

Erste Group Bank AG

H1 2011 results presentation

29 July 2011, Vienna

Net profit raises to EUR 496.3m driven by strong operating profit and lower risk costs

Andreas Treichl, Chief Executive Officer

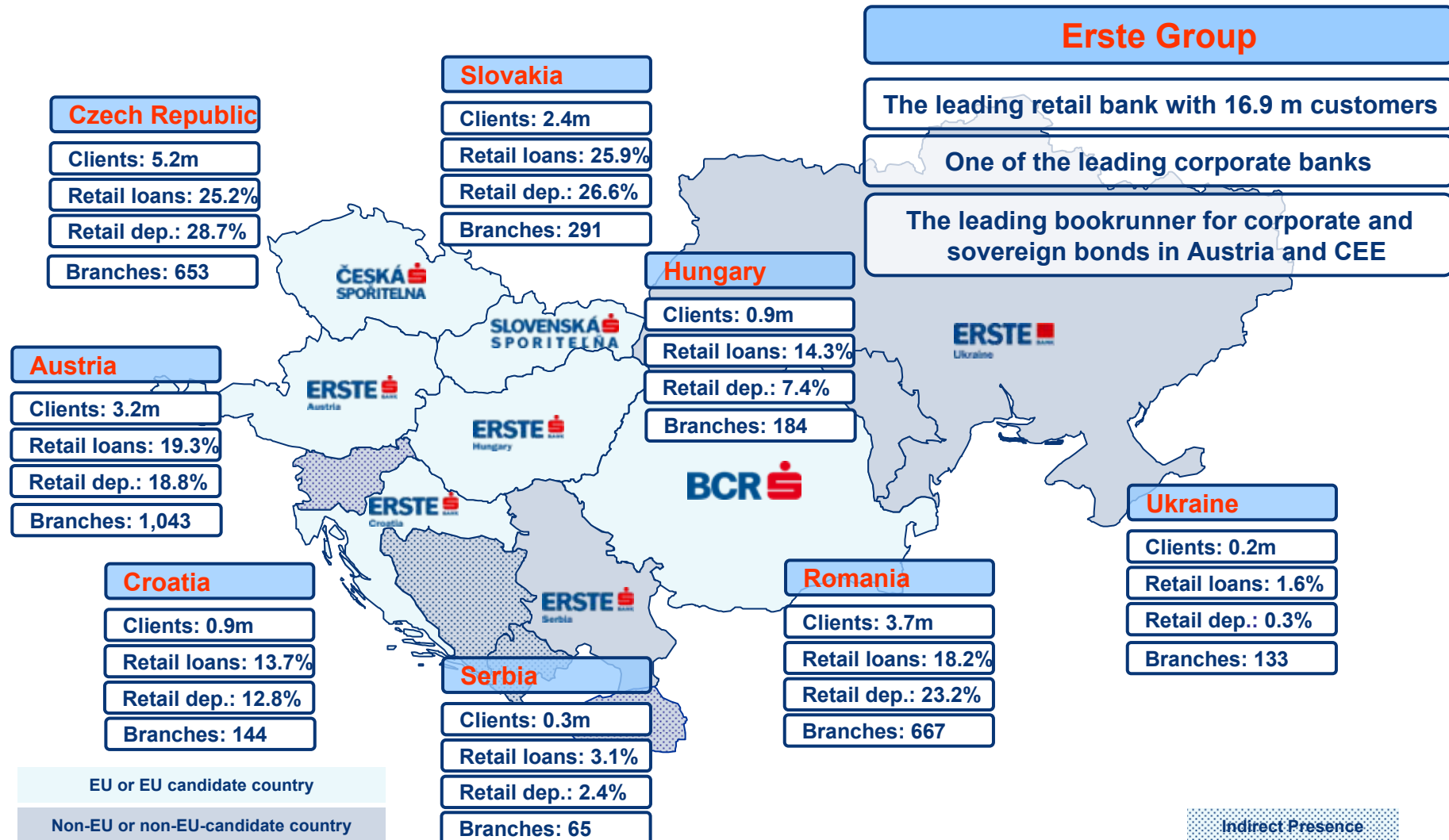
Franz Hochstrasser, Deputy Chief Executive Officer

Manfred Wimmer, Chief Financial Officer

Bernhard Spalt, Chief Risk Officer

Erste Group –

Retail market leadership in the eastern part of the EU

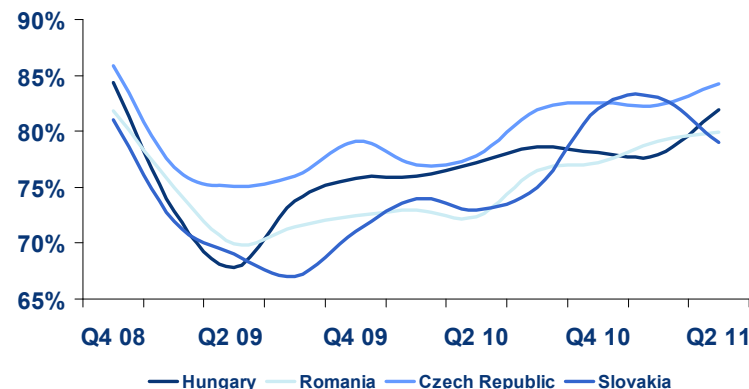


Operating environment: macro trends –

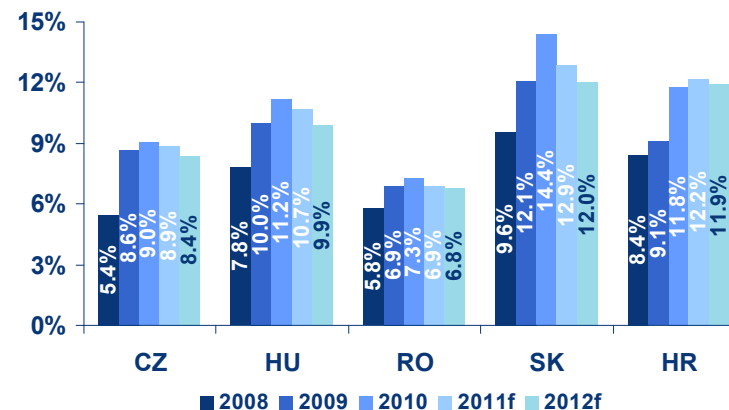
What happened in CEE in Q2 2011?

- **Continued strong exports have boosted capacity utilisation**
 - Full recovery in manufacturing expected to be achieved after slump in 2009
 - Increase in investment expenditures likely in order to meet growing demand
- **Rating agencies acknowledged prudent fiscal policies in CEE**
 - Romania was upgraded to investment grade by Fitch on progress in recovering from 2009 financial crisis
 - Fitch revised Hungary's rating outlook to stable on government's convergence and reform programmes
 - Ongoing disparity between CDS spreads and country ratings indicate potential further rating upgrades
- **Gradual decline in unemployment across CEE**
 - Unemployment should fall in nearly all CEE countries in 2011
 - Improvement proceeding slowly because of still subdued private consumption and ongoing fiscal consolidation
- **Interest rate environment:**
 - EUR: 1.50%, another hike in Q3 likely
 - CZK: 0.75%, rate hike likely before year end
 - Romania: 6.25% & Hungary: 6.00% – stable outlook

Capacity utilisation



Unemployment



Despite lower ratings, CEE is seen as less risky than Southern or even Western Europe

Country	Rating (S&P)
Austria	AAA
Czech Republic	A
France	AAA
Slovakia	A+
Slovenia	AA
Poland	A-
Belgium	AA+
Romania	BB+
Italy	A+
Hungary	BBB-
Croatia	BBB-
Spain	AA
Ukraine	B+
Ireland	BBB+
Portugal	BBB-
Greece	CC

Source: Bloomberg, July 27 2011

Despite lower ratings, CEE is seen as less risky than Southern or even Western Europe

Country	Rating (S&P)	5y CDS Spread
Austria	AAA	87
Czech Republic	A	93
France	AAA	115
Slovakia	A+	121
Slovenia	AA	139
Poland	A-	164
Belgium	AA+	182
Romania	BB+	235
Italy	A+	285
Hungary	BBB-	298
Croatia	BBB-	310
Spain	AA	330
Ukraine	B+	450
Ireland	BBB+	840
Portugal	BBB-	940
Greece	CC	1700

Source: Bloomberg, July 27 2011

Recent CEE Government Bonds led by Erste are trading tighter than better-rated Belgium, Spain, Italy

Country / Bond Outstanding /S&P	Spread to German Bunds (as of 07/28/11)
Belgium 09/28/2021 (AA+)	167
Spain 10/31/2020 (AA)	283
Spain 04/30/2016 (AA)	347
Italy 07/25/2016 (A+)	349
Italy 08/24/2020 (A+)	360
Austria 04/20/2022 (AAA)	68
Slovakia 02/24/2016 (A+)	167
Czech Rep. 04/14/2021 (A)	172
Slovakia 04/27/2020 (A+)	209
Romania 06/17/2016 (BB+)	339

Source: Bloomberg, July 28 2011

Erste Group is the Leading Bookrunner¹⁾ for corporate and sovereign bonds in Austria/CEE

– Sovereign bonds

- Sovereign issuers from CEE will continue to tap markets

Sovereigns & Agencies	September 2010	1x 2010 / 2x 2011	June 2011
	Czech Republic EUR 2,000,000,000 10y Fixed Rate Bonds	Slovak Republic EUR 3,750,000,000 5y/9y Fixed Rate Bonds (tap)	Romania EUR 1,500,000,000 5y Fixed Rate Bonds
	Joint Bookrunner Lowest 10y coupon out of CEE 2010 to date	Joint Bookrunner Largest syndicated Taps of existing issues by Slovak Rep	Joint Bookrunner Romania's largest Euro benchmark issue

