ERSTE GROUP

Interim Report
First Quarter 2011

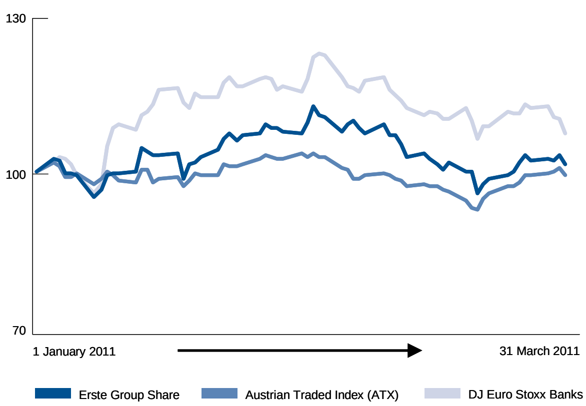
KEY FINANCIAL AND SHARE DATA

in EUR million	1-3 11	1-3 10
Income statement		
Net interest income	1,295.7	1,323.6
Risk provisions for loans and advances	-460.1	-531.2
Net fee and commission income	481.2	471.5
Net trading result	139.7	141.2
General administrative expenses	-963.0	-953.1
Other result	-99.8	-49.9
Pre-tax profit from continuing operations	393.7	402.1
Attributable to owners of the parent	**260.6**	**255.2**
Profitability ratios		
Net interest margin	2.9%	3.0%
Cost/income ratio	50.2%	49.2%
Return on equity	7.5%	7.8%
Earnings per share	0.60	0.59
	Mar 11	**Dec 10**
Balance sheet		
Loans and advances to credit institutions	16,471	12,496
Loans and advances to customers	132,825	132,729
Risk provisions for loans and advances	-6,399	-6,119
Derivative financial instruments, securities	14,841	14,010
Other financial assets	37,583	34,421
Other assets	18,176	18,401
Total assets	213,497	205,938
Deposits by banks	24,311	20,154
Customer deposits	119,198	117,016
Debt securities in issue	33,536	31,298
Derivative financial instruments, trading liabilities	6,982	8,212
Other liabilities	6,303	6,291
Subordinated liabilities	5,532	5,838
Total equity	17,635	17,129
Attributable to non-controlling interests	3,529	3,544
Attributable to owners of the parent	14,106	13,585
Total liabilities and equity	**213,497**	**205,938**
Changes in total qualifying capital		
Risk weighted assesment basis pursuant to section 22 (1/1) Austrian Banking Act	103,297	103,950
Tier 1 ratio - credit risk	12.1%	11.8%
Tier 1 ratio - total risk	10.4%	10.2%
Solvency ratio	13.8%	13.5%
	1-3 11	**1-3 10**
Stock market data (Vienna Stock Exchange)		
High (EUR)	39.45	31.10
Low (EUR)	33.43	25.52
Closing price (EUR)	35.61	31.10

Ratings at 31 March 2011

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

Performance of the Erste Group share (indexed)



Highlights

_ **Net interest income amounted to EUR 1,295.7 million in the first quarter 2011 (-2.1% versus Q1 2010). This was in part due to a slight decrease in the net interest margin to 2.88% (versus 3.03% in Q1 2010), which was attributable to a marginally changed balance sheet structure, as well as continued low market interest rates.**

_ **Net commission income grew by 2.1% to EUR 481.2 million in the first quarter of 2011, driven by increased fees from securities business and payment transfers.**

_ **The net trading result remained flat at EUR 139.7 million (-1.1%).**

_ **Operating expenses: On the back of ongoing tight cost control and despite rising inflation, operating expenses remained stable in the first quarter 2011 at EUR 963.0 million (+1.0%, currency-adjusted +0.3%). This resulted in a cost/income ratio of 50.2% (compared to 49.2% in Q1 2010).**

_ **Risk costs declined by 13.4% from EUR 531.2 million (164 basis points of average customer loans) in Q1 2010 to EUR 460.1 million or 138 bps, respectively, in the first quarter of 2011. This development was primarily due to the gradual economic recovery − albeit at different pace in various countries − in Central and Eastern Europe. The NPL ratio in relation to customer loans remained stable at 7.7% at the end of the first quarter of 2011 (year-end 2010: 7.6%). The NPL coverage ratio improved to 61.4%, compared to 60.0% at year-end 2010.**

_ **Net profit after minorities[1] rose to EUR 260.6 million in the first quarter of 2011, up 2.1% year-on-year. In light of the extraordinary charges of EUR 47.9 million (pre-tax) for banking taxes in Austria and Hungary, this was a very satisfactory performance.**

_ **The loan-to-deposit ratio continued to improve, 111.4% at 31 March 2011 (31 December 2010: 113.4%), driven by increased customer deposits (+1.9% to EUR 119.2 billion) with loan demand remaining subdued. Otherwise, the growth in total assets, up 3.7% to EUR 213.5 billion, was principally related to higher interbank business volumes in the first quarter of 2011.**

_ **Erste Group's shareholders' equity[2] improved further in the first quarter 2011 to EUR 14.1 billion, mainly due to the increased net profit. In line with the still moderate loan growth, risk-weighted assets remained flat at EUR 119.8 billion versus year-end 2010. Prior to the inclusion of retained earnings, this resulted in a tier 1 ratio (total risk) of 10.4%, compared to 10.2% at year-end 2010 and a core tier 1 ratio (total risk) of 9.4% (year-end 2010: 9.2%).**

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

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

Letter from the CEO

Dear shareholders,

Erste Group made a good start to the 2011 financial year. Net profit advanced by 2.1% year-on-year to EUR 260.6 million supported by declining risk costs which more than offset the negative impact from the banking levies in Austria and Hungary. Erste Group's capital ratios – prior to the inclusion of retained earnings – also improved on the back of currency appreciation in Central and Eastern Europe and stable risk-weighted assets: the core tier 1 ratio stood at a more than satisfactory 9.4% at the end of the first quarter 2011. Loan growth remained subdued on group level, but this development masked diverging trends in the CEE region: while the Czech Republic and Slovakia saw rising loan volumes (partly currency-related), Austria and Hungary posted declines mostly on the back of the depreciation of the Swiss franc. In conjunction with continued deposit inflows, the loan-to-deposit ratio improved to a comfortable 111.4%. Erste Group's funding position remained a pillar of strength: the successful issuance of a jumbo mortgage backed Pfandbrief and a senior unsecured benchmark bond – at highly favourable terms – are points in case.

Erste Group's solid first quarter performance was in no small part a result of the continuing economic recovery in Central and Eastern Europe. While GDP growth was still far from pre-crisis levels, the recovery has clearly broadened, with private consumption ticking up across the region. Building on their export strength, the Czech Republic and Slovakia benefited from slowly improving labour market conditions, which should act as a catalyst for domestic demand this year and next. Hungary has made clear progress in putting a credible economic package into practice; it comprises a set of fiscal consolidation measures, which also includes an extension of the banking tax into 2012, a most unwelcome decision for a local banking sector that has yet to fully digest the effects of a multi-year recession. Romania remained right on track for a full economic recovery, as projects designed to deliver an infrastructure upgrade finally got off the ground. The progress in Hungary and Romania was also reflected in the improving sentiment towards these countries: their currencies appreciated noticeably since the start of the year, while CDS spreads tightened.

With the economic rebound clearly moving forward in the first quarter, loan demand was still subdued: quarterly revenues declined by 1.0% year-on-year. This resulted from a 2.1% and 1.1% decrease in net interest income and net trading result, respectively, which was not fully offset by a 2.1% increase in net commission income. The net interest margin declined from 3.03% to 2.88%; this was not the result of margin pressure in the customer business, but rather a reflection of the wider financial asset base, which in turn resulted from the continued inflow of customer deposits. In light of rising interest rates, which should have an especially positive effect in the Czech Republic and Slovakia, as well as the expected increase in loan demand the net interest margin is expected to recover from current levels. At the same time, operating expenses rose at only 1.0% despite rising inflation, leading to a 3.0% deterioration in the operating result. This and the material negative impact from the banking taxes in Austria and Hungary was more than offset by a 13.4% year-on year decline in risk costs: the latter went hand in hand with the improvement in asset quality. The NPL ratio edged up marginally to 7.7% on the back of protracted weakness in Hungary, while NPL coverage excluding collateral improved to 61.4%.

As for the operating segments, the retail & SME business performed well in the first quarter of 2011. The Austrian operations posted a slightly improved bottom line on the back of lower risk costs, which more than offset lower net interest income at Erste Bank Oesterreich. The latter resulted from the lengthening of the funding maturity profile at the subsidiary savings banks. The Czech Republic remained the most important profit contributor in Central and Eastern Europe. While the strong year-on-year performance benefited from currency appreciation and a significant decline in risk costs, operating profit remained excellent and quarterly net profit reached a new all-time high. The Romania segment suffered from a negative year-on-year performance; quarter-on-quarter there was a significant improvement, though, pointing towards a stabilisation of the business. The loss in the Hungary segment reflected the double-hit of rising risk costs and the negative impact of the banking tax. On a positive note, the Slovakia segment continued to move from strength to strength, confirming the excellent results of the previous quarters.

The improved bottom line performance in the first quarter of 2011 underscores our ability to generate retained earnings on a consistent basis. A temporarily weaker operating result notwithstanding, Erste Group continues to be in excellent shape: our capital ratios continued to strengthen, enabling us to retire participation capital with no need to raise equity, our funding mix improved further and risk costs are in the process of normalisation. Accordingly, we feel confident about delivering significant earnings growth in 2011.

Andreas Treichl mp

Erste Group Share

EQUITY MARKET REVIEW

At the beginning of the first quarter 2011 the long-term uptrend in global stock markets continued. Towards the end of February, political uncertainty in North Africa, escalating unrest in Libya and the resulting surge in oil prices triggered a broad-based market correction. The markets were tested again when Japan was hit by a devastating earthquake. In mid-March, the major stock market indices rebounded significantly across all industries, continuing their long-term rally. Despite the correction, the US and European markets closed the first quarter in positive territory or flat. The US Dow Jones Industrials index gained 6.4% to 12,319.73 points over the period under review. The broader Standard & Poors 500 index advanced 5.4% to 1,325.83 points. The Euro Stoxx 600 index closed the reporting period unchanged at 275.90 points.

In Europe, predominantly strong economic fundamentals and positive corporate earnings initially boosted market prices. Purchasing managers' indices, the Ifo business climate index and other leading indicators signalled sustained economic growth. In the reporting season, most of the large companies beat expectations. In the euro zone, the economic recovery has been gaining strength, posting 1.7% growth in 2010, even though some of the south European countries were still mired in recession, which has resulted in diverging trends among the euro economies. The rise in consumer prices and European producer prices has accelerated. In February 2011, euro area inflation was slightly above the European Central Bank's 2% target. Its policy rate was unchanged at 1% in the first quarter. In view of the inflationary trend fuelled, in part, by rising energy prices the ECB indicated, however, that a rate rise was imminent.

In the US, too, economic data and leading indicators (ISM manufacturing and non-manufacturing indices) as well as corporate earnings figures mostly exceeded expectations. Additionally the Federal Reserve injected liquidity into the market through purchasing government securities ("quantitative easing"), providing ongoing strong support for share prices. Investors continued to reallocate funds from bonds to equities, precious metals and commodities. The Fed confirmed that it would maintain the federal funds rate at its record low level as developments in the labour market remained uncertain. The Fed also announced the continuation of quantitative easing to stimulate the economy at a rate of about USD 80 billion per month.

