ERSTE GROUP

Interim Report
Third Quarter 2011

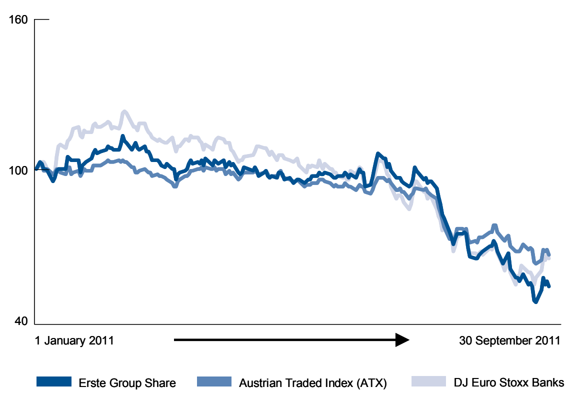
KEY FINANCIAL AND SHARE DATA

in EUR million	1-9 11	1-9 10 restated
Income statement		
Net interest income	4,134.1	4,095.8
Risk provisions for loans and advances	-1,859.2	-1,588.4
Net fee and commission income	1,352.0	1,370.0
Net trading result	37.4	290.4
General administrative expenses	-2,891.6	-2,871.7
Other result	-1,548.0	-271.9
Pre-tax profit/loss from continuing operations	-775.3	1,024.2
Attributable to owners of the parent	**-973.0**	**633.8**
Profitability ratios		
Net interest margin	3.0%	3.1%
Cost/income ratio	52.4%	49.9%
Return on equity	-9.7%	6.5%
Earnings per share	-2.87	1.41
	Sep 11	**Dec 10 restated**
Balance sheet		
Loans and advances to credit institutions	13,559	12,496
Loans and advances to customers	135,211	132,334
Risk provisions for loans and advances	-7,189	-6,119
Trading assets, derivative financial instruments	19,426	14,044
Financial assets	38,416	34,421
Other assets	16,671	18,594
Total assets	**216,094**	**205,770**
Deposits by banks	21,720	20,154
Customer deposits	121,594	117,016
Debt securities in issue	34,594	31,298
Trading liabilities, derivative financial instruments	10,821	8,615
Other liabilities	5,983	6,291
Subordinated liabilities	5,941	5,838
Total equity	15,441	16,558
Attributable to non-controlling interests	3,555	3,444
Attributable to owners of the parent	11,886	13,114
Total liabilities and equity	**216,094**	**205,770**
Changes in total qualifying capital		
Risk pursuant to section 22 (1) 1 Banking Act	104,038	103,950
Tier-1 ratio – credit risk (in %)	11.3	11.8
Tier-1 ratio – total risk (in %)	9.8	10.2
Solvency ratio (in %)	13.5	13.5
	1-9 11	**1-9 10**
Stock market data (Vienna Stock Exchange)		
High (EUR)	39.45	35.08
Low (EUR)	17.16	25.10
Closing price (EUR)	19.36	29.37
Market capitalisation (EUR billion)	7.33	11.11

Ratings at 30 September 2011

Fitch	
Long term	A
Short term	F1
Outlook	Stable
Moody's Investors Service	
Long term	A1
Short term	P-1
Outlook	Stable
Standard & Poor's	
Long term	A
Short term	A-1
Outlook	Stable

Performance of the Erste Group Share (indexed)



Highlights*

- As pre-announced on 10 October 2011, significant charges (write-down of goodwill in Hungary and Romania, additional risk provisions in Hungary, and expenses resulting from the change in the fair value of the CDS portfolio, resulted in a net loss after minorities[1] of EUR 973.0 million (1-9 2010: net profit of EUR 633.8 million). Banking taxes in Austria and Hungary came to EUR 140.2 million (before taxes).
- In the first nine months of 2011, net interest income rose by 0.9% to EUR 4,134.1 million (1-9 2010: EUR 4,095.8 million). Meanwhile, net commission income declined by 1.3% to EUR 1,352.0 million (1-9 2010: EUR 1,370.0 million). At EUR 37.4 million, the net trading result – substantially negatively affected by the volatility of the CDS portfolio – was 87.1% lower than in the first nine months of 2010 (EUR 290.4 million).
- Despite higher inflation, general administrative expenses grew only by a moderate 0.7% to EUR 2,891.6 million (1–9 2010: EUR 2,871.7 million). The change in the fair value of the CDS caused the operating result to decline by 8.8% from EUR 2,884.5 million to EUR 2,631.9 million in the first nine months of 2011. The cost/income ratio stood at 52.4% (same period 2010: 49.9%).
- Risk costs were up 17.0% from EUR 1,588.4 million (162 basis points of average customer loans) in the first three quarters of 2010 to EUR 1,859.2 million, or 184 basis points. This was largely due to the need for additional risk provisions in Hungary (partly a consequence of continuing political intervention). Asset quality improved in the Czech Republic, in Slovakia and in Austria. The NPL ratio in relation to customer loans rose to 8.2% at 30 September 2011 (year-end 2010: 7.6%). The NPL coverage ratio improved to 63.9% (year-end 2010: 60.0%).
- Total assets, at EUR 216.1 billion, were up 5.0% for the year to date from EUR 205.8 billion. The loan-to-deposit ratio improved to 111.2% at 30 September 2011 (year-end 2010: 113.1%). While customer deposits, at EUR 121.6 billion, were up 3.9% year to date, lending volume rose by just 2.2% to EUR 135.2 billion.
- Erste Group's shareholders' equity [2] amounted to EUR 11.9 billion at 30 September 2011 (year-end 2010: EUR 13.1 billion) and core tier 1 capital to EUR 10.6 billion (year-end 2010: EUR 11.0 billion). With loan volume stable, total risk-weighted assets were largely unchanged versus year-end 2010 at EUR 119.9 billion. The tier 1 ratio (total risk) stood at 9.8% (year-end 2010: 10.2%) and the core tier 1 ratio (total risk) at 8.8% (year-end 2010: 9.2%).

* Due to the volatility on capital and financial markets the management of Erste Group analysed the outstanding portfolio of Credit Default Swaps (CDSs) within its International Business Division with regards to the strategic business orientation of Erste Group. Based on this analysis, the accounting of these instruments classified in prior periods as financial guarantees has been consequently restated to classify and measure them as financial instruments at fair value through profit and loss. The harmonisation and improvement of the IT-Tools within Erste Group has lead to restate prior calculation of the effective interest rate of loans and advances to customers. In accordance with IAS 8, comparative figures have been restated to reflect the above (see page 12). The figures presented as comparable data in this report for prior periods are restated data.

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[1] The term "net profit/loss for the period after minorities" corresponds to the term "net profit/loss for the period attributable to the owners of the parent".

[2] The term "shareholders' equity" corresponds to the term "total equity attributable to the owners of the parent".

Letter from the CEO

Dear shareholders,

In this letter I usually focus on the development of our business. Before that please let me address some key concerns that were raised since we made our extraordinary announcement on 10 October 2011. We announced that we are writing down goodwill in Romania and Hungary, creating additional risk provisions in Hungary and restating the accounting for our CDS book. Since the latter caused substantial concern among you I would like to provide some additional background on the topic.

When we entered the synthetic loan business some 12 years ago, it was done to earn additional income from a globally diversified portfolio of banking and sovereign assets. Originally these assets were as loan surrogates to be held until maturity. Due to the volatility on capital and financial markets we analysed the outstanding portfolio of credit default swaps (CDSs) with regard to the strategic business orientation of Erste Group. Based on this analysis, the accounting of these instruments classified in prior periods as financial guarantees has been consequently restated to classify and measure them as financial instruments at fair value through profit and loss. In relation to this portfolio, some market participants also had doubts whether we correctly disclosed this portfolio to European Banking Authority. The short answer is: yes we did. The portfolio was stressed as part of the banking book, but was not part of the official disclosure template. Today I am pleased to report to you that we have closed out EUR 4.9 billion worth of net CDS exposure over the past three weeks with no negative P&L impact compared to the end of September. 2011. This leaves us with a book of EUR 0.3 billion as at 27 October 2011. Our clear objective is to close out this book completely within the next few days.

There has also been confusion in Austria on another topic: media reports quoted me as confirming a – non-existent – profit target at the end of September when everyone who follows Erste Group more closely knows that we have not guided on net profit for more than three years. Instead we provided an outlook on operating performance. My reference to robust operating profit becomes evident from the original German Reuters piece, but was apparently no longer included in any subsequent media reports. This in my view is most regrettable but also impossible to legislate against.

Let me now return to business matters and be very clear about one thing at the start: for anybody who – over the last couple of weeks had doubts about what Erste Group stands for – I have only one answer: we are the retail and corporate bank in the eastern part of the European Union. The most recent events have just strengthened this conviction. This is also borne out by our performance over the past three quarters: we have four operations – Česká spořitelna, Slovenská sporiteľňa, Erste Bank Oesterreich and Erste Bank Croatia – which, excluding the savings banks, represent 80% of our loan and 90% of our deposit volume and are doing well: operating and net profit are up year on year, risk costs are down over the same period and volume growth – while slow – exists.

We have two markets which are difficult for us: Romania and Hungary. In the latter we have made our own mistakes, which are compounded by government legislation that – in the worst case – forces us to write down a significant portion of our FX loan portfolio. What is even more concerning is the lack of any dialogue between the government and the banking sector. As a result of all this, we have started a strategic review, with the most likely outcome that our Hungarian business will focus on local currency lending business funded by locally available liquidity. Reaching this goal will be a medium- and long-term project, but is very much in line with the priorities set by our regulator.

We continue to be firm believers that our Romanian business will come good for us. In light of the ensuing global financial and economic crises it is evident that we purchased our subsidiary at the peak of the market. As a consequence we had to write down our BCR-related goodwill by another EUR 700 million. While we are still working through asset quality issues, we are optimistic that an improved EU funds absorption rate and the fact that Romania did its homework in terms of fiscal consolidation will support the domestic economy into 2012 and provide growth opportunities both in the loan and the deposit business.

Aside from our retail and corporate business, the capital question has once again moved centre stage, as the European Union is aiming to resolve the ongoing sovereign debt crisis. The European Banking Authority has defined a capital threshold of 9% that has to be met by June 2012. Based on our figures for the first six months of 2011 and excluding private participation capital of EUR 540 million, Erste Group has a capital short fall of EUR 59 million. The final figure for the capital shortfall will be based on 1-9 2011 figures and therefore take into account Erste Group's recently implemented measures. In the normal course of business retained earnings until June 2012 should cover most of this shortfall.

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Erste Group Share

EQUITY MARKET REVIEW

In the third quarter 2011, stock markets reflected the impacts of the deteriorating global growth outlook and the European sovereign debt crisis. While stock market indices decreased worldwide, German Bunds and US Treasuries, which were perceived as safe-haven investments, continued to rise. The price of gold also hit record highs. The double-digit losses suffered by the stock market indices covered were driven by significant losses across all sectors. The US Dow Jones Industrials index shed 12.1% in the third quarter, falling to 10,913.38 points. The broader Standard & Poors 500 index closed the reporting period at 1,131.42 points, down 14.3%. The Euro Stoxx 600 Index traded 17.1% lower, ending the third quarter at 226.18 points.

Despite negotiations on the next aid instalment for Greece and the enlargement of the EFSF, the euro zone's debt crisis remained the dominating subject. The tight situation in the European interbank market required further interventions by central banks. After the downgrading of Portugal and a number of Italian and French banks by rating agencies, the International Monetary Fund (IMF) stressed its concern about the stability of the European financial system. Additionally economic momentum decelerated across Europe. In view of the weakness in leading economic indicators, the IMF reduced its estimates for the euro zone's GDP significantly.

In the US, economic indicators also signalled a substantial slowdown of economic growth. The US central bank, the Fed, and the International Monetary Fund (IMF) identified significant downside risks to the US economy and global expansion. The downgrading of the US credit rating by Standard & Poors, citing the lack of a plan for debt reduction and high levels of public debt, had an additional negative effect on equity markets.

The difficult situation of Greece, rising pressure on Italy and Spain and worries about the impacts of the European debt crisis on banks caused bank shares to tumble in the third quarter. The rating agencies Standard & Poors and Moody's downgraded the credit ratings of a number of Italian and French banks. As these banks hold large exposures to Greek debt, they are at risk of having to recognise substantial writedowns on their balance sheets. The Euro Stoxx Banks index, which is composed of leading European banking stocks, fell to 105.34 points, having lost 34.3% in the third quarter.

The Austrian Traded Index (ATX) closed the third quarter 29.6% lower, recording the biggest loss of all stock indices covered. At 1,947.85 points, the index was 32.9% lower than at year-end 2010. This underperformance was attributable to the weak environment and the high weighting of Austrian banks in the index.

PERFORMANCE OF THE ERSTE GROUP SHARE

The Erste Group share declined by 46.4% in the quarter ended on September 30, closing at EUR 19.36. The share was affected substantially by massive slides on global equity markets caused by the unresolved debt problems of a number of European countries and uncertainty about the outlook for the global economy. Concerns that the sovereign debt crisis may spread to the European banking sector triggered sharp falls in the share prices and valuations of all major European banks. An additional negative factor was the Hungarian government's decision to allow borrowers to repay their foreign-currency mortgage loans early at discounts of up to 25%. The extent of this one-time charge will depend on how many customers will actually use this early repayment option, which was still unknown at the end of the third quarter.

INVESTOR RELATIONS

In the third quarter 2011, management and the investor relations team of Erste Group had a large number of one-on-one and group meetings and attended international banking and investor conferences. On these conferences Erste Group presented its strategy and plans considering the current economic environment.

