ERSTE GROUP

Erste Group Bank AG
2010 results presentation
25 February 2011, Vienna

Strong operating performance and declining risk costs drive net profit growth

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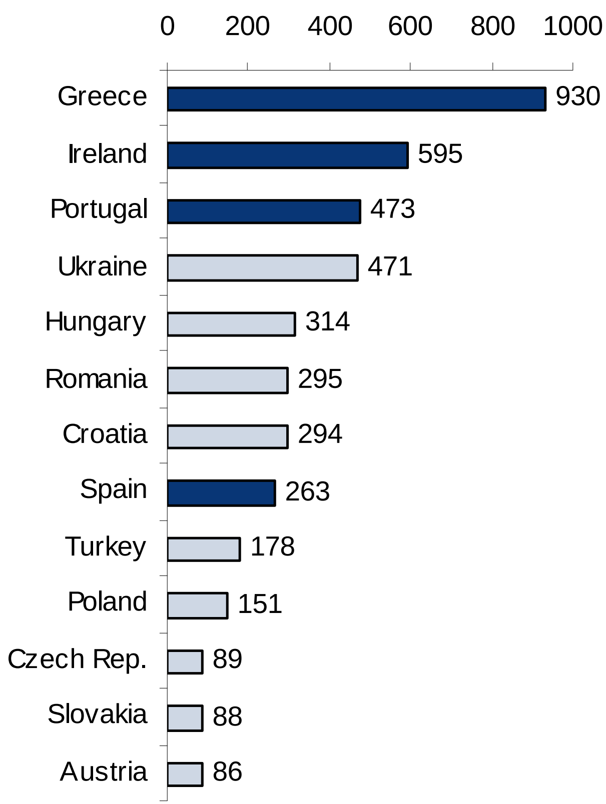
Improved risk assessment in CEE

- **Slovak government bonds cheaper than Italian**
- **Strong interest for the EUR 1.25bn increase on Slovak government bonds**
- **The risk assessment of the CEE region has been improving**
- **CDS spreads of Romania and Hungary lower than Portugal, Ireland and Greece**

CDS spreads (as of 23.2.2011)



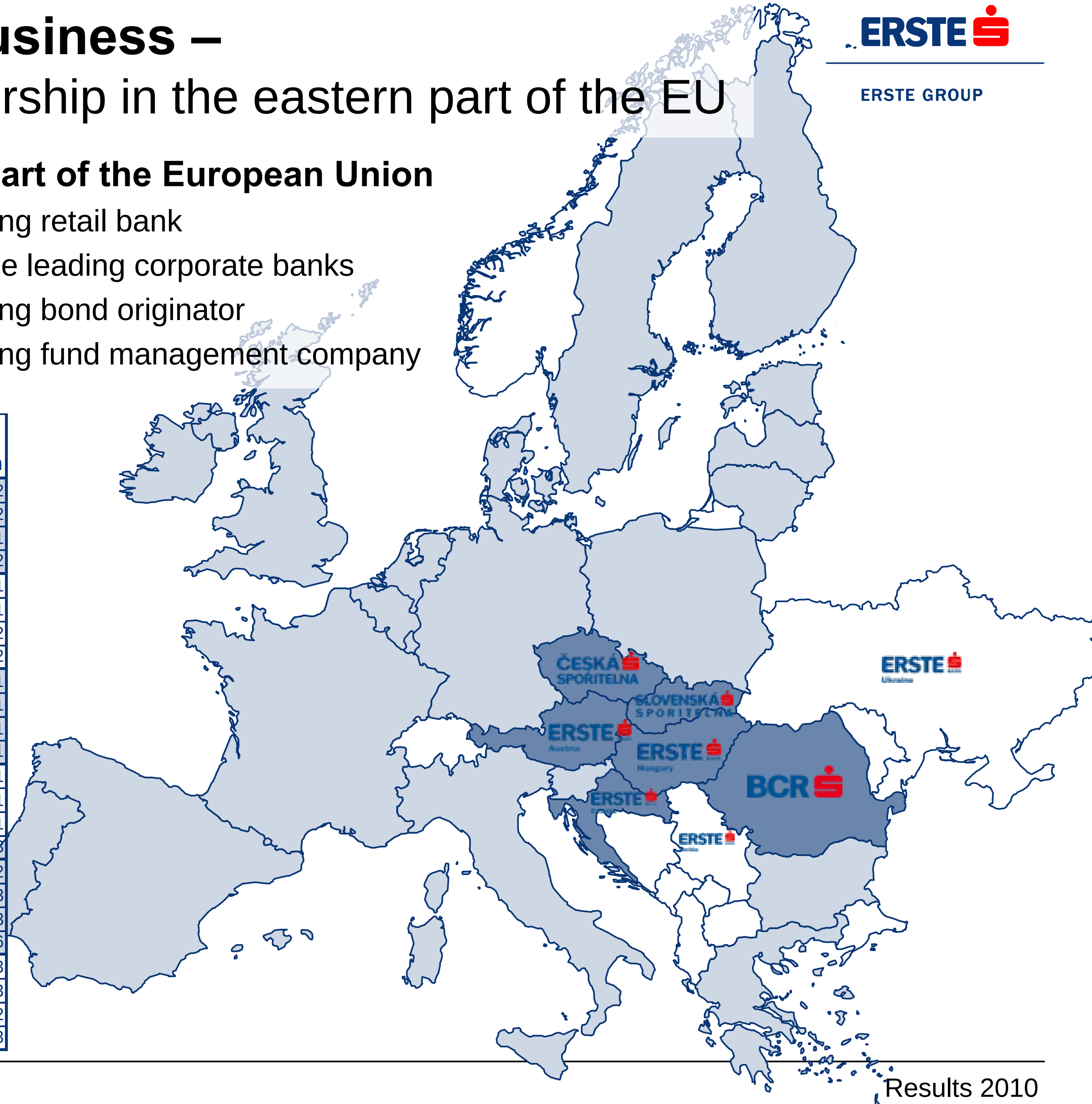
Source: Bloomberg

Erste Group's business –

Retail market leadership in the eastern part of the EU

- **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	26%	1
	Retail deposits	29%	1
	Assets under mgmt	26%	2
	Corporate loans	19%	2
Romania	Retail loans	19%	1
	Retail deposits	23%	1
	Assets under mgmt	46%	1
	Corporate loans	25%	1
Slovakia	Retail loans	26%	1
	Retail deposits	27%	1
	Assets under mgmt	22%	1
	Corporate loans	11%	3
Hungary	Retail loans	14%	2
	Retail deposits	8%	3
	Assets under mgmt	11%	3
	Corporate loans	9%	6
Croatia	Retail loans	14%	3
	Retail deposits	13%	3
	Assets under mgmt	21%	2
	Corporate loans	14%	3



Operating environment: macro trends –
What happened in CEE in 2010?

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- **Industry was the main economic growth driver in CEE in 2010**
  - Economic recovery was export-driven in most of CEE (AT, CZ, SK & HU)
  - Improved household consumption in selected countries, e.g. AT, CZ
- **Fiscal discipline turned out to be better than 1) its reputation and 2) in EU-15**
  - Implementation of tough fiscal measures in Romania and revenue-based rebalancing in Hungary aimed at meeting agreed (IMF, EU) budget deficit targets
  - Increasing disparity between country ratings and funding costs, e.g. Slovakia vs Italy
  - Credit default spreads narrowed across the CEE region
- **High unemployment was the biggest macroeconomic challenge in 2010**
  - With the exception of Austria, unemployment rates increased further across the region
  - Above 10% unemployment rates in Hungary, Slovakia, Croatia and Serbia
- **Central bank rates remained low**
  - Czech Republic: 0.75%, Romania: 6.25%, Austria and Slovakia: 1.00%
  - Special situation in Hungary: preventive rate hikes in the amount of 75 bps in Q4 10 & Q1 11 from 5.25% to 6.00%
- **Most CEE currencies have stabilised or trended stronger since mid-2010**
  - RON has stabilised at 4.2-4.3 versus the euro following historic low in June
  - HUF has recovered against the CHF since its July & December 2010 trading lows and showed relative strength vs EUR since July 2010
  - CZK continued its steady appreciation versus EUR