– Corporate bonds

- Companies from Czech Republic and Poland have been the most active corporate bond issuers in CEE since 2007

Corporates & High Yield	May 2011	2x 2009 / 3x 2010 / 1x 2011	June 2011
	Strabag SE EUR 175,000,000 7y Fixed Rate Bonds	CEZ AS EUR 2,600,000,000 (total) 5y/10y/12y/15y Fixed Rate Bonds	České dráhy EUR 300,000,000 5y Fixed Rate Bonds
	Joint Bookrunner Largest issue of a building & construction company in CEE	Joint Dealer Manager and Bookrunner 6 consecutive times bookrunner for largest CEE company	Joint Bookrunner Inaugural Eurobond issue in difficult market environment

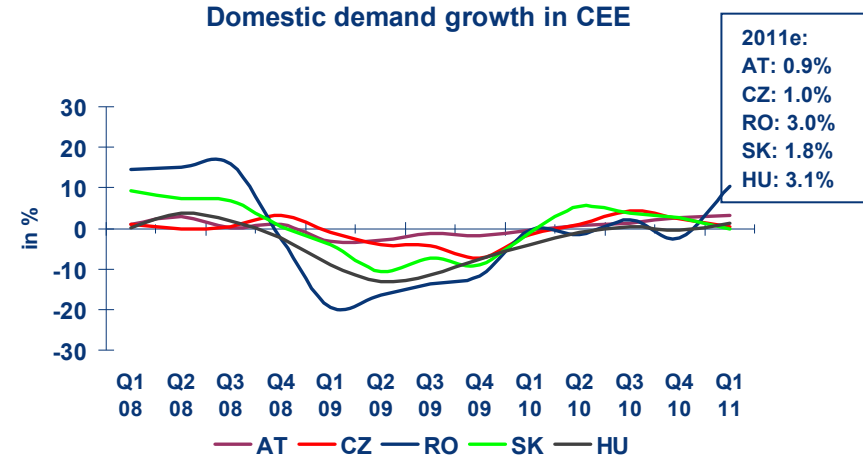
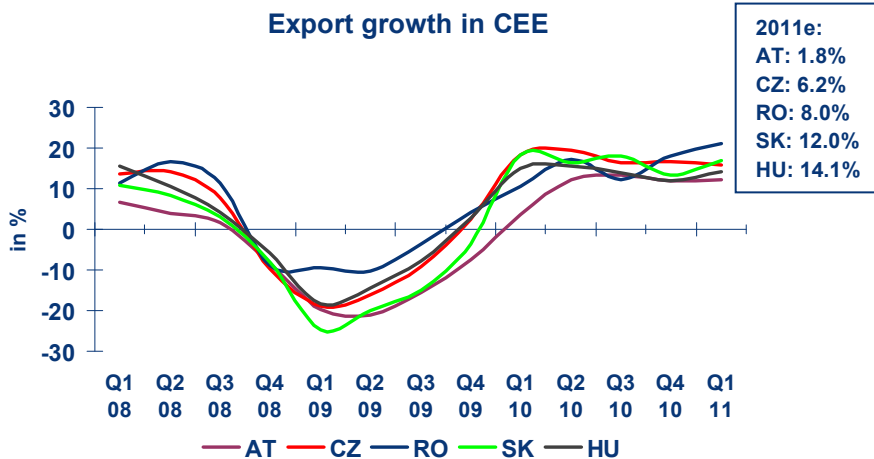
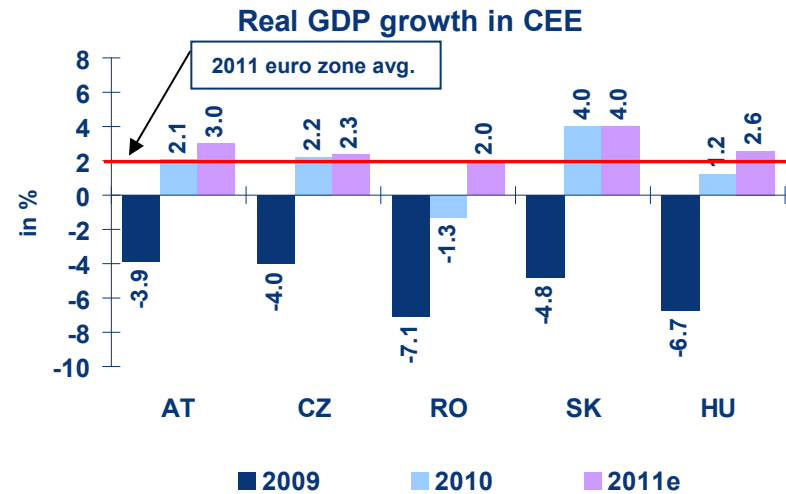
Source:
Bloomberg; EUR denominated Bond issues from Austria and CEE excl. Russia (1/1 – 7/28/2011; 1/1 – 12/31/2010)

1) Erste Group ranked #1 bookrunner for sovereign and corporate bonds in Austria and CEE, with a market share of 11.9% and a volume of EUR 5,129 m in 2010 (Underwriter League Tables of Bloomberg)

Operating environment: Macro outlook –

CEE to grow much ahead of euro zone average

- CEE to experience different growth patterns in line with levels of export dependency and country-specific issues
 - AT: to build on solid 2010 performance
 - CZ, SK: industry to further benefit from German recovery
 - RO: long-awaited upswing has finally arrived, driven mainly by investments and exports; however, consumption has not yet fully recovered
 - HU: to remain driven by external demand while domestic demand weighs on recovery
- CEE (3.2%) to outgrow euro zone (2.0%) in 2011

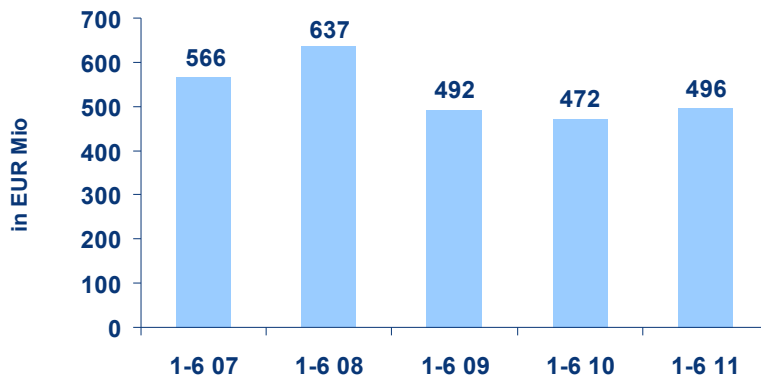


Sources: Erste Group Research, Eurostat

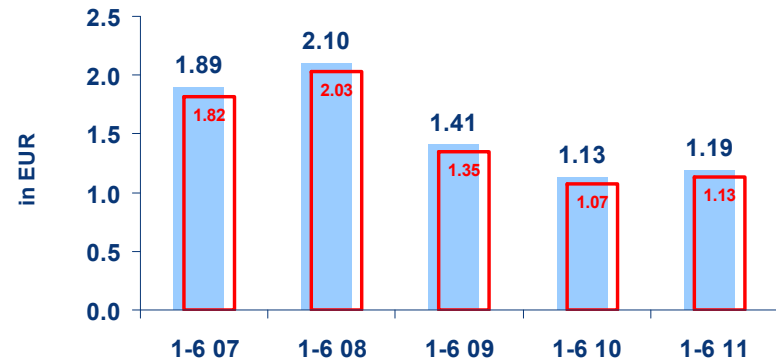
Net profit and EPS up yoy

- Net profit grew by 5.2% yoy to EUR 496.3m, driven by declining risk costs and solid operating result
 - Other operating result was a negative EUR 260.2m, profoundly impacted by banking taxes of EUR 95.6m in H1 11 and increased deposit insurance of EUR 42.6m
 - Cash EPS slightly increased on improved net profit whereas cash ROE decreased slightly on strengthened capital base

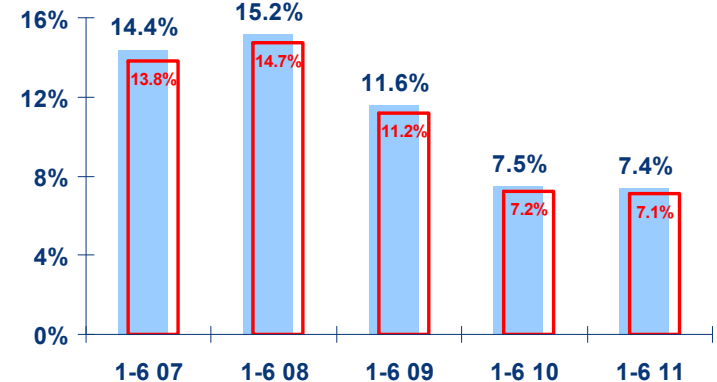
Net profit



Cash earnings per share*



Cash return on equity*



* Red bars denote reported EPS and ROE respectively.

Cash EPS and EPS calculated on average number of shares of 376.1m (ex treasury shares and shares owned by savings banks with EG participations: 2.2m) and adjusted for non-cash items totalling EUR 20.3m in H1 2011 (linear amortisation of customer relationships after tax and non-controlling interests) and dividend on the participation capital (EUR 70.5m).

