ERSTE GROUP

Interim Report
First Quarter 2012

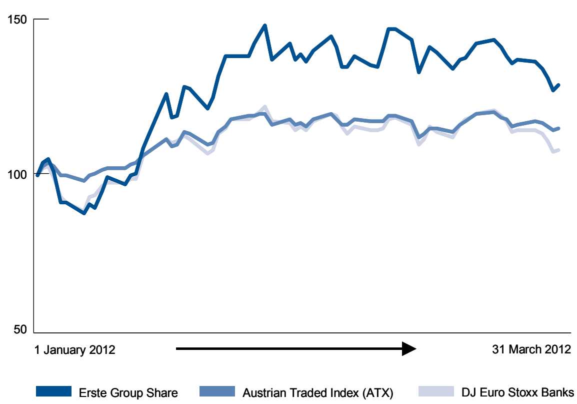
KEY FINANCIAL AND SHARE DATA

in EUR million	1-3 12	1-3 11
Income statement		
Net interest income	1,336.9	1,302.0
Risk provisions for loans and advances	-580.6	-460.1
Net fee and commission income	430.3	455.2
Net trading result	93.6	236.7
General administrative expenses	-945.1	-963.0
Other result	152.0	-99.8
Pre-tax profit/loss	487.1	471.0
Attributable to owners of the parent	**346.5**	**321.4**
Profitability ratios		
Net interest margin	2.9%	2.9%
Cost/income ratio	50.8%	48.3%
Return on equity	11.2%	9.6%
Earnings per share	0.80	0.76
	Mar 12	**Dec 11**
Balance sheet		
Loans and advances to credit institutions	13,403	7,578
Loans and advances to customers	134,793	134,750
Risk provisions for loans and advances	-7,407	-7,027
Trading assets, derivative financial instruments	19,105	16,807
Financial assets	40,574	38,132
Other assets	16,241	19,766
Total assets	**216,709**	**210,006**
Deposits by banks	25,373	23,785
Customer deposits	122,349	118,880
Debt securities in issue	32,135	30,782
Trading liabilities, derivative financial instruments	9,890	9,873
Other liabilities	6,213	5,723
Subordinated liabilities	4,776	5,783
Total equity	15,973	15,180
Attributable to non-controlling interests	3,218	3,143
Attributable to owners of the parent	12,755	12,037
Total liabilities and equity	**216,709**	**210,006**
Changes in total qualifying capital		
Risk pursuant to section 22 (1) 1 Banking Act	96,732	103,297
Tier-1 ratio – credit risk (in %)	12.6	12.1
Tier-1 ratio – total risk (in %)	10.8	10.4
Solvency ratio (in %)	14.3	13.8
	1-3 12	**1-3 11**
Stock market data (Vienna Stock Exchange)		
High (EUR)	19.76	39.45
Low (EUR)	11.95	33.43
Closing price (EUR)	17.29	35.61
Market capitalisation (EUR billion)	6.82	13.47

Ratings at 31 March 2012

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

Performance of the Erste Group Share (indexed)



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Highlights[1]

- **Net interest income improved by 2.7% from EUR 1,302.0 million in Q1 2011 to EUR 1,336.9 million in Q1 2012. At the same time, net fee and commission income declined by 5.5% to EUR 430.3 million (Q1 2011: EUR 455.2 million), mainly as a result of weaker securities business. The deterioration in net trading result from EUR 236.7 million to EUR 93.6 million was due to valuation gains in Q1 2011 which did not recur in Q1 2012. The underlying trading performance remained solid.**

- **As a result, operating income declined by 6.7% from EUR 1,993.9 million in Q1 2011 to EUR 1,860.8 million. Reflecting continued strict cost management, general administrative expenses improved by 1.9% from EUR 963.0 million in Q1 2011 to EUR 945.1 million. This led to an operating result of EUR 915.7 million (Q1 2011: EUR 1,030.9 million), which was materially impacted by the weaker net trading result. Hence, the cost/income ratio was 50.8% (Q1 2011: 48.3%).**

- **Risk costs rose by 26.2% from EUR 460.1 million to EUR 580.6 million in Q1 2012 or to 172 basis points of average customer loans. This was mainly due to additional provisions in Hungary in the amount of EUR 75.6 million relating to the interest subsidy scheme for performing FX loans imposed by legislation as well as in Romania in the amount of EUR 98.6 million, leading to a rise in the NPL coverage ratio. Asset quality remained stable in Austria, the Czech Republic and Slovakia. Overall, the NPL ratio rose to 8.8% as of 31 March 2012 (year-end 2011: 8.5%), while the NPL coverage ratio improved to 61.9% (31 December 2011: 61.0%).**

- **The strong improvement in other operating result to EUR 131.2 million was exclusively due to one-off income of EUR 250.6 million from the buy-back of tier 1 and tier 2 instruments.**

- **Net profit after minorities[2] rose by 7.8% to EUR 346.5 million in Q1 2012, while return on equity also improved from 9.6% in Q1 2011 to 11.2%.**

- **Supported by a strong bottom-line performance and a positive development in the available-for-sale reserve, shareholders' equity[3] rose significantly to EUR 12.8 billion (year-end 2011: EUR 12.0 billion). Core tier 1 capital (excluding retained earnings for Q1 2012) improved markedly, to EUR 11.4 billion (year-end 2011: EUR 10.7 billion), due to the recognition of collateral in Romania in line with international rules (IFRS) and the Austrian Banking Act. Continued reductions in non core business and successful RWA optimisation resulted in a decline of total risk-weighted assets to EUR 111.8 billion as of 31 March 2012 (year-end 2011: EUR 114.0 billion). This resulted in an EBA capital ratio of 9.7% as of 31 March 2012 (year-end 2011: 8.9%) and a core tier 1 ratio (total risk; Basel 2.5) of 10.2% (year-end 2011: 9.4%).**

- **Total assets, at EUR 216.7 billion, were up 3.2% from EUR 210.0 billion at year-end. The loan-to-deposit ratio improved to 110.2% as of 31 March 2012 (year-end 2011: 113.3%) on the back of increased customer deposits. Overall lending volume remained stable at EUR 134.8 billion.**

[1] In accordance with IAS 8, comparative figures in the financial results (Q1 and Q2 2011) have been restated. For further details see Annual Report 2011, Notes to the financial statements, C. Accounting policies/ Restatement (www.erstegroup.com/investorrelations).

[2] 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"

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

Letter from the CEO

Dear shareholders,

Erste Group has started successfully into the financial year 2012. At EUR 346.5 million, net profit was up 7.8% versus the first quarter of 2011. The operating result was likewise solid, despite being down on the first quarter of 2011. The latter, however, had been the second-highest operating result ever posted by Erste Group on the back of an extraordinarily high net trading result. The performance of the banking subsidiaries continued the trends seen in the previous year. In the first quarter of 2012, major contributions came again from the key core markets – Austria, the Czech Republic, and Slovakia – while in Hungary and Romania the need for additional provisions weighed on the result. We also made great progress in strengthening our capital position. Even after accounting for one-off effects and excluding first quarter retained earnings, our capital ratio was 9.1% as of 31 March 2012 and thus already in excess of the 9% minimum ratio required by the European Banking Authority (EBA) as of 30 June 2012.

The business environment was varied in the first quarter. While economic growth slowed, the Czech Republic and Slovakia performed well due to their highly competitive, export-driven industrial sectors. Both countries benefited from sound fundamentals even though domestic demand remained subdued and again failed to generate additional growth momentum. In Austria, the economic upswing continued in the first quarter of 2012, albeit at a moderate pace. The government adopted a fiscal consolidation package. The continuing uncertain outlook dampened investment activity while private consumption remained stable. In Romania, the fiscal consolidation measures were resolutely continued. Infrastructure projects that were partly funded by the EU Structural Funds boosted the construction industry. There have been some first indications of a revival in household spending. Indicators such as weak domestic demand confirmed the negative forecasts for the Croatian economy in the first quarter 2012. The Hungarian government announced a new austerity programme, which was welcomed by market participants. Signals from Hungary suggest a rapprochement between the government and the European Union as well as the International Monetary Fund. Apart from volatility in the Hungarian forint, currencies were stable in the first quarter of 2012.

Net interest income was up 2.7% on the back of stable lending volume but failed to offset the decline in the net trading result due to lower valuation gains and the 5.5% decrease in net fee and commission income that was attributable to slower securities business in Austria. It is gratifying to note, however, that our rigorous cost control efforts have been successful: especially other administrative expenses were reduced in the first quarter 2012. The cost/income ratio was 50.8% in the first quarter of 2012.

The successful buy-back of tier 1 and tier 2 instruments (hybrid capital and subordinated bonds) had a positive impact of about EUR 250 million on the other operating result. On the other hand, this item was again impacted adversely in the first quarter 2012 by banking taxes totalling EUR 57.0 million. The tax had been raised in Austria by 25% and newly introduced in Slovakia in the first quarter of 2012. Banking tax will also be payable again in Hungary this year.

Credit risk costs showed no signs of easing yet in the first quarter. They were running at 172 basis points based on average customer loans. This was primarily attributable to the need for extraordinary provisions in Hungary and additional provisions in Romania in the total amount of about EUR 175 million. In Hungary, this charge resulted from a politically motivated law requiring banks to subsidise interest on foreign-currency denominated retail loans. In Romania, the additional provisions improved the NPL coverage ratio. In Austria, the Czech Republic and Slovakia risk costs declined further. The NPL ratio rose to 8.8% as market conditions remained adverse in Hungary and Romania, while the NPL coverage ratio excluding collateral improved to 61.9%.

Another positive development in the first quarter were deposit inflows in Austria and the Czech Republic. Overall, customer deposits were up almost 3% to EUR 122.4 billion. This improved the loan-to-deposit ratio to 110.2%. In addition, Erste Group was again very successful in raising funding in the capital market. In the first quarter of 2012, it successfully placed a 10-year EUR 1 billion benchmark covered bond as well as a EUR 500 million 5-year senior unsecured bond.

In the first quarter of 2012, we proved once again that our business model is sustainably profitable. We hold strong positions in most of our core markets in the eastern part of the European Union. Even though periods of fast growth might alternate with times of economic stagnation or even setbacks, the Central and Eastern European countries will see much faster growth than Western Europe and we will benefit from this.

Andreas Treichl mp

Erste Group on the Capital Markets

EQUITY MARKET REVIEW

After most European and Asian stock markets spent 2011 in decline, a clear majority of global stock markets rallied into the new year. Continuing interventions by central banks, and most notably the European Central Bank (ECB), drove stock prices higher and reduced volatility. Even the downgrading of a number of euro zone countries by the rating agencies did not affect the underlying positive market sentiment. The Dow Jones Industrial Average Index in the US gained 8.1% in the first quarter, closing at 13,212.04 points. The broader S&P 500 Index was up 12% to 1,408.47 points. In Europe, the best-performing index was the German DAX, which advanced by 17.8% to 6,946.83. The Euro Stoxx 600 Index, which is composed of the biggest European companies, climbed 7.7% to 263.32 points. Bond and commodity markets were likewise higher.

Worldwide, the central banks continued their expansionary monetary policies in view of a continuing subdued outlook for the global economy and concerns over the possibility of recession in the euro zone. To maintain liquidity in the financial system and prevent a possible credit crunch, the ECB provided additional funding to European banks by launching a second LTRO and allotting more than EUR 500 billion after it had already extended three-year loans in December. The US, British and Japanese central banks also contributed to further expanding the global money supply.

Despite some profit-taking at the end of the quarter, the Dow Jones Bank Index, which is composed of leading European bank shares, rose 7.6% to 107.95 points. The ongoing injection of liquidity by central banks in the first quarter, in particular, boosted European bank stocks. Moody’s placing the rating outlooks for more than 100 banks in Europe and the US onto its “watch” list had no impact on the stock prices of European banks.

The Austrian Traded Index (ATX) posted its best first quarter since 2004, advancing by 14.1%. This performance was driven primarily by substantial gains of domestic financials and industrials. In the first quarter of 2012, Austria was downgraded by rating agency Standard & Poor’s. Nevertheless, neither the resulting loss of its AAA status nor the government’s announcement of austerity measures had major impacts on domestic stock market performance. The ATX was able to break through the 2,000 mark and closed the quarter at 2,159.06 points.

PERFORMANCE OF THE ERSTE GROUP SHARE

After the significant decline of last year prompted by a challenging market environment and capital adequacy rules imposed by domestic regulators to meet EBA (European Banking Authority) standards, the Erste Group share outperformed the market in the first quarter. The global uptrend in financials was not the sole source of its upward momentum , as the Erste Group share also benefited from analysts’ positive assessment of the bank’s ability to comply with EBA capital requirements. Despite profit-taking at quarter-end following the share’s rise from its year-to-date low of EUR 11.95 to almost EUR 20.00, Erste Group's share price closed the reporting period at EUR 17.29, up 27.3% on year-end 2011. The Erste Group share thus decidedly outperformed the ATX (14.1%) and the DJ Euro Stoxx Bank Index (7.6%).

FUNDING

Erste Group was successful in its funding activities in the first quarter of 2012. Erste Group started the year with a 10yr EUR 1 billion mortgage covered bond in February. Furthermore a buy-back transaction of tier 1 and tier 2 instruments was completed in March, nearly EUR 500 million in hybrid capital and additional EUR 330 million in subordinated bonds were tendered. The market continued to improve and allowed the issuance of a 5yr senior unsecured benchmark EUR 500mn transaction in the end of March. In total, the issuance volume reached EUR 2.7 billion year-to-date. For the rest of the year, Erste Group will mostly focus on private placements and retail transactions.

INVESTOR RELATIONS

In the first quarter of 2012, Erste Group’s management and the investor relations team conducted a large number of one-on-one and group meetings and attended international banking and investor conferences. In talks and conferences, Erste Group presented its strategy and plans against the backdrop of the current economic environment. The annual internet chat with Erste Group's CEO, a regular event since 2003, was held on 16 April. The chat provided a chance for many retail investors and the general public to communicate directly with the chairman of the management board, Andreas Treichl.

Interim Management Report

In the interim management report, financial results from the first quarter of 2012 are compared with those from the first quarter of 2011. Unless stated otherwise, terms such as "in the previous year", "2011" or "as of the first quarter of 2011" accordingly relate to the first quarter of 2011, and terms such as "this year", "2012" or "as of the first quarter of 2012" relate to the first quarter of 2012. The term "net profit after minorities" corresponds with "net profit attributable to owners of the parent".

EARNINGS PERFORMANCE IN BRIEF

Despite reduced operating expenses, the **operating result** declined by 11.2% in the first quarter of 2012 versus the same period in 2011 – from EUR 1,030.9 million to EUR 915.7 million – due to lower operating income. This, in turn, was mainly attributable to a weaker net trading result, which, in contrast to the previous year, did not benefit from valuation gains to the same extent.

