

Disclosure Package for Overseas Incorporated Authorised Institutions

(information disclosed complies with the requirements as stated in the Banking
(Disclosure) Rules issued by the Hong Kong Monetary Authority)

(If there is any conflict between the English and Chinese version, the former shall prevail.)

Financial Information Disclosure Statement

Jun 2018

Section A - Branch Information

I. Profit and Loss Information

	Jun 2018 HK\$'000	Jun 2017 HK\$'000
(i) Interest income	206,558	106,203
(ii) Interest expense	(130,164)	(38,015)
(iii) Other operating income	-	-
- Gain less losses arising from dealing in foreign currencies	320	(1)
- Gain less losses on securities held for dealing purposes	(45,727)	56,539
- Gains less losses from other dealing activities	14,456	(32,614)
- Fee commission income	4,916	6,353
- Fee commission expenses	(1,896)	(1,471)
- Others	-	(258)
(iv) Operating expenses	(28,339)	(27,964)
- Staff	(17,956)	(18,270)
- Premises	(4,611)	(3,920)
- Others	(5,772)	(5,774)
(v) Impairment losses and impairment allowances	(2,640)	5,582
(vi) Gains less losses from disposal of tangible fixed assets	-	-
(vii) Profit before taxation	<u>17,484</u>	<u>74,355</u>
(viii) Taxation charge	<u>(5,648)</u>	<u>(9,360)</u>
(ix) Profit after taxation	<u><u>11,836</u></u>	<u><u>64,995</u></u>

II. Balance sheet data

	Jun 2018 HK\$'000	Dec 2017 HK\$'000
Assets		
(i) Cash and short term funds	5,488	4,548
(ii) Placements with banks and other financial institutions maturing between one and twelve months	5,350,009	1,215,218
(iii) Amounts due from overseas offices of the institution	2,702,227	5,665,472
(iv) Trade bills	-	-
(v) Certificate of deposit held	2,855,730	1,966,757
(vi) Securities measured at fair value through profit & loss	3,844,144	3,087,605
- Held for trading	-	-
(vii) Advances and other accounts	658,022	589,761
(viii) Held to Maturity Securities	2,908,691	2,009,265
(ix) Other investments	-	-
(x) Fixed assets	24,192	65,670
(xi) Total assets	<u>18,348,502</u>	<u>14,604,296</u>
Liabilities		
(i) Deposits and balances of banks and other financial institutions	13,401,037	8,964,267
(ii) Customer deposits	-	-
- demand deposits and current accounts	-	-
- savings deposits	-	-
- time, call and notice deposits	-	-
(iii) Amount due to overseas offices of the institution	4,797,295	5,386,246
(iv) Certificate of deposit issued	-	-
(v) Issued debt securities	-	-
(vi) Other accounts	125,799	227,573
(vii) Provisions	24,371	26,210
(viii) Total liabilities	<u>18,348,502</u>	<u>14,604,296</u>

III. Additional balance sheet information

Jun 2018
HK\$'000

Dec 2017
HK\$'000

(i) Advances and other accounts		
- Advances to customers	63,386	172,523
- Advances to banks and other financial institutions	464,587	326,652
- Accrued interest and other accounts	135,577	93,718
Total advances and other accounts	663,549	592,893
- Impairment allowances for impaired assets	-	-
- collective impairment allowances	5,528	3,132
- individual impairment allowances	-	-
(ii) Impaired loans		
The amount of advances to customers on which interest is being placed in suspense or on which interest accrual has ceased	-	-
Amount of individual impairment allowances in respect of such advances	-	-
% of such advances to total advances to customers	0.0%	0.0%
(iii) The breakdown of the gross amount of advances to customers by industry sectors which are considered to be significant to the institution	-	-
<u>Loans for use in Hong Kong</u>		
Industrial, commercial and financial		
- property development	-	-
- property investment	-	-
- financial concerns	-	-
- wholesale and retail trade	-	-
- manufacturing	-	-
- transport and transport equipment	-	-
- electricity, gas and telecommunications	-	-
- others	-	-
- individuals	-	-
<u>Trade finance</u>		
<u>Loans for use outside Hong Kong</u>		
Industrial, commercial and financial		
- property development	-	-
- property investment	-	-
- financial concerns	-	-
- wholesale and retail trade	-	-
- manufacturing	63,386	63,118
- transport and transport equipment	-	-
- electricity, gas and telecommunications	-	-
- others	-	109,405
- individuals	-	-

(iv) The breakdown of the gross amount of advances to customers by countries to the institution according to the location of the counterparties.

