%        | 22.5%          | 19.0%          |

### Balance sheet

| in EUR million                         | Sep 17         | Jun 18         | Sep 18         | Dec 17         | Sep 18         |
|--|----------------|----------------|----------------|----------------|----------------|
| Cash and cash balances                 | 22,104         | 16,888         | 15,237         | 21,796         | 15,237         |
| Trading, financial assets              | 43,539         | 43,899         | 44,333         | 42,752         | 44,333         |
| Loans and advances to banks            | 10,358         | 17,149         | 19,972         | 9,126          | 19,972         |
| Loans and advances to customers        | 138,005        | 144,730        | 148,311        | 139,532        | 148,311        |
| Intangible assets                      | 1,474          | 1,507          | 1,483          | 1,524          | 1,483          |
| Miscellaneous assets                   | 6,234          | 5,705          | 5,491          | 5,929          | 5,491          |
| <b>Total assets</b>                    | <b>221,715</b> | <b>229,878</b> | <b>234,827</b> | <b>220,659</b> | <b>234,827</b> |
| Financial liabilities held for trading | 3,551          | 3,070          | 2,865          | 3,423          | 2,865          |
| Deposits from banks                    | 19,226         | 17,867         | 19,086         | 16,349         | 19,086         |
| Deposits from customers                | 148,363        | 156,831        | 159,828        | 150,969        | 159,828        |
| Debt securities issued                 | 25,661         | 28,474         | 28,249         | 25,095         | 28,249         |
| Miscellaneous liabilities              | 6,945          | 5,928          | 6,403          | 6,535          | 6,403          |
| Total equity                           | 17,969         | 17,708         | 18,396         | 18,288         | 18,396         |
| <b>Total liabilities and equity</b>    | <b>221,715</b> | <b>229,878</b> | <b>234,827</b> | <b>220,659</b> | <b>234,827</b> |
| Loan/deposit ratio                     | 93.0%          | 92.3%          | 92.8%          | 92.4%          | 92.8%          |
| NPL ratio                              | 4.3%           | 3.6%           | 3.5%           | 4.0%           | 3.5%           |
| NPL coverage (exc collateral)          | 69.5%          | 72.0%          | 70.7%          | 68.8%          | 70.7%          |
| CET 1 ratio (phased-in)                | 12.8%          | 12.6%          | 12.5%          | 13.4%          | 12.5%          |

### Ratings

|                              | Sep 17   | Jun 18   | Sep 18   |
|------------------------------|----------|----------|----------|
| <b>Fitch</b>                 |          |          |          |
| Long-term                    | A-       | A-       | A-       |
| Short-term                   | F1       | F1       | F1       |
| Outlook                      | Stable   | Stable   | Stable   |
| <b>Moody's</b>               |          |          |          |
| Long-term                    | A3       | A2       | A2       |
| Short-term                   | P-2      | P-1      | P-1      |
| Outlook                      | Positive | Positive | Positive |
| <b>Standard &amp; Poor's</b> |          |          |          |
| Long-term                    | A-       | A        | A        |
| Short-term                   | A-2      | A-1      | A-1      |
| Outlook                      | Positive | Positive | Positive |

# Letter from the CEO

## Dear shareholders,

Erste Group posted a net profit of EUR 1,228.3 million (+24.4%) corresponding to a return on tangible equity (ROTE) of 14.2% for the first nine months of 2018. This performance was attributable to an improvement in the operating result driven by loan growth and higher interest rates as well as a risk environment in our core markets that has been extraordinarily benign by historical standards. This resulted in net releases for the first nine months, which undoubtedly contributed substantially to the rise in net profit. The common equity tier 1 ratio (CET1, Basel 3 fully loaded, pro forma) was also significantly stronger at 13.2%. In view of this very solid interim result we have raised our ROTe target for the full year to above 12%.

It is encouraging to note that the trend reversal in the operating result was driven not by short-term, volatile revenues but by sustained growth in our core revenues – net interest and net fee and commission income. These were up 4.4% and 5.1%, respectively, more than offsetting declines in the net trading and fair value result and lower income from dividends. This better-than-originally-expected performance was underpinned by continued robust loan demand – customer loans are up 6.3% year to date – most notably in those of our markets that are the largest ones in terms of lending volume, namely the Czech Republic, Slovakia and Austria. Serbia, Hungary and Romania also contributed significant growth. It should not go unmentioned in this context that interest rates rose in the Czech Republic – the 2-week repo rate advanced 1.70 percentage points since August 2017 – and in Romania – the central bank's base rate increased 0.75 percentage points, with the interbank rate having risen even more sharply. The increase in net fee and commission income was not negligible either. Income from asset management rose despite the shortage of attractive risk-adjusted investment products for retail customers in a region whose capital markets are still at an early stage of development. Insurance brokerage commission income was likewise up. The flip side of strong economic momentum manifested itself in cost pressure. In addition to IT projects and higher contributions to deposit insurance systems it was specifically higher wages in almost all CEE countries that prevented a decline in operating expenses.

Solid business performance was again supported by the already mentioned robust economic activity in Central and Eastern Europe. Economic growth is expected to come in at about three to four percent in our core markets, despite global developments including trade disputes and political uncertainty in the EU. Falling unemployment rates, relatively low – albeit rising – inflation rates, and higher real wages support domestic demand and create a sound business environment for Erste Group's local banks. The competitive position of our region has remained strong, as is demonstrated by high export ratios and current account surpluses. Due to low tax rates, incentives to invest remain strong and labour markets are flexible. Overall, with our geographical footprint and strategic positioning, the conditions needed for a continuing positive development of the business are in place.

The continued strength of the economy was also reflected by the continuously improved asset quality. Non-performing loans as a percentage of gross loan volume (NPL ratio) declined again to 3.5%. The NPL coverage ratio stood at 70.7%. From a long-term vantage point, reporting releases of risk provisions rather than risk costs is certainly an anomaly. Never before has the bank's net profit benefited that strongly from a benign risk environment. Erste Group's liquidity and funding positions remained excellent. Deposits inflows increased markedly by 5.9% year to date, despite low interest rates, resulting in a loan-to-deposit ratio of 92.8%. In addition, we issued EUR 2.5 billion in mortgage covered bonds with maturities of between six and ten years in 2018. The common equity tier 1 capital reported (Basel 3, fully loaded) was almost unchanged at 12.4%. Taking into account the net profit for the third quarter (including a pro rata accrual for dividends) and the positive impact of about 30 basis points resulting from the recent approval of our new model for the calculation of operational risk, this ratio is already as high as 13.2% and thus close to our new internal target ratio of 13.5% for the year 2020. The latter reflects the steady rise in local capital requirements, specifically in the Czech Republic and in Slovakia, where additional capital buffers have been introduced by the respective local national banks in response to up to double-digit lending growth.

In September, the supervisory board of Erste Group Bank AG appointed Bernhard Spalt, currently Chief Risk Officer of Erste Bank Oesterreich, to succeed me from January 2020. Bernhard Spalt has held multiple board-level positions in Erste Group, including at several subsidiaries in the CEE region and at holding company level. He will guarantee the continuity and consistent development of Erste Group's successful strategy, which will continue to be guided by our Statement of Purpose to bring prosperity to our region and our customers.

**Andreas Treichl**

# Erste Group on the capital markets

## EQUITY MARKET REVIEW

In the quarter ended, international equity markets were mainly driven by trade disputes between the US and its key trading partners (China, Europe, Canada and Mexico). In addition to the announced imposition of further punitive tariffs on imports from China, worth USD 200 billion, sanctions against Turkey (doubling of punitive tariffs on steel and aluminium) also had far-reaching effects. The resulting crisis of the Turkish lira had a particularly adverse impact on the shares of those banks with significant credit risk exposure to Turkey. Volatility was further heightened by political issues ranging from the reaction to Italy's revised budget for 2019 to growing concerns over a possible hard Brexit, i.e. a disorderly withdrawal of the United Kingdom from the European Union.

Central banks' policies were again closely watched by investors. The most recent meetings of the European Central Bank's (ECB) and the US central bank's (Fed) rate-setting committees confirmed their respective stances on monetary policy. While the ECB, as had been expected, left its key interest rates unchanged, the Fed again increased its policy rates in late September.

European equities have underperformed the US stock market year-to-date. In the third quarter, the US Standard & Poor's Index hit new highs, rising 7.2% to 2,913.98 points, while the Euro Stoxx 600 Index was almost unchanged at 383.18 points, up 0.9%. Since the beginning of the year, the European index is down by 1.5%, lagging behind the US index, which increased by 9.0%. This is attributable to the substantially more dynamic earnings and revenues growth of US corporations compared with European companies as well as to political factors such as the potential imposition of additional tariffs by the US and the UK's imminent withdrawal from the European Union. The Austrian Traded Index (ATX) was volatile but, after its substantial decline in the second quarter, ended the period under review up 2.7% at 3,344.04 points. Year-to-date, the ATX declined by 2.2%. The Euro Stoxx Banks index, which is composed of the leading European bank shares, lost 10.8% in August alone, in part due to the currency turmoil surrounding the Turkish lira. Overall, the index fell by 3.5% to 106.55 points and was down 18.3% year-to-date.

## SHARE PERFORMANCE

After the Erste Group share had declined by more than 12% in the second quarter in tandem with other European banks, it showed relative strength in the reporting period, which was marked by high volatility and fluctuations of the share price between EUR 34.27 and EUR 37.76. This was attributable to an improvement in operating income, the release of risk provisions as well as the second quarter net profit, which beat consensus estimates. The Erste Group share ended the reporting period almost unchanged at a closing price of EUR 35.78 on 30 September 2018 (+0.1%). Year-to-date the Erste Group share was down only 0.9% on the back of the strong 13% gain it had posted in the first quarter supported by its solid fundamentals. By comparison, the ATX declined by 2.2% and the Euro Stoxx Bank Index fell by 18.3% over the same period. The Erste Group share marked its year-to-date low at EUR 34.27 and its high at EUR 42.38.

In the third quarter of 2018, trading volume on the three stock exchanges (Vienna, Prague, Bucharest) on which the Erste Group share is listed averaged 693,693 shares per day. More than half of the trading activity was executed over the counter (OTC) or through electronic trading systems.

## FUNDING AND INVESTOR RELATIONS

Erste Group was active in early January 2018 with a EUR 1 billion 10y mortgage covered bond that opened the market for Austrian issuers. Despite its size, the transaction achieved the lowest re-offer spread for an Austrian covered bond issuer. After an 8y EUR 750 million mortgage covered bond, Erste Group issued a third benchmark bond in June, a 6y mortgage covered bond with a deal size of again EUR 750 million. Coupled with ongoing private placement activities Erste Group is well ahead of its funding plan for the current year.

In the third quarter of 2018, the management and the investor relations team of Erste Group had a large number of one-on-one and group meetings, in which questions raised by investors and analysts were answered. Erste Group presented its economic performance and strategy against the backdrop of the current environment at international banking and investor conferences hosted by HSBC, Barclays, Kepler Cheuvreux, Bank of America Merrill Lynch and the Vienna Stock Exchange. The dialogue with bond investors was also continued.

# Interim management report

In the interim management report, financial results from January-September 2018 are compared with those from January-September 2017 and balance sheet positions as of 30 September 2018 with those as of 31 December 2017.

## EARNINGS PERFORMANCE IN BRIEF

**Net interest income** increased – mainly in the Czech Republic and Romania – to EUR 3,372.0 million (+4.4%; EUR 3,229.3 million). **Net fee and commission income** rose to EUR 1,430.7 million (+5.1%; EUR 1,361.9 million), primarily on the back of significantly higher income from brokerage commissions – mostly insurance products –, but also from payment services, asset management and lending. While **net trading result** was down at EUR -50.4 million (EUR 139.3 million), the line item gains/losses from financial instruments measured at fair value through profit or loss improved to EUR 165.8 million (EUR 12.1 million). **Operating income** rose to EUR 5,096.2 million (+3.2%; EUR 4,936.9 million). The increase in **general administrative expenses** to EUR 3,102.3 million (+2.9%; EUR 3,013.6 million) was mainly attributable to higher personnel expenses of EUR 1,830.5 million (+4.8%; EUR 1,747.2 million). Depreciation and amortisation was up (+2.7%); administrative expenses were almost unchanged (-0.4%). Other administrative expenses included almost all payments to deposit insurance systems expected in 2018 in the amount of EUR 84.2 million (EUR 74.7 million). Overall, the **operating result** was higher at EUR 1,993.9 million (+3.7%; EUR 1,923.4 million). The **cost/income ratio** improved slightly to 60.9% (61.0%).

The **impairment result from financial instruments** amounted to EUR 102.2 million or, adjusted for net allocation of provisions for commitments and guarantees given, -9 basis points of average gross customer loans (net allocations of EUR 71.5 million or 7 basis points) due to net releases on the back of improved asset quality. This was attributable to the substantial improvement in net allocations to risk provisions for the lending business across almost all segments, most notably in Croatia and Austria. The **NPL ratio** based on gross customer loans improved again to 3.5% (4.0%), the **NPL coverage ratio** to 70.7% (68.8%).

**Other operating result** amounted to EUR -237.0 million (EUR -296.6 million). It included expenses for the annual contributions to resolution funds in the amount of EUR 70.4 million (EUR 65.6 million). Banking and transaction taxes increased to EUR 88.1 million (EUR 82.1 million), including EUR 13.8 million (EUR 12.6 million) in Hungarian banking taxes booked upfront for the full financial year. Other taxes decreased to EUR 6.4 million (EUR 31.3 million). In the comparative period, other operating result had 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.

The minority charge rose to EUR 285.8 million (+4.8%; EUR 272.6 million). The **net result attributable to owners of the parent** increased to EUR 1,228.3 million (+24.4%; EUR 987.6 million).

**Total equity** not including AT1 instruments rose to EUR 17.4 billion (EUR 17.3 billion). Transition to the new financial reporting standard IFRS 9 as of 1 January 2018 resulted in a reduction of total equity by EUR 0.7 billion. After regulatory deductions and filtering in accordance with CRR, **common equity tier 1 capital** (CET1, Basel 3 phased-in) amounted to EUR 14.7 billion (EUR 14.7 billion), total **own funds** (Basel 3 phased in) to EUR 20.1 billion (EUR 20.3 billion). While half-year interim profit is included in the above figures, third quarter profit is not. Due to net releases in the third quarter no risk costs were deducted. Total risk (**risk-weighted assets** including credit, market and operational risk, Basel 3 phased-in) rose to EUR 117.0 billion (EUR 110.0 billion). The **common equity tier 1 ratio** (CET 1, Basel 3 phased-in) stood at 12.5% (13.4%), the **total capital ratio** (Basel 3 phased-in) at 17.2% (18.5%).

**Total assets** were up at EUR 234.8 billion (+6.4%; EUR 220.7 billion). On the asset side, cash and cash balances decreased to EUR 15.2 billion (EUR 21.8 billion), while loans and advances to credit institutions increased to EUR 20.0 billion (EUR 9.1 billion). **Loans and advances to customers** rose to EUR 148.3 billion (+6.3%; EUR 139.5 billion). On the liability side, deposits from banks increased to EUR 19.1 billion (EUR 16.3 billion) and **customer deposits** grew again – most notably in Austria, the Czech Republic and Slovakia – to EUR 159.8 billion (+5.9%; EUR 151.0 billion). The **loan-to-deposit ratio** stood at 92.8% (92.4%).

## OUTLOOK

**Operating environment anticipated to be conducive to credit expansion.** Real GDP growth is expected to be approximately between 3% and 4% in Erste Group's CEE core markets, including Austria, in 2018. It should primarily be driven by solid domestic demand, as real wage growth and declining unemployment should support economic activity in CEE. Fiscal discipline is expected to be maintained across CEE.

**Business outlook.** Erste Group aims to achieve a return on tangible equity (ROTE) of more than 12% in 2018 (based on average tangible equity in 2018). The underlying assumptions are growing revenues (assuming 5%+ net loan growth and interest rate hikes in the Czech Republic and Romania) and flat expenses with risk costs remaining at historically low levels.

**Risks to guidance.** Impact from other than expected interest rate development; political or regulatory measures against banks; as well as geopolitical and global economic risks.

## PERFORMANCE IN DETAIL

| in EUR million   | 1-9 17         | 1-9 18         | Change       |
|--|----------------|----------------|--------------|
| Net interest income  | 3,229.3        | 3,372.0        | 4.4%         |
| Net fee and commission income  | 1,361.9        | 1,430.7        | 5.1%         |
| Net trading result and gains/losses from financial instruments at FVPL | 151.4          | 115.4          | -23.8%       |
| Operating income   | 4,936.9        | 5,096.2        | 3.2%         |
| Operating expenses   | -3,013.6       | -3,102.3       | 2.9%         |
| <b>Operating result</b>  | <b>1,923.4</b> | <b>1,993.9</b> | <b>3.7%</b>  |
| Impairment result from financial instruments                           | -71.5          | 102.2          | n/a          |
| Other operating result   | -296.6         | -237.0         | -20.1%       |
| Levies on banking activities   | -82.1          | -88.1          | 7.3%         |
| <b>Pre-tax result from continuing operations</b>                       | <b>1,626.1</b> | <b>1,869.0</b> | <b>14.9%</b> |
| Taxes on income  | -365.9         | -355.0         | -3.0%        |
| <b>Net result for the period</b>                                       | <b>1,260.2</b> | <b>1,514.0</b> | <b>20.1%</b> |
| Net result attributable to non-controlling interests                   | 272.6          | 285.8          | 4.8%         |
| <b>Net result attributable to owners of the parent</b>                 | <b>987.6</b>   | <b>1,228.3</b> | <b>24.4%</b> |

### Net interest income

Net interest income rose to EUR 3,372.0 million (EUR 3,229.3 million). The marked increase in the Czech Republic was attributable to the rising interest rate environment and robust growth in lending to customers. The significant rise in Romania was driven by higher market interest rates. In all other core markets net interest income has been largely stable. As loan volumes rose faster than net interest income, the net interest margin (net interest income as a percentage of average interest-bearing assets) narrowed to 2.29% (2.39%).

### Net fee and commission income

Net fee and commission income increased to EUR 1,430.7 million (EUR 1,361.9 million). Solid rises were seen in Austria, specifically in income from payment services, asset management and lending. In Slovakia, income from brokerage commissions was increased significantly. There was also a moderate rise in Hungary, while net fee and commission income was largely stable in all other markets.

### Net trading result & gains/losses from financial instruments measured at fair value through profit or loss

Net trading result declined substantially to EUR -50.4 million (EUR 139.3 million), due mostly to negative contributions from securities and derivatives trading. On the other hand, gains/losses from financial instruments measured at fair value through profit or loss amounted to EUR 165.8 million (EUR 12.1 million) on the back of positive valuation effects.

### General administrative expenses

| in EUR million                         | 1-9 17         | 1-9 18         | Change      |
|--|----------------|----------------|-------------|
| Personnel expenses                     | 1,747.2        | 1,830.5        | 4.8%        |
| Other administrative expenses          | 925.2          | 921.5          | -0.4%       |
| Depreciation and amortisation          | 341.1          | 350.3          | 2.7%        |
| <b>General administrative expenses</b> | <b>3,013.6</b> | <b>3,102.3</b> | <b>2.9%</b> |

**General administrative expenses** amounted to EUR 3,102.3 million (EUR 3,013.6 million). **Personnel expenses** rose in almost all geographies except Hungary on the back of wage increases to EUR 1,830.5 million (EUR 1,747.2 million); **other administrative expenses** amounted to EUR 921.5 million (EUR 925.2 million). Contributions to deposit insurance funds – except for Croatia and Serbia for the full year – increased significantly to EUR 84.2 million (EUR 74.7 million) on the back of continued strong deposit growth. While in Austria expenses rose to EUR 50.2 million (EUR 44.3 million), contributions were up only marginally in all other core markets. **Depreciation and amortisation** increased to EUR 350.3 million (EUR 341.1 million).

## Headcount as of end of the period

|   | Dec 17        | Sep 18        | Change       |
|---|---------------|---------------|--------------|
| <b>Austria</b>                                | <b>16,283</b> | <b>16,385</b> | <b>0.6%</b>  |
| Erste Group, EB Oesterreich and subsidiaries  | 9,144         | 9,189         | 0.5%         |
| Haftungsverbund savings banks                 | 7,140         | 7,196         | 0.8%         |
| <b>Outside Austria</b>                        | <b>31,419</b> | <b>31,145</b> | <b>-0.9%</b> |
| Česká spořitelna Group                        | 10,171        | 10,062        | -1.1%        |
| Banca Comercială Română Group                 | 7,265         | 7,241         | -0.3%        |
| Slovenská sporiteľňa Group                    | 4,250         | 4,133         | -2.8%        |
| Erste Bank Hungary Group                      | 3,047         | 3,112         | 2.1%         |
| Erste Bank Croatia Group                      | 3,201         | 3,215         | 0.4%         |
| Erste Bank Serbia Group                       | 1,069         | 1,095         | 2.4%         |
| Savings banks subsidiaries                    | 1,184         | 1,197         | 1.0%         |
| Other subsidiaries and foreign branch offices | 1,233         | 1,091         | -11.5%       |
| <b>Total</b>                                  | <b>47,702</b> | <b>47,530</b> | <b>-0.4%</b> |

## Operating result

Operating income rose to EUR 5,096.2 million (+3.2%; EUR 4,936.9 million) on the back of improved net interest and net fee and commission income. General administrative expenses went up to EUR 3,102.3 million (+2.9%; EUR 3,013.6 million), driven by an increase in personnel expenses as well as higher depreciation and amortisation. The operating result improved to EUR 1,993.9 million (+3.7%; EUR 1,923.4 million). The cost/income ratio improved slightly 60.9% (61.0%).

## Gains/losses from derecognition of financial instruments not measured at fair value through profit or loss

Gains from the derecognition of financial instruments not measured at fair value through profit or loss (net) declined to EUR 9.9 million (EUR 70.8 million), mostly due to lower gains from the sale of securities.

## Impairment result from financial instruments

Due to net releases, the impairment result from financial instruments amounted to EUR 102.2 million (net allocations of EUR 71.5 million) or, adjusted for net allocation of provisions for commitments and guarantees given, -9 basis points (7 basis points) of average gross customer loans and thus remained at a historically benign level. This was mostly attributable to the improvement in net allocations to risk provisions for the lending business, which offset the decline in income received from the recovery of loans already written off. From 1 January 2018, this line item also reflects the balance of allocations/releases for commitments and guarantees given in the amount of EUR 5.8 million (previously shown in the line item other operating result).

## Other operating result

Other operating result amounted to EUR -237.0 million (EUR -296.6 million). **Levies on banking activities** rose to EUR 88.1 million (EUR 82.1 million). While levies payable in Austria were nearly unchanged at EUR 17.7 million (EUR 17.3 million), banking tax in Slovakia rose to EUR 22.5 million (EUR 20.2 million). Hungarian banking tax – already posted upfront for the full year – amounted to EUR 13.8 million (EUR 12.6 million). Including financial transaction tax of EUR 34.2 million (EUR 32.0 million), bank levies in Hungary totalled EUR 48.0 million (EUR 44.6 million).

Allocation/release of other provisions improved to EUR 48.5 million (EUR -54.5 million). In the comparative period, this line item had 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 reflects the annual contributions to resolution funds in the amount of EUR 70.4 million (EUR 65.6 million). In Austria, contributions increased to EUR 36.7 million (EUR 26.7 million), but declined in Romania to EUR 5.5 million (EUR 14.3 million).

## Net result

The pre-tax result from continuing operations amounted to EUR 1,869.0 million (EUR 1,626.1 million). The minority charge rose to EUR 285.8 million (EUR 272.6 million). The net result attributable to owners of the parent improved to EUR 1,228.3 million (EUR 987.6 million).

## FINANCIAL RESULTS – QUARTER-ON-QUARTER COMPARISON

Financial results from the third quarter of 2018 are compared with those from the second quarter of 2018.

| in EUR million  | Q3 17        | Q4 17        | Q1 18<br>Adjusted | Q2 18        | Q3 18        |
|---|--------------|--------------|-------------------|--------------|--------------|
| <b>Income statement</b>   |              |              |                   |              |              |
| Net interest income   | 1,086.3      | 1,123.9      | 1,082.6           | 1,131.2      | 1,158.2      |
| Net fee and commission income   | 451.0        | 489.7        | 478.6             | 480.7        | 471.4        |
| Dividend income   | 10.4         | 6.2          | 2.6               | 14.8         | 4.8          |
| Net trading result  | 36.5         | 83.5         | 11.3              | 0.6          | -62.2        |
| Gains/losses from financial instruments measured at fair value through profit or loss | 7.7          | -24.4        | 30.3              | 36.3         | 99.2         |
| Net result from equity method investments   | 4.0          | 5.7          | 1.8               | 5.2          | 3.0          |
| Rental income from investment properties & other operating leases                     | 48.3         | 47.6         | 47.9              | 50.2         | 47.7         |
| Personnel expenses  | -595.9       | -641.3       | -604.5            | -612.1       | -613.8       |
| Other administrative expenses   | -301.1       | -384.4       | -344.5            | -283.0       | -294.0       |
| Depreciation and amortisation   | -113.0       | -118.9       | -115.9            | -116.3       | -118.0       |
| Gains/losses from financial assets and liabilities not at FVPL, net                   | 28.3         | 85.7         | 0.0               | 0.0          | 0.0          |
| Gains/losses from derecognition of financial assets at AC                             | 0.0          | 0.0          | 0.1               | -0.4         | 0.5          |
| Other gains/losses from derecognition of financial instruments not at FVPL            | 0.0          | 0.0          | 4.1               | 4.7          | 1.0          |
| Net impairment loss on financial assets   | 32.9         | -60.5        | 0.0               | 0.0          | 0.0          |
| Impairment result from financial instruments  | 0.0          | 0.0          | 54.4              | 18.9         | 28.9         |
| Other operating result  | -86.8        | -160.9       | -128.0            | -76.6        | -32.4        |
| Levies on banking activities  | -22.7        | -23.6        | -38.6             | -24.7        | -24.8        |
| <b>Pre-tax result from continuing operations</b>                                      | <b>608.5</b> | <b>451.7</b> | <b>520.7</b>      | <b>654.0</b> | <b>694.3</b> |
| Taxes on income   | -142.0       | -44.2        | -114.6            | -120.4       | -120.0       |
| <b>Net result for the period</b>  | <b>466.5</b> | <b>407.5</b> | <b>406.2</b>      | <b>533.6</b> | <b>574.2</b> |
| Net result attributable to non-controlling interests                                  | 103.5        | 78.9         | 70.1              | 95.4         | 120.3        |
| <b>Net result attributable to owners of the parent</b>                                | <b>363.0</b> | <b>328.6</b> | <b>336.1</b>      | <b>438.2</b> | <b>454.0</b> |

**Net interest income** rose, primarily in the Czech Republic and in Romania, to EUR 1,158.2 million (+2.4%; EUR 1,131.2 million). **Net fee and commission** income decreased, mostly in Austria, to EUR 471.4 million (-1.9%; EUR 480.7 million). **Dividend income** declined to EUR 4.8 million (EUR 14.8 million) due to seasonal effects. **Net trading result** was substantially lower at EUR -62.2 million (EUR 0.6 million), mainly due to the negative impact from the valuation of derivatives, but more than offset by an increase in the line item gains/losses from financial instruments measured at fair value through profit or loss to EUR 99.2 million (EUR 36.3 million).

**General administrative expenses** rose slightly to EUR 1,025.8 million (+1.4%, EUR 1,011.5 million). While personnel expenses were largely stable at EUR 613.8 million (+1.6%; EUR 612.1 million), other administrative expenses increased to EUR 294.0 million (+3.9%; EUR 283.0 million). Depreciation and amortisation amounted to EUR 118.0 million (+1.4%; EUR 116.3 million). The cost/income ratio stood at 59.6% (58.8%).

**Gains/losses from the derecognition of financial instruments not measured at fair value through profit or loss (net)** declined to EUR 1.5 million (EUR 4.2 million). In the previous quarter, gains from the sale of securities in Croatia had a positive impact.

**Impairment result from financial instruments** amounted to EUR 28.9 million (EUR 18.9 million) due to net releases primarily in Austria, the Czech Republic and Hungary.

**Other operating result** improved to EUR -32.4 million (EUR -76.6 million). Levies on banking activities were nearly unchanged at EUR 24.8 million (EUR 24.7 million). Thereof, EUR 11.3 million (EUR 11.2 million) were charged in Hungary. This amount reflects almost exclusively transaction taxes as the full amount of 2018 banking tax of EUR 13.7 million had already been posted upfront in the first quarter. In Slovakia, levies amounted to EUR 7.7 million (EUR 7.5 million). Banking tax in Austria was almost unchanged at EUR 5.9 million (EUR 6.0 million).

The **pre-tax result** improved to EUR 694.3 million (EUR 654.0 million). Taxes on income remained constant at EUR 120.0 million (EUR 120.4 million). The **net result attributable to owners of the parent** amounted to EUR 454.0 million (EUR 438.2 million).

## DEVELOPMENT OF THE BALANCE SHEET

| in EUR million                         | Dec 17         | Sep 18         | Change      |
|--|----------------|----------------|-------------|
| <b>Assets</b>                          |                |                |             |
| Cash and cash balances                 | 21,796         | 15,237         | -30.1%      |
| Trading, financial assets              | 42,752         | 44,333         | 3.7%        |
| Loans and advances to banks            | 9,126          | 19,972         | >100.0%     |
| Loans and advances to customers        | 139,532        | 148,311        | 6.3%        |
| Intangible assets                      | 1,524          | 1,483          | -2.7%       |
| Miscellaneous assets                   | 5,929          | 5,491          | -7.4%       |
| <b>Total assets</b>                    | <b>220,659</b> | <b>234,827</b> | <b>6.4%</b> |
| <b>Liabilities and equity</b>          |                |                |             |
| Financial liabilities held for trading | 3,423          | 2,865          | -16.3%      |
| Deposits from banks                    | 16,349         | 19,086         | 16.7%       |
| Deposits from customers                | 150,969        | 159,828        | 5.9%        |
| Debt securities issued                 | 25,095         | 28,249         | 12.6%       |
| Miscellaneous liabilities              | 6,535          | 6,403          | -2.0%       |
| Total equity                           | 18,288         | 18,396         | 0.6%        |
| <b>Total liabilities and equity</b>    | <b>220,659</b> | <b>234,827</b> | <b>6.4%</b> |

The decline in **cash and cash balances** to EUR 15.2 billion (EUR 21.8 billion) was primarily due to smaller cash balances held at central banks. **Trading and investment securities** held in various categories of financial assets increased to EUR 44.3 billion (EUR 42.8 billion).

**Loans and advances to banks (net)**, including demand deposits other than overnight deposits, increased primarily in the Czech Republic and in the Holding to EUR 20.0 billion (EUR 9.1 billion). **Loans and advances to customers (net)** rose – mainly in the Czech Republic, but also in Austria and in Slovakia – to EUR 148.3 billion (EUR +6.3%; EUR 139.5 billion) driven by retail and corporate loan growth. **Credit loss allowances for loans to customers** declined to EUR 3.8 billion (EUR 4.0 billion), mostly due to continuing asset quality improvement. The **NPL ratio** – non-performing loans as a percentage of gross customers loans – improved again to 3.5% (4.0%), the **NPL coverage ratio (based on gross customer loans)** to 70.7% (68.8%).

**Intangible assets** remained unchanged at EUR 1.5 billion (EUR 1.5 billion). **Miscellaneous assets** amounted to EUR 5.5 billion (EUR 5.9 billion).

**Financial liabilities – held for trading** decreased to EUR 2.9 billion (EUR 3.4 billion). **Deposits from banks**, primarily in the form of overnight deposits and repurchase transactions, rose to EUR 19.1 billion (EUR 16.3 billion). **Deposits from customers** increased to EUR 159.8 billion (EUR 151.0 billion), mainly due to strong growth in almost all markets. The **loan-to-deposit ratio** stood at 92.8% (92.4%). Debt securities in issue increased to EUR 28.2 billion (EUR 25.1 billion). **Miscellaneous liabilities** declined to EUR 6.4 billion (EUR 6.5 billion).

**Total assets** grew to EUR 234.8 billion (+6.4%; EUR 220.7 billion). **Total equity** increased to EUR 18.4 billion (+0.6%; EUR 18.3 billion). Following two issuances in June 2016 and April 2017, this has included AT1 instruments in the amount of EUR 993 million. The transition to IFRS 9 as of 1 January 2018 resulted in a decline of Erste Group's total equity by EUR 0.7 billion due to the mandatory remeasurement of financial assets and the optional remeasurement of financial liabilities (own issues). After regulatory deductions and filtering according to the Capital Requirements Regulation (CRR) **common equity tier 1 capital** (CET1, Basel 3 phased-in) stood at EUR 14.7 billion (EUR 14.7 billion). Total **own funds** (Basel 3 phased-in) amounted to EUR 20.1 billion (EUR 20.3 billion), including interim result for the first half of the year but not of the third quarter. Due to net releases in the third quarter no risk costs were deducted. **Total risk (risk-weighted assets** including credit, market and operational risk, Basel 3 phased-in) increased to EUR 117.0 billion (EUR 110.0 billion).

The **total capital ratio** (Basel 3 phased-in), total eligible qualifying capital in relation to total risk pursuant to CRR, was 17.2% (18.5%), well above the legal minimum requirement. The **tier 1 ratio** (Basel 3 phased in) stood at 13.4% (14.0%), the **common equity tier 1 ratio** (Basel 3 phased-in) at 12.5% (13.4%).

## SEGMENT REPORTING

### January- September 2018 compared with January-September 2017

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. For more details please see Note 35. At [www.erstegroup.com/investorrelations](http://www.erstegroup.com/investorrelations) additional information is available in Excel format.

Operating income consists of net interest income, net fee and commission income, net trading result, gains/losses from financial instruments measured 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 three listed items are not disclosed in the tables below. Net trading result and gains/losses from financial instruments measured at fair value through profit or loss are summarized under one position. 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 impairment result from financial instruments. Impairments and provisions for commitments and guarantees given were part of other result in 2017 whereas in 2018 this line item is part of impairment result from financial instruments. Other result summarises the positions other operating result and gains/losses from financial instruments not measured at fair value through profit or loss, net. 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   | 1-9 17   | 1-9 18   | Change |
|--|----------|----------|--------|
| Net interest income  | 1,605.7  | 1,685.3  | 5.0%   |
| Net fee and commission income  | 739.8    | 790.3    | 6.8%   |
| Net trading result and gains/losses from financial instruments at FVPL | 83.4     | 85.6     | 2.6%   |
| Operating income   | 2,452.5  | 2,583.4  | 5.3%   |
| Operating expenses   | -1,449.3 | -1,511.1 | 4.3%   |
| Operating result   | 1,003.1  | 1,072.3  | 6.9%   |
| Cost/income ratio  | 59.1%    | 58.5%    |        |
| Impairment result from financial instruments                           | 7.6      | -19.9    | n/a    |
| Other result   | -48.9    | -24.6    | -49.7% |
| Net result attributable to owners of the parent                        | 733.5    | 791.3    | 7.9%   |
| Return on allocated capital  | 42.2%    | 34.2%    |        |

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).

The increase in net interest income was driven by higher contributions from deposit business in Romania, the Czech Republic, Croatia and Austria as well as lending business in Croatia and Serbia. These positive developments were supported by CZK exchange rate appreciation and the higher interest rate environment in the Czech Republic and Romania. Net fee and commission income increased primarily due to the wider scope of consolidation at Erste Asset Management as well as increased insurance and asset management fees in Slovakia and increased cards and account related fees in Hungary. Due to higher foreign exchange income in Romania and Hungary net trading result and gains/losses from financial instruments at FVPL improved. Operating expenses increased primarily due to higher costs in the Czech Republic driven by higher personnel expenses as well as the CZK appreciation and in Romania due to higher personnel and IT expenses. Costs in Croatia went up as well on the back of higher IT and personnel expenses. Operating result and the cost/income ratio improved. The deterioration in impairment result from financial instruments was driven primarily by higher portfolio provisioning in Romania and Austria, while risk costs in Slovakia, the Czech Republic and Serbia declined. Other result improved mainly due to release of provisions for litigation in Romania. Overall, the net result attributable to the owners of the parent increased.

## Corporates

| in EUR million   | 1-9 17  | 1-9 18  | Change |
|--|---------|---------|--------|
| Net interest income  | 731.9   | 762.1   | 4.1%   |
| Net fee and commission income  | 188.9   | 204.3   | 8.1%   |
| Net trading result and gains/losses from financial instruments at FVPL | 65.9    | 65.9    | 0.1%   |
| Operating income   | 1,082.1 | 1,128.8 | 4.3%   |
| Operating expenses   | -419.6  | -425.9  | 1.5%   |
| Operating result   | 662.5   | 702.9   | 6.1%   |
| Cost/income ratio  | 38.8%   | 37.7%   |        |
| Impairment result from financial instruments                           | -70.5   | 83.8    | n/a    |
| Other result   | 10.4    | -18.1   | n/a    |
| Net result attributable to owners of the parent                        | 468.2   | 597.5   | 27.6%  |
| Return on allocated capital  | 20.5%   | 21.0%   |        |

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 increased primarily due to higher loan volumes and deposit margins in the Czech Republic, supported by CZK appreciation and higher interest rate environment as well as higher contribution of lending business in Erste Bank Oesterreich and Slovakia. A better result from supply chain financing and higher advisory fees in the Holding largely contributed to the increased net fee and commission income. Fee income in Slovakia and Croatia increased as well. Net trading result and gains/losses from financial instruments at FVPL remained stable. Overall, operating income improved. Despite higher operating expenses mainly in Erste Bank Oesterreich and the Czech Republic, partially driven by CZK appreciation, operating result and cost income ratio improved. The net release of risk provisions (line item impairment result from financial instruments) resulted from improved quality of the loan portfolio, lower default rates, higher recoveries as well as releases of specific provisions. The biggest improvement was posted in Croatia and Austria. Other result deteriorated partly due to the changed off-balance risk provisions disclosure (releases posted last year were part of the line item other result). The net result attributable to the owners of the parent increased notably.

## Group Markets

| in EUR million   | 1-9 17 | 1-9 18 | Change  |
|--|--------|--------|---------|
| Net interest income  | 146.3  | 171.6  | 17.3%   |
| Net fee and commission income  | 168.2  | 164.9  | -2.0%   |
| Net trading result and gains/losses from financial instruments at FVPL | 93.1   | 40.4   | -56.6%  |
| Operating income   | 409.1  | 378.4  | -7.5%   |
| Operating expenses   | -167.5 | -177.3 | 5.8%    |
| Operating result   | 241.6  | 201.1  | -16.8%  |
| Cost/income ratio  | 40.9%  | 46.9%  |         |
| Impairment result from financial instruments                           | -0.1   | 2.6    | n/a     |
| Other result   | -7.0   | -19.2  | >100.0% |
| Net result attributable to owners of the parent                        | 183.1  | 146.8  | -19.8%  |
| Return on allocated capital  | 35.2%  | 24.9%  |         |

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

Net interest income increased primarily due to the increased volumes of reverse repo business in the Czech Republic and Austria. Net fee and commission income decreased due to the higher commission expenses associated with fixed income and equity products. Net trading result and gains/losses from financial instruments at FVPL decreased due to last year's extraordinarily favourable market conditions for interest rate related products and lower valuation results of securities. Consequently, operating income declined. Operating expenses went up on the back of higher project-related costs. Operating result thus declined and the cost/income ratio deteriorated. Other result slipped primarily due to higher payments into resolution funds in Austria and Czech Republic. Overall, the net result attributable to the owners of the parent decreased.

## Asset/Liability Management & Local Corporate Center

| in EUR million   | 1-9 17 | 1-9 18 | Change |
|--|--------|--------|--------|
| Net interest income  | -42.7  | -72.6  | 69.8%  |
| Net fee and commission income  | -67.0  | -69.1  | 3.2%   |
| Net trading result and gains/losses from financial instruments at FVPL | -61.4  | -21.3  | -65.2% |
| Operating income   | -131.4 | -128.0 | -2.6%  |
| Operating expenses   | -65.5  | -49.0  | -25.2% |
| Operating result   | -196.9 | -177.0 | -10.1% |
| Cost/income ratio  | -49.8% | -38.3% |        |
| Impairment result from financial instruments                           | -11.8  | 1.3    | n/a    |
| Other result   | -62.6  | -72.0  | 15.0%  |
| Net result attributable to owners of the parent                        | -224.9 | -192.7 | -14.3% |
| Return on allocated capital  | -15.0% | -10.5% |        |

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 decreased mainly due lower contribution from balance sheet management in Erste Bank Oesterreich, Romania, and Croatia, which was partially compensated by increased interest rates in the Czech Republic. Net fee and commission income decreased slightly due to lower payment fees in Slovakia and Romania. Net trading result and gains/losses from financial instruments at FVPL improved due to valuation results in the Holding. Operating expenses declined due to a changed cost allocation in Erste Group Immorent and lower costs in Romania and Czech Republic. Overall, operating result improved. Other result declined due to the non-recurrence of the selling gains from bonds in the Czech Republic, Hungary, and the Holding as well as impairments of buildings in the Czech Republic in 2018. These effects were partially compensated by releases of provisions for litigation in Erste Group Immorent and the non-recurrence of provisions for expected losses from customer loans due to supreme court rulings regarding negative interest reference rates in Erste Bank Oesterreich in 2017 (EUR 13.7 million). The net result attributable to the owners of the parent increased.

## Savings Banks

| in EUR million   | 1-9 17  | 1-9 18  | Change  |
|--|---------|---------|---------|
| Net interest income  | 729.9   | 754.9   | 3.4%    |
| Net fee and commission income  | 325.7   | 338.1   | 3.8%    |
| Net trading result and gains/losses from financial instruments at FVPL | 10.7    | -12.0   | n/a     |
| Operating income   | 1,107.7 | 1,113.6 | 0.5%    |
| Operating expenses   | -762.4  | -780.5  | 2.4%    |
| Operating result   | 345.3   | 333.2   | -3.5%   |
| Cost/income ratio  | 68.8%   | 70.1%   |         |
| Impairment result from financial instruments                           | 13.7    | 34.1    | >100.0% |
| Other result   | -43.9   | -21.6   | -50.7%  |
| Net result attributable to owners of the parent                        | 38.1    | 51.0    | 34.0%   |
| Return on allocated capital  | 15.3%   | 12.9%   |         |

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 which 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 primarily attributable to higher customer loan volumes. Net fee and commission income increased on the back of higher lending and payment fees. The deterioration of net trading result and gains/losses from financial instruments at FVPL was driven by valuation effects. Operating expenses went up due to higher deposit insurance contributions of EUR 28.6 million (EUR 25.3 million) and increased personnel expenses. Operating result decreased and the cost/income ratio deteriorated. A higher net release of risk provisions was reflected in the impairment result from financial instruments. Other result improved due to the non-recurrence of the provisions for expected losses from customer loans due to supreme court rulings regarding negative interest reference rates in 2017 (EUR 31.3 million), which was partially offset by the non-recurrence of selling gains from bonds. Payments into the resolution fund increased to EUR 9.0 million (EUR 6.4 million). Banking tax amounted to EUR 3.1 million (EUR 3.3 million). Overall, the net result attributable to the owners of the parent increased.

## Group Corporate Center

| in EUR million   | 1-9 17  | 1-9 18  | Change |
|--|---------|---------|--------|
| Net interest income  | 56.5    | 49.2    | -12.9% |
| Net fee and commission income  | 6.6     | 6.1     | -8.0%  |
| Net trading result and gains/losses from financial instruments at FVPL | -39.4   | -11.6   | -70.6% |
| Operating income   | 45.1    | 60.3    | 33.6%  |
| Operating expenses   | -688.7  | -723.6  | 5.1%   |
| Operating result   | -643.5  | -663.3  | 3.1%   |
| Cost/income ratio  | >100.0% | >100.0% |        |
| Impairment result from financial instruments                           | -10.4   | 0.3     | n/a    |
| Other result   | 437.5   | 453.2   | 3.6%   |
| Net result attributable to owners of the parent                        | -210.3  | -165.6  | -21.3% |
| Return on allocated capital  | -3.7%   | -4.7%   |        |

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 increased mainly due to improved net trading and gains/losses from financial instruments measured at FVPL driven by positive valuation effects in the Holding. Operating expenses went up on the back of higher IT costs. An improvement in the line item impairment result from financial instruments coupled with better other result led to the improvement of the net result attributable to the owners of the parent.

## GEOGRAPHICAL SEGMENTS

### Erste Bank Oesterreich & Subsidiaries

| in EUR million   | 1-9 17 | 1-9 18 | Change |
|--|--------|--------|--------|
| Net interest income  | 481.4  | 476.8  | -1.0%  |
| Net fee and commission income  | 255.2  | 288.3  | 12.9%  |
| Net trading result and gains/losses from financial instruments at FVPL | 11.2   | -0.8   | n/a    |
| Operating income   | 784.6  | 800.7  | 2.1%   |
| Operating expenses   | -496.6 | -502.1 | 1.1%   |
| Operating result   | 288.0  | 298.6  | 3.7%   |
| Cost/income ratio  | 63.3%  | 62.7%  |        |
| Impairment result from financial instruments                           | 20.5   | 14.8   | -27.9% |
| Other result   | -30.4  | -15.4  | -49.3% |
| Net result attributable to owners of the parent                        | 195.8  | 215.5  | 10.1%  |
| Return on allocated capital  | 22.2%  | 19.2%  |        |

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

Net interest income decreased as higher loan and deposit volumes did not fully compensate a change of disclosure for brokerage fee expenses in the building society. Net fee and commission income increased substantially mainly due to the shift of brokerage fee expenses to the line item net interest income as well as higher payment fees, which was partially offset by lower securities fees. The deterioration of net trading result and gains/losses from financial instruments at FVPL was driven by valuation effects. Operating expenses increased due to higher personnel expenses and higher deposit insurance contributions of EUR 21.5 million (EUR 18.9 million). Operating result increased and the cost/income ratio improved. A lower net release of risk provisions (reflected in the impairment result from financial instruments) was driven by retail business. The improvement of other result was mainly attributable to the non-recurrence of the provisions for expected losses from customer loans due to supreme court rulings regarding negative interest reference rates in 2017 (EUR 13.7 million). The payment into the resolution fund increased to EUR 10.2 million (EUR 6.1 million). Banking tax amounted to EUR 2.7 million (EUR 2.4 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 (see page 10).