In the first two months of the year, proposals for a resolution of the European debt crisis and the successful auctions of Portuguese, Spanish and Italian bonds supported the performance of European banking stocks. Subsequently, the ratings downgrades of Greece and Spain, the Irish banks' worryingly high funding needs, and the release of declining or lower-than-expected fourth quarter 2010 earnings by a number of European banks pushed share prices lower. The Dow Jones Euro Stoxx Bank index, which is composed of leading European bank shares, advanced by 7.0% in the first quarter 2011 to 172.12 points.

PERFORMANCE OF THE ERSTE GROUP SHARE

The Erste Group share started successfully into 2011 buoyed by the recovery in the European banking sector as well as the release of the bank's 2010 financial results. In a difficult environment for banks, Erste Group posted a record operating income. Apart from looking at margins and risk provisions, analysts and investors focused on the repayment of the participation capital and the development of capital. Macro-economic trends in the CEE region and the outlook for lending growth were also carefully analysed. Analysts reiterated their for the most part upbeat assessment of Erste Group and a number of institutions raised their target prices for the share. Over the first two months, the Erste Group share advanced 8.9% to EUR 38.25. As international financial markets softened and uncertainty about the effectiveness of the euro zone's stabilisation mechanism persisted, the Erste Group share also suffered a setback in March. This almost fully eroded the previous months' positive performance, leaving the price of the Erste Group share at EUR 35.605 at the end of the first quarter, only 1.3% up on year-end 2010.

INVESTOR RELATIONS

In the first quarter of 2011, the management and the investor relations team of Erste Group again had a large number of one-on-one and group meetings and attended international banking and investor conferences organised by UniCredit, Nomura, Cheuvreux, Wood, and Morgan Stanley. At meetings and conferences, Erste Group presented its strategy and business focus before the backdrop of the current economic environment.

On 5 April, an Internet chat with Erste Group's CEO was held for the tenth time in a row. Many retail investors and other interested parties took advantage of the opportunity 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 2010 are compared with those from the first quarter of 2011. Unless stated otherwise, terms such as “in the previous year”, “2010” or “as of the first quarter of 2010” accordingly relate to the first quarter of 2010, and terms such as “this year”, “2011” or “as of the first quarter of 2011” relate to the first quarter of 2011. The term “net profit after minorities” corresponds with “net profit attributable to owners of the parent”.

EARNINGS PERFORMANCE IN BRIEF

In the first quarter of 2011, operating income decreased slightly while operating expenses grew moderately, causing the **operating result** to decline to EUR 953.6 million (3.0% down on EUR 983.2 million in the first quarter 2010 and 0.6% down on EUR 959.5 million in the fourth quarter 2010).

First quarter 2011 **operating income** amounted to EUR 1,916.6 million versus EUR 1,936.3 million in the first quarter 2010. This 1.7% decline was attributable mainly to lower net interest income (-2.1%, from EUR 1,323.6 million to EUR 1,295.7 million), which was not fully offset by the rise in net fee and commission income (+2.1%, from EUR 471.5 million to EUR 481.2 million). The net trading result of EUR 139.7 million remained almost unchanged year-on-year. As **general administrative expenses** increased by 1.0% from EUR 953.1 million to EUR 963.0 million, the cost/income ratio rose to 50.2% (first quarter of 2010: 49.2%).

Net profit after minorities improved by 2.1% from EUR 255.2 million to EUR 260.6 million.

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, decreased from 8.1% (reported ROE: 7.8%) in the first quarter of 2010 to 7.8% in the first quarter of 2011 (reported ROE: 7.5%). This was largely due to the broader equity base, which rose by more than 5% (average shareholders’ equity in the first quarter of 2010: EUR 13.0 billion; first quarter of 2011: EUR 13.8 billion).

Cash earnings per share equalled EUR 0.63 in the first quarter of 2011 (reported EPS: EUR 0.60), up slightly on the first quarter of 2010 (EUR 0.62; reported EPS: EUR 0.59).

Total assets rose by 3.7% to EUR 213.5 billion versus year-end 2010, driven mainly by the expansion of interbank transactions. Alongside a decline in risk-weighted assets, the **solvency ratio** improved from 13.5% at year-end 2010 to 13.8% as at 31 March 2011. Therefore, the level remained comfortably above the statutory minimum requirement of 8.0%. The **Tier 1 ratio** in relation to the total risk was 10.4% as at 31 March 2011 (versus 10.2% at year-end 2010).

OUTLOOK

All of Erste Group’s markets in Central and Eastern Europe in 2011 are expected to see either a return to growth or a continuation of that recovery. Thanks to their strong export performance, the Czech Republic and Slovakia will continue to lead the way. Hungary and Romania are set to follow this trend, albeit with some delay, with the latter benefitting from the scheduled roll out of infrastructure projects. In addition, the first signs of a revival in private consumption have become evident across almost all the countries of Central and Eastern Europe.

Due to the delayed recovery in Hungary and Romania, risk costs will remain elevated in those countries in 2011. In the other geographies risk costs are expected to decline by 10-20% in 2011, thus underpinning higher profitability at group level. However, net profit will be adversely affected by extraordinary expenses for the banking taxes in Austria and Hungary.

Mid-single digit loan growth, resilient margins on the back of rising interest rates during the course of 2011and a cost increase below the inflation rate should help to support a robust operating performance. Furthermore, rising fee income from asset management, as well as debt capital market transactions, should have an additional positive impact on the operating result. Overall, Erste Group’s improved ability to generate retained earnings is expected to lead to a further strengthening of the capital base.

PERFORMANCE IN DETAIL

in EUR million	1-3 11	1-3 10	Change
Net interest income	1,295.7	1,323.6	-2.1%
Risk provisions for loans and advances	-460.1	-531.2	-13.4%
Net fee and commission income	481.2	471.5	2.1%
Net trading result	139.7	141.2	-1.1%
General administrative expenses	-963.0	-953.1	1.0%
Other result	-99.8	-49.9	-100.0%
Pre-tax profit from continuing operations	**393.7**	**402.1**	**-2.1%**
Net profit for the period	**307.1**	**309.6**	**-0.8%**
Attributable to non-controlling interests	46.5	54.4	-14.5%
Attributable to owners of the parent	260.6	255.2	2.1%

Net interest income

Net interest income declined by 2.1% from EUR 1,323.6 million in the first quarter of 2010 to EUR 1,295.7 million. This was mainly due to the narrowing of the net interest margin (net interest income (NII) as a percentage of average interest-bearing assets). NII contracted from 3.03% in the first quarter of 2010 to 2.88% in the first quarter of 2011, due principally to the planned volume reductions in non-core markets in the International Business unit (GCIB segment), continued low market interest rates and continued weak credit demand in some countries.

Net commission income

in EUR million	1-3 11	1-3 10	Change
Lending business	80.7	75.3	7.2%
Payment transfers	214.9	204.8	4.9%
Card business	47.7	43.6	9.4%
Securities transactions	117.0	111.3	5.1%
Investment fund transactions	52.4	44.1	18.8%
Custodial fees	9.9	11.0	-10.0%
Brokerage	54.7	56.2	-2.7%
Insurance brokerage business	24.6	26.3	-6.5%
Building society brokerage	9.0	11.4	-21.1%
Foreign exchange transactions	6.0	6.8	-11.8%
Investment banking business	5.1	9.7	-47.4%
Other	23.9	25.9	-7.7%
Total	**481.2**	**471.5**	**2.1%**

Net fee and commission income grew by 2.1% from EUR 471.5 million to EUR 481.2 million in the first quarter of 2011. This development was driven mainly by growth in payment transfers handled by the Czech subsidiary (increase in card transactions) and the asset management company's securities business. The improvement in the lending business was attributable largely to higher contributions from the Slovak subsidiary and Erste Bank Oesterreich.

Net trading result

The declines in securities trading (-20.5% to EUR 57.3 million) and foreign exchange and currency trading (-2.9% to EUR 40.8 million) were largely offset by gains in derivatives trading (+52.8% to EUR 41.6 million), resulting in the net trading result, at EUR 139.7 million, remaining stable in the first quarter of 2011 compared with the same period of the previous year (EUR 141.2 million).

General administrative expenses

in EUR million	1-3 11	1-3 10	Change
Personnel expenses	-576.1	-545.7	5.6%
Other administrative expenses	-292.4	-313.8	-6.8%
Depreciation and amortisation	-94.5	-93.6	1.0%
Total	**-963.0**	**-953.1**	**1.0%**

General administrative expenses rose by 1.0% (currency-adjusted: +0.3%) from EUR 953.1 million to EUR 963.0 million.

Personnel expenses increased by 5.6% (currency-adjusted: +5.0%) from EUR 545.7 million to EUR 576.1 million due to severance payments made by the Czech subsidiary Česká spořitelna and the consolidation of Informations-Technologie Austria GmbH into sIT Solutions AT as from 1 July 2010 adversely affecting this item. The latter had a positive effect on **other administrative expenses,** which declined by 6.8% (currency-adjusted: -7.8%) from EUR 313.8 million to EUR 292.4 million in the first quarter of 2011. Savings were achieved mainly in IT costs.

The headcount was down marginally, at 50,180 employees. Part of the announced staff reduction at Česká spořitelna (191 employees) was a result of the spin-off of sIT Solutions CZ, which is shown under "Other subsidiaries". The increase in staff in Romania was mainly due to the permanent employment of formerly leased personnel.

Depreciation and amortisation rose by 1.0% (currency-adjusted: -0.2%) versus the first quarter of 2010 from EUR 93.6 million to EUR 94.5 million

Headcount at 31 March 2011

	Mar 11	Dec 10	Change
Employed by Erste Group	**50,180**	**50,272**	**-0.2%**
Austria incl. Haftungsverbund savings banks	16,013	16,068	-0.3%
Erste Group, Erste Bank Oesterreich and subsidiaries	8,462	8,488	-0.3%
Haftungsverbund savings banks	7,551	7,580	-0.4%
Central and Eastern Europe / International	34,167	34,204	-0.1%
Česká spořitelna Group	10,264	10,711	-4.2%
Banca Comercială Română Group	9,258	9,112	1.6%
Slovenská sporiteľňa Group	4,034	4,004	0.7%
Erste Bank Hungary Group	2,901	2,900	0.0%
Erste Bank Croatia Group	2,361	2,317	1.9%
Erste Bank Serbia	901	910	-1.0%
Erste Bank Ukraine	1,734	1,736	-0.1%
Other subsidiaries and foreign branch offices	2,714	2,514	8.0%

Operating result

Operating income declined by 1.0% from EUR 1,936.3 million to EUR 1,916.6 million; with **general administrative expenses** having increased by 1.0% from EUR 953.1 million to EUR 963.0 million, the **operating result** dipped by 3.0% (from EUR 983.2 million to EUR 953.6 million) in the first quarter of 2011.

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), decreased quarter-on-quarter by 13.4%, from EUR 531.2 million to EUR 460.1 million. In the first quarter of 2011, risk costs in relation to the average volume of customer loans amounted to 138 basis points (first quarter 2010: 164 basis points).

