ERSTE GROUP

Erste Group –

Strong operating income and strict cost control

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Presentation topics

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- **Business environment**
- **1-9 2010 Key topics**
- **Outlook**

Erste Group’s business –
Retail market leadership in the eastern part of the EU

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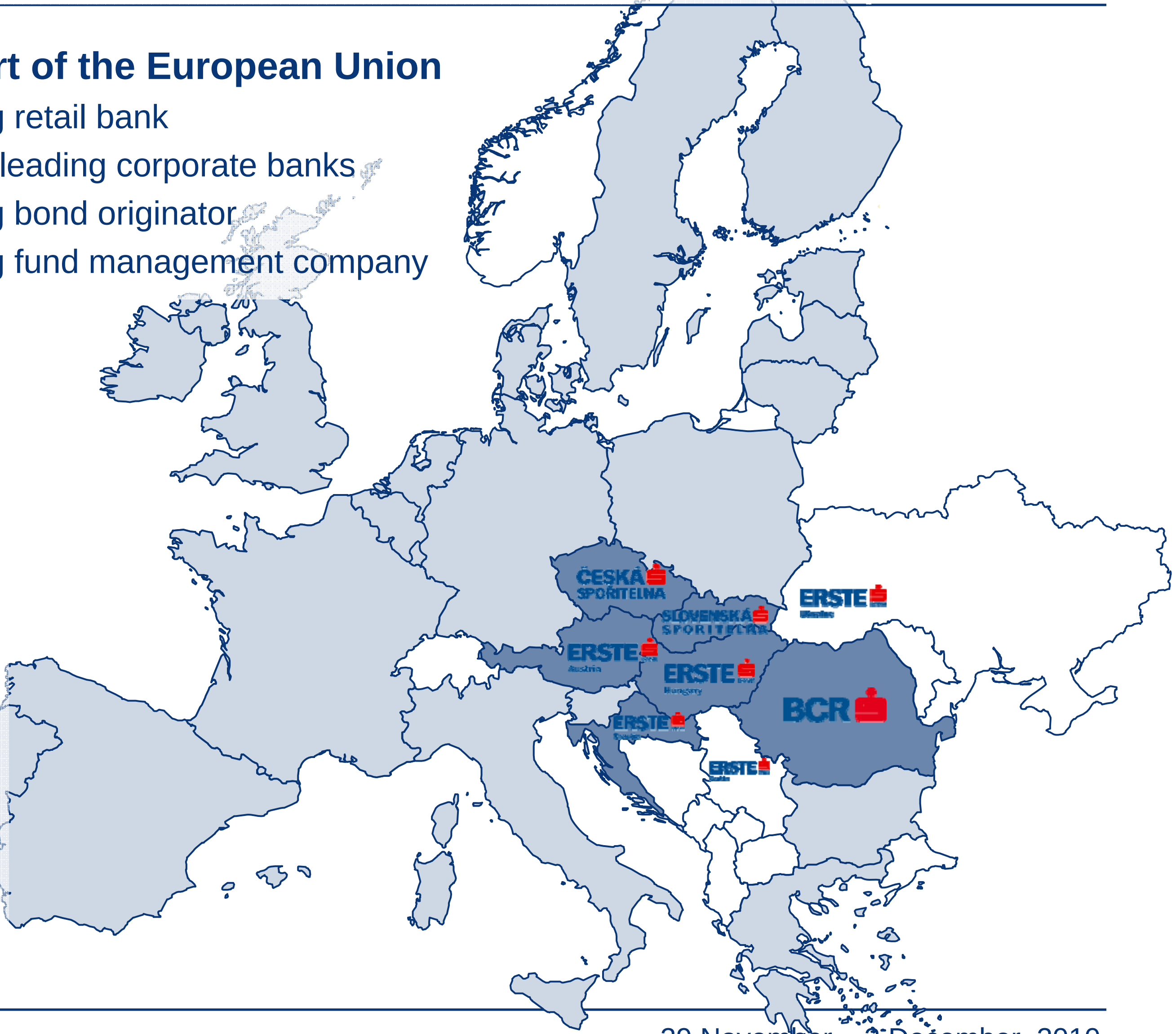
– **Focus on the eastern part of the European Union**
  – Erste Group is the leading retail bank
  – Erste Group is one of the leading corporate banks
  – Erste Group is the leading bond originator
  – Erste Group is the leading fund management company

Country	Product category	Market share	Market position
Austria	Retail loans	19%	2
	Retail deposits	19%	2
	Assets under mgmt	22%	1
	Corporate loans	17%	2
Czech Republic	Retail loans	27%	1
	Retail deposits	29%	1
	Assets under mgmt	26%	2
	Corporate loans	23%	2
Romania	Retail loans	20%	1
	Retail deposits	23%	1
	Assets under mgmt	46%	1
	Corporate loans	24%	1
Slovakia	Retail loans	27%	1
	Retail deposits	28%	1
	Assets under mgmt	22%	1
	Corporate loans	14%	3
Hungary	Retail loans	14%	2
	Retail deposits	8%	3
	Assets under mgmt	11%	3
	Corporate loans	9%	6
Croatia	Retail loans	13%	3
	Retail deposits	13%	3
	Assets under mgmt	21%	2
	Corporate loans	15%	3



Business environment: Macroeconomic trends –
What has recently changed in CEE?

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- **Economic growth continued to be mainly driven by exports in Q3 2010**
  - Industrial output has remained strong across the region
  - Improved household consumption in selected countries
  - More balanced growth forecast for next year with domestic demand expected to pick up in the region
- **Very strong fiscal commitment in CEE**
  - Fiscal measures in Romania and Hungary aimed at meeting agreed budget deficit targets
  - Agreements with international organisations enforce fiscal discipline in selected countries
- **Benchmark interest rates remained at historic lows**
  - Czech Republic: 0.75%, Romania: 6.25%, Hungary: 5.25%
  - Interest rates are not expected to rise in near future
- **More stable exchange rate environment in Romania and Hungary**
  - RON has stabilized at 4.2-4.3 versus the euro following historic low in June
  - HUF has recovered against the euro and CHF since its July trading lows
- **Banking tax in Hungary and Austria to improve budget deficits**
  - Hungary: implemented banking tax for 2010 and 2011
    - Pre-tax impact on Erste Group: ~ EUR 48m p.a.; post-tax: EUR 37m p.a.
  - Austria: exact impact of banking tax yet to be determined

Business environment: Macroeconomic trends –
Focus: Economic growth outlook in CEE