## Other Austria

| in EUR million   | 1-9 17 | 1-9 18 | Change |
|--|--------|--------|--------|
| Net interest income  | 277.5  | 276.9  | -0.2%  |
| Net fee and commission income  | 158.4  | 166.4  | 5.1%   |
| Net trading result and gains/losses from financial instruments at FVPL | 32.5   | -10.2  | n/a    |
| Operating income   | 515.7  | 479.7  | -7.0%  |
| Operating expenses   | -272.4 | -272.4 | 0.0%   |
| Operating result   | 243.4  | 207.2  | -14.8% |
| Cost/income ratio  | 52.8%  | 56.8%  |        |
| Impairment result from financial instruments                           | -22.9  | 30.4   | n/a    |
| Other result   | 34.1   | 16.4   | -52.0% |
| Net result attributable to owners of the parent                        | 196.2  | 206.4  | 5.2%   |
| Return on allocated capital  | 17.5%  | 15.6%  |        |

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

Net interest income remained stable as lower lending margins in corporate business were compensated by higher income from money market and government bonds products in Group Markets business on the back of higher volumes. Net fee and commission income increased due to higher fees connected with advisory activity and lending business (particularly supply chain financing and commitments) as well as wider scope of consolidation at Erste Asset Management, more than off-setting higher commission expenses associated with fixed income and equity products in Group Markets. The decrease of net trading result and gains/losses from financial instruments at FVPL was predominantly caused by last year's extraordinary favourable market conditions for interest rate related products in Group Markets business and by a weaker valuation result, partially compensated by selling gains from equity instruments. Operating expenses remained flat, thus operating result decreased and the cost/income ratio deteriorated. Impairment result from financial instruments improved markedly as a result of provisions releases, while the previous year included provisions for the downgrading of one corporate customer. Other result deteriorated mostly due to changed disclosure of provisions for off-balance sheet items and non-recurrence of a positive effect from asset sales gains. Other result also included the resolution fund contribution of EUR 5.1 million (EUR 3.6 million). Overall, the net result attributable to the owners of the parent improved.

## Czech Republic

| in EUR million   | 1-9 17  | 1-9 18  | Change  |
|--|---------|---------|---------|
| Net interest income  | 685.6   | 773.7   | 12.8%   |
| Net fee and commission income  | 250.2   | 248.7   | -0.6%   |
| Net trading result and gains/losses from financial instruments at FVPL | 82.3    | 75.5    | -8.3%   |
| Operating income   | 1,027.8 | 1,107.7 | 7.8%    |
| Operating expenses   | -506.0  | -535.8  | 5.9%    |
| Operating result   | 521.7   | 571.9   | 9.6%    |
| Cost/income ratio  | 49.2%   | 48.4%   |         |
| Impairment result from financial instruments                           | 17.7    | 44.0    | >100.0% |
| Other result   | -7.1    | -51.0   | >100.0% |
| Net result attributable to owners of the parent                        | 424.0   | 448.8   | 5.8%    |
| Return on allocated capital  | 28.3%   | 24.0%   |         |

The segment analysis is done on a constant currency basis. The CZK appreciated by 3.7% against 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 decreased on the back of lower income from current accounts which could not be fully compensated by higher fees from asset management and insurance brokerage. The decrease of net trading result and gains/losses from financial instruments at FVPL was driven by a lower contribution from foreign currency transactions. Higher personnel expenses and IT costs led to an increase in operating expenses. Deposit insurance contribution amounted to EUR 9.6 million (EUR 8.2 million). Operating result thus increased, the cost/income ratio improved. The significantly improved impairment result from financial instruments was attributable to further improvements in client portfolio quality resulting in releases of risk provisions. The other result deteriorated mainly due to impairment of buildings. The contribution to the resolution fund amounted to EUR 19.1 million (EUR 16.1 million). Overall, these developments led to an increase in the net result attributable to the owners of the parent.

## Slovakia

| in EUR million   | 1-9 17 | 1-9 18 | Change |
|--|--------|--------|--------|
| Net interest income  | 324.3  | 328.7  | 1.4%   |
| Net fee and commission income  | 83.4   | 96.9   | 16.3%  |
| Net trading result and gains/losses from financial instruments at FVPL | 11.2   | 6.7    | -39.8% |
| Operating income   | 425.5  | 437.5  | 2.8%   |
| Operating expenses   | -205.2 | -205.9 | 0.3%   |
| Operating result   | 220.3  | 231.7  | 5.1%   |
| Cost/income ratio  | 48.2%  | 47.1%  |        |
| Impairment result from financial instruments                           | -29.7  | -17.3  | -41.6% |
| Other result   | -22.9  | -28.3  | 23.7%  |
| Net result attributable to owners of the parent                        | 127.9  | 145.7  | 13.9%  |
| Return on allocated capital  | 26.0%  | 21.8%  |        |

Net interest income in the Slovakia segment (comprising Slovenská sporiteľňa Group) increased due to higher loan volumes. Net fee and commission income improved on the back of higher insurance brokerage well as higher lending and payment fees. Net trading result and gains/losses from financial instruments at FVPL decreased mainly due to valuation effects. Operating expenses remained nearly stable despite higher IT and personnel costs. Deposit insurance contribution amounted to EUR 0.9 million (EUR 0.8 million). Overall, operating result increased and the cost/income ratio improved. Impairment result from financial instruments improved due to lower provisions in the retail business and a higher net release of provisions in the corporate business. Other result deteriorated mainly due to the changed disclosure of provisions for commitments and guarantees as this line item included a net release and was part of other result in 2017 (from 2018 it is disclosed under impairment result from financial instruments). Banking tax increased to EUR 22.5 million (EUR 20.2 million). The payment into the resolution fund amounted to EUR 2.7 million (EUR 2.8 million). Overall, the net result attributable to the owners of the parent increased.

## Romania

| in EUR million   | 1-9 17 | 1-9 18 | Change |
|--|--------|--------|--------|
| Net interest income  | 272.4  | 292.0  | 7.2%   |
| Net fee and commission income  | 113.3  | 114.0  | 0.6%   |
| Net trading result and gains/losses from financial instruments at FVPL | 61.7   | 70.0   | 13.4%  |
| Operating income   | 458.4  | 489.7  | 6.8%   |
| Operating expenses   | -238.6 | -260.6 | 9.2%   |
| Operating result   | 219.8  | 229.1  | 4.2%   |
| Cost/income ratio  | 52.1%  | 53.2%  |        |
| Impairment result from financial instruments                           | -13.5  | -9.4   | -30.2% |
| Other result   | -52.2  | 3.1    | n/a    |
| Net result attributable to owners of the parent                        | 102.8  | 177.7  | 72.9%  |
| Return on allocated capital  | 14.1%  | 20.5%  |        |

The segment analysis is done on a constant currency basis. The RON depreciated by 2.2% against the EUR in the reporting period. Net interest income in the Romania segment (comprising Banca Comercială Română Group) increased mainly on the back of sharply increased short-term market interest rates, despite being negatively impacted in the amount of EUR 22.3 million by a change in the segmental capital benefit calculation methodology. Net fee and commission income rose slightly on the back of payment services fees in the retail business. Net trading result and gains/losses from financial instruments at FVPL increased predominantly due to strong result from FX transactions in the retail business. Operating expenses increased due to higher costs related to the move to the new headquarters and project costs as well as higher personnel costs. Deposit insurance contributions almost doubled to EUR 4.3 million (EUR 2.2 million). Overall, operating result increased but the cost/income ratio deteriorated. Other result improved on non-recurrence of provisions for litigation. The resolution fund contribution declined significantly to EUR 5.5 million (EUR 14.3 million). Consequently, the net result attributable to the owners of the parent increased.

## Hungary

| in EUR million   | 1-9 17 | 1-9 18 | Change  |
|--|--------|--------|---------|
| Net interest income  | 147.8  | 145.6  | -1.5%   |
| Net fee and commission income  | 117.2  | 124.6  | 6.3%    |
| Net trading result and gains/losses from financial instruments at FVPL | 24.8   | 31.2   | 26.0%   |
| Operating income   | 293.1  | 304.3  | 3.8%    |
| Operating expenses   | -161.6 | -158.1 | -2.2%   |
| Operating result   | 131.4  | 146.3  | 11.3%   |
| Cost/income ratio  | 55.1%  | 51.9%  |         |
| Impairment result from financial instruments                           | 45.5   | 27.8   | -39.0%  |
| Other result   | -14.7  | -54.4  | >100.0% |
| Net result attributable to owners of the parent                        | 151.0  | 112.7  | -25.4%  |
| Return on allocated capital  | 36.2%  | 19.3%  |         |

The segment analysis is done on a constant currency basis. The HUF depreciated by 3.0% against the EUR in the reporting period. Net interest income in the Hungary segment (comprising Erste Bank Hungary Group) decreased primarily due to a change in the segmental capital benefit calculation methodology in the amount of EUR 9.4 million although loan and deposit volumes increased. Net fee and commission income rose due to higher card, payments and securities fees. Net trading result and gains/losses from financial instruments at FVPL improved mainly due to the higher contribution from derivatives. Operating expenses remained almost stable despite higher depreciation, IT and consulting costs. Deposit insurance contributions amounted to EUR 8.0 million (EUR 8.7 million). Consequently, operating result and the cost/income ratio improved. A lower net release of risk provisions (reflected in the impairment result from financial instruments) was posted in corporate as well as retail business. Other result deteriorated due to the non-recurrence of provision releases and higher banking levies of EUR 48.0 million (EUR 44.6 million). This line item also included the contribution to the resolution fund of EUR 2.6 million (EUR 1.8 million). Overall, the net result attributable to the owners of the parent decreased.

## Croatia

| in EUR million   | 1-9 17 | 1-9 18 | Change  |
|--|--------|--------|---------|
| Net interest income  | 200.8  | 206.7  | 2.9%    |
| Net fee and commission income  | 72.1   | 76.5   | 6.1%    |
| Net trading result and gains/losses from financial instruments at FVPL | 20.7   | 24.3   | 17.3%   |
| Operating income   | 310.0  | 320.8  | 3.5%    |
| Operating expenses   | -152.4 | -159.1 | 4.4%    |
| Operating result   | 157.7  | 161.7  | 2.6%    |
| Cost/income ratio  | 49.1%  | 49.6%  |         |
| Impairment result from financial instruments                           | -91.9  | -19.9  | -78.3%  |
| Other result   | -10.2  | 0.5    | n/a     |
| Net result attributable to owners of the parent                        | 22.1   | 77.6   | >100.0% |
| Return on allocated capital  | 8.7%   | 20.9%  |         |

The segment analysis is done on a constant currency basis. The HRK appreciated by 0.3% against the EUR in the reporting period. Net interest income in the Croatia segment (comprising Erste Bank Croatia Group) increased as higher contributions from deposits and consumer loans in the retail business offset lower corporate lending volumes. Net fee and commission income increased as higher fees in retail and corporate business entirely compensated non-recurring income from debt issuance realised last year. Net trading result and gains/losses from financial instruments at FVPL increased on the back of higher gains from foreign exchange transactions. Operating expenses went up due to higher personnel as well as IT costs and included a EUR 8.3 million (EUR 8.1 million) deposit insurance fund contribution. Overall, operating result increased, as did the cost/income ratio. The significant improvement of impairment result from financial instruments was primarily driven by significantly lower provisioning needs in the corporate business. Other result improved on the non-recurrence of the last year's impairment of a participation and release of litigation provisions. This line item included resolution fund contribution in the amount of EUR 3.8 million (EUR 4.0 million). Consequently, the net result attributable to the owners of the parent improved significantly.

## Serbia

| in EUR million   | 1-9 17 | 1-9 18 | Change  |
|--|--------|--------|---------|
| Net interest income  | 38.1   | 37.6   | -1.2%   |
| Net fee and commission income  | 8.4    | 9.1    | 7.4%    |
| Net trading result and gains/losses from financial instruments at FVPL | 2.9    | 3.8    | 32.1%   |
| Operating income   | 49.7   | 50.6   | 1.8%    |
| Operating expenses   | -31.5  | -36.1  | 14.7%   |
| Operating result   | 18.2   | 14.5   | -20.5%  |
| Cost/income ratio  | 63.3%  | 71.4%  |         |
| Impairment result from financial instruments                           | -0.2   | -3.0   | >100.0% |
| Other result   | -0.2   | -0.5   | >100.0% |
| Net result attributable to owners of the parent                        | 13.8   | 8.2    | -40.7%  |
| Return on allocated capital  | 16.9%  | 7.6%   |         |

The segment analysis is done on a constant currency basis. The RSD appreciated by 3.2% against the EUR in the reporting period. Net interest income in the Serbia segment (comprising Erste Bank Serbia Group) decreased due to a lower contribution of the corporate business. Net fee and commission income improved due to higher guarantee fees in the corporate business. Net trading result and gains/losses from financial instruments at FVPL went up on the back of government bond valuation effects. The increase in operating expenses was driven by higher personnel and project costs. Deposit insurance contribution rose to EUR 2.9 million (EUR 2.4 million). Operating result declined and the cost/income ratio deteriorated. The decline of impairment result from financial instruments was primarily driven by higher provisioning in the corporate business. Overall, the net result attributable to the owners of the parent decreased.

## Other

| in EUR million   | 1-9 17  | 1-9 18  | Change |
|--|---------|---------|--------|
| Net interest income  | 71.5    | 79.0    | 10.5%  |
| Net fee and commission income  | -22.0   | -31.9   | 45.1%  |
| Net trading result and gains/losses from financial instruments at FVPL | -106.5  | -73.1   | -31.4% |
| Operating income   | -35.6   | -8.4    | -76.3% |
| Operating expenses   | -186.9  | -191.8  | 2.6%   |
| Operating result   | -222.5  | -200.2  | -10.0% |
| Cost/income ratio  | >100.0% | >100.0% |        |
| Impairment result from financial instruments                           | -10.8   | 0.7     | n/a    |
| Other result   | -78.3   | -75.8   | -3.2%  |
| Net result attributable to owners of the parent                        | -283.9  | -215.2  | -24.2% |
| Return on allocated capital  | -4.6%   | -5.2%   |        |

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.

Operating income improved primarily due to a better valuation result in the line items net trading result and gains/losses from financial instruments at FVPL. The increase in operating expenses was primarily driven by higher IT costs. Overall, operating result improved. Improvement in the line item impairment result from financial instruments due to the non-recurrence of last year's risk provisions coupled with a better other result further contributed to the improvement of the net result attributable to the owners of the parent.

# Condensed interim consolidated financial statements

Interim report – 1 January to 30 September 2018

## Consolidated statement of income

| in EUR thousand  | Notes | 1-9 17           | 1-9 18           |
|--|-------|------------------|------------------|
| Net interest income  | 1     | 3,229,301        | 3,371,963        |
| Interest income  | 1     | 4,224,138        | 3,799,363        |
| Other similar income   | 1     | 0                | 1,335,646        |
| Interest expenses  | 1     | -994,836         | -732,879         |
| Other similar expenses   | 1     | 0                | -1,030,167       |
| Net fee and commission income  | 2     | 1,361,899        | 1,430,701        |
| Fee and commission income  | 2     | 1,723,660        | 1,789,978        |
| Fee and commission expenses  | 2     | -361,761         | -359,278         |
| Dividend income  | 3     | 37,484           | 22,308           |
| Net trading result   | 4     | 139,318          | -50,351          |
| Gains/losses from financial instruments measured at fair value through profit or loss                            | 5     | 12,132           | 165,765          |
| Net result from equity method investments  |       | 10,148           | 10,006           |
| Rental income from investment properties & other operating leases  | 6     | 146,631          | 145,791          |
| Personnel expenses   | 7     | -1,747,233       | -1,830,482       |
| Other administrative expenses  | 7     | -925,220         | -921,523         |
| Depreciation and amortisation  | 7     | -341,105         | -350,260         |
| Gains/losses from financial assets and liabilities not measured at fair value through profit or loss, net        | 8     | 70,774           | 0                |
| Gains/losses from derecognition of financial assets measured at amortised cost                                   | 9     | 0                | 153              |
| Other gains/losses from derecognition of financial instruments not measured at fair value through profit or loss | 10    | 0                | 9,745            |
| Net impairment loss on financial assets  | 11    | -71,475          | 0                |
| Impairment result from financial instruments   | 12    | 0                | 102,155          |
| Other operating result   | 13    | -296,559         | -236,977         |
| Levies on banking activities   | 13    | -82,103          | -88,131          |
| <b>Pre-tax result from continuing operations</b>   |       | <b>1,626,096</b> | <b>1,868,993</b> |
| Taxes on income  | 14    | -365,871         | -354,974         |
| <b>Net result for the period</b>   |       | <b>1,260,224</b> | <b>1,514,019</b> |
| Net result attributable to non-controlling interests   |       | 272,607          | 285,754          |
| <b>Net result attributable to owners of the parent</b>   |       | <b>987,617</b>   | <b>1,228,265</b> |

## Earnings per share

|  |                 | 1-9 17      | 1-9 18      |
|--|-----------------|-------------|-------------|
| Net result attributable to owners of the parent  | in EUR thousand | 987,617     | 1,228,265   |
| Dividend on AT1 capital  | in EUR thousand | -22,188     | -38,319     |
| Net result for the period attributable to owners of the parent after deduction of AT1 capital dividend | in EUR thousand | 965,430     | 1,189,946   |
| Weighted average number of outstanding shares  |                 | 426,672,931 | 426,717,322 |
| <b>Earnings per share</b>  | <b>in EUR</b>   | <b>2.26</b> | <b>2.79</b> |
| Weighted average diluted number of outstanding shares  |                 | 426,672,931 | 426,717,322 |
| <b>Diluted earnings per share</b>  | <b>in EUR</b>   | <b>2.26</b> | <b>2.79</b> |

## Development of the number of shares

|   | 1-9 17             | 1-9 18             |
|---|--------------------|--------------------|
| Shares outstanding at the beginning of the period       | 409,497,646        | 409,206,906        |
| Acquisition of treasury shares                          | -4,985,700         | -6,362,968         |
| Disposal of treasury shares                             | 5,067,960          | 6,199,699          |
| Shares outstanding at the end of the period             | 409,579,906        | 409,043,637        |
| Treasury shares   | 20,220,094         | 20,756,363         |
| <b>Number of shares issued at the end of the period</b> | <b>429,800,000</b> | <b>429,800,000</b> |
| Weighted average number of outstanding shares           | 426,672,931        | 426,717,322        |
| Weighted average diluted number of outstanding shares   | 426,672,931        | 426,717,322        |

## Consolidated statement of comprehensive income

| in EUR thousand   | 1-9 17           | 1-9 18           |
|---|------------------|------------------|
| <b>Net result for the period</b>  | <b>1,260,224</b> | <b>1,514,019</b> |
| <b>Other comprehensive income</b>   |                  |                  |
| <b>Items that may not be reclassified to profit or loss</b>   | <b>14,605</b>    | <b>135,856</b>   |
| Remeasurement of net liability of defined pension plans   | 19,942           | -15,757          |
| Fair value changes of equity instruments at fair value through other comprehensive income                                   | 0                | 57,284           |
| Fair value changes of financial liabilities at fair value through profit or loss attributable to changes in own credit risk | 0                | 120,028          |
| Deferred taxes relating to items that may not be reclassified   | -5,337           | -25,700          |
| <b>Items that may be reclassified to profit or loss</b>   | <b>29,777</b>    | <b>-300,100</b>  |
| Available for sale reserve (including currency translation)   | -99,513          | 0                |
| Gain/loss during the period   | -47,896          | 0                |
| Reclassification adjustments  | -51,616          | 0                |
| Debt instruments at fair value through other comprehensive income   | 0                | -163,199         |
| Gain/loss during the period   | 0                | -150,763         |
| Reclassification adjustments  | 0                | -10,337          |
| Credit loss allowances  | 0                | -2,100           |
| Cash flow hedge reserve   | -73,192          | -101,929         |
| Gain/loss during the period   | -50,019          | -78,838          |
| Reclassification adjustments  | -23,173          | -23,091          |
| Currency translation reserve  | 170,023          | -89,464          |
| Gain/loss during the period   | 170,023          | -89,464          |
| Reclassification adjustments  | 0                | 0                |
| Deferred taxes relating to items that may be reclassified   | 32,459           | 54,493           |
| Gain/loss during the period   | 14,434           | 47,806           |
| Reclassification adjustments  | 18,025           | 6,687            |
| <b>Total other comprehensive income</b>   | <b>44,382</b>    | <b>-164,244</b>  |
| <b>Total comprehensive income</b>   | <b>1,304,606</b> | <b>1,349,775</b> |
| Total comprehensive income attributable to non-controlling interests  | 219,634          | 256,687          |
| <b>Total comprehensive income attributable to owners of the parent</b>  | <b>1,084,972</b> | <b>1,093,087</b> |

## Quarterly results

| in EUR million   | Q3 17        | Q4 17        | Q1 18<br>Adjusted | Q2 18         | Q3 18        |
|--|--------------|--------------|-------------------|---------------|--------------|
| <b>Income statement</b>  |              |              |                   |               |              |
| Net interest income  | 1,086.3      | 1,123.9      | 1,082.6           | 1,131.2       | 1,158.2      |
| Interest income  | 1,411.9      | 1,400.3      | 1,222.0           | 1,263.4       | 1,314.0      |
| Other similar income   | 0.0          | 0.0          | 473.8             | 413.1         | 448.8        |
| Interest expenses  | -325.6       | -276.4       | -229.7            | -240.7        | -262.5       |
| Other similar expenses   | 0.0          | 0.0          | -383.5            | -304.6        | -342.1       |
| Net fee and commission income  | 451.0        | 489.7        | 478.6             | 480.7         | 471.4        |
| Fee and commission income  | 574.3        | 605.7        | 602.9             | 603.0         | 584.0        |
| Fee and commission expenses  | -123.4       | -116.1       | -124.3            | -122.3        | -112.6       |
| Dividend income  | 10.4         | 6.2          | 2.6               | 14.8          | 4.8          |
| Net trading result   | 36.5         | 83.5         | 11.3              | 0.6           | -62.2        |
| Gains/losses from financial instruments measured at fair value through profit or loss          | 7.7          | -24.4        | 30.3              | 36.3          | 99.2         |
| Net result from equity method investments  | 4.0          | 5.7          | 1.8               | 5.2           | 3.0          |
| Rental income from investment properties & other operating leases                              | 48.3         | 47.6         | 47.9              | 50.2          | 47.7         |
| Personnel expenses   | -595.9       | -641.3       | -604.5            | -612.1        | -613.8       |
| Other administrative expenses  | -301.1       | -384.4       | -344.5            | -283.0        | -294.0       |
| Depreciation and amortisation  | -113.0       | -118.9       | -115.9            | -116.3        | -118.0       |
| Gains/losses from financial assets and liabilities not at FVPL, net                            | 28.3         | 85.7         | 0.0               | 0.0           | 0.0          |
| Gains/losses from derecognition of financial assets at AC                                      | 0.0          | 0.0          | 0.1               | -0.4          | 0.5          |
| Other gains/losses from derecognition of financial instruments not at FVPL                     | 0.0          | 0.0          | 4.1               | 4.7           | 1.0          |
| Net impairment loss on financial assets  | 32.9         | -60.5        | 0.0               | 0.0           | 0.0          |
| Impairment result from financial instruments   | 0.0          | 0.0          | 54.4              | 18.9          | 28.9         |
| Other operating result   | -86.8        | -160.9       | -128.0            | -76.6         | -32.4        |
| Levies on banking activities   | -22.7        | -23.6        | -38.6             | -24.7         | -24.8        |
| <b>Pre-tax result from continuing operations</b>   | <b>608.5</b> | <b>451.7</b> | <b>520.7</b>      | <b>654.0</b>  | <b>694.3</b> |
| Taxes on income  | -142.0       | -44.2        | -114.6            | -120.4        | -120.0       |
| <b>Net result for the period</b>   | <b>466.5</b> | <b>407.5</b> | <b>406.2</b>      | <b>533.6</b>  | <b>574.2</b> |
| Net result attributable to non-controlling interests   | 103.5        | 78.9         | 70.1              | 95.4          | 120.3        |
| <b>Net result attributable to owners of the parent</b>   | <b>363.0</b> | <b>328.6</b> | <b>336.1</b>      | <b>438.2</b>  | <b>454.0</b> |
| <b>Statement of comprehensive income</b>   |              |              |                   |               |              |
| <b>Net result for the period</b>   | <b>466.5</b> | <b>407.5</b> | <b>406.2</b>      | <b>533.6</b>  | <b>574.2</b> |
| <b>Other comprehensive income</b>  |              |              |                   |               |              |
| <b>Items that may not be reclassified to profit or loss</b>                                    | <b>0.2</b>   | <b>-15.2</b> | <b>-19.5</b>      | <b>31.4</b>   | <b>123.9</b> |
| Remeasurement of net liability of defined pension plans  | 0.2          | -27.3        | -1.6              | -14.2         | 0.0          |
| Fair value changes of equity instruments at FVOCI  | 0.0          | 0.0          | 9.3               | 28.8          | 19.2         |
| Fair value changes of financial liabilities at FVPL attributable to changes in own credit risk | 0.0          | 0.0          | -35.9             | 39.8          | 116.1        |
| Deferred taxes relating to items that may not be reclassified                                  | 0.0          | 12.1         | 8.7               | -23.0         | -11.4        |
| <b>Items that may be reclassified to profit or loss</b>  | <b>-7.9</b>  | <b>-14.7</b> | <b>-25.0</b>      | <b>-259.2</b> | <b>-15.9</b> |
| Available for sale reserve (including currency translation)                                    | 20.5         | -85.1        | 0.0               | 0.0           | 0.0          |
| Gain/loss during the period  | 45.3         | -13.7        | 0.0               | 0.0           | 0.0          |
| Reclassification adjustments   | -24.8        | -71.3        | 0.0               | 0.0           | 0.0          |
| Debt instruments at fair value through other comprehensive income                              | 0.0          | 0.0          | -51.1             | -80.6         | -31.5        |
| Gain/loss during the period  | 0.0          | 0.0          | -44.8             | -74.9         | -31.1        |
| Reclassification adjustments   | 0.0          | 0.0          | -5.0              | -4.2          | -1.1         |
| Credit loss allowances   | 0.0          | 0.0          | -1.2              | -1.6          | 0.7          |
| Cash flow hedge reserve  | -36.4        | -32.1        | -1.9              | -34.2         | -65.8        |
| Gain/loss during the period  | -23.9        | -23.9        | 5.4               | -26.0         | -58.2        |
| Reclassification adjustments   | -12.5        | -8.2         | -7.3              | -8.2          | -7.6         |
| Currency translation reserve   | 7.4          | 67.6         | 16.5              | -164.3        | 58.4         |
| Gain/loss during the period  | 7.4          | 67.6         | 16.5              | -164.3        | 58.4         |
| Reclassification adjustments   | 0.0          | 0.0          | 0.0               | 0.0           | 0.0          |
| Deferred taxes relating to items that may be reclassified                                      | 0.6          | 34.8         | 11.5              | 20.0          | 23.0         |
| Gain/loss during the period  | -7.5         | 8.8          | 8.8               | 18.0          | 21.0         |
| Reclassification adjustments   | 8.0          | 26.0         | 2.7               | 2.0           | 2.0          |
| <b>Total other comprehensive income</b>  | <b>-7.7</b>  | <b>-30.0</b> | <b>-44.5</b>      | <b>-227.7</b> | <b>108.0</b> |
| <b>Total comprehensive income</b>  | <b>458.8</b> | <b>377.5</b> | <b>361.7</b>      | <b>305.9</b>  | <b>682.2</b> |
| Total comprehensive income attributable to non-controlling interests                           | 106.7        | 57.5         | 61.0              | 86.6          | 109.1        |
| <b>Total comprehensive income attributable to owners of the parent</b>                         | <b>352.1</b> | <b>320.0</b> | <b>300.7</b>      | <b>219.3</b>  | <b>573.1</b> |

## Consolidated balance sheet

| in EUR thousand   | Notes | Dec 17             | Sep 18             |
|---|-------|--------------------|--------------------|
| <b>Assets</b>   |       |                    |                    |
| Cash and cash balances  | 15    | 21,796,299         | 15,237,019         |
| Financial assets held for trading                                 |       | 6,349,189          | 6,033,922          |
| Derivatives   | 16    | 3,333,142          | 3,303,315          |
| Other financial assets held for trading                           | 17    | 3,016,047          | 2,730,607          |
| Pledged as collateral   |       | 242,434            | 64,621             |
| Financial assets at fair value through profit or loss             | 18    | 542,572            | 0                  |
| Non-trading financial assets at fair value through profit or loss | 19    | 0                  | 3,403,046          |
| Pledged as collateral   |       | 0                  | 34,315             |
| Equity instruments  |       | 0                  | 303,176            |
| Debt securities   |       | 0                  | 2,716,836          |
| Loans and advances to customers                                   |       | 0                  | 383,035            |
| Financial assets available for sale                               | 20    | 16,060,153         | 0                  |
| Pledged as collateral   |       | 756,537            | 0                  |
| Financial assets at fair value through other comprehensive income | 21    | 0                  | 9,849,892          |
| Pledged as collateral   |       | 0                  | 955,548            |
| Equity instruments  |       | 0                  | 259,328            |
| Debt securities   |       | 0                  | 9,590,564          |
| Financial assets held to maturity                                 | 22    | 19,800,435         | 0                  |
| Pledged as collateral   |       | 1,568,387          | 0                  |
| Loans and receivables to credit institutions                      | 23    | 9,125,673          | 0                  |
| Loans and receivables to customers                                | 24    | 139,532,277        | 0                  |
| Financial assets at amortised cost                                | 25    | 0                  | 188,322,603        |
| Pledged as collateral   |       | 0                  | 1,679,538          |
| Debt securities   |       | 0                  | 25,429,543         |
| Loans and advances to banks                                       |       | 0                  | 19,971,573         |
| Loans and advances to customers                                   |       | 0                  | 142,921,487        |
| Finance lease receivables   | 26    | 0                  | 3,714,858          |
| Hedge accounting derivatives                                      | 27    | 884,311            | 90,036             |
| Property and equipment  |       | 2,386,767          | 2,326,590          |
| Investment properties   |       | 1,111,561          | 1,099,676          |
| Intangible assets   |       | 1,523,564          | 1,482,601          |
| Investments in associates and joint ventures                      |       | 198,373            | 199,842            |
| Current tax assets  |       | 107,633            | 110,383            |
| Deferred tax assets   |       | 257,933            | 333,280            |
| Assets held for sale  |       | 213,897            | 195,608            |
| Trade and other receivables                                       | 28    | 0                  | 1,292,063          |
| Other assets  | 29    | 768,795            | 1,135,905          |
| <b>Total assets</b>   |       | <b>220,659,433</b> | <b>234,827,324</b> |

| in EUR thousand   | Notes | Dec 17             | Sep 18             |
|---|-------|--------------------|--------------------|
| <b>Liabilities and equity</b>   |       |                    |                    |
| Financial liabilities held for trading                                      |       | 3,422,793          | 2,864,951          |
| Derivatives   | 16    | 2,933,667          | 2,152,525          |
| Other financial liabilities held for trading                                | 30    | 489,126            | 712,425            |
| Financial liabilities at fair value through profit or loss                  |       | 1,801,245          | 14,267,009         |
| Deposits from customers   |       | 48,559             | 62,292             |
| Debt securities issued  | 31    | 1,752,686          | 13,667,876         |
| Other financial liabilities   |       | 0                  | 536,841            |
| Financial liabilities at amortised cost                                     |       | 191,711,402        | 194,024,504        |
| Deposits from banks   | 32    | 16,349,382         | 19,086,411         |
| Deposits from customers   | 32    | 150,920,715        | 159,765,439        |
| Debt securities issued  | 32    | 23,342,123         | 14,581,561         |
| Other financial liabilities   |       | 1,099,182          | 591,093            |
| Finance lease liabilities   |       | 0                  | 6                  |
| Hedge accounting derivatives  | 27    | 360,379            | 342,259            |
| Fair value changes of hedged items in portfolio hedge of interest rate risk |       | 666,117            | 0                  |
| Provisions  | 33    | 1,647,963          | 1,627,769          |
| Current tax liabilities   |       | 101,079            | 126,362            |
| Deferred tax liabilities  |       | 61,454             | 67,151             |
| Liabilities associated with assets held for sale                            |       | 2,752              | 3,033              |
| Other liabilities   | 34    | 2,595,932          | 3,108,510          |
| <b>Total equity</b>   |       | <b>18,288,316</b>  | <b>18,395,770</b>  |
| Equity attributable to non-controlling interests                            |       | 4,416,402          | 4,518,372          |
| Additional equity instruments   |       | 993,275            | 993,254            |
| Equity attributable to owners of the parent                                 |       | 12,878,639         | 12,884,145         |
| Subscribed capital  |       | 859,600            | 859,600            |
| Additional paid-in capital  |       | 1,476,689          | 1,476,689          |
| Retained earnings and other reserves  |       | 10,542,350         | 10,547,856         |
| <b>Total liabilities and equity</b>   |       | <b>220,659,433</b> | <b>234,827,324</b> |

## Consolidated statement of changes in equity

| in EUR million  | Sub-scribed capital | Additional paid-in capital | Retained earnings | Cash flow hedge reserve | Available for sale reserve | Fair value reserve | Liability own credit risk reserve | Currency translation | Remeasurement of net liability of defined pension plans | Deferred tax | Equity attributable to owners parent | Additional equity instruments | Equity attributable to non-controlling interests | Total equity |
|---|---------------------|----------------------------|-------------------|-------------------------|----------------------------|--------------------|-----------------------------------|----------------------|---|--------------|--------------------------------------|-------------------------------|--|--------------|
|   |                     |                            |                   |                         |                            |                    |                                   |                      |   |              |                                      |                               |  |              |
| As of 1 January 2018  | 860                 | 1,477                      | 10,918            | 4                       | 545                        | 0                  | 0                                 | -503                 | -364  | -57          | 12,879                               | 993                           | 4,416  | 18,288       |
| Changes due to initial application of IFRS 9  | 0                   | 0                          | 254               | 0                       | -545                       | 418                | -734                              | 0                    | 0   | 55           | -551                                 | 0                             | -122   | -673         |
| Restated as of 1 January 2018   | 860                 | 1,477                      | 11,172            | 4                       | 0                          | 418                | -734                              | -503                 | -364  | -2           | 12,328                               | 993                           | 4,294  | 17,615       |
| Changes in treasury shares  | 0                   | 0                          | -7                | 0                       | 0                          | 0                  | 0                                 | 0                    | 0   | 0            | -7                                   | 0                             | 0  | -7           |
| Dividends paid  | 0                   | 0                          | -529              | 0                       | 0                          | 0                  | 0                                 | 0                    | 0   | 0            | -529                                 | 0                             | -45  | -574         |
| Capital increases   | 0                   | 0                          | 0                 | 0                       | 0                          | 0                  | 0                                 | 0                    | 0   | 0            | 0                                    | 0                             | 11   | 11           |
| Changes in scope of consolidation and ownership interest  | 0                   | 0                          | -2                | 0                       | 0                          | 0                  | 0                                 | 0                    | 0   | 0            | -2                                   | 0                             | 0  | -2           |
| Reclassification from other comprehensive income to retained earnings   | 0                   | 0                          | 31                | 0                       | 0                          | -39                | 9                                 | 0                    | 0   | 0            | 0                                    | 0                             | 0  | 0            |
| Other changes   | 0                   | 0                          | 2                 | 0                       | 0                          | 0                  | 0                                 | 0                    | 0   | 0            | 2                                    | 0                             | 1  | 3            |
| Total comprehensive income  | 0                   | 0                          | 1,228             | -87                     | 0                          | -149               | 166                               | -89                  | 22  | 2            | 1,093                                | 0                             | 257  | 1,350        |
| Net result for the period   | 0                   | 0                          | 1,228             | 0                       | 0                          | 0                  | 0                                 | 0                    | 0   | 0            | 1,228                                | 0                             | 286  | 1,514        |
| Other comprehensive income  | 0                   | 0                          | 0                 | -87                     | 0                          | -149               | 166                               | -89                  | 22  | 2            | -135                                 | 0                             | -29  | -164         |
| Changes in presentation of deferred tax   | 0                   | 0                          | 0                 | -6                      | 0                          | -89                | 59                                | 0                    | 34  | 2            | 0                                    | 0                             | 0  | 0            |
| Change from remeasurement of defined benefit plans  | 0                   | 0                          | 0                 | 0                       | 0                          | 0                  | 0                                 | 0                    | -12   | 0            | -12                                  | 0                             | -4   | -16          |
| Change in revaluation reserve   | 0                   | 0                          | 0                 | 0                       | 0                          | -60                | 0                                 | 0                    | 0   | 0            | -60                                  | 0                             | -22  | -83          |
| Change in cash flow hedge reserve   | 0                   | 0                          | 0                 | -80                     | 0                          | 0                  | 0                                 | 0                    | 0   | 0            | -80                                  | 0                             | -1   | -81          |
| Change in currency translation reserve  | 0                   | 0                          | 0                 | 0                       | 0                          | 0                  | 0                                 | -89                  | 0   | 0            | -89                                  | 0                             | -1   | -89          |
| Fair value changes of financial liabilities at fair value through profit or loss attributable to changes in own credit risk | 0                   | 0                          | 0                 | 0                       | 0                          | 0                  | 106                               | 0                    | 0   | 0            | 106                                  | 0                             | -1   | 105          |
| Other changes in OCI  | 0                   | 0                          | 0                 | 0                       | 0                          | 0                  | 0                                 | 0                    | 0   | 0            | 0                                    | 0                             | 0  | 0            |
| As of 30 September 2018   | 860                 | 1,477                      | 11,894            | -83                     | 0                          | 230                | -559                              | -592                 | -343  | 0            | 12,884                               | 993                           | 4,518  | 18,396       |
| As of 1 January 2017  | 860                 | 1,478                      | 10,090            | 107                     | 632                        | 0                  | 0                                 | -734                 | -357  | -112         | 11,963                               | 497                           | 4,142  | 16,602       |
| Changes in treasury shares  | 0                   | 0                          | -8                | 0                       | 0                          | 0                  | 0                                 | 0                    | 0   | 0            | -8                                   | 0                             | 0  | -8           |
| Dividends paid  | 0                   | 0                          | -432              | 0                       | 0                          | 0                  | 0                                 | 0                    | 0   | 0            | -432                                 | 0                             | -28  | -460         |
| Capital increases   | 0                   | 0                          | 0                 | 0                       | 0                          | 0                  | 0                                 | 0                    | 0   | 0            | 0                                    | 497                           | 0  | 497          |
| Changes in scope of consolidation and ownership interest  | 0                   | 0                          | 0                 | 0                       | 0                          | 0                  | 0                                 | 0                    | 0   | 0            | 0                                    | 0                             | 32   | 32           |
| Other changes   | 0                   | 0                          | 1                 | 0                       | 0                          | 0                  | 0                                 | 0                    | 0   | 0            | 1                                    | 0                             | 1  | 2            |
| Total comprehensive income  | 0                   | 0                          | 988               | -85                     | -168                       | 0                  | 0                                 | 166                  | 72  | 112          | 1,085                                | 0                             | 220  | 1,305        |
| Net result for the period   | 0                   | 0                          | 988               | 0                       | 0                          | 0                  | 0                                 | 0                    | 0   | 0            | 988                                  | 0                             | 273  | 1,260        |
| Other comprehensive income  | 0                   | 0                          | 0                 | -57                     | -20                        | 0                  | 0                                 | 166                  | 8   | 0            | 98                                   | 0                             | -53  | 45           |
| Changes in presentation of deferred tax   | 0                   | 0                          | 0                 | -28                     | -148                       | 0                  | 0                                 | 0                    | 64  | 112          | 0                                    | 0                             | 0  | 0            |
| As of 30 September 2017   | 860                 | 1,478                      | 10,639            | 22                      | 464                        | 0                  | 0                                 | -568                 | -285  | 0            | 12,609                               | 993                           | 4,367  | 17,970       |

## Consolidated statement of cash flows

| in EUR million  | 1-9 17       | 1-9 18        |
|---|--------------|---------------|
| <b>Net result for the period</b>  | <b>1,260</b> | <b>1,514</b>  |
| Non-cash adjustments for items in net profit/loss for the year  |              |               |
| Depreciation, amortisation, impairment and reversal of impairment, revaluation of assets                    | 372          | 418           |
| Allocation to and release of provisions (including risk provisions)   | 241          | -88           |
| Gains from the measurement and sale of assets   | -269         | 115           |
| Other adjustments   | -107         | -146          |
| <b>Changes in assets and liabilities from operating activities after adjustment for non-cash components</b> |              |               |
| Financial assets held for trading   | 1,073        | 1,007         |
| Financial assets at fair value through profit or loss   | -59          | 0             |
| Non-trading financial assets at fair value through profit or loss   |              |               |
| Equity instruments  | 0            | -30           |
| Debt securities   | 0            | -162          |
| Loans and advances to banks   | 0            | 0             |
| Loans and advances to customers   | 0            | 90            |
| Financial assets - available for sale: debt instruments   | 3,117        | 0             |
| Financial assets at fair value through other comprehensive income: debt instruments                         |              |               |
| Debt securities   | 0            | 393           |
| Financial assets held to maturity   | -125         | 0             |
| Loans and receivables to credit institutions  | -6,888       | 0             |
| Loans and receivables to customers  | -7,534       | 0             |
| Financial assets at amortised cost  |              |               |
| Debt securities   | 0            | -2,336        |
| Loans and advances to banks   | 0            | -10,971       |
| Loans and advances to customers   | 0            | -8,419        |
| Finance lease receivables   | 0            | -202          |
| Hedge accounting derivatives  | 346          | -49           |
| Other assets from operating activities  | 73           | -712          |
| Financial liabilities held for trading  | -1,021       | -581          |
| Financial liabilities at fair value through profit or loss  | 48           | -181          |
| Financial liabilities at amortised cost   |              |               |
| Deposits from banks   | 4,594        | 2,884         |
| Deposits from customers   | 10,374       | 8,805         |
| Debt securities issued  | -1,602       | 2,255         |
| Other financial liabilities   | -187         | 20            |
| Hedge accounting derivatives  | -63          | 40            |
| Other liabilities from operating activities   | 113          | 645           |
| Finance lease liabilities   | 0            | 0             |
| <b>Cash flow from operating activities</b>  | <b>3,757</b> | <b>-5,689</b> |
| Proceeds of disposal  |              |               |
| Financial assets available for sale: equity instruments   | 77           | 0             |
| Financial assets at fair value through other comprehensive income: equity instruments                       | 0            | 50            |
| Associated companies  | 7            | 9             |
| Property and equipment and intangible assets  | 272          | 347           |
| Investment properties   | 154          | 91            |
| Acquisition of  |              |               |
| Financial assets available for sale: equity instruments   | 0            | 0             |
| Financial assets at fair value through other comprehensive income: equity instruments                       | 0            | -59           |
| Associated companies  | 0            | 0             |
| Property and equipment and intangible assets  | -628         | -636          |
| Investment properties   | -164         | -94           |
| Acquisition of subsidiaries (net of cash and cash equivalents acquired)                                     | 0            | 0             |
| Disposal of subsidiaries  | 0            | 0             |
| <b>Cash flow from investing activities</b>  | <b>-281</b>  | <b>-292</b>   |
| Capital increases   | 497          | 11            |
| Capital decrease  | 0            | 0             |
| Acquisition of non-controlling interest   | 0            | -2            |
| Dividends paid to equity holders of the parent  | -432         | -529          |
| Dividends paid to non-controlling interests   | -28          | -45           |
| Other financing activities  | 0            | 0             |
| <b>Cash flow from financing activities</b>  | <b>36</b>    | <b>-565</b>   |

| in EUR million   | 1-9 17        | 1-9 18        |
|--|---------------|---------------|
| <b>Cash and cash equivalents at the beginning of the period</b>                | <b>18,353</b> | <b>21,796</b> |
| Cash flow from operating activities  | 3,757         | -5,689        |
| Cash flow from investing activities  | -281          | -292          |
| Cash flow from financing activities  | 36            | -565          |
| Effect of currency translation   | 239           | -12           |
| <b>Cash and cash equivalents at the end of period</b>                          | <b>22,104</b> | <b>15,237</b> |
| <b>Cash flows related to taxes, interest and dividends</b>                     | <b>3,045</b>  | <b>2,824</b>  |
| Payments for taxes on income (included in cash flow from operating activities) | -317          | -360          |
| Interest received  | 4,316         | 5,252         |
| Dividends received   | 37            | 22            |
| Interest paid  | -991          | -2,090        |

Cash and cash equivalents are equal to cash in hand, cash balances at central banks and other demand deposits.