First quarter 2012 **operating income** totalled EUR 1,860.8 million (Q1 2011: EUR 1,993.9 million). An increase in net interest income by 2.7% to EUR 1,336.9 million offset the decline in net fee and commission income (-5.5% to EUR 430.3 million) but not the drop in the net trading result (-60.5% to EUR 93.6 million). **General administrative expenses** were down by 1.9% to EUR 945.1 million (Q1 2011: EUR 963.0 million). This resulted in a **cost/income ratio** of 50.8% (Q1 2011: 48.3%).

Net profit after minorities improved by 7.8% from EUR 321.4 million in the first quarter of 2011 to EUR 346.5 million on the back of one-off effects that were positive overall (the proceeds from a buy-back of tier 1 and tier 2 instruments more than offset additional risk provisions in Hungary and Romania).

Cash return on equity, i.e. return on equity adjusted for non-cash expenses such as goodwill impairment and straight-line amortisation of customer relationships, was 11.3% for the first quarter of 2012 (reported ROE: 11.2%) versus 9.9% for the first quarter of 2011 (reported ROE: 9.6%).

Cash earnings per share for the first quarter of 2012 came to EUR 0.83 (reported EPS: EUR 0.80) versus cash earnings per share of EUR 0.79 (reported EPS: EUR 0.76) in the first quarter of 2011.

Total assets, at EUR 216.7 billion, were up 3.2% versus year-end 2011, mainly due to growth in interbank transactions, which, in turn, were driven by a strong rise in customer deposits.

The **solvency ratio** remained unchanged at 14.4% as of 31 March 2012, while risk-weighted assets declined by EUR 2.2 billion from EUR 114.0 billion to EUR 111.8 billion. Therefore, the solvency ratio remained comfortably above the statutory minimum requirement of 8.0%. **The tier 1 ratio**, relating to total risk, as defined by Basel 2.5, was 10.9% as of 31 March 2012 (versus 10.4% as of 31 December 2011).

OUTLOOK

Most of Erste Group's core markets are expected to post economic growth in 2012, albeit on a lower level than in 2011 − in line with the weakening outlook for the euro zone in the second half of 2011. A mild negative performance is forecast for Hungary and Croatia only.

Against this backdrop and despite the reduction of non-core assets, Erste Group expects a stable operating result in 2012 supported by selective loan growth in its core markets and further cost reductions. Risk costs are expected to decline to about EUR 2.0 billion in 2012, but will still be impacted by extraordinary provisioning requirements in Hungary (EUR 75.6 million in Q1 2012) and by the slow economic recovery in Romania. Erste Group expects to comfortably and sustainably meet all capital requirements (EBA, Basel 3) as and when required. Net income and the capital position will be further supported by one-off income in the order of EUR 160 million (pretax) from the buy-back of additional tier 1- and tier 2-instruments in the second quarter of 2012.

PERFORMANCE IN DETAIL

in EUR million	1-3 12	1-3 11	Change
Net interest income	1,336.9	1,302.0	2.7%
Risk provisions for loans and advances	-580.6	-460.1	26.2%
Net fee and commission income	430.3	455.2	-5.5%
Net trading result	93.6	236.7	-60.5%
General administrative expenses	-945.1	-963.0	-1.9%
Other result	152.0	-99.8	na
Pre-tax profit/loss	**487.1**	**471.0**	**3.4%**
Net profit/loss for the period	**379.9**	**364.2**	**4.3%**
Attributable to non-controlling interests	33.4	42.8	-22.0%
Attributable to owners of the parent	**346.5**	**321.4**	**7.8%**

Net interest income

Net interest income rose from EUR 1,302.0 million in the first quarter of 2011 to EUR 1,336.9 million in the first quarter of 2012. This was mainly due to a shift of interest income from trading assets (EUR 21.6 million), which is now included in net interest income rather than, as formerly, in the net trading result. Accordingly, trading assets were also included in calculating interest-bearing assets. This change was partly responsible for the slight contraction of the net interest margin (net interest income as a percentage of average interest-bearing assets) from 2.90% to 2.87%.

Net fee and commission income

in EUR million	1-3 12	1-3 11	Change
Lending business	67.3	62.3	8.0%
Payment transfers	210.5	214.9	-2.0%
Card business	51.3	47.7	7.5%
Securities transactions	90.7	109.4	-17.1%
Investment fund transactions	46.2	52.4	-11.8%
Custodial fees	10.0	9.9	1.0%
Brokerage	34.5	47.1	-26.8%
Insurance brokerage business	22.7	24.6	-7.7%
Building society brokerage	8.2	9.0	-8.9%
Foreign exchange transactions	6.3	6.0	5.0%
Investment banking business	2.2	5.1	-56.9%
Other	22.4	23.9	-6.3%
Total	**430.3**	**455.2**	**-5.5%**

Net fee and commission income

Net fee and commission income decreased in the first quarter of 2012 to EUR 430.3 million from the previous year's EUR 455.2 million. This development was mostly due to a decline in securities business (primarily in Austria), as well as in building society/ insurance brokerage and in investment banking. The result from the lending business was solid on the back of contributions from the Czech subsidiary and Intermarket Bank AG (consolidated since 1 August 2011).

Net trading result

Despite an underlying solid trading performance the net **trading result** declined by 60.5% from EUR 236.7 million in the first quarter of 2011 to EUR 93.6 million in the first quarter of 2012. This was mainly attributable to significantly lower valuation results on the back of lower assets volumes. A further reason for the drop was the shift of interest income from trading assets (now reported in net interest income rather than, as formerly, in net trading result).

General administrative expenses

in EUR million	1-3 12	1-3 11	Change
Personnel expenses	-570.5	-576.1	-1.0%
Other administrative expenses	-283.3	-292.4	-3.1%
Depreciation and amortisation	-91.3	-94.5	-3.4%
Total	**-945.1**	**-963.0**	**-1.9%**

General administrative expenses decreased from EUR 963.0 million to EUR 945.1 million (currency-adjusted: -0.5%).

Personnel expenses declined by 1.0% (currency-adjusted: +0.1%) from EUR 576.1 million to EUR 570.5 million. Major cost savings came in other administrative expenses, which decreased by 3.1% (currency-adjusted: -1.3%) from EUR 292.4 million to EUR 283.3 million, and in depreciation, which was down by 3.4% (currency-adjusted: -1.8%) from EUR 94.5 million to EUR 91.3 million.

The headcount has dropped to 49,686 employees since year-end 2011. This was mainly due to reorganisation measures in Hungary, Romania, and Ukraine.

Headcount as of end of the period

	Mar 12	Dec 11	Change
Employed by Erste Group	**49,686**	**50,452**	**-1.5%**
Domestic	16,123	16,189	-0.4%
Erste Group, EB Oesterreich and subsidiaries	8,705	8,773	-0.8%
Haftungsverbund savings banks	7,418	7,416	0.0%
Abroad	33,563	34,263	-2.0%
Česká spořitelna Group	10,673	10,661	0.1%
Banca Comercială Română Group	8,928	9,245	-3.4%
Slovenská sporiteľňa Group	4,060	4,157	-2.3%
Erste Bank Hungary Group	2,613	2,948	-11.4%
Erste Bank Croatia Group	2,612	2,599	0.5%
Erste Bank Serbia	906	919	-1.4%
Erste Bank Ukraine	1,583	1,685	-6.1%
Savings banks subsidiaries & foreign branch offices	1,111	1,117	-0.5%
Other subsidiaries and foreign branch offices	1,077	932	15.6%

Operating result

Due to the decline of the net trading result, markedly lower compared to the exceptionally strong first quarter 2011, operating income decreased by 6.7% in the first quarter of 2012 and totalled EUR 1,860.8 million (Q1 2011: EUR 1,993.9 million). Even though general administrative expenses were cut by 1.9% from EUR 963.0 million to EUR 945.1 million, the **operating result** nonetheless dropped from EUR 1,030.9 million to EUR 915.7 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 26.2% versus first quarter 2011, from EUR 460.1 million to EUR 580.6 million. This rise was attributable to additional provisions in Hungary in the amount of EUR 75.6 million and in Romania of EUR 98.6 million. In Hungary, the extraordinary expense reflected the expected cost of interest subsidies as required by law for performing private foreign-currency loans. In Romania this led to an increase of the NPL coverage ratio. In the first quarter of 2012, risk costs in relation to the average volume of customer loans were 172 basis points (Q1 2011: 138 basis points).

Other operating result

Other operating result improved from EUR -128.7 million in the first quarter of 2011 to EUR 131.2 million in the first quarter of 2012. This was mainly attributable to the buy-back of tier 1 and tier 2 instruments, which generated one-off proceeds of EUR 250.6 million. Other taxes rose from EUR 55.5 million to EUR 62.2 million, again due largely to banking taxes, which in 2012 had to be paid in Slovakia (EUR 3.5 million) for the first time, were raised in Austria by 25%, and were levied again also in Hungary. This line item also includes straight-line amortisation of intangible assets (i.e. customer relationships) in the amount of EUR 16.8 million (Q1 2011: EUR 17.3 million) as well as deposit insurance contributions of EUR 21.9 million (Q1 2011: EUR 21.1 million).

Results from financial assets

The overall result from all categories of financial assets deteriorated from EUR 28.9 million in the first quarter of 2011 to EUR 20.8 million. Valuation gains on assets held in the fair-value portfolio offset losses on sales of non core assets from the available-for-sale and held-to-maturity portfolios.

Pre-tax profit and net profit attributable to owners of the parent

Pre-tax profit, at EUR 487.1 million, was 3.4% higher in the first quarter of 2012 than in the first quarter of 2011 (EUR 471.0 million).

Net profit after minorities rose by 7.8% from EUR 321.4 million in the first quarter of 2011 to EUR 346.5 million..

FINANCIAL RESULTS – QUARTER-ON-QUARTER COMPARISON

Net interest income in the first quarter of 2012 totalled EUR 1,336.9 versus EUR 1,434.9 million in the fourth quarter of 2011. In the previous quarter, the shift of interest income from trading assets to net interest income had had a positive impact in the amount of EUR 83.9 million (Q1 2012: EUR 21.6 million).

Net fee and commission income decreased by 1.1%, from EUR 435.2 million in the fourth quarter of 2011 to EUR 430.3 million in the first quarter of 2012, due to diminishing commissions in the lending business.

The **net trading result** improved from EUR 84.9 million in the fourth quarter of 2011, which had been negatively impacted by the shift of interest income on trading assets (now included in net interest income), by 10.2% to EUR 93.6 million.

General administrative expenses decreased quarter on quarter by 1.5% from EUR 959.3 million to EUR 945.1 million, as declining **personnel expenses** (down by 5.5% from EUR 603.4 million to EUR 570.5 million in the first quarter of 2012) as well as **amortisation and depreciation** (down by 2.1% from EUR 93.3 million to EUR 91.3 million in the first quarter of 2012) more than offset the rise in **other administrative expenses** (by 7.9% from EUR 262.6 million to EUR 283.3 million in the first quarter of 2012).

The **cost/income ratio** was 50.8% in the first quarter of 2012 versus 49.1% in the fourth quarter of 2011.

Risk provisions for loans and advances rose by 42.4% quarter on quarter, from EUR 407.7 million to EUR 580.6 million. The first quarter of 2012 was primarily affected by additional provisions in Hungary (to cover interest subsidies required by law for performing private foreign-currency loans) and in Romania.

Other operating result, which in the first quarter of 2012 benefited from the one-off proceeds of buying back tier 1 and tier 2 instruments in the amount of EUR 250.6 million, came to EUR 131.2 million (Q4 11: EUR -129.5 million).

The overall **result** from all categories of **financial assets** turned positive. The item had been EUR -5.4 million in the fourth quarter of 2011 but was EUR 20.8 million in the first quarter of 2012. This improvement was mainly attributable to valuation gains on assets held in the fair-value portfolio.

Pre-tax profit rose to EUR 487.1 million in the first quarter of 2012 from EUR 453.1 million in the fourth quarter of 2011.

In the first quarter of 2012, **net profit after minorities** totalled EUR 346.5 million versus EUR 254.1 million in the fourth quarter of 2011.

Development of the balance sheet

in EUR million	Mar 12	Dec 11	Change
Loans and advances to credit institutions	13,403	7,578	76.9%
Loans and advances to customers	134,793	134,750	0.0%
Risk provisions for loans and advances	-7,407	-7,027	5.4%
Trading assets, derivative financial instruments	19,105	16,807	13.7%
Financial assets	40,574	38,132	6.4%
Other assets	16,241	19,766	-17.8%
Total assets	**216,709**	**210,006**	**3.2%**

in EUR million	Mar 12	Dec 11	Change
Deposits by banks	25,373	23,785	6.7%
Customer deposits	122,349	118,880	2.9%
Debt securities in issue	32,135	30,782	4.4%
Trading liabilities, derivative financial instruments	9,890	9,873	0.2%
Other liabilities	6,213	5,723	8.6%
Subordinated liabilities	4,776	5,783	-17.4%
Total equity	15,973	15,180	5.2%
Attributable to non-controlling interests	3,218	3,143	2.4%
Attributable to owners of the parent	12,755	12,037	6.0%
Total liabilities and equity	**216,709**	**210,006**	**3.2%**

Loans and advances to credit institutions increased from an exceptionally low level of EUR 7.6 billion at year-end 2011 to a normalised level of EUR 13.4 billion. EUR 4.0 billion of surplus liquidity that was placed in the ECB deposit facility as of 31 March 2012, is also included in this line item. Due to the upcoming maturity of issued bonds in April 2012 this surplus will decrease.

Loans and advances to customers were unchanged at EUR 134.8 billion as declines in lending to corporate clients of Erste Bank Oesterreich were offset by growth in lending to corporate customers through Česká spořitelna and Banca Comercială Română.

Risk provisions increased from EUR 7.0 billion to EUR 7.4 billion due to additional allocations. The NPL ratio (non-performing loans as a percentage of loans to customers) stood at 8.8% as of 31 March 2012 (8.5% as of 31 December 2011). The NPL coverage ratio improved further and rose from 61.0% as of year-end 2011 to 61.9%.

Investment securities held within the various categories of financial assets rose by 6.4% from EUR 38.1 billion as of year-end 2011 to EUR 40.6 billion on the back of growth in the available-for-sale and held-to-maturity portfolios. This development resulted from the acquisition of highly liquid assets to prepare for the new Basel 3 liquidity rules.

Customer deposits grew by 2.9%, from EUR 118.9 billion to EUR 122.4 billion, as of 31 March 2012. This development owed itself primarily to growth in savings deposits with Austrian savings banks and in the Czech Republic, as well as to other deposits by Czech customers. The rise in deposits by banks is mostly attributable to use of the 2nd tranche of the ECB's 3-year LTRO (longer-term refinancing operation) in the amount of EUR 1.1 billion.

At 110.2%, the loan-to-deposit ratio as of 31 March 2012 was lower than it had been as of 31 December 2011 (113.3%).

As the decline in bonds issues was more than offset by growth in mortgage and municipal bonds and certificates of deposit, **debt securities in issue** rose from EUR 30.8 billion by 4.4% to EUR 32.1 billion. The significant decline in subordinated liabilities to EUR 4.8 billion as of 31 March 2012 resulted from the buy-back of tier 1 and tier 2 instruments in total notional amount of approximately EUR 850 million.

