ERSTE GROUP

Erste Group –
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Creating value in a low growth environment

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Presentation topics

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- **CEE and its potential**
- **Clear strategy: customer business in eastern part of EU**
  - Addressing the weaknesses and leveraging the strengths
- **Improving capital position**
- **Outlook**
- **Appendix**

Long term volume growth in CEE –

Deposit growth slowed, but remained positive during crisis

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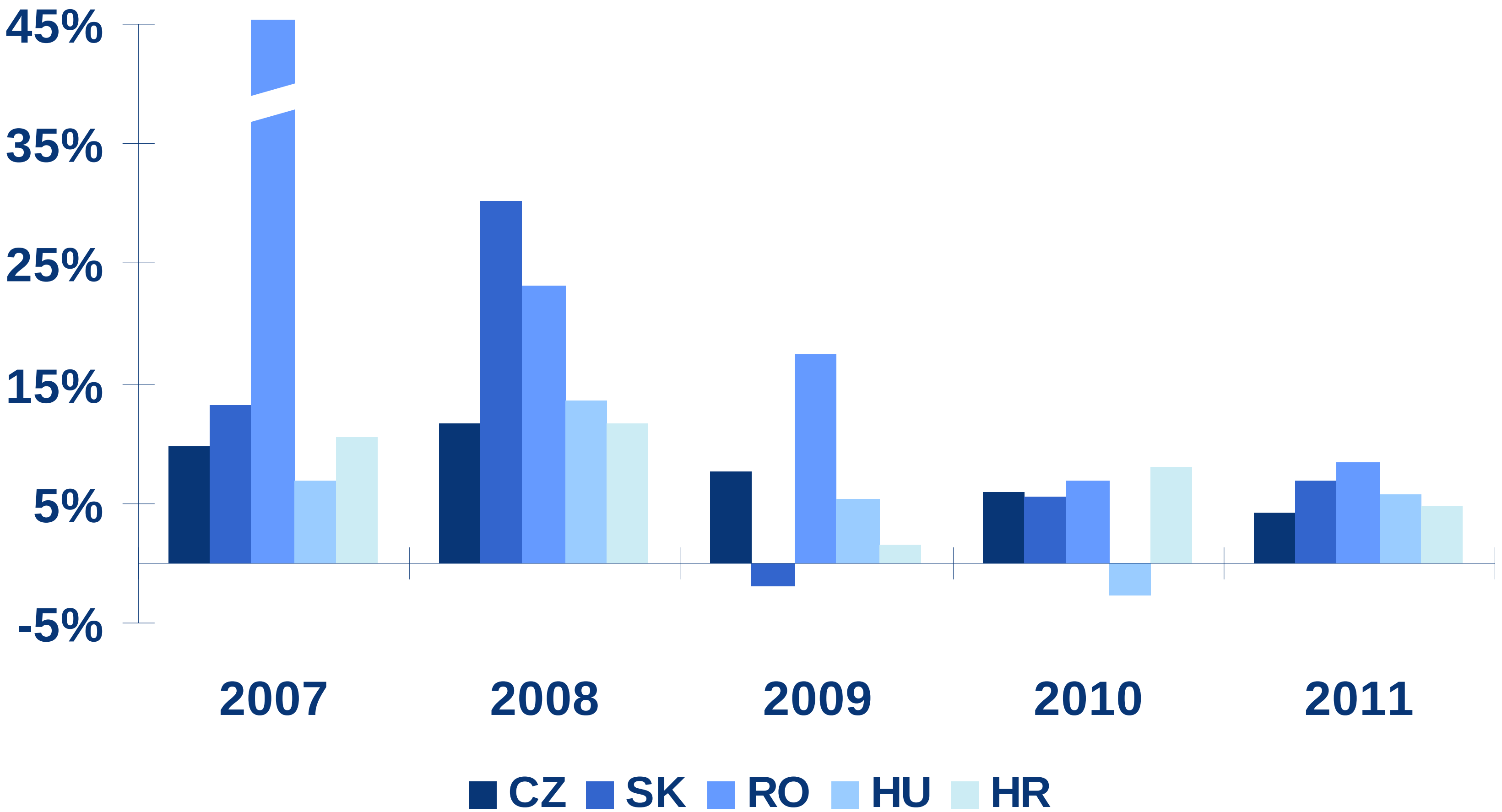
Household deposit growth rates



Source: National Banks

Long term volume growth in CEE –
Loan growth in all core markets except Hungary in 2011

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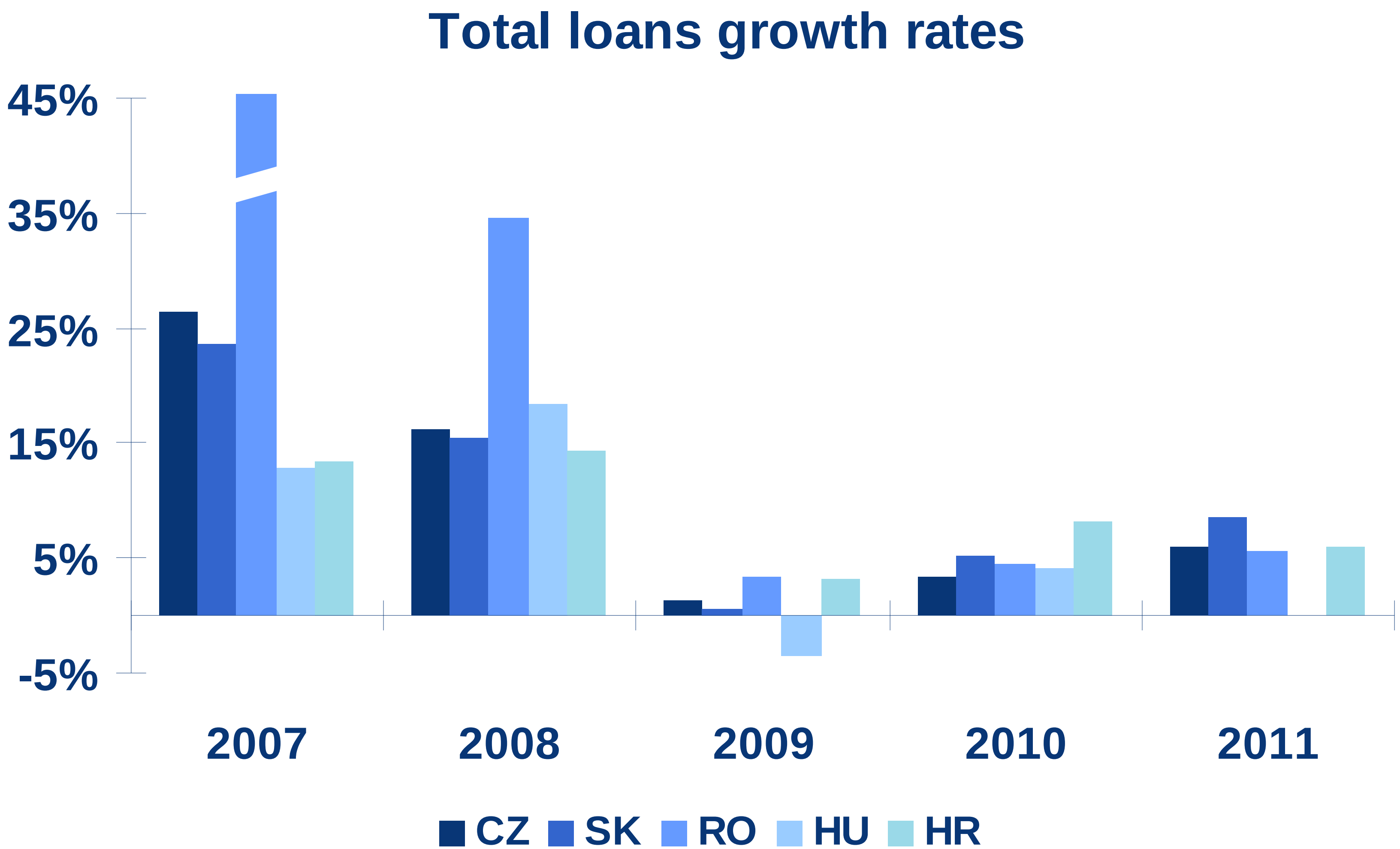

Source: National Banks

Manageable indebtedness in CEE (1) –
Private and public debt levels across Europe

