

**Erste Group –
8th Capital Markets Day**
9 December 2011, Vienna

On- and off-balance sheet assets
Bernhard Spalt, Chief Risk Officer



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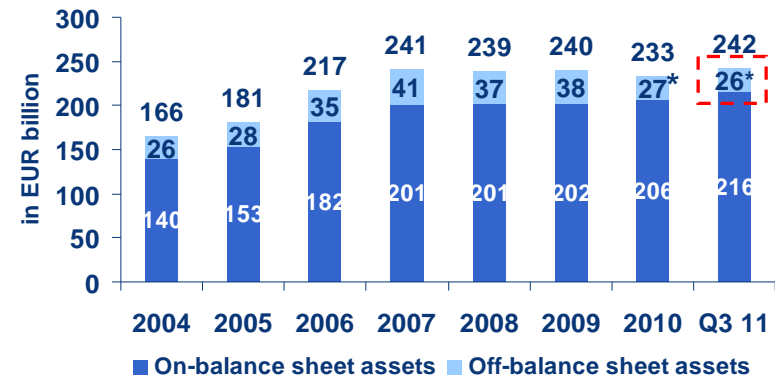
- **Asset overview**
- **On-balance sheet assets**
 - FV, AfS and HtM financial assets
 - Interbank loans
 - Derivatives & trading assets
 - Central bank cash
 - Intangibles
 - Other assets
 - Customer loans
- **Off-balance sheet assets**
- **Drill-down on selected asset classes**
 - Sovereign assets
 - Bank assets
 - Structured assets (inc ABS/CDOs)
 - European peripheral assets

Asset overview –

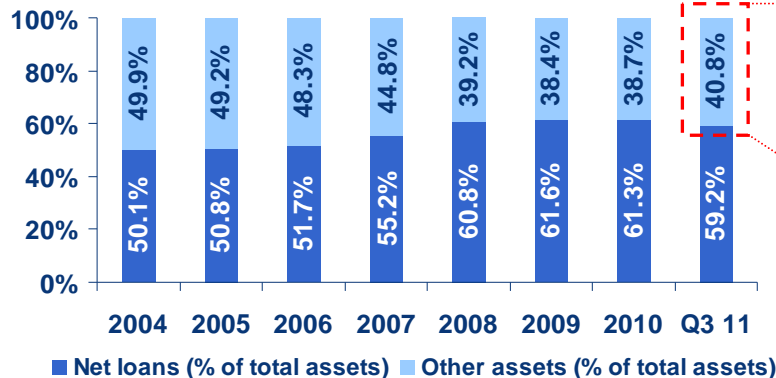
Customer loans are the key asset component

- Share of off-balance sheet assets of (Q3 11: EUR 26.4 billion) has declined over time
- Share of non-customer loan assets (Q3 11: EUR 88.1 billion) has also declined over time
- Share of client assets on a rising long-term trend

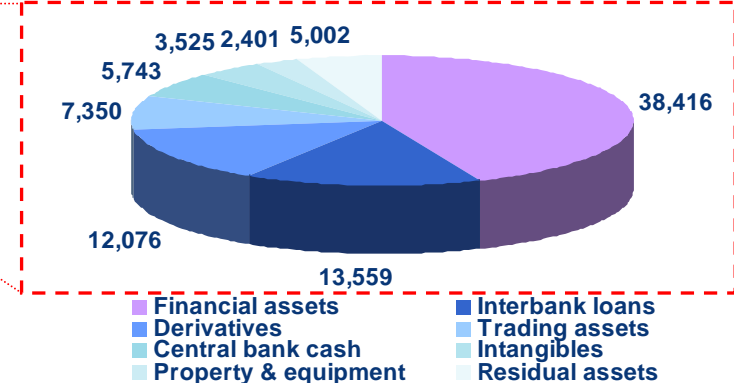
On- and off-balance sheet assets



Net customer loan share of total assets



Non customer loan asset split
(Q3 11: EUR 88.1 billion)



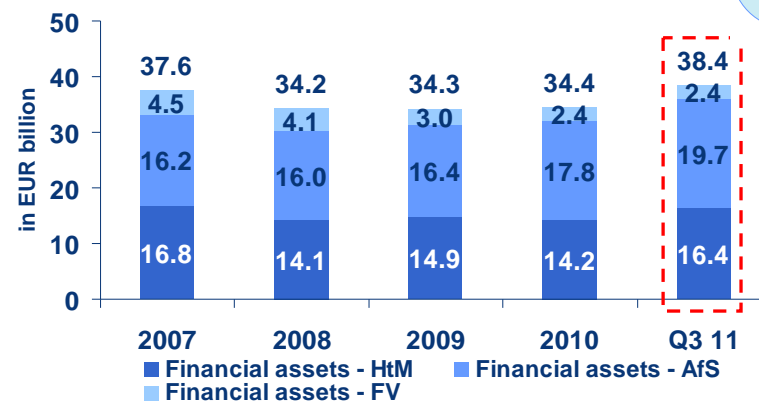
*) As of 2010 no longer includes written CDS due to restatement.

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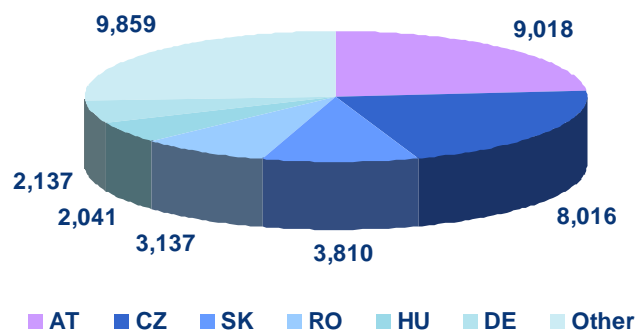
Financial assets – Introduction

- **Financial assets account for 18% of all assets**
 - Second largest balance sheet item after loans
- **Investment in financial assets results from:**
 - Excess liquidity in certain subsidiaries
 - Asset-/liability management

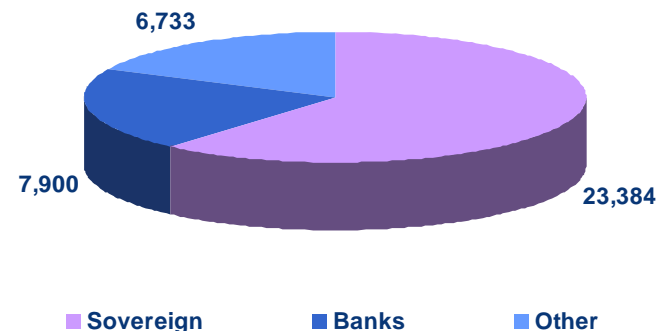
Financial assets by portfolio



Financial asset split by country
(Q3 11: EUR 38.1 billion)



Financial asset split by type of borrower
(Q3 11: EUR 38.1 billion)



Financial and trading assets –

Fair value hierarchy *

Level 1/ 2 / 3	AFS *	FV	TRD	Total
1	12,000	846	2,330	15,176
2	6,933	1,428	5,016	13,377
3	146	77	4	227
Total	19,079	2,351	7,350	28,780

Level 1/ 2 / 3	AFS	FV	TRD	Total
1	41.7%	2.9%	8.1%	56.5%
2	24.1%	5.0%	17.4%	42.1%
3	0.5%	0.3%	0.0%	1.4%
Total	66.3%	8.2%	25.5%	100.0%

*) AfS = available for sale, FV = fair value, TRD = trading.