# Condensed notes to the interim consolidated financial statements 1 January to 30 September 2018

## BASIS OF PREPARATION

The condensed consolidated interim financial statements ("interim financial statements") of the group of Erste Group Bank AG ("Erste Group") for the period from 1 January to 30 September 2018 were prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU") and are presented in accordance with the requirements of IAS 34 "Interim Financial Reporting". Erste Group's application of IFRS resulted in no differences between IFRS as issued by the International Accounting Standards Board ("IASB") and IFRS as endorsed by the EU.

These interim financial statements were neither audited nor reviewed by an auditor.

## BASIS OF CONSOLIDATION

Subsidiaries are consolidated from the date when control is obtained until the date when control is lost. Control is achieved when Erste Group is exposed to, or has rights to, variable returns from its involvement with the investee and has the ability to affect those returns through its power to direct the relevant activities of the investee. Relevant activities are those which most significantly affect the variable returns of an entity.

### IFRS consolidation scope - evolution of number of entities and funds included

|  |     |
|--|-----|
| As of 31 December 2017                             | 422 |
| <b>Additions</b>                                   |     |
| Entities newly added to the scope of consolidation | 5   |
| <b>Disposals</b>                                   |     |
| Companies sold or liquidated                       | -19 |
| Mergers  | -2  |
| As of 30 September 2018                            | 406 |

## ACCOUNTING AND MEASUREMENT METHODS

The interim financial statements have been prepared in accordance with IAS 34 "Interim Financial Reporting" and are presented in euro, which is the functional currency of the parent company. The interim financial statements do not include all the information and disclosures required in the annual consolidated financial statements. However, due to the first application of IFRS 9 (as described below), Erste Group has decided to disclose the full set of accounting policies in the first quarter of 2018 interim financial statements. Also, new notes have been introduced in connection with the application of IFRS 9. Otherwise, the interim financial statements should be read in conjunction with Erste Group's consolidated financial statements as of 31 December 2017.

### Amendment in the presentation of the consolidated statement of income

To reflect a decision of IFRS Interpretations Committee from March 2018, Erste Group changed the presentation of net interest income in the consolidated statement of income in the second quarter of 2018. After the change the net interest income is further divided into interest income, other similar income, interest expense and other similar expense.

Interest income relates to interest revenue from financial assets measured at amortised cost and at fair value through other comprehensive income calculated using effective interest rate.

Other similar income captures interest-like sources of income resulting from non-derivative financial assets measured at fair value through profit or loss, held-for-trading derivatives, hedge accounting derivatives, finance lease receivables and negative interest on financial liabilities.

Interest expense relates to interest expense from financial liabilities measured at amortised cost calculated using effective interest rate.

Other similar expense captures interest-like sources of expense resulting from non-derivative financial liabilities measured at fair value through profit or loss, held-for-trading derivatives, hedge accounting derivatives, negative interest on financial assets, provisions recognised under IFRS 9 and IAS 37 and net defined liability under IAS 19. The Note 1 Net interest income has been adjusted accordingly.

## Application of new standards

### IFRS 9 Financial Instruments

As of 1 January 2018, Erste Group has adopted IFRS 9 “Financial Instruments” as issued by the IASB in July 2014 and endorsed by the EU in 2016. This resulted in changes in accounting policies for classification and measurement of financial assets and financial liabilities, as well as for impairment of financial assets. IFRS 9 also significantly amends IFRS 7 “Financial Instruments: Disclosures” due to which disclosures of information on financial instruments have been adapted to the new requirements.

As permitted by the transitional provisions of IFRS 9, Erste Group elected not to restate comparative amounts for the previous financial year 2017. As a result, the comparative period columns in the 2018 financial statements reflect the structure used in 2017 financial statements. Also, the comparative period disclosures in the notes are based on the original classification and measurement requirements of IAS 39 (as superseded by IFRS 9) and IFRS 7 (before the consequential amendments resulting from IFRS 9). As allowed by IFRS 9, Erste Group has elected to continue applying hedge accounting requirements of IAS 39.

After Erste Group published the IFRS 9 transition effects in the first quarter interim report it revised certain values with effect as of 1 January 2018. The adjustments relate to an increase in fair value of financial liabilities designated at fair value through profit or loss by EUR 31 million and transfer of deferred tax asset effects from retained earnings to deferred tax accumulated in OCI (i.e. equity neutral) in the amount of EUR 62 million. As a result of these changes, this report includes updated IFRS 9 transition effects disclosures in the extent as published in the first quarter interim report. The consolidated statement of changes in equity has also been adjusted in respect of the lines presenting changes due to initial application of IFRS 9 and restated 1 January 2018 balances.

The financial impact of IFRS 9 adoption is detailed below. The tables make use of the following acronyms:

AC – amortised cost

AFS – available for sale

FV – fair value

FVO – fair value option

FVOCI – fair value through other comprehensive income

FVPL – fair value through profit or loss

HTM – held-to-maturity

L&R – loans and receivables

## i. Classification and measurement of financial instruments

The table below presents changes between measurement categories and carrying amounts of financial assets and financial liabilities under IAS 39 and IFRS 9 as at 1 January 2018. To illustrate the transition impact, the effects are disclosed in respect of original balance sheet positions reflecting IAS 39 requirements.

| in EUR million   | Com-ments | Original classification under IAS 39 |                    | New classification under IFRS 9 | Original carrying amount under IAS 39 | New carrying amount under IFRS 9 |
|--|-----------|--------------------------------------|--------------------|---------------------------------|---------------------------------------|----------------------------------|
|  |           | Portfolio                            | Measurement method |                                 |                                       |                                  |
| <b>Financial assets</b>  |           |                                      |                    |                                 |                                       |                                  |
| Cash and cash balances   |           | Loans and receivables                | AC                 | Amortised cost                  | 21,796                                | 21,795                           |
| Derivatives  | a         | Held-for-trading                     | FVPL               | Held-for-trading (FVPL)         | 3,307                                 | 3,307                            |
| Other trading assets   |           | Held-for-trading                     | FVPL               | Held-for-trading (FVPL)         | 3,016                                 | 3,016                            |
| Derivatives - hedge accounting   | b         | Hedge accounting                     | FV                 | Hedge accounting                | 128                                   | 128                              |
|  |           |                                      |                    | Held-for-trading (FVPL)         | 756                                   | 756                              |
| Loans and receivables to credit institutions   | c,d       | Loans and receivables                | AC                 | Amortised cost                  | 9,108                                 | 9,127                            |
|  |           |                                      |                    | Designated at FVPL              | 17                                    | 17                               |
| Loans and receivables to customers   | e         | Loans and receivables                | AC                 | Amortised cost                  | 135,562                               | 135,439                          |
|  |           |                                      |                    | Mandatorily at FVPL             | 459                                   | 480                              |
|  |           |                                      |                    | Finance Lease                   | 3,512                                 | 3,513                            |
| Financial assets - available for sale (Debt securities)                                | f         | AFS                                  | FVOCI              | Amortised cost                  | 4,119                                 | 3,875                            |
|  |           |                                      |                    | Mandatorily at FVPL             | 2,004                                 | 2,004                            |
|  |           |                                      |                    | FVOCI                           | 9,418                                 | 9,418                            |
| Financial assets - available for sale (Equity instruments)                             | f         | AFS                                  | FVOCI              | FVPL                            | 264                                   | 264                              |
|  |           |                                      |                    | FVOCI                           | 255                                   | 255                              |
|  |           |                                      |                    | Amortised cost                  | 19,090                                | 19,087                           |
| Financial assets - held to maturity  |           | Held-to-maturity                     | AC                 | Mandatorily at FVPL             | 27                                    | 28                               |
|  |           |                                      |                    | Designated at FVPL              | 17                                    | 17                               |
|  |           |                                      |                    | FVOCI                           | 667                                   | 684                              |
|  |           |                                      |                    | Amortised cost                  | 3                                     | 3                                |
| Financial assets - at fair value through profit or loss                                |           | FV option                            | FVPL               | Mandatorily at FVPL             | 138                                   | 138                              |
|  |           |                                      |                    | Designated at FVPL              | 387                                   | 387                              |
|  |           |                                      |                    | FVOCI                           | 14                                    | 14                               |
|  |           |                                      |                    |                                 |                                       |                                  |
| <b>Total financial assets</b>  |           |                                      |                    |                                 | <b>214,065</b>                        | <b>213,755</b>                   |
| <b>Financial liabilities</b>   |           |                                      |                    |                                 |                                       |                                  |
| Derivatives  | g         | Held-for-trading                     | FVPL               | Held-for-trading (FVPL)         | 2,663                                 | 2,663                            |
| Other trading liabilities  |           | Held-for-trading                     | FVPL               | Held-for-trading (FVPL)         | 489                                   | 489                              |
| Derivatives - hedge accounting   | b         | Hedge accounting                     | FV                 | Hedge accounting                | 302                                   | 302                              |
|  |           |                                      |                    | Held-for-trading (FVPL)         | 58                                    | 58                               |
| Financial liabilities measured at amortised cost                                       | h,i       | Amortised cost                       | AC                 | Amortised cost                  | 180,060                               | 180,060                          |
|  |           |                                      |                    | Designated at FVPL              | 12,589                                | 13,031                           |
| Financial liabilities - at fair value through profit or loss (Debt securities issued)  |           | FV option                            | FVPL               | Designated at FVPL              | 1,753                                 | 1,753                            |
| Financial liabilities - at fair value through profit or loss (Deposits from customers) |           | FV option                            | FVPL               | Designated at FVPL              | 49                                    | 49                               |
| <b>Total financial liabilities</b>   |           |                                      |                    |                                 | <b>197,963</b>                        | <b>198,405</b>                   |

(a) The column 'original carrying amount under IAS 39' excludes embedded derivatives with a carrying amount of EUR 26 million that were part of 'Derivatives – held for trading' as at 31 December 2017 under IAS 39 and included in the financial liabilities designated at fair value through profit or loss as of 1 January 2018 under IFRS 9.

(b) The line 'Held-for-trading (FVPL)' relates to derivatives that were de-designated as hedging instruments as of 1 January 2018 and became part of 'Derivatives – held for trading'.

(c) The amount in the line 'Amortised cost' includes debt securities with a carrying amount of EUR 83 million under IAS 39 and of EUR 84 million under IFRS 9.

(d) The entire amount in the line 'Designated at FVPL' relates to debt securities.

(e) The amount in the line 'Amortised cost' includes debt securities with a carrying amount of EUR 46 million under IAS 39 and of EUR 44 million under IFRS 9.

(f) The original carrying amount under IAS 39 is adjusted by EUR 645 million in respect of debt securities and equity securities compared to the 2017 financial statements due to a reclassification between debt and equity instruments related to investments in funds and certain

hybrid instruments. More details can be found in the comment (f) to table ii. Reconciliation of carrying amounts of financial assets based on measurement categories.

(g) The original carrying amount under IAS 39 excludes embedded derivatives with a carrying amount of EUR 270 million that were part of 'Derivatives – held for trading' as at 31 December 2017 under IAS 39 and included in the financial liabilities designated at fair value through profit or loss as of 1 January 2018 under IFRS 9.

(h) The original carrying amount under IAS 39 in the line 'Amortised cost' that captures financial liabilities that continue to be measured at amortised cost contains:

- \_ deposits from customers with a carrying amount of EUR 150,788 million;
- \_ deposits from banks with a carrying amount of EUR 16,374 million. This amount includes EUR 24 million related to portfolio fair value hedges (presented in the separate line item 'Changes in fair value of portfolio hedged items' under IAS 39) transferred against the carrying amount of the financial liabilities when the portfolio fair value hedges were de-designated and single fair value hedges were newly designated as of 1 January 2018;
- \_ debt securities issued with a carrying amount of EUR 12,333 million. This amount includes EUR 133 million related to portfolio fair value hedges (presented in the separate line item 'Changes in fair value of portfolio hedged items' under IAS 39) transferred against the carrying amount of the financial liabilities when portfolio fair value hedges were de-designated and single fair value hedges were newly designated as of 1 January 2018; and
- \_ Other financial liabilities with a carrying amount of EUR 565 million.

(i) The original carrying amount under IAS 39 in the line 'Designated at FVPL' that captures financial liabilities that were designated at FVPL as of 1 January 2018 under IFRS 9 consists of following items:

- \_ debt securities issued with a carrying amount of EUR 11,143 million;
- \_ deposits from customers with a carrying amount of EUR 133 million;
- \_ other financial liabilities that relate to fund units issued by funds consolidated by Erste Group with a carrying amount of EUR 534 million;
- \_ embedded derivatives liabilities with a carrying amount of EUR 270 million that were separated under IAS 39 and included in the financial liabilities designated at fair value through profit or loss as of 1 January 2018 under IFRS 9;
- \_ embedded derivatives assets with a carrying amount of EUR 26 million (decreasing the carrying amount of liabilities) that were separated under IAS 39 and included in the financial liabilities designated at fair value through profit or loss as of 1 January 2018 under IFRS 9;
- \_ the amount of EUR 509 million related to portfolio fair value hedges (presented in the separate line item 'Changes in fair value of portfolio hedged items' under IAS 39) included in the financial liabilities designated at fair value through profit or loss as of 1 January 2018 under IFRS 9; and
- \_ other liabilities with a carrying amount of EUR 27 million that due to their economic relation to the underlying bonds, were transferred to debt securities issued designated at fair value through profit or loss.

## ii. Reconciliation of carrying amounts of financial assets based on measurement categories

| in EUR million   | Com-<br>ments | IAS 39<br>carrying<br>amount<br>31 Dec 17 | Reclassi-<br>fications | Remeas-<br>urement | IFRS 9<br>carrying<br>amount<br>1 Jan 18 | Retained<br>earnings<br>effects | OCI<br>effects |
|--|---------------|---|------------------------|--------------------|--|---------------------------------|----------------|
| <b>Amortised cost</b>  | a             | 186,743                                   | 0                      | 0                  | 186,743                                  | 0                               | 0              |
| Additions:   |               |   |                        |                    |  |                                 |                |
| from IAS 39 FVOCI (AFS) – debt securities  | b             | 0   | 4,119                  | -244               | 3,875                                    | -2                              | -242           |
| from IAS 39 FVPL (FVO) – debt securities   |               | 0   | 3                      | 0                  | 3  | 0                               | 0              |
| from IAS 39 AC (L&R, HTM) (impairment remeasurement)                                 |               | 0   | 0                      | -107               | -107                                     | -107                            | 0              |
| Subtractions:  |               |   |                        |                    |  |                                 |                |
| to IFRS 9 FVOCI (IAS 39: HTM) – debt securities                                      | c             | 0   | -666                   | 0                  | -666                                     | 0                               | 0              |
| to IFRS 9 Designated at FVPL (IAS 39: L&R) – debt securities                         |               | 0   | -17                    | 0                  | -17                                      | 0                               | 0              |
| to IFRS 9 Designated at FVPL (IAS 39: HTM) – debt securities                         |               | 0   | -17                    | 0                  | -17                                      | 0                               | 0              |
| to IFRS 9 Mandatorily at FVPL (IAS 39: L&R) – loans and advances to customers        | d             | 0   | -459                   | 0                  | -459                                     | 0                               | 0              |
| to IFRS 9 Mandatorily at FVPL (IAS 39: HTM) – debt securities                        |               | 0   | -27                    | 0                  | -27                                      | 0                               | 0              |
| <b>Total change</b>  |               | 0   | 2,936                  | -351               | 2,585                                    | -109                            | -242           |
| <b>Total - amortised cost</b>  | e             | 186,743                                   | 2,936                  | -351               | 189,328                                  | -109                            | -242           |
| <b>Fair value through other comprehensive income</b>                                 |               | 16,060                                    | 0                      | 0                  | 16,060                                   | 0                               | 0              |
| <b>Fair value through other comprehensive income – debt securities</b>               | f             | 15,541                                    | 0                      | 0                  | 15,541                                   | 0                               | 0              |
| Additions:   |               |   |                        |                    |  |                                 |                |
| from IAS 39 AC (HTM)   | c             | 0   | 666                    | 17                 | 684                                      | 0                               | 17             |
| from IAS 39 FVPL (FVO)   |               | 0   | 14                     | 0                  | 14                                       | 1                               | -1             |
| from IAS 39 AFS (impairment remeasurement)   |               | 0   | 0                      | 0                  | 0  | -11                             | 11             |
| Subtractions:  |               |   |                        |                    |  |                                 |                |
| to IFRS 9 AC (IAS 39: AFS)   | b             | 0   | -4,119                 | 0                  | -4,119                                   | 0                               | 0              |
| to IFRS 9 Mandatorily at FVPL (IAS 39: AFS)  | g             | 0   | -2,004                 | 0                  | -2,004                                   | 0                               | 0              |
| <b>Subtotal change – debt securities at FVOCI</b>                                    |               | 0   | -5,443                 | 17                 | -5,426                                   | -10                             | 27             |
| <b>Subtotal – debt securities at FVOCI</b>   |               | 15,541                                    | -5,443                 | 17                 | 10,116                                   | -10                             | 27             |
| <b>Fair value through other comprehensive income – equity instruments</b>            | f             | 519                                       | 0                      | 0                  | 519                                      | 0                               | 0              |
| Subtractions:  |               |   |                        |                    |  |                                 |                |
| to IFRS 9 FVPL (IAS 39: AFS)   | h             | 0   | -264                   | 0                  | -264                                     | 0                               | 0              |
| <b>Subtotal change – equity instruments at FVOCI</b>                                 |               | 0   | -264                   | 0                  | -264                                     | 0                               | 0              |
| <b>Subtotal – equity instruments at FVOCI</b>  |               | 519                                       | -264                   | 0                  | 255                                      | 0                               | 0              |
| <b>Total change</b>  |               | 0   | -5,707                 | 17                 | -5,690                                   | -10                             | 27             |
| <b>Total – fair value through other comprehensive income</b>                         |               | 16,060                                    | -5,707                 | 17                 | 10,370                                   | -10                             | 27             |
| <b>Fair value through profit or loss</b>   | i             | 6,866                                     | 0                      | 0                  | 6,866                                    | 0                               | 0              |
| Additions:   |               |   |                        |                    |  |                                 |                |
| from IAS 39 AC (L&R) (IFRS 9: Designated at FVPL) – debt securities                  |               | 0   | 17                     | 0                  | 17                                       | 0                               | 0              |
| from IAS 39 AC (L&R) (IFRS 9: Mandatorily at FVPL) – loans and advances to customers | d             | 0   | 459                    | 21                 | 480                                      | 21                              | 0              |
| from IAS 39 AC (HTM) (IFRS 9: Designated at FVPL) – debt securities                  |               | 0   | 17                     | 1                  | 17                                       | 1                               | 0              |
| from IAS 39 AC (HTM) (IFRS 9: Mandatorily at FVPL) – debt securities                 |               | 0   | 27                     | 1                  | 28                                       | 1                               | 0              |
| from IAS 39 FVOCI (AFS) (IFRS 9: Mandatorily at FVPL) – debt securities              | g             | 0   | 2,004                  | 0                  | 2,004                                    | 99                              | -99            |
| from IAS 39 FVOCI (AFS) – equity instruments   | h             | 0   | 264                    | 0                  | 264                                      | 63                              | -63            |
| from hedge accounting derivatives  |               | 0   | 756                    | 0                  | 756                                      | 0                               | 0              |
| Subtractions:  |               |   |                        |                    |  |                                 |                |
| to IFRS 9 AC (IAS 39: FVO) – debt securities   |               | 0   | -3                     | 0                  | -3                                       | 0                               | 0              |
| to IFRS 9 FVOCI (IAS 39: FVO) – debt securities                                      |               | 0   | -14                    | 0                  | -14                                      | 0                               | 0              |
| <b>Total change</b>  |               | 0   | 3,528                  | 22                 | 3,550                                    | 185                             | -162           |
| <b>Total – fair value through profit or loss</b>                                     | j             | 6,866                                     | 3,528                  | 22                 | 10,416                                   | 185                             | -162           |
| <b>Total – financial assets</b>  | k             | 209,669                                   | 756                    | -311               | 210,114                                  | 66                              | -377           |

Note: Remeasurement includes effects of both revaluation and impairment changes.

(a) The amount includes IAS 39 balance sheet line items with following carrying amounts in EUR million:

- cash and cash balances: 21,796;
- loans and receivables to credit institutions: 9,126;
- loans and receivables to customers: 136,021 (excluding finance lease receivables); and
- financial assets – held to maturity: 19,800.

(b) Debt securities that were classified as available for sale and measured at FVOCI under IAS 39 and that are part of the portfolios connected to asset and liability management activities were reclassified to the amortised cost measurement category under IFRS 9 due to the business model of holding the assets to collect contractual cash flows.

(c) Debt securities previously classified as held to maturity and measured at amortised cost under IAS 39 were reclassified to the FVOCI measurement category under IFRS 9 due to the application of the business model whose objective is achieved by both holding the assets to collect the contractual cash flows and selling the assets.

(d) The reclassification relates largely to loans to customers that do not have contractual cash flows that are solely payments of principal and interest (SPPI) and thus have to be measured at FVPL. The most significant cases are loans having interest mismatch features that do not pass the quantitative testing required by IFRS 9 (see description in the part ‘SPPI assessment’ of chapter ‘Significant accounting judgements, assumptions and estimates’) and loans having a leverage element in the contractual interest rate.

(e) The IFRS 9 carrying amount as at 1 January 2018 includes IFRS 9 balance sheet line items with following carrying amounts in EUR million:

- \_ cash and cash balances 21,795;
- \_ financial assets at amortised cost:
  - \_ debt securities: 23,094;
  - \_ loans and advances to banks: 9,043;
  - \_ loans and advances to customers: 134,454; and
  - \_ trade and other receivables: 942.

(f) The carrying amount of debt securities at FVOCI (AFS) under IAS 39 also includes:

- \_ Investments in funds with a carrying amount of EUR 599 million that until 2017 were treated as equity instruments in the financial statements. Emphasis was put on their economic substance of being equity security-like. From 2018, Erste Group has started to classify them as debt instruments. Preference is put on the puttable feature due to which they meet the definition of a liability in accordance with IAS 32. Thus, they are debt instruments both from the issuer and the investor perspective. In the transition disclosures they are treated as debt instruments also in respect of the IAS 39 carrying amount.
- \_ Certain investments in hybrid instruments with a carrying amount of EUR 46 million that were classified as equity instruments under IAS 39. Their classification as debt vs equity instruments was analysed upon the transition to IFRS 9 with a conclusion that they are debt instruments. In the transition disclosures they are treated as debt instruments also in respect of the IAS 39 carrying amount.

As a result, the reclassification between the debt and equity instruments also impacted the carrying amount of equity instruments at FVOCI (AFS) under IAS 39 which, compared to the amount presented in the 2017 financial statements, is decreased by the above amounts in the transition disclosures.

(g) The cases of reclassifications of debt securities from the available for sale category measured at FVOCI under IAS 39 to the mandatorily at FVPL category under IFRS 9 were:

- \_ financial assets held by investment funds consolidated by Erste Group with a carrying amount of EUR 1,007 million reclassified due to being managed and evaluated on a fair value basis;
- \_ investments in funds that are not consolidated by Erste Group with a carrying amount of EUR 599 million reclassified due to the assets having contractual cash flows that are not SPPI;
- \_ debt securities with a carrying amount of EUR 235 million reclassified due to the assets having contractual cash flows that are not SPPI; and
- \_ investments in securitisations with a carrying amount of EUR 162 million reclassified due to expectations that their value will be primarily realised through sales.

(h) The reclassification from the available for sale category under IAS 39 to the fair value through profit or loss category under IFRS 9 relates to those investments in equity instruments that are not held for trading and that were not designated as measured at FVOCI upon the transition to IFRS 9.

(i) The amount includes IAS 39 balance sheet line items with following carrying amounts in EUR million:

- \_ derivatives – held for trading: 3,307.  
This amount excludes embedded derivatives with a carrying amount of EUR 26 million that were separated under IAS 39 and that were included in the financial liabilities designated at fair value through profit or loss as of 1 January 2018 under IFRS 9;
- \_ other trading assets: 3,016; and financial assets - at fair value through profit or loss: 543.

(j) The IFRS 9 carrying amount as at 1 January 2018 includes IFRS 9 balance sheet line items with following carrying amounts in EUR million:

- \_ derivatives – held for trading: 4,064;
- \_ other trading assets: 3,016;
- \_ non-trading financial assets at FVPL:
  - \_ equity instruments: 264;
  - \_ debt securities mandatorily at FVPL: 2,170;
  - \_ debt securities designated at FVPL: 422; and
  - \_ loans and advances to customers mandatorily at FVPL: 480.

(k) The total in the reclassification column amounts to EUR 756 million and equals the carrying amount of hedge accounting derivatives which were dedesignated as of 1 January 2018 and became derivatives – held for trading. As hedge accounting derivatives did not constitute an official IAS 39 measurement category their subtractions are not captured in the table and they only appear as additions under the fair value through profit or loss category.

### iii. Reconciliation of carrying amounts of financial liabilities based on measurement categories

| in EUR million   | Com-<br>ments | IAS 39<br>carrying<br>amount<br>31 Dec 17 | Reclassi-<br>fications | Remeas-<br>urement | IFRS 9<br>carrying<br>amount<br>1 Jan 18 | Retained<br>earnings<br>effects | OCI<br>effects |
|--|---------------|---|------------------------|--------------------|--|---------------------------------|----------------|
| <b>Amortised cost</b>  | a             | 192,649                                   | 0                      | 0                  | 192,649                                  | 0                               | 0              |
| Subtractions:  |               |   |                        |                    |  |                                 |                |
| to IFRS 9 FVO (IAS 39: AC)   | b             | 0   | -12,589                | 0                  | -12,589                                  | 0                               | 0              |
| <b>Total change</b>  |               | 0   | -12,589                | 0                  | -12,589                                  | 0                               | 0              |
| <b>Total – amortised cost</b>  | c             | 192,649                                   | -12,589                | 0                  | 180,060                                  | 0                               | 0              |
| <b>Fair value through profit or loss</b>   | d             | 4,953                                     | 0                      | 0                  | 4,953                                    | 0                               | 0              |
| Additions:   |               |   |                        |                    |  |                                 |                |
| from IAS 39 AC   | b             | 0   | 12,589                 | 442                | 13,031                                   | 161                             | -603           |
| from IAS 39 FVO to IFRS 9 FVO (Reclassification of FV change due to credit risk) |               | 0   | 0                      | 0                  | 0  | 145                             | -145           |
| from hedge accounting derivatives  |               | 0   | 58                     | 0                  | 58                                       | 0                               | 0              |
| <b>Total change</b>  |               | 0   | 12,647                 | 442                | 13,089                                   | 306                             | -748           |
| <b>Total – fair value through profit or loss</b>                                 | e             | 4,953                                     | 12,647                 | 442                | 18,042                                   | 306                             | -748           |
| <b>Total – financial liabilities</b>   | f             | 197,602                                   | 58                     | 442                | 198,102                                  | 306                             | -748           |

(a) The amount includes IAS 39 balance sheet line items with following carrying amounts in EUR million:

- \_ deposits from banks: 16,373;  
This amount also includes EUR 24 million related to portfolio fair value hedges (presented in the separate line item ‘Changes in fair value of portfolio hedged items’ under IAS 39). This amount was transferred against the carrying amount of financial liabilities when portfolio fair value hedges were de-designated and single fair value hedges were newly designated as of 1 January 2018;
- \_ deposits from customers: 150,921;
- \_ debt securities issued: 24,255, this amounts also includes:
  - \_ effect of embedded derivatives assets with a carrying amount of EUR 26 million (decreasing the carrying amount of liabilities) and embedded derivative liabilities with a carrying amount of EUR 270 million that were separated under IAS 39 and presented as held for trading. They were included in the financial liabilities designated at fair value through profit or loss as of 1 January 2018 under IFRS 9;
  - \_ the amount of EUR 642 million related to portfolio fair value hedges (presented in the separate line item ‘Changes in fair value of portfolio hedged items’ under IAS 39); As of 1 January 2018 under IFRS 9, the amount was included in the financial liabilities designated at fair value through profit or loss (EUR 509 million) and in the financial liabilities measured at amortised cost designated as hedged items in single fair value hedges (EUR 133 million);
  - \_ amount reported in other liabilities under IAS 39 with a carrying amount of EUR 27 million that upon transition to IFRS 9 was analysed and, due to the economic relation of these liabilities to the underlying bonds, was transferred to debt securities issued; and
  - \_ other financial liabilities 1,099.

(b) The amounts related to financial liabilities measured at amortised cost under IAS 39 and designated at fair value through profit or loss as of 1 January 2018 under IFRS 9 consist of:

- \_ debt securities issued with a reclassification amount of EUR 11,922 million and a remeasurement amount of EUR 437 million;
- \_ deposits from customers with a reclassification amount of EUR 133 million and a remeasurement amount of EUR 4 million; and

\_ other financial liabilities (fund units issued by funds consolidated by Erste Group) with a reclassification amount of EUR 534 million. The effect of the fair value changes resulting from credit risk of the financial liabilities that is recognised in OCI amounts to EUR 748 million, thereof EUR 603 million are attributable to newly designated financial liabilities.

(c) The IFRS 9 carrying amount as at 1 January 2018 includes IFRS 9 balance sheet line items with following carrying amounts in EUR million:

- \_ deposits from banks: 16,374;
- \_ deposits from customers: 150,788;
- \_ debt securities issued: 12,333; and
- \_ other financial liabilities: 565.

(d) The amount includes IAS 39 balance sheet line items with following carrying amounts in EUR million:

- \_ derivatives – held for trading: 2,663.
- This amount excludes embedded derivatives with a carrying amount of EUR 270 million that became part of financial liabilities designated at fair value through profit or loss as of 1 January 2018 under IFRS 9;
- \_ other trading liabilities: 489;
- \_ financial liabilities - at fair value through profit or loss:
  - \_ deposits from customers: 49; and
  - \_ debt securities issued: 1,753.

(e) The IFRS 9 carrying amount as at 1 January 2018 includes IFRS 9 balance sheet line items with following carrying amounts in EUR million:

- \_ derivatives: 2,721;
- \_ other trading liabilities: 489;
- \_ financial liabilities designated at fair value through profit or loss:
  - \_ deposits from customers: 186;
  - \_ debt securities issued: 14,113; and
  - \_ other financial liabilities: 534.

(f) The total in the reclassification column amounts to EUR 58 million and equals the carrying amount of hedge accounting derivatives which were dedesignated as of 1 January 2018 and became derivatives – held for trading. As hedge accounting derivatives did not constitute an official IAS 39 measurement category their subtractions are not captured in the table and they only appear as additions under the fair value through profit or loss category.

#### iv. Reconciliation of impairment allowances

The following table reconciles the amounts of loss allowances as at 31 December 2017 based on the IAS 39 incurred loss impairment model with the amounts as at 1 January 2018 subject to the IFRS 9 expected credit loss impairment model:

| in EUR million  | IAS 39/IAS 37<br>31 Dec 17 | Reclassifications | Remeasurement | IFRS 9<br>1 Jan 18 |
|---|----------------------------|-------------------|---------------|--------------------|
| Debt instruments at AC  | -3,833                     | 40                | -215          | -4,008             |
| Debt instruments at FVOCI   | 0                          | -8                | -5            | -13                |
| Finance lease   | -154                       | 0                 | -18           | -172               |
| Off balance-sheet exposures (loan commitments and guarantees given) | -323                       | 0                 | 16            | -307               |
| <b>Total</b>  | <b>-4,310</b>              | <b>32</b>         | <b>-223</b>   | <b>-4,500</b>      |

The column Reclassifications relates to changes in impairment allowances due to differences in the scope of requirements between IFRS 9 and IAS 39. As a result, the decrease in impairment due to reclassifications amounting to EUR 32 million:

- \_ relates mainly to reversals of IAS 39-based loan loss provisions recognised under IAS 39 in respect of debt instruments (mainly loans) that were classified as mandatorily at FVPL under IFRS 9;
- \_ is also affected by increase in loss allowances newly recognised on 1 January 2018 of EUR 8 million in respect of former AFS debt securities classified at FVOCI under IFRS 9. However this change did not impact the group equity upon transition to IFRS 9.

The column Remeasurement relates to changes in impairment allowances that were (under IAS 39 for financial assets and under IAS 37 for off-balance sheet credit risk bearing exposures) and continue to stay (under IFRS 9) in the impairment calculation scope. In this respect:

- \_ the line 'Debt instruments at AC' captures differences in loss allowances for debt instruments measured at amortised cost under IFRS 9 that were previously classified as loans and receivables (other than trade and other receivables) and held-to-maturity in accordance with IAS 39;
- \_ the line 'Debt instruments at FVOCI' reconciles the loss allowances for debt instruments measured at FVOCI under IFRS 9 that were classified as held-to-maturity.

Further, the increase in impairments amounting to EUR 223 million attributable to remeasurement includes following special effects that did not impact the group equity upon transition to IFRS 9:

- \_ an increase of EUR 303 million representing additional impairment allowances against credit-impaired loans ('Stage 3') in respect of which contractual interest receivables accruing after default were 'suspended' off-balance up to 31 December 2017 but were re-integrated in the on-balance gross carrying amounts of the related assets as of 1 January 2018;
- \_ a decrease of EUR 187 million related to impairments of loans that were retrospectively identified as originated credit-impaired upon transition to IFRS 9. These impairments were included in the gross carrying amounts of the related assets as of 1 January 2018 (irrespective of whether cured or still defaulted).

As a result, the impairment remeasurements had a negative impact on the group equity amounting to EUR 106 million. Overall, the re-classifications and remeasurements impairment effects decreased the group equity by EUR 66 million.

#### v. Deferred tax effects upon transition to IFRS 9

The following table presents the changes in the carrying amounts of Erste Group's deferred tax assets and liabilities due to the initial application of IFRS 9:

| in EUR million           | IAS 39<br>Closing balance<br>31 Dec 17 | IFRS 9<br>Opening balance<br>1 Jan 18 | Retained<br>earnings<br>effects | OCI effects |
|--------------------------|--|---------------------------------------|---------------------------------|-------------|
| Deferred tax assets      | 258                                    | 299                                   | -277                            | 318         |
| Deferred tax liabilities | -61                                    | -38                                   | 225                             | -202        |

## 1. Net interest income

| in EUR million  | 1-9 17         | 1-9 18          |
|---|----------------|-----------------|
| Financial assets held to maturity                                 | 400.5          | 0.0             |
| Loans and receivables   | 3,023.5        | 0.0             |
| Financial assets at amortised cost                                | 0.0            | 3,635.7         |
| Financial assets available for sale                               | 257.1          | 0.0             |
| Financial assets at fair value through other comprehensive income | 0.0            | 163.7           |
| <b>Interest income</b>  | <b>0.0</b>     | <b>3,799.4</b>  |
| Non-trading financial assets at fair value through profit or loss | 0.0            | 50.9            |
| Financial assets held for trading                                 | 479.7          | 1,152.0         |
| Financial assets at fair value through profit or loss             | 10.1           | 0.0             |
| Derivatives - hedge accounting, interest rate risk                | -17.6          | 16.7            |
| Other assets  | 19.3           | 76.4            |
| Negative interest from financial liabilities                      | 51.6           | 39.6            |
| Other similar income  | 0.0            | 1,335.6         |
| <b>Interest and other similar income</b>                          | <b>4,224.1</b> | <b>5,135.0</b>  |
| Financial liabilities at amortised cost                           | -889.6         | -732.9          |
| <b>Interest expenses</b>  | <b>0.0</b>     | <b>-732.9</b>   |
| Financial liabilities at fair value through profit or loss        | -39.6          | -316.5          |
| Financial liabilities held for trading                            | -279.3         | -731.5          |
| Derivatives - hedge accounting, interest rate risk                | 272.3          | 108.4           |
| Other liabilities   | -14.3          | -19.7           |
| Negative Interest from financial assets                           | -44.2          | -70.8           |
| Other similar expenses  | 0.0            | -1,030.2        |
| <b>Interest and other similar expenses</b>                        | <b>-994.8</b>  | <b>-1,763.0</b> |
| <b>Net interest income</b>  | <b>3,229.3</b> | <b>3,372.0</b>  |

In the reporting period an amount of EUR 57.4 million relating to impaired financial assets is included in various line items of net interest income. Net interest income includes modification gains or losses of financial instruments which are allocated to the Stage 1.

## 2. Net fee and commission income

| in EUR million  | 1-9 17         | 1-9 18         |
|---|----------------|----------------|
| <b>Securities</b>                                     | <b>149.7</b>   | <b>137.1</b>   |
| Issues  | 26.9           | 23.6           |
| Transfer orders                                       | 117.8          | 106.1          |
| Other   | 5.0            | 7.4            |
| <b>Clearing and settlement</b>                        | <b>5.5</b>     | <b>1.9</b>     |
| <b>Asset management</b>                               | <b>209.6</b>   | <b>226.6</b>   |
| <b>Custody</b>  | <b>60.2</b>    | <b>59.0</b>    |
| <b>Fiduciary transactions</b>                         | <b>2.3</b>     | <b>2.1</b>     |
| <b>Payment services</b>                               | <b>655.0</b>   | <b>671.3</b>   |
| Card business   | 141.3          | 149.2          |
| Other   | 513.8          | 522.2          |
| <b>Customer resources distributed but not managed</b> | <b>121.6</b>   | <b>144.9</b>   |
| Collective investment                                 | 9.6            | 5.3            |
| Insurance products                                    | 83.4           | 100.5          |
| Building society brokerage                            | 9.5            | 15.2           |
| Foreign exchange transactions                         | 18.0           | 18.7           |
| Other   | 1.1            | 5.2            |
| <b>Structured finance</b>                             | <b>0.0</b>     | <b>-0.1</b>    |
| <b>Servicing fees from securitization activities</b>  | <b>0.0</b>     | <b>0.0</b>     |
| <b>Lending business</b>                               | <b>108.2</b>   | <b>126.0</b>   |
| Guarantees given, guarantees received                 | 40.9           | 45.2           |
| Loan commitments given, loan commitments received     | 16.8           | 19.7           |
| Other lending business                                | 50.5           | 61.1           |
| Other   | 49.7           | 61.9           |
| <b>Net fee and commission income</b>                  | <b>1,361.9</b> | <b>1,430.7</b> |

Asset management, custody and fiduciary transactions fees relate to fees earned by Erste Group on trust and fiduciary activities in which Erste Group holds or invests assets on behalf of its customers.

The fees and commission above include net income of EUR 141.2 million relating to financial assets and financial liabilities not measured at fair value through profit or loss. These figures exclude amounts incorporated in determining the effective interest rate on such financial assets and financial liabilities.

### 3. Dividend income

| in EUR million  | 1-9 17      | 1-9 18      |
|---|-------------|-------------|
| Financial assets held for trading                                 | 0.6         | 1.8         |
| Financial assets at fair value through profit or loss             | 2.1         | 0.0         |
| Non-trading financial assets at fair value through profit or loss | 0.0         | 11.2        |
| Financial assets available for sale                               | 34.7        | 0.0         |
| Financial assets at fair value through other comprehensive income | 0.0         | 9.3         |
| <b>Dividend income</b>  | <b>37.5</b> | <b>22.3</b> |

### 4. Net trading result

| in EUR million                     | 1-9 17       | 1-9 18       |
|------------------------------------|--------------|--------------|
| Securities and derivatives trading | 6.1          | -212.2       |
| Foreign exchange transactions      | 146.7        | 167.7        |
| Result from hedge accounting       | -13.6        | -5.8         |
| <b>Net trading result</b>          | <b>139.3</b> | <b>-50.4</b> |

### 5. Gains/losses from financial instruments measured at fair value through profit or loss

| in EUR million  | 1-9 17      | 1-9 18       |
|---|-------------|--------------|
| Result from measurement/sale of financial assets designated at fair value through profit or loss        | 10.5        | -16.0        |
| Result from measurement/sale of financial liabilities designated at fair value through profit or loss   | 1.6         | 165.5        |
| <b>Result from financial assets and liabilities designated at fair value through profit or loss</b>     | <b>12.1</b> | <b>149.6</b> |
| Result from measurement/repurchase of financial assets mandatorily at fair value through profit or loss | 0.0         | 16.2         |
| <b>Gains/losses from financial instruments measured at fair value through profit or loss</b>            | <b>12.1</b> | <b>165.8</b> |

### 6. Rental income from investment properties & other operating leases

| in EUR million   | 1-9 17       | 1-9 18       |
|--|--------------|--------------|
| Investment properties  | 62.5         | 63.8         |
| Other operating leases   | 84.1         | 82.0         |
| <b>Rental income from investment properties &amp; other operating leases</b> | <b>146.6</b> | <b>145.8</b> |

## 7. General administrative expenses

| in EUR million   | 1-9 17          | 1-9 18          |
|--|-----------------|-----------------|
| <b>Personnel expenses</b>  | <b>-1,747.2</b> | <b>-1,830.5</b> |
| Wages and salaries   | -1,316.9        | -1,387.5        |
| Compulsory social security                                       | -341.2          | -339.4          |
| Long-term employee provisions                                    | -15.8           | -22.1           |
| Other personnel expenses   | -73.3           | -81.4           |
| <b>Other administrative expenses</b>                             | <b>-925.2</b>   | <b>-921.5</b>   |
| Deposit insurance contribution                                   | -74.7           | -84.2           |
| IT expenses  | -304.8          | -303.8          |
| Expenses for office space  | -176.2          | -175.1          |
| Office operating expenses  | -84.6           | -84.4           |
| Advertising/marketing  | -112.4          | -116.5          |
| Legal and consulting costs                                       | -106.0          | -92.5           |
| Sundry administrative expenses                                   | -66.6           | -65.0           |
| <b>Depreciation and amortisation</b>                             | <b>-341.1</b>   | <b>-350.3</b>   |
| Software and other intangible assets                             | -126.0          | -135.4          |
| Owner occupied real estate                                       | -56.4           | -56.3           |
| Investment properties  | -17.6           | -19.4           |
| Customer relationships   | -6.4            | -6.7            |
| Office furniture and equipment and sundry property and equipment | -134.8          | -132.5          |
| <b>General administrative expenses</b>                           | <b>-3,013.6</b> | <b>-3,102.3</b> |

## 8. Gains/losses from financial assets and liabilities not measured at fair value through profit or loss, net

| in EUR million   | 1-9 17      | 1-9 18     |
|--|-------------|------------|
| From sale of financial assets available for sale   | 66.0        | 0.0        |
| From sale of financial assets held to maturity   | 2.6         | 0.0        |
| From sale of loans and receivables   | 3.8         | 0.0        |
| From repurchase of liabilities measured at amortised cost  | -1.6        | 0.0        |
| <b>Gains/losses from financial assets and liabilities not measured at fair value through profit or loss, net</b> | <b>70.8</b> | <b>0.0</b> |

## 9. Gains/losses from derecognition of financial assets measured at amortised cost

| in EUR million  | 1-9 17     | 1-9 18     |
|---|------------|------------|
| Gains from sale of financial assets at amortised cost                                 | 0.0        | 1.8        |
| Losses from sale of financial assets at amortised cost                                | 0.0        | -1.6       |
| <b>Gains/losses from derecognition of financial assets measured at amortised cost</b> | <b>0.0</b> | <b>0.2</b> |

## 10. Other gains/losses from derecognition of financial instruments not measured at fair value through profit or loss

| in EUR million  | 1-9 17     | 1-9 18     |
|---|------------|------------|
| From sale of financial assets at fair value through other comprehensive income  | 0.0        | 10.5       |
| From sale of financial lease receivables  | 0.0        | 0.0        |
| From repurchase of liabilities measured at amortised cost   | 0.0        | -0.7       |
| <b>Other gains/losses from derecognition of financial instruments not measured at fair value through profit or loss</b> | <b>0.0</b> | <b>9.7</b> |

## 11. Net impairment loss on financial assets

| in EUR million                                       | 1-9 17       | 1-9 18     |
|--|--------------|------------|
| Financial assets available for sale                  | -14.6        | 0.0        |
| Loans and receivables                                | -56.9        | 0.0        |
| Allocation to risk provisions                        | -1,440.5     | 0.0        |
| Release of risk provisions                           | 1,315.5      | 0.0        |
| Direct write-offs                                    | -61.4        | 0.0        |
| Recoveries recorded directly to the income statement | 129.4        | 0.0        |
| Financial assets held to maturity                    | 0.1          | 0.0        |
| <b>Net impairment loss on financial assets</b>       | <b>-71.5</b> | <b>0.0</b> |

## 12. Impairment result from financial instruments

| in EUR million  | 1-9 17     | 1-9 18       |
|---|------------|--------------|
| Financial assets at fair value through other comprehensive income | 0.0        | 2.6          |
| Financial assets at amortised cost                                | 0.0        | 87.8         |
| Net allocation to risk provisions                                 | 0.0        | 32.3         |
| Direct write-offs   | 0.0        | -33.3        |
| Recoveries recorded directly to the income statement              | 0.0        | 93.6         |
| Modification gains or losses                                      | 0.0        | -4.8         |
| Finance lease   | 0.0        | 6.0          |
| Net allocation of provisions for commitments and guarantees given | 0.0        | 5.8          |
| <b>Impairment result from financial instruments</b>               | <b>0.0</b> | <b>102.2</b> |

## 13. Other operating result

| in EUR million  | 1-9 17        | 1-9 18        |
|---|---------------|---------------|
| <b>Other operating expenses</b>   | <b>-522.4</b> | <b>-195.1</b> |
| Allocation to other provisions  | -157.2        | -30.2         |
| Allocation to provisions for commitments and guarantees given               | -186.2        | 0.0           |
| Levies on banking activities  | -82.1         | -88.1         |
| Banking tax   | -50.1         | -53.9         |
| Financial transaction tax   | -32.0         | -34.2         |
| Other taxes   | -31.3         | -6.4          |
| Recovery and resolution fund contributions                                  | -65.6         | -70.4         |
| <b>Other operating income</b>   | <b>288.9</b>  | <b>78.7</b>   |
| Release of other provisions   | 45.7          | 78.7          |
| Release of provisions for commitments and guarantees given                  | 243.2         | 0.0           |
| Result from properties/movables/other intangible assets other than goodwill | 1.3           | -56.5         |
| Result from other operating expenses/income                                 | -64.3         | -64.1         |
| <b>Other operating result</b>   | <b>-296.6</b> | <b>-237.0</b> |

## 14. Taxes on income

The consolidated net tax expense for the reporting period amounted to EUR 355.0 million (EUR 365.9 million), thereof EUR 30.1 million (EUR 96.5 million) net deferred tax expense.