Other operating result

Other operating result deteriorated from EUR -67.7 million in the first quarter 2010 to EUR -128.7 million in the first quarter 2011. This was primarily due to the increase in other taxes, which rose from EUR 5.5 million to EUR 55.5 million. Bank taxes had to be paid in Hungary (EUR 13.5 million) and, for first the time, in Austria (EUR 34.4 million).

Generally, this line item includes the straight-line amortisation of intangible assets (i.e. customer relationships) which totalled EUR 17.3 million (first quarter of 2010: EUR 17.5 million) and deposit insurance contributions, EUR 21.1 million (first quarter of 2010: EUR 14.3 million).

Results from financial assets

The overall result from all categories of financial assets improved by 62.4% in the first quarter 2011 from EUR 17.8 million to EUR 28.9 million. In the first quarter of 2011, higher gains on the sale of Available for Sale securities more than offset lower revaluation gains on the Fair Value portfolio.

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

Pre-tax profit from continuing operations declined slightly by 2.1% versus the same period of the previous year, from EUR 402.1 million to EUR 393.7 million.

Net profit after minorities improved by 2.1% to EUR 260.6 million, up from EUR 255.2 million in the first quarter 2010.

FINANCIAL RESULTS – QUARTER-ON-QUARTER COMPARISON

Net interest income declined by 3.1% quarter-on-quarter, from EUR 1,337.0 million to EUR 1,295.7 million, which was mainly attributable to the fewer number of days in the quarter.

Net fee and commission income decreased by 2.8% from EUR 495.3 million in the fourth quarter of 2010 to EUR 481.2 million in the first quarter of 2011 as the decline in the securities business (which had boomed in the fourth quarter in the run-up to the implementation of a new capital gains tax on securities in Austria) and in the insurance brokerage business were not fully offset by the growth in lending and payment transfers.

After showing some weakness in the fourth quarter of 2010, the **net trading result** increased markedly, by 93.2%, from EUR 72.3 million to EUR 139.7 million. Income from securities and derivatives trading almost trebled to EUR 98.9 million while income from foreign exchange transactions rose slightly by 5.4% to EUR 40.8 million.

General administrative expenses increased by 1.9% quarter-on-quarter, from EUR 945.1 million to EUR 963.0 million as the declines in **personnel expenses** (by 5.0% from EUR 606.3 million to EUR 576.1 million in the first quarter of 2011) and **amortisation and depreciation** (by 7.0% from EUR 101.6 million to EUR 94.5 million in the first quarter 2011) were more than offset by the substantial rise in **other administrative expenses**. The latter increased by 23.3% from EUR 237.2 million to EUR 292.4 million, driven in particular by legal and consulting costs, IT expenditure and expenses for office space.

The **cost/income ratio** was 50.2% in the first quarter of 2011 versus 49.6% in the fourth quarter of 2010.

Risk provisions for loans and advances rose moderately in the first quarter of 2011, by 3.9% from EUR 442.8 million to EUR 460.1 million, but were nonetheless significantly below the levels of the previous quarters, which had still been affected more severely by the economic crisis.

Despite the banking tax now also being levied in Austria, **other operating result** improved by 17.4% from EUR -155.9 million in the previous quarter to EUR -128.7 million. The previous quarter had also been adversely affected by goodwill impairment charges amounting to EUR 51.9 million.

The **result** from all categories of **financial assets** saw a remarkable improvement from a loss of EUR 13.8 million in the fourth quarter of 2010 to a profit EUR 28.9 million in the first quarter of 2011. The previous quarter's result had been negatively affected by impairment losses whilst significant gains on the sale of investments positively impacted the first quarter.

Pre-tax profit from continuing operations improved by 13.5% from EUR 347.0 million in the fourth quarter of 2010 to EUR 393.7 million in the first quarter of 2011.

Net profit attributable to owners of the parent declined by 6.5 % from EUR 278.6 million in the fourth quarter of 2010 to EUR 260.6 million in the first quarter of 2011.

DEVELOPMENT OF THE BALANCE SHEET

in EUR million	Mar 11	Dec 10	Change
Loans and advances to credit institutions	16,471	12,496	31.8%
Loans and advances to customers	132,825	132,729	0.1%
Risk provisions for loans and advances	-6,399	-6,119	4.6%
Derivative financial instruments, securities	14,841	14,010	5.9%
Other financial assets	37,583	34,421	9.2%
Other assets	18,176	18,401	-1.2%
Total assets	**213,497**	**205,938**	**3.7%**

in EUR million	Mar 11	Dec 10	Change
Deposits by banks	24,311	20,154	20.6%
Customer deposits	119,198	117,016	1.9%
Debt securities in issue	33,536	31,298	7.2%
Derivative financial instruments, trading liabilities	6,982	8,212	-15.0%
Other liabilities	6,303	6,291	0.2%
Subordinated liabilities	5,532	5,838	-5.2%
Total equity	17,635	17,129	3.0%
Attributable to non-controlling interests	3,529	3,544	-0.4%
Attributable to owners of the parent	14,106	13,585	3.8%
Total liabilities and equity	**213,497**	**205,938**	**3.7%**

At EUR 16.5 billion, **loans and advances to credit institutions,** as at 31 March 2011, were 31.8% higher than at year-end 2010 (EUR 12.5 billion), including approximately EUR 2.0 billion resulting from the expansion of repurchase transactions.

Loans and advances to customers remained stable at EUR 132.8 billion from EUR 132.7 billion (+0.1%), with the currency related increase in lending in Czech Republic, Slovakia and Large Corporate Business compensating for the similarly currency related decline in lending to private households in Austria and Hungary.

Risk provisions increased due to additional allocations from EUR 6.1 billion to EUR 6.4 billion. The NPL ratio (non-performing loans as a percentage of loans to customers) remained stable at 7.7%, as at March 31 2011 (7.6% as at 31 December 2010). The NPL coverage ratio improved further from 60.0% at year-end 2010 to 61.4%.

Investment securities (held within the various categories of financial assets) rose by 9.2% from EUR 34.4 billion at year-end 2010 to EUR 37.6 billion. These gains were mainly attributable to increased customer business on the liability side.

Customer deposits increased by 1.9% (from EUR 117.0 billion to EUR 119.2 billion), once again at a significantly faster rate than loans and advances to customers. This development was driven principally by gains in the Czech Republic, especially in savings deposits and private households' deposits (although this was also partly due to the currency appreciation). In Austria, slight growth was recorded in deposits from corporate customers.

The loan-to-deposit ratio improved to 111.4% as at 31 March 2011, up from 113.4% as at 31 December 2010.

Successful new bond issues led to a rise in **debt securities in issue** by 7.2% from EUR 31.3 billion to EUR 33.5 billion.

Total risk-weighted assets (RWA) remained at EUR 119.8 billion as at 31 March 2011 (31 December 2010: EUR 119.8 billion).

Total eligible **qualifying capital** of the Erste Group credit institution, according to the Austrian Banking Act, rose from EUR 16.2 billion at year-end 2010 to EUR 16.6 billion as at 31 March 2011. The cover ratio, with respect to the statutory minimum requirements at the reporting date, (EUR 9.6 billion) stood at 173.0% (year-end 2010: 169.2%).

Tier 1 capital after the deductions defined in the Austrian Banking Act amounted to EUR 12.5 billion (year-end 2010: EUR 12.2 billion).

The **tier 1 ratio** including the capital requirements for market and operational risk (total risk) increased to 10.4% (year-end 2010: 10.2%); the **core tier 1 ratio** improved to 9.4% as at 31 March 2011 (year-end 2010: 9.2%).

The **solvency ratio** in relation to total risk (total eligible qualifying capital as a percentage of the assessment base for total risk pursuant to § 22 par. 1 Austrian Banking Act) amounted to 13.8% as at 31 March 2011 (year-end 2010: 13.5%), well above the statutory minimum requirement of 8.0%.

Condensed Consolidated Financial Statements

I. Statement of comprehensive income – 1 January to 31 March 2011

INCOME STATEMENT

in EUR million	(Notes)	1-3 11	1-3 10	Change
Interest and similar income		2,189.4	2,178.7	0.5%
Interest and similar expenses		-896.7	-861.3	4.1%
Income from associates accounted for at equity		3.0	6.2	-51.6%
Net interest income	**(1)**	**1,295.7**	**1,323.6**	**-2.1%**
Risk provisions for loans and advances	(2)	-460.1	-531.2	-13.4%
Fee and commission income		616.9	579.0	6.5%
Fee and commission expenses		-135.7	-107.5	26.2%
Net fee and commission income	**(3)**	**481.2**	**471.5**	**2.1%**
Net trading result	(4)	139.7	141.2	-1.1%
General administrative expenses	(5)	-963.0	-953.1	1.0%
Other operating result	(6)	-128.7	-67.7	-90.1%
Result from financial assets - FV		9.5	13.0	-26.9%
Result from financial assets - AfS		19.2	0.1	>100.0%
Result from financial assets - HtM		0.2	4.7	-95.7%
Pre-tax profit from continuing operations		**393.7**	**402.1**	**-2.1%**
Taxes on income		-86.6	-92.5	-6.4%
Net profit for the period		**307.1**	**309.6**	**-0.8%**
attributable to				
non-controlling interests		46.5	54.4	-14.5%
owners of the parent		**260.6**	**255.2**	**2.1%**

EARNINGS PER SHARE

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

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

in EUR	1-3 11	1-3 10	Change
Earnings per share	0.60	0.59	1.7%
Diluted earnings per share	0.60	0.59	1.7%
Cash earnings per share	0.63	0.62	1.6%
Diluted cash earnings per share	0.62	0.61	1.6%

STATEMENT OF COMPREHENSIVE INCOME

in EUR million	1-3 11	1-3 10	Change
Net profit before minorities	**307.1**	**309.6**	**-0.8%**
Available for sale - reserve (including currency translation)	-54.1	218.1	na
Cash flow hedge - reserve (including currency translation)	-37.7	-3.9	>100.0%
Actuarial gains and losses	0.0	0.0	na
Currency translation	221.9	256.4	-13.5%
Deferred taxes on items recognised directly in equity	17.5	-62.9	na
Other comprehensive income – total	**147.6**	**407.7**	**-63.8%**
Total comprehensive income	**454.7**	**717.3**	**-36.6%**
attributable to			
non-controlling interests	453.1	159.3	>100.0%
owners of the parent	**1.6**	**558.0**	**-99.7%**

II. Balance sheet at 31 March 2011

in EUR million	(Notes)	Mar 11	Dec 10	Change
ASSETS				
Cash and balances with central banks		5,043	5,839	-13.6%
Loans and advances to credit institutions	(7)	16,471	12,496	31.8%
Loans and advances to customers	(8)	132,825	132,729	0.1%
Risk provisions for loans and advances	(9)	-6,399	-6,119	4.6%
Derivative financial instruments	(10)	7,064	8,474	-16.6%
Trading assets	(11)	7,777	5,536	40.5%
Financial assets - at fair value through profit or loss	(11)	3,383	2,435	38.9%
Financial assets - available for sale	(11)	18,820	17,751	6.0%
Financial assets - held to maturity	(11)	15,380	14,235	8.0%
Equity holdings in associates accounted for at equity		225	223	0.9%
Intangible assets		4,705	4,675	0.6%
Property and equipment		2,472	2,446	1.1%
Current tax assets		123	116	6.0%
Deferred tax assets		411	418	-1.7%
Assets held for sale		59	52	13.5%
Other assets		5,138	4,632	10.9%
Total assets		**213,497**	**205,938**	**3.7%**
LIABILITIES AND EQUITY				
Deposits by banks	(12)	24,311	20,154	20.6%
Customer deposits	(13)	119,198	117,016	1.9%
Debt securities in issue		33,536	31,298	7.2%
Derivative financial instruments	(14)	6,497	7,996	-18.7%
Trading liabilities		485	216	>100.0%
Provisions	(15)	1,529	1,545	-1.0%
Current tax liabilities		73	68	7.4%
Deferred tax liabilities		325	328	-0.9%
Other liabilities		4,376	4,350	0.6%
Subordinated liabilities	(16)	5,532	5,838	-5.2%
Total equity		17,635	17,129	3.0%
Attributable to non-controlling interests		3,529	3,544	-0.4%
Attributable to owners of the parent		14,106	13,585	3.8%
Total liabilities and equity		**213,497**	**205,938**	**3.7%**