Operating environment: macro trends –
Focus: Economic growth outlook in CEE

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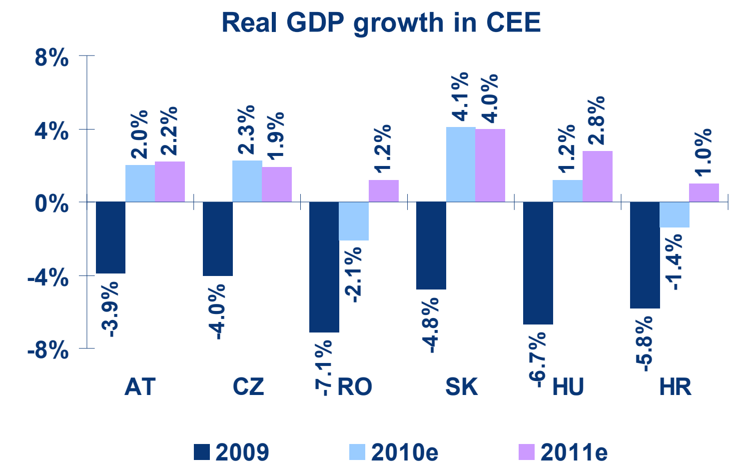
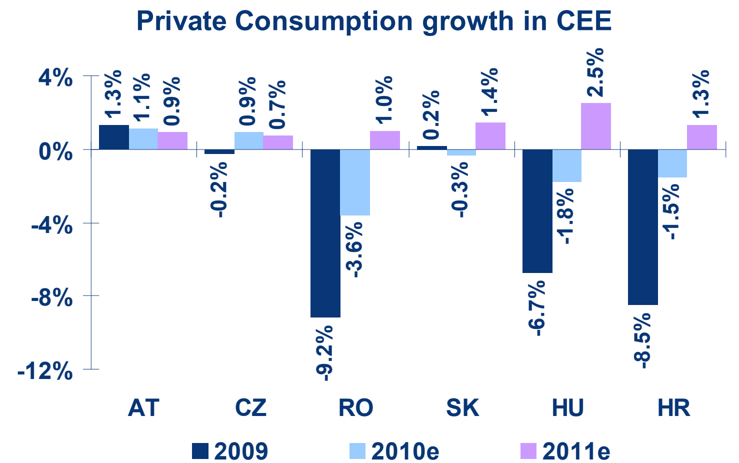
- **In 2011 more balanced growth is expected supported by a rebound of domestic demand**
  - Domestic demand expected to pick up and become an important growth contributor in 2011
- **All CEE countries expected to grow in 2011**
  - CEE countries to experience different growth patterns in line with level of export dependency and country-specific issues
    - Romania and Croatia: around 1% growth expected in 2011 as their relatively closed economies will benefit from the rebound of private consumption
    - Hungary: income tax reduction will improve household consumption and push growth to 2.8% in 2011
    - Czech Republic and Slovakia: growth rates of 2-4% in 2011
- **CEE countries to grow significantly ahead of eurozone average (1.3%) in 2011**
  - Only Romania and Croatia expected to lag behind eurozone growth rate
  - Austria to outgrow the eurozone for the ninth consecutive year





Source: Erste Group Research

2010 financial highlights –
Rising net profitability and resilient margins

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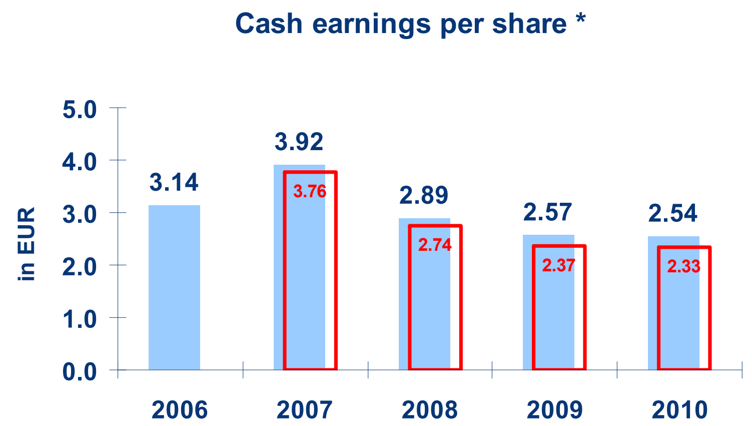
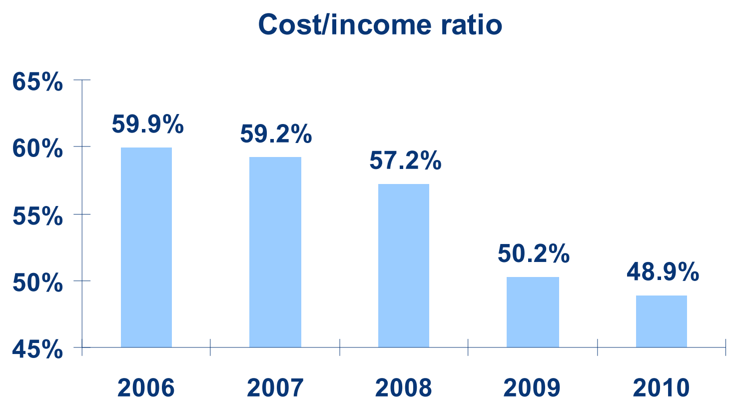
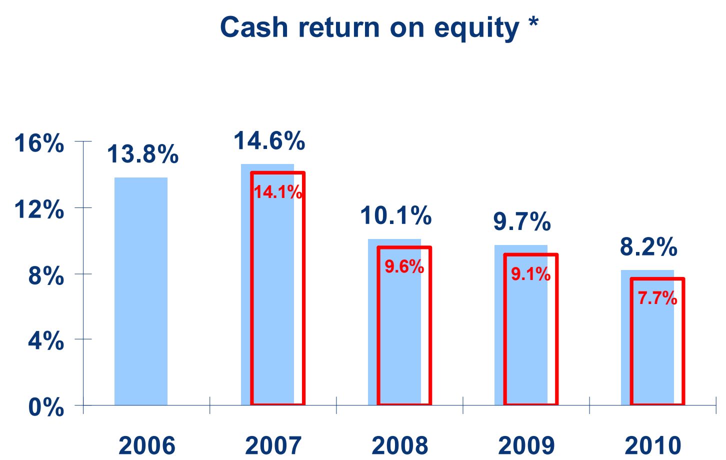
- **Net profit grew by 12.4% to EUR 1,015.4 million**
  - Lower cash-EPS and cash-ROE due to substantially enlarged capital base
- **NIM on interest bearing assets remained stable at 3.06% in 2010 (2009: 3.04%)**
- **Cost/income ratio improved to 48.9%**







*) Red bars denote reported EPS and ROE respectively.
Cash EPS and EPS calculated on average number of shares: 374.7m (ex treasury shares and shares owned by savings banks with EG participations: 3.4m), adjusted for non cash items amounting to EUR 76.3m in 2010 (linear amortisation of customer relationships after tax and non-controlling interests) and dividend on the participation capital (EUR 141.1m).