Divergence to reported AfS figure as at 30 September 2011 related to participations reported in the AfS portfolio.

Financial assets –

Fair value assets as at 30 Sept 2011

– Italian bond in the amount of about EUR 400m to expire on 22 Jan 2012

in EUR m	Sovereign		Banks		Other		Total FV	
CZ	256	18.6%	81	16.2%	18	3.8%	355	15.1%
SK	48	3.5%	1	0.2%	9	1.8%	58	2.5%
RO	6	0.4%	0	0.0%	4	0.8%	10	0.4%
HU	468	33.9%	0	0.0%	0	0.0%	468	19.9%
AT	3	0.2%	77	15.3%	221	46.9%	300	12.8%
IT	407	29.6%	16	3.2%	0	0.0%	423	18.0%
ES	101	7.3%	33	6.5%	0	0.0%	133	5.7%
GR	8	0.6%	0	0.0%	0	0.0%	8	0.4%
IE	0	0.0%	0	0.0%	0	0.0%	0	0.0%
PT	0	0.0%	7	1.4%	0	0.0%	7	0.3%
FR	0	0.0%	16	3.2%	2	0.5%	18	0.8%
BE	0	0.0%	0	0.0%	0	0.0%	0	0.0%
DE	0	0.0%	163	32.5%	47	9.9%	210	8.9%
NL	0	0.0%	20	3.9%	36	7.7%	56	2.4%
Other	81	5.9%	89	17.7%	135	28.6%	304	13.0%
	1,378	100.0%	503	100.0%	470	100.0%	2,351	100.0%

Financial assets –

Available for sale assets as at 30 Sept 2011

– Other AFS is mainly related to US (EUR 1.7bn) and UK (EUR 0.7bn) exposures

- Other significant exposures (in EUR): HR = 471m, SL = 266m, UA = 209m, DK = 156m, SE = 131m, NO = 101m, PL = 94m

in EUR m	Sovereign		Banks		Other		Total AFS	
CZ	926	9.9%	124	2.4%	96	1.8%	1,145	5.8%
SK	1,074	11.5%	53	1.1%	35	0.7%	1,162	5.9%
RO	1,195	12.8%	0	0.0%	6	0.1%	1,201	6.1%
HU	381	4.1%	3	0.1%	4	0.1%	387	2.0%
AT	2,997	32.2%	1,676	33.1%	3,165	60.0%	7,838	39.9%
IT	46	0.5%	131	2.6%	37	0.7%	214	1.1%
ES	37	0.4%	92	1.8%	40	0.8%	169	0.9%
GR	16	0.2%	10	0.2%	3	0.1%	29	0.1%
IE	20	0.2%	110	2.2%	0	0.0%	130	0.7%
PT	3	0.0%	36	0.7%	9	0.2%	48	0.2%
FR	52	0.6%	206	4.1%	74	1.4%	332	1.7%
BE	54	0.6%	0	0.0%	4	0.1%	58	0.3%
DE	591	6.3%	886	17.5%	164	3.1%	1,641	8.3%
NL	37	0.4%	447	8.8%	143	2.7%	627	3.2%
Other	1,891	20.3%	1,298	25.6%	1,492	28.3%	4,680	23.8%
Total	9,319	100.0%	5,071	100.0%	5,273	100.0%	19,662	100.0%

Financial assets –

Held-to-maturity portfolio as at 30 Sept 2011

- Other HtM is mainly related to UK and Australian bank and corporate exposures, smaller exposures to US, Poland and South Africa

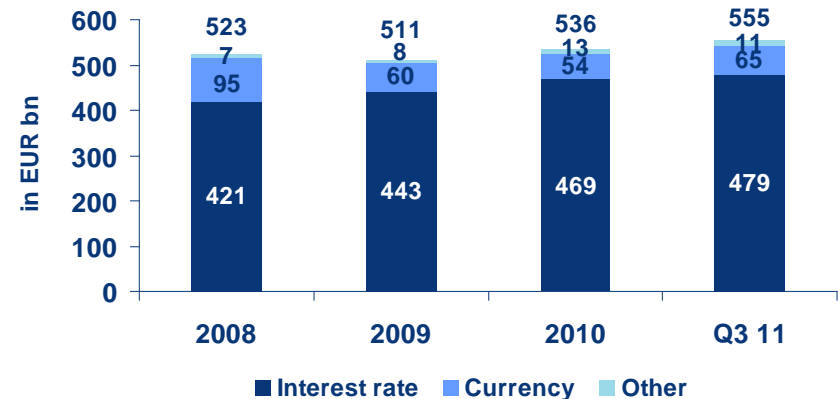
in EUR m	Sovereign		Banks		Other		Total HTM	
CZ	6,236	48.4%	278	11.4%	25	2.3%	6,539	39.9%
SK	2,587	20.1%	2	0.1%	24	2.2%	2,613	15.9%
RO	1,950	15.1%	0	0.0%	0	0.0%	1,950	11.9%
HU	1,165	9.0%	30	1.2%	0	0.0%	1,195	7.3%
AT	571	4.4%	278	11.4%	189	17.2%	1,038	6.3%
IT	0	0.0%	324	13.3%	67	6.1%	391	2.4%
ES	1	0.0%	125	5.2%	132	12.1%	258	1.6%
GR	5	0.0%	97	4.0%	0	0.0%	102	0.6%
IE	0	0.0%	20	0.8%	0	0.0%	20	0.1%
PT	0	0.0%	15	0.6%	0	0.0%	15	0.1%
FR	1	0.0%	92	3.8%	124	11.3%	217	1.3%
BE	0	0.0%	0	0.0%	10	0.9%	11	0.1%
DE	12	0.1%	260	10.7%	48	4.3%	320	1.9%
NL	0	0.0%	243	10.0%	88	8.0%	331	2.0%
Other	347	2.7%	666	27.4%	391	35.6%	1,403	8.6%
Total	12,876	100.0%	2,430	100.0%	1,097	100.0%	16,403	100.0%

Derivatives –

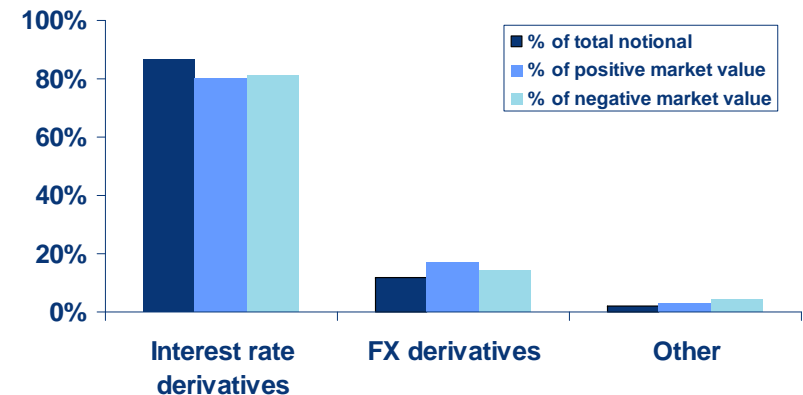
Stable volumes, mainly interest rate and FX-driven