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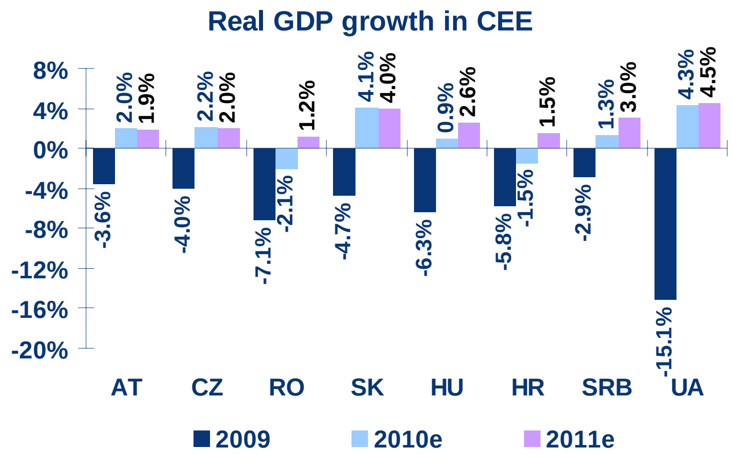
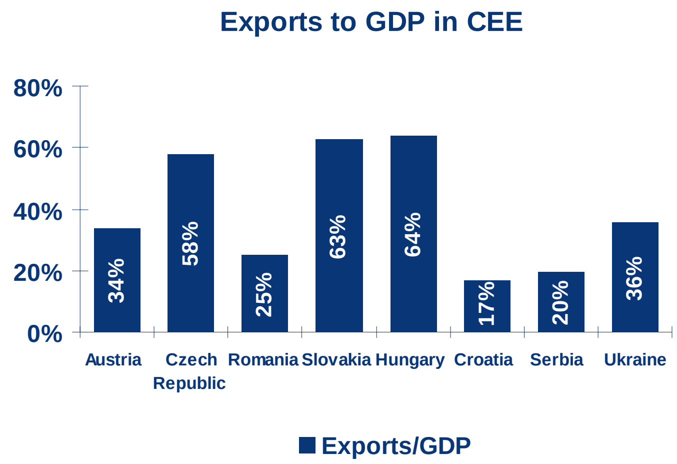
- **Significant improvement in industrial output thanks to rising exports**
  - Main driver behind recovery
  - Unit labour costs declined in CEE as productivity increased
- **All CEE countries expected to grow in 2011**
  - Economic recovery has started already in 2010 mainly driven by exports
  - In 2011 more balanced growth is expected supported by increased domestic demand
  - CEE countries to experience different growth patterns in line with level of export dependency and country-specific issues
    - Romania: growth to return in 2011 following negative impacts of VAT increase and public sector pay cuts in 2010
    - Hungary: expected improvement in household consumption to push growth to 2.6% in 2011
    - Croatia: weak domestic demand only partly offset by tourism in 2010
    - Serbia and Ukraine: more balanced growth seen in 2010
    - Czech Republic and Slovakia: growth rates of 2-4% for 2010, significantly ahead of Eurozone average (1.3%)





Source: Erste Group Research

Business environment: Banking market –
2011: the return of moderate volume growth

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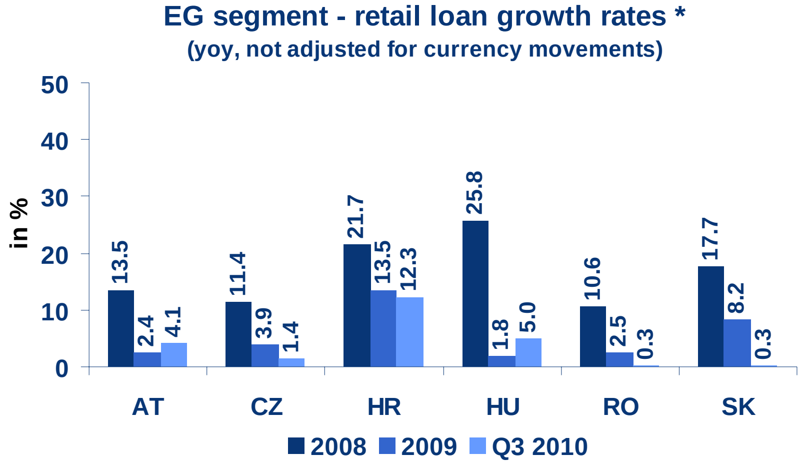
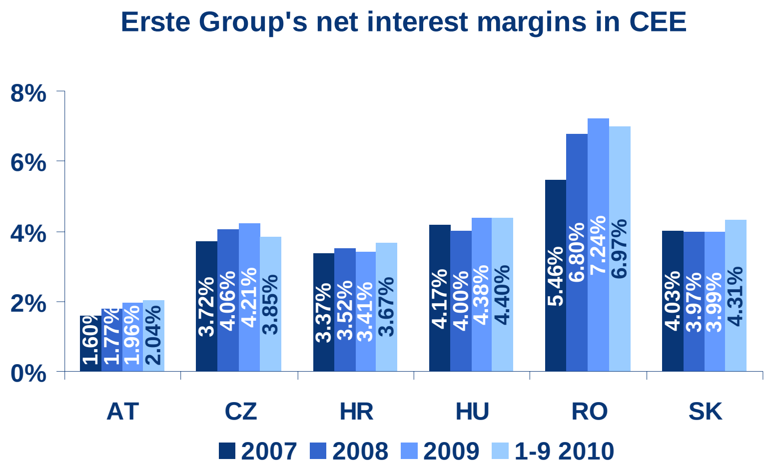
- **CEE lending: the crisis is behind us but growth will not arrive before 2011**
  - 2010 will be a lost year in terms of growth, but valuable in terms of consolidation and digesting the effects of the downturn
  - 2011: the return of volume growth, depending on the market, in the mid- to high single digits
- **With margins at highs there is scope for increased competition in CEE**
  - Retail business: focus is on existing clients with known credit histories and on secured business; higher share of LCY business
  - Corporate business: demand is rising across the region but competition for better rated assets leads to rise in unsecured lending and to relaxation of lending standards
- **Continued strong deposit market**





*) Based on Retail & SME segment data.