2010 financial highlights* –
Operating result continued to perform well

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in EUR million	2010	2009	Change	Q4 10	Q3 10	Q4 09
Retail & SME	**3,177.2**	**3,005.9**	**5.7%**	**799.4**	**808.0**	**851.1**
Austria	**853.6**	**816.2**	**4.6%**	**223.6**	**210.2**	**231.2**
EB Oesterreich	394.3	328.3	20.1%	103.7	96.8	84.7
Savings banks	459.3	488.0	(5.9%)	119.8	113.4	146.6
CEE	**2,323.7**	**2,189.7**	**6.1%**	**575.8**	**597.8**	**619.9**
Czech Republic	916.6	853.1	7.4%	241.8	245.4	218.3
Romania	581.7	644.9	(9.8%)	112.3	137.2	209.6
Slovakia	315.2	249.1	26.5%	92.1	74.2	73.1
Hungary	305.5	255.7	19.5%	77.6	82.6	67.0
Croatia	192.6	176.2	9.3%	51.1	52.5	48.6
Serbia	10.4	11.0	(4.9%)	3.6	3.8	1.8
Ukraine	1.6	(0.3)	na	(2.7)	2.1	1.3
GCIB	**556.2**	**556.0**	**0.0%**	**119.2**	**151.7**	**154.0**
Group Markets	**326.2**	**484.0**	**(32.6%)**	**67.2**	**80.8**	**37.3**
Corporate Center	**(71.6)**	**(274.6)**	**73.9%**	**(26.2)**	**(3.4)**	**(47.9)**
Total group	**3,987.9**	**3,771.4**	**5.7%**	**959.6**	**1,037.1**	**994.5**

*) Operating result = Operating income (NII + net fee & commission income + net trading result) minus general administrative expenses

2010 financial highlights –
Record operating income, strict cost control

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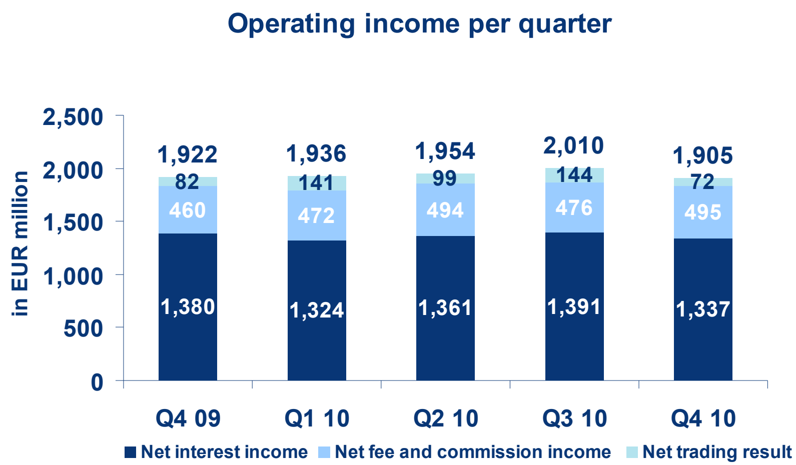
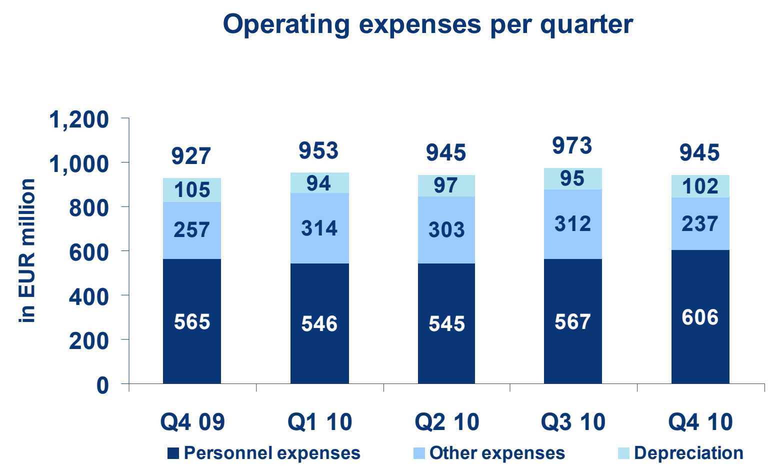
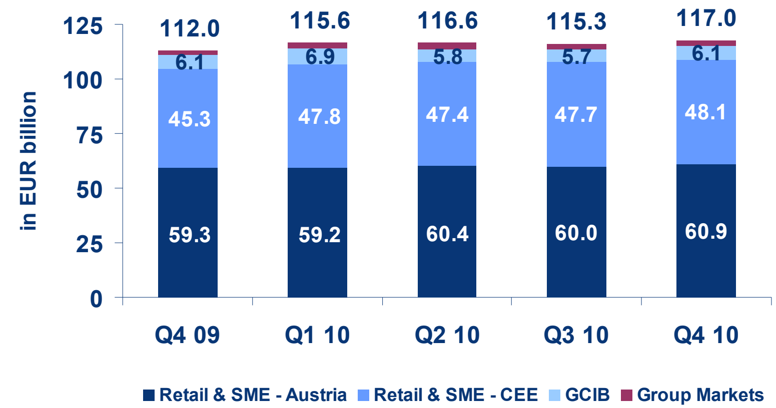


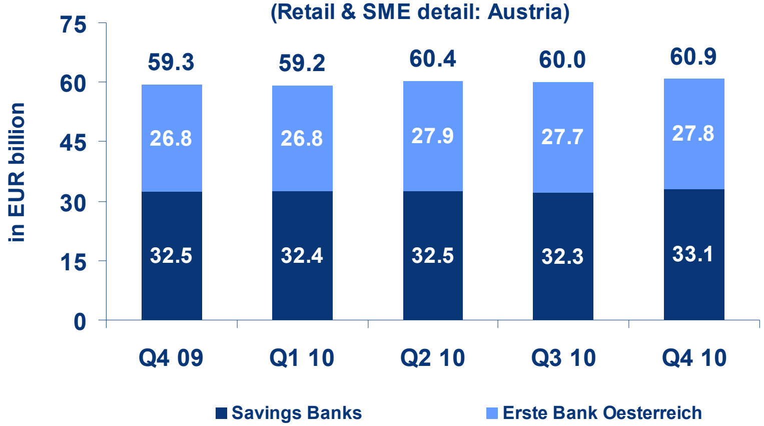


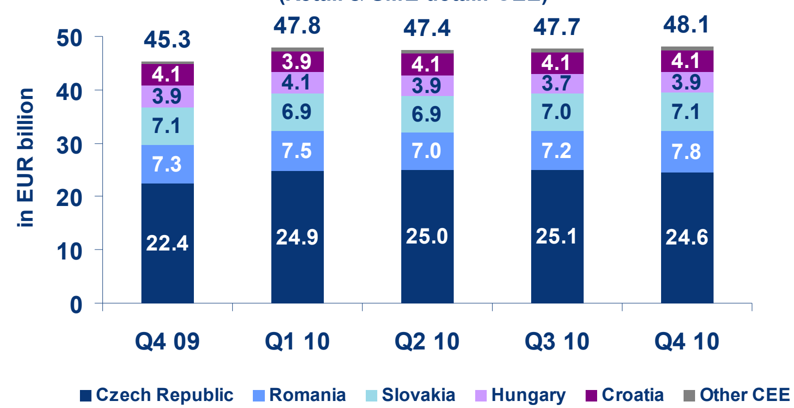
- **Record operating income of EUR 7,804.7 million (up 3.0% yoy) in 2010**
  - **Net interest income** grew by 3.7% to EUR 5,412.5m in 2010 as a result of stable NIM and rising interest-bearing assets; qoq decline in Q4 10 due to GCIB (selective new business) and Romania (state-guaranteed mortgages, consumer protection legislation)
  - **Net commission income** increased by 4.1% qoq to EUR 495.3m in Q4 10; up 9.2% in 2010 due to strong performance of securities business in Austria and rising fees from payment transfers in CEE
  - **Net trading result** of EUR 72.3m in Q4 10 fell by 11.9% compared to Q4 09 and declined to EUR 456.2m in 2010 (2009: EUR 585.1m) due to lower currency and interest rate volatility and decreased client activity
- **Flat operating expenses of EUR 3,816.8m (+0.2%, currency-adjusted: -0.8%) in 2010 (2009: EUR 3,807.4m)**
  - Cost/income ratio of 48.9% in 2010; marginal increase in CIR from 48.4% to 49.6% qoq mainly driven by increased variable payments
  - Other administrative expenses decreased by 3.0% in 2010

Customer deposit review –
Deposit growth continued to outpace loan growth

- **Customer deposits grew by 4.4% in 2010 (+1.5% qoq)**
  - Primarily a result of steady growth in Austria and strong inflows in the Czech Republic and Romania
- **Retail & SME deposits increased by 4.1% in 2010**
  - Austria grew by 2.6%, supported by EBOe (+3.6% in 2010)
  - CEE enjoyed strong yoy growth (+6.1%): supported by the Czech Republic (+9.6%) driven by inflows from public sector and currency appreciation, and Romania (+6.8%); other core markets reported stable or slightly declining volumes
- **Loan/deposit ratio improved to 113.4% at YE 2010 (YE 2009: 115.3%)**