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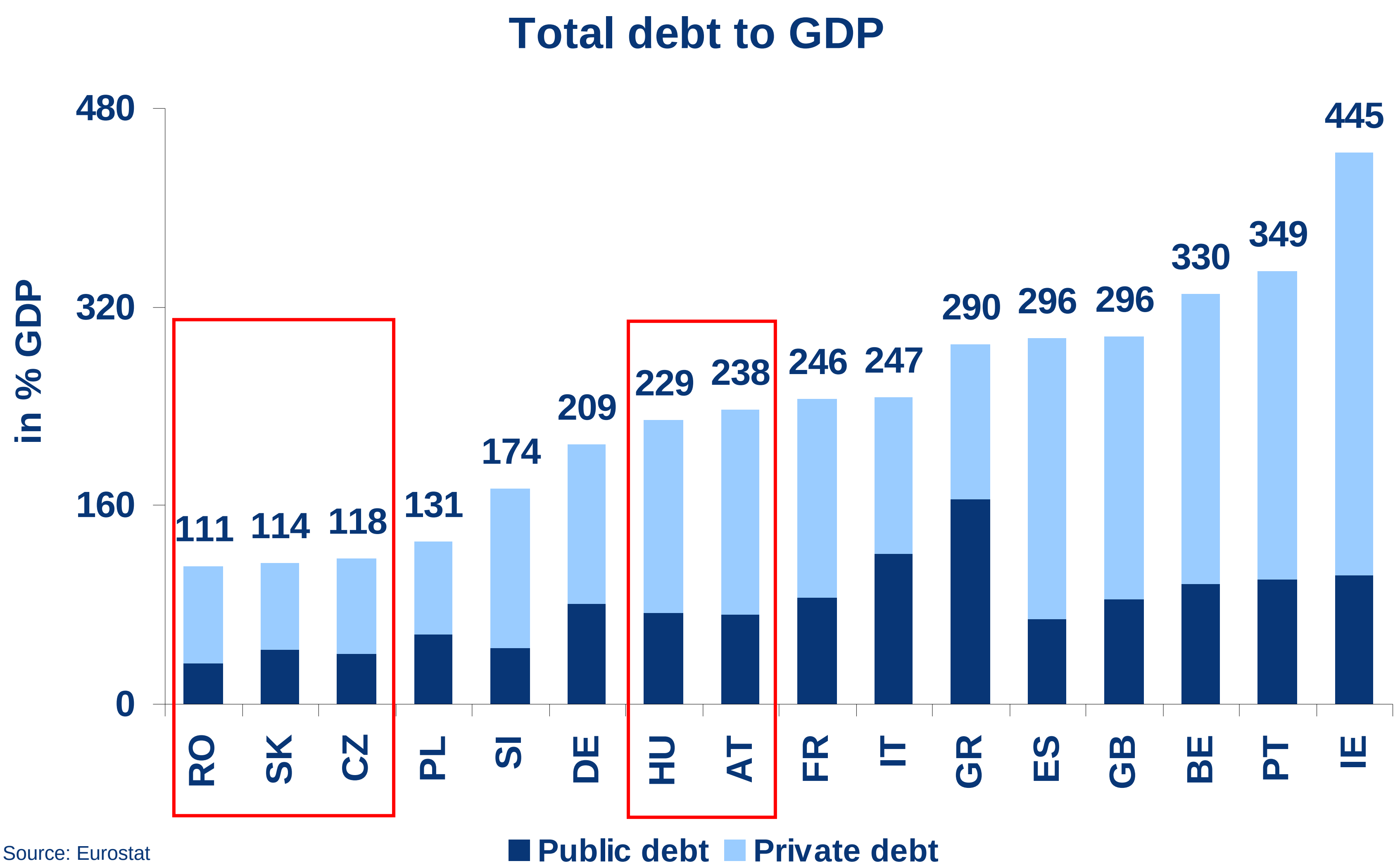

Source: Eurostat

Manageable indebtedness in CEE (2) –
Fiscal policy room to manoeuvre

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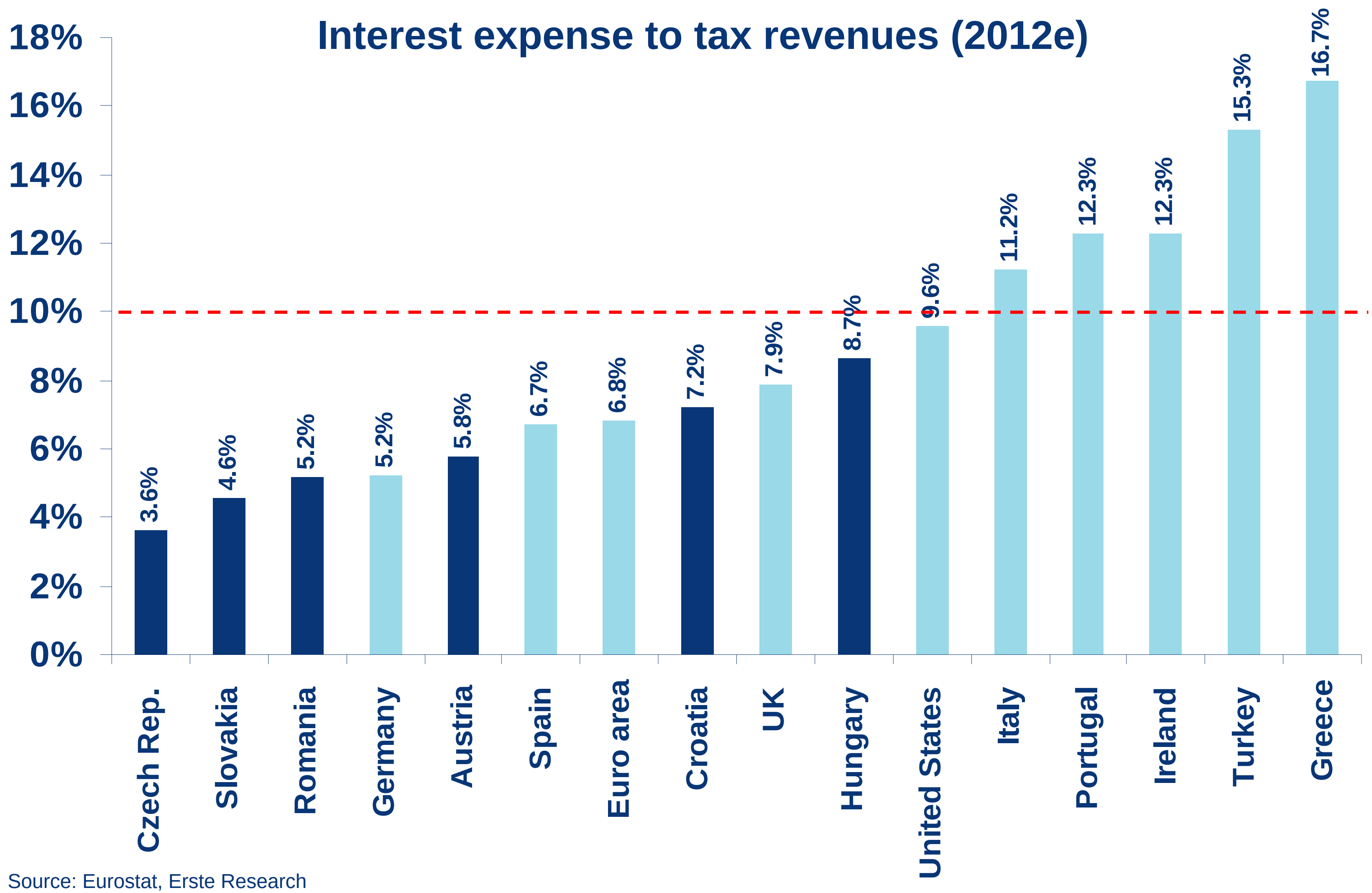

Source: Eurostat, Erste Research

Fundamental outlook positive for CEE –
Rating agencies eventually agree

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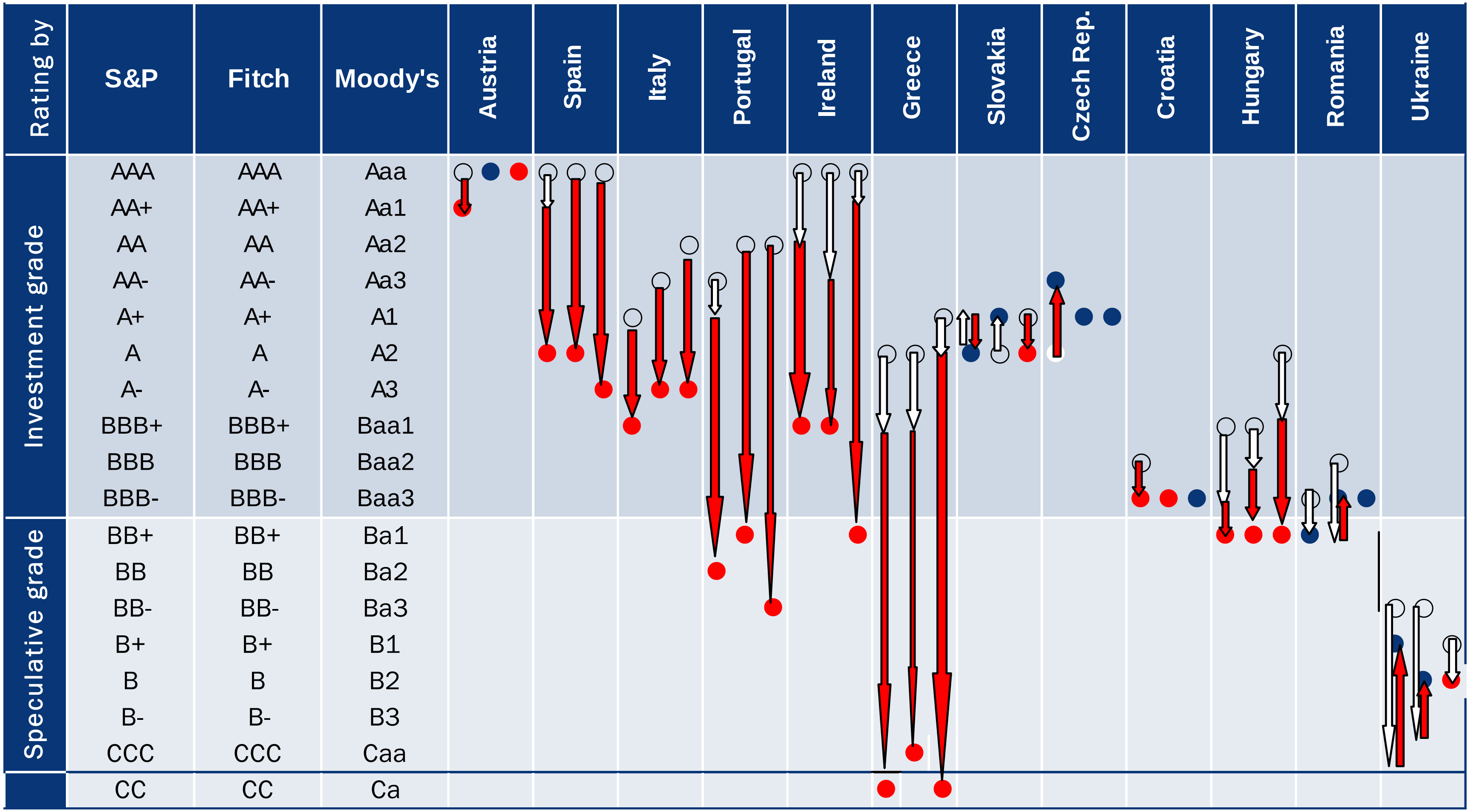