Presentation topics

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– Business environment

– **1-9 2010 Key topics**

– Outlook

Erste Group's customer deposits –
Deposit growth continues to outpace loan growth

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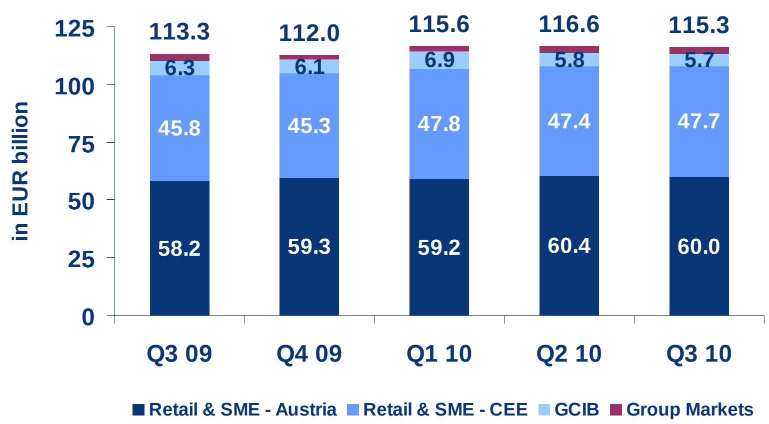
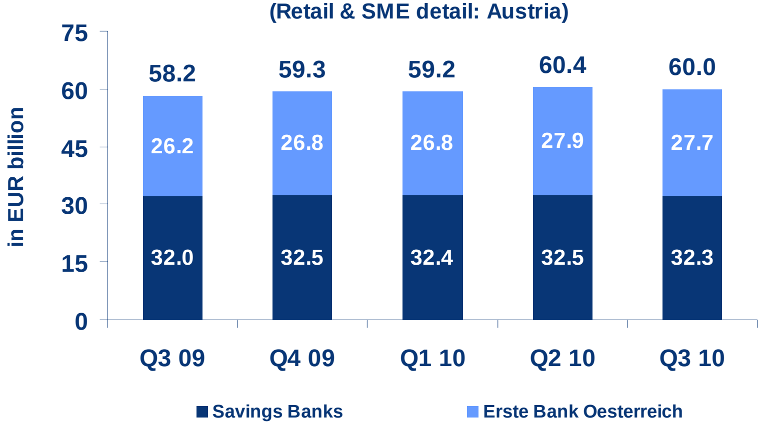
- **Customer deposits grew by 2.9% ytd (up 1.8% yoy)**
  - Mainly based on solid growth in Austria and strong inflows in the Czech Republic
- **Retail & SME deposits increased by 2.9% ytd**
  - Austria grew by 1.2%, supported by EB Oesterreich (+3.4% ytd)
  - CEE enjoyed strong ytd growth (+5.2%): supported by the Czech Republic (+12.0%) driven by inflows from public sector and currency appreciation; other core markets saw stable or slightly declining volumes
- **GCIB deposits declined by 6.2% ytd**
  - Reversing the positive Q1 2010 trend, as short-term deposits from large corporates were not rolled-over
- **Loan/deposit ratio stable at 114.0% in Q3 2010 (year-end 2009: 115.3%)**

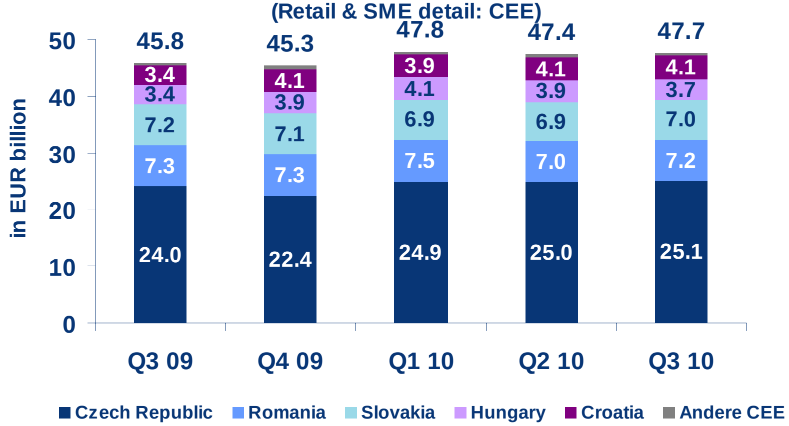
Customer deposit trends by main segments



Customer deposit trends by subsegments
(Retail & SME detail: Austria)



Customer deposit trends by subsegments
(Retail & SME detail: CEE)



Erste Group's loan book –
Loan demand across the segments remained subdued

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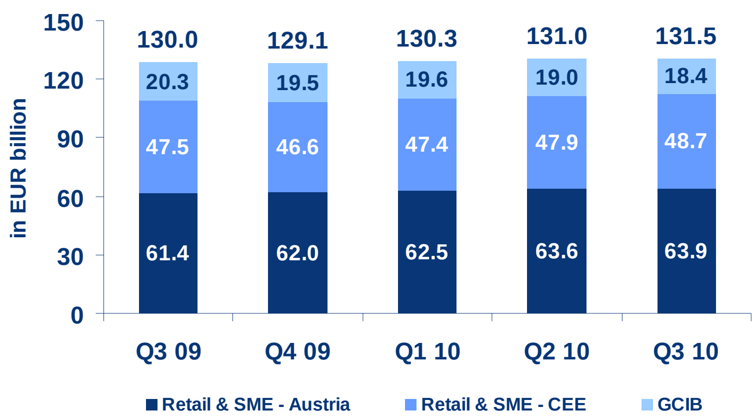
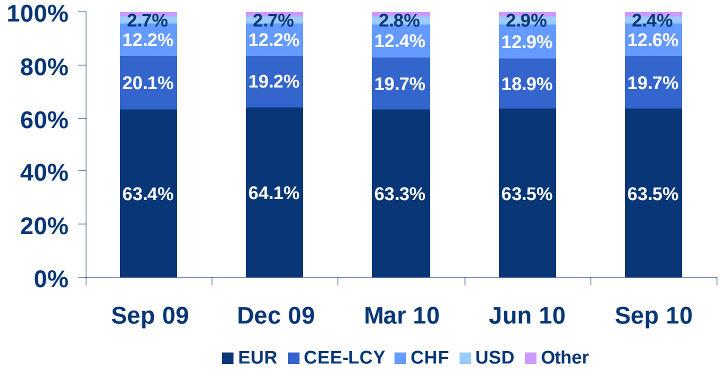
- **Customer loans increased by 1.8% ytd; up 1.2% yoy**
  - Growth in Retail & SME loans in Austria and CEE ytd and yoy was driven mainly by appreciation of CHF and CEE currencies vs euro
  - GCIB loan book declined by 5.5% ytd, and by 9.5% yoy due to redemptions and lower demand
- **Customer distribution remained broadly unchanged**
  - Retail continued to increase to 48.7% of portfolio
  - SME and large corporates account for 45.7% of the loan book
  - Public sector rose to 5.5% of total loans
- **Currency distribution shifted towards EUR and CHF**
  - No new CHF lending since 2009; existing loan book with conservative debt service to income ratios and LTVs