Loan book review –

Loan demand across the segments remained subdued

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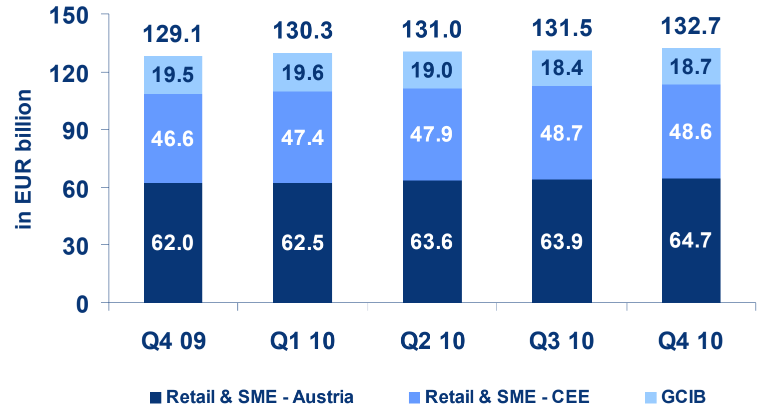
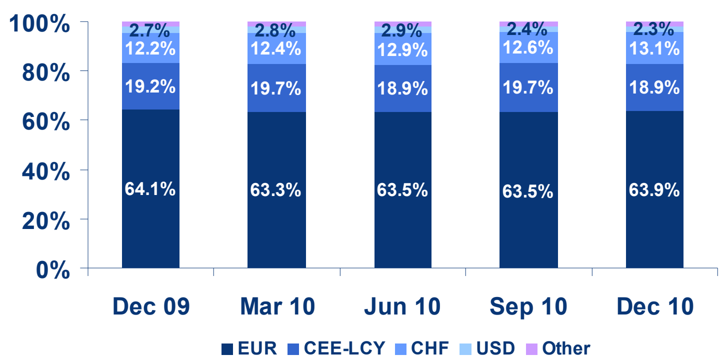
- **Customer loans increased by 2.8% yoy; up 0.9% qoq**
  - Retail & SME segment growth mainly driven by currency movements (EUR/CZK, EUR/CHF, CHF/HUF)
  - Underlying growth pockets: Romanian mortgage business and Slovakian retail loans, but both offset by declines in other areas
  - GCIB loan book declined by 3.7% in 2010, but increased by 1.9% qoq due to higher demand and improved economic situation
- **Customer distribution remained broadly unchanged**
  - Retail: new production was mostly focused on secured business
  - Corporate: new business driven by acquisition finance as a result of industry consolidation in CEE

Customer loans by main segments

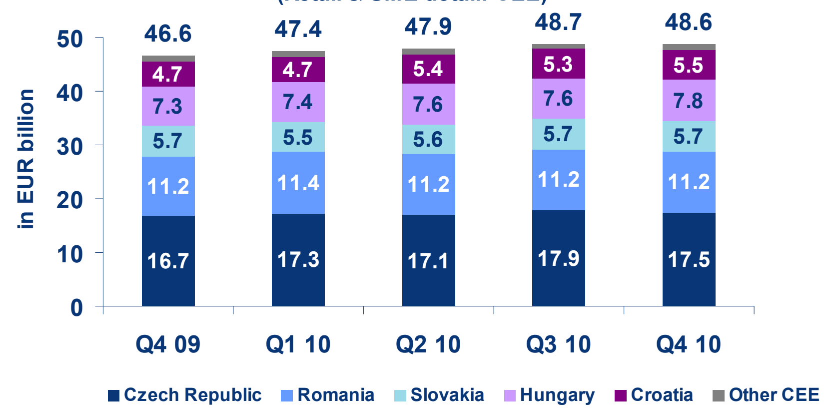


Customer loans by currency



Quarterly loan book trends

(Retail & SME detail: CEE)



Asset quality review –
Group trends: declining NPL formation, rising coverage

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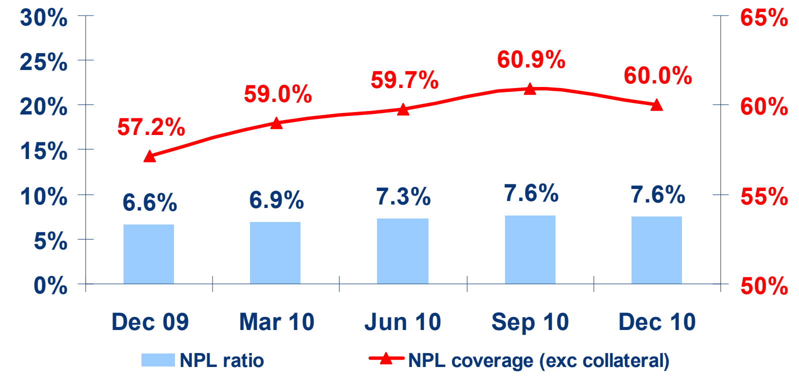
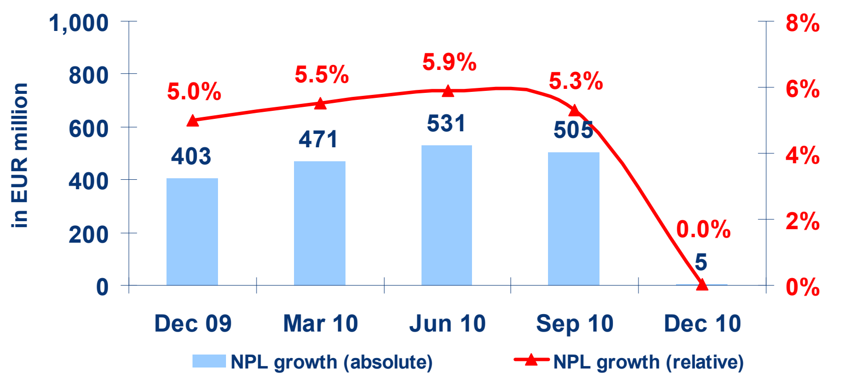
- **New NPL formation decreased yoy and qoq; risk costs improved to 155bps in 2010**
  - Risk costs as a percentage of average customer loans amounted to 161bps in 2009; 134bps in Q4 10, down from 154bps in Q3 10
  - New NPL formation amounted to only EUR 5m in Q4 10, down from EUR 505m in Q3 10 due to NPL sales of EUR 206m
- **NPL ratio based on customer loans still increased yoy to 7.6% (YE 2009: 6.6%)…**
  - … but stayed flat qoq for the first time since Q2 08
- **Substantially improved migration trends in Q4 10 in most geographies**
  - Low risk loans increased share qoq
  - Substandard and mgmt attention share fell qoq
- **NPL coverage improved yoy to 60.0% in 2010 (YE 2009: 57.2%), but slightly down qoq**

Erste Group: NPL ratio vs NPL coverage



Quarterly NPL growth (absolute/relative)