- Derivatives are used to manage and mitigate interest rate, FX, credit and equity (plus commodities and inflation in client business) risks
- Risks are related to core business activities (like loan business, short-term and long-term funding, steering of subsidiaries, etc)
- Client risks are hedged either with tailor-made products (Institutionals, Corporates) or through standardised products (eg retail caps)
- Many client investment products have embedded derivatives
- Ytd market values of derivatives rose
 - EUR +3.6bn on the asset side
 - EUR +1.9bn on the liability side

Derivative notional volume development



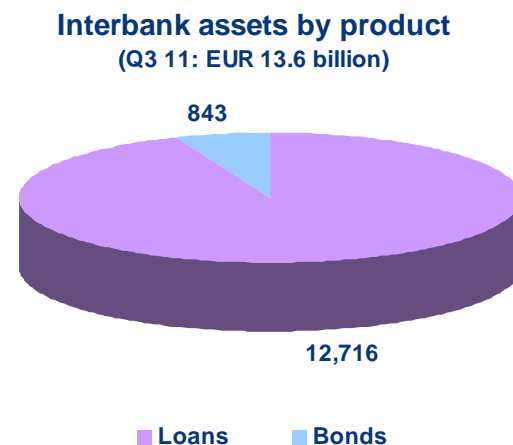
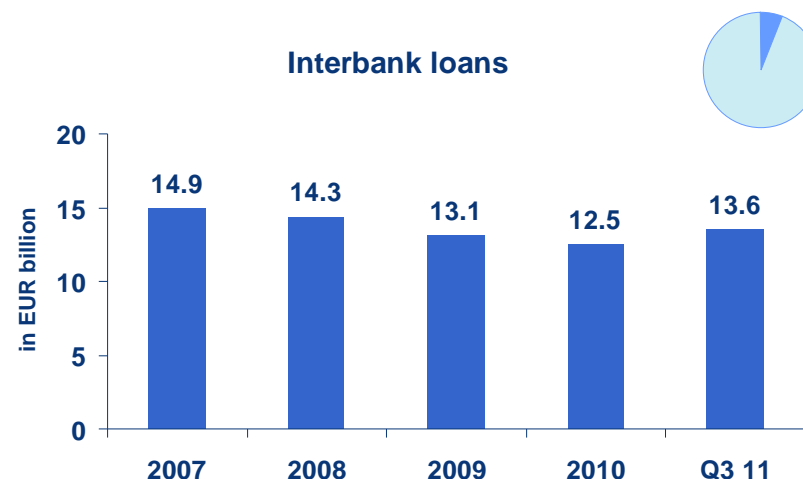
Distribution of notional & market values



Interbank loans –

On a medium-term declining trend

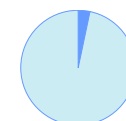
Countries	in EUR m	Share
Czech Republic	3,263	24.1%
United States of America	1,821	13.4%
United Kingdom	1,542	11.4%
Austria	1,222	9.0%
Switzerland	882	6.5%
Croatia	644	4.7%
Germany	546	4.0%
France	437	3.2%
Spain	294	2.2%
Other	2,908	21.4%
Other EU	1,004	7.4%
Emerging markets Africa	533	3.9%
Emerging markets Asia	410	3.0%
Other industrialised countries	324	2.4%
Hungary	164	1.2%
Slovenia	138	1.0%
Emerging markets SEE/CIS	127	0.9%
Romania	70	0.5%
Serbia	65	0.5%
Emerging markets Latin America	39	0.3%
Ukraine	31	0.2%
Slovakia	4	0.0%
Total	13,559	100.0%



Trading assets –

Concentration on home market

- Erste Group is the most important market maker in the region
- YTD rise in trading assets mainly due to short term T-bill investments in Hungary and the Czech Republic

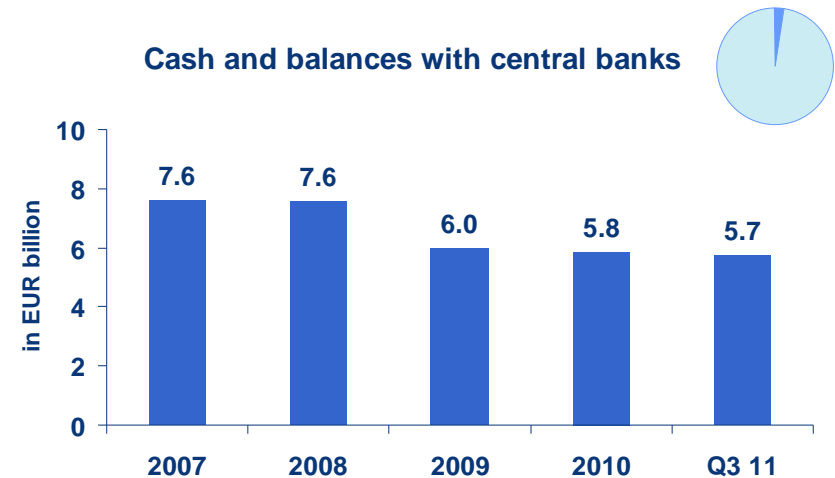


in EUR m	Sovereign		Banks		Other		Total Trading	
CZ	1,683	29.3%	6	0.7%	15	2.2%	1,704	23.2%
SK	617	10.7%	0	0.0%	0	0.0%	617	8.4%
RO	1,097	19.1%	27	3.0%	1	0.2%	1,126	15.3%
HU	1,384	24.1%	2	0.2%	26	3.8%	1,412	19.2%
AT	71	1.2%	467	52.4%	101	14.6%	639	8.7%
IT	0	0.0%	20	2.3%	0	0.0%	20	0.3%
ES	0	0.0%	4	0.4%	12	1.8%	16	0.2%
GR	0	0.0%	0	0.0%	0	0.0%	0	0.0%
IE	0	0.0%	0	0.0%	0	0.0%	0	0.0%
PT	0	0.0%	11	1.2%	0	0.0%	11	0.1%
FR	7	0.1%	28	3.1%	10	1.5%	46	0.6%
BE	0	0.0%	8	0.9%	1	0.1%	9	0.1%
DE	251	4.4%	226	25.3%	44	6.4%	521	7.1%
NL	0	0.0%	11	1.2%	16	2.2%	26	0.4%
Other	643	11.2%	83	9.3%	463	67.1%	1,204	16.4%
Total	5,753	100.0%	892	100.0%	690	100.0%	7,350	100.0%