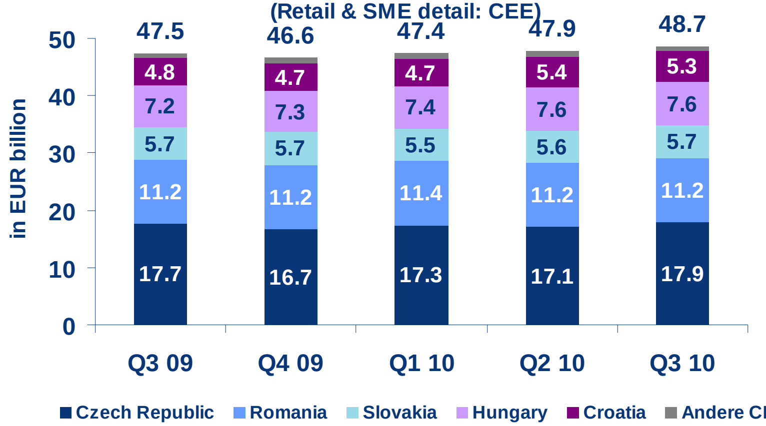
Customer loans by main segments *



Customer loans by currency



Quarterly loan book trends
(Retail & SME detail: CEE)



*) Segments do not exactly add up to total due to consolidation effects

Erste Group's operating performance –
Growing revenues and costs under control

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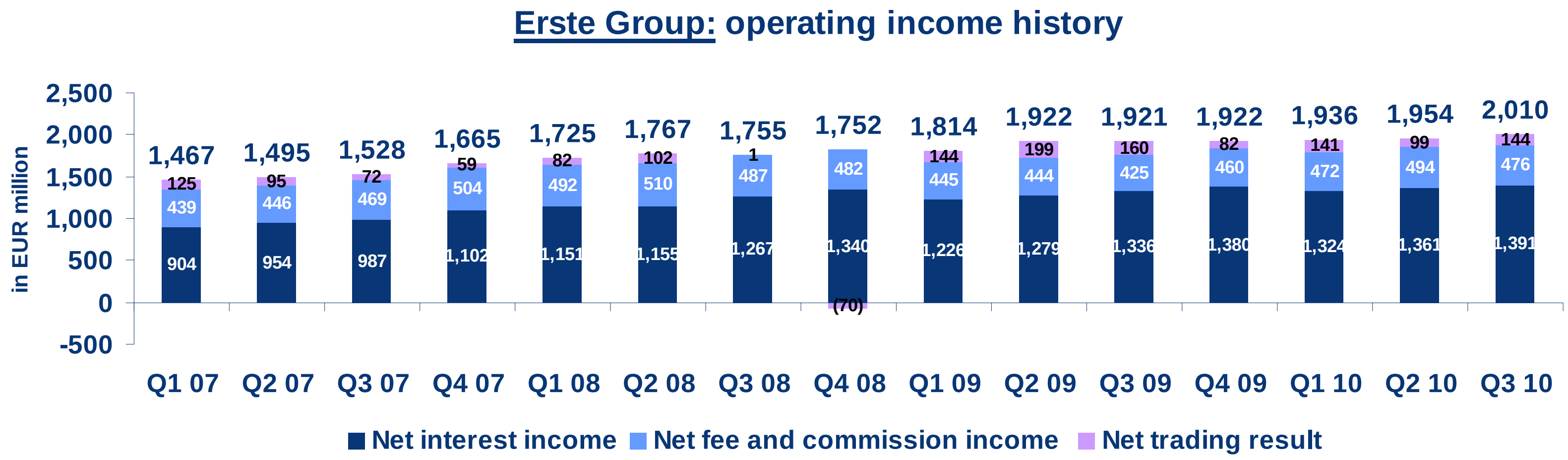
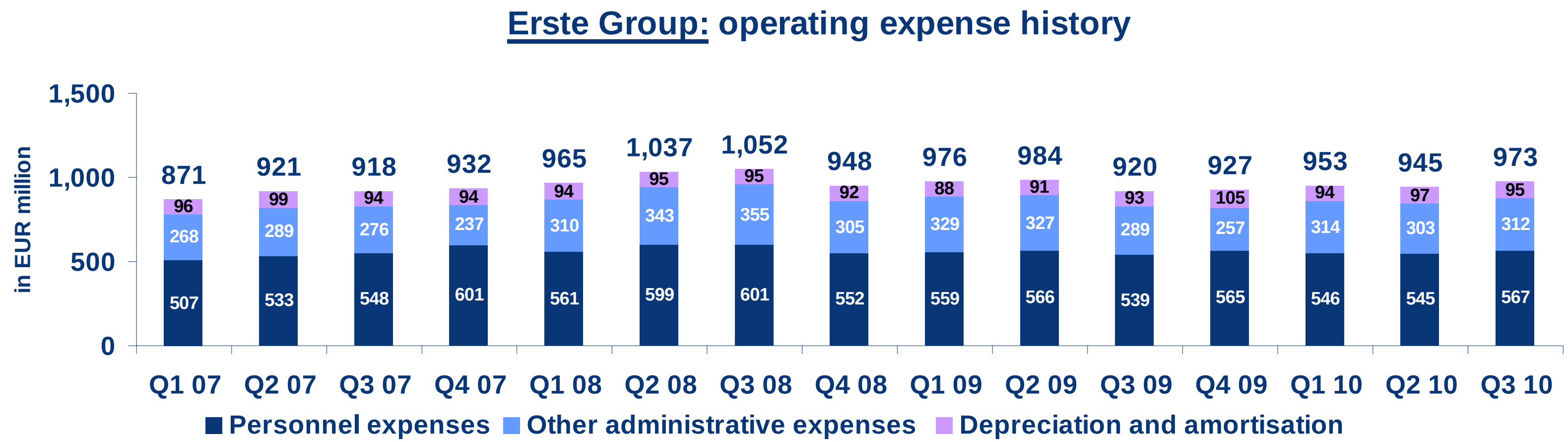
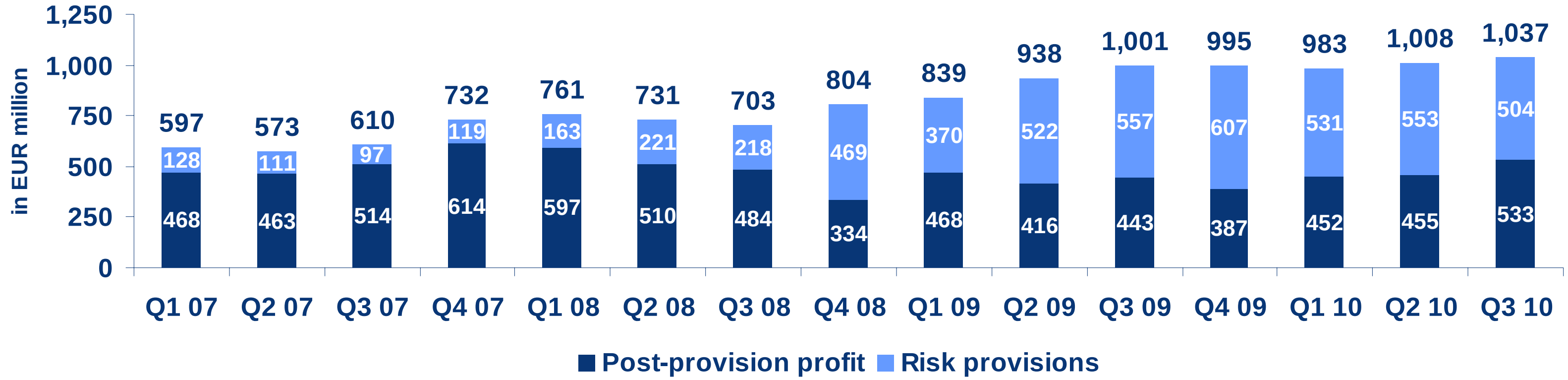


