



# Treasury Confirmation and Settlement Processes

Erste Group Bank AG  
Group Treasury Operations

Presentation for OMG Meeting  
3rd June 2019

# Erste Group at a glance

## Customer banking in the eastern part of the EU

- Founded in 1819 as the first Austrian savings bank
- Ever since its founding, Erste Group has been focusing on the real economy
- Today, Erste Group is one of the largest financial services providers in the eastern part of the EU in terms of clients and total assets. Its core activities – besides the traditional strength in serving private individuals and SMEs – 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 Group is strongly committed to offering a comprehensive range of financial products to meet its customer needs

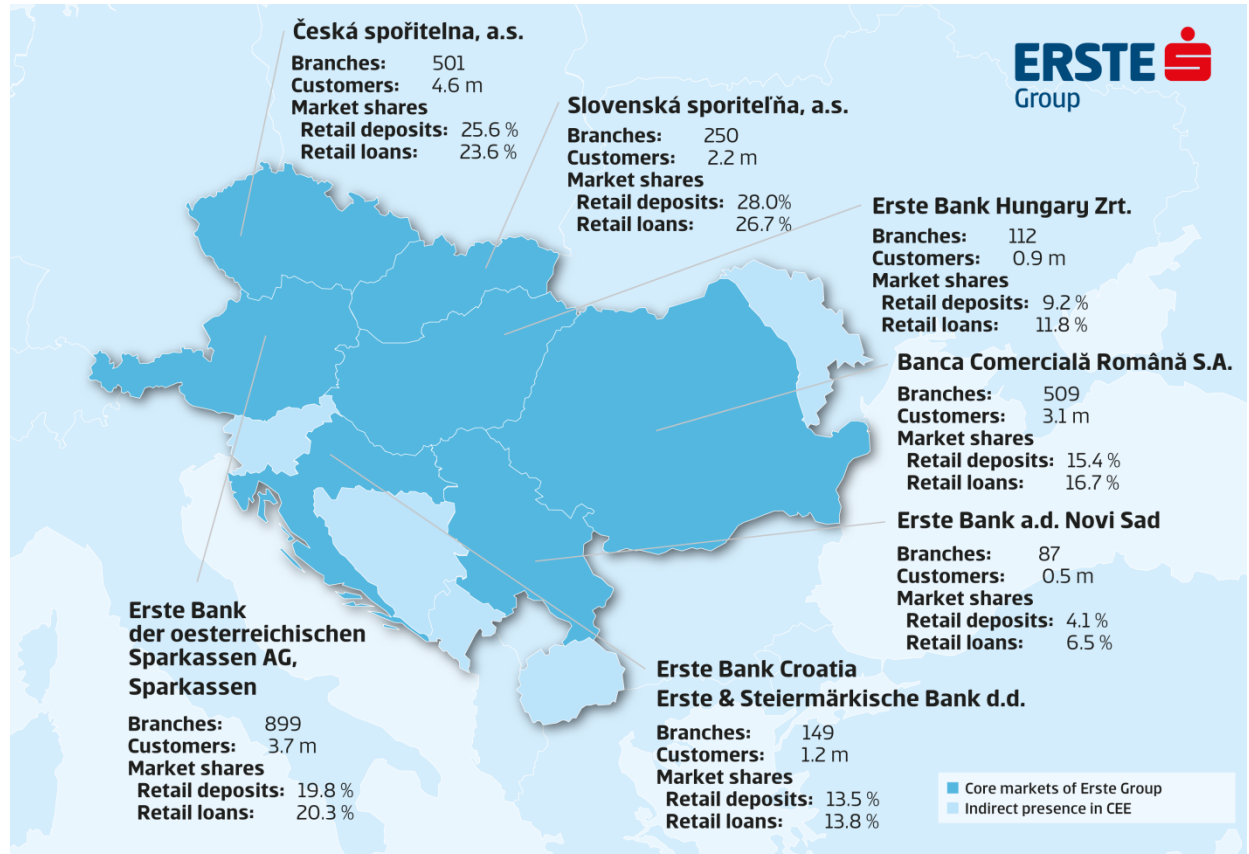
### Key financials FY 2018

<b>Net profit</b>	<b>EUR 1.79 bn</b>
<b>Total assets</b>	<b>EUR 237 bn</b>
<b>Total equity</b>	<b>EUR 19 bn</b>
<b>CET 1 ratio</b> <i>(Basel 3, phased-in)</i>	<b>13.5%</b>
<b>Loan/deposit ratio</b>	<b>91.8%</b>
<b>Operating result</b>	<b>EUR 2.73 bn</b>