III. Statement of changes in equity

in EUR million	Subscribed capital	Additional paid-in capital	Retained earnings	Cash flow hedge reserve	Available for sale reserve	Currency translation	Deffered tax	Total owners of the parent	Non-controlling interests	Total equity
Total equity at 1 January 2010	**2,517**	**6,171**	**4,628**	**73**	**-372**	**-390**	**82**	**12,709**	**3,414**	**16,123**
Changes in own shares			55					55		55
Dividends									-13	-13
Capital increases [1]										0
Participation capital	-5[2]		-1					-6		-6
Change in interest in subsidiaries										0
Acquisition of non-controlling interest										0
Total comprehensive income			255	5	110	227	-39	558	159	717
Net profit before minorities			255					255	55	310
Other comprehensive income				5	110	227	-39	303	104	407
Total equity at 31 March 2010	**2,512**	**6,171**	**4,937**	**78**	**-262**	**-163**	**43**	**13,316**	**3,560**	**16,876**
Total equity at 1 January 2011	**2,513**	**6,177**	**5,410**	**11**	**-278**	**-312**	**64**	**13,585**	**3,544**	**17,129**
Changes in own shares			68					68		68
Dividends									-17	-17
Capital increases										
Participation capital										
Change in interest in subsidiaries										
Acquisition of non-controlling interest										
Total comprehensive income			261	-27	34	192	-7	453	2	455
Net profit before minorities			261					261	46	307
Other comprehensive income				-27	34	192	-7	192	-44	148
Total equity at 31 March 2011	**2,513**	**6,177**	**5,739**	**-16**	**-244**	**-120**	**57**	**14,106**	**3,529**	**17,635**

1) Capital increase in connection with ESOP (Employee Share Option Plan).
2) Capital tax.

IV. Condensed cash-flow statement

in EUR million	1-3 11	1-3 10	Change
Cash and cash equivalents at end of the previous year	**5,839**	**5,996**	**-2.6%**
Cash flow from operating activities	737	-1,054	na
Cash flow from investing activities	-1,330	913	na
Cash flow from financing activities	-306	37	na
Effect of currency translation	103	73	41.1%
Cash and cash equivalents at the end of period	**5,043**	**5,965**	**-15.5%**

V. Notes to the financial statements of Erste Group for the period from 1 January to 31 March 2011

The consolidated financial statements of Erste Group were prepared in compliance with the applicable International Financial Reporting Standards (IFRS) and International Accounting Standards published by the International Accounting Standards Board (IASB) and with their interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC), formerly the Standing Interpretations Committee (SIC), as applicable in the European Union. The interim report for the period from 1 January to 31 March 2011 is prepared in accordance with IAS 34 ("Interim Reporting"). The condensed interim financial statements do not include all the information and disclosures required in the annual financial statements. Therefore, the interim report should be read in conjunction with Erste Group's financial statements as at 31 December 2010.

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

The reporting period brought no changes in accounting policies.

A. INFORMATION ON THE INCOME STATEMENT OF ERSTE GROUP

1) Net interest income

in EUR million	1-3 11	1-3 10	Change
Interest income			
Lending and money market transactions with credit institutions	253.8	283.9	-10.6%
Lending and money market transactions with customers	1,565.2	1,567.4	-0.1%
Bonds and other interest-bearing securities	298.2	269.3	10.7%
Other	2.5	2.2	13.6%
Current income			
Equity-related securities	24.7	24.0	2.9%
Investments	2.9	2.9	0.0%
Investment properties	20.4	19.4	5.2%
Interest and similar income	**2,167.7**	**2,169.1**	**-0.1%**
Interest income from financial assets - at fair value through profit or loss	21.7	9.6	>100.0%
Total interest and similar income	**2,189.4**	**2,178.7**	**0.5%**
Interest expenses			
Deposits by banks	-163.1	-122.2	33.5%
Customer deposits	-419.5	-442.3	-5.2%
Debt securities in issue	-242.3	-218.8	10.7%
Subordinated liabilities	-65.9	-75.5	-12.7%
Other	-2.2	-0.8	>100.0%
Interest and similar expenses	**-893.0**	**-859.6**	**3.9%**
Interest expenses from financial assets - at fair value through profit or loss	-3.7	-1.7	>100.0%
Total interest and similar expenses	**-896.7**	**-861.3**	**4.1%**
Income from associates accounted for at equity	3.0	6.2	-51.6%
Total	**1,295.7**	**1,323.6**	**-2.1%**

2) Risk provisions for loans and advances

in EUR million	1-3 11	1-3 10	Change
Net allocation to risk provisions for loans and advances	-447.4	-528.1	-15.3%
Direct write-offs of loans and advances and amounts received against written-off loans and advances	-12.7	-3.1	>100.0%
Total	**-460.1**	**-531.2**	**-13.4%**

3) Net fee and commission income

in EUR million	1-3 11	1-3 10	Change
Lending business	80.7	75.3	7.2%
Payment transfers	214.9	204.8	4.9%
Card business	47.7	43.6	9.4%
Securities transactions	117.0	111.3	5.1%
Investment fund transactions	52.4	44.1	18.8%
Custodial fees	9.9	11.0	-10.0%
Brokerage	54.7	56.2	-2.7%
Insurance brokerage business	24.6	26.3	-6.5%
Building society brokerage	9.0	11.4	-21.1%
Foreign exchange transactions	6.0	6.8	-11.8%
Investment banking business	5.1	9.7	-47.4%
Other	23.9	25.9	-7.7%
Total	**481.2**	**471.5**	**2.1%**

4) Net trading result

in EUR million	1-3 11	1-3 10	Change
Securities and derivatives trading	98.9	99.2	-0.3%
Foreign exchange transactions	40.8	42.0	-2.9%
Total	**139.7**	**141.2**	**-1.1%**

5) General administrative expenses

in EUR million	1-3 11	1-3 10	Change
Personnel expenses	-576.1	-545.7	5.6%
Other administrative expenses	-292.4	-313.8	-6.8%
Depreciation and amortisation	-94.5	-93.6	1.0%
Total	**-963.0**	**-953.1**	**1.0%**

6) Other operating result

in EUR million	1-3 11	1-3 10	Change
Other operating income	26.4	40.4	-34.7%
Other operating expenses	-155.1	-108.1	43.5%
Total	**-128.7**	**-67.7**	**-90.1%**
Result from real estate/property/movable property and software	0.4	-16.1	na
Allocation/release of other provisions/risks	-3.4	-1.9	-78.9%
Expenses for deposit insurance contributions	-21.1	-14.3	47.6%
Amortisation of intangible assets (customer relationships)	-17.3	-17.5	-1.1%
Other taxes	-55.5	-5.5	>100.0%
Result from other operating expenses/income	-31.8	-12.4	na
Total	**-128.7**	**-67.7**	**-90.1%**

B. INFORMATION ON THE BALANCE SHEET OF ERSTE GROUP

7) Loans and advances to credit institutions

in EUR million	Mar 11	Dec 10	Change
Loans and advances to domestic credit institutions	1,702	1,356	25.5%
Loans and advances to foreign credit institutions	14,769	11,140	32.6%
Total	**16,471**	**12,496**	**31.8%**

8) Loans and advances to customers

in EUR million	Mar 11	Dec 10	Change
Loans and advances to domestic customers			
Public sector	2,906	2,996	-3.0%
Commercial customers	35,988	35,978	0.0%
Private customers	24,584	24,830	-1.0%
Unlisted securities	250	250	0.0%
Other	214	201	6.5%
Total loans and advances to domestic customers	**63,942**	**64,255**	**-0.5%**
Loans and advances to foreign customers			
Public sector	3,291	3,100	6.2%
Commercial customers	34,767	34,548	0.6%
Private customers	29,617	29,534	0.3%
Unlisted securities	886	971	-8.8%
Other	322	321	0.3%
Total loans and advances to foreign customers	**68,883**	**68,474**	**0.6%**
Total	**132,825**	**132,729**	**0.1%**

9) Risk provisions for loans and advances

in EUR million	1-3 11	1-3 10	Change
Risk provisions for loans and advances			
At start of reporting period	**6,119**	**4,954**	**23.5%**
Use	-143	-123	16.3%
Net allocation to risk provisions for loans and advances	447	528	-15.3%
Interest income from impaired loans	-44	-25	76.0%
Currency translation	20	56	-64.3%
At end of reporting period	**6,399**	**5,390**	**18.7%**
Provision for off-balance-sheet and other risks	299	370	-19.2%
Total	**6,698**	**5,760**	**16.3%**

10) Derivative financial instruments (Positive fair value)

in EUR million	Mar 11	Dec 10	Change
Derivatives held for trading	5,182	6,019	-13.9%
Derivatives held in banking book	1,882	2,455	-23.3%
Fair value hedges	1,064	1,570	-32.2%
Cash flow hedges	99	135	-26.7%
Other derivatives	719	750	-4.1%
Total	**7,064**	**8,474**	**-16.6%**

11) Securities

in EUR million	Mar 11	Dec 10	Change
Bonds and other interest-bearing securities	**43,394**	**38,022**	**14.1%**
Loans and advances to credit institutions and customers	1,924	2,077	-7.4%
Trading assets	7,139	4,945	44.4%
Financial assets - FV	2,981	2,029	46.9%
Financial assets - AfS	15,970	14,736	8.4%
Financial assets - HtM	15,380	14,235	8.0%
Equity-related securities	**3,377**	**3,499**	**-3.5%**
Loans and advances to credit institutions and customers	0	0	na
Trading assets	624	580	7.6%
Financial assets - FV	402	406	-1.0%
Financial assets - AfS	2,351	2,513	-6.4%
Financial assets - HtM	0	0	na
Equity holdings - AfS	**499**	**502**	**-0.6%**
Total	**47,270**	**42,023**	**12.5%**

12) Deposits by bank

in EUR million	Mar 11	Dec 10	Change
Deposits by domestic credit institutions	6,195	5,680	9.1%
Deposits by foreign credit institutions	18,116	14,474	25.2%
Total	**24,311**	**20,154**	**20.6%**

13) Customer deposits

in EUR million	Mar 11	Dec 10	Change
Savings deposits	54,970	54,321	1.2%
Sundry	64,228	62,695	2.4%
Total	**119,198**	**117,016**	**1.9%**

14) Derivative financial instruments (Negative fair value)

in EUR million	Mar 11	Dez 10	Change
Derivatives held for trading	4,844	6,094	-20.5%
Derivatives held in banking book	1,653	1,902	-13.1%
Fair value hedges	777	783	-0.8%
Cash flow hedges	90	97	-7.2%
Other derivatives	786	1,022	-23.1%
Total	**6,497**	**7,996**	**-18.7%**

15) Provisions

in EUR million	Mar 11	Dec 10	Change
Long-term employee provisions	1,104	1,109	-0.5%
Sundry provisions	425	436	-2.5%
Total	**1,529**	**1,545**	**-1.0%**

16) Subordinated liabilities

in EUR million	Mar 11	Dec 10	Change
Nachrangige Emissionen und Einlagen	2,790	2,885	-3.3%
Ergänzungskapital	1,610	1,775	-9.3%
Hybrid-Emissionen	1,174	1,200	-2.2%
Rückgekaufte eigene Emissionen	-42	-22	90.9%
Gesamt	**5,532**	**5,838**	**-5.2%**

C. ADDITIONAL INFORMATION

17) Contingent liabilities – legal proceedings

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

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

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

18) Related party transactions

As of 31 March 2011, Erste Group had outstanding liabilities of EUR 10.9 million (31 December 2010: EUR 290.2 million) and amount receivable of EUR 161.3 million (31 December 2010: EUR 276.1 million) in relation to DIE ERSTE österreichische Spar-Casse Privatstiftung. Furthermore, as of 31 March 2011 there existed between Erste Group and DIE ERSTE österreichische Spar-Casse Privatstiftung standard derivative transactions for hedging purposes on usual market terms. These were interest rate swaps with caps and floors in a notional amount of EUR 0 million (31 December 2010: EUR 247.4 million) as well as interest rate swap with caps in a notional amount of EUR 194.3 million (31 December 2010: EUR 103.0 million).