Interim Management Report
(unaudited)

In the interim management report, financial results from the first nine months of 2011 are compared with those from the first nine months of 2010. Unless stated otherwise, terms such as "in the previous year", "2010", "as of the first nine months of 2010" or "1-9 2010" accordingly relate to the first nine months of 2010, and terms such as "this year", "2011", "as of the first nine months of 2011" or "1-9 2011" relate to the first nine months of 2011. The term "net profit/loss after minorities" corresponds with "net profit/loss attributable to owners of the parent. The figures presented as comparable data in this report for prior periods are restated data (see page 12).

EARNINGS PERFORMANCE IN BRIEF

A decline in operating income due to negative market valuations and a moderate rise in operating expenses caused the **operating result** to decrease to EUR 2,631.9 million in the first nine months of 2011 (-8.8% versus EUR 2,884.5 million in the first nine months of 2010).

Operating income totalled EUR 5,523.5 million in the first nine months of 2011 (1-9 2010: EUR 5,756.2 million). An increase in net interest income (+0.9% to EUR 4,134.1 million) offsets the decline in net fee and commission income (-1.3% to EUR 1,352.0 million) but not the drop in the net trading result (-87.1% to EUR 37.4 million). **General administrative expenses** were up 0.7% to EUR 2,891.6 million (1-9 2010: EUR 2,871.7 million). This resulted in a **cost/income ratio** of 52.4% (1-9 2010: 49.9%).

Net loss after minorities for the first nine months of 2011 amounted to EUR 973.0 million. Over the same period of the previous year, Erste Group had posted a profit of EUR 633.8 million.

Cash return on equity, i.e. return on equity adjusted for such non-cash expenses as goodwill impairment and straight-line amortisation of customer relationships, was 0.1% for the first nine months of 2011 (reported ROE: -9,7%) versus 6.8% (reported ROE: 6.5%) in the first nine months of 2010. The **cash loss per share** amounted to EUR -0.26 in the first nine months of 2011 (reported EPS: EUR -2.87) versus cash earnings per share of EUR 1.49 (reported EPS: EUR 1.41) in the first nine months of 2010.

Total assets, at EUR 216.1 billion, were up 5.0% on year-end 2010. On the liabilities side, this was due to growth in customer deposits and new bond issues. On the assets side, it reflects a rise in loans and advances to customers and in financial and trading assets.

With change in risk-weighted assets and total eligible qualifying capital largely flat, the **solvency ratio** was stable at 13.5% at 30 September 2011 (year-end 2010: 13.5%). Therefore, it remained comfortably above the statutory minimum requirement of 8.0%. The **tier 1 ratio** in relation to total risk was 9.8% at 30 September 2011 (versus 10.2% at year-end 2010).

OUTLOOK

As a result of the above measures Erste Group is expected to post a net loss of about EUR 700-800 million in 2011 (before extraordinary charges a net profit of about EUR 850-950 million). Risk costs on group level are expected to amount to EUR 2.3 billion (before extraordinary charges: EUR 1.8 billion) in 2011.

Erste Group's operating profit will remain a pillar of strength in 2011 and beyond, benefiting from significantly reduced P& L volatility following the substantial reduction in CDS exposure. In relation to the latter our clear objective is to close out the CDS book within the next couple of days.

The European Banking Authority has defined a capital threshold of 9% that has to be met by June 2012. Based on the figures for the first six months of 2011 and excluding private participation capital of EUR 540 million, Erste Group has a capital short fall of EUR 59 million. The final figure for the capital shortfall will be based on 1-9 2011 figures and therefore take into account Erste Group's recently implemented measures. In the normal course of business retained earnings until June 2012 should cover most of the shortfall.

Performance in detail

in EUR million	1-9 11	1-9 10 restated	Change
Net interest income	4,134.1	4,095.8	0.9%
Risk provisions for loans and advances	-1,859.2	-1,588.4	17.0%
Net fee and commission income	1,352.0	1,370.0	-1.3%
Net trading result	37.4	290.4	-87.1%
General administrative expenses	-2,891.6	-2,871.7	0.7%
Other result	-1,548.0	-271.9	na
Pre-tax profit/loss from continuing operations	**-775.3**	**1,024.2**	**na**
Net profit/loss for the period	**-880.3**	**791.6**	**na**
Attributable to non-controlling interests	92.7	157.8	-41.3%
Attributable to owners of the parent	**-973.0**	**633.8**	**na**

Net interest income

Net interest income rose by 0.9% from EUR 4,095.8 million in the first nine months of 2010 to EUR 4,134.1 million, which was mainly attributable to improved margins in the customer business. The interest margin (net interest income as a percentage of average interest-bearing assets) amounted to 3.03% in the first nine months of 2011 (1-9 2010: 3.09%).

Net fee and commission income

in EUR million	1-9 11	1-9 10 restated	Change
Lending business	206.8	188.1	9.9%
Payment transfers	649.9	635.4	2.3%
Card business	150.5	140.4	7.2%
Securities transactions	295.2	307.4	-4.0%
Investment fund transactions	148.6	150.3	-1.1%
Custodial fees	24.8	28.1	-11.7%
Brokerage	121.8	129.0	-5.6%
Insurance brokerage business	71.2	82.2	-13.4%
Building society brokerage	27.9	30.2	-7.6%
Foreign exchange transactions	18.1	19.9	-9.0%
Investment banking business	13.3	24.0	-44.6%
Other	69.6	82.8	-15.9%
Total	**1,352.0**	**1,370.0**	**-1.3%**

Net fee and commission income

Net fee and commission income was down 1.3% in the first nine months of 2011, from EUR 1,370.0 million to EUR 1,352,0 million. This development was mostly due to declines in insurance brokerage as well as in investment banking and in the securities business (in Austria). The result from the lending business was solid on the back of higher contributions from Slovakia and Austria. The increase in payment transfers was attributable in large part to the Czech and Croatian subsidiaries (increase in card transactions).

Net trading result

The decline in the **net trading result** by 87.1% from EUR 290.4 million in the first nine months of 2010 to EUR 37.4 million in the first nine months of 2011 largely resulted from the changes in the fair value of the CDS portfolio which had an impact of EUR -204.5 million (1-9 2010: EUR -93.4 million), as well as from declines in foreign exchange trading and in the fixed income business.

General administrative expenses

in EUR million	1-9 11	1-9 10 restated	Change
Personnel expenses	-1,720.3	-1,657.5	3.8%
Other administrative expenses	-889.8	-928.7	-4.2%
Depreciation and amortisation	-281.5	-285.5	-1.4%
Total	**-2,891.6**	**-2,871.7**	**0.7%**

General administrative expenses rose by 0.7% from EUR 2,871.7 million to EUR 2,891.6 million (currency-adjusted: no change).

Personnel expenses were up 3.8% (currency-adjusted: +3.2%) from EUR 1,657.5 million to EUR 1,720.3 million. This increase was partly due to severance payments in the Czech Republic and the integration of Informations-Technologie Austria GmbH (previously not a consolidated subsidiary) into sIT Solutions AT as from 1 July 2010. The latter had a positive effect on **other administrative expenses**, which declined by 4.2% (currency-adjusted: -5.2%) in the first nine months of 2011 from EUR 928.7 million to EUR 889.8 million. Cost reductions were achieved mainly in IT.

The headcount has risen to 50,901 employees since year-end 2010. Part of the announced staff reduction at Česká spořitelna (191 employees) resulted from the spin-off of sIT Solutions CZ, which is included under “Other subsidiaries”. The increase at Erste Bank Croatia by 280 employees was due to the inclusion of Erste Factoring d.o.o., Erste Securities Zagreb and Erste Card Club d.d., which had previously been reported under “Other subsidiaries”. The headcount rise in Romania was mainly a consequence of the permanent employment of formerly leased personnel.

Depreciation declined by 1.4% in the first nine months of 2011 (currency-adjusted: -2.4%) versus the same period in 2010, from EUR 285.5 million to EUR 281.5 million.

Headcount

	Sep 11	Dec 10	Change
Employed by Erste Group	**50,901**	**50,272**	**1.3%**
Austria incl. Haftungsverbund savings banks	16,230	16,068	1.0%
Erste Group, EB Oesterreich and subsidiaries	8,729	8,488	2.8%
Haftungsverbund savings banks	7,501	7,580	-1.0%
Central and Eastern Europe / International	34,671	34,204	1.4%
Česká spořitelna Group	10,296	10,711	-3.9%
Banca Comercială Română Group	9,342	9,112	2.5%
Slovenská sporiteľňa Group	4,161	4,004	3.9%
Erste Bank Hungary Group	2,972	2,900	2.5%
Erste Bank Croatia Group	2,692	2,317	16.2%
Erste Bank Serbia	904	910	-0.7%
Erste Bank Ukraine	1,724	1,736	-0.7%
Savings banks subsidiaries & foreign branch offices	1,120	1,019	9.9%
Other subsidiaries and foreign branch offices	1,460	1,495	-2.3%

Operating result

Due to the weak net trading result, **operating income** declined by 4.0% in the first nine months of 2011, totalling EUR 5,523.5 million (1-9 2010: EUR 5,756.2 million), while **general administrative expenses** were up moderately by 0.7%, from EUR 2,871.7 million to EUR 2,891.6 million. This led to a reduction of the **operating result** by 8.8% from EUR 2,884.5 million to EUR 2,631.9 million.

Risk provisions

Risk provisions (i.e. the balance of the allocation and release of provisions for the lending business together with the costs of direct loan write-offs offset by income received from the recovery of loans already written off) increased by 17.0% versus 1-9 2010, from EUR 1,588.4 million to EUR 1,859.2 million. In the first nine months of 2011, risk costs relative to the average volume of customer loans amounted to 184 basis points (1-9 2010: 162 basis points). This marked increase was attributable to extraordinary provisions in Hungary in the amount of EUR 450.0 million in reaction to legislation passed by the government permitting the early repayment of foreign-currency loans on preferential terms (at non-market rates) and to deterioration in asset quality. In Romania, deterioration in the SME portfolio, especially in 2011's third quarter, resulted in the need to raise provisions. In all other core countries (Austria, Czech Republic, Slovakia, and Croatia) the positive trend in risk costs continued.

Other operating result

Other operating result deteriorated from EUR -283.4 million in the first nine months of 2010 to EUR -1,460.4 million in the first nine months of 2011. This was primarily due to the write-down of goodwill in the total amount of EUR 1,041.9 million (of which EUR 692.8 million was at the Romanian, EUR 312.7 million at the Hungarian, and EUR 36.4 million at Austrian subsidiaries). Other taxes rose from EUR 52.3 million to EUR 160.5 million, which was largely a consequence of banking taxes levied in Hungary (EUR 40.8 million) and in Austria (EUR 99.4 million). Revaluation provisions declined from EUR 82.3 million to EUR 47.8 million, mostly as further impairments for IT projects were not necessary.

Generally, this line item includes the straight-line amortisation of intangible assets (i.e. customer relationships) in the amount of EUR 52.1 million (1-9 2010: EUR 52.6 million) as well as deposit insurance contributions totalling EUR 65.5 million (1-9 2010: EUR 48.1 million).

Results from financial assets

The overall result from all categories of financial assets, which in the first nine months of 2010 totalled EUR 11.5 million, turned negative in the first nine months of 2011 and came in at EUR -87.6 million. This was mainly attributable to impairments and losses on the sale of Greek bonds in the available-for-sale and held-to-maturity portfolios in an amount of EUR 50.2 million, of which EUR 14.7 million was attributable to minorities (savings banks), as well as impairments in the ABS/CDO portfolio.

Net profit/loss after minorities

Pre-tax loss from continuing operations amounted to EUR 775.3 million in the first nine months of 2011. In the same period of the previous year, Erste Group had posted a pre-tax profit of EUR 1,024.2 million.

Net loss after minorities amounted to EUR 973.0 million in the first nine months of 2011 versus a profit of EUR 633.8 million in the first nine months of 2010.

FINANCIAL RESULTS – QUARTER-ON-QUARTER COMPARISON

Net interest income was up 2.0% quarter on quarter, from EUR 1,401.9 million to EUR 1,430.2 million, which was mainly the result of improved customer business margins.

Net fee and commission income decreased from EUR 450.9 million in the second quarter of 2011 by 1.1% to EUR 445.9 million in the third quarter of 2011, as in the third quarter of 2011 a decline in the securities business (funds business) was not fully offset by growth in the lending and cards businesses.

After a flat second quarter (EUR 52.1 million) the **net trading result** was negative in the third quarter at EUR -251.4 million. While income from foreign exchange trading increased by 9.0% quarter on quarter to EUR 54.5 million, income from securities and derivatives trading was negative at EUR -305.9 million. The changes of the fair value of the CDS portfolio resulted in charges of EUR 246.6 million. The valuation of the Czech pension fund also had a negative impact.

General administrative expenses, at EUR 965.3 million, were almost unchanged quarter on quarter, as lower other administrative expenses (down 3.0% from EUR 303.3 million to EU 294.1 million in the third quarter 2011) and a decline in amortisation and depreciation (by 0.6% from EUR 93.8 million to EUR 93.2 million in the third quarter of 2011) offset the increase in personnel expenses, which rose by 2.1% from EUR 566.2 million to EUR 578.0 million.

The **cost/income ratio** deteriorated in the third quarter of 2011 as a result of the extraordinarily weak net trading result to 59.4% versus 50.6% in the second quarter of 2011.