## 15. Cash and cash balances

| in EUR million                               | Dec 17        | Sep 18        |
|--|---------------|---------------|
| Cash on hand                                 | 4,303         | 5,425         |
| Cash balances at central banks               | 16,466        | 8,878         |
| Other demand deposits at credit institutions | 1,028         | 934           |
| <b>Cash and cash balances</b>                | <b>21,796</b> | <b>15,237</b> |

## 16. Derivatives held for trading

| in EUR million                              | Dec 17         |                     |                     | Sep 18         |                     |                     |
|---|----------------|---------------------|---------------------|----------------|---------------------|---------------------|
|   | Notional value | Positive fair value | Negative fair value | Notional value | Positive fair value | Negative fair value |
| <b>Derivatives held in the trading book</b> | <b>177,692</b> | <b>3,433</b>        | <b>3,063</b>        | <b>192,113</b> | <b>3,181</b>        | <b>3,007</b>        |
| Interest rate                               | 115,445        | 2,929               | 2,611               | 117,007        | 2,616               | 2,509               |
| Equity                                      | 494            | 5                   | 2                   | 208            | 8                   | 4                   |
| Foreign exchange                            | 61,294         | 496                 | 443                 | 74,438         | 532                 | 489                 |
| Credit                                      | 403            | 2                   | 7                   | 304            | 6                   | 6                   |
| Commodity                                   | 56             | 0                   | 0                   | 0              | 0                   | 0                   |
| Other                                       | 0              | 0                   | 0                   | 155            | 18                  | 0                   |
| <b>Derivatives held in the banking book</b> | <b>30,555</b>  | <b>795</b>          | <b>958</b>          | <b>26,318</b>  | <b>1,239</b>        | <b>295</b>          |
| Interest rate                               | 15,069         | 526                 | 731                 | 16,212         | 1,057               | 159                 |
| Equity                                      | 2,990          | 127                 | 59                  | 4,462          | 134                 | 26                  |
| Foreign exchange                            | 11,580         | 102                 | 153                 | 5,064          | 42                  | 109                 |
| Credit                                      | 436            | 15                  | 14                  | 385            | 6                   | 2                   |
| Commodity                                   | 2              | 0                   | 0                   | 0              | 0                   | 0                   |
| Other                                       | 479            | 25                  | 1                   | 195            | 1                   | 0                   |
| <b>Total gross amounts</b>                  | <b>208,247</b> | <b>4,228</b>        | <b>4,021</b>        | <b>218,431</b> | <b>4,420</b>        | <b>3,303</b>        |
| Offset                                      |                | -895                | -1,087              |                | -1,117              | -1,150              |
| <b>Total</b>                                |                | <b>3,333</b>        | <b>2,934</b>        |                | <b>3,303</b>        | <b>2,153</b>        |

Erste Group undertakes a part of interest rate derivative and credit derivative transactions via Clearing Houses. These derivatives and related cash margin balances fulfil the requirements for balance sheet offsetting.

## 17. Other financial assets held for trading

| in EUR million                                 | Dec 17       | Sep 18       |
|--|--------------|--------------|
| Equity instruments                             | 129          | 98           |
| Debt securities                                | 2,887        | 2,632        |
| General governments                            | 2,167        | 1,887        |
| Credit institutions                            | 507          | 495          |
| Other financial corporations                   | 41           | 70           |
| Non-financial corporations                     | 172          | 181          |
| <b>Other financial assets held for trading</b> | <b>3,016</b> | <b>2,731</b> |

## 18. Financial assets at fair value through profit or loss

| in EUR million   | Dec 17     | Sep 18   |
|--|------------|----------|
| Equity instruments   | 140        | 0        |
| Debt securities  | 400        | 0        |
| General governments  | 68         | 0        |
| Credit institutions  | 281        | 0        |
| Other financial corporations                                 | 52         | 0        |
| Loans and advances   | 3          | 0        |
| <b>Financial assets at fair value through profit or loss</b> | <b>543</b> | <b>0</b> |

## 19. Non-trading financial assets at fair value through profit or loss

| in EUR million   | Sep 18     |              |
|--|------------|--------------|
|  | Designated | Mandatorily  |
| Equity instruments   | 0          | 303          |
| Debt securities  | 648        | 2,069        |
| General governments  | 188        | 578          |
| Credit institutions  | 400        | 327          |
| Other financial corporations   | 59         | 1,006        |
| Non-financial corporations   | 0          | 159          |
| Loans and advances to customers  | 0          | 383          |
| General governments  | 0          | 14           |
| Other financial corporations   | 0          | 25           |
| Non-financial corporations   | 0          | 159          |
| Households   | 0          | 185          |
| Financial assets designated and mandatorily at fair value through profit or loss | 648        | 2,755        |
| <b>Non-trading financial assets at fair value through profit or loss</b>         |            | <b>3,403</b> |

## 20. Financial assets available for sale

| in EUR million                             | Dec 17        | Sep 18   |
|--|---------------|----------|
| <b>Equity instruments</b>                  | <b>1,164</b>  | <b>0</b> |
| <b>Debt securities</b>                     | <b>14,896</b> | <b>0</b> |
| General governments                        | 10,090        | 0        |
| Credit institutions                        | 1,922         | 0        |
| Other financial corporations               | 724           | 0        |
| Non-financial corporations                 | 2,161         | 0        |
| <b>Financial assets available for sale</b> | <b>16,060</b> | <b>0</b> |

## 21. Financial assets at fair value through other comprehensive income

| in EUR million               | Gross carrying amount | Credit loss allowances |           |          | Accumulated fair value changes | Fair value   |
|------------------------------|-----------------------|------------------------|-----------|----------|--------------------------------|--------------|
|                              |                       | Stage 1                | Stage 2   | Stage 3  |                                |              |
| <b>Sep 18</b>                |                       |                        |           |          |                                |              |
| Equity instruments           | 259                   | 0                      | 0         | 0        | 0                              | 259          |
| Debt securities              | 9,396                 | -8                     | -3        | 0        | 194                            | 9,591        |
| Central banks                | 5                     | 0                      | 0         | 0        | 0                              | 5            |
| General governments          | 7,161                 | -3                     | 0         | 0        | 135                            | 7,295        |
| Credit institutions          | 888                   | -2                     | 0         | 0        | 9                              | 897          |
| Other financial corporations | 259                   | 0                      | 0         | 0        | 16                             | 275          |
| Non-financial corporations   | 1,084                 | -2                     | -3        | 0        | 34                             | 1,118        |
| <b>Total</b>                 | <b>9,656</b>          | <b>-8</b>              | <b>-3</b> | <b>0</b> | <b>194</b>                     | <b>9,850</b> |

## Allowances for financial assets at fair value through other comprehensive income

| in EUR million | As of Jan 18 | Additions | Charge-offs | Changes in credit risk (net) | Transfers between stages | Other    | As of Sep 18 |
|----------------|--------------|-----------|-------------|------------------------------|--------------------------|----------|--------------|
| Stage 1        | -12          | -1        | 1           | 3                            | 0                        | 1        | -8           |
| Stage 2        | -1           | 0         | 0           | -1                           | 0                        | -1       | -3           |
| Stage 3        | 0            | 0         | 0           | 0                            | 0                        | 0        | 0            |
| <b>Total</b>   | <b>-13</b>   | <b>-1</b> | <b>1</b>    | <b>2</b>                     | <b>0</b>                 | <b>0</b> | <b>-11</b>   |

## 22. Financial assets held to maturity

| in EUR million                           | Gross carrying amount |          | Collective allowances |          | Net carrying amount |          |
|--|-----------------------|----------|-----------------------|----------|---------------------|----------|
|  | Dec 17                | Sep 18   | Dec 17                | Sep 18   | Dec 17              | Sep 18   |
| General governments                      | 18,074                | 0        | -2                    | 0        | 18,072              | 0        |
| Credit institutions                      | 1,279                 | 0        | -1                    | 0        | 1,279               | 0        |
| Other financial corporations             | 125                   | 0        | 0                     | 0        | 125                 | 0        |
| Non-financial corporations               | 325                   | 0        | -1                    | 0        | 325                 | 0        |
| <b>Financial assets held to maturity</b> | <b>19,804</b>         | <b>0</b> | <b>-3</b>             | <b>0</b> | <b>19,800</b>       | <b>0</b> |

## 23. Loans and receivables to credit institutions

| in EUR million        | Gross carrying amount | Specific allowances | Collective allowances | Net carrying amount |
|-----------------------|-----------------------|---------------------|-----------------------|---------------------|
| <b>Dec 17</b>         |                       |                     |                       |                     |
| Debt securities       | 102                   | 0                   | -1                    | 101                 |
| Central banks         | 0                     | 0                   | 0                     | 0                   |
| Credit institutions   | 102                   | 0                   | -1                    | 101                 |
| Loans and receivables | 9,031                 | -2                  | -4                    | 9,025               |
| Central banks         | 5,864                 | 0                   | 0                     | 5,864               |
| Credit institutions   | 3,167                 | -2                  | -4                    | 3,161               |
| <b>Total</b>          | <b>9,133</b>          | <b>-2</b>           | <b>-5</b>             | <b>9,126</b>        |

## Allowances for loans and receivables to credit institutions

| in EUR million               | Dec 16    | Allocations | Use      | Releases  | Interest income from impaired loans | Exchange-rate and other changes | Sep 17    | Amounts written off | Recoveries of amounts previously written off |
|------------------------------|-----------|-------------|----------|-----------|-------------------------------------|---------------------------------|-----------|---------------------|--|
| <b>Specific allowances</b>   | <b>-2</b> | <b>0</b>    | <b>0</b> | <b>0</b>  | <b>0</b>                            | <b>0</b>                        | <b>-2</b> | <b>0</b>            | <b>1</b>                                     |
| Debt securities              | 0         | 0           | 0        | 0         | 0                                   | 0                               | 0         | 0                   | 0  |
| Central banks                | 0         | 0           | 0        | 0         | 0                                   | 0                               | 0         | 0                   | 0  |
| Credit institutions          | 0         | 0           | 0        | 0         | 0                                   | 0                               | 0         | 0                   | 0  |
| Loans and receivables        | -2        | 0           | 0        | 0         | 0                                   | 0                               | -2        | 0                   | 1  |
| Central banks                | 0         | 0           | 0        | 0         | 0                                   | 0                               | 0         | 0                   | 0  |
| Credit institutions          | -2        | 0           | 0        | 0         | 0                                   | 0                               | -2        | 0                   | 1  |
| <b>Collective allowances</b> | <b>-5</b> | <b>-9</b>   | <b>0</b> | <b>10</b> | <b>0</b>                            | <b>1</b>                        | <b>-4</b> | <b>0</b>            | <b>0</b>                                     |
| Debt securities              | -1        | 0           | 0        | 1         | 0                                   | 0                               | 0         | 0                   | 0  |
| Central banks                | 0         | 0           | 0        | 0         | 0                                   | 0                               | 0         | 0                   | 0  |
| Credit institutions          | -1        | 0           | 0        | 1         | 0                                   | 0                               | 0         | 0                   | 0  |
| Loans and receivables        | -5        | -9          | 0        | 9         | 0                                   | 1                               | -4        | 0                   | 0  |
| Central banks                | 0         | 0           | 0        | 0         | 0                                   | 0                               | 0         | 0                   | 0  |
| Credit institutions          | -5        | -9          | 0        | 9         | 0                                   | 1                               | -4        | 0                   | 0  |
| <b>Total</b>                 | <b>-7</b> | <b>-9</b>   | <b>0</b> | <b>10</b> | <b>0</b>                            | <b>1</b>                        | <b>-6</b> | <b>0</b>            | <b>1</b>                                     |

## 24. Loans and receivables to customers

| in EUR million                  | Gross carrying amount | Specific allowances | Collective allowances | Net carrying amount |
|---------------------------------|-----------------------|---------------------|-----------------------|---------------------|
| <b>Dec 17</b>                   |                       |                     |                       |                     |
| Debt securities with customers  | 47                    | 0                   | -1                    | 46                  |
| General governments             | 8                     | 0                   | 0                     | 7                   |
| Other financial corporations    | 0                     | 0                   | 0                     | 0                   |
| Non-financial corporations      | 39                    | 0                   | -1                    | 38                  |
| Loans and advances to customers | 143,462               | -3,272              | -704                  | 139,487             |
| General governments             | 7,001                 | -2                  | -14                   | 6,985               |
| Other financial corporations    | 3,698                 | -105                | -17                   | 3,576               |
| Non-financial corporations      | 62,594                | -1,767              | -413                  | 60,414              |
| Households                      | 70,169                | -1,398              | -260                  | 68,511              |
| <b>Total</b>                    | <b>143,509</b>        | <b>-3,272</b>       | <b>-705</b>           | <b>139,532</b>      |

## Allowances for loans and receivables to customers

| in EUR million                  | Dec 16        | Allocations   | Use        | Releases     | Interest income from impaired loans | Exchange-rate and other changes | Sep 17        | Amounts written off | Recoveries of amounts previously written off |
|---------------------------------|---------------|---------------|------------|--------------|-------------------------------------|---------------------------------|---------------|---------------------|--|
| <b>Specific allowances</b>      | <b>-3,887</b> | <b>-1,035</b> | <b>430</b> | <b>907</b>   | <b>57</b>                           | <b>-40</b>                      | <b>-3,567</b> | <b>-61</b>          | <b>128</b>                                   |
| Debt securities with customers  | 0             | 0             | 0          | 0            | 0                                   | 0                               | 0             | 0                   | 0  |
| General governments             | 0             | 0             | 0          | 0            | 0                                   | 0                               | 0             | 0                   | 0  |
| Other financial corporations    | 0             | 0             | 0          | 0            | 0                                   | 0                               | 0             | 0                   | 0  |
| Non-financial corporations      | 0             | 0             | 0          | 0            | 0                                   | 0                               | 0             | 0                   | 0  |
| Loans and advances to customers | -3,887        | -1,035        | 430        | 907          | 57                                  | -40                             | -3,567        | -61                 | 128  |
| General governments             | -6            | 0             | 0          | 4            | 0                                   | 0                               | -2            | 0                   | 0  |
| Other financial corporations    | -94           | -21           | 4          | 12           | 2                                   | -7                              | -105          | 0                   | 0  |
| Non-financial corporations      | -2,207        | -539          | 239        | 494          | 27                                  | -20                             | -2,007        | -44                 | 54   |
| Households                      | -1,580        | -475          | 187        | 397          | 29                                  | -12                             | -1,454        | -17                 | 74   |
| <b>Collective allowances</b>    | <b>-726</b>   | <b>-396</b>   | <b>0</b>   | <b>398</b>   | <b>0</b>                            | <b>-11</b>                      | <b>-735</b>   | <b>0</b>            | <b>0</b>                                     |
| Debt securities with customers  | -1            | 0             | 0          | 0            | 0                                   | 0                               | -1            | 0                   | 0  |
| General governments             | 0             | 0             | 0          | 0            | 0                                   | 0                               | 0             | 0                   | 0  |
| Other financial corporations    | 0             | 0             | 0          | 0            | 0                                   | 0                               | 0             | 0                   | 0  |
| Non-financial corporations      | -1            | 0             | 0          | 0            | 0                                   | 0                               | -1            | 0                   | 0  |
| Loans and advances to customers | -725          | -396          | 0          | 398          | 0                                   | -11                             | -734          | 0                   | 0  |
| General governments             | -13           | -6            | 0          | 4            | 0                                   | 0                               | -15           | 0                   | 0  |
| Other financial corporations    | -23           | -11           | 0          | 12           | 0                                   | 0                               | -22           | 0                   | 0  |
| Non-financial corporations      | -401          | -210          | 0          | 190          | 0                                   | -7                              | -429          | 0                   | 0  |
| Households                      | -288          | -169          | 0          | 193          | 0                                   | -3                              | -267          | 0                   | 0  |
| <b>Total</b>                    | <b>-4,613</b> | <b>-1,431</b> | <b>430</b> | <b>1,305</b> | <b>57</b>                           | <b>-51</b>                      | <b>-4,302</b> | <b>-61</b>          | <b>128</b>                                   |

## 25. Financial assets at amortised cost

| in EUR million                  | Gross carrying amount | Credit loss allowances |             |               |             | Net carrying amount |
|---------------------------------|-----------------------|------------------------|-------------|---------------|-------------|---------------------|
|                                 |                       | Stage 1                | Stage 2     | Stage 3       | POCI        |                     |
| <b>Sep 18</b>                   |                       |                        |             |               |             |                     |
| Debt securities                 | 25,438                | -6                     | -2          | 0             | 0           | 25,430              |
| Central banks                   | 12                    | 0                      | 0           | 0             | 0           | 12                  |
| General governments             | 22,025                | -4                     | -1          | 0             | 0           | 22,020              |
| Credit institutions             | 2,504                 | -1                     | 0           | 0             | 0           | 2,503               |
| Other financial corporations    | 144                   | 0                      | 0           | 0             | 0           | 144                 |
| Non-financial corporations      | 752                   | -1                     | -1          | 0             | 0           | 750                 |
| Loans and advances to banks     | 19,983                | -7                     | -3          | -2            | 0           | 19,972              |
| Central banks                   | 14,004                | -3                     | 0           | 0             | 0           | 14,001              |
| Credit institutions             | 5,979                 | -4                     | -3          | -2            | 0           | 5,970               |
| Loans and advances to customers | 146,373               | -332                   | -429        | -2,526        | -165        | 142,921             |
| General governments             | 6,683                 | -16                    | -10         | -1            | 0           | 6,655               |
| Other financial corporations    | 4,985                 | -10                    | -6          | -52           | -3          | 4,914               |
| Non-financial corporations      | 61,231                | -176                   | -163        | -1,207        | -80         | 59,605              |
| Households                      | 73,475                | -130                   | -250        | -1,265        | -81         | 71,748              |
| <b>Total</b>                    | <b>191,795</b>        | <b>-344</b>            | <b>-434</b> | <b>-2,528</b> | <b>-165</b> | <b>188,323</b>      |

## Allowances for financial assets at amortised cost – debt securities

| in EUR million | As of Jan 18 | Additions | Charge-offs | Changes in credit risk (net) | Transfers between stages | Other    | As of Sep 18 |
|----------------|--------------|-----------|-------------|------------------------------|--------------------------|----------|--------------|
| Stage 1        | -6           | -1        | 1           | -2                           | 2                        | 0        | -6           |
| Stage 2        | -3           | -2        | 2           | 1                            | 0                        | 0        | -2           |
| Stage 3        | 0            | 0         | 0           | 0                            | 0                        | 0        | 0            |
| <b>Total</b>   | <b>-9</b>    | <b>-3</b> | <b>3</b>    | <b>-1</b>                    | <b>2</b>                 | <b>0</b> | <b>-8</b>    |

## Allowances for financial assets at amortised cost – loans and advances to banks

| in EUR million | As of     | Additions  | Charge-offs | Changes in credit risk (net) | Transfers between stages | Other    | As of      |
|----------------|-----------|------------|-------------|------------------------------|--------------------------|----------|------------|
|                | Jan 18    |            |             |                              |                          |          | Sep 18     |
| Stage 1        | -5        | -12        | 16          | -6                           | 0                        | 0        | -7         |
| Stage 2        | 0         | -14        | 11          | 2                            | -2                       | 0        | -3         |
| Stage 3        | -2        | 0          | 0           | 0                            | 0                        | 0        | -2         |
| <b>Total</b>   | <b>-8</b> | <b>-26</b> | <b>27</b>   | <b>-4</b>                    | <b>-1</b>                | <b>0</b> | <b>-12</b> |

## Allowances for financial assets at amortised cost – loans and advances to customers

| in EUR million               | As of         | Additions   | Charge-offs | Changes in credit risk (net) | Transfers between stages | Modifications without derecognition (net) | Decrease in allowance account due to write-offs | Other     | As of         |
|------------------------------|---------------|-------------|-------------|------------------------------|--------------------------|---|---|-----------|---------------|
|                              | Jan 18        |             |             |                              |                          |   |   |           | Sep 18        |
| <b>Stage 1</b>               | <b>-345</b>   | <b>-160</b> | <b>86</b>   | <b>-283</b>                  | <b>365</b>               | <b>2</b>                                  | <b>1</b>  | <b>3</b>  | <b>-332</b>   |
| General governments          | -16           | -9          | 9           | -5                           | 6                        | 0   | 0   | 0         | -16           |
| Other financial corporations | -17           | -21         | 22          | 2                            | 4                        | 0   | 0   | 0         | -10           |
| Non-financial corporations   | -181          | -82         | 45          | -118                         | 155                      | 1   | 0   | 3         | -176          |
| Households                   | -131          | -48         | 10          | -162                         | 200                      | 1   | 1   | 0         | -130          |
| <b>Stage 2</b>               | <b>-496</b>   | <b>-76</b>  | <b>56</b>   | <b>433</b>                   | <b>-359</b>              | <b>5</b>                                  | <b>2</b>  | <b>5</b>  | <b>-429</b>   |
| General governments          | -26           | 0           | 8           | 8                            | -1                       | 0   | 0   | 0         | -10           |
| Other financial corporations | -3            | -10         | 7           | 6                            | -5                       | 0   | 0   | 0         | -6            |
| Non-financial corporations   | -217          | -51         | 28          | 180                          | -114                     | 4   | 1   | 6         | -163          |
| Households                   | -249          | -14         | 13          | 239                          | -240                     | 2   | 1   | -1        | -250          |
| <b>Stage 3</b>               | <b>-2,825</b> | <b>-77</b>  | <b>133</b>  | <b>40</b>                    | <b>-91</b>               | <b>11</b>                                 | <b>259</b>                                      | <b>25</b> | <b>-2,526</b> |
| General governments          | -1            | 0           | 0           | 0                            | 0                        | 0   | 0   | 0         | -1            |
| Other financial corporations | -89           | 0           | 0           | 26                           | 0                        | 0   | 9   | 1         | -52           |
| Non-financial corporations   | -1,449        | -60         | 88          | 64                           | -34                      | 10  | 156   | 18        | -1,207        |
| Households                   | -1,286        | -17         | 45          | -50                          | -57                      | 1   | 93  | 6         | -1,265        |
| <b>POCI</b>                  | <b>-210</b>   | <b>-15</b>  | <b>26</b>   | <b>7</b>                     | <b>0</b>                 | <b>0</b>                                  | <b>24</b>                                       | <b>2</b>  | <b>-165</b>   |
| General governments          | 0             | 0           | 0           | 0                            | 0                        | 0   | 0   | 0         | 0             |
| Other financial corporations | -7            | 0           | 0           | 4                            | 0                        | 0   | 0   | 0         | -3            |
| Non-financial corporations   | -108          | -13         | 25          | -7                           | 0                        | 0   | 23  | 0         | -80           |
| Households                   | -94           | -1          | 1           | 9                            | 0                        | 0   | 2   | 2         | -81           |
| <b>Total</b>                 | <b>-3,876</b> | <b>-327</b> | <b>300</b>  | <b>197</b>                   | <b>-86</b>               | <b>19</b>                                 | <b>286</b>                                      | <b>35</b> | <b>-3,452</b> |

## 26. Finance lease receivables

| in EUR million               | Gross carrying amount | Credit loss allowances |           |             |           | Net carrying amount |
|------------------------------|-----------------------|------------------------|-----------|-------------|-----------|---------------------|
|                              |                       | Stage 1                | Stage 2   | Stage 3     | POCI      |                     |
| <b>Sep 18</b>                |                       |                        |           |             |           |                     |
| Central banks                | 0                     | 0                      | 0         | 0           | 0         | 0                   |
| General governments          | 404                   | -2                     | 0         | 0           | 0         | 401                 |
| Credit institutions          | 1                     | 0                      | 0         | 0           | 0         | 1                   |
| Other financial corporations | 57                    | 0                      | 0         | 0           | 0         | 57                  |
| Non-financial corporations   | 2,711                 | -10                    | -3        | -132        | -1        | 2,566               |
| Households                   | 699                   | -3                     | -1        | -5          | 0         | 689                 |
| <b>Total</b>                 | <b>3,871</b>          | <b>-15</b>             | <b>-3</b> | <b>-137</b> | <b>-1</b> | <b>3,715</b>        |

## Allowances for finance lease receivables

| in EUR million | As of       | Additions | Charge-offs | Changes in credit risk (net) | Transfers between stages | Modifications without derecognition (net) | Decrease in allowance account due to write-offs | Other    | As of       |
|----------------|-------------|-----------|-------------|------------------------------|--------------------------|---|---|----------|-------------|
|                | Jan 18      |           |             |                              |                          |   |   |          | Sep 18      |
| Stage 1        | -18         | -2        | 0           | -3                           | 3                        | 0   | 4   | 1        | -15         |
| Stage 2        | -4          | 0         | 0           | 3                            | -2                       | 0   | 0   | 0        | -3          |
| Stage 3        | -149        | -1        | 1           | 6                            | -1                       | 0   | 7   | 0        | -137        |
| POCI           | -1          | 0         | 0           | 0                            | 0                        | 0   | 0   | 0        | -1          |
| <b>Total</b>   | <b>-172</b> | <b>-3</b> | <b>1</b>    | <b>6</b>                     | <b>0</b>                 | <b>0</b>                                  | <b>11</b>                                       | <b>1</b> | <b>-156</b> |

## 27. Hedge accounting derivatives

| in EUR million             | Dec 17         |                     |                     | Sep 18         |                     |                     |
|----------------------------|----------------|---------------------|---------------------|----------------|---------------------|---------------------|
|                            | Notional value | Positive fair value | Negative fair value | Notional value | Positive fair value | Negative fair value |
| <b>Fair value hedges</b>   | <b>19,715</b>  | <b>1,373</b>        | <b>414</b>          | <b>12,348</b>  | <b>314</b>          | <b>319</b>          |
| Interest rate              | 19,715         | 1,373               | 414                 | 12,348         | 314                 | 319                 |
| Equity                     | 0              | 0                   | 0                   | 0              | 0                   | 0                   |
| Foreign exchange           | 0              | 0                   | 0                   | 0              | 0                   | 0                   |
| Credit                     | 0              | 0                   | 0                   | 0              | 0                   | 0                   |
| Commodity                  | 0              | 0                   | 0                   | 0              | 0                   | 0                   |
| Other                      | 0              | 0                   | 0                   | 0              | 0                   | 0                   |
| <b>Cash flow hedges</b>    | <b>2,288</b>   | <b>10</b>           | <b>67</b>           | <b>3,167</b>   | <b>0</b>            | <b>142</b>          |
| Interest rate              | 2,288          | 10                  | 67                  | 3,112          | 0                   | 140                 |
| Equity                     | 0              | 0                   | 0                   | 0              | 0                   | 0                   |
| Foreign exchange           | 0              | 0                   | 0                   | 56             | 0                   | 3                   |
| Credit                     | 0              | 0                   | 0                   | 0              | 0                   | 0                   |
| Commodity                  | 0              | 0                   | 0                   | 0              | 0                   | 0                   |
| Other                      | 0              | 0                   | 0                   | 0              | 0                   | 0                   |
| <b>Total gross amounts</b> | <b>22,003</b>  | <b>1,383</b>        | <b>480</b>          | <b>15,515</b>  | <b>314</b>          | <b>462</b>          |
| Offset                     |                | -498                | -120                |                | -224                | -119                |
| <b>Total</b>               |                | <b>884</b>          | <b>360</b>          |                | <b>90</b>           | <b>342</b>          |

Erste Group undertakes a part of interest rate derivative and credit derivative transactions via Clearing Houses. These derivatives and related cash margin balances fulfil the requirements for balance sheet offsetting.

## 28. Trade and other receivables

| in EUR million               | Gross carrying amount | Credit loss allowances |            |             |           | Net carrying amount |
|------------------------------|-----------------------|------------------------|------------|-------------|-----------|---------------------|
|                              |                       | Stage 1                | Stage 2    | Stage 3     | POCI      |                     |
| <b>Sep 18</b>                |                       |                        |            |             |           |                     |
| Central banks                | 1                     | 0                      | 0          | 0           | 0         | 1                   |
| General governments          | 43                    | 0                      | -6         | 0           | 0         | 37                  |
| Credit institutions          | 35                    | 0                      | 0          | 0           | 0         | 34                  |
| Other financial corporations | 24                    | 0                      | 0          | -1          | 0         | 24                  |
| Non-financial corporations   | 1,213                 | -2                     | -4         | -120        | -1        | 1,086               |
| Households                   | 143                   | -3                     | -8         | -21         | 0         | 110                 |
| <b>Total</b>                 | <b>1,458</b>          | <b>-5</b>              | <b>-18</b> | <b>-142</b> | <b>-1</b> | <b>1,292</b>        |

## Allowances for trade and other receivables

| in EUR million | As of Jan 18 | Additions  | Charge-offs | Changes in credit risk (net) | Transfers between stages | Modifications without derecognition (net) | Decrease in allowance account due to write-offs | Other      | As of       |
|----------------|--------------|------------|-------------|------------------------------|--------------------------|---|---|------------|-------------|
|                |              |            |             |                              |                          |   |   |            | Sep 18      |
| Stage 1        | -5           | -1         | 0           | 0                            | 1                        | 0   | 0   | -1         | -5          |
| Stage 2        | -5           | -11        | 1           | 8                            | -3                       | 0   | 0   | -6         | -18         |
| Stage 3        | -105         | -1         | 5           | -30                          | -1                       | 0   | 8   | -18        | -142        |
| POCI           | -1           | 0          | 0           | 0                            | 0                        | 0   | 0   | 0          | -1          |
| <b>Total</b>   | <b>-116</b>  | <b>-14</b> | <b>6</b>    | <b>-22</b>                   | <b>-3</b>                | <b>0</b>                                  | <b>8</b>  | <b>-25</b> | <b>-166</b> |

## 29. Other assets

| in EUR million      | Dec 17     | Sep 18       |
|---------------------|------------|--------------|
| Prepayments         | 149        | 131          |
| Inventories         | 187        | 153          |
| Sundry assets       | 433        | 851          |
| <b>Other assets</b> | <b>769</b> | <b>1,136</b> |

### 30. Other financial liabilities held for trading

| in EUR million                                      | Dec 17     | Sep 18     |
|---|------------|------------|
| Short positions                                     | 430        | 657        |
| Equity instruments                                  | 188        | 78         |
| Debt securities                                     | 242        | 579        |
| Debt securities issued                              | 59         | 55         |
| <b>Other financial liabilities held for trading</b> | <b>489</b> | <b>712</b> |

### 31. Financial liabilities at fair value through profit and loss

#### Debt securities issued

| in EUR million                                   | Dec 17       | Sep 18        |
|--|--------------|---------------|
| Subordinated debt securities issued              | 880          | 4,917         |
| Other debt securities issued                     | 873          | 8,751         |
| Bonds  | 502          | 5,631         |
| Other certificates of deposits/name certificates | 55           | 766           |
| Mortgage covered bonds                           | 316          | 1,973         |
| Public sector covered bonds                      | 0            | 382           |
| <b>Debt securities issued</b>                    | <b>1,753</b> | <b>13,668</b> |

### 32. Financial liabilities at amortised costs

#### Deposits from banks

| in EUR million             | Dec 17        | Sep 18        |
|----------------------------|---------------|---------------|
| Overnight deposits         | 3,460         | 5,975         |
| Term deposits              | 11,893        | 10,953        |
| Repurchase agreements      | 996           | 2,159         |
| <b>Deposits from banks</b> | <b>16,349</b> | <b>19,086</b> |

## Deposits from customers

| in EUR million                      | Dec 17         | Sep 18         |
|-------------------------------------|----------------|----------------|
| <b>Overnight deposits</b>           | <b>99,278</b>  | <b>107,202</b> |
| Savings deposits                    | 24,494         | 26,765         |
| Other financial corporations        | 134            | 188            |
| Non-financial corporations          | 1,531          | 1,744          |
| Households                          | 22,829         | 24,833         |
| Non-savings deposits                | 74,785         | 80,437         |
| General governments                 | 5,502          | 6,241          |
| Other financial corporations        | 5,409          | 5,868          |
| Non-financial corporations          | 22,716         | 23,557         |
| Households                          | 41,158         | 44,772         |
| <b>Term deposits</b>                | <b>50,576</b>  | <b>51,183</b>  |
| Deposits with agreed maturity       | 44,966         | 45,314         |
| Savings deposits                    | 30,472         | 29,389         |
| Other financial corporations        | 409            | 372            |
| Non-financial corporations          | 1,447          | 1,470          |
| Households                          | 28,616         | 27,547         |
| Non-savings deposits                | 14,494         | 15,925         |
| General governments                 | 2,123          | 2,924          |
| Other financial corporations        | 2,631          | 3,307          |
| Non-financial corporations          | 3,424          | 3,565          |
| Households                          | 6,316          | 6,129          |
| Deposits redeemable at notice       | 5,610          | 5,869          |
| General governments                 | 8              | 21             |
| Other financial corporations        | 79             | 94             |
| Non-financial corporations          | 97             | 115            |
| Households                          | 5,426          | 5,639          |
| <b>Repurchase agreements</b>        | <b>1,066</b>   | <b>1,380</b>   |
| Other financial corporations        | 1,030          | 1,380          |
| Non-financial corporations          | 36             | 0              |
| <b>Deposits from customers</b>      | <b>150,921</b> | <b>159,765</b> |
| <b>General governments</b>          | <b>7,633</b>   | <b>9,186</b>   |
| <b>Other financial corporations</b> | <b>9,693</b>   | <b>11,210</b>  |
| <b>Non-financial corporations</b>   | <b>29,250</b>  | <b>30,451</b>  |
| <b>Households</b>                   | <b>104,345</b> | <b>108,919</b> |

## Debt securities issued

| in EUR million                                   | Dec 17        | Sep 18        |
|--|---------------|---------------|
| Subordinated debt securities issued              | 4,937         | 957           |
| Other debt securities issued                     | 18,405        | 13,625        |
| Bonds  | 8,474         | 3,124         |
| Certificates of deposit                          | 164           | 337           |
| Other certificates of deposits/name certificates | 830           | 302           |
| Mortgage covered bonds                           | 7,610         | 8,651         |
| Public sector covered bonds                      | 1,187         | 10            |
| Other  | 141           | 1,200         |
| <b>Debt securities issued</b>                    | <b>23,342</b> | <b>14,582</b> |

## 33. Provisions

| in EUR million  | Dec 17       | Sep 18       |
|---|--------------|--------------|
| Long-term employee provisions   | 914          | 899          |
| Pending legal issues and tax litigation                                 | 351          | 276          |
| Commitments and guarantees given  | 323          | 324          |
| Provisions for guarantees - off balance sheet (defaulted customers)     | 181          | 0            |
| Provisions for guarantees - off balance sheet (non-defaulted customers) | 141          | 0            |
| Provisions for commitments and financial guarantees in Stage 1          | 0            | 68           |
| Provisions for commitments and financial guarantees in Stage 2          | 0            | 53           |
| Provisions for commitments and financial guarantees - Defaulted         | 0            | 203          |
| Other provisions  | 60           | 129          |
| Provisions for onerous contracts  | 4            | 3            |
| Other   | 57           | 126          |
| <b>Provisions</b>   | <b>1,648</b> | <b>1,628</b> |

### Effects from the change in material valuation parameters

For the calculation of the defined benefit obligation for pension and severance payment provisions as well as for jubilee provisions the interest rate used remained unchanged compared to the first half of the year (1.92% p.a.). All other valuation parameters remained unchanged as well.

## 34. Other liabilities

| in EUR million           | Dec 17       | Sep 18       |
|--------------------------|--------------|--------------|
| Deferred income          | 173          | 156          |
| Sundry liabilities       | 2,423        | 2,953        |
| <b>Other liabilities</b> | <b>2,596</b> | <b>3,109</b> |

## 35. Segment reporting

Erste Group's segment reporting is based on IFRS 8 Operating Segments, which adopts the management approach. Accordingly, segment information is prepared on the basis of internal management reporting that is regularly reviewed by the chief operating decision maker to assess the performance of the segments and make decisions regarding the allocation of resources. Within Erste Group the function of the chief operating decision maker is exercised by the management board.

Erste Group's segment reporting is based on the matrix organisation (business and geographical information) and provides comprehensive information to assess the performance of the business and geographical segments.

### Business segmentation

The segment reporting comprises six business segments reflecting Erste Group's management structure and its internal management reporting in 2018.



### Retail

The Retail segment comprises the business with private individuals, micros and free professionals within the responsibility of account managers in the retail network. This business is operated by the local banks in cooperation with their subsidiaries such as leasing and asset management companies with a focus on simple products ranging from mortgage and consumer loans, investment products, current accounts, savings products to credit cards and cross selling products such as leasing, insurance and building society products.

### Corporates

The Corporates segment comprises business done with corporate customers of different turnover size (small and medium-sized enterprises, Local Large Corporate and Group Large Corporate customers) as well as commercial real estate and public sector business. Small and medium-sized enterprises (SME) are clients which are under the responsibility of the local corporate commercial center network, mainly consisting of companies within defined annual turnover thresholds. Local Large Corporates (LLC) are clients with specific annual turnover thresholds (lying above SME thresholds) which are not defined as Group Large Corporate customers according to the Group Large Corporate client list. Group Large Corporates (GLC) are large corporate customers/client groups with substantial operations in core markets/extended core markets of Erste Group. GLC clients are included on the GLC client list. Commercial Real Estate (CRE) covers for example investors in real estate for the purpose of generating income from the rental of individual properties or portfolios of properties, developers of individual properties or portfolios of properties for the purpose of generating capital gains through sale. Public Sector consists of three sets of customers: public sector, public corporations and non-profit sector. In addition, the majority of municipalities are also segmented as Public Sector clients.

## Group Markets

The Group Markets (GM) segment comprises trading and markets services as well as customer business with financial institutions. It includes all activities related to the trading books of Erste Group, including the execution of trade, market making and short-term liquidity management. In addition, it comprises business connected with servicing financial institutions as clients including custody, depository services, commercial business (loans, cash management, trade & export finance).

## Asset/Liability Management & Local Corporate Center

The Asset/Liability Management & Local Corporate Center (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 all non-core banking business activities such as internal service providers that operate on a non-profit basis and reconciliation items to local entity results. The corporate center of Erste Group Bank AG is included in the Group Corporate Center segment.

## Savings Banks

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 which are fully controlled according to IFRS 10. The fully or majority owned Erste Bank Oesterreich, Tiroler Sparkasse, Salzburger Sparkasse, and Sparkasse Hainburg are not part of the Savings Banks segment.

## Group Corporate Center

The Group Corporate Center (GCC) segment covers mainly centrally managed activities and items that are not directly allocated to other segments. It comprises the corporate center of Erste Group Bank AG (and thus dividends and the refinancing costs from participations, general administrative expenses), non-profit internal service providers (facility management, IT, procurement), the banking tax of Erste Group Bank AG as well as free capital of Erste Group (defined as the difference of the total average IFRS equity and the average economical equity allocated to the segments).

## Intragroup Elimination

Intragroup Elimination (IC) is not defined as a segment but is the reconciliation to the consolidated accounting result. It includes all intragroup eliminations between participations of Erste Group (e.g. intragroup funding, internal cost charges). Intragroup eliminations within partial groups are disclosed in the respective segments.

## Geographical segmentation

For the purpose of segment reporting by geographical areas the information is presented based on the location of the booking entity (not the country of risk). In case of information regarding a partial group, the allocation is based on the location of the respective parent entity according to the local management responsibility.

Geographical areas are defined according to the country markets in which Erste Group operates. Based on the locations of the banking and other financial institution participations, the geographical areas consist of two core markets, Austria and Central and Eastern Europe and a residual segment Other that comprises the remaining business activities of Erste Group outside its core markets as well as the reconciliation to the consolidated accounting result.



The geographical area Austria consists of the following three segments:

- The **Erste Bank Oesterreich & Subsidiaries** (EBOe & Subsidiaries) segment comprises Erste Bank der oesterreichischen Sparkassen AG (Erste Bank Oesterreich) and its main subsidiaries (e.g. sBausparkasse, Salzburger Sparkasse, Tiroler Sparkasse, Sparkasse Hainburg).
- The **Savings banks** segment is identical to the business segment Savings banks.

- \_ The **Other Austria** segment comprises Erste Group Bank AG (Holding) with its Corporates and Group Markets business, Erste Group Immorent GmbH, Erste Asset Management GmbH and Intermarket Bank AG.

The geographical area Central and Eastern Europe (CEE) consists of six segments covering Erste Group's banking subsidiaries located in the respective CEE countries:

- \_ **Czech Republic** (comprising Česká spořitelna Group)
- \_ **Slovakia** (comprising Slovenská sporiteľňa Group)
- \_ **Romania** (comprising Banca Comercială Română Group)
- \_ **Hungary** (comprising Erste Bank Hungary Group)
- \_ **Croatia** (comprising Erste Bank Croatia Group), and
- \_ **Serbia** (comprising Erste Bank Serbia Group).

The residual segment **Other** covers mainly centrally managed activities and items that are not directly allocated to other segments. It comprises the corporate center of Erste Group Bank AG (and thus dividends and the refinancing costs from participations, general administrative expenses), internal non-profit service providers (facility management, IT, procurement), the banking tax of Erste Group Bank AG as well as free capital of Erste Group (defined as the difference of the total average IFRS equity and the average economical equity allocated to the segments). Asset/Liability Management of Erste Group Bank AG as well as the reconciliation to the consolidated accounting result (e.g. intercompany eliminations, dividend eliminations) are also part of the segment Other.

## Measurement

The profit and loss statement of the segment report is based on the measures reported to the Erste Group management board for the purpose of allocating resources to the segments and assessing their performance. Management reporting as well as the segment report of Erste Group are based on IFRS. Accounting standards and methods as well as measurements used in segment reporting are the same as for the consolidated financial statements of accounting.

Interest revenues are not reported separately from interest expenses for each reportable segment. Those measures are reported on the net basis within the position 'Net interest income' as interest revenues and interest expenses are neither included into the measure of segment profit or loss reviewed by the chief operating decision maker nor otherwise regularly provided to the chief operating decision maker. Chief operating decision maker relies solely on net interest income to assess the performance of the segments and make decisions about resources to be allocated to the segments. Net fee and commission income and Other operating result are reported on a net basis according to the regular reporting to the chief operating decision maker.

Capital consumption per segment is regularly reviewed by the management of Erste Group to assess the performance of the segments. The average allocated capital is determined by the credit risk, market risk and operational risk. According to the regular internal reporting to Erste Group management board, total assets and total liabilities as well as risk weighted assets and allocated capital are disclosed per segment. Total average allocated capital for the Group equals average total equity of the Group. For measuring and assessing the profitability of segments within Erste Group, such key measures as return on allocated capital and cost/income ratio are used.

Return on allocated capital is defined as net result for the period before minorities in relation to the average allocated capital of the respective segment. Cost/income ratio is defined as operating expenses (general administrative expenses) in relation to operating income (total of net interest income, net fee and commission income, dividend income, net trading result, gains/losses from financial instruments measured at fair value through profit or loss, net result from equity method investments, rental income from investment properties and other operating lease).

## Comparability of 2018 and 2017 figures

Presentation of 2018 and 2017 figures in the tables below follows the structure of the consolidated statement of income. The following should be noted in respect of the additional information shown under 'Impairments and risk provisions' section. The position 'Impairments and provisions for commitments and guarantees given' was called 'Allocations/releases of provisions for contingent credit risk liabilities' in 2017. The position 'Net impairment on other non-financial assets' was called 'Net impairment loss on other non-financial assets' and also included Net impairment on investments in subsidiaries, joint ventures and associates in 2017; from 2018 respective information is split into two positions.

The adjustment of the methodology of the cost of capital calculation including capital benefit effective from 1 January 2018 affected the split of the net interest income as well as average allocated capital between the business and geographical segments.