Central bank cash –

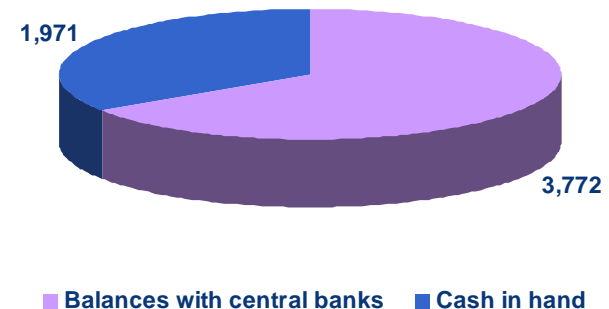
Distribution in line with CEE exposure

- Driven by minimum reserve requirements in Erste Group's main markets
- Traditionally volatile position
- Risk-weights nearly always zero
- OeNB minimum reserve is equally volatile, as based on monthly averages



Balances with central banks	Exposure (EUR m)	%
Romanian National Bank	1,833	48.6%
Czech National Bank	637	16.9%
Austrian National Bank	275	7.3%
Hungarian National Bank	272	7.2%
Single Shared Platform of European NBs (Target 2)	266	7.1%
Slovak National Bank	72	1.9%
Other	417	11.1%
Total	3,772	100.0%

Cash and balances with central banks
(Q3 11: EUR 5.7 billion)

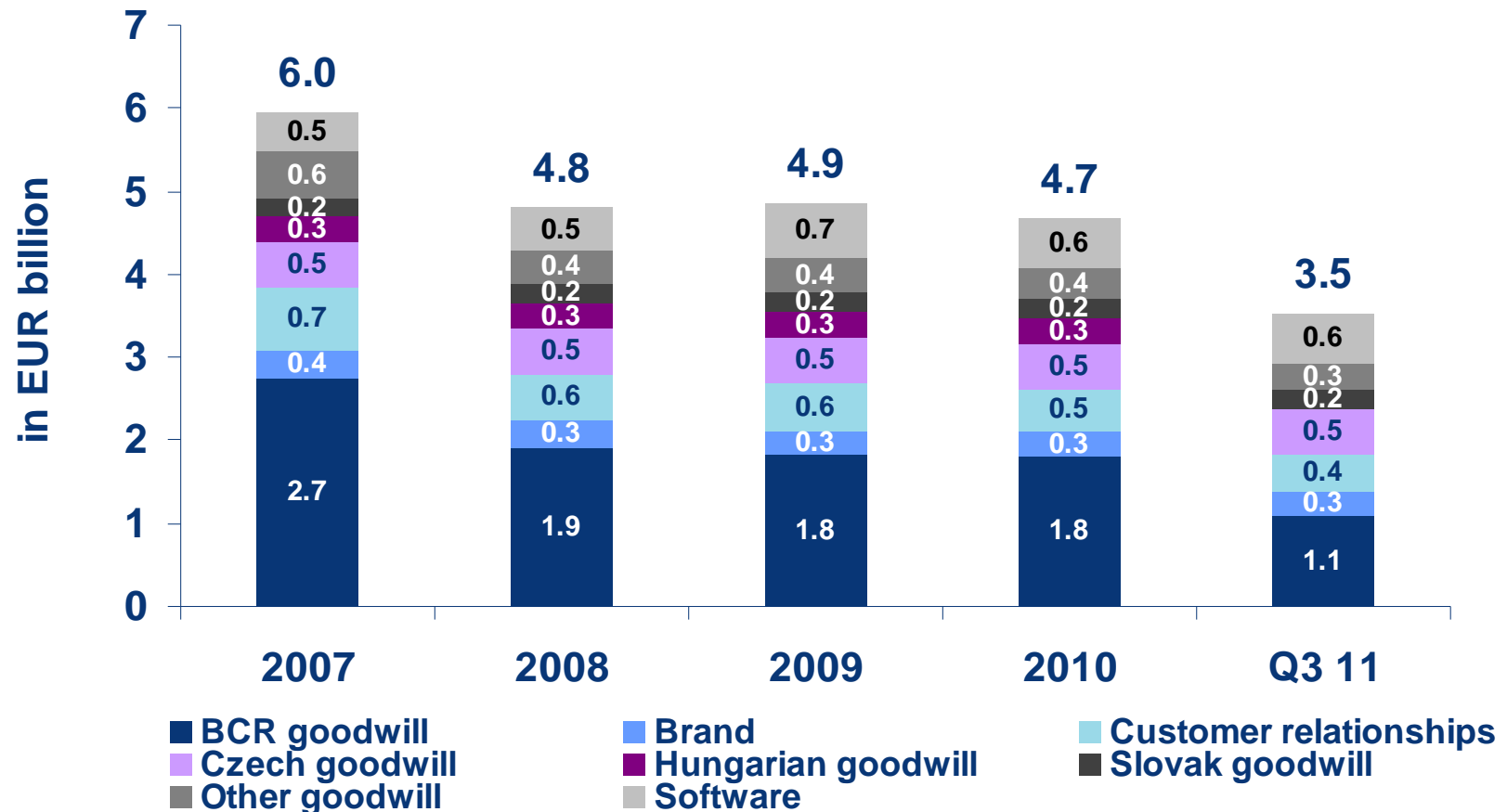


Intangibles –

Write-downs lead to decline in goodwill



Intangibles composition



Residual assets –

Mainly property & equipment and other assets

– Property and equipment

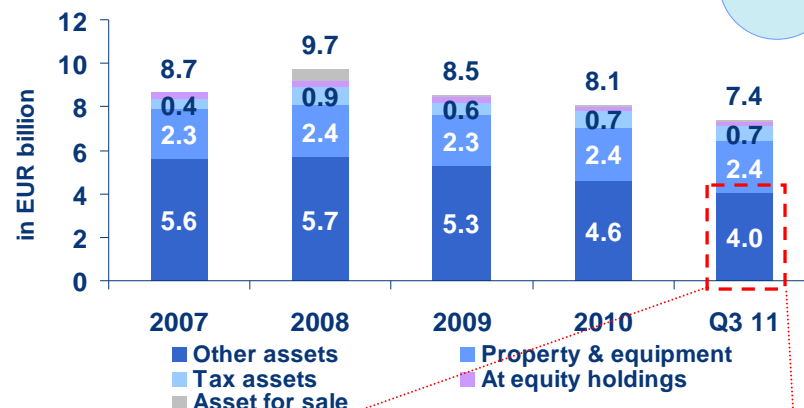
- Mainly property for own use
 - EUR 1,879m at Sep 11 (EUR 1,909m at 2010)
 - Relates to branch and head offices
 - Relevant countries are : CZ, RO, AT, SK