Risk provisions for loans and advances were up 103.7% quarter on quarter, from EUR 460.7 million to EUR 938.4 million, mainly due to the need for increased (partly one-off) provisions in Hungary (EUR 450.0 million).

Other operating result deteriorated from EUR -131.5 million in the previous quarter to EUR -1,200.2 million, mostly due to the writing down of goodwill totalling EUR 1,041.9 million.

The **overall result** from all categories of **financial assets** worsened from EUR -32.7 million in the second quarter of 2011 to EUR -83.8 million in the third quarter. While in the previous quarter valuation losses had a negative impact on the fair value portfolio, 2011's third quarter was affected in particular by write-downs and losses on the sale of Greek bonds held in the available-for-sale and held-to-maturity portfolios.

In the third quarter of 2011**,** the **pre-tax loss on continuing operations** amounted to EUR -1,563.0 million versus a profit of EUR 316.7 million posted in the previous quarter.

Net loss after minorities totalled EUR 1,493.8 million in the third quarter of 2011 versus a net profit of EUR 199.4 million in the second quarter.

DEVELOPMENT OF THE BALANCE SHEET

in EUR million	Sep 11	Dec 10 restated	Change
Loans and advances to credit institutions	13,559	12,496	8.5%
Loans and advances to customers	135,211	132,334	2.2%
Risk provisions for loans and advances	-7,189	-6,119	17.5%
Trading assets, derivative financial instruments	19,426	14,044	38.3%
Financial assets	38,416	34,421	11.6%
Other assets	16,671	18,594	-10.3%
Total assets	**216,094**	**205,770**	**5.0%**

in EUR million	Sep 11	Dec 10 restated	Change
Deposits by banks	21,720	20,154	7.8%
Customer deposits	121,594	117,016	3.9%
Debt securities in issue	34,594	31,298	10.5%
Trading liabilities, derivative financial instruments	10,821	8,615	25.6%
Other liabilities	5,983	6,291	-4.9%
Subordinated liabilities	5,941	5,838	1.8%
Total equity	15,441	16,558	-6.7%
Attributable to non-controlling interests	3,555	3,444	3.2%
Attributable to owners of the parent	11,886	13,114	-9.4%
Total liabilities and equity	**216,094**	**205,770**	**5.0%**

At EUR 13.6 billion, **loans and advances to credit institutions** as at 30 September 2011 were 8.5% higher than at year-end 2010 (EUR 12.5 billion). This was largely attributable to an expansion of short-term interbank transactions.

Loans and advances to customers were up 2.2% to EUR 135.2 billion versus EUR 132.3 billion. This rise resulted primarily from exchange rate changes. Year to date, Erste Bank Croatia recorded the strongest real growth in lending, followed by Slovenská sporiteľňa.

Risk provisions increased due to additional allocations from EUR 6.1 billion to EUR 7.2 billion. The NPL ratio (non-performing loans as a percentage of loans to customers) rose to 8.2% as at 30 September 2011 (7.6% as at 31 December 2010). The NPL coverage ratio improved further from 60.0% at year-end 2010 to 63.9%.

Investment securities held within the various categories of financial assets rose by 11.6% from EUR 34.4 billion at year-end 2010 to EUR 38.4 billion, primarily on the back of growth in notes held in the available-for-sale and held-to-maturity portfolios.

Customer deposits increased by 3.9% (from EUR 117.0 billion to EUR 121.6 billion) and thus once again at a faster rate than did loans and advances to customers. This development was driven above all by gains in the Czech Republic, and especially in public sector deposits. In Austria, slight growth was recorded in deposits from corporate customers as well as private households.

The **loan-to-deposit ratio** improved to 111.2% as at 30 September 2011, down from 113.1% as at 31 December 2010.

Successful new bond issues led to a **rise in debt securities in issue** by 10.5% from EUR 31.3 billion to EUR 34.6 billion.

Total risk-weighted assets (RWA) were almost unchanged at EUR 119.9 billion as at 30 September 2011 (31 December 2010: EUR 119.8 billion).

Total eligible **qualifying capital** of the Erste Group credit institutions, as defined by the Austrian Banking Act, declined from EUR 16.2 billion at year-end 2010 to EUR 16.1 billion as at 30 September 2011. The cover ratio with respect to statutory minimum requirements at the reporting date (EUR 9.6 billion) was 168.3% (year-end 2010: 169.2%).

Tier 1 capital after the deductions defined in the Austrian Banking Act amounted to EUR 11.8 billion (year-end 2010: EUR 12.2 billion).

The **tier 1 ratio** including the capital requirements for market and operational risk (total risk) declined to 9.8% (year-end 2010: 10.2%) while the **core tier 1 ratio** deteriorated to 8.8% as at 30 September 2011 (year-end 2010: 9.2%).

The **solvency ratio** in relation to total risk (total eligible qualifying capital as a percentage of the assessment base for total risk pursuant to § 22, para. 1 of the Austrian Banking Act) amounted to 13.5% as at 30 September 2011 (year-end 2010: 13.5%), which was well above the statutory minimum requirement of 8.0%.

Condensed Consolidated Interim Financial Statements (unaudited)

I. Statement of comprehensive income – 1 January to 30 September 2011

INCOME STATEMENT (unaudited)

in EUR million	Notes	1-9 11	1-9 10 restated	Change
Interest and similar income		6,926.0	6,611.2	4.8%
Interest and similar expenses		-2,810.6	-2,532.5	11.0%
Income from associates accounted for at equity		18.7	17.1	9.4%
Net interest income	**(1)**	**4,134.1**	**4,095.8**	**0.9%**
Risk provisions for loans and advances	(2)	-1,859.2	-1,588.4	17.0%
Fee and commission income		1,787.0	1,740.0	2.7%
Fee and commission expenses		-435.0	-370.0	17.6%
Net fee and commission income	**(3)**	**1,352.0**	**1,370.0**	**-1.3%**
Net trading result	(4)	37.4	290.4	-87.1%
General administrative expenses	(5)	-2,891.6	-2,871.7	0.7%
Other operating result	(6)	-1,460.4	-283.4	na
Result from financial assets - FV		-7.8	-7.8	0.0%
Result from financial assets - AfS		-62.8	18.5	na
Result from financial assets - HtM		-17.0	0.8	na
Pre-tax profit/loss from continuing operations		**-775.3**	**1,024.2**	**na**
Taxes on income		-105.0	-232.6	-54.9%
Net profit/loss for the period		**-880.3**	**791.6**	**na**
Attributable to non-controlling interests		92.7	157.8	-41.3%
Attributable to owners of the parent		**-973.0**	**633.8**	**na**

EARNINGS PER SHARE

Earnings per share constitute net profit attributable to owners of the parent adjusted for the dividends related to the participation capital divided by the average number of shares outstanding.

Diluted earnings per share represent the maximum potential dilution (increase in the average number of shares) which would occur if all issued subscription and conversion rights were exercised.

in EUR	1-9 11	1-9 10 restated	Change
Earnings per share	-2.87	1.41	na
Diluted earnings per share	-2.85	1.41	na
Cash earnings per share	-0.26	1.49	na
Diluted cash earnings per share	-0.26	1.48	na

STATEMENT OF COMPREHENSIVE INCOME (unaudited)

in EUR million	1-9 11	1-9 10 restated	Change
Net profit/-loss before minorities	**-880.3**	**791.6**	**na**
Available for sale - reserve (including currency translation)	151.8	321.0	-52.7%
Cash flow hedge - reserve (including currency translation)	29.6	-53.1	na
Actuarial gains and losses	0.0	0.0	na
Currency translation	-72.0	82.8	na
Deferred taxes on items recognised directly in equity	-25.5	-70.7	-63.9%
Other comprehensive income – total	**83.9**	**280.0**	**-70.0%**
Total comprehensive income	**-796.4**	**1,071.6**	**na**
Attributable to non-controlling interests	111.3	243.6	-54.3%
Attributable to owners of the parent	**-907.7**	**828.0**	**na**

II. Balance sheet at 30 September 2011 (unaudited)

in EUR million	Notes	Sep 11	Dec 10 restated	Change
ASSETS				
Cash and balances with central banks		5,743	5,839	-1.6%
Loans and advances to credit institutions	(7)	13,559	12,496	8.5%
Loans and advances to customers	(8)	135,211	132,334	2.2%
Risk provisions for loans and advances	(9)	-7,189	-6,119	17.5%
Derivative financial instruments	(10)	12,076	8,508	41.9%
Trading assets	(11)	7,350	5,536	32.8%
Financial assets - at fair value through profit or loss	(11)	2,351	2,435	-3.4%
Financial assets - available for sale	(11)	19,662	17,751	10.8%
Financial assets - held to maturity	(11)	16,403	14,235	15.2%
Equity holdings in associates accounted for at equity		197	223	-11.7%
Intangible assets		3,525	4,675	-24.6%
Property and equipment		2,401	2,446	-1.8%
Current tax assets		130	116	12.1%
Deferred tax assets		558	617	-9.6%
Assets held for sale		81	52	55.8%
Other assets		4,036	4,626	-12.8%
Total assets		**216,094**	**205,770**	**5.0%**
LIABILITIES AND EQUITY				
Deposits by banks	(12)	21,720	20,154	7.8%
Customer deposits	(13)	121,594	117,016	3.9%
Debt securities in issue		34,594	31,298	10.5%
Derivative financial instruments	(14)	10,287	8,399	22.5%
Trading liabilities		534	216	na
Provisions	(15)	1,540	1,545	-0.3%
Current tax liabilities		46	68	-32.4%
Deferred tax liabilities		175	328	-46.6%
Other liabilities		4,222	4,350	-2.9%
Subordinated liabilities	(16)	5,941	5,838	1.8%
Total equity		15,441	16,558	-6.7%
Attributable to non-controlling interests		3,555	3,444	3.2%
Attributable to owners of the parent		11,886	13,114	-9.4%
Total liabilities and equity		**216,094**	**205,770**	**5.0%**

III. Statement of changes in equity (unaudited)

in EUR million	Subscri-bed capital	Addition al paid-in-capital	Retained earnings	Cash flow hedge reserve	Available for sale reserve	Currency transla-tion	Deferred tax	Total owners of the parent	Non-controlling interests	Total equity
Total equity at 1 January 2010	**2,517**	**6,171**	**4,628**	**73**	**-372**	**-390**	**82**	**12,709**	**3,414**	**16,123**
Restatement (note V)			-335					-335	-93	-428
Restated total equity at 1 January 2010	**2,517**	**6,171**	**4,293**	**73**	**-372**	**390**	**82**	**12,374**	**3,321**	**15,695**
Changes in own shares			137					137		137
Dividends			-385					-385	-42	-427
Capital increases [1]		6						6		6
Participation capital [2]	-5							-5		-5
Change in interest in subsidiaries										
Acquisition of non-controlling interest										
Total comprehensive income			634	-43	158	113	-33	829	243	1,072
Net profit for the period			634					634	157	791
Other comprehensive income				-43	158	113	-33	195	86	281
Total equity at 30 September 2010	**2,512**	**6,177**	**4,679**	**30**	**-214**	**-277**	**49**	**12,956**	**3,522**	**16,478**
Equity at 1 January 2011	**2,513**	**6,177**	**4,939**	**11**	**-278**	**-312**	**64**	**13,114**	**3,444**	**16,558**
Changes in own shares			75					75		75
Dividends			-405					-405	-41	-446
Capital increases 1)	1	8						9		9
Participation capital										
Change in interest in subsidiaries									41	41
Acquisition of non-controlling interest										
Total comprehensive income			-973	26	111	-57	-14	-907	111	-796
Net profit for the period			-973					-973	93	-880
Other comprehensive income				26	111	-57	-14	66	18	84
Equity at 30 September 2011	**2,514**	**6,185**	**3,636**	**37**	**-167**	**-369**	**50**	**11,886**	**3,555**	**15,441**

1) Capital increase in connection with ESOP (Employee Stock Ownership Plan).
2) Capital tax.

IV. Condensed cash-flow statement (unaudited)

in EUR million	1-9 11	1-9 10 restated	Change
Cash and cash equivalents at end of the previous year	**5,839**	**5,996**	**-2.6%**
Cash flow from operating activities	1,654	-584	na
Cash flow from investing activities	-1,403	137	na
Cash flow from financing activities	-293	-572	-48.8%
Effect of currency translation	-54	53	na
Cash and cash equivalents at the end of period	**5,743**	**5,030**	**14.2%**

V. Notes to the financial statements of Erste Group for the period from 1 January to 30 September 2011

The interim condensed consolidated financial statements of Erste Group for the period from 1 January to 30 September 2011 were prepared in accordance with IAS 34 ("Interim Reporting"). The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual consolidated financial statements. Therefore, the interim condensed consolidated financial statements should be read in conjunction with Erste Group's consolidated financial statements as at 31 December 2010 taking into consideration the two following restatements:

Due to the volatility on capital and financial markets the management of Erste Group analysed the outstanding portfolio of Credit Default Swaps (CDSs) within its International Business Division with regards to the strategic business orientation of Erste Group. Based on this analysis, the accounting of these instruments classified in prior periods as financial guarantees has been consequently restated to classify and measure them as financial instruments at fair value through profit and loss.

The harmonisation and improvement of the IT-Tools within Erste Group has lead to restate prior calculation of the effective interest rate of loans and advances to customers.