19) Headcount at 31 March 2011

(weighted by degree of employment)

	Mar 11	Dec 10	Change
Employed by Erste Group	**50,180**	**50,272**	**-0.2%**
Austria incl. Haftungsverbund savings banks	16,013	16,068	-0.3%
Erste Group, Erste Bank Oesterreich and subsidiaries	8,462	8,488	-0.3%
Haftungsverbund savings banks	7,551	7,580	-0.4%
Central and Eastern Europe / International	34,167	34,204	-0.1%
Česká spořitelna Group	10,264	10,711	-4.2%
Banca Comercială Română Group	9,258	9,112	1.6%
Slovenská sporiteľňa Group	4,034	4,004	0.7%
Erste Bank Hungary Group	2,901	2,900	0.0%
Erste Bank Croatia Group	2,361	2,317	1.9%
Erste Bank Serbia	901	910	-1.0%
Erste Bank Ukraine	1,734	1,736	-0.1%
Other subsidiaries and foreign branch offices	2,714	2,514	8.0%

D. SEGMENT REPORTING

As of the fourth quarter 2009, the so-called "unwinding effect" pursuant to IAS 39 (compounded interest effect due to expected cash flow recoveries from non-performing loans) – which does not alter net profit, but impacts net interest income and risk provisions in equal measure – is no longer be reported as a lump sum in the Corporate Center, but rather in the respective segments. The periods of comparison of 2009 have been adapted accordingly.

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, Hainburg, and Weinviertel), and s Bausparkasse.

The decline in net interest income from EUR 158.9 million in the first quarter of 2010 by EUR 8.6 million, or 5.4%, to EUR 150.3 million was due primarily to the extension of the funding maturity profile in the subsidiaries. Net fee and commission income declined by EUR 0.4 million) or 0.4% to EUR 85.4 million. Operating expenses decreased by EUR 2.8 million) or 1.8% due to the continuation of efforts to raise efficiency. The operating result declined from EUR 95.0 million in the first quarter of 2010 by EUR 6.7 million, or 7.0%, to EUR 88.3 million. The cost/income ratio was 62.9% versus 61.6% in the first quarter of 2010. The improvement in risk provisions from EUR 44.8 million in the previous year by EUR 9.8 million, or 21.9%, to EUR 35.0 million reflected the stabilisation in the retail and SME portfolios.

The decline in the other result by EUR 4.8 million to EUR -0.7 million in the first quarter of 2011 was driven by the introduction of the banking tax (EUR 2.2 million) and one.off gains on securities sales in the first quarter of 2010. At EUR 39.6 million, net profit after minorities was maintained at about the same level as in the first quarter of 2010. Return on equity improved as a result of a drop in risk-weighted assets and the resulting lower capital allocation from 13.0% in the previous year to 14.7% in the first quarter of 2011.

Haftungsverbund/Savings Banks

Net interest income was almost unchanged in the first quarter 2011 at EUR 229.8 million. Net fee and commission income rose from EUR 100.9 million in the first quarter of 2010 by EUR 8.4 million, or 8.3%, to EUR 109.3 million in the first quarter of 2011. This improvement was mainly a result of higher income from the securities business and lending. The net trading result declined by EUR 1.6 million, or 22.3%, from EUR 7.2 million in the previous year to EUR 5.6 million. The significant increase in net fee and commission income combined with stable operating expenses (EUR 233.4 million) positively impacted the operating result by EUR 6.3 million or 5.9% from EUR 105.0 million to EUR 111.3 million. As a result, the cost/income ratio improved from 69.0% to 67.7% in the first quarter of 2011.

Risk provisions decreased by EUR 3.2 million), or 4.8%, fro from EUR 65.3 million in the first quarter of 2010 to EUR 62.1 million. The decline in the item other result from EUR -1.0 million by EUR 5.8 million to EUR -6.8 million was caused mostly by losses on sales in the available for sale-portfolio and the banking tax. Net profit after minorities increased from EUR -0.1 million in the first quarter of 2010 by EUR 1.5 million to EUR 1.4 million.

in EUR million	Retail & SME[3] 1-3 11	Retail & SME[3] 1-3 10	GCIB 1-3 11	GCIB 1-3 10	Group Markets 1-3 11	Group Markets 1-3 10	Corporate Center 1-3 11	Corporate Center 1-3 10
Net interest income	1,128.9	1,129.1	127.6	147.6	24.6	31.4	14.6	15.4
Risk provisions	-404.2	-451.6	-55.9	-79.6	0.0	0.0	0.0	0.0
Net fee and commission income	425.4	397.9	42.0	37.6	36.3	43.0	-22.5	-7.0
Net trading result	37.0	30.9	4.3	3.7	95.5	97.1	2.9	9.4
General administrative expenses	-827.9	-819.5	-44.9	-43.5	-61.6	-56.5	-28.6	-33.5
Other result	-54.0	-16.3	-1.4	3.6	3.5	5.5	-47.9	-42.7
Pre-tax profit	**305.1**	**270.6**	**71.9**	**69.4**	**98.2**	**120.5**	**-81.4**	**-58.4**
Taxes on income	-71.9	-59.0	-15.9	-15.7	-20.8	-25.2	21.9	7.3
Net profit for the period	**233.2**	**211.6**	**56.0**	**53.7**	**77.4**	**95.4**	**-59.5**	**-51.0**
attributable to								
non-controlling interests	40.8	45.9	5.3	5.5	3.7	6.3	-3.3	-3.3
owners of the parent	**192.4**	**165.7**	**50.7**	**48.2**	**73.7**	**89.1**	**-56.2**	**-47.7**
Average risk-weighted assets	**75,240.8**	**74,968.1**	**24,730.6**	**26,218.0**	**2,611.7**	**3,012.3**	**1,034.2**	**1,995.3**
Average attributed equity	**4,134.5**	**4,174.7**	**1,979.4**	**2,099.0**	**304.1**	**327.4**	**7,403.6**	**6,427.8**
Cost/income ratio	**52.0%**	**52.6%**	**25.8%**	**23.0%**	**39.4%**	**33.0%**	**n.a.**	**n.a.**
ROE based on net profit	**18.6%**	**15.9%**	**10.2%**	**9.2%**	**97.0%**	**108.8%**	**n.a.**	**n.a.**

in EUR million	Savings Banks 1-3 11	Savings Banks 1-3 10	EB Oesterreich 1-3 11	EB Oesterreich 1-3 10	Austria 1-3 11	Austria 1-3 10
Net interest income	229.8	230.5	150.3	158.9	380.0	389.4
Risk provisions	-62.1	-65.3	-35.0	-44.8	-97.1	-110.1
Net fee and commission income	109.3	100.9	85.4	85.8	194.7	186.7
Net trading result	5.6	7.2	2.5	2.9	8.1	10.1
General administrative expenses	-233.4	-233.5	-149.8	-152.6	-383.2	-386.1
Other result	-6.8	-1.0	-0.7	4.1	-7.5	3.1
Pre-tax profit	**42.3**	**38.7**	**52.7**	**54.3**	**95.0**	**93.1**
Taxes on income	-10.5	-10.1	-11.6	-12.4	-22.1	-22.5
Net profit for the period	**31.9**	**28.6**	**41.1**	**41.9**	**72.9**	**70.5**
attributable to						
non-controlling interests	30.4	28.7	1.5	2.4	31.9	31.1
owners of the parent	**1.4**	**-0.1**	**39.6**	**39.5**	**41.0**	**39.5**
Average risk-weighted assets	**24,046.1**	**23,584.5**	**13,522.8**	**14,785.6**	**37,568.9**	**38,370.1**
Average attributed equity	**293.6**	**284.3**	**1,075.2**	**1,214.3**	**1,368.8**	**1,498.6**
Cost/income ratio	**67.7%**	**69.0%**	**62.9%**	**61.6%**	**65.8%**	**65.9%**
ROE based on net profit	**2.0%**	**n.a.**	**14.7%**	**13.0%**	**12.0%**	**10.5%**

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

in EUR million	Czech Republic 1-3 11	Czech Republic 1-3 10	Romania 1-3 11	Romania 1-3 10	Slovakia 1-3 11	Slovakia 1-3 10	Hungary 1-3 11	Hungary 1-3 10
Net interest income	284.4	264.5	186.0	213.1	109.3	103.5	93.0	88.9
Risk provisions	-70.9	-97.2	-109.4	-122.5	-20.8	-33.4	-77.3	-55.7
Net fee and commission income	124.7	109.0	34.7	35.4	27.9	24.3	22.8	22.6
Net trading result	15.5	16.9	1.1	-7.8	0.8	0.0	3.8	7.2
General administrative expenses	-185.1	-179.5	-98.8	-94.3	-55.3	-56.5	-49.6	-50.0
Other result	-7.7	-3.7	-12.2	-6.7	-5.0	-4.9	-21.6	-2.9
Pre-tax profit	**161.1**	**110.1**	**1.4**	**17.2**	**56.9**	**33.0**	**-29.1**	**10.1**
Taxes on income	-31.0	-20.7	-0.3	-3.3	-11.5	-6.2	-2.8	-3.2
Net profit for the period	**130.1**	**89.4**	**1.1**	**13.9**	**45.4**	**26.8**	**-31.8**	**6.9**
attributable to								
non-controlling interests	2.5	1.3	0.4	8.5	0.0	0.0	0.0	0.0
owners of the parent	**127.6**	**88.1**	**0.7**	**5.4**	**45.4**	**26.8**	**-31.8**	**6.9**
Average risk-weighted assets	**13,410.1**	**12,237.2**	**9,151.8**	**9,395.0**	**4,962.9**	**5,418.8**	**4,500.3**	**4,791.4**
Average attributed equity	**1,102.9**	**1,012.4**	**522.9**	**534.8**	**411.1**	**447.0**	**371.6**	**394.2**
Cost/income ratio	**43.6%**	**46.0%**	**44.5%**	**39.2%**	**40.1%**	**44.2%**	**41.5%**	**42.1%**
ROE based on net profit	**46.3%**	**34.8%**	**0.6%**	**4.1%**	**44.1%**	**24.0%**	**n.a.**	**7.0%**