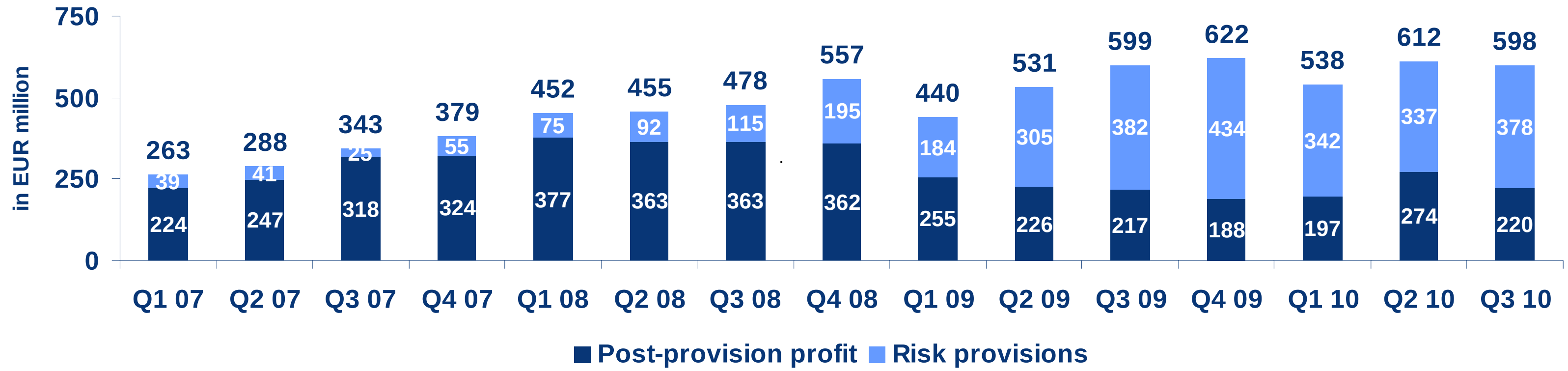


Erste Group's operating performance –
Record pre-provision profitability

Erste Group: operating profit history (pre-provision profit)



Segment CEE (Retail & SME): operating profit history (pre-provision profit)



Erste Group's bottom line performance –
Net profit of EUR 736.8 million in 1-9 2010

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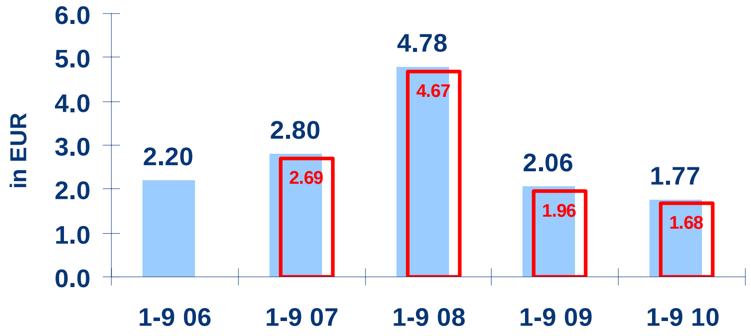
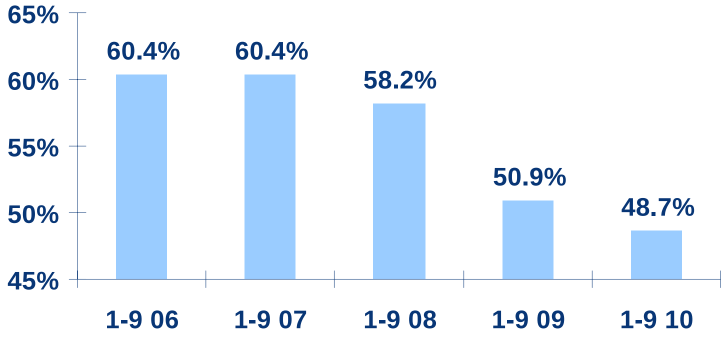
- **Net profit grew by 2.3% to EUR 736.8 million**
  - Lower Cash-EPS and Cash-ROE due to substantially enlarged capital base
    - Issuance of participation capital in H1 09 (EUR 1.76bn)
    - Issuance of equity in November 2009 (EUR 1.74bn)
- **Stable NIM at 3.08% (1-9 09: 2.98%)**
  - NIM was stable qoq in CEE (4.59%), with slight improvement registered in Austria (2.04%) supported by solid margins in core customer business
- **Cost/income ratio improved to 48.7%**
  - Supported by record operating income and strict cost control

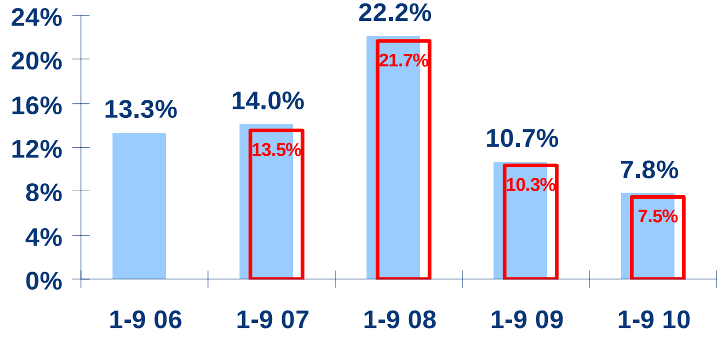
Cash earnings per share *



Cost/income ratio



Cash return on equity *



*) Red bars denote reported EPS and ROE respectively.
Cash EPS and EPS calculated on average number of shares: 374.6m (ex treasury shares and shares owned by savings banks with EB participations: 3.5m), adjusted for non cash items amounting to EUR 30.5m in Q3 2010 (linear amortisation of customer relationships after tax and non-controlling interests) and dividend on the participation capital (EUR 105.8m).