Asset quality review –
Segment round-up: Austria excelled, CEE still mixed

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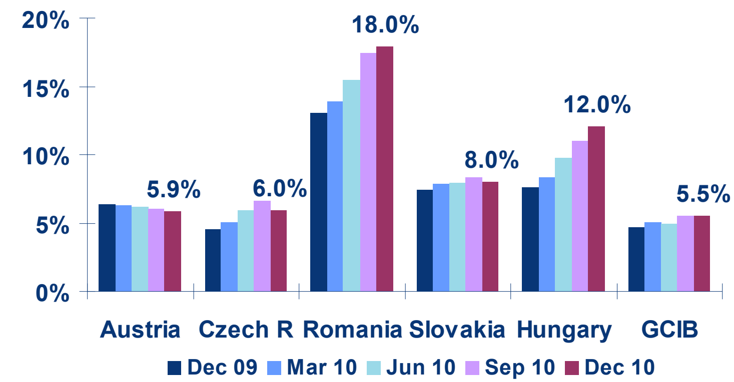
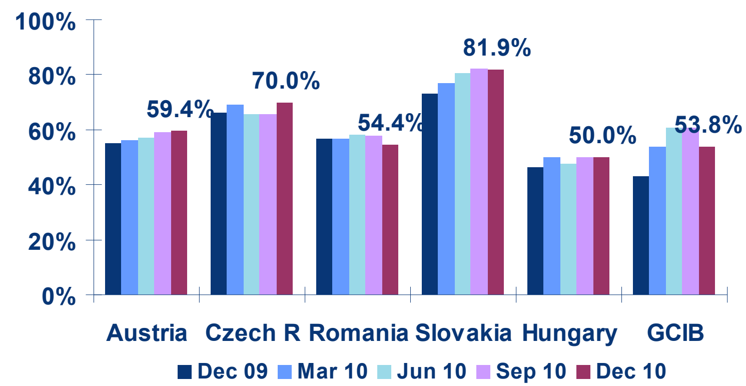
- **Retail & SME/Austria: improving asset quality leads to reduced NPL ratio**
  - Fall in non-performing and substandard category as well as increase in low risk asset class continued
  - NPL coverage ratio improved to 59.4% at YE 2010
  - Improvement especially visible in the retail segment
- **Retail & SME/CEE: risk costs remained stable at 2.9% in 2010; increase in NPL ratio slowed down markedly in Q4 10**
- **Czech Republic: improving risk costs and NPL ratio in line with economic pick-up**
  - Decrease of NPL ratio driven by improvements in the corporate portfolio as well as NPL sales
  - Loan demand remained low, growth mainly in secured retail and corporate business
- **Slovakia: highest portfolio quality in CEE**
  - Continuously improving migration trends
  - Stable NPL ratio, even after adjusting for NPL sales
  - Steady decrease in risk costs
  - Enhanced NPL coverage of 81.9% (YE 09: 73.2%)

NPL ratios in key segments



NPL coverage ratios in key segments (excluding collateral)



Asset quality review –

Segment round-up cont'd: Slovakia led in CEE

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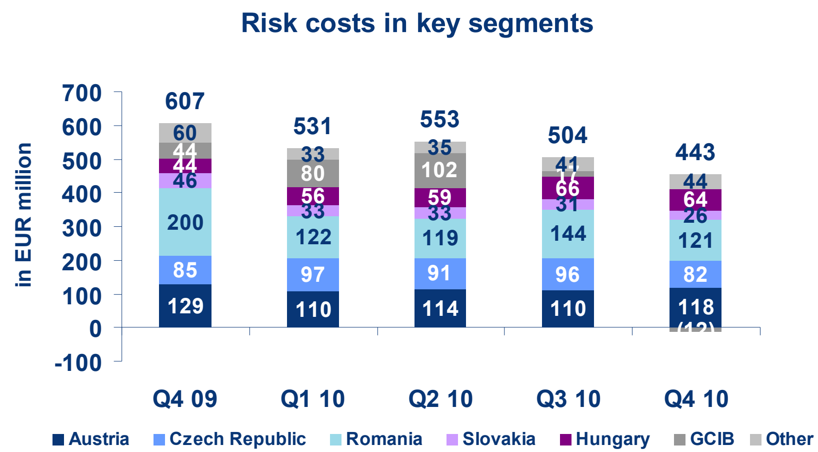
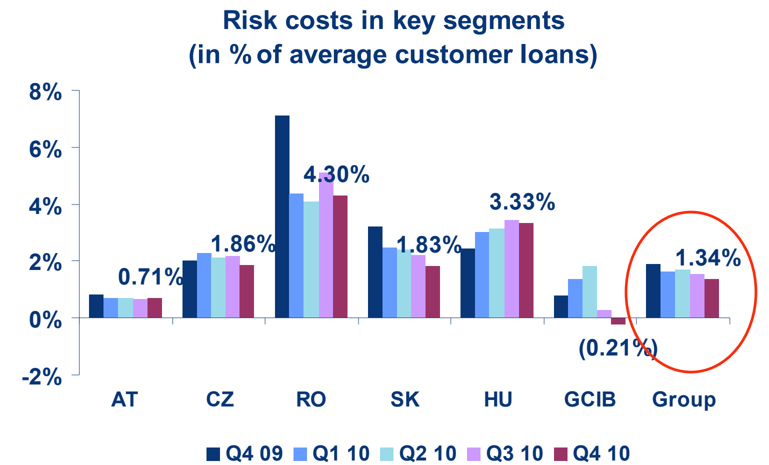
- **Romania: new NPL formation mainly related to SME segment but slowed down overall**
  - NPL coverage ratio went down due to sales of highly provisioned unsecured consumer loans
  - Ongoing recovery in the retail portfolio
- **Hungary: still migrating downwards**
  - NPL still rising, but overdue delinquency rates falling for the retail business
  - Risk costs decreased in large corporate segment, but increased in the SME and real estate segment
  - NPL coverage ratio constant at 50%
- **Croatia: reduced NPL new formation, mainly in the local corporate/SME segment**
  - NPL coverage ratio stable qoq at around 60%
  - New business mostly on secured basis led to higher share in low risk category
- **GCIB: large corporate customers benefit from economic recovery**
  - Due to higher than expected recoveries risk costs declined again
  - New defaults mainly in the real estate segment with high level of collateralisation





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

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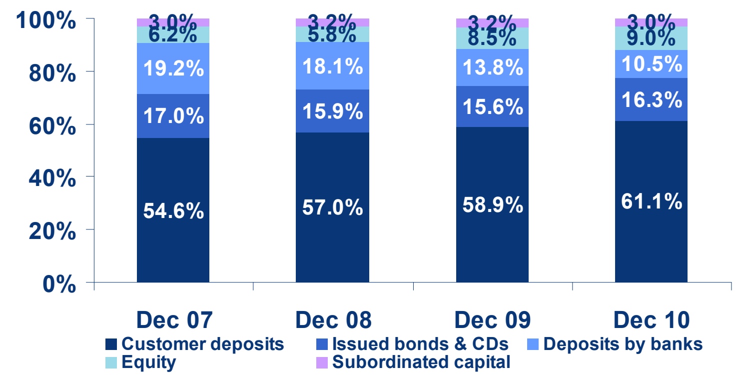
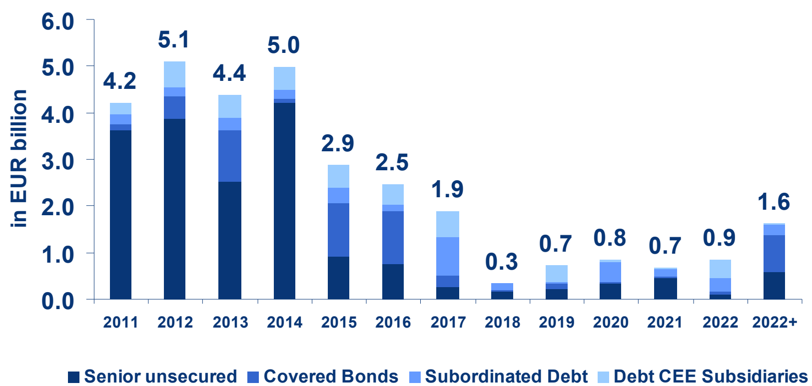
- **Customer deposits remained the primary source of funding**
  - Providing a solid funding base in all local currencies
  - Reflected in loan/deposit ratio improvement to 113.4%
- **Short-term funding needs well covered**
  - Well collateralised and declining share of short-term funding
- **Limited long-term funding required**
  - Total funding requirement for 2011 amounts to EUR 5.0bn, of which EUR 2.4bn (including pre-funding from 2010) is covered
  - Continued focus on extension of maturity profile

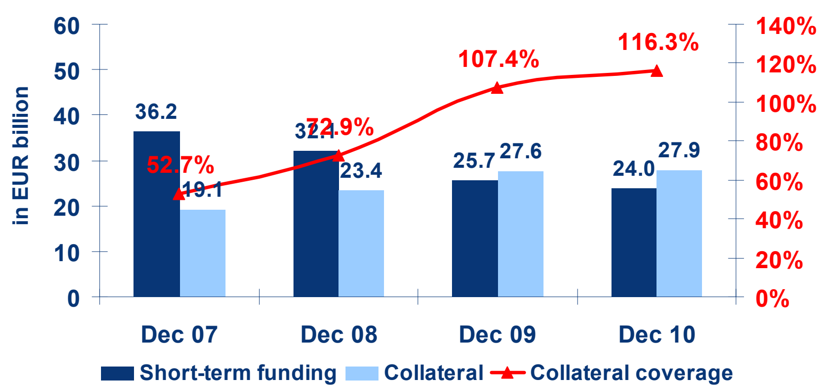
Evolution of Erste Group's funding mix



Redemption profile of Erste Group (YE 2010)



