

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

Building on our retail funding strength
Franz Hochstrasser, Deputy CEO



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– Erste Group's balance sheet structure

- Predominance of customer loans and deposits
- Limited intragroup funding requirements in CEE

– Short-term funding

- Main currencies EUR, USD, CHF
- Overall position

– Long-term funding

- Review long-term funding YTD 2011
- Outlook

– Peer group issuance activities

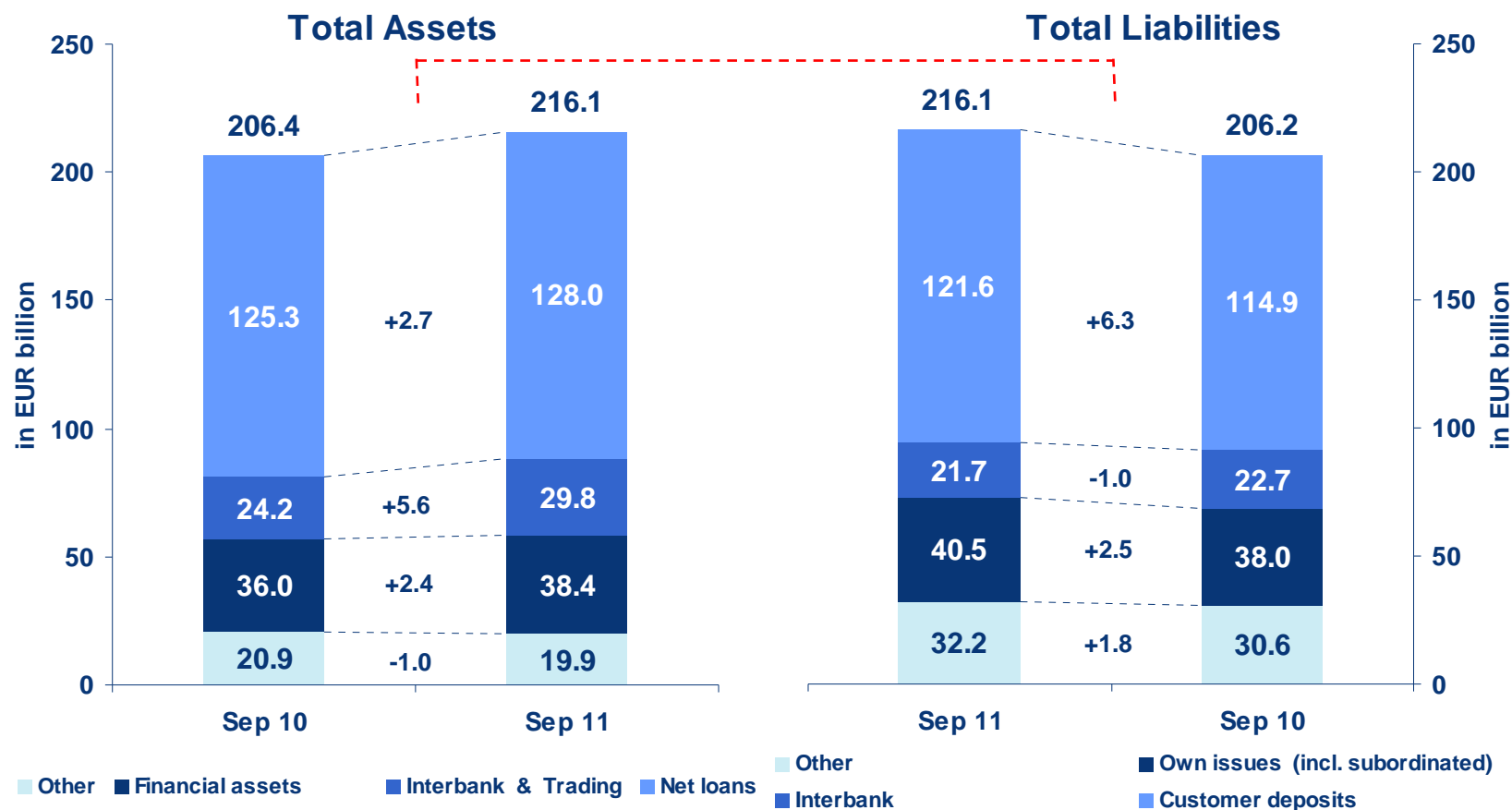
– Appendix

All data per 30 September 2011 unless stated otherwise.