Erste Group's **shareholders' equity** rose to EUR 12.8 billion as of 31 March 2012 (year-end 2011: EUR 12.0 billion). This was attributable not only to the strong increase in profitability in the first quarter of 2012 but also to a significant improvement in the available-for-sale reserve. Tier 1 capital after the deductions defined in the Austrian Banking Act amounted to EUR 12.2 billion (year-end 2011: EUR 11.9 billion).

Core tier 1 capital (excluding retained earnings for the first quarter of 2012) also improved markedly, to EUR 11.4 billion (year-end 2011: EUR 10.7 billion) due to the recognition of collateral for defaulted loans in Romania in line with international rules (IFRS) and the Austrian Banking Act. For 2013, Erste Group plans to adopt IFRS for the calculation of regulatory capital ratios. This will result in certain deductions, which, on a pro-forma basis (January 2012) reduce the positive impact from EUR 700 million to EUR 350 million.

At 111.8 billion, total **risk-weighted assets** as of 31 March 2012 were 2.0% lower than as of 31 December 2011 (EUR 114.0 billion). This decline was due to the sale of non-core assets and to a large number of additional measures taken to meet the EBA's equity capital requirement of 9% by the end of June 2012.

Total eligible qualifying capital of the Erste Group credit institution group, as defined by the Austrian Banking Act, declined from EUR 16.4 billion at year-end 2011 to EUR 16.1 billion as of 31 March 2012. The cover ratio with respect to the statutory minimum requirement at the reporting date (EUR 8.9 billion) was 179.7% (year-end 2011: 179.9%).

The tier 1 ratio, which includes the capital requirements for market and operational risk (total risk), improved to 10.9% (year-end 2011: 10.4%). The core tier 1 ratio rose to 10.2% as of 31 March 2012 (year-end 2011: 9.4%). The core tier 1 ratio as defined by the EBA stood at 9.7% as of 31 March 2012.

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 par. 1 of the Austrian Banking Act) remained unchanged at 14.4% as of 31 March 2012, which was well above the statutory minimum requirement of 8.0%.

Condensed Consolidated Financial Statements

I. Condensed Statement of Comprehensive Income – 1 January to 31 March 2012

Income statement

in EUR million	Notes	1-3 12	1-3 11 Restated[1]
Interest and similar income		2,319.4	2,195.6
Interest and similar expenses		-988.5	-896.6
Result from at equity method invesment		6.0	3.0
Net interest income	(1)	1,336.9	1,302.0
Risk provisions for loans and advances	(2)	-580.6	-460.1
Fee and commission income		552.1	590.9
Fee and commission expenses		-121.8	-135.7
Net fee and commission income	(3)	430.3	455.2
Net trading result	(4)	93.6	236.7
General administrative expenses	(5)	-945.1	-963.0
Other operating result	(6)	131.2	-128.7
Result from financial instruments - FV	(7)	41.5	9.5
Result from financial assets - AfS	(8)	-14.7	19.2
Result from financial assets - HtM	(9)	-6.0	0.2
Pre-tax profit/loss		**487.1**	**471.0**
Taxes on income	(10)	-107.2	-106.8
Net profit/loss for the period		**379.9**	**364.2**
Attributable to non-controlling interests		33.4	42.8
Attributable to owners of the parent		**346.5**	**321.4**

1) Regarding restatement, see Annual Report 2011, Notes to the financial statements, C, Accounting policies / Restatement (www.erstegroup.com/investorrelations)

Statement of comprehensive income

in EUR million		1-3 12		1-3 11 Restated[1]
Net profit/loss for the period		**379.9**		**364.2**
Other comprehensive income				
Available for sale - reserve (including currency translation)		396.4		-54.1
Gain / loss during the year	414.4		-64.2	
Reclassification adjustments	-18.0		10.1	
Cash flow hedge - reserve (including currency translation)		3.1		-37.7
Gain / loss during the year	-8.4		-49.8	
Reclassification adjustments	11.5		12.1	
Actuarial gains and losses		0.0		0.0
Currency translation		124.2		221.9
Deferred taxes on items recognised directly in equity		-92.0		17.5
Gain / loss during the year	-94.3		19.8	
Reclassification adjustments	2.3		-2.3	
Other comprehensive income – total		**431.7**		**147.6**
Total comprehensive income		**811.6**		**511.8**
Attributable to non-controlling interests		157.0		-2.1
Attributable to owners of the parent		**654.6**		**513.9**

1) Regarding restatement, see Annual Report 2011, Notes to the financial statements, C, Accounting policies / Restatement (www.erstegroup.com/investorrelations)

Earnings per share

		1-3 12	1-3 11 Restated[1]
Net profit/loss for the year attributable to owners of the parent	in EUR million	346.5	321.4
Dividend on participation capital		-35.3	-35.3
Net profit/loss for the year attributable to owners of the parent after deduction of dividend on participation capital		311.2	286.1
Weighted average number of shares outstanding	Number	390,215.601	375,868,706
Earnings per share	**in EUR**	**0.80**	**0.76**
Weighted average number of shares taking into account the effect of dilution	Number	392,407,928	377,922,701
Diluted earnings per share	in EUR	0.79	0.76

1) Regarding restatement, see Annual Report 2011, Notes to the financial statements, C, Accounting policies / Restatement (www.erstegroup.com/investorrelations)

Changes in number of shares and participation capital securities

Shares in units	1-3 12	1-3 11
Shares outstanding as of 1 January	**371,443,804**	**361,988,924**
Acquisition of treasury shares	-4,125,294	-3,755,042
Disposal of treasury shares	4,142,017	5,338,222
Capital increases due to ESOP	0	0
Capital increase due to acquisition of non controlling interest in BCR	3,801,385	0
Shares outstanding as of 31 March	**375,261,912**	**363,572,104**
Treasury shares	19,306,735	14,604,617
Number of shares as of 31 March	**394,568,647**	**378,176,721**
Weighted average number of shares outstanding	390,215,601	375,868,706
Dilution due to ESOP	2,192,326	2,053,995
Dilution due to options	0	0
Weighted average number of shares taking into account the effect of dilution	**392,407,928**	**377,922,701**

Participation capital securities in units	1-3 12	1-3 11
Participation capital securities outstanding as of 1 January	**1,763,274**	**1,763,478**
Acquisition of own participation capital securities	-3,003	-164
Disposal of own participation capital securities	3,393	162
Participation capital securities outstanding as of 31 March	**1,763,664**	**1,763,476**
Participation capital securities	80	268
Number of participation capital securities as of 31 March	**1,763,744**	**1,763,744**

Quaterly results

in EUR million	Q1 11 restated[1]	Q2 11 restated[1]	Q3 11	Q4 11	Q1 12
Net interest income	1,302.0	1,401.9	1,430.2	1,434.9	1,336.9
Risk provisions for loans and advances	-460.1	-460.7	-938.4	-407.7	-580.6
Net fee and commission income	455.2	450.9	445.9	435.2	430.3
Net trading result	236.7	52.1	-251.4	84.9	93.6
General administrative expenses	-963.0	-963.3	-965.3	-959.3	-945.1
Other operating result	-128.7	-131.5	-1,200.2	-129.5	131.2
Result from financial instruments - FV	9.5	-29.4	12.1	8.1	41.5
Result from financial assets - AfS	19.2	-5.1	-76.9	-3.4	-14.7
Result from financial assets - HtM	0.2	1.8	-19.0	-10.1	-6.0
Pre-tax profit/loss	**471.0**	**316.7**	**-1,563.0**	**453.1**	**487.1**
Taxes on income	-106.8	-68.6	70.4	-135.4	-107.2
Net profit/loss for the period	**364.2**	**248.1**	**-1,492.6**	**317.7**	**379.9**
Attributable to non-controlling interests	42.8	48.7	1.2	63.6	33.4
Attributable to owners of the parent	**321.4**	**199.4**	**-1,493.8**	**254.1**	**346.5**
Other comprehensive income					
Available for sale - reserve (including currency translation)	-54.1	107.3	98.6	-216.4	396.4
Cash flow hedge - reserve (including currency translation)	-37.7	17	50.3	1	3.1
Actuarial gains and losses	0.0	0.0	0.0	-42.7	0.0
Currency translation	221.9	-97.4	-196.5	-160.9	124.2
Deferred taxes on items recognised directly in equity	17.5	-34.6	-8.4	48.6	-92
Other comprehensive income – total	**147.6**	**-7.7**	**-56**	**-370.4**	**431.7**
Total comprehensive income	**511.8**	**240.4**	**-1548.6**	**-52.7**	**811.6**
Attributable to non-controlling interests	-2.1	58.8	54.6	13.0	157.0
Attributable to owners of the parent	**513.9**	**181.6**	**-1603.2**	**-65.7**	**654.6**

1) Regarding restatement, see Annual Report 2011, Notes to the financial statements, C, Accounting policies / Restatement (www.erstegroup.com/investorrelations)

II. Condensed Balance Sheet of Erste Group as of 31 March 2012

in EUR million	Notes	Mar 12	Dec 11
ASSETS			
Cash and balances with central banks	(11)	5,480	9,413
Loans and advances to credit institutions	(12)	13,403	7,578
Loans and advances to customers	(13)	134,793	134,750
Risk provisions for loans and advances	(14)	-7,407	-7,027
Derivative financial instruments	(15)	10,989	10,931
Trading assets	(16)	8,116	5,876
Financial assets - at fair value through profit or loss	(16)	1,220	1,813
Financial assets - available for sale	(16)	21,675	20,245
Financial assets - held to maturity	(16)	17,679	16,074
Equity holdings in associates accounted for at equity		178	173
Intangible assets		3,480	3,532
Property and equipment		2,285	2,361
Current tax assets		115	116
Deferred tax assets		618	702
Assets held for sale		188	87
Other assets	(17)	3,897	3,382
Total assets		**216,709**	**210,006**
LIABILITIES AND EQUITY			
Deposits by banks	(18)	25,373	23,785
Customer deposits	(19)	122,349	118,880
Debt securities in issue	(20)	32,135	30,782
Derivative financial instruments	(21)	9,332	9,337
Trading liabilities		558	536
Provisions	(22)	1,558	1,580
Current tax liabilities		52	34
Deferred tax liabilities		360	345
Other liabilities	(23)	4,243	3,764
Subordinated liabilities	(24)	4,776	5,783
Total equity		15,973	15,180
Attributable to non-controlling interests		3,218	3,143
Attributable to owners of the parent		12,755	12,037
Total liabilities and equity		**216,709**	**210,006**

III. Condensed Statement of Changes in Total Equity

A) STATEMENT OF CHANGES IN TOTAL EQUITY FOR THE YEAR ENDED 31 MARCH 2012

in EUR million	Subscribed capital	Additional paid-in-capital	Retained earnings	Cash flow hedge reserve	Available for sale reserve	Currency translation	Deferred tax	Total owners of the parent	Non-controlling interests	Total equity
Total equity as of 1 January 2012	**2,539**	**6,413**	**3,830**	**35**	**-316**	**-541**	**77**	**12,037**	**3,143**	**15,180**
Changes in own shares			-6					-6		-6
Dividends								0	-6	-6
Capital increases [1)]	8	59						67		67
Participation capital								0		0
Change in interest in subsidiaries								0	-76	-76
Acquisition of non-controlling interest			3					3		3
Total comprehensive income	0	0	346	5	231	122	-50	654	157	811
Net profit/loss for the period			346					346	34	380
Other comprehensive income				5	231	122	-50	308	123	431
Total equity as of 31 March 2012	**2,547**	**6,472**	**4,173**	**40**	**-85**	**-419**	**27**	**12,755**	**3,218**	**15,973**

1) Capital increase in connection with issuance of new ordinary shares related to acquisition of additional shares in Banca Comerciala Romana SA amounted to EUR 67mn

B) STATEMENT OF CHANGES IN TOTAL EQUITY FOR THE YEAR ENDED 31 MARCH 2011

in EUR million	Subscribed capital	Additional paid-in-capital	Retained earnings	Cash flow hedge reserve	Available for sale reserve	Currency translation	Deferred tax	Total owners of the parent	Non-controlling interests	Total equity
Total equity as of 1 January 2011	**2,513**	**6,177**	**4,938**	**11**	**-278**	**-312**	**64**	**13,113**	**3,445**	**16,558**
Changes in own shares			68	11				68		68
Dividends								0	-17	-17
Capital increases								0		0
Participation capital								0		0
Change in interest in subsidiaries								0		0
Acquisition of non-controlling interest								0		0
Total comprehensive income	0	0	322	-27	34	192	-7	514	-2	512
Net profit/loss for the period			322					322	42	364
Other comprehensive income				-27	34	192	-7	192	-44	148
Total equity as of 31 March 2011	**2,513**	**6,177**	**5,328**	**-16**	**-244**	**-120**	**57**	**13,695**	**3,426**	**17,121**

IV. Condensed cash-flow statement

in EUR million	1-3 12	1-3 11
Cash and cash equivalents at end of the previous year	**9,413**	**5,839**
Cash flow from operating activities	-1,224	737
Cash flow from investing activities	-1,711	-1,330
Cash flow from financing activities	-1,020	-306
Effect of currency translation	22	103
Cash and cash equivalents at the end of period	**5,480**	**5,043**

V. 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.

A rise in net interest income from EUR 152.9 million in the first quarter of 2011 by EUR 8.8 million, or 5.8%, to EUR 161.7 million in first quarter 2012 was mainly due to higher deposits and improved margins. Net fee and commission income, at EUR 82.7 million, was stable versus first quarter 2011 (EUR 82.0 million). Decline in the net trading result from EUR 2.5 million in the first quarter of 2011 by EUR 5.6 million to EUR -3.1 million in first quarter 2012 was caused by negative valuation results. The slight rise in operating expenses by EUR 1.6 million, or 1.1%, to EUR 151.4 million from EUR 149.8 million resulted from the inclusion of Intermarket Bank AG in August 2011. The operating result improved from EUR 87.6 million in the first quarter of 2011 by EUR 2.3 million, or 2.6%, to EUR 89.9 million. The cost/income ratio was 62.7% versus 63.1% in first quarter 2011. Risk provisions were reduced from EUR 35.0 million in the previous year by EUR 3.6 million, or 10.3%, to EUR 31.4 million, reflecting stabilisation of the risk profile in the retail and SME portfolios.

An increase in the “Other result” by EUR 9.3 million to EUR 8.6 million in first quarter 2012 was mainly attributable to one-off proceeds from the sale of securities previously held in the available-for-sale portfolio. Banking tax amounted to EUR 2.3 million in first quarter 2012. Net profit after minorities rose from EUR 39.1 million in the first quarter of 2011 by EUR 11.4 million, or 29.2%, to EUR 50.5 million. Return on equity improved from 14.5% in the first quarter of 2011 to 15.4% for first quarter 2012.