● blue/white/red = stable/positive/negative outlook

○ the rating as of mid 2008

change between Jun 2008 and Dec 2009

change since Jan 2010

The CEE region and its potential –
Penetration rates are still low

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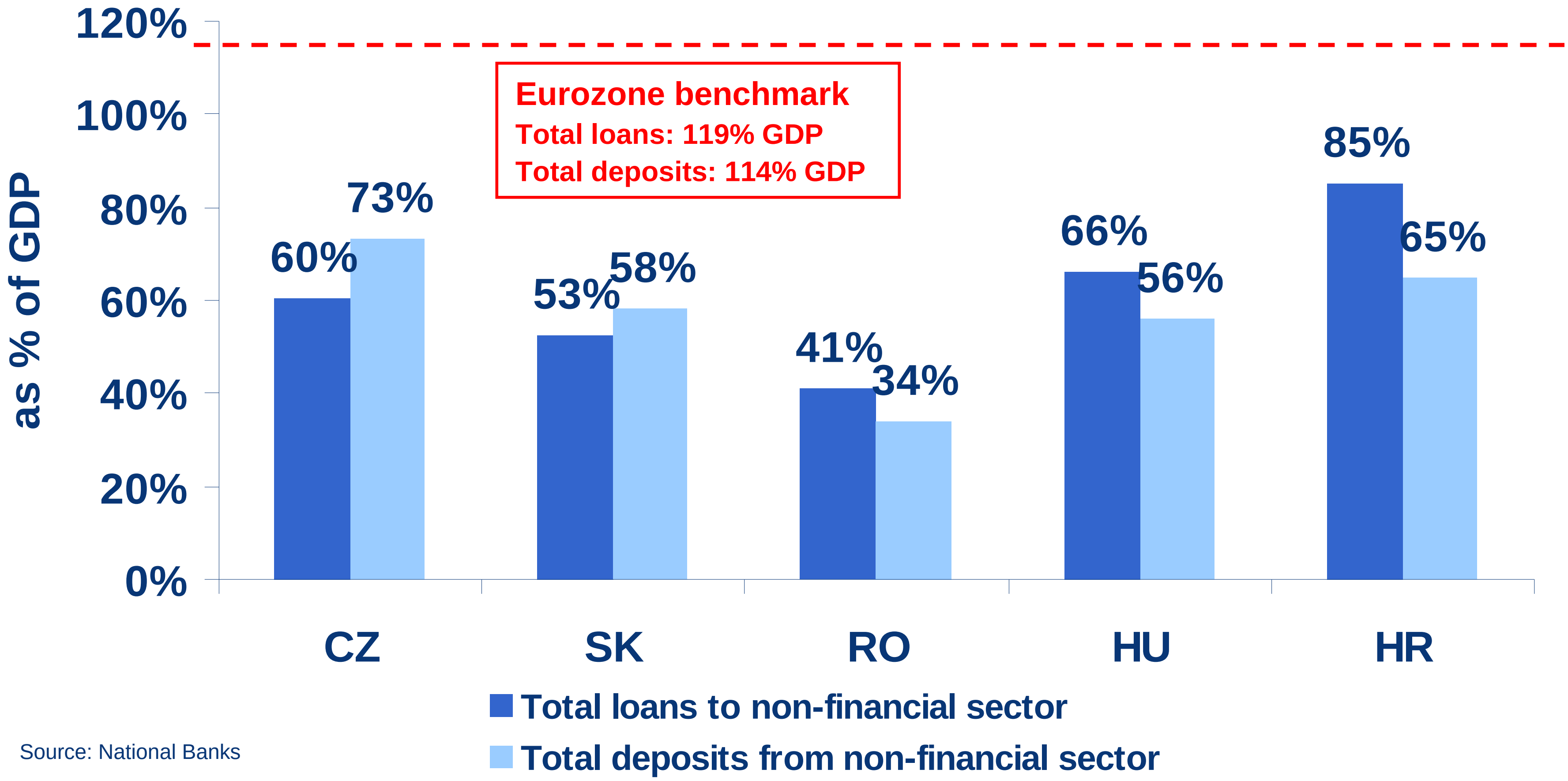
Loan and deposit penetration 2011



Source: National Banks

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Erste Group‘s strategy –
Focus on core business in CEE

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Customer banking in Central and Eastern Europe

Eastern part of EU		Focus on CEE, limited exposure to other Europe		
Retail banking	**Corporate banking**	**Capital markets**	**Public sector**	**Interbank business**
Focus on local currency mortgage and consumer loans funded by local deposits FX loans only where funded by local FX deposits (RO & HR) Savings products, asset management and pension products Potential future expansion into Poland	Large, local corporate and SME banking Advisory services, with focus on providing access to capital marekts and corporate finance Real estate business that goes beyond financing Potential future expansion into Poland	Focus on customer busines, incl. customer-based trading activities In addition to core markets, presences in Poland, Turkey, Germany and London with institutional client focus and selected product mix Building debt and equity capital markets in CEE	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	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

Tackling Hungary –
New strategy to reflect changed market

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- **Parliament approved the law on new FX fixing scheme**
  - Instalment to be split by all stakeholders (government, bank, client) as agreed earlier
  - Available for clients with max. loan amount of HUF 20mn (EUR 68,000) at inception
  - Applications for participation will be collected in three steps until December 31 2012
    - From April 2012: public employees and civil servants can apply
    - From June 2012: FX housing loan holders can apply
    - From September 2012: all mortgage loan holders can apply
  - Rate caps will apply until 30 June 2017
  - Estimated cumulative impact on Erste Bank Hungary: about EUR 80mn

- **EBH's new management implementing new strategy**
  - Focus on local currency lending from locally sourced liquidity
  - Reduce dependence on parent company funding
  - Smaller size reflects market circumstances
    - 15% headcount reduction
    - Network reduction by 43 branches

- **EBH to reach profitability in 2014 based on its new strategy**

Tackling Romania –
Gradual de-risking of the loan book

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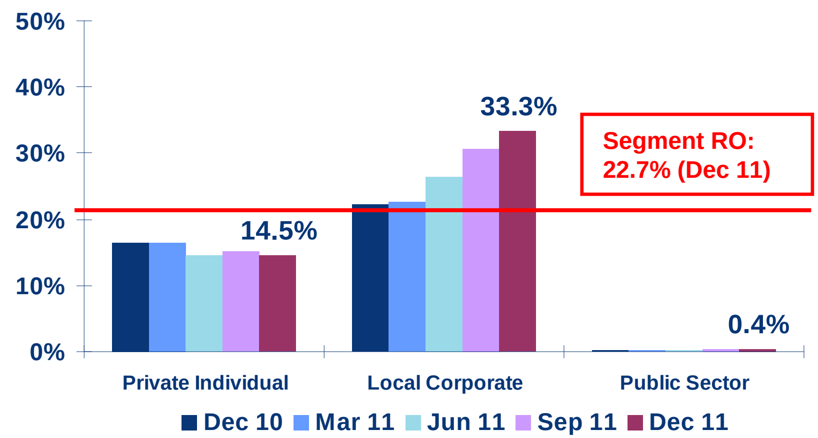
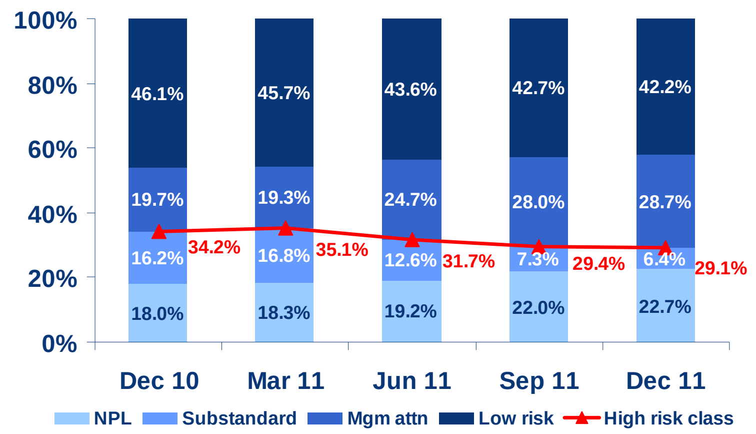
- **NPL ratio rose to 22.7%**
  - Mainly driven by downward migration in the corporate segment and by the slight decrease of the loan book
  - However, non-performing and substandard bucket significantly reduced since March to 29.1% from 35.1%
- **Corporate: new NPL formation in Q4 at half pace against previous quarter**
  - Strong impact of delayed economic recovery and GDP growth below potential
  - NPL ratio up mainly on local corporate segment posting few albeit large defaults
  - Prudent lending policy focused on clients with high cash flow generation capability & solid financial background
- **Retail: continuous gradual improvement of portfolio quality**
  - NPL ratio marginally down on low NPL formation in PIs and sell-offs to third parties
  - Very good quality of loans originated in the last 2 years
  - Conservative approach on new consumer lending, in line with BNR rules - lower tenor, debt to income & LTV