Funding –

Erste Group's balance sheet structure

- Customer deposits & loans dominate the balance sheet
- Declining interbank loans, increase in trading assets

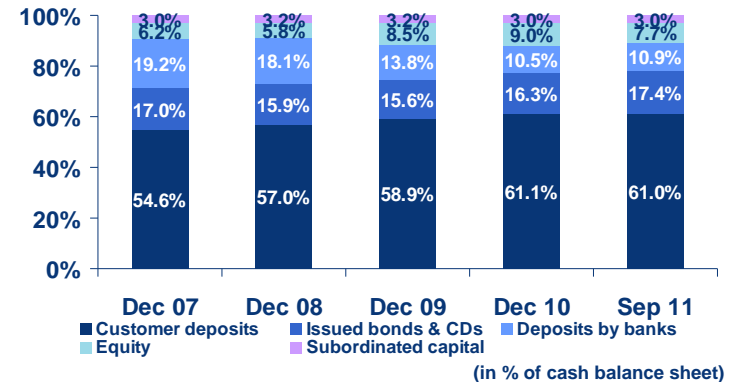


Erste Group's funding mix –

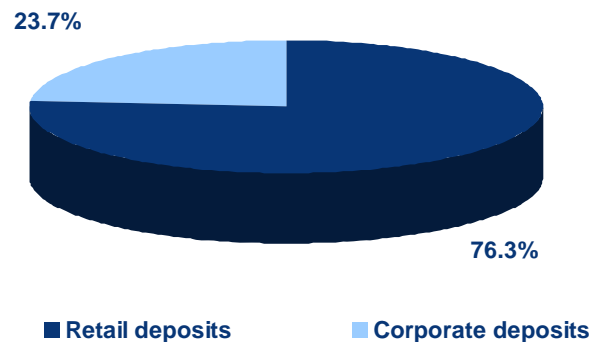
Customer deposits are primary source of funding

- Solid loan-to-deposit ratio of 111.2%
- Total deposits of EUR 121.6 bn
- Predominately retail deposits (EUR 92.8 bn)
- High share of sight deposits (EUR 47.9 bn)

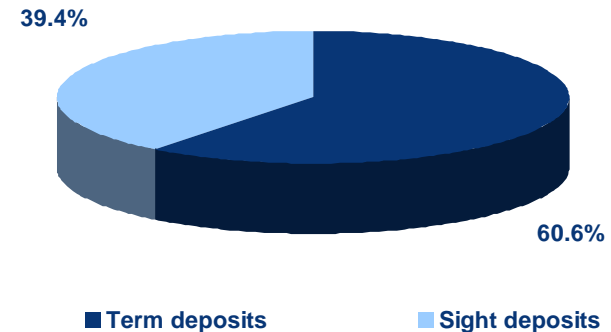
Evolution of Erste Group's funding mix



Customer deposit split by type of customer



Customer deposit split by type of deposit



Loan-to-deposit ratios in core CEE markets – Limited intragroup funding requirements

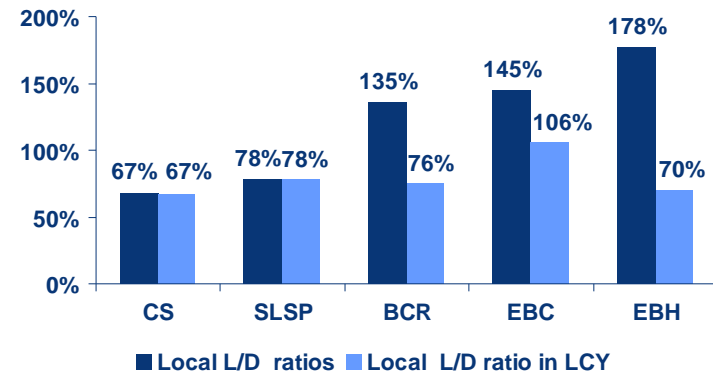
– Retail business in CEE markets

- LCY customer deposits as key funding pillar
- In general: long LCY & short FX
- Solid funding base in most local currencies