## Business segments (1)

| in EUR million  | Retail         |                |                |                |              |              | Corporates   |              |              |              |              |              | Group Markets |              |              |              |              |              | ALM&LCC      |              |              |              |              |        |
|---|----------------|----------------|----------------|----------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|---------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------|
|   | 1-9 17         |                | 1-9 18         |                | 1-9 17       |              | 1-9 18       |              | 1-9 17       |              | 1-9 18       |              | 1-9 17        |              | 1-9 18       |              | 1-9 17       |              | 1-9 18       |              | 1-9 17       |              | 1-9 18       |        |
|   |                |                |                |                |              |              |              |              |              |              |              |              |               |              |              |              |              |              |              |              |              |              |              |        |
| Net interest income   | 1,605.7        | 1,685.3        | 1,605.7        | 1,685.3        | 731.9        | 762.1        | 146.3        | 171.6        | 146.3        | 171.6        | 146.3        | 171.6        | 146.3         | 171.6        | 146.3        | 171.6        | 146.3        | 171.6        | 146.3        | 171.6        | 146.3        | 171.6        | 146.3        | 171.6  |
| Net fee and commission income   | 739.8          | 790.3          | 739.8          | 790.3          | 188.9        | 204.3        | 168.2        | 164.9        | 168.2        | 164.9        | 168.2        | 164.9        | 168.2         | 164.9        | 168.2        | 164.9        | 168.2        | 164.9        | 168.2        | 164.9        | 168.2        | 164.9        | 168.2        | 164.9  |
| Dividend income   | 0.8            | 0.3            | 0.8            | 0.3            | 0.4          | 3.4          | 0.4          | 1.4          | 0.4          | 1.4          | 0.4          | 1.4          | 0.4           | 1.4          | 0.4          | 1.4          | 0.4          | 1.4          | 0.4          | 1.4          | 0.4          | 1.4          | 0.4          | 1.4    |
| Net trading result  | 83.4           | 88.8           | 83.4           | 88.8           | 64.3         | 49.1         | 83.3         | 49.3         | 83.3         | 49.3         | 83.3         | 49.3         | 83.3          | 49.3         | 83.3         | 49.3         | 83.3         | 49.3         | 83.3         | 49.3         | 83.3         | 49.3         | 83.3         | 49.3   |
| Gains/losses from financial instruments at FVPL                               | 0.0            | -3.2           | 0.0            | -3.2           | 1.6          | 16.8         | 9.9          | -8.9         | 9.9          | -8.9         | 9.9          | -8.9         | 9.9           | -8.9         | 9.9          | -8.9         | 9.9          | -8.9         | 9.9          | -8.9         | 9.9          | -8.9         | 9.9          | -8.9   |
| Net result from equity method investments                                     | 6.6            | 5.0            | 6.6            | 5.0            | 0.0          | 0.0          | 0.0          | 0.0          | 0.0          | 0.0          | 0.0          | 0.0          | 0.0           | 0.0          | 0.0          | 0.0          | 0.0          | 0.0          | 0.0          | 0.0          | 0.0          | 0.0          | 0.0          |        |
| Rental income from investment properties & other operating leases             | 16.2           | 16.9           | 16.2           | 16.9           | 95.0         | 93.0         | 0.0          | 26.3         | 0.0          | 26.3         | 0.0          | 26.3         | 0.0           | 26.3         | 0.0          | 26.3         | 0.0          | 26.3         | 0.0          | 26.3         | 0.0          | 26.3         | 0.0          | 26.3   |
| General administrative expenses   | -1,449.3       | -1,511.1       | -1,449.3       | -1,511.1       | -419.6       | -425.9       | -167.5       | -177.3       | -167.5       | -177.3       | -167.5       | -177.3       | -167.5        | -177.3       | -167.5       | -177.3       | -167.5       | -177.3       | -167.5       | -177.3       | -167.5       | -177.3       | -167.5       | -177.3 |
| Gains/losses from financial assets and liabilities not at FVPL, net           | -0.1           | 0.0            | -0.1           | 0.0            | 5.6          | 0.0          | 0.2          | 0.0          | 0.2          | 0.0          | 0.2          | 0.0          | 0.2           | 0.0          | 0.2          | 0.0          | 0.2          | 0.0          | 0.2          | 0.0          | 0.2          | 0.0          | 0.2          | 0.0    |
| Gains/losses from derecognition of financial assets at AC                     |                |                |                |                |              |              |              |              |              |              |              |              |               |              |              |              |              |              |              |              |              |              |              |        |
| Other gains/losses from derecognition of financial instruments not at FVPL    |                | 1.1            |                | 1.1            |              | 0.0          |              | 0.0          |              | 0.0          |              | 0.0          |               | 0.0          |              | 0.0          |              | 0.0          |              | 0.0          |              | 0.0          |              | 0.0    |
| Net impairment loss on financial assets                                       |                | 7.6            |                | -0.1           |              | -70.5        |              | -0.1         |              | -11.8        |              | -11.8        |               | -11.8        |              | -11.8        |              | -11.8        |              | -11.8        |              | -11.8        |              | -11.8  |
| Impairment result from financial instruments                                  |                | 0.0            |                | -19.9          |              | 0.0          |              | 83.8         |              | 0.0          |              | 2.6          |               | 0.0          |              | 0.0          |              | 0.0          |              | 0.0          |              | 0.0          |              | 1.3    |
| Other operating result  |                | -48.8          |                | -25.7          |              | 4.8          |              | -18.0        |              | -7.3         |              | -19.3        |               | -105.0       |              | -80.2        |              | -105.0       |              | -80.2        |              | -80.2        |              | -80.2  |
| Levies on banking activities  |                | -37.2          |                | -45.0          |              | -11.5        |              | -16.2        |              | -1.2         |              | -2.7         |               | -17.3        |              | -9.3         |              | -17.3        |              | -9.3         |              | -9.3         |              | -9.3   |
| <b>Pre-tax result from continuing operations</b>                              | <b>961.8</b>   | <b>1,027.8</b> | <b>961.8</b>   | <b>1,027.8</b> | <b>602.4</b> | <b>768.6</b> | <b>234.4</b> | <b>184.4</b> | <b>234.4</b> | <b>184.4</b> | <b>234.4</b> | <b>184.4</b> | <b>234.4</b>  | <b>184.4</b> | <b>234.4</b> | <b>184.4</b> | <b>234.4</b> | <b>184.4</b> | <b>234.4</b> | <b>184.4</b> | <b>234.4</b> | <b>184.4</b> | <b>234.4</b> |        |
| Taxes on income   | -183.3         | -192.7         | -183.3         | -192.7         | -114.9       | -138.1       | -47.5        | -34.4        | -47.5        | -34.4        | -47.5        | -34.4        | -47.5         | -34.4        | -47.5        | -34.4        | -47.5        | -34.4        | -47.5        | -34.4        | -47.5        | -34.4        | -47.5        |        |
| <b>Net result for the period</b>  | <b>778.5</b>   | <b>835.1</b>   | <b>778.5</b>   | <b>835.1</b>   | <b>487.6</b> | <b>630.6</b> | <b>186.9</b> | <b>150.0</b> | <b>186.9</b> | <b>150.0</b> | <b>186.9</b> | <b>150.0</b> | <b>186.9</b>  | <b>150.0</b> | <b>186.9</b> | <b>150.0</b> | <b>186.9</b> | <b>150.0</b> | <b>186.9</b> | <b>150.0</b> | <b>186.9</b> | <b>150.0</b> | <b>186.9</b> |        |
| Net result attributable to non-controlling interests                          | 45.0           | 43.8           | 45.0           | 43.8           | 19.3         | 33.0         | 3.9          | 3.2          | 3.9          | 3.2          | 3.9          | 3.2          | 3.9           | 3.2          | 3.9          | 3.2          | 3.9          | 3.2          | 3.9          | 3.2          | 3.9          | 3.2          | 3.9          |        |
| <b>Net result attributable to owners of the parent</b>                        | <b>733.5</b>   | <b>791.3</b>   | <b>733.5</b>   | <b>791.3</b>   | <b>468.2</b> | <b>597.5</b> | <b>183.1</b> | <b>146.8</b> | <b>183.1</b> | <b>146.8</b> | <b>183.1</b> | <b>146.8</b> | <b>183.1</b>  | <b>146.8</b> | <b>183.1</b> | <b>146.8</b> | <b>183.1</b> | <b>146.8</b> | <b>183.1</b> | <b>146.8</b> | <b>183.1</b> | <b>146.8</b> | <b>183.1</b> |        |
| Operating income  | 2,452.5        | 2,583.4        | 2,452.5        | 2,583.4        | 1,082.1      | 1,128.8      | 409.1        | 378.4        | 409.1        | 378.4        | 409.1        | 378.4        | 409.1         | 378.4        | 409.1        | 378.4        | 409.1        | 378.4        | 409.1        | 378.4        | 409.1        | 378.4        | 409.1        |        |
| Operating expenses  | -1,449.3       | -1,511.1       | -1,449.3       | -1,511.1       | -419.6       | -425.9       | -167.5       | -177.3       | -167.5       | -177.3       | -167.5       | -177.3       | -167.5        | -177.3       | -167.5       | -177.3       | -167.5       | -177.3       | -167.5       | -177.3       | -167.5       | -177.3       | -167.5       |        |
| <b>Operating result</b>   | <b>1,003.1</b> | <b>1,072.3</b> | <b>1,003.1</b> | <b>1,072.3</b> | <b>662.5</b> | <b>702.9</b> | <b>241.6</b> | <b>201.1</b> | <b>241.6</b> | <b>201.1</b> | <b>241.6</b> | <b>201.1</b> | <b>241.6</b>  | <b>201.1</b> | <b>241.6</b> | <b>201.1</b> | <b>241.6</b> | <b>201.1</b> | <b>241.6</b> | <b>201.1</b> | <b>241.6</b> | <b>201.1</b> | <b>241.6</b> |        |
| Risk-weighted assets (credit risk, eop)                                       | 18,683         | 19,836         | 18,683         | 19,836         | 36,440       | 38,244       | 3,938        | 4,192        | 3,938        | 4,192        | 3,938        | 4,192        | 3,938         | 4,192        | 3,938        | 4,192        | 3,938        | 4,192        | 3,938        | 4,192        | 3,938        | 4,192        | 3,938        |        |
| Average allocated capital   | 2,466          | 3,265          | 2,466          | 3,265          | 3,181        | 4,021        | 709          | 804          | 709          | 804          | 709          | 804          | 709           | 804          | 709          | 804          | 709          | 804          | 709          | 804          | 709          | 804          | 709          |        |
| Cost/income ratio   | 59.1%          | 58.5%          | 59.1%          | 58.5%          | 38.8%        | 37.7%        | 40.9%        | 46.9%        | 40.9%        | 46.9%        | 40.9%        | 46.9%        | 40.9%         | 46.9%        | 40.9%        | 46.9%        | 40.9%        | 46.9%        | 40.9%        | 46.9%        | 40.9%        | 46.9%        | 40.9%        |        |
| Return on allocated capital   | 42.2%          | 34.2%          | 42.2%          | 34.2%          | 20.5%        | 21.0%        | 35.2%        | 24.9%        | 35.2%        | 24.9%        | 35.2%        | 24.9%        | 35.2%         | 24.9%        | 35.2%        | 24.9%        | 35.2%        | 24.9%        | 35.2%        | 24.9%        | 35.2%        | 24.9%        | 35.2%        |        |
| Total assets (eop)  | 57,577         | 61,502         | 57,577         | 61,502         | 49,184       | 52,128       | 36,950       | 47,472       | 36,950       | 47,472       | 36,950       | 47,472       | 36,950        | 47,472       | 36,950       | 47,472       | 36,950       | 47,472       | 36,950       | 47,472       | 36,950       | 47,472       | 36,950       |        |
| Total liabilities excluding equity (eop)                                      | 78,466         | 83,835         | 78,466         | 83,835         | 28,500       | 30,168       | 28,866       | 36,849       | 28,866       | 36,849       | 28,866       | 36,849       | 28,866        | 36,849       | 28,866       | 36,849       | 28,866       | 36,849       | 28,866       | 36,849       | 28,866       | 36,849       | 28,866       |        |
| <b>Impairments and risk provisions</b>  | <b>2.0</b>     | <b>-22.7</b>   | <b>2.0</b>     | <b>-22.7</b>   | <b>-1.7</b>  | <b>82.2</b>  | <b>-0.1</b>  | <b>2.6</b>   | <b>-0.1</b>  | <b>2.6</b>   | <b>-0.1</b>  | <b>2.6</b>   | <b>-0.1</b>   | <b>2.6</b>   | <b>-0.1</b>  | <b>2.6</b>   | <b>-0.1</b>  | <b>2.6</b>   | <b>-0.1</b>  | <b>2.6</b>   | <b>-0.1</b>  | <b>2.6</b>   | <b>-0.1</b>  |        |
| Net impairment loss on loans and receivables to credit institutions/customers | 7.5            | -70.4          | 7.5            | -70.4          | 0.0          | 0.0          | 0.2          | 0.7          | 0.2          | 0.7          | 0.2          | 0.7          | 0.2           | 0.7          | 0.2          | 0.7          | 0.2          | 0.7          | 0.2          | 0.7          | 0.2          | 0.7          | 0.2          |        |
| Net impairment loss on other financial assets                                 | 0.0            | -22.3          | 0.0            | -22.3          | 0.0          | -0.7         | 0.0          | 0.0          | 0.0          | 0.0          | 0.0          | 0.0          | 0.0           | 0.0          | 0.0          | 0.0          | 0.0          | 0.0          | 0.0          | 0.0          | 0.0          | 0.0          | 0.0          |        |
| Net impairment loss on financial instruments AC                               |                | 0.0            |                | 0.0            |              | 6.1          |              | 0.0          |              | 0.0          |              | 0.0          |               | 0.0          |              | 0.0          |              | 0.0          |              | 0.0          |              | 0.0          |              |        |
| Net impairment loss on financial instruments FVOCI                            |                | -4.3           |                | -4.3           |              | 69.0         |              | -8.6         |              | 0.0          |              | 1.9          |               | 1.6          |              | 0.0          |              | 0.0          |              | 0.0          |              | 0.0          |              |        |
| Net impairment loss on financial instruments Leasing                          |                | 0.0            |                | -2.6           |              | 0.0          |              | 0.0          |              | 0.0          |              | 0.0          |               | 0.0          |              | 0.0          |              | 0.0          |              | 0.0          |              | 0.0          |              |        |
| Impairments and provisions for commitments and guarantees given               |                | 0.0            |                | 0.0            |              | 0.0          |              | 0.0          |              | 0.0          |              | 0.0          |               | 0.0          |              | 0.0          |              | 0.0          |              | 0.0          |              | 0.0          |              |        |
| Impairment of goodwill  |                | -1.3           |                | -1.3           |              | -0.3         |              | -1.6         |              | -0.3         |              | -1.6         |               | -0.3         |              | -1.6         |              | -0.3         |              | -1.6         |              | -0.3         |              |        |
| Net impairment on investments in subsidiaries, joint ventures and associates  |                | 0.0            |                | 0.0            |              | 0.0          |              | 0.0          |              | 0.0          |              | 0.0          |               | 0.0          |              | 0.0          |              | 0.0          |              | 0.0          |              | 0.0          |              |        |
| Net impairment on other non-financial assets                                  |                | -0.1           |                | -0.1           |              | -0.3         |              | -1.6         |              | -0.3         |              | -1.6         |               | -0.3         |              | -1.6         |              | -0.3         |              | -1.6         |              | -0.3         |              |        |

## Business segments (2)

| in EUR million  | Savings Banks |              |  | Group Corporate Center |               |  | Intragroup Elimination |              |  | Total Group    |                |  |
|---|---------------|--------------|--|------------------------|---------------|--|------------------------|--------------|--|----------------|----------------|--|
|   | 1-9 17        | 1-9 18       |  | 1-9 17                 | 1-9 18        |  | 1-9 17                 | 1-9 18       |  | 1-9 17         | 1-9 18         |  |
|   |               |              |  |                        |               |  |                        |              |  |                |                |  |
| Net interest income   | 729.9         | 754.9        |  | 56.5                   | 49.2          |  | 1.8                    | 21.4         |  | 3,229.3        | 3,372.0        |  |
| Net fee and commission income   | 325.7         | 338.1        |  | 6.6                    | 6.1           |  | -0.4                   | -3.8         |  | 1,361.9        | 1,430.7        |  |
| Dividend income   | 13.0          | 3.5          |  | 10.2                   | 5.6           |  | -0.2                   | 0.0          |  | 37.5           | 22.3           |  |
| Net trading result  | 10.7          | -5.4         |  | -39.7                  | -26.6         |  | -0.9                   | -31.6        |  | 139.3          | -50.4          |  |
| Gains/losses from financial instruments at FVPL                               | 0.0           | -6.6         |  | 0.3                    | 15.0          |  | 0.0                    | 0.0          |  | 12.1           | 165.8          |  |
| Net result from equity method investments                                     | 0.0           | 0.0          |  | 2.0                    | 3.1           |  | 0.0                    | 0.0          |  | 10.1           | 10.0           |  |
| Rental income from investment properties & other operating leases             | 28.3          | 29.2         |  | 9.3                    | 8.0           |  | -28.5                  | -26.3        |  | 146.6          | 145.8          |  |
| General administrative expenses   | -762.4        | -780.5       |  | -688.7                 | -723.6        |  | 539.4                  | 565.2        |  | -3,013.6       | -3,102.3       |  |
| Gains/losses from financial assets and liabilities not at FVPL, net           | 15.3          |              |  | 7.3                    |               |  | 0.0                    |              |  | 70.8           |                |  |
| Gains/losses from derecognition of financial assets at AC                     |               | 0.2          |  |                        | 0.5           |  |                        | -0.5         |  |                | 0.2            |  |
| Other gains/losses from derecognition of financial instruments not at FVPL    |               | 0.8          |  |                        | -0.4          |  |                        | 0.0          |  |                | 9.7            |  |
| Net impairment loss on financial assets                                       | 13.7          |              |  | -10.4                  |               |  | 0.0                    |              |  | -71.5          |                |  |
| Impairment result from financial instruments                                  | 0.0           | 34.1         |  | 0.0                    | 0.3           |  | 0.0                    | 0.0          |  | 0.0            | 102.2          |  |
| Other operating result  | -59.2         | -22.6        |  | 430.2                  | 453.1         |  | -511.2                 | -524.3       |  | -296.6         | -237.0         |  |
| Levies on banking activities  | -3.3          | -3.1         |  | -11.5                  | -11.9         |  | 0.0                    | 0.0          |  | -82.1          | -88.1          |  |
| <b>Pre-tax result from continuing operations</b>                              | <b>315.1</b>  | <b>345.6</b> |  | <b>-216.4</b>          | <b>-209.8</b> |  | <b>0.0</b>             | <b>0.0</b>   |  | <b>1,626.1</b> | <b>1,569.0</b> |  |
| Taxes on income   | -74.1         | -83.0        |  | 32.3                   | 44.3          |  | 0.0                    | 0.0          |  | -365.9         | -355.0         |  |
| <b>Net result for the period</b>  | <b>241.0</b>  | <b>262.7</b> |  | <b>-184.1</b>          | <b>-165.5</b> |  | <b>0.0</b>             | <b>0.0</b>   |  | <b>1,260.2</b> | <b>1,514.0</b> |  |
| Net result attributable to non-controlling interests                          | 202.9         | 211.7        |  | 26.2                   | 0.1           |  | 0.0                    | 0.0          |  | 272.6          | 285.8          |  |
| <b>Net result attributable to owners of the parent</b>                        | <b>38.1</b>   | <b>51.0</b>  |  | <b>-210.3</b>          | <b>-165.6</b> |  | <b>0.0</b>             | <b>0.0</b>   |  | <b>987.6</b>   | <b>1,228.3</b> |  |
| Operating income  | 1,107.7       | 1,113.6      |  | 45.1                   | 60.3          |  | -28.2                  | -40.3        |  | 4,936.9        | 5,096.2        |  |
| Operating expenses  | -762.4        | -780.5       |  | -688.7                 | -723.6        |  | 539.4                  | 565.2        |  | -3,013.6       | -3,102.3       |  |
| <b>Operating result</b>   | <b>345.3</b>  | <b>333.2</b> |  | <b>-643.5</b>          | <b>-663.3</b> |  | <b>511.2</b>           | <b>524.8</b> |  | <b>1,923.4</b> | <b>1,993.9</b> |  |
| Risk-weighted assets (credit risk, eop)                                       | 21,522        | 23,248       |  | 1,320                  | 1,462         |  | 0                      | 0            |  | 86,687         | 92,786         |  |
| Average allocated capital   | 2,105         | 2,713        |  | 6,648                  | 4,674         |  | 0                      | 0            |  | 17,339         | 18,005         |  |
| Cost/income ratio   | 68.8%         | 70.1%        |  | >100%                  | >100%         |  | >100%                  | >100%        |  | 61.0%          | 60.9%          |  |
| Return on allocated capital   | 15.3%         | 12.9%        |  | -3.7%                  | -4.7%         |  |                        |              |  | 9.7%           | 11.2%          |  |
| Total assets (eop)  | 59,089        | 62,095       |  | 3,400                  | 4,804         |  | -39,731                | -41,689      |  | 221,715        | 234,827        |  |
| Total liabilities excluding equity (eop)                                      | 54,511        | 57,417       |  | 1,967                  | 2,695         |  | -39,698                | -41,703      |  | 203,746        | 216,432        |  |
| <b>Impairments and risk provisions</b>  | <b>4.6</b>    | <b>34.1</b>  |  | <b>-15.4</b>           | <b>-24.4</b>  |  | <b>0.0</b>             | <b>0.0</b>   |  | <b>-30.7</b>   | <b>34.5</b>    |  |
| Net impairment loss on loans and receivables to credit institutions/customers | 15.6          |              |  | -0.6                   |               |  | 0.0                    |              |  | -56.9          |                |  |
| Net impairment loss on other financial assets                                 | -1.9          |              |  | -9.8                   |               |  | 0.0                    |              |  | -14.5          |                |  |
| Net impairment loss on financial instruments AC                               |               | 21.0         |  |                        | 3.6           |  |                        | 0.0          |  |                | 87.8           |  |
| Net impairment loss on financial instruments FVOCI                            |               | 0.6          |  |                        | 0.8           |  |                        | 0.0          |  |                | 2.6            |  |
| Net impairment loss on financial instruments Leasing                          |               | 0.5          |  |                        | 0.0           |  |                        | 0.0          |  |                | 6.0            |  |
| Impairments and provisions for commitments and guarantees given               | -9.1          | 12.0         |  | -0.3                   | -4.1          |  | 0.0                    | 0.0          |  | 57.0           | 5.8            |  |
| Impairment of goodwill  | 0.0           | 0.0          |  | 0.0                    | 0.0           |  | 0.0                    | 0.0          |  | 0.0            | 0.0            |  |
| Net impairment on investments in subsidiaries, joint ventures and associates  |               | 0.0          |  |                        | 0.0           |  |                        | 0.0          |  |                | 0.0            |  |
| Net impairment on other non-financial assets                                  | 0.0           | 0.0          |  | -4.7                   | -24.7         |  | 0.0                    | 0.0          |  | -16.2          | -67.7          |  |

## Geographical segmentation – overview

| in EUR million  | Austria             |              |                | Central and Eastern Europe |               |               | Other          |                |               | Total Group   |                |                |
|---|---------------------|--------------|----------------|----------------------------|---------------|---------------|----------------|----------------|---------------|---------------|----------------|----------------|
|   | 1-9 17              | 1-9 18       | 1-9 17         | 1-9 18                     | 1-9 17        | 1-9 18        | 1-9 17         | 1-9 18         | 1-9 17        | 1-9 18        | 1-9 17         | 1-9 18         |
|   | Net interest income | 1,488.8      | 1,508.6        | 1,669.0                    | 1,784.4       | 71.5          | 79.0           | 3,229.3        | 3,372.0       | 1,361.9       | 1,430.7        | 3,229.3        |
| Net fee and commission income   | 739.3               | 792.7        | 644.6          | 669.9                      | -22.0         | -31.9         | 1,361.9        | 1,430.7        | 1,361.9       | 1,430.7       | 1,361.9        | 1,430.7        |
| Dividend income   | 23.3                | 12.5         | 4.2            | 4.2                        | 10.0          | 5.6           | 37.5           | 22.3           | 10.0          | 22.3          | 37.5           | 22.3           |
| Net trading result  | 44.4                | -20.6        | 206.4          | 205.4                      | -111.4        | -235.2        | 139.3          | -50.4          | -111.4        | 139.3         | 139.3          | -50.4          |
| Gains/losses from financial instruments at FVPL                               | 9.9                 | -2.5         | -2.8           | 6.2                        | 5.0           | 162.1         | 12.1           | 165.8          | 5.0           | 162.1         | 12.1           | 165.8          |
| Net result from equity method investments                                     | 1.8                 | 0.3          | 6.4            | 6.6                        | 2.0           | 3.1           | 10.1           | 10.0           | 2.0           | 3.1           | 10.1           | 10.0           |
| Rental income from investment properties & other operating leases             | 100.5               | 102.9        | 36.6           | 33.9                       | 9.4           | 9.0           | 146.6          | 145.8          | 9.4           | 146.6         | 146.6          | 145.8          |
| General administrative expenses   | -1,531.4            | -1,555.0     | -1,295.3       | -1,355.5                   | -186.9        | -191.8        | -3,013.6       | -3,102.3       | -186.9        | -191.8        | -3,013.6       | -3,102.3       |
| Gains/losses from financial assets and liabilities not at FVPL, net           | 24.2                |              | 29.3           |                            | 17.3          |               | 70.8           |                | 17.3          |               | 70.8           |                |
| Gains/losses from derecognition of financial assets at AC                     |                     | -0.2         |                | 0.7                        |               | -0.3          |                | 0.2            |               | -0.3          |                | 0.2            |
| Other gains/losses from derecognition of financial instruments not at FVPL    |                     | 2.3          |                | 6.9                        |               | 0.6           |                | 9.7            |               | 0.6           |                | 9.7            |
| Net impairment loss on financial assets                                       | 11.3                |              | -72.0          |                            | -10.8         |               | -71.5          |                | -10.8         |               | -71.5          |                |
| Impairment result from financial instruments                                  | 0.0                 | 79.4         | 0.0            | 22.1                       | 0.0           | 0.7           | 0.0            | 102.2          | 0.0           | 0.7           | 0.0            | 102.2          |
| Other operating result  | -64.3               | -22.8        | -136.6         | -138.1                     | -95.6         | -76.1         | -296.6         | -237.0         | -95.6         | -76.1         | -296.6         | -237.0         |
| Levies on banking activities  | -5.8                | -5.7         | -64.8          | -70.5                      | -11.5         | -11.9         | -82.1          | -88.1          | -11.5         | -11.9         | -82.1          | -88.1          |
| <b>Pre-tax result from continuing operations</b>                              | <b>847.8</b>        | <b>897.7</b> | <b>1,089.9</b> | <b>1,246.7</b>             | <b>-311.6</b> | <b>-275.4</b> | <b>1,626.1</b> | <b>1,569.0</b> | <b>-311.6</b> | <b>-275.4</b> | <b>1,626.1</b> | <b>1,569.0</b> |
| Taxes on income   | -200.8              | -193.8       | -218.9         | -221.4                     | 53.8          | 60.2          | -365.9         | -355.0         | 53.8          | 60.2          | -365.9         | -355.0         |
| <b>Net result for the period</b>  | <b>647.0</b>        | <b>703.9</b> | <b>871.0</b>   | <b>1,025.3</b>             | <b>-257.7</b> | <b>-215.2</b> | <b>1,260.2</b> | <b>1,514.0</b> | <b>-257.7</b> | <b>-215.2</b> | <b>1,260.2</b> | <b>1,514.0</b> |
| Net result attributable to non-controlling interests                          | 217.0               | 231.1        | 29.4           | 54.6                       | 26.2          | 0.1           | 272.6          | 285.8          | 26.2          | 0.1           | 272.6          | 285.8          |
| <b>Net result attributable to owners of the parent</b>                        | <b>430.0</b>        | <b>472.8</b> | <b>841.6</b>   | <b>970.7</b>               | <b>-283.9</b> | <b>-215.2</b> | <b>987.6</b>   | <b>1,228.3</b> | <b>-283.9</b> | <b>-215.2</b> | <b>987.6</b>   | <b>1,228.3</b> |
| Operating income  | 2,408.0             | 2,394.0      | 2,564.5        | 2,710.7                    | -35.6         | -8.4          | 4,936.9        | 5,096.2        | -35.6         | -8.4          | 4,936.9        | 5,096.2        |
| Operating expenses  | -1,531.4            | -1,555.0     | -1,295.3       | -1,355.5                   | -186.9        | -191.8        | -3,013.6       | -3,102.3       | -186.9        | -191.8        | -3,013.6       | -3,102.3       |
| <b>Operating result</b>   | <b>876.7</b>        | <b>839.0</b> | <b>1,269.2</b> | <b>1,355.1</b>             | <b>-222.5</b> | <b>-200.2</b> | <b>1,923.4</b> | <b>1,993.9</b> | <b>-222.5</b> | <b>-200.2</b> | <b>1,923.4</b> | <b>1,993.9</b> |
| Risk-weighted assets (credit risk, eop)                                       | 47,923              | 49,744       | 36,764         | 40,928                     | 2,001         | 2,114         | 86,687         | 92,786         | 2,001         | 2,114         | 86,687         | 92,786         |
| Average allocated capital   | 4,868               | 6,126        | 4,981          | 6,338                      | 7,490         | 5,541         | 17,339         | 18,005         | 7,490         | 5,541         | 17,339         | 18,005         |
| Cost/income ratio   | 63.6%               | 65.0%        | 50.5%          | 50.0%                      | >100%         | >100%         | 61.0%          | 60.9%          | >100%         | >100%         | 61.0%          | 60.9%          |
| Return on allocated capital   | 17.8%               | 15.4%        | 23.4%          | 21.6%                      | -4.6%         | -5.2%         | 9.7%           | 11.2%          | -4.6%         | -5.2%         | 9.7%           | 11.2%          |
| Total assets (eop)  | 147,327             | 154,291      | 98,840         | 106,456                    | -24,452       | -25,920       | 221,715        | 234,827        | -24,452       | -25,920       | 221,715        | 234,827        |
| Total liabilities excluding equity (eop)                                      | 119,075             | 125,538      | 88,873         | 96,244                     | -4,202        | -5,350        | 203,746        | 216,432        | -4,202        | -5,350        | 203,746        | 216,432        |
| <b>Impairments and risk provisions</b>  | <b>6.9</b>          | <b>64.0</b>  | <b>-16.8</b>   | <b>-5.1</b>                | <b>-20.8</b>  | <b>-24.4</b>  | <b>-30.7</b>   | <b>34.5</b>    | <b>-20.8</b>  | <b>-24.4</b>  | <b>-30.7</b>   | <b>34.5</b>    |
| Net impairment loss on loans and receivables to credit institutions/customers | 12.7                |              | -68.7          |                            | -1.0          |               | -56.9          |                | -1.0          |               | -56.9          |                |
| Net impairment loss on other financial assets                                 | -1.4                |              | -3.3           |                            | -9.8          |               | -14.5          |                | -9.8          |               | -14.5          |                |
| Net impairment loss on financial instruments AC                               |                     | 49.9         |                | 34.5                       |               | 3.4           |                | 87.8           |               | 3.4           |                | 87.8           |
| Net impairment loss on financial instruments FVOCI                            |                     | -0.2         |                | 1.5                        |               | 1.2           |                | 2.6            |               | 1.2           |                | 2.6            |
| Net impairment loss on financial instruments Leasing                          |                     | 6.5          |                | -0.2                       |               | -0.3          |                | 6.0            |               | -0.3          |                | 6.0            |
| Impairments and provisions for commitments and guarantees given               | -1.8                | 23.2         | 59.6           | -13.8                      | -0.8          | -3.6          | 57.0           | 5.8            | -0.8          | -3.6          | 57.0           | 5.8            |
| Impairment of goodwill  | 0.0                 | 0.0          | 0.0            | 0.0                        | 0.0           | 0.0           | 0.0            | 0.0            | 0.0           | 0.0           | 0.0            | 0.0            |
| Net impairment on investments in subsidiaries, joint ventures and associates  |                     | 0.0          |                | 0.0                        |               | 0.0           |                | 0.0            |               | 0.0           |                | 0.0            |
| Net impairment on other non-financial assets                                  | -2.5                | -15.4        | -4.4           | -27.2                      | -9.3          | -25.1         | -16.2          | -67.7          | -9.3          | -25.1         | -16.2          | -67.7          |

## Geographical area – Austria

| in EUR million  | EBOe & Subsidiaries |        |         |         |        |        | Savings Banks |          |        | Other Austria |        |        | Austria |        |        |        |
|---|---------------------|--------|---------|---------|--------|--------|---------------|----------|--------|---------------|--------|--------|---------|--------|--------|--------|
|   | 1-9 17              |        | 1-9 18  |         | 1-9 17 |        | 1-9 18        |          | 1-9 17 |               | 1-9 18 |        | 1-9 17  |        | 1-9 18 |        |
|   | 1-9 17              | 1-9 18 | 1-9 17  | 1-9 18  | 1-9 17 | 1-9 18 | 1-9 17        | 1-9 18   | 1-9 17 | 1-9 18        | 1-9 17 | 1-9 18 | 1-9 17  | 1-9 18 | 1-9 17 | 1-9 18 |
| Net interest income   | 481.4               | 476.8  | 729.9   | 754.9   | 277.5  | 276.9  | 1,488.8       | 1,508.6  |        |               |        |        |         |        |        |        |
| Net fee and commission income   | 255.2               | 288.3  | 325.7   | 338.1   | 158.4  | 166.4  | 739.3         | 792.7    |        |               |        |        |         |        |        |        |
| Dividend income   | 8.8                 | 6.8    | 13.0    | 3.5     | 1.5    | 2.3    | 23.3          | 12.5     |        |               |        |        |         |        |        |        |
| Net trading result  | 11.1                | -3.2   | 10.7    | -5.4    | 22.6   | -12.0  | 44.4          | -20.6    |        |               |        |        |         |        |        |        |
| Gains/losses from financial instruments at FVPL                               | 0.1                 | 2.3    | 0.0     | -6.6    | 9.8    | 1.8    | 9.9           | -2.5     |        |               |        |        |         |        |        |        |
| Net result from equity method investments                                     | 0.6                 | 0.7    | 0.0     | 0.0     | 1.2    | -0.4   | 1.8           | 0.3      |        |               |        |        |         |        |        |        |
| Rental income from investment properties & other operating leases             | 27.4                | 29.0   | 28.3    | 29.2    | 44.8   | 44.6   | 100.5         | 102.9    |        |               |        |        |         |        |        |        |
| General administrative expenses   | -496.6              | -502.1 | -762.4  | -780.5  | -272.4 | -272.4 | -1,531.4      | -1,555.0 |        |               |        |        |         |        |        |        |
| Gains/losses from financial assets and liabilities not at FVPL, net           | 2.7                 | -0.4   | 15.3    | 0.2     | 6.1    | 24.2   |               |          |        |               |        |        |         |        |        |        |
| Gains/losses from derecognition of financial assets at AC                     |                     | 1.5    |         | 0.8     |        | 0.0    |               |          |        |               |        |        |         |        |        |        |
| Other gains/losses from derecognition of financial instruments not at FVPL    |                     |        |         |         |        |        |               |          |        |               |        |        |         |        |        |        |
| Net impairment loss on financial assets                                       |                     |        |         |         |        |        |               |          |        |               |        |        |         |        |        |        |
| Impairment result from financial instruments                                  | 20.5                | 13.7   | 13.7    | 11.3    | -22.9  | 11.3   |               |          |        |               |        |        |         |        |        |        |
| Other operating result  | 0.0                 | 14.8   | 0.0     | 34.1    | 0.0    | 30.4   | 0.0           | 79.4     |        |               |        |        |         |        |        |        |
| Levies on banking activities  | -33.1               | -16.6  | -59.2   | -22.6   | 28.0   | 16.3   | -64.3         | -22.8    |        |               |        |        |         |        |        |        |
| Pre-tax result from continuing operations                                     | -2.4                | -2.7   | -3.3    | -3.1    | 0.0    | 0.0    | -5.8          | -5.7     |        |               |        |        |         |        |        |        |
| Taxes on income   | 278.1               | 298.0  | 315.1   | 345.6   | 254.5  | 254.0  | 847.8         | 897.7    |        |               |        |        |         |        |        |        |
| Net result for the period   | -69.1               | -69.7  | -74.1   | -83.0   | -57.6  | -41.1  | -200.8        | -193.8   |        |               |        |        |         |        |        |        |
| Net result attributable to non-controlling interests                          | 209.0               | 228.3  | 241.0   | 262.7   | 196.9  | 212.9  | 647.0         | 703.9    |        |               |        |        |         |        |        |        |
| Net result attributable to owners of the parent                               | 13.3                | 12.8   | 202.9   | 211.7   | 0.7    | 6.5    | 217.0         | 231.1    |        |               |        |        |         |        |        |        |
| Operating income  | 195.8               | 215.5  | 38.1    | 51.0    | 196.2  | 206.4  | 430.0         | 472.8    |        |               |        |        |         |        |        |        |
| Operating expenses  | 784.6               | 800.7  | 1,107.7 | 1,113.6 | 515.7  | 479.7  | 2,408.0       | 2,394.0  |        |               |        |        |         |        |        |        |
| Operating result  | -496.6              | -502.1 | -762.4  | -780.5  | -272.4 | -272.4 | -1,531.4      | -1,555.0 |        |               |        |        |         |        |        |        |
| Risk-weighted assets (credit risk, eop)                                       | 288.0               | 298.6  | 345.3   | 333.2   | 243.4  | 207.2  | 876.7         | 839.0    |        |               |        |        |         |        |        |        |
| Average allocated capital   | 11,819              | 12,347 | 21,522  | 23,248  | 14,581 | 14,149 | 47,923        | 49,744   |        |               |        |        |         |        |        |        |
| Cost/income ratio   | 1,261               | 1,591  | 2,105   | 2,713   | 1,503  | 1,822  | 4,868         | 6,126    |        |               |        |        |         |        |        |        |
| Return on allocated capital   | 63.3%               | 62.7%  | 68.8%   | 70.1%   | 52.8%  | 56.8%  | 63.6%         | 65.0%    |        |               |        |        |         |        |        |        |
| Total assets (eop)  | 22.2%               | 19.2%  | 15.3%   | 12.9%   | 17.5%  | 15.6%  | 17.8%         | 15.4%    |        |               |        |        |         |        |        |        |
| Total liabilities excluding equity (eop)                                      | 43,323              | 43,882 | 59,089  | 62,095  | 44,914 | 48,314 | 147,327       | 154,291  |        |               |        |        |         |        |        |        |
| Impairments and risk provisions   | 41,493              | 41,971 | 54,511  | 57,417  | 23,070 | 26,151 | 119,075       | 125,538  |        |               |        |        |         |        |        |        |
| Net impairment loss on loans and receivables to credit institutions/customers | 21.3                | 15.1   | 4.6     | 34.1    | -19.0  | 14.7   | 6.9           | 64.0     |        |               |        |        |         |        |        |        |
| Net impairment loss on other financial assets                                 | 20.4                | 15.6   | 15.6    | 15.6    | -23.3  | 12.7   |               |          |        |               |        |        |         |        |        |        |
| Net impairment loss on financial instruments AC                               | 0.1                 | -1.9   | -1.9    | 0.4     | 0.4    | -1.4   |               |          |        |               |        |        |         |        |        |        |
| Net impairment loss on financial instruments FVOCI                            |                     | 12.1   |         | 21.0    |        | 16.8   |               |          |        |               |        |        |         |        |        |        |
| Impairments and provisions for commitments and guarantees given               | 0.3                 | 3.7    | -9.1    | 12.0    | 6.9    | 7.5    | -1.8          | 23.2     |        |               |        |        |         |        |        |        |
| Impairment of goodwill  | 0.0                 | 0.0    | 0.0     | 0.0     | 0.0    | 0.0    | 0.0           | 0.0      |        |               |        |        |         |        |        |        |
| Net impairment on investments in subsidiaries, joint ventures and associates  | 0.0                 | 0.0    | 0.0     | 0.0     | 0.0    | 0.0    | 0.0           | 0.0      |        |               |        |        |         |        |        |        |
| Net impairment on other non-financial assets                                  | 0.5                 | 0.3    | 0.0     | 0.0     | -2.9   | -15.7  | -2.5          | -15.4    |        |               |        |        |         |        |        |        |

## Geographical area – Central and Eastern Europe

|   | Czech Republic |              | Slovakia     |              | Romania      |              | Hungary      |              | Croatia      |              | Serbia      |             | Central and Eastern Europe |                |
|---|----------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|-------------|-------------|----------------------------|----------------|
|   | 1-9 17         | 1-9 18       | 1-9 17       | 1-9 18       | 1-9 17       | 1-9 18       | 1-9 17       | 1-9 18       | 1-9 17       | 1-9 18       | 1-9 17      | 1-9 18      | 1-9 17                     | 1-9 18         |
|   | in EUR million |              |              |              |              |              |              |              |              |              |             |             |                            |                |
| Net interest income   | 685.6          | 773.7        | 324.3        | 328.7        | 272.4        | 292.0        | 147.8        | 145.6        | 200.8        | 206.7        | 38.1        | 37.6        | 1,669.0                    | 1,784.4        |
| Net fee and commission income   | 250.2          | 248.7        | 83.4         | 96.9         | 113.3        | 114.0        | 117.2        | 124.6        | 72.1         | 76.5         | 8.4         | 9.1         | 644.6                      | 669.9          |
| Dividend income   | 2.0            | 2.2          | 1.0          | 0.9          | 0.9          | 0.8          | 0.2          | 0.1          | 0.1          | 0.1          | 0.0         | 0.0         | 4.2                        | 4.2            |
| Net trading result  | 82.0           | 64.6         | 11.7         | 7.1          | 61.4         | 67.4         | 27.7         | 38.6         | 20.7         | 23.9         | 2.9         | 3.8         | 206.4                      | 205.4          |
| Gains/losses from financial instruments at FVPL                               | 0.3            | 10.9         | -0.5         | -0.4         | 0.3          | 2.7          | -2.9         | -7.4         | 0.0          | 0.4          | 0.0         | 0.0         | -2.8                       | 6.2            |
| Net result from equity method investments                                     | -0.5           | 1.0          | 5.5          | 3.9          | 0.1          | 0.6          | 0.0          | 0.0          | 1.1          | 1.1          | 0.2         | 0.0         | 6.4                        | 6.6            |
| Rental income from investment properties & other operating leases             | 8.1            | 6.6          | 0.2          | 0.2          | 10.1         | 12.2         | 3.0          | 2.8          | 15.2         | 12.1         | 0.1         | 0.0         | 36.6                       | 33.9           |
| General administrative expenses   | -506.0         | -535.8       | -205.2       | -205.9       | -238.6       | -260.6       | -161.6       | -158.1       | -152.4       | -159.1       | -31.5       | -36.1       | -1,295.3                   | -1,355.5       |
| Gains/losses from financial assets and liabilities not at FVPL, net           | 10.1           |              | 0.3          |              | 0.0          |              | 18.7         |              | 0.2          |              | 0.0         |             | 29.3                       |                |
| Gains/losses from derecognition of financial assets at AC                     |                | 0.6          |              | 0.0          |              | 0.0          |              | 0.0          |              | 0.0          |             | 0.0         |                            | 0.7            |
| Other gains/losses from derecognition of financial instruments not at FVPL    |                | 1.8          |              | 0.0          |              | 0.5          |              | 1.3          |              | 3.3          |             | 0.1         |                            | 6.9            |
| Net impairment loss on financial assets                                       | 17.7           |              | -29.7        |              | -13.5        |              | 45.5         |              | -91.9        |              | -0.2        |             | -72.0                      |                |
| Impairment result from financial instruments                                  | 0.0            | 44.0         | 0.0          | -17.3        | 0.0          | -9.4         | 0.0          | 27.8         | 0.0          | -19.9        | 0.0         | -3.0        | 0.0                        | 22.1           |
| Other operating result  | -17.2          | -53.4        | -23.1        | -28.3        | -52.2        | 2.6          | -33.4        | -55.7        | -10.4        | -2.7         | -0.2        | -0.6        | -136.6                     | -138.1         |
| Levies on banking activities  | 0.0            | 0.0          | -20.2        | -22.5        | 0.0          | 0.0          | -44.6        | -48.0        | 0.0          | 0.0          | 0.0         | 0.0         | -64.8                      | -70.5          |
| <b>Pre-tax result from continuing operations</b>                              | <b>532.4</b>   | <b>565.0</b> | <b>167.8</b> | <b>186.1</b> | <b>154.1</b> | <b>222.8</b> | <b>162.2</b> | <b>119.6</b> | <b>55.5</b>  | <b>142.3</b> | <b>17.8</b> | <b>10.9</b> | <b>1,089.9</b>             | <b>1,246.7</b> |
| Taxes on income   | -104.2         | -112.1       | -39.9        | -40.4        | -44.3        | -32.8        | -11.2        | -6.9         | -18.5        | -28.4        | -0.7        | -0.7        | -218.9                     | -221.4         |
| <b>Net result for the period</b>  | <b>428.2</b>   | <b>452.8</b> | <b>127.9</b> | <b>145.7</b> | <b>109.8</b> | <b>189.9</b> | <b>151.0</b> | <b>112.7</b> | <b>37.0</b>  | <b>113.9</b> | <b>17.1</b> | <b>10.2</b> | <b>871.0</b>               | <b>1,025.3</b> |
| Net result attributable to non-controlling interests                          | 4.2            | 4.1          | 0.0          | 0.0          | 7.0          | 12.2         | 0.0          | 0.0          | 14.9         | 36.3         | 3.3         | 2.1         | 29.4                       | 54.6           |
| <b>Net result attributable to owners of the parent</b>                        | <b>424.0</b>   | <b>448.8</b> | <b>127.9</b> | <b>145.7</b> | <b>102.8</b> | <b>177.7</b> | <b>151.0</b> | <b>112.7</b> | <b>22.1</b>  | <b>77.6</b>  | <b>13.8</b> | <b>8.2</b>  | <b>841.6</b>               | <b>970.7</b>   |
| Operating income  | 1,027.8        | 1,107.7      | 425.5        | 437.5        | 458.4        | 489.7        | 293.1        | 304.3        | 310.0        | 320.8        | 49.7        | 50.6        | 2,564.5                    | 2,710.7        |
| Operating expenses  | -506.0         | -535.8       | -205.2       | -205.9       | -238.6       | -260.6       | -161.6       | -158.1       | -152.4       | -159.1       | -31.5       | -36.1       | -1,295.3                   | -1,355.5       |
| <b>Operating result</b>   | <b>521.7</b>   | <b>571.9</b> | <b>220.3</b> | <b>231.7</b> | <b>219.8</b> | <b>229.1</b> | <b>131.4</b> | <b>146.3</b> | <b>157.7</b> | <b>161.7</b> | <b>18.2</b> | <b>14.5</b> | <b>1,269.2</b>             | <b>1,355.1</b> |
| Risk-weighted assets (credit risk, eop)                                       | 17,058         | 18,377       | 5,283        | 6,243        | 5,361        | 5,937        | 3,607        | 3,777        | 4,442        | 5,214        | 1,013       | 1,382       | 36,764                     | 40,928         |
| Average allocated capital   | 2,022          | 2,520        | 659          | 892          | 1,040        | 1,236        | 558          | 782          | 567          | 728          | 135         | 180         | 4,981                      | 6,338          |
| Cost/income ratio   | 49.2%          | 48.4%        | 48.2%        | 47.1%        | 52.1%        | 53.2%        | 55.1%        | 51.9%        | 49.1%        | 49.6%        | 63.3%       | 71.4%       | 50.5%                      | 50.0%          |
| Return on allocated capital   | 28.3%          | 24.0%        | 26.0%        | 21.8%        | 14.1%        | 20.5%        | 36.2%        | 19.3%        | 8.7%         | 20.9%        | 16.9%       | 7.6%        | 23.4%                      | 21.6%          |
| Total assets (eop)  | 50,843         | 54,336       | 15,866       | 17,309       | 14,455       | 15,483       | 7,343        | 8,152        | 9,032        | 9,481        | 1,301       | 1,694       | 98,840                     | 106,456        |
| Total liabilities excluding equity (eop)                                      | 46,266         | 49,781       | 14,372       | 15,833       | 12,854       | 13,730       | 6,273        | 7,114        | 7,981        | 8,284        | 1,128       | 1,502       | 88,873                     | 96,244         |
| <b>Impairments and risk provisions</b>  | <b>19.1</b>    | <b>18.5</b>  | <b>-27.1</b> | <b>-17.1</b> | <b>-16.6</b> | <b>-10.0</b> | <b>106.2</b> | <b>27.3</b>  | <b>-97.8</b> | <b>-20.8</b> | <b>-0.5</b> | <b>-3.1</b> | <b>-16.8</b>               | <b>-5.1</b>    |
| Net impairment loss on loans and receivables to credit institutions/customers | 19.3           |              | -29.6        |              | -13.4        |              | 47.0         |              | -91.8        |              | -0.2        |             | -68.7                      |                |
| Net impairment loss on other financial assets                                 | -1.6           |              | -0.1         |              | -0.1         |              | -1.5         |              | -0.1         |              | 0.0         |             | -3.3                       |                |
| Net impairment loss on financial instruments AC                               |                | 47.5         |              | -19.0        |              | -1.7         |              | 28.1         |              | -16.9        |             | -3.4        |                            | 34.5           |
| Net impairment loss on financial instruments FVOCI                            |                | 2.1          |              | 0.0          |              | -0.2         |              | 0.0          |              | -0.6         |             | 0.3         |                            | 1.5            |
| Net impairment loss on financial instruments Leasing                          |                | -1.0         |              | 0.1          |              | 0.0          |              | 0.3          |              | 0.4          |             | 0.1         |                            | -0.2           |
| Impairments and provisions for commitments and guarantees given               | 0.3            | -4.6         | 4.6          | 1.6          | -6.2         | -7.5         | 61.1         | -0.6         | 0.1          | -2.8         | -0.3        | 0.1         | 59.6                       | -13.8          |
| Impairment of goodwill  | 0.0            | 0.0          | 0.0          | 0.0          | 0.0          | 0.0          | 0.0          | 0.0          | 0.0          | 0.0          | 0.0         | 0.0         | 0.0                        | 0.0            |
| Net impairment on investments in subsidiaries, joint ventures and associates  |                | 0.0          |              | 0.0          |              | 0.0          |              | 0.0          |              | 0.0          |             | 0.0         |                            | 0.0            |
| Net impairment on other non-financial assets                                  | 1.1            | -25.5        | -2.0         | 0.2          | 3.0          | -0.6         | -0.4         | -0.4         | -6.1         | -0.9         | -0.1        | 0.0         | -4.4                       | -27.2          |

## 36. Risk management

It is a core function of every bank to take risks in a conscious and selective manner and to manage such risks professionally. Erste Group's proactive risk policy and strategy aims at achieving balanced risk and return in order to generate a sustainable and adequate return on equity. Concerning risk policy and strategy as well as regarding risk management organisation, reference is made to the note of the same name in the annual report 2017.