In accordance with IAS 8, comparative figures have been restated to reflect the above:

Balance sheet of Erste Group

in EUR million				
01.01.2010	**Published amount**	**CDS**	**EIR**	**Restated amount**
ASSETS				
Loans and advances to customers	129,134		-379	128,755
Derivative financial instruments	4,711	37		4,748
Deferred tax assets	454	51	100	605
Other assets	5,297	-6		5,291
Not restated positions	62,114			62,114
Total assets	**201,710**	**82**	**-279**	**201,513**
LIABILITIES AND EQUITY				
Derivative financial instruments	3,749	231		3,980
Not restated positions	181,838			181,838
Total equity	16,123	-149	-279	15,695
Attributable to non-controlling interests	3,414		-93	3,321
Attributable to owners of the parent	12,709	-149	-186	12,374
Total liabilities and equity	**201,710**	**82**	**-279**	**201,513**

in EUR million				
31.12.2010	**Published amount**	**CDS**	**EIR**	**Restated amount**
ASSETS				
Loans and advances to customers	132,729		-395	132,334
Derivative financial instruments	8,474	34		8,508
Deferred tax assets	418	95	104	617
Other assets	4,632	-6		4,626
Not restated positions	59,685			59,685
Total assets	**205,938**	**123**	**-291**	**205,770**
LIABILITIES AND EQUITY				
Derivative financial instruments	7,996	403		8,399
Not restated positions	180,813			180,813
Total equity	17,129	-280	-291	16,558
Attributable to non-controlling interests	3,544		-100	3,444
Attributable to owners of the parent	13,585	-280	-191	13,114
Total liabilities and equity	**205,938**	**123**	**-291**	**205,770**

Statement of comprehensive income

in EUR million				
1-9 2010	Published amount	CDS	EIR	Restated amount
Net interest income	4,075.5		20.3	4,095.8
Risk provisions for loans and advances	-1,588.4			-1,588.4
Net fee and commission income	1,440.7	-39.4	-31.3	1,370.0
Net trading result	383.9	-93.5		290.4
General administrative expenses	-2,871.7			-2,871.7
Other result	-271.9			-271.9
Pre-tax profit from continuing operations	1,168.1	-132.9	-11.0	1,024.2
Taxes on income	-268.7	33.3	2.8	-232.6
Net profit for the period	899.4	-99.6	-8.2	791.6
Other comprehensive income	280.0			280.0
Total comprehensive income	1,179.4	-99.6	-8.2	1,071.6
Attributable to non-controlling interests	248.4		-4.8	243.6
Attributable to owners of the parent	**931.0**	**-99.6**	**-3.4**	**828.0**

Earnings per share

in EUR				
1-9 2010	Published amount	CDS	EIR	Restated amount
Earnings per share	1.68	-0.26	-0.01	1.41
Diluted earnings per share	1.68	-0.26	-0.01	1.41

This interim report was neither audited nor reviewed by an auditor.

SIGNIFICANT BUSINESS EVENTS IN THE REPORTING PERIOD

Within the context of the Employee Share Ownership Plan (ESOP), the employees of Erste Group subscribed to 289,663 shares between 2 and 13 May 2011 (2010: 251,635 shares). The exercise price, set at 20% below the average quoted price in April 2010, was EUR 28.00 per share. The resulting issue proceeds of EUR 8,110,564.00 plus EUR 172,547.49 (from the difference between the exercise price of EUR 28.00 and quoted price of EUR 33.73 on value date 26.05.11 for 30,113 shares subscribed by employees of Erste Group Bank AG, charged to personnel expenses) amounted to at total of EUR 8,283,111.49. This amount was assigned to the share capital (which received EUR 579,326.00 of the total) and additional paid-in capital (which received EUR 7,703,785.49). The shares under this plan are subject to a holding period of one year.

289,663 new shares were issued in a capital increase from contingent capital. This raised the number of Erste Group Banks shares from 378,176,721 to 378,466,384 and expanded the share capital 756,353,442.00 to EUR 756,932,768.00.

Personnel expenses fort the first nine months of 2011 include ESOP of EUR 1.6 million (September 2010 EUR 0.7 million).

A. INFORMATION ON THE INCOME STATEMENT OF ERSTE GROUP

1) Net interest income

in EUR million	1-9 11	1-9 10 restated	Change
Interest income			
Lending and money market transactions with credit institutions	898.2	859.9	4.5%
Lending and money market transactions with customers	4,833.5	4,719.3	2.4%
Bonds and other interest-bearing securities	956.6	855.2	11.9%
Other	6.5	6.6	-1.5%
Current income			
Equity-related securities	74.1	71.6	3.5%
Investments	22.0	18.7	17.6%
Investment properties	62.7	58.8	6.6%
Interest and similar income	**6,853.6**	**6,590.1**	**4.0%**
Interest income from financial assets - at fair value through profit or loss	72.4	21.1	na
Total interest and similar income	**6,926.0**	**6,611.2**	**4.8%**
Interest expenses			
Deposits by banks	-516.1	-383.6	34.5%
Customer deposits	-1,322.2	-1,248.3	5.9%
Debt securities in issue	-747.1	-656.6	13.8%
Subordinated liabilities	-204.6	-232.7	-12.1%
Other	-6.5	-8.7	-25.3%
Interest and similar expenses	**-2,796.5**	**-2,529.9**	**10.5%**
Interest expenses from financial assets - at fair value through profit or loss	-14.1	-2.6	na
Total interest and similar expenses	**-2,810.6**	**-2,532.5**	**11.0%**
Income from associates accounted for at equity	18.7	17.1	9.4%
Total	**4,134.1**	**4,095.8**	**0.9%**

2) Risk provisions for loans and advances

in EUR million	1-9 11	1-9 10 restated	Change
Net allocation to risk provisions for loans and advances	-1,808.4	-1,550.6	16.6%
Direct write-offs of loans and advances and amounts received against written-off loans and advances	-50.8	-37.8	34.4%
Total	**-1,859.2**	**-1,588.4**	**17.0%**

3) Net fee and commission income

in EUR million	1-9 11	1-9 10 restated	Change
Lending business	206.8	188.1	9.9%
Payment transfers	649.9	635.4	2.3%
Card business	150.5	140.4	7.2%
Securities transactions	295.2	307.4	-4.0%
Investment fund transactions	148.6	150.3	-1.1%
Custodial fees	24.8	28.1	-11.7%
Brokerage	121.8	129.0	-5.6%
Insurance brokerage business	71.2	82.2	-13.4%
Building society brokerage	27.9	30.2	-7.6%
Foreign exchange transactions	18.1	19.9	-9.0%
Investment banking business	13.3	24.0	-44.6%
Other	69.6	82.8	-15.9%
Total	**1,352.0**	**1,370.0**	**-1.3%**

4) Net trading result

in EUR million	1-9 11	1-9 10 restated	Change
Securities and derivatives trading	-107.9	111.1	na
Foreign exchange transactions	145.3	179.3	-19.0%
Total	**37.4**	**290.4**	**-87.1%**

5) General administrative expenses

in EUR million	1-9 11	1-9 10 restated	Change
Personnel expenses	-1,720.3	-1,657.5	3.8%
Other administrative expenses	-889.8	-928.7	-4.2%
Depreciation and amortisation	-281.5	-285.5	-1.4%
Total	**-2,891.6**	**-2,871.7**	**0.7%**

6) Other operating result

in EUR million	1-9 11	1-9 10 restated	Change
Other operating income	105.0	103.4	1.5%
Other operating expenses	-1,565.4	-386.8	na
Total	**-1,460.4**	**-283.4**	**na**
Result from real estate/property/movable property and software	-47.8	-82.3	-41.9%
Allocation/release of other provisions/risks	-5.7	-9.8	-41.8%
Expenses for deposit insurance contributions	-65.5	-48.1	36.2%
Amortisation of intangible assets (customer relationships)	-52.1	-52.6	-1.0%
Other taxes	-160.5	-52.3	na
Impairment of goodwill	-1,041.9	0,0	na
Result from other operating expenses/income	-86.9	-38.3	na
Total	**-1,460.4**	**-283.4**	**na**

B. INFORMATION ON THE BALANCE SHEET OF ERSTE GROUP

7) Loans and advances to credit institutions

in EUR million	Sep 11	Dec 10 restated	Change
Loans and advances to domestic credit institutions	1,027	1,356	-24.3%
Loans and advances to foreign credit institutions	12,532	11,140	12.5%
Total	**13,559**	**12,496**	**8.5%**

8) Loans and advances to customers

in EUR million	Sep 11	Dec 10 restated	Change
Loans and advances to domestic customers			
Public sector	2,957	2,996	-1.3%
Commercial customers	36,993	35,970	2.8%
Private households	25,080	24,443	2.6%
Unlisted securities	251	250	0.4%
Other	295	201	46.8%
Total loans and advances to domestic customers	**65,576**	**63,860**	**2.7%**
Loans and advances to foreign customers			
Public sector	3,107	3,100	0.2%
Commercial customers	35,244	34,548	2.0%
Private households	30,184	29,534	2.2%
Unlisted securities	820	971	-15.6%
Other	280	321	-12.8%
Total loans and advances to foreign customers	**69,635**	**68,474**	**1.7%**
Total	**135,211**	**132,334**	**2.2%**

9) Risk provisions for loans and advances

in EUR million	1-9 11	1-9 10 restated	Change
Risk provisions for loans and advances			
At start of reporting period	**6,119**	**4,954**	**23.5%**
Use	-569	-290	96.2%
Net allocation to risk provisions for loans and advances	1,808	1,551	16.6%
Interest income from impaired loans	-138	-81	70.4%
Currency translation	-31	76	na
At end of reporting period	**7,189**	**6,210**	**15.8%**
Provision for off-balance-sheet and other risks	319	299	6.7%
Total	**7,508**	**6,509**	**15.3%**

10) Derivative financial instruments (Positive fair value)

in EUR million	Sep 11	Dec 10 restated	Change
Derivatives held for trading	8,889	6,019	47.7%
Derivatives held in banking book	3,187	2,489	28.0%
Fair value hedges	2,120	1,570	35.0%
Cash flow hedges	139	135	3.0%
Other derivatives	928	784	18.4%
Total	**12,076**	**8,508**	**41.9%**

11) Securities

in EUR million	Sep 11	Dec 10 restated	Change
Bonds and other interest-bearing securities	**43,903**	**38,022**	**15.5%**
Loans and advances to credit institutions and customers	1,915	2,077	-7.8%
Trading assets	6,820	4,945	37.9%
Financial assets - FV	1,977	2,029	-2.6%
Financial assets - AfS	16,788	14,736	13.9%
Financial assets - HtM	16,403	14,235	15.2%
Equity-related securities	**3,181**	**3,499**	**-9.1%**
Loans and advances to credit institutions and customers	0	0	na
Trading assets	515	580	-11.2%
Financial assets - FV	374	406	-7.9%
Financial assets - AfS	2,292	2,513	-8.8%
Financial assets - HtM	0	0	na
Equity holdings - AfS	**583**	**502**	**16.1%**
Total	**47,667**	**42,023**	**13.4%**

12) Deposits by bank

in EUR million	Sep 11	Dec 10 restated	Change
Deposits by domestic credit institutions	5,160	5,680	-9.2%
Deposits by foreign credit institutions	16,560	14,474	14.4%
Total	**21,720**	**20,154**	**7.8%**

13) Customer deposits

in EUR million	Sep 11	Dec 10 restated	Change
Savings deposits	54,962	54,321	1.2%
Sundry	66,632	62,695	6.3%
Total	**121,594**	**117,016**	**3.9%**

14) Derivative financial instruments (Negative fair value)

in EUR million	Sep 11	Dec 10 restated	Change
Derivatives held for trading	7,958	6,094	30.6%
Derivatives held in banking book	2,329	2,305	1.0%
Fair value hedges	905	783	15.6%
Cash flow hedges	43	97	-55.7%
Other derivatives	1,381	1,425	-3.1%
Total	**10,287**	**8,399**	**22.5%**

15) Provisions

in EUR million	Sep 11	Dec 10 restated	Change
Long-term employee provisions	1,093	1,109	-1.4%
Sundry provisions	447	436	2.5%
Total	**1,540**	**1,545**	**-0.3%**

16) Subordinated liabilities

in EUR million	Sep 11	Dec 10 restated	Change
Subordinated issues and deposits	3,225	2,885	11.8%
Supplementary capital	1,573	1,775	-11.4%
Hybrid issues	1,194	1,200	-0.5%
Repurchased own issues	-51	-22	na
Total	**5,941**	**5,838**	**1.8%**

C. ADDITIONAL INFORMATION

17) Contingent liabilities – legal proceedings

To meet the financial needs of customers, the Bank entered into following contingent liabilities:

in EUR million	Sep 11	Dec 2010 restated	Dec 10
Guarantees	6,711	7,826	7,826
Credit Default Swaps	0	0	6,602
Irrevocable commitments	19,649	19,445	19,445
Total contingent liabilities	**26,360**	**27,271**	**33,873**

Even though these obligations may not be recognised on the balance sheet, they do contain credit risk and are therefore part of the overall risk of the Bank.

Legal proceedings

There have not been any material changes since year-end 2010 in the assessment of the influence of the outcome of the litigation cases in which Erste Group Bank and some of its subsidiaries are involved with respect of the financial and/or earnings situation of Erste Group. With regard to the proceedings described in Note 42 in the 2010 Annual Report the following developments can be reported:

In the arbitration proceedings in Stockholm the Arbitration Tribunal has handed down in March 2011 the Final Award in which it rejects the claims of the plaintiff against Erste Group Bank.

In the Hungarian Holocaust case before a court in Chicago the United States in February 2011 submitted a Statement of Interest to the court recommending dismissal of the claims against Erste Group Bank. The case is still pending.