- Australia	-	-
of which the gross amount of impaired or overdue loans	-	-
- Brunei	-	-
of which the gross amount of impaired or overdue loans	-	-
- China	-	-
of which the gross amount of impaired or overdue loans	-	-
- Hong Kong	-	-
of which the gross amount of impaired or overdue loans	-	-
- India	63,386	63,118
of which the gross amount of impaired or overdue loans	-	-
- Indonesia	-	109,405
of which the gross amount of impaired or overdue loans	-	-
- Mauritius	-	-
of which the gross amount of impaired or overdue loans	-	-
- Philippines	-	-
of which the gross amount of impaired or overdue loans	-	-
- Thailand	-	-
of which the gross amount of impaired or overdue loans	-	-

(v) Loans and advances covered by collateral or other securities	-	-
(vi) Debt Securities		
- Certificate of deposits held	2,855,730	1,966,757
- Securities measured at fair value through profit & loss	3,844,953	3,087,605
- Held to Maturity Securities	2,908,691	2,009,265
Total	9,609,374	7,063,628
- Impairment allowances for impaired assets	16	-
- collective impairment allowances	-	-
- individual impairment allowances	16	-
(vii) Impaired debt securities		
The amount of debt securities on which interest is being placed in suspense or on which interest accrual has ceased	-	-
Amount of individual impairment allowances in respect of such securities	-	-
% of such debt securities to total debt securities	0.0%	0.0%
(viii) The breakdown of the gross amount of debt securities by industry sectors which are considered to be significant to the institution		
<u>Debt Securities for use in Hong Kong</u>		
Industrial, commercial and financial		
- property development	-	-
- property investment	-	-
- financial concerns	2,800,464	2,327,126
- wholesale and retail trade	-	-
- manufacturing	-	-
- transport and transport equipment	-	-
- electricity, gas and telecommunications	-	-
- others	-	-
- individuals	-	-
<u>Debt securities for use outside Hong Kong</u>		
Industrial, commercial and financial		
- property development	-	-
- property investment	-	-
- financial concerns	6,127,454	4,182,474
- wholesale and retail trade	-	-
- manufacturing	-	-
- transport and transport equipment	-	-

- electricity, gas and telecommunications	-	-
- others	681,472	554,027
- individuals	-	-

(ix) The breakdown of the gross amount of debt securities by countries to the institution according to the location of the counterparties.

- Australia	1,937,094	1,762,966
of which the gross amount of overdue debt securities	-	-
- British Virgin Islands	-	-
of which the gross amount of overdue debt securities	-	-
- Cayman Islands	303,724	39,073
of which the gross amount of overdue debt securities	-	-
- China	385,176	233,463
of which the gross amount of overdue debt securities	-	-
- Germany	-	-
of which the gross amount of overdue debt securities	-	-
- Hong Kong	2,800,464	2,327,126
of which the gross amount of overdue debt securities	-	-
- India	117,716	117,220
of which the gross amount of overdue debt securities	-	-
- Indonesia	556,863	610,167
of which the gross amount of overdue debt securities	-	-
- Japan	195,960	-
of which the gross amount of overdue debt securities	-	-
- Malaysia	283,696	282,499
of which the gross amount of overdue debt securities	-	-
- Mauritius	-	-
of which the gross amount of overdue debt securities	-	-
- New Zealand	90,586	-
of which the gross amount of overdue debt securities	-	-
- Philippines	117,716	117,220
of which the gross amount of overdue debt securities	-	-
- Republic of Ireland	-	-
of which the gross amount of overdue debt securities	-	-
- Singapore	156,578	187,385
of which the gross amount of overdue debt securities	-	-
- South Korea	1,066,119	611,572
of which the gross amount of overdue debt securities	-	-
- Thailand	-	-
of which the gross amount of overdue debt securities	-	-
- United Kingdom	305,285	257,883
of which the gross amount of overdue debt securities	-	-
- United States of America	39,239	39,073

of which the gross amount of overdue debt securities	-	-
- United Arab Emirates	524,315	360,760
of which the gross amount of overdue debt securities	-	-
- Vietnam	117,716	117,220
of which the gross amount of overdue debt securities	-	-

(xii) Cross border claims by type of counterparty and by countries or geographical area are classified by the location of the counterparties after taking into account the transfer of risk. In general, risk transfer applies when cross-border claims are guaranteed by a party in an area which is different from that of the counterparty