– Other assets details

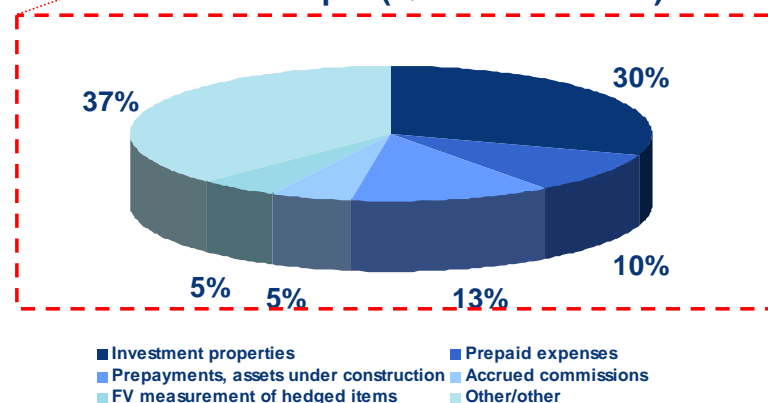
- Investment properties:
 - Amount to about EUR 1.2 billion as at 30 Sept 2011
 - Vast majority of properties are commercial buildings (office and retail space)
 - ~40% related to Czech Republic
 - ~30% related to regionally diversified Immorent portfolio
 - ~20% related to savings banks in Austria
 - Rest: Minor positions across home markets

– Other/other mainly related to clearing/settlement accounts

Residual assets as at Q3 11



Other asset split (Q3 11: EUR 4.0bn)

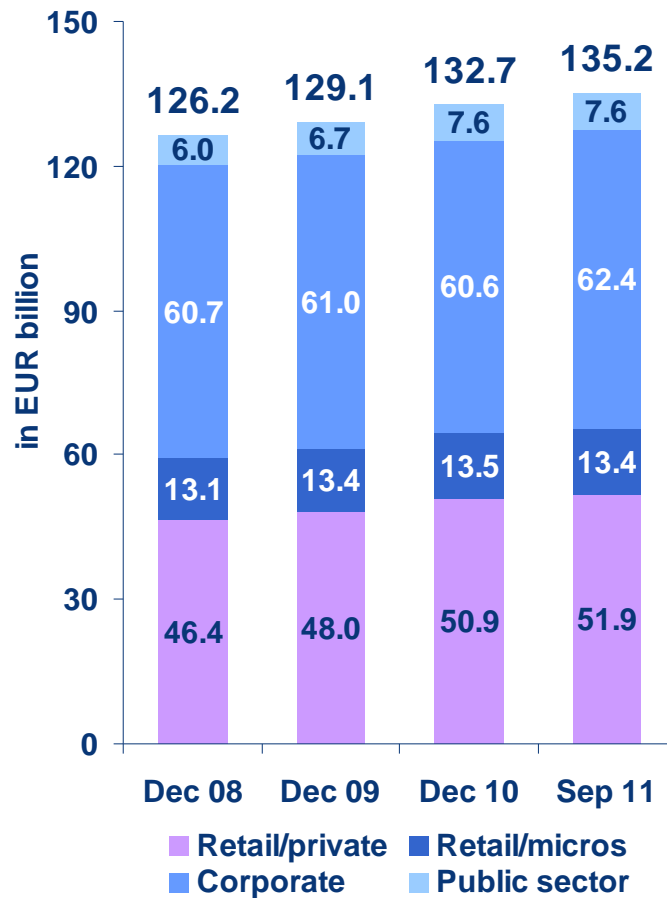


Customer loans –

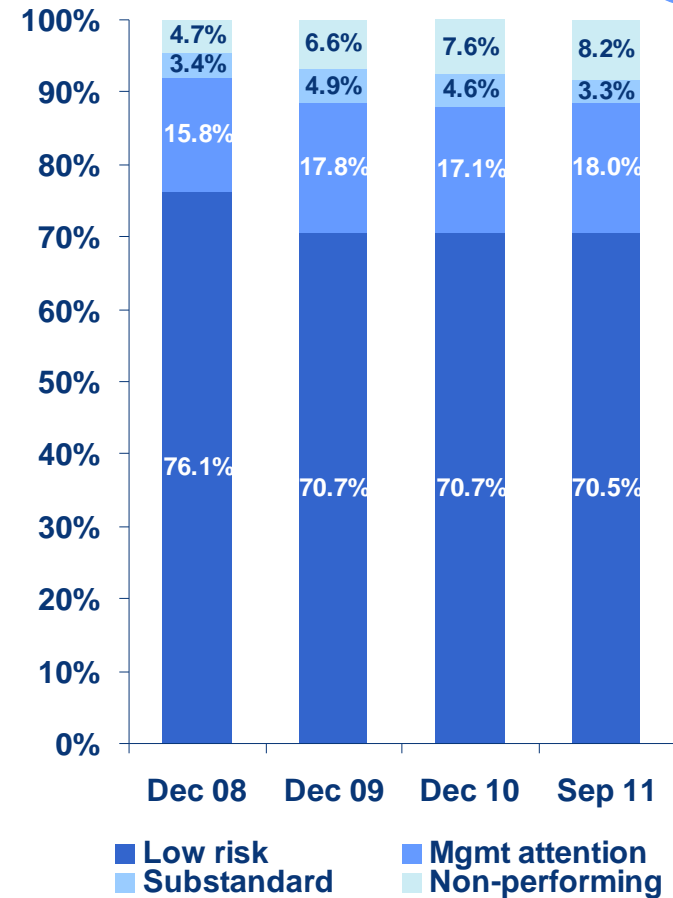
Regionally well diversified, migration trends stabilising



Customer loans (gross)



Migration trends



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Off-balance sheet assets – Exclusively related to customer business

	31 Dec 10	31 Dec 2010 restated	30 Sep 11
Guarantees and warranties	7,826	7,826	6,711
<i>of which: in relation to corporate business</i>			5,927
Credit default swaps (protection sold)	6,602	0	0
Undrawn lines, loan commitments, promissory notes	19,446	19,446	19,649
<i>of which: in relation to corporate business</i>			10,459
<i>of which: in relation to retail business</i>			7,271
<i>of which: in relation to sovereigns, municipalities</i>			1,003
Total	33,874	27,272	26,360

* restated for comparison purposes (IAS 8)

– Details on guarantees & warranties

- 60% is related to Austria (mainly guarantees for construction companies)
- 75% is EUR-based