NPL ratios: Segment Romania



Segment Romania - Migration analysis



Building on our strengths (1) –
Czech Republic: Track record of value generation

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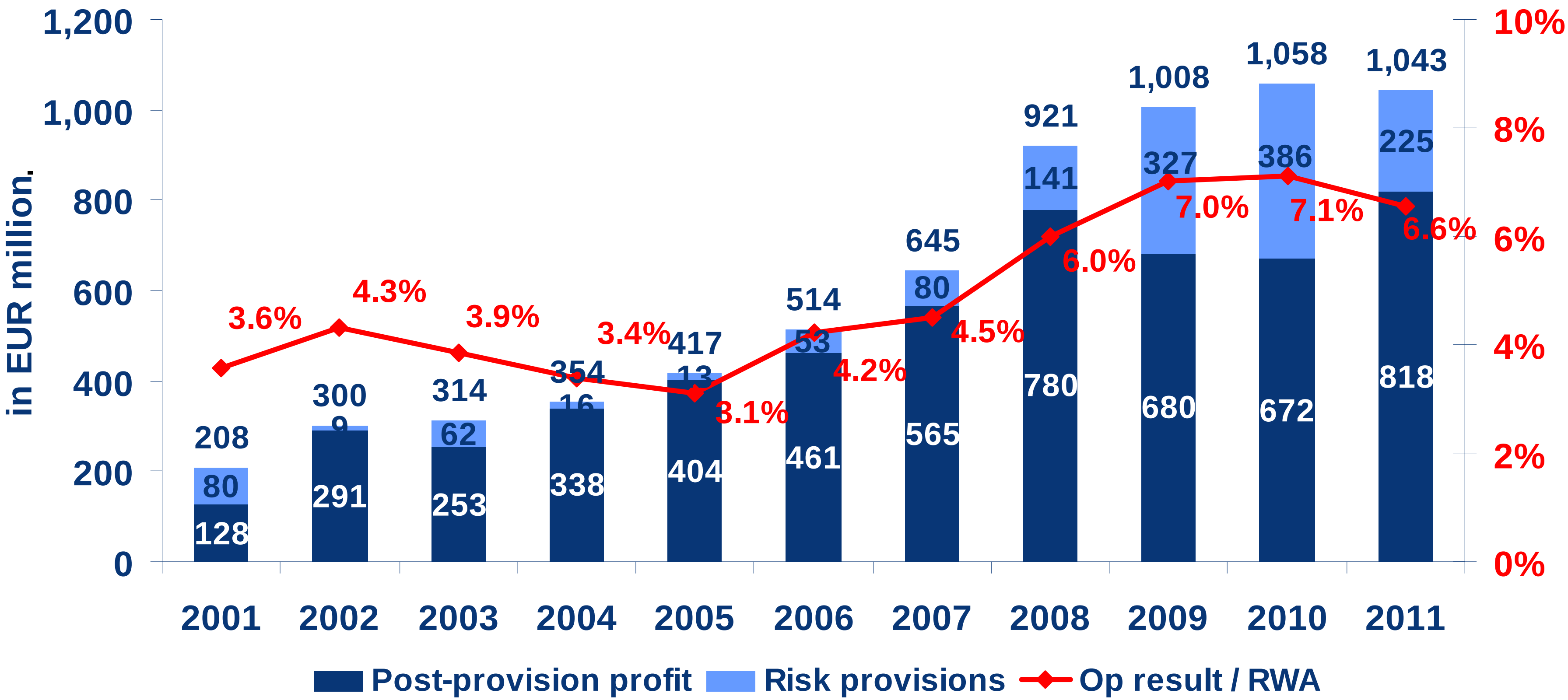
Ceska sporitelna: operating profit history*



* Ceska local consolidated figures

Building on our strengths (2) –
Austria and Slovakia have developed well too

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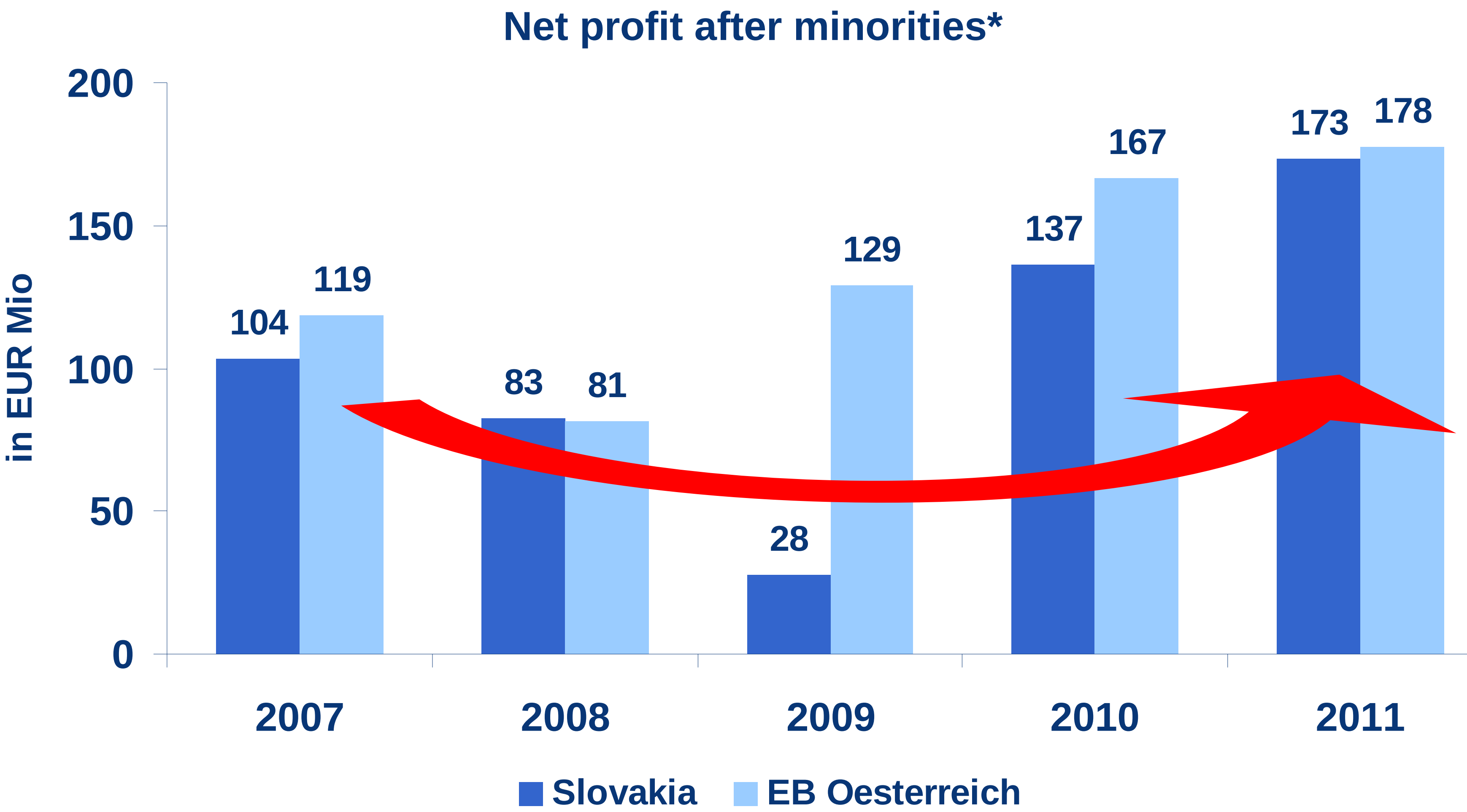

* IFRS segment figures

Building on our strengths (3) –
Successful cost control even in challenging times

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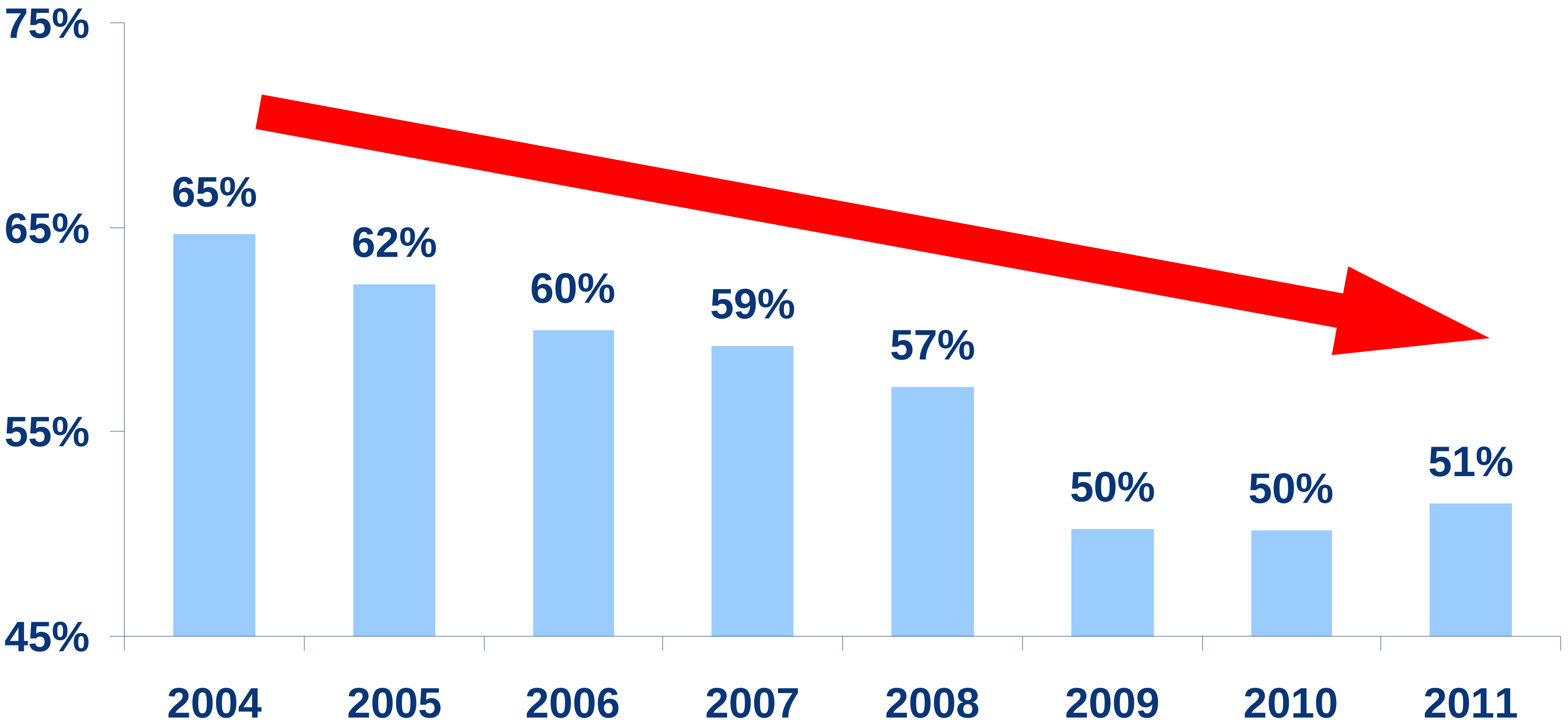
Erste Group's cost/income ratio