18) Related party transactions

As of 30 September 2011, Erste Group had outstanding liabilities of EUR 149.8 million (31 December 2010: EUR 290.2 million) and amount receivable of EUR 87.0 million (31 December 2010: EUR 276.1 million) in relation to DIE ERSTE österreichische Spar-Casse Privatstiftung. Furthermore, as of 30 September 2011 there existed between Erste Group and DIE ERSTE österreichische Spar-Casse Privatstiftung standard derivative transactions for hedging purposes on usual market terms. These were interest rate swaps with caps and floors in a notional amount of EUR 0 million (31 December 2010: EUR 247.4 million) as well as interest rate swap with caps in a notional amount of EUR 315.5 million (31 December 2010: EUR 103.0 million).

19) Events after the Reporting Date

As announced on 10 October 2011, Erste Group closed its CDS positions in an accelerated way from EUR 5.2 billion as of 30 September 2011 to EUR 0.3 billion as of 27 October 2011.

Erste Group announced on 27 October 2011 an ad hoc release regarding the stress test:
In connection with the sovereign debt crisis, the European Banking Authority (EBA) conducted a preliminary assessment of European banks' capital requirements. A core tier 1 ratio of 9% (as per the stress test definition) was set as benchmark, and all EEA sovereign exposures are marked-to-market. The 9% will have to be met by 30 June 2012.

According to this preliminary calculation, Erste Group Bank AG requires additional capital amounting to EUR 59 million. This result was calculated using half-year 2011 data. The final result is expected to be determined by the EBA based on financial statements as of the end of the third quarter, thus taking into account the measures recently announced by Erste Group Bank AG.

The Core tier 1 ratio is calculated using EBA methodology and estimates and includes the participation capital provided by the Republic of Austria in the amount of EUR 1,224 million, but neither the hybrid capital nor participation capital provided by private investors in the amount of EUR 540 million.

20) Headcount

(weighted by degree of employment)

	Sep 11	Dec 10	Change
Employed by Erste Group	**50,901**	**50,272**	**1.3%**
Austria incl. Haftungsverbund savings banks	16,230	16,068	1.0%
Erste Group, EB Oesterreich and subsidiaries	8,729	8,488	2.8%
Haftungsverbund savings banks	7,501	7,580	-1.0%
Central and Eastern Europe / International	34,671	34,204	1.4%
Česká spořitelna Group	10,296	10,711	-3.9%
Banca Comercială Română Group	9,342	9,112	2.5%
Slovenská sporiteľňa Group	4,161	4,004	3.9%
Erste Bank Hungary Group	2,972	2,900	2.5%
Erste Bank Croatia Group	2,692	2,317	16.2%
Erste Bank Serbia	904	910	-0.7%
Erste Bank Ukraine	1,724	1,736	-0.7%
Savings banks subsidiaries & foreign branch offices	1,120	1,019	9.9%
Other subsidiaries and foreign branch offices	1,460	1,495	-2.3%

D. SEGMENT REPORTING

Retail & SME

Erste Bank Oesterreich

The Erste Bank Oesterreich segment comprises the retail and SME business of Erste Bank Oesterreich and its subsidiaries, including all the savings banks in which Erste Bank Oesterreich holds majority stakes (savings banks in Salzburg, Tirol, and Hainburg), as well as s Bausparkasse. Since the acquisition of additional shares in August 2011, Intermarket Bank AG (a factoring company) is also reported as a fully consolidated subsidiary in this segment.

The growth in net interest income from EUR 489.9 million (1-9 2010) by EUR 11.9 million, or 2.4%, to EUR 501.8 million in the first three quarters of 2011 was primarily due to an increase in deposits and higher margins. Net fee and commission income declined from EUR 247.4 million by EUR 8.3 million, or 3.3%, to EUR 239.1 million. This was mainly attributable to a subdued securities business that reflected the general market development. Operating expenses fell by EUR 2.2 million, or 0.5%, on the back of continuing efforts to boost efficiency. The operating result improved from EUR 290.3 million in the first three quarter of 2010 by EUR 5.9 million, or 2.1%, to EUR 296.2 million. The cost/income ratio dropped to 60.5% versus 61.1% in the previous year. A significant improvement in risk provisions from EUR 124.2 million (1-9 2010) by EUR 31.5 million, or 25.4%, to EUR 92.7 million reflected the continuously improving risk profile of the retail and SME portfolios.

The decline in the “Other result” item from EUR -6.6 million by EUR 27.6 million to EUR -34.2 million in the first three quarters of 2011 was mainly due to higher write-downs on securities not held for trading (including Greek bonds) as well as to the introduction of the banking tax (EUR 5.7 million). At EUR 128.3 million, net profit after minorities was EUR 10.5 million, or 8.8%, higher than in the first three quarters of 2010 (EUR 117.8 million). Return on equity increased from 13.6% to 15.5%.

Haftungsverbund/Savings Banks

At EUR 742.0 million, net interest income was 2.1%, or EUR 15.1 million, higher than in the first three quarters of 2010, driven by positive development in both volumes and margins. Net fee and commission income rose by EUR 4.7 million, or 1.7%, from EUR 285.8 million (1-9 2010) to EUR 290.5 million, primarily as a result of higher income from payment transfers and the securities business. The decline in the net trading result from EUR 22.3 million by EUR 24.4 million to EUR -2.1 million in the first nine months of 2011 was attributable to the difficult market environment, particularly in the third quarter of the current financial year. At EUR 702.9 million, operating expenses were slightly higher year on year (EUR 701.9 million). The operating result declined from EUR 333.0 million in the first three quarters of 2010 by EUR 5.5 million, or 1.6%, to EUR 327.5 million.

A decline in the item “Other result” from EUR 0.9 million (1-9 2010) by EUR 50.5 million to EUR -49.6 million was mainly caused by losses on the sale of securities and write-downs on securities not held in the trading portfolio. Banking tax was paid in the amount of EUR 4.7 million. Risk provisions decreased from EUR 209.5 million by EUR 19.5 million, or 9.3%, to EUR 190.0 million. Net profit after minorities decreased from EUR 2.1 million in the first nine months of 2010 by EUR 1.5 million to EUR 0.6 million. The cost/income ratio stood at 68.2% versus 67.8% in the previous year.

in EUR million	Retail & SME[3] 1-9 11	Retail & SME[3] 1-9 10 restated	GCIB 1-9 11	GCIB 1-9 10 restated	Group Markets 1-9 11	Group Markets 1-9 10 restated	Corporate Center 1-9 11	Corporate Center 1-9 10 restated
Net interest income	3,539.3	3,482.4	394.0	445.5	99.4	86.6	101.4	81.3
Risk provisions for loans and advances	-1,688.6	-1,390.2	-170.5	-198.1	0.0	0.0	0.0	0.0
Net fee and commission income	1,227.7	1,205.4	93.0	84.8	98.9	116.9	-67.6	-37.2
Net trading result	51.4	141.8	-145.6	-90.9	157.4	225.4	-25.8	14.1
General administrative expenses	-2,477.8	-2,458.4	-137.6	-135.4	-180.1	-169.9	-96.1	-107.9
Other result	-333.2	-168.6	-32.6	-8.2	9.5	7.5	-1,191.8	-102.6
Pre-tax profit/-loss	**318.9**	**812.3**	**0.6**	**97.7**	**185.0**	**266.5**	**-1,279.8**	**-152.3**
Taxes on income	-177.5	-191.4	-5.1	-17.4	-42.2	-57.9	119.8	34.1
Net profit/loss for the period	**141.4**	**620.9**	**-4.5**	**80.3**	**142.8**	**208.6**	**-1,159.9**	**-118.3**
Attributable to non-controlling interests	86.7	140.3	8.9	15.5	8.8	10.6	-11.7	-8.6
Attributable to owners of the parent	**54.7**	**480.6**	**-13.4**	**64.8**	**134.1**	**198.0**	**-1,148.3**	**-109.7**
Average risk-weighted assets	**75,770.2**	**75,126.5**	**24,808.7**	**25,772.1**	**2,703.9**	**2,977.6**	**852.7**	**1,469.4**
Average attributed equity	**4,138.8**	**4,134.0**	**1,985.8**	**2,062.9**	**308.8**	**325.2**	**6,913.4**	**6,467.9**
Cost/income ratio	**51.4%**	**50.9%**	**40.3%**	**30.8%**	**50.7%**	**39.6%**	**na**	**na**
Return on equity	**1.8%**	**15.5%**	**-0.9%**	**4.2%**	**57.9%**	**81.2%**	**-22.1%**	**-2.3%**

in EUR million	Savings banks 1-9 11	Savings banks 1-9 10 restated	EB Oesterreich 1-9 11	EB Oesterreich 1-9 10 restated	Austria 1-9 11	Austria 1-9 10 restated
Net interest income	742.0	726.9	501.8	489.9	1,243.8	1,216.8
Risk provisions for loans and advances	-190.0	-209.5	-92.7	-124.2	-282.7	-333.8
Net fee and commission income	290.5	285.8	239.1	247.4	529.6	533.1
Net trading result	-2.1	22.3	9.8	9.7	7.7	31.9
General administrative expenses	-702.9	-701.9	-454.5	-456.7	-1,157.4	-1,158.6
Other result	-49.6	0.9	-34.2	-6.6	-83.8	-5.7
Pre-tax profit/-loss	**87.9**	**124.4**	**169.4**	**159.4**	**257.3**	**283.8**
Taxes on income	-22.2	-32.1	-37.2	-37.3	-59.5	-69.4
Net profit/loss for the period	**65.7**	**92.3**	**132.2**	**122.1**	**197.8**	**214.5**
Attributable to non-controlling interests	65.1	90.2	3.9	4.3	69.0	94.5
Attributable to owners of the parent	**0.6**	**2.1**	**128.3**	**117.8**	**128.9**	**120.0**
Average risk-weighted assets	**24,604.7**	**23,989.7**	**13,916.9**	**14,536.6**	**38,521.6**	**38,526.3**
Average attributed equity	**301.8**	**291.7**	**1,104.7**	**1,154.3**	**1,406.6**	**1,446.0**
Cost/income ratio	**68.2%**	**67.8%**	**60.5%**	**61.1%**	**65.0%**	**65.0%**
Return on equity	**0.3%**	**1.0%**	**15.5%**	**13.6%**	**12.2%**	**11.1%**

[3] The Retail & SME segment comprises the subsegments Austria (which is further subdivided into Erste Bank Oesterreich and Savings Banks) Czech Republic, Romania, Slovakia, Hungary,

Croatia, Serbia and Ukraine.

in EUR million	Czech Republic 1-9 11	Czech Republic 1-9 10 restated	Romania 1-9 11	Romania 1-9 10 restated	Slovakia 1-9 11	Slovakia 1-9 10 restated	Hungary 1-9 11	Hungary 1-9 10 restated
Net interest income	900.3	810.8	517.6	621.8	334.4	317.4	303.1	287.7
Risk provisions for loans and advances	-188.6	-284.1	-373.7	-386.0	-56.7	-97.5	-701.3	-180.0
Net fee and commission income	372.4	348.2	97.5	108.5	83.3	76.2	73.8	73.5
Net trading result	-19.2	48.1	39.2	20.4	-3.9	2.2	14.2	19.4
General administrative expenses	-543.7	-532.3	-282.7	-281.3	-166.6	-172.7	-158.1	-152.7
Other result	-114.3	-62.9	-41.3	-30.0	-31.8	-20.2	-57.3	-46.6
Pre-tax profit/-loss	**406.8**	**327.8**	**-43.5**	**53.5**	**158.8**	**105.4**	**-525.6**	**1.3**
Taxes on income	-80.2	-66.6	15.0	-10.6	-33.2	-21.3	-6.4	-10.4
Net profit/loss for the period	**326.5**	**261.2**	**-28.4**	**42.9**	**125.6**	**84.1**	**-532.0**	**-9.0**
Attributable to non-controlling interests	3.7	8.5	-9.0	15.7	0.0	0.2	-0.3	-0.1
Attributable to owners of the parent	**322.9**	**252.6**	**-19.4**	**27.2**	**125.7**	**83.9**	**-531.7**	**-9.0**
Average risk-weighted assets	**13,114.4**	**12,379.4**	**9,137.4**	**9,111.5**	**4,928.9**	**5,302.6**	**4,357.9**	**4,769.1**
Average attributed equity	**1,078.8**	**1,021.8**	**522.6**	**519.3**	**408.5**	**438.4**	**362.0**	**392.9**
Cost/income ratio	**43.4%**	**44.1%**	**43.2%**	**37.5%**	**40.2%**	**43.6%**	**40.4%**	**40.1%**
Return on equity	**39.9%**	**33.0%**	**-5.0%**	**7.0%**	**41.0%**	**25.5%**	**na**	**-3.0%**

in EUR million	Croatia 1-9 11	Croatia 1-9 10 restated	Serbia 1-9 11	Serbia 1-9 10 restated	Ukraine 1-9 11	Ukraine 1-9 10 restated	Total group[4] 1-9 11	Total group[4] 1-9 10 restated
Net interest income	194.7	182.8	27.1	20.0	18.3	25.0	4,134.1	4,095.7
Risk provisions for loans and advances	-72.3	-78.9	-6.3	-6.6	-7.1	-23.5	-1,859.1	-1,588.4
Net fee and commission income	58.5	54.8	9.0	8.3	3.7	2.9	1,352.0	1,370.0
Net trading result	7.4	7.9	0.3	1.6	5.7	10.2	37.4	290.4
General administrative expenses	-108.3	-103.9	-25.1	-23.0	-35.9	-33.8	-2,891.6	-2,871.7
Other result	-6.9	-2.9	-0.9	-0.1	3.2	-0.1	-1,548.0	-271.9
Pre-tax profit/-loss	**73.2**	**59.7**	**4.1**	**0.1**	**-12.2**	**-19.3**	**-775.3**	**1,024.2**
Taxes on income	-13.3	-12.4	0.0	0.0	0.0	-0.8	-105.0	-232.6
Net profit/loss for the period	**59.9**	**47.3**	**4.1**	**0.1**	**-12.2**	**-20.1**	**-880.3**	**791.6**
Attributable to non-controlling interests	22.2	21.2	1.1	0.3	0.0	0.0	92.7	157.8
Attributable to owners of the parent	**37.6**	**26.1**	**3.0**	**-0.1**	**-12.2**	**-20.1**	**-973.0**	**633.8**
Average risk-weighted assets	**4,402.9**	**3,725.6**	**578.6**	**663.7**	**728.5**	**648.2**	**104,135.3**	**105,345.6**
Average attributed equity	**255.9**	**213.8**	**40.9**	**44.2**	**63.5**	**57.5**	**13,346.9**	**12,989.9**
Cost/income ratio	**41.5%**	**42.3%**	**69.1%**	**77.1%**	**129.9%**	**88.7%**	**52.4%**	**49.9%**
Return on equity	**19.6%**	**16.3%**	**9.7%**	**-0.4%**	**-25.6%**	**-46.5%**	**-9.7%**	**6.5%**

[4] Total group, which reflects Erste Group's consolidated results, is divided into four segments: Retail & SME, Group Corporate and Investment Banking (GCIB), Group Markets (GM) and Corporate Center (CC).