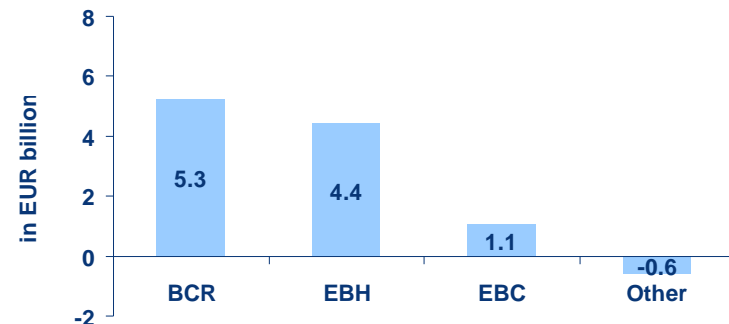
– Intragroup funding

- Future regulatory restrictions
- Increase local funding
- Developing local capital markets in CEE
- Local covered bond initiatives

Local L/D ratios in core CEE markets



Intragroup funding in CEE



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Short-term funding –

Main currencies EUR, USD, CHF

- **Net EUR short-term unsecured funding:** EUR -1.0 bn
- **Total ECB-eligible collateral:** EUR 12.7 bn
 - Net short-term funding includes net FX swap position



- **Net USD short-term unsecured funding:** EUR -3.5 bn
- **Total FED-eligible collateral:** EUR 3.9 bn
 - Net short-term funding includes net FX swap position



- **Net CHF short-term unsecured funding:** EUR -4.1 bn
- **Total SNB- eligible collateral:** EUR 4.1 bn
 - CHF funding needs decreasing due to the FX mortgage conversion programme in Hungary
 - Net short-term funding includes net FX swap position



Short-term funding –

Solid liquidity position in volatile markets

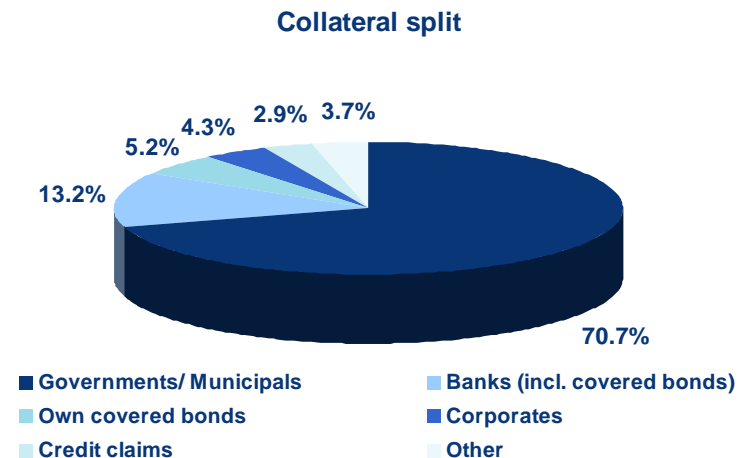
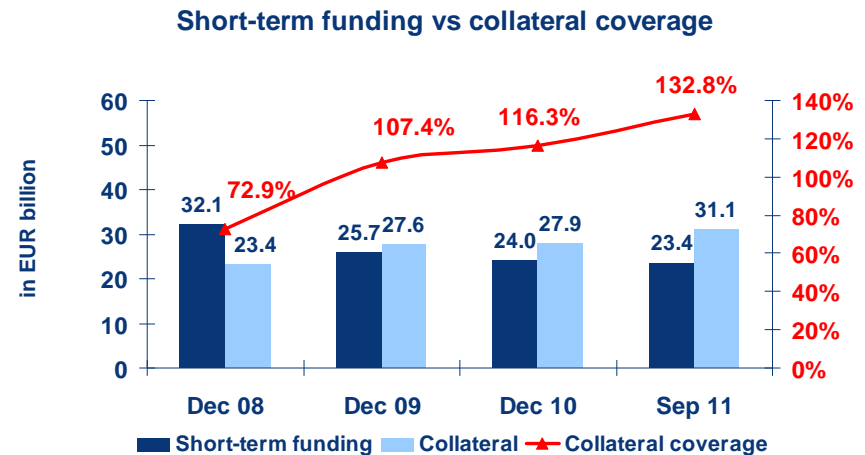
– Erste Group's access to diversified short-term funding sources remains open