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Improving capital position –
On track for EBA compliance

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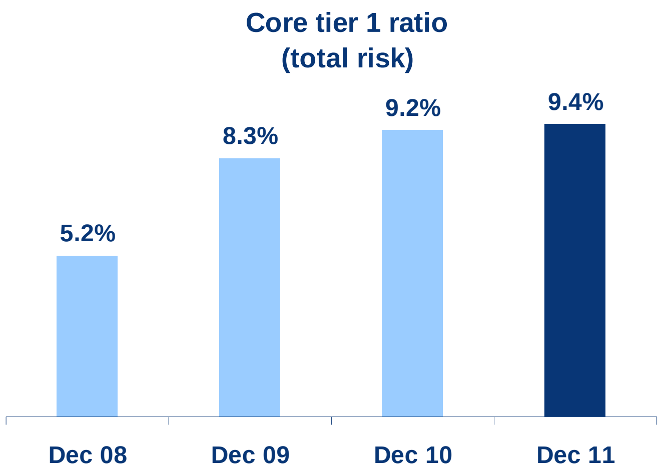
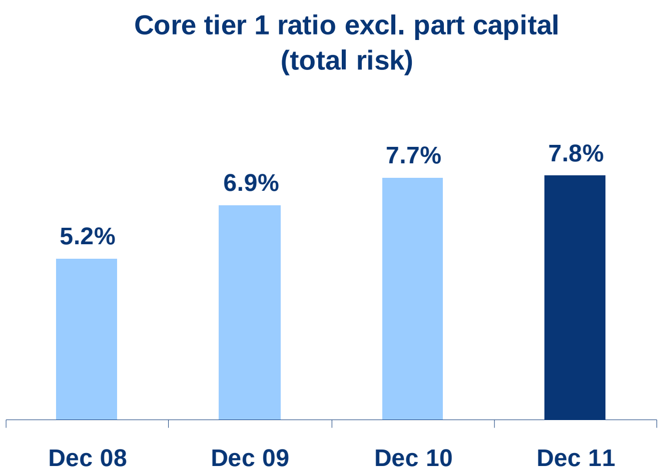
- **EBA core tier 1 ratio at 31 Dec 11: 8.9%**
- **EBA capital gap narrowed to about EUR 166 million, down from EUR 743 million**
- Supported by solid earnings in Q4 11 and…
- …RWA decrease of EUR 5.8bn on reduction of non-core business and technical regulatory effects

- **Hybrid T1 and LT2 buyback generated additional capital**
- Buy back of EUR 496m in hybrid T1 paper
- Buy back of EUR 332m in lower tier 2 paper
- Positive P&L effect minimum EUR 150m

- **Basel 2.5 (CRD III) CET 1 ratio at YE 2011 reaches 9.4%, significantly exceeding the Basel II CT1 ratio of 9.2% at YE 2010**





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.

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Conclusion –
Outlook

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- **Despite subdued growth outlook for CEE, underlying macroeconomic data in core markets points towards stronger GDP growth than in most other EU countries**
  - Austria, Czech Republic and Slovakia are well positioned to weather a potential recession in EU
  - Romania is staying the course and addressing public debt and C/A imbalances despite slow economic recovery
  - Hungary: improved market confidence due to planned IMF negotiations
- **Operating result expected to increase slightly in 2012**
  - Despite ongoing reduction in non-core assets
  - Based on selective loan growth in our core markets
  - Supported by further cost reductions
- **Risk costs to decrease as 2011 extraordinary effects expected not to recur**
- **EBA capital ratio to exceed 9% beyond 30 June 2012**

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FY 2011 executive summary –
Strong Q4 11 net profit reduces FY 2011 net loss

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- **Solid quarterly result of EUR 254.1m in Q4 11 on profitable core business in Austria, Czech Republic, Slovakia & Croatia**

- **FY 2011 net loss of EUR 718.9m a result of one-off items:**
  - Revaluation of written CDS held by International Business (IB) and subsequent close out
  - Unorthodox politics in Hungary, FX conversion law and deteriorating economy
  - Impairment of goodwill in Romania and Hungary

- **Risk costs increased to EUR 2,266.9m (168bps) or by 12.2% mainly due to Hungary**
  - NPL ratio based on customer loans was 8.5% at YE 11 (7.6% at YE 10)
  - New NPL formation improved, but still at an elevated EUR 1.3bn in 2011 (EUR 1.5bn in 2010)
  - NPL coverage ratio increased slightly to 61.0% (YE 2010: 60.0%)

- **Superior funding position based on strength in retail deposit collection**
  - LTRO participation and covered bond issuance further enhanced long and short term funding profile

- **EBA CT1 ratio rises to 8.9% at YE 11, capital gap narrows to EUR 166m (Q3 11: EUR 743m)**
  - On profitable Q4 11 and EUR 5.8bn cut in RWA as a result of reduction in non-core assets

- **Basel 2.5 CET1 ratio reaches 9.4% (incl. participation capital) in 2011 following 9.2% (Basel 2 CT1) in 2010, excl. participation capital: 7.8%**

Key financial indicators –
Key indicators impacted by one-off items in FY 2011

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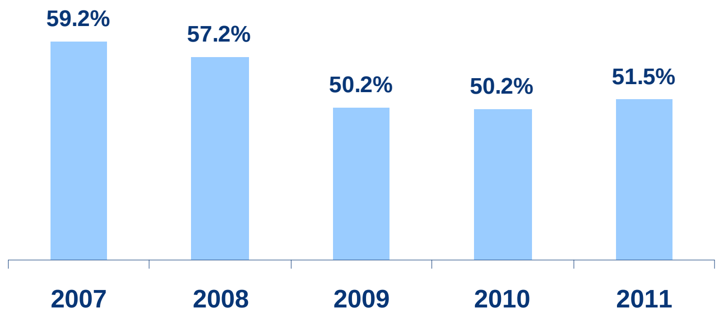
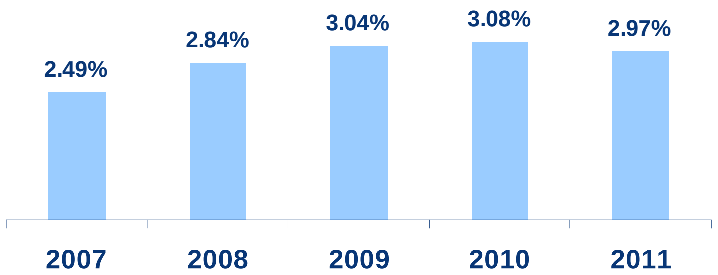
YTD cost income ratio

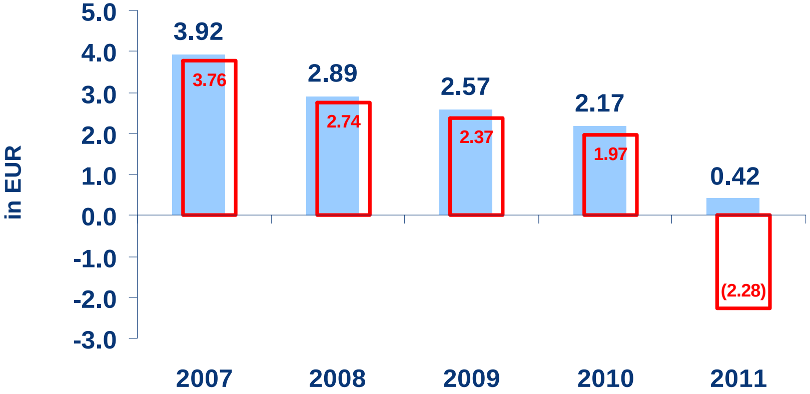


YTD net interest margin

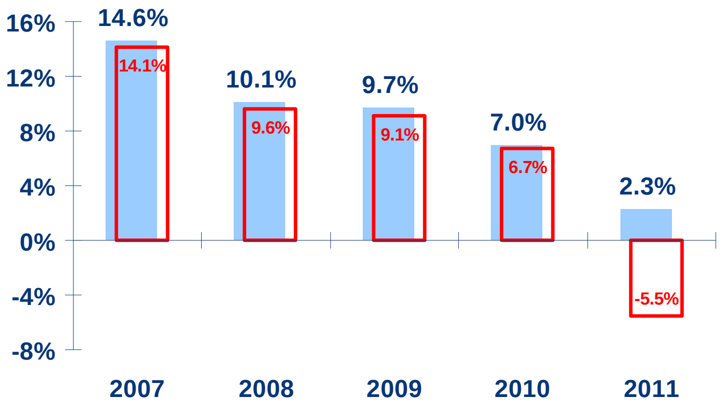


As of 2011 changed NIM calculation: net interest income includes NII from trading assets, interest-bearing assets include trading assets.

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 377.7m (ex treasury shares and shares owned by savings banks with EG participations: 1.8m). Cash EPS and Cash ROE adjusted for non-cash items totalling EUR 1,020.1m in 2011 (goodwill impairments, linear amortisation of customer relationships after tax and non-controlling interests) but dividend on participation capital (EUR 141.1m) only included in Cash EPS.