### Credit risk

The classification of credit assets into risk grades is based on Erste Group's internal ratings. For the purpose of external reporting, internal rating grades of Erste Group are grouped into the following four risk categories:

#### Low risk

Typically regional customers with well-established and rather long-standing relationships with Erste Group or large internationally recognised customers. Very good to satisfactory financial position and low likelihood of financial difficulties relative to the respective market in which the customers operate. Retail clients having long relationships with the bank, or clients with a wide product pool use. No relevant late payments currently or in the most recent 12 months. New business is generally with clients in this risk category.

#### Management attention

Vulnerable non-retail clients, which may have overdue payments or defaults in their credit history or may encounter debt repayment difficulties in the medium term. Retail clients with possible payment problems in the past triggering early collection reminders. These clients typically have a good recent payment history.

#### Substandard

The borrower is vulnerable to short term negative financial and economic developments and shows an elevated probability of failure. In some cases, restructuring measures are possible or already in place. As a rule, such loans are managed in specialised risk management departments.

#### Non-performing

One or more of the default criteria under Article 178 of the CRR are met: among others, full repayment unlikely, interest or principal payments on a material exposure more than 90 days past due, restructuring resulting in a loss to the lender, realisation of a loan loss, or initiation of bankruptcy proceedings. Erste Group applies the customer view for all customer segments, including retail clients; if an obligor defaults on one deal then the customer's performing transactions are classified as non-performing as well. Furthermore, non-performing exposures also comprise non-performing forborne transactions even in cases where the client has not defaulted.

### Credit risk exposure

- \_ cash and cash balances – other demand deposits to credit institutions;
- \_ financial assets held for trading (without equity instruments);
- \_ non-trading financial assets at fair value through profit or loss (FVPL) (without equity instruments);
- \_ financial assets at fair value through other comprehensive income (FVOCI) (without equity instruments);
- \_ financial assets at amortised cost (AC);
- \_ assets held for sale – financial instruments
- \_ finance lease receivables;
- \_ positive fair value of hedge accounting derivatives;
- \_ trade and other receivables;
- \_ off-balance sheet exposures (financial guarantees, irrevocable loan and other commitments).

The credit risk exposure comprises the gross carrying amount (or nominal value in the case of off-balance-sheet exposures) without taking into account loan loss allowances, provisions for guarantees, any collateral held (including risk transfer to guarantors), netting effects, other credit enhancements or credit risk mitigating transactions.

The gross carrying amount of the credit risk exposure increased to EUR 255.8 billion (+13.1%; EUR 226.2 billion).

## Reconciliation between gross carrying amount and carrying amount of the credit risk exposure components

| in EUR million  | Credit risk exposure | Credit risk provisions | Adjustments | Carrying amount (balance sheet) |
|---|----------------------|------------------------|-------------|---------------------------------|
| <b>Sep 18</b>   |                      |                        |             |                                 |
| Cash and cash balances - other demand deposits to credit institutions | 935                  | -1                     | 0           | 934                             |
| Financial assets held for trading                                     | 5,935                | 0                      | 0           | 5,935                           |
| Non-trading financial assets - FVPL                                   | 3,100                | 0                      | 0           | 3,100                           |
| Debt securities   | 2,717                | 0                      | 0           | 2,717                           |
| Loans and advances to banks   | 0                    | 0                      | 0           | 0                               |
| Loans and advances to customers                                       | 383                  | 0                      | 0           | 383                             |
| Financial assets at FVOCI   | 9,396                | -11                    | 194         | 9,591                           |
| Debt securities   | 9,396                | -11                    | 194         | 9,591                           |
| Loans and advances to banks   | 0                    | 0                      | 0           | 0                               |
| Loans and advances to customers                                       | 0                    | 0                      | 0           | 0                               |
| Financial assets at AC  | 191,795              | -3,472                 | 0           | 188,323                         |
| Debt securities   | 25,438               | -8                     | 0           | 25,430                          |
| Loans and advances to banks   | 19,983               | -12                    | 0           | 19,972                          |
| Loans and advances to customers                                       | 146,373              | -3,452                 | 0           | 142,921                         |
| Assets held for sale - financial instruments                          | 0                    | 0                      | 0           | 0                               |
| Finance lease receivables   | 3,871                | -156                   | 0           | 3,715                           |
| Positive fair value of hedge accounting derivatives                   | 90                   | 0                      | 0           | 90                              |
| Trade and other receivables   | 1,458                | -166                   | 0           | 1,292                           |
| Off balance-sheet exposures   | 39,184               | -331                   | 0           | -                               |
| <b>Total</b>  | <b>255,764</b>       | <b>-4,137</b>          | <b>194</b>  | <b>212,980</b>                  |

Credit risk provisions comprise impairments for financial assets measured at amortised cost (including finance lease and trade receivables) and at fair value through other comprehensive income (FVOCI), as well as provisions for off-balance sheet exposures. Adjustments refer to the fair value changes of the carrying amount for financial assets at FVOCI.

The significant increase of off-balance sheet exposures results primarily from the first-time consideration of undrawn revocable loan commitments as impairment relevant as part of the IFRS 9 implementation.

| in EUR million  | Gross carrying amount | Credit risk provisions | Net carrying amount |
|---|-----------------------|------------------------|---------------------|
| <b>Dec 17</b>   |                       |                        |                     |
| Cash and cash balances - other demand deposits to credit institutions | 1,028                 | 0                      | 1,028               |
| Loans and receivables to credit institutions                          | 9,133                 | 7                      | 9,126               |
| Loans and receivables to customers                                    | 143,509               | 3,977                  | 139,532             |
| Financial assets held to maturity                                     | 19,804                | 3                      | 19,800              |
| Financial assets held for trading                                     | 2,887                 | 0                      | 2,887               |
| Financial assets at fair value through profit or loss                 | 403                   | 0                      | 403                 |
| Financial assets available for sale                                   | 14,896                | 0                      | 14,896              |
| Positive fair value of derivatives                                    | 4,217                 | 0                      | 4,217               |
| Contingent credit risk liabilities                                    | 30,295                | 323                    | --                  |
| <b>Total</b>  | <b>226,172</b>        | <b>4,310</b>           | <b>191,890</b>      |

Concerning contingent liabilities the gross carrying amount refers to the nominal value, while credit risk provisions refer to provisions for guarantees. A net carrying amount is not presented in the case of contingent liabilities.

On the next pages the credit risk volume is presented by:

- \_ Basel 3 exposure class and financial instrument;
- \_ counterparty sector and financial instrument;
- \_ industry and risk category
- \_ industry and IFRS 9 treatment;
- \_ country of risk and risk category;
- \_ country of risk and IFRS 9 treatment;
- \_ business segment and risk category;
- \_ business segment and IFRS 9 treatment;
- \_ geographical segment and risk category;
- \_ geographical segment and IFRS 9 treatment.

## Credit risk exposure by Basel 3 exposure class and financial instrument

| in EUR million | At amortised cost   |                                   |                                      |                           |                 |                             |                                 |  |                           |                                    |                             |                             |                | Total |
|----------------|---|-----------------------------------|--------------------------------------|---------------------------|-----------------|-----------------------------|---------------------------------|--|---------------------------|------------------------------------|-----------------------------|-----------------------------|----------------|-------|
|                | Cash and cash balances - other demand deposits to credit institutions | Financial assets held for trading | Non-trading financial assets at FVPL | Financial assets at FVOCI | Debt securities | Loans and advances to banks | Loans and advances to customers | Assets held for sale - financial instruments | Finance lease receivables | Positive fair value of derivatives | Trade and other receivables | Off balance-sheet exposures |                |       |
| <b>Sep 18</b>  |   |                                   |                                      |                           |                 |                             |                                 |  |                           |                                    |                             |                             |                |       |
| Sovereigns     | 7   | 2,138                             | 715                                  | 7,764                     | 22,525          | 14,006                      | 6,104                           | 0  | 403                       | 0                                  | 36                          | 2,053                       | 55,751         |       |
| Institutions   | 926   | 3,121                             | 689                                  | 566                       | 2,213           | 5,823                       | 698                             | 0  | 1                         | 90                                 | 30                          | 870                         | 15,029         |       |
| Corporates     | 2   | 675                               | 1,505                                | 1,066                     | 700             | 141                         | 63,948                          | 0  | 2,243                     | 0                                  | 1,260                       | 23,816                      | 95,355         |       |
| Retail         | 0   | 1                                 | 191                                  | 0                         | 0               | 14                          | 75,623                          | 0  | 1,224                     | 0                                  | 132                         | 12,445                      | 89,630         |       |
| <b>Total</b>   | <b>935</b>  | <b>5,935</b>                      | <b>3,100</b>                         | <b>9,396</b>              | <b>25,438</b>   | <b>19,983</b>               | <b>146,373</b>                  | <b>0</b>                                     | <b>3,871</b>              | <b>90</b>                          | <b>1,458</b>                | <b>39,184</b>               | <b>255,764</b> |       |

| in EUR million | Debt securities   |  |                                    |                                     |                                     |   |                                       |                                    |                                    |                |  | Gross exposure |
|----------------|---|--|------------------------------------|-------------------------------------|-------------------------------------|---|---------------------------------------|------------------------------------|------------------------------------|----------------|--|----------------|
|                | Cash and cash balances - other demand deposits to credit institutions | Loans and receivables to credit institutions | Loans and receivables to customers | Financial assets - held to maturity | Financial assets - held for trading | Financial assets - at fair value through profit or loss | Financial assets - available-for-sale | Positive fair value of derivatives | Contingent credit risk liabilities |                |  |                |
|                | At amortised cost   |  |                                    |                                     |                                     | At fair value   |                                       |                                    |                                    |                |  |                |
| <b>Dec 17</b>  |   |  |                                    |                                     |                                     |   |                                       |                                    |                                    |                |  |                |
| Sovereigns     | 8   | 5,893  | 6,557                              | 18,743                              | 2,242                               | 79  | 11,495                                | 282                                | 1,296                              | 46,595         |  |                |
| Institutions   | 997   | 2,988  | 726                                | 807                                 | 467                                 | 137   | 1,456                                 | 3,638                              | 544                                | 11,762         |  |                |
| Corporates     | 23  | 251  | 62,962                             | 254                                 | 178                                 | 186   | 1,946                                 | 296                                | 20,649                             | 86,744         |  |                |
| Retail         | 0   | 0  | 73,265                             | 0                                   | 0                                   | 0   | 0                                     | 1                                  | 7,806                              | 81,071         |  |                |
| <b>Total</b>   | <b>1,028</b>  | <b>9,133</b>                                 | <b>143,509</b>                     | <b>19,804</b>                       | <b>2,887</b>                        | <b>403</b>  | <b>14,896</b>                         | <b>4,217</b>                       | <b>30,295</b>                      | <b>226,172</b> |  |                |

The assignment of obligors to Basel 3 exposure classes is based on legal regulations. For reasons of clarity, individual Basel 3 exposure classes are presented in aggregated form. The aggregated exposure class 'sovereigns' also contains regional and local governments as well as public sector entities in addition to central governments, central banks, international organisations and multinational development banks. Institutions include banks and recognised investment firms.

## Credit risk exposure by counterparty sector and financial instrument

| in EUR million               | At amortised cost   |                                   |                                      |                           |                 |                             |                                 |  |                           |                                    |                             |                             |                | Total |
|------------------------------|---|-----------------------------------|--------------------------------------|---------------------------|-----------------|-----------------------------|---------------------------------|--|---------------------------|------------------------------------|-----------------------------|-----------------------------|----------------|-------|
|                              | Cash and cash balances - other demand deposits to credit institutions | Financial assets held for trading | Non-trading financial assets at FVPL | Financial assets at FVOCI | Debt securities | Loans and advances to banks | Loans and advances to customers | Assets held for sale - financial instruments | Finance lease receivables | Positive fair value of derivatives | Trade and other receivables | Off balance-sheet exposures |                |       |
| <b>Sep 18</b>                |   |                                   |                                      |                           |                 |                             |                                 |  |                           |                                    |                             |                             |                |       |
| Central banks                | 0   | 56                                | 0                                    | 7                         | 25              | 14,004                      | 0                               | 0  | 0                         | 0                                  | 1                           | 20                          | 14,114         |       |
| General governments          | 0   | 1,997                             | 780                                  | 7,158                     | 22,013          | 0                           | 6,683                           | 0  | 404                       | 0                                  | 43                          | 2,347                       | 41,425         |       |
| Credit institutions          | 935   | 3,268                             | 729                                  | 888                       | 2,504           | 5,979                       | 0                               | 0  | 1                         | 87                                 | 35                          | 771                         | 15,197         |       |
| Other financial corporations | 0   | 163                               | 1,088                                | 259                       | 144             | 0                           | 4,985                           | 0  | 57                        | 3                                  | 24                          | 1,281                       | 8,005          |       |
| Non-financial corporations   | 0   | 449                               | 318                                  | 1,084                     | 752             | 0                           | 61,231                          | 0  | 2,711                     | 0                                  | 1,213                       | 23,477                      | 91,234         |       |
| Households                   | 0   | 1                                 | 185                                  | 0                         | 0               | 0                           | 73,475                          | 0  | 699                       | 0                                  | 143                         | 11,287                      | 85,789         |       |
| <b>Total</b>                 | <b>935</b>  | <b>5,935</b>                      | <b>3,100</b>                         | <b>9,396</b>              | <b>25,438</b>   | <b>19,983</b>               | <b>146,373</b>                  | <b>0</b>                                     | <b>3,871</b>              | <b>90</b>                          | <b>1,458</b>                | <b>39,184</b>               | <b>255,764</b> |       |

## Credit risk exposure by industry and risk category

| in EUR million                   | Low risk       | Management attention | Substandard  | Non-performing | Total          |
|----------------------------------|----------------|----------------------|--------------|----------------|----------------|
| <b>Sep 18</b>                    |                |                      |              |                |                |
| Agriculture and forestry         | 2,350          | 503                  | 32           | 185            | 3,070          |
| Mining                           | 621            | 22                   | 6            | 47             | 697            |
| Manufacturing                    | 15,897         | 1,327                | 130          | 543            | 17,897         |
| Energy and water supply          | 3,770          | 330                  | 20           | 85             | 4,205          |
| Construction                     | 8,933          | 1,283                | 158          | 632            | 11,006         |
| Trade                            | 10,403         | 1,487                | 143          | 679            | 12,712         |
| Transport and communication      | 6,174          | 570                  | 88           | 122            | 6,954          |
| Hotels and restaurants           | 3,516          | 795                  | 92           | 314            | 4,718          |
| Financial and insurance services | 35,962         | 1,368                | 101          | 102            | 37,533         |
| Real estate and housing          | 23,772         | 2,652                | 126          | 608            | 27,159         |
| Services                         | 11,789         | 1,122                | 111          | 375            | 13,397         |
| Public administration            | 38,624         | 390                  | 2            | 7              | 39,023         |
| Education, health and art        | 2,709          | 500                  | 20           | 227            | 3,455          |
| Households                       | 64,875         | 6,135                | 554          | 1,859          | 73,423         |
| Other                            | 426            | 5                    | 85           | 0              | 516            |
| <b>Total</b>                     | <b>229,820</b> | <b>18,490</b>        | <b>1,668</b> | <b>5,786</b>   | <b>255,764</b> |
| <b>Dec 17</b>                    |                |                      |              |                |                |
| Agriculture and forestry         | 2,207          | 487                  | 41           | 202            | 2,937          |
| Mining                           | 690            | 30                   | 6            | 61             | 787            |
| Manufacturing                    | 13,541         | 1,363                | 228          | 597            | 15,729         |
| Energy and water supply          | 3,684          | 392                  | 34           | 118            | 4,227          |
| Construction                     | 8,514          | 1,126                | 261          | 564            | 10,466         |
| Trade                            | 8,956          | 1,420                | 183          | 798            | 11,358         |
| Transport and communication      | 6,140          | 551                  | 79           | 131            | 6,901          |
| Hotels and restaurants           | 2,945          | 873                  | 91           | 360            | 4,269          |
| Financial and insurance services | 23,333         | 887                  | 83           | 165            | 24,468         |
| Real estate and housing          | 23,150         | 2,532                | 230          | 698            | 26,610         |
| Services                         | 9,864          | 1,156                | 126          | 479            | 11,626         |
| Public administration            | 36,833         | 217                  | 1            | 9              | 37,060         |
| Education, health and art        | 2,514          | 477                  | 23           | 219            | 3,232          |
| Households                       | 58,056         | 5,387                | 539          | 1,872          | 65,854         |
| Other                            | 359            | 5                    | 284          | 0              | 648            |
| <b>Total</b>                     | <b>200,788</b> | <b>16,904</b>        | <b>2,207</b> | <b>6,273</b>   | <b>226,172</b> |

## Credit risk exposure by industry and IFRS 9 treatment

| in EUR million                   | Stage 1        | Stage 2       | Stage 3      | POCI       | Not subject to IFRS 9 impairment | Total          |
|----------------------------------|----------------|---------------|--------------|------------|----------------------------------|----------------|
| <b>Sep 18</b>                    |                |               |              |            |                                  |                |
| Agriculture and forestry         | 2,592          | 283           | 130          | 44         | 21                               | 3,070          |
| Mining                           | 601            | 33            | 28           | 19         | 16                               | 697            |
| Manufacturing                    | 15,283         | 1,177         | 493          | 40         | 905                              | 17,897         |
| Energy and water supply          | 3,795          | 213           | 77           | 3          | 116                              | 4,205          |
| Construction                     | 9,083          | 727           | 594          | 31         | 571                              | 11,006         |
| Trade                            | 10,718         | 1,056         | 618          | 53         | 266                              | 12,712         |
| Transport and communication      | 6,129          | 399           | 110          | 12         | 304                              | 6,954          |
| Hotels and restaurants           | 3,864          | 480           | 294          | 25         | 55                               | 4,718          |
| Financial and insurance services | 31,286         | 678           | 86           | 15         | 5,468                            | 37,533         |
| Real estate and housing          | 24,716         | 1,327         | 466          | 156        | 493                              | 27,159         |
| Services                         | 11,257         | 884           | 357          | 5          | 894                              | 13,397         |
| Public administration            | 36,199         | 334           | 2            | 3          | 2,485                            | 39,023         |
| Education, health and art        | 2,805          | 393           | 225          | 1          | 32                               | 3,455          |
| Households                       | 66,051         | 5,118         | 1,693        | 171        | 389                              | 73,423         |
| Other                            | 394            | 2             | 0            | 0          | 120                              | 516            |
| <b>Total</b>                     | <b>224,773</b> | <b>13,104</b> | <b>5,173</b> | <b>580</b> | <b>12,135</b>                    | <b>255,764</b> |

Stage 1 and Stage 2 comprise not impaired credit risks while Stage 3 includes impaired credit risks. POCI (purchased or originated credit impaired) consists of credit risks already impaired when purchased or originated.

The defaulted part of POCI amounted to EUR 450.3 million, the non-defaulted part to EUR 129.6 million.

## Credit risk exposure by region and risk category

| in EUR million                        | Low risk       | Management attention | Substandard  | Non-performing | Total          |
|---------------------------------------|----------------|----------------------|--------------|----------------|----------------|
| <b>Sep 18</b>                         |                |                      |              |                |                |
| <b>Core markets</b>                   | <b>200,914</b> | <b>16,383</b>        | <b>1,554</b> | <b>5,199</b>   | <b>224,051</b> |
| Austria                               | 96,054         | 8,577                | 1,064        | 2,028          | 107,723        |
| Czech Republic                        | 53,646         | 3,021                | 175          | 798            | 57,639         |
| Romania                               | 13,890         | 1,600                | 90           | 644            | 16,224         |
| Slovakia                              | 18,610         | 1,302                | 69           | 605            | 20,585         |
| Hungary                               | 9,082          | 917                  | 39           | 217            | 10,255         |
| Croatia                               | 7,693          | 851                  | 112          | 884            | 9,540          |
| Serbia                                | 1,939          | 114                  | 5            | 25             | 2,083          |
| <b>Other EU</b>                       | <b>20,771</b>  | <b>1,016</b>         | <b>69</b>    | <b>408</b>     | <b>22,264</b>  |
| <b>Other industrialised countries</b> | <b>4,711</b>   | <b>113</b>           | <b>4</b>     | <b>54</b>      | <b>4,881</b>   |
| <b>Emerging markets</b>               | <b>3,424</b>   | <b>978</b>           | <b>41</b>    | <b>125</b>     | <b>4,568</b>   |
| Southeastern Europe/CIS               | 1,784          | 444                  | 28           | 103            | 2,359          |
| Asia                                  | 1,231          | 154                  | 10           | 3              | 1,398          |
| Latin America                         | 64             | 27                   | 2            | 14             | 107            |
| Middle East/Africa                    | 346            | 353                  | 1            | 5              | 704            |
| <b>Total</b>                          | <b>229,820</b> | <b>18,490</b>        | <b>1,668</b> | <b>5,786</b>   | <b>255,764</b> |
| <b>Dec 17</b>                         |                |                      |              |                |                |
| <b>Core markets</b>                   | <b>175,189</b> | <b>14,952</b>        | <b>1,990</b> | <b>5,698</b>   | <b>197,828</b> |
| Austria                               | 87,413         | 7,659                | 1,268        | 2,291          | 98,631         |
| Czech Republic                        | 41,016         | 2,725                | 258          | 785            | 44,784         |
| Romania                               | 12,477         | 1,744                | 139          | 753            | 15,114         |
| Slovakia                              | 17,095         | 1,161                | 67           | 595            | 18,918         |
| Hungary                               | 8,291          | 607                  | 106          | 260            | 9,264          |
| Croatia                               | 7,281          | 920                  | 144          | 930            | 9,275          |
| Serbia                                | 1,615          | 135                  | 7            | 84             | 1,843          |
| <b>Other EU</b>                       | <b>18,842</b>  | <b>1,205</b>         | <b>176</b>   | <b>404</b>     | <b>20,627</b>  |
| <b>Other industrialised countries</b> | <b>3,809</b>   | <b>137</b>           | <b>9</b>     | <b>51</b>      | <b>4,007</b>   |
| <b>Emerging markets</b>               | <b>2,949</b>   | <b>610</b>           | <b>32</b>    | <b>119</b>     | <b>3,710</b>   |
| Southeastern Europe/CIS               | 1,492          | 418                  | 26           | 99             | 2,035          |
| Asia                                  | 856            | 104                  | 3            | 0              | 963            |
| Latin America                         | 50             | 26                   | 1            | 15             | 92             |
| Middle East/Africa                    | 551            | 62                   | 2            | 5              | 620            |
| <b>Total</b>                          | <b>200,788</b> | <b>16,904</b>        | <b>2,207</b> | <b>6,273</b>   | <b>226,172</b> |

## Credit risk exposure by region and IFRS 9 treatment

| in EUR million                        | Stage 1        | Stage 2       | Stage 3      | POCI       | Not subject to IFRS 9 impairment | Total          |
|---------------------------------------|----------------|---------------|--------------|------------|----------------------------------|----------------|
| <b>Sep 18</b>                         |                |               |              |            |                                  |                |
| <b>Core markets</b>                   | <b>200,917</b> | <b>11,439</b> | <b>4,680</b> | <b>507</b> | <b>6,507</b>                     | <b>224,051</b> |
| Austria                               | 94,029         | 7,702         | 1,949        | 25         | 4,018                            | 107,723        |
| Czech Republic                        | 54,781         | 1,627         | 766          | 10         | 456                              | 57,639         |
| Romania                               | 14,256         | 1,027         | 526          | 135        | 281                              | 16,224         |
| Slovakia                              | 19,426         | 418           | 469          | 146        | 126                              | 20,585         |
| Hungary                               | 8,672          | 170           | 135          | 125        | 1,152                            | 10,255         |
| Croatia                               | 7,906          | 444           | 814          | 62         | 314                              | 9,540          |
| Serbia                                | 1,847          | 52            | 20           | 4          | 160                              | 2,083          |
| <b>Other EU</b>                       | <b>16,451</b>  | <b>963</b>    | <b>344</b>   | <b>52</b>  | <b>4,455</b>                     | <b>22,264</b>  |
| <b>Other industrialised countries</b> | <b>4,197</b>   | <b>165</b>    | <b>39</b>    | <b>15</b>  | <b>466</b>                       | <b>4,881</b>   |
| <b>Emerging markets</b>               | <b>3,208</b>   | <b>537</b>    | <b>110</b>   | <b>7</b>   | <b>707</b>                       | <b>4,568</b>   |
| Southeastern Europe/CIS               | 2,019          | 193           | 96           | 7          | 45                               | 2,359          |
| Asia                                  | 805            | 11            | 3            | 0          | 578                              | 1,398          |
| Latin America                         | 56             | 15            | 6            | 0          | 30                               | 107            |
| Middle East/Africa                    | 328            | 317           | 5            | 0          | 54                               | 704            |
| <b>Total</b>                          | <b>224,773</b> | <b>13,104</b> | <b>5,173</b> | <b>580</b> | <b>12,135</b>                    | <b>255,764</b> |

The geographic analysis of credit exposure is based on the country of risk of borrowers and counterparties and also includes obligors domiciled in other countries if the economic risk exists in the respective country of risk. Accordingly, the distribution by regions differs from the composition of the credit risk exposure by geographical segments of Erste Group.

### Credit risk exposure by reporting segment and risk category

The segment reporting of Erste Group is based on the matrix organisation by business segment as well as by geographical segment. The geographical segmentation follows the country markets in which Erste Group operates and the locations of the banking and other financial institutions participations.

### Credit risk exposure by business segment and risk category

| in EUR million  | Low risk       | Management attention | Substandard  | Non-performing | Total          |
|---|----------------|----------------------|--------------|----------------|----------------|
| <b>Sep 18</b>   |                |                      |              |                |                |
| Retail  | 56,548         | 6,507                | 538          | 1,707          | 65,300         |
| Corporates  | 62,799         | 4,249                | 258          | 2,301          | 69,608         |
| Group Markets   | 26,777         | 739                  | 42           | 3              | 27,562         |
| Asset/Liability Management and Local Corporate Center | 29,481         | 71                   | 57           | 20             | 29,629         |
| Savings Banks   | 53,552         | 6,915                | 733          | 1,753          | 62,953         |
| Group Corporate Center                                | 662            | 9                    | 39           | 2              | 712            |
| <b>Total</b>  | <b>229,820</b> | <b>18,490</b>        | <b>1,668</b> | <b>5,786</b>   | <b>255,764</b> |
| <b>Dec 17</b>   |                |                      |              |                |                |
| Retail  | 51,988         | 5,475                | 522          | 1,723          | 59,708         |
| Corporates  | 56,366         | 4,529                | 579          | 2,641          | 64,114         |
| Group Markets   | 15,515         | 372                  | 31           | 3              | 15,921         |
| Asset/Liability Management and Local Corporate Center | 28,183         | 96                   | 185          | 15             | 28,479         |
| Savings Banks   | 48,683         | 6,321                | 801          | 1,891          | 57,696         |
| Group Corporate Center                                | 54             | 109                  | 90           | 1              | 254            |
| <b>Total</b>  | <b>200,788</b> | <b>16,904</b>        | <b>2,207</b> | <b>6,273</b>   | <b>226,172</b> |

### Credit risk exposure by business segment and IFRS 9 treatment

| in EUR million  | Stage 1        | Stage 2       | Stage 3      | POCI       | Not subject to IFRS 9 impairment | Total          |
|---|----------------|---------------|--------------|------------|----------------------------------|----------------|
| <b>Sep 18</b>   |                |               |              |            |                                  |                |
| Retail  | 59,006         | 4,069         | 1,536        | 172        | 517                              | 65,300         |
| Corporates  | 61,707         | 3,579         | 1,953        | 356        | 2,013                            | 69,608         |
| Group Markets   | 20,973         | 423           | 2            | 0          | 6,164                            | 27,562         |
| Asset/Liability Management and Local Corporate Center | 29,365         | 55            | 20           | 0          | 189                              | 29,629         |
| Savings Banks   | 53,072         | 4,972         | 1,659        | 52         | 3,198                            | 62,953         |
| Group Corporate Center                                | 650            | 7             | 2            | 0          | 53                               | 712            |
| <b>Total</b>  | <b>224,773</b> | <b>13,104</b> | <b>5,173</b> | <b>580</b> | <b>12,135</b>                    | <b>255,764</b> |

## Credit risk exposure by geographical segment and risk category

| in EUR million                    | Low risk       | Management attention | Substandard  | Non-performing | Total          |
|-----------------------------------|----------------|----------------------|--------------|----------------|----------------|
| <b>Sep 18</b>                     |                |                      |              |                |                |
| <b>Austria</b>                    | <b>123,109</b> | <b>10,821</b>        | <b>1,123</b> | <b>2,981</b>   | <b>138,034</b> |
| EBOe & Subsidiaries               | 38,929         | 2,809                | 329          | 650            | 42,718         |
| Savings Banks                     | 53,552         | 6,915                | 733          | 1,753          | 62,953         |
| Other Austria                     | 30,628         | 1,097                | 60           | 578            | 32,363         |
| <b>Central and Eastern Europe</b> | <b>101,192</b> | <b>7,626</b>         | <b>503</b>   | <b>2,777</b>   | <b>112,098</b> |
| Czech Republic                    | 53,899         | 3,137                | 169          | 597            | 57,802         |
| Romania                           | 13,073         | 1,574                | 90           | 689            | 15,427         |
| Slovakia                          | 16,803         | 1,205                | 73           | 512            | 18,594         |
| Hungary                           | 7,957          | 673                  | 38           | 183            | 8,851          |
| Croatia                           | 7,840          | 924                  | 129          | 772            | 9,665          |
| Serbia                            | 1,620          | 113                  | 5            | 23             | 1,760          |
| <b>Other</b>                      | <b>5,519</b>   | <b>43</b>            | <b>42</b>    | <b>29</b>      | <b>5,633</b>   |
| <b>Total</b>                      | <b>229,820</b> | <b>18,490</b>        | <b>1,668</b> | <b>5,786</b>   | <b>255,764</b> |
| <b>Dec 17</b>                     |                |                      |              |                |                |
| <b>Austria</b>                    | <b>111,426</b> | <b>9,675</b>         | <b>1,352</b> | <b>3,397</b>   | <b>125,849</b> |
| EBOe & Subsidiaries               | 35,681         | 2,523                | 444          | 681            | 39,329         |
| Savings Banks                     | 48,683         | 6,321                | 801          | 1,891          | 57,696         |
| Other Austria                     | 27,062         | 830                  | 106          | 825            | 28,823         |
| <b>Central and Eastern Europe</b> | <b>84,561</b>  | <b>7,120</b>         | <b>766</b>   | <b>2,851</b>   | <b>95,298</b>  |
| Czech Republic                    | 41,616         | 2,741                | 254          | 575            | 45,186         |
| Romania                           | 11,411         | 1,753                | 182          | 729            | 14,076         |
| Slovakia                          | 15,641         | 1,110                | 63           | 507            | 17,320         |
| Hungary                           | 7,094          | 461                  | 105          | 215            | 7,875          |
| Croatia                           | 7,433          | 961                  | 154          | 792            | 9,341          |
| Serbia                            | 1,365          | 94                   | 7            | 33             | 1,500          |
| <b>Other</b>                      | <b>4,801</b>   | <b>109</b>           | <b>90</b>    | <b>25</b>      | <b>5,025</b>   |
| <b>Total</b>                      | <b>200,788</b> | <b>16,904</b>        | <b>2,207</b> | <b>6,273</b>   | <b>226,172</b> |

## Credit risk exposure by geographical segment and IFRS 9 treatment

| in EUR million                    | Stage 1        | Stage 2       | Stage 3      | POCI       | Not subject to IFRS 9 impairment | Total          |
|-----------------------------------|----------------|---------------|--------------|------------|----------------------------------|----------------|
| <b>Sep 18</b>                     |                |               |              |            |                                  |                |
| <b>Austria</b>                    | <b>115,069</b> | <b>9,375</b>  | <b>2,827</b> | <b>78</b>  | <b>10,684</b>                    | <b>138,034</b> |
| EBOe & Subsidiaries               | 38,174         | 3,069         | 632          | 3          | 838                              | 42,718         |
| Savings Banks                     | 53,072         | 4,972         | 1,659        | 52         | 3,198                            | 62,953         |
| Other Austria                     | 23,823         | 1,334         | 536          | 23         | 6,648                            | 32,363         |
| <b>Central and Eastern Europe</b> | <b>104,217</b> | <b>3,681</b>  | <b>2,325</b> | <b>502</b> | <b>1,373</b>                     | <b>112,098</b> |
| Czech Republic                    | 55,140         | 1,746         | 565          | 10         | 341                              | 57,802         |
| Romania                           | 13,677         | 992           | 572          | 135        | 51                               | 15,427         |
| Slovakia                          | 17,646         | 337           | 367          | 165        | 79                               | 18,594         |
| Hungary                           | 7,736          | 126           | 101          | 126        | 762                              | 8,851          |
| Croatia                           | 8,421          | 430           | 702          | 62         | 50                               | 9,665          |
| Serbia                            | 1,597          | 50            | 18           | 4          | 90                               | 1,760          |
| <b>Other</b>                      | <b>5,486</b>   | <b>48</b>     | <b>20</b>    | <b>0</b>   | <b>78</b>                        | <b>5,633</b>   |
| <b>Total</b>                      | <b>224,773</b> | <b>13,104</b> | <b>5,173</b> | <b>580</b> | <b>12,135</b>                    | <b>255,764</b> |

## Loans to customers

The tables on the following pages present the structure of the customer loan book, excluding loans to central banks and credit institutions broken-down by different categories. Loans to customers comprise

- \_ loans and advances to customers at FVPL
- \_ loans and advances to customers at AC
- \_ finance lease receivables and
- \_ trade and other receivables.

On the next pages loans to customers are presented by:

- \_ business segment and risk category;
- \_ business segment and IFRS 9 treatment;
- \_ geographical segment and risk category;
- \_ geographical segment and IFRS 9 treatment;
- \_ business segment and coverage of non-performing loans to customers by credit loss allowances;
- \_ business segment and coverage by credit loss allowances and IFRS 9 treatment;
- \_ geographical segment and coverage of non-performing loans to customers by credit loss allowances;
- \_ geographical segment and coverage by credit loss allowances and IFRS 9 treatment;
- \_ geographical segment and currency.

## Loans to customers by business segment and risk category

| in EUR million  | Low risk       | Management attention | Substandard  | Non-performing | Total          |
|---|----------------|----------------------|--------------|----------------|----------------|
| <b>Sep 18</b>   |                |                      |              |                |                |
| Retail  | 47,774         | 5,732                | 515          | 1,681          | 55,703         |
| Corporates  | 43,865         | 3,409                | 161          | 1,971          | 49,407         |
| Group Markets   | 2,455          | 120                  | 0            | 0              | 2,575          |
| Asset/Liability Management and Local Corporate Center | 88             | 32                   | 50           | 19             | 188            |
| Savings Banks   | 36,337         | 5,477                | 643          | 1,663          | 44,119         |
| Group Corporate Center                                | 43             | 3                    | 9            | 2              | 57             |
| <b>Total</b>  | <b>130,563</b> | <b>14,772</b>        | <b>1,378</b> | <b>5,337</b>   | <b>152,050</b> |
| <b>Dec 17</b>   |                |                      |              |                |                |
| Retail  | 45,516         | 5,025                | 501          | 1,691          | 52,734         |
| Corporates  | 40,790         | 3,729                | 417          | 2,312          | 47,249         |
| Group Markets   | 933            | 231                  | 5            | 0              | 1,169          |
| Asset/Liability Management and Local Corporate Center | 111            | 30                   | 51           | 14             | 206            |
| Savings Banks   | 34,551         | 5,159                | 654          | 1,758          | 42,122         |
| Group Corporate Center                                | 20             | 4                    | 5            | 1              | 30             |
| <b>Total</b>  | <b>121,921</b> | <b>14,179</b>        | <b>1,633</b> | <b>5,776</b>   | <b>143,509</b> |

## Loans to customers by business segment and IFRS 9 treatment

| in EUR million  | Stage 1        | Stage 2       | Stage 3      | POCI       | Gross customer loans (AC) | Not subject to IFRS 9 impairment | Total          |
|---|----------------|---------------|--------------|------------|---------------------------|----------------------------------|----------------|
| <b>Sep 18</b>   |                |               |              |            |                           |                                  |                |
| Retail  | 50,269         | 3,601         | 1,518        | 169        | 55,557                    | 146                              | 55,703         |
| Corporates  | 44,477         | 2,830         | 1,682        | 296        | 49,285                    | 122                              | 49,407         |
| Group Markets   | 2,550          | 25            | 0            | 0          | 2,575                     | 0                                | 2,575          |
| Asset/Liability Management and Local Corporate Center | 156            | 13            | 19           | 0          | 188                       | 0                                | 188            |
| Savings Banks   | 38,062         | 4,313         | 1,579        | 52         | 44,005                    | 115                              | 44,119         |
| Group Corporate Center                                | 53             | 2             | 2            | 0          | 57                        | 0                                | 57             |
| <b>Total</b>  | <b>135,567</b> | <b>10,783</b> | <b>4,800</b> | <b>517</b> | <b>151,667</b>            | <b>383</b>                       | <b>152,050</b> |

Stage 1 and Stage 2 comprise not impaired loans while Stage 3 includes impaired loans. POCI (purchased or originated credit impaired) consists of loans already impaired when purchased or originated.

The defaulted part of POCI loans amounted to EUR 399.4 million, the non-defaulted part to EUR 117.5 million.