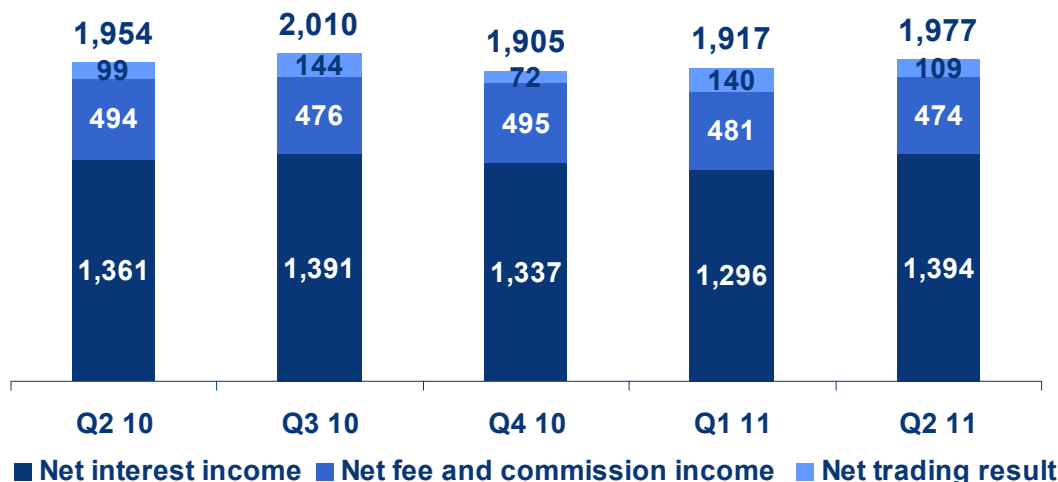
Operating income up strongly qoq, flat yoy

– Operating income up 3.1% qoq, flat yoy in H1 2011

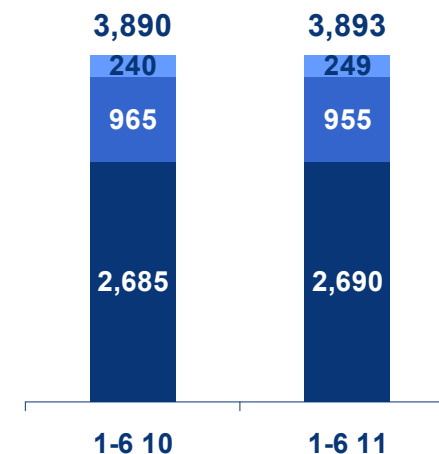
- NII flat yoy in H1 2011, qoq increase of 7.6% broadly based across all segments except Romania
- Net commission income declined by 1.0% to EUR 954.9m in H1 2011 due to lower contribution from securities business on reduced client transaction volume, qoq decline due to securities business
- Net trading result of EUR 248.7m, up 3.6% yoy, down seasonally in Q2 11

– NIM increased to 3.05% from 2.88% qoq

Quarterly operating income
(in EUR m)



YTD operating income
(in EUR m)



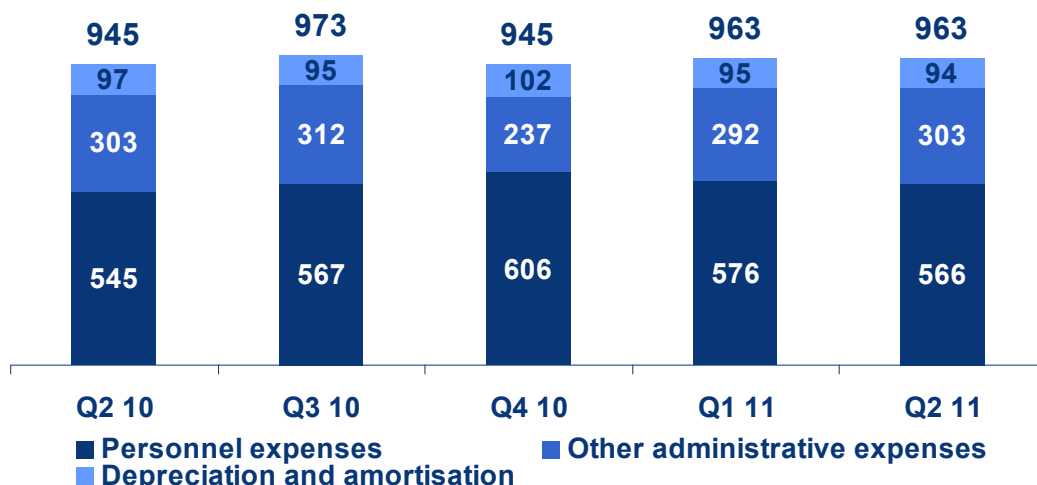
Operating costs flat qoq, slightly up yoy

– Operating expenses flat qoq, up by only 1.5% yoy in H1 2011

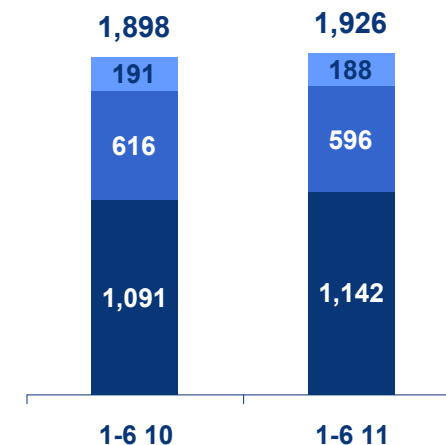
- Personnel expenses increased by 4.7% (+4.0% FX-adjusted) yoy in H1 2011 on severance payments in Czech Republic and full consolidation of an IT subsidiary in H2 10
- Other administrative expenses decreased by 3.4% due to the consolidation of the IT subsidiary
- Another period of successful cost management, especially on IT costs across the Group

– Cost/income ratio increased slightly to 49.5% in HY 2011

Quarterly operating expenses
(in EUR m)



YTD operating expenses
(in EUR m)

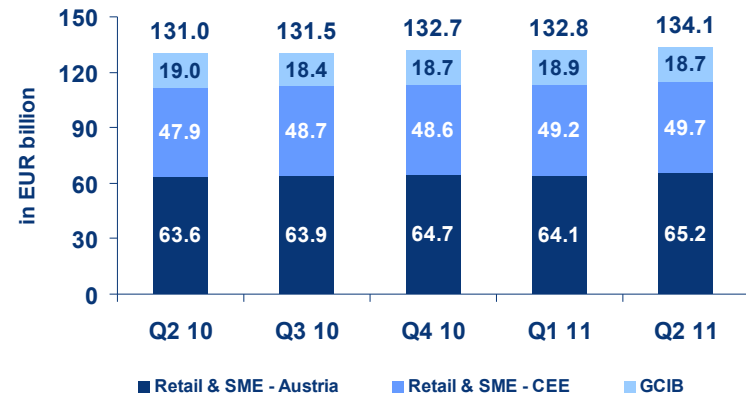


Loan book review –

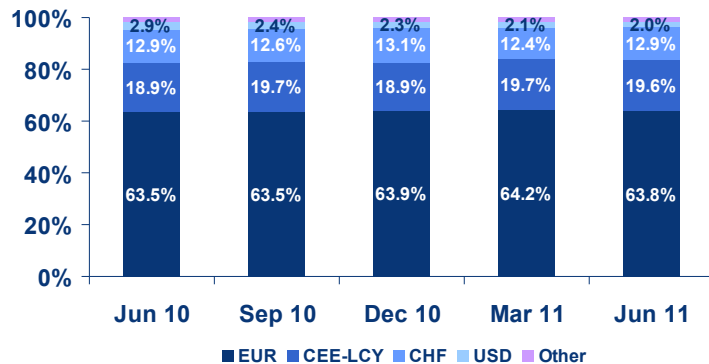
Loan demand still to recover across segments

- **Customer loans increased by 1.0% yoy; up 0.9% qoq**
 - Private Individual portfolios in Austria and SLSP slightly growing
 - In GCIB portfolio Real Estate portfolio decreasing while Large Corporate business gaining momentum
- **Customer distribution remained broadly unchanged**
 - Retail: new production was mostly focused on secured business in Austria, Czech Republic and Slovakia
 - Public sector and private individual share increasing over the last year