- CPs and CDs in Europe & US, deposits, repos
- Short-term funding needs decreased considerably (Q3 2011: EUR 23.4 bn compared to EUR 36.2 bn Dec 2007)

– Central banks eligible collateral increased

- EUR 31.1 bn vs. EUR 19.1 bn Dec 2007 (after haircut)
- Unencumbered collateral amounts to approx. EUR 30 bn

– Currently no use of ECB, FED, SNB facilities



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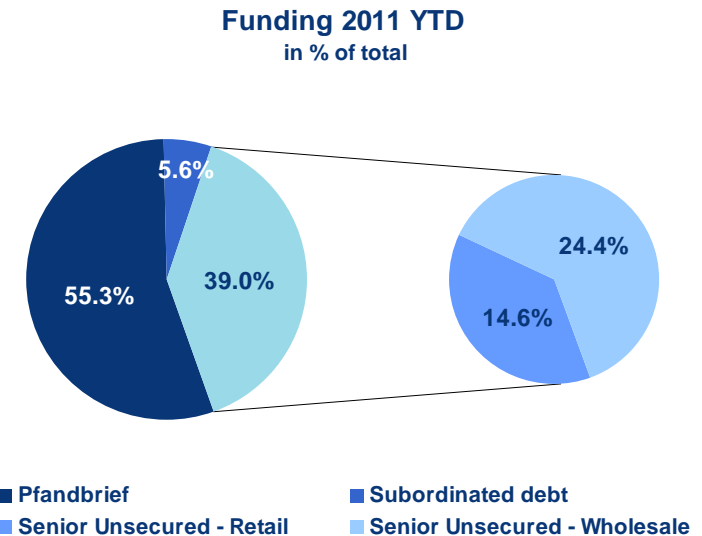
Long-term funding – Review 2011

– Total funding plan 2011 of EUR 5.0 bn
successfully executed

– 3 successful benchmark issues

- EUR 1 bn 10 yr Mortgage Pfandbrief
(mid swaps + 72 bps), January
- EUR 750 m 5 yr Senior Unsecured
(mid swaps + 120 bps), April
- EUR 750 m 7 yr Public Sector Pfandbrief
(mid swaps + 55 bps), September