Haftungsverbund/Savings Banks

Positive development in the loan volume resulted in an increase in net interest income by EUR 6.8 million, or 2.9%, versus first quarter 2011 to EUR 240.9 million. Net fee and commission income was down by a slight EUR 2.1 million, or 2.1%, to EUR 98.7 million in first quarter 2012. The net trading result declined from EUR 5.6 million in the first quarter of 2011 by EUR 1.7 million, or 30.4%, to EUR 3.9 million for first quarter 2012 due to lower valuation results. Operating expenses rose by a modest EUR 2.0 million, or 0.9%, to EUR 235.4 million. The operating result increased from EUR 107.1 million by EUR 1.0 million, or 0.9%, to EUR 108.1 million. At 68.5%, the cost/income ratio in first quarter 2012 was unchanged versus first quarter 2011.

Risk provisions were reduced by a substantial EUR 10.8 million, or 17.4%, from EUR 62.1 million in the first quarter of 2011 to EUR 51.3 million. The decline in the “Other result” from EUR -6.8 million by EUR 5.2 million to EUR -12.0 million was largely due to losses on sales from the available-for-sale portfolio. Banking tax totalled EUR 2.1 million in first quarter 2012. Net profit after minorities rose from EUR 1.9 million in the first quarter of 2011 by EUR 1.0 million to EUR 2.9 million.

Segmentation by core business

in EUR million	Retail & SME 1-3 12	Retail & SME 1-3 11 restated	GCIB 1-3 12	GCIB 1-3 11 restated	Group Markets 1-3 12	Group Markets 1-3 11	Corporate Center 1-3 12	Corporate Center 1-3 11 restated	Total group 1-3 12	Total group 1-3 11 restated
Net interest income	1,105.1	1,135.9	128.2	127.7	46.1	24.6	57.5	13.8	1,336.9	1,302.0
Risk provisions for loans and advances	-505.4	-404.2	-75.2	-55.9	0.0	0.0	0.0	0.0	-580.6	-460.1
Net fee and commission income	393.9	413.6	20.2	30.1	35.0	36.3	-18.8	-24.8	430.3	455.2
Net trading result	45.2	37.0	5.9	101.2	81.4	95.5	-38.9	3.0	93.6	236.7
General administrative expenses	-809.4	-827.8	-44.6	-44.9	-57.5	-61.6	-33.6	-28.7	-945.1	-963.0
Other result[1]	-37.7	-54.1	-21.9	-1.4	-1.0	3.5	212.6	-47.8	152.0	-99.8
Pre-tax profit/-loss	**191.7**	**300.4**	**12.6**	**156.8**	**104.0**	**98.3**	**178.8**	**-84.5**	**487.1**	**471.0**
Taxes on income	-68.1	-70.7	-4.6	-37.3	-21.1	-20.8	-13.4	22.0	-107.2	-106.8
Net profit/loss for the period	**123.6**	**229.7**	**8.0**	**119.5**	**82.9**	**77.5**	**165.4**	**-62.5**	**379.9**	**364.2**
Attributable to non-controlling interests	37.4	37.1	1.6	5.3	1.9	3.7	-7.5	-3.3	33.4	42.8
Attributable to owners of the parent	**86.2**	**192.6**	**6.4**	**114.2**	**81.0**	**73.8**	**172.9**	**-59.2**	**346.5**	**321.4**
Average risk-weighted assets	71,540.0	75,240.8	22,556.1	24,730.6	2,555.2	2,611.7	13.6	1,034.2	96,664.9	103,617.3
Average attributed equity	5,014	4,135	2,257	1,979	340	304	4,788	6,970	12,398	13,388
Cost/income ratio	**52.4%**	**52.2%**	**28.9%**	**17.3%**	**35.4%**	**39.4%**	**na**	**na**	**50.8%**	**48.3%**
Return on equity[2]	**6.9%**	**18.6%**	**1.1%**	**23.1%**	**95.4%**	**97.1%**	**14.4%**	**na**	**11.2%**	**9.6%**

1) Other result consists of four income statement items: other operating result, result from financial instruments at fair value through profit or loss, result from financial assets available for sale, and result from financial assets held to maturity.

2) ROE = return on equity = Net profit/loss attributable to owners of the parent divided by average attributed equity.

in EUR million	EB Oesterreich 1-3 12	EB Oesterreich 1-3 11 restated	Savings banks 1-3 12	Savings banks 1-3 11 restated	Austria 1-3 12	Austria 1-3 11 restated	CEE 1-3 12	CEE 1-3 11	Retail & SME 1-3 12	Retail & SME 1-3 11 restated
Net interest income	161.7	152.9	240.9	234.1	402.6	387.0	702.5	748.9	1,105.1	1,135.9
Risk provisions for loans and advances	-31.4	-35.0	-51.3	-62.1	-82.7	-97.1	-422.7	-307.1	-505.4	-404.2
Net fee and commission income	82.7	82.0	98.7	100.8	181.4	182.8	212.5	230.8	393.9	413.6
Net trading result	-3.1	2.5	3.9	5.6	0.8	8.1	44.4	28.9	45.2	37.0
General administrative expenses	-151.4	-149.8	-235.4	-233.4	-386.8	-383.2	-422.6	-444.6	-809.4	-827.8
Other result[1]	8.6	-0.7	-12.0	-6.8	-3.4	-7.5	-34.3	-46.6	-37.7	-54.1
Pre-tax profit/-loss	**67.1**	**51.9**	**44.8**	**38.2**	**111.9**	**90.1**	**79.8**	**210.3**	**191.7**	**300.4**
Taxes on income	-14.8	-11.4	-11.3	-9.5	-26.1	-20.9	-42.0	-49.8	-68.1	-70.7
Net profit/loss for the period	**52.3**	**40.5**	**33.5**	**28.7**	**85.8**	**69.2**	**37.8**	**160.5**	**123.6**	**229.7**
Attributable to non-controlling interests	1.8	1.4	30.6	26.8	32.4	28.2	5.0	8.9	37.4	37.1
Attributable to owners of the parent	**50.5**	**39.1**	**2.9**	**1.9**	**53.4**	**41.0**	**32.8**	**151.6**	**86.2**	**192.6**
Average risk-weighted assets	13,334.6	13,522.8	23,593.2	24,046.1	36,927.8	37,568.9	34,612.2	37,672.0	71,540.0	75,240.8
Average attributed equity	1,310.0	1,075.2	365.2	293.6	1,675.2	1,368.8	3,338.7	2,765.7	5,013.9	4,134.5
Cost/income ratio	**62.7%**	**63.1%**	**68.5%**	**68.5%**	**66.1%**	**66.3%**	**44.0%**	**44.1%**	**52.4%**	**52.2%**
Return on equity[2]	**15.4%**	**14.5%**	**3.2%**	**2.6%**	**12.8%**	**12.0%**	**3.9%**	**21.9%**	**6.9%**	**18.6%**

1) Other result consists of four income statement items: other operating result, result from financial instruments at fair value through profit or loss, result from financial assets available for sale, and result from financial assets held to maturity.

2) ROE = return on equity = Net profit/loss attributable to owners of the parent divided by average attributed equity.

in EUR million	Czech Republic 1-3 12	Czech Republic 1-3 11	Romania 1-3 12	Romania 1-3 11	Slovakia 1-3 12	Slovakia 1-3 11	Hungary 1-3 12	Hungary 1-3 11	Croatia 1-3 12	Croatia 1-3 11	Serbia 1-3 12	Serbia 1-3 11	Ukraine 1-3 12	Ukraine 1-3 11	CEE 1-3 12	CEE 1-3 11
Net interest income	282.6	284.4	153.0	186.0	106.4	109.3	81.7	93.0	64.1	61.3	8.7	8.6	6.0	6.3	702.5	748.9
Risk provisions for loans and advances	-44.5	-70.9	-191.4	-109.4	-18.5	-20.8	-131.1	-77.3	-32.2	-23.2	-2.2	-2.0	-2.8	-3.5	-422.7	-307.1
Net fee and commission income	112.2	124.7	30.2	34.7	27.7	27.9	21.9	22.8	15.8	17.0	3.5	2.7	1.2	1.0	212.5	230.8
Net trading result	16.7	15.5	16.9	1.1	2.1	0.8	5.6	3.8	2.2	3.5	0.4	0.0	0.5	4.2	44.4	28.9
General administrative expenses	-179.5	-185.1	-89.7	-98.8	-58.0	-55.3	-41.5	-49.6	-33.6	-35.7	-8.3	-8.2	-12.0	-11.9	-422.6	-444.6
Other result[1]	-1.0	-7.7	-7.9	-12.2	-5.4	-5.0	-16.3	-21.6	-2.3	-1.8	-0.3	-0.3	-1.1	2.0	-34.3	-46.6
Pre-tax profit/-loss	**186.5**	**160.9**	**-88.9**	**1.4**	**54.3**	**56.9**	**-79.7**	**-28.9**	**14.0**	**21.1**	**1.8**	**0.8**	**-8.2**	**-1.9**	**79.8**	**210.3**
Taxes on income	-39.1	-31.0	12.6	-0.3	-11.0	-11.5	-2.1	-2.8	-2.4	-4.2	0.0	0.0	0.0	0.0	-42.0	-49.8
Net profit/loss for the period	**147.4**	**129.9**	**-76.3**	**1.1**	**43.3**	**45.4**	**-81.8**	**-31.7**	**11.6**	**16.9**	**1.8**	**0.8**	**-8.2**	**-1.9**	**37.8**	**160.5**
Attributable to non-controlling interests	3.1	2.5	-4.1	0.4	0.0	0.0	0.0	0.0	5.5	5.7	0.5	0.3	0.0	0.0	5.0	8.9
Attributable to owners of the parent	**144.3**	**127.4**	**-72.2**	**0.7**	**43.3**	**45.4**	**-81.8**	**-31.7**	**6.1**	**11.2**	**1.3**	**0.5**	**-8.2**	**-1.9**	**32.8**	**151.6**
Average risk-weighted assets	12,641.1	13,410.1	8,616.4	9,151.8	4,252.0	4,962.9	3,534.1	4,500.3	4,230.2	4,372.5	499.8	547.9	838.6	726.5	34,612.2	37,672.0
Average attributed equity	1,280.7	1,102.9	825.0	522.9	439.7	411.1	361.9	371.6	301.2	256.4	42.0	37.3	88.1	63.5	3,338.7	2,765.7
Cost/income ratio	**43.6%**	**43.6%**	**44.8%**	**44.5%**	**42.6%**	**40.1%**	**38.0%**	**41.5%**	**40.9%**	**43.6%**	**65.9%**	**72.6%**	**155.8%**	**103.5%**	**44.0%**	**44.1%**
Return on equity[2]	**45.1%**	**46.2%**	**na**	**0.5%**	**39.4%**	**44.2%**	**na**	**na**	**8.1%**	**17.5%**	**12.4%**	**5.4%**	**-37.2%**	**-12.0%**	**3.9%**	**21.9%**

1) Other result consists of four income statement items: other operating result, result from financial instruments at fair value through profit or loss, result from financial assets available for sale, and result from financial assets held to maturity.

2) ROE = return on equity = net profit/loss attributable to owners of the parent divided by average attributed equity.

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 from the Czech retail and SME business, at EUR 282.6 million, was almost unchanged in first quarter 2012 versus the EUR 284.4 million recorded in the first quarter of 2011 (-0.6%). Currency-adjusted, it rose by 2.3%. This gain was based on higher contributions from the banking book while core business margins remained stable. Net fee and commission income declined from EUR 124.7 million in the first quarter of 2011 by EUR 12.5 million, or 10.0% (currency-adjusted: -7.4%), to EUR 112.2 million due to lower income from payment transfers and the securities business. The net trading result rose by EUR 1.2 million or, 7.7% (currency-adjusted: +10.9%), to EUR 16.7 million. Operating expenses increased by EUR 5.6 million, or 3.0% (currency-adjusted: -0.2%), to EUR 179.5 million in first quarter 2012.

The operating result declined from EUR 239.5 million in the first quarter of 2011 by EUR 7.5 million, or 3.1% (currency-adjusted: -0.3%), to EUR 232.0 million. Due to the improved economic environment and continued stabilisation of the portfolio, risk provisions fell significantly by EUR 26.4 million, or 37.2% (currency-adjusted: -35.4%), to EUR 44.5 million in first quarter 2012. Improvement of the "Other result" from EUR -7.7 million by EUR 6.7 million to EUR -1.0 million was primarily driven by a decline in other operating expenses.

At EUR 144.3 million, net profit after minorities increased by EUR 16.9 million, or 13.3% (currency-adjusted: +16.6%), and was thus significantly higher than in the first quarter of 2011 (EUR 127.4 million). The cost/income ratio was unchanged at 43.6%. Return on equity declined from 46.2% to 45.1%.

Romania

The result in the Romanian retail and SME business reflected the difficult economic environment. Net interest income declined by EUR 33.0 million, or 17.7% (currency-adjusted: -15.2%), to EUR 153.0 million. This development was mainly due to weak consumer credit demand, declining margins on corporate business, and lower margins on mortgage lending. The decline in net fee and commission income by EUR 4.5 million, or 13.0% (currency-adjusted: -10.3%), from EUR 34.7 million in the first quarter of 2011 to EUR 30.2 million in first quarter 2012 was mainly attributable to lower income from insurance brokerage and payment transfers. The increase in the net trading result by EUR 15.8 million from EUR 1.1 million in the first quarter of 2011 to EUR 16.9 million resulted largely from valuation gains on currency positions. Comprehensive optimisation measures reduced operating expenses, especially on personnel, by EUR 9.1 million, or 9.2% (currency-adjusted: -6.4%), from EUR 98.8 million in the first quarter of 2011 to EUR 89.7 million for first quarter 2012.

The requirement for additional risk provisions of EUR 98.6 million (partly in the corporate and real estate business) caused risk provisions to rise from EUR 109.4 million by EUR 82.0 million, or 75.0% (currency-adjusted: +80.3%), to EUR 191.4 million in first quarter 2012. As of 31 March 2012, the NPL coverage ratio had thus improved to 52.2% versus 50.1% at year-end 2011.

Improvement in the item "Other result" from EUR -12.2 million by EUR 4.3 million, or 35.2% (currency-adjusted: +33.3%), to EUR -7.9 million in first quarter 2012 was mainly the result of higher income from financial assets and improved contributions from the leasing business. At EUR -72.2 million, net loss after minorities was EUR 72.9 million lower than the net profit of EUR 0.7 million posted in the previous year. Despite the decline in operating income, the cost/income ratio rose only slightly year on year from 44.5% to 44.8%.

Slovakia

Net interest income in the Slovak retail and SME business declined from EUR 109.3 million in the first quarter of 2011 by EUR 2.9 million, or 2.7%, to EUR 106.4 million in first quarter 2012. This resulted mainly from a change in investment strategy for financial assets adopted to achieve sustainable optimisation of the Group's balance sheet structure, as well as a slight decline in retail business margins. Net fee and commission income was stable versus the previous year at EUR 27.7 million. The rise in the net trading result by EUR 1.3 million to EUR 2.1 million is attributable to valuation gains. Operating expenses increased from EUR 55.3 million by EUR 2.7 million, or 4.9%, to EUR 58.0 million due to higher depreciation in relation to additional IT investments.