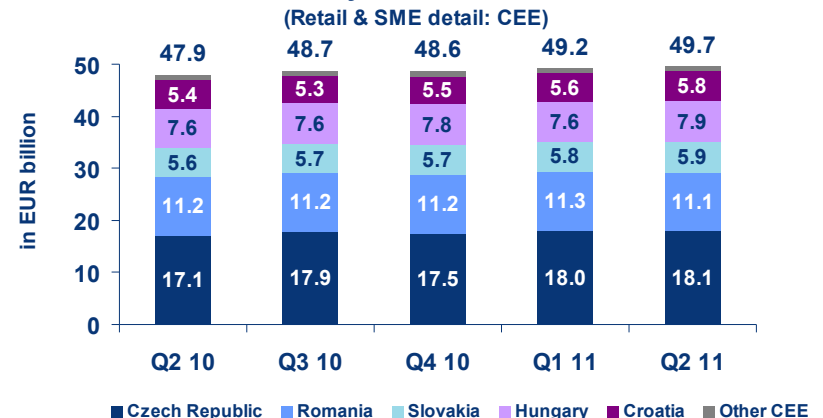
Customer loans by main segments *



Customer loans by currency



Quarterly loan book trends

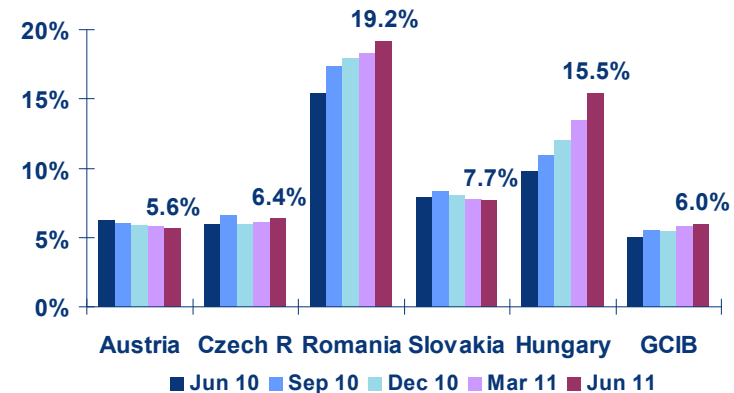


*) Segments do not exactly add up to total due to consolidation effects

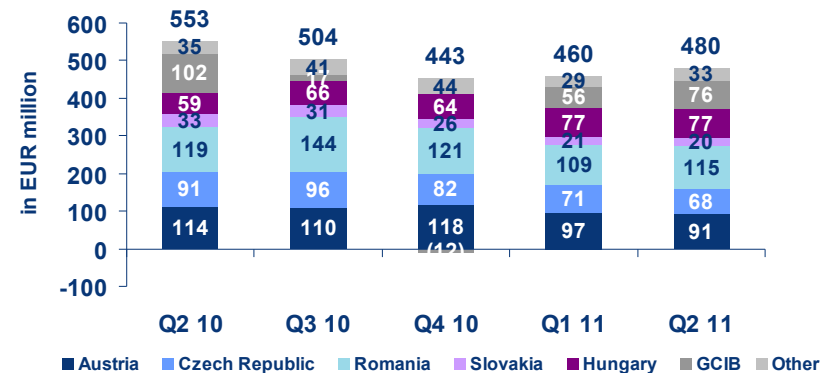
Risk costs decreased by 13.3% yoy

- Risk costs down from 169 bps in H1 2010 to 143 bps in H1 2011
- Diverging picture across segments:
 - In Austria (-15.8%), Czech Republic (-25.9%) and Slovakia (-39.2%) risk costs declined faster in H1 2011 than expected
 - In Romania risk costs remained at elevated level, while in Hungary they decreased yoy.
 - and Hungary In GCIB and Croatia slightly increasing risk cost
- Retail risk cost down in all main segments
 - Unemployment declined in most CEE countries
 - Real wage development flat to positive
 - Early delinquency trends positive
- In Romania and Hngary the corporate sector shows the following picture
 - Export sectors are recovering, while construction, property and service sectors are still suffering from weak domestic demand.

NPL ratios in key segments



Risk costs in key segments

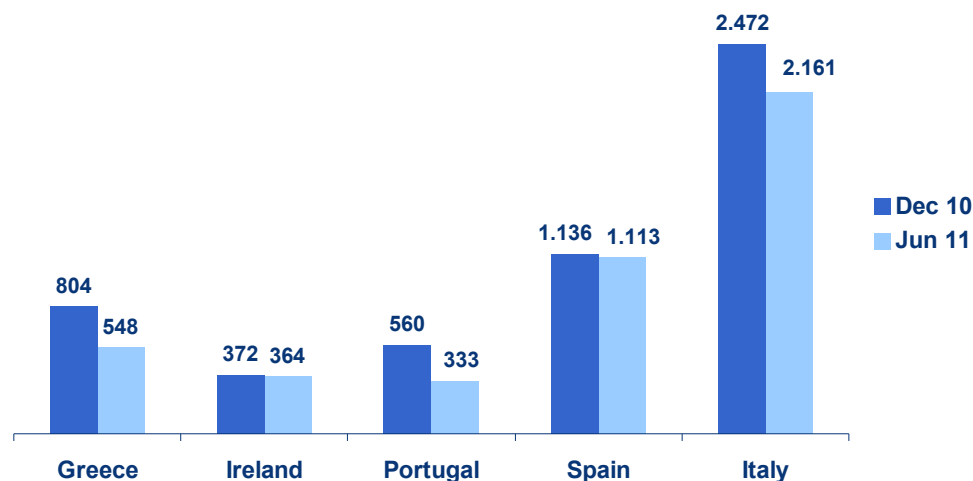


Asset quality review –

Net exposure to euro zone periphery

Total net exposure of Erste Group (excl. savings banks) to selected European countries

in EUR million	Sovereign		Bank		Other		Total net exposure	
	Dec 10	Jun 11	Dec 10	Jun 11	Dec 10	Jun 11	Dec 10	Jun 11
Greece	626,1	404,7	172,0	138,4	5,8	5,2	803,7	548,3
Ireland	82,6	90,8	234,5	231,8	54,4	41,6	371,5	364,1
Portugal	254,0	124,9	296,3	198,5	9,9	9,1	560,2	332,5
Spain	96,8	64,2	695,5	739,9	343,4	309,2	1.135,7	1.113,3
Italy	1.013,8	699,0	921,2	944,6	536,5	517,7	2.471,5	2.161,3

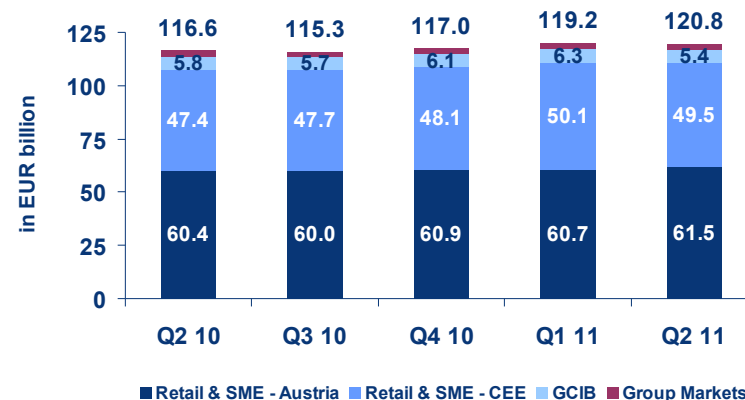


*) Erste Group excluding savings banks; the savings banks have an additional net exposure of EUR 75.4m to Greece, of EUR 71.9m to Ireland, of EUR 13.6m to Portugal, of EUR 77.7m to Spain and of EUR 706.4m to Italy.

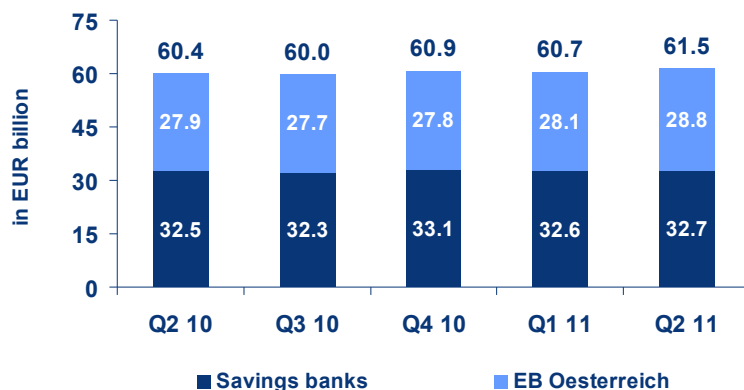
Customer deposit review – Continued deposit growth

- **Customer deposits grew by 3.2% in H1 2011 (+1.4% qoq)**
 - In Q2, visible inflows especially in in EB Oe and in HU
- **Retail & SME deposits increased by 1.9% ytd**
 - Austria grew by 1.0% ytd, supported by EBOe (+3.5% ytd)
 - CEE enjoyed growth of 3.0% ytd: supported by the Czech Republic (+5.5%) driven by currency appreciation, and Hungary (+9.1%); other core markets reported stable or slightly declining volumes
- **Loan/deposit ratio improved to 111.0% in H1 2011 (YE 2010: 113.4%)**

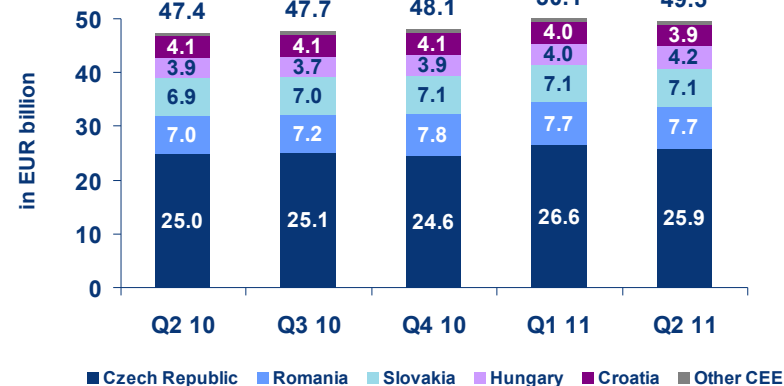
Customer deposit trends by main segments



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



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

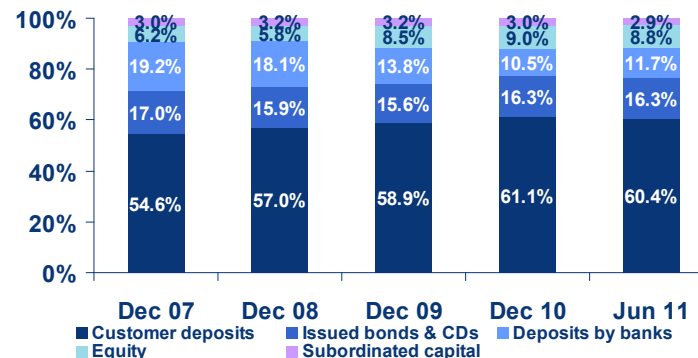


Erste Group's funding profile –

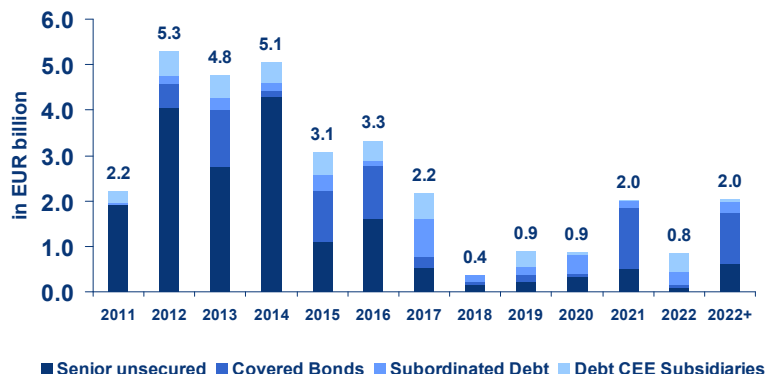
Retail deposits remained a key pillar in the funding mix