Income statement (IFRS) –
FY 2011 performance affected by one-off items in Q3

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in EUR million	2011	2010	Change	Comment
Net interest income	5,569.0	5,439.2	2.4%	Solid performance of core business
Risk provisions for loans	(2,266.9)	(2,021.0)	12.2%	Up in HU, down or flat all other segments
Net fee and commission income	1,787.2	1,842.5	(3.0%)	Reduced securities business
Net trading result	122.3	321.9	(62.0%)	Written CDS in International Business
General administrative expenses	(3,850.9)	(3,816.8)	0.9%	
Other operating result	(1,589.9)	(439.3)	>100.0%	Goodwill, banking taxes
Result from financial instruments - FV	0.3	(6.0)	na	
Result from financial assets - AfS	(66.2)	9.2	na	Impairment & selling losses
Result from financial assets - HtM	(27.1)	(5.5)	>100.0%	on peripheral bonds
Pre-tax profit/loss	**(322.2)**	**1,324.2**	**na**	
Taxes on income	(240.4)	(280.9)	(14.4%)	
Net profit/loss for the period	**(562.6)**	**1,043.3**	**na**	
Non-controlling interests	156.3	164.6	(5.0%)	
Owners of the parent	**(718.9)**	**878.7**	**na**	

- Additional comments for year-on-year comparison:
  - Impairment of goodwill EUR 1,064.6m for RO, HU and Austrian subsidiaries
  - Written CDS (IB) negative impact on trading of EUR 182.6m in 2011
  - Additional risk provisions of EUR 450m in Hungary for FX conversion and to raise coverage ratio in Q3
  - Other taxes (mainly Austrian banking tax) increased to EUR 163.5m

Income statement (IFRS) –
Solid quarterly performance

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in EUR million	Q4 11	Q3 11	Change	Comment
Net interest income	1,434.9	1,430.2	0.3%	Shifiting of NII on trading assets
Risk provisions for loans	(407.7)	(938.4)	(56.6%)	Q3 11 impacted by HU one-off
Net fee and commission income	435.2	445.9	(2.4%)	Reduced securities business
Net trading result	84.9	(251.4)	na	CDS closing & derivatives positive in Q4
General administrative expenses	(959.3)	(965.3)	(0.6%)	
Other operating result	(129.5)	(1,200.2)	(89.2%)	Mainly goodwill in Q3, HU tax reduction Q4
Result from financial instruments - FV	8.1	12.1	(33.1%)	
Result from financial assets - AfS	(3.4)	(76.9)	(95.6%)	Impairment on greek bonds
Result from financial assets - HtM	(10.1)	(19.0)	(46.8%)	
Pre-tax profit/loss	453.1	(1,563.0)	na	
Taxes on income	(135.4)	70.4	na	
Net profit/loss for the period	317.7	(1,492.6)	na	
Non-controlling interests	63.6	1.2	>100.0%	
Owners of the parent	254.1	(1,493.8)	na	

- **Additional comments for quarter-on-quarter comparison:**
  - Offsetting of banking tax against FX conversion losses in Hungary led to reversal of EUR 40.8m in the other operating result
  - NII from trading assets for 2011 was shifted from net trading to net interest income (EUR 83.9m)
  - Closing the written CDS position in IB had a positive net impact in Q4 11 of EUR 21.9m
  - Losses in Hungary not tax deductible

Balance sheet (IFRS) –
Successful RWA reduction in non-core business

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in EUR million	Dec 11	Dec 10	Change	Comment
Cash and balances with central banks	9,413	5,839	61.2%	Temporary additional liquidity from LTRO
Loans and advances to credit institutions	7,578	12,496	(39.4%)	Reduced non-core business
Loans and advances to customers	134,750	132,334	1.8%	Increase in AT, SK
Risk provisions for loans and advances	(7,027)	(6,119)	14.8%	Driven by Hungary
Derivative financial instruments	10,931	8,508	28.5%	
Trading assets	5,876	5,536	6.1%	
Financial assets - FV	1,813	2,435	(25.5%)	
Financial assets - AfS	20,245	17,751	14.0%	Basel 3, excess liquidity and deposit
Financial assets - HtM	16,074	14,235	12.9%	growth invested (bonds, CEE region)
Equity holdings in associates	173	223	(22.4%)	
Intangible assets	3,532	4,675	(24.4%)	Impairment of goodwill
Property and equipment	2,361	2,446	(3.5%)	
Current tax assets	116	116	0.0%	
Deferred tax assets	702	617	13.8%	
Assets held for sale	87	52	67.3%	
Other assets	3,382	4,626	(26.9%)	
Total assets	**210,006**	**205,770**	**2.1%**	
Risk-weighted assets	**114,019**	**119,844**	**(4.9%)**	

- **Additional comments:**
  - RWA were reduced by 4.9% on cut back of non-core activities
  - Financial assets rose yoy as a result of preparatory actions to meet Basel III liquidity requirements as of 2014 (e.g. LCR) and because of investing surplus liquidity in CEE bonds

Balance sheet (IFRS) –

Loan-to-deposit ratio of 113.3% at end of the year 2011

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in EUR million	Dec 11	Dec 10	Change	Comment
Deposits by banks	23,785	20,154	18.0%	LTRO
Customer deposits	118,880	117,016	1.6%	Growth in AT & RO, decline in HU
Debt securities in issue	30,782	31,298	(1.6%)	
Derivative financial instruments	9,337	8,399	11.2%	
Trading liabilities	536	216	>100.0%	
Provisions	1,580	1,545	2.3%	
Current tax liabilities	34	68	(50.0%)	
Deferred tax liabilities	345	328	5.2%	
Other liabilities	3,764	4,350	(13.5%)	
Subordinated liabilities	5,783	5,838	(0.9%)	
Total equity	15,180	16,558	(8.3%)	
Non-controlling interests	3,143	3,444	(8.7%)	
Owners of the parent	12,037	13,114	(8.2%)	
Total liabilities and equity	**210,006**	**205,770**	2.1%	
Core tier 1 ratio	**9.4%**	**9.2%**		

– **Additional comments:**
  - Decrease in equity driven by net loss and dividend payments in FY 2011
  - Deposits by banks driven by LTRO 1 funds of EUR 3.0bn

Segment highlights –
CZ, AT, SK & HR doing well, RO and HU underperform

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Top segment performers in 2011:

	Czech Republic			Slovakia			EBOe		
in EUR million	2011	2010	Change	2011	2010	Change	2011	2010	Change
Operating income	1,634	1,626	0.5%	553	537	2.9%	1,007	1,001	0.6%
Operating expenses	(714)	(710)	0.6%	(224)	(222)	0.8%	(609)	(607)	0.4%
Operating result	920	917	0.4%	329	315	4.4%	397	394	0.9%
Risk costs	(210)	(366)	(42.5%)	(74)	(123)	(40.3%)	(101)	(148)	(31.6%)
Other result	(122)	(83)	46.4%	(40)	(21)	95.4%	(64)	(26)	>100.0%
Net profit/loss	456	379	20.4%	173	137	26.8%	178	167	6.6%

Special management attention focusing on:

	Hungary			Romania		
in EUR million	2011	2010	Change	2011	2010	Change
Operating income	520	508	2.3%	852	957	(11.0%)
Operating expenses	(200)	(203)	(1.0%)	(376)	(375)	0.3%
Operating result	319	306	4.4%	475	582	(18.3%)
Risk costs	(812)	(244)	>100.0%	(499)	(507)	(1.5%)
Other result	(57)	(68)	(16.7%)	(31)	(50)	(38.4%)
Net profit/loss	(567)	(22)	>100.0%	(23)	9	na

Loan book review –
Loan demand started to recover in corporate business

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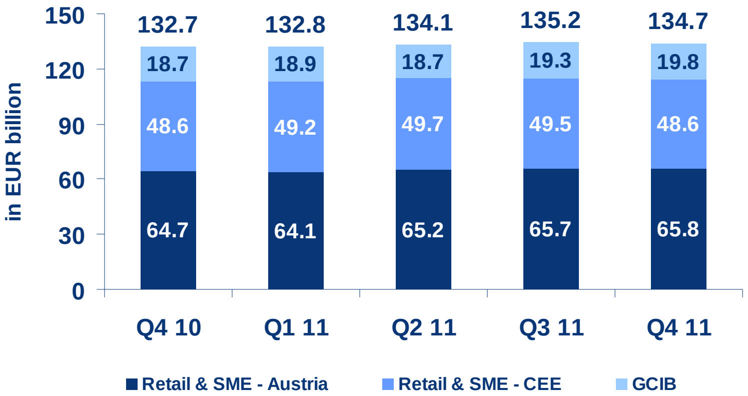
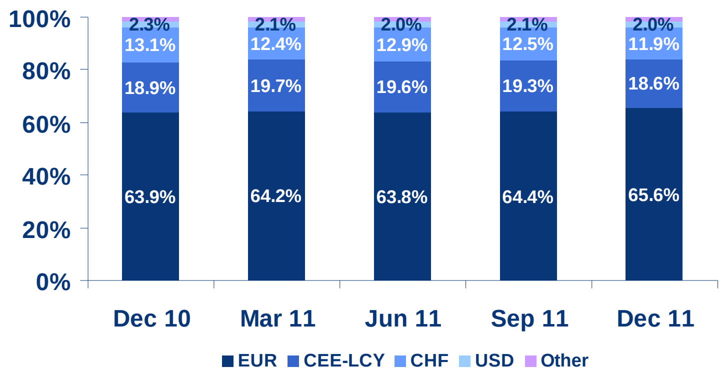
- **Customer loans increased by 1.8% yoy**
  - Notable growth of retail portfolio in Slovakia and retail and corporate business in Austria
- **Quarterly decline of around EUR 0.5bn driven by Hungarian FX loan conversion scheme**
  - In CEE pronounced decrease of portfolio in Hungary on FX conversion and in Czech Republic due to currency movement in CZK in Q4 11
  - In GCIB portfolio large corporate business posted strong growth, while international business decreased