Central and Eastern Europe

The segment Central and Eastern Europe includes primarily the retail and SME business of Česká spořitelna, Slovenská sporiteľňa, Erste Bank Hungary, Banca Comercială Română, Erste Bank Croatia, Erste Bank Serbia, and Erste Bank Ukraine. Contributions from the divisionalised business areas – Group Corporate & Investment Banking and Group Markets – are reported in the respective segments.

Czech Republic

Net interest income in the Czech retail and SME business improved strongly year on year by EUR 89.5 million, or 11.0% (currency-adjusted: +6.2%), from EUR 810.8 million to EUR 900.3 million in the first nine months of 2011. This increase was driven by better margins in the deposit business and higher interest income from the banking book. Net fee and commission income rose from EUR 348.2 million in the first nine months of 2010 by EUR 24.2 million, or 6.9% (currency-adjusted: +2.3%), to EUR 372.4 million, mainly as a result of higher income from payment transfers and the cards business. Operating expenses were up EUR 11.4 million, or 2.1%, to EUR 543.7 million. Currency-adjusted, operating expenses were reduced by 2.3%, however, as a result of rigorous cost control. The net trading result decreased from the strong EUR 48.1 million in the first nine months of 2010 by EUR 67.3 million to EUR -19.2 million, which was mainly attributable to negative market valuations of the pension fund.

The operating result rose from EUR 674.8 million by EUR 34.9 million, or 5.2%, to EUR 709.7 million. Currency-adjusted, that increase was 0.6%. In view of improved economic conditions and stabilisation of the portfolio, risk provisions fell by EUR 95.5 million, or 33.6% (currency-adjusted: -36.5%), to EUR 188.6 million in the first three quarters of 2011. The item “Other result” deteriorated from EUR -62.9 million by EUR 51.4 million, or 81.7% (currency-adjusted: -73.7%), to EUR -114.3 million due to higher write-downs on securities not held for trading, higher deposit insurance contributions, and higher charges resulting from real estate revaluation.

Net profit after minorities rose by EUR 70.3 million, or 27.8% (currency-adjusted: +22.2%), from EUR 252.6 million to EUR 322.9 million. The cost/income ratio improved to 43.4% from 44.1%. Return on equity rose to 39.9% (1-9 2010: 33.0%).

Romania

In the first nine months of 2011, net interest income declined by 16.8% (currency-adjusted: -16.3%), or EUR 104.2 million, to EUR 517.6 million. This development was mainly due to continuing weakness in credit demand, change in the asset mix, and lower margins in the deposit business. Net fee and commission income declined by EUR 11.0 million, or 10.1% (currency-adjusted: -9.7%), from EUR 108.5 million (1-9 2010) to EUR 97.5 million as a result of lower contributions from the lending business. The rise in the net trading result from EUR 20.4 million by EUR 18.8 million, or 92.0% (currency-adjusted: +93.0%), to EUR 39.2 million resulted from higher revaluation gains in connection with open foreign exchange positions. Operating expenses rose only marginally from EUR 281.3 million by EUR 1.4 million, or 0.5% (currency-adjusted: +1.0%), to EUR 282.7 million.

The operating result declined in the first three quarters of 2011 from EUR 469.4 million to EUR 371.6 million (-20.8%; currency-adjusted: -20.4%). Risk provisions decreased from EUR 386.0 million by EUR 12.3 million, or 3.2% (currency-adjusted: -2.7%), to EUR 373.7 million.

The deterioration in the “Other result” item from EUR -30.0 million by EUR 11.3 million, or 38.0% (currency-adjusted: -38.7%) to EUR -41.3 million in the first three quarters of 2011 was mainly caused by higher deposit insurance contributions. At EUR -19.4 million, net profit after minorities was EUR 46.6 million lower than the net profit of EUR 27.2 million posted in the previous year. The cost/income ratio rose from 37.5% in the previous year to 43.2%.

The current earnings development in Romania and a revised outlook on economic developments and business opportunities in the banking sector led to extraordinary write-downs totalling EUR 692.8 million (reported under the Corporate Center in the item “Other result”), which reduced goodwill to EUR 1.1 billion.

Slovakia

Net interest income in the Slovak retail and SME business rose by EUR 17.0 million, or 5.3%, to EUR 334.4 million in the first nine months of 2011. This positive development was primarily driven by an increase in mortgage lending as well as by improved income from financial investments. Net fee and commission income improved from EUR 76.2 million by EUR 7.1 million, or 9.4%, to EUR 83.3 million, mainly on the back of higher income from payment transfers. Operating expenses were reduced by EUR 6.1 million, or 3.6%, from EUR 172.7 million to EUR 166.6 million.

Risk provisions reflected improvement in the market environment versus the first three quarters of 2010. That benefited above all the retail but also the SME business and led to a reduction from EUR 97.5 million by EUR 40.8 million, or 41.9%, to EUR 56.7 million. The “Other result” item deteriorated due to higher write-downs on real estate as well as on securities in the available-for-sale portfolio from EUR -20.2 million in the first nine months of 2010 by EUR 11.6 million, or 57.0%, to EUR -31.8 million.

Higher net interest and net fee and commission income, along with significantly lower risk provisions, resulted in a net profit after minorities of EUR 125.7 million, up EUR 41.8 million, or 49.7%, on 1-9 2010. The cost/income ratio improved to 40.2% from 43.6% in the first three quarters of 2010. Return on equity increased from 25.5% to 41.0%.

Hungary

Net interest income in the Hungarian retail and SME business improved from EUR 287.7 million (1-9 2010) by EUR 15.4 million, or 5.3% (currency-adjusted: +3.8%) to EUR 303.1 million in the first nine months of 2011. This was due, however, to higher unwinding effects (which at the same time led to an increase in risk provisions) as well as to currency-related effects. The decline in the net trading result from EUR 19.4 million by EUR 5.2 million, or 27.0% (currency-adjusted: -28.1%) to EUR 14.2 million in the first three quarters of 2011 mainly resulted from the withdrawal from CHF retail lending in the previous year. Related in part to the establishment of a new subsidiary (building society), costs rose in the first nine months of 2011 by EUR 5.4 million, or 3.5% (currency-adjusted: +2.0%), to EUR 158.1 million. The operating result improved from EUR 228.0 million in the first three quarters of 2010 by EUR 5.0 million, or 2.2% (currency-adjusted: +0.7%), to EUR 233.0 million. The cost/income ratio stood at 40.4% (1-9 2010: 40.1%).

A significant rise in risk provisions by EUR 521.3 million from EUR 180.0 million in the first nine months 2010 to EUR 701.3 million was attributable to extraordinary provisions. A provision in the amount of EUR 200 million was set up to cover expected losses from the conversion of foreign-currency into forint-denominated loans at non-market rates permitted under recent legislation. In addition, in view of the economic outlook and the uncertain political climate in Hungary, additional provisions were set up in the amount of EUR 250 million.

The item "Other result" worsened by EUR 10.7 million from EUR -46.6 million in the first nine months of 2010 to EUR -57.3 million as a consequence of higher banking tax (1-9 2011: EUR 40.8 million vs. 1-9 2010: EUR 36.3 million) and expenses incurred in connection with the realisation of collateral. Net loss after minorities amounted to EUR -531.7 million (versus a loss of EUR -9.0 million in the first three quarters of 2010. A capital increase of up to EUR 600 million is planned.

In view of the current earnings development and forecasts for the Hungarian economy, all goodwill still on the books in the amount of EUR 312.7 million was written off and reported in the Corporate Center in the "Other result" item.

Croatia

In Croatia, net interest income from the retail and SME business improved from EUR 182.8 million in the first nine months of 2010 by EUR 11.9 million, or 6.5% (currency-adjusted: +8.8%), to EUR 194.7 million. That was primarily attributable to rising lending volumes and, in part, to improved margins. Net fee and commission income rose from EUR 54.8 million in the first nine months of 2010 by EUR 3.7 million, or 6.8% (currency-adjusted: +9.1%), to EUR 58.5 million on the back of higher income from the cards business. The net trading result was stable at EUR 7.4 million (1-9 2010: EUR 7.9 million). Operating expenses were up – especially in sales – by EUR 4.4 million, or 4.2% (currency-adjusted: +6.4%), from EUR 103.9 million in the first three quarters of 2010 to EUR 108.3 million.

The operating result rose by EUR 10.9 million, or 7.7% (currency-adjusted: +10.0%), from EUR 141.5 million to EUR 152.4 million. This improved the cost/income ratio from 42.3% in the first nine months of 2010 to 41.5%. Risk provisions decreased from EUR 78.9 million (1-9 2010) by EUR 6.6 million, or 8.3% (currency-adjusted: −6.3%), to EUR 72.3 million. Net profit after minorities improved from EUR 26.1 million in the first three quarters of 2010 by EUR 11.5 million, or 44.3% (currency-adjusted: +47.4%) to EUR 37.6 million. Return on equity stood at 19.6% (1-9 2010: 16.3%).

Serbia

Net interest income of Erste Bank Serbia increased in the first three quarters of 2011 by EUR 7.1 million, or 35.6% (currency-adjusted: +35.6%) from EUR 20.0 million to EUR 27.1 million. This improvement was achieved primarily on the back of rising income from short-term investments in local government bonds. Net fee and commission income improved from EUR 8.3 million by EUR 0.7 million, or 8.4% (currency-adjusted: +8.4%), to EUR 9.0 million. Net trading result decreased by EUR 1.3 million due to lower income from foreign exchange trading. At EUR 25.1 million, operating expenses were up EUR 2.1 million, or 9.1% (currency-adjusted: +9.1%), on the first nine months of 2010. This increase was primarily attributable to rising inflation and severance payments. The cost/income ratio improved to 69.1% from 77.1% in the previous year.

The operating result rose from EUR 6.8 million in the first three quarters of 2010 by EUR 4.4 million, or 64.1% (currency-adjusted: +64.2%), to EUR 11.2 million. Risk costs declined from EUR 6.6 million by EUR 0.3 million, or 5.3% (currency-adjusted: -5.3%), to EUR 6.3 million. The higher figure in the item "Other result" in the first nine months of 2010 was attributable to the release of provisions that were no longer required. Net result after minorities rose from EUR -0.1 million by EUR 3.1 million to EUR 3.0 million.

Ukraine

At Erste Bank Ukraine, lower lending volumes were only partly offset by higher interest income from securities. As a result, net interest income declined from EUR 25.0 million in the first nine months of 2010 by EUR 6.7 million, or 26.9% (currency-adjusted: -21.7%), to EUR 18.3 million. Higher income from payment transfers and insurance brokerage led to an improvement of net fee and commission income by EUR 0.8 million, or 28.6% (currency-adjusted: +37.8%), to EUR 3.7 million in the first three quarters of 2011. The net trading result decreased from EUR 10.2 million by EUR 4.5 million, or 44.5% (currency-adjusted: -40.5%) to EUR 5.7 million.

Operating expenses increased from EUR 33.8 million by EUR 2.1 million, or 6.2% (currency-adjusted: +13.8%) to

EUR 35.9 million, driven mainly by higher IT and personnel expenditure. Stabilisation of the SME portfolio led to a significant reduction of risk provisions by EUR 16.4 million, or 69.8% (currency-adjusted: -67.6%) to EUR 7.1 million. Net loss after minorities declined by EUR 7.9 million, or 39.2% (currency-adjusted: -34.9%), from EUR -20.1 million to EUR -12.2 million.

Group Corporate & Investment Banking (GCIB)

The Group Corporate & Investment Banking segment includes the large corporate business, the real estate business of Erste Group with large corporate customers, equity capital markets and International Business (excluding treasury activities). The leasing subsidiary Erste Group Immorent is also included in this segment.