- **Customer deposits remained the primary source of funding**
 - Providing a solid funding base in all local currencies
 - Reflected in loan/deposit ratio improvement to 111.0%
- **Short-term funding needs well covered**
 - Well collateralised and declining share of short-term funding
- **Limited long-term funding required**
 - Ytd 2011 funding mix:
 - 19% public benchmark: senior unsecured
 - 31% public benchmark: Pfandbrief
 - 20% private placements: Pfandbrief
 - 30% private placements and retail issues
 - Already EUR 4 bn issued
 - Continued focus on extension of maturity profile

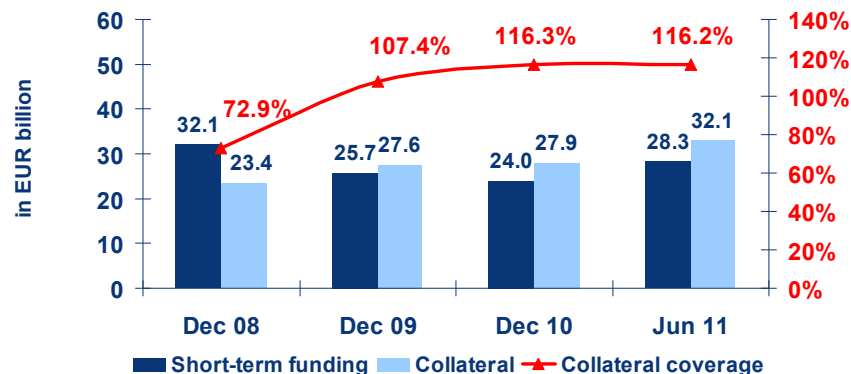
Evolution of Erste Group's funding mix



Redemption profile of Erste Group H1 2011



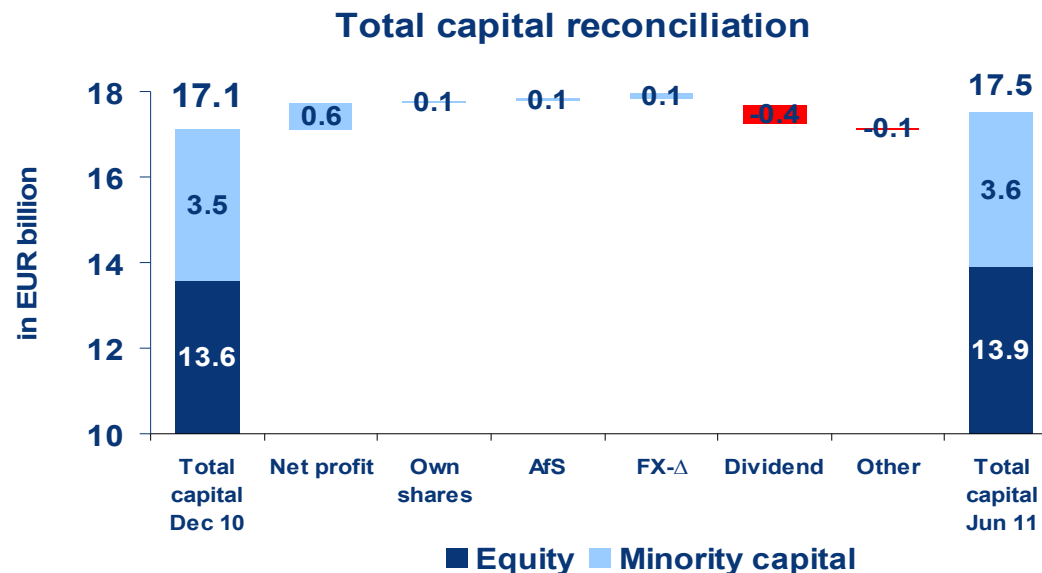
Short-term funding vs collateral coverage



Erste Group's capital position (1)

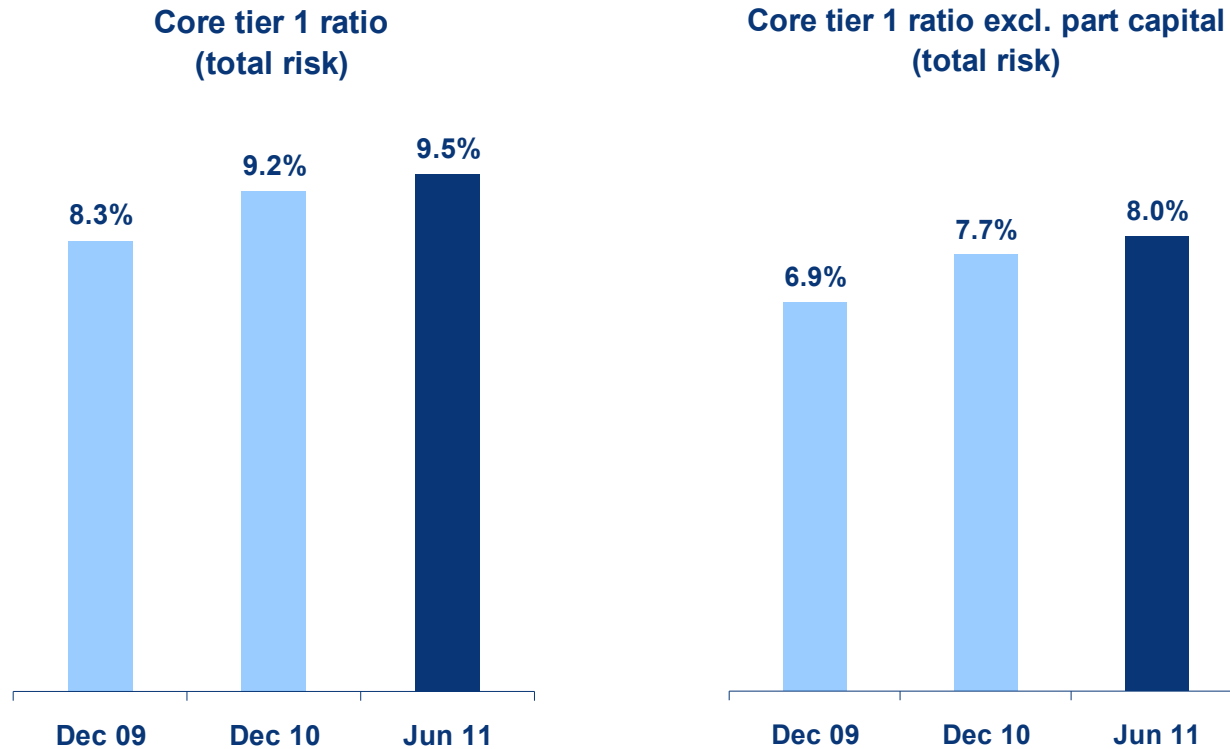
Retained earnings drive capital growth

- **Total equity (IFRS) increased by EUR 394m (+2.3%) ytd reflecting:**
 - Retained earnings of EUR 595m
 - Dividend payout in May 2011 of EUR 442m to shareholders and owners of participation capital
- **Shareholders' equity rose by +2.4% or EUR 0.3 bn to EUR 13.9 bn in H1 2011**



Erste Group's capital position (2)

Strong capital position and conservative asset mix



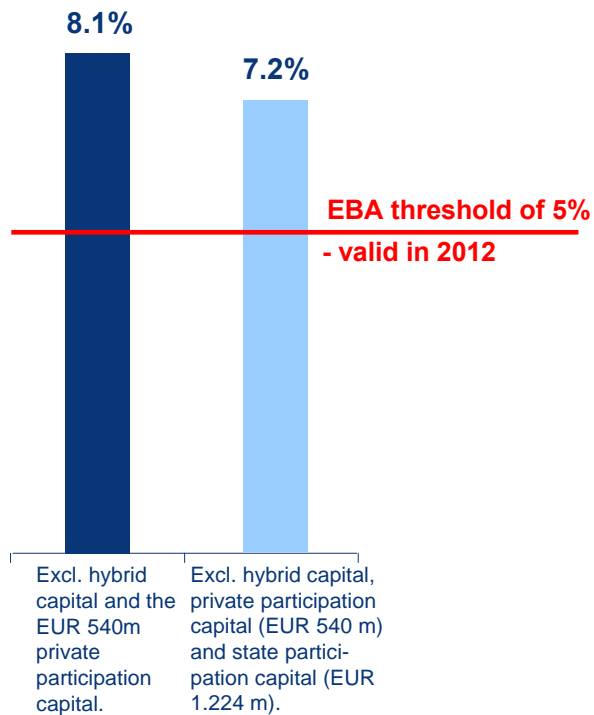
Core tier 1 ratio (total risk) = tier 1 capital excl. hybrid and after regulatory deductions divided by total RWA - including credit risk, market and operational risk.