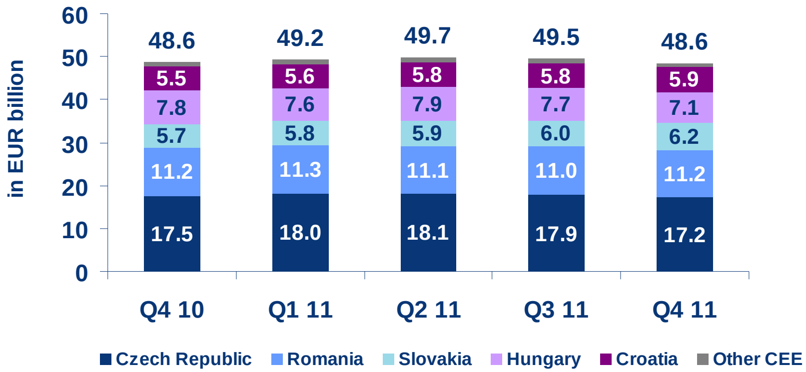
Customer loans by main segments *



Customer loans by currency



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

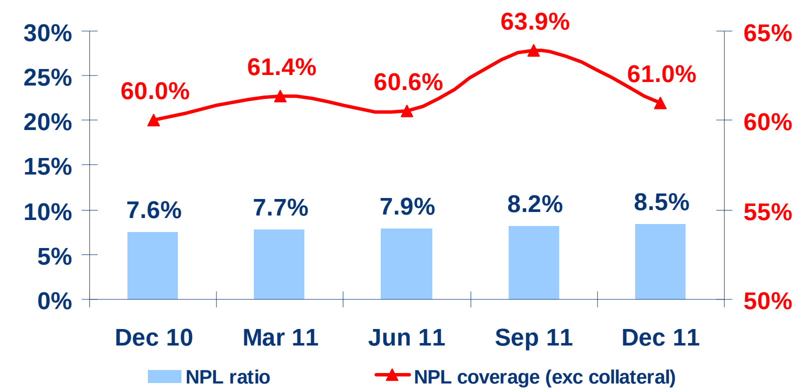


*) Due to immateriality historical segment loan volumes have not been restated and do not exactly add up to total due to consolidation effects

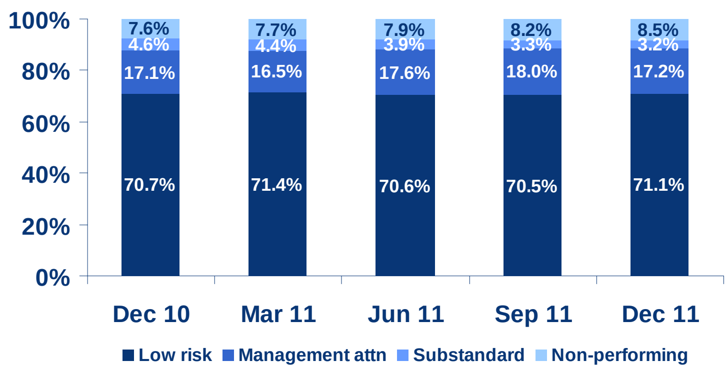
Asset quality review –
Group trends: NPL formation up on RO and HU in 2011

- **New NPL formation declined yoy**
  - New formation mainly in Hungary (deterioration of corporate and real estate portfolio) and Romania (weak SME business)
  - Qoq: New NPL formation down from EUR 499m in Q3 to EUR 275m in Q4 mainly due to NPL sales (EUR 163m) and write-offs
- **NPL coverage ratio slightly up to 61.0%**
- **Migration trends still mixed**
  - While low risk share is increasing and substandard further decreasing, new NPL formation still significant

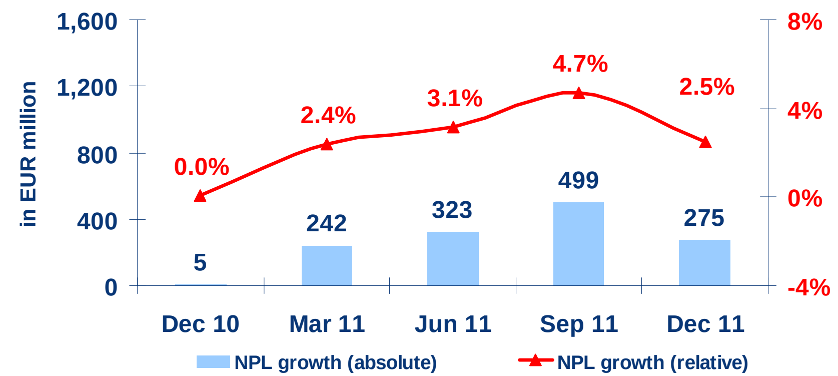
Erste Group: NPL ratio vs NPL coverage



Customer loans by risk class



Quarterly NPL growth (absolute/relative)

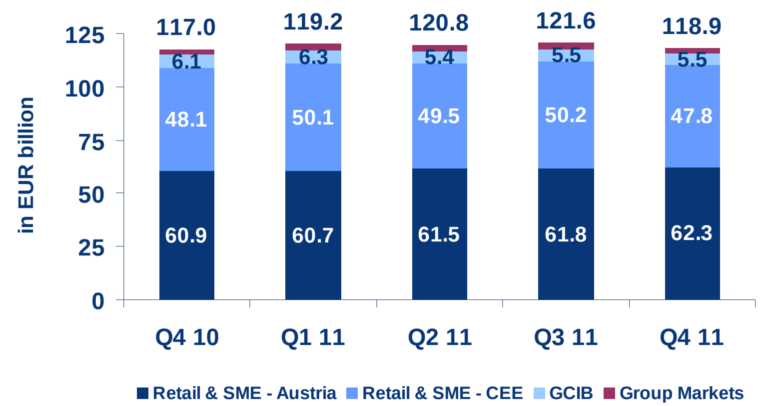


Funding update –
Continued deposits growth year-on-year since 1999

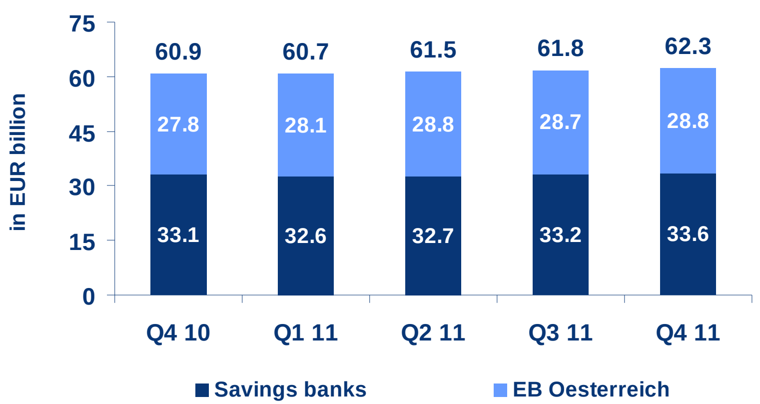
ERSTE GROUP

- **Customer deposits grew by 1.6% in 2011**
  - In 2011 most visible inflow in EBOe
  - Negative FX effect amounted to EUR 1bn in 2011
- **Retail & SME deposits increased by 1.1% yoy**
  - Romania (2.7%) and Serbia (+6.2%) grew fastest in CEE
  - Austria grew by 2.4% yoy, supported by EBOe (+3.5% yoy)
  - Currency-adjusted: other core markets reported stable or slightly declining volumes
- **Loan/deposit ratio slightly increased to 113.3% at end of 2011 (YE 2010: 113.1%)**

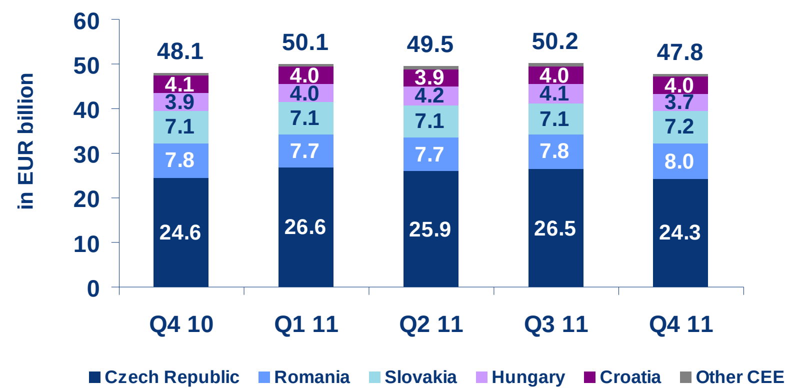
Customer deposit trends by main segments



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



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

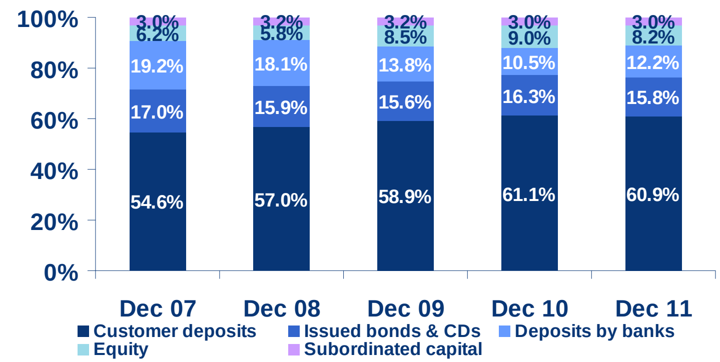


Funding update –
Retail deposits remained a key pillar in the funding mix

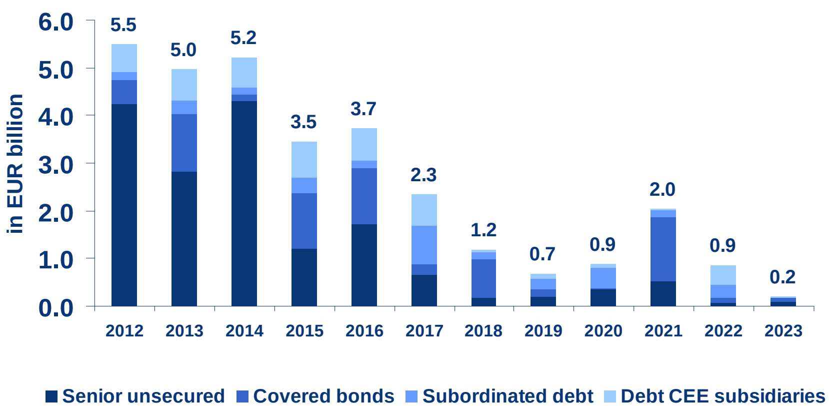
ERSTE GROUP

- **Customer deposits are primary source of funding**
  - Providing a solid funding base in all local currencies
- **LTRO take up of EUR 3bn in Dec 2011**
  - Rationale was to replace short term with longer term funding and to cope with any funding market uncertainties
  - Erste Group applied for EUR 1.1bn in Feb 2012 tender
  - Gives Erste Group maximum flexibility in its funding plans
- **Limited long-term funding required**
  - Reduced funding needs for 2012 of EUR 3.5bn due to decrease of non-core business
  - Prolongation of average maturity (2011 completed with approx. 7.5 years)
  - Successful issuance of a 10yr EUR 1bn Pfandbrief in Feb 12 at 130bps above mid-swap rate