## Loans to customers by geographical segment and risk category

| in EUR million                        | Low risk       | Management attention | Substandard  | Non-performing | Total          |
|---------------------------------------|----------------|----------------------|--------------|----------------|----------------|
| <b>Sep 18</b>                         |                |                      |              |                |                |
| <b>Austria</b>                        | <b>78,321</b>  | <b>8,183</b>         | <b>965</b>   | <b>2,817</b>   | <b>90,286</b>  |
| Erste Bank Oesterreich & Subsidiaries | 29,341         | 2,364                | 306          | 618            | 32,629         |
| Savings Banks                         | 36,337         | 5,477                | 643          | 1,663          | 44,119         |
| Other Austria                         | 12,642         | 343                  | 16           | 536            | 13,537         |
| <b>Central and Eastern Europe</b>     | <b>52,081</b>  | <b>6,553</b>         | <b>401</b>   | <b>2,492</b>   | <b>61,527</b>  |
| Czech Republic                        | 25,159         | 2,663                | 137          | 525            | 28,484         |
| Romania                               | 6,186          | 1,420                | 44           | 554            | 8,204          |
| Slovakia                              | 11,497         | 1,113                | 72           | 463            | 13,145         |
| Hungary                               | 3,330          | 463                  | 33           | 173            | 4,000          |
| Croatia                               | 4,856          | 799                  | 110          | 754            | 6,520          |
| Serbia                                | 1,053          | 96                   | 4            | 22             | 1,176          |
| <b>Other</b>                          | <b>161</b>     | <b>36</b>            | <b>12</b>    | <b>29</b>      | <b>237</b>     |
| <b>Total</b>                          | <b>130,563</b> | <b>14,772</b>        | <b>1,378</b> | <b>5,337</b>   | <b>152,050</b> |
| <b>Dec 17</b>                         |                |                      |              |                |                |
| <b>Austria</b>                        | <b>74,809</b>  | <b>7,960</b>         | <b>1,019</b> | <b>3,112</b>   | <b>86,900</b>  |
| Erste Bank Oesterreich & Subsidiaries | 28,681         | 2,181                | 294          | 631            | 31,787         |
| Savings Banks                         | 34,551         | 5,159                | 654          | 1,758          | 42,122         |
| Other Austria                         | 11,578         | 620                  | 71           | 723            | 12,991         |
| <b>Central and Eastern Europe</b>     | <b>46,934</b>  | <b>6,214</b>         | <b>609</b>   | <b>2,639</b>   | <b>56,396</b>  |
| Czech Republic                        | 22,481         | 2,298                | 183          | 525            | 25,487         |
| Romania                               | 5,452          | 1,559                | 116          | 632            | 7,759          |
| Slovakia                              | 10,514         | 1,014                | 62           | 458            | 12,048         |
| Hungary                               | 3,038          | 416                  | 103          | 209            | 3,766          |
| Croatia                               | 4,601          | 849                  | 138          | 783            | 6,371          |
| Serbia                                | 848            | 79                   | 6            | 32             | 965            |
| <b>Other</b>                          | <b>179</b>     | <b>4</b>             | <b>5</b>     | <b>25</b>      | <b>212</b>     |
| <b>Total</b>                          | <b>121,921</b> | <b>14,179</b>        | <b>1,633</b> | <b>5,776</b>   | <b>143,509</b> |

## Loans to customers by geographical segment and IFRS 9 treatment

| in EUR million                    | Stage 1        | Stage 2       | Stage 3      | POCI       | Gross customer loans (AC) | Not subject to IFRS 9 impairment | Total          |
|-----------------------------------|----------------|---------------|--------------|------------|---------------------------|----------------------------------|----------------|
| <b>Sep 18</b>                     |                |               |              |            |                           |                                  |                |
| <b>Austria</b>                    | <b>79,532</b>  | <b>7,754</b>  | <b>2,678</b> | <b>77</b>  | <b>90,041</b>             | <b>245</b>                       | <b>90,286</b>  |
| EBOe & Subsidiaries               | 29,357         | 2,624         | 603          | 3          | 32,587                    | 42                               | 32,629         |
| Savings Banks                     | 38,062         | 4,313         | 1,579        | 52         | 44,005                    | 115                              | 44,119         |
| Other Austria                     | 12,114         | 818           | 496          | 22         | 13,450                    | 88                               | 13,537         |
| <b>Central and Eastern Europe</b> | <b>55,861</b>  | <b>2,986</b>  | <b>2,102</b> | <b>440</b> | <b>61,389</b>             | <b>138</b>                       | <b>61,527</b>  |
| Czech Republic                    | 26,615         | 1,357         | 499          | 10         | 28,481                    | 3                                | 28,484         |
| Romania                           | 6,801          | 823           | 446          | 131        | 8,201                     | 4                                | 8,204          |
| Slovakia                          | 12,347         | 326           | 364          | 108        | 13,145                    | 0                                | 13,145         |
| Hungary                           | 3,535          | 115           | 92           | 125        | 3,867                     | 132                              | 4,000          |
| Croatia                           | 5,456          | 318           | 684          | 61         | 6,520                     | 0                                | 6,520          |
| Serbia                            | 1,107          | 46            | 18           | 4          | 1,176                     | 0                                | 1,176          |
| <b>Other</b>                      | <b>174</b>     | <b>43</b>     | <b>20</b>    | <b>0</b>   | <b>237</b>                | <b>0</b>                         | <b>237</b>     |
| <b>Total</b>                      | <b>135,567</b> | <b>10,783</b> | <b>4,800</b> | <b>517</b> | <b>151,667</b>            | <b>383</b>                       | <b>152,050</b> |

## Non-performing loans to customers by business segment and coverage by credit loss allowances

| in EUR million | Non-performing loans |              | Gross customer loans |                | Credit loss allowances | Collateral for NPL |              | NPL ratio   |             | NPL coverage (exc collateral) | NPL collateralisation ratio |              |
|----------------|----------------------|--------------|----------------------|----------------|------------------------|--------------------|--------------|-------------|-------------|-------------------------------|-----------------------------|--------------|
|                | Total                | AC           | Total                | AC             | AC                     | Total              | AC           | Total       | AC          | AC                            | Total                       | AC           |
| <b>Sep 18</b>  |                      |              |                      |                |                        |                    |              |             |             |                               |                             |              |
| Retail         | 1,681                | 1,679        | 55,703               | 55,557         | 1,406                  | 666                | 604          | 3.0%        | 3.0%        | 83.7%                         | 39.6%                       | 36.0%        |
| Corporates     | 1,971                | 1,950        | 49,407               | 49,285         | 1,321                  | 757                | 727          | 4.0%        | 4.0%        | 67.7%                         | 38.4%                       | 37.3%        |
| Group Markets  | 0                    | 0            | 2,575                | 2,575          | 4                      | 0                  | 0            | 0.0%        | 0.0%        | >500%                         | 0.0%                        | 0.0%         |
| ALM & LCC      | 19                   | 19           | 188                  | 188            | 26                     | 0                  | 0            | 10.2%       | 10.2%       | 132.8%                        | 1.5%                        | 1.5%         |
| Savings Banks  | 1,663                | 1,659        | 44,119               | 44,005         | 1,016                  | 810                | 807          | 3.8%        | 3.8%        | 61.3%                         | 48.7%                       | 48.6%        |
| GCC            | 2                    | 2            | 57                   | 57             | 2                      | 2                  | 0            | 4.0%        | 4.0%        | 72.7%                         | 99.7%                       | 0.0%         |
| <b>Total</b>   | <b>5,337</b>         | <b>5,309</b> | <b>152,050</b>       | <b>151,667</b> | <b>3,774</b>           | <b>2,236</b>       | <b>2,139</b> | <b>3.5%</b> | <b>3.5%</b> | <b>71.1%</b>                  | <b>41.9%</b>                | <b>40.3%</b> |

Gross customer loans, non-performing loans, and collateral include amortised cost and FVPL portfolios.

| in EUR million  | Non-performing loans | Gross customer loans | Allowances for customer loans | NPL ratio   | NPL coverage (exc collateral) |
|---|----------------------|----------------------|-------------------------------|-------------|-------------------------------|
| <b>Dec 17</b>   |                      |                      |                               |             |                               |
| Retail  | 1,691                | 52,734               | 1,319                         | 3.2%        | 78.0%                         |
| Corporates  | 2,312                | 47,249               | 1,605                         | 4.9%        | 69.4%                         |
| Group Markets   | 0                    | 1,169                | 2                             | 0.0%        | >500.0%                       |
| Asset/Liability Management and Local Corporate Center | 14                   | 206                  | 25                            | 6.6%        | 187.7%                        |
| Savings Banks   | 1,758                | 42,122               | 1,026                         | 4.2%        | 58.3%                         |
| Group Corporate Center                                | 1                    | 30                   | 0                             | 2.3%        | 16.5%                         |
| <b>Total</b>  | <b>5,776</b>         | <b>143,509</b>       | <b>3,977</b>                  | <b>4.0%</b> | <b>68.8%</b>                  |

The NPL ratio is calculated by dividing non-performing loans and receivables by total loans and receivables. The NPL coverage ratio (excluding collateral) is calculated by dividing risk allowances (specific and collective allowances) by non-performing loans and receivables to customers. Collateral or other recoveries are not taken into account.

## Loans to customers at AC and coverage by credit loss allowances by business segment and IFRS 9 treatment

| in EUR million | Loans to customers |               |              |            | Credit loss allowances |            |              |            | Stage 2 coverage ratio | Stage 3 coverage ratio | POCI coverage ratio |
|----------------|--------------------|---------------|--------------|------------|------------------------|------------|--------------|------------|------------------------|------------------------|---------------------|
|                | Stage 1            | Stage 2       | Stage 3      | POCI       | Stage 1                | Stage 2    | Stage 3      | POCI       |                        |                        |                     |
| <b>Sep 18</b>  |                    |               |              |            |                        |            |              |            |                        |                        |                     |
| Retail         | 50,269             | 3,601         | 1,518        | 169        | 126                    | 200        | 1,000        | 80         | 5.6%                   | 65.9%                  | 47.2%               |
| Corporates     | 44,477             | 2,830         | 1,682        | 296        | 141                    | 111        | 1,001        | 68         | 3.9%                   | 59.5%                  | 23.0%               |
| Group Markets  | 2,550              | 25            | 0            | 0          | 4                      | 0          | 0            | 0          | 0.7%                   | 84.7%                  | 15.7%               |
| ALM & LCC      | 156                | 13            | 19           | 0          | 0                      | 10         | 15           | 0          | 78.8%                  | 76.2%                  | 0.0%                |
| Savings Banks  | 38,062             | 4,313         | 1,579        | 52         | 81                     | 128        | 788          | 19         | 3.0%                   | 49.9%                  | 36.8%               |
| GCC            | 53                 | 2             | 2            | 0          | 0                      | 0          | 1            | 0          | 1.5%                   | 60.9%                  | 0.0%                |
| <b>Total</b>   | <b>135,567</b>     | <b>10,783</b> | <b>4,800</b> | <b>517</b> | <b>352</b>             | <b>450</b> | <b>2,805</b> | <b>167</b> | <b>4.2%</b>            | <b>58.4%</b>           | <b>32.3%</b>        |

The general principles and standards for credit loss allowances are governed by internal policies in Erste Group. According to IFRS 9, credit loss allowances are calculated for all components of the credit risk exposure which are measured at amortised cost (AC) or at fair value through other comprehensive income and include other demand deposits, debt securities, loans and advances as well as finance lease and trade receivables. Provisions for loan commitments and financial guarantees are calculated if they are IFRS 9 impairment relevant.

In the area of expected credit loss (ECL) modelling and calculation of ensuing credit loss allowances (CLA), Erste Group has concluded that one of the key drivers of the expected impact from adopting the ECL model required by IFRS 9 is the assessment of significant increase in credit risk (SICR) for exposures that are not identified as credit-impaired as at the date of initial application of IFRS 9 (for retrospective application) or as at any given reporting period after transition to IFRS 9 (for prospective application). In this respect, across portfolios and product types, quantitative and qualitative indicators are defined for assessing SICR, including the indicator of 30 days-past-due.

Quantitative indicators include adverse changes in annualized lifetime probability of default and in 12-month probability of defaults with significance being assessed by reference to a mix of relative and absolute change thresholds. Generally the indicators for probability of default are determined to reflect the risk as a "point-in-time" measure and with consideration of forward-looking information (FLI). The thresholds are established at PD segment level or client rating level, as necessary, and are subject to initial and on-going validation.

Qualitative SICR indicators include forbearance-type flags, work-out transfer flag, information from early-warning-system (if it is not sufficiently considered in rating) and fraud indicators. The assignment of some of the qualitative indicators inherently relies on experienced credit risk judgment being exercised adequately and timely. The related group-wide and entity-level credit risk controlling policies and procedures (adapted as necessary in the light of transition to IFRS 9) ensure the necessary governance framework. Besides the qualitative indicators defined on client level, the assessment of significant increase in credit risk is performed on portfolio level if the increase in credit risk on individual instrument or client level is only available with a certain time lag or is observable exclusively on portfolio level.

The “low credit risk exemption” allowed by IFRS 9 for “investment grade” assets or other assets deemed “low risk” (and resulting in 12 months expected credit losses being calculated irrespective of SICR quantitative measures) has been implemented with limitations in Erste Group. Thus, the potential activation of this exemption is limited to particular types of debt instruments and counterparty categories, and only if supported by sufficient “low risk” evidence. On this basis, the “low risk exemption” is expected to occasionally apply to some debt security exposures and only exceptionally to loans.

The calculation of credit loss allowances is done on a monthly basis on single exposure level and in the contractual currency of the exposure. To compute the credit loss allowance, Erste Group applies an expected credit loss (ECL) model based on a three stages approach that either leads to a twelve-month ECL or to a lifetime ECL.

The three stages approach applies to financial instruments which are not categorised as purchased or originated credit-impaired financial assets which form a category on their own. Depending on the impairment status and the assessment of the development of credit risk, the financial instruments are assigned to one of three stages.

Stage 1 includes financial instruments at initial recognition and financial assets without a significant increase in credit risk since initial recognition irrespective of their credit quality. In stage 1, the credit risk loss allowances are calculated as twelve-months ECL.

Stage 2 includes financial instruments with a significant increase in credit risk but not credit-impaired at the reporting date. In stage 2, the credit risk loss allowances are calculated as lifetime ECL. Special rules exist for the classification of first-time drawings on committed credit lines. Depending on the development of credit risk between the commitment and the first drawing the exposure is categorised as stage 1 or stage 2.

Stage 3 includes financial assets which are credit-impaired at the reporting date. In principle, a financial instrument becomes credit-impaired when the customer defaults. Erste Group generally applies a customer view which leads to an impairment of all claims even if the customer defaults only on one of several transactions. On the other side, an upgrade to a non-defaulted rating grade implies that the total exposure ceases to be impaired. In stage 3, the credit loss allowances are calculated as lifetime ECL.

Credit loss allowances are calculated individually or collectively. The individual approach is applied in case of exposures to significant defaulted customers and consists of the individual assessment of the difference between the gross carrying amount and the net present value of the expected cash flows which are estimated by workout or risk managers. The discounting of the cash flows is based on the effective interest rate.

A customer is classified as significant if the total on- and off-balance exposure exceeds a predefined materiality limit. Otherwise, the customer is considered as insignificant and a rule-based approach is used for the calculation of the specific allowance. Under this approach, allowances are calculated as the product of gross carrying amount and loss given default (LGD), where LGD depends on characteristics such as time in default or the stage of the workout process.

Collective allowances are calculated for exposures to non-defaulted customers according to a rule-based approach irrespective of the significance of the customer. The level of collective allowances depends on the exposure at default (EAD), the probability of default, the loss given default and the credit conversion factor in case of off-balance-sheet exposures. The result of discounting future cash flows to their present values is taken into consideration in the LGD calculation. EAD is modelled based on the repayment schedule or repayment type and differs from gross carrying amount.

The risk parameters used in the ECL calculation take into account available information at the reporting date about past events, current conditions and forecasts on future economic trends. Generally, the risk parameters applied in the calculation of collective allowances may differ from the risk parameters compliant to capital requirement regulations if the characteristics of the respective portfolio in combination with IFRS standards necessitate this.

## Non-performing loans to customers by geographical segment and coverage by credit loss allowances

| in EUR million | Non-performing loans |              | Gross customer loans |                | Credit loss allowances | Collateral for NPL |              | NPL ratio   |             | NPL coverage (exc collateral) | NPL collateralisation ratio |              |
|----------------|----------------------|--------------|----------------------|----------------|------------------------|--------------------|--------------|-------------|-------------|-------------------------------|-----------------------------|--------------|
|                | Total                | AC           | Total                | AC             | AC                     | Total              | AC           | Total       | AC          | AC                            | Total                       | AC           |
| <b>Sep 18</b>  |                      |              |                      |                |                        |                    |              |             |             |                               |                             |              |
| <b>Austria</b> | <b>2,817</b>         | <b>2,794</b> | <b>90,286</b>        | <b>90,041</b>  | <b>1,648</b>           | <b>1,379</b>       | <b>1,375</b> | <b>3.1%</b> | <b>3.1%</b> | <b>59.0%</b>                  | <b>49.0%</b>                | <b>49.2%</b> |
| EBOe & Subs    | 618                  | 617          | 32,629               | 32,587         | 376                    | 312                | 312          | 1.9%        | 1.9%        | 60.9%                         | 50.5%                       | 50.6%        |
| Savings Banks  | 1,663                | 1,659        | 44,119               | 44,005         | 1,016                  | 810                | 807          | 3.8%        | 3.8%        | 61.3%                         | 48.7%                       | 48.6%        |
| Other Austria  | 536                  | 518          | 13,537               | 13,450         | 256                    | 257                | 257          | 4.0%        | 3.9%        | 49.4%                         | 48.0%                       | 49.6%        |
| <b>CEE</b>     | <b>2,492</b>         | <b>2,487</b> | <b>61,527</b>        | <b>61,389</b>  | <b>2,110</b>           | <b>854</b>         | <b>764</b>   | <b>4.1%</b> | <b>4.1%</b> | <b>84.8%</b>                  | <b>34.3%</b>                | <b>30.7%</b> |
| Czech Republic | 525                  | 525          | 28,484               | 28,481         | 509                    | 110                | 110          | 1.8%        | 1.8%        | 97.1%                         | 20.9%                       | 20.9%        |
| Romania        | 554                  | 551          | 8,204                | 8,201          | 520                    | 169                | 89           | 6.8%        | 6.7%        | 94.4%                         | 30.5%                       | 16.1%        |
| Slovakia       | 463                  | 463          | 13,145               | 13,145         | 374                    | 196                | 196          | 3.5%        | 3.5%        | 80.8%                         | 42.3%                       | 42.3%        |
| Hungary        | 173                  | 172          | 4,000                | 3,867          | 138                    | 99                 | 98           | 4.3%        | 4.4%        | 80.2%                         | 57.4%                       | 57.1%        |
| Croatia        | 754                  | 754          | 6,520                | 6,520          | 537                    | 272                | 264          | 11.6%       | 11.6%       | 71.2%                         | 36.1%                       | 35.0%        |
| Serbia         | 22                   | 22           | 1,176                | 1,176          | 31                     | 7                  | 7            | 1.9%        | 1.9%        | 139.0%                        | 33.7%                       | 33.7%        |
| Other          | 29                   | 29           | 237                  | 237            | 17                     | 2                  | 0            | 12.1%       | 12.1%       | 57.7%                         | 7.9%                        | 0.0%         |
| <b>Total</b>   | <b>5,337</b>         | <b>5,309</b> | <b>152,050</b>       | <b>151,667</b> | <b>3,774</b>           | <b>2,236</b>       | <b>2,139</b> | <b>3.5%</b> | <b>3.5%</b> | <b>71.1%</b>                  | <b>41.9%</b>                | <b>40.3%</b> |

Gross customer loans, non-performing loans, and collateral include amortized cost and FVPL portfolios.

| in EUR million                        | Non-performing loans | Total          | Allowances for customer loans | NPL ratio   | NPL coverage (exc collateral) |
|---------------------------------------|----------------------|----------------|-------------------------------|-------------|-------------------------------|
| <b>Dec 17</b>                         |                      |                |                               |             |                               |
| <b>Austria</b>                        | <b>3,112</b>         | <b>86,900</b>  | <b>1,749</b>                  | <b>3.6%</b> | <b>56.2%</b>                  |
| Erste Bank Oesterreich & Subsidiaries | 631                  | 31,787         | 360                           | 2.0%        | 57.1%                         |
| Savings Banks                         | 1,758                | 42,122         | 1,026                         | 4.2%        | 58.3%                         |
| Other Austria                         | 723                  | 12,991         | 363                           | 5.6%        | 50.2%                         |
| <b>Central and Eastern Europe</b>     | <b>2,639</b>         | <b>56,396</b>  | <b>2,214</b>                  | <b>4.7%</b> | <b>83.9%</b>                  |
| Czech Republic                        | 525                  | 25,487         | 486                           | 2.1%        | 92.5%                         |
| Romania                               | 632                  | 7,759          | 586                           | 8.1%        | 92.7%                         |
| Slovakia                              | 458                  | 12,048         | 365                           | 3.8%        | 79.7%                         |
| Hungary                               | 209                  | 3,766          | 186                           | 5.5%        | 89.3%                         |
| Croatia                               | 783                  | 6,371          | 556                           | 12.3%       | 70.9%                         |
| Serbia                                | 32                   | 965            | 36                            | 3.3%        | 112.0%                        |
| Other                                 | 25                   | 212            | 14                            | 11.7%       | 56.6%                         |
| <b>Total</b>                          | <b>5,776</b>         | <b>143,509</b> | <b>3,977</b>                  | <b>4.0%</b> | <b>68.8%</b>                  |

## Loans to customers at AC and coverage by credit loss allowances by geographical segment and IFRS 9 treatment

| in EUR million | Loans to customers |               |              |            | Credit loss allowances |            |              |            | Stage 2 coverage ratio | Stage 3 coverage ratio | POCI coverage ratio |
|----------------|--------------------|---------------|--------------|------------|------------------------|------------|--------------|------------|------------------------|------------------------|---------------------|
|                | Stage 1            | Stage 2       | Stage 3      | POCI       | Stage 1                | Stage 2    | Stage 3      | POCI       |                        |                        |                     |
| <b>Sep 18</b>  |                    |               |              |            |                        |            |              |            |                        |                        |                     |
| <b>Austria</b> | <b>79,532</b>      | <b>7,754</b>  | <b>2,678</b> | <b>77</b>  | <b>142</b>             | <b>196</b> | <b>1,289</b> | <b>20</b>  | <b>2.5%</b>            | <b>48.1%</b>           | <b>25.8%</b>        |
| EBOe & Subs    | 29,357             | 2,624         | 603          | 3          | 34                     | 56         | 285          | 1          | 2.1%                   | 47.2%                  | 24.9%               |
| Savings Banks  | 38,062             | 4,313         | 1,579        | 52         | 81                     | 128        | 788          | 19         | 3.0%                   | 49.9%                  | 36.8%               |
| Other Austria  | 12,114             | 818           | 496          | 22         | 28                     | 12         | 217          | 0          | 1.4%                   | 43.6%                  | 0.0%                |
| <b>CEE</b>     | <b>55,861</b>      | <b>2,986</b>  | <b>2,102</b> | <b>440</b> | <b>208</b>             | <b>252</b> | <b>1,502</b> | <b>147</b> | <b>8.4%</b>            | <b>71.5%</b>           | <b>33.4%</b>        |
| Czech Republic | 26,615             | 1,357         | 499          | 10         | 71                     | 79         | 357          | 1          | 5.9%                   | 71.7%                  | 12.0%               |
| Romania        | 6,801              | 823           | 446          | 131        | 30                     | 93         | 351          | 46         | 11.3%                  | 78.7%                  | 35.4%               |
| Slovakia       | 12,347             | 326           | 364          | 108        | 37                     | 35         | 248          | 54         | 10.7%                  | 68.3%                  | 49.7%               |
| Hungary        | 3,535              | 115           | 92           | 125        | 15                     | 17         | 69           | 38         | 14.5%                  | 74.8%                  | 30.1%               |
| Croatia        | 5,456              | 318           | 684          | 61         | 45                     | 20         | 466          | 7          | 6.3%                   | 68.0%                  | 11.1%               |
| Serbia         | 1,107              | 46            | 18           | 4          | 10                     | 8          | 12           | 1          | 17.2%                  | 65.4%                  | 24.5%               |
| Other          | 174                | 43            | 20           | 0          | 1                      | 2          | 14           | 0          | 4.5%                   | 67.6%                  | 0.0%                |
| <b>Total</b>   | <b>135,567</b>     | <b>10,783</b> | <b>4,800</b> | <b>517</b> | <b>352</b>             | <b>450</b> | <b>2,805</b> | <b>167</b> | <b>4.2%</b>            | <b>58.4%</b>           | <b>32.3%</b>        |

## Loans to customers by geographical segment and currency

| in EUR million                        | EUR            | CEE-LCY       | CHF          | USD          | Other        | Total          |
|---------------------------------------|----------------|---------------|--------------|--------------|--------------|----------------|
| <b>Sep 18</b>                         |                |               |              |              |              |                |
| <b>Austria</b>                        | <b>82,066</b>  | <b>0</b>      | <b>3,605</b> | <b>2,510</b> | <b>2,105</b> | <b>90,286</b>  |
| Erste Bank Oesterreich & Subsidiaries | 30,977         | 0             | 1,492        | 56           | 104          | 32,629         |
| Savings Banks                         | 40,910         | 0             | 2,068        | 95           | 1,046        | 44,119         |
| Other Austria                         | 10,178         | 0             | 46           | 2,359        | 955          | 13,537         |
| <b>Central and Eastern Europe</b>     | <b>27,051</b>  | <b>33,687</b> | <b>50</b>    | <b>609</b>   | <b>130</b>   | <b>61,527</b>  |
| Czech Republic                        | 4,439          | 23,546        | 1            | 402          | 96           | 28,484         |
| Romania                               | 3,397          | 4,698         | 0            | 110          | 0            | 8,204          |
| Slovakia                              | 13,092         | 0             | 0            | 25           | 28           | 13,145         |
| Hungary                               | 1,011          | 2,979         | 8            | 2            | 0            | 4,000          |
| Croatia                               | 4,216          | 2,200         | 31           | 66           | 7            | 6,520          |
| Serbia                                | 897            | 264           | 10           | 4            | 0            | 1,176          |
| <b>Other</b>                          | <b>200</b>     | <b>32</b>     | <b>0</b>     | <b>5</b>     | <b>0</b>     | <b>237</b>     |
| <b>Total</b>                          | <b>109,317</b> | <b>33,718</b> | <b>3,655</b> | <b>3,124</b> | <b>2,236</b> | <b>152,050</b> |

|                                       |                |               |              |              |              |                |
|---------------------------------------|----------------|---------------|--------------|--------------|--------------|----------------|
| <b>Dec 17</b>                         |                |               |              |              |              |                |
| <b>Austria</b>                        | <b>78,985</b>  | <b>0</b>      | <b>4,005</b> | <b>2,147</b> | <b>1,763</b> | <b>86,900</b>  |
| Erste Bank Oesterreich & Subsidiaries | 30,040         | 0             | 1,590        | 46           | 112          | 31,787         |
| Savings Banks                         | 38,853         | 0             | 2,237        | 83           | 949          | 42,122         |
| Other Austria                         | 10,093         | 0             | 178          | 2,018        | 702          | 12,991         |
| <b>Central and Eastern Europe</b>     | <b>24,697</b>  | <b>31,135</b> | <b>102</b>   | <b>375</b>   | <b>86</b>    | <b>56,396</b>  |
| Czech Republic                        | 3,392          | 21,866        | 1            | 164          | 64           | 25,487         |
| Romania                               | 3,413          | 4,202         | 0            | 143          | 0            | 7,759          |
| Slovakia                              | 12,004         | 0             | 0            | 28           | 16           | 12,048         |
| Hungary                               | 886            | 2,850         | 27           | 3            | 0            | 3,766          |
| Croatia                               | 4,264          | 2,005         | 63           | 33           | 6            | 6,371          |
| Serbia                                | 738            | 212           | 11           | 4            | 0            | 965            |
| <b>Other</b>                          | <b>176</b>     | <b>31</b>     | <b>0</b>     | <b>6</b>     | <b>0</b>     | <b>212</b>     |
| <b>Total</b>                          | <b>103,858</b> | <b>31,166</b> | <b>4,107</b> | <b>2,528</b> | <b>1,849</b> | <b>143,509</b> |

## Market risk

The following table shows the value at risk of the trading book at the 99% confidence level using equally weighted market data and with a holding period of one day.

| in EUR million | Dec 17     | Sep 18     |
|----------------|------------|------------|
| Interest       | 4.5        | 3.7        |
| Currency       | 0.7        | 1.0        |
| Shares         | 1.0        | 0.7        |
| Commodity      | 0.7        | 0.1        |
| Volatility     | 0.4        | 0.3        |
| <b>Total</b>   | <b>5.0</b> | <b>4.1</b> |

The method used is subject to limitations that may result in the information not fully reflecting the fair value of the assets and liabilities involved. This restriction applies to the inclusion of credit spreads in the calculation of the VaR. Issuer specific spreads are applied to sovereign issuers, while sector specific spreads are applied to non-sovereign issuers.

## Liquidity risk

Due to the comfortable liquidity position and the usage of the TLTRO II programme (Targeted Longer-Term Refinancing Operations II) of the European Central Bank, Erste Group Bank AG has budgeted long term issuance for 2018 in the amount of EUR 3.1 billion. In the first nine months of the year Erste Group issued over EUR 3 billion (net of EUR 86 million buybacks), including three benchmark transactions (in total EUR 2.5 billion mortgage covered bonds). On group level, Erste Group's total TLTRO II participation amounts to EUR 3.5 billion.

## Leverage ratio

The leverage ratio represents the relationship between core capital (tier 1) and the leverage exposure according to Article 429 Capital Requirements Regulation (CRR). Essentially, the leverage exposure represents the sum of unweighted on- and off-balance-sheet positions considering valuation and risk adjustments as defined within the CRR.

As of 30 September 2018, the leverage ratio for Erste Group Bank AG at consolidated level amounted to 6.3% (Basel 3 final), comfortably above the 3.0% minimum requirement proposed by the Basel Committee. Tier 1 capital amounted to EUR 15.7 billion at the reference date, while total leverage exposure stood at EUR 249.2 billion.

The calculation and disclosure of the leverage ratio are based on the European Commission's delegated regulation ((EU) 2015/62 of 10 October 2014), which was published in the Official Journal of the European Union on 17 January 2015.

### 37. Related party transactions

The foundation DIE ERSTE oesterreichische Spar-Casse Privatstiftung (Privatstiftung) controls a total of 29.68% interest in Erste Group Bank AG. Privatstiftung is therefore the largest single investor in Erste Group Bank AG. At the end of the reporting period, Erste Group had, in relation to Privatstiftung, accounts payable of EUR 4.0 million (EUR 8.8 million) and no accounts receivable. At the end of the reporting period, Privatstiftung held bonds issued by Erste Group Bank AG in the amount of EUR 10.2 million (EUR 10.2 million). There was no interest income of Erste Group in the reporting period (cumulated in 2017: EUR 0.3 million), interest expenses amounted to EUR 0.3 (cumulated in 2017: EUR 0.5 million), resulting from the above mentioned accounts payable and receivable.

### 38. Contingent liabilities – legal proceedings

There have not been any material changes with regard to legal disputes in which Erste Group Bank AG and some of its subsidiaries are involved or their impact on the financial position or profitability of Erste Group compared to the annual report 2017.

### 39. Fair value of financial instruments

All financial instruments are measured at fair value on recurring basis.

#### Financial instruments carried at fair value

The measurement of fair value at Erste Group is based primarily on external sources of data (stock market prices or broker quotes in highly liquid market segments). Financial instruments for which the fair value is determined on the basis of quoted market prices are mainly listed securities and derivatives as well as liquid OTC bonds.

#### Description of valuation models and parameters

Erste Group uses valuation models that have been tested internally and for which the valuation parameters (such as interest rates, exchange rates, volatilities and credit spreads) have been determined independently. In 2015, as a consequence of the negative interest environment, valuation models of interest rate options for the respective currencies were adjusted. Log-normal valuation models were replaced by standard market models which are based on a shifted log-normal distribution or a standard distribution. For such models negative interest rates are no restriction.

**Loans.** IFRS 9 regulation significantly changed accounting classification of loans. Not SPPI (solely payments of principal and interest) compliant loans are to be valued at fair value. The methodology to compute fair value of these loans corresponds to the basic present value technique where expected cash flows of assets are discounted by the full rate including risk premium required for non-market risk based part of the interest rate to be compliant with fair value definition. The credit risk is recognized by adjusting contractual cash flows to come to expected cash flows accounting for customer's probability of default and loss given default. These adjusted cash flows are then discounted by effective discount rate incorporating other risk/cost components. The complex interest rate assets are valued by Monte Carlo simulation approach to include convexity correction and time value of embedded options.

**Securities.** For plain vanilla (fixed and floating rate) debt securities the fair value is calculated by discounting the future cash flows using a discounting curve depending on the interest rate for the respective issuance currency and a spread adjustment. The spread adjustment is usually derived from the credit spread curve of the issuer. If no issuer curve is available the spread is derived from a proxy instrument and adjusted for differences in the risk profile of the instruments. If no close proxy is available, the spread adjustment is estimated using other information, including estimation of the credit spread based on internal ratings and PDs or management judgment. For more complex debt securities (e.g. including option-like features such as callable, cap/floor, index-linked) the fair value is determined using combinations of discounted cash flow models and more sophisticated modeling techniques including methods described for OTC-derivatives.

Non-trading equity instruments which have quoted market prices in an active market are valued by using the quoted market price. For other investments in non-trading equity instruments the fair value is determined by standard valuation models using also unobservable

input parameters. These models include the adjusted net asset value method, the simplified income approach, the dividend discount model and the comparable company multiple method. The adjusted net asset method requires an investor to measure the fair value of the individual assets and liabilities recognized in an investee's statement of financial position as well as the fair value of any unrecognized assets and liabilities at the measurement date. The resulting fair values of the recognized and unrecognized assets and liabilities should therefore represent the fair value of the investee's equity. The dividend discount model assumes that the price of equity instruments issued by an entity equals the present value of all its expected future dividends in perpetuity. Similar to the dividend discount model, the simplified income approach estimates the fair value based on the future income. However, it can be used also when only one year planned income is available. The simplified income approach and the dividend discount model discount future income and dividends using the cost of equity. The cost of equity is dependent on the risk-free rate, the market risk premium, the levered beta and the country risk premium. The levered beta is derived from the industry classification which is published and maintained by Damodaran. In rare cases, techniques for non-trading equity instruments may also include models based on multiples. The comparable company multiple method is a valuation technique within the market approach that uses prices and other relevant information generated by market transactions involving comparable company peers of an investee to derive a valuation multiple from which the indicated fair value of the investee's equity or enterprise value can be inferred.

The fair value of financial liabilities designated at fair value through profit or loss under the fair value option is determined in line with similar instruments held as assets. The spread adjustment for Erste Group's own credit risk is derived from buy-back levels of own issuances.

**OTC-derivative financial instruments.** Derivative instruments traded in liquid markets (e.g. interest rate swaps and options, foreign exchange forward and options, options on listed securities and indices, credit default swaps and commodity swaps) are valued by using standard valuation models. These models include discounting cash flow models, option models of the Black-Scholes- and Hull-White-type as well as hazard rate models. Models are calibrated on quoted market data (including implied volatilities). Valuation models for more complex instruments also use Monte-Carlo techniques. For instruments in less liquid markets, data obtained from less frequent transactions or extrapolation techniques are used.

Erste Group values derivatives at mid-market levels. To reflect the potential bid-ask-spread of the relevant positions an adjustment based on market liquidity is performed. The adjustment parameters depend on product type, currency, maturity and notional size. Parameters are reviewed on a regular basis or in case of significant market moves. Netting is not applied when determining the bid-ask-spread adjustments.

Credit value adjustments (CVA) for counterparty risk and debit value adjustments (DVA) for own default credit risk are applied to OTC derivatives. For the CVA the adjustment is driven by the expected positive exposure of all derivatives and the credit quality of the counterparty. DVA is driven by the expected negative exposure and Erste Group's credit quality. Erste Group has implemented an approach, where the modeling of the expected exposure is based on option replication strategies. For products where an option replication is not feasible the exposure is computed with Monte-Carlo simulation techniques. One of the two modeling approaches is considered for the most relevant portfolios and products. The methodology for the remaining entities and products is determined by market value plus add-on considerations. The probability of default by counterparties that are not traded in an active market is determined from internal PDs mapped to a basket of liquid titles present in the central European market. Market based valuation concepts are incorporated for this. Counterparties with liquid bond or CDS markets are valued by the respective single-name market based PD derived from the prices. Erste Group's probability of default has been derived from the buy-back levels of Erste Group's issuances. Netting has only been considered for a few counterparties where the impact was material. In these cases, netting has been applied for both CVA and DVA. For counterparties with CSA-agreements in place no CVA was taken into account for all cases with immaterial threshold amounts.

According to the described methodology the accumulated CVA-adjustments amounted to EUR 9.7 million (EUR 10.8 million) and the total DVA-adjustment amounted to EUR 4.0 million (EUR 3.9 million).

#### Validation and control

The responsibility for valuation of financial instruments measured at fair value is independent of the trading units. In addition, Erste Group has implemented an independent validation function in order to ensure separation between units responsible for model development, fair value measurement and validation. The aim of independent model validation is to evaluate model risks arising from the models' theoretical foundation, the appropriateness of input data (market data) and model calibration.

#### Fair value hierarchy

Financial assets and financial liabilities measured at fair value are categorized under the three levels of the IFRS fair value hierarchy.

### Level 1 of the fair value hierarchy

The fair value of financial instruments assigned to Level 1 of the fair value hierarchy is determined based on quoted prices in active markets for identical financial assets and liabilities. More particular, the evaluated fair value can qualify as Level 1 if transactions occur with sufficient frequency, volume and pricing consistency on an ongoing basis.

These include exchange traded derivatives (futures, options), shares, government bonds as well as other bonds and funds, which are traded in highly liquid and active markets.

### Level 2 of the fair value hierarchy

In case a market quote is used for valuation but due to restricted liquidity the market does not qualify as active (derived from available market liquidity indicators) the instrument is classified as Level 2. If no market prices are available the fair value is measured by using valuation models which are based on observable market data. If all the significant inputs in the valuation model are observable the instrument is classified as Level 2 of the fair value hierarchy. For Level 2 valuations typically yield curves, credit spreads and implied volatilities are used as observable market parameters.

These include OTC derivatives, less liquid shares, bonds and funds as well as asset backed securities (ABS), collateralized debt obligations (CDO), own issues and deposits.

### Level 3 of the fair value hierarchy

In some cases, the fair value can be determined neither on the basis of sufficiently frequent quoted market prices nor on the basis of valuation models that rely entirely on observable market data. In these cases individual valuation parameters which are not observable in the market are estimated on the basis of reasonable assumptions. If any unobservable input in the valuation model is significant or the price quote used is updated infrequently the instrument is classified as Level 3 of the fair value hierarchy. For Level 3 valuations besides observable parameters typically credit spreads derived from internally calculated historical probability of default (PD) and loss given default (LGD) measures are used as unobservable parameters. Furthermore, internally calculated cost of equity and adjustments made on the equity (in the adjusted net asset value method) are unobservable parameters for the valuation of non-trading equity instruments.

These include shares, participations and funds not quoted, illiquid bonds as well as collateralized mortgage obligations (CMO) as well as loans and own issues.

A reclassification from Level 1 into Level 2 or Level 3 as well as vice versa will be done if the financial instrument does no longer meet the criteria described above for the respective level.

### Classification of financial instruments carried at fair value by levels of the fair value hierarchy

| in EUR million                               | Dec 17        |              |            |               | Sep 18        |               |              |               |
|--|---------------|--------------|------------|---------------|---------------|---------------|--------------|---------------|
|  | Level 1       | Level 2      | Level 3    | Total         | Level 1       | Level 2       | Level 3      | Total         |
| <b>Assets</b>                                |               |              |            |               |               |               |              |               |
| Financial assets held for trading            | 2,043         | 4,241        | 65         | 6,349         | 1,829         | 4,157         | 48           | 6,034         |
| Derivatives                                  | 9             | 3,302        | 22         | 3,333         | 3             | 3,276         | 25           | 3,303         |
| Other financial assets held for trading      | 2,034         | 939          | 43         | 3,016         | 1,826         | 881           | 24           | 2,731         |
| Financial assets - FVPL                      | 496           | 26           | 21         | 543           | 0             | 0             | 0            | 0             |
| Non-trading financial assets - FVPL          | 0             | 0            | 0          | 0             | 2,285         | 268           | 851          | 3,403         |
| Equity instruments                           | 0             | 0            | 0          | 0             | 30            | 0             | 274          | 303           |
| Debt securities                              | 0             | 0            | 0          | 0             | 2,255         | 268           | 194          | 2,717         |
| Loans and advances                           | 0             | 0            | 0          | 0             | 0             | 0             | 383          | 383           |
| Financial assets available for sale          | 13,591        | 1,702        | 767        | 16,060        | 0             | 0             | 0            | 0             |
| Financial assets - FVOCI                     | 0             | 0            | 0          | 0             | 8,556         | 735           | 559          | 9,850         |
| Hedge accounting derivatives                 | 0             | 884          | 0          | 884           | 0             | 90            | 0            | 90            |
| <b>Total assets</b>                          | <b>16,130</b> | <b>6,853</b> | <b>853</b> | <b>23,836</b> | <b>12,670</b> | <b>5,249</b>  | <b>1,458</b> | <b>19,377</b> |
| <b>Liabilities</b>                           |               |              |            |               |               |               |              |               |
| Financial liabilities held for trading       | 439           | 2,981        | 3          | 3,423         | 658           | 2,194         | 13           | 2,865         |
| Derivatives                                  | 9             | 2,922        | 3          | 2,934         | 3             | 2,142         | 8            | 2,153         |
| Other financial liabilities held for trading | 430           | 59           | 0          | 489           | 656           | 52            | 5            | 712           |
| Financial liabilities - FVPL                 | 0             | 1,801        | 0          | 1,801         | 0             | 13,210        | 1,057        | 14,267        |
| Deposits from customers                      | 0             | 49           | 0          | 49            | 0             | 62            | 0            | 62            |
| Debt securities issued                       | 0             | 1,753        | 0          | 1,753         | 0             | 13,148        | 520          | 13,668        |
| Other financial liabilities                  | 0             | 0            | 0          | 0             | 0             | 0             | 537          | 537           |
| Hedge accounting derivatives                 | 0             | 360          | 0          | 360           | 0             | 342           | 0            | 342           |
| <b>Total liabilities</b>                     | <b>439</b>    | <b>5,142</b> | <b>3</b>   | <b>5,584</b>  | <b>658</b>    | <b>15,746</b> | <b>1,070</b> | <b>17,474</b> |

The allocation of the appropriate level of positions is determined at the end of the reporting period.

### Valuation process for financial instruments categorised as Level 3

The valuation of financial instruments categorized as Level 3 involves one or more significant inputs that are not directly observable on the market. Additional price verification steps need to be done. These may include reviewing relevant historical data and benchmarking for similar transactions, among others. This involves estimation and expert judgment.

### Changes in volumes of Level 1 and Level 2

#### Changes in Level 1 and Level 2 volumes of financial instruments carried at fair value in the balance sheet

| in EUR million                   | Dec 17        |               | Sep 18        |               |
|----------------------------------|---------------|---------------|---------------|---------------|
|                                  | Level 1       | Level 2       | Level 1       | Level 2       |
| Securities                       |               |               |               |               |
| Net transfer from Level 1        | 0             | -203          | 0             | 13            |
| Net transfer from Level 2        | 203           | 0             | -13           | 0             |
| Net transfer from Level 3        | -6            | 126           | 0             | -128          |
| Purchases/sales/expiries         | -3,567        | -633          | -3,442        | -668          |
| Changes in derivatives           | 6             | -1,588        | -6            | -820          |
| <b>Total year-to-date change</b> | <b>-3,364</b> | <b>-2,298</b> | <b>-3,460</b> | <b>-1,604</b> |

**Level 1 movements.** Level 1 financial assets decreased by EUR 3,460 million compared to year-end 2017. The change in volume of Level 1 securities (decrease by EUR 3,454 million) was determined on the one hand by matured or sold assets in the amount of EUR 2,349 million and on the other hand by new investments in the amount of EUR 1,559 million. The volume decline for securities that were allocated to Level 1 at both reporting dates amounted to EUR 2,705 million (due to purchases and partial sales and fair value changes caused by market movements). Due to improved market liquidity, assets in the amount of EUR 154 million could be reclassified from Level 2 to Level 1. This applied to securities issued by financial institutions (EUR 125 million), to securities issued by governments (EUR 23 million) and other corporates (EUR 6 million). Due to lower market activity and change to modelled fair value, securities in total of EUR 167 million have been moved from Level 1 to Level 2. This applies to securities issued by governments (EUR 101 million) as well as securities issued by financial institutions (EUR 24 million) and other corporates (EUR 42 million). Level 3 instruments in the amount of EUR 2 million were reclassified to Level 1. Deteriorated availability of market-observable prices led to a reclassification of EUR 1 million from Level 1 to Level 3. The remaining positive change in the amount of EUR 53 million was due to partial sales and fair value changes of reclassified instruments. The volume of derivatives decreased by EUR 6 million.

**Level 2 movements.** The total amount of Level 2 financial assets decreased by EUR 1,604 million compared to year end 2017. The change in volume of Level 2 securities and other receivables (decrease by EUR 783 million) was determined on the one hand by matured or sold assets in the amount of EUR 1,047 million and on the other hand by new investments in the amount of EUR 668 million. The decrease in volume for securities that were allocated to Level 2 at both reporting dates amounted to EUR 239 million (due to partial purchases and sales and fair value changes caused by market movements). Due to lower market activity and change to modelled fair value, securities in total of EUR 167 million have been moved from Level 1 to Level 2. Due to improved market liquidity, assets in the amount of EUR 154 million could be reclassified from Level 2 to Level 1. The usage of significant unobservable input parameters led to the reclassification of securities from Level 2 to Level 3 in the amount of EUR 135 million. On the other hand, securities in the amount of EUR 7 million could be reclassified from Level 3 to Level 2. The residual decrease in Level 2 securities, in the amount of EUR 51 million, was caused by partial sales and fair value changes of reclassified instruments. Positive market value of derivatives assigned to Level 2 decreased by EUR 820 million due to market changes and netting effects.

Following the reclassification of own issues from an amortized cost treatment to a valuation at fair value, the total Level 2 financial liabilities increased by EUR 11 billion. Whereas the fair value of derivatives decreased by EUR 799 million, the fair value of securities increased by EUR 11 billion. The fair value of client deposits remained fairly stable with an increase of EUR 14 million.