Short-term funding vs collateral coverage



Erste Group's capital position –
Retained earnings drive capital growth

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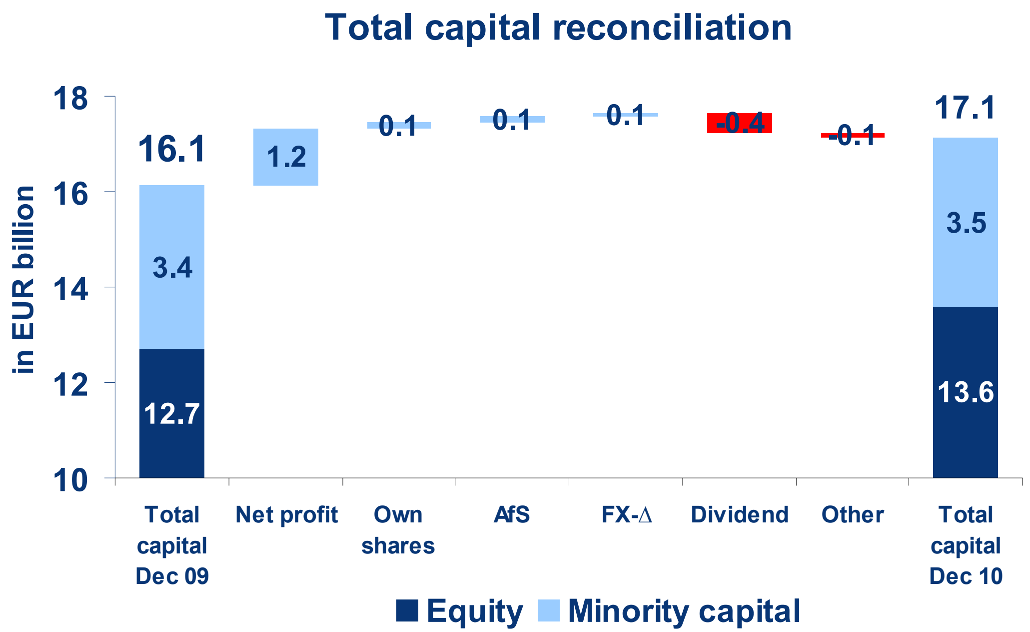

- **Total equity (IFRS) increased by EUR 1 billion (+6.2%) year-to-date based on:**
  - Retained earnings
  - Incremental positive effects from AfS reserve and FX movements
  - Dividend payout in May 2010 of EUR 423m to shareholders and owners of participation capital

- **Shareholders' equity rose by +6.9% or EUR 0.9bn to EUR 13.6bn in 2010**

- **2010 dividend proposal to AGM: EUR 0.65**

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

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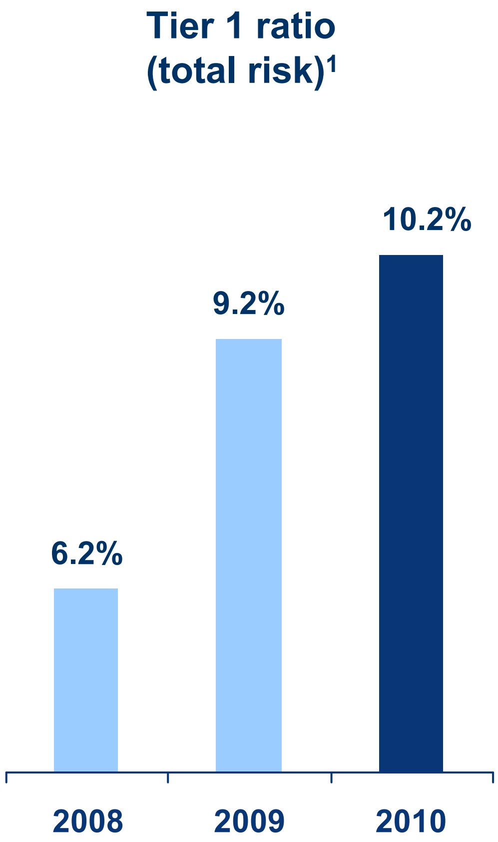

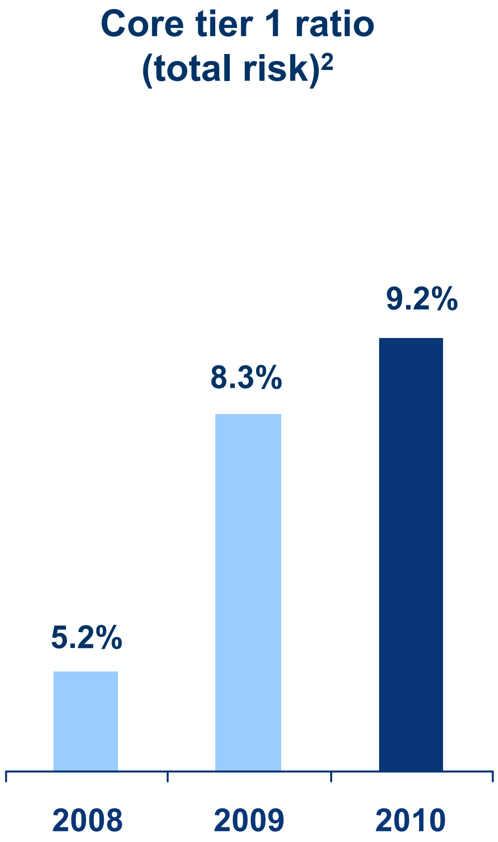

1) Tier 1 ratio (total risk) = tier 1 capital incl. hybrid and after regulatory deductions divided by total RWA - including credit risk, market and operational risk.

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.

Group income statement

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in EUR million	2010	2009	Change	Q4 10	Q3 10	Q4 09
Net interest income	5,412.5	5,220.9	3.7%	1,337.0	1,390.7	1,380.0
Risk provisions for loans and advances	(2,031.2)	(2,056.6)	(1.2%)	(442.8)	(504.2)	(607.4)
Net fee and commission income	1,936.0	1,772.8	9.2%	495.3	475.7	459.5
Net trading result	456.2	585.1	(22.0%)	72.3	143.9	82.1
General administrative expenses	(3,816.8)	(3,807.4)	0.2%	(945.1)	(973.3)	(927.1)
Other operating result	(439.3)	(355.8)	(23.5%)	(155.9)	(124.6)	(154.0)
Result from financial assets - FV	(6.0)	113.2	na	1.8	16.8	56.8
Result from financial assets - AfS	9.2	(204.1)	na	(9.3)	(17.9)	(97.7)
Result from financial assets - HtM	(5.5)	(6.8)	19.1%	(6.3)	(3.8)	(8.8)
Pre-tax profit from continuing operations	**1,515.1**	**1,261.3**	**20.1%**	**347.0**	**403.3**	**183.4**
Taxes on income	(328.7)	(284.7)	15.5%	(60.0)	(92.8)	(15.1)
Post-tax profit from discontinuing operations	0.0	0.0	na	0.0	0.0	0.0
Net profit for the period	**1,186.4**	**976.6**	**21.5%**	**287.0**	**310.5**	**168.3**
Attributable to non-controlling interests	171.0	73.2	>100,0%	8.4	45.6	(15.0)
Attributable to owners of the parent	**1,015.4**	**903.4**	**12.4%**	**278.6**	**264.9**	**183.3**
Operating income	7,804.7	7,578.8	3.0%	1,904.6	2,010.3	1,921.6
Operating expenses	(3,816.8)	(3,807.4)	0.2%	(945.1)	(973.3)	(927.1)
Operating result	**3,987.9**	**3,771.4**	**5.7%**	**959.5**	**1,037.0**	**994.5**
Cost/income ratio	48.9%	50.2%		49.6%	48.4%	48.2%
Return on equity	7.7%	9.1%		8.2%	8.0%	6.2%