Erste Group fulfils all legal thresholds required by EBA and Basel III

Erste Group's core tier 1 ratio

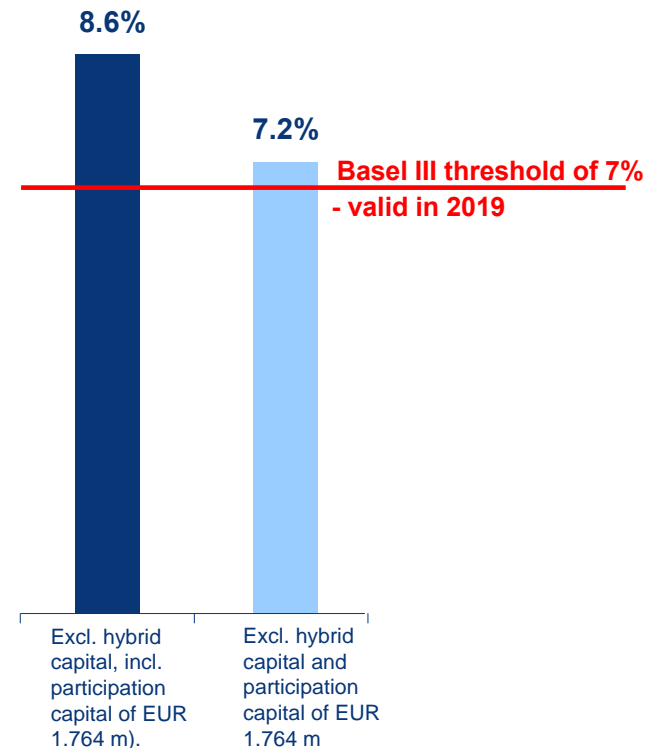
- according to EBA stress test

(based in 2010 results, adverse scenario)



- according to Basel III

(based on 2010 results, valid in 2019)



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.

- Net profit in Austria, Czech Republic and Slovakia post double-digit growth rates
- Ukraine and Serbia report clearly positive results
- Croatia much improved ahead of EU accession
- Romania remains positive despite the crisis
- Hungary in the red due to banking tax

[EUR Mio]	01-06/2011	01-06/2010	Var. %
Net interest income	194,2	193,9	0,1
- Risk provisions for loans and advances	(44,8)	(62,1)	(27,9)
Net fee and commission income	127,0	126,0	0,8
Net trading result	3,7	5,4	(31,2)
General administrative expenses	(191,4)	(193,4)	(1,0)
Other operating and financial result	(3,5)	(1,8)	(93,2)
<i>thereof banking tax</i>	<i>(2,9)</i>	<i>-</i>	<i>n.a.</i>
Pre-tax profit	85,2	67,9	25,5
Taxes on income	(10,8)	(5,2)	<(100,0)
Net profit for the period	74,4	62,7	18,6

[EUR Mio]	06/2011	12/2010	Var. %
Loans and advances to credit institutions	6.169	5.179	19,1
Loans and advances to customers	13.587	13.697	(0,8)
- Risk provisions for loans and advances	(443)	(463)	(4,4)
Financial assets	3.882	3.950	(1,7)
Other assets	476	482	(1,3)
Total assets	23.671	22.845	3,6
Deposits by banks	4.099	4.255	(3,7)
Customer deposits	17.331	16.315	6,2
Other financial liabilities	1.231	1.262	(2,5)
Total equity	1.010	1.013	(0,3)
Total liabilities and equity	23.671	22.845	3,6

[EUR m]	01-06/2011	01-06/2010	Var. %
Net interest income	633,1	585,6	8,1
- Risk provisions for loans and advances	(149,6)	(207,0)	(27,7)
Net fee and commission income	249,2	232,8	7,0
Net trading result	56,4	53,5	5,5
General administrative expenses	(383,1)	(367,5)	4,3
Other operating and financial result	(39,2)	(15,3)	< (100,0)
Pre-tax profit	366,8	282,2	30,0
Taxes on income	(70,6)	(53,8)	31,2
Net profit for the period	296,2	228,3	29,7

[EUR m]	06/2011	12/2010	Var. %
Loans and advances to credit institutions	5.903	6.981	(15,4)
Loans and advances to customers	19.063	18.354	3,9
- Risk provisions for loans and advances	(885)	(767)	15,3
Financial assets	10.066	7.714	30,5
Other assets	3.123	2.897	7,8
Total assets	37.270	35.179	5,9
Deposits by banks	2.323	2.083	11,5
Customer deposits	28.335	26.746	5,9
Other financial liabilities	3.589	3.519	2,0
Total equity	3.023	2.831	6,8
Total liabilities and equity	37.270	35.179	5,9

BCR – local result

[EUR m]	01-06/2011	01-06/2010	Var. %
Net interest income	391,7	459,3	(14,7)
- Risk provisions for loans and advances	(226,4)	(234,6)	(3,5)
Net fee and commission income	72,3	74,2	(2,6)
Net trading result	42,8	53,4	(19,8)
General administrative expenses	(207,4)	(193,4)	7,2
Other operating and financial result	(25,5)	(17,7)	(43,9)
Pre-tax profit	47,5	141,1	(66,3)
Taxes on income	(9,5)	(23,3)	(59,2)
Net profit for the period	38,0	117,8	(67,8)

[EUR m]	06/2011	12/2010	Var. %
Loans and advances to credit institutions	253	416	(39,2)
Loans and advances to customers	12.126	12.257	(1,1)
- Risk provisions for loans and advances	(1.158)	(1.137)	1,9
Financial assets	3.156	2.445	29,1
Other assets	3.270	3.287	(0,5)
Total assets	17.646	17.267	2,2
Deposits by banks	5.348	5.120	4,5
Customer deposits	9.046	8.876	1,9
Other financial liabilities	1.541	1.604	(3,9)
Total equity	1.711	1.667	2,7
Total liabilities and equity	17.646	17.267	2,2

Slovenska sporitelna –

local result

[EUR m]	01-06/2011	01-06/2010	Var. %
Net interest income	232,7	218,7	6,4
- Risk provisions for loans and advances	(44,4)	(69,8)	(36,3)
Net fee and commission income	60,7	54,4	11,5
Net trading result	4,8	3,7	32,3
General administrative expenses	(113,8)	(116,9)	(2,6)
Other operating and financial result	(14,9)	(15,4)	3,4
Pre-tax profit	125,2	74,7	67,5
Taxes on income	(24,8)	(14,9)	66,5
Net profit for the period	100,4	59,9	67,7

[EUR m]	06/2011	12/2010	Var. %
Loans and advances to credit institutions	981	1.253	(21,7)
Loans and advances to customers	6.406	6.075	5,5
- Risk provisions for loans and advances	(411)	(394)	4,3
Financial assets	3.606	3.308	9,0
Other assets	693	785	(11,7)
Total assets	11.275	11.028	2,2
Deposits by banks	1.229	1.165	5,5
Customer deposits	8.284	8.158	1,5
Other financial liabilities	789	776	1,7
Total equity	973	929	4,7
Total liabilities and equity	11.275	11.028	2,2

[EUR m]	01-06/2011	01-06/2010	Var. %
Net interest income	194,8	196,1	(0,7)
- Risk provisions for loans and advances	(152,8)	(112,7)	35,6
Net fee and commission income	52,8	52,4	0,8
Net trading result	20,6	25,3	(18,5)
General administrative expenses	(108,7)	(107,8)	0,8
Other operating and financial result	(36,7)	(8,6)	< (100,0)
<i>thereof banking tax</i>	<i>(27,4)</i>	<i>-</i>	<i>n.a.</i>
Pre-tax profit	(29,9)	44,8	< (100,0)
Taxes on income	(7,0)	(19,7)	(64,6)
Net profit for the period	(36,9)	25,1	< (100,0)

[EUR m]	06/2011	12/2010	Var. %
Loans and advances to credit institutions	596	425	40,2
Loans and advances to customers	8.167	8.111	0,7
- Risk provisions for loans and advances	(621)	(479)	29,6
Financial assets	3.473	1.919	80,9
Other assets	786	761	3,2
Total assets	12.401	10.737	15,5
Deposits by banks	6.646	5.443	22,1
Customer deposits	4.428	3.993	10,9
Other financial liabilities	780	742	5,1
Total equity	547	559	(2,2)
Total liabilities and equity	12.401	10.737	15,5

Erste Bank Croatia –

local result

[EUR m]	01-06/2011	01-06/2010	Var. %
Net interest income	141,0	113,5	24,2
- Risk provisions for loans and advances	(49,6)	(37,6)	31,9
Net fee and commission income	37,7	27,4	38,0
Net trading result	9,8	8,3	17,4
General administrative expenses	(77,3)	(59,2)	30,5
Other operating and financial result	(9,4)	(3,2)	<(100,0)
Pre-tax profit	52,3	49,2	6,2
Taxes on income	(10,4)	(9,8)	5,8
Net profit for the period	41,9	39,4	6,3

[EUR m]	06/2011	12/2010	Var. %
Loans and advances to credit institutions	759	945	(19,6)
Loans and advances to customers	6.010	5.168	16,3
- Risk provisions for loans and advances	(376)	(272)	38,1
Financial assets	735	660	11,4
Other assets	846	594	42,3
Total assets	7.974	7.095	12,4
Deposits by banks	2.837	1.898	49,5
Customer deposits	4.060	4.195	(3,2)
Other financial liabilities	224	166	34,8
Total equity	854	836	2,2
Total liabilities and equity	7.974	7.095	12,4

[EUR m]	01-06/2011	01-06/2010	Var. %
Net interest income	19,4	13,7	41,3
- Risk provisions for loans and advances	(4,5)	(4,6)	(3,2)
Net fee and commission income	5,6	5,1	9,5
Net trading result	0,0	0,9	(98,9)
General administrative expenses	(16,9)	(15,4)	9,5
Other operating and financial result	(0,6)	0,3	>100,0
Pre-tax profit	2,9	0,0	>100,0
Taxes on income	-	-	n.a.
Net profit for the period	2,9	0,0	>100,0