– Continued focus on extension of
maturity profile

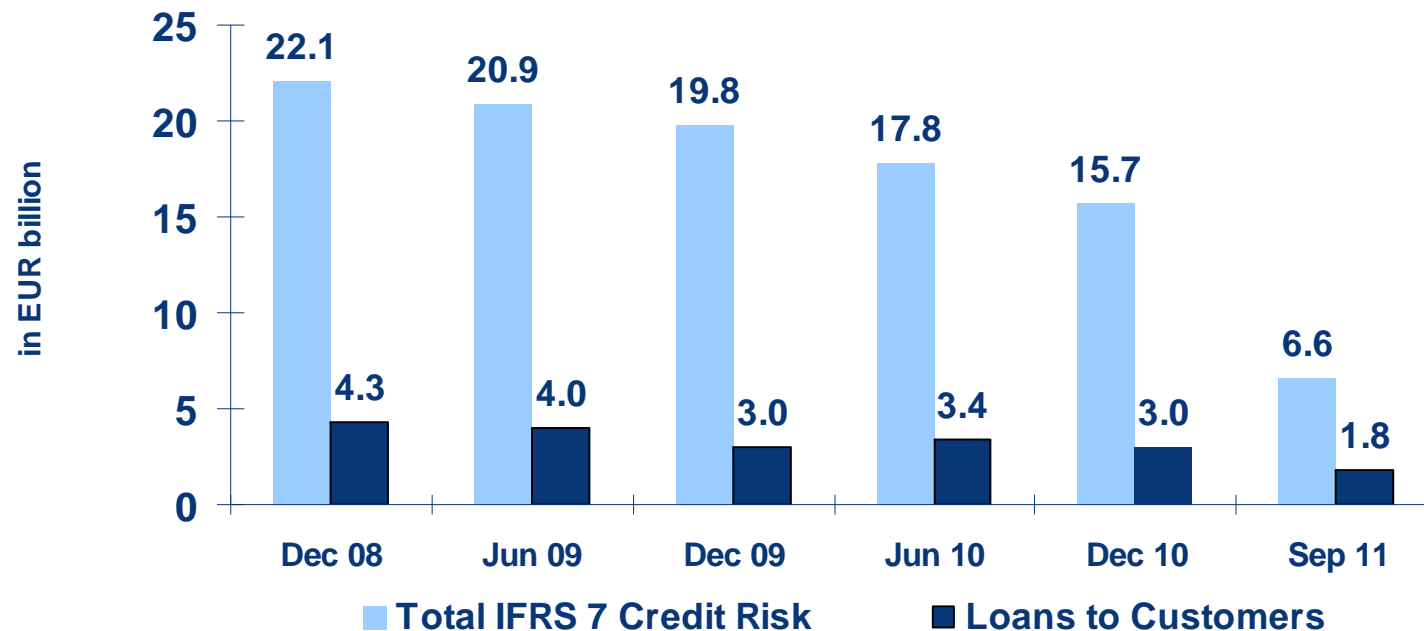


Funding 2011 YTD	Amounts	Spread	Av. Maturity
Senior Unsecured	2,069	121	5
<i>Retail</i>	775		
<i>Wholesale</i>	1,294		
Pfandbrief	2,929	67	9
Subordinated debt	295		10.1
TOTAL	5,293		7.7

Long-term funding influences – International Business portfolio reduction

- Portfolio volume decline to be continued, further 30% reduction by end of 2012
- Positive impact on funding needs
- No new investments

International Business Portfolio



Outlook long-term funding – Increased reliance on covered bonds

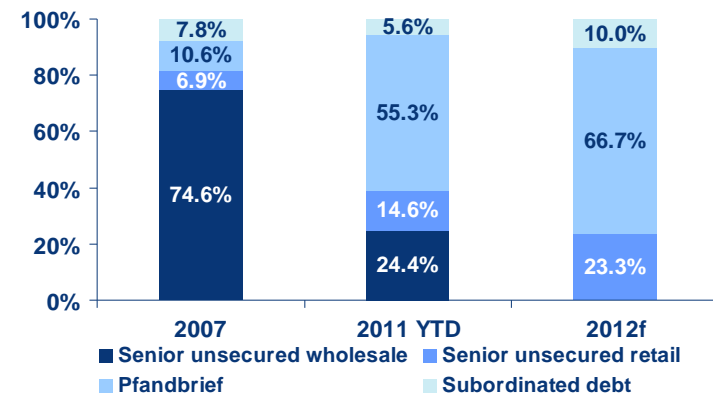
– Long-term funding plan 2012

- Approx. EUR 3.0 bn of funding is required

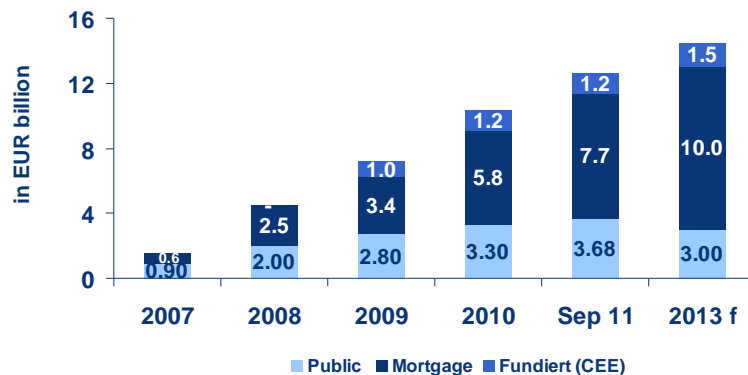
– Growth of cover pools and retail private placements provide flexibility

- Cover pool availability in 2012 is EUR 3.0 bn
- No need for senior unsecured benchmarks
- Retail issues up to EUR 700 m