In the first three quarters of 2011, net interest income, at EUR 394.0 million, was EUR 51.5 million, or 11.6%, lower than in the same period of 2010. This was, on the one hand, the result of continuing reduction of business volume in the International Business unit and, on the other, due to higher pressure on margins in the large corporates and real estate businesses. Net fee and commission income improved over the same period by 9.7%, or EUR 8.2 million, to EUR 93.0 million, mainly due to new business. The changes of the fair value of the CDS portfolio had a negative impact of EUR -159.3 million (1-9 2010: EUR -93.4 million), the net trading loss for the first three quarters of 2011 grew by 60.2%, or EUR 54.7 million, from EUR -90.9 million in the previous year to EUR -145.6 million. At the same time, operating expenses rose by 1.7%, or EUR 2.2 million, to EUR 137.6 million. Risk provisions were reduced by EUR 27.6 million, or 13.9%, to EUR 170.5 million. This decline resulted mainly from International Business. Overall, the operating result declined from EUR 304.1 million (1-9 2010) by EUR 100.3 million, or 33.0%, to EUR 203.8 million in the first three quarters of 2011. The decline in the item “Other result” by EUR 24.4 million versus the previous year to EUR -32.6 million in the first three quarters of 2011 was primarily attributable to greater write-downs on securities and real estate.

After a net profit after minorities of EUR 64.8 million (1-9 2010), a loss of EUR 13.4 million was reported for the first nine months of 2011. This was mainly due to the negative net trading result in International Business, which was affected by the changes of the fair value of the CDS portfolio, as well as higher write-downs in the item “Other result”: The cost/income ratio rose from 30.8% in the previous year to 40.3%.

Group Markets

The Group Markets segment comprises the divisionalised business areas Group Treasury and Capital Markets and includes the treasury activities of Erste Group Bank AG, the CEE subsidiaries, the foreign branch offices in Hong Kong, New York, Berlin, and Stuttgart and of the investment banking subsidiaries in CEE, as well as Erste Asset Management.

While net interest income rose by EUR 12.8 million, or 14.8%, to 99.4 million in the first nine months of 2011, net fee and commission income as well as net trading result declined. Net fee and commission income fell by EUR 18.0 million, or 15.5%, to EUR 98.9 million, which was mainly due to declining contributions from Asset Management and direct sales of treasury products. The net trading result, at EUR 157.4 million in the first nine months of 2011, was down EUR 68.0 million, or 30.2%. This was attributable to the difficult market environment, which affected in particular the fixed income business. At EUR 180.1 million, operating expenses were up by EUR 10.2 million, or 6.0%, mainly due to new offices in Germany (fixed-income sales) and increased costs in CEE.

The operating result of the Group Markets segment fell by EUR 83.5 million, or 32.2%, from EUR 259.0 million in the first three quarters of 2010 to EUR 175.5 million. The cost/income ratio rose from 39.6% to 50.7%. Net profit after minorities declined by EUR 63.9 million, or 32.3%, to EUR 134.1 million (1-9 2010: EUR 198.0 million). Return on equity was 57.9% (1-9 2010: 81.2%).

Corporate Center

The Corporate Center segment includes the results of those companies that cannot be directly allocated to a business segment, profit consolidation between the segments, the straight-line amortisation of customer relationships especially for BCR, Erste Card Club, and Ringturm KAG, as well as one-time effects that were not allocated to any business segment for the sake of consistency and to assist like-for-like comparisons.

Furthermore, the asset/liability management of Erste Group Bank AG (Holding) is included in this segment. The results of the local asset/liability management units continue to be allocated to the corresponding business segments.

The increase in net interest income from EUR 81.3 million to EUR 101.4 million (+24.8%) was mainly driven by lower refinancing costs. Negative development of net fee and commission income and improvement in operating expenses were mainly attributable to the profit consolidation of banking support operations.

The item “Other result” included the straight-line amortisation of customer relationships of BCR, Erste Card Club, and Ringturm KAG totalling EUR 52.1 million as well as one-off goodwill write-downs of EUR 692.8 million for the Romanian subsidiary BCR, EUR 312.7 million for the Hungarian subsidiary Erste Bank Hungary, and EUR 36.4 million on Austrian subsidiaries. The Austrian banking tax in the amount of EUR 89.0 million was also reported under “Other result”.

E. RISK REPORT *)

LOAN BOOK BY REPORTING SEGMENT OF ERSTE GROUP

	Low risk		Mgmt attention		Substandard		Non-performing		Total loan book		Risk provisions		NPL coverage		NPL ratio	
in EUR million	Sep 11	Dec 10	Sep 11	Dec 10	Sep 11	Dec 10	Sep 11	Dec 10	Sep 11	Dec 10	Sep 11	Dec 10	Sep 11	Dec 10	Sep 11	Dec 10
Retail & SME	**81,675**	**81,200**	**19,829**	**18,109**	**3,844**	**5,030**	**9,890**	**8,985**	**115,237**	**113,324**	**6,404**	**5,446**	**64.8%**	**60.6%**	**8.6%**	**7.9%**
Austria	**51,802**	**50,133**	**8,991**	**9,444**	**1,269**	**1,337**	**3,650**	**3,792**	**65,712**	**64,706**	**2,264**	**2,251**	**62.0%**	**59.4%**	**5.6%**	**5.9%**
EB Oesterreich	24,072	23,147	2,656	2,860	277	295	998	1,136	28,003	27,438	695	696	69.6%	61.3%	3.6%	4.1%
Savings Banks	27,730	26,986	6,336	6,584	992	1,042	2,651	2,656	37,709	37,268	1,568	1,554	59.2%	58.5%	7.0%	7.1%
Central and Eastern Europe	**29,873**	**31,067**	**10,838**	**8,665**	**2,575**	**3,693**	**6,240**	**5,193**	**49,525**	**48,618**	**4,140**	**3,195**	**66.3%**	**61.5%**	**12.6%**	**10.7%**
Czech Republic	12,992	12,978	3,233	2,816	577	652	1,145	1,040	17,946	17,486	817	728	71.3%	70.0%	6.4%	6.0%
Romania	4,712	5,186	3,090	2,216	811	1,826	2,432	2,020	11,044	11,248	1,244	1,099	51.1%	54.4%	22.0%	18.0%
Slovakia	4,436	4,460	900	513	230	284	457	460	6,023	5,716	391	376	85.4%	81.9%	7.6%	8.0%
Hungary	4,266	4,749	1,736	1,468	455	611	1,279	935	7,736	7,763	1,095	467	85.6%	50.0%	16.5%	12.0%
Croatia	3,084	3,294	1,634	1,401	393	235	704	557	5,816	5,487	395	332	56.1%	59.6%	12.1%	10.2%
Serbia	322	301	91	78	14	9	54	44	480	431	50	44	93.3%	99.5%	11.2%	10.2%
Ukraine	61	98	153	174	96	76	169	138	479	486	149	148	88.1%	107.6%	35.3%	28.3%
GCIB	**13,124**	**12,249**	**4,413**	**4,416**	**568**	**1,047**	**1,222**	**1,032**	**19,328**	**18,745**	**698**	**556**	**57.1%**	**53.8%**	**6.3%**	**5.5%**
Group Markets	**298**	**258**	**5**	**72**	**0**	**0**	**0**	**0**	**303**	**331**	**1**	**0**	**>100.0%**	**>100.0%**	**>100.0%**	**>100.0%**
Corporate Center	**208**	**154**	**119**	**129**	**15**	**15**	**1**	**32**	**343**	**330**	**2**	**33**	**380.6%**	**>100.0%**	**0.2%**	**9.7%**
Total group	**95,304**	**93,861**	**24,366**	**22,727**	**4,427**	**6,093**	**11,113**	**10,049**	**135,211**	**132,729**	**7,105**	**6,034**	**63.9%**	**60.0%**	**8.2%**	**7.6%**

*) Figures as of 31 December 2010 were not restated.

Key definitions

Low risk: The borrower demonstrates a strong repayment capacity. New business is generally with clients in this risk class.

Management attention: The borrower's financial situation is in effect good, but his repayment ability may be negatively affected by unfavourable economic conditions. New business with clients in this risk class requires adequate structuring (securing) of the credit risks.

Substandard: The borrower is vulnerable to negative financial and economic impacts; such loans are managed in specialised risk management departments.

Non-performing: One or more of the default criteria under Basel II are met: full repayment unlikely, interest or principal payments on a material exposure more than 90 days past due, restructuring resulting in a loss to the lender, realisation of a loan loss, or opening of bankruptcy proceedings.

NPL ratio: non-performing loans as a percentage of customer loans outstanding (total loan book).

NPL coverage ratio: risk provisions as a percentage of non-performing loans.

LOAN BOOK BY COUNTRY OF ORIGINATION OF ERSTE GROUP

in EUR million	Low risk		Mgmt attention		Substandard		Non-performing		Total loan book			
	Sep 11	Dec 10	Sep 11	Dec 10	Sep 11	Dec 10	Sep 11	Dec 10	Sep 11	Share of total	Dec 10	Share of total
Core market	**88,299**	**86,949**	**22,698**	**20,782**	**4,191**	**5,817**	**10,330**	**9,398**	**125,518**	**92.8%**	**122,946**	**92.6%**
Austria	52,806	51,016	8,298	8,619	1,137	1,127	3,122	3,386	65,362	48.3%	64,147	48.3%
Croatia	3,986	4,134	2,198	1,938	401	246	909	744	7,494	5.5%	7,061	5.3%
Romania	5,340	5,735	3,864	2,875	959	2,167	2,669	2,205	12,833	9.5%	12,983	9.8%
Serbia	409	372	279	277	15	10	69	60	771	0.6%	719	0.5%
Slovakia	5,141	4,988	1,114	781	256	320	495	497	7,006	5.2%	6,586	5.0%
Slovenia	1,022	1,072	209	276	155	123	238	199	1,624	1.2%	1,670	1.3%
Czech Republic	14,699	14,164	4,321	3,806	618	1,020	1,223	1,113	20,862	15.4%	20,102	15.1%
Hungary	4,829	5,332	2,053	1,831	525	687	1,372	993	8,779	6.5%	8,843	6.7%
Ukraine	66	136	363	379	125	116	233	202	787	0.6%	834	0.6%
Other EU	**4,562**	**4,209**	**1,156**	**1,358**	**115**	**169**	**502**	**397**	**6,335**	**4.7%**	**6,133**	**4.6%**
Other industrialised countries	**1,103**	**1,353**	**267**	**329**	**44**	**24**	**108**	**116**	**1,522**	**1.1%**	**1,822**	**1.4%**
Emerging markets	**1,340**	**1,350**	**245**	**258**	**77**	**83**	**173**	**137**	**1,835**	**1.4%**	**1,828**	**1.4%**
Southeastern Europe / CIS	908	868	179	168	37	20	139	121	1,262	0.9%	1,177	0.9%
Asia	239	280	12	15	37	56	22	4	310	0.2%	355	0.3%
Latin America	92	109	29	42	2	3	6	8	128	0.1%	162	0.1%
Middle East / Africa	102	93	26	32	1	5	7	4	136	0.1%	134	0.1%
Total	**95,304**	**93,861**	**24,366**	**22,727**	**4,427**	**6,093**	**11,113**	**10,049**	**135,211**	**100.0%**	**132,729**	**100.0%**
Share of total	**70.5%**	**70.7%**	**18.0%**	**17.1%**	**3.3%**	**4.6%**	**8.2%**	**7.6%**	**100.0%**		**100.0%**	
Risk provisions									**7,105**		**6,034**	

LOAN BOOK BY INDUSTRY SECTOR OF ERSTE GROUP

in EUR million	Low risk		Mgmt attention		Substandard		Non-performing		Total loan book			
	Sep 11	Dec 10	Sep 11	Dec 10	Sep 11	Dec 10	Sep 11	Dec 10	Sep 11	Share of total	Dec 10	Share of total
Agriculture and forestry	1,222	970	568	626	61	138	220	211	2,071	1.5%	1,946	1.5%
Mining	328	337	86	67	5	8	72	82	490	0.4%	494	0.4%
Manufacturing	6,177	5,115	2,907	3,258	473	1,012	1,600	1,235	11,157	8.3%	10,619	8.0%
Energy and water supply	1,758	1,824	465	337	70	59	133	110	2,426	1.8%	2,330	1.8%
Construction	3,936	3,253	1,401	1,455	383	722	1,029	822	6,749	5.0%	6,252	4.7%
Development of building projects	1,721	1,310	464	356	173	408	323	222	2,681	2.0%	2,296	1.7%
Trade	5,742	5,242	2,198	2,460	324	437	1,257	1,160	9,521	7.0%	9,299	7.0%
Transport and communication	2,403	2,241	868	968	147	262	441	427	3,859	2.9%	3,900	2.9%
Hotels and restaurants	1,979	1,886	1,236	1,415	255	305	727	645	4,197	3.1%	4,250	3.2%
Financial and insurance services	5,588	5,818	790	995	96	104	338	298	6,811	5.0%	7,214	5.4%
Holding companies	3,093	3,170	417	499	14	8	129	113	3,652	2.7%	3,791	2.9%
Real estate and housing	14,572	14,464	3,840	3,744	565	898	1,146	929	20,123	14.9%	20,035	15.1%
Services	3,695	3,229	954	1,145	198	199	576	589	5,423	4.0%	5,162	3.9%
Public administration	6,168	6,429	550	398	37	39	21	6	6,775	5.0%	6,872	5.2%
Education, health and art	1,879	1,781	419	408	74	60	124	138	2,495	1.8%	2,387	1.8%
Private households	39,689	41,186	8,022	5,390	1,723	1,805	3,365	3,375	52,800	39.1%	51,755	39.0%
Sundry	169	88	63	59	18	46	63	22	313	0.2%	215	0.2%
Total	**95,304**	**93,861**	**24,366**	**22,727**	**4,427**	**6,093**	**11,113**	**10,049**	**135,211**	**100.0%**	**132,729**	**100.0%**
Share of total	**70.5%**	**70.7%**	**18.0%**	**17.1%**	**3.3%**	**4.6%**	**8.2%**	**7.6%**	**100.0%**		**100.0%**	
Risk provisions									**7,105**		**6,034**	