Risk provisions reflected improvement in the market environment versus first quarter 2011. That benefited above all the retail business and led to a reduction in risk provisions from EUR 20.8 million in the first quarter of 2011 by EUR 2.3 million, or 11.1%, to EUR 18.5 million. Net profit after minorities declined from EUR 45.4 million in the first quarter of 2011 by EUR 2.1 million, or 4.6%, to EUR 43.3 million in first quarter 2012. The cost/income ratio rose from 40.1% in the first quarter of 2011 to 42.6% in first quarter 2012. Return on equity stood at 39.4% (Q1 11: 44.2%).

Hungary

Net interest income in the Hungarian retail and SME business declined from EUR 93.0 million in the first quarter of 2011 by EUR 11.3 million, or 12.2% (currency-adjusted: -4.4%), to EUR 81.7 million for first quarter 2012. This was due to the impacts of early repayments of foreign-currency loans at non-market rates as permitted by law. Net fee and commission income was down by EUR 0.9 million, or 3.9%, to EUR 21.9 million. Currency-adjusted, however, that figure rose by 4.6%. The gain in the net trading result from EUR 3.8 million by EUR 1.8 million, or 47.4% (currency-adjusted: +60.4%), to EUR 5.6 million in first quarter 2012 was mainly attributable to foreign currency transactions resulting from the early repayment of FX loans. Due to the restructuring measures implemented in the fourth quarter of 2011, operating expenses decreased from EUR 49.6 million in the first quarter of 2011 by EUR 8.1 million or 16.3% (currency-adjusted: -8.9%), to EUR 41.5 million in first quarter 2012. The cost/income ratio improved to 38.0% from 41.5% in first quarter 2011.

The rise in risk provisions by EUR 53.8 million, or 69.6% (currency-adjusted: +84.6%), from EUR 77.3 million in the first quarter of 2011 to EUR 131.1 million was attributable to extraordinary risk provisions of EUR 75.6 million relating to the interest subsidy scheme for private FX borrowers imposed by legislation. This is affecting foreign currency retail borrowers meeting their contractual obligations (making scheduled payments of interest and principal) but not defaulting borrowers. The item “Other result” improved by EUR 5.3 million from EUR -21.6 million in the first quarter of 2011 to EUR -16.3 million. Net loss after minorities was EUR -81.8 million versus EUR -31.7 million in first quarter 2011.

Croatia

In Croatia, net interest income from the retail and SME business rose from EUR 61.3 million in the first quarter of 2011 by EUR 2.8 million, or 4.6% (currency-adjusted: +6.8%), to EUR 64.1 million. This was mainly due to growth in financial assets. Reflecting the October 2011 transfer of the subsidiary handling the credit cards processing (and therefore allocation to the Corporate Center segment), net fee and commission income declined by EUR 1.2 million, or 7.1% (currency-adjusted: -5.1%), to 15.8 million from EUR 17.0 million in first quarter 2011. Decrease in the net trading result from EUR 3.5 million in the first quarter of 2011 by EUR 1.3 million, or 37.1% (currency-adjusted: 35.8%), to EUR 2.2 million was caused by negative valuation results. Operating expenses declined by EUR 2.1 million, or 5.9% (currency-adjusted: -3.9%), from EUR 35.7 million in the first quarter of 2011 to EUR 33.6 million in first quarter 2012.

The operating result was up by EUR 2.4 million, or 5.2% (currency-adjusted: +7.4%), from EUR 46.1 million to EUR 48.5 million. This improved the cost/income ratio from 43.6% in the first quarter of 2011 to 40.9%. An increased need for risk provisions in the SME business led to a rise of EUR 9.0 million, or 38.8% (currency-adjusted: +41.7%), from EUR 23.2 million to EUR 32.2 million in first quarter 2012. Net profit after minorities declined from EUR 11.2 million in the first quarter of 2011 by EUR 5.1 million, or 45.5% (currency-adjusted: -44.4%), to EUR 6.1 million. Return on equity was 8.1% versus 17.5% in first quarter 2011.

Serbia

Net interest income at Erste Bank Serbia grew by EUR 0.1 million, or 1.2% (currency-adjusted: +5.4%), from EUR 8.6 million to EUR 8.7 million in first quarter 2012. This improvement was driven by a rise in lending volumes to retail and corporate clients and higher margins in the retail business. Net fee and commission income improved from EUR 2.7 million by EUR 0.8 million, or 29.6% (currency-adjusted: +35.1%), to EUR 3.5 million. The net trading result rose by EUR 0.4 million on the back of growing income from foreign exchange trading. Operating expenses increased from EUR 8.2 million in the first quarter of 2011 by EUR 0.1 million, or 1.2% (currency-adjusted: +5.5%), to EUR 8.3 million in first quarter 2012. This was attributable to higher other administrative expenses caused by increasing legal requirements. The cost/income ratio improved to 65.9% from 72.6% in first quarter 2011.

Risk costs grew from EUR 2.0 million by EUR 0.2 million, or 10.0% (currency-adjusted: +14.6%), to EUR 2.2 million due to higher risk provisions in the retail business. Net profit after minorities rose from EUR 0.5 million in the first quarter of 2011 by EUR 0.8 million to EUR 1.3 million. This brought substantial improvement in return on equity, which moved from 5.4% to 12.4%.

Ukraine

As higher funding costs were only partly offset by higher interest income on other assets, net interest income at Erste Bank Ukraine declined from EUR 6.3 million in the first quarter of 2011 by EUR 0.3 million, or 4.8% (currency-adjusted: -7.8%), to EUR 6.0 million. Higher income from payment transfers led to an improvement of net fee and commission income by EUR 0.2 million to EUR 1.2 million in first quarter 2012. The net trading result was impacted by lower income from the securities business and declined by EUR 3.7 million, or 88.1%, from EUR 4.2 million to EUR 0.5 million (currency-adjusted: -88.5%).

Operating expenses increased by EUR 0.1 million, or 0.8%, to EUR 12.0 million. Currency-adjusted, operating expenses declined by 2.4%, however. The reduction of risk provisions by EUR 0.7 million, or 20.0% (currency-adjusted: -22.5%), to EUR 2.8 million resulted from substantial stabilisation in the commercial customers portfolio. The net loss after minorities deepened by EUR 6.3 million to EUR -8.2 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 the International Business unit (excluding treasury activities). The leasing subsidiary Erste Group Immorent is also included in this segment.

Net interest income increased by a moderate EUR 0.5 million, or 0.5%, versus first quarter 2011 to EUR 128.2 million. While net interest income from International Business declined by EUR 3.3 million, or 12.6%, to EUR 22.8 million due to lower volume (risk-weighted assets had been reduced by about 36% year on year), the real estate and large corporate business grew by EUR 3.8 million. Net fee and commission income decreased by EUR 9.9 million, or 32.9%, to EUR 20.2 million. This was attributable to a reduction in new business and declining income from Erste Group Immorent's project development business. The net trading result dropped by EUR 95.3 million, or 94.2%, to EUR 5.9 million. This was mainly attributable to non-recurring valuation gains (about EUR 100 million) relating to the CDS investment portfolio of the International Business that had been recognised in first quarter 2011.

Operating expenses were down by EUR 0.3 million, or 0.7%, to EUR 44.6 million. Risk provisions increased by EUR 19.3 million, or 34.5%, to EUR 75.2 million. This was primarily due to risk provisions in the real estate business and in the large corporate business in Romania, while risk provisions were down significantly in the International Business and in the remaining large corporate business. The operating result declined from EUR 214.1 million in the first quarter of 2011 by EUR 104.4 million, or 48.8%, to EUR 109.7 million in first quarter 2012. Negative valuation results and losses on sales resulting from continued reduction of International Business assets, in particular, caused the "Other result" to decline by EUR 20.5 million to EUR -21.9 million.

Net profit after minorities fell by EUR 107.8 million, or 94.4%, from EUR 114.2 million to EUR 6.4 million. This was mainly attributable to the net trading result in International Business, the rise in risk provisions, and valuation losses in the item “Other result”. The cost/income ratio rose from 17.3% in the first quarter of 2011 to 28.9%.

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 the result of Erste Asset Management.

The operating result of the Group Markets segment improved from EUR 94.8 million in the first quarter of 2011 to EUR 105.0 million in first quarter 2012. This was mainly due to an increase in net interest income, which rose from EUR 24.6 million by EUR 21.6 million, or 87.4%, to EUR 46.1 million. The gain in net interest income was attributable to higher income from government bonds and CEE swaps as well as to the shift of funding costs and interest income from trading assets. The latter comprised the main factor decreasing the net trading result by EUR 14.1 million, or 14.8%, to EUR 81.4 million from the previous year’s EUR 95.5 million. Net fee and commission income declined by EUR 1.3 million, or 3.6%, to EUR 35.0 million, which was due in particular to lower profit contributions from Erste Asset Management. Operating expenses, at EUR 57.5 million, were EUR 4.1 million, or 6.7%, lower than in first quarter 2011. Costs were cut to a roughly similar extent across all business areas. The cost/income ratio improved from 39.4% to 35.4%. Net profit after minorities increased from EUR 73.8 million in the first quarter of 2011 by EUR 7.2 million, or 9.8%, to EUR 81.0 million. Return on equity was 95.4%.

Corporate Center

The Corporate Center segment includes the results of those companies that cannot be directly allocated to a business segment, intragroup consolidation between the segments, the straight-line amortisation of customer relationships (especially for Banca Comercială Română, Erste Card Club, and Ringturm KAG), as well as one-time effects 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 rise in net interest income from EUR 13.8 million to EUR 57.5 million was mainly driven by an increase of structural contributions in asset/liability management. The positive development of net fee and commission income and increase in operating expenses were largely attributable to intragroup consolidation of banking support operations. The net trading result dropped from EUR 3.0 million to EUR -38.9 million due to lower valuations on hedging instruments used in asset/liability management.

The item “Other result” included amortisation of customer relationships in the amount of EUR 16.8 million and banking tax relating to the Holding (Erste Group Bank AG) in the amount of EUR 36.7 million as well as the proceeds from buying back tier 1 and tier 2 instruments (hybrid capital and subordinated bonds) in the amount of EUR 250.6 million.

VI. Condensed notes to the Financial Statements of Erste Group for the period from 1 January to 31 March 2012

BASIS OF PREPARATION

The condensed consolidated interim financial statements ("interim financial statements") of Erste Group for the period from 1 January to 31 March 2012 were prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union ("EU") and are presented in accordance with the requirements of IAS 34 "Interim Financial Reporting". The Group's application of IFRSs results in no differences between IFRSs as issued by the IASB and IFRSs as endorsed by the EU.

The interim financial statements, which include Erste Group Bank AG and its subsidiaries ("Erste Group"), are presented in euro, the functional and presentation currency of Erste Group. Unless stated otherwise, all numbers are rounded to millions of euro.

ACCOUNTING POLICIES

In the interim financial statements, the same recognition and measurement principles and consolidation methods are applied as in the preparation of the consolidated financial statements as of 31 December 2011. The interim financial statements do not include all the information and disclosures required in the annual consolidated financial statements. Therefore, the interim financial statements should be read in conjunction with Erste Group's consolidated financial statements as of 31 December 2011.

Standards and interpretations to be applied in the EU as from 1 January 2012 on were applied in these interim financial statements. Application of these Standards has no impact on the interim financial statements.

In comparison with the annual financial statements, there were no material changes in accounting policies.

These interim financial statements were neither audited nor reviewed by an auditor.

The preparation of interim financial statements under IFRS requires management to make estimates and assumptions for certain categories of assets and liabilities. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the balance sheet date, and the reported amounts of income and expenses during the reporting period. Actual results for the year end could differ from management's estimates.

SCOPE OF CONSOLIDATION

Changes in the scope of consolidation in the first quarter 2012 do have neither material impact on the financial position nor on the financial performance of the Group.

Opening balance as of 31 December 2011	589
Additions	
Entities newly added to the consolidation field	2
Disposals	
Companies sold or liquidated	(6)
Mergers	(1)
Closing balance as of 31 March 2012	**584**

In the first quarter 2012 the following subsidiaries were included in the consolidation field for the first time (effective 1 January 2012):

- S-Immobilien Weinviertler Sparkasse GmbH
- S Slovensko, spol. s r.o.

BANCA COMERCIALĂ ROMÂNĂ

Erste Group raised its participation in Banca Comercială Română SA from 89.9% by 3.3 percentage points to 93.2% by acquisition of shares from owners of non-controlling interests, mainly from SIF Banat-Crisana and SIF Muntenia resulting from the agreement on acquisition of BCR shares (for details please refer to Note 30 of the annual financial statements of Erste Group as at 31 December 2011).

Based on written options existing at the end of 2011, in February 2012 SIF Banat-Crisana and SIF Muntenia contributed 486.418.882 shares of BCR into Erste Group Bank AG. A total of 3,801,385 new Erste Group Bank AG shares were issued to the two SIFs in the amount of EUR 67 million.

1) Net interest income

in EUR million	1-3 12	1-3 11 restated
Interest income		
Lending and money market transactions with credit institutions	275.3	253.8
Lending and money market transactions with customers	1,567.1	1,571.5
Bonds and other interest-bearing securities	351.0	298.2
Other	5.5	2.5
Current income		
Equity-related securities	14.3	24.7
Investments	5.8	2.9
Investment properties	18.0	20.4
Interest and similar income	**2,237.0**	**2,174.0**
Interest income from financial assets - at fair value through profit or loss	82.4	21.7
Total interest and similar income	**2,319.4**	**2,195.7**
Interest expenses		
Deposits by banks	-211.3	-163.1
Customer deposits	-466.1	-419.5
Debt securities in issue	-240.4	-242.3
Subordinated liabilities	-58.6	-65.9
Other	-2.4	-2.2
Interest and similar expenses	**-978.8**	**-893.0**
Interest expenses from financial assets - at fair value through profit or loss	-9.7	-3.7
Total interest and similar expenses	**-988.5**	**-896.7**
Result from at equity method investment	**6.0**	**3.0**
Total	**1,336.9**	**1,302.0**

2) Risk provisions for loans and advances

in EUR million	1-3 12	1-3 11 restated
Allocation to risk provisions for loans and advances	-841.2	-629.6
Release of risk provisions for loans and advances	365.2	182.2
Direct write-offs of loans and advances	-117.5	-28.4
Recoveries on written-off loans and advances	12.9	15.7
Total	**-580.6**	**-460.1**

3) Net fee and commission income

in EUR million	1-3 12	1-3 11 restated
Lending business	67.3	62.3
Payment transfers	210.5	214.9
Card business	51.3	47.7
Securities transactions	90.7	109.4
Investment fund transactions	46.2	52.4
Custodial fees	10.0	9.9
Brokerage	34.5	47.1
Insurance brokerage	22.7	24.6
Building society brokerage	8.2	9.0
Foreign exchange transactions	6.3	6.0
Investment banking business	2.2	5.1
Other	22.4	23.9
Total	**430.3**	**455.2**

4) Net trading result

in EUR million	1-3 12	1-3 11 restated
Securities and derivatives trading	59.1	195.9
Foreign exchange transactions	34.5	40.8
Total	**93.6**	**236.7**

5) General administrative expenses

in EUR million	1-3 12	1-3 11
Personnel expenses	-570.5	-576.1
Other administrative expenses	-283.3	-292.4
Depreciation and amortisation	-91.3	-94.5
Total	**-945.1**	**-963.0**

6) Other operating result

in EUR million	1-3 12	1-3 11
Other operating income	282.6	26.4
Other operating expenses	-151.4	-155.1
Total	**131.2**	**-128.7**
Result from real estate/property/movable property and software	2.8	0.4
Allocation/release of other provisions/risks	-0.1	-3.4
Expenses for deposit insurance contributions	-21.9	-21.1
Amortisation of intangible assets (customer relationships)	-16.8	-17.3
Other taxes	-62.2	-55.5
Impairment of goodwill	0.0	0.0
Result from other operating expenses/income	229.4	-31.8
Total	**131.2**	**-128.7**

In March 2012, in order to strengthen its capital structure, Erste Group repurchased certain issued Tier 1 and Tier 2 subordinated securities. This buyback generated in March 2012 income of EUR 250 million presented in "result from other operating expenses/income".