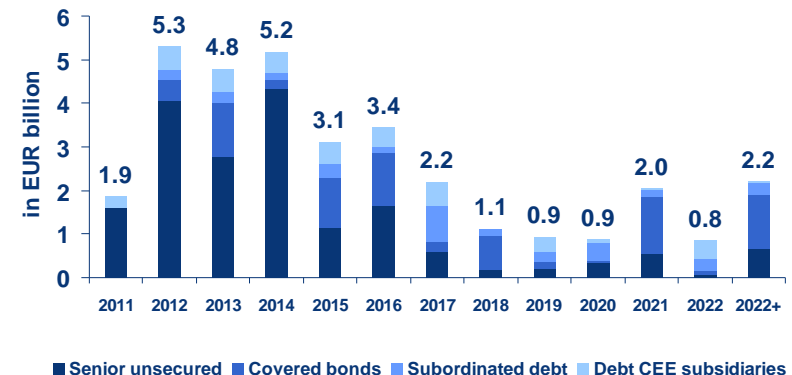
Long-term funding split



Development cover pools (Austria)








Redemption profile of Erste Group Sep 2011

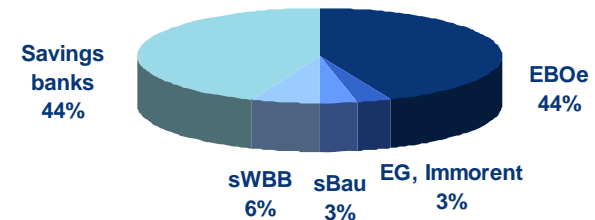


Covered bonds –

Quick overview Austria and CEE

Cover Pools		Comments, Strategy
	Pool EUR 12.6 bn	<ul style="list-style-type: none"> – Growth driven by Austrian mortgage business, legacy portfolios of savings banks – Austrian public sector pool sinking – Rating process for CEE pool in progress
	Issues EUR 9.1 bn	
	Pool EUR 3.2 bn	<ul style="list-style-type: none"> – Pool used for local CZK issuance only
	Issues EUR 2.1 bn	
	Pool EUR 0.4 bn	<ul style="list-style-type: none"> – Pool used for local EUR issuance only
	Issues EUR 0.3 bn	
	Set-up	<ul style="list-style-type: none"> – Legal initiative to re-design covered bond framework
	Set-up	<ul style="list-style-type: none"> – Initiative to amend current legal framework

Asset contributors for Austrian pool



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Issuance activities – Spread environment 2007 and 2011

Bank	Rating	Senior				Covered Bond			
		Maturity	2007 in bp	2011 in bp	Actual spread of 2011 issues	Maturity	2007 in bp	2011 in bp	Actual spread of 2011 issues
Erste Group	A1/A/A	5yr	11	120	310	7yr	-	55	116
Intesa	A2/A/A	7yr	12	175	522	10yr	-	180	493
KBC	A2/A-/A	5yr	7	210	583	no issuance			
Soc Gen	Aa3/A+/A+	5yr	5	87	380	5yr	-	43	145
RBI	A1/A/A	3yr	no issuance	145	289	no issuance			
Unicredit	A2/A/A	5y/2.5y	14	148	733	7yr	-	123	428

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Mortgage Cover Pool –

Overview and key characteristics

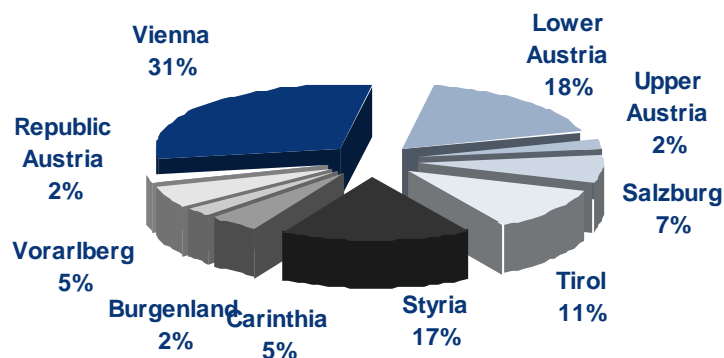
- **Aaa Rating from Moody's**
- **Strong and long existing legal framework for Austrian Pfandbriefe**
 - Highest LTV allowed by law is 60% => Erste Group's LTV at 49.6%
- **First-ranking mortgage loans of mostly Austrian properties**
 - 93.5% Austria and 6.5% Germany
- **Solid mortgage origination through own savings bank network**
- **Recourse to borrower in default**
- **No NPLs in the cover pool (NPL is 90 days overdue payment)**
- **Recalibration of assets done on a yearly basis**
 - Assets over €3m revaluation every 3 years
 - Assets under €3m reassessment yearly (OENB real estate index)
- **Fix/floating mix: 9.7% fix and 90.3% floating rate loans**