# Erste Group at a glance

## Customer banking in the eastern part of the EU

- Over 47,000 employees serve more than 16.2 million customers through 2,507 branches in 7 countries in the eastern part of the EU
- One of the leading financial providers in the eastern part of the EU
- Among the TOP 3 banks in our core markets in AT, CZ, SK, RO, HU and HR
- Leader in digital banking in our home market Austria



# Strategy

Real customer needs are the reason for our business

## Strategic Objectives

### Customer banking in Central and Eastern Europe

#### Eastern part of EU

##### Retail banking

Focus on local currency mortgage and consumer loans funded by local deposits

FX loans only in EUR for clients with EUR income (or equivalent) and where funded by local FX deposits (HR & RS)

Savings products, asset management and pension products

Expansion of digital banking offering

##### Corporate banking

Large, local corporate and SME banking

Advisory services, with focus on providing access to capital markets and corporate finance

Real estate business that goes beyond financing

#### Focus on CEE, limited exposure to other Europe

##### Capital markets

Focus on customer business, incl. customer-based trading activities

In addition to core markets, presences in Poland, Germany and London with institutional client focus and selected product mix

Building debt and equity capital markets in CEE

##### Public sector

Financing sovereigns and municipalities with focus on infrastructure development in core markets

Any sovereign holdings are only held for market-making, liquidity or balance sheet management reasons

##### Interbank business

Focus on banks that operate in the core markets

Any bank exposure is only held for liquidity or balance sheet management reasons or to support client business