7) Result from financial instruments – at fair value through profit or loss

in EUR million	1-3 12	1-3 11
Gain / (loss) from measurement / sale of financial instruments at fair value through p&l	41.5	9.5

8) Result from financial assets – available for sale

in EUR million	1-3 12	1-3 11
Gain / (loss) from sale of financial assets available for sale	-13.7	19.1
Impairment / reversal of impairment of financial assets available for sale	-1.0	0.1
Total	**-14.7**	**19.2**

9) Result from financial assets – held to maturity

in EUR million	1-3 12	1-3 11
Income		
Income from sale of financial assets held to maturity	5.0	0.5
Reversal of impairment loss of financial assets held to maturity	0.0	0.5
Expenses		
Loss from sale of financial assets held to maturity	-11.0	-0.6
Impairment of financial assets held to maturity	0.0	-0.2
Total	**-6.0**	**0.2**

10) Taxes on income

Income tax expense is recognised based on the best estimate of the average annual income tax rate expected for the full financial year. The estimated average annual tax rate used for the year ending 31 December 2012 is 22.0% (the estimated tax rate for the three months ended 31 March 2011 was 22.7%).

11) Cash and balances with central banks

in EUR million	Mar 12	Dec 11
Cash in hand	1,996	2,164
Balances with central banks	3,484	7,249
Total	**5,480**	**9,413**

12) Loans and advances to credit institutions

in EUR million	Mar 12	Dec 11
Loans and advances to domestic credit institutions	5,079	726
Loans and advances to foreign credit institutions	8,324	6,852
Total	**13,403**	**7,578**

13) Loans and advances to customers

in EUR million	Mar 12	Dec 11
Loans and advances to domestic customers		
Public sector	2,971	3,027
Commercial customers	37,324	37,541
Private households	25,089	25,148
Unlisted securities	261	256
Other	262	268
Total loans and advances to domestic customers	**65,907**	**66,240**
Loans and advances to foreign customers		
Public sector	3,546	3,487
Commercial customers	34,757	34,313
Private households	29,689	29,728
Unlisted securities	616	689
Other	278	293
Total loans and advances to foreign customers	**68,886**	**68,510**
Total	**134,793**	**134,750**

14) Risk provisions

in EUR million	1-3 12	1-3 11
Risk provisions for loans and advances		
At start of reporting period	7,027	6,119
Acquisition of subsidiaries	13	0
Use	-124	-143
Net allocation to risk provisions for loans and advances	476	447
Interest income from impaired loans	-48	-44
Currency translation	63	20
At end of reporting period	7,407	6,399
Provision for off-balance-sheet and other risks	320	299
Total	**7,727**	**6,698**

15) Derivative financial instruments – positive market value

in EUR million	Mar 12	Dec 11
Derivatives held for trading	8,082	7,948
Derivatives held in banking book	2,907	2,983
Fair value hedges	1,885	1,680
Cash flow hedges	133	133
Other derivatives	889	1,170
Total	**10,989**	**10,931**

16) Securities

	Loans and advances to CI and NCI		Trading assets		Financial assets: At fair value through profit or loss		Financial assets: Available for Sale		Financial assets: Held to maturity		Total	
in EUR million	Mar 12	Dec 11	Mar 12	Dec 11	Mar 12	Dec 11	Mar 12	Dec 11	Mar 12	Dec 11	Mar 12	Dec 11
Bonds and other interest-bearing securities	**1,622**	**1,705**	**7,763**	**5,461**	**928**	**1,502**	**19,376**	**17,654**	**17,679**	**16,074**	**47,368**	**42,396**
Listed	0	0	6,522	4,253	867	1,375	17,946	16,457	16,813	15,150	42,148	37,235
Unlisted	1,622	1,705	1,241	1,208	61	127	1,430	1,197	866	924	5,220	5,161
Equity-related securities	**0**	**0**	**353**	**406**	**292**	**311**	**1,808**	**2,109**	**0**	**0**	**2,453**	**2,826**
Listed	0	0	106	119	292	311	505	474	0	0	903	904
Unlisted	0	0	247	287	0	0	1,303	1,635	0	0	1,550	1,922
Equity holdings	0	0	0	0	0	0	491	482	0	0	491	482
Total	**1,622**	**1,705**	**8,116**	**5,867**	**1,220**	**1,813**	**21,675**	**20,245**	**17,679**	**16,074**	**50,312**	**45,704**

17) Other assets

in EUR million	Mar 12	Dec 11
Accrued commissions	140	125
Deferred income	349	224
Investment properties	1,138	1,139
Sundry assets	2,270	1,894
Total	**3,897**	**3,382**

18) Deposits by bank

in EUR million	Mar 12	Dec 11
Deposits by domestic credit institutions	9,086	7,865
Deposits by foreign credit institutions	16,287	15,920
Total	**25,373**	**23,785**

19) Customer deposits

	Domestic	Domestic	Abroad	Abroad	Total	Total
in EUR million	Mar 12	Dec 11	Mar 12	Dec 11	Mar 12	Dec 11
Savings deposits	42,112	41,508	13,904	13,229	56,016	54,737
Other deposits						
Public sector	970	908	3,493	2,814	4,463	3,722
Commercial customers	12,905	12,450	13,225	12,893	26,130	25,343
Private customers	5,451	5,505	29,572	28,888	35,023	34,393
Sundry	343	318	374	367	717	685
Total other deposits	19,669	19,181	46,664	44,962	66,333	64,143
Total	**61,781**	**60,689**	**60,568**	**58,191**	**122,349**	**118,880**

20) Debt securities in issue

in EUR million	Mar 12	Dec 11
Bonds	17,925	18,656
Certificates of deposit	2,088	1,420
Other certificates of deposits/name certificates	2,265	2,033
Mortgage and municipal bonds	12,288	11,652
Other	15	18
Repurchased own issues	-2,446	-2,997
Total	**32,135**	**30,782**

21) Derivative financial instruments – negative market value

in EUR million	Mar 12	Dec 11
Derivatives held for trading	7,645	7,690
Derivatives held in banking book	1,687	1,647
Fair value hedges	572	576
Cash flow hedges	21	23
Other derivatives	1,094	1,048
Total	**9,332**	**9,337**

22) Provisions

in EUR million	Mar 12	Dec 11
Long-term employee provisions	1,095	1,101
Provisions for contingent credit risk liabilities	183	186
Other risk provisions	137	130
Other provisions	143	163
Total	**1,558**	**1,580**

23) Other liabilities

in EUR million	Mar 12	Dec 11
Deferred income	416	343
Accrued commissions	37	14
Sundry liabilities	3,790	3,407
Total	**4,243**	**3,764**

24) Subordinated liabilities

in EUR million	Mar 12	Dec 11
Subordinated issues and deposits	2,716	3,090
Supplementary capital	1,326	1,510
Hybrid issues	775	1,239
Repurchased own issues	-41	-56
Total	**4,776**	**5,783**

25) Risk management

It is a core function of every bank to take risks in a conscious and selective manner and to professionally manage such risks. In addition to meeting the internal goal of effective and efficient risk management, Erste Group's control and risk management systems have been developed to fulfil external and, in particular, regulatory requirements.

Concerning risk policy and strategy as well as regarding risk management organisation, reference is made to the chapter of the same name in the Annual Report 2011.

Current regulatory topics

Since 2010, Erste Group has been scrutinising the impacts of the planned regulatory changes commonly known as Basel III. The Group has established a group-wide Basel III programme, which ensures that all requirements arising from the Capital Requirements Directive IV (CRD IV) and from related national and international regulations are implemented in time and completely within the whole Group. The programme includes a stream covering capital requirements (including deductions from own funds), changes in risk-weighted asset (RWA) calculations, counterparty credit risk (CCR), and the new capital charge for credit value adjustments (CVA). Further streams focus on new requirements of the disclosure policy, the new liquidity rules and the newly introduced leverage ratio.

Due to the established programme structure, Erste Group has an integrated view on all requirements arising from Basel III. Furthermore, a close alignment is being undertaken with programmes focusing on other internal or regulatory requirements in the areas of risk and accounting, such as the IFRS 9 project.

Regarding changes in risk-weighted assets according to Basel III, since 2010 Erste Group has actively participated in the semi-annual Quantitative Impact Study (QIS) which is co-ordinated by Austrian and European regulatory authorities. In future, Erste Group will also participate in the quarterly exercises. The bank has completed several calculations to evaluate the impact of the new accord on its risk-weighted assets, both within and beyond the scope of the QIS exercises.

Erste Group calculated as well the Basel III compliant liquidity ratios which also will be collected within the scope of the planned exercises. The Group has made several calculations to assess the status of the entities with regards to these ratios, and the preparation for the future regulatory reporting is currently underway.

Regulatory changes for the internal model approach to market risk according to the Capital Requirements Directive III (CRD III) became effective for Erste Group at year-end 2011. The inclusion of stressed VaR and event risk (for equity-related risks) into the internal model was developed and received approval from regulators after a successful audit by the Austrian regulator in the fourth quarter of 2011.

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 (EBA) has defined a capital threshold of 9% (according to EBA definition) that has to be met by June 2012.

According to an initial calculation with figures as of 30 September 2011, Erste Group required additional capital amounting to EUR 743 million (EUR 166 million at year-end 2011). Due to recognition of colletaral for defaulted loans in Romania in line with international rules (IFRS) and the Austrian Banking Act, the regulatory core tier-1 increased by approx. EUR 700 million. Continued reductions in non core business and successful RWA optimisation resulted in a decrease of approx. EUR 2.2 billion within total RWA compared to year-end 2011. The core capital ratio based on the EBA calculation's logic therefor increased to 9.7% as of 31 March 2012. The capital surplus as per end of March 2012 amounts to EUR 850 million.

Without considering the effect originating from recognition of collateral, the EBA ratio amounts to 9.1% and thus exceeds the requirement by approx. EUR 150 million. In this calculation, the interim profit, including the result from the buy-back of hybrid capital issues, as well as the private participation capital, which does not count as core tier-1 for the EBA exercise, are not taken into account.

The switching of the calculation of regulatory capital ratios to comply with IFRS is planned for the beginning of 2013. Based on pro-forma figures, the negative effect on core capital is expected to be approximately EUR 350 million.

Current economic topics

The Greek government bonds were restructured in March 2012. For each old bond, investors received 24 new notes, thereof 3 issued by the European Financial Stability Facility (EFSF) representing about 15% of the original notional amount. The face value of Greek sovereign risk has been reduced to approximately 31.5%. As the new bonds lost value in their first weeks of trading Erste Group recorded a small loss in the first quarter of 2012.

The Greek Credit Default Swaps (CDS) were settled in March 2012 after ISDA declared a credit event due to the implementation of Collective Action Clauses during the restructuring. There was no impact on the profit & loss account because the CDS transactions had been marked to market before and the credit event was already priced in.

As stated in the tables below, Erste Group's net exposure to European countries which are particularly affected by the sovereign debt crisis was reduced significantly during 2011 and the first quarter of 2012. The net exposure to Greece, Ireland, Italydecreased from EUR 3.1 billion at year-end 2011 to EUR 2.5

billion as of 31 March 2012. The exposure to sovereign obligors in Greece, Portugal and Spain was eliminated almost completely. In 2011, the reduction resulted from repayments and above all from the sale of securities and credit default swaps (CDS) in the fourth quarter. In the first quarter of 2012, the decline resulted almost exclusively from repayments and amortisations, with the exception of the sale of two Greek bank bonds. The exposure to the Italian government declined by roughly EUR 400 mn as a result of maturing securities. There have been no new investments in bonds of sovereign issuers in these countries.

The following tables show the net exposure to sovereigns and institutions in selected European countries as of 31 March 2012 and 31 December 2011, respectively. The net exposure includes all on- and off-balance-sheet positions after counterparty netting and risk transfer to guarantors. Derivatives are netted (ISDA Master Agreement with netting agreement) and collateral for derivatives reduces the exposure, provided that respective contracts are in force (Credit Support Annex to ISDA Master Agreement). In the case of repo transactions, the book value of the securities sold under repurchase agreements is recognised as exposure of the issuer. Moreover, an exposure of the counterparty amounting to the difference between the funds received and a potentially higher market value of the securities sold plus a percentage of the nominal value is considered in order to account for price fluctuations. In the case of reverse repurchase agreements, the respective counterparty risk is considered as for repurchase agreements (the difference between the funds placed and a potentially lower market value of the securities purchased plus a percentage of the nominal value in order to account for price fluctuations), but the issuer risk is not taken into account. The net exposure represents the net risk view. It differs from the credit risk exposure, which is treated in the 'Credit risk' chapter, primarily by applying the risk transfer to guarantors, by the deduction of collateral and by taking into consideration of netting agreements. Therefore, the two are not comparable. The sovereign net exposure includes central banks, central governments and institutions which are explicitly guaranteed by the central government.

Net exposure to selected European countries

Total	Sovereign		Bank		Other[1]		Total	
in EUR million	Mar 12	Dec 11	Mar 12	Dec 11	Mar 12	Dec 11	Mar 12	Dec 11
Greece	4	4	15	58	8	8	27	70
Ireland	61	47	107	204	67	78	236	329
Italy	71	473	721	807	619	582	1,411	1,861
Portugal	4	6	70	94	10	13	84	113
Spain	6	24	401	282	329	426	735	732
Total	**145**	**553**	**1,314**	**1,445**	**1,032**	**1,106**	**2,491**	**3,105**

1) Other includes securisations and claims against corporates

Sovereign	Fair Value		Available for Sale		At amortised cost		Total	
in EUR million	Mar 12	Dec 11	Mar 12	Dec 11	Mar 12	Dec 11	Mar 12	Dec 11
Greece	1	-9	3	10	0	3	4	4
Ireland	0	0	46	32	15	15	61	47
Italy	0	400	71	71	0	2	71	473
Portugal	0	0	4	6	0	0	4	6
Spain	-26	-27	30	39	2	12	6	24
Gesamt	**-25**	**364**	**153**	**157**	**17**	**31**	**145**	**553**

Without taking into account credit protection, such as guarantees from third parties, or in particular credit default swaps, the claims against Spanish sovereign obligors increase by EUR 26.2 million as of 31 March 2012. The Greek sovereign exposure remains impaired, and is thus valued at market prices.