Group balance sheet

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in EUR million	Dec 10	Dec 09	Change
Cash and balances with central banks	5,839	5,996	(2.6%)
Loans and advances to credit institutions	12,496	13,140	(4.9%)
Loans and advances to customers	132,729	129,134	2.8%
Risk provisions for loans and advances	(6,119)	(4,954)	23.5%
Derivative financial instruments	8,474	4,712	79.8%
Trading assets	5,536	6,012	(7.9%)
Financial assets - at fair value through profit or loss	2,435	2,997	(18.8%)
Financial assets - available for sale	17,751	16,390	8.3%
Financial assets - held to maturity	14,235	14,899	(4.5%)
Equity holdings in associates accounted for at equity	223	241	(7.5%)
Intangible assets	4,675	4,867	(3.9%)
Property and equipment	2,446	2,344	4.4%
Current tax assets	116	124	(6.5%)
Deferred tax assets	418	453	(7.7%)
Assets held for sale	52	58	(10.3%)
Other assets	4,632	5,297	(12.6%)
Total assets	**205,938**	**201,710**	**2.1%**
Risk-weighted assets[1]	**119,844**	**123,891**	**(3.3%)**

1) Risk-weighted assets for total risk (including credit risk = EUR 103.95 billion and operational risk = EUR 11.20 billion and market risk = EUR 4.67 billion)

Group balance sheet

ERSTE GROUP

in EUR million	Dec 10	Dec 09	Change
Deposits by banks	20,154	26,295	(23.4%)
Customer deposits	117,016	112,042	4.4%
Debt securities in issue	31,298	29,612	5.7%
Derivative financial instruments	7,996	3,749	>100.0%
Trading liabilities	216	721	(70.0%)
Provisions	1,545	1,670	(7.5%)
Current tax liabilities	68	30	>100.0%
Deferred tax liabilities	328	331	(0.9%)
Liabilities associated with assets held for sale	0	0	na
Other liabilities	4,350	4,989	(12.8%)
Subordinated liabilities	5,838	6,148	(5.0%)
Total equity	17,129	16,123	6.2%
Attributable to non-controlling interests	3,544	3,414	3.8%
Attributable to owners of the parent	13,585	12,709	6.9%
Total liabilities and equity	**205,938**	**201,710**	**2.1%**
Tier 1 ratio (total risk)	**10.2%**	**9.2%**	
Solvency ratio	**13.6%**	**12.7%**	

Segment review –
Core segments

ERSTE GROUP

in EUR million	Retail & SME 2010	Retail & SME 2009	GCIB 2010	GCIB 2009	Group Markets 2010	Group Markets 2009	Corporate Center 2010	Corporate Center 2009	Total group 2010	Total group 2009
Net interest income	4,593.8	4,530.3	574.2	570.5	156.4	193.2	88.1	(73.1)	5,412.5	5,220.9
Risk provisions	(1,844.6)	(1,788.6)	(186.5)	(267.9)	0.0	0.0	(0.1)	0.0	(2,031.1)	(2,056.6)
Net fee and commission income	1,672.0	1,567.9	160.1	162.7	157.1	106.1	(53.1)	(63.9)	1,936.0	1,772.8
Net trading result	176.2	182.6	5.8	(3.0)	246.3	407.0	27.8	(1.5)	456.2	585.1
General administrative expenses	(3,264.8)	(3,274.9)	(183.9)	(174.2)	(233.7)	(222.2)	(134.5)	(136.1)	(3,816.8)	(3,807.4)
Other result	(278.1)	(314.6)	(32.4)	(69.7)	1.8	(3.9)	(132.9)	(65.4)	(441.6)	(453.5)
Pre-tax profit	**1,054.6**	**902.7**	**337.3**	**218.4**	**327.9**	**480.2**	**(204.7)**	**(340.0)**	**1,515.1**	**1,261.3**
Taxes on income	(237.5)	(238.2)	(74.8)	(47.0)	(67.6)	(89.3)	51.2	89.8	(328.7)	(284.7)
Post-tax profit from continuing operations	817.1	664.5	262.5	171.4	260.3	390.9	(153.5)	(250.2)	1,186.4	976.6
Post-tax profit from discontinuing operations	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(0.0)	0.0	0.0
Net profit for the period	**817.1**	**664.5**	**262.5**	**171.4**	**260.3**	**390.9**	**(153.5)**	**(250.2)**	**1,186.4**	**976.6**
Attributable to non-controlling interests	153.0	65.5	14.9	5.0	15.2	23.1	(12.1)	(20.3)	171.0	73.2
Attributable to owners of the parent	**664.0**	**599.1**	**247.6**	**166.4**	**245.1**	**367.8**	**(141.4)**	**(229.9)**	**1,015.4**	**903.4**
Average risk-weighted assets	74,951.7	74,338.4	25,421.2	26,536.8	2,943.0	3,144.9	1,399.7	2,579.4	104,715.6	106,599.5
Average attributed equity	4,123.1	4,079.6	2,034.9	2,086.0	323.9	344.0	6,755.4	3,432.3	13,237.3	9,941.9
Cost/income ratio	**50.7%**	**52.1%**	**24.8%**	**23.9%**	**41.7%**	**31.5%**	**n.a.**	**n.a.**	**48.9%**	**50.2%**
ROE based on net profit	**16.1%**	**14.7%**	**12.2%**	**8.0%**	**75.7%**	**106.9%**	**n.a.**	**n.a.**	**7.7%**	**9.1%**
EOP customer loans	113,323.7	108,584.3	18,745.3	19,458.1	330.6	259.9	329.7	831.4	132,729.3	129,133.7
EOP customer deposits	108,974.3	104,664.0	6,135.1	6,089.1	2,536.2	2,086.7	(627.1)	(797.3)	117,018.5	112,042.4

Core segment –
Austria

ERSTE GROUP

in EUR million	Savings Banks 2010	Savings Banks 2009	EB Oesterreich 2010	EB Oesterreich 2009	Austria 2010	Austria 2009
Net interest income	941.4	957.1	644.3	637.5	1,585.8	1,594.6
Risk provisions	(303.3)	(331.3)	(148.3)	(151.4)	(451.6)	(482.7)
Net fee and commission income	421.6	393.6	345.2	302.8	766.7	696.4
Net trading result	27.2	50.3	11.5	9.4	38.8	59.7
General administrative expenses	(930.9)	(913.1)	(606.8)	(621.4)	(1,537.7)	(1,534.5)
Other result	(24.4)	(163.3)	(25.7)	3.2	(50.1)	(160.1)
Pre-tax profit	**131.6**	**(6.6)**	**220.2**	**180.0**	**351.8**	**173.4**
Taxes on income	(34.7)	(19.3)	(46.2)	(40.8)	(80.9)	(60.2)
Post-tax profit from continuing operations	96.9	(25.9)	174.0	139.1	270.9	113.2
Post-tax profit from discontinuing operations	0.0	0.0	0.0	0.0	0.0	0.0
Net profit for the period	**96.9**	**(25.9)**	**174.0**	**139.1**	**270.9**	**113.2**
Attributable to non-controlling interests	102.0	(22.2)	7.1	10.0	109.1	(12.2)
Attributable to owners of the parent	**(5.2)**	**(3.7)**	**166.9**	**129.1**	**161.8**	**125.4**
Average risk-weighted assets	23,948.7	24,107.9	14,389.0	14,066.6	38,337.7	38,174.5
Average attributed equity	290.9	305.4	1,142.9	1,137.4	1,433.7	1,442.8
Cost/income ratio	**67.0%**	**65.2%**	**60.6%**	**65.4%**	**64.3%**	**65.3%**
ROE based on net profit	**(1.8%)**	**n.a.**	**14.6%**	**11.4%**	**11.3%**	**8.7%**
EOP customer loans	37,268.1	35,852.8	27,438.0	26,137.4	64,706.1	61,990.2
EOP customer deposits	33,099.3	32,501.6	27,796.0	26,841.4	60,895.3	59,343.0

Core segment –
Central and Eastern Europe (1)