Erste Group's asset quality –
Group trends: declining NPL formation, coverage rises

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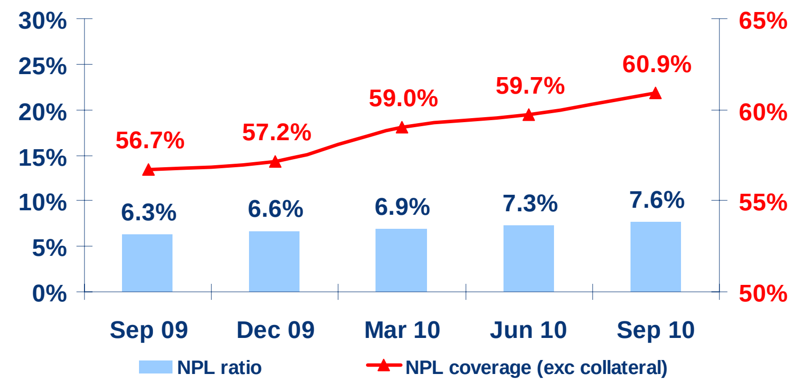
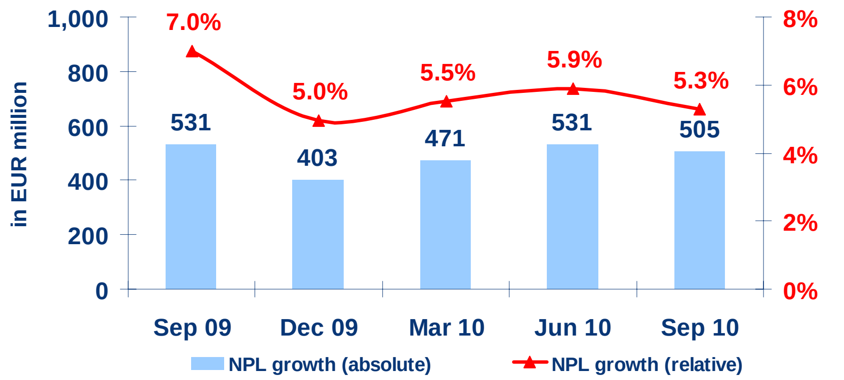
- **New NPL formation declined in line with target risk costs**
  - Excellent performance in Austria both at the savings banks and Erste Bank Oesterreich resulted in reduced NPLs
  - NPL growth in CEE driven by local corporate segment mainly in Romania and Croatia
  - NPLs in Slovakia, Ukraine and Serbia flat or in decline
- **NPL ratio based on customer loans increased to 7.6% (YE 2009: 6.6%)**
  - Continued low demand for new loans but downward migration trend in existing portfolio slowed down considerably
- **NPL coverage continued to improve to 60.9% (YE 2009: 57.2%)**
  - NPL coverage improved throughout all major segments (Retail & SME as well as GCIB segment)

Erste Group: NPL ratio vs NPL coverage



Quarterly NPL growth (absolute/relative)



Erste Group's funding profile –
Retail deposits remain a key pillar in the funding mix

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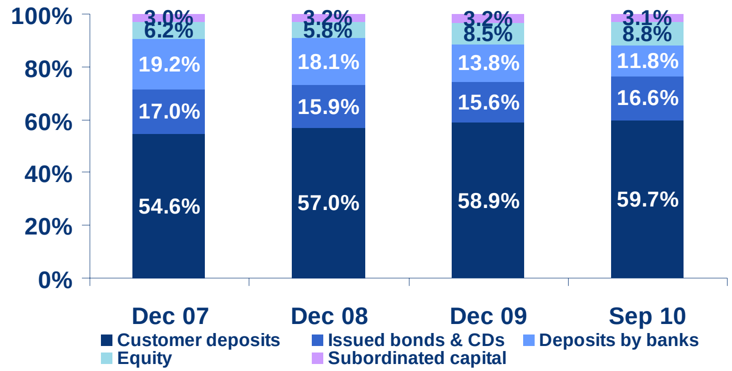
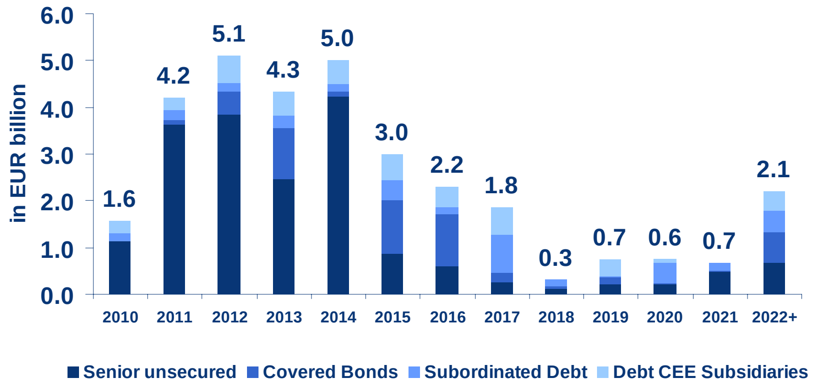
- **Customer deposits remain the main source of funding**
  - Providing a solid funding base in all local currencies
  - Reflected in loan/deposit ratio improvement to 114.0%
- **Short-term funding needs well covered**
  - Well collateralised and stable share of short-term funding
- **Limited long-term funding required**
  - Close to 95% of EUR 4 billion funding needs for 2010 already covered
  - Q3 10 funding mix:
    - 43% private placements: senior unsecured
    - 7% private placements: Pfandbrief
    - 50% public benchmark: Pfandbrief
  - Continued focus on extension of maturity profile