Bank	Fair Value		Available for Sale		At amortised cost		Total	
in EUR million	Mar 12	Dec 11	Mar 12	Dec 11	Mar 12	Dec 11	Mar 12	Dec 11
Greece	2	0	0	0	13	58	15	58
Ireland	65	99	39	92	4	13	107	204
Italy	28	234	187	181	506	393	721	807
Portugal	15	9	0	30	55	55	70	94
Spain	167	62	56	65	178	156	401	282
Gesamt	**277**	**404**	**281**	**367**	**755**	**674**	**1,314**	**1,445**

Credit risk

The classification of credit assets into risk grades is based on Erste Group's internal ratings. For the purpose of external reporting, Erste Group has developed a framework to map the risk grades into four different risk categories, as follows:

Low risk: The borrower possesses a strong repayment capacity. New business is generally done with clients in this risk category.

Management attention: Although the financial situation of the obligor is good, the repayment capacity may be affected negatively by adverse economic conditions. New business with customers of this risk category requires an adequate structuring of credit risk (collateral).

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

Non-performing: One or more of the default criteria under Basel II are met by the borrower: 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 initiation of bankruptcy proceedings.
For purposes of analysing non-performing positions, Erste Group applies the 'customer view' in Austria. Accordingly, if an Austrian customer defaults on one product then all of that customer's performing products are classified as non-performing. For corporate borrowers in CEE, the customer view is also applied. However, in the retail and SME segment in CEE, Erste Group uses the 'product view', so that only the product actually in default is counted as a NPL whereas the other products of the same customer are considered performing.

Credit risk exposure

Credit risk exposure relates to the following balance sheet items:

-loans and advances to credit institutions;
-loans and advances to customers;
-debt securities held for trading, at fair value through profit or loss, available for sale and held-to-maturity;
-derivatives; and
-credit risks held off balance sheet (primarily financial guaran-tees and undrawn credit commitments).

The credit risk exposure comprises the gross amount without taking into account loan loss provisions, any collateral held (including risk transfer to guarantors), netting effects, other credit enhancements or credit risk mitigating transactions.

The credit risk exposure of Erste Group increased by 5% or nearly EUR 11 billion from EUR 219.5 billion as of 31 December 2011 to EUR 230.3 billion as of 31 March 2012.

Erste Group's credit risk exposure is presented below divided into the following classes:

-by Basel II exposure class and financial instrument,
-by industry and risk category,
-by region and risk category, and
-by business segment and risk category.

Furthermore, a breakdown of loans and advances to customers is presented

-by business segment and risk category, and
-by business segment and currency.

Credit risk exposure by Basel II exposure class and financial instrument

The following tables include Erste Group's credit risk exposure broken down by Basel II exposure class and financial instrument as of 31 March 2012 and 31 December 2011, respectively. The assignment of obligors to Basel II exposure classes is based on legal regulations. For reasons of clarity, individual Basel II exposure classes are presented in aggregated form in the tables below and in other tables in the chapter 'credit risk'. The aggregated exposure class 'sovereigns' also contains regional and local governments as well as public sector entities in addition to central governments, central banks, international organisations and multinational development banks.

Credit risk exposure by Basel II exposure class and financial instrument as of 31 March 2012

			Debt instruments						
in EUR million	Loans and advances to credit institutions	Loans and advances to customers	Held to maturity	Trading assets	At fair value through profit or loss	Available for Sale	Positive fair value of derivative financial instruments	Contingent credit liabilities	Credit risk exposure
	At amortised cost			Fair Value					
Sovereigns	5,407	7,980	14,278	6,943	380	11,259	195	1,228	**47,670**
Institutions	7,985	102	2,240	534	303	4,957	10,038	267	**26,428**
Corporates	11	62,385	1,161	286	245	3,152	754	16,014	**84,007**
Retail	0	64,326	0	0	0	7	2	7,903	**72,238**
Total	**13,403**	**134,793**	**17,679**	**7,763**	**928**	**19,375**	**10,989**	**25,412**	**230,343**

Credit risk exposure by Basel II exposure class and financial instrument as of 31 December 2011

			Debt instruments						
in EUR million	Loans and advances to credit institutions	Loans and advances to customers	Held to maturity	Trading assets	At fair value through profit or loss	Available for Sale	Positive fair value of derivative financial instruments	Contingent credit liabilities	Credit risk exposure
	At amortised cost			Fair Value					
Sovereigns	1,556	8,247	12,427	4,638	928	9,230	166	1,276	**38,468**
Institutions	6,008	174	2,388	573	309	5,432	9,853	509	**25,246**
Corporates	13	61,968	1,259	259	265	2,992	904	15,932	**83,592**
Retail	0	64,361	0	0	0	0	7	7,782	**72,150**
Total	**7,578**	**134,750**	**16,074**	**5,471**	**1,502**	**17,654**	**10,931**	**25,499**	**219,457**

Credit risk category by industry and risk category

The following tables present the credit risk exposure of Erste Group broken down by industry and risk category as of 31 March 2012 and 31 December 2011, respectively.

Credit risk exposure by industry and financial instrument as of 31 March 2012

in EUR million	Low risk	Management attention	Substandard	Non-performing	Credit risk exposure
Agriculture and forestry	1,588	633	58	265	2,544
Mining	429	48	8	68	553
Manufacturing	9,613	3,085	467	1,769	14,935
Energy and water supply	2,868	446	97	180	3,591
Construction	6,603	1,966	455	1,198	10,223
Trade	7,993	2,238	285	1,358	11,874
Transport and communication	3,814	877	126	454	5,271
Hotels and restaurants	2,424	1,210	289	811	4,734
Financial and insurance services	44,905	1,648	146	382	47,081
Real estate and housing	18,082	3,590	548	1,381	23,602
Services	5,312	1,017	169	612	7,110
Public administration	35,589	936	46	44	36,614
Education, health and art	2,295	490	49	135	2,968
Private households	44,523	8,192	1,738	3,504	57,957
Other	498	136	579	73	1,287
Total	**186,536**	**26,514**	**5,060**	**12,234**	**230,343**

Credit risk exposure by industry and financial instrument as of 31 December 2011

in EUR million	Low risk	Management attention	Substandard	Non-performing	Credit risk exposure
Agriculture and forestry	1,459	603	60	241	2,362
Mining	439	68	4	67	578
Manufacturing	9,709	3,305	423	1,735	15,172
Energy and water supply	2,722	585	86	151	3,544
Construction	6,670	1,901	477	1,132	10,179
Trade	7,954	2,398	312	1,364	12,028
Transport and communication	3,369	1,017	125	460	4,970
Hotels and restaurants	2,399	1,285	317	784	4,785
Financial and insurance services	39,335	1,224	131	398	41,088
Real estate and housing	17,860	3,562	565	1,278	23,265
Services	5,284	1,040	186	587	7,098
Public administration	31,493	995	36	47	32,571
Education, health and art	2,284	500	41	132	2,957
Private households	44,032	8,447	1,842	3,362	57,683
Other	416	107	591	63	1,177
Total	**175,424**	**27,037**	**5,194**	**11,800**	**219,457**

Credit risk exposure by region and risk category

The geographic analysis of credit exposure is based on the risk country of the borrower. Accordingly, the distribution among Erste Group entities of the credit risk exposure by geography differs from the composition of credit risk exposure in terms of reporting segments of Erste Group.

The following tables present the credit risk exposure of Erste Group divided by region as of 31 March 2012 and 31 December 2011, respectively.

Credit risk exposure by region and risk category as of 31 March 2012

in EUR million	Low risk	Management attention	Substandard	Non-performing	Credit risk exposure
Core market	**154,217**	**24,605**	**4,742**	**11,259**	**194,822**
Austria	81,781	9,424	1,676	3,272	96,153
Croatia	6,229	2,269	436	1,066	10,000
Romania	11,250	4,174	862	2,970	19,256
Serbia	664	365	14	72	1,115
Slovakia	11,592	1,161	267	561	13,581
Slovenia	1,475	228	118	291	2,113
Czech Republic	32,211	4,372	700	1,106	38,390
Ukraine	212	764	112	209	1,297
Hungary	8,803	1,848	555	1,711	12,917
Other EU	**26,439**	**1,399**	**198**	**617**	**28,653**
Other industrialised countries	**3,143**	**144**	**45**	**163**	**3,494**
Emerging markets	**2,737**	**367**	**76**	**195**	**3,374**
Southeastern Europe / CIS	1,207	258	36	152	1,653
Asia	745	11	38	19	813
Latin America	124	22	2	9	157
Middle East / Africa	661	75	0	15	752
Total	**186,536**	**26,514**	**5,060**	**12,234**	**230,343**

Credit risk exposure by region and risk category as of 31 December 2011

in EUR million	Low risk	Management attention	Substandard	Non-performing	Credit risk exposure
Core market	**142,947**	**25,055**	**4,889**	**10,822**	**183,714**
Austria	76,513	9,114	1,686	3,316	90,629
Croatia	5,954	2,417	466	982	9,818
Romania	10,641	4,924	869	2,813	19,247
Serbia	587	365	16	71	1,039
Slovakia	10,299	1,412	260	539	12,509
Slovenia	1,519	264	167	236	2,187
Czech Republic	29,197	4,128	693	1,039	35,058
Ukraine	423	574	136	230	1,362
Hungary	7,812	1,858	598	1,597	11,864
Other EU	**25,336**	**1,466**	**170**	**613**	**27,584**
Other industrialised countries	**4,181**	**204**	**46**	**178**	**4,610**
Emerging markets	**2,960**	**313**	**89**	**186**	**3,549**
Southeastern Europe / CIS	1,298	222	47	148	1,714
Asia	714	14	40	22	791
Latin America	167	8	2	9	186
Middle East / Africa	782	69	0	7	858
Total	**175,425**	**27,038**	**5,194**	**11,800**	**219,457**

The growth in credit risk exposure by EUR 10.9 billion from 31 December 2011 to 31 March 2012 reflected an increase of EUR 5.6 billion, or 6%, in the CEE core markets and an increase of EUR 5.5 Mrd, or 6.1%, in Austria, coupled with an increase of nearly EUR 1.1 billion, or 3.9%, in the other EU member states (EU 27 excluding core markets), a decrease in other industrialised countries of more than EUR 1.1 billion, or 24.2%, and a decrease of EUR 175 million, or 4.9%, in emerging markets. The countries of Erste Group's core market and the EU accounted for 97% of credit risk exposure as of 31 March 2012. At 1.5%, credit risk exposure in emerging markets remained of minor significance.

Credit risk exposure by business segment and risk category

This section describes the composition of credit exposure based on reporting segments. Exposure is classified into segments based on the domicile of the group entities that carry the credit risk on their books.

The following tables show the credit risk exposure of Erste Group broken down by reporting segment as of 31 December 2011 and 31 December 2010, respectively.

Credit risk exposure by business segment and risk category as of 31 March 2012

in EUR million	Low risk	Management attention	Substandard	Non-performing	Credit risk exposure
Retail & SME	**128,578**	**21,762**	**4,090**	**10,785**	**165,215**
Austria	75,438	10,074	1,631	3,840	90,983
EB Oesterreich	32,678	3,031	354	1,144	37,207
Savings Banks	42,760	7,043	1,277	2,695	53,775
Central and Eastern Europe	53,140	11,687	2,460	6,946	74,233
Czech Republic	27,353	3,480	623	1,026	32,483
Romania	7,888	3,209	681	2,733	14,510
Slovakia	8,691	901	227	506	10,325
Hungary	3,327	1,650	477	1,621	7,075
Croatia	5,245	1,818	408	855	8,327
Serbia	409	230	14	60	713
Ukraine	227	398	30	144	800
GCIB	**22,879**	**4,277**	**633**	**1,441**	**29,230**
Group Markets	**27,561**	**176**	**5**	**6**	**27,748**
Corporate Center	**7,518**	**299**	**331**	**2**	**8,150**
Total group	**186,536**	**26,514**	**5,060**	**12,234**	**230,343**

Credit risk exposure by business segment and risk category as of 31 December 2011

in EUR million	Low risk	Management attention	Substandard	Non-performing	Credit risk exposure
Retail & SME	**125,950**	**22,282**	**4,275**	**10,395**	**162,902**
Austria	75,183	9,928	1,632	3,854	90,597
EB Oesterreich	33,193	2,973	401	1,148	37,716
Savings Banks	41,990	6,955	1,231	2,706	52,881
Central and Eastern Europe	50,767	12,355	2,642	6,541	72,305
Czech Republic	24,962	3,739	608	975	30,284
Romania	7,542	3,844	734	2,579	14,699
Slovakia	8,553	916	223	498	10,189
Hungary	3,655	1,648	517	1,504	7,324
Croatia	5,184	1,825	443	764	8,216
Serbia	416	228	15	59	718
Ukraine	455	155	101	161	873
GCIB	**23,330**	**4,411**	**569**	**1,398**	**29,708**
Group Markets	**18,987**	**176**	**3**	**3**	**19,169**
Corporate Center	**7,158**	**169**	**348**	**4**	**7,679**
Total group	**175,425**	**27,038**	**5,194**	**11,800**	**219,457**

Loans and advances to customers by business segment and risk category

The following tables present the customer loan book as of 31 March 2012 and 31 December 2011, excluding loans to financial institutions and commitments, broken down by business segment and risk category.