Cover Pool	in EUR
Total value of cover pool in EUR equivalent:	7,714,708,962
thereof loans in EUR:	5,747,608,375
thereof loans in CHF:	1,822,100,587
thereof substitute collateral in EUR equivalent:	145,000,000
thereof swaps in EUR equivalent:	

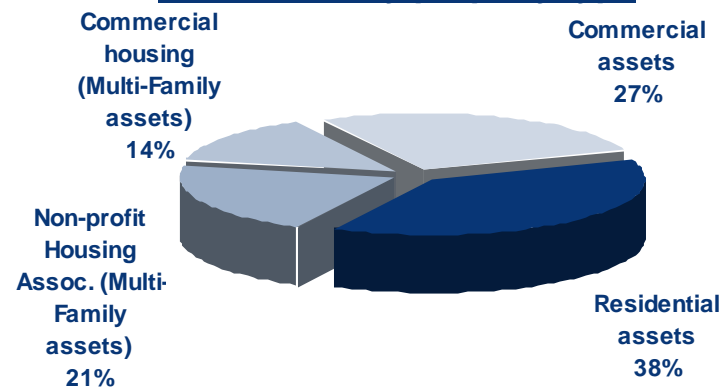
Issues	in EUR
Total outstanding issues in EUR equivalent:	6,005,994,904
thereof issues in EUR:	4,757,022,020
thereof issues in CHF:	1,248,972,884
Nominal over-collateralisation in %:	28.5%
Present value over-collateralisation in %:	31.4%

Figures as per 30 September 2011, quarterly updates on our homepage www.erstegroup.com – Investor Relations – Debt Investors

Regional distribution Austria



Distribution by property type



Public Sector Cover Pool – Overview and key characteristics

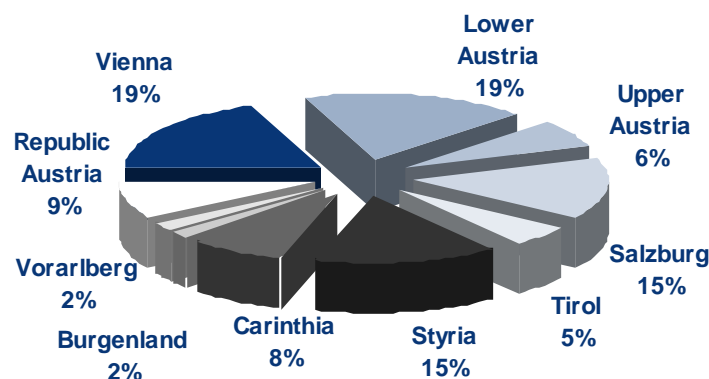
- Aaa Rating from Moody's
- Strong and long existing legal framework for Austrian Pfandbriefe
- 98% of the Cover Pool assets are originated in Austria, 2% in Germany
- Public sector loans represent 99% of the Cover Pool
- Average exposure per entity is less than EUR 2m
- Average seasoning is 4.2 years

Cover Pool	in EUR
Total value of cover pool in EUR equivalent:	3,686,730,182
thereof loans in EUR:	3,381,054,550
thereof loans in CHF:	109,775,633
thereof bonds in EUR equivalent:	195,900,000
thereof Swaps in the Cover Pool in EUR equivalent:	

Issues	in EUR
Total outstanding issues in EUR equivalent:	3,031,274,299
thereof issues in EUR:	2,579,343,321
thereof issues in CHF:	451,930,978
Nominal over-collateralisation in %:	21.6%
Present value over-collateralisation in %:	18.9%

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Regional distribution Austria



Distribution by type of borrower / guarantor