– Details on undrawn lines and loan commitments

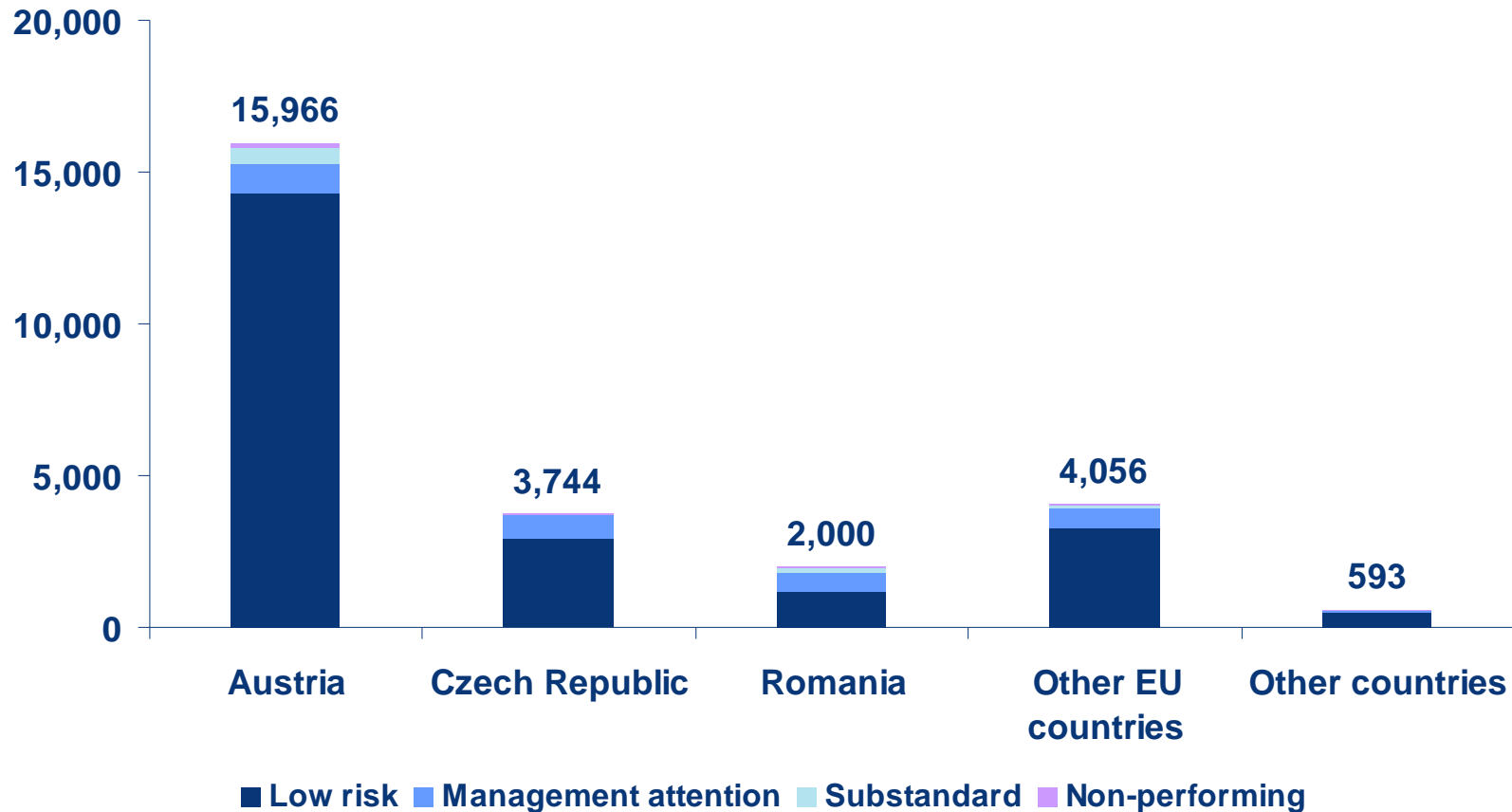
- 60% related to Austria, 80% is EUR-based
- Corporate business: 59% related to revolving loans, 21% related to term loans, rest = other
- Retail business: 57% related to revolving loans, 16% to overdrafts and 21% to term loans

– Credit default swaps are no longer included under contingent liabilities

- Positive and negative market values included under derivatives in the balance sheet
- Gross exposure as of 30 Sept 2011: EUR 5.6 billion

Off-balance sheet assets – Exclusively related to customer business

Off-balance sheet split by country and by asset quality



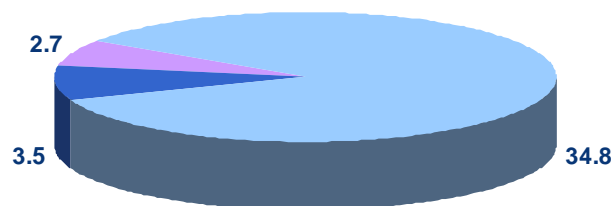
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Drill-down on selected asset classes –

Sovereign exposure relates mostly to CEE

- Sovereign exposure held as liquidity buffer and to fulfil liquidity regulations
- Excess LCY liquidity relates to Ceska, BCR, Hungary and holding

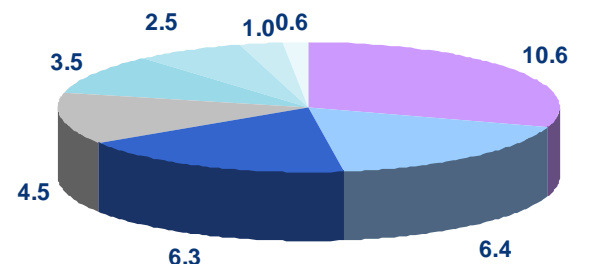
Sovereign exposure split
(Q3 11: EUR 40.9 billion)



CDS closed out in
October 2011!

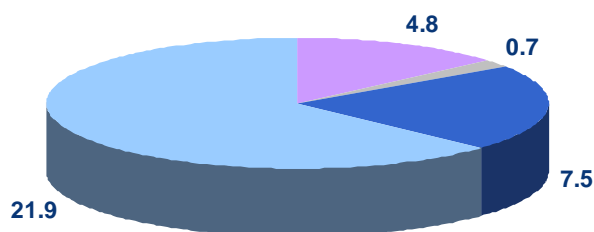
■ CDS ■ Home market ■ Other

Home market sovereign exposure by country
(Q3 11: EUR 34.8 billion)



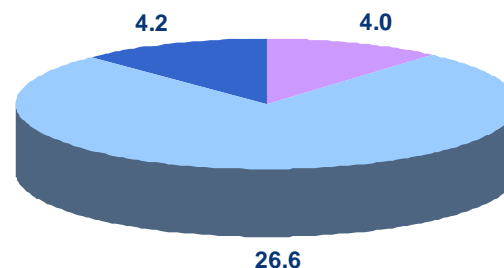
■ Czech Rep ■ Austria ■ Romania ■ Slovakia
■ Hungary ■ Croatia ■ Ukraine ■ Other

Home market sovereign exposure by book
(Q3 11: EUR 34.8 billion)



■ Trading ■ Fair value ■ Afs ■ HtM

Home market sovereign exposure by product
(Q3 11: EUR 34.8 billion)



■ Minimum reserve & cash with CB ■ Bonds ■ Other

Drill-down on selected asset classes –

Risk assessment

– Definition of sovereigns:

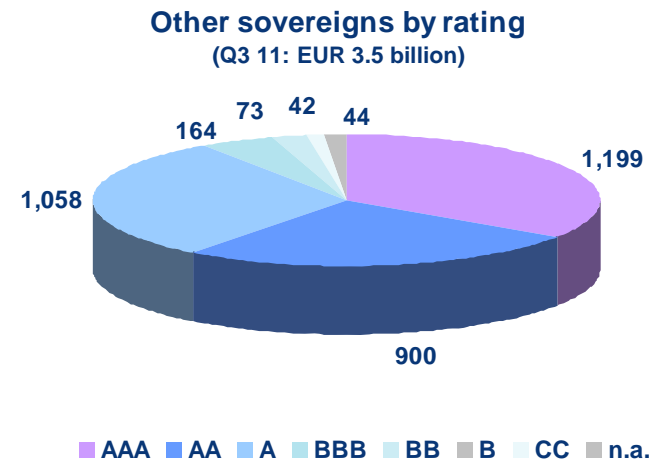
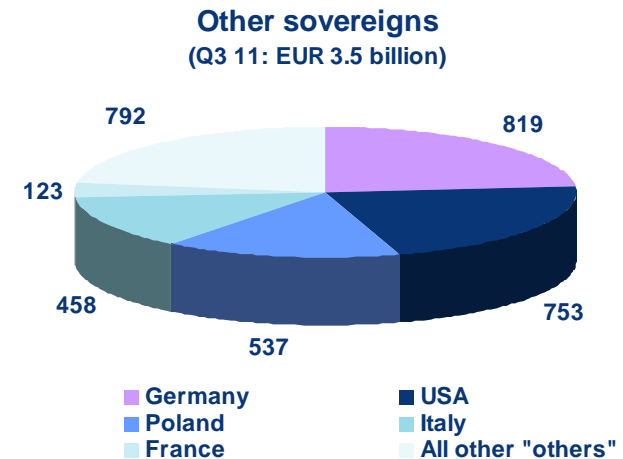
- Central government + central bank + explicitly guaranteed institutions

– Sovereign Exposure outside Core Market held partially for liquidity reasons

- Sovereign Guarantees of client export business
- International Business investments

– Internal risk assessment

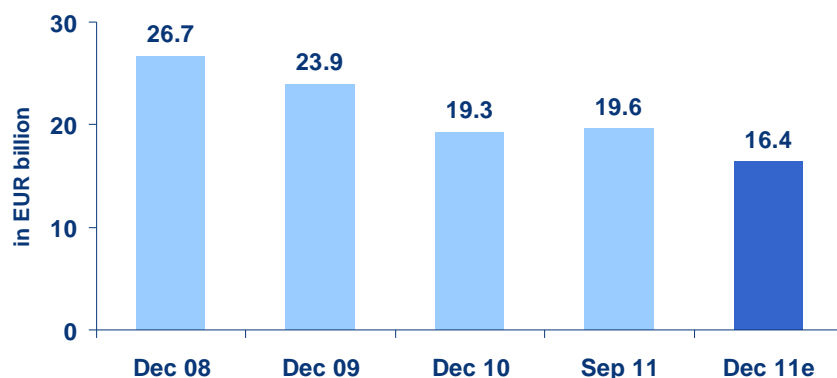
- Internal country risk rating (scoring-system with quantitative and qualitative indicators updated each quarter)
- Daily market monitoring
- Country and Sovereign Limit and Exposure Management (incl. reports)
- Country Analysis (regular basis) including peer group/benchmark analysis and also extraordinary reports on special topics
- Internal Stress tests and development of “worst-case scenarios”



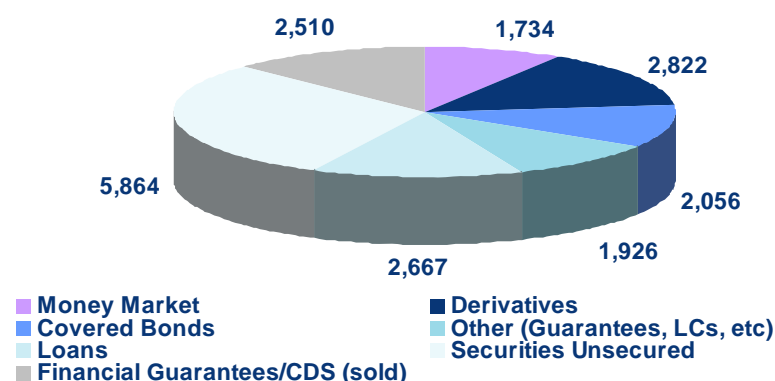
Drill-down on selected asset classes –

Declining bank exposure since 2008

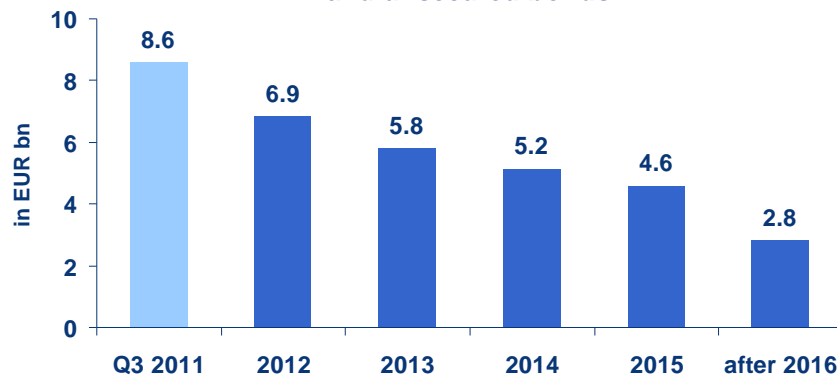
Development of exposure to banks



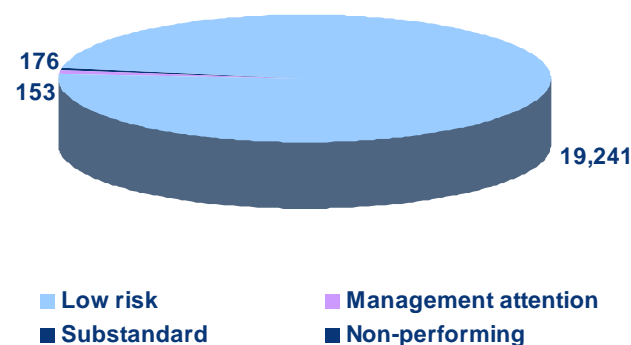
Bank exposure by product
(Q3 11: EUR 19.6 billion)



Expected run-off syndicated loans
and unsecured bonds



Bank exposure by rating
(Q3 11: EUR 19.6 billion)



Drill-down on selected asset classes – Securitisations as at 30 September 2011 *

all amounts in EUR m	Face Value		Market Value		Gain/Loss in %	
	Sep.11	Change to Dec. 10	Sep.11	Change to Dec. 10	Sep.11	Dec. 10
AAA	647	9	605	41	-6.5%	-11.6%
AA	713	19	606	-5	-14.9%	-11.9%
A	464	-150	356	-132	-23.2%	-20.6%
BBB	369	-40	244	-41	-33.9%	-30.4%
BB	168	-53	126	-18	-24.7%	-34.5%
B	60	13	34	15	-42.8%	-58.4%
CCC and lower	116	20	30	7	-74.5%	-76.9%
unrated	3	2	1	1	-59.5%	-99.0%
Total	2,539	-181	2,002	-131	-21.1%	-22.8%

all amounts in EUR m	Face Value		Market Value		Gain/Loss in %	
	Sep.11	Change to Dec. 10	Sep.11	Change to Dec. 10	Sep.11	Dec. 10
Prime RMBS	737	38	563	49	-23.6%	-26.5%
Other RMBS	21	0	14	-2	-33.4%	-25.0%
European CMBS	313	-41	171	-13	-45.4%	-48.2%
SME ABS	94	6	71	14	-24.9%	-36.2%
Leasing ABS	29	-11	19	-14	-34.1%	-18.3%
Other ABS	154	-37	138	-36	-10.6%	-8.8%
Cash CLOs	924	-91	777	-88	-16.0%	-14.9%
CDOs	24	-8	18	-5	-22.8%	-26.1%
Student Loans	243	-34	231	-37	-4.6%	-3.1%
Total	2,539	-181	2,002	-131	-21.1%	-22.8%