[EUR m]	06/2011	12/2010	Var. %
Loans and advances to credit institutions	56	53	6,5
Loans and advances to customers	462	431	7,0
- Risk provisions for loans and advances	(49)	(44)	12,7
Financial assets	54	48	12,6
Other assets	107	100	6,8
Total assets	630	588	7,2
Deposits by banks	44	4	>100,0
Customer deposits	445	455	(2,3)
Other financial liabilities	26	23	9,1
Total equity	115	106	7,7
Total liabilities and equity	630	588	7,2

Erste Bank Ukraine –

local result

[EUR m]	01-06/2011	01-06/2010	Var. %
Net interest income	18,7	25,0	(25,2)
- Risk provisions for loans and advances	(6,5)	(14,8)	(56,0)
Net fee and commission income	1,2	0,8	47,1
Net trading result	7,3	6,0	22,3
General administrative expenses	(23,4)	(21,4)	9,1
Other operating and financial result	3,1	(0,6)	>100,0
Pre-tax profit	0,5	(5,0)	>100,0
Taxes on income	-	-	n.a.
Net profit for the period	0,5	(5,0)	>100,0

[EUR m]	06/2011	12/2010	Var. %
Loans and advances to credit institutions	129	141	(8,3)
Loans and advances to customers	441	486	(9,3)
- Risk provisions for loans and advances	(113)	(118)	(4,3)
Financial assets	266	204	30,3
Other assets	138	138	(0,5)
Total assets	861	852	1,0
Deposits by banks	506	540	(6,4)
Customer deposits	193	136	42,4
Other financial liabilities	53	60	(12,5)
Total equity	109	116	(5,9)
Total liabilities and equity	861	852	1,0

Group income statement (IFRS) –

Net profit up by 5.2% yoy

in EUR million	1-6 11	1-6 10	Change	Q2 11	Q1 11	Q2 10
Net interest income	2,689.8	2,684.8	0.2%	1,394.1	1,295.7	1,361.2
Risk provisions for loans and advances	(940.0)	(1,084.2)	(13.3%)	(479.9)	(460.1)	(553.0)
Net fee and commission income	954.9	965.0	(1.0%)	473.7	481.2	493.5
Net trading result	248.7	240.0	3.6%	109.0	139.7	98.8
General administrative expenses	(1,926.3)	(1,898.4)	1.5%	(963.3)	(963.0)	(945.3)
Other operating result	(260.2)	(158.8)	(63.9%)	(131.5)	(128.7)	(91.1)
Result from financial assets - FV	(19.9)	(24.6)	19.1%	(29.4)	9.5	(37.6)
Result from financial assets - AfS	14.1	36.4	(61.3%)	(5.1)	19.2	36.3
Result from financial assets - HtM	2.0	4.6	(56.5%)	1.8	0.2	(0.1)
Pre-tax profit from continuing operations	763.1	764.8	(0.2%)	369.4	393.7	362.7
Taxes on income	(167.8)	(175.9)	4.6%	(81.2)	(86.6)	(83.4)
Post-tax profit from discontinuing operations	0.0	0.0	na	0.0	0.0	0.0
Net profit for the period	595.3	588.9	1.1%	288.2	307.1	279.3
Attributable to non-controlling interests	99.0	117.0	(15.4%)	52.5	46.5	62.6
Attributable to owners of the parent	496.3	471.9	5.2%	235.7	260.6	216.7
Operating income	3,893.4	3,889.8	0.1%	1,976.8	1,916.6	1,953.5
Operating expenses	(1,926.3)	(1,898.4)	(1.5%)	(963.3)	(963.0)	(945.3)
Operating result	1,967.1	1,991.4	(1.2%)	1,013.5	953.6	1,008.2
Cost/income ratio	49.5%	48.8%		48.7%	50.2%	48.4%
Return on equity	7.1%	7.2%		6.7%	7.5%	6.6%

Group balance sheet (IFRS) –

Loan-to-deposit ratio improved further to 111.0%

in EUR million	Jun 11	Dec 10	Change
Cash and balances with central banks	6,605	5,839	13.1%
Loans and advances to credit institutions	13,373	12,496	7.0%
Loans and advances to customers	134,078	132,729	1.0%
Risk provisions for loans and advances	(6,516)	(6,119)	6.5%
Derivative financial instruments	7,410	8,474	(12.6%)
Trading assets	8,357	5,536	51.0%
Financial assets - at fair value through profit or loss	2,806	2,435	15.2%
Financial assets - available for sale	18,978	17,751	6.9%
Financial assets - held to maturity	16,023	14,235	12.6%
Equity holdings in associates accounted for at equity	218	223	(2.2%)
Intangible assets	4,608	4,675	(1.4%)
Property and equipment	2,449	2,446	0.1%
Current tax assets	123	116	6.0%
Deferred tax assets	371	418	(11.2%)
Assets held for sale	106	52	>100%
Other assets	5,175	4,632	11.7%
Total assets	214,164	205,938	4.0%
Risk-weighted assets	119,669	119,844	(0.1%)

Group balance sheet (IFRS) –

Stronger balance sheet driven by deposits and earnings

in EUR million	Jun 11	Dec 10	Change
Deposits by banks	23,324	20,154	15.7%
Customer deposits	120,817	117,016	3.2%
Debt securities in issue	32,566	31,298	4.1%
Derivative financial instruments	7,033	7,996	(12.0%)
Trading liabilities	595	216	>100%
Provisions	1,540	1,545	(0.3%)
Current tax liabilities	47	68	(30.9%)
Deferred tax liabilities	309	328	(5.8%)
Other liabilities	4,690	4,350	7.8%
Subordinated liabilities	5,720	5,838	(2.0%)
Total equity	17,523	17,129	2.3%
Attributable to non-controlling interests	3,607	3,544	1.8%
Attributable to owners of the parent	13,916	13,585	2.4%
Total liabilities and equity	214,164	205,938	4.0%
Tier 1 ratio - total risk	10.5%	10.2%	
Solvency ratio	13.9%	13.5%	

- **CEE economies set to continue economic recovery in H2 2011**
 - All of Erste Group's CEE markets are expected to post GDP growth in 2011
 - Austria, Czech Republic and Slovakia to perform well, banking markets to grow
 - Romania and Hungary also growing 2011, but banking markets still sluggish

- **Operating performance to be sustained in 2011 based on:**
 - Resilient margins, accelerating loan growth and solid performance of net commission income
 - Continued strict cost management, with increase below inflation rate

- **Risk costs to decline from H1 2011 level in H2 2011**
 - Risk costs to remain elevated in Romania and to rise in Hungary in 2011

- **Core tier 1 ratio (Basel II) of 9.5% 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 to be repaid following regulatory approval

H1 2011 executive summary –

Solid net profit despite challenging banking environment

– Accelerating operating performance in Q2 11

- Q2 11 operating result benefited from record NII and stable qoq costs
- H1 2011 operating income up to EUR 3,893.4m on solid performance of all line items
- H1 2011 operating expenses rose by 1.5% yoy to EUR 1,926.3m – increase well below inflation rate
- H1 2011 operating result declined by 1.2% to EUR 1,967.1m
- Cost/income ratio at 49.5% (H1 2010: 48.8%)

– Risk costs declined from EUR 1,084.2m to EUR 940.0m or by 13.3% yoy in H1 2011

- NPL ratio based on customer loans rose to 7.9% (YE 2010: 7.6%), driven mainly by deterioration in HU and RO
- NPL coverage increased to 60.6% from 60.0% at YE 2010
- New NPL formation in H1 2011 of EUR 565m, down from EUR 1,002m in H1 2010

– Net profit rose despite banking taxes

- Net profit rose by 5.2% yoy to EUR 496.3m in H1 2011
- Banking tax in Austria and Hungary amounted to EUR 95.6m (pre-tax) in H1 2011, adversely affecting the other operating result

– Excellent liquidity position – loan/deposit ratio improved to 111.0%

- Customer deposits continued to provide stable funding base
- Successful long-term debt-funding in H1 11 with healthy mix of secured and unsecured public and private placements
- Short-term interbank funding more than fully covered by central bank eligible collateral

– Further improvement in capital position

- Tier 1 (total risk) up to 10.5% (YE 2010: 10.2%); core tier 1 ratio (exc. hybrid capital) up to 9.5% (YE 2010: 9.2%)

Segment review –

Core segments

in EUR million	Retail & SME		GCIB		Group Markets		Corporate Center		Total group	
	1-6 11	1-6 10	1-6 11	1-6 10	1-6 11	1-6 10	1-6 11	1-6 10	1-6 11	1-6 10
Net interest income	2,312.8	2,290.5	259.7	293.0	65.6	56.8	51.7	44.5	2,689.8	2,684.8
Risk provisions for loans and advances	(808.2)	(902.6)	(131.8)	(181.6)	(0.0)	0.0	0.0	(0.0)	(940.0)	(1,084.2)
Net fee and commission income	844.9	825.8	84.7	79.4	69.0	83.5	(43.6)	(23.8)	954.9	965.0
Net trading result	68.8	82.3	25.7	3.0	146.3	147.3	7.9	7.3	248.8	240.0
General administrative expenses	(1,654.1)	(1,628.8)	(92.1)	(90.2)	(120.7)	(109.4)	(59.3)	(70.1)	(1,926.3)	(1,898.4)
Other result	(150.9)	(60.2)	6.5	1.0	3.9	3.1	(123.6)	(86.2)	(264.0)	(142.3)
Pre-tax profit	613.3	607.1	152.7	104.7	164.1	181.3	(166.9)	(128.2)	763.1	764.8
Taxes on income	(141.6)	(137.4)	(33.1)	(24.9)	(34.3)	(39.6)	41.1	26.0	(167.9)	(176.0)
Post-tax profit from continuing operations	471.6	469.6	119.6	79.8	129.8	141.7	(125.7)	(102.2)	595.2	588.8
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	471.6	469.6	119.6	79.8	129.8	141.7	(125.7)	(102.2)	595.2	588.8
Attributable to non-controlling interests	90.8	105.9	8.7	8.7	7.6	8.7	(8.2)	(6.2)	98.9	117.0
Attributable to owners of the parent	380.8	363.8	110.8	71.1	122.2	133.0	(117.6)	(96.0)	496.3	471.8
Average risk-weighted assets	75,565.6	74,623.1	24,869.8	26,499.7	2,644.7	3,018.5	760.3	1,605.4	103,840.4	105,746.7
Average attributed equity	4,152.5	4,090.5	1,990.7	2,121.1	305.3	341.7	7,467.7	6,538.9	13,916.1	13,092.1
Cost/income ratio	51.3%	50.9%	24.9%	24.0%	43.0%	38.0%	na	na	49.5%	48.8%
Return on equity	18.3%	17.8%	11.1%	6.7%	80.1%	77.9%	na	na	7.1%	7.2%
EOP customer loans	114,840.0	111,451.7	18,687.4	18,978.5	252.3	276.0	298.6	253.9	134,078.2	130,960.0
EOP customer deposits	111,001.0	107,746.5	5,391.7	5,765.1	3,587.0	2,942.8	843.8	104.1	120,823.5	116,558.5