	Banks & other financial inst.	Public sector entities	Others
Jun 2018			
1. Asia Pacific (excluding Hong Kong)	12,620	679	191
of which AUSTRALIA	1,438	-	7
of which CHINA	4,310	-	-
of which INDIA	1,850	-	63
of which INDONESIA	95	559	-
of which JAPAN	1,287	-	-
of which MALAYSIA	175	-	121
of which NEW ZEALAND	272	-	-
of which PHILIPPINES	222	-	-
of which SINGAPORE	106	-	-
of which SOUTH KOREA	1,365	-	-
of which TAIWAN	570	-	-
of which THAILAND	755	-	-
of which VIETNAM	174	120	-
of which Others	-	-	-
2. North & South America	51	-	-
3. Middle East & Africa	7	-	-
4. Europe	1,396	-	-
5. Caribbean	-	-	-
	Banks & other financial inst.	Public sector entities	Others
As at Dec 2017			
1. Asia Pacific (excluding Hong Kong)	7,477	556	299
of which AUSTRALIA	1,240	-	7
of which CHINA	2,678	-	-
of which INDIA	935	-	63
of which INDONESIA	274	436	110
of which JAPAN	121	-	-
of which MALAYSIA	364	-	119
of which NEW ZEALAND	181	-	-
of which PHILIPPINES	231	-	-
of which SINGAPORE	111	-	-
of which SOUTH KOREA	616	-	-
of which TAIWAN	7	-	-
of which THAILAND	553	-	-
of which VIETNAM	152	121	-
of which Others	14	-	-
2. North & South America	93	-	-
3. Middle East & Africa	1	-	-
4. Europe	78	-	-
5. Caribbean	-	-	-

IV. Off-balance sheet exposures

	Jun 2018 HK\$'000	Dec 2017 HK\$'000
(i) <u>Contingent liabilities and commitments</u>		
- Direct credit substitutes	-	-
- Transaction-related contingencies	-	-
- Trade-related contingencies	-	-
- Note issuance and revolving underwriting facilities	-	-
- Other commitments	-	-
- Others (including forward asset purchases, amounts owing on partly paid shares and securities, forward deposits placed, asset sales or other transactions with recourse.)	4,875,745	60,883
(ii) <u>Derivatives</u>		
- Exchange rate contracts	13,537,321	5,626,806
(excluding forward foreign exchange contracts arising from swap deposit arrangements)		
of which the aggregate replacement costs:	32,572	11,385
with bilateral netting arrangements	-	-
without bilateral netting arrangements	32,572	11,385
- Interest rate contracts	4,394,296	3,400,191
of which the aggregate replacement costs:	31,596	33,543
with bilateral netting arrangements	-	-
without bilateral netting arrangements	31,596	33,543
- Others	-	-
of which the aggregate replacement costs:	-	-
with bilateral netting arrangements	-	-
without bilateral netting arrangements	-	-

V. Liquidity

	<u>Jun 2018</u>	<u>Dec 2017</u>	<u>Jun 2017</u>
(i) Average liquidity ratio for the financial period	60.9%	63.8%	62.6%

The liquidity risk management of Erste Group Bank AG Hong Kong Branch is aligned to the Group's liquidity risk management approach and policies. The goal of the Liquidity Management Process is to ensure the fulfillment of all ongoing obligations in business environments that range from normal course of business to stressed conditions. Erste Group has a three tiered structure for managing liquidity.

Group ALCO

The Group ALCO, whose members comprise all Holding board members, has primary responsibility for (1) the liquidity risk management framework defined in the rulebook and (2) yearly approval of the Group Liquidity Risk Management Rulebook (LRMR), the Holding Liquidity Risk Manual (HLRM) as well as the Holding's Contingency Funding Plan and the Group Liquidity Strategy Paper. Group ALCO is the highest decision making committee for all aspects of Group Liquidity Risk Management and meets at least monthly. During periods of market disruption and crisis determination, the Group ALCO is also responsible for approving liquidity enhancing actions as proposed by Group ALM or the Group OLC in order to improve the group's liquidity situation.

Group - OLC

Group OLC meets on a bi-weekly basis to discuss and deal with liquidity related topics. It analyses the Group's liquidity situation in the context of the current and future market outlook, decides on liquidity issues and reports directly to the Group ALCO. The Chairman of the Group OLC is the primary contact person for Group entities in respect to liquidity related issues. In a severe crisis situation, Group OLC shall meet at least on a weekly basis.