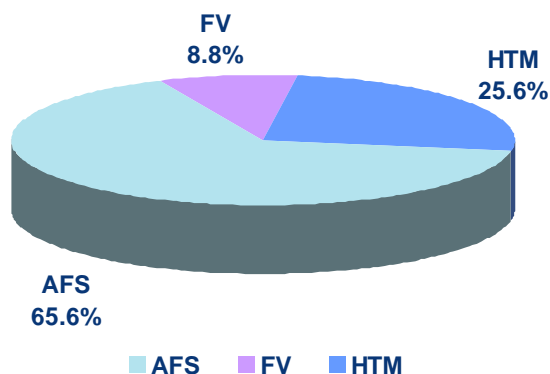
- At 30 September 2011, Erste Group has a conservative portfolio of securitised assets with a total face value of EUR 2.54bn
- The main objective for investing in this asset class was to achieve diversification in terms of risk and return in the overall Erste Group portfolio
- 85.9% of the total securitisation portfolio measured by face value is investment-grade rated; only 4.6% of the assets are rated CCC or below

*) Tables include exposures of the savings banks.

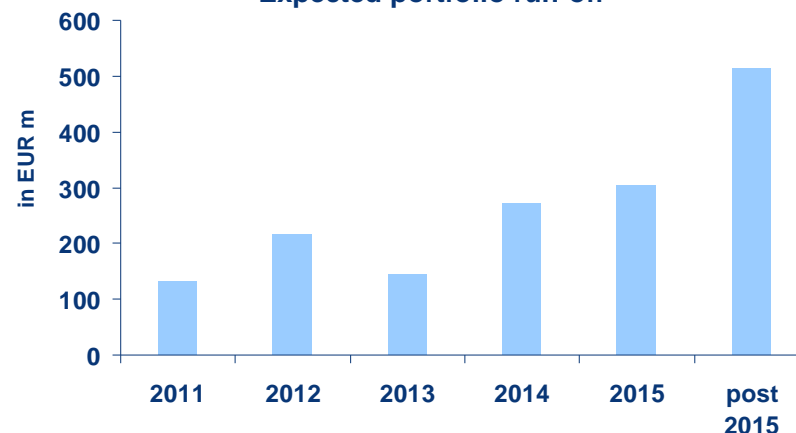
Drill-down on selected asset classes –

Securitisations as at 30 September 2011 *

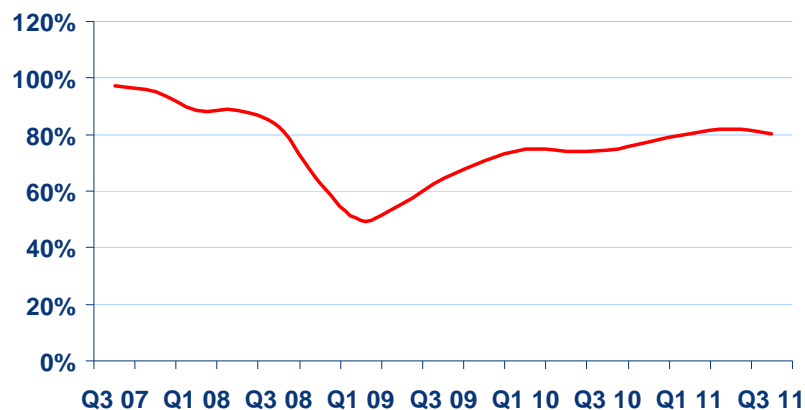
Portfolio by book



Expected portfolio run-off



Securitisations portfolio market price (%)



*) Data excludes the savings banks.

The WAL of the securitisations portfolio is 4.53 years.

Drill-down on selected asset classes –

Peripheral Europe exposure

- Data includes savings banks of the cross-guarantee system in Austria
- No meaningful sovereign exposure to GR, IE, ES, PT as at 31 October 2011
- Net sovereign exposure amounts to EUR 567 million

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

in EUR million	Sovereign		Bank		Other		Total net exposure	
	Dec 10	Oct 11	Dec 10	Oct 11	Dec 10	Oct 11	Dec 10	Oct 11
Greece	602.2	42.0	172.0	92.5	7.7	5.9	781.9	140.4
Ireland	88.6	38.5	252.2	205.2	81.7	83.7	422.6	327.5
Portugal	234.6	2.3	280.5	107.3	14.3	17.1	529.5	124.4
Spain	114.2	6.9	734.6	436.5	383.6	422.5	1,232.4	859.0
Italy	1,075.8	476.8	1,164.8	1,021.6	1,082.0	841.3	3,322.6	2,339.7
Sum total	2,115.5	566.5	2,604.2	1,863.2	1,569.3	1,370.5	6,288.9	3,791.0

Sovereign net exposure by country and portfolio:

in EUR million	FV		AfS		At amortised cost		Total net exposure	
	Dec 10	Oct 11	Dec 10	Oct 11	Dec 10	Oct 11	Dec 10	Oct 11
Greece	456.5	7.9	77.5	28.9	68.2	5.3	602.2	42.0
Ireland	59.7	0.0	25.3	23.8	3.6	14.7	88.6	38.5
Portugal	168.4	-2.8	10.6	5.1	55.6	0.0	234.6	2.3
Spain	35.1	-47.3	51.6	42.6	27.5	11.6	114.2	6.9
Italy	907.2	397.7	149.1	77.3	19.5	1.8	1,075.8	476.8
Sum total	1,627.0	355.4	314.1	177.8	174.4	33.4	2,115.5	566.5

Bank net exposure by country and portfolio:

in EUR million	FV		AfS		At amortised cost		Total net exposure	
	Dec 10	Oct 11	Dec 10	Oct 11	Dec 10	Oct 11	Dec 10	Oct 11
Greece	0.1	0.4	0.0	0.0	171.9	92.2	172.0	92.5
Ireland	141.8	99.1	90.4	93.0	20.0	13.1	252.2	205.2
Portugal	71.7	16.9	56.4	23.6	152.4	66.8	280.5	107.3
Spain	341.0	125.9	163.6	75.0	229.9	235.7	734.6	436.5
Italy	322.8	295.8	152.7	126.4	689.2	599.4	1,164.8	1,021.6
Sum total	877.5	538.1	463.3	318.0	1,263.4	1,007.1	2,604.2	1,863.2