Core segment – Austria

Erste Bank Oesterreich drives improvement in Austria

in EUR million	Savings banks		EB Oesterreich		Austria	
	1-6 11	1-6 10	1-6 11	1-6 10	1-6 11	1-6 10
Net interest income	483.4	477.3	316.3	319.4	799.7	796.6
Risk provisions for loans and advances	(123.1)	(135.9)	(65.2)	(87.7)	(188.3)	(223.6)
Net fee and commission income	213.5	203.0	167.0	172.1	380.5	375.1
Net trading result	10.0	14.1	4.8	7.0	14.8	21.1
General administrative expenses	(468.4)	(468.3)	(302.5)	(304.7)	(770.9)	(773.1)
Other result	(18.2)	5.0	(6.4)	(5.4)	(24.6)	(0.4)
Pre-tax profit	97.1	95.1	114.0	100.6	211.2	195.7
Taxes on income	(24.5)	(25.3)	(25.1)	(23.6)	(49.6)	(48.9)
Post-tax profit from continuing operations	72.6	69.8	88.9	77.0	161.6	146.8
Post-tax profit from discontinuing operations	0.0	0.0	0.0	0.0	0.0	0.0
Net profit for the period	72.6	69.8	88.9	77.0	161.6	146.8
Attributable to non-controlling interests	72.0	66.7	3.1	2.3	75.1	69.0
Attributable to owners of the parent	0.7	3.1	85.8	74.7	86.5	77.8
Average risk-weighted assets	24,168.8	23,913.7	13,803.3	14,321.4	37,972.1	38,235.1
Average attributed equity	295.3	290.0	1,097.7	1,137.5	1,393.0	1,427.5
Cost/income ratio	66.3%	67.4%	62.0%	61.1%	64.5%	64.8%
Return on equity	0.5%	2.1%	15.6%	13.1%	12.4%	10.9%
EOP customer loans	37,678.4	36,744.4	27,494.9	26,847.1	65,173.4	63,591.5
EOP customer deposits	32,727.1	32,465.3	28,770.9	27,920.4	61,498.1	60,385.7

Core segment Central and Eastern Europe (1) –

Diverging trends in operating performance ...

in EUR million	Czech Republic		Romania		Slovakia		Hungary	
	1-6 11	1-6 10	1-6 11	1-6 10	1-6 11	1-6 10	1-6 11	1-6 10
Net interest income	590.0	536.1	354.9	415.2	221.3	209.5	189.1	185.9
Risk provisions for loans and advances	(139.3)	(188.1)	(224.1)	(241.7)	(40.6)	(66.7)	(154.6)	(114.5)
Net fee and commission income	248.4	229.6	65.9	79.3	56.8	50.9	49.0	48.6
Net trading result	14.8	17.7	18.8	21.2	1.1	1.2	6.6	9.7
General administrative expenses	(366.0)	(354.1)	(194.0)	(183.5)	(109.0)	(112.6)	(101.3)	(98.8)
Other result	(46.9)	(12.8)	(25.7)	(19.6)	(14.9)	(15.4)	(36.5)	(8.2)
Pre-tax profit	301.0	228.5	(4.1)	70.9	114.7	66.8	(47.8)	22.6
Taxes on income	(57.8)	(43.6)	0.8	(13.9)	(23.1)	(13.3)	(3.6)	(10.0)
Post-tax profit from continuing operations	243.2	184.9	(3.3)	57.0	91.6	53.5	(51.3)	12.6
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	243.2	184.9	(3.3)	57.0	91.6	53.5	(51.3)	12.6
Attributable to non-controlling interests	4.0	3.8	(1.1)	20.4	0.2	0.1	(0.1)	(0.1)
Attributable to owners of the parent	239.2	181.1	(2.2)	36.6	91.4	53.4	(51.3)	12.6
Average risk-weighted assets	13,223.2	12,266.4	9,242.1	9,115.4	5,004.4	5,371.5	4,437.9	4,757.2
Average attributed equity	1,087.8	1,013.2	529.1	519.0	413.9	443.3	367.2	391.3
Cost/income ratio	42.9%	45.2%	44.1%	35.6%	39.0%	43.1%	41.4%	40.5%
Return on equity	44.0%	35.8%	(0.8%)	14.1%	44.2%	24.1%	na	6.5%
EOP customer loans	18,120.8	17,091.4	11,081.2	11,184.9	5,909.8	5,621.8	7,860.2	7,565.8
EOP customer deposits	25,931.1	24,986.0	7,675.4	7,043.5	7,090.3	6,884.0	4,242.4	3,851.8

Core segment Central and Eastern Europe (2) –

... and risk cost levels across the region continued

in EUR million	Croatia		Serbia		Ukraine		CEE	
	1-6 11	1-6 10	1-6 11	1-6 10	1-6 11	1-6 10	1-6 11	1-6 10
Net interest income	127.9	117.6	18.2	12.4	11.6	17.0	1,513.1	1,493.8
Risk provisions for loans and advances	(50.4)	(48.5)	(4.5)	(4.6)	(6.5)	(14.8)	(619.9)	(679.0)
Net fee and commission income	36.3	36.4	6.0	5.1	2.1	0.8	464.4	450.8
Net trading result	5.4	4.7	0.0	0.9	7.3	6.0	54.1	61.2
General administrative expenses	(72.3)	(69.8)	(16.9)	(15.3)	(23.8)	(21.6)	(883.3)	(855.7)
Other result	(4.8)	(3.4)	(0.6)	0.3	3.1	(0.6)	(126.3)	(59.8)
Pre-tax profit	42.2	37.0	2.2	(1.3)	(6.2)	(13.2)	402.1	411.3
Taxes on income	(8.4)	(7.7)	0.0	0.0	0.0	0.0	(92.0)	(88.5)
Post-tax profit from continuing operations	33.9	29.3	2.2	(1.3)	(6.2)	(13.2)	310.1	322.8
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	33.9	29.3	2.2	(1.3)	(6.2)	(13.2)	310.1	322.8
Attributable to non-controlling interests	12.1	12.8	0.6	(0.1)	0.0	0.0	15.7	36.8
Attributable to owners of the parent	21.8	16.5	1.6	(1.1)	(6.2)	(13.2)	294.3	286.0
Average risk-weighted assets	4,412.8	3,596.9	570.0	660.9	703.2	619.6	37,593.6	36,388.0
Average attributed equity	256.7	196.8	43.0	44.0	61.7	55.5	2,759.5	2,663.0
Cost/income ratio	42.6%	43.9%	69.7%	83.3%	113.3%	90.7%	43.5%	42.7%
Return on equity	17.0%	16.8%	7.7%	(5.1%)	na	(47.5%)	21.3%	21.5%
EOP customer loans	5,791.9	5,444.2	461.7	391.5	441.1	560.5	49,666.6	47,860.2
EOP customer deposits	3,925.7	4,070.5	444.7	407.5	193.2	117.5	49,503.0	47,360.8

H1 2011 financial highlights –

Operating result has performed well in most segments

in EUR million	1-6 11	1-6 10	Change	Q2 11	Q1 11	Q2 10
Retail & SME	1,566.9	1,569.8	(0.2%)	803.5	763.4	831.4
Austria	424.1	419.8	1.0%	224.5	199.6	219.7
EB Oesterreich	185.6	193.8	(4.2%)	97.3	88.3	98.7
Savings banks	238.4	226.0	5.5%	127.2	111.3	121.0
CEE	1,142.8	1,150.1	(0.6%)	579.1	563.7	611.6
Czech Republic	487.2	429.3	13.5%	247.6	239.6	218.4
Romania	240.2	332.2	(27.7%)	117.1	123.0	185.8
Slovakia	170.2	148.9	14.3%	87.5	82.7	77.7
Hungary	143.3	145.3	(1.4%)	73.4	69.9	76.7
Croatia	97.4	89.0	9.4%	51.4	46.0	48.2
Serbia	7.3	3.1	>100.0%	4.3	3.0	1.8
Ukraine	(2.8)	2.2	na	(2.3)	(0.5)	3.1
GCIB	277.6	285.3	(2.7%)	148.5	129.1	139.9
Group Markets	160.1	178.2	(10.2%)	65.3	94.7	63.2
Corporate Center	(37.3)	(42.0)	11.1%	(3.8)	(33.6)	(26.3)
Total group	1,967.2	1,991.3	(1.2%)	1,013.6	953.6	1,008.1