in EUR million	Croatia 1-3 11	Croatia 1-3 10	Serbia 1-3 11	Serbia 1-3 10	Ukraine 1-3 11	Ukraine 1-3 10	Total group[4] 1-3 11	Total group[4] 1-3 10
Net interest income	61.3	56.1	8.6	6.1	6.3	7.5	1,295.7	1,323.6
Risk provisions	-23.2	-25.3	-2.0	-2.2	-3.5	-5.4	-460.1	-531.2
Net fee and commission income	17.0	17.4	2.7	2.3	1.0	0.3	481.2	471.5
Net trading result	3.5	1.9	0.0	0	4.2	2.2	139.7	141.2
General administrative expenses	-35.7	-34.6	-8.2	-7.5	-11.9	-11.0	-963.0	-953.1
Other result	-1.8	-1.4	-0.3	0.4	2.0	-0.3	-99.8	-49.9
Pre-tax profit	**21.0**	**14.2**	**0.7**	**-0.5**	**-2.0**	**-6.6**	**393.7**	**402.1**
Taxes on income	-4.2	-3.0	0.0	0.0	0.0	0.0	-86.6	-92.5
Net profit for the period	**16.8**	**11.1**	**0.7**	**-0.5**	**-2.0**	**-6.6**	**307.1**	**309.6**
attributable to								
non-controlling interests	5.7	5.2	0.3	-0.1	0.0	0.0	46.5	54.4
owners of the parent	**11.2**	**5.9**	**0.4**	**-0.3**	**-2.0**	**-6.6**	**260.6**	**255.2**
Average risk-weighted assets	**4,372.5**	**3,582.8**	**547.9**	**638.1**	**726.5**	**534.8**	**103,617.3**	**106,194.1**
Average attributed equity	**256.4**	**196.0**	**37.3**	**42.5**	**63.5**	**49.3**	**13,821.6**	**13,028.3**
Cost/income ratio	**43.7%**	**45.9%**	**73.3%**	**85.3%**	**104.3%**	**109.3%**	**50.2%**	**49.2%**
ROE based on net profit	**17.4%**	**12.1%**	**4.8%**	**n.a.**	**n.a.**	**n.a.**	**7.5%**	**7.8%**

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

Central and Eastern Europe

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

Czech Republic

Net interest income in the Czech retail and SME business improved from EUR 264.5 million in the first quarter of 2010 by EUR 19.9 million, or 7.5% (currency-adjusted: +0.7%), to EUR 284.4 million. This increase was driven mainly by the lending business. Net fee and commission income increased strongly, from EUR 109.0 million in the first quarter of 2010 by EUR 15.7 million, or 14.4% (currency-adjusted: +7.1%), to EUR 124.7 million, as a result of higher income from payment transfers and the securities business. The net trading result declined by EUR 1.4 million or 8.5% to EUR 15.5 million (currency-adjusted: -14.3%). Operating expenses, at EUR 185.1 million, were EUR 5.6 million, or 3.1%, higher than in the first quarter 2010, due primarily to severance payments relating to redundancies in the first quarter of 2011. Currency-adjusted, operating expenses were down 3.5%, a result of rigorous cost savings in IT and consulting.

The operating result rose by EUR 28.6 million, or 13.6% (currency-adjusted: +6.3%), from EUR 211.0 million in the first quarter 2010 to EUR 239.6 million. In view of the improvement of economic conditions and the stabilisation of the portfolio, risk provisions declined by EUR 26.3 million, or 27.1% (currency-adjusted: -31.7%), to EUR 70.9 million in the first quarter 2011. The item other result deteriorated from EUR -3.7 million by EUR 4.0 million to EUR -7.7 million due to higher deposit insurance contributions.

Net profit after minorities amounted to EUR 127.6 million, up EUR 39.5 million, or 44.8% (currency-adjusted: +35.6%), on the corresponding figure of the previous year (EUR 88.1 million). The cost/income ratio improved from 46.0% in the first quarter 2010 to 43.6%. Return on equity increased from 34.8% to 46.3%.

Romania

The difficult economic environment was reflected in the result of the Romanian retail and SME business. Net interest income decreased by 12.7% (currency-adjusted: -10.9%), or EUR 27.1 million, to EUR 186.0 million. This development was due mainly to the continuing weakness in credit demand and lower margins in the deposit business. Currency-adjusted, net fee and commission income in the first quarter of 2011 was nearly unchanged versus the previous year at EUR 34.7 million. The rise in net trading result from EUR -7.8 million in the first quarter of 2010 by EUR 8.9 million to EUR 1.1 million was driven primarily by foreign exchange trading. Operating expenses increased from EUR 94.3 million in the first quarter of 2010 by EUR 4.5 million, or 4.8%, (currency-adjusted: +6.9%) to EUR 98.8 million. This increase was attributable, to the increase in value added tax and additional other administrative expenses incurred to meet statutory requirements.

Operating income declined to EUR 123.0 million in the first quarter 2011 from EUR 146.4 million in the previous year (currency-adjusted: -14.2%). Risk provisions dropped by EUR 13.1 million, or 10.6%, (currency-adjusted: -8.8%) from EUR 122.5 million in the first quarter 2010 to EUR 109.4 million.

The decrease in the item other result from EUR -6.7 million by EUR 5.5 million, or 81.9%, to EUR -12.2 million in the first quarter of 2011 was caused by higher deposit insurance contributions as well as lower gains on the sale of participations. At EUR 0.7 million, net profit after minorities was EUR 4.7 million), or 86.7%, (currency-adjusted: -86.4%) lower than the EUR 5.4 million posted the previous year. The cost/income ratio increased from 39.2% in the previous year to 44.5%. Return on equity stood at 0.6%.

Slovakia

Net interest income in the Slovak retail and SME business rose by EUR 5.8 million, or 5.6%, to EUR 109.3 million in the first quarter of 2011. This positive development was driven mainly by an increase in mortgage lending as well as an increase in the HtM securities portfolio (state bonds). Net fee and commission income improved from EUR 24.3 million by EUR 3.6 million or 15.0% to EUR 27.9 million on the back of higher securities commissions. Operating expenses were reduced by EUR 1.2 million, or 2.1%, from EUR 56.5 million to EUR 55.3 million.

Risk provisions reflected the improvement in the market environment over the first quarter of 2010, which benefited above all the SME business and led to a reduction from EUR 33.4 million in the first quarter 2010 by EUR 12.6 million, or 37.5%, to EUR 20.8 million. Higher net interest and net fee and commission income and significantly lower risk provisions positively impacted net profit after minorities by EUR 18.6 million, or 69.4%, to EUR 45.4 million versus the first quarter of 2010. The cost/income ratio improved to 40.1% from 44.2% in the first quarter of 2010. Return on equity increased from 24.0% to 44.1%.

Hungary

Driven by exchange rate developments and wider deposit margins, net interest income in the Hungarian retail and SME business improved from EUR 88.9 million in the first quarter of 2010 by EUR 4.1 million or 4.6% (currency-adjusted: +5.8%) to EUR 93.0 million. The decline in the net trading result from EUR 7.2 million by EUR 3.4 million or 47.1% (currency-adjusted: -46.5%) to EUR 3.8 million in the first quarter of 2011 was largely due to the shrinking volume of foreign-currency loans. Operating expenses remained stable at EUR 49.6 million. The cost/income ratio stood at 41.5% versus 42.1% in the first quarter of 2010.

The rise in risk provisions by EUR 21.6 million, or 38.8% (currency-adjusted: +40.4%), from EUR 55.7 million in the first quarter of 2010 to EUR 77.3 million reflected the impact of the economic downturn on the SME and real estate business. The item other result worsened by EUR 18.7 million from EUR -2.9 million in the first quarter 2010 to EUR -21.6 million, mainly as a result of the introduction of the banking tax in July 2010 (EUR -13.5 million in the first quarter of 2011). As a consequence, net profit after minorities fell from EUR 6.9 million in the first quarter of 2010 to EUR -31.8 million.

Croatia

In Croatia, net interest income from the retail and SME business rose from EUR 56.1 million in the first quarter of 2010 by EUR 5.2 million, or 9.3% (currency-adjusted: +11.0%), to EUR 61.3 million, which was attributable primarily to rising lending volumes and improved profitability in the retail and SME deposit business. Net fee and commission income was virtually unchanged versus the previous year at EUR 17.0 million. The increase in net trading result from EUR 1.9 million in the first quarter of 2010 by EUR 1.6 million, or 81.2% (currency-adjusted: +84.0%), to EUR 3.5 million was primarily the result of positive contributions by the credit card company Erste Card Club. Operating expenses were up only slightly by EUR 1.1 million, or 3.2% (currency-adjusted: +4.8%), from EUR 34.6 million in the first quarter of 2010 to EUR 35.7 million.

The operating result rose by EUR 5.2 million, or 12.7% (currency-adjusted: +14.5%), from EUR 40.8 million to EUR 46.0 million. This improved the cost/income ratio from 45.9% in the first quarter of 2010 to 43.7%. Risk provisions declined from EUR 25.3 million by EUR 2.1 million, or 8.3% (currency-adjusted: -6.8%), to EUR 23.2 million owing to the positive development of Erste Card Club. Net profit after minorities improved from EUR 5.9 million in the first quarter of 2010 by EUR 5.3 million, or 87.8% (currency-adjusted: +90.8%), to EUR 11.2 million. Return on equity was 17.4%, following 12.1% in the first quarter of 2010.

Serbia

Net interest income of Erste Bank Serbia increased in the first quarter of 2011 by EUR 2.5 million, or 41.2% (currency-adjusted: +48.9%), from EUR 6.1 million in the previous year to EUR 8.6 million. This improvement was achieved on the back of rising lending volumes and wider margins in both retail and commercial lending. Net fee and commission income improved from EUR 2.3 million by EUR 0.4 million, or 17.2% (currency-adjusted: +23.6%), to EUR 2.7 million. The net trading result decreased by EUR 0.4 million due to lower income from foreign exchange business. At EUR 8.2 million, operating expenses were up EUR 0.7 million, or 9.9% (currency-adjusted: +15.9%), on the first quarter of 2010. This increase was mainly due to the rise in inflation and severance payments. The cost/income ratio improved to 73.3% from 85.3% in the first quarter of 2010.

The operating result rose by EUR 1.7 million from EUR 1.3 million in the first quarter of 2010 to EUR 3.0 million. Risk costs declined from EUR 2.2 million by EUR 0.2 million, or 7.1% (currency-adjusted: -2.1%), to EUR 2.0 million. The higher other result in the first quarter of 2010 was attributable to the release of provisions that were no longer required. Net profit after minorities rose from EUR -0.3 million by EUR 0.7 million to EUR 0.4 million.