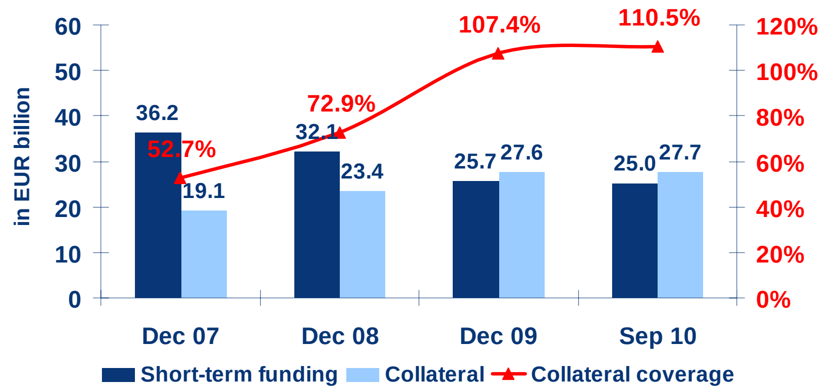
Evolution of Erste Group's funding mix



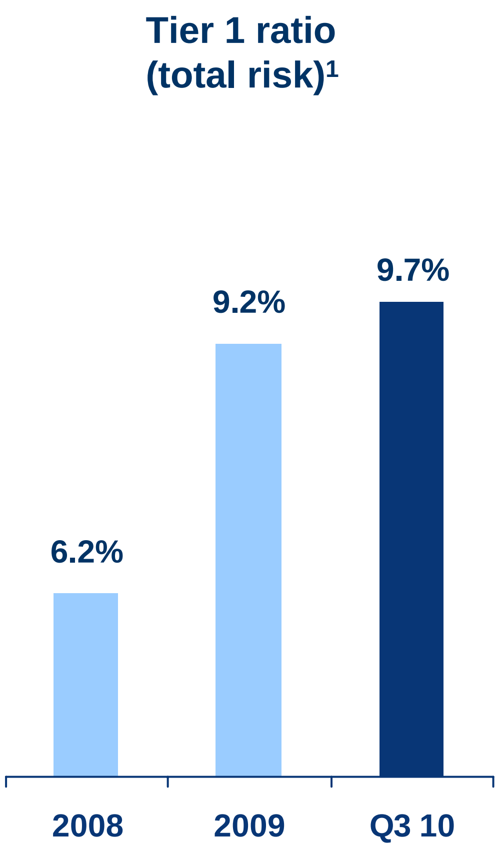
Redemption profile of Erste Group (Q3 2010)

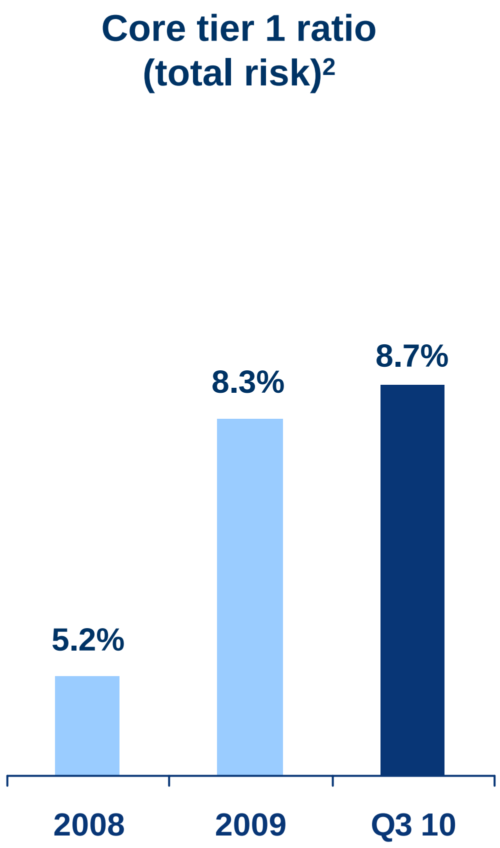


Short-term funding vs collateral coverage



Erste Group's capital position –
Further strengthening of capital ratios





1) Tier 1 ratio (total risk) = tier 1 capital incl. hybrid and after regulatory deductions divided by total RWA - including credit risk, market and operational risk.

2) Core tier 1 ratio (total risk) = tier 1 capital excl. hybrid and after regulatory deductions divided by total RWA - including credit risk, market and operational risk.

Ceska Sporitelna segment view –
Solid operating performance in a low rate environment

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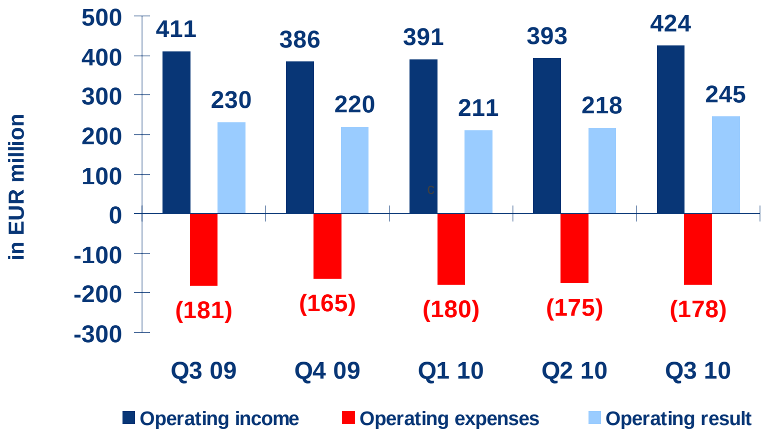
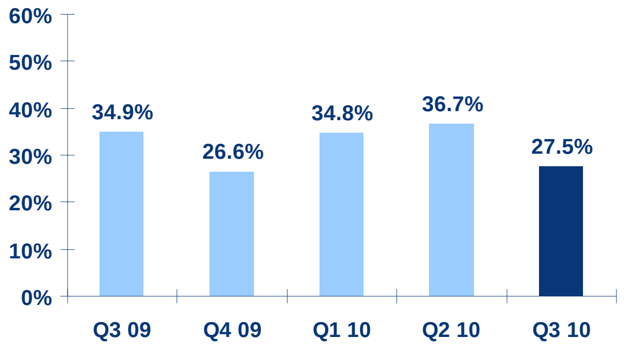
- **Operating profit improved by 6.3% (+1.6% FX-adjusted)* yoy to EUR 674.8m**
  - NII declined by 1.4% yoy (-5.7%) as pressure on liability margins was only partly offset by low levels of higher–margin new business
  - Fee income up 12.2% yoy (+7.3%) due to higher earnings from new retail products while securities business, insurance brokerage, and payment transfers also had a positive contribution
  - Trading result increased by 45.2% (+38.8%) supported by FX business and higher demand from SME customers
  - Costs flat (+0.3%) yoy but declined by 4.1% FX-adjusted; focus on cost cutting resulting in declining IT and office expenses
- **Risk costs increased by 39.8% yoy (33.7%), but up by only 5.6% qoq**
  - Yoy increase driven by higher NPLs in both corporate and retail as a lag effect of the economic slowdown, outlook remains positive
- **Net profit at EUR 253m, down by 9% yoy (-13%)**