Loans and advances to customers by business segment and risk category as of 31 March 2012

in EUR million	Low risk	Mgmt attention	Substandard	Non-performing	Total loan book
Retail & SME	**81,513**	**18,798**	**3,616**	**10,518**	**114,446**
Austria	51,726	8,807	1,289	3,658	65,481
EB Oesterreich	24,199	2,577	232	1,063	28,070
Savings Banks	27,527	6,231	1,058	2,595	37,411
Central and Eastern Europe	29,787	9,991	2,327	6,860	48,964
Czech Republic	13,328	2,968	535	1,002	17,833
Romania	4,987	2,739	667	2,689	11,082
Slovakia	4,731	832	212	503	6,278
Hungary	3,167	1,619	473	1,618	6,877
Croatia	3,075	1,654	398	844	5,971
Serbia	310	101	12	60	482
Ukraine	188	78	30	144	440
GCIB	**14,503**	**3,427**	**528**	**1,332**	**19,790**
Group Markets	**198**	**8**	**0**	**0**	**206**
Corporate Center	**258**	**78**	**15**	**1**	**352**
Total group	**96,472**	**22,311**	**4,160**	**11,851**	**134,793**

Loans and advances to customers by business segment and risk category as of 31 December 2011

in EUR million	Low risk	Mgmt attention	Substandard	Non-performing	Total loan book
Retail & SME	**80,952**	**19,513**	**3,779**	**10,112**	**114,355**
Austria	51,910	8,948	1,287	3,658	65,803
EB Oesterreich	24,248	2,630	270	1,051	28,199
Savings Banks	27,662	6,318	1,018	2,607	37,604
Central and Eastern Europe	29,042	10,565	2,491	6,454	48,552
Czech Republic	12,733	2,997	511	947	17,187
Romania	4,709	3,204	714	2,533	11,160
Slovakia	4,661	845	215	496	6,217
Hungary	3,461	1,615	513	1,499	7,088
Croatia	3,080	1,654	424	759	5,917
Serbia	316	99	13	58	486
Ukraine	82	152	101	161	497
GCIB	**14,376**	**3,663**	**490**	**1,275**	**19,805**
Group Markets	**204**	**20**	**0**	**0**	**225**
Corporate Center	**313**	**36**	**15**	**1**	**365**
Total group	**95,845**	**23,233**	**4,284**	**11,388**	**134,750**

In the tables below the non-performing loans and advances to customers subdivided by business segment are contrasted with risk provisions as of 31 March 2012 and 31 December 2011, respectively.

The Non-performing loans ratio (NPL ratio) and the Non-performing loans coverage ratio (NPL coverage ratio) referring to loans and advances to customers are also included. The NPL ratio is calculated by dividing non-performing loans and advances by total loans and advances. The NPL coverage ratio is calculated by dividing risk provisions by non-performing loans and advances to customers. Collateral or other recoveries are not taken into account.

Non-performing loans and advances to customers by business segment and coverage by risk provisions as of 31 March 2012

in EUR million	Non-performing	Total loans and advances to customers	Risk provisions	NPL Ratio	NPL coverage ratio
Retail & SME	**10,518**	**114,446**	**6,510**	**9.2%**	**61.9%**
Austria	3,658	65,481	2,265	5.6%	61.9%
EB Oesterreich	1,063	28,070	707	3.8%	66.5%
Savings Banks	2,595	37,411	1,558	6.9%	60.0%
Central and Eastern Europe	6,860	48,964	4,245	14.0%	61.9%
Czech Republic	1,002	17,833	712	5.6%	71.0%
Romania	2,689	11,082	1,404	24.3%	52.2%
Slovakia	503	6,278	407	8.0%	80.9%
Hungary	1,618	6,877	1,107	23.5%	68.4%
Croatia	844	5,971	441	14.1%	52.3%
Serbia	60	482	54	12.3%	90.5%
Ukraine	144	440	120	32.8%	83.1%
GCIB	**1,332**	**19,790**	**820**	**6.7%**	**61.6%**
Group Markets	**0**	**206**	**1**	**0.0%**	**na**
Corporate Center	**1**	**352**	**1**	**0.2%**	**na**
Total group	**11,851**	**134,793**	**7,332**	**8.8%**	**61.9%**

Non-performing loans and advances to customers by business segment and coverage by risk provisions as of 31 December 2011

in EUR million	Non-performing	Total loans and advances to customers	Risk provisions	NPL Ratio	NPL coverage ratio
Retail & SME	**10,112**	**114,355**	**6,244**	**8.8%**	**61.7%**
Austria	3,658	65,803	2,245	5.6%	61.4%
EB Oesterreich	1,051	28,199	688	3.7%	65.4%
Savings Banks	2,607	37,604	1,557	6.9%	59.7%
Central and Eastern Europe	6,454	48,552	3,999	13.3%	62.0%
Czech Republic	947	17,187	660	5.5%	69.7%
Romania	2,533	11,160	1,268	22.7%	50.1%
Slovakia	496	6,217	393	8.0%	79.2%
Hungary	1,499	7,088	1,054	21.1%	70.3%
Croatia	759	5,917	419	12.8%	55.2%
Serbia	58	486	52	11.9%	89.9%
Ukraine	161	497	154	32.5%	95.3%
GCIB	**1,275**	**19,805**	**697**	**6.4%**	**54.6%**
Group Markets	**0**	**225**	**0**	**0.0%**	**na**
Corporate Center	**1**	**365**	**1**	**0.1%**	**na**
Total group	**11,388**	**134,750**	**6,942**	**8.5%**	**61.0%**

The following tables show the loans and advances to customers broken down by business segment and currency as of 31 March 2012 and 31 December 2011, respectively.

Loans and advances to customers by business segment and currency as of 31 March 2012

in EUR million	EUR	Local Currencies	CHF	USD	Other currencies	Total loans and advances to customers
Retail & SME	**72,361**	**24,731**	**15,015**	**784**	**1,555**	**114,446**
Austria	52,828	0	10,894	232	1,527	65,481
EB Oesterreich	23,587	0	3,986	70	427	28,070
Savings Banks	29,241	0	6,907	162	1,101	37,411
Central and Eastern Europe	19,532	24,731	4,122	552	28	48,964
Czech Republic	611	17,187	2	27	7	17,833
Romania	6,775	4,122	0	169	16	11,082
Slovakia	6,270	0	0	6	3	6,278
Hungary	1,531	1,995	3,339	12	1	6,877
Croatia	3,989	1,206	762	14	0	5,971
Serbia	350	109	18	4	0	482
Ukraine	7	111	0	321	1	440
GCIB	**15,600**	**1,255**	**326**	**1,645**	**965**	**19,790**
Group Markets	**113**	**18**	**16**	**29**	**31**	**206**
Corporate Center	**348**	**0**	**0**	**0**	**4**	**352**
Total group	**88,421**	**26,004**	**15,357**	**2,458**	**2,554**	**134,793**

Loans and advances to customers by business segment and currency as of 31 December 2011

in EUR milliono	EUR	Local Currencies	CHF	USD	Other currencies	Total loans and advances to customers
Retail & SME	**72,266**	**23,988**	**15,625**	**858**	**1,619**	**114,355**
Austria	52,815	0	11,172	223	1,594	65,803
EB Oesterreich	23,598	0	4,061	73	468	28,199
Savings Banks	29,217	0	7,112	150	1,125	37,604
Central and Eastern Europe	19,451	23,988	4,453	636	25	48,552
Czech Republic	637	16,497	2	44	7	17,187
Romania	6,765	4,208	0	176	10	11,160
Slovakia	6,199	0	5	9	4	6,217
Hungary	1,559	1,860	3,654	13	2	7,088
Croatia	3,936	1,192	772	14	2	5,917
Serbia	346	116	18	4	0	486
Ukraine	8	114	0	376	0	497
GCIB	**15,615**	**1,124**	**331**	**1,841**	**894**	**19,805**
Group Markets	**126**	**13**	**22**	**35**	**29**	**225**
Corporate Center	**363**	**0**	**0**	**0**	**2**	**365**
Total group	**88,369**	**25,125**	**15,978**	**2,735**	**2,543**	**134,750**

Analysis of market risk

Value at risk of trading book

The following table show the VaR amounts as of 31 March 2012 and 31 December 2011 at the 99% confidence level using equally weighted market data and with a holding period of one day:

in EUR thousand	Total	Interest	Currency	Shares	Commodity	Volatility
Mar 12						
Trading book	7,446	4,366	2,830	3,253	418	1,139

in EUR thousand	Total	Interest	Currency	Shares	Commodity	Volatility
Dec 11						
Trading book	7,799	4,358	1,826	4,071	646	1,811

The method used is subject to limitations that may result in the information's not fully reflecting the fair value of the assets and liabilities involved.

Analysis of liquidity risk

By the end of first quarter 2012 Erste Group secured the majority of its planned new long-term funding for 2012, partly by the issuance of a 10-year benchmark covered bond in February in the volume of EUR 1 billion and a 5-year senior unsecured bond in the volume of EUR 500 million. The successful issuance of private placements during the quarter ensured the diversified investor base for the long-term refinancing. In February, the Group participated in the second round of the ECB's Long-Term Refinancing Operation (LTRO) by taking EUR 1 billion central bank funding in case the situation on the money markets and capital markets deteriorates."

26) Related party transactions

As of 31 March 2012, Erste Group had outstanding liabilities of EUR 89.6 million (31 December 2011: EUR 120.1 million) and amount receivable of EUR 84.4 million (31 December 2011: EUR 87.0 million) in relation to DIE ERSTE österreichische Spar-Casse Privatstiftung. Furthermore, as of 31 March 2012 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 in a notional amount of EUR 282.0 million (31 December 2011: EUR 185.0 million) as well as cross currency swaps in a notional amount of EUR 30.9 million (31 December 2011: EUR 30.9 million).

27) Contingent liabilities – litigations

There have not been any material changes since year-end 2011 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.

28) Fair value hierarchy

	Quoted market prices in active markets Level 1		Marked to model based on observable market data Level 2		Marked to model based on non-observable inputs Level 3		Total	
in EUR million	03/2012	12/2011	03/2012	12/2011	03/2012	12/2011	03/2012	12/2011
Loans to credit institutions	0	0		0	4	4	4	4
Financial assets – available for sale	14,728	13,574	6,353	6,092	163	148	21,244	19,814
Financial assets – at fair value through profit or loss	546	722	647	1,064	27	27	1,220	1,813
Trading assets – securities	2,632	2,087	5,484	3,789	0	0	8,116	5,876
Positive market value – derivatives	2	2	10,987	10,929	0	0	10,989	10,931
Total assets	**17,908**	**16,385**	**23,471**	**21,874**	**194**	**179**	**41,573**	**38,438**
Negative market value – derivatives	0	0	9,330	9,335	2	2	9,332	9,337
Customer deposits	0	0	630	553	0	0	630	553
Debt securities in issue	86	85	1,064	696	0	0	1,150	781
Subordinated liabilities	0	0	225	215	0	0	225	215
Trading liabilities	**0**	**0**	**558**	**536**	**0**	**0**	**558**	**536**
Total liabilities and equity	**86**	**85**	**11,807**	**11,335**	**2**	**2**	**11,895**	**11,422**

29) Average number of employees during the financial period (weighted according to the level of employment)

Average	1-3 12	1-3 11
Employed by Erste Group	**49,862**	**50,230**
Domestic	16,136	16,039
Erste Group, EB Oesterreich and subsidiaries	8,704	8,455
Haftungsverbund savings banks	7,432	7,584
Abroad	33,726	34,191
Česká spořitelna Group	10,655	10,333
Banca Comercială Română Group	8,975	9,214
Slovenská sporiteľňa Group	4,069	4,023
Erste Bank Hungary Group	2,680	2,895
Erste Bank Croatia Group	2,590	2,328
Erste Bank Serbia	928	934
Erste Bank Ukraine	1,624	1,736
Savings banks subsidiaries & foreign branch offices	1,120	1,018
Other subsidiaries and foreign branch offices	1,085	1,710

30) Own funds and capital requirement

CHANGES IN TOTAL QUALIFYING CAPITAL

in EUR million	Mar 12	Dec 11
Subscribed capital	2,553	2,545
Share capital	789	781
Participation capital	1,764	1,764
Reserves	9,240	9,181
Deduction of Erste Group Bank shares held within the group	-636	-627
Consolidation difference	-2,414	-3,074
Non-controlling interests (excluding hybrid tier-1 capital pursuant to section 23 (4a) and (4b) Banking Act)	3,340	3,322
Intangible assets	-505	-505
50% deduction for non consolidated credit and financial institutions pursuant to section 23 (13) 3 and 4 Banking Act	-125	-125
50% deduction of securitisations pursuant to section 23 (13) 4d Banking Act	-28	-36
Core tier-1 capital	**11,425**	**10,681**
Hybrid tier-1 capital pursuant to section 23 (4a) and (4b) Banking Act	775	1,228
Tier-1 capital	**12,200**	**11,909**
Eligible subordinated liabilities	**3,381**	**4,018**
Excess risk provisions	422	397
Qualifying supplementary capital (Tier-2)	**3,803**	**4,415**
50% deduction for non consolidated credit and financial institutions pursuant to section 23 (13) 3 und 4 Banking Act	-125	-125
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	-28	-36
100% deductions of holdings in insurances pursuant to section 23 (13) 4a Banking Act	-159	-162
Short-term subordinated capital (Tier- 3)	**372**	**414**
Total eligible qualifying capital	**16,063**	**16,415**
Capital requirement	8,941	9,122
Surplus capital	7,122	7,293
Cover ratio (in %)	179.7	179.9
Tier-1 ratio – credit risk (in %) [1)]	12.8	12.2
Core tier-1 ratio – total risk (in %) [2)]	10.2	9.4
Tier-1 ratio – total risk (in %) [3)]	10.9	10.4
Solvency ratio (in %) [4)]	14.4	14.4

(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:

	Mar 12		Dec 11	
in EUR million	Calculation base/total risk 1)	Capital requirement 2)	Calculation base/total risk 1)	Capital requirement 2)
Risk pursuant to section 22 (1) 1 Banking Act3)	94,988	7,599	97,630	7,811
a) standardised approach	25,225	2,018	26,461	2,117
b) Internal ratings based approach	69,763	5,581	71,169	5,694
Risk pursuant to section 22 (1) 2 Banking Act4)	4,238	339	5,060	405
Risk pursuant to section 22 (1) 3 Banking Act5)	413	33	119	9
Risk pursuant to section 22 (1) 4 Banking Act6)	12,125	970	11,210	897
Total	**111,764**	**8,941**	**114,019**	**9,122**

(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.

31) Events after the Reporting Date

In April 2012 Erste Group repurchased loans and issued securities (hybrid capital) resulting in a pre-tax profit of approximately EUR 160 million.

On 15 Mai 2012 the implementation of a horizontal group (Gleichordnungskonzern), which would lead to a modification of consolidation of the savings banks in the cross-guarantee system (Haftungsverbund) - will be discussed in the course of the Annual General Meeting.

SHAREHOLDER EVENTS

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

GROUP INVESTOR RELATIONS

Erste Group Bank AG, Milchgasse 1, A-1010 Vienna

Phone:	+43 (0) 50 100 – 17 693
Fax:	+43 (0) 50 100 – 913 112
Email:	investor.relations@erstegroup.com
Internet:	www.erstegroup.com/en/Investors

Thomas Sommerauer

Phone:	+43 (0) 50 100 – 17 326
Email:	thomas.sommerauer@erstegroup.com

Peter Makray

Phone:	+43 (0) 50 100 – 16 878
Email:	peter.makray@erstegroup.com

Michael Oplustil

Phone:	+43 (0) 5 0100 – 17 764
Email:	michael.oplustil@erstegroup.com

Simone Pilz

Phone:	+43 (0) 5 0100 – 13 036
Email:	simone.pilz@erstegroup.com

Miroslava Silanova

Phone:	+43 (0) 5 0100 – 17 795
Email:	miroslava.silanova@erstegroup.com

TICKER SYMBOLS

Reuters:	ERST.VI
Bloomberg:	EBS AV
Datastream:	0:ERS
ISIN:	AT0000652011