Ukraine

At Erste Bank Ukraine, lower lending volumes were only partly offset by higher interest income from securities. As a result, net interest income declined from EUR 7.5 million in the first quarter of 2010 by EUR 1.2 million, or 15.9% (currency-adjusted: -17.5%), to EUR 6.3 million. Higher income from payment transfers and insurance brokerage led to an improvement of net commission income by EUR 0.7 million to EUR 1.0 million in the first quarter 2011. The net trading result rose from EUR 2.2 million by EUR 2.0 million to EUR 4.2 million. This corresponded to a currency-adjusted increase of 83.4%.

Operating expenses rose from EUR 11.0 million by EUR 0.9 million or 8.6% (currency-adjusted: +6.7%), to EUR 11.9 million due to higher IT depreciation. The reduction of risk provisions by EUR 1.9 million to EUR 3.5 million (currency-adjusted: -36.4%) resulted from the stabilisation of the SME portfolio. Net profit after minorities improved by EUR 4.6 million or 69.7% (currency-adjusted: +70.2) from EUR -6.6 million to EUR -2.0 million.

Group Corporate & Investment Banking (GCIB)

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

The decline in net interest income from EUR 147.6 million in the first quarter of 2010 by EUR 20.0 million, or 13.6%, to EUR 127.6 million was primarily the result of the planned reduction of business volume in the international business unit. Margins in the large corporate business remained relatively stable due to a consistent pricing policy, but came under pressure in the real estate business. Net fee and commission income improved by 11.9%, or EUR 4.4 million, year-on-year to EUR 42.0 million, mainly on the back of new real estate projects and acquisition finance activities. General administrative expenses were up 3.0%, or EUR 1.4 million, to EUR 44.9 million over the same period. Overall, the operating result declined from EUR 145.4 million to EUR 129.1 million. Risk provisions were reduced by EUR 23.7 million to EUR 55.9, which corresponded to a 29.8% decline As a result, net profit after minorities rose from EUR 48.2 million by 5.2%, or EUR 2.5 million, to EUR 50.7 million. The decline in the item other result from EUR 3.6 million in the first quarter of 2010 to EUR -1.4 million in the first quarter of 2011 was primarily attributable to the settlement of legal claims. The cost/income ratio increased from 23.0% in the previous year to 25.8%. Return on equity stood at 10.2%.

Group Markets

The segment Group Markets 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 and London as well as the investment banking subsidiaries in CEE and the results of Erste Asset Management.

The operating result of the Group Markets segment fell from EUR 115.0 million in the first quarter of 2010 to EUR 94.7 million primarily due to a decline in net interest income by 21.9% and in net fee and commission income by 15.6% while operating expenses were up. At EUR 24.6 million, net interest income was down EUR 6.8 million on the previous year's figure of EUR 31.4 million. The decline in net fee and commission income from EUR 43.0 in the first quarter of 2010 by EUR 6.7 million to EUR 36.3 million was the result of a lower sales and asset management performance. The net trading result decreased by 1.6%, or EUR 1.6 million, to EUR 95.5 million in the first quarter of 2011. Operating expenses increased by 9.0%, or EUR 5.1 million, from EUR 56.5 million in the first quarter of 2010 to EUR 61.6 million, which was mostly attributable to higher costs related to the expansion of mid- and back-office activities. The cost/income ratio deteriorated from 33.0% to 39.4%. Net profit after minorities declined by EUR 15.4 million, or 17.3%, from EUR 89.1 million in the first quarter of 2010 to EUR 73.7 million. Return on equity reached 97.0% after 108.8% in the previous year.

Corporate Center

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

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

Net interest income remained largely unchanged compared to the previous year. The negative development of net fee and commission income and the slight improvement in operating expenses was driven mainly by the profit consolidation of banking support operations.

The other result included the required straight-line amortisation of customer relationships of BCR, Erste Card Club, and Ringturm KAG (EUR 17.3 million) and the impact of the Austrian banking tax (EUR 30.8 million).

E. RISK REPORT *

LOAN BOOK BY REPORTING SEGMENT OF ERSTE GROUP

	Low risk		Mgmt attention		Substandard		Non-performing		Total loan book		Risk provisions		NPL coverage		NPL ratio	
in EUR million	Mar 11	Dec 10	Mar 11	Dec 10	Mar 11	Dec 10	Mar 11	Dec 10	Mar 11	Dec 10	Mar 11	Dec 10	Mar 11	Dec 10	Mar 11	Dec 10
Retail & SME	**81,890**	**81,200**	**17,228**	**18,109**	**4,964**	**5,030**	**9,193**	**8,985**	**113,275**	**113,324**	**5,698**	**5,446**	**62.0%**	**60.6%**	**8.1%**	**7.9%**
Austria	**50,342**	**50,133**	**8,750**	**9,444**	**1,260**	**1,337**	**3,737**	**3,792**	**64,088**	**64,706**	**2,272**	**2,251**	**60.8%**	**59.4%**	**5.8%**	**5.9%**
Erste Bank Oesterreich	23,132	23,147	2,533	2,860	293	295	1,095	1,136	27,052	27,438	701	696	64.0%	61.3%	4.0%	4.1%
Savings Banks	27,210	26,986	6,217	6,584	967	1,042	2,642	2,656	37,036	37,268	1,572	1,554	59.5%	58.5%	7.1%	7.1%
Central and Eastern Europe	**31,548**	**31,067**	**8,478**	**8,665**	**3,704**	**3,693**	**5,456**	**5,193**	**49,186**	**48,618**	**3,425**	**3,195**	**62.8%**	**61.5%**	**11.1%**	**10.7%**
Czech Republic	13,393	12,978	2,885	2,816	636	652	1,103	1,040	18,017	17,486	798	728	72.3%	70.0%	6.1%	6.0%
Romania	5,155	5,186	2,174	2,216	1,900	1,826	2,062	2,020	11,291	11,248	1,162	1,099	56.4%	54.4%	18.3%	18.0%
Slovakia	4,570	4,460	485	513	273	284	450	460	5,778	5,716	381	376	84.6%	81.9%	7.8%	8.0%
Hungary	4,670	4,749	1,319	1,468	626	611	1,030	935	7,644	7,763	537	467	52.2%	50.0%	13.5%	12.0%
Croatia	3,346	3,294	1,382	1,401	218	235	630	557	5,576	5,487	361	332	57.3%	59.6%	11.3%	10.2%
Serbia	307	301	74	78	8	9	47	44	436	431	46	44	99.7%	99.5%	10.7%	10.2%
Ukraine	107	98	159	174	43	76	134	138	444	486	140	148	104.4%	107.6%	30.3%	28.3%
GCIB	**12,345**	**12,249**	**4,540**	**4,416**	**890**	**1,047**	**1,097**	**1,032**	**18,872**	**18,745**	**614**	**556**	**56.0%**	**53.8%**	**5.8%**	**5.5%**
Group Markets	**370**	**258**	**5**	**72**	**0**	**0**	**0**	**0**	**375**	**331**	**1**	**0**	**>100.0%**	**>100.0%**	**0.0%**	**0.0%**
Corporate Center	**188**	**154**	**100**	**129**	**15**	**15**	**1**	**32**	**303**	**330**	**3**	**33**	**530.1%**	**>100.0%**	**0.2%**	**9.7%**
Total group	**94,792**	**93,861**	**21,872**	**22,727**	**5,870**	**6,093**	**10,291**	**10,049**	**132,825**	**132,729**	**6,315**	**6,034**	**61.4%**	**60.0%**	**7.7%**	**7.6%**

*) Key definitions

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

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

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

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

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

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

LOAN BOOK BY COUNTRY OF ORIGINATION OF ERSTE GROUP

	Low risk		Mgmt attention		Substandard		Non-performing		Total loan book			
in EUR million	Mar 11	Dec 10	Mar 11	Dec 10	Mar 11	Dec 10	Mar 11	Dec 10	Mar 11	Share of total	Dec 10	Share of total
Core market	**88,083**	**86,949**	**20,106**	**20,782**	**5,630**	**5,817**	**9,599**	**9,398**	**123,418**	**92.9%**	**122,946**	**92.6%**
Austria	51,370	51,016	7,980	8,619	1,077	1,127	3,297	3,386	63,724	48.0%	64,147	48.3%
Croatia	4,336	4,134	1,884	1,938	228	246	839	744	7,287	5.5%	7,061	5.3%
Romania	5,775	5,735	2,653	2,875	2,398	2,167	2,194	2,205	13,019	9.8%	12,983	9.8%
Serbia	384	372	241	277	9	10	62	60	697	0.5%	719	0.5%
Slovakia	5,168	4,988	759	781	306	320	485	497	6,718	5.1%	6,586	5.0%
Slovenia	1,021	1,072	312	276	109	123	231	199	1,673	1.3%	1,670	1.3%
Czech Republic	14,642	14,164	4,226	3,806	717	1,020	1,183	1,113	20,768	15.6%	20,102	15.1%
Hungary	5,245	5,332	1,671	1,831	715	687	1,109	993	8,740	6.6%	8,843	6.7%
Ukraine	142	136	379	379	71	116	199	202	791	0.6%	834	0.6%
Other EU	**4,297**	**4,209**	**1,177**	**1,358**	**145**	**169**	**433**	**397**	**6,051**	**4.6%**	**6,133**	**4.6%**
Other industrialised countries	**1,163**	**1,353**	**311**	**329**	**23**	**24**	**111**	**116**	**1,607**	**1.2%**	**1,822**	**1.4%**
Emerging markets	**1,249**	**1,350**	**279**	**258**	**72**	**83**	**149**	**137**	**1,749**	**1.3%**	**1,828**	**1.4%**
Southeastern Europe / CIS	801	868	189	168	18	20	130	121	1,139	0.9%	1,177	0.9%
Asia	271	280	14	15	52	56	4	4	342	0.3%	355	0.3%
Latin America	84	109	39	42	1	3	7	8	131	0.1%	162	0.1%
Middle East / Africa	92	93	36	32	0	5	8	4	137	0.1%	134	0.1%
Total	**94,792**	**93,861**	**21,872**	**22,727**	**5,870**	**6,093**	**10,291**	**10,049**	**132,825**	**100.0%**	**132,729**	**100.0%**
Share of total	**71.4%**	**70.7%**	**16.5%**	**17.1%**	**4.4%**	**4.6%**	**7.7%**	**7.6%**	**100.0%**		**100.0%**	
Risk provisions									**6,315**		**6,034**	