## Movements in Level 3 of financial instruments carried at fair value

### Development of fair value of financial instruments in Level 3

| in EUR million   | Gain/loss in other comprehensive income |                             |   |            |             |             |                        |                            |                        |                          |                      |              |
|--|---|-----------------------------|---|------------|-------------|-------------|------------------------|----------------------------|------------------------|--------------------------|----------------------|--------------|
|  | Jan 18                                  | Gain/loss in profit or loss | Gain/loss in other comprehensive income | Purchases  | Sales       | Settlements | Additions to the group | Disposals out of the group | Transfers into Level 3 | Transfers out of Level 3 | Currency translation | Sep 18       |
| <b>Assets</b>  |   |                             |   |            |             |             |                        |                            |                        |                          |                      |              |
| Financial assets held for trading                            | 68                                      | -10                         | 0                                       | 2          | -9          | -4          | 0                      | 0                          | 29                     | -27                      | 0                    | 48           |
| Derivatives  | 25                                      | -10                         | 0                                       | 2          | 0           | 0           | 0                      | 0                          | 18                     | -11                      | 0                    | 25           |
| Other financial assets held for trading                      | 43                                      | 0                           | 0                                       | 0          | -9          | -4          | 0                      | 0                          | 10                     | -17                      | 0                    | 24           |
| Non-trading financial assets - FVPL                          | 859                                     | 29                          | 0                                       | 118        | -166        | -61         | 1                      | -1                         | 102                    | -24                      | -7                   | 851          |
| Equity instruments   | 230                                     | 30                          | 0                                       | 38         | -46         | 0           | 1                      | 0                          | 24                     | -3                       | 0                    | 274          |
| Debt securities  | 150                                     | 0                           | 0                                       | 12         | -20         | 0           | 0                      | -1                         | 67                     | -13                      | 0                    | 194          |
| Loans and advances   | 479                                     | 0                           | 0                                       | 68         | -99         | -61         | 0                      | 0                          | 10                     | -7                       | -7                   | 383          |
| Financial assets - FVOCI                                     | 446                                     | 1                           | -3                                      | 12         | -7          | -17         | 0                      | 0                          | 145                    | -14                      | -2                   | 559          |
| Hedge accounting derivatives                                 | 0                                       | 0                           | 0                                       | 0          | 0           | 0           | 0                      | 0                          | 0                      | 0                        | 0                    | 0            |
| <b>Total assets</b>  | <b>1,373</b>                            | <b>20</b>                   | <b>-3</b>                               | <b>132</b> | <b>-182</b> | <b>-82</b>  | <b>1</b>               | <b>-1</b>                  | <b>275</b>             | <b>-66</b>               | <b>-9</b>            | <b>1,458</b> |
| <b>Liabilities</b>   |   |                             |   |            |             |             |                        |                            |                        |                          |                      |              |
| Financial liabilities - held for trading                     | 5                                       | 0                           | 0                                       | 0          | 0           | 0           | 0                      | 0                          | 8                      | 0                        | 0                    | 13           |
| Derivatives  | 5                                       | 0                           | 0                                       | 0          | 0           | 0           | 0                      | 0                          | 3                      | 0                        | 0                    | 8            |
| Other financial liabilities held for trading                 | 0                                       | 0                           | 0                                       | 0          | 0           | 0           | 0                      | 0                          | 5                      | 0                        | 0                    | 5            |
| Financial liabilities - at fair value through profit or loss | 1,128                                   | 3                           | 0                                       | 93         | 0           | -4          | 0                      | -141                       | 27                     | -49                      | 0                    | 1,057        |
| Deposits from customers                                      | 137                                     | 0                           | 0                                       | 0          | 0           | 0           | 0                      | -137                       | 0                      | 0                        | 0                    | 0            |
| Debt securities issued                                       | 456                                     | -4                          | 0                                       | 93         | 0           | -4          | 0                      | 0                          | 27                     | -49                      | 0                    | 520          |
| Other financial liabilities                                  | 534                                     | 7                           | 0                                       | 0          | 0           | 0           | 0                      | -4                         | 0                      | 0                        | 0                    | 537          |
| Hedge accounting derivatives                                 | 0                                       | 0                           | 0                                       | 0          | 0           | 0           | 0                      | 0                          | 0                      | 0                        | 0                    | 0            |
| <b>Total liabilities</b>                                     | <b>1,132</b>                            | <b>4</b>                    | <b>0</b>                                | <b>93</b>  | <b>0</b>    | <b>-4</b>   | <b>0</b>               | <b>-141</b>                | <b>35</b>              | <b>-49</b>               | <b>0</b>             | <b>1,070</b> |
| <b>Dec 16</b>  |   |                             |   |            |             |             |                        |                            |                        |                          |                      |              |
| <b>Assets</b>  |   |                             |   |            |             |             |                        |                            |                        |                          |                      |              |
| Financial assets - held for trading                          | 138                                     | -17                         | 0                                       | 31         | -6          | -2          | 0                      | 0                          | 36                     | -104                     | 2                    | 77           |
| Derivatives  | 96                                      | -18                         | 0                                       | 0          | -1          | -2          | 0                      | 0                          | 2                      | -52                      | 2                    | 27           |
| Other financial assets held for trading                      | 42                                      | 0                           | 0                                       | 31         | -5          | -1          | 0                      | 0                          | 34                     | -52                      | 0                    | 50           |
| Financial assets - at fair value through profit or loss      | 28                                      | 0                           | 0                                       | 0          | 0           | 0           | 0                      | 0                          | 0                      | -11                      | 0                    | 19           |
| Financial assets - available-for-sale                        | 867                                     | 27                          | -8                                      | 60         | -14         | -34         | 0                      | 0                          | 187                    | -210                     | 2                    | 878          |
| Hedge accounting derivatives                                 | 0                                       | 0                           | 0                                       | 0          | 0           | 0           | 0                      | 0                          | 0                      | 0                        | 0                    | 0            |
| <b>Total assets</b>  | <b>1,034</b>                            | <b>11</b>                   | <b>-8</b>                               | <b>90</b>  | <b>-20</b>  | <b>-36</b>  | <b>0</b>               | <b>0</b>                   | <b>223</b>             | <b>-324</b>              | <b>3</b>             | <b>974</b>   |
| <b>Liabilities</b>   |   |                             |   |            |             |             |                        |                            |                        |                          |                      |              |
| Financial liabilities - held for trading                     | 1                                       | 0                           | 0                                       | 0          | 0           | 0           | 0                      | 0                          | 0                      | 1                        | 0                    | 0            |
| Derivatives  | 1                                       | 0                           | 0                                       | 0          | 0           | 0           | 0                      | 0                          | 0                      | 1                        | 0                    | 0            |
| Other financial liabilities held for trading                 | 0                                       | 0                           | 0                                       | 0          | 0           | 0           | 0                      | 0                          | 0                      | 0                        | 0                    | 0            |
| Financial liabilities - at fair value through profit or loss | 90                                      | 0                           | 0                                       | 0          | 0           | 0           | 0                      | 0                          | -8                     | 97                       | 0                    | 0            |
| Deposits from customers                                      | 0                                       | 0                           | 0                                       | 0          | 0           | 0           | 0                      | 0                          | 0                      | 0                        | 0                    | 0            |
| Debt securities issued                                       | 90                                      | 0                           | 0                                       | 0          | 0           | 0           | 0                      | 0                          | -8                     | 97                       | 0                    | 0            |
| Other financial liabilities                                  | 0                                       | 0                           | 0                                       | 0          | 0           | 0           | 0                      | 0                          | 0                      | 0                        | 0                    | 0            |
| Hedge accounting derivatives                                 | 0                                       | 0                           | 0                                       | 0          | 0           | 0           | 0                      | 0                          | 0                      | 0                        | 0                    | 0            |
| <b>Total liabilities</b>                                     | <b>91</b>                               | <b>0</b>                    | <b>0</b>                                | <b>0</b>   | <b>0</b>    | <b>0</b>    | <b>0</b>               | <b>0</b>                   | <b>-8</b>              | <b>98</b>                | <b>0</b>             | <b>0</b>     |

**Level 3 movements.** The reclassification of securities from and to Level 3 was caused by a change in market liquidity and was based on an in-depth analysis of broker quotes. In addition to the assessment of the parameters used for the fair value determination, the external market values of securitizations were subject to an internal validation process, which is based on observable market inputs. Based on the described analysis securities in the amount of EUR 135 million were reclassified from Level 2 to Level 3. On the other hand securities in the amount of EUR 7 million were reclassified from Level 3 to Level 2 mainly due to the change of inputs for pricing models. The net movement from Level 3 to Level 1 amounted to EUR 2 million, while EUR 1 million were reclassified from Level 1 to Level 3. The main driver for the increase in Level 3 instruments of EUR 380 million can be allocated to loans and advances which are measured at fair value

under IFRS 9. The remaining change in Level 3 assets of EUR 94 million resulted from purchases, sales, matured issues and changes in volume.

### Gains/losses in profit or loss on Level 3 instruments held at the end of the reporting period

| in EUR million  | 1-9 17       | 1-9 18      |
|---|--------------|-------------|
| <b>Assets</b>   |              |             |
| Financial assets held for trading                                 | -18.1        | -6.2        |
| Derivatives   | -17.7        | -6.2        |
| Other financial assets held for trading                           | -0.5         | 0.0         |
| Financial assets at fair value through profit or loss             | 0.5          | 0.0         |
| Non-trading financial assets at fair value through profit or loss | 0.0          | 27.3        |
| Equity instruments  | 0.0          | 29.3        |
| Debt securities   | 0.0          | 5.7         |
| Loans and advances  | 0.0          | -7.6        |
| Financial assets available for sale                               | 0.0          | 0.0         |
| Financial assets at fair value through other comprehensive income | 0.0          | -0.7        |
| Hedge accounting derivatives                                      | 0.0          | 0.0         |
| <b>Total</b>  | <b>-17.7</b> | <b>20.5</b> |

For financial liabilities measured at fair value in Level 3 a valuation of EUR -12.2 million was posted via income statement for the end of the reporting period (EUR -0.7 million). This amount consists fully of financial liabilities designated at FVPL.

The volume of Level 3 financial assets can be allocated to the following categories:

- \_ Market values of derivatives where the credit value adjustment (CVA) has a material impact and is calculated based on unobservable parameters (i.e. internal estimates of PDs and LGDs).
- \_ Illiquid bonds, shares and funds not quoted in an active market where either valuation models with non-observable parameters have been used (e.g. credit spreads) or broker quotes have been used that cannot be allocated to Level 1 or Level 2.
- \_ Loans which do not comply with the contractual cash flow criteria.

## Unobservable inputs and sensitivity analysis for Level 3 measurements

In case the fair value measurement of a financial asset is retrieved from input parameters which are not observable in the market, those parameters can be retrieved from a range of alternative parameters. For the preparation of the balance sheet the parameters were chosen to reflect the market situation at the reporting date.

### Range of unobservable valuation parameters used in Level 3 measurements

| Financial assets                      | Type of instrument                              | Fair value in EUR million | Valuation technique   | Significant unobservable inputs  | Range of unobservable inputs (weighted average)  |
|---------------------------------------|---|---------------------------|---|--|--|
| <b>Sep 18</b>                         |   |                           |   |  |  |
| Positive fair value of derivatives    | Forwards, swaps, options                        | 21.1                      | Discounted cash flow and option models with CVA adjustment based on potential future exposure | PD<br>LGD  | 0.47%-100% (8.67%)<br>60%  |
| Financial assets at FVPL              | Fixed and variable coupon bonds                 | 0.6                       | Discounted cash flow  | Credit Spread  | 3.70%-3.70% (3.70%)  |
|                                       | Loans   | 383.0                     | Discounted cash flow  | PD<br>LGD  | 0%-39.72% (1.12%)<br>0%-85.69% (17.12%)  |
| Financial assets at FVOCI             | Fixed and variable coupon bonds                 | 121.9                     | Discounted cash flow  | Credit Spread  | 0.80%-4.68% (1.71%)  |
| Financial assets at FVOCI / at FVPL   | Non-trading equity instruments (participations) | 147.0                     | Dividend Discount Model; Simplified Income Approach   | Beta relevered   | Industries:<br>Insurance (General) 1.22-1.25,<br>Real Estate (General/Diversified) 0.82<br>Financial Svcs. (Non-bank & Insurance) 0.94-1.11<br>Restaurant 0.80<br>Banks (Regional) 0.71-0.74 |
|                                       |   |                           |   | Country risk premium   | Croatia 3.08%, Austria 0.41%-0.46%,<br>Czech Republic 0.81%<br>Romania 2.26%, Hungary 2.26%<br>Russia 2.56%, Slovakia 0.87%<br>Resulting cost of equity based on above inputs: 6.52%-13.73%  |
|                                       |   | 164.7                     | Adjusted Net Asset Value  | Adjusted Equity  | Depending on accounting equity of investment.  |
|                                       |   | 54.5                      | Market comparable companies   | EV / SALES<br>EV / EBITDA<br>EV / EBIT<br>P/E<br>P/E (implicit)<br>P/B | Depending on industry classification according to Damodaran.   |
| <b>Dec 17</b>                         |   |                           |   |  |  |
| Positive fair value of derivatives    | Forwards, swaps, options                        | 23.2                      | Discounted cash flow and option models with CVA adjustment based on potential future exposure | PD<br>LGD  | 0.76% -100% (10.5%)<br>60%   |
| Financial assets - available for sale | Fixed and variable coupon bonds                 | 154.2                     | Discounted cash flow  | Credit Spread  | 0.8% -8.0% (2.3%)  |
|                                       | Non-trading equity instruments (participations) | 142.5                     | Dividend Discount Model; Simplified Income Approach   | Beta relevered   | Industries:<br>Life Insurance 1.99-2.02<br>Real Estate (General/Diversified) 0.8<br>Financial Services (Non-bank & Insurance) 0.95<br>Restaurant 0.95  |
|                                       |   |                           |   | Country risk premium   | Croatia 3.47%, Austria 0.46%,<br>Czech Republic 0.81%,<br>Romania 2.32%, Spain 2.01%<br>Resulting cost of equity based on above inputs: 7.24% - 18.87%                                       |
|                                       |   | 144.3                     | Adjusted Net Asset Value  | Adjusted Equity  | Depending on accounting equity of investment.  |
|                                       |   | 33.1                      | Market comparable companies   | EV / SALES<br>EV / EBITDA<br>EV / EBIT<br>P/E<br>P/E (implicit)<br>P/B | Depending on industry classification according to Damodaran.   |

For equity instruments other than participations classified as Level 3, the amount of EUR 32.0 million (2017: EUR 70.8 million) is presented in the statement of financial position using the criteria of availability and quality of broker quotes.

### Sensitivity analysis using reasonably possible alternatives per product type

| in EUR million                    | Dec 17             |               | Sep 18             |               |
|-----------------------------------|--------------------|---------------|--------------------|---------------|
|                                   | Fair value changes |               | Fair value changes |               |
|                                   | Positive           | Negative      | Positive           | Negative      |
| Derivatives                       | 1.9                | -1.9          | 1.5                | -1.7          |
| Income statement                  | 1.9                | -1.9          | 1.5                | -1.7          |
| Other comprehensive income        | 0.0                | 0.0           | 0.0                | 0.0           |
| Debt securities                   | 26.2               | -34.9         | 45.4               | -60.6         |
| Income statement                  | 1.9                | -2.6          | 28.3               | -37.7         |
| Other comprehensive income        | 24.2               | -32.3         | 17.1               | -22.9         |
| Equity instruments                | 73.8               | -72.5         | 70.7               | -47.8         |
| Income statement                  | 38.3               | -23.9         | 33.8               | -25.8         |
| Other comprehensive income        | 35.4               | -48.6         | 36.9               | -22.0         |
| Loans                             | 0.0                | 0.0           | 9.5                | -32.4         |
| Income statement                  | 0.0                | 0.0           | 9.5                | -32.4         |
| Other comprehensive income        | 0.0                | 0.0           | 0.0                | 0.0           |
| <b>Total</b>                      | <b>101.9</b>       | <b>-109.3</b> | <b>127.1</b>       | <b>-142.5</b> |
| <b>Income statement</b>           | <b>42.1</b>        | <b>-28.4</b>  | <b>73.1</b>        | <b>-97.5</b>  |
| <b>Other comprehensive income</b> | <b>59.6</b>        | <b>-80.9</b>  | <b>54.0</b>        | <b>-44.9</b>  |

In estimating these impacts, mainly changes in credit spreads (for bonds), PDs, LGDs (for CVA of derivatives) and market values of comparable equities were considered. An increase (decrease) of spreads, PDs and LGDs result in a decrease (increase) of the corresponding fair values. Positive correlation effects between PDs and LGDs were not taken into account in the sensitivity analysis. For non-trading equity instruments increases (decreases) in any of the inputs used for the cost of equity calculation in isolation would result in a lower (higher) fair value.

For the calculation of the fair value of unquoted equity instruments, new models have been introduced during the year 2017. The sensitivity analysis was done using input parameters for the new models starting from the year 2017.

The following ranges of reasonably possible alternatives of the unobservable inputs were considered in the sensitivity analysis table:

- \_ for debt securities range of credit spreads between +100 basis points and -75 basis points
- \_ for equity related instruments the price range between -10% and +5%
- \_ for unquoted equity instruments measured by the adjusted net asset value the price range between -10% and +10% (considered in the sensitivity analyses since 2017)
- \_ for unquoted equity instruments measured by dividend discount model/simplified income approach the cost of equity range between -2% and +2% (considered in the sensitivity analyses since 2017)
- \_ for CVA on derivatives PDs rating upgrade/downgrade by one notch, as well as the change of LGD by -5% and +10%.
- \_ for loans, the PDs rating upgrade/downgrade by 1%, the change of LGD by -5% and +10% and a range of credit spreads between +100 basis points and -75 basis points

## Fair values of financial instruments for which fair value is disclosed in the notes

| in EUR million                               | Dec 17                             |            | Sep 18                             |            |
|--|------------------------------------|------------|------------------------------------|------------|
|  | Carrying amount<br>(balance sheet) | Fair value | Carrying amount<br>(balance sheet) | Fair value |
| <b>Assets</b>                                |                                    |            |                                    |            |
| Cash and cash balances                       | 21,796                             | 21,796     | 15,237                             | 15,237     |
| Financial assets held to maturity            | 19,800                             | 20,969     | 0                                  | 0          |
| Loans and receivables to credit institutions | 9,126                              | 9,145      | 0                                  | 0          |
| Loans and receivables to customers           | 139,532                            | 141,431    | 0                                  | 0          |
| Financial assets at amortised cost           | 0                                  | 0          | 188,323                            | 191,134    |
| Loans and advances to banks                  | 0                                  | 0          | 19,972                             | 19,949     |
| Loans and advances to customers              | 0                                  | 0          | 142,921                            | 144,924    |
| Debt securities                              | 0                                  | 0          | 25,430                             | 26,261     |
| Finance lease receivables                    | 0                                  | 0          | 3,715                              | 3,709      |
| Assets held for sale                         | 0                                  | 0          | 0                                  | 0          |
| Trade and other receivables                  | 0                                  | 0          | 1,292                              | 1,295      |
| <b>Liabilities</b>                           |                                    |            |                                    |            |
| Financial liabilities at amortised cost      | 191,711                            | 193,570    | 194,025                            | 194,582    |
| Deposits from banks                          | 16,349                             | 16,421     | 19,086                             | 19,323     |
| Deposits from customers                      | 150,921                            | 151,168    | 159,765                            | 159,872    |
| Debt securities issued                       | 23,342                             | 24,876     | 14,582                             | 14,801     |
| Other financial liabilities                  | 1,099                              | 1,105      | 591                                | 586        |
| <b>Financial guarantees and commitments</b>  |                                    |            |                                    |            |
| Financial guarantees                         | n/a                                | -50        | n/a                                | 143        |
| Irrevocable commitments                      | n/a                                | 43         | n/a                                | 125        |

In the table above, positive fair values of financial guarantees and commitments are shown with a positive sign whereas negative fair values are shown with a negative sign.

The fair value of loans and advances to customers and credit institutions has been calculated by discounting future cash flows while taking into consideration interest and credit spread effects. The interest rate impact is based on the movements of market rates, while credit spread changes are derived from PDs and LGDs used for internal risk calculations. For the calculation of fair value loans and advances were grouped into homogeneous portfolios based on rating method, rating grade, maturity and the country where they were granted.

The fair values of debt securities at amortised cost are either taken directly from the market or they are determined by directly observable input parameters (i.e. yield curves).

The fair value of deposits and other liabilities, measured at amortised cost, is estimated by taking into account the current interest rate environment, as well as the own credit spreads. These positions are assigned to the Level 3 category. For liabilities without contractual maturities (e.g. demand deposits), the carrying amount represents the minimum of their fair value.

The fair value of issued securities and subordinated liabilities measured at amortized cost is based on market prices or on observable market parameters, if these are available. For issued securities where the fair value cannot be retrieved from quoted market prices, the fair value is calculated by discounting the future cash flows. The spread adjustment for Erste Group's own credit risk is derived from buy-back levels of own issuances. Moreover optionality is taken into account when calculating the fair value.

For off-balance sheet liabilities (i.e. financial guarantees and unused loan commitments) the following fair value approaches are applied: the fair value of unused loan commitments is estimated using regulatory credit conversion factors. The resulting loan equivalents are treated like other on-balance sheet assets. The difference between the calculated total fair value and the notional amount of the hypothetical loan equivalents represents the fair value of the unused loan commitments. In case of the total fair value being higher than the notional amount of the hypothetical loan equivalents the unused loan commitments have a positive fair value. The fair value of financial guarantees is estimated in analogy to credit default swaps. The fair value of the guarantee is the sum of the present value of the protection leg and the present value of the premium leg. The value of the protection leg is estimated using the PDs and LGDs of the respective customers, whereas the value of the premium leg is estimated by the present value of the future fee payments to be received. If the protection leg is higher than the premium leg, financial guarantees have a negative fair value.

#### 40. Average number of employees during the financial period (weighted according to the level of employment)

|   | 1-9 17        | 1-9 18        |
|---|---------------|---------------|
| <b>Austria</b>                                | <b>16,113</b> | <b>16,332</b> |
| Erste Group, EB Oesterreich and subsidiaries  | 8,907         | 9,154         |
| Haftungsverbund savings banks                 | 7,206         | 7,178         |
| <b>Outside Austria</b>                        | <b>31,208</b> | <b>31,098</b> |
| Česká spořitelna Group                        | 10,259        | 10,157        |
| Banca Comercială Română Group                 | 7,068         | 7,223         |
| Slovenská sporiteľňa Group                    | 4,247         | 4,112         |
| Erste Bank Hungary Group                      | 3,035         | 3,116         |
| Erste Bank Croatia Group                      | 3,126         | 3,188         |
| Erste Bank Serbia Group                       | 1,018         | 1,092         |
| Savings banks subsidiaries                    | 1,217         | 1,203         |
| Other subsidiaries and foreign branch offices | 1,239         | 1,008         |
| <b>Total</b>                                  | <b>47,322</b> | <b>47,431</b> |

#### 41. Own funds and capital requirements

##### Regulatory scope of consolidation and institutional protection scheme

The consolidated regulatory capital and the consolidated regulatory capital requirements are calculated based on the scope of consolidation stipulated in the Capital Requirements Regulation (CRR). Based on Art. 4 para 1 (3), (16) to (27) CRR in line with Art. 18 and 19 CRR, the scope consists of credit institutions, investment firms, financial institutions and ancillary service undertakings. This definition differs from the scope of consolidation according to IFRS, which also includes insurance companies and other entities.

The Austrian savings banks are included as subsidiaries in Erste Group's regulatory scope of consolidation based on the cross-guarantee contract of the 'Haftungsverbund'. Furthermore, Erste Group Bank AG together with the savings banks forms an institutional protection scheme (IPS) according to Art. 113 (7) CRR. Disclosure requirements for the institutional protection scheme according to Art. 113 (7) e CRR are met by the publication of the consolidated financial statements, which cover all entities included in the institutional protection scheme.

##### Regulatory Requirements

Since 1 January 2014, Erste Group has been calculating the regulatory capital and the regulatory capital requirements according to Basel 3. The requirements were implemented within the EU by the Capital Requirements Regulation (CRR) and the Capital Requirement Directive (CRD IV). The CRD IV was enacted in national law in the Austrian Banking Act (ABA). Erste Group applies these rules and calculates the capital ratios according to Basel 3, taking into consideration the Austrian transitional provisions which are defined in the CRR 'Begleitverordnung', published by the Austrian regulator. Starting with 1 October 2016 the European Regulation on the exercise of options and discretions available in Union law entered into force, which is applied by Erste Group as well.

##### Own funds

Own funds according to CRR consist of common equity tier 1 (CET1), additional tier 1 (AT1) and tier 2 (T2). In order to determine the capital ratios, each respective capital component – after application of all regulatory deductions and filters – is considered in relation to the total risk.

The items of own funds as disclosed are also used for internal capital management purpose. Erste Group fulfilled the capital requirements.

The regulatory minimum capital ratios including the capital buffers as of 30 September 2018 amount to

- \_ 7.7% for CET1 (4.5% CET1, +1.875% capital conservation buffer, +1.0% buffer for systemic vulnerability and for systemic concentration risk and +0.32% countercyclical capital buffer),
- \_ 9.2% for tier 1 capital (sum of CET1 and AT1) and
- \_ 11.2% for total own funds.

In addition to minimum capital ratios and capital buffer requirements, institutions also have to fulfil capital requirements determined in the Supervisory Review and Evaluation Process (SREP).

Capital buffer requirements are set out in sections 23 (capital conservation buffer), 23a (countercyclical buffer), 23b (Global Systemic Important Institution (G-SII) buffer), 23c (Other Systemic Important Institution (O-SII) buffer) and 23d (systemic risk buffer) of the ABA

and further specified in the regulation of the Financial Market Authority (FMA) on the establishment and recognition of the countercyclical buffer rate in accordance with section 23a para 3 ABA, on the establishment of the systemic risk buffer in accordance with section 23d para 3 ABA as well as on the detailed definition of the bases of calculation in accordance with section 23a para 3 clause 1 ABA and section 24 para 2 ABA (capital buffers regulation). All capital buffers have to be met entirely with CET1 capital and relate, except the countercyclical buffer, to total risk.

Sections 23, 23a, 23b and 23c ABA as well as the capital buffers regulation entered into force on 1 January 2016. The capital buffers regulation was amended on 23 May 2016 to include requirements for O-SII buffers.

As of the reporting date 30 June 2018, Erste Group has to fulfil the following capital buffer requirements.

According to section 23 para 1 ABA, Erste Group has to establish a capital conservation buffer in the amount of 2.5%. The transitional provisions for capital conservation buffers, by way of derogation from the requirements under section 23 ABA, are regulated in section 103q para 11 ABA: for the period from 1 January 2017 until 31 December 2017: 1.25%; for the period from 1 January 2018 until 31 December 2018: 1.875%.

According to section 23a ABA the capital buffer requirement for the countercyclical capital buffer is regulated in section 4 capital buffers regulation as follows

- \_ The institution specific requirement for the countercyclical buffer in accordance with section 23a para 1 ABA results from the weighted average of the rates of the countercyclical capital buffer that apply in the jurisdictions where significant credit risk positions are situated in accordance with section 5 of the credit institution, multiplied by the total amount of risk in accordance with Art. 92 (3), of the Regulation (EU) no. 575/2013
- \_ For the calculation of the weighted average according to para 1 capital buffer requirement, the countercyclical buffer quota for the national area as defined by the respective authority is multiplied with the result out of the comparison of the capital requirement related to significant credit risk positions within the national area and the total capital requirement as defined within Part 3, Title II and IV of Regulation (EU) no. 575/2013.
- \_ Starting from 1 January 2016 is for the purposes of section 23a para 3 clause 2 ABA the capital buffer rate for the home country allocated, significant credit risk positions is 0%.
- \_ If the competent authority of another member state or a third country for the national legal area determines a rate of over 2.5% for the purposes of para 1 for significant credit risk positions in this legal area, a rate of 2.5% has to be applied.
- \_ If the responsible third country authority establishes a national buffer rate, this rate is valid twelve months after the date on which the relevant third country authority has announced a change in the buffer rate.

The transitional provisions for the countercyclical buffer, by way of derogation from the requirements under section 23a ABA, are regulated in section 103q para 11 ABA as follows: for the period from 1 January 2017 until 31 December 2017: maximum of 1.25%; for the period from 1 January 2018 until 31 December 2018: maximum of 1.875%.

Erste Group is not obliged to establish a G-SII buffer in line with section 23b ABA. According to Section 7b of the capital buffers regulation, Erste Group has to establish an O-SII buffer under section 23c ABA in the amount of 2%. However, Erste Group is only required to hold the higher of the O-SII and the systemic risk buffer under section 23d ABA. As the size of the O-SII buffer as well as the transitional arrangements for its introduction are identical to the provisions for the systemic risk buffer as set out below, no additional buffer requirements arise for Erste Group.

With respect to the systemic risk buffer under section 23d ABA, the capital buffers regulation specifies:

- \_ According to section 7 para 1 (2) capital buffers regulation, Erste Group has to establish a capital buffer for systemic vulnerability in the amount of 1%.
- \_ According to section 7 para 2 (1) capital buffers regulation, Erste Group has to establish a capital buffer for the systemic concentration risk in the amount of 1%.

In accordance with section 10 capital buffers regulation the buffer rates for systemic vulnerability and for systemic concentration risk respectively are phased in from 1 January to 31 December 2017 with 0.5%, from 1 January to 31 December 2018 with 1%.

As a result of the 2017 SREP performed by the European Central Bank (ECB), Erste Group on a consolidated level is required to meet a transitional common equity tier 1 (CET1) ratio of 6.25% as of 30. September 2018. This minimum CET1 ratio of 6.25% includes Pillar 1 minimum requirement (4.5%) and Pillar 2 requirement (P2R, 1.75% valid as of 1 January 2018). In addition, Erste Group is subject to

combined buffer requirement consisting of phasing in capital conservation buffer (1.875%), the institution specific countercyclical capital buffer (0.32%) and the systemic risk buffer (1.0%) requirements. Thus, overall transitional CET1 capital requirement amounts to 9.45%. In addition, ECB expects Erste Group to meet a Pillar 2 Guidance (P2G) of 1.05% valid as of 1 January 2018), fully in CET1 capital. The Pillar 2 Guidance is not MDA (maximum distributable amount) relevant.

### Overview of capital requirements and capital buffers

|  | Dec 17        | Sep 18        |
|--|---------------|---------------|
| <b>Pillar 1</b>  |               |               |
| Minimum CET 1 requirement                                    | 4.50%         | 4.50%         |
| Minimum Tier 1 requirement                                   | 6.00%         | 6.00%         |
| Minimum Own Funds requirements                               | 8.00%         | 8.00%         |
| Combined buffer requirement (CBR)                            | 1.90%         | 3.20%         |
| Capital conservation buffer                                  | 1.25%         | 1.88%         |
| Institution-specific countercyclical capital buffer          | 0.15%         | 0.32%         |
| Systemic risk buffer (SRB)                                   | 0.50%         | 1.00%         |
| O-SII capital buffer   | 0.50%         | 1.00%         |
| <b>Pillar 2</b>  |               |               |
| Pillar 2 requirement (P2R)                                   | 1.75%         | 1.75%         |
| <b>Total CET 1 requirement for Pillar 1 and Pillar 2</b>     | <b>8.15%</b>  | <b>9.45%</b>  |
| <b>Total Tier 1 requirement for Pillar 1 and Pillar 2</b>    | <b>9.65%</b>  | <b>10.95%</b> |
| <b>Total Own Funds requirement for Pillar 1 and Pillar 2</b> | <b>11.65%</b> | <b>12.95%</b> |

The combined buffer requirement is the sum of the capital conservation buffer, the countercyclical capital buffer and the maximum of the O-SII capital buffer or the systemic risk buffer.

The Pillar 2 requirement has to be fulfilled with CET 1 capital and excludes the P2G.

## Capital structure according to EU directive 575/2013 (CRR)

| in EUR million  | Article pursuant to CRR                  | Dec 17        |               | Sep 18        |               |
|---|--|---------------|---------------|---------------|---------------|
|   |  | Phased-in     | Final         | Phased-in     | Final         |
| <b>Common equity tier 1 capital (CET1)</b>  |  |               |               |               |               |
| Capital instruments eligible as CET1  | 26 (1) (a) (b), 27 to 30, 36 (1) (f), 42 | 2,336         | 2,336         | 2,336         | 2,336         |
| Retained earnings   | 26 (1) (c), 26 (2)                       | 10,266        | 10,266        | 10,461        | 10,461        |
| Interim profit  | 26 (2)                                   | 0             | 0             | 480           | 480           |
| Accumulated other comprehensive income  | 4 (1) (100), 26 (1) (d)                  | -233          | -233          | -1,515        | -1,515        |
| Minority interest recognised in CET1  | 4 (1) (120) 84                           | 3,909         | 3,909         | 4,073         | 4,073         |
| Transitional adjustments due to additional minority interests   | 479, 480                                 | 37            | 0             | 0             | 0             |
| <b>Common equity tier 1 capital (CET1) before regulatory adjustments</b>  |  | <b>16,315</b> | <b>16,278</b> | <b>15,835</b> | <b>15,835</b> |
| Own CET1 instruments  | 36 (1) (f), 42                           | -105          | -105          | -117          | -117          |
| Prudential filter: cash flow hedge reserve  | 33 (1) (a)                               | -5            | -5            | 83            | 83            |
| Prudential filter: cumulative gains and losses due to changes in own credit risk on fair valued liabilities   | 33 (1) (b)                               | 146           | 146           | 570           | 570           |
| Prudential filter: fair value gains and losses arising from the institution's own credit risk related to derivative liabilities   | 33 (1) (c), 33 (2)                       | -4            | -4            | -4            | -4            |
| Value adjustments due to the requirements for prudent valuation   | 34, 105                                  | -83           | -83           | -83           | -83           |
| Regulatory adjustments relating to unrealised gains (0%)  | 468                                      | -154          | 0             | 0             | 0             |
| Regulatory adjustments relating to unrealised losses (0%)   | 467                                      | 16            | 0             | 0             | 0             |
| Securitisations with a risk weight of 1,250%  | 36 (1) (k)                               | -29           | -29           | -3            | -3            |
| Goodwill  | 4 (1) (113), 36 (1) (b), 37              | -712          | -712          | -712          | -712          |
| Other intangible assets   | 4 (1) (115), 36 (1) (b), 37 (a)          | -801          | -801          | -700          | -700          |
| Deferred tax assets dependent upon future profitability and not temporary differences net of associated tax liabilities   | 36 (1) (c), 38                           | -49           | -49           | -76           | -76           |
| IRB shortfall of credit risk adjustments to expected losses   | 36 (1) (d), 40, 158, 159                 | -187          | -187          | -141          | -141          |
| Development of unaudited risk provisions during the year (EU No 183/2014)   |  | 0             | 0             | 0             | 0             |
| Other transitional adjustments CET1   | 469 to 472, 478, 481                     | 365           | 0             | 1             | 0             |
| Goodwill (0%)   |  | 142           | 0             | 0             | 0             |
| Other intangible assets (0%)  |  | 160           | 0             | 0             | 0             |
| IRB shortfall of provisions to expected losses (0%)   |  | 37            | 0             | 0             | 0             |
| Deferred tax assets allocated up to December 2013, that rely on future profitability and do not arise from temporary differences net of associated tax liabilities (20%)    |  | 1             | 0             | 1             | 0             |
| Deferred tax assets allocated on or after January 2014 that rely on future profitability and do not arise from temporary differences net of associated tax liabilities (0%) |  | 9             | 0             | 0             | 0             |
| Own CET1 instruments (0%)   | 36 (1) (f)                               | 14            | 0             | 0             | 0             |
| Excess of deduction from AT1 items over AT1   | 36 (1) (j)                               | 0             | 0             | 0             | 0             |
| <b>Common equity tier 1 capital (CET1)</b>  | <b>50</b>                                | <b>14,712</b> | <b>14,448</b> | <b>14,652</b> | <b>14,652</b> |
| <b>Additional tier 1 capital (AT1)</b>  |  |               |               |               |               |
| Capital instruments eligible as AT1   | 51 (a), 52 to 54, 56 (a), 57             | 993           | 993           | 993           | 993           |
| Instruments issued by subsidiaries that are given recognition in AT1  | 85, 86                                   | 0             | 0             | 7             | 7             |
| <b>Additional tier 1 capital (AT1) before regulatory adjustments</b>  |  | <b>993</b>    | <b>993</b>    | <b>1,000</b>  | <b>1,000</b>  |
| Own AT1 instruments   | 52 (1) (b), 56 (a), 57                   | -2            | -2            | -2            | -2            |
| Transitional adjustments due to grandfathered AT1 instruments   | 483 (4) (5), 484 to 487, 489, 491        | 0             | 0             | 0             | 0             |
| AT1 instruments of financial sector entities where the institution has a significant investment   | 4 (1) (27), 56 (d), 59, 79               | 0             | 0             | 0             | 0             |
| Other transitional adjustments AT1  | 474, 475, 478, 481                       | -336          | 0             | 0             | 0             |
| Goodwill (0%)   |  | -142          | 0             | 0             | 0             |
| Other intangible assets (0%)  |  | -160          | 0             | 0             | 0             |
| IRB shortfall of provisions to expected losses (0%)   |  | -19           | 0             | 0             | 0             |
| Own CET1 instruments (0%)   | 36 (1) (f)                               | -14           | 0             | 0             | 0             |
| Excess of deduction from AT1 items over AT1   | 36 (1) (j)                               | 0             | 0             | 0             | 0             |
| <b>Additional tier 1 capital (AT1)</b>  | <b>61</b>                                | <b>656</b>    | <b>992</b>    | <b>999</b>    | <b>999</b>    |
| <b>Tier 1 capital - total of common equity tier 1 (CET1) and additional tier 1 (AT1)</b>  | <b>25</b>                                | <b>15,368</b> | <b>15,440</b> | <b>15,651</b> | <b>15,650</b> |

The table will be continued on the subsequent page.

Continuation of the table:

| in EUR million   | Article pursuant to CRR              | Dec 17        |               | Sep 18        |               |
|--|--------------------------------------|---------------|---------------|---------------|---------------|
|  |                                      | Phased-in     | Final         | Phased-in     | Final         |
| <b>Tier 1 capital - total of common equity tier 1 (CET1) and additional tier 1 (AT1)</b>           | <b>25</b>                            | <b>15,368</b> | <b>15,440</b> | <b>15,651</b> | <b>15,650</b> |
| <b>Tier 2 capital (T2)</b>   |                                      |               |               |               |               |
| Capital instruments and subordinated loans eligible as T2  | 62 (a), 63 to 65, 66 (a), 67         | 4,385         | 4,385         | 3,930         | 3,930         |
| Instruments issued by subsidiaries recognised in T2  | 87, 88                               | 219           | 219           | 221           | 221           |
| Transitional adjustments due to additional recognition in T2 of instruments issued by subsidiaries | 480                                  | 61            | 0             | 0             | 0             |
| Transitional adjustments due to grandfathered T2 instruments and subordinated loans                | 483 (6) (7), 484, 486, 488, 490, 491 | 0             | 0             | 0             | 0             |
| IRB excess of provisions over expected losses eligible   | 62 (d)                               | 344           | 344           | 331           | 331           |
| <b>Tier 2 capital (T2) before regulatory adjustments</b>   |                                      | <b>5,010</b>  | <b>4,948</b>  | <b>4,483</b>  | <b>4,483</b>  |
| Own T2 instruments   | 63 (b) (i), 66 (a), 67               | -50           | -50           | -40           | -40           |
| Standardised approach general credit risk adjustments  | 62 (c)                               | 0             | 0             | 0             | 0             |
| Other transitional adjustments to T2   | 476, 477, 478, 481                   | -19           | 0             | 0             | 0             |
| IRB shortfall of provisions to expected losses (0%)  |                                      | -19           | 0             | 0             | 0             |
| T2 instruments of financial sector entities where the institution has a significant investment     | 4 (1) (27), 66 (d), 68, 69, 79       | -1            | -1            | -1            | -1            |
| <b>Tier 2 capital (T2)</b>   | <b>71</b>                            | <b>4,940</b>  | <b>4,898</b>  | <b>4,442</b>  | <b>4,442</b>  |
| <b>Total own funds</b>   | <b>4 (1) (118) and 72</b>            | <b>20,309</b> | <b>20,337</b> | <b>20,093</b> | <b>20,092</b> |
| <b>Capital requirement</b>   | <b>92 (3), 95, 96, 98</b>            | <b>8,802</b>  | <b>8,926</b>  | <b>9,358</b>  | <b>9,418</b>  |
| <b>CET1 capital ratio</b>  | <b>92 (2) (a)</b>                    | <b>13.4%</b>  | <b>12.9%</b>  | <b>12.5%</b>  | <b>12.4%</b>  |
| <b>Tier 1 capital ratio</b>  | <b>92 (2) (b)</b>                    | <b>14.0%</b>  | <b>13.8%</b>  | <b>13.4%</b>  | <b>13.3%</b>  |
| <b>Total capital ratio</b>   | <b>92 (2) (c)</b>                    | <b>18.5%</b>  | <b>18.2%</b>  | <b>17.2%</b>  | <b>17.1%</b>  |

Minority interest recognised in CET1 includes half-year interim result from saving banks in an amount of EUR 74 million.

The capital structure table above is based on EBA's final draft for implementing technical standards on disclosure for own funds published in the Official Journal of the European Union on 20 December 2013, enlarged by the EBA GL 2014/14. Positions, which are not relevant for Erste Group are not disclosed. Figures shown under full implementation of Basel 3 considered the current CRR.

Changes are possible due to final Regulatory Technical Standards (RTS) that are not yet available. The percentage rates of the transitional provisions refer to the current year.

Erste Group has been informed by ECB in the third quarter of 2018 about a final decision in view of credit risk models, which became effective as of end of September 2018. This decision had an effect on risk weighted assets (RWA) on consolidated level of around EUR 300 million (which corresponds to a reduction of the CET1 ratio of 3 basis points).

#### Risk structure according to EU regulation 575/2013 (CRR)

| in EUR million                                   | Article pursuant to CRR                       | Dec 17                 |                                 | Sep 18                 |                                 |
|--|---|------------------------|---------------------------------|------------------------|---------------------------------|
|  |   | Total risk (phased-in) | Capital requirement (phased-in) | Total risk (phased-in) | Capital requirement (phased-in) |
| Total risk exposure amount                       | 92 (3), 95, 96, 98                            | 110,028                | 8,802                           | 116,981                | 9,358                           |
| Risk-weighted assets (credit risk)               | 92 (3) (a) (f)                                | 86,162                 | 6,893                           | 92,126                 | 7,370                           |
| Standardised approach                            |   | 15,640                 | 1,251                           | 16,247                 | 1,300                           |
| IRB approach                                     |   | 70,522                 | 5,642                           | 75,879                 | 6,070                           |
| Settlement risk                                  | 92 (3) (c) (ii), 92 (4) (b)                   | 1                      | 0                               | 0                      | 0                               |
| Trading book, foreign FX risk and commodity risk | 92 (3) (b) (i), (c) (i) and (iii), 92 (4) (b) | 2,914                  | 233                             | 3,724                  | 298                             |
| Operational risk                                 | 92 (3) (e) 92 (4) (b)                         | 17,911                 | 1,433                           | 17,745                 | 1,420                           |
| Exposure for CVA                                 | 92 (3) (d)                                    | 622                    | 50                              | 660                    | 53                              |
| Other exposure amounts (including Basel 1 floor) | 3, 458, 459, 500                              | 2,419                  | 194                             | 2,726                  | 218                             |

| in EUR million                                   | Article pursuant to CRR                       | Dec 17             |                             | Sep 18             |                             |
|--|---|--------------------|-----------------------------|--------------------|-----------------------------|
|  |   | Total risk (final) | Capital requirement (final) | Total risk (final) | Capital requirement (final) |
| Total risk exposure amount                       | 92 (3), 95, 96, 98                            | 111,571            | 8,926                       | 117,731            | 9,418                       |
| Risk-weighted assets (credit risk)               | 92 (3) (a) (f)                                | 87,705             | 7,016                       | 92,876             | 7,430                       |
| Standardised approach                            |   | 15,640             | 1,251                       | 16,996             | 1,360                       |
| IRB approach                                     |   | 72,065             | 5,765                       | 75,879             | 6,070                       |
| Settlement risk                                  | 92 (3) (c) (ii), 92 (4) (b)                   | 1                  | 0                           | 0                  | 0                           |
| Trading book, foreign FX risk and commodity risk | 92 (3) (b) (i), (c) (i) and (iii), 92 (4) (b) | 2,914              | 233                         | 3,724              | 298                         |
| Operational risk                                 | 92 (3) (e) 92 (4) (b)                         | 17,911             | 1,433                       | 17,745             | 1,420                       |
| Exposure for CVA                                 | 92 (3) (d)                                    | 622                | 50                          | 660                | 53                          |
| Other exposure amounts (including Basel 1 floor) | 3, 458, 459, 500                              | 2,419              | 194                         | 2,726              | 218                         |

#### 42. Events after the reporting date

There are no significant events after the balance sheet date.

We have prepared this report with the greatest possible care and have thoroughly checked the data presented in it. However, we cannot rule out errors associated with rounding, transmission, typesetting or printing. The English version of the report is a translation.

#### Note regarding forward-looking statements

This report contains forward-looking statements. These statements are based on current estimates, assumptions and projections of Erste Group Bank AG and currently available public information. They are not guarantees of future performance and involve certain known and yet unknown risks and uncertainties and are based upon assumptions as to future events that may not prove to be accurate. Many factors could cause the actual results or performance to be materially different from those that may be expressed or implied by such statements. Erste Group Bank AG does not assume any obligation to update the forward-looking statements contained in this report.

## Shareholder Events

|                  |  |
|------------------|--|
| 28 February 2019 | Full-year preliminary results 2018           |
| 29 March 2019    | Annual financial report 2018                 |
| 3 May 2019       | Results for the first quarter of 2019        |
| 15 May 2019      | Annual general meeting                       |
| 31 July 2019     | Half-year financial report 2019              |
| 30 October 2019  | Results for the first three quarters of 2019 |

The financial calendar is subject to change.  
The latest updated version is available on Erste Group's website:  
[www.erstegroup.com/investorrelations](http://www.erstegroup.com/investorrelations)

## Group Investor Relations

Erste Group Bank AG  
Am Belvedere 1  
1100 Vienna  
Austria

Email: [investor.relations@erstegroup.com](mailto:investor.relations@erstegroup.com)  
Internet: [www.erstegroup.com/en/investors](http://www.erstegroup.com/en/investors)

Thomas Sommerauer  
Phone: +43 (0) 5 0100 17326  
Email: [thomas.sommerauer@erstegroup.com](mailto:thomas.sommerauer@erstegroup.com)

Peter Makray  
Phone: +43 (0) 5 0100 16878  
Email: [peter.makray@erstegroup.com](mailto:peter.makray@erstegroup.com)

Simone Pilz  
Phone: +43 (0) 5 0100 13036  
Email: [simone.pilz@erstegroup.com](mailto:simone.pilz@erstegroup.com)

Gerald Krames  
Phone: +43 (0) 5 0100 12751  
Email: [gerald.krames@erstegroup.com](mailto:gerald.krames@erstegroup.com)

## TICKER SYMBOLS

|             |              |
|-------------|--------------|
| Reuters:    | ERST.VI      |
| Bloomberg:  | EBS AV       |
| Datastream: | O:ERS        |
| ISIN:       | AT0000652011 |