# Ratings

## Erste Group has solid credit ratings

### Moody's

Long-term rating: **A2**  
Outlook: **Positive**  
Short-term rating: **P-1**

MOODY'S

### Standard & Poor's

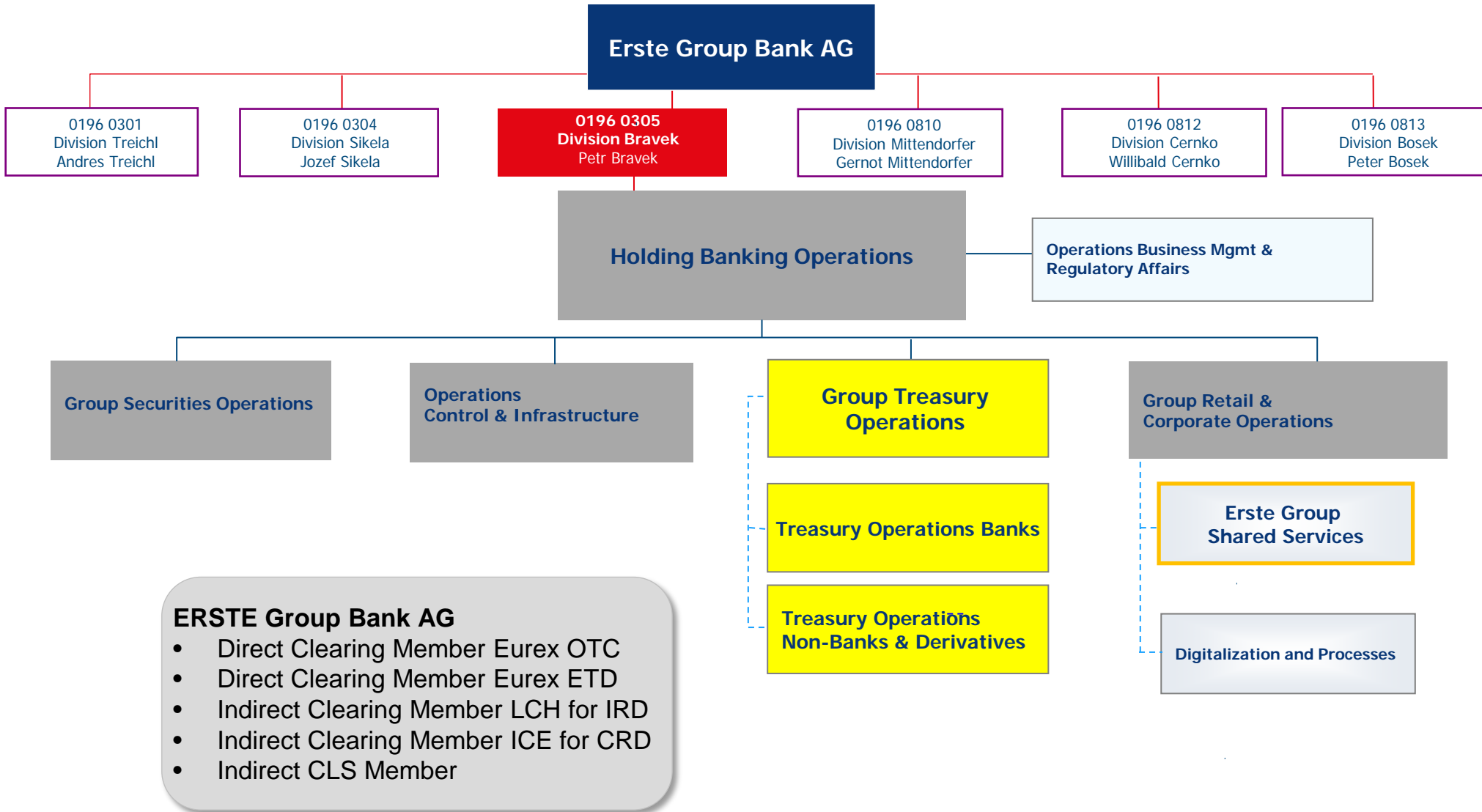
Long-term rating: **A**  
Outlook: **Positive**  
Short-term rating: **A-1**