LOAN BOOK BY INDUSTRY SECTOR OF ERSTE GROUP

in EUR million	Low risk		Mgmt attention		Substandard		Non-performing		Total loan book			
	Mar 11	Dec 10	Mar 11	Dec 10	Mar 11	Dec 10	Mar 11	Dec 10	Mar 11	Share of total	Dec 10	Share of total
Agriculture and forestry	999	970	624	626	126	138	201	211	1,951	1.5%	1,946	1.5%
Mining	319	337	57	67	12	8	80	82	468	0.4%	494	0.4%
Manufacturing	5,260	5,115	3,083	3,258	1,143	1,012	1,305	1,235	10,791	8.1%	10,619	8.0%
Energy and water supply	1,789	1,824	353	337	67	59	123	110	2,332	1.8%	2,330	1.8%
Construction	3,548	3,253	1,229	1,455	762	722	850	822	6,388	4.8%	6,252	4.7%
Development of building projects	1,413	1,310	314	356	448	408	223	222	2,398	1.8%	2,296	1.7%
Trade	5,473	5,242	2,319	2,460	452	437	1,194	1,160	9,438	7.1%	9,299	7.0%
Transport and communication	2,253	2,241	962	968	236	262	410	427	3,860	2.9%	3,900	2.9%
Hotels and restaurants	1,916	1,886	1,287	1,415	266	305	706	645	4,174	3.1%	4,250	3.2%
Financial and insurance services	5,807	5,818	891	995	83	104	312	298	7,092	5.3%	7,214	5.4%
Holding companies	3,164	3,170	480	499	15	8	115	113	3,774	2.8%	3,791	2.9%
Real estate and housing	14,645	14,464	3,668	3,744	658	898	994	929	19,965	15.0%	20,035	15.1%
Services	3,456	3,229	1,026	1,145	177	199	608	589	5,267	4.0%	5,162	3.9%
Public administration	6,571	6,429	388	398	43	39	8	6	7,010	5.3%	6,872	5.2%
Education, health and art	1,776	1,781	404	408	57	60	133	138	2,371	1.8%	2,387	1.8%
Private households	40,867	41,186	5,519	5,390	1,773	1,805	3,340	3,375	51,498	38.8%	51,755	39.0%
Other	113	88	63	59	17	46	28	22	221	0.2%	215	0.2%
Total	**94,792**	**93,861**	**21,872**	**22,727**	**5,870**	**6,093**	**10,291**	**10,049**	**132,825**	**100.0%**	**132,729**	**100.0%**
Share of total	**71.4%**	**70.7%**	**16.5%**	**17.1%**	**4.4%**	**4.6%**	**7.7%**	**7.6%**	**100.0%**		**100.0%**	
Risk provisions									**6,315**		**6,034**	

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

in EUR million	Jun 10	Sep 10	Dec 10	Mar 11
Customer segment split				
Retail - Private individuals	49,867	50,538	50,947	50,691
Retail - Micros	13,719	13,579	13,534	13,404
Large Corporates	60,292	60,148	60,644	60,997
Public sector	7,082	7,249	7,605	7,733
Total	**130,960**	**131,514**	**132,729**	**132,825**
Asset quality overview				
Low risk	91,926	92,142	93,861	94,792
Mgmt attention	23,118	23,044	22,727	21,872
Substandard	6,378	6,284	6,093	5,870
Non-performing	9,539	10,044	10,049	10,291
Total	**130,960**	**131,514**	**132,729**	**132,825**
Currency overview				
CEE-LCY	24,790	25,887	25,136	26,149
CHF	16,911	16,606	17,379	16,407
EUR	83,128	83,563	84,789	85,268
USD	3,771	3,151	3,090	2,782
Other	2,360	2,308	2,334	2,218
Total	**130,960**	**131,514**	**132,729**	**132,825**
Key asset quality ratios				
NPL ratio	7.3%	7.6%	7.6%	7.7%
NPL coverage (excl. collateral)	59.7%	60.9%	60.0%	61.4%

F. CHANGES IN TOTAL QUALIFYING CAPITAL

in EUR million	Mar 11	Dec 10
Subscribed capital	2,520	2,520
Share capital	756	756
Participation capital	1,764	1,764
Reserves	8,944	8,944
Deduction of Erste Group Bank shares held within the group	-580	-758
Consolidation difference	-2,346	-2,437
Non-controlling interests (excluding hybrid tier-1 capital pursuant to section 23 (4a) and (4b) Banking Act)	3,438	3,430
Intangible assets	-497	-500
50% deduction for non consolidated credit and financial institutions pursuant to section 23 (13) 3 and 4 Banking Act	-135	-153
50% deduction of IRB-shortfall pursuant to section 23 (13) 4c Banking Act	0	0
50% deduction of securitisations pursuant to section 23 (13) 4d Banking Act	-44	-27
Core tier-1 capital	**11,300**	**11,019**
Hybrid tier-1 capital pursuant to section 23 (4a) and (4b) Banking Act	1,174	1,200
Tier-1 capital	**12,474**	**12,219**
Eligible subordinated liabilities	3,789	3,909
Revaluation reserve	0	0
Excess risk provisions	255	74
Qualifying supplementary capital (Tier-2)	**4,044**	**3,983**
50% deduction for non consolidated credit and financial institutions pursuant to section 23 (13) 3 und 4 Banking Act	-135	-153
50% deduction of IRB-shortfall pursuant to section 23 (13) 4c Banking Act	0	0
50% deduction of securitisations pursuant to section 23 (13) 4d Banking Act	-44	-27
100% deductions of holdings in insurances pursuant to section 23 (13) 4a Banking Act	-176	-176
Short-term subordinated capital (Tier- 3)	**417**	**374**
Total eligible qualifying capital	**16,580**	**16,220**
Capital requirement	9,583	9,587
Surplus capital	6,997	6,633
Cover ratio (in %)	173.0	169.2
Tier-1 ratio – credit risk (in %) [1)]	12.1	11.8
Core tier-1 ratio – total risk (in %) [2)]	9.4	9.2
Tier-1 ratio – total risk (in %) [3)]	10.4	10.2
Solvency ratio (in %) [4)]	13.8	13.5

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

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

	Mar 11		Dec 10	
in EUR million	Calculation base/total risk 1)	Capital requirement2)	Calculation base/total risk 1)	Capital requirement2)
Risk pursuant to section 22 (1) 1 Banking Act3)	103,297	8,264	103,950	8,316
a) standardised approach	26,773	2,142	27,412	2,193
b) Internal ratings based approach	76,524	6,122	76,538	6,123
Risk pursuant to section 22 (1) 2 Banking Act4)	5,198	416	4,668	373
Risk pursuant to section 22 (1) 3 Banking Act5)	11	1	11	1
Risk pursuant to section 22 (1) 4 Banking Act6)	11,287	903	11,215	897
Total	**119,793**	**9,583**	**119,844**	**9,587**

(1) Internal calculation base used for calculation of the tier-1 ratio, core tier-1 ratio and the solvency ratio (capital requirement multiplied by 12.5).

(2) Capital requirement pursuant to the Banking Act.

(3) Risk weighted assets – credit risk.

(4) Market risk (trading book).

(5) Commodities risk and foreign exchange-risk, including the risk arising from gold positions, each for positions outside the trading book.

(6) Operational risk.

QUARTERLY STATEMENT OF COMPREHENSIVE INCOME

Income statement

in EUR million	Q1 11	Q1 10	Change
Interest and similar income	2,189.4	2,178.7	0.5%
Interest and similar expenses	-896.7	-861.3	4.1%
Income from associates accounted for at equity	3.0	6.2	-51.6%
Net interest income	**1,295.7**	**1,323.6**	**-2.1%**
Risk provisions for loans and advances	-460.1	-531.2	-13.4%
Fee and commission income	616.9	579.0	6.5%
Fee and commission expenses	-135.7	-107.5	26.2%
Net fee and commission income	**481.2**	**471.5**	**2.1%**
Net trading result	139.7	141.2	-1.1%
General administrative expenses	-963.0	-953.1	1.0%
Other operating result	-128.7	-67.7	-90.1%
Result from financial assets - FV	9.5	13.0	-26.9%
Result from financial assets - AfS	19.2	0.1	>100.0%
Result from financial assets - HtM	0.2	4.7	-95.7%
Pre-tax profit from continuing operations	**393.7**	**402.1**	**-2.1%**
Taxes on income	-86.6	-92.5	-6.4%
Net profit for the period	**307.1**	**309.6**	**-0.8%**
attributable to			
non-controlling interests	46.5	54.4	-14.5%
owners of the parent	**260.6**	**255.2**	**2.1%**

Statement of comprehensive income

in EUR million	Q1 11	Q1 10	Change
Net profit before minorities	**307.1**	**309.6**	**-0.8%**
Available for sale - reserve (including currency translation)	-54.1	218.1	na
Cash flow hedge - reserve (including currency translation)	-37.7	-3.9	>100.0%
Actuarial gains and losses	0.0	0.0	na
Currency translation	221.9	256.4	-13.5%
Deferred taxes on items recognised directly in equity	17.5	-62.9	na
Other comprehensive income – total	**147.6**	**407.7**	**-63.8%**
Total comprehensive income	**454.7**	**717.3**	**-36.6%**
attributable to			
non-controlling interests	453.1	159.3	>100.0%
owners of the parent	**1.6**	**558.0**	**-99.7%**

Quarterly Financial Data

INCOME STATEMENT OF ERSTE GROUP

in EUR million	Q1 10	Q2 10	Q3 10	Q4 10	Q1 11
Net interest income	1,323.6	1,361.2	1,390.7	1,337.0	1,295.7
Risk provisions for loans and advances	-531.2	-553.0	-504.2	-442.8	-460.1
Net fee and commission income	471.5	493.5	475.7	495.3	481.2
Net trading result	141.2	98.8	143.9	72.3	139.7
General administrative expenses	-953.1	-945.3	-973.3	-945.1	-963.0
Other operating result	-67.7	-91.1	-124.6	-155.9	-128.7
Result from financial assets - FV	13.0	-37.6	16.8	1.8	9.5
Result from financial assets - AfS	0.1	36.3	-17.9	-9.3	19.2
Result from financial assets - HtM	4.7	-0.1	-3.8	-6.3	0.2
Pre-tax profit from continuing operations	402.1	362.7	403.3	347.0	393.7
Taxes on income	-92.5	-83.4	-92.8	-60.0	-86.6
Net profit for the period	309.6	279.3	310.5	287.0	307.1
Attributable to non-controlling interests	54.4	62.6	45.6	8.4	46.5
Attributable to owners of the parent	**255.2**	**216.7**	**264.9**	**278.6**	**260.6**

BALANCE SHEET OF ERSTE GROUP

in EUR million	Mar 10	Jun 10	Sep 10	Dec 10	Mar 11
Loans and advances to credit institutions	16,123	16,408	14,464	12,496	16,471
Loans and advances to customers	130,255	130,960	131,514	132,729	132,825
Risk provisions for loans and advances	-5,390	-5,796	-6,210	-6,119	-6,399
Derivative financial instruments, securities	11,671	11,118	12,556	14,010	14,841
Other financial assets	35,427	36,306	36,033	34,421	37,583
Other assets	19,901	20,088	18,171	18,401	18,176
Total assets	**207,987**	**209,084**	**206,528**	**205,938**	**213,497**
Deposits by banks	25,605	26,730	22,714	20,154	24,311
Customer deposits	115,595	116,558	115,329	117,016	119,198
Debt securities in issue	30,596	29,841	32,013	31,298	33,536
Derivative financial instruments, trading liabilities	4,690	5,138	5,112	8,212	6,982
Other liabilities	8,434	8,358	8,391	6,291	6,303
Subordinated liabilities	6,191	5,978	5,956	5,838	5,532
Total equity	16,876	16,481	17,013	17,129	17,635
Attributable to non-controlling interests	3,560	3,561	3,620	3,544	3,529
Attributable to owners of the parent	13,316	12,920	13,393	13,585	14,106
Total liabilities and equity	**207,987**	**209,084**	**206,528**	**205,938**	**213,497**

SHAREHOLDER EVENTS

12 may 2011	Annual General Meeting
16 May 2011	Dividend record date
17 May 2011	Ex-Dividend Day
19 May 2011	Dividend Payment Day
26 May 2011	Dividend Payment Day - Participation Capital
29 July 2011	Results for the first half year of 2011
28 October 2011	Results for the first three quarters of 2011

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TICKER SYMBOLS

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