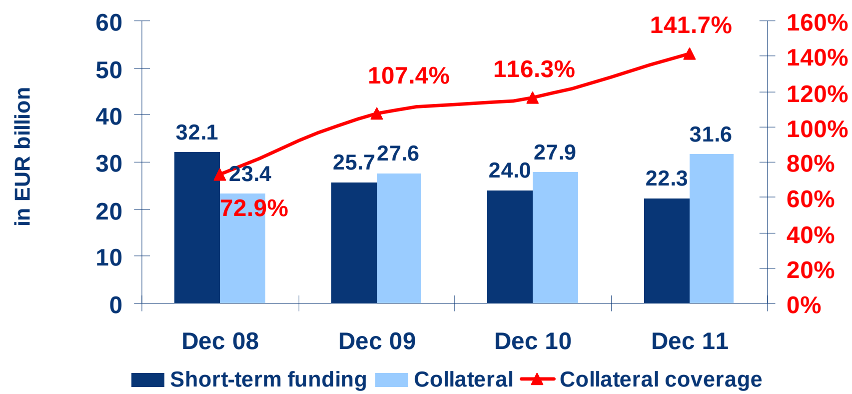
Evolution of Erste Group's funding mix



Redemption profile of Erste Group Dec 2011



Short-term funding vs collateral coverage

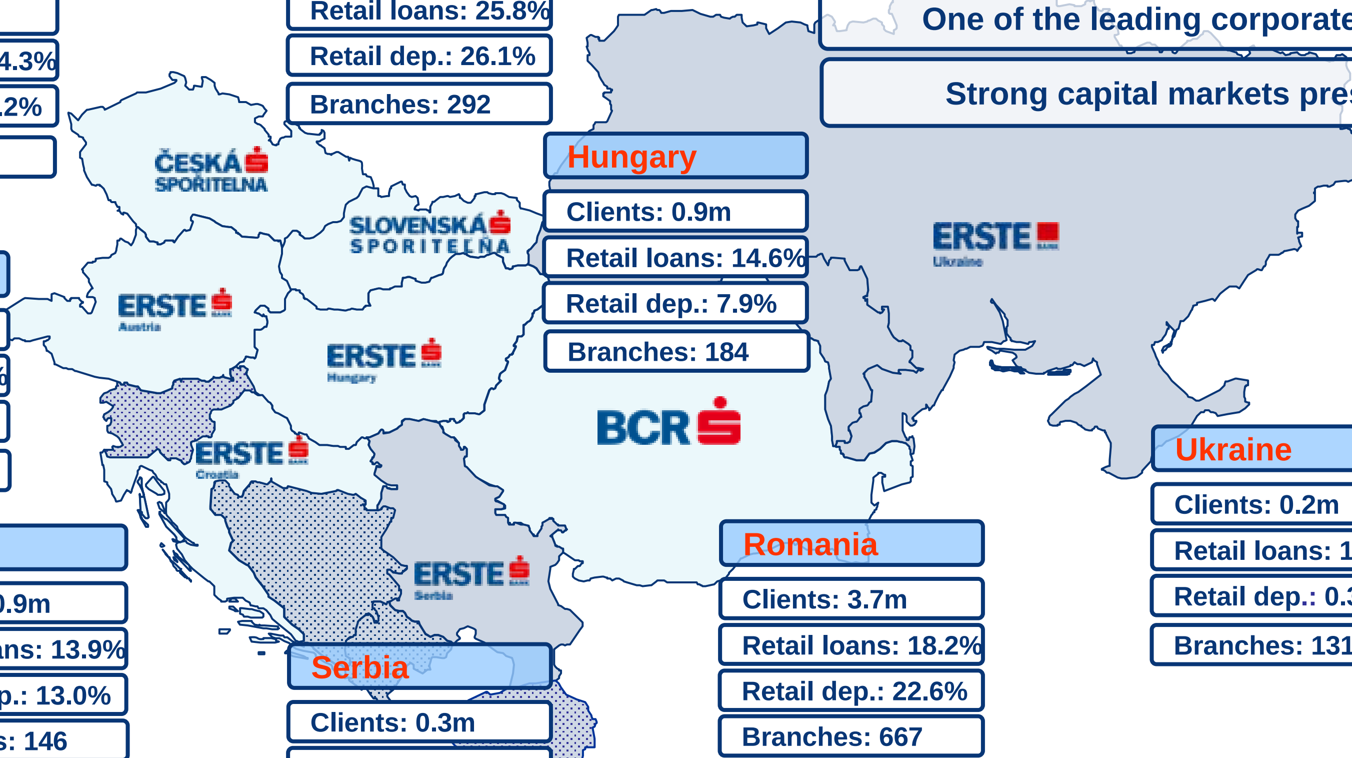


Strategy –
Customer banking in the eastern part of the EU

ERSTE GROUP

Erste Group

- The leading retail bank with 16.9 m customers
- One of the leading corporate banks
- Strong capital markets presence



Czech Republic
- Clients: 5.2m
- Retail loans: 24.3%
- Retail dep.: 28.2%
- Branches: 654

Slovakia
- Clients: 2.4m
- Retail loans: 25.8%
- Retail dep.: 26.1%
- Branches: 292

Austria
- Clients: 3.2m
- Retail loans: 19.3%
- Retail dep.: 18.9%
- Branches: 1,050

Hungary
- Clients: 0.9m
- Retail loans: 14.6%
- Retail dep.: 7.9%
- Branches: 184

Croatia
- Clients: 0.9m
- Retail loans: 13.9%
- Retail dep.: 13.0%
- Branches: 146

Serbia
- Clients: 0.3m
- Retail loans: 3.1%
- Retail dep.: 2.4%
- Branches: 65

Romania
- Clients: 3.7m
- Retail loans: 18.2%
- Retail dep.: 22.6%
- Branches: 667

Ukraine
- Clients: 0.2m
- Retail loans: 1.6%
- Retail dep.: 0.3%
- Branches: 131

EU or EU candidate country

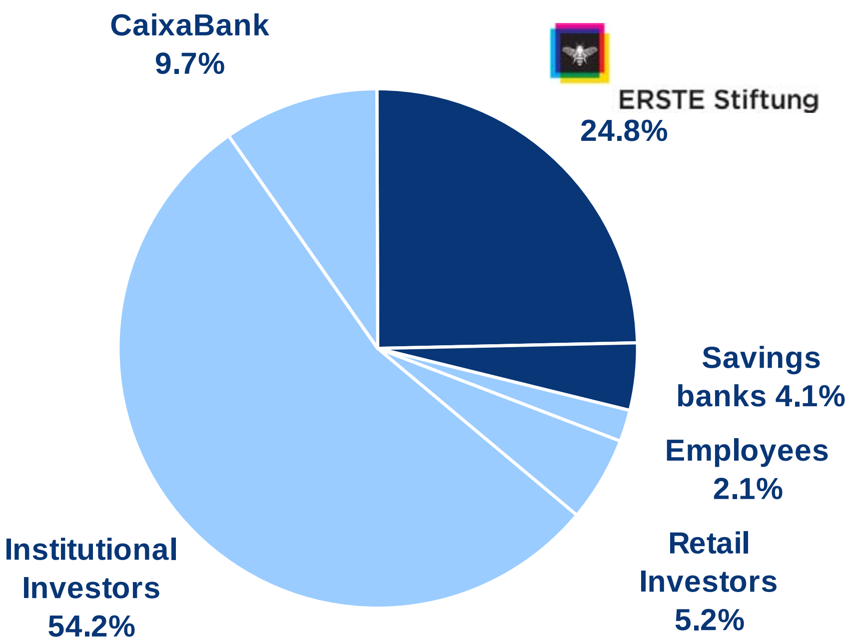
Non-EU or non-EU-candidate country

Indirect Presence

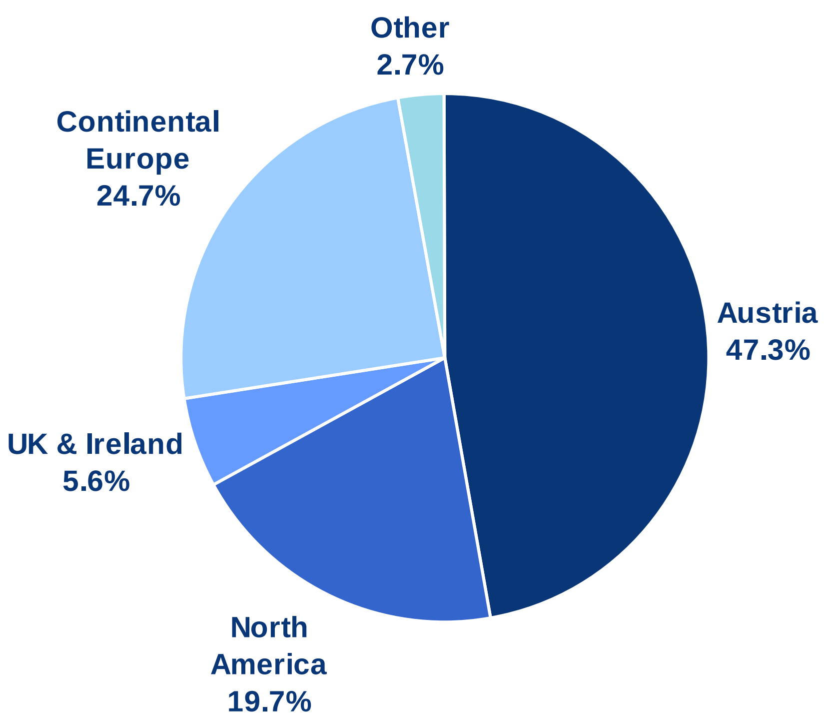
Shareholder structure –
Total number of shares: 394,568,647

ERSTE GROUP

By investor



By region



Free float: 65.5%

29 February 2012