Local Liquidity Committee - LLC

Each local entity that has a liquidity management process has a LLC. All concepts and strategies concerning the Group wide liquidity risk management process remain valid at a local level. However, the LLC has responsibility for setting any additional local liquidity limits and for supervising the adherence of the group wide liquidity policy and limits. Any actions done locally shall be reported to the Group OLC (e.g. via the minutes of the LLC). The Hong Kong Branch LLC ["HKLLC"] is comprised of senior Branch Management and meets at least monthly [or more often as liquidity conditions dictate] with minutes of meetings being distributed to Group-OLC.

Hong Kong Branch

Hong Kong Branch's funding requirements are satisfied by inter-bank borrowings and currency swap transactions within a strategy that complements Group objectives. The strategy is focused on developing stable sources of lowest cost liquidity from Asia Pacific counterparties sufficient to satisfy the Branch's ongoing funding needs plus a prudential buffer and to supplement overall Group funding.

VI. Remuneration

Hong Kong branch adopts remuneration policy and practices in line with Erste Group AG's policies. Please refer to the Group's annual report for details of the Board Compensation, Remuneration and People Performance Management and key characteristics of the Remuneration System.

VII. International Claims

Country / Jurisdiction			Non-bank private sector		Others	Total
	Banks	Official Sector	Non-bank financial institutions	Non -Financial private sector		
Total liabilities and claims as at 29 Jun 2018						
Country/Jurisdiction						
Developed countries	7,591,619	0	0	6,896		7,598,515
of which AUSTRIA	2,702,282	0	0	0		2,702,282
of which Australia	1,945,377	0	0	6,896		1,952,273
of which JAPAN	1,337,126	0	0	0		1,337,126
Offshore centres	5,073,875	203	0	0		5,074,079
of which Hong Kong SAR	4,219,749	203	0	0		4,219,952
of which Macau SAR	391,341	0	0	0		391,341
of which CAYMAN ISLANDS	306,204	0	0	0		306,204
Developing Europe	30,549	0	0	0		30,549
of which Croatia	24,258	0	0	0		24,258
of which POLAND	6,291	0	0	0		6,291
Developing Latin America and Caribbean	32,391	0	0	0		32,391
of which MEXICO	31,588	0	0	0		31,588
of which BRAZIL	802	0	0	0		802
Developing Africa and Middle East	1,008,309	0	0	0		1,008,309
of which UNITED ARAB EMIRATES	883,706	0	0	0		883,706
of which ISRAEL	120,738	0	0	0		120,738
of which SAUDI ARABIA	3,865	0	0	0		3,865
Developing Asia and Pacific	3,832,076	679,475	0	183,933		4,695,484
of which CHINA	1,475,068	0	0	0		1,475,068
of which SOUTH KOREA	1,074,675	0	0	0		1,074,675
of which INDONESIA	95,412	559,393	0	0		654,805
International Organisations	0	0	0	0		0
of which						
Unallocated by country	0	0	0	0		0
of which						

Country / Jurisdiction			Non-bank private sector		Others	Total
	Banks	Official Sector	Non-bank financial institutions	Non -Financial private sector		
Total liabilities and claims as at 29 Dec 2017						
Country/Jurisdiction						
Developed countries	7,805,997	0	0	7,240		7,813,237
of which AUSTRIA	5,670,871	0	0	0		5,670,871
of which Australia	1,767,970	0	0	7,240		1,775,210
of which United Kingdom	273,098	0	0	0		273,098
Offshore centres	2,823,251	257	0	0		2,823,508
of which Hong Kong SAR	2,394,902	257	0	0		2,395,159
of which SINGAPORE	388,957	0	0	0		388,957
of which CAYMAN ISLANDS	39,392	0	0	0		39,392
Developing Europe	4,675	0	0	0		4,675
of which POLAND	2,997	0	0	0		2,997
of which Croatia	1,679	0	0	0		1,679
Developing Latin America and Caribbean	62,608	0	0	0		62,608
of which MEXICO	61,821	0	0	0		61,821
of which BRAZIL	787	0	0	0		787
Developing Africa and Middle East	481,075	0	0	0		481,075
of which UNITED ARAB EMIRATES	481,075	0	0	0		481,075
Developing Asia and Pacific	2,509,008	556,169	0	291,614		3,356,791
of which CHINA	822,907	0	0	0		822,907
of which INDONESIA	274,423	435,608	0	109,601		819,633
of which SOUTH KOREA	616,343	0	0	0		616,343
International Organisations	0	0	0	0		0
of which						
Unallocated by country	0	0	0	0		0
of which						

Section B - Bank Information (consolidated basis)

I. Group structure

Founded in 1819 as the first Austrian savings bank, Erste Group went public in 1997 with a strategy to expand its retail business into Central and Eastern Europe (GEE). Since then Erste Group has grown through numerous acquisitions and organic growth to one of the largest financial services providers in the Eastern part of EU in terms of clients and total assets.