LOAN BOOK BY CUSTOMER SEGMENT, RISK CATEGORY AND CURRENCY OF ERSTE GROUP

in EUR million	Dec 10	Mar 11	Jun 11	Sep 11
Customer segment split				
Retail - Private individuals	50,947	50,691	51,894	51,899
Retail - Micros	13,534	13,404	13,393	13,355
Large Corporates	60,644	60,997	61,028	62,372
Public sector	7,605	7,733	7,764	7,586
Total	**132,729**	**132,825**	**134,078**	**135,211**
Asset quality overview				
Low risk	93,861	94,792	94,702	95,304
Mgmt attention	22,727	21,872	23,539	24,366
Substandard	6,093	5,870	5,223	4,427
Non-performing	10,049	10,291	10,614	11,113
Total	**132,729**	**132,825**	**134,078**	**135,211**
Currency overview				
CEE-LCY	25,136	26,149	26,229	26,046
CHF	17,379	16,407	17,342	16,896
EUR	84,789	85,268	85,576	87,042
USD	3,090	2,782	2,684	2,885
Other	2,334	2,218	2,248	2,342
Total	**132,729**	**132,825**	**134,078**	**135,211**
Key asset quality ratios				
NPL ratio	7.6%	7.7%	7.9%	8.2%
NPL coverage (excl. collateral)	60.0%	61.4%	60.6%	63.9%

NET EXPOSURE TO SELECTED EUROPEAN COUNTRIES *)

Total

in EUR million	Sovereign		Bank		Other		Total net exposure	
	Dec 10	Sep 11	Dec 10	Sep 11	Dec 10	Sep 11	Dec 10	Sep 11
Greece	525.7	13.1	172.0	118.6	5.8	5.9	703.5	137.6
Ireland	63.3	74.1	227.6	253.1	54.4	53.1	345.4	380.3
Portugal	224.0	-3.8	280.5	144.6	9.9	9.1	514.5	153.7
Spain	92.4	18.4	679.7	567.6	343.4	348.1	1,115.5	934.1
Italy	985.4	542.5	908.6	929.8	536.5	513.6	2,430.5	1,985.8
Total net exposure	1,890.9	648.1	2,268.5	2,013.7	950.0	929.8	5,109.3	3,591.6

Sovereign

in EUR million	FV		AfS		At amortised cost		Total net exposure	
	Dec 10	Sep 11	Dec 10	Sep 11	Dec 10	Sep 11	Dec 10	Sep 11
Greece	456.5	7.9	1.0	0.0	68.2	5.3	525.7	13.1
Ireland	59.7	59.4	0.0	0.0	3.6	14.7	63.3	74.1
Portugal	168.4	-3.8	0.0	0.0	55.6	0.0	224.0	-3.8
Spain	35.1	-23.6	29.8	29.8	27.5	12.2	92.4	18.4
Italy	907.2	510.1	58.7	29.9	19.5	2.4	985.4	542.5
Total net exposure	1,627.0	553.7	89.5	59.8	174.4	34.6	1,890.9	648.1

Banks

in EUR million	FV		AfS		At amortised cost		Total net exposure	
	Dec 10	Sep 11	Dec 10	Sep 11	Dec 10	Sep 11	Dec 10	Sep 11
Greece	0.1	2.5	0.0	0.0	171.9	116.1	172.0	118.6
Ireland	141.8	123.0	65.8	95.7	20.0	34.4	227.6	253.1
Portugal	71.7	40.1	56.4	30.6	152.4	73.9	280.5	144.6
Spain	341.0	360.1	108.7	47.4	229.9	160.0	679.7	567.6
Italy	322.8	432.7	58.5	20.7	527.2	476.3	908.6	929.8
Total net exposure	877.5	958.4	289.6	194.5	1,101.4	860.8	2,268.5	2,013.7

*) Erste Group without Savings Banks.

F. CHANGES IN TOTAL QUALIFYING CAPITAL

in EUR million	Sep 11	Dec 10
Subscribed capital	2,521	2,520
Share capital	757	756
Participation capital	1,764	1,764
Reserves	8,952	8,944
Deduction of Erste Group Bank shares held within the group	-498	-758
Consolidation difference	-3,080	-2,437
Non-controlling interests (excluding hybrid tier-1 capital pursuant to section 23 (4a) and (4b) Banking Act)	3,365	3,430
Intangible assets	-504	-500
50% deduction for non consolidated credit and financial institutions pursuant to section 23 (13) 3 and 4 Banking Act	-122	-153
50% deduction of securitisations pursuant to section 23 (13) 4d Banking Act	-51	-27
Core tier-1 capital	**10,583**	**11,019**
Hybrid tier-1 capital pursuant to section 23 (4a) and (4b) Banking Act	1,215	1,200
Tier-1 capital	**11,798**	**12,219**
Eligible subordinated liabilities	4,071	3,909
Excess risk provisions	193	74
Qualifying supplementary capital (Tier-2)	**4,264**	**3,983**
50% deduction for non consolidated credit and financial institutions pursuant to section 23 (13) 3 und 4 Banking Act	-122	-153
50% deduction of IRB-shortfall pursuant to section 23 (13) 4c Banking Act	0	0
50% deduction of securitisations pursuant to section 23 (13) 4d Banking Act	-51	-27
100% deductions of holdings in insurances pursuant to section 23 (13) 4a Banking Act	-165	-176
Short-term subordinated capital (Tier- 3)	**424**	**374**
Total eligible qualifying capital	**16,148**	**16,220**
Capital requirement	9,595	9,587
Surplus capital	6,553	6,633
Cover ratio (in %)	168.3	169.2
Tier-1 ratio – credit risk (in %) [1)]	11.3	11.8
Core tier-1 ratio – total risk (in %) [2)]	8.8	9.2
Tier-1 ratio – total risk (in %) [3)]	9.8	10.2
Solvency ratio (in %) [4)]	13.5	13.5

(1) Tier-1 ratio - credit risk is the ratio of tier-1 capital (including hybrid capital pursuant to section 23 (4a) and (4b) Banking Act) to the risk weighted assets pursuant to section 22 (2) Banking Act.
(2) Core tier-1 ratio – total risk is the ratio of core tier-1 capital to the calculation base for the capital requirement pursuant to section 22 (1) Banking Act.
(3) Tier-1 ratio – total risk is the ratio of tier-1 capital to the calculation base for the capital requirement pursuant to section 22 (1) Banking Act.
(4) Solvency ratio is the ratio of total qualifying capital to the calculation base for the capital requirement pursuant to section 22 (1) Banking Act.

The risk-weighted basis pursuant to section 22 (1) of the Banking Act and the resulting capital requirement are as follows:

in EUR million	Sep 11		Dec 10	
	Calculation base/total risk [1)]	Capital requirement [2)]	Calculation base/total risk [1)]	Capital requirement [2)]
Risk pursuant to section 22 (1) 1 Banking Act [3)]	104,038	8,323	103,950	8,316
a) standardised approach	27,662	2,213	27,412	2,193
b) Internal ratings based approach	76,376	6,110	76,538	6,123
Risk pursuant to section 22 (1) 2 Banking Act [4)]	5,287	423	4,668	373
Risk pursuant to section 22 (1) 3 Banking Act [5)]	12	1	11	1
Risk pursuant to section 22 (1) 4 Banking Act [6)]	10,601	848	11,215	897
Total	**119,938**	**9,595**	**119,844**	**9,587**

(1) Internal calculation base used for calculation of the tier-1 ratio, core tier-1 ratio and the solvency ratio (capital requirement multiplied by 12.5).
(2) Capital requirement pursuant to the Banking Act.
(3) Risk weighted assets – credit risk.
(4) Market risk (trading book).
(5) Commodities risk and foreign exchange-risk, including the risk arising from gold positions, each for positions outside the trading book.
(6) Operational risk.

STATEMENT OF COMPREHENSIVE INCOME – QUARTERLY COMPARISON

Income statement

in EUR million	Q3 11	Q3 10 restated	Change
Interest and similar income	2,427.1	2,256.9	7.5%
Interest and similar expenses	-1,005.8	-864.4	16.4%
Income from associates accounted for at equity	8.9	5.0	78.0%
Net interest income	**1,430.2**	**1,397.5**	**2.3%**
Risk provisions for loans and advances	-938.4	-504.2	86.1%
Fee and commission income	596.5	592.8	0.6%
Fee and commission expenses	-150.6	-140.4	7.3%
Net fee and commission income	**445.9**	**452.4**	**-1.4%**
Net trading result	-251.4	237.1	na
General administrative expenses	-965.3	-973.3	-0.8%
Other operating result	-1,200.2	-124.6	na
Result from financial assets - FV	12.1	16.8	-28.0%
Result from financial assets - AfS	-76.9	-17.9	na
Result from financial assets - HtM	-19.0	-3.8	na
Pre-tax profit/loss from continuing operations	**-1,563.0**	**480.0**	**na**
Taxes on income	70.4	-111.1	na
Net profit/loss for the period	**-1,492.6**	**368.9**	**na**
Attributable to non-controlling interests	1.2	44.0	-97.3%
Attributable to owners of the parent	**-1,493.8**	**324.9**	**na**

Statement of comprehensive income

in EUR million	Q3 11	Q3 10 restated	Change
Net profit/-loss before minorities	**-1,492.6**	**368.9**	**na**
Available for sale - reserve (including currency translation)	98.6	152.5	-35.3%
Cash flow hedge - reserve (including currency translation)	50.3	-36.2	na
Actuarial gains and losses	0.0	0.0	na
Currency translation	-196.5	141.8	na
Deferred taxes on items recognised directly in equity	-8.4	-31.0	-72.9%
Other comprehensive income – total	**-56.0**	**227.1**	**na**
Total comprehensive income	**-1,548.6**	**596.0**	**na**
Attributable to non-controlling interests	54.6	62.7	-12.9%
Attributable to owners of the parent	**-1,603.2**	**533.3**	**na**

Quarterly Financial Data

INCOME STATEMENT OF ERSTE GROUP

in EUR million	Q3 10 restated	Q4 10 restated	Q1 11 restated	Q2 11 restated	Q3 11
Net interest income	1,397.5	1,343.4	1,302.0	1,401.9	1,430.2
Risk provisions for loans and advances	-504.2	-432.6	-460.1	-460.7	-938.4
Net fee and commission income	452.4	472.5	455.2	450.9	445.9
Net trading result	237.1	31.5	236.7	52.1	-251.4
General administrative expenses	-973.3	-945.1	-963.0	-963.3	-965.3
Other operating result	-124.6	-155.9	-128.7	-131.5	-1,200.2
Result from financial assets - FV	16.8	1.8	9.5	-29.4	12.1
Result from financial assets - AfS	-17.9	-9.3	19.2	-5.1	-76.9
Result from financial assets - HtM	-3.8	-6.3	0.2	1.8	-19.0
Pre-tax profit/loss from continuing operations	480.0	300.0	471.0	316.7	-1,563.0
Taxes on income	-111.1	-48.3	-106.8	-68.6	70.4
Net profit/loss for the period	368.9	251.7	364.2	248.1	-1,492.6
Attributable to non-controlling interests	44.0	6.8	42.8	48.7	1.2
Attributable to owners of the parent	**324.9**	**244.9**	**321.4**	**199.4**	**-1,493.8**

BALANCE SHEET OF ERSTE GROUP

in EUR million	Sep 10 restated	Dec 10 restated	Mar 11 restated	Jun 11 restated	Sep 11
Loans and advances to credit institutions	14,464	12,496	16,471	13,373	13,559
Loans and advances to customers	131,123	132,334	132,422	133,670	135,211
Risk provisions for loans and advances	-6,210	-6,119	-6,399	-6,516	-7,189
Trading assets, derivative financial instruments	12,589	14,044	14,873	15,795	19,426
Financial assets	36,033	34,421	37,583	37,807	38,416
Other assets	18,353	18,594	18,351	19,842	16,671
Total assets	**206,352**	**205,770**	**213,301**	**213,971**	**216,094**
Deposits by banks	22,714	20,154	24,311	23,324	21,720
Customer deposits	115,329	117,016	119,198	120,817	121,594
Debt securities in issue	32,013	31,298	33,536	32,566	34,594
Trading liabilities, derivative financial instruments	5,471	8,615	7,300	7,988	10,821
Other liabilities	8,391	6,291	6,303	6,586	5,983
Subordinated liabilities	5,956	5,838	5,532	5,720	5,941
Total equity	16,478	16,558	17,121	16,970	15,441
Attributable to non-controlling interests	3,522	3,444	3,425	3,500	3,555
Attributable to owners of the parent	12,956	13,114	13,696	13,470	11,886
Total liabilities and equity	**206,352**	**205,770**	**213,301**	**213,971**	**216,094**

SHAREHOLDER EVENTS

9 December 2011	Capital Markets Day
29 February 2012	Full-year preliminary results 2011
30 March 2012	Annual Financial Report 2011
30 April 2012	Results 1. Quarter 2012
15 May 2012	Annual General Meeting
31 May 2012	Dividend Payment Day - Participation Capital *)
31 July 2012	Results for the first half year of 2012
30 October 2012	Results for the first three quarters of 2012

*) Proposal to the annual general meeting 2012.

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