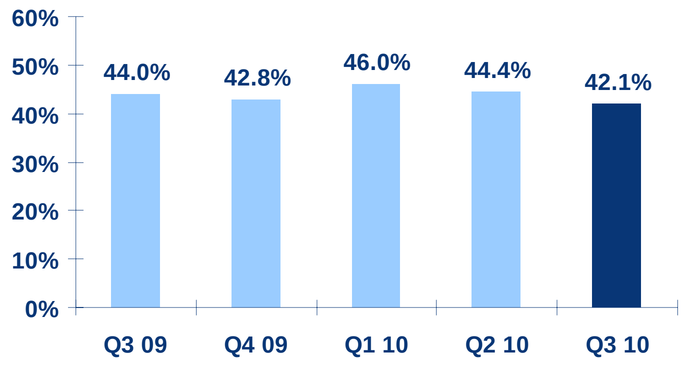
Operating performance



ROE based on net profit



Cost/Income ratio



* Figures in brackets refer to rate of change excluding impact of 4.4% currency appreciation

Ceska Sporitelna –
Loan book analysis

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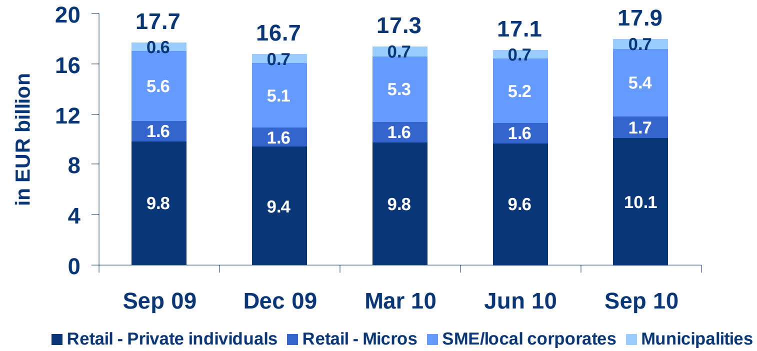
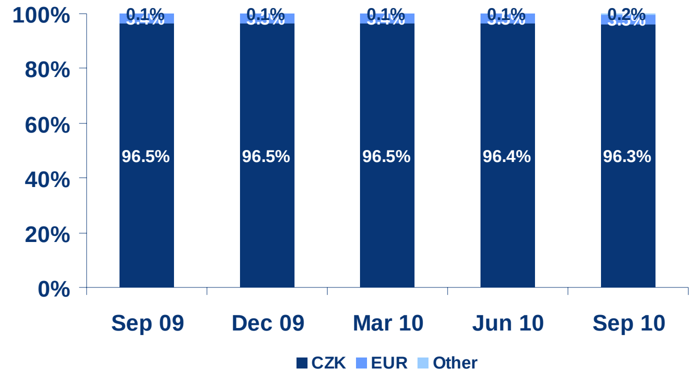
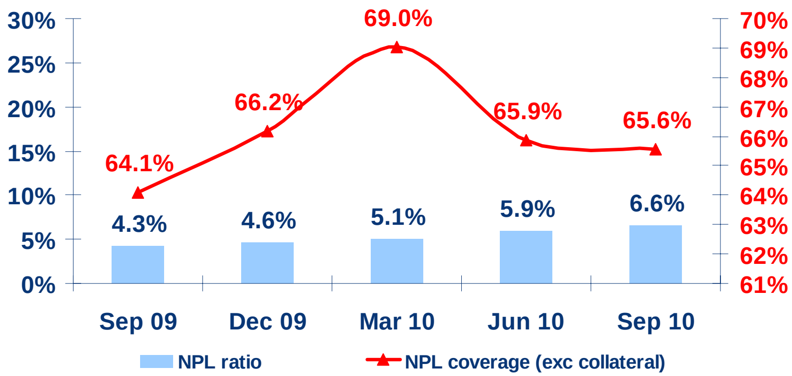
Segment Czech Republic - Customer loans by Basel II customer segment



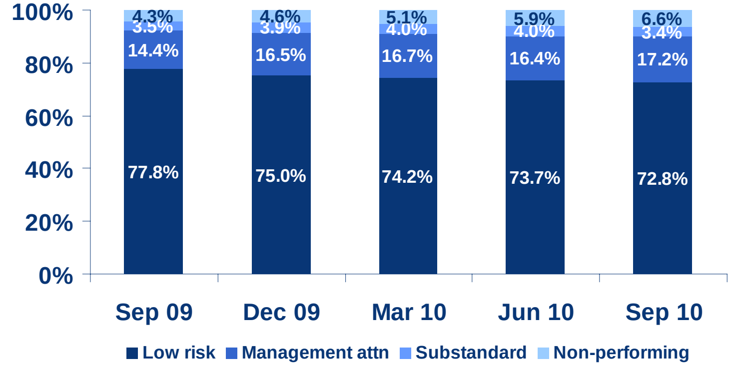
Segment Czech Republic - Customer loans by currency



Segment Czech Republic - NPL ratio vs NPL coverage



Segment Czech Republic - Migration analysis



Presentation topics

ERSTE GROUP

– Business environment

– 1-9 2010 Key topics

– **Outlook**

Conclusion –
Looking ahead into 2011

- **Economies will continue to recover in 2011**
  - Austria, Czech Republic and Slovakia to lead the way based on rising domestic demand, following export-led growth in 2010
- **Strong year-to-date operating performance to be sustained in Q4 2010**
  - Positive outlook for 2011 operating performance is based on
    - Expectation for mid-single digit loan growth at group level, resilient margins in core business and rising fee income
    - Continued strict cost management
- **Credit risk performance in Q3 2010 confirming outlook for year-end**
  - H2 2010 will see lower risk costs than H1 2010
  - 2011: continued declining risk cost trend based on economic recovery
- **Participation capital can be repaid with no need to raise equity**
  - Ability to generate retained earnings remains strong
  - Common equity ratio in accordance with Basel III comfortably above 7%