- The number of customers has increased to approx. 16 million in Austria, Czech Republic, Slovakia, Romania, Hungary, Croatia and Serbia.
- Erste Group's key business is the retail business, covering the entire spectrum from lending, deposit and investment products to current accounts and credit cards.
- Besides the traditional strength in serving private individuals, Erste Group's core activities include advisory services and support for corporate clients in financing, investment and access to international capital markets, public sector funding and interbank market operations.

Erste Bank - lead bank of the Austrian savings bank sector

As the oldest Austrian savings bank, Erste Bank has taken a leadership role in unifying the Austrian savings bank sector and has developed a pioneering partnership with over 61 savings bank partners. Nearly all of the savings banks now offer the same products to their customers, with Erste Bank playing a key role in product origination. They also co-operate in their marketing and Erste Bank acts as their consultant in asset/liability management and provides back-office services.

Strong position in Central and Eastern Europe

- > Ceska Sporitelna has 4.7m customers, 25.2% of retail deposits and 522 branches making it the number 1 retail bank in the Czech Republic.
- > Slovenska Sporitelna has 2.2m customers, 27.6% of retail deposits and 274 branches making it the number 1 retail bank in Slovakia.
- > Erste Bank - Hungary has 0.9m customers, 9.2% of retail deposits and 115 branches making it the number 2 retail bank in Hungary.
- > Erste Bank - Croatia has 1.2m customers, 13.8% of retail deposits and 151 branches making it the number 3 retail bank in Croatia.
- > Banca Comerciala Romana S.A. has approx 3.0m customers, 15.9% of retail deposits and 515 branches. It is Romania's leading retail bank.

II. Notes to the consolidated data from the Erste Bank Group

All financial data presented below is extracted from the Group's published Results as at June 2018. The accounts are prepared in accordance with International Financial Reporting Standards. All figures are in HKD millions.

Due to different accounting terminologies and classifications used in Austria and Hong Kong, some of the disclosure of financial information recommended by the Hong Kong Monetary Authority cannot be fully matched or achieved.

The base currency used in the Group consolidated accounts is in Euros (EUR). The exchange conversion rates from EUR to HKD equivalent as at 29 June 2018, December 29, 2017 and June 30, 2017 are EUR1 = HKD9.1288, EUR1 = HKD9.3385 and EUR1 = HKD8.9057 respectively.

III. Capital and capital adequacy

Own Funds according to Basel 3

Erste Group as a group of credit institutions is subject to the EU directive 575/2013 (CRR) and must comply with the capital requirements set out therein.

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

Capital structure according to the EU regulation 575/2013 (CRR)

in HKD million	Article pursuant to CRR	Jun-17 Phased-in	Dec-17 Phased-in	Jun-18 Phased-in
Common equity tier 1 capital (CET1)	50	125,450	137,392	134,027
Additional tier 1 capital (AT1)		6,100	6,127	9,048

Tier 2 capital (T2)	71	45,977	46,136	41,864
Total own funds	4 (1) (118) and 72	177,527	189,654	184,939
Capital requirement	92 (3), 95, 96, 98	76,072	82,200	84,901
CET1 capital ratio	92 (2) (a)	13.2%	13.4%	12.6%
Tier 1 capital ratio	92 (2) (b)	13.8%	14.0%	13.5%
Total capital ratio	92 (2) (c)	18.7%	18.5%	17.4%

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. Positions not relevant for Erste Group are not shown. Changes are possible due to final Regulatory Technical Standards (RTS), that are not yet available. Further details can be found at www.erstegroup.com.

IV. Other financial information

	Jun-17	Dec-17	Jun-18
- Shareholders Equity	155,986	170,785	161,652
- Total Assets	1,942,843	2,060,628	2,098,532
- Total Liabilities	1,786,857	1,889,843	1,936,880
- Loans and Receivables to Customers	1,203,363	1,303,022	1,321,224
- Deposits from Customers	1,296,448	1,409,827	1,431,691
	Jun-17	Dec-17	Jun-18
- Pre Tax Profit	9,063	19,404	10,724

V. Chief executive's declaration of compliance

I certify that the information disclosed complies with the requirements as stated in the Banking (Disclosure) Rules issued by the Hong Kong Monetary Authority and is not false or misleading.



Oliver Hoffmann
Chief Executive
August 29, 2018