ERSTE GROUP

in EUR million	Czech Republic 2010	Czech Republic 2009	Romania 2010	Romania 2009	Slovakia 2010	Slovakia 2009	Hungary 2010	Hungary 2009
Net interest income	1,087.2	1,080.8	798.6	836.8	426.8	385.9	387.1	353.6
Risk provisions	(365.8)	(288.1)	(506.7)	(532.4)	(123.2)	(156.5)	(244.3)	(170.8)
Net fee and commission income	476.8	429.5	134.4	164.8	106.6	104.6	97.8	86.2
Net trading result	62.5	38.6	24.0	26.6	4.0	8.3	23.2	29.9
General administrative expenses	(709.8)	(695.8)	(375.2)	(383.3)	(222.2)	(249.6)	(202.6)	(214.0)
Other result	(83.3)	(107.3)	(50.2)	17.0	(20.5)	(50.3)	(68.3)	(1.3)
Pre-tax profit	**467.4**	**457.8**	**24.8**	**129.4**	**171.6**	**42.4**	**(7.1)**	**83.5**
Taxes on income	(82.7)	(105.0)	(6.7)	(17.1)	(34.9)	(14.4)	(14.9)	(25.7)
Post-tax profit from continuing operations	384.7	352.8	18.1	112.3	136.7	28.0	(22.0)	57.8
Post-tax profit from discontinuing operations	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net profit for the period	**384.7**	**352.8**	**18.1**	**112.3**	**136.7**	**28.0**	**(22.0)**	**57.8**
Attributable to non-controlling interests	5.9	7.1	9.6	38.8	0.1	0.4	(0.2)	(0.0)
Attributable to owners of the parent	**378.9**	**345.7**	**8.5**	**73.5**	**136.5**	**27.6**	**(21.8)**	**57.9**
Average risk-weighted assets	12,421.7	11,356.6	9,059.3	9,646.3	5,230.5	5,504.4	4,702.7	4,761.8
Average attributed equity	1,025.0	946.2	516.5	548.1	432.0	457.2	387.6	393.3
Cost/income ratio	**43.6%**	**44.9%**	**39.2%**	**37.3%**	**41.3%**	**50.0%**	**39.9%**	**45.6%**
ROE based on net profit	**37.0%**	**36.5%**	**1.6%**	**13.4%**	**31.6%**	**6.0%**	**n.a.**	**14.7%**
EOP customer loans	17,486.2	16,720.9	11,247.6	11,190.2	5,716.3	5,670.4	7,762.6	7,301.5
EOP customer deposits	24,576.4	22,414.9	7,793.5	7,297.0	7,143.9	7,145.0	3,887.4	3,931.2

Core segment –
Central and Eastern Europe (2)

ERSTE GROUP

in EUR million	Croatia		Serbia		Ukraine		CEE	
	2010	2009	2010	2009	2010	2009	2010	2009
Net interest income	247.9	223.4	27.5	28.1	32.9	27.1	3,008.0	2,935.7
Risk provisions	(106.0)	(74.5)	(8.2)	(7.0)	(38.8)	(76.7)	(1,393.0)	(1,305.9)
Net fee and commission income	74.0	74.4	11.5	10.9	4.1	1.3	905.2	871.5
Net trading result	9.7	9.0	2.4	3.1	11.7	7.5	137.5	122.9
General administrative expenses	(139.0)	(130.6)	(31.0)	(31.1)	(47.1)	(36.1)	(1,727.1)	(1,740.4)
Other result	(4.8)	(1.4)	(0.8)	(1.5)	(0.1)	(9.7)	(228.0)	(154.5)
Pre-tax profit	**81.8**	**100.3**	**1.5**	**2.5**	**(37.3)**	**(86.7)**	**702.7**	**729.3**
Taxes on income	(17.0)	(18.5)	0.0	(0.3)	(0.2)	2.9	(156.6)	(178.0)
Post-tax profit from continuing operations	64.7	81.9	1.5	2.2	(37.5)	(83.7)	546.2	551.3
Post-tax profit from discontinuing operations	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net profit for the period	**64.7**	**81.9**	**1.5**	**2.2**	**(37.5)**	**(83.7)**	**546.2**	**551.3**
Attributable to non-controlling interests	28.1	30.6	0.4	0.8	0.0	0.0	43.9	77.7
Attributable to owners of the parent	**36.7**	**51.3**	**1.0**	**1.4**	**(37.5)**	**(83.7)**	**502.3**	**473.6**
Average risk-weighted assets	3,902.6	3,577.6	633.5	741.2	663.6	576.0	36,614.0	36,163.9
Average attributed equity	227.0	194.2	42.3	49.0	59.0	48.9	2,689.4	2,636.8
Cost/income ratio	**41.9%**	**42.6%**	**74.9%**	**74.0%**	**96.7%**	**100.9%**	**42.6%**	**44.3%**
ROE based on net profit	**16.2%**	**26.4%**	**n.a.**	**2.8%**	**n.a.**	**n.a.**	**18.7%**	**18.0%**
EOP customer loans	5,487.4	4,683.9	431.3	518.2	486.3	509.0	48,617.6	46,594.1
EOP customer deposits	4,087.1	4,075.6	455.0	373.1	135.7	84.3	48,079.0	45,321.0

Conclusion – Outlook

- **CEE economies set to continue economic recovery in 2011**
  - Austria, Czech Republic and Slovakia to build on their solid performance of 2010
  - All of Erste Group's CEE markets are expected to grow in 2011
- **Strong operating performance to be sustained in 2011**
  - Expectation based on:
    - Rising fee income on the back of increased demand for asset management products, insurance products as well as debt capital markets transactions
    - Continued strict cost management
- **Positive credit risk performance in H2 2010 confirmed trend change**
  - Risk costs to remain elevated in Romania and Hungary in 2011
  - On group level, risk costs will gradually improve further based on economic recovery
- **Core tier 1 ratio (Basel II) of 9.2% translates into a common equity tier ratio pursuant to Basel III of comfortably above 7%**
  - Ability to generate retained earnings to remain strong
  - Participation capital can be repaid with no need to raise equity

2010 executive summary –
Strong operating performance & declining risk costs

ERSTE GROUP

- **Continued strong operating performance – cost/income ratio improved to 48.9% (2009: 50.2%)**
  - Operating income rose by 3.0% to EUR 7,804.7m due to strong NII and fee income, which more than offset a 22% decline in net trading result
  - Operating expenses remained flat in 2010 at EUR 3,816.8m (+0.2% vs 2009)
  - Operating result improved by 5.7% to a record EUR 3,987.9m in 2010
- **Declining new NPL formation underpins decreasing risk costs – improved NPL coverage**
  - Marked step-down in new NPL formation in 2010 as well as in Q4 10 on better migration trends and NPL sales
  - NPL ratio based on customer loans rose to 7.6% (YE 2009: 6.6%), but stayed flat qoq for the first time since Q2 08
  - Risk costs declined by 1.2% from EUR 2,056.6m in 2009 to EUR 2,031.2m in 2010 and by 12.2% from EUR 504.2m in Q3 10 to EUR 442.8m in Q4 10
  - NPL coverage improved to 60.0% at YE 2010 (YE 2009: 57.2%)
- **Accelerating net profit growth despite first time payment of banking tax in Hungary**
  - Net profit rose by 12.4% to EUR 1,015.4m in 2010 – Q4 10 net profit reached EUR 278.6m, up yoy & qoq
  - Banking tax in Hungary amounted to EUR 49.8m (pre-tax) in 2010, adversely affecting the other operating result
- **Comfortable liquidity position – loan/deposit ratio improved to 113.4%**
  - Customer deposits became more important as a funding source in 2010
  - Long-term debt-funding was mainly focused on Pfandbrief issuance
  - Short-term interbank funding continued to decline in importance
- **Strongly enhanced capital position thanks to internal capital generation, lower RWAs**
  - Tier 1 (total risk) up to 10.2% (YE 2009: 9.2%); core tier 1 ratio (exc. hybrid capital) up to 9.2% (YE 2009: 8.3%)
  - Total RWAs declined by 3.3% yoy due to lower credit risk RWAs as a result of lower risk weighting of new business