STANDARD  
& POOR'S

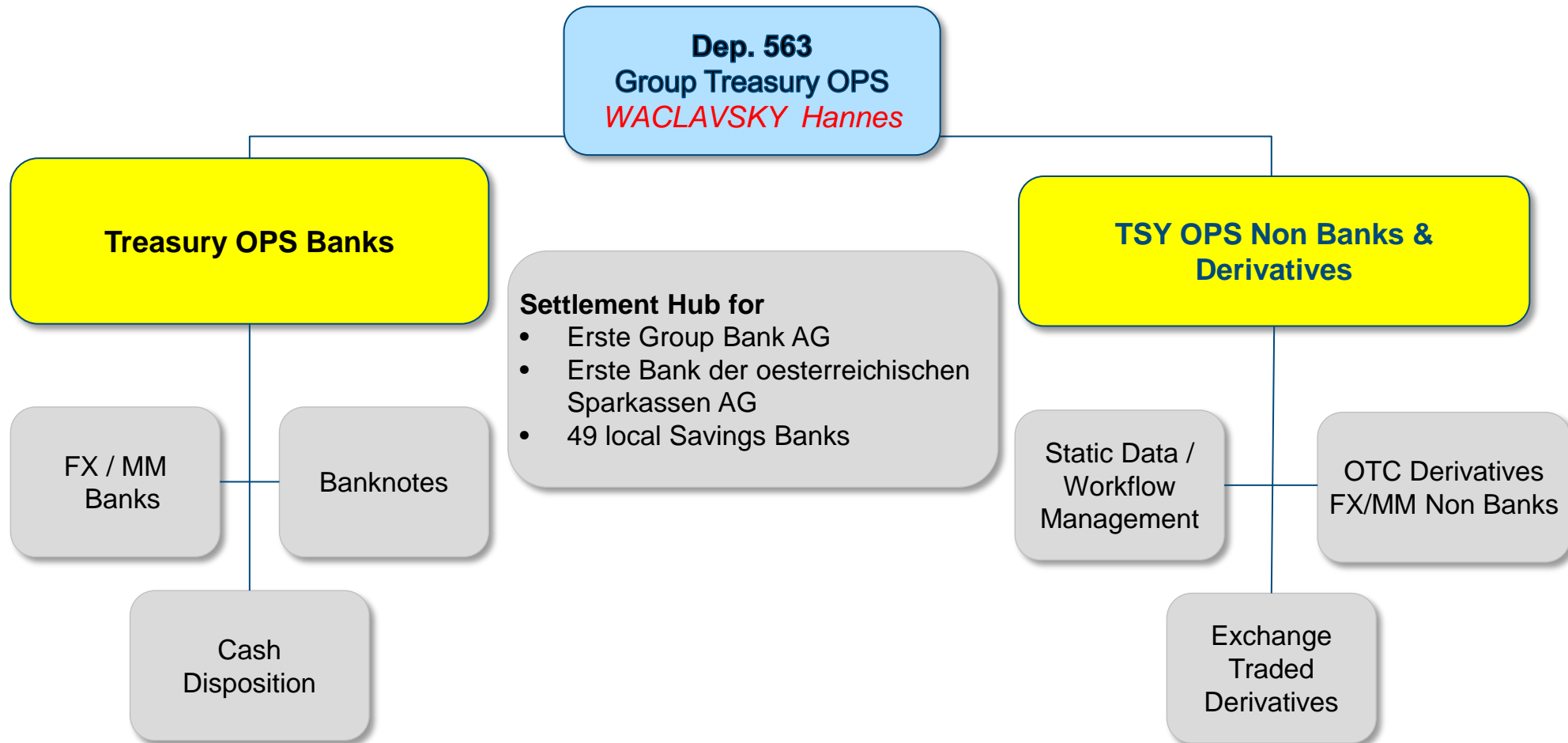
### Fitch

Long-term rating: **A**  
Outlook: **Stable**  
Short-term rating: **F1**

FitchRatings  
KNOW YOUR RISK

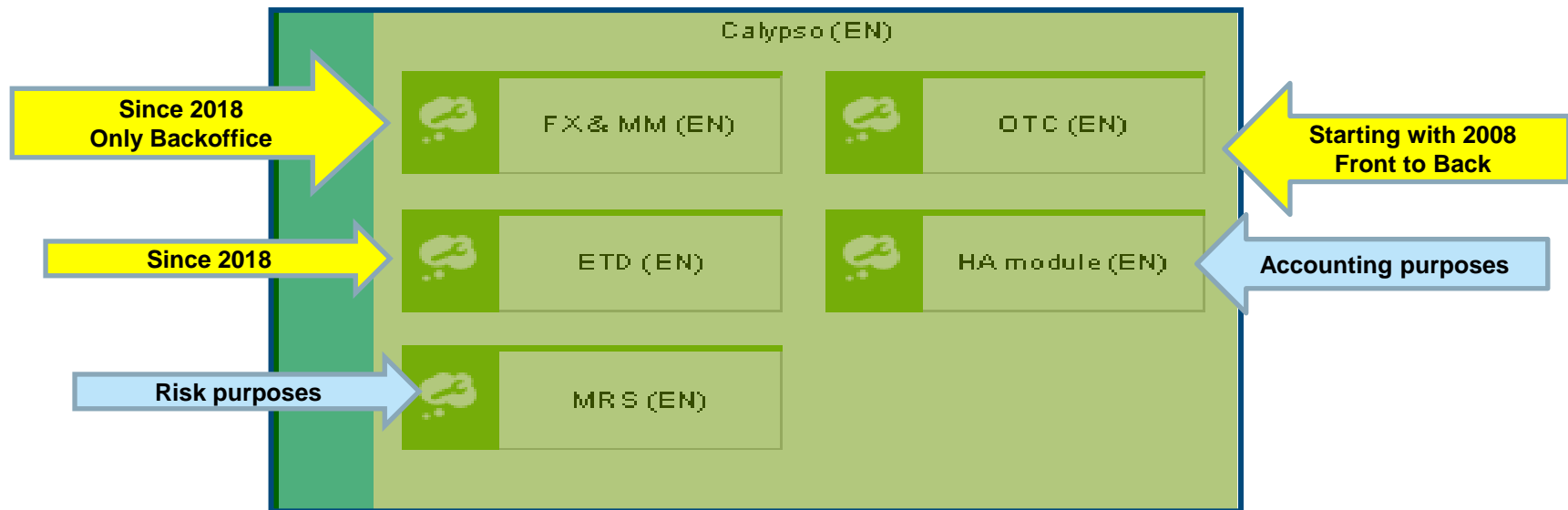


# Group Treasury Operations



# Calypso

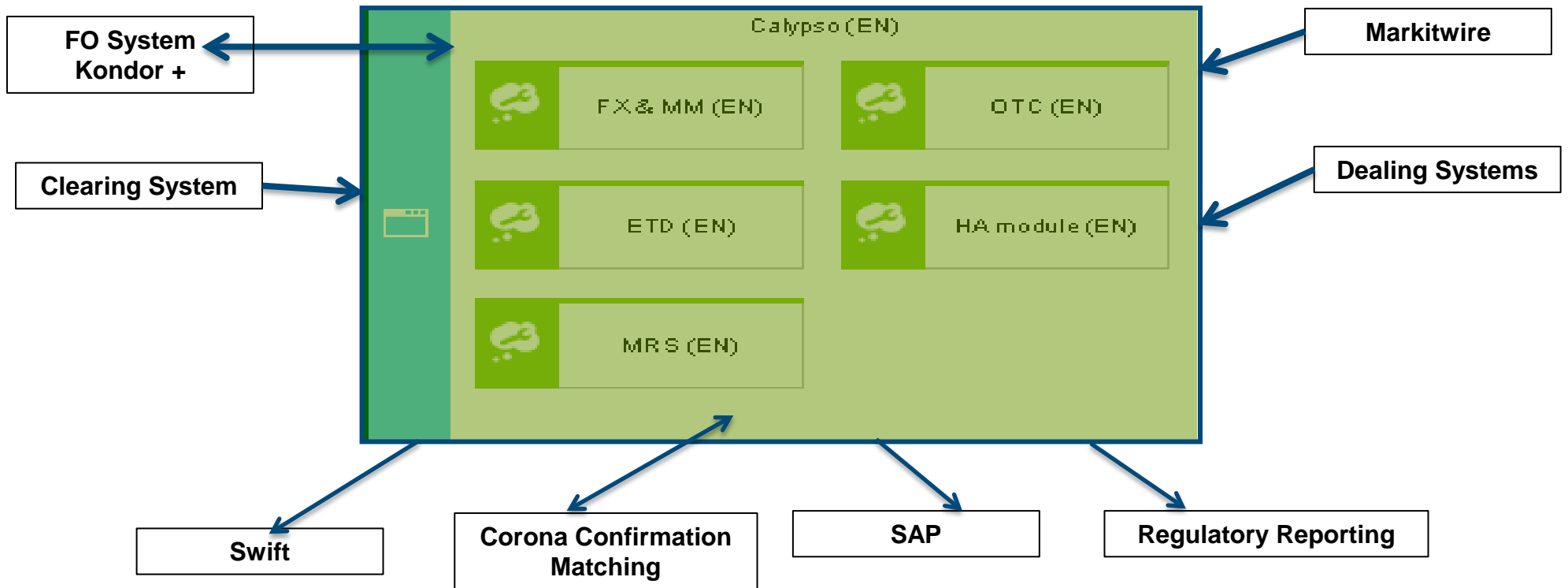
## Core Treasury Operations System



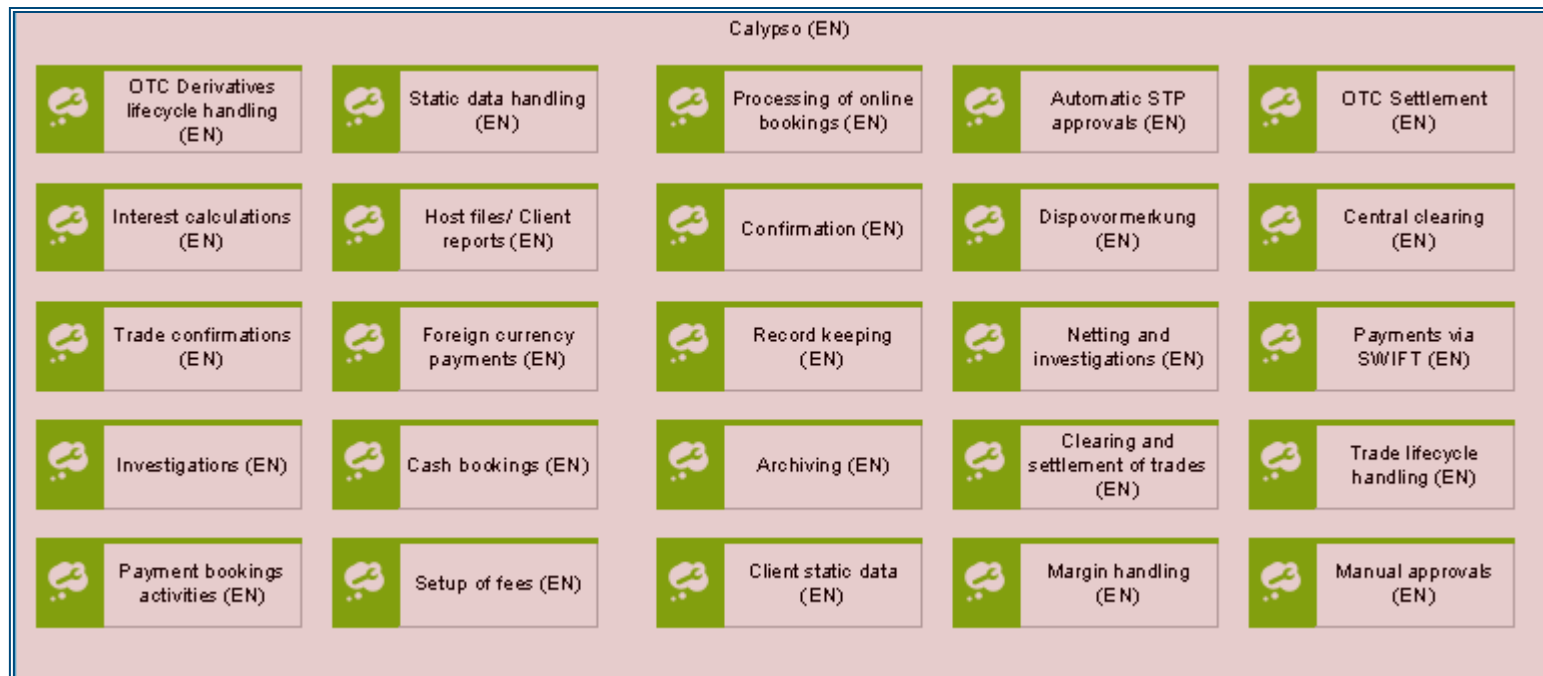


# Calypso

## Core Treasury Operations System



# Operational Functionalities



# Reconciliation Tools

- ⇒ Corona (*SmartStream Technologies*) for reconciliation of confirmations and cash positions
- ⇒ Misys (*Finastra*) matching service for reconciliation of confirmations (only NonFinancial counterparties)
- ⇒ CTC (*Gresham*) solution used for position reconciliation on ETD side

# Confirmation Process

- ➔ Nearly the entire FX + MM interbank business is confirmed electronically via Swift
- ➔ On the FX + MM NonFinancial business the exchange the majority of the clients receive their confirmations via email or fax – due to the client structure
- ➔ Confirmations on OTC business as well are exchanged via email or fax, only on the FX Option side the exchange predominantly works via Swift MT305 + MT306

# Robotic Process Automation

In Treasury Operations only some smaller initiatives started in 2019 – due to system consolidations in the last years.

- ⇒ Replacement of makros
- ⇒ Capture of trades and lifecycle events for retail clients
- ⇒ Trade summary requests by external auditors

## Main challenges:

Building up the necessary set of skills and establishing a central competence center for digital developments

# Questions?



# Thank you!